Ifmyante
Compression

[BETA]

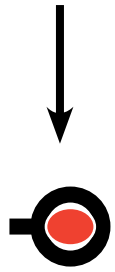
RED FLAG
PUBLISHING

Abbreviation

A - as a prefix - Ascending
AA- Adam and Adam
ACH - Ascending Channel
AE - Adam and Eve
AWG - Ascending wedge
BE - Break even
BE - As a prefix - Bearish, example: BEACH - Bearish ascending channel
BEB - Bearish engulfing outside bar
BEFL - Bearflag
BH - Bar highs
BNR - Bump and run
BO - Breakout
BOPA - Breakout, pullback and advance
BOPB - Breakout + pullback
BR - as a prefix - Broadening
BRN - Big round number
BU - As a prefix - Bullish
BUB - Bullish engulfing outside bar
BUFL - Bullflag
CH - Channel
CN - Continuation
CP - Compression
CWH - Cup with handle
D - Demand
DBB - Double Bottom
DBD - Drop base drop, descending pole flag pole
DBR - Drop base rally
DBHLC - Double Bar high lower close
DBLHC - Double Bar low higher close
DBT - Double top
D1 - Daily
DD - Drawdown
DM - Diamond
DIV - Divergence
DS - Daily supply
DS - as a prefix- descending
DSCH - Descending channel
DSWG - Descending wedge
DTL - Demand trend line
EA - Eve and Adam
EE - Eve and Eve
EX - Exhaustion
FL - Flag / Consolidation
FO - Fakeout
FTA - First trouble area
FTB - First time back. Followed by 2TB, 3TB etc.
HB - Horn Bottoms
HNS - Head and shoulders
HT - Horn tops
HTF - Higher timeframe
HTFL - High and tight flag (amazing results!)
IB - Inside bar
Ib4 - Inside 4 bar that is the smallest bar of the previous 3 bars
ILR - Island reversal
INV - Inverted
LIL - Long island
LTF - Lower timeframe
M1 - 1 minute
M2 and so on
MMD - Measured move down
MMU - Measured move up
MN - Monthly
PA - Price action
PB - Pin bar
PFP - Pole, flag, pole
PIE - Price Is Everything thread
PPZ - Price pivot zone
RN - Round number
RBD - Rally base drop
RBR - Rally base rally, ascending pole flag pole
RT - Retrace/Retracement
RTP - Romancing the Price thread
RV - Reversal
S - Supply
Shampoo - see HNS
SL - Stoploss
SR - Support/resistance
SRF - SR Flip
STL - Supply trend line
TG - Target
TL - Trend line
TP - Take profit
TPP - Take partial profit
TR - Triangle
TT - Touch trade
TWB - Tweezer bottoms
TWT - Tweezer tops
W1 - Weekly
WD - Weekly Demand
WG - Wedge

TIPS

CLICK HERE TO SEE THE DISCUSSION ON FF OR MULTIMEDIA CONTENT



Ante Party*

To understand exactly what went a scenario, or indeed to read any situation at all on the charts, past present or future,you should look for a certain set of clues.

General: HTF. Know where price is coming from and going to, and the PA past and present in all the TFs, from the Monthly down.

Specific: At the zones you want to trade, look to

Past: study the zone in all TFs, down to M1 ask yourself

- Where were the decisions made? Clean S/D? Mark these lines. No clean S/D? - compressed zone
- Did price really shoot away form the zone, or did it CP away?
- Did the zone itself react at the right place? Look beyond the zone further into the past. See what it reacted to. Was there a better S/D nearby that price wants to visit? This explains many fakeouts.

Present: Approach. How is price returning to the zone?
Where's the nearest flag in the TF you want to trade? This is your tg1 in this TF. Flags in the LTFs? What does PA tell you?
Has price tested the last flag on approach? (good sign)
Has price compressed into the zone in this TF or LTFs? (good sign)
Is there big news on the way? Has there just been big news?

Reaction: In LTF, does price react violently to the first decision point? Does it quickly engulf the nearest S/D? (good sign)
Does price simply CP away? Maybe it wants to go to the next decision point
If the first decision point breaks, watch the signs on approach to the next, and, of course, reaction.

