

NANNINGBOB 10.2 UPDATE

WEEKLY OPEN INDICATOR

APRIL 2012

First, I want to give my most heartfelt thanks to FMuir and CandleTiger here at FF. Their work on this project has been immeasurable. We have been playing email tag for several weeks and they have constantly kept making the adjustments I keep bugging them for. Every time I get their adjustments I see something new and we go to work and do it again. Just to give you an idea how it goes over the years I will give you a short version of how we got here to 10.2

Someone posted a TMA indicator in my 5.0 thread. I get interested and we eventually start 1.0. We learn and eventually start 10.0 with better definitions of trends and ranges. We learn and Al starts the Extreme TMA thread. We learn and play with the TMA slope indicator along with TMA. We learn and go to a new indicator idea. We adjust a pivot indicator to a weekly one and try to mix it with the TMA slope. Add some 10.0 philosophy and then we play with that and get two weekly open indicators. In each case these guys read and program, adjust and program, adjust and make changes, probably wondering where in the world this nut is going with this. Well I can't thank either of them enough for their work and patience. Please say thank you to them because without either one this would not be here. CandleTiger did a lot of work on the slope indicator and this lead to how FMuir developed the weekly open and updated everything else to fit. FMuir also did a tremendous amount of work on proofreading and giving suggestions. He also did all the final updates and final cleaning up of the indicators and text to make everything work smoothly. It was taking the information of the adjusted TMA slope that led to the weekly open indicators he so well designed. So here we are. I think you will find the final product a great trading tool.

We are changing how our screen looks from 10.0 and 10.1 but we still incorporate some of their strengths. The S/R from 10.1 is still used but we will use the more traditional pivot point system instead of a S/R based on fractals like we did in 10.1. If you want an in depth study of the basics of pivot points read the following:

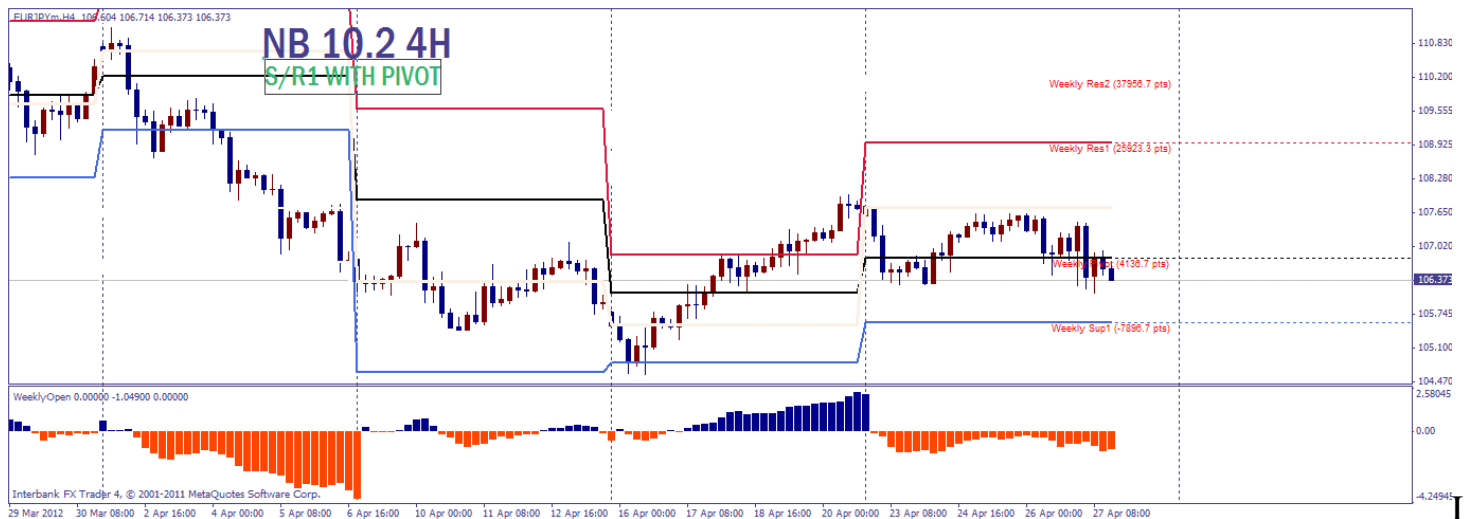
<http://www.babypips.com/school/forex-pivot-points.html>

This is as thorough of an explanation you will get anywhere. In this screen you will see the black pivot (the center between last week's high/low) plus blue support 1 (S1) and red resistance 1 (R1).

The red 8MA and 2MA line from 10.0 daily screen now becomes two weekly open histogram indicators that can be used on all time frames. What we want to do is try to catch the trend of the week and also keep our trades with the weekly trend. To do this we will compare two weekly histograms with each other and their story will be very dynamic.

