

[Quoting forex dimi](#)

Alan thanks for all your effort, please keep on. Have questions 😊. I can understand A and C points. B why drawn there and not 2 bars earlier (in the pip counting would not change much but I want the reason behind that.) Are you using mt4's fibo expansion lines tool to draw the ABCD? In 1 hour had almost hd (at least divergence). When D was hit did we have the "ok" to search longs or wait the 4h? Finally if have long, the target (except money) would have been the 1h ema or D ? {image}

Ok I have just been on Skype for the past couple of hours explaining the same thing. So there may be some confusion out there.

Lets consider AC first... This is a line drawn from the attacking pivot to the pivot being attacked on the price chart. If the right side C is lower than A we then check the corresponding pivots on the slow RSI. If the right side is higher than the left then we have the divergence.

Now we look for the B point and this is always the lowest low (or highest high) between the two conflicting pivots. **We are only looking at the closes.**

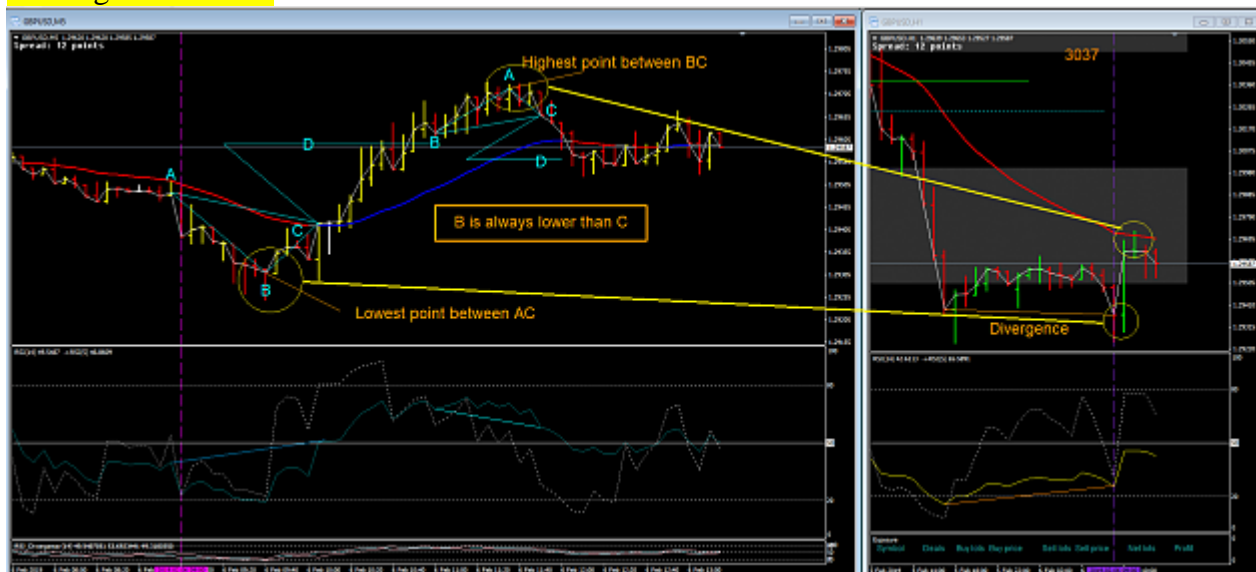
We can now connect the points to form the ABC triangle and the target is the distance AB from C. = D

D is a support (or resistance) to be broken.

These trades are difficult to since we don't know if they are continuation divergences or reversal divergences. So we need more information.

If our signal is on the 5 min chart then we need to observe what the 1 hour chart is doing so we can have a god idea which way to go.

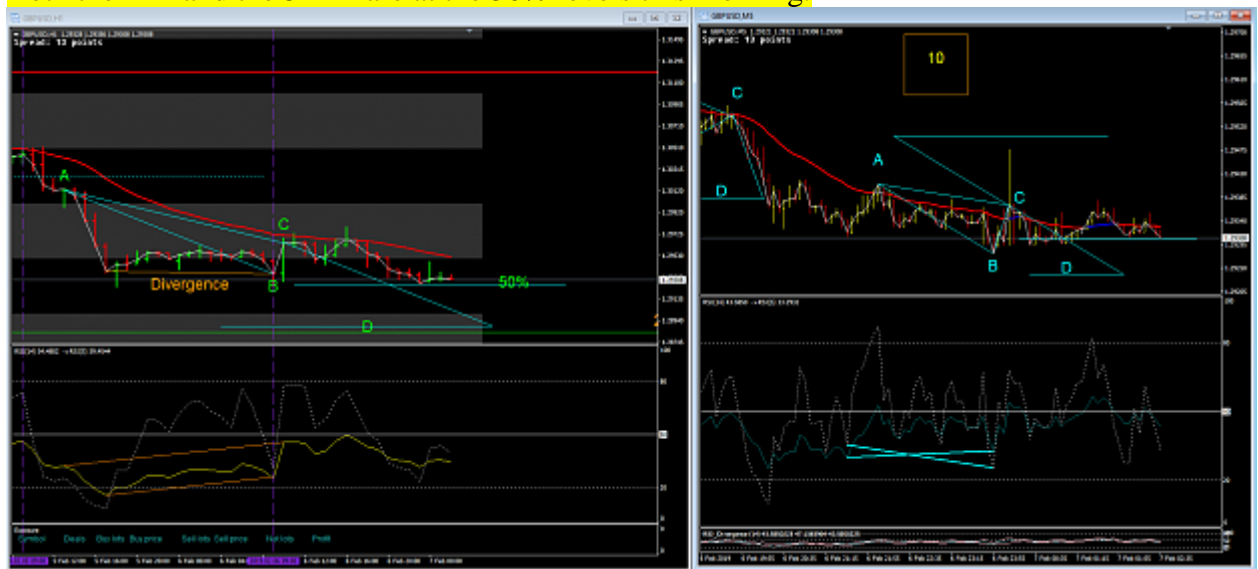
So we get this below



Have a go at sorting this mess.... Why should I be the one with the headache?



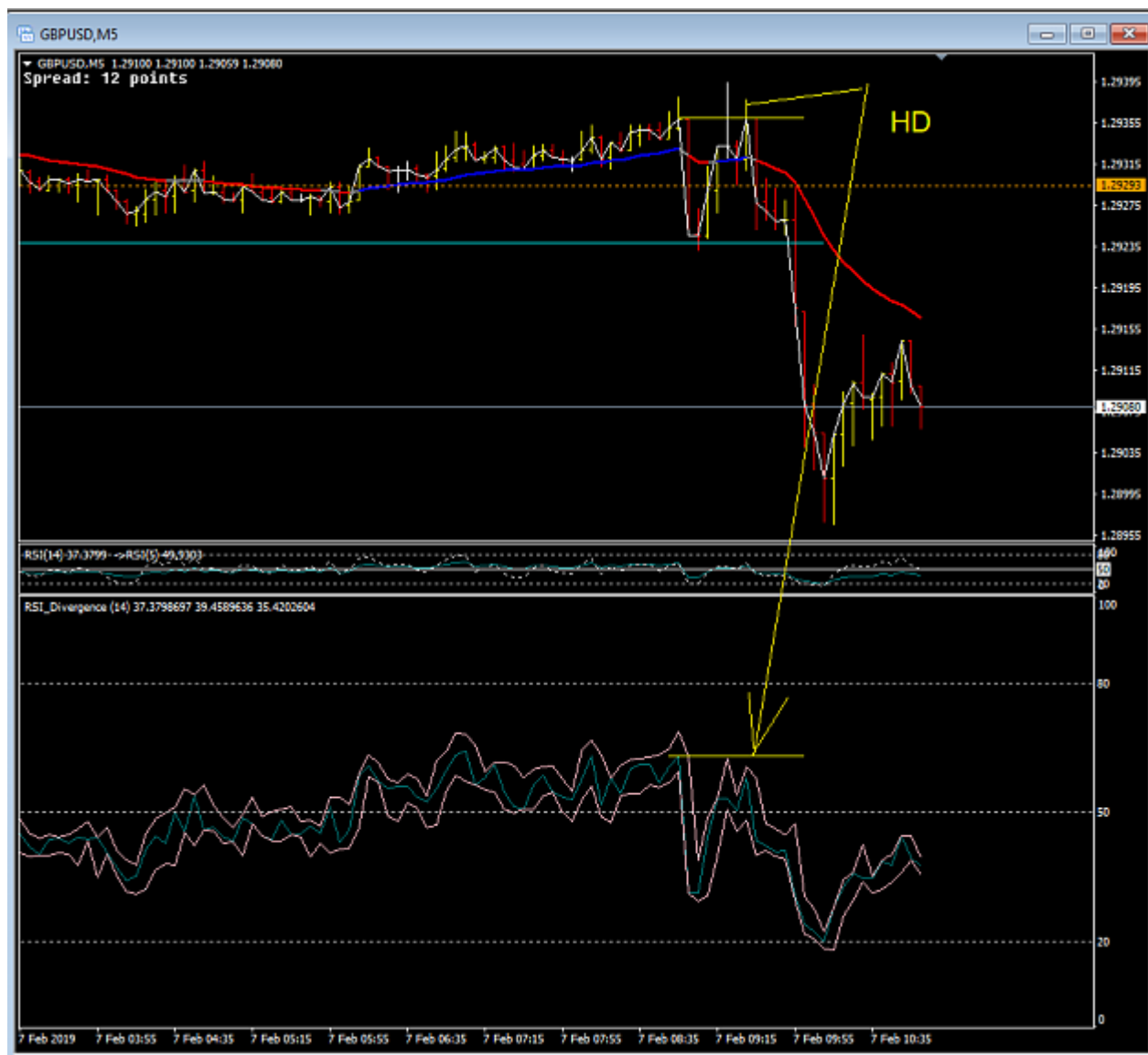
Both the 1 hr and the 5 min are at the 50% levels this morning.



[Quoting quangvision](#)

{quote} HD was identified wrong on your posted chart. It should be at bar at 9:20

No David had it correctly marked here is the proof



Keep a symbol in front of the EMA to remind you to look for the divs. You can then look at the levels to see if the trade is good for 40 pips or more.



The current weekly chart does not look good for the bulls



[Quoting forex_dimi](#)

My mistake, the chart I was drawing was that one, I can see that there isn't real continuation divergence (I overstretched the graph to see divergence!!). For my excuse I had woke up only 30min before, and that isn't much time for me 😞 Alan for my facilitation, I am using mt4's fibo extension tool. FE100, FE-100 are D, while FE-+50 are 50% D. Unfortunately that tool need to draw A as a B and B as an A See the attached chart, I think is the same levels, but different draw {image} {image}

I don't see what if any advantage there is in the Fib. We are looking at forming a triangle from the div where...

A is the Apex and is always above C.

B is the Bottom or Base and is always below C

C is the Contesting bar forming the convergence of the AC and the BC lines.

The AB line projection produces a support or resistance level to be broken. With a contested level at the mid point (50%)

[Quoting quangvision](#)

{quote} Of course, but we should get in on close of bar 9:20 which was HD if we were live trading by that time, rather than after bar 9:30 which was also HD. Cheers 😊

With HD's we get in on the signal not on the close. These often snap back big time in which case you have missed out on the best position. Look at the 1 minute chart and you should see it way up the top of the RSI

Yes the bar you say was a HH but the RSI was a tad busy trying to also make a HH

Actually I just measured it accurately and it ended up as a regular div on my chart, the right close slightly higher than the left. 0.0002 difference

It wouldn't take much of a push to crash that 1 hour target but it is taking its own sweet time to do it.



[Quoting davidmaree](#)

{quote} Crushed it, and that 4h target you mentioned some days ago is done as well.

Yep and I took that 4 hour back to the EMA...All done now. Great days work today



[Quoting Green-Pips1](#)

Hi Allan! I've been on this thread almost since the beginning and have read all posts and pdf file. I get almost all of it but have problem to recognize bull/bear divergences between slow and fast rsi. I have noticed that when fast rsi is going down and slow is going up that it occurs even if bulls or bears are taking over. The same thing happens when for example fast and slow from high goes down (split from each other) both bulls and bears can take over. Is there something else you look for on chart to decide what direction it's going to? Or do...

Well what can I say I have shown numerous examples now of the various types of divergence. The trick is to find them where we expect them to be as the charts below clearly show.

On the left 5min I have the EMA showing me where the swings are. The X symbol leads the

EMA telling me to look for the divergence that may turn it around. The horizontal lines on the swings are the levels to be broken. When the average fails one side it tests the opposite side (which can also fail)

The 5 min chart on the right shows me two types of divergence at the X symbols.

a) Type one, the lower of the two, is a regular bullish divergence and we have resolved these will take price long. In other words they change price direction, reverse it if you like to express it that way and we note the average has failed to make the next lower low. . Now this type of divergence will do one of four things...

- 1) It will send price back across the EMA and the bulls will look for support which is what happened in this case.
- 2) It will fail to reach the EMA and then make a lower low.
- 3) It will reach the EMA and then bounce back and make again a lower low.
- 4) It will run into an opposing continuation divergence (ABCD is formed)

So this divergence was a type a1. As regular as it gets.

The two bar test presented us with both the entry and the stop level. (allow for [spreads](#)) and if we are just starting the trade we enter with our **1st of three entries**.

Now it is **important to do this** because we could easily be wrong so we are not going to lose much. If we think even for a minute that we can't lose then we **will lose** lots of money by 'thinking' instead of taking precautions. Thoughts and actions are two separate things. Now there is a difference with this entry in that we have reached all the targets plotted on both the 1 hour and the 4 hour so in this case I would have just entered on the divergence without testing getting me in much earlier. The next bar after the div often spikes down a tad so I wait for it to close, see my div is working and then place trades 2 and 3 moving the stops as close as I dare. However this is extremely risky in a volatile market

Then look what happens 30 minutes after the divergence we get that red Div which is a continuation short signal, what do we do? A) panic, B) close. C) hedge

The answer is when in doubt HEDGE. This is going to give you time to see what happens, locks in your current profits and removes the panic you feel.

Sorry if this is a lot of words but there is a lot going on to explain.

End of part one I will continue this later....



OK I am back and continuing the saga.

So this entry at the lower div is presenting us with problems to get our three trades on. Every time we start a trade we go through the same routine of threats stressing us out. Why do this to yourselves? I here many say they got stopped out and how do I avoid this. I keep saying the answer is always simple, this trade should not have been an entry it should have been a very safe option to hedge the original short unless you have made you pips for the day, then just quit.

I know there are many who don't follow my money management preferring instead to get as many pips as they can for the smallest entry they feel comfortable with. Well even that method will benefit greatly from hedging the trade at the appropriate levels.

I also know there are many who just like to score a few pips here and there putting themselves through the same set of threats every time they take a trade.

This is definitely not smart and is far too risky in this volatile market.

If we hedge the bottom div then we have nothing to lose and all our southerly profits are locked in, We have absolutely no problems whatever the market does so we have no stress at all. Once the bulls found support we could have close the shorts and used the profits to add to now winning position of the bottom div.

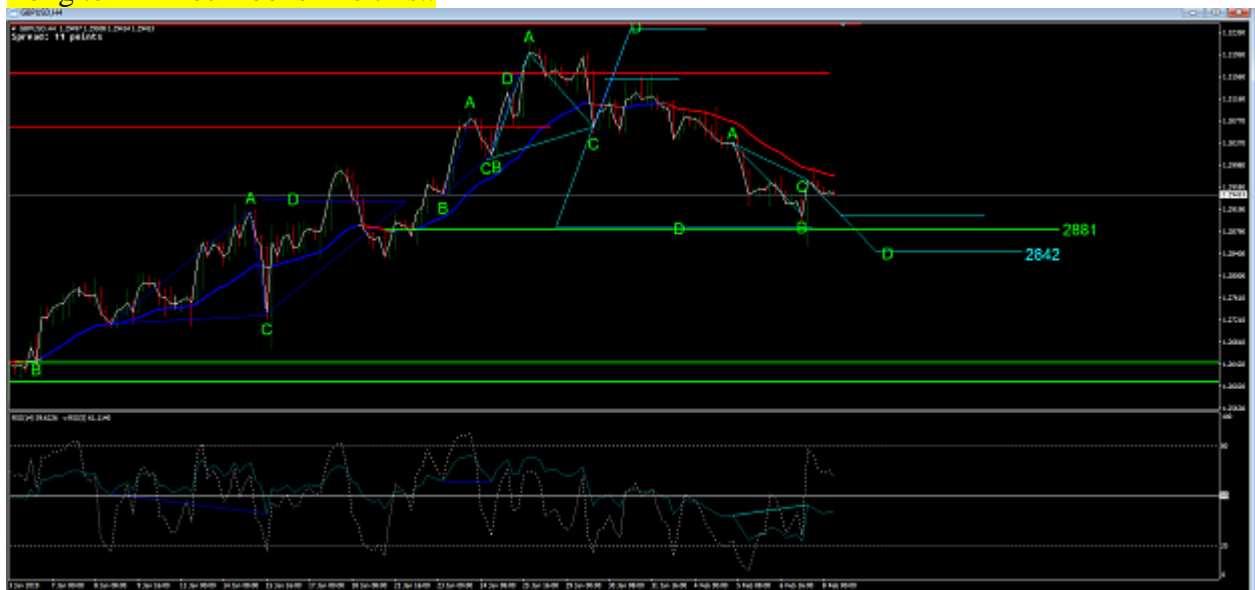
However I see you guys are reluctant to do that and keep opening and closing trades. **The only time we should be closing is when we are done for the day.** We only want to go through the agony of an entry once per day, well at least I do.

Ok the trade now runs long and goes for a bout 150 pips, this would quadruple your account if done correctly.

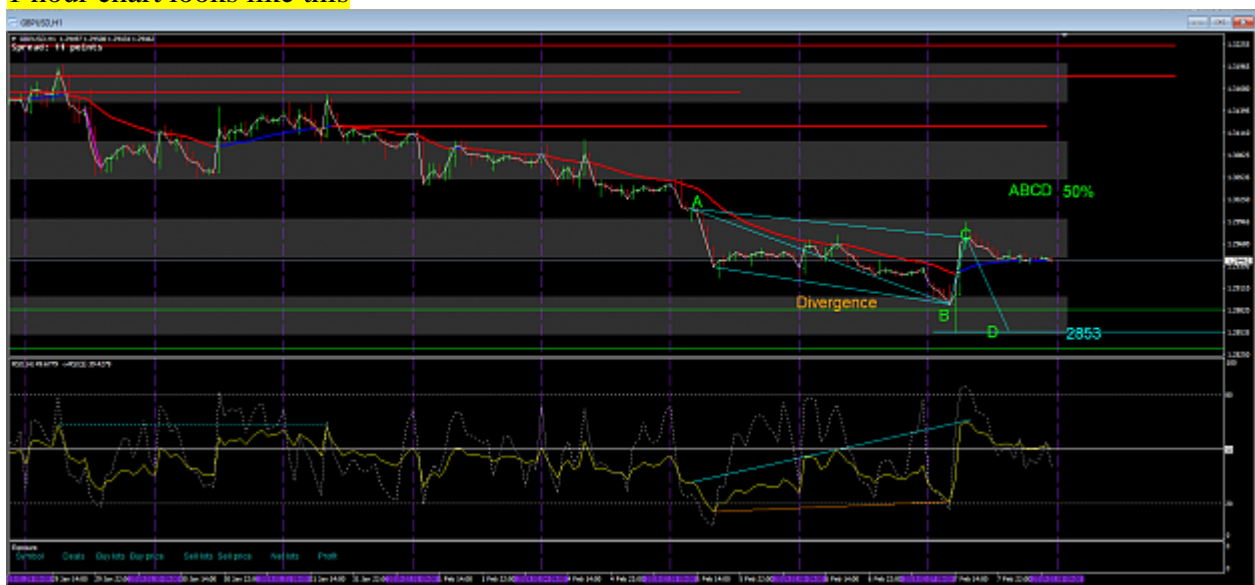
We get to the top and start to run into RSI divs but there are a series of them we don't know which is going to work so our first reaction is to hedge the long and lock in all that profit from bottom to top.

That is if we still wanted to continue trading else just close and count your money which should add up to about 5 x your account at least.

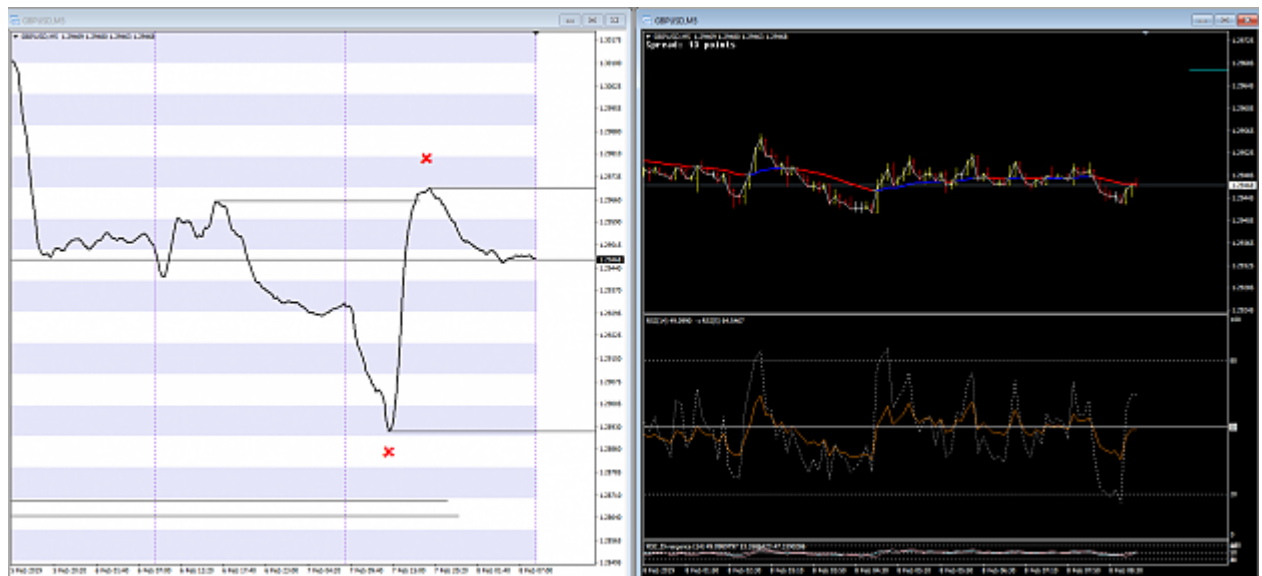
Long term 4 hour looks like this..



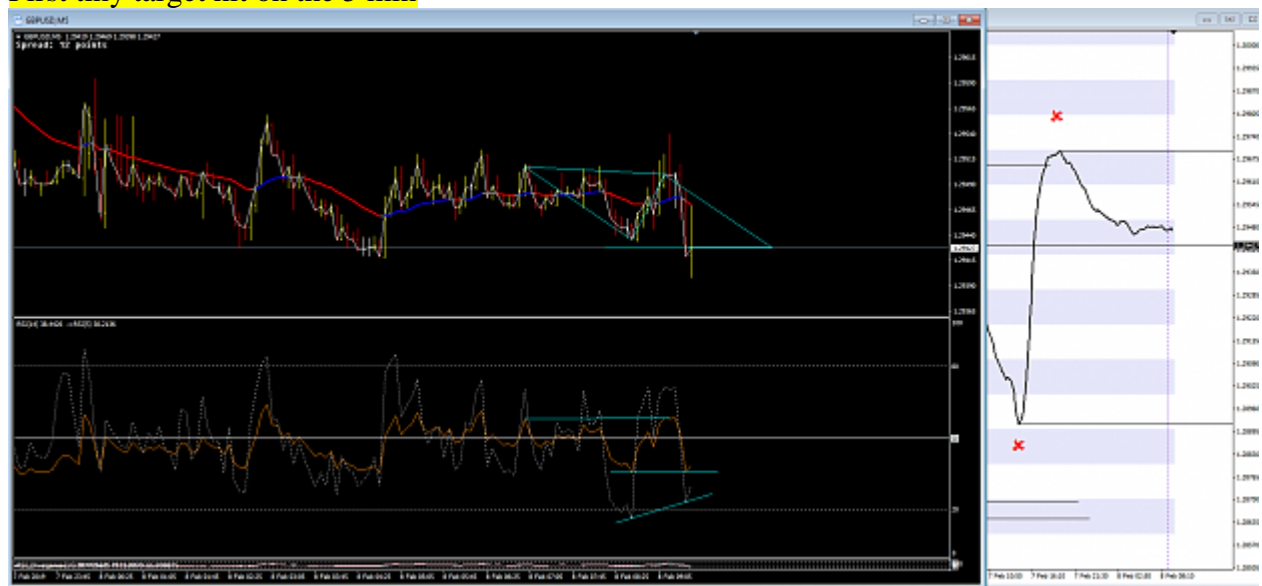
1 hour chart looks like this



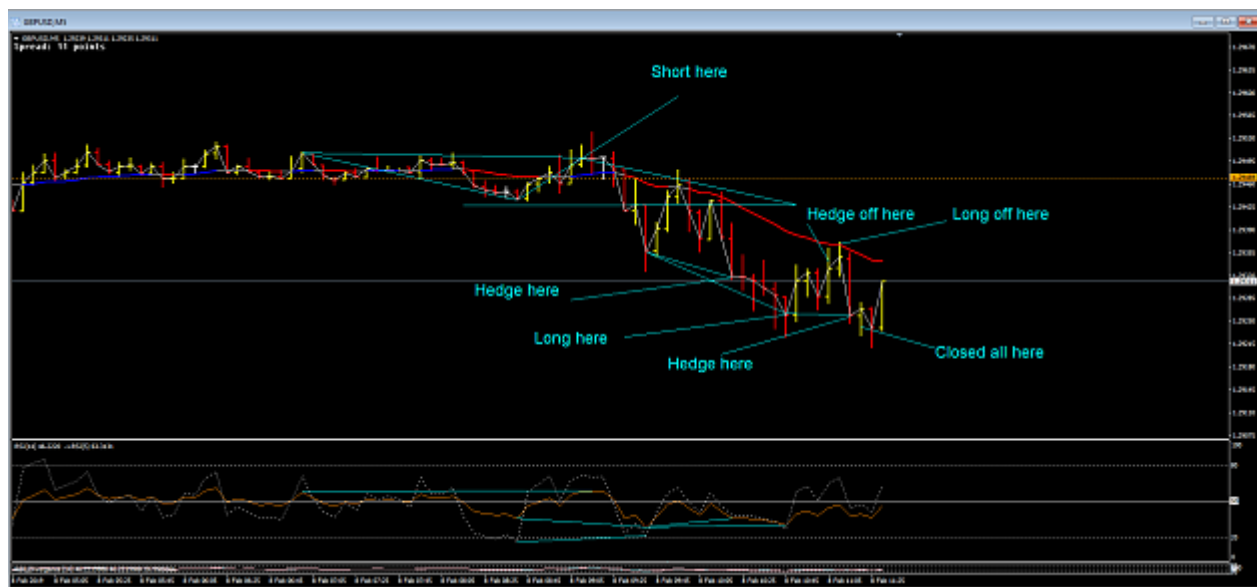
5 minutes is flat so we wait to show its hand...



First tiny target hit on the 5 min



See if this makes sense to you all



[Quoting mikeeating](#)

{quote} Thanks, i actually placed a hedge on the first touch (there was no div then) because of that 5min level and then closed and added the 2 sells. It was after this that I was watching the Bull div form. I noticed that the price fell further, At what point would you of applied the hedge? the reason I ask as price kept falling below the 5 min level as the div was holding, or would you of placed the hedge straight away anyway confident it would return to the ema
Edit: actually maybe it doesn't matter because the trade was in profit, **I would...**

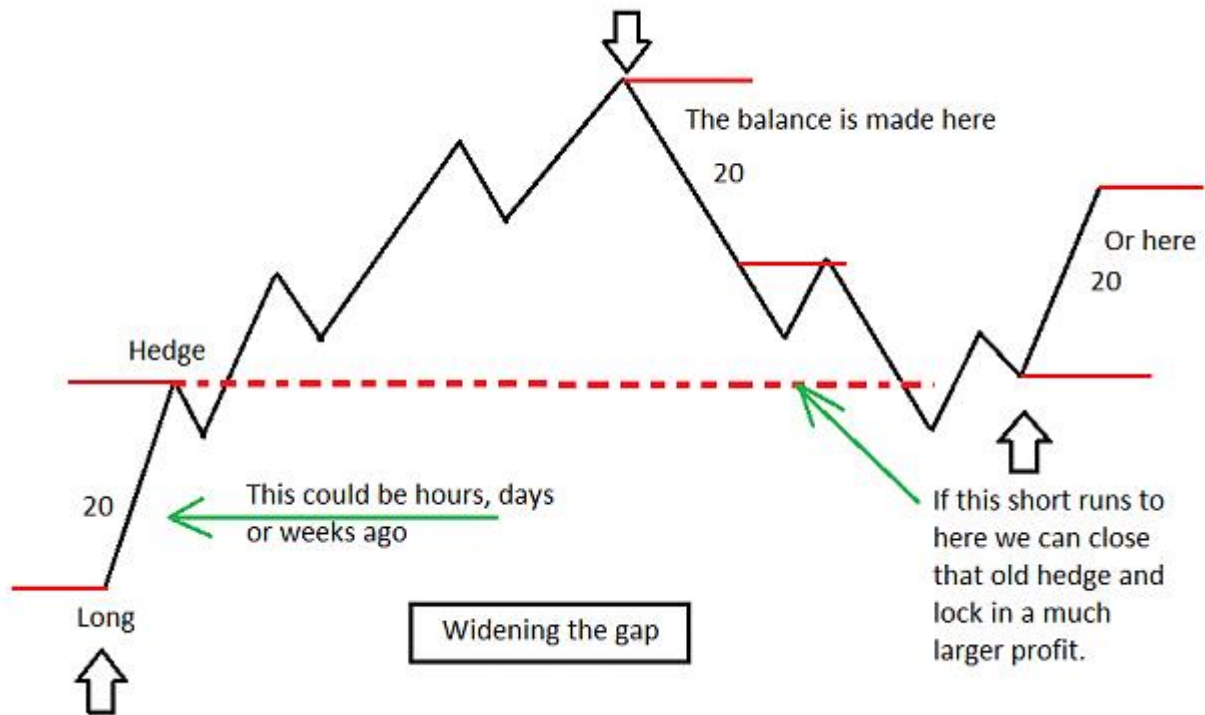
That is a nice way to put it....

OK the next div was also bullish and easily made the ten pips, in fact I took 26 and I am done for the day.



Now as Mike put it I could have just left the first trade on the board in suspension. I have a drawing of that if I can find it.

Here you go...



[Quoting jgoedhals](#)

{quote} Allan this is my understanding how to draw the adcd i dont get it the same as yours
{image}

Always look for the pivot being attacked by the price. We can't just pick and choose any pivot, they are all very specific points.



Not all divergence's are going to be friendly ones.

You have to stretch your imagination a little to apply the drawings below to actual chart examples.

As traders the one we are looking for is the Hook. In this example we spot a divergence hoping it will take us across the EMA to find bearish support and form the Hook. From here we are looking to test the lower EMA swing and get our daily pips. We don't know if the entry is going to be good or bad as yet so we test the waters with our smaller entry. The result is a potentially smaller loss, often nothing if we move our stop to BE. We then add to our winning position as confidence builds that the trade is good.

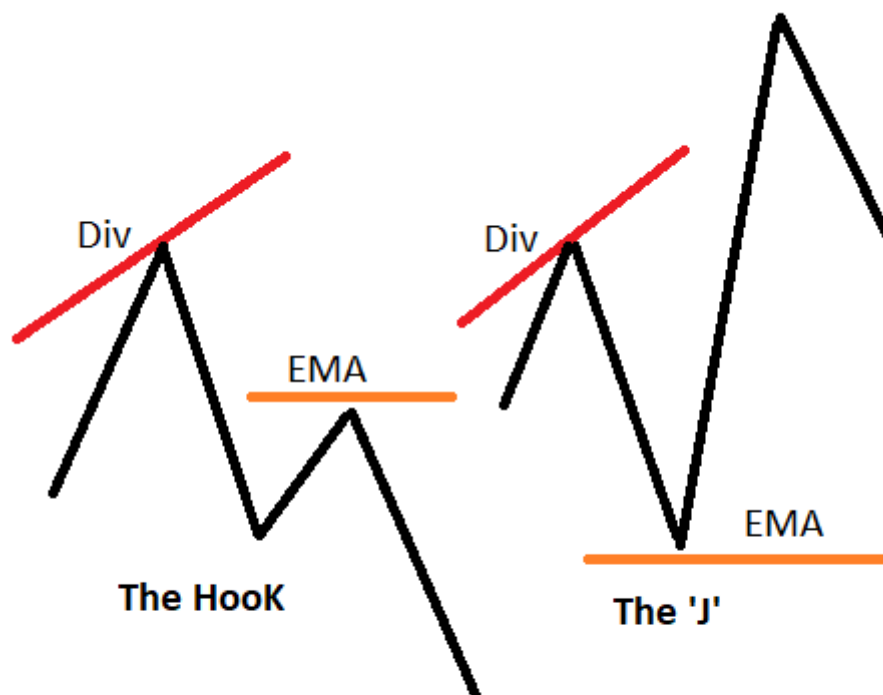
The second example is the 'J' and this **will** stop us out. The divergence fails to make it across the EMA and as a result fails and then makes the HH. If we don't move our stop to BE then we are just going to donate some funds to the market. It is always better to take these signals from a 1 hour time frame because the distance from the Div to the EMA is mostly of a good

size to make a profit from. However we can still use the same on the 5 min chart if we are expecting price to roll the EMA over.

There is always danger when taking any trade we just have to keep an eye on the money management to risk a little and win a lot. Our hope is to have all our three trades on before we see the impulse bar that bends the EMA in our favour. We continue to address the risk by moving our stop to protect ourselves. Most often it is not a question of how much we can take from the market but of how little we give back to it that puts us ahead of the game.

We can't wait to see if a signal works or not because we can't take any advantage from hindsight. We have to take the risk and manage the trade accordingly. The market maker will manipulate the prices to create business, we can't do anything about that. All we can do is observe the strengths and weaknesses where business is stalling and losing interest for the market maker to take action and create business in the opposite direction until that too tails off and we get a rinse and repeat situation. As long as there are buyers the market maker will increase the price to attract sellers and conversely as long as there are sellers the market maker will decrease the price to attract buyers. The market has no interest in who is winning and who is losing.

Commercial trading houses take money from one another just the same as retail traders do but they are bound by strict limitations whereas retail traders like you and me are our own masters and set our own risk rules.



Divergence follow ups

Ok we start the week with a good target on the 4 hour.



