



# AI's Wisdom Volume II

Mar 4, 2012 17:31 (12 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,669 Posts](#)

## **The Eternal Rules of Trading**

Even though you may have read similar things countless times, here is a 1998 article on the rules of trading, that I believe you must read over and over again and practice its principles until they become ingrained in you, in order to become a professional trader:

### **25 RULES of Trading**

- 1.** 95 % of all Futures, Stock and Options traders are long term losers
- 2.** The 5% that win will earn the money the 95% lose since futures trading is a zero sum game
- 3.** You must master three disciplines to achieve long-term successful speculation:
  - a.** Trading methodology (long or short-term, technical versus fundamental analysis, type of

trading system, etc);

**b.** Psychological discipline (controlling emotions of fear, greed and anxiety);

**c.** Money management (risk reward decision analysis for each trading opportunity - when, where, why and how to bet on a particular event)

All three disciplines are necessary, but not sufficient individually - only all three combined are necessary and sufficient to achieve success.

You must develop a trading personality which integrates all three disciplines to achieve long-term success in speculation. If you do not, you will fail.

**4.** 95% of futures traders concentrate on trading methodology and ignore disciplines two and three. If you only focus on trading methodology, you will eventually fail in speculation. The only question is **when you will fail**, **not if**.

**5.** Psychological problems are caused mainly by **uncertainty** . . . which creates fear, greed and anxiety.

**6.** Uncertainty can be significantly reduced if the trader has information and knowledge which creates certainty rather than uncertainty. Certainty reduces fear of the unknown, greed, anxiety, and creates confidence and success.

**7.** 95% of traders are totally disorganized as to analyzing their trading results . . . and have no concept of how to organize their profitable and unprofitable trades.

Practical organization of trading results is a primary prerequisite in mastering the money management discipline.

**8.** Brokers' statements provide absolutely no value or practical use in mastering the three disciplines.

**9.** To master the money management discipline, the trader requires information which is:

**a.** timely;

**b.** accurate;

**c.** practical.

All three tests are necessary and sufficient. Each individual test is necessary but not sufficient.

**10.** Trading is just like running a business. If you do not approach trading in the manner of a successful business, (such as IBM, Sony or Apple Computers) you will probably fail in the long run.

**11.** All three disciplines are inter-linked. If you make progress in one of the three areas, the other two areas will automatically improve.

**12.** 95% of all traders play as customers in a casino and not as the casino.

**13.** You must play as the casino and not as a customer to achieve long-term successful speculation.

**14.** The customer in the casino will always lose and the casino will always win in the long run.

**15.** Long-term success can only be achieved by playing a game with a positive expectation - (or playing a negative expectation game which you expect to become positive - a more risky technique)

**16.** The best approach is to play a game where you have a positive expectation and make small bets (playing as the casino). The 5% of traders who succeed fall into this category. The worst case is to play a negative expectation game and make large bets . . . Most of the 95% traders who fail are in this category.

**17.** Before you make your first trade, you must establish your risk profile approach towards trading (**conservative**, **moderate**, **aggressive**). You must know **who you are**. This risk profile will determine your approach to the risk./reward decision making process.

**18.** Before you make your first trade, you must establish monthly, quarterly and annual goals for each profit center. These goals should be both operating and financial goals.

**19.** Nearly every trader who is successful was a consistent and/or heavy loser when he/she first began trading (paying their dues), losing significant amounts of capital in the process.

This is a situation which stems from the fact that traders focus on the trading methodology and ignore the other two disciplines.

Losing significant amounts of capital can be avoided if the trader is making a sincere effort to integrate the 3 disciplines into his/her personality.

**20.** 95% of traders do not know where they have been, where they are or where they are going in their trading. They operate like a plane in a fog trying to fly with no instruments. They are disorganized, uncertain, anxious, fearful and eventually are forced out of the speculation game. If you emulate this 95% group of individuals, you will wind up equally frustrated and you will eventually fail.

**21.** The more you trade (daytrading), the more sophisticated your money-management discipline has to be.

**22.** The less you trade (long-term positions based on fundamental analysis), the less sophisticated your money-management discipline can be.

**23.** You should classify any contemplated trade into one of the following five categories before putting on a position:

**a.** Entrance into congestion

**b.** A trade within a congestion

**c.** A breakout from a congestion area

**d.** A trend run

**e.** Trend reversal

**24.** The trader will have difficulty in formulating a successful and intelligent risk/reward (entry/exit) plan unless the trade is properly categorized before the trade is taken. **The risk/reward parameters are different for each of the five types of trades.**

**25.** Having timely, practical and correct information of trading results instantly available enables the trader to make rapid, unemotional and informed trading decisions.

**Trading will then be less victimized by emotions and instead become more "scientific," unemotional and mechanical.**

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<http://www.forexfactory.com/showthread.php?t=343533&page=211>

Mar 5, 2012 4:39 (9 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ v [1,708 Posts](#)



Quote:

Originally Posted by **los\_pipos** [▶](#)

*I've been running a MT4 trade simulator over the weekend after one of the contributors on here suggested it. I imagine it is similar to this. Just watching the market speeded up has really helped me to understand how the price moves beyond the TMA and how it acts at pivots.*

*It has also helped me see why a well sized stop loss is important.*

*I'd seriously recommend that newbies give it a go as it will really help identify good and bad trades. I started the simulator and I was losing most trades taking speculative ones and employing a tight stop...*

Yes, I agree with your results. I really think that this system will not be nearly as profitable with tight stop losses. Why, because we are attempting to catch turns in the market, and not

simply following the trend. Turns imply many tests of the previous trend before they actually happen, any one of which can trigger your stop loss.

---

Observation is the path to discovery.



EUR/USD

USD/JPY

#3163 🇺🇸

Mar 5, 2012 4:42 (9 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

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Quote:

Originally Posted by **los\_pipos**

*Also forgot to point out that one of the benefits of the trade simulator was also that it made*

*me realise that with patience, the price DOES hit the opposite band a lot of the time.  
Previously I was jumping out of trades at the centre line on almost every winning trade.*

With patience, over 90% of trades hit the opposite band. The decision is, do I want to wait for it to go all the way or, like I do most of the time, do I get out at centerline at the slightest stall, wait for a small bounce and get back in again risking less and making in the end more pips.

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<http://www.forexfactory.com/showthread.php?t=343533&page=219>

Mar 5, 2012 15:50 (4 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,720 Posts](#)



Quote:

Originally Posted by **PistolDave** 

*Would this remain a valid trade until the TmaSlope shows a decreasing bar?*

*If price continues to go against the position, what would definitely show it to be a losing trade and time to close out?*

*Thanks.*

***This is AUDJPY***

*Also, the price bars had spiked below the lower band at entry.*

[Attachment 911830](#)

Yes. it is still a valid trade. I would have exited at centerline after a 3 bar stall. Please, keep an eye on this. A high percentage of trades that cross to the opposite band, do it in the first three bars at center line. If your trade stalls for three full bars on center line, exit and wait for a pull back later to reenter. If it continues on the 4th or 5th bar to the opposite band, that's ok. You are going to miss some, but in the long run you'll make consistent pips and you

won't get into trouble.

<http://www.forexfactory.com/showthread.php?t=343533&page=220>

Mar 5, 2012 15:52 (7 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,723 Posts](#)



Quote:

Originally Posted by **Jemook** ▶

*This is in regards to the rule of 'enter only if price is outside TMA bands' when it hits your support and resistance.*

*If this is correct for the first touch of S/R and then price moves away for a bit and while we*

*wait for the second touch the bands get closer to the s/r can we still take the trade or is it better for the price to still be well outside of the bands on the second touch of S/R?*

You can still take the trade, but as you said, the further over the band, the higher the probability of success.

