

## The "AI's Wisdom Volume 1" includes these topics (start post #108 to end post #2962);

### Table of Contents

1. Trading EUR then keep eye on USD pairs - why ?.....	4
2. Introduction to Recovery Trades with document .doc .....	5
3. Pick the good trades - Extreme TMA ideal characteristics. ....	6
4. Trading on the right side of TMA. Don't fight the flow.....	7
5. Most profitable trades - TMA steep rise then turn sideways. ....	8
6. Heiken Ashi candles benefits - Watch for the Tails / no Tails. ....	9
7. Market moves against you, price hits center line of TMA, TP goes to BE .....	10
8. Important to note PA of opposite band distance when trade entered. Less than 30 pips, steer clear. ....	11
9. Included Expert Adviser (EA) comments and there operation. ....	12
10. Scalping Strategy with the EA's.....	13
11. Dual Method - Longer time frame trade while using lower time frame for scalps. ....	14
12. Price ranges 70-80% of the time - How this relates to Extreme TMA. ....	15
13. Tip: Heiken Ashi candle turns Red then stalls, take 8-10 pip profit and "run for the hills" .....	16
14. 70% of pairs double top before retreating. ....	17
15. Scraping pips important - do twice a day, add +400 pips for the month. ....	18
16. What to do if price stalls at center line for 2 candles or if price crosses center line on first or second candle? .....	19
17. 200SMA and 55 EMA Triple Exponential (Coral). Significant.....	20
18. Two fantastically accurate formations.....	21
19. Analyze other time frames for ease of mind. ....	24
20. SL - place above the previous high (Short) or below the previous low (Long), not just an arbitrary number of pips.....	25
21. H1 time frame for new traders, consistent, more relaxed. ....	27


22.	1 minute time frame (1M) trading techniques using 4 rules TMA. ....	29
23.	Trigger is when you touch the resistance or the support line .....	30
24.	Always keep an eye on what other similar pairs are doing before entering a trade. Common pairs are joined at the hip. They are wagons of the same train. ....	32
25.	Always have a plan B, C, etc. That eliminates stress. "When in doubt, get out" .....	35
26.	Trade demo until you know for a fact that you can average 20%/month.....	36
27.	S/R levels far apart, "I sometimes trade without rule 4" .....	37
28.	Lower volatility pairs you can settle for bands being less than 30 pips apart. ....	38


## 1. Trading EUR then keep eye on USD pairs - why?

<http://www.forexfactory.com/showthread.php?t=343533&page=8>


Feb 21, 2012 11:32am

#108



**Alorente**   
Member



Member Since Aug 2011  
10+V [3,183 Posts](#)




Another tip:

If you are trading the euro, keep an eye on the USD pairs, like USDCAD or USDCHF. If you see they are very overextended, that may mean the Euro will also turn soon. Since the EUR moves against the dollar, a change in the direction of the dollar in other currencies will affect the EUR right after. Sometimes I get a 5 or 10 second jump on the market by checking the other pairs, that's why I like to have the 18 charts on my screens.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)




## 2. [Introduction to Recovery Trades with document .doc](#)

<http://www.forexfactory.com/showthread.php?t=343533&page=15>


Feb 21, 2012 3:22pm

#225



**Alorente**  
Member


Member Since Aug 2011  
10+V 3,183 Posts

 **Recovery Trades**



I mentioned earlier in the day that I would post information about the Recovery Trades system that many of us use instead of tight stop losses. I am enclosing this information. I acknowledge this is not for everyone. Some traders cannot sleep at nights without a stop loss on their trades. I must tell you that I was one of them. Over time I came to realize that there is another way. The way is simple, use a high percentage win system, keep your order size small relative to your account size and use recovery trades when every once in a while, a trade goes against you. I want to thank nanningbob who is the principal promoter of this system. He made me realize that I am not the only one out there that sees things differently.


Enjoy. It's worth every minute you spend reading it.

Attached Files

 [Recovery trades.doc](#) (321.5 KB, 868 views)

Observation is the path to discovery.

 EUR/USD  USD/JPY

 Quote


 [Recovery trades.doc](#) (321.5 KB, 858 views)


### 3. Pick the good trades - Extreme TMA ideal characteristics.


<http://www.forexfactory.com/showthread.php?t=343533&page=22>


Feb 22, 2012 3:16am

#320



**Alorente**   
Member



Member Since Aug 2011  
 [3,183 Posts](#)




A point I want to stress over and over: With this system, the results vary dramatically depending of where PA is in relation to the band when you enter the trade. The further beyond the band it is, the much higher probability of success. Pick the good trades. The ones that are clearly over the band, and you will be very successful with this system. Try not to enter trades that are too close to the center line. Those trades tend to bounce off the center line and retreat for another try to clear the same band. Eventually, yes, the lower band will be hit, but you want to enter just before the final fast drop to it. So patience pays off here.

