

<http://www.forexfactory.com/showthread.php?t=343533&page=404>

<http://www.forexfactory.com/showthread.php?p=5493308#post5493308>

Mar 20, 2012 19:36 (3 hr ago)



[Alorente](#)



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2011

 [2,403](#)

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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...*

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.

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<http://www.forexfactory.com/showthread.php?t=343533&page=404>

<http://www.forexfactory.com/showthread.php?p=5493507#post5493507>

Mar 20, 2012 20:23 (3 hr ago)



[Alorente](#)



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Since Aug

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Quote:

Originally Posted by **Olarion1975**

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

*Thank you. 😊*

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.

---

Mar 20, 2012 20:27 (3 hr ago)





[Alorente](#)



Member

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Since Aug

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Quote:

Originally Posted by **Alorente**

*I do keep my TF at M15 because that way you see the full picture of the 3 TMAs working in tandem.*

Also important, I zoom out all the way for a birds eye view. I find it important to be able to watch all three TMAs on screen at the same time to get a good feel for what they are doing in relation to each other.

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<http://www.forexfactory.com/showthread.php?t=343533&page=405>

<http://www.forexfactory.com/showthread.php?p=5493631#post5493631>

Mar 20, 2012 20:50 (2 hr 47 min ago)



[Alorente](#)



Member

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Since Aug

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Quote:

Originally Posted by **bluesteele**

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

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 20:54 (2 hr 50 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

10+ v [2,409](#)





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....*

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?

<http://www.forexfactory.com/showthread.php?t=343533&page=408>

<http://www.forexfactory.com/showthread.php?p=5494214#post5494214>

Mar 20, 2012 22:59 (1 hr 8 min ago)



[Alorente](#)



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**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





[Alorente](#)



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**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.**

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?t=343533&page=412>

<http://www.forexfactory.com/showthread.php?p=5494721#post5494721>

Mar 21, 2012 1:31 (11 min ago)



[Alorente](#)

Member

Since Aug

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2011

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Quote:

Originally Posted by **faxxion** 

*Hello Alfredo,*

*Could you expand a little more regarding your 1H entries using a 15M chart. My understanding for a 1H entry is change in HA, MA Crossover (optional), TMA Slope, etc... How can you keep all of your charts on 15M and see these 1H changes for a textbook entry. Are you switching between timeframes using the same chart?*

*Thank you in advance.*

*William*

1- TMA Slope indi: Change the user defined input to 60. That will give you the H1 Slope



value for H1 above the 15M Slope value.

2- Use the Orange bands (H1 TMA) for entry. Exit according to rules.

3- The HA trigger is intended to get you in the trade in the right direction. You can use the 15M HA color change which does the same thing and saves you some pips since the Hi HA takes longer to change.

The MA Crossover is not used anymore.

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<http://www.forexfactory.com/showthread.php?t=343533&page=412>

<http://www.forexfactory.com/showthread.php?p=5494847#post5494847>

Mar 21, 2012 2:31 (15 hr ago)



[Alorente](#)



Member

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Since Aug

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Quote:

Originally Posted by **FXDawg**

*Al,*

*What percentage of your trades would you say hit -100 pips? I think you said you've done 16 recovery trades so I guess that would be 16 out of probably hundreds.*

*I don't want to use recovery at this point but I'm considering using about 100 pips as my stop loss. I want to give my trades as much room as possible, but if I'm getting stopped out at -100 pips and my average winning trade is 30-50 pips I need to have a very high win %.*

*Do you think that's feasible assuming correct trade entries? Is there a smaller stop loss that still gives plenty...*

Up till two days ago, I was mainly a 5M trader, so my profits were always small with a very high (90%+) of wins. Today I booked a 140 pip trade because I am moving to H1 and H4 to test the MTF TMA system. So far I like it a lot. It feels like you're making money while you are on vacation.

As far as the stop loss, it is really not a matter of pips. You should set your stop loss 1 pip above the previous swing high. The number of pips for that will vary depending on the time frame you choose and where the swing high is.

Good luck.

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<http://www.forexfactory.com/showthread.php?t=343533&page=415>

<http://www.forexfactory.com/showthread.php?p=5495072#post5495072>

Mar 21, 2012 4:00 (14 hr ago)



[Alorente](#)



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Quote:

Originally Posted by **pierpaolo960**

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

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.

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<http://www.forexfactory.com/showthread.php?t=343533&page=415>

<http://www.forexfactory.com/showthread.php?p=5495095#post5495095>

Mar 21, 2012 4:09 (14 hr ago)



[Alorente](#)



Member

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Since Aug


2011

10+ v [2,486](#)

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Quote:

Originally Posted by **alvelino** 

*Im impressed with your system AI, but how do you deal with the repainting of the SLOPE-indicator?*

You don't. You just get to know how it acts and anticipate what it will do. I have had no problems with repainting. After using it for weeks now, I can visualize what it will do. The same with the TMA indi. They are giving you a vision of the future and more often than not, that vision is really quite accurate.

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<http://www.forexfactory.com/showthread.php?t=343533&page=417>

<http://www.forexfactory.com/showthread.php?p=5495196#post5495196>

Mar 21, 2012 4:54 (14 hr ago)



[Alorente](#)



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Quote:

Originally Posted by **sandrutza** ➤

*Hi Al, I have been following your TMA system thread since the beginning of it and I like it very much so far. I am new to Forex and so far, have only traded demo accounts. With your system I made consistent profits and even one successful recovery trade. Thank you very much for sharing all this information here on the forum and for all the tips you are giving us! There is nothing like learning the ropes from a seasoned trader. Thank you to everyone who contributed to making this system better too!*

*Also, the bits of information you gave us about...*

Thanks for your kind words. I use this pattern and the system in all time frames. As far as having a 4th breath, it is uncommon, but sometimes it happens. Remember that the confirmation is the Coral crossing the 200MA. For example, EurUsd and UsdChf have not confirmed yet. The end result is usually the same. Retracement or collapse. The pattern does not indicate the depth of the retracement. But 38.3% Fib to 61.8 is normal.

