



Survivor

First Post: Aug 2, 2011 22:25

Edited Aug 4, 2011 19:52

Quote

Cleanup

Post 1

Here is my trading "system"! Simple and effective. Hope you like it.

No Specific exit strategy. I exit my half lot at 1*SI so that my trade becomes free. Then i let other half run with fast trailing of tight stop. I generally let PA guide me. if i see my side winning, i stay in longer. I also take profits when i reach may daily target of 40 pips. So i exit on variety of reasons.

No indicators. I used them and didnt like them. I find more indicators less reliable. It all becomes confusing hell.

Attached File

[PA Momentum trading.pdf](#) 185 KB | 16,380 downloads

Making money is easy- Just dont take losing trades



Survivor

Aug 2, 2011 22:27

Edited at 23:39

Quote

Cleanup

Post 2

Price action momentum trading

Background- I had been a successful trader in higher time frames (HTF, meaning 4h and above) using classical chart patterns like double top etc. However when I was forced to trade shorter time frames, I realized my earlier tricks don't work anymore. I studied, learnt, tried and cried. Thankfully I found some success with dance (<http://www.forexfactory.com/showthread.php?t=224697>) now active as choros (<http://www.forexfactory.com/showthread.php?t=236210>) especially constraintment trades. But touch trades were a big pain for me. Either I missed them or lost money. I stayed awake whole nights and really wondered if short time frame trading was possible. But thankfully I didn't give up. Then one day I read a post by kostas (<http://www.forexfactory.com/kostas1>) and I had my aha moment. Price action!! PA!! That's all to the game. I have been successful since then. Since I benefited greatly from generous experience and guidance of others in FF I am here sharing my system. Let me warn you it sounds too simple to be true, but it indeed is.

Warning: This is work in progress. I am posting it only because of request from friends. Please give me time to make a better manual.

A war- any market is a war- A war between buyers and sellers; A war between bears and bulls. All a trader has to decide who is winning and then join in when winning army starts its attack. Unfortunately there are no straight winners in this war. Territories are being won and lost every minute. Every tick is a small victory for one army and loss for another. Then how does one decide who is winning? Territory! Whoever captures more territory PER ATTACK is winning. That's easy. But the problem is that even a winning army is not always fighting. They consolidate, take rest and let losing army capture few posts. And then they march ahead recapturing all lost posts and some more. It's important to be with winning army just when they start their attack. At other times, even supporters of winning army can become casualties. This is precisely what I do. I see who is winning and join their march when they start their attack. I stay outside when winning army is taking rest or when losing army is making small gains.

Territories- pips gained or lost per candle is key to finding out who is winning between buyers and sellers. If you see large bull candles bulls are winning. If you see large bear candles, bears are winning. If you see both none is winning- stay out. I just see large candles and join that force. It's as simple as that. However, if you have been trading for some time you will recognize that large candles are in essence "impulsive moves". But I don't want to confuse anyone. Also by large candles, I mean "comparatively large candles". Candles before a candle decide what's large. Sometimes even candles after a candle will give clue that a candle was indeed large.

The march- It's critical to join winners only when they are gaining grounds. At other times there maybe casualties even in winner camp. How do we know when winners are not resting but marching ahead? When they gain new grounds and push back losers army! Yes it's simple. Lets not make it complicated

Summary- SO,

- When I see large bullish/ bearish "momentum" bars, I decide to join that side.
- Timing of joining is critical. I join only when I know my side is marching. When I am bullish I wait for price to go ABOVE previous candle high to enter. Breach of previous candle high is indication to me that bulls are fighting and not resting. Similarly when I want to sell, I wait for breach of previous candles low before joining the selling. This means my entries are always "stop loss" orders.
- Entry points- I love to enter the war at critical battles. When I know loss of a particular battle is going to crush the opposition that's time to join in. I look for critical boundaries between bulls and bears. When I know loss of a particular boundary is going to result in major gains for winners then I join.

My preferred entries-

A. Rejection bars: They show that winning army is pushing losing army back. As always, entry is above (buy) or below (sell) the pattern not at-market.

