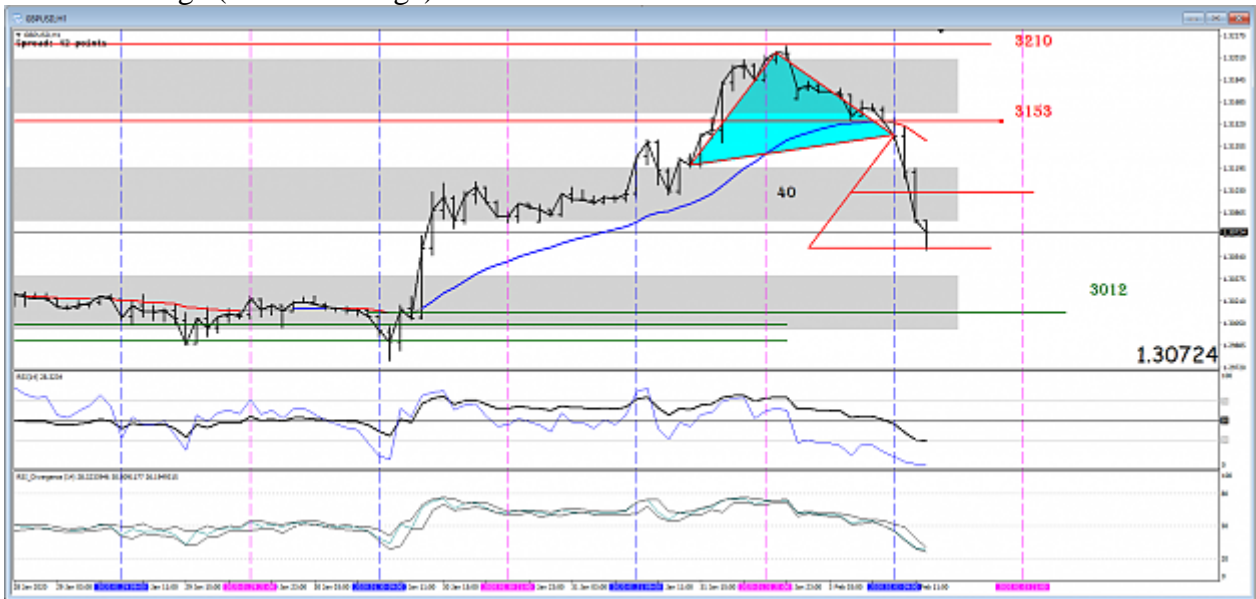


1 hour target hit...

Attached Image (click to enlarge)



Attached Image (click to enlarge)



Putting this altogether we get...

- 1) The 108 start
- 2) Trading below the 5 min ema
- 3) The 1 hour target distance

Though the trade started quite choppy, this is not unusual and several entries could be made via the 2 bar test in the early stages on the 5 min chart.

The very start of this trade would have been the div at the top but this would mean holding a trade open over the weekend... I don't like doing this just in case the world ends.

Day 1 and my \$500 is now at \$1009

Attached Image (click to enlarge)

Order /	Time	Type	Size	Symbol	Price	S/L	T/P	Price	Swap	Profit	
Balance: 1 009.23 AUD Equity: 1 009.23 Free margin: 1 009.23										0.00	
Trade	Exposure	Account History	News <sup>99</sup>	Alerts	Mailbox <sup>69</sup>	Market <sup>88</sup>	Signals	Articles	Code Base	Experts	Journal

I'm done for the day and look forwards to finding out how this 5 min chart resolves itself...  
Attached Image (click to enlarge)



### [Quoting asoriga](#)

{image} Thanks for the response Alan. So to clarify a few things. 1. Once in trade we only look for hedges or exits at swing levels, whether that be 5M or 1HR? In this example, we ignore the bearish div 2 that I had labeled, and the dotted line div right after it. Correct? 2. "Remove all stops when the trade is hedged." What if we hedge and price goes 20 pips against our hedge entry point? And what if on the other side, price passes below our initial buy entry before we get any div signals? Do we just allow these trades to go negative and just assume...

1) We only look for hedges when we feel we are not going to reach our profit target and feel threatened that our trade is going to turn back on us. Of course we can simply close the trade and re-enter in the opposite direction but what happens if the trend we started with continues, we would be giving back our profit taken. The hedge gives us breathing space, insurance and groups all our entries into one level on the chart making it a very safe thing to do. In other words when in doubt, hedge. I wouldn't ignore a div but that is not to say I would take it, the inference was for the 1 hour to go for the EMA so I would not be looking to short these on the 5 min, if I get stopped out, too bad, but I wouldn't have lost anything.

2) There is no point in having stops when a trade is hedged. It doesn't matter which way the price moves from that point on the profit is locked in and remains the same. Our task is to decide when to close one side or the other manually.

3) I didn't ignore divs 4 and 5, that was the 2nd entry level long where the hedge also came off.

4) You answered that yourself with your 1 hour lines. Oh no, the lines stay on until the current

EMA swing breaks the previous EMA swing. For an EMA to break a previous one PRICE must certainly do so and Price tends to make the next level/s.

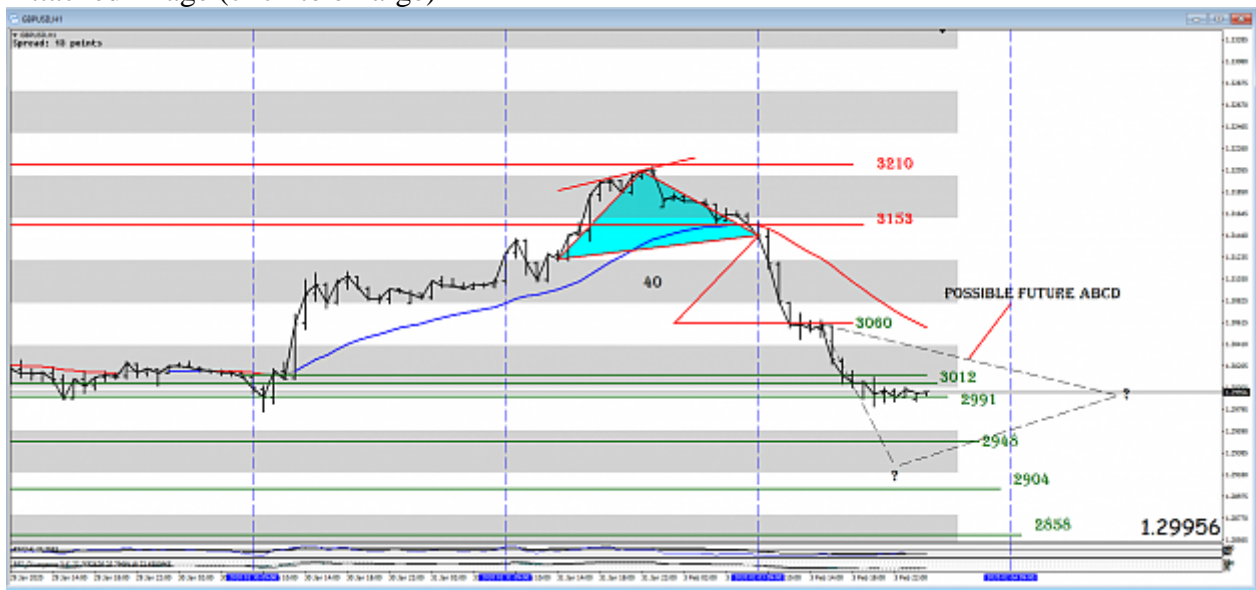
For today we can see the EMA is closing in on the 3012 level on the 1 hour chart. We should be watching for price to break the 2991 level and push down to those lower levels.

Else the bulls will attempt to stop the average moving downwards.

See also on the chart how we can think about the formation of a future ABCD. Until price made that pullback at 3060 an ABCD would not have been possible.

Now how low can it go?

Attached Image (click to enlarge)



[Quoting PhillipmC](#)

{quote} Nala did U get an entry on the M5 TF ? I was waiting for one to go short but I couldn't see one

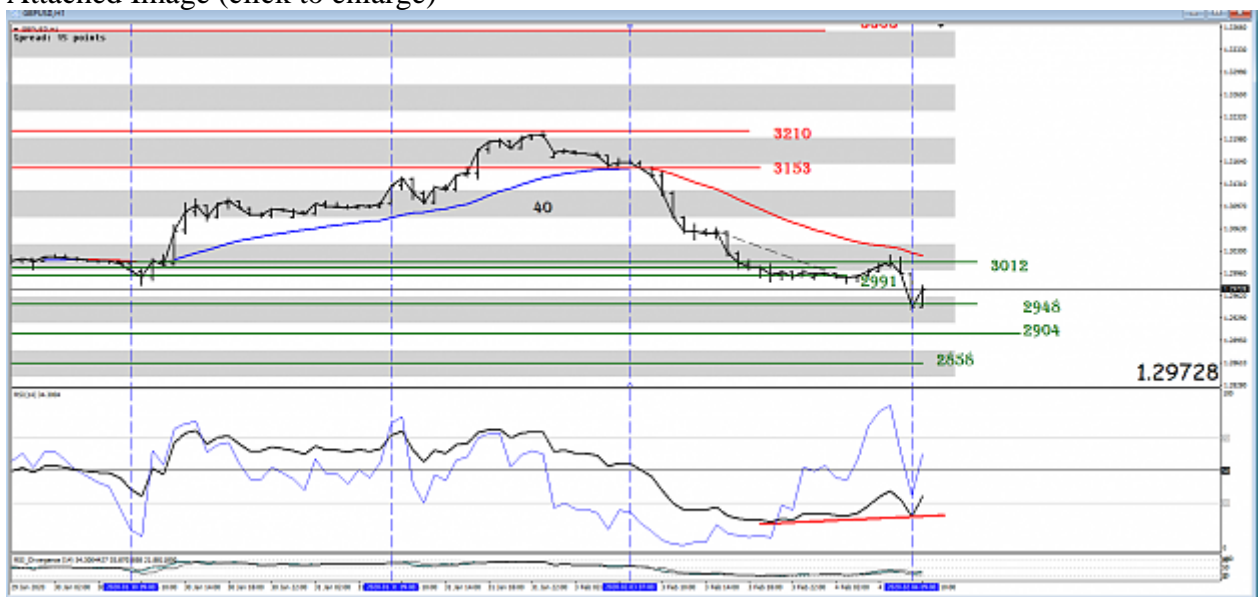
Gee wiz there was heaps of stuff to take it short... Plus the 1 hour  
Attached Image (click to enlarge)



This is a bit iffy for my tastes.

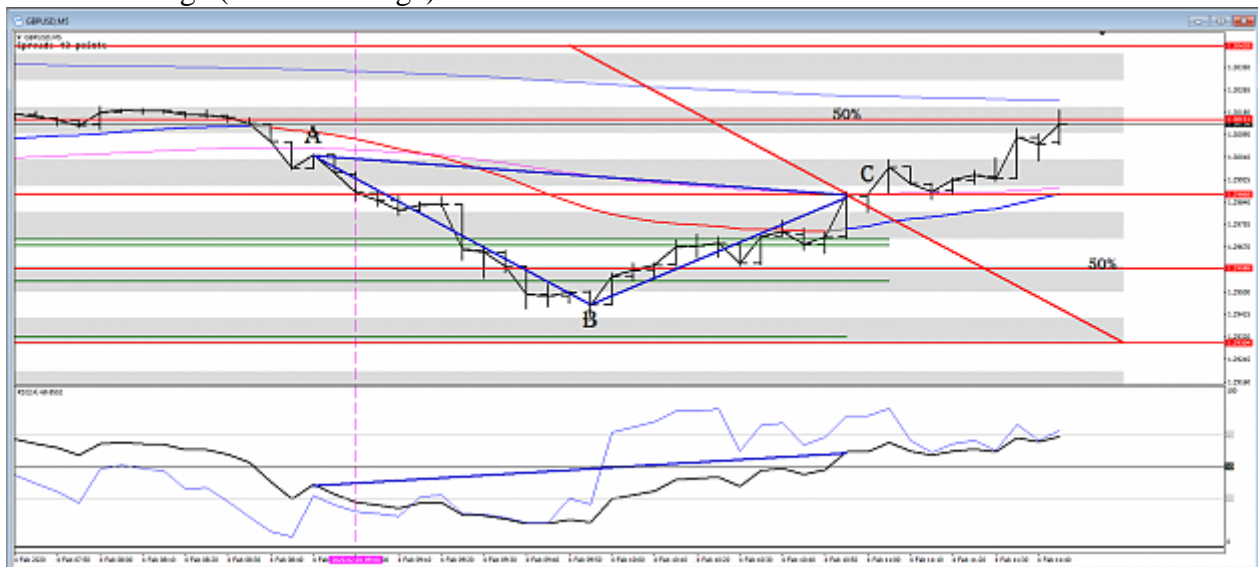
Is the EMA going to break the 3012 or are the bulls going to stop it.

Attached Image (click to enlarge)



It just passed the 50%

C is attacking A on the opposite side of the EMA so we have divergence forming the ABCD Attached Image (click to enlarge)



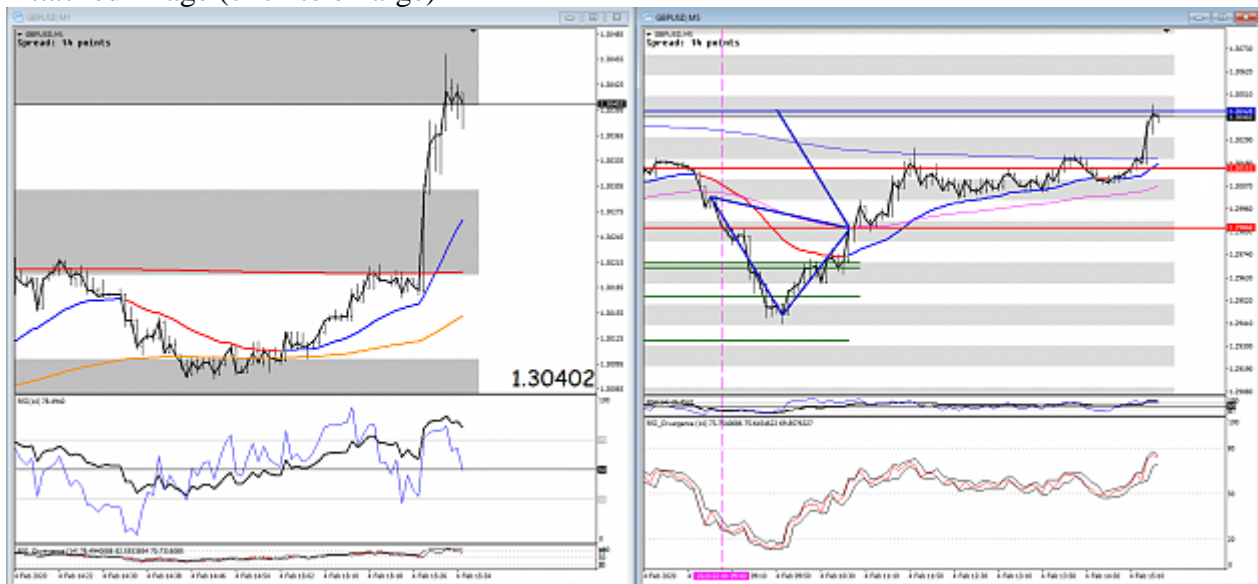
[Quoting hocius](#)

M5 made avg HH and ABCD projection hit

That is correct and for others here is the chart (blue lines)

We cannot get more accurate than that hey!

Attached Image (click to enlarge)



It would seem many are still having chart reading trouble, no problem I realise it takes time and study so if you are stuck just ask.

One thing that will definitely help is to make a study of the session and try to work out the particular events that happened. Then make a collection of print-outs for referencing. You can also write your own text to accompany the chart so when you read back a month or two you will find you are seeing the past in a different light because the light bulb turned on.

Below is an example of such a chart with the things we are keeping an eye on.

The text would read something like...

- 1) Bull div at B... Two bar test got me in with stop just below (This was also a bull div on the hour chart)
- 2) Not much of a hook testing the div.
- 3) Crossed the expected EMA to form C. Now we have the ABCD and can project the target to D
- 4) Bulls found support, so now we feel more confident.
- 5) Paused for a while at the 50% level allowing the EMA to catch up with the price.
- 6) EMA made the average swing high and the price hit the target D

I have put a box around the section of chart for reference and other things I like to note are the time it takes and what was going on with the RSI.

Hope this helps guys,, and gals of course.

