

HOLO

by

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<http://www.forexfactory.com/showthread.php?p=9526377#post9526377>

HoLo = Highest OPEN/Lowest OPEN

This refers to the H1 Time frame's Highest or Lowest candle OPEN price on any given 24 hour trading day.

Remembering that the Official 24 Hour trading day CLOSES at 5PM New York time (24.00).

Daylight saving or NOT. It is still 5PM in New York, so that is the CLOSE of the trading day.

The VERY NEXT candle to open AFTER 5PM NY time, is deemed to be the start of the NEW trading day.

That is, it is the FIRST candle of the NEW 24 Hour trading day and will have a start time of 00.00.

That NEW trading day will start in Christchurch New Zealand or Sydney Australia, depending on daylight saving time)

So that is where you should be taking your references from when looking at the PREVIOUS DAYS High and Low price levels.

The PREVIOUS DAYS High and Low prices are important, as they indicate a “possible” breakout of price.

REVERSALS FROM BREAKOUTS SHOULD BE TRADED WITH CAUTION.

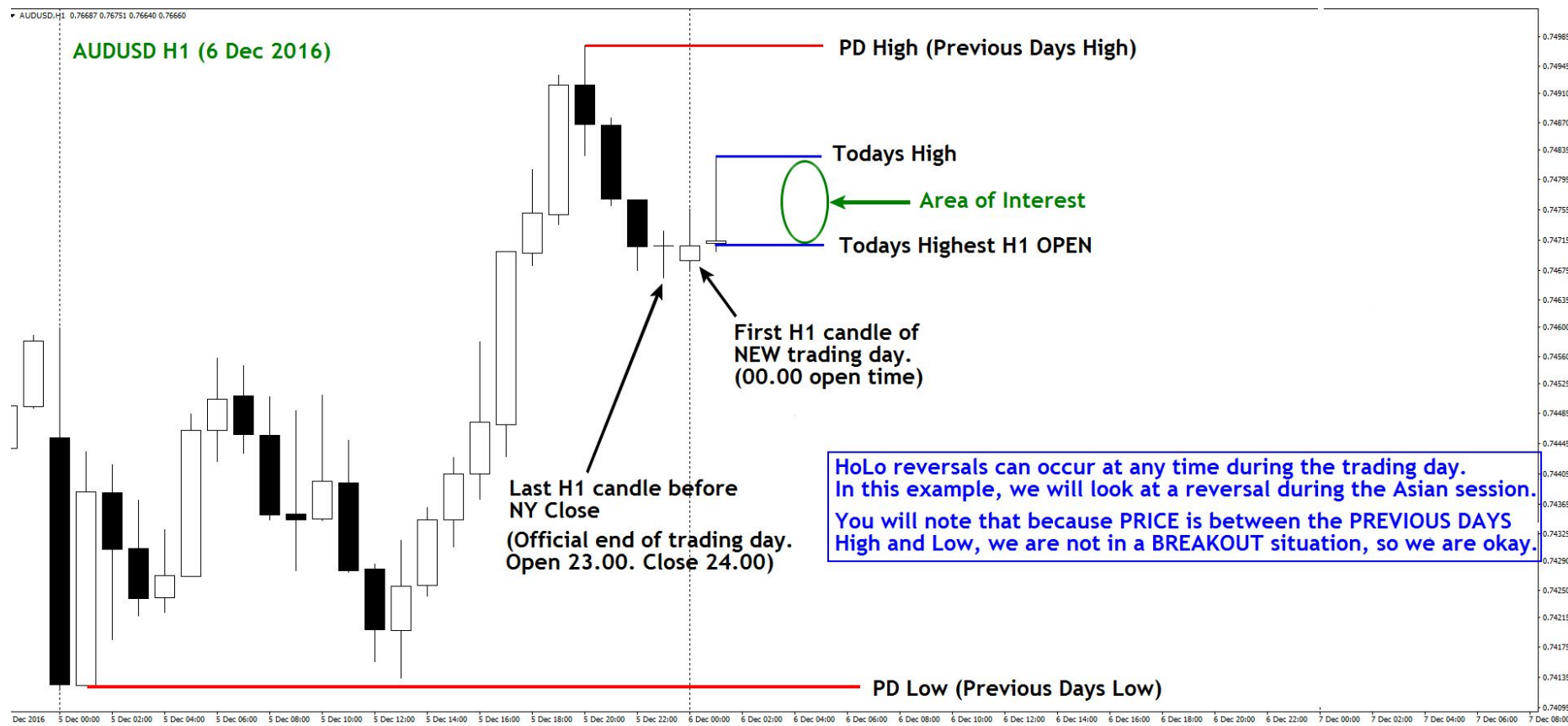
Remember, you do not want to be standing in the way of a freight train!!!