B. Failed reversals: Early in the trend, market will often try to reverse the move. This happens because losing army fights hard initially and tries to reclaim territories. Failure of any such attempt will discourage losing army and results in gains for winners.

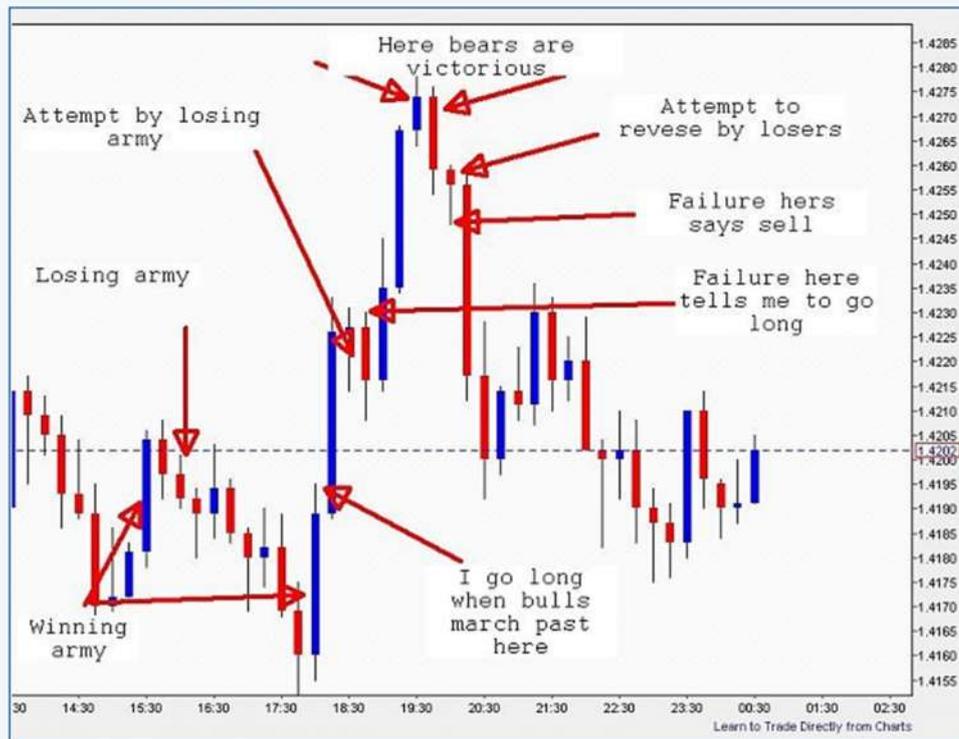
Entry points, SL : Stop loss entries are safest. It's generally safe to place and SL entry order few ticks above/below setup patterns. Once entry is done, first stop loss can be placed in the other direction of setup candle. For examples, in a bearish rejection bar, place SL sell just below the low.

Rules:

1. Any time frame any currency.
2. Trading active moving markets only. Preferably NY and London session

Please be patient. More examples and explanations will follow. Here is a live example from today. EU 15 Min

Attached Image (click to enlarge)



Making money is easy- Just dont take losing trades



USDCHF 1H... please ask questions. Please note that it's only for learning. its not right liquid time to trade. Funny things happen in early asia. better avoided.

EDIT: oops i am too sleepy. i missed that large blue bar at bottom. That shows good buying strength. let me update my chart

Attached Image (click to enlarge)



Making money is easy- Just dont take losing trades



Quoting pipfirst

Hi Survivor,

really a good thread. I have several question :

1. the big candle is that possible have wick ? or just a body candle without wick ?
2. the big candle you advise is need to engulfed the previous candle ? so its like engulfing candlestick pattern ?
3. do you have minimum pips for big candle ?

Thanks a lot

Good questions

1. Body is the actual gain made by one side against another. So thats important. Again, always remeber war analogy. Wick shows how far an army went and then retreated to settle back. I avoid siding with armies that retreats too far back. That means i dont like to take trades against large wicks.

2. yes its very much like engulfing but not in classical sense. Technically even one pip close higher is engulfing but i would prefer really large candles.

