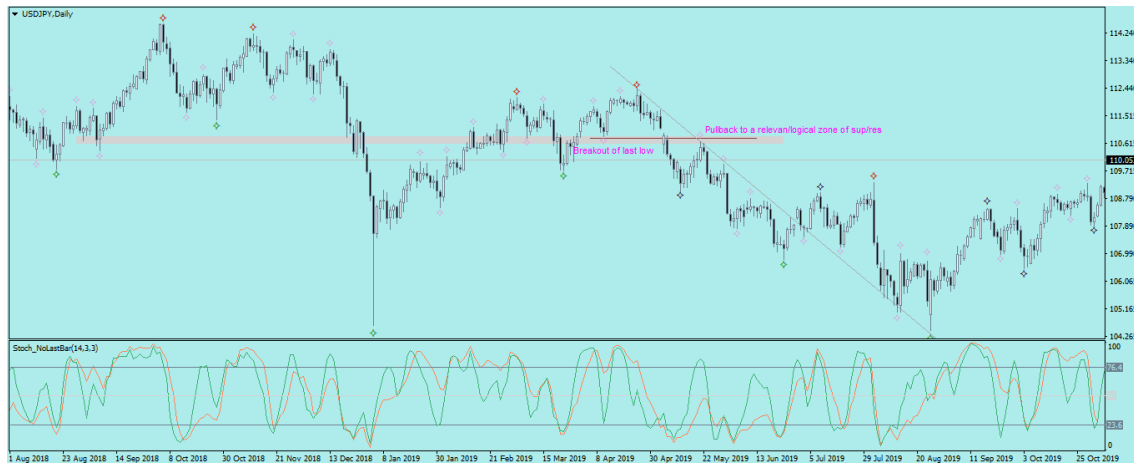


FRACTAL ELASTICITY SYSTEM

The system is based on the breakout-pullback principle. When the last low is broken for a sell or the last High for a buy we wait for a retrace back with elasticity between slow and fast stoch on D1. Then go down to H4 to confirm a divergence or a series of lower highs for a sell or higher lows for a buy at the level to validate the strength of the level and the high probability of it to hold and resume on our favor. Then switch again to D1 after H4 validation and wait for an V shape fractal type formation of 3 candle to complete. When signal candle (3rd of th V formation) closes we place a buy/sell stop order 10 pips away from the close. Check pdf for exception rules.

BREAKOUT PULLBACK PRINCIPLE



RULES:

1. HH breakout for longs LL breakout for shorts
2. D1 elasticity at logical support or resistance
3. H4 divergence or HL for long and LH for shorts
4. 3 candle V shape formation completed unless HH LL failure exceptions and inside bar exception
5. If all rules completed place stop buy/sell order 10 pips away at the close of the D1 signal candle





EXIT ON SLOW STOCH CROSSING OB/OS LEVEL



EXIT ON FAST STOCH CROSSING OB/OS LEVEL



EXIT ON LAST HH/LL LEVEL



TRAILING STOP ON CONSECUTIVES D1 CANDLES



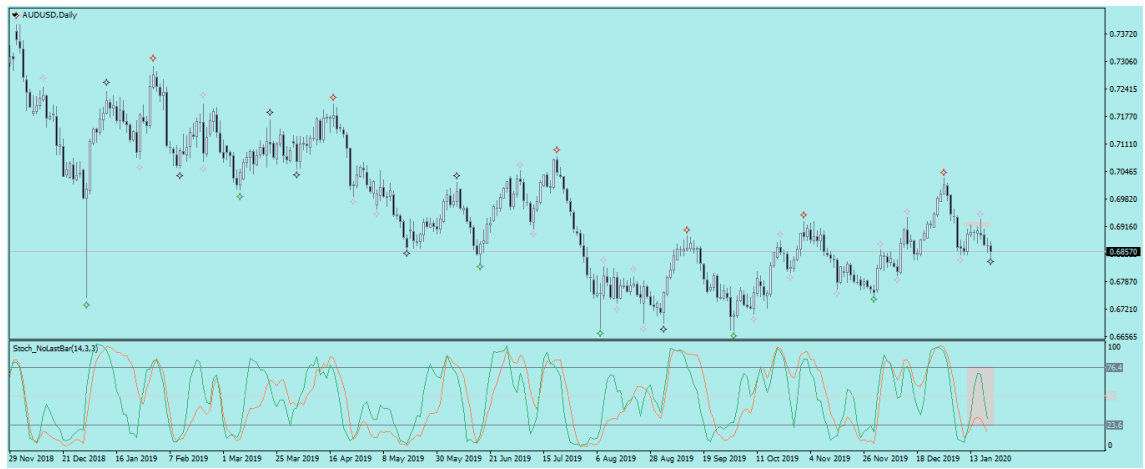
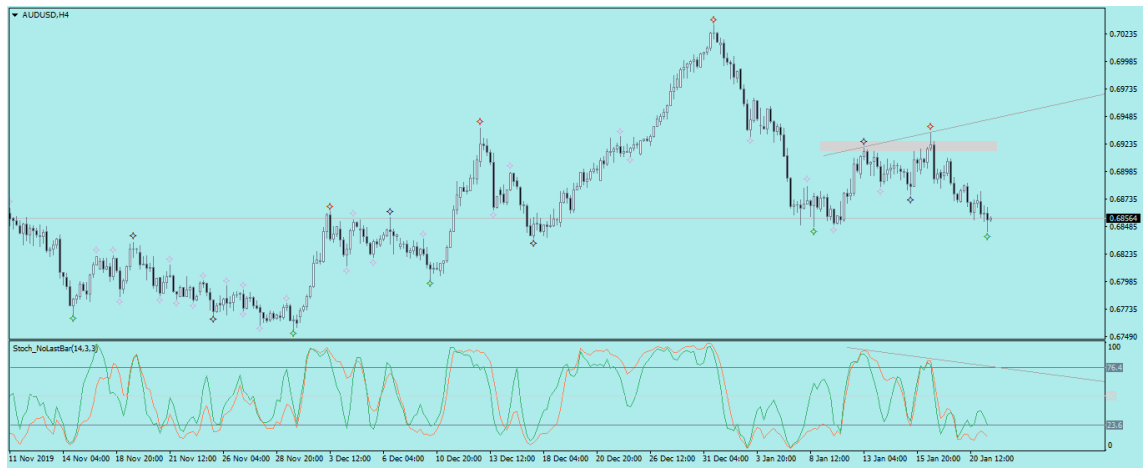
H4 LH/HL ENTRY FOR TIGHTER SL AND SMALLER RISK





H4 DIV CONFIRMATION BEFORE D1 ENTRY





THE FRACTAL RULE



CANDLE COUNT

for a call (higher low) candle 1 must have higher low than candle 2, candle 3 should have a higher low than candle 2 also. So candle 2 must have a lower low than candles 1 and 3. candle three is needed to close bullish. For a sell the opposite. When a V formation is completed but price breaks the high of candle 2 for a call or the high of candle 2 for a sell. The formation is invalid and you start look for new formation and count like the example on picture with number on blue.



More example of bad trades you should avoid. The fractal rule is important



THE FRACTAL RULE INSIDE BAR EXCEPTION FOR BUY

When candle 3 close bearish for a call you wait if this candle is an inside bar. wait for candle 4. If this candle is bullish at its close we put a buy stop order on its high.



FOR SELL

When candle 3 close bullish for a put you wait if this candle is an inside bar. wait for candle 4. If this candle 4 is bearish at its close we put a sell stop order on its high.