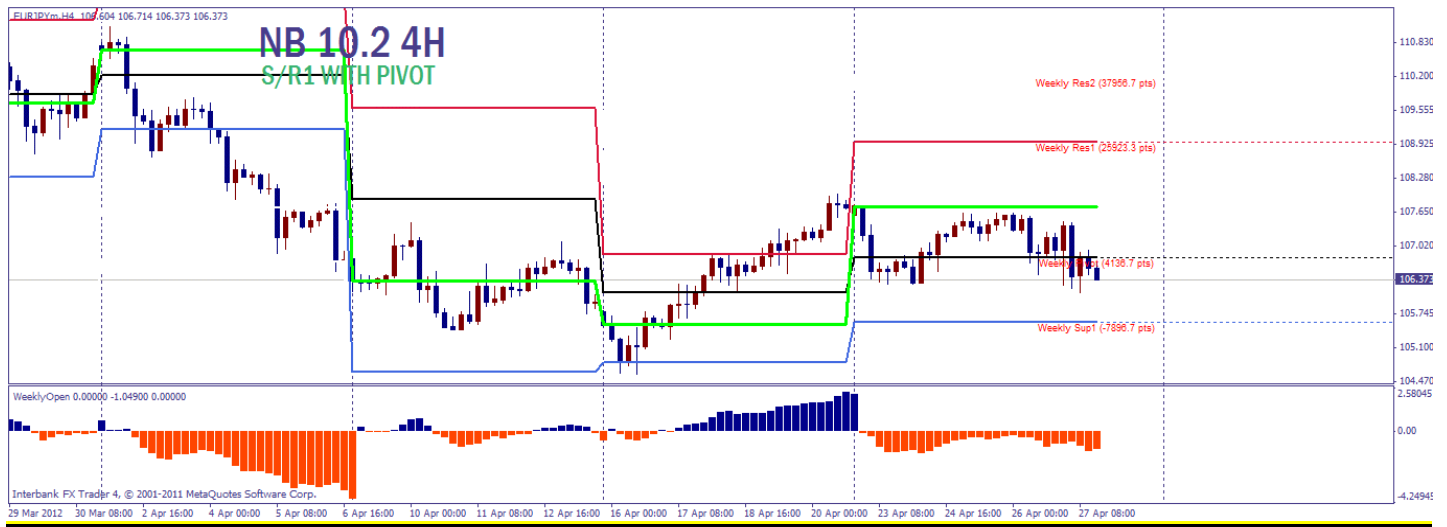
WEEKLY 1MA HISTOGRAM

It is a very simple indicator showing price action in relation to its open. Orange means price is going down for the week and blue means it is going up for the week. On the screen in a very light color is a line representing the weekly open. This helps you see price in relation to the open and the histogram indicator below. You may not see it here but in the next pic I will change the color so you will see it. I like keeping neat, clean, simple screens so I keep this line very lightly colored and in the background.



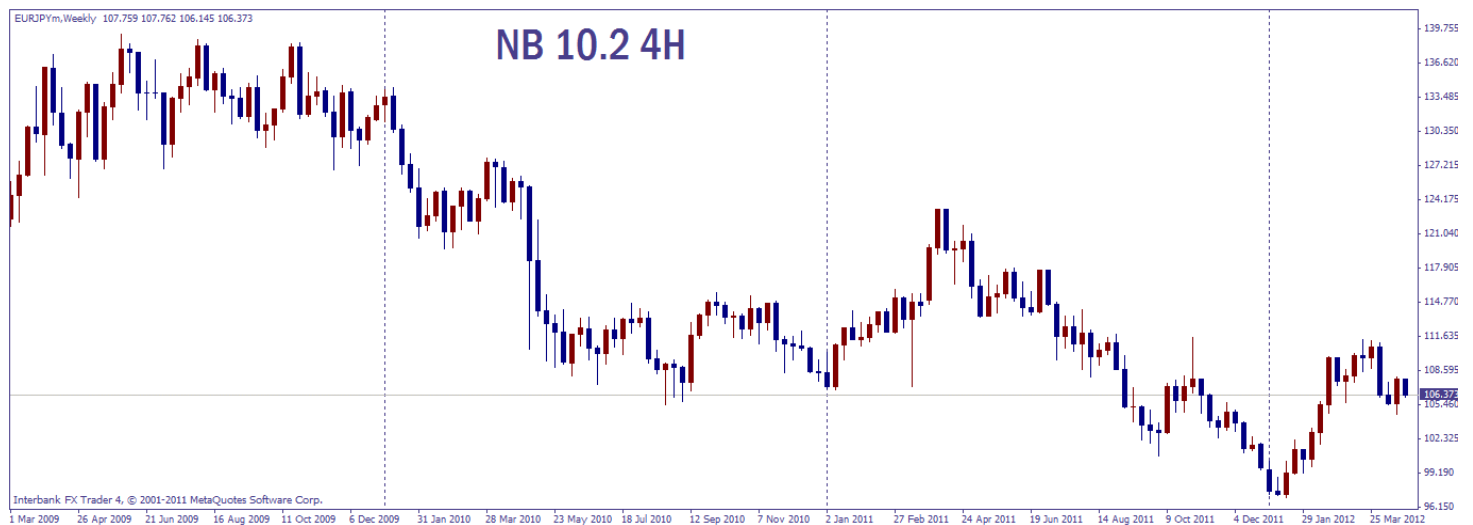
In the next pic you can see the green weekly open line. I think this would look ugly and confusing on a screen so made it a very light color as a reference.

HOW IT WORKS

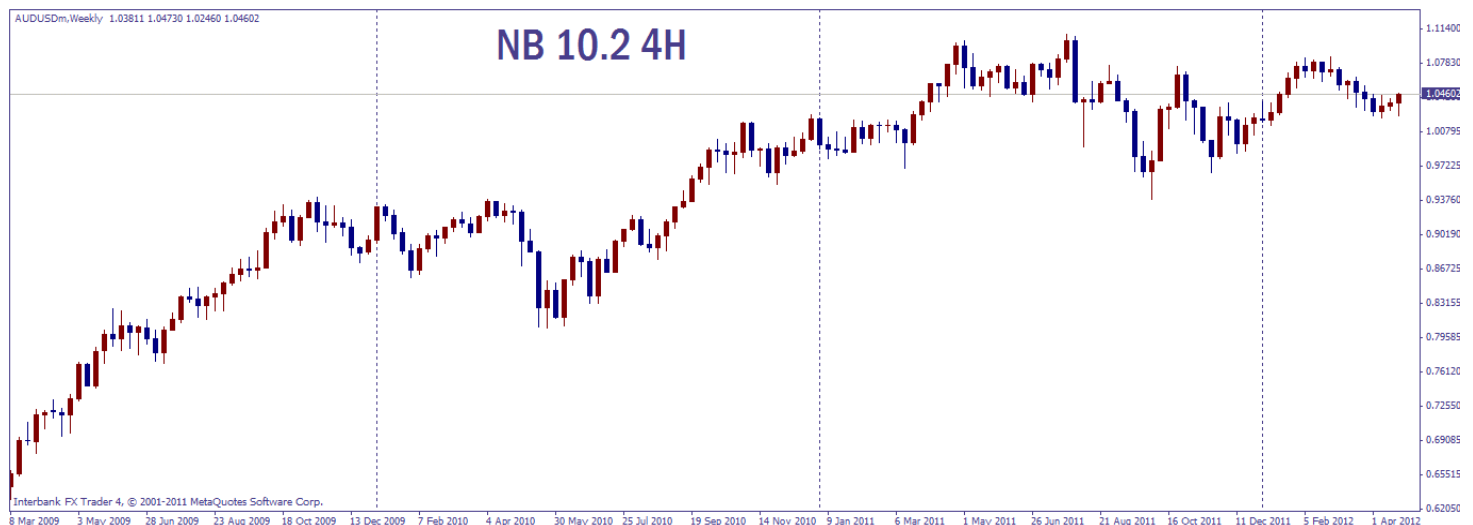


How the 8MA on the daily worked on 10.0 was to give you a reference of the weekly direction of price action. Above it you were in an uptrend, below it you were in a downtrend. What this indicator will do is let you know in one glance which way price is going this week. Take a look at several weekly charts to get the idea.

103 of 161 candles (64%) of eur/jpy has a body bigger than the wicks. What that means is 64% of the direction of the weekly trend; price will follow that trend all week.



102 of 161 candles (64%) of aud/usd.



