15 WAYS TO IMPROVE YOUR TRADING IN 7 MINUTES OR LESS
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Thank you for downloading “15 Ways to Improve Your Trading in 7 Minutes or Less”. This book is designed for beginning, intermediate and advanced traders. The presenters in this book are leading experts in trading Stocks, Options, Futures, Forex and Nadex markets.

As you read this book, you will be exposed to multiple strategies that have high probabilities of success and/or high profit. Most of the strategies in this book is divided into three sections:

**The Game Plan** - An introduction to a charting technique. The strategy is then thoroughly explained along with illustrations and examples.

**Special Offers** – If you really like a strategy, you can follow the presenter and the strategy. There are thousands of dollars’ worth of trading tools, indicators, training and mentoring services, books and videos available at steeply discounted prices.

In short, you will have all of the information you need to trade your new favorite strategy tomorrow.
Some of the things you will learn in this book are:

- Profit from “Buying the High and Letting it Fly”
- How to Trade the Market Open with Precision
- Trading the EUR/JPY after Dinner with Nadex
- The Number 1 Strategy for Overcoming Fear
- Making sense of the markets with Renko Charts.
- And much, much more

At TradingPub, it is our sincere hope that you take away several strategies that you can use when you are done reading this book. You will also learn about markets that you currently don’t trade, and you will find out if they are suited to your trading personality.

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Cheers to your trading success!
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Fear is one of the most common trading issues. From hesitation to impulse trading, poor trade management, the underlying cause always comes down to deep rooted fear.

On the path to consistent trading success I encountered emotional issues so intense I did not know that I was capable of them. The fear of losing was at times so intense, it threatened my entire being. Existentialist fears combined with poor conditioning raised their ugly head each time I intended to put on a trade.

The emotional roller coaster of the fast paced intraday markets stripped me of my identity and exposed the feeble self worth I had built around me as my life strategies were falling apart. I was used to being successful. The odd set back usually wouldn’t last longer than a couple of months or so.

Trading was different. I am sure what I am describing is a familiar story many of you can identify with. My experiences are very common, but seldom properly discussed. Traders feel shame and embarrassment and will do their best to hide their emotions.
Yet, fear can hit at any time. It affects even the most seasoned of professional traders.

...and learnt mindfulness techniques. The emotional onslaught continued.

Seeking consistent trading success led me down well trodden the path of all traders: I went through trading system after trading system, attending many trading seminars in search of the elusive Holy Grail.

Yet nothing changed: I would make money for a short while only to give it all back again.

Then I discovered Zen Buddhism and began meditating regularly and learnt mindfulness techniques. The emotional onslaught continued. The only difference was this: I was much more acutely aware of my challenges.

Three years into my trading career I was still struggling.

I “knew” there was something I was missing in the puzzle. (Picture of puzzle here) I “knew” I had it in me to trade, but it had not yet occurred to me that I was looking in the wrong place.
Then one day it hit me:
I was identifying with every trade I made.

My entire self worth was based around trading. This is the case for most traders. They trade their self worth without noticing it.

The insight was much more than an intellectual one. I felt it inside every particle of my body’s energy matrix. It was the turning point in my trading career. I understood that until now I had learnt about myself but I had not applied it in my trading life.

From that moment of my deep “aha” moment something else happened: The mental veils of illusion about my so called “reality started to lift. I began to see for myself that my view of “reality” was wrong.

I had traded my conditioned world view of lack and limitation, instead of stepping into the infinite possibilities of myself as part of the infinite creation of the universe.

You may think that this insight is rather irrelevant to trading, yet it has everything to do with it. In fact, it is the most important thing you can grasp.
THE ONE THING YOU NEED TO DO IS SO SIMPLE THAT YOUR MIND WILL WANT TO DISMISS IT, THAT IS THE CHALLENGE, THE ONLY ONE YOU HAVE!

You have your view of reality back to front.

When you accept this everything else begins to change.

You see, you do not trade your trading system, or your trading strategy. No, you trade your view of your reality. You trade what you believe to be true.

Most traders have unconscious beliefs that don’t support trading success They believe:

1) Trading is difficult

2) They have to work hard at learning a system

3) They believe money is solid and hard to come by

4) They believe it is hard to change the world in which they live

5) They believe that they have “proof” of all the above.
WRONG
All the above is incorrect and stems from the idea that everything is solid and that you must change something solid in order to create something different. The universe, and that’s true for your “trading universe” too, is first created through your thinking.

THEREFORE ALL YOU HAVE TO DO IS CHOOSE THOUGHTS TO SUPPORT YOUR BELIEF IN TRADING SUCCESS.

Can you see the huge impact this insight has on your trading life?
I sincerely hope so.

The issue you are facing is not your beliefs, but your conditioning. You have been conditioned to believe that your thoughts are “true” and “real”. The truth is that beliefs appear to be real and therefore you believe that they are difficult to change.

The only thing you need to do in order to create a successful trading life is to trust that I am telling the truth and take appropriate action.

Once you understand this information beyond the intellect and learn to apply it in your daily life your trading must transform. It cannot be any other way. It is universal law.
WHAT YOU CAN DO RIGHT NOW:

Examine your beliefs. Are they true for you and of you?

**Be honest with yourself**

**Immerse yourself in self knowledge**

Learn how the universe really works and how to apply

**this knowledge to transform your trading and your life**

Change and progress arise from doing things differently and adopting new beliefs.

Start with the belief in your uniqueness and your ability to activate the genius trader which resides somewhere inside you too. He will find you
Sign up for the **7 LITTLE KNOWN SECRETS TO TRADING SUCCESS AND HAPPINESS.**

I am also offering you a unique **20% discount** off the digital download of my flagship book “TheBuddhist Trader” open to tradingPub members only.

**Please email me** with the words “TradingPub Promo” in the headline and I will send you a specially discounted invoice via PayPal.
Mercedes Oestermann van Essen is a thought leader in the field of trading psychology. She has traded her own book since 2001, trading currencies, commodities and stocks.

Mercedes has developed unique techniques to help traders transform their trading lives, combing the teachings of the wisdom traditions and quantum physics with the latest in neuro science. She works with serious traders internationally helping them through transition periods and shortening the learning curve of many new traders.

Her website www.TheBuddhistTrader.com offers many free educational articles and videos introducing traders from all backgrounds to her teachings.
In this guide you will learn about a trading strategy called the “Three-Day Cycle” (3D Cycle) that professional money managers of the largest Mutual Funds and Investment Banks have utilized for decades that have given them a “trading edge” to navigate the financial markets.

Origins of the 3D Cycle date back to the late 1940’s early 1950’s by George Douglass Taylor. His technique is a short-term method to trade the inherently choppy nature of the markets. The easiest way to understand Taylor’s “structure” of a 3-Day Market Cycle is to adopt his view of the markets as being driven by the large institutional investor or the “Smart Money”.

His core premise was that the collective action of the Smart Money drives prices from extreme lows to extreme highs in rhythmic cyclical stages that repeat over and over again spanning a three-day period, hence 3-Day Cycle.

The structure of the 3-Day Trading Cycle is:

1. Cycle Day 1 (CD1) Buying
2. Cycle Day 2 (CD2) Selling
3. Cycle Day 3 (CD3) Selling Short
The Cycle Pattern can be generalized in the following manner:

- Rally from the CD1 Low to the CD2 High
- Decline from the CD3 High to the CD1 Low

Smart Money 3-Day Cycle Trading Strategies

- Force a “Violation” of the previous day Low in order to create a selling panic and then buy as low as possible.

- Force a “Penetration” of the previous day High in order to sell and/or sell short overvalued – stocks, futures, commodities, etc.

Basic Concepts and Assumptions

- “The end of a cycle offers the moment of greatest opportunity…risk & return are best at this point.”
- “Excess (extreme) marks the end of one cycle and the beginning of the next cycle.”

Now that we have a basic outline of the Three-Day Trading Strategy, let’s examine in more detail each Cycle Stage to gain a clearer working knowledge of how the “Smart Money” operates, so that we can devise trading plans that are aligned and in-sync with the large institutional investor/trader that have the bank-roll to which moves market prices.
Understanding “Violation” & “Penetration”

Market has the tendency to exceed the Previous Day’s Low or High by carrying residual momentum from the previous day into the next day. This results in a Violation or Penetration of the previous Day’s Low or High.

Sometimes, the residual momentum will be very strong and carry price far below or above Previous Day’s Low/High. Other times, the market will hit support/resistance and price will retreat back into the Previous Day’s range.

• If the market closes Low in its Daily Range, the Low of that Day becomes the Key “Reference Point” for the Next Day.

• If the market closes High in its Daily Range, the High of that day becomes the Key “Reference Point” for the Next Day.

In general, a move that violates/penetrates that Day’s Reference Point (previous day’s low or high) can either be “accepted” or “rejected” by the market.

If price is “rejected” after violating/penetrating the Reference Point (the low or the high), you have a “reversal” and becomes a trade opportunity to align with the “Smart Money” for the next directional cycle price move.

Using traditional methods which include Volume Analysis, Oscillators and other Technical Indicators can assist in “fine tuning of entries” to establish trading positions that are now in alignment with “Smart Money”.

15 WAYS TO IMPROVE YOUR TRADING IN 7 MINUTES OR LESS
CYCLE DAY 1 (CD1)

The main task is to probe for a “secure cycle low” from which to stage the next cycle rally.

The principle of CD1 is that we are looking for a Decline from the CD 3 High. There is an Average Decline value that could be expected for a particular instrument based upon historical observations. Polaris Trading Group provides these statistical values to its membership via the Daily Trade Strategy Report.

• Until price reaches the possible Cycle Day 1 Low, Selling Short may be considered.

• Once price reaches the projected Lows, any open short positions should be closed and/or new long positions can be considered with valid reversals based upon price structure. Fine tuning entry techniques outlined above should be strictly adhered to.
Let’s take a look at a graphical example of Cycle Day 1 in action below.

In this example the Decline started on Cycle Day 3 (CD3) and continued into Cycle Day 1 (CD1). Remember, the main task of CD1 trade action is to “probe for a new secure low” from which to begin a new cycle rally. It is also highly probable that “Smart Money” had previously established short positions on CD3 after exiting their longs positions at the end of the previous cycle.

Forcing a “violation” of previous day’s (CD3) Low accelerates selling momentum carried over from previous session which increases smart-money short position profitability as price probes lower to projected CD1 Average Range Target. Once reached, open short positions are covered from those selling out longs (at a loss) are “flushed-out”, creating an “excess” or “extreme” cycle low from which “Smart Money” begins to establish new long positions.
Decline begins from CD3 High...Smart Money establishes Short Positions

CD3 Low is violated which forces long-liquidation

Projected Average Decline is reached creating Cycle Low...Short positions are covered and new Long positions established by Smart Money...New Cycle Rally can begin...
CYCLE DAY 2 (CD2)

By definition, the Cycle Day 2 (CD2) Rally is measured from the Low of Cycle Day 1 (CD1) to the High on CD2.

Smart Money having established Long positions at or near Cycle Low on CD1, the new cycle rally now can proceed higher until projected Average Range values have been achieved. Until price reaches the possible CD2 High, entering Long positions may be considered.

Once price reaches the projected highs, we should consider taking profits on open long positions and/or be considering opening new short positions depending upon how price closes. If price closes strong, at or near high of day, then expectation would be for continued upside residual momentum into Cycle Day 3.

Should price close relatively weak on CD2, then we would be watching for a failure to exceed CD2 High on CD3.