In this first chart, we see that we are looking for a set up after the close of the 2nd Hour of the New 24 Hour trading day (the Asian session).

You can see that current price is within the PREVIOUS days extremes (High and Low Price levels) so we are NOT in a breakout situation.

You can also see that we have the current days Highest H1 Open price marked.....and also the Current Days HIGH price marked.

The area between these two price levels is where we will be looking for a candle to OPEN. This is our “Area Of Interest”.



NOW, "WHAT WORKS FOR YOU"??

What is your "TRIGGER TIME FRAME"?? (what's that mean??)

Well.....as you know, we are looking for a candle to OPEN in our Area of Interest to validate an entry. (is it the M30, M15, M5 or M1 candle?)

We are spoilt for choice here.

If you do not have a lot of time to sit and watch the 1 Minute charts, the M30 might be the trigger time frame for you.

That is, you will be looking at your charts once every 30 minutes to see if you have an M30 candle open in the Area of Interest. If not, then you will have another look in 30 minutes to see what the state of play is then. Fairly stress free, yes?

So you could have your charts set up on the M30 time frame, and ignore anything else.

Perhaps you have more time to sit and watch and wait. Then the M15 or M5 might be your trigger time frame choice. Perhaps even the M1.

It's going to be "Horses for Courses" here. No two traders are the same!! It's YOUR choice.

WHATEVER your choice, you will still have to follow the rules.

