




#6048 

Mar 20, 2012 7:36am (3 hr ago)




[Alorente](#) 
Member

Member Since Aug 2011

 [2,398 Posts](#)



Quote:

Originally Posted by **fx fury** 

By all means correct me if my thinking is wrong.

I am using the multi timeframe tma but i clearly lack the experience and time in front of the charts with tma to answer my owns question.

The lower tma's such as 5m and 15m will repaint far worse than the higher the timeframe you get to? such as 1hr 4hr.

I ask this question because I am trying to make sense of the markets flow and I really like how you demonstrated the tma's moving inside one another, and I would like to know if I look back am i getting an accurate feel or if the 4hr repaints...

Post hidden because fx fury is on your [ignore list](#).

Yes. The TMA channel will stay mostly inside the H4 channel. The M15 channel will stay mostly inside the H1 channel. The M5 channel will stay mostly inside the M15 channel, and so on. The price will range from side to side in each channel. Think of Price as a truck that pulls the TMA channel where it needs to go. For example: GbpUsd. Yesterday the M15, H1 and H4 channels were coinciding on the top bands. The first thing that had to happen was for the M15 channel to turn, because it is smaller and easier to turn, Then the H1 channel will turn down, because it is already outside the H4 channel which is moving sideways. Price is the truck that pulls all of them down. You see this morning that M15 already turned down and H1 is turning now. Price will continue to pull down until the bottom band of H1 gets near or past the bottom band of H4 and then the whole thing will begin over again on the way up.

#6059 

Mar 20, 2012 8:23am (2 hr 41 min ago)




[Alorente](#) 
Member

Member Since Aug 2011
 [2,398 Posts](#)



Quote:

Originally Posted by [Olarion1975](#) 

*Al, could you share your **Cavemanager** settings please?*

Thank you. 

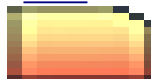
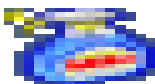
Post hidden because Olarion1975 is on your [ignore list](#).

I don't have fixed settings. I vary them depending on the target and the pair. I set the inputs for each pair when I activate the EA. **But in general terms:**

- 1- No Loss After Pips: 20 to 40 depending on pair ATR.**
- 2- Trailing Stop: 30 to 60 depending on pair ATR.**
- 3- Target Price. The band level that I am targeting (H1 or H4).**

Sometimes I will set take profit to 3 batches at three different levels, but most of the time I keep it simple.

#6064



Mar 20, 2012 8:36am (2 hr 45 min ago)



[Alorente](#) 
Member

Member Since Aug 2011
 [2,403 Posts](#)

Quote:

Originally Posted by [pixelboy](#) 

Me too, I think the interplay of the H1 and H4 is a fantastic tool. Kudos again to the two people on here (sorry can't remember who it was) who suggested the idea of layering multiple TMA's together. I'm loving the way the price plays with the bands.

I'm still struggling with the psychology of recovery trades, but I'm sure that will come in time.

Would be interesting to hear how many people are using recovery and how many are using traditional stops, and how they are finding it, what position size they are using (based on say, % of


account per...

Post hidden because pixelboy is on your [ignore list](#).

The two members who opened our eyes to MTF TMA are Olarion1975 and Argonod.

Try diversifying your positions with 5 or 6 contrary pairs if they are in good positions relative to the H1 and H4 bands. Not all will climb at the same time, but it will protect your account from large drawdown and it will allow you to trade larger positions.

#6069 

 Mar 20, 2012 8:50am (2 hr 31 min ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,403 Posts](#)



Quote:

Originally Posted by **bluesteele** 

Can you explain this Al ?? As I know many successful traders who average much much less than this.


Post hidden because bluesteele is on your [ignore list](#).

I stand by the 20% cutoff. If you cannot regularly make 20% on your account on a monthly basis after a couple of years of trading, the return you are making does not justify the large risk involved in Forex trading. That to me should be the first stage everyone should aim at reaching. An average of 1% a day. With experience 3% to 5% a day is very achievable.

The key is not making the return, which is not that difficult. The real key is to not lose equity on off days. **Learning to be selective on your trades is as important as learning to trade well. That requires enhancing your patience level. You don't have to be in a trade every single minute. It is fun to hide in the bushes waiting for the perfect trade to get right under your gun sights. A perfect trade like a perfect hunt, requires patience and knowing full well, exactly what you are looking for before you jump on it.**

Mar 20, 2012 8:54am (2 hr 26 min ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,403 Posts](#)



Quote:

Originally Posted by **Alorente**

I stand by the 20% cutoff. If you cannot regularly make 20% on your account on a monthly basis after a couple of years of trading, the return you are making does not justify the large risk involved in Forex trading. That to me should be the first stage everyone should aim at reaching. An average of 1% a day. With experience 3% to 5% a day is very achievable.

The key is not making the return, which is not that difficult. The real key is to not lose equity on off days. Learning to be selective on your trades is as important as learning to trade well....

Post hidden because Alorente is on your [ignore list](#).

Another critical point:

Establish a maximum for your account and anything you make above that, pull out and invest in other safe areas. **The larger the account balance, the larger the stress and the worse your results will get. I like to pull out 90% to 95% of profits and leave 5% to 10% to increase the account balance.** That makes the number climb gradually and you avoid getting psyched out by the size of it. After all, what's the hurry?

#6109

Mar 20, 2012 10:59am (2 hr 35 min ago)



[Alorente](#)
Member

Member Since Aug 2011

[2,425 Posts](#)



Here is a tidbit of my Market Breathing system. Look at EurUsd on the chart below. This is what I call a 1-2-3 and test move. Look at the Coral. It has jumped three times (3 Breaths after crossing the 200SMA and now it is testing the high after the third breath). Remember this formation between the Coral and the 200SMA and look for it in the future. It is an important reversal pattern.

Attached Thumbnails



#6112



Mar 20, 2012 11:06am (2 hr 28 min ago)

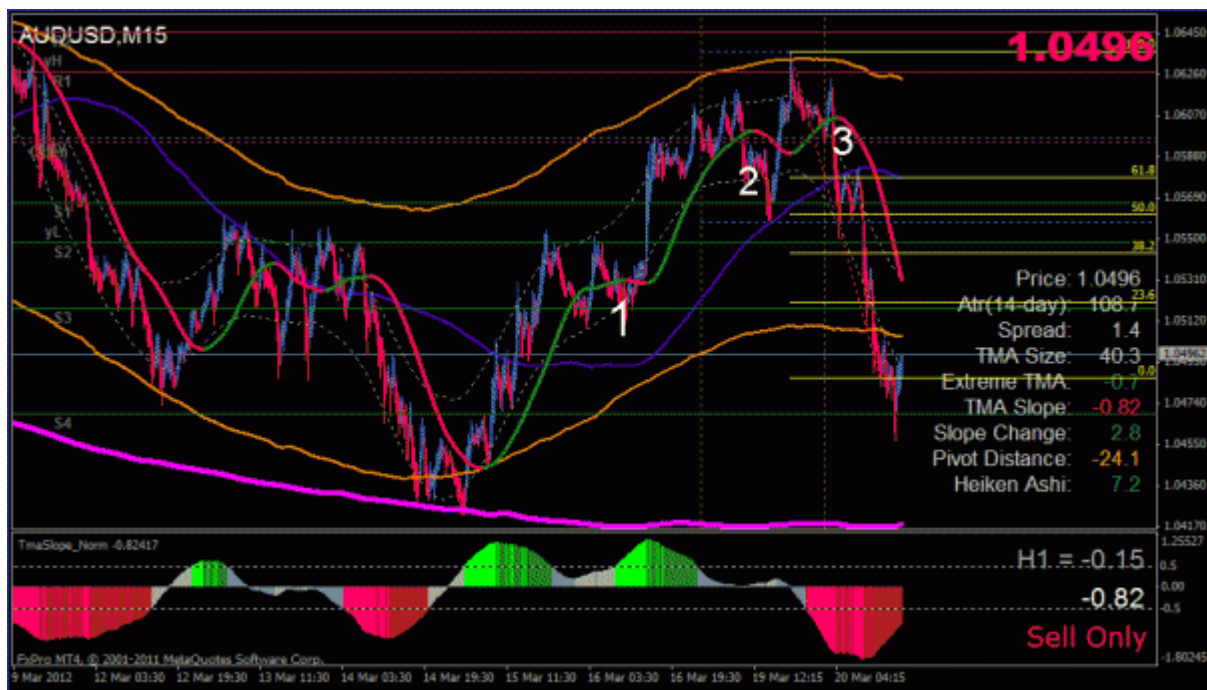


[Alorente](#)
Member

Member Since Aug 2011

10+V 2,425 Posts

Here is the same 1-2-3 and Test pattern in AudUsd yesterday. Notice how price collapsed after the last breath and test of the high.



#6181

Mar 20, 2012 2:36pm (31 min ago)



[Alorente](#)
Member

Member Since Aug 2011

10+ 2,434 Posts

Quote:

Originally Posted by **Riddermark**

Al, sorry for the misunderstanding.

I know this sounds like a silly question, but what do you mean by "emergency stop loss"? Is it an actual stop loss where if it's gets hit you take a loss of -100 pips or is that a figure of speech for starting recovery at -100 pips?

I was under the impression you do not use a stop loss at all. Instead you use small lots and at -100 pips you begin recovery. Is that correct? Thanks.

Post hidden because Riddermark is on your [ignore list](#).

Yes. I just have it there in case a disaster like the Japanese earthquake happens over night when I am sleeping. I always remove the SL and begin recovery at -100.

#6219

Mar 20, 2012 4:00pm (32 min ago)




[Alorente](#) 
Member

Member Since Aug 2011

 [2,451 Posts](#)

Quote:

Originally Posted by **pierpaolo960** 

I'm not able to use this trading system, when the long movement was finished the slop infdicator sign a value of 0.5 or more, when a short movemetn was finished the slop sign a value lower than -0.5.

Post hidden because pierpaolo960 is on your [ignore list](#).

Just be patient until price consolidates and gets into the Range Zone. That's precisely what is intended. To make you wait for the right moment.

#[6297](#)

Mar 21, 2012 4:01am (5 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

 [2,503 Posts](#)

Quote:

Originally Posted by **FXDawg** 

Wow. Stopped out on EURJPY, EURUSD, EURGBP, and USDCHF. Just what I was concerned about - correlated pairs and stops above/below the swing high/low.

I don't know why every time I walk away from my computer I get stopped out of every trade I'm in. Extremely frustrating.

I'm either going to have to start trading with recovery method (which I'm really not a fan of), or widen my stops a lot.

Really, really frustrating.

Post hidden because FXDawg is on your [ignore list](#).

I feel you were the victim of stop loss hunting during the thin Asian session, with things turning to normal in the London session. One of the reasons not to have a tight stop loss at night, The alternative is to wait for the morning session before entering the order. It stinks, but that is quite common at night unfortunately.

#[6423](#)

Mar 21, 2012 11:14am (4 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

[2,566 Posts](#)

Quote:

Originally Posted by [xlitang](#)

Looks like we are paid off now. The first time I made some green pips. Thanks.

Are you using high TF most of the time?

Post hidden because xlitang is on your [ignore list](#).

