

Using the higher time frames to determine potential trends

The figures below are for the EURUSD and illustrate however a higher time frame can be used to predict the movement of the next trading day.

Figure one is 60 min chart of the EURUSD.

1. We see an ultrahigh volume up bar closing on the high, but with a lower high than we saw on Feb 1st. This indicated to me that supply entered the market. The price went only a little higher after this bar appeared on reducing.
2. The weakness is confirmed with this second wide spread ultra-high volume up bar. The supply entering the market at the bars at 1 and 2 indicated to me that today we should be seeing lower prices. So I was on the lookout for a sell trade in London session.

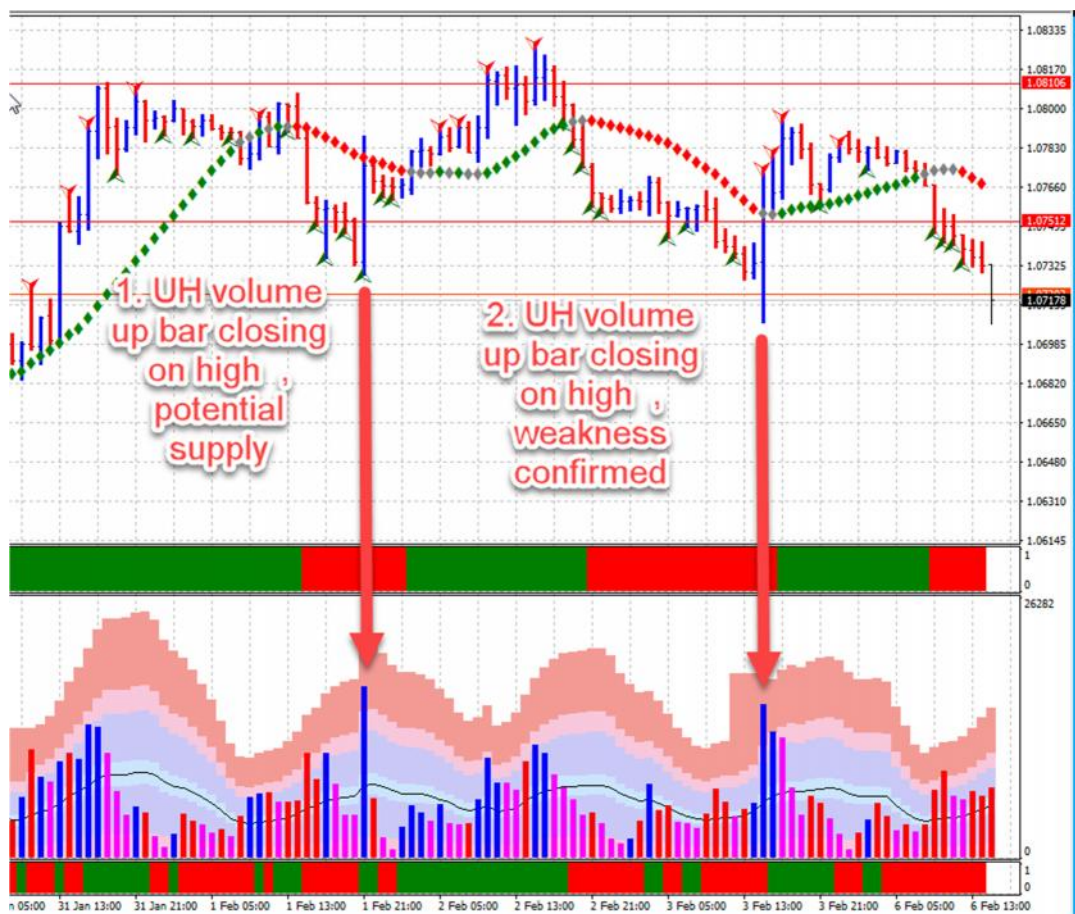


Figure 01 EURUSD 60 min

The figure below is for the 15 min chart of the EURUSD and provides the set up for today's trade.

3. We have a down move with a slight up wave, which is the set up I was looking for due to the supply entering the market on the higher time frames.
4. On the up move we see a higher bar, closing in its lows, which is a sign of weakness and provides and expectation for lower prices. The trades is placed at the low of the trigger bar, a stop above.

The target was the green line, which is a support level on the daily. When it hit this level we saw potential stopping volume and I closed my trade as that was my target price.



Figure 2 of the EURUSD , 15 min chart.