

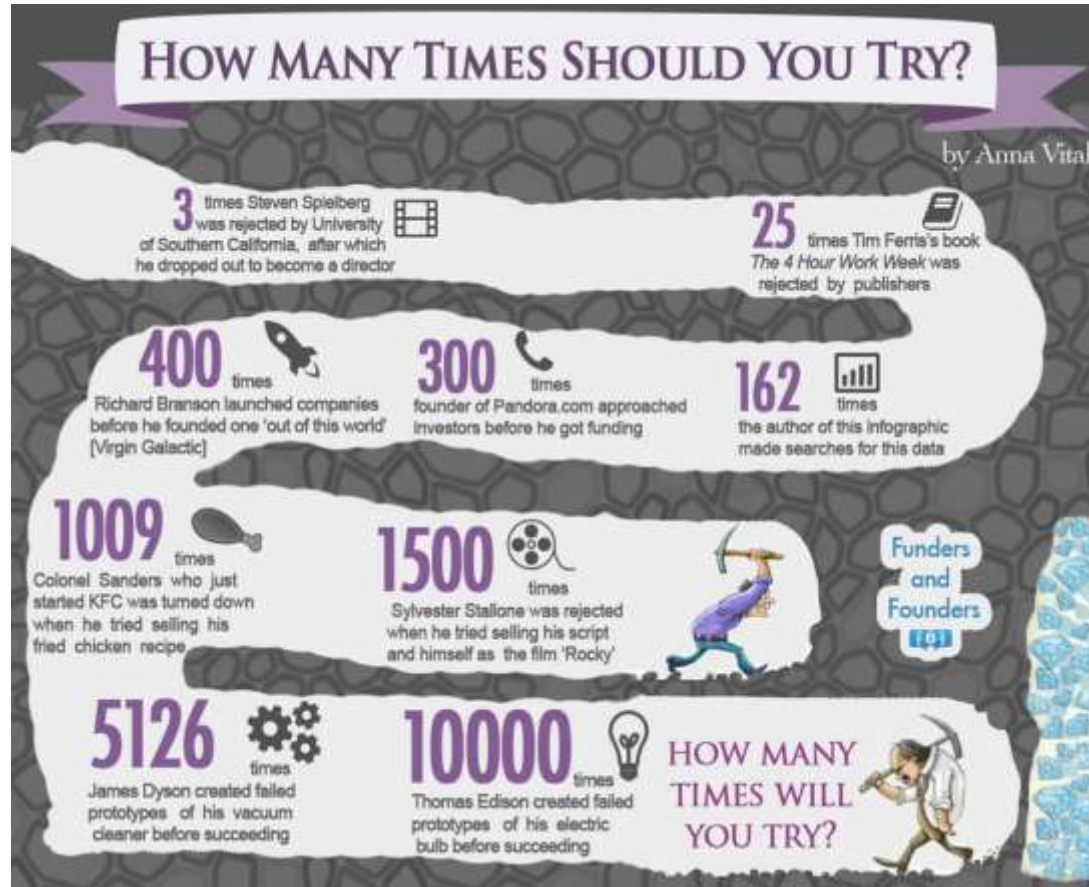
# Alien

Breakout and Trend Following

# Strategy Overview

# Key Elements

## #497 – forexalien

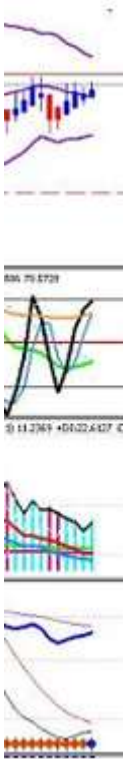


- **TIP: It is best that you re-visit as many of these pages of examples as you can in time**
  - **this will reinforce your thought process and scanning technique for your eyes**
  - **Like watching a movie a second or third time, you see things that you have missed from the first viewing of that movie**
  - **The same goes for reading and understanding what you see here**
- Get it to sink in.....**

# Key Elements – Key Summaries

- #558 - [rglenn](#)
- #949 – [rglenn](#)
- #1449 – [occamsrazors](#)
- #1452 – [occamsrazors](#)
- #1723 – [rglenn](#)
- #2025 – [rglenn](#)
- #3283 – [dan4o](#)
- #7365 – [marco91](#)
- #15863 – [AlexF81](#)

# Key Elements – Trigger levels forexalien



- #1304 – 4xxxx – Question
  - You mentioned above that the trade can only be acted upon when 21sto goes above 50%
  - Would you apply this "trigger level condition" to other time frames as well
    - i.e say 50% level on 15 min chart?
  - I am not asking for specific number as such but more a generalisation; I am wondering if you have found any "sweet levels" at different time frames?
- #1323 – forexalien - Answer
  - The 50% level can also be the fake out level, make sure most all of our triggers are in place, and only then, once the trade is moving , jump in
  - As far as sweet levels, if you review the charts more;
    - Crossing 50% is a good sign
    - Entering 20% or 80% is a Great Sign
    - and if you can get all 5 ADX's to expand, this is the sign!
  - All I have done, is line up indicators to areas, this lets you see that price action is going to start racing off and where to
  - 21sto is a great trend following line to watch, it helps smooth things out, and if it turns sharply, movement is in the air
  - Don't just count on 1 indi to work all the time, this is why I have several things to look at to give trade confirmation
  - And if you can see these setups and same directions on a few different time frames together, momentum should be with you

# Key Elements – Grades of setups

- #863 – forexalien - Yes and the ADX must start expanding all 5 is a grade "A" trade
- #930 – forexalien - things are becoming mixed in the market for most pairs , so take your time and wait for momentum GRADE "A" trades, most ADX's in all TF's are going mixed also, so sit on your hands and look for new trades
- #1343 – FerruFx - A grade "A" setup is when all conditions discussed meet for an entry

# Key Elements – Grades of setups

## #1420 - forexalien



- EJ M5
  - Resting while ADX89 & 144 still expanding
  - Price was resting downward, found the bottom with our setup, and took off running for the moon
  - The M1 showed the beginning of the way
  - M5 resting was the BBS
  - 21st change in direction
  - DSTrade
  - ADX contraction and then expansion of ADX7, 21, 42
  - **This is a GRADE "A" Trade**
- #1421 – forexalien
  - **This is how you find the waves as they rest and power, rest and power...**



# Key Elements – Toolset

## #1160 - FXKabab

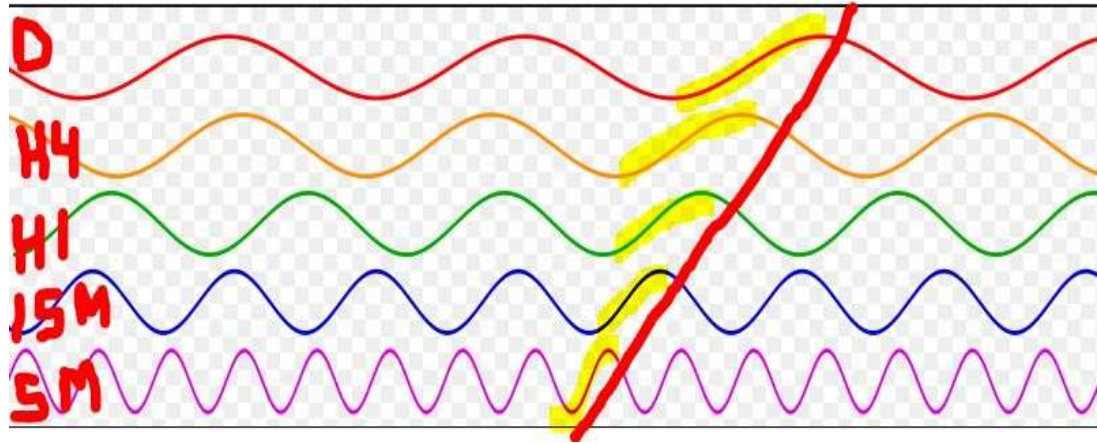


- Lighter system resources
  - RSIOMA Light - Modded so it doesn't have histogram or trend calculations (just the bare RSIoma + Moving Average)... you can also change the thickness of the RSIoma in this one, if you wanted to do that
  - BBSqueeze Light - Modded this one to remove the Momentum/Linear Regression calculations and Histogram... again, just the bare Squeeze on/off lights remain on this one now
  - Heiken Ashi - Just modded this one so you can change the colors of the bars if you want
  - ADX - Modded this one so you can change the color and thickness based on the SLOPE of the ADX ... this is useful if you don't have Alien's ADX dashboard
- See Post [#1179](#) for indicators



# Key Elements - Waves within Waves

## #28 – forexalien



- When thinking Multiple Time Frames, a key concept when looking at charts from the top down and the bottom back up to make good sound trading decisions
- Here is a quick idea on how one must line up all the Time frames as to enter without much risk involved
- The wave example, Red is Daily, Orange is H4, Green is H1, Blue is M15, Indigo is M15
- There is only one place on this chart of Multiple TF's that you can make a safe entry
  - It is where the M5 drives the M15 long, which drives the H1 long, which drives the H4 long, which drives the Daily all long, at the same time
- If you were to draw a line on any other M5 wave long, it will not line up with the other time frames, and give you a poor trade, or negative pips
- Use the RISOMA to help you find this location for the least risk trade to make

# Key Elements – Waves within Waves

## #449 - forexalien

- **Alien rides the waves**, This is the reason for trending, trending is because the professionals can find the bottoms, tops, or turns, **as we can**, Alien seems to get in before the larger moves happen as you can see
- Using the TOP down method, you can start to see the larger turns on the monthly, week and daily in advance by looking at the reactions of the H4 and lower as they slowly make their turns
- As in the beginning pages of this thread , Alien shows examples of Price Divergence with the RSIOMA, this is Important to learn as you can get in to the exact reversal with little going against you.
- Alien likes to trade using where price can't go anymore
- Now back to your question , we find a daily or week turn, we then find H4 dips for the daily, or daily dips for the weekly to add positions, you can take this all the way down to H1 dips for the H4 . The pros start a position, and add all the way up as the trend goes, every dip where they can see a new bottom
- Using smaller time frames , some of the bottoms come sooner then expected, the M15, M5, M1 may turn in just a few hours , never giving the H1 a chance to fall further, but the RSIOMA and ADX should keep you on the good side
- The other day we had a great example of this , Vspatrick pointed out an EJ trade (25 page Trade Analysis later) he wanted to go long on, using the RSIOMA/DDS system on M15 that had not turned up yet, he asked if it was too early to get in, and I replied yes, I then proceeded to show the thread how I follow the M5 and the M1 down to the turn long again. We found the bottom being patient like an Alien, not the fast button pushing humans
  - Waiting for the bottom by watching the lower TF's let this go to the moon, This is what the pro's look for, Alien is not a Pro, but a simple Alien looking to succeed at Forex. I think we beat the Pros to that turn by the way
- Retail traders can only see the small waves and counter trend trade against the large trend and they blow up their account, when it's time for the pros to add another pile of money to the trend after the retailers are lulled into an opposite trade because the market is resting before the next big move
- **TIP : Do not counter trend trade when the market is resting and not moving , this is death !**

# Key Elements – Wave Counting 1 of 2

## #1188 - ShepherdL

- Hi Alien, I am thinking about going long for UJ? What do you think? The only time frame bothering me is H4? Please help comment
- #1193 – ShepherdL - Here is what I think
  - Daily - RSIOMA staying above 80 – LONG
    - ADX 7 and 21 losing power, but 42,89 and 144 still powering up
    - 8sto going down, 21sto and 100sto are still above 80
  - H4 - only time frame bothering me
    - RSIOMA: below 50 but turning up
    - ADX: All speeds except 89 pointing up
    - 8sto going up, 21sto turning up, 100sto staying above 50
  - H1 - RISOMA about to go into 50 area
    - ADX: All 5 speeds powering up
    - 8sto above 80, 21sto and 100sto turning up but still below 50
  - M15 - RSIOMA above 80
    - ADX: All 5 speeds up
    - 8sto and 21 sto above 80, 100sto turning up
  - M5 - RSIOMA above 80; ADX: All 5 speeds up; all sto's above 80.

# Key Elements - Wave Counting 2 of 2

## #1201 – forexalien



- It looks like your reading it right
- Daily 8sto below 20% can be like the DSTrade where it will come back to the 21sto and also 100sto since they are FLAT over 80%, confirm with lower time frames if and when you see the turn happening
- **TIP: Imagine H4 RSIOMA as the Daily 8sto, as the H4 RSIOMA turns LONG, so will the Daily 8sto**
  - This confluence between time frame indicators increases confidence in a trade
- #1203 – forexalien - more advanced thinking here
- **TIP: Alien when created his systems, he tried to match the flow of indicators from one time frame to the other**
- The EJ M15 chart has highlighted the 21sto which most times mimics the 8sto on the next higher time frame, H1 on the right chart
  - you can see they both come down, flatten out, both take a dip and then go long again, go flat over 80% and both take a small dip up there
- This is Great for Wave Counting and watching price action rest, as so you do not get faked out thinking price might come back down.

# Key Elements

- There are 3 principle elements that make up the 'view'; Stochastics, ADX and RSIOMA
  - **RSIOMA/DS for trend direction**
  - **Multiple stochastics for finding extreme tops and bottoms**
  - **ADX for momentum**
- There are sub elements that feed into these; BBS. Zig zag, Trendchannel, Bollinger Band
- The above are permuted to provide setups dependant on market conditions and these are commonly known as
  - Bollinger Band                      BBS (Bollinger Band Squeeze)
  - RSIOMA/DDS –                      DSTrade
  - Stochastic -                      Slingshot
  - 8/21X
  - Xcross
  - ADX                                      Compression
  - Expansion
- These can be considered as systems in their own right or used together to turbo charge the view
- The above can appear complex as all of the above main and sub elements can produce scenarios of conditions for trades setup and management
- What is key is to understand certain setups and look for these



# Key Elements – RSIOMA

## #2 – forexalien

**RSIOMA MetaTrader indicator** — this indicator takes two moving averages, calculates their RSI (Relative Strength Index) and then also adds a moving average of the calculated RSI. These two lines now can accurately signal the trend changes. They are shown in the separate window where they change from 0 to 100. Additional histogram indicator is shown for quick reference below the lines.

Input parameters:

- **RSIOMA** (default = 14) — the period of the RSI and the moving averages that are used to calculate the RSI. Increase for smoothness, decrease for signal frequency.
- **RSIOMA\_MODE** (default = MODE\_EMA) — mode of the moving averages used for RSI.
- **RSIOMA\_PRICE** (default = PRICE\_CLOSE) — price levels used to calculate moving averages that are used for RSI.
- **Ma\_RSIOMA** (default = 21) — the period of the moving average of the RSI.
- **Ma\_RSIOMA\_MODE** (default = MODE\_EMA) — the mode of the moving average of the RSI.
- **Other parameters** — configure the color settings and the trigger levels for the lines. It's highly recommended not to change them.

On the picture the bold blue line is RSI of the moving averages, the thin violet line is its moving average. RSI above MA and RSI above level 50 is a signal of a bullish trend. RSI below MA and RSI below level 50 is a signal of a bearish trend. One can also buy when the RSI breaks level 20 from below and sell when RSI breaks level 80 from above, but those are weaker signals. Histogram provides quick reference. Green lines signal BUY, red signal SELL, magenta mean overbought, blue mean oversold.



