Why 10EMA?

The power of 10EMA Post#8,528 by FF member named tango-1

This is simple enough and we can develop our trading system based on this simple use of just one moving average line on all chart timeframes.

Hence, when we develop the **Dynamic Cut-Loss for ME/ME trading**, we stick to this use of the 10EMA. This is a tool to help traders decide on cut-loss without too much thinking and reconsideration when their trades are in drawdown. It is like a forced decision build in the trade manager. The trader must know this and has little to do.

For consistency, we also use the ATR-100 days for many system design specifications. Use 2xATR(100) pips distance above and below the 10EMA to keep track where we should cut-losses when the market goes against our trades. But this seldom happens if we follow our Entry and Exits rules with strict discipline.

See EURCAD H4 swing trading example below.

Remember, when 4H Swing trading, one of the rule is to close all trades by Friday' London session closing and latest before NY session close.
We must not hold 4H swing trades over the weekend and for more than on calendar week. There is only one exception to this rule.
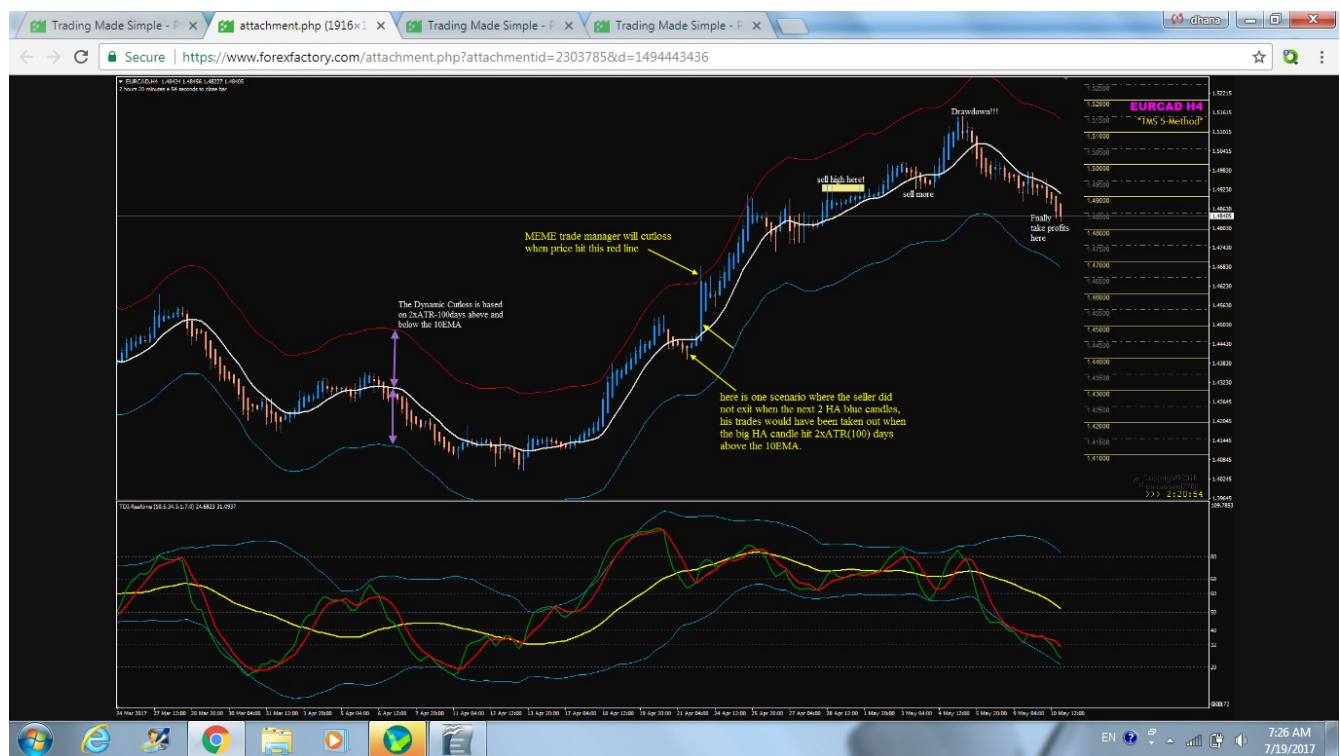
I continue to stay on the buyers side until I see a W1 2-bars reversal pattern or a 5-bars D1 reversal pattern.