THE	HH	LL	FAILURE	EXCEPTION
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When a new high or low is made during the elasticity development within the pullback and the candle that makes the new high or low closes as a bearish or bullish pinbar, hammer or a big size body candle with a rejection wick you can place a sell stop order below/over the close of that candle. I like to see as little rejection size on its close as possible. If this candle has a considerable wick on its close I wait for the V shape

HH FAILURE

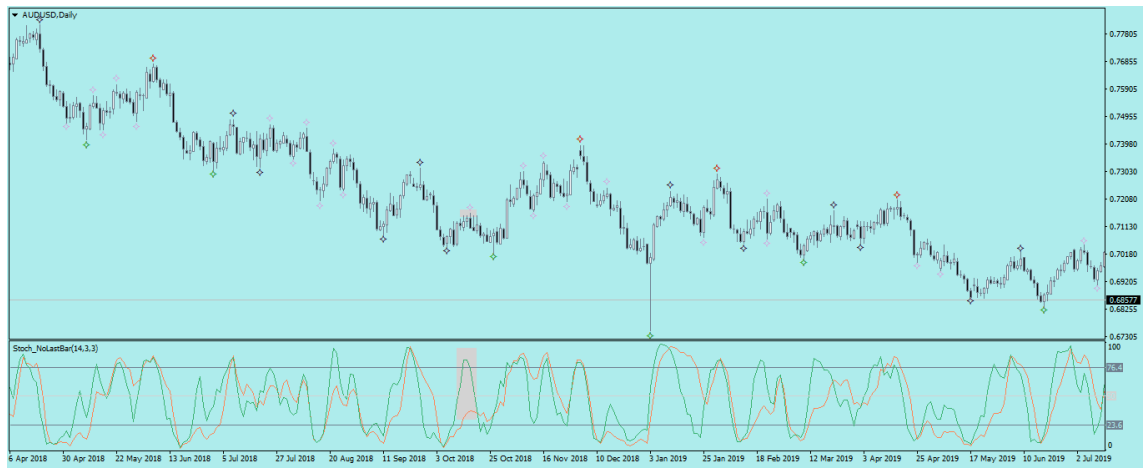


LL FAILURE



HH LL FAILURE CONFIRMATION WITH H4 DIV





ELASTIC

DIVERGENCE

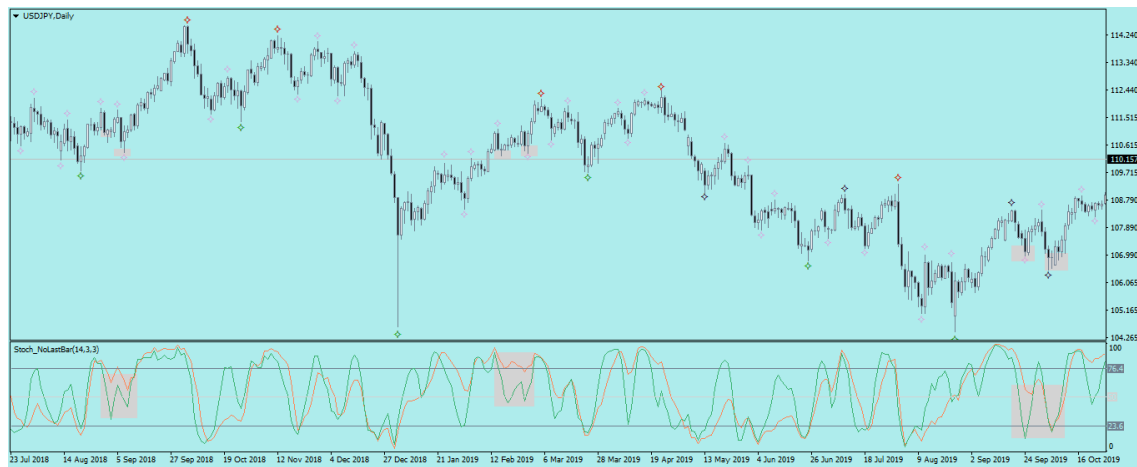
When the pullback is in place sometimes you can see the phenomenon I call Elastic divergence. The elasticity between the fast and slow stochs makes a divergence. On one of the stochs you can see a hidden div. When I see this signal as an extra confirmation I double the lot size on each trade



I look for the slow stoch to agree with price and the fast one making the divergence. I classify in two types.

CLASSIC ELASTIC DIVERGENCE

Slow stoch agree and fast stoch shows a classic divergence



HIDDEN ELASTIC DIVERGENCE

Slow stoch agree and fast stoch shows a hidden divergence



All entries according to the fractal rule, inside bar exception and HH LL Failure exceptions

More examples of the HHLL Failure. The cream arrows are a custom indi that spots this phenomenon. You can easily backtest the confluence of elasticity and failures. Most are winners on D1 trading



2 TF CONFIRMATION OF HH AND LL ON PRICE AND STOCH

What I like about the use of the two stochs is that they give you MTF info in one TF. When you see a nice elasticity on D1 is traslated to an extreme oversold/overbought area in H4. Once the H4 stochs start making higher lows or divergence and is a great indication that the price will rise soon. I like to see the H4 stochs over the 23.6 and making Higher lows or classic and hidden divergence before considering taking an entry on D1





2 TF CONFIRMATION OF HIDDEN AND CLASSIC DIVERGENCE BETWEEN PRICE AND STOCH

The greater elasticity the better but the most important thing is to confirm on H4 signs of divergence or LH for a sell, HL for a buy. In the first picture the best elasticity are the green boxes but take a look at the pink box



There is a slight elasticity. On the next picture in H4 you spot a divergence confirmed by the V shape formation on both green and pink cases



A sell is confirmed on H4 so you go back to D1 and place your stop sell orders under the 3rd candle V shape formation at its close. Sit, relax and grab some money from the market 😊



