The Similarity TextBook

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Chapter One: Similarity: Cycle Identifier

Credit for this goes to EURUSDD who was kind enough to share some insights that should help us all. There were other valuable contributors like Madmoney, Juhamini and Ralome and several others who had tremendous input.

The more times you read the thread the more it all starts to come together (I hope!), so I decided to try to organize things by putting the most relevant posts for each method together in one pdf. I probably missed an important post so if there was a good one I should have included please let me know and I will add it.

We start with the CI method:

EURUSDD:

Hello People:

I don't know if I can call this a system but there is a deep-mathematical support for what you are about to read. I will not 'bore' you will a lot of things you already know and initially I opened a demo-account for the EXPLORER section but I may not have the time to trade it daily at this time. Therefore, I want all of you to have a basic idea of the principle underlying this thread. The demo-account(EXPLORER) EURUSDpips that I opened grew from $3,000 to $21,302 within 5 days before I closed it today! I also traded heavy lots (8 lots) on such a little account in order to prove to you that the principle is sound. 23 trades, 1 loss, 20 wins.

The are many parts to my trading strategy, however there is one part that everyone can test and master. The SIMILARITY-TRICK!

There are two ways to apply/use the trick.

1: Across brokers, same time-frame, same currency pair

2: same broker, same currency pair, compatible time frames.

Best Compatible time-frames are 1: 1min-5min, 5min-15min, 15min-30min, 30min-1hr, 1hr-4hr, 4hr-1day, 1day-1week. For day-traders, 1min-5min, 5min-15min, 15min-30min, 30min-1hr will be sufficient!

Once you have chosen your currency pair, and compatible time-frames you need to chosen indicators that alert you on important patterns on the chart. IT DOES NOT MATTER if the indicators you chose repaint or not!

For the purpose of the thread, I will use 1min-5min and indicators that everyone can get!

There are very good ways to spot loop-holes in the market but a crude way is the use the cycle-identifier indicator. You can easily get it online. You may have to tweak the code a little so that the indicator does not 'clear-itself' like it usually does when new data point comes in.

Then you need to make sure your 1min and 5min charts look VERY SIMILAR like the one below.

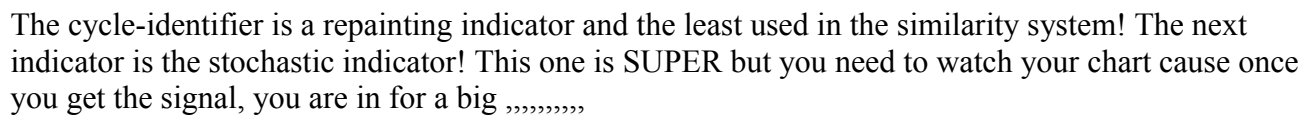Do you see the cycle indicators on the 1min and 5min charts agreed?

Since the indicators are set in such a way that they should agree >90% of the time, as soon as you spot a difference, like the case below, you are in for a high-probability trade!

Furthermore, since both chart must agree >90% of the time, once the cycle on the 1min/5min chart is telling you something and the cycle on the 5min/1min chart does not show the same stuff, you need to pay attention to you chart!

Another example of agreement
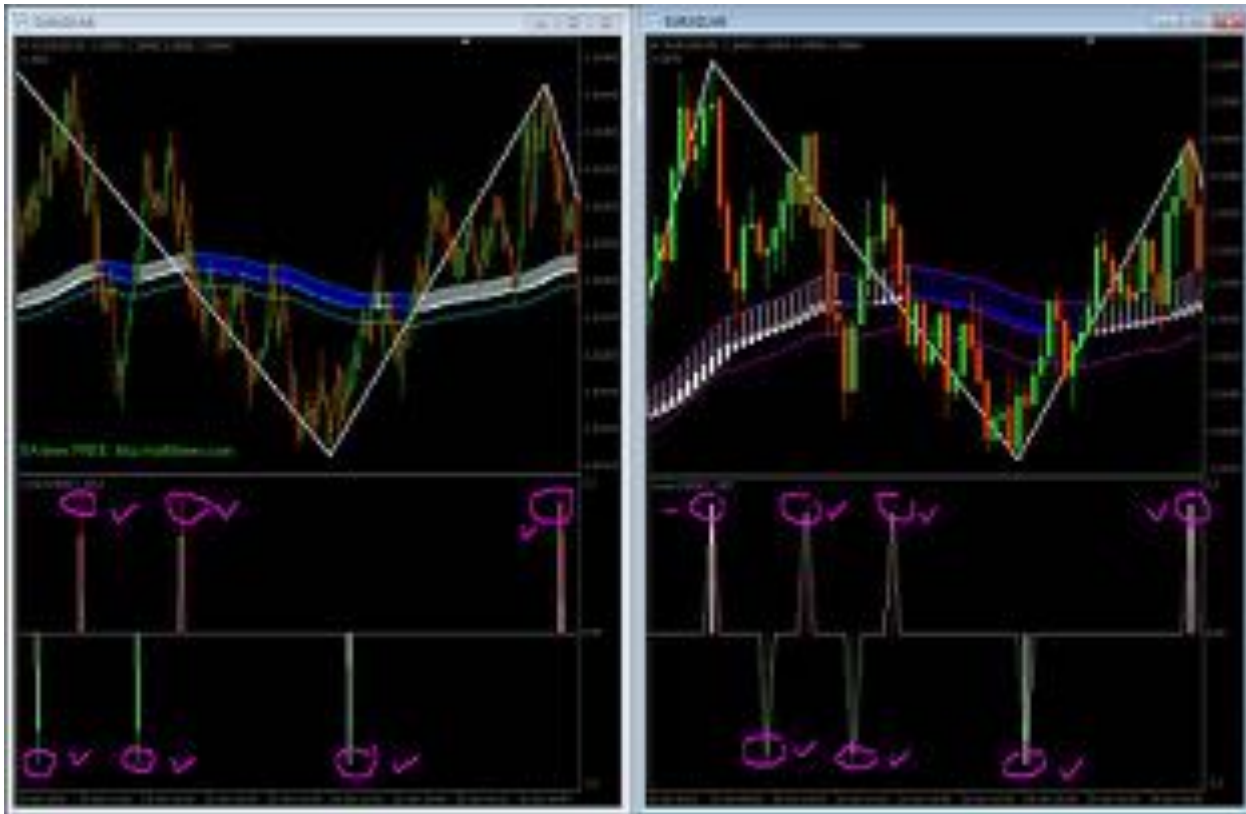
Look at this difference!!! Since both chart must AGREE within a maximum interval of 5 minutes, any time the 5min bar closes and the cycles do not agree, the chart showing the difference gives you the trade signal. In the example below, the 1min chart gave the trade signal after the 5min candle closed without a similarity! Details later.

The cycle-identifier is a repainting indicator and the least used in the similarity system! The next indicator is the stochastic indicator! This one is SUPER but you need to watch your chart cause once you get the signal, you are in for a big ,,,,,,,,,,

look at the two reading in the indicator window! I will explain this approach next week!

This is the last example for 30min/1hr . spot the difference!!!
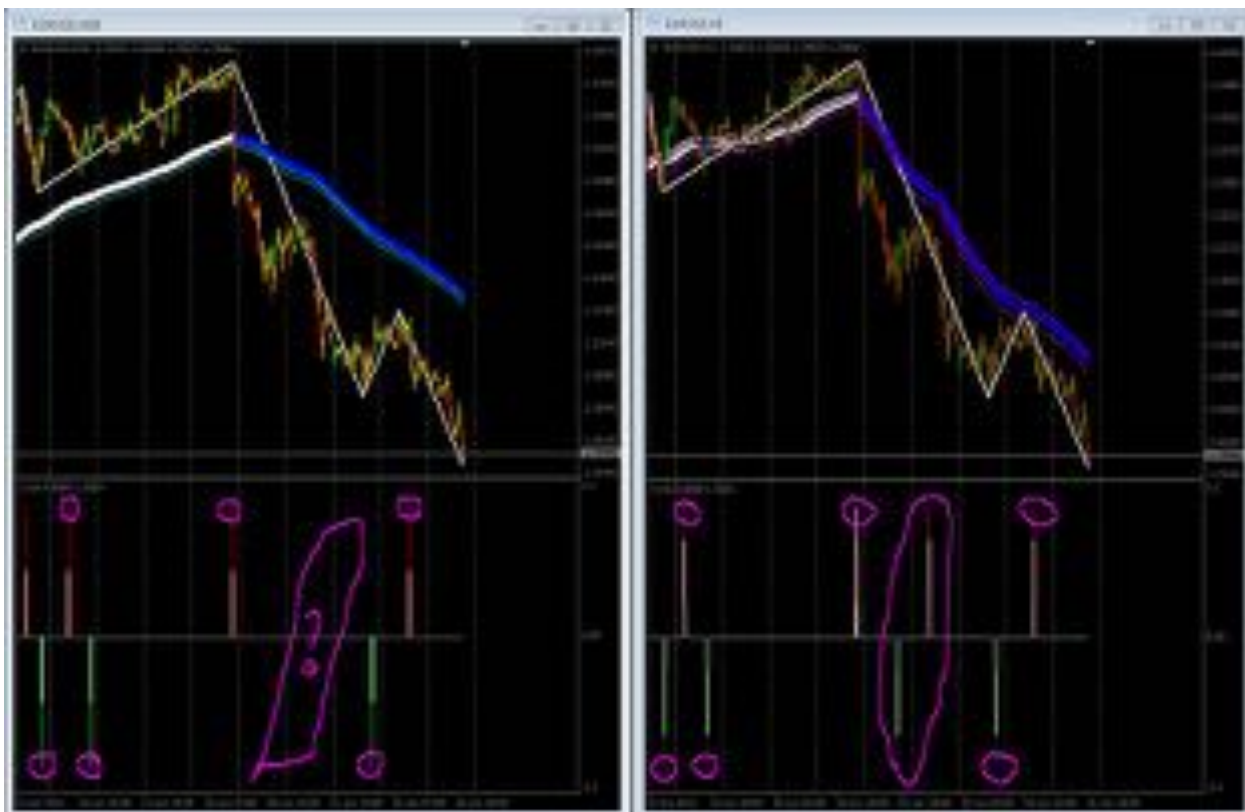
Hi. If you are not using a wireless connection and you don't experience cuts then the original cycle-identifier should be ok! Otherwise, when you lose connection, and regain it the indicator can reset itself!

To be safe use 30min/1hr and higher time-frame pairs!!!

D, we can watch you, but can't set up our charts without more detail info. Ma? Hama? zigzag? Cycle identifier settings? why not post the indi's and a template and your settings?

You have a point! Any indicator should do. Each one has it own analysis. Therefore, I decided to stick to one : Cycle identifier. I am sure most traders already have it. If you don't you can get the code online.

As for the settings, you need to decide that yourself since the idea is to make the charts look very similar. There are different degrees of similarities. Each one has its own probability of similarity. For example, if you tweet you chart so that the cycle indicator agree in the past 97/100 of the time then you have a high-probability setup!

For the cycle identifier, the two parameters you have to tweet are shown below.

All the best!

Madmoney:

I like the style of this thread! My trading style was kinda along lines of "LOOPHOLES".

As you can see below have a MTF cycle identifier I'm currently working on, should work well with this method.

Attached Image (click to enlarge)

EURUSDD:
(response to Madmoney)
Exactly. In fact, you have a plus. Figure out the right settings and how to read the signals and boom.

EURUSDD:
Try the settings 1-6-4 for the 30min chart and 1-3-4 for the 1hr chart. That should get you a fairly good chart! We will then go through the analysis later after you have study it a little while yourself!

Hi there. repainting indicators work well with this approach since at the end of the day, you need the charts to be similar. For the 30min/1hr pair, you only have to wait for the 1hr bar to close to figure out what is going on!!!

The default settings are 5X-Y-4 for 1min and X-Y-4 for 5min chart or X-5Y-4 for 1min and X-Y-4 for 5min. The first is responsive to moving averages and so you will not catch tops and bottoms exactly. However, it is quite good too!
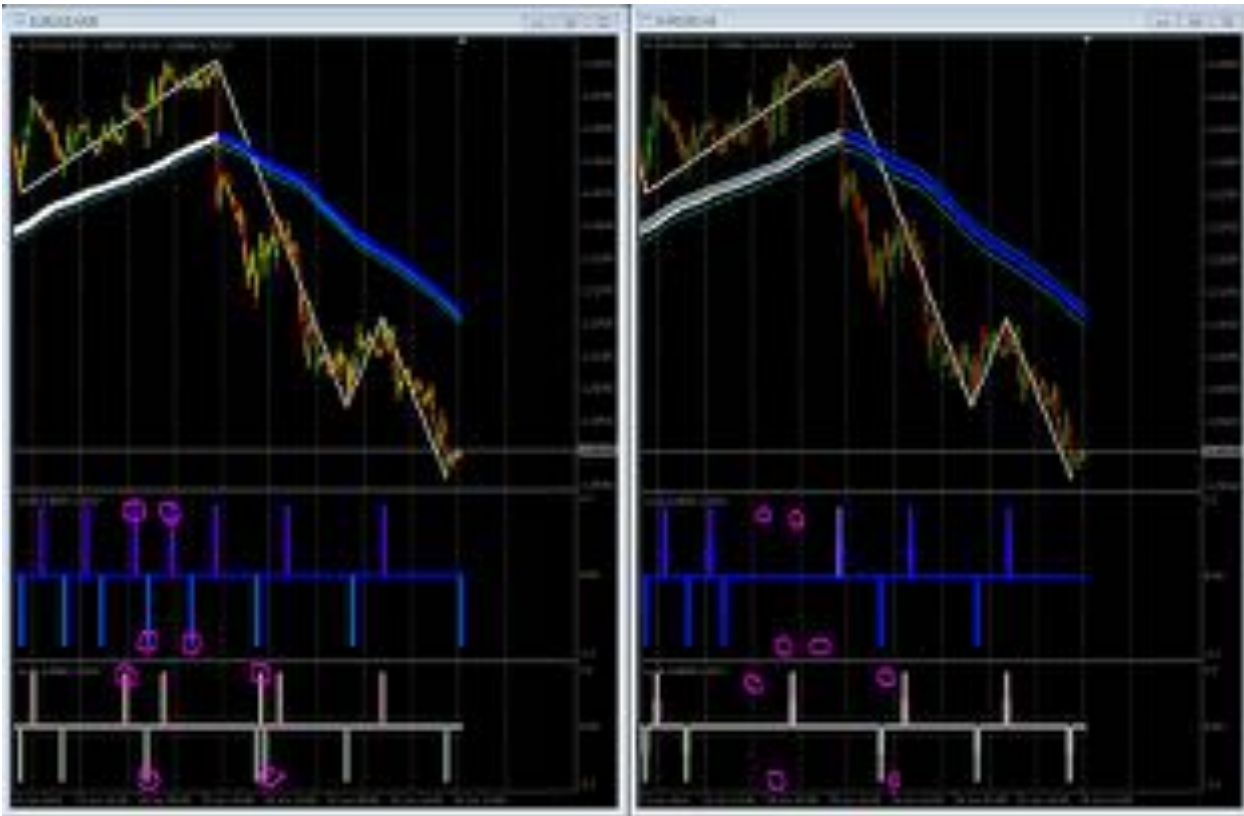
There is a hint on the 30min/1hr combination! EURUSD
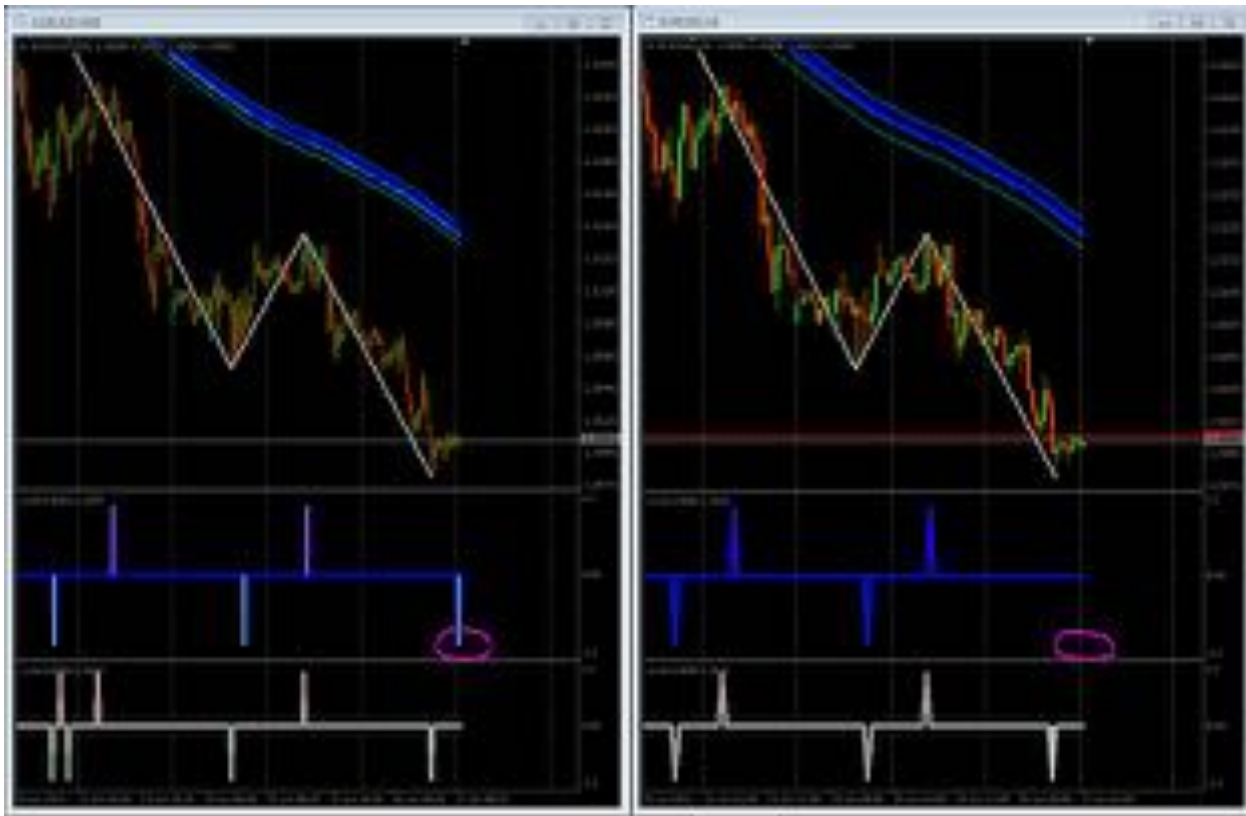
The Blue Cycle-identifier are responsive to MA so, we should expect EURUSD to push up soon. We have to wait a little while for the 1HR bar to close or manage our entry now!

The History of the 30min/1hr combination is given below

Spot the missing points!

IMPORTANT: The charts MUST always agree before a new trend (minor/major) begins. Therefore, if they do not agree after a certain time, the trend is expected to continue!!!

(Commit the above line to memory—my own edit)

Ok, Let me explain this; the settings!!

if you are using the 30min/1hr template the whenever your PRICEACTIONFILTER is X for the 1hr, it must be 2X for the 30min. The same idea applies to the LENGTH!!!

if you are using the 1min/5min template the whenever your PRICEACTIONFILTER is X for the 5min, it must be 5X for the 1min. The same idea applies to the LENGTH!!!

> Quoting forexzak
> {quote} Question: for cycle indicator you said price action filter to set 25 and length to 1 In post 12, you mentioned to use setting 1-6-4 and 1-3-4 for 30M and 1H

This setting is what I am using for my 30min/1hr template!!!

Can you explain how to enter the 5x-y-4 settings? I am not seeing that when I click on the indicator properties. Thank you.

1min chart

PriceAcqtionFilter = 5X

Length = Y

MajorCycleLength = 4

5min chart

PriceAcqtionFilter = X

Length = Y

MajorCycleLength = 4

OR -OR -OR

1min chart

{quote} In post 12, you mentioned to use setting 1-6-4 and 1-3-4 for 30M and 1H. In this post you say the price action filter (where you have said in post 12 to use 1 in both time frames) should be x'd. Which is correct?

I understand you. the parameters 1-6-4 and 1-3-4 are for those who want to modify the Length and not the PriceActionFilter.

Notice that the 30min/1hr now agree. Compare this to the chart above.!
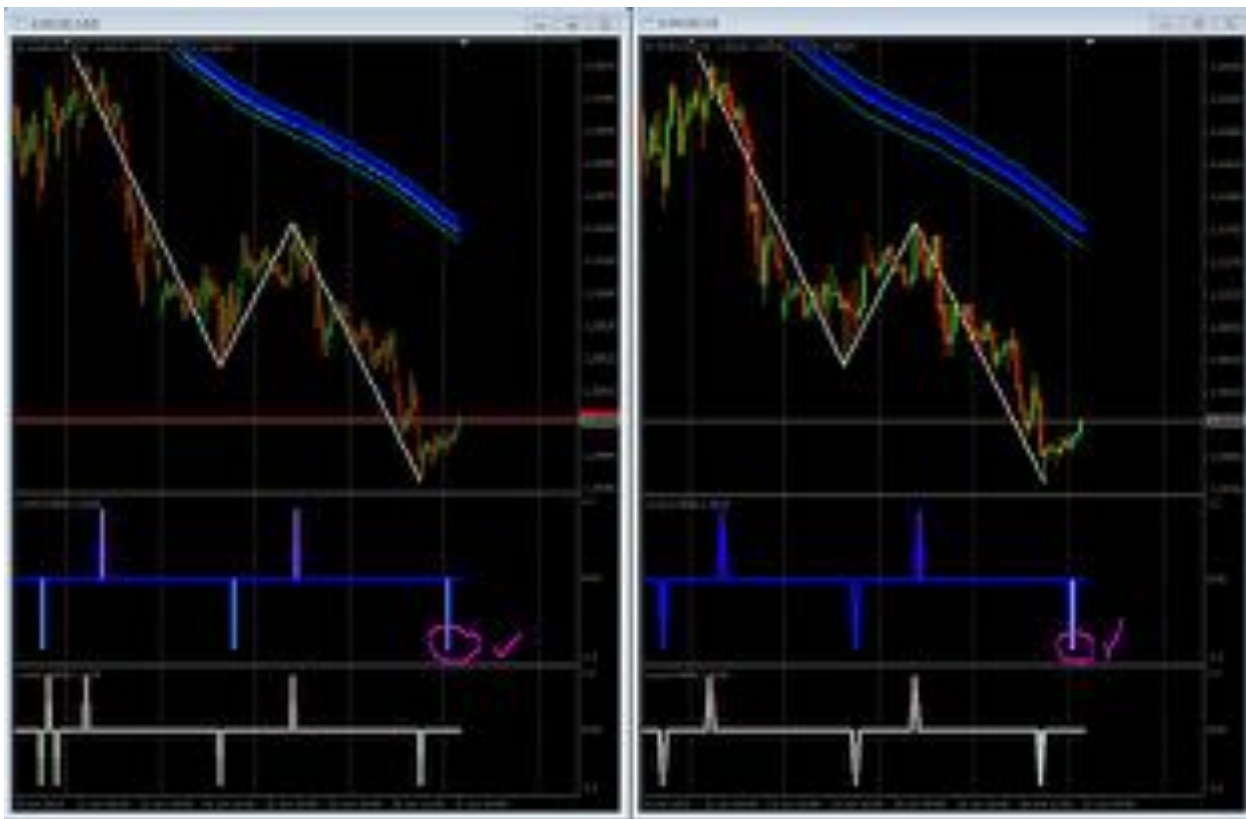
You can put any number there. Let x and y be any number you choose. It is better to let x=1 when y>1 and vice-versa!

Once your charts look alike, we can then focus on analyzing them. You will learn how to see high-probability trades!

MADMONEY:
All types of gains!

I have ran the cycle identifier indicator in visual test mode and the signal redraws itself even several bars later, so for me it's totally bs. Do not misunderstand me, I'm talking about the indicator, not you system, maybe you could try to illustrate the system with another more conventional indicator, just a suggestion...

Each to there own, they do repaint, but once you get use to using them, you become familiar with it's behaviour.

EURUSDD:

What is pulling EURUSD down? A hint is on the chart below! However, I have already traded this move and the window is closing!
Attached Image (click to enlarge)
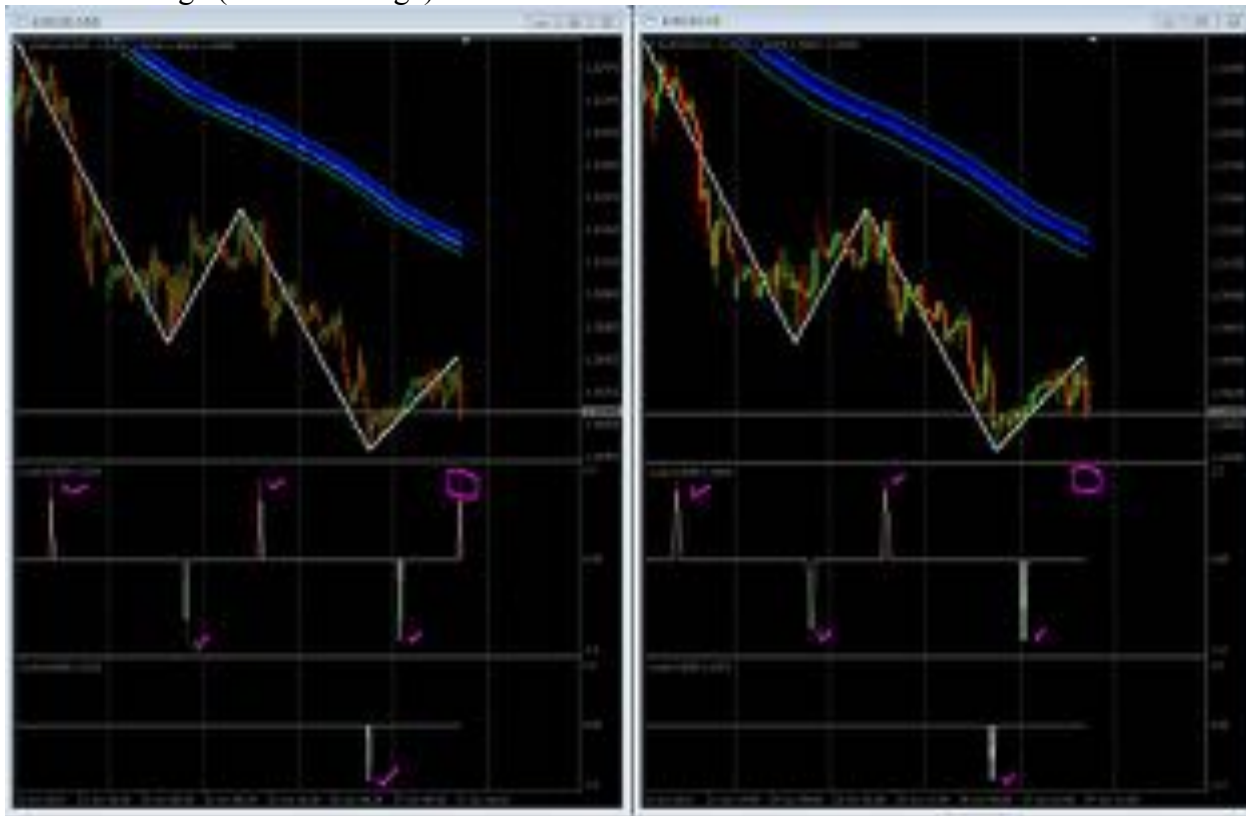
I have seen that most people cannot get the settings right or do not understand how to use the cycle-identifier in order to get the kind of similarity I have. Therefore I will propose another indicator soon. The problem with the cycle identifier is that, the way your chart looks depends on the number of bars in your chart. Therefore, we may have different charts even though we used the same settings!!!