<http://www.forexfactory.com/showthread.php?t=343533&page=421>

<http://www.forexfactory.com/showthread.php?p=5496526#post5496526>

Mar 21, 2012 16:58 (2 hr 58 min ago)



[Alorente](#)



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2011

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It is during moments like these when experience helps a lot to remain cool. You see price running away from you and you review the chart over and over again. I say to myself:

"I have seen this many times before. I used to close the trade at the top, just to see it turn finally in my favor. If this move was a solid one, I would see it reflected in the Slope

indicator with a breakout above 0.50 and a Green mound forming. It isn't. I see the H1 TMA outside of H4TMA and H4 is not moving steeply upward. I would not be seeing a Trix divergence and an RSI divergence."

"Remaining cool and giving price room to move is an essential part of this system. I have my plan B, which is, as long as the technicals stay the same, if I have to, I will enter Recovery at -100 and continue to wait patiently for price to break. I am still 50 pips away from that so there is plenty of room for price to move."

Patience and believing in the system that has worked for you so many times before are very important when things are not working out exactly like you planned.

<http://www.forexfactory.com/showthread.php?t=343533&page=428>

<http://www.forexfactory.com/showthread.php?p=5498266#post5498266>

Mar 21, 2012 22:56 (22 min ago)



[Alorente](#)



Member

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Since Aug

2011

10+y [2,517](#)

[Posts](#)



Quote:

Originally Posted by **Alorente**

*My intention was to hold both to the H4 band, but I saw they stalled badly, EurUsd at the 200 SMA and GbpUsd at S2. I knew they would bounce, so why not sell and go back in cheaper? I call that trading inside of the trade.*

*I exited EurUsd at 1.3220 and reentered at 1.3250 which equals having held all the time +30 pips.*

*I exited GbpUsd at 1.5823 and reentered at 1.5853 which equals having held it +30 pips.*

*That's the logic behind it.*

Between initial entry near the top H4 band and final exit at bottom H4 band, I will probably do this 5 or 6 times, making an additional 100 to 200 pips per position as compared to holding all the way.

Those are the kinds of things you need to do to be able to average 4% to 5% a day. You will learn that as you gain experience and self confidence.

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<http://www.forexfactory.com/showthread.php?t=343533&page=433>

<http://www.forexfactory.com/showthread.php?p=5498836#post5498836>

Mar 22, 2012 0:55 (29 min ago)



[Alorente](#)



Member

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Since Aug


2011

 [2,555](#)

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Quote:

Originally Posted by **FXDawg** 

*Yes I've been struggling with how to use my stop loss. I've always been a proponent of tight stop losses but I've never traded a system like this. I've always traded more trend following systems.*

*I'm going to go with much wider stops from now on, and adjust my position size accordingly of course.*

*I was able to catch the EURJPY and EURUSD fall to make up some of my losses. I'm using smaller position size now so it didn't make it all up but close.*



*Thanks Al. I've learned a ton these past few weeks and continue to learn every day.*

*Rick*

Stop losses only make the market makers and [brokers](#) rich. If you know what you are doing at every moment and don't hesitate, you don't need a SL. You exit when you feel you have to. The key to not hesitate is to have the picture of what you want the trade to do, BEFORE you are in it. When you are in the trade, you have already seen the movie so you know what to do, period. No hesitation.

---

Mar 22, 2012 1:04 (22 min ago)



[Alorente](#)



Member

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Since Aug  
2011

10+ v [2,556](#)



I hope you guys are getting the feel for how this works. Remember. Picture everything in your mind the way you want it to go. If the script diverges from your picture, just exit and wait for the next clear picture to develop.

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<http://www.forexfactory.com/showthread.php?t=343533&page=434>

<http://www.forexfactory.com/showthread.php?p=5498943#post5498943>

Mar 22, 2012 1:38 (24 min ago)



[Alorente](#)



Member

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Since Aug

2011



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...*

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. There 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.

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<http://www.forexfactory.com/showthread.php?t=343533&page=434>

<http://www.forexfactory.com/showthread.php?p=5499045#post5499045>

Mar 22, 2012 2:19 (45 min ago)



[Alorente](#)



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Since Aug

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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"...*

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.

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Observation is the path to discovery.

<http://www.forexfactory.com/showthread.php?t=343533&page=438>

<http://www.forexfactory.com/showthread.php?p=5500971#post5500971>

Mar 22, 2012 16:53 (57 min ago)



[Alorente](#)



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Since Aug

2011

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Quote:

Originally Posted by **dorellino** >

*It might retrace to 1.3180/90 before pointing down again  
my two cents*

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.

<http://www.forexfactory.com/showthread.php?t=343533&page=439>

<http://www.forexfactory.com/showthread.php?p=5501177#post5501177>

Mar 22, 2012 17:21 (56 min ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

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Quote:

Originally Posted by **penet** 

*Al how you've predicted that not to take usd/jpy long but to wait ? I thought that if price was reaching H1 lower band(and ranging), H4 band is turn up and Usd is strong against other pairs it could be good trade.*

Yes. That is true, but in risk off periods, for reasons that I still don't understand, people continue to believe that the Japanese Yen is a safe currency. The initial reaction to risk off is to buy Jpy and Usd. I would rather have price reach the bottom H4 band before I buy UsdJpy, but I guarantee you that as soon as it does, I will be all over it.