3. no minimum and maximum pips. it should just look VERY LARGE compared to previous candles. Just have a look at example chart in first post. See how large these candles look. They are just inviting you to jump.

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No Specific exit strategy. I exit my half lot at 1*SI so that my trade becomes free. Then i let other half run with fast trailing of tight stop. I generally let PA guide me. if i see my side winning, i stay in longer. I also take profits when i reach may daily target of 40 pips. So i exit on variety of reasons.



Survivor

Aug 8, 2011 13:12

Quote

Cleanup

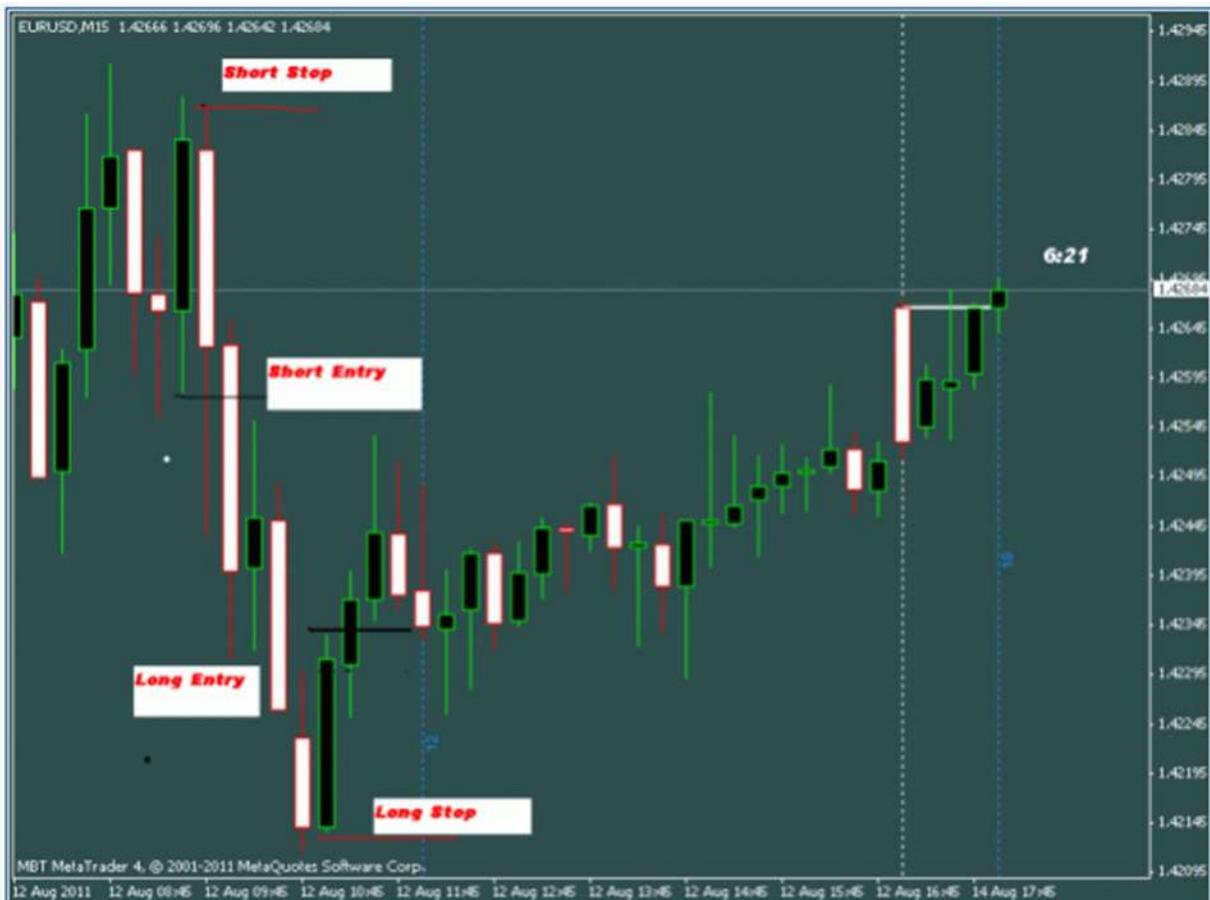
Post 72

Quoting Rexz

So that was a correct trade that just didn't follow through with a win? Should we trading in the direction of the trend like what georgecv87 said?