Attached Image (click to enlarge)



### [Quoting mayflower](#)

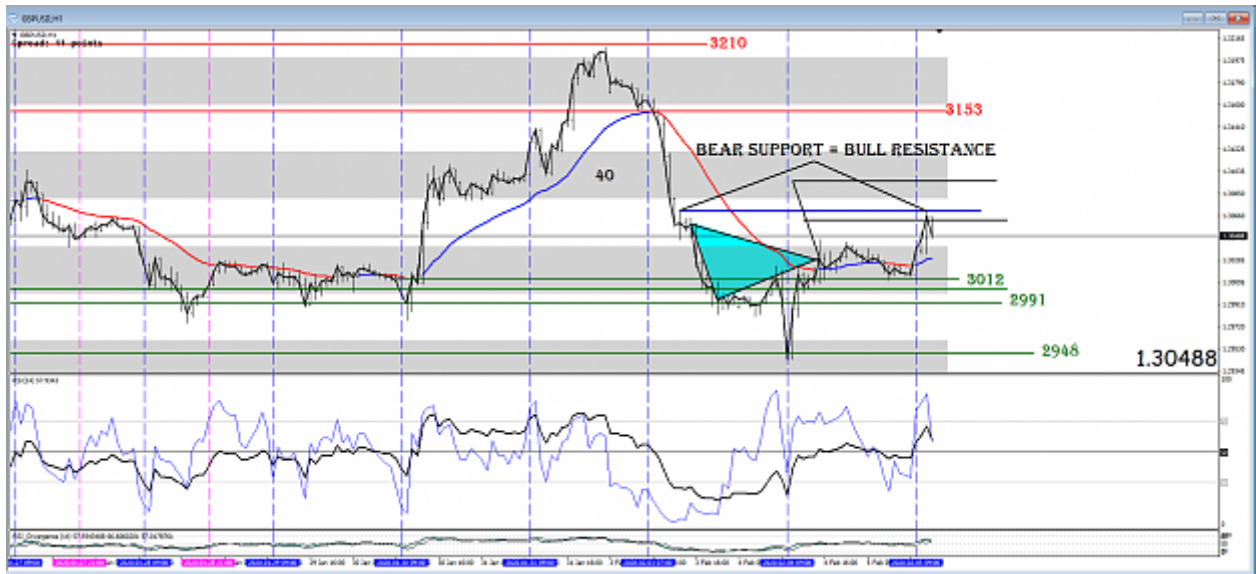
{quote} I take your point but what confuses me is that Alan put his B on the lowest price close in post 5554

Well spotted I guess I made a mistake there in post 5554 I was rushing through getting the info down pat.

It should have been on the RSI low.

This is how I currently have my 1 hour chart...

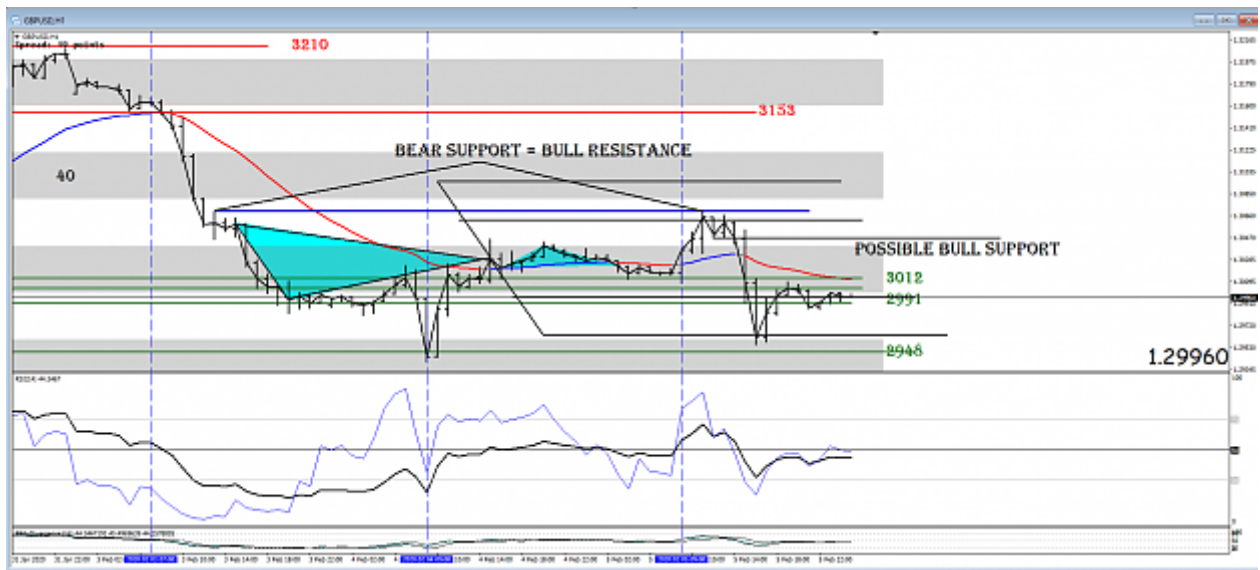
Attached Image (click to enlarge)



I scalped this long to the Support/resistance level  
 Here I have made additions to show the possible bull support. This is all part of the journey up to 3153 which may be stopped by a bear div.  
 Attached Image (click to enlarge)



Attached Image (click to enlarge)



There we go bulls couldn't find support and bears changed the direction down to the lower D target...amazing huh!

The EMA has now made the LL.

This goes to show how we cannot think trades we have to go by the evidence presented to us.

[Quoting huskyboy](#)

20 pip range 🤔 ABCD M15 and M30 both have D @ 29715

MM I have just a ten pip range

Attached Image (click to enlarge)



[Quoting asoriga](#)

{quote} Ok, so that is why we disregard the two prior bull divs before the one at ZOO 1.3140, we only look for divs at ZOOs - with the 1HR ZOO points at 1.3102 and 1.3140 being swing high levels. Then why do we not take the RSI div circled at the 1.3140 ZOO?

Because Price already dealt before with that EMA swing high, and the M5 is making EMA HL and HH is nearby. Within an H1 trend.

Attached Image (click to enlarge)



Finally trading Structure and PA only  
 Somebody asked via PM why I shorted that, from RSI Perspective.  
 Here is a clue  
 Attached Image (click to enlarge)



but more important to me was the M5 EMA and M15 EMA swings going for LH and LL and the H1 EMA direction being solid.

What the EMA's are doing is what I keep in mind.  
Plus I am aware that 'they' wanna sell expensive and buy cheap.  
Tight stops!

Now I am really off 😊  
Finally trading Structure and PA only

-  [MrMagnet](#)
- | Joined Apr 2017 | Status: Member | [52 Posts](#)

#### [Quoting asoriga](#)

{quote} Thanks for your previous analysis as well. {quote} It does help MrMagnet, thank you. Will be reviewing this because I'm struggling in taking guidance from price and divergence as to where they will take the ema on the higher TF. For example I had trouble with yesterday's price action. I saw the first bull div and assumed this would fail to bring the ema below ZOO 1.2947 and thus would bring price back to the opposite ZOO at 1.3031. Hindsight is Long (Similar to how the bull div in the 4HR chart in your analysis brought price back to the...

When we look back in hindsight we all see the zoo and the divergence that was the exact point where the market turned. So I guess what the underlying question is which divergence is the one to take to pick the end of a trend when divergences and zoo points can fail when making decisions in real-time. If we look at a chart there is a divergence then a support and then a trend, at times a hook in between the div and support.

This is a good example on the 1h where there are 5 divergences that haven't done anything. On the 5m there were multiple divergences with 2 bar entries. So plenty of signals to go long. Now on the 1m out of all those 5m and 1m divergence during the 5 x 1h divergences, there was only 1 instance where the bull found support but only for a short period of time. Every divergence needs to be looked at for what it is on each occasion and we don't know which one it will be exactly within zoo's. We can only gain confidence when the 1m completes and hold each stage as we adjust our stops accordingly. The stages are a divergence, a hook if one, an ema crossing, a support creation and then price making higher highs. The same goes for the 5m and upwards. So when these higher time frame divergences happen just have a look at the 1m for the supports in the other direction to gain some form of certainty. Even entering on the 1m support can give you good RR with your stop just under the support with the higher time frame divergences.

Attached Images (click to enlarge)



[Quoting MrMagnet](#)

{quote} When we look back in hindsight we all see the zoo and the divergence that was the exact point where the market turned. {image} {image}

Hi MM

Sorry been away a couple of days.

Looking at your charts here and see you are doing exactly the opposite of what you should be doing.

The trend is down so why look for bull signals it is the bear signals you should be interested in and yet you have none of them marked.

We only look for the bull signal when we a possible ZOO point on the hour chart. We can see

on the hour chart that the bears are still continuing to pull down the EMA so there are no longs to even consider.

You will always get lots of bull divs on the 5 min when the 1 hour is trending down. These are not what you look for, look for the continuation divs with your test lines on top not below as you have them.

Attached Image (click to enlarge)



#### [Quoting huskyboy](#)

{quote} so agree let there be a bullish H1 divergence (the first one), so from that point on we are searching on the M5 to find a bullish setup ( we are not purely entering on the H1 divergences only but from that point on we are looking on the M5 to get us in the direction the H1 is indicating and in this case a scalp long since we are below the EMA) but did the M5 provided an entry? Don't think so. Now on the second bullish H1 divergence the M5 provided an entry so we could have entered that one targetting the H1 EMA (but only a scalp).

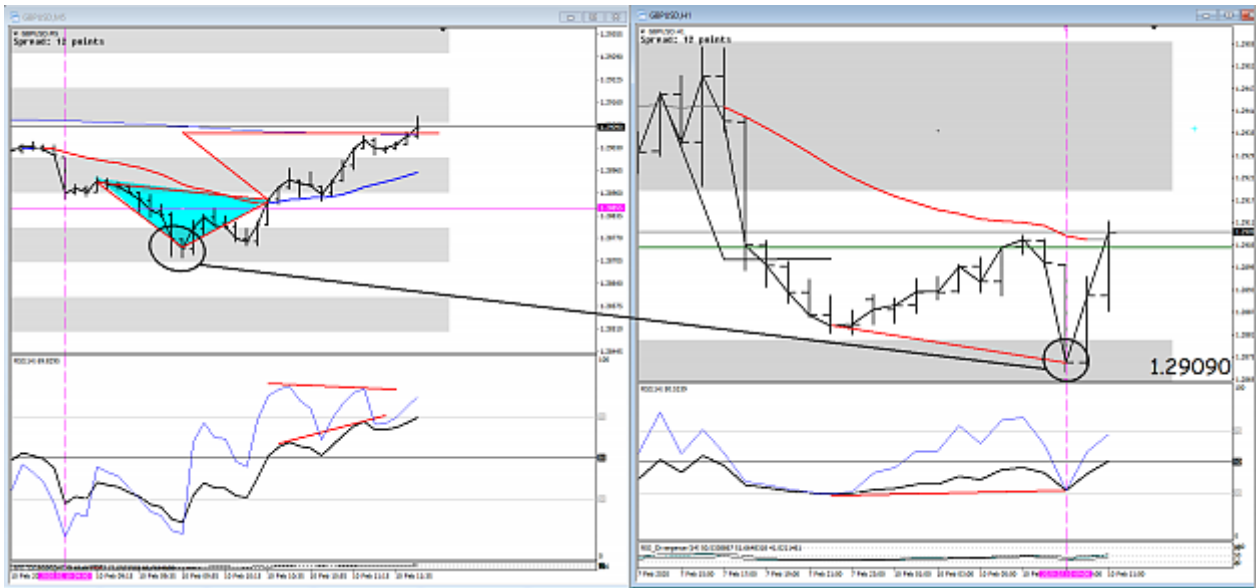
Also to add to this, suppose we did take the trade.

We would have lost almost immediately by being stopped out. This would have been a small stop out and only on a first entry so the loss would be tiny also.

That is precisely why we have stops in the first place. This allows us to get out with little damage so we can get back in in the correct direction and not only recoup our money but make a profit also. We would be looking at the EMA now making this level because the price has passed it. If the EMA is to make this level then the price will be making for the next level.

Did everyone get paid?????

Attached Image (click to enlarge)



5 min chart looks like this now...  
Attached Image (click to enlarge)



That is as good as I can get it...  
Attached Image (click to enlarge)



### Quoting asoriga

{quote} Why do we take the most recent bull div but not the previous two, what is the difference? What is the ZOO point in the 1HR chart for the most recent div? Also, I'm still not clear if the first of the three bull div's should be considered as being at a ZOO point (1.2947). Thanks. {image}

This has already been answered, however...

Who said we would not have taken the previous two. Most likely we would have.

But recall the reaction of divs, they send the price back up to the EMA to look for support on the opposite side. If they fail then the price will make a LL than the div. Therefore to prevent a significant loss we place a stop below the div until we can get it to B/even.

You have three shown.

The 1st one failed quickly so you get stopped out.

The second had a hook retest before moving to the EMA but couldn't find support on the opposite side...A lower low is coming

The third managed the cross, found support and ran to the average swing level.

Being stopped out for a small sum is nothing compared to the reward. Once the direction is given by the hour chart the multiple entries can be made in the direction via the lower time frames.

The process is simple. NEVER add to a losing trade, always COMPOUND a winning trade. This alone puts the mathematics highly in your favour for being successful

If we are going to specialise in divergences then we have to consider beforehand what our options are.

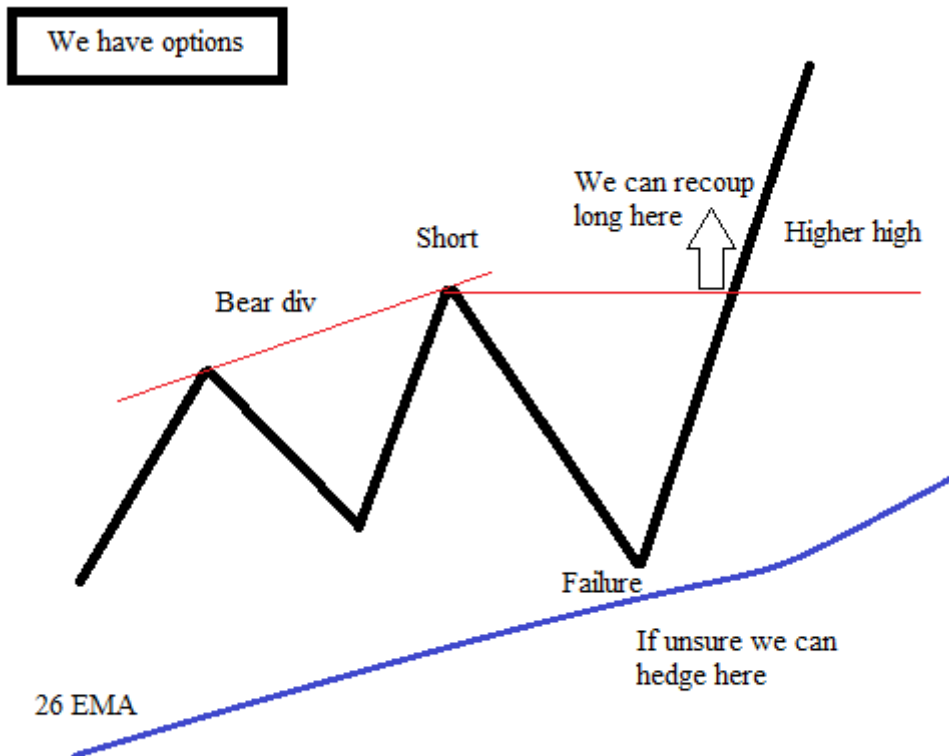
Suppose the diagram below is a 1 hour chart and we manage to go short via the lower time frames.

As price approached the 1 hour EMA we may have seen trouble on the lower time frame so

we could simple hedge and wait and see.

If price does indeed fail the 1 hour EMA then it is going to make a HH than the div level.

Alternatively if we don't hedge and just get stopped out we can recoup any losses with the HH  
Attached Image



It is not for me to tell you how to manage your trades, you have to do a little thinking also.

If the EMA on this 1 hour chart is going to swing up to pass the 2942 swing then price will attempt to make the 3033.

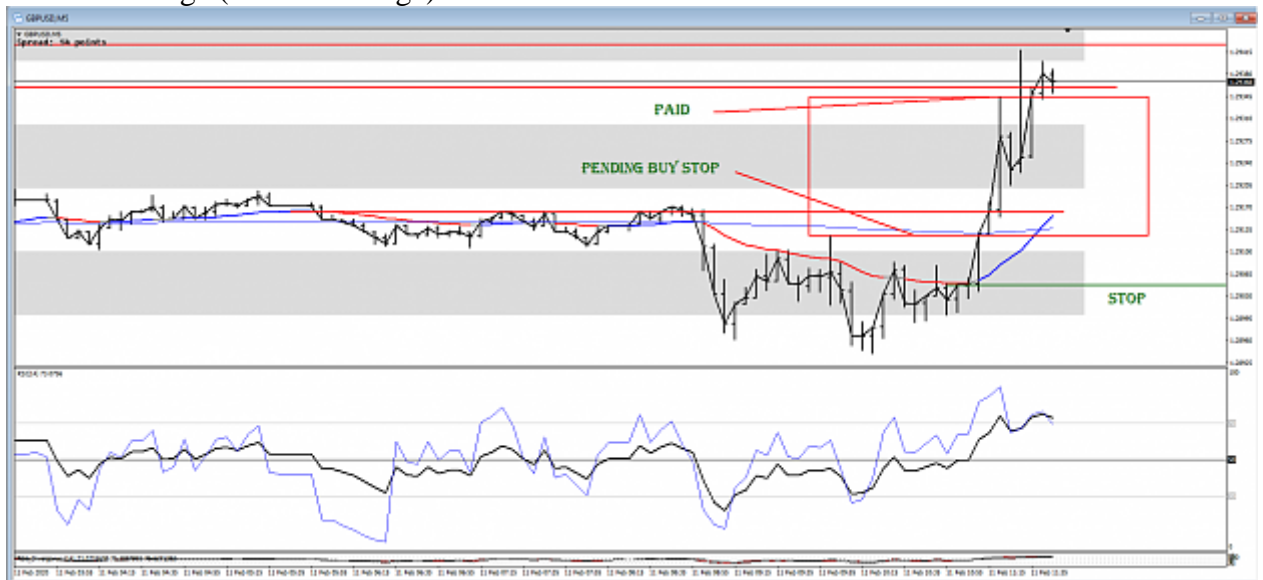
We have a possible  $AB = CD$  to start it on its way.