I use M15 but as I get close to my target support area I switch to M5 to zoom into the action and grab every single pip I can. After the exit, I switch back to M15. It takes seconds...

#6454

Mar 21, 2012 12:02pm (4 hr ago)



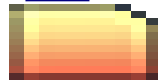
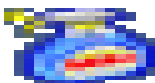
[Alorente](#)
Member

Member Since Aug 2011

[2,566 Posts](#)

GU will probably make an attempt to get to the Coral without quite reaching it. When it stalls, that will be the time to jump in. And again, you picture this in your head before it happens. When it happens you are ready for it. **If it doesn't happen, no sweat. You are out of the trade and are not risking anything. The point being that the trade has to come to you, the way you picture it.** You don't chase the trade.

#6498



Mar 21, 2012 1:38pm (3 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

[2,566 Posts](#)

Quote:

Originally Posted by **normtold** 

I am reading it all and taking as much in as possible.

Could you clarify how you correctly predicted selling the EurUsd and GbpUsd time and time again without waiting for price to hit the top TMA band of at least the M15 let alone the H1.

I think it is beacuse,

1) You would not sell the USD due to your technical analysis.

2) Because on GbpUsd and EurUsd price was at the top bands of M15 H1 and H4 this morning and you have decided that the H1 orange bands are going to the bottom H4 magenta band pulling price down with it.

Just trying to...

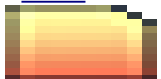
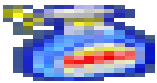
Post hidden because normtold is on your [ignore list](#).

The main plan is that. Price revisiting the H4 lower band. Not because I want it to be so, but because that is the way price action moves. Once there is energy in a move, it is much easier to see where price is going. Just analyze where the s/r levels are and when price stalls, calculate where the 50% Fib number is for retracement before it turns around for a new leg down. Watch for stalling action around the S/R levels. Look at how long the first swing down was. The second swing down will likely be similar. 90% of the time, price swings fail at a s/r level, so if you know how long the legs are, look for an s/r level around that distance and expect the turn around there. Again, If you have done it over a million times like I have, it is not hard to do.

Another little secret. Moves with energy, almost all of the time are composed of three impulses and a test. Look at the move down we just had on the M15 chart. You will clearly see three impulses down and then the test. Practically always a 3 step move after the test is followed by horizontal consolidation. Thre is equilibrium in the market and it takes time for new traders to fill the sidelines again with potential orders. That's why I don't like Renko bars, because they eliminate time from the equation. If you take away time, you are taking away 2 of my 5 senses. Time is critical to feel the market.

Look at past moves and you will see the three impulses and the test over and over again, and in many cases, the impulses will have similar number of pips.

#6504



Mar 21, 2012 2:19pm (3 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

 [2,566 Posts](#)



Quote:

Originally Posted by **Surfnomad**

Al I was just looking at my M30 chart and I just noticed that on the last move down in the EURUSD from 3/8 to 3/14 from H4 top band to H4 bottom band there was basically 3 swing lows and all 3 were accompanied by Slope and Trix divergence. and conversely on the most recent move up from H4 bottom band to H4 top band there were also basically 3 swing highs that were also accompanied by Slope and Trix divergence. And I just noticed that those lows and highs were in close proximity to the 1 hour bands.

I am reading too much in to this "coincidence"...

Post hidden because Surfnomad is on your [ignore list](#).

What you have observed is one of the most important realities of the market. As I said before, the number 3 is critical to the market. Yes. The three impulses are followed by a 4th test that usually fails, and yes, that test will almost always show a divergence to price on Trix, RSI, Slope indi, MACD, etc. Why is this not part of most books on technical analysis? I have no idea, but it is an essential pillar of my trading approach. You have been able to observe this on your own and I give you kudos for that. As I say in my signature:

Observation is the Path to Discovery.

#4398

Mar 8, 2012 8:46am

[frollollc](#)

Member



Member Since Jul 2010

[71 Posts](#)

Hello Al,

I would like to post my developing trading plan for your (or anybody else's) comments. This plan is only for entry, not for management.

Extreme TMA Trading Plan

15 minute time frame dictates allowable trades

Trades are taken on the 5 minute time frame

1. If 15 min time frame slope is BUY ONLY, then

- 5 minute trend long

- 5 minute scalp long

2. If 15 min time frame slope is SELL ONLY, then

- 5 minute trend short
- 5 minute scalp short

3. If 15 min time frame slope is RANGING, then

- 5 minute trend long
- 5 minute scalp long
- 5 minute trend short
- 5 minute scalp short

The Trades

1. 5 minute Trend LONG

- 15 min slope is Ranging or Buy Only
- 5 minute slope is Ranging
- 5 minute slope changes to “Buy Only” when bar closes
- HA candle “flashes” blue on the next bar

2. 5 minute Trend SHORT

- 15 min slope is Ranging or Sell Only
- 5 minute slope is Ranging
- 5 minute slope changes to “Sell Only” when bar closes
- HA candle “flashes” red on the next bar

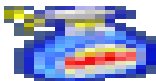
3. 5 minute Scalp LONG

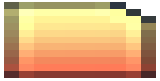
- 15 min slope is Ranging or Buy Only
- 5 minute slope is Ranging or Buy Only
- Dashboard 5 min cell turns to Green Buy, i.e.
 - ☐ Price below lower TMA band
 - ☐ Slope rising
- HA bar flashes blue

4. 5 minute Scalp SHORT

- 15 min slope is Ranging or Sell Only
- 5 minute slope is Ranging or Sell Only
- Dashboard 5 min cell turns to Red Sell, i.e.
 - ☐ Price above upper TMA band
 - ☐ Slope falling
- HA bar flashes red

#6560





Mar 22, 2012 4:53am (5 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

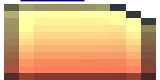
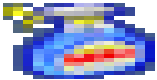
[2,609 Posts](#)

Quote:

Originally Posted by **dorellino**
*It might retrace to 1.3180/90 before pointing down again
my two cents
Post hidden because dorellino is on your [ignore list](#).*

Yes, I agree. I will be trading the swings as usual. Remember that there should be retracements in each swing of between 38% and 50% Fib numbers. Look for s/r levels around those areas and get back in there until the 3 swings and test are completed, which should be around or past the bottom H4 band. Or, if you don't feel like swing trading, just hold on to the bottom.

#6615



Mar 22, 2012 7:04am (3 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

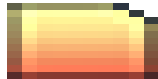
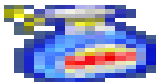
[2,609 Posts](#)

Quote:

Originally Posted by **dorellino**
*1) Recover is possible (not 100% sure) if the size of your position was small. You can read the recovery docs that Al has posted on this thread
2) if you did use high leverage you are going to be in trouble, then close it, accept the loss and next time use a smaller size
3) Lot of money? Nooooo!! First make money with pennies
4) It takes time, pain, time, pain, time, pain. Study and trade with real money very, very little money. Demo trade to learn the system, trade real to learn the pain.
5) I Never use a size bigger than 5 time my account. NEVER...
Post hidden because dorellino is on your [ignore list](#).*

It is a good point you make about limiting your leverage. I have been trading all my life and I limit leverage to 50:1, which in reality is 25:1 since I only use 1/2 of my account and keep the other half in reserve. High leverage is the number one cause of your account possibly blowing up.

#6626



Mar 22, 2012 7:27am (3 hr ago)



[Alorente](#) 
Member



Member Since Aug 2011

 [2,609 Posts](#)

Quote:

Originally Posted by [steve wide](#) 

Question I've been thinking about; a day or so ago you entered a trade (I think it was Au short) and then reentered when it went against you around 30 pips or so. I could look back at posts and find it but don't need the details to ask:

Why did you reenter before 100 pips drawdown? Didn't that violate your recovery rules? Or did you use 1/2 the lot size required to use recovery? Or would you have taken a loss on the last entry if the first entry went 100 pips against you?

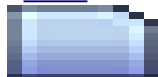
Thanks Al for your thoughts on this.

Steve

Post hidden because steve wide is on your [ignore list](#).

Something I haven't mentioned yet, is that sometimes, when I am not sure of my entry point, I stagger my entry into 3 entries of 1/3 of my position each. What you saw in that post was one of those entries. While I stagger my entries occasionally, I never do the same with exits. When I decide to jump ship, I do. No ifs, ands or buts.

#6706



Mar 22, 2012 11:52am (4 hr ago)



[Alorente](#) 
Member



Member Since Aug 2011

 [2,641 Posts](#)

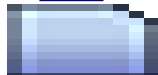
Here is the test of the underside of the Head & Shoulders neckline. Price should be rejected here and should proceed with the fall soon.

Notice also the divergences on RSI and the down trendline formed by the descending peaks. This trendline must remain intact for EurUsd to continue its drop.

Attached Thumbnails



[#6709](#)



Mar 22, 2012 12:00pm (4 hr ago)



[Alorente](#) ■
Member



Member Since Aug 2011
10+y [2,641 Posts](#)

Quote:

Originally Posted by **Alorente** ➤

Here is the test of the underside of the Head & Shoulders neckline. Price should be rejected here and should proceed with the fall soon.

Notice also the divergences on RSI and the down trendline formed by the descending peaks. This trendline must remain intact for EurUsd to continue its drop.

Also, notice on this chart how the Slope indi is NOT indicating a divergence, since the latest Red mound is larger than the previous one. When you see a reversal it is usually preceded by a

divergence in the Slope.

Attached Thumbnails



#7229



Mar 26, 2012 2:48pm (38 min ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,696 Posts](#)



Quote:

Originally Posted by **faxxion** 

Hello Alfredo,

I do understand it. 200 pips is where level 3 starts. It goes as deep as 300 pips, as I said, when level 4 would be started. So, technically, you could go to -299 pips and be in level 3

I was not suggesting that Recovery is not "solid". I was suggesting an alternative.

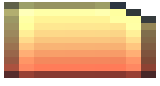
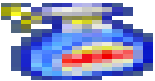
As far as your other comments, I really hate to disagree with you, but I do. We do use a stop loss in life. With every decision we make, we have a pain threshold where we reverse our course if it becomes obvious that our plans have not work our as we envisioned....

Post hidden because faxxion is on your [ignore list](#).

I agree with you and in a way that's my point. I have taken losses voluntarily when I realized the trade was no longer valid. I only enter Recovery with trades that I believe continue to be valid.

When I used stop losses I never learned how to deal with being stopped out in what is still a technically valid trade. The reason is that, after I am stopped out I analyze it again, I still think it is a great trade and I enter again, only to be stopped out again. I've had that happen to me up to 5 times in a space of the same 40 pips, back and forth, back and forth.... Now that's -200 pips and the trade is still about the same price and still looks just as valid as the first time. Psychologically this kills you, because you know that if you had been in the trade without the stop loss, you would still be waiting for it to move but would not have lost anything yet. For a while, I made up a rule that said, if you're stopped out, you are not allowed to reenter that trade anymore. I did that many times, just to see it take off in my direction after I was stopped out, knowing I could have made 100 or 200 pips on the trade. That's why the only logical way to trade is to take your loss when the trade deserves it and not arbitrarily at -20 pips or -30 pips. As you said, in life when we realize we are wrong we reverse course. I equate that to taking a loss. Recovery I equate to "If at first you don't succeed you try again" because you know the enterprise is still viable.