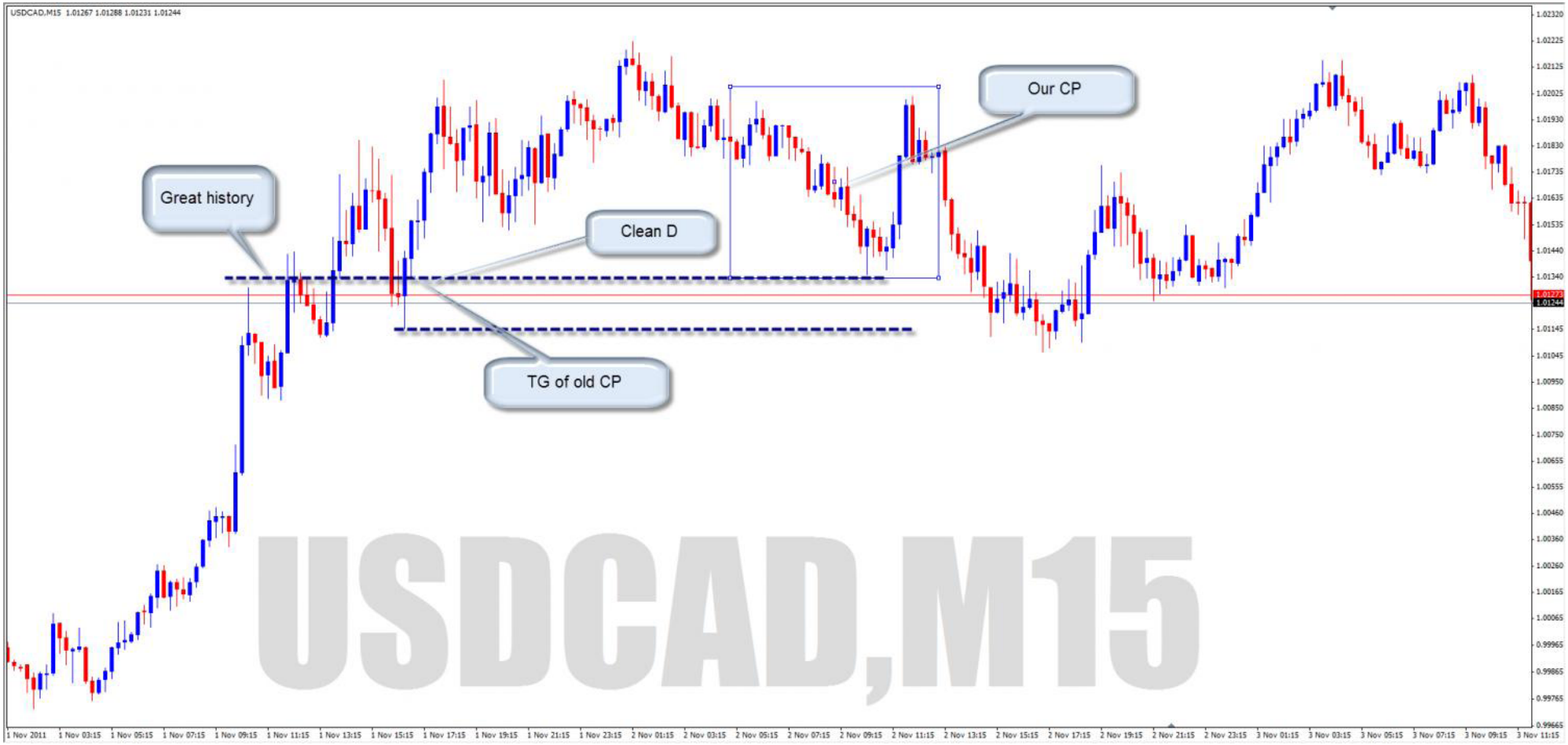
---

* Past, Approach, Reaction, Thank You!

Compression

definition

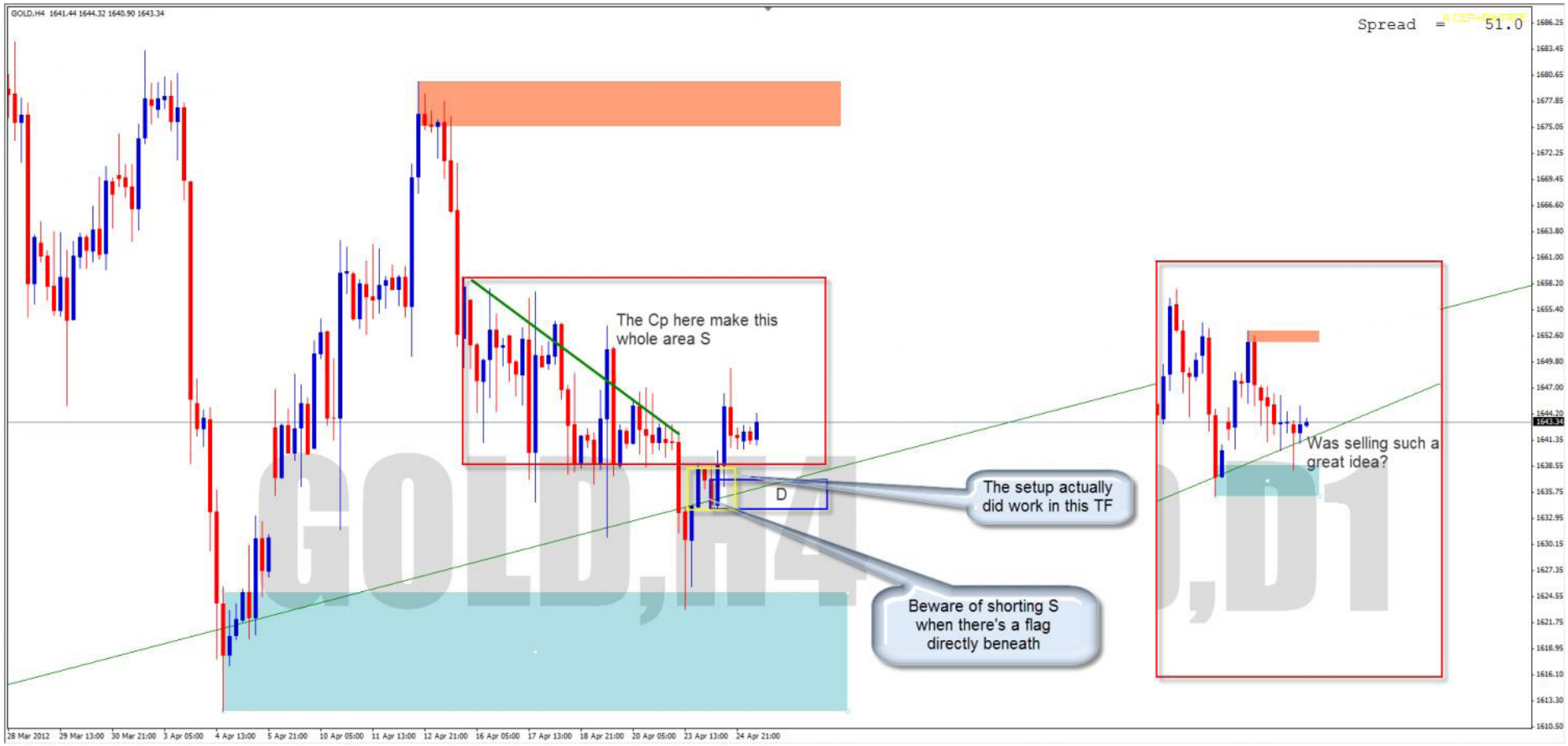
We talk about compression when price taking out last decision point and the orders that where left there.


