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Advanced Trading Philosophy

Positioning For Success

By **Damonl**

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Prelude to a Pip

I would like to take this opportunity to reveal to you my trading philosophy. I have posted one or two methods around the forum, but thought I would put everything together on one thread. This is no over night task, and I will add more when I get a chance.

My guess is that 99% of you will not even give this method a try. Why?...because it takes time everyday to place your trades and to manage open positions. In fact if you traded all pairs (listed below) you could spend at least 2 hours per night once you've learned what to look for. And guess what.....this has got to be one of the most boring things to do in your life. Night after night spending 2-3 hours preparing for tomorrows trades, but....when I am done, the rest of the time is all for me because there is no in-between monitoring needed. In fact, my nightly encounters with my trades have become in ways therapeutics and indeed have changed my life for the better. Trading? Therapeutic? This guy has got to be nuts.......

What I have done I have mostly taken from others and then modified it (for better or worse) into something that works for me. My biggest thanks go to the books I have read by Bill Williams. His philosophy struck the right chords with me and although I also use his indicators, I use them (for the most part) in an entirely different manner then he did. Other things I have gathered along the way, some from people on this forum and I am eternally grateful for all that they showed me.

For the longest time I bought everything I could get my hands on. Learned everything I could. Read everything that had to do with trading. Last week my best friend called me and showed me an e-mail he had gotten regarding Forex from a company offering good returns and blah, blah, blah. He encouraged me to check them out. After doing some research and talking with this company, I told my friend that I didn't think I needed to do any more purchasing of anything. This was a milestone for me and one of the reasons I decided I was ready to put this all down on paper and share it with all of you.

Trading is a very fluid thing and you should always inject your own personal beliefs, but most importantly remain ready for anything. I as well am looking for ways to make this better, and so you may find that some things may change from time to time as I come to other conclusions. I will of course notify you when anything changes.

With that said, I hope that you enjoy this thread. I am doing this as much for you as I am for me, basically on the premise of what one man said...." when I share knowledge with others I learn it twice".

If you are wondering what my main philosophy is, well here it is: to not lose all my money when the market is ranging and to make a killing when the market is trending.

This system utilizes right now at least 10 different entry points, multiple entry points into the market which can mean thousands to tens of thousands of dollars in profit in a trending market.

So enjoy my thread and I look forward to any comments that you would like to make as we go along. Also, I will eventually hopefully get to the point where I will upload nightly charts and will of course be around to answer any questions that you may have.

Let's have some fun together and make some money.

A Common Sense Approach to Money Management

Money management is a very personal thing and in most cases is driven by fear more than it is driven by common sense. My goal here is to take away your fear to trade and by doing so; you will be able to trade 100% objectively. In a sense, entering and exiting the market without thinking.

I see that there are two basic MM philosophies. I will introduce you as well to a third.

1. Using standard lot sizes and then increasing those lot sizes as your equity increases in value.
2. Using a percentage of your account every trade like 2%.
3. Using standard lot sizes, but choosing 1 or 2 trading strategies where you would double your normal lot amount.

Which MM strategy works best with ATP?

IMHO.....I feel that 1 & 3 above will work the best and they will also be the easiest to implement. #2 is very unrealistic for ATP because of the mass amounts of trades that you will be entering. There really is no need for it and also using this method makes it harder to re-coup your loses.

So, here is my take on MM especially in regards to ATP.

I recommend that you start with .25 lots for every $10,000 in equity (Some pairs based on daily movement will be less). Notice that I use Equity and not Account Balance for figuring the lot size. Roughly this equates to .01 lots for every $400 in equity. It also means that you can start trading all the currency pairs listed below (at the same time) using the ATP method with only $400 on a mini account.

This means that when you have been on a hot streak and your Account's Equity increases to $10,500 or more you would then raise all new orders by .01 pips, and so on and so forth. Like wise you would decrease by .01 pips if your Equity fell back to say $10,300.

Notice I said "all new orders". I say "all new orders", because as you will see it will be a nearly an impossible task to change pending orders that were placed before the new lot size took affect. Although you are welcome to change these as well, I prefer to leave my "already pending orders" the lot size that they were when I placed them even if my next batch of orders went down .01 lots.

Then comes into play the 3rd MM strategy above. I will take 2 orders and two orders only and double the amount of pips for these 2 orders only. These will be continuation orders once our trade direction has been established. You may choose to use different orders than I do, but I will reveal which orders I double down on when I introduce you to that particular entrance strategy.

Some people reading this might think they will not make any money trading such small lot sizes and all I can tell you is that you have not put ATP to the test or anything else like it to the test. In fact, many weeks I have increased my Equity by 15% or more in one week by utilizing these small lot size factors.

The best part is that when the market is ranging and you are more apt to losses, your losses will be very small, but when the market is trending and you are adding entry after entry, your profits can sky-rocket

It is indeed a win-win situation when "Riding the Trend" while protecting your assets when the market is ranging.

With that said, the first thing that any trader needs is to find a trading style they are comfortable with. Once you find your comfort zone, you will find a MM strategy that works the best for you. This is just how I prefer to "Manage My Equity".

Here is a list of lot sizes per pair starting with $10,000 in equity on a mini account. You can of course do the math if your Account's Equity is currently above or below 10K:

Aud**U**sd - 0.25	**G**bp**C**hf - 0.10
Eur**U**sd - 0.25	**E**ur**G**bp - 0.15
Gbp**U**sd - 0.25	**N**zd**U**sd - 0.25
Usd**C**ad - 0.25	**E**ur**J**py - 0.15
Usd**C**hf - 0.25	**E**ur**C**hf - 0.25
Usd**J**py - 0.25	**E**ur**A**ud - 0.25
Gbp**J**py - 0.10	**E**ur**C**ad - 0.25

Preparing Your Charts for Financial Success

You will need to prepare your charts before any trades can be taken. I like to keep things as simple as possible, so you will find that my charts are not overly cluttered and that I only use a few indicators which I have grown to rely upon.

I trust my indicators the way that I have them set-up and use them. For this reason I am able to enter the market on que without a second guessing myself. Completely objectional trading without emotional connection....a winning combination

Oh...and did I mention that it will only take you a few hours each evening to get ready for the next days session? ATP will allow you to truly take advantage of the free time that full time trading offers you. So enjoy.....

Charts: Daily

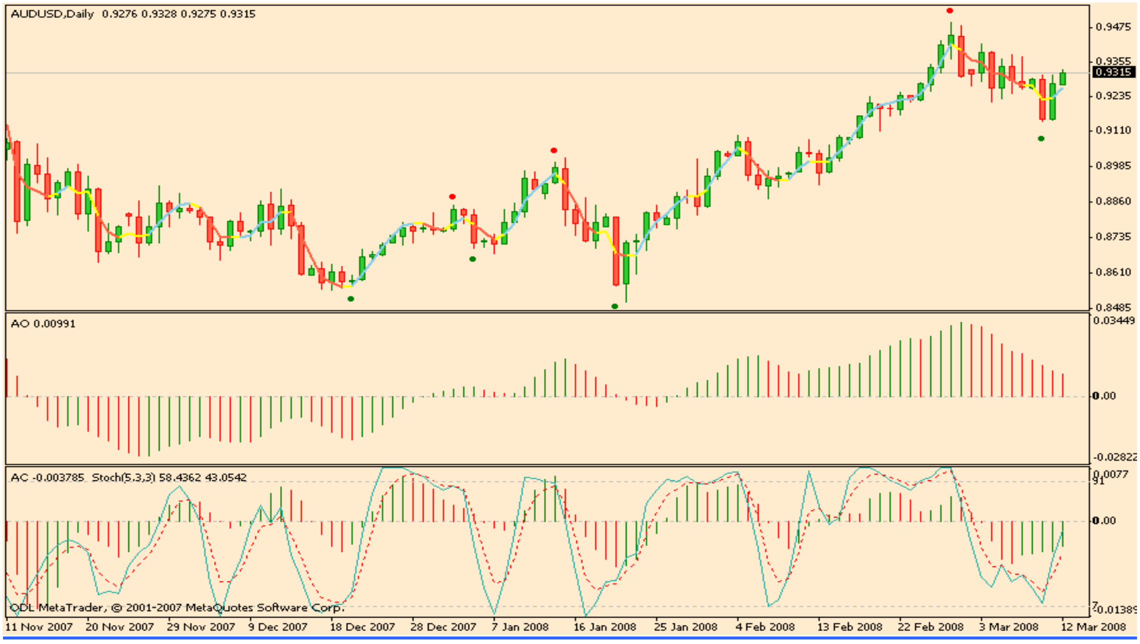
Pairs: Any ones that you want to trade. See previous page for a list of the pairs that I trade.

