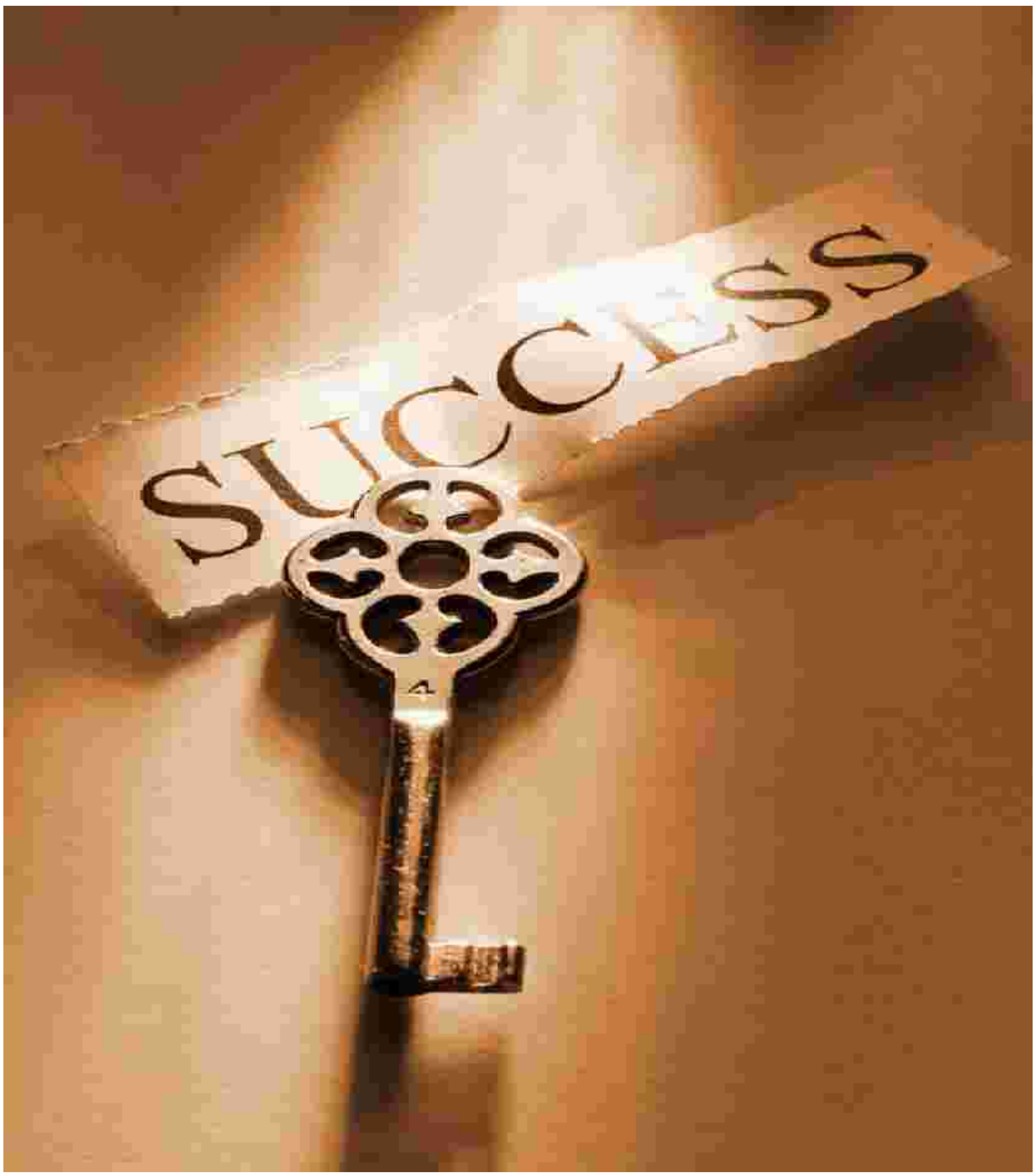
The Keys To Success in Forex

A Personal and in depth conversation with
Tess, Jocelyn, & Jimmy Mac



This PDF attempts to piece together some of the most important and helpful information about forex and more importantly how to get it to pay dividends!

Some important information about this PDF;

This work was taken from www.babypips.com on the Thread Alternative Technical Templates which started on 09.20.2007

This work is intended to be the beginning of your technical template. As you go through the notes realize that the main theme from Tess and co has always been for you to find what works for you and to develop your own ideas.

Tess, Jocelyn and Jimmy Mac. You guys have had a profound impact on me and the way I trade. I will never observe price movement the same again and so I wanted to start this PDF off by saying Thank you from the bottom of my heart for all your effort, patience, willingness to show us how real professionals do it.

Without further ado I bring you Alternative Technical Templates……….

Real fast before we begin, I wanted folks to know I only copied the answers to questions and not the questions themselves. There is always plenty of content in the answers to figure out exactly what they are talking about. Lastly I tried to keep this as timeless as possible and as such I didn't include exact chart examples. Nothing can replace reading the original thread through and noting all the chart examples and studying them.

I guess I would describe myself as a strictly **discretionary** player. I've never subscribed to the fact markets can be pigeon-holed or boxed into neat little mechanical robots.

I much prefer to bend & sway to the rhythm of the market, whichever cycle or wave it decides to sweep me along on.

Markets (especially currency pairs) tend to move in aggressive waves & nervous retracements. They're one big pile of psychological warfare, all jostling for position & a decent chunk of profit. When they're done flailing around, they'll sink into a dozy, lazy state of flux until the next tide comes along to whip up the surf. Recognizing each of these cycles will stand you in very good stead when attempting to execute your specific template for that particular market cycle. Or more importantly....standing aside until the market behavior fits your template.

Remember: **inactivity** is also regarded as a "position" in the markets

Get your table set out according to your action plan, ensure you got sufficient funding & protective measures for your aims & expectations & you can begin planning your preferred mode of execution

I like horizontal lines of potential engagement. I like them a whole lot!!

If I can fire enough bullets at a similar target, on a similar battle field at a similar enemy without getting shot too many times in return, that'll do for me!

In other words: find your favored set-ups…get your discipline sorted….keep well within your financial boundaries & always be prepared to bow to Mr. Flexible…achieve a good chunk of that & you'll be better prepared than 90% of your fellow combatants.

On every move, every day of every session there are one or two differing agenda's unfolding on these pairs.

You need to determine exactly which camp you belong to. This will then offer you a precise & confident approach when dealing with your carefully planned trade templates!

Once you catch a wave (in this instance to the bullish side) & you've booked profits/trailed up etc, the trade offers alternative options.

You can do as you've suggested in your post, & play the trade in the direction which offers the least path of resistance, ie: buy Cable on pullbacks, thus compounding your position & advantaging yourself as Cable racks up the handles.

You can simply do nothing but trail remaining stops up & passively manage the trade.

You can even play the pullbacks/retracements via a separate acc't using your preferred set-up's (IB's or other strats), thus catching (extra) profit opportunities on the ebb & flow of price movements.

Although these multi handle runs don't occur as often as we'd wish, they do afford tremendous potential to rapidly compound an account. Trouble is, we never quite know when the next one is appearing

But....that's the pay-off to sticking rigidly to a defined set of rules.

The smaller timeframes (5/15m) can get you in near the beginning of a potential multi-cent run. Once you've established your base position (booked a little profit) & managed to slot your remaining stops into a suitable safety zone, you then zoom out to your hour lies & manage the trade.

It requires patience & immense discipline not to tinker & fiddle with the trade, & to be honest, only 2 or 3 out of 10 will sprint on to return above avg profits - but you don't need that many of these type of trades to make the venture worthwhile

And Cable, GBPJPY & EURJPY certainly provide adequate momentum & intra-week range potential to fulfill those criteria!!

I'll put my faith in my trailing stops.

They're situated where they lay for a reason.

Eventually when I get taken out, it's usually at an area on the technical map where I'm no longer interested in holding that particular position.

"better to be out wishing you were in, than in wishing you were out"

Let the market come to **you**. Let the market prove **you** wrong.

spot your value

trigger your entry
protect your position
reduce your exposure/neutralize your risk
let the market prove your core position correct or incorrect.

I realize when you're executing and managing a trade, there's a lot of work & focus involved. It can be very emotionally intensive in the early stages of establishing a position, especially if you're relatively new to this business.

But when you're beginning to gain a footing on your new ground & becoming more comfortable with your strategies & trading surroundings etc, you can then begin to sit back, take a look around your timeframes & start thinking bout who is trading in this vicinity & why.

But, you have to start somewhere, right? A strategy has to include ingredients. Some of those ingredients will become diluted and/or strengthened (even discarded & replaced) over time to add flavor to the mix. A template has to have a base & structure. It’s what you do with all the info which matters, & makes the difference!!

“if it aint broke, don’t fix it”.

If your current method of trade planning, execution & management is working & maintaining the positive flows, don’t whatever you do, start tinkering & dismantling it.

Look to see if adding certain elements to your templates improves something? Keep very detailed notes on your structures & templates. Try identify area’s where you’re weakest or certainly less confident & focus on those area’s to establish a “test & improve” exercise? Gradually incorporate & explore new idea’s into your regimen.

The idea is to strengthen & improve. But don’t confuse this exercise with **replacing something which already works efficiently, just because someone else recommends a super dooper technique!!**

Just because your broker offers a constant stream of bid-ask ticks virtually every second of every trading shift, doesn't mean you have to hit him every day.

Area's of interest will usually correspond with what we like to call 'herd paranoia'

They're generally (although not always) area's where fulcrum levels are likely to be fought out pretty fiercely.

Price bar prints will usually form & signal with relative consistancy. I'm talking the usual candle patterns witnessed at volatile zones on the price map.

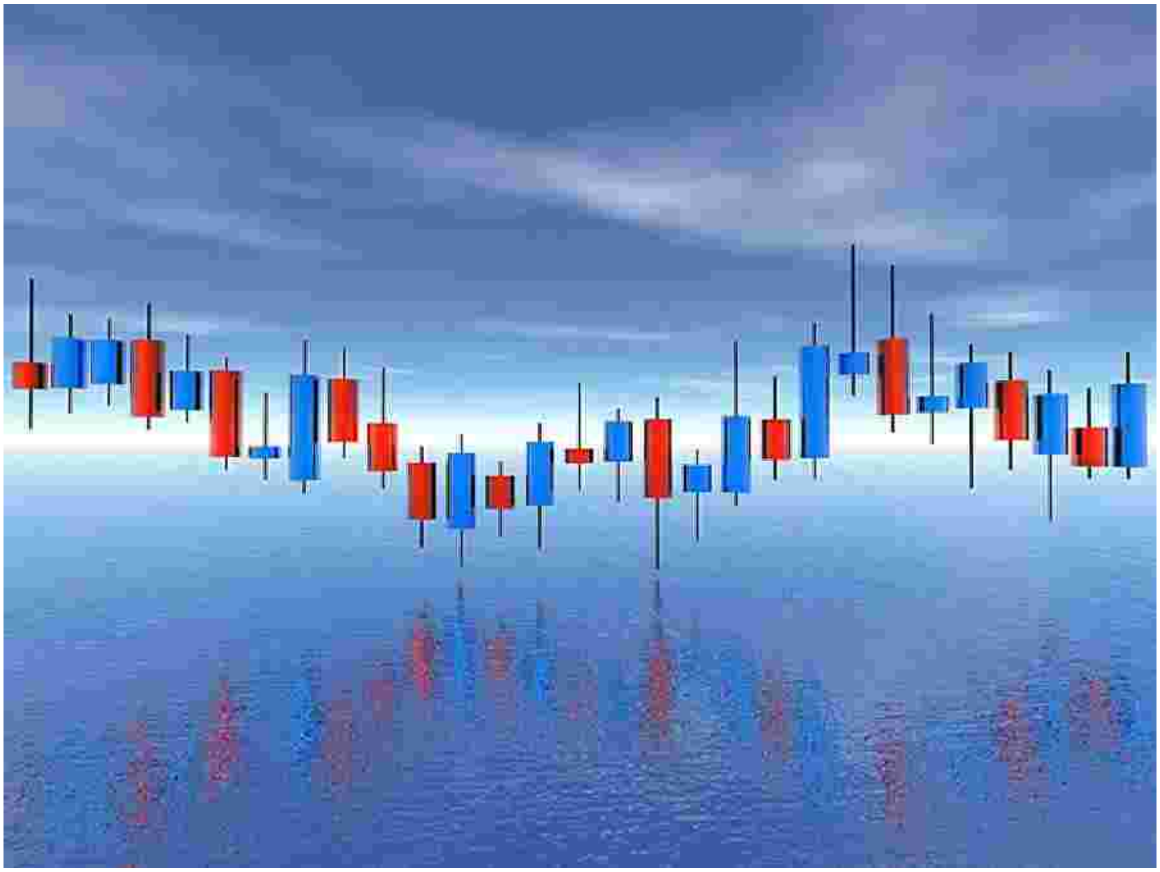
Spinning tops, doji's, bearish & bullish engulfers, hammers, harami's & so forth.

That's where teaming a series of reliable candle prints with a common set-up or three can often increase your odds of success at a potentially important activity zone.

Very, very important to expect the unexpected in this game. Have a game plan by all means, in fact always come into battle with a very detailed game plan - but be prepared to turn on a dime if & when your A game begins to lose it's flavor.

From Jocelyn;
I'm not a great lover of doing battle with prices as they engage at actual lines of s&r. I'd much rather sneak in higher or lower on the scale as prices begin approaching these busy zones.

That way, if the zone fails to react favorably, we've not only got a little more time to adjudge the scenario properly, but also sufficient cover to leg out of the trade with a little profit, or at least break-even.



Generally, every man & his dog is looking for the pullback from a break-out of a stiff s&r range, or maybe a 1-2-3 continuation of a consolidation zone? I much prefer to already be engaged & viewing the scene from a little farther back.

If the level proves beneficial, we can then maybe think about compounding that area instead of taking on the actual risk of initiating a virgin trade at a 'hot zone'.

It's not always condusive to execute the same set up every day at a specific level. Volatility, liquidity, speed & depth of price behavior change & develop at varying degrees of consistancy. Therefore, we need to draw on the relevant tools to do the job at that time.

That's why we prefer not to operate mechanical type systems when trading these instruments. Conditions change very quickly & we prefer to rely on our experience & prior knowledge of price activity & generic range/trend behavior up & down the ladder.

In my view, you really need to combine technicals with fundamentals to offer a balanced perspective.

If the stop feels comfortable to **you** & **you** feel you've placed it in a technically efficient slot, then that's all that matters. Keep **your aims** & expectations for this specific trade foremost in your mind & written down on your trade jotter. By doing so, you're constantly being reminded what you're gunning for & where you need to look with regards technical geography.

It's **your** trade, you're managing it with your aims, expectations & unique money management & awareness. We can encourage alternative thought & trade practices, but essentially the trade longevity decisions are yours to own.

We hear a lot of chatter on forums about 'referring to the higher timeframes' to check directional bias or relevant geography.

I like to use them to check, & help confirm potential sticking points or potential levels of (counter) reaction.

Our Mom & brother are big fans of Fibonacci. I can take it or leave it to be honest, but I very much respect their work/research & always pay close heed to levels which catch their att'n.

I like to draw my lines which mirror the close activity (closing & opening prints) of price. Large, spikey pops to price extremes don't nearly interest me as much as the solid interactions at heavily traded area's.

I'm not looking for pip perfect touches or kisses, but the general zone of interest. Similar to the way I observe support & resistance camps.

For instance, price has a fairly common tendancy to react to the 50 & 62% zones on large range/trend sprints from A to B.

If these percentage clips happen to coincide with an area of s&r I'm observing, then I'll generally pay it a little closer att'n.