USDCAD.M15 1.01267 1.01288 1.01231 1.01244
Great history
Clean D
TG of old CP
Our CP
USDCAD,M15

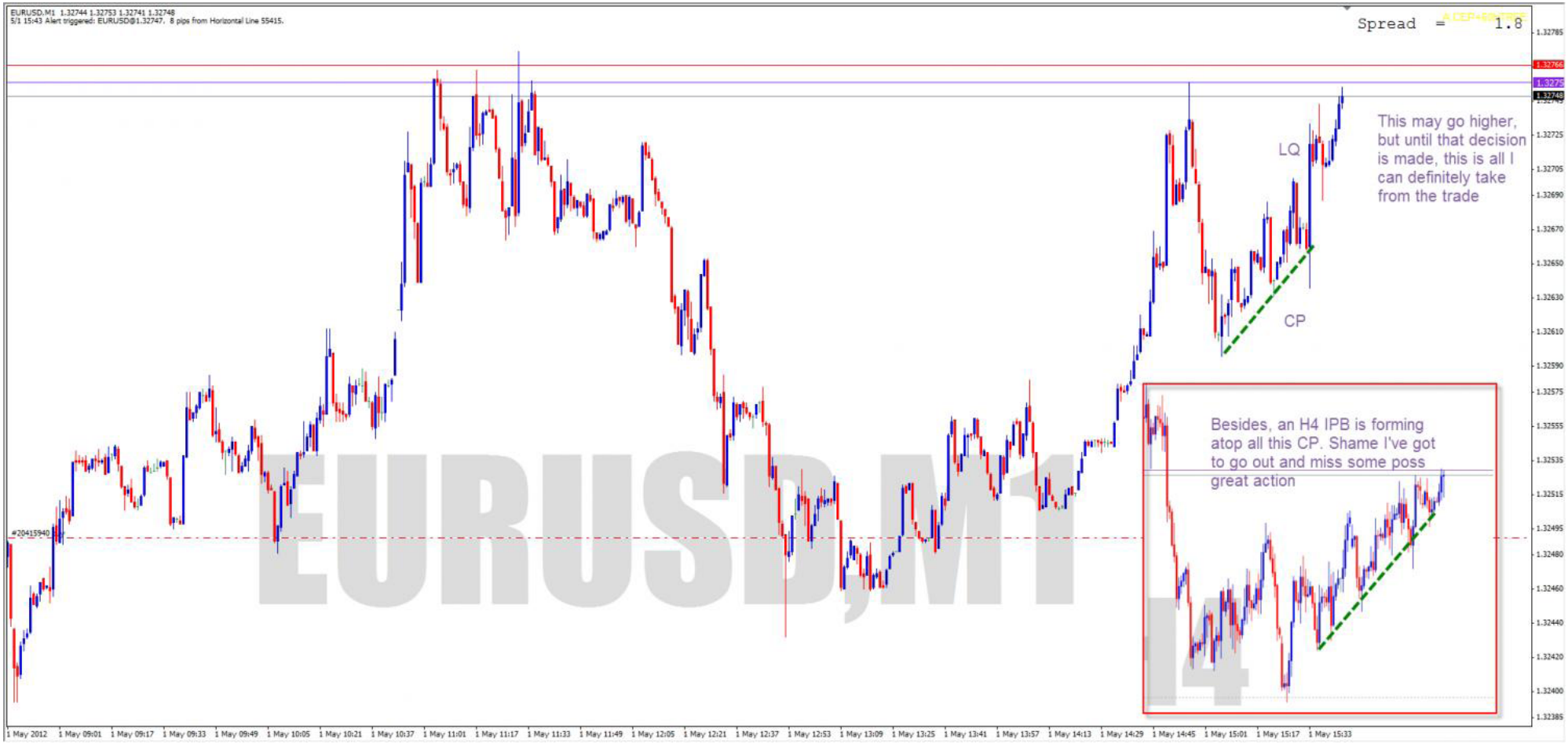
Compression

charts

USDCAD.H4 0.99236 0.99241 0.99202 0.99207
Spread = 1.7
Our CP zone in H4
Cut thru to H4D
USDCAD,H4


GOLD,H4 1641.44 1644.32 1640.90 1643.34
Spread = 51.0
The Cp here make this whole area S
D
The setup actually did work in this TF
Beware of shorting S when there's a flag directly beneath
Was selling such a great idea?
GOLD,H4
D1