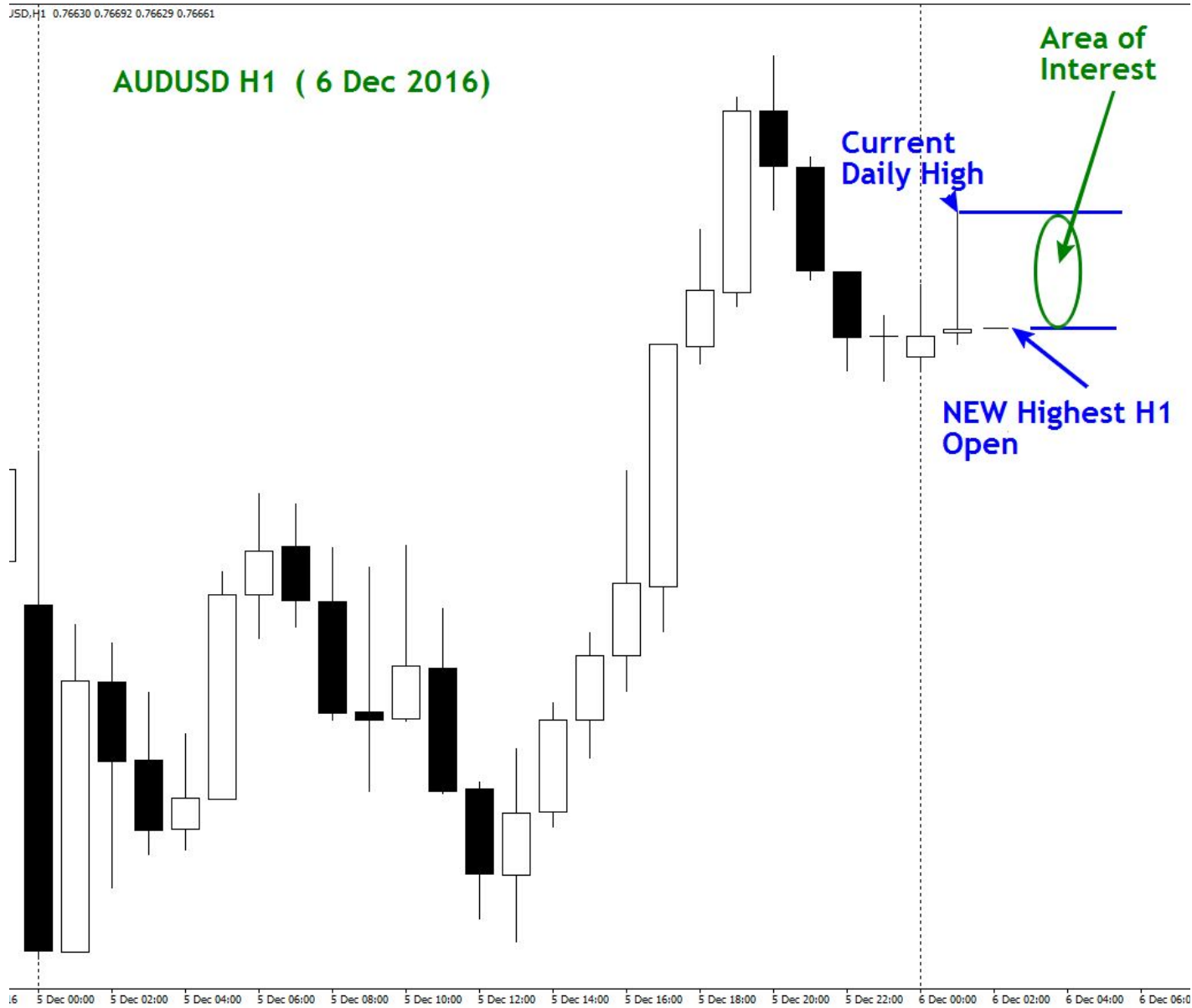
Let's have another look at our H1 chart.

In this chart, we see we have a NEW H1 Highest Open, because when the NEW H1 candle opened, it opened HIGHER than the previous Open price.....so.....it moves higher. (It never goes backwards)

You will also see that the Current days HIGH has not changed and the area of interest, is just a little bit smaller than our original chart.

