

[Quoting quangvision](#)

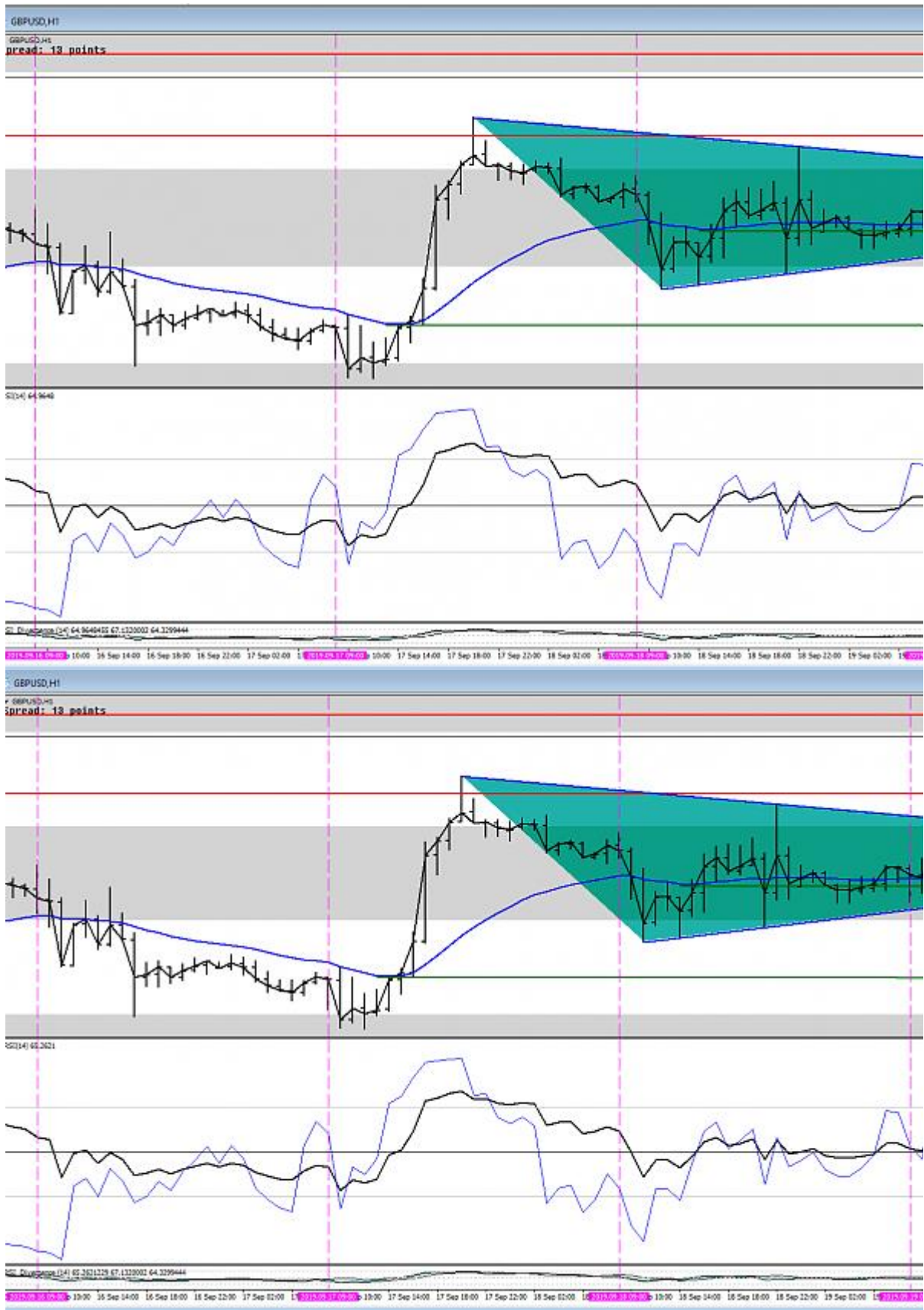
{quote} Sure, maybe I don't concentrate enough on trading live rather than stalking other places. Well-noted 😊

Let me show you something.

I was talking with Jazz on Skype yesterday and noted the 1 hour chart had formed a pattern with a tradable target and how we calculate that target.

It looked to us like this at the time.

Now had I posted something like that people would have gone short on the breakout..



Now that would have been fine except the situation changed. The pattern changed from a pennant to a wedge and that has a different calculation.

The thing to note is the double bottom and the target is the height of the wedge taken at the breakout point. So we have another $AB = CD$.

If I am not around to call these changes then I am at fault for calling them in the first place. So I DO NOT DO THAT



Nala66

Sep 20, 2019 1:04am | Post# 4612

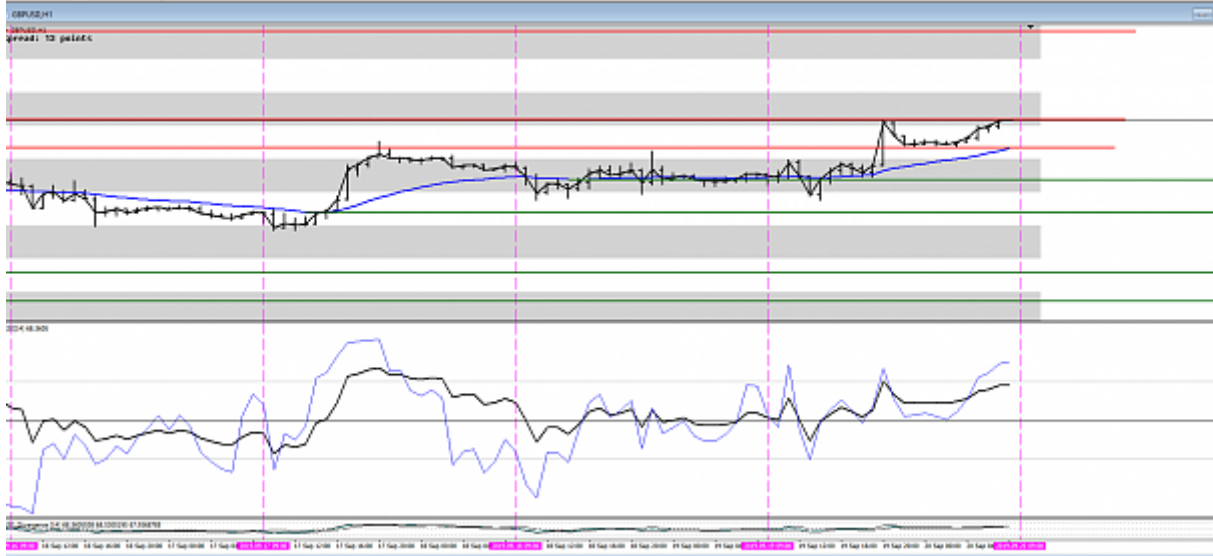
Although all this stuff is nice to know, it is over and above what you need to know.

All you need it to pay attention to the averages and what they are doing. Price will then do its thing to make it happen.

Look at the darn chart and see the average is trying to make the HH so the price makes the next level to pull it up there.

This infers you should be looking for longs on the lower time frames. It is not rocket science.

If you get it wrong then you lose ten pips, so what..



Nala66

Sep 20, 2019 1:06am | Post# 4613

Why do you need me to call this for you. I am not giving you a fish I have taught you how to catch your own.

Sorry but I really get annoyed with people who want me to do it all for them.

Amen

Nala66

Sep 20, 2019 1:10am | Post# 4614

If you want to know what I traded yesterday it was here....



Nala66

Sep 20, 2019 9:24am | Post# 4617

[Quoting KevinOwens](#)

Hi Alan, Still learning this strategy. I do have a doubt. Please clarify it. Here, on M5, there's a ABCD which gives me targets to either sides. However, there are other aspects to be considered

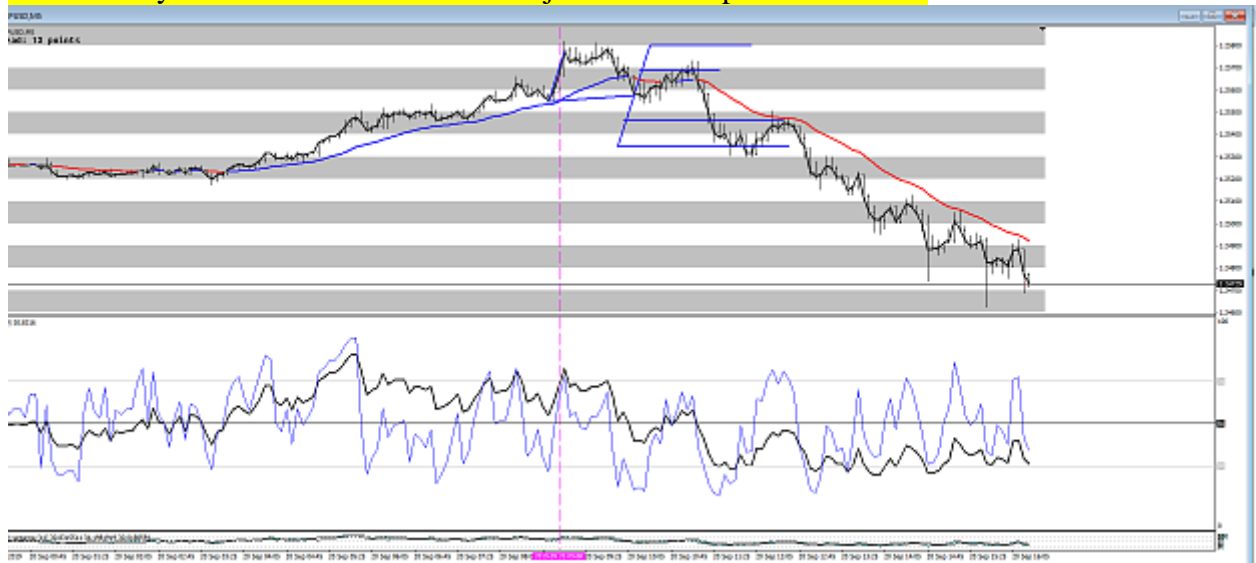
on H1 and H4. On both these higher tf's, the price is above the EMA. At the same time, there is bearish divergence on both the tf's. So, coming back to M5, should I look to short, considering the higher tf bearish divergence? Or, should I go long, considering the price being above EMA?

Sorry about the late reply I was out.

Yes I also shorted that.

With the higher time frame divs this is telling you to look for shorts, I hope you did that.

This was my trade at that time and I have just had a couple more shorts.



Nala66

Sep 20, 2019 7:21pm | Post# 4620

So risking stating stuff after the fact again the 1 hour performed exactly as expected. Price moved from the average high to the swing average low.

What is that, some 100pips or so.

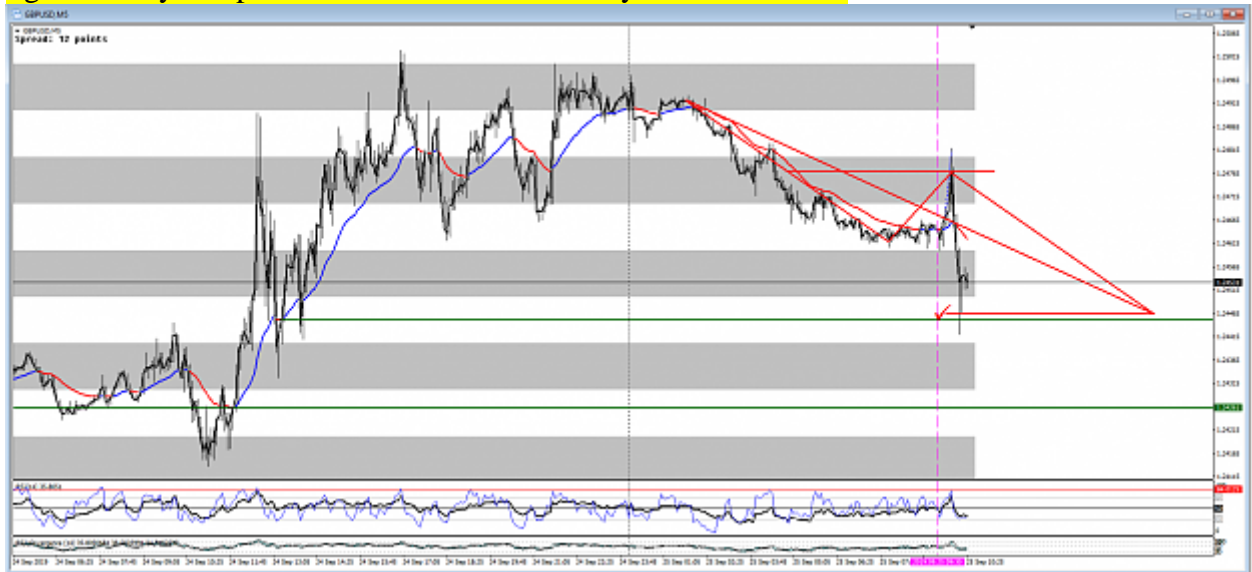
Signal given was a three day divergence on the hour.



Nala66

Sep 25, 2019 3:28am | Post# 4640

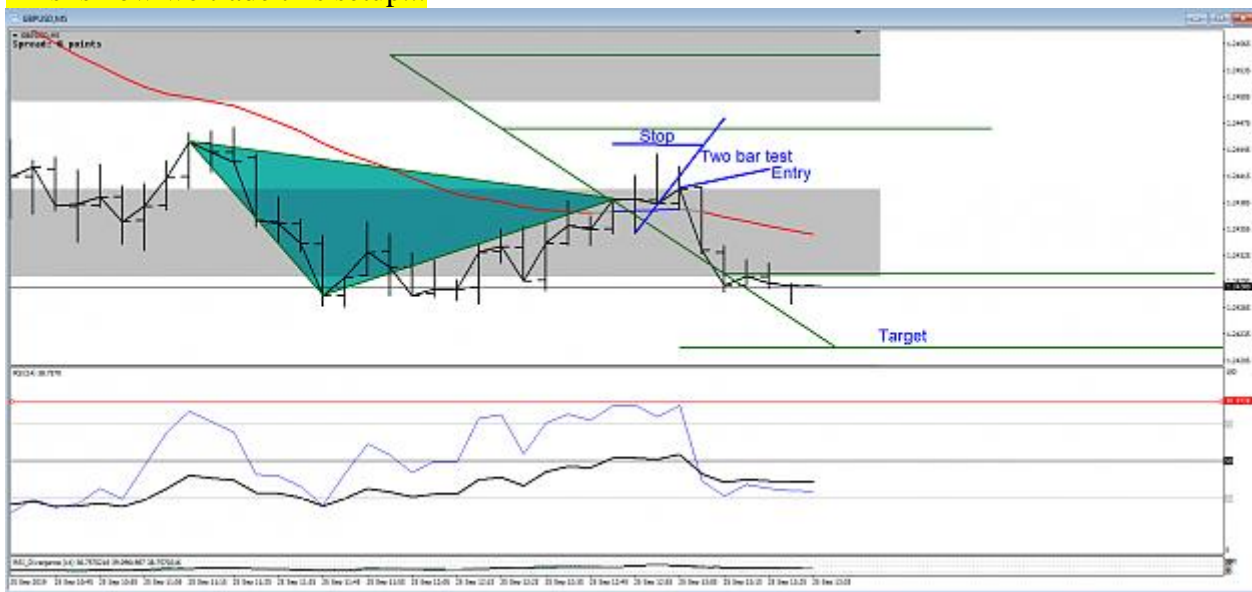
I guess every one plotted this one and that is why it went so fast...



Nala66

Sep 25, 2019 6:36am | Post# 4649

This is how we trade this setup...



Nala66

Sep 25, 2019 6:39am | Post# 4650

Notice how a two bar test would not have produced anything long.

Nala66

Sep 25, 2019 6:41am | Post# 4651

Stop should now be at BE so the trade is safe in case it ranges

Nala66

Sep 25, 2019 6:50am | Post# 4652

Looks like this now...but very slowwwww.



Nala66

Sep 25, 2019 8:15am | Post# 4658

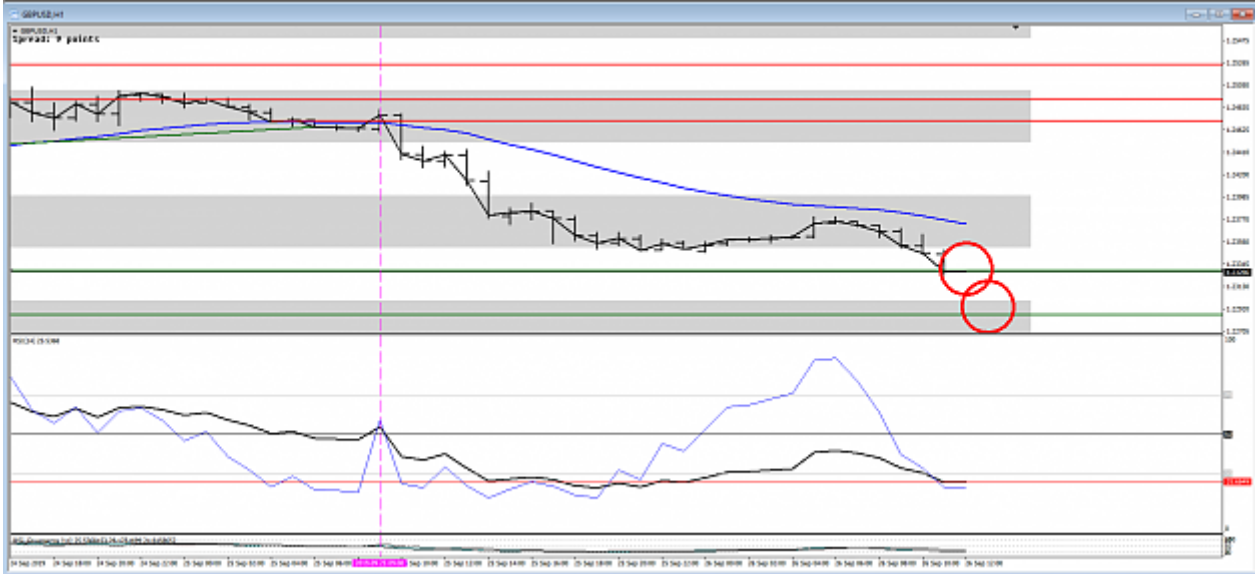
So eventually the hour failed in the long direction and hit the target in the short direction



Nala66

Sep 26, 2019 5:16am | Post# 4667

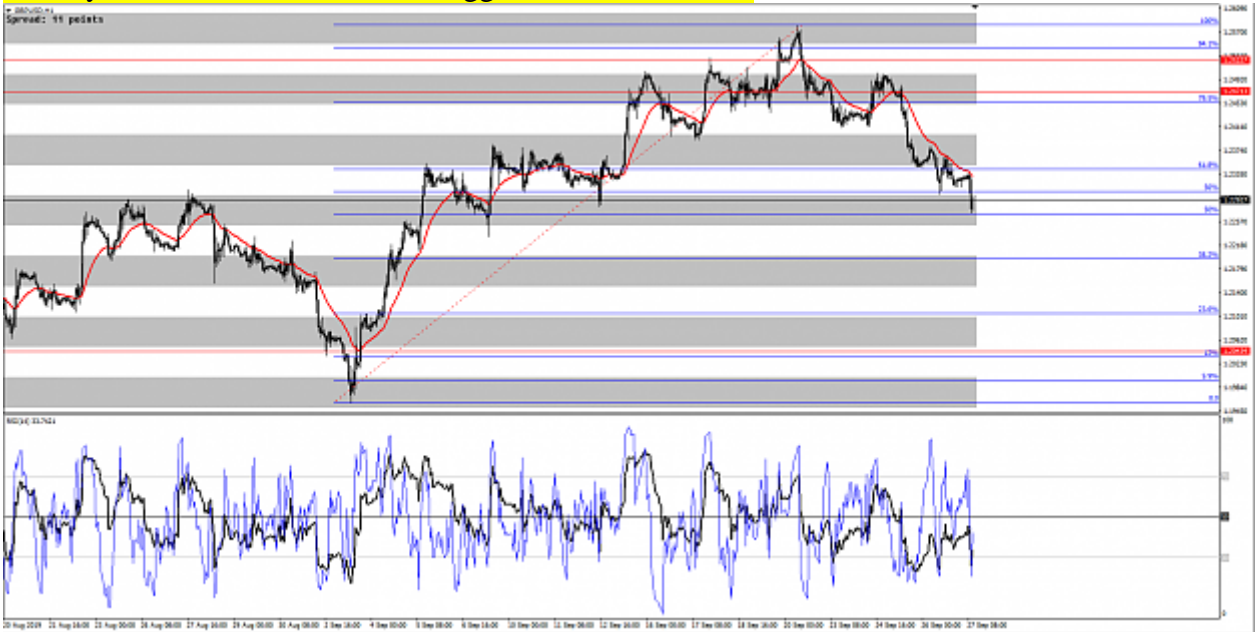
I think the market is now unsure whether to bounce here or go to the next level.



Nala66

Sep 27, 2019 4:27am | Post# 4678

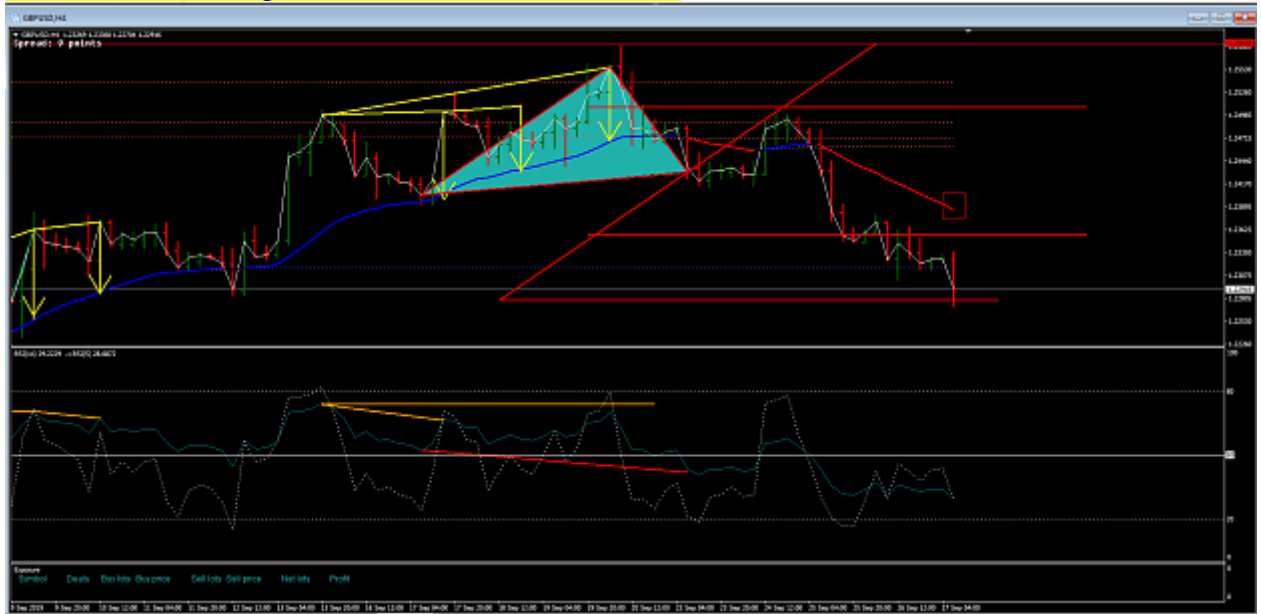
Exactly a 50% retracement of the bigger move on the hour



Nala66

Sep 27, 2019 4:51am | Post# 4679

4 hour has hit its target with a new bar about to start.



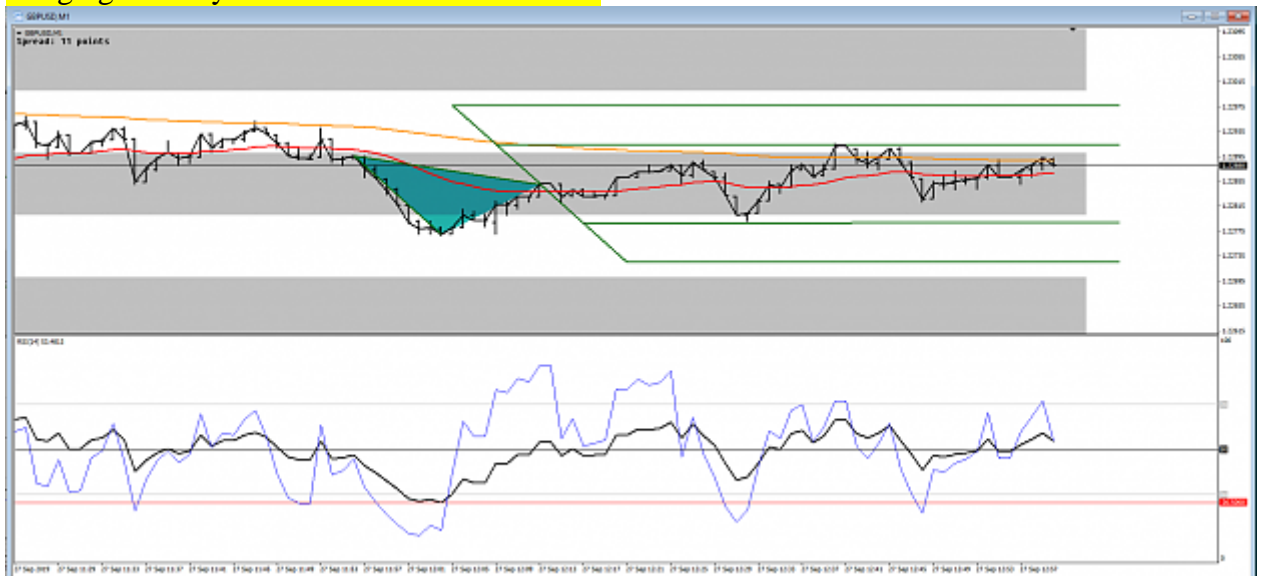
Nala66

Sep 27, 2019 12:51pm | Post# 4682

[Quoting huskyboy](#)

failed to cross ema M5, whats now the target short?

Ranging sideways...We need to see a breakout



Nala66

Sep 28, 2019 11:16am | Post# 4686

Here are a whole pile of 1 hour ZOO points for your consideration.

The idea is to recognise these then drop to the 5 min chart and trade the directions. Obviously if the trend is down and we are trading below the average then the shorts will ultimately pay more as they continue to make LL's.

Note how the divs at 5, 7, 9 and 11 never made it back across the EMA so price makes LL's.

5,8,10 and 12 are continuation divs, without target other than probable LL's.

2 was a regular bear divergence putting a halt to the bull support (1) This bear div did find support but not before the threat of the hook at 3.

Lastly (I think) was the HD at 5.

All this time we are watching the decent of the EMA as it attempts to make the LL which it did do.

Can you see how the two bar teat fits in here. The only problem one was number 8 with a nasty hook threat. This threat would have been dealt with on the 5 min chart.

So a nice bear trend for this last week and the target levels all have been reached.



Nala66

Oct 1, 2019 12:28pm | Post# 4698

All I see is a choppy market and as such I like to stay clear of them and just sit on the side awaiting better times.

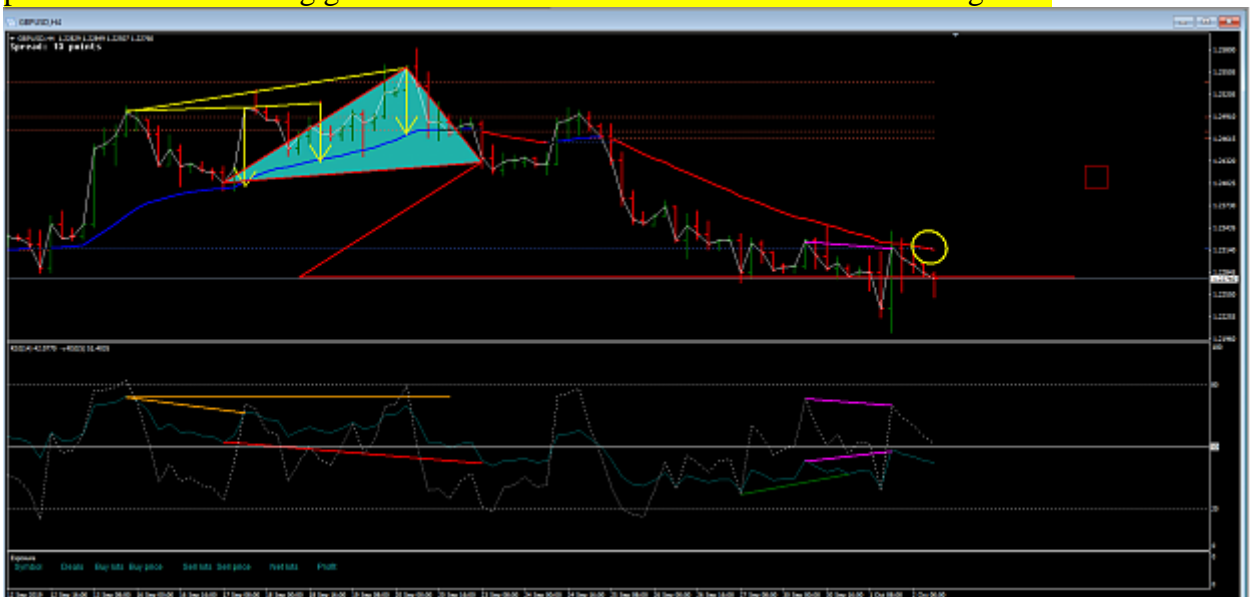
If we look at the 4 hour we see very little on offer as the average gradually makes a try for the LL



Nala66

Oct 2, 2019 11:17am | Post# 4701

And so after a bit of a tussle the bears made the 4 hour average LL. Looks like quite a performance for that big green bar but to no avail as the bulls ran into divergence.



Nala66

Oct 2, 2019 3:15pm | Post# 4705

[Quoting Dubtrader](#)

AB=CD target from Yesterday played out this morning on the H1 {image}

This chart of your 1 hour was drawn incorrectly.