Price broke the zone, but came back and tested it
Last clean D before the CP gets tested with no great rejection
Price breaks thru the wave origin, retests it and rides the cp down
Origin of a wave up
Important demand? looks like it
But it's been spiked on the way up
This whole zone was CP, so the chances of a good bounce were slim
EURUSD,M30


EURUSD.M1 1.32744 1.32753 1.32741 1.32748
5/1 15:43 Alert triggered: EURUSD@1.32747. 8 pips from Horizontal Line 55415.
Spread = 1.8
This may go higher, but until that decision is made, this is all I can definitely take from the trade
LQ
CP
Besides, an H4 IPB is forming atop all this CP. Shame I've got to go out and miss some poss great action
EURUSD,M1
H4

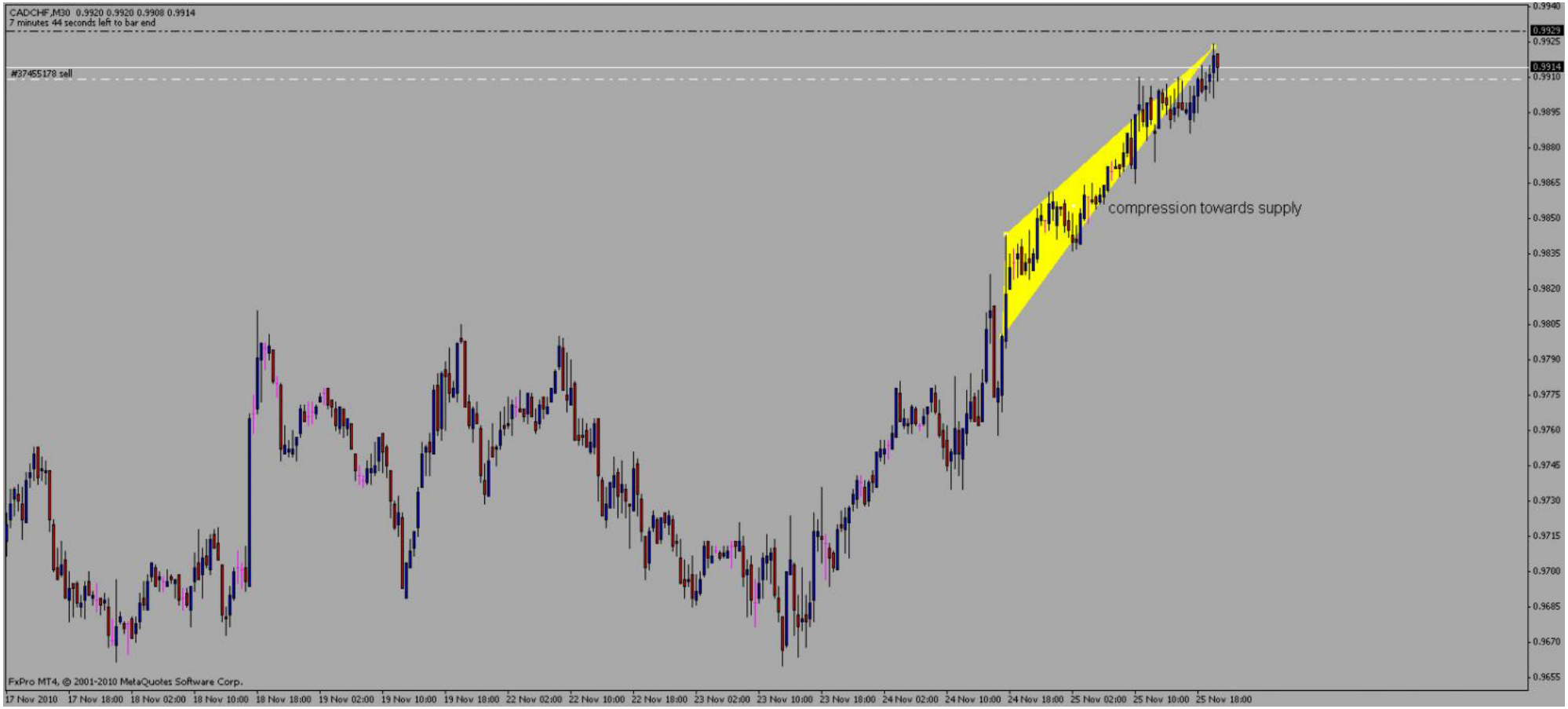
41713 1.41836 1.41713 1.41804
see the last two candles? a momentum candle with a wick, followed by an indecision candle. compaired to the previous three tests does this look like rejection or a possible continuation/break?
A big clue here is all the CP on the way down
momentum.. price wants to get somewhere
LQ
19 Jul 15:05
19 Jul 16:25
19 Jul 17:45
19 Jul 19:05
19 Jul 20:25
19 Jul 21:45
19 Jul 23:05
20 Jul 00:25
20 Jul 01:45
20 Jul 03:05
20 Jul 04:25
20 Jul 05:45
20 Jul 07:05
20 Jul 08:25
ISD,M5 1.41789 1.41806 1.41753 1.41784