- Start on Daily timeframe, RSIOMA compressed up at top of window
- Look for same on H4, then H1, then M15 then M5 for the RSIOMA unwinding short. As each higher TF follows, look to short
- Divergence useful to stay on right side of trade
- DO NOT trade when little space between signal lines or they are FLAT

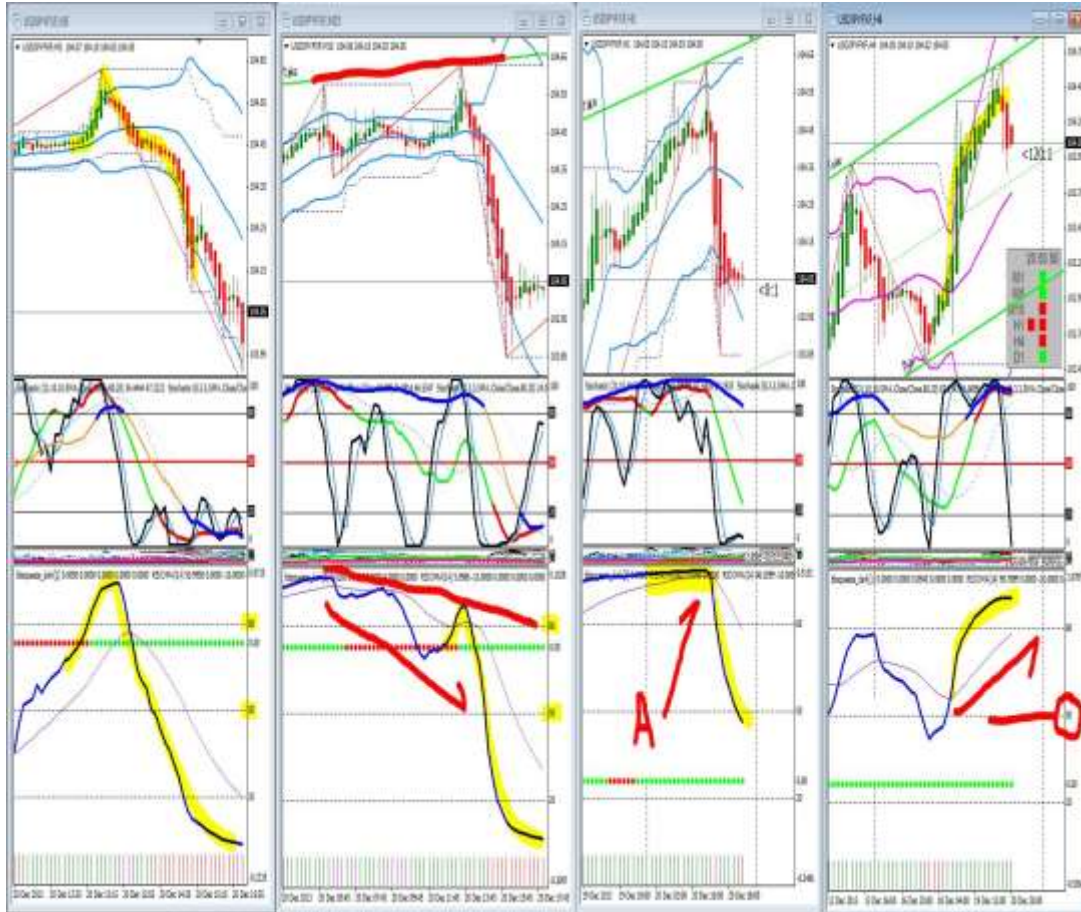
# Key Elements – RSIOMA

- #316 – forexalien - RSIOMA is the one that needs to be over 80% and under 20% for this to work. If it outside of these levels then it cannot be a grade A trade
- #433 – forexalien – RSIOMA
  - **TIP : I feel it is great to have the month, week ,and day all short, because all you have to do now is just watch the H4, you can do one of 2 things**
  - Keep shorting the tops on the H4 OR wait for the H4 to stay long enough till the daily turns long again
  - currently the h4 went short this week, the H1 is also short on wave 3 of the h4 chart
  - watch the H4 for a LH OR a HL to find a possible trend change, we will keep posting as the thread develops here
- #1389 – forexalien
  - **TIP: RSIOMA - above 50% is LONG - below 50% is SHORT**
    - you may need to drop down to the next lower time frame and confirm the direction it is heading to see if it will bring the higher time frame with it



# Key Elements - RSIOMA

## #4 – forexalien



- H1 RSIOMA is compressed high against the window ceiling, marked A
- We are looking for a break of that compression to the downside
- Look at next lower TF for clues as to when H1 might break down
- M15 divergence in the price still climbing and RSIOMA slowly falling away to create this divergence
- This is the clue that the H1 is soon to come down
- To take this one step further, look at the M5 and see the strong fake to the long side and then it crosses back down to give a great entry

# Key Elements - RSIOMA

## #7 – forexalien



- Looking at the UJ Daily Chart for clear bias
- When the RSIOMA is ABOVE 50% the market is LONG
  - When RSIOMA is over 80%, this is a STRONG trend
- When the RSIOMA is BELOW 50% the market is SHORT
  - When the RSIOMA is under 20% this is a STRONG trend
- For the market to be above 80% or below 20% on the daily this means the trend has been in place for a while I.e. weeks/months
- Watch the lower TF's for clues that the market is changing,

# Key Elements - RSIOMA

## #9 – forexalien



- So it is clear that the Daily is still Long, and you must keep that in mind when you start to look at the lower time frames to pick your entries
- Alien always says it's long until you are proven different.....
- We see the H4 UJ here, and I highlighted the above 50% area, and you can see the RSIOMA is spending a lot of time in this area, which would tell you the market is Long
- I am not ready to talk about channels yet, but you can see the RSIOMA staying above 50% most the time and the price action coming off the lower trend line and moving to the upper trend line for entries and exits to be taken
- The Daily will turn down at some point in time, your need to watch the H4 for that to start happening
- As the RSIOMA starts to move to less than 50% and spend more time below 50%, a Daily retrace will be happening or a trend change on the Daily will be starting.



# Key Elements - RSIOMA

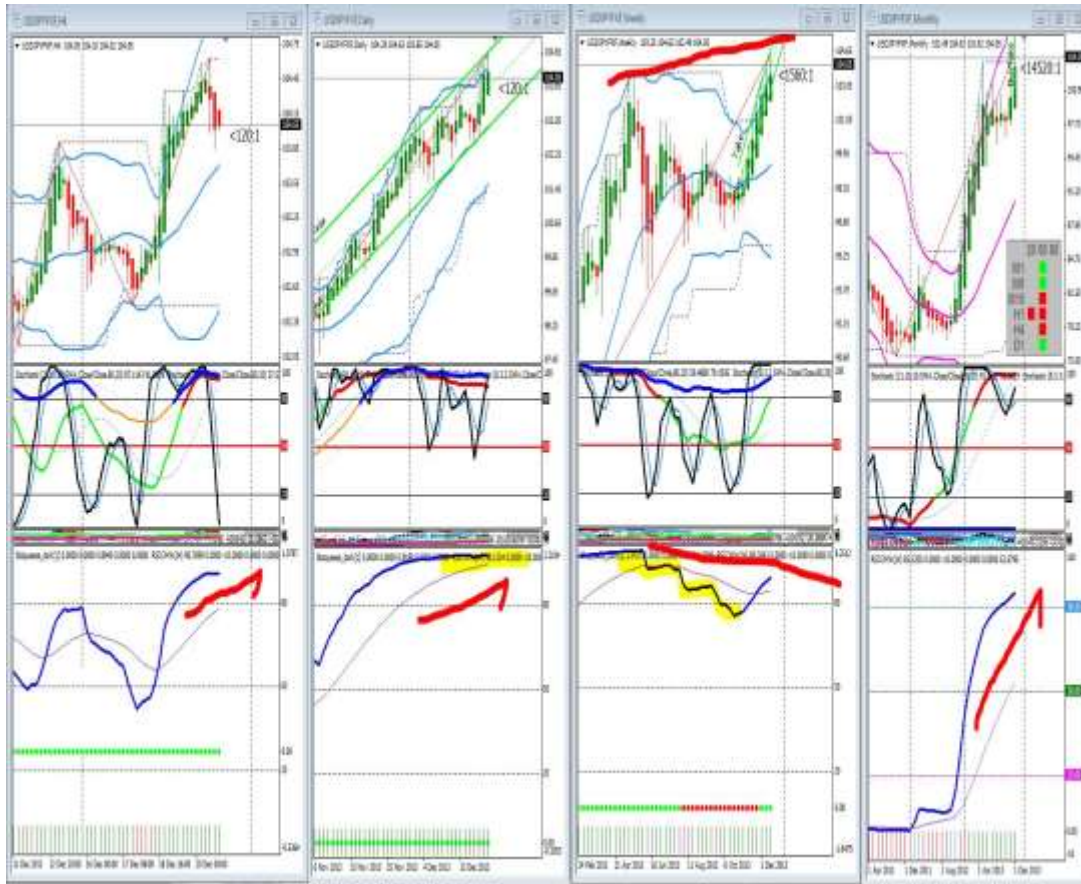
## #11 – forexalien



- You have seen the H4 UJ
- Now lets match it up to the H1 UJ
- Not knowing when the H4 will make it's next turn, I look at the H1, which gives you clear turns
- Not knowing when the H1 will turn, go look at the M15, and then the M5 and you can scalp with the M1
- This is the main trend direction indicator. Start with larger time frames and look for multiple time frames to have the same direction for a trade
- In time this will help show the quicker turns of the lower time frames for scalping
- For safer trading, use the ADX for momentum, and multiple stochastics for finding extreme tops and bottoms
- TIP: RSIOMA - When H4 is long and H1 is short and M15 is Long and M5 is short, this equals "Ranging" or a lot of chop. Sit on your hands at this time
- TIP : When the RSIOMA is FLAT with no strong direction or is just hanging around the 50% line with no direction
  - Don't trade.....go find another pair to look at

# Key Elements - RSIOMA

## #13 – forexalien



- Monthly is clearly Long looking at the chart
- Weekly has crossed long but is showing signs of RSIOMA Divergence, the price is going higher and the RSIOMA is falling lower
- Daily is near a top also, it is compressed against the ceiling waiting to break and come down
- H4 will help us find that break as you watch them together. H4 is still long, as the H4 breaks short again, it may or may not bring the Daily down with it this time, but you will know when that happens by watching the RSIOMA over time
- Look to H1 to anticipate the H4 turn as shown
- This approach will help to understand how to anticipate the turns of the market

# Key Elements – RSIOMA Toolset 1 of 2

## Toolset to keep track of MTF Trend

Pair	Weekly Trend	Daily Trend	4-hour trend	1-hour trend	15-min. trend
EURUSD	down	sideways	sideways	up	sideways
USDCAD	up	sideways	down	down	down
AUDUSD	down	up	up	up	up
GBPJPY	down	down	sideways	up	up
USDJPY	sideways	down	sideways	sideways	up
GBPUSD	down	down	up	up	up

Pair	Daily Trend	4-hour trend	1-hour trend	15-min. trend
EURUSD	none	none	none	none
USDCAD	none	none	sell	sell
AUDUSD	none	buy	buy	buy
GBPJPY	sell	none	none	buy
USDJPY	none	none	none	none
GBPUSD	sell	none	buy	buy

- This is a simple tool to keep track of the market bias across timeframes
- It is updated three times a day
  - Post session for the next day
  - Pre session to catch any overnight moves
  - Pre NY open

- Divided into two parts
  - Trend Input – from RSIOMA position
  - Trade opportunities based on above
- The trend input will be based on the following rules for the RSIOMA;
  - > 50% the TF is LONG (LightGreen)
  - > 80% is STRONG (Lime)
  - < 50% the TF is SHORT (LightCoral)
  - < 20% is STRONG (Red)
  - direction which can be up, down or none, based on two previous closed candles
- Trade opportunity is derived from this completed table and is based on two timeframes giving the same result. This is in both colour (Long/Short) and direction (Up/Down/None)
  - Green/Green = Green      Red/Red = Red
  - Up/Up = Up      Down/Down = Down
  - Mixed combinations show as Grey or None
- I operate both a manual and automatic indie version of this toolset



# Key Elements – RSIOMA Toolset 2 of 2

## #17558 - TradeFinder

The trend input and opportunities is a manual piece of paper I hand draw and use coloured markers. It was the start point for this concept that Geppy has been using for a while. I have screenshot Geppys originals that he uses in his blog to assess the market, it is neater than my hand scribble. I am at the very beginnings of writing an MS Access database for all of my trading, hence why I have started writing my plans and methods down. Its taking lots of time but will be worth it one day. I imagine this could be done in excel if you want, I try not to use excel as its not high on my tools of choice.

Attached is the MT4 indi which is realtime and firstly all credit to Emonts who produced this a while back. Its initial code is in the thread, see paperclip. I am not a coder but have muddled through to modify it slightly as follows.

- Added colour to represent my methodology in visual timeframes, I use Monthly=Bisque, Weekly=DarkOrchid, Daily=Hotpink, H4=Red, H1=Aqua, M30=Orange, M15=Yellow, M5=Lime, M1=White. I use this on all my screen setups and indicators so i can immediately associate an indicator value to a timeframe
- This colour has been used on the RSIOMA arrow direction, so i can instantly see which TF is going up/down
- The square box represents the status ie the level of where the RSIOMA value is ie >80 or between 20 and 50 or..... The colours are described in the page I just posted
- hard coded to appear in sub window 1

Note, I coded in the M30 TF for completeness but do not use it as per Alien methodology

This is the mq4 at the version i am running now, as its now released its version control is uncontrolled

As an added bonus, I then did some coding to make this indi look at the DDS and attached is its indi, in the same format and use of colours.

How I use this is as per the screen shot and its really easy to see grades of DS Trades setting up. The best is a grade A where the RSIOMA and DDS are in opposite sides of the window. This is visually shown by a RED/LIME or LIME/RED and then the lesser grades based on the combinations in between. When you start to use this with the Alien rules you start to see quickly DS Trades into higher and lower timeframe context, just as Alien and seniors talk about

If you set up your system to have a profile with all the pairs you trade and put these two on each chart you have quite a powerful scanning in realtime

First image is showing that the Weekly (Darkorchid) is setting up a Grade A DS Trade SHORT but still rising as both RSIOMA and DS arrows are pointing up, rest of TF's are mixed so sit on your hands

Second image is predominantly SHORT and I would be looking at the charts for the entry to get in as DDS on lower TF's

Third image is showing DS Trade LONG on Monthly setting up (DDS still going down though) with H4 TF and lower aligning LONG, pick your entry, M15 looks a good place as the DDS is between 20 and 50 going LONG, for info this is USDCAD, have a look at this time pulling back!

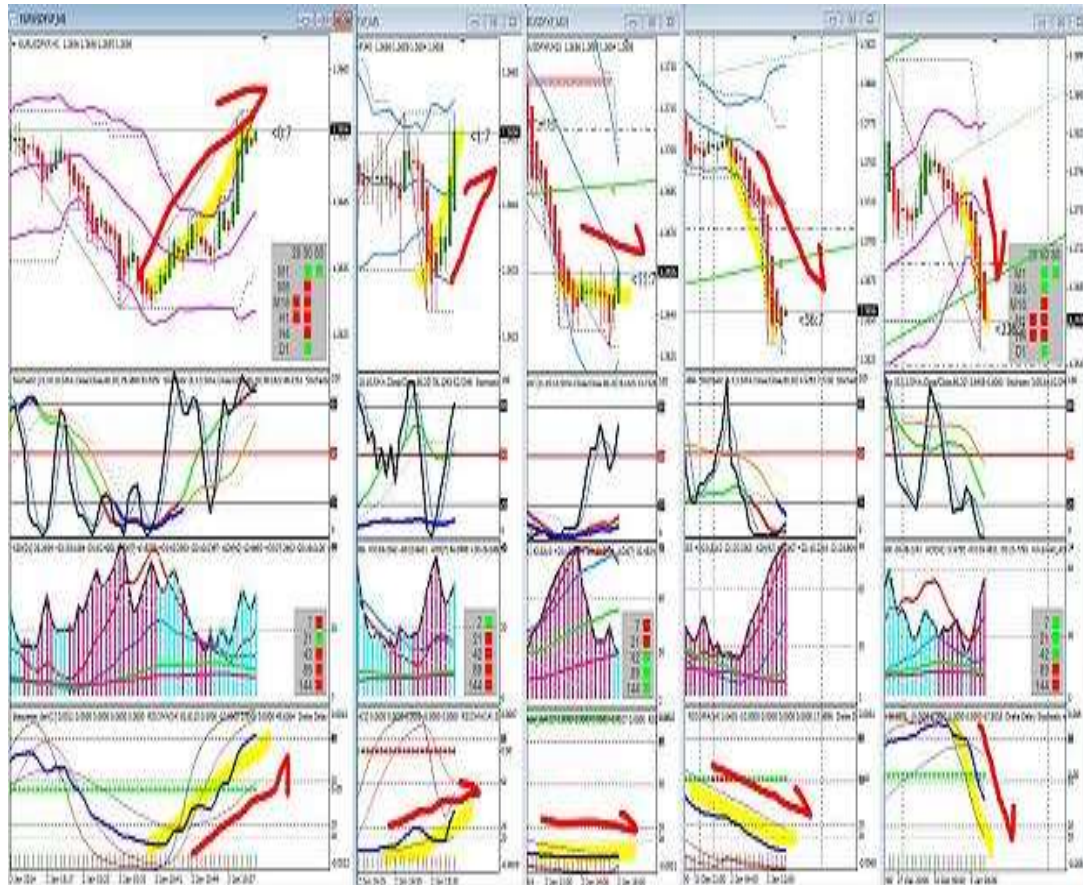
Hope it helps

Attached Images





# Key Elements – RSIOMA - Retrace/Reversal #822 – forexalien



- **TIP : This is how you look at the RSIOMA as it does a retrace or a reversal**
- **H4 is heading down**
- **H1 is flattening out**
- **The RSIOMA in each time frame is rotating counter clockwise from down to up**
- **M15 is FLAT**
- **M5 is ever so slightly going up**
- **M1 has a steep climb to it**
- **Above all the price action is mocking the RSIOMA or visa versa**