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<http://www.forexfactory.com/showthread.php?t=343533&page=442>

<http://www.forexfactory.com/showthread.php?p=5501901#post5501901>

Mar 22, 2012 19:27 (1 hr 18 min ago)



[Alorente](#)



Member

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Since Aug


2011

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Quote:

Originally Posted by **stevewide** 

*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*

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.

<http://www.forexfactory.com/showthread.php?t=343533&page=445>

<http://www.forexfactory.com/showthread.php?p=5502579#post5502579>

Mar 22, 2012 21:43 (1 hr 40 min ago)



[Alorente](#)



Member

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Since Aug

2011

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Quote:

Originally Posted by **tomthepoppop** 

*AL - Woke up to +50.1 pips on Eur/Usd but carried over a long trade on U/J. I am currently in recovery mode. Totally my fault - did not read your post on the U/J until this morning plus did not know that traders considered it such a safe haven. Really have to do more reading on all aspects to be totally successful.*

*By the way - my account has increased almost 30% since following your thread. I am not only thankful for that but for the example you set in communicating and the*

*lessons you teach daily. Tom*

*PS - I was short G/J (The Beast) all week...*

**It works but only if the technical aspect of your trade is still intact. You may have made a mistake initially with your trade and in that case I would give Recovery only a 50/50 chance of success with the other 50 being a huge loss. If you realize it was a mistake to begin with, be brave and accept the loss by closing the trade. How do you know if it was a mistake? You know...All you have to do is admit it to yourself, then do the right thing, close the trade and live to fight another day.**

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<http://www.forexfactory.com/showthread.php?t=343533&page=453>

<http://www.forexfactory.com/showthread.php?p=5504109#post5504109>

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ v [2,672](#)

[Posts](#)



Quote:

Originally Posted by **fire580**

*Hi Al, is it always the 5M you use to measure the 3 waves down and now the breath*

No. I can use any time frame but the look on the chart is different for each. I used M5 because it is clearer to see for you, but the three cycles occur in all time frames.

Mar 23, 2012 5:38 (12 hr ago)





[Alorente](#)



Member

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Since Aug

2011

10+y [2,672](#)

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Quote:

Originally Posted by **Alorente**

*No. I can use any time frame but the look on the chart is different for each. I used M5 because it is clearer to see for you, but the three cycles occur in all time frames.*

For instance, here is the Daily. Breaths 1 and 2 have occurred. Breath 3 is upcoming and must occur before the Coral crosses the 200 Ma.

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?t=343533&page=454>

<http://www.forexfactory.com/showthread.php?p=5504206#post5504206>

Mar 23, 2012 6:18 (12 hr ago)



[Alorente](#)



Member

Since Aug

Member


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Quote:

Originally Posted by **Alorente** 

*Good news. We just completed a Doji on the Daily chart. Heiken Ashi Dojis are almost always followed by an important drop. Look at the previous drops on the chart and you will often see a Doji or 2 before them.*

Dojis happen before Bull moves also. They are extremely accurate in Heiken Ashi. Much more than in regular candlesticks.

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<http://www.forexfactory.com/showthread.php?t=343533&page=483>

<http://www.forexfactory.com/showthread.php?p=5513443#post5513443>

Mar 27, 2012 3:42 (8 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug


2011

10+ v [2,711](#)

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Quote:

Originally Posted by **Surfnomad** 

*Hello AL I appreciate all that you share with us and if you could please clarify what you meant in the section I highlighted blue, I see the trendline "wall" you are referring to on my daily chart, are you talking about 3 daily candle close beyond that and if not what timeframe candles are you talking about closing beyond the "wall".*

*Thanks Robert*

What I do is look at previous instances where the walls were pierced. I like to use H4 or D1 candles to determine a wall broken. In the D1 chart, there is one instance where 2 D1 candles closed beyond the wall and price returned to the channel. The other measure is distance past the channel wall. If tonight 's candle closes 30 pips beyond the wall, that may be enough to call it quits. It looks pretty bad now, as I write this, especially if the S&P closes in 15 minutes running away with a new high.

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<http://www.forexfactory.com/showthread.php?t=343533&page=484>

<http://www.forexfactory.com/showthread.php?p=5513531#post5513531>

Mar 27, 2012 4:02 (8 hr ago)

[Alorent](#)



[e](#)

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Since Aug

2011

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Here is another technically solid way to determine if the trade should be scrapped. A break of the up trendline of the USIndex would certainly spell bad news for USD. This uptrend goes way back to last August. As you can see, price is getting close, but still not up to the line. The RSI and MACD still look ok. If USIndex breaks this line, that could be the end of the Bull for USD and the return of the Euro to 1.40. Since the trend is still intact, I may give it till tomorrow. to put up or shut up.

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?t=343533&page=491>

<http://www.forexfactory.com/showthread.php?p=5515240#post5515240>

Mar 27, 2012 18:09 (14 min ago)



[Alorente](#)



Member

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Since Aug

2011

10+ years [2,725](#)

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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)?*

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.

<http://www.forexfactory.com/showthread.php?t=343533&page=492>

<http://www.forexfactory.com/showthread.php?p=5515363#post5515363>

Mar 27, 2012 18:45 (6 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug


2011

10+ years [2,742](#)

[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..