Compression

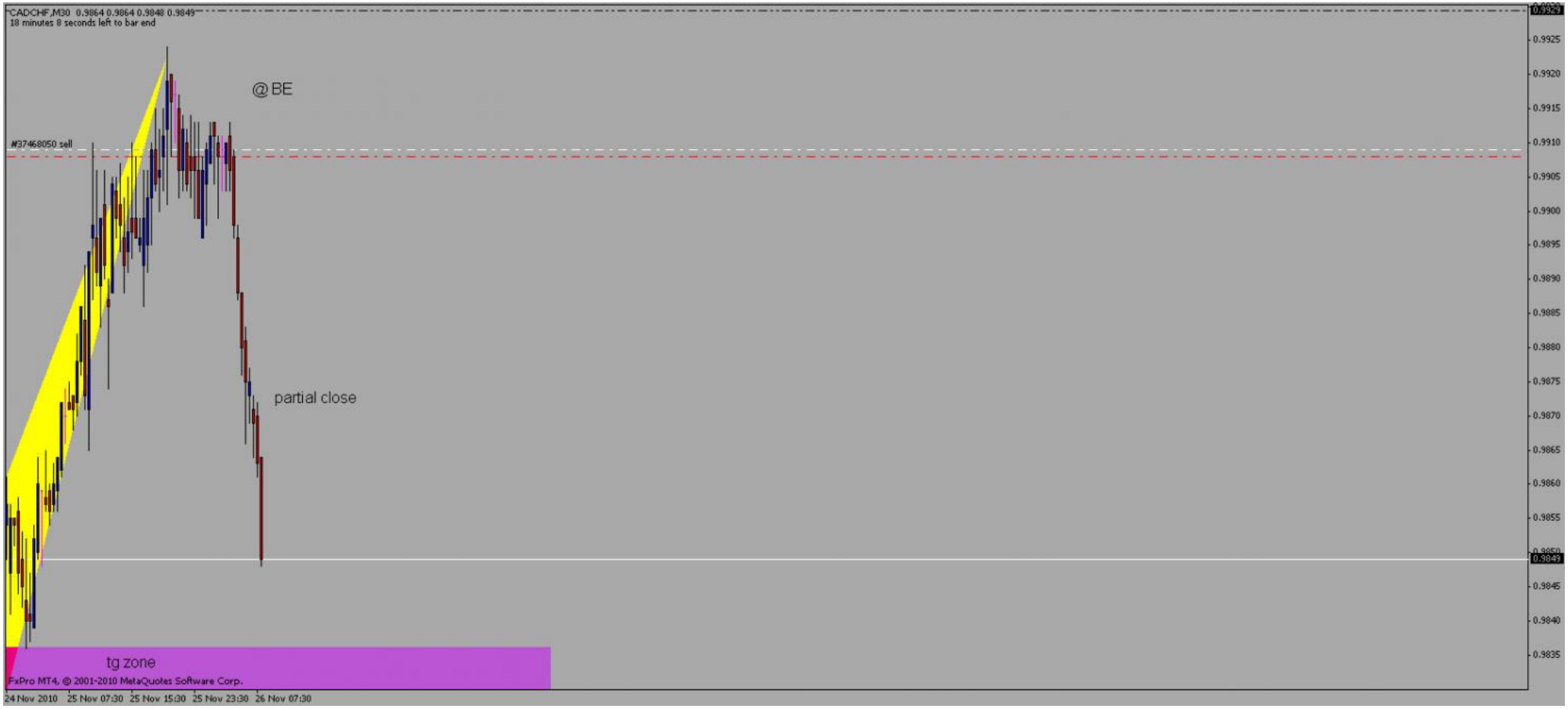
explained by RED

Lets put an end to whats compression (otherwise known as a finishing triangle) and what not compression. Noticed some confusing comments and charts lately with regards to compression. So, below is an entry from the past to clearly identify the PA
Firstly, we look left and notice a supply zone - supply zone identifed simply by noticing prices fell hard from there before, therefore sellers exceed buyers.
Now we wait for PRICE ARRIVAL