Just this one signal so far 5 min



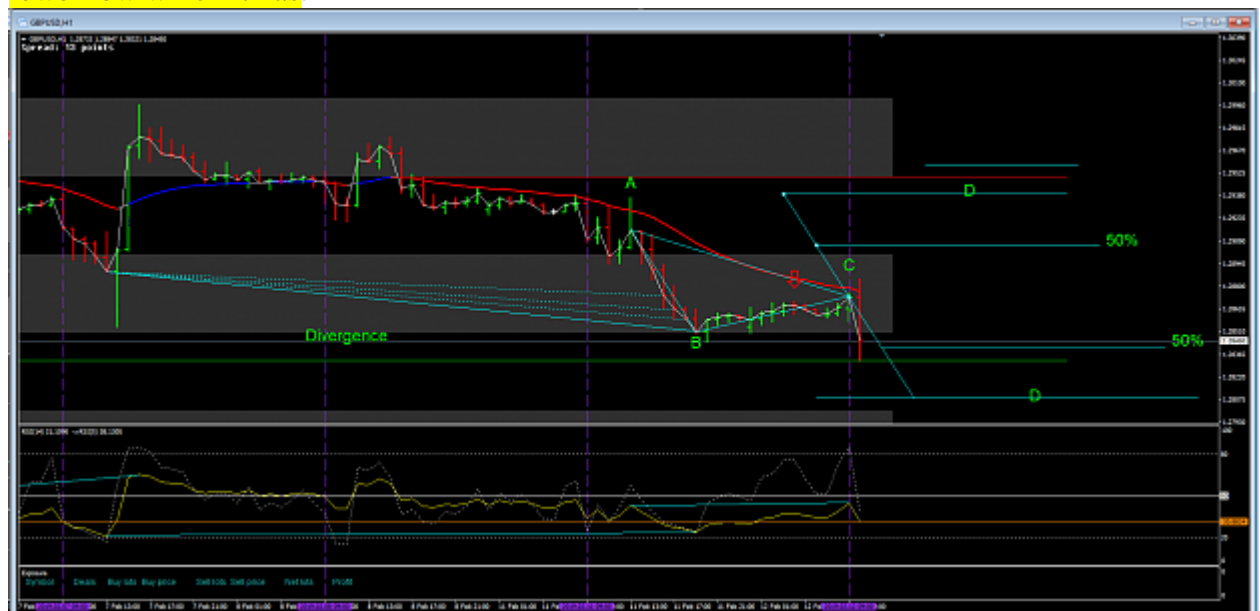
Now we have a signal on the 1 hour



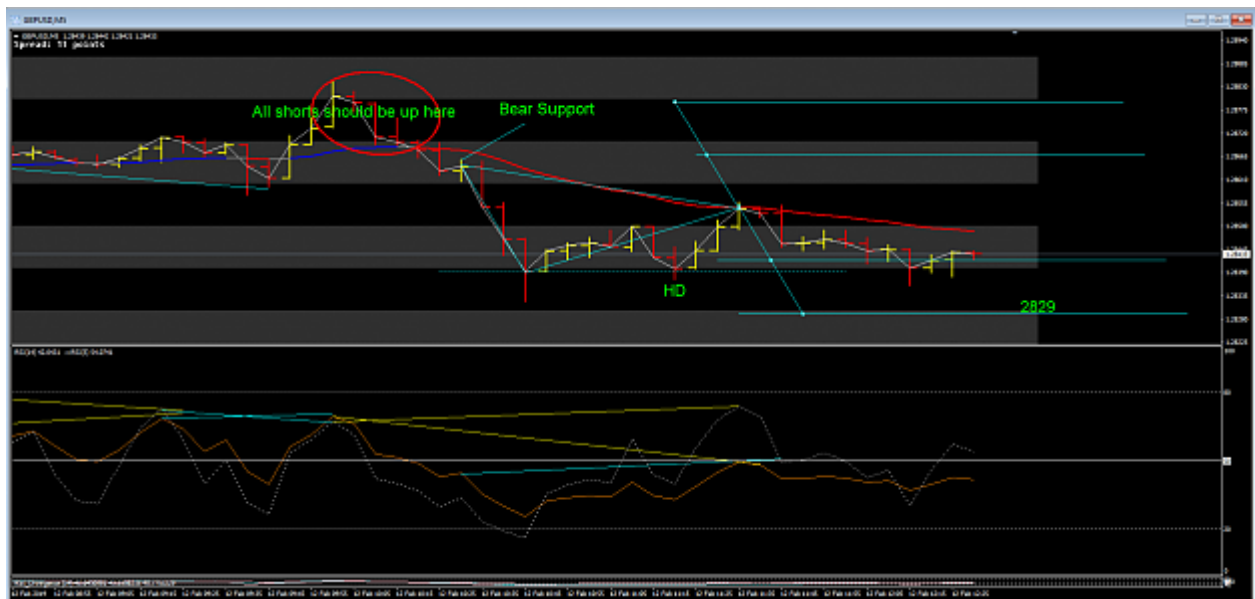
Try to follow this logic.....

We had the dotted lines all of which were in divergence however price was running for the ABCD targets on both the 1 hour and the 4 hour. So until the target was hit at B the divergences were not going to kick in..

Now we have the divergence at B price should try to cross the EMA but it ran into the continuation divergence forming the ABCD. The div has failed so price should make the lower low which it has.



You seem to be getting your shorts in very late



[Quoting mikeeating](#)

do you trade off the 1 min chart Alan?

Not very often but if the Asian session is moving a tad I may have a go using the 5 and 1 minute.

Also if I want to add more shorts to a current trade then I may take the 1 minute spikes

[Quoting simon.says](#)

Hey guys, So one of the issues I often run into is picking the “wrong” divergence. I am sure many of you know the feeling of following the signals and take on positions either short or long as the divergence is signaling, only to see that price continues to push in the same direction. To me, it looks like the ones who have gotten a better grasp of this strategy have been able to work out ways to deal with this. Attached is a picture showing regular divergences (orange) and rsi divergences (red). As you can see, from the time the first divergence...

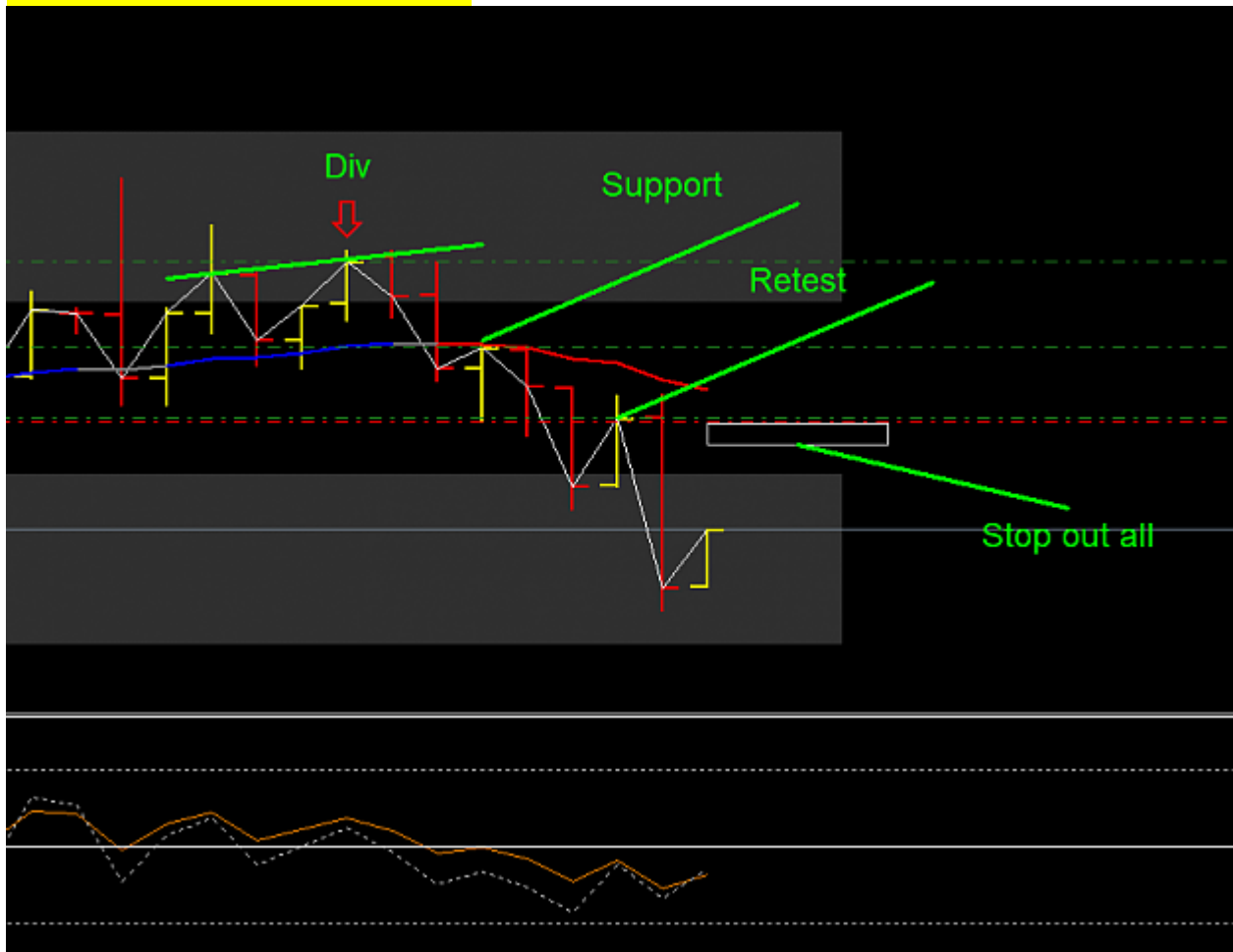
Check this out...



Check out the 1 hour chart the story is all there...



The trade should look like this 5 min



So looking at the 5 min EMA chart we can see clearly what the trade was all about.

X is where we are looking for a divergence. Then we got the bear support so now we can see where the EMA is going to try for and price will stay ahead of the EMA to pull it down,



Quoting Zelias

{quote} Hi Alan, Would it be too much to ask that you elaborate a bit more on the different places we should put the red crosses? There were a couple of posts that touch on that but they're not very specific (at least for me). Only if you can - otherwise, the experience will kick in at some point 😊 Thanks!

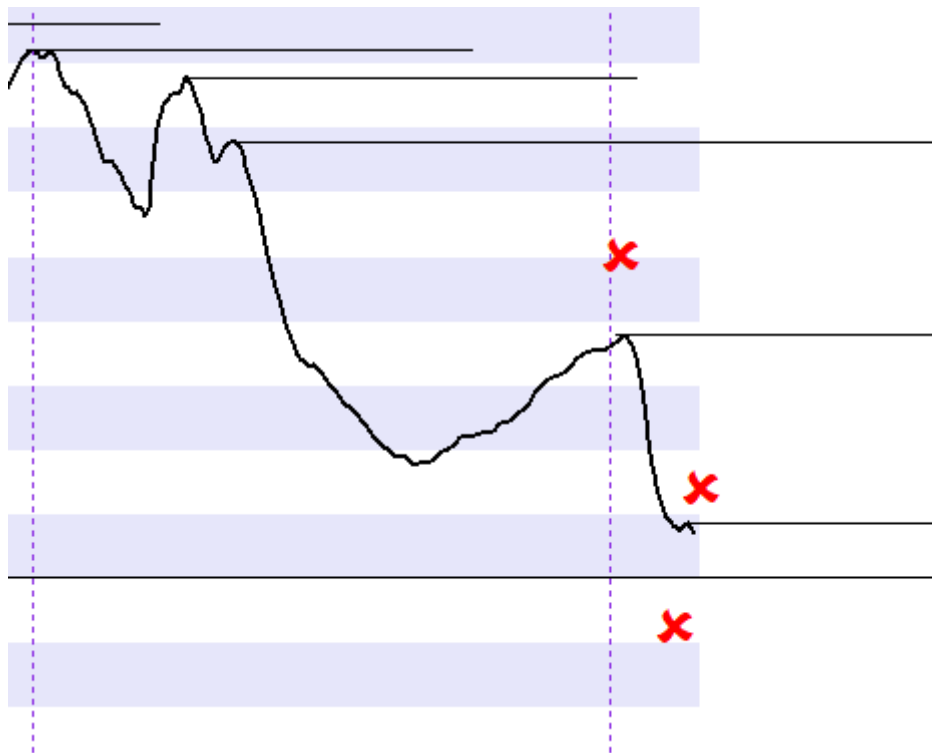
Sure that red cross you see on my 5 min chart always leads the EMA and is simply an indication where to look for the divergences.

So in this particular case we had a bearish divergence which should send the price back across the EMA.

If that turns out to be true then the AVERAGE has FAILED in its attempt to make a HH.

So then the EMA will test the LL which it did.

There are no different places to put this red cross it always leads the EMA like this...



Once the EMA has broken the level that is the trade over with.

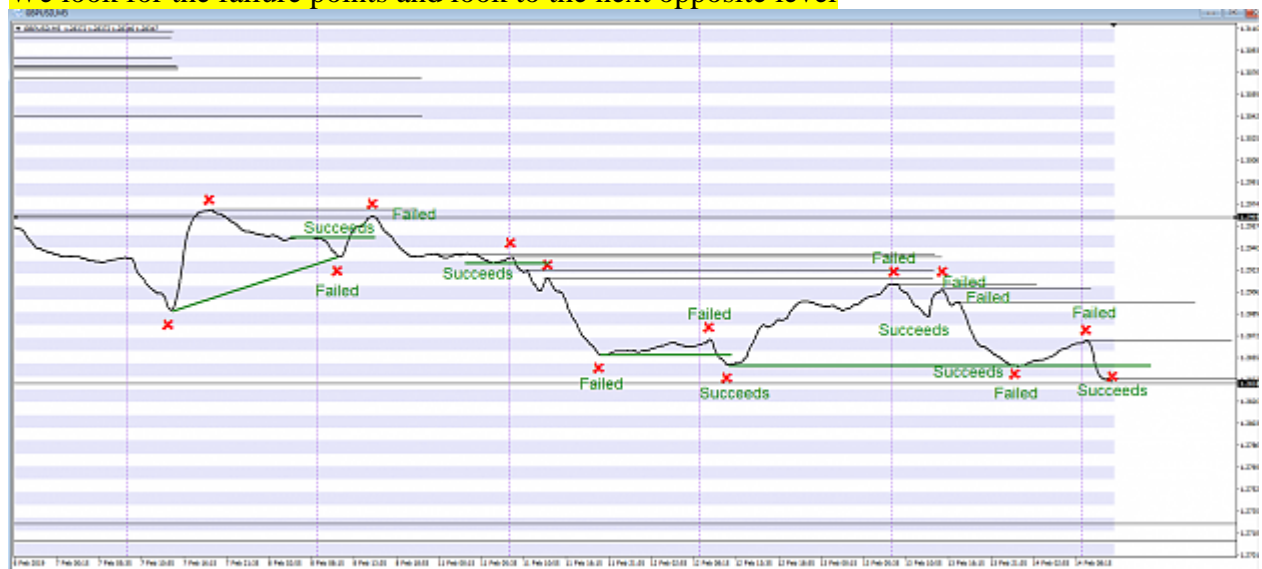
Right at the very beginning I told all that if you don't believe the average is always trying to make HH's or LL's you are wasting your time on this thread.

If it fails one side it tests the opposite side.

This is a fact you can easily check just by looking at the chart... Fails one side results in testing the opposite.

We can get a situation where both sides fail, neither side can win so the market goes flat.

We look for the failure points and look to the next opposite level



this is why divergence does not always change the direction it may bounce off the EMA because that EMA direction is not ready to give up just yet.

This is also why the price will then make a HH (LL) because it is dragging that EMA to another level

Just look at this 1 hour chart and note how the price is influencing the EMA levels



[Quoting davidmaree](#)

4H ABCD mentioned yesterday 🎯. I'm sure Alan accepts beer in gratitude. {image}

Yep David and that completes three in a row on the 4 hour. The EMA has made the LL so we should start to look for bullish divergences on the 4 hour to stop that EMA and maybe even turn it around.



This is interesting the weekly chart shows there is still plenty of downward room to play with. The EMA has not yet made the LL and the bulls couldn't find support.



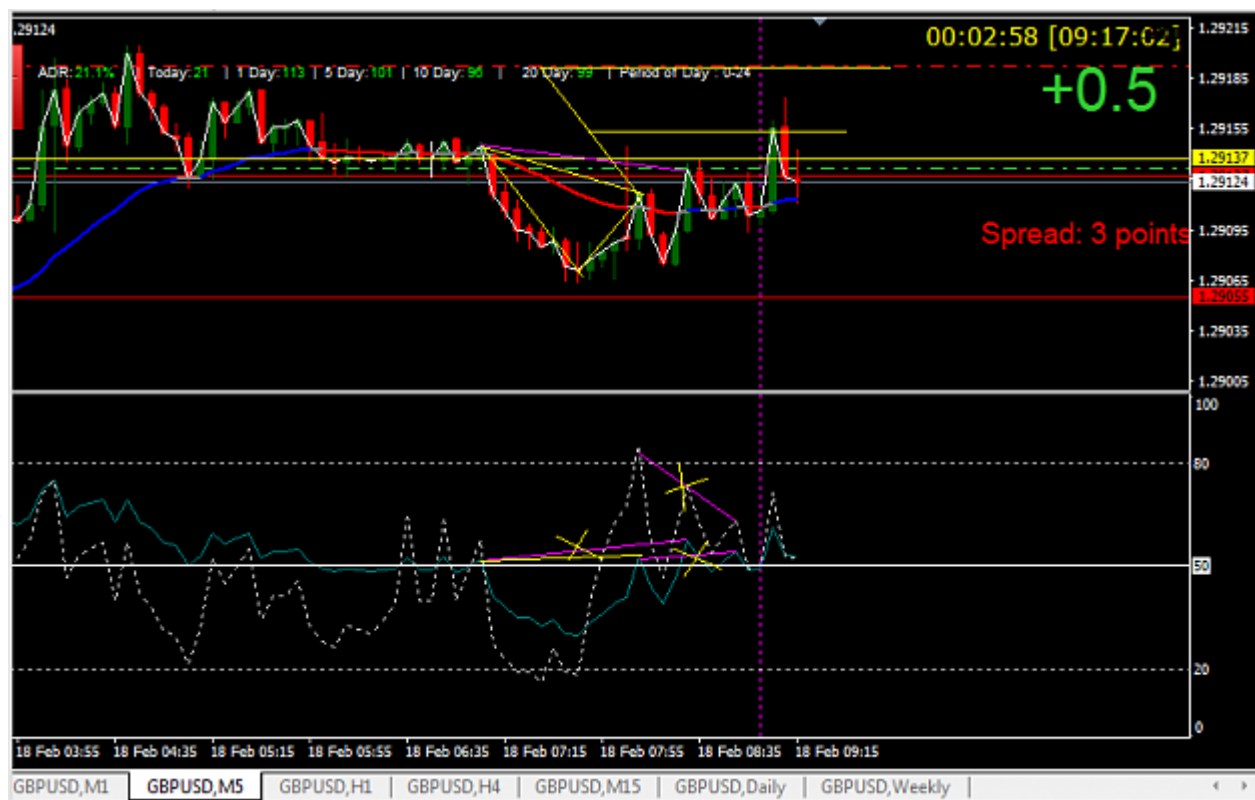
Looking at the daily we see that price is already at the 50% level so we can expect a battle here.



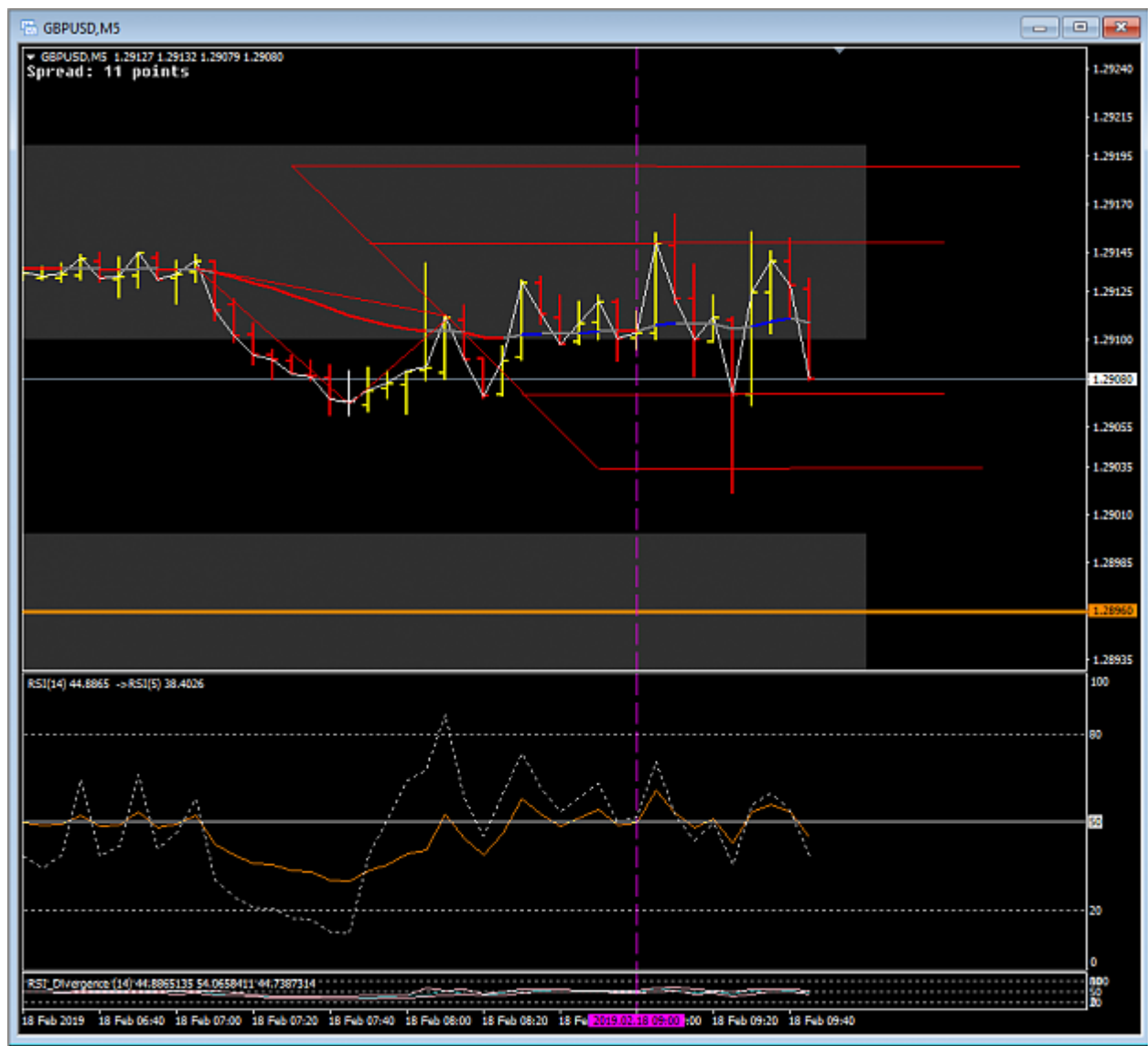
[Quoting russian30](#)

5 min bearish divergences. {image}

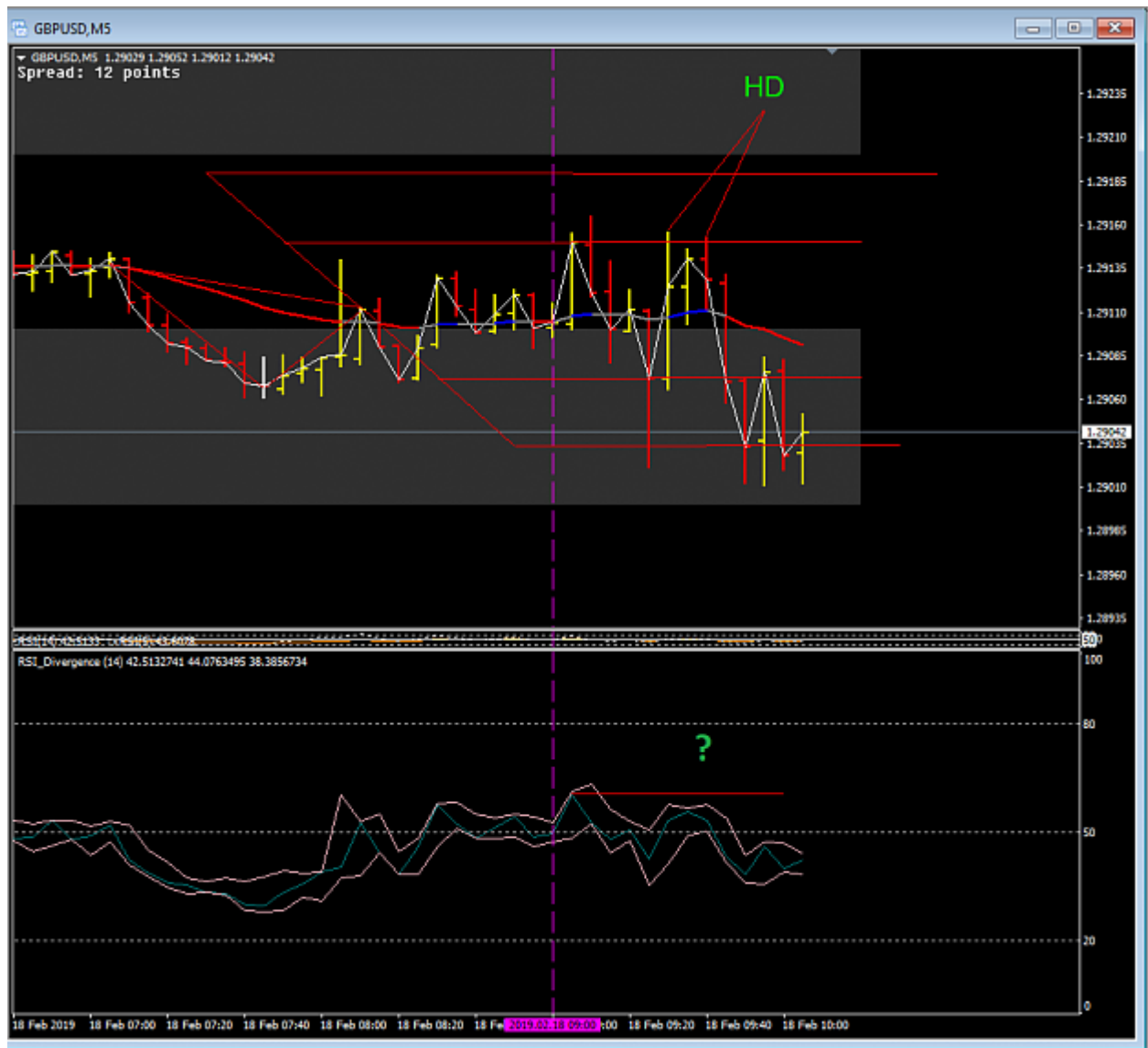
Not drawn correctly



Seen here drawn correctly the target has already been hit but this was too small to bother with.



Mmmm no one seems to have noticed the hidden divs

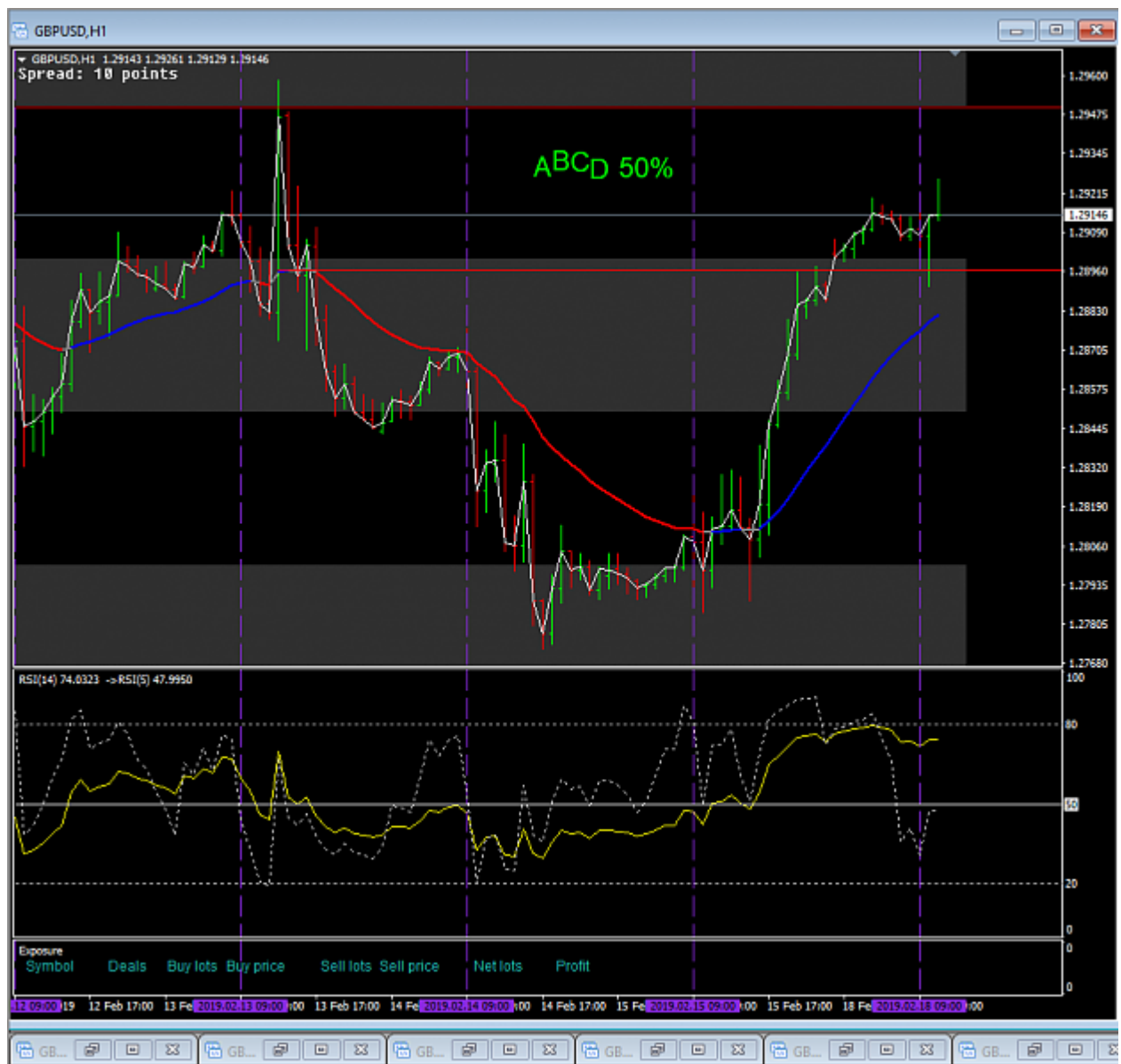


[Quoting mikeeating](#)

Its acting like there is news in 30 min lol

The hedge wins again....

This is just a holding pattern on the 1 hour waiting for the catchup of the EMA

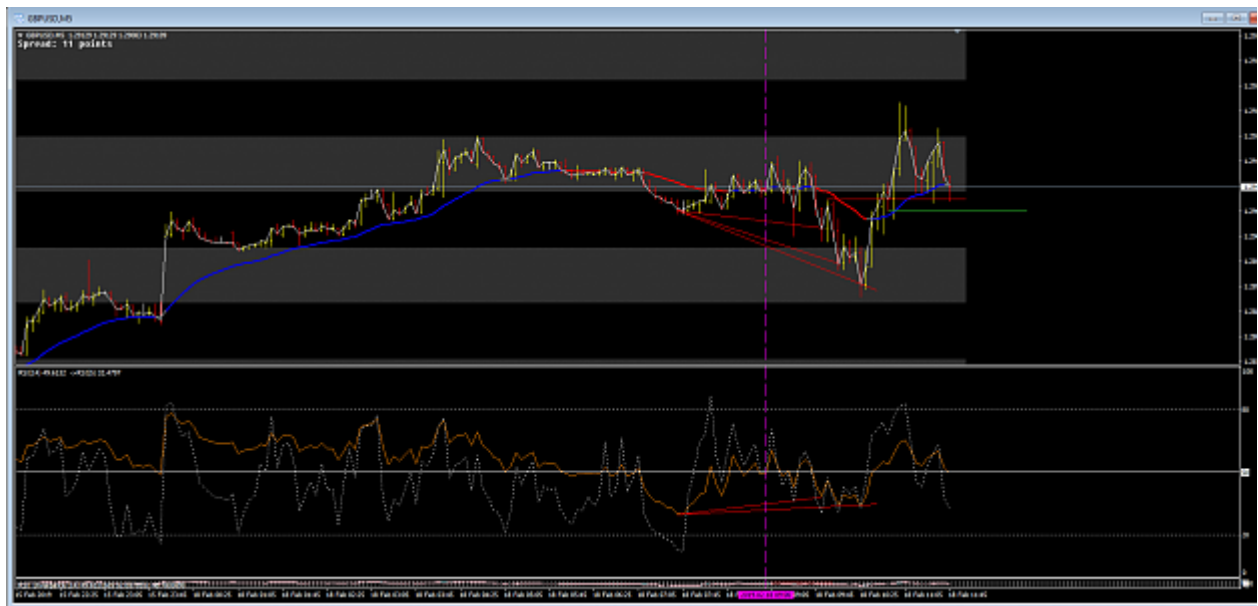


[Quoting mikeeating](#)

Alan did you take the hedge at the first bull div I posted or wait for the next rsi move to take shape.? I have noticed with those ones the move comes slightly after {image}

Yes so this locked up the trade then I took a new trade long at the second div

I was looking at it like this



Let me see if I can explain this so it makes sense...

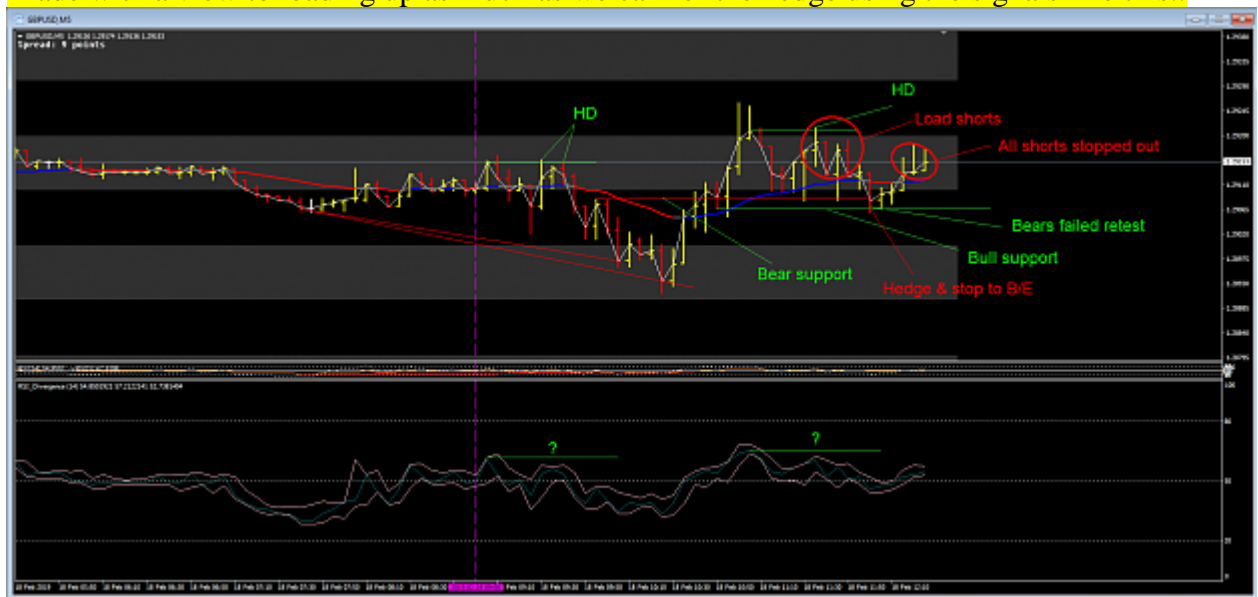
From the top I managed to get 6 trades on. Now this is either going to continue down and make my pips for the day or I am going to have to hedge at some point.

The latter was the case in this case so I hedge the 6 trades long on that first div you rightly pointed out. This div did not make the EMA so it is going to make the LL which it did but again in div so I started a new long trade there (the original is all locked up safely) I moved all the stops for the shorts so all the stops are in the same position in a winning situation.

This second div took out all those short stops leaving me with two trades long and I only needed a tad over 20 pips which it made easily, the rest was a bonus.

The trades are all over the place, the more we can load in the better our hedge will be.

Trade with a view to loading up as much as we can for the hedge using the signals like this..



Finally the bullish move weakens and we can close.

The point is we loaded up on shorts for a good sized hedge which then paid the bills.

It could have gone the other way and loading up on the shorts may have made the distance so we would not have needed the hedge at all.



Quoting mikeeating

{quote} I noticed you wrote this last night and I cant believe I missed or didn't think of it, makes perfect sense, no wonder you clock it up so quick as the new trade could turn into 40 pips beyond and it doesn't matter about the original short as long as you close it in profit and adding to the new trade compounds your profit

That is correct Mike we push if the market shoves but we always protect as we go

Quoting davidmaree

Just before Frankie open we have bear support on 1h and MA turning.

Yep but the 1 hour has previously reached the D target.

I am going to wait a tad to see what happens with the EMA on the hour.



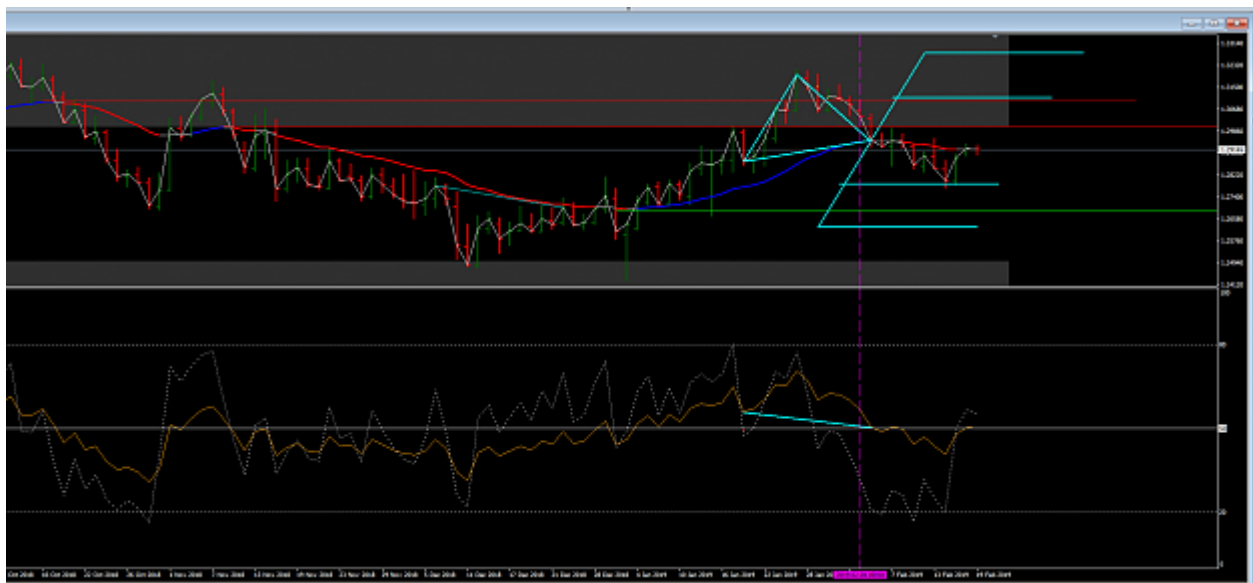
My 5 min chart looks like this now



[Quoting fxmars](#)

It's just tightroping the D1 average at the moment. Can it find support?