Platform: All my trades are based on the MQ4 platform with a Sunday bar.

Indicators:

- ***Awesome Oscillator (AO)*** with default settings. This indicator can be found by clicking Indicators-Bill Williams of your MQ4 platform.
- ***Accelerator Oscillator (AC)*** with default settings. This indicator can be found by clicking Indicators-Bill Williams of your MQ4 platform.
- ***Silver Trend Indicator (ST)*** with settings listed below. You may however want to change the colors of the dots. To me they were backwards. Please note that this indicator does repaint itself, and so it can be at times hard to pinpoint the exact use of this indicator. After I am done going over my strategies with you, you will better understand how to effectively use this indicator.
- ***Non Lag indicator (NL)*** under settings change "color=1" and "colorbackbar=0". Leave everything else as it is. NonLagMA_v4.mq4
- ***Stochastic Oscillator (SO)*** with settings at 5, 3, 3. You will also need to identify levels at 91 and 7. Use the Simple Moving Average setting based on the Close/Close. You will want to drag this so it overlays your Accelerator Oscillator. You can do this by going to the "Navigator" section of your platform; find Indicators-Bill Williams-Accelerator Oscillator and "click, hold, drag and release over the Accelerator Oscillator on your chart. A very easy task.

Here is a screen shot example of what a chart should look like:



Silver Trend Settings Update

I wanted to give you the settings for the Silver Trend that I am using. When I first started I was using the default settings, but upon further review, I have changed the following settings for the following pairs as they made it a bit easier to enter and exit the market.

The setting that I have changed is only one: **Otstup**. This can be found in the inputs tab of the Indicator properties. If you would like to follow along and see what I see, please change this setting to below value for each pair listed.

Aud**U**sd - 15

Eur**U**sd - 15

Gbp**U**sd - 20

Usd**C**ad - 10

Usd**C**hf - 15

Usd**J**py - 15

Gbp**J**py - 15

Gbp**C**hf - 20

Eur**G**bp - 15

Nzd**U**sd - 10

Eur**J**py - 15

Eur**C**hf - 20

Eur**A**ud - 30

Eur**C**ad - 20

Determining Trade Direction - Locating the Trend

This section is very important. Why?????? Because over 90% (rough estimate...it may be higher or lower) of our trades will be made in the direction of the trend. IMHO the trend is where the big money is made. That is why we will do everything humanly possible to locate it as early as possible.

The best part....it isn't as hard as it sounds. In fact, following these instructions will make it very easy for you to find and profit from the trend. So let's get started.......

There are 3 different techniques that we will use to determine the trend and thus trade direction. It is pivotal that you understand these intimately. The trend is your big-time ticket to success, so why not give it a big hug everyday. It is also safe to say that on a few occasions the trend will define itself in a different order then what is listed below. This does not matter in the least when it comes to placing our trades.

1. Trend Reversal Indication:

This will most likely be your first indication that the trend may be about to reverse and change directions. **3 of 3** things need to happen before we can consider that the trend is about to either change directions or retrace.

Please remember that some times this will give us a false signal and so we need to be very careful here. This is only what we are using to let us know that the trend may be changing directions.

The **1st** and **2nd** things that need to happen is that the **ST** will give you a dot of a different color at that close of a bar and the **NL** will have closed yellow. These do not need to happen at the same time (in fact many times they won't) nor do they need to happen in any particular order. Either could happen first, but both will need to be present (even if a few bars apart) before we verify trend reversal with part #3. Either one on there own really means nothing. Here is a chart that describes this:

You will see that the **ST** has closed in red and on the next day, the NL has closed in yellow. We now will wait for the 3rd trigger to become true before this Early Reversal is confirmed.

The **3rd** indication that the Trend Reversal Indicator is possibly going to give us an early detection of a trend reversal is that any day after both the 1st and 2nd triggers have become true, the price pierces the high/low (in direction) of the set-up day bar. Here is a chart that describes this. In this case it is the next day that the price pierces....:

As you can see, the **1st** and **2nd** triggers were fulfilled on the same bar in this example. Then on the next day, the price pieced the low (indicated by the blue solid line) which would indicate to us that the trend direction is possibly about to change.

2. Trend Reversal Confirmation:

This is how you will confirm that the trend is indeed about to reverse. It is important to say that just because we get this signal does not mean that we know how far it will go before it reverses again. **3 of 3** things need to happen before we can consider that the trend has indeed reversed.

The **1st** and **2nd** things that need to happen is that the **ST** will give you a reversal color dot and the **AO** has confirmed the direction of that **S**T dot at the close of the bar. These do not have to happen on the same bar or in any order. Here is a chart that describes this:

As you can see on this chart, the **ST** has given us a red dot and the **AO** has recently closed red.

The **3rd** thing that needs to happen in order for us to consider that the trend has reversed is that the price of any bar has to pierce the high/low (in direction) of the set-up day bar. Here is a chart that describes this:

As you can see with this chart, both the Trend Reversal Indicator and the Trend Reversal Confirmation gave us the first two triggers on the same bar. The next day you will see that the price pierced the high of the set-up day bar (the solid blue horizontal line) thus indicating that the trend was indeed identified and in this case it is long.

3. Trend Continuation:

This is how you will determine if you had gotten a false reading from either the Trend Reversal Indication or the Trend Reversal Confirmation. **3 of 3** things need to happen for you to consider that the trend is actually going to continue and not reverse as indicated. This will more than likely reveal itself after the Trend Reversal Indication as opposed to the Trend Reversal Confirmation.

The **1st** thing that needs to happen is that you need to have a qualified Trend Reversal Indication, Trend Reversal Confirmation or both. Meaning the **3 of 3** items need to be true for one or both. If **3 of 3** items are not true for one or both, then of course we never had a true Trend Reversal Indication in the first place. I will not post a chart on this as they are both described in this same post above.

The **2nd** thing that needs to happen is that the **AO** has to have gone from agreeing with the **ST** to disagreeing with the **ST** and a new **ST** dot has not formed.

The **3rd** thing that needs to happen is that the close of any bar after the **AO** disagrees with the **ST** closes above/below (based on direction) the **ST** dot. We will consider that the trend is going to continue in its previous direction. Here is a chart that describes this:

Right now I do not have a very good example of this, but it indeed does happen. I will try to explain it using this chart, and you may have to use your imaginary friend to understand it.