> [Quoting whoareyou](#)
> 6 trades, 17 pips profit. Is that about normal for this tactic?

Hi. I believe you don't understand the fundamental principle behind this approach or you did not read the first post! This approach is radical and different from others because you are not required to second-guess your decision to buy/sell. In other words, if a window appears, you don't have to ask yourslef whether buy/sell really makes sense considering all the other information you have access to. That is why we refer to these windows as wormholes or black holes. They do not last long and depending on the time-frame pair you are using, they can last less than 20secs and guarantee you less than 5 pips.

One thing is sure though, you will get your pips!!!!

That is why I traded 8lots because I was sure of my pips, 1pip, 2pips or whatever! I chose 1min/5min because of this thread and so the windows I see on my chart are very small. If you choose 30min/1hr you will get 10pips-20pips sure but you will have to wait 1hr-3hrs to identify a window.

Finally, since these windows can appear randomly, you have to start at your chart or design a way or alerting you on their occurrence!

So, if you want 30pips or more per-trade then you will have to use 4hr/1day, 1day/2days etc. The problem with that choice is that you could miss a window when it appears or see it late -- when it is closing!!!!

All the best!

Why is EURUSD heading back uup? I posted this chart earlier and said that **I traded the move but the window was closing(check post 47)**! This is what I meant!!! I expected a similarity at A after the 1hr bar closed but none appeared, so that means price had to go up before it can come down again in order to get similarity!!!

Because this is a 30min/1hr pair, you make your decision when the 1hr bar closes!!!
Attached Image (click to enlarge)

This system is not good for many people because they will second-guess what they see and never make the trade!!!

Furthermore, the indicator I chose for the thread will appear different on different charts due to the number of bars you have. But take a moment and understand what is going on! When you finally get the WOW feeling, you will forever look at forex differently. Later
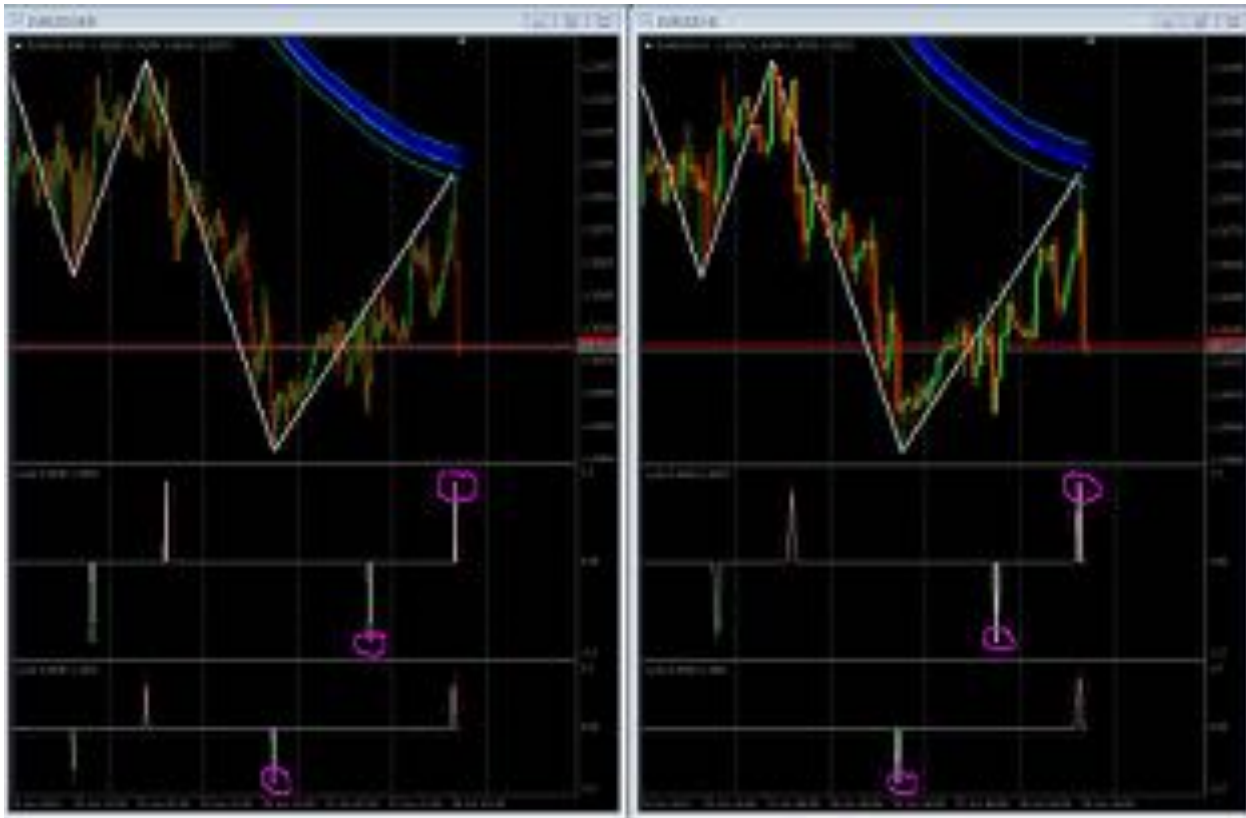
EURUSD is falling back down now just like it is suppose to do. That will lead to the similarity I talked about in post #54.

The WINDOW on the sell will close in 20mins!!! Take profit and get out within that time. If EURUSD continues to go down, it will be a bonus(very risky though) but the window will close!

Remember, there can never be a change in TREND without similarity!!! That is the reason for this falllllllllllllllll!!!!!!!!!

We needed similarity, check post #47 and #54. Take care everyone! Try and master this and you will never have to second-guess....

You don't even need to follow fundamentals. Everything is already discounted and reflected in the windows you see!

SAKTHIGM:

YOUR COMMENT?

EURUSDD:

Nice chart!!! Please note that the trick is not to trade when both cycles agree. The trick is to trade when they do not agree! When they do not agree, the trend will continue in such a way that you finally get similarity! For example, the two green arrows do not signal buy! That is a signal that the window is closing, assuming you used LENGTH as your main parameter.

YOUR CHARTS DO NOT LOOK SIMILAR!!!

MADMONEY:

Guys it's quite simple, just take so time to break down what eurusdd explained.

If you would have traded gbpjpy yesterday like I, you would of had a field day. What is circled in yellow is the buy/sell opportunities that were available, the difference is the key!

First chart is GBPJPY 30 minute, second is GBPJPY 1hr. The settings are 1-10-4 and 1-5-4 (you might have to tweak it cause brokers differ)

Later on I'll post today's opportunities. (excuse the lateness of these posts I've got a lot on)

EURUSDD:

Madmoney, you are very very serious! I love your spirit! I love your chart. I hope your cycles are stable though. You have got the first trick right! When You get the remaining 3, you will have a tight system! Good!

From your settings, you are using LENGTH!!! Good, now - we will discuss how to analyze the cycles next week. Happy weekend!

{quote} and another question: when is the exact time for a spike up/down (on CI) occurs?
do i have to wait every 30min or 1hr every time a candle close? or there is another way to
know it please enlighten me ps:sorry for bad english

You cannot predict the exact time from your setting, since you are using the PriceActionFilter which is
subject to the value of the MA. If you want to know the exact time for the spike to occur, you must use
Length instead and set PriceActionFilter to 1.

Remember, you are not supposed to predict the spike. You must only trade dis-similarities!!! This
system, does not predict when or where the spike will occur. It works on the fact the both charts must
agree and so when they do not, there is a problem!!!

hello everybody thank you eur for this thread! very interesting! does anybody knows good
settings für the cycle indicator from the first post for 1min/5min timeframes? thank you,
green pips to all! mex

Use 5X-1-4 for the 1min chart and X-1-4 for the 5min chart

OR

Use 1-5X-4 for the 1min chart and 1-X-4 for the 5min chart

where X is any positive integer you choose.

thank you eur! other question: if you trade 1/5 min, how many signals do you have, when
you are trading let's say 4hrs per day? thats what i do, i have 4hrs per day to trade, how
many signals can i expect? thanks a lot! mex

If you are using the CI-method please note that you are not supposed to predict when/where a spike on
the CI will occur. You job is to trade difference. For 1min/5min, that can happen 3 times per day. I
cannot say - the exact period. When a difference happens, it will exists until a similarity occurs.
Sometimes, it can disappear quickly.

1.30296 is in view now. I hope people are watching the precision that comes with this system. Even when I am trading 1min/5min charts? Imagine the pips I can make trading 1hr/4hr charts.

The similarity-principle is the key to success. It gives you a peep into the real-forex-world!

I don't want to give people trade signals. I want you to consider the concept deeply and understand why it works!!!

THEN YOU CAN APPLY IT ANYHOW YOU WANT

HENNESY:

Eurusdd,

Please see the chart below and tell me if I understood the strategy wrongly.

This is what I have gathered so far from reading post 1 till now.

Attached Image (click to enlarge)

EURUSDD:

> [Quoting Hennessy](#)
> Eurusdd, Please see the chart below and tell me if I understood the strategy wrongly. This is what I have understood so far from reading post 1 till now. {image}

Friend, you are 50% right! However, please note that the cycle identifier method is the least of the

methods you can use! This is because, the cycle can be unstable at times!!!! It is the force behind the trades for the explorer above but you need experience.

Everything on your chart - except the way you traded the differences- is ok. I can't really tell you exactly what to do now! You have to study it yourself and see how best you can trade the differences.

JUHANIMI:

it works fine, thank you Eurusdd
0.1 lot demo trades
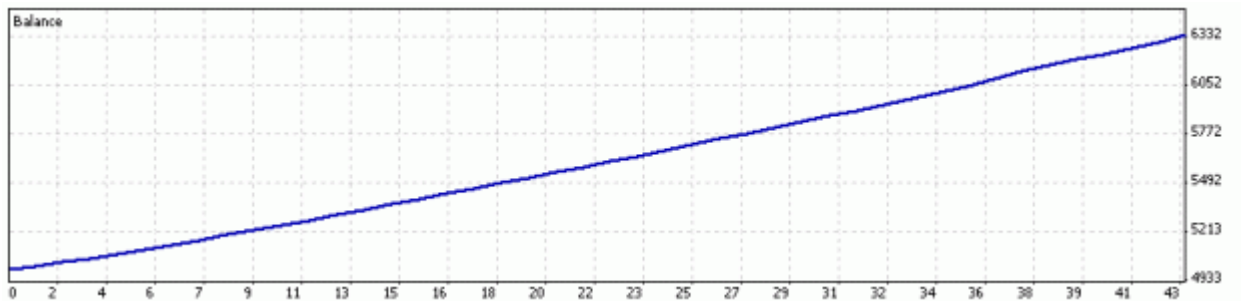
> Quoting Madmoney
> {quote} Whats that?

from post 1. just added some modification

> Quoting jackprobe
> {quote} The EA is on M1 TF ? How may pips is your TP & SL ? Thanks -jack-

no ea, manual trading, no sl, tp is in first post, everything is in first post

> Quoting condor666
> {quote} On M1 1-15-4 and on M5 1-3-4, all others are the same in both indis.

TRY 1min (1-60-4) 5min(1-12-4) post and let me see!

> Quoting condor666
> {quote} I have this : {image}

Ok, then we can reduce it to 1min(1-25-4) 5min(1-5-4)

CONDOR666:

Still not good :

EURUSDD:

> {quote} Still not good : {image}

It is good!! look at the far-left! This is good. It means stay-bearish!!! YOur pair seems to hunting for 129.976. stay bearish till then

$5,000 to $24,654 for 5 days - including weekends.

69 trades, 67 wins, 0 losses, 2 even trades. That is the story!!! I am DONE!!!

Next time I come around, you will have another window!!!

THANK YOU all, especially those who vouched for me and my main-man MADMONEY!!!

Make money and spend/enjoy it too!😂😂

Off to spend some of mine!!!

WILL be back in September

JUHANIMI:

dis-similarity manual trading

go to post 1

OCONNOR365:

dis-similarity manual trading go to post 1 {image}

Hi Juhanimi

Are you using the cycle indi on 1 min/5 min , 30min/1h...or across brokers?

JUHAMINI:

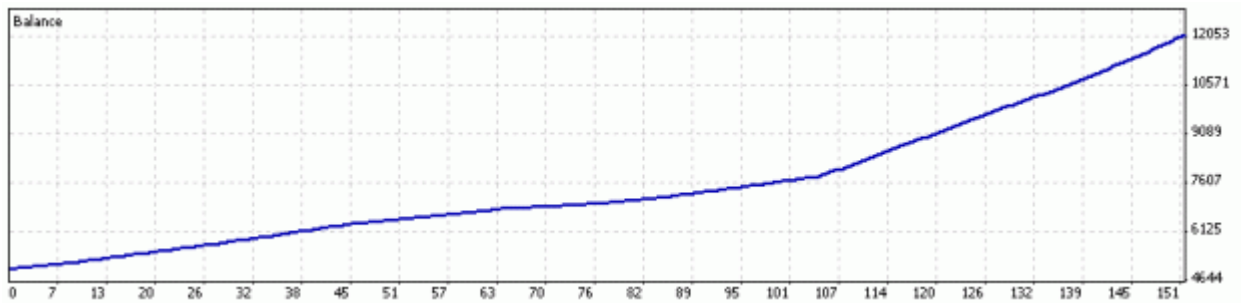1,5,15,30 and 60, it works many ways, if you watch it sometime, you will see what to do

IMPORTANT: The charts MUST always agree before a new trend (minor/major) begins.
Therefore, if they do not agree after a certain time, the trend is expected to continue!!!

IMPORTANT!

when there is window open in 30/60 timeframe, or repaint is on, you can take every signal from M1

{quote} Cool thanks, can you share those settings for both upper and lower CI please

everything is explained by Eurusdd in this thread

if you have in M5 normal settings...1-3-4 then if you want that to M1 with LENGHT, then it should be...1-15-4

here is key to success

IMPORTANT: The charts MUST always agree before a new trend (minor/major) begins. Therefore, if they do not agree after a certain time, the trend is expected to continue!!!

MADMONEY:

Here's an example (a trade I took).

The bottom CI represents the 5M chart.

NOTE: I usually exit at major spike if my TP has not been hit.

{quote} I guess I don't know enough about the indicators to know how to fine tune them.

It's not rocket science, just give it a try, experiment.

All you need to know is on post# 28

POST 28 (EURUSDD):

Can you explain how to enter the 5x-y-4 settings? I am not seeing that when I click on the indicator properties. Thank you.

1min chart

PriceAcqtionFilter = 5X

Length = Y

MajorCycleLength = 4

5min chart

PriceAcqtionFilter = X

Length = Y

MajorCycleLength = 4

OR -OR -OR

1min chart

PriceAcqtionFilter = X

Length = 5Y

MajorCycleLength = 4

5min chart

PriceAcqtionFilter = X

Length = Y

MajorCycleLength = 4

MADMONEY:

The main trend is the bottom cycle identifier, my rule is 'I will not trade against it'. I will only take DIS-SIMILARITY trades that are in the same direction of the main trend.

Is that clear?

Another trade.

Money coming fast!

{quote} Yes I believe so....when they are pointing up the trend is down so you take only dissimilar trades that suggest shorts and vice versa. Thank you for the wonderful case study

Yes!

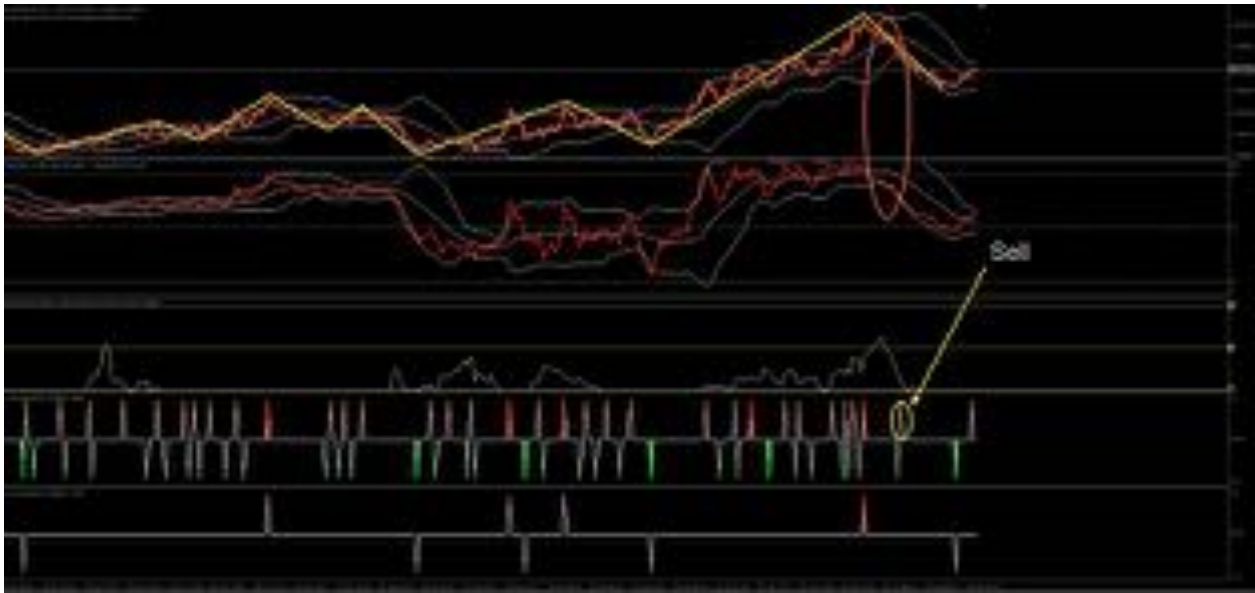{quote} You choose this point to enter because the "chaos" dot painted 🌀

Yes, that's my preference.

Hi, Posting my first screenshot here. :) Now to wait for a signal to trade it back to the dissim. {image}

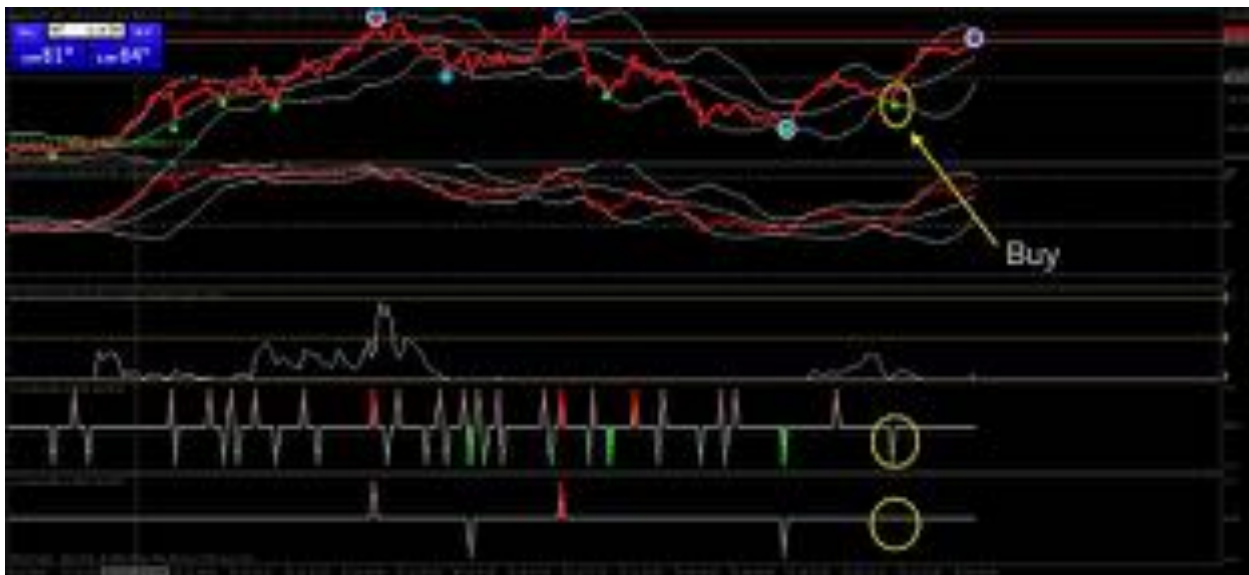That's where you could have sold.

JUHANIMI:

MADMONEY:

What about that long entry ? {image}

Yes buy trade

JUHANIMI:

{quote} What parameters is yours based on?

default in H1 and double in M30, but you get different shit with different brokers, or same broker live vs. demo, I have played with this indi few years ago then i did see that, it does not matter

{quote} Oh right, I thought you were just using one chart.

no

I was using this, just have to repaint, so you know place where price "MUST" go, yes, unbelieveble 🥳

Quoting Eurusdd

IMPORTANT: The charts MUST always agree before a new trend (minor/major) begins. Therefore, if they do not agree after a certain time, the trend is expected to continue!!!

so, have been using only that LAW in demo for almost 3 days: result, 157 winning trades, no losses or BE`s and 5000->12 271 with 0.1 lot bets

MADMONEY:

Quoting juhanimi
so, have been using only that LAW in demo for almost 3 days: result, 157 winning trades, no losses or BE`s and 5000->12 271 with 0.1 lot bets

On what TF? 30/60 doesn't give frequent signals like that.

Well done.

JUHAMINI:

1,5,15,30 and 60

funny thing is that it works even when lower tf has no spike, and higher has, it moves until lower has spike too, but that is just observation and not use it, have to check longer than few days

also, have to find better exit strategy, I had a 1, but somehow indicator stopped working, have to work with that too

MADMONEY:

hi guys, I am following the thread for 2 days now and I try to demo it. I have a question about the cycle identifier. I am using 1-1-4 and 1-5-4 settings on the M1 timeframe, but if I refresh the chart sometimes the spikes are disappearing or moving. Do you know how long are they "repainting"? When one spike appears I have to wait 5 minutes to confirm it? thanks for the answer and sorry for the newbie question.
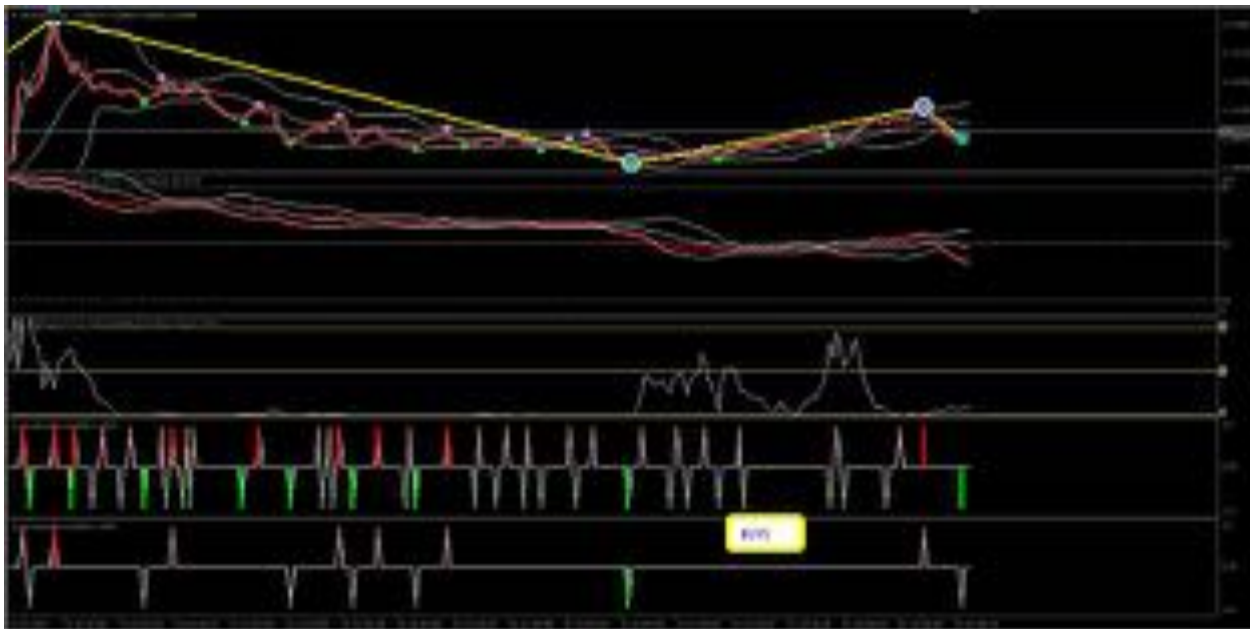
Try bigger numbers.

JURN_E:

{quote} Hi jurn_e....would you mind posting a template of your set up?... many thanks T

Here you go. Good pips~

Attached File
sim1.tpl   5 KB | 140 downloads

Out of EU longs again. Pipping time

MADMONEY:

> {quote} Mad, what are using to exit your trades?
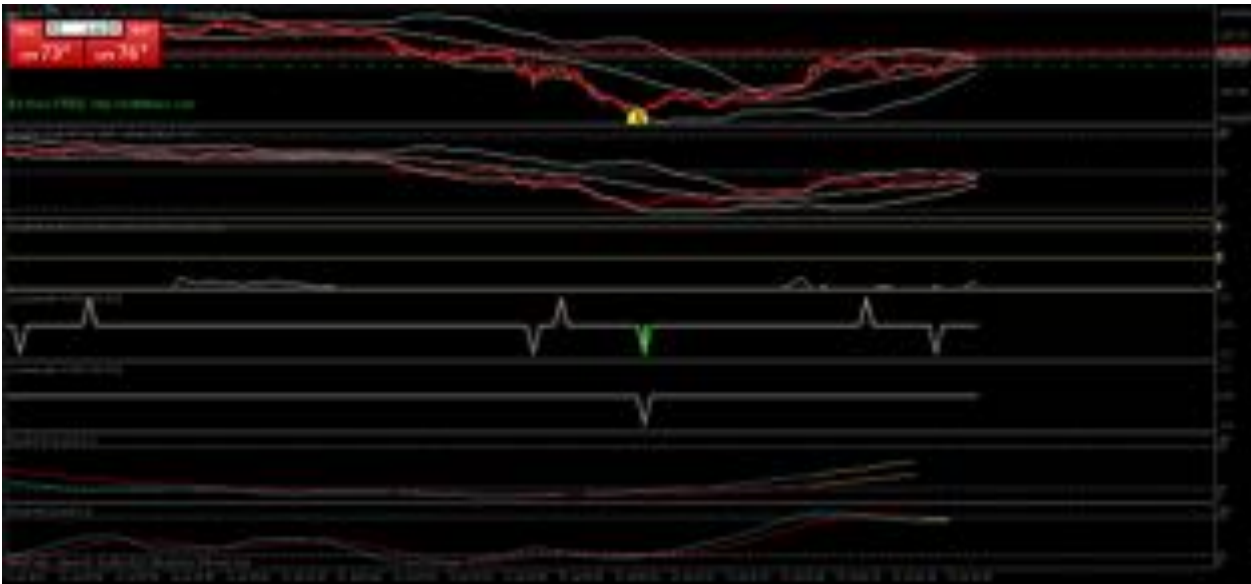
Here....