Hi,

1) for H4 swing trading, you need to know the 52-weeks ATR and also the retracement where you will build positions with multiple entries. You can still use the ATR-100 days but with reduce %ATR-100 days for e.g. 0.25ADR 100.

2) Yes, I do use lot increment. But your trading account deposit must be sufficient to cover the margin requirements and you trading capital has to be large enough for that 1% to 2% requirements in your account deposit. You need to do your calculation in your trade plan.

3) Final target TP is based on BPP and trade plan. Never set TP based on ADR. You can always do multiple exits when market run in your favour taking small profits and re-entry.

Few things you must first know.
1) The 10EMA is used instead of the 5EMA, Typical Price, Shift+3 which is part of the 5-Method. there is very little difference between the two moving averages. I prefer the 10EMA and I can use the same timeframes.
2) The basic rule for TMS 5-Method is
- buy when the price action is above the 5EMA
- sell when the price action is below the 5EMA.
The 5EMA is for direction by Big E.But again, you need to decide on what CSP you want to look for and to trade.
I only look for the following:
BUOB, BEOB
BUEB, BEEB
IB, Double IB, NR4IB
MC[3]
DBHLC
DBLHC
WRB

If you are asking how to trade in the BUILD phase,

first you must know an easy way how to identify each of the phases - the PLAN phase, the BUILD phase and the final RUN phase.

I only look at the D1 chart to see if there is the PLAN, BUILD and RUN phases. The Weekly and Monthly is the timeframes I use to look and determine the Dominant Trend and/or the Market Type. H4 timeframe is the weekly swings

On the D1 chart, I will look at the market volatility and I use the Chandelier Stop which is ATR based volatility. What is important is the previous months High - Low, and its swing levels before the High Low. This is how I will look if there is empty space for price to move into without support or resistance.
Every time there is break of support or resistance, you will most likely find the BUILD phase.

During the BUILD phase, it is when I will use the retracement to build up more positions in the market and in the direction of the Dominant trend.
The trading process is what I have been sharing since 2015 - Multiple Entries / Multiple Exits during the BUILD phase until the next break out of the support or resistance.

The USDCAD posted above is an example of this PLAN,BUILD and RUN

Trading the D1 chart requires a different set of rules from those whihc Big E traded with H1 and H4.

The entry and exit rules for trading the D1 chart are very simple and visual.
See my chart example below.

Start testing this on your own and use a demo account like Big E said many times. Do forward testing on demo to build confidence.

To speed you your demo and forward testing, do it on those eight pairs which Big E traded back in 2008 to 2011.
You will find many trades every month. You need DISCIPLINE and check your D1 charts once per day and look for the setups.

There is one set of conditions for buy or sell. There is one logical sequence which must be in proper order. What are you talking about flat TDI inside the PAC? This is not one of the rule for D1 chart trading. Big E said that is conservative exit when the space between Green and Red is big, but how big is big?

1) use only the HA candles which must either close above the PAC or below the PAC. I did not mention the price bar nor candlestick. There was no HA candles which is inside the PAC of both the setups which I marked.

