



# Extreme TMA System



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**T**he market, like a pendulum, is a never ending sequence of extremes. It forever tries to reach the mean but never succeeds, constantly overshooting it's mark, reversing and trying it again but always failing to reach balance. This system attempts to capture those extremes. It is a compendium of my understanding of the market, brought to it's simplest expression. Up front I will say that this is not a fully tested system. That's what we will be doing in the coming weeks and months.

The principles are not complicated. The first indicator, the smoothed TMA shows us the average of the path that the price action in the market is following. As such, it is a backward looking indicator and attempts to determine the future from the recent history. It corrects itself by repainting itself. It has two outer bands that show us the outer

boundaries of price movement that we are searching for. Our second indicator, the TMA Slope indicator will show us the relative change in the slope of TMA as compared to previous candles. It determines in which direction a trade must be placed and also shows divergences to price. For example, if price is rising but the slope indicator is dropping, it is announcing a high probability of a drop in price in the near future. The steeper the drop in the indicator the higher the probability of a drop in price. The same concept applies in reverse in the case of a dropping price and a rising slope indicator. A third use of the slope indicator is for exiting purposes as described in the exit options below. On the right side of the Slope indicator you will see the value (white) of the current chart time frame. Above it (Grey), the value of a user selectable time frame and below the trade status of the current chart TF. The third and final indicator is Trix (THV4 System) which we will use solely as a visual guide as to the direction and strength of price action. We will be talking more of THV and especially of the great importance that the Coral (Multicolor line) and the 200 SMA (Dark Blue) on trading and in relation to each other.

## MTF TMA

Included in the templates are 3 TMA indicators. The M15 TMA (dashed grey lines), the H1 TMA (solid orange lines) and the H4 TMA (solid magenta lines). You can use any of the three without leaving the M15 chart, for entry and exit purposes. M15 TMA will be used as a short term scalping tool (trades of 2 to 4 hours and potential gain of 30 to 50 pips), H1 (trades of 8 to 36 hours and potential gain of 80 to 130 pips) and H4 (trades of 1 to 5 days and potential gain of 170 to 250 pips). Having 3 TMAs on one chart is extremely helpful for determining longer time frame trends and combined, they have high predictive value of future market moves.



## Entry rules

# 1

We will first determine trend in the TMA by using the TMA Slope indicator value of the TF you are trading.

- **Ranging TMA (-0.50 a 0.50):** Trades can be placed in both directions.
- **Buy Only TMA (Above 0.51):** Place ONLY Long trades.
- **Sell Only TMA (Below -0.51):** Place ONLY Short trades.



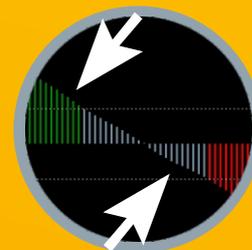
# 2

Once trade direction is determined, we will look at the TMA and wait for price to cross one of the 2 outer bands of the TF you are trading, the top band for a short order or the bottom band for a long order. **The further price moves across the bands, the more reliable the trade will be.**



# 3

We will now look at the TMA Slope Indicator and **only enter long positions if the Slope value is rising and only enter short positions if Slope value is falling.** The steeper the rise or fall on the indicator, the stronger the signal.



# 4

Finally:

**A.** We will only take a short trade if price is above the upper TMA band of the TF you are trading AND under a nearby resistance level located also above the upper band.

**B.** We will only take a long trade if price is below the lower band AND above a nearby support level located also below the lower band.

The more distant from the band that price is, the stronger the signal.



## Entering the Trade

There are two ways to enter the trade, depending on your risk management profile:

**A. Without Tight Stop Loss:** If you do not use a tight stop loss (within 30 pips of entry price or less), after complying with the 4 rules mentioned above, Sell as the first Heiken Ashi candle changes color to Red. Buy as the first Heiken Ashi candle changes color to Blue. Waiting for a close of the candle is not necessary but will give a higher percentage signal.