JSD,H1 0.76630 0.76692 0.76629 0.76661

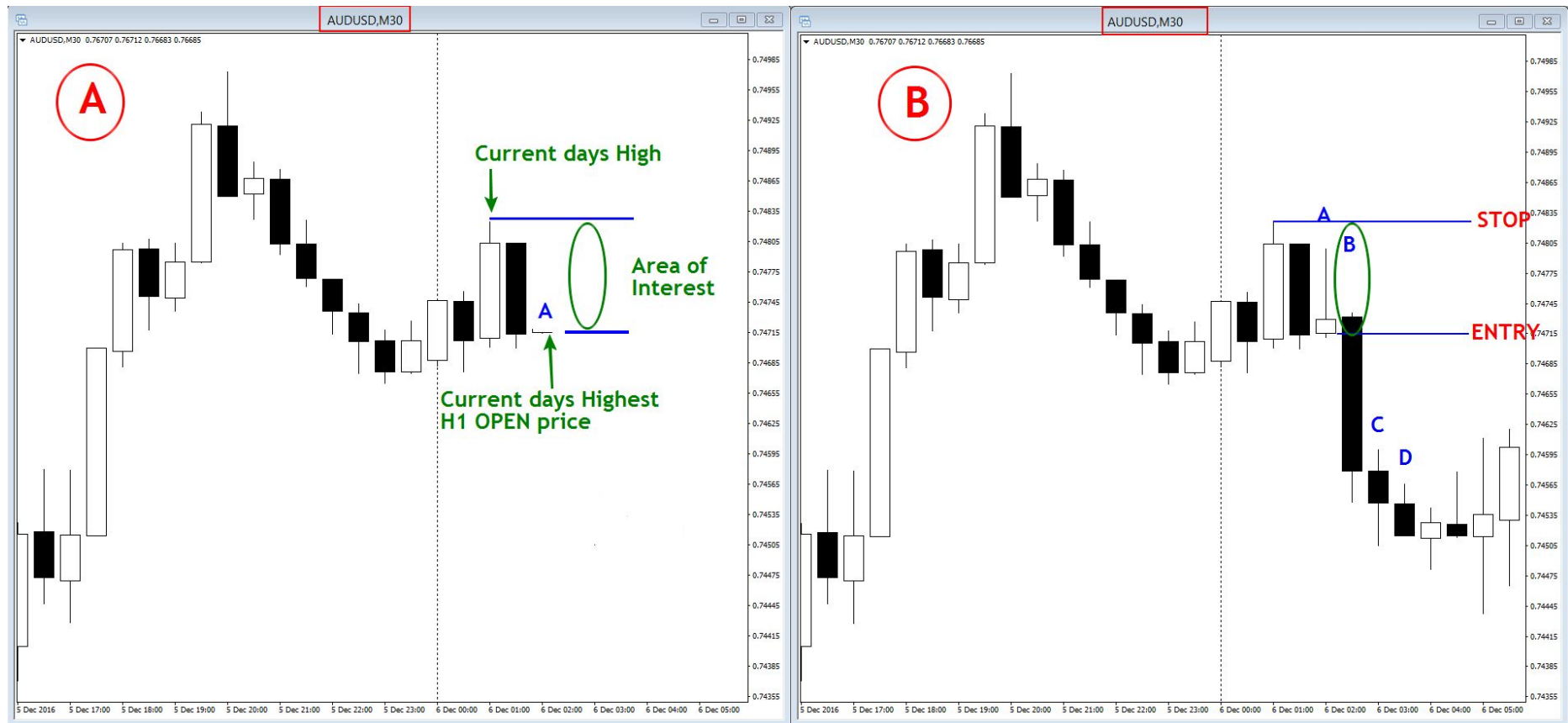
AUDUSD H1 (6 Dec 2016)



So let's have a look at how that all looks on the M30 chart. (Remembering that the M30 might be your "trigger time frame")

NOTE. IN THE FOLLOWING CHARTS, THERE MAY HAVE BEEN VALID ENTRIES PRIOR TO THIS CURRENT H1 HIGHEST OPEN PRICE.

FOR THE SAKE OF LIMITING ANY CONFUSION, LETS PRETEND THAT YOU ONLY JUST GOT OUT OF BED, AND THIS IS THE FIRST CANDLE YOU ARE SEEING ☺



So in the above chart, we have dropped down to the M30 Time Frame.

In Chart “A”, we see the current daily High.....and the current Highest H1 Open price at candle A. Our area of interest is EXACTLY the same if we were looking at the H1, M30, M15 or M1 time frames.....BECAUSE those price values do not change UNLESS/UNTIL we get a NEW current Daily High or a NEW H1 Highest open.

So we are waiting for an M30 candle to OPEN in our area of interest.

If you now look at Chart “B”

See candle A. It held the H1 Highest Open. As you can see, price moved up towards our Current Daily High.....but DID NOT breach that price level.

(If it DID, then that would have been considered as an “intra-day” breakout, and we would have gone back to step one.....WAIT)

But, it did not make a new high, so our set up is still valid.

Next, look at candle B. What is significant about candle B??

