

Fena asked a question on forum about large signal candles so I prepared this PDF to help.

Problem:

There is a TC signal on MACD and every thing seems fine but as common practice we set our stop losses at the high-low of previous candle and most of the times 4H goes larger then 100 pips. Mostly it happens on TC trades so if we chose only to take TC signals which are around 12-16 trades a month and if we filter those TC also cause of Large candles we are left with around 7-8 signals.

Common Mistakes:

If have been seeing charts (Price Action) for 2-3 month's you would have noticed that in the last 6-8 minutes of an hour (specially before opening of a new session) price picks up speed quickly but direction of the move can't be figured out as the nature of the market.

So we (4h macd traders) could see the opportunity but have to wait for our macd bar confirmation But level of patience (which also defines the level of success) is different in different people. So some traders get caught in motion + emotion + anticipation to catch some extra pips. Sometimes it help, sometimes price don't move further in our direction until the start of a new candle and sometimes it goes totally against us and changes the whole scenario and removes the signal on macd altogether.

Common Solutions:

1-Drawing a fibbo on the large candle and buying at resistance level's 50%, 61.8% etc.

It helps most of the occasions but sometimes price just makes 10-15 pips and goes in the signal direction.

2- Coming down to lower time frames.

So you have done every thing right price tested 8-21 MA's and now MACD is also forming a nice TC all you need is a little confirmation from macd.

But suddenly price picks up speed and now every thing is right except that 120pip stop loss and there is a Trend line, FIB level or \*. \*100 psych level just 20-30 pips away as our first TP .

Here I gathered some trades from the previous two months:

- 1- Criteria for picking the trades are ONLY MACD SIGNAL + LARGE CANDLE'S.
- 2- Signals on 1H MACD are not most attractive cause we are anticipating the Signals on 4H Time Frame.
- 3- Again the effort I am putting here is only about HOW TO SQUEEZE OUR STOP LOSSES and entering early so signals are only based on ONLY MACD SIGNAL + LARGE CANDLE'S.

RED LINES

SHORT TRADES\*

BLUE LINES

LONG TRADES\*

BLACK SPOTS

STANDARD ENTRY LEVELS

PINK BOXES

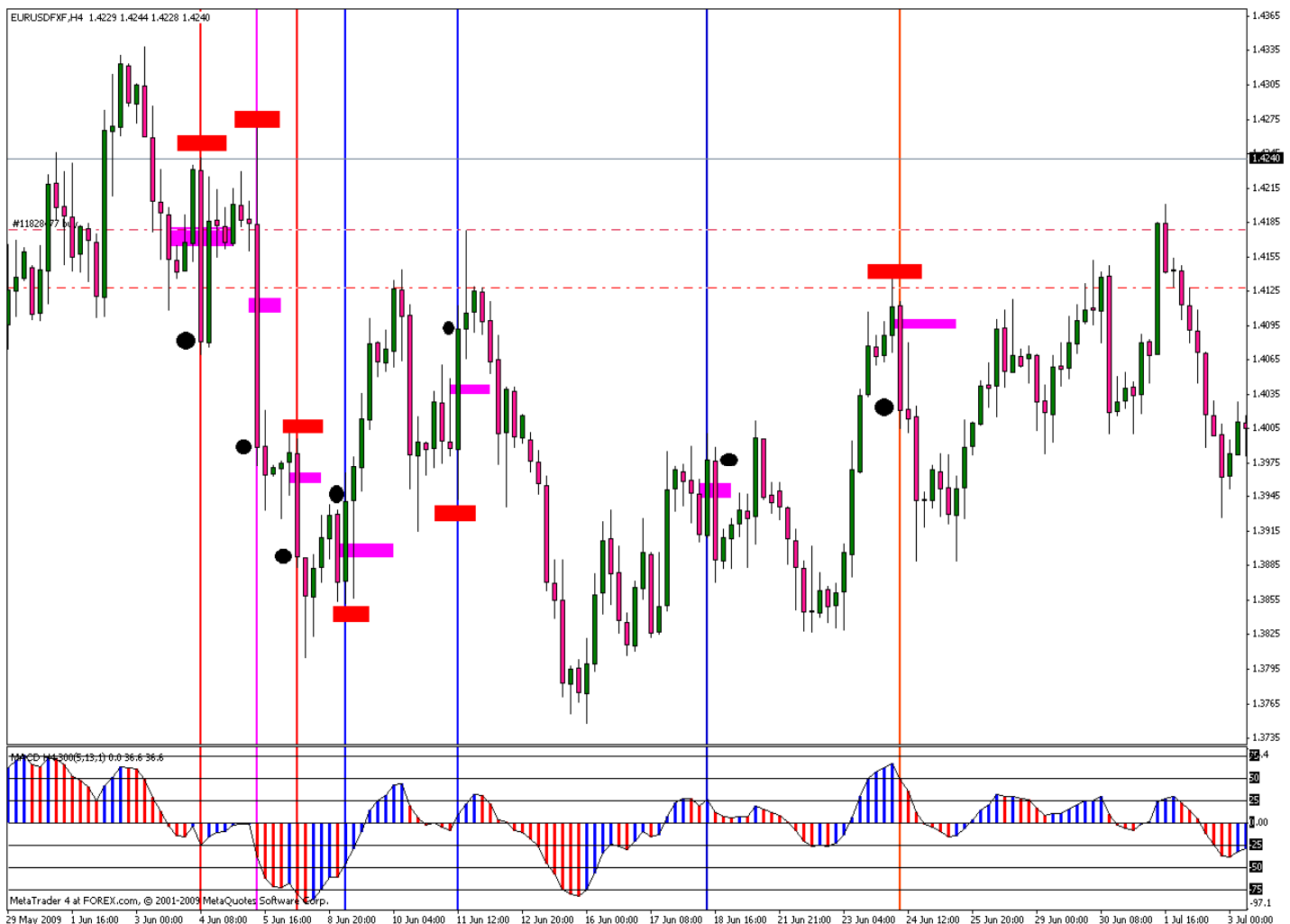
POSSIBLE EARLY ENTRY WITH HELP OF 1H TIME FRAME.