---

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)


 [Quote](#)


#### 4. Trading on the right side of TMA. Don't fight the flow.


<http://www.forexfactory.com/showthread.php?t=343533&page=22>


Feb 22, 2012 3:21am

#323



**Alorente**   
Member



Member Since Aug 2011  
 [3,183 Posts](#)




Another point. The ideal trades are those that go with the flow of the TMA. In other words, If you are shorting, you want the TMA to be level or dropping at that moment, not rising steeply. It makes sense. If it is rising steeply, the lower band will be rising also and the profit potential will be reduced as time goes by. If the TMA is dropping when you short, the lower band is moving away from PA so your profit will improve. Many of the trades occur when the TMA is level after having a strong rise, like for example where Gold is right now.

---

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)





## 5. Most profitable trades - TMA steep rise then turn sideways.


<http://www.forexfactory.com/showthread.php?t=343533&page=23>


Feb 22, 2012 3:46am

#334




**Alorente**   
Member

Member Since Aug 2011  
 3,183 Posts






Quote:

Originally Posted by **Ferod**   
*Does it mean go with the trend?*

Not quite. Again, the most profitable trades are actually right after the TMA has been rising steeply and begins to turn sideways preparing the down move in the wave, or viceversa for longs. So you could say that the trend was up, so it's not going with the trend. I would call it catching the trend change instead. When you simply go with the trend, you are looking at PA that already passed. If future PA continues that trend you'll be right, but what is to say it will continue? That's what I like about TMA, it helps you visualize from the waves when a trend may be changing before it actually changes direction. Without the TMA it is very difficult to spot trend change. You can use divergences, etc but TMA is better in my opinion. Backed by divergences which is what I do, it is pretty reliable.

Observation is the path to discovery.

 EUR/USD  USD/JPY

 Quote




## 6. Heiken Ashi candles benefits - Watch for the Tails / no Tails.

<http://www.forexfactory.com/showthread.php?t=343533&page=24>


Feb 22, 2012 4:31am

#350




**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts






Quote:

Originally Posted by **Alorente**   
*Gold was stubborn but it finally hit the lower band. I think it will go through it so I'm still holding the short.*

This is a good time to talk about Heiken Ashi candles. As you can see on the gold chart, when HA moves strongly, the candles don't have a "tail". No thin line on the backend of the bars. Tails start to appear as the move is exhausting. In the case of gold, I will exit the trade as soon as I see the first tail show up. Also, HA candles are great for placing trailing stops. For example, in the gold chart, you would change your stop to the top of the current candle. I prefer to exit when I see a tail though.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)


 Quote

## 7. Market moves against you, price hits center line of TMA, TP goes to BE

<http://www.forexfactory.com/showthread.php?t=343533&page=32>


Feb 22, 2012 11:57am

#478



**Alorente**  
Member

Member Since Aug 2011  
10+Y 3,183 Posts





I have not mentioned another condition that I use with this system, which I will also be adding to page 1:


If after placing a trade, the market moves against me, and the TMA center line reaches my entry price, I then set a BE Target Price. That's what I did today with EURJPY. The centerline reached my entry price at about 13:30 CET. I set the TP to BE and the TP was reached at 16:00 CET.

---

Observation is the path to discovery.

 EUR/USD

 USD/JPY




## 8. Important to note PA of opposite band distance when trade entered. Less than 30 pips, steer clear.

<http://www.forexfactory.com/showthread.php?t=343533&page=42>


Feb 23, 2012 3:37am

#623




**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts




Quote:


Originally Posted by **Alorente** 


*A good example of how a trade begins to shape up is EurUsd right now. The TMA is slanted slightly so a short is valid. PA is clearly above the upper band. PA is hitting against R3 resistance. We have a Bear Spike. All we need is a Red bar on the MA Cross. It should happen within the next 2 to 3 bars. You can tell by looking at the MA Crossover Lines indi which shows the blue and red lines coming closer to each other. Remember the steps that I just outlined. You will see them repeatedly in many of your successful trades.*

Also important to note is the distance between the PA to the opposite band when a trade is entered. Right now it is about 50 pips, which is a healthy spread. I would not take a trade where that distance is under 30 pips.

Observation is the path to discovery.

 EUR/USD

 USD/JPY


 Quote

## 9. Included Expert Adviser (EA) comments and there operation.

<http://www.forexfactory.com/showthread.php?t=343533&page=45>


Feb 23, 2012 5:45am

#665



**Alorente**  
Member


Member Since Aug 2011  
10+Y [3,183 Posts](#)





**These EAs have been thoroughly tested and used in other great systems very successfully. I originally decided not to use them in order to simplify the TMA system as much as possible. Some traders have never used EAs and I didn't want to confuse them. Today I clearly saw that they are necessary in order to avoid the early entries that we saw this morning. Once you use them for a while, you will love them. The key to their success is that once the conditions are met and you apply the EA to your chart, they will trigger the order in the direction that you want, so you are much less likely to have the order go against you as happened to a couple of you this morning. The closer to the outer band the white line is on the chart when the order triggers, the better. The ideal situation is to have it triggered (cross the white line) above the band for short or below the band for long, but that is not very common. When that happens, the trade has a large chance of being very profitable.**

---

Observation is the path to discovery.