Yes and my daily looks like this



OK let's use the top down approach.

Daily.. We see the bears failed a previous continuation div (1) and the bulls went on to hit the D target.

Then we have this 2nd continuation div where the bears failed at the 505 level. The bears also failed to make the EMA LL and the fast RSI was way down in the basement. At the 50% level we see an RSI div and expect that div to get back across the EMA. So a couple of good clues there as to what is going on in the longer term i.e. IT IS BULLISH.

Remember price is going to take out those EMA swings long before the EMA does and all the moves are predicted in advance by the signals we observe. Absolutely nothing whatsoever to do with news. Price is purely driven by structure and circumstance.



Dropping now to the 4 hour and again we see the indications of the price action in the structure, all the information is there, not in the news, theories or planetary alignments.

We see the move started with a regular bullish divergence leading price to the first (1)

continuation div and this continued long to hit its D target. Then it moved a tad through this D target to again set up a new much larger continuation div (2).

Any guesses yet as to where price is heading...



Now down we go to the hour which brings us into the realm of what is happening when we start to get interested in taking a trade. Our bias is to be long but we also now the higher time frames can wriggle like a king brown so we stay wary.

I was hoping for the 2949 to be broken because that puts price in that wide open space I mentioned last week or so and price should attack the 3118 for the average to break the 2949.. This is why we get those larger than life moves and we should always be on the look out for them and this should be a topic of discussion for this thread to be more beneficial. Thars gold in them thar words.

So what do we see, yep as someone already pointed out a nice continuation div to drag that EMA where we want it putting price in that wide open space to attack the 3118.



Then we plummet to the 5 min where the story is the same old same old which we should all know off by heart by now.

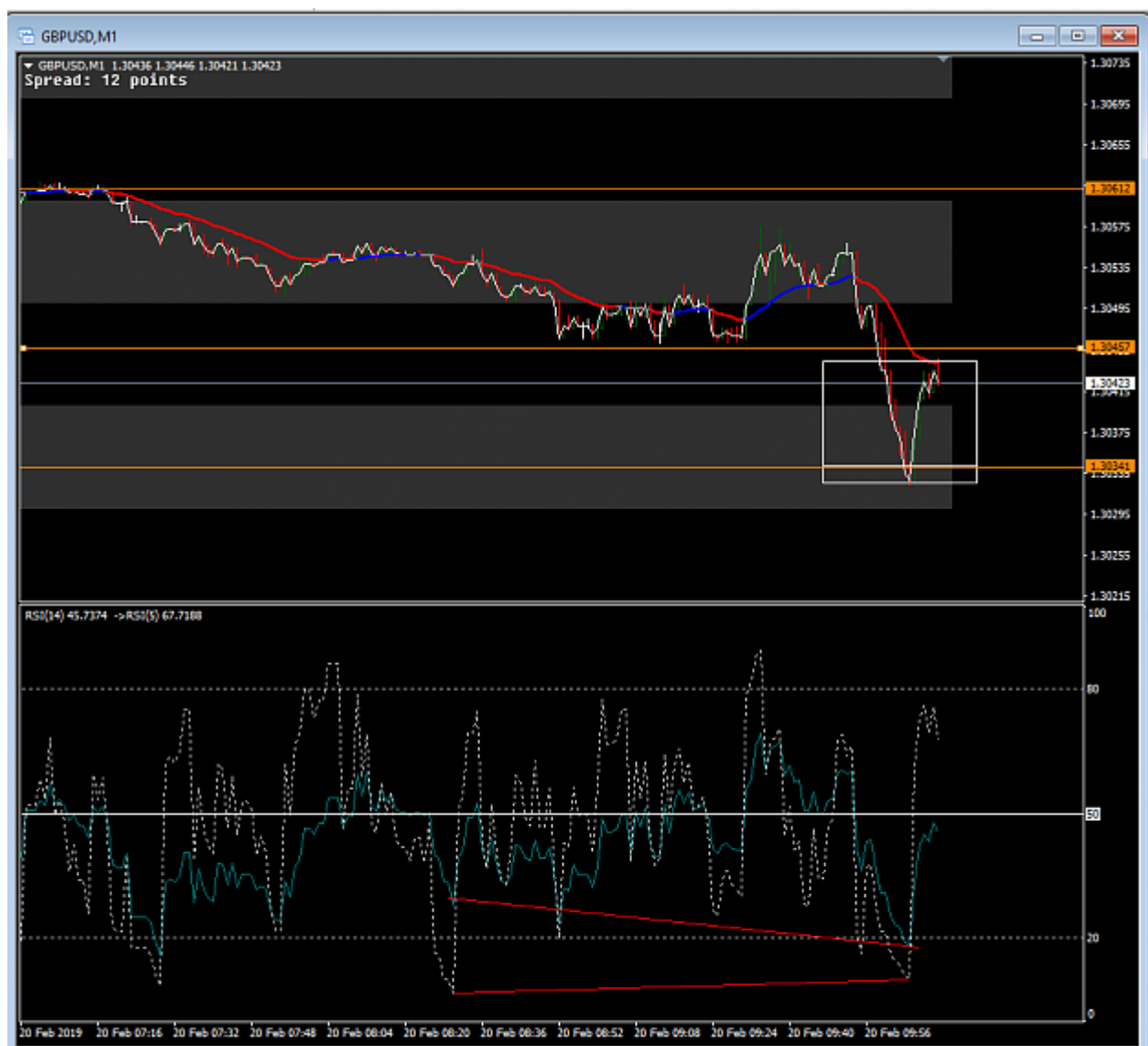
However there is something we should note. Look at the 5 min EMA chart, it has not left any pivots behind on this push up. This in itself is an indication price has no intention of coming south for the winter, at least not in a hurry. If it did turn it would do a series of step downs battling at each step,



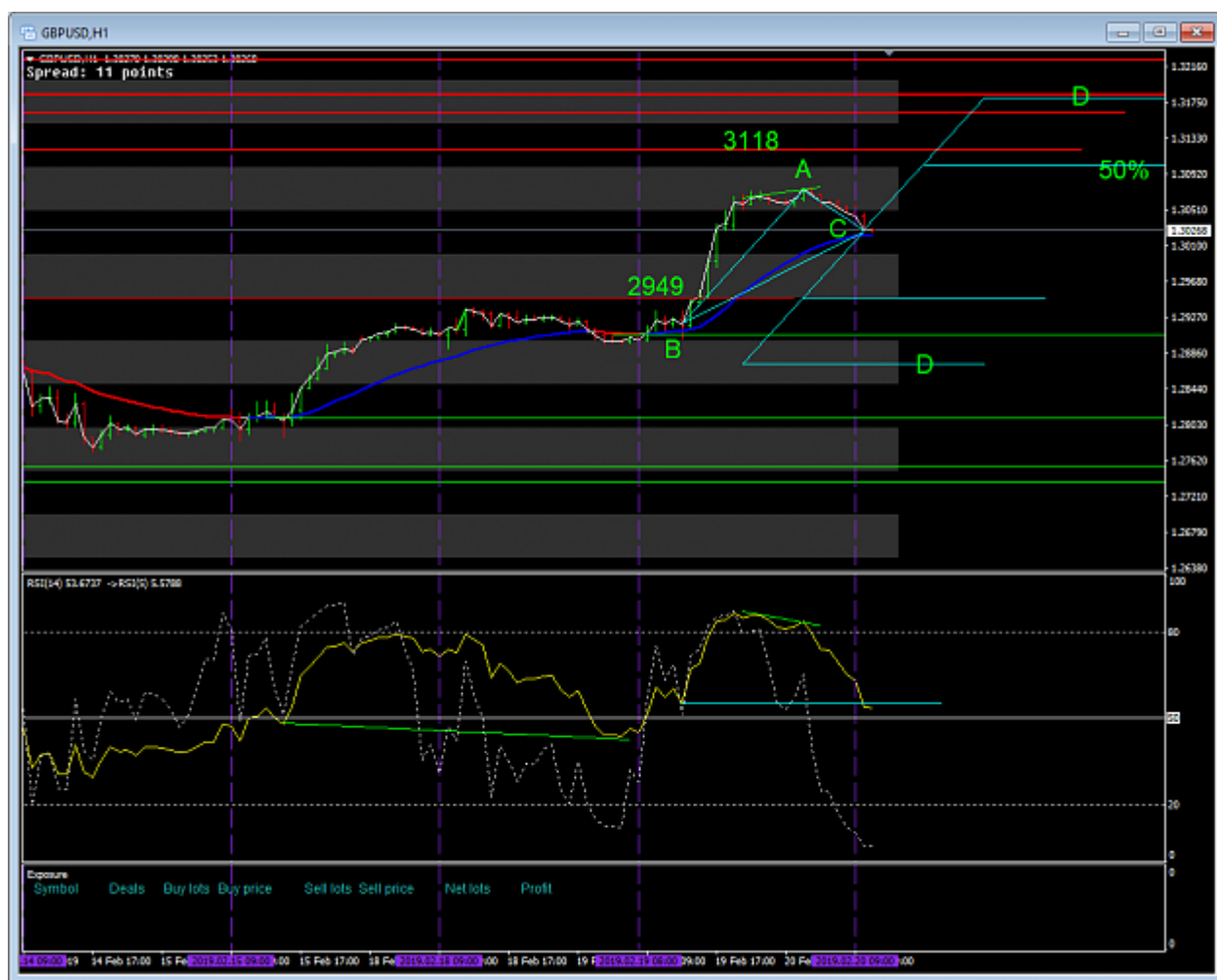
If you fully understand all I have written then congratulations you have achieved a great deal, far more than you would have if you had paid for this practical information rather than some highly priced theoretical nonsense.

You can refer to this as the **LOSS** method being **L**ogic, **O**bservation, **S**ignal and **S**uccess. Quite an appropriate name for traders don't you think.

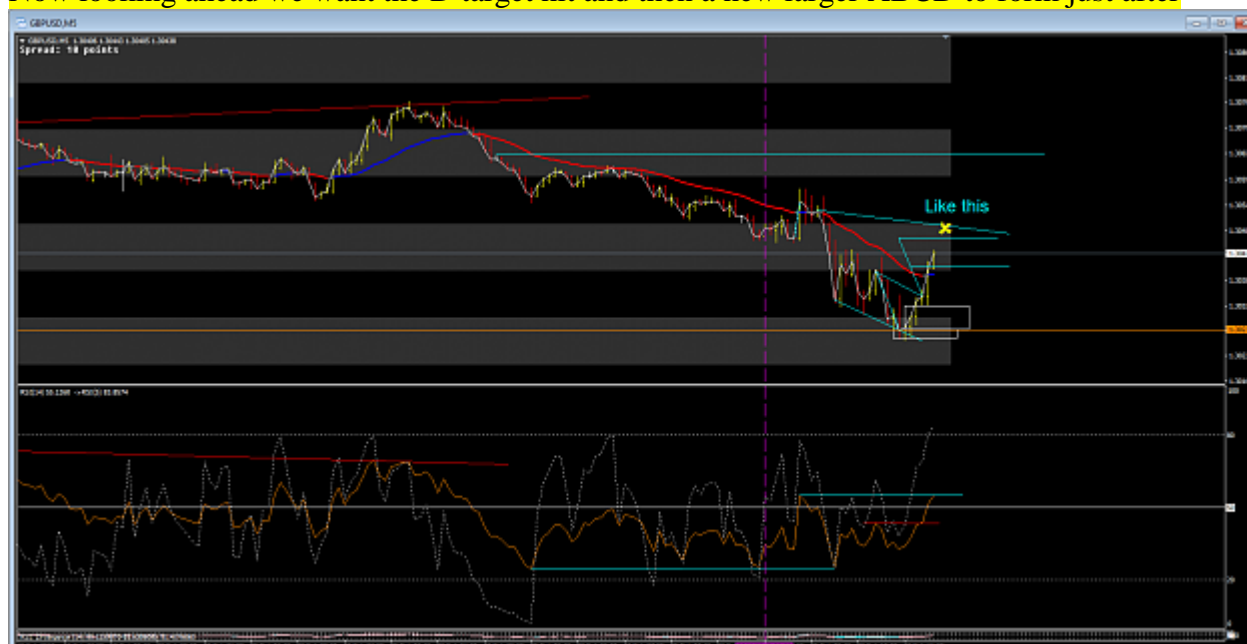
Near enough I just got my money back on the 1 min chart



A nice big fat signal on the 1 hour



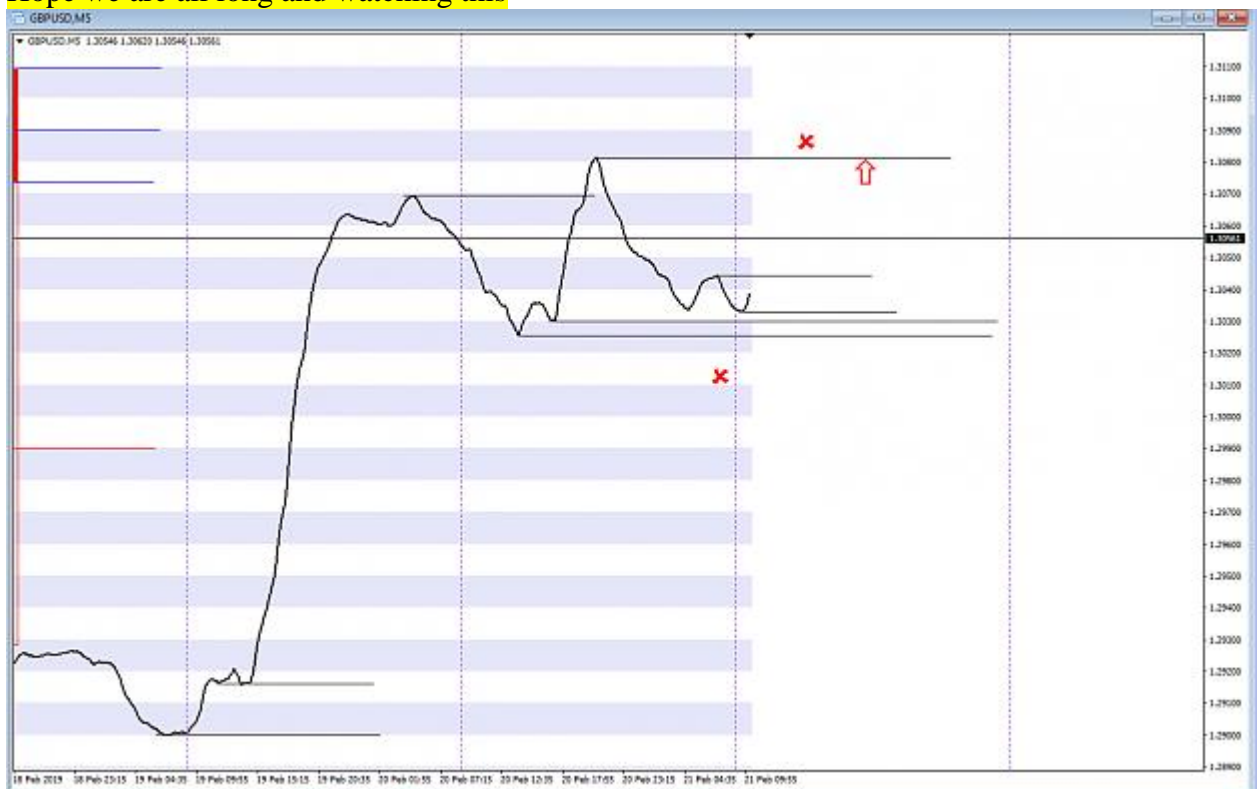
Now looking ahead we want the D target hit and then a new larger ABCD to form just after

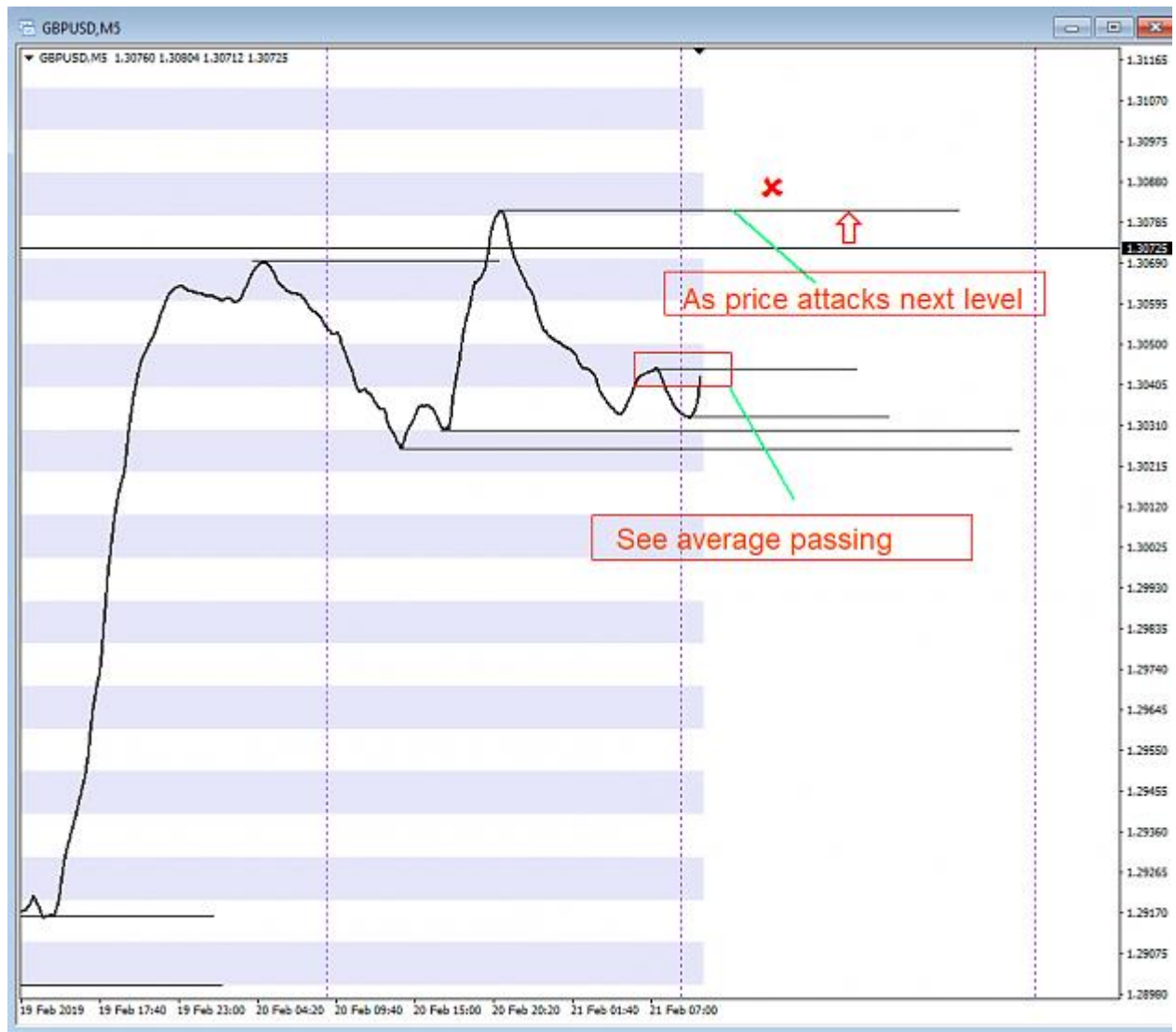


This is the 5th test of the bull support by the bears and they haven't broken it yet

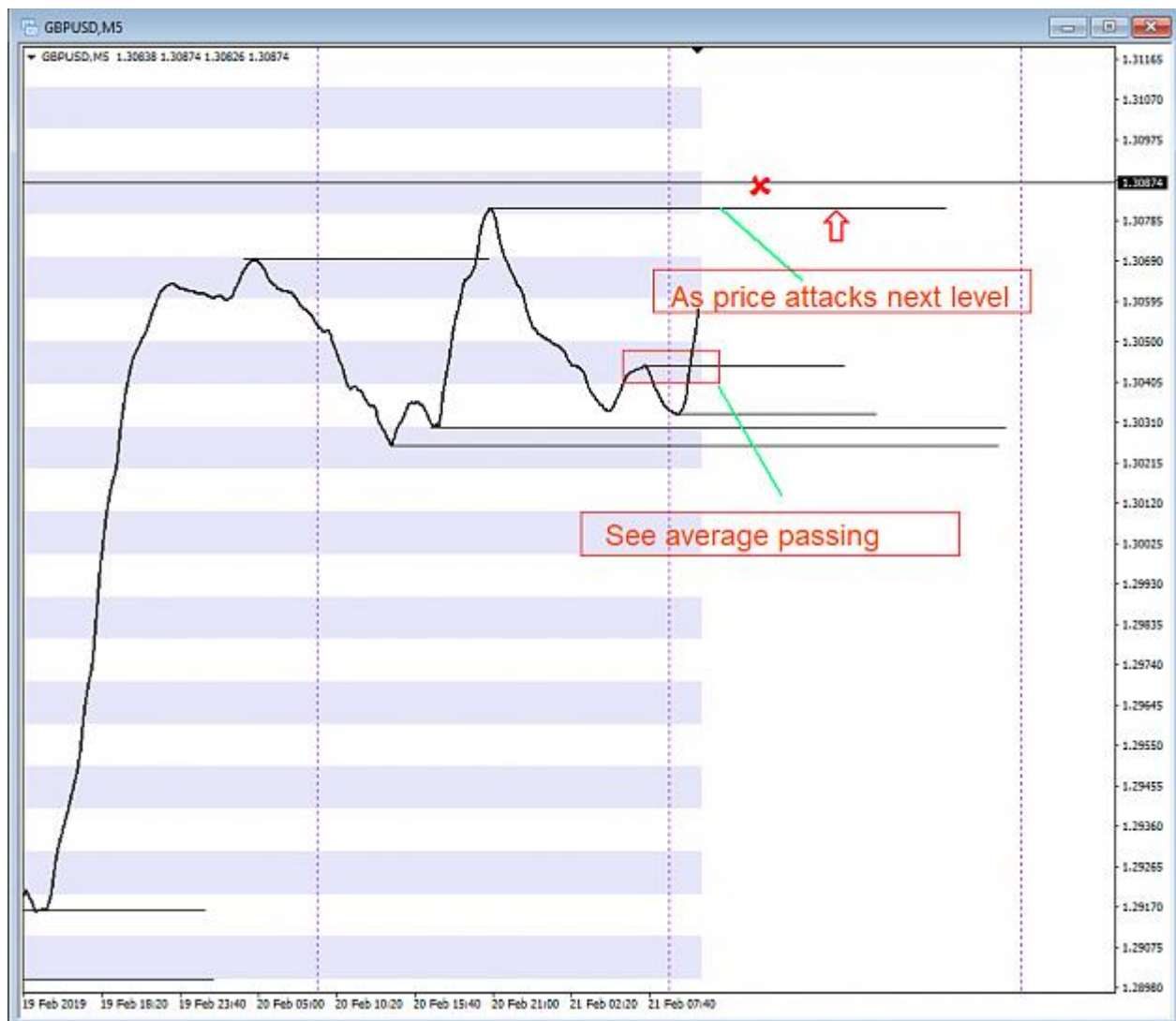


Hope we are all long and watching this





And there we go passing the level. I have no more levels on the 5 min so I will have to look at higher time frames now.



Whoops that just ran into a bearish div



The question now is 'Can this bear div stop the EMA from making a new HH?

Well that is me done I am off to bed. This was my last trade.

The 1 hour also pushed back up into a HD again

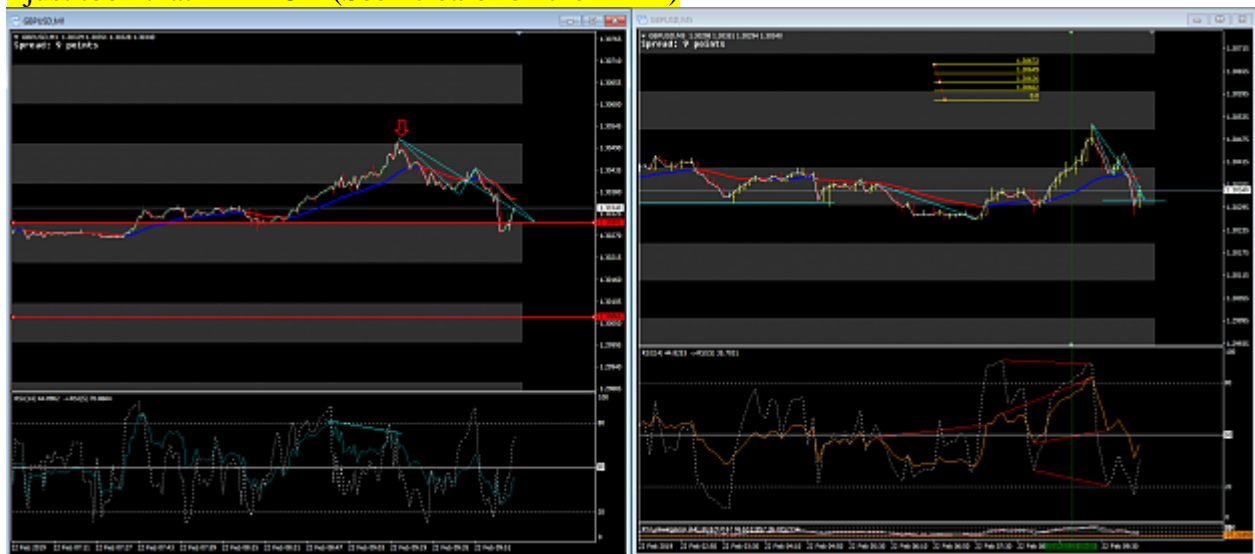


[Quoting mikeeating](#)

difficult to see the direction ATM unless im missing something

Very messy just now

I just took that $AB = CD$ (Seen clearer on the 1 min)



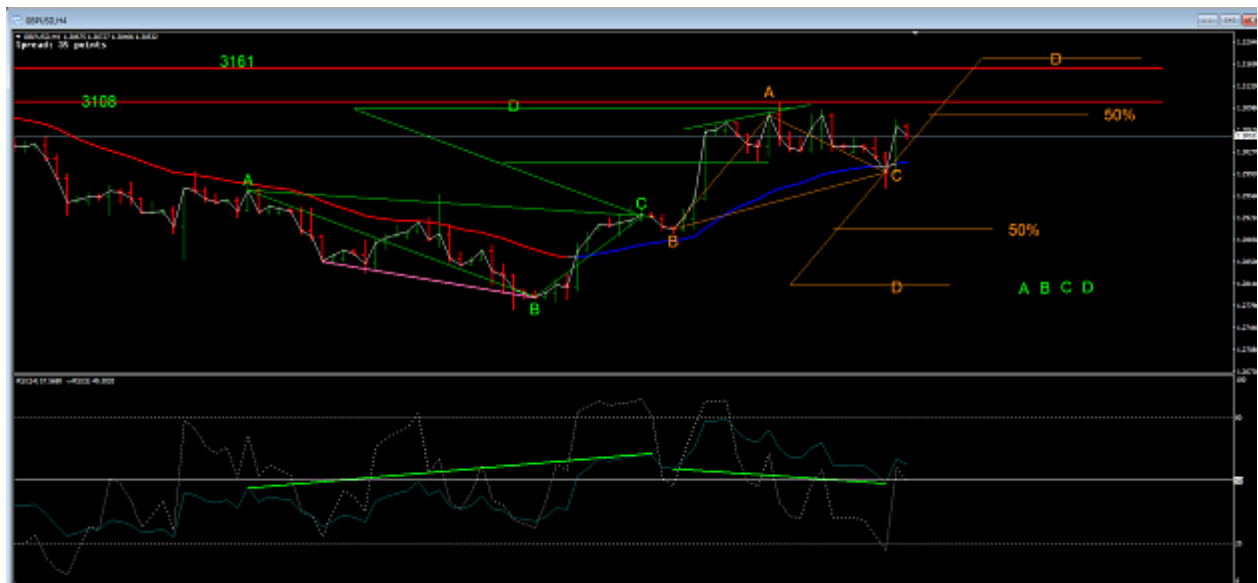
[Quoting Bydyke](#)

What H4 has just printed is not good news for the bulls. It closed below the Average. My advice to anybody still keeping longs is to close them

What has a close below the average got to do with anything at all? The question should be can they find support there.

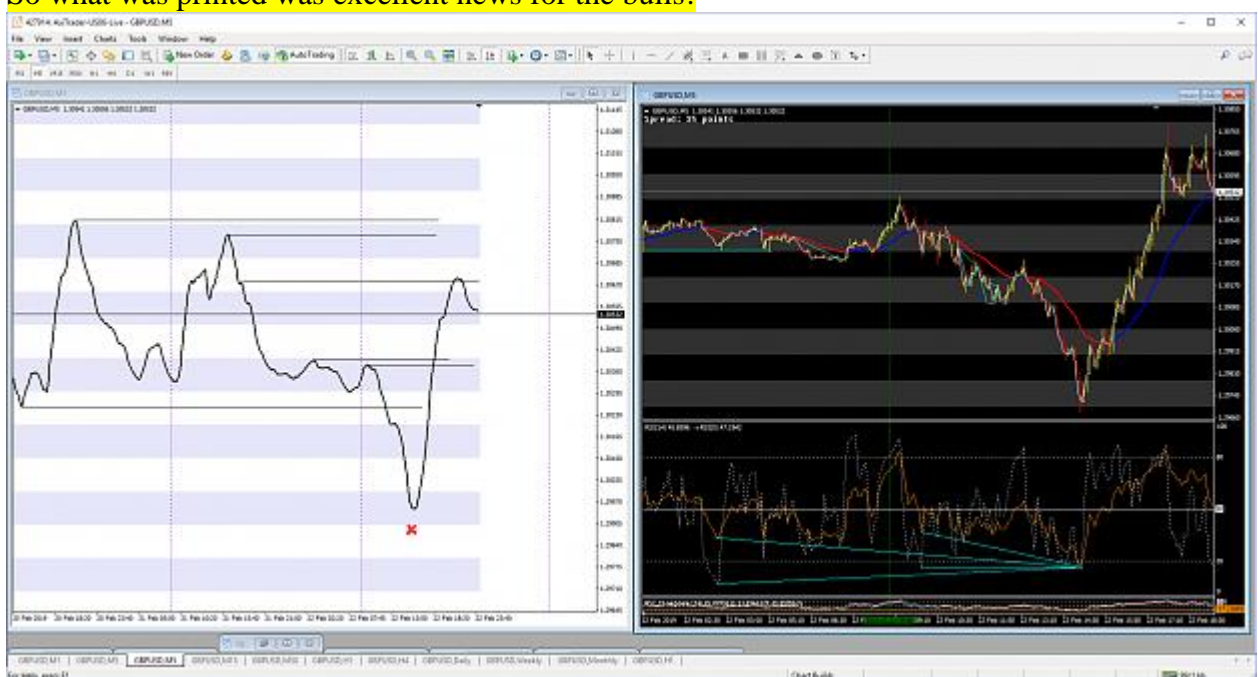
This is a classic example of thinking trades and not paying attention to the signals

As you see from the chart below, this is just the formation of another ABCD



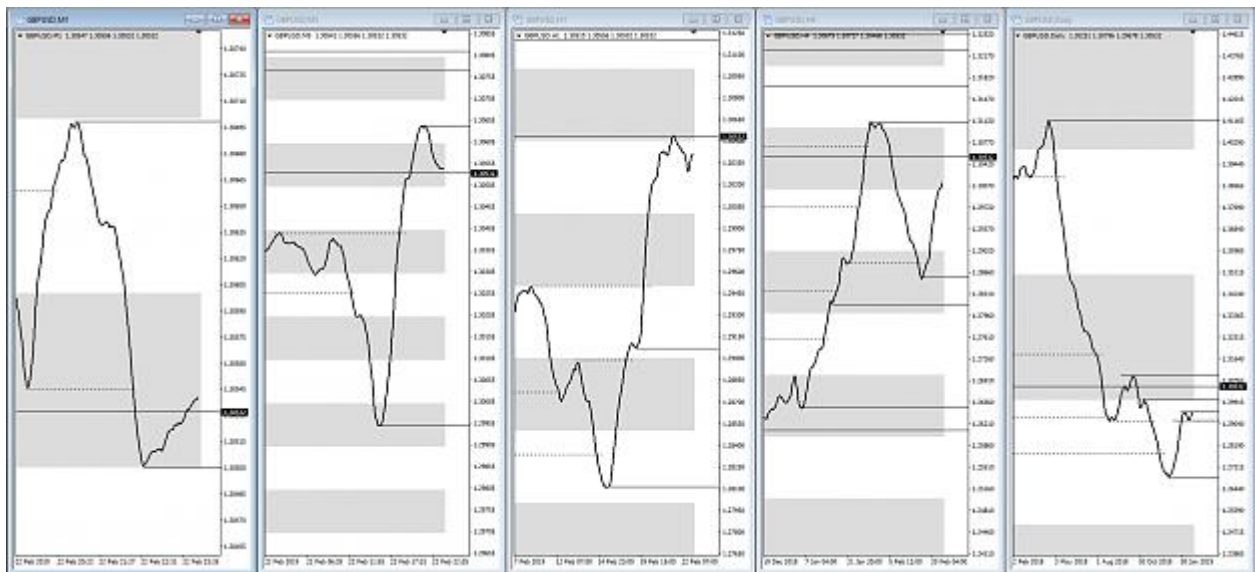
At the 5 minute level we see price was subjected to not one but two RSI Dips and if we also look at the EMA chart we can see where the average was trying to get to. [Attachment 3234170](#)

So what was printed was excellent news for the bulls!



Here is the current flow of EMA action the interesting one being the 4 hour pushing to make the HH (that's a 100 pip grid)

The daily has failed to make a LL and is also pushing higher. (500 pip grid)



Also check out this ABCD on the hour it is at the 50% level



Don't forget the big ABCD signal on the 4 hour. At this time the Bulls are looking for support



{quote} Hi Alan Can I ask how you chose A on your chart please?

Think about what we are looking at here, Both the bulls and the bears were winning between A and B, then from C the sentiment is changing and the bears are getting out (Buying) So we have what I call an equilibrium swing keeping the whole thing balanced

Quoting Bydyke

H1 average has just fallen to the bears.

This is the second time in a row you have said this without reading the signal the chart is telling you and it is becoming annoying.

Crossing an average is meaningless unless a support is found.

This crossing was just a retest of the bull support and the bears got caught in a bullish continuation div by testing it.

The bulls then went on to hit the target

- 1) Each time we have had a bearish div (in this case) it returns price to the EMA
- 2) This return is where a decision point is made (DP) in the form of a continuation div

This one hour chart shows it all very clearly.

- 1) Began with a bear div. Has passed the 50% but not yet completed.
- 2) Began with a bear div. Has completed
- 3) Began with a bear div. Bears found support target hit to the short side.
- 4) Began with a bear div. Has completed

So the only one outstanding at this time is number 1.



