

Trade what you see, NOT what you expect

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Quick note to readers

The purpose of this document is to provide some details and structure around the trading methodologies being discussed by EOater on Forex Factory Forums. More details can be found here:

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

Notes:

1. This document is not a replacement for going through the entire thread and studying each of the posts, charts, comments, etc as it will only highlight some of the bigger items and might not cover all the details.
2. This method has proven successful for EOater and he has graciously been sharing his knowledge, but there is no guarantee this will work for you. Please note that there are 3 pillars of success – trading methodology, money management, and psychological/emotional mindset. This document is specific to trading methodology, that coupled with sound money management and appropriate mindset will enable you to generate solid results.
3. Please be aware that every trader is responsible for any trade he or she enters into the market, but with the rules outlined here you might find your edge in the market place.
4. Also, this thread is very fluid and is updated quite frequently. As such, this document might not always be kept up to the current point in the thread, but efforts will be made to keep it as up to date as possible.

Methodology overview

POST 1:

Trade what you see and NOT what you expect is my first thought before entering a trade. This mentality has helped me trade the market for what it is. We don't know where it's going, only where it's been. I use key setups and take trades without any emotion attached.

I trade only the GBP/USD and primarily during the US Session, she (I refer to the GBP/USD as she) provides enough opportunities that I don't need to worry about the other currency pairs. I don't worry about the fundamental side of trading, trading itself is emotional enough. I don't hold the holy grail, and noone does. I agree with trading with the trend but I will go against it if the setup is right. Entry is key and that's what I look for. One doesn't have to be in a trade all the time to make money, you only need to be in a trade at the right time. Many traders see it moving and jump in the direction it's moving and next thing they know, their down. I'm not afraid to walk away and wait for another setup if I've missed the boat. There is always another opportunity. Patience is key in this industry. If you don't have any, GET IT.

I will be posting my chart setups and what I look for in the upcoming posts.

Please feel free to post questions and insights.

Best of luck to everyone trading!

EO

POST 8:

Here are the charts that I use and what I have applied to them.

15m:

10ema, 21ema, 35sma and 50sma

Note: Post 335 states:

I also run the 5ema, 50ema and 200sma
The 50ema and 200sma are on all my charts.

1h:

10sma, 50sma and 62ema

Additional levels mentioned later:

150ema and 365ema

4h:

5sma, 10sma, 50ema and 150ema

Day;

5sma, 35sma and 50ema

Please note, the charts have different types of MA's applied to them. Some are EMA's and some are SMA's. MA's are nothing more than floating support/resistance. I use them for balance points and price targets for profit taking.

Chart colors:

Note: As of 3/12/2009, these are the colors EO currently has on his charts so feel free to duplicate if so desired to make it easier to follow his trading.

15m:

5ema : RED

10ema : BLUE

21ema, : PURPLE

35sma : BLACK

50sma : LIGHT GREEN

50ema : GREEN

200sma : YELLOW

1h:

10sma : ORANGE

50sma : LIGHT GREEN

62ema : NEON GREEN

200sma : YELLOW

4h:

5sma : RED

10ema : BLUE

50ema : GREEN

Day;

5sma : RED

35sma : BLACK

50ema : GREEN

Some basic setups overview

While there are many different trade setups, here are some of the more commonly mentioned ones in the threads:

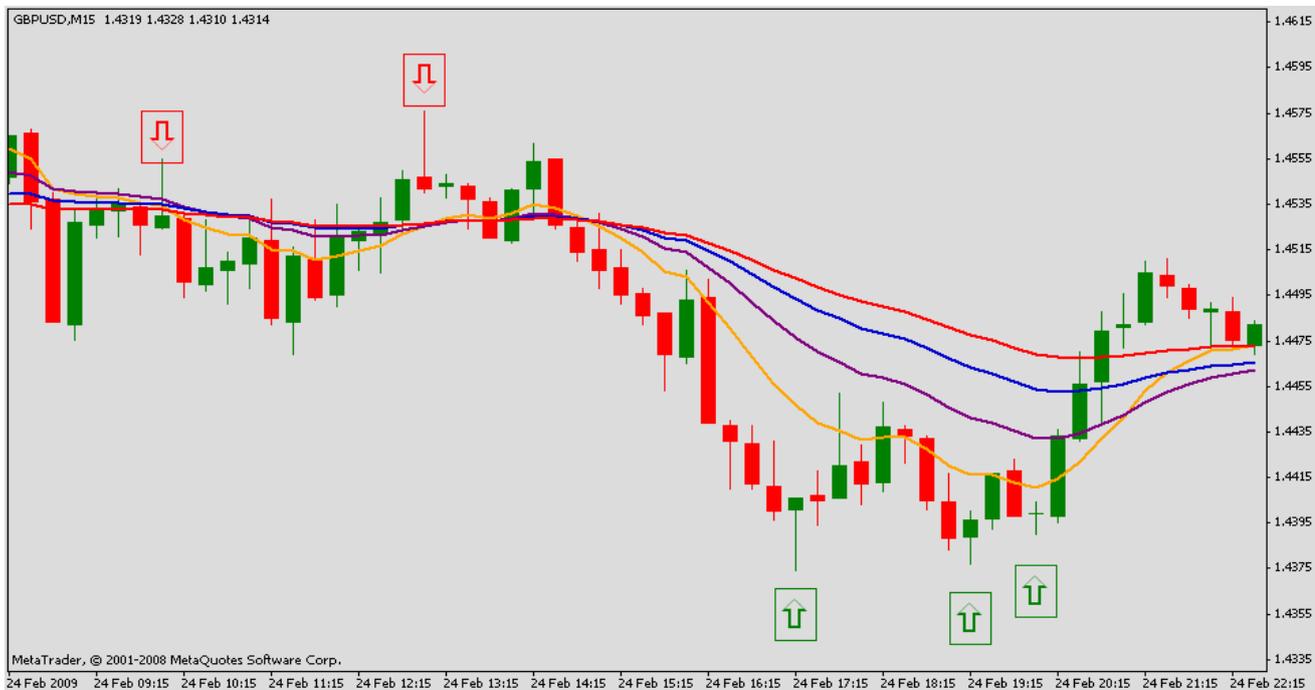
Note: I haven't seen any names given to the entries/setups, so I've taken the liberty of naming them.

- a) Pin/Doji/PA/Hangman reversal
- b) 15m-35-50MA cross and reverse
- c) "5-o'clock somewhere" bounce
- d) 1hr 62EMA bounce
- e) 15m-35-50MA spike through

a) Pin/Doji/PA/Hangman reversal:

The first entry is looking for a reversal on the current trend on the 15m (and larger timeframe) chart. Look at the following charts and you can see many candles that are circled which are of interest to trade a reversal:





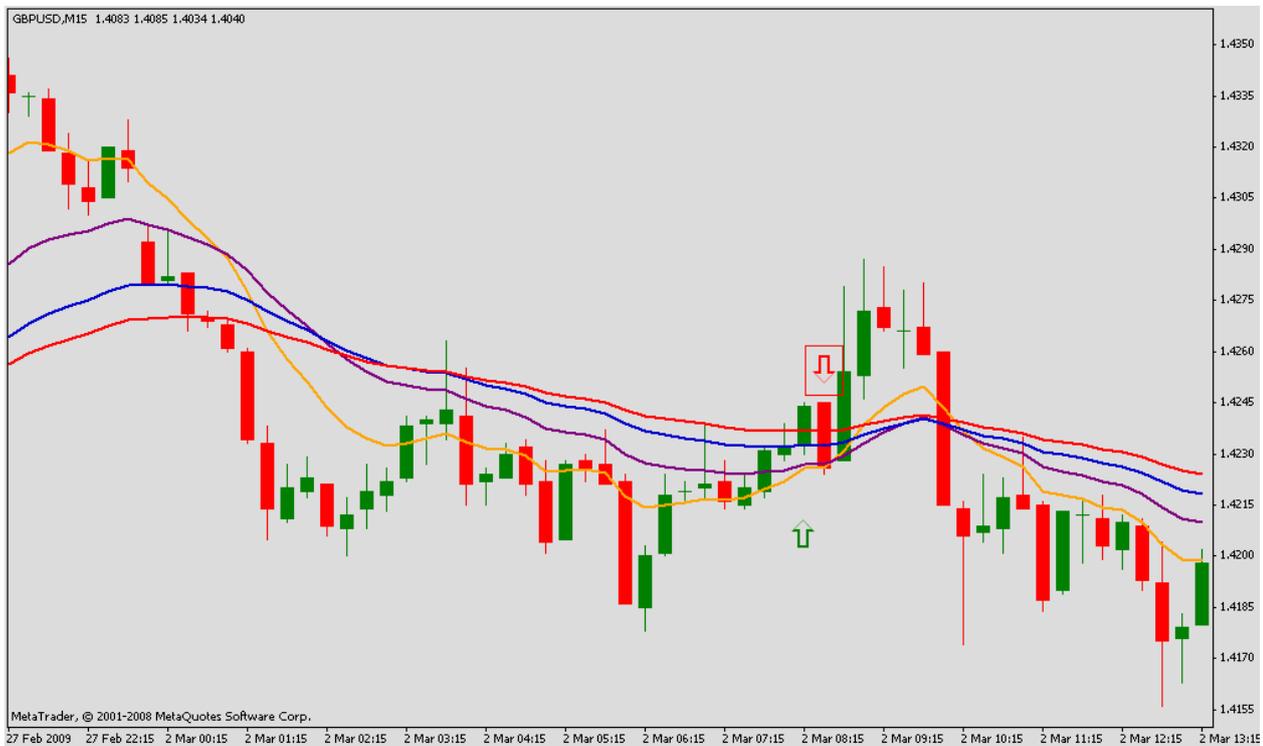
Hangman (or hanging man) pattern:



Chart above shows the hangman candle circled in red. It's the black candle with the long lower wick, indicating reversal coming up. Candle color is irrelevant in hangman formations, and they can also occur in a downtrend signaling a reversal (flip chart over).

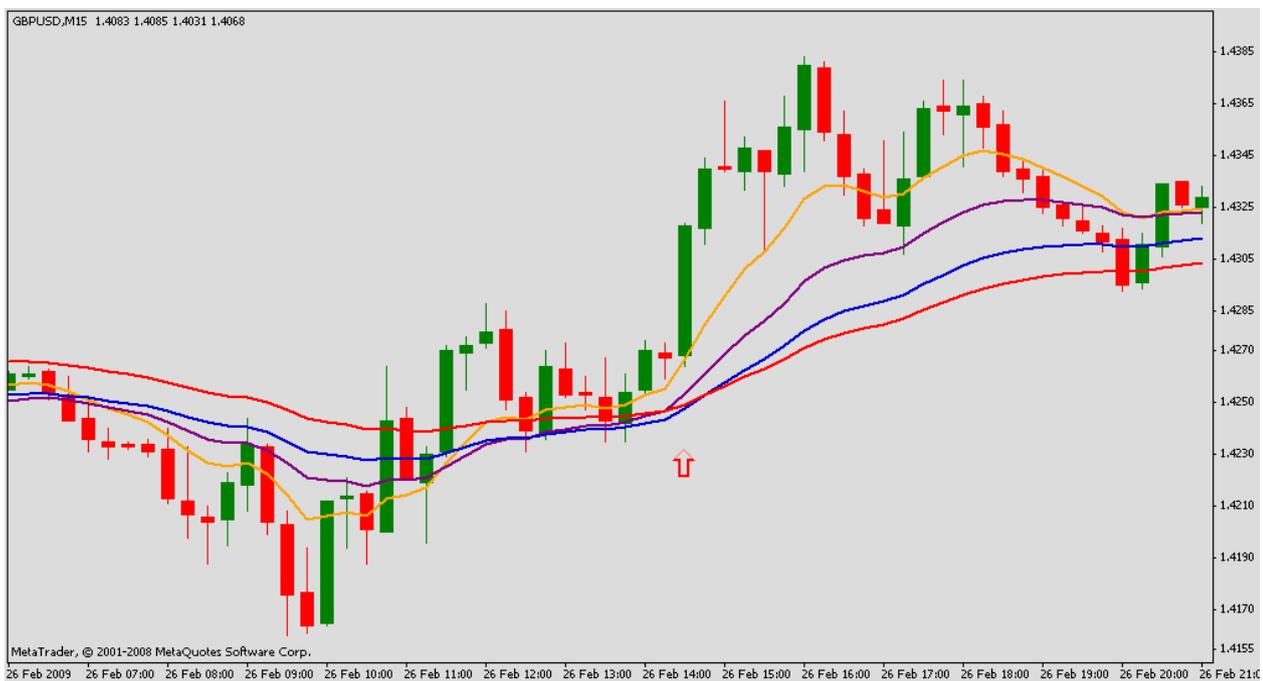
b) 15m-35-50MA cross and reverse:

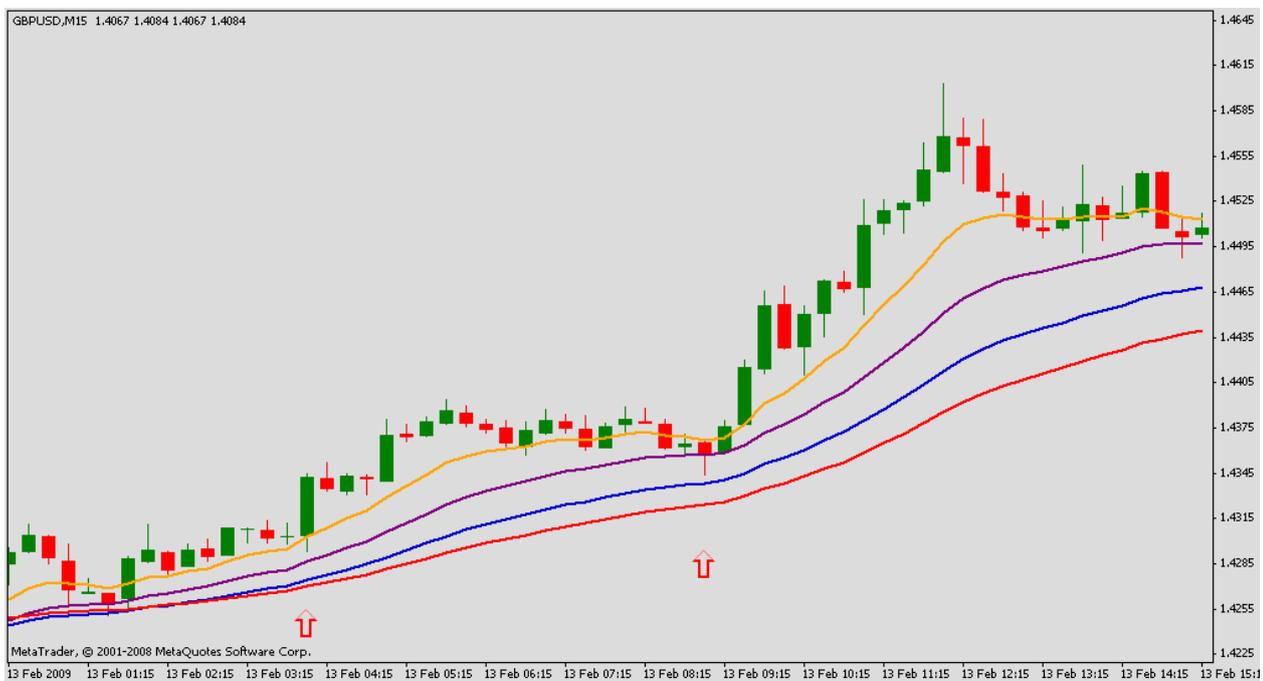
When you see a close of 15m candle through the 35 and 50 with a short wick, trade a reversal on the opening of the next candle. In chart below green arrow points to candle that breaks through the MA's and the red arrow points to candle you would go short on opening of.



c) “5-o’clock somewhere” bounce

When the MA’s are all lined up and pointing steeply up or steeply down (ie if it were the hand of a clock it would be pointing at the 1 or the 5 on the clock face), trade bounces off the 5/10MAs in direction of the trend/MA’s.