---

Mar 5, 2012 15:55 (4 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

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Quote:

Originally Posted by **Favorite** ▶

*I'd like to hear Alorente's answer to this question!*

*But as far as I understand, the first post says: "after complying with the 4 rules mentioned*

*above, place the order after price touches (tests) the support/resistance line **at least once.**"*

*So, one trader would enter immediately, after the first touch, another would wait and enter later, when, say, he likes the Heiken Ashi, the third one goes to M1 and wait for the price cross MA100 (one of the Alorete's tips). [b]But it still be the same trade that started when the price was outside...*

You got it Mike. It is left to the discretion of the trader to enter when he feels it is right to do so, after price tests S/R.

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<http://www.forexfactory.com/showthread.php?p=5442503&posted=1#post5442503>

Mar 5, 2012 16:55 (13 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,734 Posts](#)

### Tip

Even when you don't have a S/R level, always remember that round numbers act as support and resistance levels in all the pairs. Attached is a Grid Builder. Set the input to 1000 on pairs with 5 digits in their price (like EurUsd) and to 100 in pairs of 4 digits (like UsdJpy). This will draw a horizontal line on round number levels. Keep an eye on them and use them as S/R levels. Even for order entry and exit. Believe me, it works.

Attached Files

 [Grid Builder.mq4](#) (2.9 KB, 0 views)

Mar 5, 2012 17:01 (11 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,734 Posts](#)



Quote:

Originally Posted by **Alorente** 

*Even when you don't have a S/R level, always remember that round numbers act as support and resistance levels in all the pairs. Attached is a Grid Builder. Set the input to 1000 on pairs with 5 digits in their price (like EurUsd) and to 100 in pairs of 4 digits (like UsdJpy). This will draw a horizontal line on round number levels. Keep an eye on them and use them as S/R levels. Even for order entry and exit. Believe me, it works.*

Correction: Set input to 1000 for all pairs, not 100.

<http://www.forexfactory.com/showthread.php?t=343533&page=222>

Mar 5, 2012 17:22 (10 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

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Quote:

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

*Hiya All,*

*Very confused with this system so far this morning and I have read all the thread over the weekend in detail.*

*Example,*

*The GBPJPY and AUDJPY, both have sells on them, so we cant long, but also cant short as under the bottom bands, but by the time the maslope tells us we can long surely the pa will be right back inside the bands and to close to the centre line.*

*Also in the USDCAD trade i just took, is nearly getting cut off again, so that will be 2 trades*

*and 2 losses using this system this morning.*

*Hate to be profit of doom...*

The system works fine but there are periods when all systems will be tested to the extremes. I've been saying for days now, to not go long the euro and not go short the Usd. We have entered a RISK OFF period. This applies to the Jpy also, even though to a smaller extent than the Usd.

Risk Off = Usd higher

Euro lower

Jpy higher

S&P500 lower

Gold lower

Oil lower

Gbp higher but not as much as Usd.

When you get into a Risk Off period, fear takes over and trading systems are pushed to extremes.

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Mar 5, 2012 17:25 (31 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+w [1,741 Posts](#)



Quote:

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

*Would you have enter these two at the round number or when HA turn red? I entered when HA turned red because I felt that it would be safer, but if entry was at round numbers we could get about 8 pips more.*

I always enter at S/R or round number. The Heiken ashi color change is only if you are unsure , it serves as confirmation but you will make less pips.

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<http://www.forexfactory.com/showthread.php?t=343533&page=225>

Mar 5, 2012 19:17 (26 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

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Quote:

Originally Posted by **JoaoOliveira** ▾

*AL, can you point some objective thoughts for why are you not taking LONG setups on EUR pairs and SHORT on USD pairs ?*

*In my opinion if you can share with us a bit of your trading routine and the things that you take a look EXTRA-SYSTEM before take a trade, lots of followers answers will be more clearer.*

*Certainly this periods off risk-off will occur again... and you will not be with us forever, so, if you can teach us how to identify this periods will be great.*

*I know that probably is not something easy, and its impossible to share 30 years off...*

Joao, there are dozens of technical and fundamental factors that point you to the Risk Off conclusion. It would take me hours to explain them all. I will give you a couple of pointers to look at. The S&P has been in a long uptrend for two months now. It is due for a pullback. I have posted both Daily and Weekly charts for S&P and EurUsd in the past few days that indicate that. Divergences in Trix and RSI among them. The first thing that cracks in a risk off period is stocks. You will see investors taking profits and the indices declining. That pulls down less "safe" currencies like the Euro and money flows to "safe havens" like Usd and Jpy and Treasuries and Bunds. China lowered growth forecasts today. That means less growth for materials exporting countries like Canada and Australia, so that affects Aud and Cad negatively. Oil is down heavily, also produced by fears of lower consumption due to Chinese and world slowing economies. Slow growth means lower inflation, which means lower Gold value. You have seen what has happened to Gold in the past few days. I could go over with you chart by chart of all the currencies and materials, metals, etc and they all point to weakening and the start of a Risk off period.

As we go forward on the thread, I will introduce all of you to the THV4 system in depth. I consider myself an expert in this system, simply because of all the years I have been using it. THV in conjunction with Heiken Ashi, which I will also expound on, are great for trending markets. When you end up mastering both the Extreme TMA which excels with ranging markets and THV/Heiken Ashi which are fantastic with trending ones, you will have a full understanding of how markets work and enough weapons to deal with all types of markets. After THV4, I will reveal my own theory of "Breathing" that will explain in detail how I believe the markets behave as if they were a living entity and learn to predict what the markets "vital" needs are at a particular moment. For now though, we will continue to focus on Extreme TMA until you master it. Introducing you to other things at this time would only lead to confusion.

<http://www.forexfactory.com/showthread.php?t=343533&page=227>

Mar 5, 2012 21:27 (29 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,752 Posts](#)



Quote:

Originally Posted by **normtold** ➤

*Bit of a newbie question here for anyone that wants to answer.*

*Looking at USD/CAD M15, price went through R3, hit R4 and is coming down, would R3 now turn into support? or would aiming for the top or middle line of the TMA still be a likely target?*

Always, on a trade that goes more than 30 pips against you, change your TP to BE. It's a good habit to get into. It is very difficult to turn a loser into a winner and you shouldn't try. So if you are close to BE, get out and try the next trade.

---

Mar 6, 2012 5:10 (5 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [1,784 Posts](#)



Quote:

Originally Posted by **corvogrigio** [»](#)

*Hi Sabrys*

*As I'm interested too to trade this system in H4, may I ask you what are the rules you follow in that time frame ?*

*Thank you in advance.*

Let me jump in even though the question was not directed to me. Rules 1 to 3 are the same. The only one that is optional is rule 4. Since there are many less signals in H4, this rule cannot

be made mandatory.

HOWEVER, I recommend waiting for the Heiken Ashi candle to turn red for shorts or Blue for longs before entering the trade. This to make sure that the previous trend is ending before placing the order. No no need to wait for the candle to close. Enter when you see the color change of the candle.

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<http://www.forexfactory.com/showthread.php?t=343533&page=233>

Mar 6, 2012 5:53 (4 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+V [1,784 Posts](#)



Quote:

Originally Posted by **sabrys5769** 

*Hi Al,*

*i'm a little confused now.. if rules 4 can not be mandatory then is this a valid signal on gbpusd? i dont take it because of the wpivot line, or perhaps price is too close to the tma midline?*

*i know that gbpusd is highly correlated with eurUSD and you said it would not be better to go long on this pair.*

*thanks*

*Sabrina*

Sabry, Price must be outside the band to enter the order. What you don't need is a S/R line being tested. It would be ideal if you have one, but you don't need it. So the chart that you enclosed is not a valid order. Price is inside the band.