Attached Image (click to enlarge)



Ha that is funny... I put a pending buy stop on top of the range with a 20 pip TP. Come back to the PC and I have been paid. 😊

Attached Image (click to enlarge)



So what do we have here... Looking at this 5 min chart

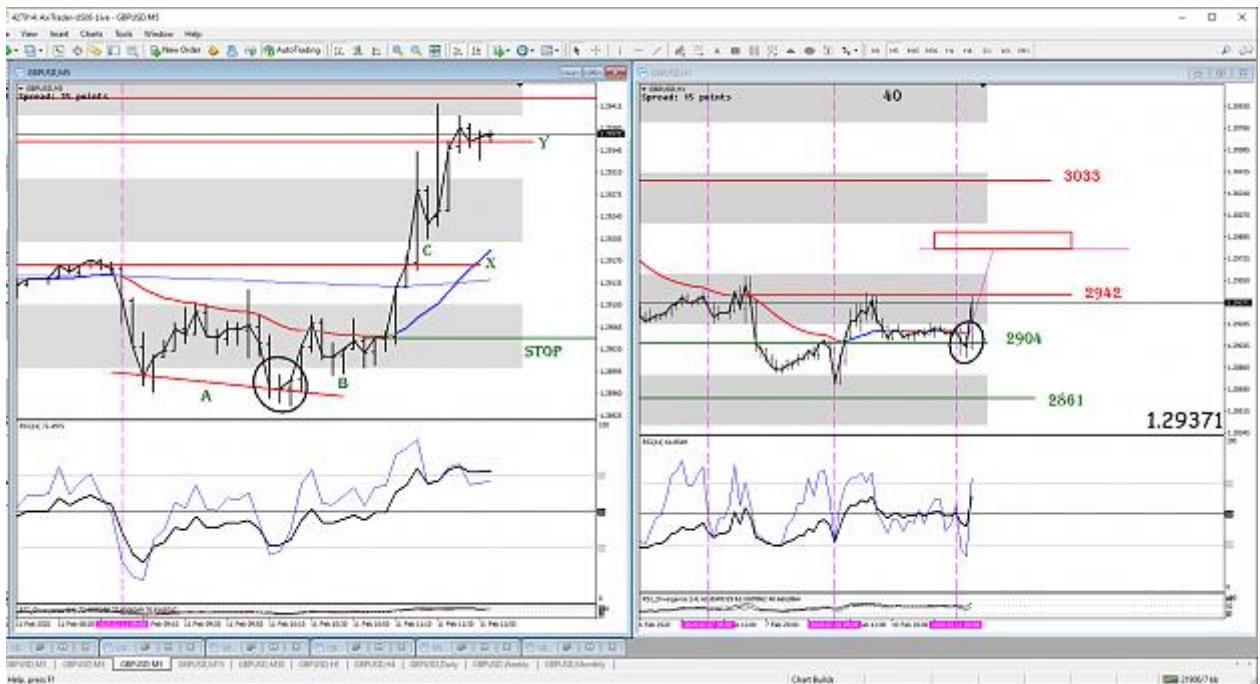
A was the div..

B was the hook

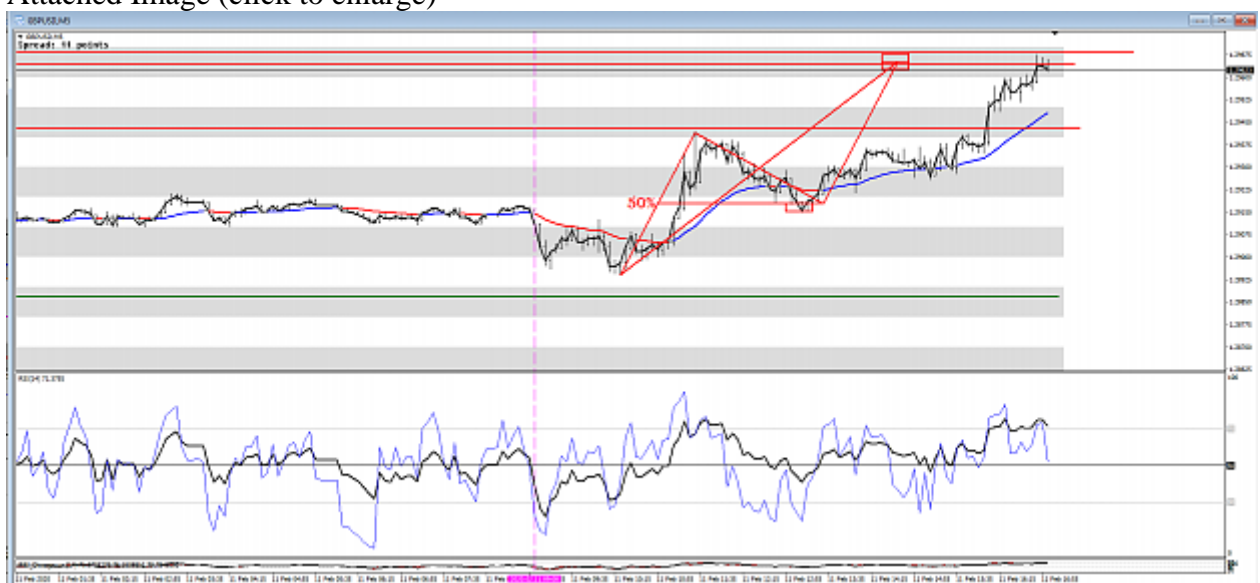
C was the support

If X is going to cross the EMA swing then price is going to Y

Attached Image (click to enlarge)



Attached Image (click to enlarge)



Same old same old... Let me know if anything ever changes! And as Jazz pointed out the other day it hits in divergence

Hocius drawn like this...

Attached Image (click to enlarge)



[Quoting huskyboy](#)

{quote} once i see a continuation divergence and A and C are at the opposite side of the EMA 26 i draw my ABCD with the MT4 triangle tool. I use the fib tool to project the D levels.

I check the options for the most favourable and go with it after testing for entries.

Here we see option A was the better deal...

Attached Image (click to enlarge)



[Quoting logic38](#)

Hi Alan thank you for your excellent trading system, I have been following the thread from your very first post, its certainly helped me to increase my account funds. So I have been waiting this week for a nice big payday move, today could have been it. but all in all i ended up with a small loss and the disappointment of missing the move up, I see bull divergence on the one hour, then entered on the 5 min chart bull divergence, and bull support. it seemed a lot of work for me today with no result ha ha. Did i do things right? how can i improve....

Boy oh boy you have a busy time.

I look at the 1 hour chart and ask myself where price appears to be heading, i.e. which swing

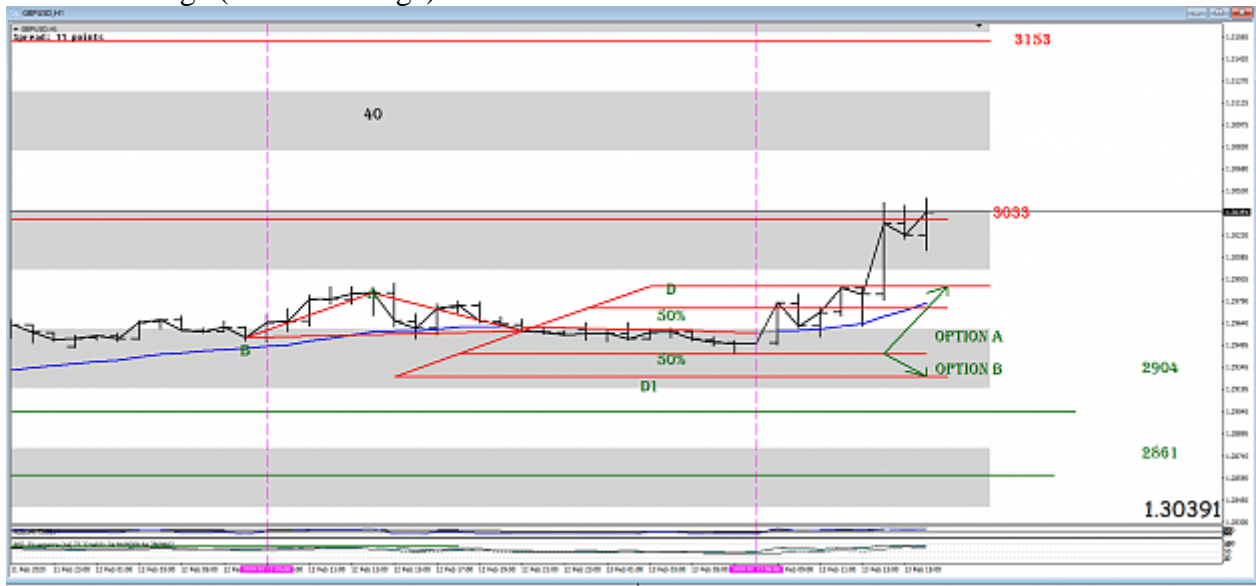
level. For this I had the 3033 pegged from yesterday.

Then I look for the setup which can set the ball in motion, either a div, ABCD or  $AB = CD$  or whatever.

Look how it hit the D target in an RSI div but the bears failed to make the EMA crossing let alone finding support below it. So price is going to make the HH than the div. The very next logical level is the 3033. The next level after this is way up at 3153 so if the EMA is to pass the 3033 then price should hit this 3153 possibly tomorrow.

Once I have the direction and possible distances worked out I can then trade in that direction via the pull backs on the 5 min chart.

Attached Image (click to enlarge)



### [Quoting logic38](#)

Hi Alan thank you for your excellent trading system, I have been following the thread from your very first post, its certainly helped me to increase my account funds. So I have been waiting this week for a nice big payday move, today could have been it. but all in all i ended up with a small loss and the disappointment of missing the move up, I see bull divergence on the one hour, then entered on the 5 min chart bull divergence, and bull support. it seemed a lot of work for me today with no result ha ha. Did i do things right? how can i improve....

In addition to Alan's great remarks, this is my thinking process: As Long as the EMA is in a clear direction, I expect that a price drop from a high is profit taking and I expect 'them' to buy again on lower prices. So when I see those bull div's I don't close my Buy position at  $BE+1$  but instead close the Sell in profit, meaning I join the Buyers.

Attached Image (click to enlarge)



Finally trading Structure and PA only

[Quoting des b](#)

Hi Folks. Hope this helps. not 100% confident but think its about there Cheers...Des {file}

Just a couple of things Des.

1) Can you add another dashed line off the C point because if price tends to keep criss-crossing this level it is generally ranging sideways.

And questions are...

1) Does it leave the triangle in place and cancel the target lines once they have been hit.?

2) What is the trend line on RAY for, is it the current direction?

Looks like you have done a good job here, well done that man and thanks from the threaders

Whoops! just found an error.

Look at this 5 min chart and see C was not attacking a pivot but rather a flat spot on the RSI. The actual pivot was below the EMA so this is just a regular continuation divergence with no target defined.

Attached Image (click to enlarge)

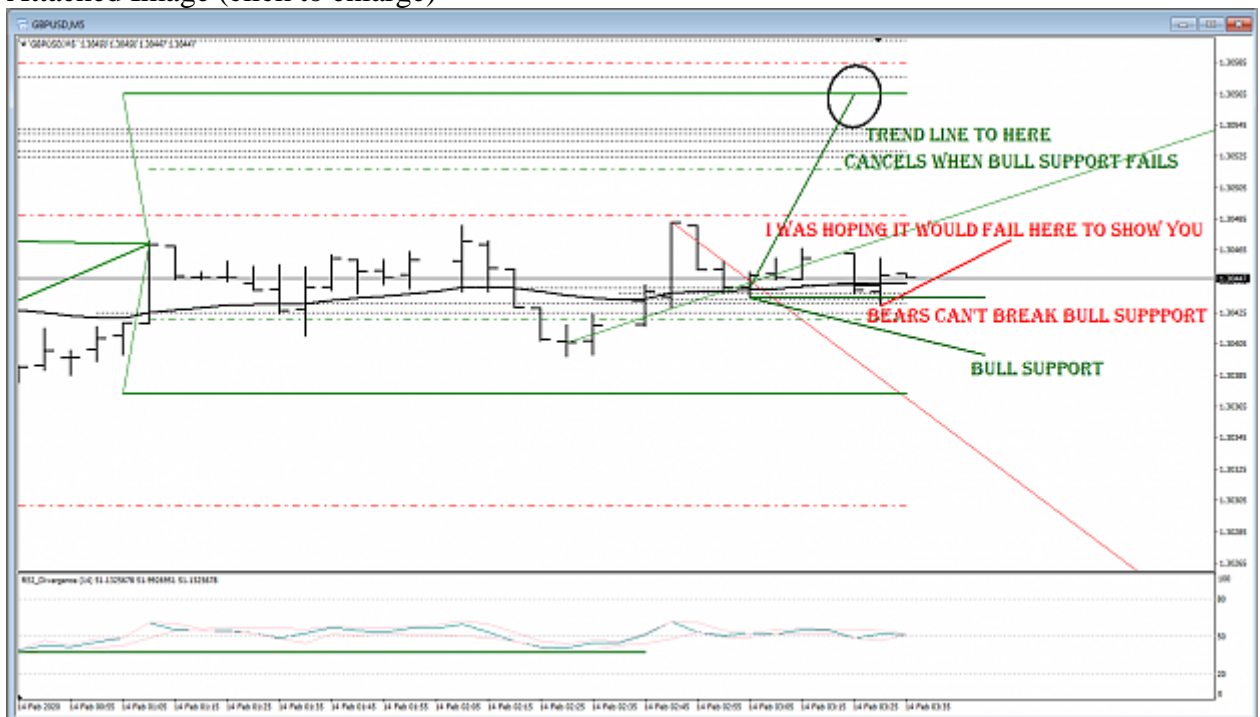


[Quoting des b](#)

Hi Folks. Hope this helps. not 100% confident but think its about there Cheers...Des {file}  
 I can't figure the purpose of the RAY lines.

I would suggest the following for a use of them... This is not the best situation being in the Asian session but here goes...

Attached Image (click to enlarge)



When price finds support it is a fair indication it is going to run to the respective target... In this case bullish off a bull support.

So the Ray begins at this support and ends at the bullish D target.

The line closes if the bull support is broke by a close below it.

Hope that makes sense...

Today we see we have had a series of impulses over the last couple of days pulling the EMA up to the 3033 average level.

The question is are the bulls going to make the HH or are the bears going to stop it.

We have no idea so we simply sit on hands and await some signal.

If the break is long then 3153 is the logical level. If the break is short then the logical level is 2956

Attached Image (click to enlarge)



For me the good point of a hedge is that I have to stay active to make the decision how to go on. In that way it is different from going flat, which influences me by being less sharp. The downside of a hedge is that it costs spread + commission, so hedging a hedge is not something I will consider.