**B. With a Tight Stop Loss:** If you use a tight stop loss (within 30 pips of entry price or less), at this point apply to the chart the correct EA of the two supplied. The 5 x 5 Buy EA for a long trade or the 5 x 5 Sell EA for a short trade. Please, be aware that this option will reduce your profit by several pips per trade. The trade off is less risk, since you enter the trade in the desired direction.

The 5 x 5 EA will trigger an order once price crosses the Smoothed 5 period, 5 shift moving average (The White Line on the chart). When the EA triggers and enters the order automatically, it will suspend itself, so it will only enter one order in that direction. Once suspended (you will see "EA is Suspended" on the upper left of your screen), you can remove it from the chart and follow the Exit Rules.



# Exit Rules

## ● Conservative

Close ½ of the position after price moves 20 pips in your favor, move the stop of the remaining half to break even and close the other ½ when either PA touches the opposite outer band **OR** the TMA Slope indicator **closes** one bar in the opposite direction of the previous trend.

## ● Normal

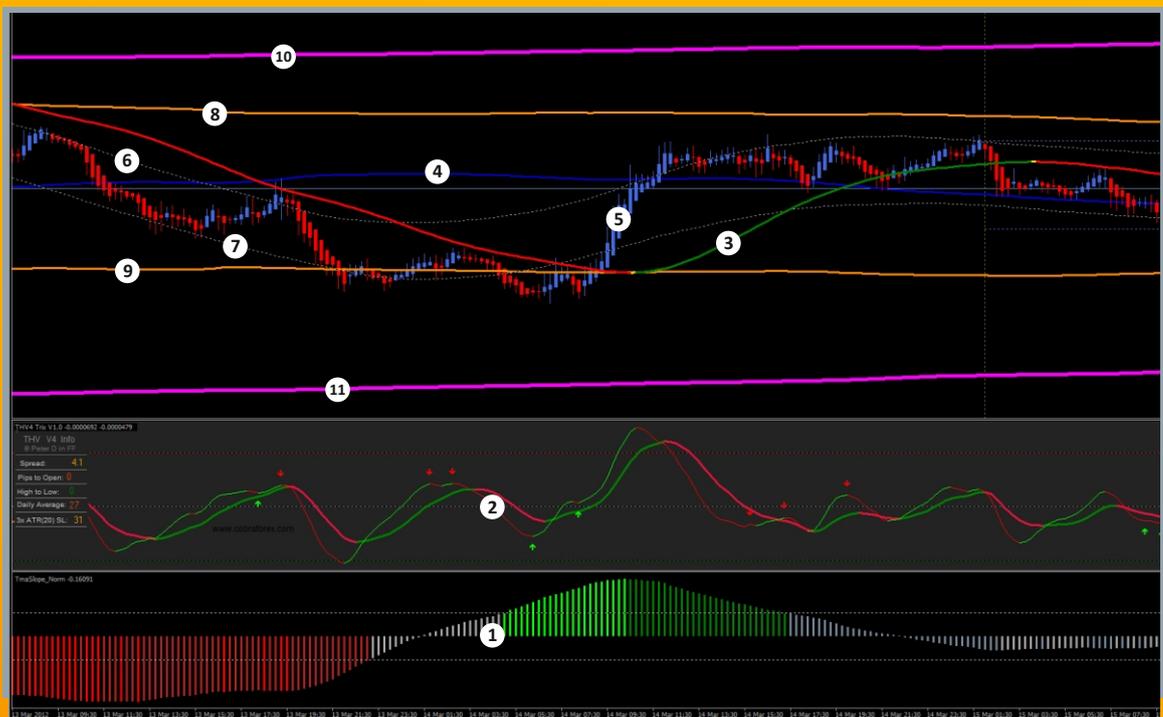
Move Stop to break even after 20 pips in your favor. Close the position when PA touches the opposite outer band. Trail the stop at ½ the TMA size (distance between bands in pips). Example: If the TMA size is 40 pips, set a trailing stop at 20 pips.