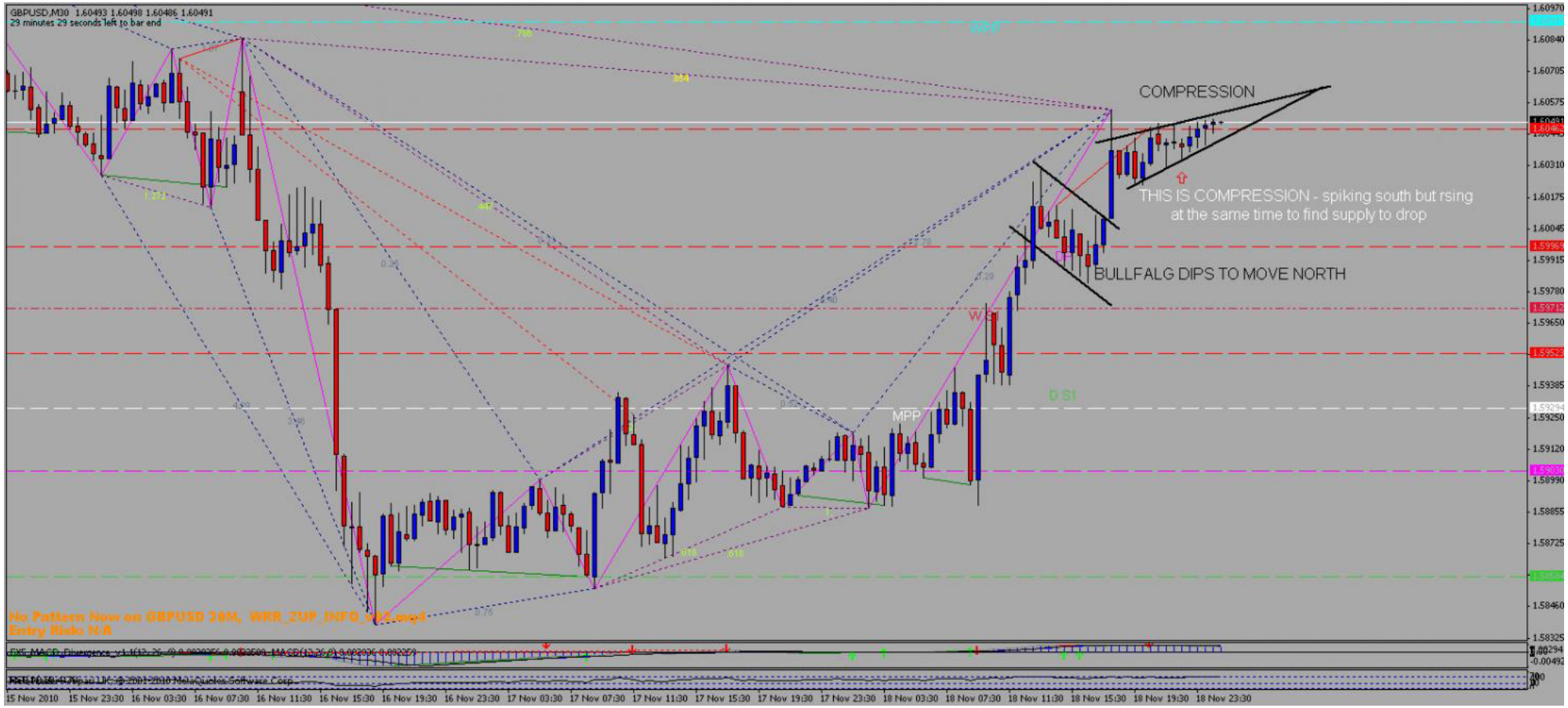
..... ok, now price arrival to zone. But notice the manner in which it approaches - its spiking south WHILST RISING ..... what does this mean?
Rising to find supply, spiking south is doing several things @ the same time. Prices are finding small pockets of demand and testing them to rise to supply. So, as its spiking south its also consuming those small pockets of demand therefore the path south is begin cleared of demand @ the same time!