I have not counted every single currency, but for the ones I did, the count was between 60-68%. The ones that changed direction during the week would still give you a profit of some kind if you got the trend right at the beginning of the week.

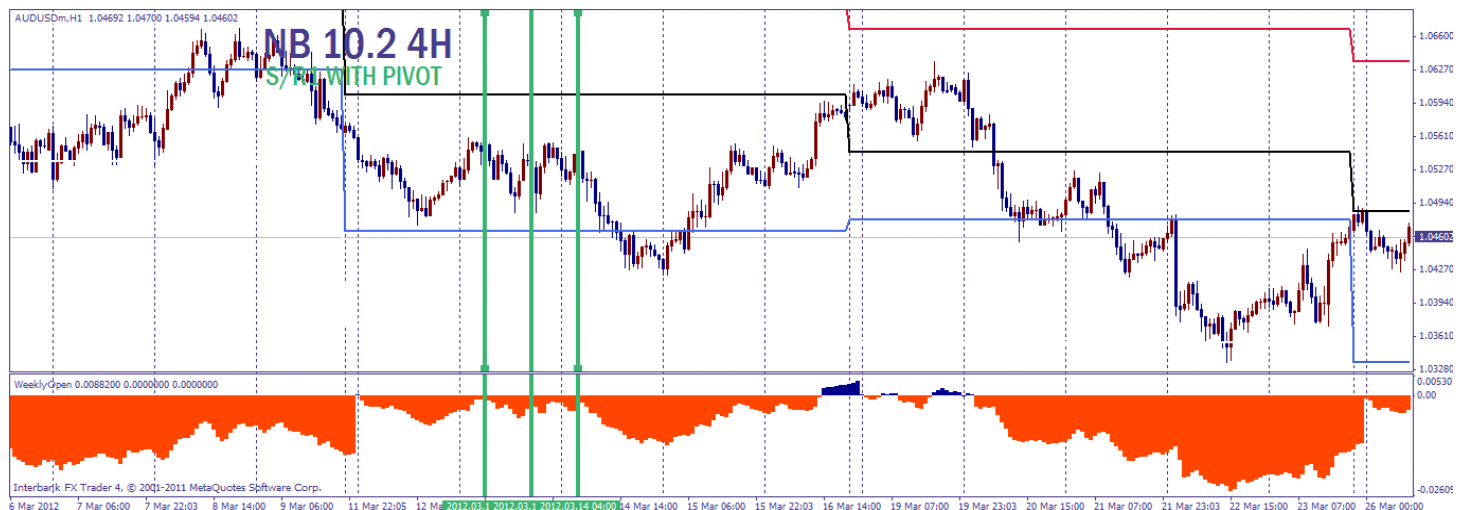
The next thing I noticed that after every open, almost 100% of the time there was a wick of some size. Meaning price would start one way and then swings back in the other direction. With the weekly open histogram you can spot these on a lower TF and then trade accordingly. The rules to this are very simple buy when blue, sell when orange. Unless you are CT trading by taking

reversals outside of S/R1 or S/R2 lines, or range trading, go with the flow. Every week this indicator resets because it starts with the weekly open every week.

The indicator works on any TF because the weekly open stays the same all week.



This is selling the rallies in a DT. See the green lines and how the indicator has rallies you can try to sell from.



The bottom line is this, if you are selling and this indicator goes blue or you are buying and this indicator goes orange, you may be in trouble and may want to close out the trade. This indicator is very simple; it lets you know on any TF what your relationship to the weekly open is at any moment.

WEEKLY 2MA SHIFT 1 HISTOGRAM

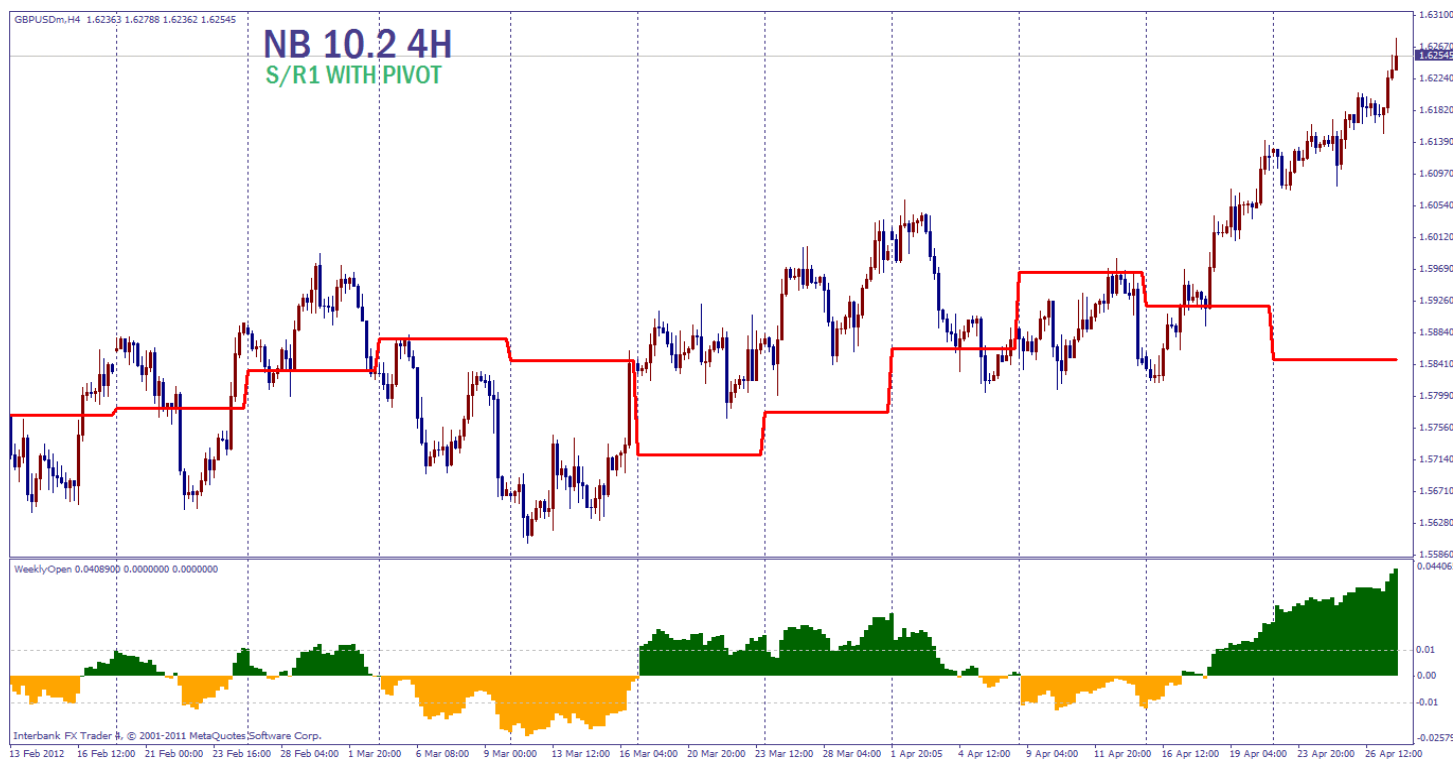
The first histogram shows price in relation to the weekly open, up or down for the week. It should help you decide which direction to trade that week. The second histogram is designed to show the

overall trend direction on the weekly chart. This is how it should work. Below is a weekly chart with a 2MA shifted 1 (green line). We show how in 160 weeks or approximately 3 year period there were 24 trend direction changes. The average length of a trend is 6.6 weeks.