As you can see on this chart, we have a Trend Reversal Indication signal. Let's pretend for a minute that from here the market goes into consolidation mode, the **AO** turns green indicating a Trend Reversal Confirmation, and still the market does not move. Then the **AO** turns back to red, but the **ST** does not give us a red dot. If at that time, any bar after the **AO** has turned red with no reversal dot from the **ST**, we would consider the market to continue (in this case its downtrend) if any bar were to close below the green **ST** dot. In this case, when this happens we will consider that the trend is short and all are new trades would be short and we would cancel any trades that are pending long.

This is the best I can do at the moment, and as soon as this situation presents itself I will make an edit on the first post and give you a chart that will show this set-up condition.

4. One very important thing to remember:

As the **ST** indicator will repaint itself, you will always use the newest information available at the close of any bar. Old news is just that and should not be relied upon.

So now you have it. Now you know how I determine the trend. At a first glance this may seem difficult to comprehend, but I assure you that determining trend direction using this method takes nothing more than a quick glance each evening for each pair. It really doesn't get any easier than this.

Setting Your Stop/Loss

Stop Losses and exit points are a very important part of trading. If you set them to close you can get stopped out too early and if you set them too far away you either lose too many pips in one trade or else give too many back as the market retraces. Personally I would rather give some pips back then lose too many before the trend actually develops.

Managing your initial S/L is a relatively simple task. I can't think of one single trade where you should not put in an S/L at the same moment that you decide to make a trade. Because of the needed time to manage your trades, I prefer to make this a very simple process. My S/L settings are as follows:

1. If you are pending a short order, your S/L would be set at the high of the set-up bar + 1 pip +spread
2. If you are pending a long order, your S/L would be set at the low of the set-up bar - 1 pip.

I stick by this rule no matter if the S/L 100 or 350. Because we are going for the trend, you need to give each of your trade's room to develop. The only time I will modify this is if the S/L would be too low...like say 50 or something. In a case like this I will most likely default to 100 or use the high or low of the bar that is previous to the set-up bar.

Managing your positions and exiting your trades is probably the most important aspect to this whole strategy. Later I will dedicate a whole post to this philosophy and offer you a spreadsheet for making your job as easy as possible. For now we are going to look at the triggers that would get you to change your S/L settings based on trend reversal criteria.

My basic philosophy for exiting the market is this: I want to give the market every chance to continue in the direction of the trend because that is where the big money is made and I will not fret any small losses I take along the way because they will pale in comparison to what the trend will give me in profits.

I have identified three different strategies that you can use to exit the market. Once again, exiting the market is a very personal thing. You should choose the option that you are most comfortable with.

General Exit Rules: Here are a few general rules to follow with your S/L and Exit Points.

1. Once you set your S/L or exit points don't change it. Get comfortable with feeling confident about the decision you made even if it results in a loss

2. When I say don't change it, I mean don't change it until you get a new signal. Then modify your Exit position to that new signal.

3. Always leave that new signal unchanged until you get a new valid signal.

4. Always use the most recent signal when modifying your Exit points.

As for my personal opinion. I will use the Early Exit Strategy on very few occasions which I will get into when I introduce you to that particular trading strategy. I will always exit using the Timely Exit and if that doesn't trigger I will always exit of course then with the Trend Reversal Exit. If I end up using the Trend Reversal Exit and am up a substantial amount of pips I will set orders to exit just to give my trade yet another chance to continue. If my pips in profit are low I will simply exit at the open of the next trading day.

Once again, you should use a strategy that works for you in a method that works for you. These ideas can either be guidelines to producing your own strategy or to use as you see fit.

Early Entry Rules - General Rules

To get ready for Sunday nights open, I thought I would start by giving you some of the entry rules.

There are **2 Early Entry Strategies** that I would like to go over with you right now. I should have a few hours to give these to you as Garrison Keeler is on NPR and I love to study my charts and listen to his program.

There are a few general rules that I want to put down first regarding the Early Entry Strategy and they are these:

1. There is never a set order as to which these trades will appear. We will place an order with whichever one happens first.
2. If one order is placed with one of our Early Entry Strategies, we will not place any other orders until that order has been triggered or a reversal signal has presented itself. The reason being is that these are the trades, because they are so early that we are actually in a good position to lose.
3. After that original order has been filled we will proceed to placing the rest of our orders as they present themselves.
4. Once the 1st EES pending order triggers and we get a valid signal to place a second order, we may want to double the lot sizes for this second order because the majority of the time when the 2nd pending EES order is triggered, the trade will continue for a few more days at the very least. This is of course discretionary and I would not recommend this if you are not familiar or comfortable with the system.

Early Entrance Strategy (1 of 3)

Here I will introduce you to one of our **Early Entrance Strategies** (EES).

Basically, this strategy for entering is the same strategy that we use for exiting positions if we are using the Early Exit Strategy. The signals are the same and at the same time you would be closing any open positions you would be opening new ones in the other direction.

Here are the rules:

1. We need to see a **ST** dot signaling a reversal of direction at the close of any bar and a **NL** that has closed in yellow. These do not have to happen in any particular order or on the same bar, but both need to happen to give us a valid entry point.
2. Once we get both signals, we would place a long or short pending order at the high +1 pip + spread above the high of the set-up bar or a low pending order 1 pip below the low of the set-up bar depending on the direction of the trade.
3. If this is the first **EES** to signal, we will not place any additional orders until this order has triggered or we get one of our reversal signals.

Take a look at the chart below for an explanation.

As you can see in the AU chart above, on 2/28/08 we had a res **ST** dot and on 2/29/08 we saw the **NL** close in yellow. Then we had an interesting occurrence. Sundays bar opened outside of Friday's low.

In this case we would wait until a bar closed back within the realm of Friday's close and then place the orders for this trade. This happened at the close of 3/3/08. At this time we would place our short order at 1 pip below the low of the bar that closed on 2/29/08. As you can see, this trade would still be opened.

Sorry to pick a pair that needed so much explanation.

Another thing that happened in this area is that Sunday's bar closed with the **AO** in red. This trade would have been ignored because by rule even if Sunday's bar closes with a signal we would use the high or low of Friday's bar as out entrance points.

Here is another chart that ended in a loss:

Although the **ST** dot is not there anymore (it was) we would have had a valid short signal on 3/02/08 when the **NL** closed in yellow. Because this occurred at the close of Sunday's bar we would have place our short order 1 pip below the low of Friday's bar.

As you can see, on 3/04/08 we would have gotten a signal to enter short based on the **AO** changing to red based upon where the **ST** dot was. But....because our first order did not trigger, we would not have placed an order here. However, based on our exit strategies, we would have placed our new S/L orders at this same point.

Then on 3/05/08, a lot of things would have happened.

1. Our current long positions would have stopped out because we moved our orders yesterday
2. Our short order that we previously placed would have triggered
3. That short order then later would have hit its S/L as the trade would have then continued up.

What you don't see is that based on the rules all pending long orders would have still been in place until our Exit Strategy was triggered. Since our Exit Strategy triggered intraday and we do not monitor trades intraday and then continued back up we are now in a couple of very promising long trades.

You will then place these orders as specified and put them on the spreadsheet so that you will know what trades are for which position and you will know by referring back to your spreadsheet the next day how or what you need to do to manage them.

You will learn more about these other trades as we continue on our journey.

Hope this all makes sense to everyone.

Early Entrance Strategy (2 of 3)

Just because this is the second one introduced does not mean that it won't end up being the 1st or even the 3rd one to trigger on the chart.

In the event that it is the 2nd one to signal, I usually do not place any orders for it unless the 1st signaled EES has triggered.