---

<http://www.forexfactory.com/showthread.php?t=343533&page=493>

<http://www.forexfactory.com/showthread.php?p=5515517#post5515517>

Mar 27, 2012 19:37 (6 hr ago)



[Alorente](#)



Member

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2011

 [2,743](#)

[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



<http://www.forexfactory.com/showthread.php?t=343533&page=493>

<http://www.forexfactory.com/showthread.php?p=5515652#post5515652>

Mar 27, 2012 20:14 (24 hr ago)



[Alorente](#)



Member

Member

Since Aug


2011

10+M [2,757](#)

[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.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=507>

<http://www.forexfactory.com/showthread.php?p=5523095#post5523095>

Mar 29, 2012 18:30 (6 hr ago)



[Alorente](#)

[e](#)

Member

Since Aug

Membe

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2011

 [2,780](#)

[Posts](#)



Quote:

Originally Posted by **orionhan** 

*Hi Al, I have made several of the same mistake like that too. But what perturbed me is when do we actually enter the trade? At the top of the 15M band? H1 band? or H4 band?*

*Say if the pricing did manage to hit the H1 or H4 band won't the TMA indicator be sloping upwards as well?*

*I read page 1 of this thread numerous time and has been following this thread faithfully. I guess I'm really thick in my head. Please enlighten me 😊 Thanks!*

*Warmest regards.*

You have to pick the time frame that is best for you. After you pick a TF, make sure that the longer TF is expected to move in the same direction as your trade. For example, if you are trading short on M15 from the upper band, make sure the H1 channel is not moving up. Be sure it is moving at least sideways. Even better if it is moving lower.

<http://www.forexfactory.com/showthread.php?t=343533&page=512>

<http://www.forexfactory.com/showthread.php?p=5524967#post5524967>

Mar 30, 2012 2:55 (10 hr ago)

[Alorent](#)



[e](#)

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Member

Since Aug

2011

10+ [2,788](#)

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Quote:

Originally Posted by **Riddermark** >

*There must be like 40 videos of Sam Seiden here;*

<http://www.fxstreet.com/search/contr...1-e9bf77216d2f>

*His approach of Support Resistance (or as he adamantly calls it Supply Demand) if I recall correctly is slightly different and is based on the number of times these levels are hit and how long they stay at those levels (time) as to how strong or weak (ie - reliable) they are . Most people believe the more times a level is hit the stronger it is, however he teaches the more times...*

Supply/Demand zones are support and resistance zones. He uses a new name to make it his own. It's marketing...I agree that the more an S/R line is hit, like the wall in a castle, the weaker it gets.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=518>

<http://www.forexfactory.com/showthread.php?p=5528617#post5528617>

Mar 31, 2012 1:21 (34 hr ago)

[Alorent](#)



[e](#)

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Since Aug

2011

10+V [2,827](#)

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Quote:

Originally Posted by **mchlpetrikov** [➤](#)

*Hi*

*Wow, excellent.*

*I tried this strategy, but I do not understand it. I do not understand when I buy/sell.*

*Sorry my english.*

*Michaela*

I was using the rules on 5M and exiting at center line of the 5M TMA on that day. On several trades I pulled the trigger earlier if I saw price was stalling. I do not recommend using M5 charts unless you have years of experience with them. If you have little experience you should use H1 charts and exit at opposite band or before if you see price stalling at an S/R level or the Coral and 200 MA.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=519>

<http://www.forexfactory.com/showthread.php?p=5528764#post5528764>

Mar 31, 2012 2:23 (33 hr ago)



[Alorente](#)

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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.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=520>

<http://www.forexfactory.com/showthread.php?p=5528971#post5528971>

Mar 31, 2012 3:44 (31 hr ago)

[Alorent](#)



[e](#)

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Member

Since Aug

2011


10+yr [2,827](#)

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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)?*

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.

Mar 31, 2012 3:56 (31 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member


Since Aug

2011

 [2,827](#)



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...

---

Mar 31, 2012 4:34 (31 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ yr [2,827](#)

[Posts](#)





Quote:

Originally Posted by **Alorente** 

*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....*

Here is a picture of what I just explained:

Remember, practice makes perfect.

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?t=343533&page=521>

<http://www.forexfactory.com/showthread.php?p=5529077#post5529077>

Mar 31, 2012 4:49 (31 hr ago)



[Alorente](#)

[e](#)


Member

Since Aug

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2011

 [2,827](#)

[Posts](#)



Quote:

Originally Posted by **xlitang** 

*Any insight as how to trade for M15 like you just did for M5 below??*

-----

*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....*

No, for M15 or higher, follow the rules on Post 1.

<http://www.forexfactory.com/showthread.php?t=343533&page=522>

<http://www.forexfactory.com/showthread.php?p=5529509#post5529509>

Mar 31, 2012 17:17 (18 hr ago)

[Alorent](#)



[e](#)

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Member

Since Aug


2011

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[Posts](#)



Quote:

Originally Posted by **grechmar** 

*Here is my chart and potential trades, tell me if im correct so i know im on the right*

*track please. When you are in a move do you wait it to re test bottom before closing as i did with trade C? And it seems as price sometimes test top twice? tkx a lot for your time and patience 😊*

*You can see my S/R levels on the right side cannot move them.*

*EDIT:On second thoughts i would not have closed A/B at centre line since the move appeared it could go till the bottom band. Perhaps its better to take it as a rule to exit at centre line than what i did with...*

Your trades are ok. Don't wait for a retest to exit. Exit when fast trix changes color. Just follow the rules I wrote yesterday and you will be ok. Yes. Many times tops and bottoms are tested several times.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=526>

<http://www.forexfactory.com/showthread.php?p=5533232#post5533232>

[Alorent](#)



[e](#)

Membe

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Member

Since Aug

2011

10+V [2,838](#)

[Posts](#)



Quote:

Originally Posted by **frollollic**

*Trading by the rules as listed on page one is not trading out of boredom. The short would be valid if the TMA slope was ranging. If you wait for red "sell only" bars to go short, you will have missed out on many, many pips.*

You will almost never get a signal to sell with a Sell Only slope value. This system works best when you enter the trade when the Slope value is Ranging.

