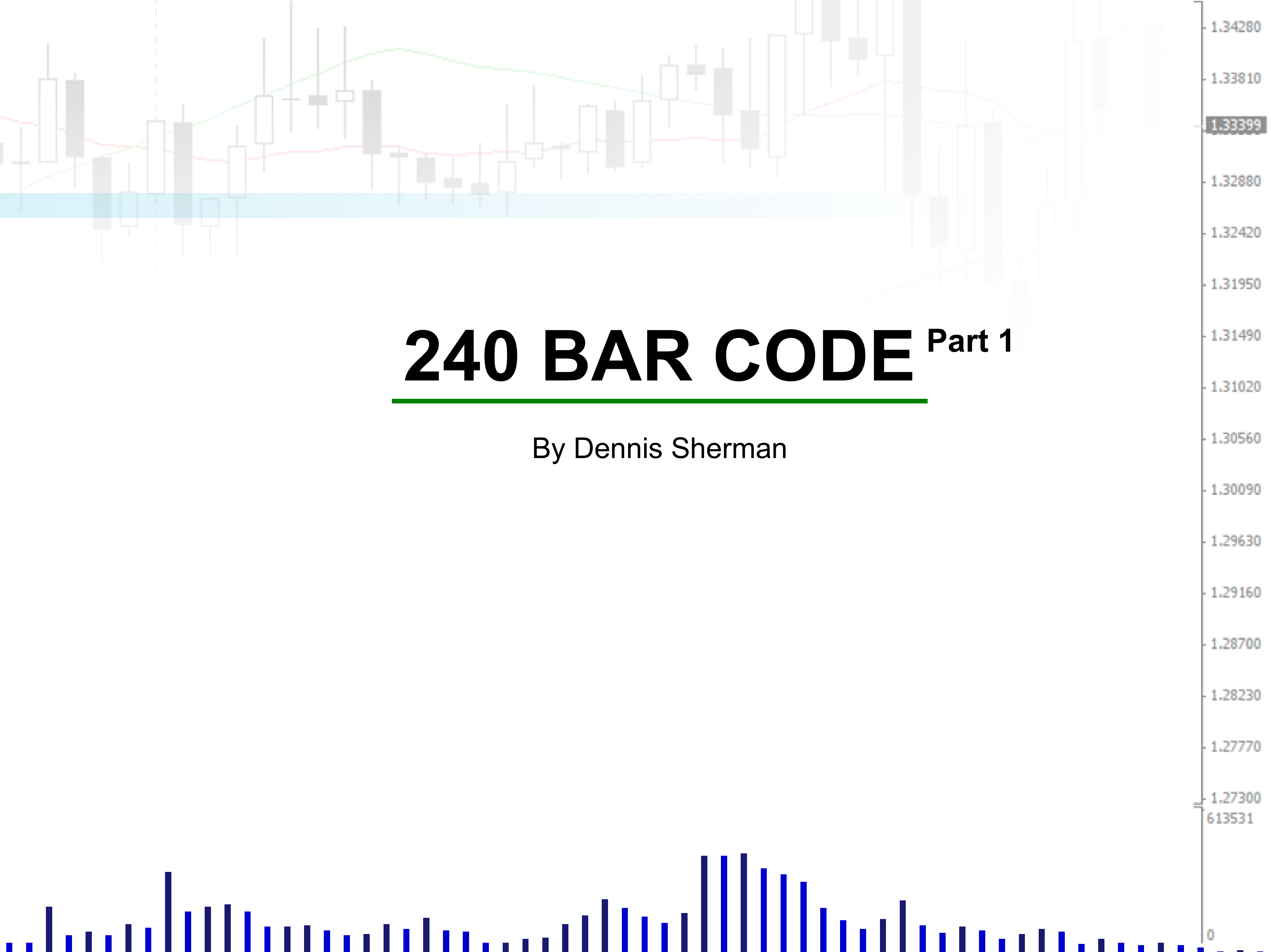


240 BAR CODE Part 1

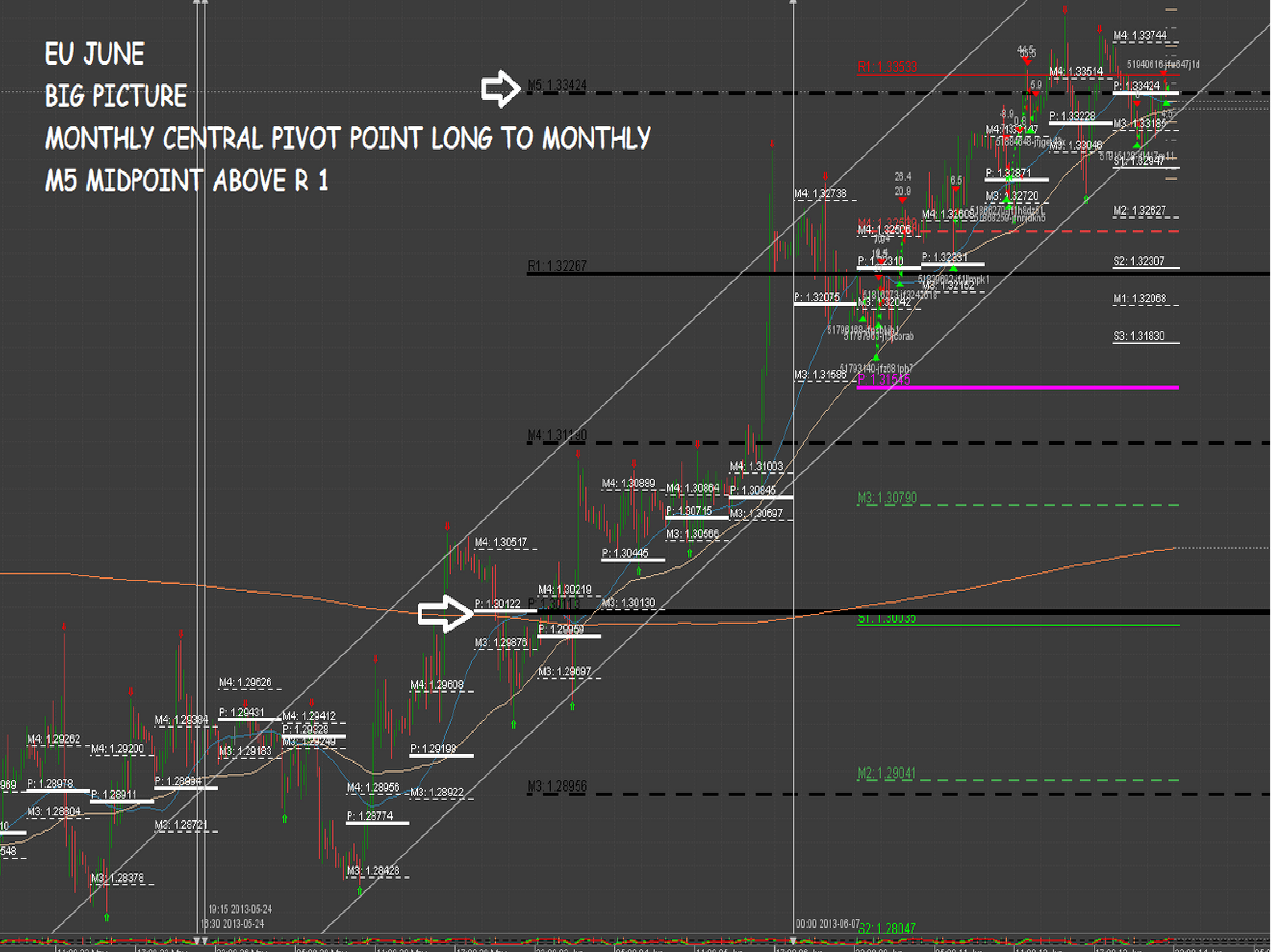
By Dennis Sherman

INTRODUCTION

Keep it Simple - That can be considered quite a statement to make when we consider how much Volatility there is in the markets! And one may feel this it is not going to be a controllable day of trading.

Things can quickly get out of hand when you find your self following the every move. And that will never be simple.

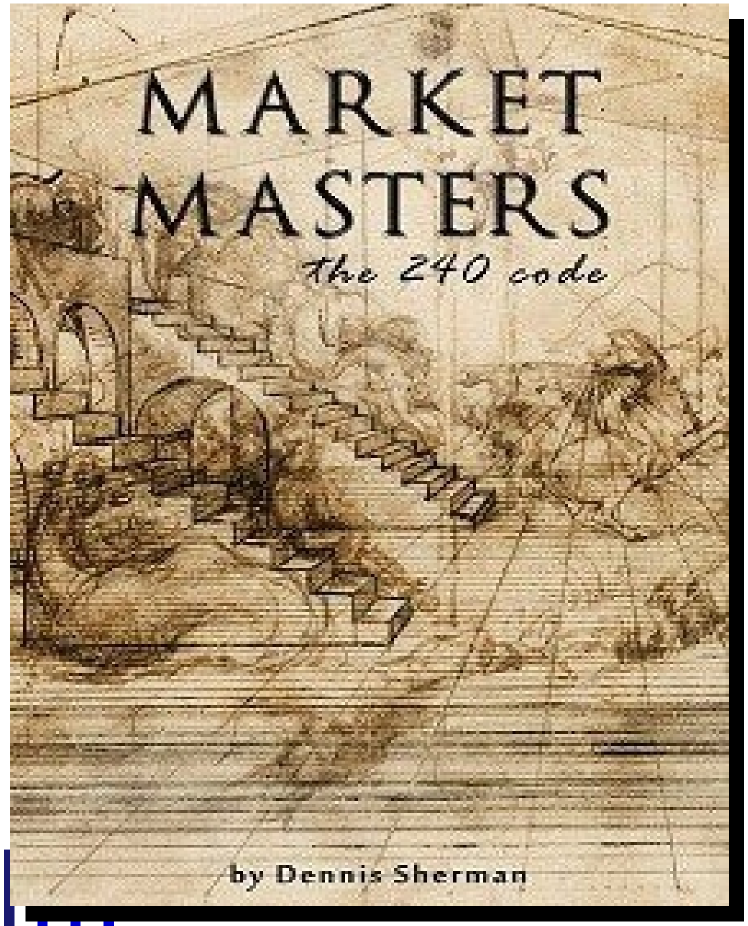
So keep in mind - The Big Picture of The Market is simpler then the many events that take place within in it and that is you turning point as a consistent trader. So apply good rules with good data AND BENEFIT FROM THE BIG PICTURE which is far more simple then the intra-day noise.


EU JUNE
BIG PICTURE
MONTHLY CENTRAL PIVOT POINT LONG TO MONTHLY
M5 MIDPOINT ABOVE R 1
M5: 1.33424
R1: 1.33533
R1: 1.32267
M4: 1.31190
M3: 1.30790
P: 1.31545
S1: 1.30035
M2: 1.29041
M3: 1.28956
S2: 1.28047
M4: 1.33744
M4: 1.33514
P: 1.33424
P: 1.33228
M3: 1.33185
M3: 1.33046
S1: 1.32947
P: 1.32871
M3: 1.32720
M4: 1.32738
M2: 1.32627
M4: 1.32608
M4: 1.32506
P: 1.32331
S2: 1.32307
M3: 1.32152
P: 1.32075
M1: 1.32068
M3: 1.32042
S3: 1.31830
M3: 1.31586
M4: 1.31003
M4: 1.30889
M4: 1.30864
P: 1.30845
P: 1.30715
M3: 1.30697
M3: 1.30566
M4: 1.30517
P: 1.30445
M4: 1.30219
M3: 1.30130
P: 1.30122
M3: 1.29876
M3: 1.29697
M4: 1.29626
M4: 1.29608
P: 1.29431
M4: 1.29412
M4: 1.29384
M4: 1.29262
M4: 1.29200
P: 1.29198
M3: 1.29183
P: 1.28978
M4: 1.28956
M3: 1.28922
P: 1.28911
P: 1.28774
M3: 1.28721
M3: 1.28604
M3: 1.28428
M3: 1.28378
19:15 2013-05-24
18:30 2013-05-24
00:00 2013-06-07

About the Author

Dennis Sherman

a highly experienced trader with 15 years in this field, now marking a step forward with his upcoming book “Market Masters: The 240 Code”, whom he's currently working.