Likewise....once the 2nd EES trade triggers we are then free to place trades at will based upon all the rest of our rules.

Here are the rules:

1. We need to see an **ST** dot that has changed color indicating a reversal may be on the horizon
2. We need to see the **AO** close in the reversal color as well. If you have your charts set-up like mine then both the **ST** dot and the **AO** will be the same color.
3. These two signals will very rarely happen on the same bar and they don't have to in order to be considered valid signals. Nor do they need to happen in any particular order.
4. Once a signal is generated you would place either a long or short pending order 1 pip + spread above the high of the set-up bar or 1 pip below the low of the set-up bar depending on trend direction.

Take a look at the chart below for a visual description:

As you can see in the above GCHF chart. On 3/5/08 we would have gotten our first EES signal (the ST dot has since repositioned itself). Then on 3/6/08 this trade triggered and then went lower. On 3/7/08 this trade hit our S/L, and we are now left with our 2nd EES signal as described above. The ST dot is green and the AO closed in green.

By rule, because our first EES trade triggered we would then place an order 1 pip + spread above the set-up bar on 3/7/08.

The only way we would not place this trade is if Sunday opens already higher than the high of the bar on 3/7/08. If this happens, we will wait to place our order until a bar other than Sunday's closes back within the realm of Friday's bar and our signals are still telling us to go long.

Daily Pips Trend Trade

I would now like to introduce you to my Daily Pips Trend Trade.

Here are the basic rules:

1. This trade is usually a 1 to 3 day trade.
2. We will exit our position the first day that this trade closes in profit.
3. This trade is placed daily and only in the direction of the trend.
4. If the trade does not trigger on the day it was set, then the trade is cancelled.
5. Before we can consider that this strategy has given us a valid signal, first one of our three EES trades must have signaled and triggered.
6. I open up one of these trades everyday in the direction of the trend even if yesterdays triggered, but did not end in profit.
7. Please use the Trade Management Spreadsheet to locate your T/S for each pair. Very rarely is the T/S hit, but it is important in case of a major support/resistance level being hit. Please remember to place this T/S on every Daily Pips Trend Trade you place.

Here is how you place this trade:

1. Placing a Long Daily Pips Trade
    - ◊ After you have had a valid EES signal and trigger you would then place a long pending order 1 pip + spread above the high of the bar that just closed on the following day.
    - ◊ Our standard S/L setting is used
    - ◊ Once the trade closes in profit, we will liquidate the position.
    - ◊ You would continue to place these trades daily until the trend changes
2. Placing a Short Daily Pips Trade
    - ◊ After you have had a valid EES signal and trigger you would then place a short pending order 1 pip below the low of the bar that just closed on the following day.
    - ◊ Our standard S/L setting is used
    - ◊ Once the trade closes in profit, we will liquidate the position.

◊ You would continue to place these trades daily until the trend changes.

Please see the chart below for a visual description:

As you can see from the chart above. The Yellow arrow gave us our 1st EES signal. The green arrow was the bar that triggered our first signal. We are now ready to start our Daily Pips Trend Trades.

As you can see by the Thumbs-Up arrows, so far we would have had 18 daily pips trades to date for this EU pair since the trend began. I will go through them with you one at a time. For each Thumbs-Up arrow, our orders would have been placed 1 pip + spread above the high of the previous bar. If these would have been short trades the order would have been 1 pip below the low of the previous day.

#1 - this order did not trigger so at the close of the day we set the order we would have cancelled it.

#2 - this order would have triggered and gave us about 40 pips.

#3 - this order would have triggered and gave us about 30 pips.

#4 - this order did not trigger so at the close of the day we set the order we would have cancelled it.

#5 - this order triggered and gave us about 40 pips.

#6 - this order would not have triggered and so that order would have been cancelled.

#7 - this trade would have given us about 80 pips.

#8 - this trade closed with -pips so we would have let it ride.

#9 - this trade would not have triggered. Trade #8 is still open.

#10 - I don't remember, this trade may have hit our S/L. If it didn't we would have made some nice pips, but we would have made a profit of about 150 pips from trade #8.

#11 - we would have made over 50 pips.

#12 - profit of about 45 pips.

#13 - closed -pips so we would let it ride.

#14 - closed -pips so we would let this one ride as well...we know have 2 open trades.

#15 - this trade did not trigger.

#16 - this trade stopped out trade #14, but gave us about 45 pips from trade # 13 and about 25 pips from this trade.

#17 - earned us about 75 pips.

#18 - this is the trade that I just opened for today.

AC Continuation Trade Strategy

Today I would like to introduce you to the AC Continuation Trade Strategy (ACCT).

This is a very simple technique that for the most part will only happen during a trending market which will allow you add on additional positions as the trend continues. If you look, you will see that this rarely happens in a ranging market and for the most part will occur when there is not a lot of volatility to the market.

Here are the General Rules:

1. AC must not cross below level 0 to consider a long ACCT
2. AC must not cross above level 0 to consider a short ACCT
3. Standard S/L and Exit rules apply.
4. For it to be a valid entry, AC must be the same color as AO which indicates we are entering this trade in the direction of the perceived trend
5. By discretion...if the AC has been hanging very close to 0 level for too long, possibly not best to take a trade.

Here are the specific Rules for a Long ACCT:

1. AC must be green and above 0 level
2. AC must have changed to red and then back to green again all while staying above the 0 level.
3. AO must also be green at the time the trade is taken
4. You would place your order standard as to our rules above the bar that closed with the AC in green

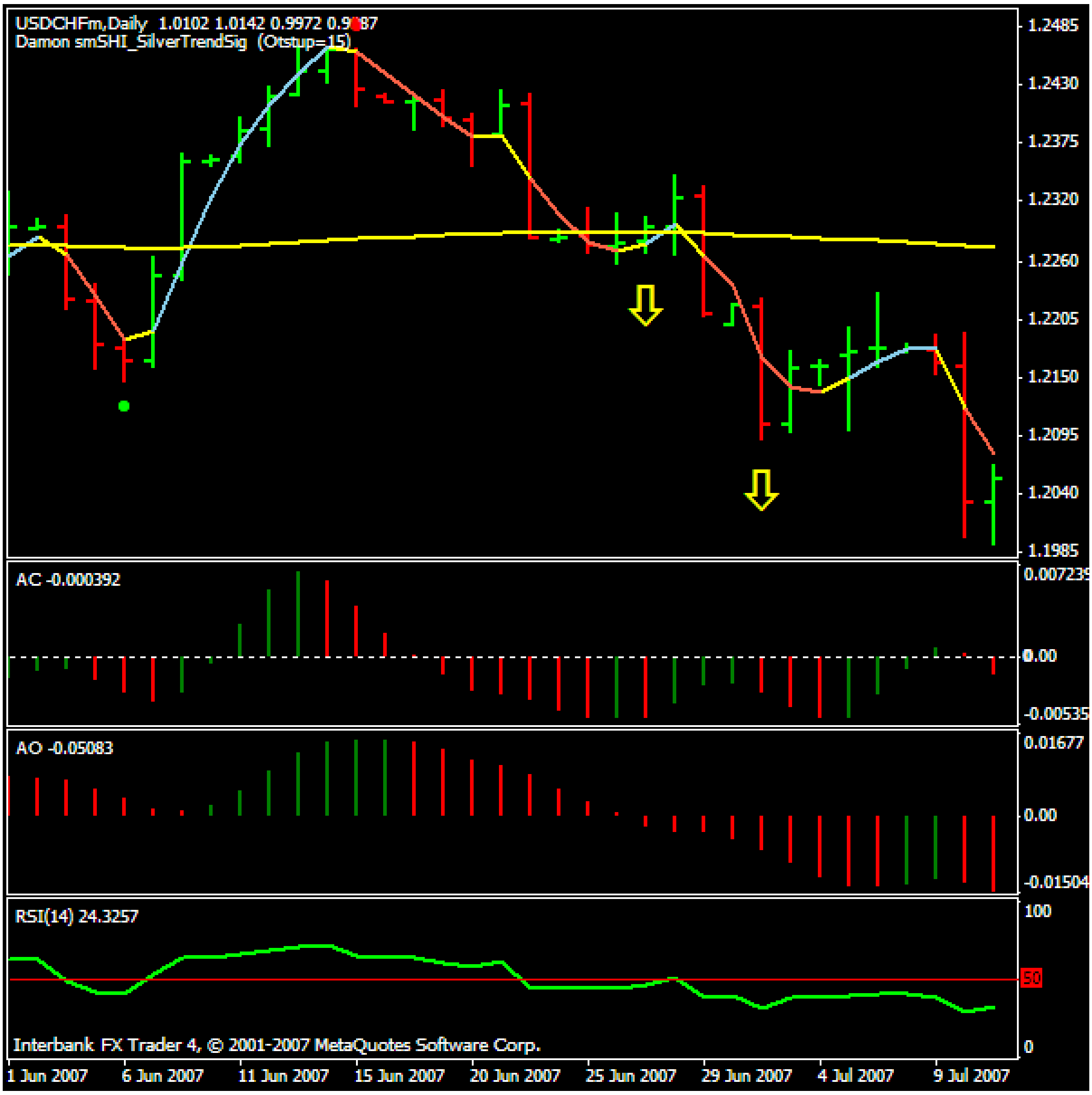
Please see the chart below for a visual description.