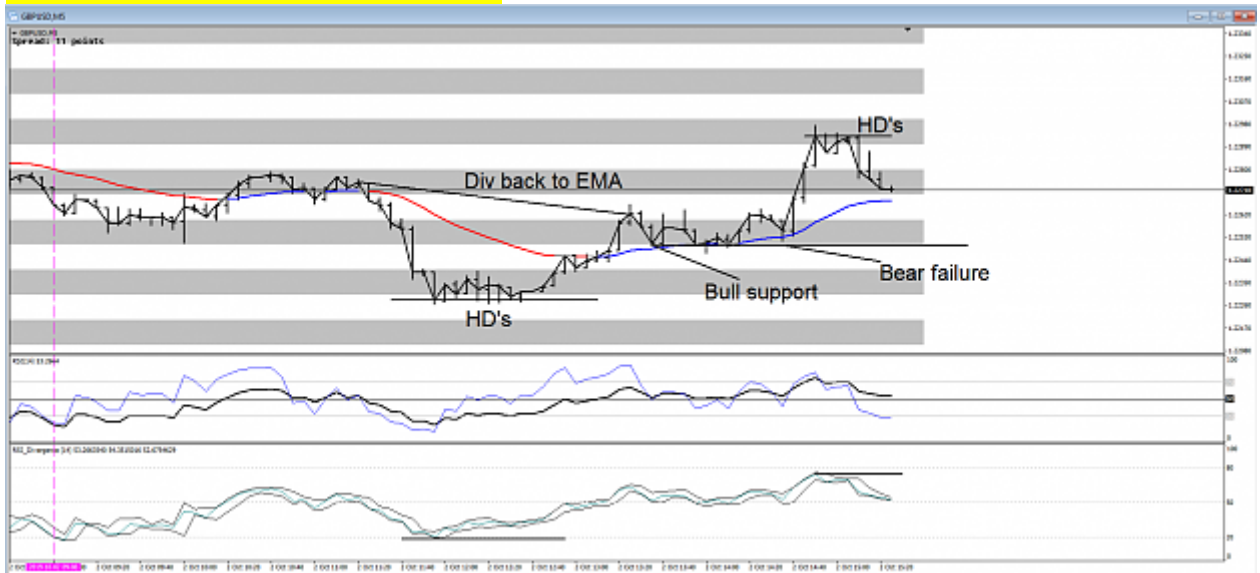
I have drawn it for you below.



Nala66

Oct 2, 2019 3:27pm | Post# 4708

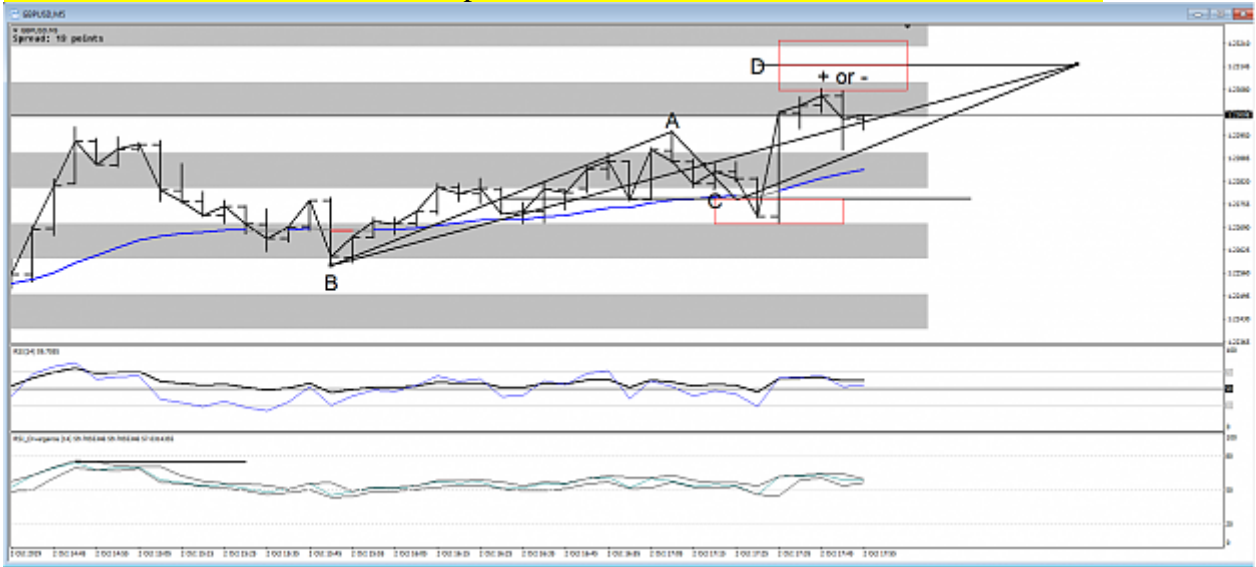
The 5 min chart should look like this...



Nala66

Oct 2, 2019 5:59pm | Post# 4720

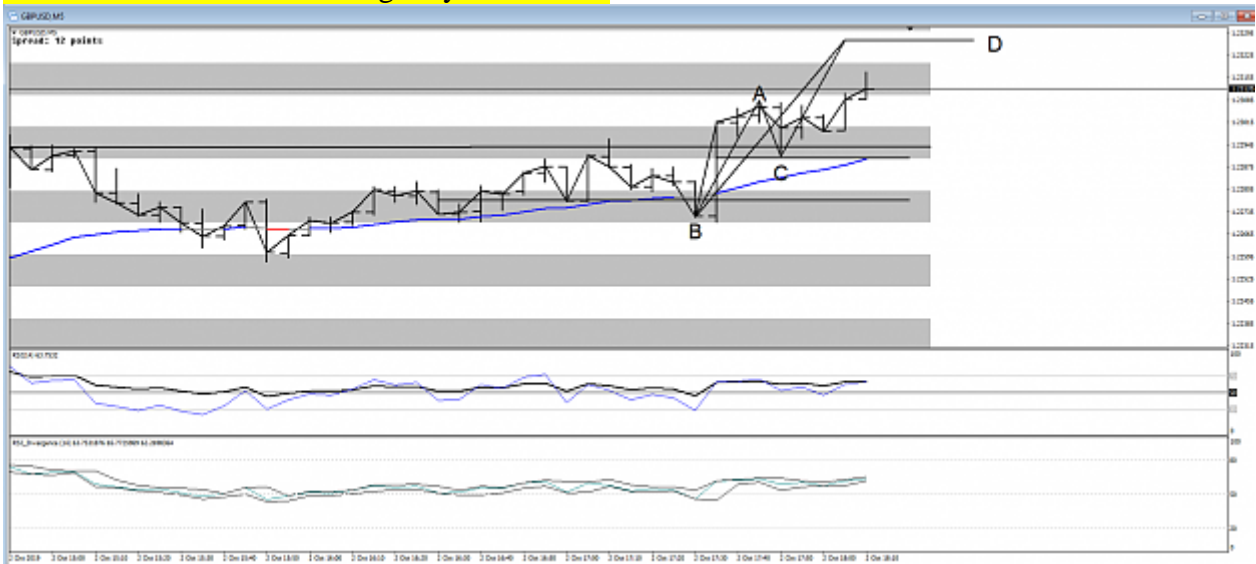
Here on the 5 min we have an example of an AB = CD where the minus was touched.



Nala66

Oct 2, 2019 6:13pm | Post# 4721

And the 5 min is now working on yet another...



Nala66

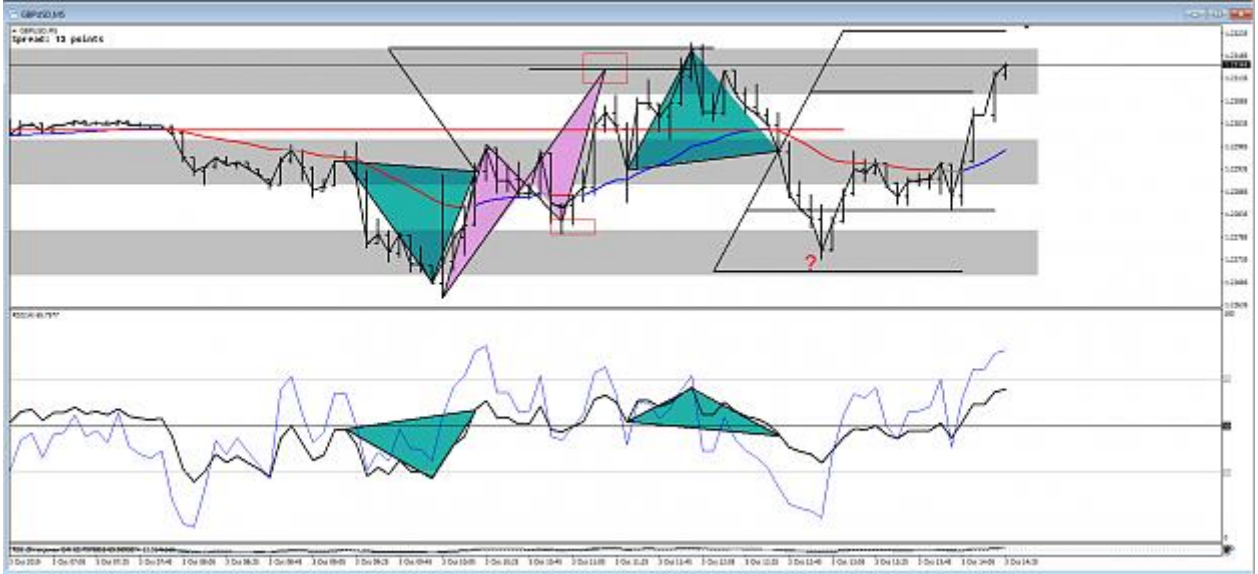
Oct 3, 2019 2:31pm | Post# 4728

[Quoting bridgstarr](#)

Hi Alan, I'm hoping you can help me on my analysis this morning. I missed the downward move at the start of the session. On H1 I saw the diversion before the session, but H1 EMA was making HH. I would have only traded this back to the EMA, and since it was already passed the EMA, I wasn't looking to short. After the event I realised that that there was an AB=CD on H1. My understanding this sets a possible target, but is not a reason in itself to take a trade On M5 I didn't see bear support (if I understand correctly, bear support is when the price...

I think that was a good effort. The only thing I would add is on the 5 min chart try to develop targets such as I have here...

Also watch for those averages failing to make HH's or LL's



Nala66

Oct 12, 2019 3:36am | Post# 4753

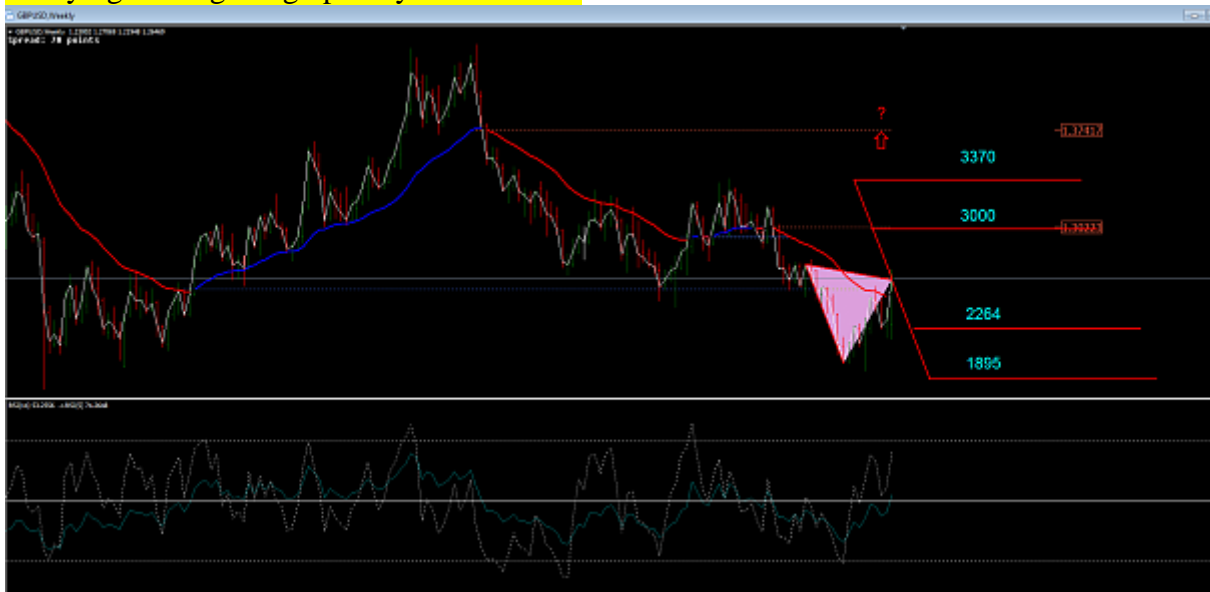
Here is that daily we have spoken of for a month...



Nala66

Oct 12, 2019 12:18pm | Post# 4754

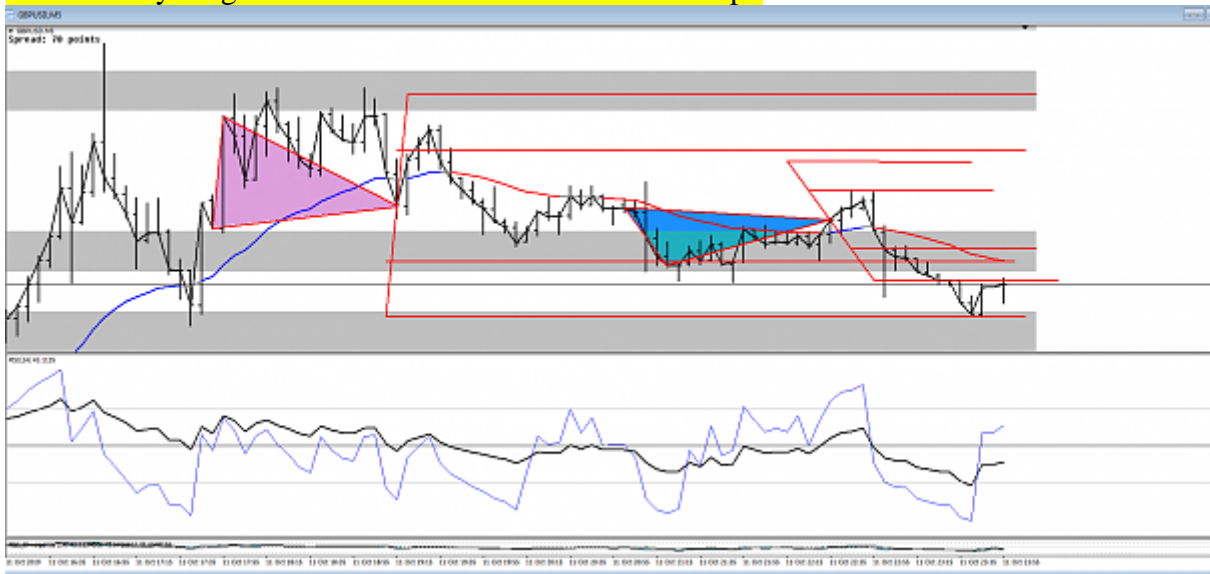
It is a long bow to draw but a signal has now developed on the weekly chart. I wouldn't be worrying about getting up early to catch this.



Nala66

Oct 12, 2019 12:30pm | Post# 4755

A little more down to Earth are these two last targets on the 5 min chart. Other than that I don't see anything in the short term and await a new setup..



Nala66

Oct 14, 2019 10:34am | Post# 4756

The 1 hour bear div has finally hit the EMA but can the bears cross and find support?

The last short ABCD on the 15 min has been hit also.

Next setup will probably be the 5 min chart for an ABCD

Nala66

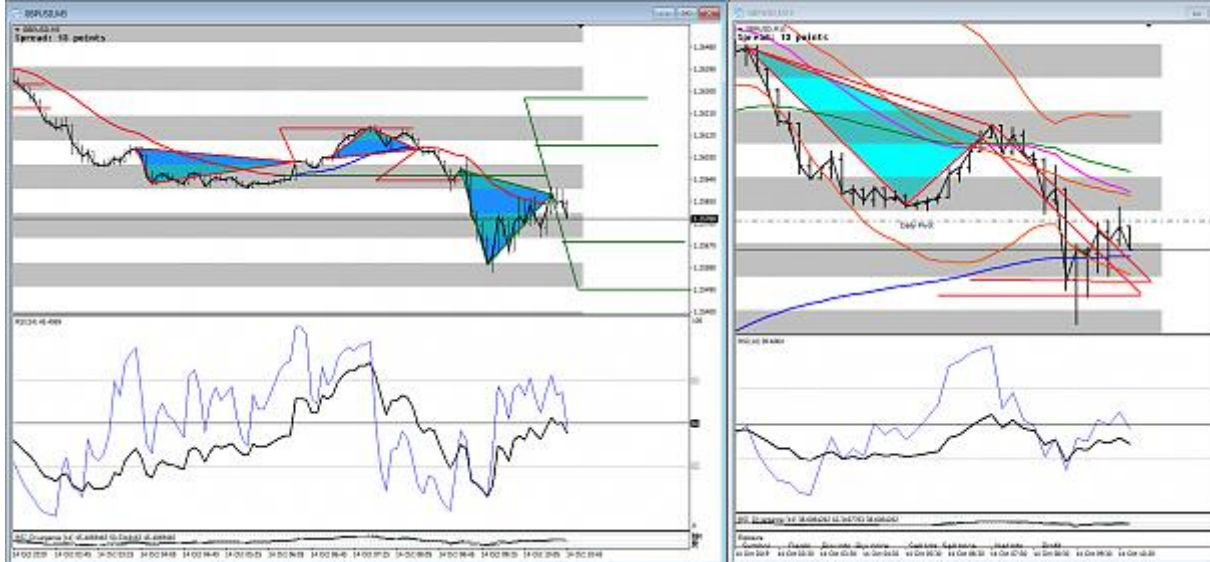
Oct 14, 2019 10:38am | Post# 4757

There is the signal, now if the bulls find a 5 min support the target should be 2627

Nala66

Oct 14, 2019 10:48am | Post# 4758

No bull support so I guess the bears are still in control



Nala66

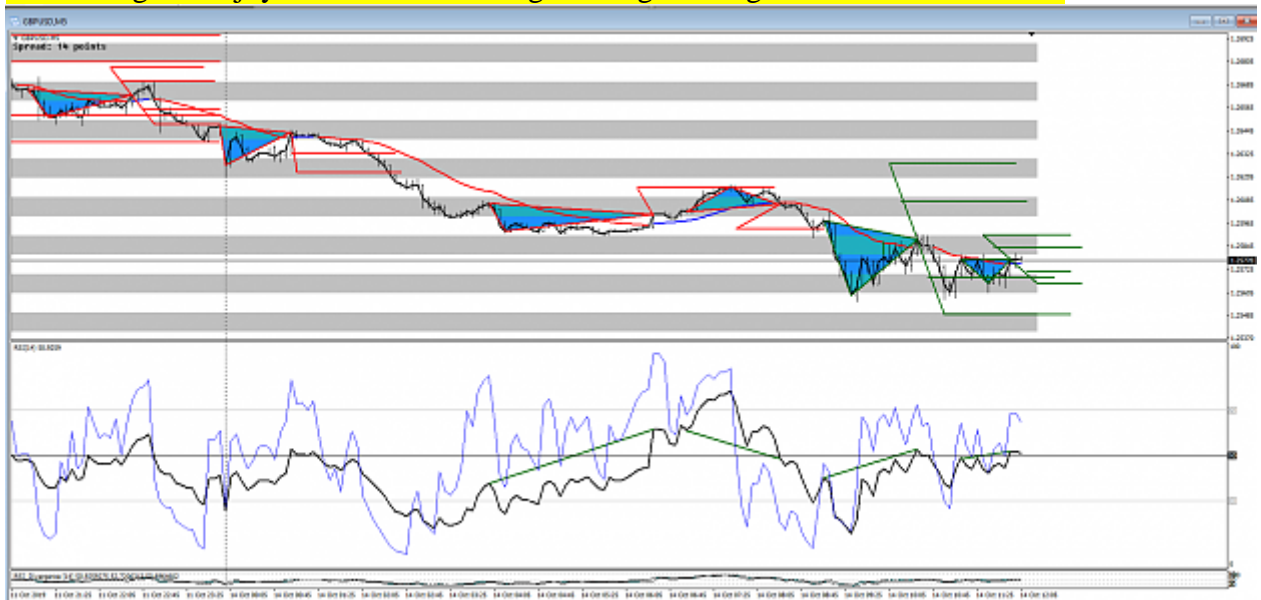
Oct 14, 2019 11:20am | Post# 4759

The bears have support heading for the 2549 target

Nala66

Oct 14, 2019 12:09pm | Post# 4760

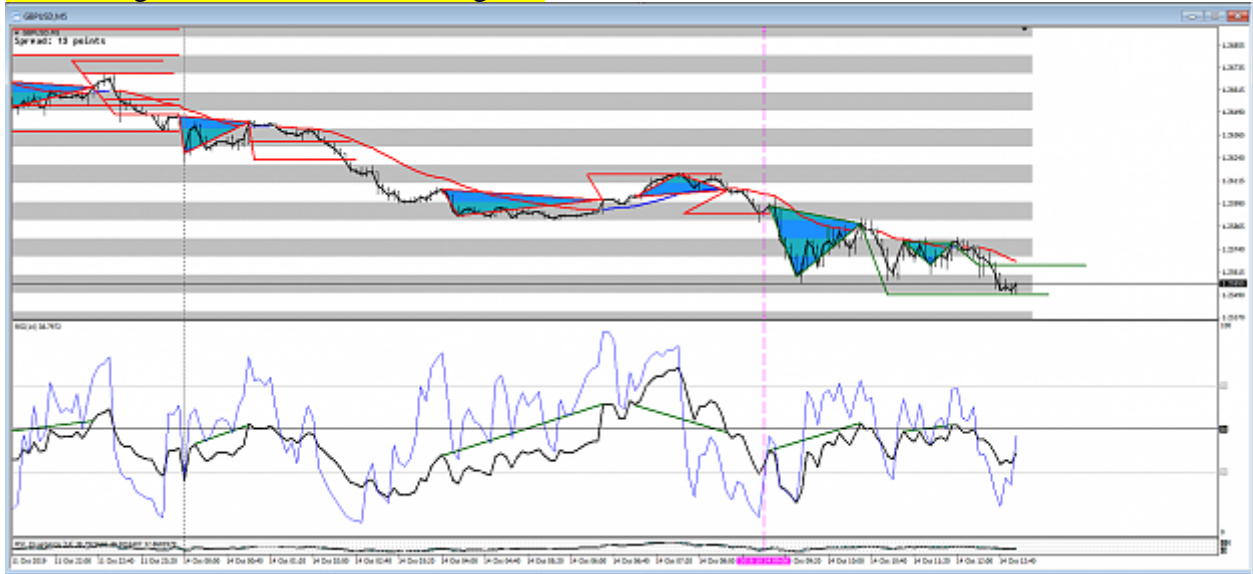
Not having much joy at all with these targets tonight. Long and short like a Yo-Yo



Nala66

Oct 14, 2019 1:00pm | Post# 4763

There we go and now await a new signal..



Nala66

Oct 14, 2019 1:28pm | Post# 4766

And there it is, now which side is going to find support and head for D.



Nala66

Oct 14, 2019 2:09pm | Post# 4769

Bingo yet again. Note how it attempted to push through to break the HD it was stuck with.

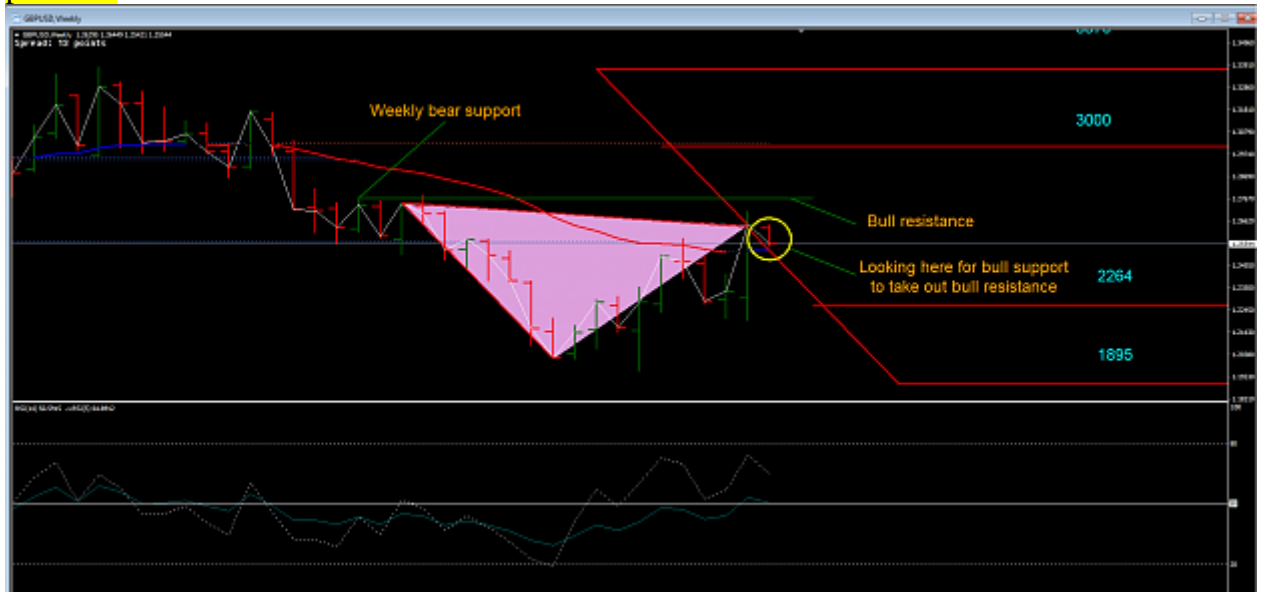


Nala66

Oct 14, 2019 2:21pm | Post# 4770

What makes this week so interesting is the current position.

Here is my weekly chart and though this is a long term event price is currently in a tricky position.



Nala66

Oct 14, 2019 2:24pm | Post# 4772

And talking about long term charts might as well post my monthly...



Nala66

Oct 14, 2019 2:40pm | Post# 4773

[Quoting bridgstarr](#)

{quote} In cases like that where you have an indication that it's going to your target, but there's HD, how do you play it? I can see in this case it might have been possible hedge in and out on M1, but I'm trying to avoid M1 at the minute because I end up taking too many signals and overtrading. Cheers

A couple of good questions there however they are related to the same thing.

Lets get the first thing clear. We don't take signals from the 1 minute chart. This chart is used to pinpoint entries based on what we see on the higher timeframe as in this case the 5 min.

These higher time frames present what we call ZOO points or Zones Of Opportunity. A HD is one such zone so we drop to the 1 minute to trade it.

As price makes it back to the EMA on the 5 min this becomes another ZOO point and we would see the 1 min exhausted so we close the long and short heading for the original target (D).

So it is a matter of locating these ZOO points and then trading them at the 1 minute level. This results in having very tight stops on thee 1 min and reasonable targets given by the higher time frame.

Hope this clears that up for you.

Nala66

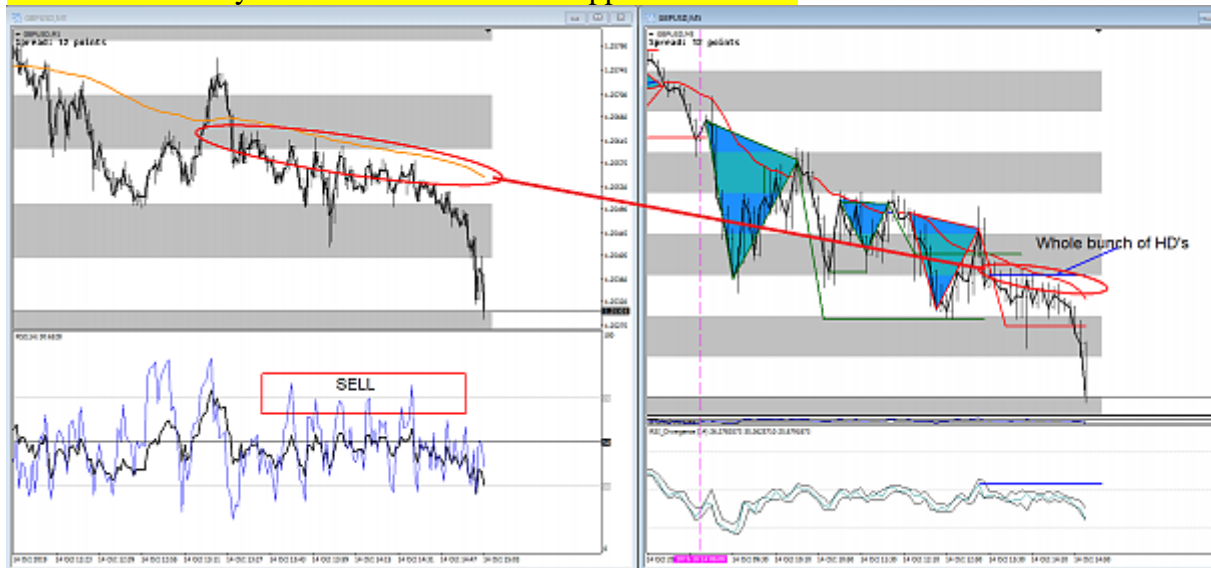
Oct 14, 2019 3:09pm | Post# 4774

I think traders would be better served during these high impact times to observe just the 1 and 5 charts side by side .

Of course you would keep checking the higher time frames for new signals.

Here I have the 1 and 5. The EMA on the 1 is a 130 period making it the same as the 5 min 26 period.

You should clearly be able to see where the opportunities are.



Nala66

Oct 14, 2019 3:12pm | Post# 4775

So knowing this stuff here is a question.

On this 1 min chart I have a question mark... Is this a sell or a buy? and why?



Nala66

Oct 14, 2019 3:30pm | Post# 4776

No takers huh!

Well for me a two bar test would get me into a shorting scalp. Not a trade as such because I have no target to aim for.