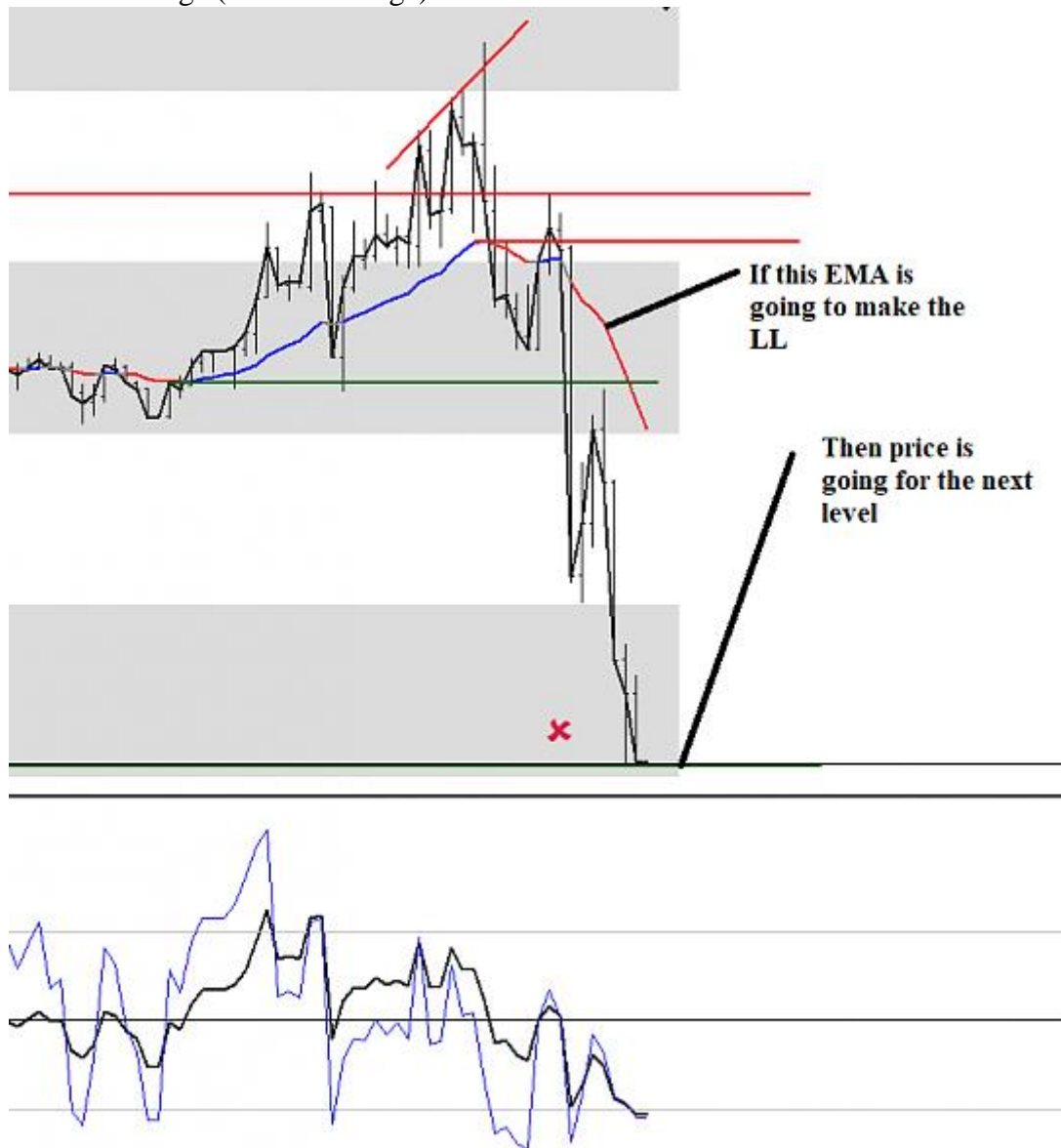
I do think that stophunts exist but not per se exactly as we have those in mind, after the fact being showed by a pinbar which took out a previous high or low. Btw, such bar does not effect the EMA. The more I became aware of the Hooks, I have the idea that the BE+1 exit is something many traders apply to their trade, meaning there is a liquidity node *within* recent price action (where the hooks occur). That's the liquidity they want to grab and that makes the hook. Which makes me question if the BE+1 exit is the best we can do and I hope you have an idea on this, Alan. I am still not sure what to think about this.

Talking about possible hook situations, I question myself often enough if defending my funds with the BE+1 exit is the most important and logical thing. Especially when we go with a small first position, the funds at risk is small. I just don't want to be a victim of a hook. Finally trading Structure and PA only

It is driving me nuts why people are not getting this...

5 min chart

Attached Image (click to enlarge)

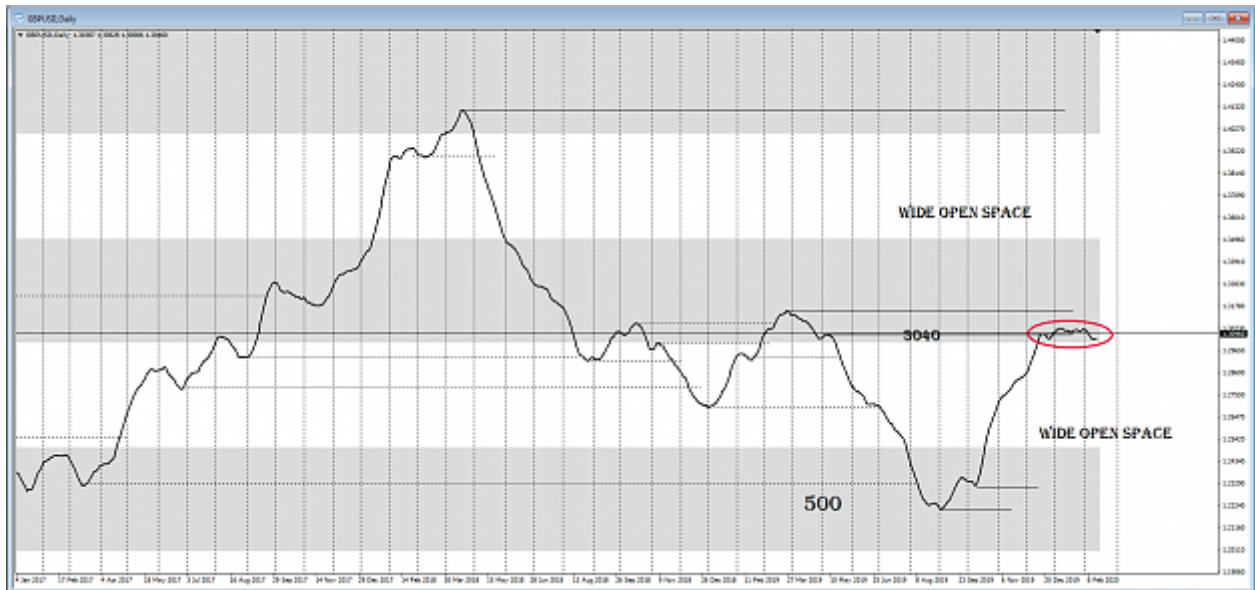


All the talk about it is going up/down in the forum and yet I don't see any evidence for much movement at all just yet.

The daily chart has been stuck at this 3040 level for months.

We need to see a big break and these usually follow lulls in the market. So we could be looking at fireworks in the not too distant future.

Attached Image (click to enlarge)



Friday saw the execution of the 1 hour target. A ABCD triangle.

On the 5 min the same target destination was given as an  $AB = CD$

Attached Image (click to enlarge)



Now sitting on hands awaiting the next setups to form.

[Quoting KevinOwens](#)

Today was a very difficult day for me. **Higher timeframes and EMAs are more towards bullish.** But the market went bearish today. I couldn't find solid ZOOs either. Alan and Jazz, can you guys throw some light? I would like to see how you traded today. I will be very happy to see analysis of both of you. I'm sure I missed a few important details. Hopefully you could show the way. Thanks!

I couldn't see much myself just a 20 pip ABCD on the hour which I consider not worth the bother of a 10 pip risk.

There are these days when it just isn't worth your time and effort we just have to accept the fact we can't trade if we don't get a decent signal.

I watched the old movie the Wooden Horse on tv instead.

The market tends to act like a bouncing ball with smaller up and downs until it is picked up and someone runs with it in a stronger direction then we get the fight backs and all the other stuff.

At our 108 open on the hour price was sitting on the EMA so this is neither bullish nor bearish... it is indecisive. i.e. is it going to bounce or cross? Just guesswork.

In situations like this when we don't have much to go on from the hour chart the 5m may give us some much smaller trades to have a go at if we really must trade at all. Take a look at the 5 min below there wasn't much in the wind at all.

Attached Image (click to enlarge)

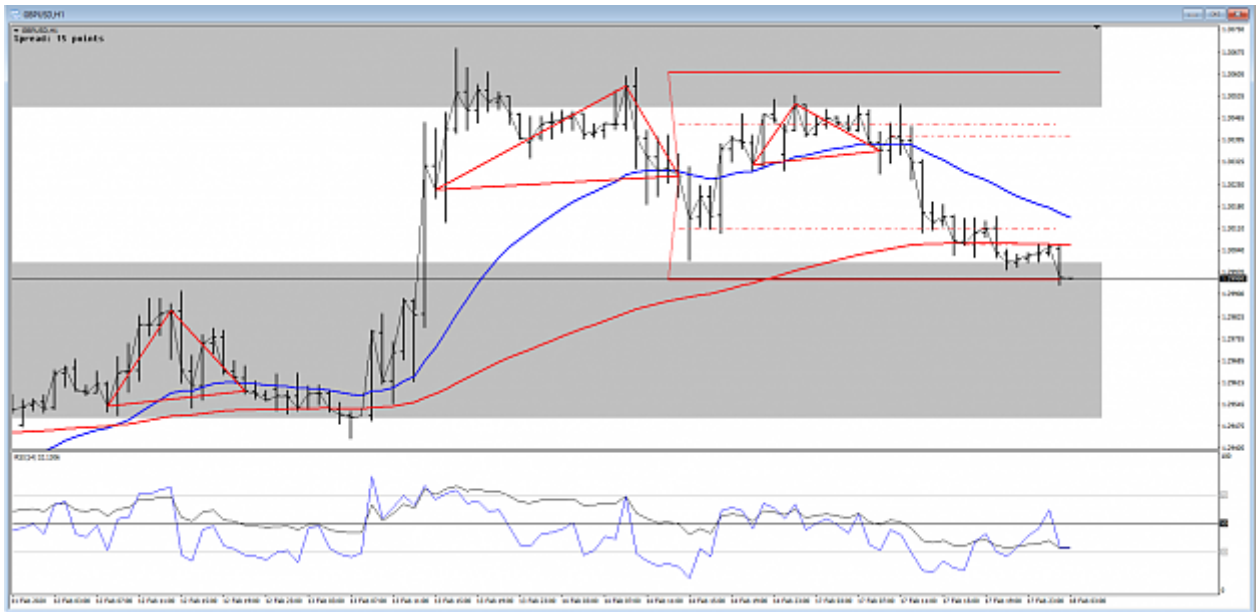


[Quoting 44johnw](#)

{quote} Hi Alan I had the C point on your 1hr ABCD **the next bar** on as the point you had on mine closed above the EMA, So with my ABCD I had actually bounced of the 50% level. It did complete the ABCD I had on the 30min. Cheers John

Well there you go it just hit that targeted level 34 hours later.

Attached Image (click to enlarge)



PS. I have put the indicator Des has made on a single 1 hour chart so it looks nice and neat, very easy to see and a great job by Des... Thanks

The red EMA is the 4 hour

[Quoting des b](#)

Hi Folks, Amended code to ignore flat line RSI's Cheers...Des {file}

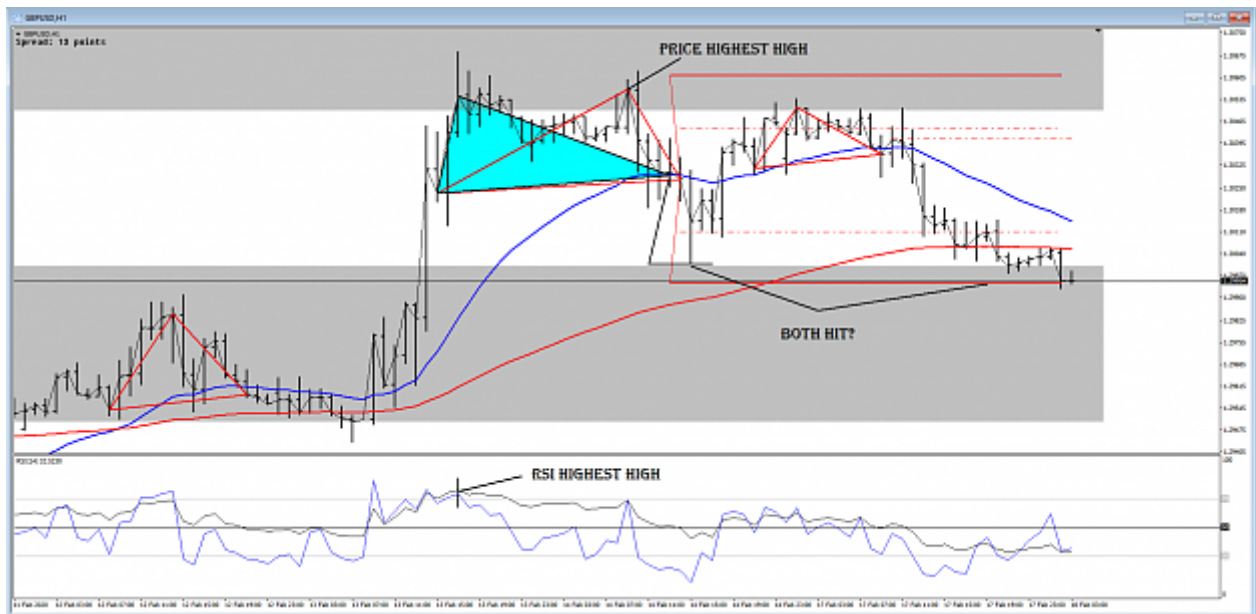
Check this out Des

Attached Image (click to enlarge)



Interesting to note that both ABCD's were hit

Attached Image (click to enlarge)



IC I have just worked out what has happened here with these two trades.

The div at 2 came before the target for div 1 was hit so it would have stopped out the trade 1

Subtle stuff hey!

Attached Image (click to enlarge)



I always look for the answers to these things because that helps with the learning processes. Anyone who thinks they know it all is delusional.

You should note from this that when the trades begin with a Div at that time we have no idea what the target is. The target distance comes later so we just hold at the div unless stopped out. This one was a real roller coaster of an ordeal.

That was one heck of an epic struggle for 62 pips.

Now this is strange the. The D and 50% lines have dropped off and the C line has moved to the correct place but not dropped off...

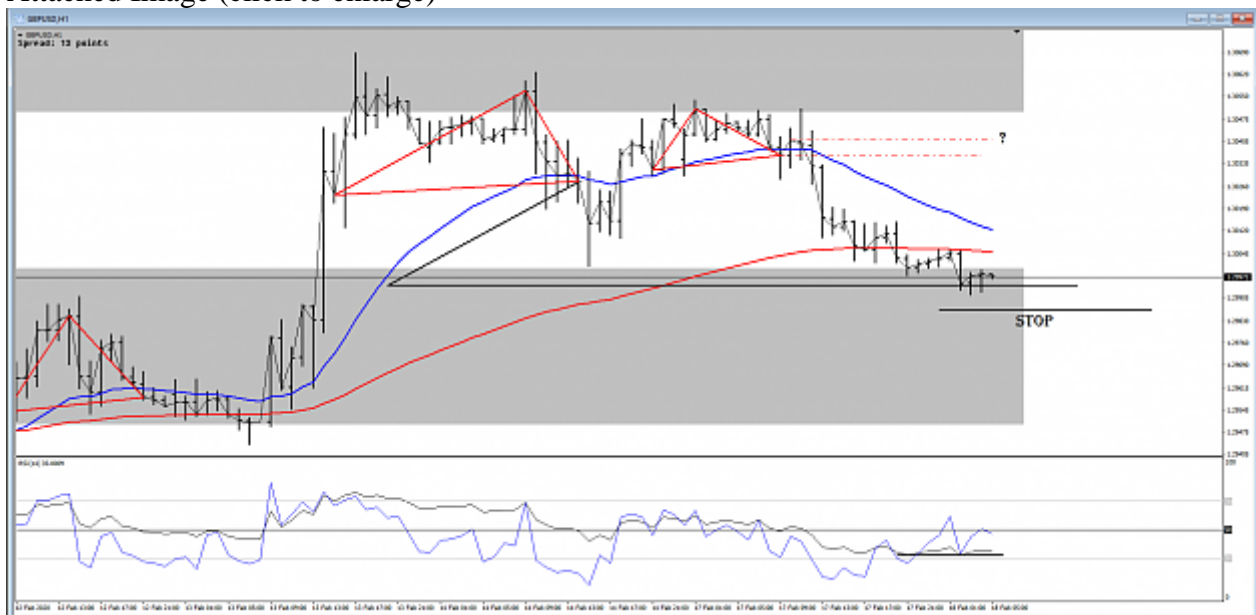
Attached Image (click to enlarge)



Crazy man now the old wrong C line has reappeared along with the correct one?

Should not all the lines vanish as the target is hit.?