He is an active adviser in two leading trader's social site: urbanforex.com and fxstreet.com who hailed him as EURJPY king in one of their article.

About the Author

WHAT WE WILL COVER

- Overnight Range: Knowing your ACD
- Initial Balance: Knowing your ACD
- Pivot points
- Market Profile
- 6 Market Days
- Rolling Pivot and Rolling MP Relationships
- Confirming Indicators

Understanding Markets - Pre Techs

Before we can even discuss any of the above we need to understand the market and its participants who participate in the market as there is no know point in turning up to playing football match not knowing who the opposition is and there tactics.

Example if you decide to short USD JPY at 95.50 then maybe you just shorted against the red shirts who are buying up at 95.50 for a monthly target of 100.60. Or it could be that 95.50 is long term investors scaling up from 89.00. So you got the point we need to cover the 4 types of professional market speculators and decide what team you want to be on and play by there rules. Hopefully this blog will help you to decide who you are as a trader, theirs only 4 you cant pick 5 it wont work

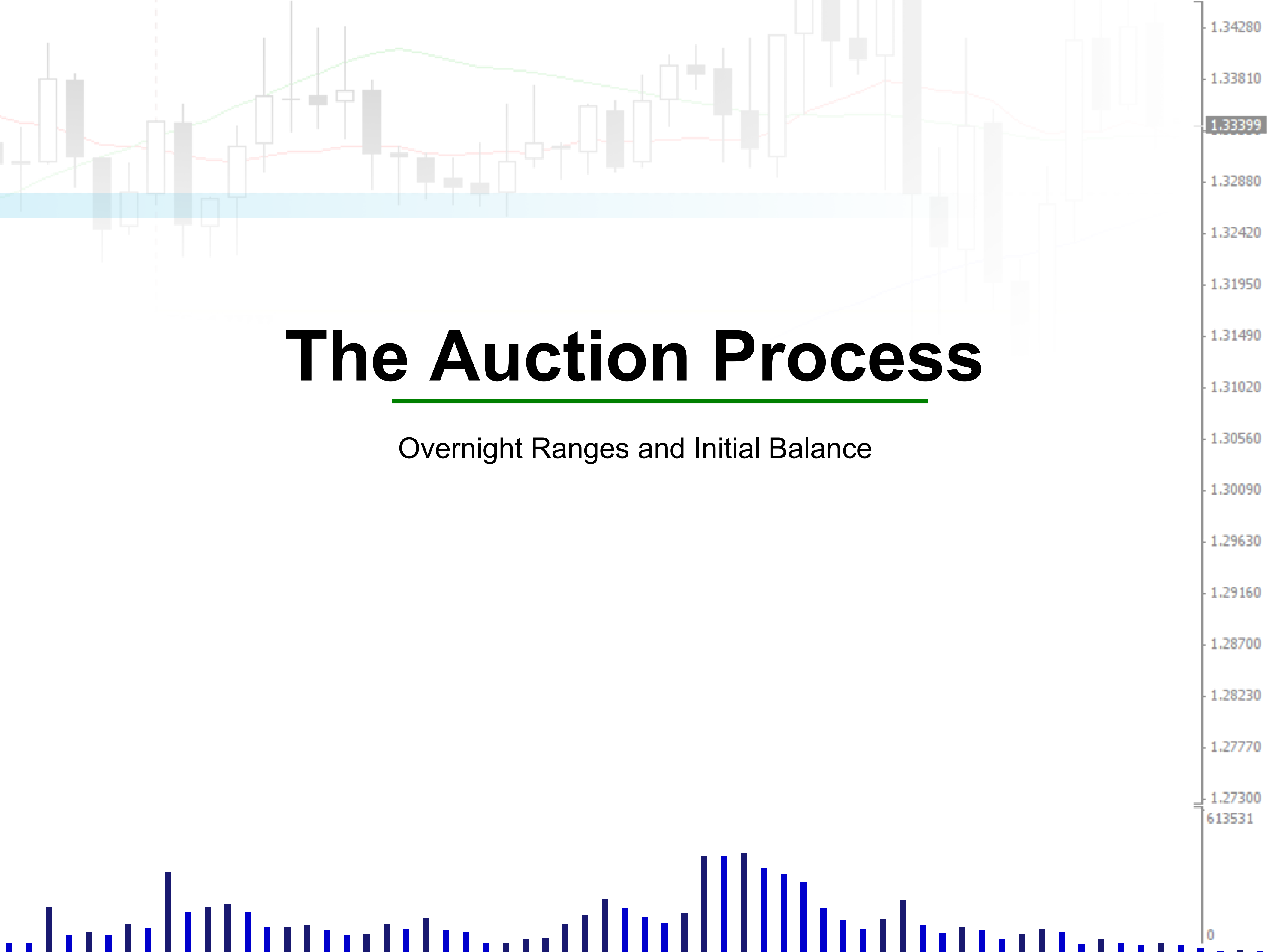
Understanding Markets

The Four types of Professional Traders

We can divide the Market Participants into four you will soon recognize there activity in the Price and you will know how they participate when and at what price

The four Types of Market Participants:

- Investors - Yearly Levels
- Position Traders - Monthly Levels
- Swing Traders - Weekly Levels
- Day Traders - Intraday Levels



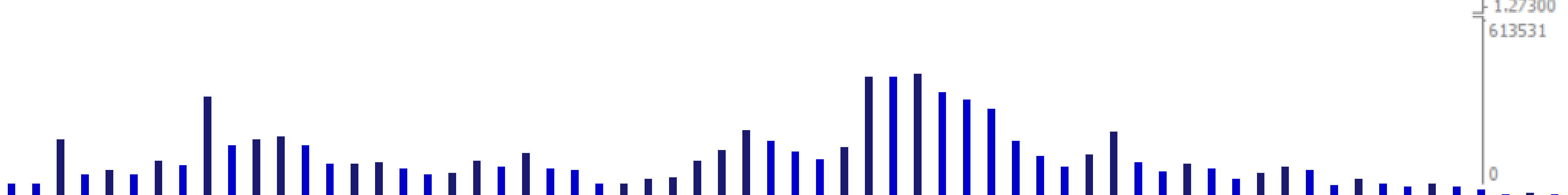
The Auction Process

Overnight Ranges and Initial Balance

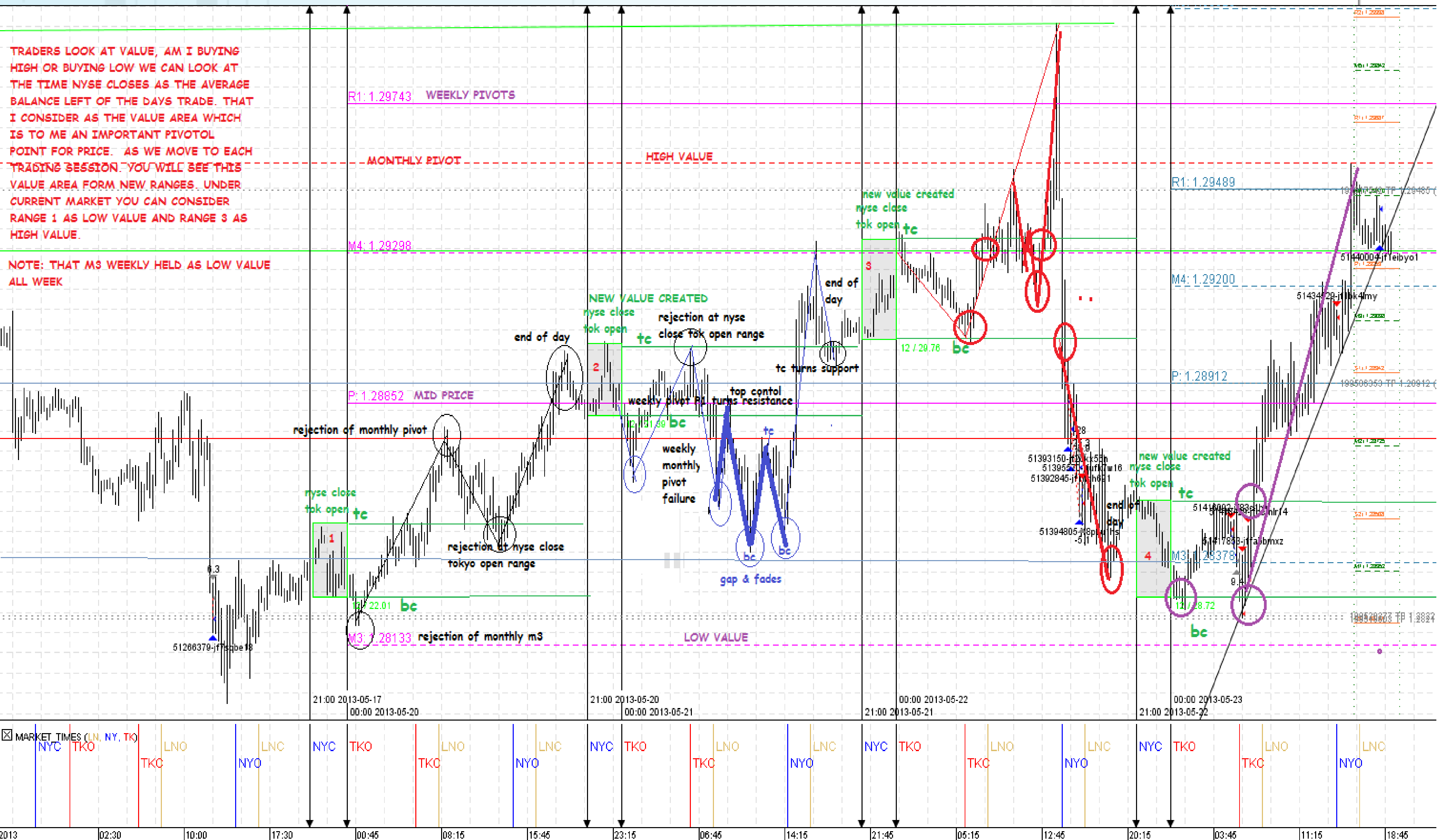
The Auction Process

Traders within the Market Look at Value. Buy Low Sell High is a annoying Adage but it is one that is so true within the Auction Process that we speculate in. The skill is to determine value and position appropriately knowing the risks at the level you place a call or a bid. You must also know before placing what to do it your perceived value is not what you thought it to be.

The chart below shows value if you can recognize it. For Example Monthly pivot traders have different areas of interest then Weekly Swing traders however those areas can combine at the same price same time which makes for powerful confluence. With a Wider eye you will recognize more! with in the Auction it has a starting price and a objective selling price: Therefore bidders have a objective from one auction to another. You can divide the Auctions into 3, they all sell paintings and start of with initial opening bid price. The 3 main auctions are New York, London and Tokyo.