#7285



Mar 26, 2012 6:12pm (1 min ago)

[Ever E. Man](#) 

The mind
thinks, the heart
knows...



Hope this helps! Miserable long, I apologize!

Member Since Feb 2012

[97 Posts](#)

To Al, William, P.Dean and all,

I've followed this thread from the beginning, and this is what I've gained from Al generous teaching.

Al's method of building confidence, as I understand it:

1a. If you are a new, inexperienced, or unprofitable trader, **start with a practice account, or trade micro lots**. When you go live from a demo, start small, very small. The point is to build confidence and gain consistency, not to gain large profits.

1b. New and inexperienced traders should not trade M5, M15, M30 TF's, but should **gain confidence by trading longer TF's, H1 or greater**.

2a. If you use a **tight stop**, use one of the two EA's from page 1 to enter. This will get you in a little later, and safer for your stop, but you will lose a few pips. **You will not then suffer the loss of confidence that getting your stops hit repeatedly just before the PA moves in your direction.**

2b. If you use **recovery**, **trade very small!** That will take the confidence robbing fear out of the game! Only use recovery for those **trades that continue to be valid according to the other rules, and market conditions**. **If you would not take the trade at the point that you need to use recovery, take the loss instead.**

3. Exit according to the rules on page 1, always realizing the market conditions can always influence your decision to be more conservative or more aggressive. **True knowledge of market conditions can only be learned by careful observation and long experience**, so, be patience, observant, and precede on the side of caution until you gain confidence.

4. Learn the rules by practicing, applying yourself, and observing the way the market moves.

"Observation is the path to discovery!"

You will only be able to discover the best way for you to trade successfully by understanding the kind of trader you are and the way the market moves. You can only connect with those two vital pathways to success by being in a relaxed, observant, curious, and open-minded state of mind.

Putting on a position that is too large for you to be comfortable is the biggest enemy to that successful state of mind.

5. Trading is an art as well as a science. Otherwise, only the big firms that hire PhD's and rooms

full of servers would have a chance of winning. Al makes this absolutely clear throughout this thread ~ there is always more to learn. Remain open-minded (but not so open-minded that you

brains fall out! )

Each trader has to go through a learning process to find out how much risk they are comfortable with, which will determine whether they use a tight SL, a looser SL, a distant SL, recovery, a mental SL, or no SL (not recommended ;^).

6. Use careful money management by only risking 5%, or less, of your total capital on any one trade.

7. Always do a post trade analysis of each trade to see if you really followed the rules, or "fudged" them. If you have several losses in a row, and you think you've followed the rules, stop and carefully analyze what you've been doing to try to spot any errors in judgement. If you've tried everything and still can't see the error of your ways, get the advice of an expert, i.e., Al, Mike, William, Carl, Sharooz, etc., etc. There are many helpful traders on this thread that would respond to a sincere request from a serious trader.

8. *If trading is not enjoyable, you are doing something wrong! Stop and figure out what that is before continuing to trade!*

P.Dean (I'll try too be as "blunt" and "straight forward" as I can, but I think you've got me bested in that department!;^) Rather than elevating your opinions to the level of doctrine, a real, concrete contribution would probably be more helpful.

Got any rules, or indicators, or EA's that address exactly how to place your stops so that they are not repeatedly hit? *Because that really robs a trader of his confidence!!*

Even if you're a successful trader, your advice may apply only to your specific style of trading. Your opinions may not be useful for many, or even most, other traders.

Each trader is different, and each one of us has to find the method that he is totally comfortable with to be successful.

Al is a person of high integrity. He trades recovery successfully, and I have no reason to doubt that. He's been to the school of hard knocks and came out winning, and now he's willing to share what he's learned. Those of us on this thread are grateful, and know an opportunity when we see one.

Maybe you're a whiz kid, okay! Fine, I'll accept that. Maybe your method works better with SL's. Great! That really doesn't mean that your methods are the only ones that work.

BTW you glossed over a number of important points in dismissing his recovery method:

1. He makes it very clear that you should be trading only a small portion of your total account and that initially you should be trading very small lots. I'm sure that if I have 10 losses in a row, at $\$0.10 \times 100 \text{ pips} = \$10 \times 10 \text{ losses} = \100 , it's going to blow my account and devastate me so that I

can never trade again. I've lost \$1200 in 5 min. trading futures, and that really caused me to

sweat, brother!



But \$100, get real. If you can't stand that, you'll never make it as a trader!

2. You ignore the fact that he only uses recovery if the trade is still valid according to the rules and market conditions. If you obey this rule, and you are using only a small amount you account, you are doing something wrong if you have a long list of consecutive losers. Time to stop and evaluate, and ask for help if you can't figure it out.

3. You have overlooked that loss of confidence that getting your SL's hit repeatedly causes. This is especially true for traders that use a broker that tends to run SL's, and they are common.

4. Finally, you might consider that you may have been blinded by hide-bound opinions, since you apparently did not look closely enough at what exactly Al was doing. An open-minded person would have, at least, been curious about how he could achieve such stellar results using a method that you are convinced is unworkable. 🤔

Okay, I'll accept that you are helpful and sincere in offering your opinions here, trying to save us from racking up huge losses and losing our confidence. Now I'd like to return the favor, being as "blunt" and "straight forward" as I can.

Surely, you've heard the old trading saw, "Check your ego at the door!" Though you appear to be a successful trader, could it have gone to your head?

Again, sincerely trying to help, I would suggest that you learn a little humility, and I can assure you, from experience (I'll be 69 in 2 wks), that you'll have a happier, more enjoyable and healthier life.

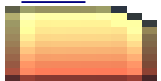
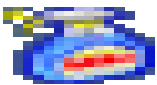
When you are tempted to give your undiluted advice on a thread other than your own, you might look carefully first to see if it is helpful, warranted, and if there is something that you can contribute to the thread's system that would solve the mistake(s) that you are trying to address.

Contribute something concrete, as so many others here have, and you find that you truly become part of the group, not just an outsider trying to run a thread that's, perhaps, a bit more successful than a few others.

You sound like you could be a contributor here, but not as a leader.

We already have a leader, and he's very good. 🤖

#7289



Mar 26, 2012 6:34pm (10 min ago)



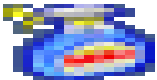
[nanningbob](#) ■
Teach men to
fish



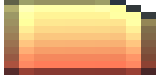
Member Since Jun 2007

[5,898 Posts](#)

I see there are some questions about recovery. Everyone must understand that recovery is another form of range trading. You just expand your range. However, you cannot fight strong fundamental moves. Sometimes you are just on the wrong side of a trade and you just exit. Al does a good job in explaining some of this. What you have to understand is that there is a specific place you just take your loss. I trade year round but if you look at my long term record I have 1 or 2 losing months every year. I don't know a single trader that does not have a losing period at some point. It is just part of the game. What some of you need to decide is: Where and at what point do I take my losses? There is no avoiding this situation. You can throw a gazillion indicators on a screen or you can trade with none. Either way there is a point that says. When I reach point x I close my trade for a loss. Until you can do that you will never be a successful trader. As some of you know I trade small so I can trade with a lot of range. One penny per 500 dollars of account. Others trade bigger, some trade smaller but the key to success is knowing, dang this is all wrong time to take my loss. Take your loss and move on, whether you recovery trade or just use a plain ole stop loss. Close the trade and move on. Again 70% of the time price will range, the other 30% price will trend but most trends are small to medium. The few times price makes a long run, like the EURO did last fall, and you are on the wrong end. Close it out and move on. You don't blame, the system, the broker, lady luck, etc. I have recovered trades as large as -1400 pips and others I have closed out less than -100 pips. My viewpoint is this and you do not have to agree but if you can't go to bed with your trades running you probably are trading too big of a lot size or you have no confidence in your SL or Profit placements. Sorry Al, felt a sermon coming on there.



#7294



Mar 26, 2012 10:30pm (37 min ago)



[nanningbob](#) ■
Teach men to
fish



Member Since Jun 2007

[5,899 Posts](#)

Quote:

Originally Posted by **fxtrader2k7** ➤

This is not meant to be argumentative or disrespectful.

A rose by any other name smells the same.

Recovery system...price averaging. What's the difference? One and the same? Good money chasing after bad?

The setup:

Not very busy casino, just you and dealer at blackjack table. You have some system that tells you the deck maybe in your favor. First hand you lose; system says deck is still in your favor, second hand same size bet as first and you lose; system says deck is still in your favor.

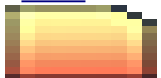
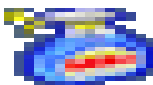
Question:

Do you double up the bet...

Post hidden because fxtrader2k7 is on your [ignore list](#).

What is the difference between a single hard SL or a multiple-level recovery. Nothing. You are both trading a range. If you set your SL at 30 and your TP at 60. Your range is 90 pips. If I trade with a range of 1000 pips, it is still a range. It is not gambling or doubling your bets. You trade with smaller lots and you can increase your range. When you increase your range you increase your odds of becoming successful. Let us say your are willing to risk 1% of your account and your account is 2000 dollars. That means 1% equals 20 dollars. With me so far? If you trade 1.00 dollar lots you hit your 1% at 20 pips. If you trade ten cents lots you hit your 1% at 200 pips. If you trade one penny lots you hit 1% at 2000 pips. The loss and risk is what you want to make in your trading. I can tell you from years of experience from trading and from using the math. It is not gambling, it is not martingale, it is simple money management and putting the odds in your favor. Once you understand that you wont call it gambling, doubling down, averaging etc. You are simply handling your funds in a much safer and easier to handle environment. Yes I dont double my account every month or two months but over a period of years I average 5-10% a month depending on market moves, etc. These are acceptable gains to me and acceptable risks in trading. If you accept this math you dont blow up your account either. I hope this finally clarifies this whole issue. Sorry AL. If you need me to shut up I will.

#7298



Mar 26, 2012 11:20pm (6 min ago)



[nanningbob](#) ■
Teach men to
fish



Member Since Jun 2007

 [5,900 Posts](#)

Quote:


Originally Posted by [iulli](#) 

Well it sounds good, what you are saying. But in reality is different. If what you are saying is true, than go mortgage the house, sell the cars and you will be a millionaire in no time "investing" this money in forex. But naningbob, in reality you said it yourself you would not trade a big account with


this style. If you want I will find those posts. This trading style with "recovery" works when you don't risk lots of money. Lets say you have an account of 50.000 or 100.000 would you still trade the way you do right now? Be honest 10 % a month...
Post hidden because iulli is on your [ignore list](#).