 [EUR/USD](#)

 [USD/JPY](#)


 **Quote**

## 10. Scalping Strategy with the EA's

<http://www.forexfactory.com/showthread.php?t=343533&page=46>


Feb 23, 2012 6:46am

#689



**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts

 **Scalping Strategy with the EA's**

Tip:



Here is a high percentage scalping strategy with the Extreme TMA System and the EAs. When the EA triggers, set your TP to exit at the center line of the TMA.


Even better, set the TP at 10 pips profit from your entry point.

I use this strategy often for nice quick profits. The downside is that price may continue on to the other band, but it is quick and consistent profits.

Always make sure that the white line is not too close to the center line. The closer it is to the band, the better your trade results will be.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)


 Quote

## 11. Dual Method - Longer time frame trade while using lower time frame for scalps.

<http://www.forexfactory.com/showthread.php?t=343533&page=46>


Feb 23, 2012 6:53am

#690



**Alorente**  
Member

Member Since Aug 2011  
10+Y 3,183 Posts



 **Dual Method**


Tip:

The extreme TMA System works great on H1 and H4 time frames without changing any inputs. A great strategy and a lot of fun is to run one position with the H4 or H1 TF and get the full move of the PA, and at the same time, use the scalping method with the M15 TF. You will have a lot fewer trades with the higher TF but while you wait, you can scrape yourself some quick profits with the scalping method.

The scalping method also works great on the M1 and M5 time frame.

Observation is the path to discovery.

 EUR/USD  USD/JPY


 Quote

## 12. Price ranges 70-80% of the time - How this relates to Extreme TMA.

<http://www.forexfactory.com/showthread.php?p=5413245&posted=1>


Feb 23, 2012 10:47am

#789




**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts



Quote:

Originally Posted by **nanningbob** 

*Time frames give you certain perspectives of what is happening out there. For example Daily and 4H charts give you what is happening during a week. 1H & 30M charts help you see what is happening during that day. 15M charts and lower help you see what is happening in a session like the Euro session, USD session etc. So if your looking to determine a definition of a 15M TF trend you really are looking for what happens in a 4-8 hour session. I have never tried defining a session trend but something you may want to look at is: Is price moving away...*

And great thought, indeed from the master... Bob, I thank you a lot for taking the time to write this. It means a lot to me. I know how busy you are. I'm telling you, I'm in awe of this guy... Anyway, where was I...? Oh, yes, Of everything Bob said, I think this is the most important:



**In reality, unless there is a big news story you shouldnt have too much trouble with your system since prices range 70-80% of the time.**


That is the reason why I decided to not include a trend condition in the rules initially, because intraday, it is not that critical. Important? Yes. As X-Man said, You will be more consistent with the trend than against, but intraday, trend is a lot less important than on a H4, D1 or W1 chart.

For now, I would say, let's avoid very steep TMA counter trends but let's not worry too much about the trend in the rest.

Please, reread what bob said above. This guy knows and understands trends better than anyone in this forum.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)

 Quote

### 13. [Tip: Heiken Ashi candle turns Red then stalls, take 8-10 pip profit and "run for the hills"](#)

<http://www.forexfactory.com/showthread.php?t=343533&page=59>

Feb 23, 2012 2:00pm

#875



**Alorente**  
Member

Member Since Aug 2011  
(10+y) [3,183 Posts](#)



Tip:

If you buy well above the band as you see the first Heiken Ashi candle turning Red and price starts coming down one or two bars but then it stalls. It may be a good idea to take your 8 or 10 pip profit and run for the hills. More than likely the pair will come back to test the high and double top. About 70% of pairs double top before retreating. Then when it does, you can catch it again at the top and make those extra 10 pips you put away before. Triple tops are very unlikely. Usually after the double top, price comes down pretty fast to center line or beyond.

That's why I closed Gold right now.

Observation is the path to discovery.


 [EUR/USD](#)  [USD/JPY](#)

 Quote

<http://www.forexfactory.com/showthread.php?t=343533&page=59>


Feb 23, 2012 2:13pm

#883





**Alorente**  
Member


Member Since Aug 2011  
(10+y) [3,183 Posts](#)



OK. Going back to how a trade develops. For example, look at that trade that fell fast on GbpUsd earlier today. You enter the trade above the band. In that case it was a rare triple top. Now, when it starts coming down, you want to see the Heiken Ashi candles looking exactly like in this case. All of them Red, stairstepping and none of them with tails. If you start seeing one of the candles stalling and especially if it starts painting a tail, its better to get out because the percentage of a return for another test of the high is, just that, high. Sometimes it will continue down after a pause, but its better to pocket your 10 pips and try again later. That's the beauty of Heiken Ashi candles. They almost talk to you about what price is doing.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)

 Quote



## 14. 70% of pairs double top before retreating.

<http://www.forexfactory.com/showthread.php?t=343533&page=59>

Feb 23, 2012 2:00pm

#875



**Alorente**  
Member

Member Since Aug 2011  
(10+y) [3,183 Posts](#)



Tip:

If you buy well above the band as you see the first Heiken Ashi candle turning Red and price starts coming down one or two bars but then it stalls. It may be a good idea to take your 8 or 10 pip profit and run for the hills. More than likely the pair will come back to test the high and double top. About 70% of pairs double top before retreating. Then when it does, you can catch it again at the top and make those extra 10 pips you put away before. Triple tops are very unlikely. Usually after the double top, price comes down pretty fast to center line or beyond.

