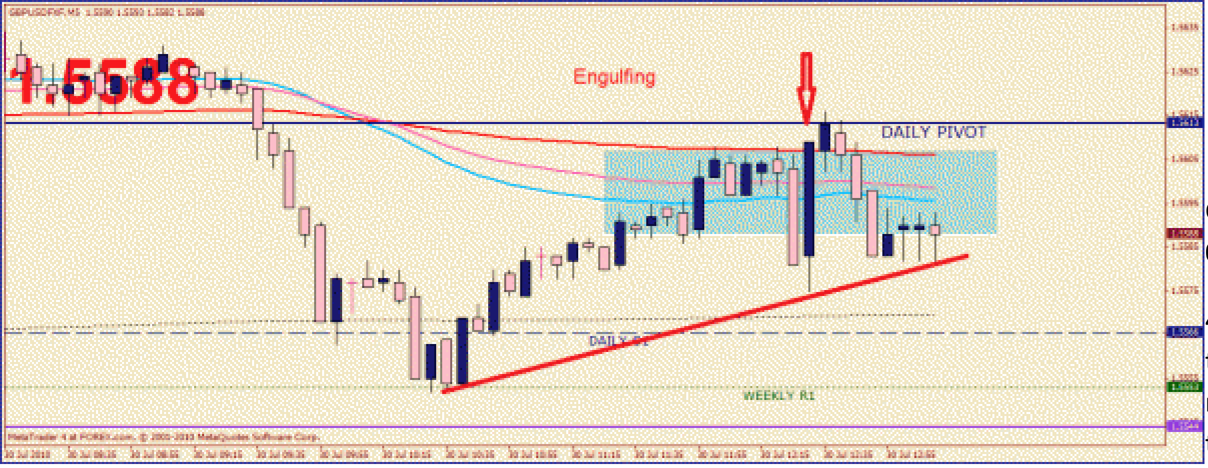


Cloggie lesson on 073010

4xstar - It's one of those days .. no matter which way I think she will go, she does the opposite ... then reverses and goes the way I originally thought, after I am out .. or reversed.
Havn't had a day like this in awhile .. rather discouraging but I guess it is not a good idea to even be trading while there is no clear confirmation of direction...

Cloggie - I disagree, we had an open today below the DP setting us up for a drop, Franky gave us the customary fake and London set the direction, reached my target, consolidated and is returning. Today is actually one of the first "normal" days in a while since summer trading started, just on a smaller scale, without the customary 150 pip move.

Wish I could see it as clearly as you do!

4xstar - I was short .. franky scared me out, I went long on retrace, got stopped out, did not go short again .. then she plumeted and my original short would have paid nicely.
I went long, got stopped out, went long again, stopped out. Gave up going long .. and NOW she retraces

back up!
If today is 'normal' I don't want any more normal days LOL

Cloggie - The day opened below the pivot indicating a down day, Franky always gives us a fake (90% of the time) so that should not have caught you out. Franky failed to break the top and the london open set a mini range which you could have traded as a breakout. RIght now we are waiting to see what NY gives us for a direction before the dollar sell of starts this afternoon. Let it consolidate during the open here and trade the break, if she goes down we are looking at a new low, if NY holds her up in anticipation of the sell off in dollar this afternoon we are looking at 5632 and the high again. Just don't take a new position now, let it tell you the way in the next 15 minutes.

Looking at your daily this morning would have identified the spinning top and evening star making the likelyhood of any longs pretty remote.

Your key right now is the DP, if NY fails to breach it we are staying below it.

4xstar - My bias was short .. but I got faked out, story of my life! Frankfurt rose to .5638 right? Then she surged to high of day at LO .. just want to make sure I have my times right. YOu say LO set a mini range .. looks like from open (if the open was the high of day) she went down from there with one retracement .. so I don't get 'playing a mini range' I just see staying short and maybe adding at that surge would have

paid...
And then out at the S1.

Cloggie - Franky gave us the fake but did not have the volume to break it, London brought it straight back to the day's open and ranged between the pivot and 5632. The pivot gave way and she headed to 5564, overshooting it slightly, consolidated and attempting now to bring it back to the pivot. If NY respects that pivot we should see a mini range here forming on the M5 which you can then use as a break out to trade, if she breaks to the bottom we will see the Low again, NY likes to fill the range. If she breaks to the top and the DP gives 5632 comes back in and NY and London will have the volume to bring it back to the top once more.

Right now we are forming a range from 5596-5608, trade the break, being mindful of a fakeout.

A normal non-summer's day gives us the Franky fake, the London break, the consolidation then either the return or continuation and NY setting either the high or low, all you need to do is figure out whether the day is pretty normal, news not withstanding and what happens after the consolidation phase of the London break. Then repeat on the NY open.

4xstar - How can you tell when it is a fakeout .. I think this is one of my weak spots, the fakeouts always fake me out...
Is it when price surges 'too quickly' in one direction or another? How do you confirm if fakeout or new direction .. wait for next 5 min bar to close?

Cloggie - Because 90% of the breaks have a test, a break and a continuation, just don't get caught out by the test turning into a fake, if a range goes don't jump on the first break of it, make sure it is retested before it continues.