Rejection of CD2 High on CD3 would increase odds of lower prices, thus establishing short positions would be warranted.
Polaris Trading Group provides these statistical values to its membership via the Daily Trade Strategy Report.
CYCLE DAY 3 (CD3)

The High of Cycle Day 3 (CD3) concludes the 3-Day Cycle, which is derived from the Cycle Day 3 High minus the Cycle Day 1 Low. Smart Money will primarily be looking to exit any remaining long positions and establishing new short positions.

Example of “failed” or “rejected” Cycle Day 2 (CD2) High on Cycle Day 3 (CD3)…Notice that once the Previous Low on CD2 was “violated”, this lead to aggressive sell-off which actually exceeded historical Average Declines. Smart Money “faded” all early buyers, thereby establishing Short positions…Once the last buyer had bought, they proceeded to “force” a violation of CD2 Low, creating long liquidations.
Final comments and observations regarding the 3-Day Trading Cycle

We know that the 3-Day Cycle is CD3 High minus CD1 Low. The current statistics tell us that most instruments have very high odds for a positive 3-Day Cycle / Rally, even throughout larger market cycle downturns.

**What constitutes a Positive 3-Day Rally?**

- If on CD2 price closes on the Highs, we should expect a Test of these Highs and Shorts can be considered upon failure (rejection) of such Test.

- If price closed on Low on CD2 and that Low is still above CD1 Low at the open, then we have a Positive 3-Day Rally for the current Cycle.

- If the open on CD3 is below the CD1 Low, we know that very high odds are in our favor to take Longs, at least until price reaches and surpasses the CD1 Low.

Polaris Trading Group provides these statistical values to its membership via the Daily Trade Strategy Report.
The 3-Day Trading Cycle Pattern has been utilized over the years by some of the largest Mutual Funds and Hedge Funds, also known to many as “Smart Money”, that manage trillions of dollars worldwide.

Their collective patterns of buying and selling, and more importantly “how they act”, in those transactions can be successfully detected by observing and being mindful of how they view price action at Key Reference Points discussed in this publication.

You as an individual investor/trader are now “armed” with knowledge that can elevate you to “Smart Money” status by investing and trading “along-side” the Big Money, rather than being the “last to know”, and buying or selling opposite to what THEY are doing.

You are now part of the “informed” elite group of traders /investors.
SPECIAL OFFER

Get 2 weeks free trial to the Polaris Trading Group [HERE](#) and trade alongside David.
David D Dube is a professional trader with over Thirty (30) years of experience, having held Senior Trader Management positions at Lehman Brothers and UBS Investment Bank. His knowledge and experience of Global Markets brings a unique trading perspective to Polaris Trading Group’s Membership. David is an avid Aviator, holding Commercial and Instrument Ratings.
The most important tenet in trading, and one I have built my success, longevity, and happiness on is straight out of Dow Theory and says that a market can retrace up to 2/3rds of an impulse price move and still maintain its primary pattern. The 2/3rds retracement is the most important level on the chart. It is effective not just for long-term patterns, but the short-term and micro patterns also. This tendency is highlighted in these current charts of the Euro, U.S. Dollar Index, crude oil and gold in Figure 1, 2, and 3.

Figure 1. Euro and Dollar Index futures
Figure 2. Price Charts of Crude Oil and Gold

Figure 3. 2/3rds Retracement Patterns on Intraday EURUSD Chart in February 2015. 2/3rds Retracement Patterns on Intraday EURUSD Chart in February 2015 Gold
This trading tenet is as important now as it was when Robert Rhea wrote about it over 80 years ago. And focusing on buy and sell signals, at these key levels, dovetails with the golden rule of trading: “buy dips in uptrends, and sell rallies in downtrends”. No doubt underlying fundamentals determine a market’s predominant trend, and that is always the direction we want to trade in, but it is these 66% counter-trend price dips and rallies that cause the majority of retail traders to lose, and provides market-makers and professionals a living.

**The Fractal Nature of Markets**

We have a theory for this collective behavior called Risk Tolerance Threshold Theory, but we know most of our students are not as interested in the behavioral science and academics of this phenomenon as they are in the practical application: successful trading. Before we focus on those applications however, there is one academic subject that will go a long way in helping you to understand how to profit from this market tendency, and that is markets are fractal in nature. “Fractal” means that the same behavior is programmed into the system regardless of the degree, or timeframe, and this behavior is a two way mechanism. So the lower time frame patterns mimic the higher time frame patterns and, the higher time frames mimic the lower time frames. As traders we just need to know that if we have a measurement to determine the current pattern on one time frame then that same measurement will work on all time frames.
The 2/3rds retracement is that yardstick. And this same measurement also provides a reliable indication for measuring when a pattern has reversed!

**Applications of the 2/3rds Phenomenon**

Just as important as the actual support and resistance the 2/3rds level provides, perhaps even more important, is what is implied in Dow’s observation: A market can retrace up to 2/3rds and still maintain its pattern/trend; therefore a retracement beyond that level will indicate a pattern reversal. That truism in light of the market’s fractal nature gives us the means to be able to measure the pattern on any time frame!

For example, if the high price on the chart came before the low price, and that market has not retraced more than 2/3rds of the difference between those two numbers on a 2 close basis following the low price, that time frame pattern in down --bearish. Likewise if the low price came before the high price, and that market has not retraced more than 2/3rds of the difference of those two numbers on a 2 close basis following the high price, that time frame pattern in up – bullish.
In the gold chart in Figure 4, we have broken the market down into 3 patterns: the 50-day, the Secondary Pattern, and the Primary pattern. We can identify with confidence the direction of those patterns based the high price, low price, and the closing price – fact based occurrences --in proximity to the 2/3rd retracement.

Figure 4. Individual Patterns in Gold market

By taking this same information and plugging it into what we call our Risk Tolerance Threshold Ratio, we give ourselves a much easier to read, objective graphic where we can see at a glance what the current direction of the tradable patterns are -- See Figure 5.

Figure 5. Gold RTT Ratio from late Jan 2015
If you are a short-term trader you would be more focused on the lower time frame patterns and the support and resistance created by them, while a longer-term trader would be interested in the longer-term patterns and levels.

The RTT Ratio gives us an objective tool for determining trade selection because it definitively measures the trading environment we are in: trending or counter-trending, and provides the foundation for a method that is easily validated.

**Statistical Validation**

We teach that it is not the direction of the individual time frame pattern that is important but the direction of the majority, or collective pattern, that counts. We focus on any 3 successive patterns and trade in the direction of the majority of those three. We have absolute confidence that this collective pattern is a reflection of the influential fundamentals of the day. The RTT Ratio helps insure that our trade selection --are we buying or selling? -- is aligned with the current trading environment. It also allows us to back-test or forward-test a methodology or tactic to determine if the effort is more effective in a trending market or a counter-trending market. Charles Dow said the hardest thing in market analysis was determining when the market shifted into a counter-trending environment and how long it would last? Our RTT Ratio, which is based on Dow’s observations, identifies the trading environment so we can adjust our strategies and filters accordingly.
One of the most powerful advantages you can have as a trader is to simply know ahead of time if you are going to be a buyer or a seller.

Figure 6. Trading-U’s 15-minute Benchmark

The spreadsheet in Figure 6 is our benchmark method’s performance on the 15-minute chart for the 30 days prior to writing this chapter. We only took trades that were in-line with the collective pattern at the time of the trade, i.e.: we bought dips in uptrends, and sold rallies in downtrends.
To see what Jay’s students at Trading University say about his methodology, and sign up for his free Live Market Analysis go to: http://trading-u.com/eCampus/register/
Jay Norris worked on the floor of the Chicago Board of Trade for over 20 years and has written two books on trading which were published by McGraw-Hill.
Crude Oil Futures volatility offers a “different market personality” than stock index futures. Here are some of the things you need to know about day trading crude oil futures.

Crude Oil is one of my favorite futures markets for day trading. Before I dive in and share with you how the volatility in crude oil fits my risk tolerance for day trading and provide a couple of chart examples, we should review some of the specifications of Crude Oil Futures.

Crude Oil Futures have monthly expirations. So each month we trade a different contract month. This means you need to know when the first notice day and when the last trading day for crude oil futures occurs. You need to make sure you are trading the proper month with the most liquidity and also to avoid any chance of getting into delivery situation.

Next is the contract size. Crude Oil futures are based on 100,000 barrels. To be honest, from a day trading perspective, all I care is that each tick or 1 cent fluctuation is $10 against me or in my favor per contract. That means that a move from 92.94 to 92.74 = $200.
Another factor is trading hours. At the time I am sharing my thoughts with you, March 17th 2015, crude oil futures trade on the CME Globex platform and trade from 5 PM CDT until the next day at 4 PM CDT. That is 23 of straight trading hours. I definitely don’t recommend day trading this market 23 hours...but it is good to know the trading hours.

Volume in crude oil futures is pretty good to trade in my opinion. Averaging about 300,000 contracts per day.

One last pointer to touch on is the API (American Petroleum Institute) report that normally comes out Wednesday at 9:30 CDT (on short weeks, holidays etc., this report will be pushed to Thursday at 10 AM CDT). I tell my clients that this report is way too volatile and I like to be out 5 minutes before and not resume trading 5 minutes until after the report comes out. This report by itself deserves a book chapter, but put briefly, the report provides information on how our stock pile is doing (= supply/demand) and the market will move based on the numbers versus what was expected. Again as a day trader, your main job is to know about this report, when it comes out and in my opinion stay out of the market during this time.

What makes Crude Oil futures attractive for me in terms of day trading is the fact that fear and greed are intensified in this market. That creates a ground for spikes, sell offs and many times a volatile, two sided type of trading range. I have also seen big moves happen in crude oil futures VERY FAST.
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What makes Crude Oil futures attractive for me in terms of day trading is the fact that fear and greed are intensified in this market. That creates a ground for spikes, sell offs and many times a volatile, two sided type of trading range. I have also seen big moves happen in crude oil futures VERY FAST.
Compare that to markets, like mini SP 500 futures or T Bonds futures and you will see higher volatility on average. Maybe it's my lack of patience, but I have noticed that I am attracted to trading crude oil futures, because the trades typically don't last long...I either get stopped out or hit my profit target, normally within 2-8 minutes. Sometimes faster than that. This may not be a fit for everyone and there are so many ways to day trade futures (subject for a whole book...), so one does need to first understand themselves in regards to trading, their time schedule, their risk capital, level of discipline etc. before trying to choose which markets to trade.

Being on the west coast, I like the times of 6 Am to 10 AM (Pacific Time) for day-trading this market. It usually provides for enough moves, and these are the times with the most active volume. If you are an overseas trader, perhaps in European time zones, you may want to look at the North Sea Crude Oil which trades on ICE with nice volume and heavy action during the European session.

Two main set ups I will share with you:

1. Looking for quick, counter trend moves to capture 18-27 ticks

2. Looking for resumption of trend moves in order to try and catch the “runner”, that 80-120 tick move which can be make it or break it for many day traders.
Looking for the quick counter trend trade:

What I personally look for when day trading crude oil futures is exhaustion in buying/selling and extreme overbought/oversold conditions. I then look for what we call the counter trend move. I must warn you in advance, that if you are not disciplined enough to place stops on each trade you can get hurt pretty bad as sometimes the counter move I look for does not happen and the market may make another big leg against me.

So what do I do? I set up my crude oil futures chart with Crude oil Support and Resistance levels.

I like to use an indicator similar to RSI and normally I will use either volume charts or range bar charts.

I like volume charts better for the short term day-trading because I feel that when the market moves fast you will get a better visual picture using volume charts that waiting for a 3 minutes chart to complete for example. Also if the market is “dead”, low volume and not much movement, you may get false signals on the time charts just because time has passed and the bars complete.