My last post, we are not doing that other thread again. What I said and what other people say I said are two different things. My biggest problem is misrepresentation. If you trade like I do you simply are looking for % increase of the account. My biggest losses sometimes exceed 1% but are never bigger than 1.5%. The vast majority of my losses are around .2-.4% range My win ratio is very high. The system works on any amount of money because the percentages remain the same. I did say with larger amounts of money, which I do trade but is not for public consumption, I use lesser % but the principles are still the same. 1% of 100K is no different than 1% of 2000 it is still 1%. Winning 5-10% of 100K is nothing to sneeze at either. My focus is purely bottom line, not some single component. If I bank 15% and use 8% to cover my losses you can focus on the 8% all you want but I like my 7% for that month. Like I have said before, it would take over 50,000 pips in losses to wipe out my account. I doubt a monkey typing trades in randomly could do that. I like my trading style, the freedom and security it gives me. It works but it is not for everybody. What you say it true, I dont disagree with anything you say, except those things are overcome by trading small and having large ranges. That is what makes it work. And if ever a trade goes beyond that 1% or the fundamentals are strong against me I take my loss. There is no endangering the account if you do it right.

[7359](#) 

 Mar 27, 2012 6:09am (10 hr ago)




[Alorente](#) 
Member

Member Since Aug 2011

 [2,745 Posts](#)

Quote:

Originally Posted by **By_Tor2114** 


A quick question for the more experienced in this method:

If the H1 slope is over 50, but the M15 slope is showing potential for either direction, have people had any positive results in trading against the H1 slope for a quick scalp of 20 pips (Just a random number that would be satisfactory)?

Post hidden because By_Tor2114 is on your [ignore list](#).

Definitely not a good idea. If you are trading the M15 channel, you should do it only in the direction signaled by the H1 Slope value or simply stay in the Trend with our new Trend Rule.

[#7371](#) 


 Mar 27, 2012 6:45am (10 hr ago)



[Alorente](#) 
Member

Member Since Aug 2011
 [2,745 Posts](#)

Quote:

Originally Posted by **Olarion1975** 

Thanks for the update, Al.


*But could you also clarify the **Trend Entry Rules**, please?*

Are they the same you posted a while ago for the M5 trend trading system you tested?

No. The entry rules remain the same. We are not pretending to enter a trend that is already under way. All trends begin in a ranging market. We should enter trades in a ranging market and then remain in the trade if a trend begins.

I tested the entry rules in the M5 system and they were not working properly because of the repainting issue. I found myself too often making a decision to enter a trade, just to find a couple of bars after that the condition had changed and the trade was no longer valid. I would much rather enter with the normal rules and decide later whether to remain in the trade or not, depending on the Slope value..

#7373 

 Mar 27, 2012 6:51am (10 hr ago)



[Alorente](#) 
Member

Member Since Aug 2011
 [2,745 Posts](#)

Quote:

Originally Posted by **Favorite** 

*I don't think 20%-40% per month (it is just 1%-2% per day) is greedy and/or unreasonable. As far as remember Al said that a trader has to aim **at least** 20% per month. **At least!***

*I'm sorry, but I respectfully disagree: it is **NOT** investing and it will never be like investing, with every trade you take a risk, a loss is possible and nobody guarantees that you'll get even 1%!*

pixelboy, it is one thing to have 16 charts and it is another thing to trade 16 pairs. Do you really trade 8 of them? Can you open 8 trades at the same...

You have a point Mike, but remember that when I say Trading, I mean a relatively small account that is traded pretty aggressively. From there to Investing, which you can also do in the Forex market, there are many shades of Grey. I believe Bob and Pixelboy are each in a different shade

of Grey with a lot less risk than I have in my trading. That is the reason I expect over 20% returns per month. I could also choose to make 10% with a much larger balance and a lot less risk. I follow the system that fits my personality and availability of time. All systems are valid, as long as your risk/reward balance makes sense.

#7381



Mar 27, 2012 7:37am (9 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

[10+V](#) [2,745 Posts](#)

Some thoughts about the new Trend Rule:

As you can see from trends "A" and "B" on the H1 chart attached, the entry rules are the same as for a Ranging market. Once we were in these trades, the market moved to Buy Only. I have marked the exits at the close of the first bar that makes the Slope value a Ranging one again (Under 0.50). Of course, you can decide to exit on each swing and not continue to follow the Buy Only trend. If you could get the chance to reenter at the bottom band on every swing, you would probably make more pips by exiting and reentering, but I have noticed that in strong trends, price does not make it all the way back to the bottom band and thus you will miss the remainder of the Trend move. I think this is a good rule that will take advantage of most trending moves, which will add pips to your account that would otherwise be missed waiting for the slope value to Range again.

Attached Thumbnails



#7382



Mar 27, 2012 7:51am (9 hr ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,745 Posts](#)

Quote:

Originally Posted by **jain028** 

Al, what do you think, why there is no reaction of stopping to test the trendline? and moreover do you think today or tomorrow market take a down journey in respect to trendline.thx

What trendline? If you are referring to the USIndex trendline, we are very close to it right now as you can see by the attached chart.

By the way, look at the member sentiment index. I have found that the guys that follow USIndex are extremely accurate with their predictions. This morning it went over 70% Bullish. I have not seen such a lopsided sentiment miss as of yet.



#7384

Mar 27, 2012 7:58am (9 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

[10+V](#) [2,745 Posts](#)

Quote:

Originally Posted by [Jikkie](#)

I apologise if this question is a little late in the day, but please Al, could you explain why you prefer


an indicator that repaints, TMA v1.4 Color Center Line, to one that does not, TMA True with Distancesxx?

I understand that they match on the current bar, but I do not understand why you prefer to see "fiction" when looking back.

I quite like to see what I perhaps should have done, but if you prefer a repainting indi... I must be missing something here.

Because what is important is the actual moment and the future. By repainting itself, TMA fits itself to actual past pricing and it shows the cycles and wave patterns that are inherent in the market. Remember, **price does not repaint**. So TMA, by centering over price extremes, shows you these waves much more accurately than any other indicator does. These waves/cycles are real. It is important to understand and feel that they really exist.

#7394 

 Mar 27, 2012 8:14am (9 hr ago)




[Alorente](#) 
Member



Member Since Aug 2011

 [2,745 Posts](#)

Quote:

Originally Posted by [jnfer](#) 

i've tested the recovery..

on E/G and G/J to BE it took about 12 hours (I didn't close it)...


Then it starts to float up to level 4 recovery on GJ, level 3 on E/G and in 10 days ended up with 40+ profit pips..

So it depends on the pair and how powerful the trend...

You should always close a Recovery trade at BE and not try to profit from it. Remember that you have doubled your position or more and that price can reverse on you with a vengeance.

Recovery is made to recover, not to profit from a trade. This is an essential concept that you should NEVER violate or it will come back to bite you.

#7463

 Mar 28, 2012 4:44am (5 hr ago)

[DrDave](#)

Member



Member Since Jun 2011

[165 Posts](#)

Quote:

Originally Posted by **jfcamp** 

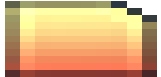
do you put all TF channel on the same chart? I see a huge congestion over the H4 top band but no confirmation of a drop, M1 still ranging with no break down. Too early for a short!

I have a couple of charts with 4 TMAs plotted. If I am just curious about another pair, I take a chart with a single TMA and set the timeframe to H4. Then using the trendline tool, I draw the bands for about 10-15 bars, then switch to H1 and draw the bands in another color. Then switch to M15, draw bands, then M5, draw bands. Then switch to M1 and look at the results. I often zoom out, and sometimes turn off the display of the price bars.

As I said, I like to see more confirmation at least to M5 that there is a turn.

DrDave

#7565



Mar 29, 2012 3:23am (6 hr ago)



[Alorente](#)
Member



Member Since Aug 2011

 [2,780 Posts](#)

Quote:

Originally Posted by **tnavi** 

im long in erjpy...

possible support for today?



im a master of paint xDD

Post hidden because tnavi is on your [ignore list](#).

You yourself have drawn the H1 bands moving progressively down. **It is not a good idea to trade against the direction of the higher time frame.** You have to realize that for the H1 bands to come down like you think they will, price has to go down to pull them down.

#7767

Mar 30, 2012 2:13pm (14 min ago)



[Alorente](#)
Member

Member Since Aug 2011

[2,807 Posts](#)

Quote:

Originally Posted by [grechmar](#)

Hey Al,i was gonna attempt trading 5 mins. Correct me if im wrong but you dont attempt recovery if the Higher Tf such as the 15 mins is moving in opposite direction? Do you attempt recovery when general trend is in your favor? And thirdly if you do not attempt recovery whats is your SL?

Post hidden because grechmar is on your [ignore list](#).

I like to wait for M15 to be ranging before entering recovery. I treat it like a new trade. My SL is for emergency only at -100 pips. I cancel it when price gets close to it and I enter recovery instead, then I place it another -100 from the second entry.

#7771 

Mar 30, 2012 2:23pm (17 min ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,809 Posts](#)

Having tried H4 trades all week, I don't recommend you use it. You should only Use H4 or D1 if you cannot monitor your computer. The returns are so much smaller with these time frames that I don't think it is worth it. There is also a high probability of price reversing before reaching the opposite band and thus making you lose the pips you had and leaving you feeling like a fool. This has happened to me 5 times this week. I could have made 500 pips and they all virtually disappeared due to price reversing. I committed to trading H4 the full week so I can't wait for Monday where I go back to M15.

I like H1. You can get 2 or 3 trades a day with H1 and price gets to the other H1 band much more often than with H4 and the pip size is around 100 between the bands, which can allow you to average 100 to 150 pips a day normally. My favorite is still M15 to the opposite band. You get a lot more trades a day. Maybe 10 to 15 or so and with a TMA size of 40 to 50 pips, there are a lot of pips to be made and it is much more relaxed than M5.

#7787 

Mar 30, 2012 3:44pm (54 min ago)




[Alorente](#) 
Member

Member Since Aug 2011

 [2,817 Posts](#)

Quote:


Originally Posted by [grechmar](#) 

Tkx a lot for the responses. one last thing when u trade the 5/1 min TFs do you TP when price htis opposite band or is your Tp in terms of pips says 15 pips or jsut when you see price stalling you exit(like you do with 15 tf)?

Post hidden because grechmar is on your [ignore list](#).

M5 I usually exit at center line of M5 TMA or before if it stalls. I just go for 10 to 20 pips. In M5, he who hesitates, dies. Think of it as an Old West gunfight. If in doubt, get out. Even for 2 or 3 seconds. You can always get in again later. In M5, you cannot take losses. Take 2 or 3 pips if you have to, but no losses. I have a tactic that works very well for me. If price goes against me by 5 pips, my target becomes 2 or 3 pips profit and I get out. Remember that I don't use a stop loss, so quickness is paramount.

#7790 

 Mar 30, 2012 3:56pm (42 min ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,817 Posts](#)

Quote:

Originally Posted by **Alorente** 


M5 I usually exit at center line of M5 TMA or before if it stalls. I just go for 10 to 20 pips. In M5, he who hesitates, dies. Think of it as an Old West gunfight. If in doubt, get out. Even for 2 or 3 seconds. You can always get in again later. In M5, you cannot take losses. Take 2 or 3 pips if you have to, but no losses. I have a tactic that works very well for me. If price goes against me by 5 pips, my target becomes 2 or 3 pips profit and I get out. Remember that I don't use a stop loss, so quickness is paramount.

2 other critical factors in M5. Remember first of all what your aim is: 10 to 20 pips. Don't be tempted to land the big winner in M5.