Quite a few technicians plot Fib calc's in one form or another on their analysis tablets, & although they can differ in their A to B points (depending on their trade aims & structures), the theory is similar in it's intent.

The 50% zone, at current price level, also represents a typical reaction area for players & if it happens to nudge a hard previous fulcrum level, is very likely to contain or at least, buffer price activity for a while.

These watch zones can often allow traders to stand back & take stock of their current directional bias. This will involve profit taking/ possible compounding decisions/maybe cashing out completely & going flat until the picture clears a little, etc etc.

Even if your favorite & preferred execution time is geared towards the smaller sub hourly timeframes, it sure helps to flip the page & study these zones from a larger perspective every so often - it helps to keep you balanced out there!!

I will add however, if you're a 'traditionalist' & prefer to plot your A to B points from the price extremes, then draw both.

The levels aren't that far apart to throw you off course. As you will see from the chart, the zones still contain relevant Fib markers, albeit from differing High-Low levels.

To repeat: it's not really the exact touch of the line which carries the interest, but the zone or area of potential activity which matters.

Price very rarely fits or conforms to our exact calculations. It reacts to traders punching order requests into their consoles.

Some will punch them in at 237, others at 237.50, another bunch of stops will fire off above/below the levels...it's the aggregate or average settlement of these order tickets which will cause the boat to rock.

When they settle & balance out, only then will we begin to witness who swings the heaviest gavel

I definitely won't step in front of a key release. If a technical alert zone happens to flash in the immediate vicinity of an entry level, & an important release is due to print, then I'll hang fire & wait to assess the reaction. Basic common sense stuff, yeah

Get a good handle on those preferences & work your risk & trade management models around those set ups which stimulate your trading senses. Trading is all about familiarity & comfort zones. You should be able to trade your set up’s blindfold.

You should also be able to switch your screens on, haul up your pairs & very quickly assess whether the environment is suitable for you to come out to play. If it’s not, you switch off & go do something else until it tips you the nod.

Like you say, we each adopt our own personal choices on how to play these differing market conditions, but I like to take it back to basics when looking to play any prolonged position, whether range or trend.

ie: if I'm going long, such as this particular trade, & executing via the 5/15min combo frames, then I continue to observe the ***peak-trough*** behavior (if it exists) as I would if the position was a potential longer term swing trade.

I'll let the market tell me what I ought to be considering!!

If the demand is genuine, then they'll manage to hold prices up here & look to maintain the higher-low behavior

It's all about aims & expectations. And in amongst your aims sits the risk, position size & trade management parameters.

You can only realistically work with what you got in the present tense, yeah?

No good shooting for the months highs, trailing unrealistic stops if you only climbed into the trade @ c2.0365. You're not allowing enough margin for error.

Entry is where you begin considering your potential options. If you're late, you reduce those options.

We’ve previously touched on the benefits of plotting & observing s&r levels from the higher timeframes & transporting them down onto your lower timeframe charts for intra-day & week reference.

This saves you from having to constantly flick between different chart references constantly throughout the trading session, as price is moving towards, & reacting to, the particular levels.

It’s also an added benefit if you’re a shorter timeframe trader & prefer to execute your positions via the sub hourly charts. Typically 5/15/30min timeframe traders will find this habit very beneficial, as you’ll be able to focus on your chart reference of choice whilst the price action is moving around the particular s&r line.

The larger the timeframe, normally the stronger the potential reaction to a s&r level. These key price action zones are being observed by different players every day on these pairs & involve differing aims/objectives, resulting in a selection of orders affecting the particular level of interest.

Limit orders, protective stop orders, fresh entries, profit booking opportunities, as well as Option barriers from the large players all the way down to the smaller retail punters add weight & focus to the various levels up & down the price ladder.

We've posted charts of differing timeframe values throughout this (& other) thread & when we plot a horizontal line from say a 240m chart example, we'll leave it on the chart for future reference. Chances are, if the level attracts interest on the way up, it'll remain an area of potential activity on the way back down also.

We'll always keep the key/main levels on our charts, & will also add-delete minor s&r zones as appropriate.

Of course, these levels don't always behave in a similar manner, but in the vast majority of instances price will bounce hesitate around them long enough to enable you to confirm & execute according to your specific analysis.

It will offer you the chance to observe whether one of your entry triggers is setting up around the level & also afford you the opportunity of selecting appropriate risk-stop placement & potential partial or full encashment of your trade.

get your geography (s&r zones) sorted out first, then begin to take note of the price action around these area's of activity.

The clues will reveal themselves via the price action as the various players begin shuffling their hands & positioning themselves for the next stage of activity!!

When your experience & confidence increases, you can evaluate & decide whether or not the risk-reward potential balances out regards trading opposite to the primary trend.

Not wishing to flog a dead horse, but can you begin to see how preparing your chart templates & constructing a well laid out execution plan based around the sensible concept of supply-demand (s&r) zones, can assist in maybe offering an edge in your decision making?

one of my favorite bar set ups (doji fail) on the 4hr & just sat up & waved to me really

It’s imperative you ratchet the risk & value as much on your side as possible, otherwise you leave yourself exposed to fading & faking.

Just stand back & calmly assess the surrounding visuals before you pull the trigger

Don’t be in a hurry to buy/sell a level until it’s displayed propensity to either continue or reverse at key levels.

Adopting this principle will save you an awful lot of false stop-outs attempting to front-run a level

I plot the vast majority of my horizontal s&r lines from the 4hr timeframe.

Basically, what I’m looking for are common & repetitive area’s on the chart where the price bars have reacted to, or been rejected from.

The more times a particular zone or area acts as a magnet from the left hand side of the chart to the current day or weeks action, the better.

I’ll go back as far as 1st quarter if the level or zone dictates. Although the s&r area is plotted via a single horizontal line on the chart, based on the upside/downside activity on & around said line, it’s actually the zone I’m interested in.

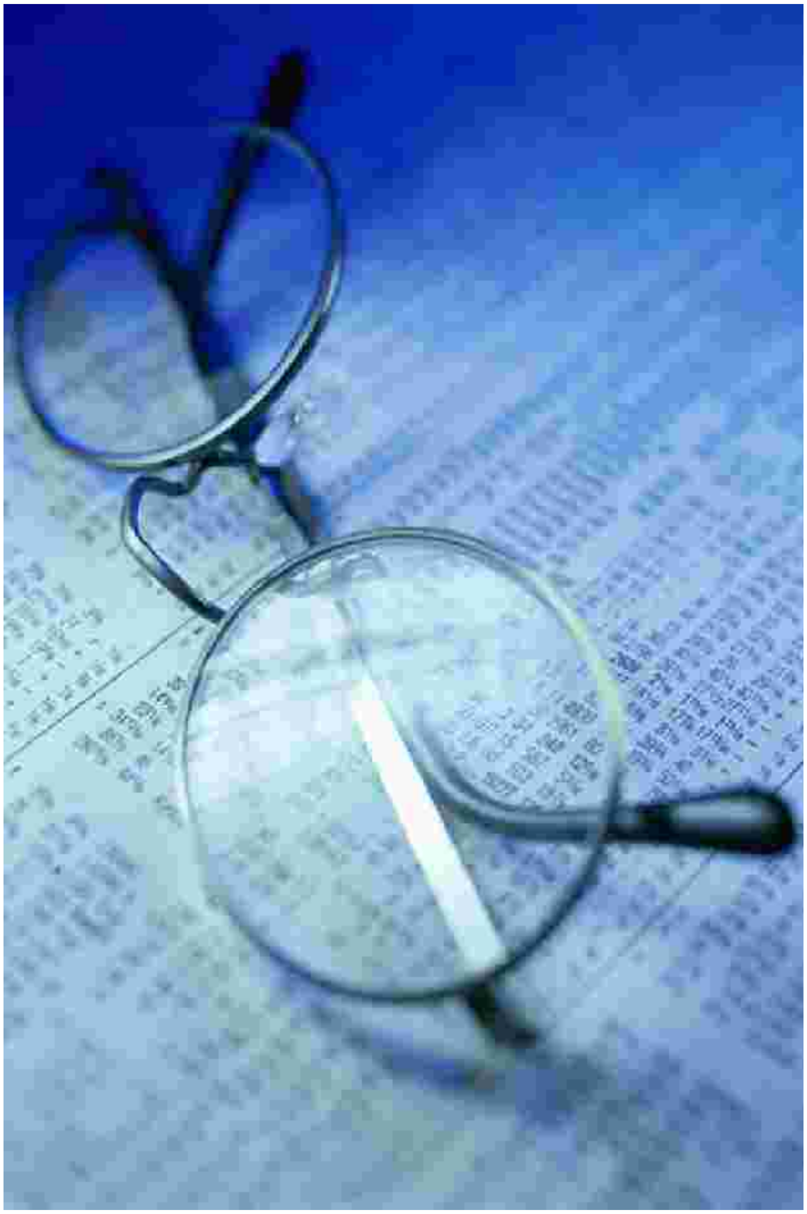
Price rarely bounces off an exact pip value. These levels will generally harbor pockets of each-way option, stop & limit activity if they reside at previous weekly, monthly, quarterly highs & lows etc.

The actual s&r line itself will usually expand over a 20/30 pip zone at least. The line merely acts as a guide or marker to draw attention to the action as the bars/candles approaches it from either direction.

Once my markers are plotted via the 4hr chart, I ensure they are cascaded down thru the various lower timeframes so that I can easily scroll thru the corresponding chart references to check on the different candle/bar prints on & around the zone as it hots up.

Reason being, I might wish to exploit a level by employing a different or specific strategy. That strategy might well be based around a 15m or even a 5min timeframe & I’m seeking to trigger my short-frame based entry in accordance with price action reacting off one of my long range s&r levels.

So, there are various aims & expectations which are based on & around these s&r levels as they come into view. But essentially, they're plotted according to their weight & importance on the larger timeframe map.



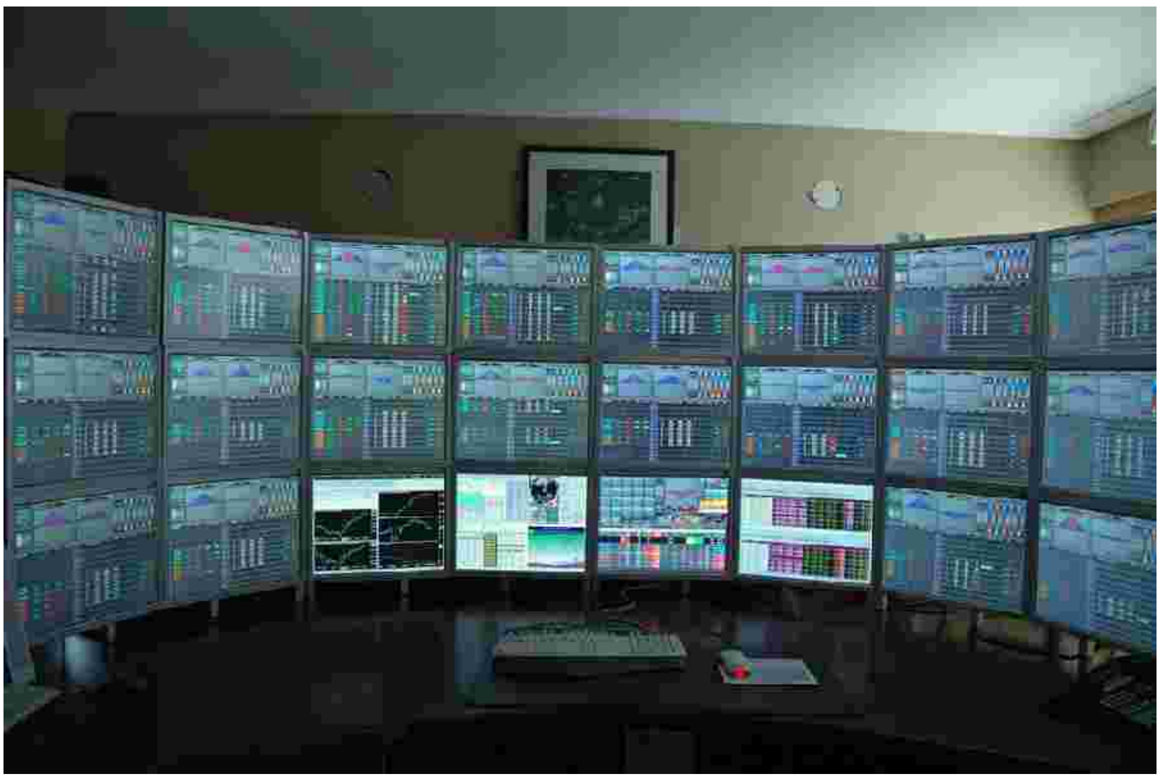
See where I'm coming from?

Like anything else, they don't work 100% of the time, but they do allow me the opportunity of focusing my different strategy tools to enable me to take advantage of a specific level or zone if the risk & potential reward stack up.

Regards key numbers?

Big figures (round numbers) are obviously important if they happen to match up with these s&r zones, as they're generally played back & forth by the larger players. They quite often house stop, limit & option activty on & around their vicinity, making them obvious focus zones.

I only personally plot Fibs via the Weekly or Daily swing levels, & they're only really used to see whether a s&r level happens to coincide with a big number like a 50 or 78.6% line.



The one thing I rarely do is scroll back more than a calendar year.

Reason being, these instruments get traded a whole lot on the key fundamental flavors of the moment. I’m one of those who believe that the fundamentals drive the technicals.

If we get a period of intense risk aversion, then you can have as many s&r lines plotted as you like – but if the market psychology is spooked, prices will get batted intensely & aggressively as punters switch to a flight to quality.

Ordinarily though, if the price moves are orderly & reasonably well behaved, I would expect most of the near to mid term s&r zones to hold water.

If I’m trading a 5min chart my s&r zones will have been constructed & plotted from my larger timeframe charts (4 or 1hr).

I don’t consider anything lower than a 60min chart reference when plotting s&r zones. In my view, the lower timeframes & their behavior are nothing but market noise.

Those timeframes (5/15/30min) are utilized primarily (although

I never bothered with faddy systems, fancy indicators or gimmicky, complicated methods they're a complete waste of time & are nothing more than an annoying distraction in my view.

They merely serve to divert your focus & study away from that which you ought to be concentrating on. Familiarizing yourself with the behavior of your chosen instruments & learning to observe the rhythm & heartbeat of the market thru studying the relative price action/activity

It would greatly improve one's familiarity of price action & it's benefits, if they did indeed take time to become tuned to the rhythm of a favorite instrument or pair.

I believe these guy's have mentioned before that familiarity breeds confidence. Confidence is an essential piece of kit if you're intending picking your way around these markets.

You quickly gain confidence by practicing skills which reap rewards. The rewards inspire you to study deeper & improve your understanding of & interpretation of the subject you're studying.

To that end, your study & work practices require to be planned to precision, include immense discipline & ensure they're in line with your aims & expectations.

Veer from your plan at your peril. You'll simply be delaying your progress & breed lethargy.

The only people who make money out preposterous systems are the peddlers & marketers.

Most characters (retailers) who become intrigued with this business & enter the world of trading via the back door (public forums), have a sniff around & maybe stumble across a thread or two which raises the issue of intense study & application (if they're lucky).

But they're not interested in that at all. They got £/$ signs spinning around their eyeballs. They see these hot shots posting up all the fancy charts adorned with every colorful, flashing indicator you could wish to dream up.

They got an EA for this & that & squiggly moving average lines swerving & zig zagging all over the map & when all the colorful lines match up, they hit the green/red button & they're off to Hollywood, LOLOL.

What they're actually seeking is a short cut. They don't want to go through the sweat & tears of learning their craft.

