



## The Transcripts

# Transcript 20070103a0R.wav

## Introduction:

The following transcript has been produced from the Teamspeak sound file:

**Date:** 03 Jan 2007

**Source:** <http://www.accrete.com/fx-srdc/presentations.htm>

**File:** [20070103a0R.wav](#)

## Participants:

Tag	Forexfactory moniker
OR	OrangeRoshan
TRADERBILL	Traderbill07
Glen	Preacher165
David	?

Please note that the transcript is not an attempt to do away with the need to listen to the original file. On one level it provides another facet of experience related to the overall process of learning.

The primary objective in creating this transcript is to distill the essence of the meeting.

The file has not been created verbatim.

Wherever possible, dialogue has been left intact. However, some phrases have been discarded; and, in some cases, it has been necessary to combine and edit several phrases to produce a more coherent rendering whilst endeavoring to remain true to the continuity of the original dialogue.

On a personal note, the only downside to this procedure is that it can make the meetings look very sterile. It is almost impossible to catch the good natured dynamic spirit of the live process, although I've left a few clues to it. There's lots of laughter, banter, compassion and good feeling that can really only be conveyed through participation in the actual meeting, or, at the very least, by listening to the original source.

If any of the contributors to the live meeting would like anything changed please contact me with the details.

Please note italics in brackets are editor's explanation text. For cross referencing purposes, I have left time markers in brackets before some of the contributions.

**TRADERBILL:** Orange is in the room, guys. Welcome Orange!

**OR:** Hi guys! How you guys doing? Everybody giving me pips, or you getting enough pips?

**GLEN:** No, I lost pips, Orange. I lost a lot of pips.

**OR:** Aw, come on Glen, don't say that.

**(00:39) GLEN:** No, I being honest, I'm being straight up with you. I was doing SRDC II yesterday, and I set my SL at 5 pips above the high. I got in at 1.9729, I would have been up today, but that first candle of today just hit my SL and started going south.

**OR:** But today is a very, very simple trade as well: first hour of the day, 5 pips given by SRDC I and then all the way down doing the rules of LRC – it's fantastic.

**(01:50) TRADERBILL:** I didn't hit SRDC I Orange. Based on my spread and the high, I wouldn't have achieved it. I didn't trade it, but I wouldn't have achieved it. At that time it was 1.9740; I had a 5 pip spread plus 1, that's 1.9796; the highest we've had is 1.9798. And 1.9798 was the trend line and the high from 12:20. So, if I did it for SRDC I advanced, it never happened - I just didn't get in.

**OR:** What broker are you using?

**TRADERBILL:** InterbankFX, live.

**OR:** Yeah, me too. I'm on a live and there's a 5 pips trade.

**(03:03) TRADERBILL:** Well it broke at 1.9740. At the time, I had a spread of 5 pips. So I would have got in at 1.9795, plus you add 1 pip, that's 1.9796. That means the high was 1.9799, that was 3 pips and I didn't want to go past that 1.9798. I wanted to wait for the 15 minute candle to break above that and it never did. I'm not complaining, for me the trade didn't happen. I didn't get in it, I didn't lose either.

**OR:** Yep, that's good. At least you know you don't have to trade when you don't have the set up.

**TRADERBILL:** But since then I've been in the one coming down; actually I was in it from yesterday. I didn't stop-out because I set my stop above the high from the 20<sup>th</sup> and yesterday. So I've come down to where I've almost back in profit.

**OR:** Good. Are you guys in a short trade now?

**TRADERBILL:** I am.

**GLEN:** I am not. I'm watching right now. I'm watching the micro-channel on the 15.

**OR:** Where did you start drawing your mini-LRC?

**GLEN:** 2:45

**OR:** That's perfect! 2:45, same here.

**(05:37) TRADERBILL:** Orange, we've had a little bit of discussion on the channel. I've kept mine tight; I kept it from yesterday, about half-way through yesterday, because it fit. Everything is riding along the top and the channel now has us where we broke down into Quadrant 2. So I haven't pulled it forward to today. If I pulled it forward to the beginning of today we would already be at the median, what do you think about that?

**(06:54) OR:** Ok, yeah, you can do that. That's the same as what I did. I did not pull the channel. Movement yesterday was erratic because USA was closed, due to President Gerald Ford's funeral, so there was bias on the pound. So now we are seeing real movement, bearish strength.

**(07:49) GLEN:** Well, for now, I'm just going to watch this micro-channel for complete confirmation. If it works out correctly a couple more times I think that really solidifies our hour channel.