**So, this is how one would look at each time frame, to follow the waves, as each one twists long and short, you can follow and forecast the next movement with some practice**

# Key Elements – RSIOMA - Divergence

## #836 – forexalien



- I looked at the trade, hours after you took a position on the UJ M5
- Price action was going up, while the RSIOMA was slowly falling away each cycle long, RED LINE points this out.
  - Divergence
- BBS came into play
- 21st crossed down below the 50%
- I notice something that is hard to see while it is in action but the ADX 144 was ever slowly climbing to the point of the BBS. Even with the long, short, long, short action
- The swings long were struggling to get long, it seemed like a lot of effort was put into the price climb before the big fall. Maybe price manipulation does exist



# Key Elements – RSIOMA - Divergence

## #948 – forexalien



- EU M1 and M5
- **M1 another way to see divergence coming and a price direction change is to look at the RSIOMA and is it falling lower on the next cycle while the price is at the same level or higher?**
- **You will also see divergence in the 21sto where the tops are lower as price goes higher or can't break to the new high**
- You can also use the next time frame higher M5 and see that there might be DSTrade coming out of a BBS

This example only moved 20 pips, but hey it's Friday less then 2 hours from close

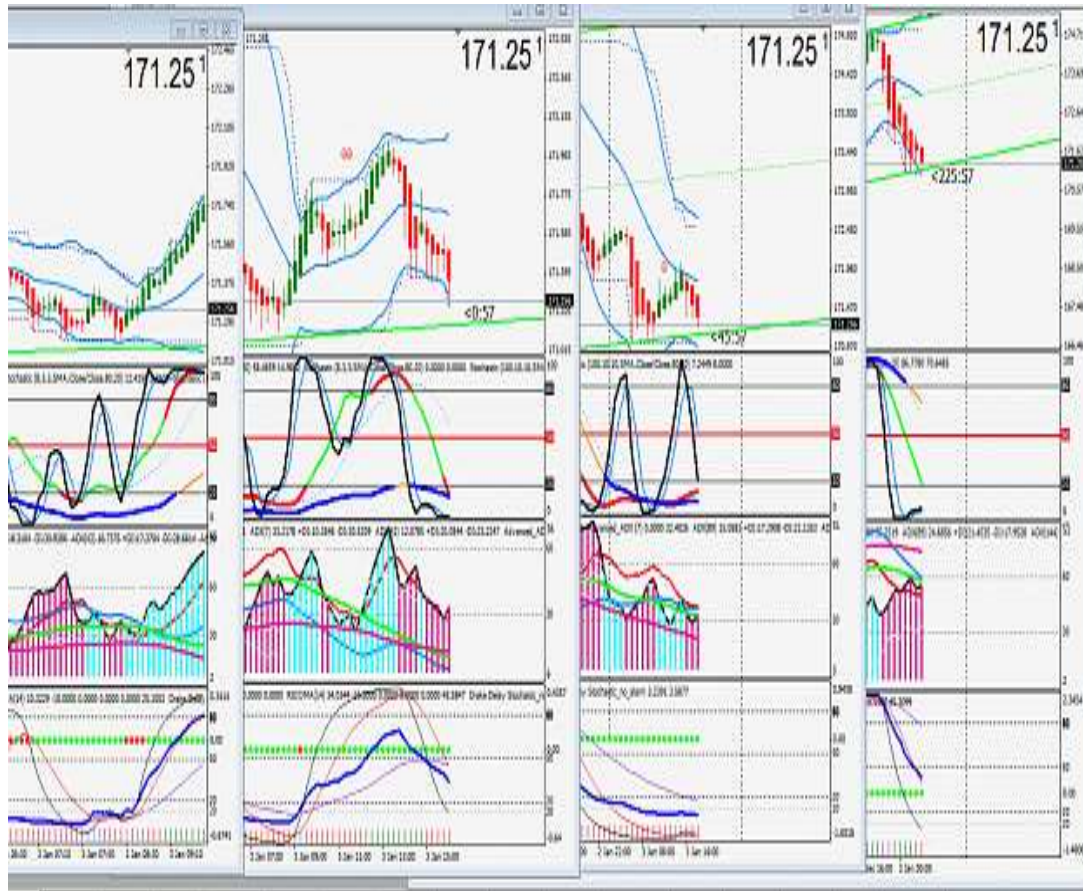
# Key Elements – RSIOMA - Divergence #1397 – forexalien



- EURCHF
  - Price Divergence with the RSIOMA showing for weakness

# Key Elements – RSIOMA Time Frame Waves

## #918 – msiamd 1 of 2



- GJ
  - H4 RSIOMA pointing down and crossed below 50%, 21sto pointing down and crossed 50%
  - H1 RSIOMA pointing down and below 20%, 21sto below 20%
  - ADX shows some weakness on the downmove
  - But from this morning (around London open) there was a nice up move
  - Just wondering is it wise to go for a LONG trade, looking at the M5/M15 charts from this morning. Or just look at the higher TF H4/H1 and wait for a better SHORT
- #927 – forexalien - It is SHORT for now, I cant tell what your time frames are
- The 3 TF's on the right are SHORT, looking at the RSIOMA, the left chart is chopped off
- **TIP : watch the M1 RSIOMA turn LONG and it will bring the M5 RSIOMA LONG with it, watch then the M5 RSIOMA turn long and bring the M15 with it, this keeps going for the transformation of a turn, sometimes these turns fail and keep searching for a bottom**
- #928 – forexalien - as far as the trade goes, M15 is near a bottom and at this time I would not go long or short on this pair if you are not already in the trade



# Key Elements – RSIOMA Time Frame Waves

## #1051 – msiamd 2 of 2

- I understand your explanation that M1 RSIOMA LONG turns M5 RSIOMA LONG and M5 RSIOMA turns M15 RSIOMA LONG..
  - Just wondering when is a turn finished? When M1 RSIOMA SHORT will turn M5 RSIOMA SHORT and M5 RSIOMA SHORT will turn M15 RSIOMA SHORT?
  - or are there other signals which indicates a trend change or a retrace?
  - and does M1 turn M5 and M5 turn M15 and M15 turn H1 and H1 turn H4 and H4 turn D and D turn W?
  - or can there also be a situation that after H1 is turned by M15 a new "wave" is started where M1 turns M5 and M5 turns M15 and M15 turns H1 again in the same direction as H4 was already pointing at?
- #1064 – forexalien - **TIP and Definition: RSIOMA Time Frame waves**
  - **Lower time frames drive the higher time frames until one of the time frames FAIL**
  - **When the RSIOMA crosses the 50% line to the other side of whatever time frame, it needs to be watched and see if it stays there. There are other indicators like the 21sto and ADX should confirm the change**
  - Let's say M1 to Month RSIOMA on charts are all LONG
  - At some point in time the M1 will start unwinding to the short side, bringing the M5, bringing the M15 etc
  - Now we don't know how far this is going to go, it may stop at the M15 and reverse back to the direction of the Long trend **or** this may go to H4 and then again starting with the M1 will reverse going back to the same direction as the trend again
  - I know it sounds mind boggling right now
    - On the RSIOMA see that H4 - Month charts are all LONG, the H1 is SHORT, the M15 is SHORT and the M5 & M1 are LONG
  - **So main trend is LONG H4 - Month, reversal or pull back on the H1 & M15, and the M5 & M1 are LONG showing us a possible direction change of the H1 & M15 back to the LONG side again, this would be how you read that.**
  - It becomes easier in time when you have trained your mind to look for those things.

# Key Elements – RSIOMA meets Levels

## #1355 – dan78

- NZDCAD





# Key Elements – Delayed Stochastic (DDS)

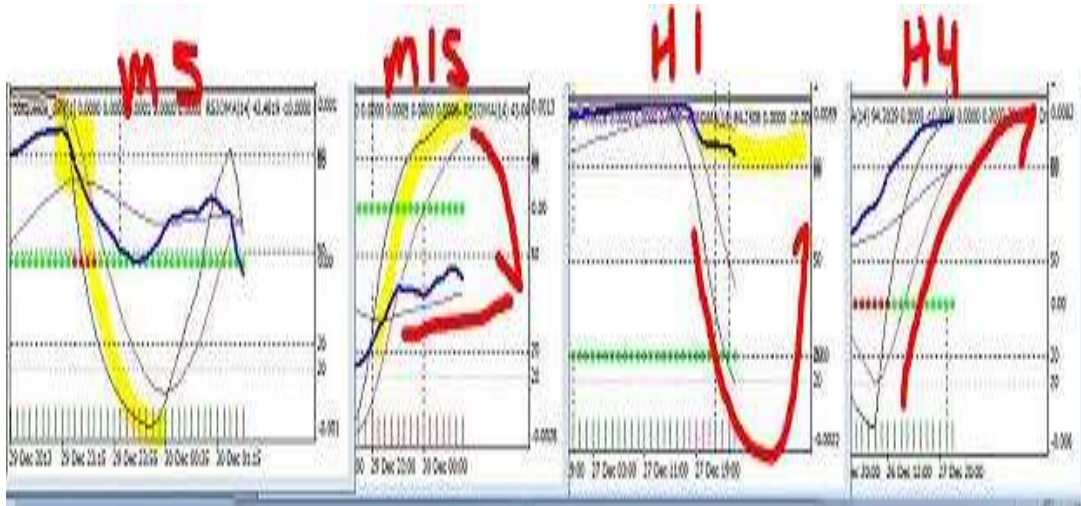
## #491 – forexalien



- Explanation of how the DDS works
  - the DDS moves with price during the resting periods and that is away from the trend because it is resting or people taking profits
  - when the DDS finds the bottom it turns back towards the trend for a continuation move
  - A resting period is also a BBS most times
- **TIP: The 21sto (Green) stochastic also is turning back long with the DDS signifying that the bottom has been found**
  - so the trend can now continue **LONG** again
  - **ADX** in this example has already gone **LONG**
- The trend is confirmed with the RSIOMA being in the 80% or higher in this example

# Key Elements – Delayed Stochastic (DDS)

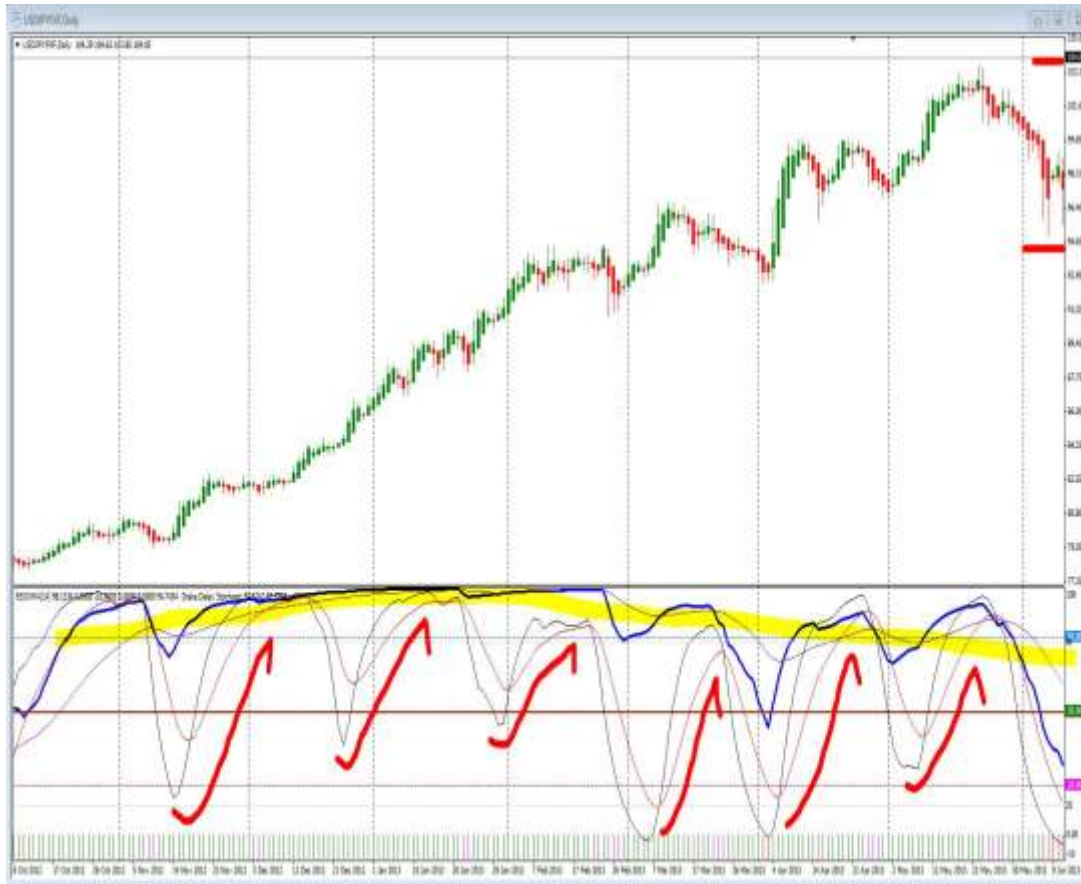
## #523 – forexalien



- The H1 looks good , it is shaping up but not ready yet
- The M5 was ready to move down and the M15 is setting up for a RSIOMA & DDS drop also, DSTrade
- This is required for the H1 example you gave to fall and complete the set up
- **TIP: The delayed stochastic moves against the trend before a trend rebound happens**
- This is the pound dollar, see the M5 fall to the yellow area
- The M15 is setting up for something, a drop it looks like - the RSIOMA is below 50% and the DS could sling downward, completing the drop in the H1 DS
- **The rule is for the H1 RSIOMA to stay above 80% or below 20% when the DS turns long or short again. the H4 supports the H1 trade that is setting up for another long**
- The M15 is not a great trade setup with the RSIOMA near and below the 50% line

# Key Elements - RSIOMA/DDS

## #78 – forexalien



- Make note of the 50% line and the 20% line
  - RSIOMA > 80% STRONG LONG
  - RSIOMA > 50% considered LONG
- While the RSIOMA is Long or short in the 80% or 20% areas, when the Delayed Stochastic (DDS) goes to the other side of the window, you have a sure trade that the DDS will return to the Blue RSIOMA for profit.
  - This is a Daily Chart, you can drop down to lower TF's to find the perfect entry to gain more pips
- It does not happen too often, but you will get times when Price Action just won't move for you
- **this is a very safe entry as the RSIOMA can not drop to the bottom of the chart with the Delayed Stochastic once the spread between them is there**
- When they travel together after some divergence showed up there was a 600 pip drop in the upper right of the chart
- you can see the yellow line below falling away as price was still climbing, that tells us that price will not travel that much higher
  - Use your lower TF's to see the continuation of the trend as time goes on



# RSIOMA/DDS

## #79 – forexalien



- We have 3 different things to look at here
  1. In the red lines on the left we see Price Divergence "PD", lower price , higher RSIOMA, Price goes up !
  2. At the start of the yellow marker we get a cross downward, the delayed stochastic drops fast below the RSIOMA and we follow the RSIOMA all the way to the bottom and wait for the cross up again
  3. The far right red lines show the DDS leading the RSIOMA long again , but it is kind of choppy and slam dunks short again. at the cross over , 100 pips were waiting for you. Remember this is a Daily chart we are looking at
- This is a System all by it's self , watch it , learn it , and Master it.....! you will see profits.....
- To this are added the other concepts and systems to pin point entries and exits and there are so many good opportunities when trading becomes like driving your car down the street.....

# RSIOMA/DDS – Looking ahead #85 – forexalien



- Scan as many H1 and larger charts for the DS trades



- In this example, by looking at the RSIOMA on H1 against H4 you can see 11 hours apart price was dropping to go LONG



# RSIOMA/DDS

## #34 – forexalien



- AU earlier today on the M5 had space between the RSIOMA and the DDS, and now it has done this a second time for profit
- The ADX is strong and long during this move which helps you with fake out trend direction, the 89 and 144 speed ADX will keep you in the game and not fake you out. Lime green and pink lines on the ADX. until these turn down , the trend is long and momentum is with you
- Pay close attention to the Green stochastic its settings mimic the PA, so if the green line is moving in a steep direction up or down, that is your trend direction.
  - If the green line turns up, time to change direction
  - if the green line turns down, time to change direction
  - IF THE GREEN LINE IS FLAT , DO NOTHING AND WAIT FOR THE NEW DIRECTION TO SHOW IT'S FACE.