More examples on DAX

D1



H4



Elastic divergence setup procedure example

D1 elastic div



H4 Uptrend confirmation HL sequence



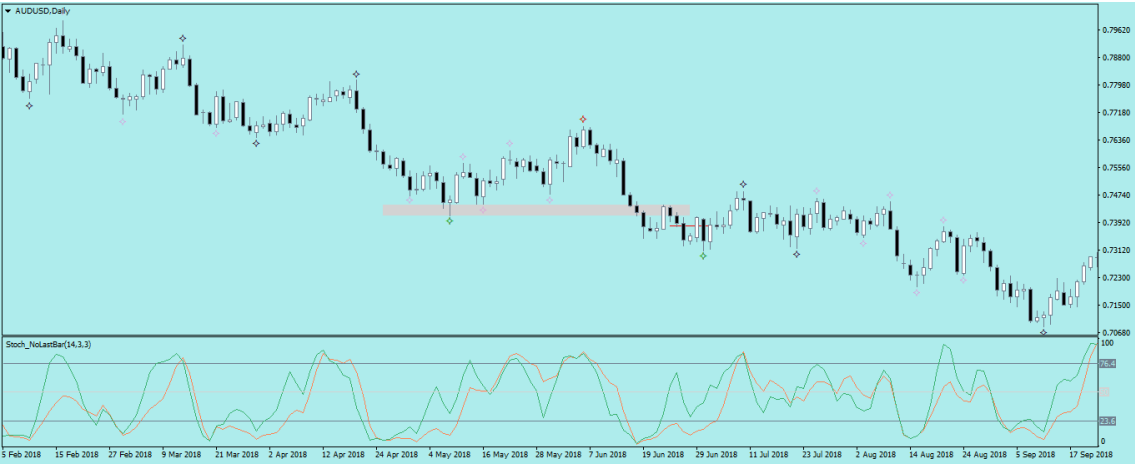
D1 order placement



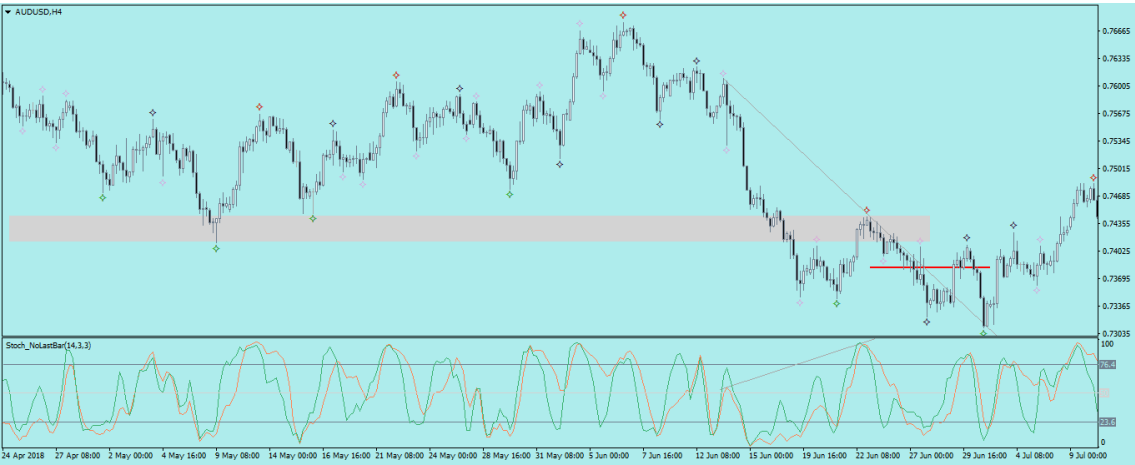
TRADE TYPES EXAMPLES

H4 HIDDEN DIV D1 STANDARD V SHAPE SHORT ENTRY

D1 CHART

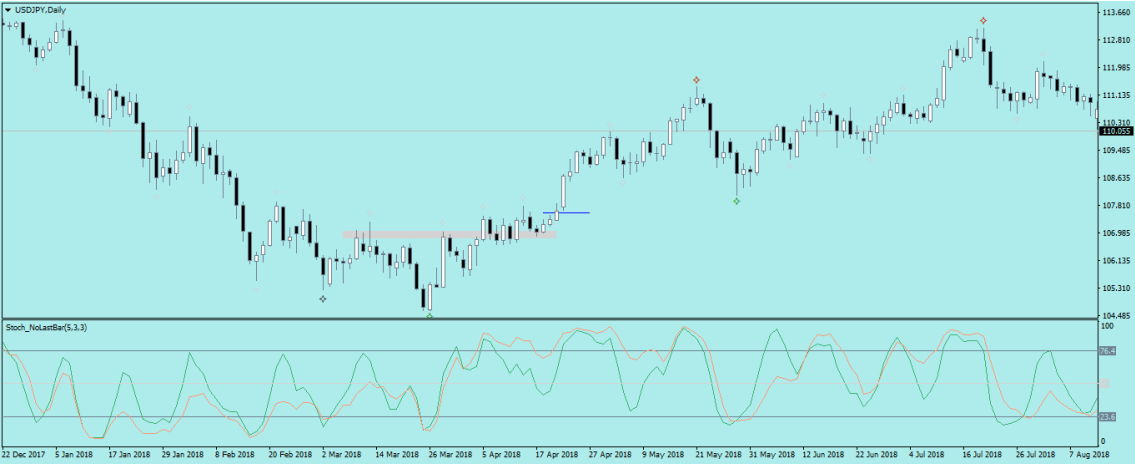


H4 CHART

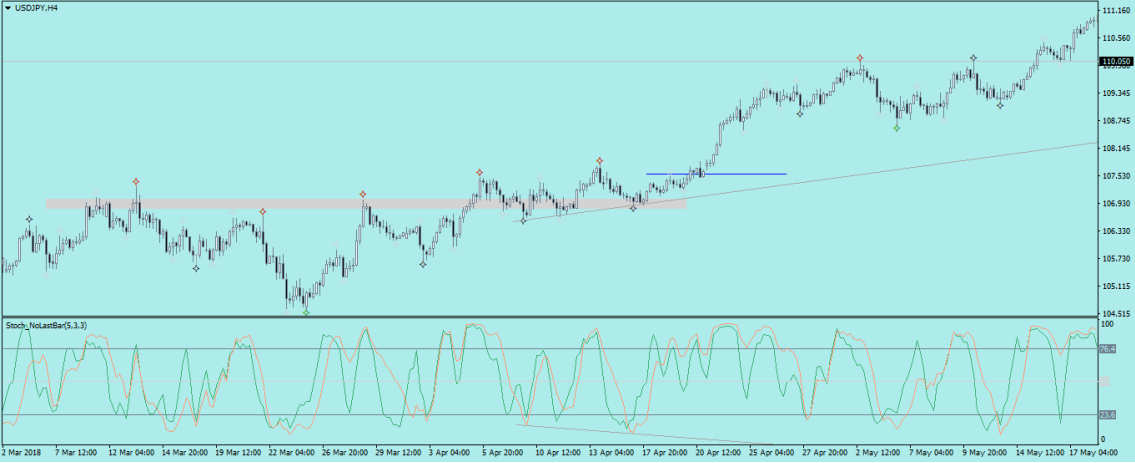