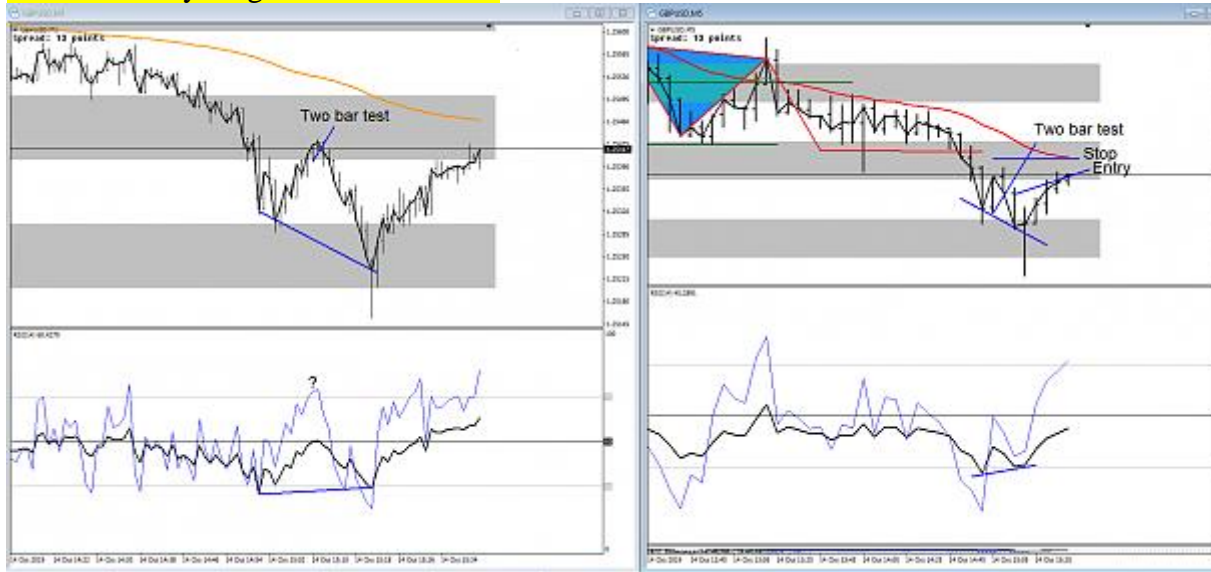
Easy huh!

Nala66

Oct 14, 2019 3:42pm | Post# 4777

Had we waited for a two bar test on the 5 min we would have got it but our stop would have been further away. So sometimes we just take a punt in the right direction for these scalps.

The 5 min then ran into a bull div and so did the 1 minute so that would have been our exit short and entry long back to the EMA.



Nala66

Oct 14, 2019 3:48pm | Post# 4778

And there we are it just hit the EMA but this time the 1 min chart is not up there on the RSI.

Another signal is forming on the 5 min chart

Nala66

Oct 14, 2019 3:53pm | Post# 4779

It formed...

And I am going to bed.

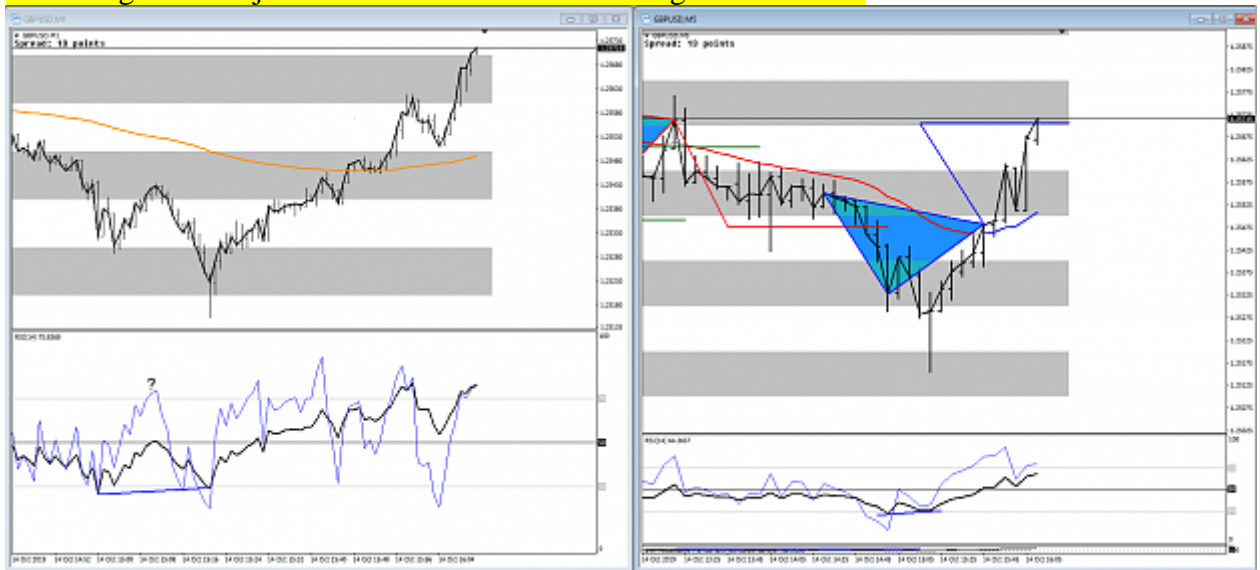


Nala66

Oct 14, 2019 4:13pm | Post# 4780

And in the time it takes me to have a shower it has made D.

So I can got to bed justified that I am NEVER wrong 😊😊😊😊😊



Nala66

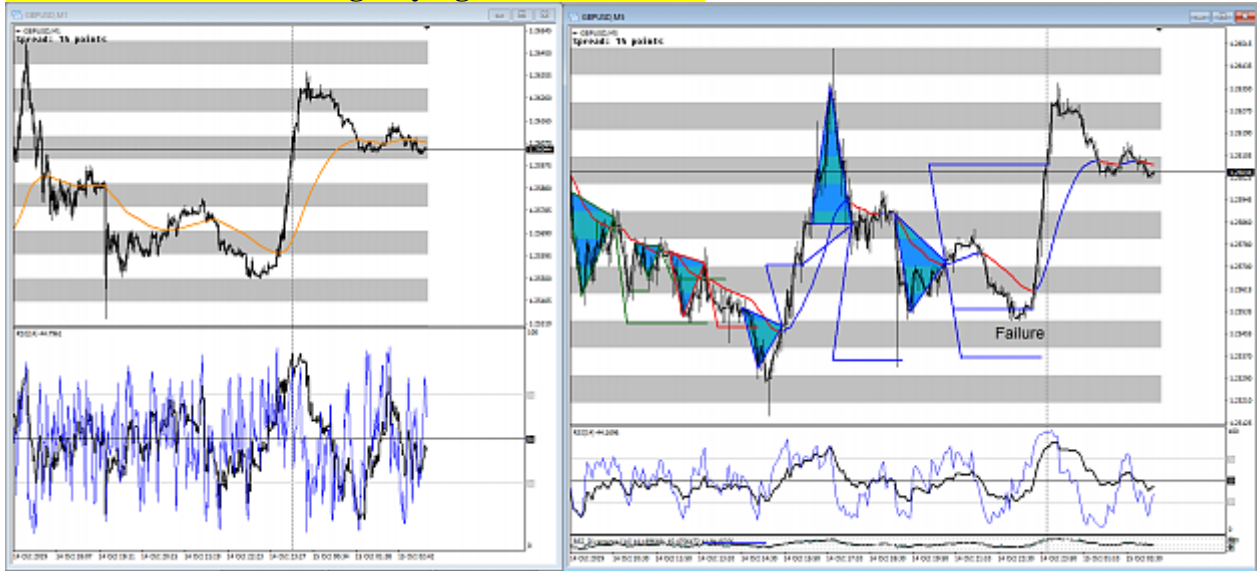
Oct 15, 2019 3:24am | Post# 4785

Thanks Guys, I appreciate your appreciation.

So when I awake this morning I see the 5 min produced a couple more ABCD signals. The latter one failed to test the bearish D and the market jumped on this to take it all the way to the bullish D.

The things to note here are that when we see a failure like this we do not need to see the opposition find support, they often just go like a bat out of hell so be wary of this type of event because it is easy to get stuck on the wrong side.

Remember it is the average trying to make the HH.



Nala66

Oct 15, 2019 3:30am | Post# 4786

All up that 24 hour period produced plenty of signals with longs and shorts producing a stack of pips...



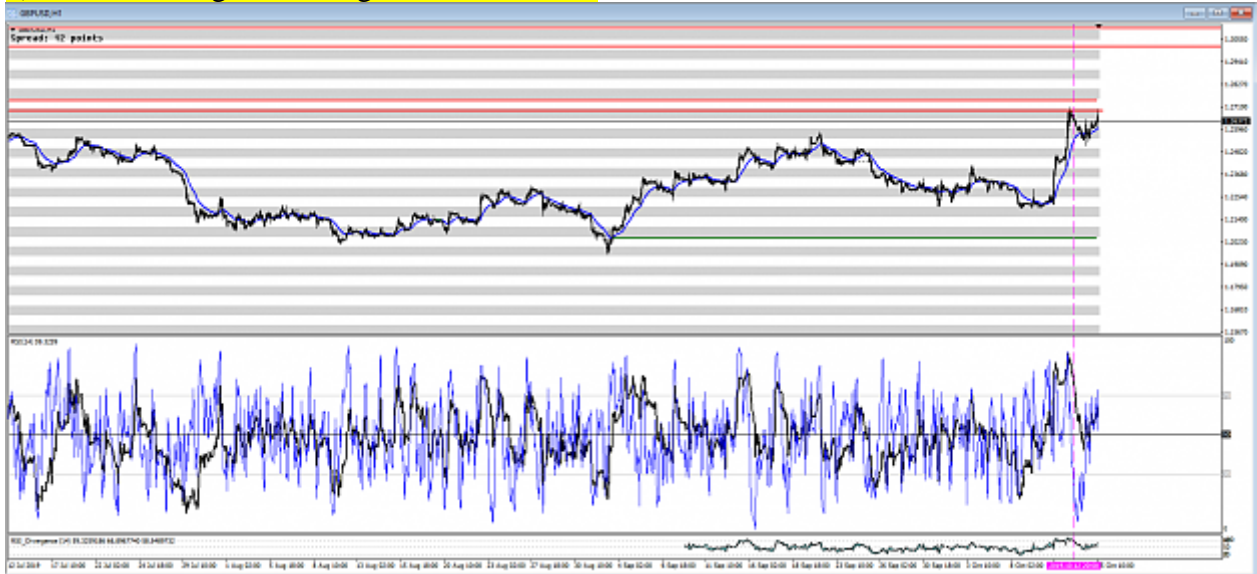
Nala66

Oct 15, 2019 10:17am | Post# 4789

I can't compress the chart any more than this but look at your own and ask...

a)where does it look like this average is heading

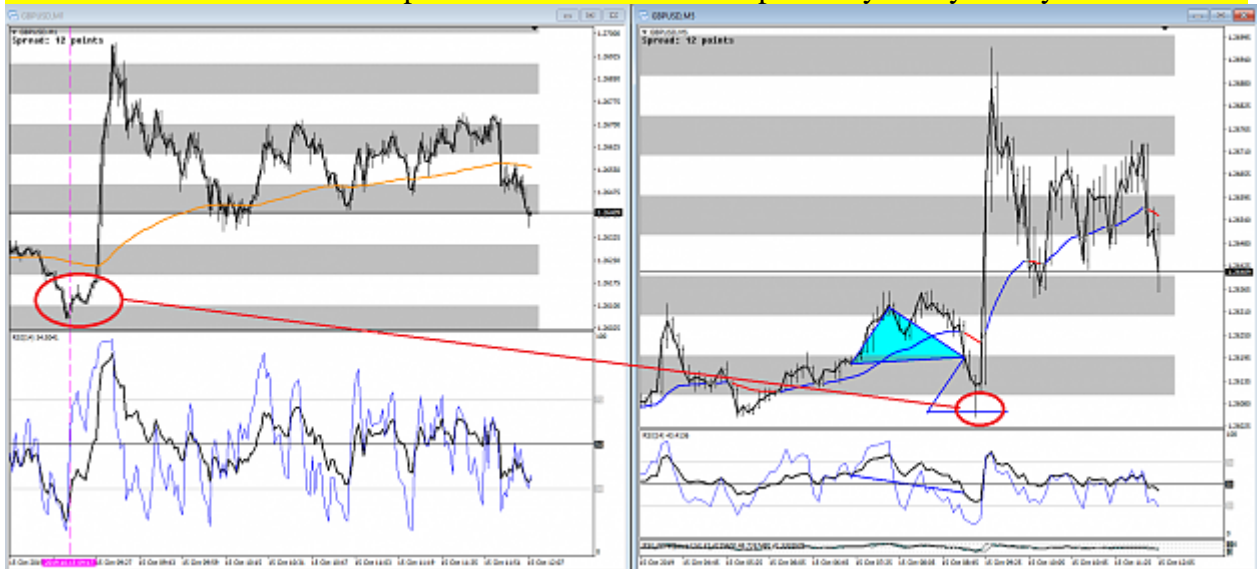
b)what would signal a change in circumstance



Nala66

Oct 15, 2019 12:11pm | Post# 4791

This would have been an ideal place for a two bar test and paid very nicely.... Pity I was not on it.



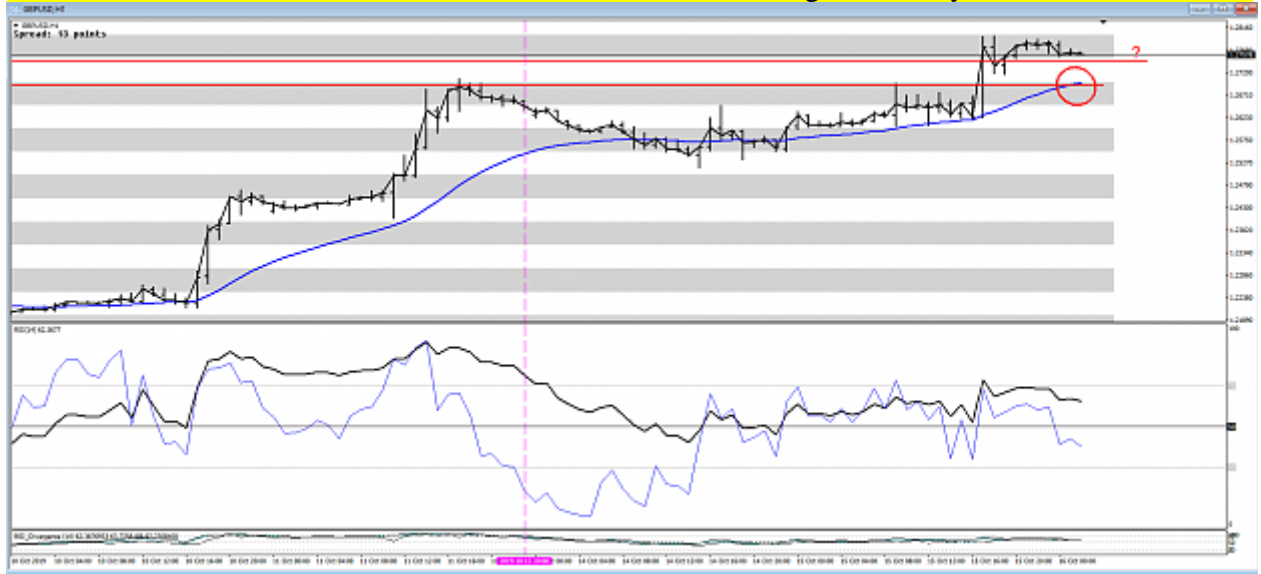
Nala66

Oct 16, 2019 2:22am | Post# 4795

[Quoting Nala66](#)

I can't compress the chart any more than this but look at your own and ask... a)where does it look like this average is heading b)what would signal a change in circumstance {image}

And there we are the bulls indeed made the HH with the average. Can they make the next level??



Nala66

Oct 16, 2019 2:55am | Post# 4796

[Quoting Ansab001](#)

{quote} Rumors of a brexit deal being agreed,

I found the answer after I wrote that.

It pushed to the next level of the 5 min average swing high.

Then later it smashed that because of the 1 hour average swing high being broken.

I have not the slightest interest in what the news is saying, means absolutely nothing to me at all.

Does news give us an entry...No

Does news give us a target...No

Does it even give us a direction...No

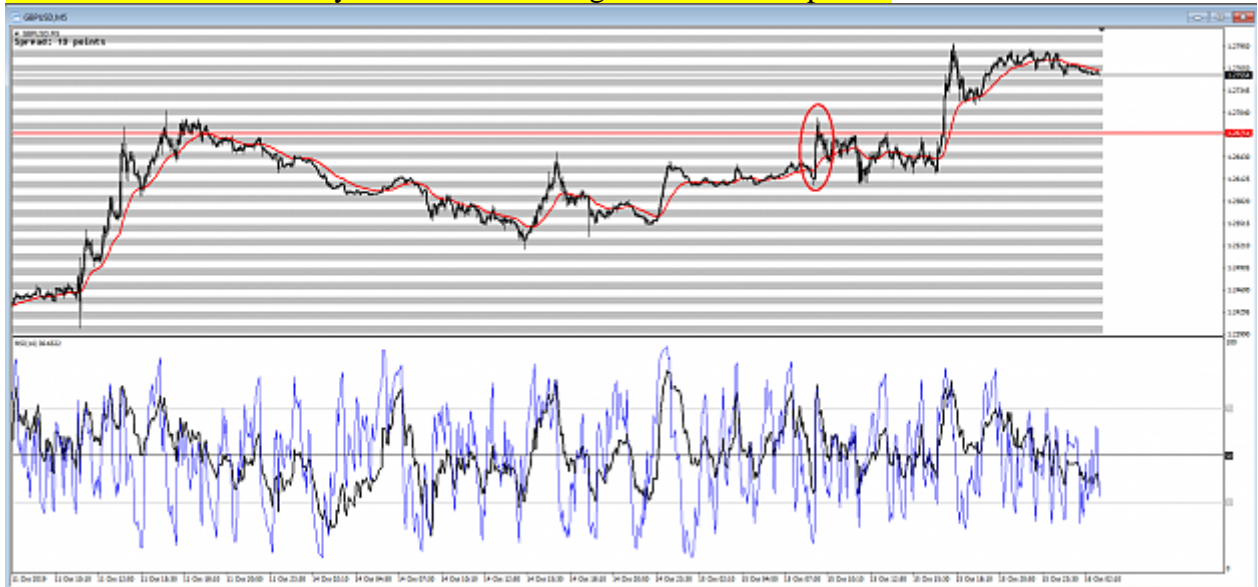
Does it play havoc with our mindset...Yes

Does it distract us from our charts...Yes

Does it have any redeeming values...No...Only to the news/rumour sellers

I know news is affecting price. It is the effect I trade and the signals within.

This was the move and my fault for not having that red line in place..



Nala66

Oct 16, 2019 5:14am | Post# 4798

[Quoting steel777](#)

Love this post Alan . What you said is so true . When I first started trading , mid 80`s , no PC`s at home yet . A group of us would gather each day at a broker`s office where he let us sit in a small room watching a black and white bar chart screen . Open a door and yell at a broker to put on or off a trade . It was futures at the time . One older than most us trader had us all convinced that the market would tank any day , so we sold and sold into a raising chart . I never forgot this lesson as one day another guy came in , took one look at our...

These days I get a little irate (to put it mildly), for exactly the reasons you mention here.

The charts tell the story, so called experts only put forwards their interpretations.

It's the same with institutional traders and their so called advice. If these guys were any good then why are they working for someone else?

Look at the chart below, it is an indisputable fact. We just have to learn to read the chart and what it is telling us.

There is nothing magic about this. All that has happened is the sentiment between A and B was being contested. From A both the long and short traders were in profit. From C the sentiment began to change and swing in favour of the buyers and to maintain the equilibrium the distance CD is the same as the distance AB. A long distance move of some 250 pips.

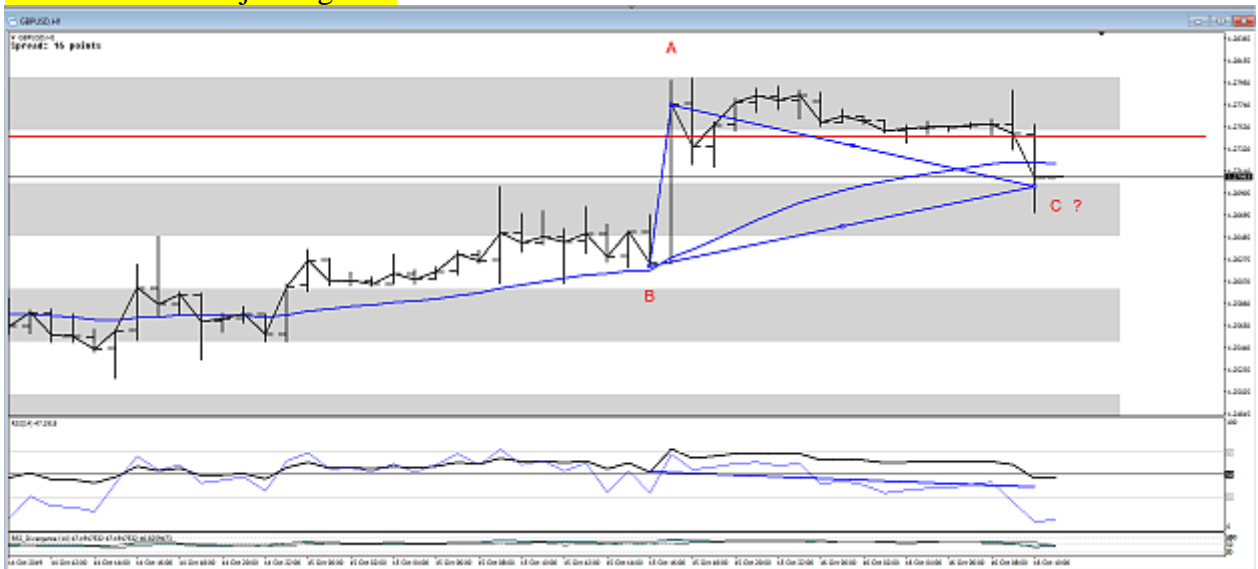
The sentiment change has to be measurable else we would not be able to trade it. We see these measurements in the RSI and the average. These are all the tools we need to get the job done. (remember the 26EMA is the same as the RSI 50%)

Once we have established our ABC triangle we can then start to look for our ZOO points and trade in the direction of the trend and scalp against the trend and continue until either our profit target is reached or the chart D target is reached. The market is fully aware of what is happening,

On the weekly chart we see the bulls are smack on the resistance level and have not yet FOUND support so we need to be on our guard against any potential traps.

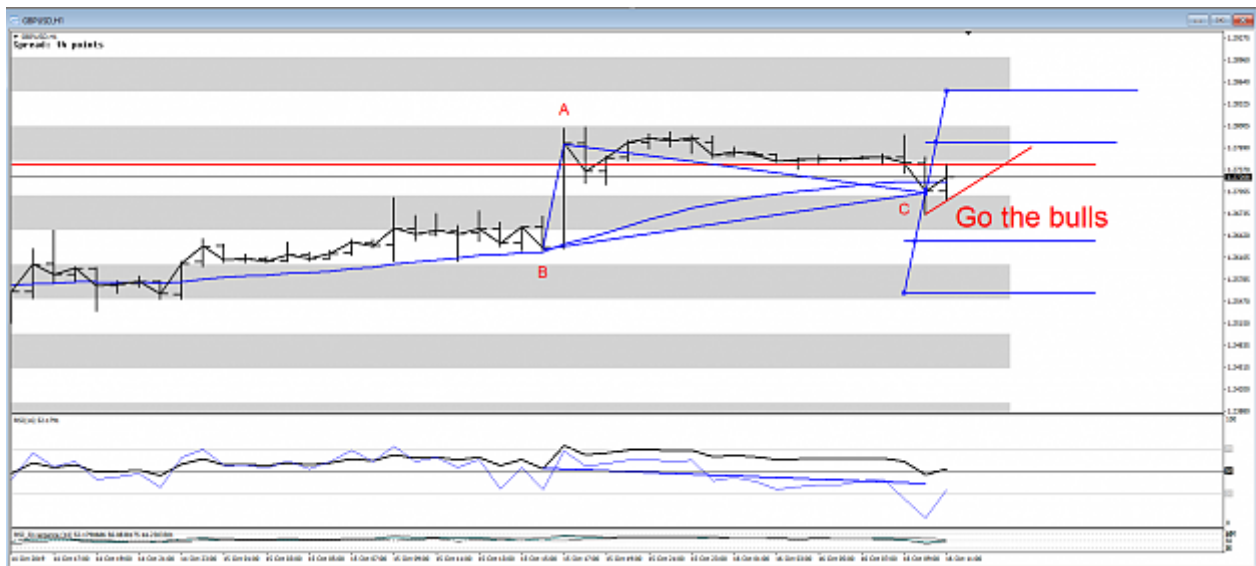


Trust me that was just a guess.



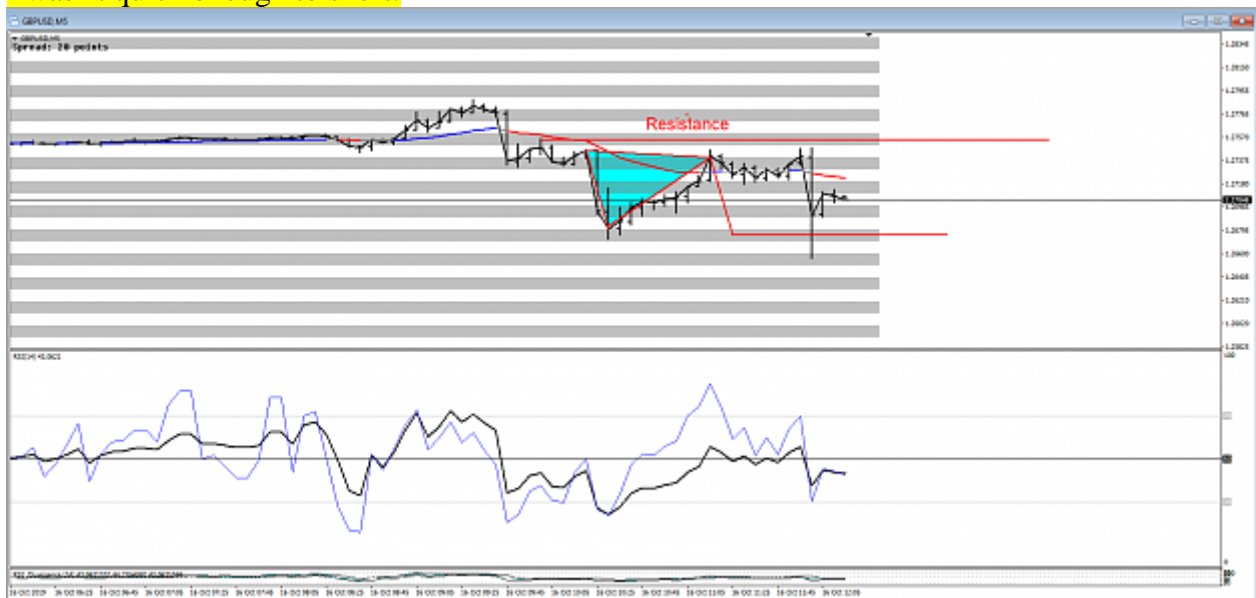
I got the three trades on before the price made it back across the 1H EMA, now with all stops above the third...Go bulls go.

If they can find support I should be in for a good payday and may add even more to the winning trade.

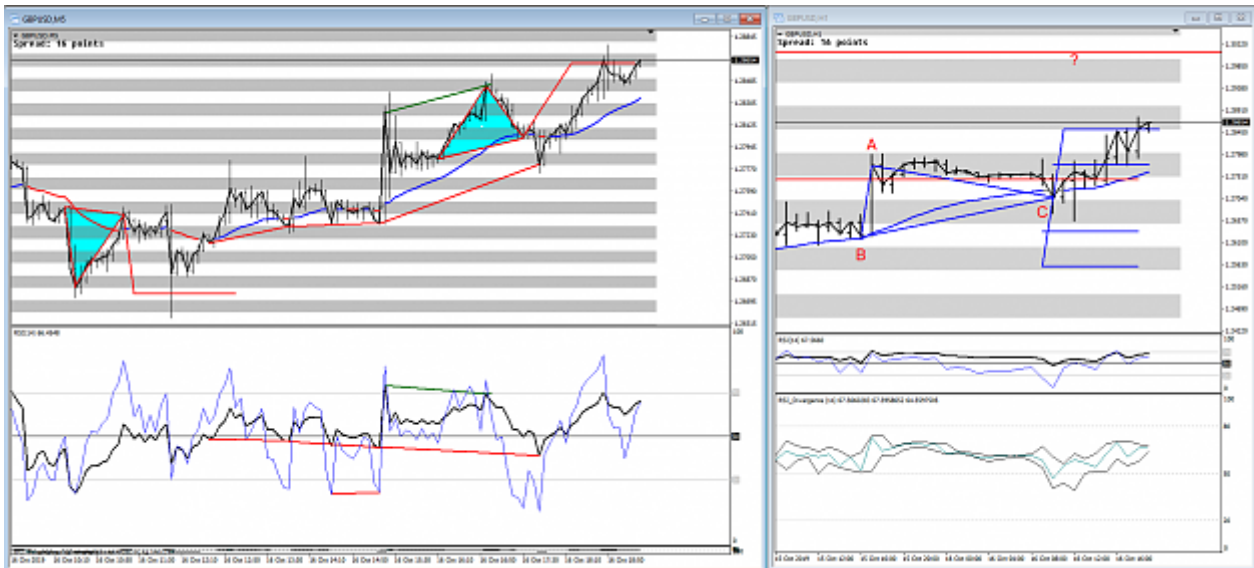


Well done. Did you target it like this...

I wasn't quick enough to short.



Today the market busied itself with the more regular bullish divs on the 5 min rather than the ABCD's but this gives us equally lots of ZOO points to trade



Take a look at these three ABCD's

Number 1 made its target eventually short.

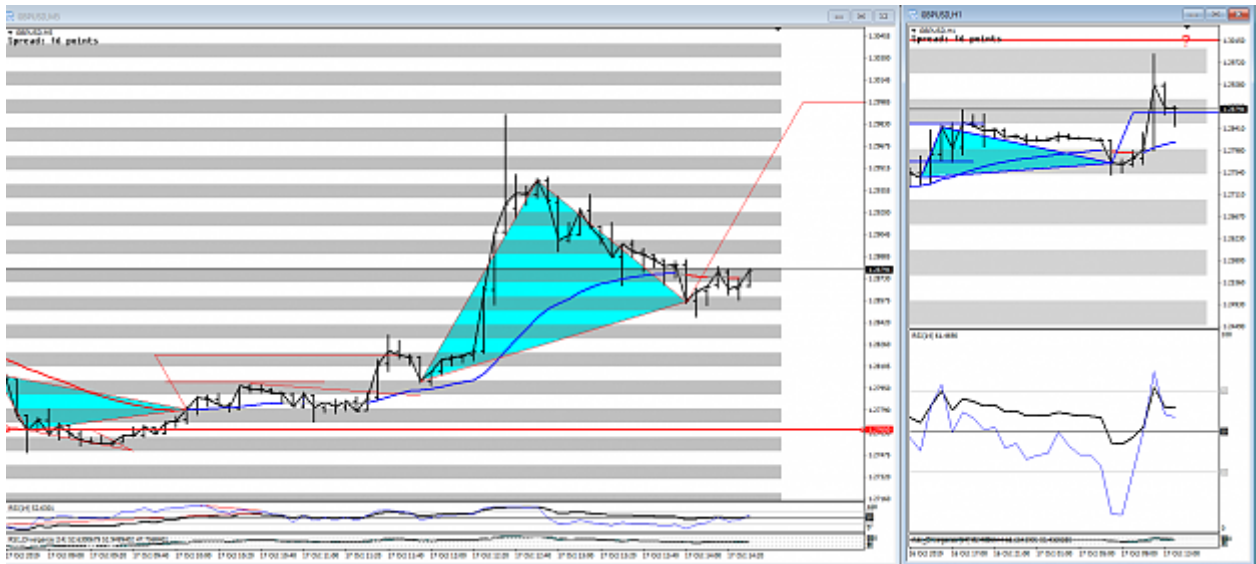
Number 2 actually failed the short running into the RSI div. This sent it to the target on the opposite side long.

