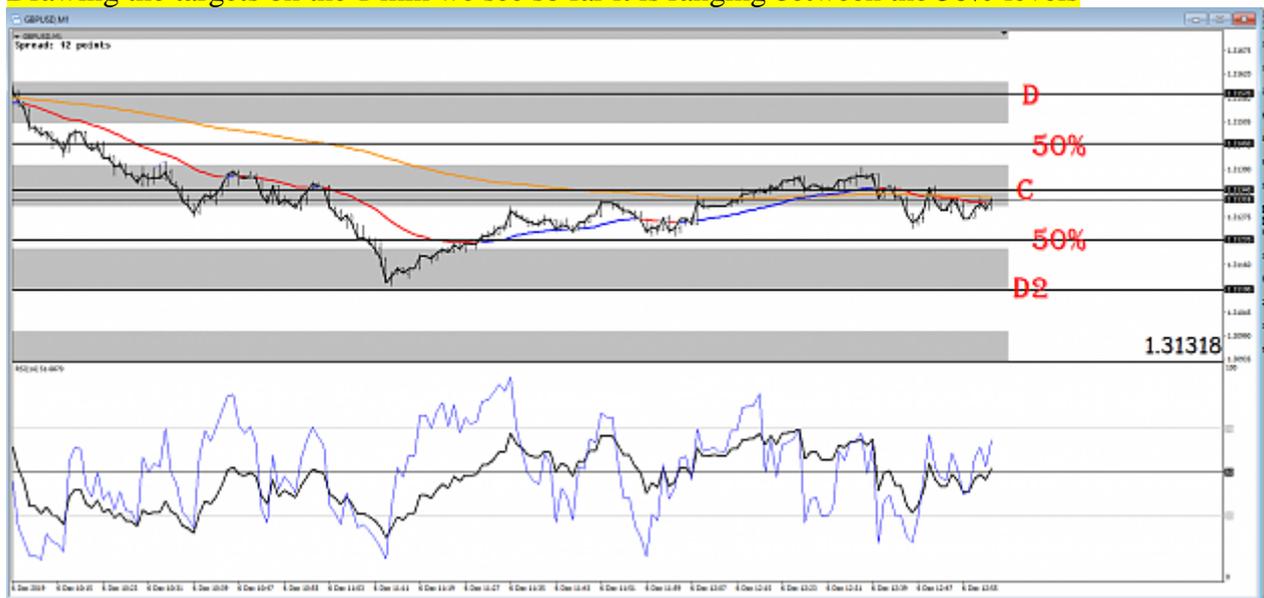


We can draw in our ABCD on the 5m and then look at the levels on the 1 min for possible entries



Drawing the targets on the 1 min we see so far it is ranging between the 50% levels



The current low of the day was both an (exact!) EMA swing low on M5 and M15. I had those levels as a ZOO, also because it was around Wednesday's highs. so I decided to take a Long there which did well. Back to H1 and M15 EMA's.



Let's see what happens next. H1 is interesting now, will Bears survive or will Bulls give continuation of the uptrend?

Well that was exciting, I took 10 pips off the bounce 😊



[Quoting KevinOwens](#)

Hi Alan, Thanks for your continuous support. I have a doubt regarding today's action. I get that Short is the way to go for today, as traded by you and probably Jazz1964. However, I'm confused about how we deal with these few bullish divergences along the way, as drawn in the picture. To me, this is one of the most confusing parts, as these types of situations happen pretty often. Please educate me. {image}

Hi Kevin

You started off well picking the HD but things fall apart after that. Remember this is the open and we expect good movement so once below the EMA we are short.

There is a good chance bull divs are not going to work in a bullish manner until we get where we are going so instead of making it to the EMA they make LL's instead.

Now if you are worried about them at all you can always hedge them however you have hardly made much money by the time the 1st one sets up after the hook so better to just move the stop to BE.

For me I am not looking for divs at all at this time I am looking where it may be going and for the signals that may take it there.

You haven't got the horizontal levels of the average swings on the chart so this makes things a tad difficult to see.

Anyway I have put all the stuff on your chart



Quoting limth

{quote} Hi Alan: Traditionally we draw divergences between Price pivots and RSI indicator, however you've drawn divergences on double RSI, and also Price pivots vs RSI(14), any significant differences between both of them?

They are both types of divergence.

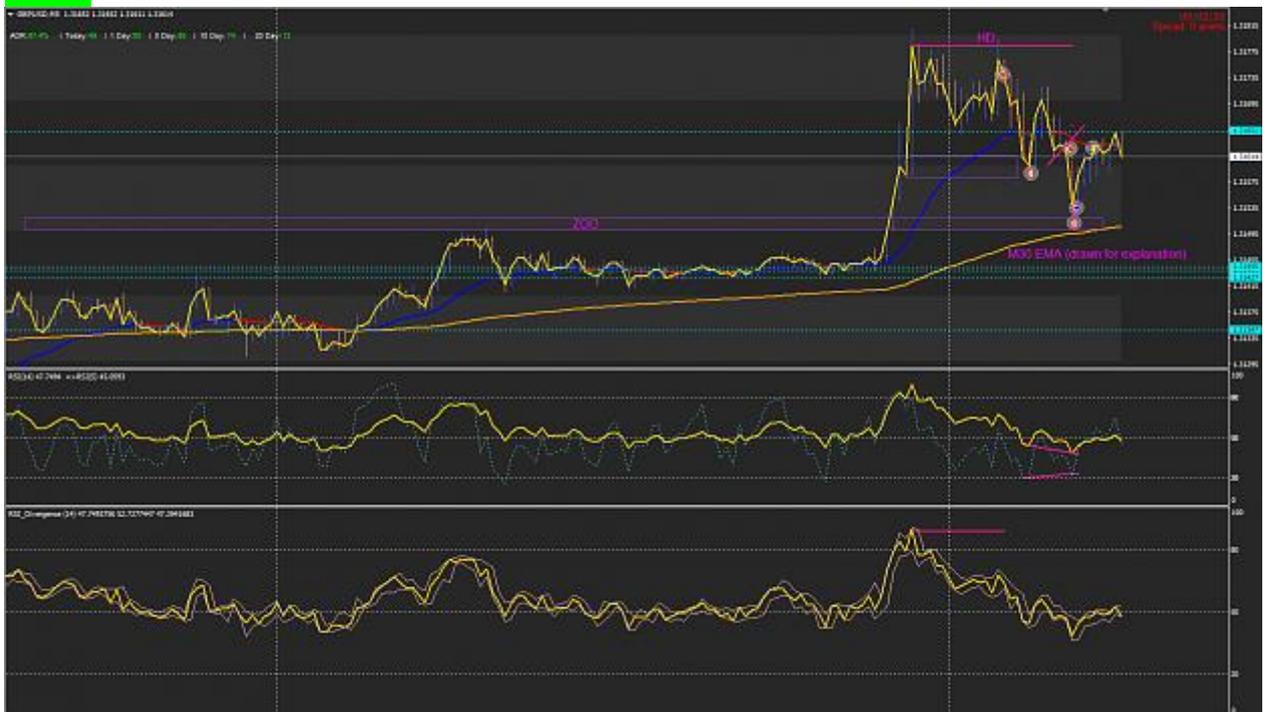
Plus we can spot the hidden divergence by using the RSI with a history attached like this. The outer black line is the history the red is the actual.

If the black does not get above the red but the price does then it is a bearish HD.

If the black does not get below the red but the price does then it is a bullish HD.



Talking about HD's, did you ladies and gentlemen also shorted the M5 HD back to the M30 EMA?



A two-step short, second entry after the M5 two-bar break.

Then, at that M30 EMA which is a ZOO (Horizontal previous resistance 1.3150) a Long into the M5 EMA.

Day is done.

M30 gave nice EMA touches last week and did that again today.

I wasn't trading yesterday and see now that I didn't miss much. We need to see a break one way or the other but the market is very thin at this time.



Shame I had to miss the Short due to a family obligation. I hoped I would be back in time to take it, but no.

With the Weekly chart showing we are in resistances,
 H4 running out of steam,
 H1 flat EMA,

My ZOO was the M15 swing high at 1.3162

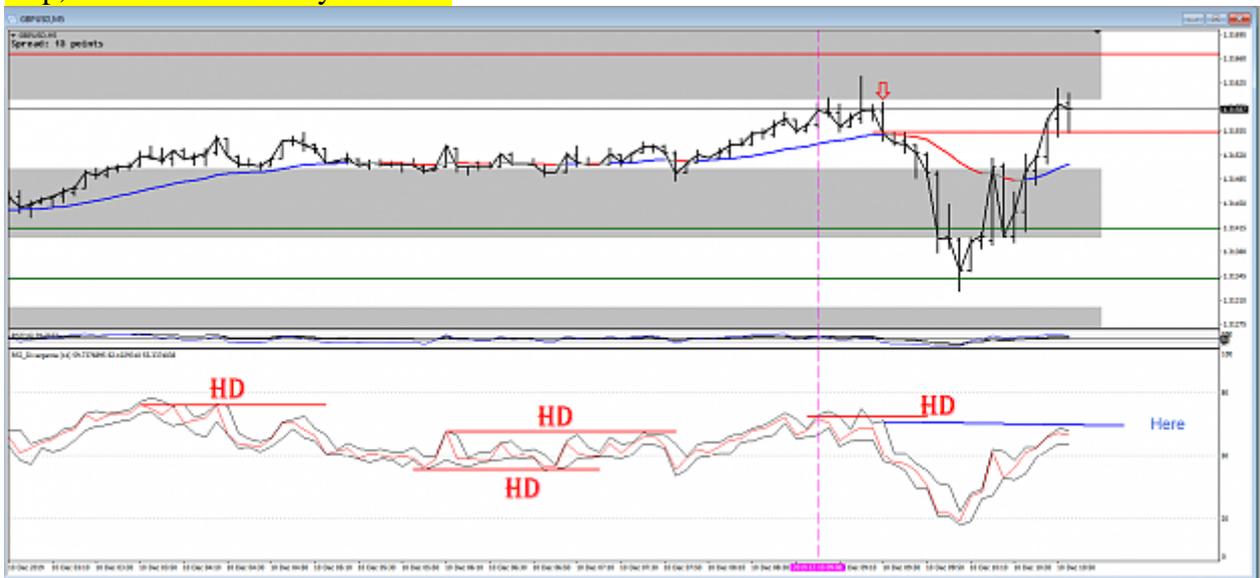


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I think the market is just playing silly buggers, we need a decent break...



Yep, well it was a sneaky one Jazz



That Short was taken on H1 HD & M15 Div & M5 Div
 The exit at M5 swing low.
 All okay so far.

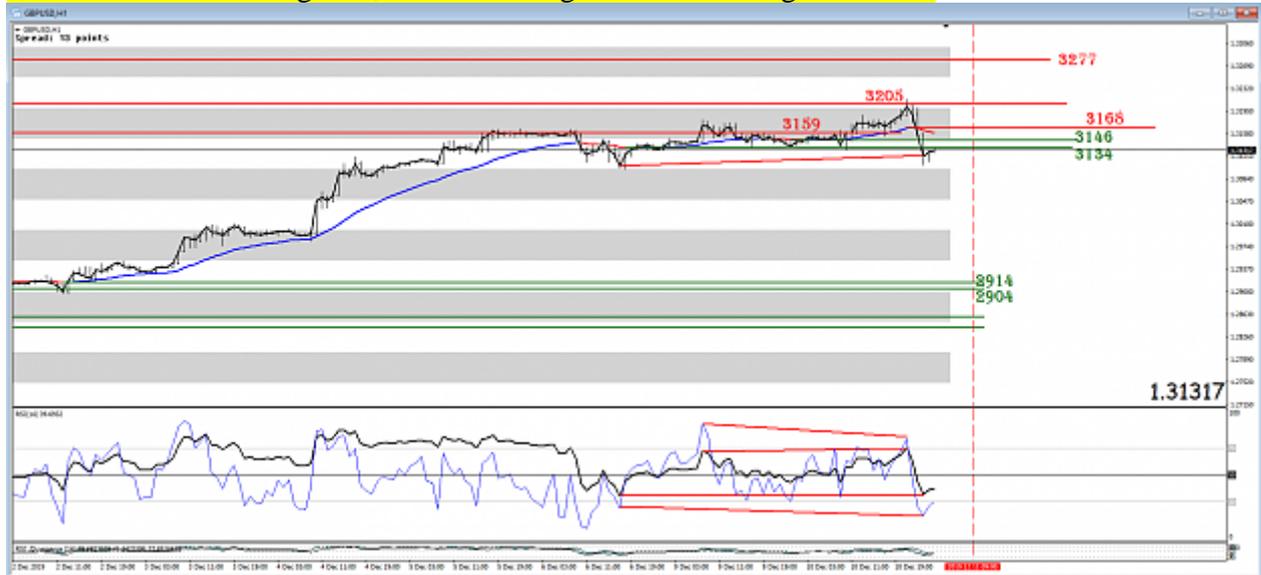
Just that closing of the Short is basically a Buy.
 Meaning I wanted to Buy.

And yes, it is a good Buy setup, not to say a great one.

Just.... I had to put money on it.

That took forever for the average to finally break the 3159 and of course price runs to the next level 3205 arriving there in an RSI div.

Unless the bears can make a LL average we would expect the next level to be the 3277 as the bulls make the HH average. Already the bears have run into trouble so I would be expecting a continuation to the long side, but at this stage that would be guess work.

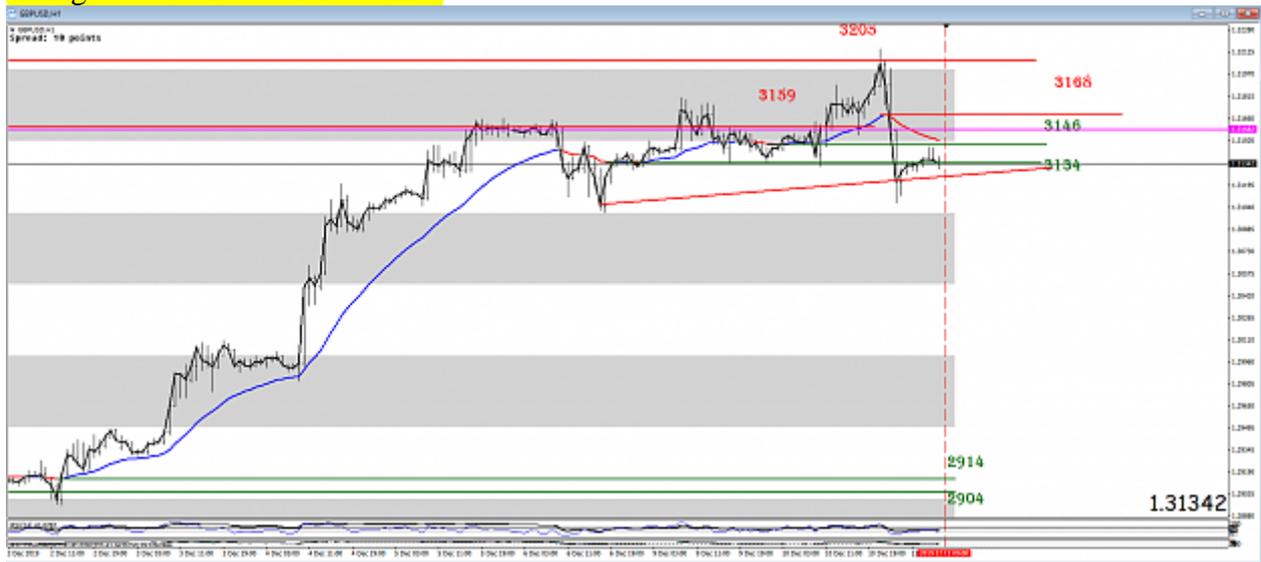


Just before our open I can't pick this just yet.

The bears are still fighting to gain support but the bulls have them in divergence.

The EMA is testing for a LL but the bulls don't seem to like that idea.

Going to wait and see for a while.



I should have taken the Short with a tight SL.



Regret always comes too late as we say here. I wanted to see price heading into the H1 EMA but the Bears didn't wait for that. The M30 EMA again was resistance. The H1 EMA currently attacks yesterday's sideways level as Alan pointed. M15 targets:

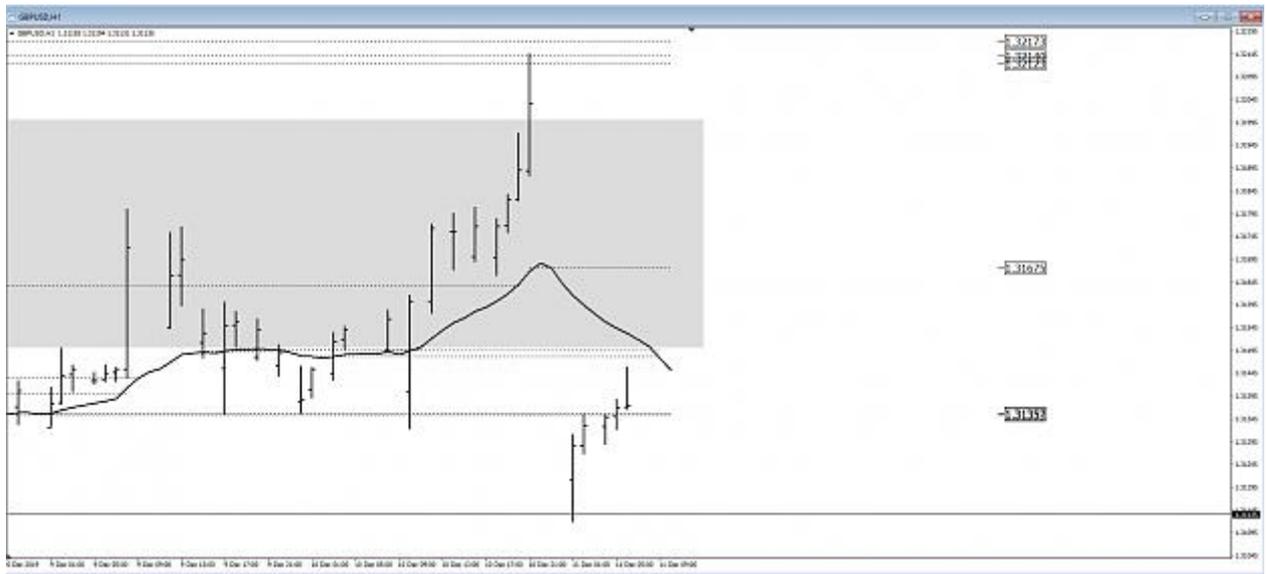


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[Quoting Jazz1964](#)

{quote} Instead of 1.3205 I have 1.3214 marked up. Which was the exact bounce. I just checked that number in history and I think it is correct. Maybe you should check it too, so we have a good picture of what swings are doing? I also have 3218 and 3225 and 1.3267 marked but those are no swing highs. Just a grey field between red and blue.

Mine was just a close enough but when I blow the thing right up I can see you are correct but then I would have been looking at the 32123...1.5 pips difference hey!



Got my stop to BE at last

These HDs kept stopping out, someone is playing silly beggars



Needs to push up out of div



Looking at the longer term daily chart I see this is progress...

The AB = CD is getting close now.

The EMA swing high is getting close now.

There is a possible local target to 3270 slightly above the D

No sign of a long term short

On a daily basis these are not huge targets to achieve.

So I guess we should be looking for longs on the lower time frames.



On the 1 hour chart the EMA has made the HH so it has to reach the 3205 which it did.

Now if the EMA is to make the 3205 then price should pull it up by reaching the 3277.

So once again still looking for those lower time frame longs.



[Quoting KevinOwens](#)

{quote} Hey Jazz, I hope you are having a great time. It's very good to have you back. You were one of the founding members of this thread and I'm sure that you've mastered this strategy. It feels good to again see your insights. Please keep continuing to post your trades and analysis.

Hi Kevin, thank you for your kind words but remember my FF signature 😊

I had to fight mainly two issues. The first one was my mindset, coming from EA development and trading for the last 10 years or so, I had to get used to taking responsibility for my manual decisions and positions again. Problem solved.

The second issue was chart reading. I gave far too much weight to all those divergences against the trend, expecting a reversal. That gives loss after loss. Now I read the chart with a helicopter view: what are the EMA's telling me? Swing highs and lows? What is the trend on all timeframes (trend reading buy EMA swings). Where are the ZOO's?

Success in Trading = knowledge + experience + hard work.