That's why I closed Gold right now.

Observation is the path to discovery.


 [EUR/USD](#)  [USD/JPY](#)

 Quote

<http://www.forexfactory.com/showthread.php?t=343533&page=59>


Feb 23, 2012 2:13pm

#883




**Alorente**  
Member


Member Since Aug 2011  
(10+y) [3,183 Posts](#)



OK. Going back to how a trade develops. For example, look at that trade that fell fast on GbpUsd earlier today. You enter the trade above the band. In that case it was a rare triple top. Now, when it starts coming down, you want to see the Heiken Ashi candles looking exactly like in this case. All of them Red, stairstepping and none of them with tails. If you start seeing one of the candles stalling and especially if it starts painting a tail, its better to get out because the percentage of a return for another test of the high is, just that, high. Sometimes it will continue down after a pause, but its better to pocket your 10 pips and try again later. That's the beauty of Heiken Ashi candles. They almost talk to you about what price is doing.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)


 Quote

## 15. Scraping pips important - do twice a day, add +400 pips for the month.

<http://www.forexfactory.com/showthread.php?t=343533&page=62>


Feb 23, 2012 12:40pm

#925



**Alorente**  
Member

Member Since Aug 2011  
10+Y 3,183 Posts



Quote:



Originally Posted by **rivtrader** >


Al,

*Many times when these pairs come in strong over the TMA they will try to make a double top or similar pattern. I thought that might be the case here so I decided to pass on the first try and go for the second.*

Yes. In my experience it double tops or bottoms about 70% of the time, so I will often do what I just did. Get 10, 12 pips on the first drop and if it stalls I get out and in again at the top. At the end of the month, if you do that twice a day, that's an additional 400 pips in your pocket. Scraping pips is very important if you want to hit the big numbers in this business. Big trades are very occasional, but the little ones are there all the time.

Observation is the path to discovery.

 EUR/USD  USD/JPY




16. [What to do if price stalls at center line for 2 candles or if price crosses center line on first or second candle?](#)

<http://www.forexfactory.com/showthread.php?t=343533&page=68>


Feb 23, 2012 11:34pm

#1012




**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts






Quote:

Originally Posted by **Passerby**   
*Btw, mostly I take profit on middle TMA line especially when I against a trend. But most of the time the price touch the other side of the band.*

This is a very important point. This system is practically infallible if you **always** take profits at center line, and about 85% accurate if you **always** take profits on the opposite band. It is difficult to settle on where to take your profits. I usually determine this when price gets to center line. **If it stalls there for 2 candles, I close the order. If it crosses center line on the first or second bar after touching it, I go on to the opposite band.** There are many trades that cut right through the center line like a knife on butter. If you always take immediate profits upon touching the center line, you will miss out on the fast trades that move to the opposite band. This is an important point. Please make a mental note of this post and don't forget it. Leaving profits on the table repeatedly, will make a huge difference on your totals at the end of the month.

Observation is the path to discovery.

 EUR/USD  USD/JPY




## 17. 200SMA and 55 EMA Triple Exponential (Coral). Significant.

<http://www.forexfactory.com/showthread.php?t=343533&page=75>


Feb 24, 2012 12:12pm

#1116



**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts



Quote:



Originally Posted by **Finsia**


*This is good stuff Al. There have been threads over the years with the TMA but they drop off and die. This is simpler than most of them and you have some unique indicators combined.*

*Some people have been warning against trading against the trend on 1 hour. I would stick a 240 EMA or 200EMA (50 hours) and when the 56 LWMA ( which is the Middle TMA line) is above (Uptrend) or below (downtrend) then use that as a guide as to the daily trend direction.*

The 200 SMA is my bread and butter indicator, together with the 55 EMA Triple Exponential (Called Coral on THV4), Those two combine with each other to give me tons of information, including trend, cycles, etc.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)


 Quote

## 18. Two fantastically accurate formations.

<http://www.forexfactory.com/showthread.php?t=343533&page=84>


Feb 27, 2012 2:22am

#1255



**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts



Tip:

Let's look at two fantastically accurate formations that consistently put money in your account. On the chart attached, I have marked with A and B two setups that repeat themselves time and time again that you should be looking for and proceed to enter when you spot them. Let me describe them. In this case they are both long trades in a strong uptrend, but they apply equally for short trades in a strong downtrend as well:

Formation A: Here is one of the most reliable formations in our system.

- 1- The TMA indicator is on a strong uptrend.
- 2- Price begins the formation above the upper band, but instead of retracing as usual, it builds a horizontal base over time.
- 3- As it nears the lower band it pulls back a little to cross the lower band, to almost immediately head north to the opposite band again for a strong, profitable move. Sometimes, the small pullback at the end is missing completely and the formation is still valid as price crosses horizontally the lower band.