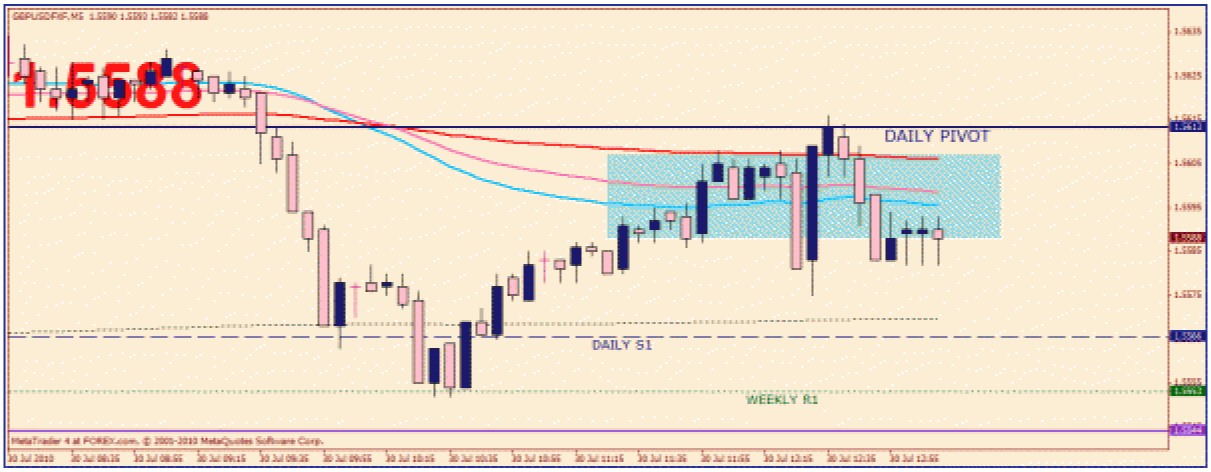
4xstar - She plumeted then reversed back up just as quickly .. which one is the fakeout??

Cloggie - The first is a fake, because the test failed and brought us back in the range. she broke support and failed the test as resistance. For a break to the downside to be valid the support needs to become resistance. At this point for a break to the North the DP needs to become support so we want to see a break of 5609, don't trade it yet because the DP is so close, wait for the DP to go and form support then look at 5632 next. If the DP holds expect it to return into the same range from earlier and see if the next break is a valid one. At that point we are looking at 5587 and 5564 again. Just don't jump the gun on the open, especially when it coincides with major news like today.

Today is a beautiful NY text book open, 2 fakeouts having taken out plenty of retail stops and had the noobs jump on long bars in the wrong direction, it will now go back into its box and you can trade the break of that one. Patience is the key, don't be too worried about missing the run on the first bar, I call it the suckerbar.

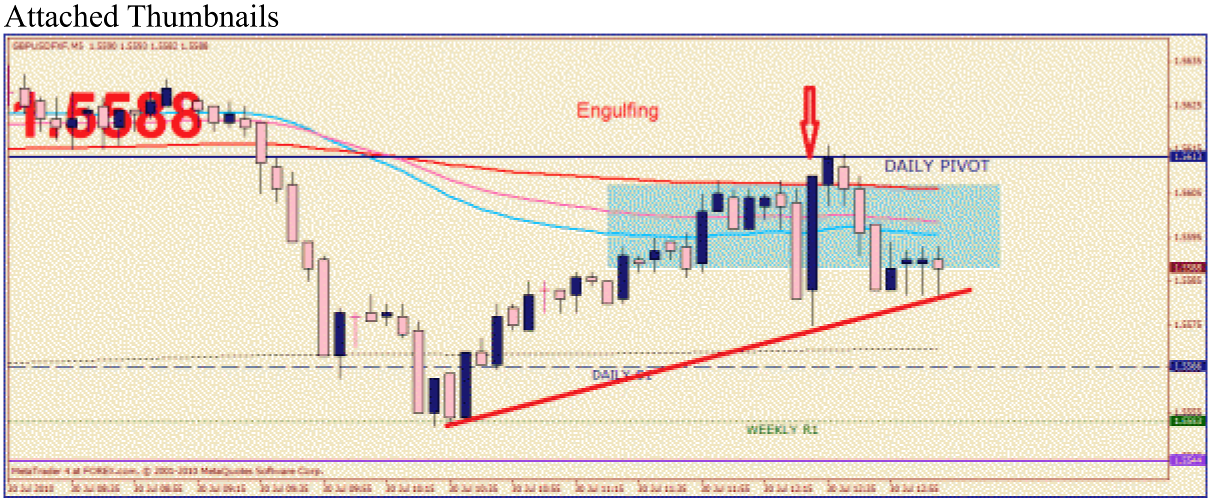
4xstar - You know, I think I'm beginning to see it ...
I was 'almost' there .. & now maybe the missing pieces have been filled in .. I sure hope so!

The blue area below would be the 'box' right? So you wait through all the jumping around, should consolidate inside the box, then wait for a breakout with a test .. ?
Attached Thumbnails



Cloggie - You got it. Make the box a bit taller, include the DP and add a TL from the low to give you another indicator. That gives you a nice triangle to use as breakout. And be mindful of that bullish engulfing on the M5, the low is still supported so it is still valid.

Attached Thumbnails



Easy money, just don't jump the gun and once the break occurs and resistance becomes support or vice versa that is where your stop goes. There are 2 ways of trading setups like this, the high risk one is the TL, the low risk is the break of the range. All depends on your strategy. If you trade the TL, your first target is the top of the range and stops just below the TL, once the range goes, stops to the break. Opens that forms ranges are scalpers paradise, just keep trading the box.

One thing is for sure though, don't go shorting this support, not yet, the TL and box both need to go for a short to have any chance. The safest trade is always to wait for a river to flow and join the ride, anticipating breaks is just stressful and leads to unnecessary stopped out trades, both because of stops being hit and because a trader will sit there staring at his screen while the insecurity mounts and ends up closing it manually only for his trade to go in his direction after all once the break does happen.

Waiting for the DP to go next and I will move my stop. Eyes next on 5632, once that goes, the stop goes there. Testing the DP now, stop halfway in the box (+18), trade is in profit and can run free now. The break of the box is textbook, we had a fake and are back in the box for another try. Key level here is 5609, the top of the earlier bullish engulfing.

Stop moved to just below the DP 30 locked in, looking at 5632 next, top of the LO range.