ORANGE BOXES

STOP LOSS AREAS

\*You are entering on the open of the LINE candle.

### Possible trades in 4H in the month of jun-09



So you can see the 1st Short trade on 4-Jun which is a bounce of zero in above chart you need a Stop of 160 pips and the next candle moved altogether in opposite direction.

Now take a look at the chart below which is 1H TF of the same situation price formed a RT so now entering at the 3<sup>rd</sup> red candle you will need only a 50 pip Stop loss and trade is successful also.

The 2<sup>nd</sup> trade on 5<sup>th</sup> Jun which is a bounce of zero also requires a stop loss of 260 pips but if you go down to 1H you could see you could enter at a stop loss of 160 pips but I think that's risky on 1H too.

### Same trades on 1H from 01 to 11 Jun, 2009



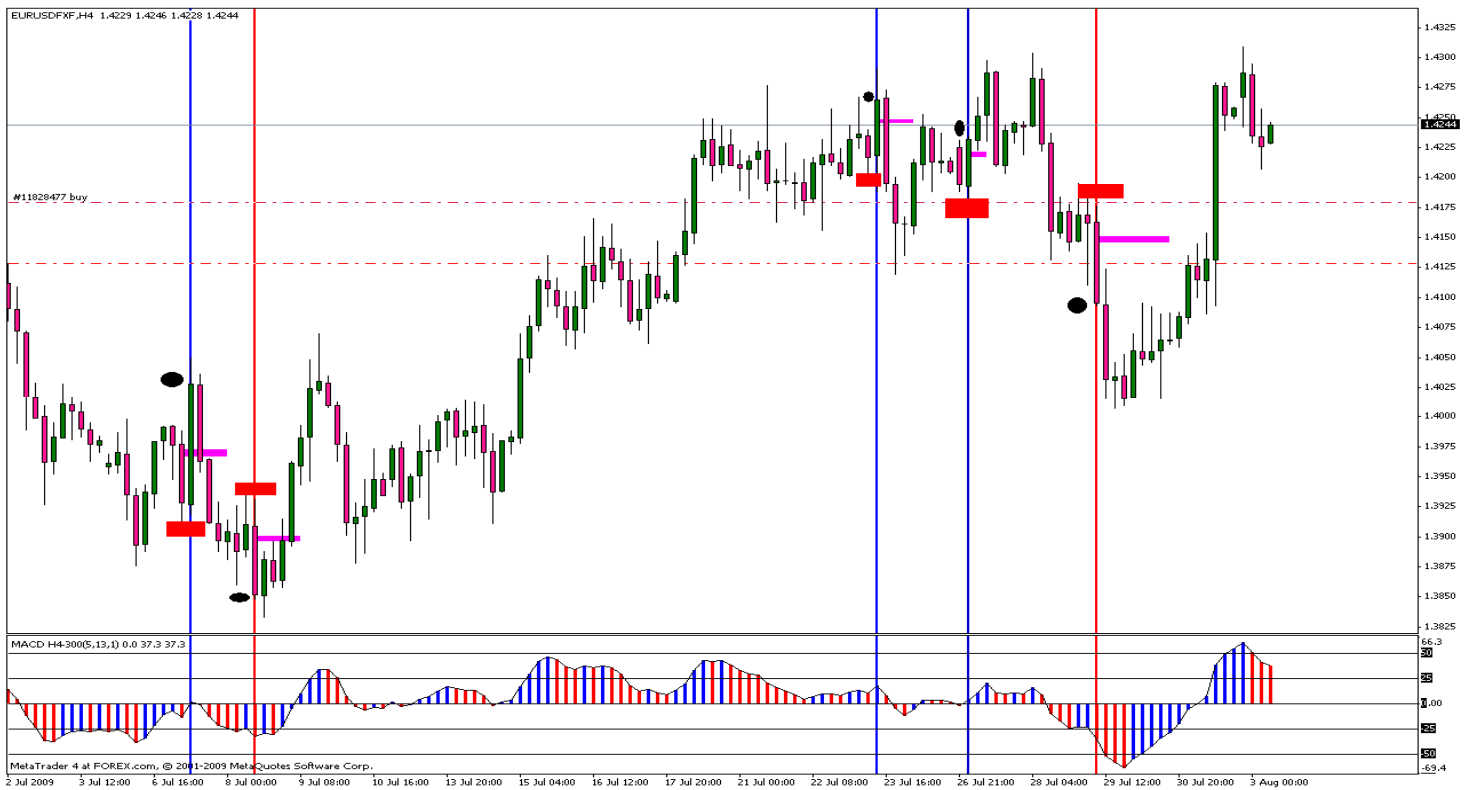
That would be the same story with chart's below also.