All the topics above and below deserve further review but in this article I just like to provide you with basics/overview and perhaps open your mind to this market as one that you can possibly day-trade.
I like to set up my future trading platform with automated target and profit to be sent to the market as soon I enter my trade. We have more than a few **FREE trading platforms** that will accomplish that. *Below is an example of a good day trading set up from April 8th 2013. I used 18 ticks range bar chart:*

![Crude oil 18 ticks range bar chart](image)

What I was looking for is an exhaustion in selling, let the “red bars” change to green. I was also looking for the REL study to go below 15 and then cross back above 15. **When that happened I received my signal in the form of the green triangle. That for me triggered a buy right around 92.61. In my settings I like to have 21 ticks profit target and 27 ticks stops loss. In this example I was able to take my profit target.**
Below is an example of a failed day trading set up from April 8th 2013

Very similar set up to the one above, except this time the counter move did not happen and I got stopped out pretty close to the low of the day )-:

You can get a free trial of the studies used in the chart examples above along with other ALGOs at: http://levex.net/trading-algo/
2. Looking for trend resumption and “catching the runner”

I have many thoughts about why day-trading is so hard and why so many traders fail and very few succeed...One of the factors in my opinion is that most day traders will take heat and allow themselves to absorb large losses but will rarely stay in for big winners....

Big moves in day trading do not happen often. I think most of trading days are either two sided/volatile or range bound. That being said, you will have more than a few days a month where big moves happen and sometimes in the same direction or what I consider a strong trend day. This is when one has a chance of capturing large moves, large winners - “The runners”. If you think about it mathematically, if you can get one winner of 100 ticks ($1000 per contract) it can “cover you” for 5 losses of 20 ticks ($200 per contract). So statistically you do not need to have a large winning percentage for this method just enough for the math to make sense.

Because this method looks for larger winners, one can use either 10 minute/15 minute charts (what I refer to as time based charts) or range bar charts like in the second example below of 18 ticks range bar from March 16th 2015.

I use the parabolic study as my first filter. Both CQG and sierra charts have this study included for free as well as many other charting software.
The parabolic for me dictates “the direction of the trend”, thus whether I'm
looking to buy or sell.

The next step for me is to use a moving average cross over, in the example
below I am using a proprietary one I call ILM.

I will then look for a cross over that happens in the direction of the trend. In
the first example below, you will see I was looking for a SELL crossover as the
parabolic study was ABOVE the market, hence suggesting the immediate trend
is lower.

Once the bars CLOSED my chart generated the red arrow pointing down for a
sell.

There are many different ways to enter the trade. Some may wait for a bounce
higher and sell on a limit, others may go at market and yet some may want to
see what I call price confirmation, where prices break lower to confirm the sell
signal and will enter the short side using a sell stop.

That run down lasted for 90 minutes before the market bounced and started
trading both ways. However I was able in this example to catch 120 ticks. I was
also using some oscillators to mark the bars red and blue and as long as the
bars were red I had the confidence to stay short for my pre determined 120 ticks
profit.
In this last example, I like to share a failed set up.

The logic is the same. This time 18 ticks range bar. Notice the cross over along with the down arrow which turned out to be a FASLE break out. In this example I would have got stopped out once the market made a high higher than the previous two bars, so entry at 43.25 and stopped out at 43.57 for 27 ticks or $270 loss.
Again with larger winners and smaller losers the win percentage can be less than 50% and the method can still be profitable.

I think combining these two different methods can give you some diversification in the style of trade you use and provide you with two different weapons for different type of market conditions / set ups.

To summarize I hope I was able to share with you:

1. Crude Oil as another possible market to look at for day-trading.
2. Describe briefly some of the contracts specs/behavior as related to day trading.
3. Describe the use of counter trend moves and the “catch the runner” set ups for day trading crude oil futures
Disclaimers:

* Trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the markets.

The past performance of any trading system or methodology is not necessarily indicative of future results.

** This is not a solicitation of any order to buy or sell, but a current market view provided by Ilan Levy-Mayer Any statement of facts herein contained are derived from sources believed to be reliable, but are not guaranteed as to accuracy, nor they purport to be complete. No responsibility is assumed with respect to any such statement or with respect to any expression of opinion herein contained.

Readers are urged to exercise their own judgment in trading!

***Day trading can be extremely risky

Day trading generally is not appropriate for someone of limited resources and limited investments or trading experience and low risk tolerance.
You should be prepared to lose all of the funds that you use for day trading. And more importantly, you should not fund day trading activities with funds required to meet your living expenses or change your standard of living.

You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading.

Day trading can also lead to large and immediate financial losses.

Day trading will generate substantial commissions, even if the per trade cost is low.

Day trading involves aggressive trading, and you will pay commission on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings.

Day trading on margin may result in losses beyond your initial investment.

Note about stops: THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A “STOP-LOSS” OR “STOP-LIMIT” ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.
If you like some of the methods described above and would like to have access to the custom studies I have created along with some of my ALGOs here is what you get:

1. Free trial of either CQG or Sierra charts if you do not have them.

1. Free 30 day trial where I enable all my studies and algos for your charts.

2. Free, no obligation 15 minutes remote session where I will answer questions, share more examples and try to provide you with a better understanding in order to maximize the trial.

3. If you decide to purchase the monthly subscription you will receive unique discount by mentioning the TradingPub. If you are a client of Cannon Trading you will be able to subscribe for $99 per month (regular price is $119) if you are not a client of Cannon Trading, you will be able to subscribe for $149 per month (regular price is $249).

More info at: [http://levex.net/trading-algo/](http://levex.net/trading-algo/)
Ilan Levy-Mayer is and has been an Associated Person ("AP") with the Introducing Broker ("IB") Cannon Trading Company located in Beverly Hills, California since June of 1998. Before joining “Cannon” Ilan graduated from Fort Hays State University (Hays, KS) in May 1992.

Ilan started out his career as a professional basketball player over-seas where he played until he suffered a major knee injury in March 1997.

Ilan could no longer play Basketball at his full potential and decided to expand on his education. He received his MBA in Finance and Marketing from the Hebrew University of Jerusalem in October 1997. While studying and receiving his MBA, Ilan worked as an Institutional Account Executive in a startup internet company called “Internet Zahav Ltd.” which translates to “Gold Internet” between December 1996 to December 1997.

Ilan gained a lot of experience from working for the startup Internet company which helped him develop Cannon Trading to where it is to this day.
In January of 1998, Ilan moved to Los Angeles, California where he soon began his career in the Futures Industry. With the knowledge he had previously gained he laid the foundation of the online trading division at Cannon Trading Co, Inc. better known as “E-Futures.com”, which was recognized as one of the first online futures trading companies throughout the commodities industry.

As an AP of Cannon Trading Co., Ilan wrote several articles about trading and trading psychology as well as being quoted a number of times in different publications in magazines such as: “SFO magazine”, “Futures magazine” and “Bloomberg news” just to name a few. In July of 2004, Ilan was a guest speaker in a webinar held by the Chicago Board of trade, titled: “Successful Insight Into Day-Trading mini-sized Dow Futures”: Ilan Levy-Mayer of Cannon Trading Company shares set ups, indicators, and a broker’s observation of who succeeds in trading futures.

Ilan Levy-Mayer has been in the futures business since 1998. On February 13th 2008 Ilan was listed as a principal of Cannon Trading Co., where some of his duties include communications with FCM’s, online marketing, risk management, software evaluation and general office management just to name a few.

Ilan is married and father of 3. In his free time Ilan enjoys spending time with his family, watching and coaching basketball, being outdoors as well as trying new restaurants.
1. The Plan

Every successful business needs a Business Plan and so does your Trading Business! The Trading Plan is your blueprint for success, it will define the way you trade, make you more disciplined, focused, implement with confidence and ease trading strategies and most importantly it will eliminate emotions and fear from your trading.

Whether you are new to trading or a veteran, there is always room for improvement, especially with ever-changing, volatile markets. Professional traders have one thing in common: They plan and react based on a thorough analysis of the markets. They keep trading diaries, monitor and record all of their trades. I am sure you are aware of the saying: “if you fail to plan, you plan to fail”. This could not be more true, especially when it comes to trading the markets. The most important thing you can do is to find your comfort zone as a trader. Make sure to trade the markets you are most comfortable trading. Select a strategy according to your preferred style, personalize it and select safe position sizes that make you feel less worried. Once you have that in place, then implement your plan day in and day out.
Selecting your trading style:

The benefits of having a well balanced trading plan is that it will guide your method for the duration of the trade and also will prepare you psychologically so you take logical actions. Keeping emotions in check is a big thing in trading. Trading is personal and very emotional. If you let your emotions dictate you will not be able to go through the process and your feelings will always get in your way and you might face taking poor decisions.
The market is a giant rollercoaster and so will your emotions be when in a trade, having a game plan will help you handle each situation the market throws at you. This Game plan will give you the rules by which you will trade (position sizing, risk management, strategy, entry, trail and exit rules, etc. - ultimately it will save you time and money.

2. The Skill

One of the most important elements every trader must have is the aptness to analyze data quickly, especially if you are a day trader. A good trader can find a trade every 2 minutes scouring through at least through 10 stocks within that time frame. There is a lot of training involved, reading charts, math, looking at indicators, identifying patterns and trends, etc. No wonder when trading firm are looking to add new positions they tent to select people with degrees in math or engineering since Trading is a very analytical profession.

3. The Logbook

A great number of traders fail because they repeat the same mistakes over and over again. The only way to identify your mistakes is to keep a record of all your trades. Keep track of your strategies, profit & loss. Always assess your winners and losers. It is the only way to determine what you are doing wrong and sometimes there can even be quick fixes. It will tell you what strategy works best for you, best trading times and days, etc.
Add very explicit details for each trade. In trading everyone at some point (especially in the beginning stage) reaches road bumps along the way. It is important to review your trading, revisit your Trading Logbook and determine which trading strategy is working for you and not against you.

Once you learn to identify successful trading patterns you will be able to port them each time you see one on the chart. Save time and money trading smart. The log need to answer some basic questions:

A) when did you take the trade the date and time. You may notice that some days in the week you trade better than the other, some days offer you better profits and follow-through.
B) The strategy, whether you are a day trader or an active investor you need to see which strategy works best for you, gaps, breakout trades, continuation trend trades, etc
C) The Stock (or currency pair, e-mini, etc)
D) Number of shares (or contracts)
E) Trade direction long or short
F) The entry price
G) Targets - very important to analyze if the trade had a good follow through to targets and if it had road bumps along the way, analyze why.
H) The date and time you exited the position
I) Your Profit and Loss
J) Nones: This is THE MOST important column - Why you exited the trade and DID you follow your trading plan
### 4. The Strategy

After trial and error you will find the trading strategy that is most rewarding for you and will work best around your schedule and time. In the end it will be about tweaking until you get the results you are looking for.

It is definitely not easy for the beginner trader to know when to take the trade and what strategy to use. After attending an education class there are a lot of elements that you need to master starting with your platform - the trading software, charting, deciding what tools to use and last but not least get in front of the market. It came be quite overwhelming and a lot of traders get confused. In trading you need to take it one step a time. Slow and steady are going to point you towards the directions where the money is. So, no matter what kind of trader you are, a day trader, swing trader or investor you need to respect the market rules and your trading plan before even making the trade.

Once you have everything under control start your analysis, make sure that all the time frames are in sync with your choice of direction, you have multiple odds in your favor and a risk to reward that is worth pulling the trigger for.
Everything you do in life is better with a lot more planning made ahead of time. And now to get to our weekly trade idea.