Done, closed for 52

You use exactly what I talked you through on the NY open, keep finding boxes on your charts and trade your trend as a series of boxes, keep stacking them up and as long as the tower does not tumble over stay in. Also keep drawing new TL's on the lower TF and use them as your supports. Oh and forget the indies, they just confuse you and force you to get out early because the d@mn things show overbought in no time when there is still 100 pips to run. If you are late in the day and see that a trend has started without you, just find the next box and use the breakout of that as your entry to a trend that has been going for a while. And keep in mind Cable likes fibs, put up one for the day's range and see where we ended up. (watch that 50 momentum level, that is always the biggie)

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I never trade Franky, I just watch it to see if London catches on or not. Franky does not have the volume to break major levels and if London does not join the Franky ride (which it rarely does) you can discount the move from 0600-0700 GMT as a Franky fake and focus on the London break. There are loads of different ways of trading the London open, I just set a range and trade the break out. And like today Franky could not break the high and as the day opened below the pivot I did not even wait for a range to form and just got in short on the London open as soon as the Resistance held.

The biggest problem "newer" traders have is riding larger moves and for that you really need to know your SR's and how PA interacts with them to have the confidence to stay in and to know when and where to move your stops so you only get stopped when the intraday trend changes and not when you get the odd spike in the PA. I see a larger move as we had today as a series of smaller ranges that form and as long as they continue to break in the direction of the trend I stay in and move my stops as soon as the breakout resistance forms as support and continue to do that for as long as the move holds. Once in a run I hardly look or think about the "top" I just let the SR's decide

You got it, that's how you judge when to stay in and when to get out. Who needs indies? The only thing you need to realise is that the entire hour from 0500-0600 GMT is the Franky Open, not just the one bar at 0500. So box in the hour from 0500-0600 and then see what London does with that.

Little boxes are a wonderful tool in the toolbox, spend the weekend drawing them around the Franky, London and NY open for the last few weeks, it will be an eye opener. It goes back to the simple workings of the 3 opens, especially London, they collect orders all night long and start throwing themY in the market when they open. So knowing where it is going is vital for your first trade of the day.

> Originally Posted by **4xStar**
> *Insert>>Shapes>>Rectangle ... and choose the right bg color for your chart.*

Another handy one is CTRL-Y, that puts the open candle on for you. On sub H1 it gives you the day and on H4+ it gives you the week.

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Look back on Friday's NY open move, the lTL held the price up and once the 50 went (5603) we made it all the way to the 161.8 (5720). Now have a look at the retraces within the last few weeks, the price retraces to the 50 once a daily high is formed quite a few times. I am not saying that fibs are the key secret to trading Cable, but she does like daily fibs and they keep coming back. Only one more tool in the tool box really. Look at the last retrace on the daily 4947-5470, it retraced inititally to the 50, which held was tested once more, failed briefly (due to news spike) only to bounce of the 38 and extended close to the 150 (12 pips to go). Cable will keep doing that, it just a matter of finding the right fib levels and keep an eye on the PA once a daily high is reached or once a daily hi/lo is reached during the Franky/London session and then seeing where NY takes her, using the intermediates as SR's to determine whether to stay in or take your profits and always keeping an eye on the 50, once that goes either way your trade is looking pretty good. Purely as a fib play, we need to see if the open tonight gives us a retrace to 5648 on the hourly. Will I be trading this tonight? No, I will keep an eye on it just because it is something to do, but I rarely trade the Sunday open, bit thin for my liking. But if we see a retrace to 5635 tonight, based on the 50 then a franky fake tomorrow and a nice LO will give us another test of the high, so that is one scenario I will be looking at for tomorrow. IF that scenario does play out I will be looking for 5760 and 5785, but let's see where TY takes us first before I am going to commit.

Looking at the weekly now, we had a break of 5522 so fib wise we need to keep an eye on 5829, which beautifully coincides with earlier SR of 5831 on the weekly.

So is every day a fib day, no but it is part of my planning during the Franky to see if the fib levels are respected and if so then we could have a nice fib setup, if they are not, I will keep them on my charts just as a secondary play while I figure out what the big boys really want and what they are looking at for the day. You'd be surprised how often a perceived failure of fib play comes back into action once the orders have gone through for the LO. I really like the days where fib levels coincide with either pivot levels or major SR's on H1/H4, then once the 50 goes it is like taking candy from a baby. The 50 just reinforces the old adage to keep buying the rally.

> Originally Posted by **mdiz2**
> *Thank you for all the info you shared on friday. I took your advice and have been putting boxes on a bar chart this weekend to get a feel for how price moves. It is amazing how using the boxes helps to get a view of price movement.*
>
> *My question is, does the information you shared apply mostly to the gbpusd as far as frankie fake outs or does the same thing happen with other pairs?*

All currencies have the same in some form, it is just the nature of the market. Franky puts its overnight orders out to market when it opens and London will do the same, the FX market is just build around London, that's where the volume is. Lots of Asian customers will collect their needs for currencies, both from a order perspective and from a speculator perspective and use the overlap with Franky and London to clear them. London just gives traders the volume to fill orders. Price moves due to the hot potato principle, orders get passed around and arbritaged, therefor it moves, and for that to happen you need volume, the opens are great for identifying a break and join the flow.

Breakout trading, if done properly, is very profitable for two reasons, one you join the crowd and two it keeps you out of trades when she is just consolidating or ranging.

If you ever have a chance to visit a trading floor and look at what the pros are looking at you will be gobsmacked. Indy's are a crutch invented for noobs to make them feel good.

In a nutshell, find the trend on the London open, trade the break, find the next area of consolidation, if she breaks in your direction stay in, if she goes opposite close your trade and trade in the opposite direction, find consolidation, it it breaks in your direction stay in. Doing this you will catch 90% of the day's move in both directions, just keep seeing what price does at major levels and judge whether to stay in or get out. Drawing little boxes or a couple of lines give you guidance in getting the hang of reading PA, the rest is just chartgazing.