I dont completely agree with george because sometimes momentum bars really signal trend reversal. However, i am always very careful with contra trend trades. i take counter trend trades only when i see a BIGG momentum bar. Unfortunately, i haven't detailed these things yet and your trade was good as per half cooked system that i have been able to put up. i will detail things soon with more examples.

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kostas1

Aug 15, 2011 15:48

Quote

Cleanup

Post 93

Quoting Survivor

Here is my trading "system"! Simple and effective. Hope you like it.

No Specific exit strategy. I exit my half lot at 1*SL so that my trade becomes free. Then i let other half run with fast trailing of tight stop. I generally let PA guide me. if i see my side winning, i stay in longer. I also take profits when i reach may daily target of 40 pips. So i exit on variety of reasons.

No indicators. I used them and didnt like them. I find more indicators less reliable. It all becomes confusing hell.

Just came back from vacation and found your first thread! Good luck and good job.👍

I think your approach using CHOROS in H1 has some good applications. My advice to newbies, use Survivor's method to take quick scalps (10-20p) per trade and you will have many wins. Use lower TFs to fine tune your exit. My only concern is that you don't get an early seat in the train (compared with CHOROS). But it seems to be a winning seat if you don't stay too long with it.



Survivor

First sorry about delay in my posts. I was down with some medical and serious personal problems.

This all is subjective and not yet finalized. But here is how i am doing right now and it has been working well. Note that i trade 15M chart. If you higher time frames using this method, higher stop loss and Targets will be more suitable.

I use an initial stop loss of about 10 pips. Either price runs in my direction, or i am wrong. I dont increase my SL in HOPE that price will turn. As soon as price is 15 pips in favour after the trade, i move SL to my cost. Not losing money is my way of making money.

Then, I trail my SL every 15 pips. Taking profits is pretty tricky. I generally target, previous highs, round numbers etc.However, if i see strong momentum in my direction, i hold on. If i see momentum slowing i get out.

Hope this helps. Thanks for all the comments here. i will try to adress them one by one.

EDIT: I forgot to mention, i always get out half my position at 20 ticks. No matter what.

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Survivor

Aug 23, 2011 18:27

Quote

Cleanup

Post 107

Here was what i did today. Was worth lots of pips

Attached Image (click to enlarge)



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Survivor

Aug 23, 2011 18:43

Quote

Cleanup

Post 111

Quoting bobawang

When I try to practice, the momentum bar is really subjective, it's hard to identify. I am trying to survive.

A valid point here. Momentum bars are indeed somewhat subjective. That's why I stress- take a trade only when it is as obvious to you as your nose. Don't try to catch every move. You will get killed if you think you can jump in after every bar and make money. Don't over trade. Let the trade come to you and slap you in the face. and tell you I am here. take me.

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Survivor

Aug 23, 2011 21:08

Quote

Cleanup

Post 115

Quoting kk007

Hi Survivor,

This is what is happening right now, there was a momentum bar 3 bars ago, if I entered at the momentum bar break and set SL to -10, it is a loser, is it?

cheers,

kk007

How did it go? It's all after the event analysis but still. After your momentum bar there was a clear lack of momentum. I would have tightened my SL and taken a loss if necessary. I rarely keep my SL below the previous bar when I am long. Break below the previous bar low is a negative sign for me. That means sellers are fighting back.

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Quoting KMidas

Maybe it's just me but I couldn't make it work when these bars are later in the new trend. I found that usually what tricks me to be a breakout like that in your chart, very often is just an exhaustion. I think the best plays are if these bars are taken immediately after the opposite trend with support or resistance far away. Like a reversal bar. [Look at this post to see what I mean.](#)

I don't know if I am drifting away from Survivor's logic here but I think that these...

I agree with you. Idea is to jump in when tide turns. I do take trades later in move. but then i am more careful with late entries and i get out if i see any trouble.