Number 3 made its target short prior to number 2.

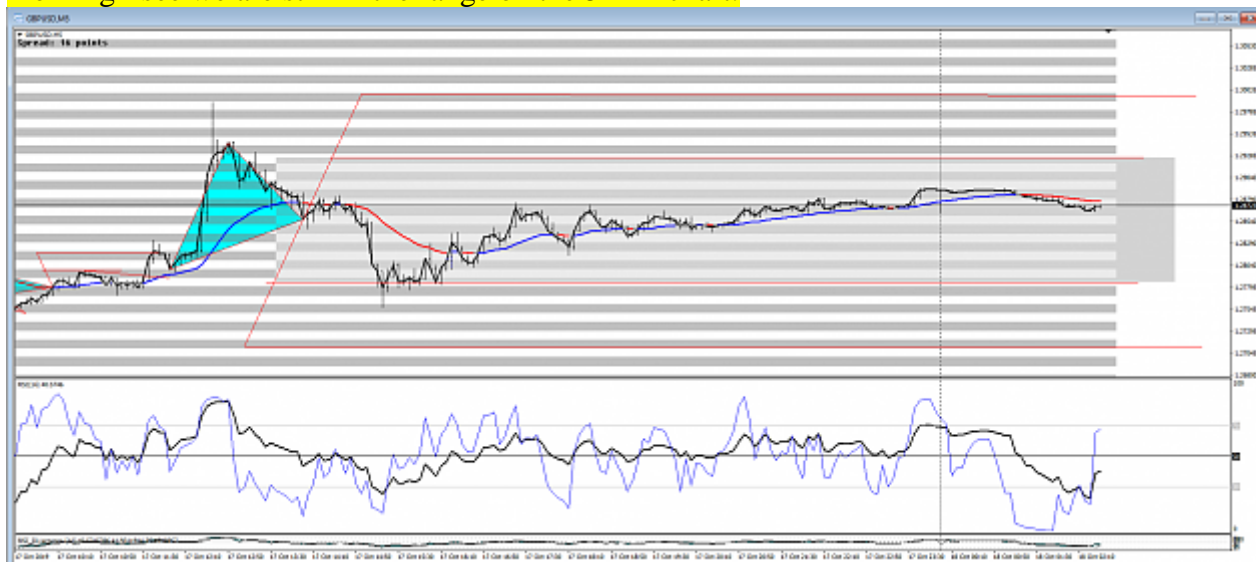
Of course these are small targets and not much worthy of our attention being also outside our trading period. I just thought it worthwhile showing this stuff and how the story works.



Check this out...



Well that run down to the 50% was OK following the bear support but when I checked in this morning I see we are still in the range on the 5 min chart.

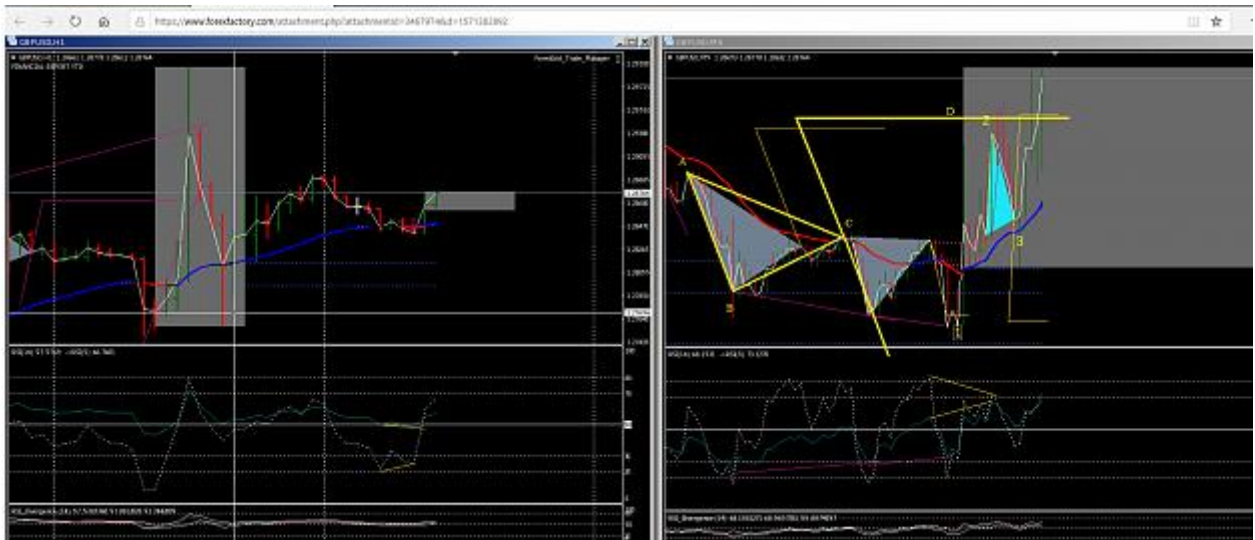


Quoting bridgstar

Hi Alan Would you mind commenting on the entries in the attached chart - whether I have drawn the ABCDs correctly, and whether my rationale for entry was OK. At point 1, price had reached the most recent (smaller) ABCD target and was in divergence, so long with a target at point 2 At point 2, price was at the ABCD target and was in divergence again - short back to EMA At point 3, I was presented with another target, and whilst there was divergence on M1 at the time, I was reluctant to get on that trade without some other factors from higher time...

The three triangles you have on the 5 min are drawn incorrectly... Should be like this below. The reason it did not make the lower D target was where you have (1) it ran into divergence and then made the opposite side.

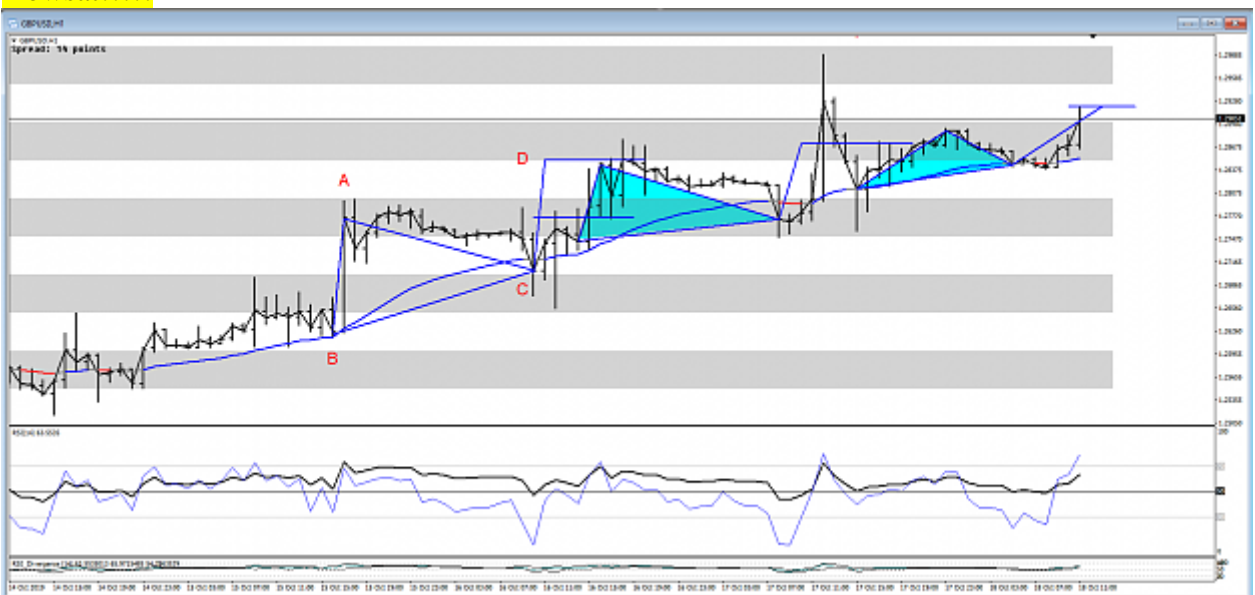
Notice how the div caused the return and cross of the EMA where upon the bulls found support.



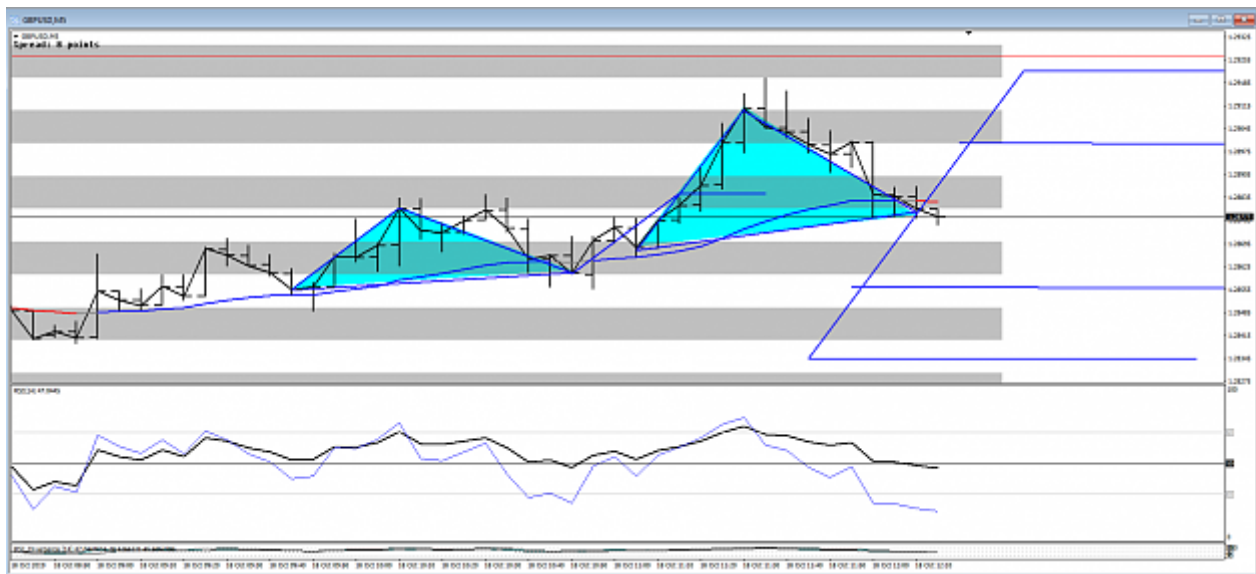
Look at this 1 hour, nearly there....



Howsat!!!!



New 5 min signal formed.....



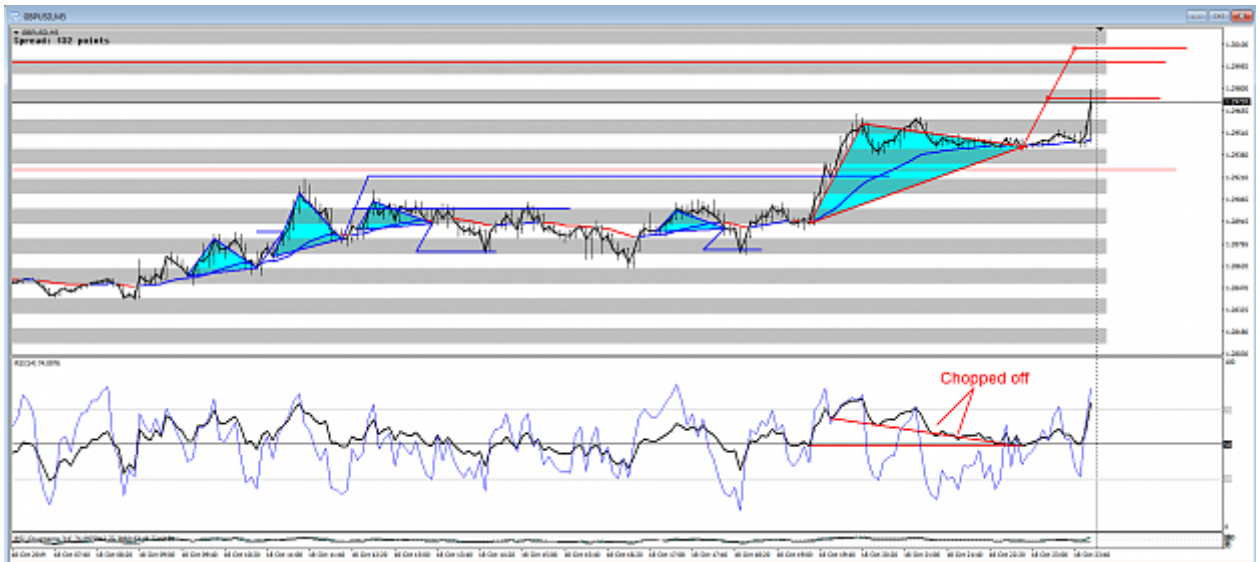
Here's the take on the 1 min chart



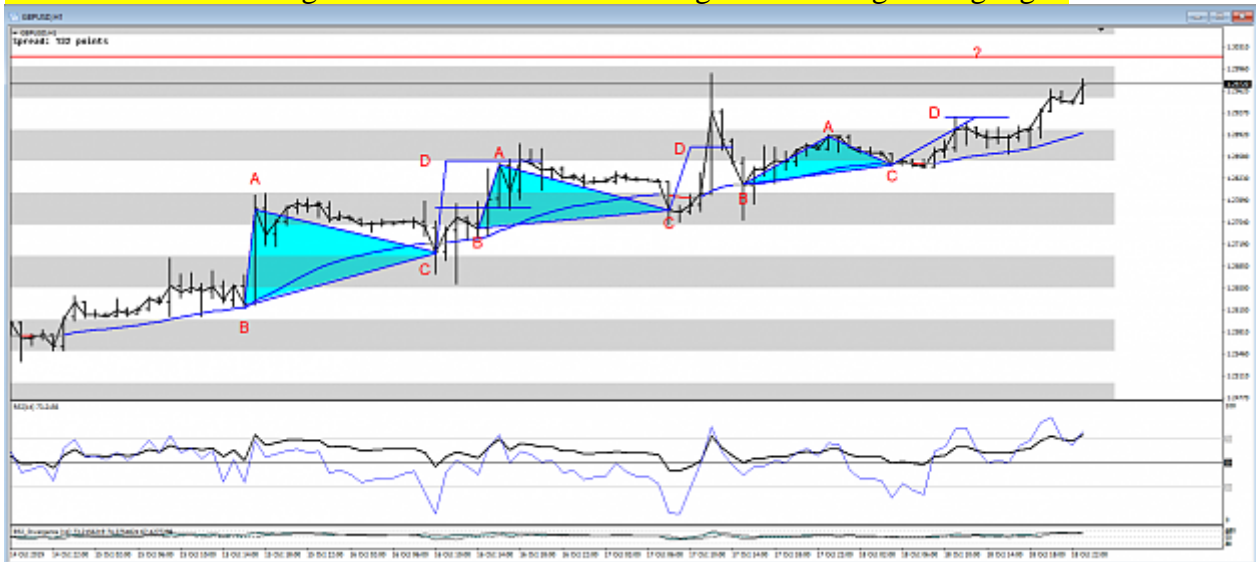
This last ABCD on the 5 min is a little different.

Note that the pivot under attack is blocked on the RSI causing us to chop though it but that is a no-no. So we look to the next pivot to see if we have a line of sight but still in div and yes we do. Currently we are at the 50% level to D and we are on course for that much larger 5 min signal set days ago.

Then we can look at the other charts and see what we have there.



The 1 hour is interesting as we also seem to be heading for an average swing high..



Looking at the daily. My thinking is the average here is also trying for a HH (yellow circles) and this ties in nicely with an ABCD

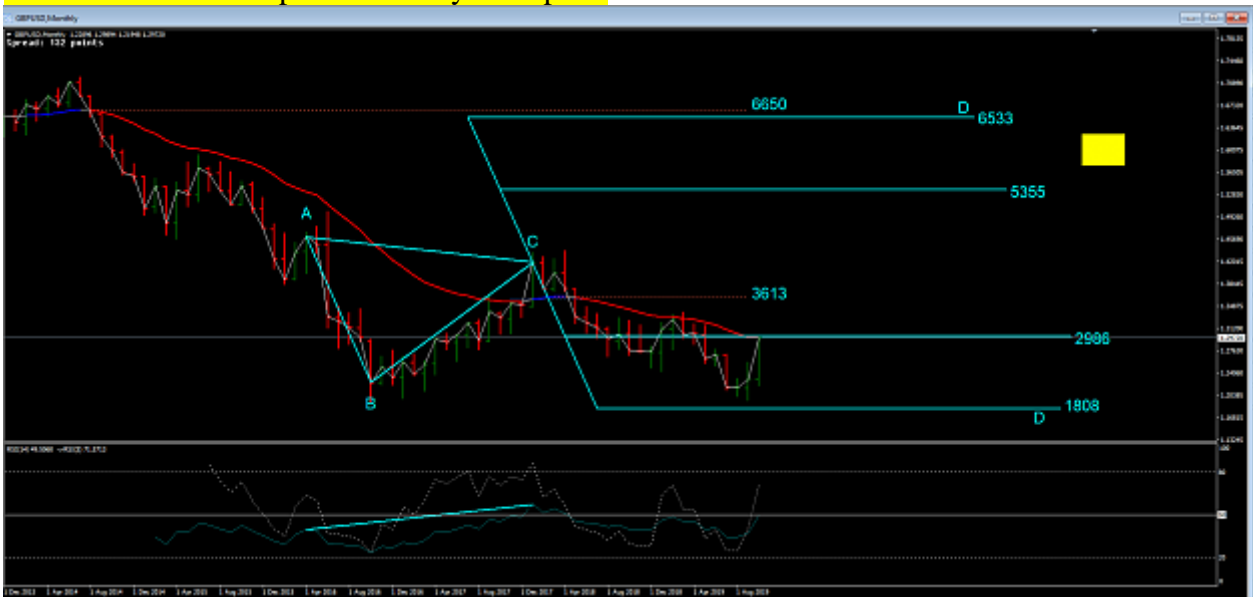


On the weekly we are all but at the 50% level which is also an average swing high under attack.



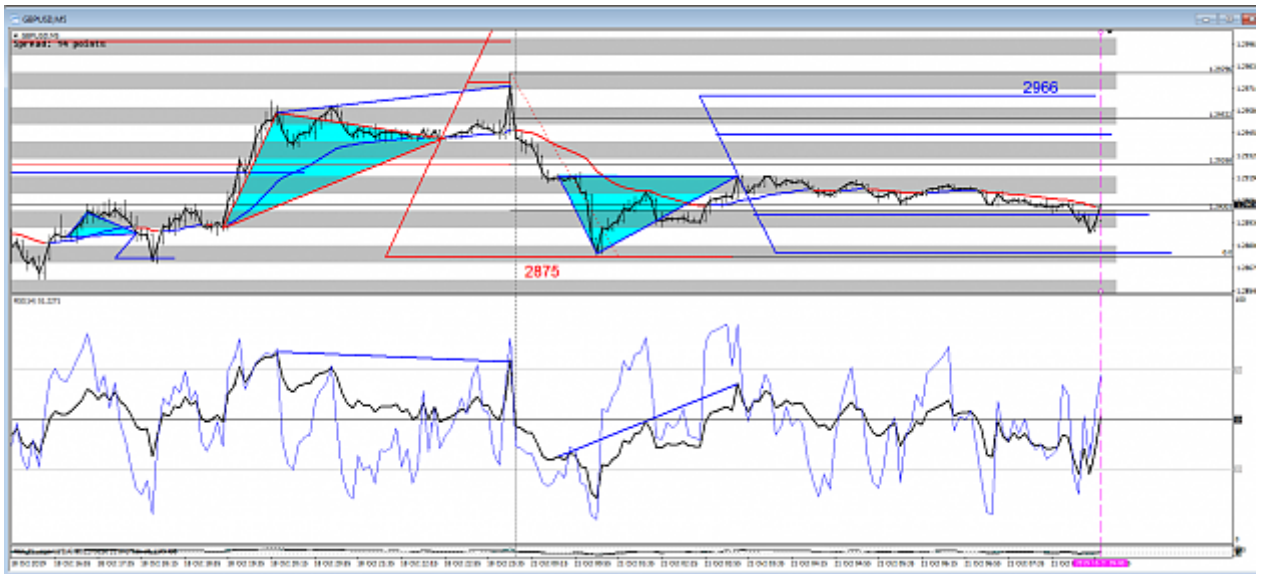
Finally we get to the monthly and this is sitting smack on the EMA. We have seen the bears fail on this chart and we are looking now into a very wide open space above unless they can arrest the bulls somewhat and retest that lower D.

From this we see huge moves are a foot so don't get caught on the wrong side of a move, make use of those stops even if they are a pain.

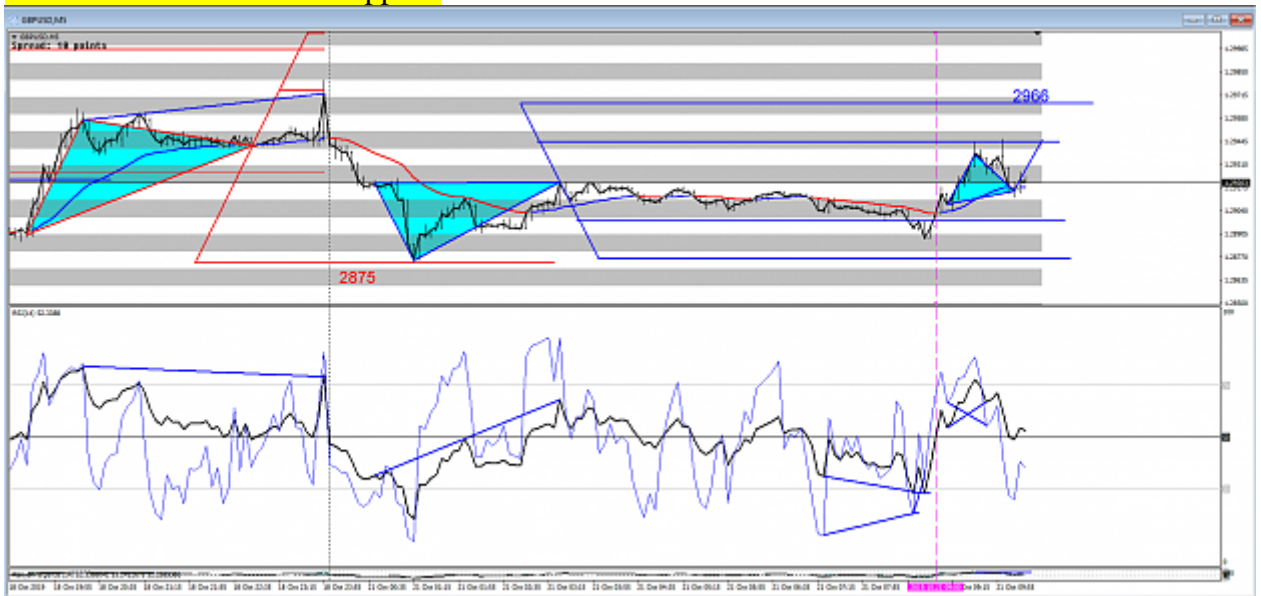


Looks like it hit that to the pip.

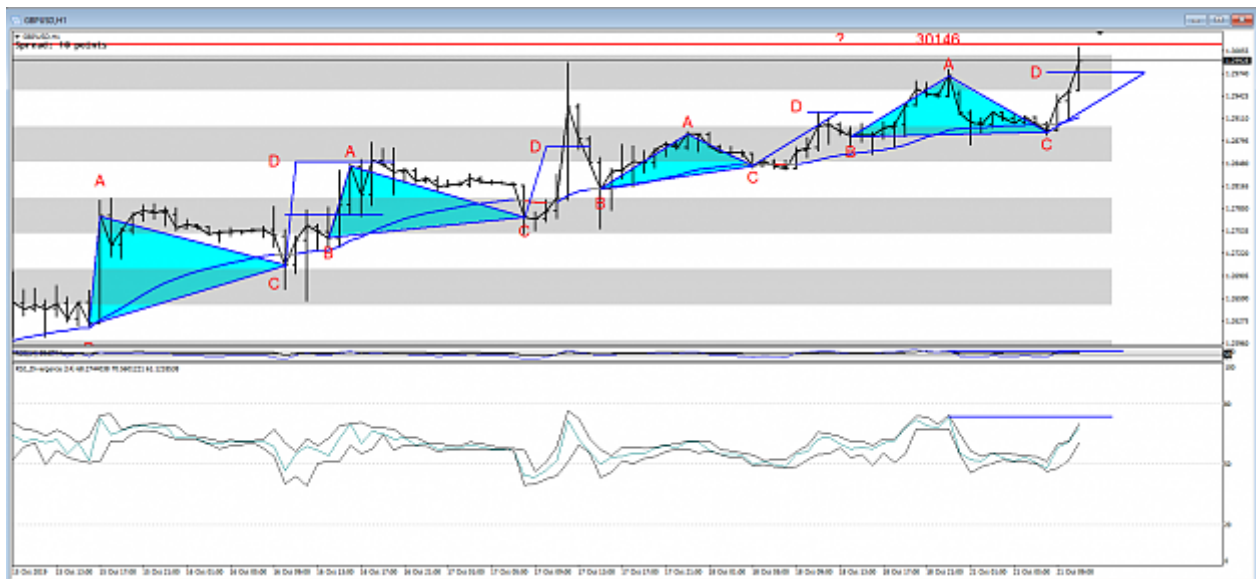
We have another signal on the 5m with the exact same target again.. If that fails it is back up to 2966



Bears failed to break bull support.



1H chart does not look good for the bulls. HD may halt the progress.

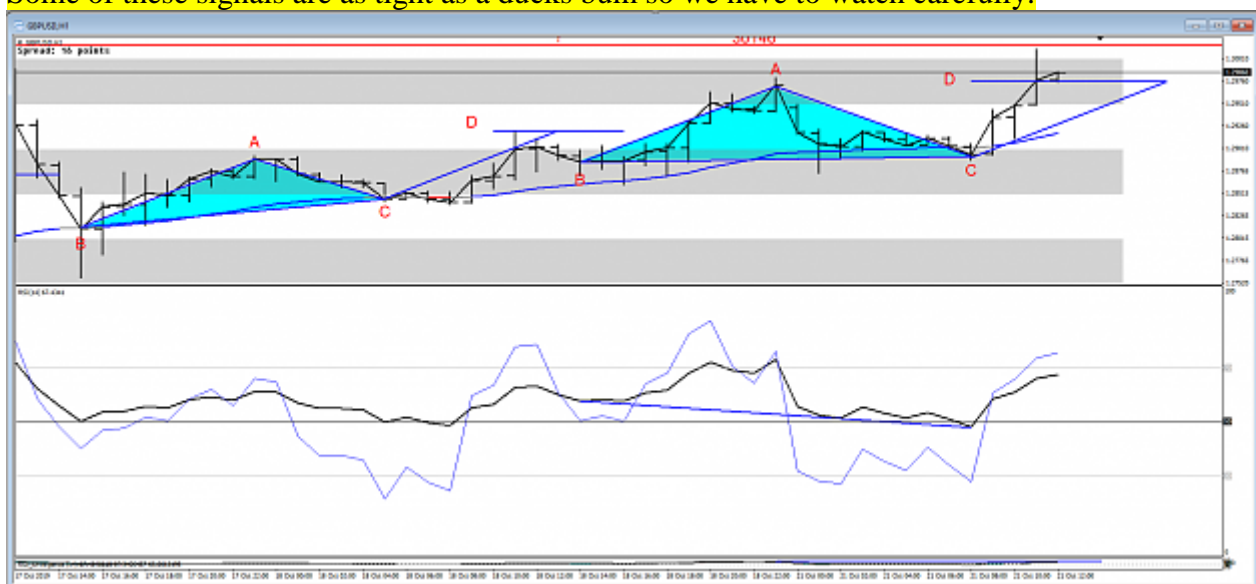


[Quoting huskyboy](#)

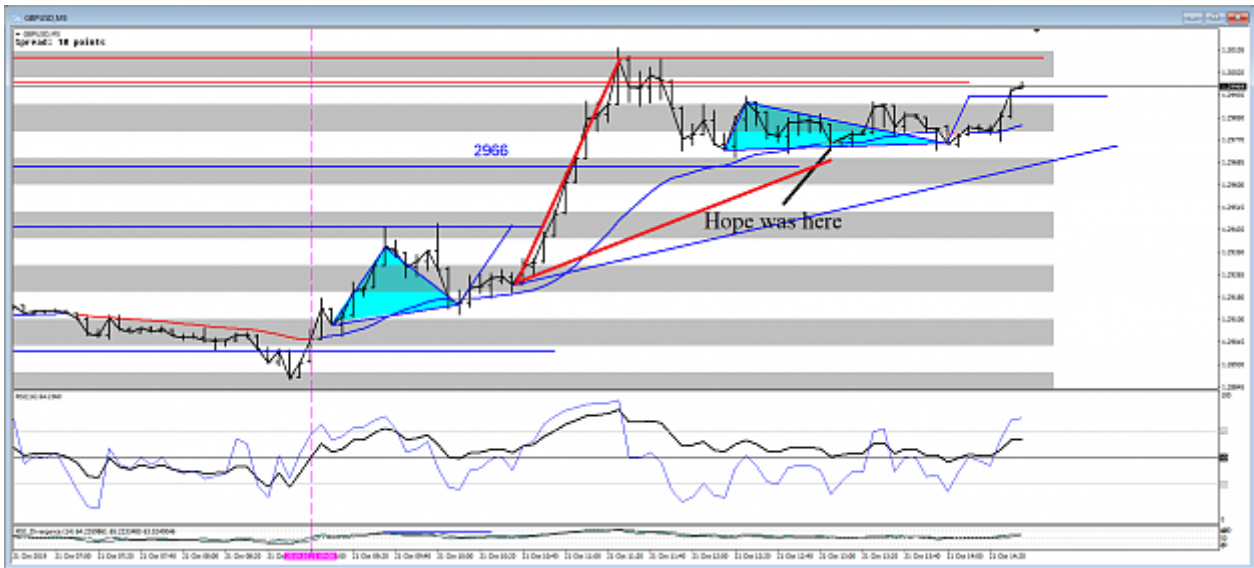
sorry to ask Alan and i am probably completely wrong but on that last ABCD i can get no connection on my RSI to draw that pivot B like you do.