There's only 2 places where the trading accounts of the short cut cowboy's end up.

1) In the brokers bank account.

2) The pocket of the smart operators

The divergence play once again comes to the fore off these very clear range/trend tops.

Divergences (teamed with the IB/OB trigger) are cool when the pairs are hustling around obvious tops/bottoms of defineable range barriers,

They can also offer a decent heads up as price gets extended on new highs lows.

As long as you have your upside/downside swing markers in place, then you've also got a target or probable destination to begin focusing your larger picture view of what's going on out there!

I've found it best to limit the set ups/triggers to maybe only a couple well tried & tested strategies over the years, & divergence plays at these key levels are one of them.

It trains the mind to focus not only on the candle/bar formations at these levels (exhaustive/small range/neutral behavior etc), but the fact that at certain zones & area's on the price map, different players will step in & drive the short-term flows!!!!

Always remember: there are many different agenda's unfolding out there, & very specific players will wait until their set ups come to them before hitting the button

The short-term players realize their window of opportunity may only last for a couple hourly bars at the most - but it's long enough to feed their account!

I base my decisions on how to play the current price action (whether we're in trend or range mode) on a combination of previous activity & my levels (horizontal lines) which are marked on **ALL** the relevant timeframes from 1min up to 4hrs.

I also refer to the swing high/low points on the 60m+ chart references to guage potential levels of increased volatility as players position themselves accordingly.

I use the previous months/weeks/days price action to assist in deciding what I'm going to do today/tomorrow etc.

Previous price action can only be used as a guide. It's not set in stone, as price will react to whatever is currently driving prices, & that usually emanates from the fundamentals.

Price action is just one element of strategy planning. What you're attempting to do when applying the generics of price action, is to place yourself on the correct side of the money flows.

Whether you trade a 1min chart or a 4hr chart, the priority must always be to "run with the dominant flows" so that you're increasing your potential to extract profit whilst reducing your risk accordingly.

Use the trend/peak-trough flows (if one exists) on your favored timeframe in harmony with your favored tools. In other words: play longs on pullbacks from a bullish trend…..& play shorts on rallies in a bearish trend.

If you attempt to short a reasonably strong uptick, on whatever timeframe you care to choose, you're only increasing your risk of getting snapped!!

Our Parents continually impressed upon us the potential benefits of exploring & mastering one set up & chart reference at a time.

No moving on until we adequately covered the angles on both the set up & the timeframe.

By all means could we study & plot the price activity on the higher timeframes in order to get our bearings on our template frame, but all triggers & actual trade activity had to be implemented via our working template timeframe.

It ensured we became as familiar as we could with the behavior of the timeframe (& the set up), so that we had something to guage our progress by.

It remains the bedrock of what we do & why we choose to work from the various chart timeframes on the relevant pairs/instruments.

Hardly rocket science, but very good discipline nonetheless - & this game is all about discipline

These key area's of support & resistance are keyed in & observed by the smart players for very specific reasons. If you got a couple of trusted strategy plays which can take advantage of these moves on & around the important levels, then you're more than halfway there to stripping consistant profits from this machine.

But, you must play them as you see them, not how someone else views it.

Playing the odds & balancing the risk is what it's all about. As long as you attempt to tip the odds as much in your favor as possible, you'll continue to remain afloat.

Keying into the market rhythm or momentum by utilizing the basics of price action will also ensure you keep it simple & uncluttered. That's a very good trait to adopt.

When you see dojis, spinning tops & bearish collectives springing up at lower tops in a downtrend, bouncing off previous session high & low markers, it makes for a very strong set up.

Always easier to enter with the momentum than try be a hero & pick tops/bottoms.

I would bet heavily that a good percentage of newer, (inexperienced) traders who become dazzled by the razzamatazz of *scalping*-trading short timeframe charts, come totally unstuck & entangled trying to fathom out which side of the price flows they should be hitting.

The odd times I've had the time/opportunity to watch this 15 minute strategy unfold at the appropriate levels, I've also switched on 5m & 1m frames on the monitors. The resulting set-up bars are as clear as a spring day.

If a trend exists on your favored timeframe, it'll be there plain as day when you drag it up on your monitor. The basic price bars or candles will tell you where (if any) the trend is headed by forming higher highs & lows going north & lower lows & highs going south.

Personally, if I'm looking to trade one of my sub 15min trigger set ups, I'll definitely want to see where the hourly price action is at. If I got an hourly uptick, then I'll be looking to buy dips to the 15, 5 & 1min trend at whatever technical set up I'm looking at.

Similar in a downtrend. If my hourly is trending down, I'll look to sell rallies into the 15 & 5 & 1min frames.

If prices are cutting out a tradeable range, I might look to get involved if I obtain a decent trigger, but it will have to be a damned good range lol.

I think it's critically important to understand when it's prudent to trade off the small/fast timeframes. Just like any other timeframe or strategy, there's definitely a time and a place for these fast frame executions.

But that has to come down to what you're looking to do & how you're seeking to ply your trade.

It's not particularly difficult trading off these timeframes, especially if you're fortunate enough to mould a set of strategies to your style & application. The confidence of unlocking a structure which fits your style & psychological temperament is both exciting & stimulating.

The dangers however (ironic), lies in the success of your new found skill set.

Discipline & patience now take on extremely important roles

If you only learn the relevance of s&r, you'll be several steps ahead of most of the new & well grounded traders out there

One major reason some of these levels carry more significance than others can be attributed to stop-loss & stop-order transactions. If you stand back & **LOOK** at one or two of these levels, you'll quite often find that they sit at critical crossroads on the price map from previous attempted runs back & forth.

It's **one** reason an important level is sometimes multi-tested. Price drives through, moves back for a re-test, tentatively moves away again, pops back again & attracts sufficient support to leg it to next level, where the whole process begins again.

Not the exclusive reason, but a significant one none the less. Option activity can also greatly influence a level, quite obviously too on occasion.

But, it's not really necessary to fully understand why these magnified levels work, only that they have worked enough times in the past, & they continue to obey the laws of price action now & in future.

Many hands make light work!
Many orders at similar levels drives price!

The reasons why they attracted a biased demand are probably too numerous to mention, because differing strategy models are constantly at work up & down the price grids.

But whatever the combined reasons from the different market players, price action on & around these levels will always alert you to the possible directional flow. It then comes down to whether one of your triggers sets up at a specific level. If so, then you're mobile.

Once price breaks away, if the move is genuine, as opposed to a fake out or a stop run, it will attract more support as it moves towards next level s&r.

And the same thing then unfolds at the next key level. Of course, prices will rarely shoot aggressively up or down in one fell swoop. Instead, they'll slow, drop back (to test the attraction & shake out weak hands) & again, if the move is genuine, it'll continue onward.

This price action activity will reveal itself via peak & trough behavior on your smaller timeframes (1, 5 & 15m charts).

These smaller swing (peak-trough) oscillations can then be plotted either visually or married alongside a moving average to assist in managing your entry.

You then revert to your designated money management tools to direct your trade accordingly. Either trailing a full stake stop behind the move, or maybe scaling out partial stake & trailing the remainder until your mov avg or swing (peak-trough) levels take your stake out completely.

I mentioned that when prices are in obvious downtrend cycles, it's often more appropriate & less stressful to consider selling rallies or looking for shorts, opposite for uptrend cycles?

Do you take a quick look at daily closing bars at all when summarizing your next day analysis?

Using the daily (close) bar information alongside your lower timeframe charts will often assist in offering you a more balanced view of your analysis.

Marrying the smaller timeframe picture with the larger print will, once again, have offered you options regards your preferred trigger area.

Regardless of the state of the market (high or low volatility….bearish or bullish stance….aggressive or passive behavior blah blah), there will always be intraday & intraweek opportunities if you base your decision making around simple, effective price action analysis!!

Those of you who prefer to take a purely intraday or shorter timeframe view on events, can still utilize similar tools to assist in assessing the state of play as price meanders around the price grid.

Plotting the shorter Fibs on your 15min frame will maybe help to offer a heads up to the possibilities of any pullback potential on aggressive moves thru the levels.

Price has a repetative habit of stalling out & bouncing on & around these math based area's of conflict.

They also often rub up against natural s&r levels & high-low price behavior, such as lower highs & lower lows in downtrends....higher highs & higher lows in uptrends.

They allow you to calmly assess the current activity & properly adjudge whether you should be looking to maybe pare out partial profits, add more contracts or exit completely.

As prices begin threatening fresh intra-day/intra-week/intra-month highs & lows, different market players begin stirring & coming out to play with very specific agenda's.

Your particular trade plans & strategies can & will take advantage of these varied opportunites.....but only if you possess very specific & well defined trade plans!!

That's the key - know your game plan & play to those rules

neither I nor anyone else come to that, knows exactly who holds stop/option/limit positions at x level or what percentage/strength of buy/sell stops are laying in wait at x level. Due to the very nature & diversity of FX it's an impossibility.

But, experience of previous price activity on & around key psychological zones and/or the general ebb & flow of money in & out of key level activity on an instrument, constantly throws up clues as to how & why certain groups of market players think & act.

Sure, it's not set in stone that a particular level will react as we'd like, but it offers us a good heads up to certainly stay on our toes as a level or zone of interest comes into focus.

There are definitely certain groups of players (large cta firms….short-term prop desks…..certain Bank pods) who aggressively punt price thru repetative breakout levels & previous round number zones. They're active up & down the ladder day in, day out. Do they know something you don't?? who knows, but they're certainly not shy when laying their $$'s down. Or when cutting & running either!!

The very nature of short term speculation (by whoever participates) lends itself to keen protection measures (running tight stops). It's not rocket science to sit back & take a hunch on the likely area's where collective groups of stops (either exit/limit/entry) lie in wait, particularly if an instrument is "on the move"

If enough folks constantly refer to & plot these grids on the technical map, then I guess a good percentage of those levels will come into play?

I guess a lot of it comes down to how one studies the price map. I've always & continue to try & adjudge who wants to take action at a certain level & why. Who really deems this specific level or zone important enough to protect it or run it…..and why.

But then, most of that train of thought/observation/planning etc is down to the prior training & instruction I've been privaliged to receive.

It's not magic or mysterious really…..simply experience of watching these levels play out day in, day out over a long period of time. And constantly computing the odds of whether it pays me to take the bet…………………..or not.

Sometimes it's quite simply the level or area which determines how much more juice is left in a move, especially an intraday one.

Well worth keeping tabs on the **average daily range** of your favorite pairs-crosses.

Obviously, if it's a big outside day due to the market being spooked by a fundamental print or unique development, then that consideration gets dumped.

But generally they won't wander too far from their normal mid term average prints (10-20 day averages).

If you take those kind of observations into consideration, then it might just focus you in on any price action triggers setting up thereabouts? Again, especially if price is printing it's ADR on & around a key s&r zone

So, if the bias is 'short' then we wait until that level is approached & then wait for a possible reaction/trigger to take the low(er) risk bet & run with the flow.

Keep your eyes on these Average Daily Ranges

Actually, whether you realize it yet or not, you’re in quite an enviable position as an independent retailer……..If you get to the stage that you begin to understand how **you** react to whats going on around you, you’ll begin to positively process all the turbulence & chaos playing out.

From that, will come your unique game plan & your various edge(s). Remember: you’re not a MM. You don’t have to play ball every minute of every day. You can sit back & wait for the market to dance to your tune. A good % of the market doesn’t have that luxury.

As long as we play to our trade plan rules for that specific trade, having given all the available information due consideration– then we’ve done our job!

The rest is down to the money flows & how we manage the trade!!

When you see the green lights flashing folks, bat the crap out of it.
You gotta snare the weak prey when the opportunity exists, coz when times get a little leaner scraps are all you’ll feed off.

There are no rules in this game....only winners & losers

Your strategy isn’t nearly tight enough if you’re asking those types of questions.

You should already know whether you’re getting into trades too early or too late. The entry & timing portion of your method would immediately give you that feedback.

Being pretty close to “getting my strategy down” isn’t nearly close enough. The whole aim or point of simulated/demo trading is to nail everything down as clean & tightly as possible. The only variables will be price fills. You simply can’t replicate fills in respect to demo trading. But if everything is solid & tight, you can work around price fills in the live arena later & tweak minor aspects of your model at that time.

But entries, risk-reward & trade prep should already be well in the bag.

Emotions will take a whole lot longer than a week to iron out. If you’re a relatively new entrant to trading in general, then even the most well prepared strategy will be suspect to emotive interference. Again, the positive psychology will be greatly enhanced if your building blocks have been adequately prepared & formed.

Most new traders don’t have the first clue why events turn sour so quickly, because most fail to organize themselves properly. You appear to have at least bothered to begin surrounding yourself with the required tools to do the job

You got to treat sim trading in exactly the same manner & attitude that you would if it was your real dollars & cents on the line. And hitting & hoping definitely isn't going to instill long term confidence or success.

Before you begin striking out with real funds everything has to be tightened down & in synch. If you don't have even the basics of an action plan sorted, then you're totally unprepared for what's occuring out there.

You're gonna get creamed.

It's hard enough out there when you're all kitted up, let alone exposing yourself to the elements with little or no protection

As you know, my aims are slightly shorter term than Tess' but the generics of the research & prep are very similar.

Like her, I still want to see dominant price flow, affirmative peak-trough behavior, clear s&r activity & good trigger set up potential.

That technical criteria will be mirrored by the Fundamental chatter & reflected in the range plays/trend level bounces in the near term.

Add a dollop of common sense into the mix & you got yourself decent odds for your intraday plays.

Daily chart highlights probable conflict zones below should prices continue to depress. Hourly offers us a quick heads up on the closing levels & trend behavior. Intraday chart (our working template) zooms in the activity levels & trigger set ups.

A case of sitting back & waiting for the dominant flows to signal us in. I'm looking to stack the odds in my corner

If you can unlock an entry trigger to take advantage of these occurances (by maybe drilling down a timeframe or two?) then they're good to go. They print more often than folks realize, particularly as a level or zone begins to heat up.

I rarely trade back towards the b/o level no, but that's just my preference.

Re; breakouts? I usually prefer to wait for a break & re-test or pullback of a well formed upper-lower range before executing. Mainly because these types of trades are prone to false breaks or fake-outs.

I prefer to witness some sort of confirmation or re-test just to satisfy myself of the strength of the stops lurking outside the range boundary.

If they're well stacked away from the b/o zone, then price will kick up a head of steam once the b/o point is penetrated & consolidated.

It's what I refer to as *"intent"…….*if the intent is strong & genuine, then it will generally test the resolve of those participants & shake out weak hands first.

This is normally (although not exclusively) witnessed by a re-visit to the b/o zone to snatch close quarter stops & unseat nervous players before continuing in it's intended direction.

Most of the major/minor levels on the currency charts harbor stop activity.

Above & below the big swing levels, previous big weekly/monthly high-lows & key Round Numbers, hide the majority of the larger players protective & compound entry stops.

As intraday activity begins to threaten these major swing levels, price will become whippy as the market starts to work through & absorb the two-way traffic which house the various stops. It's part of the reason why you witness sharp, erratic price moves as these levels come into focus.

Not only is there protective stop-loss activity lurking in there, but also fresh (new) entry orders residing from the differing timeframe trading community.

It's all part of the bigger supply & demand battle. Whoever carries the biggest clout wins the day!

Usually, as price breaks thru a key level it will butt up against counter stop activity lurking beyond that level. This will cause turbulence until the bulls or the bears overcome the obstacles & re-assert their dominance.

The fast money are only intent on capturing small profit targets, therefore their window of opportunity is fleeting. But they'll still be very aware of the price levels which harbor strong stops.

It's these levels where they make their money. Which is why the professionals know their marketplace inside out. They understand the mechanics of a price level & the limitations of their game. They also know where the likely mine fields lie & who is also likely to become ensnared in it's traps!!!