As you can see, we had 5 ACCT continuation trades in the most recent trend by EU, all of which would still be open.

Here are the specific Rules for a Short ACCT:

1. AC must be red and below 0 level
2. AC must have changed to green and then back to red again all while staying above the 0 level.
3. AO must also be red at the time the trade is taken
4. You would place your order standard as to our rules above the bar that closed with the AC in red

Please see the UCHF chart below for a visual description.



As you can see we had 2 ACCT continuation trades in this run

Turn Around Momentum Builder Trade

I would like to introduce you to the Turn Around Momentum Builder Trade (TAMB)

This is not really a new trade although it does incorporate some new positions. It is mainly a way of categorizing an existing strategy to make the decision making process easier. I think that you will find this to be the case.

Here are the General Rules:

1. In order for this to be a valid signal we first need a Non-Lag Reversal Entry (NLRE) to signal (not trigger). Once this happens we cancel all pending orders in the opposite direction.
2. Once we get the NLRE signal, we start placing pending orders in the opposite direction of the trade based on the bar that closed the day before today's close.
3. We continue to place these types of orders until at some point we think that we have enough of these.
4. Standard S/L and Entry rules apply.
5. I keep these trades open until I get another NLRS in the same direction and then I close out all those orders and start from scratch again.

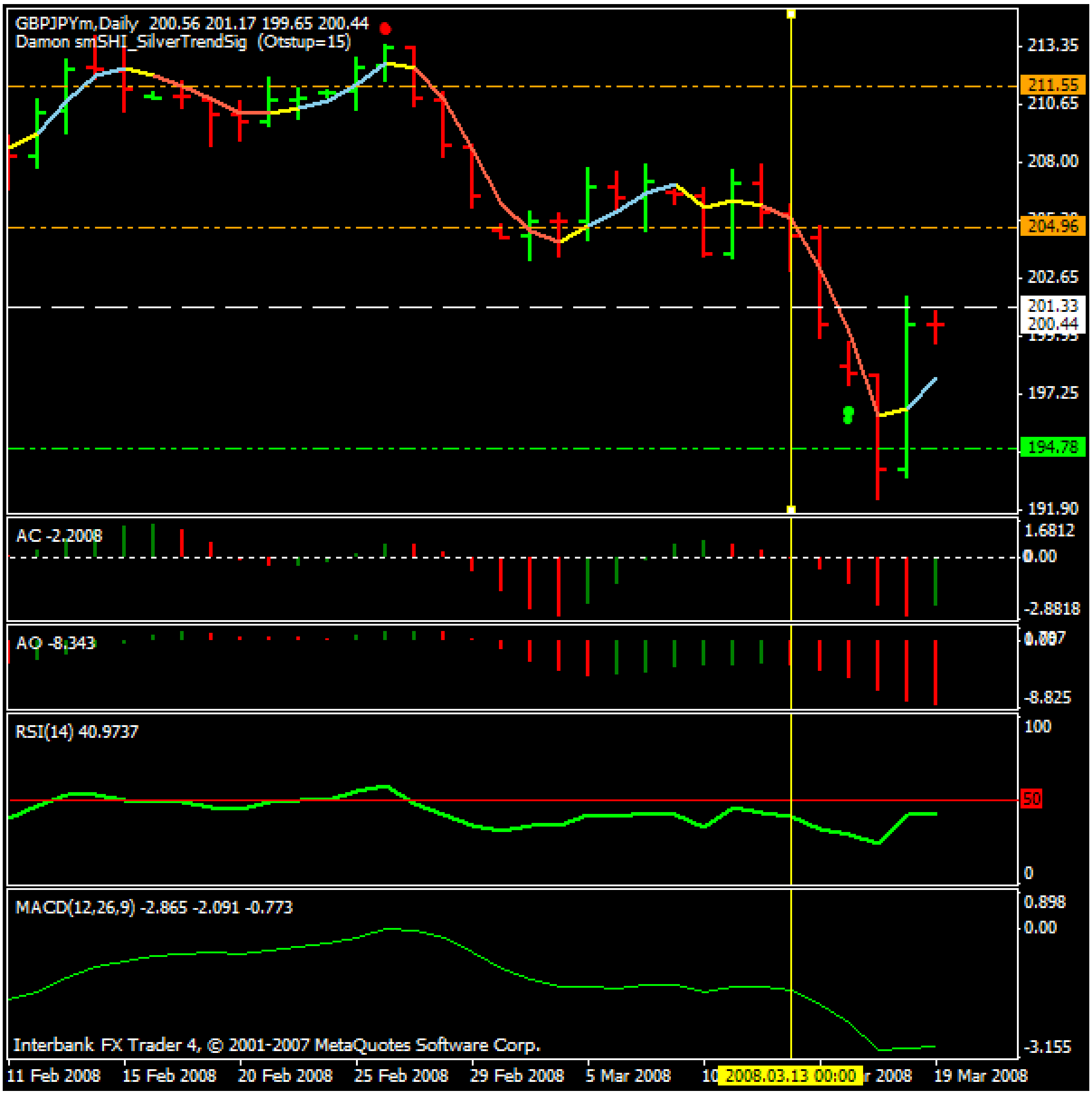
Please see the chart below for how to place Long Signals:

As you can see from the chart above we have a NLRE signal based on the red ST dot and the NL turning yellow. Here is what we do:

1. We cancel all long pending orders.
2. We start placing long pending orders 2 days behind the current day with standard S/L and Entry rules applied.
3. We continue to place these orders as the market continues down. Always two days behind the current day.

Based on the chart above we currently have 2 TAMB trades at the moment. One at the high of Friday's bar the other at the high of Monday's bar. We want to capitalize on the slightest movement if the direction turns back up again.