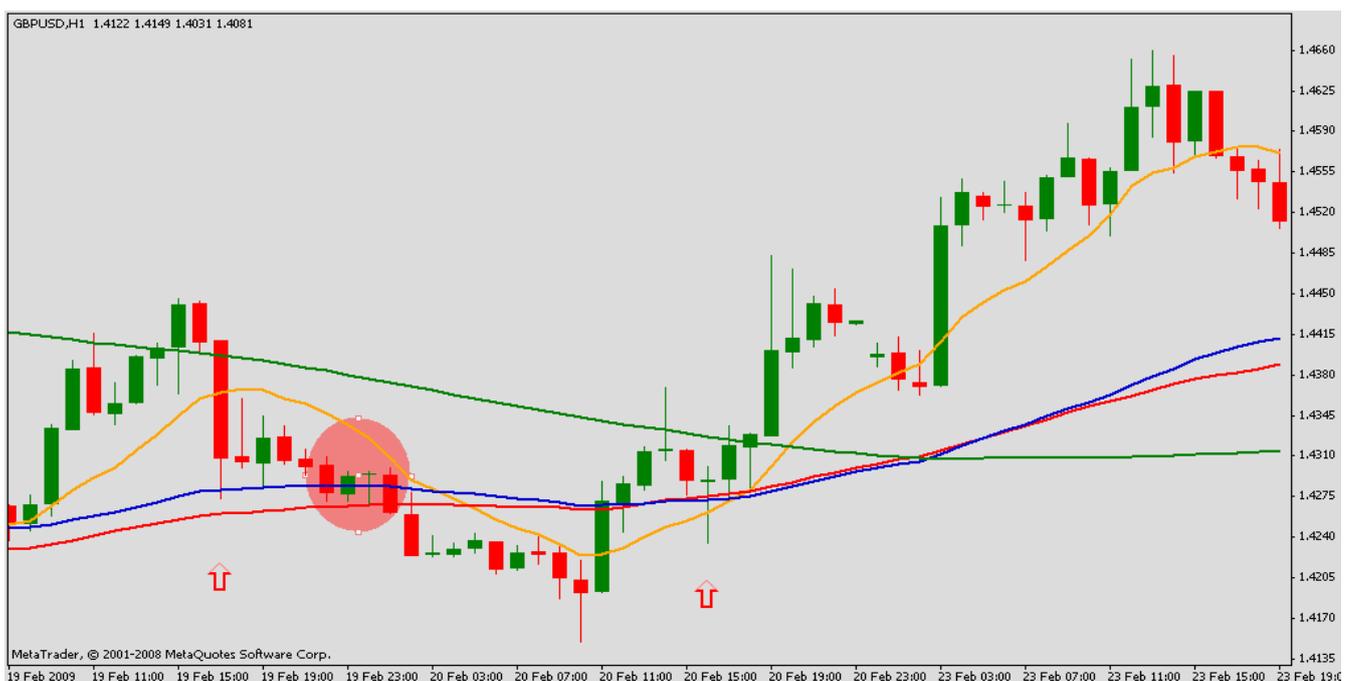


d) 1 hr 62EMA bounce

While watching the 1hr, if you see price approaching 62EMA plan to trade a bounce off the 62EMA(BLUE LINE in charts below) Note: This is a high percentage trade but NOTHING is 100% successful. Charts below will show how this trade could've produced some nice gains and also the opposite result.



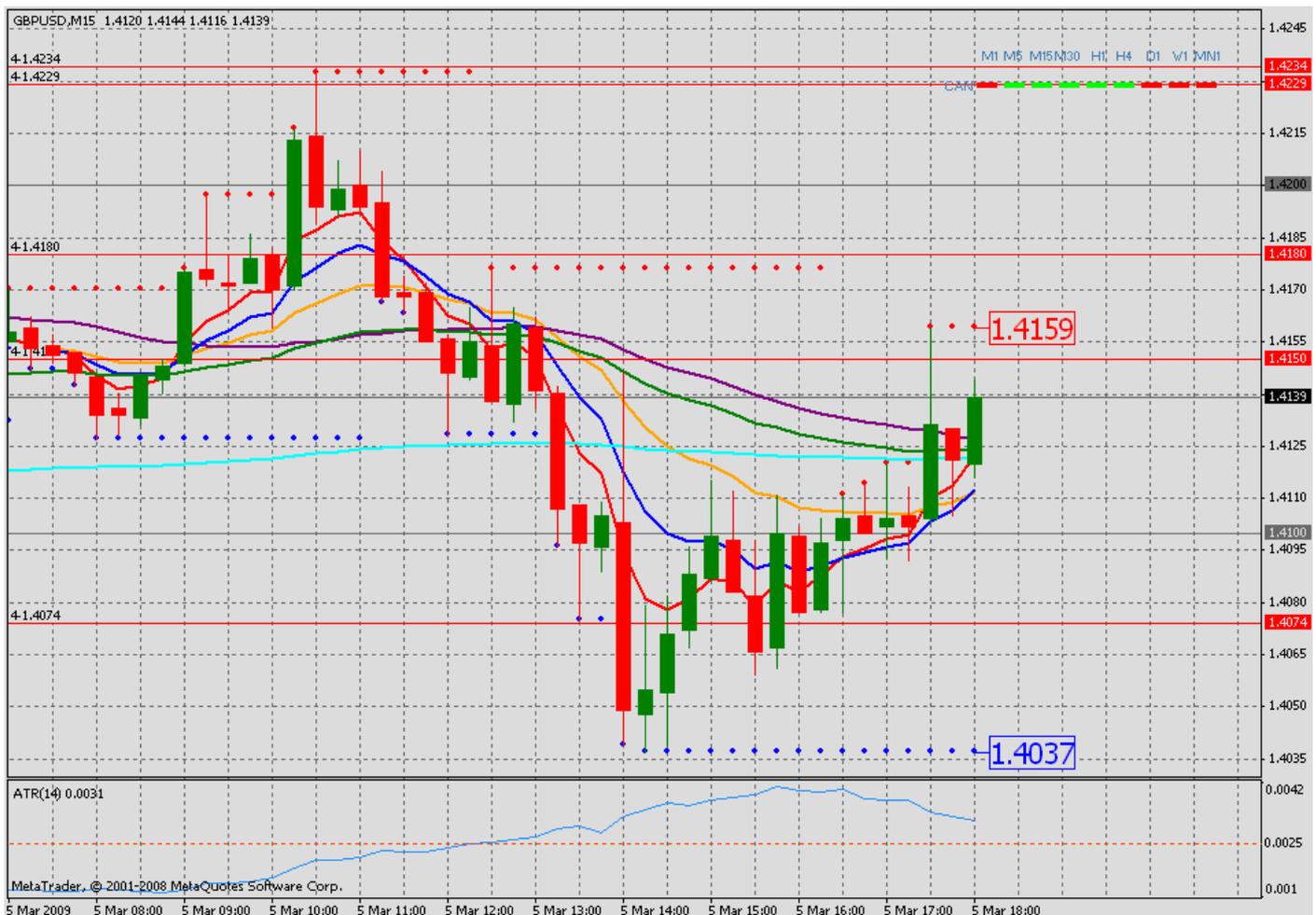
Note: You can see two failed attempts to the left (near high in middle of chart) but also had some good opportunities on left end of chart to play the short for 150+ pips.



Note: highlighted red area shows where the 62EMA bounce would have failed, but you had two opportunities to the left (very beginning of chart) and first red arrow that both offered ample opportunity for positive pips, then two failed 62EMA areas (read highlighted and then about 10 candles to right of red circle), but then 2nd red arrow provides an opportunity to pick up ~200 pips.

e) 15m-35-50MA spike through

The trade was really easy to take, the resistance and the major spike was through the 15m 35/50. If she spikes that hard through, even if she closes that high, she's going to come back down to at least touch the 15m 35/50 before continuing her journey. A positive exit is about 90% in my eyes. I've not done the math, but it works.



f) Your favorite EO setup here ☺

Setups with charts from thread

POST 24: (See chart below)

Ok everyone! I'm feeling better and I've got my laptop figured out. I was asked a question earlier about my trades on Tuesday and why I took them when I did. I've attached a chart with answers. If anyone has questions on these trades, please let me know.

Trade well everyone!