5. Bottom Line

Trading is a highly analytical game. It will require a lot of time and energy it carries a high level of stress and high pressure. but the end result is that it will pay off in better trades and financial independence. Remember that skills are learned and the more time you will spend in front of the market the better you will get. If you want to be ahead of the game - invest in education before you even open a trading account.
Get The Trade Out Loud “Advanced Technical Analysis Mastery Course” Manual (130 pages) and On Demand Class for only $59 (reg. $599)

GET YOUR COPY HERE
Anka Metcalf has been active in the day trading & investing arena since 2003. She trades different asset classes (Equities, Forex and Futures) with emphasis on Stocks & Forex. Over the years she has translated complicated technical analysis patterns into simple understandable applicable methodology that can help traders succeed in a fraction of the time and become consistent traders by following her approach to trading. She is the founder and CEO of TradeOutLoud.com, division of Synergistic Financial Solution LLC. Since its inception in January 2011, Metcalf has developed the firm into a top service provider for the Equity, Forex and Futures Market Traders. She has a Masters Degree from the Academy of Economic Studies in International Transactions and Stock Market.

She has earned numerous certifications and specializations from financial institutions, top Trading and Investing companies from Europe and United States.
There are many benefits to trading the market open and being able to earn a living in only 60-90 minutes a day. However to do this, we must be organized and focused, as the early minutes of the day tend to be fast paced and very active. Trading this time of the day is also very conducive for traders who are somewhat jittery with their management and generally possess less patience. The reason being is that stocks typically move much faster in the morning, therefore the potential to hit a solid target in a shorter period of time is more likely.

Despite the attractiveness of trading the open, I must also fore-warn newer traders about the potential drawbacks as well. Namely, stocks tend to be much spreadier and whippier, making them more challenging to get filled on, as well as the possibility of stopping out of a trade much quicker. As you can see, everything is a give and take. So, while trading the market open is not for everyone, it is absolutely my favorite time of the day to trade and happens to be one of the most profitable times as well!

Let’s talk a little bit more specifically about how to trade the open with effectiveness and precision. The main component of being a proficient early morning trader is ORGANIZATION.
Things happen very quickly at this time of the day, and it is imperative that we have a very focused and organized list of the stocks we are most interested in because you can miss something in an instant and be left shaking your head in frustration.

The first thing a trader needs to do is develop a healthy and consistent morning routine. For example, when I get in front of my trading desk, usually around 8:45am EST, the first thing I do is look at the markets. I do this by checking the 60’ and daily chart of the SPY and QQQ. This gives me an idea of where the market is gapping to, as well as where it gapped from, and of course the next areas of support and resistance. I recommend that traders draw support and resistance lines on their chart for the SPY and QQQ as a guide to follow. Once we have our morning market bias (higher-lower or neutral), then it is time to formulate our watch list by scanning for GAPPING stocks.

Almost every stock gaps every day, however, not every gap is “compelling.” In fact, most are worthless. It is our job as traders to scan through our watch list and choose the highest quality gapping stocks of the day. Personally I use $ gainers and $ losers to formulate my morning gap list. I will also use % gainers and % losers as well at times if necessary. The key here is to know what you are looking for. At LIVETRADERS.net we have very specific rules for scanning our morning gaps, this includes using a detailed ranking system from “Level 1 to Level 3” to determine the highest quality gaps of the morning.
The reason we rate every gap is so that we can organize them in order of importance. By importance we mean urgency. Simply put, the better the gap the more urgent the entry, the shoddier the gap, the less urgent the entry. As an example, I will be much more aggressive with level 1 gaps than with level 3 gaps due their shock value, relative strength/weakness, void and overall superior quality, whereas a level 3 gap doesn’t possess as many defined attributes and thus needs a more “confirmed” entry.

Once I have formulated my gap list, I organize them from most favorite to least favorite and then put them on 2’ thumbnail charts. At the same time I will usually write down the “ideal” entry prices of my top 3 or 4 favorite gaps, so that when the market opens I am very clear about the levels I’d like to enter those stocks.

Despite this pre-market scanning and organizing, it does not ‘guarantee’ that I’ll get the entry or pattern I desire. However, even if I don’t get my ideal entry, that doesn’t mean I’ll take the stock off the list or ignore it.

Quite the opposite actually, now I’ll pay ‘extra’ attention, making sure to look for an alternate entry. After all, these are my absolute favorite ideas for the morning session, and I don’t want to miss them.
Focus and organization are essential here. Done properly a handsome income can be earned in a very short amount of time every day, allowing us to do other things and truly enjoy the life that trading can afford.

When the market opens I am ready to push the button without hesitation IF my favorite ideas provide the entry I am looking for. If they don’t I will simply wait. You must be on your toes and ready at all times during the first 15-30 minutes of the market open because it is very easy to miss a trade by mere seconds.
In the chart example below you can see that I have chosen a high quality gapping stock, and then I simply waited for a high odds pattern on the 2’ timeframe. The reason the daily chart on CF is compelling is because it is gapping over multiple red bars creating a level of shock value, it is also gapping into ‘void’ above, which means there are no prior pivots to the left that might cause selling pressure and lastly it is gapping just enough to clear the consolidation resistance to the left. This is the type of gap that will usually garner a very high rating from our Professional Trading Strategies (PTS) rating system.

Now that I have a nice gap, my job is to wait for a high odds intra-day entry. In this case it happened to be a very nice 4 bar play on the 2’ chart.
This is comprised of a wide range bar that shows commitment from the buyers, followed by multiple narrow range resting bars that provide a nice tight stop loss and an adequate amount of rest before the stock continue its move higher. In this case I was able to make over $1300 in less than 2 minutes, and overall earn over $2300 in less than 20 minutes using the organization and focus that I alluded to earlier. High odds daily chart + high odds intra-day pattern = powerful results! This is just one example of the powerful patterns taught at LIVETRADERS.net.

Below is another example of a daily chart that was in a strong stage 2 uptrend showing continued strength, followed by a small, yet powerful bullish gap. This stock gapped over multiple pivots, with relative strength (not shown), void above and just enough to get the job done, which are all attributes of a highly rated gap per our PTS course rating system. Now that my focus is clear, I will simply wait until WFM gives me a high quality intra-day entry. In this case, it happened to be a 3 bar play on the 2’ chart, somewhat similar to the CF chart from earlier.

The 2’ wide ranged bar showed commitment from the buyers, followed by a narrow ranged resting bar that allowed the stock to breath before continuing its move higher into the void above. As you can see from the illustration, WFM moved more than $1 in less than an hour, enabling me to turn a $500 risk into over $4000 in profits.
That’s an 8:1 gain! I’d say that’s a pretty respectable return on your TIME and your MONEY!

If you’d like to learn more about these patterns as well as how to trade the market open with precision please stop by our live trading room which is open every market day from 9am to 4pm.

At LIVETRADERS.net we openly trade live with real money because want to show our traders not only the importance of technical charts, but also the importance of good order execution, good trade management as well as good money management.

We feel it’s important to emphasize the realities of trading, which include slippage, spreads, partial fills, skipped orders, as well as the myriad of emotions that go through a traders mind each day.

We teach technical analysis theory as well, but we also show our theory in real time live market conditions each and every day.
SPECIAL OFFER

If you would like to check out the LIVETRADERS.net Live Trading Room please contact us at info@livetraders.net.

Get a 20% discount on our Professional Trading Strategies course (PTS) by mentioning this book from Trading Pub, as well as a 20% discount on your first full month in our Live Trading Chat Room.

Real Money, Real Traders, Real Results.
Jared Wesley has been trading the equites markets and training new traders for 9 years now, and has specialized in mastering the first 60-90 minutes of the trading day. He does this by keeping his approach simple; no fancy indicators or news feeds, just straightforward, clean technical charts. He believes that the most important aspect of successful trading is finding your niche and trading within your own personality. Don’t spend all of your time staring at charts, rather spend more time getting to know your ‘true’ self, as that will be your biggest obstacle to success! Keep in mind, simplicity allows for a faster learning curve and a calmer approach when trading live markets with real money. If you’d like to contact Jared, you can email him at: Jared@livetraders.net
There is a simple strategy that could potentially turn your trading around in 1 day. The hard part in trading is not the strategy but rather the mental stress and trader psychology. Many times, a trader will enter a trade and close it at a loss, against the rules of the strategy because he gets so overwhelmed at the thought of yet another loss. What if you could take that mental stress away? I am going to show you a strategy that works. It has always worked since the days of the tulip mania and will continue to work in the future.

The strategy is called trend following. No I don’t mean buying 20 or 55 day breakout. Trends are relative to the chart you are looking at. You can spot trends all over the place on the daily, hourly, and all the way down to the 1 minute chart. Trends are there for a reason and it is darn near impossible for a major trend to change in the blink of an eye without an unbalanced force to propel it the other way. This unbalanced force could be an economic news release of some sort.
Profit taking and stop losses are key. Profit taking can be static such as taking profit at +20 pips or +100 pips but stop losses are relative to the chart and trend you are looking at. You have to allow for volatility. If you are trying to take profit on a daily chart at +20 pips but the volatility swings are 200+ pips wide, you may be shooting yourself in the foot because the risk is so much greater than the reward. I like often close half of my position at a preset level and let the rest ride.

How many times have you traded with a 10 or 20 pip stop and it seems as if you get stopped out every time only to watch as price goes in your favor without you for 100 pips or more? You didn’t allow for volatility.

A wise man once told me that if you can’t write out a robust trading strategy on the back of a napkin, then you don’t need to trade it. Trading strategies don’t need to be complicated. They need to be simple because when you get right down to the nitty gritty, trading is just people buying and selling to each other. I am about to share THE strategy that has made millionaires over and over throughout history and if you go back test it, you will see that it works.
The strategy: (I will talk about buying but just flip it around for selling)

The very next time you think this... “There is no flipping way on God’s green earth this thing is going any higher without at least a 10 pip retrace. I need to sell this and get a quick 10 pips”, then do the exact opposite and BUY IT!

Everything in your body will try to keep you from doing this because it goes against human instinct. You need to know where your stop loss and take profit levels are, of course but these are simple issues to fix.

By doing this, you may get stopped out a few times but if you are in a strong trend, that currency pair may move hundreds or thousands of more pips without a pull back. It happens all the time. The picture below shows the general concept in a nutshell. It doesn’t matter what time frame you are trading from. This works on daily charts as well as 1 minute charts.
Below is a recent trade I did using this concept.
IMPORTANT! There is a big difference in trading the trend and ‘breakout trading’. Breakout trading has a high failure rate but if you wait till a trend is already in place, you are more likely to have wildly better trade results. I have shown you 2 charts but does it work for more than just one picture? Can you actually make money doing this? With a few rule sets, yes you most certainly can!

Below is an equity chart of recent trades, in consecutive order, doing this exact thing. You will incur stop outs but keep them small and you will be fine. The vertical column shows the number of pips made or lost. The horizontal column shows the actual trade count. This chart shows a static profit target of 20 pips and a rolling stop of an average of 35 pips. Even though the stops were larger than the profits, the strategy works. These trades were taken from the 1 minute time frame.

Larger Time frames offer more pip potential and trump smaller time frames, by the way.
Can you use this strategy to become a better trader? Try it. Back test it. Decide for yourself. The next time you average down against the trend, remember this article. Forward test it. The next time you see a high, in the midst of an already established trend, draw a line on the chart and come back in a few days to see what happened. I suggest you will be pleasantly surprised! I wish you all the best in your trading journey!
Joaquin Trading was formed out of my love for trading back in 2008. I began my struggling career by living in a van while I learned how to trade. I blew up 9 accounts before getting my head out of the sand and becoming a better trader. This led to me being interviewed a couple of times on The Traders Podcast. I currently trade full time from my home, right outside of Knoxville, Tennessee.