Please see the chart below for how to place short signals:



As you can see from the chart above we have a NLRE signal based on the green ST dot and the NL turning yellow. Here is what we do:

1. We cancel all long short orders.
2. We start placing short pending orders 2 days behind the current day with standard S/L and Entry rules applied.
3. We continue to place these orders as the market continues down. Always two days behind the current day.

Based on the chart above we currently have 1 TAMB trades at the moment. This was placed today based on two bars back from today's open.

This is kind of what we have been doing except that we will place more pending stop orders against the movement in anticipation of a turn around to go to the same height or depth. It is also very possible that you could have up to 10 or more of these TAMB trades pending at any one time. The more that are placed the more you stand to profit when the market reverses and heads back to where it came from.

Non-Lag Continuation Trade

I would like to introduce you to the Non-Lag Continuation Trade (NLCT)

****Please make no notice to the EJ chart at the bottom****

Please understand that many people feel that you can overtrade the market. I feel you can never have too many reasons to open up another position in the direction of the trade. After all, how much money will you make if you are not in the market (just look at your weekly paycheck)?

That is why I have found a way to determine the trend and then trade with it, by entering as many positions as I can. The minor technicalities of each trade are really not all that important. Finding the trade and learning to not exit to early are the predominant genes.

Here are the General Rules:

1. All you need to have is a NLRT signal. Once you have this you can have a NLCT
2. This is a long term trade with standard Entry, Exit and S/L rules applied.

Here are the Rules for Entry a Long Position:

1. First you need to have a NLRT signal short.
2. Then you wait for the NL to close in yellow again but pointing in an upward direction without the formation of a green ST dot. If you get the formation of a green ST dot with a yellow close of the NL then of course this would be a NLRT signal and not a NLCT signal.
3. Then you would enter the market as per our standard entry rules.

Please see the chart below for a visual description:

As you can see from this chart we had a long NLRT signal based upon the green ST dot and the yellow NL close. Then we had a second NL close in yellow pointing down signifying a NLCT short.

Since our orders our now short, any long orders would be canceled and would divert to TAMB trades.

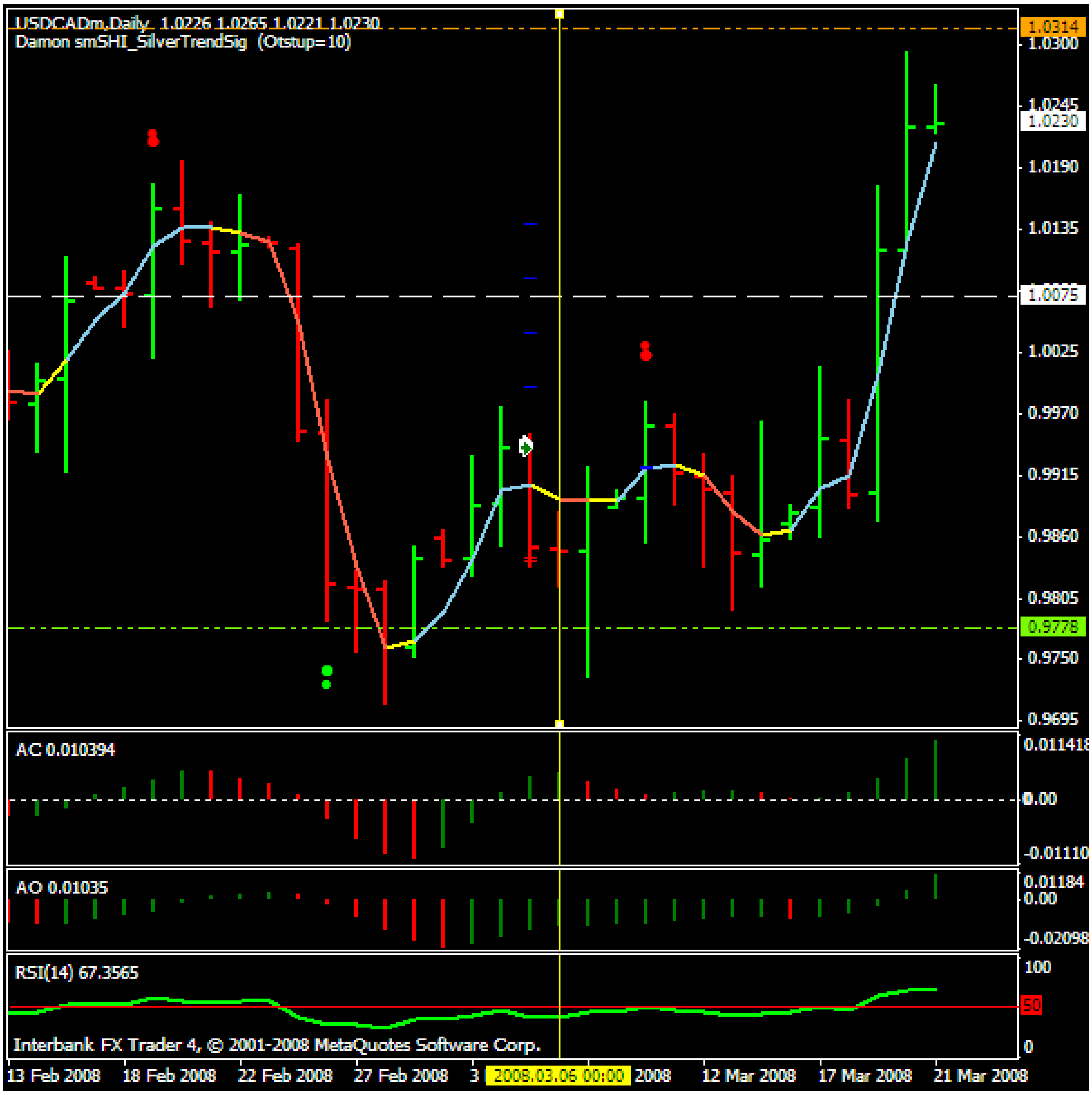
As you can see then on the next bar we have a NL closing in yellow long. Since our initial NLRT order is now a TAMB trade we would now have a NLRT short signal here.

I hope you are all starting to understand

Here are the Rules for Entry a Short Position:

1. First you need to have a NLRT signal long.
2. Then you wait for the NL to close in yellow again but pointing in a downward direction without the formation of a red ST dot. If you get the formation of a red ST dot with a yellow close of the NL then of course this would be a NLRT signal and not a NLCT signal.
3. Then you would enter the market as per our standard entry rules.

Please see the chart below for a visual description:



As you can see from this chart we had a short NLRT signal based upon the red ST dot and the yellow NL close. Then we had a second NL close in yellow pointing up signifying a NLCT long.

Since our orders our now long, any short orders would be canceled and would divert to TAMB trades.

Currently I am still in this trade

****Please make no notice to the EJ chart below this line of text****

AO Divergence Trade

I would like to introduce you to my AO Divergence Trade (AODT).

This will be one of the harder trades to spot on the chart mainly because the signals don't come very often. It is also one of the trades that we will take without any regard to trend direction. No matter what direction our current trades are going in, we will place this order based on the signal given through the indicator even if it against our current trading trend.