The Auction Process



The Auction Process

The role of the marketplace is to facilitate trade between buyers and sellers. Price will auction higher and lower as it attempts to find an area where trade can be easily facilitated. If price opens too low, it will auction higher to find sellers, and if price is too high, it will auction lower to find buyers. If you put this into an easily understood framework, you will come to see that this information makes complete sense. If an original painting by Pablo Picasso were to be auctioned for a starting bid of $10 on the open market, buyers would enter the market en masse because price is too low. Buyers would drive price higher until the last buyer stood alone, essentially ending the auction with the sale, likely for a price in the tens of millions of dollars.

However, what would happen if I were to auction off a painting by my one-year-old daughter with a starting bid of $1 million dollars? Obviously, the starting bid is too high; the price would begin to auction lower in search of buyers.

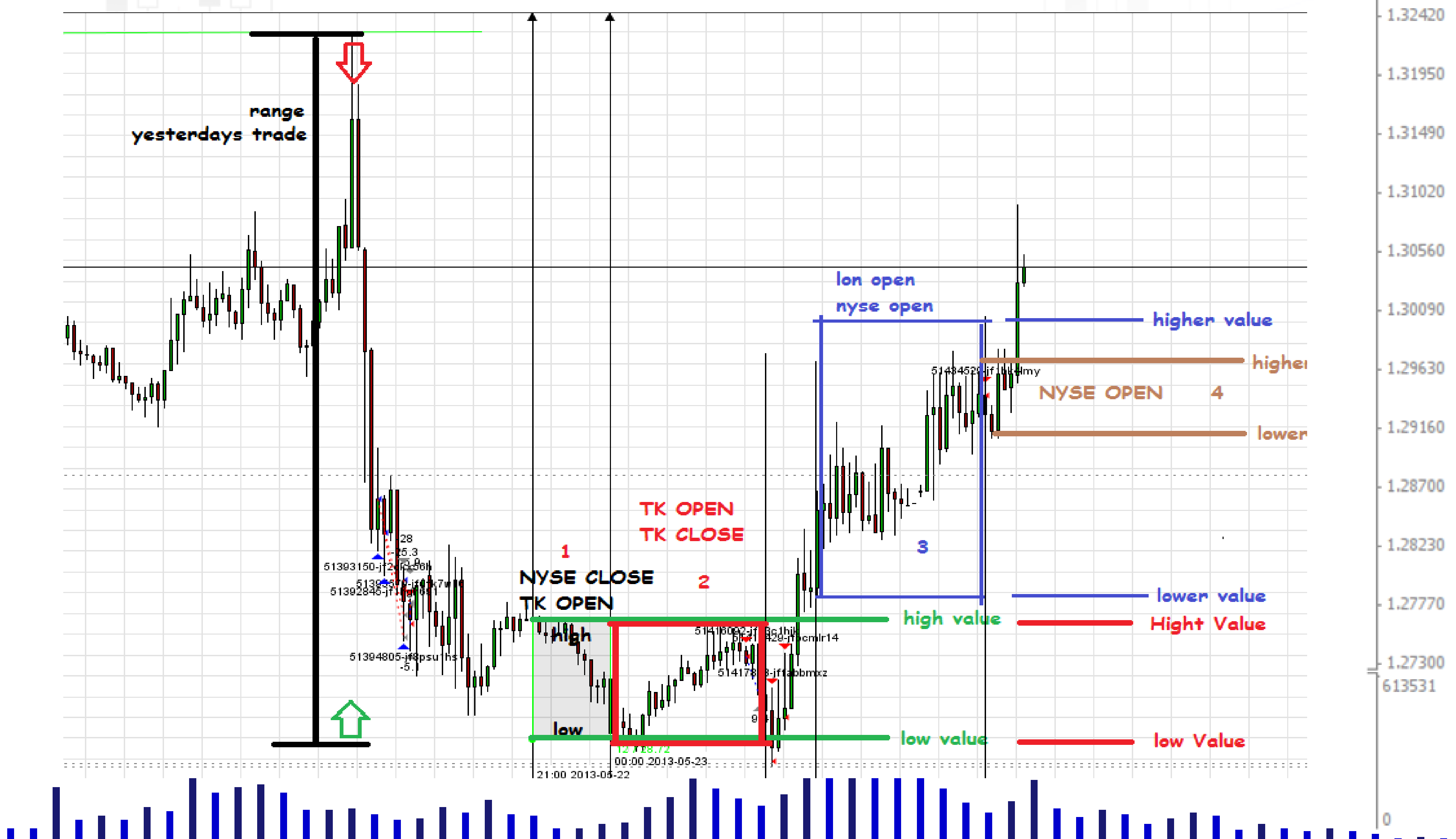
Eventually, price would auction low enough to find a buyer, perhaps her loving grandmother, for a mere $10. Price continually moves higher and lower in search of the best value to both buyers and sellers. Buyers will enter the market when they feel price is below value, while sellers will enter the market when they believe price is overvalued.

The Auction Process

This will be a consistent theme over the course of the book. It boggles my mind how a novice trader can be a smart shopper in the everyday marketplace, but become a completely different person when engaging the stock, futures, Commodities and Spot Markets.

Sometimes, price needs to probe higher in order to find a compromise between buyers and sellers, while other times price needs to probe lower before finding an agreeable price. The market clearly sees this price of a pair as outside or inside of value and that is the auction process. It is therefore a compromise of Time = to what Auction and price. which is the same equation of New York High and low price to Tokyo open prices to Tokyo close prices to London open prices to London intersection carry trade to New York open.

The Auction Process



The Overnight Range

The Overnight Range is simply the New York Auction Close range to the Open of Tokyo. If We print the High and low of those two points you have already identified Value as they are significant support and resistance areas that the market will watch and play out the remainder of the day. In this example to day lets take a look at how the Overnight range was broken on the open of Tokyo.

You can see the market times built in to the RSI and the Overnight range is signified by the red lines on the below chart.   NYC = Close TKO = Open.

The Overnight Range

Initial Balance or Opening Range

The Opening Range is is the initial time frame of trading a stock or currency at the start of each new trading session. (To understand sessions: Refer to Understanding Markets - The Auction Process as posted above) The length of time to measure the opening range is generally 20 to 30 minutes in the Spot market. It is very important when trading the opening range that you take into consideration that J pairs are better measured in the open of Tokyo and EU pairs are better measured in the London open session.

In the below chart you can identify the initial opening balance on UJ there the Purple lines. How to use this information we will cover next.

Initial Balance or Opening Range

ACD Method

controlling risk and preserving capital

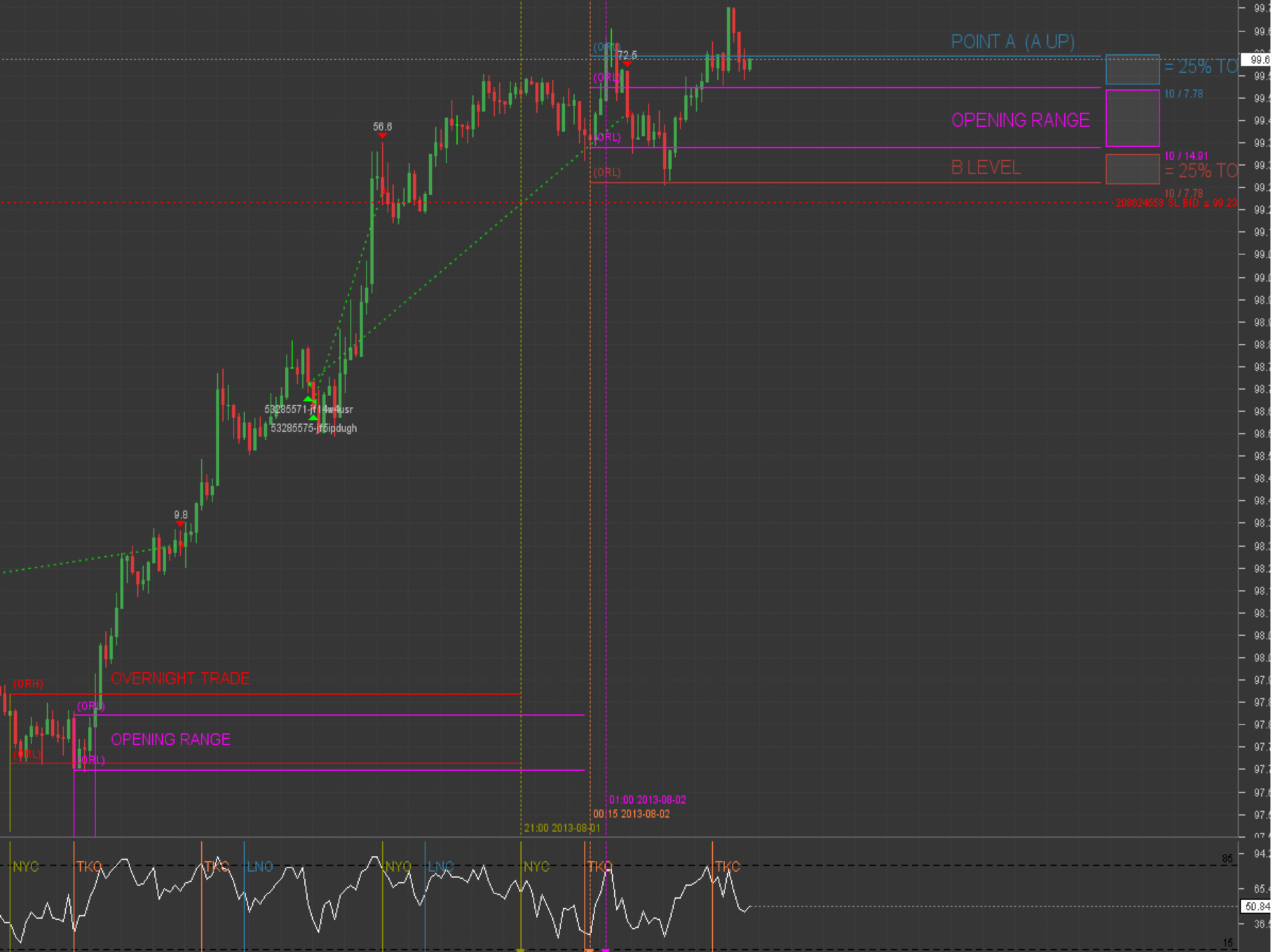
Knowing your ACD

ACD is a disciplined approach to controlling risk and preserving capital. Imagine that the initial Balance is the Fulcrum in which the entire ACD trading system sits and without it the entire system will come crashing down. The basics of ACD is to plot defined price points in relation to the opening range.

Point A: Up or down are based upon a certain number of pips above or below the opening range and if trading is sustained at these levels for a period of time equivalents to hald the duration of the opening that you have chosen.

On any day you can have an A up or A down. The A points are determined if price trades above or below the opening range,   There is only one A that means once an A up is achieved there can be no A down for the day or if an A down is established first there can be no A up for the day.

As you plot Various Price reference points you must ask yourself where you would get out if you were wrong So your exit point if the trade goes against you we will call it the **B level**. So once you have established a A up or A down! Your stop for getting out of a unprofitable trade is the B Level. in which you are Bias Neutral as your outside of the opening range.

