

## Dance Trade Checklist and Rules

Good trend = 35/50 steep and parallel

Buy Stop: place order above current price

Buy Limit: place order below current price

Sell Stop: place order below current price

Sell Limit: place order above current price

Observations:

EURJPY – H4 hugs the trend side of 5EMA real nice when trending 4 or 5 bars or more. 10 touches look like good trades.

See below for a good picture

Kostas (The Master) says:

1. First touch of 10: take it
2. Second touch of 10: maybe if action looks strong
3. After that no more 10 touches
4. First touch of 35/50: take it
5. After that no more 10 or 35/50 trades.
6. Wait for higher TF 10 (assuming steps 1 - 5 were on M15, then this is for H1 or H4)
7. First touch of higher TF 10: take it

Never trade against the H1! If M15 conflicts with H1 then stay out!

### **Checklist**

- 1) Is the (Pip Value \* Spread) of the pair acceptable ?
- 2) Is the pair trending well ? (parallel moving averages of good slope - no "porcupine")
- 3) Is the trade in the direction of the trend as defined by your preferred moving averages ?
- 4) Is the price on the trendy side of the moving averages ?
- 5) If entering on a pullback, is the pullback sufficiently big ?
- 6) Is the trade supported by a valid touch on a moving average in 5M/15M/1H/4H/1D ?
  - 6a) If yes, is the MA acceptably steep ?
  - 6b) If yes, has the touch occurred sufficiently quickly (eg in 1 or 2 candles) ?
- 7) Is the trade supported by a valid price level ? (valid = not having been breached more than 1-3 times in the vicinity of the timeframe)
  - 7a) **Round Number ?**
  - 7b) Previous Day or Week High/Low ?
  - 7c) Daily/Weekly/Monthly pivot point (Pivot/S1/S2/R1/R2) ?
  - 7d) Fibonacci retracement ?
  - 7e) Some other S/R not falling in the above categories ?
- 8) Is there price constraint in any of the above lines ?
- 9) Is the trade supported by a characteristic candle pattern in 5M/15M/1H/4H/1D ? (pinbars, IB, OB, double tops/bottoms, etc) ?

10) Is the trade supported by the setup of relevant currency pairs (eg reversal indications in both EURUSD and GBPUSD) ?

### **Rules**

#### **10 Touch -**

- 1) Trade only with the trend of the moment. (Trend of the moment is defined by price and the 10 in relation to the 35/50)
- 2) 10 EMA is very steep (as if pointing at 1 or 5 oclock)
- 3) Price pulls back 12-15 or more pips in one or two bars to touch the 10.
- 4) Enter in direction of trend with stop loss of 9 plus spread.
- 5) Move to break even as quickly as possible.
- 6) Exit to taste; take pips on hesitation.
- But, 7) Avoid trading into heavy resistance.