Here are the General Rules:

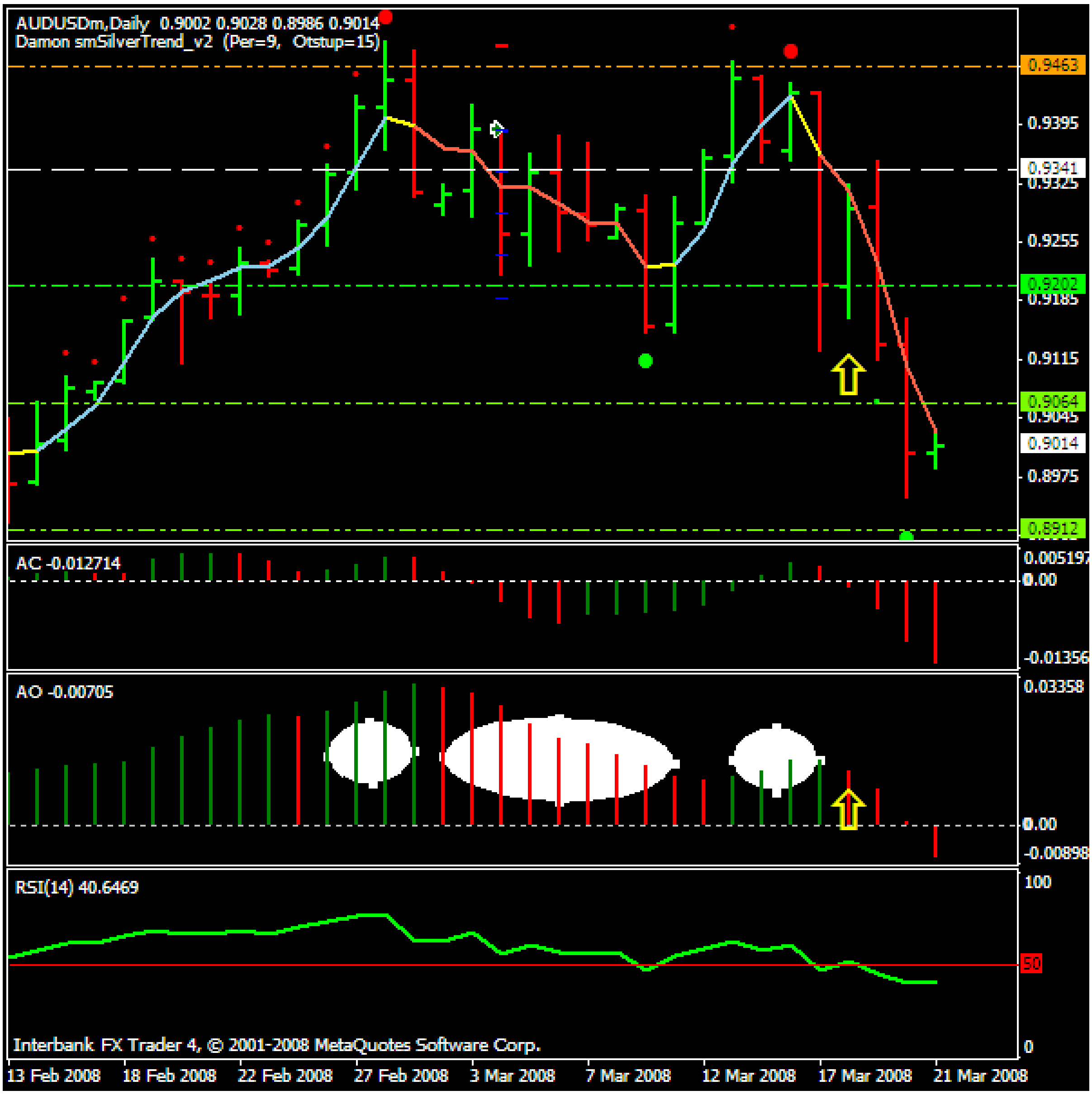
1. We will take this trade even if it indicates that we will be placing trades against the current trend
2. Normal Entry, Exit and S/L rules will apply.
3. For this trade strategy we will only be looking at the AO indicator and nothing else.
4. Sometimes you will get more than one signal in the same direction. You should feel free to place an order each time that you would get a signal.
5. If you first placed order does not trigger before you get a 2nd AODT in the same direction you will cancel the first and just play the 2nd.

Here are the rules for taking a Short Trade:

1. There must be at least one green bar that has closed above the 0 level of the AO indicator.
2. There must be at least one green bar in between any two red bars above the 0 level of the AO indicator.
3. First you will have a set of 1 or more consecutive green bars above the 0 Level of the AO. Then you will see a series of 1 or more red bars above the 0 level of the AO. Then the AO will switch back to green again all without crossing below the 0 level.
4. After the AO has gone from green to red and back to green you once again wait for the AO to close red and yet has stayed above the 0 level of the AO
5. After the 2nd formation of the red bar you look at the two previous sets of green bars. If the first set of green bars has a higher high than any bar in the second set you would place a short order once the AO has turned to red that second time.

6. After the 2nd formation of the red bar you look at the two previous sets of green bars. If the first set of green bars has a lower high than any bar in the second set you would not place any orders and you would wait for the bars to go green and back to red again before you looked for an AODT signal.

Please see the chart below for a visual description:



As you can see from the chart above the 1st elliptical represents a series of green bars that have formed above the 0 level of the AO. The 2nd elliptical represents a series of red bars that have formed above the 0 level of the AO. The 3rd elliptical represents a second series of green bars that have formed above the 0 level of the AO. Then you see a yellow arrow which would be the signal bar because another red bar formed above the 0 level of the AO.

Take a look at the 1st and 3rd elliptical representing the green bars. You will see that the 1st series of green bars has a higher high than the 2nd series of green bars. Once the next red bar is formed we will be able to place a short order below the low of the bar that produced the red AO bar. This example above is a valid AODT signal. As you can see, the next day it triggered and it is a trade that I am still in today.

You might also notice that before the first elliptical there was a series of green bars with a red bar and then another series of green bars (at the 1st elliptical). However, this would not have been a valid signal because the 2nd set of green bars had a higher high then the first set of green bars.

Here are the rules for taking a Long Trade:

1. There must be at least one red bar that has closed below the 0 level of the AO indicator.

2. There must be at least one red bar in between any two green bars below the 0 level of the AO indicator.

3. First you will have a set of 1 or more consecutive red bars below the 0 Level of the AO. Then you will see a series of 1 or more green bars below the 0 level of the AO. Then the AO will switch back to red again all without crossing below the 0 level.

4. After the AO has gone from red to green and back to red you once again wait for the AO to close green and yet has stayed below the 0 level of the AO

5. After the 2nd formation of the green bar you look at the two previous sets of red bars. If the first set of red bars has a lower low than any bar in the second set you would place a long order once the AO has turned to green that second time.

6. After the 2nd formation of the green bar you look at the two previous sets of red bars. If the first set of red bars has a higher low than any bar in the second set you would not place any orders and you would wait for the bars to go red and back to green again before you looked for an AODT signal.

Please see the chart below for a visual description:

****Sorry about the small chart, but the enlarged version did not show the elliptical and arrows****

As you can see from the chart above the 1st elliptical represents a series of red bars that have formed below the 0 level of the AO. The 2nd elliptical represents a series of green bars that have formed above the 0 level of the AO. The 3rd elliptical represents a second series of red bars that have formed above the 0 level of the AO. Then you see a yellow arrow which would be the signal bar because another green bar formed below the 0 level of the AO.

Take a look at the 1st and 3rd elliptical representing the red bars. You will see that the 1st series of red bars has a lower low than the 2nd series of red bars. Once the next green bar is formed we will be able to place a long order above the high of the bar that produced the green AO bar. This example above is a valid AODT signal. As you can see, the next day it triggered and gave us some nice profits.

And there you have it. The explanation to the AODT.

Updated Exit Strategy

Due to the advancements of the TAMB trades with ATP I am now able to revise the exit strategy used while trading ATP.