I am not suggesting anyone to entirely trade in 1H just anticipate on 4H and take action on 1H.

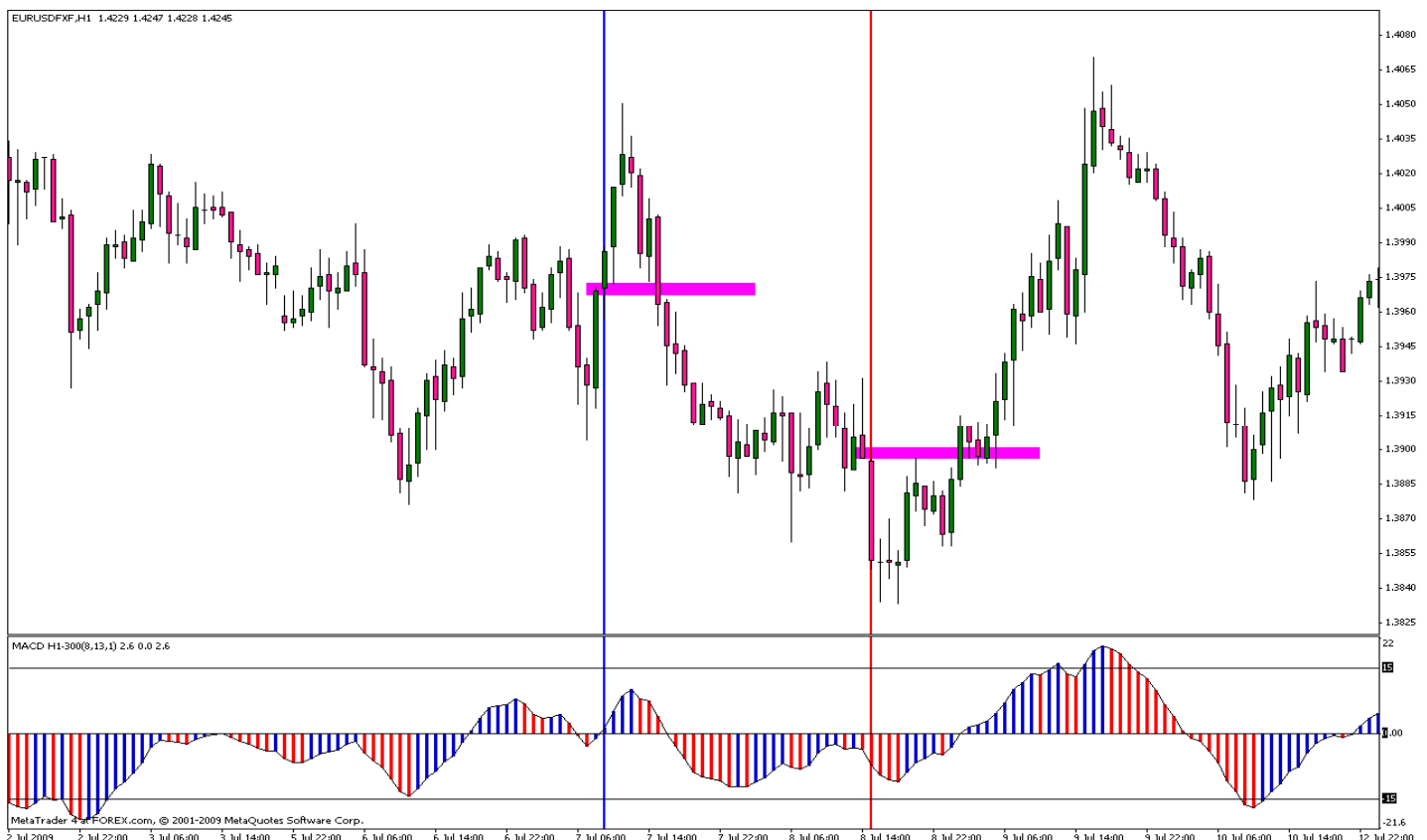
## Same trades on 1H from 17 to 25 Jun, 2009