> {quote} There was no dis-similarity. Here's an example (a trade I took). The bottom CI represents the 5M chart. **<u>NOTE: I usually exit at major spike if my TP has not been hit.</u>**

Another buy 😄

Closed 15 pips.

Madmoney that is my chart setting are 1-10-4 for 1 min and 1-2-4 for 5 mins like i said this morning, small time frame's signal always less than the bigger time frame, {image}

Ok the lowest length number that should be used is the default length (3), in my opinion.

Use bigger numbers until your cycle looks similar >90% of the time. Experiment!
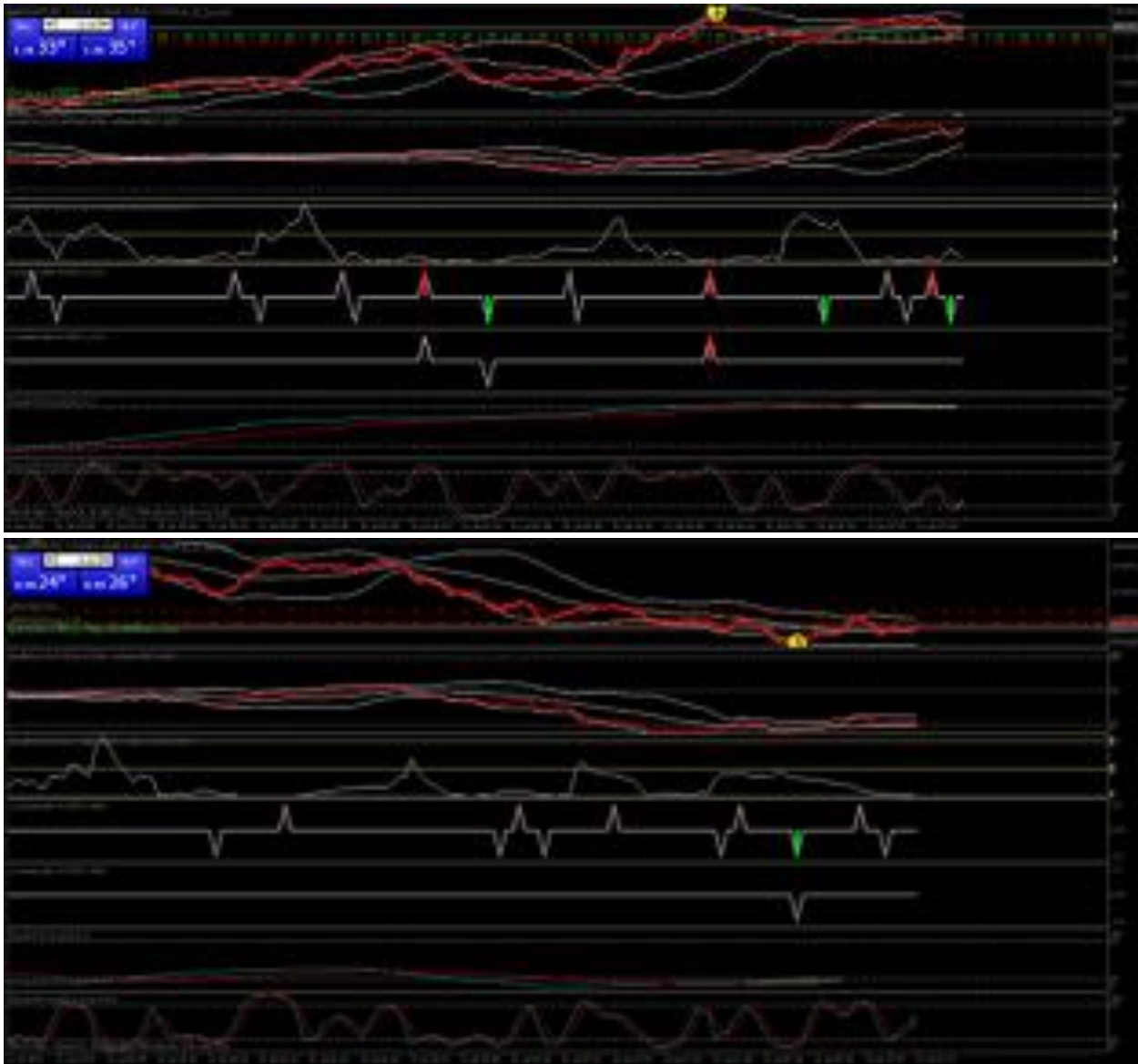
There's two fairly big numbers that will give you a good stable frequency. Tune it and show me again.

Bear trade.

+10 pip closed - EURUSD

Bull trade - +10 pip closed USDCHF

27 consecutive winning trades.

hi Madmoney, thanks for your advises.I am playing with the settings now. I have an another question about the entry. It is clear that we have to wait til a new trend begins so e.g. two up spikes appears on both cycle indicator at the same time than we looking for sells. My question is when do you enter after a dis-similiraty happens on a lower TF. So a new up spikes comes up on the lower TF but not on the higher TF do you enter straight or wait 5 minutes to confrim (M1 and M5 TFs) or wait for the semafor indi, cos it reapaints a lot. Do you refresh...

Here is my latest trade.

Is that clear?
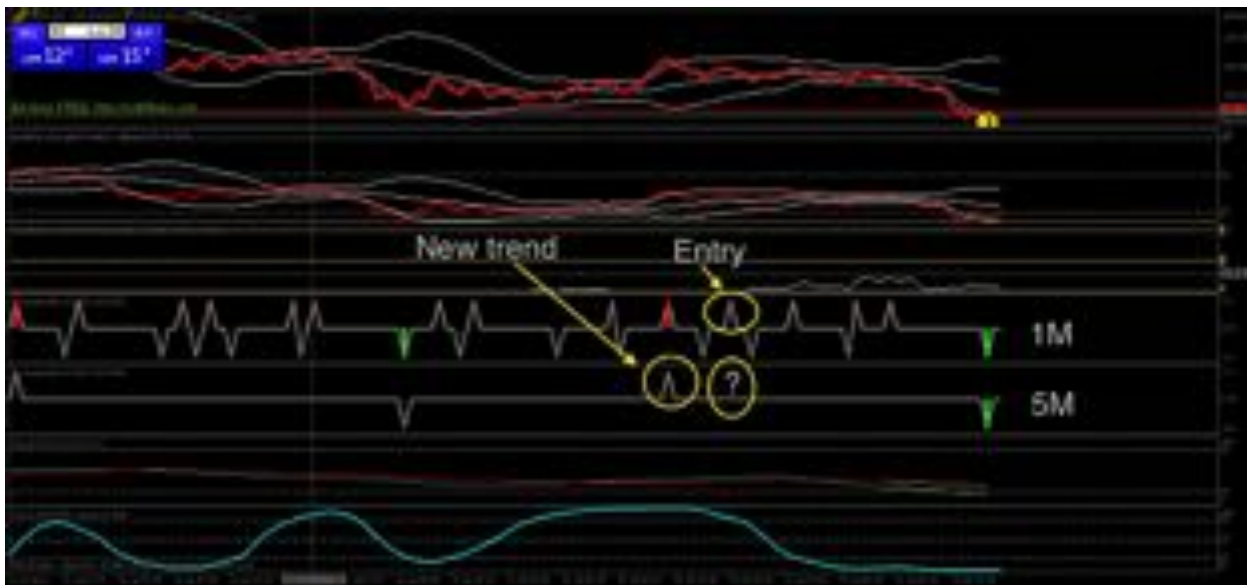
For those of you using the CI method, what's really been boosting my trades on the 1M chart is the "Cycle Kroufr", a cyclonic indicator that you pick quality peaks and dips (OS/OB)

Try it out....

Attached File

◆ Cycle_KROUFR_version.mq4   7 KB | 163 downloads

> Quoting Anusragger
> @ Madmoney & jurn_e I see you have the cycle for the 5 min (5x settings of 1 min) on your 1 min charts. Do you wait for the 5 min candle to close though? Because is I take the signals like madmoney after a 1 min close I get a lot of bad (and thus disappearing) signals. I use 1-5-4 for 1 min and 1-25-4 for 5 min.

The way I trade the CI is in a certain sequence where the 5M trend can't be similar to the 1M CI.

> Quoting puma
> {quote} HI Madmoney, would you normally buy/sell at the opening of the next bar after the spike? does it matter where the price is with respect to BB? Many thanks! Puma

Yes, it's a lot safer to buy/sell the bar after the spike.

> Quoting angelofx
> Can someone confirm if this is correct

Yes, that's the sequence I trade

Dear Madmoney, Thank you for your help. Do you advice to me h1 and m30 time frame? and how many pips to TP and SL?. Best Regards. Bülent.

Best Compatible time-frames are 1: 1min-5min, 5min-15min, 15min-30min, 30min-1hr, 1hr-4hr, 4hr-1day, 1day-1week. For day-traders, 1min-5min, 5min-15min, 15min-30min, 30min-1hr will be sufficient! Once you have chosen your currency pair, and compatible time-frames you need to chosen indicators {image}

TP and SL will be personal, the smaller the TF usually mean smaller profits (sometimes), but higher frequency trading.

Last trade of the day!
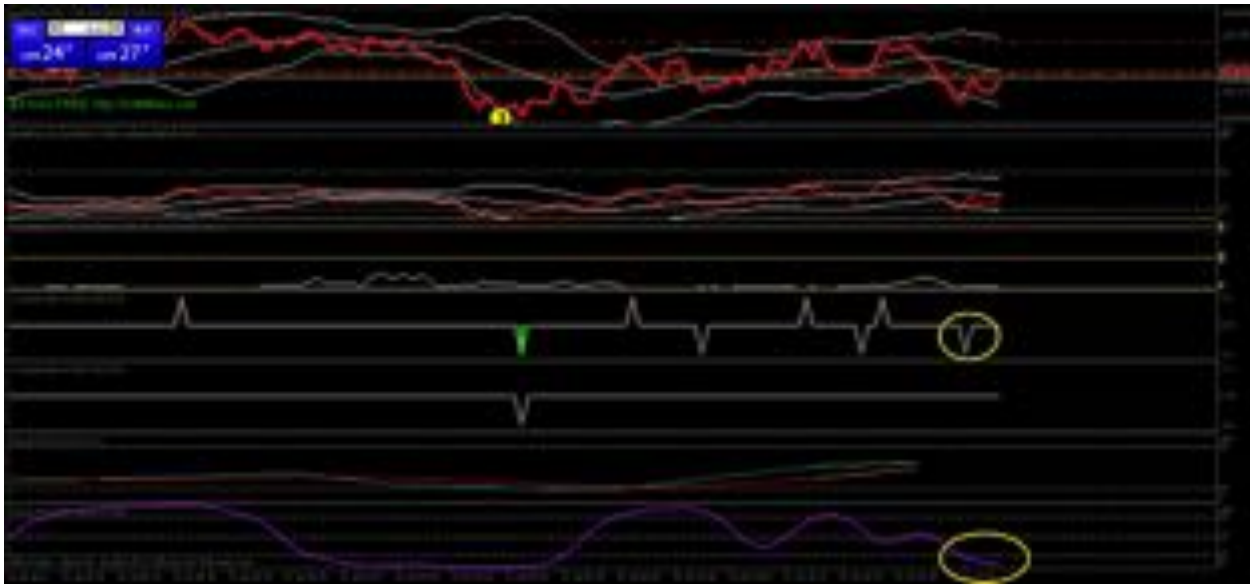
BOOM! Another +15 pips.

Total for today +86 pips. 😵

29 consecutive wins (trying to compete with the MASTER, Eurusdd). Yeeeaa right..... 😵

> [Quoting xixi](#)
> {quote} Great trade Mad! Could you tell why you set TP there?

My personal daily target is 20 pips, cause I trade heavy lots, anything above that is a bonus.

I set my self mental TP's when I exceed my target or if the a major signals against me (whatever comes first).

Here is my template guys, you might need to tweak the CI, if it looks abnormal on your charts.

Plus the indies.

Attached Files

🖼 mm.tpl   84 KB | 324 downloads
🔸 #MTF_Stochastic_v2.0.mq4   6 KB | 252 downloads
🔸 3_Level_ZZ_Semafor.ex4   8 KB | 247 downloads
🔸 Cycle_KROUFR_version.mq4   7 KB | 258 downloads
🔸 cycle-identifier.mq4   14 KB | 259 downloads

This is my first trade... {image}

Cenky, read my trading illustrations. It will give you a clearer idea of better entries. You'll see I enter on the first dis-similarity in the direction of the main trend

{quote} thanks i will read. So Can you paint on my chart when you can enter a trade?

Here...
Attached Image (click to enlarge)

MM your idea about combining CI and BB+Stoch is really great, really good job !!!!!!!

Yea sometimes I use bb stoch differences for my TP for longer trades or just to stack odds in my favour.

Dear Madmoney, Thank you for your template and indicator. I load your template and indicator my mt4. can ı use same seting m30 and h1 tame frame? or change to setting parameter.? Best Regards. Bülent .

Ok, Let me explain this; the settings!! **if you are using the 30min/1hr template the whenever your PRICEACTIONFILTER is X for the 1hr, it must me 2X for the 30min. The same idea applies to the LENGTH!!!** if you are using the 1min/5min template the whenever your PRICEACTIONFILTER is X for the 5min, it must me 5X for the 1min. The

same idea applies to the LENGTH!!!

Just double the length on the 30M chart.

JURN_E:

Easy 10pips. Woots.. 🥳

Nice pop. another 10pips. CI showed Buy 1 minute b4 news.

NORMTOLD:

From Madmoneys template. Not sure I am using it quite the same way as he does.

Obviously using small Lots while I practice.

Ignore the Gbp/Aud loss, it is a stoploss from another strategy.

RENANC93:

Trades this morning:

Orden	Horário	Tipo	Volume	Símbolo	Preço	S/L	T/P	Horário	Preço	Permanência	Lucro
166281225	2013.07.11 01:15	buy	0.10	eurusd	1.30170	0.00000	1.30220	2013.07.11 01:18	1.30220	0.00	5.00
166277726	2013.07.11 04:05	buy	0.10	eurusd	1.30893	0.00000	1.30940	2013.07.11 04:07	1.30940	0.00	4.70
166307135	2013.07.11 16:30	buy	0.10	eurusd	1.30422	0.00000	1.30450	2013.07.11 16:52	1.30378	0.00	-4.40
166307457	2013.07.11 16:39	buy	0.10	eurusd	1.30331	0.00000	0.00000	2013.07.11 16:40	1.30344	0.00	1.30
166308229	2013.07.11 16:56	sell	0.10	eurusd	1.30261	0.00000	1.30220	2013.07.11 17:00	1.30246	0.00	3.50
166308813	2013.07.11 17:07	buy	0.10	eurusd	1.30178	0.00000	0.00000	2013.07.11 17:07	1.30200	0.00	2.20
166309043	2013.07.11 17:13	sell	0.10	eurusd	1.30225	0.00000	0.00000	2013.07.11 17:14	1.30186	0.00	3.90
166309395	2013.07.11 17:21	buy	0.10	eurusd	1.30184	0.00000	0.00000	2013.07.11 17:22	1.30211	0.00	2.70

JOSH11:

Wooooow!!! I am impress.... Thank you so much Eurusdd!!!

Been testing all day and thought I would try 5 pairs on 1min TF!!! The last couple of hours:

Dont know if its luck but woooooooow!

EURUSDD:

Wooooow!!! I am impress.... Thank you so much Eurusdd!!! Been testing all day and thought I would try 5 pairs on 1min TF!!! The last couple of hours: Dont know if its luck but wooooooow! {image}

You are not an expert yet and you are beginning to have confidence and produce good results. It makes me feel good! When i showed a 700 winning streak to a friend sometime ago, she said it was fake. Well, you are a living example: with proper care and more practice you will get there.

{quote} Nice summary. Probably also need to add this:
http://www.forexfactory.com/showthre...22#post6813422

Thank you SO MUCH. I was just about to post that. I believe most people do not pay attention to the little hints i drop here and there. I said this thread is a project and you should not expect to become an expert over-night!!!😊

My entry with the CI method is @ the spike of the 1 min CI, after 5 min CI spike in same direction. Just like madmoney and some others. But isn't this just the same as waiting for a swing and then entry @ a retrace? If so, couldn't we just use 2 zigzags or the semafor (wait for a 3, then an opposite 2 and then enter @ the 2 in the direction of the 3)? I'm thinking in this direction because what we call a dissimilarity here, isn't that just a swing in a smaller timeframe that doesn't show up on a larger timeframe because it's enclosed in 1 or more...

You are not far from the truth. However, you missed an important point!

The CI-similarity method is the LEAST, and I repeat - THE LEAST, under the similarity umbrella.

I give two more methods that are at least 30% more efficient the the CI-method!!

The TWO most powerful techniques, I did not release.

From similarity, you upgrade to DELAY and Then REVOLUTION.

So, the CI-method is just for illustration purposes. 😬

In fact, similarity is very powerful - if you really know how to use it. There are variations. I am trying to let people think of trading like chess.

When you have a very good similarity SETUP, you can checkmate price and know exactly where she is supposed to go!

Madmoney:

> [Quoting waltini1](#)
> Hi Madmoney, I am enjoying your posts, is there any chance you could mark on your previous chart where the trades were and which direction? Thanks.

You can look at my past illustrations, but now I am posting just for people to see even Eurusdd **Least** most efficient method is consistently profitable, so imagine what we could do with the others.

I am not a **Master**, I just love experimenting and my way is not the only way, infact my method is restrictive compared to Eurusdd concept.

> [Quoting renanc93](#)
> Hello Madmoney, Can you explain how are you trading with BB and CI together? I'm trying here and I'm taking a lot of repaint who take all me positive orders from yesterday: {image} If you can please take a photo of a enter signal in your chart that will help me to see if I'm doing right.

Once you have tweaked the CI correctly (according to your broker), you won't experience **heavy** repainting. Also I use any valid bb/stoch mismatch for stacking the odds in your favour or exit.

Majority of the time I scalp heavy partly using Eurusdd's CI method in #post 1.

GVC:

Great thread EURUSDD......

Here is the CI indicator with history.

It marks repainting spikes with dots and has an Alert function.

Attached File

⬦ Cycle Identifier wHistory.mq4   29 KB | 266 downloads

EURUSDD:

price is aware of where all the dis-similarity points/zones are and JUST LIKE a river meandering

its way from the source to sea, price will correct each dis-similarity depending on how close each one is and the ease of correction.

Therefore, you have a chess-board and if you stare at it you can determine possible options for price in order to avoid a check-mate.

The basic principle is simple: PRICE has to move in such a way that it corrects as many dis-similarities as possible and also create VERY FEW NEW ONES. That is why some-times price can just move in way, that no one expected.

Because there are so many dis-similarity points - taking into consideration all possible computable time-frames, you need a powerful algorithm to track these things. Most traders don't have that luxury.🤣 😭

MYICHIMOKU:

@ Madmoney or someone who knows CI.

Picture below is taken from page 49. Yellow circles are marked by Madmoney, blue circles are marked by me.

I understand yellows circles' spikes have dis-similarity. But why those blue circles that I marked aren't valid entries?

PAWS:

> [Quoting myichimoku](#)
> @ Madmoney or someone who knows CI. Picture below is taken from page 49. Yellow circles are marked by Madmoney, blue circles are marked by me. I understand yellows circles' spikes have dis-similarity. But why those blue circles that I marked aren't valid entries? {image}

1st - great and profuse thanks to eurusdd, madmoney, ralome, etc for sharing their insights and wisdom with us - absolutely fantastic! 😊🙌😔🙌

myichimoku, I think if you will focus on each 5M blip (bottom cycle identifier row) , Madmoney's buy/sell signals are where there is the 1st (and only 1st) missing 5M blip (dis sim) after that. He is wanting to be careful to take signals in the direction of the 5M.

> **"The main trend is the bottom cycle identifier, my rule is 'I will not trade against it'. I will only take DIS-SIMILARITY trades that are in the same direction of the main trend."**

(Madmoney, please correct me if necessary)

Chapter Two: Similarity: Bollinger Bands, Stochastics & Zig Zag

People have to understand that the similarity principle is a good way to spot mis-pricing in the market. However, the indicators you used also matters. For example, the stochs-method is 50% more efficient than the cycle-identifier method! However, it is 10% less efficient that the bollinger method. This method requires only one time-frame! Look at the red&white lines in the top and bottom windows in the chart below!!!!

Do you see that both are similar????
Now, the top window is real-price and so, whenever the down window differs YOU HAVE A TRADE! The down will always play catch-up with the top!!!!
In the first there are no major difference!!!

Attached Image (click to enlarge)
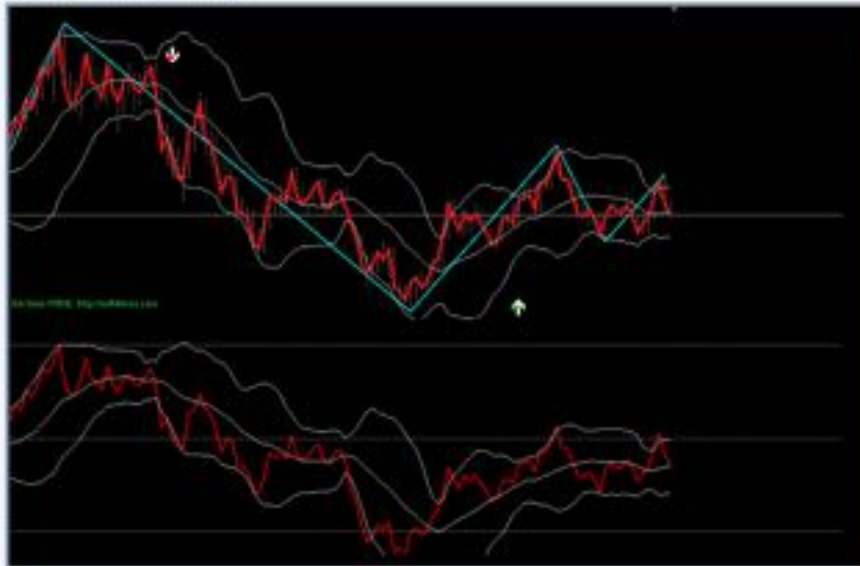
Spot the difference in the chart below (YELLOW), Both lines agreed really for the first time at BLUE and beyond!!!

Attached Image (click to enlarge)   Size: 67 KB

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟨 EUR/USD

> Quoting Madmoney
> Nice! what's the MA? 5?

EMA 1!!!!!! The period must be one!!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting billbss
> What is the red line in the bottom window?

stochastics. So you can put this on your stoch-similarity system.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Notice that we spotted a difference for the first time at A, price went up and we got similarity for the first time at B. Price that went back to the level of A!!!!!

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

ᵗᵗ Quoting jum_e
This is pretty interesting. Finding irregularities in the market and trade it back to balance. #Follow

Use the similarity principle to develop super-trading systems. It is the best way to spot mis-pricing without using super-computers and arbitrage arguments.
Look at this Monthly chart!!!!

First difference spotted at A, first similarity occurred at B. price started to drop back to A from that point! 2,000+ pips IN A SHORT TIME!!!

Attached Image (click to enlarge)

So, mis-pricing started at A, and the correction started at B. Notice that similarity is place from B onward!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012 (10ex)

Jun 29, 2013 6:48pm · Quote · Cleanup · Post# 125

> Quoting jurn_e
> {quote} Hi Could you post your template for us to test?

for the 1MONTH CHART. PLEASE TEST IT and post your chart here, quick so I can check before I sign out! Thanks.

Attached File

📄 template_name.tpl   8 KB | 571 downloads

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

Eurusdd
Joined Oct 2012 (10ex)

Jun 29, 2013 6:51pm · Quote · Cleanup · Post# 126

> Quoting billbss
> What are the parameters of the stochastics in post 107? 8-3-3? 14-3-3? 5-3-3? Something else?

I just posted the template for the 1month chart!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

Eurusdd
Joined Oct 2012 (10ex)

Jun 29, 2013 7:22pm · Quote · Cleanup · Post# 128

> Quoting ecneralc
> Hi Eurusdd many thx for sharing the template. am i right to say that the area highlighted in blue is a
> difference..and we shld expect price to rise up violently in the near future? (image)

My dear, there is one mistake. This template is OPTIMIZED for the 1MONTH chart!!!! you are using 1HOUR. The similarity-probability is 10% effective in this case! However, since we now have similarity at the bottom, don't be surprised when she races back up there.

Keep your eyes on that top level and watch the similarity at the bottom.
I suspect that when she hits the LOW, she will start to race up there!!! There is no major difference on the 1MONTH chart though.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

Attached Image (click to enlarge)

This one has already been corrected. Similarity started at X and price fell the A!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

---

tHIS one too has been corrected in a way. Similarity started at X and Price rose up to A!!!

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

This ONE is still VALID!!!! But since it is a monthly chart, you will have to be very patient looking for the first similarity!!!
When it occurs, price may drop fast to A or slide gradually to A. Normally the movement is fast!

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

In this particular example, notice the correction earlier on!!!!

Attached Image (click to enlarge)
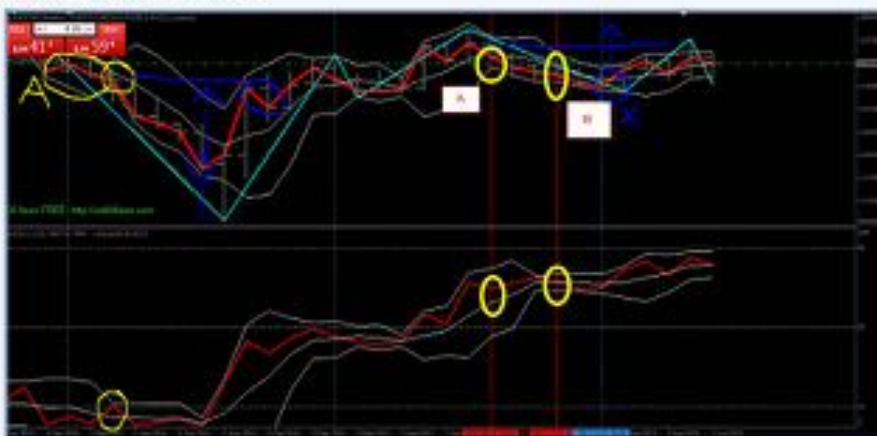
CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Another way to trade the Bollinger-band stochastic system is to use the similarity to place trades since the 1EMA and the Stochastic have the same shape almost surely.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟨 EUR/USD

Those interested in the STOCH-bollinger system should not wait for a difference to occur in order to trigger a trade. You can trade the similarities you see. Note that the 1EMA and the stoch lines should 95% of the time take the same shape. So, you can trade expecting that they will end up the same with money-management of course!
For example EURUSD just dropped, why???