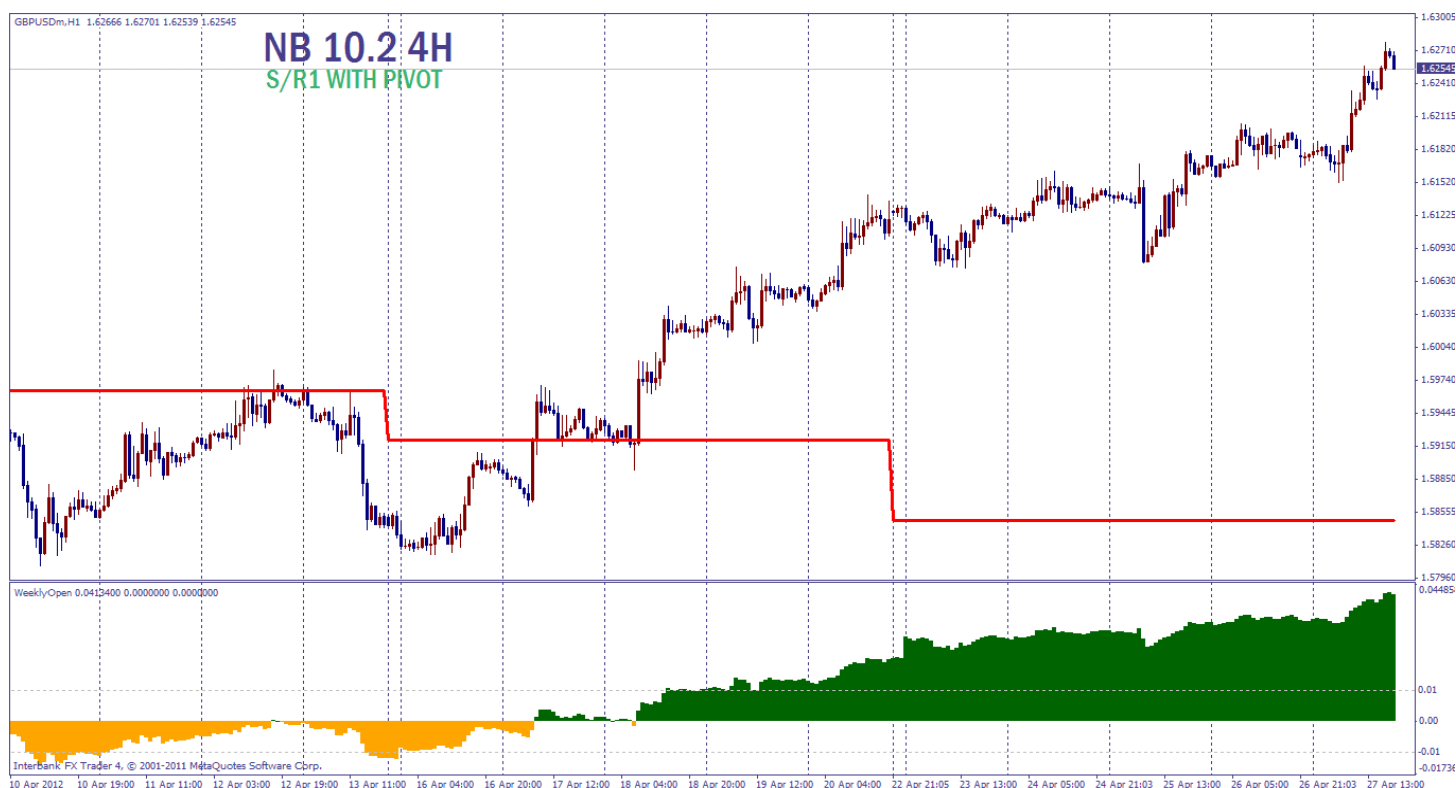
This second histogram will hopefully keep you always trading with these long term trends.



The information above is now shown as a histogram instead of lines on a chart. Green is uptrend (UT) and gold is downtrend (DT).