2) the 'trend' is what we see using the PAC bar by bar, this is also mechanical. rising PAC is considered bullish, falling PAC is considered bearish.
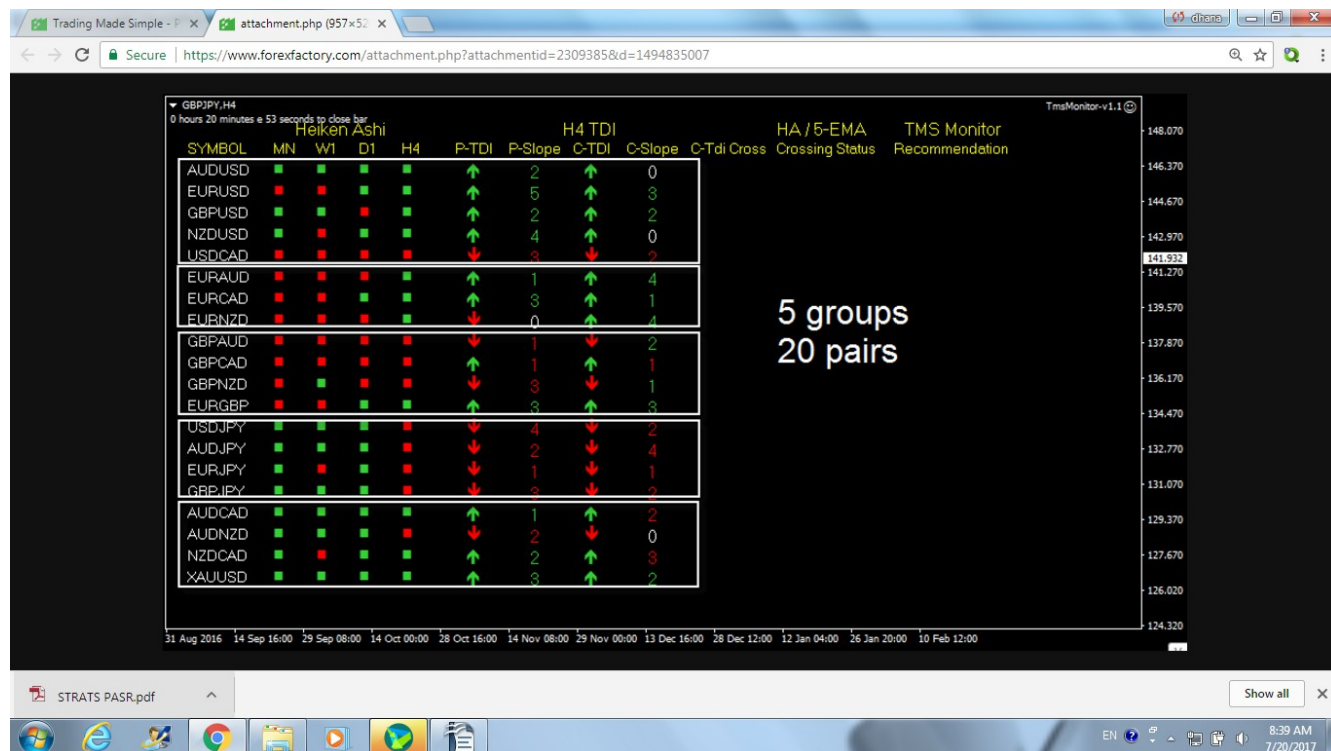
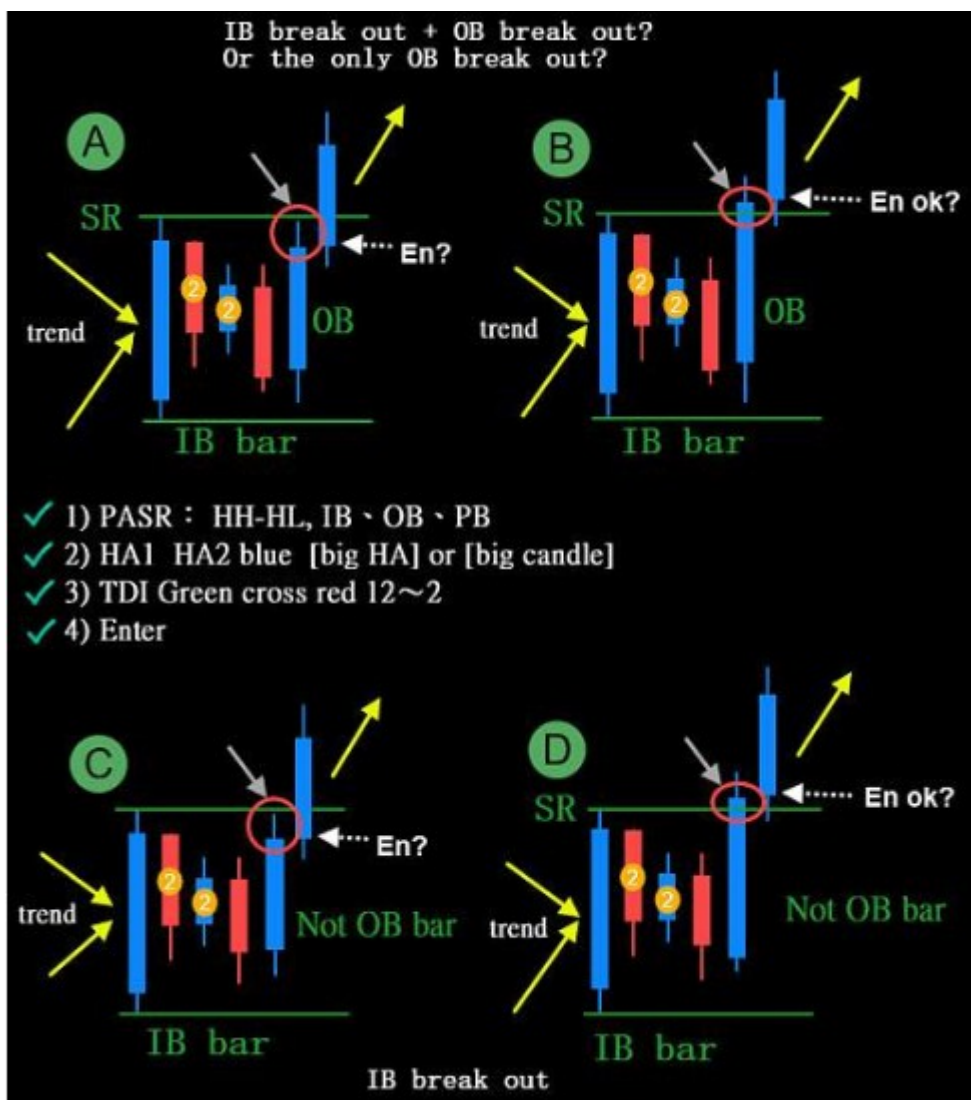3) the TDI is the last mechanical condition to fulfill the complete setup.