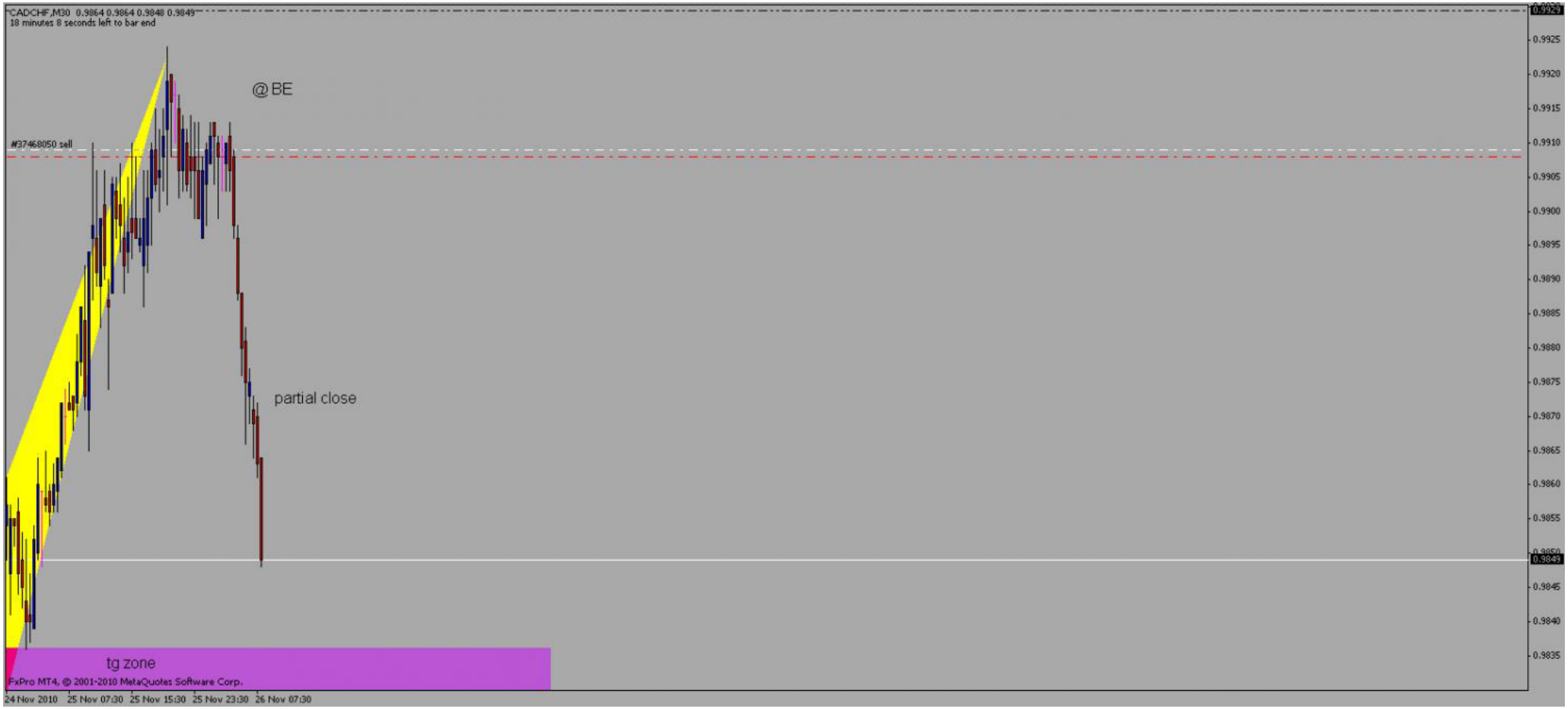


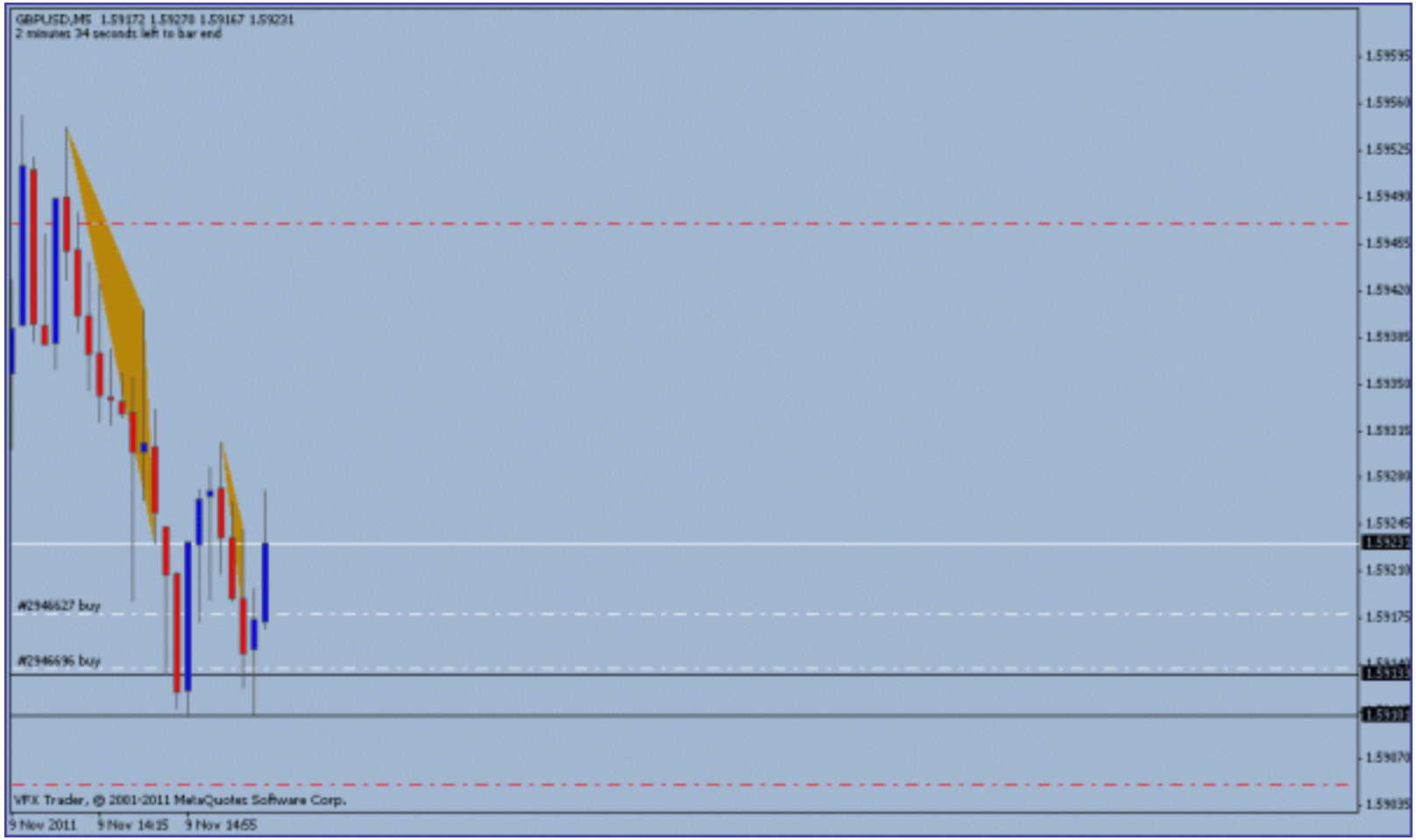
PA watch and entry, ok now look @ the result. Notice how the bears that dropped through the compressed zone are large and clean suggesting no demand or resistance, reason? - the demand was already consumed by the SPIKING SOUTH ON APPROACH TO SUPPLY ZONE ..... this is why l have stated often - PRICES THINK AHEAD OF TIME, prices already decided to turn because prices cleared the zone of demand by spiking south before they reached supply clearing the path south for the bears..... so there it is