My goal for Joaquin Trading is to show traders a simplified way to trade. There is too much ‘Trader Fantasy’ out there promoting absurdness such as ‘$50K profits per month on a $400 investment’. On the flip side, there are many great programs that are just too complicated to implement and too discretionary to be able to back test.

Here at Joaquin Trading, we offer most things for free. The only things that carry a small membership fee is the leasing of our indicators and Twitter signals. The results of the twitter signals are in the above graph. Our offer to you is simple. Visit us at Joaquintrading.com and join us for free. We have the education and tools that could transform the way you trade the markets in less than one day.
Join Joaquin Trading for FREE today. Or follow the Joaquin Trading Group on Facebook for great tips and trade ideas here- https://www.facebook.com/groups/joaquintrading
Ryan Herron founded Joaquin Trading back in 2008. He began his struggling career by living in a van while learning how to trade. He blew up 9 accounts before getting his head out of the sand and becoming a better trader. This led to his couple of interviews on The Traders Podcast. He currently trades full time from his home, right outside of Knoxville, Tennessee. The goal he has for Joaquin Trading is to show traders a simplified way to trade. There is too much “Trader Fantasy”, according to Ryan, promoting absurdness such as earning $50K profits per month on a $400 investment. On the flip side, there are many great programs that are just too complicated to implement and too discretionary to be able to back test.
The majority of the practitioners of Elliott Wave Theory believe that markets trend in 5 waves and correct in 3 waves, and that Elliott Wave Theory is mainly about spotting a 5 wave move and then trading the next leg after 3 waves pull back. The reality is that 90% of the time, the market moves in 3 waves regardless of whether it is correcting or trending. That’s why we use our proprietary techniques to identify the trend and the ruling cycle and once that’s done, in an uptrend we would buy the pull backs in the sequence of 3, 7 or 11 swings or in a downtrend, sell the rallies in the sequence of 3, 7 or 11 swings as far as the ruling cycle (pivot) remains intact.

We use Elliott Wave, Market Correlation, and Cycles. We look at the sequence of swings and make use of tools like Fibonacci Retracements, Extensions, RSI, CCI, Stochastics RSI, price and RSI channels to analyze and forecast the markets.

Let’s take a look at it step by step.

1) Identify the Trend
2) Wait for an internal cycle to end
3) Buy / Sell the retracement in sequence of 3, 7 or 11 swings
1) Identify the Trend

An uptrend is defined as a series of higher highs and higher lows whereas a downtrend is defined as a series of lower lows and lower highs. We identify the trend using our proprietary pivot system and is shown on the charts with the help of arrows (red / green)

2) Wait for an internal cycle to end

Once we have identified the trend, we would wait for an internal cycle to end in the pair which we would identify either by a break of a key level in price or break of Price / RSI channel. (We used advanced techniques based on our pivot system for final confirmation that cycle is over)

3) Buy / Sell the retracement in sequence of 3, 7 or 11 swings

Once we know retracement has started we would look to buy the pull back in the sequence of 3, 7 or 11 swings if the trend is up and sell the rally in 3, 7 or 11 swings if the trend is down.
Let's take a look at the graphical representation of this

In the graph below, we can see the trend is down as indicated by red arrow at start of the ruling cycle (pivot). We are looking for selling opportunities and the area where we would like to sell in 100 - 123.6 Fibonacci extension of (w) - (x) (shown by 1 and 1.236 lines above). We would use the start of ruling cycle or 1.618 ext of (w)-(x) as stop loss (whichever comes first).
Once we have got the desired reaction from the 1 - 1.236 Fibonacci extension area and price has retraced 50% of the move up from W low to X high, we would create a risk free position which could be done by moving stop loss to break-even of by taking a very small portion of the position off and placing stop on remaining position above the high (in this case).
Let's now take a look at a real trading example using AUD/USD 240 minute chart from 18th February 2015. Chart shows that trend is down against 0.8297 high, pair has ended a cycle at ((W)) low and is currently bouncing in wave ((X)) with 100 - 1.236 Fibonacci extension of (W)-(X) coming between 0.7891 - 0.7949. So as per our strategy, we like to sell in 0.7891 - 0.7941 area against 0.8045 level which is the 1.618 Fib ext of (W)-(X)

Moving forward we see price did get to the extension zone and reacted lower. The initial reaction lower labeled ((w)) on the chart below took us to 50 Fib retracement of the move up from ((W)) low to ((X)) high which is where we created risk free positions. Targets would be 0.618 Fib ext of ((W))-(X)) and 100% Fib ext of ((W))-(X)) to the downside. Pair did break to new lows as expected later on but it could have gone on to do larger 7 or 11 swings also in which case we would have been stopped for no profit - no loss but would still be sellers at next inflection area after 7 or 11 swings as far as pivot at 0.8297 high remained intact.
Conclusion:

Market moves in a sequence of 3, 7 and 11 swings so trading in direction of the trend with sequence of the swings keeps us on right side of the market. If trend doesn’t resume after 3 swings, we at least get a reaction to get into a free position. So majority of the times we should either get risk free or get to the targets. On a few occasion, we would get stopped out too which is part of trading as nothing works 100%. This strategy can be used on any time frame but lower time frames have more noise so we don’t like to use it on very small time frames unless the trend is too strong. Knowing the cycles is the key to trading this strategy and hence we invite you to take a look at our special offer below.
Sign up for Free 14 day Trial of Premium Plus Plan to learn more about how we apply this strategy and get professional grade forecasts for 26 markets. **Sign up here** and use code 3626F6D777 at the check out to get it for Free.

You can also download your Free copy of Elliott Wave eBook through our home page [www.elliottwave-forecast.com](http://www.elliottwave-forecast.com)
Daud Bhatti is a partner & senior Technical Analyst at www.elliottwave-forecast.com which provides professional grade Elliott wave forecasts for 41 different markets including Forex, Commodities, Indexes and US 10 year yields.

Daud holds a Bachelor's degree in Electronic Engineering (GIKI, 2003) and a Masters Degree in Business Administration (Keele, 2006) which he makes good use of to manage the business. Daud has been actively trading for the last 5 years and has been a part of EWF since 2011. He has contributed to DailyFX and contributes articles to FXStreet besides many other financial websites and blogs.

Please read disclaimer & our Full Terms & Conditions here
As a trader for many years I am well aware of the many different trading systems and styles available to traders. In fact, there are more companies selling trading education and trading systems now than ever before!

After years, and $30K in education and trading systems which now gather dust on my shelves, I have finally found a system I can trade with! It all revolves around a single unique, proprietary indicator from Dimension Trader called the Easy Trader.

When I found this indicator I was so enthusiastic I called the owner of the company, Mike Green. Mike explained to me that he, a professional trader of 20 years, developed the Easy Trader for himself after his frustration with not finding the tools to give him the edge that he needed to trade successfully. That conversation lead me to a long and successful trading and working relationship with Mike and Dimension Trader.

Imagine a single indicator that will print specific entry and exit points on almost any market. The Easy Trader is just that indicator. As you read below how to trade with Easy Trader be sure not to miss the last image (the third one below) in this short eBook. That image brings it all together.
Easy Trader

Based on a series of six powerful proprietary algorithms, the Easy Trader signals the trader when to enter and when to exit positions. Let’s look closer.

In the image below, notice the “Minus 3 line” and the “Plus 3 line”. In-between those two horizontal lines is the horizontal zero line. View the green, yellow and red vertical lines above and below the zero line.
Each vertical line has six “steps” above or below the zero line. When a vertical line is touching the “Plus 3” or “Minus 3” horizontal line that means the vertical line is in its third step. Step 4, 5 & 6 represent a strengthening market direction with step 6 being a fully extended vertical line and suggesting a “strong” market direction.

When a green vertical line moves above the “Plus 3 line” the trader should be prepared to enter a long position. Conversely, when a red vertical line moves below the “Minus 3 line” the trader should be prepared to enter a short position.
As you see above, both short trades and both long trades could be entered when the vertical line is fully extended.

Exit – The trader will exit when his target has been reached or the vertical line has retracted back to the “Plus” or “Minus” 3 line. It just gets better. Easy Trader isn’t just considering the vertical lines above and below the zero line but a series of algorithms and analysis of many factors including:

- Danton Price Analysis
- MACD analysis
- HE Calculation analysis
- Containment analysis
- T2SC analysis – Volume Price Analysis
- Special Trend X volume analysis

**Signal Generator –**

The EasyTrader has a proprietary Signal Generator that incorporates the analysis of the above as well as the MX Condition and Trend Direction to generate green/red/white bars (called Z-Bars); green to go long, red to go short and white to exit the trade.

Adding the Signal Generator to the chart below and you see the colored Z-Bars in the chart and how they correspond to the vertical bars discussed above. Because the Signal Generator is incorporating all of the analyses of the Easy Trader, not just the vertical bars, the Z-Bars may signal entry (and exit) with more accuracy than just the vertical lines in the Easy Trader indicator.
Conclusion

Every trader deals with uncertainty and the Easy Trader eliminates that uncertainty by signaling exact entries and exits. What's more, Easy Trader can project your trading plan directly to the chart so you know exactly when and where to trail or move your stops.

Automated Trading

If you are a trader that hesitates or responds slowly to entry signals you can use the GTX Easy Pro Automated Trading System that comes in the Easy Pro package from Dimension Trader along with Easy Trader.
SPECIAL OFFER

You are welcome to register for a free one week guest pass into the Easy Trader Training Room held every Monday, Tuesday and Thursday beginning at 9:20am ET.

You can register at the home page of www.dimensiontrader.com (the lower left hand corner)

Or directly from this link: Free Easy Trader Guest Pass In the Easy Trader Training Room you will see the Easy Trader signaling winning entries and exits on the live ES market.

If you have questions, please reach me at cameron@dimensiontrader.com
Cameron Yost has a lifetime experience as a teacher, stockbroker, investment banker, as well as, a wealth of corporate management involvement.

He is semi-retired and spends his time as a day trade adviser and trader.
Think of your charts as your “eyes” into the market and the bar type(s) we use can be thought of as our “glasses”. Just as we wouldn’t use binoculars to read the newspaper or a magnifying glass to observe the moon, the bar type we choose can make a huge difference in the depth and clarity of our understanding of what a market is doing…or about to do.

Here’s is a simple way to “supercharge” your current system and adopt some powerful new tools to make your trading easier and more accurate.

As traders, we’re all familiar with tick, volume, range and time-based charts among others. I’ve used these in years past and many traders still do. Now I’d like to show you a modified bar type that in many ways is far superior and, in the opinion of many traders, has made nearly every other bar type obsolete.

To fully appreciate the unique characteristics that these bars provide, let’s look at a normal day in the popular Russell 2000 futures market on a 5-minute chart. The day and instrument we choose would not matter. This data covers the entire day’s market activity on March 6th, 2015.
Here we see the typical periods of sleepy pre-market price action followed by steep rapid price movement bounded by market chop. Time-based bar charts (and many others) are infested with erratic noise that’s very difficult to effectively filter.

Now let’s look at the same market, the same time period, on the same day. Only this time we will be using our modified bars called the FT Supreme Renko OHLC. Since we introduced them several years ago, similar versions are now appearing among several system vendors and platform providers due to their superior characteristics and ability to self-filter market noise.
It’s hard to believe it’s the same instrument and time period. Now traders are free to focus on the high potential entries and exits they produce with accurate directional assessment.