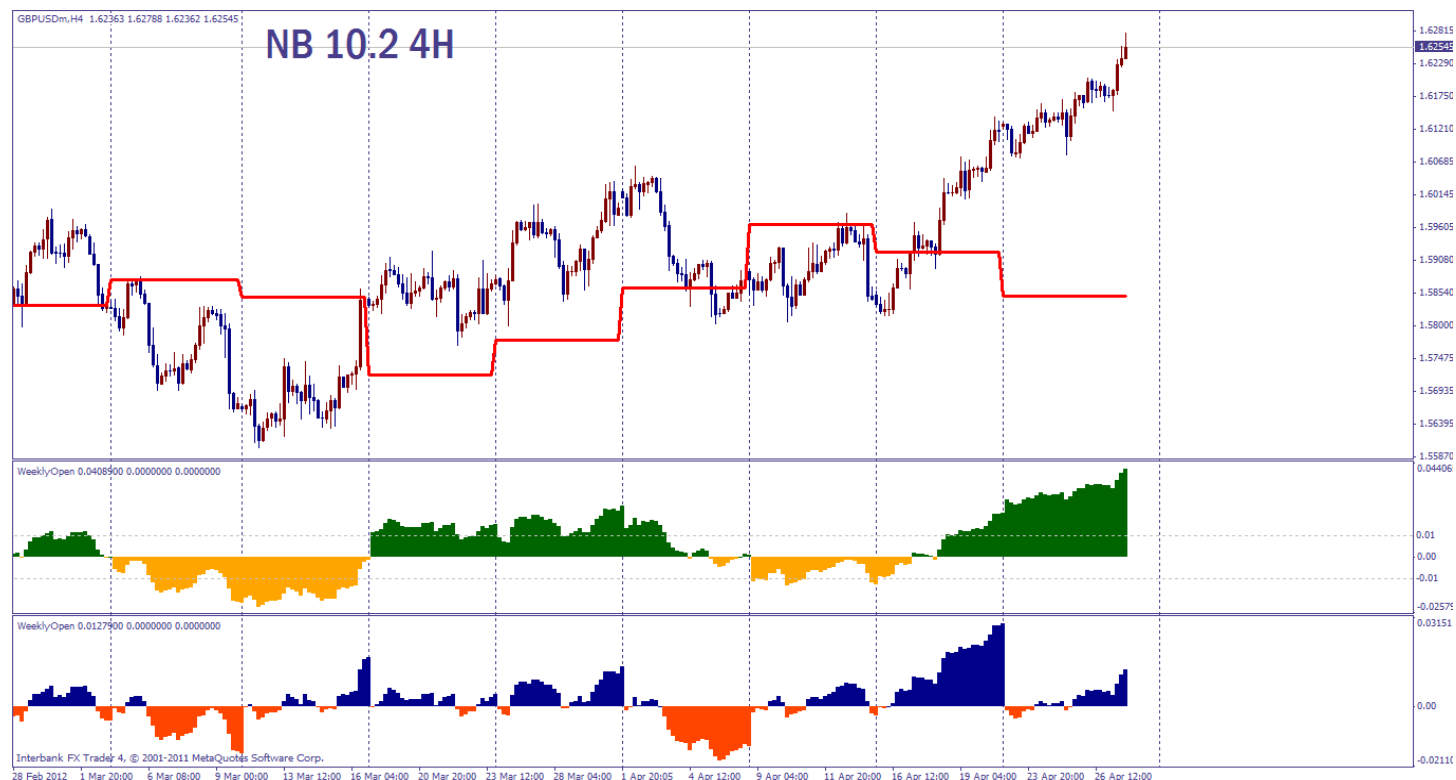
On a 1H chart you still get the info from this indicator. The indicator uses the 1MA median from the chart it is shown on. So on a 1H chart it compares the 1MA median with its relationship with the 2MA on the weekly. On the 4H it compares the 4H 1MA median with the 2MA on the weekly. On the 30M it compares the 30M 1MA median with the weekly 2MA. So the lower the TF the more accurately it will report. The red line is the 2MA shift 1 using a MTF MA and the histogram compares price action with that line. See how the histogram shows price action with the weekly MA on a 1H chart.



COMPARING THE 2 HISTOGRAMS. OH MY!!

Now, we are going to enhance what these indicator can do by putting them together on one screen. Look at the chart below and you will see how I get these histograms to tell you a story on the lower charts. First when green and blue match strong trend and good moves.

Look to buy/sell/sell into the trend.

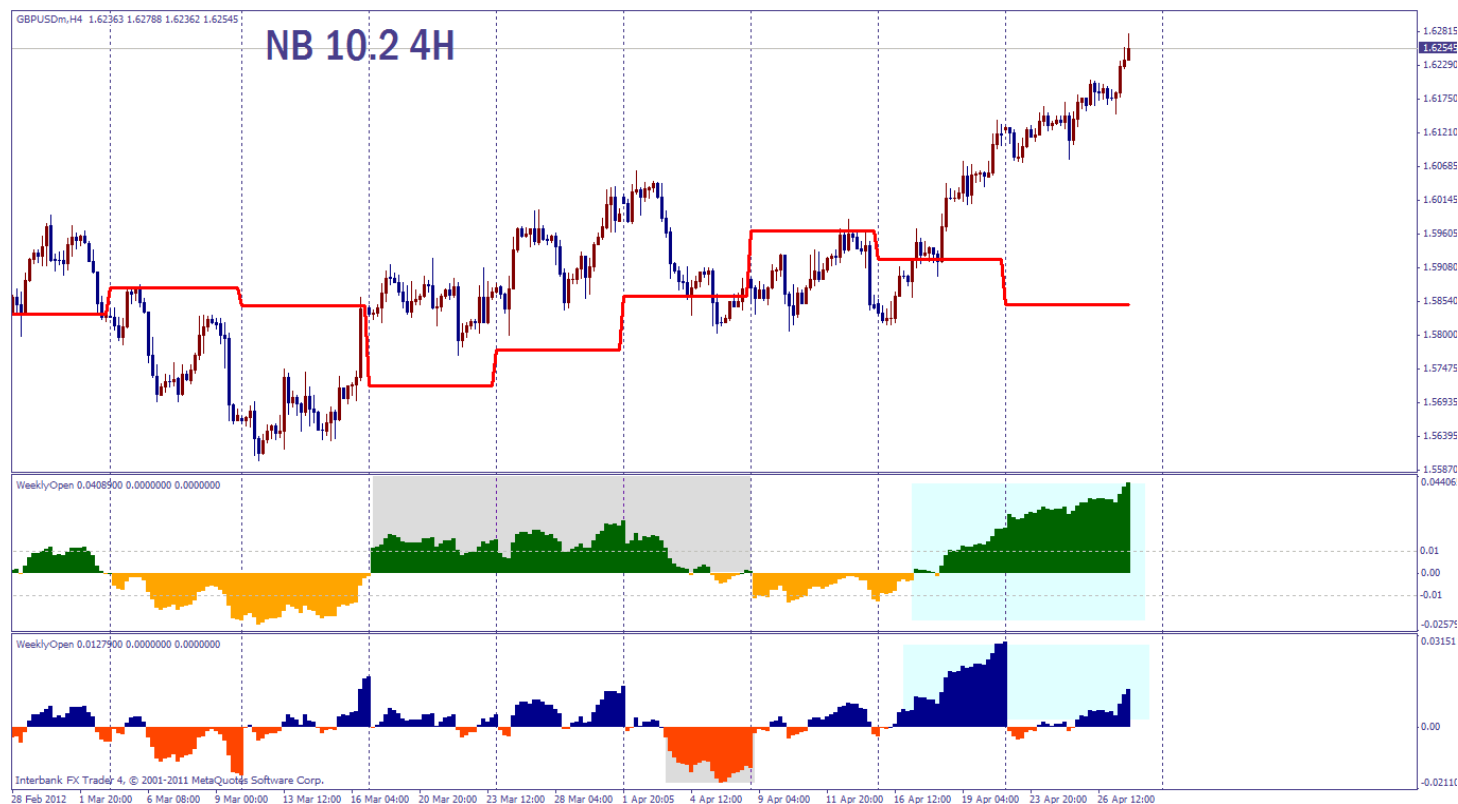


When colors are opposites you look for 3 things.

1. Run is over and maybe changing direction.
2. Reenter the run. These show up better on a lower TF chart.
3. Price is ranging.