The psychology behind this move is simple. Traders that missed the previous move are impatiently waiting for a pullback to get in. Frustration sets in as the pullback does not take place. In the end, as soon as a small move lower happens, traders impatiently jump in, in order not to miss the train this time. In the case where there is not a pullback at all, traders who eagerly want to join the move, place buy stops just over the high of the horizontal base. As the stops are triggered a fast up move begins. This second scenario, is even more explosive than the first, often reaching the opposite band in 2 to 4 candles.

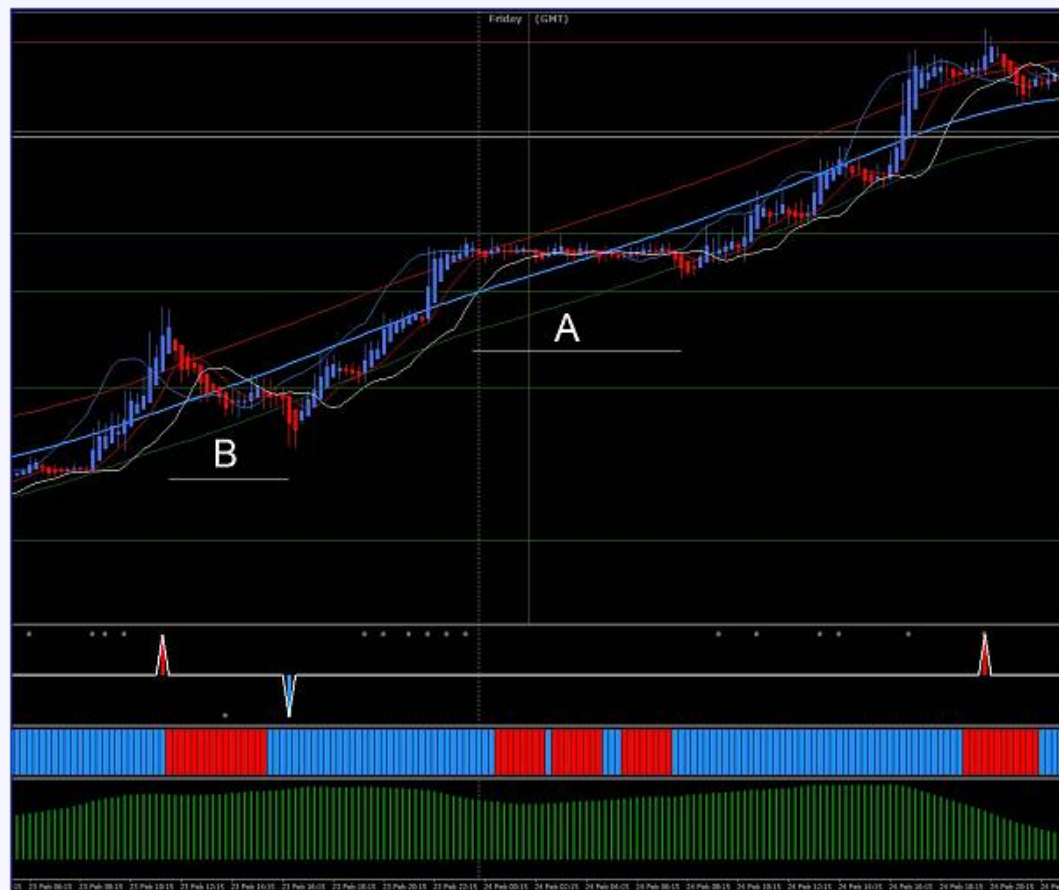
This formation, is the reason why I prefer not to use Renko or Constant Range Bars with Extreme TMA. These bars do not take into account time at all, but only consider price level changes. As you can plainly see, the time factor is extremely important in this formation, as it is time and not price change that ultimately brings PA across the lower band and sets up the trade.

## Formation B:

1- The TMA indicator is in a strong uptrend.

2- Price has been gaining nicely for an extended period when this formation begins. Traders that have accumulated nice profits on the previous rise nervously fear that they will lose them if a drop happens. As it does, generally from a level well above the upper band and many times coinciding with a resistance level, they all rush to the exits at the same time creating a countertrend move to the opposite band or beyond. This attracts the attention of traders that had missed the previous upper move and who eagerly jump on the bandwagon to begin a strong move north again to the upper band. This is the most consistently profitable formation, of all that I have studied in the Extreme TMA System.

Attached Thumbnails



**Alorente**

Member

Member Since Aug 2011

10+V 3,183 Posts



Quote:

Originally Posted by **Alorente** >*Tip:*

*Let's look at two fantastically accurate formations that consistently put money in your account. On the chart attached, I have marked with A and B two setups that repeat themselves time and time again that you should be looking for and proceed to enter when you spot them. Let me describe them. In this case they are both long trades in a strong uptrend, but they apply equally for short trades in a strong downtrend as well:*

*Formation A: Here is one of the most reliable formations in our system.*

*1- The TMA indicator is on a strong uptrend.*

*2-...*

I did not mention that in formation A, often you do not get a Bull spike at all signaling the upcoming bull run. The reason is that prices are extremely stable for a long time, which precludes the Extreme Spike indicator from acting. In this case, you should ignore the absence of a spike and enter the trade solely with the signal from the MA Crossover.