Above is a 22,1 FT Renko Supreme. That means that the red and blue bars (after the 1st turn bar) are exactly 22 ticks tall and the step size, or difference between the close of one bar and the close of the next is 1 tick. The possible combinations of bar and step numbers are practically limitless and a chart can be tailor made to suit any traders style and account size.
One of the first things I noticed when we first built these bars many years ago was how much better most common indicators behaved when applied to them. Most surprising was the ability to create entirely new and unique signals that were far superior to most found on other bar types. Some of these signals are shown by the red and green arrows and magenta labels.

Above we have one of my favorite trade setups using a 10,5 Felton Trading Renko Supreme chart of the Russell. The bar size is 10 ticks and the step is 5 ticks.
Any trader familiar with divergence signals will recognize the double top (for shorts) and double bottom (for longs) in price paired with an oscillator of your choosing. Being a counter trend signal, many traders find it difficult to know which divergence signals to take and which to avoid. Using these bars, simply look for the divergence signals, long or short, that have a significantly “stretched” first leg of the W or M formations highlighted by the orange lines in the above charts.

Our SignalPro software warns and identifies the precise bar to enter a divergence signal (plus many others) and can be “trained” to identify only these high potential elongated formations that rarely fail. For traders who are not proficient with trade management techniques, simply enter a limit order on the entry bar at its clearly market future closing price and let the market come to you. Place your stop at the tip of the bar’s shadow. Your high potential target will be 50% of the distance of the 1st leg of the W or M.

This is a high potential trade that can be easily mastered in a short time with little practice. The biggest advantage is the trader knows the exact price to enter, the exact placement of the stop and the target clearly identified to the tick. When a trader knows these three things, consistent success comes a lot easier.
Traders who would like to learn more about this versatile bar type and the numerous accurate signals they produce can CLICK HERE and register for our free, one week, no obligation trial in our live market trading room. See the amazing things that can be done with just 2 contracts per trade!

Here’s a truly generous offer from Felton Trading: Now you can experience a full 1-month trial of our SignalPro software along with complete daily live market training, full access to the Felton Trading Room and full access to your personal 1-on-1 mentor anytime needed. This includes evenings and weekends, too! Honestly, would anyone else make that effort unless they were totally committed to your success?

This entire package is available for a one-time fee of just $149. To get started, simply email Beverly@FeltonTrading.com, reference this ebook and you’ll be on your way usually the same day.

We invite you to experience a new, simpler and more accurate way to trade. The knowledge and skill you gain will make you a better trader faster than you may have ever thought possible.
Roger Felton is President of Felton Trading, but better known as a professional trader and tireless personal mentor to any trader needing help. He teaches a powerful and accurate system that is unlike anything traders have ever seen and he has created precision-coded software that crunches the data and gives traders everything they need to make consistently smart trading decisions. Roger teaches with clarity and patience. He communicates his boundless market knowledge in a manner that makes learning not only simple, but fun, too.
In our live futures trading room, we trade primarily the ES, NQ, TF, and CL contracts. We have several trade setups, all using the same custom indicator and thought process, so that they flow together. We use a unique wave analysis system to help us anticipate where price is likely to go. Everything we do is with a background of which wave we are in, and where it is likely to stop. For an easy to understand introduction to wave analysis, you can download a short document at the Next Level Futures Trading website. Inside the document are specific links to training videos which can be found on the Free Video Page.

Basic Wave Theory: We use a simple to understand wave analysis to set up our trading day. We do not use Elliot Wave Theory. When we know which wave we are in, we can determine which entries will have the highest odds of success. In our basic wave theory, there are two types of waves, impulses, and corrections. Impulses are labeled 1-2-3, and corrections are labeled a-b-c. By rule, flags, wedges, triangles, etc. are also corrections, but not useful for the a-b-c trade. We trade with core thoughts that we want to keep in mind as we evaluate our entries.
Core Thoughts:

1) Every wave starts as a corrective wave.
2) A corrective wave is correcting an impulsive wave.
3) To find the impulse, look for the correction.
4) Any a-b-c correction indicates that the impulse is true.

1) In an uptrend (c) is a buy.
2) In a downtrend (c) is a sell.

We use a custom set of indicators that give real-time entry signals based on clearly defined rules that don’t vary. There are a variety of good setups that we get signals for. The a-b-c trade is our favorite. The a-b-c trade works for any symbol on any time frame. Our trade management rules are based on trading 2 contracts. The higher time frame is always important, regardless of the time frame you are trading. It is the higher time frame that can stop a wave. For example, a sixty minute downtrend will stop at daily support. You have to know where that price level is.

The SPX, provides a great example below. In the first chart, the SPX is in an obvious downtrend. The important question is at what price is the downtrend expected to stop. The monthly chart can provide some clues.
15 WAYS TO IMPROVE YOUR TRADING IN 7 MINUTES OR LESS
Being aware of the higher time frame support and resistance numbers protects the trader from jumping in too late. In day trading, this can help us avoid the often fatal attempt to “catch the falling knife, or stop the roaring freight train”. For day trading, we focus on the 60 minute, and 15 minute charts for our support and resistance levels, but we are always aware of the higher time frame trends. We use custom, programmable renko bar for our entries.

The great thing about the a-b-c trade is that we find we often have winning trades even when we’re wrong about the direction of the market. Remember the core thought, to find the impulse, look for the correction. The a-b-c is the correction, and from c, the next impulse should occur. That’s the trade we want to enter. It’s a very simple trade, with simple rules for entry, and a simple trade management strategy.

The a-b-c entry looks like the image below using the programmable renko bars. The advantage of the renko bars is that they make the a-b-c much easier to see without masking price at any time. Below are images of the same entry using range bars, and the programmable renko bars.
In addition to the a-b-c structure we want to make sure that the distance of the a-b-c is far enough to gather strength for the next move. We use proprietary calculations to paint the candles and when we see a yellow candle near the (a), and a green candle near the (c), that is our best entry.

For most symbols we trade with a 5 range, or a 5 tick programmable renko bar. When we enter the trade we place the initial stop at 20 ticks. The first target is 20 ticks, and based on a two unit entry, we bring our stop to breakeven, and then trail 20 ticks on the second unit until stopped out.

This simple entry on a 2 contract trade for crude oil has produced outstanding results. We have been tracking this entry on crude oil since October 20, 2014 and through March 13, 2015, we have had a total of 196 entries.

117 of those entries have been winners, 79 losing trades, and profits of over $15,000 after commissions and fees. Knowing the best day and time to trade each instrument can help the trader improve on these results. For example we now know after collecting the data and recording daily, that if we skipped Mondays on crude oil futures, we would have 31 fewer entries, and over $2,000 in additional profits. Day trading for income is not easy, but it can be simple, as simple as a-b-c.
Many of our members have paid as much $5,000 for our program.

For this special publication and event we have a special offer which can be found on our website, Next Level Futures Trading.
ABOUT THE AUTHOR

DON TURNER
Next Level Trading  The A-B-C Trade

Don Turner has been actively trading since 2009, and building systems since 2012. After initially losing money, Don discovered how to trade wave to wave. In 2012, he began work on the X90 WaveRider in a live trading environment.

Originally conceived as a training tool, the X90 WaveRider provided a simple approach with easily followed rules for entry for day trading any instrument. His goal is to bring his approach to traders to help increase the success rate of those entering the business. Wealth and Finance International recently named Next Level Trading, LLC the best provider of trading templates, and the premier trainer and educator in the United States.
What separates consistently winning traders from consistently losing traders? A good start is having a system in which you have developed an abiding faith, due to proving (with backtesting and then real money) that you can consistently trade and make money with confidence. Also, I’m quite sure a system offering stock selection criteria and definitive entry and exit rules, and which identifies the “cream of the crop” stocks on a regular basis would be on every trader’s wish list.

If there is ONE thing that has helped me the most to become a much better stock trader, I believe it was developing an understanding of what constitutes quality price action. In theory, that may sound easy - but when you are in the process of learning on live charts - with real money - the learning curve can be painful, to say the least (not to mention expensive)!

What do I mean by quality price action and how does it relate to its “sister”, Price Tension? Ok, I think we can all understand that a stock’s price going up at a 30° angle without any pullbacks would be the epitome of a stock with excellent, albeit generally unrealistic, price action.
So if the reason we buy stocks is to see them go up in price, and hopefully reap some rewards from our endeavors, it stands to reason the more stocks we can trade with an upward trajectory, and avoid stocks that languish in unproductive consolidation zones, then the better chance we will get towards our goal of making money in the markets.

In the universe of stocks in which I tend to focus much of my energies and trading capital these days, the ones that tend to shine show charts with what I call the “Millionaire Maker” (MM) pattern. What I mean by this is the charts that tend to have the highest predictable performance, as well as percentage gains in a condensed period of time, are those displaying not only great momentum, but great “cycles” within their trading patterns.

The study of cycles is a science unto itself - it took me many years to fully understand them - but the ones that relate to stock trading and intermediate swing trading, and the ones I use on a daily basis to separate the “wheat from the chaff”, are the monthly cycles. These cycles help me shine a light on only the highest-potential stocks in the markets at any given time. This does not mean I use monthly bars to enter and exit trades. I use the daily bars, taking note of exactly where the monthly cycles are lining up within the daily cycles. This allows for tighter entries at just the right time.
In fact, during any given month there are usually only 8-12 stocks out of a
universe of 8,000+ (if even that many) that display prime MM patterns. This
makes it much easier to confidently commit capital to a trade, knowing that the
stock has checked all the boxes.

This can also allow an increased capacity to pull the trigger on option trades
that may appear to be far out of the money. But for the learned who are keen to
the subtle nuances of price action within these monthly - and even short-term
weekly and daily swing cycles - it can result in some spectacular short-term
gains.

A recent great example was a biotech stock - Prosensa Holding (NASDAQ:
RNA). The stock exploded for a 100% gain in just three days on a buyout. In
full disclosure, I did not participate in this particular trade other than posting it
in a trading club.
Here is its chart:

RNA displayed a strong momentum run-up prior to its blast for a 100% gain in a few days in November 2014. The initial breakout during the spring cycle peaked in June before pulling back during the summer, and then quickly retreating to its spring pivot just a few months later. The price tension was evident to those paying attention. And for those fortunate enough to have bought call options prior to the breakout? Well, a very nice payday, to say the least.

Here is another example…one I recently traded for a 100%+ gain in just 3.5 months (for an annualized gain of 342%). The full run is not shown – I just want to show the subtleties inside the base consolidation. The stock actually peaked near $139 in January 2015 after a 180% gain out of its base.
This is another situation where the price action displayed strength within the monthly cycles. Stocks that “lollygag” along inside their consolidation zones are fine if you prefer a good snooze. But when I commit my own trading capital to a trade, I prefer to maximize the movement and minimize the consolidation zones.

Momentum trading using the concept of “price tension” is nothing new. But bringing it down to a science - where you focus on only the stocks with the most explosive potential in the market - can allow you to quickly become an upper echelon trader, and cut through the immense learning curve that often goes with becoming a successful stock trader.

These monthly, weekly and daily swing cycles show their cards by flashing what I call a “TSS”, which stands for **Trendline Setting Spike**. These TSS’s generally set up in areas of the “effect” part of “cause and effect.” What I mean by this is news or market events that trigger a catalyst for movement in a stock’s price (either up or down) play off of timing cycles initiated by the event, and offer a high level of predictability as to when to expect the next turn
I initially discovered these cycles during a multi-year reverse engineering process of the biggest stock market winners of all time. You know the ones from the big tech run-up, stocks like JDS Uniphase (NASDAQ: JDSU), Qualcomm (NASDAQ: QCOM), MRV Communications (NASDAQ: MRVC), Cisco Systems (NASDAQ: CSCO), and later stocks like Intuitive Surgical (NASDAQ: ISRG), Dry Ships (NASDAQ: DRYS), Nutrisystems (NASDAQ: NTRI), First Solar (NASDAQ: FSLR), Titanium Industries (NASDAQ: TIE), Taser International (NASDAQ: TASR) and many more. These cycles first became apparent to me on the daily timeframes, and then over time I began to see the same cycles over and over on the weekly, monthly and even yearly time frames.