that is simple, only 3 mechanical conditions which must be logical in sequence 1), 2) and 3) and can be programmed by an experienced programmer. If you mix up the logical sequence, it will go wrong.

Edit. That yellow arrow points to the HA candle close which fulfills all 3 above conditions. Zoom into the HA, the PAC and the TDI.

To manage your risks, pick only one pair from each group.

Time to start looking at the GBPxxx pairs too. We have British PM speaking this week. What do you think she would be saying this week?

IB break out + OB break out?
Or the only OB break out?

A
SR
trend
En?
OB
IB bar

B
SR
En ok?
trend
OB
IB bar

✓ 1) PASR : HH-HL, IB、OB、PB
✓ 2) HA1 HA2 blue [big HA] or [big candle]
✓ 3) TDI Green cross red 12～2
✓ 4) Enter

C
trend
En?
Not OB bar
IB bar

D
SR
En ok?
trend
Not OB bar
IB bar

IB break out

From your 4 examples A, B, C and D, we do not know if the Mother Candle of the IB is a WRB unless we see the previous 3 candles before it.
But looking at your examples, the price consolidation is clear using the Master Candle MC[3]and also that is a good example of a Double Inside Bar pattern which is a very good price pattern to trade the breakout.
One of the rule of TMS 5-Method is no to trade when price in in consolidation and the MC[3] is a consolidation pattern.

The safest trades would be B and D. The breakout is very clear when price closed above the MC[3].
A and C are risky as there is a short term resistance seen with the Mother Bar and first Inside Bar ... a swing point.