Attached Image (click to enlarge)

Chill!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟨 EUR/USD

EURUSD can shoot up this month. A case in point is on this monthly chart! The sections circled are important. WATCH THE WAY THEY DEVELOP.

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

---

hOWEVER SINCE stoch must follow price and we expect similarity in the future, the stoch may be forced to drop to meet price just like the case above!!!! TRADE WITH PURPOSE!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

LOOK FOR stoch to follow price hence be able to make trades like this one!!!

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting Tok
> Can you tell us what settings to set bollinger bands and stochs for 15 and 30 min charts?

TEMPLATE for 15min chart. Optimized. Similarity-probability is 97.6578% So, <3% of the time will 1EMA and Stoch look different. That is GOOD!!!!!

Attached File

qqqqqqqqq.tpl   82 KB | 618 downloads

aLWAYS remember that price LEADSSSSSSSSS!

So like the case below; YOU SELLLLLL!!!!

Attached Image (click to enlarge)

CERTAINTY ;;; BE BACK IN SEPTEMBER!!!

EUR/USD

> **Quoting Tok**
> {quote} Thank you very much. So we enter the trade, once stochs AND bollinger bands show similarity? In this case, we don't worry about differences? I am confused.

There are two ways to trade under the similarity-umbrella. You can wait for the lines to disagree and then MARK the price for a return! But that does not happen often so you will not have many trades a day!!!
The other way: Since the lines will look exactly the same >97% of the time, TRADE WITH THAT EXPECTATION!!!! When the stoch is ahead of or behind the main price - Place your trade expecting stoch to agree with price eventually. You will get many trades that way. Money-management of course. I can get 100 wins in a role that way!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> **Quoting Tok**
> {quote} So we need both 15 min AND 30 min charts open, correct? If so, can you please make an optimized template for 30 min chart too? thank you.

NO, YOU NEED JUST ONE CHART!!!! you are watching the TWO RED line in the chart and how they react the the bollinger-bands

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> **Quoting Tok**
> {quote} I see. I understand that we are looking for similarities in the stochs, but what are we looking for in the bollinger bands? similarity compared to the direction of the stochs?

I don't know but I think you are mixing the three methods I presented here.
The 15 min template i gave you is for the stoch-bollinger-band method. You need only one chart in this case. The shape of the stoch(below) and the 1EMA (above) will be the same 97% of the time. They are expected to react to the bands in a similar fashion. When stoch lags or leads price,you have a chance for a trade. Also since the band below is tighter than the one above,you can use the stoch to guage resistance/support for price.

The other way is the MARKED-PRICE approach. doesnot happen often.
The first approach is responsible for this trade - sell of eurusd recently.
Attachment 1224859

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> ᙏ Quoting FibFerk
> Eurusdd , the Stochastic do not show on the 15 min template, because it is a custom indicator. The Meta "Stochastic Oscillator" setting for %K Period = 300, %D Period = 1, Slowing = 1, Price Field high/Low and method Simple

Method -= exponential.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

◼ EUR/USD

> ᙏ Quoting Tok
> The stoch-bollinger band method seems very inaccurate, compared to the stochastic difference method, which is much more accurate. Or I'm just doing it wrong.... We need more pics/explanation to do this properly.

There are reasons people fail a lot in forex-trading.

1: The market is not mechanical. You see X-Y-Z-Q today and X-Y-Z tomorrow means Q must follow.
2: They use setups - templates - indicators without first checking the instructions, settings or principle behind ......
3: Poor money-management.

You are almost guilty of 2.

The price field template setting for the stoch is CLOSE - I guess. Therefore, you can only make your decision after the bar has closed. That is the only time you can compare the two lines and know exactly what to do!!!
You cannot do that while the bar is still alive! during the life of a bar - stoch may lead price and then lose the lead. The state of the lines after the bar closes is final!

I have given you a great setup, I will not get into the details again. Study it yourself and adapt to it the way you want or move on!!!!
----- As far as I know, it is magic and I have results to prove that. 100+ consecutive wins!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

◼ EUR/USD

You don't even have to pay attention to the individual bars. Just look at the lines generally and if you see difference, work out where (up/down) the two will have to go to meet again! It is quite easy!!!

Eurusdd
Joined Oct 2012

Jul 2, 2013 5:41pm   Quote   Cleanup   Post# 225

{quote} COrrect me if i'm wrong, but wouldn't some of these trades have FAILED using this method? Price did not lead stochs; It was the other way around.

The problem with you is this: You don't understand the reason for the thread.
I am presenting a concept, not a signal-system. I then stated one or two ways to trade it. It is up to you to understand the concept and figure out how to use it to your benefit!
The idea of similarity is simple.
The curves/lines must be similar >90% of the time. so when you see differences there is a chance to analyze the chart and LOOK forward to where the next similarity will occur.
I will not talk about this again!
Furthermore, since the stoch is an oscillator and it has the same shape as the 1EMA, DON'T you see a chance to make money???

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 2, 2013 5:53pm   Quote   Cleanup   Post# 228

Quoting angelofx

{quote} Price is the master. It tells stoch "move in my direction cos i'm the master, the leading indicator". BUT stoch is sometimes forgetful or ambitious and will want to act as a leading indicator, then it tries to play catch up. The set-ups are visible on the upper, middle and lower band of the Bbands. No precise SL and TP.

I am not concerned about SL and TP because that is not the reason for the thread. Each trader can decide that for himself/herself based on the bands, stoch etc. What i did for you is to get you two lines that will react to a similar-band >90% of the time!!! I see a chance for $$$$.
I hope people can see the chance too!

I am done with the thread!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 4, 2013 4:17am   Quote   Cleanup   Post# 292

I am adding a modified template with a new zigzag line. It will help you avoid wrong trades.
This is 15mins template

Attached File

15min.tpl   2 KB | 704 downloads

. I will explain it later!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

The yellow zigzag line you see on the chart plays a very important role! It is designed to appear when the red 1EMA touches the upper/lower BB. Therefore, if the 1EMA is on the outer-band and there is no ZIGZAG line, that direction is highly false (study it and if the ZZ does not appear - get ready to continue in the previous direction). You can trade against it with a tight stop. In other words, the last leg of the ZZ is still valid!
Every leg of the zigzag is suppose to appear - >97% of the time - when the 1EMA is on the outer band (top/bottom).

Attached Image (click to enlarge)
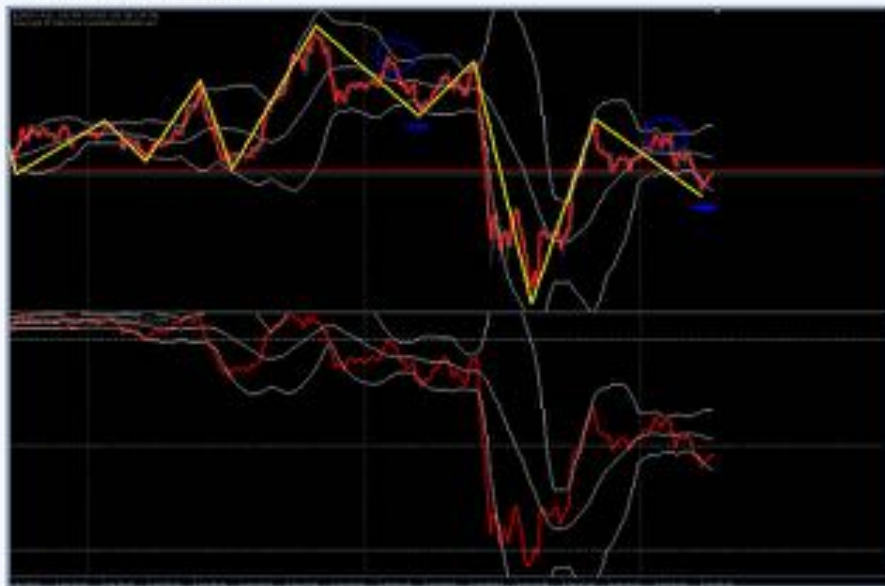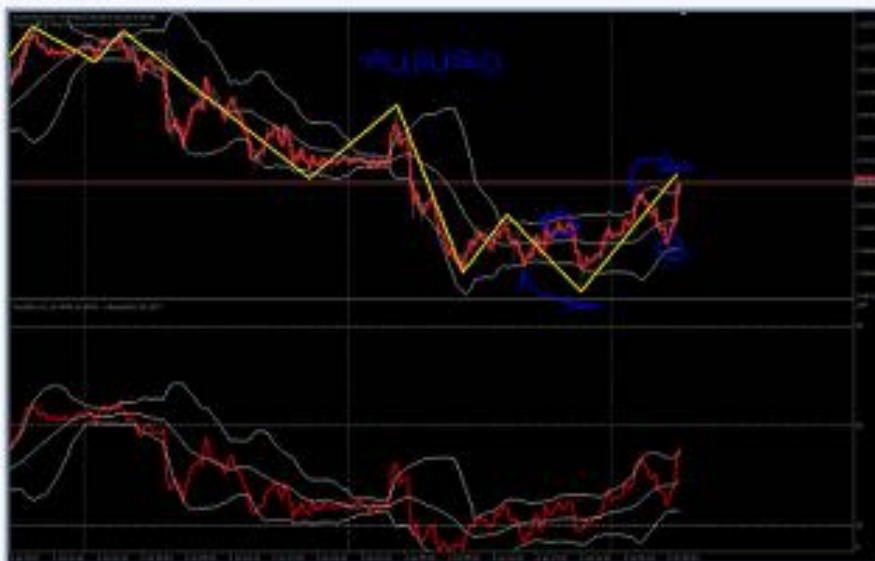
Eurusdd
Joined Oct 2012

Quoting angelofr

Nubee, baillie and madmoney please clarify this: I highlighted the area where the lines are different on the chart. EURUSDD said to trade with the expectation that the lines are going to be similar and price leads so we go short. The other alternative is to mark the area where they disagree and then trade back to that area. My question is at what point do you trade back up to the area where they disagreed? Do you wait for the price to hit the lower end of the bband and then wait for the lines to be similar before trading back up to where they disagreed?...

That is not sufficient difference. You must also remember that the stoch is an oscillator therefore, the value of the stoch should be taken into consideration.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Attached Image (click to enlarge)
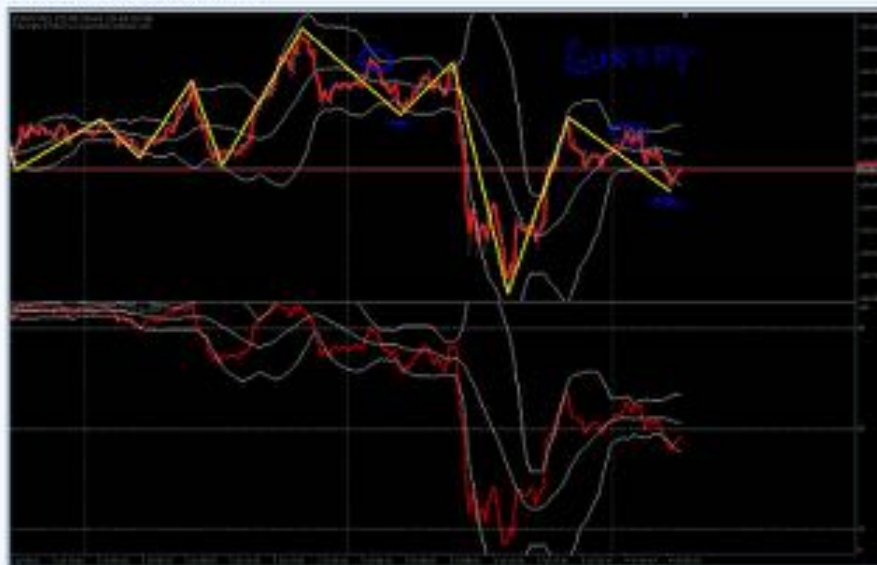
CERTAINTY ::: BE BACK IN SEPTEMBER!!!
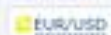
EUR/USD

>97.345% of the time the ZZ line will appear after price/1EMA hits one of the outer band!!!

Therefore, when ZZ appears and the 1EMA has not hit an outer band, you have 97% guarantee that price will continue in that direction until it hits the band! With right money-management you should be good and avoid wrong trades!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

> ⠰⠰ *Quoting angelofx*
> {quote} Repainting issue notwithstanding?

Yeah, it does not matter anymore!!!! The ZZ will end on/outside one of the bands and this should happen when the red 1EMA is there! Do you see a window for $$$ here?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

Madmoney
Joined Jul 2012

CHA CHING!

MARKOV

Eurusdd
Joined Oct 2012

> ⠰⠰ *Quoting Madmoney*
> {quote} Basically the zigzag puts the odds in you favour by predicting the next directional move?

Sure, and repainting is good for you too!

This blue-print is OK. If you study it, you will develop a way to get good trades! From this point we can discuss possible trade setups! I will not discuss the system again. Any discussion for me must be connected to the decision to buy/sell!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

⚡ *Quoting xixi*

(quote) Very very intelligent way of using indicators! THANK YOU BUDDY 😊

Attached Image
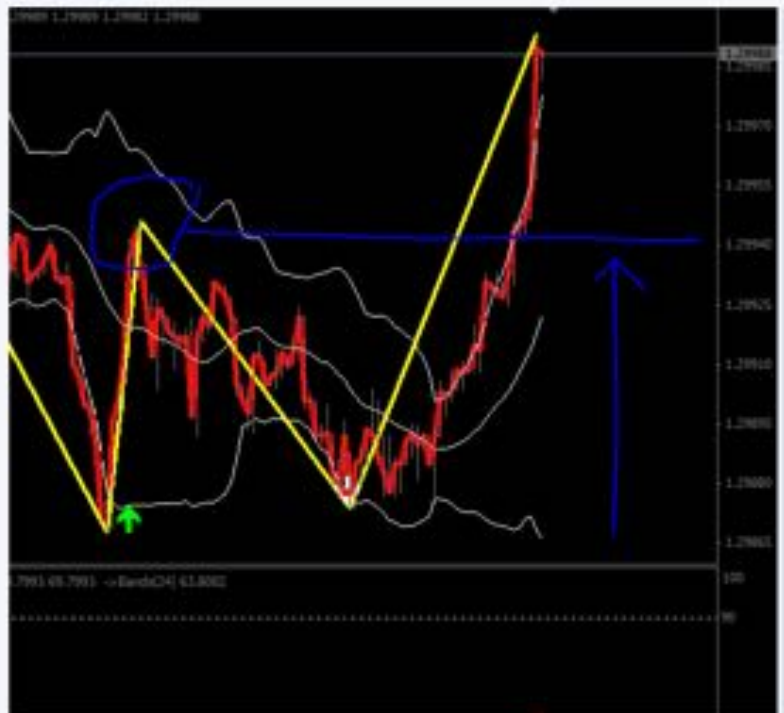
CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

📙 EUR/USD

⸦⸧ *Quoting Madmoney*
{quote} HMMMM..... Making me think.

Mad money: are you still keeping your AUDUSD trade? I think you have to be patient, it could shoot up! Hmmm. Had a ZZ line appear yet?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

📙 EUR/USD

❝❝ *Quoting Madmoney*
{quote} Yea still holding out. yea it did, but very late.

Attached Image (click to enlarge)

Across broker platform. Mine has not appeared yet. Is your chart similar to mine? Does it mean we should expect similarity across brokers ?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟨 EUR/USD

Eurusdd
Joined Oct 2012 | 550 Posts | Status: SEEKING DIVINE GUIDANCE!

⁊⁊ *Quoting Madmoney*
{quote} Mines different. {image}

Then we should expect similarity across platforms, meaning eurusd will most likely go down in the short-term

Attached Image (click to enlarge)

Not really different from yours! What broker is that?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> tt *Quoting Madmoney*
> What's your parameters for your zigzag (just in case)?

24-5-3. That is what i recommended as optimal for the template!!!!

ZOOM out similar to this and paste. WE want to compare ZZ.

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!)

EUR/USD

> tt *Quoting Madmoney*
> {quote} I think it's just mini window, where yours will catch up. charts appear to be the same. {image}

So this is what I meant by SIMILARITY-ACROSS-PLATFORMS in post 1.

You can use across platforms to avoid bad trades too!!!

The 15min charts seems to agree over a wide range.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting Madmoney
> {quote} Yet another dimension to your method, still learning!

In #1 There are two way to use similarity.

Now, you bought because the red line hit the outer band but remember that there is a probability attached to it. So, sometimes you have to go across time-frames or across platforms to make up your mind!!!!

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting Madmoney
> {quote} Yet another dimension to your method, still learning!

I think ALPARI allows you to hedge! That is a big plus! I am out.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> ⸂⸃ Quoting Madmoney
> Where would YOU trade? (image)

Attached Image (click to enlarge)

> The stochastic setup is very good.
> Choose your time-frame pair and make sure the stochastics have the same reading: >90% of the time, they should read the same. Whenever they give different readings, mark the price. If price was in an uptrend/downtrend, that price is will be returned to when the trend reverses reverses. This is what will happen. On rare occasions, there will be different readings, then after a while the two readings will be equal again! MARK THAT PRICE and get ready for a good trade!
>
> The more price continues away from that price, the faster it will return there. Below is a perfect example. The first difference in reading occurred at A, and the second and third at B and C. See what happened later. The third happened at D and price returned to D later.

I presented the idea of similarity and expected people to develop their own system around this core idea! I have a full-package I can never share with anyone. However, similarity is one idea I felt people could adapt to!!!

Attached Image (click to enlarge)

> There are many parts to my trading strategy, however there is one part that everyone can test and master. The SIMILARITY-TRICK!
> There are two ways to apply/use the trick.

So before I place a trade, I have to check 5 components and the similarity component is just one of them!!!!

The concept is powerful. You have to figure out how to use it to compliment what you already have. Ask yourself the following basic question.

"If i have two line that agree 97% of the time, and I just spotted a difference, how can I use this to my advantage?"

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

 EUR/USD
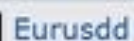
across brokers similarity established for AUDUSD. Tha ZZ is now on the chart!! See that Madmoney?

Attached Image (click to enlarge)

This is for FXPRO. Your ZZ came earlier.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 4:12am ⟨⟨ Quote   Cleanup   Post# 384

Finally, do not forget to consider the ACROSS-BROKERS+SAME CURRENCY PAIRS+ TIME FRAME version. It is powerful too!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 4:13am ⟨⟨ Quote   Cleanup   Post# 385

⟨⟨ Quoting Madmoney
{quote} Yes, I'm glad that came up. Going to experiment with brokers.

That is even the best because little mis-pricings/quotes from different brokers will have to agree eventually!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 10:17am ⟨⟨ Quote   Cleanup   Post# 399

⟨⟨ Quoting oconnor365
{quote} Hi Shiva......When the ema hit the lower Bollinger and the zig zag did not print we can assume that the price will move up in line with the current zig zag...(which it did)

nOT EVERY TIME. There are other things to check. But it depends on how the ZZ touched the line. Sometimes, you need it to strike through first!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 10:46am ⟨⟨ Quote   Cleanup   Post# 403

⟨⟨ Quoting oconnor365
{quote} Hi Nubee The ema has to hit the band or go beyond even ...not just candle.... Eurusdd can correct me if I'm wrong

You are right! The 1EMA is important.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 10:48am ⟨⟨ Quote   Cleanup   Post# 404

Nubee, outer band, not the inner one!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> ৫৫ *Quoting chrissfx*
> Hi fellow members, great thread Eurusdd! Is it possible to optimize the bb-stoch-method for H4-timeframe. Or if you don't like to do it, may be you can explain how you are doing it? I would like to adapt it to my trading, but i trade higher timeframes than M15... mainly H4 only... Is it possible Eurusdd? Regards Chriss

The 15min template - modified version - is optimal for 4hr too. 92%

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

How I traded the NFP. Across-brokers-similarity.
AWESOME!!!!!

SEE THAT?

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

> ৫৫ *Quoting whoareyou*
> {quote} would it be correct to assume it would also work on every chart in between m15 and h4?

15min = 97%
4hr = 92%
30min = 90%
5min = 95%
1min = 84%
1hr = 86%

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 3:57pm   ❧ Quote   Cleanup   Post# 424

❧❧ *Quoting oconnor365*
{quote} Hi Eurusdd....looking at your 2 charts ...Are you saying that the broker on the right indicated that it was head down at the point your circled??

You need experience and patience - when using cross-broker-similarity

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 3:58pm   ❧ Quote   Cleanup   Post# 425

❧❧ *Quoting Madmoney*
Eurusdd, your killing them the TRADE EXPLORER!!

Lol. I have not traded much today ooh. No NFP trading on the explorer. I did real-trading all day.Furthermore, I don't thhink about PIPS! I think in terms of money!!!!!
Any positive value is good for me!!!

MORE DANGEROUSLY, I am trading without stop-loss!
Don`t try this at home:::::

Unless you are good at DETECTING BLACKHOLES!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 3:59pm   ❧ Quote   Cleanup   Post# 426

❧❧ *Quoting xix!*
{quote} I think he wants to point out the dis-similarity of the red lines across brokers 😊

exactly!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

Eurusdd
Joined Oct 2012

Jul 5, 2013 5:51pm   ❧ Quote   Cleanup   Post# 432

❧❧ *Quoting khallas*
{quote} Bingo !!! Hit the Target, 😊😊 & as Eurusdd mention the fall was very sharp 🙂

I said that when you spot a "good" difference, you have to manage your trade from that point onward because usually the return can be sharp!!!!
The further price moves away from the price, the faster it will return there!

Attached Image (click to enlarge)

The stochastic setup is very good.
Choose your time-frame pair and make sure the stochastics have the same reading: >90% of the time, they should read the same. Whenever they give different readings, mark this price. If price was in an uptrend/downtrend, that price is will be returned to when the trend reverses reverses. This is what will happen. On rare occasions, there will be different readings, then after a while the two readings will be equal again: MARK THAT PRICE and get ready for a good trade!

The more price continues away from that price, the faster it will return there. Below is a perfect example. The first difference in reading occurred at A, and the second occurred at B and C. See what happened later. The fourth happened at D and price returned to 0 later.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

Eurusdd
Joined Oct 2012

You have to note that these "windows" are not created by small players in the market ooh. So, **if you are not using anything else**, you will have to manage up to 500pips - away from the marked price. If your broker allows you to hedge, then there are ways around this.

But you can also find other ways to use the similarity principle. It is up to you to find them! Enjoy your weekend!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

> Quoting Barbossa
> {quote} That's essentially betting on the premise that the price would remain range-bound in the range defined by the last N bars, where N is the period of the Stochastic - 300 in this case. However, the price cannot remain range-bound forever, so the Stochastic reading not a reason enough by itself is to get into a trade. That's what other clues (e.g. Zig-Zag or Bollinger Bands) are for.

Barbossa, both of you have valid points!

This is just the core principle. When I am sure that the room is ok with the principle, I will then introduce the part that allows you to determine which trades to take and those that you should ignore. If your broker allows you to hedge, then there is a twist to this system!

I am still watching!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

> Quoting cfdtaleong
> Hello everyone. Very interesting thread. I am trying very hard to understand but having problems. I need some help to see if my understanding is correct but first please let me apologize because I am a very slow learner. Question A Would it be correct for me to phrase trading principle of this system in the following steps? 1)Look for dis-similarity and the point of the dis-similarity will be the profit target. 2)After spotting dis-similarity we wait for next similarity to happen again. 3a)If next similarity happen above dis-similarity point we....

For the 15min chart, period for band is 24, optimally. This number was obtained after processing all past data I could get my hands on for the 15min chart!!!! So unless we go very far into the future, period 24 is optimal.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

EURUSD is almost done correcting the dis-similarity here!!!!

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting renanc9J
> EURJPY dis-similarity starting, lets mark this area to take profit: {Image}

The price where the dis-similarity started is very close! So, you have to pray that price moves away from that point a little bit in order for you to get a good trade! I don't trade that pair - so good luck!!!
Manage your trade well.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Attached Image (click to enlarge)

Notice that the delay-principle agrees with the similarity principle here: 1.2859...

CERTAINTY ;;; BE BACK IN SEPTEMBER!!!

EUR/USD

Quoting ~bull.bear~

Hey! I take some time to read your thread. I have noticed this pattern before, but i didn't figure out eventually the price would come back to the dissimilarity point... So i want to know the reason behind this dissimilarity to similarity. Can you tell about this? Thanks.

The key: the code of stoch: Understand how it works! Then you will understand why, together with the 1EMA and the BB, we are roughly able to identify price levels where the big-boys started to offload ....

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

DON'T CHASE PRICE: Let price come to you!!!!

Price is like people/girls

dON'T CHASE A GIRL, get money - results, change yourself and SHE WILL COME TO YOU!!!

If you chase price down/up, she will turn around and leave you HANGING!!!

Draw your line in the sand and stand your ground: She will get tired and run to you!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

But do not go drawing red-lines everywhere. Know the levels. Price will try to tease you a little, run away from you; but when she finds out that you are not moving - chasing her - she will stop and start to run back to you!!!

That is my trading-philosophy...

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

> ⁏⁏ *Quoting Forex Lion*
> {quote} Hi Eurusdd, very interesting, just one question, if price goes above the white arrow, when do you know you have to sell, immediatly after crossing, or do you wait for a higher level? thx and regards, Forex Lion

The similarity principle can leave you hanging for a while since price can move away from the marked-price for about 400 pips on higher-time frames. But the delay-principle is sharp!! Check these :
http://www.forexfactory.com/showthre...434603&page=29 Note the gaps!!!

The similarity principle is for patient and big-boys - if you intend to use it on higher time-frames!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

> ᴿᴿ Quoting oconnor365
> Hi Eurussd you mentioned a hedging 'twist' a little earlier in the thread....could you elaborate a llittle many thanks T

A lot of people like to use stop-loss but I am not one of them!!!
I don't use stop-loss and in fact, I am not hedging or using stop-loss on my explorer.
It is better to hedge than use stop-loss for the following simple reason!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

suppose you set a SL of 20 pips and the spread is 2pips. It is better to set a hedge with gap 18 pips. You can always recover that $2*18.
For instant, if you get 3 wins in every 5 trades then I believe you can see the picture! If I hedge, I can go 500 trades without a loss, because on average I will be right almost surely.

If your broker allows you to hedge, then you can use the similarity principle to the max!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> ᴿᴿ Quoting xixi
> {quote} Hi Eurusdd, How do you define a dis-similarity has been corrected 100%? Thanks

Price hits the number, the price where the dis-similarity started and there is no dis-similarity at the current price.
However, the template I gave you is optimal. It is the best we can get. There is a 3% chance for error/failure.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

⁏⁏ Quoting normtold
ZZ appeared without 1EMA touching outer Bband. 97% possibility of hitting 1.2851? {image}

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

📁 EUR/USD

⁏⁏ Quoting normtold
{quote} OK thanks, I did wonder if that previous touch of the outer BBand would negate or make it less likely even though the ZZ has repainted.