(Additional note from post 40)

Regarding my first trade shown on post #24. You are correct that I did like the long full candle that closed with a little wick. Additionally, I liked that it closed through the 35sma. This setup gives me two different trades: First trade is short and tight SL (20 pips +spread). If she closes me out on the next candle for a loss, no worries, now I wait for a pull back and go long on her at the best price I can get in at. Second trade this setup gives me goes back to my reason for the SL of 20 pips +spread. I'll place a pending long order 20 pips higher than the candles closed price (CLOSED PRICE) and let the market take me in. You need to keep your eye on the higher time frames and how the candles are setting up there as well. As to whether I would have shorted if the candle had a longer wick, yes, but I don't want to see a massive wick on her. I like to see the candles be exhausted when she breaks through the 35 or 50 ma to make me want to chase her back to where she came on the next candle's opening.



POST 36:

Attached is the perfect 1h 62ema setup. You've all heard me say it, 'I love the 1h 62ema!' This setup was idealic on how the long candle before entry closed with a little wick and tight to the EMA. Don't ask, don't question why, don't say to yourself, "It's against the trend", just pull the trigger to go short on the opening of the following candle. This draw down on this trade was only 15 pips and she fell over 200 pips. That's a nice risk:reward ratio!

Please note: Not all 1h 62ema's setup like this one did. There are times she will only run up and touch/near the ema value and run back down. I'll take the entry and manage the movement off the 15m charts once I'm in the market.



POST 37:

Attached is the 15m chart leading up to the 1h 62ema price. She was set up on both the 15m chart and the 1h 62ema chart for the fall. These setups scream at me to take them.



POST 56:

I so wish I could have traded the US Session the day after Thanksgiving. I dedicated to day to family time. I look back at the day though and say YUMMY! This was a hell of a day to make some great money. I've circled some candles that I absolutely love to see after she's made a move. Once the circle candle closes, I'm opening my orders on the next candle's open. Patience is key here, don't try and get in before the candle forms and closes. I've seen current working candles that I would swear were going to close the way I wanted and in the last 30 sec of close, she fills out and takes away the setup. If you get in before the candle has a chance to close, you could be on the wrong side of the tracks all for what, a couple of pips. PATIENCE.



POST 76:

how do you trade on the M15 and H1 using your MAs?

i know about the H1/62ema trade...it works great (im 2 for 2 so far)

Good job on the 1h 62ema setup. She's a beauty for sure! As any other type of support/resistance, she can and will be broken. There are many times, like today the 04 Dec 08, that the 15m gives a nice candle to confirm that she's going to hold and send her back down. If the 15m doesn't confirm, I would also be looking for the 1h candle itself to close flat (smallest wick possible)



POST 183:

Here's my 1h view

The orange line is my 10sma
The red is my 50sma
The blue is my 62ema
The green is my 200sma

Price is currently between the 50/62. The ma's are going flat and the 10 is starting to show weakness and the desire to come across the 50/62. Also, the 50/62 have been apart for awhile and they like to come back together and either bounce or cross. The 1.513x area is showing it's support pretty good here on this chart. Look at how the price has respected the low of the candle circled in green on my chart. The 1h 62 is close in price at 1.5112. If we break the 1.513x area, I would look for her to spike through the 1h 62 and look for a long from 1.51x to 1.508 with tight sl. I'll be looking to tie in with the PA on the 15m chart. I would not be willing to set a PO for this. I want confirmation of the bounce up before I pull trigger. Patience! If we break the 1.50 area, I'm looking to target the 200sma. I'll be watching to see how price reacts around the 4h 50/150 price area. If I'm in a trade short, I'll be watching my 15m chart for the entry signal long. I'll keep my SL above the 15m 50ema if it proves to show a long entry. Or, I'll close my short and go back long on her looking for the entry short again to get out of my long.

Notice how the last 1h candle is showing a solid move up from it's opening price. She never went negative. She closed damn near right at the 50sma price. Over the weekend, I've

seen price above 1.5223. 1.5250 has some light resistance, but I would be looking for shorts a little higher up and SL above 1.538x no matter what price I took to go short on her. Will price respect the high of the candle circled in red on the chart?

Trade well!
EO



POST 218:

I put this on the cable thread today, thought I might repost it here as well.

Notice how she was ranging back and forth over the ma's. I have this area blocked off with the black lines. When the ma's are flat like this, it makes for a great opportunity to scalp her back and forth, watching your PA and not being married to your position. Now, if that's not your style, she did break out of the range. I'm not talking about the breakout of 4500, I'm talking about the range it had formed for the day. Here is where I used my 5/10ema to get into the trade. I missed it from the bottom, but I had the confirmation when the 15m candles wouldn't close under the range top. Once that happened, I set a PO for the price between the 5/10ema. I would normally only go with the price of the 5, but with the long wick on the prior candle, I wanted to reduce my risk. My SL was the price of the 50ema. I knew the break of 4500 was going to be limited because it was a high selling area, but at the same time, when she breaks out of her range, she's usually good for 100 pips or so. The PA showed me it was time to get out and at the same time, I knew I wanted to short her up there, so I closed and reversed my position. My broker is great about this. If I have 5 longs and I want to close and go short. I order 10 shorts at X price and it closes out my longs and sends me marching short with 5.



POST 244:

I guess no one in the cable thread gave a shit about this, but I'm going to repost it here. This is an excellent setup and I will take it everytime. I set my SL 25 pips higher than the wick of the candle prior to my entry.

YUMMY!!!!

I wish I would have seen this formation. I would have taken the short when the current closing 1h candle opened.

Part 1 to this setup: Notice the full bodied candle in the red circle? This candle had a small wick and did not take out the prior 1h candles wick.

Part 2 to this setup: The next 1h candle circled in red and how it closed. Looks like a hangman to me. Time for a change in direction is what this is telling us. You will see this on any time frame and see what happens on the next candle.

This is a high percentage setup.

Trade well!
EO



POST 258:

Does this look familiar? Notice the candles circled in red. Automatic go short on the next candle without question or fear. She yielded some nice pippage on this move.

Notice the candle circled in green. Automatic to long on the next candle. Why? I will always go back against the grain when she closes across the 15m 35sma/50ema with a tight SL around 25-30 pips. Once my entry candle closes, I move my SL to +3 and manage the trade.

I unfortunately did not get either one of these trades. But the setups were there and I hope

many of you did.

Trade well!

EO



POST 277:

I am trying to learn your setups and try very hard to study price action.. Please excuse me for not knowing how to post from my platform so I can show you but i wanted to know if you would have gone long on the 7 15 am candle (est) on the 15 min.... or even at the close of that 1h candle? Thank you so much for your dedication in teaching others....

Not a problem about being able to post charts. I would have went long after the close of the 15m candle I have circled in green. As well, I would have went long on the close of the 1h candle. Both were a green light for me to go long. SL would have been 25pips lower than the wick of the previous candle. This trade is going against the grain and requires you to move your SL to green ASAP and follow the candles for your exit.



POST 282:

Originally Posted by **eoater** [▶](#)

Took the short at 4318.

Here's why I took my short. Notice the candle circled in red. The prior 1h candle was bearish to support the downward movement. As well, the ma's are all pointing south which supports the short.



POST 309:

Here's the candle. Mind you it's not closed yet, but it's making me ready to buy again. 4m til close.



POST 320:

Notice the candle I have circled in green on the left side of this chart. Prior PA candle. I'm playing my current longs with this as support as well. Current 1h chart is not supportive of a fast movement north. This is as well, why I'm keeping my SL below 4150.



POST 332:

Here's one real quick before I head out.



POST342:

Here's the chart where I went long. Just got stopped out as I type.



POST 398:

Just got back from lunch. I see that the bounce back across the 15m 35sma/50ema happened like I said it would. If anyone took the trade, good job on the positive pippage with damn near no draw down.

Here's a chart for visualization. This is a great setup to take. No draw down on the account and 30 quick pips in the pocket, possible more. I would take profit on half my position now and set the rest at +3.