The same bar counts continued to show up over and over when I analyzed pullbacks within consolidation zones. After seeing the same cycles on the larger time frames, my understanding of the key cycles that drive stock price momentum hit a crucial “Eureka Moment.”

Based on these findings, I developed simple “1-2-3” stock selection criteria exploiting these cycles that I then combined with a momentum indicator I developed (BMI). I then created powerful software scans I now use to uncover the next batch of high-performing stock prospects.
When something happens consistently in the market (oftentimes 80-90% of the time), you start to pay attention. And the times where things don’t work as expected, you can often find valid reasons when you dig a little deeper. These “Fails” allowed me to create additional rules and further refine my stock selection.

Like anything to do with trading, this is not a panacea. Cycles are not without flaws, and don’t ALWAYS predict what is to come with 100% accuracy. But what they are capable of doing very well is allowing you to see - in all its sweet glory - the potential move that lies ahead in the next leg of a stock’s journey. And if you pick the right stock using these cycles, it is possible to turn a 300% gain on a stock into a 2,000%+ gain on its options.

Cycles that turn up on the longer time frames are especially powerful. And since the Black Scholes option volatility model is an estimate of intrinsic value that does not take into account (at least not always accurately) the relevance of these longer term cycles, it is possible to regularly exploit this knowledge by riding explosive breakouts near earnings cycles. Take Office Depot (NASDAQ:ODP) - a stock that caught my eye pre-earnings based on its long-term cycles. The call options in October of 2014 for a few weeks out were surprisingly dirt cheap - $160 controlled 1,000 shares - and resulted in a nice 900% gain within just a few short weeks.
In my opinion, the determination of stock trend direction changes is best suited using – in order from best to “least best” - trendlines (cycle-adaptive), support and resistance and finally, wave analysis. Some would add candlestick analysis, and although that can be good at times, there are often a plethora of false signals that can chop into your trading capital until the key breakout occurs.

There is nothing nebulous about applying a trendline based on the correct cycle and then buying on Day One of the first close outside the trendline. No gnashing of teeth is involved. If you have identified the incorrect cycle, you should know within a few days if there will be follow-through… and entering the trade at this juncture will usually maximize the “meat of the move.”

In my opinion, **simplicity** is the key to trading success. For every successful trader who follows the news and has an abundance of good-performing stocks in their portfolio bought on recommendations made by the “talking heads” on CNBC and the like, there will be nine others with underperforming portfolios due to over-diversification and under-focus.
I pay the most attention to the prime stocks that display these characteristics of strong price momentum: shortened consolidation zones, relatively shallow pullbacks into these consolidation zones, and price spikes at key junctures, affirming the ongoing potential of the stock to break out into additional leg(s).

As I mentioned above, about one in a thousand stocks in the market make it to the “cream of the crop.” Some pre-built scans are capable of pulling a hefty percentage of these into my trading watch lists. But just to make sure I don’t miss any, I manually go through 8,000+ charts each month to identify the stragglers, or to get a jump on stocks that look like they have the right stuff to make it to future scans.

Finding these 8-12 “cream of the crop” stocks requires further filtering of 200+ “wannabe” MM Patterns and analyzing the consolidation zones from several different angles to get to the final list. This extra effort is more than worth it, since the sole purpose of finding “MM Stocks” is to identify those with the potential of hundred percent plus gains (in some cases multi-hundred), having previously demonstrated the capacity to do so. The added benefit of targeting these stocks is these breakout moves will often finish inside of a few months, allowing you to take your profits and roll them into the next trade. Chain a few of these together in the course of a year, and I think you’ll understand how some of the world’s top traders are momentum traders.
Here is a short list of stocks over the past few years that were “Millionaire Maker” setups:  

**100%+ Gains:** AGIO, AVNR, CEMP, KITE, SWIR, VIMC, RDCM, CVTI, MGPI, TASR, PTCT, HA, PAYC, ANIP, CBPO  

**200%+ Gains:** BLUE, WLDN, HGSH, HNNA  

**300%+ Gains:** DQ, LIVE, TEAR, RCPT, TTPH, IG, MTEX and many more.

These cycles are also present in most other markets, including futures, Forex, commodities, etc. Like anything in the market, there is generally no “one size fits all” with every trading instrument, and the cycles vary across different time frames, bar type, etc.

Some of the pioneers of momentum trading, like Jesse Livermore, Nicholas Darvas and others, laid the groundwork for advances in the understanding of stock momentum and “tape reading.” But the best teacher has always been… and always will be… the chart itself.

Scroll back though some of the best performing stocks of the year. I am sure you will see for yourself the consistent patterns of behavior before a stock breaks out that telegraphed the move ahead.
SUMMARY

Price action is a leading indicator, and areas where a confluence of short, intermediate and longer term cycles converge have the potential for explosive price breakouts.

Price action combined with momentum analysis can give you the capacity to hone in on some of the best stock trading prospects in the market without the need to know a thing about a company’s fundamentals.

This style of trading is particularly suited for those who don’t desire to be glued to the computer monitor. It is a laid back form of swing trading with trends that often last 2-4 months or even longer.
Watch the Video of this Presentation if you would like to learn more about Millionaire Maker Pattern stocks and see a video of recent MM Pattern trading prospects. You will see on real stocks the power of TSS Cycles and the BMI indicator in finding some of the best stock market trading prospects there are.

As a bonus, Paul is offering 30 complimentary days access to the “MM Pattern Report” (a $97 value) a weekly analysis of the top stock trading prospects in the market. Access also includes training on using TSS Cycles to analyze best entry points, stock super-cycle trend analysis as well as how to use TSS channels to max out a trend.

Click Here for Access To Video Training On “The MM-Pattern” And To Also To Access Your Free 30-Day No Obligation Trial To The MM Pattern Report
Paul E. Lemal has been an avid student of the markets for the past 20 years. He is a stock trading system developer and creator of the TSS Cycle Trader system.

He is the author of “The Surfer’s Guide to Stock Investing” (www.elitewavetrader.com) and creator of Cycle Adaptive Trendlines (C.A.T.) for stocks, futures and Forex. He is also the past president of The American Integrated Healthcare Association and a strong advocate of alternative and functional medicine.
Trade entry routines are obviously an important component of any successful trading plan. Note that I did not state that entries are the most important part of any trading effort – actually in my opinion proper construction and timing of market exits is where most traders either succeed or fail. More on that in successive chapters.

Trading systems can be broadly classified into two categories - trend following strategies, where first the trend is defined and then a retracement is identified for actual trade entry, and reversion to the mean systems.

Frequently market prices will quickly move higher or lower but eventually return to its mean or average price after these temporary excursions. The objective for a reversion to the mean system is to accurately define the exhaustion of these deviations for entry points in the opposite direction of the move with the ultimate objective of taking profits upon the return to the mean. You can also refer to reversion to the mean systems as “buy low, sell high”.

UNCONVENTIONAL USES OF MOMENTUM AND RSI FOR TRADE GENERATION
By John Clayburg
Online Trading Systems
This presentation will concentrate on trend following systems using two popular, time-tested indicators: Momentum and Relative Strength Index (RSI). In general terms one can describe this approach as defining in which direction the train is traveling, hop on, ride for a while and jump off before the train either stops or turns around.

Momentum and RSI have been used for many years, usually using their “conventional” interpretations. Momentum will generate a buy order when the indicator is above zero and increasing. A buy order will be triggered when the RSI value crosses over the specified RSI oversold level. Sell signals come about using the exact mirror image with Momentum selling a cross below zero and RSI entering short positions upon crossing below the overbought line.

While there is some use for these indicators in the conventional manner, especially on sluggish, sideways market trends, there are other less conventional approaches for these two indicators. When used in combination, unconventional uses of Momentum and RSI can generate significantly accurate trade setups.
It is these unconventional uses of Momentum and RSI that will be discussed here.

Let’s look first at Momentum. Momentum is calculated simply by subtracting the close of the bar (input) bars ago from the close of the present bar. For example, on a 14 bar momentum setting as shown in the chart below, the last bar of the day has a close of 2,110.25. Subtract from this close the close of the market 14 bars back (2108.50) gives us the closing momentum as +1.75.

Our unconventional use of this indicator will be strictly trend definition. Keeping the analysis as simple as possible we will define the trend as being up when momentum is greater than zero and down when momentum is less than zero.

Applying the momentum definition above this application makes sense – if the price 14 bars ago is less than the current bar the trend for the last 14 bars has to be higher. The opposite is obviously true for a downtrend.
Figure 1: Trend Definition using Momentum

The 2 minute E Mini S&P chart in figure 1 above with Momentum plotted in the subgraph below the price bars illustrates the usefulness of this indicator for definition of the short term trend in the market. Note that generally Momentum values below zero accompany a downtrend while the values above zero are usually predictive of an increase in price over the short term.
However, although Momentum can define the trend in general terms, this does not reach the definitive standard necessary for actual trade generation. We will now look to an unconventional use of our second popular indicator, RSI, to complete our entry signals.

The image below depicts the “conventional” use of the RSI indicator as a trading tool.

Figure 2: Conventional RSI Use as a Trading System
Figure 2 above illustrates the conventional use of the RSI indicator whereby buy signals are issued with a market move below the oversold line (30) with sell signals generated on a move above the overbought line (70). While this routine can be useful as a part of a reversion strategy on sideways periods, such as the interval between 1130 am and 1230 pm above, it is largely useless during trending periods as seen on the remainder of the 2 minute ES chart. Note that during trending periods this use of RSI continually sells into uptrends and buys into downtrends – a method guaranteed to deplete your trading account in most instances.

However, as with Momentum, there is an alternative to this use of RSI that is much more reliable.

**Figure 3: Unconventional use of the RSI indicator**
One unconventional use of the RSI indicator as illustrated in Figure 3 above generates buy and sell signals in an almost opposite manner than the conventional approach. In this example the overbought line is lowered to 60 and triggers a long position when the index crosses below the line.

The oversold line is raised to 40 and sends a short trade when the index crosses above the line.

Quite obviously all trades generated by this method are not perfectly timed. However, look closely at the first buy or sell position entered and note that these signals are usually more useful than those that follow. Also, there are many more trades illustrated here than would be even close to practical in real-time trading.

The solution is to use our previously illustrated unconventional use of the momentum indicator to first define the dominant trade.

Following this determination we will take only the first buy signal and the first sell signal for each segment of an uptrend or a downtrend.
Figure 4: Combining Unconventional Uses of Momentum and RSI

The graphic above illustrates the result of combining the unconventional uses of Momentum and RSI into a single trade generation program. Although the trade entries are not perfect you will notice that this is significant improvement over the conventional uses of these tools.

The improvement in overall trading performance resulting from the combination of two or three indicators is not an occasional outcome – many times the use of indicator combinations can have a significant effect. However, don’t get carried away with this technique by adding more and more indicators—remember, the simpler the approach when it comes to any trading strategy usually the better the performance.
The buy and sell indications above and below the price bars are the result of a programmed automated strategy. Although these applications can certainly be used on a discretionary basis I find it much more accurate to use them in the programmed format.