M's and W's are powerful pattern indicators of an intermediate direction and are helpful keeping you on the right side of the market. Having a W form after a large momentum bar keeps you out of shorting the bottom.

Originally Posted by **chitindu**
thanx cloggie, how do analysis w and M mentioned in ur previous posts.

Open any chart as a line chart and look for them. IF a momentum bar failes and forms a M or W you know not to trade with the bar.

You need to really study price patterns now to make it even more effective, you will be able to get out of your trades without it even breaking your box.

All depends on your strategy, for me the M1 is noise and I ignore it, H1/M30 are the triggers and M5/15 the entries for day trading. My TL's and levels for the day's plan always go on M30. Breakout goes on M5/15 because they are the entries.

> Originally Posted by **chitindu**
> *please could you tell me how you plan your entries and exits.*

You identify an area of consolidation on a lower TF and you enter once that breaks in the direction of the larger TF. You don't have to start at the LO, you can start at any point in the day, Identify the trend on M30/H1 and take your first entry on the break of M5/15 consolidation in the same direction, find the next area and stay in if the break remains in the same direction, get out if it doesn't, rinse and repeat. That is how you trade price. Once you get the hang of that you need to really study and understand price patterns, as in candle and candle formation to fine tune PA trading.

The nice thing about putting up boxes is that you will look at price directly in relation to levels, you will quickly see when it fakes on you, you will quickly see when it tops out, you will quickly see when it reverses, you will never ever let a green trade go red on you again, you will never ever carry a loser ever again. One little box will tell you all of that in a nutshell, irrelevant of any Indy. By the time an Indy tells you what to do we price traders have been and gone. On a good day with no news you will be able to get in within 10 pips or so of the top and out within 10 of the bottom. I use mutliple screens and sometimes have 8 trades going at ones on different pairs. All easily watched and managed, with multiple trades I do put my boxes up at the big levels.

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For 100 years that's how every body traded until some muppets invented Indy's, the price behaviour of currencies has not changed since it was first traded 600 years ago. Indy's are just there to make brokers money, they just tell you what has happened and give you a visual representation, who cares, I can see that in the price itself and don't need a christmas tree to tell me.

Look at the posts on here, plenty of people posting charts with signals that have come dozens or even 100 pips after the fact.

The box is not a trading system, it is just a visual aid to help you focus on what is important, price. 4X was a sceptic and now she takes home 75-100 pips a day ignoring all her indy's.

The beauty is that it is free, takes nothing to understand or learn and it focuses you on what really moves currencies, the price. All else is secondary.

You hit the nail on the head there, it focuses your mind on the current price and it's interaction with levels and SR's. It breaks down the vast amount of information to manageable levels.

However it is slighlty losing its original purpose from last week. I came up with it originally to trade the breakout from the London and continuously stack up the boxes with the trend to identify when the London break starts to consolidate. That consolidation phase is key to see if the box breaks out as a continuation or whether London breaks it back. Then the NY comes around and you can use the same principle for the NY break, catch the breakout and stay in as long as the stack of boxes continues to break in the direction of the original breakout.

Now some are seeing boxes everywhere and use it to trade any and all breakout. That is fine to use at any point during the day, however at that point you should only trade the break of a consolidation area in the direction of the trend on the higher TF's. So right now we have an area of consolidation that has formed after the London break moved us down, this would be an ideal location to see whether the consolidation leads to a reversal or a continuation of the trend set by London.

Cable moves in fairly set stages during the normal trading day, finding them makes trading Cable very profitable. I have alluded to them several times this year: London break, consolidation, continuation/reversal, NY break, NY sets the hi/lo, NY fills the range, TY retraces. These little boxes, or areas of interest, or consolidation areas between SR's, whatever you call it are very good to help you identify whether Cable is following the norm and which way it is going.

Boxes around news is also very profitable, set the range based on the M15 before, which is usually a pretty good indicator of what the big boys know about the news release and is often a positioning for the news release, then wait for the news whipsaw to complete, envelop the entire news moves and trade the break, it again focuses you to see whether the news reverses the trend or continues it after it has settled down a bit.

The whole point of boxes was to help traders identify PA and its interaction. A big part of box trading is knowing candle and price patterns. It also shows you how Cable generally gives you a fake 'n shake, a fakeout of a break that 80-90% of the time brings price back within the range, don't adjust your range for the fakeouts, leave them outside your range box so it remains visual for you in future.

Look at some of 4X's charts she has posted in the last week, they are a series of boxes, a series of ranges that she has identified and is able to use to judge whether to stay in a trade or get out. Her charts also clearly show where the tops and bottoms are for her trades. Since using this 4X has managed to get 75+ pips a day out of her, if you can do that you will succeed in this game.

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Box trading is a very simple solution for the biggest problem facing newbies: getting out of a trade too soon. Continuous breakouts will keep you in a trade for as long as the trend on the lower TF continues. You will end up with trades that make you 50+ pips each and once you get out, you will know that a reversal is imminent and you feel confident taking your profits there.

As setup and entry guide it also keeps you from picking tops and bottoms, you won't enter a trade until the direction is confirmed, yes you will miss out on the first 10-15 pips, but who cares if you catch the next 20-50 consistantly.

Price never moves in a straight line and identifying the possible areas of continuation/consolidation and how price reacts within it keeps you out of possible losers and allows you to let your winners run.

Caveat: simply taking every break of a box as a trade will not be a winning strategy, you will need to learn how the PA interacts with your chosen levels, and you will need to learn to pick the right levels.