Once ZZ and 1EMA have already met on the BB, the condition is done. anything further is bonus!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

📁 EUR/USD

Attached Image (click to enlarge)

1.2940
Swing

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting Neo
> Hi All, Is anyone using the BB method on EU/JPY? I wonder if anyone is seeing the same dis-similarity that has not been closed at around 128.31? Wondering if it is a big enough difference. {image}

I don't think it is a big difference. I said many times :
"MANAGE YOUR TRADE".
Similarity is for the big boys: you should not expect dis-similarities to be resolved before you leave your seat!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting shiva
> Red news in 19 mins 😊 Careful USD Unemployment Claims

tRUE BUT IN THIS GAME, price is kind and similarities/dis-similarities should give you a hint where NEWS will send price. So just master the technique and NEWS won't matter much.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 11, 2013 1:17pm   Quote   Cleanup   Post# 1,243

> Quoting Neio
> {quote} hmmm......😊 . Are you saying I should follow the big boys? So trade similarity not dis-similarity? BTW, I do not have any trades open at the moment.

A dis-similarity can take days to be corrected - depending on the time-frame you are using. That is why I said - it is for the big-boys. They give you a hint but they can drag you for a long time too.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲EUR/USD

Eurusdd
Joined Oct 2012

Jul 11, 2013 1:24pm   Quote   Cleanup   Post# 1,249

> Quoting Neio
> {quote} Thanks for the clarification. So the hints the big boys give (not willing) are the dis-similarities that we see. This tells us were price will end up at some point. Problem is that we have to manage our account until it gets back there as you say it could take days!!!

PERFECT: That is the entire story!!!!

If you are looking for dis-similarities then this is what you should master. When you spot one, a good one, you have to track it, manage it because those guys can pull you along for a while and then run back to correct the problem!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲EUR/USD

Eurusdd
Joined Oct 2012

Jul 11, 2013 1:25pm   Quote   Cleanup   Post# 1,250

> Quoting Neio
> {quote} So it seems like it is better to trade away from dis-similarities. Not to them.

That is another good way. Very good observation!!!! 😎

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲EUR/USD

Eurusdd
Joined Oct 2012

Jul 11, 2013 4:07pm   Quote   Cleanup   Post# 1,293

Do you guys really believe that the flow of price on your chart is random??? Do you really believe there is no set target (moving/fixed) for price at any given time and whoever knows the set-price can ride price there?

Think about it this way! Look at the path of water from the top of a mountain to the very moment it gets to the sea.
If you look at the path, it can sometimes be unpredictable.
However, the ground on which the water flows already has its shape. Water is simply taking advantage of the gradients of the terrain. In other words, water is LOOKING FOR THE shortest-path TO THE SEA!

tHAT IS THE SAME WITH this business. The trick is best applied to EURUSD because it has a high drive-ratio(won't explain that).

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲EUR/USD

Therefore, those who use resistance and support levels to trade are not further from the truth. The only problem is that they do not have a good way of measuring the actual strength of a particular level and they also do not know the pre-determined set-prices (moving/fixed).

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Every news that comes out and the reactions that follow will only take price nearer to the next pre-determined point! So, if you can spot these you are a "master" in this business.
The more price moves away from the next point, the FASTER she will return there!!!
That is why you should NEVER CHASE PRICE!!!!

that is my 2-cents:

Make this your trading philosophy and see the light.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Price is king! even if eurusd will jump 400 pips in one min, the signs will be on your chart! She will hug, swing levels and then at the exact time, she will MOVE!!!!
Just like the last trade we took at 1.2894!!!!

I posted the signal 2mins to the move.
The last one was 1.2840. 3 mins to the fall, I said "1.2840 is about to LOSE POTENCY" meaning eurusd is about to fall big - You know what it means to be potent and lose it - - -FALL/DECREASE IN VALUE/DEPRECIATION .....

The ground is FIXED!!!! The slopes, gradients are fixed!
Even some bankers and big-financial institutions do not know these things. They are just players!!!

The best way to prove what I am saying is :give you precise trades and let you judge me.

These are well-guarded secrets!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> **Quoting burnssss**
> Eursdd you ask if I can use neural networks to predict the value of the price?

I am not an expert in that area. When it comes to EURUSD, we can talk!!!

The similarity idea is optimized for the forex market ONLY and EURUSD in particular!!! Don't count on it when trading stocks, .etc. . . . .

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> **Quoting islandhome**
> Hi Euro Am I right in thinking that there is more than the one form of dismilarity you have presented here. The stoch/zz dis similarity is a minor black hole with limited power which allows price to wonder great distances, eventually pulling it back to its vortex. What you have omitted are the super massive black holes (anomalies) which let price go a much shorter distance than stoch dismilarity before sucking it back. **A bit like a yo yo on a string**. You are able to identify the black hole and measure the strength of the vortex prior to its....

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> **Quoting Ralome**
> Interesting bit: Dissimilarity on EURUSD M1: 4th of July, 11:25 Correction of (=price returning to) that level: 10th of July, 21:40 That must have been some yo-yo 😊

hmmm. the 15min template is not optimal for 1min, so be a little careful with your expectations!!!😎

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

ᴛᴛ *Quoting renenc93*
{quote} Hello xandi, the answer is yes. After you found a dis-similarity and the price goes away from the point, then you open a order expecting the price will return that level. Do you downloaded the right template for the monthly chart?

Thank you. I think he used the wrong template, because the right one has no dis-similarity. I see only the previous dis-similarity corrected.

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

📧 EUR/USD

ᴛᴛ *Quoting xandi*
{quote} hmmmm...bro, you have the correct template with you? can you kindly uploaded it again? sorry&thanks... btw, it only works for monthly?? and if I want to use this bollinger method on 15 minutes?? thanks for helping

No, I don't have it with me right now. for the 15min, the correct one is ggg.tpl, search for it on the thread. The 1month template is also on the thread. sorry.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

📧 EUR/USD

> **Quoting Bomi**
> (quote) Hi Bro, As far as my understanding **"Stoc" has to follow PA**. So if MA is above middle bollinger line and stoc is below middle Bollinger line then we have to buy and if it other way then sell. Please correct me if I am wrong.

Not always the case - if you really understand the CODE.
It depends also on the period you chose and the candle that is just about to leave the period range.
Stoch depends on price-action but it does not have to follow price all the time!

This is one of the reason why this thing works! More later

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

---

stoch leading price sometimes contributed to the error term in the analysis. However, if the period is very large, ie >= 300, then the probablity that stoch will lead price at any given time is less than 5%.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

> **Quoting burnssss**
> the stoc must be >=300? i dont understand EURUSDD

in order to reduce the cases when stoch "leads price". But the more you increase the period, the more you will lose uniformity over DAYS, MONTHS, AND YEARS. So, 300 is optimal for 15min EURUSD.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

> **Quoting Bomi**
> (quote) Hi EUR, Can u please explain "period you chose and the candle that is just about to leave the period range" Bomi

lET US SUPPOSE YOU CHOSE 10 AS PERIOD. So the value of stoch depends on the past 10 bars, including the current one. Bar number 10 is the one that is going to leave the period-range when the current bar closes.
If the high/low over the 10-period is on bar number 10, then when that bar leaves the period-range stoch will most likely lead price - simply because 10 is so small.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

> Quoting xixi
> {quote} Could you elaborate on "lose uniformity over DAYS, MONTHS, AND YEARS"? Thanks

I am not sure you want to change the default settings every week, month or year. You want a setting that will still be stable ten years into the future. The one I gave is the best we could get - given the information we have!!! Other settings will become unstable over time and that can get you into trouble. The default setting you have successfully captured most of the important - behind the scene transactions - and we believe it will continue to do so over the next ten years,

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

price is aware of where all the dis-similarity points/zones are and JUST LIKE a river meandering

Attached Image

its way from the source to sea, price will correct each dis-similarity depending on how close each one is and the ease of correction.

Therefore, you have a chess-board and if you stare at it you can determine possible options for price in order to avoid a check-mate.

The basic principle is simple: PRICE has to move in such a way that it corrects as many dis-similarities as possible and also create VERY FEW NEW ONES. That is why some-times price can just move in way, that no one expected.

Because there are so many dis-similarity points - taking into consideration all possible computable time-frames, you need a powerful algorithm to track these things. Most traders don't have that luxury.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

The problem now is: find the best settings that are close to the true one. The true one is the one that will eventually happen at a point-at-infinity.
That is not an easy thing to do event though it is possible to estimate the true settings.

So, for you -the ordinary trader - try and consider as many time-frames as possible and keep the template simple: You need to mark those point and do your chess-board analysis.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
🔲 EUR/USD

> ⚡ Quoting xlvl
> {quote} Yeah, you're right. It's like playing chess, like how you can decide which one is the best move next. It seems simple but not easy. You must have the view of the whole context in mind and the best move next is usually based on your experience or "eyes" or how far you can evaluate. To evaluate exactly the best move you must see as far as to the infinity and that **needs a huge computations.**...

BAAAM. That is the KEY!!!!

One way around that is to identify NODES. Have the mind of the chess-player. Price does not move any-how.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
🔲 EUR/USD

Quoting Ralome

Hi everyone, here is StochDifZones v1.2 with two optional extras, which are disabled by default: 1. You can change the bottom dot markers into line markers. 2. You can have markers on the chart where dissimilarity was bigger than X. The settings_are_self_explanatory 🙂 {image} {file}

Ralome: Well done!!!! You have made life easier for a lot of folks here. I just want to add that your indicator is OPTIMIZED for the 15min chart only and for EURUSD in particular!!!
So, folks should be careful!!!
Furthermore, only zones that are younger than 300*24 =7200 bars should be considered valid!!!!

Look at the chart! The rise of EURUSD was partly due to the correction at A. tHAT ZONE WAS MATURING!!!

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

ʔʔ Quoting Ralome
{quote} May I ask why (I mean, in 300*24, do 300 and 24 match the stoch & bb settings)? 😊

exactly boss!!! So the thing should be stable for roughly **75** trading days!!

tHAT is why similarity(correcting dis-similarity) is FOR THE BIG BOYS/BANKS/NATIONAL FINANCIAL CORPORATIONS.

All zones must be corrected within that period - almost surely.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲EUR/USD

---

sorry: there is an error. let me correct it.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲EUR/USD

---

75 TRADING DAYS!!!!
7,200 BARS ON 15MIN CHART
= 7,200/4 = 1,800 bars on 1hr chart
= 75 bars on daily chart!!!

SO, a zone on the 15 min chart should close in 75 days ALMOST SURELY.
<3% ERROR.

Now, the mean is 15 days. so we have a large SD.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲EUR/USD

ʔʔ Quoting Madmoney
{quote} Just under 4 months!?!?

yES!!!
But it is still not good for most traders! That is why this is the chessboard for those with money and patience!!

So, you see the opportunities?
The chessboard is there for you!!! You just need to plan your moves now!!! But since you don't have the exact numbers for all time-frames, you will need to play it save for now!
I will post 1min and 5min templates later! Bye.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲EUR/USD

But since Ralome's indicator is adaptable, you can experiment with different settings on the smaller time frames. Or convert the 15 min to your smaller time frame using the ratio-principle: not the way to go, but that is where to start.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

---

can you see the great POTENTIAL? very soon, trading will be emotionless and scientific!!!
You can plan your move days into the future and process new zones much easily. Trading is now closer to playing chess!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> ᶜᶜ Quoting Madmoney
> For example 5M would be, 100x8?

EXACTLY!!!! Under normal circumstances most zones will confirm the ones on the 15min chart but you will get others in between and that expands your view into the banking world! Experiment and you will be surprised at what you will see!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> ᶜᶜ Quoting Panfy
> Eurusdd, Is there a relationship between the extent of dissimilarity (eg > 1) and time of price coming back. In other words, at what level should a dissimilarity be considered valid? Also, if you are on a chart at a particular price, if there are more dissimilarities above than below, would it be valid to prefer long trades (going on your analogy of water flowing taking the easiest route). Thanks.

multiply the settings you used for Ralome's indicator and you will get the number of bars (<3% error). But the standard deviation from the mean is large. Meaning, if you get 100 say, the mean will be around 10.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> ♛♛ *Quoting Forex Lion*
> {image} this is the current status...?

yoUR SETTINGS ARE WRONG!!!!!

You are using 75/24 for the 15min chart!!!

Optimal is 300/24!!! Please follow instructions.

If you choose the wrong settings or something different from the optimal, please blame yourself!!!

CORRECT ONE:::

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

nOTE THAT optimal does not mean: THE BEST!!!
So, you can use whatever settings you want, but there is a reason for the default settings!!!😄

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

> Quoting *Forex Lion*
> {quote} yes I did

Then yours will be similarity across brokers.
Cross-brokers similarity due to mis-pricing or price-differentials.
Check post #1.

Attached Image (click to enlarge)

> The are many parts to my trading strategy, however there is one part that everyone can test and master. The SIMILARITY TRICK!
> There are two ways to applu/use the trick:
> 1: Across brokers, same time-frame, same currency pair
>
> 2: same broker, same currency pair, compatible time frames.
>
> Best Compatible time-frames are 1: 1min-5min, 5min-15min, 15min-30min, 30min-1hr, 1hr-4hr, 4hr-1day, 1day-1week. For day-traders, 1min-5min, 5min-15min,
> 15min-30min, 30min-1hr will be sufficient!
>
> Once you have chosen your currency pair, and compatible time-frames you need to chosen indicators that alert you on important patterns on the chart. IT DOES NOT
> MATTER if the indicators you chose repaint or not!
>
> For the purpose of the thread, I will use 1min-5min and indicators that everyone can get!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

Eventually, we should all agree. So, price will most likely touch your zones at some point!!!😄

NEXT WEEK WILL BE INTERESTING.
Too bad, I won't be here! Hope you all the best!!! Play safe and remember, it is a game!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

> Quoting *Pardy*
> {quote} Thanks ralome, a pic would be useful. However, the logic according to Eurusdd is we get a dissimilarity
> (marked correctly by the pink dot). Then we get similarity (marked correctly with a green dot.) At a point of
> similarity onwards, the logic is that we trade towards dissimilarity. The dissimilarity can be many bars back, in
> fact even going off the chart. Hence would it not be better to draw the blue zone from pink dot to green? That
> way on your chart you would have at the current moment all the dissimilarities highlighted that have not....

You don't need all that. Zone fade away with time. There is a way to estimate the number of bar for which a given zone is
potent. Market players have many things to correct but sometimes they can't correct it all and so, after a period they will
forget about it. I think I gave you a rough idea of how many bars to look out for!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🔲 EUR/USD

Eurusdd
Joined Oct 2012

Jul 13, 2013 1:43pm · Quote · Cleanup · Post# 1,647

The whole thing is a chess-game and you need serious algorithms to work out which zones to take out without creating too many new one far away from your target!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 13, 2013 1:46pm · Quote · Cleanup · Post# 1,649

At every point in time, there will be zones to clear but price has to move CAREFULLY so that it does not create a new zone very far away from the one it is targeting. Furthermore, there will be a valid zone to clear at any given time, almost surely. Since most big guys look at higher time frames, zones there are HOT!!! Clearing them can also mean clearing those on lower time frames too.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 13, 2013 1:54pm · Quote · Cleanup · Post# 1,654

> Quoting stu
> Hi – can I just step back a bit and ask what may well be a naive question. This complete strategy is built around one currency pair, because of certain attributes peculiar to that pair. Thinking of cause/effect, and as trading in this style becomes more scientific, then the volumes traded based on it will exponentially increase. There is bound to be an impact that the market/pair will try to deal with? One person trading (Eurusdd) could get away with it – if all ~70 traders reading this thread 'get it' (then tell their friends) and all start moving...

tHAT IS THE REASON I DON'T LIKE TO SHARE TRADING SECRETS. But this one will stand strong for a long time because it is based on market dynamics and zones are not supposed to last forever. If price cannot take out a zone within the estimated time, it will try to spike there or focus on those that are easier to take out!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 13, 2013 1:56pm · Quote · Cleanup · Post# 1,655

> Quoting jvm_e
> Ralome thanks for the indicator. It clearly shows in M15 that 1.2928 area is the next blackhole.

Nice, that is one of the reasons why people should be careful chasing eurusd up there!!!

Note that she has not created any new zone since the last major high.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 13, 2013 2:06pm   Quote   Cleanup   Post# 1,657

> Quoting Madmoney
> {quote} So how do we stay up to date with a dynamic market? Getting new ratios?

nO: I gave the extreme number of days for a zone on the 15min chart: 75(2.5%). The mean is 15 and modes; 2, 4, 8, 6 and 1. The probability for the mean is very small (3.65%). So, most zones will be corrected within a week!!!

Presonally, I do ignore any zone that has been on the 15min for more that a week (extreme case; 2 weeks).

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟡 EUR/USD

Eurusdd
Joined Oct 2012

Jul 13, 2013 2:18pm   Quote   Cleanup   Post# 1,663

> Quoting ravenclaw
> {quote} I'll try this in all pairs... is that ok?

I am specialized in EURUSD; sometimes AUDUSD.

The theory is good and so it should be adaptable ......
However, I have never tried that!
What you need is a stochastic process - market, price-process - that has certain fundamental properties. EURUSD for me has 8/10 of those properties and that is why I developed everything for EURUSD!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟡 EUR/USD

Eurusdd
Joined Oct 2012

Jul 13, 2013 2:19pm   Quote   Cleanup   Post# 1,664

> Quoting Forex Lion
> {quote} maybe something for Ralome, do you think it make sence to implement a counter in the zone how long the zone still exist and when the time for this zone is over, so we could see it direct on the chart. **Perhaps it is also possible that the zone will be delete itselfe when the time is over?** 😄 Just my thinking?

tHAT will be GREAT! It will be perfect if there is a number attached to each zone telling us how long it has been in existence! Gee, that is some work!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟡 EUR/USD

Eurusdd
Joined Oct 2012 (10+)

Jul 13, 2013 3:00pm · Edited at 3:14pm · ⁇ Quote · Cleanup · Post# 1,673

> ⁇ Quoting spufuz
> **Its really interesting to see how price almost always continues in the same direction when the dissimilarity appears.**

That, my friend, is a very important observation. Ralome's indicator almost makes this so easy now!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

⬛ EUR/USD

Eurusdd
Joined Oct 2012 (10+)

Jul 13, 2013 3:02pm · ⁇ Quote · Cleanup · Post# 1,674

Now, the reason why you can't always tell exactly where to enter is simple: price is finding the easiest or most significant zone to correct and so, sometimes the nearest one may not be the one in sight!!!

There is a way to analyze this but I want everyone to find their own stuff, just like you did ^^^^^.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

⬛ EUR/USD

Eurusdd
Joined Oct 2012 (10+)

Jul 13, 2013 3:16pm · ⁇ Quote · Cleanup · Post# 1,676

> ⁇ Quoting spufuz
> {quote} Ok, so price might correct older zones before correcting the latest one, but not older zones than 75 days? Or did I got that part wrong now? 😊

You, see: most of us on this thread are watching the 15min chart: But there are other charts as well! So, at any given moment, price will try the look for the BEST MOVE!! Just like the way a computer chess-engine looks for the best move..........

The best move may be a zone that has been in existence for a while. By taking out that zone, price would have solve many other positions. So, your chart is a chess board!!!!

For your sake, try and stick to the MODES and the MEAN!!! Don't pay too much attention to zones that have been on your 15min chart for more than 2 weeks!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

⬛ EUR/USD

Eurusdd
Joined Oct 2012 (10+)

Jul 13, 2013 3:36pm · ⁇ Quote · Cleanup · Post# 1,679

Days!!! The mean for 15min is 15days - (2 weeks) with a low probability.
some of the modes are 2days, 1 day, 4 days etc. So, closure within a week is very possible. !!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

⬛ EUR/USD

> **Quoting soufur**
> {quote} Thanks for clearing that part up! "The best move may be a zone that has been in existence for a while. By taking out that zone, price would have solve many other positions. So, your chart is a chess board!!!! " - I guess that is what happened here at the chart below. Prize went back to the zone in the red ring, but it also continued and corrected the zones in the blue rings. Its just like the price wanted to get rid of those zones once and for all! 😊 {image}

EXACTLY: DO YOU SEE WHERE SHE STOPPED??? and started reversing. The JOB WAS DONE!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

I am closed to giving you a perfect way to trade this stuff and I have "laughing-tears" in my eyes!!! 😆 😆 😈
I am doing some serious tests on the strategy right now and if it passes the test, we will have the youngest sister of the

"holy-grail" everyone has been looking for. This one does not need the zone to be corrected! **BUT YOU**

MUST BE ABLE TO HEDGE!!!!

AND you must be able to use Ralome's indicator correctly! That is all!🤝

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

I hope everyone can see that we have a non-repainting indicator based on a sound concept!! Stoch and 1ema do not repaint in the traditional sense ..., so the zones are fixed, once identified!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

> **Quoting handy148**
> How will this (if at all) be affected by gaps?

not in a major way: All the zones are fixed and gaps will most likely create a new zone! **That is why most gaps are filled!!!!**

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

HAVE YOU GUYS NOTICED SOMETHING ABOUT the zones of dis-similarity?
I will post pictures soon!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Attached Image (click to enlarge)

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Indicators rely on price but technical analysis is not useless. Most people just don't have the right theory to base their analysis on. That is one reason I started this thread. This should get the debate going! I believe that even though the price process is governed fundamentally by a stochastic process, there are ways to detect the "signature" of specific price-processes.

There is a top force directing affairs and markets respond to well-defined nodes even though the participants in the market may not know the effect of their actions!

Our job is not done yet: Trading this successfully will depend on your GREED AND MATURITY!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

REMEMBER

For the 15min chart, optimal settings are 300(stoch) and 24(bb).
A zone is supposed to close within 75 days with probability 0.97. However, that does not mean that you can'T use this because the mean is 15 days and this mean occurs with probability approximately 0.03.
Some modes (high frequency) are 1, 2, 4,6 and 8 days. Therefore, we can expect most zones to close within a week. Anything beyond two weeks should be considered dead.

PRICE-FLOW DYNAMICS

Price will try to close as many zones as possible. It will also try to create fewer new zones - to be corrected in the future. However, the optimal settings we got shows that there will be at least ONE zone to be correct at any give time, with probability 0.9984. Therefore, you can safely assume that there will be a zone to correct at any give time!

At any given time, if there is a zone above price and there is another below price, price will stall and figure out which one to take out without creating a zone far away from the one it wants to correct. There is a very complex dynamics here and only those with the right algorithms can accurately see a clearer picture!!!

MORE LATER.....

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

WHICH ZONES WILL BE CORRECTED?

For those who have the right algorithms, there is a fairly accurate way to know which zone will be corrected at any given time. However, this is subject on the assumption that price does not create "opposite zones" (This is not easy to achieve)on its way to correction. Furthermore, when you extend the idea - correctly - across different time-frames, you should be able to tell which zone is a target.

A crude way to identify hot zones is the time-factor. Those zones that have been around for some time are HOT!!! But hot here does not mean they will be taken out within 15 days!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

We are working on the monthly chart and there are three optimal settings. You already have one - template on the thread. The other optimal settings produced the picture below!!!

Attached Image (click to enlarge)
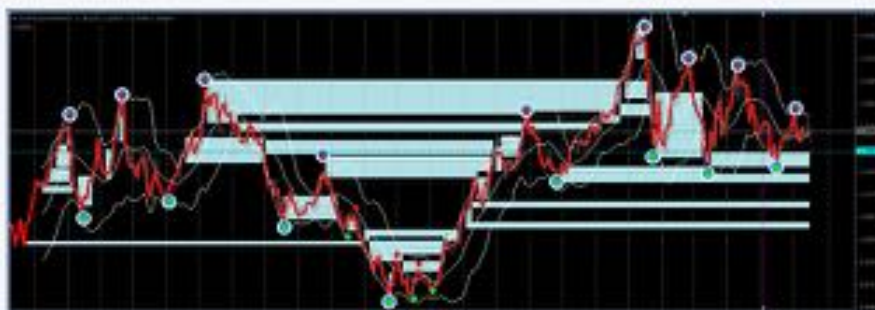
THIS SHOULD GIVE AN IDEA of what price is trying to do or will most likely do soon!

Notice that PRICE has not created new zones above its current position. That is very good – even though we know that she will create one soon. This can only happen with a spike-down or a ZZ move!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 15, 2013 3:17pm (40 hr ago)   ⁊⁊ Quote   Cleanup   Post# 1,986

Hello: sometimes the indicator does not update the zones in the chart above automatically. So, you need to check click on the indicator in the bottom window before you will see the zone ...

Furthermore, as soon as dis-similarity begins you need to mark that level and adjust your plans. Remember that when there is a zone above and a zone below, price will go for the one that is easier to take out and at the same time she will try to create fewer new-zones. So, if there is a trend, then the zone in the direction of the trend is cool.!!!

It is all about the BEST-MOVE! There are way to know which zone will give you the best move and this is one of the things I will explain when I return. I am watching from afar and if there is the need to come on-board, I will.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
☐ EUR/USD

Eurusdd
Joined Oct 2012

Jul 15, 2013 4:36pm (39 hr ago)   ⁊⁊ Quote   Cleanup   Post# 2,027

eurusd is in a minor state of indecision because of those two zones: one up, one down!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
☐ EUR/USD

Eurusdd
Joined Oct 2012

Jul 15, 2013 5:05pm (38 hr ago)   ⁊⁊ Quote   Cleanup   Post# 2,039

> ⁊⁊ Quoting cfidtaleong
> {quote} By bias is down also based on CI. But yes these charting issues are quite bothersome

Generally, and THIS IS VERY IMPORTANT: All markets must agree eventually, therefore EURUSD will most likely take out the zone on top so that all charts can agree eventually. Mis-pricings must be corrected!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
☐ EUR/USD

Eurusdd
Joined Oct 2012

Jul 15, 2013 5:23pm (38 hr ago)   ⁊⁊ Quote   Cleanup   Post# 2,060

Each time a new dis-similarity starts, there is a road-block in front of price. That new road-block is added to the data we have and best paths estimated! So, there is a massive number-crunching job on this stuff!

Take you time and very soon, it will be easy!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
☐ EUR/USD

Eurusdd
Joined Oct 2012

Jul 15, 2013 5:30pm (38 hr ago)   Quote   Cleanup   Post# 2,068

> Quoting vlady1974
> {quote} Is that what the rules state – that the entire height of the box needs to be retraced by price? My own interpretation is that it doesn't need to do that. I may be wrong. Eurusdd thoughts on this?

The zone was created in the candle, so yes, the whole thing has to go!!1 There is no other way around that!!!!