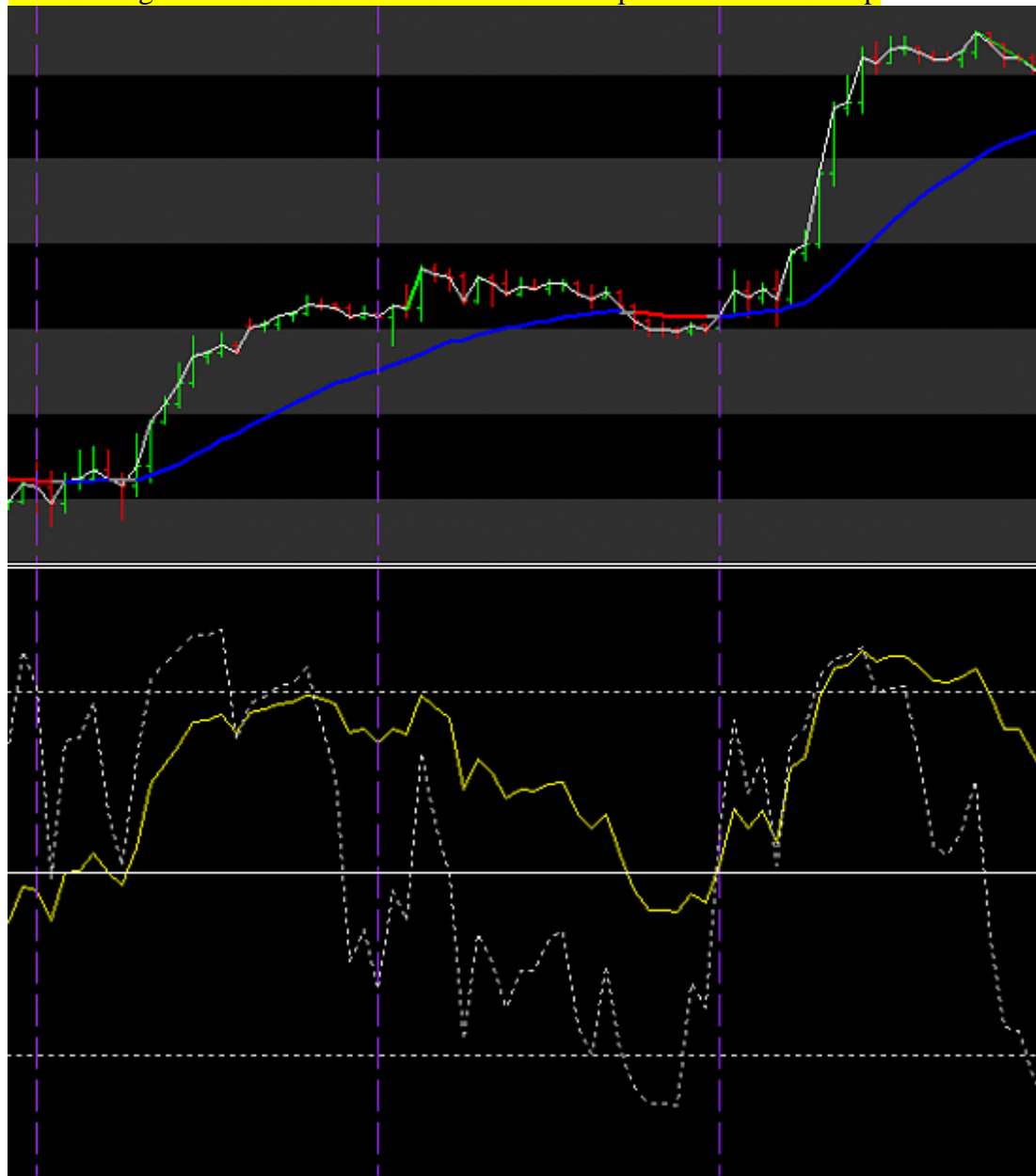
I know all this seems complicated and it is at first but getting your head around these equilibrium swings will pay you dividends if you pay attention to them.

There is only so much money being traded although it may be trillions it only changes hands from one to the other and back again. Any new money printed does not affect the total sum because it is such a tiny percentage.

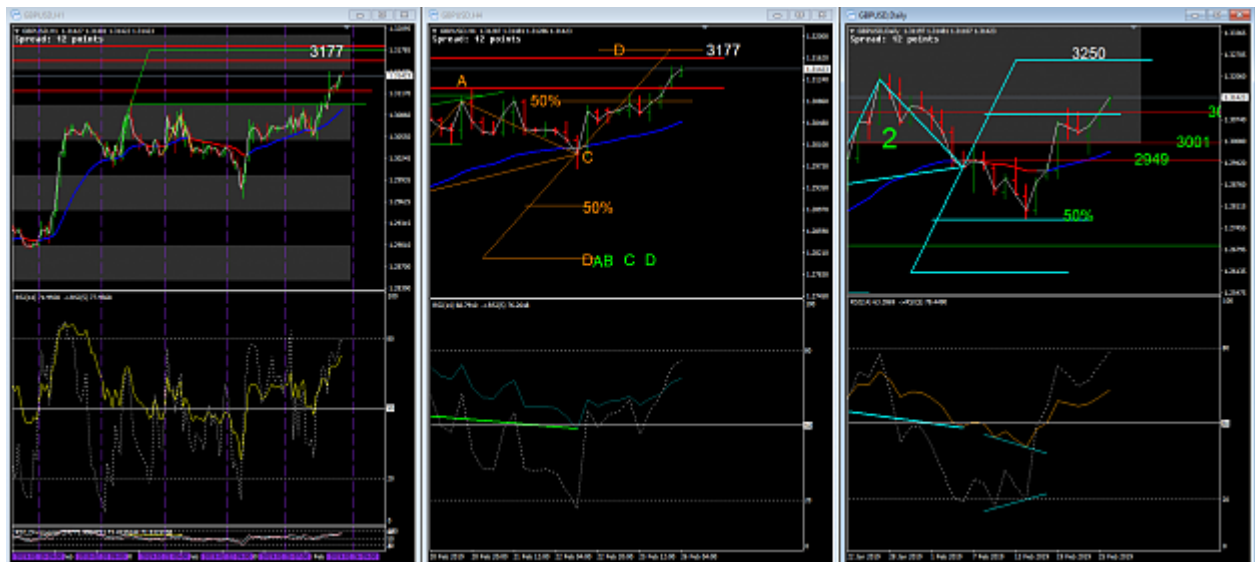
Most of this movement is hidden from the average trader as price tends to cover it up with its swings causing noise. Price may stretch it out over long periods again hiding the stuff we are interested in.

Here is a section of the 1 hour chart, see how many of you can pick the signal from it.

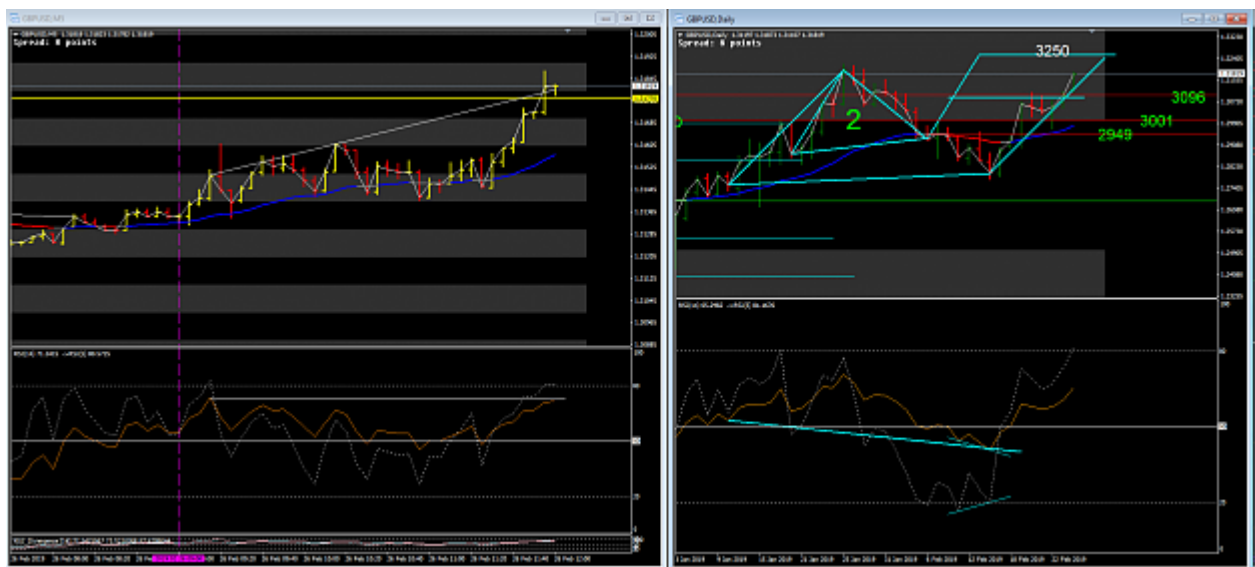
I am talking about the continuation div not the simple bear div at the top



Take your pick



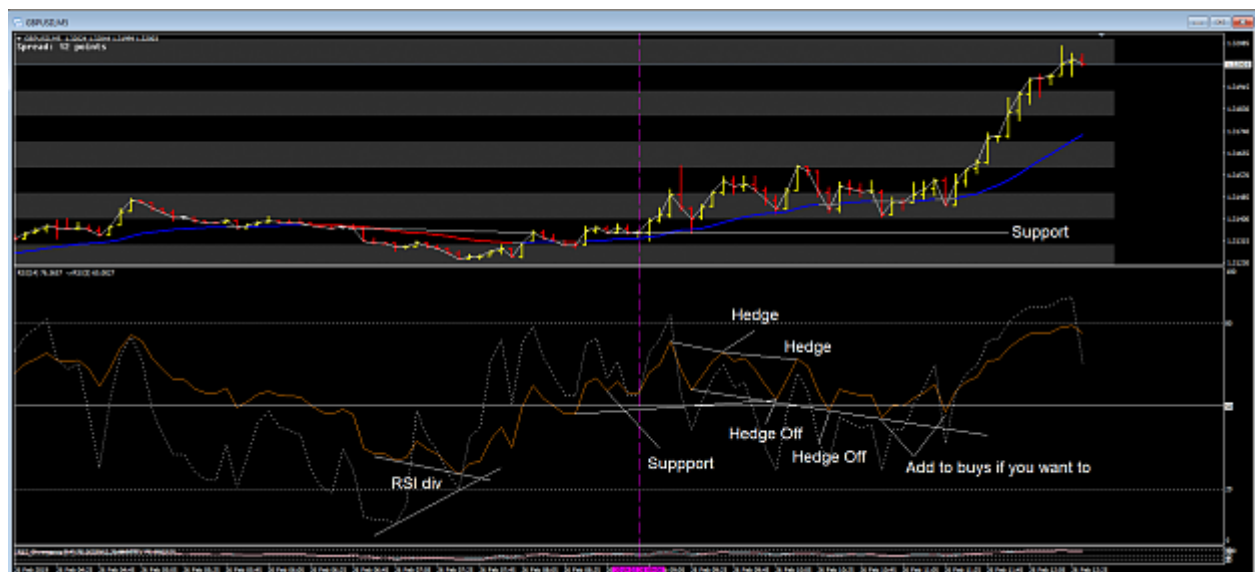
Darn it the 5 min pushed itself into divergence, let's hope it can push through it.



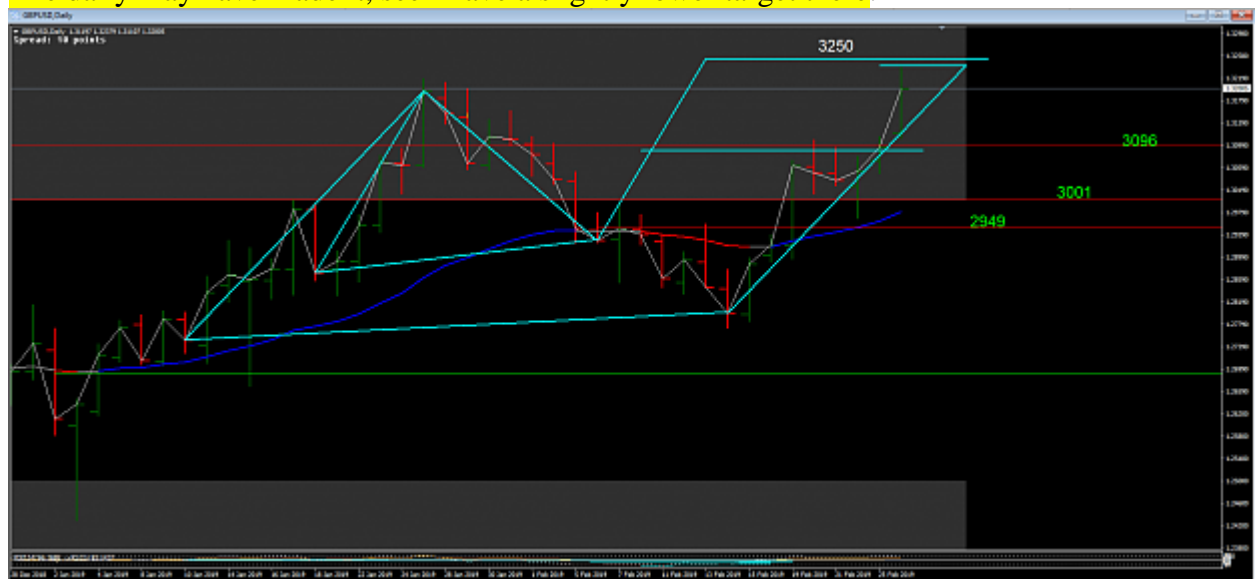
[Quoting Jazz1964](#)

Happy. Still criticizing myself, I took the Long at the bottom and rode it to the target. But I should have taken hedges, isn't it.

Don't beat yourself up. Remember how long it took you to be an astronaut.
Here were the hedges...



The daily may have made it, see I have a slightly lower target there.



See how this daily chart gave us three options, I would say go for the lowest target and then you won't be disappointed



What is this weekly one going to do I wonder



[Quoting jgoedhals](#)

{quote} Allan does the divergences always complete one side or the other?

Most of the time but I would refrain from using the word 'always' with anything associated with forex.

Below is the weekly chart which I have corrected. The previous weekly chart I posted is how many of you are seeing the chart incorrectly.

Let's begin with the regular bearish divergence at the top (RBeD) **Price makes the HH but the RSI does not.**

The opposite happens at the bottom for a regular bullish divergence (RBD). **Price makes the lower low but the RSI does not.**

We hope these regular divergences will take price back across the EMA

Hope everyone is very clear about these.

Now let's tackle the ones that seem to be causing a lot of confusion. These are the exact opposites of regular divs when plotted.

A is always higher than c, B is always lower than c. The target distance is always the same as AB, a measured move we can take advantage of.

Both A and B are always pivots but C does not have to be a pivot.

Now we get to the nitty gritty of finding just where C is. C is going to be the point where we determine we have an ABCD

Look at the first example (1) C is pushing up to attack A. But look at the RSI C has already closed past A so we have divergence at this exact point. This is where we plot the structure from. So we have our AC line.

B is simply the lowest close between A and C so we now have our triangle ABC and can plot

for D being the distance of AB.

Now look at the second one. It was exactly the same setup as the first but with a major difference. C was attacking A, B was the lowest close in between A and C. The RSI had made the higher high but the price had not. Exactly the same except look at B it was in a regular bullish divergence. This makes all the difference in the world.

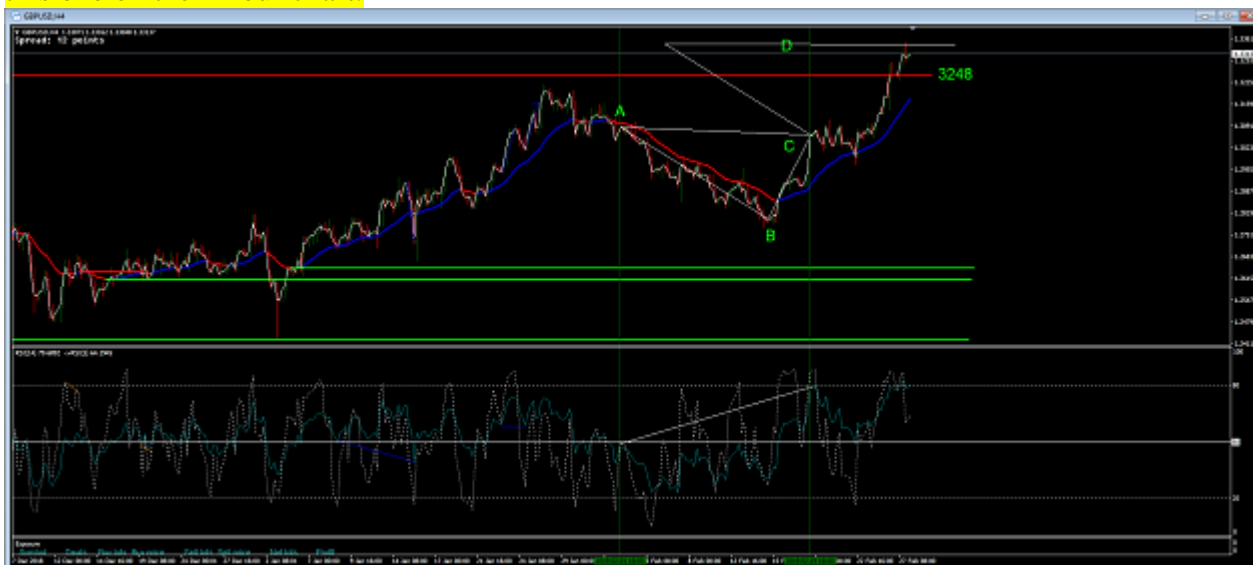
Look at number 1 it was a continuation to the downside but number 2 changed the direction because that is what we expect from the regular divergence i.e. **to cross the EMA**

It is not easy to determine which way 1 and 2 will go we have to find some additional evidence. Look also at number 2 how it almost made the target and then turned around only to return 5 weeks later to take out the target.

Currently we see the EMA rolling over to the upside but the bulls have not yet found support too take out the previous average swing high. We are still below the bearish support (dotted red) so the bulls are by no means free and clear as yet.



I can't believe with all of us looking for the predictive signals we all, including me, missed this one on the 4 hour chart.



Just want to put you guys back on track because you seem to be relying on divs a lot.

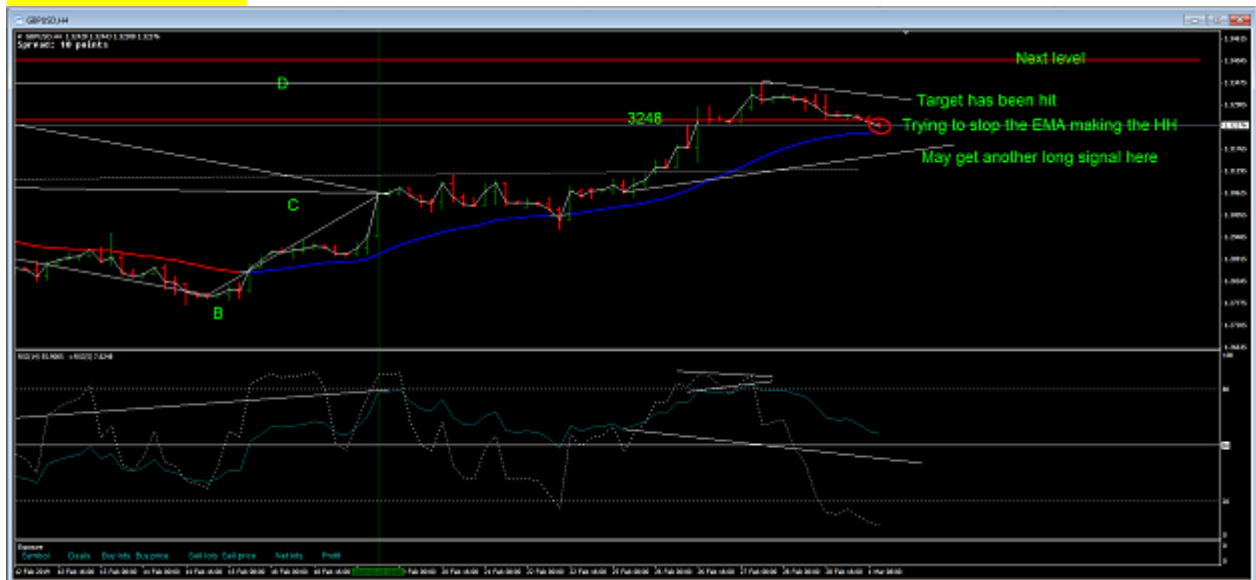
Don't be forgetting the regular ABCD's which can take price anywhere from 100 to 161.8% of AB from C.

This is what happened yesterday... Below I put a couple of vertical time lines on so you can check your charts.

Don't forget you can trade from the D point towards the E point also



This is what I see..



At the same time the daily is still on track to make the HH indicated by the yellow arrow



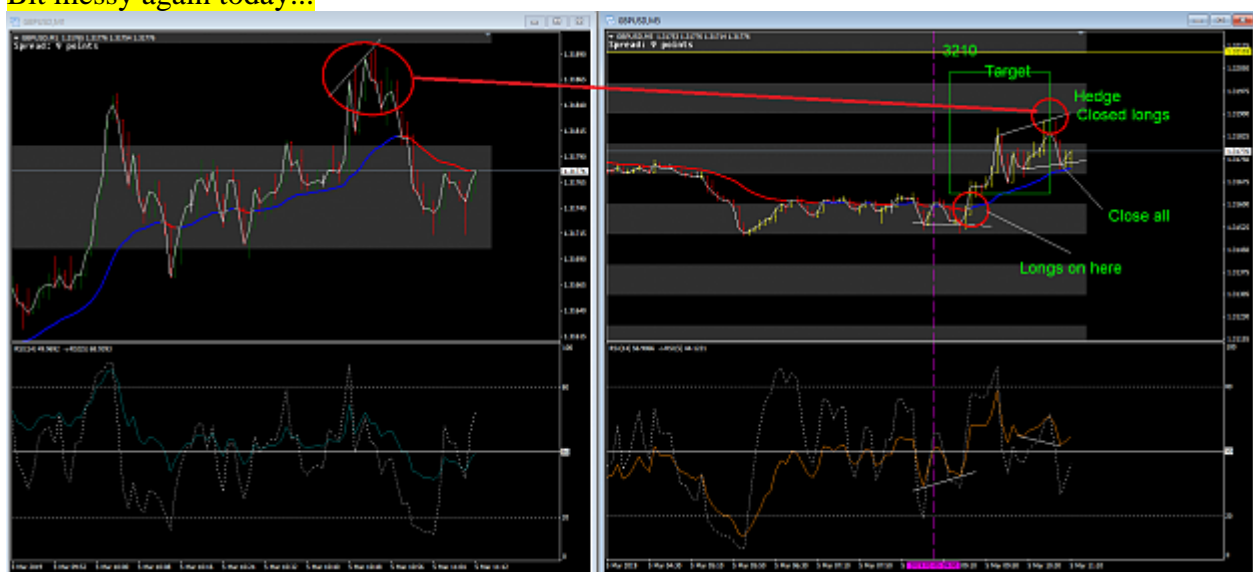
I note yesterday was a very sloppy start and I would probably lost the first two trades anything from BE to a few pips but it did come good for what would have been my third trade.

I would have looked at the 4 hour chart and noted the bears were trying to stop the bulls making the HH average (3248) and after a bit of a battle they did just that. So I would have been looking to short. Almost the first three hours on the 5 min were rubbish with two small bear divs not managing to get back across the EMA. Finally the third one was the one to break the EMA and from then on it went nicely for 70 pips or so rolling over the 4 hour EMA.

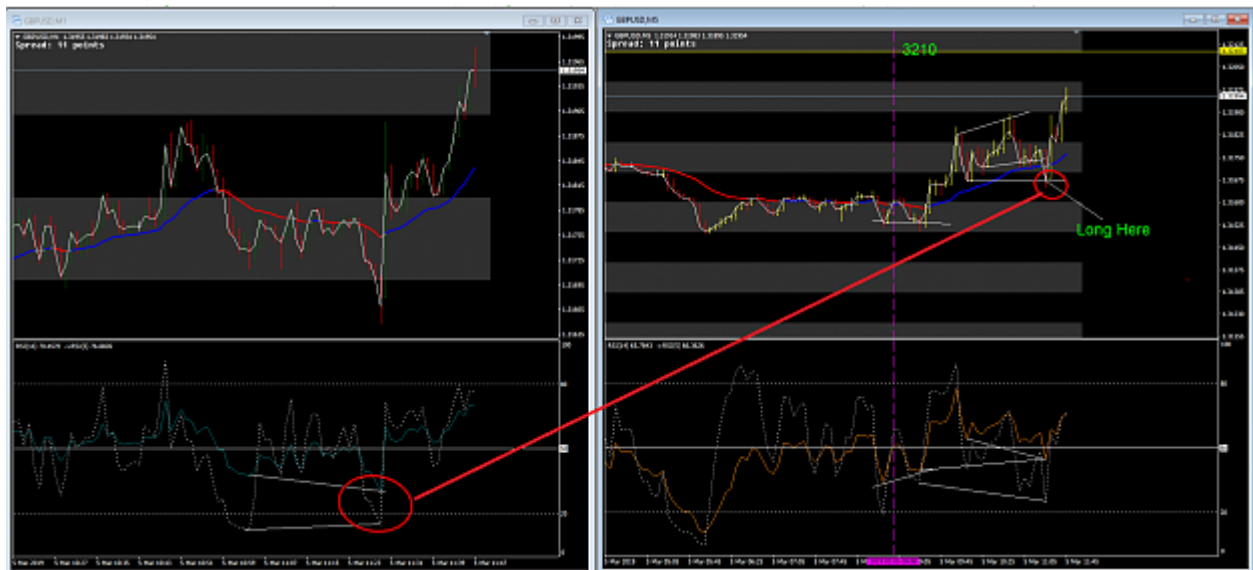
I wouldn't say the bears have the ball just yet because we are still trading above the average on the daily so I would be watching those signals very closely to take price back across the 4 hour EMA.

No point in speculating however best to wait and see what the signals are at the time.

Bit messy again today...



That's it I'm done with 15 bonus pips



Testing the bull support from a bear div is very iffy

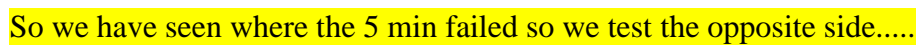


Quoting Zeliass

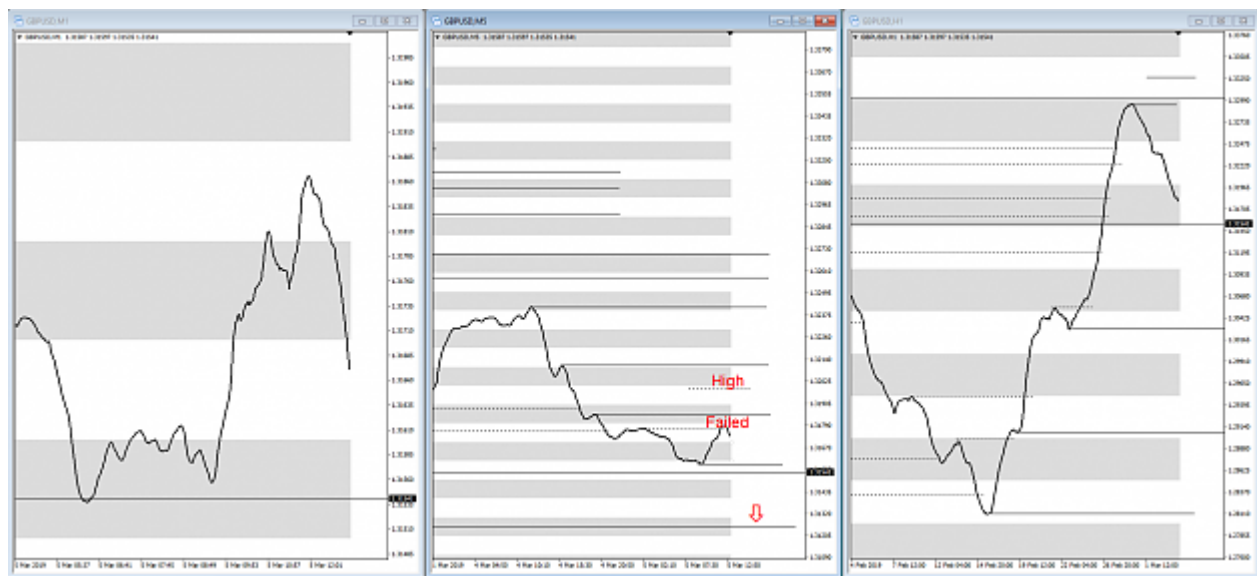
{quote} I think I didn't phrase my question correctly. It was not about hedging the hedge (taking profit is perfect), but rather why wait for further confirmation before taking a Long and not take it right after closing the short as the setup was there. Just want to make sure I'm not missing anything 😊

Because we are under a bear div threatening to cross the EMA but the point I closed was a bull signal so I have both a bear signal and a bull signal = close and wait and see.

Here I have added more info...



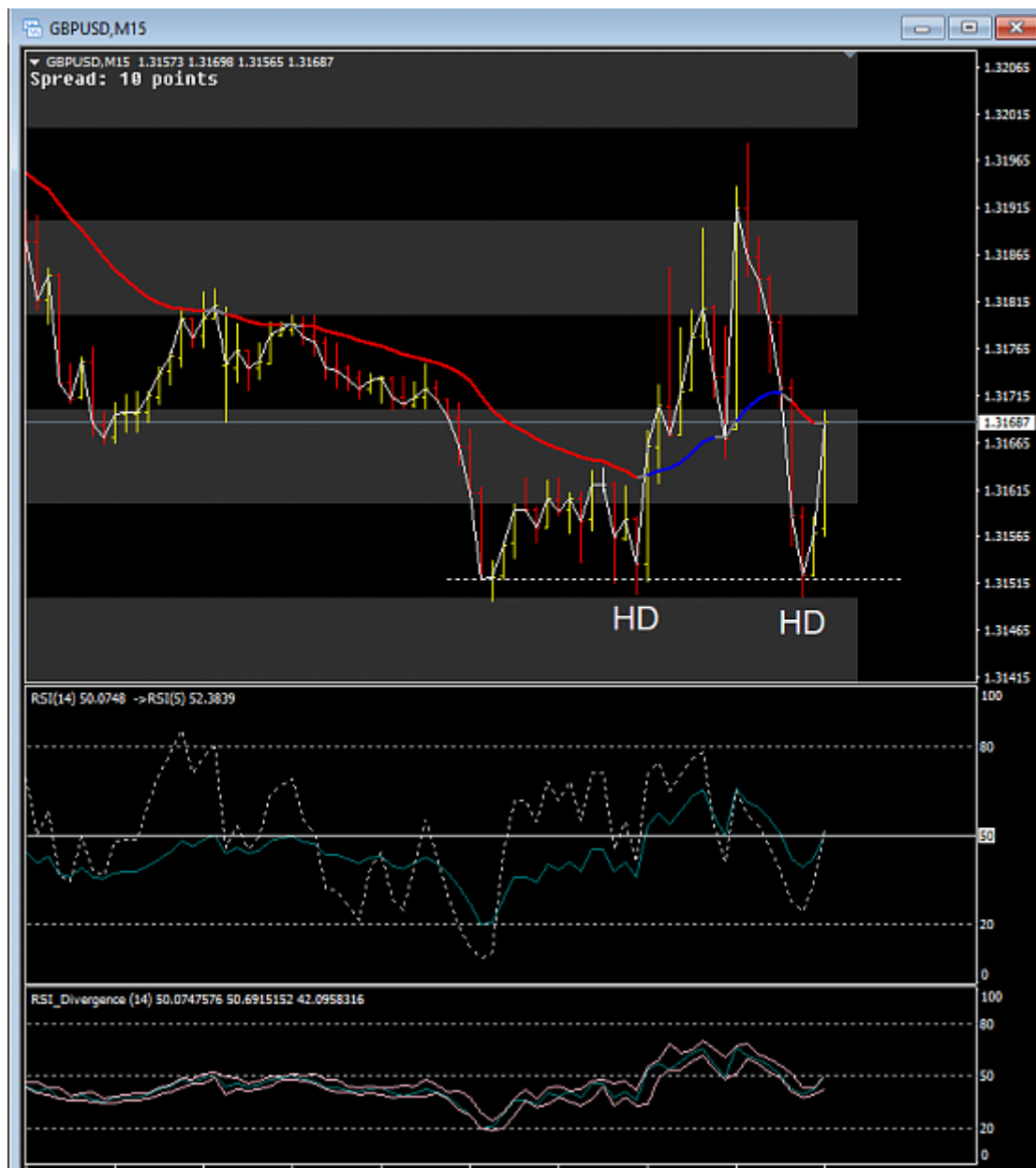
So we have seen where the 5 min failed so we test the opposite side....



This one may be new to you all ...



Look what else it was on the 15 min, a second HD



The 1 hour ends soon so it must be looking for bear support



OK the bears have found support on the 1 hour and the measured move on the 5 min is 3149



[Quoting quangvision](#)

{quote} Hi Alan, I checked and my chart turned out this. {image}

So in your circle the right side made a lower low and snapped back, this makes it a HD does it not because the RSI did not make the LL.

I haven't got the time to put every little detail on every chart you should all have a list of things to watch out for and plot them in real time.

I suppose this answers your second question. There is no need to catch up with my charts if you are plotting your own in the manner I have shown. I am not giving you a fish, I am showing how to fish so you have the tools to trade by yourself.

Look at all this information the 1 hour chart is telling us (let alone the addition of the other charts). In the red circle we see multiple divergences but they did not kick in until the previous target was reached. Then the div goes back to the EMA which you can measure and

plan a trade for the required pips.

So on this 1 hour chart there is lots of stuff to take inference from when trading a lower time frame.

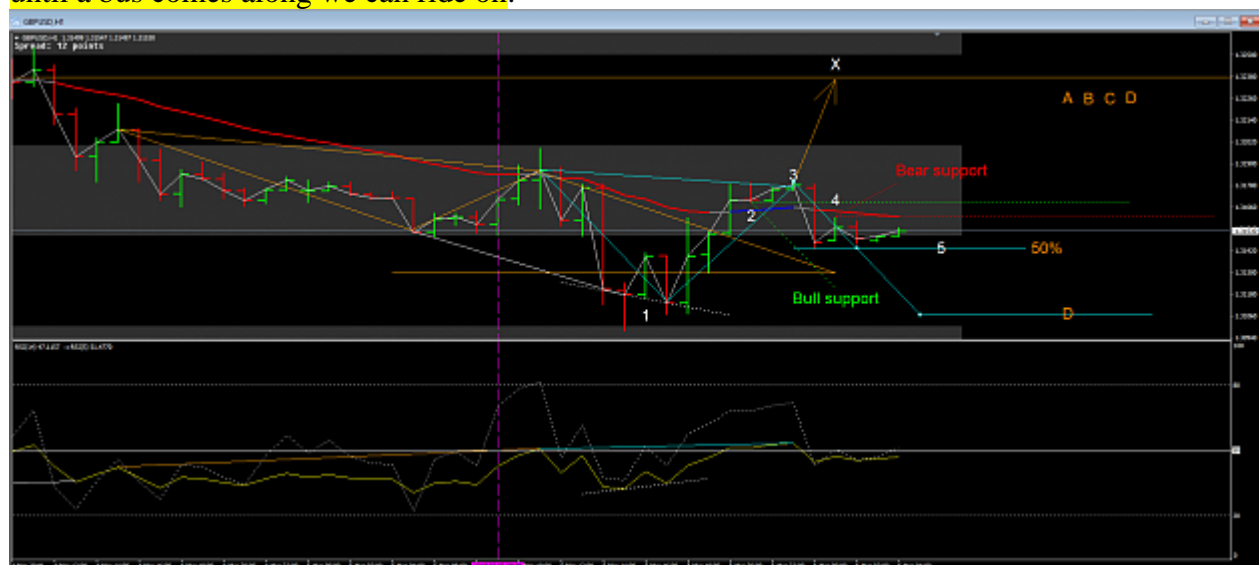


Here is an example of things going wrong and why we should pay attention to the signals.

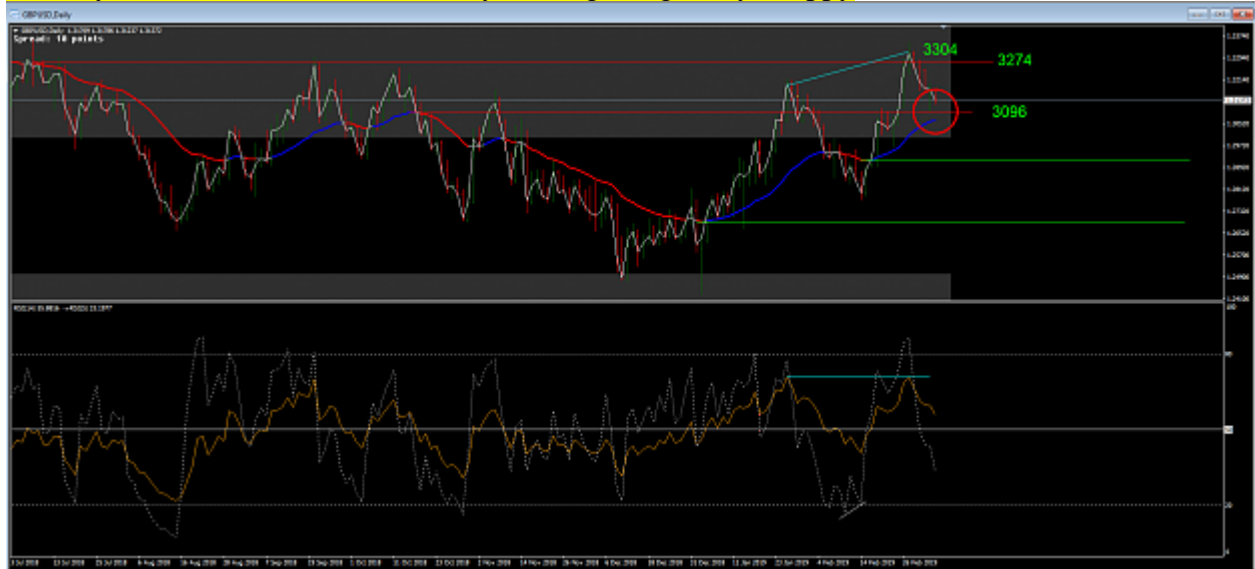
Sorry about all the lines on the chart but I have numbered the points of interests.