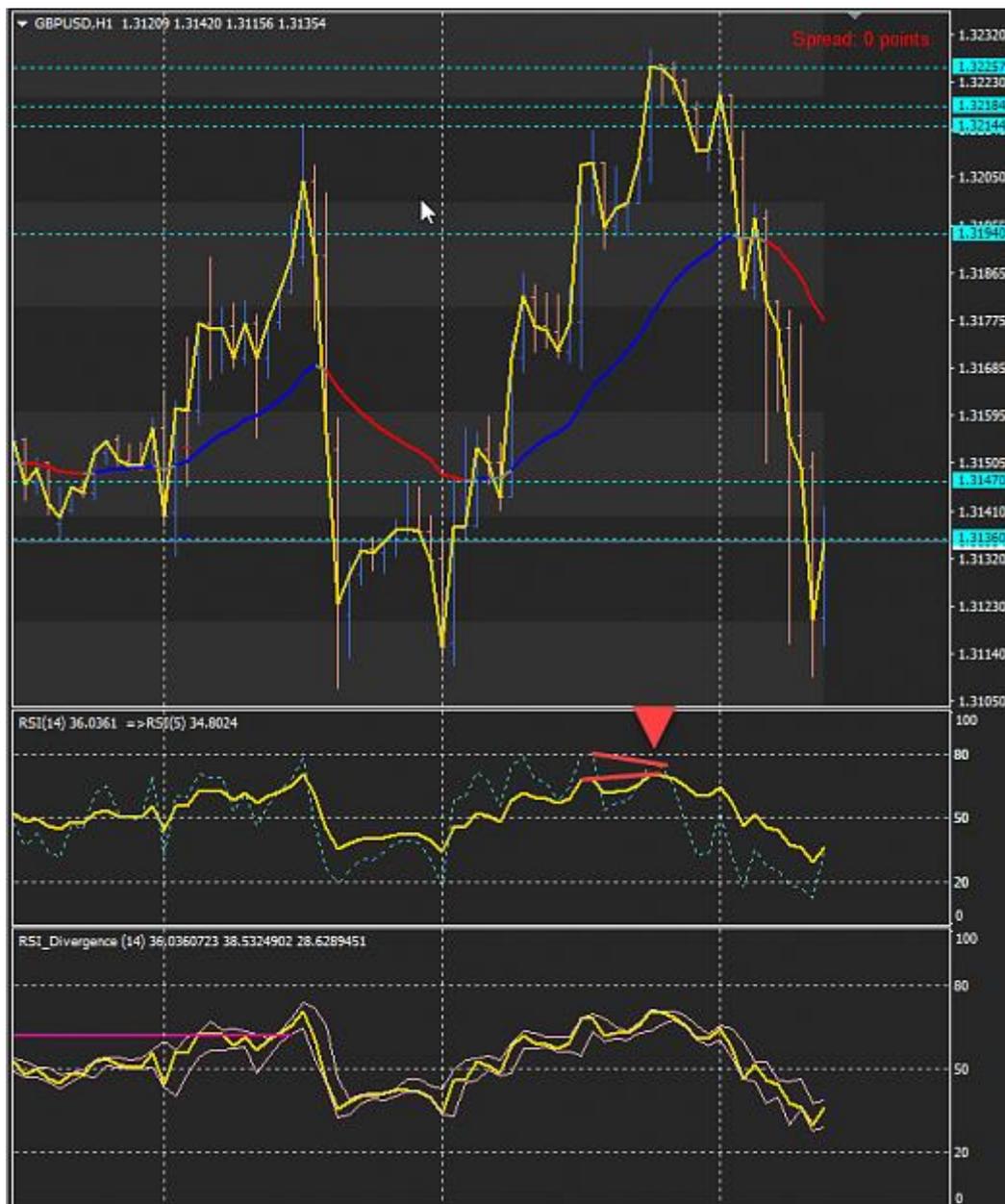
Go for it!

I just did one trade today, was busy autumn gardening and sure a bit cautious because of the elections.

But below here my considerations.

I agreed with Alan's post with an overall Long Bias. (I am not married with such Bias; need to be flexible!)

But we got to see that before 108 we have H1 divergence (within both RSI's), so I would expect to see Price going to the H1 EMA, which it did.



I wasn't at my screen so early before 108 bar, but here is a nice Long on a ZOO. I definitely like the setup and would have tried it with a tight stop (against the H1 div, I know).



But be careful, H1 div.
That's why the Long target at the EMA Swing High is a good one.

In the pic above you can also see a setup for the first Short of the day.
And of course, there were many great short setups further on:



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Every hour that passes now is really going to drag that 1H EMA skywards.

The daily is well into that wide open space and the monthly is on track to hit its target (3615).

The weekly has crashed through the D of the ABCD and is on track to hit the EMA swing high of 3760.



I hope everyone made bucket loads of money because I wasn't trading yesterday nor today.

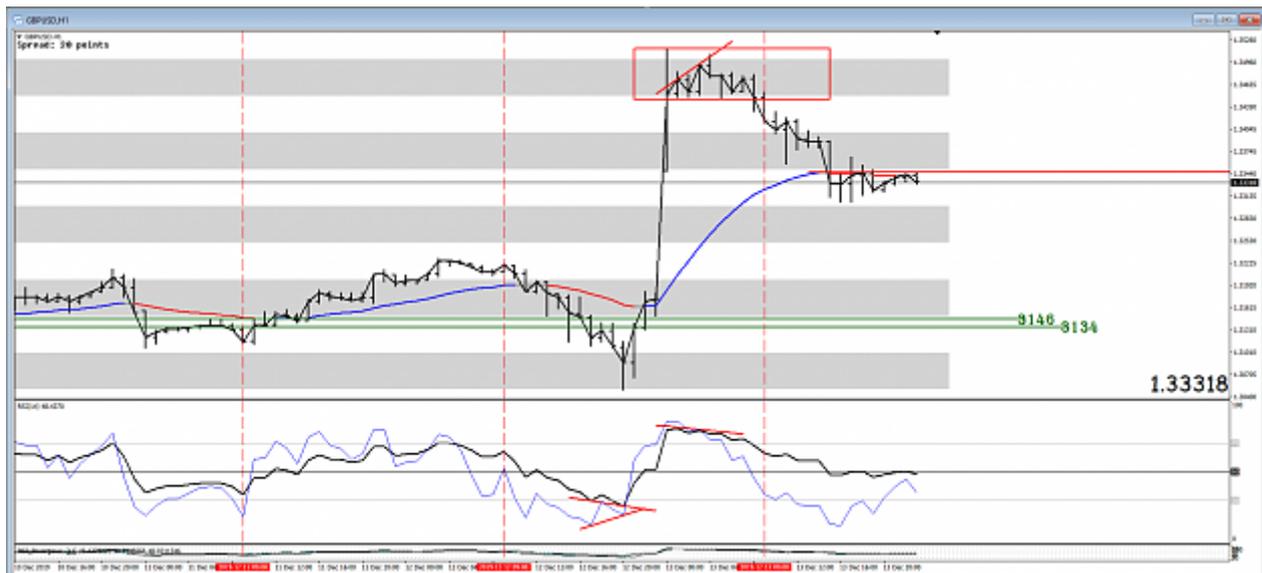
Here is a shot of my daily showing and $AB = CD$ for a change.

Note also how the EMA is about to make the HH and this big push we have just had looks nothing more than an impulse bar to get it over the line... Funny that huh!



The bear div on the hour chart sent price back to the EMA, that's a lot of pips, you guys must have made a fortune.

The bears have not found support as yet running into a tiny RSI bull div, it is hovering on the EMA now.



Today's trading from my marked Zone of Opportunity:



That's how it is done.

Define the ZOO, as marked on the H1 chart.

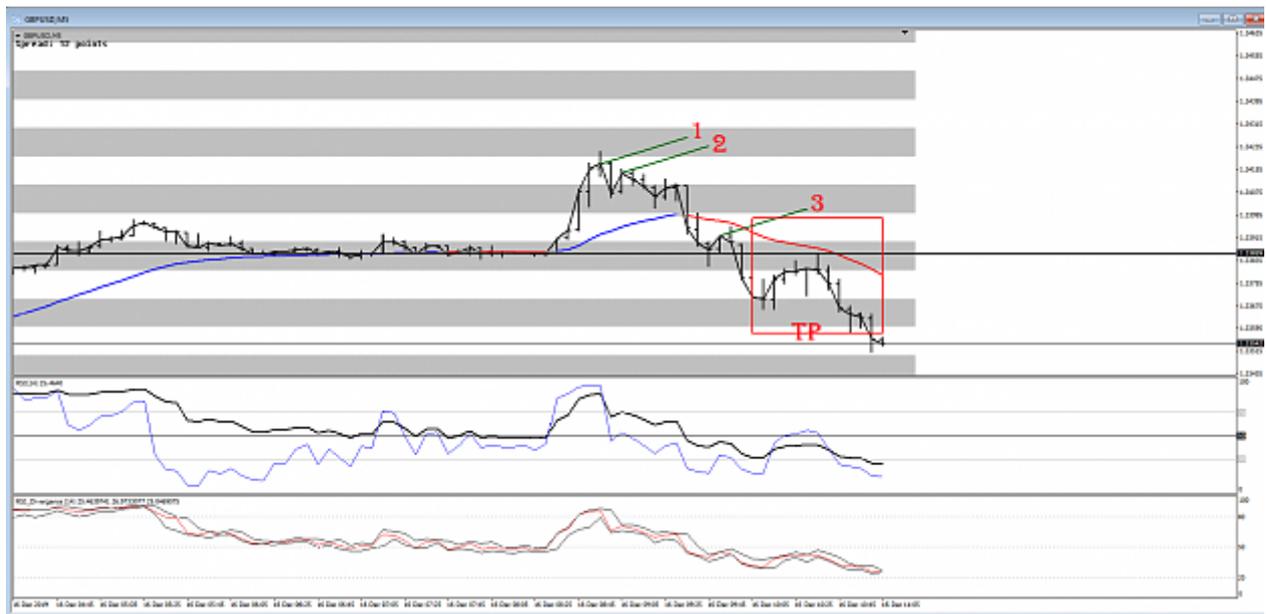
Do the analyses when price gets there.

Keep your risk tight.

Go.

I'm done now too.

It hit my line before but still had the spread to go....



This trade is so common it is well worth specialising in it so I have posted it all below.



It is these averages that we are measuring and trading so even if you are a tad late you can still get in



[Quoting KevinOwens](#)

{quote} Hi Jazz, apart from the H1 div, do you have any other bias? It looks like a sup/res or sup/dem as you've drawn on H1.

Hi Kevin,

It is trading below the H1 EMA which is making a Lower Low swing. My overall Bias is down. Possibly the election gap will be closed.

What a night. The second leg down started early today, missed it completely.

This is not a market where I feel comfortable, tbh.

Mainly I should try to get in short business from M5 M15 EMA.

But H1 completed an ABCD in divergence



3243/3235 Asian low is obviously a level to watch for at least a retracement back. If we get there it seems to be with div. I will watch this on the M5 for an HD.

3186 previous resistance

3152 previous support and 3163 (edit) H1 EMA swing low

3124 M15 swing low

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[Quoting Jazz1964](#)

{quote} Hi Kevin, It is trading below the H1 EMA which is making a Lower Low swing. My overall Bias is down. Possibly the election gap will be closed. What a night. The second leg down started early today, missed it completely. This is not a market where I feel comfortable, tbh. Mainly I should try to get in short business from M5 M15 EMA. But H1 completed an ABCD in divergence {image} 3243/3235 Asian low is obviously a level to watch for at least a

retracement back. If we get there it seems to be with div. I will watch this on the M5 for an HD....

A couple of corrections to this chart...

This is where we paly detective and ignore the div because we can see where both the EMA and the price are heading. Any bull div is likely to fail.

Remember when the AVERAGE makes a LL price will reach the next level. Both ABCD's and $AB = CD$'s are the mechanisms for making these targets.



Thanks to Jazz and others for posting their charts this is the only way I can tell what folks are thinking about. I can't read minds only charts so if you don't post how can I make corrections.

By drawing up your charts you also learn a lot more quickly about all the elements we consider and it becomes a winning habit to do so.

Here we see the AVERAGE is trying for the LL so have a guess where the price should stretch for.



This gives a bias we can work with at the lower time frame.
If you wanna know where my Zone of Opportunity was:



Traded from there, with the divergences.
Day is done!

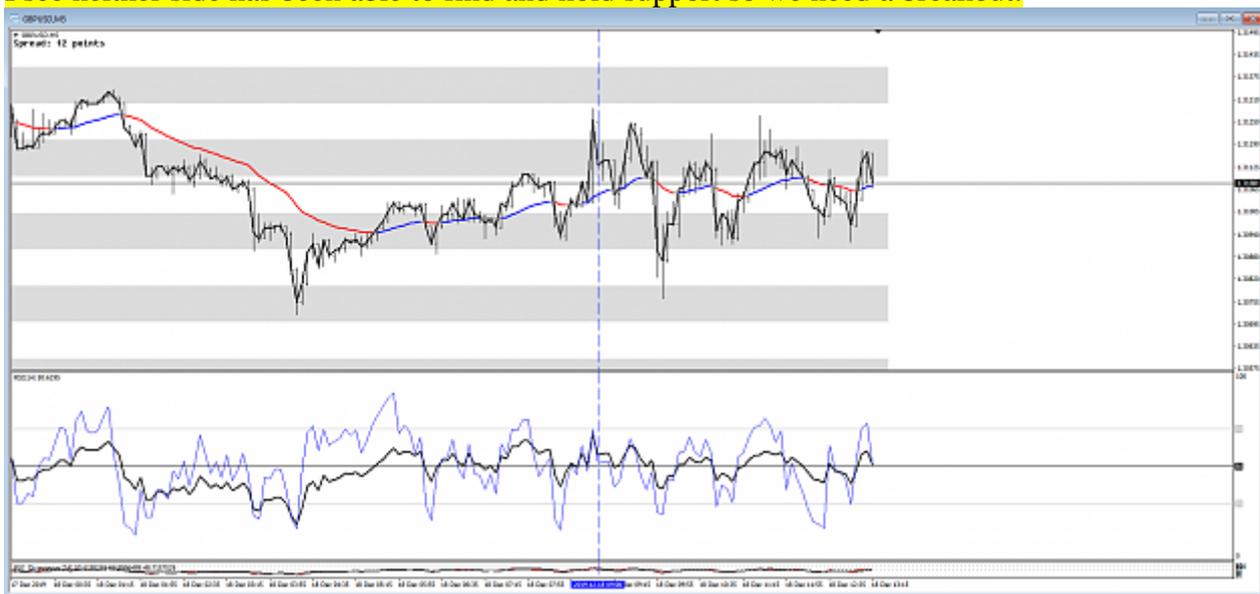
Heading to the D1 EMA



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Just popped in to have a look, temperature is absolutely roasting hot here..

I see neither side has been able to find and hold support so we need a breakout.



[Quoting huskyboy](#)

{image} Hey Jazz, can it been seen this way, this morning i marked the last price swing high on the H1 as a ZOO, it was close to that EMA 26 swing high on the M15. It was reached on the H1 in a bearish rsi/rsi and on the M15 in a HD (and i missed that) From then i started looking for shorts and i entered on the M5 after the hook and closed at the bottom off the range as it was ranging this morning. So can previous price swing highs or lows been seen as a ZOO on the H1?

My answer is yes sure.

I like your chart, good analyses.

Just your entry could have been earlier and higher IMHO. Look at the pic below here, I have marked the HD clear. As soon as price came back in the balance area you could have jumped in, e.g. at the next bar open.



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[Quoting huskyboy](#)

{quote} ... But what do you mean with the balance area? {image}



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[Quoting bridgstarr](#)

...The H1 EMA is making lower lows, and price is below EMA, but there was a divergence yesterday, so expect price to move back across the H1 EMA. This would give me a long bias.

Expect Price to go to the EMA. Possibly it goes through.

If we then get a bull support, we are long-biased. As long as I don't see the bull support, I am cautious with Longs (I don't say I never take them).

[Quoting bridgstarr](#)

...Through the Asian session there are various divergences both ways - I haven't marked them all to avoid too much clutter.

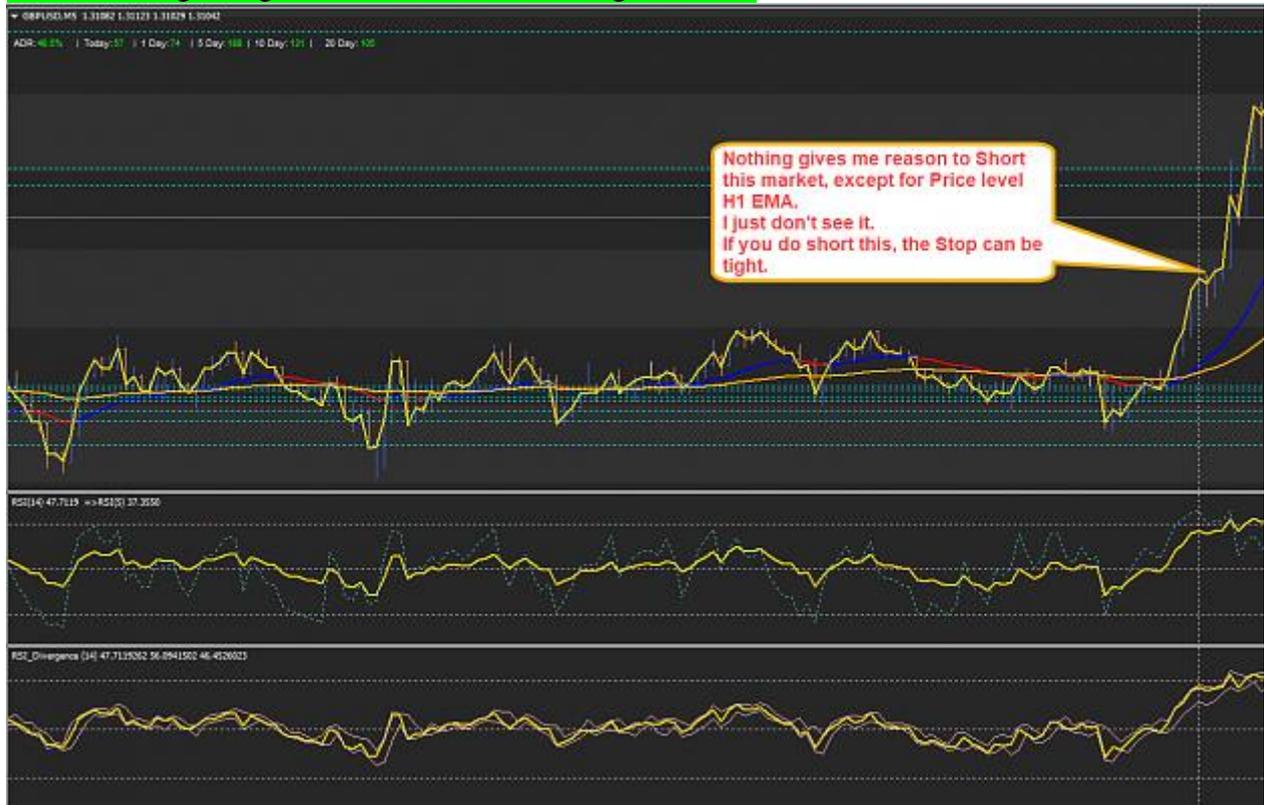
I guess you talk about lower TF charts like M5. Indeed I only draw div's there which are relevant to the 108 bar.

Next to that when I enter my computer in my morning, I draw all the EMA swing high/lows. I prefer to do that manually, so its development is printed in my head.

[Quoting bridgstarr](#)

At 06:00 there was a bullish divergence, so again a reason to go long, and on M5 RSI went below 20, so a reason for entry 1 (too early for me - was in bed), then the pull back at 2, where fast RSI stays below the slow RSI. However at that point (08:30 by my broker), the previous hour candle had closed in bearish divergence and the current hour candle was also in bearish divergence, so now I'm thinking I should be looking for short.

I am with you. Partially. Yes I saw the H1 div south too when price hits the EMA around bar 108. I was eager to get in a short but I couldn't get it done.



What I miss in your story is the mentioning of ZOO's. H1 EMA was a ZOO but it was very stand alone. I didn't find confirmation. An EMA is not a line that can't be passed.

Quoting bridgstarr

At 09:00 on m5 the EMA movement is telling me long, but the price is at the H1 EMA, it is overbought on M5, the 08:00 H1 candle has just closed in bearish divergence, so in my eyes there is at least as much telling me to short as there is to go long. I always see conflicting signals, and when I don't have a grasp on the long term bias it means I get out of the trades early. I have never managed to get 40 pips, and never managed to get more than two trades on, because I don't have the confidence that I am reading the charts correctly. Hope you can...

So my question is, where do you have your ZOO's marked up?

Regarding my Bias for today, that was kinda undecided. Remember the Daily chart I posted yesterday? that is still in my mind. Next to that, the downtrend given by the H1 is clear. So I look for shorts on a ZOO. Guess what... daily target reached.

It doesn't matter that you have a few tight losses as long as you make them on important spots on the charts. Just don't trade every divergence you see.

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That MPC Official Bank Rate Votes took Price down to the exact D1 EMA



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Well having tried to fathom out all of the above and I am still confused.

There was nothing different yesterday than any other day with the exception of that huge bullish spike after the target was hit which is actually no so unusual.



Too late for me to trade now...Off to bed..



Interested to see if the Bulls on H1 find support.
If not, this is a possible scenario targeting for the Bears 1.2914



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Well that was a nice long pull back by the bears.

The thing to note here is the passing of the 3131 level resulting in price making the next level of 2904. Lots of 40 pip trades to be had in that little lot hey!

Now because price has not broken the 2904 we would be expecting price to try and halt the decent of the average and possibly turn it around.



There has been lots of entry signals to the short side and if one is prepared to wait a couple of hours then the 40 pips pays big time. This was something like a 600 pip down move.

Going to try a couple of tactical changes this coming new year, hopefully to blast the account into the heavens.

More on the when I return in February.

Hi Girls and Guys,
 Hope you all enjoyed a good holiday.
 Just a heads-up on this system:



Just one trade setup today.
 Enjoy weekend!

And this was yesterday, I was late a my screens



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[Quoting huskyboy](#)

{image} I had this in mind the moment i entered and off course the H1 EMA swing low @ 1.29697

IMHO this is correct:



Finally trading Structure and PA only

[Quoting Del62a](#)

Jazz and Huskyboy Here is the ABC i drew on Sunday night . I am still trying to figure this out. More homework for me over the weekend. I am still learning to draw these , but it did give me an idea of where price was heading if it was going up or down. Thanks for all your help. Happy trading Del {image}

I would draw it like this:



Shame the base point A is not below the EMA but that is not that holy as we can see in a picture from Alan, example at the right of the chart:



The RSI is in divergence.

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[Quoting huskyboy](#)

{image} HD was also confirmed by a reg bull div H1

Hope you don't mind... the HD you drew there is just a regular div. those two blue bars at the bottom are not in hidden divergence because their Lows are not in divergence with the close of the base bar.

I marked a correct HD on your chart.



Maybe you compared the Price Bar lows the RSI low? Yes that shows a divergence too.

I bet Alan will correct me if I am wrong on my posts 😊

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[Quoting PhillipmC](#)

I'm, a little bit bummed about last night I missed the move down which was ok because I didn't really see an entry point to short at open no real divergence. I then tried to long just before news which was a bad idea and got stopped out pretty much straight away then I was so disappointed I didn't try again because of fear of losing again.. if I had I would of made up my lose and been I good profit.. how do U guys handle that first stop out ?