The answer really is that **ALL** the different timeframe players contribute to the price moves which affect breakouts, retraces & rejections of key levels.

Large & small players have very, very different aims & expectations up & down the price chart. But they all work the same levels as they come into focus & play them for their own aims.

Just sit back when one of these levels begins to hot up & try think about who wants what from it & why?

If we're in a strong downtrend, who might want to play at a new low & why? Where would the shorts want to get onboard with their compound entries.

Where would the longs prefer to engage to test the resolve & stamina of the shorts?

What would need to occur in a strong trend for a counter move to assert itself?

And if such a move begins to materialize, where would the likely "stops" begin building to take advantage of this activity?!

Pulling the trigger isn't too difficult if you trust your set ups, analysis & obey the signals from the higher timeframe leaders if they also stack up with any intraday green lights.

Clear opportunities to engage with minimal distractions (indicators). Price action rules huh?

Also remember that the pro's aren't immune to slipping up themselves They leave plenty of dollars on the table at times

As your market experience increases, so too does your intuition. It's amazing how the brain picks up on subconscious signals & often takes the indecision away from you

Repetative behavior is (sometimes) a wonderful trait. Especially if that behavior is biased to the positive side, as in a successful/positive return strategy. Takes time to nurture of course, but it definitely exists!!

It was a good trade, well managed. If there are things to learn from it, then I'm sure you'll uncover them & store them away for future reference. But it's as important to enjoy the successful result as it is to analyze the post trade play

you got a handle on the obvious s&r zones, & take your time to really look at what the charts are telling you, then you really don't require to load up your templates with distracting paraphenalia.

We go thru the same preparation & analysis for compounding a position as we do for the initial entry.

It has to stack up & stand on it’s own two feet, therefore the conditions are no different to those in any other potential trade.

We have slightly different criteria for each pair according to the aims of the original trade & the unique personality of the pair we’re engaged in, but the generics are very similar.

Tess & her little gang work primarily off the Daily & 240min timeframes. Those are their template workstations, therefore the guts of the analysis & prep emanate from there.

Basically, we look to engage on & around area’s of supply & demand which are highlighted on those references.

By that I mean we’re seeking a value entry on a test and/or failure of a previous level which attracted decent attention.

It’s what we like to term as a flip zone. A fulcrum which is likely to once again welcome the attention of both Bulls & Bears.

Drilling down to the 240min reference, will offer a closer view of the activity playing out at this junction. You can see from the action that it was testing demand & forming a solid base.

Again, we were back at the much visited supply-demand camp.

These are typical scenario’s we look for when planning to compound positions. Low(er) risk, reasonable reward opportunities where we can place our emergency exits at clear, defineable technical junctures & compute our upside potential to the left of the chart.

At the end of the day, it’s an ass covering exercise. We don’t know how successful the move is going to be, neither do we know how far prices are going are going to travel. What we do know however, & have absolutely full control over, is our risk!!

You gotta know your exposure to risk at every step of the way. Get that part in the can & the profits become that much simpler to manage

Is this level being bid or offered?? Where are the near-term hiccups waiting & what would you expect to happen as prices begin threatening these zones?

Always plan for every possible eventuality….cover the bases. Half the battle is not getting caught with your pants down. If you get surprised by a price action move, then you haven’t planned adequately or justified your entry (position).

If you're flat, then these zones offer a heads up to begin focusing on your triggers to play them either side of the flows from current levels.

Decent upper & lower 1st level target zones to guage potential pare off/exit criteria too, so the risk is ok on either of these Yen based pairs.

Similar scenario on a couple more of the popular pairs out there, so a case of 'taking your pick' as to which pairs you prefer tackling really.

When you're executing off s&r levels or supply-demand zones (which is what you're really dealing with when price approaches these zones), you have to try get your ticket at the premium entry.

It's no good shorting when prices are half way down a recognized channel, as all you're doing is increasing your risk.

That which appears easy or simple is quite often the hardest thing to implement

If you can wrap a workable plan or strategy around something which you've unearthed & tested sufficiently across a long enough timetable and varied trading conditions, then I guess you're 'good to go'

Personally, I don't look for anything other than what works for me. I have a couple tried & tested set-ups for one or two repetative trade conditions which suit my particular aims-expectations for that specific occurrence.

It's then a case of waiting until the potential trade comes to me.

You have to find that which suits your style & psychological well being. As long as you can justify laying your $$'s down & you got your risk & defenses sussed, then you've covered your bases.

Doesn't really matter what anyone else thinks. They're not you!

The confirmation to trigger a *"long"* (if you must) would be a higher low and/or a higher high to at the very least offer a little confidence that the support is indeed playing ball again on this occasion?

When considering anything (long or short) you require **CONFIRMATION**, yes?

Price **NEEDS** to tell you something. It has to prove it's intent, otherwise you're simply trading with a blindfold on.

The very least you require is that a level you're observing begins displaying behavior consistant with your trade intent? If a support is to act as support then you need to **witness buying pressure**. Vice versa for a level of resistance or supply.

Can you see though, the value of waiting patiently for the pertinent levels to come into focus before hitting your trade button?

If you're a player who possesses the skills & aptitude to negotiate a support-resistance range, then executing at the premium value level (going long as close to the support base...shorting the resistance line) will greatly reduce your (risk) exposure, whilst ramping up your potential reward column.

So long as you adhere to your confirmation triggers, you can ping back & forth off the boundaries until one side gives way & the momentum ticks up, attracting the breakout crew to join the party!

Presuming you've got a plan of action for whatever type of trading conditions you operate under, then that will dictate whether you're going to work on a specific day or not.

If the conditions are good to go, then I'd have my relevant support-resistance guides already highlighted on my technical graphs & I'd be looking to update them as price meandered back & forth during the trading day.

I'd be aware of the important intra-week, intra-month & major swing high-low levels

I'd be aware of the dominant trend flows (via the weekly-daily timeframes down), & also the trend situation on my template timeframe (the one I primarily make my decisions from)

I'd certainly be very aware which type of trading conditions we're currently engaged in (range….trend….consolidation etc), as that will influence & dictate which tools I'm going to use to tackle the market.

I'd check & print off the daily calendar of economic events for the day & ensure I was fully conversant with what was printing & the possible effects on the price map.

I'd check & read the relevant fundamental-technical sheets for the day to ensure the main price drivers were still on the front burner. (You can get the free sheets via Bloomberg, Reuters & the various free sites if you didn’t wish to pay for a more in-depth service).

I’d check to see what (if anything) was driving prices late into New York & during Tokyo to get a flavor of what traders were up to.

It’s then a case of deciding if conditions are suitable to engage or not.
If the outlook doesn’t suit my set-ups or triggers, then it’s a *“waiting game”* for me.

During the day, I’d be checking the sheets for any additions or addendums to the day’s activity. I/we’d also have a squawk facility running in the background throughout the day for up to the second breaking news/rumors etc, but that’s not really essential if you’re just starting out.

That’s basically it…..but you definitely have to tailor your research, planning & execution around the particular style of trading which you operate under. And if those conditions aren’t visible today or tomorrow etc, then you’re on the sidelines until they do appear.

It’s then imperative you have your triggers primed & ready to hit the button.

You have to be absolutely aware & alert to the conditions which you're operating under.

It's no good attempting to play a range if you're unsure where to reduce your risk from or which boundary you're likely to obtain the more favorable value from.

Same as cutting a swathe thru a trend run. You need to be fully conversant with peak-trough (ebb & flow) behavior & how you'd operate under those conditions regards triggers into an entry, to ensure you're reducing your initial risk & maximizing your reward potential.

Each market condition displays & demands very differing trade management tools.
Before you attempt to hit your buy-sell button, you need to be absolutely certain you're operating in the correct conditions for the tools you're utilizing & the structure of the

market suits your style & psychology.

If you're not familiar with the conditions or you're outside your comfort zone, then fear will begin to over-ride your decisions, & that my friend is not an alley you really want to find yourself down.

You'll get cut to ribbons.

You could set your profit level at say 60 pips for 1st pare off & price nudges 52 pips before falling back & hitting your stops?

What you gonna do if that scenario begins to (regularly) play out??

Would it not be more potentially productive to trail your initial (profit) stops behind a technically relevant move up or down on your chart template?

That way you can pare off at a convenient technical level on the move if you're trading more than 1 lot. The remaining lots can then be trailed to a specific bar count, or technical level to test the intent of the entry-price move.

But it would definitely pay you to explore those options before rigidly applying a set procedure to your strategy. It can be dangerous from a psychological viewpoint to allow your mind to adopt a principle which doesn't afford a degree of ***flexibility***.

Markets are fluid, uncompromising animals. They ignore rules & don't recognize orderly behavior.

Your strategies must allow for the unexpected & plan for the unknown

Yeah, I got to agree with that view.

You should really be restricting your entries to Grade A set ups anyway, as has been alluded to on here by the girls.

The tighter you wrap your strategies, the less likelihood for too much extended drawdown, particularly if you're operating intra-day or short timeframe strats.

Get your quality sorted & wait patiently until the real sweet trades begin showing their hands. You only really require 2-3 well qualified opportunities per week across 3-4 pairs to maintain your consistancy.

Let those who haven't sufficiently prepared their templates take on the skewed risk. Don't be in a rush to pre-empt a set-up or step in front of a dodgy, half assed signal.

The perfect set up doesn't exist.

Multiple filters are totally unnecessary. They'll merely serve to confuse & disorient you. Why confuse something so simple in it's observation & execution??

More isn't best

Begin stacking & assembling the information you already have to best suit your specific needs & aims. As long as you adhere to sensible risk & (trade) money management templates, then you'll begin to assess whether this type of trading model has legs (for you) or not.

Price merely has to re-visit the area of significance for me to become interested in taking a level on. I'm not one for waiting around to witness excessive confirmation to be honest.

If a previously strong level or zone of s&r comes into view, & I get a signal from a specific set-up to engage, then I'll take it on providing it affords sensible risk & reasonable profit potential.

Jocelyn (& her crew) usually engages via the smaller timeframes as & when a level of interest comes back on the radar. It's to probe & test the level really, just to ensure it's playing ball & is setting up to repeat it's previous behavior traits.

Essentially, I'm looking to see if this pair is displaying any propensity to "repeat" the shorting behavior at this area of previous supply.

Price action & it's behavior on & around previous levels or zones of supply & demand is all that interests us. Understanding & interpreting the psychology of market participants as & when prices begin vibrating around these levels tells us all we need to know.

Anything else (indicators) is merely an unnecessary distraction.

What you're looking for are these pressure points to either garner support & break thru, or fade on rejection of the test.

The clincher of course is whether or not a smaller timeframe trade plan is part of your arsenal & whether or not you possess a set-up or 3 to take advantage of this type of activity.

1) It doesn't matter what I think. As long as whatever you're utilizing is of positive benefit, then use it whilst continuing to explore & develop your other preferred area's of study & market observation such as s&r etc.

2) And you will if that's what you really wish to do. Trouble is, it often takes an awful long while before you go full circle & realize that the simple tactics are quite often the most productive.

It's all a matter of trial & error. But don't completely abandon your current mode of market observation. All it will do is frustrate & irritate you. Like I said, if you're extracting profit from your instruments, then continue & develop alternative area's of study.

3) Experiment with your timeframes. Take a look at the Daily & focus on 2 or 3 real big, obvious levels (if they exist) & draw your horizontal line, tying them all up. Cascade the line down onto all the lower timeframes & leave it there until price begins threatening that level.

If the Daily is of little value, then repeat the process on the 4 hour and/or 1 hour timeframes. Only plot those levels which really stand out & hit you as soon as you look to the left on your chart.

If your technical charts allow you to zoom out, then all the better. The more price activity you can squeeze onto the specific chart reference, the better.

Get used to plotting the big, ballsy zones first & leave the lower tiered (minor) levels until you begin to get accustomed to the process.

Remember: take bite sized chunks out of your learning process. That way, you won't become overwhelmed & discouraged with the educational journey.

4) That takes time, & experience comes with time. You can't rush or fast forward this element of your education unfortunately.

It can be made a little less stressful by maybe taking heed of others warning signs & advice, but generally you need to experience the failures & setbacks to make the success all the more tangible.

Determination & patience will take you a good lick down the road. Don't be in a rush to give all your trading account money to the brokers. Take your time & flip to demo mode each time you wish to test out a particular item of interest.

Ensure you're fully conversant with whatever it is you're using before committing real money to the game.

and **ENJOY** it.....it's meant to be mildly pleasurable at the very least

Do you have any specific set-ups or triggers in mind to execute via the trend/peak-trough behavior you mention above?

It might be helpful to you when utilizing any type of strategy (s&r observations included) to have a clearly defined trade plan in mind so you don't become distracted, waylaid or confused when price action doesn't play ball exactly as you planned around one of your zones of interest.

It doesn't need to be 'war & peace'....merely a few rules or aids written down to assist with your planning.

Obviously, any triggers and/or set-ups would ideally be already tested & adjudged under differing market conditions before attempting to trade real money.

The generic plan of executing in harmony with peak-trough (higher high-higher low etc) behavior is cool, but you also need maybe one or two specific tools with which to go about your business of extracting profit & controlling your risk.

Always attempt to pin down as tight as you can your intended course of action as & when a possible trade comes into view. And that goes for negative as well as positive outcomes - you gotta cover all your bases!

That type of behavior will help to instill discipline, consistancy & better assist in narrowing down possible leaks or discrepancies in your strategy.

It will save you an awful lot of time if you're looking to improve or tweak a certain element of your strategy, if you know exactly how it works in differing conditions.

You can plot different s&r markers from separate timeframes (& highlight them on one chart reference), but ensure you color them differently so you know why they're placed where they are.

For example: you might have a couple of very visible & active levels which stand out hard on a 4 hour frame. You'd definitely want to be alerted as those levels came into view.

You might also be aware of a couple levels which attracted attention via your intraday (15min) timeframe & you might wish to plot those as well to maybe take advantage of any short-term activity as price buffers that zone.

So, you can have 2 sets of levels plotted on say your 15m timeframe. The 4 hour lines might be 200-300pips away, but as price comes into view, they'll show up on your 15m frame.

That way, you can utilize your triggers & set-ups to marry the harder s&r lines as they become active on your smaller timeframe.

Learn, adapt, practice & embrace one thing or method at a time. Once your confidence & competence increases & you're turning profit, then you can begin to explore other avenues of potential profit.

if a level is being fought out with at a fierce Bull-Bear fulcrum & price is coiling up or engaged in a tight sideways consolidation, then price will break-out aggressively without looking back.

Range break outs such as Asian, previous high-low trenches at least 100 pips wide, or maybe a key swing level where price has been strongly rejected will normally offer a 2nd opportunity to engage via a pullback to test the demand.

But unfortunately, markets don't work to precise rules.

Which is why traders (especially new comers) should have a specific template in place to trade each occurrence.

If you're a breakout trader & you only take a position if price pulls back & forms a doji or a continuation set-up, then that's **your specific** rule or signal to engage. If price doesn't offer you your signal, then tough - that one slips thru the net.

Get my drift?

Support & Resistance are simply the wheels. You still need to add a steering wheel, brakes & accelerator to the frame in order to drive the vehicle.

Most of the savvy operators out there (large Bank desks….Hedge Funds….Investment Funds…..High Net Worth Speculators etc) are very aware of the key technical levels across all of the instruments they trade on a regular basis.

Some of these operators will choose to add the odd technical flavor to their analysis, such as: Fibs, Waves, & Moving Averages according to their preference & the specific aims & objectives of their trading structures.

The obvious swing levels & zones which appear to draw price in like a magnet are being observed (& traded) by these firms day in, day out for very specific reasons.