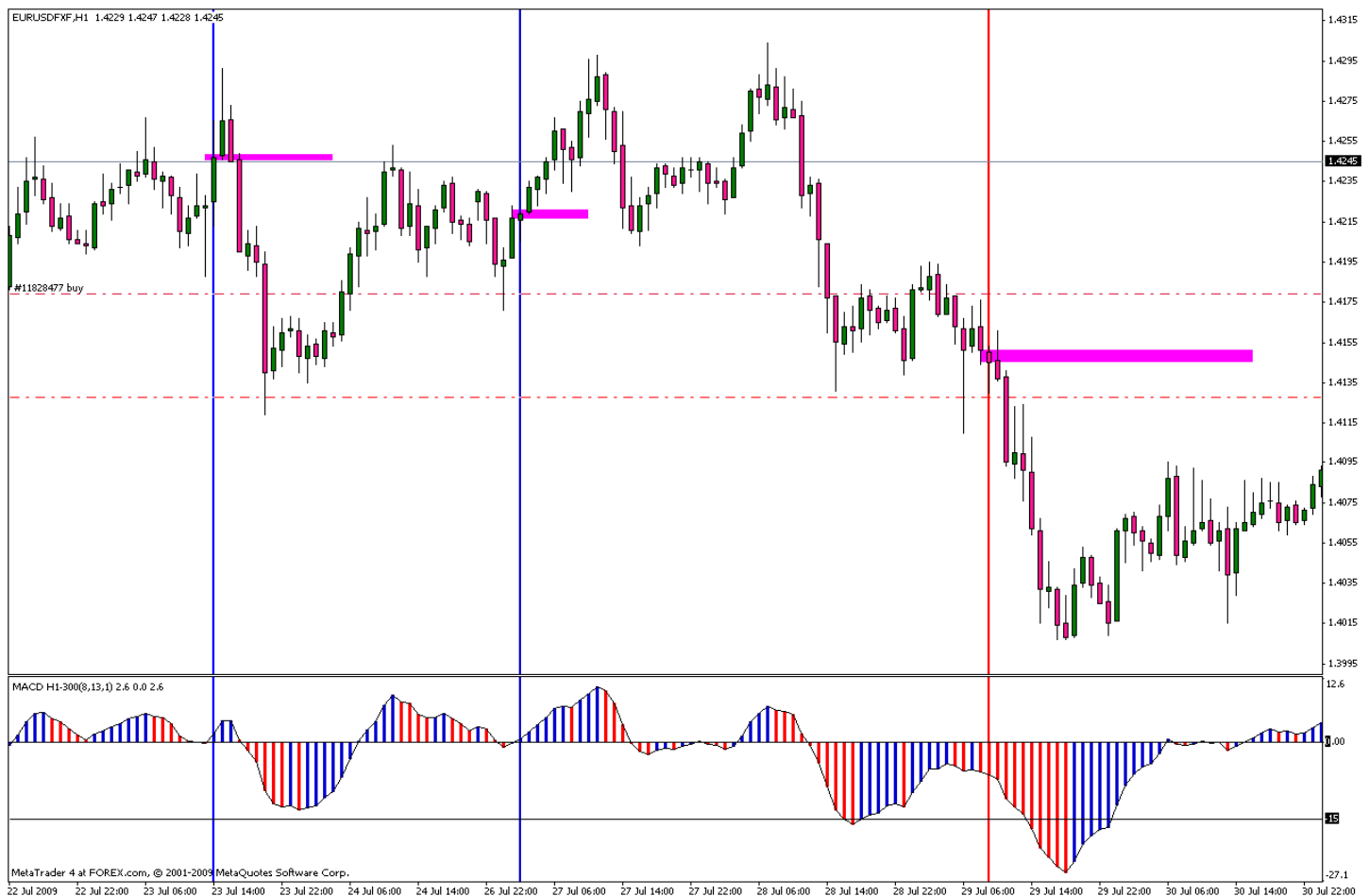
## Possible trades in 4H in the month of July-09



## Same trades on 1H from 01 to 12 July, 2009



Same trades on 1H from 22 to 30 July, 2009



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just anticipate on 4H and take action on 1H.