The 3-step entry helps a lot but if you are a bit like me, it takes quite a while before you can manage that.

Maybe your risk is larger than what you feel comfortable with?

After a Loss, I watch for the next setup at a ZOO.

And if I am not happy about my mindset, I walk away.

Here is a suggested chart with a loss and several winners based on Two Bar Tests. The positive Pip results are conservative determined.

You can also find the first setup before 108 with its divergence.



Finally trading Structure and PA only

[Quoting Jazz1964](#)

{quote} . Here is a suggested chart with a loss and several winners based on Two Bar Tests. The positive Pip results are conservative determined. You can also find the first setup before 108 with its divergence. {image}

A couple of points here.

The first two bar test entry was fine, we are below the EMA looking for shorts.

The second was very iffy going against the trend of the EMA, we should be looking for shorts. A two bar test above this would have given us a second entry and so on.

We should also be looking at these as being ZOO points to be traded at the 1 minute level.

If we are to go long against the EMA trend then it should only be considered as a hedge or a scalp.

A proper long on the 5 min chart would take a ZOO point on the 1 hour chart.

There is nothing wrong with trading like this but since mostly we would only get first entry trades it would require us to get some 230 pips in total.

Approx:

1st entry trades require a 230 pip total.

2nd entry trades require a 77 pip total

3rd entry trades require a 30 pip total.

All the time managing the stops to limit risk.

[Quoting PhillipmC](#)

{quote} Hi jazz

1) i noticed that on the the first trade you drew your div line on the bottom of price while on the rsi you drew it on top i thought we always had to draw the same side of price and rsi ? or do i have that confused ?

.2)did you miss the trade down like i did ?

3)..... i think i know why about the first trade was i because it tested the 5MA then showed weakness on the RSI ?.....

4) Jazz the yellow MA you I'd that 60MA ? So what number is that MA on the M5 ?

1) the white little lines in the price windows are Two Bar tests instead of divergence.

2) yes

3) not sure what you mean, sorry

4) That is EMA(78) which is 3×26 and thus equals the EMA on the next higher TF M15.

I had the same fight against fear. I had to limit my funds to 35 Euro so I could invest time seriously, instead of serious money.

As soon as I was getting consistently profitable, my account grew in six weeks time to the level I wanted.

Finally trading Structure and PA only

[Quoting PhillipmC](#)

{quote} .. last week I traded so well with your system still trying to work out why I lost focus..

I had the same fight last year and mine was harsh. Some trader friends from this thread gave terrifically advise like:

"I have a few absolute rules that I stick to, like never countertrade in a strong trend, never add to losers, step away for at least one hour after 20 pips down, never move a SL away from price only towards BE, and a few more. And if I break any of these absolute rules I force myself to quit for the day.

I also have a rule of not trading when upset or emotionally unbalanced. This one is more subjective, but it has helped me to focus on being sharp when I trade. If I for some reason (also not trading related) my mind is preoccupied with something other than trading then I do not want to risk my money, cause I know I need to be sharp and present to read the market correctly."

"From what I see here I think you need to compile a trading plan with all your rules set out for the different scenarios to prevent this from happening. A brief example of the technicals for this scenario would've been:

Short trades: within a short HTF environment first trades are taken with every bearish divergence after xxh00 (RSI, regular, hidden) at x lot size. Second trades are taken after price is in favour and upon 2 bar test or

subsequent divergence at y lot size. Third trades are taken upon favourable price movement, divergence or passing a price pivot at z lot size.

Stops are set to \$x and moved to BE when \$y in profit. If stopped out subsequent bearish trades are taken at x+y+z lot size upon divergence....etc

Hedges are taken.....

Perhaps take a screenshot or two of previous trades for a visual will be beneficial within your plan too."



Finally trading Structure and PA only

I am successful with trading from a ZOO. As a kid I hated them because they stink, but the older I get, the more interested I am.

Today before 108 bar Price came into a Zoo (Zone of Opportunity) from Sunday night (H1 chart).

M5 showing divergence within both RSI's.

I Sold with a 3-step entry, 3rd entry a bit late probably. It worked. Reached my daily target via profit taking, bounce on M1 EMA, hesitation, and re-entry.



Look how beautiful the AB=CD worked. BC was 50% retracement. At D, Price ended after News a little above the M5 and M15 EMA Swing Low.

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[Quoting Del62a](#)

Jazz This in my latest attempt at ABC triangle Is it correct? Del {image}

Here is your picture with a correction.

lel62a published on TradingView.com, January 15, 2020 10:55:06 GMT

FX:GBPUSD, 60 1.30027 ▼ -0.00138 (-0.11%) O:1.29919 H:1.30043 L:1.29880 C:1.30027



Got it?

(I am not sure if we normally call "A" what I called A on this picture but for the method that doesn't matter).

Finally trading Structure and PA only

That exit at 1.30266 would have been a great entry Long up to the 1.3072



Finally trading Structure and PA only

That's a precise projection



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[Quoting huskyboy](#)

{image} Jazz, how to manage the SL off that second long, I first set it to BE +1, then after that pullback i placed it there and got stopped out. Do we let it at BE +1 and going for the target, next swing H1? afk

A few notes on that.

I don't see that second entry as a separate trade, you are just more or less Long from that terrific Buy entry from the bottom (Well done!) So a BE+1 makes no sense to me.

Alan mentions he takes 50% exits which would have been executed. I doubt he will do that in this case.

The exit you took, a tiny bit below the noise, is almost asking for that to occur, which it did.

I suggest you draw EMA swing highs and swing lows as horizontal lines on your chart. You would have seen that M5 has 3 of such lines around current high. M15 has an exact swing high there..... time to get out of your trade! That's something like 30 pips from your first entry. Check the exit of my short and several other exits which I posted lately. often at such highs and lows because I watch the swings and other S/R carefully. Then check if (if!) you want to buy again, cheaper.

[Quoting huskyboy](#)

{quote} ...At least thats what it did on my m5 chart with a 312 EMA Humps MA breaks line on it (26x12), but i dont see those ema swing lows on my H1 chart with a 26 EMA Humps MA breaks line on it, strange. {image}

I think that has to do with this behavior of the 26 EMA Humps indicator:

[Attachment 3531104](#)

Problem is that the line should stay until the EMA breaks the horizontal line (and not Price itself).



Finally trading Structure and PA only

I received this picture from a trader, who took the Short (just like me). Great to see this trading from a ZOO



Finally trading Structure and PA only

[Quoting huskyboy](#)

{quote} great Jazz, but were you trading before 108, there was a bear H1 div (first Arrow), price didn't get to the EMA ,so price went up and again it ended in a bear RSI/RSI div (second Arrow). How did you trade that, long or short? {image}

I didn't want to short before one of the ZOO's I had in mind:
1.3097 level visible on H4
1.3112 Swing High on H1

First I took a Long with one position with full risk because it was trading with the trend.
Closed after the M5 bar closed at divergence.

Then I waited for the ZOO. The first one 1.3097 was obviously countertrend and I wanted to go for a 3-phase entry meaning the first position at lowest risk. I could not get a 2nd and 3rd and got stopped out for a tiny loss.

The next ZOO was just before the News. Divergences on H1 and M15 M5. Because of a possible spike, I decided to go for 1/3 risk with a manual SL.
Exit target was H1 EMA or the M5 M15 EMA swing lows, decided to go for the highest of them.



That first Short that I took is from 1.3097 Level, horizontal resistance to be seen on H4.

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[Quoting PhillipmC](#)

{quote} But we should of been looking for long s as we were above the 26 ema ?

It is difficult for me to comment without charts for examples but you are correct to be looking for longs, however the situation changes when confronted with a div or several of them on the 1 hour chart. These would be ZOO hedges or scalps to the short side against the trend. All turnaround trades start off as scalps or hedges and develop into full blown trades.

Had anyone gone long at the 108 then they would have been stopped out for no loss having moved the stop to BE+1. The same thing would have happened even if they went short BE+1.

Then they may have shorted again on the 5 min div and again been stopped out for BE+1. Finally the 5 min price reached average swing high and this was the trigger to short again and paid the money.

The point is that with the money management in place we only lose a little if anything at all by moving the stop. By sticking to the plan 100% would have easily been achieved, indeed much more so even the past losses would have been made up

I just want to say before the weekend starts, that I developed a deep understanding of the GU moves by studying the EMA26 swings and bounces on TF's between H4 and M5. Last two days in that tight range, then that move up to the M15 EMA swing high in div's made the finished business and started the move down. From there amazing to see the Bears found support on M5. Thank you Allan! You are allowed to take a beer today, cheers 😊

I am trading quite cautious on small risk but I double my account in two weeks. I can tell you my best month was 700% with very sound RRR. And I know it can be far better, also today. That's all I want to say about results.

Finally trading Structure and PA only

[Quoting KevinOwens](#)

{quote} That's very encouraging to hear. Thanks for your contribution. I am on my way of picking up this method. Alan's and your posts help a lot. I have a small request for you. Yesterday was very chaotic and tough for me. Can you please show/tell how you would have dealt with yesterday's market and trades and achieve the target?

Yes, yesterday with that tight range was difficult when you (like me) missed the initial trade before 108.

Look at my charts,

H1 ZOO's, which did work again, before 108 bar a nice Long at the double bottom from the Asian session. Look at the M5 for the HD div which would give the Entry Long and a nice move Up. I missed it completely because I wanted to see the H1 EMA. That's one of my errors; expecting price to get to a level *I want*. The 2 Bar Test and the Div should have been my wake up call.

At this point (before 108 bar) I expected a continued upmove into 1.3206 (H1 Swing High).

But we came soon into the highs of the Asian session with div's from H1 and lower TF's (reason to close any Long, or hedge). I took a 2-step Short with a bit of loss, but still saw the Div's into the ZOO and was able to get in a 3-step Short which brought a nice winner.

At that point in time, M15 made a higher EMA Swing Low and M5 was about to print a lower EMA Swing High. We could expect a problematic session.

From there on I saw M15 turning grey again trying a higher EMA Swing Low, while M5 made a higher Swing Low. With a clear HD. I bought it on a 2-bar test break. 2-Step Entry, then the ZOO again which was tricky, M5 div's exit. Earned some pips again. And enough to call it a day in that market.



*) When I look back to that chart, I have to say I don't like the Short Entry at the golden star. The blue upbar was too bullish, no 2-Bar Test whatsoever. I rather would have taken an entry one bar later, at a worse price with a bit extra loss.

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Here is a possible breakdown of yesterday's chart



And look how nice the second leg of the sell off was an exact measured move from the first leg:



(no '50% boxes' added to the pic)

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Day is done for me.

H1 Divergence brought price back to its EMA. That was my expectation, therefor bought the market.

Then at the H1 EMA looking for a reason on M5 to short it.



Lot sizing:

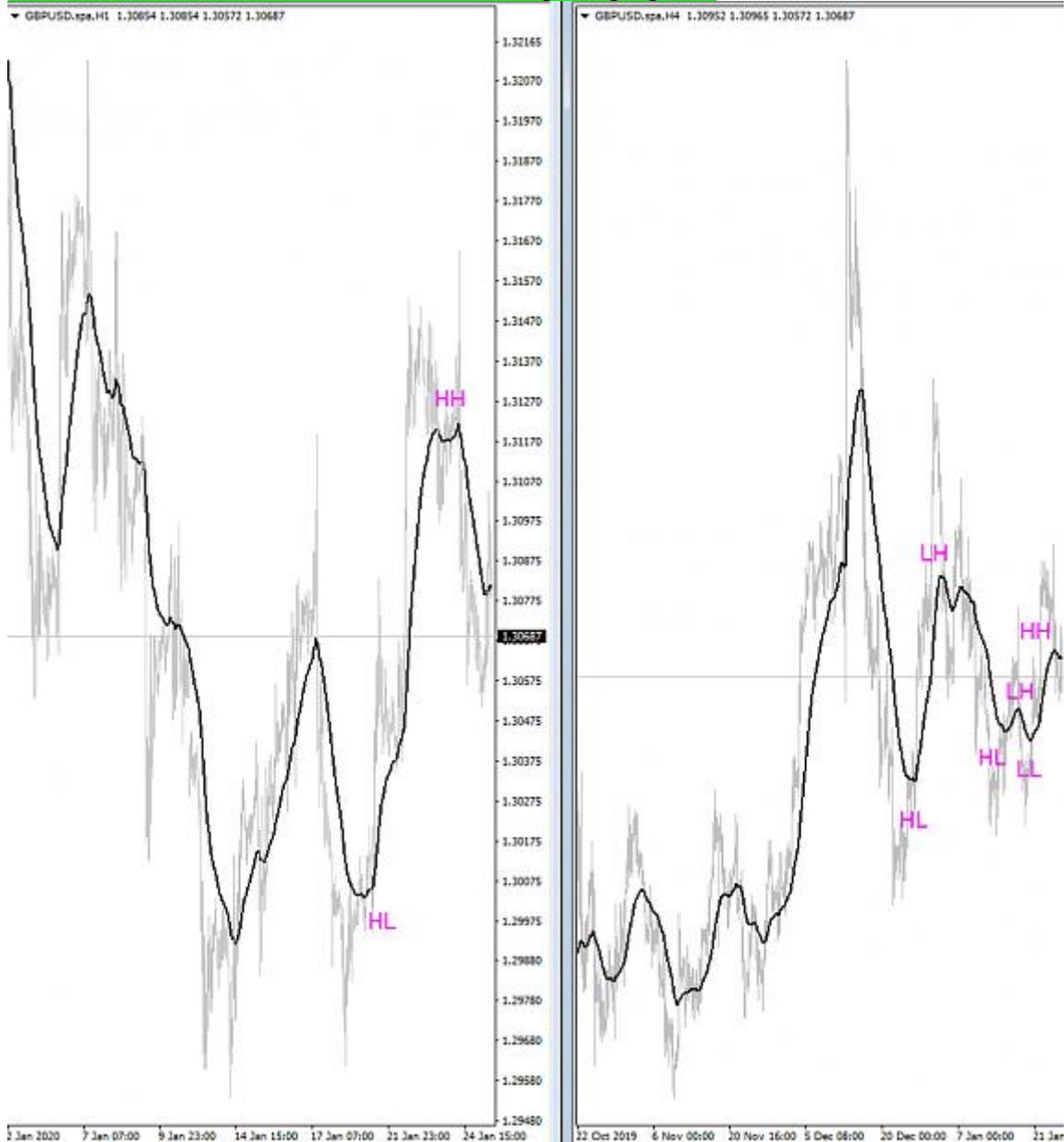
Long with 3-phase entries as per the risk rules.

2nd Long and the short with complete risk.

[Quoting huskyboy](#)

{quote} isn't price in a bearish mode, H1/M15/M30 all bearish so for that I was only searching bearish entries on the M5 or am I missing something? I know H1 is now above its EMA

I think we first have to see that the market is getting tighter:



Your main idea was the H4 with the Bears found support. That was a good point but we got to think on what we see from the Average Swings.

Around 108 we had bull Divs on all TF's. That's why I dared to buy into the H1 EMA and Sell from there, but carefully.

Bears could not find support, instead Bulls on M5 found support and brought Price to the next ZOO (which I had not printed). In the picture below you can see that at the letter A.

A question you can ask yourself at that moment: will the bulls be able to pull the H1 EMA up to make a new HH (above B)?

I don't think so, right there at that point in time.
So that Short would have been good.



M5 Bear Div there, so it is completely valid to short that.



Overall I think it was not bad at all to keep your stops tight, with the H1 EMA printing a higher Swing Low. But keep the bigger picture in mind from the first picture in this post: market is converging. That's where we are right now.

Finally trading Structure and PA only

[Quoting huskyboy](#)

ooooohhh didn't notice this this morning, ABCD H1 and by now its filled (the green one).

You have to be so focused ... {image}

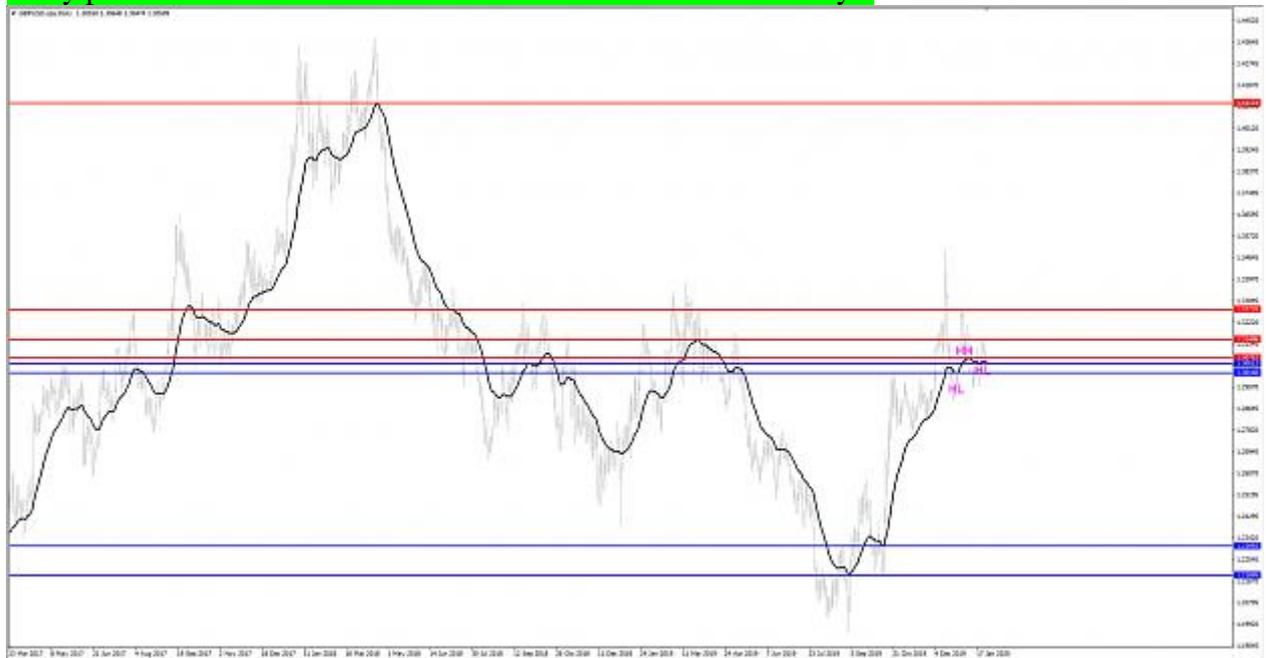
What about this HuskyMan?



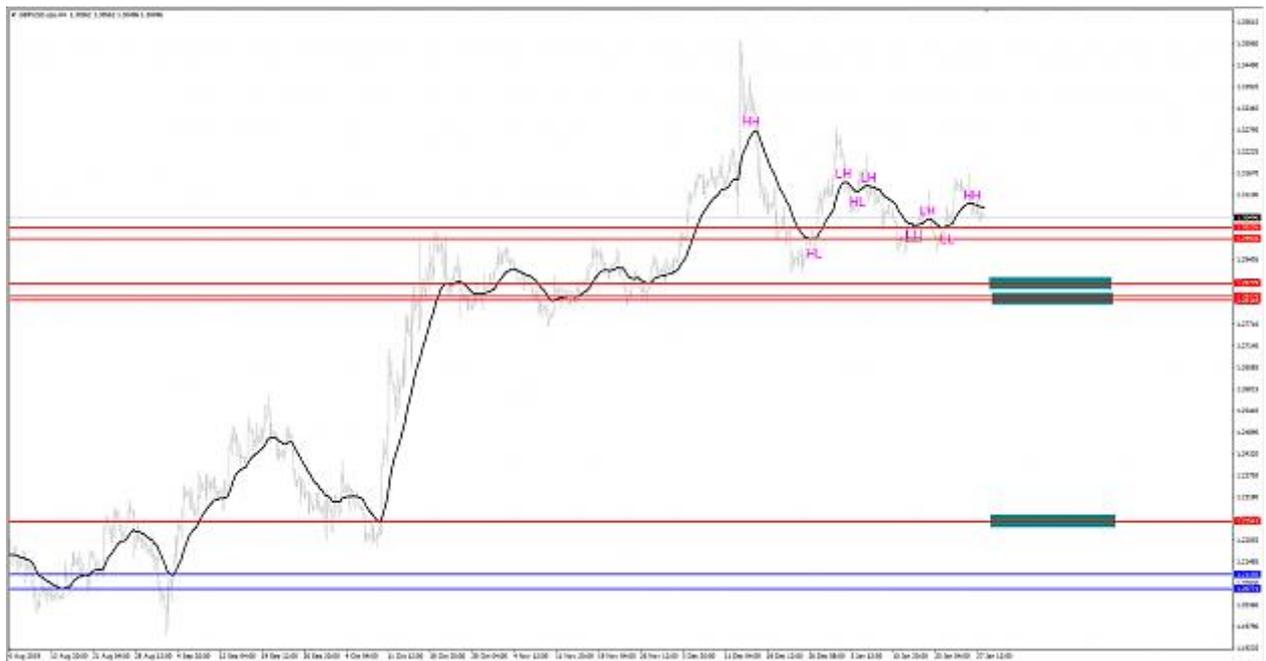
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The white charts to get an idea of direction:

Daily prints a bit of HH's and HL's but it looks more like sideways:



H4 sideways:



HI Bulls tried to go for it but failed:



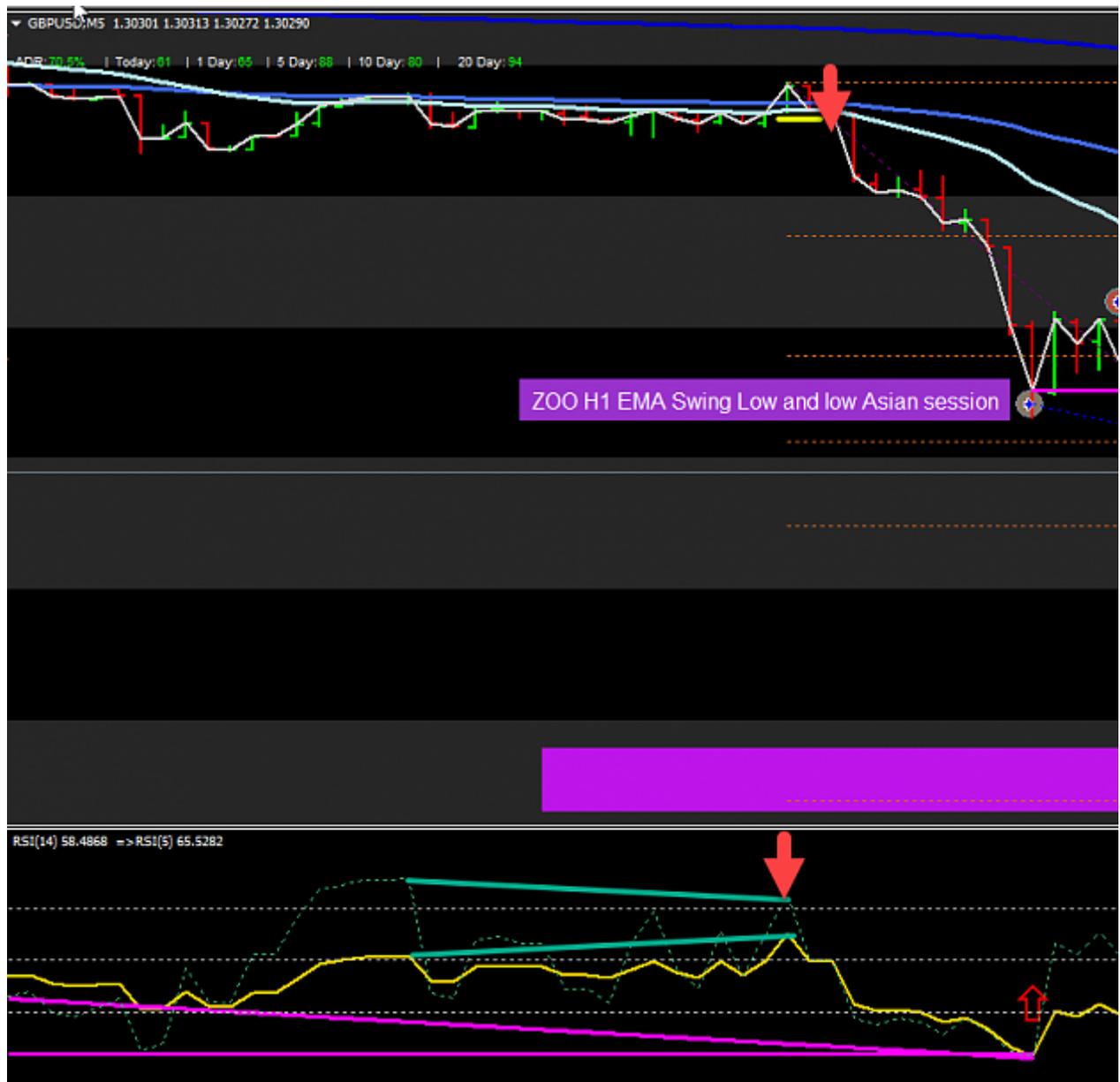
Until we see a Breakout (false or/and directional) we'll have to deal with this tight ranges.
 Finally trading Structure and PA only
 I call it a day, it's enough.



Exit at 50% retracement = EMA M15

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I missed the initial Short, that happened before I was at the screens.



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It is very important to get in a trade early, meaning to Buy cheap and to Sell expensive. That's what you do too when you buy or sell a car, isn't it!!!!

Trading currencies is not different from buying a wash-machine *at a discount*.

With that in mind, your first two trades were not the best 😊

Then your last trade, I have an issue with that regarding getting kicked out at BE+1. In fact this is something where I would love to read Allan's comment.

I do understand this helps to limit losses. But I get the strong idea that 'they' know that too and 'they' are specialist in finding liquidity at that BE+1 spots. These are so often the 'hooks'!

This makes me ask: why would my precise entry be that important to exit a trade +1pip? Isn't it better to just check Price itself in chart context? My answer strongly tends to be a Yes.

Hi guys I'm back and will begin trading on Monday...

Something here for you to study...

Apart from the shorts much earlier in the day take a look at these two longs 1 and 2

We see on the 1 hour chart we have hit a level and we see a bullish divergence there. This means we should be looking for something to take it long on the 5 min since we have a ZOO point.

Now when we look at the 5 min for scalp 1 we see we are at an average swing low level and we also have a bull div, on the 1 hour we can see there is a nice distance back to the EMA so all in all worth a punt and we enter by putting our toe in the water with our first tentative entry.

We got a tiny hook but our stop was safe and we would be whistling Dixie now hoping the price would cross the 5 min EMA and as it approached it we move our stop to BE+1 and get ready to place our 2nd trade. BUT alas all was in vain as price failed to cross the EMA from a div that means a lower low is on the cards which happened and subsequently stopped out the trade for no loss.

Then we come to the next scalp number 2. Same entry on the EMA 5 min swing with the same inference from the 1 hour.

Again we have a div also at this level, we get the hook but again our stop is safe and this time we do whistle Dixie as we do cross the EMA and entry 1 is safe and protected by the stop.

So now we know where we are going... 1hr EMA

We need to get more entries on namely number 2 and 3.

However we are now on the 5 min chart so look to the 1 min for these entries.

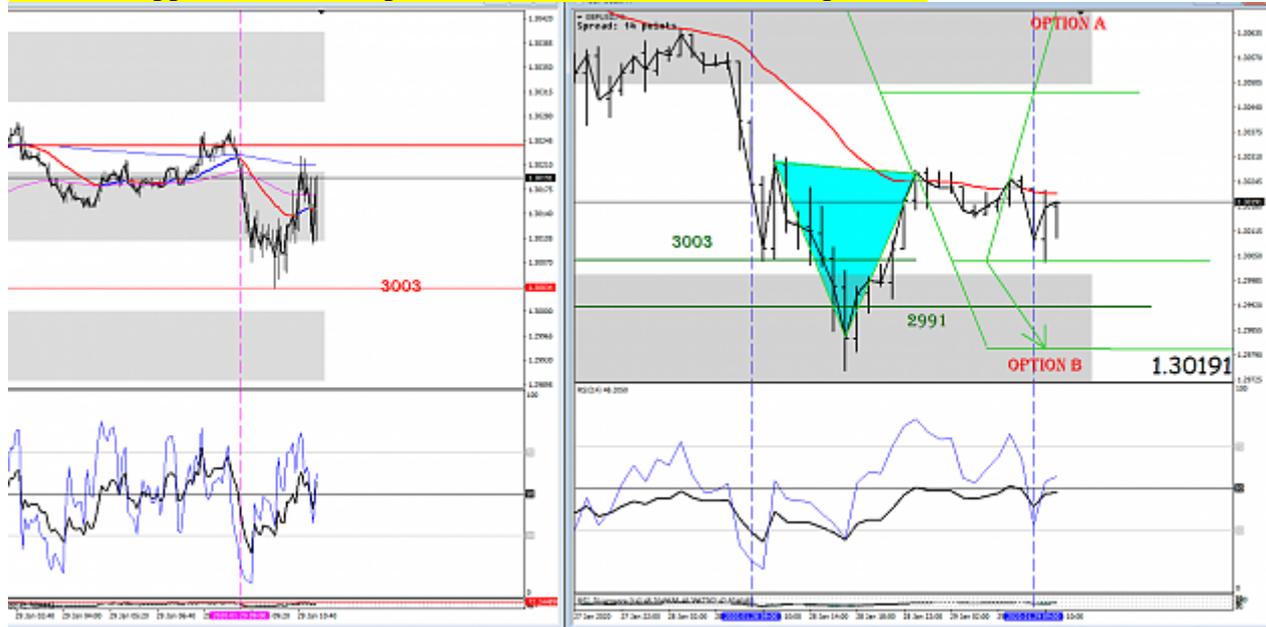
This is how we play the charts until we reach our target point.



[Quoting huskyboy](#)

{quote} bull support???? there's an ABCD on the H1 for the short there was next EMA swing 1.30036

Yes bull support... Because option A here is much better than option B.



Here was the ZOO...



[Quoting KevinOwens](#)

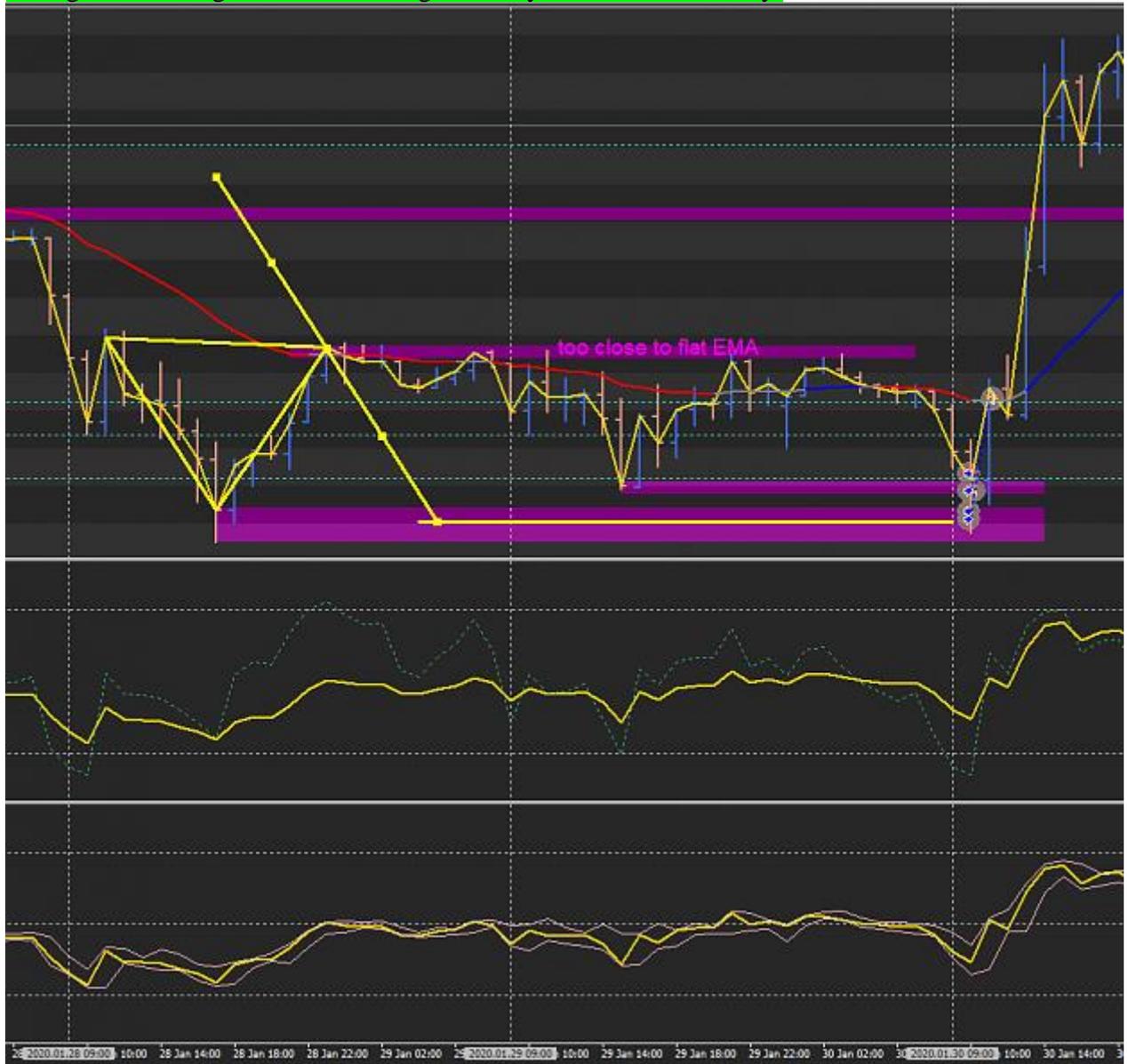
Hi Jazz, were you able to catch that bullish move? Would like to see your trades. I couldn't find proper Zoo's today.

Hi Kevin,

Sorry, I was off and could not respond to what I read on my phone.

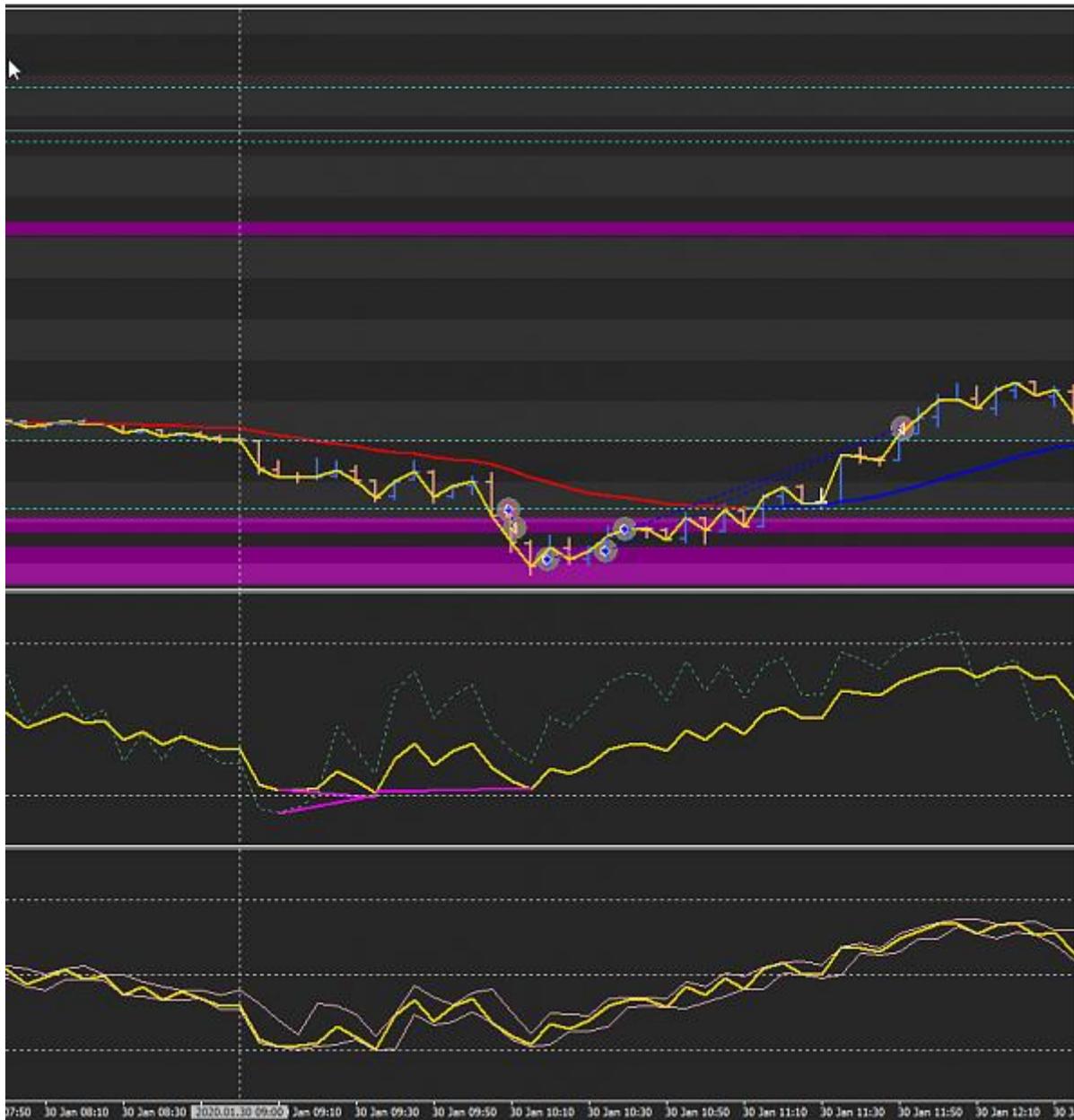
I did not want to do anything around 108 bar because of that flat H1 EMA I had no guts,

altogether with the upcoming interest rate News, I wondered if there would be any move during the morning session. Meaning I had my ZOO's further away.



Ow, also that Daily support line from MrMagnet was interesting

Here are my entries on M5.



That first Long was so so but it is easy to keep the loss tight.

I also had initially a bit of trouble to find good ZOO's, firstly I marked up too many levels but erased several ones.

Look at the ABCD being filled on the H1 chart!

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[Quoting Jazz1964](#)

{quote} Look at the ABCD being filled on the H1 chart!

Filled in divergence at the bear resistance levels... So we look to go long to the much bigger target of 3080 being the next average swing level.

So the ABCD is filled on both sides. However the long option was by far the better option.

Now if the average is to hit the 3080 level then price should hit the 3121 level.

A question we should be asking is if we are just looking for small trades or do we want to catch the much larger ones.



It now depends on how high the average is going to swing because there are some good targets up there.



Quoting asoriga

Just reviewing a few trades from the week and wondering how others would have played them, appreciate any feedback. {image}

I have made a mess of your charts for you to consider.

When below on the 1 hour we should be looking for shorts yes, but, all things come to an end and the div you have is going to send price back to the EMA so if the distance is worth it why not take it?

You haven't put the average swing levels on any charts here, I know not why since this is a major point of the whole system.

It is a combination of all the elements I have described that enable me to read the chart events. We cannot just use 50% of the alphabet to decipher a book.



[Quoting asoriga](#)

Just reviewing a few trades from the week. {image}

I am glad this came up because it helps me to explain why hedging is important to build the trade to maximise the profits in a very safe manner.

On the 5 min chart we see at the top a div where the 3rd hedge was taken. This was the swing average of the 1 hour so we would be expecting a short there being a 1 hour ZOO point.

So if the price is going to swing down again there is little point in holding onto the 3 long positions we have tied up in the trend up.

Our third hedge has moved into profit so we can close the longs and place a stop to protect the hedge

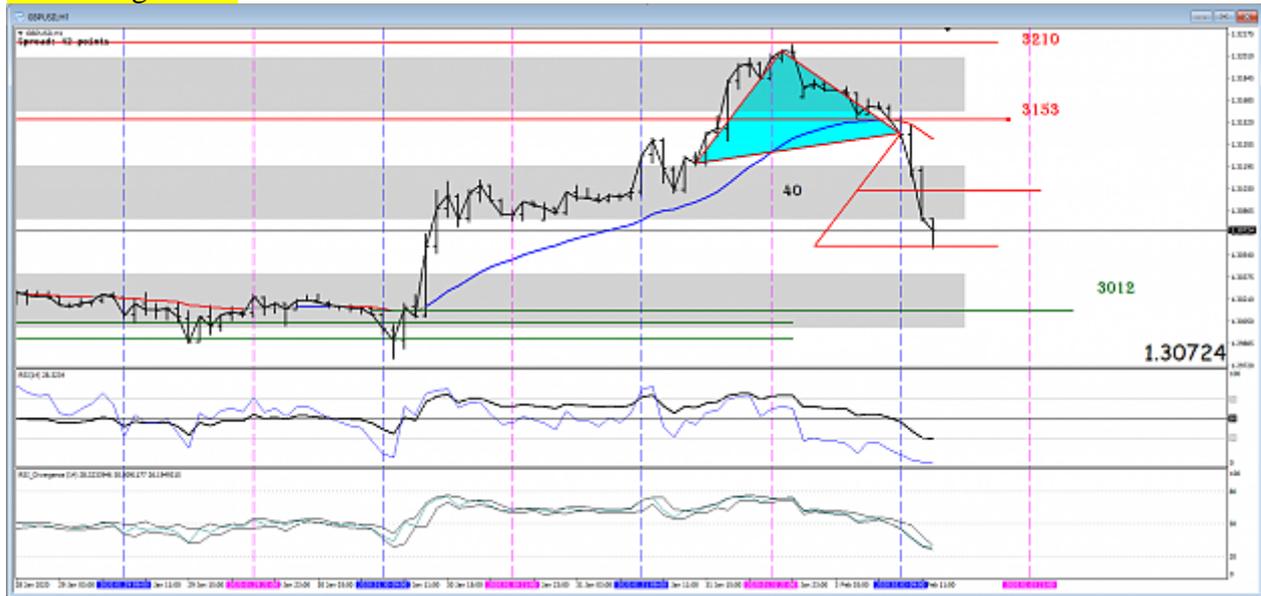
Now the hedge has become the primary trade and we have all our money tied up in it SAFELY. We still have some money left because we made a profit from the previous two hedges and have made a tidy profit from the 3 long entries.

The 3rd hedge moves down and makes up any shortfall for our profit target. We can keep this up indefinitely if we wish, constantly hedging from one direction to the other and can even increase the value of the hedges with the profits collected along the way.

We see on the hour the direction did change and we are at the top of the tree with a bucketful of money short. We can add to this both from profits realised and the equity built into the current winnings..

These short trades would become spread out again and would then be grouped together again with a long hedge at the bottom and as long as you can keep your eyes open you can continue with this.

1 hour target hit...



Putting this altogether we get...

- 1) The 108 start
- 2) Trading below the 5 min ema
- 3) The 1 hour target distance

Though the trade started quite choppy, this is not unusual and several entries could be made via the 2 bar test in the early stages on the 5 min chart.

The very start of this trade would have been the div at the top but this would mean holding a trade open over the weekend... I don't like doing this just in case the world ends.

Day 1 and my \$500 is now at \$1009

Order /	Time	Type	Size	Symbol	Price	S/L	T/P	Price	Swap	Profit	
Balance: 1 009.23 AUD Equity: 1 009.23 Free margin: 1 009.23										0.00	
Trade	Exposure	Account History	News ⁹⁹	Alerts	Mailbox ⁶⁹	Market ⁸⁸	Signals	Articles	Code Base	Experts	Journal

I'm done for the day and look forwards to finding out how this 5 min chart resolves itself...