Mar 6, 2012 17:27 (19 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,800 Posts](#)



As you know, The Extreme TMA System does a fantastic job of identifying and catching turns in price action during ranging markets. I have been working on finding a method to extract profits from trending markets as well. I am now testing a strategy that seems to promise exactly that. Here are the simple rules under consideration:

#### Long Strategy:

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

## Short Strategy:

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

This system will not work with tight stop loss placement.

I will continue to monitor these rules and I would appreciate it if you do the same thing. **Please understand that this strategy is being tested and is not ready to be used in trading yet.**

I want to acknowledge the contribution of Bman204 in the creation of this system.

<http://www.forexfactory.com/showthread.php?t=343533&page=241>

Mar 6, 2012 19:20 (23 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,812 Posts](#)



Quote:

Originally Posted by **Alorente** ▾

*As you know, The Extreme TMA System does a fantastic job of identifying and catching turns in price action during ranging markets. I have been working on finding a method to extract profits from trending markets as well. I am now testing a strategy that seems to promise exactly that. Here are the simple rules under consideration:*

Long Strategy:

*1- Look for the first bar close of the TMA Slope indicator that moves above 0.50 value.*

*2- Enter long when the first HA candle turns Blue. No need to wait for a close of the candle.*

*3- Exit...*

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

---



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,838 Posts](#)



Quote:

Originally Posted by **Connected** ▶

*Hi Al,*

*At the beginning we were using the Extreme spike as a heads up for MA Crossover, with the MA crossover being very effective in over 90+% of the trades.*

*I just wonder the reason why we are not using it now? Thanks! 😊*

It 's because they are not currently needed for the new rules. I still use the MA Cross though. I find it very helpful, together with Heiken Ashi to see when the trend is changing. Attached is the setup I use when I look at a single chart.

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?t=343533&page=249>

Mar 7, 2012 0:06 (1 hr 43 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,856 Posts](#)



Quote:

Originally Posted by **bluesky100** 

*Hello AI:*

*Can you direct us where to find current charts or information telling us whether we are in a Risk off or Risk on period at any given time? Thanks*

Read the news in ForexFactory or listen to Cnbc. You should be able to figure it out by yourself. It is important to trade in the context of where you are in regards to volatility. A useful way to know also without getting into the news is the Vix. If it is above 25 you are getting into Risk off territory. Above 30, panic begins to show. Above 40 you have blood in the streets.

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<http://www.forexfactory.com/showthread.php?t=343533&page=250>



[Alorente](#) ■

Member

Member Since Aug 2011

10+▼ [1,847 Posts](#)



Quote:

Originally Posted by **frollo1c** ▶

*Hello Al,*

*I have a question. In general, after a long trend like today, and the TMA slope returns to "ranging", should we wait for price to enter the bands and then re-exit the bands, or can we trade without re-entering the bands first?*

On a long steady trend, you will see that the pullbacks generally make it only to the lower band or the center line. If you are brave, you can trade as price reaches the center line on pullbacks. It is not following the rules, but in a strong trend, you will get few to no trades if you wait for opposite band retracement. Two examples: GbpUsd and UsdJpy. Both retraced to center line. That would have been a great place to go short again. On that type of a trade, I

do use a close stop on the other side of Center line.

<http://www.forexfactory.com/showthread.php?t=343533&page=251>

Mar 7, 2012 0:51 (3 min ago)



[Alorente](#) 

Member

Member Since Aug 2011

 [1,853 Posts](#)



Quote:

Originally Posted by **frolloic** 

*I understand, thank you. But to trade in the OPPOSITE direction of the trend, should the price enter and then re-exit the bands?...or is the TMA slope returning to "ranging" enough to consider a trade is the opposite direction of the recent trend? (of course the other conditions must be satisfied)*

No. The trade would always be in the direction of the trend on a pullback to the center line. Never against the trend. I don't counter trend anymore. Learned that the hard way many years ago...

Mar 7, 2012 1:23 (20 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,856 Posts](#)

### **Tip: Heiken Ashi Essential Principles**

For those of you who don't know these candles well, let me mention 4 characteristics that make Heiken Ashi candles ideal to help you stay in the trend and avoid early exits. They are pretty helpful for entering a trade too:

1 - HA candles all remain the same color when locked in a strong trend. As you can see in the pictures below, they are all Red for downtrends and all Blue (Green) for up trends.

2- HA candles, on strong trends, do not have "tails" or "shadows" on the end of the candles away from the trend. On Red candles, no tails on the top end. On Blue candles, no tails on the bottom end. When tails begin to appear it could be an indication of the trend weakening.

3- HA candles form Dojis at the end of the trend. Dojis are candles with very small bodies and with long tails or shadows on both sides of the body. This is a clear indication that the trend is ending. Be ready to exit at change of color of the present or next candle.

Heiken Ashi Stop Loss System: One of the advantages of Heiken Ashi candles is stop loss placement. As the trend stair steps down for shorts or up for longs, place the stop loss just above of the previous candle for shorts and just below of the previous candle for longs. Trail your stop in the same way after every new candle begins. When the first candle of opposite color appears, you can either close the trade manually or let your trailing stop trigger.

As you trade with Heiken Ashi you will enjoy them more and more. They will become your best friend and ally. Good luck.

Attached Thumbnails



Mar 7, 2012 5:23 (4 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [1,889 Posts](#)



Quote:

Originally Posted by **beto21\_cwb** [▶](#)

*Al, please, how do you suggest using it ? Watching for divergences ?*

*Thank you.*

I use it in many ways, But the most important three:

1 - Divergences to price, especially above 70 and below 30.

2 - Breaking 60 on a long or 40 on a short are good trades in conjunction with Heiken Ashi.

3 - Drawing trendlines on peaks and entering on trendline break.

<http://www.forexfactory.com/showthread.php?t=343533&page=257>

Mar 7, 2012 7:06 (3 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [1,889 Posts](#)



Quote:

Originally Posted by **Olarion1975** [»](#)

*Ok, thank you. When scalping, do you also wait for test of support/resistance?*

No. I just trade in the direction of the M15 trend, from band to band. Very simple.

<http://www.forexfactory.com/showthread.php?t=343533&page=259>

Mar 7, 2012 15:34 (35 min ago)



[Alorente](#)

Member

Member Since Aug 2011

 [1,896 Posts](#)



Quote:

Originally Posted by **beto21\_cwb** 

*Hi KDo, thanks for the feed-back.*

*Ok, so let's analyze AI's 4th rule:*

*As per my screenshot in post 3859, I took the short trade when price was above the upper band, AND, it was testing the resistance level (FPV).*

*That's my perspective, but I may have missed something...*

*The only thing I can think of is that I could have waited price to touch FPV (again), even though it was already tested by the previous candle. Oh, and also, I could have waited the HA candle to turn red.*

*Could you please advise if in your opinion I should not have taken this...*

This was a great trade to take. I like you, exit at center line most of the time when price stalls. Why? I could get more pips if I waited for the opposite band, Right? Not exactly. I usually wait for a bounce from center line and enter again and again, until it finally breaks and goes to the band. The end result is more pips than if I had stayed in it all the way and reduced risk of losing the pips I already had. This takes practice, though. In time, you will be able to do it to.

