

[Quoting Vape](#)

EU M1 +6.5 Explanation on chart {image}

Thank you so much Vape, for posting so many trades for us to learn.  
I have a question here in this chart.

As I marked in the chart, just after the falling, a bullish candle with notable volume broke 50EMA upwards, but without follow-through and a small resistance formed under half level.

After that a bearish candle with notable volume broke 50EMA downwards. It seemed that here was a good opportunity to enter short, but actually the price then went up again to be even higher than half level. If I took this opportunity, it would be a failure.

So for this situation, are there any other considerations not to take this trade or it is just because losing trades are existing?

Thank you and all contributors here.  
All comments are welcomed.

Attached Image (click to enlarge)



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[Quoting czg](#)

{quote} Thank you so much Vape, for posting so many trades for us to learn. I have a question here in this chart. As I marked in the chart, just after the falling, a bullish candle with notable volume broke 50EMA upwards, but without follow-through and a small resistance formed under half level. After that a bearish candle with notable volume broke 50EMA downwards. It seemed that here was a good opportunity to enter short, but actually the price then went up again to be even higher than half level. If I took this opportunity, it would be a failure....

Hi czg,

Good spot and what you've said makes sense and could have been a good trade, but, if we check the M5 TF we'll see a difference picture.

1. Where you've marked off the yellow area, price does indeed form a bullish candle breaking through the dragon with notable volume, followed by a period of consolidation and a bearish candle with notable volume. - Looks like a good short.... But if we check the dragon, we can see its flat and actually almost pointing up (above 3 o'clock). Ideally, we always want to be entering the market when the dragon has a good angle 1 / 2 o'clock for a buy and 4 / 5 o'clock for a sell.
2. Check the volume - The first notable volume bar in the circle you've marked off is considerably larger than the last notable volume bar. What does this tell us? - Price was actually going up (albeit slightly), while volume was dropping off. Just below the 1/2 level too, probably a good time to approach with caution.
3. The trade that I took (2nd yellow area), the dragon's angle was slightly pointing down. It wasn't ideal and you could even say it was quite flat/choppy, but it appeared to be turning lower.
4. This is the most important - Check the M5 and M15 prior to placing any trades on the M1. Usually, the 200/233MA's on the M1 TF will be the dragon/50MA on the M5 (not always, but quite often). The dragon is one of the best tools we have. Just watch how price always reverts back to it before moving away. Cigar guy often says something similar, check where the M5/M15 dragon is and trade the M1 chart back towards it. So if we look at the first yellow circle you've marked off, we can see that while on the M1 we're at the dragon, the M5 shows us another picture which we have to take into account. The chances were, that price was headed back to the M5 dragon.
5. Finally, the 1/2 level. Usually, (not always but quite often), when price breaks one of the key levels we look at (1/4, 1/2 & Round), it will 'go back for more'. Again, this is something Cigar Guy has said many times, price tends to break through these levels by 5 - 8 pips or so, before pulling back. So looking at this chart again, this was the first time price had broken through that half level, so chances were, that it would have pulled back to it before continuing on its journey.

In all honesty, the trade I took wasn't actually that great. But, again something that Cigar guy mentions a lot in this thread is feel for the market. This you can't learn by reading or studying charts, but by actively watching how the charts move, because they'll do the same things over and over again. That trade I took had a lot of 'feel' behind it. I didn't just randomly sell because I thought price would go down, but by watching how price was moving prior, helped make the decision.

PVSRA is all about interpreting HTMRW and joining the MM's after they shown us what they're up to. MM's work for banks, hedge funds etc, so we'd expect them to be fairly smart people. But throughout the day, they constantly show us what they're doing and leave us clues, its our job to sit and wait for the most obvious clues and take a little bit of their money.

Heres the chart - Hope this helps & GL 