Note how close the tolerances are that resulted in trades on the above graphic. Someone trying to trade with this approach will probably not catch all the good trades as the setups may only last for seconds – or less.

The profitability of this system can vary largely with the lengths of the Momentum and RSI indicators used on each trading item and timeframe used. This example uses lengths of 14 for Momentum and 7 for the RSI – but these can vary widely in actual trading.

It is for this reason that I have developed an automated self optimizing system that can update these lengths as the market conditions indicate thereby keeping the system in sync with the real time market. These length inputs can change several times during the trading day to gain maximum performance.

You may notice that the individual buy and sell designations placed on the charts by the actual automated strategy do not exactly match with the plots of Momentum and RSI on the subgraphs.
The automated strategy used here is a dynamic system that can change the critical trade entry values on the fly to more accurately keep the system in sync with the current market conditions. As stated previously, selection of the lengths of the Momentum and RSI indicators used for trade generation are critical to accurate system performance. These are the variables than can be altered intraday by the self optimizing strategy used here.

Since the plots below the chart are of the fixed variable type of program the actual Momentum and RSI values used by the strategy will not always be reflected by the standard plots shown in the subgraphs.

**Conclusions**

1. A significant advantage can be realized with the use of multiple indicators vs. the use of a single analysis technique.

2. Often the performance of these combined tools will be enhanced by the use of unconventional applications.

3. Active traders should use these ideas as a framework to develop their own unique applications.

4. Due to the very small time tolerances for these indicators to generate the best trades it is often valuable to program these systems into an automated strategy to take full advantage of this approach.
Click Here to receive a free systems trading eBook

“Guide to Designing Your Own Self-Optimizing Automated Systems”
Dr. John Clayburg has been involved in automated strategy programming since 1987. He has been a speaker at various trading events in the US, Europe and the Far East. His book, “Four Steps to Trading Success” was published by Wiley and Sons in 2001. John has concentrated throughout his programming career on the development of self optimizing automated systems which have the ability to change critical system variables in real time keeping the systems in sync with the ever changing nature of today’s volatile markets.

More information is available at www.clayburg.com.
Trading Strategy & Markets Traded:

As Head Trader with Golden Zone Trading, I focus on trading 5 futures markets in the trade room. During live markets they cover (ES) S&P E-Mini Futures, (NQ) Nasdaq E-Mini Futures, (TF) Russell E-Mini Futures, (CL) Crude Oil Futures & (ZN) Treasury Futures. The main advantage me and those traders who trade along with me in the Golden Zone trade room have, over others, is our system is optimized to perform across global markets. This allows the traders to take advantage of multiple opportunities while not being restricted to one market.

During the trade room and strategy classes, we focus on 12 core lessons that teach traders to follow a rules-based trading process using their software and trading system. Most of the time I am focused on teaching traders how to vet their trades for probability while showing them that trading the hard right edge is the most important aspect of being in tune with the markets.
Golden Zone Trading uses 4 indicators that make up their trading system

1. **SDVolumeZones** – Orderflow and volume indicator for buy and sell zones

2. **GoldenFibs** – MTF Fibonacci confluence indicator for support & resistance targets

3. **VelocityMomo** – Hybrid Momo indicator that identifies confluence or non-confluence for setups

4. **Bloodhound** – Signal generation, performance testing and trade automation
   [http://goldenzonetrading.com/partners/shark-indicators/](http://goldenzonetrading.com/partners/shark-indicators/)
Golden Zone Trading uses a 4 step process for every trade taken

This example will show a (CL) Crude Oil SHORT trade taken on February 20/2015

**Step #1: What Are We Doing & Why?**
We use a scanner to make our directional bias an easy clear decision. This information is based off our higher timeframe chart.
Step #2: Where Are We Doing It?

We use the smaller timeframe chart to locate a sell zone to short.

Using the smaller timeframe chart, we plan our entry, stop, targets and mgm’t.
CLICK HERE to sign up & receive a FREE indicator & trading course.

CLICK HERE to see a short video example of our autotrader using Bloodhound
Sean Kozak is a futures trader with 8 years of experience specializing in strategy development and trading education. As a licensed securities advisor in Canada, Sean has helped traders all over the world reach their goals of becoming professional traders.

Sean is the Owner/CEO & Head Trader of Golden Zone Trading (www.goldenzonetrading.com). Within this organization they focus on providing custom indicators, proven systems and learning frameworks to help all levels of traders run a business as a professionals.

Sean is also the Director of Business Development for SharkIndicators (www.sharkindicators.com). Within this organization they focus on providing algorithmic software that allows traders to build, test and automate their trading systems.
Sean’s trading experience came from being mentored by former market makers from the CME & CBOE where he learnt order flow and price action strategies. Within a short period of time, Sean advanced as a professional trader working in a prop firm located in Toronto Canada.

Shortly after, Sean accumulated a team of programmers to create software products that identified his ways of trading order flow, volume and market structure. As a combination of working with Golden Zone Trading and SharkIndicators, Sean has built a very reputable way of helping traders with both discretionary and automated trading systems.
If you live in the United States, and your work schedule doesn’t permit you to trade during normal working hours, here’s a trading strategy you can use in the comfort of your home around the dinner hour. For the past months, I’ve been testing an evening trade with the EUR/JPY that has been remarkably consistent. This strategy for trading Nadex Binary Options came from Krystal Comber, CEO and founder of SlickTrade.net.

Nadex binary options have been described as “yes or no” trades. You are simply making an educated opinion about the direction of a market relative to a strike price within a defined period of time of your choosing. When you place traditional buy or sell orders trading futures, forex, stocks or options, everything starts with your opinion on the direction of the markets. Then you place your order, stop/loss and take-profit targets. With Nadex, you review a strike price on the charts that you like and place a buy or sell order. If the market settles in your favor at expiration, then you will take your maximum profit ($100 per contract, less the amount you risked). If the trade expires against you, then your payout is $0 (you will forfeit the amount you risked per contract).
Here are some quick facts about Nadex:

• Nadex is the North American Derivatives Exchange.

• Nadex is headquartered in Chicago, and regulated by the CFTC.

• All deposits and funds are held in a segregated US bank account.

• No broker required. Your orders are placed directly on the exchange.

• You can trade popular Index futures, commodities and forex pairs with Nadex.

• You always know your maximum risk and reward before you place a trade.
  • You cannot get stopped-out as long as your trade is active.

• Nadex takes no positions in the market. All transactions are between buyers and sellers.

• Nadex charges a $.90 cent execution fee per contract traded, and a $.90 cent settlement fee for contracts that settle successfully, or are closed out early. Exchange fees are capped at $9.00 per side, per trade. If you placed a trade with 10 contracts successfully, your exchange fees would be $18.00. If you traded 11-50 contracts on a single trade successfully, your exchange fees would also be $18.00.
• If your trade expires unsuccessfully, you will be charged $.90 cents per contract for your execution fee, but you will not be charged a settlement fee.

• As of March 2015, Nadex is now available in 49 countries. It was previously available only to legal residents of the United States, Canada, Mexico and US territories.

• A live Nadex account can be funded with as little as $100.

• Nadex website: www.nadex.com

Now that you have a little information about Nadex, you need to have a good strategy.

The working name used for the strategy was the “8pm-11pm EST EUR/JPY Asian Session” strategy. But that’s a mouthful to write and it’s boring. After testing this strategy with a group of fellow Nadex traders, we decided to rename it to the “Sausage & Sushi” trade.

Almost every night, the EUR/JPY behaves quite predictably, and if you can draw support and resistance lines, then this strategy can greatly enhance your trading consistency.
The rules for trading the EUR/JPY “Sausage & Sushi” Strategy are quite simple:

1. Log on to Nadex, and select the EUR/JPY currency pair with the “Daily 11pm” expiry.

2. At 8:00pm EST, draw horizontal lines at the highest price (resistance) and the lowest price (support) between 6-pm-8pm on the hourly chart for the EUR/JPY. Draw your support and resistance lines on regular candle bodies, and not the wicks. Use regular candlesticks, and not Heiken-Ashi candlesticks.

3. Switch over to 15 minute charts.

4. Be aware of any economic news occurring on the EUR or JPY from 6pm – 11pm EST. Refer to Investing.com or Forex Factory to view economic news.

5. For a SELL – After 8pm, if a candlestick closes below the 6pm-8pm support line, then SELL on the closest strike price at or above the support line. You can place a market order if you want your order filled immediately, or you can place a working/limit order if you want to adjust your risk/reward. If you want an additional margin of safety, you can place a working order at the next strike price up the strike price ladder and hope that the market comes back to fill your order.
6. For a **BUY** – After 8pm EST, if a candlestick closes above the 6pm-8pm resistance line, then BUY at the closest strike price available at or below the resistance line. You can place a market order if you want your order filled immediately, or you can place a working/limit order if you want to adjust your risk/reward. If you want an additional margin of safety, you can place a working order at the next strike price down the strike price ladder and hope that the market comes back to fill your order.

7. That’s it! Price is normally tested heavily between 9pm – 10pm EST – You may wish to walk away during this point and come back around 10pm -10:15pm EST.

8. **Always pay attention to the trend direction and news.** If the market is sideways and staying within the high and low range, then avoid taking the trade. If the spread is extremely narrow between support and resistance (less than 15-20 pips) you also want to use extreme caution. This is why I like to watch the Keltner Channels and Fisher Transformer on ThinkorSwim (TOS) or the EMAs and Ichimoku cloud on the Nadex charts.
Let’s take a look at a recent EUR/JPY “Sausage & Sushi” trade (March 5, 2015):

6:00pm - 8:00pm EST: The EUR/JPY established RESISTANCE at 132.471 and SUPPORT at 132.245. Support and resistance lines were plotted on the chart above at these levels.

8:00pm - 11pm EST: The EUR/JPY ground downward riding below the T-Line (8 EMA) at 8:00, and it breached the support line (132.245) at 8:20pm. This triggered a pending/working SELL order from the nearest NADEX strike price above the support line (132.40).

If a market order would have been placed at the time of the breach, it would have commanded a risk of $85 to make $15. In conversations with Krystal Comber, I learned that the average risk/reward for this strategy is $70 risk for $30 reward. Using this information, the order ticket was amended:
Trade Details:
Contract: EUR/JPY >132.40 (11PM)
Expiration: Thu Mar 5 23:00:00 EST 2015
Direction: SELL
Quantity: 1
Price: $30.00

1 contract was sold, with a maximum risk of $70 and a maximum reward of $30. Now it was time to be patient and let the market grind upward to fill the order.

The order filled at 8:55pm when the market moved up sharply. From that point forward, the SELL order was never threatened, moving sideways before it expired and settled safely in the money at 11pm.

This trade yielded a gross profit of $30 per contract, less $1.80 in exchange fees for a net profit of $28.20.

In backtesting, taking multiple demo trades and now several live trades, I am learning to trust this strategy because it has been remarkably consistent.
Get a Free 2-Week Nadex Demo Account – You will receive access to a fully functional Nadex demo platform, funded with $25,000 in play money. Try using your favorite Index, commodities or Forex strategies with Nadex!

Visit the TradingPub Nadex Blog for trading strategies

View the Probability Report Newsletter for free upcoming Nadex educational events.
Cam White is a Partner Relationship Manager with TradingPub. He is responsible for engaging with Stocks, Options, Futures, Forex and Nadex experts and matching them with upcoming TradingPub projects.

Cam is TradingPub’s in-house Nadex expert. He actively trades Nadex, and is the author of the “Inquisitive Trader” a blog that details his experiences trading with Nadex. He is also the author of “The Probability Report”, a monthly blog newsletter that highlights Nadex news, educational events, articles and recently produced webinars.