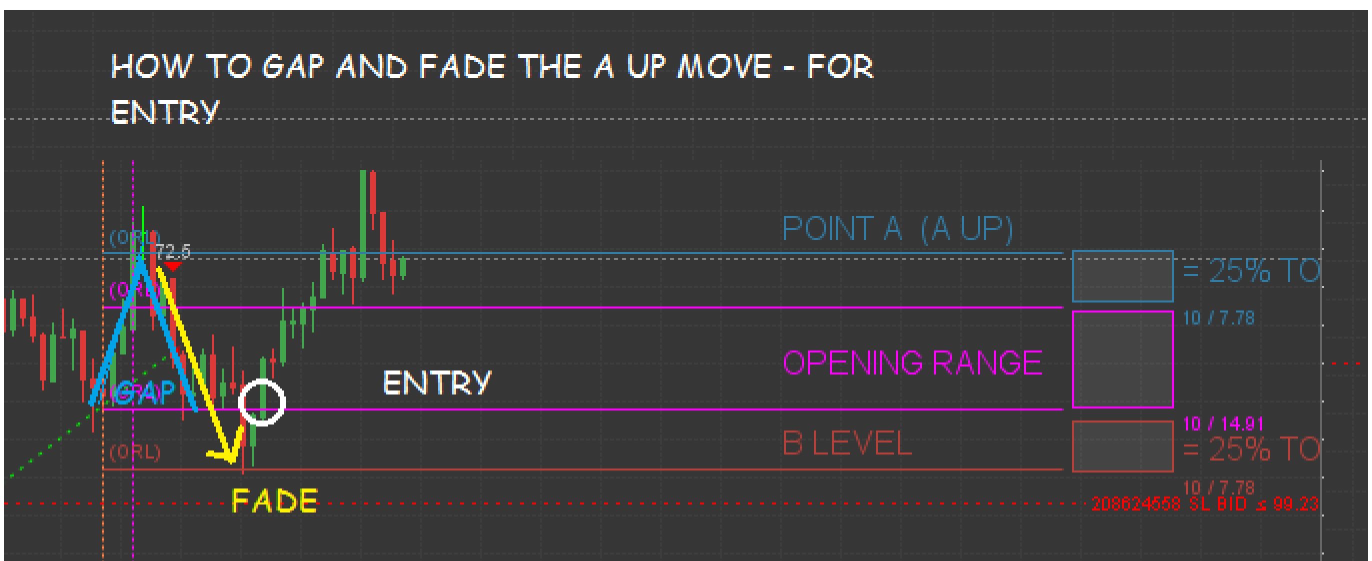


POINT A (A UP)
= 25% TO
10 / 7.78
OPENING RANGE
10 / 14.91
B LEVEL
= 25% TO
10 / 7.78
72.6
56.6
9.8
(ORH)
(ORL)
OVERNIGHT TRADE
OPENING RANGE
01:00 2013-08-02
00:15 2013-08-02
21:00 2013-08-01
NYC
TKO
LNO

Knowing your ACD Entry Techniques
The Gap & Fade Entry Method

We have already covered one entry technique on the above post entering on A up if price holds above initial balance for a certain period of time.   Now my favorite method is the Gap & fade move.

In this Example Price Gaped up from Opening Range Created an A up (Gap up) then faded back to open range low. Its at that point when price reaches back to the open range low I enter long and put stop at B.



Knowing your ACD Entry Techniques

The Advancing C - Cup

We have already covered one entry two entry technique on the prior posts entering on A up if price holds above initial balance for a certain period of time and the Gap and fade method with Stop at B. So when we trade we have to have a concept of what the market will do. The C - Cup is a common pattern in times of low volatility. In the chart below you in vision the handle will form on the C - Cup and it is during the handle formation (Time and Price) you may shift your focus from bullish to bearish if the handle does not brake up from the high at 99.75

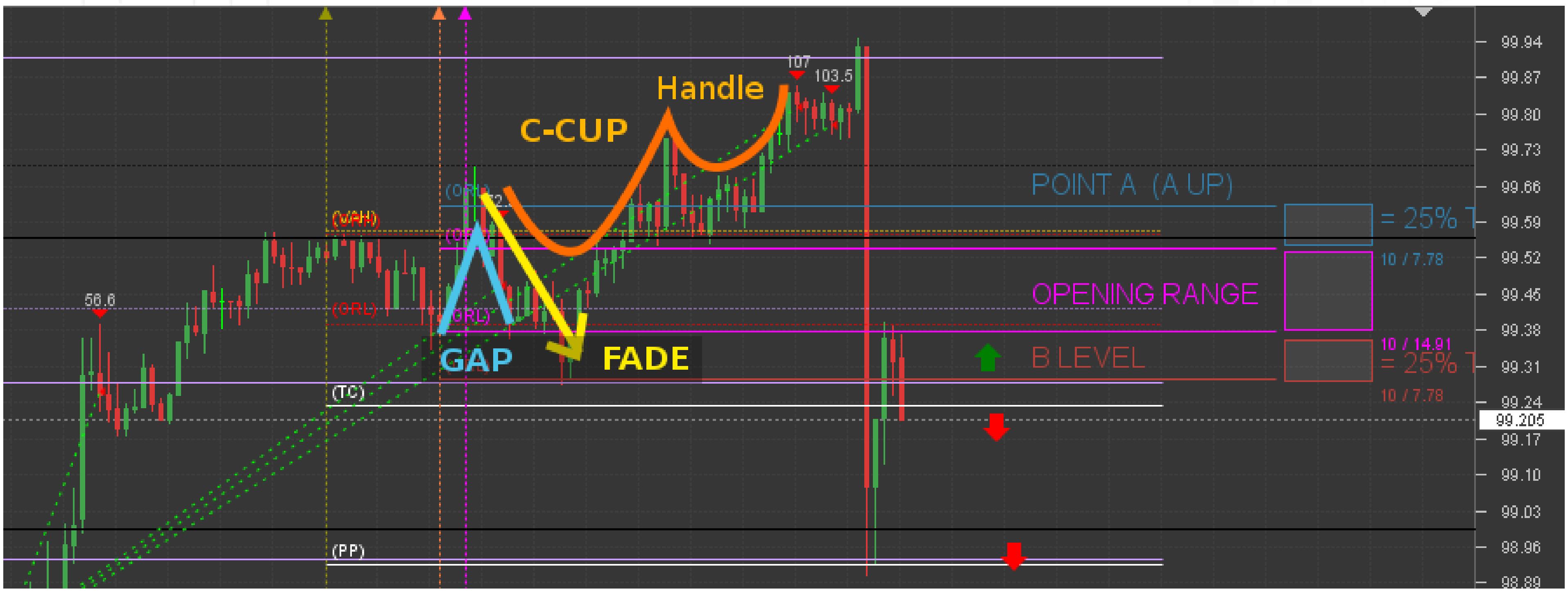
Knowing your ACD Entry Techniques

The Advancing C - Cup

A fully developed C-Cup pattern, as handle advances above the high of the cup tip.

Knowing your ACD Entry Techniques

The Advancing C - Cup

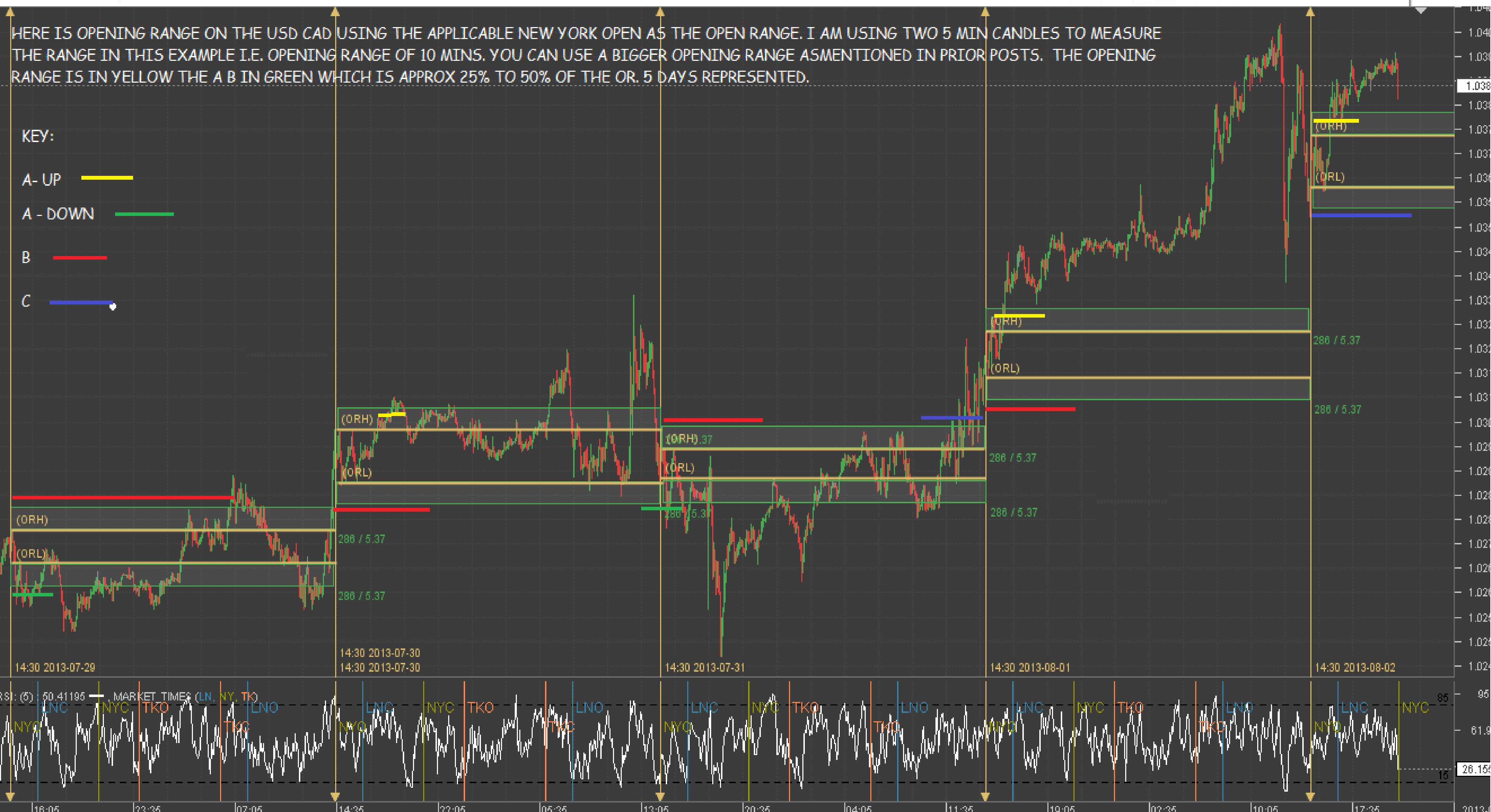


Here's a failed development of handle which trashed the initial LONG trade and focus on bearish trend. When a position started from fade, you will have plenty of time to trash the trade before it go against your favor.

Knowing your ACD Entry Techniques

Combining it all

A sample on how to combine them all



Knowing your ACD Entry Techniques

Method Summary

Plotting particular price points in relation to the opening range. It shows reference points against which to trade the "A" and "C" points for entry and the "B" and "D" points as stops. The ACD method calculates the prices above which you'd want to be long and the prices below which you'd want to be short.

ACD Rules

The following are five ACD rules:

- Plot point A’s and C’s as points of reference.
- Lean against these reference points as you execute your trades.
- Maximize your size when the trading scenario is favorable. At all times, minimize your risk.
- Know where you are getting out if you’re wrong.
- If you can answer 4, you will trade with confidence.

Knowing your ACD Entry Techniques

Method Summary

A-Down
A price level set at a specific number of ticks away from the opening range that is determined by the A values for a particular stock or commodity below the bottom of the opening range. This is an entry level to establish a short bias.

A-Up
A price level set at a specific number of ticks away from the opening range that is determined by the A values for a particular stock or commodity above the top of the opening range. This is an entry level to establish a long bias.