# Key Elements – RSIOMA/DDS

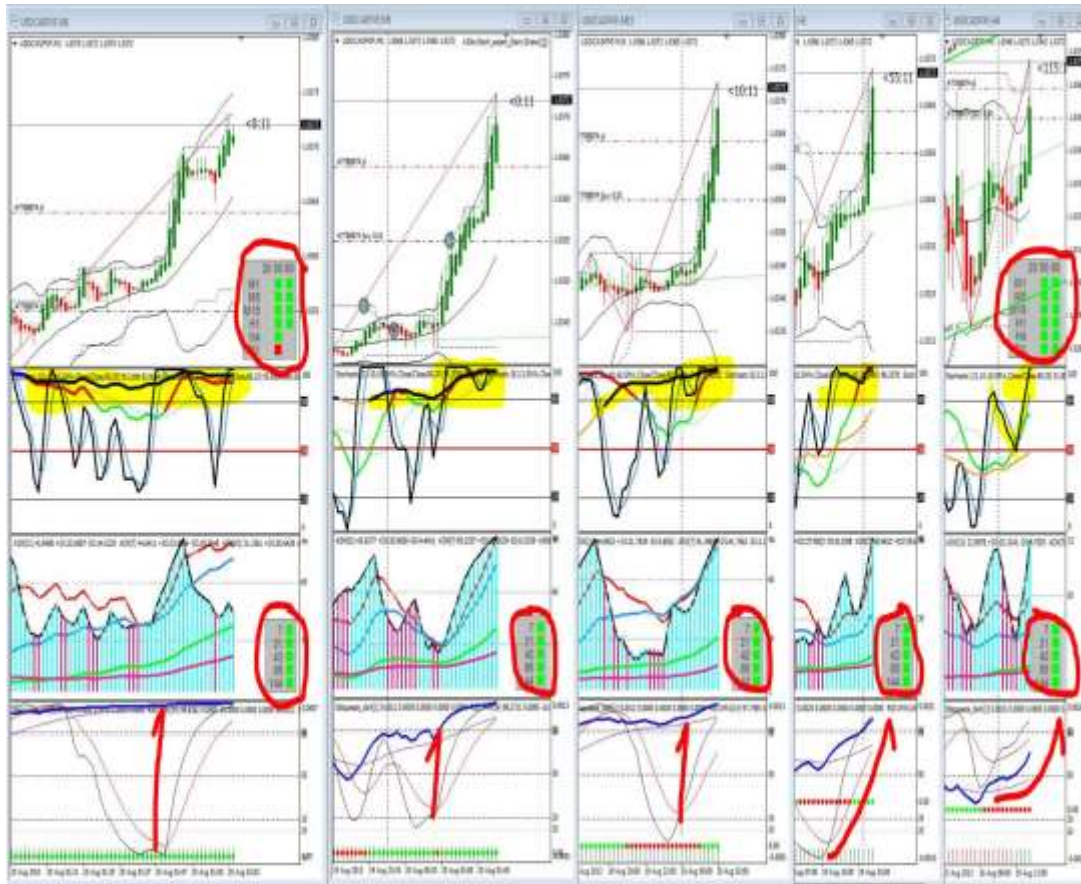
## #6248 – yaysayer

- I'll take you up on this. I use quite different methods on the DS trades apparently, would be interesting to see more people weigh in on this.
  1. I spot a DS Trade distance on H1 or higher. distance 50 at least, RSIOMA at least above 60 (let's go for long example)
  2. Check if RSIOMA and 21sto and 100sto are in uptrend on TF one level higher (ADX in this TF not strictly needed, but awesome if there)
  3. Check setup frame and one TF higher for divergences against the trade
  4. Once DDS crosses its signal line on the setup TF, I drop down one TF to check :
    - 4a. 21sto (Green) above 50 and pointing up and RSIOMA pointing up OR 21sto (Green) pointing up and RSIOMA above 50 and pointing up
    - 4b. All 5 ADX powering up If all those are there, I find it gives me an extremely safe entry. I can see why you use the lower ADX for these setups on the setup frame itself btw, by the time my conditions are filled, these are usually rising indeed. Let's hope more folks jump in, the more angles we get on this system the better for all of us.



# RSIOMA/DDS – Grade A??

## #89 – forexalien



- **This one is special because**
- the RISOMA and DDS's in the lower windows ALL have the distance between them at the same time
- The ADX is Full Trend on all Time Frames
- The Multiple Stochastics are all above 80% as high lighted, the 8,3,3 and the 21,10,10
- This is what you look for, a full blown Trend with momentum to it
- This is where you can risk more of your capital when these show up

# RSIOMA/DDS 1 of 3

## #96 – forexalien



- Monthly UJ is LONG
- Weekly chart here showed UJ was going LONG 2 months before it happened
- This can be seen by the DDS dropping away from the RSIOMA that stayed high (LONG)

# RSIOMA/DDS 2 of 3

## #97 – forexalien



- Daily is still LONG, you can see where it crossed the 50% line and stayed LONG for almost 2 months now
- If you look closely in the red circle, you will see the DDS is faltering, it even shows that prior to the red circle
- On the H4 chart, you will find Divergence there, which is the first sign of a possible short on the daily coming up, maybe 200 pips, but we need to follow it a bit more and the year end and holidays are here , so don't jump in just yet, but soon.....!

# RSIOMA/DDS 3 of 3

## #98 – forexalien

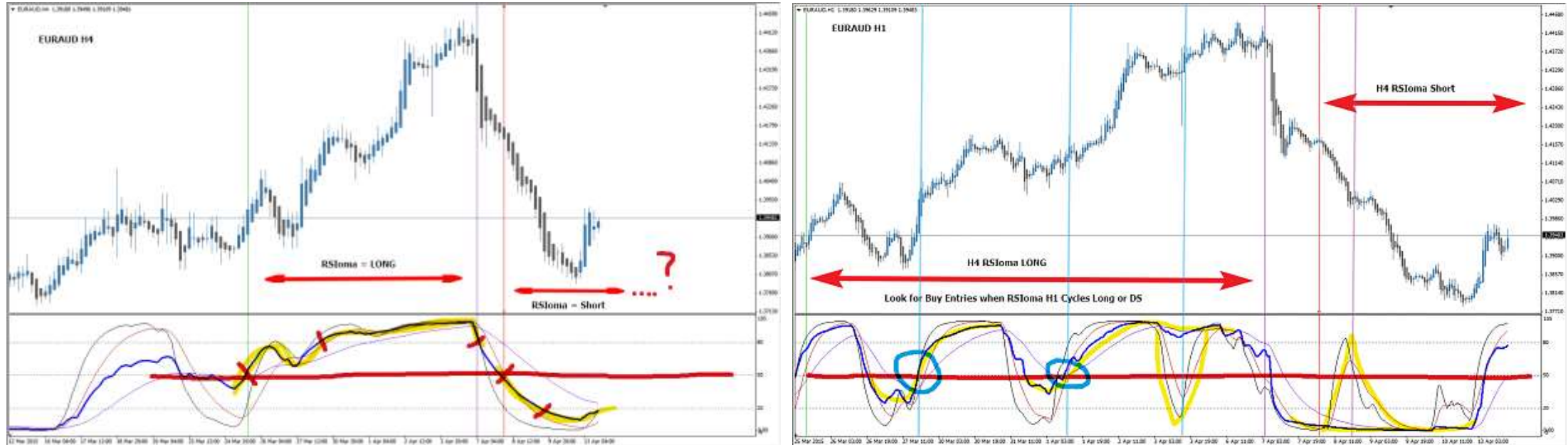


- The H4 on UJ is showing high prices and Lower RSIOMA, so a turn south is near
- So you can see this Divergence on the H4, is showing up on the Daily that I just posted above, by the DDS faltering



# RSIOMA/DDS

## #11337 – FxKabab



- Note when RSIOMA crosses the 50 level for direction, and you can assume this is the beginning of a wave
- then look at EURAUD H1
- Wait for RSIOMA to go short and then cycle back long or look for a DSTrade to now enter a wave within a wave...
- Now, if RSIOMA H1 cycles short again while H4 stays short, we will have another opportunity for a sell entry.. simple.

# RSIOMA/DDS

## #11338 – FxKabab



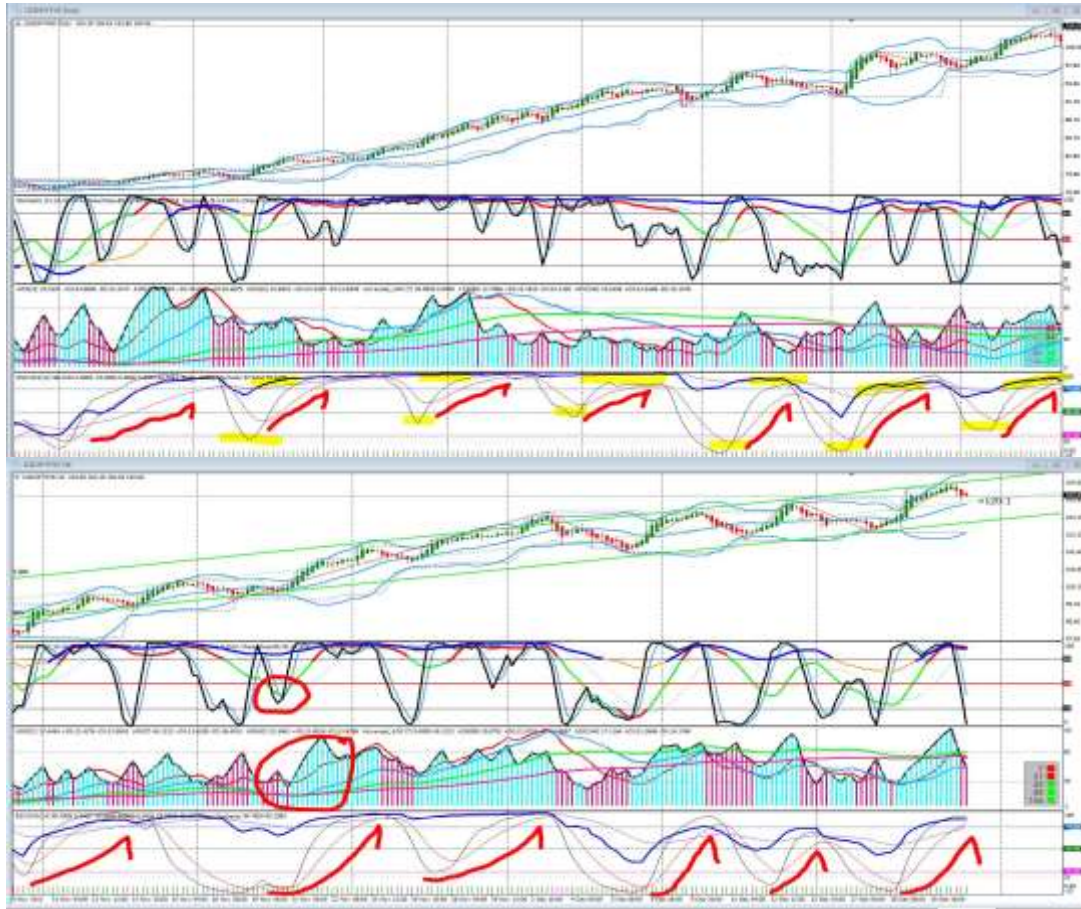
- NZDCHF H1 RSIOMA was short:



- NZDCHF 15m let you get short on the H1 wave with a DSTrade setup:
- Bit of a late entry but still good for about 37 pips with very little drawdown and just using London close time as an exit (I know ADX is a better exit, but London close is still something I still look at for intraday trades based on smaller timeframes).

# RSIOMA/DDS - Pyramiding

## #51 – forexalien



- UJ DAILY - Look at all the opportunities you would have had to enter Long on UJ !
- This is what the pro's do !
- Enter once and then 6 more times to make a boat load !
- The RSIOMA stays high for 8 months and every time the DDS Cycles to the bottom, it rebounds back to the RSIOMA for another push higher
- Use the H4 and H1 to get in closer to the new bottom of each delayed stochastic
- This same set up is ready in my last post on the M15, this is what you look for

# Key Techniques/Elements – Pyramiding

## #449 – forexalien

- **Alien rides the waves**, This is the reason for trending, trending is because the professionals can find the bottoms, tops, or turns, **as we can**, Alien seems to get in before the larger moves happen as you can see.

Using the TOP down method, you can start to see the larger turns on the monthly, week and daily in advance by looking at the reactions of the H4 and lower as they slowly make their turns.

As in the beginning pages of this thread , Alien shows examples of Price Divergence with the RSIOMA, this is Important to learn as you can get in to the exact reversal with little going against you.

Alien likes to trade using where price can't go anymore, examples to come.....and the one on page 1 is a good one to look at closer.....

Now back to your question , we find a daily or week turn, we then find H4 dips for the daily, or daily dips for the weekly to add positions, you can take this all the way down to H1 dips for the H4 . The pros start a position, and add all the way up as the trend goes, every dip where they can see a new bottom.

Using smaller time frames , some of the bottoms come sooner then expected, the M15, M5, M1 may turn in just a few hours , never giving the H1 a chance to fall further , but the RSIOMA and ADX should keep you on the good side.

The other day we had a great example of this , Vspatrick pointed out an EJ trade he wanted to go long on, using the RSIOMA delayed stochastic system on a M15 that had not turned up yet, and he asked if it was too early to get in, and I replied yes, I then proceeded to show the thread how I follow the M5 and the M1 down to the turn long again. We found the bottom being patient like an Alien, not the fast button pushing humans.....LOL

Below is where this conversation started and it is a good one to review, and keep reading forward all my comments as I called the move out before it went to the moon.....This is what the pro's look for, Alien is not a Pro, but a simple Alien looking to succeed at Forex. I think we beat the Pros to that turn by the way

Retail traders can only see the small waves and counter trend trade against the large trend and they blow up their account, when it's time for the pros to add another pile of money to the trend after the retailers are lulled into an opposite trade because the market is resting before the next big move.

**TIP : Do not counter trend trade when the market is resting and not moving , this is death !**



# Key Elements – Stochastics

## #182 – forexalien



- The stochastics used are
  - 8,3,3 sma close – fastest stochastic (8sto)
  - 21,10,10 sma close – mimics price (21sto)
  - 100,10,10 sma close – slower stochastic (100sto)
  - they are coloured when they are greater than 80% and less than 20%
- 8sto is black stochastic and indicates next price action move, it has great set up features along with the green stochastic
  - Xcross
  - Slingshot
- 21sto is green and red when above 80 (LONG) or below 20 (SHORT), it mimics price action, watch for the general direction it is traveling
- 100sto is orange and blue when above 80 (LONG) or below 20 (SHORT) areas
- As an aside the ADX's are circled showing where the LONG has stopped climbing and a drop is to happen in time

# Key Elements – Stochastic Divergence 1 of 3

## #129 – forexalien



- EA month is LONG
- EA week is LONG with all ADX's powered LONG

# Key Elements – Stochastic Divergence 2 of 3

## #130 – forexalien

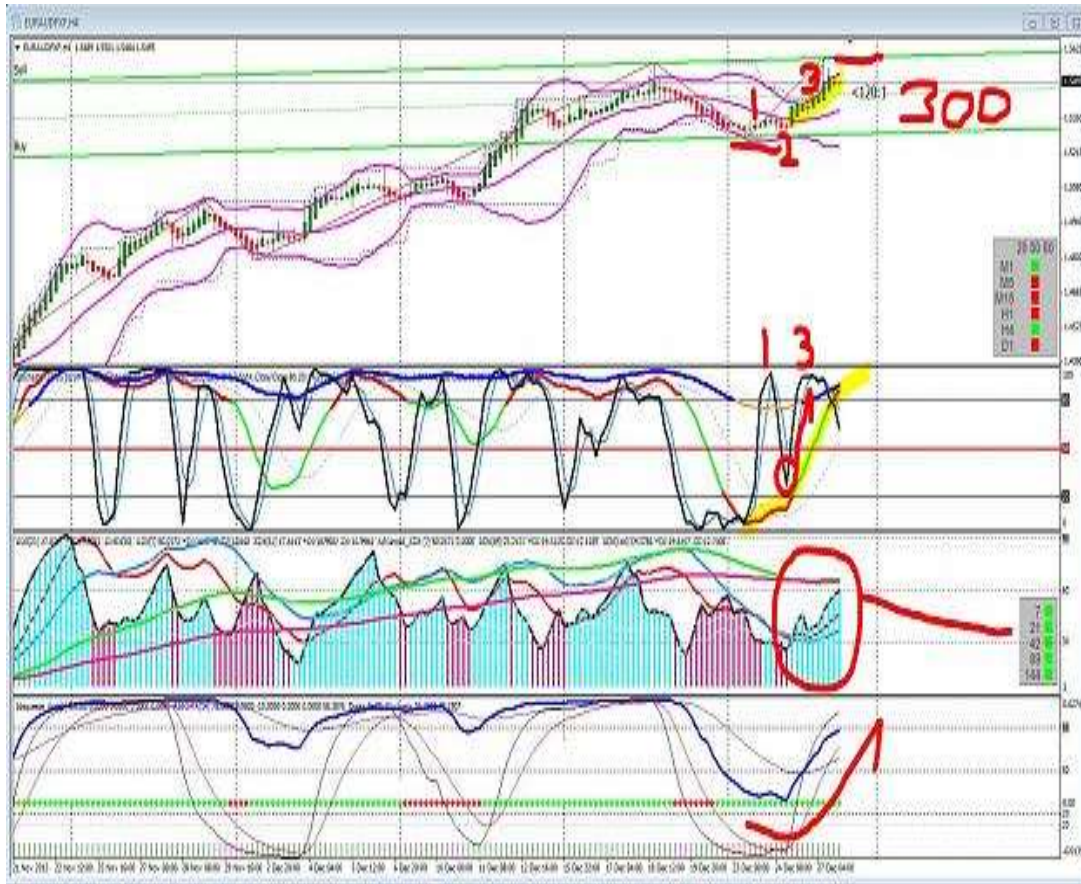


- EA Daily is Long but nearing a top, H4 and H1 have retraced short
- The Daily ADX is showing some long term power still in the move longer, but we need to follow the H4 and H1 and see if they continue down
- many times when the ADX has a nice push long like this , it then rests and makes one more push long
- Will be keeping large Eyes on it.....