1- Since you are looking for 10 to 20 pips, enter **only** after a move in the opposite direction of a 20 to 40 pips or more when fast Trix turns your color for a second (See Rule 2 below). From the moment you enter, your Close Order window is open, the pointer of the mouse is on the close button and your finger is ready.

2- Almost every move in M5 tests the bottom at least once. Never enter on the first reversal. Enter after the 1st test, when the Fast Trix turns your color again. That's how I got 33 wins in a row the other day when I traded real time on the thread and that's what I do every time I trade M5. It is tense and tiring, but if you get really good at what I just explained and you stay cool throughout, 5% to 10% in a day is a normal return. After that, a cold beer and a good night's sleep, after you take care of the wife, of course...

#7825

 Mar 31, 2012 11:20am (11 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

 [2,827 Posts](#)

Quote:

Originally Posted by **dorellino** 

Thank you, Al.

About your example, maybe I'm missing something, but it seems to me that it is not following your

rules, just above described.

In the example your traded 1 lot per position (10 times the demo account) you had 2 or 3 position opened at the same time (20 to 30 times the demo account).

This values are not even close to "6% maximum per position" nor to a "maximum 50% of the account invested".


Thanks in advance for your help.

Max

Post hidden because dorellino is on your [ignore list](#).

I don't know what you mean by the demo account. I was trading that day a 10,000 account with one lot per position to keep it simple to understand and 2 to 3 positions per account which is 4,000 to 6,000 margin average which is 40 to 60% of the 10,000 margin availability. What I mean by 50% of the account invested is 50% of margin available. I did not get into mini lots for simplicity. I was not limiting my position to 6% that day. I use the 6% limit on the normal Extreme TMA system, not in scalping, where my trades are only a few minutes long.

#7915 

 Apr 2, 2012 12:36pm (36 min ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,844 Posts](#)



Quote:

Originally Posted by **frollollic** 

Here is a current chart of a 5 min scalp that would have worked. The main difference I see as compared to my earlier attempt is that the 1st test is a higher low. The other trade had a 1st test that was an equal low (or even slightly lower). I'll watch for that the next time.....1st test must be a higher low.

Yes. Always be suspicious of a test that slightly breaks the low, especially if it seems to break a S/R line.

#7919 

📅 Apr 2, 2012 1:05pm (8 min ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,844 Posts](#)



In my tests with H1 bands the past few days, I have noticed that H1 slope values of -0.25 to +0.25 always end up going to the other H1 band. So far, It seems that price retests the band until the H1 channel is moving sideways, before the move to the other side.

#7924

📅 Apr 2, 2012 1:27pm (1 hr 50 min ago)




[Alorente](#)
Member

Member Since Aug 2011

 [2,849 Posts](#)



Quote:

Originally Posted by **Connected** 

Hi Al, what would be your favourite time-frame/chart to trade the Extreme TMA method so far, if you were to trade it each day? 😊 Thanks!

Post hidden because Connected is on your [ignore list](#).

M15 to the opposite band, but keeping the trade open for the distinct possibility of going to the H1 band, unless I see Fast Trix change color. The reason I pick M15 is because I get a lot more trade opportunities. I no longer exit at center line of the M15 channel. I wait for the other band. I haven't noticed whether some times of day are better than others. All seem to be working very well, especially when the trade is placed beyond **both** the M15 and H1 band.

#7925



📅 Apr 2, 2012 1:30pm (1 hr 47 min ago)



[Alorente](#)
Member

Member Since Aug 2011

 [2,849 Posts](#)



Quote:

Originally Posted by **Alorente** 

*M15 to the opposite band, but keeping the trade open for the distinct possibility of going to the H1 band, unless I see Fast Trix change color. The reason I pick M15 is because I get a lot more trade opportunities. I no longer exit at center line of the M15 channel. I wait for the other band. I haven't noticed whether some times of day are better than others. All seem to be working very well, especially when the trade is placed beyond **both** the M15 and H1 band.*

Post hidden because Alorente is on your [ignore list](#).

It also seems that trades that overlap the M15 band by 15 pips or more, give better results than those that just touch the band.

#[4255](#)

 Oct 20, 2011 2:13pm



[Alorente](#) 
Member

Member Since Aug 2011

 [2,885 Posts](#)

Quote:

Originally Posted by **RodMca** 

I hope all of you are right about shorting theres no worse feeling than knowing you had the chance to take major profit but wait it out to see if it goes lower but instead reverses i sure hope it continues lower!

It all depends on what your trading strategy is. If you are scalping all the time, then taking small profits I guess is OK, but the big bucks are made when you hang on for the big moves. No doubt you can make small profits swing trading along the way, but you may be out when the big move develops. It happened to me a lot years ago. I would see a clear potential big move and ended up missing the train when I sold to take profits on a small swing. I felt like a fool many times, actually seeing the move but not participating in it. That's when I decided to change my focus. I now make much more with much less stress. All systems are valid though.

#[4130](#)

 Oct 20, 2011 11:30am



[Alorente](#) 
Member

Member Since Aug 2011

 [2,885 Posts](#)

Quote:

Originally Posted by **AaronWard** >

Tom,

One last thing you might want to think about is the type of style that best suits your personality. Several of us have come out of the closet about our trading styles today. They are all very different. They are all (I hope) profitable. But the key for each of us is that we are happy with our style.

That's a good point Aaron. When I first started trading umpteen years ago, I tried to replicate what I read in books. Some things worked and some didn't, but the main problem is it wasn't me. It was someone else trading in my skin. It took me years to realize that trading like a good suit, has to fit your personality and desires. It was not until I custom built a trading system to fit ME that I started enjoying this and feeling happy with it.

#4063

Oct 20, 2011 10:12am



[Alorente](#) 
Member

Member Since Aug 2011

 [2,885 Posts](#)

Quote:

Originally Posted by **PipTrapper** >

I don't use stop loss and I still win but that is because I have good entries.

Traders lose because they have bad entries, not because they don't use stop loss. If you have a good entry, then price can hit your stop loss and turn around and go to your take profit but by then it is too late because you have already been taken out.

With a bad entry, a stop loss works better because it limits your loss. But with a bad entry you will never make it to your take profit anyway.


I suppose it all depends on your style. It takes guts and patience to trade...

Very well stated friend. It's a bit like trapeze without the net. You are going to make very sure you get it right. Still, stop loss or not, you cannot expose the bulk of your capital to a margin call. A major world disaster can take you out in a second. That's why I use several accounts.

#4042

Oct 20, 2011 9:51am



[Alorente](#) 
Member

Member Since Aug 2011

 [2,885 Posts](#)



Quote:

Originally Posted by **FXMindset**

Interesting but am bit confused..Personally I've learn that trade without stop loss is like buying a car without insurance and thats really a expensive lesson for trade against the trend as when am wrong am will cut my loss immediately even the price moves in my favour later 😊

First of all, I NEVER trade against the trend. How do I determine trend. By simply looking at the color of the current Heikin Ashi D1 bar. If it is Red, I only trade short. If Green, only long.

Secondly, the account that holds the position is your stop loss. You are never risking a cent more than what that account holds.

#4022

Oct 20, 2011 9:26am



[Alorente](#)
Member

Member Since Aug 2011

[2,885 Posts](#)

Quote:

Originally Posted by **PipTrapper**

Good plan alorente. I also have an additional account but not for the same reasons as you. When I request a withdrawal, it usually takes 3 days before they pull the funds from my account and send them to me. However, if I request a transfer to my other account, it is done overnight. So I like to transfer out my profits so that I only ever have my original capital at risk.

I don't use stop loss on my swing and position trades either. I prefer to rescue/recover but in order for that to work, I have to choose a good entry to begin with. For example,...

I like your system. Let me detail mine for those who may be interested in trying it. I learned it 20 years ago from a great stock trader friend of mine. He called it the Box System.

Let's suppose for round numbers sake that you have allotted 100,000 to your Forex trading. That will be your Main account at your broker. The Box system requires that you only have a maximum of 1/4 of your main account invested at any one time. The other 3/4 are kept in reserve. The investable 25,000 will be split into the various positions you are trading and you will open an additional account for each position. If you have 5 positions, each account will have 5000 in it. That 5000 will have a leverage of 50:1 and a margin level of 200% or more. Example: at 50:1, 1 EURUSD lot requires 2000 margin. so with 1 lot you will have in excess of 200% margin level. This will allow for plenty of room for price to move without taking you out of your position. Your "stop" is the account itself. If you enter anywhere near correctly and have a clear Target Price in mind, it is almost impossible to run down the account. As I said before, in 3 years,

I have only had one account closed on me. That is a 5% loss of capital, while during that time I have had over 100 winners, some of 300% profit or more. When I used stop losses, my percentage of winners was around 60/40. With this method my percentage of winning trades is 93%. I've had many trades run the account down 80% only to end up coming back and becoming a great winner in the end. It is also pretty stress free. You decide up front what amount you are risking and once the trade is placed, it becomes pretty much a hands off system. Of course this applies to position trades and H4 charts or higher. I am not a scalper.

A good trading system is important, but a great MM system is essential. I live and die by this system. It is the best I have ever seen.

#27874

■ Sep 30, 2011 3:47pm



[Alorente](#) ■
Member

Member Since Aug 2011

[2,885 Posts](#)



Quote:

Originally Posted by **freiburg**

congratulations. I missed this last leg waiting for 76.60. Well, question is...to get back in or wait for pullback. missed the train today. lesson learned.

I can't believe you sold. You said you would hold till 77.30/40, where I mentioned the first minor resistance was found. Well, I'm sorry you missed it. In this game, you must have the courage to follow your convictions. It's hard to make the big bucks scalping only the crumbs off the table. The pros in Forex are always searching for the major moves. They ignore the crumbs. That's the only way to make big money.

Anyway, I am still holding. After all, the party is just beginning.



#27875

■ Sep 30, 2011 4:01pm



[Alorente](#) 
Member

Member Since Aug 2011
 [2,885 Posts](#)



Quote:

Originally Posted by **extract** 

I understand that buying in now looks scary but lets face it today is breakout day only way from here is up. With all the momentum pumping through it i expect it to carry on next week. Also something i have noticed is that big moves seem to happen around the first week of the month ala Eur/Aud In Aug 2nd, Eur/Usd beginning of September.

I agree with you completely. The time to jump in if you're not in already is right at breakout which is now. You should hold while going up and keep raising your stops below the last major pivot point, while leaving plenty of room for it to move so you don't get stopped out too soon. Also, in a major move like this, it's important to ADD to you position on consolidations with the "House Money" you have made on the way up. I rode a large part of gold's move from 300 to 1800 following this system. I recently was totally stopped out at 1720, to be exact, after several years of fun. You must let the market carry you. You are there just for the ride. As John Kennedy's father always said: "In the market, I made most of my money in the seating".



#[27874](#)

 Sep 30, 2011 3:47pm



[Alorente](#) 
Member

Member Since Aug 2011
 [2,885 Posts](#)



Quote:

Originally Posted by **freiburg**

congratulations. I missed this last leg waiting for 76.60. Well, question is...to get back in or wait for pullback. missed the train today. lesson learned.

I can't believe you sold. You said you would hold till 77.30/40, where I mentioned the first minor resistance was found. Well, I'm sorry you missed it. In this game, you must have the courage to follow your convictions. It's hard to make the big bucks scalping only the crumbs off the table. The pros in Forex are always searching for the major moves. They ignore the crumbs. That's the only way to make big money.