Well, candle B validated our entry requirements. It Opened in our area of interest.....that’s it!!!

So all you have to do is WAIT UNTIL price moves DOWN, AND THROUGH the Highest H1 Open price level.

NOTE...Because this is a SELL trade, you will use the BID price to enter the trade.

That is, as soon as the BID PRICE gets to the Highest H1 OPEN price, it’s time to pull the trigger.

NOTE...In a sell trade, you DO NOT USE THE ASK PRICE to enter the trade. ONLY the BID price.

RULE.....NO late entry. NOT EVEN 1 Pip.

If the SPREAD does not allow an entry using the BID price, then you will have to WAIT until price ALLOWS an entry using the BID price.

NOTE.....THE EXACT OPPOSITE IS TRUE IN A BUY TRADE. In a BUY trade, you will enter the trade WHEN the ASK price hits the Lowest H1 Open price. DO NOT USE THE BID price to enter a BUY trade.

SO, we are on the trade, as price dropped through the H1 Highest open price at candle B, and continued to drop with candle C&D.

Trade Management....

The rules state to move your stoploss to Break Even + 1 pip when price moves in your favour by 5 pips or better.

This is a great way to avoid or at least, limit losses. Let's face it, that is the crux of trading. You ABSOLUTELY HAVE TO LIMIT YOUR LOSSES.

So if the trade goes against you, you at least walk away with 1 pip. Doesn't sound much, but they DO add up.....and 1 pip is much better than a loss. YES?

In the example above, you would have been in that position to move to B/E+1.....and also, been able to move to B/E+5 when price went to 10 pips in your favour. You may have chosen a Trailing Stop after you reached 5 pips. You may have taken the trade off at 10 pips. You may have taken partial profits at X pips. You may have done any or all of these. That is completely up to YOU. Again, no trader is the same.

That's why it is USELESS to ask a trader for their performance figures.....because what THAT trader does, will more than likely NOT be what I would do.....or what YOU would do.