A zone is completed when it does NOT PAINT ANYMORE!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 15, 2013 5:39pm (38 hr ago)   Quote   Cleanup   Post# 2,073

> Quoting crottsinabox
> {quote} ok then. on my charts the upper zone is still in play. This is awesome. Most threads by now people would be arguing over the system/plan. It's nice to see everyone helping out. Thanks everyone 😊

Good, now I can go away:
I will advice that you study the way price reacts to new zones in real-time first! I am getting settings for other important timeframes for you.
Remember, this is serious business: We are playing against the big boys!!!!
We will know where they want to go-with certainty- only when we are ready to do deep analysis.
You cannot beat a chess grand-master if you are not prepared to think 8 to 20 steps ahead and think fast good!!!!

----
closing statement!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

A few days ago I made a BUY -CALL at 1.2894 and 3 minutes after the call, EURUSD went up: Let me show you one of the ways I did it.
Similarity played her part in the following way:

1: There was an uncompleted zone at B
2: Dis-similarity started at A
3: Due to dis-similarity at A, a zone is expected to appear on the same line as the bar at A. That zone is C.
4: Price was Hugging 1.2894 at D, confused and quiet.

5: Price cannot go down because the zone at B will meet the zone at Cin the future and create a mess

6: The zone at E was also maturing.

At that point I checked REVOLUTION for the EXACT TIME FOR the call and BOOOOM. PRICE HAD NO CHOICE BUT TO GO UP!!!

That is one way you should think!!!!

Attached Image (click to enlarge)

Use this as a stepping stone..... till you hear from me again!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> ℄ *Quoting Ralome*
> {quote} Considering what you said earlier about resetting our plans whenever dissimilarity starts, can't we say that by point A candle "getting into" zone B, the mess was already there? 😊 But anyway, 🙄

Yes, in a way. But the mean reason is that ZONE B is a maturing zone and Since the candle at A did not take out B, B was heading on a collision course with the zone expected at C. That probability of that happening is very small. It is all about probabilities!!! Notice also that the more price stayed quiet the smaller the gap will be.

There is more to it but that is why I said if you do your analysis well, you will win!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
◼ EUR/USD

Let me explain what is happening to EURUSD right now. If you have every played chess-titan before you should have noticed that there are different levels of difficulties. If you choose level 1, the computer takes very little time to calculate a move. But if you choose level 8, the computer can take up to 1min before it makes a move? Why? Level 8 means the program has to search deeper into the underlying tree for a move that will be good!
It also depends on the move you made. If you made a good one, then the program will take a longer time to ....

So, that is what we are seeing right now! EURUSD is faced with a problem and those who can move the market have to thread carefully. They have to find that path that will balance out so many components in the system!!! So, like I said, price is finding the right gradient and when she finds it, SHE WILL MOVE!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
◼ EUR/USD

> ℄ *Quoting Forex Lion*
> {quote} ok, so we play at level 8 at the moment...and we have to wait... 😊😊

It does not matter whether volume is small or big, when they find the right path they will move price!! So, we could experience a spike to the upside soon in order to clear the zone!! It is possible!!1 That zone is in sight!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
◼ EUR/USD

Eurusdd
Joined Oct 2012 | 550 Posts | Status: SEEKING DIVINE GUIDANCE!

Jul 15, 2013 9:27pm (35 hr ago)   Quote   Cleanup   Post# 2,126

> **Quoting Forex Lion**
> another thought, what happens if price breaks the "future zone" before the zone has been drawn? is it also a "take-out", or not?

No, It will still be drawn! That is a key to your trading. Can you see it?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 15, 2013 10:48pm (33 hr ago)   Quote   Cleanup   Post# 2,151

> **Quoting smartest**
> why my chart not drawing that top zone?

Some chart do not draw them. Alpari does. All charts will eventually agree. Choose at least one more mt4 for cross-broker analysis. Make sure the broker is popular and big!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 15, 2013 10:52pm (33 hr ago)   Quote   Cleanup   Post# 2,154

> **Quoting normtold**
> {quote} I tell you what I did this morning, I looked at the M15 Eur/Usd chart with the StochDifZones, zoomed out as far as I could go and scrolled back as far as I could which was May 2nd 2013. Then I took my time and looked at each pink dot/line and then each blue dot/line and understood how the zones were formed and how the thickness of the zone was established. I went through them one at a time and it was very educational. You will see that if price breaks the "future zone" before the zone has been drawn price needs to come back through the....

True. The mean is 15 days and you know what that means. Modes are better parameters in this case. That is why you don't need to follow every zone and like I said, with 97% probability, zone will be taken out before they grow to 75 days. So, your analysis conformed that.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

The yellow line in the bottom window is climbing. We are heading for a top!!!! Maybe!

Attached Image (click to enlarge)
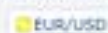
CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Quoting juhanim

{quote} I don`t get it, please help me with this one. That upper zone, why it is there and not there where the yellow zone is? {image}

That yellow zone will occur somewhere behind A.

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

I hope those who argue that technical indicators are useless are having a second ......

you need a sound theory/argument to design a reliable technical indicator. Most of the indicators out there approach forex-trading in the wrong way. They follow price or chase price.

Here we let price come to us. We see the road-blocks in front of price and have the chance to ......

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

For example, there is a reason why eurusd is still trying to go up there. We know why.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Quoting juhanimi
> {quote} you have different things here going on, CI (post1) works fine too

yeah, but I said it is the LEAST tool in the tool-box!!! The stoch- bb -zz is one-step above it.

There is another tool but I will not present it here. That one allows you to TIME YOUR TRADES!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

When to enter is just as important as where to enter.

Look at where I entered here.

Attached Image (click to enlarge)

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

Quoting juhanimi
> {quote} i have been busy with CI, but have to study that stoch-bb thing now

Right now, that is what most people here are following. I support that idea. Because if you want to be able to pick tops/bottoms using the similarity approach then you must master the bb-stoc-zones stuff: How to use Ralome's indicator.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!
EUR/USD

Eurusdd Jul 16, 2013 2:31am (30 hr ago) | ♺ Quote | Cleanup | Post# 2,192
Joined Oct 2012 (10+v)

Have you guys realized the zones can also repel price, act as support/resistance zones?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟡 EUR/USD

Eurusdd Jul 16, 2013 2:33am (30 hr ago) | ♺ Quote | Cleanup | Post# 2,195
Joined Oct 2012 (10+v)

> ♺ Quoting crottsinebox
> Ralome is a life saver. I was having the hardest time with the BB/ZZ/Stoch method but I used his indicator side by side with the bb/zz/stoch and it made the dis-similarity easier to spot. I understand the turn of the ZZ legs, but it seems like I am a few candles behind every time still. It will repaint but by then **price has already been back on it's way without me haha**

Remember what I said: "Don't chase price".
That is why I owe Ralome for his wonderful contribution. I was about to write an algorithm for mt4 but he saved me.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟡 EUR/USD

Eurusdd Jul 16, 2013 2:38am (30 hr ago) | ♺ Quote | Cleanup | Post# 2,197
Joined Oct 2012 (10+v)

eurusd is careful because it wants to take out that zone without creating many new ones or trapping itself! It has already created a new one right under the current price (@ 1.30283).

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

🟡 EUR/USD

Eurusdd Jul 16, 2013 2:42am (30 hr ago) | ♺ Quote | Cleanup | Post# 2,198
Joined Oct 2012 (10+v)

That is why price is beginning to trade in a Very narrow range. It is trapping itself. It has to move to a free area.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

Eurusdd
Joined Oct 2012

Jul 16, 2013 2:58am (30 hr ago)   ↑↑ Quote   Cleanup   Post# 2,202

@PipThiEF: What we are doing looks very simple but the indicator is based on a very-deep theory and I can assure you that it will stand the test of time! The settings we have will be valid for the next ten years. You do not need more than that to live comfortably from forex. All the best!!!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

☐ EUR/USD

Eurusdd
Joined Oct 2012

Jul 16, 2013 3:00am (30 hr ago)   ↑↑ Quote   Cleanup   Post# 2,203

> ↑↑ *Quoting cfdteleong*
> {quote} Yes...I can now trade with purpose and manage trades properly. I have a short on E/U that got triggered prematurely but knowing how price will likely move and how far....I can manage it with a lot less emotion and more sensibility. Truly a chess game 😊

That is the way I want people to approach the market. The price-process we are dealing with has all the characteristics of a financial chess-world!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

☐ EUR/USD

Eurusdd
Joined Oct 2012

Jul 16, 2013 3:14am (30 hr ago)   ↑↑ Quote   Cleanup   Post# 2,206

> ↑↑ *Quoting PiPthiEF*
> If price would attempt to take out zones without creating new ones in the process, would it then be accurate to say that those zones that are within the price range of the current stochastic are more likely to be taken first? I would think so, because if the price moves over or under the range then is much more likely to create new zones. Any insights?

Good: There will be a zone to correct/take-out every time, with probability close to 97%. What I mean here is that, if price creates too many new zones beneath the current one in its attempt to take the top-zone out, , it will end up trapping itself and will stall or spike!!!

Right now, it has already created a new zone at 1.30283.

I will explain this in detail at the right time and you will never look at forex-trading the same again. In fact, you will never look at EURUSD the same way again!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

☐ EUR/USD

Eurusdd
Joined Oct 2012

Jul 16, 2013 3:16am (30 hr ago)   ↑↑ Quote   Cleanup   Post# 2,207

> ↑↑ *Quoting FXWrangler*
> I've been reading FF for years and have pretty much never posted. PA and moving averages can only get you so far. I wanted to know WHY the market moved. So far, this is the only thread I have found that even begins to touch on this. I found this thread 2 days ago and have been kicking myself for not seeing this particular viewpoint on indicator divergence. This makes sense to me. I have a question: I understand the method, zone creation, etc. This most recent spike we are currently seeing (screenshot), is the size of the spike in any way related...

Hi there. Are you referring to the spike in the bottom window?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

☐ EUR/USD

If yes, then the answer is no. A spike like that is a sign that when this move happens, all energies in that direction will be exhausted. We are heading into a possible MAXIMUM!!!

There is a great chance to PICK A TOP here!!! Zone will be taken-out at 1.30788.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting Jevsun
> I'm curious whether USDCHF might also offer some insight into where EURUSD is heading, since they are almost mirror images of each other. I think the indicator is geared mainly for the EU.

Every stochastic process similar to the ones that govern the prices of currency-pairs have what we called a fractal-coefficient. If the coefficient is close to 1 (ie 0.8 -1), then we can find optimal settings for the process and apply this method.

if you use the wrong settings, you may have many zones that will never be taken-out. eurusd has a very high co-efficient, 0.87.

usdchf has 0.82. So, you cannot directly apply the settings for eurusd to usdchf.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

> Quoting cfdtaleong
> {quote} a difference of 0.5 is significant? And I am going to hanged for saying this but now that what you shared with us is out in the open although only part of you system, would not the market markets be able to make some kind of counter move against us?

When you play chess against your computer, I am sure there are many possible moves the computer can make against you. However, it will choose from the best possible moves.
If you do your analysis well you will be able to know what the computer will do, most likely.
sAME THING HERE. The terrain is fixed and all must play by the rules!

The banks beat you in the past because you didn't know the slopes!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

There is a secret encoded on your 15min similarity chart. Whoever can spot it will cry just like I did the first time I saw it. You will see that this whole thing is not random but psuedo-random or even deterministic. It is a law that works all the time. it occurs from start of dis-similarity to end of dis-similarity.

Anyone who sees it should pm me.

Price of $3,000 in sept for the winner. Bye.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 16, 2013 9:10am (24 hr ago)   Quote   Cleanup   Post# 2,268

All of you should try and solve the following problem!! Price is on the line where the next zone is expected to occur. Now when the zone appears, do you expect price to be below it or above it. That will solve your dilemma.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 16, 2013 9:24am (24 hr ago)   Quote   Cleanup   Post# 2,273

A zone is expected to appear at 1.30715. Will price be above/below it?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

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ynot4x
Joined Apr 2008

Jul 16, 2013 9:26am (24 hr ago)   Quote   Cleanup   Post# 2,274

Price will be below it.

Eurusdd
Joined Oct 2012

Jul 16, 2013 9:26am (24 hr ago)   Quote   Cleanup   Post# 2,275

The best way to know what price will do is : Start your analysis once dis-similarity starts. Mark the level where the zone is to appear and with a little thinking you will see the light!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Eurusdd
Joined Oct 2012

Jul 16, 2013 9:27am (24 hr ago)   Quote   Cleanup   Post# 2,276

> Quoting ynot4x
> Price will be below it.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

₹₹ Quoting Inorbi
(quote) I would vote for below, as then by going up, it can take out two zones by creating only one. Maybe. Or not. I'm just learning this excellent stuff, so excuse me for my ignorance. 😊   Also I understood that, although on Alpari with a live account, and with default settings on the indie, I see different boxes. For me the new box will appear right around the current price....

Attached Image (click to enlarge)

For other, 1.3025 is the next possible zone. So, where will price be?

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

📁 EUR/USD

₹₹ Quoting Inorbi
I'd also take into consideration that price tested yesterday's high once, then broke it from above, now heading up towards it and I expect it to repel from that pivot level. And as the new zone will be created right below the pivot line, it eventually will go up, breaking through it and clearing the box that will be created. Maybe. But all the Masters pls. correct me, so that I can learn... Thanks in advance! 😊😊

Always ask yourself : When a zone appears, will price cut it from above or below?

If the answer is above, then check the bottom window for the end of dis-similarity. If you are right, price should be above the zone when it starts!!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

📁 EUR/USD

⁇ *Quoting Inorbi*
{quote} Yes, thanks Eurusdd, I see (almost) the same. On my chart the new box will be between 1.3073 and 1.3079. Theoretically... This is my only issue with following this thread. Somehow my charts are always a bit different. And such small differences lead to big confusions in my head... 😊 I'm sure it's an issue on my end, but somehow I cannot overcome it. {image}

That should be expected. We are searching for mis-pricing and windows; therefore, little differences help.
But you should use another broker with your current one!

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

eurusd is preparing for a fall but until that dis-similarity ends, it is risky to starts selling heavy.

CERTAINTY ::: BE BACK IN SEPTEMBER!!!

EUR/USD

Chapter Three: Transient Zone Theory

Transient Zones, Lessons & Clues by Rahimseven
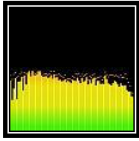
Eurusdd's TZ/RZ Clues & Lessons

Firstly I give thanks for the information presented by Eurusdd in the Similarity thread. I take no claim for ANY of these notes. I just find it easier to see them collected into one document **edited** for my own personal clarity. I share to help…that's it. I suggest you read the TZ section starting on page 286 again after understanding becomes clearer. This will bring more value to many post breezed by on your first read, that you could not process.

"I told you people I will leave you with something to think about while I am away till end of October. I am going to post a series of ideas that are used to calculate my probabilities and pick out problem bars".

1

Forex traders are basically dealing with **stochastic processes**.

STOCHASTIC PROCESSES
Basic notions

Often the systems we consider evolve in time and we are interested in their dynamic behaviour, usually involving some randomness.

- the length of a queue
- the temperature outside
- the number of students passing the course S-38.143 each year
- the number of data packets in a network

A stochastic process X_t (or $X(t)$) is a family of random variables indexed by a parameter t (usually the time).

Formally, a stochastic process is a mapping from the sample space S to functions of t.
With each element e of S is associated a function $X_t(e)$.

- For a given value of e, $X_t(e)$ is a function of time
- For a given value of t, $X_t(e)$ is a random variable
- For a given value of e and t, $X_t(e)$ is a (fixed) number

("a lottery ticket e with a plot of a function is drawn from a urn")

The function $X_t(e)$ associated with a given value e is called the realization of the stochastic process (also trajectory or sample path).

Therefore, your success in this game depends on your understanding of stochastic processes, especially discrete ones. It is not necessary that you know these ideas in order to be successful but, if you want to see what people like me see, then you must understand what you are fighting against. Know thy enemy.

Now, since almost everyone on the planet believes, the path of currency prices are random, we shall follow them and use stochastic processes to model our probabilities.

In fact, we shall assume that any two bars on your chart are independent,

that the process has no memory. Even in this case, you can still beat the process.

In the case of forex trading the random variable are the bars on your charts. The feature of the bar you are interested in gives the value of that random variable. So, if you are interested in the close values of the bars, then the process is defined by the closing prices of the bars.

Now that we assumed a random process, what is the best way to win on average? Well, there are many methods on the internet and yet most people struggle to be successful. Well, you don't have to be in that group anymore - if you change your focus.
There are basic features of every stochastic process that can help you get an edge against the process -even if you have no idea of the underlying factors that drive the process : (you are 100% a technical analyst).

It is clear that we are dealing with time-dependent processes, where the feature of the bars you are interested in define the value of the process at any given time.

We can also define the relationship between consecutive bars. It is generally believed that there is no relationship. Let us assume this is true, even though that is not the truth.

Hitting probabilities are very important. In fact, I have demonstrated that here many times. Once you are good at calculating hitting probabilities, you are one step ahead of the rest! You must have a fair idea of which numbers are likely to be hit within a given period.

- Hitting probability: the probability that a given state is S will ever be entered

- The relationships between X_s and X_t for different times s and t (e.g. covariance or correlation of X_s and X_t)

- First passage time: the instant at which the stochastic process first time enters a given state or set of states starting from a given initial state

$1 million question
Since there are many different stochastic processes, which one is very simple and generally believed to represent forex rates?

Generally, since most people believe that the market has no memory - the past has no say in the present, technical analysis is nonsense - we will follow them and assume that's what we are dealing with

Markov process

A stochastic process is called a Markov process when it has the Markov property:

$$P\{X_{t_n} \leq x_n | X_{t_{n-1}} = x_{n-1}, \ldots, X_{t_1} = x_1\} = P\{X_{t_n} \leq x_n | X_{t_{n-1}} = x_{n-1}\} \qquad \forall n, \; \forall t_1 < \cdots < t_n$$

- The future path of a Markov process, given its current state $(X_{t_{n-1}})$ and the past history before t_{n-1}, depends only on the current state (not on how this state has been reached).
- The current state contains all the information (summary of the past) that is needed to characterize the future (stochastic) behaviour of the process.
- Given the state of the process at an instant its future and past are independent.

Example A process with independent increments is always a Markov process.

$$X_{t_n} = X_{t_{n-1}} + \underbrace{(X_{t_n} - X_{t_{n-1}})}$$

the increment is independent of
all the previous increments which
have given rise to the state $X_{t_{n-1}}$

So, we can assume that we are in the world of Markov chains and according to most people, that is a dangerous place to live. But, believe me, when we are done with this study, you will wonder what happened to yu all these years.... Why didn't you see it..?

Markov chain

The use of the term Markov chain in the literature is ambiguous: it defines that the process is either a discrete time or a discrete state process.

In the sequel, we limit the use of the term for the case where the process is both discrete time and discrete state.

- Without loss of generality we can index the discrete instants of time by integers.
  - A Markov chain is thus a process $X_n, \; n = 0, 1, \ldots$.
- Similarly we can denote the states of the system by integers $X_n = 0, 1, \ldots$. (the set of states can be finite or countably finite).

In the following we additionally assume that the process is time homogeneous.

A Markov process of this kind is characterized by the (one-step) transition probabilities (transition from state i to state j):

$$P_{ij} = P[X_n = j | X_{n-1} = i]$$

time homogeneity: the transition probability does not depend on n

In the world of forex trading, the transition probabilities are used to understand how we move from one price state into another.

Remember, I said **you don't need to know what process drives the price!**

There will always be loop-holes. No matter the underlying process.

Classification of states (continued)

A set of states is closed, if none of its states leads to any of the states outside the set.

A single state which alone forms a closed set is called an absorbing state
  - for an absorbing state we have $p_{i,i} = 1$
  - one may reach an absorbing state from other states, but one cannot get out of it

Each state is either transient or recurrent.
  - A state i is transient if the probability of returning to the state is < 1.
    i.e. there is a non-zero probability that the system never returns to the state.
  - A state i is recurrent if the probability of returning to the state is $= 1$.
    i.e. with certainty, the system sometimes returns to the state.

Recurrent states are further classified according to the expectation of the time $T_{i,i}$ [1] it takes to return to the state:

positive recurrent
expectation of first return time $< \infty$

null recurrent
expectation of first return time $= \infty$

1: It is clear that NO state (price) is absorbing!!!
2: But, and this is important, at any given time, there is a set of states that are transient! We can find them.

3: NOT all forex prices are recurrent.

So, **those problem bars are the ones that contain the KEY transient states (price)**. Once we calculate the time-interval, we can make a call that the process will return to those prices within the time period!!!

Now this is the KEY secret:

No matter the currency pair you are trading, no matter the state of the market, trending, sideways WHATEVER! , there will always be problem bars. There are easy ways to find at least 10 recurrent states per day...

This is the heart of the matter and it works on any time frame. I will prove this to you.

Proposition 1 *[EURUSDD, 2014] Let $X_T(t)$ be a the price of a currency pair at any time t relative to the time-frame T. Then, almost-surely, there exists positive integers k, h such that every price $g \in [X_T(t) - k, X_T(t) + k]$ is $h(T)-$ recurrent.*

Definition 2 *A price $X_T(t_0)$ is $h(T) -$ recurrent if whenever $X_T(t_0)$ is between the high and low of a bar in the time-frame T, then at least one of the previous or next h bars passes through $X_T(t_0)$.*

Right now, I will just choose random numbers for h and k and apply it to the pair USDCHF.

Let us choose h=5 - So I will draw a rectangle of length on the daily chart, T=DAILY.

We can then identify the h(T,k)-transient prices!!!

The 5-transient prices are represented by the yellow/red zones. There are very few of them.

The 5 means that within the bars where those prices occur, none of the next 5 bars, behind or in front of the bar in question, passed through those prices.

Now, if you get the h and k right, you will find that transient price-zone occur with very LOW -probability. That is prices are h-recurrent almost-surely

for some positive h.

Now if you get the h right for a given time frame and at the current price p, the previous bars never hit p, then probability is on your side for a hit within the next h bars because the probability that p is h-transient is very low.

If your h is right, this probability should be about 3%. That is 97% of the time, at least one of the next h bars should hit p.

This works in theory and in practice for any stochastic process similar to the ones that govern currency prices!!!

Very important!!! If your h is correct, then the height of your rectangle should be very small. This means that most prices choose to be h-recurrent!!!

I urge you to verify this fact for any pair.

GOOD liquidgenius. Let me blow your mind now! If a bar has you rectangle then the probability the next one will have a rectangle is 0.00005463% on any time frame. NOW think what that means.....

ONE THING: **$$$$**

One way to use this to your benefit:

since transient rectangles have small heights in general, if price falls into the region A, we can assume we are in a recurrent zone. So prices within the zone A will be hit by at least two bars or price will pull back into the rectangle above!!!

Let me explain one way you can trade this fact. I borrowed this picture from a post above. Now at the current development, he placed a ? mark at the red spot because we do not know if the zone developing will be transient yet. But this is where you can beat the market. Let us suppose that A will be a transient zone, then we can expect that the region just above A must be recurrent. Therefore, once price gets into that region, we are in for $$.

If the forces of demand are very close, **almost equal** then there is a way to find the optimal value for k. That is why I trade only eurusd because demand and supply are almost equal. That is the strength of bulls and bears are almost equal in every state of the market.

How you calculate k is up to you. That will differentiate you from another person applying the same principle. **Keep that secret.**

To understand why Technical Analysis rules and you don't really need to know what drives the market, consider the following case.

Suppose I call you one morning and said "XXX the current price of eurusd is 1.3445. Will you buy or sell?"

Now, think about this for a moment? If you buy/sell without at least knowing how

price got to the current state, you are gambling!!! Every financial guru, billionaire etc will never place a trade without looking at the history. Even fundamentalists do it all the time. This is because, the way price got to the current state matters and I will explain

It is very important you know how price got to its current state before you buy or sell. In other words, the HISTORY of price does matter.
There are three possibilities.

Consider A. Price was increasing before it got to A and the probability it will continue in that direction is greater than 50%. Why?
Because top and bottoms like B occur with probability less than 1%, if you define a period which is greater than three bars. Check it yourself. Therefore, since the probability that B is a turning point is less that 1%, price is expected to continue to do what it was doing before it got to B.
Price was decreasing before it got to C and since the probability that C is a local maximum or local minimum is less that 1%, price is likely to continue in that direction.

Now, if you do not know what price was doing before it got to A or C, you are silly to buy or sell.

In summary: Believe in technical analysis, not just any analysis but the right one! Believe that there is enough information in the history of price to give you an edge. When you are done, START looking for the right information. I believe I got you started!!!

Notes.

You are not guaranteed longs/Shorts. **What you are guaranteed are re-visits.**
That is what you should trade!!! If you suspect a zone to be transient and price
moves to a region which will then be recurrent, you can then trade the re-visits.
But don't try to buy when price hits the top of the suspect zone because the zone is
still forming!!!

You do not know if a region is transient or recurrent yet because it is still forming.
What you do though is wait. The moment price goes above that region; you can
assume it is transient and then prices very close above it recurrent. Those prices
are the ones you will expect a re-visit within at least one of the remaining h bars.

If price goes above a **Zone** before it is done forming, **you can assume the zone
is transient and the prices above it recurrent**. Those prices are the ones you
will expect to be re-visited, **not the prices in the zone.**

Quoting Dewachen77
" *Thanks Eurusdd. Another question: Lets say the white candle is the candle on
next Monday (not closing yet). The price goes through region, and the region is
now transient (even the candle is not closing yet). The area above it (dark green)
becomes recurrent area, right ? So, we are waiting for the price goes far enough
(up or down), then we put order with target some where in recurrent area ?
Thanks"*

AUD/USD - D1

Recurrent area

new candle on next day

Exactly **but only the region above is tradeable**. Let the probability be on your
side.

Furthermore, Once you expect a zone to be h-transient, then as soon as price goes above it, assuming the zone is developing at the top, you can declare the area immediately above the zone as h-recurrent and then **look for a sell.**

You don't wait. Once the previous h bars give you a **hint** that a transient zone may be forming, you **assume** that will be the case and act**!** **(This is where the secret is)**, riskless profit in **most** cases.
You can declare the area immediately above the zone as h-recurrent and then look for a sell.

The following things will happen.

If your zone turns out to be h-recurrent, your sell will still win,
if your zone turns out to be h-transient, your sell will still win. EITHER way, you will win!!

I leave you to figure this out.

That is why I can win many times without a loss, **even if the pips are small**. I can kill it on every time frame because **whatever the state of the market, I am guaranteed a win,** except in exceptional cases, those sample points in zero-measure sets.

Let us supposed we know the yellow area but the market has not develop the blue area yet. We can then **assume** that when the region B is matured, it will be transient. So, we declare the area A as recurrent. We then move ahead to find sell position above B.
Now, if the market pulls back into B, we win. If B turns out to be transient, our assumption of A as recurrent will give our sell a profit.
Both ways, we will win!!!

