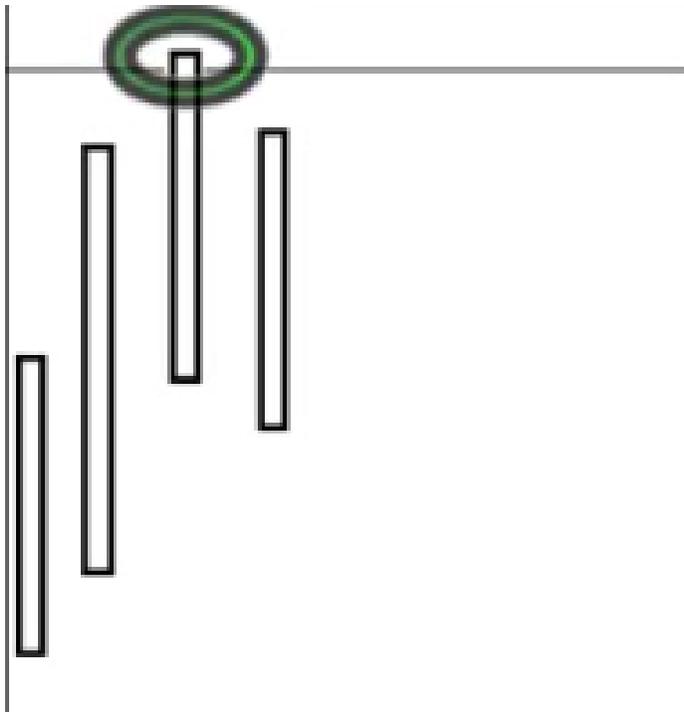


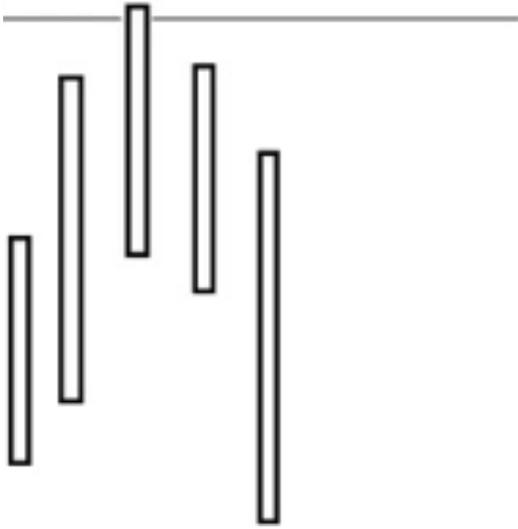
The Power of Three

Tuesday, December 31, 2013 12:16 AM

- There are 3 major market cycles and they are:
 1. **The Accumulation Phase:** Smart money is accumulating longs or shorts.
 2. **The Profit Release Phase:** Range expansion move where profit is permitted.
 3. **The Distribution Phase:** Smart money is distributing longs or shorts that it previously accumulated.
- To make serious money in this business, you need to have an understanding on how the daily range is filled. It is time & price theory based. You want to hold for **AT LEAST** the New York Open which is 12:00GMT time. The second profit objective in terms of time is 15:00GMT, approximately London Close. The last profit taking time for day trading inside the daily range is 18:00GMT. The daily range is typically fulfilled by this point.
- 15:00GMT is a good time to tighten the stop. By this time, a lot of the time, we have started consolidating or have had a counter trend London Close reaction.
- You can look for SMT divergence as price trades right into support or resistance and then look for optimal trade entries to scalp and catch bounces.
- You can also wait for a swing low to form at that support on the daily chart.
- If you are a new and/or conservative trader, you would wait for the 5 bar swing high or low to form at support or resistance in order to start looking for a trade direction.
- On the day after a swing high or low on the daily chart, wait for the Judas Swing to get in a trade in the direction of the swing point. This would mean trading on the day after the 3 day pattern has formed.
- You don't want to be in such a hurry to get into trades that you get in before the actual setup unfolds.



- A swing high has formed at resistance, look to trade short on the following day...



- Don't watch for pips or price, just watch the time. Once you enter a trade and set a stop loss, all you need to do is wait time for it to move.
- The central banks know where all the stops are.
- Where is the market most likely to go after the open?
- Put a 10 period Williams %R on your chart. If it goes oversold and it trades down after the Asian range, the chances are likely that it will be a good long day.
- If the high doesn't form in Asia, it will form in London open.
- When day trading, aim for the ADR to be filled, London close time frame, 4 pivot zones traded through, 162% extension, previous day high or low, 18:00 GMT, etc.