- 1) This was a regular bullish div which should send the price back to the EMA so we can measure that and indeed it did so.
- 2) Was where the bulls found support so we would expect price to run up to X
- 3) Stopped the northern run in the form of a continuation div.
- 4) The bull support was smashed and the bears found support instead.
- 5) Is a 50% of the AB continuation div.

As far as I see it at this time is we are in don't know territory, in this case we sit on the side until a bus comes along we can ride on.



The key seems to be here on the Daily making things very choppy

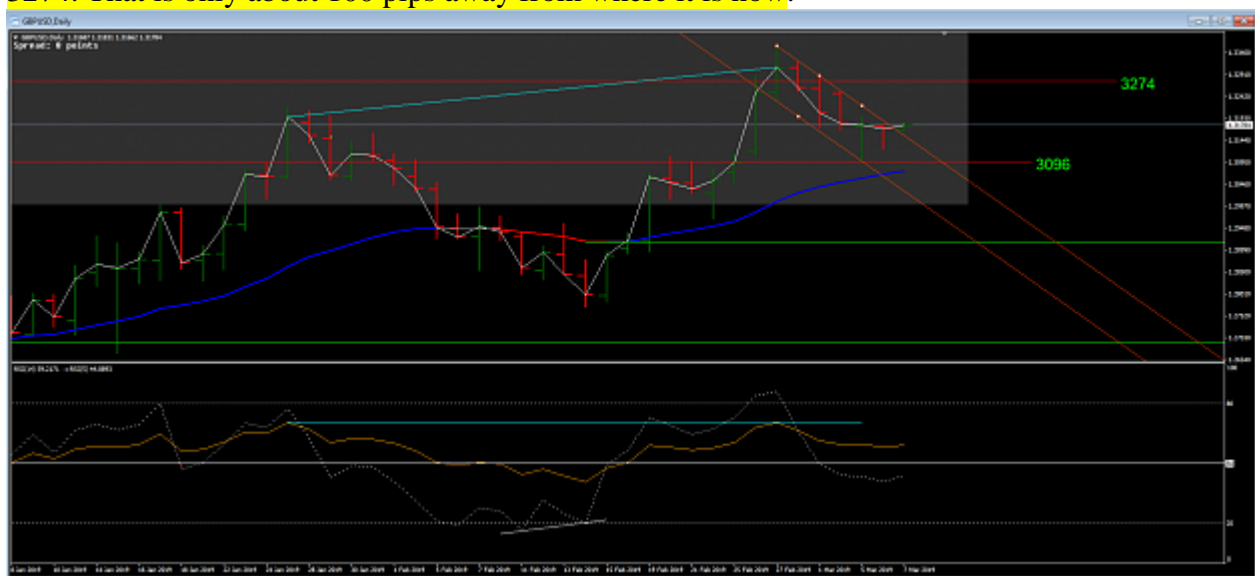


Well that was difficult trading yesterday, I was only able to scalp profits during my session. Still we can't expect to be on the bigger money everyday and must respect the market for what it is.

I logged in to the platform with interest this morning to see how things worked out overnight and just as I suspected the price ended up pretty much the way it started out, not quite a daily dodgy but close.

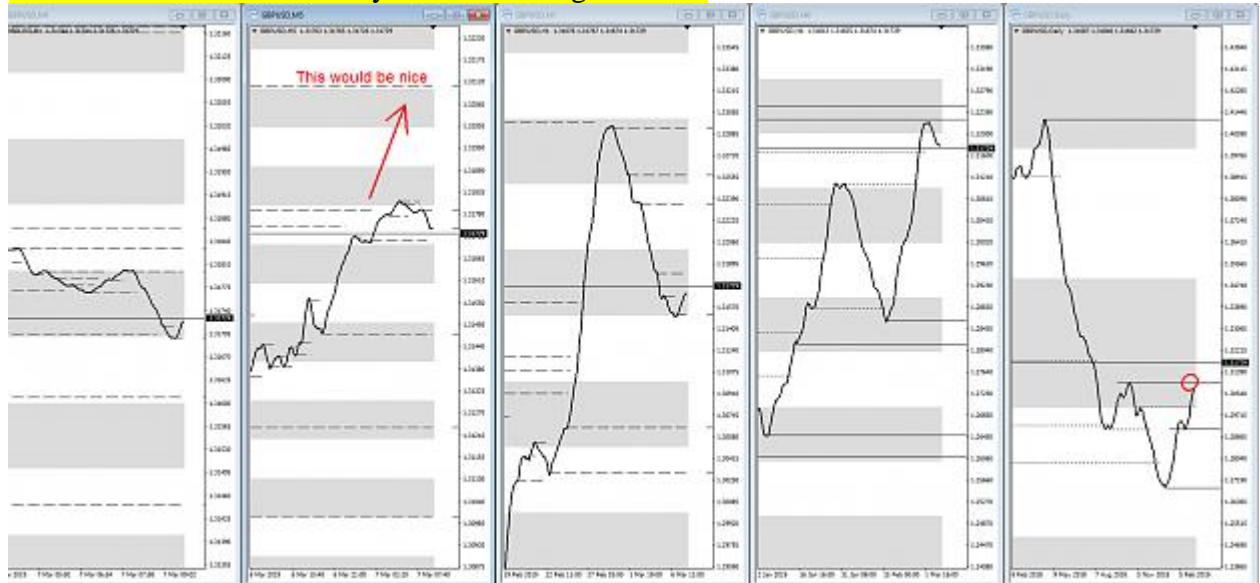
Now the interesting thing is this... The daily is under a divergence but has failed to cross the EMA so now we must expect price to make a HH in the days to come. I put a simple channel on the daily and price has broken it long if that has any meaning at all. I was expecting price to drop below the EMA to create a continuation divergence but that hasn't happened.

The average does now appear to want to break the 3096 level so we may see price hit the 3274. That is only about 100 pips away from where it is now.



5m bear support put in

Yes but the moves are so tiny. We need a big breakout



Quoting Jazz1964

Seems I learned at least something {image}

OK Jazz.

The first thing I did yesterday was to take a look at the daily chart to note where the average was and that was 3070.

Then I put a white horizontal line on the 1 hour chart at this level 3070. This gives me an idea of where the daily is heading.

Now I need to watch the 1 hour chart to see if there is anything to take me there and as you rightly pointed out there was indeed a continuation div some several hours before our vertical time period upon which we can form our ABCD.

Please note there is a difference between an ABCD and a $AB = CD$. The former is a triangle base on a continuation divergence and the latter is a lightning bolt based on a 50% retracement.

So you were correct in assuming you should be all the time short as your primary trade and signals to the long side should only be scalps or hedges to the shorts.

Let me put all this in a visual form on the hourly chart and then I will continue.



OK so from the above chart we can see what is potentially going on here.

a) Price has stopped at the daily average (white line)

b) The ABCD (Orange) has completed

c) We have an AB = CD (Aqua) suggesting we are going to break the daily average a tad.

d) The AB = CD has a plus or minus value in relation to the 50% level.

e) If we look at the + value we see price is heading for the green average swing low.

The result of this is our bias is still to the short side. So later today we would be looking for short signals as trade and long signals as scalps or hedges.

Now during the course of all this we are only looking for our slice of the action so we can quit work for the day and this short went well beyond that so on the hour a hedge wouldn't have been needed. However the hour chart is where we are taking our inference from, we trade this at the 5 minute level looking to buy and sell signals there.

Which brings me to ZOO points or Zones Of Opportunity which I will continue with.

ZOO points.

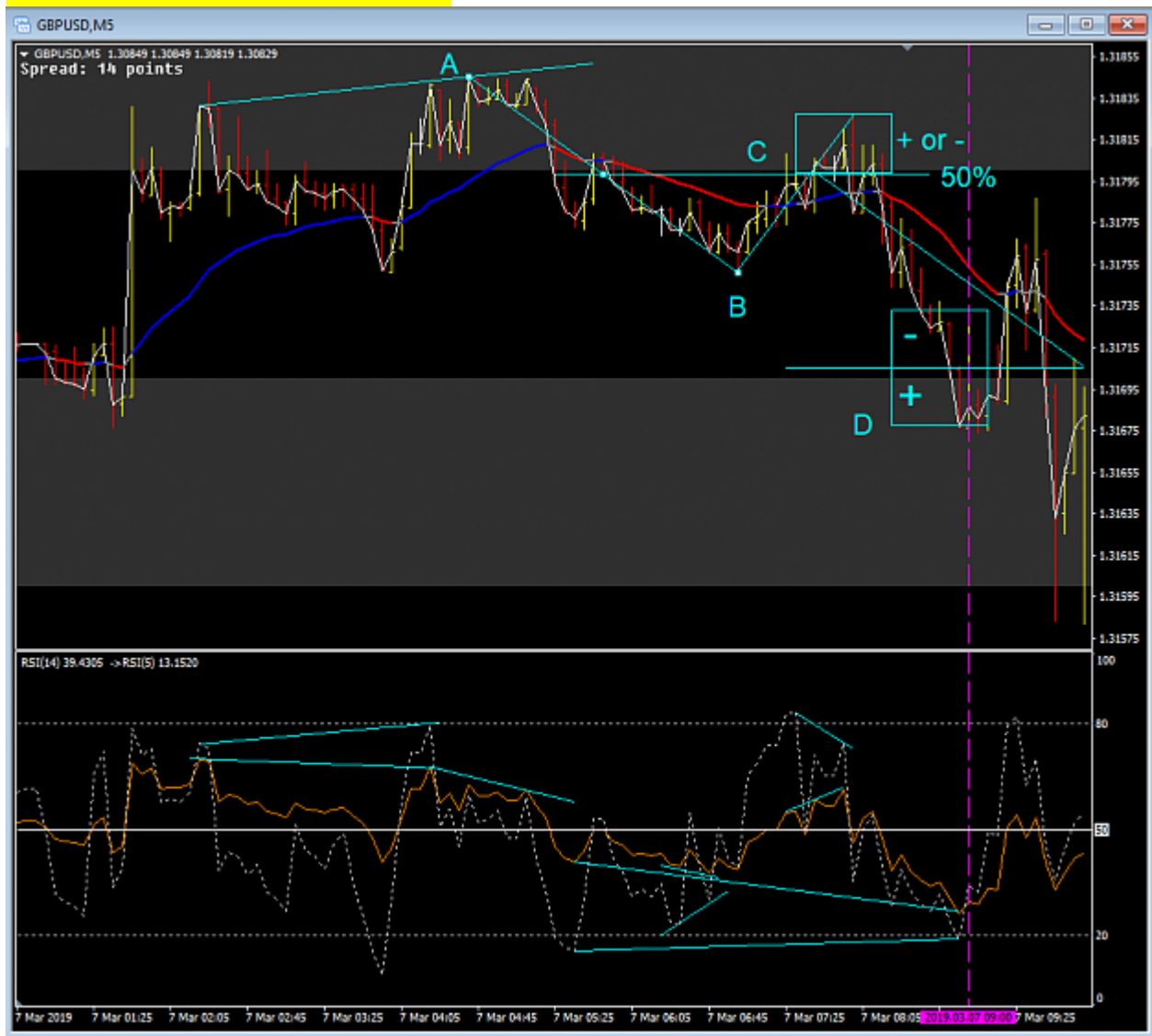
There are literally dozens of these to be looked at but let's just look at a few, namely any of the A, B, C, D points on the 1 hour chart.

Let's even boil it down just to the Aqua AB = CD. The same process is acted on whatever the ZOO point is.

Beginning with A what do we see? First off it was also the C point of a continuation div. This tells us nothing more than where to put our stop, a couple of pips above A but we need to get a signal to trade on the 5 min.

So what do we see and plot there... Exactly the same process forming more A, B, C, D's

Our A ZOO point on the hour chart produced our A point on the 5 min chart and you should find these points on the 5 min chart produce results on the 1 min chart but not for trades hey! maybe just to pinpoint an entry to keep the stop very tight. This 5 min produced over 20 pips counting the central hedge. However we still have our southern bias on the hour chart and may not yet have reached our daily target so we may hedge again at D and look for a retracement a 50% of AD and so on...



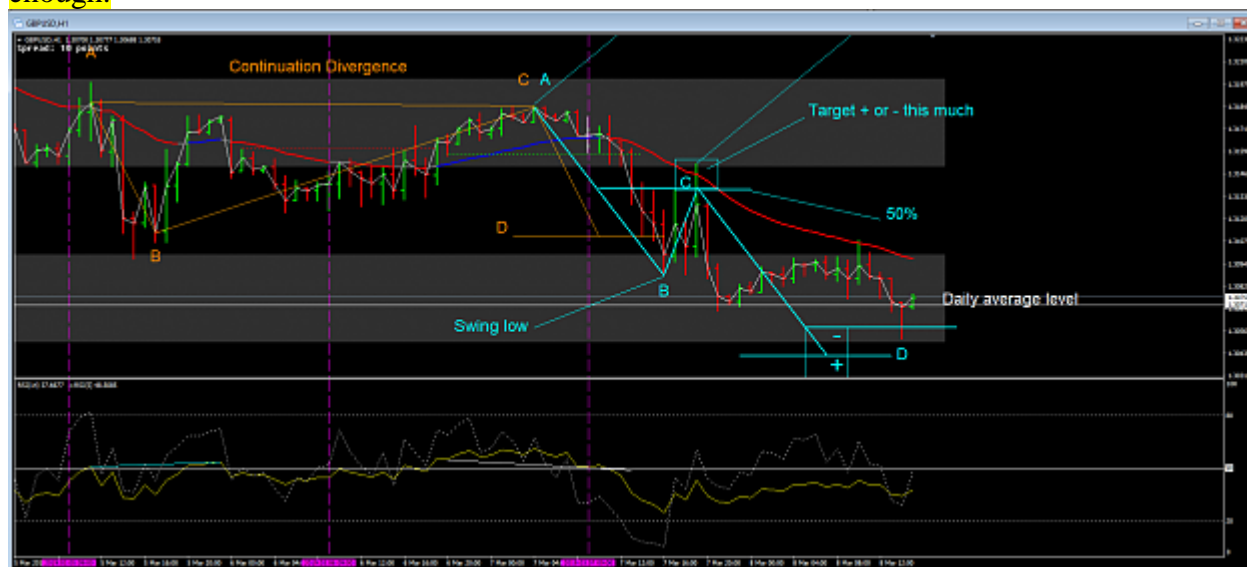
The trades, the signals, the procedures, the targeting, the hedging and so on are all the same.

One just has to pay strict attention to what is happening and respond accordingly with your plan of action until the goal is reached.

Then quit for the day because this is full metal jacket work and you will start to burn out, lose concentration and lose money.

Let me here a Amen

Finally after far too long a period the 1 hour target is reached. Entering the minus box is good enough.



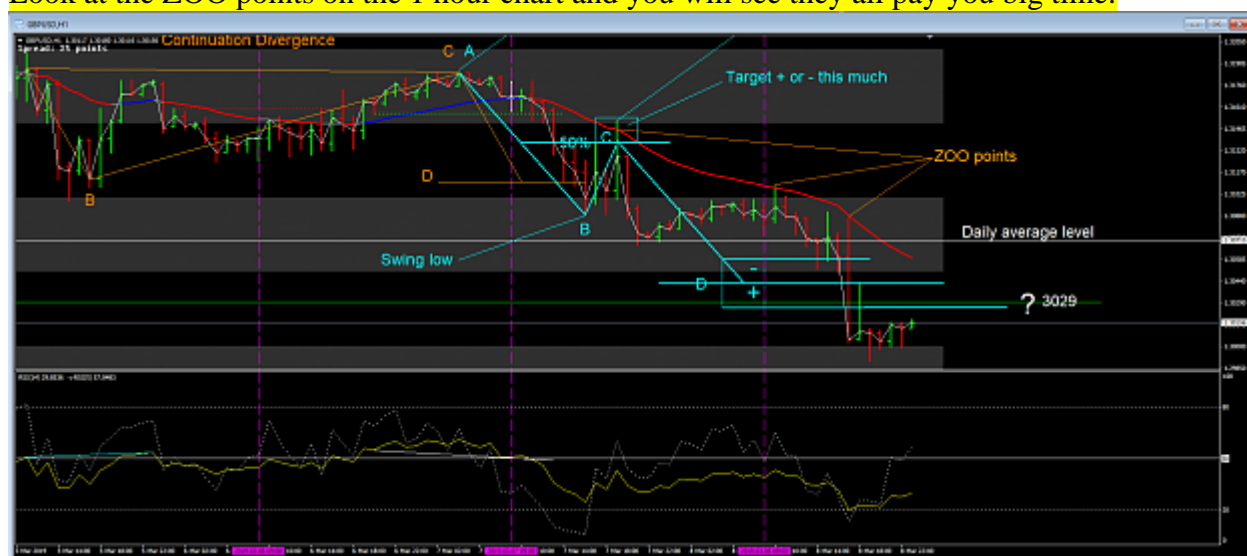
[Quoting Jazz1964](#)

Do you trade NFP based on this system Alan? I had this M15 measured move {image} Have a good weekend!

Jazz I don't even look at the news and that includes comments made on TV about currency.

All the story is in the charts. I interpret what the charts are telling me. I am not an economist so I cannot interpret the effects news data has on currency. There are far too many factors to consider and whole teams of people work on this, so what chance have I.

Look at the ZOO points on the 1 hour chart and you will see they all pay you big time.



[Quoting Gilaforex13](#)

H1 bull setup. TP max until reach H4 EMA.

Nice try but incorrect reading of the chart.

Both the 4 hour and the 1 hour are trading below the EMA so it is no possible to have a bull setup. At best we can expect a scalp or a hedge to a short trade.

It is only when the bulls cross the EMA and find support that we can start looking for bull setups.

It is a common mistake to deem a pullback as a change in direction whereas these should be looked at as opportunities to continue the trend.

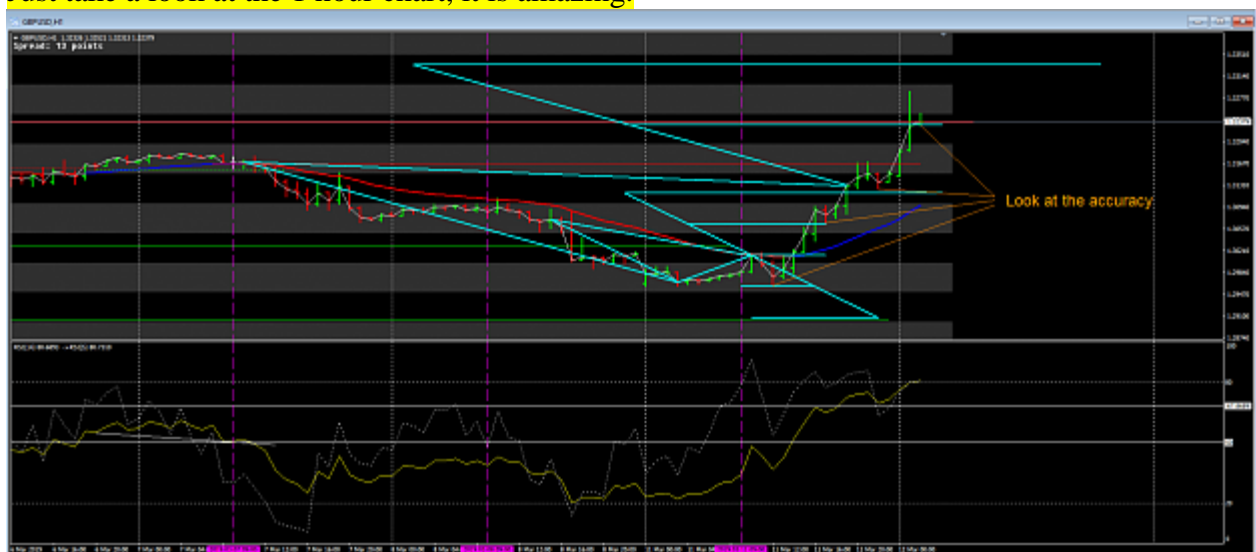


Gee I hope this Brexit stuff doesn't end too soon it is making us lots of money. Then again something else will crop up as it always does.

The pity of it is I have to sleep sometime so I missed at least a half of yesterdays move. Still I was all in so made a tidy profit on what I did trade.

The thing that amazes me is the accuracy of the moves, WHO is controlling this?

Just take a look at the 1 hour chart, it is amazing.



[Quoting des_b](#)

{image} Hi Folks, I am looking for some general advice on interpreting Bullish/Bearish ABCD's. I am getting there with regard to drawing these on the charts and on most occasions the targets etc tend to agree with those published by those contributing to the thread. Where I am struggling is in identifying the ABCD as Bullish or Bearish. As such I would be grateful if anyone could give some perspective on what additional factors contribute to the identity of the ABCD. Do you refer solely to the bullish / bearish criteria on the higher time frames...

Hi Des.

I think you are missing the point. The ABCD does not imply an entry one way or the other it simply defines a possible target.

If we see at the lower time frames we are moving in the direction of such a target then that is the corresponding direction we trade.

For example look at the 1 hour chart below and we see the formation of not an ABCD but a $AB = CD$. At the lower time frame i.e, (5 min) we would be looking to short until we reach our money target is reached.



So as I awake to check the overnight results I see there wasn't any.

Mere rumour and speculation moved the market over the last two days, the actual result of the news had little to no effect at all. This is why I keep saying watch the signals and not the news in order to go with the flow of market speculation.

Clearly you can see the price dropped to the previous swing low average (b) but the actual average still remains between a and b. We can see the day before the attempt was made for the average to break (a) but failed. Price itself has settled down to a retrace of 61.8% so we are now not sure of a continuation down to the D or indeed an attempt to make a HH than Y.

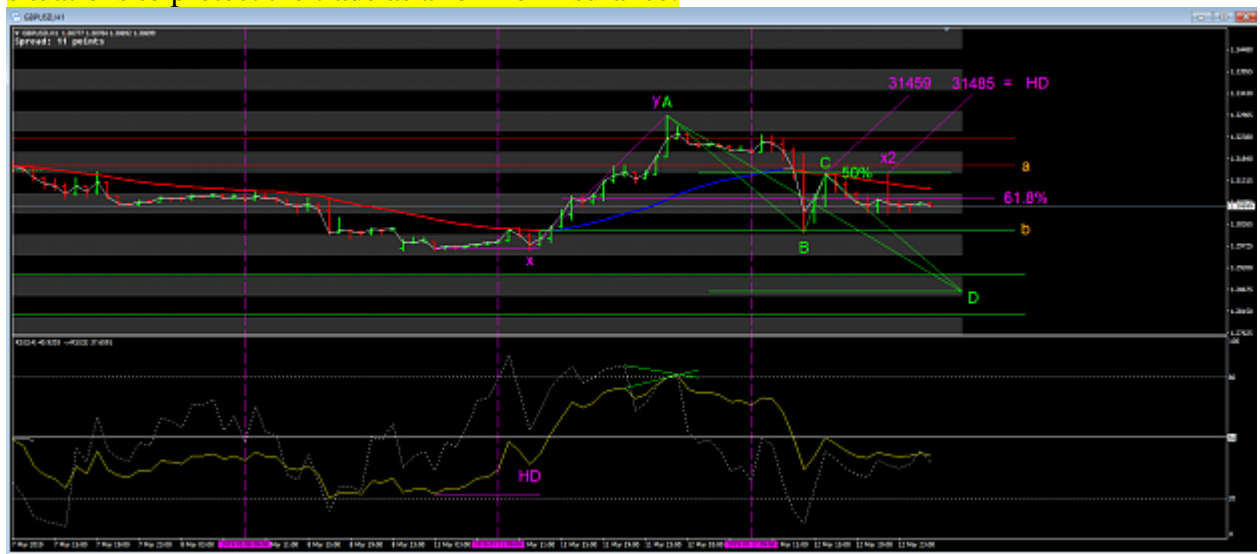
x was one of the clearest HD signals we have had for some time and to me these divs give the most mileage when it comes to price movement, it is almost like a secret signal. We see this again at x2 where a HD snaps back at least 60 pips.

So taking all these inferences and converting them to ZOO points to be traded at the lower levels there is ample opportunities to trade this factual information rather than any form of

speculation whether that be news or what one may 'think' the market should do.

Now I don't have any idea whatsoever that this $AB = CD$ has formed, I only have clues given me by the $A+B+C$ whereas D remains a mystery until the pattern completes, it is not written in stone. These D points are the potential targets we can aim for at the lower chart time levels. As are the average swing points potential target levels. As are the Fibo levels. As are the divergences, As are the ABCD's and as are the 26 EMA. All potential targets we can aim for and we are going to see heaps of signals taking us in the target direction on the lower time frame.

We cannot set these targets in stone so we have to be flexible enough to hedge contrary situations to protect the trade as a form of insurance.



Let's look at the exercise of drilling down to the lower charts from the inference of the 1 hour.

More specifically let's look at the x2 hidden div.

Looking both at the 1 minute chart and the 5 minute chart we can drill on down to really pinpoint the entry.

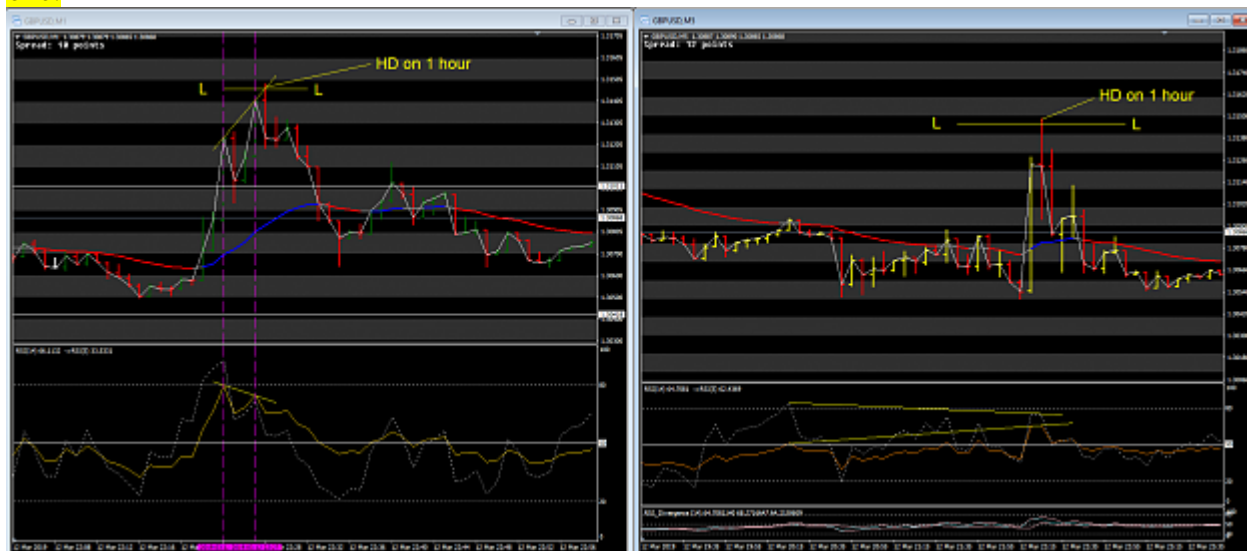
The yellow line LL represents the 1 hour level where price runs into a hidden div situation. That is to say the price is passing the pivot but the RSI is not.

In this case it is the 1 minute chart that gives the best indication. Remember we are not interested until price is above the LL.

So what do we see? The 1 minute chart is in divergence and the fast RSI on the 5 min would have been way up in the top levels of the RSI. These are good indications the 1 hour is coming to a halt and give us very tight locations to put our stops. Even on the 1 minute chart the return to cross the EMA is over 60 pips and the same on the 5 min chart because a little later we saw an RSI divergence there.

That tiny bit of HD on the 1 hour was the inference and this was supported by the trades we could have taken on the lower time frames with very tight stops. This is what inference is all about.

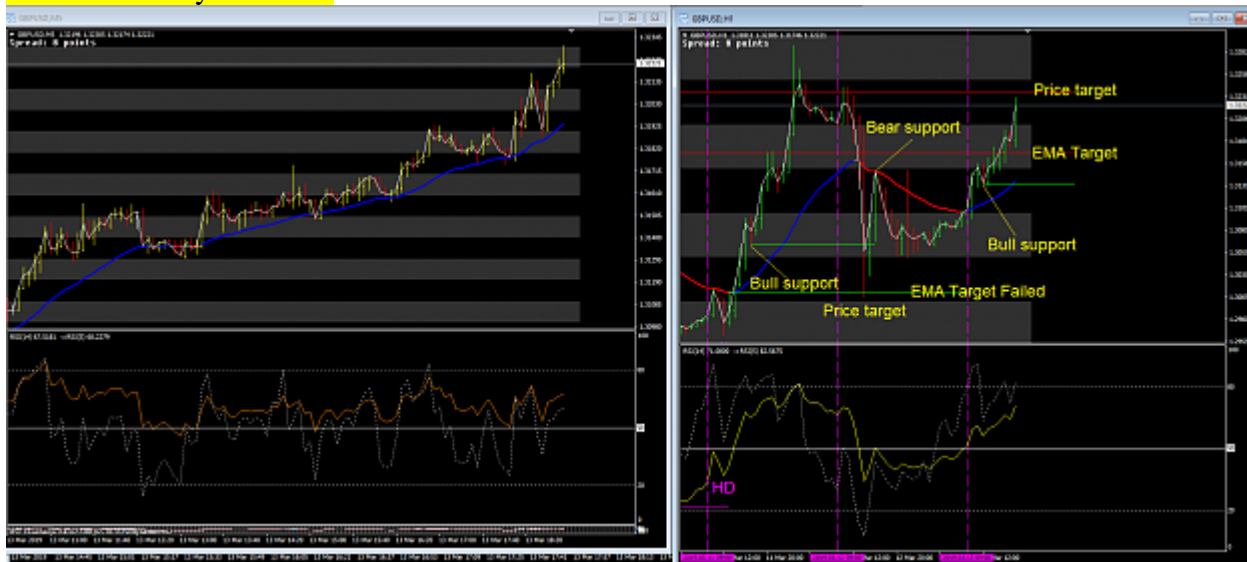
Sometimes, in fact many times we have no other inference from the 1 hour other than the direction it is travelling in either above the EMA or below. This is when we have to go just with the signals off the lower time frames in the hope of reaching the targets set by the higher one.



[Quoting jgoedhals](#)

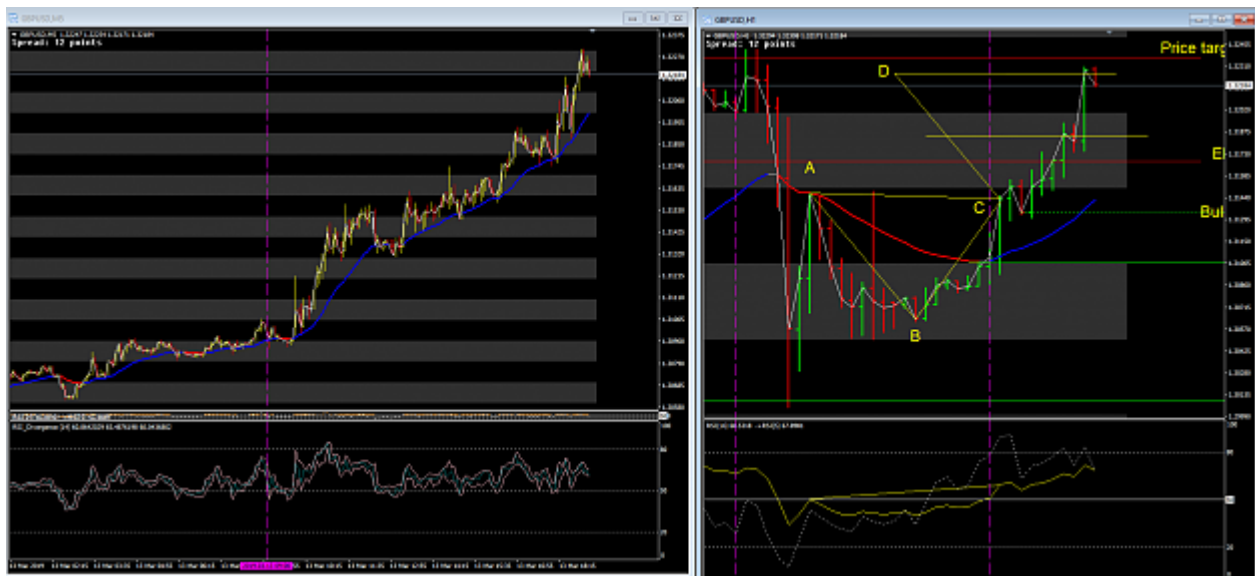
{quote} Allan it would be nice if yo can give us your normal 1hr 5min charts it dos help the learning curve.

What like this you mean?

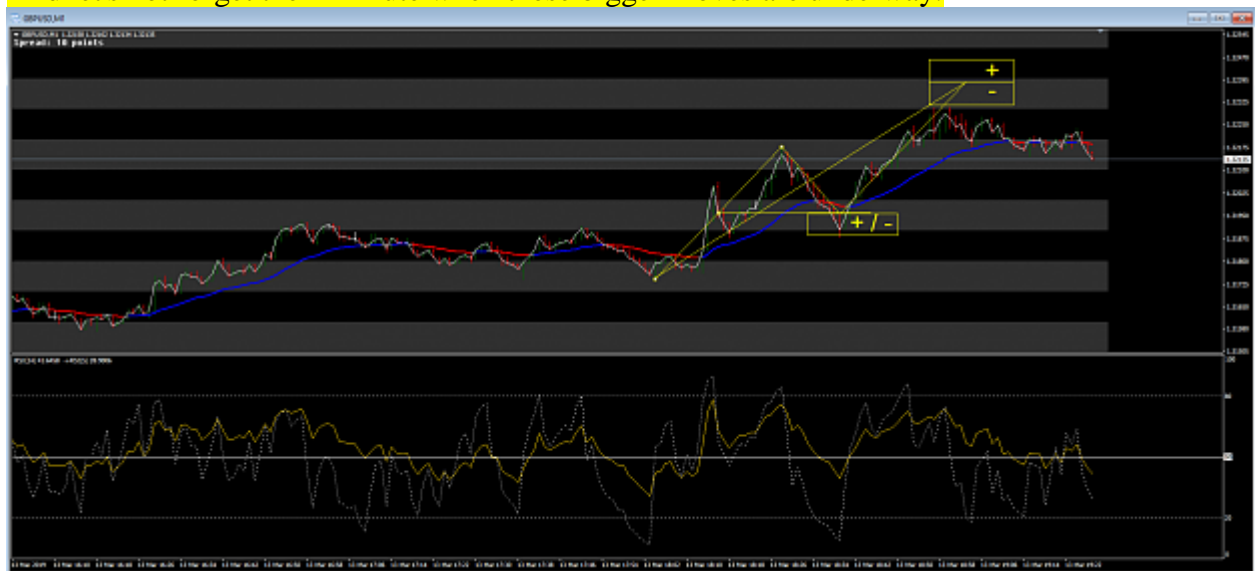


Or like this.

It depends what we are looking for the charts to deliver.



And let's not forget the 1 minute when these bigger moves are underway.



[Quoting jgoedhals](#)

Allan I struggle to get the main direction at times like yesterday **there were bearish divergence on the 1hr and the trend went bullish.**

You should be saying to yourself "price is ignoring the divergence so it is trying to get somewhere"

Consider on the 1 hour which side of the EMA is price trading...Topside

So have the bulls found support... Yes

So the market is bullish. BUT it will not remain bullish forever once it takes out the targets it becomes too risky to keep going long.

Any bear signals should be considered as scalps or hedges. So if you spotted a bearish div consider it as such. If it doesn't make it back to the EMA then price is going to climb higher.

Always consider the trending side in conjunction with the EMA and look to see where the EMA is trying to get to and has it failed in the opposite direction.