H4 HIDDEN DIV D1 STANDARD V SHAPE LONG ENTRY

D1 CHART

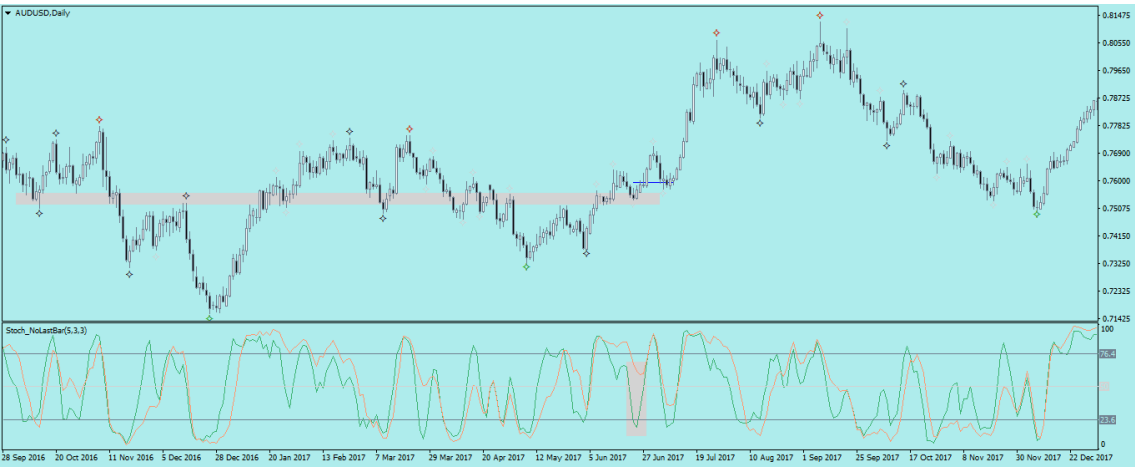


H4 CHART

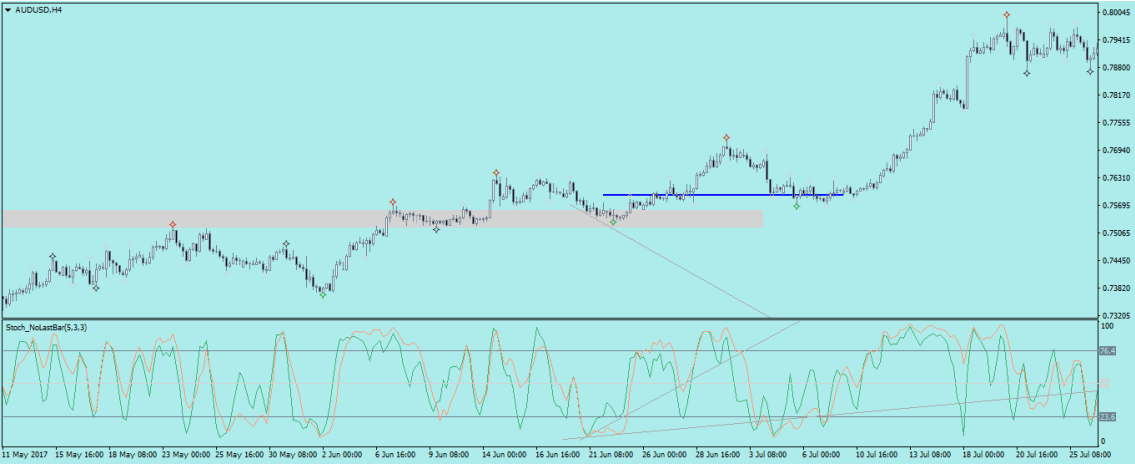


H4 CLASSIC DIV D1 STANDARD V SHAPE LONG ENTRY

D1 CHART

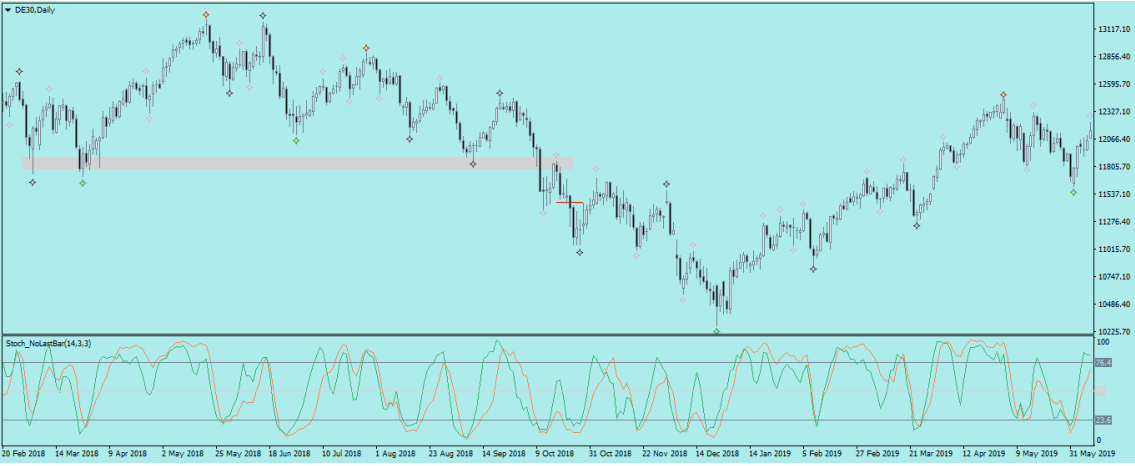


H4 CHART

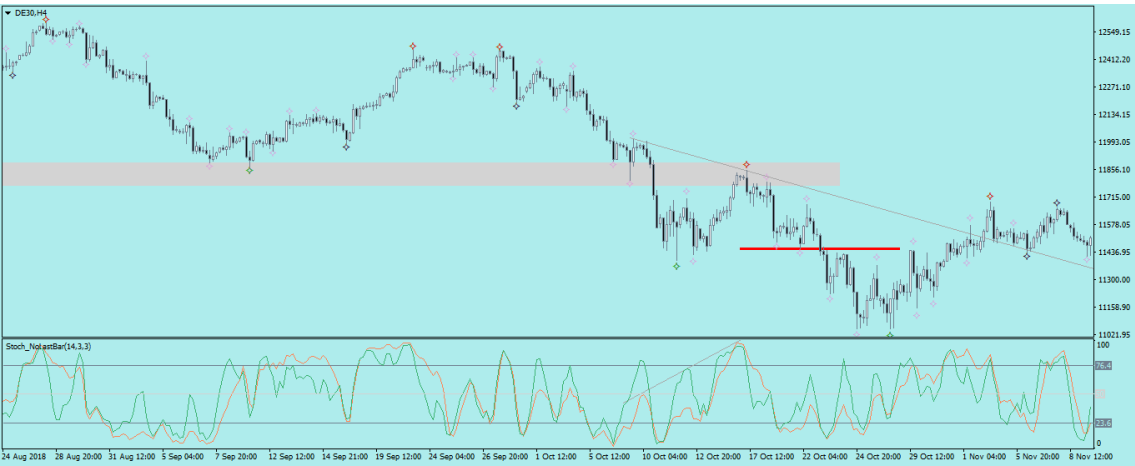


H4 HIDDEN DIV D1 STANDARD V SHAPE SHORT ENTRY

D1 CHART

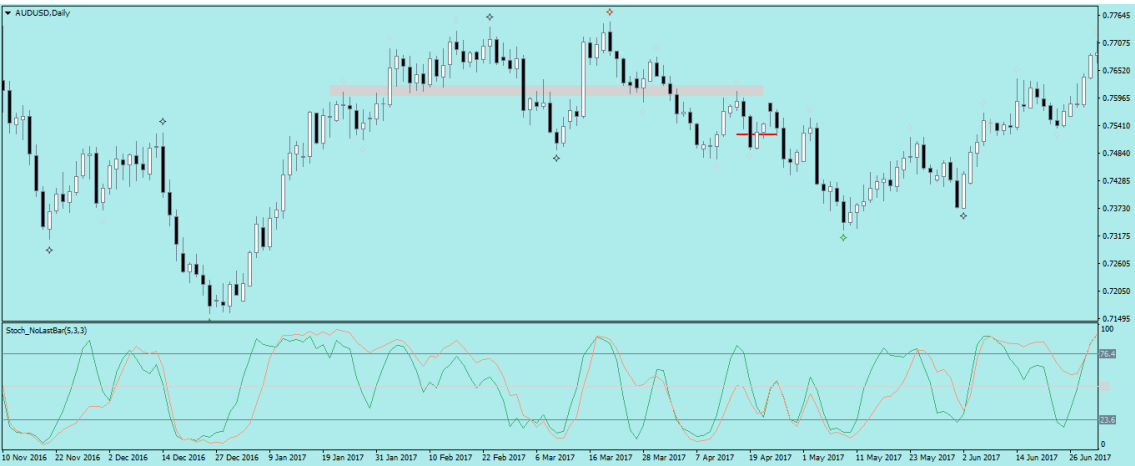


H4 CHART