Here is an only example. i didnt trade it live. i wasnt in market. EU 15M

Attached Image (click to enlarge)



Making money is easy- Just dont take losing trades



Quoting Survivor

Hope charts will help learning. Here are actual trades. EUR and CHF 15M

Could you please explain why you didn't sell at 1 & 2 and why you didn't buy at 3 ?

Attached Image (click to enlarge)





Quoting micmic

Could you please explain why you didn't sell at 1 & 2 and why you didn't buy at 3 ?

Simple reason- because i had achieved my target for the day and had stopped trading.

2 looks like a good entry and my have given 1/2 lot tp and half lot at cost. 3 too is good entry. but it's late in trend. actual entry was much lower- can you see it/ anyway. that candle after entry gives fair warning to get out or at least tighten your sl.

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very nice analysis- pretty much how i see markets. forget rules. keep asking who is winning and where is right entry. soon markets will talk to you.

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Here is what I think is remaining of the manual,

Setting expectation- Before we take a trade, it's important to set correct expectation. Are we looking for a quick profit or a runaway move? I check two things to decide this. First, higher time frame- is there any momentum bar? Is there any trend? Trades against higher time frame are often good for few pips. Trades with higher time frames are often big movers. Also, if big data is expected markets will normally consolidate. Big moves will come after the data. So if NFP is expected take quick profits before data and look for a runaway move after data.

Refining Entries: is it beginning of a new move? Or it has already moved a lot? Beginning of a move means either trend reversal or breakout from considerable periods of consolidation. After large moves I am careful to enter fresh trades.

Logical levels: Once we have identified correct direction of entry it's important to enter at right place. Previous candle hi/lo is one logical level. Other levels that I regard highly are - round numbers, and previous swing highs and lows. What's the significance of this? Suppose I want to short euro and previous candle low is w.4205. Then I will rather place and sl sell order at 1.4199 instead of previous candle low. This will lose few pips but ensures that a logical support level is taken out before entry

Managing: Not losing money is my first principle. I am quick to tighten my sl to cost at first opportunity. Then generally I follow with candle hi/lows. However it's important to keep noting if momentum is still strong or momentum is slowing. It's better to tighten sl or to get out when momentum slows down.

Fakeouts: Before major market open, fakeouts are a known thing. They are better avoided though I have often lost money to them myself.

Character of your currency- this is also important. some currencies are known to churn while some give good breakout moves

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I watch 6 pairs at a time to get best trades. but i recommend you start with one pair so you get accustomed to "character" of currency. I highly recommend start with EU and dont touch GU till you are comfortable. Gu is a "churning" currency that likes to retrace deep.

Making money is easy- Just dont take losing trades



When you see one momentum candle reversing previous one, there is chaos in war. no one is winning stay out

Attached Image (click to enlarge)



Making money is easy- Just dont take losing trades



EU 15 M

Attached Image (click to enlarge)



Making money is easy- Just dont take losing trades



Survivor

I used another system to catch these moves (posted in choros thread) but even this system would have given good money. Note that the sells are at lows but after considerable period of consolidation- so acceptable.

Edit: i meant this post: <http://www.forexfactory.com/showthre...79#post4924279>

Attached Image (click to enlarge)



Making money is easy- Just dont take losing trades



Survivor

Quoting Survivor

When you see one momentum candle reversing previous one, there is chaos in war. no one is winning stay out

This is also called a porcupine- lots of wicks in both sides with price not going anywhere. never try to touch a porcupine. you will hurt yourself

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Survivor

Best day of my life. There was a momentum bar and i went long just before news. Thats power of momentum trading

Making money is easy- Just dont take losing trades

Here is the chart. A big day for me. Total +415 ticks. I still remember days when i used to struggle for 20 ticks a day.

