

S&R MAPPING

Created by TrendSetter

'S&R Mapping' is a simple system that makes use of larger time frame candles to project and provide future levels of support and resistance to trade on smaller time frames.



Simplicity using the larger time frames

Larger Time Frame Candles play a significant role in S&R on the Smaller Time Frames.

Finding solid Support and Resistance is not an arduous task. Keeping things simple is the key. The most substantial Support and Resistance levels are ones found on Large Time Frames such as the 4 hour and higher. One thing is certain and that is the market moves in waves, bouncing from Resistance levels to Support levels and vice versa. Some levels hold strong for a long period of time, while some break after few uses. Some levels provide a more position based trade (Large Time Frames), while some provide very quick scalping opportunities (Small Time Frames). But a simple fact is that they all spawn from the Larger Time Frames.

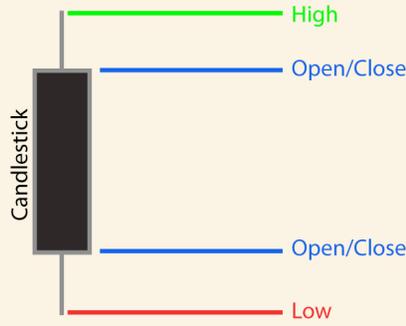
S&R is an extremely profitable strategy and masks itself very well from those who try only to back test and study closed candles. Closed candles and back testing will definitely show which levels stood strong and managed to change the flow of the market, BUT, what those closed candles may not show is the 20, 30, 40, 50 pips it retraced after crashing into a Support or Resistance level. The closed candle may only show a very small profit of 5 pips if any profit at all. It could show to be a losing trade if taken at that level. If backtesting S&R levels it is best to check the level on a tick chart or a 1 minute chart maximum.

The S&R Mapping system is simply a mapping of key S&R levels to look out for. In no way should the system replace a thorough education and understanding of Support and Resistance. Your own experience and knowledge is key to your success, and the system is only a TOOL to help verify, strengthen your confidence, and likely point out levels or points you may have missed in 'YOUR OWN' market analysis. The S&R Mapping system should supplement and aid YOUR analysis, entries, exits, trade decisions, and your overall process, NOT REPLACE IT.

Example

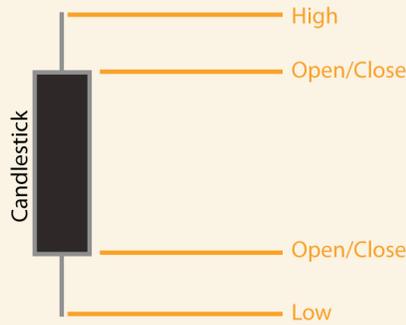
S&R Mapping

System Color Code



Color Code used for the **HIGH** Time Period of the Chart

Chart Time Period

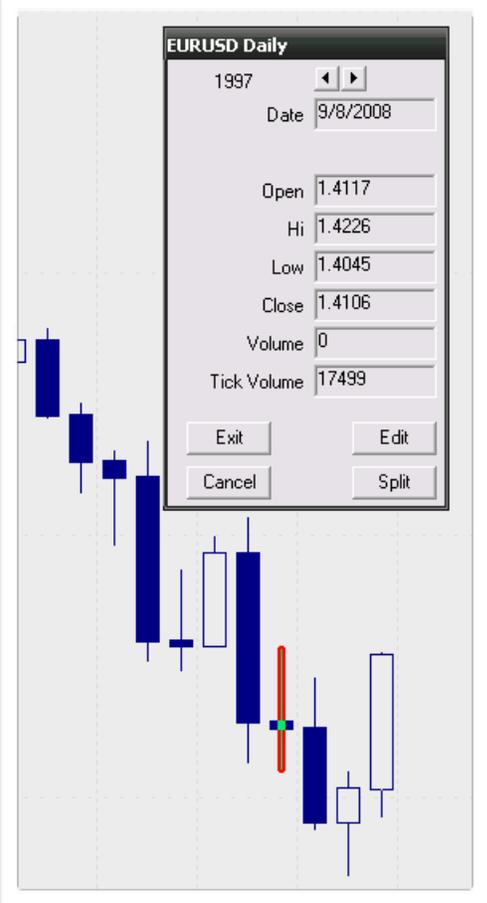


Color Code used for the **NEXT** Time Period of the Chart

The Candle is the backbone of the system. If we take a single candle from any time frame, using the Open, High, Low, and Close price of that candle, we have future levels of Support and Resistance to trade on a smaller Time Frame.