Definitely there

Some of these signals are as tight as a ducks bum so we have to watch carefully.



No the big signal did not happen it became a 17 pip signal instead

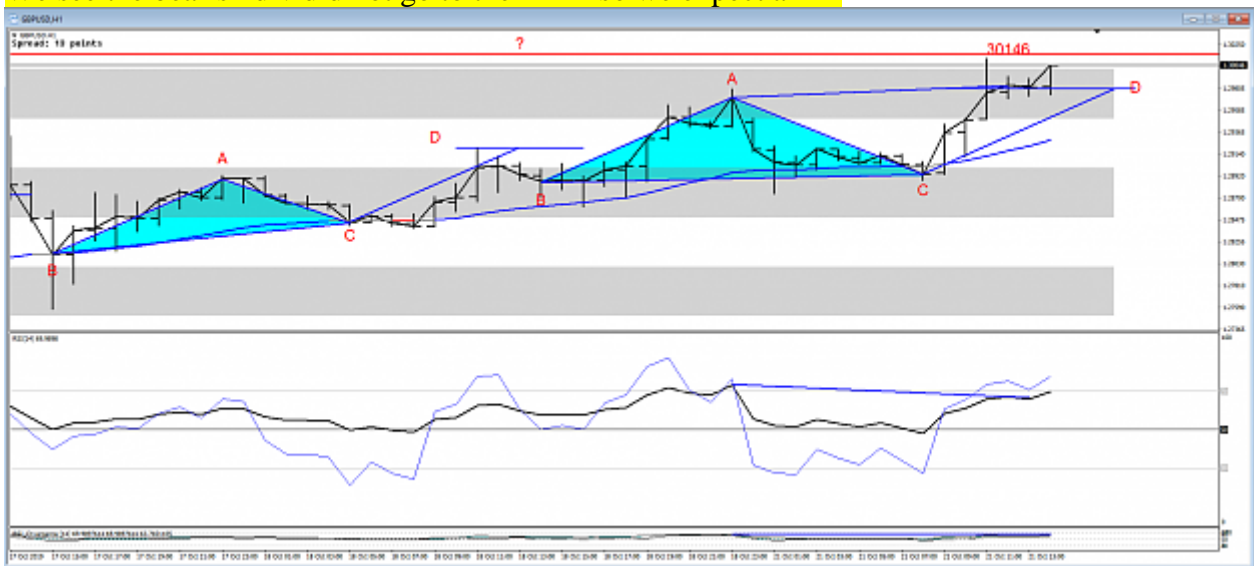


[Quoting huskyboy](#)

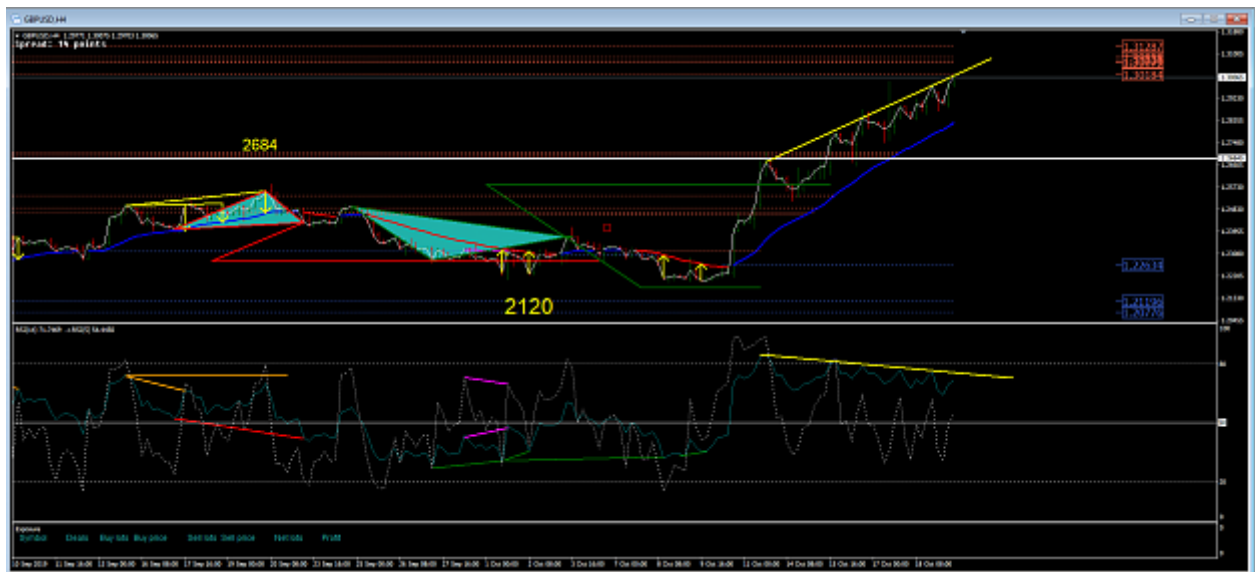
{quote} agree, confusing there, indeed the very low at 29233 wasn't under attack, looks like its now going to the ema swing

Yep the 1 hour EMA swing that is.

We see the bearish div did not go to the EMA so we expect a HH



Look at all the divs on the 4 hour failing to do anything. This tells us the price is heading somewhere



[Quoting huskyboy](#)

{quote} suppose the C closed at 29700, which price pivot low would it be attacking?

Thanks for explaining this in my absence.

When we reach the level of being able to teach others then we are well on the road to having a complete comprehension of the processes involved.

By way of a little more explanation...

We never know where A and B are until C forms, which is the current price action point (CAP). With this in mind we can speculate an outcome if C makes a certain point. It may not happen but we prepare for it to do so.

We can always see which pivot price is currently attacking so this may cause us to shift our A and B so we are reading inferences into the chart all the time and adjusting accordingly.

Then we apply our money management to the process regarding the trend as our best bet and

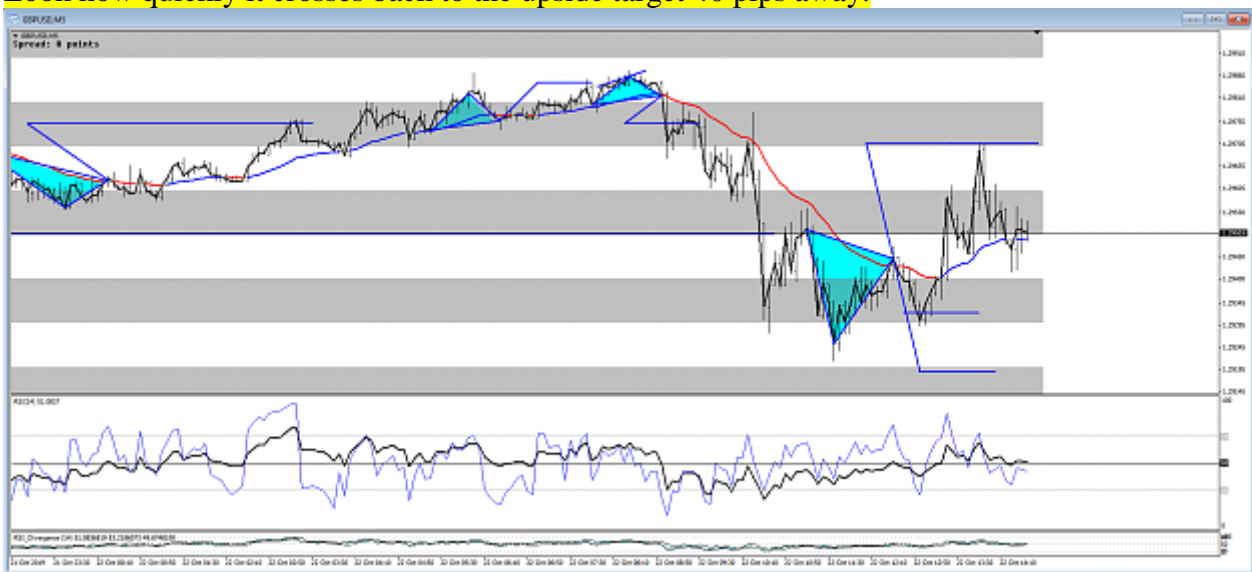
dropping to the lowest time frame to get an entry point in the desired direction. Our entries are staggered to allow for things going wrong and when they do **we NEVER add to a losing position**, far better to be stopped out and take a fresh look at the situation. When we are right we make a huge profit where we may double or treble our target depending on the speculated distance.

Sometimes we may just close our second and third trade taking the profit and letting the first trade run more. This means when a trend is proving to be strong we can take a new signal starting with the second entry under the protection of the first now many pips away

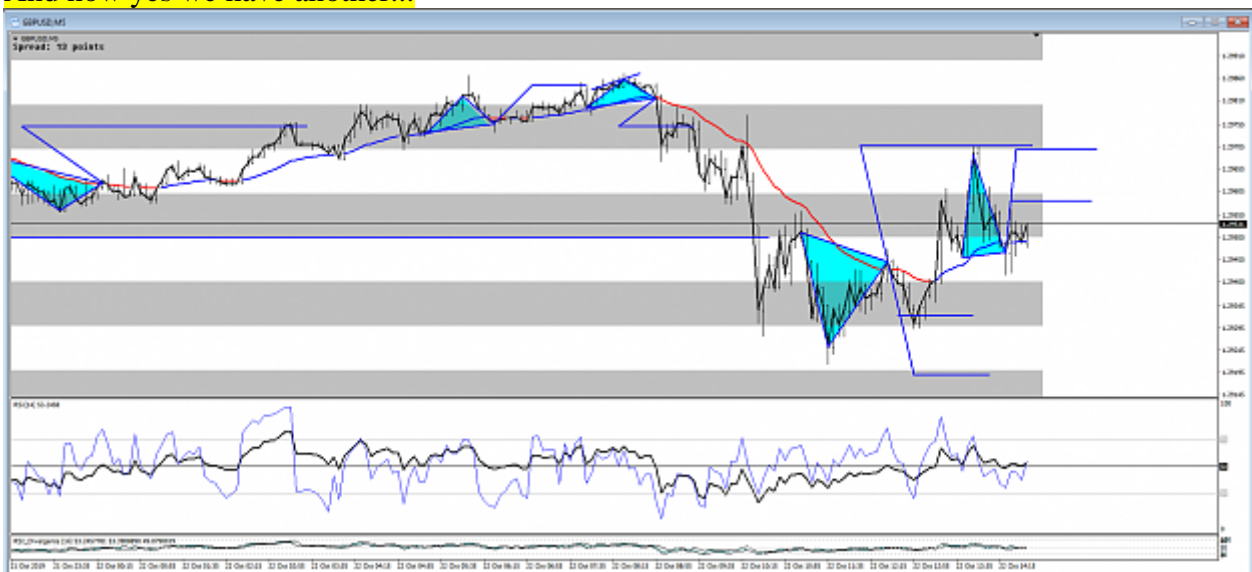
Look at this one on the 5 min.

It is a classic failure and why we should move our stops to prevent any damage.

Look how quickly it crosses back to the upside target 40 pips away.



And now yes we have another...

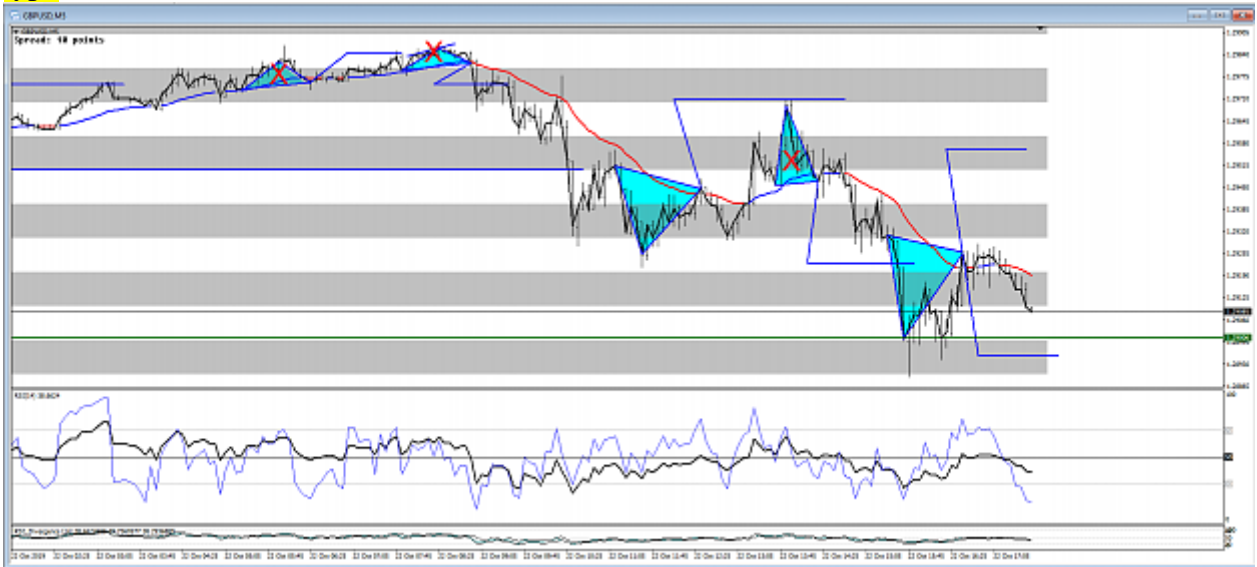


[Quoting huskyboy](#)

{quote} Well now we know, i was wrong. Thx Alan for explanation👍 So for an ABCD it should be like this: - A is always higher than C - B is always lower than C - A and B should be on the same side of EMA - A and C should be on different side of EMA

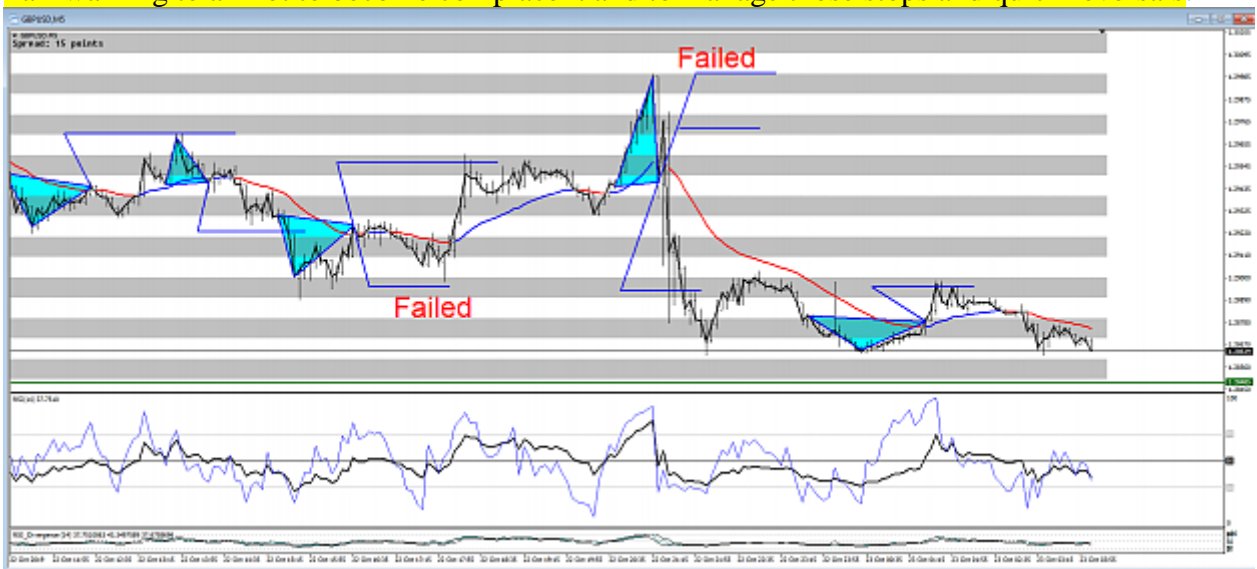
B and C on different sides also as in the triangles marked with an X here.

Remember that if they are on the same side they are still divergences but not of the ABCD type



After I shut down last night I see we had two more ABCD's that failed in their respective trending direction and rapidly shot to the opposite side of the ball park.

Fair warning to all not to become complacent and to manage those stops and quick reversals.



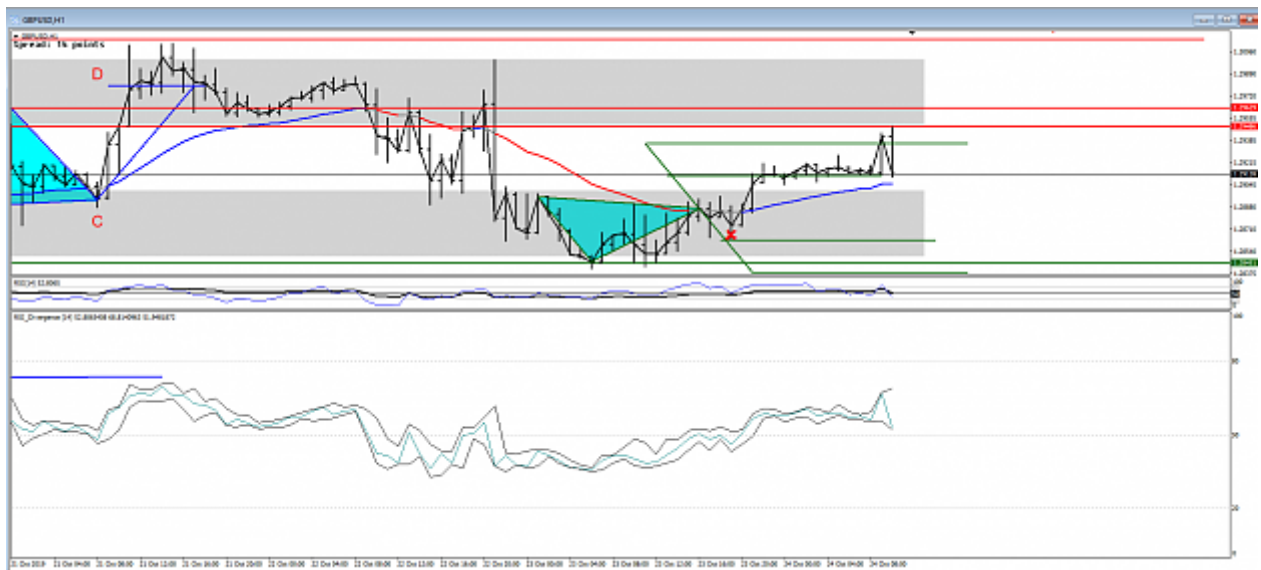
[Quoting huskyboy](#)

{image} didn't completely reach D, HD on top

I don't see where the HD was?

Took a few hours but it finally made the D and the swing high average.

The red X I have on this chart shows we can't get a signal from this point...wrong side.



My 5 min chart



This is how my 1 hour chart looks now.

Notice how three triangles back we have hit both D points in both directions. This is common enough since we are dealing with swings in sentiment.

This then happened again two triangles back just to show how common this is.

Currently we are holding between the two 50% levels.



Bingo...Howsat!



And there we have three in a row from one side to the other...



With just a couple of days to go in the month the daily average looks on track to make the HH. We are just in a holding pattern at this time allowing the average to catch up.



[Quoting Dubtrader](#)

H1 atm. Bearish divergences popping up all over place on the different time frames {image}

And that is what we look for. On the 1 hour we have the regular div and price had not made its target by a pip or two. So the bears are trying to stop the move sending price back to the EMA and indeed crossing it. But the bears could not find support so the bulls win the day taking it to the target at last.

When we get divs like this on the 1 hour a two bar test on the 5 min should get us going in the correct direction.

I didn't have the magenta signal you show because both pivots were on the same side of the EMA to be an ABCD although it was indeed a div.

By being flexible in our trading and recognising the power struggles we should be able to change direction anytime we feel fit because we don't care which direction our pips come from as long as they end up in our account.



Well I am done now but assume the 1 hour is heading for the 2963 or even the 2975.

Remember that monthly chart, Price is poised to make the cross.



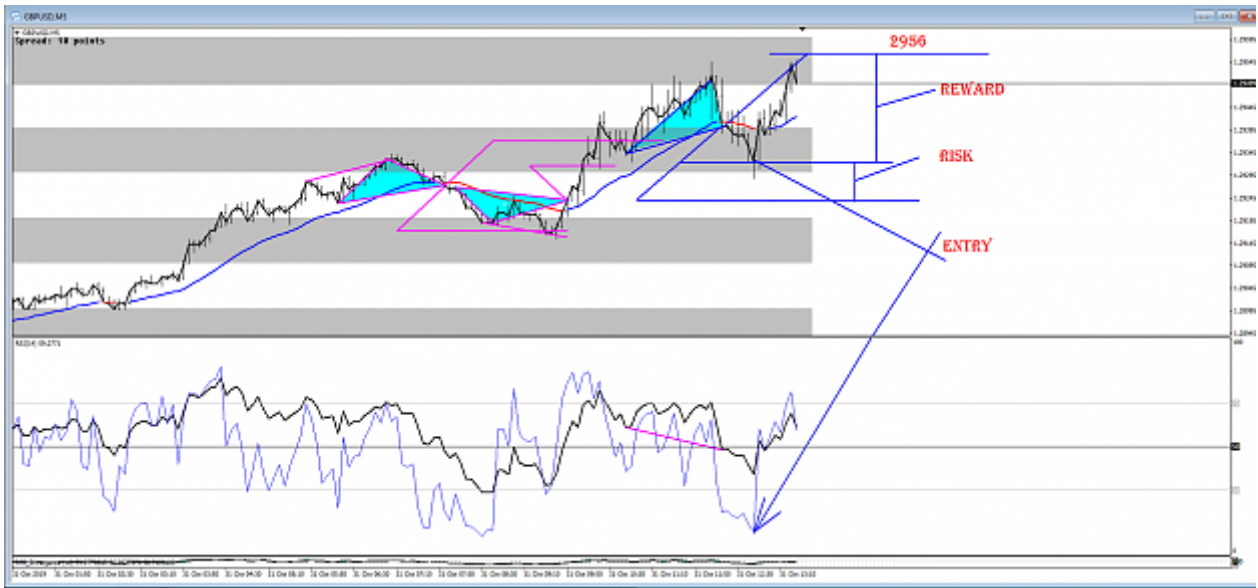
Target 2956



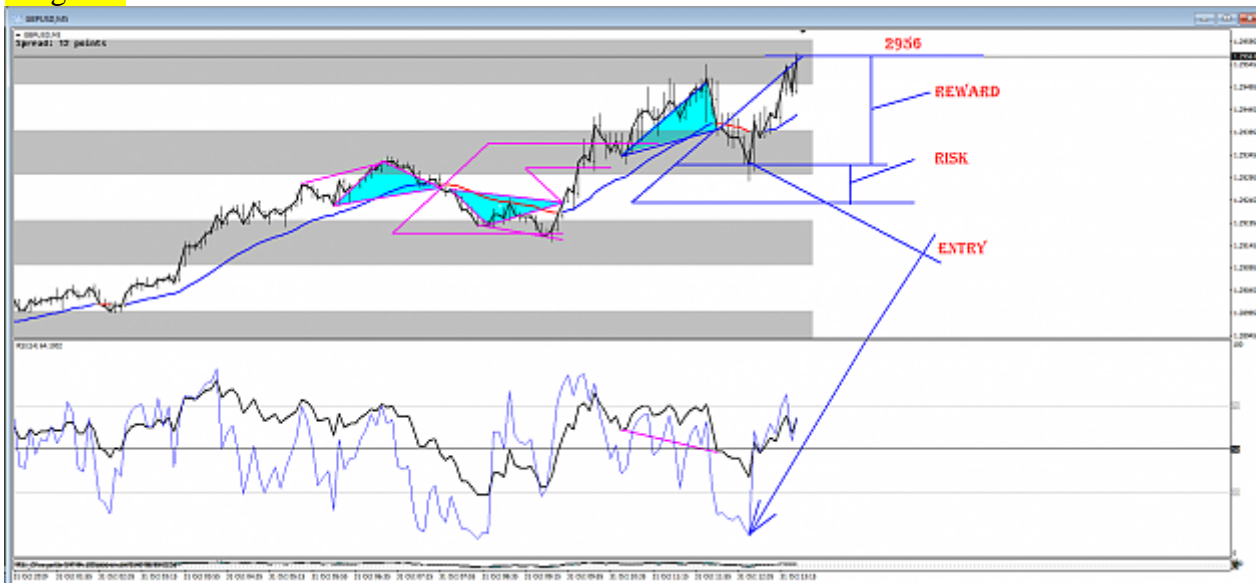
[Quoting huskyboy](#)

long from 434 and now stopped out for 10, did i do something wrong?

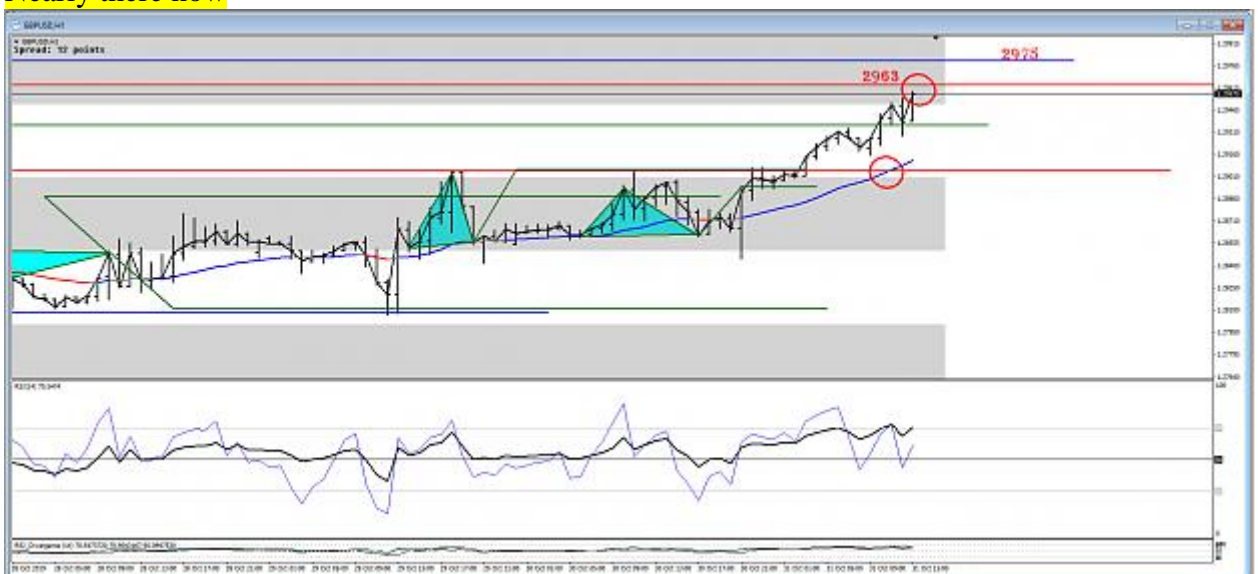
Probably you just jumped in too early



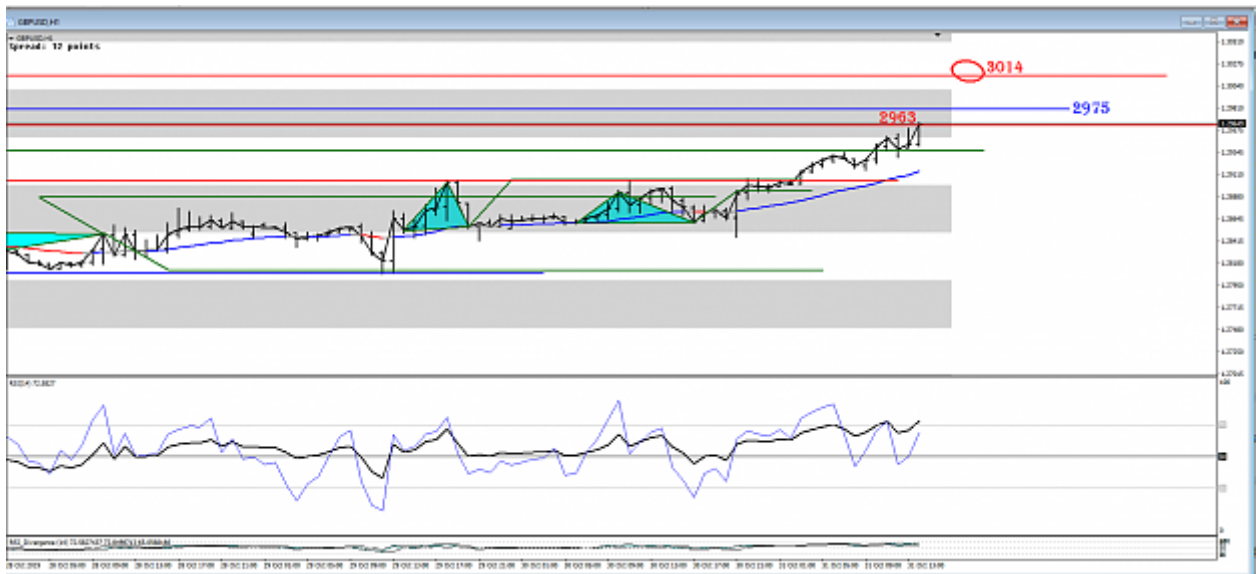
Bingo!!!



Nearly there now



The next level to address on the 1 hour is 3014 but it may not do this in 1 day. Who knows?



[Quoting 44johnw](#)

{quote} Hey Alan Was there anything special you have seen or reason for you to trade at this time of day, or is just a matter of cause I can Cheers John

I have nothing else to do today...

It just hit the target....