Attached Image (click to enlarge)



Making money is easy- Just dont take losing trades



Survivor

Sep 6, 2011 17:28

Quote

Cleanup

Post 155

Eu15M

Attached Image (click to enlarge)

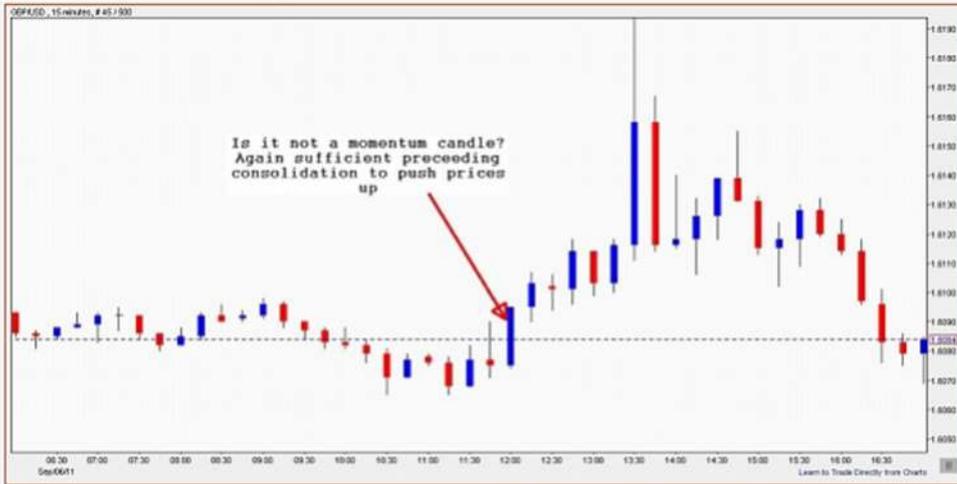


Making money is easy- Just dont take losing trades



Gu 15 M... I was long all pairs- EU, Gu and uCHF- when blast happened.

Attached Image (click to enlarge)



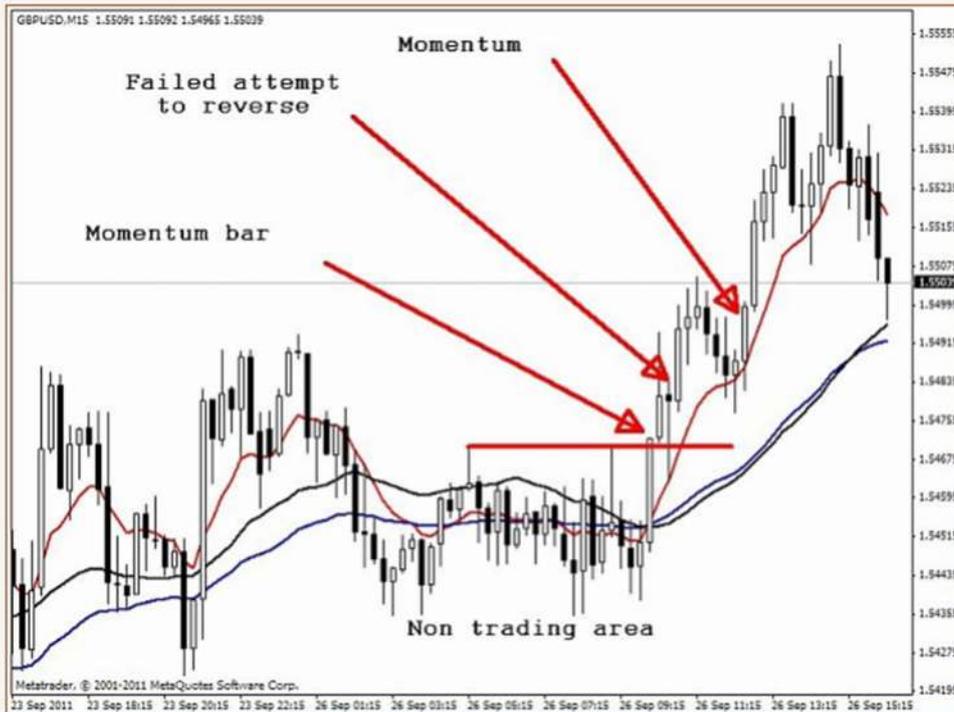
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Today pips were raining all over. Just remeber - dont buy at highs/ sell at lows. take these bars only if it says buy at low or after significant consolidation of price. Am not posting other currencies. you can check them yourself.