**OR:** First we look at the micro-LRC, that's correct. But when we want to know where the dips and bounces are, we draw trend lines.

**TRADERBILL (10:06) :** I've posted my current channel down there (*refers to text box at bottom of Teamspeak window*). See if it's similar to yours, especially you Orange.

**OR:** Yes, that's correct. However, your trend line on the charts does not correspond to the trend line on the CCI. Put a vertical line from where you start a trend line and draw it from there as well following where it touches on the charts then you will see the exact point.

[TraderBill reviews CCI trendline and Glen posts another chart which is very similar to TraderBills]

**(11:22) OR:** I notice you guys are not drawing the 6<sup>th</sup> candle.

**GLEN:** I've drawn the 6<sup>th</sup> candle on my 15. I always draw it the 15 I don't draw it on my one hour.

**TRADERBILL:** I was drawing it on the one hour (*the 6<sup>th</sup> candle*), but my candles were completely off yesterday.

**(12:06) DAVID:** Orange, could you clarify the drawing of the 6<sup>th</sup> candle, would it be done on all time frames i.e. the 1 hour, the 15 and even possibly the 5 min charts?

**OR:** Yes, that's correct.

**DAVID:** So literally, do we just count 6 candles forward or 6 candles back from where we're at in the moment in time and start the LRC from there? Is that correct?

[OR declares his love for David's accent and asks him where he's from and if he supports Manchester United or Liverpool. David says that he is a Chelsea supporter to which OR replies that if he ever starts supporting Liverpool he will be kicked out of Teamspeak. (LOL)]

**OR:** The 6 candles are the last 6 candles of the day which, on the 15 min, would be from 22:30.

**(14:00) GLEN:** Please note that the 15 min candle does not stipulate where you start or stop your LRC channel. The 6 candle rule is associated with the trend line not necessarily the LRC channel.

**OR:** That is correct.

**DAVID:** Just to clarify, then, the 6 candle rule is relation to the trend line, not the LRC.

**OR:** Yes correct, only the trend lines.

**(14:55) DAVID:** Ok, I understand that. Do we follow the 6 candle rule on the 15 min chart and the five min chart, or is the rule only related to a 1 hour chart?

**OR:** On **any** chart you are looking at it's the last 6 candles from the time separator.

**DAVID:** Ok, thank you, I understand that.

[Glen posts an example 15 min chart.]

**(18:04) TRADERBILL:** despite all the turmoil The channel held yesterday! I was pointing out late in the afternoon how well it held. It was amazing to me that the

channel was superior to anything else we followed; it made me comfortable and stopped me getting nervous.

**OR:** Yes, And the mini-LRC on yesterday's channel was just so perfect.

**(18:44) TRADERBILL:** Well I think that's where we need to learn more from you Orange. I'm not going to say that it was an easy day for me to trade, because it wasn't, but I did have some comfort in knowing that it was follow the channel. So I knew that if I set my thoughts outside that channel far enough and used historic highs and lows it would be alright. I didn't have great success yesterday; I just didn't have great failure either.

**OR:** Yes, that is trying to tell us something.

**GLEN:** Would somebody tell me first, here?

**OR:** It says stay humble.

**(19:37) TRADERBILL:** I think the good news is that we are playing a channel and anytime we reaffirm that the channel works and that we can stay within those parameter and not get nervous, I think that's a win for us. It tells you where you can set your stops and makes you comfortable. Now, I didn't do well on the micro-channel, but, even though yesterday was a difficult and unusual day, I still didn't get too upset with anything. However, I don't think I had a grasp on it, maybe next year when I'm through the holidays I'll be more comfortable and able to take it apart.

**OR:** Yes, it's part of the learning process. I've never heard of anybody not losing pips while learning; even me, I lose pips sometimes. Today is so predictable because of the price (*price has returned to the channel*). Yesterday's price was way above the channel, and it can't stay too long outside, it has to come back. I pointed out to Wilma that the significance of it not returning to the median yesterday was that it would return today, and it did.

**(19:37) TRADERBILL:** Absolutely, I remember you doing that and that's what's kept me in this.

**(21:26) DAVID:** I know that it says in the manual that we don't trade at the median line, but how far away from it do we trade?

**GLEN:** I can answer that: if you look in the manual (*and read it over and over to digest it*) at this point especially just trade from Quadrants 1 and 4. (Now, scalping on the 15 micro-channel is different.) You don't necessarily have to hit the top and bottom of the quadrants to enter a trade, but it does mean that you have to be within those quadrants. Then seek confirmation from your 5 and 15 min charts for your entry point.