Doesn't matter what Time Frame it is, what is considered a large or small Time Frame is relative. If you consider a 1 hour your large Time Frame, then anything less than an hour is the smaller Time Frame. If a 15 minute Time Frame is your large Time Frame, anything smaller such as a 10 minute, 5 minute, or 1 minute are the smaller Time Frames.

Example...



The Candle Open, High, Low, & Close

OHLC prices of a candle provides future Support and Resistance levels to trade

For this example the large Time Frame being used is a Daily. We take a single Daily Candle on the EURUSD currency pair on 9/8/2008.

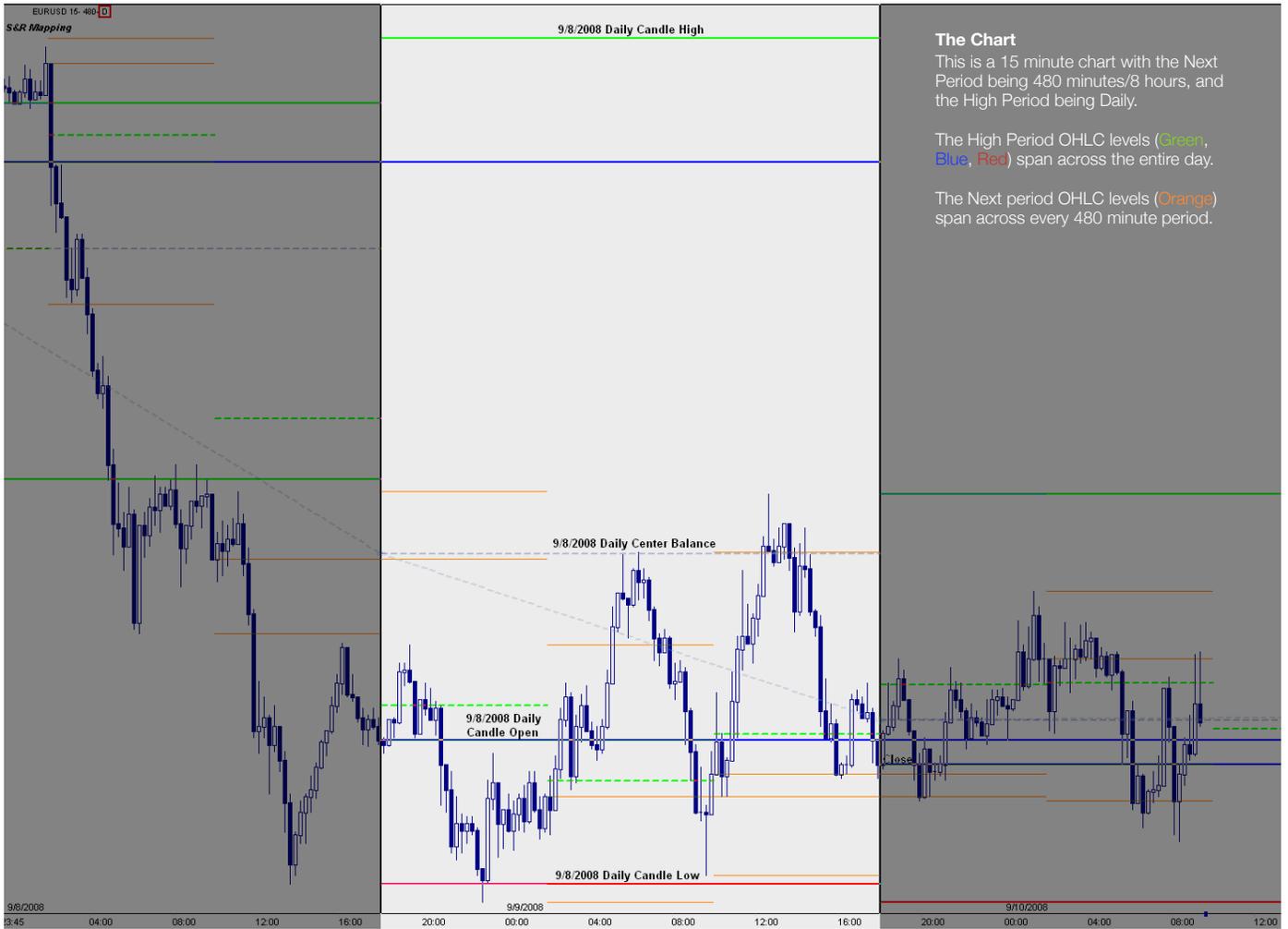
The Open, High, Low & Close (OHLC) of the candle are as follows:

- Open - 1.4117
- High - 1.4226
- Low - 1.4045
- Close - 1.4106

Using those price levels from the Daily candle of 9/8/2008 we have future levels of Support and Resistance to trade in the future; 9/9/2008 onward.

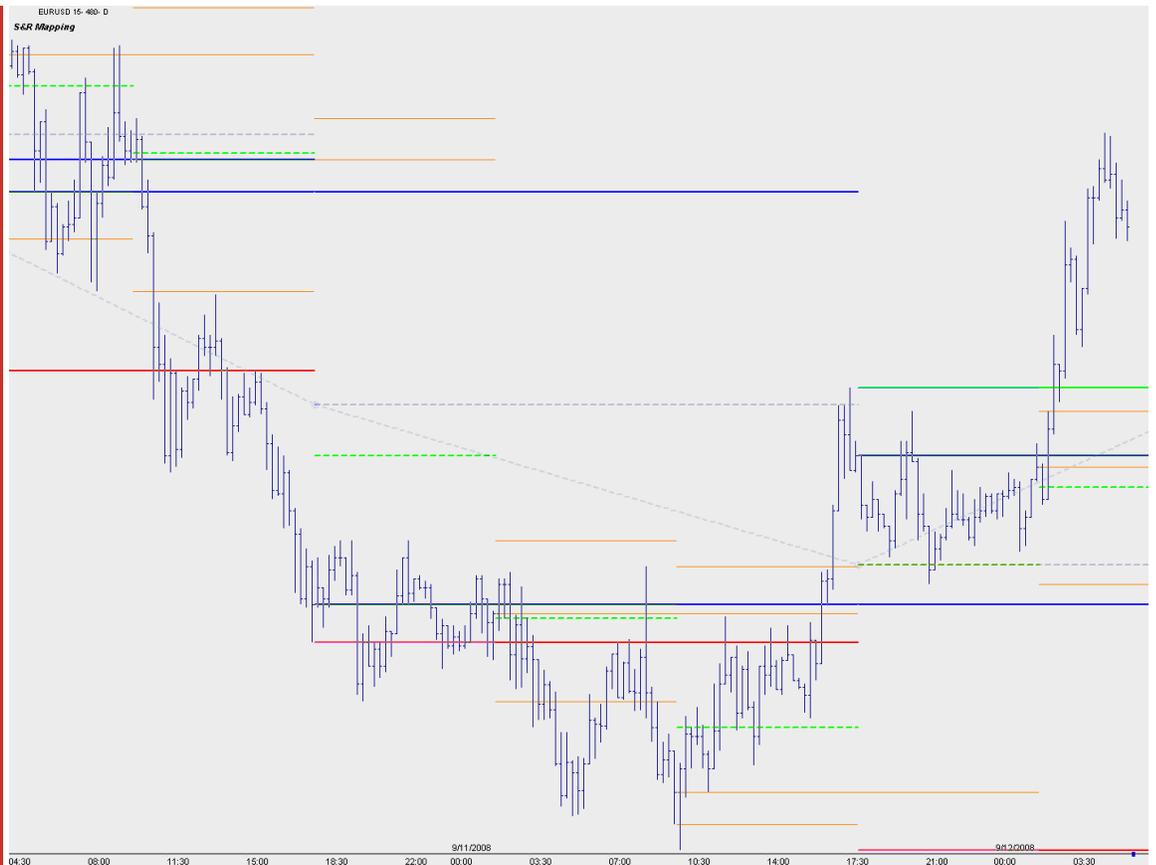
What the S&R Mapping system does is take the OHLC prices of a candle and projects horizontal lines ahead of time into the next period.