Look at my AUDUSD D1 chart example below.
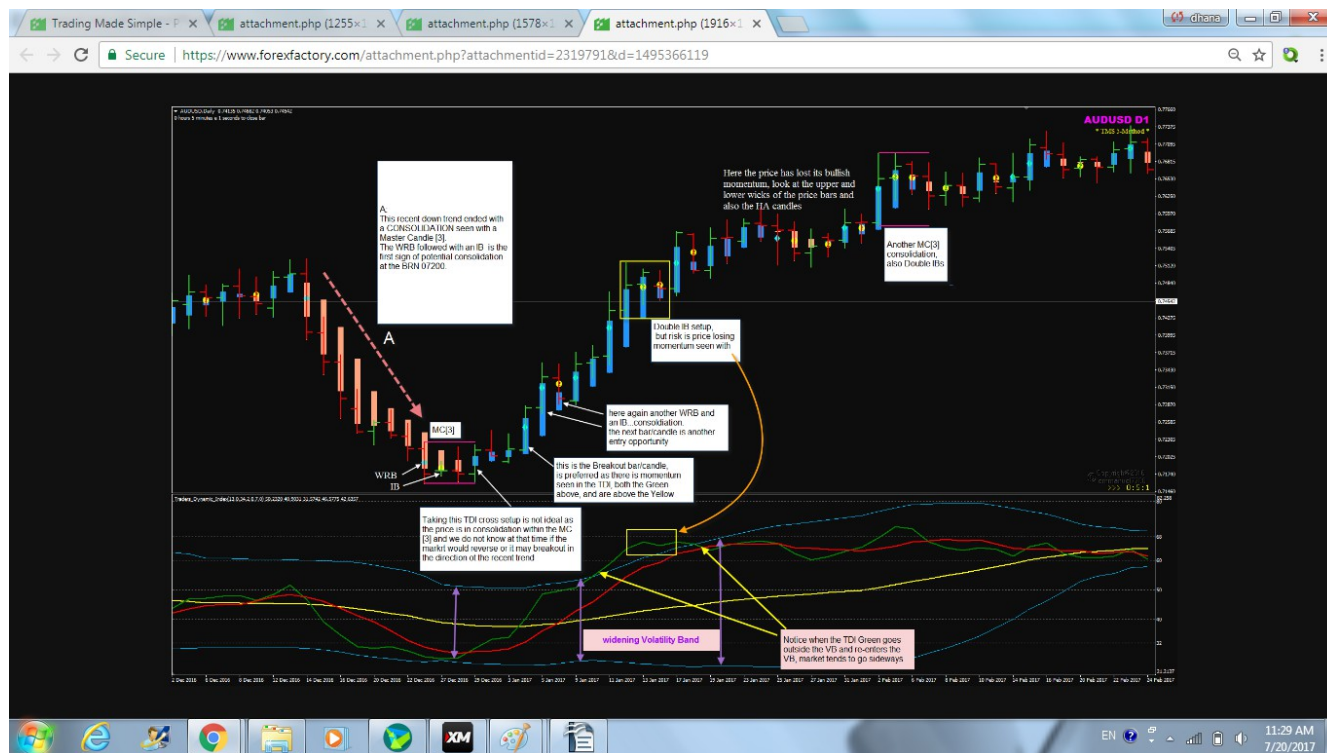
There are times when the trend goes into correction and the correction goes deeper and we have open positions in drawdown.

I did mention before, we keep our number of positions per basket to a pre-determined number. If we use 5 positions per basket, we do not open the 6th trade when the correction goes deeper. Better to close the oldest trade, take the small loss first and wait and see if the correction will be over and the trend resumes. Always check the average entry price of the basket.

When we trade several pairs in the same account, must always manage the account balance, equity, margin used and the margin level. I did mention before that we should not trade more than 5 pairs at the same time, this also means we should keep maximum 5 pairs in one trading account.

Treat your trading account like one basket of trades with several different pairs traded at the same time. This way we also manage the account not just trades.

You should have several accounts with same broker and preferably with a broker who allows your accounts to share the balance of one master account or you can move funds between different accounts with little hassle.

the D1 chart sell setup according the use of the PAC rule is good.
the 3 conditions are met.

the win rate for such setups based on last 10 years is 43%.

alternative is wait till this W1 closes and update BPP and plan a trade for next week.

the 3 conditions are(mechanical conditions):

1) the HA must close either above or below the PAC.

2) the 'trend' we see using the PAC 5SMMA high-low, look at the slope of the PAC upper and lower channels of the current bar close and the previous 2 bars.

3) the TDI Moderate mode.

Do not trade simply with the TDI Golden Cross. What is more important is the PA and S/R.
If you use the PAC entry approach with the TDI Moderate mode, the win rate for my trading pairs is between
42 % to 53%. This win rate is good enough considering the pip range from entry to exit using the Ha candle
change colour.
You don't need win rate of 70% to 80%.