[Quoting asoriga](#)

{image} Thanks for the response Alan. So to clarify a few things. 1. Once in trade we only look for hedges or exits at swing levels, whether that be 5M or 1HR? In this example, we ignore the bearish div 2 that I had labeled, and the dotted line div right after it. Correct? 2. "Remove all stops when the trade is hedged." What if we hedge and price goes 20 pips against our hedge entry point? And what if on the other side, price passes below our initial buy entry before we get any div signals? Do we just allow these trades to go negative and just assume...

1) We only look for hedges when we feel we are not going to reach our profit target and feel threatened that our trade is going to turn back on us. Of course we can simply close the trade and re-enter in the opposite direction but what happens if the trend we started with continues, we would be giving back our profit taken. The hedge gives us breathing space, insurance and groups all our entries into one level on the chart making it a very safe thing to do. In other words when in doubt, hedge. I wouldn't ignore a div but that is not to say I would take it, the inference was for the 1 hour to go for the EMA so I would not be looking to short these on the 5 min, if I get stopped out, too bad, but I wouldn't have lost anything.

2) There is no point in having stops when a trade is hedged. It doesn't matter which way the price moves from that point on the profit is locked in and remains the same. Our task is to decide when to close one side or the other manually.

3) I didn't ignore divs 4 and 5, that was the 2nd entry level long where the hedge also came off.

4) You answered that yourself with your 1 hour lines. Oh no, the lines stay on until the current EMA swing breaks the previous EMA swing. For an EMA to break a previous one PRICE must certainly do so and Price tends to make the next level/s.

For today we can see the EMA is closing in on the 3012 level on the 1 hour chart. We should be watching for price to break the 2991 level and push down to those lower levels.

Else the bulls will attempt to stop the average moving downwards.

See also on the chart how we can think about the formation of a future ABCD. Until price made that pullback at 3060 an ABCD would not have been possible.

Now how low can it go?



[Quoting PhillipmC](#)

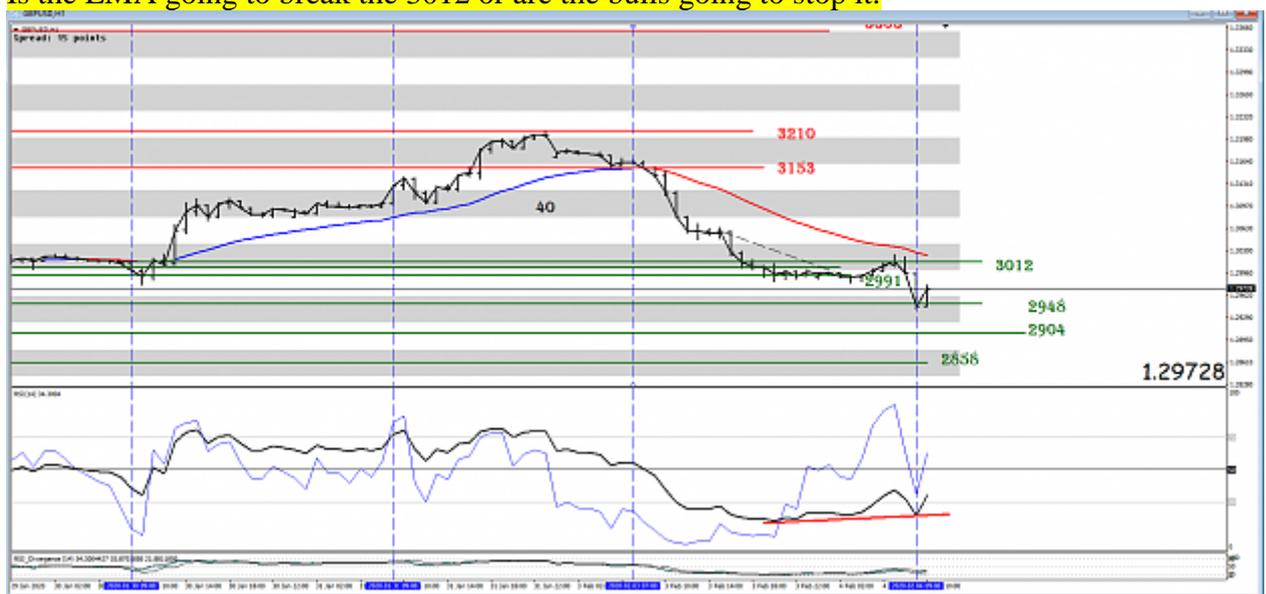
{quote} Nala did U get an entry on the M5 TF ? I was waiting for one to go short but I couldn't see one

Gez wiz there was heaps of stuff to take it short... Plus the 1 hour



This is a bit iffy for my tastes.

Is the EMA going to break the 3012 or are the bulls going to stop it.



It just passed the 50%

C is attacking A on the opposite side of the EMA so we have divergence forming the ABCD

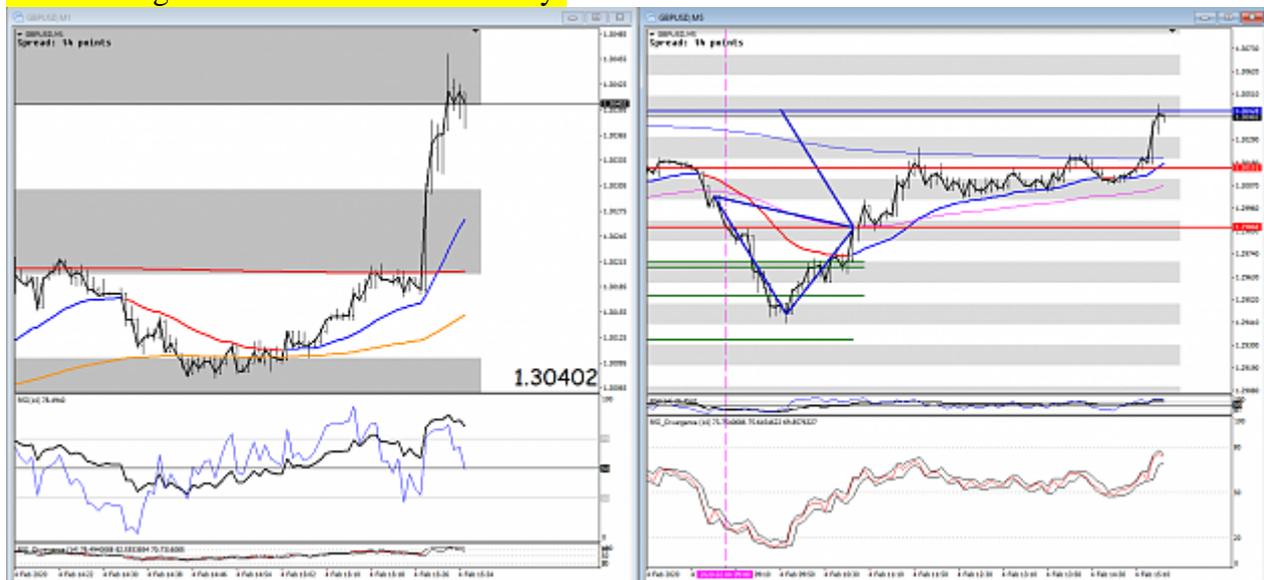


[Quoting hocius](#)

M5 made avg HH and ABCD projection hit

That is correct and for others here is the chart (blue lines)

We cannot get more accurate than that hey!



It would seem many are still having chart reading trouble, no problem I realise it takes time and study so if you are stuck just ask.

One thing that will definitely help is to make a study of the session and try to work out the particular events that happened. Then make a collection of print-outs for referencing. You can also write your own text to accompany the chart so when you read back a month or two you will find you are seeing the past in a different light because the light bulb turned on.

Below is an example of such a chart with the things we are keeping an eye on.

The text would read something like...

- 1) Bull div at B... Two bar test got me in with stop just below (This was also a bull div on the hour chart)
- 2) Not much of a hook testing the div.
- 3) Crossed the expected EMA to form C. Now we have the ABCD and can project the target to D
- 4) Bulls found support, so now we feel more confident.
- 5) Paused for a while at the 50% level allowing the EMA to catch up with the price.
- 6) EMA made the average swing high and the price hit the target D

I have put a box around the section of chart for reference and other things I like to note are the time it takes and what was going on with the RSI.

Hope this helps guys,, and gals of course.



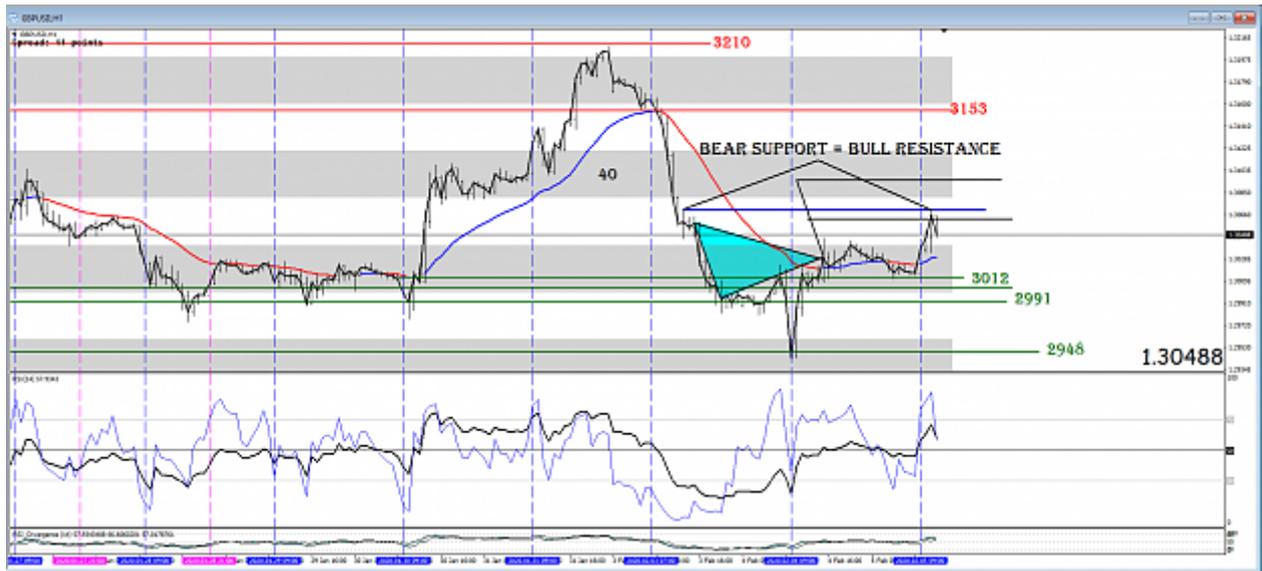
[Quoting mayflower](#)

{quote} I take your point but what confuses me is that Alan put his B on the lowest price close in post 5554

Well spotted I guess I made a mistake there in post 5554 I was rushing through getting the info down pat.

It should have been on the RSI low.

This is how I currently have my 1 hour chart...



I scalped this long to the Support/resistance level

Here I have made additions to show the possible bull support. This is all part of the journey up to 3153 which may be stopped by a bear div.





There we go bulls couldn't find support and bears changed the direction down to the lower D target...amazing huh!

The EMA has now made the LL.

This goes to show how we cannot think trades we have to go by the evidence presented to us.

[Quoting huskyboy](#)

20 pip range 🤖 ABCD M15 and M30 both have D @ 29715

MM I have just a ten pip range



[Quoting asoriga](#)

{quote} Ok, so that is why we disregard the two prior bull divs before the one at ZOO 1.3140, we only look for divs at ZOOs - with the 1HR ZOO points at 1.3102 and 1.3140 being swing high levels. Then why do we not take the RSI div circled at the 1.3140 ZOO?

Because Price already dealt before with that EMA swing high, and the M5 is making EMA HL and HH is nearby. Within an H1 trend.



Finally trading Structure and PA only

Somebody asked via PM why I shorted that, from RSI Perspective.

Here is a clue



but more important to me was the M5 EMA and M15 EMA swings going for LH and LL and the H1 EMA direction being solid.

What the EMA's are doing is what I keep in mind.

Plus I am aware that 'they' wanna sell expensive and buy cheap.
Tight stops!

Now I am really off 😊

Finally trading Structure and PA only

-  [MrMagnet](#)
| Joined Apr 2017 | Status: Member | [52 Posts](#)

Quoting asoriga

{quote} Thanks for your previous analysis as well. {quote} It does help MrMagnet, thank you. Will be reviewing this because I'm struggling in taking guidance from price and divergence as to where they will take the ema on the higher TF. For example I had trouble with yesterday's price action. I saw the first bull div and assumed this would fail to bring the ema below ZOO 1.2947 and thus would bring price back to the opposite ZOO at 1.3031. Hindsight is Long (Similar to how the bull div in the 4HR chart in your analysis brought price back to the...

When we look back in hindsight we all see the zoo and the divergence that was the exact point where the market turned. So I guess what the underlying question is which divergence is the one to take to pick the end of a trend when divergences and zoo points can fail when making decisions in real-time. If we look at a chart there is a divergence then a support and then a trend, at times a hook in between the div and support.

This is a good example on the 1h where there are 5 divergences that haven't done anything. On the 5m there were multiple divergences with 2 bar entries. So plenty of signals to go long. Now on the 1m out of all those 5m and 1m divergence during the 5 x 1h divergences, there was only 1 instance where the bull found support but only for a short period of time. Every divergence needs to be looked at for what it is on each occasion and we don't know which one it will be exactly within zoo's. We can only gain confidence when the 1m completes and hold each stage as we adjust our stops accordingly. The stages are a divergence, a hook if one, an ema crossing, a support creation and then price making higher highs. The same goes for the 5m and upwards. So when these higher time frame divergences happen just have a look at the 1m for the supports in the other direction to gain some form of certainty. Even entering on the 1m support can give you good RR with your stop just under the support with the higher time frame divergences.



[Quoting MrMagnet](#)

{quote} When we look back in hindsight we all see the zoo and the divergence that was the exact point where the market turned. {image} {image}

Hi MM

Sorry been away a couple of days.

Looking at your charts here and see you are doing exactly the opposite of what you should be doing.

The trend is down so why look for bull signals it is the bear signals you should be interested in and yet you have none of them marked.

We only look for the bull signal when we a possible ZOO point on the hour chart. We can see

on the hour chart that the bears are still continuing to pull down the EMA so there are no longs to even consider.

You will always get lots of bull divs on the 5 min when the 1 hour is trending down. These are not what you look for, look for the continuation divs with your test lines on top not below as you have them.



[Quoting huskyboy](#)

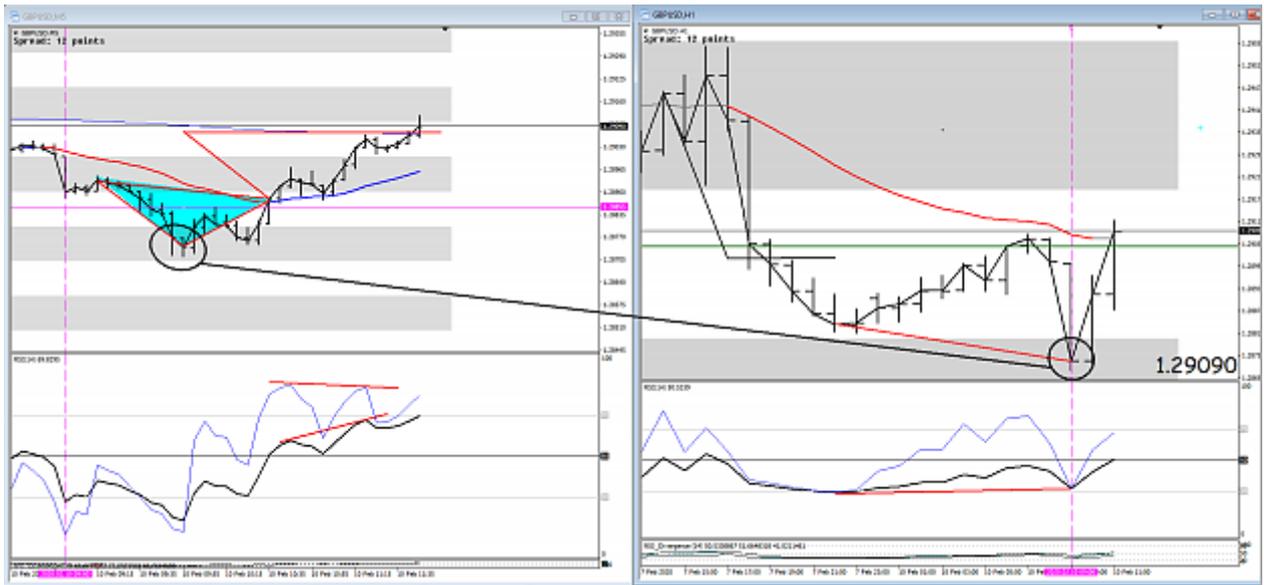
{quote} so agree let there be a bullish H1 divergence (the first one), so from that point on we are searching on the M5 to find a bullish setup (we are not purely entering on the H1 divergences only but from that point on we are looking on the M5 to get us in the direction the H1 is indicating and in this case a scalp long since we are below the EMA) but did the M5 provided an entry? Don't think so. Now on the second bullish H1 divergence the M5 provided an entry so we could have entered that one targetting the H1 EMA (but only a scalp).

Also to add to this, suppose we did take the trade.

We would have lost almost immediately by being stopped out. This would have been a small stop out and only on a first entry so the loss would be tiny also.

That is precisely why we have stops in the first place. This allows us to get out with little damage so we can get back in in the correct direction and not only recoup our money but make a profit also. We would be looking at the EMA now making this level because the price has passed it. If the EMA is to make this level then the price will be making for the next level.

Did everyone get paid?????



5 min chart looks like this now...



That is as good as I can get it...



Quoting asoriga

{quote} Why do we take the most recent bull div but not the previous two, what is the difference? What is the ZOO point in the 1HR chart for the most recent div? Also, I'm still not clear if the first of the three bull div's should be considered as being at a ZOO point (1.2947). Thanks. {image}

This has already been answered, however...

Who said we would not have taken the previous two. Most likely we would have.

But recall the reaction of divs, they send the price back up to the EMA to look for support on the opposite side. If they fail then the price will make a LL than the div. Therefore to prevent a significant loss we place a stop below the div until we can get it to B/even.

You have three shown.

The 1st one failed quickly so you get stopped out.

The second had a hook retest before moving to the EMA but couldn't find support on the opposite side...A lower low is coming

The third managed the cross, found support and ran to the average swing level.

Being stopped out for a small sum is nothing compared to the reward. Once the direction is given by the hour chart the multiple entries can be made in the direction via the lower time frames.

The process is simple. NEVER add to a losing trade, always COMPOUND a winning trade. This alone puts the mathematics highly in your favour for being successful

If we are going to specialise in divergences then we have to consider beforehand what our options are.

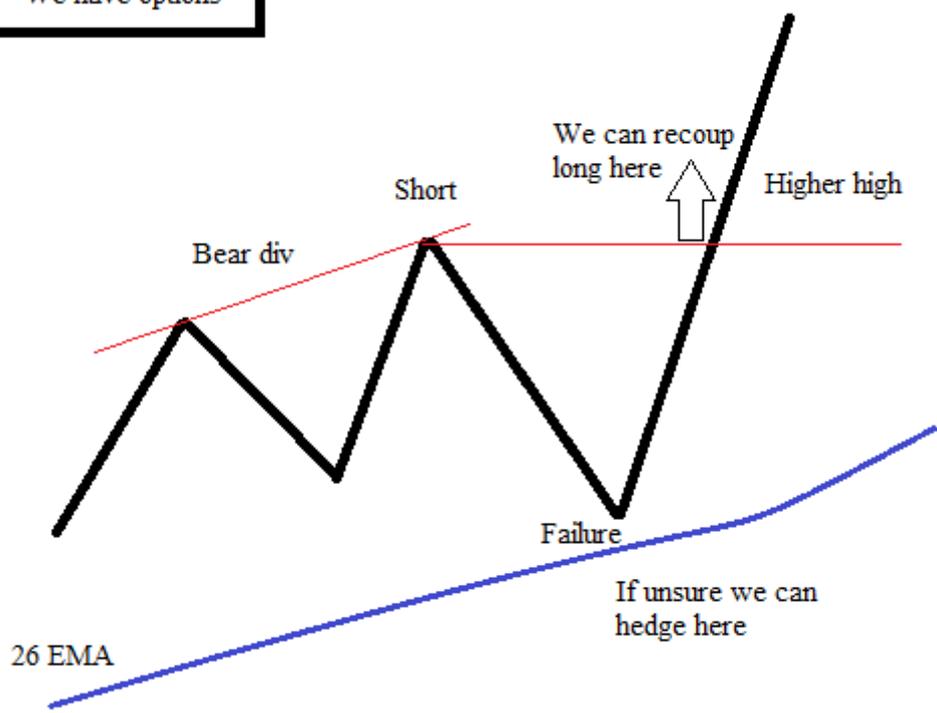
Suppose the diagram below is a 1 hour chart and we manage to go short via the lower time frames.

As price approached the 1 hour EMA we may have seen trouble on the lower time frame so we could simply hedge and wait and see.

If price does indeed fail the 1 hour EMA then it is going to make a HH than the div level.