A period is simply the time frame of the candle used. If we were to use a 4 hour candle then a new set of horizontal lines are projected every 4 hours to represent the OHLC data from each 4 hour candle. In the case of the Daily candle, a new set of lines would be projected every day.



The Chart
 This is a 15 minute chart with the Next Period being 480 minutes/8 hours, and the High Period being Daily.
 The High Period OHLC levels (Green, Blue, Red) span across the entire day.
 The Next period OHLC levels (Orange) span across every 480 minute period.

More than OHLC
 A closer view of the system in it's entirety. The dotted lines on the chart are balances. These balances are the S&R levels that aren't derived from the candles themselves but mathematical formulation of makert movement.



The **Static Balance** levels behave very much the same as horizontal S&R levels. The only difference is that they are projected from the balance points of the market rather than from candles. Balances prove themselves time and time again to be very good S&R levels (the ones you don't see until too late).

The **Moving Balance** may seem like a trend indicator, but it is NOT. I repeat... the Moving Balance is NOT a trend indicator. The moving balance shows the change in the balance of the live market. If the balance is angled negatively (downward) it's best to sell S&R rather than buy. If it is angled positively (upward) it's best to buy S&R rather than sell. So yes, it does sound like a trend indicator, but this has nothing to do with candles. If the candles get above the Moving balance it doesn't signal a buy, If the opposite occurs and the candles get below the Moving balance it doesn't signal a sell. The Moving balance is kept pale in color as to not distract from more significant details important in decision making. The Moving balance gives you an idea of where the general live balance of the market is. If the Moving Balance is angled downward and the candles are above it still means it's best to sell S&R rather than buy because the balance of the market is still below the price and the market is attracted to the balance.

Note: You will find that the Moving Balance itself acts as S&R and reacts to the live market like a spring board. (Something you will see best in the live market in relation to backtesting closed candles)

Static Balance

Color Code used for **NEXT** Time Period of the Chart



Color Code used for **HIGH** Time Period of the Chart

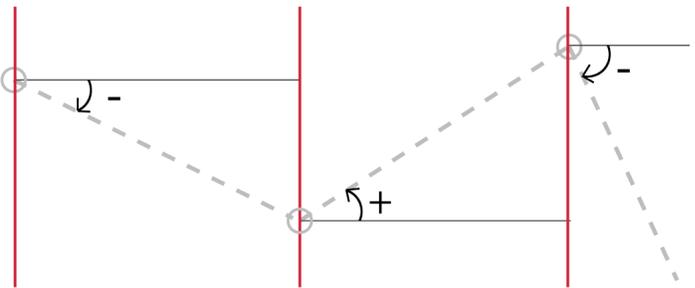


Chart Time Period



Moving Balance

(Only on High Period)



Balance the best kept secret

This highly profitable level is often only seen AFTER the fact.

The balance of the market I have found to be very profitable if spotted early on. It is one of those things you don't notice until after the fact. If you look through your charts you will find certain levels that the market used as both support and resistance. These levels provide multiple buying and selling opportunities in a very short period of time. But as stated above, these levels will often be noticed only after the market has played out.

What are these levels?

From my research, these levels are like the center of balance for the market, and the market can be very attracted to it at times. Using indicators is something I personally don't use as they really only

FOLLOW the market, not forecast it; But, it does help to understand how indicators work.