Attached Images (click to enlarge)





Making money is easy- Just dont take losing trades



Survivor

Oct 10, 2011 21:11

[Quote](#)

[Cleanup](#)

[Post 196](#)

[Quoting messiahua](#)

Survivor may I ask you to comment on latest move on attached charts? It was obviously strong momentum, but I can't find any "safe", in my opinion, entries. My concern is PPA, which may stop the move at any level, thus I'm afraid to enter. Are my concerns correct and there are no good entries or am I wrong and missing anything?

sorry mess for late reply. i do enter such trades when i see strong momentum. but i dont want to confuse any newcomer here so i would say pass them. wai. you will get better trades. enough for a living. Anyway, how i enter them? I find critical levels in direction of momentum. Previous highs are my fav. So i place an sl entry just at these levels and let market sweep me when they move. In fact i traded exactly the chart you show.

Making money is easy- Just dont take losing trades



Quoting Survivor

I agree with you. Idea is to jump in when tide turns. I do take trades later in move. but then i am more careful with late entries and i get out if i see any trouble.

Here is an only example. i didnt trade it live. i wasnt in market. EU 15M

The origin is your post 122

Survivor, i don't want to say you how trade, you are your method and she seems to suit you.

I just tell you how i see the trade. But it's just for discussion, don't see no pretentiousness.

look the chart

Attached Image



I hear and I forget. I see and I remember. I do and I understand.



Quoting boubafx

The origin is your post 122

Survivor, i don't want to say you how trade, you are your method and she seems to suit you.

I just tell you how i see the trade. But it's just for discussion, don't see no pretentiousness.

look the chart

You are right about that red momentum bar. Also your way of trading is safer to be with red momentum bar till its broken. But i dont hesitate to take reversal trades. IMHO they have good rewards. Momentum changes directions and markets do reverse. with your system many entries will be missed. But of course missing entry is better than over trading.

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[Quoting cmeade2](#)

I have enjoyed reading this thread and I always value all of survivor's contributions. But I have found it difficult to implement because it's not clear to me when you should buy/sell after a momentum bar. Sometimes the trend continues and sometimes it reverses. But then I noticed something on my chart setup.

Typically on the price chart I have the various Choros moving averages. In a window below I have a superimposed chart of RSI ranging from RSI(2) to RSI(16). Basically what I have observed is that when the RSI's are tightly clustered around...

I have already noted in this thread that momentum bars work best in these two situations-

1. reversal after sharp moves
2. after considerable period of consolidation

I think your rsi is showing this. I have nothing against indicators but i think price charts tell all there is to know. if i get time, i will post how one can spot divergence without using RSI. yes thats true. even rsi divergence is obvious in plain price chart if you pay attention. and price doesnt whipsaw and bullshit you.

I will also post some advanced entries and how to detect if a formation will work or fail.

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Quoting *messiahua*

I guess the main concept of this trading style is pure price action without indicators... anyways it would be more interesting to see this RSI in real-time, not after.

BTW for some reason I'm also having hard time to spot entries (looking GU, EU). I even don't remember now when I last saw, took and made positive pips from this kind of trade.

Hey remeber its december and market tends to be rangy. Concentrate on reversal bars. Try to avoid continuation bar for this month. And always remeber- dont buy on high/sell at low of a trend. refer to this - <http://www.forexfactory.com/showthre...38#post4988038>

I find it surprising that you are not spotting trades. I will post some hope that will help

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In a trend always look at how far the price goes after breaking previous top. if this distance is increasing than momentum is good. if this distance is decreasing then momentum is decreasing - divergence. Problem with divergence is that sometimes it will last for hours. if you sell at every divergence you will be broke before price moves in your direction. If you watch PA you will ride the wave till very end and at the precise moment you will flip position to catch the reversal. Thats why i dont recommend using any indicator.

Recent 5M EU with RSI. I went short at second top not after the rejection bar. That is art of deciding when its going to be a double top and selling at second top high while most traders wait for much lower levels to sell. Thats power of PA trading!

Attached Image (click to enlarge)



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