Mar 7, 2012 19:43 (8 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,912 Posts](#)



Quote:

Originally Posted by **Olarion1975** ▶

*I suppose you do not take resistance/support levels into account when scalping on M5, don't you?*

Nope. They're nice to have but not too many around in this TF. I am exiting very quickly. In fact all of the trades except two went on to the other band, so I could have made double the number of pips had I waited. I am just testing it though. I'll get better with more practice with the Dashboard.

The largest drawdown in any of the trades was 6 pips.

The new Extreme TMA system works. The mounting evidence is pretty clear. Yesterday I finished the day over 570 pips for the day (Including the 6 day EurUsd win). My new record for one day. What is the difference between then and now? I believe it is the fantastic TMASlope indi and the new rules.

<http://www.forexfactory.com/showthread.php?p=5451367#post5451367>

Mar 7, 2012 20:26 (59 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,924 Posts](#)



Quote:

Originally Posted by **ahmedfouad77** 

*Hi Al,*

*Congrats for the results.*

*Yet I believe due care should be applied using it.*

*I think it's only because the market now is ranging, but when the price explodes in any of the direction and knows its way clearly (rallying) , this could be risky because it could be opposite to open positions and drawdown would be high in that case. Correct me..*

*Regards,*

*Ahmed*

Of course. Scalping is dangerous and best practiced in a ranging market. For trending markets the new rules from yesterday that I am also testing in M5 will be better.

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<http://www.forexfactory.com/showthread.php?p=5453089#post5453089>



[Alorente](#) ■

Member

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## **Busy Day**

***It certainly was a busy day today with all the trading, testing and working on the Magic Dashboard.***

***Here are the results of the live money 5M scalping test with version 16 of the Dash:***

***The 1 lot trades were placed following M5 signals by the Dash. No more than 5 trades were active at any time. Most of the exits happened before the center line, because I kept getting additional signals that I wanted to test, so I closed some of the open trades to make room for them.***

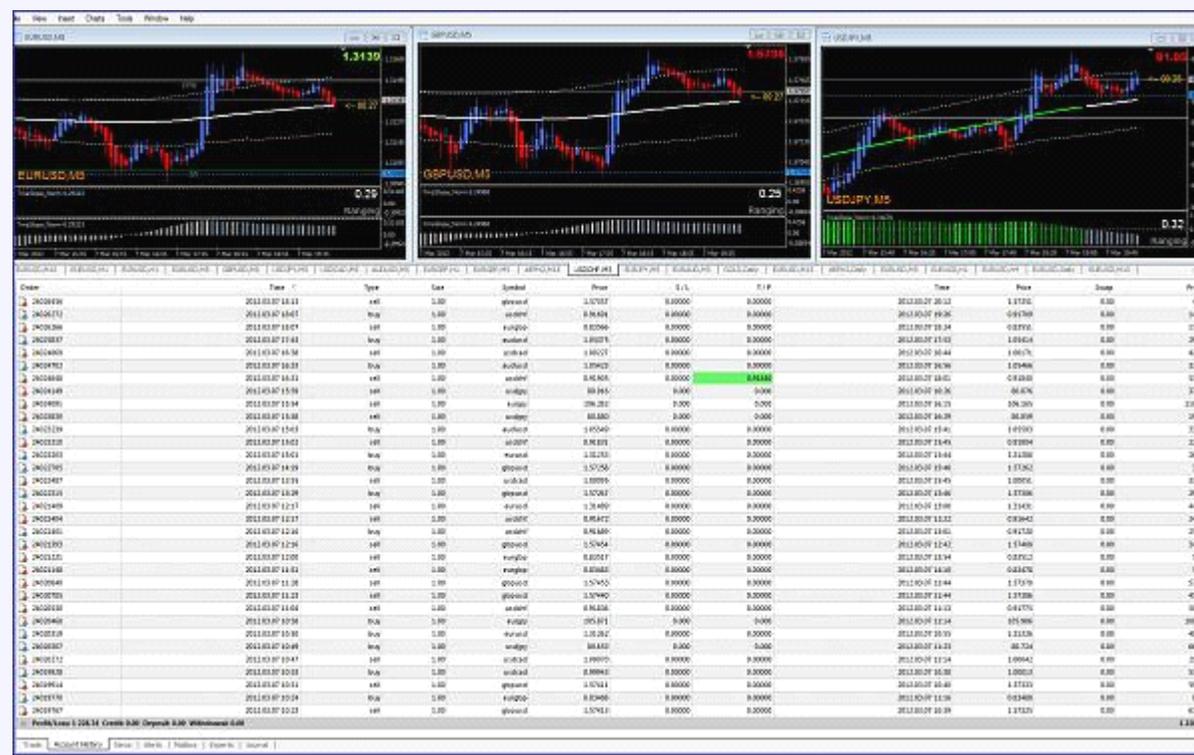
***Out of 33 trades the result is: 32 wins and 1 breakeven. No losses !!***

***I could have placed quite a few more trades, but I was busy doing other things. I estimate that during an 8 hour day you will be getting around 40 signals in M5.***

***I strongly recommend that you wait till you see a Heiken Ashi candle turn the opposite color before entering the trade and that you take trades as far over the outer bands as possible. You do not have to touch a pivot line in M5. I certainly didn't. Only 8 of the 33 trades were at s/r lines.***

***I have shown you what can be done with the Extreme TMA System. You too can do it after you master this method. Patience and good luck !!***

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?p=5453528#post5453528>

Mar 8, 2012 5:21 (7 hr ago)



[Alorente](#)  
Member

Member Since Aug 2011

10+ [1,981 Posts](#)



Quote:

Originally Posted by **tropics** 

*Is ExtremeTMA v16 supposed to be used a sole indicator when it comes to entry decision making? If so, are we supposed to wait for the candle to close in order to make a decision? For instance if I wanted to make a decision by looking at the 5M dashboard, would a 5M candle have to close before entering? I am asking since colors can otherwise change, usually within seconds. Sorry if this has already been answered. Thank you.*

No you don't have to wait, but it is a good idea to wait till you see the Heiken Ashi candle turn the opposite color (End of the trend).

---

<http://www.forexfactory.com/showthread.php?p=5455074#post5455074>

Mar 8, 2012 17:43 (4 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [1,989 Posts](#)



Quote:

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

*What a blessing Alfredo is to so many.*

*I have been watching this thread for a while with great interest and I must say that I have never seen anyone keep so calm like Al when others are losing control. No wonder he has made it in forex as you need so much self control.*

*This is a great system for scalping, however if you are trying to catch more pips you will need to take into consideration each currencies ADR. i.e if EURUSD has reached 70 pips for the day going long and it's average daily range is 140 pips even though it may dip by say 30 pips...*

Thank you friend. I agree with you. Because of the inherent volatility in each pair, you will be more consistently profitable taking smaller gains than going for the big ones. Even 10 or 15

pips can be had very often. The biggest problem with traders is staying too long with the trade. Exit with a small gain, pat yourself in the back and wait for the next opportunity.

---

<http://www.forexfactory.com/showthread.php?p=5455581#post5455581>

Mar 8, 2012 19:43 (46 min ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [1,997 Posts](#)



Quote:

Originally Posted by **FXDawg**

*AI,*

*Do you recommend when going long on 5 min that you wait for a bar to close on blue before*

*taking the trade or take the trade right after it turns blue (before closing)?*

*Thanks!*

No need to close

<http://www.forexfactory.com/showthread.php?p=5457265#post5457265>

Mar 9, 2012 2:17 (9 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [2,023 Posts](#)



During my testing and also live trading with my own account, I've noticed I have much better results the steeper the Slope indi slopes in my favor. Also, once you are in a trade, keep an eye on the slope indi. When you see it start to lose the slope and slowly level off, get your

finger on the trigger and get ready to exit at first sight of HA color change.