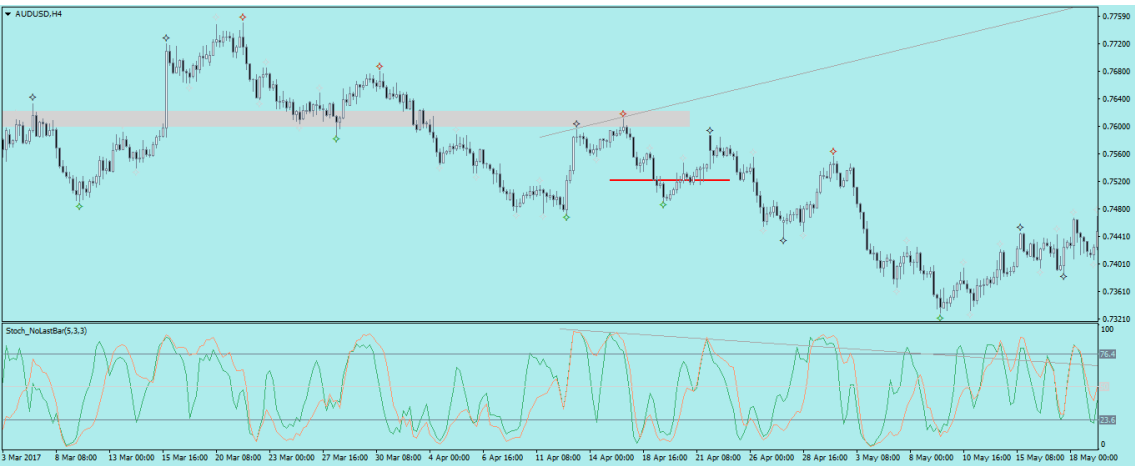


H4 CLASSIC DIV D1 STANDARD V SHAPE SHORT ENTRY

D1 CHART

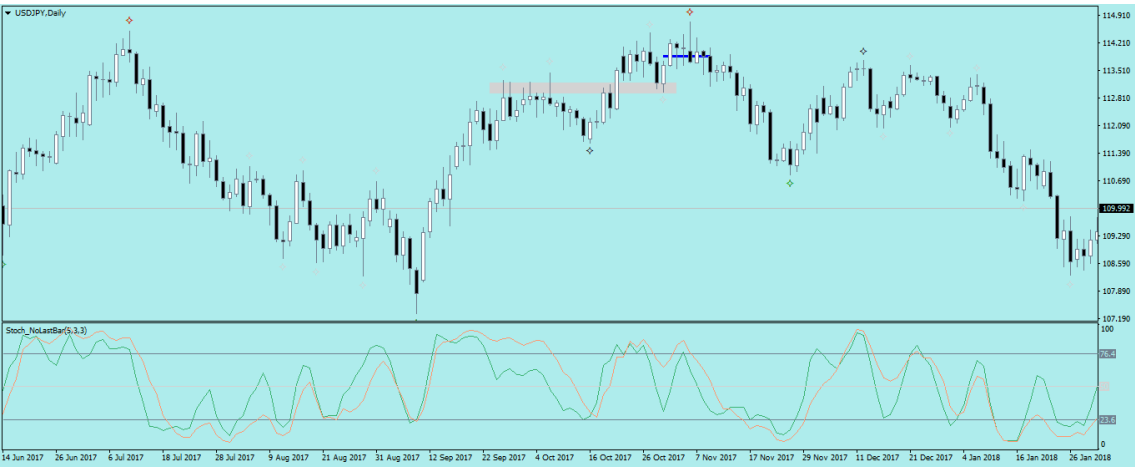


H4 CHART

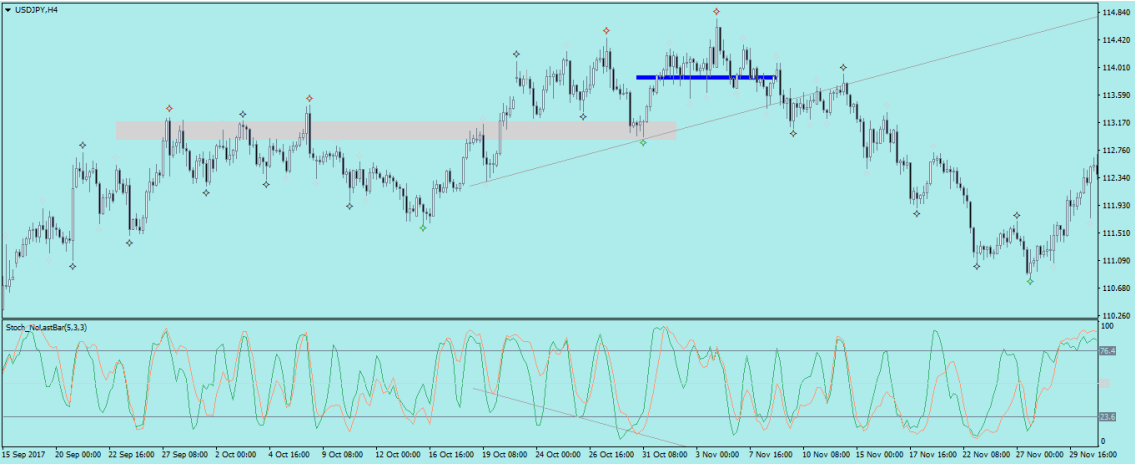


H4 HIDDEN DIV D1 LL FAILURE LONG ENTRY

D1 CHART



H4 CHART

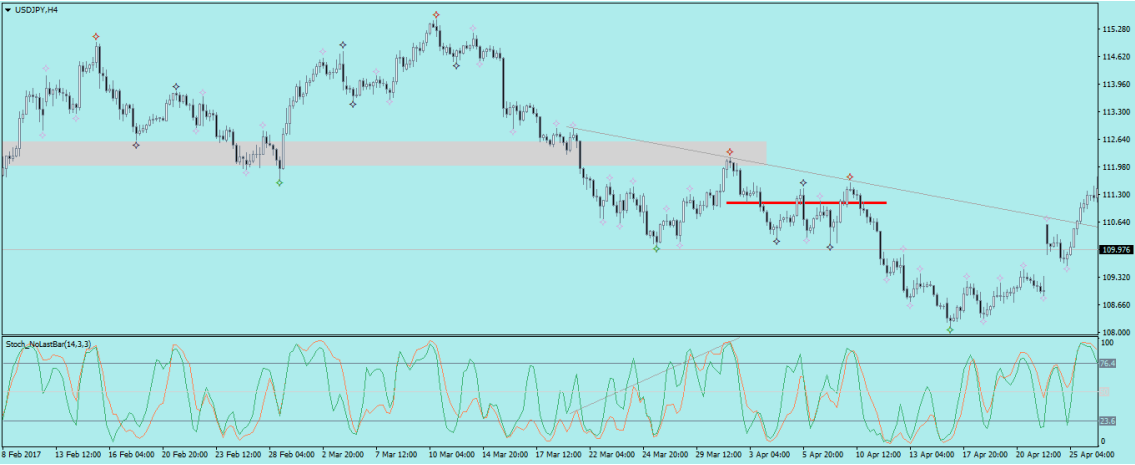


H4 HIDDEN DIV D1 HH FAILURE SHORT ENTRY

D1 CHART

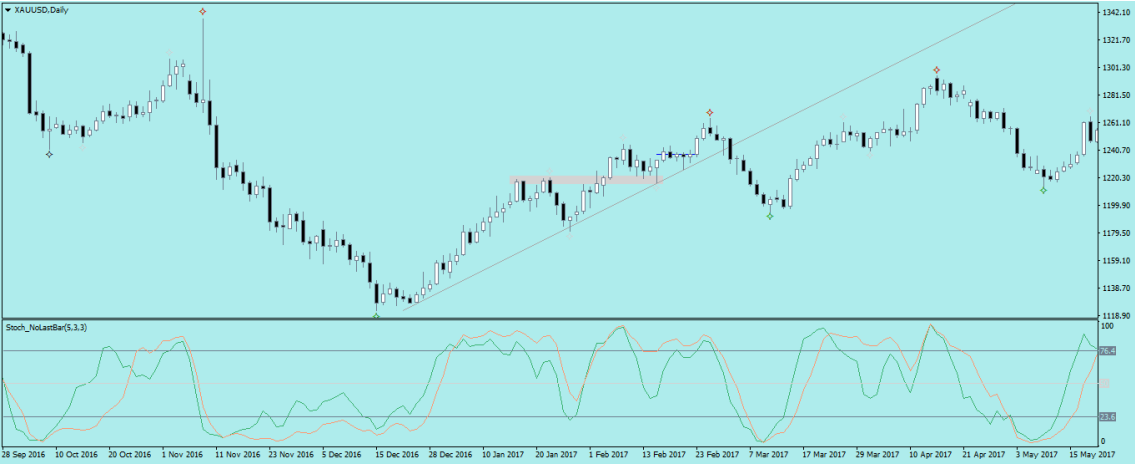


H4 CHART

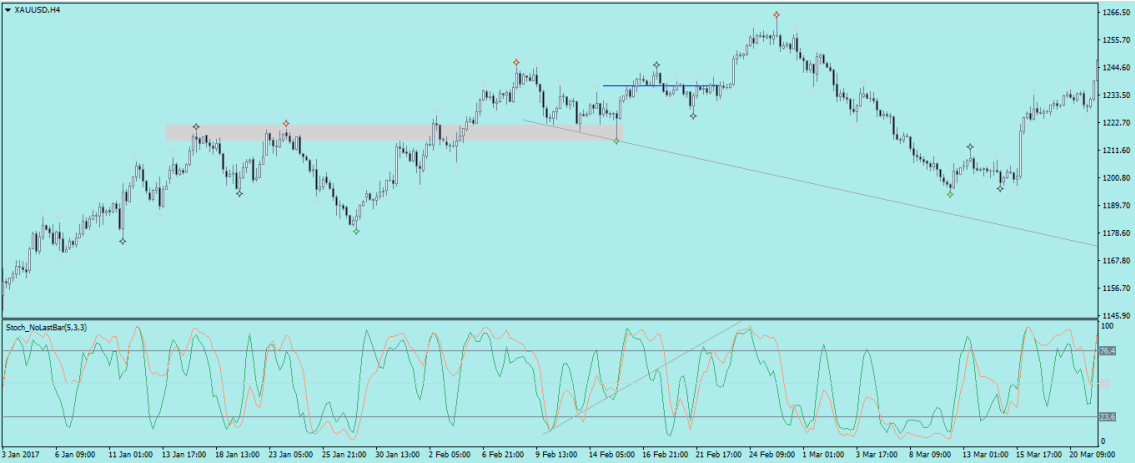