---

[Alorent](#)



[e](#)

Membe

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Member

Since Aug

2011

10+ [2,838](#)

[Posts](#)



Quote:

Originally Posted by **Tuauxp** [➤](#)

*Hi Al,*

*Could it be an option if you are on 5M scalping and the slope is in BUY ONLY to enter the trade when PA is at or near the lower band AND the fast trix is turning green ?*

*I posted a screenshot to make it clear ?*

Yes. For 5M quick scalping, as long as the slope value is not against you, it's ok.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=528>

<http://www.forexfactory.com/showthread.php?p=5534687#post5534687>

Apr 3, 2012 1:05 (33 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

 [2,849](#)

[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.

---



Observation is the path to discovery.



🏠 EUR/USD

🏠 USD/JPY

#7920 🇧🇪

🏠 Apr 3, 2012 1:17 (20 min ago)



[Alorente](#)



Member

Member

Since Aug  
2011

10+ [2,849](#)

[Posts](#)



Quote:

Originally Posted by **Alorente** ➤

*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.*

An example of this is GU. Since the band is above 0.25, price is stopping at center line and returning to the original band. Keep an eye on it. When H1 goes under 0.25, it most probably move to the bottom band.

---

Observation is the path to discov

<http://www.forexfactory.com/showthread.php?t=343533&page=529>

<http://www.forexfactory.com/showthread.php?p=5534743#post5534743>

Apr 3, 2012 1:27 (15 min ago)



[Alorente](#)




Member

Since Aug



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!*

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.

---

Observation is the path to discovery.



📊 EUR/USD

📊 USD/JPY

#7925 🏆

📅 Apr 3, 2012 1:30 (12 min ago)



[Alorente](#)



Member

Member

Since Aug  
2011

10+y [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.*

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.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=532>

<http://www.forexfactory.com/showthread.php?p=5536967#post5536967>

Apr 3, 2012 18:22 (9 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member


Since Aug

2011

10+ v [2,866](#)



Quote:

Originally Posted by **los\_pipos** 

*RE: USD/JPY. I got myself into a bit of trouble yesterday taking a long without checking 15min TMA Slope which was trending down and I'm now looking for an exit. I'm looking at it now and fast trix has gone green and there looks like there is plenty of uproom for a move up. I'm debating wether to put my tp at Daily PP (82.4) or the opposite H1 band (82.7).*

*Any thoughts?*

When you get in trouble due to a mistake, you should set your TP at BE. You should never try to profit from a mistake. Just accept it and move on.

Apr 4, 2012 16:13 (1 hr 17 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

10+ v [2,876](#)

[Posts](#)



Quote:

Originally Posted by **faxxion**

*Money Management: The Best Of Both Worlds:*

*Hello Everyone,*

*On March 26, we had a lively debate regarding Money Management. My request was a*

*discussion for the possibility of an alternative to using Recovery. My feelings were then, and still are, that for those of us who trade large enough to make our living from a limited amount of resources, we cannot afford draw downs of hundreds of pips.*

*[size=3][font=Calibri][b][u]First...*

Hello William,

Yes. I think this is a valid system. I told Mike so when he first introduced it and his contribution is one of the reasons he is in the Hall of Fame on Post 1. Having said this, I do want to stress that locking is difficult for new traders. It requires experience and being cool under fire. When you lock you have two open orders which can lead to confusion and nervousness. You now have to decide not only if you exit the trade but in which direction. It can be easy to make a mistake for less experienced traders. If you try this, please do so with a demo account until you feel at ease with it.

I feel one of the important aspects of trading is to have clear conviction of the trade you are in. If you are not convinced or you feel unease with your position, it should be closed and you should reevaluate with a cool mind.



---

<http://www.forexfactory.com/showthread.php?t=343533&page=549>

<http://www.forexfactory.com/showthread.php?p=5546592#post5546592>

Apr 6, 2012 0:03 (18 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

10+y [2,908](#)

[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



Observation is the path to discovery.



EUR/USD

USD/JPY

#8224



Apr 6, 2012 0:08 (13 min ago)



[Alorente](#)



Member

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Since Aug

2011

10+ v [2,908](#)

[Posts](#)



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

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?t=343533&page=549>

<http://www.forexfactory.com/showthread.php?p=5546641#post5546641>

Apr 6, 2012 0:23 (14 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ v [2,918](#)

[Posts](#)



Quote:

Originally Posted by **xlitang** 

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

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



Apr 6, 2012 16:07 (7 hr ago)



[Alorente](#)

e

Member

Member

Since Aug

2011



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



<http://www.forexfactory.com/showthread.php?t=343533&page=550>

<http://www.forexfactory.com/showthread.php?p=5546898#post5546898>

Apr 6, 2012 2:39 (12 hr ago)

[Alorent](#)



[e](#)

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Since Aug


2011

10+ v [2,918](#)

[Posts](#)



Quote:

Originally Posted by **normtold** 

*Alorente, for RSI, are you using Period 14, apply to close, Fixed minimum 0, Fixed maximum 100?*

The default values in MT4 RSI.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=562>

<http://www.forexfactory.com/showthread.php?p=5556188#post5556188>



Apr 10, 2012 17:31 (3 hr ago)

[Alorent](#)



[e](#)

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r

Member

Since Aug

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10+ v [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*

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

---

<http://www.forexfactory.com/showthread.php?t=343533&page=563>

<http://www.forexfactory.com/showthread.php?p=5556637#post5556637>

Apr 10, 2012 19:29 (2 hr 33 min ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+yr [2,945](#)

[Posts](#)



Quote:

Originally Posted by **faxxion** 

*Hello Alfredo,*

*I know that you have told us that when we trade the M5 TF we almost always get a second test of the bands. I am noticing that also on M15. Do you trade the first signal or the 2nd test?*

*William*

I use to trade the first signal for years because I was impatient of character. I have worked on that the past few years and I now wait for the test.

<http://www.forexfactory.com/showthread.php?t=343533&page=563>

<http://www.forexfactory.com/showthread.php?p=5556681#post5556681>

Apr 10, 2012 19:41 (1 hr 50 min ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ v [2,945](#)

[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).