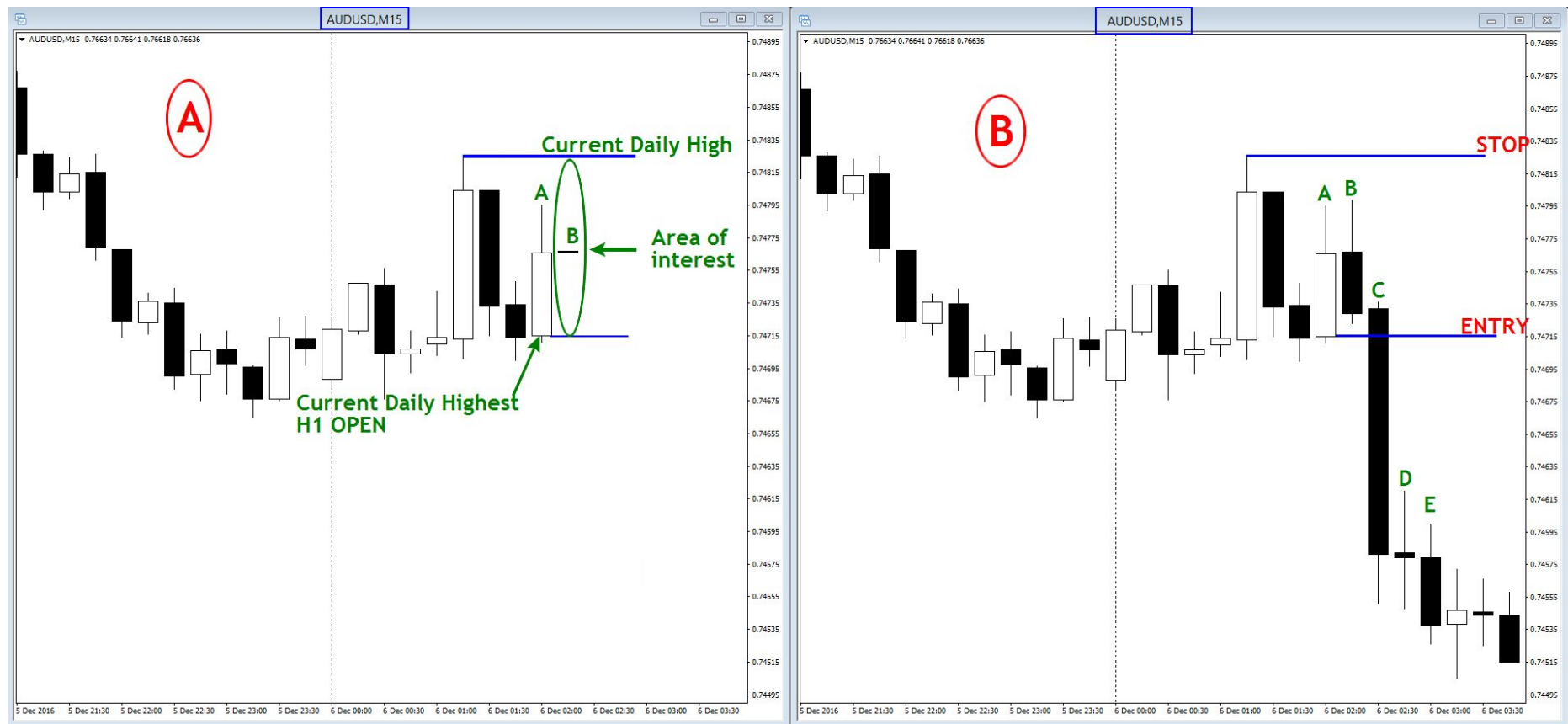
A bit more on trade management. **In this SELL trade, we used the BID price to enter. Once the trade is ON, forget about the BID price, and concentrate on the ASK price.** Because it is the ASK price which will move down through the B/E level (which is your entry price) and continue down to the 5 pips mark.

At that stage, you will look to move your stop to B/E + 1.

(NOTE...If you move your stop to B/E+1 when the BID price hit 5 pips, you would only leave perhaps a couple of pips gap between your STOP and the ASK price. Remember, in a SELL trade, it is the ASK price that will stop you out. So that's why we need to WAIT until the ASK price gets to 5 pips BEFORE we move to B/E+1. A bit of breathing room)

AND AGAIN, it is the EXACT OPPOSITE with a BUY trade. In a BUY trade, we use the ASK price when it crosses our entry price. Once the BUY trade is on, FORGET ABOUT THE ASK PRICE. Concentrate on the BID price. DO NOT move to B/E +1 UNTIL the BID price gets to 5+ pips. You need to give the trade some breathing room, and moving to B/E+1 by using the ASK price is going to give you little room to move.

Let's look at the same scenario again, but this time we will look at the M15 time frame for our TRIGGER.



And again we see the same Daily High....and the same H1 Highest Open price. They cannot change even though we have moved to a lower time frame.

On Chart "A", we see that Candle a held the H1 highest open price. And when Candle B opened, it validated our trade requirements.

Now all we have to do is wait until it comes back to our entry price, which is always the HIGHEST H1 OPEN PRICE.....and because it is a SELL trade, we are watching the BID price to cross our entry price before we pull the trigger.

THEN, as you can see in Chart “B”, that DID happen. We had an M15 candle open at candle B, but we had to wait until candle C before the BID price crossed our entry price. And again, price continued to drop through candles D & E.

So the same thing.....move Stop to B/E+1 when the ASK price falls through 5 pips or better. Enter a trailing stop of X pips.....take partial profits at Y pips.....take the trade off when you get to Z pips. Completely up to you.

I guess that will do for now. The same applies for the M5 and M1.

I hope that helps some traders. Any question are welcome.

Cheers

Michael