Anyway, I am still holding. After all, the party is just beginning.

#[27840](#)

Sep 30, 2011 4:40am



[Alorente](#)
Member

Member Since Aug 2011

[2,885 Posts](#)

Quote:

Originally Posted by **freiburg**

what do you think of TRY/JPY? Turkey's economy is doing well, and their currency has depreciated the most (and they want to strengthen) versus Yen (economy is hurting and they want to depreciate yen).

Also, TRY/JPY pays big interest while you sit and wait.

You may be right, but I firmly believe in specialization. I concentrate on just 4 items: EUR/USD, USD/JPY, and Gold and S&P500 futures. Those 4 keep me more than busy for the entire day and part of the night. I find that when I stray into other pairs that I don't know as well, my win % (right now at 93%) drops considerably. To me it is crucial to have a high win average. It builds the confidence needed to act without hesitation or stress.

#[27725](#)

Sep 28, 2011 5:13am



[Alorente](#)
Member

Member Since Aug 2011

[2,885 Posts](#)



Quote:

Originally Posted by **freiburg**

thanks for these nice posts Alorente. I did one clever thing ... a I sold my position yesterday and bought same number of units back about 20 pips lower ... so scalped a little cash, but I'm always hesitant to do that since you might have to then play catch up with the train, which I always fail at. Still in for the "big" move to 80+, and hope I don't have to play this get out get back in too often, since it stresses me out!

By the way, BOJ governer said today that Japanese economy is in horrible shape. BOJ has a monetary policy meeting next...

I know what you mean about the stress created getting in and out and the fear of missing the train. I struggled with that many times years ago. What I found to be a good solution is to hold 1/2 of your position no matter what and trade aggressively the other half. That seems to make both halves of the brain happy, since I don't feel that stress anymore.

#[27474](#)

Sep 21, 2011 10:55am



[Alorente](#)
Member

Member Since Aug 2011

[2,885 Posts](#)

Quote:

Originally Posted by **freiburg**

i don't want to be stopped out, but don't want to blow up my account. i don't want to risk a small amount. is there any solution here? (I am betting this goes up, just as the other 85% of retail who are long USD JPY) ... which means of course the evil robots will be coming for stops! advice / help thanks!

The only solution is to play less leverage (50:1 max) and lower your stop considerably before FOMC. I just lowered it to 74. I'll bring it up again an hour or so after the announcement.

#[530783](#)



Aug 25, 2011 7:39am



[Alorente](#)
Member

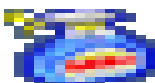
Member Since Aug 2011

[2,886 Posts](#)

Strange PA? Not really...

Actually, the PA is easy to explain. EUR/USD follows the #EPU1 (S&P500) almost like a siamese brother. Since the S&P500 is crazy and irrational lately, so is the EUR/USD PA. I keep a 5 min #EPU1 chart next to my EUR/USD 5 min chart to see price action on both and look for divergences. It works like a charm.

#8223



Apr 5, 2012 12:03pm (4 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

[2,916 Posts](#)

Here is a great way to avoid early exit on the EurUsd collapse. The bottom indi is the H1 RSI. Hold till the RSI trendline is broken on a close of candle.

Attached Thumbnails



#8224



Apr 5, 2012 12:08pm (4 hr ago)



[Alorente](#) 
Member

Member Since Aug 2011
 [2,916 Posts](#)

Same thing for GbpUsd. Hold till RSI trenline is broken on close of candle.

Attached Thumbnails




#8227

Apr 5, 2012 12:23pm (3 hr ago)

[Alorente](#) 
Member

Member Since Aug 2011
 [2,916 Posts](#)

Quote:

Originally Posted by [xlitang](#) 

How do you decide when to get back in again? what setup you are looking for?

Post hidden because xlitang is on your [ignore list](#).

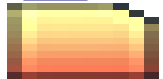
Look at the chart below. You get back in on a successful retest from underneath of the RSI trendline (Green) after the break as shown by the vertical white line. You can do this over and

over and over again... For both long and short moves.

Attached Thumbnails



#8235



Apr 5, 2012 1:58pm (2 hr 20 min ago)




[Alorente](#) 
Member



Member Since Aug 2011

 [2,916 Posts](#)

Quote:

Originally Posted by [slowpokeyjoe](#) 

Absolutely golden information Al - thank you!

BTW - 3 for 3 winning trades for me on using the fast trix color change for jumping back in on a trade - thank you for that little nugget too...

Gina

Post hidden because slowpokeyjoe is on your [ignore list](#).

I traded stocks, futures and options for many years using trendlines on the RSI almost exclusively. The only problem with that simple RSI system is that it only works in strong trends.

For quiet ranging markets, the Extreme TMA system is the best in the world as far as I'm concerned. Now you have two little gems with which you can trade every type of market.

There are many, many more tricks in my treasure chest that I'll be giving you in the future. For now, play with this and enjoy.

#8277

Apr 6, 2012 4:07am (5 hr ago)



[Alorente](#) 
Member

Member Since Aug 2011

 [2,923 Posts](#)

Quote:

Originally Posted by **Alorente** 

Look at the chart below. You get back in on a successful retest from underneath of the RSI trendline (Green) after the break as shown by the vertical white line. You can do this over and over and over again... For both long and short moves.

Yesterday I described my method of RSI trendlines, however, I failed to mention that on stronger moves, you should also check the H4 RSI trendline. For stronger moves like we have with EurUsd presently, the H4 trendline will give you a more accurate view than H1, which is more sensitive. Below is the H4 chart. As you can see, the RSI trendline is still unbroken and has a lot more room to move before it is in fact broken. I like to check both the H1 and H4 trendlines and in case of discrepancies, I follow the H4, which gives a more birds eye view of the complete price move.

So for medium size moves, follow H1 and for larger moves, follow H4.

Attached Thumbnails



#8420

Apr 10, 2012 5:29am (3 hr ago)



[Alorente](#)
Member

Member Since Aug 2011

10+V [2,945 Posts](#)

Quote:

Originally Posted by **scott-ibm** ➤

dear Mr.Al :

Attached the EJ M15 Chart, at EJ chart, we can view the 1-2-3 Pattern,

Does 1-2-3 Pattern is over, complete,, it build up a bottom around H1, H4 lower Band now ??