Look at the EU chart below. Do you see the TDI Golden Cross? It is visual.
Look at the setup using the Ha close above and below the PAC with TDI Moderate mode
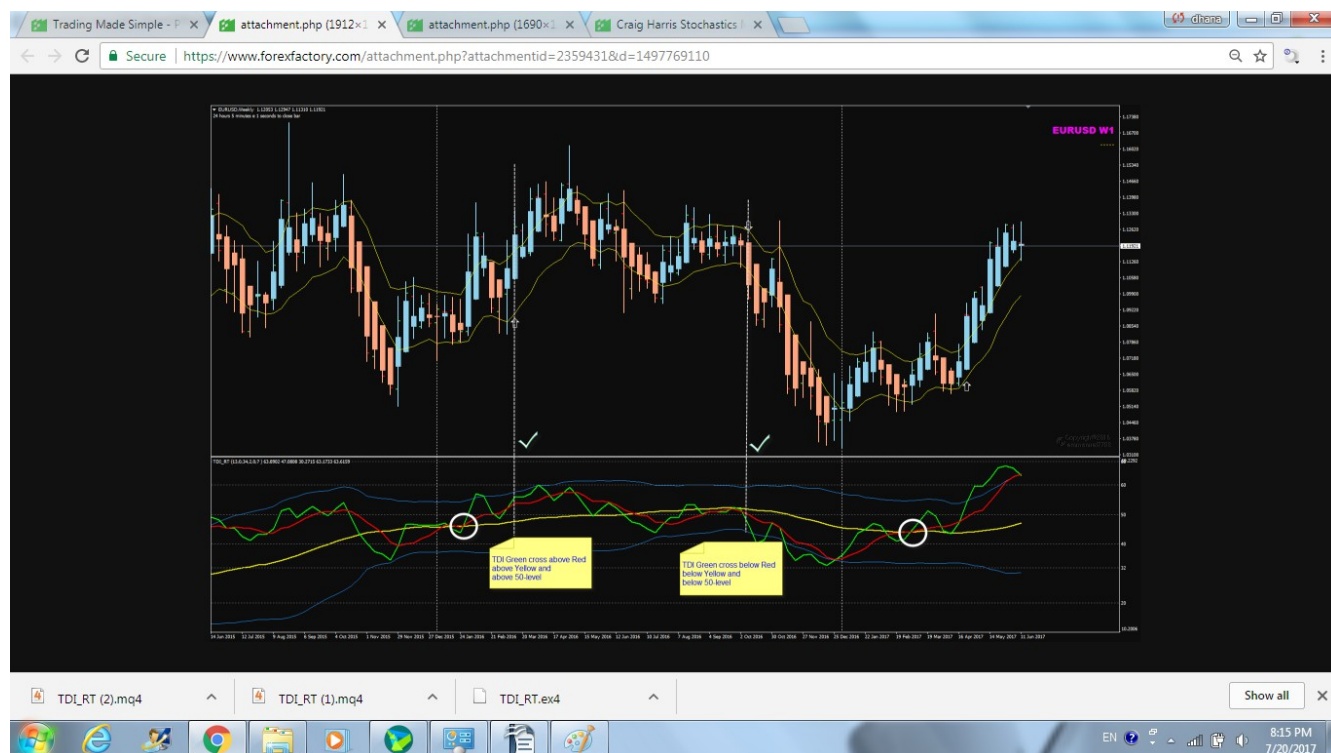
Many questions, most have been asked before and answered over the last 4 years. Nevertheless, I will be brief answering each one to help recap.

1) Both H4 and D1 charts are good to trade with ME/ME. You need to know the market conditions well and know when to trade 4H swing and when top trade D1 Position trading. You need to know the H4 and D1 market volatility and the trading range.

4H swing trading you open and close trades in the same trading week and with only one exception. H4 has the tendency to have swings withing the same week, you see swing high, swing low. therefore bascially you are buying the swing lows and selling the swing high. That was the way Big E traded the H4 reversals every week by picking the entry with HA candle #1 and #2.

D1 Position trade you can open trades and keep them open over many days and into several weeks.

2) Use the 52-weeks ATR range for TP. Most cases 40% to 60% of the ATR-52 is good. If strong trend and volatile market, 100% is possible. In breakout, 120% of ATR 52 weeks.

3) The is no best time for exit when negative pips. It depends on what you see on your charts and how you plan your trades. One exit condition is when your trade get invalidated by an opposite trade setup. Another example is 4H swing, I would close my trades on Fridays when London session closing time no matter the profit/loss, with only one exception. There are other exit strategies I posted before, Just search 'Exit Strategy' or 'Exit Strategies".

4) How many baskets? depends on your account size and your business plan. I trade 19 pairs in 5 groups, and I pick only one pair from each of the 5 groups. At any one time I can have opens trades in 5 different pairs using different trading accounts and different brokers.