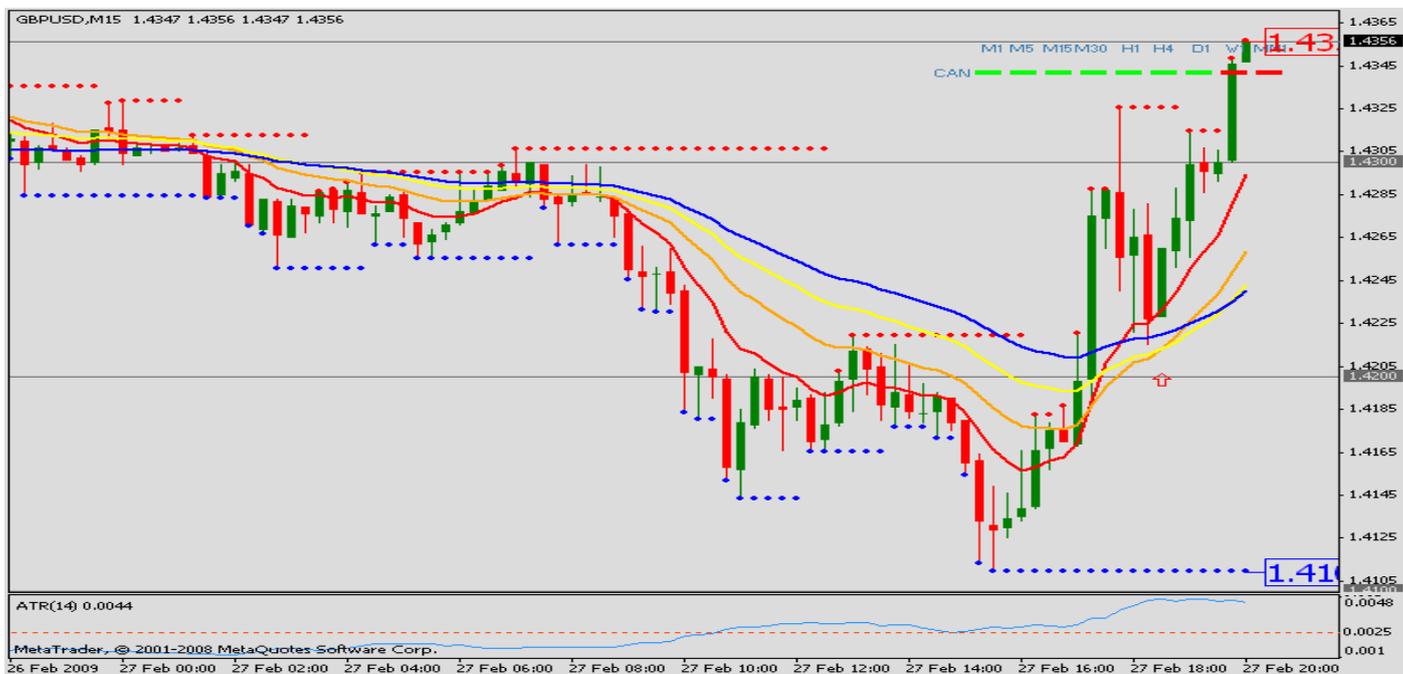


POST 471:

Would that last 15m candle not have been good signal for long with flat bottom no wick against the 10ma?

By the way great thread

As I'm back, yes, it would have been. I was pulled away on a conference call at the office. If you took it, good job. (Note: Look at candle just above the red arrow.)



POST 697:

I had some questions about today's charts.

First, look at the area circled in red. You'll notice the first 3 candles have long down wicks, while the last 3 candles have long up wicks.

Granted, you may already have entered a trade based on the area before that circled, but my question is how would you have treated each candle as it printed out? Would your bias have been long on the first 3 candles and short on the last 3? Would you have taken into account the descending slope of each successive candle?

Second, the candle circled in blue. I recognise that as a trade that I call the aha trade, as Eo described this one in a post, and I went aha.

Would I be correct in thinking this is one where we cross the 50 EMA (orange line), and the next candle rejects it with a long wick (circled blue), so we enter on the next candle?



POST 827 (response to post 697 above):

I had some questions about today's charts.

First, look at the area circled in red. You'll notice the first 3 candles have long down wicks, while the last 3 candles have long up wicks.

Granted, you may already have entered a trade based on the area before that circled, but my question is how would you have treated each candle as it printed out? Would your bias have been long on the first 3 candles and short on the last 3? Would you have taken into account the descending slope of each successive candle?

Second, the candle circled in blue. I...

Daffy,

You've posted some good questions and I'm sure others have the same. Let me start off by saying, we have to remember to take the upper time frames into consideration. I was actually short off the 1h 50/62 price which is the following candle of the first that I have circled in red. I saw the setup on the 15m chart that I have circled in red and knew the 1h 50/62 was near. Without consideration of the other time frames, the setup I have circled in red is a clean setup for the movement south.

Now, following the candles, notice the candle I have labeled #1. This candle makes me want to go long on the following candle. The following candle did go up, went down and closed down. Why did the candle close indecisively? The prior PA I have circled in red and the candle I have labeled #1 caused this. Notice how the top wick of the candle after I have circled labeled #1 goes to about the midsection of the bottom wick of the hangman I have circled in red? Also, notice how the bottom wick of the candle goes to the midsection of the prior candle? Back to the upper time frames to see why or reverse the order and go short. I know this setup because I've been caught in the past on this. The hangman I have circled in red is strong and the upper time frames support the movement south. If I went long after the candle I have labeled #1, time to close and reverse when the candle closed indecisively. Now, if I had missed the bounce off the 1h 50/62, saw it was going south and wanted to get in, but didn't know where, the short from the midsection of the hangman is a great place to look. Like I said, I've been caught in this trap before.

Moving to the candle I have labeled #2. If I didn't believe the movement south was to be long lived, I would have went long on the opening of the following candle. The close across the 15m 50/35 with a full body and small wick is a common setup to go back across where she came on the following candle. Now, the candle following failed to make it back across or close higher than the opening of the candle labeled #2. Either lock positive pips when the following 15m candle labeled #3 opens or close and go south with her. Notice that candle #3 tried to go back across the 15m 35/50? Rejected though. If I had the long open still and locked positive pippage, and got stopped out and had the close of #3. Short on the following candle is the next trade. Candle #3 closed lower than our long candle.

I recommend you save this chart. I've seen it numerous times and so will you. I hope this helps, if I need to go further, please let me know.



POST 832:

Thought I'd post up the following chart to point out you really should trade what you see, and not just part of what you see, but all of what you see. You'll get what I mean as you read on.

Got on this morning, and the first thing I saw on the 15M chart was the three long up wicks near the 200 ema, and based on that I went short. My bias was short from that point onwards, so I took a short each time it came up to the 4070 area. This area was also significant because it was near the 1H 50 EMA. Don't get me wrong, this got me decent pips so I can't complain, however, I wasn't reading all the PA.

Notice the big green candle circled in red. It makes a clear break of the 50 EMA, that should have been a warning to check for retests of the 50 EMA. Notice all the areas circled blue? We're testing EMAs and the further right we go, the EMAs being tested are higher - suggests bears are weakening.

Now taking a look at the hourly chart, the hammer looks very bearish, however, scaling down to the smaller timeframe, we can see that the bulk of the hammer is formed by a bullish piercing pattern, in the blue square on the 15M chart. Based on how the individual candles formed, I'd be happy to ignore the hammer.

Another clue as to where we were going in the early part of the day was to look at the daily, where we had a bullish petrifying harami candlestick pair. (Credit to Bones for pointing this out)

So by reading some of the PA, I made some pips. If I'd read all the PA, I could have made more pips. This hasn't finishing playing out yet, so I could be totally wrong on how I believe this will play out. Anyway, lesson learned, I won't make the same mistake again, and hopefully, anyone that reads this won't have to learn the way I did. 😊

UPDATE: Seems we continued to stay above the 200 EMA on the 15M chart (the uppermost line in my previous chart), and failed to break below it. So we could have held on to our long from the bounce off the 50 EMA earlier in the day, or traded bounces off the 200 EMA upwards.



POST 853:

*Yes EO...please post when you get a chance....clueless here....
Well....got caught up in a call as I was waiting precisely for that touch of the 1H 62 ema.....I'll find a seat...I hope 😊*

Here, see if this helps.



POST 859:

Sorry...what is shelf ??? 😊

RT4x - Have a look at the attached chart. The red line there is 1.4074 which I have marked on my chart as a support/resistance point. (I use S&R in some trading and it does provide confirmation to me at least of MA S&R values)

Note: this is 15m chart (from recent but not current time).

Starting from the left (by the number 1). We approached this support value from above and the first two attempts support held, but on the 3rd attempt sellers were able to push through this point.