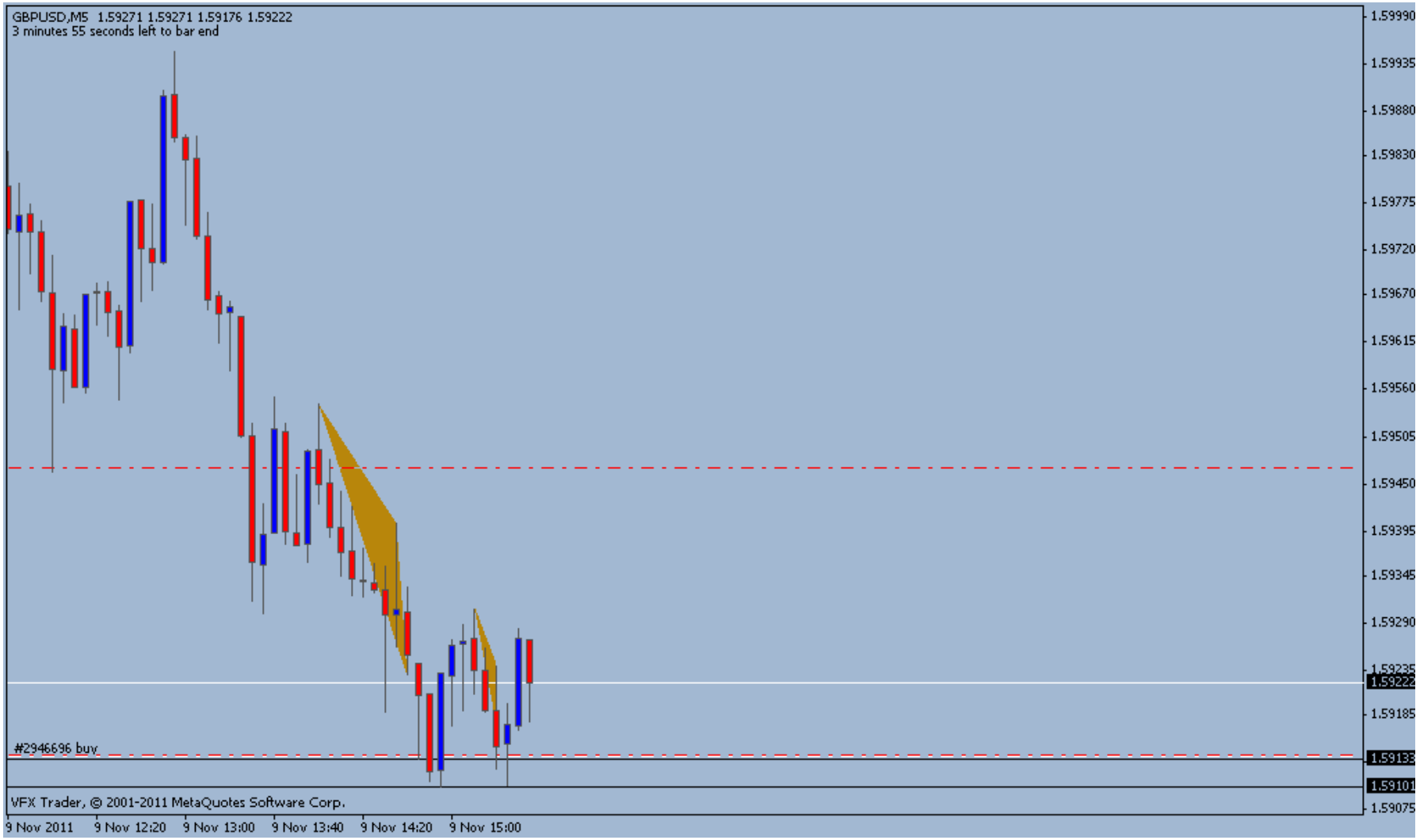


another example - some of you have been confusing flags for compression. Why does a BULLFLAG DIP? Its dipping to consume sellers @ a given level, once the sellers have been consumed, the flag is complete and prices can advance - no mystery. Then prices leave the flag to advance, then once prices reached supply, the approach to the zone there was compression, so l sold it




CADCHF,M30 0.9864 0.9864 0.9848 0.9849
18 minutes 8 seconds left to bar end
@ BE
#37468050 sell
partial close
tg zone
FxPro MT4, © 2001-2010 MetaQuotes Software Corp.
24 Nov 2010
25 Nov 07:30
25 Nov 15:30
25 Nov 23:30
26 Nov 07:30
0.9929
0.9925
0.9920
0.9915
0.9910
0.9905
0.9900
0.9895
0.9890
0.9885
0.9880
0.9875
0.9870
0.9865
0.9860
0.9855
0.9850
0.9843
0.9845
0.9840
0.9835


GBPUSD,M5 1.59172 1.59270 1.59167 1.59231
2 minutes 34 seconds left to bar end
#2946627 buy
#2946696 buy
MetaTrader, © 2001-2011 MetaQuotes Software Corp.
9 Nov 2011
9 Nov 14:35
9 Nov 14:55


GBPUSD,M5 1.59271 1.59271 1.59176 1.59222
3 minutes 55 seconds left to bar end
#2946696 buy
VFX Trader, © 2001-2011 MetaQuotes Software Corp.
1.59990
1.59935
1.59880
1.59830
1.59775
1.59720
1.59670
1.59615
1.59560
1.59505
1.59450
1.59395
1.59345
1.59290
1.59235
1.59222
1.59185
1.59133
1.59101
1.59075
9 Nov 2011
9 Nov 12:20
9 Nov 13:00
9 Nov 13:40
9 Nov 14:20
9 Nov 15:00

GBPUSD,M5 1.59413 1.59481 1.59413 1.59471
3 minutes 9 seconds left to bar end
1.59565
1.59535
1.59505
1.59471
1.59445
1.59415
1.59385
1.59355
1.59325
1.59295
1.59265
1.59235
1.59205
1.59175
1.59145
1.59133
1.59115
1.59101
1.59085
MFX Trader, © 2001-2011 MetaQuotes Software Corp.
9 Nov 2011
9 Nov 14:25
9 Nov 15:05
9 Nov 15:45

Compression

video

A quick video on CP and the importance of finding the Drop Base Rally that creates an SR flip.

End

[for now]

NOTE:
all the credit goes to **Ifmyante, Tyoon, Red.**

Pie Chatroom