

EOHater trading summary

Disclaimer: I have found documents on EOHaters trading style difficult to follow. Therefore I have made a simple summary for my own use. Am sharing it freely without any liability. All desclimers in the manual still apply.

All credits to original posters.

This is not a replacement to original manual only a quick summary of what I found useful. Please read through manual. I have also included DBHLC definitions which I did not find in manual. Also note that signals listed here have detailed explanation in manual. Go through it. My summary is only to sort things out clearly.

Original system thread:

<http://www.forexfactory.com/showthread.php?t=121761>

Still active thread by Ken:

<http://www.forexfactory.com/showthread.php?t=216241>

Basics

As I read through the manuals and other stuff here, I kept wondering what exactly are these traders here doing? In my opinion how these people are trading is this:

1. Start from higher time frames.
2. What is price doing? Going up? Going down? Retracing?
3. Mark off important areas (previous tops, bottoms etc), trendlines, retracements etc.
4. Start from weekly charts and go right to 1H charts repeating the process.
5. Don't initiate position on higher time frames. Just see how things are shaping up.
6. Zoom down to 15M in same chart. Now this 15M is what you will trade. How to trade is explained below.

Whole idea is to enter like a scalper (Small SL) and profit like a position trader. (Huge Profit)

Intraday Trading Worksheet

Day

Prior Days High _____ Prior Days Low _____

Level 1 resistance _____

Level 2 resistance _____

Level 1 support _____

Level 2 support _____

H4

Level 1 resistance _____

Level 2 resistance _____

Level 1 support _____

Level 2 support _____

Where's the most recent PA that has sent price to where it is now? Can we see an opportunity on our lower TF to get in on a pullback?

Has price closed above the 5/10? This supports long positions (go to your lower TF for buy in on pullback).

Has price closed below the 5/10? This supports short positions (go to your lower TF to sell a rally).

How is the current candle shaping up PA wise?

H1

Level 1 resistance _____

Level 2 resistance _____

Level 1 support _____

Level 2 support _____

Is price ranging?

Define the range

Price on the h1 usually ranges near the end of the US Session going into the opening of the Asian Session.

Where's the most recent PA that has sent price to where it is now? Can we see an opportunity on our lower TF to get in on a pullback?

Has price closed above the 10ema? This supports long positions (go to your lower TF for buy in on pullback).

Has price closed below the 10ema? This supports short positions (go to your lower TF to sell a rally).

How is the current candle shaping up PA wise?

M15

Consolidating w/ MA's flat?

If yes, go to ranging Ranging? (I use the tops and bottoms of the wicks to define, 5 pip variance is good)

Top _____

Bottom _____

MA's angled? North (buy the dips) South (sell the rallies)

Define the channel

Channel Top _____

Channel Bottom _____

When price moves across the 35ma and closes, look for counter trades from the closed candle's price to 35 pips above or below depending upon where price has come from, to counter back. For example, price closes bullish through the 35ma at 5960, shorts positions from 5960 -5995 with TIGHT SL, here we're talking SL around 6005. If you get taken out, look to buy in on a pullback targeting your upper TF support/resistance.

When price breaks it's range, I look for the price on the 15m candle to close above or below the range top or bottom to consider it broken. First time through usually will not be the break. If we get a confirmed break (close above or below the range), look for price to retest the top or bottom of the range and continue. This will usually be a quick test and on the following m15 candle. 10- 15pip SL on the range play is usually good. Think of it as tennis. Back and forth until one side decides to spike the ball and drive price to our higher TF support/resistance.

Has price gone more than 35pips past the price of the closed candle that last went through the 35ma and closed? If yes, favor positions in the direction of the ma's targeting upper TF support/resistance areas looking for PA for a reversal. (If we're on top of the 35, favor longs, if we're below the 35, favor shorts). Positions off the 5/10/21ma price in the direction of the ma's. Use your ma's for your SL.

After the trend starts, use continuation patterns to enter. Beware of reversal patterns reversal patterns.

TRADE REFERENCE SHEET



Signals that you trade

Basics First

1. The market is characterised by a prevailing downtrend.
2. The market is characterised by a prevailing uptrend.

Those 2 statements are the first criteria to the majority of the signals we use. Because we are normally trying for early entries our signals are the one candle type with confirmations from our other sources, but failure by most people to know if they are seeing these signals in an uptrend or downtrend is the failure of a lot of trades. If you're not sure it is probably not at the right spot yet.

Where to look for the right turning areas? But if you want one thought on where to look, always look to your higher time frame charts. If price is moving away from the MA's and you are approaching or at a S/R or trendline on your higher time frame charts and you get a signal, that is a good indication of a turning point.