Observation is the path to discovery.

EUR/USD USD/JPY






## 19. Analyze other time frames for ease of mind.

<http://www.forexfactory.com/showthread.php?t=343533&page=84>


Feb 27, 2012 2:34am

#1257




**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts



Quote:

Originally Posted by **shahrooz67** 

Hi AL

*As a suggestion man ( I know you have lots of information about trading and I know nothing about that ) But do you use Multi Time frame analysis for your trading or not ?!*



*If so how do you use ,*


*Thanks in advance for responding*

*Regards*  
*Shahrooz*

Yes. I like to analyze other time frames for ease of mind that the trade I'm looking to place is supported by the trends shown in other TFs. I start my analysis with the weekly chart to get a sense of the full picture of the pair. The Daily chart and the H4 chart are great to give you a feel for trend, while the Hourly chart helps to reinforce timing of the trade on the M15 chart. In my experience, the best trades happen when all of these charts are pointing in the same direction. But if you waited for all of these to align, you would take very few trades, so I use them only to reinforce my decision to go in which based on the TMA Slope and the other entry rules.

Observation is the path to discovery.

 EUR/USD  USD/JPY

 Quote




20. SL - place above the previous high (Short) or below the previous low (Long), not just an arbitrary number of pips.

<http://www.forexfactory.com/showthread.php?t=343533&page=88>


Feb 27, 2012 8:44am

#1307



**Alorente**  
Member



Member Since Aug 2011  
10+Y 3,183 Posts


 **My Personal Rule**

As you know, I don't use close stops, so I will mention another personal rule I have, in case you are wondering why I exited UsdJpy so early:

**If initially a trade goes against my position over 30 pips, I will change my target price to BE on that position.**

Observation is the path to discovery.


 EUR/USD  USD/JPY

 Quote

<http://www.forexfactory.com/showthread.php?t=343533&page=90>


Feb 27, 2012 10:50am

#1335




**Alorente**  
Member

Member Since Aug 2011  
10+Y 3,183 Posts






Quote:

Originally Posted by **beto21\_cwb**   
Same for me @ 1.07678. Let's see how it goes. What's your target, Al ?

In principle, I always have the opposite band as a target, but AUD is strong right now, so I'll use my center line rule which says that if it hits center line and it doesn't break it by the third candle, I close the trade.


Observation is the path to discovery.

 EUR/USD  USD/JPY

 Quote


Feb 29, 2012 1:29am

#1686




**Alorente**  
Member

Member Since Aug 2011  
(10+) 3,183 Posts



Quote:

Originally Posted by **Jemook** 

Hi Al,



*I'm just wondering if you are still using the 5x5 ea to get in your trades? I don't think you are because you are using the recovery trade system. From what you've seen with this system what percentage of your trades would have been stopped out if you had used a stop?*


Thanks!

Jem

I don't use the EAs because, as you said, I use Recovery. I get consistently better entries on all trades than with the EA. I would have to say that a good 20% of trades may get stopped out with tight (20 pip) SL. Remember, we are looking to catch a turn for our trades. That produces a lot of retests at the top or bottom of the move, anyone of which may trigger your stop loss. If you use SL, I would place it above the previous high (Short) or below the previous low (Long), not just an arbitrary number of pips. Then you should only be stopped out about 10% of the time or less.

Observation is the path to discovery.

 EUR/USD  USD/JPY


 Quote

## 21. H1 time frame for new traders, consistent, more relaxed.

<http://www.forexfactory.com/showthread.php?t=343533&page=116>


Feb 29, 2012 3:00am

#1735



**Alorente**  
Member



Member Since Aug 2011  
10+y 3,183 Posts




A message for inexperienced traders:

I have been observing in minute detail how the Extreme TMA System works in the H1 and H4 time frames and I am very happy with the conclusions of my observations. I especially like the H1 time frame. The signals are clear and allow for much more leeway and thinking time when entering and exiting. You don't have to be as precise to be profitable as with M15. You will get less signals and your daily returns will be considerably lower than with M15, but your risk will be much lower too. For those of you inexperienced in the art of trading, I now would recommend that you start on H1 charts when you move to live money. As you gain experience, you can move up to M15. Remember, the key to trading successfully is to, above all: Not to Lose Money.


Observation is the path to discovery.

 EUR/USD  USD/JPY

 Quote


Feb 29, 2012 3:10am

#1736



**Alorente**  
Member


Member Since Aug 2011  
10+y 3,183 Posts



Here is a comparison of what I was just saying in my previous post:

The M15 chart below, paints the last 3 candles in a pretty hectic fashion. An extreme move to much below the opposite bar that scares all but the most experienced traders.