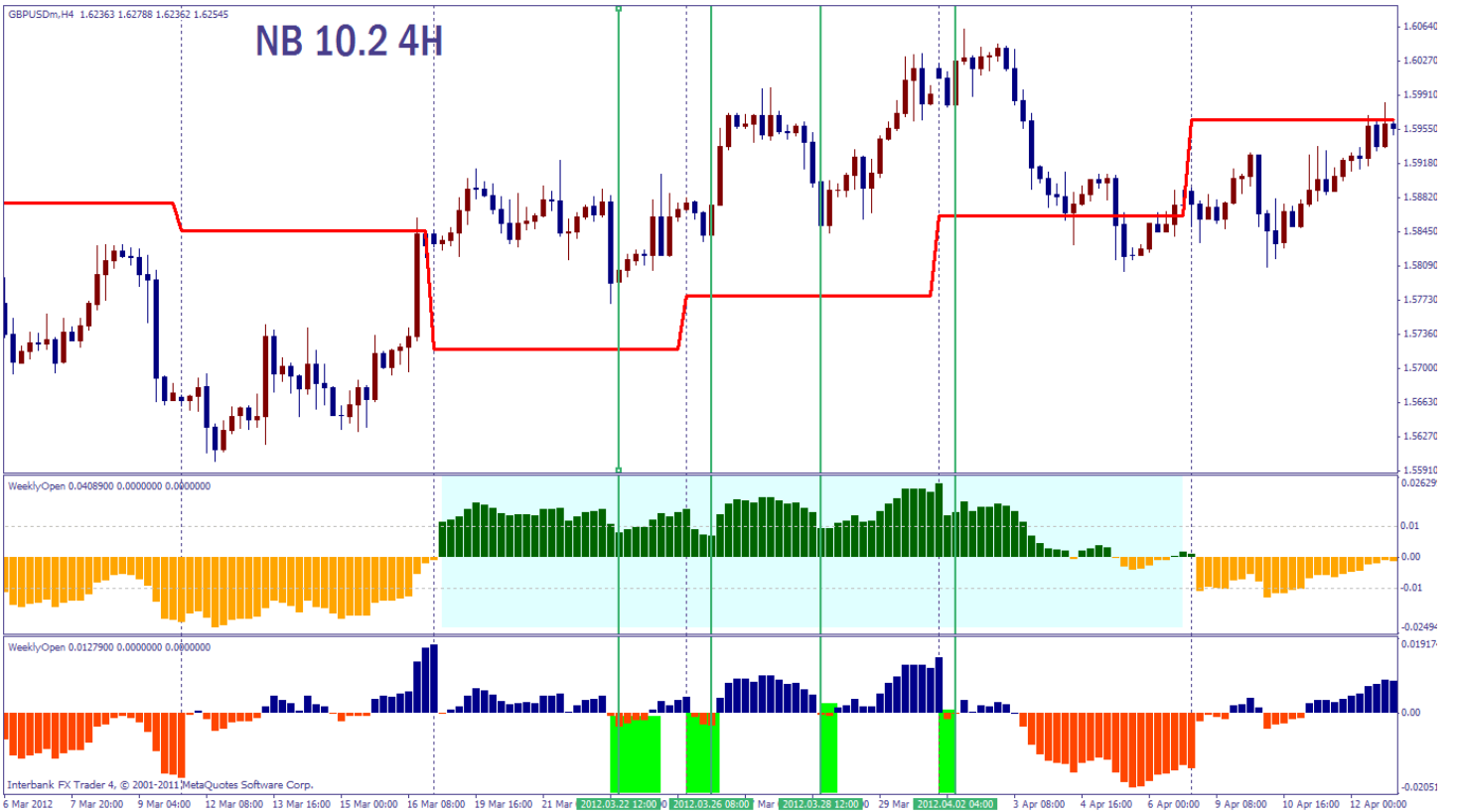
Run is over and maybe changing direction. See the grey areas below. Price was in a slow UT for 2 ½ weeks. You can tell the run is over because the orange bars are getting bigger and bigger. Price action is moving down from the 1MA open now, expect direction change and you go into a range period of almost 2 weeks.

Then price breaks back up into a strong UT blue move is strong and green shows strong too.



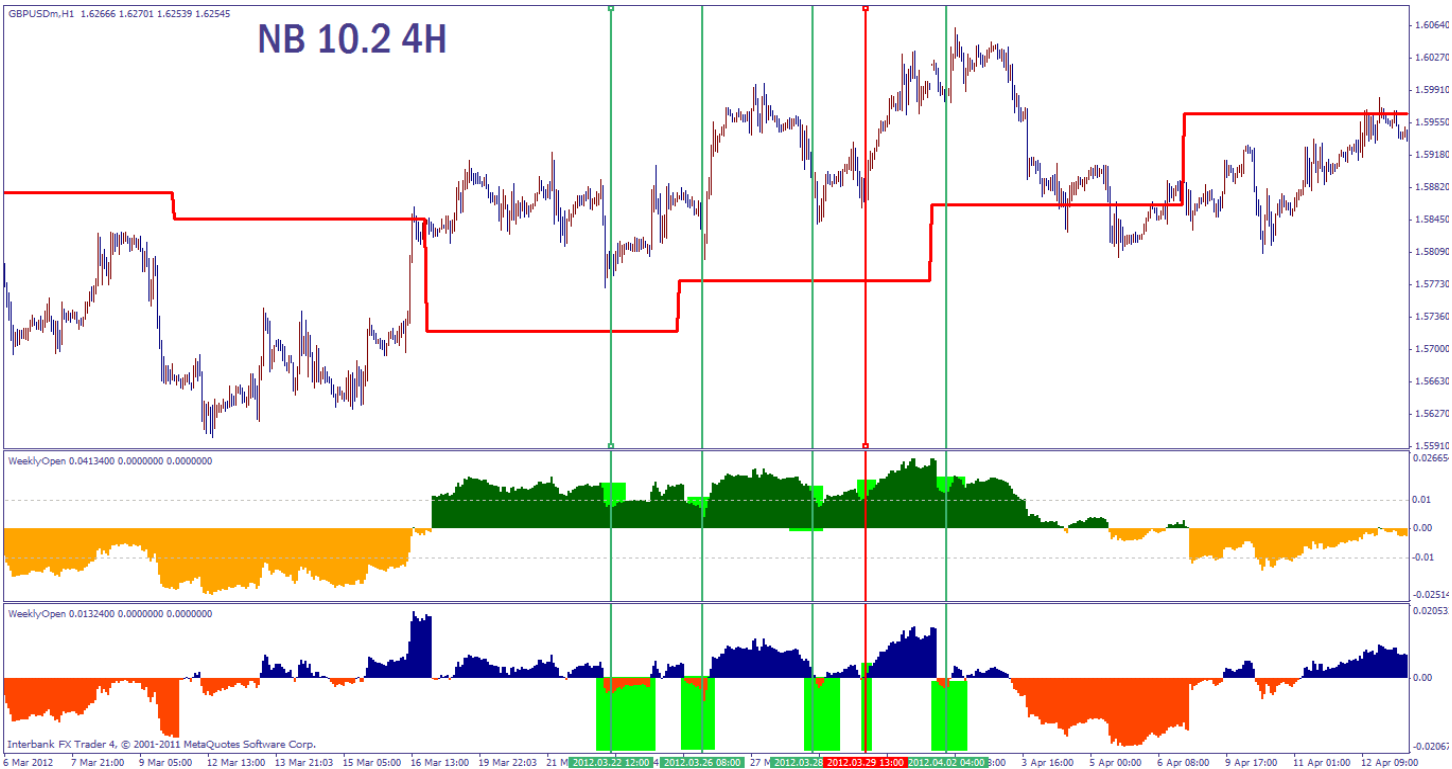
Working together on a 4H chart you notice potential reentry points back into the trend. When 2MA trend is green but 1MA is orange this shows a strong buy back into the trend move. Notice the green lines marking these spots below. They all make some profit with the 4th one being iffy.