## ● Aggressive

Move the stop to break even after 30 pips in your favor. Close the position when PA touches the opposite outer band. Trail the stop at 1/3 the TMA size (distance between bands in pips). Example: If the TMA size is 60 pips, set a trailing stop at 20 pips.

**Stop Loss**

There are various options in this department and I won't recommend any particular one. A natural level to place your SL would be above a previous high for a short and below a previous low for a long. I myself use only an emergency SL very far away from the PA (100 Pips). If a trade goes against me, I will use Recovery Trades to exit the trade at breakeven. Great work has been done in this department by nanningbob. I encourage you to read his work.



- 1 TMA Slope
- 5 Heiken Ashi candles
- 9 TMA 1H Bottom band
- 2 THV Trix
- 6 TMA 15M Upper band
- 10 TMA 4H Upper band
- 3 Coral
- 7 TMA 15M Bottom band
- 11 TMA 4H Bottom band
- 4 SMA 200
- 8 TMA 1H Upper band



# Scalping Strategy (5 m)

## ● *Long Strategy*

1. Look for the first bar close of the TMASlope indicator that moves above 0.50 value.
2. Enter long when the first HA candle turns Blue. No need to wait for a close of the candle.
3. Exit long when the first bar close of the TMASlope indicator moves below 0.50 value.

## ● *Short Strategy*

1. Look for the first bar close of the TMASlope indicator that moves below -0.50 value.
2. Enter short when the first HA candle turns Red. No need to wait for a close of the candle.
3. Exit short when the first bar close of the TMASlope indicator moves above -0.50 value.

This system will not work with tight stop loss placement.

You can monitor entries and exits on this trend system easily with the center line colors. Enter long when center line turns green. Exit long on White. Enter short on Red centerline, exit short on White. Remember to wait for the close of the candles.



➡ Entry (long)

➡ Exit (long)



# Extreme TMA Indicator

Carl Rodriguez (Crodzilla)

This indicator is intended to help identify currency pairs, metals, stocks, or futures available within MT4, that qualify for the Extreme TMA System rules.

TF	EURUSD	EURGBP	EURJPY	GBPUSD	GBPJPY	USDCHF	AUDUSD	USDCAD
1-min	---	Sell	Sell	Buy	---	---	---	---
5-min	---	---	---	---	---	---	---	---
15-min	---	---	---	Buy	---	---	---	---
30-min	Buy	---	---	Buy	---	Sell	Buy	---
1-Hr	Buy	---	---	Buy	---	Sell	---	---
4-Hr	Buy	---	---	Buy	---	Sell	---	---
1-Day	---	---	Sell	---	Sell	---	---	---

**0.04**  
**Slope Down**  
**1.3138 - S2 - 16 pips away.**  
**Pair #1**

Shown in the above shot of the grid with Debug set to True.

## BUY

It means that price is below the lower TMA band for that tradeable. So, it is in a buy zone, but does not qualify per the rules, as a buy candidate.

## SELL

Means price is above the upper TMA band, but does not yet qualify as a sell per the rules.

## BUY

It means that price is still below the lower TMA band, but the slope is ranging and falling. (Good for trend continuation identification).

## SELL

It means that price is still above the upper TMA band, but the slope is ranging and rising. (Good for trend continuation identification).

## BUY

It's time to pay attention. Price is below the lower TMA band, and Slope is in a range and Slope is rising.

## SELL

Price is above the upper TMA band, and the slope is in a range, and Slope is falling.



It means that price is in between the TMA bands. However, if the rules are qualified for rising slope and the slope is in a range, the dashes will be of the appropriate color.



If the pair header cell is RED, as shown above in the EURGBP cell, then price is also near to a pivot point.

As can be seen by the debug mode set to true, this chart shows that we are 16 pips away from the S2 pivot at 1.3138.