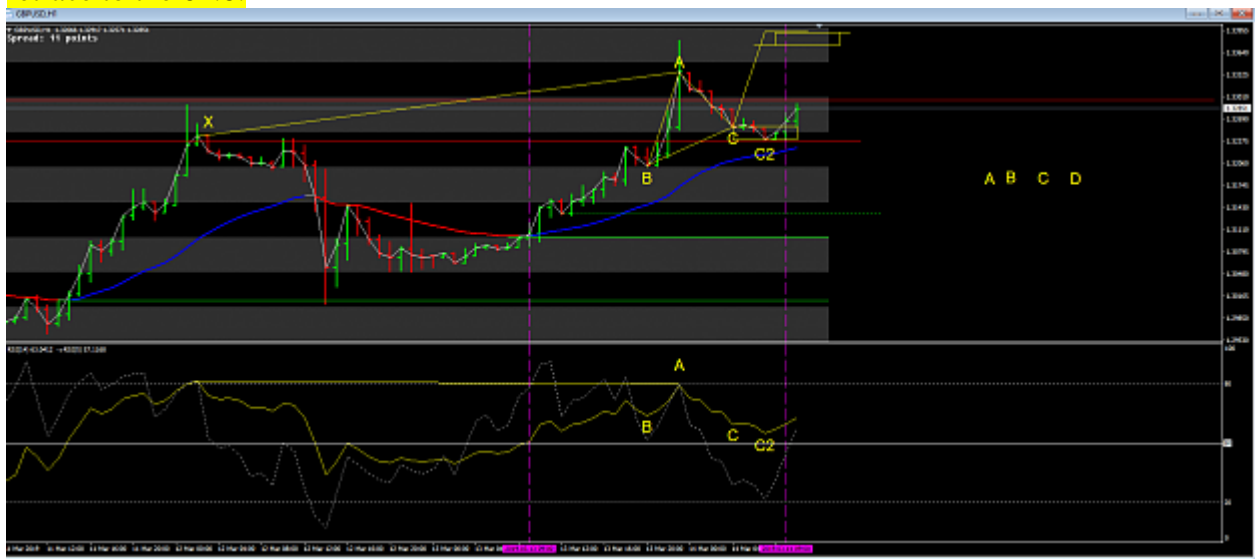
Consider this...

The XA line is a regular divergence but it has failed to cross the EMA so it should make a HH.

Where is that HH?

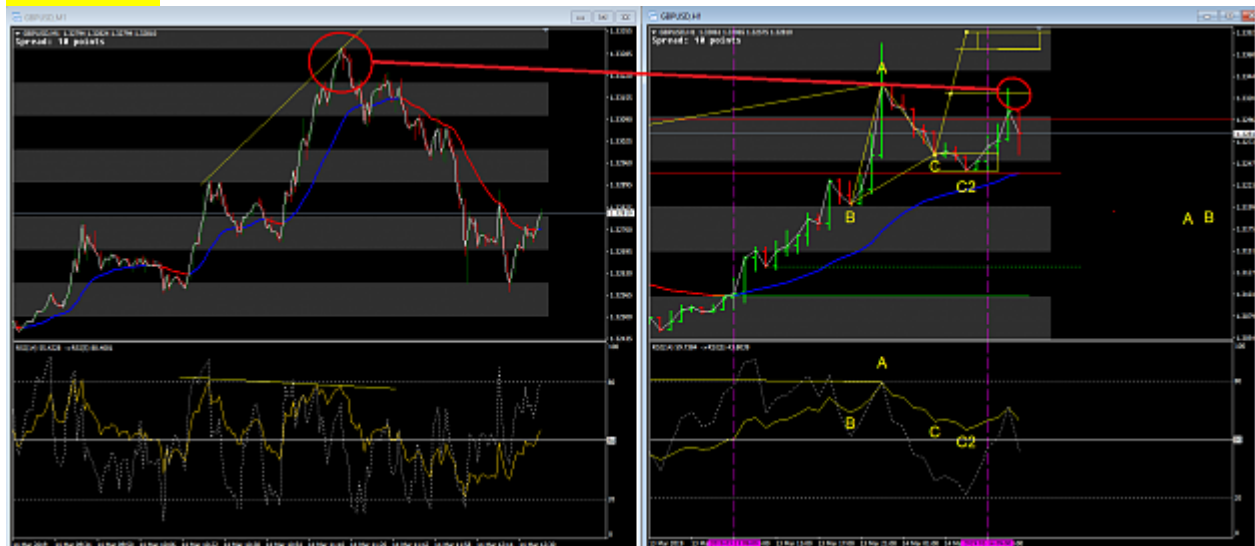
On price, C is attacking the pivot B. Now look at the RSI and C has already passed B. So this forms the ABC triangle and the target D is the same distance as AB taken from C.

Price also moved to C2 so this may be a correction we have to consider, C@ was also a retrace to the 61.8.



Don't forget also that the half way point (50%) is a danger point to consider.

Here you see the half way point was a Div on the 1 minute chart sending price back below the 1 min EMA



[Quoting fxmars](#)

I see that many of the people new to this method are struggling with direction. What I focused on when I started trading this method was: 1. EMA success or failures. Which way did the EMA break last? In other words, which EMA pivot was broken and which was challenged, but was not broken? Do this exercise for all the time frames, and also note (for each time frame) which side of the EMA price is trading. 2. Support. After the price crosses the EMA it needs to find support before we trust that it will continue in that direction. Just look at the M5 chart below and see how price found support before the major drives. Also see how price reacts to old support. With these basic and easy concepts you will get a good grasp of where price is likely to go. So before you start focusing on divergence and targets you need to master the basics... you need to get in a trade in the right direction before you start thinking about hedges and targets



This is exactly correct and what I set out in the first place when trading between the averages.

When the average fails one side it then tends to test the opposite direction.

Concentrate on what the averages are doing before considering the other stuff which are the mechanics of getting from one pce to the other

[Quoting forex_dimi](#)

{quote} Alan in this example you took point C attacking B (and drawn D accordingly). When price passed C to C2, should we redraw our ABCD? Why did you take C and not C2? C2 **isn't closer** to point B as for attacking point?

Hi forex dimi

Of course C2 **is** closer to B by a factor of 15 pips or so and the C point has still continued to adjust C3 but it still remains above B.

Now if we extend the BC line (dotted) we can see the bears have created some wriggle room whereby they can effectively get past the B point on the price by remaining above the dotted line on the RSI until they are good to go. This is a battle zone for positioning.

At the same time we see the average has made the HH and must wonder if the bulls are going to be strong enough to take of the next level (3295) or will we see the bulls collapse and the

bears attempt the test of 3100. No point making speculations we must wait and look for evidence of direction.

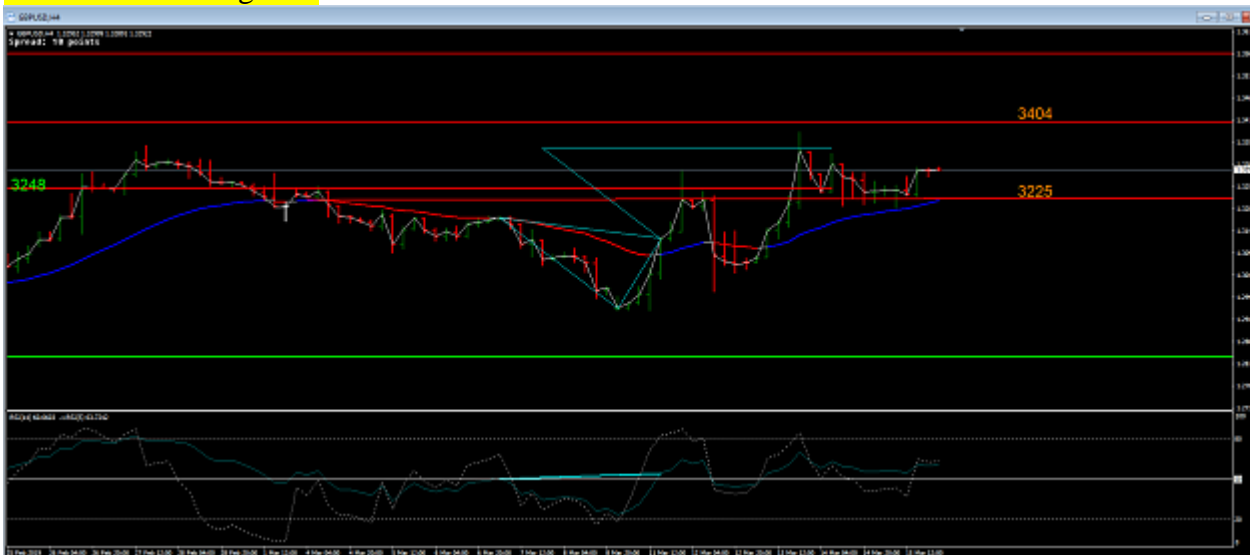


I would say that in all cases if one is trading to a plan then there is nothing complicated about it at all.

Plan the trade and trade the plan, there are no thought processes involved, it is simply a matter of execution.

Why people want to include a thinking process is beyond my understanding, the only thing on a traders mind should be the execution of the plan.

The 4 hour chart is showing the Bulls are about to make the HH average(3225) some time today with the next bullish target sitting at 3404. However as yet there is no signal for the mechanics of doing that.



There is nothing very remarkable about the daily either so dropping to the 1 hour we see a bullish holding pattern as the average approaches the 3295 and we still have an ABCD to drag that average over the line for a HH. However the bulls are failing to break that all important 3295 so it is still 50/50 for up or down at this time.

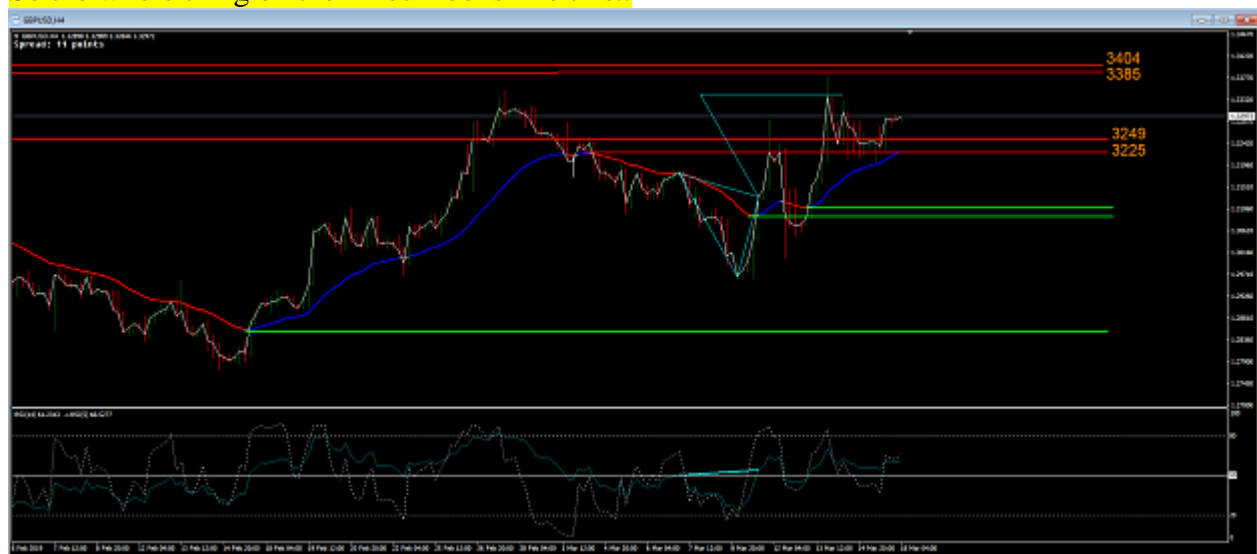


[Quoting quangvision](#)

{quote} Hi Alan, Your chart defined 3404 as next swing high, right? But on my chart it showing 33788, do you know why? Thanks 😊 {image}

Yes you are correct, there are two swings there I just selected the higher and more major one.

So the whole thing on the 4 hour looks like this..



Well I dunno that was about as straight forwards as it gets. I fail to see why you guys fail to see.



[Quoting quangvision](#)

{quote} Very nice Alan. **I couldn't see any inference on H1**, can you explain more? The short trade on your chart, was it a scalp or trade with one-in? Thanks

I don't see why you couldn't see this, in fact I even told of it in post 2405



[Quoting mikeeating](#)

Yeah I have to admit I was looking for longs as well, at the start **I thought** I saw the hourly support price and so I tried to catch the divergences on the short side to go long, always looks so easy in hindsight!

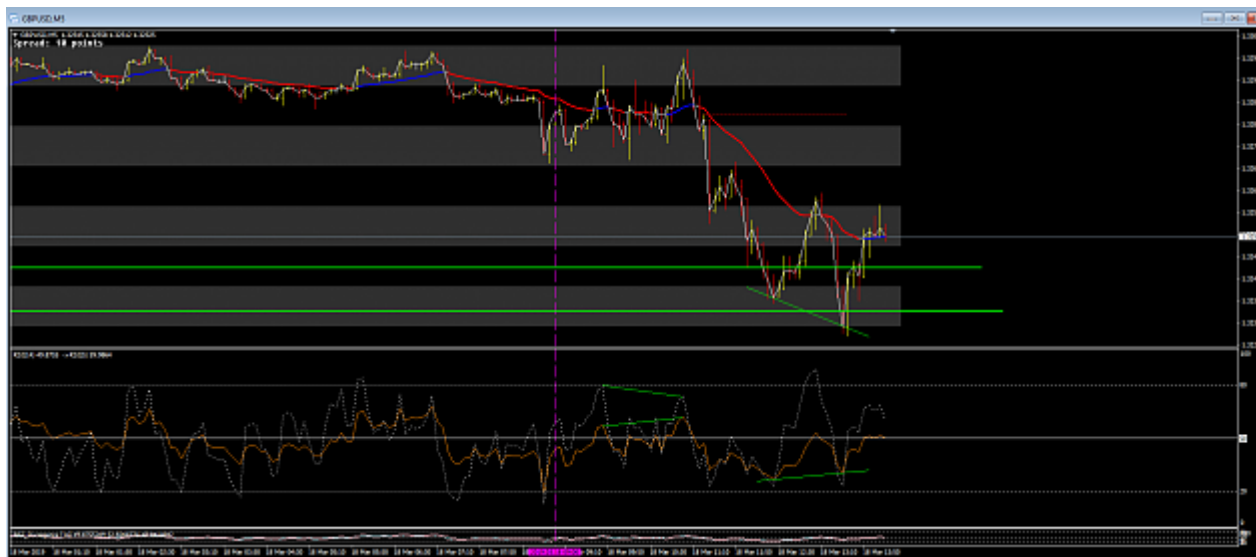
Can you please refrain from using this swear word

[Quoting Gilaforex13](#)

Bull coming

Are we even looking at the same charts...

This 5 min regular div returned the price to the EMA as we should expect.



Anyway this is how my 5 and 1h charts look like now



[Quoting quangvision](#)

{quote} Hi, **I think** today would be mixed but I already setup some price levels on my chart to watch out for ZOOs. Cheers 😊

More bad language, can we stop this swearing please. We cannot **think** trades.

[Quoting Gilaforex13](#)

Now, price come back above EMA H1 and H4. Bull wake up now? Any suggestion Alan?

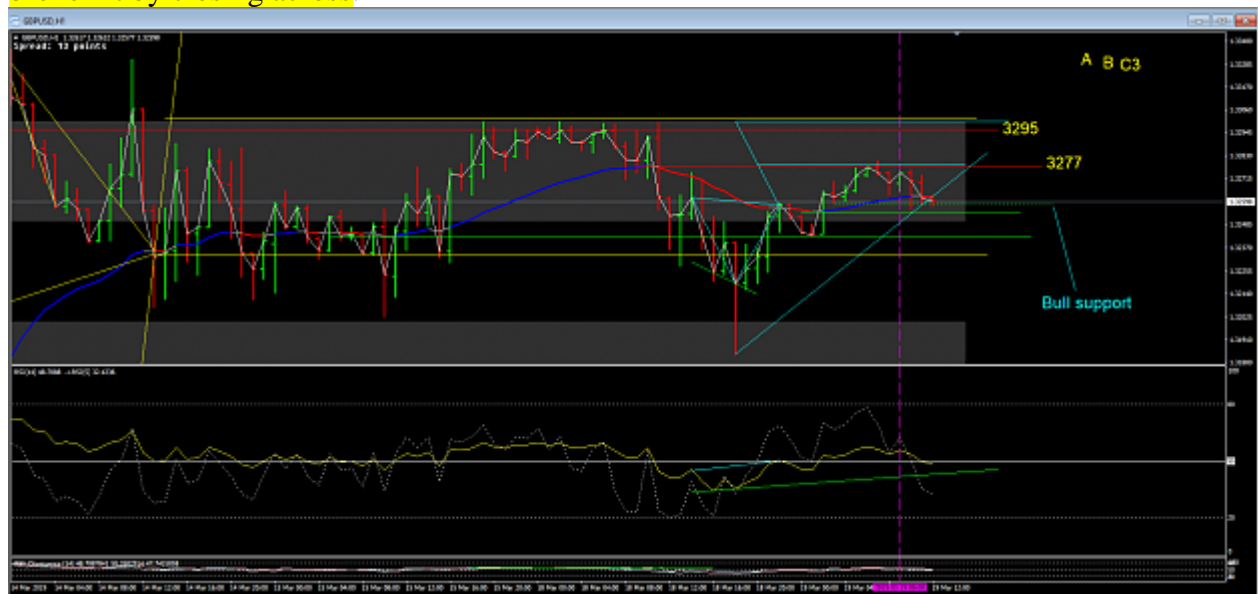
To use your terminology the bulls woke up some 12 hours ago not two hours ago.

Plus the bulls have found support. I am still looking for the bulls to take out the 3369 target on the 1 hour.

Far too early for me to be looking for trades as yet.



On the 1 hour chart below we see the bears have crossed the bull support but have not yet broken it by closing across.



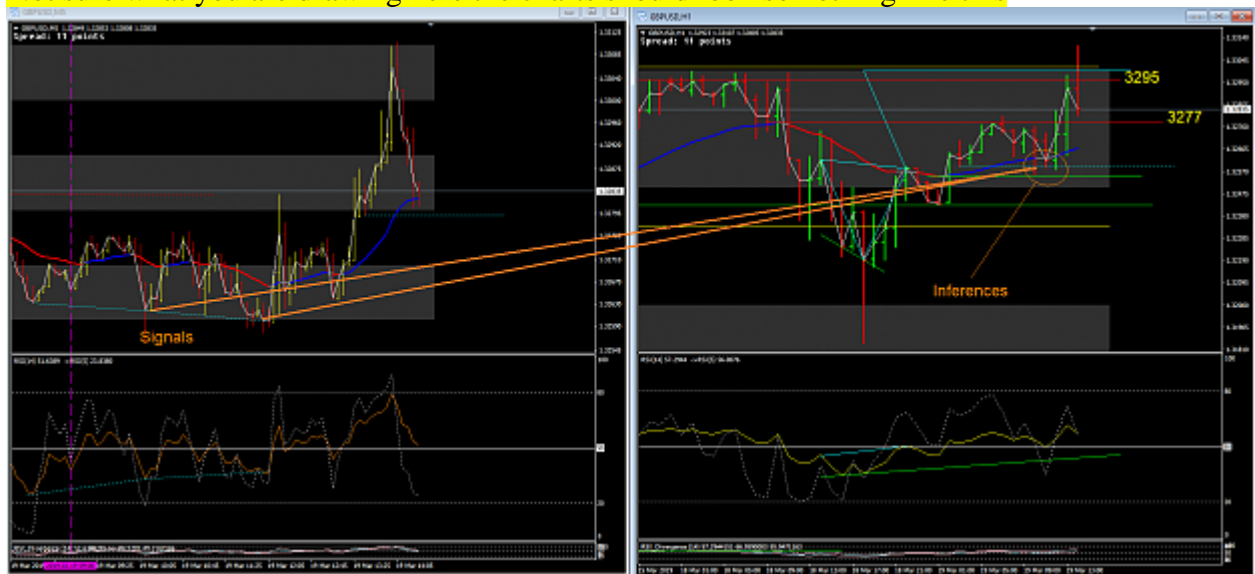
Here I have added more to the chart and we can see the bears have retested the bull support and so far failed to break it.



[Quoting quangvision](#)

{quote} So coolz Alan. I missed that long. Do you think if my entry was pointed correctly on following chart? Thanks {image}

Not sure what you are drawing here the charts should look something like this



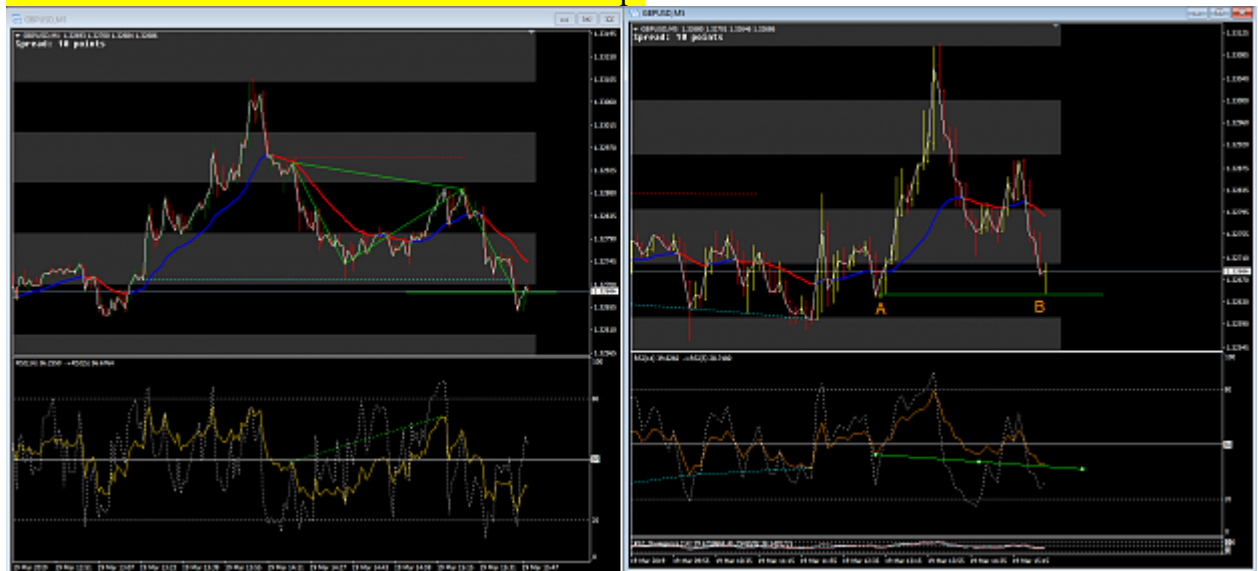
The bears found support on the 1 min.

Now testing the bull support on the 5 min.

Can they find bear support on the 5 min?



Can you see that B had to try to pass A to avoid a continuation divergence. Then if we look at the 1 m chart we see the mechanics of the attempt



[Quoting Jazz1964](#)

{image} Price stopped exactly there

Well done Jazz. Now look closely at that closing price you had (D) it turned into the C point of a larger target of which it has already made the 50% level, about 100 pips.

Here is your chart updated



Quoting Rodin

Hi guys, Alan, this is a great system and way of "thinking", mmm sorry cold execution trading 😊 Thank you for sharing. What average SL do you set on your entries ?

Thanks very much.

I believe there is a difference between a system and being systematic. The former implies a hard and fast approach that could be coded to form a robot. The latter looks at all the variables that are constantly changing and thereby ridiculously difficult to code across all the time frames to boot.

By initially defining each element with words on the chart one learns to identify the possible ZOO points where trades can be taken with a tentative approach allowing for the fact we could be wrong. This is why the trade has staggered entries, we add to our position as confidence increases that we are correct. In respect of this all trades begin as scalps, progress to loaded trades and (if they don't reach our MM target) are hedged for insurance.

If we look at the 5 min chart below you will see that a 10 pip stop is plenty to take the initial tentative trade.

Look at the magenta lines that take the inference from the 1 hour chart.



And here is the 1 hour to extract the inferences



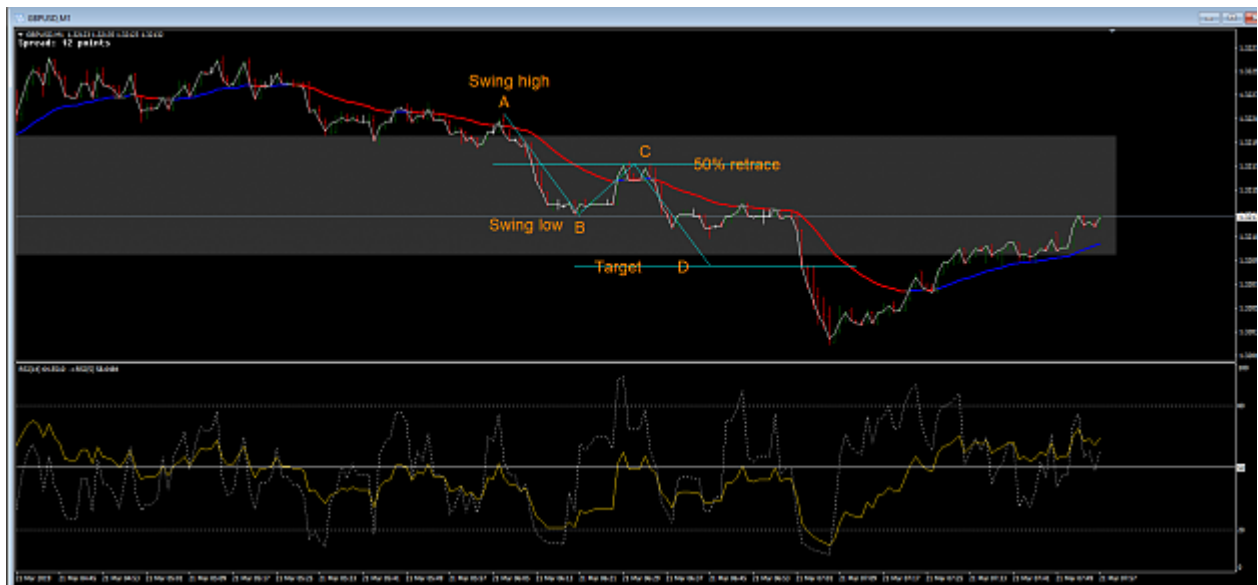
Quoting quangvision

Hi Alan, I have something unclear about how to select which BC to draw $AB=CD$ patterns and rule to invalidate them. I attach here my chart on H1 with some $AB=CD$. All I drew with rule to define BC as attacking pivot and pivot to attack. But not sure how to invalidate them to find another $AB=CD$ to represent up-to-date situation. Your idea needed, thanks Alan 😊

I have no idea at all what you are trying to show on your chart.

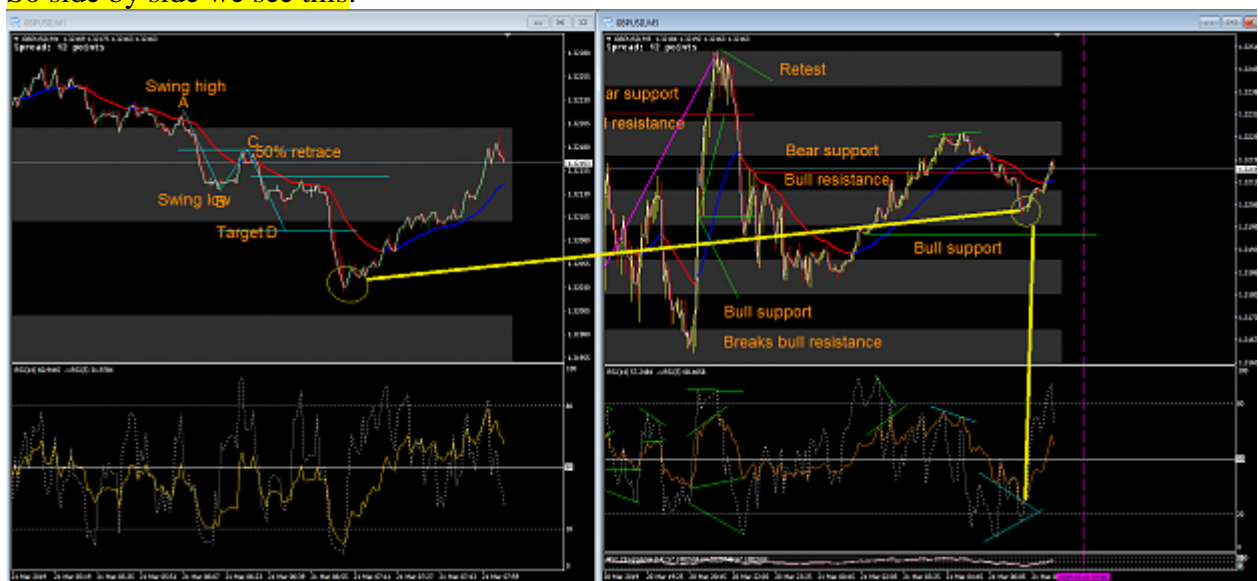
An $AB = CD$ is when we take for example the swing low of price followed by the swing high of price forming AB. Then we look for a 50% retrace of this AB to find C to be able now to form the lightning bolt $AB = CD$

Here is one on the 1m chart



Now to be selective with these patterns on the 5 m we are under a bear div and below the EMA and the bears have found support so at the 1m level we can safely look for the shorting signals until the 5m says otherwise.

So side by side we see this.



Remember the ABCD is only going to present a target, we have to find an entry point and a stop.

So taking the last signal on the one hour look for entries at the ZOO.

Also we can measure to the target distance (D) to evaluate how many lots we need to place to make our MM profit

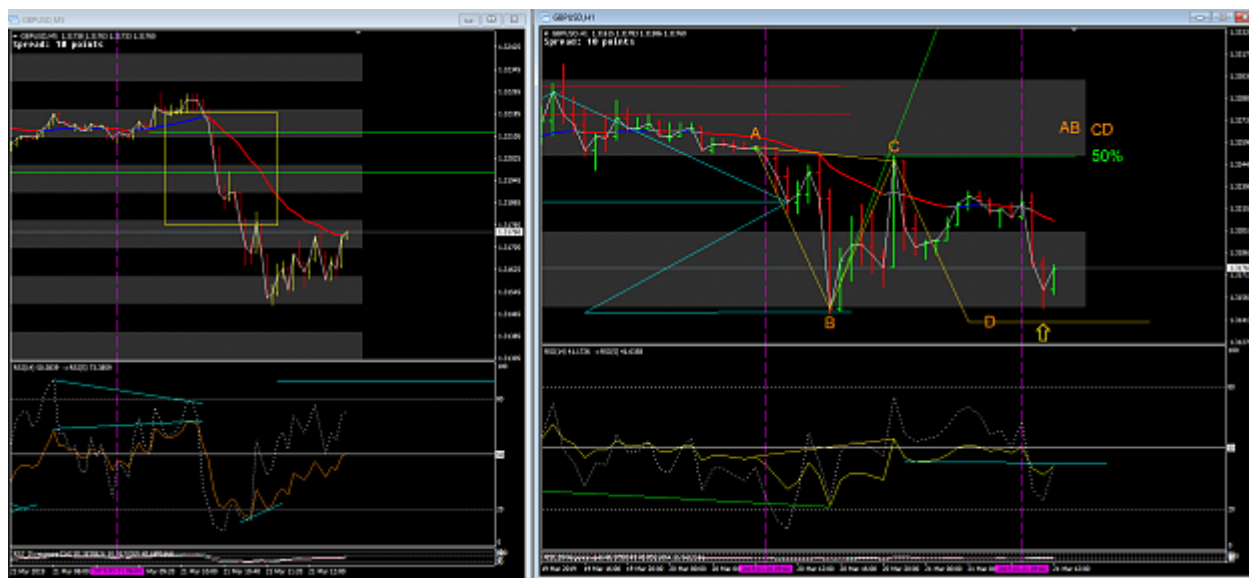


now in the next stage of the example the ZOO was actually the 50% level. and this would have been a nice target from D which was also a C point of another $AB = CD$

We cannot have one setup to suit all situations we have to learn to read the chart in real time and watch for these variables.



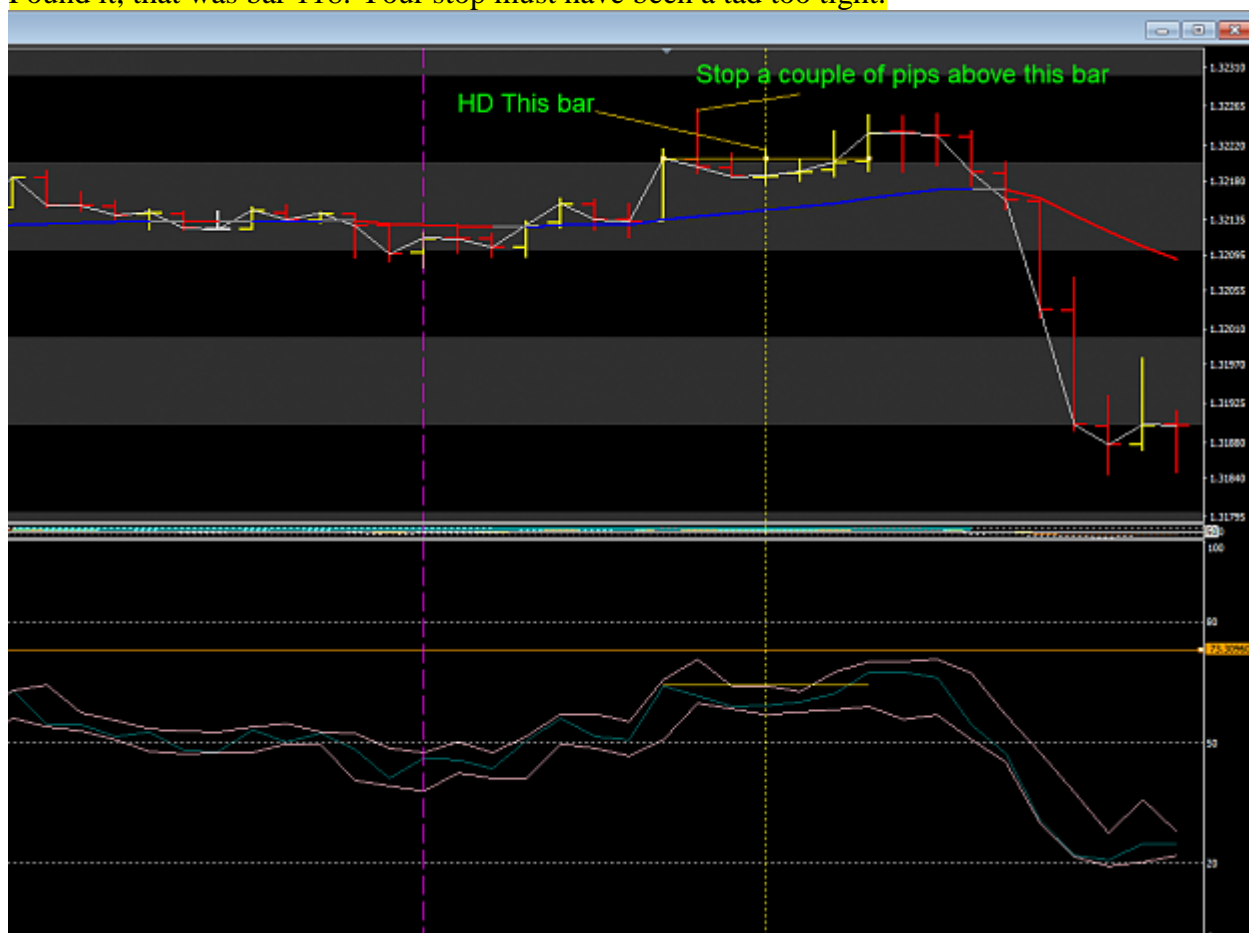
Interesting charts, did you guys not see this ABCD {gold} on the hour. It hasn't made the complete target yet but well over my 40 pips traded at the 5 m level



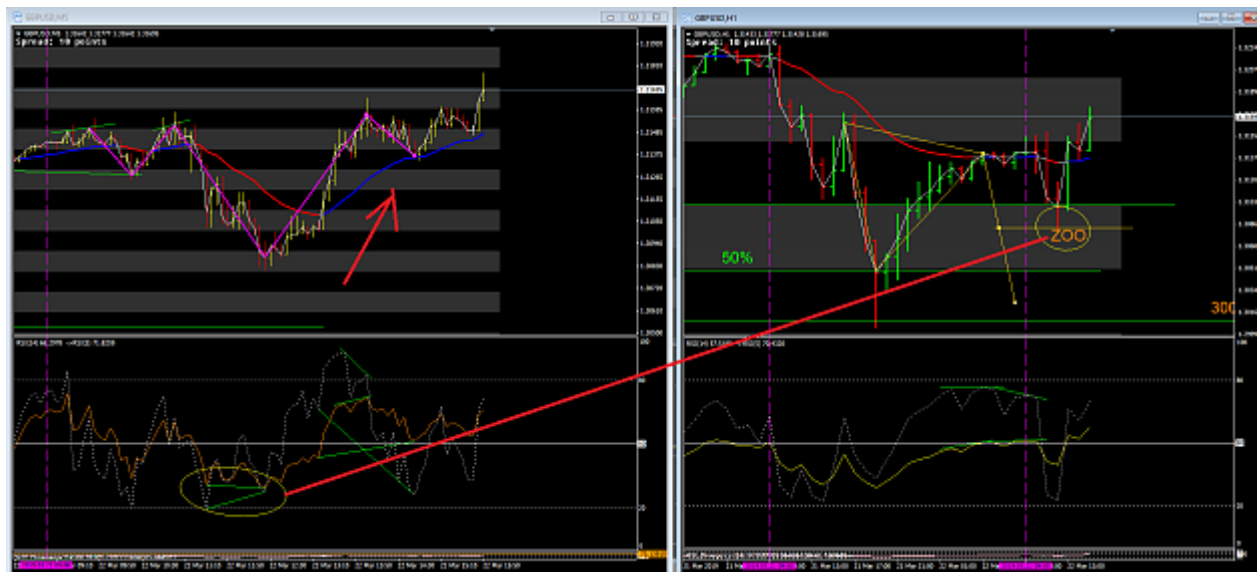
[Quoting davidmaree](#)

{quote} It was within bar 108 Alan. Multiple entries probably better this time as pullback was around 5 pips, but overall HD's seem to give really good value with all-in entries because of the strong reactions you get, as you've frequently mentioned. {image}

Found it, that was bar 118. Your stop must have been a tad too tight.