# Key Elements – Stochastic Divergence 3 of 3

## #424 – forexalien



- As Jbomb pointed out EA on DEC 22nd and I talked about the daily ADX still showing some power yet
- Here is the H4, 300 pips for that second push after it's rest
- I have something new to Teach , this might not be the best example because I marked it up, I hope you can see through it
- The blue stochastic stayed high and was flat, this is a hint of staying long, but the thing I wanted to show you was the green stochastic, it came off the bottom long with the 8,3,3 sto, the first move up with the 8,3,3 sto is wave 1, the 8,3,3 sto then drops back down while the green sto is still climbing long
- **This is Stochastic divergence, what happens next is wonderful ! Wave 3 !** almost 300 pips on wave 3, wave 3 is the strongest of most waves out there
- When the 8,3,3 and the 21,10,10 are traveling the same direction together, a strong move is created, PLEASE confirm this with the ADX LONG and the RSIOM going LONG.



# Key Elements – Stochastic Xcross #699 – forexalien



- EJ M5 - NEW trading info !
- **TIP: New technique to help with further advance trading, this had both a long and a short trade in it**
- From the far left you can see ADX powering LONG a bit, RSIOMA crosses 50% LONG, 8sto has gone into the 80% area. See how the 21sto is climbing, peaks, and rolls back down
- **TIP: Here is the advance trade**
  - RSIOMA went into the 80% area
  - 8sto also reversed itself LONG again to match the same direction as the 21sto. This drives price action when both are traveling the same direction
  - I marked it with a V around the 8sto to show this
- The same goes for the down side of the move
- ADX expands and powered SHORT
- 21sto is moving downward across the 50% line and the 8sto goes firstly against the trend and then turns back downward (marked with an upside down V ) driving the price action for a SHORT trade
- RSIOMA also crossed below the 50% line during this time
- These are 2 advance trades that you can look for , 20 - 25 pips each direction, maybe a scalping trade

# Key Elements – Stochastics Slingshots 1 of 4

## #16344 – Marco



# Key Elements – Stochastics Slingshots 2 of 4

## #16344 – Marco





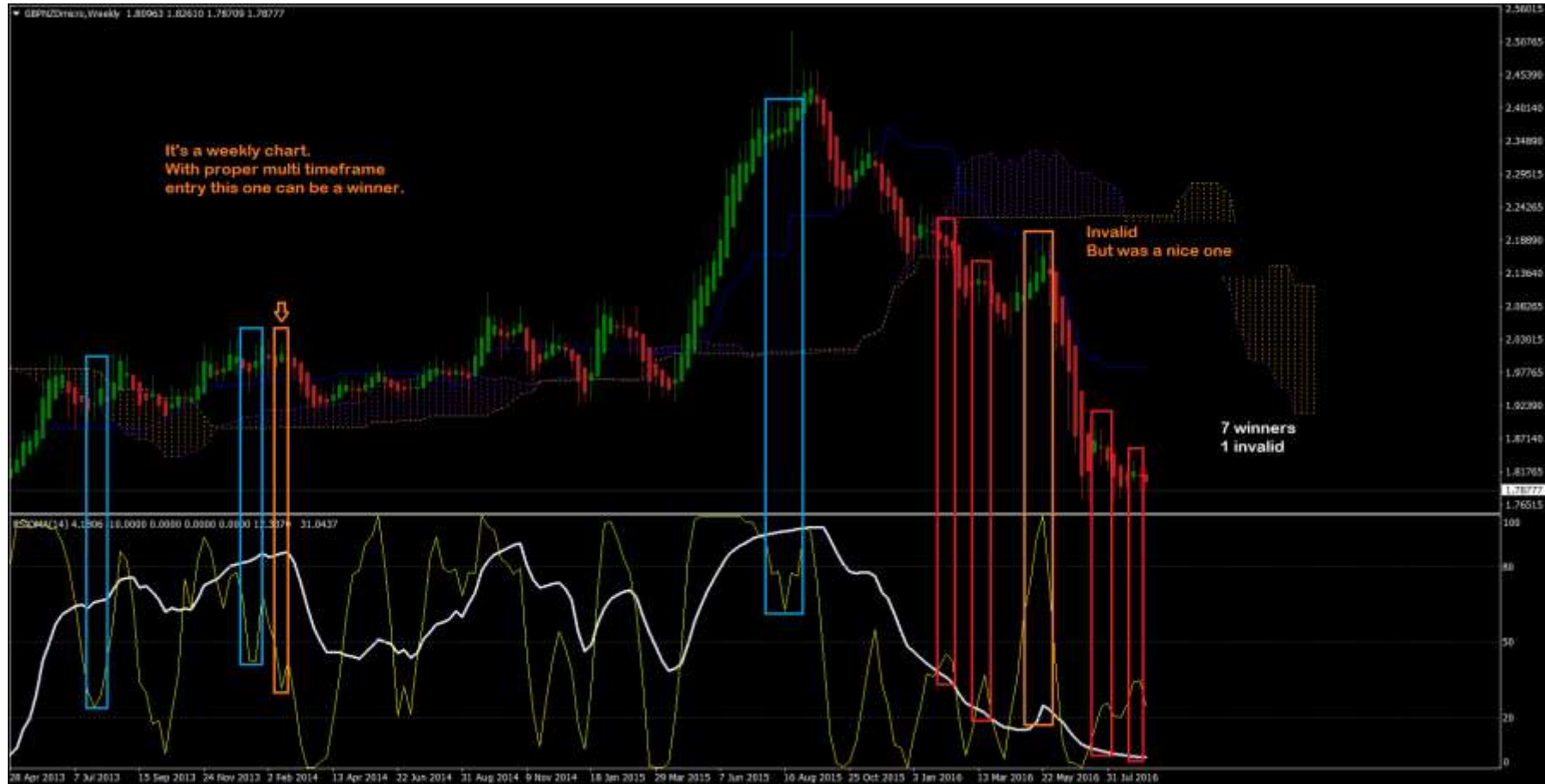
# Key Elements – Stochastics Slingshots 3 of 4

## #16344 – Marco





# Key Elements – Stochastics Slingshots 4 of 4 #16344 – Marco



# Snake Pattern

## #17151/17463 – Marco (6 weeks trade)



I will see if this one turns out to be a "snake pattern". Zones of confluence seems to be the game of this pattern. 8sto monthly is oversold 21sto weekly is trying to turn around to bullish Daily TF has this pattern still developing

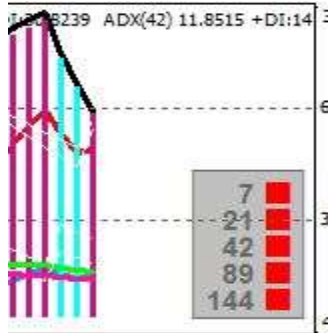
This is the outcome of the snake pattern at EC daily that I mentioned at 31 Jan. False break of support and shoots up to the moon.



# Key Elements – ADX

- #471 – vspatrick - ADX has nothing to do with the trend. It shows Momentum (Strength of the trend)

- **Green when Momentum is increasing, Red when Momentum is decreasing**



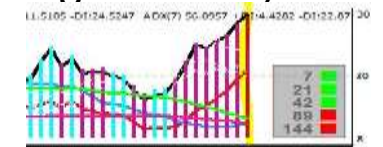
- #484 - forexalien
- All red means NO POWER (momentum) behind the move, ADX lines falling back down
- it does not mean SHORT
- #485 - forexalien
- ADX7 Green means could be start of a new direction, POWERING UP with momentum
- it does not mean LONG



- #487 – forexalien
- ADX 7,21,42,89,144 are all Red means momentum is dead
- ADX7 and/or 21 are Green and 42,89,144 are Red means the possible start of momentum
- ADX7 and/or 21 are Red and 42,89,144 are Green means that price is resting short term
  - **but the momentum is still strong longer term** and to stay in the trade
- ADX 7,21,42,89,144 are all Green and climbing means strong momentum

# Key Elements – ADX

- #488 – forexalien - This is only a momentum indicator not a Direction indicator
  - Green means powerful move, Red means no power in the move, it has nothing to do with price direction. Advanced ADX indicator shows at a glance the direction price is moving currently
  - #489 – forexalien – the last bar on this Advanced ADX will give price direction
    - Red for sell, Green for buy
  - #857 – forexalien – The trade is over when BOTH the 89 and 144 to turn down or power off
  - #944 – forexalien - General ADX indicator can not tell the whole story, so be careful with it
    - most of the time when it peaks like that, is when price changes direction, if you are not looking at all time frames together
  -





# Key Elements – ADX

- #1018 – forexalien - All 5 ADX and their ***steep slopes*** will **signify the strength of the momentum**. not the direction of the trade

# Key Elements – ADX – Min/Max settings

- #950 – buytosell - What are levels for ADXs? ADX 21 has dashboard attached so all levels are in dashboard, I want to replace them with normal ones but need levels for them
- #966 – forexalien – use 30 , 60 , 90 levels , set on 1 ADX indie only and keep the others blank
- #998 – FerruFX – ADX min/max settings
  - If you look at ADX line crosses or compare levels it is very very important to set the same **min** and **max** in all ADX indicators
  - If you just want a visual representation of ADX lines then DO NOT set the **min** and **max** settings so each line has its own vertical scale
- #1019 – forexalien - **Do not worry about the ADX levels , as they may contract and expand at any level. or contraction and expansion. We will keep it simple (ref #966)**
-

# Key Elements – ADX – Min/Max settings

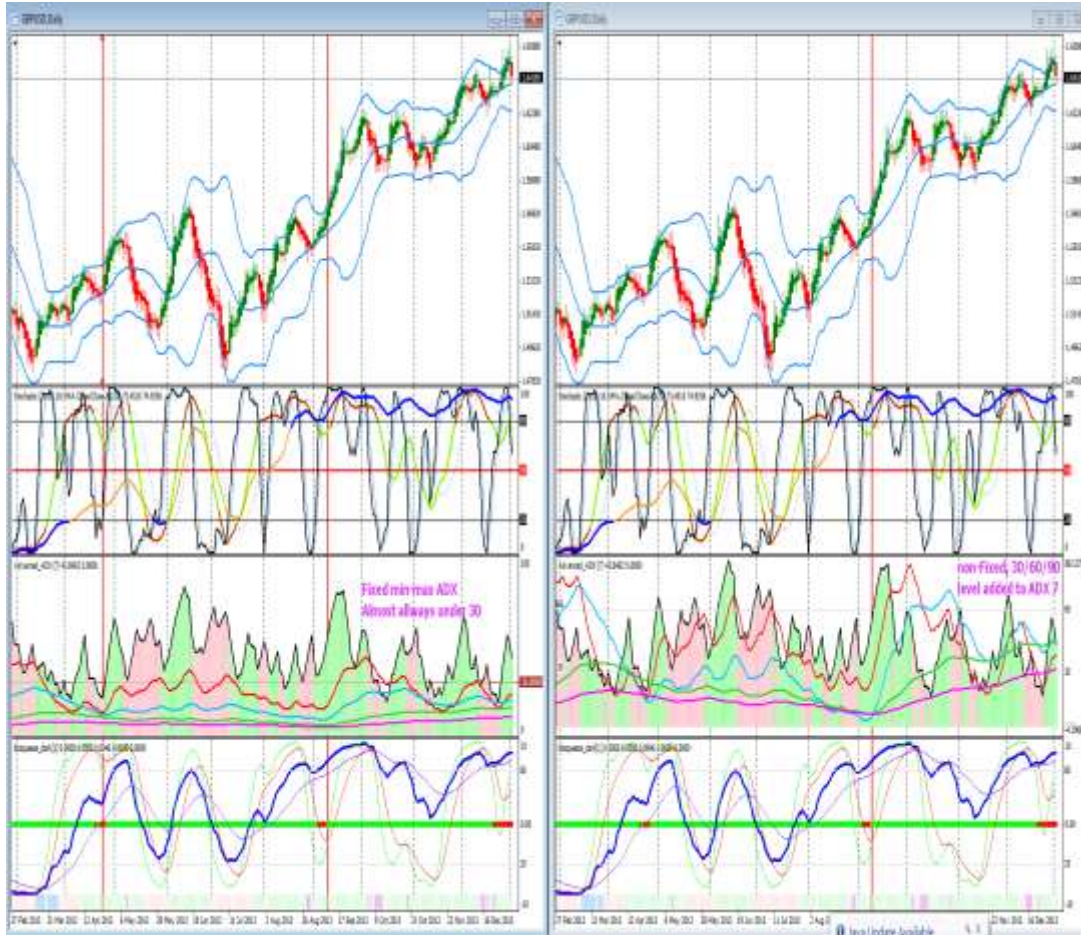
## #1002 – marcelms



- I did set the ADX lines to have the same min and max. This is the picture with what I meant
- #1003 – FerruFx – Nice scalping entry in my opinion
  - Nice ADX contraction--> expansion
  - BBS
  - RSIOMA below 50
  - 21sto below 50
- #1004 – Vspatrick - BBS indi is missing
  - Looking at the BBS, it would have given you another clue (Red Dot) that a big move is about to happen as well.