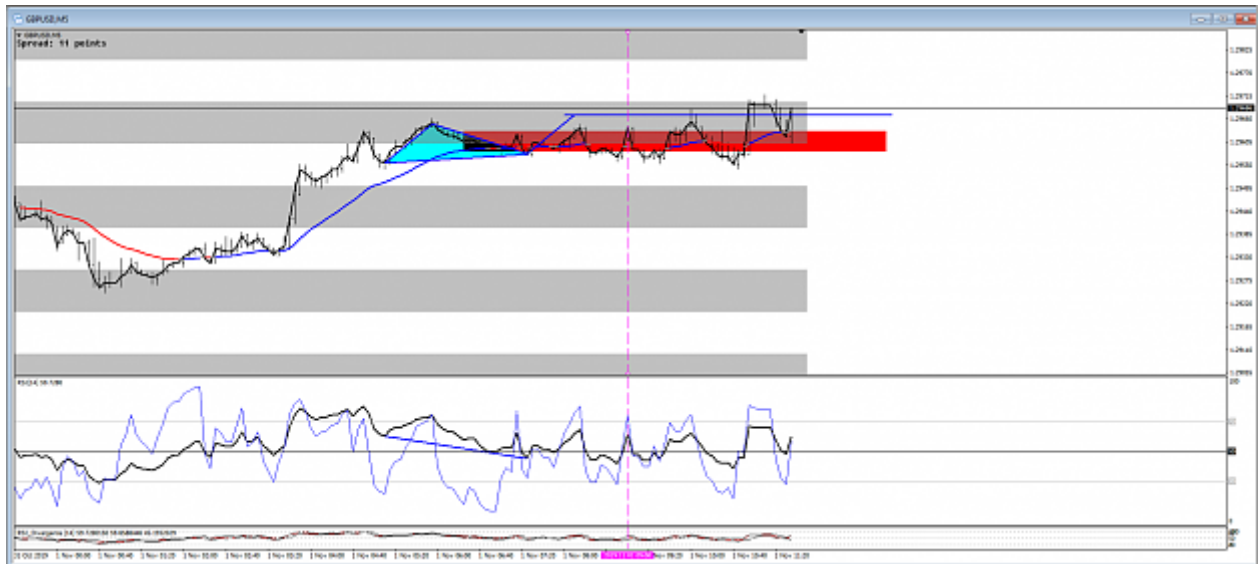
[Quoting k1w1](#)

{quote} Hi Alan, could you please show where you entered on the 5 min? Cheers

Sure it was about here...



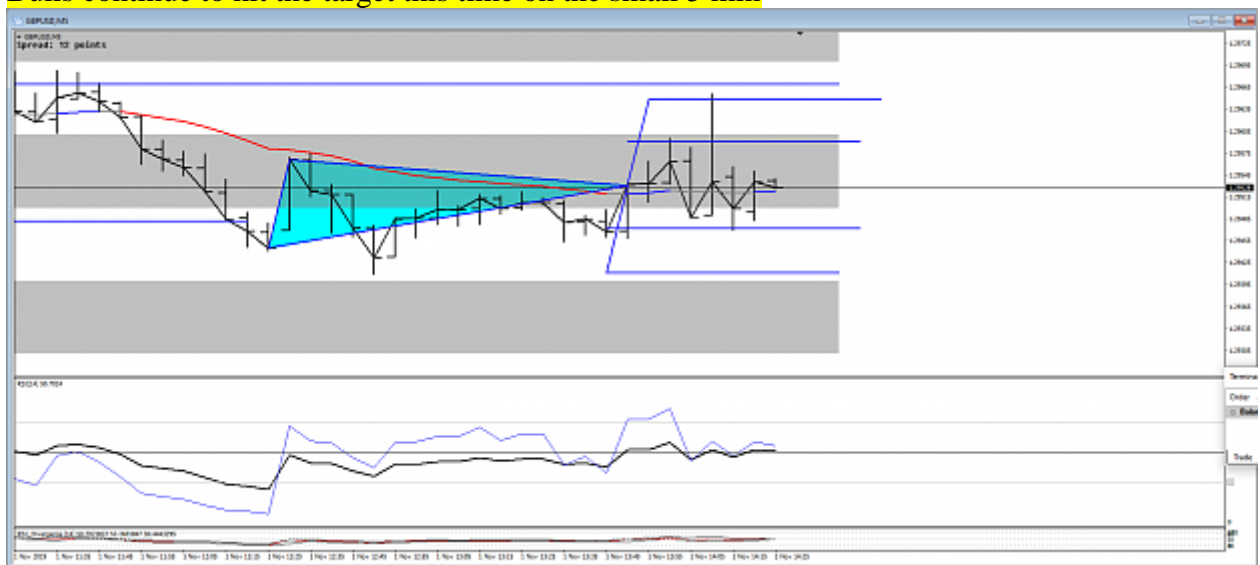
The 5 min EMA is too flat, the market has to kick off soon.



Trying to draw an imaginary future here. Just one scenario.



Bulls continue to hit the target this time on the small 5 min



As usual we can look at the existing outstanding target for the weekends gap to complete, it did exactly that.

On the hour the bears are holding support and trading below the average causing us to question if D2 is in the line of fire today.

The 4 hour bear div suggests the EMA will be attempted.

All in all though things look to be pretty tight. The daily has now made that HH average we were expecting and the price still looks like a holding pattern with the next level at 3037.

For me I would like to see the 1H bear support fail and price push to the 3014 average.



[Quoting bridgstarr](#)

Hi I got it very wrong today and hoping you can help. On H1 in Asian session there was divergence, but price didn't make it across EMA, so I was expecting price to go down. On m5 I waited until EMA had moved out of the range, then took a short based on bearish support at point 1. After that it all went wrong. At point 2 I saw there was hidden divergence on M5, so could have hedged. However I still don't really have confidence with HD. But either way the

points at 3, 4 and 5 would all have been places where I would have taken the hedge off (in reality...

Not sure what your thinking was all about here.

The 4 hour has a div so we expect to cross the EMA, not to bounce.

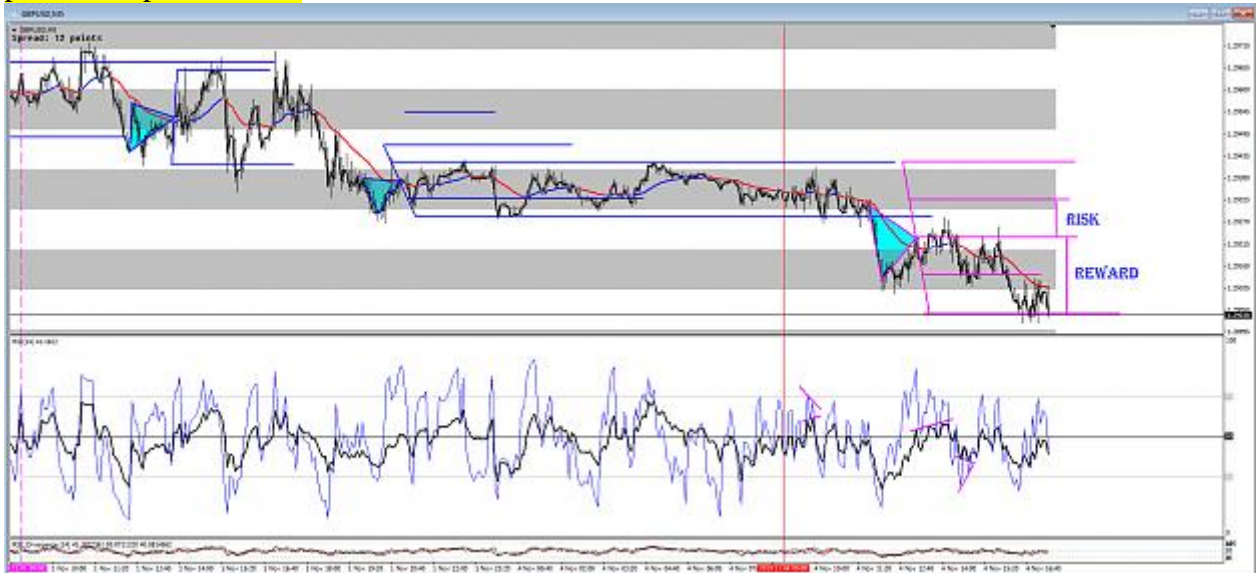
So we look for the short setups which you did correctly.

The 1 hour was trading below the EMA so pull backs are ZOO points to consider entries.

This was a bad market to trade because the 1 hour made so many big pull backs but eventually the 5 min hit its target.

Note the condition of the EMA... Each time the bulls tried for a HH they ran into div stopping them and the bulls made the LL.

We have to watch for these failures of the EMA they are of major importance to the whole process of price action.



Here is the 5 min drawn up.

When we placed our entry we also set our stop.

This entry was followed by two bear divs of no interest to us because had we taken them we would be adding to a losing trade.

Later we find our 2nd entry and we are slightly in profit. It is important to see that this 2nd one is a div stopping the EMA making the HH. It does and then the bulls find support for our 3rd short entry and price runs to the target making the average LL.

At the target D we get a bull div to take us back to the EMA but it failed to cross so expect a price LL. Which it did.

This LL was also a div and this time it made it across the EMA and is looking for bull support.

My chart looks like this now..

PS The target was just hit



[Quoting bridgstarr](#)

{quote} Hi Alan I've been looking at the chart with the benefit of hindsight and I'm still struggling a bit. I can't convince myself that if the same thing happened again I wouldn't trade it something like the attached. At point 1 there is bearish divergence and everything else was pointing down, so i might short it there, getting stopped out before point 2 Re-enter at point 2 Add to the position at point 3 - my chart has the fast staying below the slow rsi. This entry will get stopped out Add to the position at point 4 due to RSI divergence. This...

This would be fine if we were to be trading the 5 min chart and making entries at the 1 min level. However this can lead to very quick trading with little profit.

Look here at the 1 hour chart for direction...

At upper target D there was a bearish div, a Zoo point to be traded at the 5 min level. This was followed by one heck of a battle common to the time of day. However our stop would have remained intact and we would have the 2nd entry at the bear support which then took us to the D2 target.

Just because the signal starts on a particular day it doesn't always follow that it will hit the target the same day.

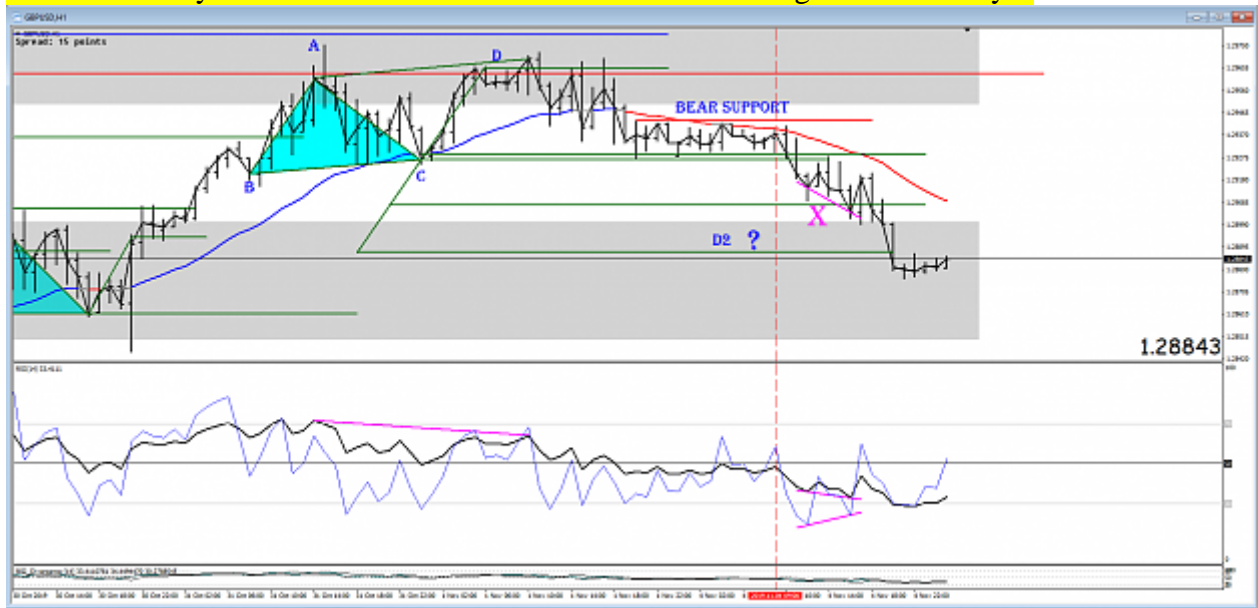
What we have seen here is the AB sentiment swing to CD hit the div and the sentiment swung back to CD2.

I showed over last week how common it was for the market to do this.

During our session time the price never got above the EMA so all our trades were short... **Any trade taken long would be a scalp or a hedge.** There was one major hedge here at X but it failed to make the EMA so would have been stopped out for BE+1.. We know this is now going to make the price LL so why not add another short aiming for D2?

The point is we have to watch the 1hour chart for our direction and trade the 5 min in that direction. If you cannot find a new ABCD use the opposite side of the last one. i.e. D2.

This was a slow trading day and we can tell this beforehand because the target is relatively small. Big targets are better because the market has to get a wiggle on to make it. You have to ask is it worth your time or would it be better to sit it out and go for better days?



Quoting Dubtrader

Hourly Chart {image}

Not quite drawn correctly. What you have there is a regular div with both pivots on the same side of the EMA.

The ABCD came a tad later as below...



Notice on the 5 min chart there was a bullish ABCD to take the !hour up to its C point.

Also note how the 5 min turned from D down to D2



[Quoting bridgstarr](#)

Good evening/morning, Hopefully you can unpick some of my confusion from the day's events. Sorry its a bit long winded At point 1 there was HD on H1 and on m5, therefore long entry on 2 bar test, aiming for the target around point 2 from the asian ABCD on M5. {image}

1) You are correct here except for the target. We expect the div to return price to the EMA which it did but it failed to close above it so now we expect a LL.

We got this LL briefly but again it was a HD on the hour. So back to the EMA and this time it closed above to form our ABCD>

This was easy to predict because if price is to now go down it needs to setup the ABCD to do so. That means we should have expected this close above the EMA for it to form. At that same time we were travelling long on a target as you rightly pointed out on the 5 min so this was telling us about where point C will be on the 1 hour.

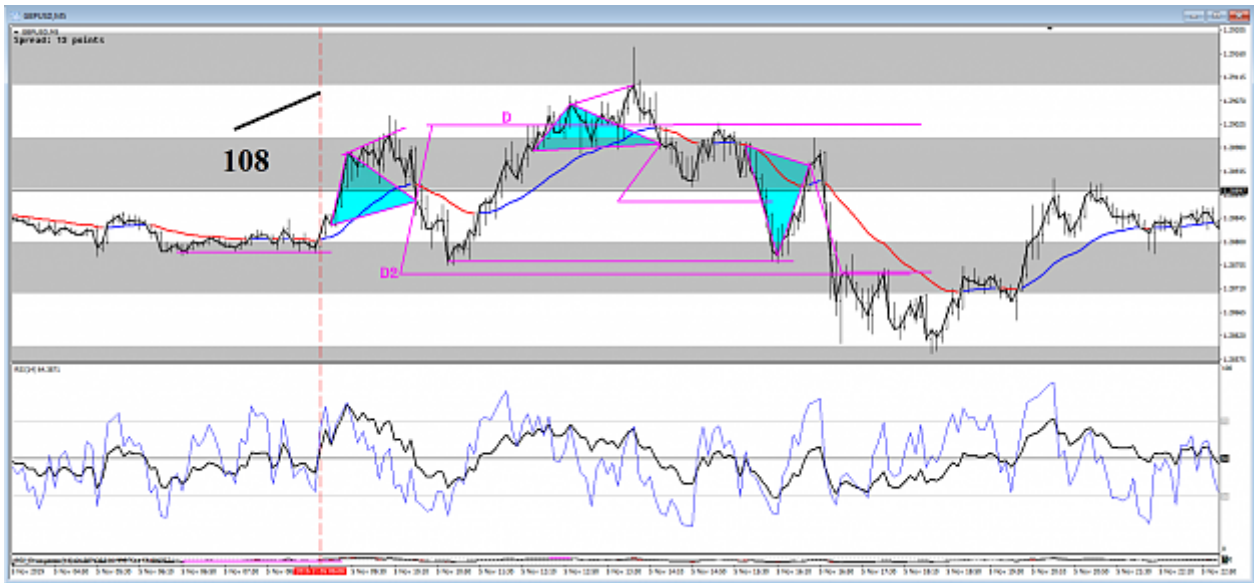
2) Not sure what the problem is here. The div on the 5 min was at the 1H ema, a ZOO point and this stopped the price crossing the 1H at this time. The 5M triangle was not yet formed so this 5 min div made it happen.

3) At point 3 we have the HD again on the H stopping price hitting the D2 of that Asian triangle and set the price on course for D the opposite side. This formed the C point of the 1H.

I refer to the upper target as D and the lower target as D2.

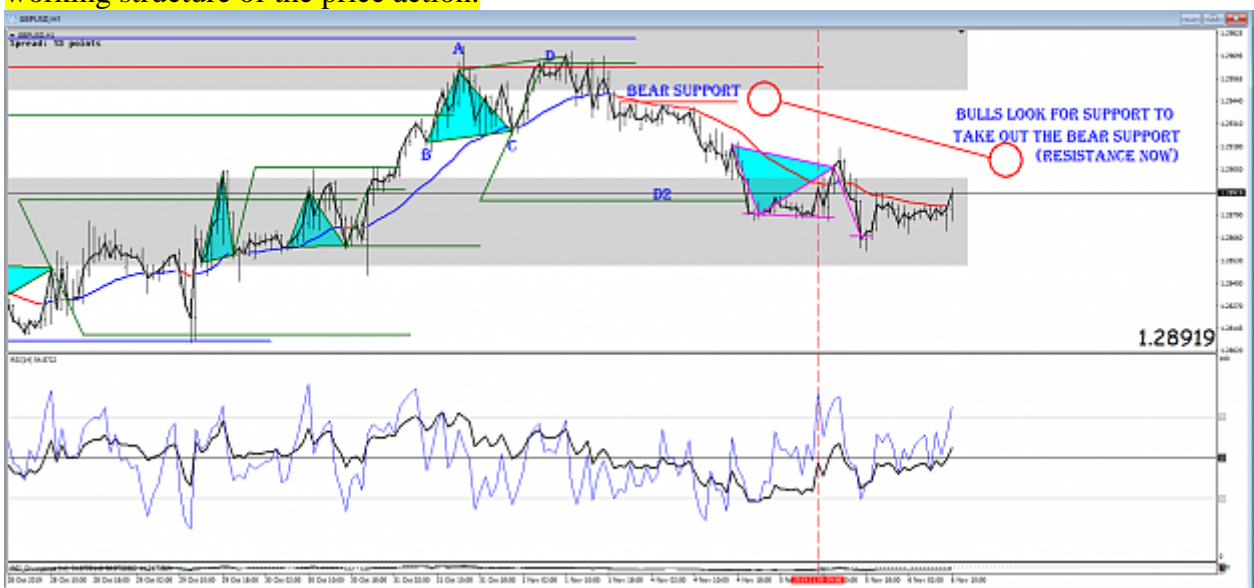
5) At 5 I can fully understand your problem and it is not uncommon. So simply follow the rules... We enter at the div with entry 1, it failed to cross the EMA so expect a HH so we get stopped out for little or nothing. Between 5 and 6 there was another div so we try again and this time get lucky. However our second entry at the bear support came under threat from the dreaded hook. (6) and (8). 7 was a bull div sending price back above the EMA so would we hedge 7 to 8.

Missing from your chart are a couple more ABCD on the 5 min shown below...

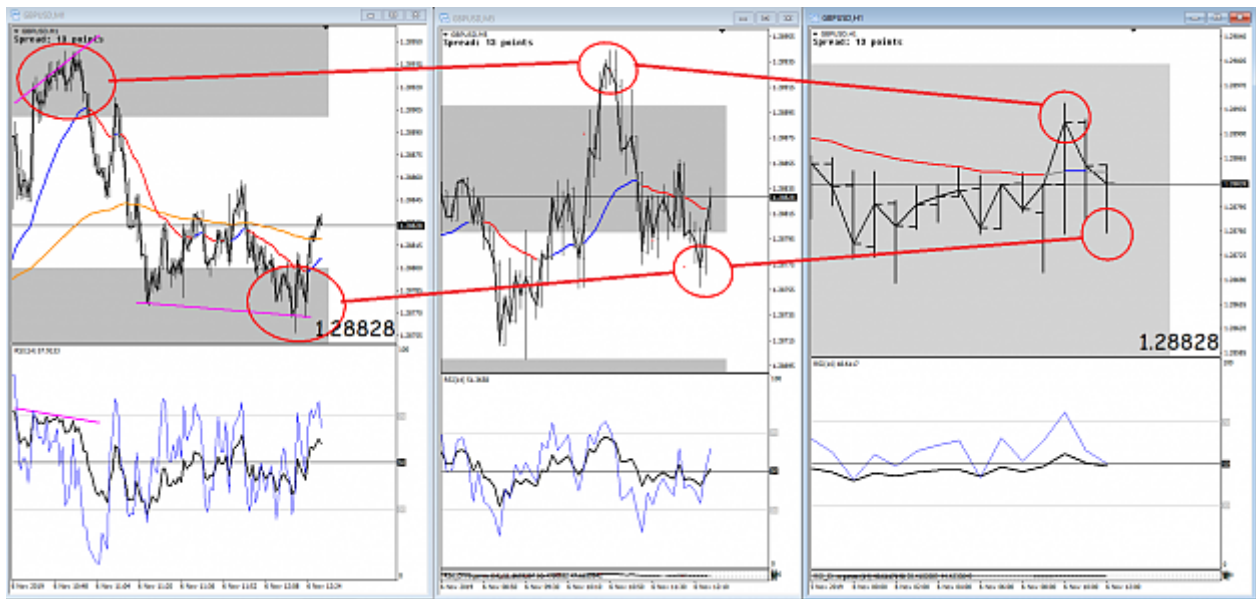


Now we see that we cannot get an ABCD on the 1 hour because both prices are on the same side of the EMA.

You should be getting an idea of how the sentiment is manipulated into positions to form a working structure of the price action.



See what we see...



Quoting Nala66

Now we see that we cannot get an ABCD on the 1 hour because both prices are on the same side of the EMA. You should be getting an idea of how the sentiment is manipulated into positions to form a working structure of the price action. {image}

How come no one told me of this other bear support I overlooked....



Well looking at the 4 hour it seems pretty clear price is heading for the lower D being only about 20 pips away now.

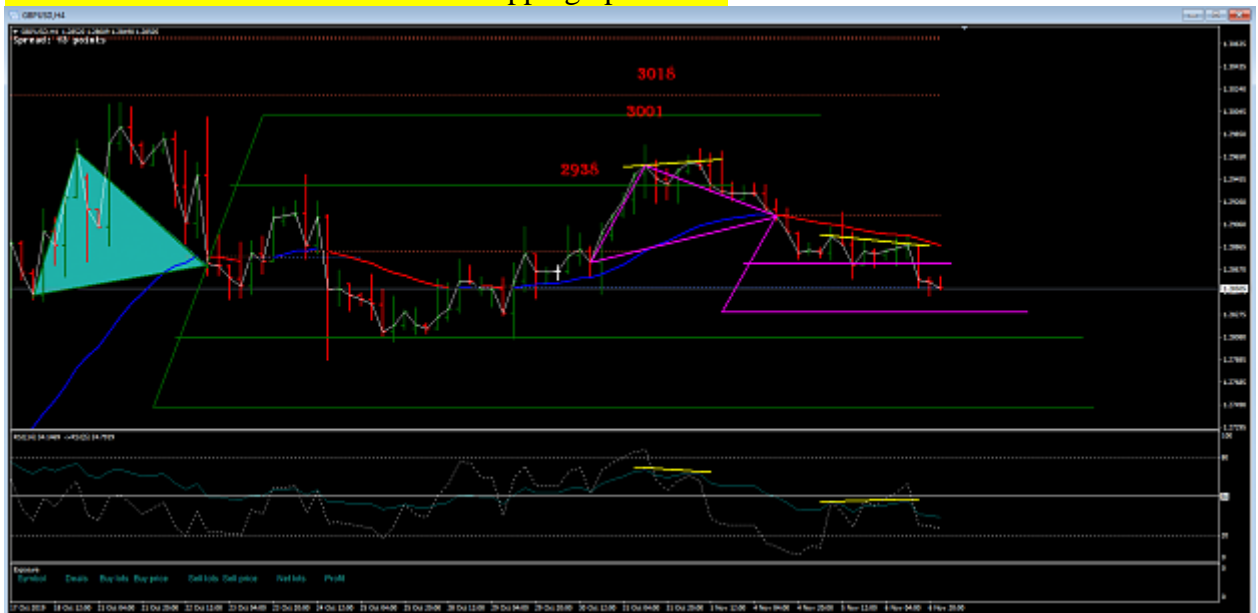


If we stay with the 4 hour and examine it a little further by zooming out we can see the blue triangle has not yet completed either side D targets.

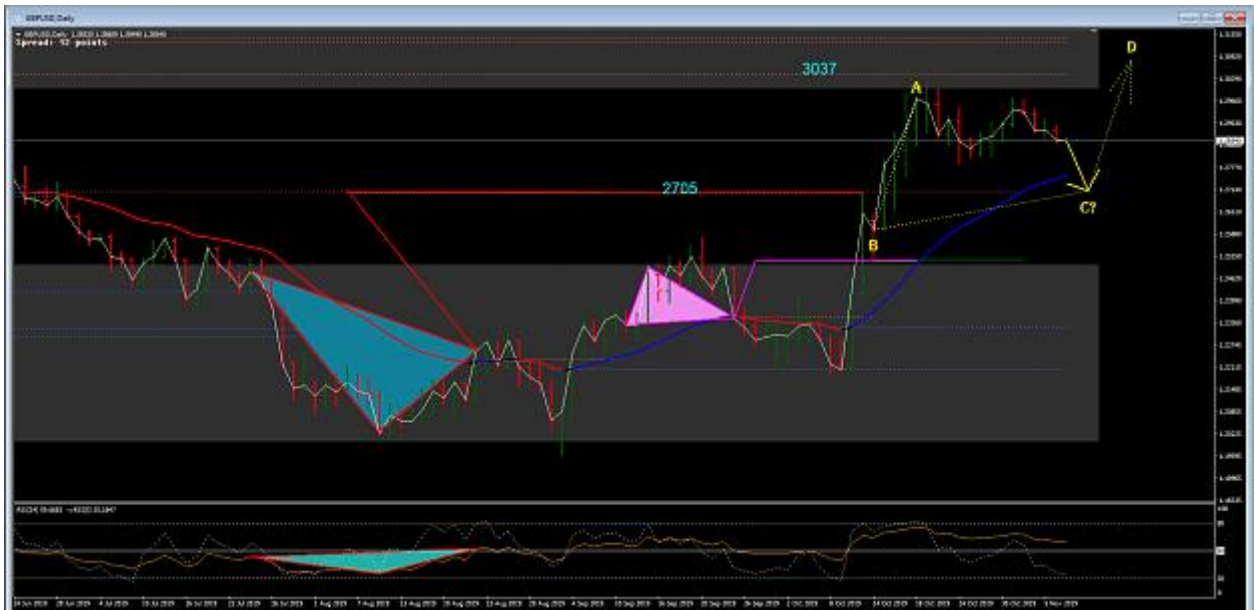
If the average is indeed trying to make the lower low then we would envisage that price will make the lower D2.

These are very long term predictions and price could simply range between the two 50% for a considerable amount of time.

We need to be watchful of the Divs cropping up in time.



Again sticking to these longer views we see the daily has hit all the targets so may be in the process of setting up a new one as outlined by the yellow dotted lines below...



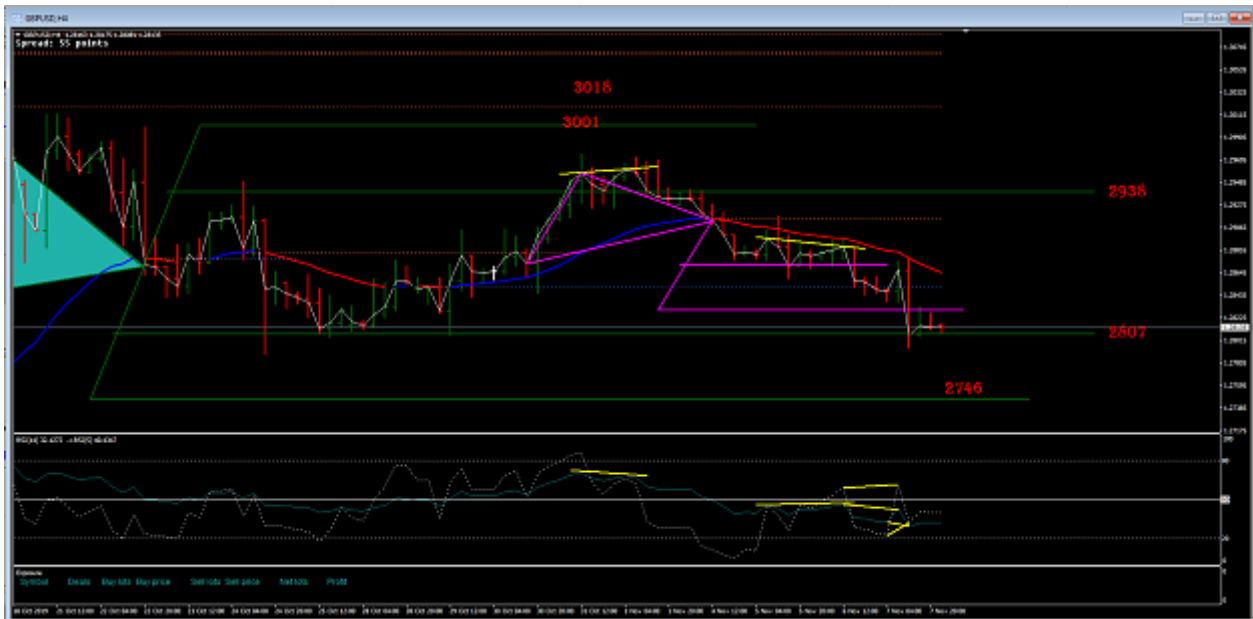
Well that was a nice 30 pip start and whether or not to hedge at the top was a question... I closed.



Quoting Nala66

If we stay with the 4 hour and examine it a little further by zooming out we can see the blue triangle has not yet completed either side D targets. If the average is indeed trying to make the lower low then we would envisage that price will make the lower D2. These are very long term predictions and price could simply range between the two 50% for a considerable amount of time. We need to be watchful of the Divs cropping up in time. {image}

And it came to pass, the 4 hour did stop within the range but for how long? That EMA is rocketing down to attempt a LL



We can also see this range on the 1 hour...



So being short of ABCD's on the 1 hour we have the alternatives of $AB = CD$.

Here are the two of them one red, one blue. I have taken off the quartile to make it easier to see (had too many lines)

I just edited the chart to show the + or - distances so you can see how accurate this is.



That was a long wait for the action to begin, way past my bedtime so not much use to me at all.

It kicked off with a regular div on the 1 hour and lasted just 4 hours heading for the lower D2 target set a while back now on the 4 hour. We could even see gappage down to this level over the weekend. (2746).



