Right, I quickly want to run you through that thing that I have prepared. I call it “The Anticipation Rules and Rhythm”, because I get a lot of questions. People ask me 'When is a market not in rhythm? How do they know that?' Well, if you've worked through the whole thread and all those lessons I think you should really have and idea and more or less can see when something is not in rhythm. Let's look at the main picture, if we start on point No.1 on the left hand side. The price has broke through the 89, that's the blue line, the yellow line is the 200sma and then the solid line above the blue that's the 21ema, the dotted line that's more or less following just around the price that's the 8ema and the dotted line below the 200sma that's the 365ema. But rhythm is all around the 21ema. When the price is above the 89 and it is above the 21 then it tends to pull back to the 21. But: Rule No 1: When the price goes through the 89 it tends to pull back to the 21 if the 21 is above the 89. If not it tends to pull back to the 89 itself or to the 8ema. If there's any moving average either the 8 or 21 that is above the 89sma, the price will try to get back there before moving away. That's where you want to try make your very first deal. And in that position you want to stay as long as possible. Because if you can get the start of an upmove at that point, you can run a long way with it and you can make a lot of pips. Right, Point No.1 it moved through the 89. Point No.2 it pulled back to the 21ema, but the 89 was very close, so you can say it pulled back to the 21 or the 89. Then it moved away from the 21 but then it came back to the 89 at point No.3. I won't say the reason because there's not really a reason because the market is doing what ever it wants to, according to information and peoples interpretation of that information. It came back to the 89. Look at those candles, how many times it has found support on the 89. There's one, two, three, four, five, six, seven of them, before moving away. Point No.4, the price has moved upwards and pulled back to the 21 and then it came back to the 89 and even a little bit below it. So now it starts moving away from the 89, now the rhythm starts all over again. When the price comes back to the 89 it means that the rhythm is going to start again. So point No.5 the price went up through the 89 again and then it pulled back to the 89 at point No.6 and then it starts moving away. And that's where the rhythm really starts. You can see it comes back to the 21 at point No.7, comes back to the 21 and point No.8, at point No.9. Now look at point No.10 and 11. The price did not come down to the 21, it came down to the 8ema. It sort of makes a double top there, on point No.10 and 11 before coming down. Look at those red circles, 12, 13, 14 and 15 that I've drawn there , even 16. The price has come below the 21 after there was a move upwards.That tells you, you've got to be careful, the price might come down to the 89. That's what the rule says. The rule says: “After an upmove or downmove the price comes below the 21 it tends to pull back to it and then move to the 89.” But at point No. 12,13,14 and 15 it did not come back to the 89. It's not that the rule says it's going to do that. But the anticipation is that 7 out of 10 times it might do that in an uprun. So the uprun wasn't finished yet. Point No.16 the price came down with a huge candle. So that already should have told you this market is not really now in nice rhythm there. And then you've got those two purple circles there that I'm going to explain a little bit later. But then the price at 16 coming below the 21 it went back up a little above the 21 and then it came down to the 89. So that is the market rhythm, the market motion. Look at the circles that I have drawn down on the macd. All TC patterns on the macd. On all those patterns the macd makes a green bar where the price moves off the the 21ema. Look at all those deals. You can work it out for yourself and see how many wrongs and how many rights you would have had there. Right, let's go to insert No.1. Again, the purple rectangle, the price came from below that green bar upwards through the 89. Look at those three red circles. The price came back to the 21, came back to the 21, came back to the 21. That's where you want to make your deals. When the macd confirms it with a TC pattern, then you take it. Insert No.2 Look what happened with the price coming upwards and then where the purple circle is, the price closed below and came below the 21, then it went up above the 21 and came down to the 89. Insert No.3. All I want to show you there. The same scenario, price has come up and down, up and down back to the 21 and then that first purple circle the price came down, closed below the 21 and then it goes above the 21 and then it came down to the 89. That is the anticipation of the rule at the end of a move when a price will come back to the 89, which might indicate the end of a start of a new downmove which is not necessarily going to happen because the price might just find support on

the 89 and move up again. But what I want to show you there: Look at those two purple circles on insert No.3. Right hand one is making a lower high. It's a sort of an “M” if you can see it there, the letter “M”. But the right side of the “M” is a little bit lower than the left. So it's making a lower high. Let's go to Point No.16 on the main chart, those purple circles there which are making a lower high. So what does that tell me? That little tail that you see on the right hand purple circle there, although it's green, it doesn't matter, it made that little tail upwards ... That tells me a high probability that this price is going to come down to the 89. So you could take the odds on there, although the macd has shown a lower high on that specific point, you can take the anticipation on the market motion that it might come down because of that emotion I've shown you there. That's very important. Look at insert No.4 that was this Friday's 1st of February Non Farm Payrolls. I did not trade it, I wasn't here, but when I came back this afternoon and I saw that I just thought I had to include this in the graph, just showing you market rhythm. That is all about rhythm. Look just to the left side of that. All those tails up and down up and down .. there was now indication of which way this thing really wants to go. All it tells you “Hey, there's some emotion building up”. And then Friday came that tail. Now if that doesn't tell you which direction it wants to go, then I don't know. Because that was, as far as I'm concerned, and it was at 1.4900 level of the Euro/Dollar. It shoot up and came down below below it. Right some people say 'yah, but it stopped on the 21ema'. I say 'yes, on that specific point it depends how far you're up with a move. And most definitely to me that was a downmove. I wouldn't even think twice. When I've seen that I would have been in it.' Right at the bottom macd, that “Z” that I've drawn there. All I want to show you there is that the macd has made some TC's there and there's been a little bit uncertainty there. And look where it happens. At that point No. 10 and 11. But even if you would have got involved there you could have squeezed out some pips there, because the price went back up to point No.11.
I want you to analyze again this whole piece from the 8th of October right to the 30th of November. And see for yourself where you would have made your deals and why you would have made it. From the 21ema. Mark all the TC patterns on the macd and ask yourself why would you take it. Now you can see at right hand side, point No.16 look at the candles there. It's up and down, this uncertainty. You've got that shooting up towards that first purple circle there, then the price came down with a huge candle. It immediately shows you uncertainty. One moment it goes up, the next moment it comes down. And from point No.16 it went up again. And then it starts coming down on that right hand side of that purple circle there shows you the market is at this point showing downward moves you even see a little head and shoulder, left hand side of 16 the one shoulder, right hand side the other shoulder and the head right above No.16 on that purple circle there, just about 1.4900 level. So that is basically the rhythm, as well as the rules and anticipation, so work through it especially when you see anything else than that, you know the market is not in rhythm. And you've got to wait for it to get into rhythm. If you haven't got another strategy to use short term, then you stay on the sideline until the rhythm is back or it shows you that it is going into a certain direction according to the anticipation rules. I hope this has helped you.