# Key Elements – ADX – Min/Max settings

## #1005 – jeffmichaels



- I was actually thinking about this and whether it should or shouldn't have a fixed min/max
- I compared it then and noticed that the results are very different
- ADX min/max Fixed
  - gives lines for ADX89/144 almost below the 30 level all the time and ADX42 rarely gets above 30 level
  - Lines remain very flat in general
- ADX min/max Unfixed
  - Put the levels on the ADX7 which seems to work quite well
  - Set no min/max on any ADX indi

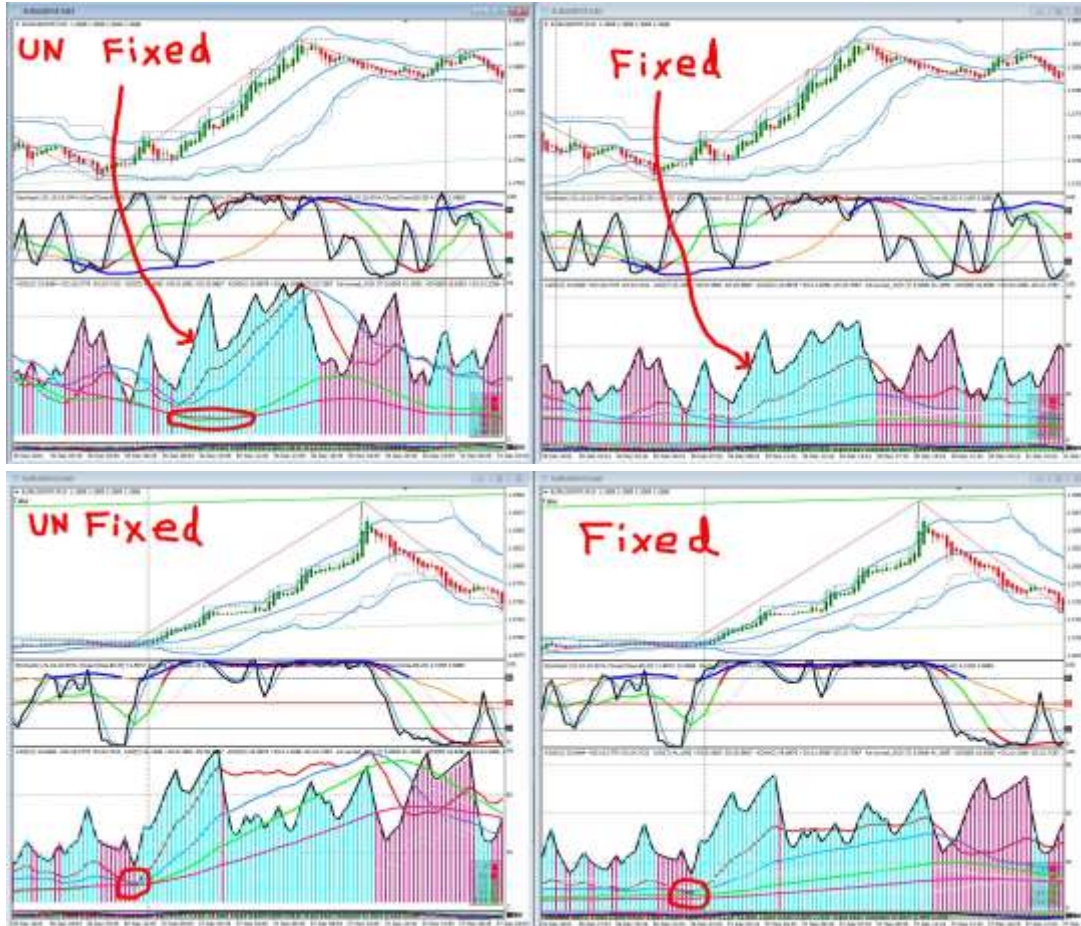


# Key Elements – ADX – Min/Max settings

- #1008 – FerruFX - You have 3 choices
  1. You need the levels in your trading rules: you must set the same min/max on all ADX
  2. You don't need the levels in your trading rules: you can remove the min/max on all ADX
  3. If you just need the level to check the ADX 7 (example), so the level must be set in the ADX properties box. In that case you don't need min/max
- #1026 – forexalien - Thanks for your great logic FerruFX
  - ALL ADX speeds need to be FIXED or UNFIXED, the template given should have them all unfixed at this time
  - As talked about earlier, either setting is fine, UNFIXED is Alien's preferred because of the steeper expansion it shows
- #1029 – FerruFx - If you have UNFIXED min/max, 2 lines can't be compared (crossing) because they don't have the same vertical scale
  - Just move back your chart back and forth and you will see the cross looking different (the cross isn't fixed), In other words, the cross repaints
- #1030 – forexalien - Alien has seen this strange cross over, time and time again, although I don't use it as a trade setup, because the trend is already in motion
  - I do like to see it, as it is a Hint of a longer move ahead

# Key Elements – ADX – Min/Max settings

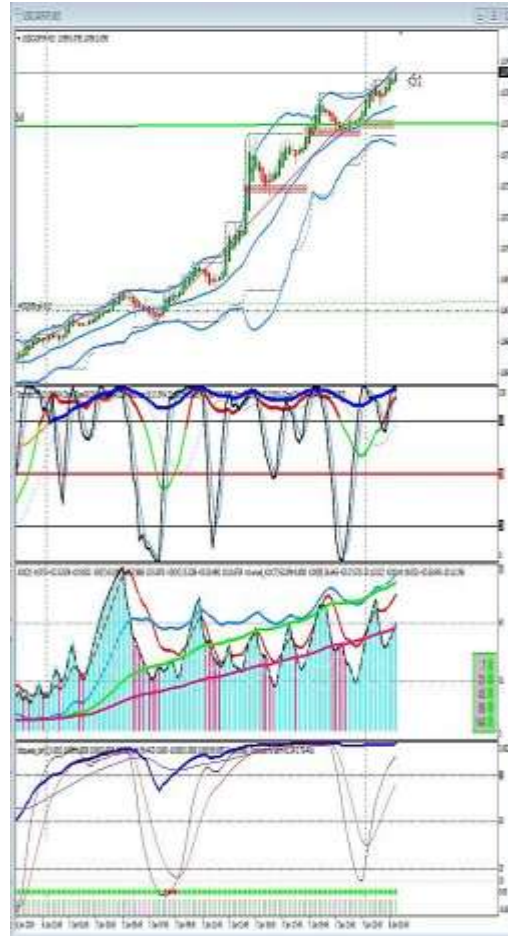
## #1021 – forexalien



- Alien had not looked into these 2 settings until now that they were brought to my attention
  - **Alien has been running with the ADX – UNFIXED**
- After review of both Unfixed and Fixed settings
  - Alien Finds that either can be used
- **The differences that I can see are the**
  - **UNFIXED ADX visually shows a faster upward movement when scanning many charts, steeper ADX42,89,144 alert us quicker**
  - **FIXED ADX is OK to use also, but in these examples, the flare or expansion of the slower ADX's are not as apparent**
- **You may set the charts to which ever you like, but UNFIXED is Alien's choice**
- In the upper chart, the circle in the UNFIXED mode, we can see the ADX89 dipping below the ADX144 before expanding and this is a early sign of a strong movement to come
- #1024 – jeffmichaels - Apart from seeing the ADX89 (green) crossing under ADX144 (pink) using UNFIXED setting which you wouldn't see on FIXED min/max because they hardly ever come over the ADX 7
  - I think the level, if you would want to put it, should be on the ADX7, as the others run visually relative to it.

# Key Elements – ADX – Min/Max settings

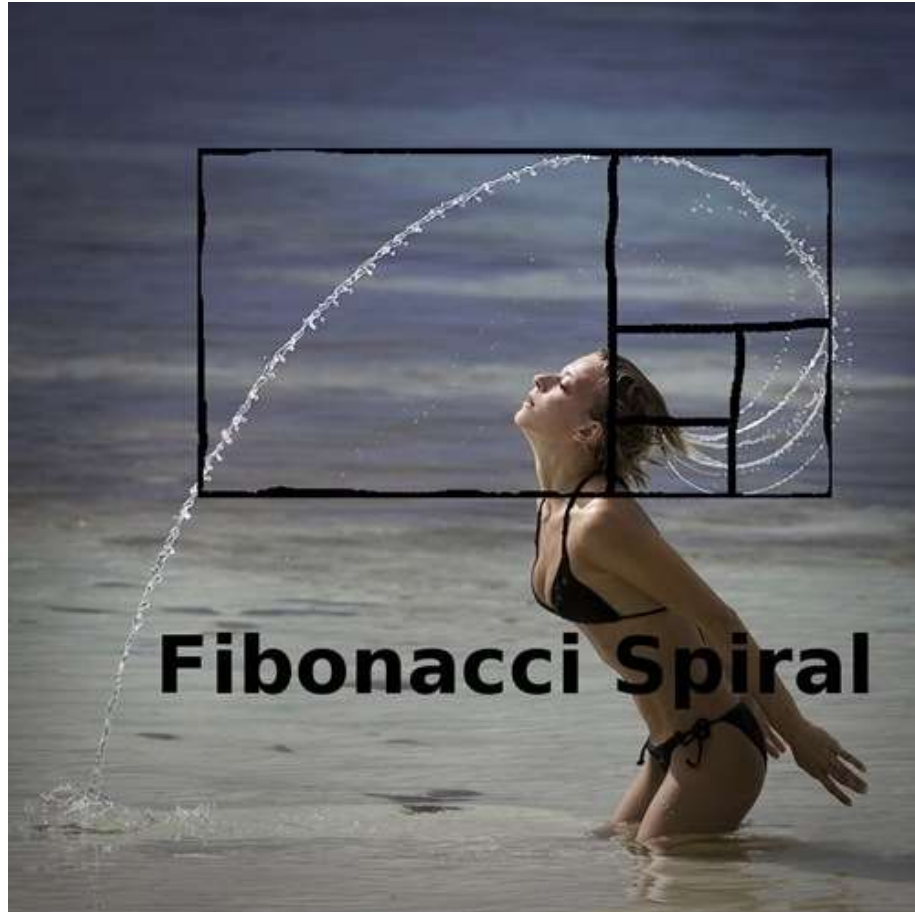
## #1415 – marco91



- Left hand chart
  - Can you tell me why my chart on ADX isn't like yours? The lines on mine are more tight,yours are wide open
- #1418 – forexalien
  - Right hand chart
  - unfix the settings in edit on each ADX indi, in these charts its really close
- #1422 – forexalien
  - General comment to thread
  - **UNFIXED ADX min/max**

# Key Elements – ADX

## #499 – forexalien



- Q) Hi forexalien ,could you please explain why did you chose those periods on the multiple ADX (why those periods?)
  - 7 is a primary number in math.  $3 \times 7$  is 21
  - 21 is a fibonacci number and I doubled it to make 42
  - 42 is about half the distance to 89, to fill in the void
  - 89 and 144 are fibonacci numbers
  - I have found if you watch these ADX speeds cycle up and down you can count the waves and know there might be another push long or short
  - The ADX 89 and 144 will also tell you to stay the trade if they are still climbing

Alien's way of thinking is all.....



# Key Elements - ADX

## #29 – forexalien



- When all 5 speeds of the ADX turn Up, you have a strong trend starting
- When all 5 speeds of ADX turn Down, your strong trend has ended
- The first chart shows a larger shot of UJ and I circled where the trend started



- This shows the 89 ADX Green crossing under the 14 ADX Pink, at this point all the ADX speeds are long and this Signals the start of the Strong trend. Until the 89 and 144 ADX speeds turn down the trend is still strong
- The other speeds used are 7 and 21 which saw tooth up and down as the waves are created, the 42 speed when it turns down is a short term retracement or resting period for the price action

# Key Elements – ADX

## #120 – forexalien



- ADX is used for momentum trading and break out trading
- I wanted something that would get me into a trade with momentum and get me out of a trade when the momentum is gone
- I use all ADX 7,21,42,89,and 144 when they go long or power up to get into a trade and when **BOTH** the 89 and 144 turn down, the trade is over
- On the left side I have All 5 of my ADX powering up for momentum to SHORT side, time to get in the trade
- ADX7 and ADX21 chop a lot with each wave that is put in, But the 89 and 144 will stay climbing as long as there is momentum in the trade
- 4 plus months and 1000 pips later, the ADX89 and/or ADX144 turn down, trade is over, take your profit and look for the next trade
- these happen on all TF's, it's just a matter how far each trade will take you
- this chart is AUDNZD daily from back in October

# Key Elements – ADX 1 of 3

## #228 – forexalien

- The ADX lines are
  - **Powering Up/Expansion** (climbing) when the trend/momentum get's stronger
  - **Powering Down/Compression** (falling), when the trend/momentum gets weaker - Market is mixed or at rest
- In the two examples, a LONG and a SHORT, by using the advance ADX histogram, it shows the colour and direction price is going without thinking about it
  - Magenta for SHORT
  - Bluish/Green for LONG
  - the RSIOMA will be on the side of the price direction
  - use both the ADX Histogram and RSIOMA to make clear where price is going
- The safest trade is to have the ADX lines low and all start to climb like these 2 examples, this normally happens when the RSIOMA is over 80% or under 20%. when they are all lined up in order ADX 7,21,42,89, and 144 and powering up, is the safest and longer term trade to take.
  - You can just trade the first 3 ADX if you like, 7, 21,42, but without the others , it may become a shorter length of trade. And you best use SL or watch it closely.
- When the ADX lines are falling back to earth, this means there is no momentum. you might get a short term spike or a I gotcha trade, and it is possible to make other trades without this system, but they are more advance for later discussion
  - You can take trades without the ADX climbing or powering up to the moon, but you will need to use the Stochastics in window one to make those choices, but we are not ready to talk about that yet.



# Key Elements – ADX 2 of 3

## #228 – forexalien





# Key Elements – ADX 3 of 3

## #228 – forexalien



- The best trades are going from Low to Climbing with all the ADX's aligned. This is termed **Powering Up/Expansion**
- By example UJ Weekly
  - had a first push up in alignment which was the largest move and the RSIOMA went above 80%
  - the ADX lines **Powered Down/Compression**, started to rest or become mixed
  - note the RSIOMA crossed down , but remained long at the 80% area
  - note the DS was at the bottom of the window before the next move LONG
  - we know the next move already, and the ADX's do not need to be in order for it to go long again
  - they are out of order going long currently, the move is not near as great as when they are in alignment. But I would still take the 800 pips.....

# Key Elements – ADX Compression

## #533 – forexalien

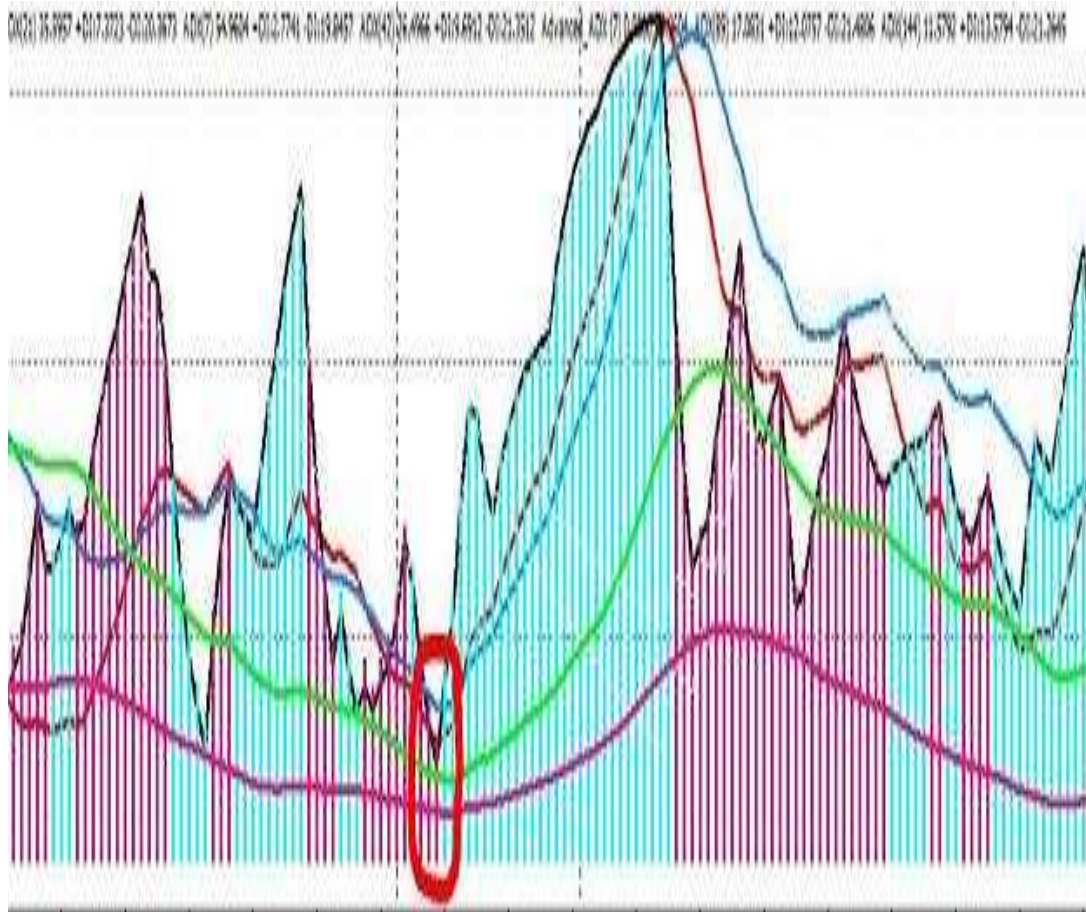


- This is not a current trade , but one of our other traders got into trouble with this pair
- 1. Train our eyes to look for the BBS first, is it there or not ?
- 2. Look at the direction of the 21sto (Green), which direction is it traveling and is it above or below the 50% line ?
- 3. Look at the ADX lines, how compressed are they ?
  - This is a great example for ADX compression of ALL the ADX speeds
  - A big move is near when you see BBS and ADX compression
- 4. RSIOMA and DDS are in the 80% area and are falling, the DDS fell first
- 5. The 21sto (Green) was already on it's way down
- 6. The ADX expanded 3 bars or 45 minutes in advance of the move
- 7. All this gave us plenty of time to see this developing on this pair
- 8. wait for the ADX42 or ADX89 to turn down and trade is over!
- As far as the price action going the other direction long , there is no good entry to the long retracement, but if the stochastics stay long in the 80% area and climb fast, along with the RSIOMA climbing with the DS leading it , you might have a chance at it , but no guarantees what might happen
  - I did not look at the other time frames around this M15 to see if there was something that would make this quick come back. I just let the pips go by