Well no short gappage over the weekend so price seems to be respecting the bullish div and the EMA on the daily chart. The div should make the HH with the fast RSI having plenty of room to do that.



Quoting Dubtrader

Alan when I get a pivot like this marked in yellow directly on the EMA line, can I use this for an ABCD target? or is it just regular bearish divergence. I think the same situation cropped up Thursday or Friday, I cant remember exactly and I wasn't sure if it could be counted legit or not. I suppose its a bit like tennis when the ball hits the line, in or out. {image}

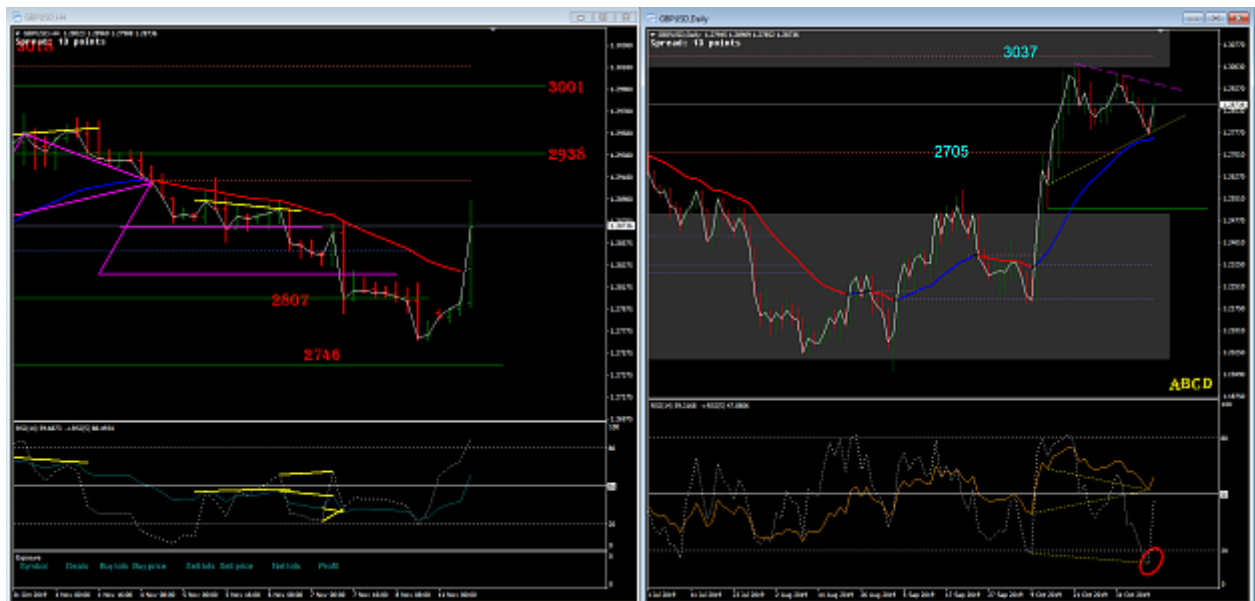
Exactly is it in or out. I took it to be a regular divergence stopping the price crossing the EMA and thus making a LL than the bull div below it.

After this we got the ABCD and price shot up to a bear support (resistance). I scored very nicely on that move.

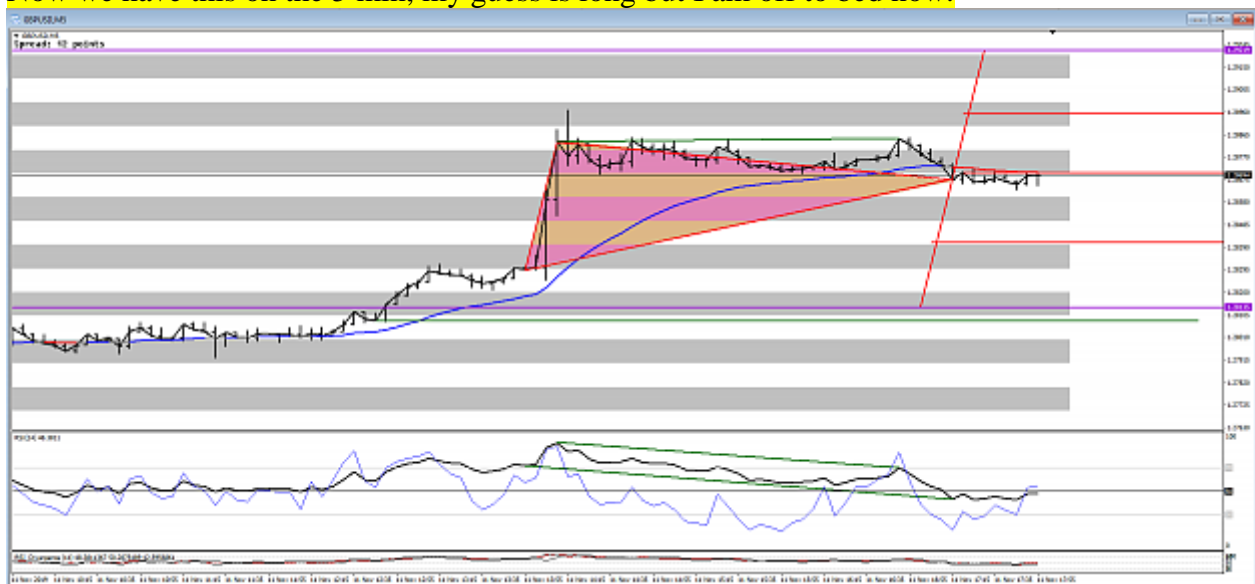
PS The next pivot after your arrow was this ABCD



The bears failed to hit the 4H target so the bulls are jumping in on the fact. I posted this 12 hours ago.



Now we have this on the 5 min, my guess is long but I am off to bed now.



This is so difficult to explain in text and pictures, far easier if we chat on Shype.

Below is the 1 hour chart and I hope I have the area that troubles you in the blue inset I will expand on later.

I have tried to put as much detail here as required to get the job done. There is a lot going on so the details are important so lets recap a few rules.

- 1) Trades go with the trend... Scalps or hedges go against it.
- 2) If trading below the EMA we look for shorts
- 3) If trading above the EMA we look for longs.
- 4) We apply a 1, 2, 3 money management to restrict losses and compound profits.
- 5) We pay attention to our time line, mine is always 9am chart time.(Vertical dashed lines)
- 6) Look for those EMA swing levels, very important.

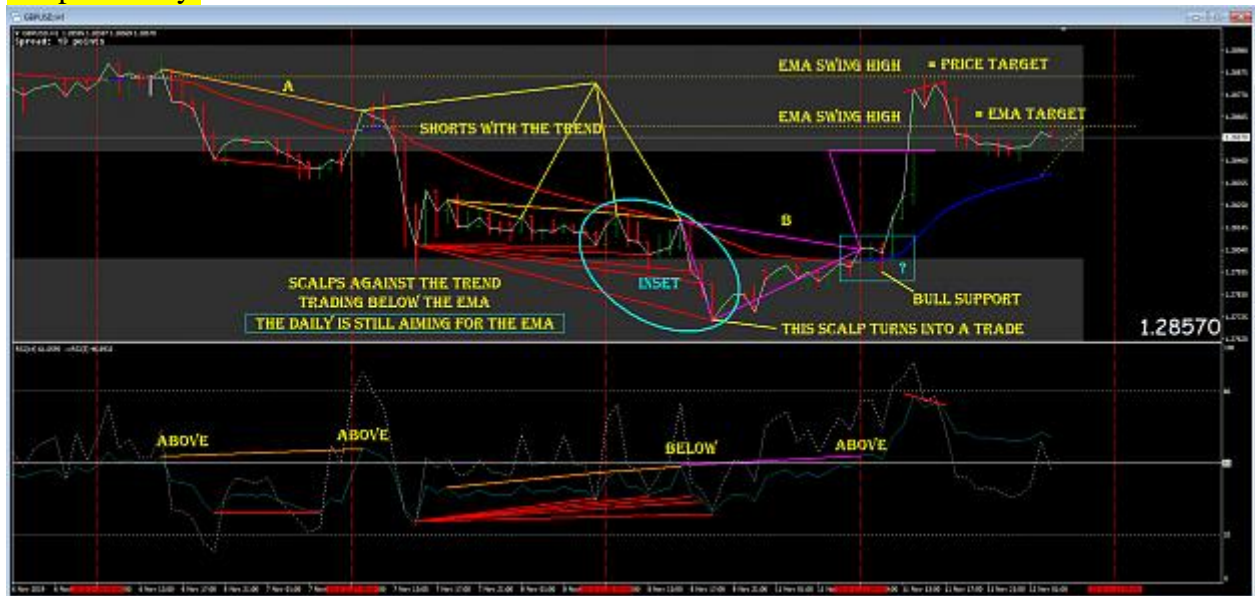
Ok on this 1 hour chart we see the last scalp made it across the EMA whereupon the bulls found support. Look at the EMA target!!!! Price will go to the next level in order to drag the

EMA to the EMA target. We had an ABCD to assist us with this.

The target was reached and a bear div formed. We have the choice of closing the trade or hedging short, or both if we exit and scalp short. Remember we are now on the opposite side of the EMA so shorts become scalps or hedges.

OK next I will zoom in on the inset and so how that works within our rules.

Whoops, I forgot to mention you should look at the difference between A and B, different setups entirely.



Ok better clear up a few more things here.

For me a scalp is just 1 pip of profit which I call break even.

A hedge is a trade placed equal to the sum total of all the lots I am hedging so it is normally of far greater size than a scalp.

All trades begin as scalps, it is the progression that makes the difference. A scalp may or may not turn into a trade. The money management takes care of this..

Let me assume here that everything is done wrong and the trader is trying to profit from the longs. i.e.. the Bull Divs below the EMA.

1) Is a bull div and a long is entered. The expectation is to cross the EMA and the bulls to find support. As price approaches the EMA we move our stop to BE + 1 and 4 hours later we are stopped out.

2) Again a bull div, same expectation, same result stopped out for BE + 1

3) Again a bull div and a complete and utter loss.

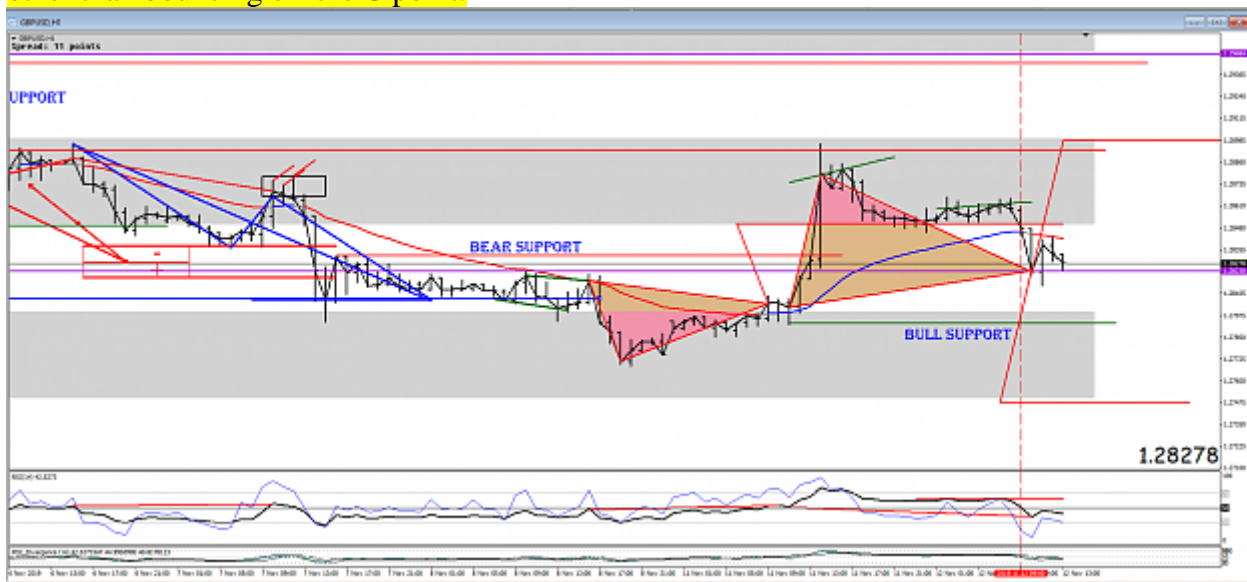
4) Again a bull div but we have no entry because we are still losing number 3. **Never add to losing trades.**

5) Again a bull div and it was threatened by the hook but we are ok so far. When price approaches the EMA about X we move our stop to BE + 1 The rest is history as the trade takes off.

This is a winning situation even though we did everything arse upards by not taking the shorts This is why we have a money management plan in place.



Currently we are in limbo with the 1 hour. We have a signal but nothing happening just yet other than bouncing off the C point.



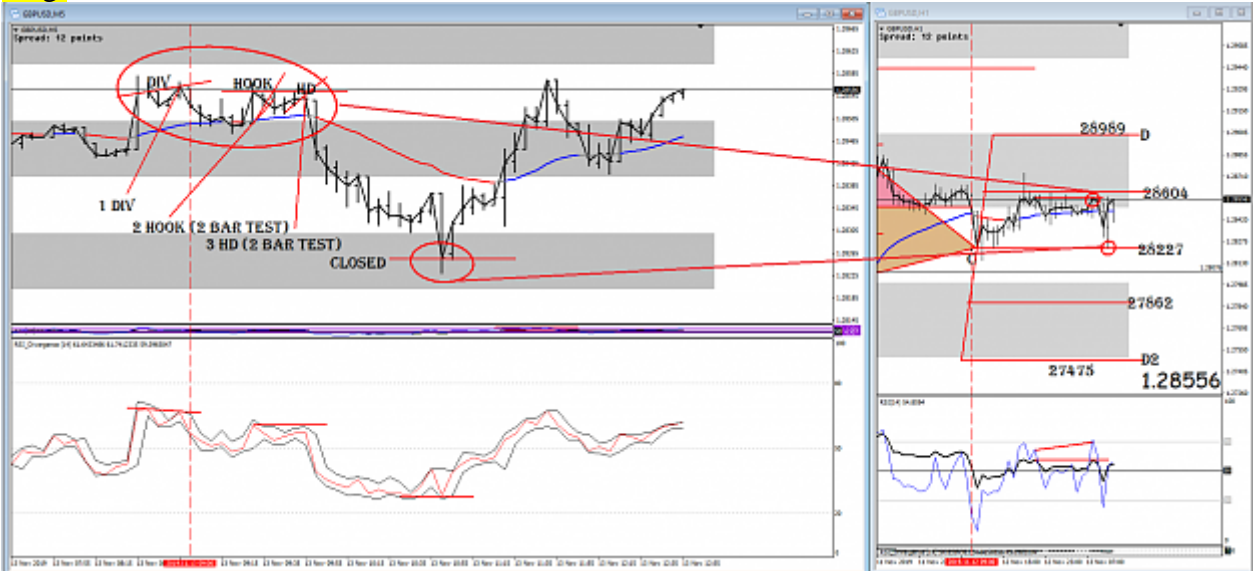
[Quoting bridgstarr](#)

Hi Alan If I show you my thought processes, perhaps you could let me know where I might make improvements. At position 1: M5 divergence at the right time, worth a punt. 2: Bull support? add to the position? 3: Bear RSI divergence M5, also divergence on H1. This caused me some confusion - wasn't sure whether to hedge, or whether H1 divergence signalled the end of the trade. I lost a few pips on the following few bars while I made up (and changed) my mind 4: Price touched H1 EMA, but didn't go below go below, in my head I'm thinking maybe the H1 div...

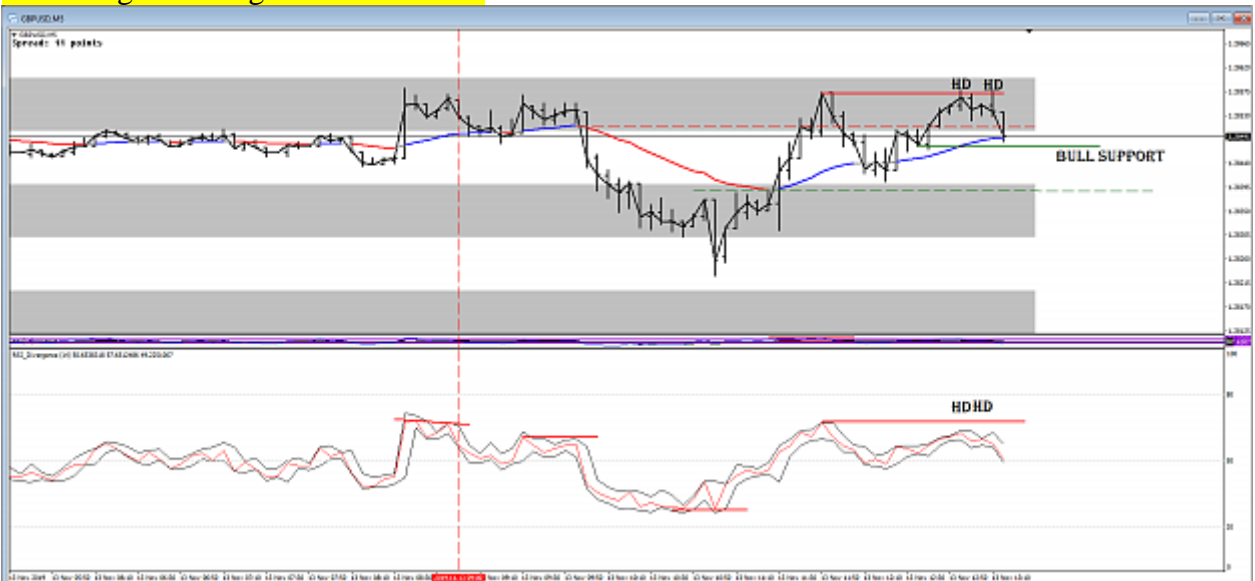
Well I started a little later than you beginning by shorting from the tops as shown below.

If you look at that short (ending) relative to what was happening on the 1 hour you would or should have seen it was smack on the C point and in div on the 5 min.

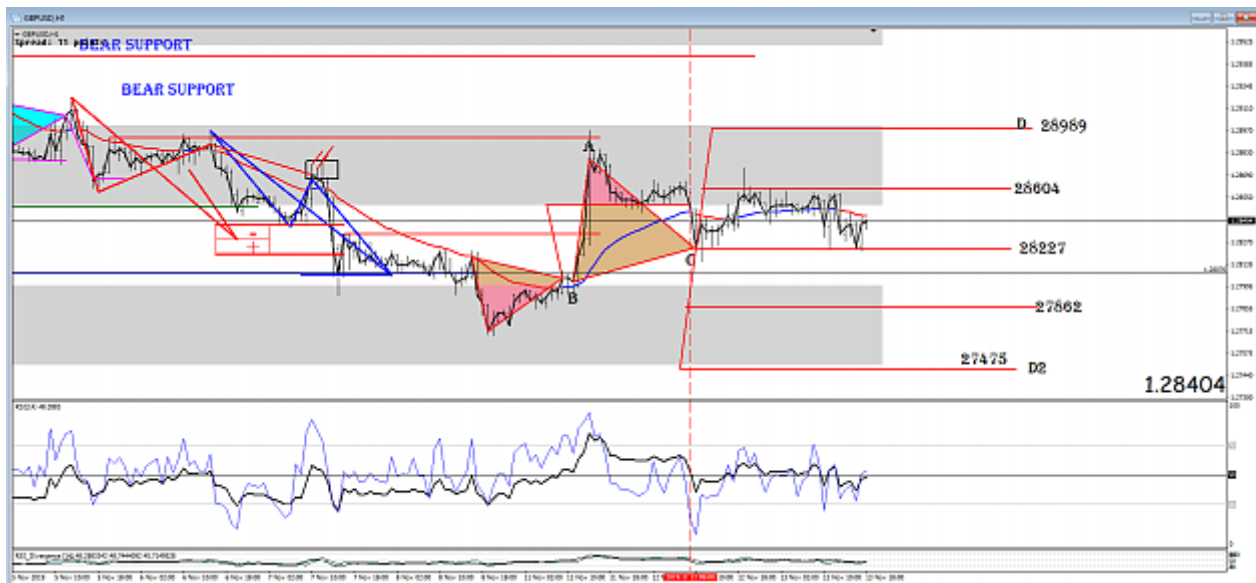
Now I closed and quit there but really I should have not quit but either hedged or reset to go long.



Here we go south again...like a YoYo



Still stuck in this 1H range as I head off to bed...



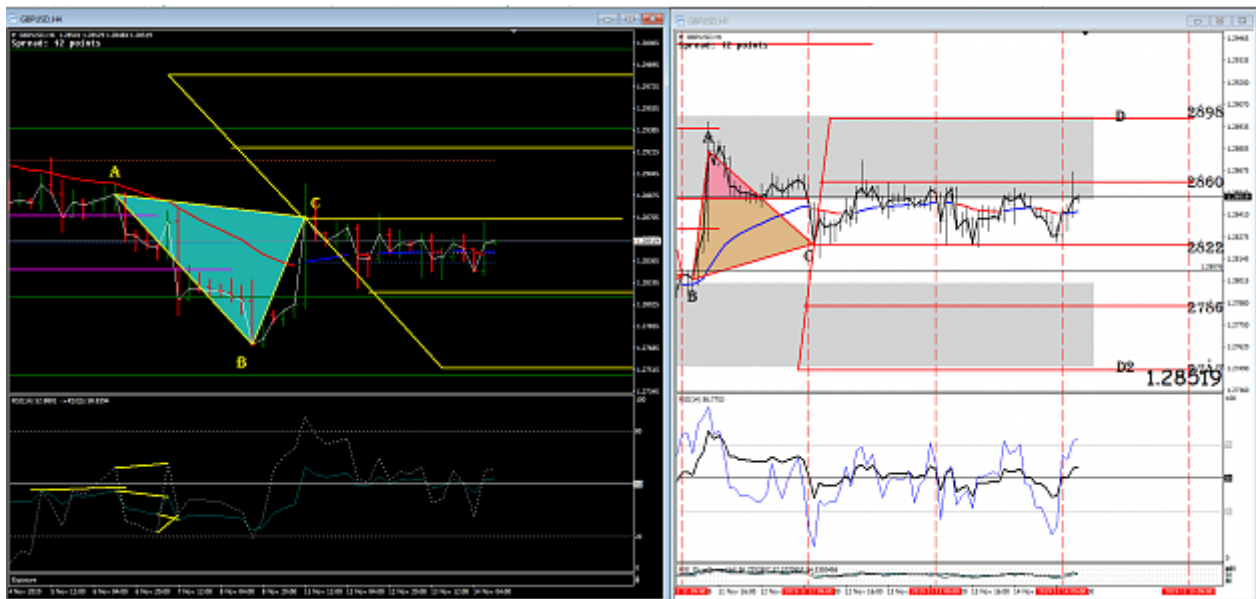
On the 1H I see we are still stuck in the range between C and the 50% levels. **HOWEVER** something has changed here in the past couple of hours.

The bulls have found support and survived a test by the bears indicating we have bullish strength for the time being at least. Need to watch the European open today for clues.



The problem I see here is that on the 4 hour price is trading below the C point but on the hour it is trading above he C point..

I am waiting for the situation to resolve itself.



Look here at my 5 min chart... Heaps of targets but all so tiny



Well I wasn't trading yesterday but this morning I see price on the 1 hour has finally reached its target after setting up on Monday and only completing on Friday.

This is a long time to execute a setup making one wonder if the market is in a slow down for the time of year.

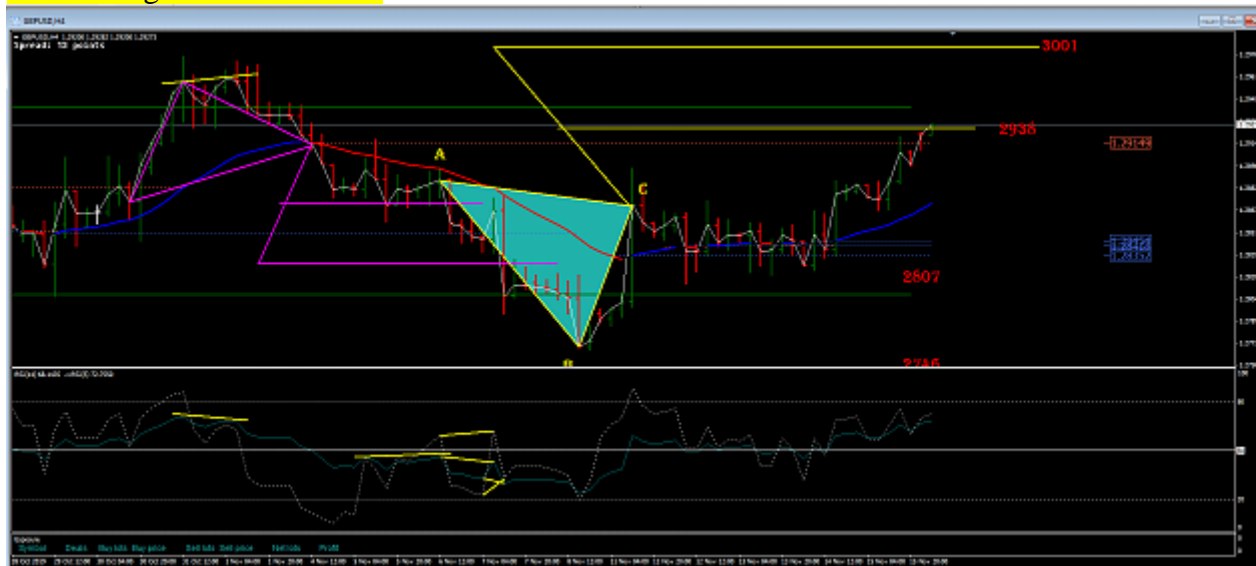
We are now awaiting a new setup on the hour chart. Note how price closed for the week exactly on the target.



Price is now sitting exactly on the 4 hour 50% level to D.

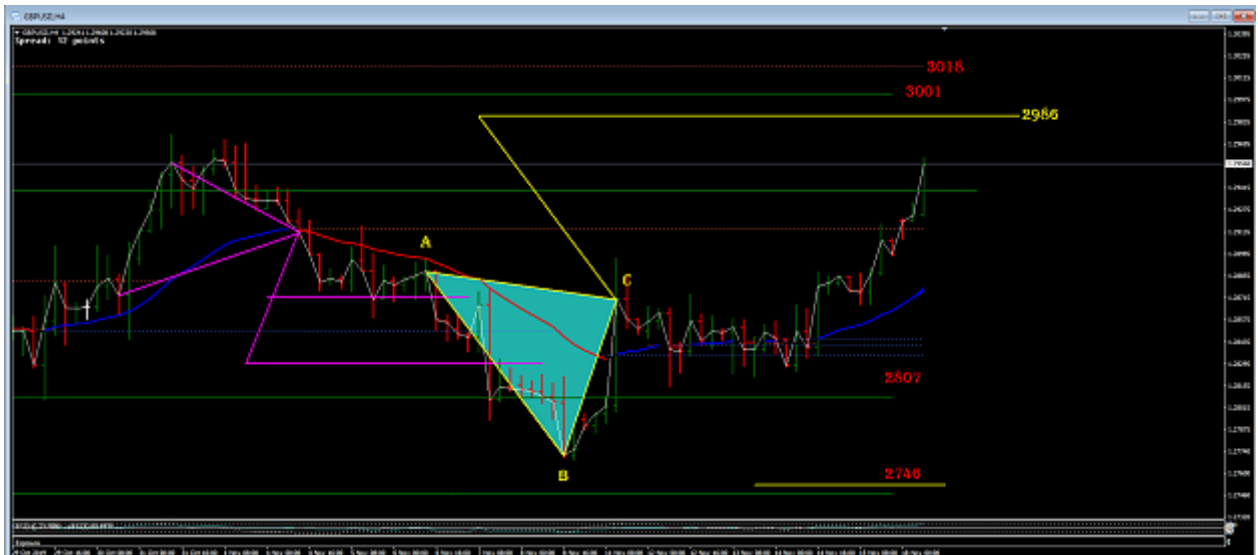
Bit iffy to determine if it will push across or retrace back a little. Good ZOO point to keep an eye on.

On the 1 hour we see a rejection of the bear div so it looks like price is heading for the average swing high at 2947.. This would mean a cross on the 4 hour so maybe a push to the 3001 D target is on the cards.



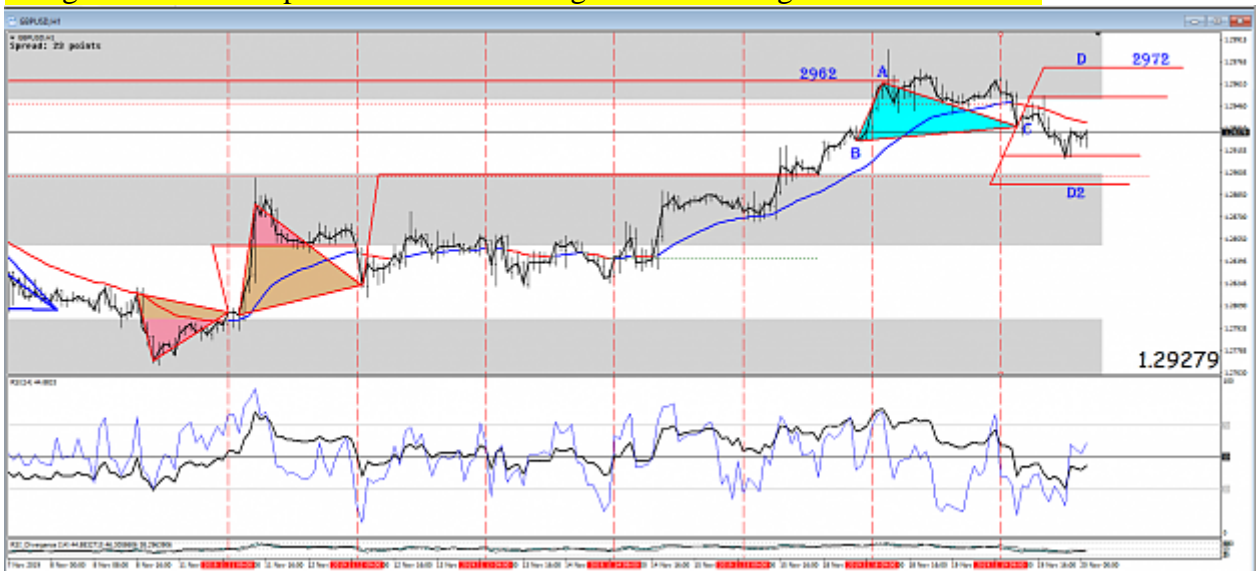
Sorry I have the wrong price on that 4 hour chart above.