---

<http://www.forexfactory.com/showthread.php?p=5459951#post5459951>

Mar 9, 2012 20:43 (22 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,052 Posts](#)

### **Tip: A Cool Trade Method**

Here is an easy way to make money, especially in boring, do nothing days. Take a pair like UsdJpy or EurGbp at centerline. Buy 1 lot and sell 1 lot. Now wait for price to make it to one band. If it's the lower band, close the short and hold the long till the other band or center line. If it's the upper band, close the long and hold the short till the other band or center line. No thinking involved and pretty sure money...

---

Mar 9, 2012 20:44 (26 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,052 Posts](#)



Quote:

Originally Posted by **Alorente** ▶

*Here is an easy way to make money, especially in boring, do nothing days. Take a pair like UsdJpy or EurGbp at centerline. Buy 1 lot and sell 1 lot. Now wait for price to make it to one band. If it's the lower band, close the short and hold the long till the other band or center line. If it's the upper band, close the long and hold the short till the other band or center line. No thinking involved and pretty sure money...*

Remember that the slope value must be Ranging to be able to do this.

<http://www.forexfactory.com/showthread.php?p=5463566#post5463566>

Mar 12, 2012 1:48 (1 hr 15 min ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [2,080 Posts](#)



Quote:

Originally Posted by **shahrooz67**

*I mean about the chosen pairs*

*why UsdJpy or EurGbp , can these pairs differ or there are limitation ?!*

They have more consistent moves from Band to Band. Other volatile pairs like EurUsd sometimes stay a long time on one band.

---

Mar 12, 2012 15:48 (6 hr ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,105 Posts](#)



Quote:

Originally Posted by **Paradox** ▾

*This is a great way to understand what the pivot points are. But the issue everyone has is that first pivot is different depending on you broker offset and how it determines a day. And to a lesser extent the price feed but those differences need to be dealt with by realizing it is not a perfect point.*

*Why can't someone just verify that a certain link has correct pivots and then we can just put that link in the first page instructions.*

*Here is one that seems too have good quality.*

<http://www.forexticket.us/en/tools/0...ibonacci-pivot...>

Guys, support/resistance lines at pivot points are zones, bands where price tends to bounce or encounter a tougher time advancing. It is not that important to pinpoint exactly where the center of those bands are.

---

<http://www.forexfactory.com/showthread.php?p=5466456#post5466456>

Mar 12, 2012 20:57 (1 hr 1 min ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [2,104 Posts](#)



Quote:

Originally Posted by **eremix** 

*Al, if i read the posted pdf right, you scalp 5 min based on the tma slope? Why cant this work on bigger timeframes?*

It works on bigger time frames also. It's just that with M5 it seems you make a few more pips. M15, H1, h4 and D1, look good also with this system.

---

<http://www.forexfactory.com/showthread.php?p=5466566#post5466566>

Mar 12, 2012 21:25 (38 min ago)



[Alorente](#) 

Member

Member Since Aug 2011

 [2,104 Posts](#)



Quote:

Originally Posted by **normtold** 

*William do you just wait for a red HA or also wait for a red bar on the MA crossover histogram for confirmation?*

You don't need to wait because you are hitting R2. Waiting for MA cross will lose you quite a few pips. On M15 it is Buy Only, but on Hi is sideways.

<http://www.forexfactory.com/showthread.php?p=5469897#post5469897>

Mar 13, 2012 19:34 (1 hr 19 min ago)



[Alorente](#) 

Member

Member Since Aug 2011

 [2,126 Posts](#)



Quote:

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

*This is why I'm practicing recovery; have to follow AI till I can make this my own...learning the longer trend you can hang on to is the most important part and so little has been discussed so far...but I know it will with time.*

The system will work as a package, not if you pick and choose which rules or procedures to follow. The The highest win percentage is achieved by:

1- Following the four basic rules.

2- Giving price plenty of room to do its thing until it relents and goes the way you want. This is similar to Deep Sea Fishing. To bring the big Tuna in, you first have to give it plenty of line. If you have a short line (Tight Stop Loss) the line will snap and the tuna will go free. Once the tuna tires of the fight, it will give in like price does.

3- Following Recovery when price gets far enough away from you.

**4- Making sure that your position is small relative to the size of your account (2% to 4% maximum initially). This is what will keep you stress free and will allow you the**

## maneuverability to be able to use Recovery.

---

<http://www.forexfactory.com/showthread.php?p=5471486#post5471486>

Mar 14, 2012 1:29 (8 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ w [2,136 Posts](#)



Quote:

Originally Posted by **eremix**

*I have found that if you want to have tight stop losses it's better to enter when prices crosses MA(5), not when HA turns blue or red after bouncing off the res/sup lvl. I don't disagree that the way you enter AI is better because, if it goes the way you want, you accumulate more*

*pips. Though for people, like me, that don't like recovery trades, entries based on the MA(5) are way better because it's a higher probability setup.*

I agree, even though when I used it, I had several hit the M5 and retrace from there giving you less pips and a move against you. Overall, I think entering the order as far away from the band is the safest way to go.

---

<http://www.forexfactory.com/showthread.php?p=5471833#post5471833>

Mar 14, 2012 2:55 (7 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [2,136 Posts](#)



Quote:

Originally Posted by **lologo** 

*For me it is essential to adhere to the system simplicity. It contains within itself a whole philosophy of trading.*

Exactly. You just made a good point. I don't think this system is better or worse than others, but it certainly encapsulates my philosophy of trading, acquired over my lifetime. I am not a buy high, sell higher type of trader. I am not a breakout with the trend type trader. I am a buy as low as you can and settle for small profits type. I require a very high percentage of wins to feel good about what I'm doing, even if they are small. The system was designed to fulfill those needs. That's why it is not for everyone.

<http://www.forexfactory.com/showthread.php?p=5472007#post5472007>

Mar 14, 2012 3:29 (6 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

 [2,136 Posts](#)



Quote:

Originally Posted by **shahrooz67** [▶](#)

*A deleted post !*

*Al do you care about the trend markets ?!*

*I mean when we have strong bull and bear markets , do you trade them or not ?!*

*if so ? how do you trade trend markets ?!*

I trade only in the direction of the markets, on pullbacks to the 55 EMA (Coral in THV4). I am trying out the Slope Indicator now as an alternative and it seems to be working pretty well. Buy above 0.50, close below 0.50. Sell below -0.50 and close above -0.50. I am trying it out in M5 and H1 at this time. Ideally, you would have the entry confirmed by price being close to the Coral EMA, but this is not being taken into account in my testing.

Of course, inside the Range Zone, I am applying the 4 rules of the Extreme TMA system.

**I am thinking of reducing the Range Zone to -0.40 to 0.40. It seems to filter out some not so good trades. I would like to know if you have noticed this in your trading and would appreciate opinions.**

---

<http://www.forexfactory.com/showthread.php?p=5472019#post5472019>

Mar 14, 2012 3:32 (8 hr ago)



[Alorete](#)

Member

Member Since Aug 2011

 [2,136 Posts](#)



Quote:

Originally Posted by **domino01** [▶](#)

AI,

*I am not sure whether someone else has suggested it already, if so please ignore this post. What would you think of a matrix similar to the !Extreme TMA which shows the TMA slope value for each currency pair and TF. I have found that if you are trading M1 and say shorting with TMA (1min TMA slope is ranging) it is much more likely to be a good trade if the 15min TF TMA is less than -0.5. Unfortunately this setup is not very common and a table with multi currency and MTF TMA would definitely help. Unfortunately I am not a professional programmer...*

**I have found that if you are trading M1 and say shorting with TMA (1min TMA slope is ranging) it is much more likely to be a good trade if the 15min TF TMA is less than -0.5.**

You can accomplish exactly what you mentioned right now with the TMA Slope Scalping indicator that is included in the Packet.zip file. It shows the current TF value AND the 15M value above it.