As long as there is sufficient volatility and liquidity in the market, you can use the aggressive nature of ACD trading style to maximize position size while minimizing your risk.

Knowing your ACD Entry Techniques
Method Summary

ACD Opening Range (Initial Balance)
For the most part, it is a time frame based on an opening of a given market. It is used as an area of reference throughout the day. However, ACD Opening Range is not a static time frame. The trading action dictates when a opening range is to be established for the day. For example, if your normal opening range starts at 9:30am ET, you must adjust it to start at 8:30am ET on the days Unemployment Report comes out. The Opening Range time frame is not static. It should move according to where traders are coming into the market. The Opening Range can be moved to an earlier time like on Unemployment Report days or it can be move to a later time on FOMC Meeting Days where the Opening Range starts at 2:15pm ET. This is when traders comes into the market to establish their positions.

Knowing your ACD Entry Techniques
Method Summary

C-Down
A price level set at a specific number of ticks away from the opening range for a particular stock or commodity below the bottom of the opening range. This is an entry level to establish a short bias. A C-Down can be made only if the market has previously had a confirmed A-Up.

C-Up
A price level set at a specific number of ticks away from the opening range for a particular stock or commodity above the opening range. This is an entry level to establish a long bias. A C-Up can be made only if the market has previously had a confirmed A-Down.

Knowing your ACD Entry Techniques
Method Summary

Daily pivot range
The daily pivot range is calculated based upon the high, low, and close of the previous trading day. The ACD system identifies this price range as the meat of the market from the previous trading day. This is Mark Fisher's way of saying Value Area.

Knowing your ACD Entry Techniques

Method Summary

Failed Point A
A failed point A set up can occur based on one of the two following scenarios: (1) the market may approach a Point A value and fail to trade at that value, subsequently reversing its direction and trading back into the opening range. Or, (2) the market may approach a Point A value, trade at that value and even potentially through it. However, it does not stay at the Point A value for at least half of the ACD opening range time frame before reversing its direction and trading back into the opening range.

Failed A against/within the pivot
If the pivot range proves to be strong enough support or good enough resistance to stop the market at or near a Point A value, the result is a failed A against the pivot. For example, a failed A-Up within the pivot range confirms resistance in that area and increases the likelihood of success if a short position is established at that level. Conversely, a failed A-Down within the pivot confirms support at that level and increases the likelihood of success if a long position is established at that level.

Knowing your ACD Entry Techniques

Method Summary

Failed C

A failed Point C setup can occur based on one of the following scenarios: (1) the market may approach a Point C value and fail to trade at that value, subsequently reversing its direction and trading back into the opening range. Or, (2) the market may approach a point C value, and then trade at that value and even potentially through it. However, it does not stay at the Point C value for at least half of the ACD opening range time frame before reversing its direction and trading back into the opening range.

Failed C against the pivot

A failed C against the pivot generally occurs under highly volatile market conditions. The market attempts to reverse its bias at Point C, but runs directly into the meat of the market from the previous trading session, otherwise known as the daily pivot range. The market snaps like a rubber band off this area and reverses back towards the opening range, providing the trader with a clear point of reference at the failed C level.

Knowing your ACD Entry Techniques
Method Summary

Fear and greed
Fear and greed are the two key ingredients that every trader needs to possess in the right combination in order to be successful. A trader must be greedy and willing to press winning trades and maximize market opportunities.

Goods news/ bad action
A classic trading scenario that allows the trader to combine the ACD system with market psychology. This setup requires an anticipated directional move by the market based on new fundamental developments. However, for reasons that bewilder most traders, the market fails to technically respond to that news in the anticipated direction.
Island Reversal Formation
An Island Reversal Formation occurs when the market has a fake-out to the upside or the downside, gapping lower the day after previously gapping higher (or vice versa).

Knowing your ACD Entry Techniques
Method Summary

Late-day Point C pivot trade
This is the Rolls Royce of all ACD system trading scenarios. This setup's high probability of success, coupled with its very low risk, make it extremely attractive. The trade works best if it occurs late in the day, trapping speculators who feel they must liquidate by the close.

Maximize size, minimize risk
The concept of maximizing size and minimizing risk is a vital ingredient to any successful trading strategy. The ACD methodology applies this concept in identifying trading scenarios that utilize low-risk reference areas such as the opening range, pivot range, and other ACD areas.

Knowing your ACD Entry Techniques
Method Summary

Momentum
This macro ACD indicator can be utilized by longer-term traders to help them identify when to exit trades. In the ACD system, momentum is used to clearly show who the winners and losers are in a market over a specific period of time. This ACD tool compares the close of the market today in relation to its close eight days ago to determine whether the shorts or the longs have the upper hand.

Number line
The main purpose of the number line is to identify a potentially developing trend. That generally occurs when the cumulative sum of the past 30 trading days based on macro ACD goes from a 0 to a +/- 9, a level it must maintain for two consecutive trading days in order to be considered significant. A much simpler approach that I use is counting the number of support and resistance levels. When the market continues to go up, you see the number of support levels increase and the number of previous resistance levels decrease or become non-existent. You can count that as your number line.

Knowing your ACD Entry Techniques
Method Summary

Pivot on a gap
When the Market gaps open, above or below the daily pivot range, and never trades into the daily pivot range from that day, a pivot on gap day has been established. That pivot on gap day level becomes critical support or resistance for future trading sessions.

Point B
Point B is the price at which your bias shifts to neutral. Once a Point A (up or down) has been established, your stop is now Point B. The B level is the bottom of the opening range for an A up, or the top of the opening range for an A down.

Point D
Point D is the price at which your bias shifts to neutral and is your stop after the market has already established a C in one direction. Once Point D has been hit, the trader has been chopped up enough for the day and should walk away from the market for the rest of the trading day.
Points of reference

Knowing your ACD Entry Techniques

Method Summary

ACD provides traders with reference levels to lean against to minimize their trading risk.

Rolling pivot range

The rolling pivot range, usually spanning three to six trading days, acts as a reference point for entering and exiting trades. ACD uses the rolling pivot range as a trailing stop for winning positions. It also provides traders a point of reference to quickly exit losing positions. One of its best functions is that it helps prevent a trader from turning winning positions into losing ones.

Sentiment divergence

This ACD setup relies upon divergences occurring between market price action and human sentiment. This trade tries to catch traders who don’t believe in recent market price behavior and who have faded the recent move. This setup alerts the trader if the market gaps away from these traders and tries to capitalize on the ensuing panic liquidation that inevitably takes place.

Knowing your ACD Entry Techniques
Method Summary

Statistically significant
The ACD methodology is based upon the premise that the opening range of each day's trading session is statistically significant. In layman's terms, this means that the opening range is not like all the other 5- or 10-minute intervals of the trading day. Rather, the opening range is the statistically significant part of the trading day, marking the high or low for the day (in volatile markets) about 20 percent of the time. This concept directly refutes the random walk theory.

Time factor
In trading, time is actually a much more important variable than price. When determining whether you have made a good A-Up or a good A-Down, it is much more important how much time the market spends at that level than at what price it trades. Unsuccessful traders tend to rely too much on price and not enough on time when entering or exiting the market.

6 Market Days

Trading Day Patterns

6 Types of Market day.

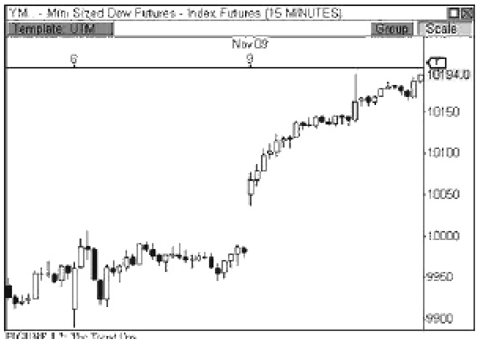
Using to your advantage

The initial balance can be used to your advantage in many ways and thus far we have only looked at initial balance in relation to the ACD Method. Later on we will tie everything together with the Market profile and Pivots and then other confirming indicators. However before we move on, the following is of the most importance.

The initial Balance is indicative of the type of trading day that is ahead and is a reliable leading indicator of future price action. One clue Initial balance gives us is the type of market day ahead and the below charts are descriptive of the 6 types of Market day.

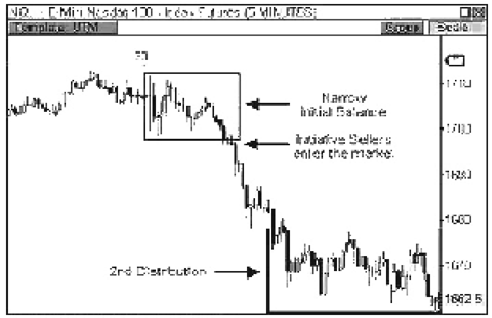
6 Types of Market day.
Using to your advantage

TREND DAY



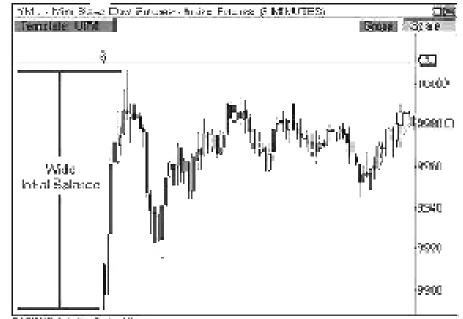
On a bullish Trend Day, the open usually marks the day's low, while the close usually marks the day's high. Beariss opposite.The market will typically start fast on this type of day and the greater price moves away from value, the more participants will .enter the market.

DOUBLE DISTRIBUTION TREND DAY



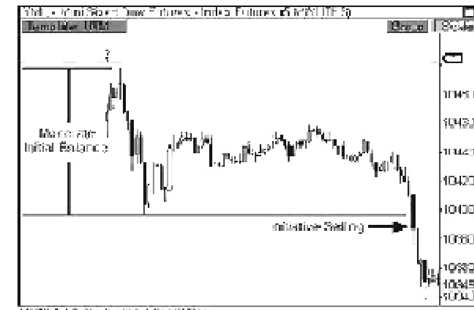
DDT DAY is trending but does not have the confidence or conviction of a Trend Day. Instead, this type of day is characterized by its indecisive nature at the outset of the sessionthe market will usually open the session in a quiet manner, trading within a fairly tight range for the first hour or two of the session, thereby creating an initial balance that is narrow. The initial balance is traditionally defined as the price range of the first hour of the day,

TYPICAL DAY



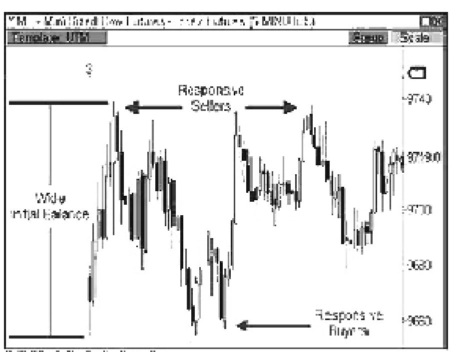
The Typical Day is characterized by a wide initial balance that is established at the outset of the day. On this type of day, price rallies or drops sharply to begin the session and moves far enough away from value to entice responsive participants to enter the market. The responsive players push price back in the opposite direction, essentially establishing the day's trading extremes. The market then trades quietly within the day's extremes the remainder of the session. The opening rally or sell-off is usually sparked by reactions to economic news that hits the market early in the day.

EXPANDED TYPICAL DAY



This type of day is similar to the Typical Day in that it usually begins the session with early directional conviction. However, price movement at the open is not as strong as that seen during a Typical Day. Therefore, the initial balance, while wider than that of a Double~Distribution Trend Day, is not as wide as that of the Typical Day,

TRADING RANGE DAY



The Trading Range Day occurs when both buyers and sellers are actively auctioning price back and forth within the day's range, which is usually established by the day's initial balance. On this day, the initial balance is about as wide as that of a Typical Day, but instead of quietly trading within these two extremes throughout the day, buyers and sellers are actively pushing price back and forth.