#### **35/50 Bounce**

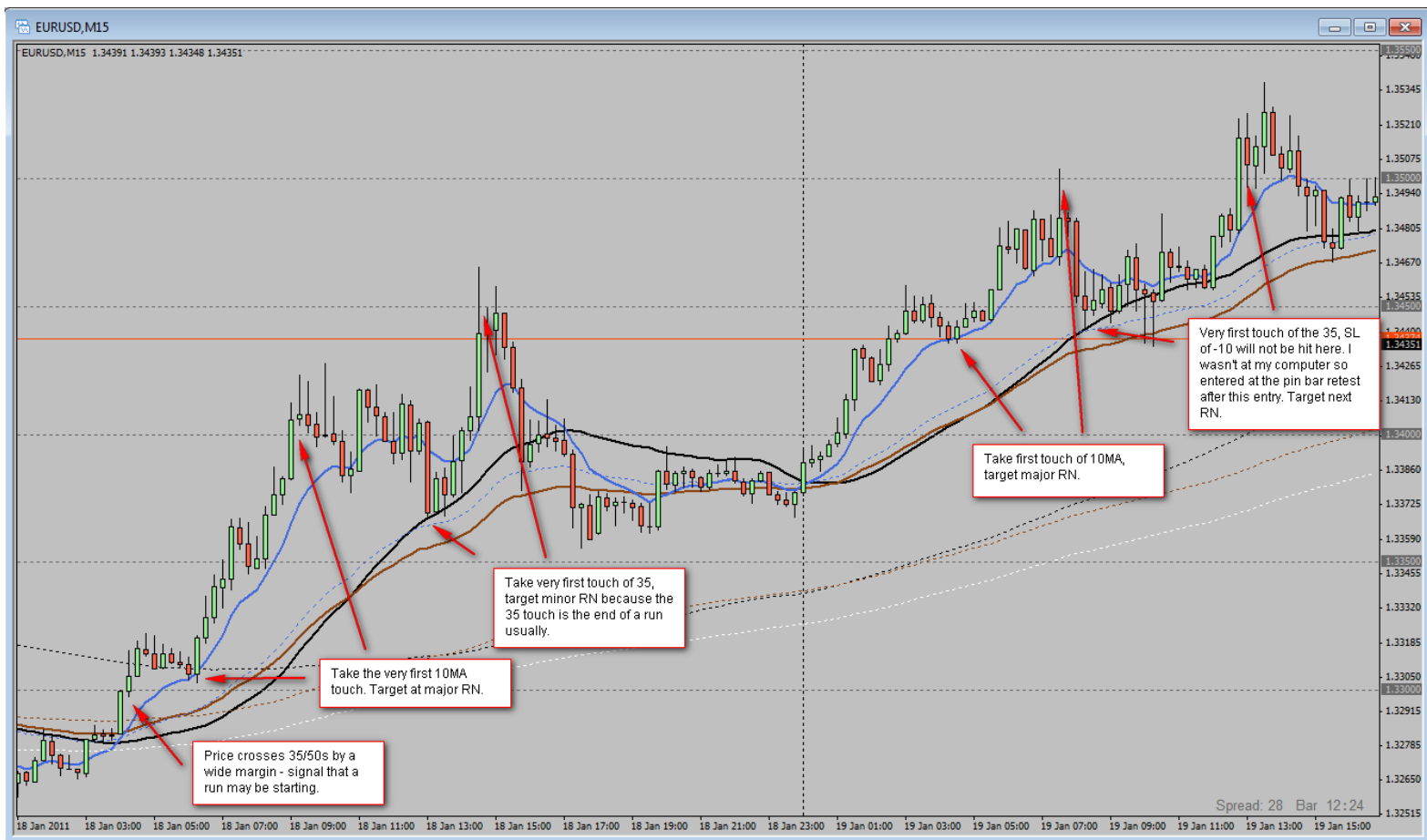
- 1) Trade only with the trend of the moment.
- 2) 35 and 50 are fairly steep and parallel. (Now thinking 2 and 4 oclock).
- 3) 35 and 50 are not diverging.
- 4) Price pulls back to the MAs on a fairly sharp pullback. Two bars is best, but there is leeway here.
- 5) Either trade on the touch, if everything is perfect, 9 pipe SL (per “The Main Trades” doc) or
- 6) Fine tune the entry on the M5 by looking for a good price action entry (hammer, hanging man, engulfing bar), or confluence in the M5 (a parallel dance pattern in both time frames).
- 7) Stop Loss of about 15, but never more than 19 pips.
- 8) Move to break even quickly.
- 9) Exit to taste.

#### **Constrainment**

- 1) Trade only with the trend of the moment, and there must be some trend.
- 2) At least three wicks in a row, or the body of three candles in a row, touch one of the MAs and then are rejected by the MA.
- 3) It's best if the candles are small and in a well defined high/low range.
- 4) There is no larger MA in the way of the trade.
- 5) The last candle before entry must close on the trend side of the MA.
- 6) Enter on the next touch of the MA.
- 7) Stop loss very tight, maybe 6-8 pips plus spread.
- 8) Move quickly to Break even.
- 9) Exit to taste.

From post: <http://www.forexfactory.com/showpost.php?p=4327522&postcount=3558>

These trades also went with the higher TF



\*\*\*\*\*

Birdland's post about his plan 8/26/10

<http://www.forexfactory.com/showpost.php?p=3978091&postcount=1634>

i will ONLY take these clear signals in the meantime:

1) first touches (FT): only M15 of 10, RN, 35 and 50

2) confluence trades (CON):

for example:

M15 35 with H1 10,

RN with M15 10

M15 35/50

and so on...

the 1) and 2) are my best trades.

following with a little distance on my priority list:

3) normal touch trades (NT):

always waiting for confirmation of P/A on M15 or M5

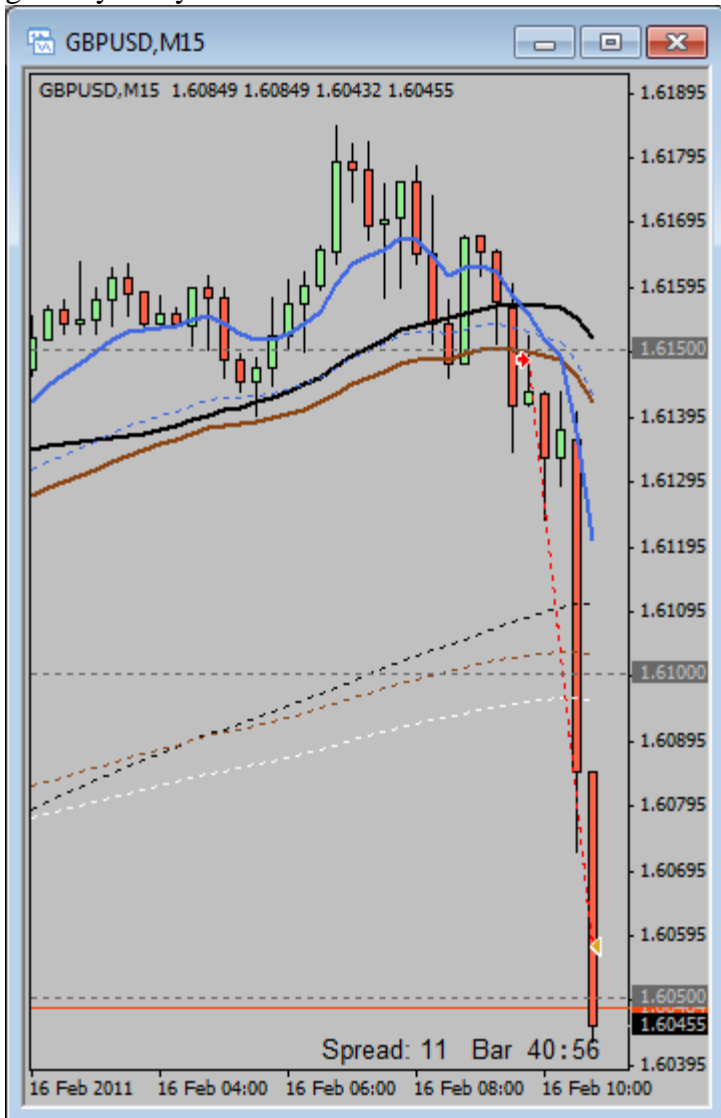
4) constraintment trades:  
always waiting for confirmation of P/A on M15 or M5

\*\*\*\*\*

Good trade by Arha <http://www.forexfactory.com/showthread.php?p=4403039#post4403039>:

That really was a once in a blue moon trade. I entered off the pin bar on the M15. Prior to the pin bar, price blew through and closed past the 35/50s and then did a nice retrace to the RN. That's usually a pretty good sign to me. +90 pips here.

edit: I should also mention that price was moving down strongly at 8am, then there was a small retrace which didn't break the previous high, and then price crossed the 35/50. This is usually a very accurate signal. I wasn't expecting price to move nearly as far as it did, but I open all trades with a 90 pip TP and in this case got very lucky.



Some Kostas wisdom:

My approach on the 35/50.

I generally distinguish two situations for the 35/50:

A) Touch trade: Here I prefer the 35/50 to overlap and I also prefer 1 or two bar retraces. Sometimes if 35/50 overlap I will take 3 bar retraces

B) Bounce trade: Here I don't pay attention to 2-bar retrace since the 35/50 don't overlap (but still pointing up or down). I wait for the M5 to start indicating reversal from the M15 35/50 area and then I get in. Most times price will check both the 35/50 and then change direction.

Read post 4098 page 274 and links:

<http://www.forexfactory.com/showthread.php?p=4408226#post4408226>

It comes from this post 4862, which links to a trade analysis of one of Kostas's trades:

<http://www.forexfactory.com/showthread.php?t=236210&page=325>

Constraintment wisdom from Survivor (Dr. Constraintment):

<http://www.forexfactory.com/showpost.php?p=4129529&postcount=2360>

- Best thing is you don't have to take them fast. You can analyze everything carefully and then take it
- There are plenty of constraintment trades especially in 5M or if you can switch to slow movers like AUD, CAD etc
- Only problem I have faced with constraintment trade is – waiting. You have to be really patient.