---

<http://www.forexfactory.com/showthread.php?t=343533&page=564>

<http://www.forexfactory.com/showthread.php?p=5557547#post5557547>

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ v [2,960](#)

[Posts](#)



Quote:

Originally Posted by **Ever E. Man**

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

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.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=565>

<http://www.forexfactory.com/showthread.php?p=5557926#post5557926>

Apr 11, 2012 1:08 (10 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug


2011

10+ v [2,960](#)

[Posts](#)



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...*

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

---



<http://www.forexfactory.com/showthread.php?t=343533&page=566>

<http://www.forexfactory.com/showthread.php?p=5558042#post5558042>

Apr 11, 2012 1:40 (10 hr ago)

[Alorent](#)



[e](#)

Membe

r

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?*

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.

---

Apr 11, 2012 2:05 (10 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ v [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?*

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.

---

Observation is the path to discovery.



EUR/USD

USD/JPY

#8484 🇵🇸

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

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug  
2011

10+ v [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.*

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.

---

Observation is the path to discovery.

Apr 12, 2012 0:07 (10 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

(10+) [2,972](#)

[Posts](#)



**Ever E. Man. Thank you for your good suggestion to add ATR as an input on the Dashboard. I am including Version 33 which contains your request. I am also including your name in the Hall of Fame for all your valued contributions.**

**I will keep the default ATR value of 2.0 Multiplier on the Dashboard for myself because I fear there will be very few signals with 2.5 or 3.0, since you need a Heiken Ashi color change for a signal and most will be inside the H1 or H4 bands by the time it changes color. Still, for those of you that want a more**

**solid signal, Ever's suggestion is an excellent one. All you have to do is create a High ATR Dashboard by changing the input to 3.0 for those pairs that are high ATR, and a low ATR dashboard by changing the value to 2.5.**

Attached Files

 [!ExtremeTMA\\_v33.ex4](#)

(59.8 KB, 97 views)

<http://www.forexfactory.com/showthread.php?t=343533&page=581>

<http://www.forexfactory.com/showthread.php?p=5567953#post5567953>

Apr 13, 2012 14:55 (2 hr 47 min ago)



[Alorente](#)



Member

Member

Since Aug  
2011

 [3,009](#)



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 ?.*

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.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=582>

<http://www.forexfactory.com/showthread.php?p=5568131#post5568131>



Apr 13, 2012 15:50 (1 hr 57 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

10+ v [3,009](#)

[Posts](#)



Quote:

Originally Posted by **tombombadill**

*At 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



---

Observation is the path to discovery.

---

*Last edited Apr 13, 2012 16:03 (1 hr 44 min ago)*



EUR/USD

USD/JPY

#8720 🇵🇹

🇵🇹 Apr 13, 2012 16:06 (1 hr 42 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

 [3,009](#)

[Posts](#)



Quote:

Originally Posted by **Alorente** ➤

*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...*

I suggest you print out the previous points and use them for analysis in all future circumstances before you place your trade. Do this on H1, H4 and D1 charts. This is an excellent checklist to follow to stay out of trouble.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=582>

<http://www.forexfactory.com/showthread.php?p=5568495#post5568495>

Apr 13, 2012 17:27 (28 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

10+ v [3,011](#)

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**After thoroughly testing the Extreme TMA system, I have made my final choice on the configuration I will be using from now on.**

**I have removed the 15 minute TMA from my charts since I will now be trading directly from the H1 chart. This will also relieve the processor from excess workload. I have 16 charts open plus 2 Dashboards and it was becoming a bit too much.**

**To compensate for not having the 15 min. TMA, I have changed the H1 ATR Multiplier to 2.0 for ALL pairs (Low and High ATR). This allows for about 80 pips band to band and price seems to like expanding that band width. I have**

**left the H4 ATR Multiplier at 3.0 for ALL pairs (Low and High ATR).**

**I have replaced the Slope Indicator with RSI. I love the Slope Indi but I find myself half blind without my RSI and its trendlines. I will sporadically look at the Slope indi to check for divergences.**

**An added benefit of this configuration is less clutter, which is always a good thing.**

**Attached is the new updated template. I have added it to the packet.zip file.**

Attached Files

[lorente large](#)

 [chart.tpl](#) (39.6 KB, 0 views)

<http://www.forexfactory.com/showthread.php?t=343533&page=583>

<http://www.forexfactory.com/showthread.php?p=5568568#post5568568>

Apr 13, 2012 17:50 (1 hr 50 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

10+ years [3,017](#)

[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 ?...*

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**

<http://www.forexfactory.com/showthread.php?t=343533&page=583>

<http://www.forexfactory.com/showthread.php?p=5568568#post5568568>



[Alorente](#)



Member

Member

Since Aug

2011

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## **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



Apr 13, 2012 18:49 (1 hr 10 min ago)



[Alorente](#)



Member

Member


Since Aug  
2011

10+ [3,017](#)

[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.

---

Apr 13, 2012 20:03 (2 hr 32 min ago)



[Alorente](#)



Member

Member

Since Aug


2011

10+y [3,036](#)

[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?*

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.

---

Apr 13, 2012 20:33 (2 hr 2 min ago)



[Alorente](#)



Member

Member

Since Aug


2011

10+ v [3,036](#)

[Posts](#)



Quote:

Originally Posted by **steviewide** 

*i understand AI and its amazingly simple way to predict where ma's are going. Thanks so much, Steve*



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.

---

Apr 13, 2012 20:52 (1 hr 56 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

10+ v [3,037](#)

[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.

Apr 13, 2012 21:02 (1 hr 47 min ago)



[Alorente](#)



Member

Member

Since Aug  
2011

10+y [3,037](#)  
[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?*

*coral=60 200ma= 200*

*200/3= ~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. 🙄*

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.