More often than not, they hide collections & bunches of stops. They'll be profit stops in there, limit orders, new buy & sell stop orders etc.

Price action will be determined as a direct result of the dominance of orders (supply-demand) stacked at these levels.

If price is in a solid up trend & sufficient continuation & fresh buy orders are resting above a previous level of fierce s&r activity, then we'll witness a consolidation of sorts until the Bulls have either absorbed all the counter activity (including the fresh orders) & continues on it's journey.

If the resultant sell or contra activity is stronger, then price will get batted back down to previous level of support where it will sniff out further bid activity for another assault on the resistance line. And so it goes on.

But it's essentially all a direct result of the laws of supply & demand at each section of the price ladder. *And yes, most of the smart money certainly drives this activity.*

Usually we'll add to our positions on pullbacks of a breach of next level support (in a downtrend) or resistance (in an up trend).

We will also get aboard a pair on an approach to an important level if the opportunity presents itself via a smaller timeframe reference. Reason for that is so we can monitor the initial reaction & get an “average position” to maybe front run a possible aggressive breakout. That strategy will generally be actioned on smaller size until we receive confirmation that the (possible continuation) level is genuine.

We monitor all the relevant carry trade instruments (those v/s Yen) & the majors. Personally, I like to watch the GBPUSD, EURJPY, GBPJPY & NZDJPY via the 60min+ timeframes.

Jocelyn trades those (+ Oz & Swiss) via the smaller timeframes for specific objectives when she has to.

I base most of my template work off the 4 hour timeframe. I rarely drop down smaller than a 60 minute reference.

The Daily & Weekly are also observed for range & bar percentages, but 90% of my trading decisions will emanate from the 4 hour

The volumes are certainly lower during mid July thru early Sept, but there's still sufficient participation to get involved. Obviously you need to be aware that ranges & channels can become a tad skittish & open to volatile expansion here & there, but the pairs are still tradeable.

If at any time you're unsure of what's occuring out there, or uncertain of the directional flow on a particular pair, then proceed with caution. There's no harm in reducing your position size/exposure until you can get a handle on things again.

Yeah we keep tabs on the average daily & weekly range prints of the pairs on our watch list.

Simply put, they record the high to low extremes which a pair travels during the trading day & then averages those extremes out over a given period of sessions. Usually 1...5...10 & 20 days are the markers.

I tend to take a note of the weekly ranges. Jos observes the daily ranges. But then, we got differing aims & objectives so each to their own.

it would be in your interests to know when these guy's (professional traders) are active for sure. What they do affects the levels which you're seeking to profit from.

weeks end, months end & quarter end are natural profit & position balancing periods for the big hitters. The (retail) brokers that you utilize, & their prop traders, will be engaged in the same zones & levels that these guy's operate in. By that very virtue, it affects you too.

wouldn't it be beneficial in some small way to assist in maybe understanding why a particular level is generating intense interest? or why a certain price popping around a hot zone is impacting on your stops or limit level?

it might not affect you at all, if so then cool. But just be aware of when these occasions roll around.
Half the battle out there is preparation.

When prices are moving quite aggressively in one particular direction, use the ebbs & flows to hone down your entries in tandem with your favorite price aid.

Doesn't matter whether it's Stochasitcs, RSI, CCI etc. If price is falling thru these peak-trough steps, then you really only want to be looking out for stochs etc as they print an overbought signal & leg in short with whatever price trigger you utilize. Ignore the "long" signals being highlighted via the oscillator.

It'll save you a whole lot of pain & lost pips.

Just watch & obey the natural flow of the peak-trough behavior & only fully exit when the price action tells you it's found sufficient demand & printed another temporary? bottom. The first signs of that momentum shift will be the printing of higher lows & highs on this smaller (15m) timeframe reference down here.

The significance of a potential support or resistance level is heightened by the reactive behavior in & around it’s vicinity. Remember, it’s the general zone which harbors most of the potential activity, & that zone can quite often stretch to a 20-50+ pip channel of interest.

Always look left!!

If your primary template is the Daily timeframe, then sure, most of your priority levels will emanate from there. Secondary levels could be observed from a 4 hour or 1 hour viewpoint if you're seeking intermediate confirmation.

But essentially, you're looking for levels or zones of activity, which have displayed previous strong attraction for players. The further back & more often those zones reacted, the better.

Tess, Jim & their crew mostly plot their primary action levels via the 4 hour timeframe. I then utilize & cascade those levels down onto my micro timeframe templates & my guy's execute according to our specific aims & intent at the time.

If a level or zone is a genuine s&r reference then it's going to react & offer opportunities whether you're a micro (tick-1min) or a macro (240m-daily) timeframe trader.

The execution is secondary. It's where you execute & how the execution is managed which deems the exercise productive….or not.

As you're quickly finding out, one of the major benefits of this type of trading is, that whatever market conditions exist (range or trend), you'll have a set of tools (well defined set up's triggering off sound price principles) to pick your route thru your chosen pairs.

Whatever you do **DON'T COMPLICATE IT**. Keep it simple, don't be tempted to add any more indicators or other filters.

If the conditions aren't suitable for your specific set up's or triggers, then wait patiently until things line up. It'll be well worth the wait.

One of the main (if not **THE** main) reasons for failure in this business is a total lack of discipline. The itchy finger & impatient nature kills most new traders.

Those who spend quality time researching & preparing a simple, effective trading plan & properly test out their findings will hold a tremendous advantage over the rest.

We run through the same generic principles as we would for any pair we're looking to get a position on kagein.

Rate differentials & impending int rate news which might impact the pair.
Specific regional fundamentals affecting each of the opposite pairings (British economic outlook v/s Japanese economic outlook etc)
Equity market flows (risk aversion - particularly relating to EURJPY)

That daily diet of information is readily available via various sources to most folks if they wish to avail themselves.

Although not really necessary for everyone, we also access newswire & squawk facilities which afford us instant & breaking news snippets, rumors & bits & bobs of order flow traffic etc which get bounced around during a typical trading day.

Those of you who have picked up the s&r (supply-demand) baton & run with it, require no convincing whatsoever that this type of trading works on a consistant basis. Entries, partial profit taking, adding contracts to a core position, full exits....can all be planned & managed around these common technical traits.

Usually yes, we will manage the position on the timeframe from which it originated.

I say usually, because there will be occasions when we need to be flexible & drop down or scale up a timeframe to locate an appropriate technical level to hide stops or locate a stop order to compound a move.

Obviously, that flexible & discretionary type of activity is always dictated by the market. We don't subscribe to the usual rigid or inefficient methods of pre-determining risk-reward ratios. Markets simply don't operate that way

For instance: we might have executed an order on the 4 hour frame, but need to drop down to the 1 hour reference to slim down an appropriate technical zone to hide a stop. Same when going up the scale from say a 4 hour to the Daily in search of a level to guage a (forward) potential supply-demand zone.

It’s extremely rare however that we’ll wander too far from our template frame to manage a position.

Slightly different for intraday trading, but then that's a whole other kettle of fish altogether.

Triggers, planning & execution are different. I'll generally adopt a far more aggressive stance when trading a specific intraday engagement. Certainly regards compounding size on the move.

Grade A opportunities in line with that strategy are minimal on the fast timeframes (for me), so the level will need to be pretty hot to tempt me in.

The longevity of the positions are usually quite small too, which is why the level & accompanying price action requires has to be right.

Match the size with a decent level & you not only decrease your overall (longer term) risk employing this type of strategy, but also ramp up the positive expectancy.

Costs, excessive risk & inappropriate management dilute the effectiveness of these fast timeframe strats for most folks. The other drawback being, they're all too often engaged with a total disregard for the current market structure.

Better to have a balanced strategy play, kind of like a *"man for all seasons"*

Price influence would be a big consideration for starters. Is price being driven by sharp fundamental bias or technical jostling?

Aggressive fundamentals tend to exert strong psychological sway on prices as players react & position themselves accordingly to the output, & I'm not just talking about a rogue NFP or inflation report.

A key item of influence (such as the current credit crunch turmoil or Central Bank reshuffling, leading to carry unwinding for instance) can run prices thru several big figures very rapidly, & impact on the ongoing management of your positions.

Wide ranges will require different stop & management structure than a confirmed or maturing trend. Some of the range extremes witnessed on the Yens can be anything up to 300-500 pips wide. The opposite of that scenario would be the current (smoother) trending structure of the Euro, the Franc or maybe one of it's cross pairs (EURCHF…GBPCHF).

Of course, the timeframes employed in each of those examples will also have a bearing as to how each scenario is played out. You know as well as I do that trends within trends (5 or 15m snaking inside a 240m or daily frame) will unfurl & contradict consistently, & it's down to the skills & ingenuity of the trader to decipher which step trumps the other

LOL!(did anyone assume this was easy???)

Once you’ve determined the recent & current structure of your chosen pairs, you can begin adapting your strategy model to the price action. Stops will be positioned & trailed according to your proposed profit take steps, compounding opportunities (if you adopt that principle) & ongoing observation of the technical behavior.

There are a number of options one could use. 2 or 3 bar reversal deployment, usually more productive in range environments might be one choice.

Trailing up behind the previous or secondary swing points might be advantageous on a trend run? Hiding trailing stops away from the obvious round number & quarter number levels on pullbacks would be sensible, especially as prices are bedding in on a confirmed (trend) reversal.

I’d guess the types of trade management deployed will be directly & heavily influenced by the account balance in most parts. Someone running a 5k micro account won’t be engineering the same type of outlook or aims of a competitor coming to the table with a 150k pot.

The whole attitude, psychology & make-up of the trader is totally different & again, very heavily influenced by the account size available in the first instance.

However, the principles are exactly the same. The disciplines, planning & execution skills can be practiced & honed regardless of the account size. Sure, the (financial) progress will be slower, but from little acorns etc….

First & foremost, before you even begin considering what's required regards stops management, you need to determine which type of trade plan or strategy model you wish to become engaged in. Once you know that, you can begin formulating your game plan.

You could use the Tokyo range as you would any other range (eg: prev days range...prev weekly/monthly range etc) & buy an upside break/sell a downside break of the line.

Dependant upon your triggers, risk & the behavior of price action contained within the range, you'd either buy or sell the line directly or maybe wait for a pullback to test the intent & provided you got a favorite bar set-up, then play the pullback away from the high/low breach of the range.

There really aren't too many options to worry about where price action is concerned.

It does 1 of 3 things. Moves up, moves down or moves sideways. How heavily it moves is wholly dependant upon the quality & quantity of the participation. The significance of a particular level often has an effect on the behavior of price action, particularly if the level was previously well defended.

If you got a reasonable handle on those levels & can recognize the behavior as it oscillates around the various support or resistance zones, then you can wrap a simple technical model around whatever else you use, to execute your strategy.

prices bust out of tight activity pockets to the topside when buyers outweigh sellers at a particular juncture & breaks down when the reverse sets up. Prices often re-visit these breakout zones & repeat the process if the original reasons (supply overwhelming demand or vice versa) still hold good.

Until that occurs, it'll kick around in a state of equilibrium. It really is nothing more complicated or mysterious than that.

A heads up from a higher timeframe than the one you're executing from, to adjudge whether you're operating under trend conditions or range boundaries + any significant area or two to the left of the chart as a gauge to the potential near term destination, is about all that's required to build a workable strategy.

That generic practice unfolds across all timeframes most everyday of every week. The force with which it moves away (& pulls back to test the breakout) from equilibrium will be influenced by what's driving it (technical reasoning-data release-world eco event etc), but these handover zones occur with consistent regularity. Certainly regularly enough to profit from!!

How you play them depends on your risk appetite, strategy implementation & aims/expectations.

I don't really place a graded emphasis (differing strength's) on what constitutes s&r to be honest. If price kicks away from an obvious (several bar) base or a 2-3 bar ledge, I'll mark that area up for future reference.

I work mainly via an hourly chart reference as my template frame, but it doesn't really matter which timeframe a trader works off…….these occurrences unfold across all the different timeframe chart grids. As long as you're primed into which type of trading conditions are being worked (trend or range), you can work your edge to suit the exact conditions.

These little ranges/ledges whatever you want to tag them as, set-up all the time. There are reasons why they settle into consolidation phases (which have been referred to on here many times), & their behavior is pretty transparent most of the time.

Combine your technical knowledge with a basic grasp of fundamental awareness & that combination will not only offer you an adequate pool of opportunities, but also keep you out of too much trouble

A heads up from a higher timeframe than the one you're executing from, to adjudge whether you're operating under trend conditions or range boundaries + any significant area or two to the left of the chart as a gauge to the potential near term destination, is about all that's required to build a workable strategy.

Folks get their feet awful tangled up when they fail to spot, plan for & execute trades according to a pairs behavior conditions outside of the smaller timeframe radar.

Someone operating via a 5, 10 or 15 minute chart who rarely looks outside those limits for a little wider geography can come badly unstuck at a range ceiling or floor if they're unsure of the conditions.

Like Tessa say's, the smart operators will wait for a previous area of demand/supply to come into focus & look for signs that the novice, clueless traders are doing the exact opposite of what they should be doing.

Executing trades at these lower risk/higher reward zones is what it's all about. Forget about flogging your ass inside all the hustle & bustle where all the silly money is operating - identify the key handover levels, bide your time until price comes into view & then jump on the value trade

The most common sense method of tracking the footprint of price activity is to study, record & act on the momentum of supply-demand (support-resistance).

You don't need fancy indicators or holy grail salesmen to tell you what you can see with your own eyes if you strip it back to basics.

There's an old saying out which goes something like:-

Trading is simple, but it aint easy

1) If you're experiencing some initial frustration in getting to grips with the concept of identifying & acting on your interpretations of this type of trading activity then strip it back a little further & simplify it until you become more acclimatized with it.

I'll assume you're more intent on trading via a shorter timeframe framework? (generally more intraday or short visits to the market?). If so, then drill a little closer into the action than a daily template.

Try observing the price & levels on a 60 minute chart. On a half decent chart package, that should offer you between 2 & 4 weeks of activity.

You're looking to see if prices got rejected quickly or fiercely from a key level, or whether they form a small base or ledge from which price gets booted.

These are the area's where you need to plot your s&r zones. Similar to those posted recently by Tess

The imbalance or equilibrium (whatever you care to call it) quite often attracts price back for a second look.

It does that for a couple reasons. Usually because stops or limit orders require to get shuffled thru the order book and/or buy & sell stop orders get fired off & attract speculative players as price moves aggressively away from a level. Buyers (sellers) remorse can often set in, or counter stop activity kicks in, forcing price back from whence it came.

If the move is genuine enough, you'll then witness the move unfold again (the original move away after the pullback), which is why these s&r zones Tess marked up nearly always work out positively.

But drilling in a little closer might help in eliminating some of your cluttery type lines on your chart. If the 30m or even the 15m highlights this type of activity, then by all means plot the action on those also. You don't always require a Daily or 240m perspective to profit from the intraday-intraweek momentum moves.

but remember - s&r (or supply-demand) isn't an exact line or precise level.

Try get into the habit of allowing a little tolerance above & below a key level or flip zone.

By all means plot a line thru say 163.50 or 1.9975 if that specific line flips price from support to resistance or vice versa, but try identify a small group of 5 or 15m bars which mark up equilibrium & observe how prices react when they move away from that level....was it a lazy, lethargic move or an aggressive, sharp push up/down?

Watch price as/if it revisits & see how it reacts as it approaches & vibrates around this short-term s&r zone.

I think you'll benefit from drilling in a little closer & focusing on what is doing NOW rather than what it did 3 months ago.
Price either sets-up according to your execution strategy or it doesn't (dependant upon your own rules etc).