Prices do not have to return back into the TZ zone. Since you assumed it is transient you are not selling with the intention of price returning into the zone. ==**You are selling with the expectation that price will re-visit the area above the zone.**== The other possible option is, you will get more pips because price will not just visit the area above the zone but go down into it as well.

I am trading this microscopically on the 1min 5min timeframes…

==**Once price is above my h bars**==, I label that zone a suspect transient zone and start looking for my SURE 1-10 pip **short opportunity** above it, **assuming it is forming up...!! Reverse for longs...**

Focus on the zone price is **presently** **concerned with. The current price should guide you. The whole thing is simple.** ==**This and the DNA**== **are the two** tools one needs to develop revolution! I gave you people just the idea. You can modify it the way you want. But there are even more powerful things. That, I keep for heaven. Nice weekend.

On average the height of a transient zone is less than 10% of the window size or the price-active region. That is left to you to figure out!!! I will not go into optimal values!!!

==**97% of the time, the current price** **going forward** **wants to be h-recurrent** **for some h!!!** **So, there lies you key to $$$.**==

If you find one instance on your chart where your choice of h or k did not work or price did not behave as you expected immediately, **that is a rare event.** There next instance is most likely to work **SO,** do not raise your hand to the sky cursing the powers that be. Have more confidence that you will not be living to see a rare-rare event. Probability is on your side. **The next instance is good to go...**

I want you to adapt the idea to your own style. ==**But when you see it** **the way I do**==**, you will get your Eureka moment.**

All the best!

Uneven Transient Zones
by Vlady1974

UNEVEN TRANSIENT ZONES 1.0
23 SEPTEMBER 2014 – VLADY1974

PROPOSITIONS

Let's recall Eurusdd's original propositions and definitions:

1. If $X_T(t)$ at any time t relative to Timeframe T, then almost surely, there exists positive integers h and k such that every price belonging to the set $[X_T(t) – k\,,\ X_T(t)+ k]$ is h(T) recurrent.

2. A price, $X_T(t_0)$ is h(T) recurrent whenever $X_T(t_0)$ is between the high and low of the bar in the timeframe T, then at least one of the previous or next h bars passes through $X_T(t_0)$.

DEFINITIONS

Let's translate the propositions above into the following Definitions for this document:

- The timeframe T is the timeframe of a Chart. Our example is 1H.

- The time t in a timeframe is represented by a price bar or candlestick

- The High and Low of a Bar creates the Zone.
  Let's call this the Central Bar.

- Recurrent Zone : Price Action will return to the price, $X_T(t_0)$
  Transient Zone : Price Action will **<u>not</u>** return to the price, $X_T(t_0)$

- Both Zones are formed within h bars, before and after the Central Bar.

Let's put these into a chart:

- h is set to 10
- Timeframe is 1H
- The time and prices are chosen randomly
- Indicator used: FreeFox's *Transient_Zone*

Let's look at one of these Zones in detail:

THIS IS THE LOWEST PRICE THAT IS WITHIN THE CENTRAL BAR'S HI & LOW.

BELOW THIS POINT, THE REMAINING PRICES ARE TRANSIENT.

CENTRAL BAR

-10 BARS

+10 BARS

HI & LOW
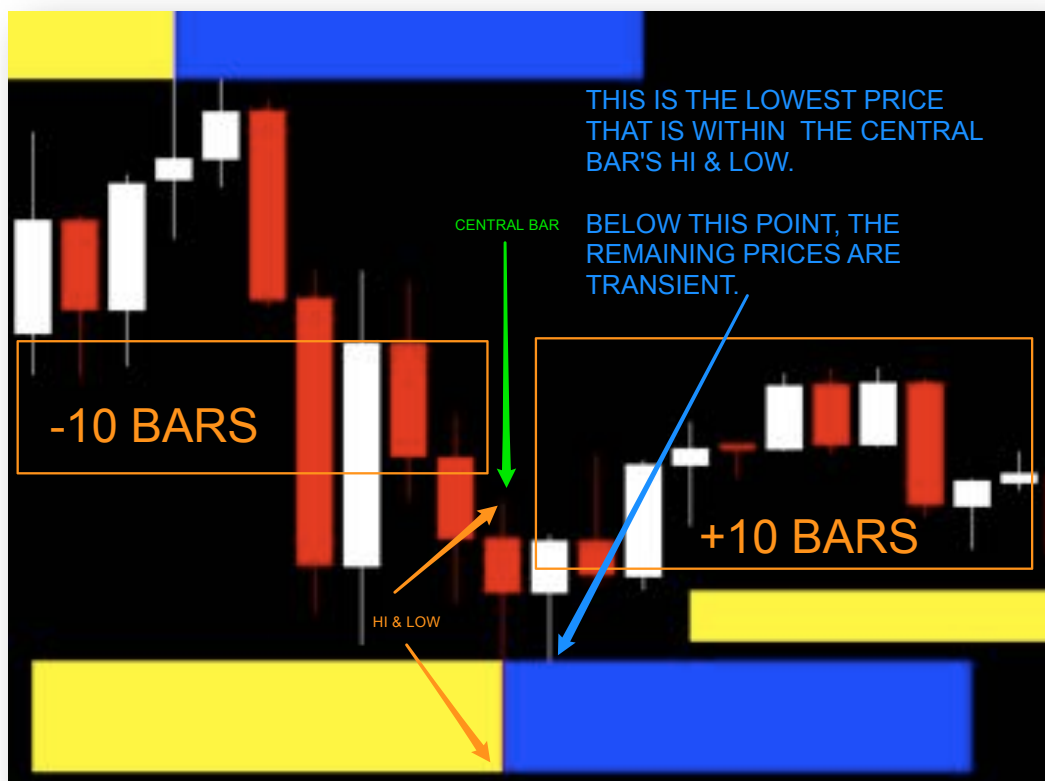
The Yellow/Blue Rectangle is a TRANSIENT ZONE. There was only one candle or time where the prices were not returned to at any other time within 10 bars, before or after, this is the CENTRAL BAR and is usually a top or bottom.

In this chart, we have switched on the Indicator Feature, **Combine Zones** and set it to false. This means that the HI/LOW range of the Central Bar is reduced by any price bar within h (-10 bars or +10 bars of the Central Bar), split into left and right side.

This means, the left area of the Central Bar is reduced by any price within MINUS 10 bars. The area to the right is reduced by any price within PLUS 10 bars of the Central Bar.
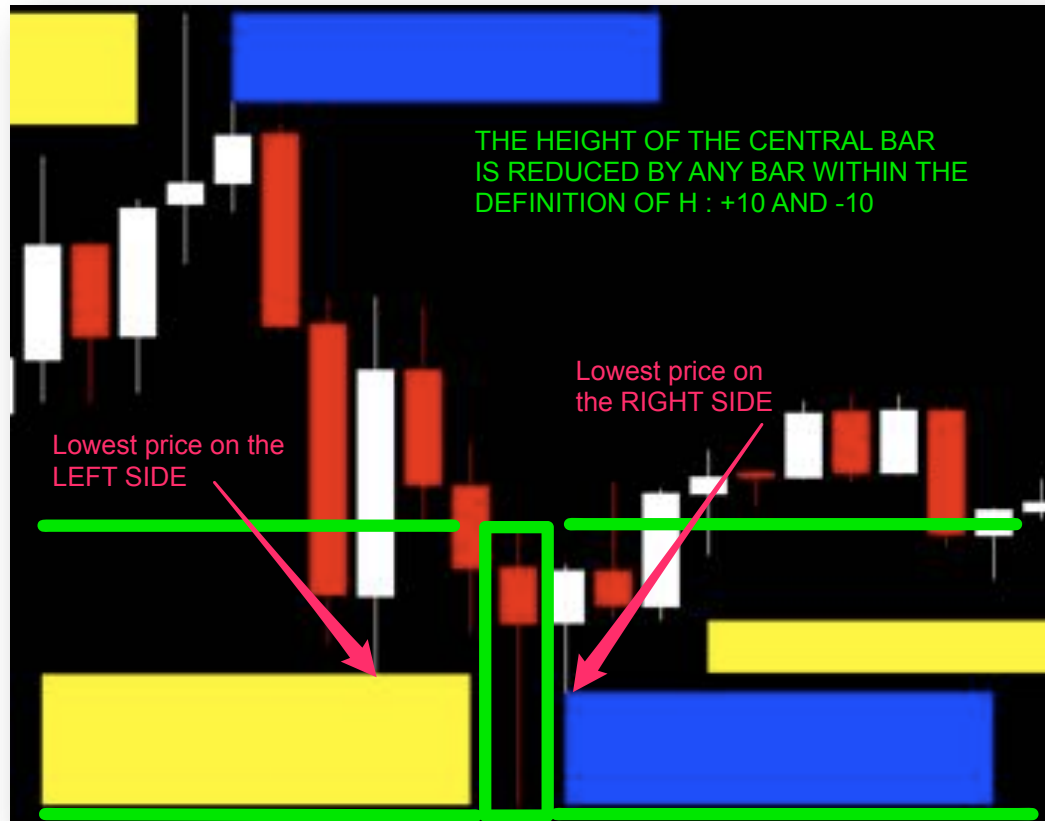
The green lines show what the Height of the Box *would have looked like* if none of the +/- 10 bars had a low that went beneath the High of the Central Bar.

The **Combine Zones** default setting of TRUE takes the LOWEST price for any BAR within h bars (ie. 20 bars because it is 10 bars before plus 10 bars after), and reduces the height by that amount.

If **Combine Zones** is set to FALSE, this is turned off the area is split in two and it takes the lowest price of the left side and reduces the height by that amount. It repeats this for the right side of the Central Bar.

If the LEFT HEIGHT <> RIGHT HEIGHT then it is an UNEVEN TRANSIENT BAR.

SIGNIFICANCE

As of the time of writing the following observation is made regarding UNEVEN TRANSIENT ZONES.

Zooming out of the 1H chart, and focusing only on the UNEVEN TRANSIENT ZONES (UTZ), we can see they are usually found at Tops and Bottoms.

This means that once these Transient Zones are defined or fully formed – that is, all of the h bars have printed and none of those bars have not invalidated the transient zone completely – then the next transient zone will not breach the previous zone.

In other words, a bottom UTZ will have the next UTZ above it. After that, it will be below it, then above it, and so on.

There are rare events where a transient zone is actually an EVEN transient zone. On this chart, I can see only one. The observation with EVEN transient zones is that price will always return to those price levels AFTER or OUTSIDE the number of H bars... in this case, price returns at any time greater than 10 bars.

The above can be observed in any timeframe from 1M, 2M, 5M, 15M, 30M, 1H, 2H, 4H, 1D, 1W, 1M.

The above can therefore create trading opportunities summarised in the next section.

SUMMARY

HISTORICAL

Any price action in the past can be said to have an Uneven Transient Zone if using the **Transient_Indicator**, the chart shows two rectangles of different areas/sizes.

Uneven Transient Zones signify Tops and Bottoms with greater probability than Even Transient Zones.

Even Transient Zones are more likely to be returned to once the H period of bars has expired.

The additional way to use UTZ is to extend the price of the Zone to the right of the chart, which can act as an indicator or Support/Resistence Line.

PRESENT PRICE

If the H is set to X, eg. 10, then the Transient Zone will be **fully formed** after 20 bars – that is 10 bars to the left and 10 bars to the right.

A Transient Zone that is not fully formed is if the setting is 10 but 20 bars have NOT transpired.

It has been observed that it is better to wait and confirm that the LEFT SIDE ZONE has been formed. So if H is 10, then if there is an chart Top and the 10 bars have not breached the Top's high…. It is potentially a fully formed Left Side Zone. At this point, any number of bars between 1-h on the right can indicate whether or not the zone will be UNEVEN if the bars have lower highs. This would be a Short Trade.

Vlady1974
23rd September 2014

Recurrent Statistics
by Kprsa

Recurrence Statistic Indicator v4.2

The main idea:

Forex price signal produces trends only rarely, when there is a great imbalance between supply and demand. Most of the time the price retraces itself in a relatively narrow area of price.

This observation was put in the mathematical language by Eurusdd as following:

Definition: A price $X_T(t_0)$ if h(T) recurrent whenever $X_T(t_0)$ is between the high and low of the bar in the timeframe T, then at least one of the previous or next h bars passes through $X_T(t_0)$.

Proposition 1: If $X_T(t)$ at any time t relative to Timeframe T, then almost surely, there exist positive integer h and k such that every price belonging to the set $[X_T(t)-k, X_T(t)+k]$ is h(T) recurrent.

What do these statements mean?

The definition means that that the price is called "recurrent" on a given timescale h if it retraces within that timescale, in the past or future. "Retracing in the past" is equivalent to saying that the price now is retracing a potential transient zone established before.

The proposition implies that the price is almost everywhere ("almost surely") recurrent. It does that by construction: it says that given the price it is possible to find a (large-enough) timescale h and a (sufficiently small) interval bound k around the price so that every price within the interval is recurrent.

In the recurrence statistic indicator we use a simple corollary of the Proposition 1:

Corollary 1: For a given positive integer price h, there exist a set of integers k_i and a set of times t_i relative to Timeframe T for which the price $X_T(t_i)$ will *not* be h(T) recurrent (i.e. will be transient) in the interval $[X_T(t_i)-k/2, X_T(t_i)+k/2]$.

The corollary relies on the premise that we typically choose the value of the h, so with this choice of a finite (i.e. *small*) number h, we will surely find some areas that will not be returned to. The interval now means a different thing than in the original proposition, it is now the interval in which the price will *not* be returned to, so it is a transient interval! The Recurrence statistic indicator provides us with various statistical quantities, notably the frequency of true transient zones (not retraced for a chosen h), their probability of resolution (i.e. turning a potential transient zone into a recurrent zone by price retrace within h bars) and the average width of the transient interval k.

A simple way of using this indicator is to play with the numbers for h to find the frequency of true transient zones and more importantly to obtain the clearance (retracing) frequency as large as possible while still maintaining a reasonable timeframes for trading. The expectation is that the historical frequencies obtained from the data, when calculated over a large period of time, will change little for another period of time, so they can be used like probabilities.

This approach is in the true spirit of the Similarity thread, one searches for historically rare anomalies in the making, and then trades with the expectation that the anomaly will be resolved. With this brilliant contribution from Eurusdd it is possible to have true high-probability trades. The main input from Recurrence Statistic is that it quantifies the corresponding probabilities.

Fig. 1. A typical statistics output from Recurrence Statistic V4. First the input parameters h_left and h_right are given, then the total statistics for all "problem bars", i.e. the potential transient zones, and finally separate stats for mid-bar "transient" and end-of-the-bar "fractal" candles is provided.

Typical basic statistics output:

Number of bars: total number of bars over which the statistics was calculated

Problem bars: number of true transient zones – we typically want as little as possible, while still having manageable trading times

Fully resolved bars: number of potentially transient areas that turned out to be recurrent.

Frequency of true problem bars: Problem bars divided by Number of bars. This quantity should be as little as possible, since in the simple strategy, one will not achieve "take profit" if the zone is not cleared.

Frequency of possible problem bars: Calculated as Problem bars plus Fully resolved bars, this sum divided by Number of Bars. This is an important quantity

as it limits the number of potential trades based on the indicator. Clearly, we would prefer to have as many as possible of possible trades with most of them ending up in profit, so there is a compromise one needs to make with respect to trade frequency and probability of success.

Probability of full resolving: Calculated as Frequency of possible problem bars minus the Frequency of true problem bars, divided by Frequency of possible problem bars. The most important quantity! This means exactly what it says, if you have a transient zone in the making (the left-transient zone), this tells you the probability of it becoming recurrent. Again note that we used the relationship frequency -> probability. Frequency is something we calculate from the historical data, probability is something that we imply for the future behavior.

All these quantities are calculated separately for the fractal and the transient case.
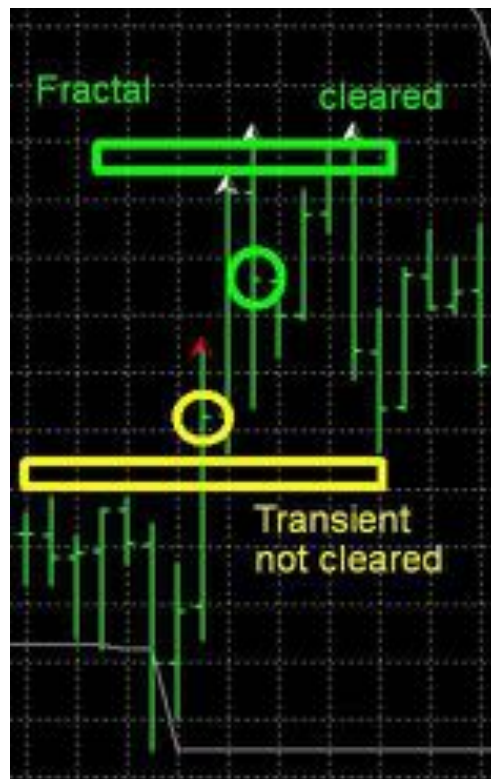
Fig. 2. Difference between the "fractal" (end-of-the-bar) and "transient" (mid-bar) zones. In this example the transient (yellow) is not cleared – it has not become recurrent, while the fractal one (green) did. The indicator paints arrows – by default White are cleared, while DodgerBlue and Red denote uncleared, "true" zones.

Fractal and transient zones:

The indicator differentiates between the fractal and transient zones and does the statistics separately. Fractal zones are non-recurrent zones at the end of the candle, because true fractal zones (typically with h=2) at the end of the candle are known as Bill Williams fractals. Transient zones are the mid-candle ones. So, if your zone of interest is a bar-end or a fractal zone, you can look at the quantities for fractal zones (for example the "Probability of fully resolving possible fractal bars"), whereas if you are wondering what the odds are for clearing a mid-bar or transient zone, the quantity to look for is the "Probability of fully resolving possible transient bars".

The k business:

The indicator, as defined in the corollary, calculates the average width of the unresolved problem bars. It is a useful quantity, since it may provide an even higher probability trades with slightly more modest goals.

The price does not necessarily clears the potentially transient zone. What often happens is that it comes close to retracing/clearing it. This essentially means that a narrow "true" transient zone remained. How narrow? The indicator tries to answer this question by giving an average width <k> of the zone (as always separately for end-of-bar=fractal and mid-bar=transient scenarios). Additionally, it gives the probability that the price will retrace within 1*<k>, 2*<k>, 3*<k>.

For example, in Fig 1 we see that the <k> for the end-of-the bar with specified input parameters is 0.0005 = 5 pips. While the probability that the zone will be cleared within specified h_right is 83%, the probability that the price will reach within 15 pips (3*<k>=3*5 pips) to clearing it is 99.4197% !

The arrows:

The indicator plots arrows (See Fig 2) on the candles where there are either potential transient zones or fully resolved zones (default in white color) or true transient zones (default in dodgerblue for down and red for up). The up and down arrow mean that the zone is towards up or down.

kprsa, 16.11.2014

Transient Zones & Bollinger Bands
by Kiads

Transient Zones & Bollinger Bands

I think you should 'know'
the different between top/bottom TZ and mid TZ.
Mid TZ is not failed top/bottom TZ.

Top/bottom TZ is nearly 'fractal' formation in pre-determined
distance (h) but no need to follow exact rule of fractal.

no need 5 candles formation, just 3 candles to
form that top/bottom zones

while mid zone TZ is special 'S' hook shape
candles formation, also in pre-determined distance
with special 'rule' that left and right 'S' tail should be
different to create that 'mid zone'.
and I personally call this 'S' shape as
'insider recurrent' lol...

and when the candles formation
is exactly
1
2   0
v.v. then you can see
'cut in the middle' pattern

and some mid TZ could be 'stackable'
because that 'S' hook patterns repeated
and that is 'very' normal behavior of
price movement in strong trend

so, never against the direction of
mid PTZ, especially 'if'
BB support that direction
with 'no candles touch mid bb lines (sma)'

Jewels of the TZ Section
by Rahimseven

Proposition 1 [EURUSDD, 2014] Let $X_T(t)$ be a the price of a currency pair at any time t relative to the time-frame T. Then, almost-surely, there exists positive integers k, h such that every price $g \in [X_T(t) - k, X_T(t) + k]$ is $h(T)$ − recurrent.

Definition 2 A price $X_T(t_0)$ is $h(T)$ − recurrent if whenever $X_T(t_0)$ is between the high and low of a bar in the time-frame T, then at least one of the previous or next h bars passes through $X_T(t_0)$.

All you need to win is this simple statement:

There is a minimum value for h for which >97% of prices are h-recurrent!!!

That is all. Take your 5 min/1min chart and just look!!! How you make money using that information is for you to decide! Many people have found their levels and are ok. Numbers don't lie!!! If the market wants to beat this law/theorem, they will have to make most prices transient which will make the market beatable or less random. So, the market is in favor of recurrent prices. The more of these and just a few transient prices to get you, the better or more random the market will look. All you have to do is avoid those few moments!.

The beauty of this is summed up in one powerful statement - Price is 97% recurrent, 3% transient.

That said how can you actually trade this statement? Turn it into a series of applicable logic.

1)A potential TZ is formed when price has not been there for H. In order for it to be declared a true TZ, price must not touch that level for another H. The probability of this happening is 3%

2)A potential TZ has a 97% probability of not becoming a true TZ, therefore it can be said that price is likely to move in such a way that it finds itself back at the level that created the potential TZ within the period of H

3)From the end of the first H period it can be hypothesised that the certainty of condition 2 being fulfilled increases as price moves along the next period H. There is however a caveat to this condition

4)Price moves along 2 axis, condition 3 only holds true on 1 axis which is governed by H. The other axis is ruled by K which has not be revealed openly.

Please note that, while this is true, it is unwise to bet with odds of something happening less than 50%.
It is thus useful to calculate the probability that the zone will be taken within h_right1 (for example 12 hours after creation of zone) given that it hasn't been taken out during current h_right2 (the potential zone has, for example, been created two hours ago and not cleared yet). The recurrence statistics indy V3 enables you to estimate this probability for your h by subtracting the P(h_right1)-P(h_right2).

In addition, one can also bet against clearing a zone (i.e. trade in the opposite direction and place a stop loss at the zone) for which there is a low probability of clearing.

1- There is only one theory I use in this system, the theory of TZ .. nothing else whatsoever. A quick look at my results will show you that I am taking perfectly profitable trades in pairs that I don't even know what their symbols stand for :P

2- My charts (the ones used for this strategy) have 0 indicators! Yes ZERO. They are as clean as a chart can get.

3- I have discussed with you my views on euro in general for the medium term, but this call (1.299) has nothing to do with those views, you could have hid the name of the chart for me, and I would have given you the same number.

4- When I got the first signal, I was using a certain H, and this H allowed me to project the time at which the signal expires. The signal was of 90% probability of occurrence. As time passes you would assume that the probability should get less as the price moves away from your target. This is true in general, but sometimes you have another H that comes to the rescue (could be on the same timeframe or a lower one)

5- I don't have to weigh priorities since I only have one in this system which is TZ & my probability %s depend only on that and the way I understand probabilities (that's why my 90% is different from EURUSDD's 90%, since he uses multiple factors to come up with this probabilities)

I shouldn't do this, but, I do not use any of the indicators for identifying TZ Zones, I stay on the 4hr, 1hr, 30 min charts zoomed out a bit; to get a better picture. Look to your left for "clusters of prices" 2-3 bars or more, pick a price closest to 00 or 05 within those "clusters" draw a horizontal line to your right. You now have a very good target. The good ones are those where price pulls away, up or down cleanly, without too much hesitation. Let price move away with "probability" in mind. Example: (1) prices at cluster, (2) prices move up,...

{quote} TZ is essentially how you would draw a support/resistence line in its basic form. But what you are looking for are the spaces. The absence of price bars to the left or right of the most extreme price. Most people think that is Top/Bottom.....giving Resistence/Support. But here's another magic nugget: both a Top and a Bottom always has space to the left. I got this from a trading book I can't recall the title to, but I read this last couple of years and that was gold. I remembered it instantly as Eurusdd gave us his Transient Price Theory...

Wicks! I look for wicks!

Not every wick will be a candidate but a wick is a visible sign that the price action called "Now" didn't stay at that part of the bar for very long. It's the difference between the extreme price level and where

time opened or closed.

if time before that was transient, what are the chances time will be transient in the future? Well what if h bars into the future of the bar/time you are looking at already tells you? What happens at h+1? H+2? +3? Has price gone back? DO YOU THINK IT MIGHT.

I think I mentioned this in a post Aaaaaages ago...perhaps a month ago. Put FreeFox's indicator on the 1M and watch it. Take a piece of paper and write down what you are seeing. I'm not saying the 1M is important, I'm saying it's like life has been sped up so you can observe the change really quickly.

Baillie had the right idea I drawing the line (like support/resistance) but it's more like a magnet. Or a rock in field. It attracts or it repels...

ILook at the image that this whole post is referring to. I drew it and highlighted the area and projected the area out to the right. It's for USDMXN. Both Baillie and I came to the same level using different ways. Why? From my side, the above and prev posts is how I do it. Concept? TZ.

Unrelated but check into As I promised here before after testing something I have found I would share with you all...

So we don't need any indicators for this just right click and click on the volume, then click your data window and hover over the bars and you will see the volume reading!

Now if we see the volume bar 1000+ and it continues in the same

direction we will find most of the time it will pull-back to the close of this volume bar!

I like to think of an elastic band as a example once price moves with volume and keep going it will eventually spring back!

This is very basic but can give you some ideas on creating this to suit you!

Also this volume bars once occurred most of the time show a turn in the market and if implemented right we can find tops and bottoms a lot of the time with very small risk....

Ok, since it seems to be sharing, caring day in the similarity thread and the sun has gone awol in Seville 😎, I will elaborate a little on my post yesterday - I have also modified the strategy a little so please take note those who looked into it a little more.

The red and blue arrows show TZ's with H values of anything from 1 upwards.
I wait for a TZ to be taken out and then returned to *but I have modified the condition for return*.
The bar that returns to the taken out TZ must open above and close below for a top TZ and open below and close above for a bottom TZ.
So, in the chart, a is taken out by b and returned to at c but c does not close below the TZ at a therefore this does not qualify.
In the case of d, e and f however, the bar at f does open above and close below the TZ at d and so this one does qualify.
I will sell at the close of f in the knowledge that price will go lower. In general, it will tend to go close to the next TZ down so I will further check to make sure there is sufficient room for a viable trade.

As has been said many times on the thread, there are many different

ways to use Eurusdd's invaluable hints and tips. This is only one but it seems to be working for me.

I am using this on the 15 min chart!

Now some of you will read this and want to know how you can make this you own but just start to look at what I am saying here, do some testing and see what you think, I would love people here to share there thoughts too 😊

Remember Price most of the time will return to this point, how can we profit from this do you think?

Just sharing so some of you that are struggling can have some Ideas 😊

BTW this is not how I am finding my Zone on my calls but just a theory hope this helps some of you 😊

Open your minds!!

Not sure if this will help some people or not; however, I am hoping at the very least it sparks discussion so that we are clear on what the TZ's actual mean and how to spot them etc. My chart could be way off along with my calculations so happy for feedback.