Attached Image (click to enlarge)



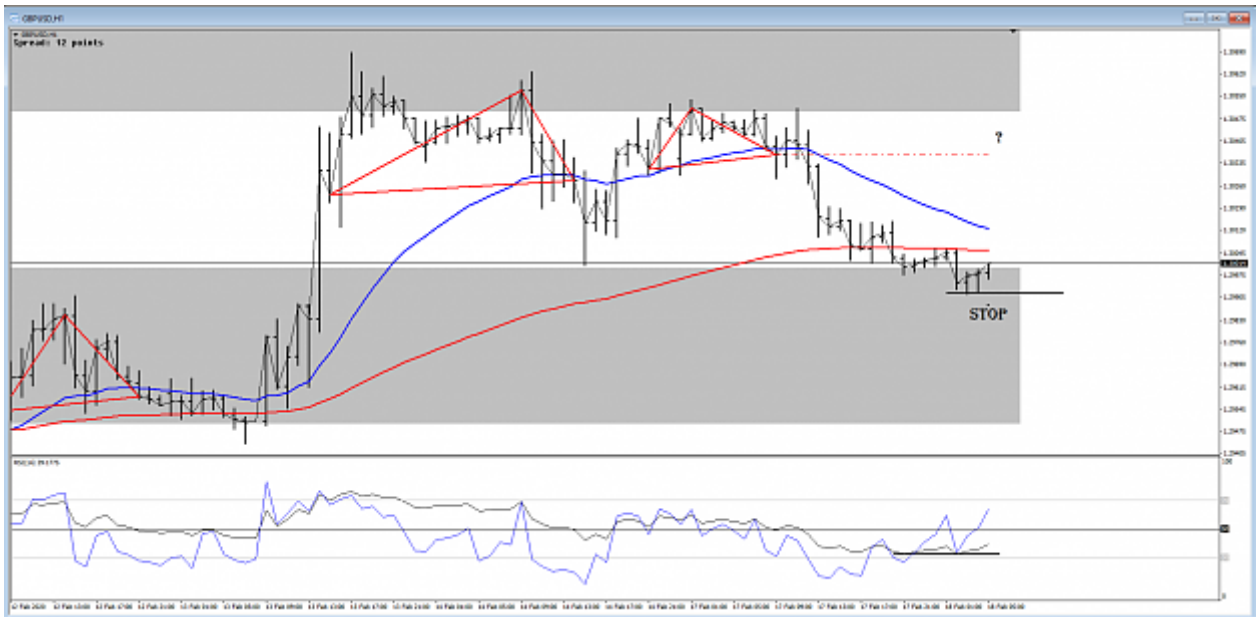
[Quoting 44johnw](#)

{quote} Mine hasnt changed Alan, its still the same as your first chart you posted

I just shut down and restarted MT4 and now I just have the one line again.

I am inching up my stop, nearly at BE

Attached Image (click to enlarge)



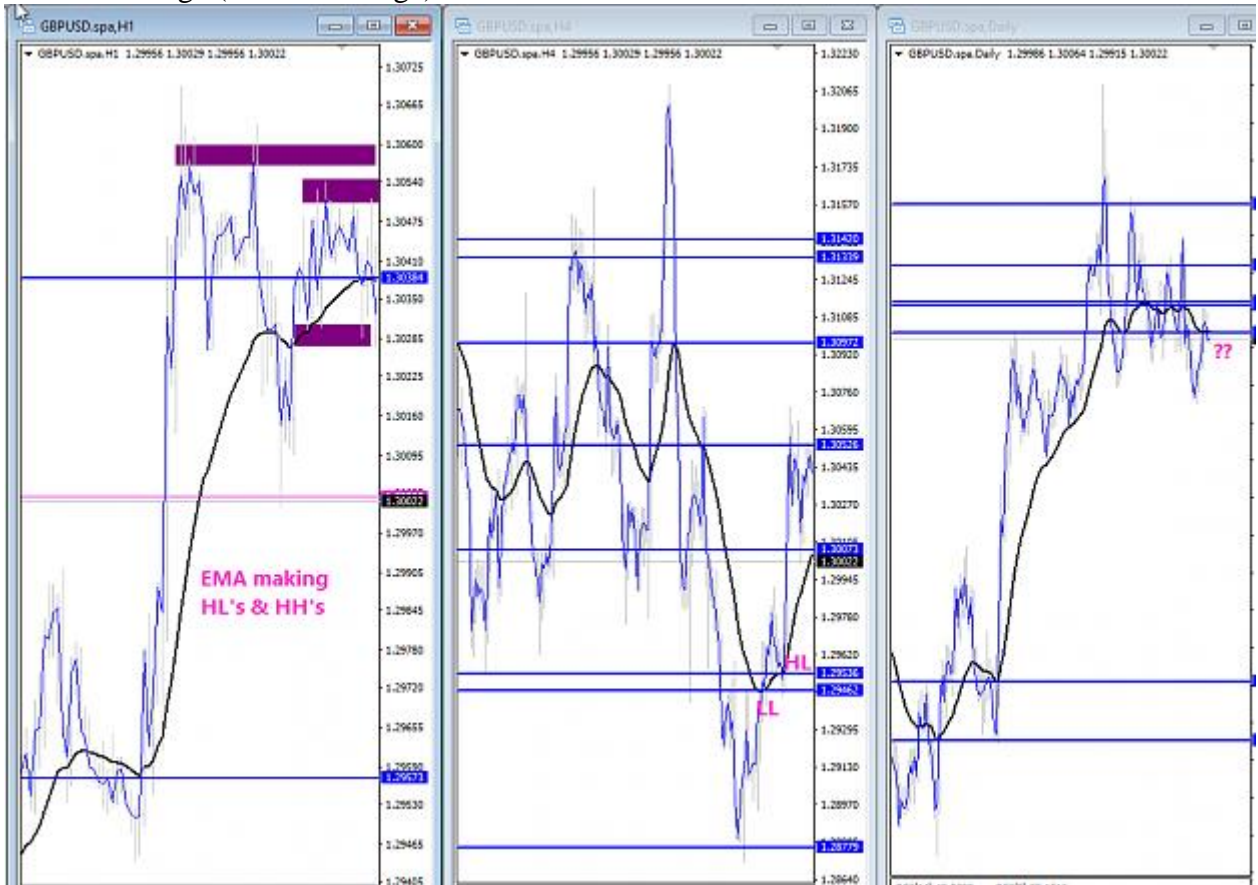
[Quoting KevinOwens](#)

{quote} Thanks for the explanation Alan. Maybe I should sit out on these indecisive days. I wonder what kind of trades Jazz took.

I had Alan's remark in mind, that he was sitting on his hands. That brought me in a very long hedged situation.

Here is what I did. First the analyses before I start to trade:

Attached Image (click to enlarge)



D1 tricky stuff

H4 although it made a bit of a HL, I had doubts on making a new HH  
H1 in serious uptrend. But what is its border when we know the H4 and D1..?  
In that H1 uptrend, I wanted to Buy the then-Yesterday's low with M15 and M5 in bull divs.  
Attached Image (click to enlarge)

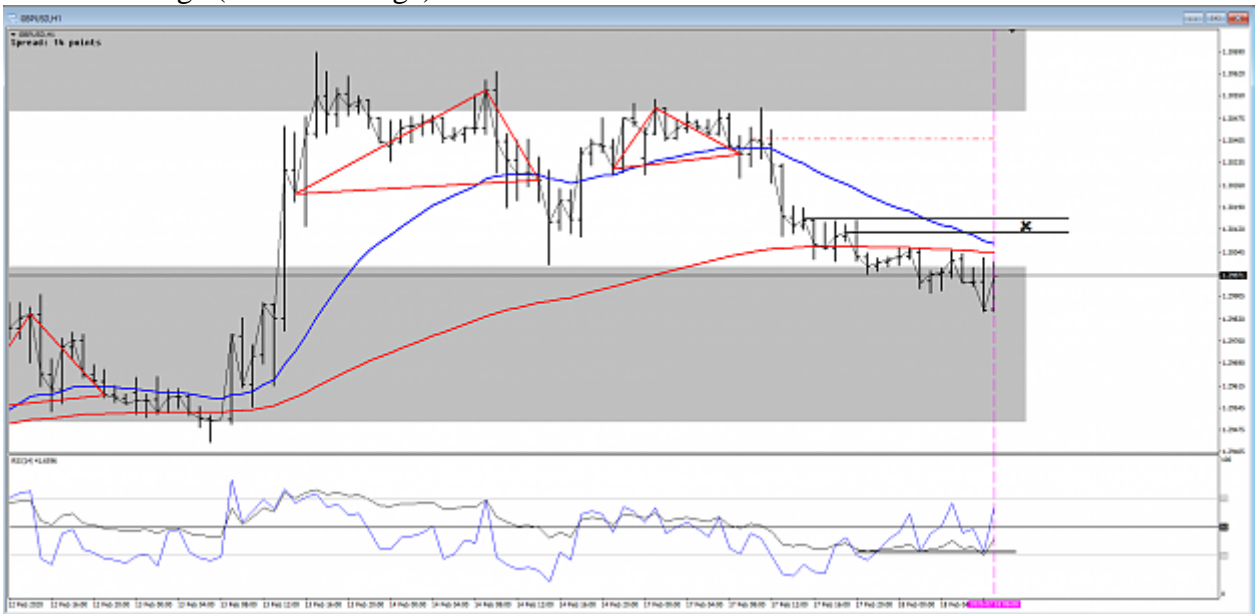


And Hedged at the Zoo above in M5 div.  
From there I didn't know how to go on, took a coffee, another coffee, a break, and at a certain point it was the EMA's guiding me to release the hedge and go down to the M5 swing low.  
Finally trading Structure and PA only  
Yep and once again I am sitting on them.

Look at this 1 hour chart, even if price did make it into the zone where I have the X it would still be a small target.

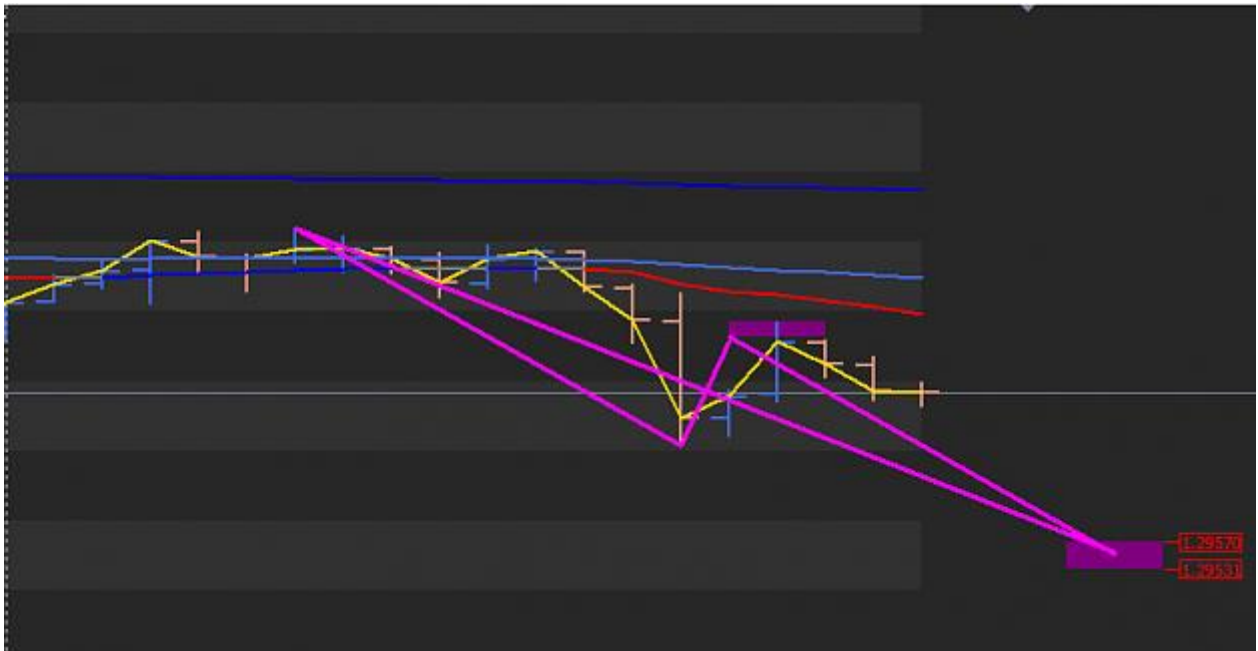
Waiting for better days.....

Attached Image (click to enlarge)



Indeed

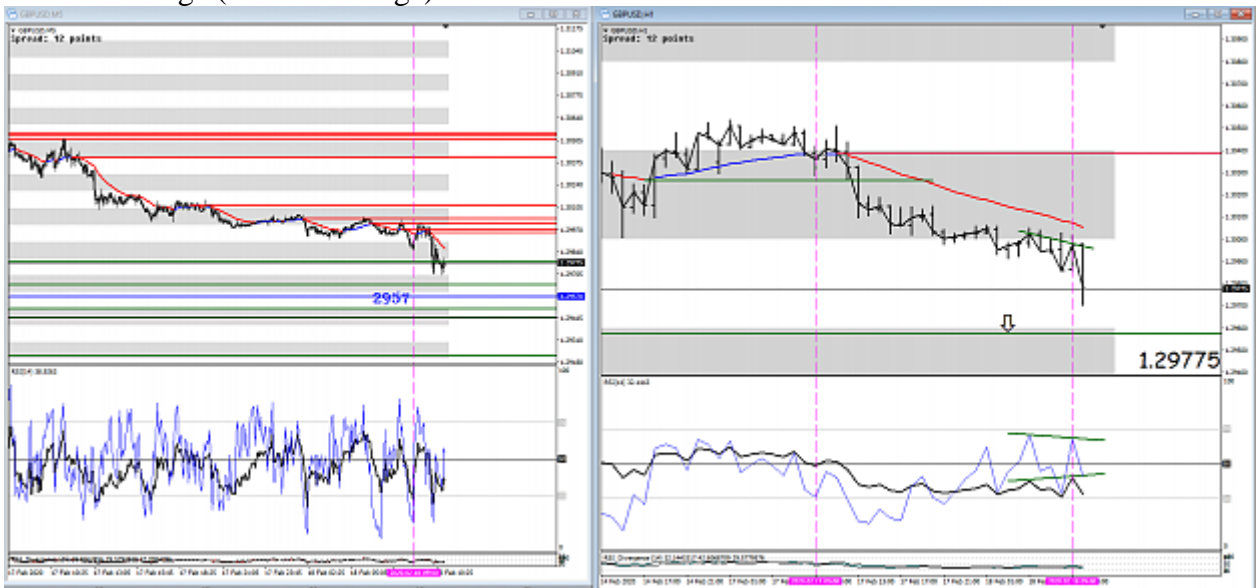
Attached Image (click to enlarge)



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Well I cannot see what else this could be. The target is toooooo small to get interested in though.

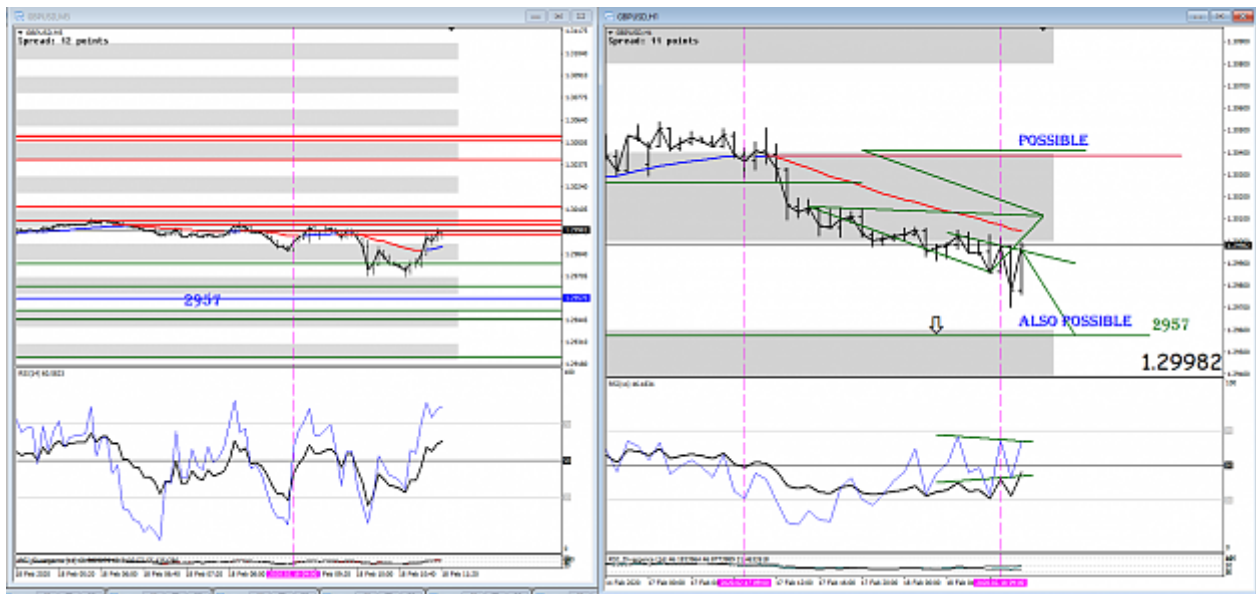
Attached Image (click to enlarge)



This now has the potential to be long and make an average swing HH on the hour if the EMA fails the LL

Not at all clear today hey!