As long as you can establish a playable activity zone where price has proven to you that it attracted strong, recent participation then you're good to go.

Obviously, any trade will need to sit alongside your personal risk-reward parameters etc, but that's a whole separate issue.

Keep it nice & simple.
If it helps, then work from today & scroll back.
Try locate an area where price got rejected or bounced with a good lick of participation & draw your lines of engagement.
See if the level attracts a second bite of the cherry & plan how you'd choose to interact

with it if it does.

Once you've drawn your area, scroll back via your 60 or 240m chart & see if your area attracted previous visits from recent activity………I think you'll surprise yourselves with one or two of these levels/zones by adopting this type of price action research!!

Sometimes these crutches (insert indicator of choice) can influence your psychology to such an extent that you end up either passing on a good potential trade or delaying the entry/exit, thus unduly impacting the profit/loss on an individual position.

There's really no right or wrong answer or conclusion to draw from it in my view. If a trader feels they're benefiting from the assistance of an indicator or a couple of price aids & it's adding to their confidence in managing the trades, then all good & well.

I'm afraid you got to take the positive with the negative, & sometimes they'll sling you a curve ball or two. As long as you understand & appreciate why you got caught (which on this occasion you appear to), then at least you can maybe begin to see past the indicator & begin looking just why the naked price action did what it did?

It's all about trail & error. That comes with experience & unfortunately in order to amass said experience we're going to expose our weaknesses as well as our strengths.

If you last long enough in this game you'll begin experimenting by gradually deleting these crutches & looking at the chart in a whole new light.

1. Be aware of any economic announcements and stay out of the market during these
times.

2. Be aware of the time of day and the market that you are trading. It is best to trade when
there is volume and the European and US markets provide the best movement. If it is after 12pm EST then chances are the volume is gone for the day.

3. Locate the Fibonacci levels on the Day, 4hr, and 2hr, 30 min, and 15 min using
the obvious trading ranges. If you have a hard time finding them, then you are looking
too hard; use what is obvious. You must have an overall visual awareness of the market
at all times.

4. Identify major trend lines on the larger compressions as well as the 1hr, 30min, and 15 min. The market will react off of these levels so be sure to be aware of them.

5. Be aware of your margin size and know ahead of time what your available trade size is
using 3% as your maximum risk. This will simplify things when you get ready to enter
the market.

6. Identify the trend direction for the session you are trading and only trade with the trend.

7. Be aware of the daily range for the currency you are trading. If the currency has
already fulfilled its daily range than be cautious with your entries. For example: the
Eur/Usd has an ADR of 76 pips and if it has already moved 68 pips than it is possible that
it will make a correction at this point and retrace.

8. IF you are anticipating a reversal verify that there is a reversal pattern or formation in
place and that the market has broke out of the former trend before entering.

9. When identifying the trend for the session, look to the 1hr chart and 15 min chart

10. Have a target in mind. Never enter a trade without knowing where your first or only target is.

11. Know where your stop needs to placed then assess how many lots you can trade using the needed stop and still stay within your 3% risk model.

12. Always place a stop before or immediately after entering a trade. This will protect your margin.

13. Remember that a stop is there to protect your margin incase something happens causing the market to move in an unexpected way very quickly. If you see that the market has broken thru a level that you were anticipating holding it back, then you don’t have to allow the stop to be hit. Be willing to close the trade down before it hits your stop if you see that the trade is going bad, this will further protect your margin.

14. Keep a running record of all your trades complete with screen shots and notes. If you are considering entering the market take a screenshot so that if you do enter you will have a record of the market conditions prior to your entry. This will help you to identify your strengths and weaknesses as you trade.

15. When analyzing the market start at the larger compressions and work your way down. It is important not to get caught up in the 15 min chart. Be sure to look at the larger compressions from time to time to get an idea where things are going long term.

16. Never Trade just to be trading. If there isn’t anything happening then wait.

17. Protect your profits, once the market begins to move your way and you have removed a portion of your trade, move your stop to your entry or a technically calculated position that will lock in the profits you have made.

18. One of the most important concepts in trading is trading within your means. What does this mean exactly? IF you enter a trade and within 5 minutes you have chewed your fingernails to the bone and you are dripping with sweat than you have traded beyond your
means. In order to make solid decisions you must trade with money that you can afford to lose. There can be no emotional attachment to a trade, only solid decisions based on factual information and technical analysis. There is no place for wishing and hoping in
the Forex.

How do you ascertain that it's an actual reversal & not merely a pullback?
In other words, what do you use to differentiate between the two?

If you're trading primarily off 4 hour charts, you're going to have to be awful patient in allowing price action to tip you the nod. If not you're going to get tangled up attempting to trade reversals when in fact they're likely to be pullbacks in the dominant trend.

One option would be to drill down into a smaller timeframe or two. Maybe a 30 or 60min? That would highlight any early potential topping or bottoming formations playing out at your previously drawn s&r zone.

The big advantage of researching & familiarizing yourself with a trusted set of rules is to offer you an edge.

As long as you're confident it offers you a better than average chance of staying alive out there, then you can observe whatever it is that attracts you to the chart.

Simple is often best. Less to complicate the chart & more importantly, your head.

Price action is the seed of everything. If your set-ups or strategies are wrapped tightly around the basics of price action, then I guess you're making life a whole lot easier for yourself.

If you can work a consistent game play around those trend lines & channels, & your risk model sits comfortably alongside it, then you're good to go.

A well versed set-up/strategy should afford you confidence that when it all lines up, you don't hesitate in pulling the trigger. You know where price is at now, & you got a marker for where you're going to make your next decision if price makes a run for it. Your back up or insurance is obviously your stop-loss, but that's all part & parcel of the plan anyway.

As long as you can identify an area to get you out if things wash out, then you can look down from where price came & plan for a timely exit or partial pare-off.

Again, identifying your s&r levels...ranges...consolidation ledges - call them what you will, makes your job easier when looking to wrap your favored set-up triggers around the game play.

Whether you wish to play the naked break-out or wait for a pullback, the momentum is still in your favor, allowing not only a clear objective trade, but also a decent positional stance for an emergency stop-loss exit in case price fails to play ball.

A quick glance at maybe your 240min timeframe will offer some potential lower support gauges should price continue to drift.

We’re always aware of what’s printing & when. It might not have a direct bearing on our positions, especially if we’re already onboard & the trade is bedded in – but we certainly won’t look to execute any fresh positions in front of an important economic release

Be aware though, like any other form of analysis, support/resistance zones are merely guides. They're not set in stone, automatic nailed on trigger mechanisms. They still require work, preparation & observation. Prices can just as easily plough straight thru them without a second glance.

Emotion moves markets, & if enough fear, greed or uncertainty exists then prices can & will shift thru the gears with gusto.

However, we've found them to be a loyal friend over the years & in my view this type of analysis is definitely one of the better price aids to hang your hat on

I use the 4 hour graph as my working tablet. It's where I plot my potential reaction levels (s&r zones...supply-demand area's etc). It's my primary reference as you say.

Given we like to action the majority of our positions on & around our plotted support & resistance zones, then sure I'll drill down to a 60min or a 15min to look for an appropriate entry level in which to trigger a move.

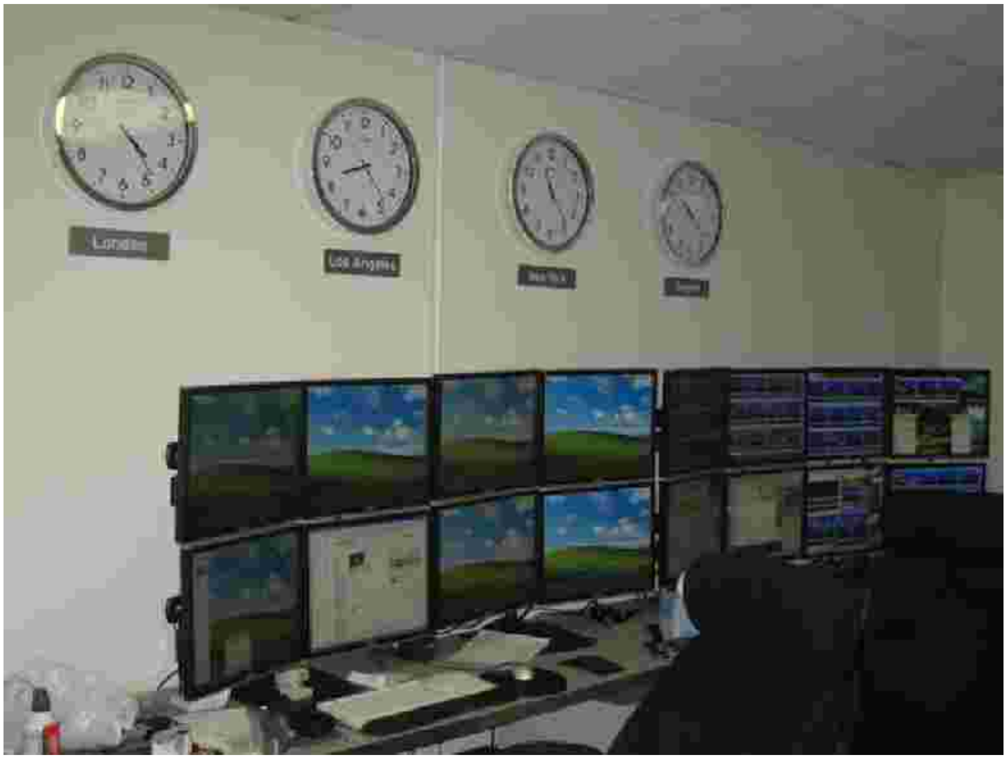
Once a level is plotted via the 4 hour, it's there for price to interact with. It's still going to butt up against the level on a 1min, 5min or 15min chart. It's not the timeframe which dictates whether or not a level is playable, but the price reaction as it approaches & interacts with the level.

Two of my favorite triggers are 1-2-3's & breakout-pullback triggers. I'll play them via a 5 or 15min frame (plotted from the 4 hour levels) if price sets up accordingly. I'll also play a breakout of an inside/outside bar from a 60 or 240min frame if it's butting a key s&r zone. Again, I'll drill down to take a look from a tighter timeframe chart to refine an entry if desired.

I particularly like to witness exhaustion/uncertainty playing out at a key s&r zone. You can identify that type of behavior by the way the candles/bars form on & around these levels.

Doji's, spinning tops, bearish & bullish engulfing bars send out very powerful signals that a market is undecided about direction. Especially if they print as double, triple & multi-touch tops & bottoms.

There are any number of combination price aids you can utilize out there to gain a heads up, main thing is to step back & try get confirmation from a couple timeframes as to the current behavior of price before executing your deal.



I’ve never quite understood the logic in attempting to fight a one-way flow (top & bottom picking). It all comes down in the end to ego & the burning desire to prove themselves right & the market wrong I guess.

Nothing like a margin call & one or two burnt accounts to shake that silly attitude out of the more stubborn hard heads LOL.

You don't require too many strategically plotted lines to be honest. Like the girls have said many times on here, they're merely guide posts to offer a little each way gauge on the potential reaction zones as price gets batted back & forth along the route.

A little tip (which quite a few newcomers to this type of price activity have found beneficial on these instruments) is to look immediately north & south of where price is NOW (on a 5, 15min or 30min chart) & see if there is a busy zone or two of interest in close proximity first.

When price is making fierce, aggressive moves up & down the ladder like this it can be difficult to plot your watch levels with any degree of efficiency. Sometimes you need to look a little closer to home before stretching out into the higher timeframes.

What I tend to do is simply take a look at the smallest timeframe I generally utilize, & work up/down from there. It just gives me something to get a hold of when price is banging around in between my bigger watch levels from the higher timeframe charts.

You only really need two or three close proximity levels to work with whilst price is going about it’s intra-day business. Once it breaks away from these initial close proximity levels, then you can scroll out to the wider zones of interest to help you on your journey.

Try not to overcomplicate it. Just look for area’s on the technical chart where the bulls & bears had a little minor scuffle or difference of opinion! Those levels will quite often repeat themselves on back & forth movements until one side or the other wins the battle.

It's when prices are shifting aggressively through the gears in one-way directional flow that your lower timeframe s&r guides can often hold the advantage over the slightly longer term levels. You're right to get your bearings via the big hourly charts as they offer good future potential fulcrum levels which price could encounter turbulence

It's worth repeating that simple concept here, especially when drilling down into the lower timeframes. As you say, your 4 hourly chart showed the last possible pullback entry before price took another ride south on the back of the lousy UK Inflation report.

But plotting the near-term reaction zones is quite critical to get a leg up into the flows when prices catch a strong psychological kick on the back of fundamental bias.

If you got your longer term levels plotted well in advance, then you've a good idea where the flows can be expected to run to if the follow through is genuine.

Your lower timeframe s&r reaction zones are the triggers you'll need to get you aboard, whilst minimizing risk & maximizing potential.

Don't be afraid to focus on these micro charts to get a handle on the intraday activity. They should be used as part & parcel of your analysis, not viewed in isolation or as an alternative to

The 1 & 4 hour or Daily (or whatever you prefer to use to offer you a wider view of the landscape) are there to track the bigger picture. They’re your *“perspective”* angle if you like.

You can obtain a better view of the swing levels, the consolidation & range phases & see where the contained bull-bear action is playing out. They also assist in marking some of the key levels which result in our s&r lines/zones.

Every now & again they’ll also throw up specific candle (or bar) prints which can help identify focus levels that you might want to inspect a little closer via your smaller (5&15min) timeframes.

That’s how we work the multiple timeframe analysis in relation to our set-ups & strategies when trading from a technical angle.

No one timeframe is more important than the other. They each form an equally important part of the puzzle & complement the overall aims & objectives of our intent

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During these early phases of experimentation it's important that you record as much as you can about the strategy you're using. It will benefit you when you re-visit parts of your trade plan later & really begin to hone down your method of interacting with the market.

What's important however, is that you come to the table armed with a very definite plan of action, which will include a basic set of rules for differing market conditions.

At any time of the trading session, you need to know what you're going to do if price goes up, goes down or moves sideways. In other words, whatever price is doing when you pull your charts up, your trading plan or strategy should indicate whether or nor a potential trade is setting-up.

The fundamentals (including the regular daily economic releases) can offer you a more in depth feel for what's driving prices out there, & if used in tandem with the technicals, will help you to stay focused on the important drivers going forward.

It's not a case of leaning heavily towards the technicals at the expense of the fundamentals, but trying to find a balance where you can understand & incorporate them into your daily research & preparation planning. Even if the bare minimum simply involves checking your daily calendar of events before you commit to a trade.

Much of this early work will be a journey of trial & error. If you feel comfortable with a certain aspect of technical analysis then stick with it & try to improve your understanding & application of it. At least until it proves either indispensable or totally worthless.

Sometimes the data's influence on the market will be minimal at best. Other times even the high priority data releases fail to ignite the market, especially if they print in-line with the consensus & confirm the markets current bias. But it is information that the smart & influential players pay very keen attention to, so it wouldn't do any harm to familiarize

yourself with

As Jocelyn has already stated, the important thing is to be aware of what's printing & what the market is expecting from the release. I'm not suggesting you wait until every item of data has printed before executing your intra-day trades, but if you're already positioned prior to an important release, it would at least afford you time to plan your options if the data surprised the market positively or negatively.

Half this battle is in the preparation. If you have all the relevant information at your fingertips, then you can make your next move or decision with a higher degree of confidence. It might not always result in the desired outcome, but at least you won't be caught like a rabbit in the headlights.

You're welcome.

There's nothing complicated about that specific aspect of the analysis. Once you become used to looking at things in a certain way, it's simply a case of tuning into that particular practice.

Don't forget, we've been looking at price via this (simple) angle for years. It eventually becomes second nature.