# Key Elements – ADX Compression 1 of 3

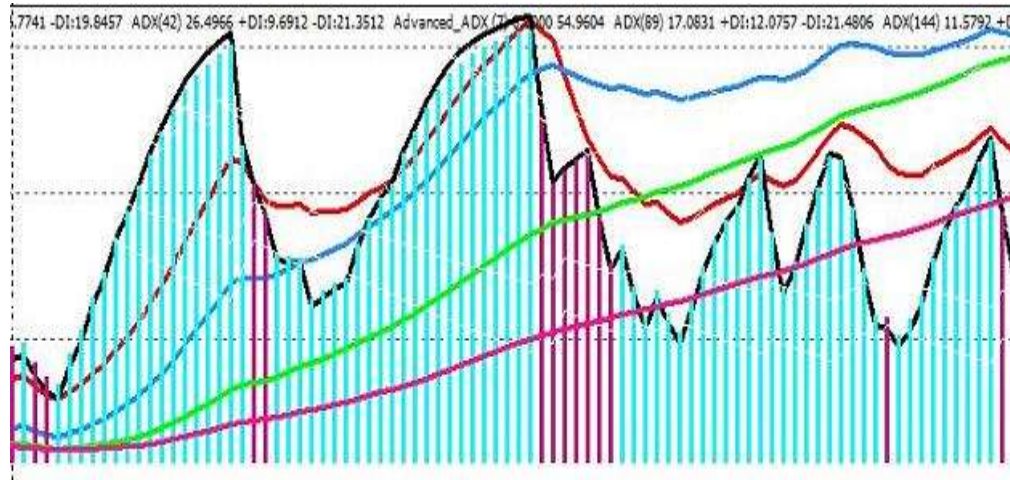
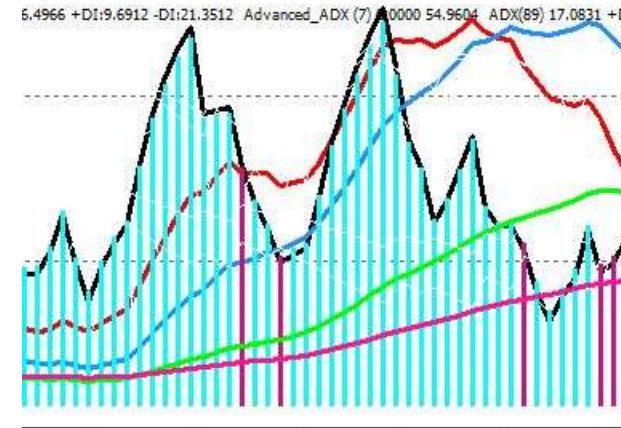
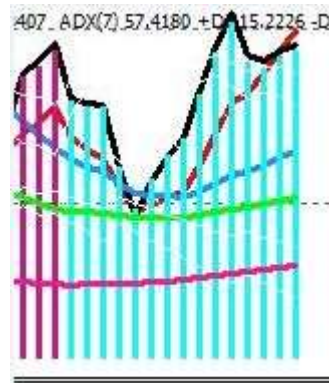
## #973 – forexalien



- ADX climbs on both LONG or SHORT trades
- Momentum is only when all the ADX lines are climbing, the histogram colour tells you the direction
  - **RED for SHORT or GREEN for LONG**
- *When All the lines are dropping away, momentum is resting*
  - *No Long or Short trades to be taken*
- I do not trade the levels or worry about them, keep it simple
- **I do look for ADX compression, examples to follow**
- *If you are trading H4 or Daily charts, you only need to look at them once every H4 or Day*
  - *but , if possible, I would look at the H1 for changes in the H4 as time goes on*
  - *And the same for the Daily, look at the H4 for changes to the Daily as time goes on*
- **TIP: This example is an ADX Compression that I have circled**
  - **Any time you see this area where All the ADX lines are quiet, Something BIG is going to happen, this in itself can be a trade setup**
  - **As you can see afterward a giant long came into play.**

# Key Elements – ADX Compression 2 of 3

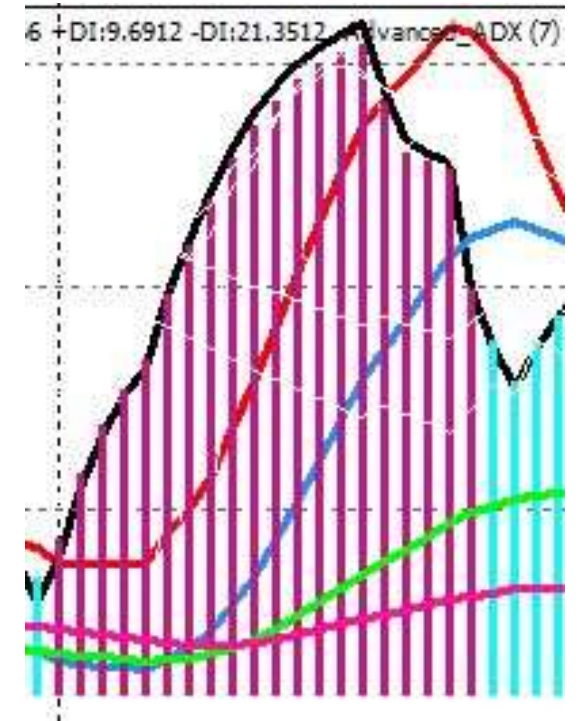
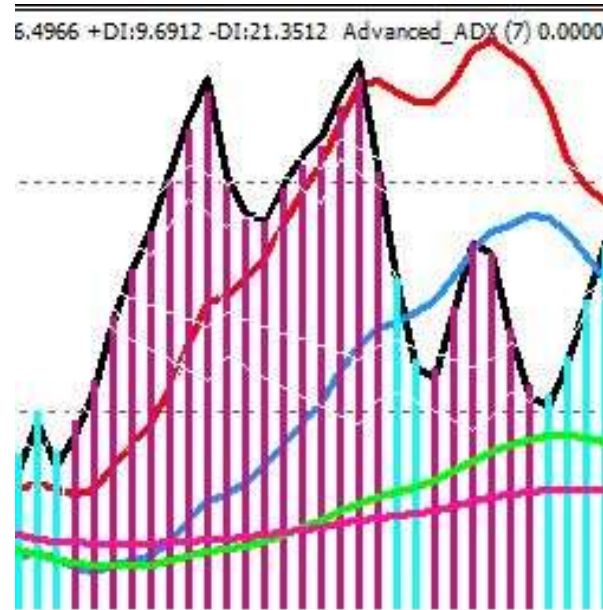
## LONG - #974/976/978/980 – forexalien





# Key Elements – ADX Compression 3 of 3

## SHORT - #975/977/979 – forexalien



# Key Elements – ADX Compression 1 of 2

## #703 – forexalien



- **TIP: This is a great example of the ADX being compressed down to nothing**
- **This could be a trade alert all in itself**
- **You look for this non movement of the ADX and wait for it to expand or explode**



# Key Elements – ADX Compression 2 of 2

## #706 – forexalien



- Looking at the M15 chart above, I also found out why the adx went into a compression as it was going against the trend and was looking for a bottom on the H1
- On the H1 you see the Xcross where the 21sto is climbing and the 8sto was coming down against the trend and then when the 8sto goes LONG in conjunction with the 21sto LONG fireworks happened
- This is because 2 different, side by side time frames were doing the same move at the same time
- The more you follow these systems and trade ideas , the more you will see these coming in advance.....

# Key Elements – ADX Mixed #981 – forexalien

- All 5 ADX's are contracting and NO Trade to be taken





# Key Elements – ADX Fan Starting #982 – forexalien



- You can also have the ADX speeds start at different times
  - At the first black vertical line the ADX7, 21, 42 are expanding for a SHORT
  - At the second black vertical line the ADX89 started rising for more power to the SHORT trade
  - At the third black vertical line is where the ADX144 started rising for more power to the SHORT trade
- you would stay the trade as the momentum increases

# Key Elements – ADX advanced trading

## #985 – forexalien



- This is an Advance ADX trading Example
- The ADX21 & 42 are floating above the ADX7 as it chops along
- This means more down side to come, stay the trade for 20 more pips

# Key Elements – ADX Flat

## #598 – forexalien



- This was setting up, again holiday hours
  - RSIOMA was falling away, maybe a grade C trade only giving a 5 pip pop
- **The biggest reason this trade did not follow through was there was no ADX momentum, it was flat on holiday mode**
- **The next reason this did not follow through was the RSIOMS came out of the 80% and then in ever so slightly and when it fell back below 80%**
- **These are major clues to get out**



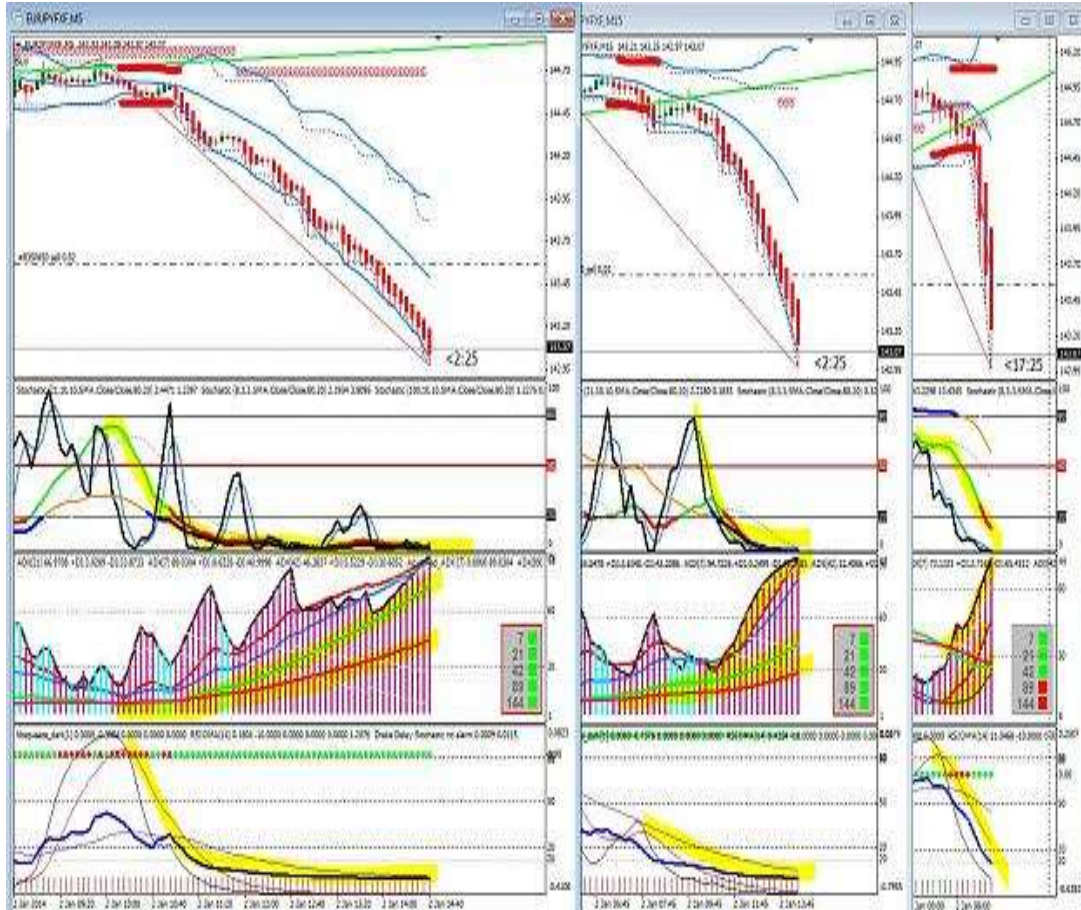
# Key Elements – ADX Power #792 – forexalien



- GBPNZD H4
- H4 since you posted is showing price divergence with the RSI(14), so keep an eye on it
- H1 is topping but no ADX power yet to pull it down
- The GBPUSD falling is having some effect on your pair, since this is a cross pair, watch also the NZDUSD
- ADX are all strong LONG, might start resting in next days



# Key Elements – ADX strong trend #794 – forexalien



- EURJPY MTF M5/M15/H1
- But 50 pips on EJ?
  - It always produces more pips when multiple time frames are starting to roll over
- **TIP: Look at the ADX 89 and 144 on the M5 , see how rapidly they are climbing ? This is a sign of a strong trend !**

# ADX – Divergence?

## #129 – forexalien



- Monthly EA is LONG
- Weekly EA is LONG with all ADX's LONG



- Daily EA is LONG but nearing a top, H4 and H1 have retraced short
- The Daily ADX is showing some longer term power in the move LONG, but we need to follow the H4 and H1 and see if they continue down
- many times when the ADX has a nice push long like this, it then rests and makes one more push long which can be seen in Divergence of Price and ADX



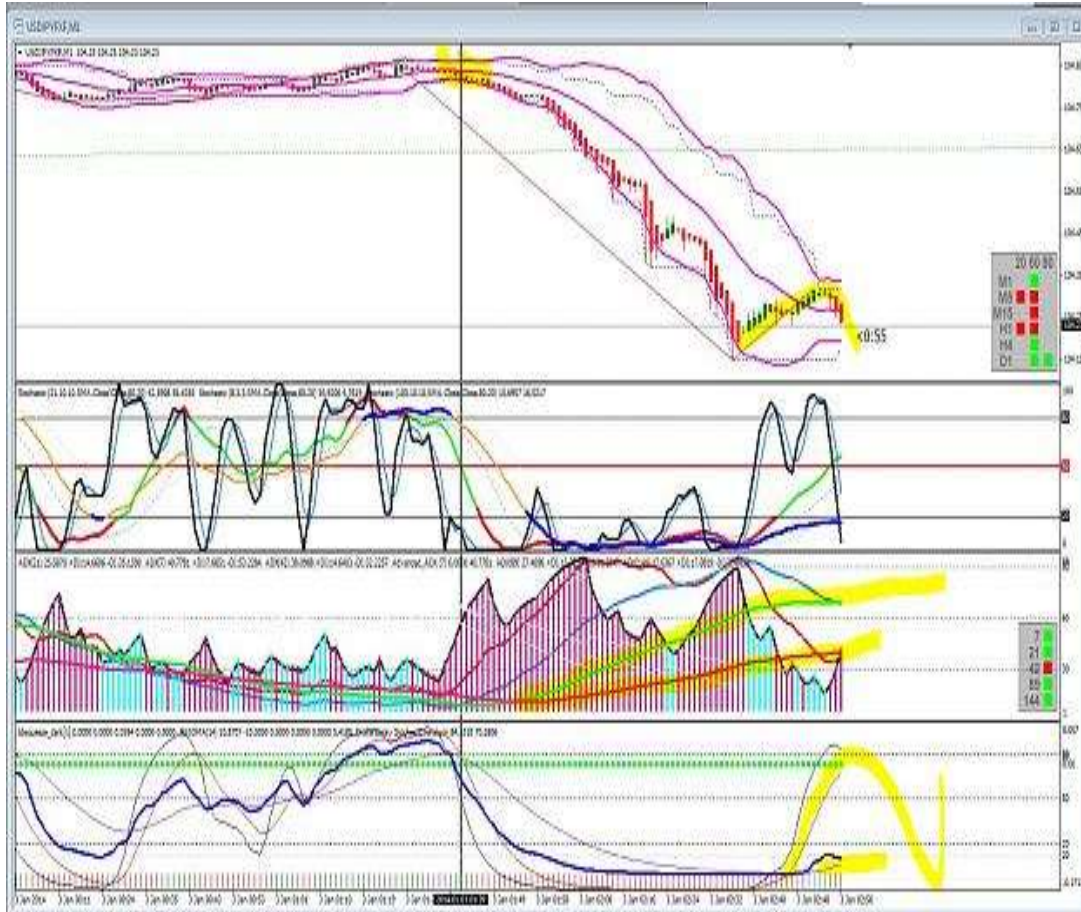
# Key Elements – ADX stay with Trade #845 – forexalien