Attached Image (click to enlarge)



That was hard work  
Attached Image (click to enlarge)



H4 EMA Bears holding  
H1 EMA resistance, printing Bear Alan's div  
M5 Bear div's into this H1 EMA which is a horizontal level too.  
Finally trading Structure and PA only  
Just look at this crazy battle over a few pips  
Attached Image (click to enlarge)



Attached Image (click to enlarge)



Finally trading Structure and PA only  
 Probably no signal just run for the high  
 Attached Image (click to enlarge)



The next level of average swing is 3153

Attached Image (click to enlarge)

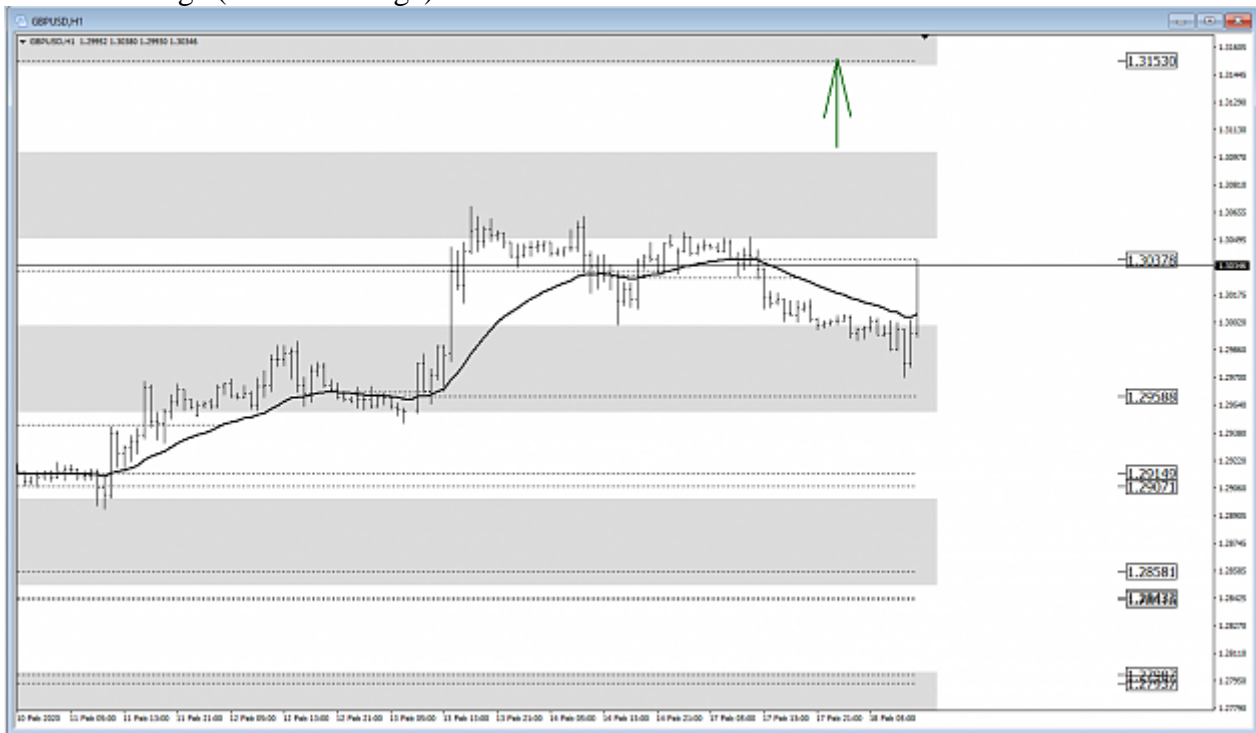


Well it made that with no worries now if the EMA is to make the 3038 then the price should make the 3153

Attached Image (click to enlarge)

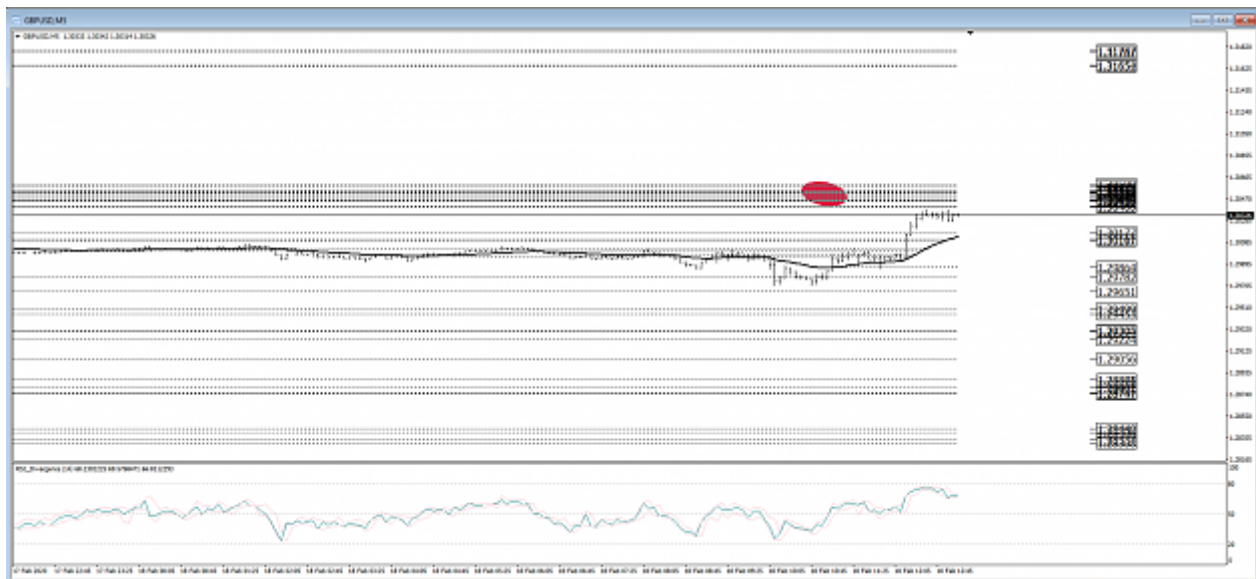


Need to keep an eye on this for a long break  
Attached Image (click to enlarge)



Oh Oh Oh is this going to go.... LONG!

Look at this mess on the 5 min...  
Attached Image (click to enlarge)



[Quoting 44johnw](#)

{quote} Alan is it possible it could be this or can I not do it like that {image} Cheers John

No you have missed a pivot

Attached Image (click to enlarge)



[Quoting des\\_b](#)

{quote} This is actually disabled just now as I don't want to create spurious emails, I will look to enable it when the indi is a bit more stable. Cheers...Des

Good morning Des.

Some of the C levels are still remaining on the chart ( V1.4)

Interesting though how these levels are tested time and time again

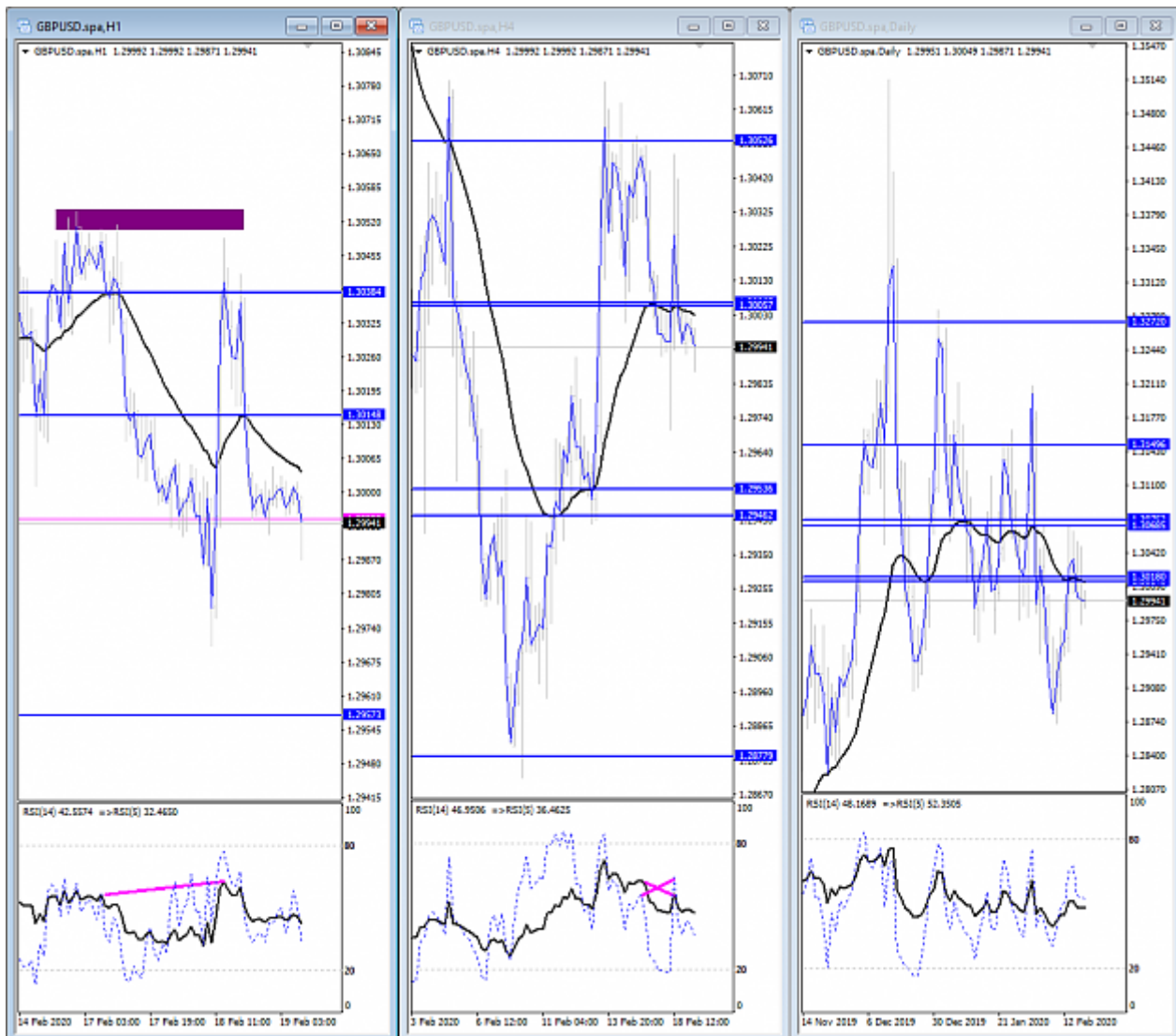
Attached Image (click to enlarge)



Good day everybody.

So what to do today. First thing I check is the white charts.

Attached Image (click to enlarge)



What we see is the Daily weakening a tiny bit. Yesterday a tentative HH swing is printed and today if it is a downbar, the swing low will be broken at least a tad.

H4 printed a LH and broke the swing low.

H1 made a clear LH and broke the swing low.

I will be looking to short the market, H1 target 1.2878

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The range is still so tight with 16 pips today.

Attached Image (click to enlarge)



Finally trading Structure and PA only

I see a very flat market as price just creeps along the daily and weekly pivots on the daily chart. This is reflected by a tightish range of movement on the 1 hour chart.

I will probably watch TV myself.

Look in a little later...

Attached Image (click to enlarge)



Trading from a ZOO

Attached Image (click to enlarge)



Finally trading Structure and PA only

[Quoting huskyboy](#)

{quote} that ZOO is a 50% level of a possible H1 AB=CD targeting 2956

Yes you are right! I didn't see that but here it is:

Attached Image (click to enlarge)



Chart also showing my latest short with the exit at the ABCD target.

Daily target reached.

Thank you Allan for everything 🎓

Thank you Des for the great indicator 💡

Finally trading Structure and PA only

I am again amazed how all these elements fit together in a very precise system.

Attached Image (click to enlarge)



Finally trading Structure and PA only

Bears did not keep it below the H1 EMA at the close of the bar.

M15 and M5 very close to make a HH swingy

I am in a bonus trade which will end either in 40 pip TP or BE+1. Not going to watch it.

Attached Image (click to enlarge)



Finally trading Structure and PA only

[Quoting Nala66](#)

{quote} Jazz check your AD = CD. Your B point is not on the lowest bar preceding C This makes the target D lower down

A yes, you are right.

Attached Image (click to enlarge)



That makes the AB=CD target at the H1 EMA swing low, interesting

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So what did I mainly do?

I followed Alan's system imho completely.

Big weight to what the EMA's are doing

Plus understanding to sell high (buy low).

Try to get involved in a 108bar move and keep risk tight.

Rsi divs as explained by Alan are important but don't use them stand alone.

Zoo's...!!!

Finally trading Structure and PA only

There we go it exactly hit the 2955+ but I was done and dusted ages ago.

The thing to note here was that the one hour had to make the pull back to find bear support below the EMA.

Attached Image (click to enlarge)



[Quoting KevinOwens](#)

{quote} Thanks for the post, Jazz. I guess I mostly understood the system. But, I still struggle reading what EMAs are telling. I know its the core of the system. But still couldn't understand the EMA part completely.

Its all about breaking the EMA swing levels Kevin. When the EMA breaks below one level price tends to make the next level.

I thought that was well understood by now.

Attached Image (click to enlarge)



And now we are seeing (but no signal other than the original)

Attached Image (click to enlarge)



The thing that can stop it is a divergence on this one hour chart.

[Quoting asoriga](#)

{quote} Is this not a bull RSI div and a regular bull div on the 1hr right on a ZOO point?  
 {image}

So, Alan showed the sideways stuff and his hands where blue from sitting on it. Then we get a breakout, we should trade that direction.

I hope the trade you showed was not the only one you did.

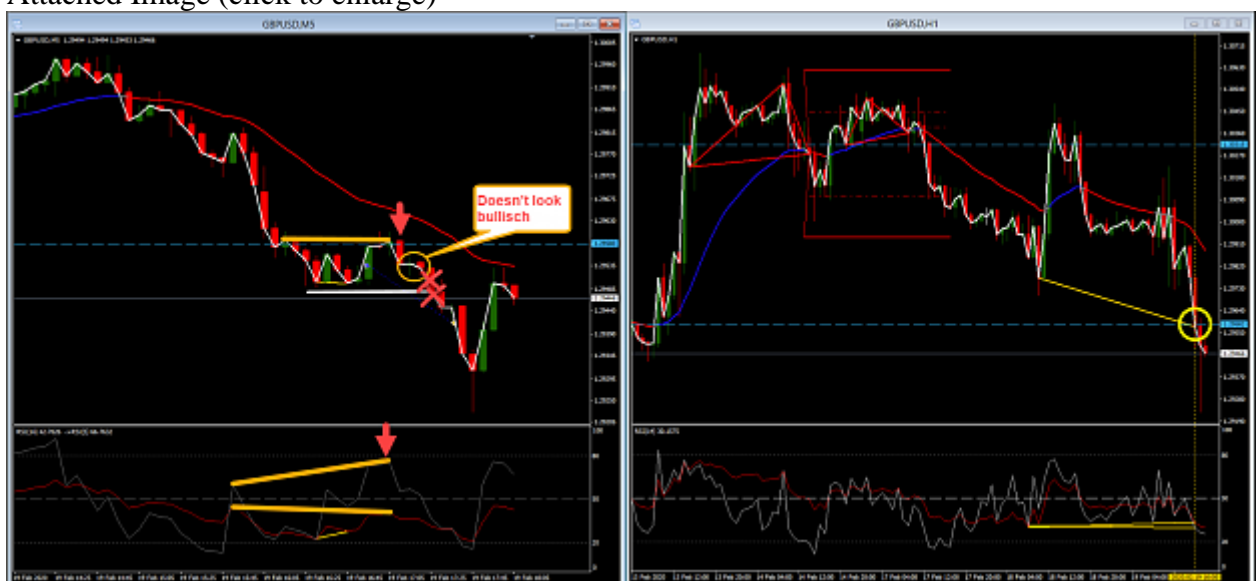
From a breakout we should trade the continuation especially cos we had bear support.

If you want to trade the div's which you show, be sure to see them as a scalp into the M5 EMA. Initially not more than that. And the risk is low because it is the first position.

Looks like you didn't see the bear div forming which is a good Short setup on M5. Price even didn't reach the EMA, if it doesn't, be sure to close your Long position.

Good you had the Stop not big, but could have been tighter.

Attached Image (click to enlarge)



Finally trading Structure and PA on!

[Quoting mayflower](#)

Looking well ahead, is this a valid AB=CD on the 240m chart to consider{image}?

It's a huge one you discovered 😊

Attached Image (click to enlarge)



Finally trading Structure and PA only

[Quoting mayflower](#)

Looking well ahead, is this a valid AB=CD on the 240m chart to consider{image}?

Yes it is, I have that one on my 1H chart with a target down at 2700 but there is no way I would be in a trade for that period of time. There will be plenty of trades both up and down before it gets there, if indeed it does so.