H4 CLASSIC DIV D1 LL FAILURE LONG ENTRY

D1 CHART

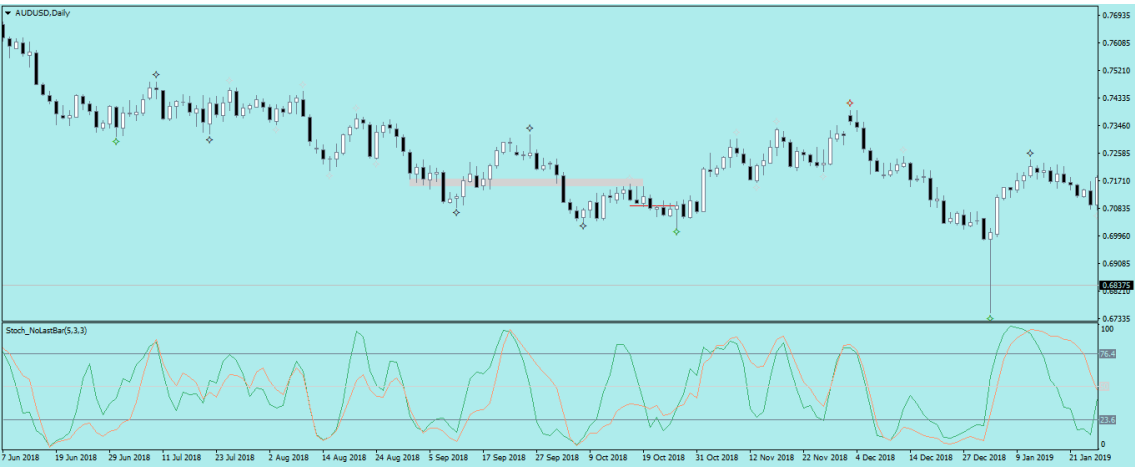


H4 CHART

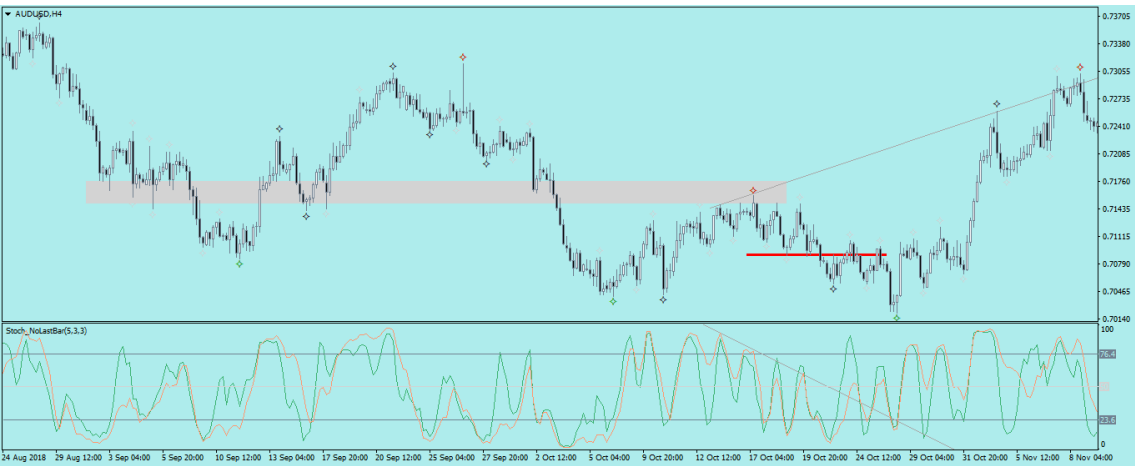


H4 CLASSIC DIV D1 HH FAILURE SHORT ENTRY

D1 CHART

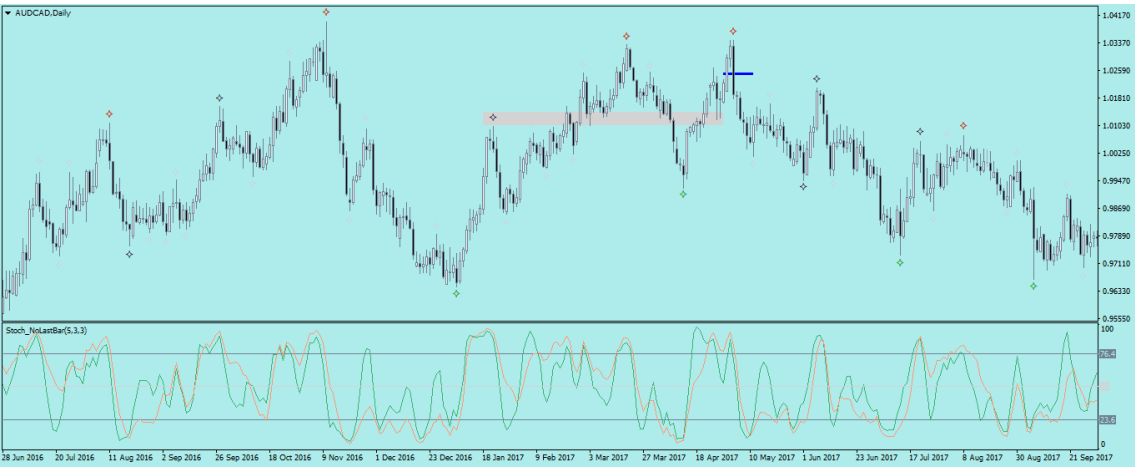


H4 CHART

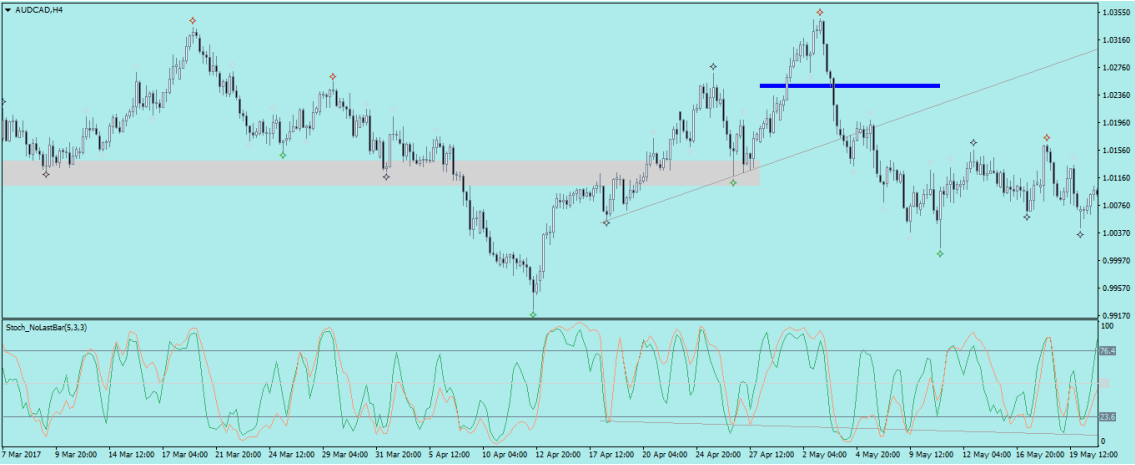


H4 HIDDEN DIV D1 STANDARD V SHAPE INSIDE BAR EXCEPTION LONG ENTRY

D1 CHART

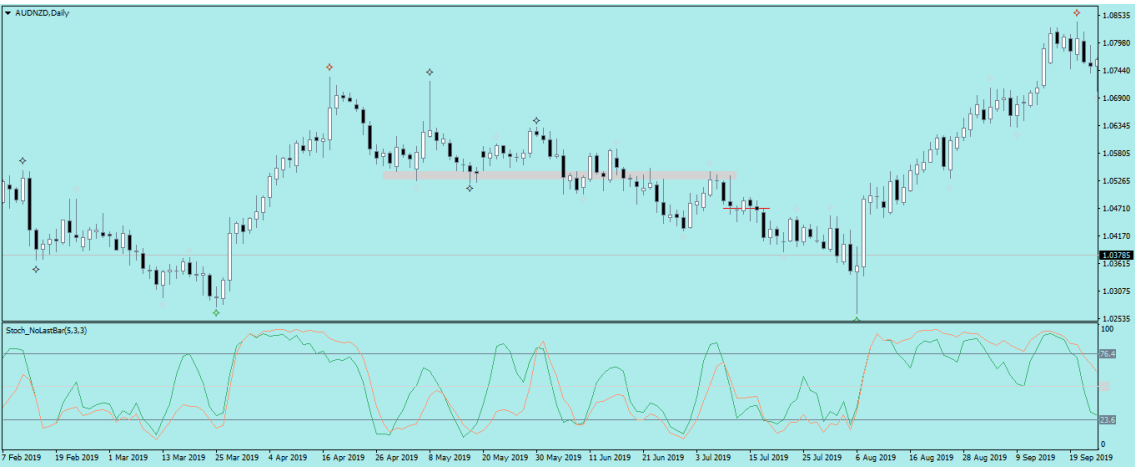