Apr 13, 2012 21:05 (1 hr 43 min ago)



[Alorente](#)



Member

Member

Since Aug

2011

10+ v [3,037](#)

[Posts](#)



Quote:

Originally Posted by **faxxion** 

*Thank you, Alfredo.*

*If I understand correctly, this assumes a continuation of the trend.*

*What would be your signal for a future price reversal?*

*William*

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.

---



[Alorente](#)



Member

Member

Since Aug

2011

10+ v [3,037](#)

[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.

Apr 13, 2012 21:21 (1 hr 28 min ago)



[Alorente](#)



Member

Member

Since Aug


2011

10+ yr [3,037](#)

[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...*

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.

---

<http://www.forexfactory.com/showthread.php?t=343533&page=589>

<http://www.forexfactory.com/showthread.php?p=5570774#post5570774>

Apr 14, 2012 2:59

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug


2011

10+ v [3,091](#)

[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*

Matthew, below is a chart where 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



Apr 14, 2012 3:32

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug


2011

[10+V](#) [3,091](#)

[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



<http://www.forexfactory.com/showthread.php?t=343533&page=591>

<http://www.forexfactory.com/showthread.php?p=5571778#post5571778>

Apr 14, 2012 16:56 (43 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ v [3,091](#)

[Posts](#)



Quote:

Originally Posted by **scott-ibm** [➤](#)

*dear AI :*

*about #8787 :*

*Does GBPUSD complete 1-2-3 breath pattern on Friday ?? GBP chart attached ~~*

*" What this drop is doing is correcting the little bit of a rise the 200 had from yesterday's move and bringing it back to the correct angle of descent. That's why it*



*is getting a jump start of a few hours. Hopefully, Monday will bring in a lot more pips and a break of the neckline. "*

No. That is not a 1-2-3-Test pattern. I believe the move we just had is the Second Breath of a 1-2-3-Test move on the H1 chart. Each major breath is composed of three small breaths and a test. I have numbered in Large the major breaths and with small numbers the small breaths of each leg.

Attached Thumbnails



<http://www.forexfactory.com/showthread.php?t=343533&page=592>

<http://www.forexfactory.com/showthread.php?p=5571870#post5571870>

Apr 14, 2012 17:53 (42 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+V [3,091](#)

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## **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



[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ v [3,091](#)

[Posts](#)



Quote:

Originally Posted by **grechmar**

*Does this mean that a retracement of the previous drop is less probable? I took my positions off, waiting for a retracement first, perhaps i should enter when market opens on monday asian open?*

Nothing is automatic. I would not count on a retracement, but since the formation happened at the end of the weekend, we may get one. We'll see.

I left my positions open.

---

Apr 16, 2012 4:54 (9 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+ v [3,091](#)

[Posts](#)



Quote:

Originally Posted by **pierpaolo960** 

*Hi Al, can u explain me the italian boot? i understund the pattern but after the pattern, like in eur/usd case the price, probabily, must drop or go up?*

*Thanks!*

Normally in a double bottom, you get vertically accentuated moves with long tails in HA

candles, especially on the bottom of them. Price then jumps suddenly as new buyers who are eager to get in jump into the ring. In the Italian boot you get the test of the bottom happening gradually with no tails on the tops of the candles and on low volume. What this tells you is there is an absence of buyers, or the buyers do not feel that price is low enough for them to jump in. As time elapses, more and more longs with positions get nervous that there is no bounce upcoming and start closing their positions. As the low is broken, stop losses are hit as well as new sell orders are triggered, causing a long candle downwards.

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Apr 16, 2012 5:14 (9 hr ago)



[Alorente](#)

[e](#)

Member

r

Member

Since Aug

2011

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Quote:

Originally Posted by **pierpaolo960**

*So, now we must see a new low, right?*

That is what I expect. A break of the head and shoulders neckline today.

<http://www.forexfactory.com/showthread.php?t=343533&page=595>

<http://www.forexfactory.com/showthread.php?p=5573442#post5573442>

Apr 15, 2012 23:20 (14 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

 [3,091](#)

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Quote:

Originally Posted by **bluesky100** ➤

*Hello AI*

*If you open any currency chart, let's say on the H1, do you have any suggestions what a person would look for to start the first breath? Thanks for your reply.*

AI 1st breaths start from a breakout of a consolidation base (Ranging market). The sequence has no beginning or end. It is cyclical:

- 1- Consolidation Base (Ranging Market). Breakout from a Ranging Market.
- 2- First Breath (Wave, Leg, etc), each composed of 3 mini breaths and a test.
- 3- Consolidation Base (Ranging Market).
- 4- Second Breath, also composed of 3 mini breaths and test.



5- Consolidation Base (Ranging Market).

6- Third Breath, again composed of 3 mini breaths and test.

7- Test of Major bottom or top (sometimes two or three tests).

8- Consolidation Base (Ranging Market).

After this, the process begins all over again, either in the same direction, as a Continuation of the move, or in the opposite direction as a Reversal.

Important: All mini tests and Major tests must show divergences in RSI and/or Trix to be valid. Mini tests will show divergences in shorter time frames (M15, H1). Major tests in longer time frames (H4, D1, W1).

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<http://www.forexfactory.com/showthread.php?t=343533&page=596>

<http://www.forexfactory.com/showthread.php?p=5573695#post5573695>

Apr 16, 2012 2:55 (11 hr ago)

[Alorent](#)



[e](#)

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Quote:

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

*Hi Al,*

*I got another question: do you always wait for CLOSE of candle when exiting with the*

*Fast Trix color change (only in a strong trend of course)? Or is it depending on the timeframe?*

*I remember in the early days of the thread you mentioned to exit when Fast Trix FLASHES the opposite color (on M15/M5). But in one of your recent posts you advised to wait for CLOSE of candle when Fast Trix changes color (H4 timeframe). 🤔*

*Does the same apply for HA candle color change also?*

*PS:*

*For entries I believe it is always enough to see...*

Generally I do not wait for close to exit. As long as I see the opposite color for a second, I exit.