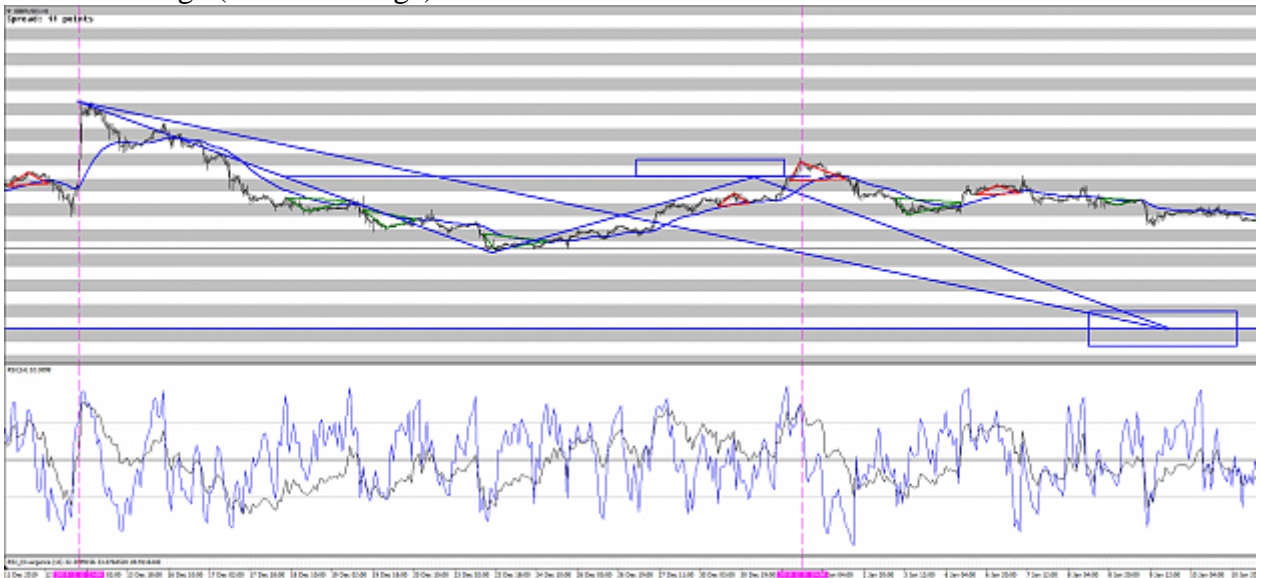
What I do is I put a horizontal Blue line at the target level and write in the description box what it is for. I.e. Long term AB = CD. So when I mouse over the line I can read what it is for rather than trying to remember.

If you look back on the 1 hour chart you will see it started with a bear div 2020:01:11 2300 chart time and now we can measure it to be about 500 pips for the whole move.

I also make a note of this in my diary trading notes, hand hard copy written.

Edit ... I have an even larger one targeting 2600

Attached Image (click to enlarge)



The whole concept of locating these AB = CD's is interesting to say the least because they do form levels we can look at in the future.

Remember we are dealing with the sentiment swings from one hand to the other forming equal distances of movement which to me is very logical.

To cut that sentence short I just call them 'Equilibrium Swings'.

Both the AB = CD and the ABCD are based on this very same concept.

However if life was that simple we would all be rich because during the battles we often see price action battling in the wrong direction and this tends to disguise the movements within the noise of battle.

We often see the market moving but cannot see the current reason why, it just appears to be random. However longer time moves are in progress and if we haven't made a past reference of them then they will remain mysterious.

Now perhaps you see why I trade just one pair. There is such a lot of work involved plotting and recording events on the different charts. To trade more than one pair it would become a team effort to get all the work done, a pointless position for an individual to put themselves in.

To get the charts all up to date I find it best to work it out at the weekend when there are no distractions due to price movements. This is where a diary comes in handy so if stuff is lost there is always the hard copy to fall back on to replace these important levels. I would write something like "level xxxx ref page xx" so I can find what I am looking for quite quickly.

On top of all this there are the EMA swings which let us know something is afoot and on a daily basis we can plot our money targets in the correct directions. The longer the time of the signal the more we are going to experience up and down movements within that period but the main impetus is always going to be unidirectional.

I find it all very interesting and trying to work out the concepts contained within the movements and then forming rules for the relationships of these concepts encompasses the whole field of study a trader should be involved with.

This is far removed from wave theory or fib theory or any of these theoretical concepts, it is all about Equilibrium Swings which to me is logic.

### [Quoting PhillipmC](#)

{quote} do you mean the target prices ? it does not draw the ABCD like you guys are doing tho. i was looking for the one in the second screen shot. {image} {image}

No we don't have a tool for those it is draw manually to incorporate the plus or minus factor as below...

Attached Image (click to enlarge)



See how it bounce exactly on the plus box in divergence....  
Attached Image (click to enlarge)



[Quoting huskyboy](#)

{quote} sure is, and I underestimated the importance of the levels. They should be on the chart before trading session starts. I wonder Jazz, do you ever use pending orders? It sure was a great entry by Mayflower 👍

Yes, I use pending orders for the 3rd entry.

Finally trading Structure and PA only

[Quoting Jazz1964](#)

{quote} Yes, I use pending orders for the 3rd entry.

Attached Image (click to enlarge)

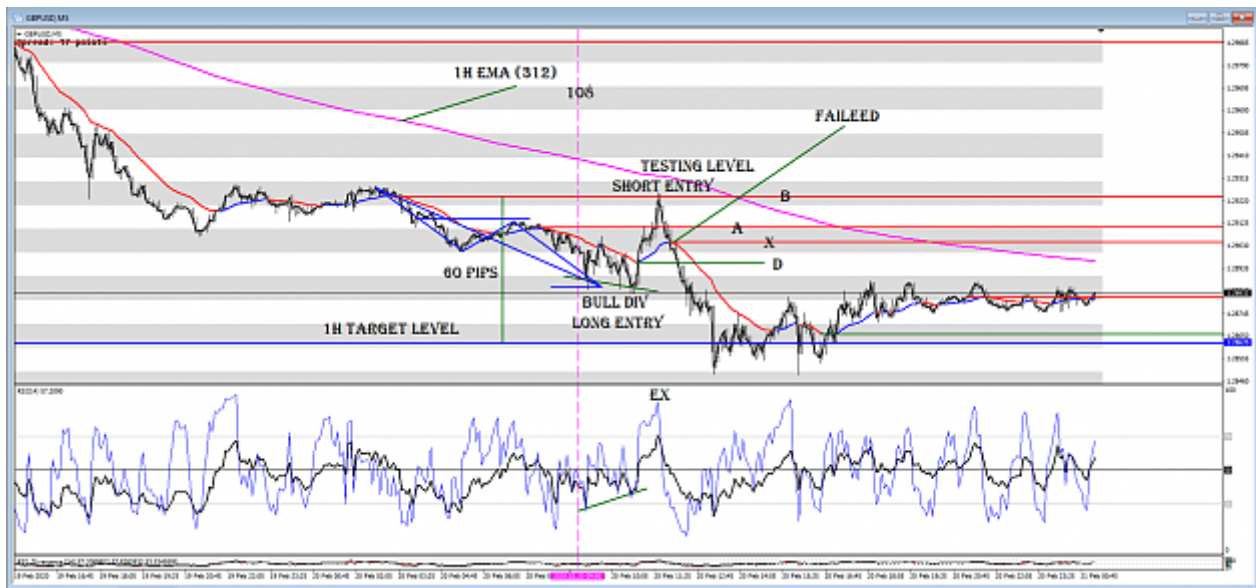


Finally trading Structure and PA only  
 So for our diary of events...

- 1) Following the  $AB = CD$  we expected a bull div to start a retest. We got that and placed a long entry.
- 2) If the average is to make a HH than A then price should reach B for this reason we do not short at level A.
- 3) Price made level B but was exhausted on the RSI and the EMA has not made the HH at A. This was a close long and go short.
- 4) The failure in the long direction means that D is going to be tested by the EMA. At this point we have no 5 min level so can refer to the 1H for it.
- 5) The EMA easily made it past D and price did run to the 1H level where we exit and the job is easily completed for the day.

Note on my 5m chart I also have the 1H EMA. This shows me the market is strongly bearish and longs should be taken with care.

Attached Image (click to enlarge)

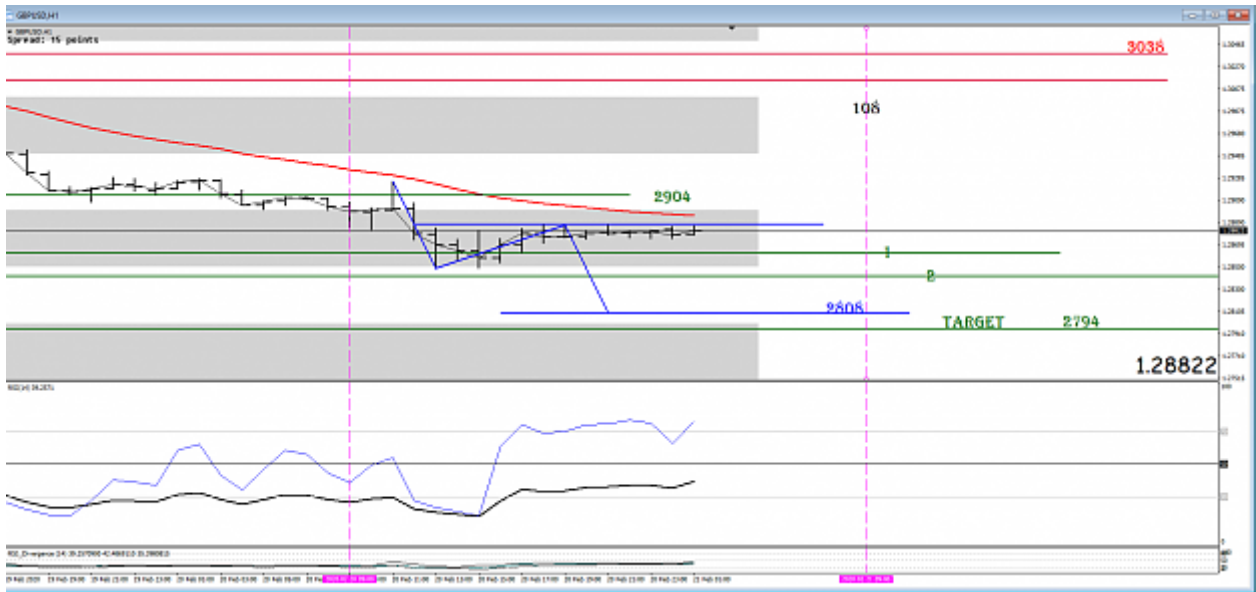


We can then add the 1H chart to show the area we were interested in. Here we can see the EMA was trying for the 2904 so price hits the next level  
Attached Image (click to enlarge)



For today we can see the 1H is still bearish and may be working on this  $AB = CD$ . We can see there is a target level down there too at 2794 so if the EMA is going to knock off the next two levels short then this would be the expected level to aim for.

We see the fast RSI gets exhausted when price approaches the EMA. If price does actually get across the EMA then we would be looking for an ABCD instead.  
Attached Image (click to enlarge)



Attached Image (click to enlarge)



Remember nothing is set in stone so watch out for the bulls finding support and stopping the EMA and maybe even turning it with an impulse bar.

Error: not taking the hedge at the Bull Div.  
Attached Image (click to enlarge)



As soon as Price came below the HD horizontal line, I entered again Short. Failure to reach the M15 ABCD target. M5 not making a HH swing.

As always will keep it tight.

H1 seems the Bulls cannot survive but current bar is not closed yet.

M15 Bears could not make it., now the Bulls are testing. Yeah got to keep my Short stop tight.

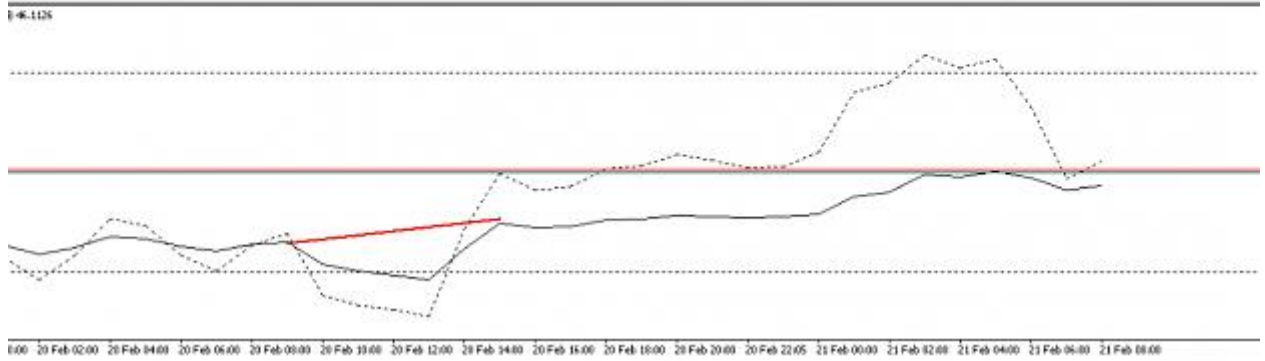
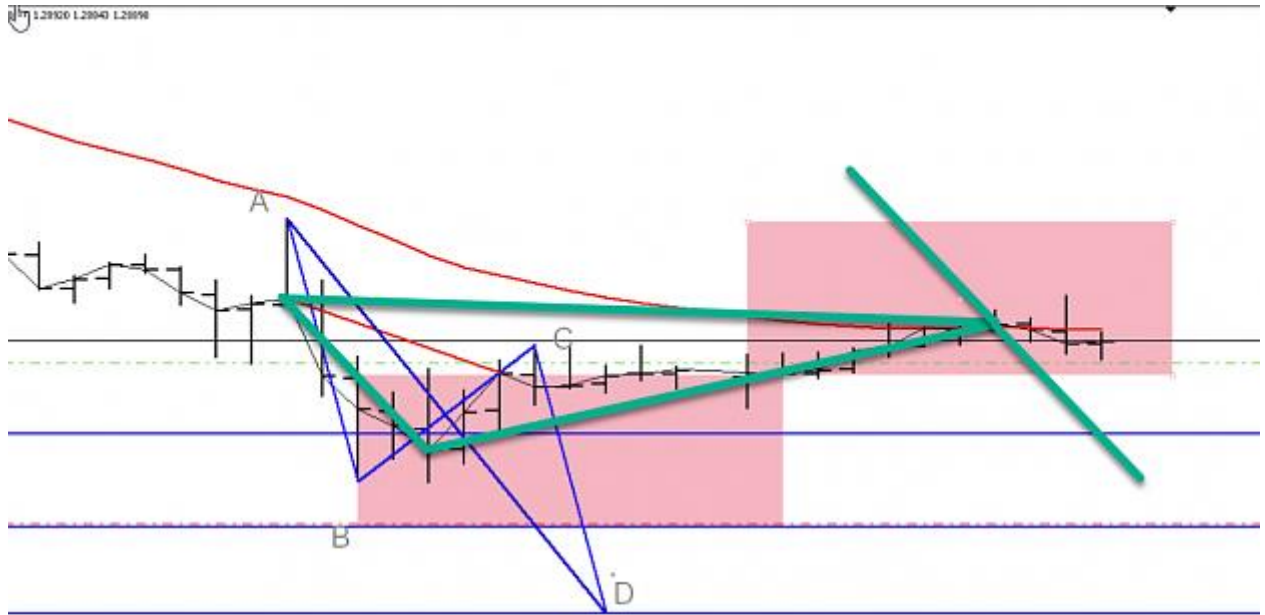
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[Quoting mayflower](#)

So here's my 60m chart with a choice of two methods. It has an AB=CD and also a bearish divergence pattern. It has been long and hit the 50% level so is this a pause and wait situation?  
{ image }

Your ABCD is not correct, MayFlower, and that's the one we consider instead of the AB=CD (from Alan's post)

Attached Image (click to enlarge)

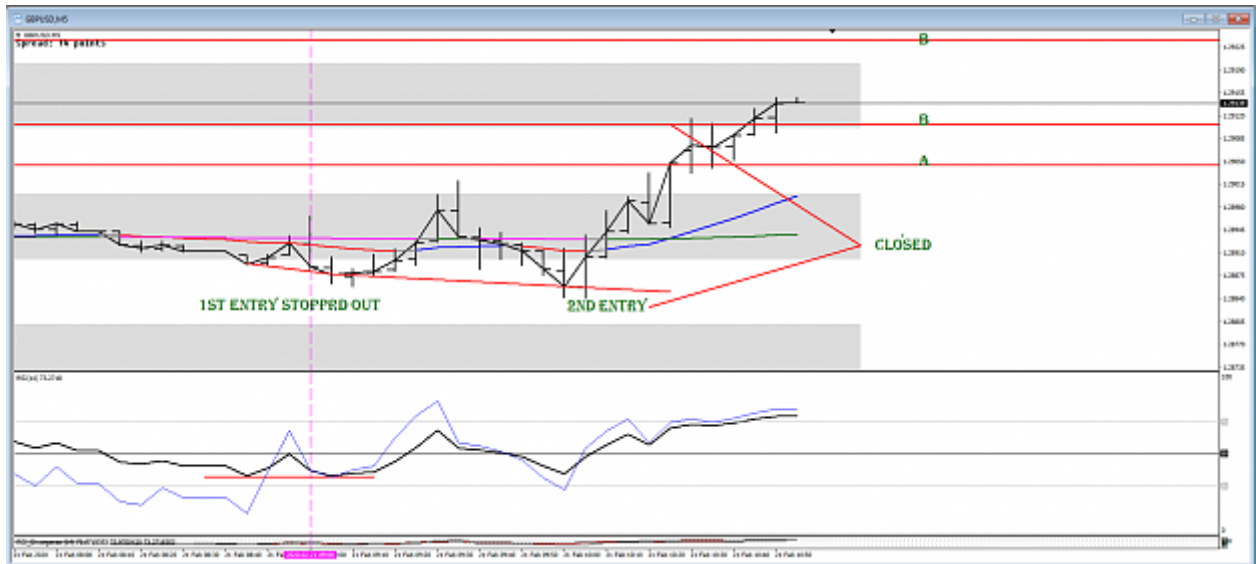


Finally trading Structure and PA only  
 This setup made me a tad nervous.