It obviously helps if you trust & put faith in your analysis, but then it's more than proved it's worth over the years, so there's no problem there

Nowadays, if I don't see a clear, obvious zone of potential s&r on a specific timeframe within a few seconds of hauling up the chart, then I move on to another pair.

Once I quickly identify a potential activity level or zone on say a 15m or 60m frame then I zoom in & take a good look at it from different angles. I'll scroll out to a 240 or daily to see if it marries up from previous dates, then I'll drill in a little closer to see if it's held up over the past few days (if at all).

Once you got a point of reference you can then go about the rest of the analysis & back-up to reinforce your plan & map out your decision process.

One of the reasons this type of information is often overlooked or avoided is the fact most folks don't want to (or cant) put the work in.

It's initially mentally taxing & not easy to do the groundwork. Does that reflect why most folks go belly up in this game? who knows, but it maybe explains why so many folk are constantly in search of the "off the shelf" strategy.

We all know that route doesn't work, but it won't stop them from desperately chasing their tails all over the park.

There are pro's & cons of adopting that kind of outlook. (on very detailed note taking) On the plus side, it could help keep you focused & on track with your prep, discipline & game plan etc. On the negative side, if you're having to record every last detail of your plan when looking to take a trade on then I might suggest your strategy is a little heavy & maybe unworkable over the long haul.

You can actually have the best of both worlds & work a discretionary template such as this type of support & resistance scenario, whilst adopting a near mechanical strategy model to take advantage of it.

An example of that would be;
The use of the 40-100pip IB-OB + Stochs model teamed with your own interpretation of the ongoing support-resistance zones.

Although the ebb & flow of market behavior is in constant motion, meaning the short & medium s&r zones will change, your interaction with the markets (be it via trend or range) will remain mechanical & disciplined.

If a trigger sets up on & around one of your identified area's of potential activity, then you wait until your entry (or exit) criteria is met.

You shouldn't really require too much in depth pre-post trade analysis to back up your strategy models if your reasons to execute & your method of interaction with your chosen instruments are repetitive and/or mechanical.

It's certainly been challenging this week from an intra-day perspective. Depending on the set up, most folks would have been stopped out today had they executed around the period earmarked on your chart.

Even the die hard 15min inside bar players who executed earlier into the session as Europe/London opened up for business, would have had to sit thru a tedious, scrappy session until price finally got going this afternoon.

But that's just how things go sometimes. You're going to get periods like this when the pairs thrash around & get blown around off course. It's these lackluster, frustrating intra-day sessions when most of the break-even & losing trades will surface.

As long as you adhere to your risk parameters & remain loyal to your plans, then you shouldn't suffer too badly when you experience the setbacks.

The candles or bars are merely representations of activity. They're the result of the

collective underlying psychology of the participants at that specific juncture. Note the word **collective**.

All these doji's, spinning tops, bearish/bullish engulfing bars, hammers, inside-outside prints etc are simply the visual aids you use to determine whether or not you're prepared to take action at a specific level or zone. The higher up the timeframe scale they print, (generally) the more influence they exert.

Your next piece of the confirming visual aid puzzle is the near & mid-term support & resistance zones. Together, they offer you a little more clarity & focus. Combine the two & you got the guts of a half decent plan.

You're going to identify layers of s&r zones up & down the ladder. These will be evident across all the timeframe references.

<u>If your plan or template calls for you act on & around these minor points of interaction, then as long as you can justify your risk for that particular trade, you're good to go.</u>

Part of that risk will include the conditions we're currently trading under. Are we embedded within a confirmed trend run? Is price bouncing between clear range boundaries? Is it merely a consolidation or basing phase? These conditions will assist in influencing your decision.

Do you see what I'm getting at? My view won't necessarily mirror yours. I got a couple different set ups & triggers for varying market conditions. Doesn't mean I always take the trade, but I can at least consider the options.

To directly answer the 2nd paragraph of your question:
yes, I will take on trades from both sides of the s&r spectrum. If I can identify a decent risk based opportunity from a close quarter or minor s&r zone then I'll take it on. Given the fact the Euro is still adhering to a bearish trend bias, & there are no conflicting signs via the larger timeframes, then I'd only be looking for 'shorts' on this pair.

You should have an action plan firmly in place, married to the current market conditions every time you sit in front of your technical charts.

If you don’t & your focus is blurred, then the result will likely be tentative, nervy decision making. If the conditions call for you to sit aside until the price action matches your plan or preferred mode of execution – then that’s what you need to do. Patience & discipline wins this game.

You can’t trade everything on every timeframe unless you’re set up to do so.

I was preparing an exercise earlier for one of our Poppa’s clients as an example of a ‘top down’ technical approach using bare price & level construction. We’ve talked about this a few times throughout the thread, so it’s nothing new. But it doesn’t do any harm to remind ourselves of these important scenario’s every now & again.

I know many of you follow James’ inside-outside bar strategy across on the other thread, so thought I’d throw the lower timeframe example in as a timely offering of how you might tie all the relative pieces together when assembling & blending the information from the different timeframes.

A few of you might already be using something similar (ib’s & ob’s) & if so, then cool. If not, then you might want to begin taking note of these types of price activity on the larger (Daily & 4 hour/1 hour) timeframes as the price action plumbs the current extremes on a few of these pairs.

Any exhaustion (& potential reversal) behavior on the Daily & 4 hour particularly, will display similar traits at the bottom as they do at the top. Any doji, spinning top & bullish engulfing activity should be closely monitored & actioned via your smaller trigger timeframe charts.

As an exercise, simply scroll back on a few of your favorite pairs & see if you can identify similar behavior where you might have been able to advantage yourself both long & short during the repeatable price action behavior.

Crowd mentality always displays itself along similar lines. If you know what to look for you can better prepare to place yourself to the correct side of the flows!!

Don't overcomplicate it. Problems tend to surface when folks get all freaked out & cloud the waters with too much content.

If you can easily identify a trend or at least a **bias** of some description on say a 4 hour or 1 hour timeframe, then the road of least resistance is to allow that bias to sweep you along via your smaller trigger (15min) timeframe....& that will come into play by focusing on the appropriate IB & Stochs signals on that 15min frame.

My advice would be to immerse yourself into this set-up & learn it back to front, inside out & upside down before progressing onto anything else.

If it suits your style & psychological tolerances, then you'll find it easier to accommodate into your arsenal.

Don't overcomplicate the research. Keep your observations nice & simple & incorporate your technical research & understanding slowly so as not to overload your brain & frustrate your progress.

The timeframe you use to actually trigger your trades will be the 15min if that's going to be your primary template frame.

The higher (1 & 4 hour) timeframes are simply your research or observation references.

Think of it like a pair of binoculars. You're surveying the landscape with your binoculars looking for a reason to get ready to implement your firing mechanism.

Once you spot a likely candidate, you switch across to your close focus sights (the 15min timeframe) & watch out for an inside or outside bar setting up in line with the dominant price flows.

If your slow stochastics begin confirming the potential move & you can locate an appropriate level to hide your stop-loss, then you're good to go. You also need to aim for a level or zone which will offer you decent risk-reward potential. But you'll be able to plot that before the trigger fires off.

It's all very well having your support & resistance levels plotted or your trendline, fibonacci or pivot levels annotated on your charts, but if you don't allow price to actually prove it's intent or test these price assistors before engaging, then you might as well not use them in the first place.

The central theme of their analysis & trade planning revolves around the process of intent & confirmation. In order for them to execute away from one of their support or resistance zones, they require price to test or confirm it's intent. The reason they adopt that practice is to help reduce the possible occurances of false breakouts, continuations & reversals.

It doesn't mean they'll be totally immune from those instances, but at least they won't be trading blind.

You can use that principle across whatever technical tools you choose to utilize.

(about price touching s/r) there's no real concrete rule. Once will do for me if I can load up at an appropriately safe level. I know the same goes for Tessa, especially on the smaller timeframes.

It's all about the risk.

If the price action signals me in at a pullback level via one of my favorite set ups, around a previous zone of support & resistance, then I'll climb all over it.

I like breakouts from ranges. Overnight (Asian) or intra-session consolidation ranges, previous day high-low points etc will perk my interest if I see a breakout & pullback to test the intent.

If price pulls back to check the top (or bottom) vicinity of a range b/o & I get a doji, spinning top or aggressive bull-bear candle with adequate stop placement above-below my potential entry – then I'm off to the races.

Of course it goes without saying that it has to be in tandem with the overall trend if one exists, but that's all I require to get me active.

You'll need to get accustomed to your own personal risk profile & trade tolerances first before settling into a consistent basis of execution, but that's what demo platforms are for.

If you think about what's usually happening when prices kick back to check a prev breakout zone, then it'll add confidence to your potential set-up criteria. But you can use the support & resistance guides as a base for nurturing this type of trade execution.

A lot will depend on how far south this things decides to go.

After that, players will be looking for a basing or reaction low to work off. They'll start to feed into longs once they obtain some confirmation that a potential bottom or base has begun to bed in.

You can get a clearer view of that type of action via your 60 & 240 minute timeframes. That's where it'll begin to show.

Higher highs & lows + any solid range behavior holding up to scrutiny will encourage feeder (compound) stakes along the way.

Only you will know if that scenario plays out successfully enough to warrant using it consistently.

If it fits alongside whatever else you use to navigate your way around the technical arena, then you've got the makings of a reliable trigger.

Trouble with comparisons is that no two traders will marry up exactly with their specific trade preparation, execution, aims/expectations or risk profiles.

The generic observations of technical levels & zones will, more often than not, match up on a regular basis, but it’s how each individual plays that information that will differ.

If the idea of wrapping a strategy or two around the concept of support-resistance and/or supply-demand appeals, then you have the possible foundation right there to build a game plan or two, which will suit your personal style & psychological tolerance.

The dialogue, exchange of views & examples on here are aimed at stirring up the grey cells & encouraging folks to explore the content in their own fashion.

Some will discard it, others will flirt with it & decide it’s not for them and a few more will pick up the outline & fill their own blanks in along the way.

We post our own interpretations & views on how we see the playing field from our viewfinder. So too do the other contributors. Occasionally they’ll be mixed conclusions, some will identify certain levels & zones which others haven’t even considered. But that will usually be as a direct result of that individuals specific aims, timeframe preference & risk tolerance.

Use the outline & basic principles of what’s being presented here & see if you can build something which you feel comfortable with. Demo it & evaluate it on a regular basis.

You can post up your examples here so that folks can offer their views & comments. But try put your own stamp on it & see how you go.

Ok, so now you've identified the general bias & you got your personal upper & lower markers, what are you planning to do when & if price arrives at either of them?

Remember the important principles that Tess & Jos have constantly tickboxed throughout the thread?

If the Inside & Outside bar is your primary execution method, then that will form the core of your analysis preparation.

Your trading plan should include an ‘all options’ consideration.
1) What will I do if price continues in the dominant direction
2) What will I do if price fails to continue in the dominant direction
3) What will I do if price ranges or idles into a consolidation phase?

Around that core will be your decisions on the appropriate risk you’re willing to take, money management deployment (trade sizes etc) & the type of trade management structure you’re looking to adopt (do you subscribe to “an all in, all out” and/or trailing method or maybe a scaling in & out procedure).

Most of those criteria will be directly influenced by the specific strategy or strategies you utilize for the market conditions you operate under.

They’re all important ingredients of your trading structure or plan. You should be very aware of what you’re going to use & why.

If you have a clear, simple structure to work with it will minimize the potential for second guessing yourself. It will also install discipline & confidence.

Once you got a workable plan to operate from, you can then spend your valuable time concentrating & focusing on honing & firming up your technical skills.

It’s all in the preparation. If you get that sorted then it’s one thing less to worry about when the trade opportunity comes knocking.

Cover all your bases, that way nothing can surprise you or bite you on the ass when you’re least expecting it

Just be careful how you play these when the environment slows down a little & the psychology isn't so stretched.

In aggressive one-way traffic such as we're witnessing recently, it's not uncommon for the majors to print excessive (outside) intra-day range measures.

In more sedate periods of activity you could get caught on the blind side as New York desks come to the table & possibly reverse the directional flows on order driven trade.

That's when it pays to take note of the average daily moves & where the percentages are at as NY comes into play.

If you know that under current trading conditions, Cable is registering an average daily range of 170 & price prints a low of 1.7780 (which represents an intra-day high to low extreme of 220pips or 130%) during the late London morning, then it maybe tells you that it's becoming a little stretched? Like a warning signal to be more aware of the price action around those types of numbers.

Same with Swissy. It's current ADR is floating at c115. Today's low to high print registers at 120, therefore it was in-line with it's normal range parameters when it hit the days high earlier into the mornings London trade @ 10.30am.

Which is why Jimmy cautioned against maybe getting too excited with re-loading on longs. Swiss usually adheres quite well to it's intra-day & intra-week average readings. So too does Euro.

As with other technical price aid tools, it's simply something to be aware of when considering the whole picture. By no means is it a guaranteed no brainer, but used in tandem with other price related material, it can be a handy reference.

What other complimentary information did you take into account for this trade?

I sure hope your trade returns a profit for you, but bear in mind today is quite busy on the economic front for the Pound.

We got Halifax House Prices out at 9.00am followed by the MPC Int Rates decision & statement a little later.

How willing do you think the serious players will be to get involved in any substantial bets ahead of that news output?

Just look at how price is stringing out leading into todays London activity. Is it still trending or ranging on the smaller (15min) timeframe?

Every time you step up to the plate you need to be asking yourself a couple questions:

Is this a potentially low risk/decent reward trade?

Does it match up with my tried & tested preparation criteria? In other words, does it fit & tick all of my “must have” boxes in order to hit the deal button?

Is this the type of price activity that usually returns a positive outcome for me?

If it doesn’t, or there are a couple of borderline issues, then you need to decide whether to step aside & wait until a cleaner opportunity presents itself, or maybe reduce your stake/size & keep close tabs on the situation.

Inactivity is also a valid position in the markets.

You don’t have to be constantly active out there. You got the choice of when & where you execute. Leave all the gambling, higher risk & ill-prepared activity to the knuckle heads & those will woolly or loose plans.

Get your structure nice & tight, test it to ensure you’re happy with the content & only execute when it all comes together!

If you can prepare for, & act safely upon decent risk opportunities, then you have the option to engage or not.

Like Jimmy mentioned in a recent post: it's all about risk & bias.

As long as you adhere to the rules of your plan/strategy & ensure you cover your bases, you're doing all you can yeah?

The rest is up to the momentum & the money flows!

Reality is, they (dojis, spinning tops..) only work consistently as & when the bigger picture also plays ball.

Nothing to stop you running a small (trigger) timeframe such as a 1 or 2 minute side-by-side a 15 or 30minute frame though if the faster environment suits your style & psychology.

As long as you work your tickets in line with the dominant flows, you can use the peaks & troughs off the smaller (1 or 2 min) frame to time your entries from the price behavior on the larger (15 or 30 min) frame.

Jimmy offered up a couple recent examples this week of a typical combo. Couple of fella's we used to work with have played that type of set-up on futures, as well as FX instruments, for years.

You need to study bar blending behavior to really get a comfortable handle on it, but running a preferred timeframe combo alongside each other & closely observing the various combinations will get you into the groove.

If you also got a decent take on s&r execution, then that type of trade trigger can pay dividends.

The Banks, large institutional desks & main line players will usually have 24 hour coverage, or at least "handover" windows where a specific firm will pass their book/order sheets across from London to New York to Tokyo etc.

If they're based in London then dependant on their particular desk or current circumstances etc, they'll be in for pre-market briefs & prep certainly by 6.00am (London) ready for Frankfurt traffic.