- EJ M1
- These are great examples of staying with the trade, follow the ADX 42 ,89, 144 all the way till they turn back down
- Look at the ADX7 how it turns back up and creates the next wave of price
- When ever you see the ADX7 turn back up a few times, get on the band wagon



# Key Elements – ADX stay with Trade #850 – forexalien



- UJ M1
- ADX89 and 144 have not turned down yet to end the trade
- A small DSTrade is setting up for one more drop

# Key Elements – ADX stay with Trade #862 – forexalien



- UJ M1
- So the UJ M1 trade in review
  - In at the BBS crossing 50%
  - ADX expanding all 5 periods
  - RSIOMA and DDS falling out of 80% area
  - **OUT** at the turn down of the ADX 89, and 144 as circled
- You would have gotten 57 out of 68 pips on this trade

# Key Elements – ADX stay with Trade

## #1408 – jbegic



- UJ M5 - I might be late and possible wrong on this one, but I took it
- #1409 – forexalien - Everything points to LONG right now
  - **TIP: Stay the Trade until proven Wrong!**
  - M1 is resting for now, 21sto is holding FLAT, so maybe another push long here
  - M5 says LONG, but price divergence is sneaking in for a pullback before going LONG again
  - M15 is resting, room for another wave LONG
  - H1 and H4 ADX are holding LONG
- **Watch the ADX'S 89 & 144 to tell you the trade is over**
  - When they point down on the M5, it's time to get out and look for another M5 setup long again that will continue to drive the M15 higher
  - This keeps repeating with the M15 to rest and start a new wave higher on the H1 and so on to the H4



# Key Elements – BBS

## #93 – forexalien



- The BBSqueeze on the bottom (yellow highlight) is great for breakouts, the red dot areas confirms that the Bollinger bands are close together and a large move is soon to happen !
- In this example the BBS occurs where the RSIOMA and DDS are separated
- The ADX with all five speeds are already moving short, so the break out would be short
- **3 items tell you to go short and you would have a high probability trade to the down side**
- For this timeframe until ADX
  - 89 and 144 turn back downward, this trade is SHORT
  - 42 turns back downward for a short term retracement

# Key Elements – BBS

## #1331 – Mafia



- EJ H1 – Q) Its more than 9 hours of BBS what does that mean?
- #1335 – forexalien - Indecision
  - H4 just had a large drop and is SHORT
  - H1 is trying to climb out of the basement and is struggling
  - H1 ADX's are resting and compressing
  - M15 is topping and it looks like the H4 will retest it's lows after the H1 is done messing around
- #1336 – Islander – Resting ahead of News, ADP NFP and importantly FOMC Minutes coming up
- **Accumulation/Distribution?????**

# Market Mapping

- I will have mapped out each market before the day begins. Each map will contain
  - ..
  - ..
- Integrate with other two approaches to get a super map, or a map per market condition more likely
  - Trending
  - Ranging
  - Position trading
    - Swing points
    - S/R level retests



# Key Tips 1 of XX

- #280 – forexalien
  - The monthly is not as important if the weekly is showing strong
  - The Weekly is not as important if the Daily is strong
  - Lower time frames, lead higher time frames
  - Everything has a strong push in direction and then it rests and then we get in at the dip again
  - Playing the delayed stochastic on the other side of the RSIOMA is the bottom of the next dip
  - Use the ADX89 and/or ADX144 still powered up to stay in a trade, even if price is falling/resting
- #282 – forexalien – Exits
  - ADX42, ADX89 and/or ADX144 turn down, can use stand alone or check RSIOMA crossing up/down
  - the RSIOMA crossing up or down
  - look to see if the 21,10,10 green stochastic has turned the other direction
  - Bollinger band squeeze sometimes, but this might get you out too early in some cases
  - all 3 sto's turning down/up after being above 80% or below 20%, could be out early in some cases
  - looking at multiple time frames will tell us things in advance, but this is advance exit also.....
- #323 – forexalien – Exits
  - ADX42 and ADX89 are the best exits or you will leave lots of pips behind

# Key Tips 2 of XX

- #316 – forexalien
  - DSTrade the RSI/OMA is the one to be over 80% or under 20% for it to work
  - DDS looking for separation, if in opposite area (20/80), then this is Grade A territory
- #324 – forexalien – ADX
  - The ADX different speeds go up and down with wave counting , there is normally always a second push in the market after a rest
- #422 – forexalien – ADX
  - **TIP: When the ADX has a nice firm curve to it, it is a strong move happening, example is the 7 adx in the #2 circles area**
- #456 – forexalien – Position size
  - **Tip: if you are not consistently making money trading micro's , there is no reason to be gambling with larger amounts of cash, as your confidence builds , only then move to mini's**
  - These systems should be learned on larger time frames as to not mess with your mind !
  - It also gives better swings and more pips and less of your time in front of the computer!
  - But once you get good, and you can see things in split seconds, you can drop down to picture perfect entries if you had the time and desire, in the lower time frames



# Key Tips 3 of XX - ADX

- #469 – forexalien – Q&A

1. **What time frames do you consider important, related to the entry time frame?**

- I look at the Month to H1 time frames
- For the Time Frame you are looking to trade, I like to at least look at the one higher and the one lower to the setup Time Frame. But I normally like to see as many time frames traveling the same direction so the trend is stronger
- It is good practice to start with the Month and work your way down to the H1, you will then see if you have a trend to follow

2. **Do you consider it important to have rising ADX's on the M15 TF then?**

- If you do some back testing on chosen pairs, in most DStrades (RSIOMA/DDS) have the ADX's climbing, at least the lower 3 will climb the 7,21,42
- You need to decide the quality of the trade you are going to take
  - None of the ADX's rising might give you a few pips
  - 3 ADX's rising might give you say 30 pips
  - ALL ADX's rising will give you say 50 pips and beyond
  - Learn to grade your trades. do you want to take a grade C trade or a Grade A trade ? in time you will learn the subtle differences you can get away with , but when all the rules are in place, your trade will go well

3. **Do you consider it important to have rising ADX's on the M15 TF then?**

- Yes

4. **And what about the H1 and H4 ? I'm guessing if you are seeing strength on H4 and H1 you would try to buy the bottoms on the M15? But do you enter only if you are seeing rising ADX's in the M15 at the same time?**

- if you can find the bottom of the M15 using the RSIOMA then no you don't need the ADX's to be climbing, but they will climb in time if the M15 , H1 and H4 are all LONG/SHORT
- With the ADX's all climbing this is the safest trade to take, this is not to say there are other ways to trade this and still make pips
- Sometimes price will scream and our system will not give us a clear setup, then we stand aside and let the pips go by



# Key Tips 4 of XX - ADX

- #726 – forexalien – aligning timeframes (waves within Waves)
  - **TIP: If you make note of the direction of each time frame from the month on down, you will get a good idea of the direction you should trade, on your chosen time frame**
  - **If the larger TF's are mixed and going opposite directions, drop down to the lower time frames that are going the same directions and trade those**
  - **If the Larger time frames are trending together in the same direction, and the lower TF's are mixed, WAIT for the lower TF's to become aligned with the larger TF's and trade the trend**
    - *because you have just found the bottom or top of the reversal coming back at the trend*
- #789 – forexalien – trade direction - Follow the direction of the RSIOMA, the 21sto, LONG or SHORT? and the Advance ADX bars RED for SHORT and GREEN for LONG
- #834 – forexalien - The 21sto turns RED above 80% or below 20% to confirm a strong trend
  - The longer the 21sto stays RED in those levels , the longer the trend will stay in place
  - **TIP: Never try a reversal when the sto's are in this area, they can stay there for days and weeks**

# Key Tips 5 of XX - ADX

- #916 – forexalien - **TIP: Humans always enter trades too early**
- #1072 – forexalien - Wait for all 21sto's to be LONG and RSIOMA's to be LONG, Humans always enter too early
- #1089 – forexalien - for newbies or those not being profitable, look at the M15 and higher with M5/M1 in alignment or H4 and make sure H1/M15 in alignment, don't over trade, don't trade during flat markets, don't enter trades too soon
  - Use all the signals for a Grade "A" and keep the discipline and follow the system rules
- #1280 – FerruFx - Looking at the indices with the same template discussed here, I can see some nice setup coming
  - Very nice ADX expanding LONG on : USD and GBP and EUR
  - Very nice ADX expansion SHORT : JPY
  - Expansion is preparing SHORT : NZD
- These are on M15 (ie. for scalping)
- Just pickup the right pairs to fit the above opposite expansions.

# Key Tips – what not to trade

- #400 – forexalien
  - Remember the rules, RSIOMA above 80% or below 20%, only trade after the DDS has crossed back long/short



# Key Tips – Market Resting

- #1042 – forexalien
- After a big move you get ranging / resting. or market indecision
- Signs of resting
  - ADX's with no momentum on 1 or multiple time frames
  - Stochastics flat with no true direction
  - **RSIOMA going the opposite directions on multiple time frames**
  - RSIOMA sitting FLAT near the 50% line or level
  - 21sto is Flat at the 50% line
- These are a few examples, I will come up with more to look for

# Process of Scanning

- #1135 – forexalien – weighting of indicators
  - RSIOMA and the 21sto
  - Then ADX
  - but this should only take seconds in time for your scanning
  - take the time to look at it all, 1 minute might save you some pain, if un-sure , don't trade it
- #1321 – FerruFx - Remember that we are looking for "A" grade trades
  - patience is the key, wait for the best setup
  - **BBS contraction is one of the best sign before an incoming price movement**

# Process of Scanning - Indexes

## #1291 – FerruFx



# Process of Scanning

## #140 – forexalien

- When the ADX 89 and 144 turn back down, all that means is the climbing of the pair has lost its power to continue for now, It is at rest now
  - I would not trade at this time and watch to see if all the ADX line relax to a lower position near 30 or below
- Price action has momentum and then it rests, then it either has more momentum in the same direction again or it starts a retracement or a reversal
- For now, follow the 2 basic building blocks of
  - ADX when all 5 speeds are powering up during a SHORT or LONG move
  - DSTrade between the RSIOMA and DDS
- Using these 2 make possible quick scans of the charts



# Process of Scanning

## #216 – forexalien

- The name of the game here is to locate a BBS and pick the new trend out of the chute before or as it is happening by using the indicators we have been talking about so far
- Use the RSIOMA and the DDS when they are far apart from each other and trade that as a separate system, this works on all time frames, look at your weekly chart on UDSJPY - 700 - 800 pips already
- Look for the ADX, all 5 speeds to be below the 8 -10 scale (Compression) on the right side of the screen and look for trends to power from those levels with all 5 speeds powering up LONG or SHORT
- Stay in the ADX trend once it has left the station, stay in your trades till the ADX 89 and / or the ADX 144 have powered down, the trend power is now gone at this time
- This is such a unique way to gain the most pips possible, and gain confidence to stay in a trade for days or weeks.....Great for Scalping too, but we have not covered this yet.....

# Process of Scanning

## #494 – forexalien



- Train your eyes to look at these items first
  - BBS
  - RSIOMA divergence to the DDS and the distance between them
  - Is 21sto (Green) flat and turning LONG again?
  - Is the ADX picking up momentum ?
- It should only take you 15 - 20 seconds to look at these items on a chart
- If you are looking at the Month, Week, Daily, H4 and H1 charts for each pair, you could look at all time frames of these pairs
  - For circa 20 pairs will take approx 35 minutes with loaded charts
- To study them a bit closer and it would take you an hour each day for approx 10 pairs and it takes about 30 minutes a day to look for swing trades.

# Process of Scanning #496 – forexalien



- Train your eyes to look at these items first
  - BBS
  - RSIOMA divergence to the DDS and the distance between them
  - Is 21st (Green) flat and turning LONG again?
  - Is the ADX picking up momentum ?
- When you see a wedge in price action
- **TIP: These resting wedges of indecision, point to the BBS and are a leading clue that we are going to have that next BIG move**
- By looking at the indicators we have on our Alien System, we will be able to in advance see the direction of the breakout



# Process of Scanning - Wait

## #888 – ShepherdL



- EN Weekly
- There is a big space between the blue RISOMA and DDS, will DSTrade work out ?
- #914 – forexalien
  - Daily and H4 does not support it as they are turning down for now, But this is OK!
  - you are on a Weekly chart, let the Daily cycle down and go LONG again is when I would look at this again, don't take it off your radar
  - 3 things I see
    - RSIOMA is not above the 80% line
    - 21sto is not above the 50% line and sitting there FLAT
    - ADX is unorganized
  - **TIP: Make a list of the trade rules and put them by your side and check them off as you look for them**
  - NO trade for now, let the Daily go down and turn back LONG, keep this on your to be trade list



# Process of Scanning 1 of 4

## #3216 – forexalien (Major Tip)



- Friday afternoon.....this is how we roll NZDUSD H1 DStTrade was setting up
- Clue 1
  - BBS was in your face !
  - Time 11:00 CST USA
- Clue 2
  - 1 to 2 hours prior the DDS turn down
  - Green 21st already turned down
- Clue 3
  - Black 8st turned back down for 1 hour
- Clue 4
  - go to M15 when you see H1 BBS and start looking

# Process of Scanning 2 of 4

## #3216 – forexalien (Major Tip)



- Clue 5
  - BBS happening
  - Green 21sto topping and starting down
  - ADX expansion started at 11:00 AM CST USA
  - MORE IMPORTANT< LOOK AT THE ADX COMPRESSION PRIOR TO THAT
- Go look at M5

# Process of Scanning 3 of 4

## #3216 – forexalien (Major Tip)



- Clue 6
  - BBS happening (on every time frame so far)
  - Green 21sto started down 40 minutes before the 11:00 CST USA
  - ADX Compression was an hour before the perfect entry
- Clue 7
  - ADX Expansion
  - RSIOMA starts down after banging along the top for most of an hour
- Clue 8
  - Go look at M1 for the perfect entry



# Process of Scanning 4 of 4

## #3216 – forexalien (Major Tip)



- **The Perfect Entry is at Wave 3 – The Money Wave**
- M1 – the TOP was put in 1 hour before the H1 timeframe would have told you anything
- You don't even need to know where the top is!
  - Wave 1 moved down, keep watching
  - Wave 2 moved back long, keep watching
- You are now sitting on top of a DSTrade at the beginning of Wave 3 – the Money Wave
  - ADX Expansion is beginning
  - ENTER, ENTER, ENTER
- This is the area of the Perfect, no risk trade
- You had a full hours notice it was coming
- This is where the Pros start dumping in their monies for the move down, the perfect entry



# Process of Scanning

## #10490 – JPAdvisor

- As this is mostly a trend following system first thing to do is finding trending pairs, looking at Weekly and Daily charts
- when you selected the pairs to watch you have to find a valid setup (DSTrade; slingshot; Xcross trade, etc.)
- a clue to see a strong move is BBS. There is also a dashboard in the thread created by Nihilist to monetarize BBS. Usually BBS occur before a strong move
- if you find a valid setup in the higher TFs then go down to the lower to find the best entry on a pullback
- wait to see a good compression of ADX and enter when ADX begin the expansion
- if you catch the move stay in the trade until ADX 89 and 144 turn down.

# Process of Scanning

## #12703 – Songok

- Q) How many pairs do you have open in MT4 at anyone time?, How often do you check MT4 for possible trades, do you have alerts for this?
  - I check for possible setups on h4 /daily on Sunday from about 20+ pairs, I look for ds/div RSIOMA and strong trend (RSIOMA in the 20/80 zone) 8.3.3 stoch rubber band trades
  - On Average I get 5-7 pairs to look for the week. I do this again on Tuesday/Wednesday in the evening (after my work I live in EU). I don't have alerts
- Q) Do you primarily use longer time frames (H1, H4) for initial observation?
  - I use H4/Daily TF and sometimes H1 for confirmation or in times of great volume.
- Q) Do you even trade during the day or find evening a better time to focus more?
  - I trade when I can (if setup is good), because of work I sometimes enter on setup early with half of position.

# Position trading

## #17490 – Marco

- Trading higher timeframe setups
- Monthly, weekly or daily
- Spot the setup, define SL and TP and enter trades at lower TF's (trading DSTrade, X crosses and slingshots)
- Keep adding trades as the system tells you to do till your target is reached from the higher TF setup
- Once your first trade is in profit (it all depends of your risk tolerance), put at break even before you place another trade
- You don't want to have several positions running at loss because can be hazardous for your mind
- Never add to losing trades
- Let the market decide if you are wrong or right.

# Trade Analysis examples