The exception you mentioned was on a very strong downtrend that a member showed me. I recommended to wait for close because on a steep down move (or steep up move), you will often get false color changes on Fast Trix and HA. In that case, it may be better to wait for close or until price stalls for 2 or 3 bars.

Apr 16, 2012 3:06 (11 hr ago)

[Alorent](#)



[e](#)

Membe

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Member

Since Aug

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10+ v [3,091](#)

[Posts](#)



Quote:

Originally Posted by **Alorente** ➤

*Generally I do not wait for close to exit. As long as I see the opposite color for a second, I exit.*

*The exception you mentioned was on a very strong downtrend that a member showed me. I recommended to wait for close because on a steep down move (or steep up*

*move), you will often get false color changes on Fast Trix and HA. In that case, it may be better to wait for close or until price stalls for 2 or 3 bars.*

For entries the same thing. Entries should never be executed too soon on very fast steep moves. You need to wait for a stall of 2 or 3 bars or a close of Fast Trix and HA. If not, you may get a temporary color change on a spike and then price continues moving in the same direction.

Another excellent way of entry is: As soon as you see a flash color change on Trix or HA, place a Sell Stop order one pip under the previous candle for a short or a Buy Stop order one pip above the previous candle for a long. Keep moving this Stop order as new candles complete. This way, you enter the trade in the correct direction and avoid entering too early and have the market move against you. Ideally, do this on a retest of the high or low of the move since price retests strong moves over 90% of the time. Or, place half the order after the first top (or bottom) and the other half on the retest.

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<http://www.forexfactory.com/showthread.php?t=343533&page=597>

<http://www.forexfactory.com/showthread.php?p=5573809#post5573809>

Apr 16, 2012 3:48 (10 hr ago)

[Alorent](#)



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Since Aug

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10+V [3,091](#)

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Quote:

Originally Posted by **Bunker**

*Time for me to make a first post here. I have been following this Forum since the very beginning and I read every single thread. I feel like I know you all!! So don't worry, I won't ask you where I can find the Extreme\_Spike indicator.*

*[size=3][font=Calibri]First, Al, just like all the members have done here, I would like*

*to thank you for this excellent Forum. Not only you are one of the best teachers I know (or read) but the way that you have been managing this Forum is simply astonishing. Your personal qualities...*

Thanks for your words. You did a reasonably good job BUT you have to realize that you are trying to find 3 Major breaths in what is simply a topping pattern (Head & Shoulders). In order to establish the three major breaths, you would have to look for them on the rally that lead from the bottom at 1.2620 to the Head & Shoulders top. The current move, will in fact be a major one composed of 3 Major Breaths and Test, each one composed of the three mini breaths and mini test. We have completed the first Breath as you indicate on your chart, complete with the three mini breaths and mini test. We have begun the second major breath (2), of which we have completed the first mini breath. The second one may be starting tonight.

I placed the 3 Major Breaths and mini breaths on the chart below. The "C" stands for consolidation. These can take the form of sideways bases or Fibonacci retracements (Usually 38.2% or 50%). Notice the RSI divergence "D" at each of the major Tests. With time, identifying Breaths and mini breaths will become second nature for you. Once you master it you will be able to tell how much of the move has already elapsed and how

much more is still to come. You will even feel confident at trading each of the breaths as well as the divergences at the Major Tests.

Attached Thumbnails



Apr 16, 2012 4:24 (10 hr ago)



[Alorent](#)

e

Membe

Member

Since Aug

2011





Quote:

Originally Posted by **Alorente**

*Thanks for your words. You did a reasonably good job BUT you have to realize that you are trying to find 3 Major breaths in what is simply a topping pattern (Head & Shoulders). In order to establish the three major breaths, you would have to look for them on the rally that lead from the bottom at 1.2620 to the Head & Shoulders top. The current move, will in fact be a major one composed of 3 Major Breaths and Test, each one composed of the three mini breaths and mini test. We have completed the first Breath as you indicate on your chart, complete...*

Another point I want to make regarding the Breathing system and there are many. It relates to the Coral. While Major Breaths are occurring, you will notice that Price stays above the Coral for the most part, bouncing off it when it hits it. Consolidations on the other hand have either the Coral move through Price (Base) or above Price (Fibonacci retracements). By looking at Price in relation to the Coral, you know if you are still in a

Major Breath or have started a Consolidation between Major Breaths.

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Apr 16, 2012 4:34 (9 hr ago)

[Alorent](#)



[e](#)

Membe

r

Member

Since Aug

2011

10+yr [3,091](#)

[Posts](#)



Quote:

Originally Posted by **Alorente** 

*Another point I want to make regarding the Breathing system and there are many. It relates to the Coral. While Major Breaths are occurring, you will notice that Price stays above the Coral for the most part, bouncing off it when it hits it. Consolidations on the*

*other hand have either the Coral move through Price (Base) or above Price (Fibonacci retracements). By looking at Price in relation to the Coral, you know if you are still in a Major Breath or have started a Consolidation between Major Breaths.*

Another point I want to make. Consolidation patterns usually happen between the First and Second MB or between the Second and Third MB. It is normal after the Third Major Test to immediately begin with the First MB of the next Breathing pattern without a consolidation, especially on Reversal moves. The reason for this is Price Exhaustion. Sometimes you get a consolidation after the Third Major Test and more often than not this means the new Major move will be a Continuation of the Previous one.

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