If you look at the image I have drawn either a black line, or if more than one pip movement drawn a black box. This line or box is only drawn at areas of price where the prior six bars or post six bars are not touched by another bar. This is how I am interpreting H. There is a mid-bar so H is 6 price bars to the left and 6 price bars to the right.

I draw these lines and boxes on a chart by first drawing a horizontal line anywhere on the chart that is 13 bars wide, I then stick my cursor on the mid-point of this line and move the mid-point up and down each price bar noting if the left of the mid-point is touched, or right of the mid-point is touched. If it's not touched on either side I draw in the line or box (if the distance without being touched on either side is greater than 1 pip).

After these lines and boxes have been drawn one can calculate the following:

- Between the red vertical, dotted line on the left and the vertical, red dotted line on the right there are 93, 5 min price bars.
- There are 13 black lines or boxes drawn between this period, meaning there are 13 / 93 or 14% of the time where a price bar has a point in it that is not touched by the previous 6 bars or following 6 bars, which also means 86% of

the time they are touched.
- There are 7 black lines or boxes drawn in the middle of price bars and not at the ends (indicated by the green stars). If you take away these middle price bar TZ's and view them as price just continuing to move in the existing direction (this is will be fractal of course), then there are only 6 bars, so 6 / 93 or 6% of the time where the price bar has a point in it that is not touched by the previous 6 bars or following 6 bars, which also means 94% of the time they are touched.
- These statistics are based around 'price bars' not actual price / every pip / tick. Trying to measure how much price was hit (thickness of box etc.) in each of these bars, as compared to all the prices on every bar would be a monumental task and would require zooming in to each and every tick - not practical.

In my opinion, the above is significant in that we know price bounces around from bar to bar, within that 13 price bar range (6 price bars left, 1 bar mid-point, 6 bars right) as it moves with only 14% of the time not back-filling when taking into consideration mid-bar TZ's and ONLY 6% not back-filling when looking at TZ's at the end of bars. VERY interesting stuff and worth taking a close look at.

Again, looking for feedback on the above and hopefully all the information I have presented is accurate as I would hate to throw someone off with false information.

The main goal was to hopefully bring a little clarity to someone new reading this thread because it can be overwhelming at first and until it clicks it will drive you nuts trying to figure out all the lingo, TZ's, how they are drawn, what the 94%

Chapter Four: Sub-Sequence Theory

The sub-sequence theorem:

When you have constructed a partial DNA for your currency pair; the following theorem is extremely useful for spotting market trends embedded within the DNA. In fact, what it actually reveals to you is the following truth: Trends exist everywhere.

Attached Image (click to enlarge)

Theorem 0.1.1 *Let* $x_1, \ldots, x_{n^2+1}$ *be any sequence of distinct reals. Then there exists either an increasing or decreasing* $(n+1)$*-subsequence.*

We refer to this as *the subsequence theorem* throughout.

We present five (known) proofs of the subsequence theorem. We first tell how we were lead to these proofs. After Martin Kruskal died, Clyde Kruskal (his son) was looking through his papers. He found a manuscript, dated 1950, by Joseph Kruskal that discusses the subsequence theorem and some multidimensional versions of it. This manuscript contained two proofs of the subsequence theorem, one by Martin Kruskal and one by Joseph Kruskal. At the time Joseph Kruskal did not know that Erdös and Szekeres had proven the subsequence theorem 15 years earlier. By the time Joseph Kruskal published the manuscript (which contained other things of interest) he had learned of the Erdös Szekeres paper and referenced it; however, he omitted his proof of the theorem and only sketched Martin Kruskal's proof, in the published version [3]

It will hold and so you can analyse each bar....

Attached Image (click to enlarge)

Proof: Let $x_1, \ldots, x_{n^2+1}$ be any sequence of distinct reals. Assume, by way of contradiction, that there are no increasing or decreasing $(n+1)$-subsequences.

Let f be the function with domain $[n^2 + 1]$ and co-domain $[n]$ that is defined by

$f(i) = $ length of longest increasing subsequence that ends with x_i.

Since f has domain of size n^2+1 and range of size n, there exists $i_1, \ldots, i_n, i_{n+1}$ and a such that

$$f(x_{i_1}) = f(x_{i_2}) = \cdots = f(x_{i_{n+1}}) = a.$$

Let $1 \leq j \leq n$. Note that $x_{i_j} > x_{i_{j+1}}$ since otherwise there would be an increasing $a + 1$ subsequence that ends with $x_{i_{j+1}}$ (take the increasing a-subsequence that ends with x_{i_j} and add $x_{i_{j+1}}$ to it). Hence

$$x_{i_1} > x_{i_2} > \cdots > x_{i_{n+1}}$$

is a decreasing $(n+1)$-subsequence, which is a contradiction. ∎

You can choose what your sequence of real numbers will be : value of HIGH/LOW.CLOSE/OPEN maybe. I am sure you can see the gold in there.

The subsequence is the key step to revolution. The subsequence theorem can allow you to zero in on the market, if you have the time to look for those sequences.

This theorem is not mine. There are about 22 different proofs of the theorem. If it is true - I cannot say till I prove it myself - then it is the most powerful tool apart from TZ that I have presented here.
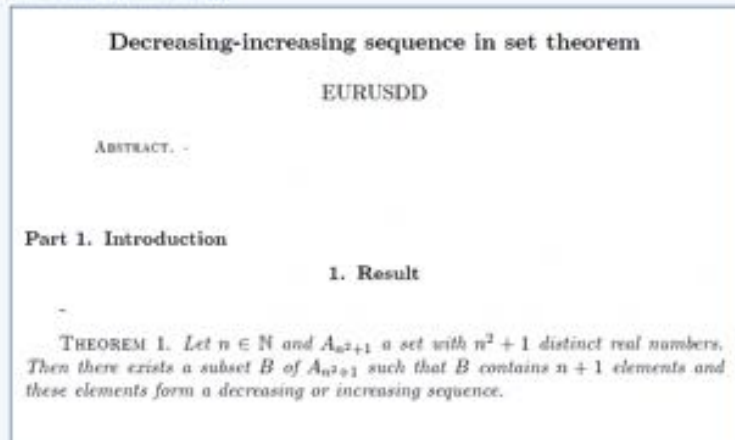This theorem means MONEY, if true!

The truth of the statement depends on what they mean by subsequence. If they mean a sequence defined linearly on n then I will say there are cases where it is not true. If they allow any possible sequence on n then, yes it is true.

So, if the latter is the case then there is one more option for the example I gave. Still it is a powerful tool.

My version applicable to trading:::

Decreasing-increasing sequence in set theorem

EURUSDD

ABSTRACT. -

Part 1. Introduction

1. Result

THEOREM 1. Let $n \in \mathbb{N}$ and A_{n^2+1} a set with $n^2 + 1$ distinct real numbers. Then there exists a subset B of A_{n^2+1} such that B contains $n + 1$ elements and these elements form a decreasing or increasing sequence.

NOTE: The theorem is most powerful if subsequences - in the definition, is defined linearly on n. But in this case I have a problem with a theorem for which there are 22 different proofs.

(quote) when you have 0 1 2 3 4 5 , and n=2 you always can find a subsequence of 3 either increasing or decreasing but it doesnt have to be 0-1-2 or 2-3-4 or 3-4-5 it can be 0-2-5 or 1-3-4 or 0-4-5 so you can not predict that high must finish below or above something because a different unsorted sequence can be found without the need of the last point going below or above something

The power of the theorem lies in this observation.

For a given n, look in the DNA for a set of n^2 distinct real numbers forming some sequence that ends on the current number you are interested in. That is, if we include the current number, we should have n^2+1 distinct elements. Now, if you set does not have an n+1-increasing or n+1-decreasing subsequence; find the lowest and the highest value in your set. The number you are interested in should be above the highest or below the lowest value!

The problem reduces to finding that n^2 set of distinct numbers with no n+1-increasing or n+1-decreasing subsequence. The if your current number is different from the n^2, it should create the sequence you are after.

I really do not get your problem. This example is for a the case where the sequence is listed and subsequence defined linearly on n. Lol. What is your stress. application of the theorem or the special case I represented?
That is why I stated the theorem in the form below so that sorting out is eliminated.

Decreasing-increasing sequence in set theorem

EURUSDD

ABSTRACT. -

Part 1. Introduction

1. Result

THEOREM 1. Let $n \in \mathbb{N}$ and A_{n^2+1} a set with $n^2 + 1$ distinct real numbers. Then there exists a subset B of A_{n^2+1} such that B contains $n + 1$ elements and these elements form a decreasing or increasing sequence.
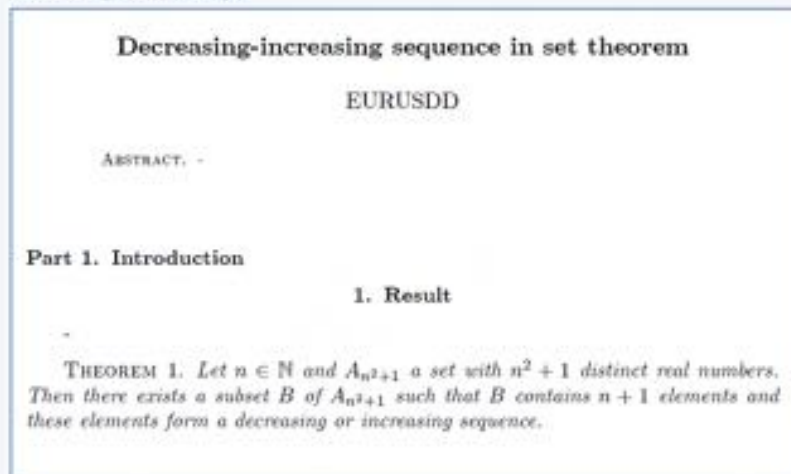
I don't understand the maths at all.

But this is what I have been able to decipher - and I come to no conclusions, just feeding in the numbers:

Data:
Highs of 4 bars: 1.2344, 1.2566, 1.2211, 1.2222
Domain = [n sqred + 1]
Subsequence = [n + 1]

If we set n = 2 then
Domain = 2 squared + 1 = 5
Subsequence = 2 + 1 = 3

Reading this example yields this experiment....
Increasing Subsequence:
1.2344, 1.2566
1.2211, 1.2222
that's 2 increasing subsequences, taking the given order

Decreasing Subsequence:
1.2566, 1.2211
1.2566, 1.2222
1.2344, 1.2222
1,2344, 1.2211
that's 4 decreasing subsequences, taking the given order

The real reason for submitting this is to find a probabilistic statement for a listed sequence where all sub-sequences in the statement are also listed.
If the probability is high enough, game on!!!

I will come back in the future with my findings. Thank you all.

Attached Image (click to enlarge)

1. This is the KEY question

PROBLEM 1. -Given a sequence of n^2+1 real numbers; $f(1), f(2), ..., f(n^2+1)$ what is the probability that this sequence contains a sequence of the form

$$f(i) < f(i+k) < \cdots < f(i+nk)$$

or

(1.1) $$f(i) > f(i+k) > \cdots > f(i+nk)$$

for some fixed $i \in \{1, 2, 3, ..., n^2+1\}, k \in \mathbb{N}$

Decreasing-increasing sequence in set theorem

EURUSDD

ABSTRACT. ·

Part 1. Introduction

1. Result

·

PROBLEM 1.

THEOREM 1. *Given a sequence of 5 distinct randomly chosen real numbers;* x_1, x_2, x_3, x_4 *and* x_5 *(listed consecutively) the probability that*
(i) $x_1 < x_2 < x_3$ *(or* $x_1 > x_2 > x_3$*) or*
(ii) $x_1 < x_3 < x_5$ *(or* $x_1 > x_3 > x_5$*) or*
(iii) $x_2 < x_3 < x_4$ *(or* $x_3 > x_2 > x_4$*) or*
(iv) $x_3 < x_4 < x_5$ *(or* $x_3 > x_4 > x_5$*)*
is 93.75%.

So for 10 consecutive highs if the theorem is not true for the first five, then the probability it is false for the second five also is 0.3%

Ok I assigned random number from 0-9 into x1,x2,x3,x4,x5 and see how the theorem works.

So replacing the set of numbers 0-9 instead with the last 5 high prices, one of the conditions should be valid 93.75% of the time.

If we encounter a failure then we can assume a 0.3% chance of the theorem failing for the next 5 high prices.

Which means the high we see in that set is likely indeed the high and we can sell? 😊

{quote} Let me try to prove this theorem: From the 5-length sequence above, we could have the following 3-consecutive sub-sequences: 1 2 3 (*) 1 2 4 1 2 5 1 3 4 1 3 5 (*) 1 4 5 2 3 4 (*) 2 3 5 2 4 5 3 4 5 (*) So, it's 10 ones. And for each one, for ex: 1 2 3, we could have 4 cases: 1 < 2 < 3 1 < 2 > 3 1 > 2 > 3 1 > 2 < 3 There're 2 cases the sequence is increasing or decreasing (1 < 2 < 3 and 1 > 2 > 3) . So, prob. of the event in your theorem is: 4*2 / 10*4 = 2 / 10 = 20% or I missed something? 😊 Thank you!

Sure your proof is not correct.
Start with a given state and then look at all the branches of the tree coming out of your state. 1 for up and 0 for down. there should be 32 branches. only two will not have those conditions. so probability of 30/32.
One of those 6.25% cases.

Attached Image

{quote} {quote} {quote} Thank you for your replies about my probability question. 😊 Yes, I understand what you mean, LiquidGenuis. And k's method is exactly what I was doing to obtain probability A (78.5%). You guys seem to be very good with statistics and probability, so unless someone else refutes choice A I'll assume that the correct probability in my example is 78.5%, not 97%. Eurusdd suggested that I would need to analyse about 23 million bars of data to get close to the true probability. I've only analysed about 20,000 so far. And...

The true probability is 1, ALMOST SURELY as stated in the proposition. The 97% is for a typical chart platform and the optimal values for k,h

{quote} Hm, is the theorem really only including those 4(or 8 depending on how you look at it) possibilities? Are these 3 not included intentionally? {image}

We are interested in sequences linearly dependent on n. the sequence x(1)>x(2)>x(4) is not valid because 1-2 is not equal to 2-4.

Sequences linearly defined on n makes the theorem powerful.

Hi Dr.
My areas of interest include probability and Number theory with focus on prime number distribution and ergodic theory. Well, anything uncertain or random will get my attention.
Now, proposition 1 is my own result and I have a 7 pages paper to support it, unpublished!
The sub-sequence theorem is not mine but a simple result in real-analysis.

Hi FXEZ,
I am also R user and I dont see any mistake.
I also got about 0.83.
If we consider all subsequence, then

Inserted Code

```
trials = 100000
success = 0
for (i in 1:trials) {
    x = rnorm(5) #sample(5) #runif(5) #rnorm(5)
    if ( ((x[1]<x[2] && x[2]<x[3]) || (x[1]>x[2] && x[2]>x[3])) ||
         ((x[1]<x[3] && x[3]<x[5]) || (x[1]>x[3] && x[3]>x[5])) ||
         ((x[2]<x[3] && x[3]<x[4]) || (x[2]>x[3] && x[3]>x[4])) ||
         ((x[3]<x[4] && x[4]<x[5]) || (x[3]>x[4] && x[4]>x[5])) ||
         ((x[1]<x[2] && x[2]<x[4]) || (x[1]>x[2] && x[2]>x[4])) ||
         ((x[1]<x[2] && x[2]<x[5]) || (x[1]>x[2] && x[2]>x[5])) ||
         ((x[1]<x[3] && x[3]<x[4]) || (x[1]>x[3] && x[3]>x[4])) ||
         ((x[2]<x[3] && x[3]<x[5]) || (x[2]>x[3] && x[3]>x[5]))
       ) {
        success = success + 1
    }
}
success / trials
```

We will get about 0.95. still not 0.9375.
Maybe we need further explanation from eurusdd.

Thank you.

edit: oh, eurusdd just answered to your post when I am writing.

> Quoting att
> I think it is futile to use sub sequence theorem for any prediction of next bar as that would clearly be violation of the theorem itself. As the theorem says, no matter what the sequence is, the theorem holds. this implies price can be anywhere in the next point and theorem still holds. so clearly the theorem can not put any constraints on where price can go. I think you cant beat the market from pure numbers properties. Any theorem which works on random numbers is basically saying market prices can be random and will still satisfy the theorem so...

Sure, you are right. The sub-sequence theorem itself does not raelly give you an edge against the market, because it includes subsequences that are not defined linearly on n. Where you got it wrong is the argument I put forward. What happens when we restrict ourselves to subsequences defined linearly on n?
for the case of five points, I gave a result! There will be a 3-subsequences defined linearly on n 93.75% of the time.
That allows you to make money! Think deeply about it!

Defined linearly on n means what?
if you have a sequence listed as follows
$x(1),x(2),x(3),x(4),x(5),x(6),x(7), x(8),x(9),x(10)$
The the following are 4-subsequences of the sequence above
$x(1),x(3),x(5),x(7)$
and
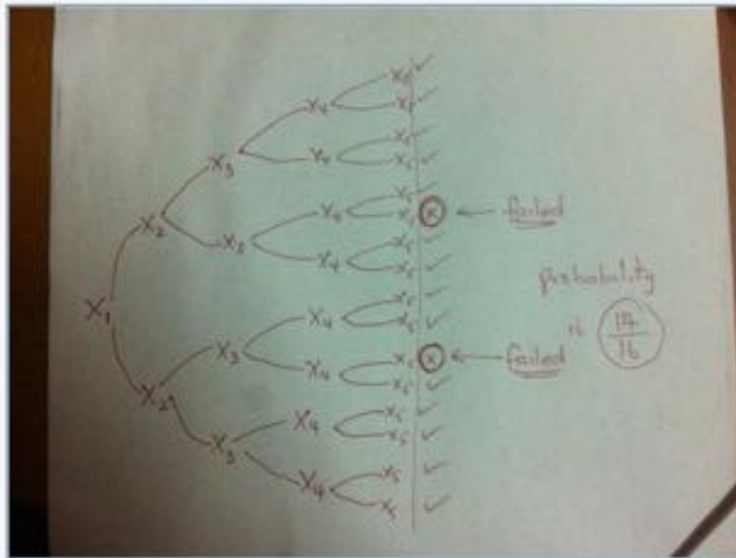$x(1),x(2),x(7),x(9)$.

$x(1),x(2),x(7),x(9)$ is not defined linearly on n because 1-2=-1, 2-7=-5, 7-9=-2: -1, -5 and -2 are not equal.

$x(1),x(3),x(5),x(7)$ is defined linearly on n because 1-3=-2, 3-5=-2, 5-7=-2.

Now in the picture above, on any branch of the tree you move up/down depending on whether the next value is higher/lower.
Apart from the two fails, all branches give you one of those conditions. therefore, if we stop here, we should have probability 14/16=87.5%.
But if we look at the two fails, notice that in the top one x(1)<x(3) but x(5) can be lower or higher than x(3). The reverse is the case for the branch below. If x(5) is higher than x(3), we have to split the remaining probability into two.
Now, 1-87.5%=12.5%.
So, we are interested in 87.5%+1/2(12.5%) = 93.75%.

OHLC/4 Loop Sequence

Hi My Friend, here is the 'rule'

1. after all sub-sequences formula calculation give 'her' result,
2. look at the previous candle form, if bullish, then the result is for bearish direction, if bearish then the result is for bullish direction.
3. then the 'bomb' mark will appear if in bearish direction, current candle price should below previous candle high, and if in bullish direction, current price should above previous candle low. Meaning 'she' not always show up at candle open, but only if conditions met, because this calculation don't need any 'averaging' period to do 'her' job.

As you can see in my latest post about that 'arrow' and 'bomb', event if that marked candles goes in opposite direction that 'marks' stay and not change their direction pointing. so, in candle final 'form' they look like pointing wrong direction.. lol and that is exactly opposite with all that 'nice view' kind of history charts from trading system seller at eBay...

MTH

Hi My Friend PiratePip,

this is example on how to read my sequencer..

First, this sequencer indicator is my own interpretation of sub-sequence theorem from our Chief EURUSDD, so it might be so wrong because i'm just noob in this similarity field.

Not like other indicators, this sequencer don't have any period / averaging bars to calculate and purely use the theorem to sorting out all given datas, so what our Chief EURUSDD said is absolutely right 100%, the theorem will work in any time frames, any instruments/pairs and in any market conditions sideways, ranging, or trending.

I manage to find out how to make the theorem to pointing out 'where' the beginning of the curve of movement. As we know that 'candle' only 'visual illusion' of price movement. Its 'framing' the real movement into funny candle shape and 'slashing' it according to 'selected' time range and your broker server GMT time.

So, the real movement is always like parabolic curve of wave cycles with their own size in every point of price, meaning every price has it's own curve that in the future will be fulfilled. (it's just a matter of time that Arnie will be back.. lol).

Here we go the example picture from my current AUDUSD M30 long entry that still active when i make this post. to explain how this sequencer work.

1. for this down signal from the sequencer, this 'bomb' sign will show up if calculation condition met, and if current price pass high/low of previous candle. in this case current price bellow the previous bullish candle high. then the 'curve' of that 'marking' price start. Of course in any time after that 'down' sign, you can go short as long as you don't see 'up' sign. and you can put your risk (SL) just slightly above that 'bomb' sign because i already shift that sign to include spread.

2. I already close my previous short entry at this area, because we can 'see' it clearly that down movement already 'rejected' and can't go through that 2 horizontal lines (magenta dot color) that represents 2 'starting curves' from price history. So, that 2 previous 'starting curves' still active and AUDUSD will visiting there again some day in the future.

3. Regarding condition at point 2, when that 'up' bomb signal show up at point 3. I entry Long at that 1st M30 bullish candle, and add 1 more long entry at 2nd bullish candle when i see 'her' bottom wick can't 'touch' the horizontal magenta line that came from current 'up' signal

4. When this 'down' signal show up, i'm not close my current long entry (for this i also check higher TF, I'll explained later), so, i just open short entry to 'hedge' my long positions.

5.6.7 this 'hedge' and 'valve release' repeated according to latest signals. You can also 'see' that at point 4, 5, and 6, the 'curve' for that price already 'closed' and done. But for point 7 and all signal after that still active until now.

Finally just now, (around hour ago), price curve from point 1 also 'closed' and done. and that is my 'actual' target, but i keep my long positions for a while, because higher TF tell me where the price movement might go...

let we 'see' AUDUSD H4, remember that this sequencer don't need any setting at all, so just switch it to any TF, and 'she' will show 'her' boob.. ops sorry i meant bomb.. lol.

now you 'see' that yellow horiz and vertic line is the cross from TF M30 pointing that 'starting curve' of signaling price that i explaining at point 1 above. In H4 point of view, we see that the next bearish candle also has 'down' bomb signal.. and her curve signal still active right now.

At Point A and B, there are 2 active lines from previous history 'up' signal, and at point C and D you can see 2 active horiz lines from previous history 'down' signal. so logically AUDUSD will move inside that limit areas...

I hope with my bad English explanation like this, you can still understand what i meant..
keep learning my friend, because this is the best thread to learn the 'real' one.

Happy trading and best regards
MTH

Hi My Friend,

Visually you can imagine that every 'prices' are starting point of parabolic curves with their own 'trajectory' there is big curve and small curve and big curve always consist of several small curves until the smallest curves that not trade-able for us (retail traders) but still profitable for HFT companies out there..
this smallest curve that only one 'tick' up and one 'tick' down are 'fractal' that become component or building block of bigger 'fractal' and so on .. to create biggest 'fractal' that need several years elapse time.

This Probability Sub-Sequences is the way to 'mark' where the 'demand' or 'supply' start, it just similar to supply demand indicator, but the important different is, if Supply demand Indicator 'marking' history supply demand areas, while this PSS indicator, mark new supply or new demand, and following 'their' curve until met their counter part (another supply /demand) that will create turning point and move back to their own starting point. (every one of it).

You can see this example of GBPUSD H4 and the explanation about 'fractal' curves;

Attached Image (click to enlarge)

Of course your probability sub-sequences 'accuracy' calculation will determine the way this 'real' curves appear visually in your chart. The Key is, if the 'starting' point of the curve 'appear' in several time frames in same position, then the probability that this one become 'perfect curve' will be higher.

hope it help and best regards
MTH

My Friend you can search wikipedia for real analysis and sub-sequences and with n=2 that meant both must be in equal length

and 0>1>2 or 0<1<2 is one combination not 2 because it's branching to up or down. 0-1 =-1 1-2 =-1 or 2-1=1 1-0=1 the result is equal.

you miss this 6>6>12

and yes all of sequence is 22 but i don't use 0 > 6 > 12 or 0 < 6 < 12 because with 21 sequences I already reach 100% stage, so no need to sequencing further..

Hope it help and best regards
MTH

You keep coming up with great and interesting concepts. 🙂

Because n=2 we get n+1=3 long subsequences.

The 21 linear sub-sequences are:

0<1<2
1<2<3
2<3<4
3<4<5
4<5<6
5<6<7
6<7<8
7<8<9
8<9<10
9<10<11
10<11<12 ------> **11 subs**

0<2<4
2<4<6
4<6<8
6<8<10
8<10<12 ------> **5 subs**

0<3<6
3<6<9
6<9<12 -----> **3 subs**

0<4<8
4<8<12 ----> **2 subs**

0<6<12 ----> **1 sub**, this is optional as mentioned by Kiads, no need because already 100% (not sure what this means)

So now we have the 11+5+3+2=21 sub-sequences. For > do the same.

The prime numbers with your 010101.. pattern are (although some are not real primes): 3 13 23 43 53 73 83 103 113 133 143 163 173 193 203 223 233 253 263 283 293 313 323 343 353 373 383 403 413.

> ⌜⌜ *Quoting Kiads*
> and when we applied this 413 bars to our 21 sub-sequences of 13 bars (from 0 to 12), we will get probability in exactly 99.750% for all TF with bias step of 0.250% or if you understand basis point this is 1/10 basis point in financial world. or 1/400 of 100%.

How do we apply this? Since we look back for 13 bars of the prime number candles, do we look only on candles that are identified with prime numbers with a 1 and the 0 prime candles are skipped? Because the sum of 0101.. gives exactly 13. So we look only back for example on candles # 23,53,83,113,143,173,203, and so on?

Is this correct?

> ⌜⌜ *Quoting JuriFX*
> {quote} You keep coming up with great and interesting concepts. 🙂 Because n=2 we get n+1=3 lo
> 1<2<3 2<3<4 3<4<5 4<5<6 5<6<7 6<7<8 7<8<9 8<9<10 9<10<11 10<11<12 ------> 11 subs
> 0<3<6 3<6<9 6<9<12 -----> 3 subs 0<4<8 4<8<12 ----> 2 subs 0<6<12 ----> 1 sub, this is optic
> 100% (not sure what this means) So now we have the 11+5+3+2=21 sub-sequences. For > do the

🙂

then sort the directions of that candles to determine the next direction probabilities..... 🙂

MTH

The End