The H1 below it, on the other hand puts those last bars in a larger context of a normal and gradual move down to the opposite band. It filters out all that noise very well. It is a much more relaxed and in control form of trading for inexperienced traders.

 Attached Thumbnails




## 22. 1 minute time frame (1M) trading techniques using 4 rules TMA.

<http://www.forexfactory.com/showthread.php?t=343533&page=126>


Feb 29, 2012 8:39am

#1879



**Alorente**  
Member

Member Since Aug 2011  
(10+y) 3,183 Posts



Quote:



Originally Posted by **Surfnomad**


*Yes I have been using the the 4 rules from post 1 for the entry on the 1 minute chart but use the 5M 15M and 1H TFs with the same chart set up to determine the trend. So for example when PA is above the upper band of the 1H, 15M and 5M I wait for the 4 rules to be met on the 1M and enter the trade with virtually no draw down. As the trade develops I either use the 1M opposite band for an exit or if it blows thru that I will then graduate to the 5M or 15M TF to manage the trade and exit at either of those opposite bands depending on PA. I hope...*

Very good method. I can tell you have years of experience. Now with the Slope indicator, you will be able to determine trend within the same M1 chart. It is still a good habit to get into to check other time frames for trend though.

Keep up the good work.

Observation is the path to discovery.

 EUR/USD  USD/JPY


 Quote

## 23. Trigger is when you touch the resistance or the support line

<http://www.forexfactory.com/showthread.php?t=343533&page=137>

Feb 29, 2012 1:36pm


#2051



**Alorente**  
Member

Member Since Aug 2011  
10+V 3,183 Posts

Quote:

Originally Posted by **Favorite** 

*Al, any system is supposed to have some conditions (under which we are preparing to enter the trade) and **the trigger** (something that tells us: enter right now!).*



*I understand that you described all the conditions in the rules 1, 2, 3, 4, but what is the trigger? Is it when we see that the current TMA Slope bar is smaller than the previous bar - and then we go short? Do we have to wait until the bar is closed?*


*You say: enter when all the conditions are met. I'm sorry, but it is too vague for me...*

*Al, I'm sorry for wasting your time,...*

The trigger is when you touch the resistance or the support line. If you want I can add a trigger in the opposite direction like the bottom of previous bar for a short, etc. but it will reduce your profit by a few pips. I enter the order as soon as price touches the S/R line. That way I maximize the profit of the trade. I was doing that all day today and had a very good day.


Observation is the path to discovery.

 EUR/USD  USD/JPY

 Quote


Mar 1, 2012 12:04am

#2113




**Alorente**  
Member

Member Since Aug 2011  
10+V [3,183 Posts](#)



Quote:



Originally Posted by **SnailRoll** 


*I see, that is something I need to work on, instead of jumping in as soon as the I see the first sign of a signal, or anticipate it so much that I see what I wanted to see.*

*And itsallover thats USDCHF.*

An easy system to know how much to wait, is until you begin to see the Heiken Ashi candle turn red, in this case. For a long, wait for the Heiken Ashi candle to begin turning Blue. Then you jump in. It is also important that price is outside of the band.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)


 **Quote**


24. Always keep an eye on what other similar pairs are doing before entering a trade. Common pairs are joined at the hip. They are wagons of the same train.


<http://www.forexfactory.com/showthread.php?t=343533&page=142>


Mar 1, 2012 3:17am

#2121




**Alorente**   
Member

Member Since Aug 2011  
 3,198 Posts






Quote:

Originally Posted by **Alorente**   
*In Short UsdChf at resistance.*

The reason I took this trade is because it was at R1 but most important, because I saw Usd weakening against the Jpy, so even though I didn't have a red candle, I did have one in UsdJpy. Always keep an eye on what other similar pairs are doing before entering a trade. Sometimes you get a head start of a minute or two by doing that. Always do it with Usd pairs and Eur pairs. It works beautifully.


Observation is the path to discovery.


 EUR/USD  USD/JPY


 Quote


Mar 1, 2012 3:27am

#2125




**Alorente**   
Member

Member Since Aug 2011  
 3,198 Posts





Quote:


Originally Posted by **Alorente**   
*The reason I took this trade is because it was at R1 but most important, because I saw Usd weakening against the Jpy, so even though I didn't have a red candle, I did have one in UsdJpy. Always keep an eye on what other similar pairs are doing before entering a trade. Sometimes you get a head start of a minute or two by doing that. Always do it with Usd pairs and Eur pairs. It works beautifully.*

The tip I just gave you applies to exiting also. If you are in a Usd or Eur position and you see the other freternal pairs starting to turn, you should consider exit even if your pair is still going.

This is one of the reasons why it is very important to have 18 charts on two screens. To get an overall picture of what is happening. This applies to Gbp pairs and Aud pairs also.

Observation is the path to discovery.