---

<http://www.forexfactory.com/showthread.php?p=5472257#post5472257>

Mar 14, 2012 4:35 (7 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

 [2,136 Posts](#)



Quote:

Originally Posted by **faxxion** 

*Hello Alfredo,*

*I do not mean to harp on an issue, but I want to make sure I understand.*

*Do you still feel the 80% win rate with a 20 pip stop loss is valid. Also, if you could comment on the 90% win rate using a stop loss above/below recent high/low prices.*

*This is important to those of us who survive by preserving our capital.*

*Your Friend,*

*William*

William,

I feel that both those numbers are achievable using these recommended procedures from Post 1:

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

**Very Conservative (exit): Close the position when PA touches the center line of the**

## TMA.

The 5x5 EAs will keep you out of most of the retests before you enter the trade.

The Center line exit makes it much more unlikely that a winning trade will turn into a loser.

---

<http://www.forexfactory.com/showthread.php?p=5474700#post5474700>

Mar 14, 2012 20:11 (4 hr ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,158 Posts](#)



Quote:

Originally Posted by **pixelboy** 

*The nice thing about this approach is it gives you a set of good visual short and long term targets. For instance, you could place a break even stop when price moved back to the M5 centre line, take half profits at the opposite M5 band and let the rest run until it either hits the opposite H1 band or gets stopped out.*

*PB*

Exactly. This may be the answer I was looking for to using the Extreme TMA System for trending markets also. It seems very promising.

---

<http://www.forexfactory.com/showthread.php?p=5474744#post5474744>

Mar 14, 2012 20:22 (4 hr ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,158 Posts](#)



Quote:

Originally Posted by **pixelboy** ➤

*Does anyone have any thoughts on which currency pairs work the 'best' with this system?*

*I'm currently running the eight default pairs that come with the monitor indi. I seem to be having most success with the Yen pairs, but that's most likely because I've only been testing the strategy for a few days. I've had about 18 trades, all of them being winners (I just target 15 to 20 pips per trade). I've had to use recovery for two of them: a GBPUSD trade last week (recovered after one level) and a GBPJPY trade from yesterday which has just gone to third...*

I use:

EurUsd, GbpUsd, UsdJpy, UsdCad, AudUsd, UsdChf, EurJpy, EurGbp. If I had a 9th slot I would use EurAud.

<http://www.forexfactory.com/showthread.php?p=5478073#post5478073>

Mar 15, 2012 15:39 (6 hr ago)



[Alorente](#) 

Member

Member Since Aug 2011

 [2,209 Posts](#)



Quote:

Originally Posted by **aud** 

*Do you get the USDX with fxpro, if so where do I find it?*

No. FxPro doesn't have it. I follow it here:

<http://www.forexpros.com/quotes/us-d...advanced-chart>

<http://www.forexfactory.com/showthread.php?p=5478193#post5478193>

Mar 15, 2012 16:12 (5 hr ago)



[Alorente](#) 

Member

Member Since Aug 2011

 [2,209 Posts](#)



Quote:

Originally Posted by **bluwatercat** 

*I only had one trade this evening which I just closed. I went short with EURJPY as it touched and stalled at R1 - above the upper band at the time. Everything was lined up: slope was ranging and decreasing, price above the upper band, price touching on R1. I felt confident in this trade. Thank goodness for that, because I needed that confidence to allow me to have*

*patience and discipline. Shortly after entering, price moved higher and found it's way up to R2 where it stalled, right on R2 - as we expected, right? This reinforced my confidence...*

Greg, your example is exactly why I keep saying that this system requires allowing price to move freely at the extremes. This is not a system designed to follow normal stop loss procedures. This is a new philosophy in trading that breaks with the traditional, trade with the trend, tight stop loss way of thinking. Ideally, it requires mastering Recovery to gain the most out of the system. Is it orthodox? absolutely not. It contains within it my philosophy, acquired over the years, and I am certainly not an orthodox trader. Because it is so different, this system is not for everyone. It takes a long time to psychologically master it.

---

<http://www.forexfactory.com/showthread.php?p=5479081#post5479081>

Mar 15, 2012 19:36 (4 hr ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,216 Posts](#)



Quote:

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

*Finally, I feel I can make a small contribution to this thread. A while back I asked for ideas on why my THV.3 Coral wasn't showing on my THV2 chart that AI posted describing his 4 hour trades. Everyone ignored my question. So I got to work and discovered that the THV3 T3.exe file is required as a driver in the Experts Indicator folder where the rest of the indicators are. You don't need to load it to your chart...it just needs to be in the indicators folder.*

*The THV3 chart has helped alot before deciding to use Recovery. I must see a clear trend...*

The don't allow editing an old file, but here are all the files. Steve, change this HA for the one you have, it's better. Also use this template.

Attached Files

- ⚠ [THV3 Coral.ex4](#) (16.0 KB, 58 views)
- ⚠ [THV4 InfoPanel.ex4](#) (23.4 KB, 58 views)
- ⚠ [THV4 Trix V1.0.ex4](#) (71.6 KB, 63 views)
- ⚠ [THV4 TzPivotsD \(Black\).ex4](#) (44.8 KB, 52 views)
- ⚠ [THV3 T3.ex4](#) (4.4 KB, 52 views)
- ⚠ [HA.ex4](#) (3.4 KB, 49 views)
-  [lorente large chart.tpl](#) (32.3 KB, 71 views)

<http://www.forexfactory.com/showthread.php?p=5479699#post5479699>

Mar 15, 2012 21:43 (2 hr 59 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

 [2,218 Posts](#)



Quote:

Originally Posted by **Surfnomad** 

*As I understand that the ATR Multiplier default is 2.0 and that's what I have on my charts, all timeframes 1 min. thru daily. When I add the H1 & H4 TMA to my Lower TF I change the ATR Multiplier to 3.0, I get that too. But the H1 & H4 bands on the Lower TF don't match the bands on the actual H1 or H4 chart with the ATR Multiplier at 2.0. Why the difference? Should I use 3.0 ATR Multiplier on the actual Longer TF charts say above H1? I hope this makes sense and thank you in advance for your response.*

*Robert*

On the longer time frames, change the ATR Multiplier until it pretty much touches all the swings from the lower TF chart. This is just to give you a reference to the typical amplitude of the cycles in that TF. Whether it is 3 or 2.7, it makes no difference. Just fit it to the TF and the pair.

---

Mar 15, 2012 23:30 (1 hr 30 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,218 Posts](#)



Quote:

Originally Posted by **Alpiberi** ➤

*Look at this H1 chart, TMA slope indicator predicted the Eur/Chf rally a day and a half before it happened, or is it because it repainted?*

Partly it's because it repainted, but it always gives you plenty of notice before the move up or down. Keep an eye on it real time and you'll see. When it crosses 0 it is predicting a move in the direction it crosses.

---

Mar 16, 2012 4:11 (8 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [2,242 Posts](#)



Quote:

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

*Wow! I think very soon someone will try to discredit this thread and put it in the recycle bin.*

*LOL*

*If the rules are followed nothing can stop you profiting that's for sure and that includes recovery.*

*I think I will go with the 1 hour time frame and get more pips. 70 pips on about three pairs*

*a day is enough for me.*

*Thanks again Al*

*Robert*

Hello Robert. Yes, I 'm beginning to warm up to the idea of recommending the H1 TF for the Extreme TMA System. The trades are much easier to spot and to enter. I haven 't had a loser yet in H1. It is slower than molasses for me because I 'm used to M5 but for learning to master the system while you make money consistently I think it is the way to go. I would not touch M15 until you really know the ropes and are ready to implement the Recovery system.