**DAVID:** Ok, thank you.

[Glen posts an example 15 min chart.]

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**DAVID:** Ok, thank you, Preacher.

**(23:02) TRADERBILL:** Orange, I'm afraid that some of us in here lose this, but when you taught us how to scalp and gave us the 15 minute micro channel for the first time, it was on a day when the price was very much ranging and constrained within very tight parameters. Since then, however, it seems that some people have tried to invent even more different ways to scalp based on that method, but I've tried to pull away from encouraging this. Don't get me wrong, some appear to be very good at it, but others are not.

**OR:** Yes, those who are not good will have to practice more.

**TRADERBILL:** But wasn't it your suggestion that people should only use the micro-channel in a ranging market as opposed to a trending one for scalping?

**OR:** We are in a ranging market now.

**TRADERBILL:** Yes it looks great for scalping today.

**(24:33) GLEN:** That's what I was getting ready to say Bill. When you said draw your 15 minute channel with complete confidence and you're going from top to bottom, bottom top, top to bottom, bottom top and there's no weird stuff going on, you can look at it and see that it's a good scalping channel, there's just a good sense about it. However, when you have one of these really thin looking, skinny channels and you're having to force it to make everything fit inside you know there's something wrong. Today I'm seeing a nice one so far.

**OR:** Ok, here's a little exercise, you guys ready?

[Go ahead]

**OR:** I don't know how many of you saw this yesterday, but there was a triangle forming from around 10 ish to 10:15 yesterday, that is the support and resistance and it's all narrowing down until today at about 3 ish or 4. And then the triangle breaks up today and that is so obvious.

(26:07) **GLEN:** Orange one of the last things that Bill and I talked about last night was the fact that price was being forced into the corner of that triangle and it was definitely going to break one way or the other.

**OR:** Yes, so we let the market tell us which way it is going. But this is like a give away (*Orange starts to laugh fiendishly!*), because the triangle is forming outside a bullish channel, it cannot go any higher. Therefore it cannot change trend because it is already bullish. So it has to go down. And that's what's happening now. Isn't that sooooo predictable!

**GLEN:** So Orange, when you say it's outside of the channel, are you still outside your channel now even with this movement down, or have these bearish candles moved back into your channel yet.

**OR:** It's inside my channel now, in Quadrant 1. I'm using ORC.

(27:27) **OR:** Imagine yesterday at the closing if you thought that it was going to have a break out of the triangle, but it didn't and we know that because the triangle is not fully formed yet. But then it enters today and as usual it was trying to finish the triangle and we knew it was going to go down because it was outside the channel. The beautiful thing is we knew the highest and that's the time to go short, when it breaks, which is really beautiful. I don't know about other methods they are still probably trying to figure out what happened today and yesterday, but we knew that.

[We assume a question from Tragapips regarding channel OR is using in Teamspeak text window.]

(28:15) **OR:** Tragapips, I'm using ORC, I'm more conservative, but even using LRC we don't pull it up to the beginning. However, you can as well, it doesn't really matter.

(28:38) **OR:** How we ensure that it is going to go down or up is by drawing trend lines, like the mini-LRC as we know it has been drawn. And we just wait for it to break on the top channel of the mini-LRC then we know the bearish is employed. And when it keeps going down then we know it is bearish. It doesn't matter which Quadrant you're in. Yesterday they don't care about our Quadrant, why should we care today. This is a correction of yesterday's holiday.

(29:33) **GLEN:** According to the trend lines I have drawn on my hour chart this candle that will form in the next 2 to 3 minutes might actually be the first one that forms below that trend line there. So this will be interesting.

**TRADERBILL:** I have the same thing on the hourly, Glen.

**GLEN:** I have a little doji action on my 15 minute chart, so we'll see what happens on the next hourly candle. It should be a nice candle.

[We assume a question regarding OR's channel in Teamspeak text window.]

**(30:21) OR:** Yes, I drew my LRC from December 27th.

**OR:** Can anybody see the highs and lows of today?

**TRADERBILL:** I can see the high; it was the one we've already hit. 1.9749 will be the high of today.

**(31:03) GLEN:** I'd just like to say that 1.9749 was my SL yesterday.

**TRADERBILL:** I feel bad for you Glen, because if you'd have looked at that trend line you'd have set it outside of it and the channel.

**GLEN:** Yeah.

**TRADERBILL:** I'm not sure about the low, Orange.

**OR:** Anybody else know?

**TRADERBILL:** Maybe 1.9558, which would be a complete retracement of the move upward.

**OR:** Use the 6<sup>th</sup> candle.

**TRADERBILL:** If I draw a trend line off that 6<sup>th</sup> candle off the top or bottom to where the last candle formed it would be somewhere around our median for the day, somewhere around 1.9690 or a little lower, I'm not sure. I've tried a couple of other trend lines off that candle Orange, but I don't see another way to draw it. Can you give us a hint?