 EUR/USD  USD/JPY

 Quote



Mar 1, 2012 3:52am

#2141



**Alorente**   
Member

Member Since Aug 2011  
 [3,198 Posts](#)



Quote:

Originally Posted by **amiralifx** 

*hi al*

*in this picture in eurUSD i should wait that tma slope histogram bar be green for buy entry? when i see that green i long or wait candle closed?*

*thanks.*

[Attachment 909605](#)

OK. If you look at EurUsd now, it quickly went to senter line in two candel, but look at GbpUsd. It gave you a 3 candle preview of what would happen with EurUsd. Usd Jpy gave you a 2 candle jump on the future. Common pairs are joined at the hip. They are wagons of the same train. One can start moving before the others, but in the end all move. It just so happens that Eur Usd was the last wagon in this train.


Observation is the path to discovery.


 [EUR/USD](#)  [USD/JPY](#)


 Quote


Mar 1, 2012 3:55am

#2143





**Alorente**   
Member


Member Since Aug 2011  
 [3,198 Posts](#)



What I just told you in the past 30 minutes will make you a lot of money in your Forex trading life if you make it a habit to scan all the pairs until it becomes second nature. **Never allow yourself to become fixated on one pair.** Like a pilot in the clouds, you have to constantly scan all the instruments. Getting fixated on only one can spell death.


Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)

 Quote


Mar 1, 2012 5:22am

#2211




**Alorente**  
Member

Member Since Aug 2011  
10+V 3,198 Posts



Quote:


Originally Posted by **Olarion1975**   
*Hi Al,*  
  
*could you name the 7 pairs that you normally trade?*  
  
*Thank you.*  
  
*Greetings from Germany,*  
*Olarion*

EurUsd, GbpUsd, UsdJpy, UsdCad, AudUsd, EurAud, EurGbp.

I also trade EurJpy often and all the other majors occasionally. No minor pairs. Not needed.


Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)




Mar 1, 2012 5:29am

#2214




**Alorente**  
Member

Member Since Aug 2011  
10+V 3,198 Posts






Quote:

Originally Posted by **fire580**   
*Alorente - same question as Pixelboy What method do you employ to gauge Dollar strength or weakness - and this is something that can change many times a day?*

Scan all the Usd pairs. Normally ou will spot it first on UsdJpy and EurUsd but it's never in the same order. The others will follow. Also, study the USIndex chart. It will tell you what to expect for the trading day.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)





25. Always have a plan B, C, etc. That eliminates stress. "When in doubt, get out".


<http://www.forexfactory.com/showthread.php?t=343533&page=148>


Mar 1, 2012 5:37am

#2219




**Alorente**   
Member

Member Since Aug 2011  
 [3,198 Posts](#)





Quote:


Originally Posted by **fire580**   
*AUD/USD 15M slope is now increasing .... is that reason for you to get out of a short or not yet?*

Nope. We are at FPV and at top band. No reason to get out. It will come down. Give it time. If it doesn't and for some unearthly reason it takes off higher. I have recovery as plan B. Always have a plan B, C, etc. That eliminates stress. You make your decisions **BEFORE** entering the trade, not during the trade. Once in, you limit yourself to managing it. If things stall or look differently than the plan you had, you simply exit and ask questions later. **When in doubt, get out.**

---

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)


 Quote


## 26. Trade demo until you know for a fact that you can average 20%/month.


<http://www.forexfactory.com/showthread.php?t=343533&page=149>


Mar 1, 2012 5:46am

#2230




**Alorente**   
Member

Member Since Aug 2011  
 3,198 Posts



Quote:



Originally Posted by **pixelboy** 


*Well, my long term trading plan is to shoot for 15-20% per month. I usually hit my targets for a couple of months, then have a bad one. Slowly improving though, and I'm sure this thread has had a very positive impact.*

PB

You should demo trade or trade micro lots, until you know for a fact that you can average a minimum of 20% per month. Under that, you have no business trading real money. Word of advice... From someone that lost over a million dollars during his first 8 years of trading.

Observation is the path to discovery.

 EUR/USD  USD/JPY




27. [S/R levels far apart, "I sometimes trade without rule 4".](#)

<http://www.forexfactory.com/showthread.php?t=343533&page=152>

Mar 1, 2012 6:40am


#2268



Alorente

Member

Member Since Aug 2011  
10+V 3,198 Posts






Quote:

Originally Posted by [\*\*itsallover\*\*](#)  
*Are the rules the same trading 1Min charts?*

Yes, but since the S/R levels are very far apart, I sometimes trade without rule 4.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)





28. Lower volatility pairs you can settle for bands being less than 30 pips apart.


<http://www.forexfactory.com/showthread.php?t=343533&page=198>


Mar 2, 2012 6:17pm

#2962




**Alorente**   
Member

Member Since Aug 2011  
 [3,198 Posts](#)



Quote:

Originally Posted by **Favorite** 



*He also said "The bands were about 27 Pips apart"*


*Al said several times that we shouldn't enter if the distance between the price and the lower/upper band is less than 30 pips.*

Good memory, Mike. I was talking of the major pairs like EurUsd because they entail more risk, so a larger reward is in order. On some of the slower, less volatile pairs, you can settle for 20 or 25 pips. Thanks for bringing it up.

Good night.

Observation is the path to discovery.

 [EUR/USD](#)  [USD/JPY](#)

 **Quote**