Remember to keep your trade size small and Recovery is a piece of cake. Just completed my 17th Recovery successfully with UsdJpy and I didn 't have to go into stage three.

---



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,243 Posts](#)

## **Simple H1 THV Method**

---

Good Morning. As promised, I will give you an easy way to confirm your Extreme TMA entries with the THV4 system. Firstly, let me state that Heiken Ashi candles are much more important in H1 than M15. The longer the time frame you use, the more you can rely on HA candles.

Look at the attached chart, A, B and C vertical lines. They are drawn right over the last Blue candle of each strong move up. Look at the THV indi (The middle Indicator) It is composed of Fast Trix (Thin Line) and Slow Trix (Thick Line). When Fast Trix is Green and above Slow Trix, the market should be rising. When Fast Trix is Red and Below Slow Trix, the market should be falling.

Let's look at Line A. Price is at its zenith, but Fast Trix has been falling for a while and below Slow Trix when the first Red candle appears. This is a Trix Divergence and it indicates the

market should be sold at the close of the first Red candle. Exit should be when first Blue candle appears **AND** Fast Trix is Green.

Let's look at Line B. Exactly the same situation as Line A. First Red candle appears, Fast Trix is below Slow Trix. Sell the market at the close of the candle. Exit the same way as before.

Now lets look at C. Here the first Red candle appears BUT Fast Trix is above Slow Trix AND still Green at that point. Do not Sell the market. After a trading range, Price should continue to rise.

It is very important to have had a strong move before the color change of the candle AND to allow the new colored candle to close before placing your trade.

There are other ways to use THV4 that confirm these same signals, but for now, here you have a simple, easy to understand and very reliable system to trade H1. Remember to contrast this with the Extreme TMA rules, especially the first 3. The fourth rule you can skip if you have the THV confirming a trade in the way I explained.

Good Luck !!

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?p=5482432#post5482432>

Mar 16, 2012 16:17 (1 hr 11 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,250 Posts](#)

## **MTF TMA**

---

Now let's look at MTF TMA and how it works. By analyzing the interrelationship of the 3 TMAs, you can anticipate the next move of the market. Here is how it works:

Look at the attached chart. You have an M15 TMA, an H1 and an H4. Observe how H1 stays inside H4 moving slowly from wall to wall like a ball bouncing off two walls of a channel.

Observe how M15 does the same thing inside H1. Now look at the right side of the chart. You can see that H1 just hit the lower wall of the H4 TMA. What is the next move for the H1 TMA? Up. Now look at the M15 TMA. It has just hit the top wall of H1 and it's turning to move down towards the bottom wall. You can also see that the H4 TMA is heading down also. If you had the D1 TMA also pictured, you would see that H4 also bounces inside the D1 channel in the same way. In the case pictured. Price will move down inside H1 which is at the same time moving up inside H4 which is itself moving down. 2 out of three down, 1 up. The move down won't be as powerful as if all three channels were on a down leg, but still, it will make me

some pips. I am short AudUsd right now.

With practice, you can learn to use the interaction of these three TMA channels to your benefit.

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?p=5482668#post5482668>

Mar 16, 2012 17:08 (39 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,251 Posts](#)



Quote:

Originally Posted by **pixelboy**

*Thanks for the new optimiser. Great work again. I'll be giving it a go this morning.*

*PB*

I spent hours on it last night. I think that is what gave me the migraine. The result vary a lot depending on how many candles you use. I tried 300, 1000, 5,000. The results were all over the place. After trying all the pairs, I settled for 1 template for High Atr pairs (Over 70) and another for Low Atr pairs (Under 70). This will be good enough for our purposes. I am attaching them below. These are the values we will use from now on.

Attached Files

[extreme tma system - high atr - large.tpl](#) (30.5 KB, 6 views)

[extreme tma system - low atr - large.tpl](#) (30.5 KB, 5 views)

[extreme tma system - high atr - small.tpl](#) (26.7 KB, 7 views)

[extreme tma system - low atr - small.tpl](#) (27.9 KB, 6 views)

<http://www.forexfactory.com/showthread.php?p=5483453#post5483453>

Mar 16, 2012 19:56 (33 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,263 Posts](#)



Quote:

Originally Posted by **Alpiberi** ▶

*For the templates you posted Alorente I have set, Aud/Usd, Eur/Jpy, Eur/Usd, Gbp/Usd, Usd/Cad, Usd/Jpy with the high ATR template and Eur/Gbp and Usd/Chf on the low ATR template, is that correct?*

UsdCad is also low atr.

Mar 17, 2012 0:53 (11 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [2,279 Posts](#)



Quote:

Originally Posted by **Paradox**

*Thanks Al.*

*I have not had a chance to study this in detail yet but I have a quick question. If you are trading the M15 TMA would you go to a M15 THV for confirmation check or still use the H1?*

*Thanks*

You can do it on M15. I traded THV for years with 5M charts, mostly on Trix divergences to price. Supported with the RSI, 200 MA and Coral (Breathing System). That was before I discovered TMA and the wonderful TMA Slope indi.

---

<http://www.forexfactory.com/showthread.php?p=5485331#post5485331>

Mar 17, 2012 3:44 (8 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [2,279 Posts](#)



Quote:

Originally Posted by **FXDawg**

*A/*

*I love your H1 THV method for entering trades. I've been trying to determine how I'm going to figure out my entry signal. I think this is the answer.*

*I've been wrestling with the idea of using recovery and have decided I'm just not ready for that. I have done two successful recovery trades but I don't think it's for me. My biggest problem with it is actually opportunity cost. Yes, it would be great to not get stopped out, but you have to trade such a small initial size when you open a trade. So if most of the trades do not require recovery,...*

I think your entry on THV H1 could be a stop buy 1 pip over the first blue candle for long and 1 pip under the first red candle for short. Place your stop loss below first blue candle for long and above first Red candle for short.

<http://www.forexfactory.com/showthread.php?p=5486303#post5486303>

Mar 18, 2012 6:59 (15 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+ [2,285 Posts](#)

## **Important Changes to the Extreme TMA System**

***After testing the system heavily with live trading during the past month and listening to your valuable input, I have decided to execute some important changes. These changes make the system even more powerful and prepare it for the upcoming detailed introduction of the THV4 system and later on, my own proprietary Market Breathing System. The tools you need to become an expert in all of these are now in your possession.***

***These are the changes to the Extreme TMA System:***

***1- Added THV4 to the large charts. The Trix is a great confirmation tool for your trades. Having TMA, our Slope indicator and Trix on the same screen makes this system extremely reliable and powerful.***

***2- Added a more visible Coral indicator. It is now time to begin giving this indicator***

***the importance it deserves. As you trade more with it, you will learn to love it like I do. It is a major support and resistance tool. It is also of great aid in determining trend.***

***3- Added the 200 SMA. Another important support and resistance tool that together with the Coral, form the axis around which my MBS (Market Breathing System) revolves.***

***4- Added MTF TMAs. Three TMAs are shown on every chart making it much easier to be able to trade in 3 different time frames at the same time, as well as making it easier to spot many more trading opportunities, without having to change charts or time frames.***

***5- Eliminated the M15 TMA Center line. This will be controversial, but because I give the Coral such importance and the center line interfered greatly with clarity of vision, I decided to remove it. I also found in my testing that over 90% of price action ends up reaching the other band, which should become our primary target price.***

***6- Added Paradox 's great TMAInfo indicator. A handy tool to determine TMA size as well as other interesting information.***

***7- Added Shah 's revision of the TMASlope indicator, which now allows the user to***

***set the TF for a second Slope value in addition to the one for the current chart TF.***

***8- Changed the way Support and Resistance lines are displayed, to remove clutter from an already busy main chart window. The lines are now displayed on the right side.***

***9- Added CaveManager EA. A phenomenal tool that will control all your money management aspects of a trade and will allow you to leave trades working at night. Take time to find the correct settings for you and become proficient in its use. You will not regret it.***

***10- Changed the wording and the spirit of the Entry Rules and revamped exit rules considerably. Take time in understanding these well. I am sure they will work better than before, eliminating some unclear areas and determining clearly the trigger for entering the trade.***

***I cannot say these will be the last changes because they won't be. The system will continue to evolve and improve as we move forward.***

***I hope you enjoy the new version of the system and I wish you success trading with it.***

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Observation is the path to discovery.