SIDEWAYS DAY

On this type of day, price is stagnant, as both buyers and sellers refrain from trading. This type of session usually occurs ahead of the release of a major economic report or news event, or in advance of a trading holiday. There is no trade facilitation and no directional conviction. The initial balance is rather narrow, which at first indicates the potential for a Double~Distribution Trend Day. However, the initiative buying or selling required for a ouble~Distribution Trend Day never enters the fray, which leaves the market terribly quiet the rest of the session

Introduction to Floor Pivots

Walls of the Market

Floor Pivots
An Introduction

Floor Pivots have been around for a long time and many traders have used these pivots to master the market for decades. Larry Williams re-popularized the formula by including it in his book, How I Made One Million Dollars Last Year Trading Commodities, in 1979. He described the "Pivot Price Formula" that he used to arrive at the next day's probable high or low.

Many great traders have adopted the pivots and have even incorporated them into many indicators that you may know today. While these pivots can go by many names, including Pivot Points, Floors, or just pivots, I typically call them the Floor Pivots since they really became popular once traders on the floors of the a"{changes began to use them.
The pivots were a simple way for floor traders to forecast the day's potential support and resistance levels, since they didn't have sophisticated computers on the floors of the exchanges at the time. This name also helps to distinguish them from other types of pivot points, since there are other types that are unrelated to the ones we will discuss Floor Pivots are extremely powerful price-based support and resistance levels that are calculated using a prior period's high, low, and close.

Floor Pivots

An Introduction

Floor Pivots offer an amazing way to view the market. They are like night-vision goggles, illuminating the moves of the market even in the most uncertain of times. As you begin to study the pivots on a deeper level, you will begin to see the correlated nature between the Floor Pivots and price behavior.

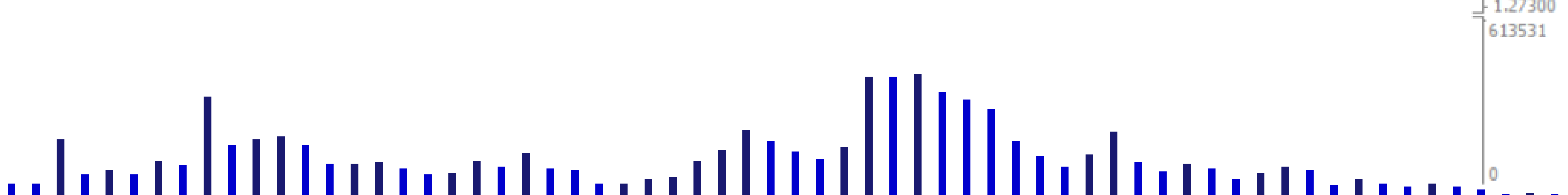
The main reason these pivots can be so unbelievably accurate is the simple fact that market participants are watching and trading these key levels. Trader psychology, and human nature for that matter, has remained the same for centuries due to fear, greed, hope, and uncertainty.

These are the reasons why traders continue to react to key levels in the charts the same way over and over again. This is also the reason why these pivots have stood the test of time and will continue to work into the future. We will delve deeper into Floor Pivots in this chapter and will unlock extremely powerful concepts that run deep in the market

Floor Pivots

Pivot Formula

R3	= RI + (High - Low)
R2	= Pivot + (High - Low)
RI	= 2 x Pivot - Low
Pivot	= (High + Low + Close)/3
SI	= 2 x Pivot - High
S2	= Pivot - (High - Low)
S3	= SI - (High - Low)



Floor Pivots

Opening Range, Overnight Trade and Central Pivot

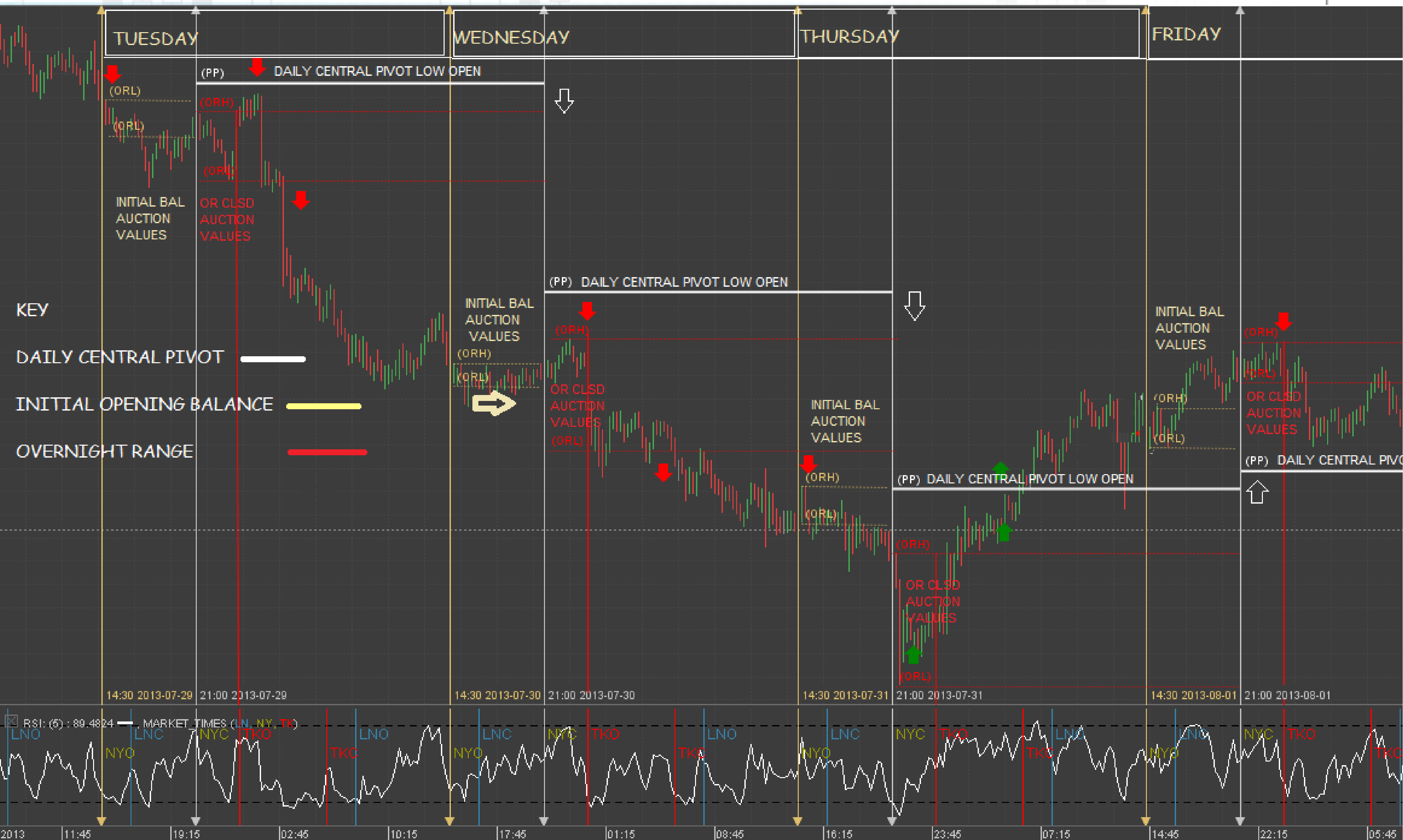
Remember now we are introducing Pivots, we are not making a new strategy its all part of one strategy that is part and parcel of what we have already covered so now we are growing the picture as we plot the charts.

Below i have included one daily central pivot in the chart with what we have covered previously, Auction Values in session and out of session. As Overnight trade is close of New York to the open of Tokyo you can consider that has closed Auction Prices. That's the part when Traders are desperate to close loosing positions and winners are holding winners for carry trade over into Tokyo.

Now when you look at the below chart I hope that you can make sense of it all as what you are seeing is value areas to place a trade. And the further away from those values plotted the lesser value you can bid. You may also notice there is a relationship between yesterdays Values and today's. The open of the Daily Pivot Higher or lower is indicative of the days Bias. That we will cover in detail as we move on. Take a long look at this chart do not go further with this blog until you can see the session values and there relationships to future and past values.

Floor Pivots

Opening Range, Overnight Trade and Central Pivot



Floor Pivots

Opening Range, Overnight Trade and Central Pivot

This is the part we pause for awhile, for this is the part most traders fail. This is the Part which makes the Random Walk Theory a fools view concept and validates the professionals from the aspiring to be. We cant move on from here with out a further look at the relationship to prior value areas and there relationship to the here and now and tomorrow   next week, next month next year.

Still we are on Micro view on intra-day relationships.   A big part of this will be Dow Theory and I promise you only 1 from a 100 will understand value, I do my best to increase those odds.

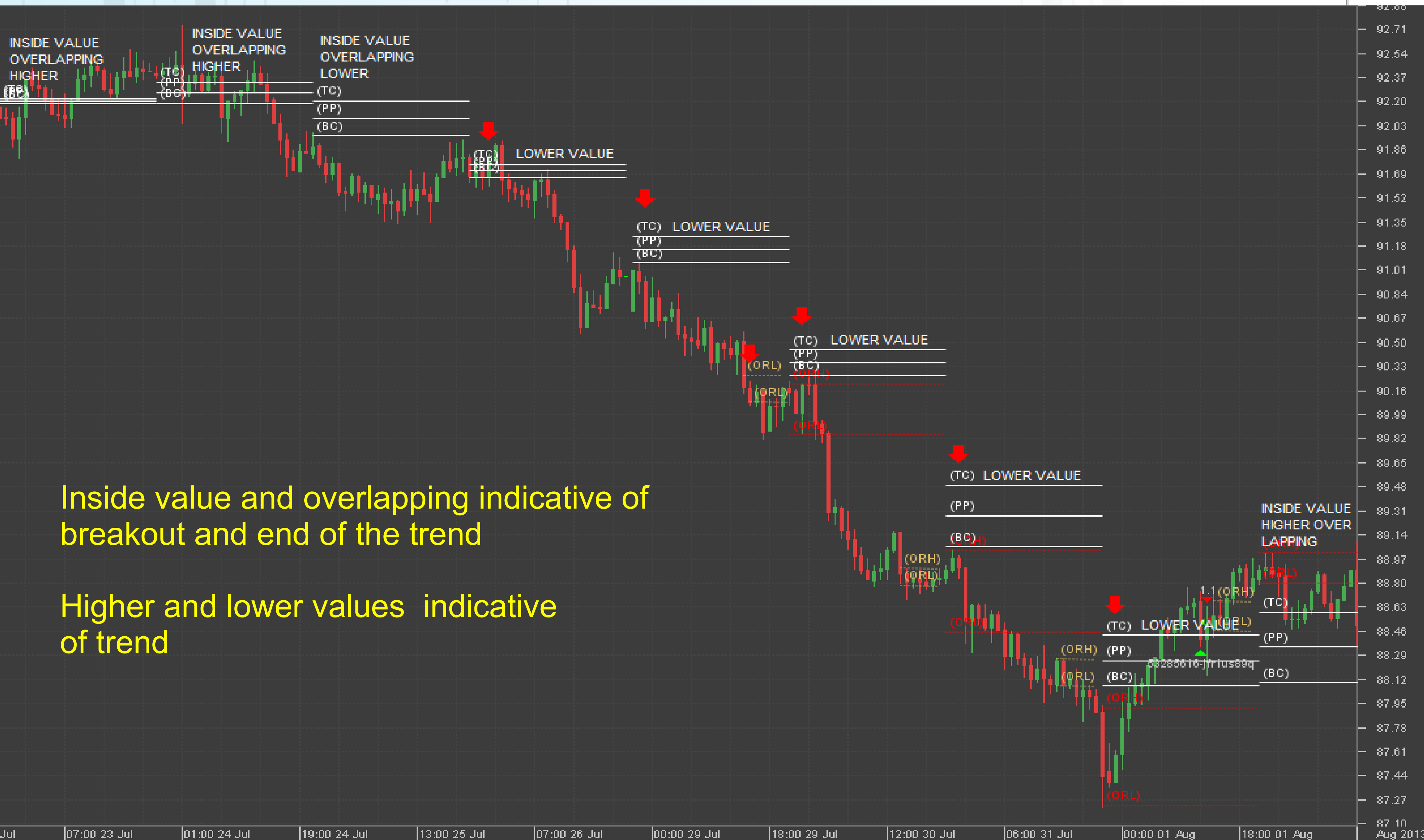
Heres a chart of Rolling Values, Rolling Values is a Value Area from a prior session be carried to the next as equal and rolling values also include 2 day relationships to support Bias in this vertical market.