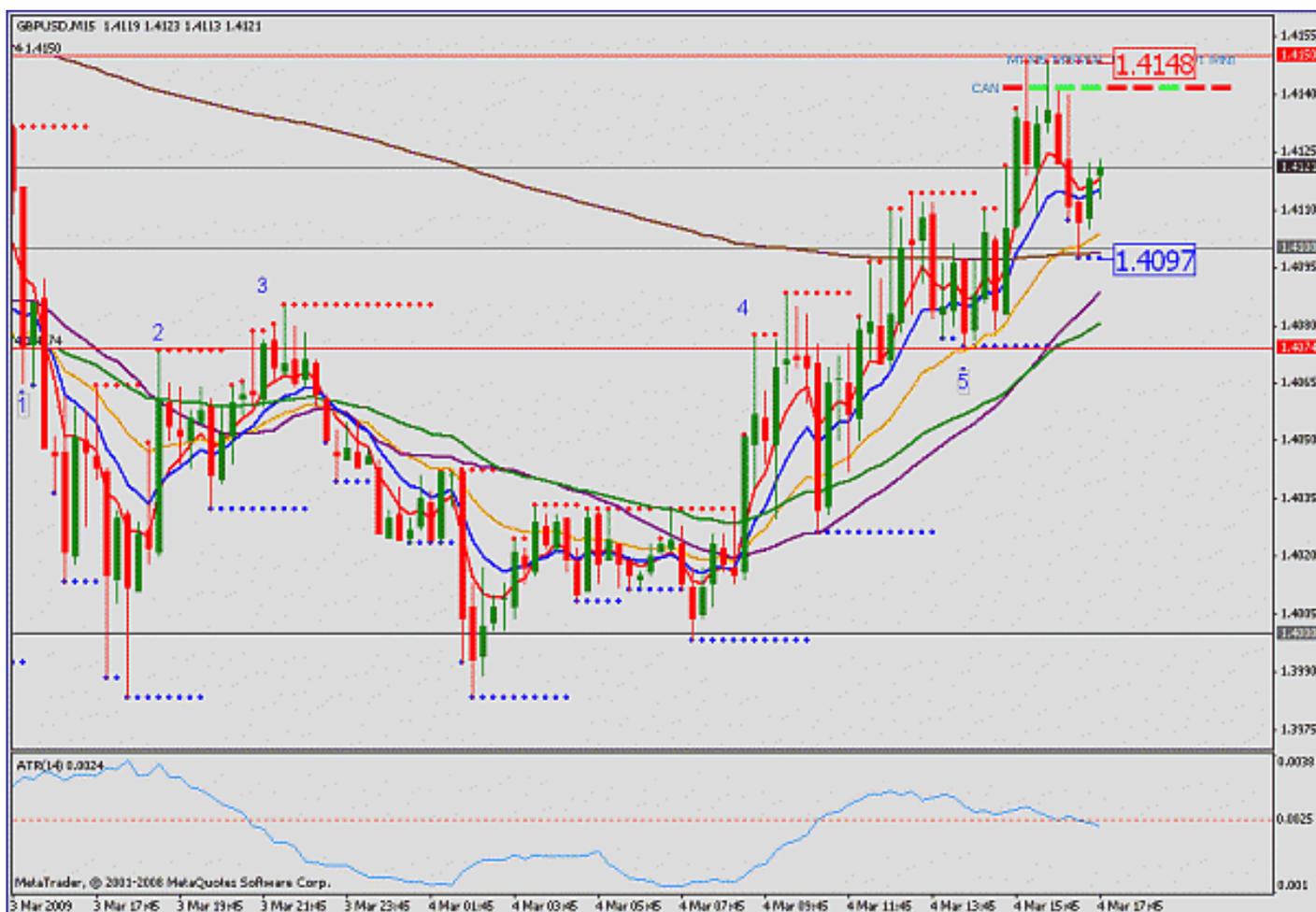
Now as we approach #2 and #3, this previous support value now becomes resistance. You can see several attempts to push through it from below (points 2, 3 and 4), and after several attempts at point 4, there is a pullback and a new surge that carries us through 1.4075.

Now this resistance value is back on the table as support, and we get support as you see near number 5.

From there the next value of support/resistance I had marked was 1.4150, and my charts show the high was 1.4148 before the retracement.

The challenging part is that you don't know when support/resistance will hold or not.

Hope this helps.



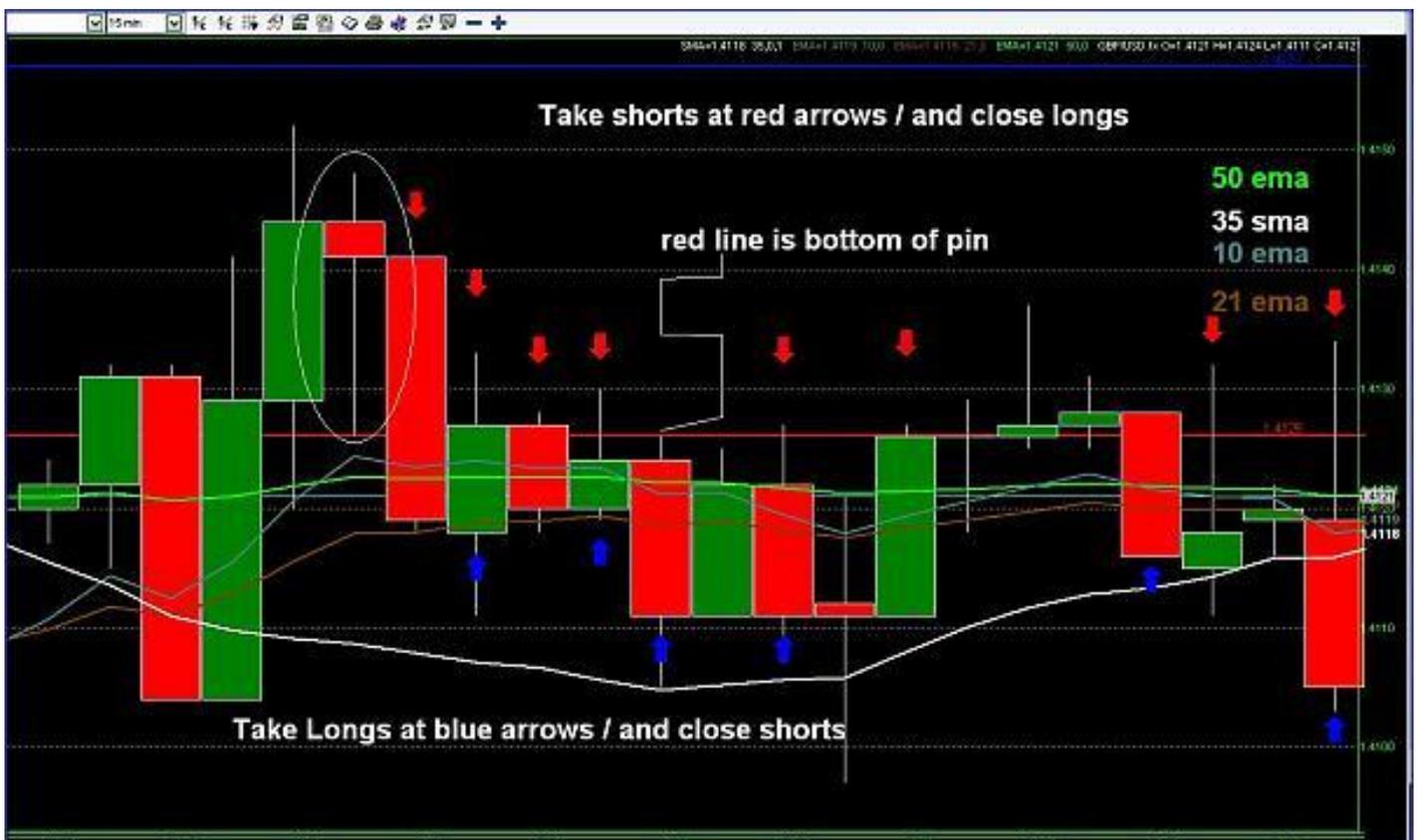
POST 1149:

Here's the 15m chart. Notice the hangman I have circled. Remember how I've been saying that prior PA is always in play until the candle is taken out? This is a prime example. Everytime price came up into the bottom wick, I went short. Once it crossed the ma's and closed, I went back long to the mid wick price.