please advice us, thank you in advance ~

SCOTT-ibm / taiwan office

~~~~~

Post hidden because scott-ibm is on your [ignore list](#).

No. 3 is not complete. It is the current move. Look at the slope indi. If the move was complete you would see a divergence. The last drop in the slope is the biggest drop. That indicates there is more downside coming.

#8421

Apr 10, 2012 5:31am (3 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

[2,945 Posts](#)



Quote:

Originally Posted by **Olarion1975**

*I agree, on a slow day you better switch to a lower time frame like M5 to make your pips. 🙌  
On high volatile days you are better off with M15 and H1.*

*Cheers,*

*Olarion*

*Post hidden because Olarion1975 is on your [ignore list](#).*

That is a very good tactic. The more volatility, the higher the time frame you should use.

#8430

Apr 10, 2012 5:55am (3 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

[2,945 Posts](#)



Quote:

Originally Posted by **grechmar**

*Al, where do you expect third leg to end? somewhere around eu; 1.29 and u;1.57?*

*Post hidden because grechmar is on your [ignore list](#).*

The third leg on M15 is in the process of ending (Three legs on M15 equal 1 leg on H1), but I expect it will be followed by another 3 legs down (on M15 which will be the 2nd leg on H1) to 1.26 **once the Coral on the H1 chart below comes a little closer to the 200 MA.**

**A break of the neckline (Light blue line) can happen at any moment from now till the end of the week. It is impossible to pinpoint the exact moment, but it is close.**

Attached Thumbnails



#8445



Apr 10, 2012 7:41am (4 hr ago)



[Alorente](#) ■  
Member



Member Since Aug 2011

10+V [2,952 Posts](#)

Quote:

Originally Posted by **Ever E. Man** ➤

*Your knowledge makes me wish I understood the market better.* 🤔

*It seems to me that your excellent advice is a good example of a problem with all "simple" systems, especially for new traders.*

*If you had a disclaimer on Page 1 that says something like this:*

*"No set of rules will work all the time, and a firm knowledge of market conditions gained through long experience and careful observation is necessary to know when the rules should, and should not, be overridden.*

*[color=black][font=Verdana][i]For...*

That is a good recommendation. I will include it. Still, I would hope traders would understand that a system has to be placed in context of what is happening in the world. It is a duty of every



Forex trader to study and master macroeconomic conditions. The Extreme TMA system is excellent in normal, ranging markets, however, in strong trending and volatile markets where repricing of a currency is taking place, great care should always be taken of **never** trading countertrend in the longer term time frames (D1 as defined by the 200 MA and W1 by the Coral).

#8452

Apr 10, 2012 10:25am (3 hr ago)



[nanningbob](#)  
Teach men to  
fish

Member Since Jun 2007  
10+V [5,969 Posts](#)

Quote:

Originally Posted by **normtold** >

*So if I understand you correctly, placing a 200 simple MA on a D1 chart will let us know to only sell when price is below the MA and buy when price is above the MA. We can use this knowledge to trade the M15 chart.*

*Also for the next few months you think buying any Eur pair and selling any Usd pair is not a good idea.*

*You also think the Jpy is going to fall.*

*Did I get any of those 3 points wrong?*

*Post hidden because normtold is on your [ignore list](#).*

Those rules go into effect when certain news stories hit. For example AL gave a heads up on the interest rate Spain will pay to borrow money. When it hits a certain point Spain wont be able to afford the loans or rollovers and that will greatly affect the Euro. At what specific point those stories hit is anyone's guess but I dont think they are that far away. Until then you can buy into Euro pairs but when the fundamentals take over set up your sells and let them ride. Indicators are not very good during a strong fundamental dominating the market.

#8458

Apr 10, 2012 11:25am (2 hr 7 min ago)



[Alorente](#)   
Member

Member Since Aug 2011  
10+V [2,956 Posts](#)

Quote:

Originally Posted by **Ever E. Man** >

*Might help to temper any solid forecasts with the disclaimer in #8444.*

*Post hidden because Ever E. Man is on your [ignore list](#).*

Ever, disclaimers are only good to avoid lawsuits. When you reach a conclusion after careful analysis of the facts, you should stand behind that conclusion 100%. Always being extremely

careful and not putting all your eggs in one or two baskets but avoiding the other side.

It is important to have the courage to follow your convictions. That breeds confidence, which is essential to trading.

---

#8469

Apr 10, 2012 12:29pm (7 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

[2,960 Posts](#)

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Quote:

Originally Posted by **DrDave**

Al,

*What exactly are you calling the "real" trend??*

*Because of the fractal nature of price versus time, you cannot know what time period you are examining when viewing a chart without axis labels. Therefore, a chart plotted at any time frame that shows a trend is a "real" trend.*

*Now if you want to specify that you are going to qualify a trend by comparing a smaller time period to some other higher time period, then that is a different matter.*

*If the D1 has price clearly going down with time while the H1 clearly has price going up with...  
Post hidden because DrDave is on your [ignore list](#).*

I understand what you are saying. Trend definition is always a difficult subject. I believe a real trend is a longer term trend that is persistent over time. For example, the trend UsdJpy has been for the past 4 years. Or the trend Gold was in for 8 years until recently. Since the high of 1.4500 last August, I believe EurUsd's real trend is down and still has a long way to go. I like to look at the direction of the Coral on the weekly among other things to help me determine if a pair is in a real trend or ranging. There is no doubt that there is subjectivity involved in reaching that conclusion.

#8474

Apr 10, 2012 1:08pm (6 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

[2,960 Posts](#)

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Quote:

Originally Posted by **stevewide**

*At the far left of the rsi indy starts trendline which offered a long downtrend finally broken on*



4.6.2012.

*After this, a new trendline could be drawn showing an uptrend period till broken today.*

*Before it was broken see the short horizontal divergence trendline signalling possible reversal.*

*Finally, the current trendline is drawn when rsi comes back to retest the previous trendline which became a powerful entry signal at the big red arrow; now go to TMA charts and look for an entry.*

*Took 50 pips off this when rsi touched 1h trendline and...*

*Post hidden because stevewide is on your [ignore list](#).*

RSI is only valid at close of candle. What happens before the close is totally irrelevant as far as RSI is concerned.

#8477

📅 Apr 10, 2012 1:20pm (10 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

 [2,960 Posts](#)

Quote:

Originally Posted by **saussiche** ➤

*I've been long usd/jpy since yesterday. I was wondering, how did you determine that the pair would be weak in the short term?*

*Post hidden because saussiche is on your [ignore list](#).*

Below is the Daily UsdJpy. After a four year drop and a 6 month horizontal base, after a break of that base, it is normal to test the top of it before progressing higher. Also, it is normal for such a fast rise to retrace to the Fibonacci 61.8% level (Golden Retracement). Both of these levels coincide at 79.13. I expect UsdJpy to drop to this level before continuing to rise.



#8480

Apr 10, 2012 1:40pm (10 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

[10+V](#) [2,960 Posts](#)

Quote:

Originally Posted by [saussiche](#)

*Thanks. It's too bad I didn't see this beforehand,*

*Maybe there is a way this info can be reflected on the lower time frame templates?*

*Post hidden because saussiche is on your [ignore list](#).*

Your analysis of all pairs should begin with the Weekly chart followed by the Daily chart, the H4, the H1, all the way down to the M5. Before you enter any trade ALL chart time frames must agree that the trade you are about to enter is a plausible one.

During the course of a day, I constantly check different time frames on all the pairs I follow. In most cases, I analyze each chart over 10 times during the day. I am sure I "read" at least 1000 charts every single day to make sure the whole puzzle fits and comes together. I find this work to be essential if you want to be a consistently profitable trader.

#8483

Apr 10, 2012 2:05pm (9 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011  
 [2,960 Posts](#)

Quote:

Originally Posted by **saussiche**

*Does this mean that every time frame of a pair has to comply with the 4 rules of the system?*

*I don't think I've ever seen that happen.*

*If not, what are the most important characteristics that you look for in time frames higher than the one you plan on trading on?*

*Post hidden because saussiche is on your [ignore list](#).*

No. The rules do not have to be valid in all systems. You misunderstood me. I visualize the move in all time frames to make sure it makes sense technically. I look at dozens of technical details, from Fib retracements to Breath amplitude, to Slope indi, RSI, trendlines, Trix location and dozens more and where those would be if the trade I'm thinking of entering happens. It all has to make sense. If something doesn't look right to me, I don't enter the trade.

#8484

Apr 10, 2012 2:11pm (9 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011  
 [2,960 Posts](#)

Quote:

Originally Posted by **Alorente**

*No. The rules do not have to be valid in all systems. You misunderstood me. I visualize the move in all time frames to make sure it makes sense technically. I look at dozens of technical details, from Fib retracements to Breath amplitude, to Slope indi, RSI, trendlines, Trix location and dozens more and where those would be if the trade I'm thinking of entering happens. It all has to make sense. If something doesn't look right to me, I don't enter the trade.*

*Post hidden because Alorente is on your [ignore list](#).*

You have probably read before that the most profitable way of trading is usually the most simple way. To that I say that is a lot of BS. Trading Forex successfully and consistently is extremely complicated and it involves deep knowledge of technical analysis and macroeconomic fundamentals, as well as acquiring great timing. Anyone that tells you differently, either is lying or is losing money. You can trade with a few simple principles and succeed **for a time**, but in the long run you will give it back and then some.


#8710

Apr 13, 2012 2:55am (7 hr ago)



[Alorente](#)   
Member

Member Since Aug 2011

 [3,037 Posts](#)

Quote:

Originally Posted by **Xabier** 

*Gracias AL referente ala coral que es el equivalente a la sma 60 y la sma 200 que utilidad las das de soportes dinamicos o de marcadores de tendencia ?.*

*Post hidden because Xabier is on your [ignore list](#).*

The Coral and 200 MA are strong support and resistance levels. The 200 MA is also a good indicator of the trend. Coral above 200MA indicates a bull market. Coral below the 200 MA shows a bear market.

The Coral is not a SMA. It is a triple exponential MA with a period of 60.

#8719

Apr 13, 2012 3:50am (7 hr ago)




[Alorente](#)   
Member

Member Since Aug 2011

 [3,037 Posts](#)

Quote:

Originally Posted by **tombombadill** 

*Al what do you think will happen if doesn't break to the downside? The Euro doesn't look sufficiently strong to move up (my opinion).*

Let's see the Bear points the H4 chart has now:

- 1- Price channel heading down (Light blue line).
- 2- H4 TMA channel moving down and separating from upper price channel wall.
- 3- Clear divergence on the Trix.
- 4- Fast Trix red and under Slow Trix.
- 5- Coral red and dropping and under 200 MA.
- 6- Amplitude between Coral and 200 MA is expanding.
- 7- 200 MA dropping and above price.
- 8- RSI Feb. 28th down trendline still intact.
- 9- 1-2-3-Test pattern complete on previous up move.
- 10- Clear Head and Shoulders pattern complete. Still needs to break neckline (Dark blue straight

line).

Now let's see the Bull points:

- 1- Slow Trix still Green.
- 2- Short term RSI up trendline still intact.
- 3- Fast Trix above 0 line.

I expect Slow Trix to turn Red soon and Fast Trix to cross Zero line. I also expect the RSI up trendline to be broken. These 3 items must happen for Price to break the neckline as I've been expected.

Attached Thumbnails



#8735



Apr 13, 2012 5:50am (5 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

[10+V](#) [3,037 Posts](#)

Quote:

Originally Posted by **darshanag** [▶](#)

*Hi Al, quick question.. Pls do excuse me if its silly or the answer is obvious ! In the EU 60m chart u posted, u correctly mentioned that the Coral line and the 200SMA lines were coming together. If they keep going in the respective directions, Coral will be above 200SMA line.. which would indicate*

*bullish market right (as per your later post) ? However, you are of the opinion that the market will weaken and EU is expected to hit 1.26 levels which is contradicting to what the Coral / 200SMA behavior is telling us (bullish).. What am I missing ?...  
Post hidden because darshanag is on your [ignore list](#).*

You are correct, however, it is normal for the Coral to **temporarily** cross the 200 MA. **It is critical though that price crosses underneath both averages soon and starts to turn the Coral down and ultimately under the 200 MA.** If it doesn't and price heads higher again turning the 200 MA upward, I will have to reconsider my position. For now, everything is going as expected.

**Another thing that is also critical is the break of the short term up trendline in H4 RSI. Both conditions should happen simultaneously.**

#8738

Apr 13, 2012 6:03am (5 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

[3,037 Posts](#)

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Here is the actual H1 chart. As you can see, I have removed the previous uptrend line in RSI since it was already broken. I have placed a new short term down trendline which must not be broken if price is going to cross under the 2 averages. This process of eliminating the old trendline and replacing it with the new one is extremely important and if you follow it, will give you a lot of pips.

Also, as you can see, the Feb. 28th long term down trendline is still in place, since it has not been broken.

Attached Thumbnails



#8740



Apr 13, 2012 6:32am (4 hr ago)



[Alorente](#)  
Member



Member Since Aug 2011

[10+V](#) [3,037 Posts](#)