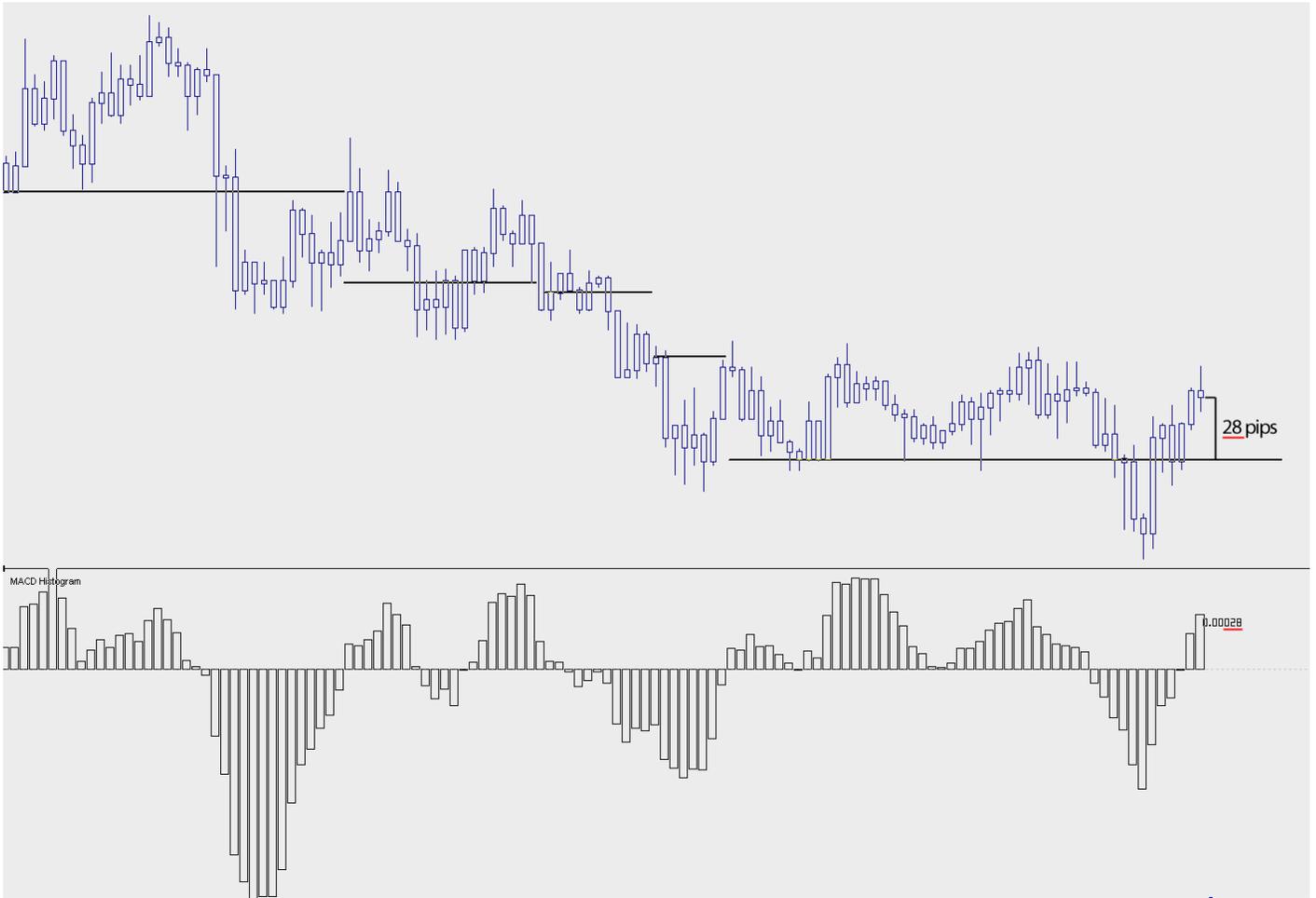
I have always been curious about indicators such as the MACD Histogram and what kind of information it really provides. I would read currency reports and see for example

EURUSD 1.4227 ▲ 0061

I always wondered what exactly was it UP from. The information is live so what is the reference from which it was UP? Whether or not it is related, I found from researching the MACD Histogram indicator that it provides the same type of reading. The market is either Up (+positive) or Down (-negative) a certain

value from what is obviously a center point of reference.