[(32:23) Fiendish Jedi laugh echoes around the room.]

**OR:** I drew mine from the last 6<sup>th</sup> candle of yesterday and I have almost a parallel of the mini-LRC.

**TRADERBILL:** So, in other words, you have it ending the day at the top of the channel? Or above?

**OR:** What do you mean?

**TRADERBILL:** Ok, let me look at that again before I make a comment.

**OR:** When you guys have it, send me a chart. Or you could explain to me in text.

**GLEN:** Do we do it on the hour or the 15?

**OR:** Do it on the 15.

**GLEN:** Ok, that's different.

(33:47) **TRADERBILL:** Don't laugh at that if it's wrong (*commenting on chart he has posted*).

**GLEN:** (OR) Don't say anything yet, I'm still doing one here.

[Charts posted.]

**OR:** So you could have two possibilities of the low of the day. Now try and see from the previous low of the last couple of days and try to find correlation to a proper low of the day, by using trend lines.

**GLEN:** Ok, Orange, take a look at my chart, there (*chart link posted in text window*). I was moving my trend line all over and when I took it from the 6<sup>th</sup> candle, and moved it down to where the intersection of my trend lines now are, it looked right because that trend line went exactly parallel with my LRC micro-channel. That's what I was looking at.

(34:51) **OR:** Try drawing a trend line from the 26<sup>th</sup> of December until the 28<sup>th</sup>, then you can see a trend line penetrating yesterday's, that would also be the low of the day.

**GLEN:** I was close!

**TRADERBILL:** So what do we think the low of the day will be?

**GLEN:** Well we drew a trend line from the low on the 26<sup>th</sup> to the 28<sup>th</sup> and have that line go all the way across until today. Orange says that will be the low of today.

**TRADERBILL:** That's where I had my first 6<sup>th</sup> candle trend line drawn and it was right at my median, 1.96, 91 or 2. That 97 hundred number yesterday Orange was a real toughie, it was easy going back up through it, but it was tough coming back down, because it was major support yesterday. Is that one correct Orange (*question on chart posted*), the one he has there? That has us well below what Tragapips had said, about 30 pips below at 1.9660.

(36:56) **OR:** Yeah, it's just above that. That looks a bit like the range that it could do today. I'm not saying this is the right answer, I'm just teaching you guys to practice drawing trend lines.

**TRADERBILL:** Let's see what this 97 hundred number does: it was major support yesterday.

[Orange starts singing using the classic Beatle tune yesterday: "Yesterday, when my pips were all gone astray." Glen says that he knows Orange is not signing that to him. Orange starts laughing and encourages Glen to cheer up]

**GLEN:** I'm cheery. If price drops down here and gives me a good entry point on my micro-channel I'll be even more cheery.

**TRADERBILL:** You had a great entry point yesterday, you just didn't trust it.

**GLEN:** No, I felt Orange needed some more money. He's spent so much at Christmas and he's got all those bills to pay, I just thought I'm going to throw some pips his way.

**(38:05) TRADERBILL:** Well I could name somebody who needs them more than Orange.

**OR:** Well this is one of those days when God demonstrates his sense of humour.

**GLEN:** One thing I've noticed on our 50 moving average on the hourly chart, we very rarely get within 100 pips above or below that. Does that sound right, Orange?

**OR:** Maybe Glen, I haven't checked the range yet. Yeah, but it looks like it hasn't had a lot of range, lately; which goes to show that 2007 is going to explode. It's like they're saving it for next couple of days, weeks and months - but when it goes, it goes. The candle is going too high and people are not sure what to do with it. But when the trend breaks it probably goes bearish and that's when you see the actual range. Investors are very careful.

**(39:20) GLEN:** I've just gone back and counted, and from what I can see when you get 100 pips one way or the other away from that 50 moving average (*ema*), price starts moving back towards it. It's just an observation I've made. When you have time I'd like your opinion on that, Orange.

**GLEN:** On my charts we've touched 1.9701, is that what you guys have?

**TRADERBILL:** I've got 1.9701 as the low. That was strong support yesterday. Those of us who were in here watching it saw it bang on that price several times. The difference is we were in a bull movement, I think we are going to move through it today. There's still going to be some support, but it should also be good resistance if price starts to move back up.