S/R indicator will help you with these later.

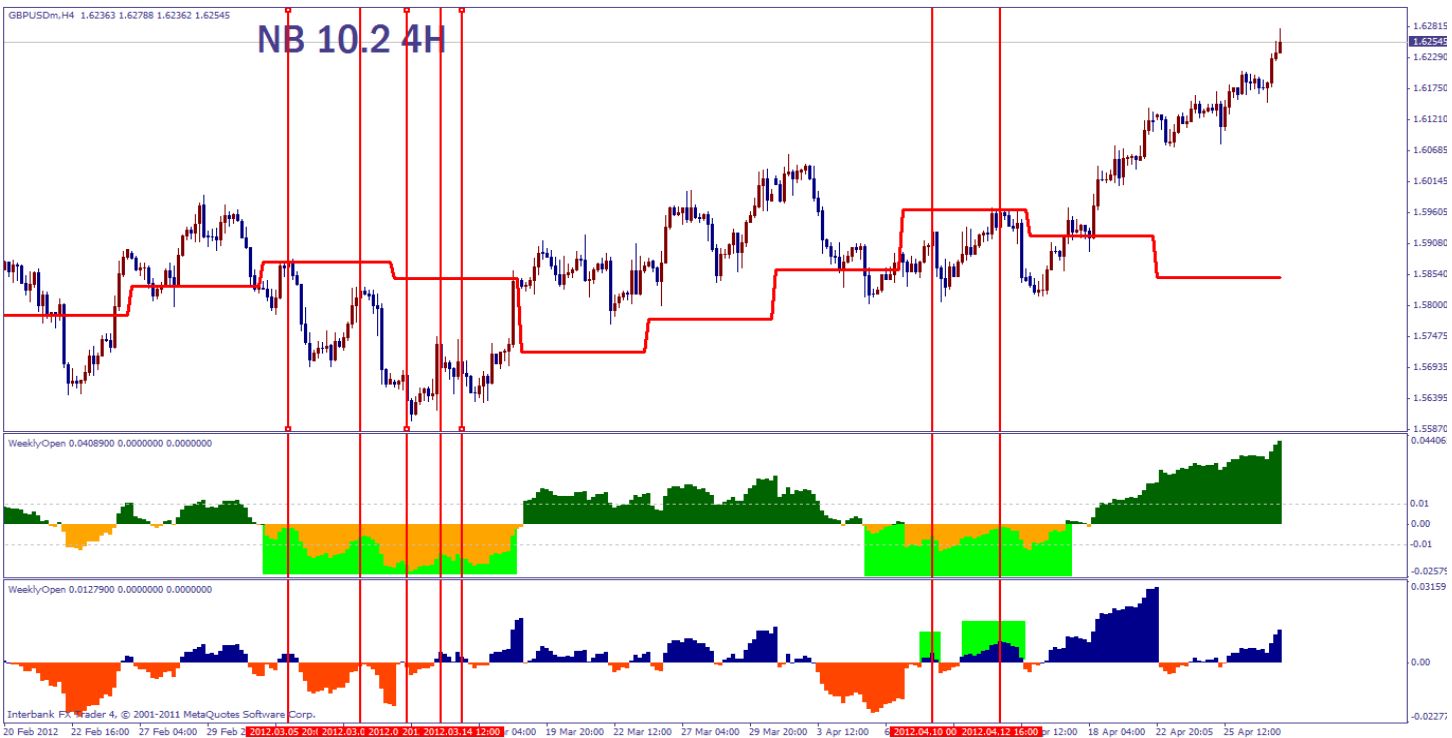


Here are the same lines on the 1H chart. You have dips in the green bars which I filled in with green and orange bars below the line.