[Quoting quangvision](#)



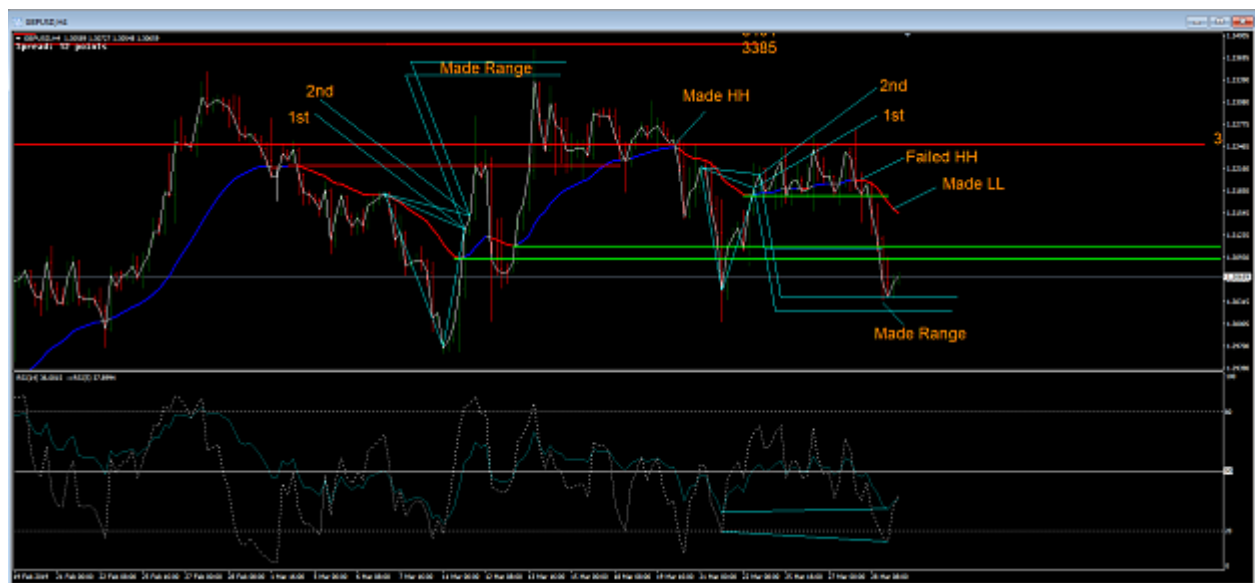
[Quoting huskyboy](#)

{quote} Jazz, you mean this{image}

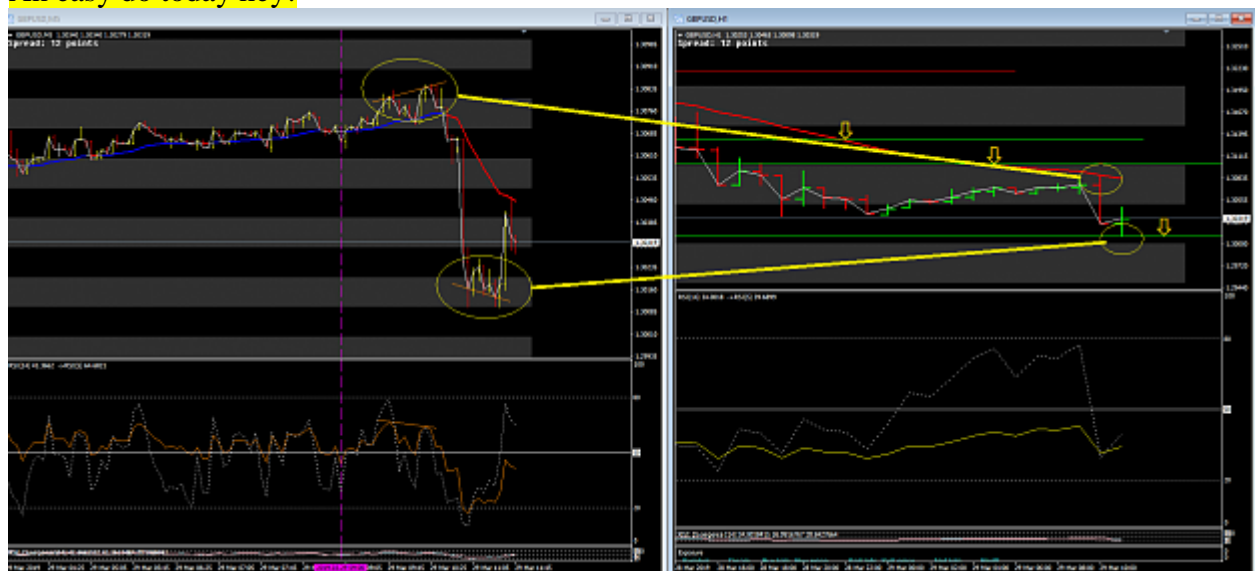
You are missing off a lot of stuff



This is what I mean by small corrections. The Continuation Div makes a small move but remains in divergence. This sets up two possible targets between the two of which I call a target range.



An easy do today hey!



The bears look weak just now Divs not crossing the EMA

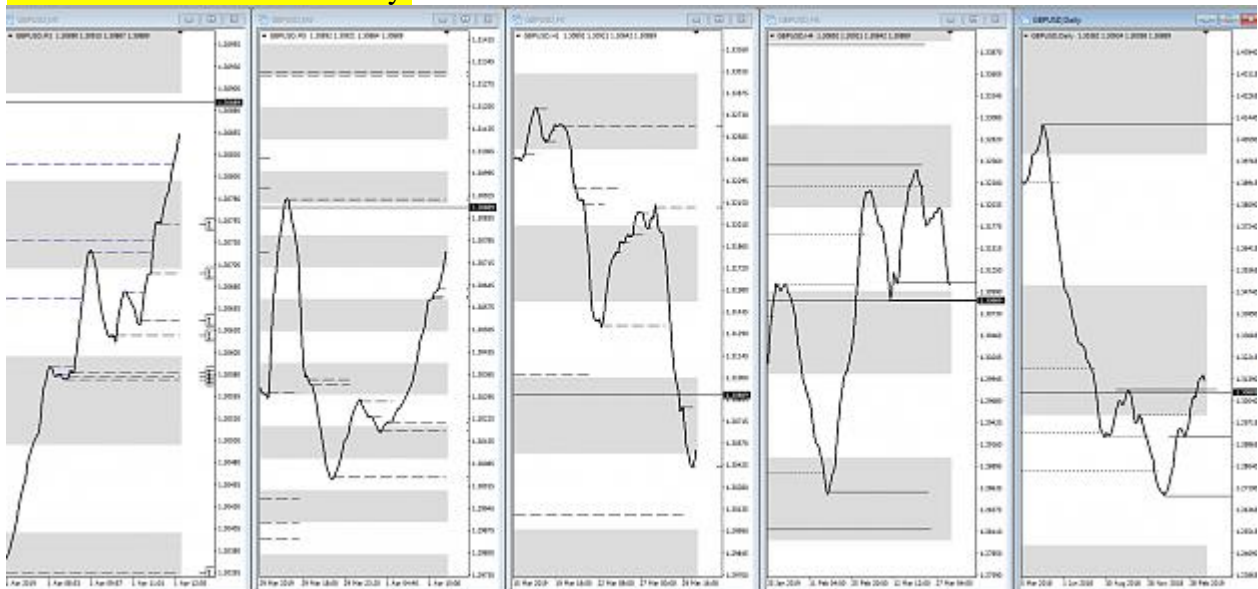


Quoting Green-Pips1

Hi everybody, first I'd like to apologize if this question has been answered already, than you could just write post number and I'll get there and read it thru. I tried to search for the answer thru this thread but I couldn't find it. When this thread started it was about divergences on rsi, bear/bull and regular. It was about finding support/resistance and look for two bar test. I understand that those are the rules for entry, but to get in the right direction is a little bit harder. I saw you guys draw ABCD patterns and my question is how to draw...

Interesting in all this text how you did not mention at all what this is all about. Which is the average swings. The entire other stuff is just the mechanics of price getting to these average swing levels.

Below is what I look at closely.



Now let me turn on the bars and zoom in on the 5 min and you see price has hit the 5 min target.



Here is the full drawing of the 1 hour



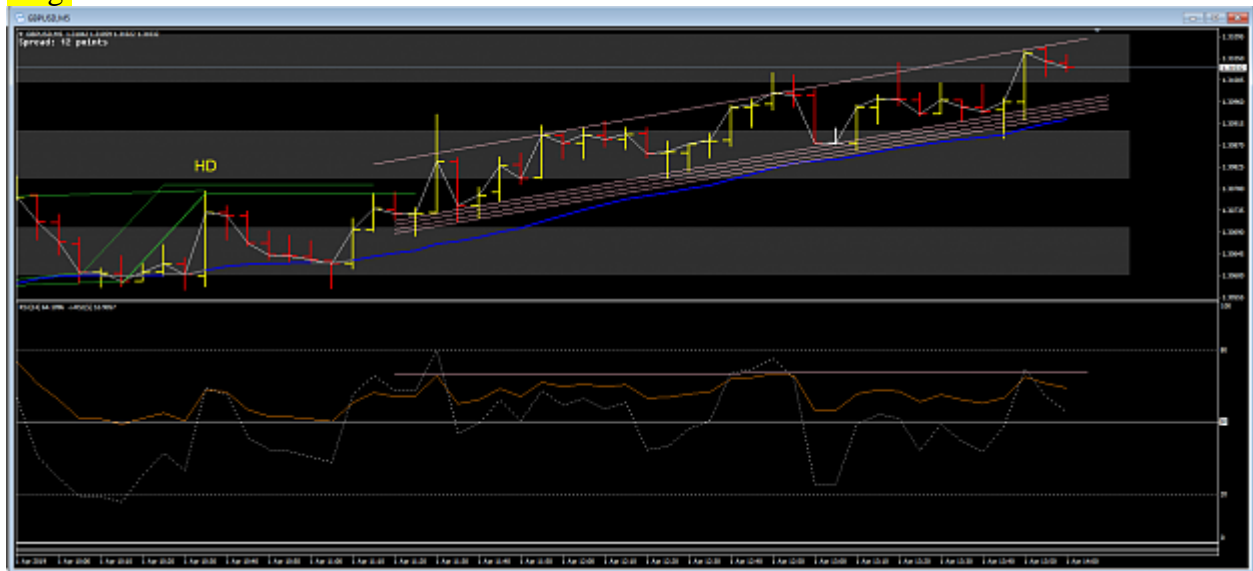
Then if we look at the 4 main charts together we can see clearly what is happening.

- The 4 h is trying to stop the average.
- The 1 h Has found bull support
- The 5 m is trading above the average
- The 1 m is giving us plenty of entry pull backs.



Divergences galore on the 5 min but they are not crossing the EMA

We should be looking at the underside for continuation signals thus we trade the pull backs long.



So what do we see now having let some time pass.

Note how initially I took two trades short today until I realised I am going the wrong way and from then on it was an easy do to reach my fiscal target.

4H has reached the EMA so far stopping it at exactly a double bottom.

1H has reached the 50% level of the ABCD

5m is still trading above the average

1M is still giving good entries long on the pull backs.

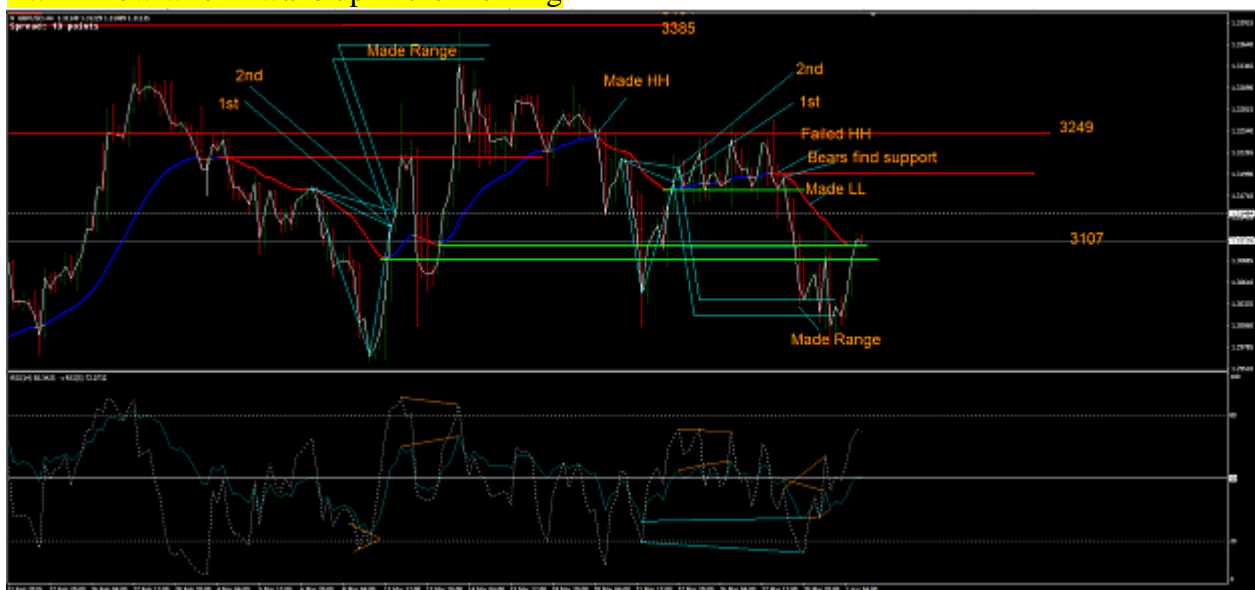
If you haven't already made your money man target then from here you need to be careful of a major short robbing you of some profit.

This is why it is best to make a target and quit rather than trying for extra stuff. Just turn off the PC and do something else.



Is the 4H going to find support?

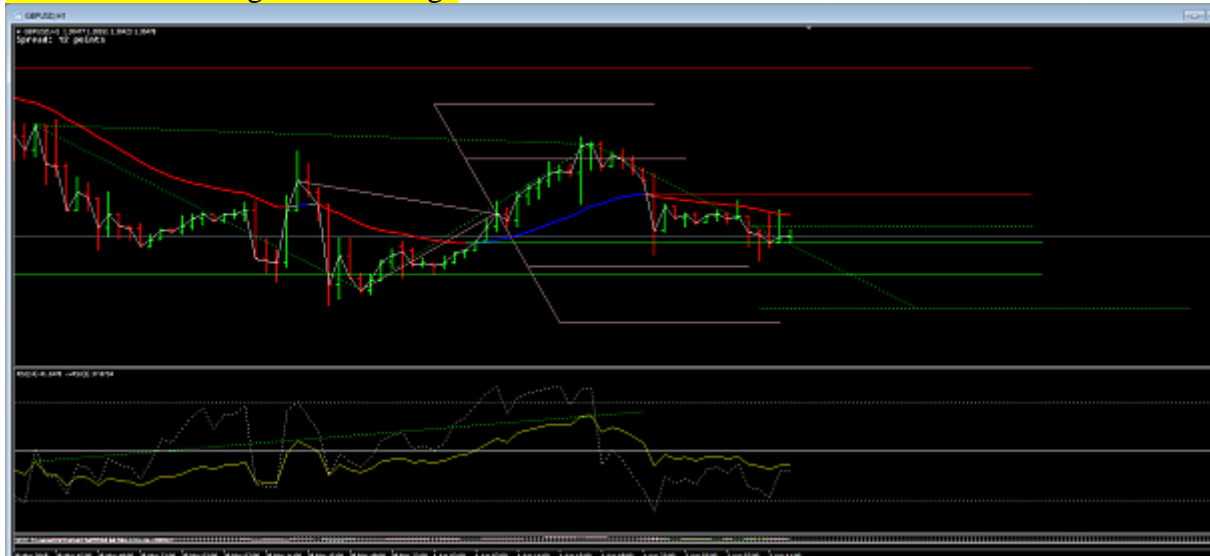
I will know when I wake up in the morning



Nala66

Apr 2, 2019 6:19am | Post# 2639

The 1 hour is sitting on the average



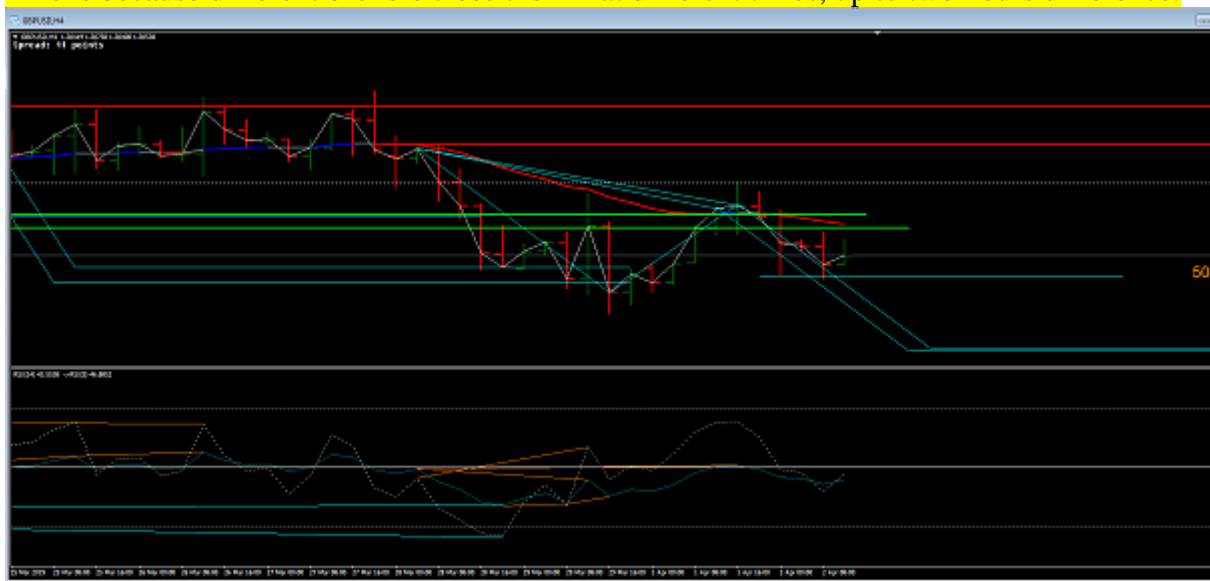
Nala66

Apr 2, 2019 6:55am | Post# 2640

Notice on the 4 hour chart Jazz posted price has already found bear support.

Then look at my chart below and see how it has not found support.

This is because different brokers close the 4 h at different times, up to two hours difference.



Nala66

Apr 2, 2019 7:18am | Post# 2642

[Quoting huskyboy](#)

{quote} Thx Alan for your time and strategy, but could you please explain why you took that first entry long. At that point i was looking to get in short and i believe i wasn't the only one
🙄

It was a bull divergence, but when I see it is not making the EMA I tighten the stop to BE. As for the 1 hour inference the price was at the swing average level a ZOO point.

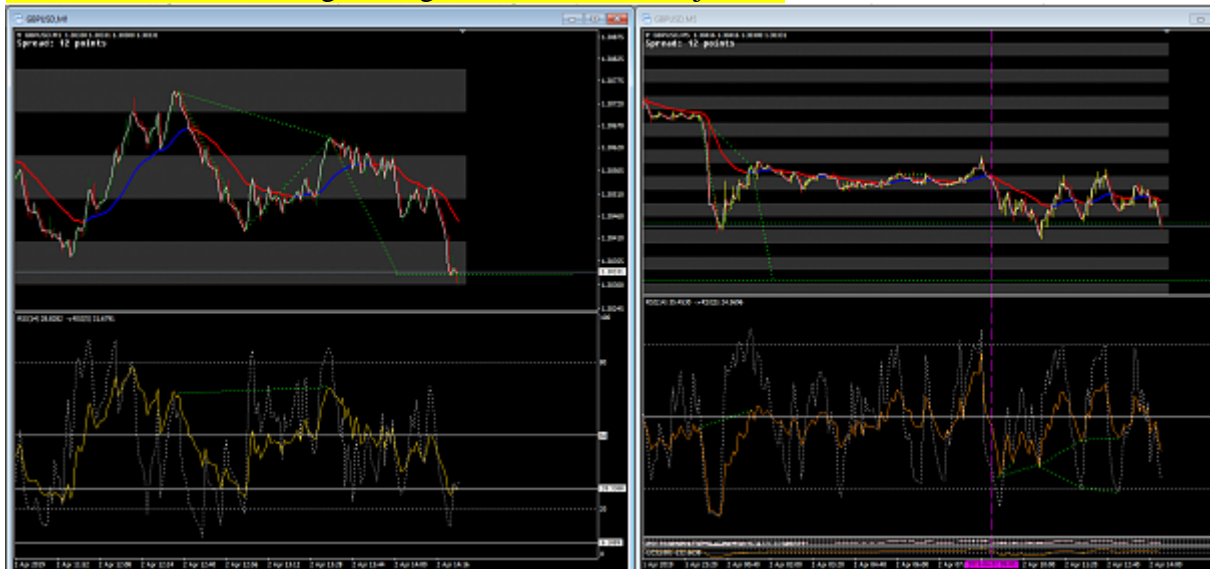
Then there was another bull div which I did not take but then I did the third one.

A funny thing about regular recurring divs like this is that price will generally return to the first incidence at least.

Nala66

Apr 2, 2019 7:26am | Post# 2643

Looks like that 5 min target is a goer now. The 1 min just hit.



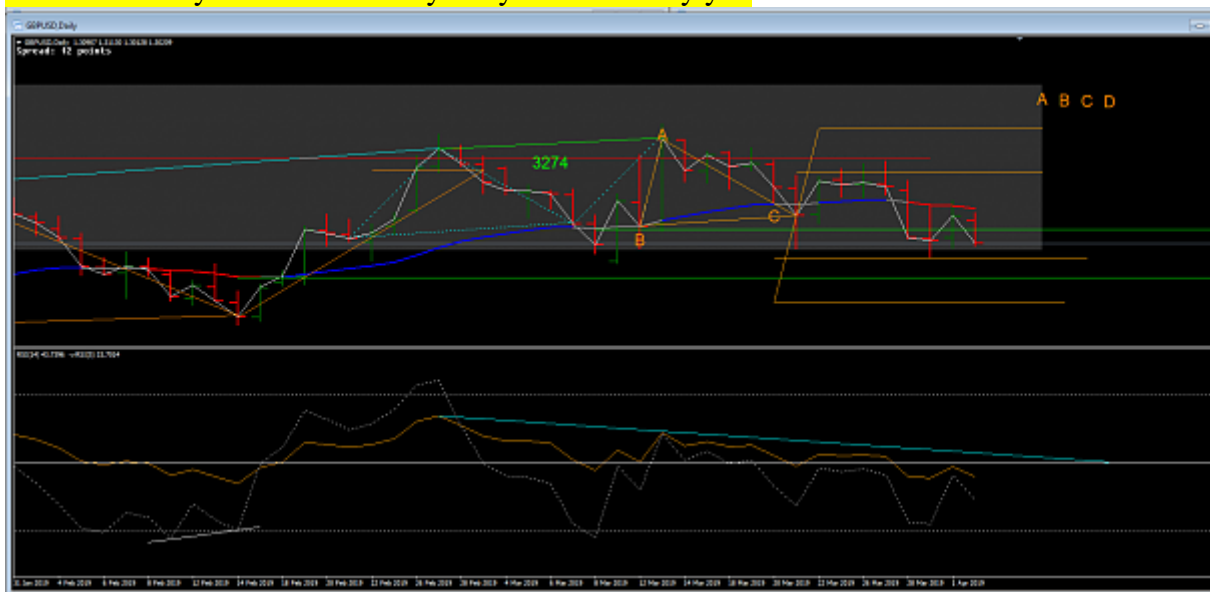
Nala66

Apr 2, 2019 8:03am | Post# 2648

[Quoting huskyboy](#)

daily target hit, out at ema swing low

Not sure what you mean here. My daily is miles away yet.



Nala66

Apr 2, 2019 7:07pm | Post# 2651

So overnight I see the bears failed to find support on the daily (so far) and the 4hour.

On the Daily it bounced off the 50% ABCD a couple of days ago.

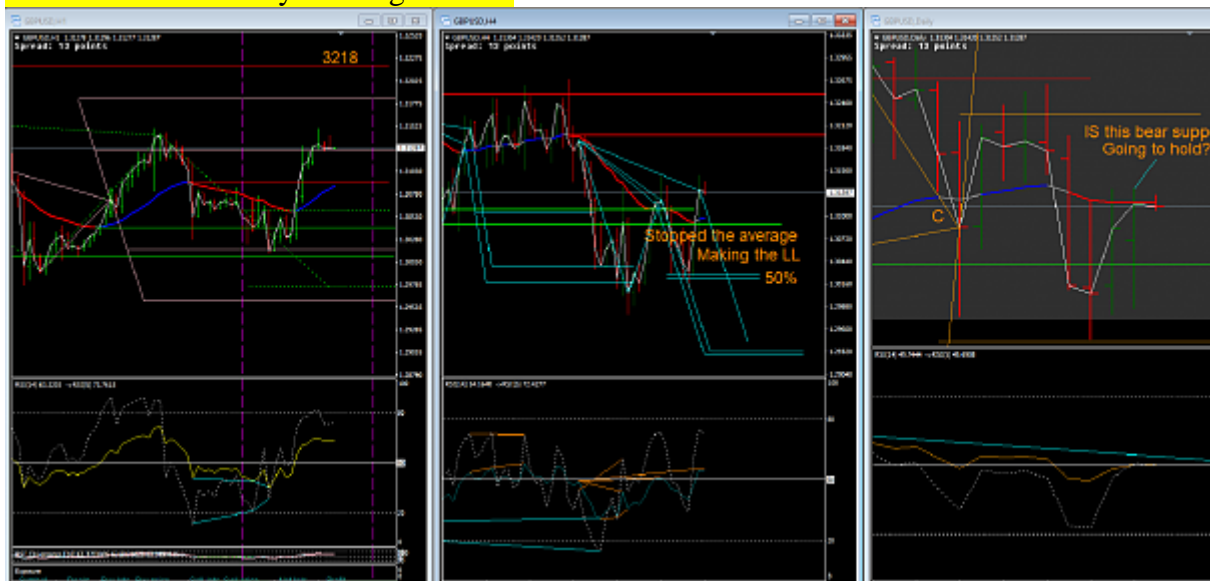
On the 4H it bounced off the 50% ABCD
Stopping the further fall of average on both these charts

On the 1H price bounce off the 3009 average stopping the average making the 3040 average.
So that was a failed LL so we look for the success of a HH average.

The question for today..

- 1) Is whether the daily bear support is going to hold or not as it is just below the EMA at the close.
- 2) Are the bulls looking for support now on the 4H
- 3) How much of a HH is the average going to make on the 1H, can price reach the 3218

We'll find out in today's trading session.



Nala66

Apr 2, 2019 11:07pm | Post# 2655

[Quoting davidmaree](#)

{quote} 4H below Alan. Tried to redraw that daily divergence but still cannot get a touch using my data feed. {image}

Weird isn't it yet your 4H looks like mine with no bear support and currently with a bull support.

I don't put much faith in these long time frames, they are just a point of interest. When the

action gets going the 5 min is plenty for me.



Nala66

Apr 3, 2019 3:17am | Post# 2660

Straight to the 1 hour target Maybe even the 3218 as I said this morning



Nala66

Apr 3, 2019 5:02am | Post# 2669

Quoting forex dimi

Alan I have a question in the morning trade. As mentioned this period I dont trade cable, but I am looking it just not to loose the "touch". As others mentioned I was looking also the short option (just before the yellow vertical line - is Frankfurt open), because of the divergence, but market didn't give the opportunity to take it. The long option would have been the rejection of the EMA in the rectangle? Was it another clue (in 5min chart) to take the long? {image}

It was full of clues. I keep repeating to you guys watch the average and compare it to the previous average. Don't compare price to average.

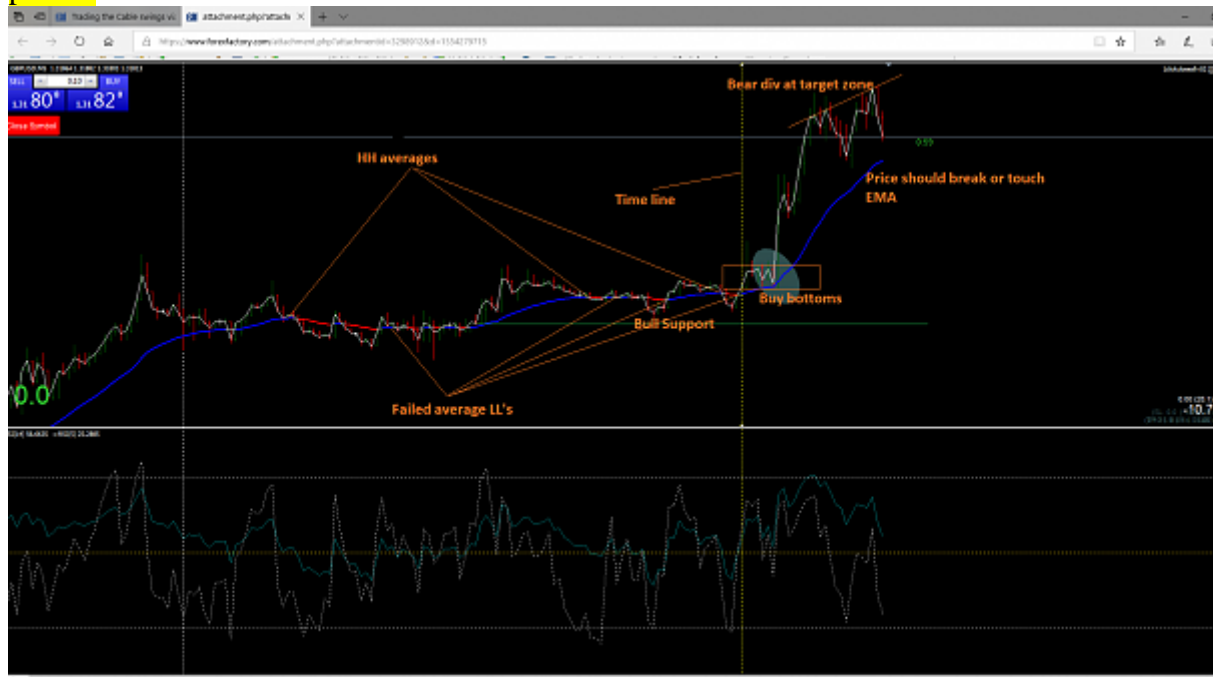
You just need to know if we are trading above the average or below it from a position of support,

See below the average is making HH's and HL's on the higher time frames price is trading

above the average for the inference.

The bears tested the bull support a couple of time during the day but failed.

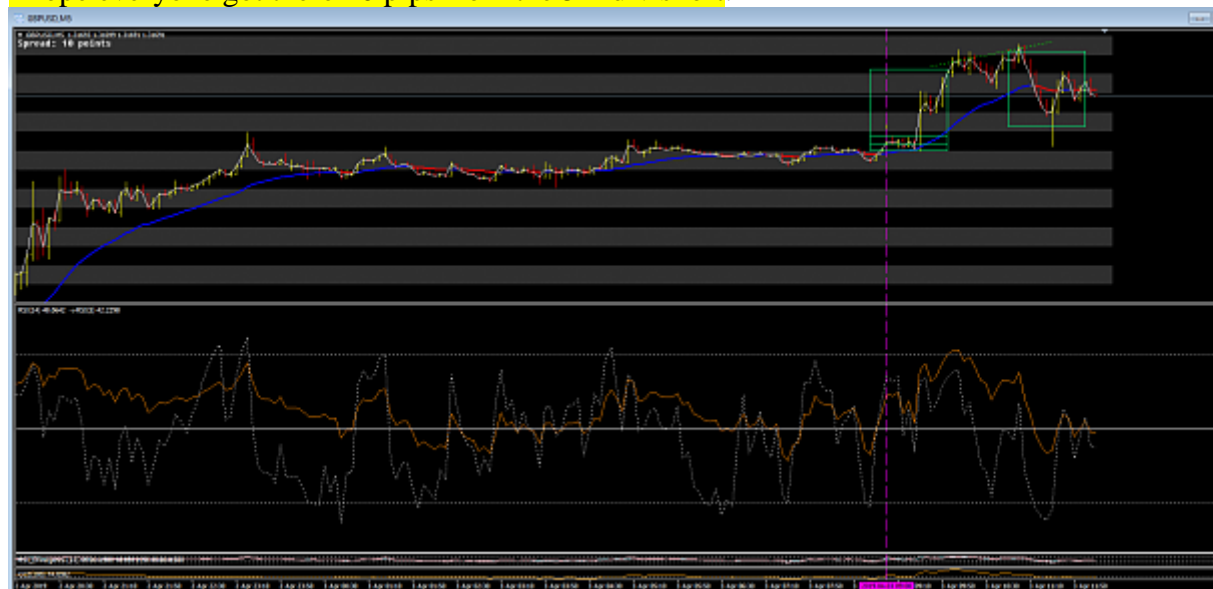
At our timeline we had a knot in the cotton so the bottoms of the rectangle were the buy points.



Nala66

Apr 3, 2019 5:11am | Post# 2670

I hope everyone got there 40 pips from the 5m div short.



Nala66

Apr 3, 2019 7:39am | Post# 2682

[Quoting forex_dimi](#)

Have also question if ABCD patterns exist in the charts below. (in the 1st one the divergence is clear, just asking for the ABCD pattern if it is correctly drawn. {image} {image})

I don't know what your first chart is all about.

On the second chart you have completely missed the Continuation Div

If you guys insist on keep drawing sloping lines to connect the pivots you will be wrong most of the time.

Look where C is on the RSI and look where C on the price (Aqua level) Between the two vertical lines

On the larger ABCD this happened after the first target was hit and pushed up to the 50% level.



Nala66

Apr 3, 2019 8:25pm | Post# 2685

[Quoting forex dimi](#)

{quote} I know it is getting annoying 🙄

The 4H chart looks to me like it is all drawn correctly. HOWEVER this is a 4 hour chart and they vary quite a lot according to individual brokers closing the bars at different times. I don't trust this chart too much because of that reason alone.

Here are both mine and your charts side by side and they are totally different structures.

Look at where mine found bull support and then overnight retested it. Your chart has none of that.

On the plus side you had that bull div at the bottom where I did not.

Crazy isn't it, how can we hope to make sense of 4 hour charts.

Only trust charts up to and including the 1 hour.



Nala66

Apr 3, 2019 9:12pm | Post# 2686

I am not at all bothered about what shape or form the market makes over the course of the 24 hour period.

For me my task is to make my 40 pips at the appropriate time and within a reasonable space of time. This is an efficient use of my time.

I don't care if the price moves 100's of pips, I am not sitting here day after day waiting for that to happen when I can get my 40 just about everyday in a short space of time.

I start to look for work around bar 108 on the 5 min chart which says 0900 on the chart. I don't move it because of time differences, it stays the same always.

Starting work for me means looking at the averages and trying to work out the most likely direction. Then looking for signals to take me in that direction. If I am wrong the signal will fail and I will be stopped out usually for BE and then I can change my direction if need be.

So right time and place, signal, target, result, done and dusted. All the other stuff is just other stuff.

The reason for this other stuff is because many will not trust in the money management so they go off on a tangent with risk/reward, percentages and such hoping to milk every pip from the market. I too have done all this risk 1% to get 2% stuff and how many traders do that and fail I shudder to think. I have sat for days trying to get back just to BE on trades wasting a lot of time and carrying all the stress related to that and for nothing.