Floor Pivots

Opening Range, Overnight Trade and Central Pivot

Floor Pivots

Opening Range, Overnight Trade and Central Pivot



Inside value and overlapping indicative of breakout and end of the trend

Higher and lower values indicative of trend

Floor Pivots
2-Day Pivot Range Relationship

TWO-DAY PIVOT RANGE RELATIONSHIPS

Two-Day Pivot Relationships	
Higher Value	Bullish
Overlapping Higher Value	Moderately Bullish
Lower Value	Bearish
Overlapping Lower Value	Moderately Bearish
Unchanged Value	Sideways/Breakout
Outside Value	Sideways
Inside Value	Breakout

TABLE 6.2: Two-Day Relationships

HIGHER VALUE

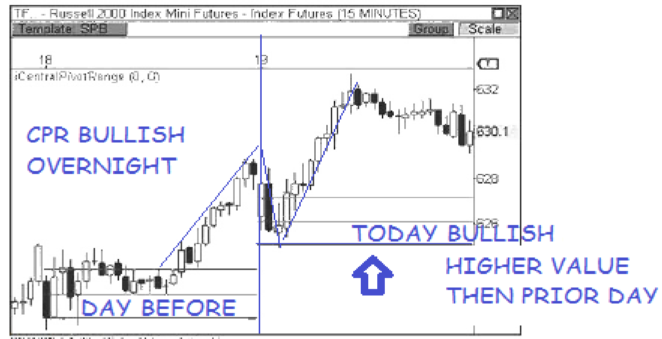


FIGURE 6.3: The Higher Value relationship

LOWER VALUE

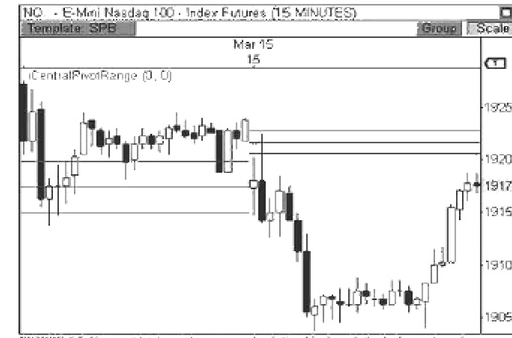


FIGURE 6.5: You must let the market prove each relationship through the day's opening price.

OVER LAPPING HIGHER VALUE

FIGURE 6.6: The Overlapping Higher Value relationship

2 DAY UN-CHANGED VALUE

FIGURE 6.11: Unchanged Value relationship

OUTSIDE VALUE

FIGURE 6.12: Outside Value relationship

LOWER OVER LAPPING VALUE

FIGURE 6.10: Overlapping Lower Value relationship

INSIDE VALUE

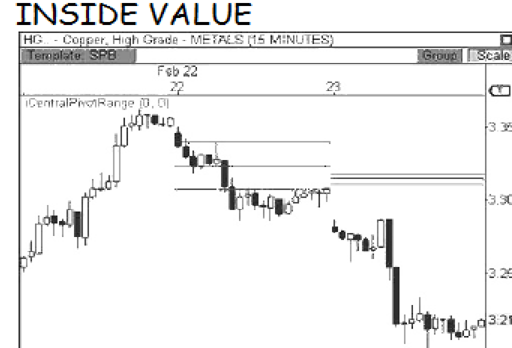


FIGURE 6.13: The Inside Value Relationship is the most explosive relationship.

Floor Pivots

6 Day Market and 2-Day Pivot Range Relationship

Now this is what you have to process the following equation to get yourself current:

FORECAST = 6 Market Days + 2-Day Pivot Relationships + Overnight Trade + Initial Balance

Floor Pivots

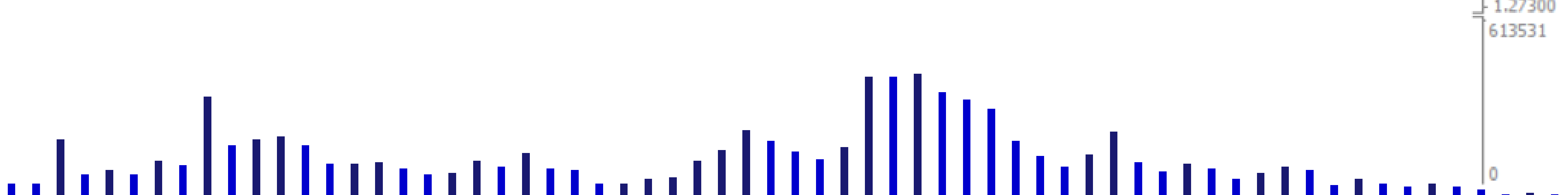
Pivot Width Forecasting the Weekly Pivot Points
(Large time Frame Pivots)

Floor Pivots

Pivot Width Forecasting the Daily Pivot Points (Small time Frame Pivots)

Before we go into explanations lets just look at a double distribution week (Refer to 6 Market days Applied to a week instead of a Day).

You will see that the Central Daily PP was at the Centre of the Spiral of Each Intra day Move and its respective Support and Resistance Levels R/S were the Expansion of the move from the Root PP. In this case the Pivot width forecast in Play were predominantly the S levels as Bias was bearish.



Understanding Markets

Market Forecast (Recap)

6 Market Days + 2 day Pivot Relationships + Overnight Trade + Initial Balance and 2 day relationships + current Price in Respect to which time frame Pivots and levels + Which participants will enter at which levels and what is there respective targets = forecast outcome

Floor Pivots

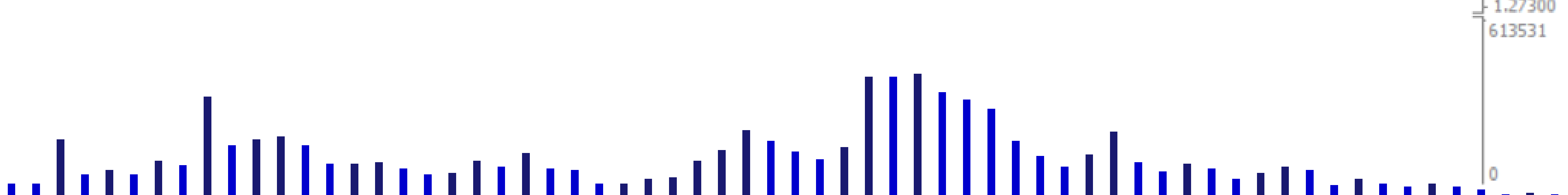
Pivot Width Forecasting the Daily Pivot Points
(Small time Frame Pivots)

Floor Pivots

Pivot Width Forecasting the Weekly Pivot Points (Large time Frame Pivots)

This time we will look at the same move from the perspective of the Weekly Central PP was at the Center of the Spiral of Each one big Weekly move and its Support and Resistance Levels R/S were the Expansion of the move from the Root PP. In this case the Pivot width forecast in Play were predominantly the S levels as Bias was bearish.

Now refer to the Market and its participants section of this Blog. Remember Swing traders play of the Weekly to Catch the Swing as in Chart Below swing short of the Weekly PP area. And the above chart Daily Pivot Points (Small time Frame Pivots) Day traders play of the intra day traders play of smaller moves inside the larger move from the weekly pivot. i.e. The move within the Move. Weekly Swing trader move below. This is same time frame and same move on AJ above from a swing traders perspective.



Floor Pivots

Pivot Width Forecasting the Weekly Pivot Points (Large time Frame Pivots)

Floor Pivots

Pivot Width Forecasting the Monthly Pivot Points (Large time Frame Pivots)

This time we will look at the same move from the perspective of the Monthly Central PP was at the Center of the Spiral of Each of the Monthly move and its Support and Resistance Levels R/S were the Expansion of the move from the Root PP. In this case the Pivot width forecast in Play was short PP long S1.

The above 2 charts and this one is the same currency same time Period now your seeing how you can decide what type of trader you want to be.

Day trader the Daily Pivots only, Swing Trader playing of Weekly Pivots or a Position Trader playing 2 moves for the month on AJ.

Floor Pivots

Pivot Width Forecasting the Monthly Pivot Points (Large time Frame Pivots)

Understanding Markets

The Four types of Professional Traders (Recap)

We can divide the Market Participants into four you will soon recognize there activity in the Price and you will know how they participate when and at what price

The four Types of Market Participants:

- Investors - Yearly Levels
- Position Traders - Monthly Levels
- Swing Traders - Weekly Levels
- Day Traders - Intraday Levels

Understanding Markets

Market Forecast (Recap)

6 Market Days + 2 day Pivot Relationships + Overnight Trade + Initial Balance and 2 day relationships + current Price in Respect to which time frame Pivots and levels + Which participants will enter at which levels and what is there respective targets = forecast outcome

Floor Pivots

Pivot Width Forecasting

Back to Pivot Lessons: Now this guy the Rock star is the real deal. Words of Gold to a professional meaningless to a know it all. You have to have no ego in trading as the market will deal with your ego in a micro second and send you the bill