POST 1155:

E,O ; I have made a chart of what i think you were saying about your 15 min trade today. Thanks for ll your input..



POST 1162:

Here's what I'm looking at. If the top of the channels hold, we will see 4080 and possibly lower. Were in the middle of the channels atm. Over the past couple of days, we've made higher highs and higher lows. She's shifted upwards, so, if we break the 425x area, we could see 4300 and more, same goes on the bottom, should we break the bottom, we will break it good. Either way, she's been winding up for a big ass movement.



POST 1316:

Here's a chart showing the driver for my longs earlier. Notice the candles circled in green. Until the first candle gets taken out, meaning a close below the wick, this is the driver for long positions. Now, I wouldn't run out and take a long position right now. End of day is here, all the ma's are coming tight, we have London news due out in 3h. If you do fancy a long, the SL is 25 past the bottom wick of the first candle circled. Again, I'm not recommending a long at this time, but this was the driver for my long position earlier



FAQ's/Comments worth noting (from thread)

POST 27:

do you mind a question, eo?

how can you sell when there's three white soldier on the candles, and i't closing above the MA... and also for the last trade, where u sell when it's only almost nearly touched the blue line...? thx

Good question! The first sell order on my chart your referring to is a time of ranging before the DOW opens. When she's ranging like that, I'm not afraid to sell back into it. She closed a full candle through the 35sma with a small wick. My system tells me to go against her when she's just ranging like this with my SL around 20-25 pips depending upon spread. This is hard for many traders to do. You see it moving hard one direction and you go the other direction. Please note: This entry requires the candle to be closed before entering. DON'T TRY AND PREEMPT HER.

The last trade is a nice trade for whenever you've missed the move and just can't find a seat. Notice how she pulled back between the 10sma and 21ema? If it was early in the

breakout, she might only pullback to the 10sma, close and go back in the direction of the breakout. The downward angle of the MA's tell me it's safe to go back into the trade also. Again, you have to wait for the candle to close and order on the opening candle.

I hope this answers your question. If not, please let me know and I'll try to explain further.

Happy trading!

POST 32:

I personally want to thank you for starting this thread. I'm hanging on every word so far, and the charts. I guess I've become a bit of an EO groupie of sorts, in that I follow your advice or at least trust it for the most part because I've seen you make some great calls. Now, I haven't taken a trade based on your calls though, but only because I want to know how and why and make the call myself. That's where I'm at right now, trying to learn and stay in the game just another day and another and another. Besides thanking you for your advice, I'm...

Welcome to the thread! That's the goal of this, to show you how to make your own calls and not rely upon someone else. I hope I can convey that in the upcoming posts to help you and others understand what I see and what I'm looking for to take a trade. I'm not 100% right and I'm not afraid to admit it when I make a bad trade. This is hard for some traders to grasp. It's ok to be wrong, it's nothing personal, this is business and everyone should treat it as such. When we're wrong in business with a client, we admit it right? This is the same attitude to have, just in this case, our client is the currency pair we're trading not an actual consumer paying us for goods or services.

Happy trading and I hope you find my posts useful!

POST 55:

I also want to thank you for sharing your thinking in trading and would like to contribute to your thread with the following questions.

Firstly, do you always have an opposite pending order at your SL?

When and how do you scalp? (I don't but I know I am missing out 😊)

If you were to give a characteristic for each MA you have on the different TFs on your charts (as indicated on the first page) what would it be?

Please keep this thread going.

Thanks

I hope this answers your questions, if not, please let me know and I'll go deeper.

I do not always have an opposite pending order at my SL. There are times when she's getting ready to breakout, that I will have an opposing order at my SL. For example, if she's been playing ping pong back and forth the ma's on the 15m chart, we're getting into heavy volume time of the London or US Session and we're getting tighter highs and tighter lows. She's getting ready to pop. She's not always wanting to breakout though. She likes to breath. Look at your charts, it looks like a damn heartbeat. This leads me into your next question about scalping.

I do like to scalp during the Asian session. The 15m chart playing off the ma's and going after 15-30 pips, sometimes more if she's giving it up. The Asian session, leading into the London session usually gives a nice opportunity for scalping in my eyes. She's building up during this time for a move usually and a commitment of 100-200 pips on that move. This is when I start looking for my counter orders at my SL.

I'm not sure I understand your question about giving a characteristic to the MA's I have on my charts. I hope this is what your looking for. On the 15m chart, I respect the 35sma along with the 50sma/ema more than the others. Once we have a breakout, I'm looking at the 10/21 next to confirm the movement and get into the trade if I missed the intial entry point. After she breaks out, she will usualy pullback near the 10 first, confirm the move and fall more. If she doesn't fall farther than her current low, she's coming back to the 21. If the 21 doesn't hold, she'll goto the 35 next. On the 1h chart, I highly respect the 62 along with the 50. Now, we don't usually see the 62/50 area everyday, so my next respect is on the 10. Whatever side the 10 is holding her on, I'm looking for trades in that direction primarily (IE She's being held under the 10, I'm looking for short setups). I don't rule out long setups though. This is where price action comes into play. If you don't know about price action, please go study up. On the 4h chart. I value the 10 over the 5. I'm not entering trades off the 4h charts anymore because I'm not looking for one trade to hold over a day or more. Trading off the 4h chart is a great opportunity and allows you to set a trade and walk away. This is a great way to trade, don't get me wrong, but I can make 3x+ by trading her for her movements than only making 1 trade per day.

I hope I've answered your questions. Please let me know if you have any questions at anytime. Trading is not that hard once you see it for what it is.

Trade well!
EO

POST 64:

.....
I understand that you rule your entry based on the price action of the 15M. My issue with scalping is that I don't have a pre-defined exit and a price where I can place my SL at. For me these are two very important elements of every trade. Could you demonstrate these using the chart above (15M 28th November)

Thanks

I understand what your asking, but I don't believe there is a fixed amount of risk to every trade. IE I cannot say a 25 pip SL works on every trade. Cable moves, and we need to be able to move with her. If you notice all the candles I have circled on the chart for the 28th Nov, my entries would be on the following candles open. Sometimes, I'll wait to see if I can get a better price, because she normally will go up a little bit, no more then 50% usually of the last candle's wick. I've been burned waiting though, so caution here. That's why I lay the rule of enter on the opening of the following candle. You have to expect some drawdown on your account. Now, to your question on SL and on the prior posted chart. I'm looking for an exit if price get's above the wick of my entry candle. I do like to secure my position as soon as possible and let her tell me when it's time to get off and reenter. I find that when I scalp I don't have a problem, going short, then long, short, then long. It's like playing ping pong with yourself. I hope this answers your question. If not, let me know and I'll go deeper.

Trade well!
EO

POST 81:

Having targets is often underestimated in this game.. One should always have monthly targets set that they try to achieve. Once this target is reached, you will be in bonus round. 🎰 Seriously though, when you set targets, it provides extra motivation when trading to make pips and keep pips. When you reach your monthly goal, you should try not to get back below that level. It will help you control your emotions generally..

Here is a template spreadsheet where you can enter your targets and track your progress. It gives you monthly targets for 2 years based on your initial investment and target percentage profit. My target is 35% but you should adjust the target % to a realistic amount that you are certain YOU can achieve. I set it at 10% in the spreadsheet.. you can step it up when your trading improves.

Bless

POST 97:

I think a 30 pip SL as a rule you will loose more than win. I have some setups that I have a fixed SL set, and others that I don't. I find that each trade deserves it's own SL as the risk:reward factor needs to be evaluated too. For example on one of my setups where I have a hard 30 SL, on the 15m chart, the candle closes through the 15m 35sma/50ema, this candle closes with a small to no wick, I'll go opposite the direction it came (meaning if the candle that closed is long, I'll go short on the opening of the next candle with SL around 30. Other times, if I'm entering off of a price action candle, my SL is past the wick of the closed price action candle.

Every trade is different and you need to treat them as such. I'm sorry to hear you've blown an account. It happens, don't take it personal. You can trade this market, just step back and look at her. She breathes like an animal. Our goal is to get the bottoms and tops and not get caught up in the big breaths where she runs on (like today on cable).