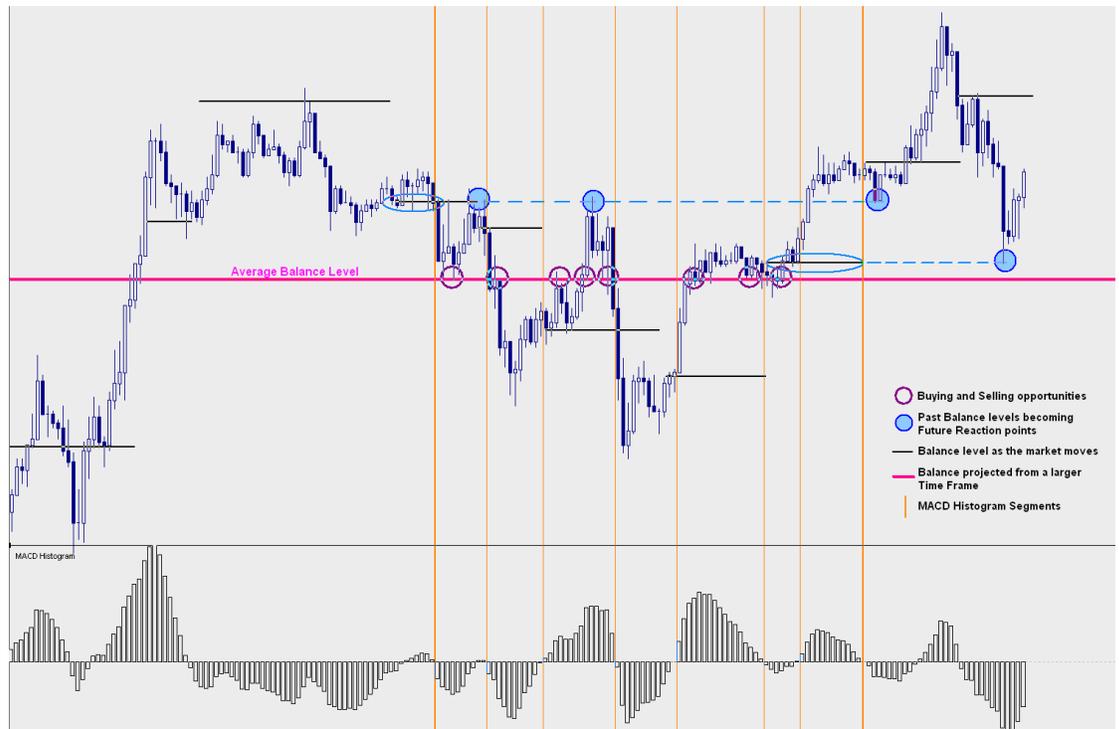
Going through the charts thoroughly it became very clear and obvious what was taking place. If you watch indicators like the MACD or Stochastic you will notice that the size of the waves on the indicator doesn't always match the size of the waves in the actual live market. The reason for that is simple. As the market progresses it CHANGES. The center of reference doesn't stay the same forever, but is constantly moving along with the market.



The MACD Histogram the Center of reference is always changing

The black horizontal lines are the change in the center of balance as the market moves.

After studying the MACD Histogram I implemented the balance levels produced by the market into the 'S&R Mapping' system, which are projected as a horizontal S&R levels. No longer do these invisible levels which provide several buying and selling opportunities have to be an after the fact, but can be taken advantage of before the fact.



'S&R Mapping' System List + recommended time periods

S&R Mapping
S&R Mapping LTF (Large Time Frame)

Variables:

S&R Mapping w/Auto TLs
S&R Mapping w/TL
S&R Mapping w/Scalper
S&R Mapping LTF w/Auto TLs
S&R Mapping LTF w/TLs
S&R Mapping LTF w/Scalper

Time Periods are completely up to the trader

These are the general time periods I use on my charts.

1 - 120 - 480
5 - 240 - D
10 - 240 - D
15 - 480 - D
30 - 720 - D
60 - D - W
120 - D - W
240 - D - W
D - W - M
W - M - Q
M - Q - Y



LTF - Large Time Frame

This version of the S&R Mapping system is intended for the 2 hour and higher Time Frames. It only projects lines for the High Period.

Time Periods

There is no set rule as to what time periods should be used per chart. Time periods are based solely on what time frame candle OHLC price level you require to be projected on your chart.