Alternatively if we don't hedge and just get stopped out we can recoup any losses with the HH

We have options



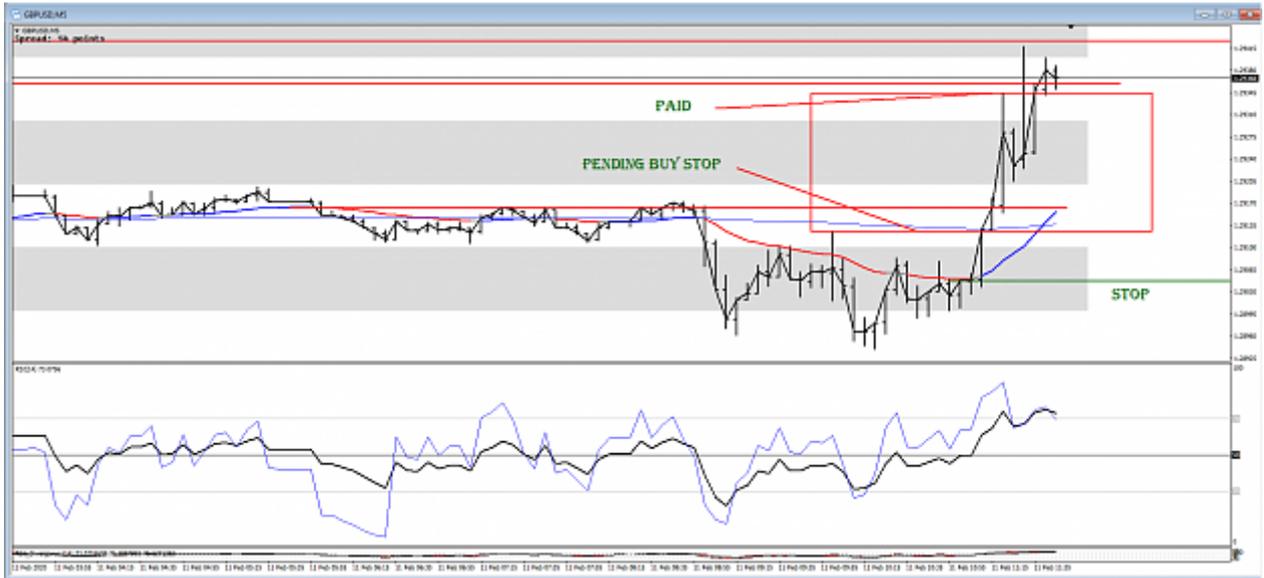
It is not for me to tell you how to manage your trades, you have to do a little thinking also.

If the EMA on this 1 hour chart is going to swing up to pass the 2942 swing then price will attempt to make the 3033.

We have a possible AB = CD to start it on its way.



Ha that is funny... I put a pending buy stop on top of the range with a 20 pip TP. Come back to the PC and I have been paid. 😊



So what do we have here... Looking at this 5 min chart

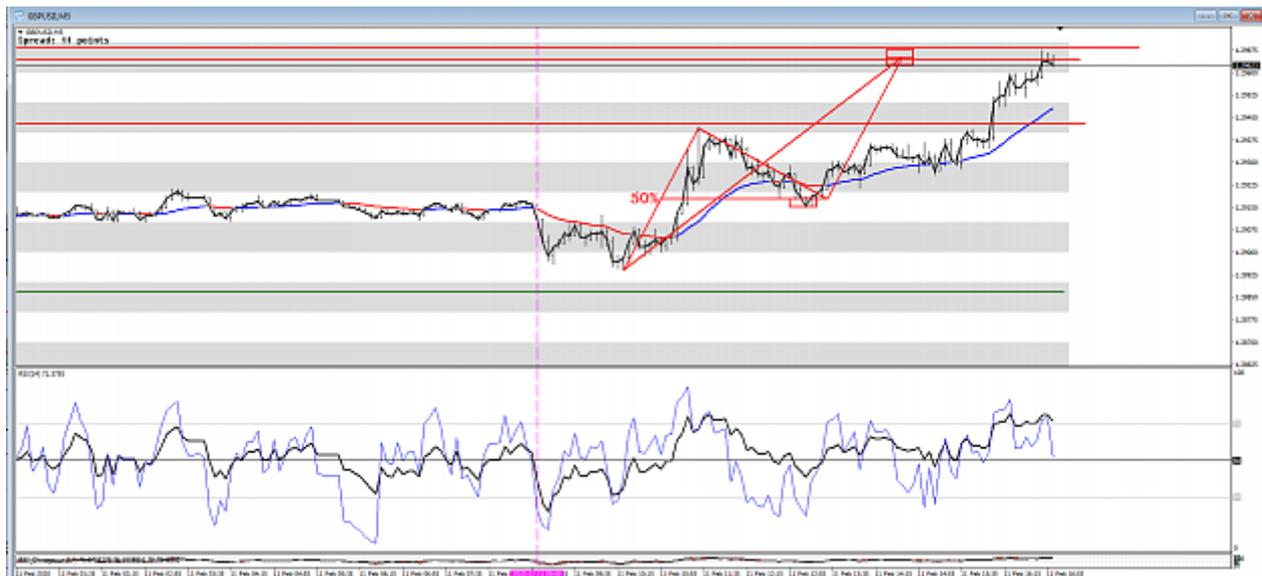
A was the div..

B was the hook

C was the support

If X is going to cross the EMA swing then price is going to Y





Same old same old... Let me know if anything ever changes! And as Jazz pointed out the other day it hits in divergence

Hocius drawn like this...



[Quoting huskyboy](#)

{quote} once i see a continuation divergence and A and C are at the opposite side of the EMA 26 i draw my ABCD with the MT4 triangle tool. I use the fib tool to project the D levels.

I check the options for the most favourable and go with it after testing for entries.

Here we see option A was the better deal...



[Quoting logic38](#)

Hi Alan thank you for your excellent trading system, I have been following the thread from your very first post, its certainly helped me to increase my account funds. So I have been waiting this week for a nice big payday move, today could have been it. but all in all i ended up with a small loss and the disappointment of missing the move up, I see bull divergence on the one hour, then entered on the 5 min chart bull divergence, and bull support. it seemed a lot of work for me today with no result ha ha. Did i do things right? how can i improve....

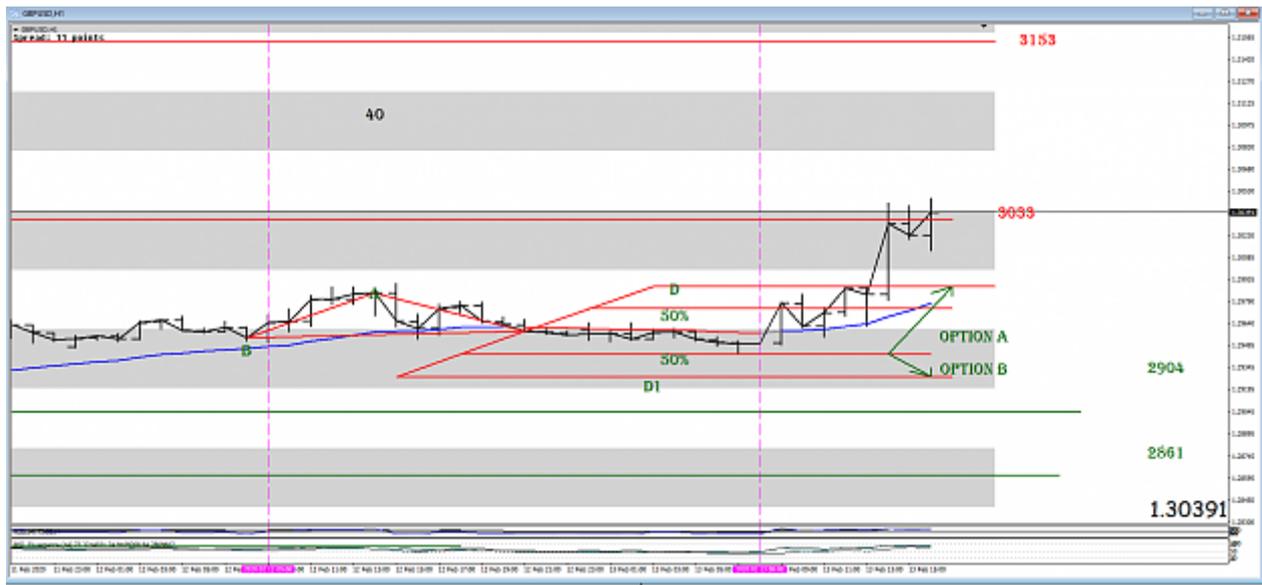
Boy oh boy you have a busy time.

I look at the 1 hour chart and ask myself where price appears to be heading, i.e. which swing level. For this I had the 3033 pegged from yesterday.

Then I look for the setup which can set the ball in motion, either a div, ABCD or $AB = CD$ or whatever.

Look how it hit the D target in an RSI div but the bears failed to make the EMA crossing let alone finding support below it. So price is going to make the HH than the div. The very next logical level is the 3033. The next level after this is way up at 3153 so if the EMA is to pass the 3033 then price should hit this 3153 possibly tomorrow.

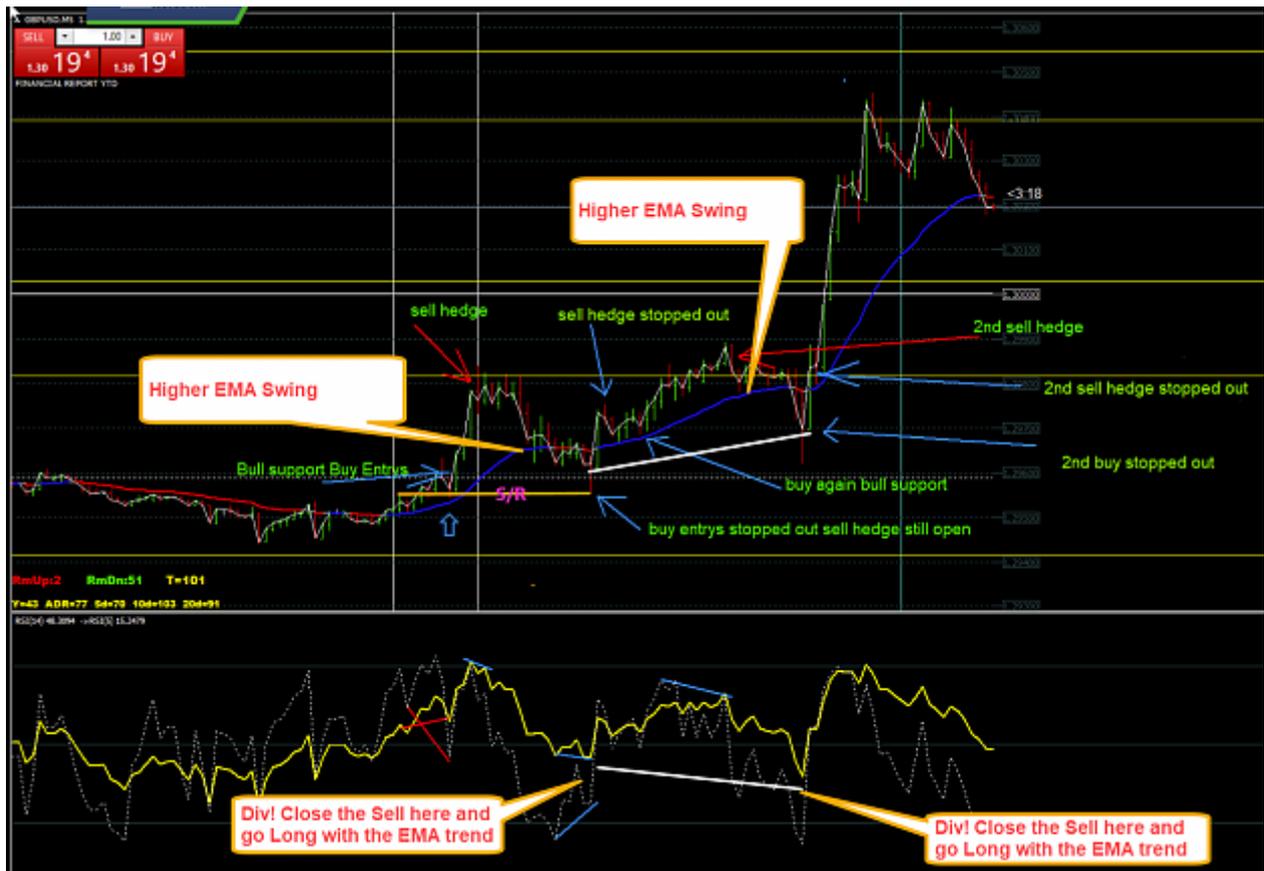
Once I have the direction and possible distances worked out I can then trade in that direction via the pull backs on the 5 min chart.



[Quoting logic38](#)

Hi Alan thank you for your excellent trading system, I have been following the thread from your very first post, its certainly helped me to increase my account funds. So I have been waiting this week for a nice big payday move, today could have been it. but all in all i ended up with a small loss and the disappointment of missing the move up, I see bull divergence on the one hour, then entered on the 5 min chart bull divergence, and bull support. it seemed a lot of work for me today with no result ha ha. Did i do things right? how can i improve....

In addition to Alan's great remarks, this is my thinking process: As Long as the EMA is in a clear direction, I expect that a price drop from a high is profit taking and I expect 'them' to buy again on lower prices. So when I see those bull div's I don't close my Buy position at BE+1 but instead close the Sell in profit, meaning I join the Buyers.



Finally trading Structure and PA only

[Quoting des b](#)

Hi Folks. Hope this helps. not 100% confident but think its about there Cheers...Des {file}

Just a couple of things Des.

1) Can you add another dashed line off the C point because if price tends to keep criss-crossing this level it is generally ranging sideways.

And questions are...

1) Does it leave the triangle in place and cancel the target lines once they have been hit.?

2) What is the trend line on RAY for, is it the current direction?

Looks like you have done a good job here, well done that man and thanks from the threaders

Whoops! just found an error.

Look at this 5 min chart and see C was not attacking a pivot but rather a flat spot on the RSI. The actual pivot was below the EMA so this is just a regular continuation divergence with no target defined.

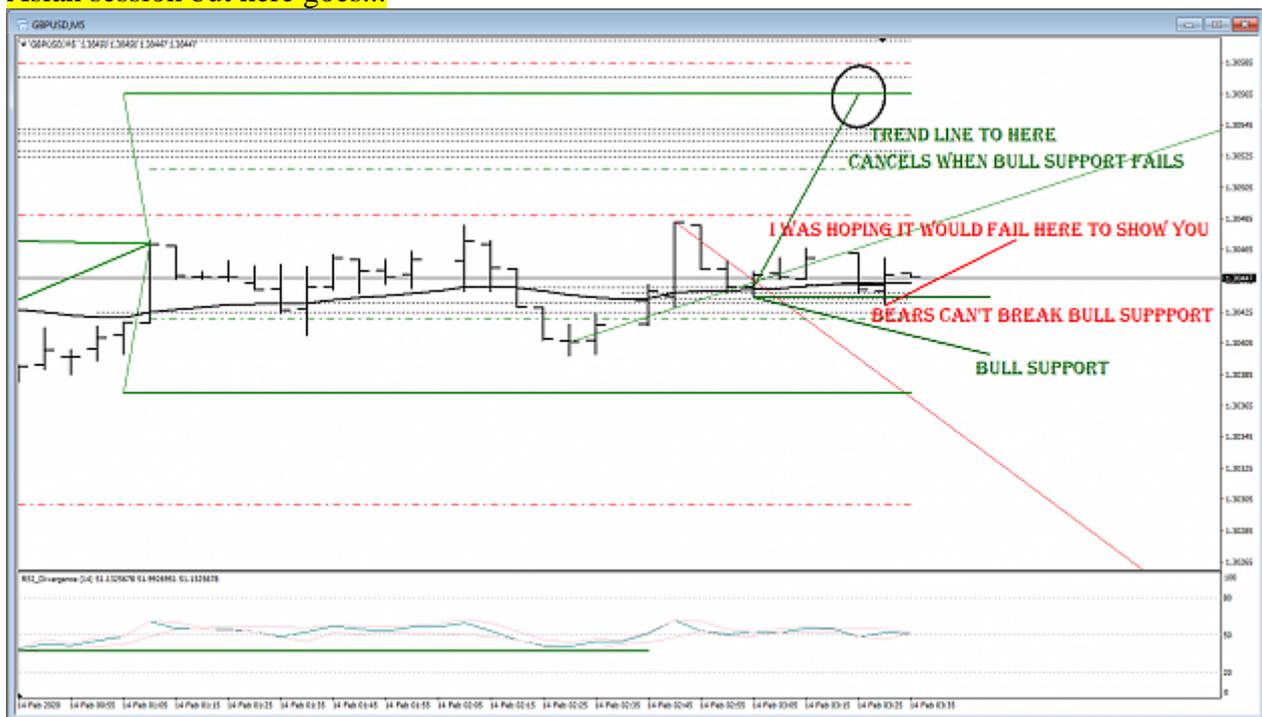


Quoting des_b

Hi Folks. Hope this helps. not 100% confident but think its about there Cheers...Des {file}

I can't figure the purpose of the RAY lines.

I would suggest the following for a use of them... This is not the best situation being in the Asian session but here goes...



When price finds support it is a fair indication it is going to run to the respective target... In this case bullish off a bull support.

So the Ray begins at this support and ends at the bullish D target.

The line closes if the bull support is broke by a close below it.

Hope that makes sense...

Today we see we have had a series of impulses over the last couple of days pulling the EMA up to the 3033 average level.

The question is are the bulls going to make the HH or are the bears going to stop it.

We have no idea so we simply sit on hands and await some signal.

If the break is long then 3153 is the logical level. If the break is short then the logical level is 2956



For me the good point of a hedge is that I have to stay active to make the decision how to go on. In that way it is different from going flat, which influences me by being less sharp. The downside of a hedge is that it costs spread + commission, so hedging a hedge is not something I will consider.

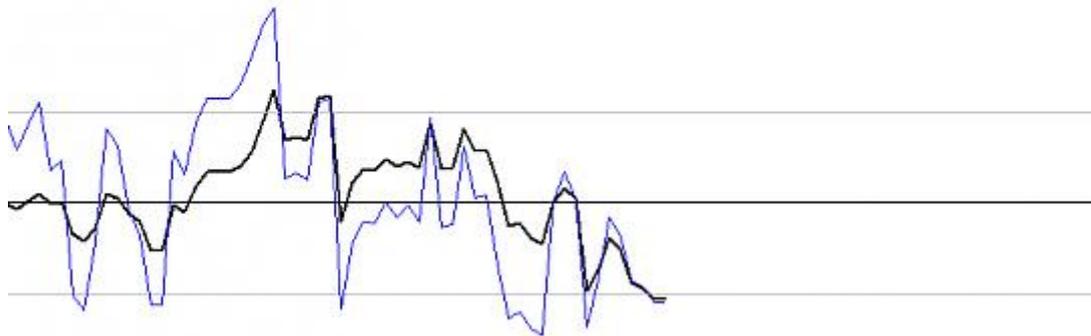
I do think that stophunts exist but not per se exactly as we have those in mind, after the fact being showed by a pinbar which took out a previous high or low. Btw, such bar does not effect the EMA. The more I became aware of the Hooks, I have the idea that the BE+1 exit is something many traders apply to their trade, meaning there is a liquidity node *within* recent price action (where the hooks occur). That's the liquidity they want to grab and that makes the hook. Which makes me question if the BE+1 exit is the best we can do and I hope you have an idea on this, Alan. I am still not sure what to think about this.

Talking about possible hook situations, I question myself often enough if defending my funds with the BE+1 exit is the most important and logical thing. Especially when we go with a small first position, the funds at risk is small. I just don't want to be a victim of a hook.

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It is driving me nuts why people are not getting this...

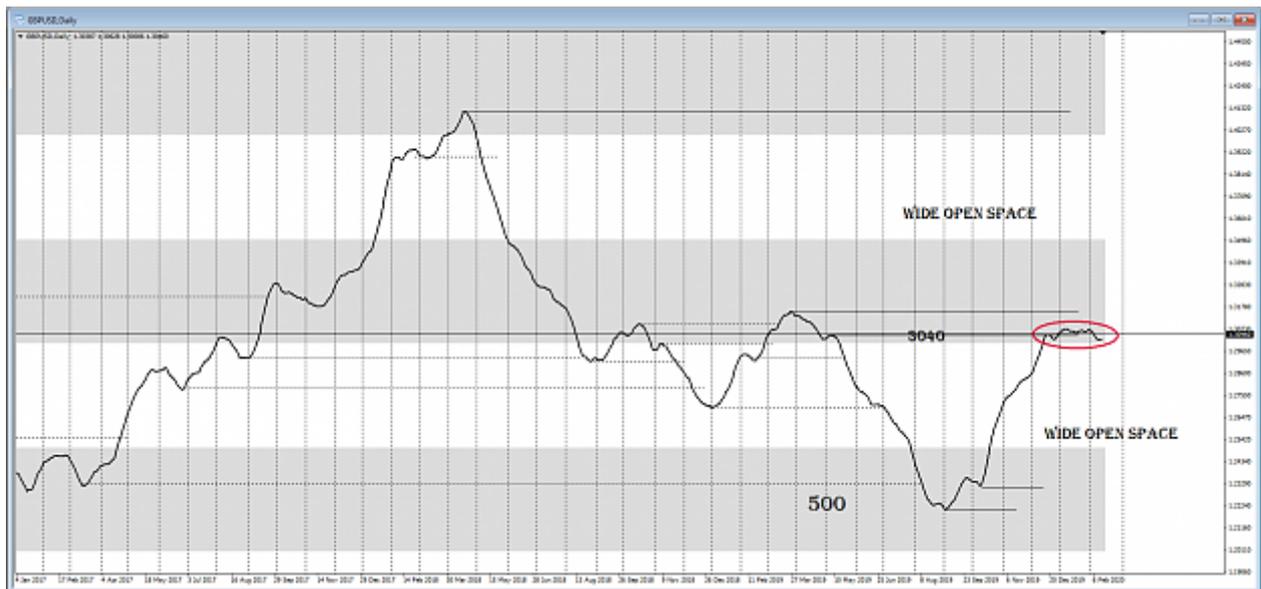
5 min chart



All the talk about it is going up/down in the forum and yet I don't see any evidence for much movement at all just yet.

The daily chart has been stuck at this 3040 level for months.

We need to see a big break and these usually follow lulls in the market. So we could be looking at fireworks in the not too distant future.