But at least you are thinking about it and using the ranges as your guide until you do get the hang of it. As a rule of thumb, every level will have a test, a fake, a retest and then a break with a retest from the other side before it continues. Learning to trade using price is very rewarding and profitable, you will be ahead of any Indy out there. You see what price does when it happens, not after the fact when an Indy decides to show you.

Yup, key is 560-ish and any break is only valid if any retrace stays below the 50% mark of the broad side.

It is called a right angled broadening top as the bottom is flat.

For the drop not to be considered a partial, it will need to move down at least 50% of the broad side, so right now we need any move down to exceed 5590 and any retrace to stop at 5645.

Unlike pawpaw, don't trade this in anticipation as any trade without it breaking will just stay inside the top. It has now formed perfectly with 2 touches on each end, so just sit back and wait for a break in either direction keeping an eye on the 50 extension.

Of course while it sits here there is nothing wrong with scalping the inside of it. If you do your key will be the 50 retrace within the top of 5645, any rejection on that indicates a reversal to the opposite side of the top.


GBPUSD,M15 1.56338 1.56436 1.56198 1.56245
0.0 1.56721
23.6 1.56592
38.2 1.56512
50.0 1.56448
61.8 1.56383
76.4 1.56304
100.0 1.56175
123.6 1.56046
138.2 1.55966
150.0 1.55901
161.8 1.55837
261.8 1.55290
FXCM MT4, © 2001-2010 MetaQuotes Software Corp.
18 Aug 2010
18 Aug 17:45
18 Aug 19:45
18 Aug 21:45
18 Aug 23:45
19 Aug 01:45
19 Aug 03:45
19 Aug 05:45
19 Aug 07:45
19 Aug 09:45
19 Aug 11:45
19 Aug 13:45
19 Aug 15:45

It is one of those things that is just ingrained in the market over time. Most portfolios and funds need rebalancing at the end of the month to keep to their allocation of assets within the portfolio. This and last month was a great example as the DOW had moved so much in a single direction over the month to anticipate a good rebalancing effect in currencies. Keeping an eye on the DOW, CHF, USD, GBP and EUR will give you a very good and obvious indication of where each currency is going to go. It really is just correlation trading, but a bit simpler as the only influence is the DOW itself.

So if you have a steady increase of the DOW during the month you can expect the big boys to sell of shares and indices to bring the ratio down in their portfolio and vice versa, the currencies will move either fully correlated or uncorrelated depending on which one you are tracking. If you just talk about the dollar as it is the pair in both fibre and cable a rebalancing to the upside, as today would see a corresponding drop in dollar and a correlated increase in both fibre and cable.

Most portfolios start thier rebalancing at 1500 GMT to catch the last 30 of the LSE and the rest for the NYSE. That is just a time that was historically used.

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One way to exploit that is keep a DOW chart and a Dixy chart open on the last friday of the month and use pure correlation trading for the market moves in EUR, GBP, USD, CHF. Go back over your history and you can see how beautiful that works out.

The whole debate is whether to sell the fish or actually teach the man to fish himself. I know what I do. I am not here to win a popularity contest (quite the contrary).

Like pipchick said, back to the trading debate.

Almost, rebalancing is a clearer correlation, we had a solid month of decline in the DOW so the end of the month the large portfolios and ETF's need to add physical shares and indices to maintain their asset allocation model. That means that on the last friday of a declining month shares and indices will be bought heavily to make up for the shortfal, that means that dollars will be sold and shares bought, Dow up, dollar down.

Correlation trading is actually one of the projects on my list for this year, just have not gotten around to it yet. If you google "cluster trading" and "basket trading" there is plenty of info out there to read up on. Or more in general form google "stat arb trading" and "Black-Scholes", which is the principle that most quants are based on. In general it is the partial differential between 2 correlated instruments.

So in the case of GU, you look at EU and EG and see which one of the 3 is out of sync and trade it accordingly.

Both UC and uCAD are good indicators to see where the dollar is going and whether a rise in EU is a strength of the euro or a weakness of the dollar, so is the Dixy and GB index.

When I start the morning, I find my handful of pairs that could be of interest for the day's trading, I then have a look at the fundamentals to see what is happening and where the strengths and weaknesses are, I then look at the correlated pairs and other instruments for confirmation of that thought process. I then find my intraday trends and list my SR's in order of importance, I grade them on what interaction I would suspect around them. I use TL's, Fibs, SR's and pivots for those. That's how I build my trading day.

The fundies, the larger TF's, the correlated pairs, commodities, equities, T-bills, ETF's, indices, futures, M2/3 money supplies, and the list goes on.

Cable does not live in a vacuum, it can't, it reacts based on external influences and the more you are aware of the externals, the easier it is to trade.

Know why she moves, Sterling strength or Dollar weakness is a good start. Then find the correlation and the obvious SR's then just trade one side of the pair.

When I take a trade, I do so on either the weakness or strength of half the pair based on everything else out there, and I judge the interaction with the SR levels as they come.

On most days the dollar is the driver, today sterling was, at least for most of it.

No it is simpler then that, when the news is bad, traders want to hold the safe currencies, USD, CHF, YEN. When the news is good, they need to put that money to work, they don't get paid for holding cash, so they sell of the safe currencies and buy equities and other risk.

Correct, when times are bad you hold cash, gold and silver, when times are good you need to put that money to work so you buy risk and sell the cash. So on good news you see dollar, yen, swissy, gold down and oil, crosscurrencies, equities up.

Holding cash does not pay the bills, so when the economy is growing and the news is good, you need to put that cash to work so you sell the cash and buy the riskier investments. You also need to keep in mind that most of the big MF's are not allowed to short stocks, they can only unwind their positions into cash, so they don't make an income, they start buying stocks again when the news is good and they sell of their cash piles, that's where the currency traders make the money.

The criteria for risk aversion are different for every fund, I just look at the general picture of the current risk, today was a risk-on day. Equities was the driver.