Read my thread and reread it, I hope you find value in it. If not, ask me questions, I don't have the holy grail, but it puts good pips in my pocket day after day. I might need to reexplain something so you understand it better, so please, ask, ask, and ask some more.

Trade well!
EO

POST 100:

No problem, just remember that if this is something you truly want then go after it like your life depends on it. Because it does!!

Don't ever give up.....Study, learn and learn some more, be hungry to learn everything you can about this market. 🤖

It's amazing what happens when you put in the time to get something you truly want!

HOLLA 😊

DETERMINATION! 🙌🙌🙌

Now that was a strong statement my brother!

Anything is achievable, your desire has to exceed the fear of failure.

POST 103:

Eo, thanks. I have not been using a hard SL at all for awhile, and that has both been beneficial and detrimental. It obviously has helped me avoid losses that I might have taken, when they turn around, but also put me in the situation where I have to make a decision of when to cut. That is one of my key weaknesses and my downfall so far. Perhaps that's tied into my lack of risk/reward strategy as well. Well, I'm still forming my style and strategy, but yes I am missing some very important pieces for sure. I am doing as much as I can to keep learning,...

I don't have a book on patterns that I could recommend. Over 5 years of looking at charts is all I have. Here's something to do, everyday at the turn of the new day. Lay out on your chart the key levels from the day before. Now, look for price action around those levels. You will find, she likes to go back and forth and eventually break one of the levels to determine which direction overall she's going to go. Use the MA's as targets for profit. Enough screen time and you will find that it talks to you.

POST 111:

Yo EO..... 🙋🏻😊

As far Pending Orders go, when do you place them????

And do you place them near MA's?? 🤔

What is your thought process towards this?? 🤖

HOLLA 😊

I like pending orders. Nothing like getting into a trade without being at your computer. I do set them near the higher respected MA's For example: If the 4h chart is showing resistance at/near the same price as the 1/ 62ema. I'll set my Pending Order Short at the 1h 62ema price, maybe a little lower because of spread, and set my SL according to my 4h chart. Since, we cannot be there to watch/manage the trade, we don't want to enter a position and just get wiped out in 15m. Trades need to breath and develop. I don't recommend PO's for trades that your only looking for 25 pips on. I'm looking for good pippage when I set a PO's.

Hope this helps!
EO

POST 208:

I have two pdf files I would like to share. I did not create them, but I think everyone will find them resourceful.

Trade well!
EO

<SEE THREAD TO GET PDFs>

POST 220:

I heard someone today on the cable thread say they didn't like the pitch of their ma's that they were too steep. Here's my view, when the ma's get a sharp pitch to them, like they are pointing at 2:00, my trades go into a trend trade, looking for longs off the 5/10ema's and looking for my exit with PA. When they look like they are pointing at 5:00, my trades turn into shorts off the 5/10emas. This is easily seen on the 15m chart.

Now, put this with when the ma's have been flat, we've been ranging or ping ponging across the ma's on the 15m. She breaks out, either north or south. The ma's will shift and angle either up or down, the 5 and 10 are the first to shift. Look for confirmation of the breakout by the close of your candles. Once confirmed, it'll usually only take one candle, you can set PO's for a price around the 21ema, 10ema, 5ema and let the market pull you into the trade. SL are usually two ma's lower than my entry price. So, if I get in on a price around the 10/21, my SL will be below the 35/50. I will determine which one I will use based upon how the wicks are on the candles, especially the confirmation candle.

Go back on your charts and you will see what I'm talking about. Remember, when it's live,

you need to pay attention to you upper time frame candles.

If you have a question, please don't hesitate to ask.

Trade well!
EO

POST 286:

EO - Couple of quick questions if you don't mind.

What is your typical goal for a week/month? (ie 100 pips/week, 400/month)

What is your typical trade management approach? (Do you take half/partial profits at a set amount? Move SL to BE at a specific number of pips/time in the trade?)

Just interested in trying to understand your approach, as I think I'm starting to "see" things the way you do (somewhat), and I find the shorter TF's suit my trading personality and the NY session definitely fits my lifestyle (live in EST timezone).

Thanks....

I don't so much have a pippage goal as I do have a \$ amount goal. I've been averaging around 1000 pips per week.

I like to take half of my position off at 50. When I enter the trade, my TP on half my position is set for 50 right off the bat. If it is hit quickly, then I move the remaining position to +3. I'll use my ma's to manage my SL once she continues to move. For example, the last short I took, I've already taken 50 off, SL is at +3 on the rest and I'll move my SL to above the 5ema on the 15m once we get 2 candles past my entry.

The NY Session is a great session to trade. Plenty of pips to be had.

POST325:

EO.....

How do you figure out your Support and Resistance lines for all your charts??

Thanks in advance 😊

Support/Resistance on my charts is drawn automatically by my software. I draw mine a little different, usually higher or lower than my software. Best way to draw it yourself is off the prior PA on the time frame your looking at on your chart.

POST 391:

Thanks. That helps, was thinking I was reading this price action incorrectly.

sorry to be a pain but on a previous post you mentioned that you would reverse any candle closing across the 15m 35/50, I didn't take it but was very tempted. your thoughts if you would then I'm off..

A little difficult to see candle.

*Blue 35
Brown 50*

I do go against the grain when we cross the 15m 35sma/50ema. I'm looking though for a full candle with a small wick for this trade setup. If the candle has a longer wick and fuller body than wick, then I'll wait for the other candle to form or set a PO against the grain 20 pips higher than the candle that closed across the 35sma/50ema with TIGHT SL around 20

pips. These are against the grain, but can yield nice pippage.

Don't feel like your a pain, questions are good, ask away. Even if this doesn't make sense, let me know, and I'll find another way to explain it.

POST 421:

As it is a rising price..what do we look for in terms of PA candle? I have less problem recognizing PA candle on reversal...but how about continuation like now???

BTW...I have printed most of the charts you have posted here and am studying one by one....your efforts are truly appreciated here !

I'm looking for a buy off the 15m 21ema. The higher time frames are supporting the upward movement atm, granted, this can change in a heartbeat. We're approaching the 15m 35sma/50ema and have been rejected (to be expected). Let price come back down to around the 418x area. Notice how the ma's on your 15m chart 5/10 have crossed and moving northbound. Now, longs want the 5/10 to hold price up, shorts want the 35sma/50ema to hold and push her down.

POST 828:

Hello ; EOhater..and everyone,

Just finished reading the thread and saw the pin bar, Took the trade didn't get filled great but didn't jump in with both feet so added to my trade higher up bring my entry average to 65. area.. The area I have circled when the red candle opened they were both flat tops. Was that a signal for a short also ? . I then added to my position once more .. Unfortunately my wife locked her self out and I had to take her some keys.. So closed with a -4, Before trade could complete it self. Took same trade off another pair...

Ken Lee,

Good questions! I took the short myself after the 15m pin and made some nice pippage to 4000. The following candles that you have circled are what I was watching as well. PA candles are always in play, and if you missed the move, you can always find another seat. If I didn't get in right after the 15m pin closed and saw the 15m candle that closed below the wick of the pin, I would take the short there with the same SL of 25 pips higher than the wick of the pin. Better entry price obtained with smaller draw down on the account. I had talked about this today about how I didn't want a close above the 15m pin. A close above the 15m pin takes the pin out of play. Next setup please.

Trade well!
EO

Weblinks

Here are some weblinks that have been posted throughout the thread:

http://www.candlestickforum.com/PPF/Parameters/16_20_/candlestick.asp

as promised video clip on ta from barclays capital talking about the falling wedge....

he babbles on about CRB index first then moves to cable
<http://www.cnbc.com/id/15840232?video=989570650&play=1>

Hello everyone,

Thank you EO for keeping up with this helpful thread. Since the discussion came up regarding candlestick patterns, I would also like to share with you an ebook collection by

the man I consider an authority on candlestick patterns, Steve Nison.

<http://www.pdf-search-engine.com/steve-nison-pdf.html>

Whatever method we use to trade, price action should confirm our entries (and why not, exits) so as to have a high probability trade. Please bear in mind that the location (i.e price range) where these patterns take place is what's important to ensure their credibility as good entries into a trade.

Happy Trading.

<http://www.forexltd.co.uk/trade/mt4>

Special thanks

Would like to add a special thanks to EOhater, Infinity and several others who use their time to assist and educate the novice traders. To them we shall always be grateful.