Smaller entities are generally pretty flexible. They might have a late, or night pod keeping an eye on things in the event of something kicking off or orders which require watching as they float around specific levels.

We operate a flexi-approach to be honest. Anything from 5.30am right thru to mid New York if the circumstances dictate. Just depends how busy things are & what types of strategies/models are being worked.

If you're comfortable with say a 60/15/1min combination & it fits your aims & expectations, then get to work on it & begin testing-refining your game play.

As long as you can identify the specific set-ups & triggers you intend to use & can get in & out of your trades with positive risk measures, then you're achieving your goal, yeah?

You have to assemble a strategy, which not only suits the conditions you're executing under, but also (& just as importantly) your own personal circumstances.

If I was in your particular shoes then I'd be looking at a similar scenario.

Hourly, 15 & 1 or 5min combo's are fine, especially if you can operate when liquidity/volumes are at or nearing full flow.

As we've said before on here: a recognized support & resistance zone on a Daily or 240min timeframe will show up just as clearly on a 15 or 1min timeframe when it comes into view!!!

As an example; If 1.8450-60 is plotted on my 240min frame as a key watch level, then it's not all of a sudden going to disappear as it approaches on my 5 min frame is it??

So, if you plot a watch level from a higher timeframe, then wait till it begins to home in on your 60/15/1min radar screen & get ready to observe the action. If it sets up according to your triggers/analysis aims on your own personal timeframe combination……..then you're good to go!

Top down view offering up a sensible risk reward entry this morning on that pair?

If you position yourself to the correct side of enough of these types of situations, then as long as you can locate decent risk, your net exposure will be heavily biased to the positive.

Executing these kind of trades with sufficient breathing room on your r/r ratio's affords you options as & when price reaches 1st line targets.

You can either fully encash at your intitial goal....part encash & trail up remaining stakes?......add-in your partially encashed stakes on any pullback & continuation of price thru 1st line barrier?........choices are numerous if you get your angles correct from the outset!

The average daily & weekly range potentials are observed & utilized as part of our overall analysis package. We don't hang our hat on their exact measurements, merely use them along with our pre-plotted support & resistance guides & other complimentary info to offer us an additional leg up in our planning.

There are times when they are very accurate, almost to the pip. And of course when conditions tighten up or over extend, you can toss them straight in the trash LOL. But, as with everything we utilize, a degree of common sense & flexibility, with one eye primed for the unexpected, is always in play.

Yes, London definitely drives the FX volumes. New York can indeed whip up some heavy duty activity every now & again, especially if a news/economic event prints out of whack, but generally the activity is muted & well below London volumes.

it's simply a guide. Price might hit it on the button, it could vibrate maybe 50-80 pips either side of the zone. We use these zones & levels as markers, not exact measures.

All kinds of influences could unfold on the price action between now & then. As long as we get our triggers & set-up confirmations, & they sit comfortably with our risk parameters for the trade, we can then put our trade management to work & observe the action as it opens out.

We're sure those smart enough to realize the potential of what's been posted here will take up the slack & continue to run with it. Use the template to wrap around your own unique set-ups & management structures & it will assist greatly in keeping you on track out there.

a good percentage of our various account activity is geared toward medium term positioning.

If you think about it, there are 2 elements of the equation that require a slightly looser grip than others.

You can control your risk at outset & you also got a pretty clear idea as to the initial entry criteria & maybe the ideal location(s) for any compound or add-in stakes along the route if the move begins to mature.

The 2 flies in the ointment are usually the speed & behavior (aggressive or passive) of the move + the initial & ongoing destination.

Time doesn't really come into it as a basis for profit potential. You could open & close a 400-pip deal in a matter of a few hours if the psychology is intense out there & your trailing procedure takes you out as per the strategy parameters etc.

On the flip side, that same 400 pip deal might stretch out to 3 days if the landscape is nervy, spiky or a little on the cautious side. Get my drift?

At the end of the day it generally comes down to your strategy model, the risk exposure you're adopting for that particular deal, & your trailing or profit taking mechanism.

Those elements will change according to the behavior & structure of the price action at the time of execution & your specific aims & reasons for the deal.

Most professional players will feed or compound into a run. So, at the point of entry (particularly if it's some kind of breakout play), they'll sling out a feeder stake to test the waters. If the price action pulls back & then plays out ok, & the move attracts decent participation, they'll compound into it as it opens out (via pullbacks) until they aggregate their full exposure or positional % for that trade. That's commonly known as "adding to a winner"

If the initial entry washes out or springs back inside the breakout trigger & fakes, then they haven't lost anything apart from an opportunity.

Most amateurs adopt the opposite scenario. They either go all in from the outset & then panic as/if price begins pulling back, assuming they've been mugged…..or they sit there like rabbits in the headlights & compound into the move as it continually shifts against them. They get some strange notion into their head that they're simply jostling for a better average position or "hedging" their exposure. Never mind the costs of excessive spreads/commissions/account costs etc, LOL

That's called "adding to a losing position" & not only begins to chip away at their psychology tolerances but will eventually results in a margin call.

Best advice I can give is to take your time to peruse the information. All the basics are here.
It might appear daunting at first glance but the thing is, **<u>don't make it any more complicated than it is</u>.**

If you or anyone else is approaching this type of analysis & trade planning for the first time, then ensure you open up your technical chart & start with a clean slate at your <u>preferred template timeframe.</u>

If that's a 15 minute timeframe then open her up & scroll out as far as you can to get as much data on it as possible. You're looking for area's that attracted reactive price action which resulted in either continuation or reversal behavior.

Mark them up on your charts & use them as visual markers next time price revisits that reaction zone. These levels are your watch zones.

Once you got some close quarter levels marked out, go up a timeframe or two & drill in a timeframe or two (dependant on how fast your template timeframe is), & see if any of your close quarter zone match up with previous area's of conflict. (Following chart is the hourly)

Chances are you'll witness one or two similar area's of previous cross currents. These require special attention next time around.

Remember what the guys have discussed re; dominant trends? Don't forget to focus on the area of least resistance:- always try execute in line with the superior order flow. Don't swim against a tough tide.

Watch your swing levels (previous highs & lows). They're your first point of reference if mini-trends are going to reverse.
Remember what they've said about looking for these zones to be re-tested once price has moved through a previous swing high-low zone?

You're looking for orderly peak-trough behavior to offer you a low risk, higher potential reward leg up into a trade.

1) Your downside potential reaction zones.
2) Your upside potential reaction zones.
3) Is price adhering to an obvious trending rhythm on your normal working timeframe template & at least one timeframe higher, or is price contained within clearly identifiable range parameters.
4) Are there any potential market moving economic releases due for release, which could affect the price action on your favored pair(s).

Repeat this procedure every day

To check your near term & further out downside potential reaction zones you're going to require to take a look at the Weekly chart to reference that criteria on the GBPUSD pair. Once you got them identified, you can leave them on your chart for future reference.

Now you need to reference your close quarter or most recent upside potential reaction zones. You don't need to go too far up the ladder. Just take it easy & mark up the next couple levels. If price penetrates & consolidates those zones, you can mark up the next tiers & so forth.

Don't clutter up your charts unnecessarily. You'll only confuse yourself.

These are the potential reaction points you're most interested in to begin setting up your specific triggers on

Remember to pay attention to your nearest swing points (up & down from the current price) as these will offer you your first indication of the price potential (continuation or reversal) as it tests out the supply & demand.

If you're a rookie then I'd strongly advise you pay **very close attention** to any <u>data releases which print during the London & New York data runs</u> & stay out of the market until you're more familiar with their behavior. Get caught on the wrong side of one of those left hooks & you'll be nursing a sore account for many a month.

You've heard it on here countless times, but I'm going to repeat it again just in case it passed you by

don't rush this thing.
the markets aren't going anywhere – they'll still be here tomorrow, next week, next month etc.

You got plenty of time to properly build your foundation using the generics of what's contained in here, to nail down your set ups & execution triggers & really button down your risk variables. That's what simulators were designed for - use them until you're happy with your research.

If in doubt – stay out.
If you find yourself getting a little anxious or freaked out, then take a deep breath, step back & switch your trade platform off.
You got no reason to work when the conditions don't suit your game play or events are a little hazy. <u>**Those are the times you'll rack up the losses on your accounts. Never force it**</u>

And don't forget:
Wherever price is at when you open your charting program (regardless of which timeframe you're intending operating out of) is where you base everything from <u>**NOW**</u>. Then simply work outwards & backwards. Right?

You'll save yourself a whole lot of future pain if you continually keep asking yourself the same boring old questions:-

"what current trading conditions do we find ourselves operating under" (trend or range)

"where is the next possible upside supply zone & where is the next possible downside demand zone, & what am I looking for when price gets there"

"when it gets there I'm going to need to see some very definite price action which alerts me to prepare for one of my usual trigger primers.
Ideally, I need to be triggering in line with the dominant order flow, that will help reduce my risk & ramp up my profit potential"

"if I do take it on, I need to clearly locate my risk (stop-loss) zone to get me out of this thing in case it washes out or I got my timing wrong.
I'd also like to see some sort of level I can aim for – if only to take some of the position off the table, move up my stops to lock in a little profit, or add to my position if the conditions tip me the nod"

Don't forget to take a look around at the bigger picture when you're assessing current geography.
How might previous activity affect the current state of play & does it really matter?

So, this thing is still mired in a bearish cloud & the upper swing levels (1.7830-7850) hold the clues for the upside potential.

Remember, this is a 60 minute take on events.
If your primary execution timeframe is the 15 minute, then it will pay you handsome dividends to buddy up with higher timeframe observation to get your bearings before going to work on your 15minute check-list.

These decision candles play out more consistently on the higher timeframe technicals.
If you get doji's, spinning tops, inside & outside bars etc playing out on a Daily chart, they'll trump everything below it. Same on a 4 hour chart & down.

True, what Tessa say's holds weight.
And usually there's more than sufficient current technical & fundamental offerings to float the analysis in times of increased volatility.

But it doesn't do any harm to keep one eye on the historical landscape.
There's a lot of serious money watching these higher timeframe swings, zones & behavior patterns!
Their radars are in pretty good condition & they won't require a second look to get a hold of one or two of these levels & shake them around.

That weekly zone I highlighted has been jawboned around various quarters for a while now, as have the low 72's tick boxed earlier.

It's all food for the belly – sometimes it doesn't really matter where it comes from.

You've compiled/devised a set of rules based around common sense observations.
I've highlighted & underlined the most important criteria amongst your references.

If you continue to place yourself to the value side of these type of trade executions you'll last long enough out there to amass the necessary experience & knowledge required to grow your confidence & account balance.

As long as you can locate **decent risk** & continue to work on the trade management aspect of your strategy, then you're placing the odds as firmly in your favor as possible.

Attempting to pigeon hole targets or place oneself at negative risk to cost exposure (trading against the dominant flows) is counter-productive in the long term.
Obviously, what individuals do with their own time & money is of little relevance to me, but if experience in this business has taught me one thing, it's not to abuse dominant order flow or risk variables at any cost.

what I have noticed in the very short time that I've spent observing comments & posts (both here & briefly at one other similar venue) is the intense & almost obsessive fascination with micro-analysis that unfolds on these retail sites.

I can certainly understand where (& why) these high failure rates amongst non-professional participants emanate from.

The point I was attempting to make on that post was the fact the serious money was/is biased to the downside on the Pound. The correct market stance, from both a risk & value perspective was to continue to sell rallies, not buy support

You might want to avoid burning holes in your eyes observing, analyzing & basing your conclusions on & around individual or small groups of candles/bars on micro timeframes.

Candles printing on sub hourly timeframes are merely 'timing triggers' at best.

The higher up the quality (timeframe) scale you go, the more time you'll have to properly & better assess the psychology playing out at particular zones & levels on the ladder.

As has already been alluded to throughout this thread, the participants who really move the flows around on these instruments pay little or no attention to sub hourly timeframes as a reference point.

I'm not saying you can't successfully integrate them into a profitable model, but you'll get far more bang for your buck if your main structure & accompanying (technical) analysis is conducted via the slightly larger timeframe charts.

Basing the majority of your trading off micro timeframes with the sole intention of reducing & controlling risk is one of the biggest & most dangerous misnomers out there.

As you're finding out to your (lost opportunity) cost, when price action butts up against increased volatility and/or periods of intense psychology, getting too close to the flames will burn your ass.

The only way you're going to stay aboard these bucking bronco's is to compromise.
That equates to giving your trades a little more room to not only develop, but also confirm that the current scenario still holds water.
That might require re-calibrating your position sizing to reflect a balanced risk/cost bias on your account or re-structure the way you arrive at your trade decisions.

Most professional players will feed or compound into a run. So, at the point of entry (particularly if it's some kind of breakout play), they'll sling out a feeder stake to test

the waters. If the price action pulls back & then plays out ok, & the move attracts decent participation, they'll compound into it as it opens out (via pullbacks) until they aggregate their full exposure or positional % for that trade. That's commonly known as "adding to a winner"

If you aim to work towards that principle when you get your account up to speed it will stand you in good stead across all trading conditions.

I've worked with a good number of professional traders & most pro's that work their own money & actually use technical charts as part of their work sheet, avoid the (micro) gambling timeframes like the plague unless there's a very good or clear reason to get dirty down there.
Generally there's little or no value for them that far down the quality scale.

What does that tell you?

Tessa & Jocelyn have given quite a few examples of marrying up gambling (micro) triggers with higher, quality grade timeframe analysis. But don't be fooled that they base their management structures around them.

Those two, along with their other siblings, have been exposed to this industry since they could first walk & talk. The firm we work for is run by their Parents & Uncles. Hauling that kind of experience around from an early age affords you plenty of options where trading money is concerned.

Point I'm making?
It might just pay dividends to steer a slightly different course to the majority of those folks who endorse laying your money down on these ridiculous systems and/or punting via short timeframe technical charts.

The core price action behaviors contained within the thread work.
The primary reason they work is that they're based around trader psychology.

Don't lose sight of the key driver of price momentum – prices move up because demand overwhelms supply…….prices move down because supply overwhelms demand.

That driver might last a day, it might last a month, it might last 6 months (dependant on your view & timeframe of your chosen instrument etc) – point being, look for levels & zones that dictated the action & influenced the psychology on previous visits & see how you can adopt that information to offer you an edge out there.

for instance, whether large spec models are on the sniff at certain zones or specialist desks (hedge fund/real money funds/sovereign accounts etc) are buying/selling tranches of a specific currency at tiered levels.

it doesn't really give us (or anyone else who utilizes similar info) any major advantage over other market players, merely helps explain & confirm events which are maybe out of the ordinary or attracting a lot of heat at a level or zone.

average daily range activity won't necessarily be unduly affected if volume traffic is either below or above average.

in fact, lower than average volume can influence price action just as easily as average volume, especially if it pushes price toward a level which harbors large bunches of stop activity such as limit orders, stop buy/sell orders etc.

you can usually tell the quality or clout of the participation in a pair by the way in which price gets influenced. Official money (Fed/Central Bank activity), real money funds & wholesale desk order flow feeding into a level will affect the strength & longevity of a move.

Although I agree that different folks use different strokes to get from A to B, the objective is always the same - consistently achievable profits.

As long as the trading account attracts more credits than debits, then who really cares which vehicle is utilized?

Oh, I can assure you we don't always get to where we want to go, LOL.....let alone ahead of anyone else.

We simply adhere to a set of rules that have kept us out of harms way long enough to amass sufficient experience to stay afloat out there!

Most of the technical skill sets happen to revolve around the generics of support & resistance (buy/sell pressure) zones, hence the thread.

Wrap some kind of sensible template around the central theme of supply-demand....support-resistance.....buy-sell pressure zones, call it what you will, & you've got yourself the basis of a potential goldmine.