You need to evaluate the appetite for risk in the market by judging how the riskier instruments fare versus the risk aversion instruments, Gold and Equities are a good first indication, then look at CHF, USD, YEN and see the correlation to the risk and judge the currency crosses accordingly. Then place your trade. It is just a matter of figuring out what the big boys are looking at, or just do what BBmac does and follow the money.

I TP'ed all my short dollar trades and am keeping an eye now on equities and gold to see if it warrants further trades today.

The big turt in the punchbowl is the outflow of equity funds that just keeps continuing, it shows that the consumer has no confidence in the rally and that the big boys are using any bit of news to sustain it.

Google ICI reports and you'll see what I mean.

2.75-2.85 is still the area to watch for those trading uJ, if you don't have a data feed showing yields, put ^tnx (10 yr yields) into yahoo finance and you will get the attached. uJ cannot reverse without yields doing so first.

That's how to use the proper correlation in trading.

On equity driven days, uCAD is always a good indicator of risk appetite, equities up while uCAD is dropping means don't go shorting Cable just yet, couple that with a bit of good news this morning from the UK and you have a simple correlated trade that should keep you on the right side of the intraday trend.

Statistically a "normal" cable day has a Franky Fake (20-40 pips) a London Break (80-120 pips) an area of consolidation then barring any news or equity sell of a reversal close to the open, then NY wants to set either the hi/lo and fill the range and TY gives us the retrace with a SY fake beforehand.

Now that is a very general view, but it should break down your day into distinct sections that you can identify and trade accordingly.

There are very distinct times during the day that you don't enter intra day trades, just scalps. They are the Franky open, the London Open, the NY open, the London close and the NY close. You can spot them very distinctly in the price and they generally are areas of consolidation until the change in volume is absorbed and a further direction comes out as result.

From Magix

Can't take every cross...they don't all pay.

If you apply the same strategy during Asian session or after NY closes, them lines weave, make ya go funny. And if that was the only thing you watched, you would run out of money chasing direction.

Throwing a 1000EMA onto your 1m chart will help keep you in the skinny. 1000 being the 200 from the 5m, if 200 is above, long chart, if 200 is below, short chart...watch for triggers and don't be to greedy.

Once you have seen a hi or lo for the day put up 30 pip lines from either and you will see how the 30 pip ranges look like for the day.

Today we had a high of 6090 and a low of 6000, so lines at 6030, 6060 would break it down for the day, then look for the obvious SR's around them and finetune them, that will give you 6044, now take 30 from there and you get 6067, which corresponds to another SR, there you go a range, a trigger and a target, now just wait for price to move and of you go.

Once you get used to seeing a day this way, finding obvious areas of interest becomes second nature and a piece of p!ss.

Once she moves 30 pips out of a range just hang back and see if you can get a double for free, otherwise take your profit. Now all you need is some basic PA reading skills and trading cable is profitable, just mind the whipsaws, once you have seen a few thousand of them you know how she reacts.

Just go back to how Wormy and I play the levels and make up our mind pretty quick whether to get out or stay in. Even on a cr@p day like today there have been very clear 30 pip moves that you could have caught easily. Just get rid of the indicators and ignore the noise of whipsaws. Also each day has one price that is key throughout, today it has been 6044. The second important price of the day is 6067, that played part as continuation, ranges, targets and confirmed breakouts of tops and bottoms, pivot of the majority of the days priceaction. The minor ones for the day are the top and bottom, 6052 and 6029. Those are 6 prices in total for the entire day's play, put them on a piece of paper and sketch how the price moved between them all, that will give you a noisefree picture of the action.

Both Fibre and Cable follow very set patterns during the day and I have gone over them dozens of times before. London breaks, moves a multiple of 30 (usually 60-90), consolidates and reverses then NY sets the extremes and TY reverses it.

if u c daily=H4 but not align/not confirm yet with weekly = trend still ranging mode where scalping vs the intra day should be in play for min 100-150pips movement from H4 hight. Use M15 vs H1 to confirm on this H4=Daily formation.

if u c daily=H4=weekly trend aigned, then it will make some drastic movement where intra n swing should be in play for min 200-500pips movement from H4 high. Use M15 & H1 to confirm on this formation.

example today, double top daily=H4 cross formation where ranging could end n it may drop min 100-150 from that current H4 high....

HOW TO FIND LEVELS

You need to start at the biggest picture, weekly and monthly and work your way all the way down to the 15. The good triggers are not the tops and bottoms but the areas where the momentum caused the top and bottom. So you find your previous breakouts of consolidation areas to form a top or bottom. Then you look at the current picture and find the areas of consolidation and identify the triggers that would force the stampede to the next hurdle.

Risk on, look at equities, good news means equities up, dollar in excess supply, euro up. There is easy money to be made on good news releases, just watch the equities and buy the dips when they rally.

On this thread the !d!ots are outdoing the muppets in the race to the bottom. Patience is a rare commodity in the noobs posting here. Trading is not rocket science, wait for a confirmed direction and ride the "fat" part of the move, once she starts thinning out, take your profit and wait for the next train, rinse and repeat. Don't buy the resistance and don't sell the support, wait for a break, anticipate the fakeout and ride the confirmed test of the alternate, when resistance becomes support and vice versa. No Indies required, just a couple of lines and a few areas of interest, price will do the rest for you.

Normal trading sessions are from 08:00 to 16:30 every day of the week except Saturdays, Sundays and holidays declared by the Exchange in advance. The detailed schedule is as follows:

Trade Reporting 07:15 - 07:50

Opening Auction 07:50 - 08:00

Continuous Trading 08:00 - 16:20

VWAP 16:20 - 16:30

Closing Auction 16:30 - 16:35

Order Maintenance 16:35 - 17:00

Trade Reporting Only 17:00 - 17:15

Holidays are currently: New Year's Day, Easter, May Bank Holiday, Spring Bank Holiday, Summer Bank Holiday, and Christmas.