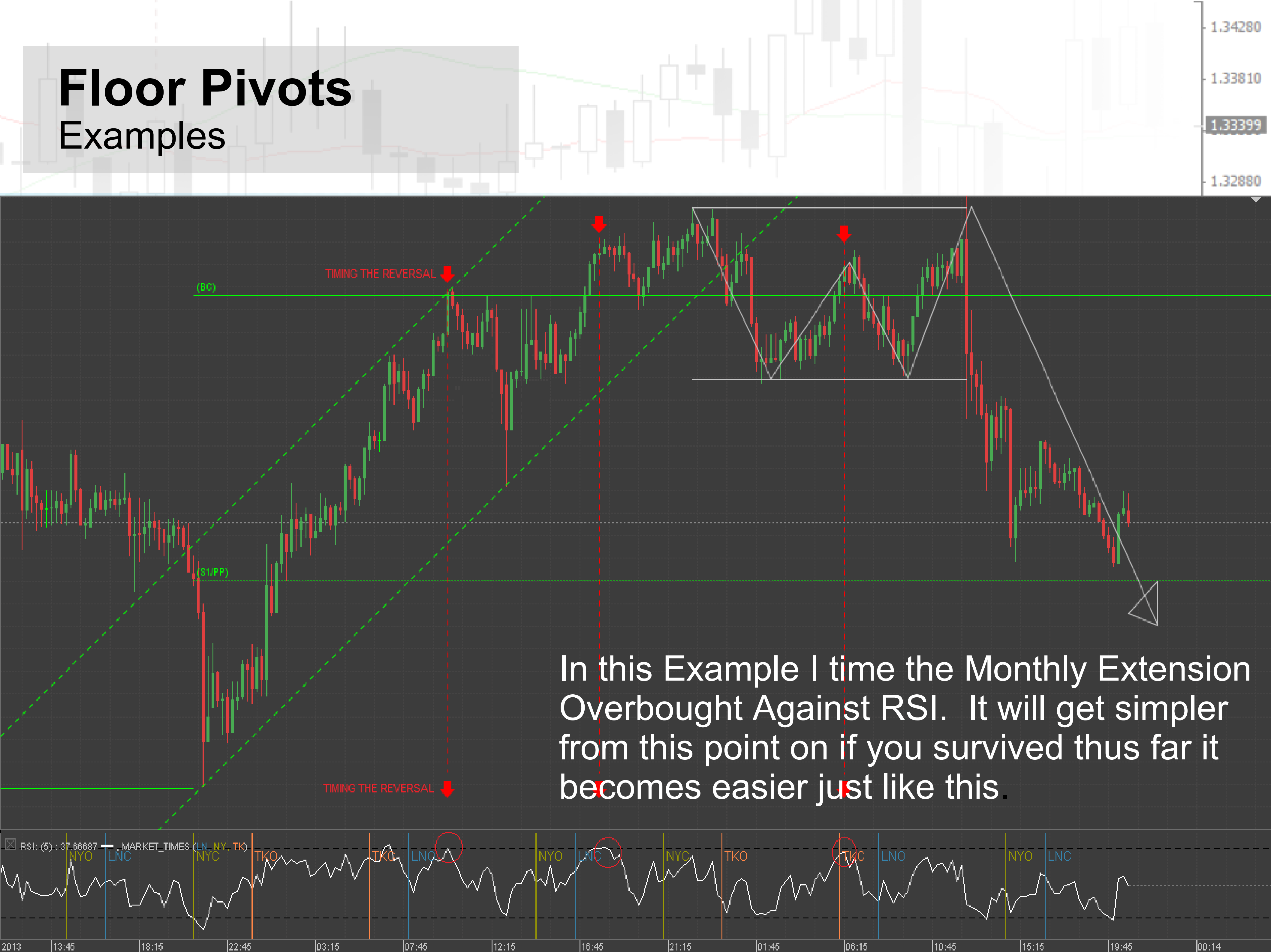
http://www.youtube.com/watch?v=mxvvEYCP1_c

http://www.youtube.com/watch?v=DFji_SpU_v4

Introduction to Floor Pivots Pivot Width Forecasting Now we have to include Sector rotation Dow Theory

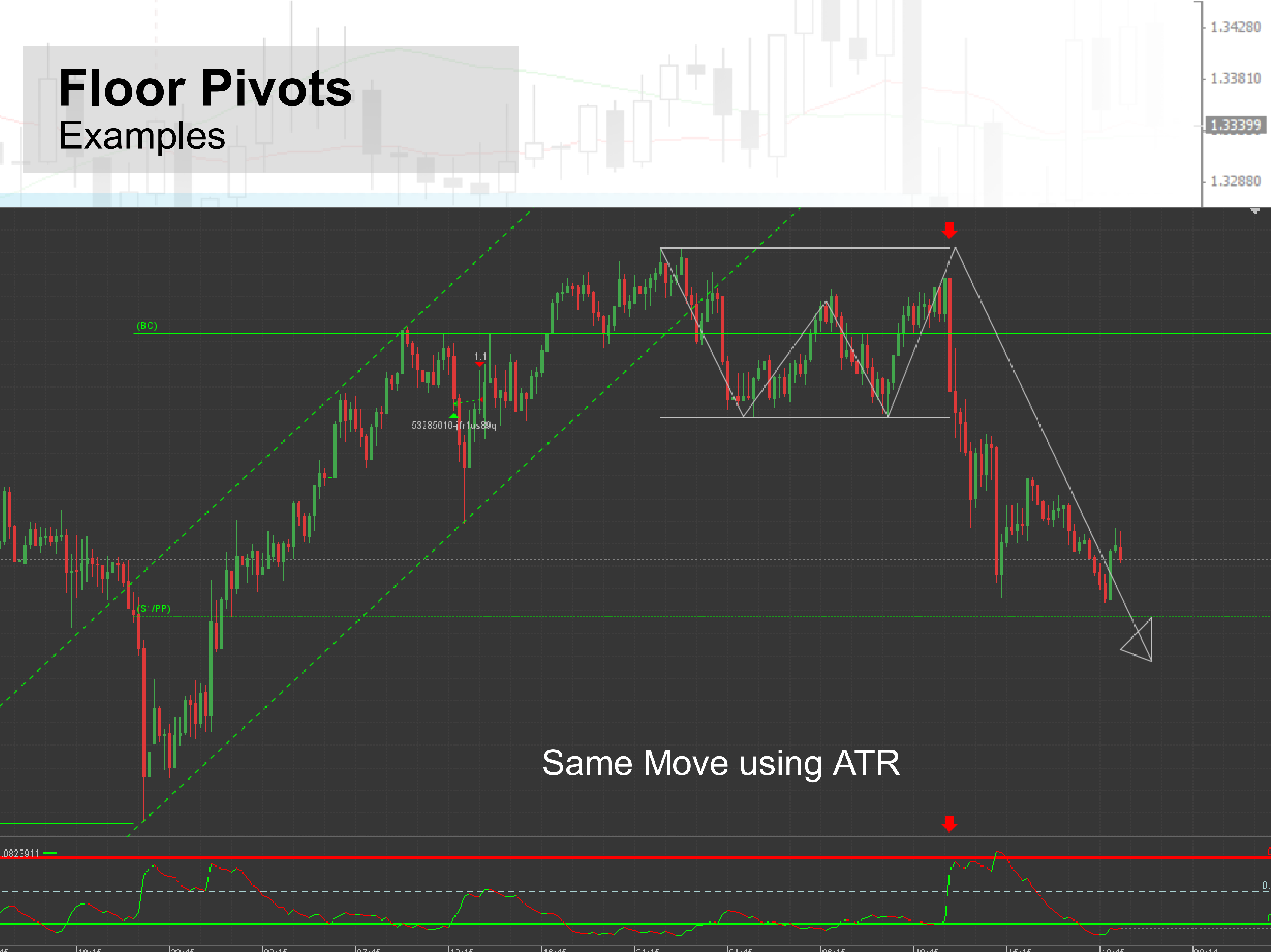
http://www.youtube.com/watch?v=iIFRnkabfII

Floor Pivots
Examples



In this Example I time the Monthly Extension Overbought Against RSI. It will get simpler from this point on if you survived thus far it becomes easier just like this.

Floor Pivots
Examples



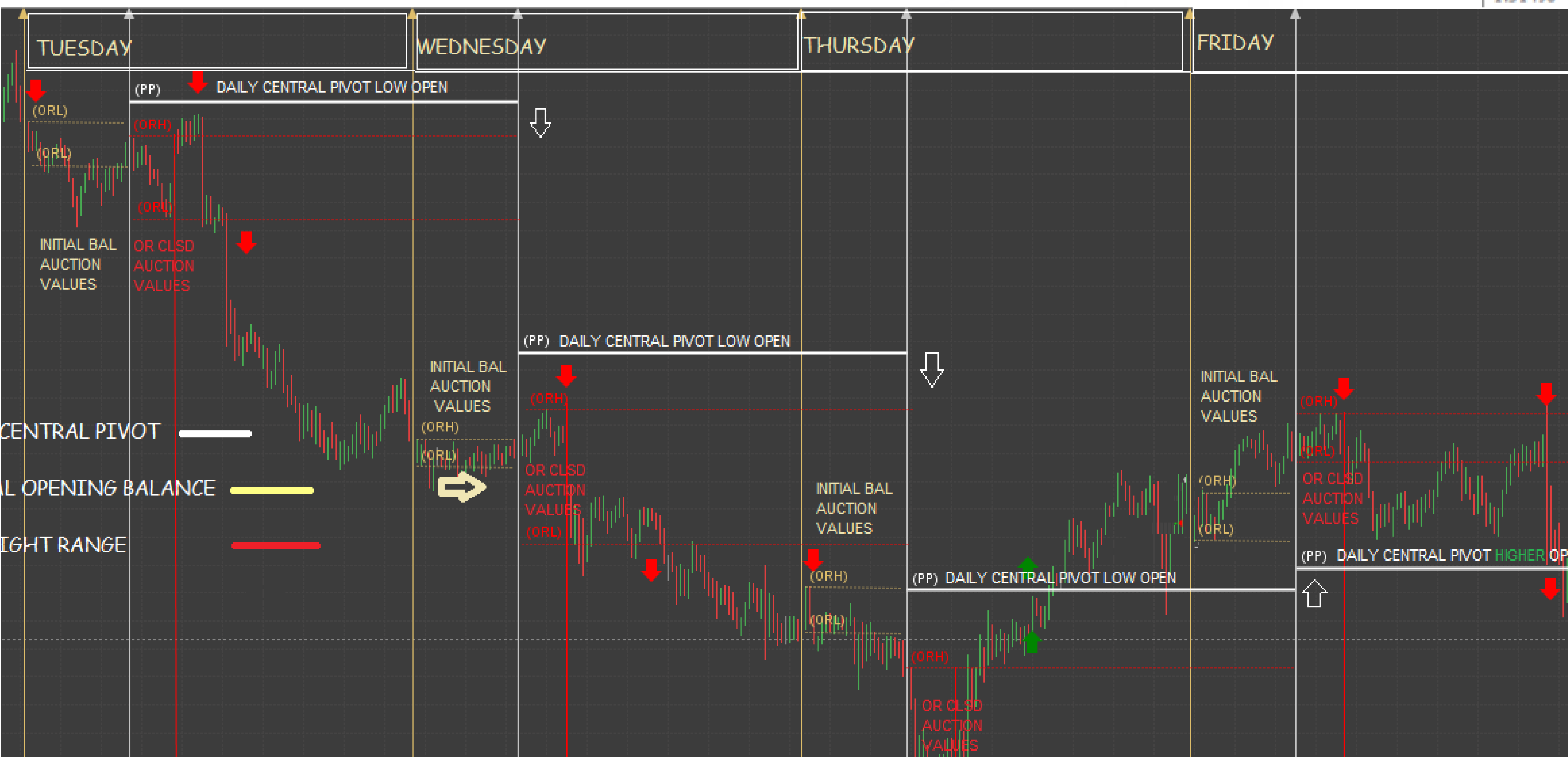
Reviews

Questions and Answers

Initial Balance

How to plot properly

About initial balance, should we consider the first 30 minutes (two 15 min bars) after the session open or more? In this chart of yours below you have taken about 10-12 fifteen min bars



Initial Balance

How to plot properly

Look Closely the width on of initial balance on above chart is 2 bars and i think i made that chart on 15 mins so that is equal to a total of 30 mins of initial balance. I think your looking left to right instead of vertically. Which is good in a way as it highlight the point that your turning point in trading comes when you recognize that the markets are vertical like a thermometer rather then left to right.

Furthermore: Initial balance can be a combination from 5 to 30 mins dependent on the heat on the thermometer.

Imagine that the thermometer went from 0 to a 100 reading on initial balance in 5 mins there would be little point in trying to get another reading once its already reached its limit. Because from 100 the only way is down there after or alternatively it continues up and then you need to hunt new reference points which you will find in the pivots.