### I will now reveal a very important part of my Breathing system.

As I stated before, it is essential for the 200 MA to continue dropping at more or less the same angle that it is now, for the Bear view on EurUsd to continue. Well, how do you know what price has to do during the next hours for the 200 MA to continue dropping? The answer is right on the chart below. Look at the upper left of the chart. I have highlighted in blue 16 bars. The first thing you must know is that I always set my charts to show exactly 200 bars. Why? Because that will tell me what price has to do for the 200 MA to continue what it is doing. How? The new price bar, will replace the 200th bar on the chart which is the leftmost bar highlighted. By looking at these bars, you will see that the new bars have to go more or less sideways for the 200 MA to keep the same angle of descent. If price drops during the next 16 hours, the 200 MA will drop **more** than it is doing now. If price rises during those hours, the 200 MA will start leveling off which would be bad news for us shorts. After the first 16 hours, you see what should happen to price for the 200 MA to continue on its merry way down. It has to fall off a cliff. That would be a Monday event though.

I hope you realize how important this is. I use this system that I created 20 years ago to more or less foretell the probable future in price action.



By the way, the same process works for the Coral. I have a paper template that is pre measured to signal to me which is the 60th bar on my screen (Since the Coral is a 60 EMA). This way you can foretell how the Coral will move also.

As you practice using this system you will find it invaluable.

Attached Thumbnails



#8742

Apr 13, 2012 6:49am (4 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

[10+V](#) [3,037 Posts](#)

Quote:

Originally Posted by [Alorente](#) ➤

***I will now reveal a very important part of my Breathing system.***

*As I stated before, it is essential for the 200 MA to continue dropping at more or less the same angle that it is now, for the Bear view on EurUsd to continue. Well, how do you know what price has to do during the next hours for the 200 MA to continue dropping? The answer is right on the chart below. Look at the upper left of the chart. I have highlighted in blue 16 bars. The first thing you must know is that I always set my charts to show exactly 200 bars. Why? Because that...*

To continue on this thought and if you count off 60 bars from the right, you will see that the next 16 bars after the 60th from the right, rapidly rise. So if price remains going sideways for the next



16 hours, the 200 MA will continue dropping with the same angle **BUT** the Coral will level off. Once the Coral levels off, on Monday price will be ready to drop off the cliff I mentioned before and the 200 MA will continue dropping with the same angle **BUT** the Coral will start falling fast, thus crossing the 200 MA pretty soon afterwards. This is exactly what I think will happen.


#8748

Apr 13, 2012 8:03am (3 hr ago)




[Alorente](#)   
Member

Member Since Aug 2011

 [3,038 Posts](#)

Quote:

Originally Posted by **Olarion1975** 

*Hi Al,*

*does this mean you look for the 16 bars after the 60th (Coral) or 200th (200MA) from the right and check how the influence of this 16 hour price action is on the angle of the Coral/200MA? And then adapt this angle change on the current coral/200MA angle?*

*Post hidden because Olarion1975 is on your [ignore list](#).*

No. You didn't understand what I explained. The only reason I said 16 bars is because that is the number that happened to be in the highlighted box I drew on the upper left. The main point I am making is that the next future price bar replaces the 200th bar on the chart and how price acts in relation to the bar it replaces, will affect the 200 MA. So if the replaced bars happen to be going sideways and price continues sideways, the bars replacing them will not change the direction of the 200 MA. On Monday, we will replace the huge drop that occurred on April 3rd, so for the 200 MA to continue dropping with the same angle, price will have to drop the same amount to replace those bars.

The same concept applies with the Coral, but instead of 200 bars you count off 60 bars from the right. The 60th bar will be replaced by the next future bar of price action

Does anyone understand what I am explaining? Please, let me know. I know it is complicated, but when you become an expert with this process, you will realize that future price is predictable to a large extent. Believe me when I tell you that over the years I have been able to predict many price movements using this method.

By the way, it works equally well in all time frames. The longer the TF, the more accurate it is in its predictions.

#8757


Apr 13, 2012 8:33am (2 hr 58 min ago)




[Alorente](#)   
Member

Member Since Aug 2011  
 [3,038 Posts](#)

Quote:

Originally Posted by **stevewide**   
*i understand Al and its amazingly simple way to predict where ma's are going. Thanks so much, Steve*  
*Post hidden because stevewide is on your [ignore list](#).*

Phew...  I was worried that it wasn't coming across to you.

The key to understand here is:


- 1- Once a drop or a long breakout begins, the 200 MA will establish itself on a specific angle of descent or ascent and will not change that substantially. If you know this, by looking at the 200th bar, you will know what the probable new bar will be (more or less).
- 2- The angle of ascent or descent of the 200 MA is usually very similar to past drops and falls, so by going back on the chart you can draw a trendline through the 200 and then bring it forward to future price action and very often it will be a very similar angle.
- 3- The Coral usually makes three breaths around the 200 MA. On a bull move it will do the three breaths above the average and in a Bear move, below the average.

By understanding how the MAs are supposed to act and then looking at the 200th bar and the 60th bar, you get a great clue of what price will do. Not bar by bar, of course, but overall, you get a feel for what the most probable move will be.

For example, for the 200 to remain dropping at the angle it is today, the next 14 bars will move sideways, followed by a huge drop in 15 hours (approximately). If it doesn't do exactly this, the 200 will change direction.

I hope this makes it all a bit clearer.

[#8765](#)

 Apr 13, 2012 8:52am (2 hr 50 min ago)



[Alorente](#)  
Member

Member Since Aug 2011  
 [3,038 Posts](#)

Quote:

Originally Posted by **faxxion** 

*Hello Alfredo,*

*I am trying to wrap my head around this, so please be patient with me.*

*If I understand correctly, you are saying that for the 200 MA to stay on it's current descent, the price bars that are dropping off the 200 MA must be replaced with current dropping price bars.*

*That explains PA in a trending market. How do you use your system to predict a trend change?*

*If I am completely misunderstanding, I apologize in advance.*


*Sincerely,*

*William*

OK. I'll give you an example: Let's say the current bar closes at 1.3000 and the current bar replaced the 200th bar that was at 1.3300. This creates a drop on the 200 MA of a specific angle. Let's say the 199th bar is at 1.3320. For the next future bar to keep the exact same angle on the 200 MA, it's close must be approximately 1.3020. So if the 200 MA is going to remain dropping at the same angle as it usually does in a drop, by looking at the 198th, 197th, 196th, 195th bars you will get an idea of what the next 4 bars will be. Obviously, it doesn't happen bar by bar, but the overall movement is most of the time predictable. The same applies to the Coral, understanding though, that the Coral waves in and out with relation to the 200, usually three times. To execute those waves and by looking at the 60th, 59th, 58th, etc. you know more or less what the next bars must do for the wave to happen.

With time, this becomes almost second nature. For me it is almost automatic. That's what I refer to as the chart "speaking" to me. I look at the chart and knowing this, I can more or less determine what the probable approximate price move will be. I have been able to predict major drops and bull runs on the daily chart and weekly chart using this method. Go back into history and apply this and you will begin to understand.

**#8768**

 Apr 13, 2012 9:02am (2 hr 41 min ago)



[Alorente](#)  
Member

Member Since Aug 2011

 [3,038 Posts](#)

Quote:

Originally Posted by **grechmar** 

*So, the only one thing one must know is the fundamentals so to say. Eur is going down so 200 is supposed to continue move down. To do this the past 200 bars must be replicated (or more bearish*

for a steeper down 200ma).

On a side note, does this make sense?

$\text{coral} = 60$   $200\text{ma} = 200$

$200/3 = \sim 60$ , therefore 3 breaths which signal 1 complete move in the 200MA (perhaps before a significant change in angle of 200ma)

Sorry, i may have overcomplicated things a bit. 🙄🙄

Post hidden because grechmar is on your [ignore list](#).

Yes. More or less the 60 will have to wave three times to match the 200 bars. Actually, the pattern is 1-2-3 and a test. You can apply the remaining 20 bars to the test to achieve the 200 bars.

#8772

Apr 13, 2012 9:13am (2 hr 30 min ago)



[Alorente](#)  
Member

Member Since Aug 2011

[3,038 Posts](#)

Quote:

Originally Posted by **Alorente** ➡

*That goes back to the 1-2-3 and test pattern of movement followed by a consolidation base that varies in length. After the base you either get another 1-2-3 test continuation of trend or the same pattern in a reversal of the trend. Understand that this is on average. Sometimes you get 2 waves, sometimes 4, but most of the time it is 1-2-3 and test before the horizontal base.*

On EurUsd H1 chart, we have completed breath or wave number one. We now can expect wave number two. Since we see by looking 200 bars back that there is a large drop due on Monday, the most probable occurrence will be a drop on Monday that will form the second breath (wave). If this doesn't happen, the 200 MA will radically change direction. I expect it to happen and thus my major short position. If I see that it is not happening and the 200 begins to change direction, I will adjust my portfolio accordingly, but all within the planned and expected scheme of things. Even though I know all this, my frame of mind is not comfortably waiting for it to happen. Instead my frame of mind is searching like a hawk at what may be happening that will cause it not to happen. As long as I don't find evidence to the contrary, I will prepare for it to happen and enjoy the ride, but never complacent and always skeptical.

#8775

Apr 13, 2012 9:21am (2 hr 22 min ago)



[Alorente](#)  
Member

Member Since Aug 2011

[3,038 Posts](#)

Quote:

Originally Posted by **Alorente** 


*On EurUsd H1 chart, we have completed breath or wave number one. We now can expect wave number two. Since we see by looking 200 bars back that there is a large drop due on Monday, the most probable occurrence will be a drop on Monday that will form the second breath (wave). If this doesn't happen, the 200 MA will radically change direction. I expect it to happen and thus my major short position. If I see that it is not happening and the 200 begins to change direction, I will adjust my portfolio accordingly, but all within the planned and expected...*

*Post hidden because Alorente is on your [ignore list](#).*

Now, on top of this, add the H1 channel reaching the H4 and needing to turn down AND the H4 already dropping. Add to that the 200th and 199th bars on the Daily which shows a drop of 300 pips Monday and Tuesday. Add to that the 1600 pip drop predicted by the 200th to 170th bars on the weekly in the next 30 weeks. Add to that the predicted 350 pip drop on H4 next week, and so on and so on...

The surprising thing for me is if this DID NOT happen.

#8795

 Apr 13, 2012 10:43am (1 hr 13 min ago)



[Alorente](#)  
Member

Member Since Aug 2011

 [3,038 Posts](#)

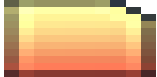
---

Below is the Weekly EurUsd. The measured target for the Weekly Head and shoulders that we have already broken and tested is 1.13. The blue lines show the current price channel. The Orange line is the neckline of the weekly H&S and the magenta lines form the long term channel that EU has been in since August 2008. The bottom wall of this channel bring EU to parity with Usd by mid to late autumn.

Attached Thumbnails



#8826



Apr 13, 2012 2:59pm (3 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011  
[10+V](#) [3,054 Posts](#)

Quote:

Originally Posted by **railman**

*Thank you Al. I have been looking at your past charts. I will watch closely and try to learn from your experience. I believe I have my previous chart pics fixed also.*

*Matthew*

*Post hidden because railman is on your [ignore list](#).*

Matthew, below is a chart were I have marked the four instances where you could have entered a trade using RSI trendlines. Each trendline is matched in color by same color vertical line. All trades are entered on successful retest of the broken trendline. The Red trendline is invalid because the retest broke through the trendline and thus that trendline is no longer tradable. You should simply delete it.

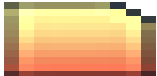
Let me know if you have questions.

Attached Thumbnails





#8829



Apr 13, 2012 3:32pm (2 hr 27 min ago)



[Alorente](#)  
Member

Member Since Aug 2011

[10+y](#) [3,054 Posts](#)

Quote:

Originally Posted by [stevewide](#) [➤](#)  
*this really helps me Al; thanks; please continue to post rsi.*

*Steve*

Oops... I forgot a trade. The White one.

Realize that in the case of the White and the Blue trendlines, you will have both of them drawn at the same time. The White breaks first and you take that trade. The Blue breaks later and you take that one then.

Also, even though you have a viable trade with the trendline system, I would not enter the trade until I see Fast Trix flash the correct color for confirmation. Green for Long and Red for Short.

Exits from these trades can be done at color turn of Heiken Ashi candle, and several other ways. My favorite is when Fast Trix changes color.

Attached Thumbnails



#8831

Apr 13, 2012 4:28pm (1 hr 31 min ago)



[Alorente](#)  
Member

Member Since Aug 2011

10+V 3,054 Posts

Quote:

Originally Posted by [abqkidd](#)

*took this demo h4 gold short. got in a little late but did not want to short directly into pivot , waited for break of FPV then m15 pullback and enter on 2nd break FPV, 1st red m15 candle. H1 bands at top of h4 bands.*

*1st target 50% ret of prev move ,dashed green uptrend line.*

*any comments would be appreciated Al*

*thanks*

Solid method of entry. Looks good overall. It still has a lot of pips to run.

I believe it will retest the lows. Don't exit until you have a Blue Heiken Ashi CLOSE or a Green Fast Trix Close..

#8867



Apr 14, 2012 5:53am (5 hr ago)





[Alorente](#)  
Member

Member Since Aug 2011

10+ [3,065 Posts](#)

## Italian Boot

EurUsd finished yesterday with a pattern that has been very reliable for me over the years. I call it the Italian Boot because of its similarity to the Italian peninsula (In reverse, of course). We had another instance recently as you can see in the upper left of the chart. Usually this pattern is a continuation of the previous move. Notice the similarity in Fast Trix, which turns green and rises, even though price falls. RSI is also in a similar place.

Don't confuse this pattern with a double bottom, which is a much more vertical test. The Italian boot has a more gradual move towards the toe and the Heiken Ashi candles have little or no tails on the high side of the candles. This pattern is only visible with Heiken Ashi candles.

This pattern also works for longs, but it is much more common in drops.

Attached Thumbnails