Note that UK Time is Greenwich Mean Time (GMT), with daylight-saving time observed.

Whenever your trade turns into an entry in the other direction or enters a range, but not every range warrants an exit unless it breaks in the opposite direction of your original trade.

By all means manage your trade using either 33-33-33 or 50-50, but don't cover it unless it warrants it.

So don't close your trade entirely unless you would enter in the opposite direction or unless the PA enters a range where you normally would not enter in either direction, all news not withstanding.

You need to start at the biggest picture, weekly and monthly and work your way all the way down to the 15. The good triggers are not the tops and bottoms but the areas where the momentum caused the top and bottom. So you find your previous breakouts of consolidation areas to form a top or bottom. Then you look at the current picture and find the areas of consolidation and identify the triggers that would force the stampede to the next hurdle.

Order yourself the book "futures, options and swaps" by Kolb and Overdahl. It is very technical guide to the futures market, but it very eloquently details what hedging is and how to hedge in your trading, same currency hedging is quickly and efficiently discounted.

But eh, don't let the professionals get in the way of a good retail myth, what do they know.

Supposedly you identified a pattern on the M5 that gave you a setup for a short, you enter the short with a target of say 30 pips, now keep an eye on the 15 and see if that same or similar pattern develops on the 15 that gives you a reason to stay in with a possible target of 90 pips. Then have a look at the 30 and so on. The reverse is true also, a pattern on the 30 can be validated on the 15 and 5.

An example is TL breaks, find the one on the 5 that gives you the entry, find the one on the 15 that gives you the continuation, go to the 30 and so on. Another one is the levels I keep harping on about, find the trigger and target on the 5, find the next one on the 15 and the 30 and see if she continues, doing that will get your entries closer to tops and bottoms and keeps you from exiting too early.

I use smaller TF progressions, linear, exponential and logarithmic to do the same thing.

Never ever enter a trade before the london open, let the Franky fake do its thing and then enter on a solid break of the london range. Asia always corrects 90% of the time and Pivot play is crucial there.

Again you are trading in anticipation and not let the market give you a clear direction for fear of missing out on the first 5 pips.

That's wrong too, it does not show the right time for welly and SY pre-open as a starter, gave up looking at the rest once I found those two wrong.

There is only one source, and that is the indiviual websites of the exchanges themselves. Go look for them, there is loads of other interesting info on each of them you can use in your day to day trading.

This site is the closest I have come across to being right: good old Wiki However, this one also has errors in it, such as SY and Singapore.

Like I said, you need to look for the right times yourself, in trading never ever assume what you read on here is gospel.

You need to know the exact opens and how they respond, Franky open fakes London, Chicago open fakes NY, Welly open fakes SY, SY open and Singapore open fake TY, etc.

Hotspot, Currenex, EBS, FIX protocols. Comercial brokers

Risk again, good auction, no default, safe to park a few bill in euro again, euro up, at that moment in time it is looking a little less ugly then the dollar is.

Look at in a different way, money flow. A large manager sits on a few billion in cash, all dollars (as most do), there is a bit of good news, so he needs to put that cash to use, so he buys equities, flooding the dollar market, driving the dollar down, if there is no news from the EU, then the euro will go up as a result.

Everything is linked and there is always a cause and effect, don't see EURUSD as a singular, it is a pair and either half can move the price.

The best days to news trade are the interest rate hikes, buy the sh!t out of the half hiking and NFP, loads better, euro will soar, loads worse, euro will fall.

You got it, in a nutshell, "(tick)volume" in FX is the number of price changes and the ticks are added to "show" "volume" but does not reflect "real" volume. You can have a low tick volume but still have a couple of yard getting through at one bid/ask. Measuring ticks to get volume just means that there are different bids/asks lined up at different prices, it does not reflect in any way how big those bid/asks are. That is the difference with true volume where you do know the size. Tick volume just tells you there are different bids lined up, therefore you have no clue whether they are a 1 mill retail order or GS flogging a couple hundred mill. And that makes tick volume in FX irrelevant. Tick volume is a closer measurement of liquidity then volume. The "volume" traders will never understand that and actually make trading decisions on liquidity and have no clue what the corresponding volume is.

But heh, don't let a good retail myth get in the way of the truth. 99% of retailers have no clue what the difference is between liquidity and volume and interchange the terminology at will to suit their reasoning.

As in 1/3. On a small counter I will take of 2/3 and let 1/3 run, on a large counter I will take 1/3 at 20, 1/3 at 30 and let the rest run, on trend trades I scale in/scale out using a bit more complex lotsizes.

It's a lot simpler then that, EURUSD moves in 20 pip blocks, so a treble is 60 pips, a bounce of that is good for 30.

Simples.

Look at today, works like a charm. It gives you a guide to work from, a framework as a starter then use PA to finetune.

Get in on a decent entry on a trend trade, get moving 20 pips on a good momentum bar and she is good for 40, move your stop to 20 and take part of, see what happens at 40 and judge if you gonna get a treble, move your stop to 40 and take a further part of, at 60 keep your finger on the trigger either let it run or remove the last bit of your trade, job done.

Start seeing prices in chunks and not as tick data and the bigger picture will become a lot easier for you.

Look at today from 0730:

40 down, 30 up, 60 down, 40 up, 60 down, 30 up. Sorted. Breaking it down into chunks makes a day look a little simpler and more manageable.

I use the M1/3/5/10 for my entries, using the M15 will get you to the party too late. A move with the trend rarely moves just 20 pips, unless it is the retrace of the counter and not the mainmove. You can never enter a counter on the M15, guaranteed to get stopped out.

Because 3387 is not an SR on the H4 so it's not on my asschart. IT is not of major interest to me and is only a speedbump.