Stopped out for my first entry BE=!

Closed the next trade at B because I was not sure if it was going to run through to the next level B

Attached Image (click to enlarge)



### [Quoting mayflower](#)

Grateful thanks to Husky and Jazz. Can you point me to any previous posts that explain the difference between an AB=CD and an ABCD please? I used to know the set up with the two red trendlines and the two red boxes as a reversal.

For the ABCD, why don't you put the indi from Des on your chart? it is amazing and pretty without errors. You will get the hang of it.

For current H1 ABCD,

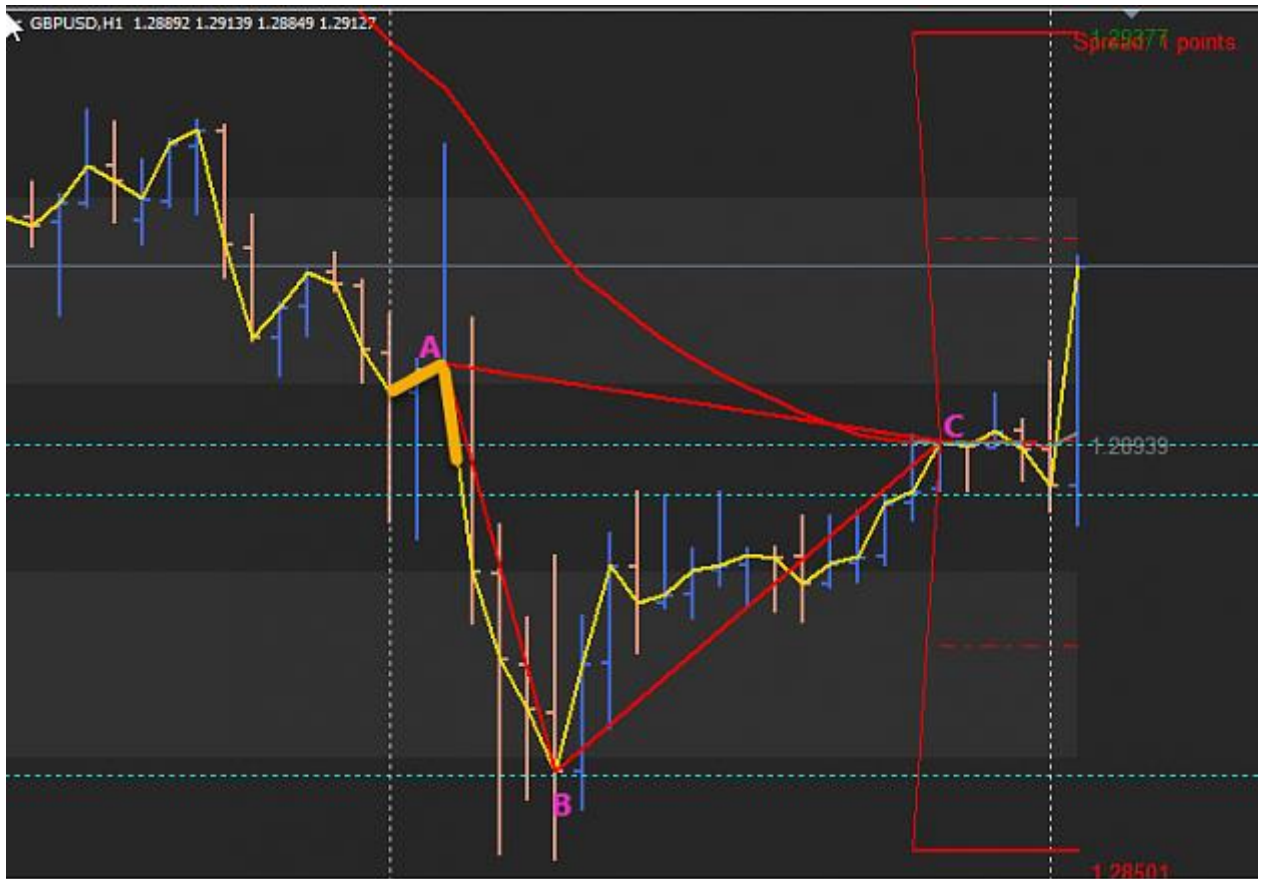
the C is what you chose first, it is the first bar-close which crossed the EMA up.

Then you find a pivot to the left which is below the EMA which has a higher price than C.

That's the A.

The B is either the lowest Price pivot, or a bar-close price that belongs to the bar with the lowest RSI(14) value; we normally use the lowest Price pivot.

Attached Image (click to enlarge)



For the  $AB=CD$ ,

A to B is a clear move

B to C is what you measure as exact 50% retracement from AB.

Then  $CD=AB$

Now you draw a box below and above D. That box has the height size from C to the Price that was max made in reality during the pullback. This box at C can either be below or above C (in this picture below).

Attached Image (click to enlarge)



Finally trading Structure and PA only

[Quoting Nala66](#)

It should be the case if the EMA is to take out the HH at A then price should run to B... But which B?

It all depends on the speed of the move, don't you think?

a 50% retracement will be at the ABCD target.

Attached Image (click to enlarge)

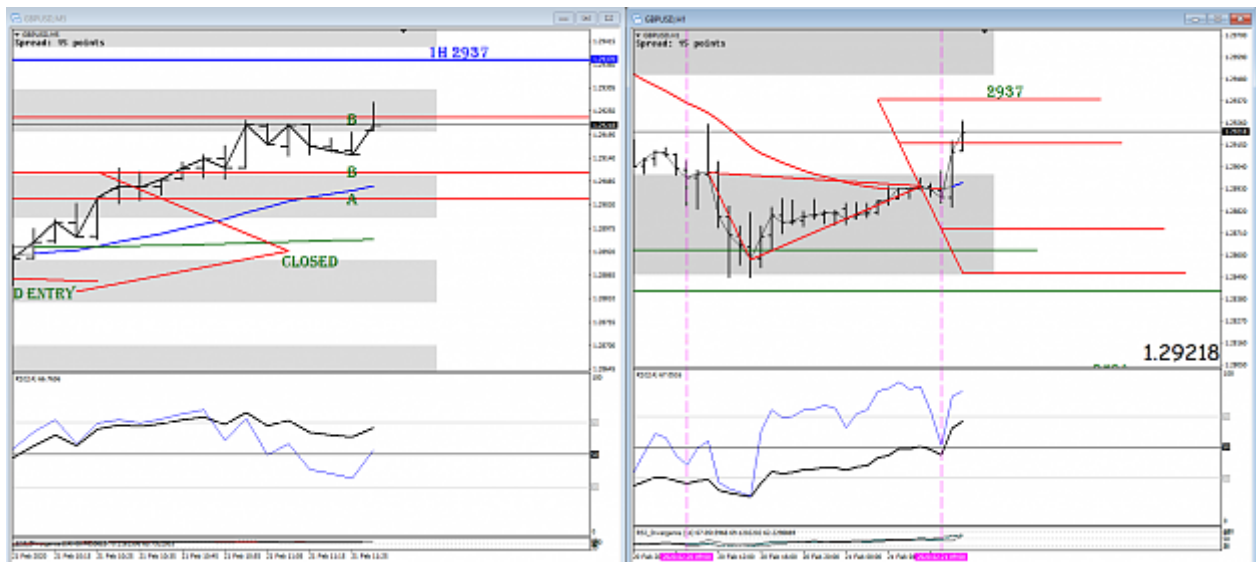


Finally trading Structure and PA only

It is not far to that 1H target so it can take its sweet time.

It did make that second B so excuse me while I go away and cry a little with the anguish of it all.

Attached Image (click to enlarge)



I am more interested in the research, trying to figure why things happen.

For example look at this my 1H chart. In blue I have drawn what could possibly be a different ABCD waiting to see the result and then see if this happens a lot. It could be how the market makes corrections, who knows not me, YET

Attached Image (click to enlarge)



[Quoting huskyboy](#)

2 M5 AB=CD's did the job, H1 ABCD filled {image}

Very good and well spotted that man, now all we need do is teach you to draw them correctly...Example below.

Attached Image (click to enlarge)



For your diary of events...

I'll let you guys supply your own wordage.  
Attached Image (click to enlarge)



### [Quoting huskyboy](#)

{quote} Thanks Alan, trying not to forget. Great teacher you are and I love your system but only live I often fail. I am more a historicus, when its done I can see it clearly 😊

Try using the Quartile tool when you notice a retracement is happening. I find it dead handy for finding the 50% levels.

Recall what I told you about the matchstick where we try to load up at the head of the match to reap the reward required by the time the matchstick ends.

Knowing the setup of the equilibrium swing we can calculate our profit and our potential risk.

The loading zone in the chart below is between C and B. This means we have to have the sum of all our trades on by the time we break through B so our profit divided by 46Pips gives us the

required result.

For me in the chart below I would be trying to load up by the small red box. Look at my risk versus reward. My lot sizes can be very much smaller because I have a greater distance to profit from and thus my risk is much smaller also.

C is always 50% of AB so we can plot these distances well in advance and calculate what we need to place on the trade to made the required profit.

This is by far the least understood... Small Risk/Large Reward

It doesn't matter how you slice up your entries. I go with \$3, \$6 and \$9 = 1.8 lots and equates to \$25 a pip. This move was 85 pips so  $25 \times 85 = \$2125$

Now look at the risk peanuts in comparison.

The quicker we can get our lots on the less the risk and the more profit potential. We still have heaps of time to add to this winner if we wanted to.

What is the point of plotting the target distances if we are not going to take advantage of the situations.

Attached Image (click to enlarge)



By using the quartile tool you will see just how popular these  $AB = CD$ 's are and how accurately they perform.

Note how we plot from the swing high to low on each side of the EMA and we ignore the tiny signals as not being profitable.

Attached Image (click to enlarge)



{quote} Nala why is my point B different from yours in the ABCD triangle? Or rather how do I know how to choose the correct point B. Attached is my ABCD triangle. Thanks. {image}

If you don't mind,

Attached Image (click to enlarge)



Finally trading Structure and PA only

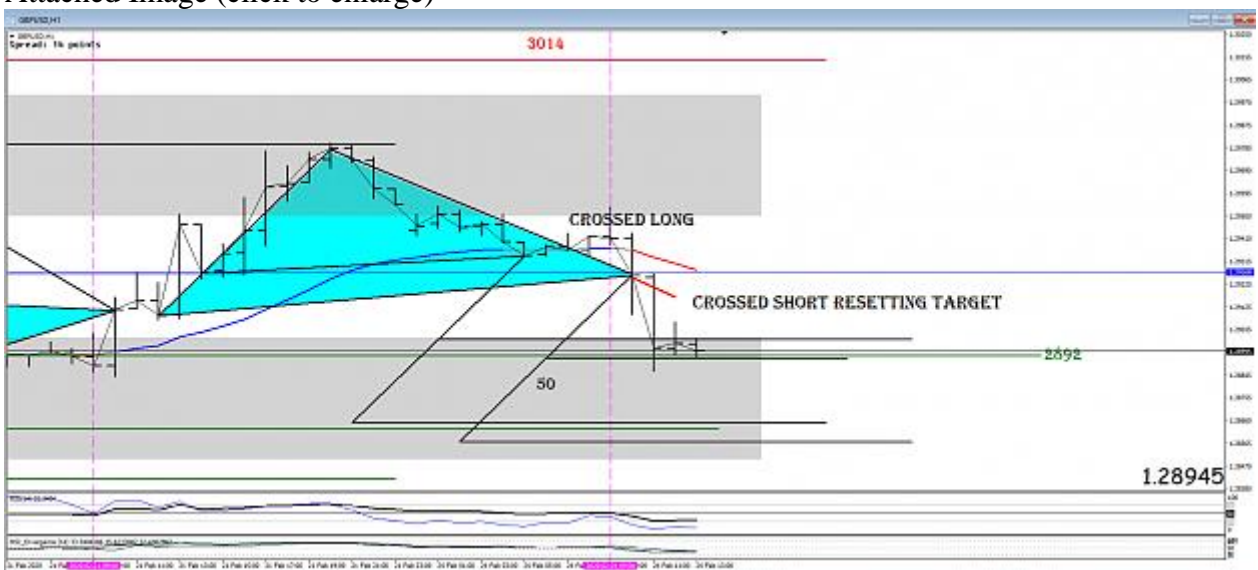
[Quoting Jazz1964](#)

{quote} If you don't mind, {image}

There is nothing wrong with your ABCD yellow triangle at that point in time but I have been working on the theory that if it does a cross and recross it tends to reset the target level.

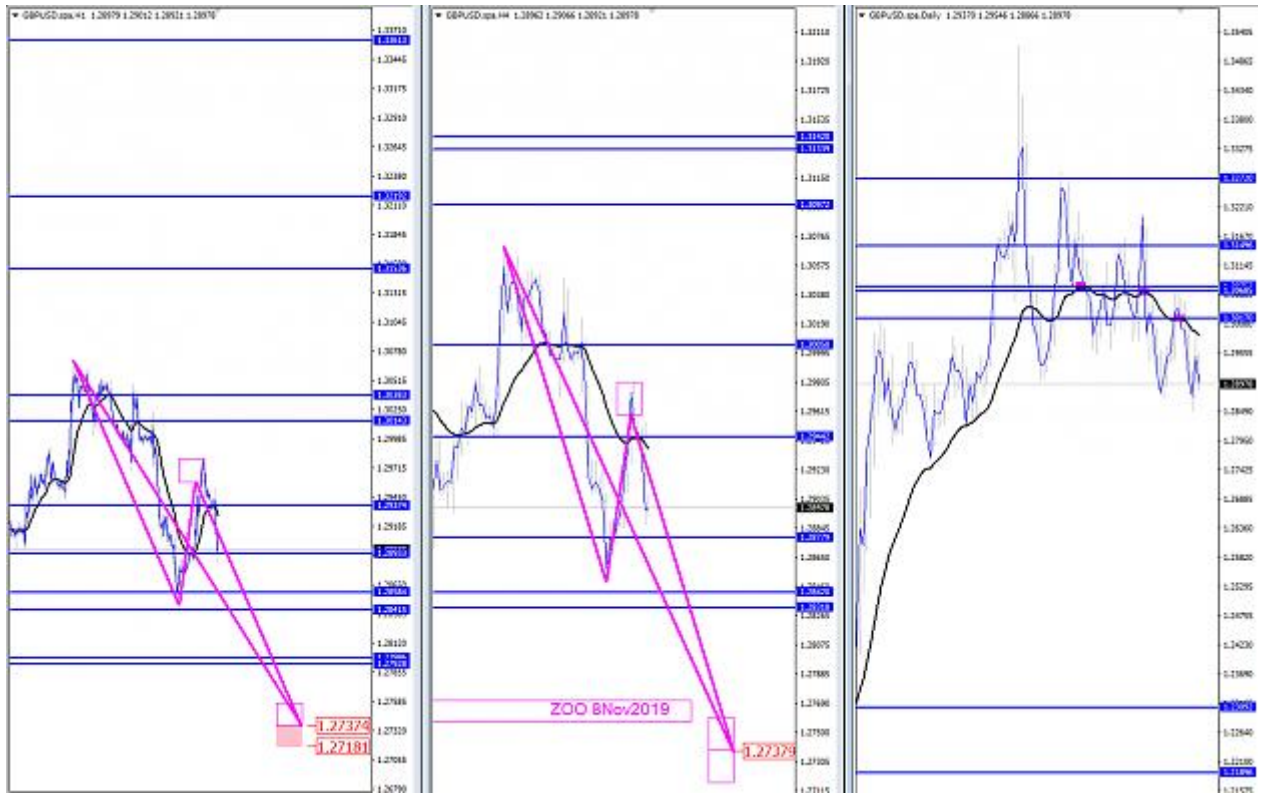
For now I put both targets on to see if this pans out or not. Strange how it is bouncing between the two 50% levels.

Attached Image (click to enlarge)



Pretty large targets here

Attached Image (click to enlarge)



Finally trading Structure and PA only