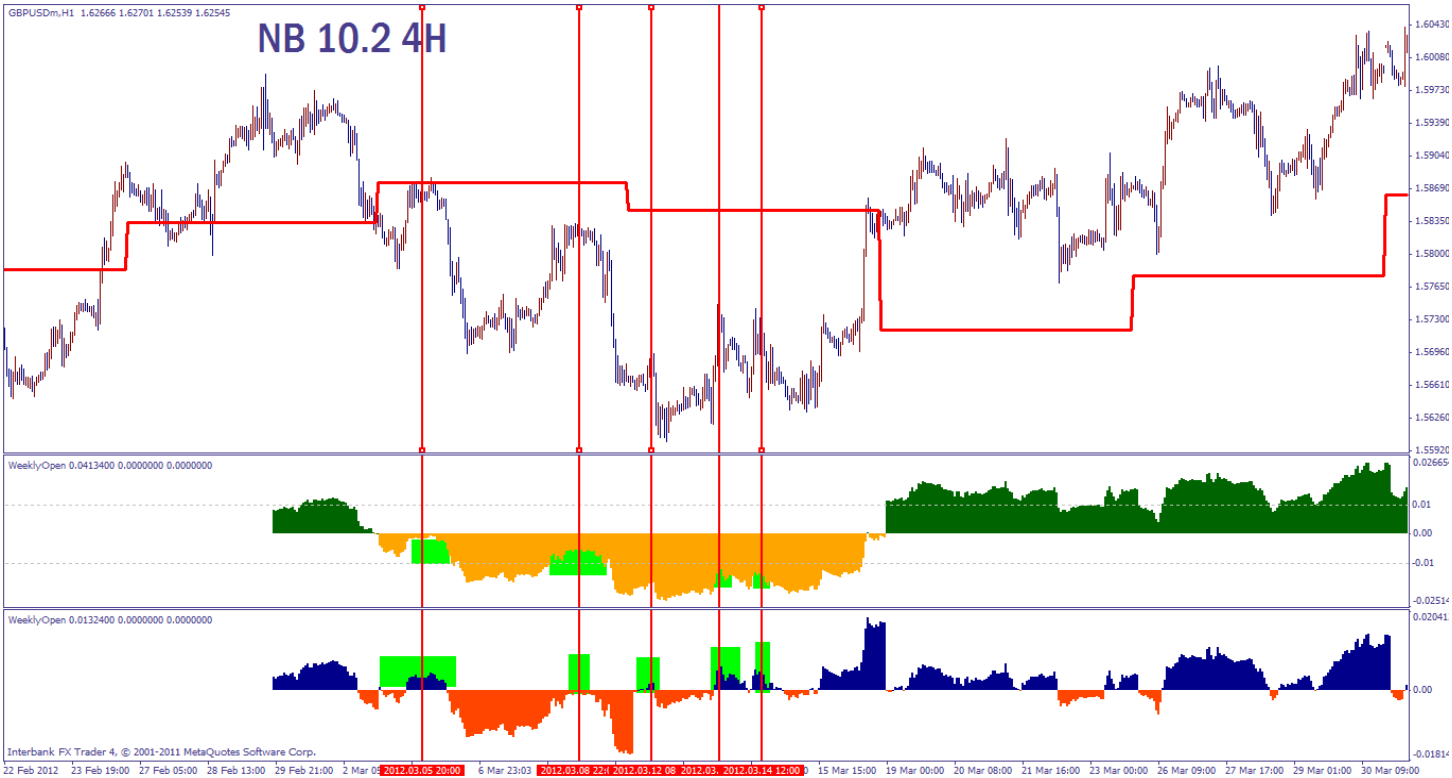
Each bar is 1 hour so you see the amount of time you have to make a decision and enter.



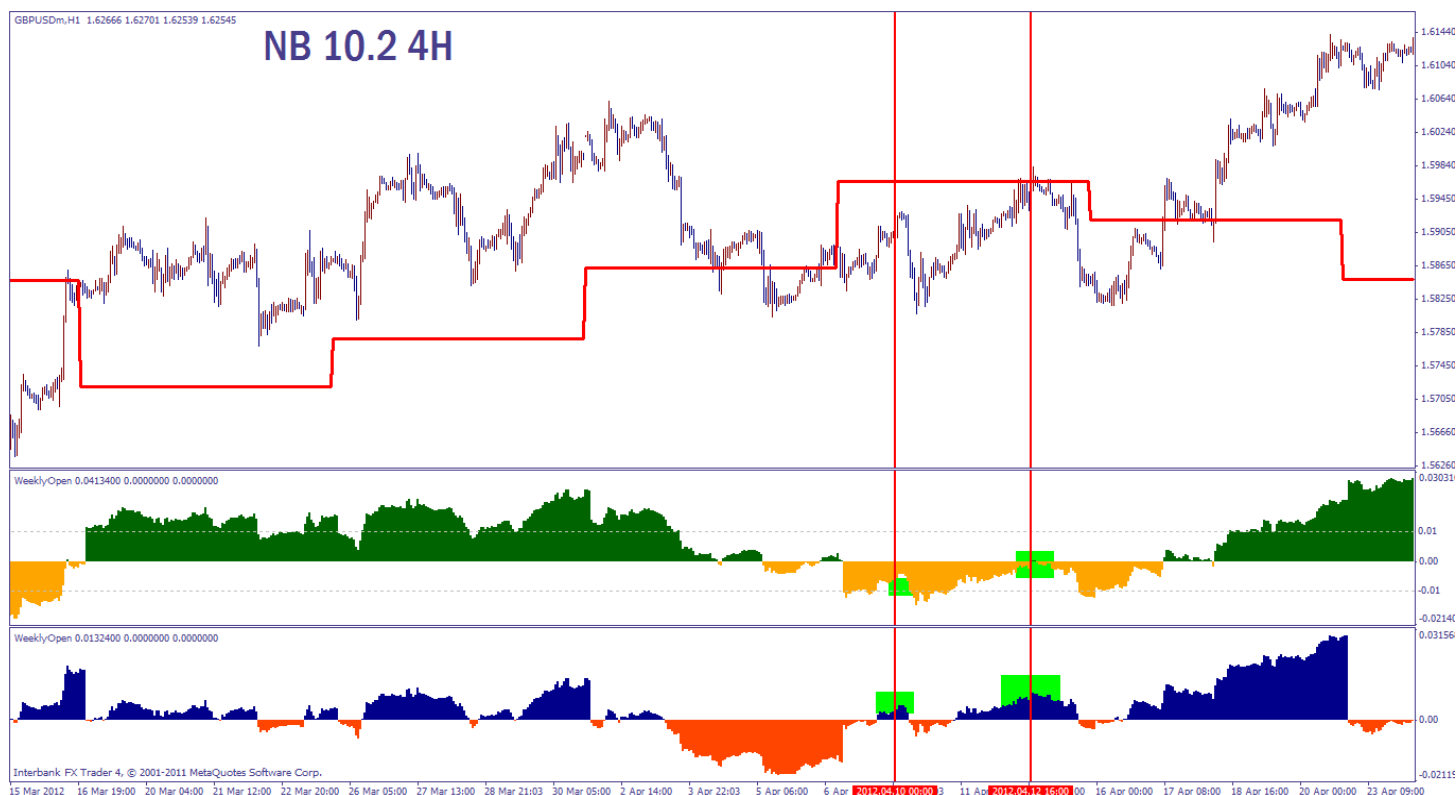
Here are 2 DT and possible reentries 4H chart.



Same reentries 1H chart reads for first 5 trades:



1H chart last 2 reentries.



CONCLUSIONS ON 1MA AND 2MA OPEN WEEKLY HISTOGRAMS

Comparing the movement of the 1MA with the 2MA on a weekly chart summary:

1. They can keep you in the right direction trade wise for weeks at a time.
2. Helps you spot potential reentry points so you will stay in the trend longer. Buy the dips in an UT, sell the rallies in a DT.
3. The height/depth of the histogram bars shows you the strength of the move, making it possible to stay in the trade longer.
4. The 1MA resets itself every week and helps you spot the weekly trend.
5. The 2MA helps you see the trend over the long term with its strength being shown in the height of the bars.