Pivot play is key for London close (HINT)

Gator

you already know the math... pull up a chart.. any chart study it.. forget all you know. go to the high and low of that chart.. then find the mid point.. its the same on smaller tf... ok pair goes from point a to point b.... it will return to a or make a new path to c... a+b =c (add to the direction from b)
a to b has a mid point.. on the bounce from b to a its what i call the mofu.. it may never make it to a... the same is true at the same distance on the way to the predicted c. the mid area to c is a mofu also

There is a difference between news trading, fundy trading and correlation trading. Right now we are risk driven, oil and gold are held down, that is giving dollar a bit of a strength here so we see a bit of a pullback in euro. For that pullback to form a top, we need a clear rejection of the correlated commodities, we also need a change of risk to more aversion so you want to see the equities form a top also so that the risk appetite wanes for this pullback in euro to actually form a top. Fundamentally euro is still bullish, as to news trading, there has been nothing all day to dent the fundies. So intraday we are still pointing North and any short is a countertrade.

I generally keep an eye on the main equities (es, DOW, DAX, FTSE, Nikkei) and the main commodities (WTI, Brent, Gold, Silver), the treasuries (T, Bund, Gilts, periphery) and correlated pairs during my trading day.

Currencies don't operate in a vacuum, always judge the flow of money by judging the risk. Figuring out the appetite for risk is always my first priority, then figuring out how it effects the flow of each half of a pair is the next thing, then looking for tech triggers and targets will complete the techie picture, then you got to act on it without questioning it.

Start seeing overbought for what it really is, a reduction or plateauing of the rate of increase, not as an indication of price direction. As currency is traded as a pair, overbought only means it is moving up at a slower rate, it has no bearing on direction, you need to look at other things for that.

EU has moved 120 pips on average each day this year, why don't you start looking for opportunities to fullfill that range first before you start looking for profit taking levels as that is what countertrades are. Why would NY not want a fill of the range before they start taking profits, why would London not take it as far as they could before they start taking money of the table, just think about this and then think about why you would short a pair when it has not fullfilled its range and when NY is only just coming to the table. Couple that with looking at the risk appetite and you can clearly see that your reasons to short are a bit misplaced.

Taking a countertrend trade intraday means you are judging that some traders are taking profits of the table, why don't you let that play out as you have no clue how much money they are taking out, judge to see if the bears join the party for a top to form, if they don't, then just see it as another opportunity to get in at a better price to join the herd.

For people keeping an eye on correlated markets, metals/oils up, equities down. disjointed correlation based on risk aversion in US based on PPI coupled with flight to safety in Gold and EU risk appetite in indices and Brent, draggin Oil back up. What that means for this pair right now is a range forming, watch the DOW and es to judge dollar, watch DAX, XAU, Ftse to judge the euro half fo the pair.

I am always very quick getting out of trades that go nowhere, posted two here earlier that I covered for peanuts. Intraday, if a trade is not going where I think it should go within 10-15 mins, I am out. On the same token if what I think is a momentum bar does not materilise quickly, I cover too.

I am not going to recommend a broker as it entirely depends on your circumstances. Finding a broker that suits your trading style, is regulated in your domicile, or at least continent and offers the products that you are looking for takes time to find.

A good start is the CFTC capitalisation report to find the well financed ones, the next step is finding one that suits your trading style. Are you a scalper, a trend trader, a counter trend trader, all need different brokers/leverage/execution/spreads.

Get a report from one of the commercial providers as to their credit rating and company history and find ambiguities in there that could be of concern. Brokers with a PO box, or ones that move around should be questionable, brokers that use serviced offices or addresses similar to other service providers should be avoided like the plaque.

A broker giving good spreads may not always be the one for you if you get slipped at each and every trade.

IF you can live without MT4, you are better of finding a broker that allows you to at least execute via a different platform as MT4 has so much slippage build in purely due to design and infrastructure.

Your next step should be to speak to the regulator about them and find their enforcement history and their regulated postholders.

You then need to call them and try to visit them, do the same to their liquidity provider. A broker who will not tell you their liquidity provider has something to hide, walk away.

Once you find a broker you like, start small, keep an eye on latency, spreads, slippage and execution. Untill you get comfortable with them take a screen shot on each and every entry and exits and keep them for future references. Do that for a few months. Once you are comfortable with them increase your accountsize.

Always keep 2-3 seperate datafeeds live, just to keep an eye on their prices.

Picking a broker is a long and arduous exercise, but keep in mind that you will have a relationship with them for years to come.

If by any chance you trade real money, thanks for the contribution. Just a little hint to consider, ignore your wicks when drawing your TL's and you will see a clearer picture of what is going on.

I am not going to share my strategy here. I can however give you some general pointers.

First you need to understand how the day works. Overnight orders are collected by both Franky and London, they are used by marketmakers to start the day. The traders and speculators will come in on the back of them. Franky gives you mostly a fakeout, just watch it and scalp a few till London opens.

London gives you the big move for the day, find a strategy to trade that. London also gives you the first hint of what the day is going to look like coupled with a fundamental and news view of the day ahead gives you the first indication of what the day will be. Trade the first move of London and see if it has legs, if it does we have a trending day in the making.

Then watch the currency futures to see what the CME is going to bring you right before the NY open.

Keep an eye on the equity futures about an hour before NY to judge the risk. Trade NY similarly to the London open.

Ny likes to set the high or low for the day and likes to fill the range. My day usually ends around 1500EST or so, and I will be back for Asia for a counter and pivot play.

That is in broad terms how I approach a trading day.

A few more hints: EU moves in chunks, find the chunks and judge to see if you are going to get a double or treble chunk out of a move. Find the risk for the day, judge whether there is appetite for risk or not, that gives you a trending day. Find the fundies, when they allign with the techs you have a trending day.