---

*Last edited Mar 18, 2012 7:10 (14 hr ago)*



📄 EUR/USD

📄 USD/JPY

<http://www.forexfactory.com/showthread.php?p=5488605#post5488605>

Mar 19, 2012 16:45 (1 hr 3 min ago)



[Alorete](#)

Member

Member Since Aug 2011

 [2,301 Posts](#)



Quote:

Originally Posted by **JoaoOliveira** 

*Al, I understand that is not so simple and you prefer to not answer, thats all right.*

*But why did you take the USD/JPY and the AUD/USD trades if they are agains the thv trend definition that you just gave to sabry ?*

*tkz*

*J.O*

*If you can just give us a north how to deal with this will be wonderfull*

I used MTF TMA analysis for that and fundamentals. I expect the USD to appreciate from here.

Read this:

[http://www.dailyfx.com/forex/fundame...ming\\_Days.html](http://www.dailyfx.com/forex/fundame...ming_Days.html)

Mar 19, 2012 20:29 (3 hr ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,323 Posts](#)



## MTF TMA opportunities

I like to zoom out my charts to the maximum so I can see all three TMA channels on the screen at the same time. There are great opportunities on several pairs now, where price is at the extremes on both H1 and H4 TMAs: GbpUsd, EurGbp are at extremes and AudUsd, EurUsd and EurJpy are close to extremes. I have found that when The H1 and H4 bands coincide and price is close or beyond the bands, those are good potential medium term trades for 100 pips or more. It happened on Thursday with UsdJpy and UsdChf and prices dropped considerably.

---

Mar 19, 2012 20:34 (3 hr ago)



[Alorente](#) Member

Member

Member Since Aug 2011

10+ [2,323 Posts](#)



Quote:

Originally Posted by **Alorente** Member

*MTF TMA opportunities*

*I like to zoom out my charts to the maximum so I can see all three TMA channels on the screen at the same time. There are great opportunities on several pairs now, where price is at the extremes on both H1 and H4 TMAs: GbpUsd, EurGbp are at extremes and AudUsd, EurUsd and EurJpy are close to extremes. I have found that when The H1 and H4 bands coincide and price is close or beyond the bands, those are good potential medium term trades for 100 pips or more. It happened on Thursday with UsdJpy and UsdChf and prices dropped considerably....*

I set my dashboard to show only the M15, H1 and H4 rows, since those correspond to the three TMA channels on the charts. When all 3 flash a SELL or a BUY for the same pair, that is a great potential trade.

---

<http://www.forexfactory.com/showthread.php?p=5489797#post5489797>

Mar 19, 2012 22:18 (2 hr 25 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

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Quote:

Originally Posted by **candletiger** ➤

*just did my first trade with the updated system on USDJPY M15.*

*I think open was per the rules plus supported by Trix, close was at reaching upper band plus 200 SMA resistance.*

*See the yellow marks in the screenshots, nice ~34 pips.*

*It gave me good confidence. Feel free to comment if you think something was done wrong and just a lucky strike.*

*regards,*

*candletiger*

Good trade. You only exit when the Fast Trix begins to turn color. Not before.

Mar 19, 2012 22:39 (2 hr 6 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

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Quote:

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

*Thanks for the good hint! Meanwhile fast trix did this 😊*

Sometimes it will turn back to the original color and continue, but as soon as I see it turn color, I close. No need to wait for a close of the bar.

---

<http://www.forexfactory.com/showthread.php?p=5490483#post5490483>

Mar 20, 2012 0:41 (17 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

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Quote:

Originally Posted by **Alpiberi** ➤

*Yes hindsight is a wonderful thing.*

*I am pleased with the 37 demo points, closed @ 0.83231*

In a strong rally like we just had, you should always use Fast Trix color change or Heiken Ashi color change for exiting. They don't care how long the rally lasts. They never fail.

---

<http://www.forexfactory.com/showthread.php?p=5490520#post5490520>

Mar 20, 2012 0:50 (12 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

10+ [2,332 Posts](#)



Quote:

Originally Posted by **Alorente** ▶

*Time to look at the next trade. There are many great choices. EurUsd is at the H4 band.*

*GbpUsd past the H4 band. UsdChf the same thing.*

UsdJpy also past the H4 band. I love volatility...

Another important point in times of high volatility. Look for the pairs that were the weakest during the last rally, like Aud Usd. Those will fall the hardest on the way back down

<http://www.forexfactory.com/showthread.php?p=5490596#post5490596>

Mar 20, 2012 1:08 (1 min ago)



[Alorente](#) ■

Member

Member Since Aug 2011

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Tip: On a day like today where the market is volatile and there are so many great choices with our system, don't pick one. Spread your money and take 4 or 5 pairs. There is nothing like

diversification. You may pick one pair and that may be one that is affected by local news and may not move as much as the others

<http://www.forexfactory.com/showthread.php?p=5491011#post5491011>

Mar 20, 2012 3:36 (6 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

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Quote:

Originally Posted by **sabrys5769**

*Hi Al,*

*about GpbUsd h4 trade, we should not wait for the HA candle color changes?*

*thank you*

*Sabrina*

You can wait, but price being so far outside the H4 band and hitting against the R2 I decided not to wait. In H4 you can lose many pips waiting for color change and I did wait for color change on the M15.

<http://www.forexfactory.com/showthread.php?p=5491036#post5491036>

Mar 20, 2012 3:46 (6 hr ago)



[Alorente](#)

Member

Member Since Aug 2011

10+V [2,349 Posts](#)



Quote:

Originally Posted by **Favorite** [»](#)

*AI, I'm sure you're right about H1/H4 and when I look at H1's TMA and H4's TMA I see exactly what you see. But when I look at D1's TMA, W1's TMA and even M1's TMA I can see that right now price goes from the lower band to the upper band.*

*So, the question is: are we sure that the price on H4's TMA would go down first (before going up again) if on D1's TMA it is supposed to go up? Where do we stop (H4 or D1)? Is it enough to just look at H1 and H4?*

*AI, MTF TMA is VERY new to me, so maybe it is a stupid question.*

No. That is a very good question because I have been looking at D1 and W1 on all the pairs and I have asked myself the same question. What we have to realize is that price moves from side to side of the TMA bands in ALL TFs, so while it is true that it may continue to go up in D1, the move in H1 and H4 must happen also. And before price continues up in D1, the H4 channel must turn upward first. And even within an upward H4 channel, price will continue to move from side to side. That is the way price moves, in cyclical fashion. I guess price has not discovered that the shortest distance between two points is a straight line...