If the MA's and the price are together these signals aren't very good. It would be better to trade off the MA's or wait for a move and a retest of the MA's. Now when I say together, I am not saying price has just arrived and touched the major MA's. I am talking about as in the start of most sessions, the price and MA's come together and have been that way for some hours.

Also if the signal does appear at or near the major MA's think of them as the ceiling or the floor. So a shooting star would be sitting on the line and a hammer would be hanging below it. But I prefer to let price start to move a bit and add PA to my criteria. It is better to wait and maybe miss it than to choose too soon and be wrong and suffer a loss. when price and the MA's are consolidating don't forget your basic trading strategies. The breakout and bounce off the MA's or S/R lines. A retest of a breakout is always a good trade. That can occur at major MA's, highs and lows of the previous day or sessions and trendlines.

Draw the small trendlines on your chart when PA shows up. Check and see if they correspond with any PPA from further to the left or even on a higher time frame chart. Check to see where the price is in reference to your major MA's. After all, we are using them as SUPPORT and RESISTANCE lines so look for bounces from and breakouts of those lines in conjunction with PA or PPA. That can turn anyone's trading around.

Finally the Signals

NOT NORMALLY EXTREME SIGNALS

What the heck does that mean you ask. The last three trades we take don't have signal candles. They are taken off the touch of the MA or on the opening of the candle after a particular movement. Like the rest of our strategy using PA and the positioning of the MA's will give us better than average results which is all we can ask for. The following is a brief description of the last three trades we use.

1. The 35/50 cross
2. 62 EMA 1hr are best taken as retracement trades.
3. The 1 and 5 O'clock trades are continuation trades allowing an entry to a trending market when we might have missed the initial entry point.

Retracement Trades Summary

The 35/50 and the 62 EMA 1hr trades are very similar, as are the 1 and 5 o'clock trades. They all in their best setups are retracement trades prior to a continuation of price in its intended direction. So what would we look for to make these trades more successful for us.

1. The first thing that I would look for on the 35/50 or 62EMA, is that price hasn't been near the MA's for a while. The price can, and does, go right down the lines in a tight ranging market. For those times, Gump type trading is more successful. That style is just scalping small gains normally off an MA line and possibly to a S/R or another MA. Sometimes the price will move between two MA's from different time frame charts. Like between the 62 1hr and the 50 15min. So try and find where its edges are then trade with the trend. That way when a breakout happens you're in the trade the right direction (review the patterns section to help with this).
2. The next thing to look for is how far the price has retraced. If you don't understand fibs, a bit of study of them might help. Anything over 75% or a $\frac{3}{4}$ move back on a swing can be considered a sign that price might reverse and not turn back.
3. Keep in mind what the price and the MA's are doing, the price went up the MA's started up also. The price peaks then starts back. The retrace, the MA's start down also but they are lagging, the higher the MA number the slower. So the price and the MA's meet again sometimes at the $\frac{1}{2}$ point or 50% fib or even the 61.8% fib. Those two fib levels are the preferred trading levels for fib traders which also makes our 35/50 such a good trade. Sometimes though the price doesn't wait for the close of the candle and reverses on the levels too soon. In that case, a retest entry of the 35 or 50 might be looked for. It can and does try to break it again at times.

4. The other trade associated with the 35/50 and 62 is the breakout trade. This happens when the price goes through the MA's and doesn't reverse back to the other side, in other words it is showing that price is reversing not retracing. The first indication would be the amount of the retrace as we said, anything more than 75% or $\frac{3}{4}$ can lead to a reversal. Also, if the price moves around 20 to 35 pips past the MA's a reversal to retest the MA's may be the only thing that happens. An entry at the retested MA is an option for this time and may be preferred getting you into the trade in the new trend possibly.

5. The 1 and 5 o'clock trades are retracement trades as well but they are at times in a strong trend just retraces of the prior candle. That is the reason sometimes they can be hard to take as the MA's are the lower time frame ones and they move fast. So in a strong trend (long candles) look for a retrace of about 50% or $\frac{1}{2}$ the length of the previous candle to enter, or wait for a proper retrace which will happen at some point. Another good indication of a good 1 or 5 o'clock trade is when price retests a S/R line, a high or low of the previous day or trendline. The key to any of these trades is a tight stop. Stops the other side of the next MA is normally good. Or if they are really close together a 15 pip stop max.

REVERSAL SIGNALS

Hangman

Shooting star

Harami

Hammer

DBHLC/DBLHC- These are candlestick double tops/ double bottoms.

dbhlc is a bearish sign were two candles have the same high or within a very small amount of pips but the close of the second candle has printed a lower low.

dblhc is a bullish sign were two candles have the same low within a very small amount of pips but the close of the second candle has printed a higher high.