**(40:57) GLEN:** Well let's see how the big boys feel about that price. Are they feeling they should go short and maybe even test around 1.9650? Also Bill, if you put fibs, by the way I hope everyone's remembering to do this because nobody's mentioned it lately, but if you put a Fibonacci at the beginning of today and pull it from there to the top of the channel, we're exactly at the 21 mark, right now. We went down a little bit below it, bounced off that 50 ema, which is also at 1.9700, and now we are resting on top of that 21. What we would like to see is our next candle break below that 21 and get us into 38.2 which will hopefully bring us down to the 50% mark on the median at 1.9660.

**GLEN:** So, if you haven't drawn your fib lines, I advise you to do that and you will see where it has hit and stopped on those Fibonacci lines. For those of you who are new you can still put fibs on your price, but we put fibs on our channel - from the bottom of the channel to the top, and you do that at the beginning of each day.

**TRADERBILL:** Well, if you'd have got into this movement at the top you'd be making real good pips right now, like Orange is. By the way, I like your new logo Orange.

**OR:** Which one?

**TRADERBILL:** The one on your avatar in ForexFactory.

**OR:** Sexy isn't it, yeah. Well it comes from Michael Buble...

[Orange begins to sing again and the room empties. Only joking about the room emptying that is, unfortunately not the signing. Orange sings a Michael Buble classic..."Put your head on my shoulder...Bit of banter follows.]

**(43:48) TRADERBILL:** Now, we're testing that 97 hundred number and actually coming just below it; to the point where I'm going to yell freedom because I'll be at break even.

**OR:** It's testing the 61.8% now when you take fibs from the low and high of yesterday.

**GLEN:** Yes, we're testing that and if we go back down to the median I'm looking at 1.9685 to 1.9675 mark. I'm looking for it to retrace the two day movement all the way back to 1.9658.

**TRADERBILL:** Anyway, it's coming down.

**(44:54) TRADERBILL:** Orange, did you go short at the top of the channel?

**OR:** Yes, just about 5 or 10 pips from the top.

**TRADERBILL:** See I think that was a good reason for people to come in last evening between 7 and 8 EST, which is 00:00 GMT, to see how we set up the charts and got an idea where they would be. This helps us come into today and trade right off the bat.

**GLEN:** Bill, I'm looking at my micro-channel and it looks like 1.9694 is where we should see a little bounce if the micro-channel holds true, as it has done this morning, so far.

**TRADERBILL:** We've broken trend on the 15 minute and the 5 everything is pointing in the direction right now. But once again 1.9700 is proving to be a very difficult position today.

[Some general discussion follows, related to behaviour of 1.9700 today and yesterday. Traderbill relates how he sold his position because of uncertainty caused by the strength of 1.9700.]

**OR:** When you guys know it's going to come down, hold onto your positions.

**TRADERBILL:** Well I held onto it for a long time because I saw that high was holding. I was down considerable pips, but the channel was also holding. I had a stop not too far outside 1.9748 high and had it went another 2 or 3 pips I'd have been out. I was watching where that price bounced; a lot of it is what I've learned here. I've also learned that I want to break this 1.9700 for good. I don't even want to see that number for the rest of the year.

[Further general discussion related to 1.9700 and amount of time it has taken to break.]

**(49:19) GLEN:** With 1.9700 and the 50 ema being at exactly the same spot, if we break through this thing I see that as serious, serious support. Therefore I think we'll go down to the 50 fib on the LRC channel. Which in turn, if we compare that to the trend line that Orange had us draw, would be approximately 1.9662; that's just my guess?

**(50:30) OR:** Glen, have you broken even now?

**GLEN:** In this trade Bill has.

**OR:** Glen smile for SRDC.

[Laughter.]

**TRADERBILL:** I want to tell everybody that I call my trades out loud, and if you stick with me, you may have to wait a month or two (*laughter*), in this case only a day, we are in profit.

**GLEN:** I'm posting a picture down there showing the price target I was talking about, using the fibs and the trend line. It's just my educated guess, I'm not telling anyone to get in here. If you're looking at this thing and your thinking I've missing it, you've already missed and you need to wait for another good entry point on your 15 minute channel. Don't just jump in just because it's moving down.

**OR:** Guys, I need to go. I'll talk to you later. And whatever you guys do stay positive and optimistic, OK. Bye, bye.

## **APPENDIX**

### **Terms and abbreviations**

EST	Eastern Standard Time
GMT	Greenwich Mean Time
LRC	Liner Regression Channel
Mini-LRC	Mini Linear Regression Channle
ORC	Orange Roshan Channel
SL	Stop Loss