H4 CHART

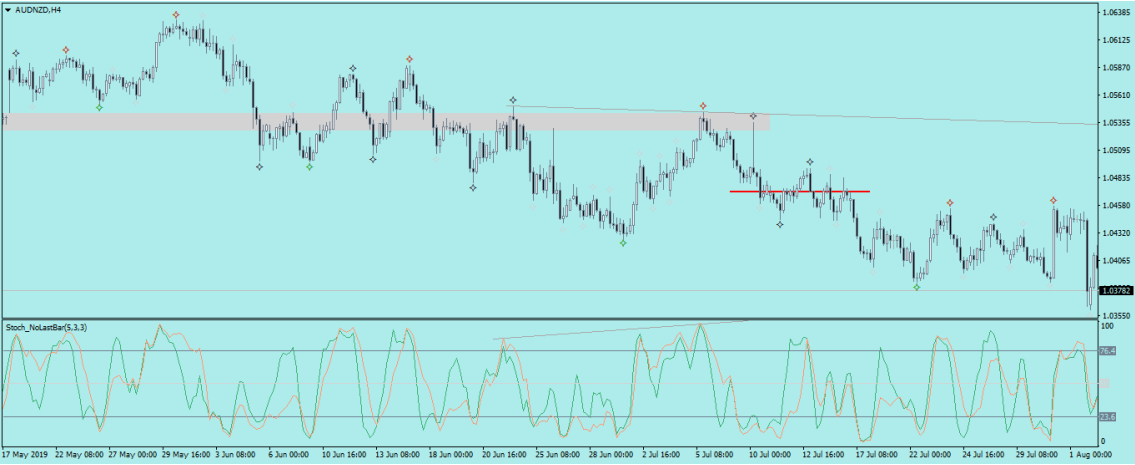


H4 HIDDEN DIV D1 STANDARD V SHAPE INSIDE BAR EXCEPTION SHORT ENTRY

D1 CHARTS

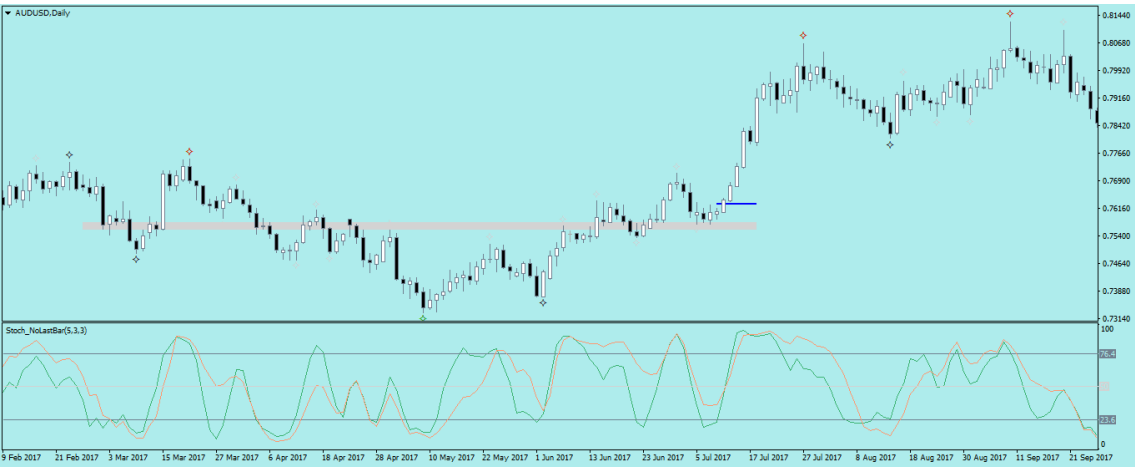


H4 CHART

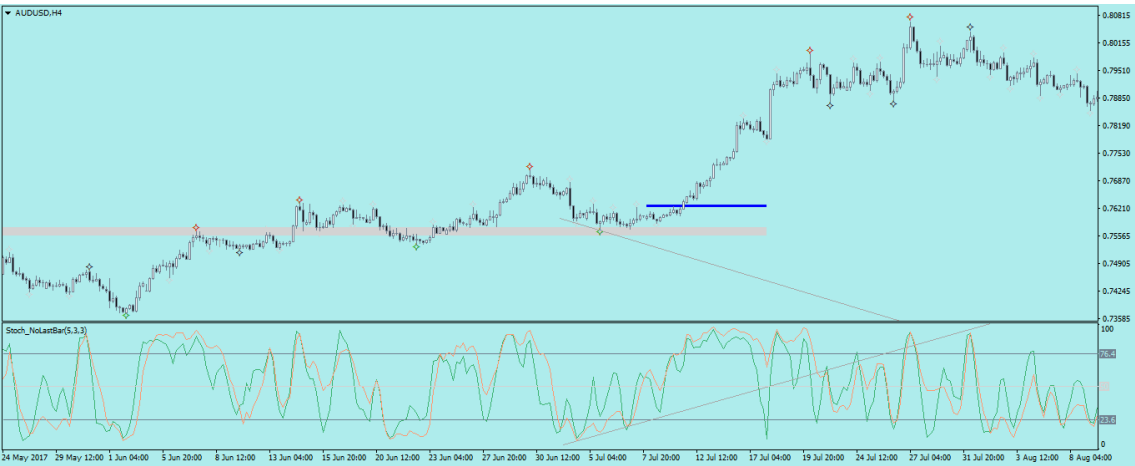


H4 CLASSIC DIV D1 STANDARD V SHAPE INSIDE BAR EXCEPTION LONG ENTRY

D1 CHART

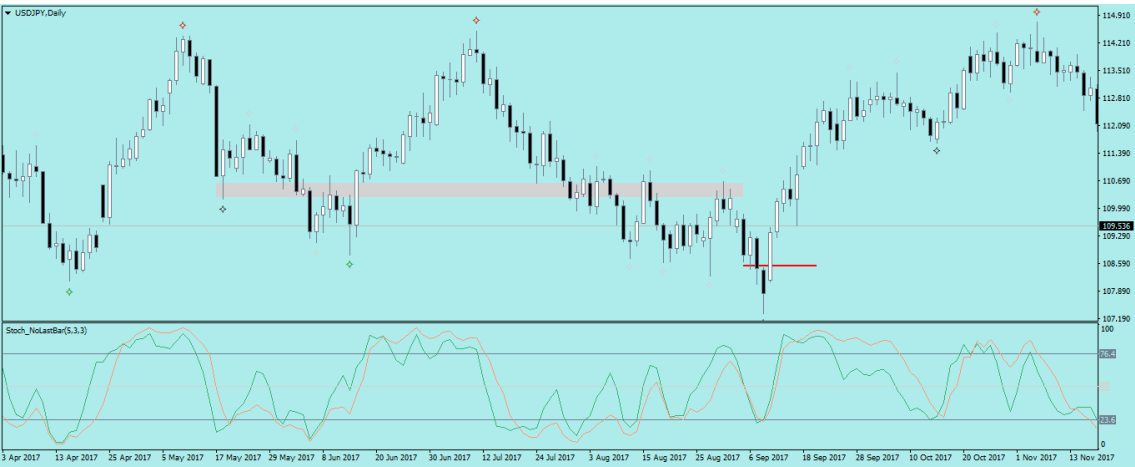


H4 CHART

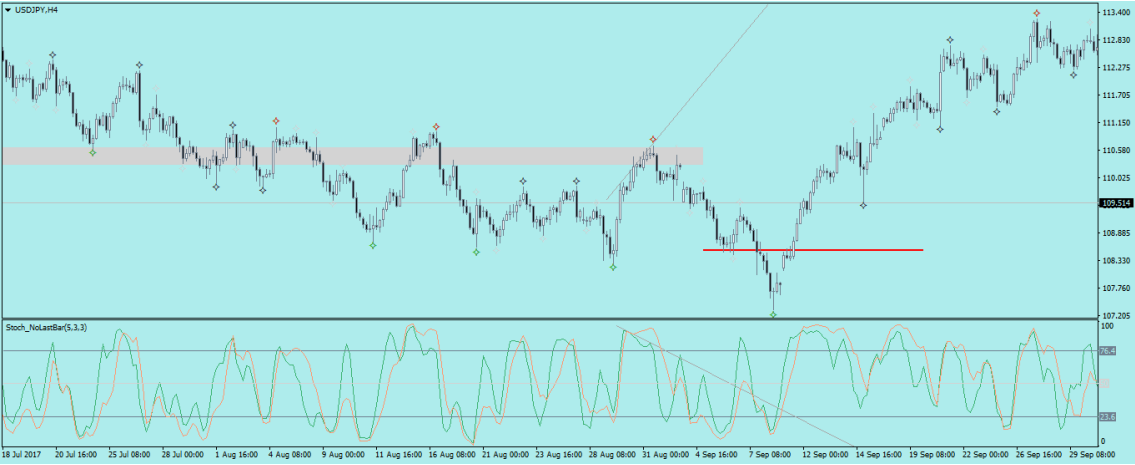