Friday saw the execution of the 1 hour target. A ABCD triangle.

On the 5 min the same target destination was given as an $AB = CD$



Now sitting on hands awaiting the next setups to form.

[Quoting KevinOwens](#)

Today was a very difficult day for me. **Higher timeframes and EMAs are more towards bullish.** But the market went bearish today. I couldn't find solid ZOOs either. Alan and Jazz, can you guys throw some light? I would like to see how you traded today. I will be very happy to see analysis of both of you. I'm sure I missed a few important details. Hopefully you could show the way. Thanks!

I couldn't see much myself just a 20 pip ABCD on the hour which I consider not worth the bother of a 10 pip risk.

There are these days when it just isn't worth your time and effort we just have to accept the

fact we can't trade if we don't get a decent signal.

I watched the old movie the Wooden Horse on tv instead.

The market tends to act like a bouncing ball with smaller up and downs until it is picked up and someone runs with it in a stronger direction then we get the fight backs and all the other stuff.

At our 108 open on the hour price was sitting on the EMA so this is neither bullish nor bearish... it is indecisive. i.e. is it going to bounce or cross? Just guesswork.

In situations like this when we don't have much to go on from the hour chart the 5m may give us some much smaller trades to have a go at if we really must trade at all. Take a look at the 5 min below there wasn't much in the wind at all.



[Quoting 44johnw](#)

{quote} Hi Alan I had the C point on your 1hr ABCD **the next bar** on as the point you had on mine closed above the EMA, So with my ABCD I had actually bounced of the 50% level. It did complete the ABCD I had on the 30min. Cheers John

Well there you go it just hit that targeted level 34 hours later.



PS. I have put the indicator Des has made on a single 1 hour chart so it looks nice and neat, very easy to see and a great job by Des... Thanks

The red EMA is the 4 hour

[Quoting des b](#)

Hi Folks, Amended code to ignore flat line RSI's Cheers...Des {file}

Check this out Des



Interesting to note that both ABCD's were hit



IC I have just worked out what has happened here with these two trades.

The div at 2 came before the target for div 1 was hit so it would have stopped out the trade 1

Subtle stuff hey!



I always look for the answers to these things because that helps with the learning processes. Anyone who thinks they know it all is delusional.

You should note from this that when the trades begin with a Div at that time we have no idea what the target is. The target distance comes later so we just hold at the div unless stopped out. This one was a real roller coaster of an ordeal.

That was one heck of an epic struggle for 62 pips.

Now this is strange the. The D and 50% lines have dropped off and the C line has moved to the correct place but not dropped off...



Crazy man now the old wrong C line has reappeared along with the correct one?

Should not all the lines vanish as the target is hit.?



[Quoting 44johnw](#)

{quote} Mine hasn't changed Alan, it's still the same as your first chart you posted

I just shut down and restarted MT4 and now I just have the one line again.

I am inching up my stop, nearly at BE

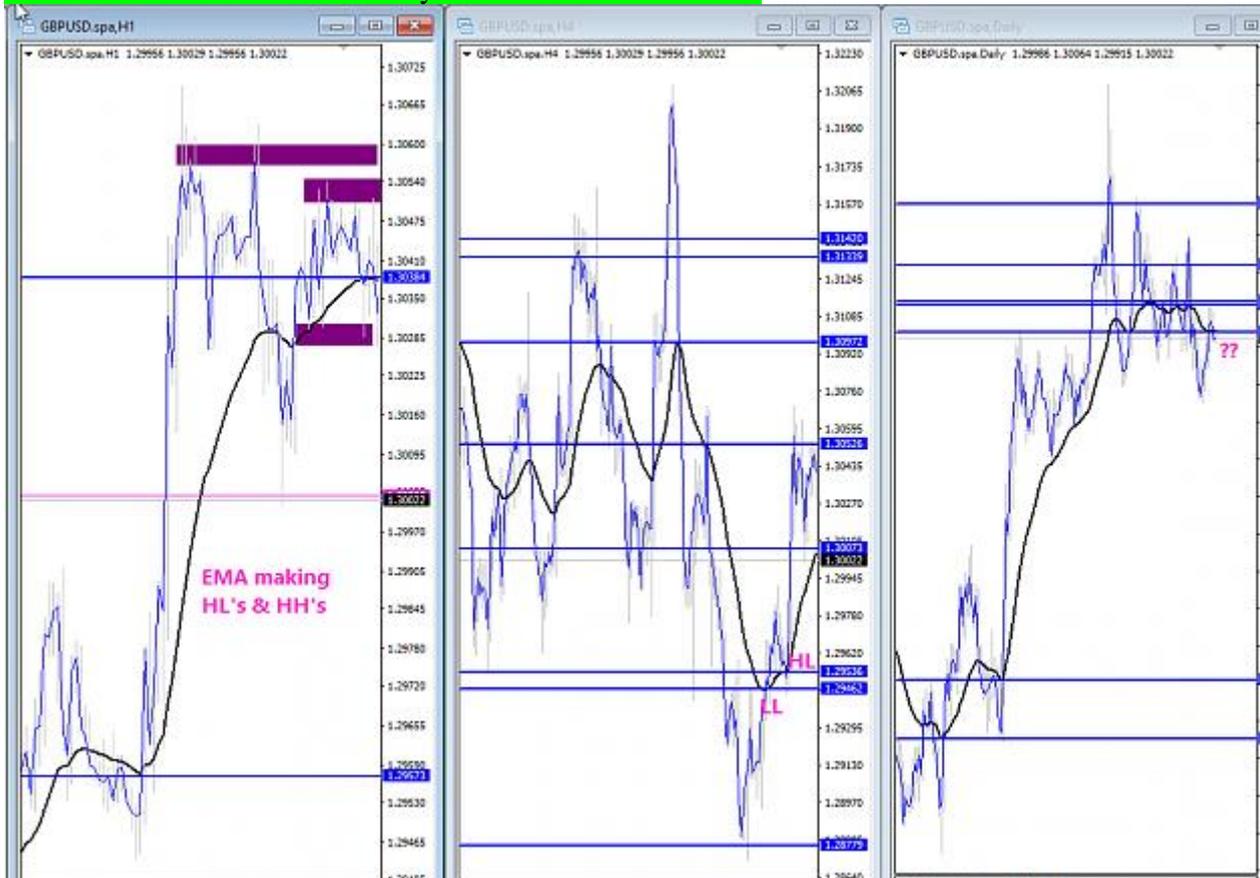


[Quoting KevinOwens](#)

{quote} Thanks for the explanation Alan. Maybe I should sit out on these indecisive days. I wonder what kind of trades Jazz took.

I had Alan's remark in mind, that he was sitting on his hands. That brought me in a very long hedged situation.

Here is what I did. First the analyses before I start to trade:



D1 tricky stuff

H4 although it made a bit of a HL, I had doubts on making a new HH

H1 in serious uptrend. But what is its border when we know the H4 and D1..?
In that H1 uptrend, I wanted to Buy the then-Yesterday's low with M15 and M5 in bull divs.



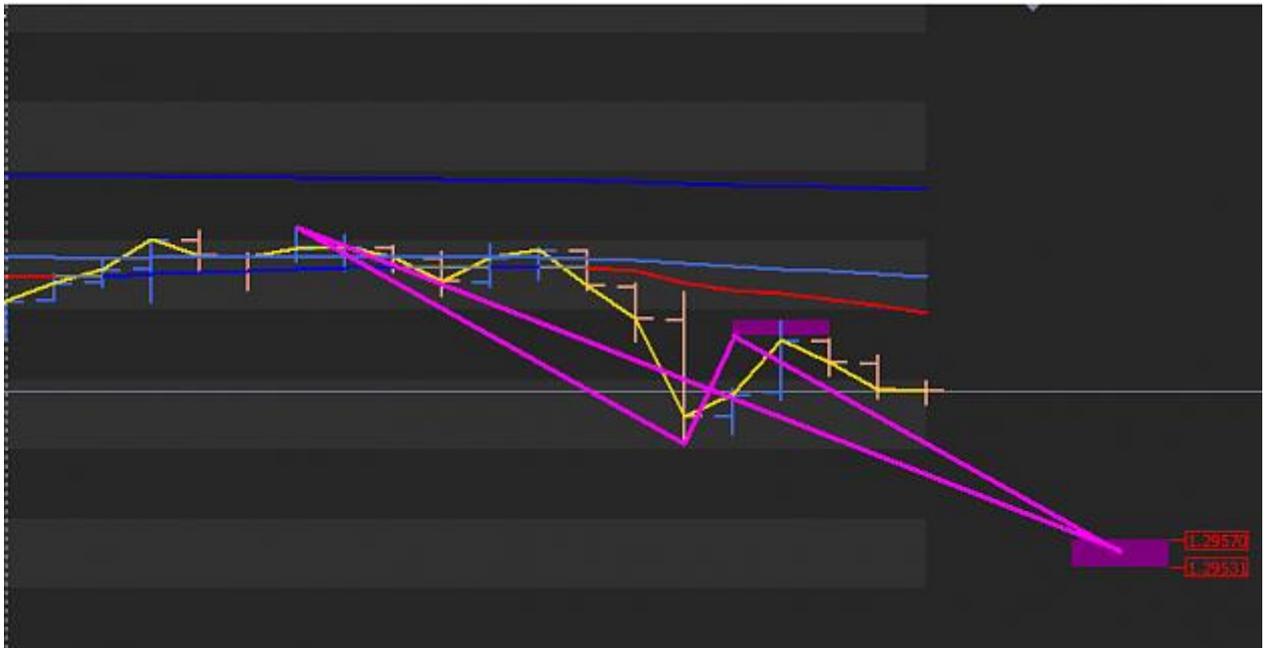
And Hedged at the Zoo above in M5 div.
From there I didn't know how to go on, took a coffee, another coffee, a break, and at a certain point it was the EMA's guiding me to release the hedge and go down to the M5 swing low.
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Yep and once again I am sitting on them.

Look at this 1 hour chart, even if price did make it into the zone where I have the X it would still be a small target.

Waiting for better days.....

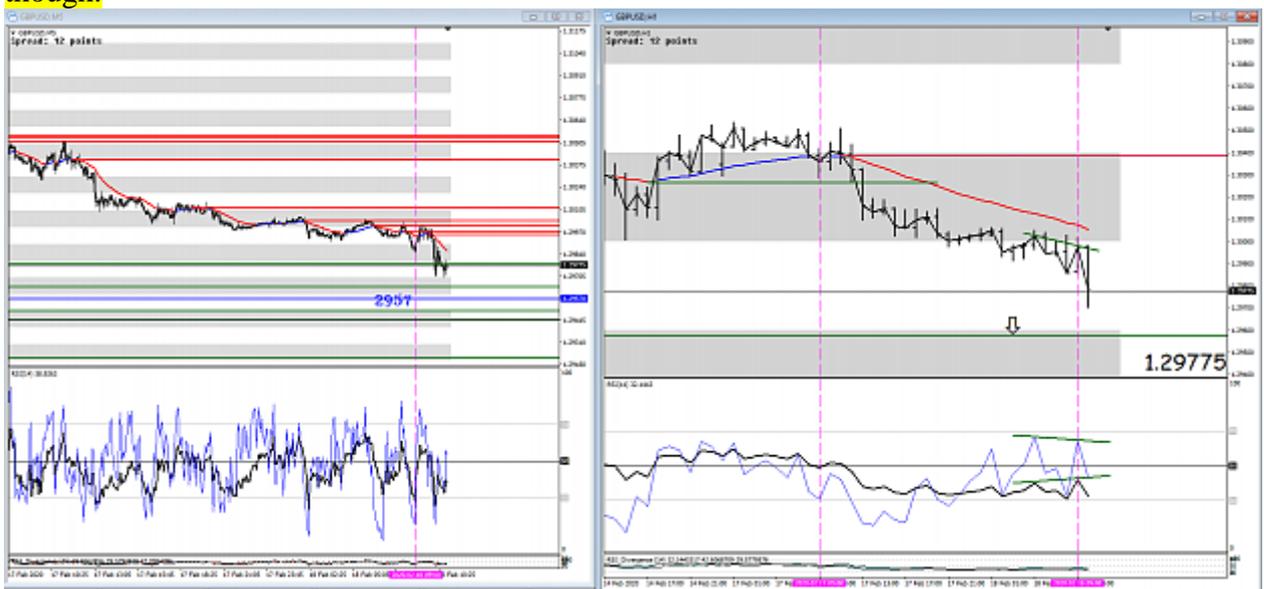


Indeed



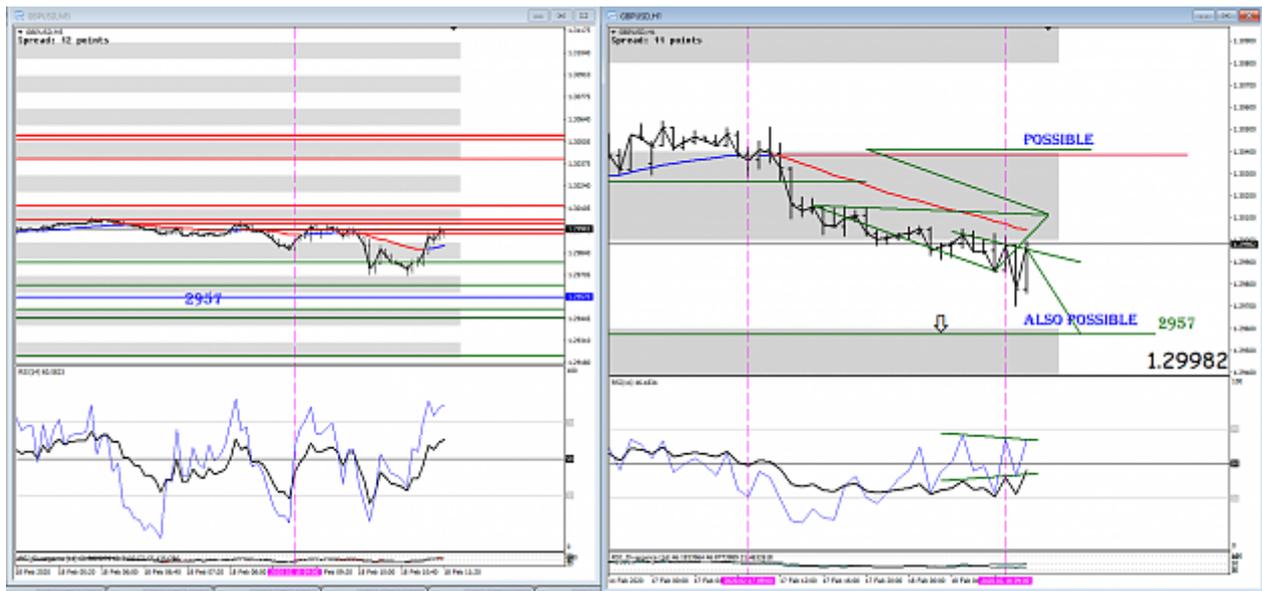
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Well I cannot see what else this could be. The target is toooooo small to get interested in though.

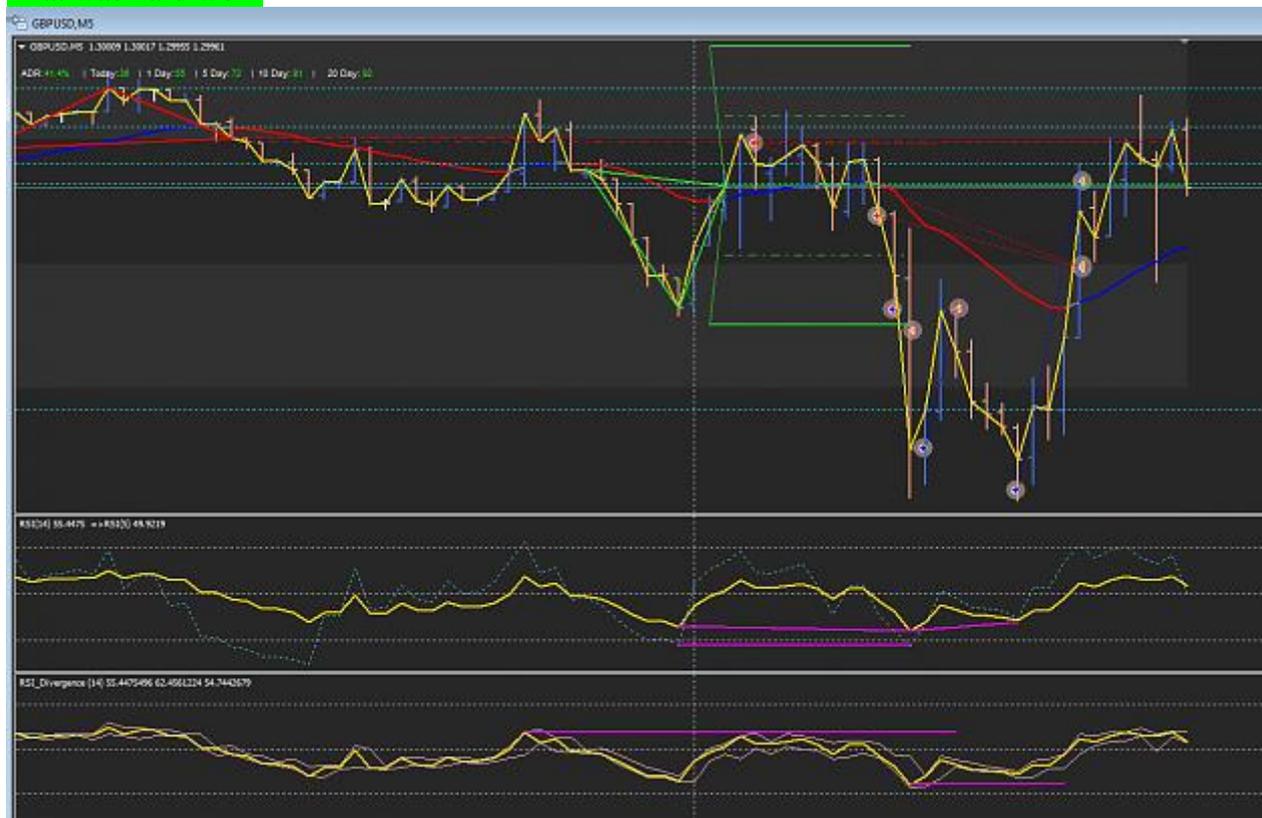


This now has the potential to be long and make an average swing HH on the hour if the EMA fails the LL

Not at all clear today hey!



That was hard work



H4 EMA Bears holding

H1 EMA resistance, printing Bear Alan's div

M5 Bear div's into this H1 EMA which is a horizontal level too.

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Just look at this crazy battle over a few pips



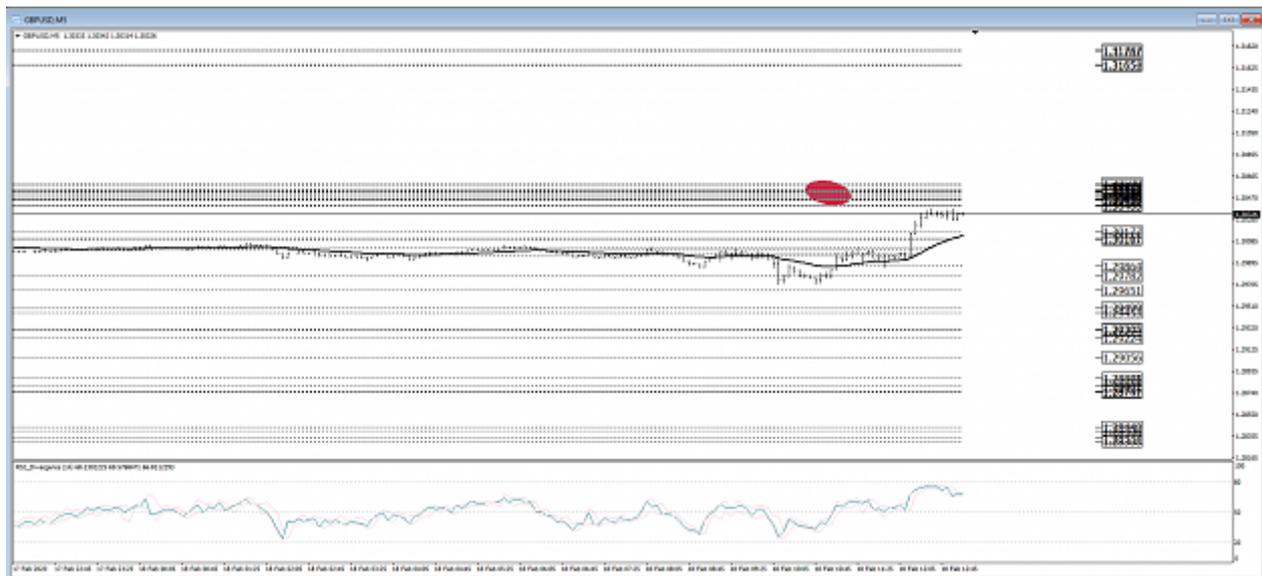
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 Probably no signal just run for the high



The next level of average swing is 3153



Well it made that with no worries now if the EMA is to make the 3038 then the price should make the 3153



[Quoting 44johnw](#)

{quote} Alan is it possible it could be this or can I not do it like that {image} Cheers John

No you have missed a pivot



[Quoting des_b](#)

{quote} This is actually disabled just now as I don't want to create spurious emails, I will look to enable it when the indi is a bit more stable. Cheers...Des