Before it was important that we stayed in the trade as long as possible because once out, we did not have many long-term trades that would help us enter again with the trend. With the advances in the ATP particularly in the TAMB trades, which are long term trades, it no longer has a long lasting effect if we get out early during the trend.

More importantly we will save many many many pips while the market is ranging. I feel that this is indeed a positive amendment to successful trading using ATP. You will see that these exit rules are less complicated and will be able to be easily recognized on your charts.

General Rules:

1. Trend is defined by using nothing but the NL indicator
2. You will never move you S/L farther away. Continue to use initial S/L points when you place your order and just move them accordingly as the trend continues.

Two Defined Exit Strategies:

1. **Early Exit Strategy (EEXS):** This exit strategy is signaled when there is a ST dot that is present at the close of a stick and the NL has closed in Yellow. This would also be our Early Trend Reversal Indication as described in an earlier post. Once this exit strategy has been signaled, you would then place your close orders 1 pip + spread above the high of the bar that just closed for short trades or at 1 pip below the low of the bar that just closed for long trades. These signals do not have to happen on the same bar, but both need to be present in order to be a valid signal. Usually they will happen within 2 bars of each other.
2. **Two Back Bar Exit (2BBE):** This exit strategy is one that you would adjust everyday because everyday your Exit Position would indeed change. The 2BBE is just that. At the open of any new bar you would count back 2 bars and place your S/L above the high of that bar + spread + 1 pip if you are in a short trade or 1 pip below the low of that bar if you were in a long trade.

Four Exceptions to this Rule:

1. **2BBEE1** - Let's say that you are in a long trend and today's bar closes in red (below the open of yesterday's

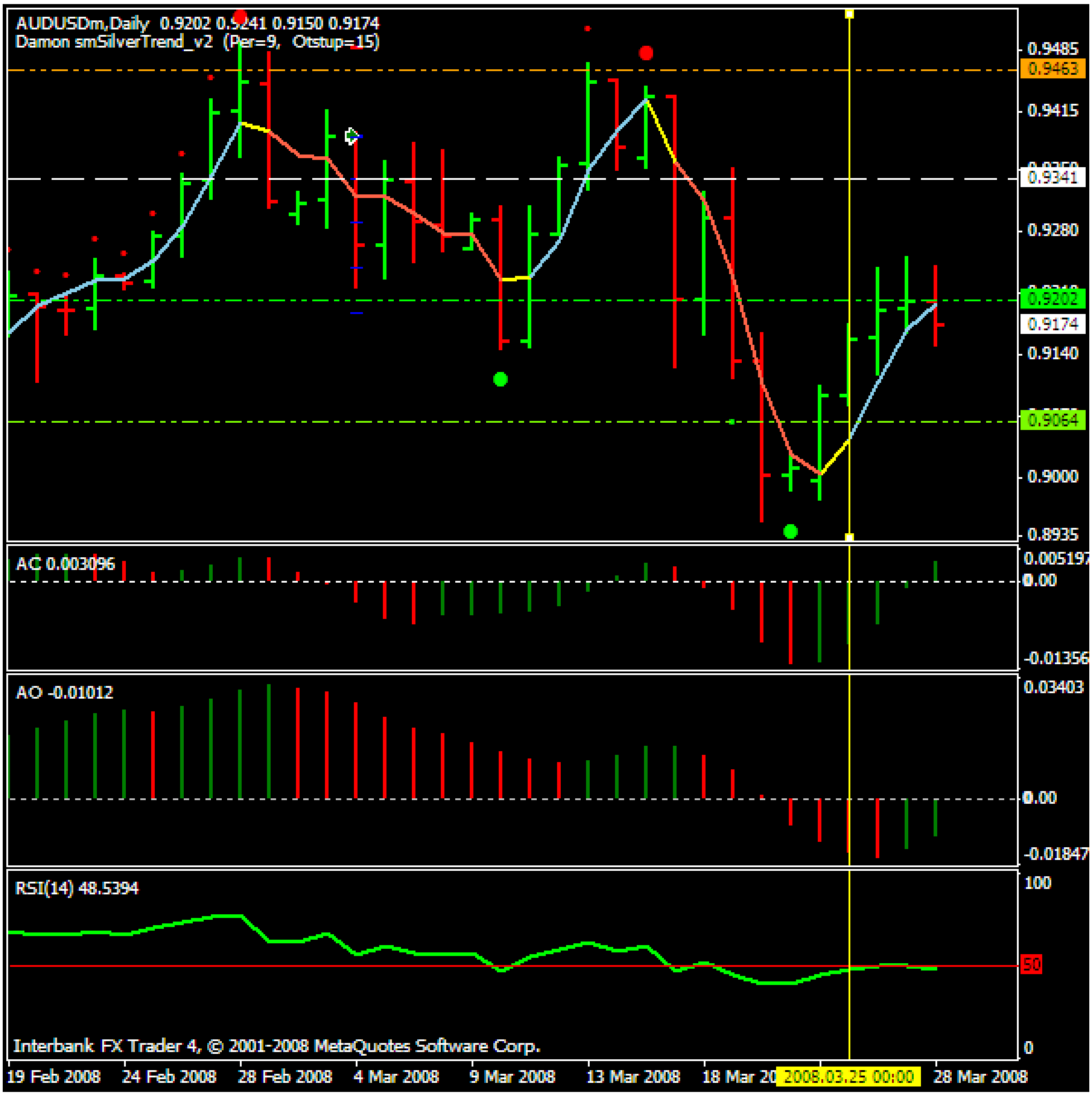
bar). Per the 2BBE rules you would place your new S/L accordingly. However if the next day's bar also closes in red giving you 2 red bars in a row in a long trend then you would not adjust your S/L from the day before. What you are protecting yourself from here is too early of an exit during a slight retracement or Bearish Flag formation.

As you can see from the chart above. Based on the NL we are in an uptrend. Then we have two red bars in a row. Based on the open of the bar on 3/28/08 we would have moved the S/L for all open orders that are below this point only, to below the bar that closed on 3/26/08. Based on this exception, once the bar opens on Monday you will have 2 red bars in a row in an uptrend which means that when the market opens on Monday you would not adjust your S/L to the close of the bar on the 3/27/08 and you will leave it where it is.

2. **2BBEE2 -** Let's say that you are in a short trend and today's bar closes in green (above the open of yesterday's bar). Per the 2BBE rules you would place your new S/L accordingly. However if the next day's bar also closes in red giving you 2 green bars in a row in a short trend then you would not adjust your S/L from the day before. What you are protecting yourself from here is too early of an exit during a slight retracement or Bullish Flag formation.

As you can see from the chart above. Based on the NL we are in a downtrend. Then we have two red bars in a row. Based on the open of the bar on 3/28/08 we would have moved the S/L for all open orders that are above this point only, to above the bar that closed on 3/26/08. Based on this exception, once the bar opens on Monday you will have 2 green bars in a row in an downtrend which means that when the market opens on Monday you would not adjust your S/L to the close of the bar on the 3/27/08 and you will leave it where it is.

3. **2BBEE3 -** Let's say that you are in a long trend and today's bar has a lower low than yesterdays bar. In a case like this you would leave your current S/L as is.



As you can see from the chart above, we are in an uptrend and then the bar that closed on 03/28/08 had a lower low then the bar that closed on 03/27/08. In a case like this you will not be adjusting your S/L settings at the open of the bar on Monday 03/31/08.

4. **2BBEE4 -** Let's say that you are in a short trend and today's bar has a higher high than yesterday's bar. In a case like this you would leave your current S/L as is.

I do not have a current chart of this example and will try to post one when one becomes available. It will be the same concept as in a long trend above.