It should look like this below...



Well it's been a while since we had a signal on the 1 hour and look what happens... Price ranges between the two 50% levels.

The general trend is up so I would be looking to take the longs for a continuation



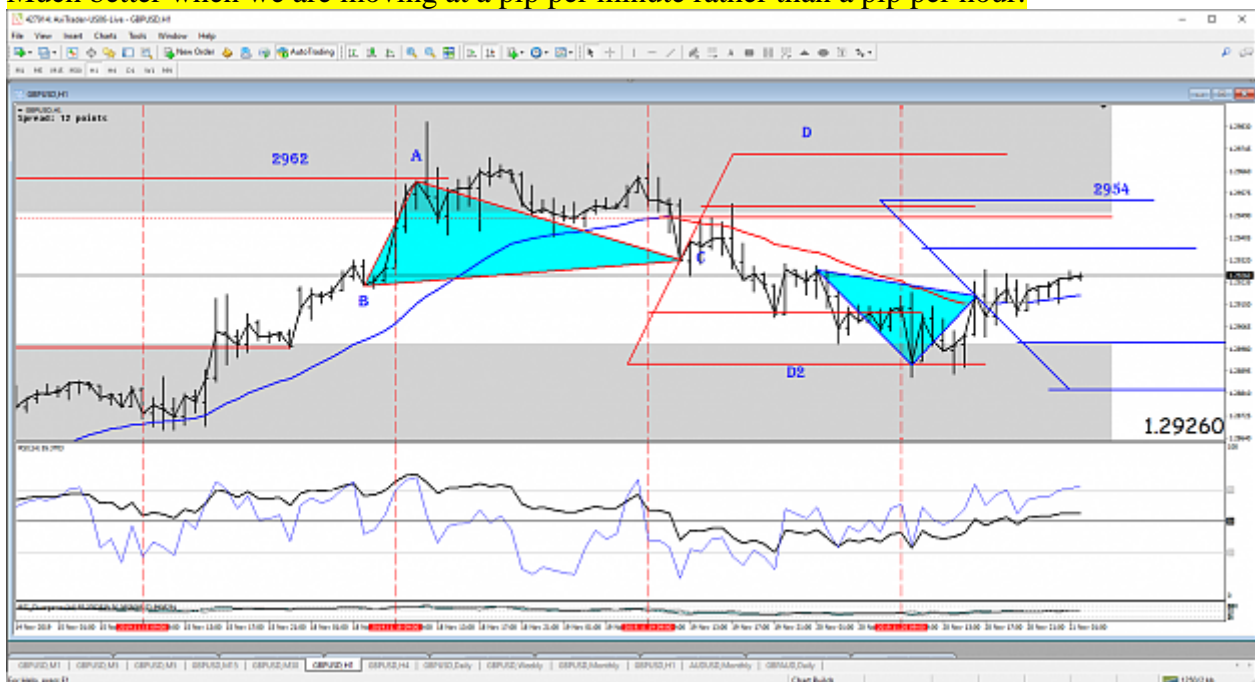
And for what is relatively a long time the D2 is hit...



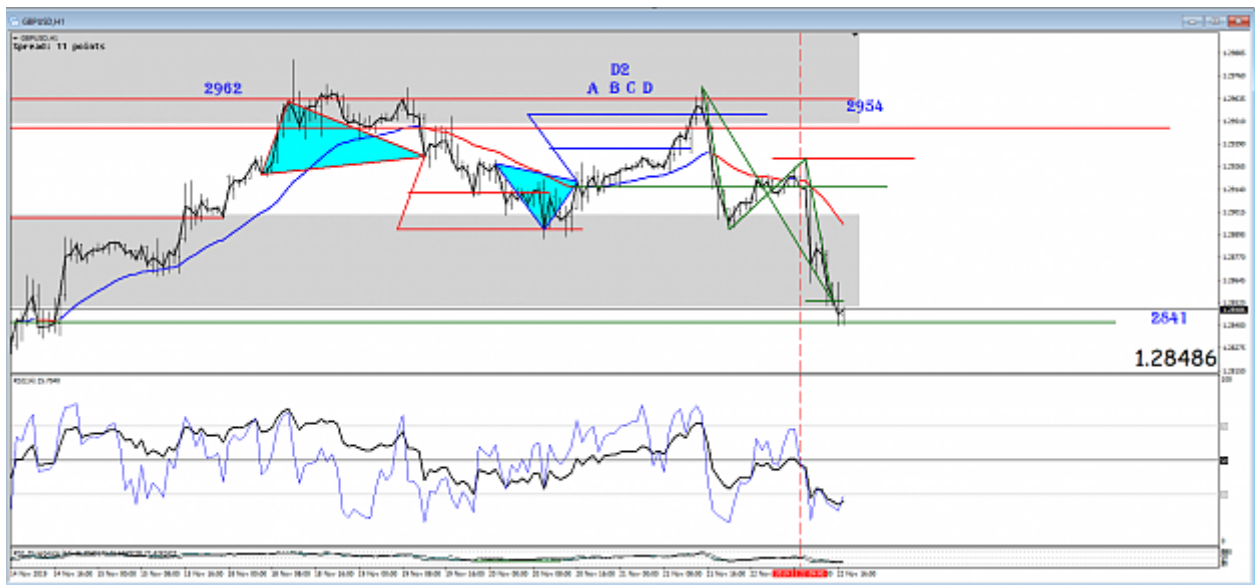
It would appear now that the market has slowed to a crawl. Already 10 hours in and this move has only completed about 8 pips.

It is taking far too long to make targets for my liking indicating lack of market interest for the time of year...

Much better when we are moving at a pip per minute rather than a pip per hour.



The $AB = CD$ took it to the average swing low which was also the daily R2 pivot...Nice trade..

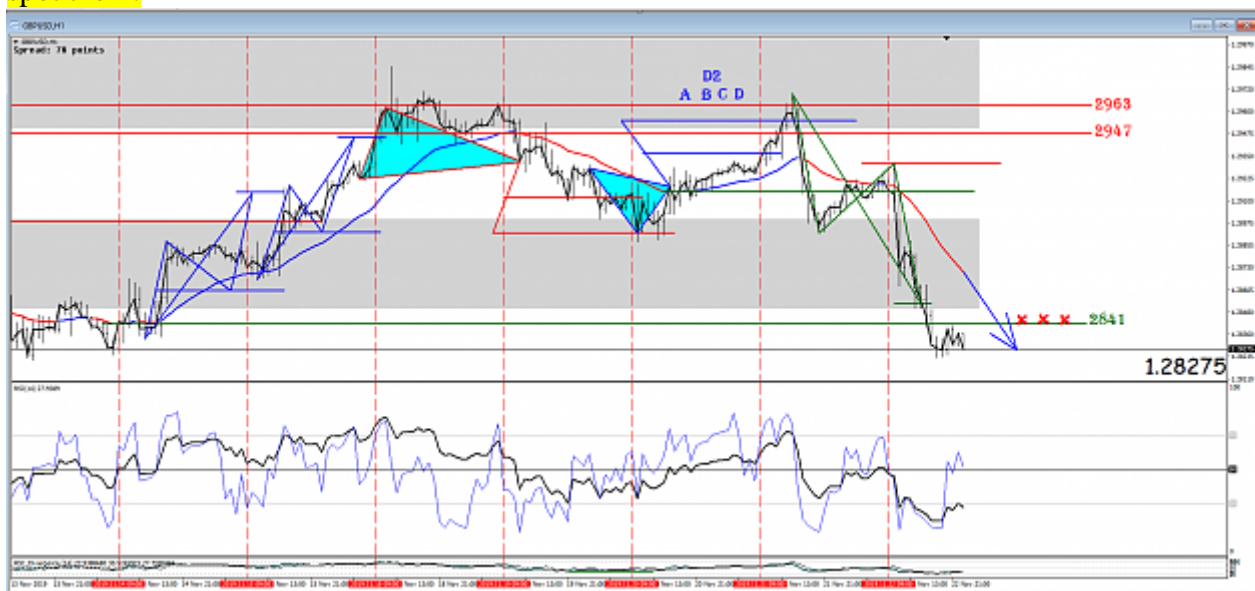


Phew! Glad I went to bed because I would have expected more of a pull back towards the EMA which didn't happen.

It now looks like a holding position as we wait for the EMA to catch up and make the LL..

The blue AB = CD's on the left are where I was explaining to someone how I spot and measure them, thought I would leave them on for you all.

These are very common swings of sentiment that balance equally and very nicely. They are so common that between the two triangle ABCD there are two more AB = CD's, see if you can spot them.



[Quoting MrMagnet](#)

Hi Alan, what is the criteria for making an A and B point with the AB+CD measurement? And at what point would you say the C point has retraced too far and has failed?

This is a good question for a change...

A and B are simple the swings we do not know yet if they are to be AB = CD.

So we watch for the pull back approaching but not crossing the 50 %.

We look for the entry there and our stop is the other side of the 50% i.e. very tight.

Here on this 1 hour chart there are two green ones with a possible magenta one setting up but now that has turned into an ABCD triangle



So now we are left with this...



See if I put in all the signals how complex it gets with all the lines.

What we have here is an ABCD and two $AB = CD$'s

I have moved the target lines a tad so you can see where the targets are hit from the 50% levels.

Note how tight the stops are, I count a breach of the 50% level a dud so I am out quickly in



I'm still not sure about this one because the A point was a Dodgy so I have two targets 2890 and 2894. I closed at the lesser one to be on the safe side.

Off to bed now so I will have to wait until morning to find out how this played out.



Well I still think it was the 2890 for this setup so I will make a note to include those Dodgy Doji's in future.

I was thinking this is strange because the bulls ran to the target without even finding support. So if this is the case there may be a higher target on the agenda. This would also be the case if the EMA is to make the HH.

Now if it going to make this HH then price should run to the next level 2947 and look what happened while I was asleep.

We also had an outstanding target at 2919 and price was so keen to get there it gapped to it.

Who said we can't plot where price is going without a crystal ball. Just going to polish mine....



Currently I see this as being a holding pattern while the EMA continues to rise heading for the HH.

This is often a dangerous place to trade because the bears may try to stop it.

It was in HD at the top so it may make the EMA and stop it.

Still we sit and wait for a proper signal.



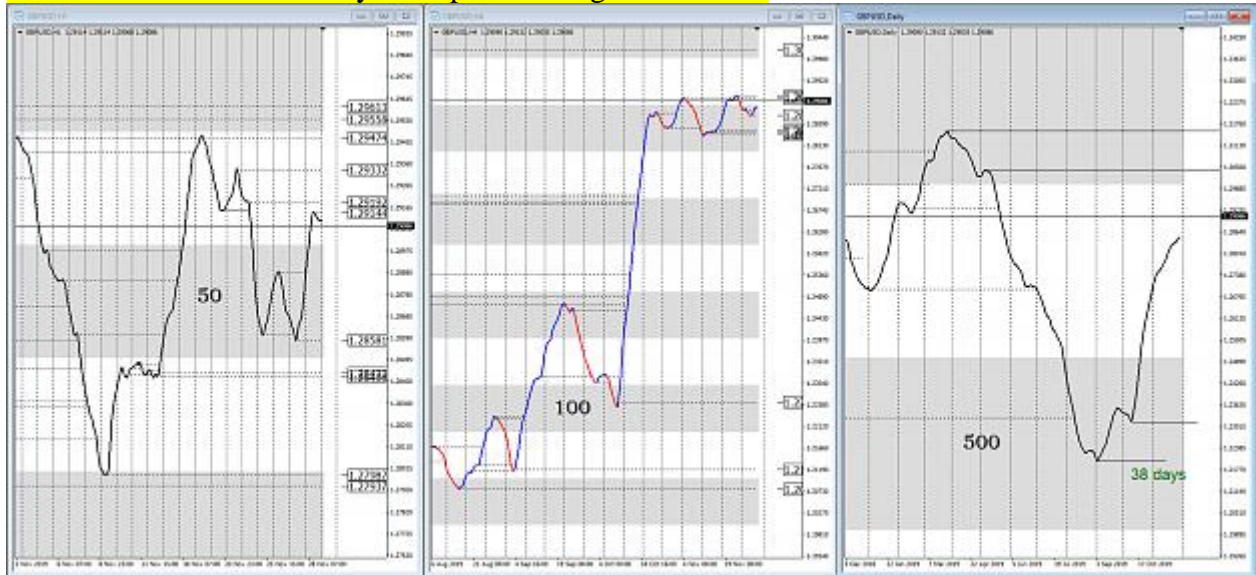
There is still no sign of any bearish activity with this run now at about 38 days of daily climb.

People just don't seem to get that we have to have the odd pull back but these hardly causing the collapse, just creating new opportunities.

See here below how the daily continues to climb but on the 1 hour and 4 hour there have been many opportunities to trade both ways. On the 5 min chart there has been millions of opportunities.

Looking at the markets this way we can readily determine the bias we wish to trade via the time we have available. Obviously the best bias for the past month or so has been bullish if we traded the daily chart however this does not mean that if we are trading the hourly chart we cannot get some nice shorts in..

Watch for those divs that try to stop the average and turn it.



[Quoting mayflower](#)

Did anyone not see this on the 60m? It couldn't have been more pip perfect. Price is still stuck in this Daily range since mid October. {image}

Here you go, corrected your chart



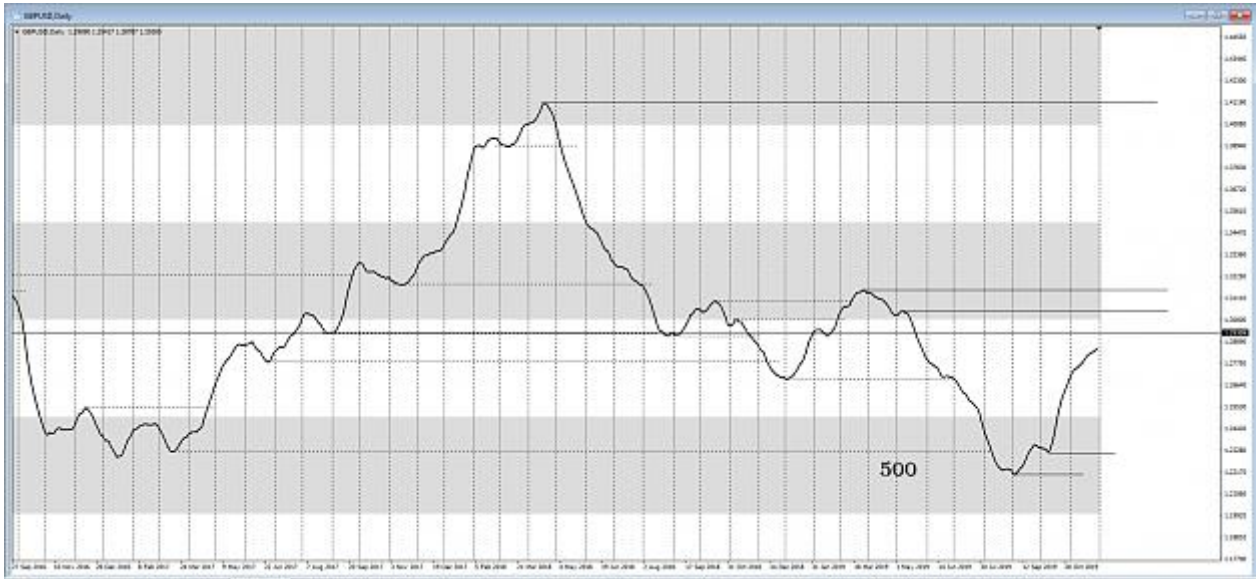
Talk about YoYo trading yesterday was a blast for profits but one had to be on the ball keeping a close eye on the moves.

Divergence kept stopping and reversing the action. I didn't hedge at all but just kept up with the changes until I reached my daily PT.

Below is the mess my charts made. What is missing is the 15 min chart where price shot from the Daily S! to the Daily R! where it again ran into div. I have included this below.



So at the end of the month we see the daily average continues to rise and wonder if the monthly will actually break long for a change.



Finally after 3 days! the 1 hour makes the target.



Once this EMA makes the HH (red circle) sometime today, then we can start looking for a new signal and target.

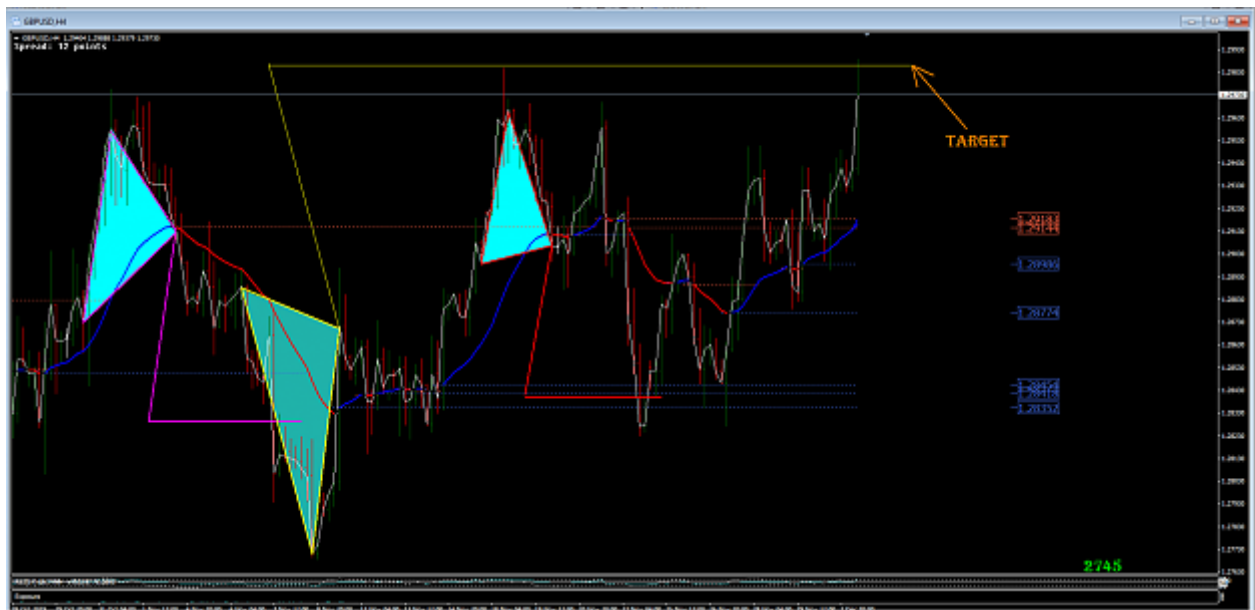


Zooming out we can see there are some nice distances to make should the price decide to get a wiggle on to drag that average even higher. For the average to make the 2963 we should see price making the 3014.

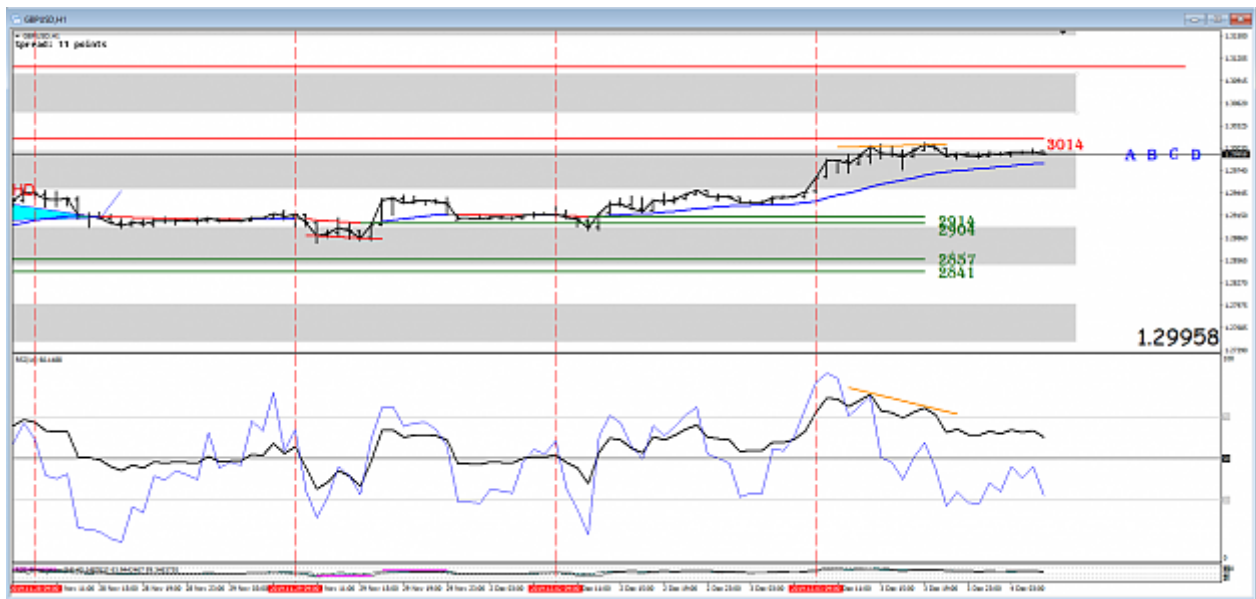
A break short and we may see the 2914 tested.



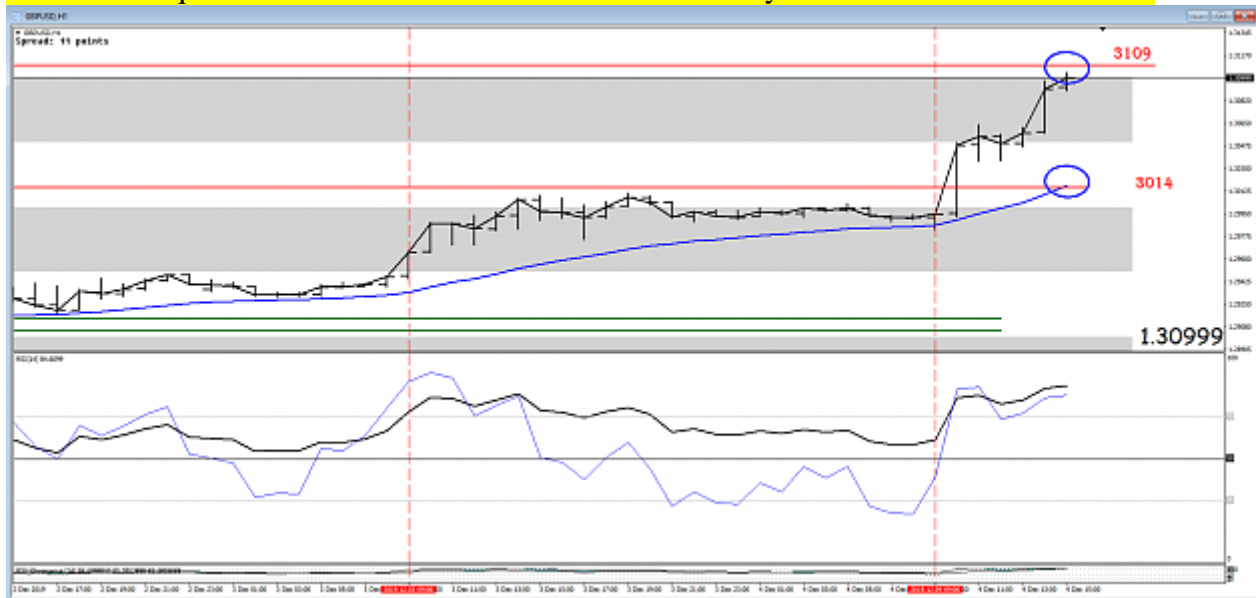
4 hr target (yellow) was finally hit while I was on the loo... Too much information hey! Should see some southerly movement not.



That 3014 on the hour is looming closer....



Well it's not quite at the 3109 but that will do me for the day. The EMA has made the HH



Well would you look at that, a couple of minutes later and the target was hit to the pip.

The hour easily took out the 3014 average which means the price itself has to make the next level 3109.

Notice how when it makes the distance it just goes into a hold pattern while the EMA catches up. Some call this consolidation but I prefer HOLDING because this suggest it is waiting for something and that something is the EMA.

Zooming out we see several more levels are looming but we haven't had an ABCD for some time so we may get a decent dip below sometime soon to give us one.

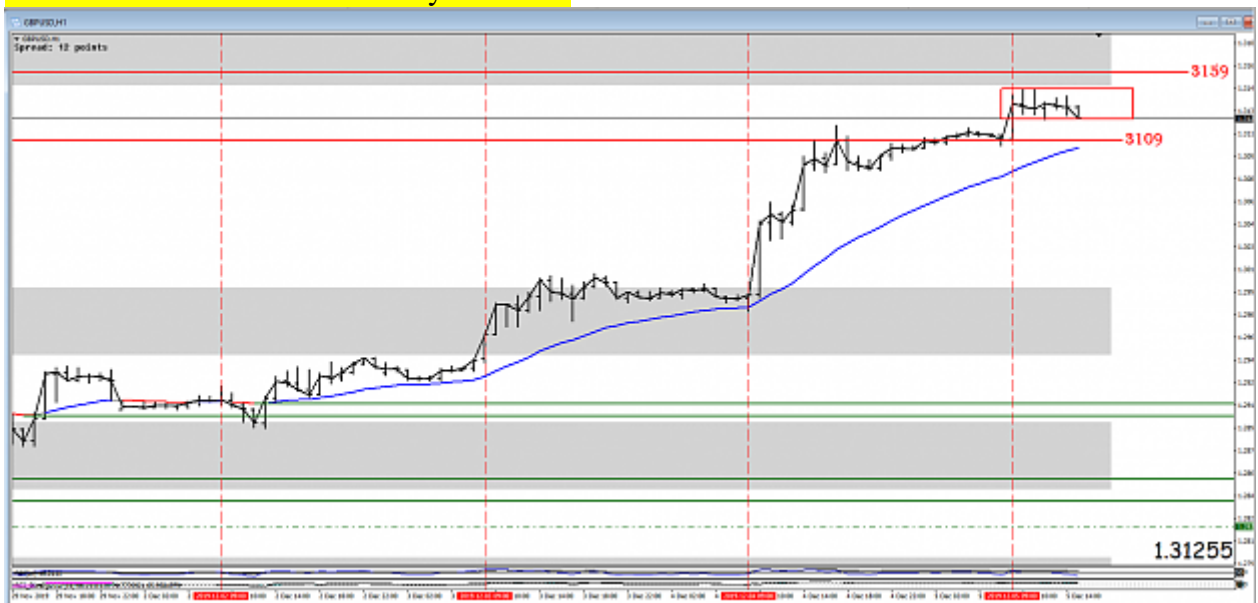
The daily too has made an average HH and price has reached the next level.

Another interesting chart is the weekly with an ABCD taking price to 3370 but I won't hold my breath for that just yet.

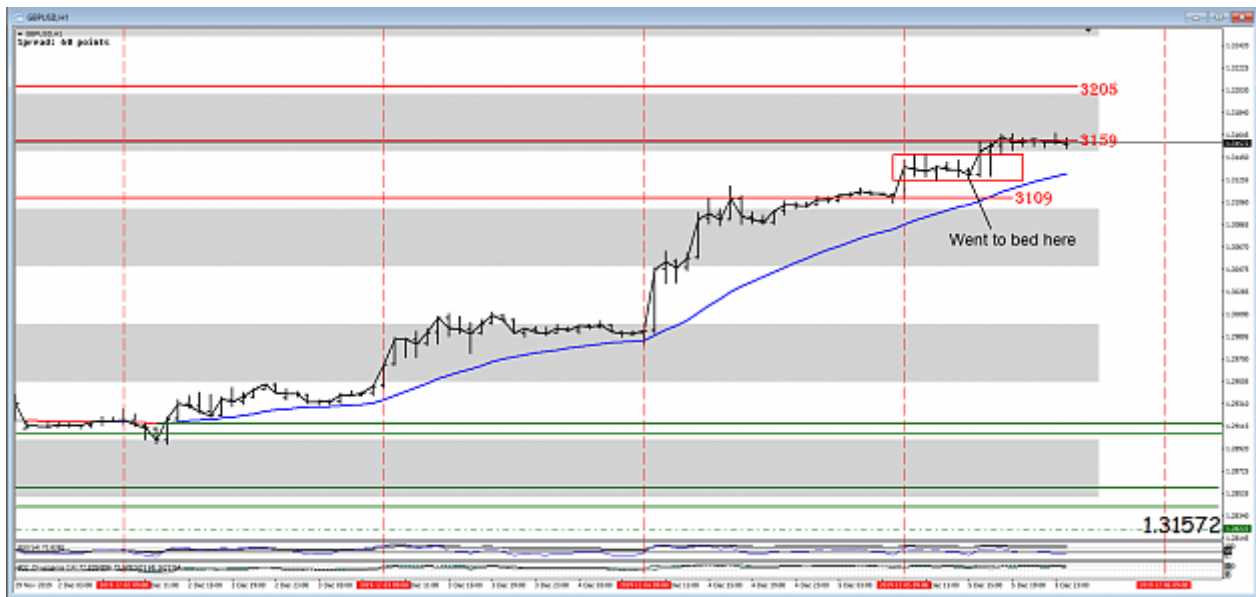


It looks like the bulls are failing to make the 3159 so it should turn here to stop the average HH.

We wait and see...but it is also my bed time.



Oh my would you look at that... Just as I just as go to bed the price decides to hit the 3159. I think I have the solution to this problem but it involves not sleeping at all but I don't know how to manage that yet. Actually one more hour would have been OK.



It looks to me now like the average will try for the 3159 and price will make the 3205 to drag it there. I suspect this will happen before the NFP (maybe at the 108 open) whereupon it may even run to the next level 3277.

Price is now well above the nearest bull support some 250 pips or so with no sign at all of a turnaround.

Looking here at the weekly there is lot's of room upstairs for it to move as the average attempts the 3022 price attempts the 3741. This requires some strong up moves.



So here is the order flow...

Just after bar 108 we see price dip below the EMA (5min) and we take a chance with our first entry that it is not going to get back, in other words find bear support.

They found this support now we are faced with the dreaded hook which tested the support but could not break it. 2nd entry placed and stops tightened a tad.

Price moves in our favour so stops go to break even.

Now trying to work out where it is going I see the 50% on the hour is almost the same as the EMA swing low on the 5. Not a bad target 40 pips.

Once it had made a small pull back and the past the origin down of that pull back the stops lock in 50% of the profit and we await the result of our effort.

If we look here at what the averages are doing. We can see on the daily price has leapt ahead so it needs to hold off a tad to let the EMA catch up a bit.

On the hour we should expect a bit of chop now.