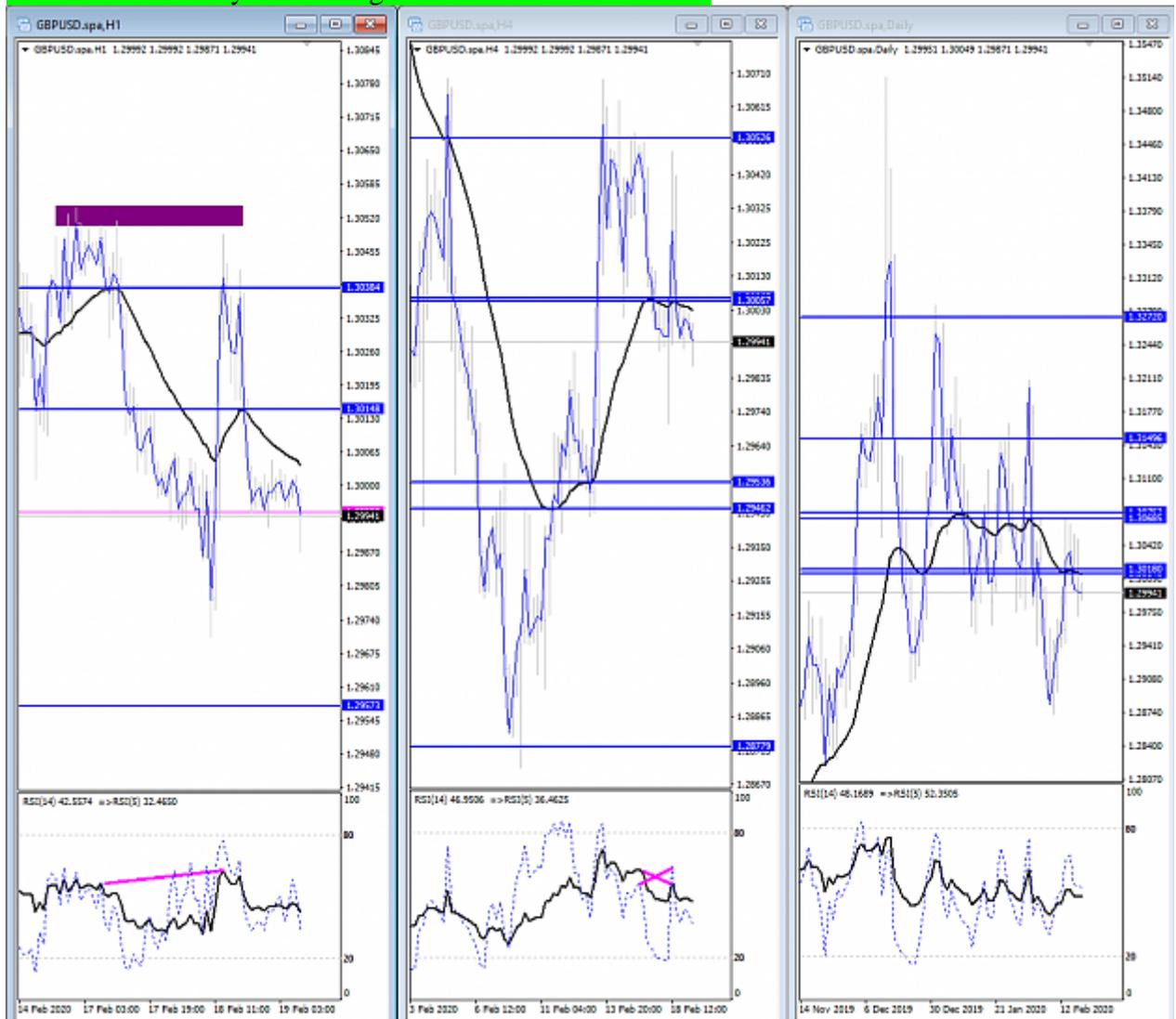
Good morning Des.

Some of the C levels are still remaining on the chart (V1.4)

Interesting though how these levels are tested time and time again



Good day everybody.
 So what to do today. First thing I check is the white charts.



What we see is the Daily weakening a tiny bit. Yesterday a tentative HH swing is printed and today if it is a downbar, the swing low will be broken at least a tad.

H4 printed a LH and broke the swing low.

H1 made a clear LH and broke the swing low.

I will be looking to short the market, H1 target 1.2878

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The range is still so tight with 16 pips today.



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I see a very flat market as price just creeps along the daily and weekly pivots on the daily chart. This is reflected by a tightish range of movement on the 1 hour chart.

I will probably watch TV myself.

Look in a little later...



Trading from a ZOO



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[Quoting huskyboy](#)

{quote} that ZOO is a 50% level of a possible H1 AB=CD targetting 2956

Yes you are right! I didn't see that but here it is:



Chart also showing my latest short with the exit at the ABCD target.

Daily target reached.

Thank you Allan for everything 🙏

Thank you Des for the great indicator 💡

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I am again amazed how all these elements fit together in a very precise system.



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Bears did not keep it below the H1 EMA at the close of the bar.
M15 and M5 very close to make a HH swing
I am in a bonus trade which will end either in 40 pip TP or BE+1. Not going to watch it.

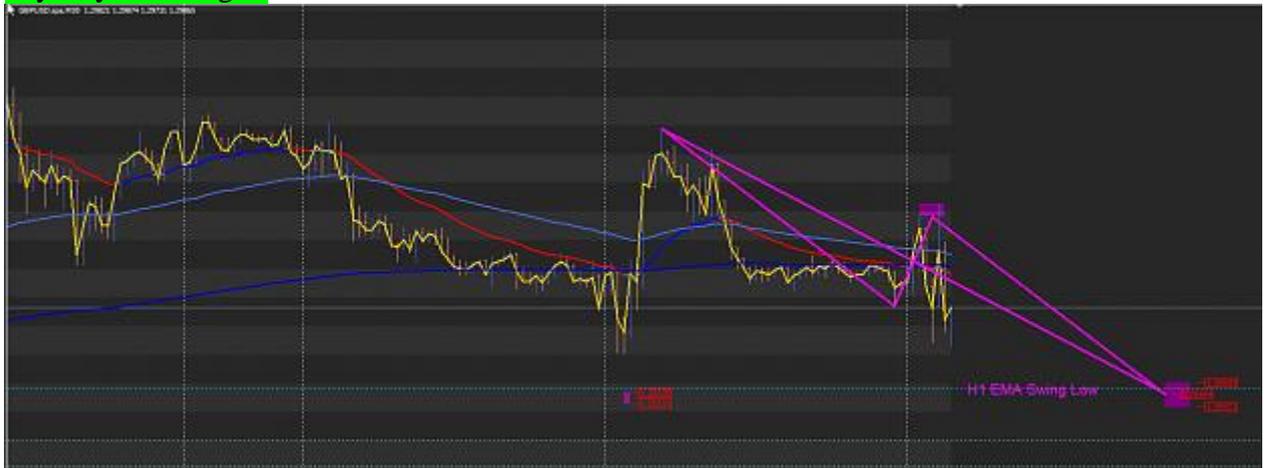


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[Quoting Nala66](#)

{quote} Jazz check your AD = CD. Your B point is not on the lowest bar preceding C This makes the target D lower down

A yes, you are right.



That makes the AB=CD target at the H1 EMA swing low, interesting

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So what did I mainly do?

I followed Alan's system imho completely.

Big weight to what the EMA's are doing

Plus understanding to sell high (buy low).

Try to get involved in a 108bar move and keep risk tight.

Rsi divs as explained by Alan are important but don't use them stand alone.

Zoo's...!!!

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There we go it exactly hit the 2955+ but I was done and dusted ages ago.

The thing to note here was that the one hour had to make the pull back to find bear support below the EMA.



[Quoting KevinOwens](#)

{quote} Thanks for the post, Jazz. I guess I mostly understood the system. But, I still struggle reading what EMAs are telling. I know its the core of the system. But still couldn't understand the EMA part completely.

Its all about breaking the EMA swing levels Kevin. When the EMA breaks below one level price tends to make the next level.

I thought that was well understood by now.



And now we are seeing (but no signal other than the original)



The thing that can stop it is a divergence on this one hour chart.

[Quoting asoriga](#)

{quote} Is this not a bull RSI div and a regular bull div on the 1hr right on a ZOO point?
 {image}

So, Alan showed the sideways stuff and his hands were blue from sitting on it.

Then we get a breakout, we should trade that direction.

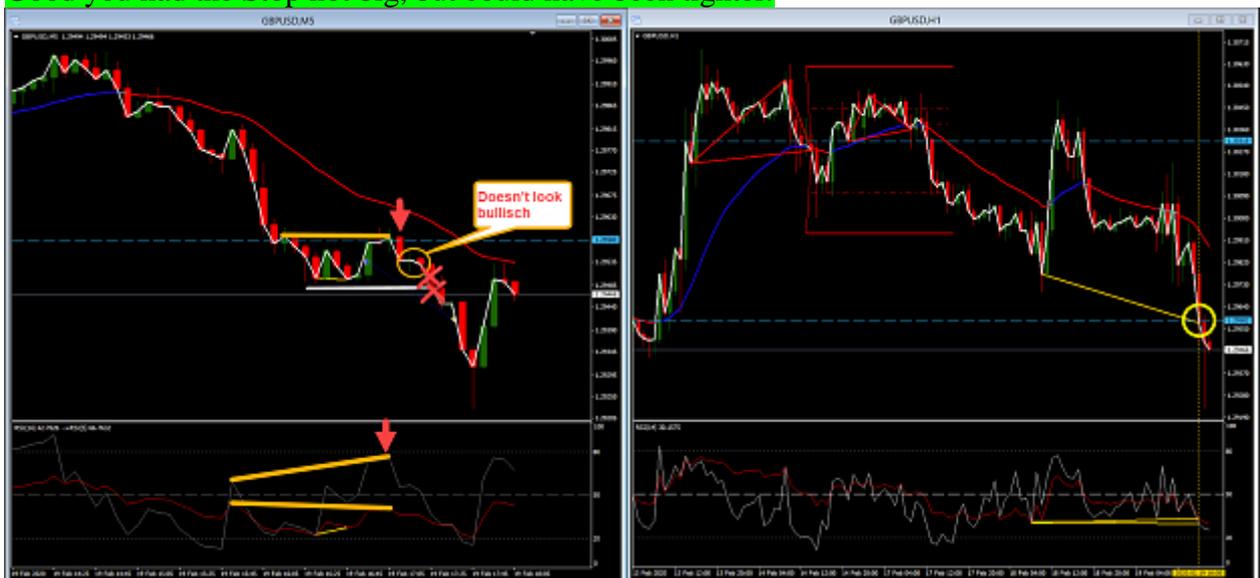
I hope the trade you showed was not the only one you did.

From a breakout we should trade the continuation especially cos we had bear support.

If you want to trade the div's which you show, be sure to see them as a scalp into the M5 EMA. Initially not more than that. And the risk is low because it is the first position.

Looks like you didn't see the bear div forming which is a good Short setup on M5. Price even didn't reach the EMA, if it doesn't, be sure to close your Long position.

Good you had the Stop not big, but could have been tighter.



Finally trading Structure and PA on!

[Quoting mayflower](#)

Looking well ahead, is this a valid AB=CD on the 240m chart to consider {image}?

It's a huge one you discovered 😊



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[Quoting mayflower](#)

Looking well ahead, is this a valid AB=CD on the 240m chart to consider{image}?

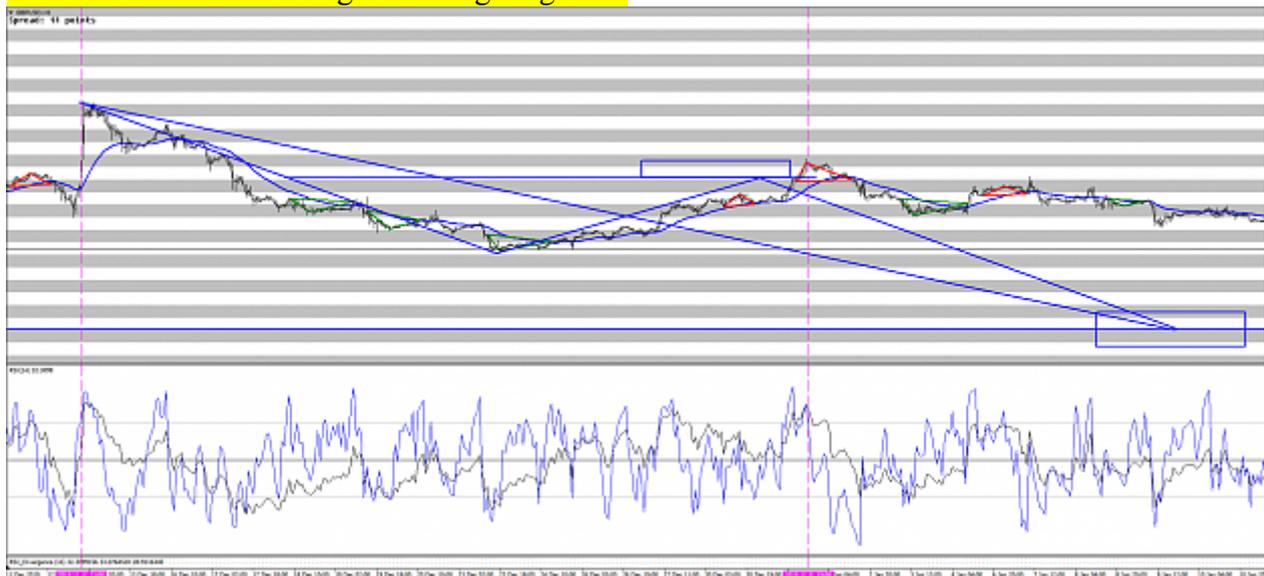
Yes it is, I have that one on my 1H chart with a target down at 2700 but there is no way I would be in a trade for that period of time. There will be plenty of trades both up and down before it gets there, if indeed it does so.

What I do is I put a horizontal Blue line at the target level and write in the description box what it is for. I.e. Long term AB = CD. So when I mouse over the line I can read what it is for rather than trying to remember.

If you look back on the 1 hour chart you will see it started with a bear div 2020:01:11 2300 chart time and now we can measure it to be about 500 pips for the whole move.

I also make a note of this in my diary trading notes, hand hard copy written.

Edit ... I have an even larger one targeting 2600



The whole concept of locating these AB = CD's is interesting to say the least because they do form levels we can look at in the future.

Remember we are dealing with the sentiment swings from one hand to the other forming equal distances of movement which to me is very logical.

To cut that sentence short I just call them 'Equilibrium Swings'.

Both the AB = CD and the ABCD are based on this very same concept.

However if life was that simple we would all be rich because during the battles we often see price action battling in the wrong direction and this tends to disguise the movements within the noise of battle.

We often see the market moving but cannot see the current reason why, it just appears to be random. However longer time moves are in progress and if we haven't made a past reference of them then they will remain mysterious.

Now perhaps you see why I trade just one pair. There is such a lot of work involved plotting and recording events on the different charts. To trade more than one pair it would become a team effort to get all the work done, a pointless position for an individual to put themselves in.

To get the charts all up to date I find it best to work it out at the weekend when there are no distractions due to price movements. This is where a diary comes in handy so if stuff is lost there is always the hard copy to fall back on to replace these important levels. I would write something like "level xxxx ref page xx" so I can find what I am looking for quite quickly.

On top of all this there are the EMA swings which let us know something is afoot and on a daily basis we can plot our money targets in the correct directions. The longer the time of the signal the more we are going to experience up and down movements within that period but the main impetus is always going to be unidirectional.

I find it all very interesting and trying to work out the concepts contained within the movements and then forming rules for the relationships of these concepts encompasses the whole field of study a trader should be involved with.

This is far removed from wave theory or fib theory or any of these theoretical concepts, it is all about Equilibrium Swings which to me is logic.

[Quoting PhillipmC](#)

{quote} do you mean the target prices ? it does not draw the ABCD like you guys are doing tho. i was looking for the one in the second screen shot. {image} {image}

No we don't have a tool for those it is draw manually to incorporate the plus or minus factor as below...



See how it bounce exactly on the plus box in divergence....



[Quoting huskyboy](#)

{quote} sure is, and I underestimated the importance of the levels. They should be on the chart before trading session starts. I wonder Jazz, do you ever use pending orders? It sure was a great entry by Mayflower 👍

Yes, I use pending orders for the 3rd entry.

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[Quoting Jazz1964](#)

{quote} Yes, I use pending orders for the 3rd entry.



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So for our diary of events...

- 1) Following the $AB = CD$ we expected a bull div to start a retest. We got that and placed a long entry.
- 2) If the average is to make a HH than A then price should reach B for this reason we do not short at level A.
- 3) Price made level B but was exhausted on the RSI and the EMA has not made the HH at A. This was a close long and go short.
- 4) The failure in the long direction means that D is going to be tested by the EMA. At this point we have no 5 min level so can refer to the 1H for it.
- 5) The EMA easily made it past D and price did run to the 1H level where we exit and the job is easily completed for the day.

Note on my 5m chart I also have the 1H EMA. This shows me the market is strongly bearish and longs should be taken with care.



We can then add the 1H chart to show the area we were interested in. Here we can see the EMA was trying for the 2904 so price hits the next level



For today we can see the 1H is still bearish and may be working on this $AB = CD$. We can see there is a target level down there too at 2794 so if the EMA is going to knock off the next two levels short then this would be the expected level to aim for.

We see the fast RSI gets exhausted when price approaches the EMA. If price does actually get across the EMA then we would be looking for an ABCD instead.



Remember nothing is set in stone so watch out for the bulls finding support and stopping the EMA and maybe even turning it with an impulse bar.

Error: not taking the hedge at the Bull Div.



As soon as Price came below the HD horizontal line, I entered again Short. Failure to reach the M15 ABCD target. M5 not making a HH swing.

As always will keep it tight.

H1 seems the Bulls cannot survive but current bar is not closed yet.

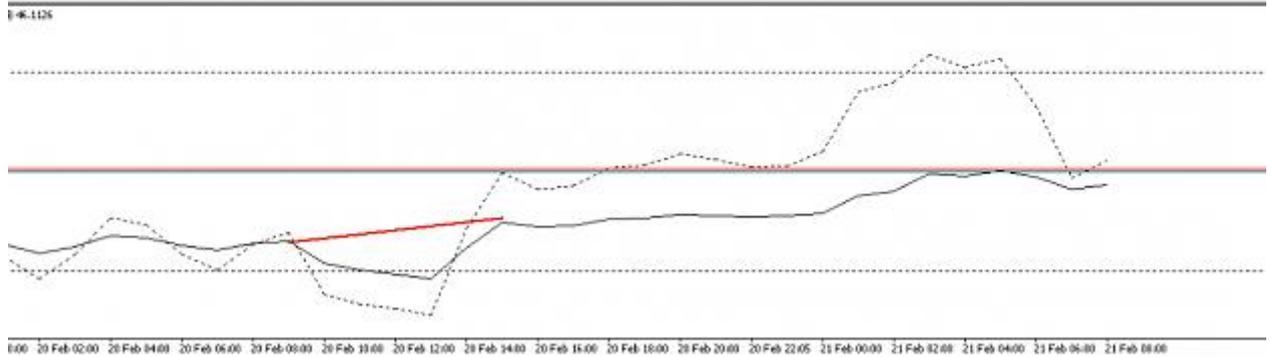
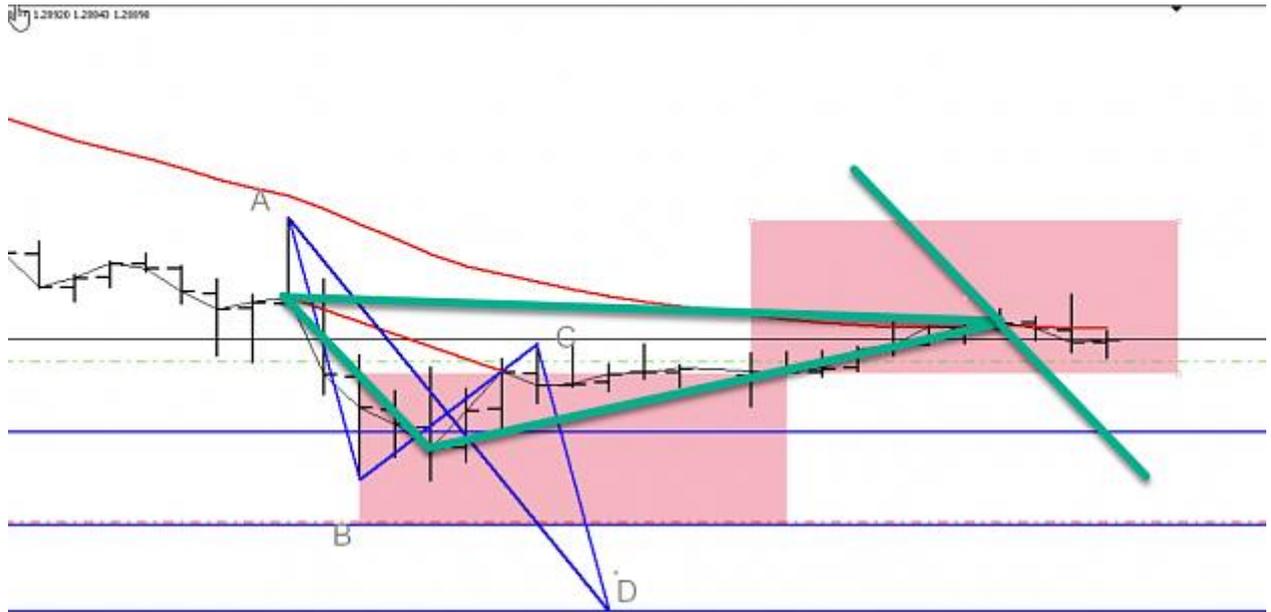
M15 Bears could not make it., now the Bulls are testing. Yeah got to keep my Short stop tight.

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[Quoting mayflower](#)

So here's my 60m chart with a choice of two methods. It has an $AB=CD$ and also a bearish divergence pattern. It has been long and hit the 50% level so is this a pause and wait situation?
{image}

Your ABCD is not correct, MayFlower, and that's the one we consider instead of the $AB=CD$ (from Alan's post)



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This setup made me a tad nervous.

Stopped out for my first entry BE=!

Closed the next trade at B because I was not sure if it was going to run through to the next level B