H4 CLASSIC DIV D1 STANDARD V SHAPE INSIDE BAR EXCEPTION SHORT ENTRY

D1 CHART



H4 CHART



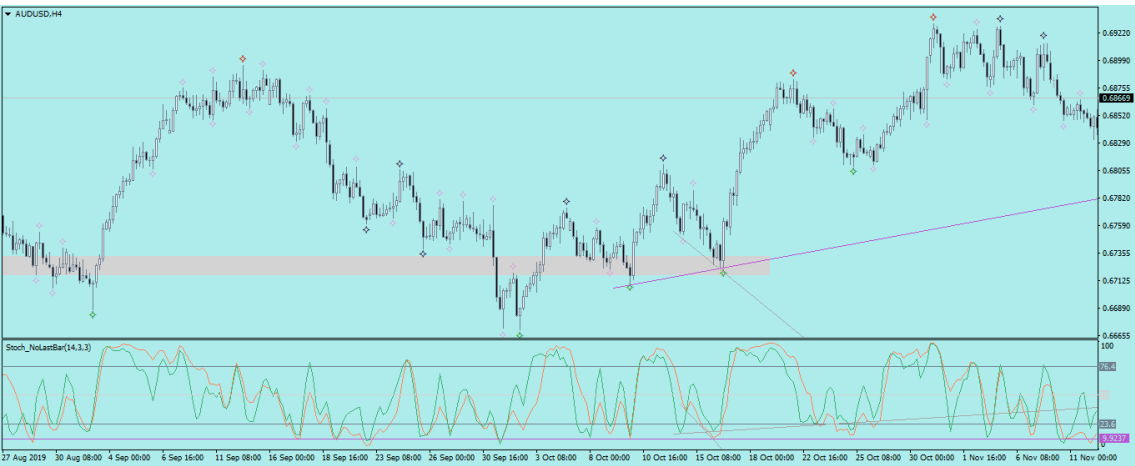
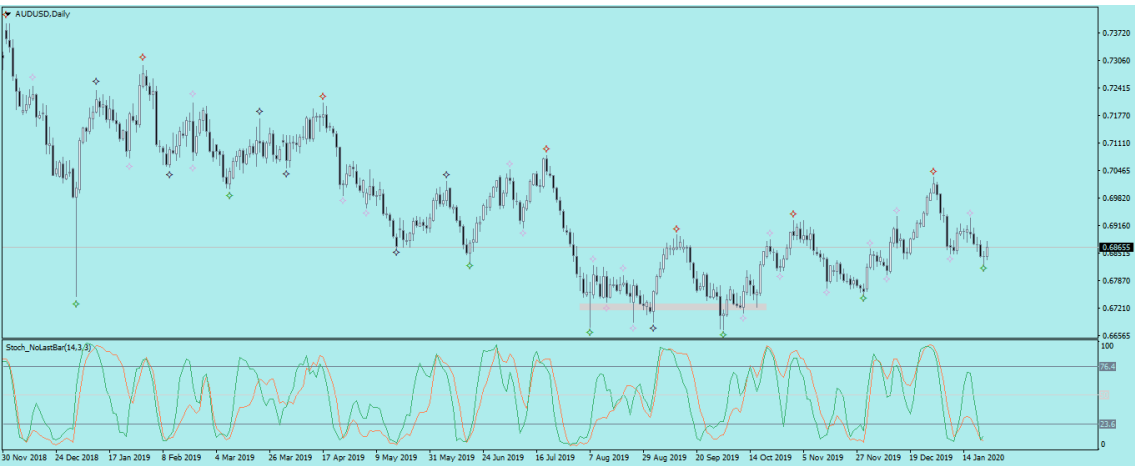
ELASTIC DIVERGENCE SETUPS

Elastic divergence can appear in H4 confirmation or D1 charts. The rules are the same for this scenario

D1 HIDDEN ELASTIC DIV SETUP



H4 CLASSIC ELASTIC DIV CONFIRMATION WITH D1 LL FAILURE SETUP



D1 HIDDEN ELASTIC DIV SETUP