There is not much I haven't tried over the years and from that have gained a huge amount of experience. Now I have put all that experience into one package that works well for me. At a glance I can see a signal and I also know the risk but more importantly accept that risk. This is because I have faith in what I do and that faith only comes from experience.

I can't teach people to trade, there are so many variables. All I can do is show the key points I am interested in to make the profit I require.

Others may say they trade such and such, well that is just of a passing interest to me. My trading is so regimented it is actually boring, just a job to be done each day.

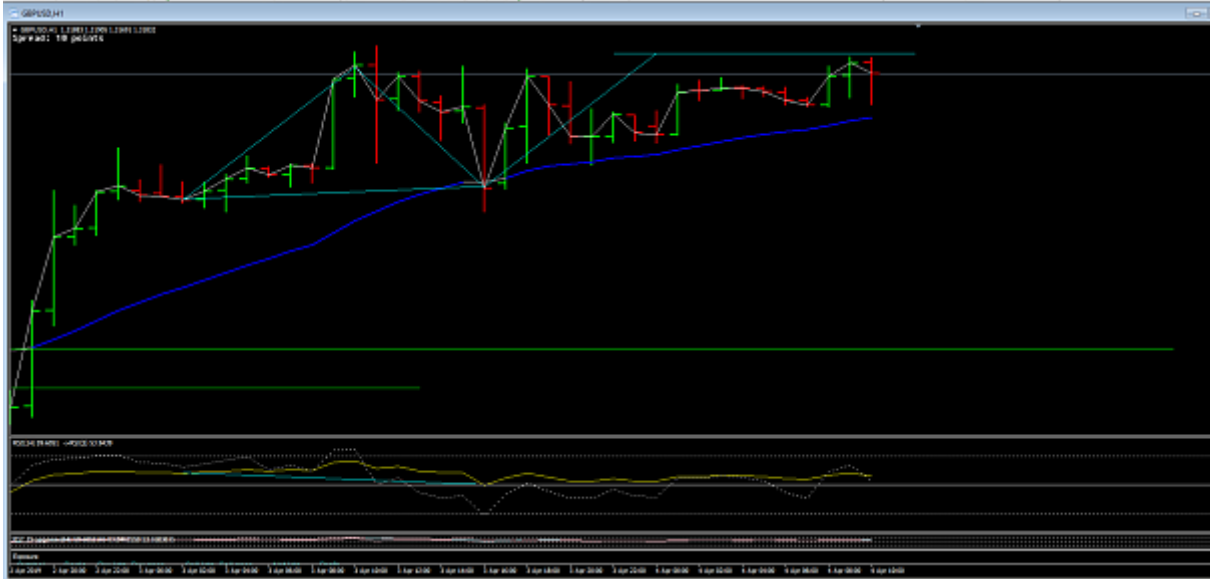
Gees another sermon...

Amen

Nala66

Apr 4, 2019 3:52am | Post# 2729

I think Mayflower is correct it has been just short of the target so far.



Nala66

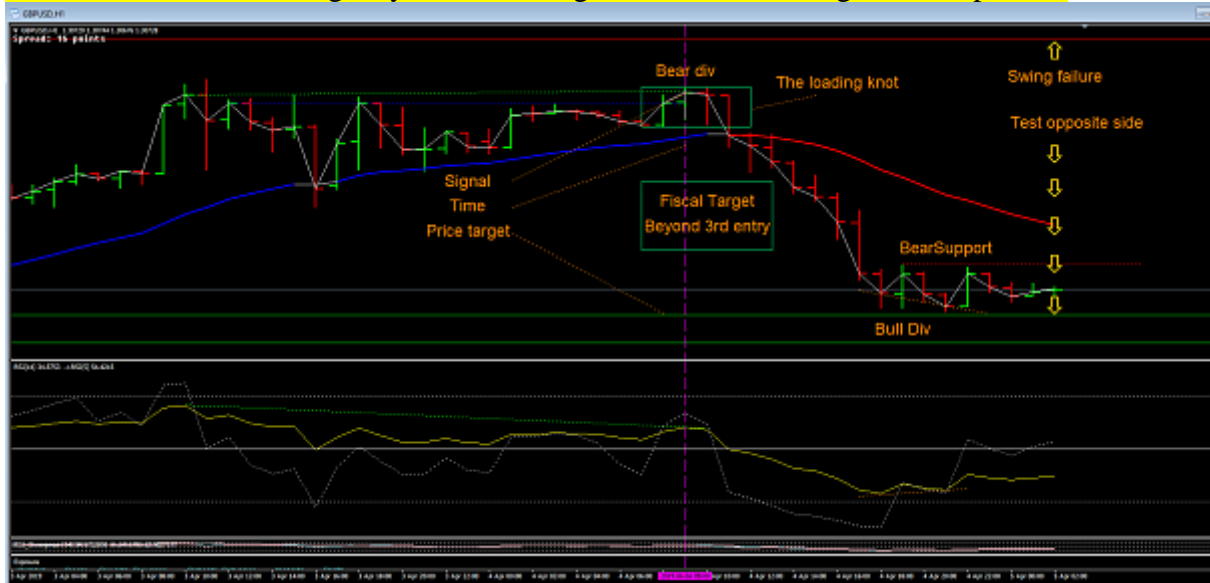
Apr 4, 2019 7:16pm | Post# 2739

Putting the ABCD's aside, this one hour chart is an absolute classic textbook example of price movement.

- 1) Finds bear div
- 2) Stops and turns average causing failed HH swing
- 3) Fails on one side so test the opposite.
- 4) Price test swing low average.
- 5) Bears find support.
- 6) The bulls have a div but can't break the bull support.
- 7) So now we should see a price LL

What did I do about it? Watched the Crows get hammered again.

Note how I was the wrong way in the loading knot but still managed to scalp a few

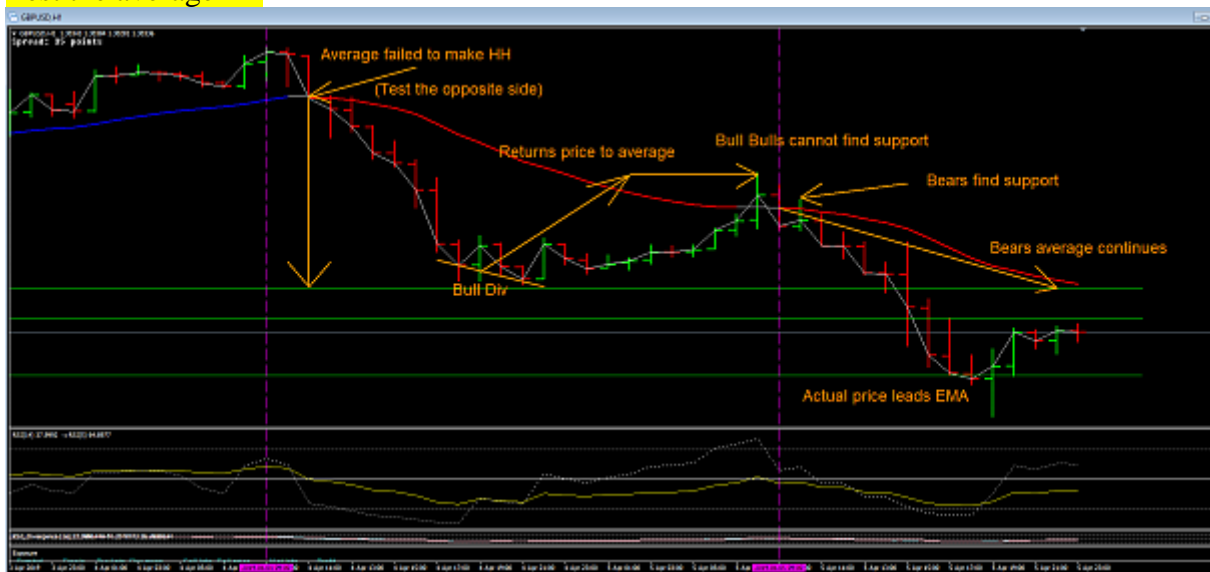


Nala66

Apr 5, 2019 7:25pm | Post# 2751

Here you go continuing that 1 hour chart. See how price has acted exactly as it should.

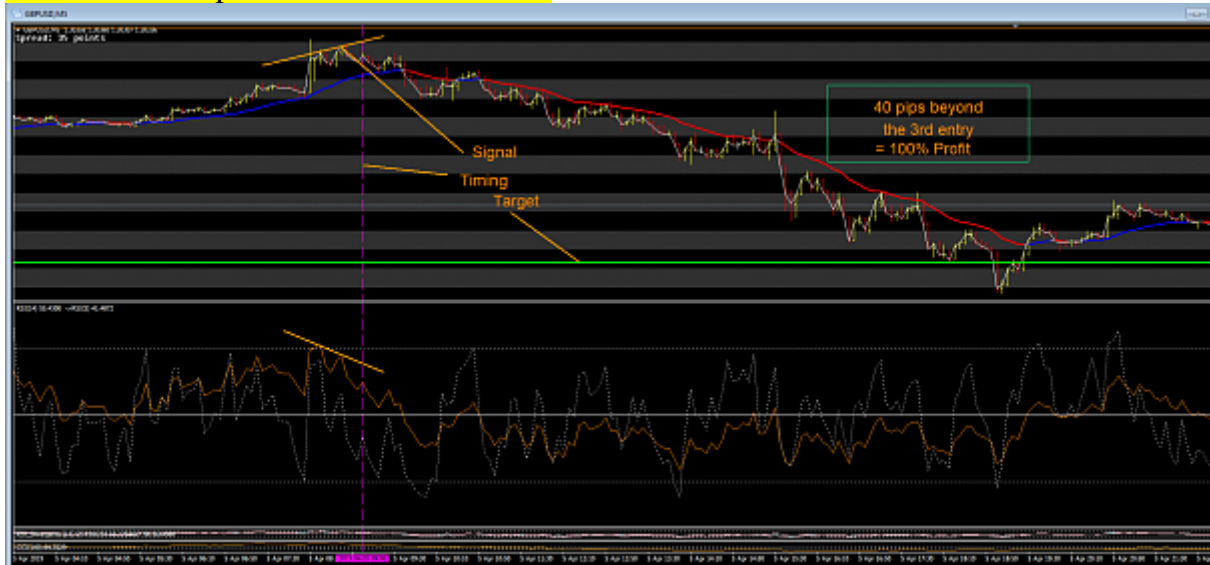
Fails the average HH
Test the average LL



Nala66

Apr 5, 2019 7:37pm | Post# 2752

So how did that pan out on the 5 min chart



Jazz1964

Apr 6, 2019 4:14am | Post# 2754

there was quite a nice reaction to the H1 ABCD 50% and the AB=CD



Nala66

Apr 6, 2019 4:24am | Post# 2755

[Quoting quangvision](#)

{quote} Hi Alan, How can you say "fails the average HH" while it not making average LL yet, for example? So the right way to say "fails average HH" ONLY WHEN you see it made average LL, right? I took the trade sell on the bar 12:00 H1 with inference is previous bar 11:00 closed below average and bar 12:00 opened right on the average.

This is unbelievable after all I have said. How on Earth can you get this so wrong!

Nala66

Apr 6, 2019 4:46am | Post# 2756

[Quoting Jazz1964](#)

there was quite a nice reaction to the H1 ABCD 50% and the AB=CD {image}

Not bad at all Jazz you have now progressed to having all three points on the ABCD wrongly placed.

A) You have not picked the highest high.

B) Does not line up with the RSI pivot, but you have picked the right one on the price.

C) Is wrong on the price and that point can't even be seen on the RSI, a pivot is blocking it.

Jazz1964

Apr 6, 2019 4:59am | Post# 2757

[Quoting Nala66](#)

{quote} Not bad at all Jazz you have now progressed to having all three points on the ABCD wrongly placed. A) You have not picked the highest high. B) Does not line up with the RSI pivot, but you have picked the right one on the price. C) Is wrong on the price and that point can't even be seen on the RSI, a pivot is blocking it.

Aiii, thank you



Nala66

Apr 9, 2019 6:42am | Post# 2793

OK ... When the session begins I tend to watch the 5 min intently for the signals produced there.

For this I need to show the two RSI indicators.

The first was a bull RSI div (D1) but the run up ran into a bear div so we either close or hedge depending on your circumstance.

The run down went to another RSI div (D2) so it was now set up to pass the latest swing high

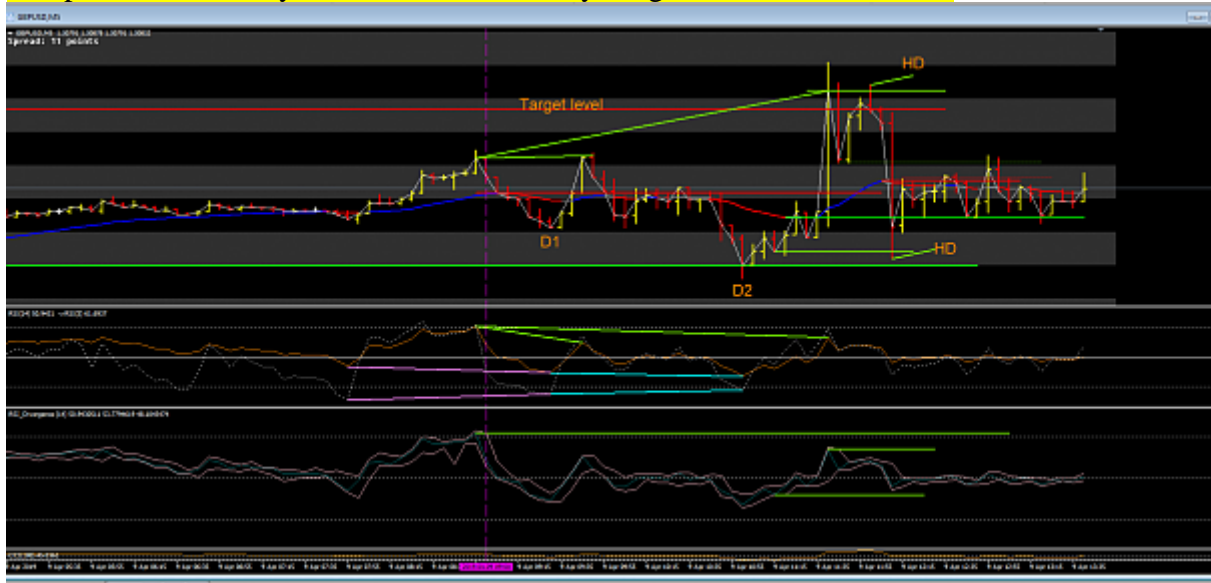
average which it did convincingly with an impulse bar taking it to and above the target level.

This then pulled back because it was a reg bear div. but the bulls found support (dotted green).

From the support the price ran up and into trouble with A HD sending it back below the EMA where it then ran into another HD of a bullish nature..

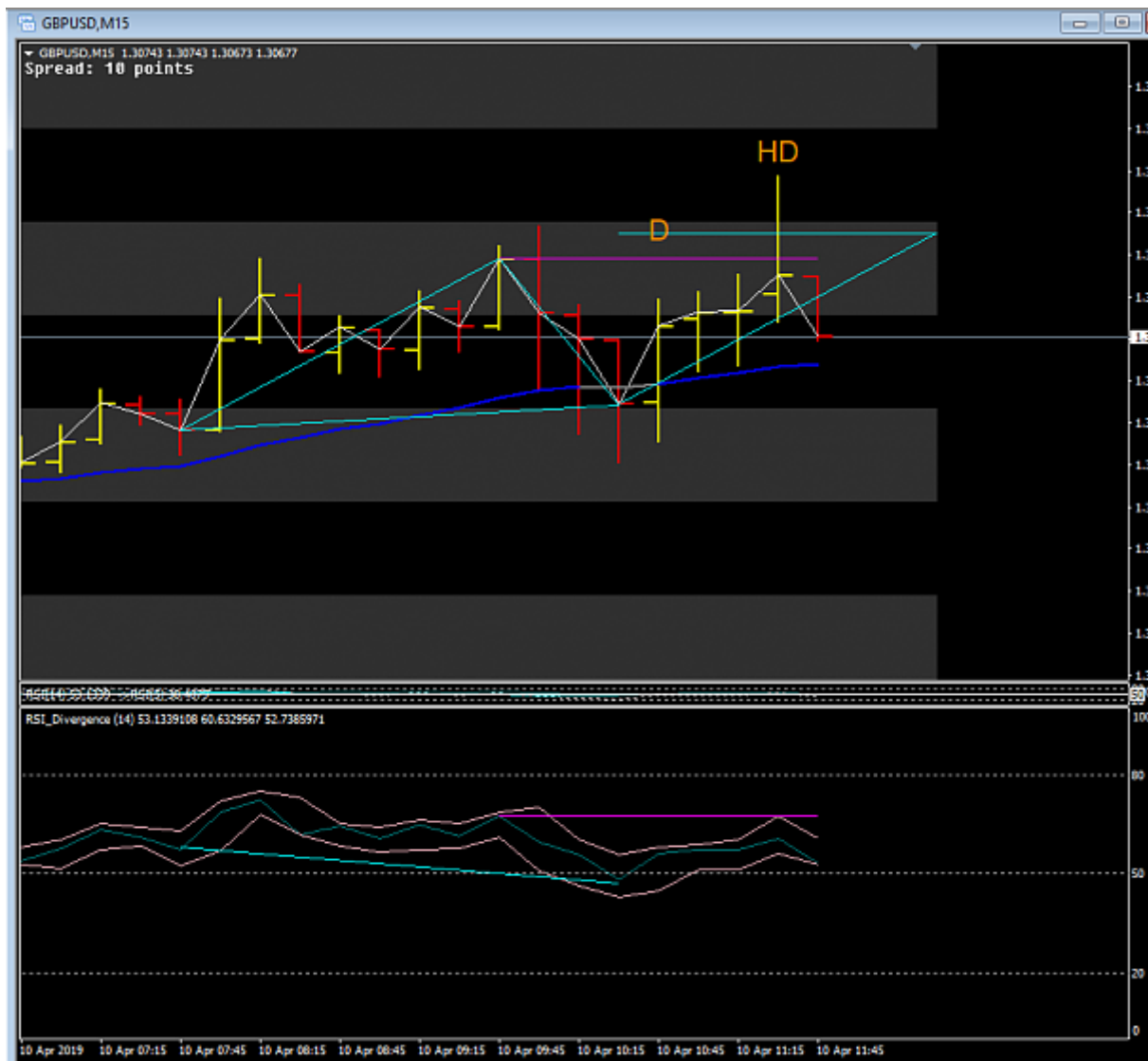
Now the price action is contained between the two average swings.

The point is that every move was indicated by a signal on the 5 min chart.



Nala66

Apr 10, 2019 4:48am | Post# 2821



Nala66

Apr 10, 2019 4:55am | Post# 2822

[Quoting ZenNy](#)

hi there, is there a post in this interesting thread which summarise clearly specific entries and exits, something like this: Long entries: (on the 5m TF) prices below the 26 ema, RSI (5 and 14) oversold, both showing bullish divergence, RSI (5) > RSI (14). Long exits: (on the 5m TF) prices crosses above 26 ema, prices hits previous high, both RSI showing bearish divergence. Filter: Prices on the hourly time frame above the 26 ema. I thank you in advance.

Not really if only life was that simple hey.

I have shown the key points to watch for and the underpinning reasons for everything I have stated.

Nala66

Apr 10, 2019 8:53am | Post# 2828

[Quoting ZenNy](#)

{quote} Thanks anyway.....I will read more...anyway went short 3080, targeting 3055...

Better if you state why you went short so we can see the reasoning behind it.

Something like this



Nala66

Apr 10, 2019 10:26pm | Post# 2833

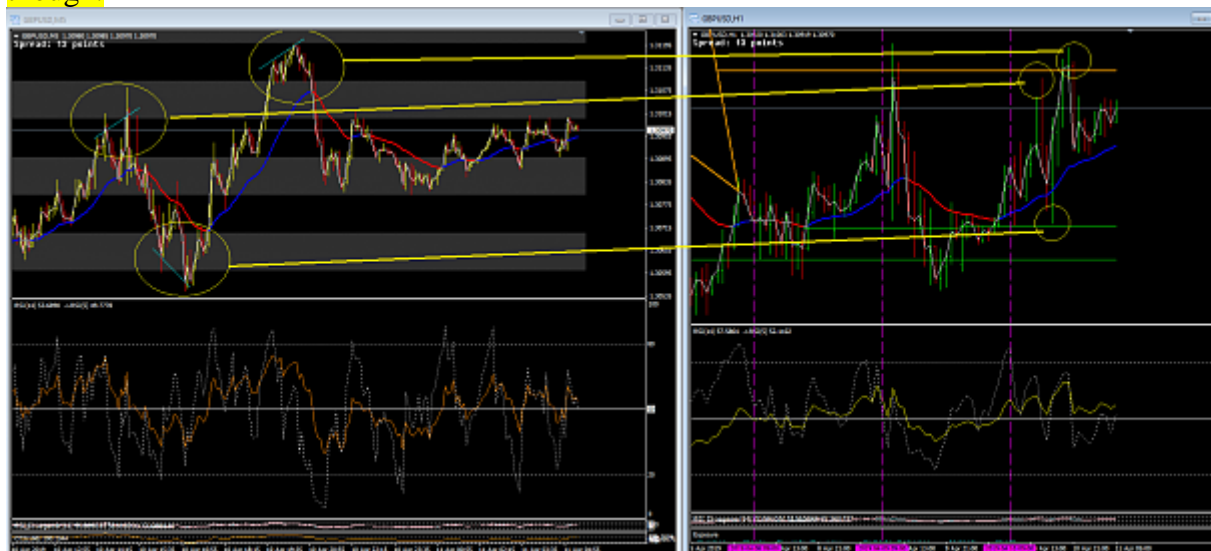
[Quoting quangvision](#)

{quote} Hi Alan, How can you always take very precise entry points? While I did see those signals and took the trade and lost. Can you give some ideas on these? Thanks 😊 {image}

I would ask why are you looking to short the market in the first place since the 1H has been above the EMA all day. You should be looking for the pull backs to go long.

Once the hour has reached a ZOO point then look to short.

Now if you are intent on taking the shorts on the 5m signals you have to bear in mind always these are just scalps or hedges because you are trading above the EMA. This means you have to move those stops to BE and be prepared to be stopped out. This happens a lot with scalps because you are just guessing that it is a turnaround point, sometimes you can be right though.



Nala66

Apr 10, 2019 10:44pm | Post# 2835

I haven't put them all on this 1H chart but you should be able to see plenty of ZOO points here to be traded at the 5 min level.

If you just trade the 5m level alone without any reference to the 1H chart you may only be looking at a couple of pips.

Taking the inference from the 1H is going to produce many more pips per trade. It has a high probability of making the 40 pips. Some of your 1H inferences may fail also. We are dealing with probabilities here not certainties, I get stopped out heaps of times for BE's or small losses. That is par for the course when trading the trick is to push hard when winning and compound it for a huge risk/reward.

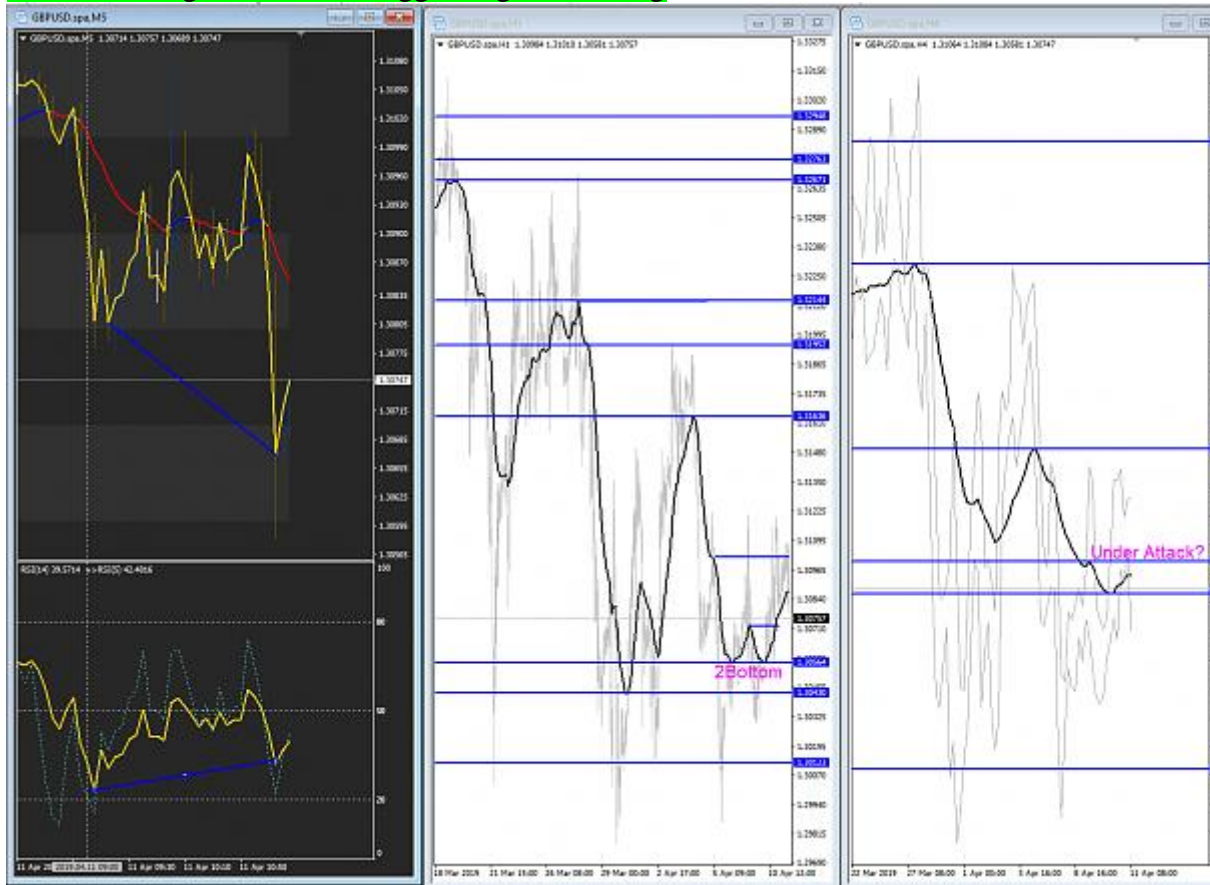


Jazz1964

Apr 11, 2019 4:35am | Post# 2846

The H1 guides with an EMA double or triple bottom and made a new high.
The spike down stopped at H1 EMA swing low which was my ZOO

The M5 divergence was the trigger to get in a Long



Nala66

Apr 11, 2019 6:38am | Post# 2853

[Quoting Jazz1964](#)

The H1 guides with an EMA double or triple bottom and made a new high. The spike down stopped at H1 EMA swing low which was my ZOO The M5 divergence was the trigger to get in a Long {image}

Exactly the way to do it...Well done Jazz

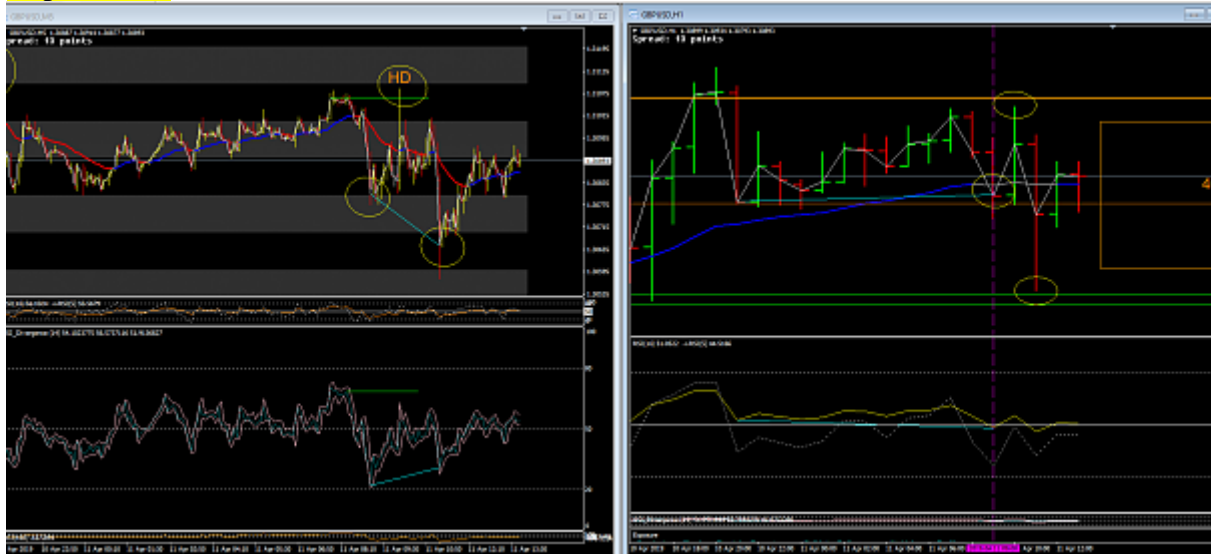
Nala66

Apr 11, 2019 6:50am | Post# 2854

[Quoting quangvision](#)

{quote} Hi Alan, you got any trade executed for today yet?

Yep all done



Nala66

Apr 11, 2019 8:52am | Post# 2855

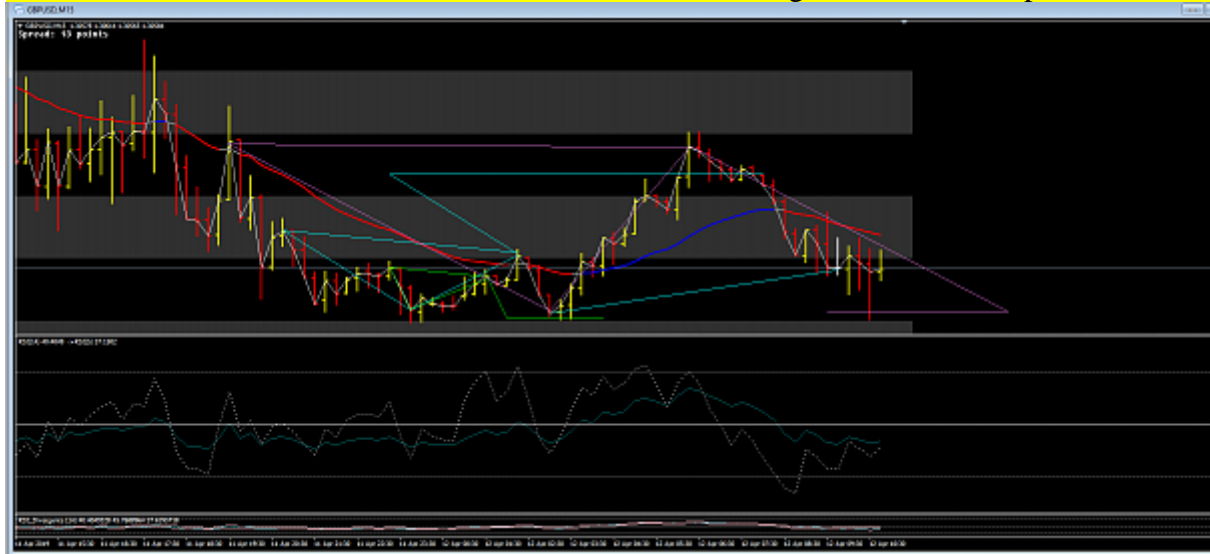
3 stage entry



Nala66

Apr 12, 2019 3:50am | Post# 2863

If we look at this current 15m chart we see the latest three target have been setup and reached.



Nala66

Apr 12, 2019 3:56am | Post# 2864

[Quoting forex_dimi](#)

{quote} Thanks for posting ABCD's those are really helpful, but I am not sure if this one is correct. I would appreciate whether Alan could comment if this is a right one

My 1H looks like this...



Nala66

Apr 12, 2019 5:57am | Post# 2871

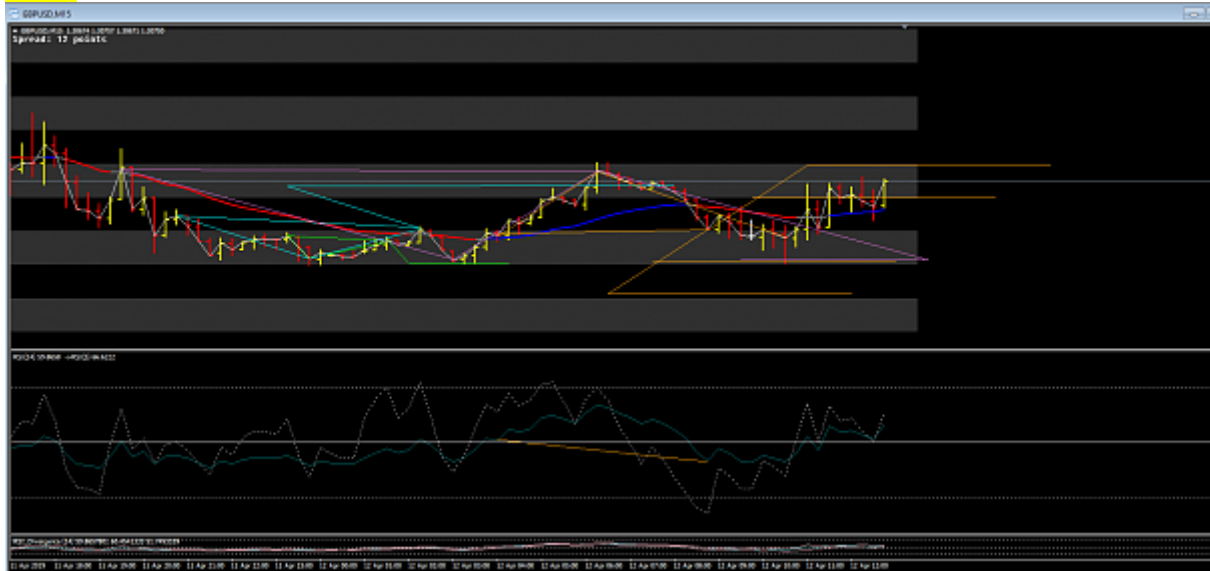
[Quoting quangvision](#)

{quote} Hi Alan, Is there any trade executed yet?

Not by me, the range just seems to be too tight to bother.

Take a look at this continued 15 min chart, the distances are nothing much to get excited

about

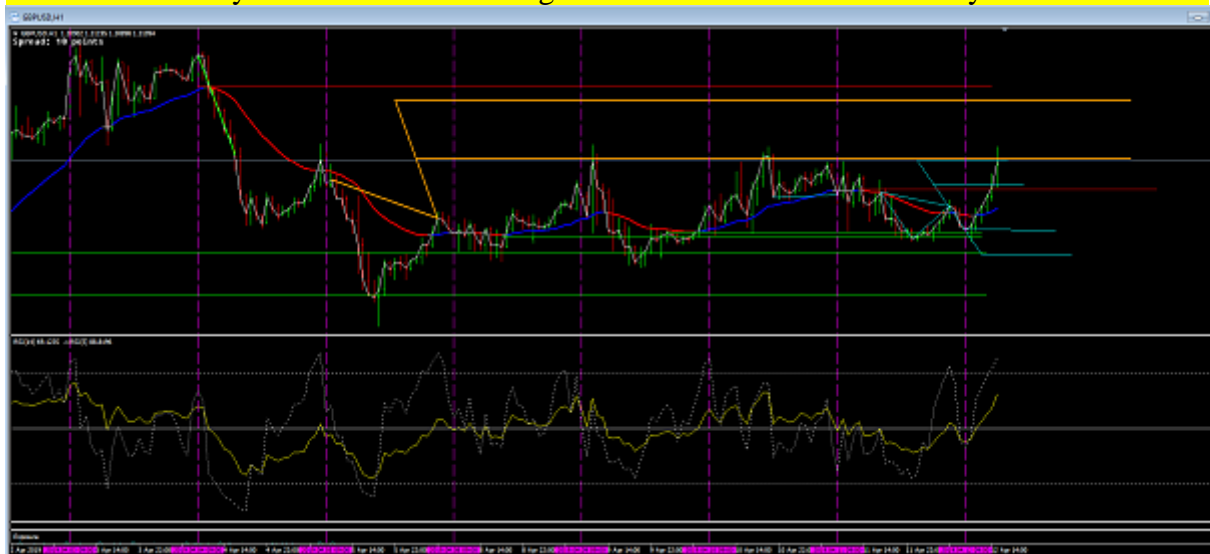


Nala66

Apr 12, 2019 8:30am | Post# 2873

Not that I am trading today, busy with other stuff.

It looks like it may make a run for this target on the hour since it has already tried three times.



Nala66

Apr 23, 2019 7:21am | Post# 2885

Hope you guys had a great Easter break I had a ball teaching the Grandkids to fish. We all caught and ate our catches.

Back to trading I see the 1 hour finally after nine days or so hit the continuation target to the south side.

Let's hope business picks up a tad from here.

I will start trading again tomorrow.