5) Maximum DD - depends on your money management risk. I can handle anything up to 10% DD because above that, recovery becomes very difficult.

6) There is no ME/ME system. It is still the same ME/ME developed since 2013 and only recently a few trades are focus trading the D1 charts only with a few own individual adaptions.

7) No new topic as I would like to see more active participation in this thread. I planned a new thread and the content is near 60% complete after I made few changes in the recent weeks . No date for actual release decision.

I am working on other projects like Monty Hall is kind of fun right now. I am looking at price bar patterns for bullish reversal or bullish setups when near support.
On D1, at minimum 3 to 5 bars type of bar patterns.
On W1, at minimum 2 bars type patterns.

Following a simple rule - trade away from the 10EMA, away from 50EMA and 200EMA.
If you trade towards the 50EMA and towards the 200EMA, consider them to be counter trend.

When you trade H4, there will be days when the market make corrections during the week and you can still take a H4 counter trend trade.
This happens often when the market make a strong move exceeding 100% and 120% of its average 52-weeks range AWR, those corrections are good to trade and with small target of 40% of the AWR

Example USDCAD in the past weeks, were few strong move down and the following week saw some good corrections.

What about setting target profit(s) as your exit(s)?
Know the average trading range of the timeframe you trade.
Types of exits:
1) Static Exit when SL and/or TP(s) hit.
2) Adaptive Exit when Percentage of ATR reached, R-Multiple reached, etc.
3) Trade Invalidation Exit.
4) Timed Exit, when the trade has exceeded its predetermine duration, no matter the trade result.
5) Psychological Exit.... mental exhaustion of the trader.

'set and forget' works best for 1) Static Exits and also 2) if we know how to.

When trading, we do not know what the market will do. We therefore do not know if the market will reach our targets or break support/resistance. But after trading for many years, your trading performance statistics will show you what your system Expectancy is and you will have the confidence to trade with those MN swing levels from your Big Picture Plan BPP.

Our job as traders is to know our trading tasks and focus our energy in the performance of our trading tasks. one of our top task is like Big E did, he look for the best setups to trade.

What is the best setup?
I call them A+++ setups according to TMS 5-Method rules.
A+++ trades setups must have the conditions to fulfill the 10 things which will determine if the trade setups are of higher probability.

10 things to know, to learn, to practice and to master... to reach the stage of Unconscious Competence.

Price Action
Trend
Multi-Time Frame
Momentum
Support and Resistance
Continuation
Volatility
Market Strength
Range
Timing

Hi Emmanuel7788,
just wanted to know how you manage the time differences being in Aus Im finding it particularly difficult to restrict myself to the London and NY sessions being that they are so late in day for us. I keep falling into the pattern of checking first thing in the morning after the close of the NY session then being drawn back during the day (which i know i shouldnt being doing) and its during the day that I'm making mistakes. Unfortunately having a family, the start of the london session is right on dinnerand following the NY session will keep me up all night. Can this system work if its restricted to the london NY crossover.

Answer: If you want to do this business, you must first decide on you business hours i.e. your trading hours. With a day job and family time, it will be difficult but not impossible. I traded the stock market form many years since mid-1980s, I trade only EOD i.e. based on D1 chart. I only take 20 to 30 minutes each night to scan for trade opportunities and place my orders before the stock market open the next morning.

Now I am retired so I have more time to trade during the day. I don't trade the NY session because by the time NY open, it near my bedtime and I prefer to wind down the day and sleep by 11pm my local time. I cannot trade the London-NY overlap hours, worst time to trade because of the news and data release during the US markets hours.
In my morning hours, I will trade the Sydney -Tokyo sessions for 3 to 5 hours only H1 and M15 charts.

Based on your schedule, I think it would be best to trade only the D1 chart. But on days when you have holiday in your country and the market is open, you can also trade the Tokyo morning session and the London open session right up to NY open. You don't have to lose sleep because you want to trade forex. Plan your trading around your lifestyle with priority for family especially the younger ones. Enjoy time with them when they are still young because you don't get a second chance once they grow up.

Have fun trading.

Examples of ME/ME trades this wek:
EURCAD trading D1 chart
Closed +335 pips in total.

GBPCAD also D1 chart trading
Closed +205 pips