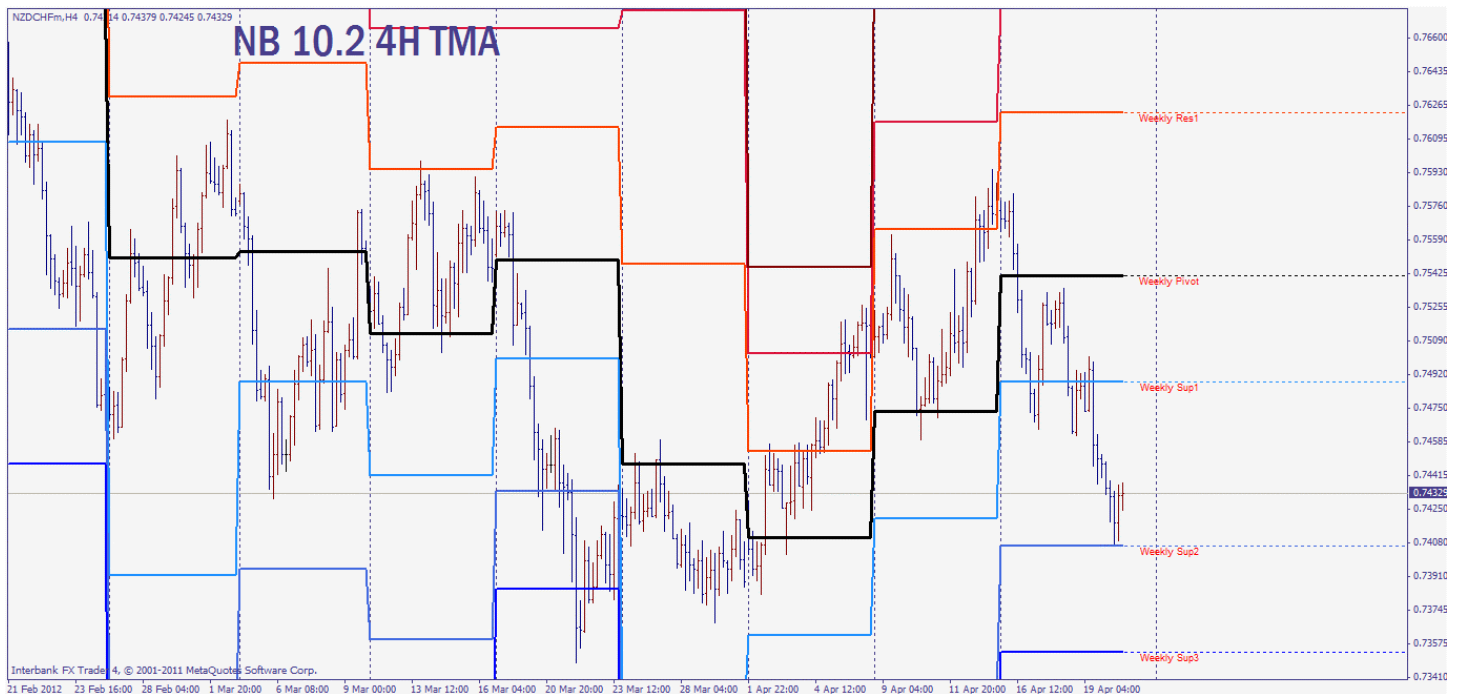


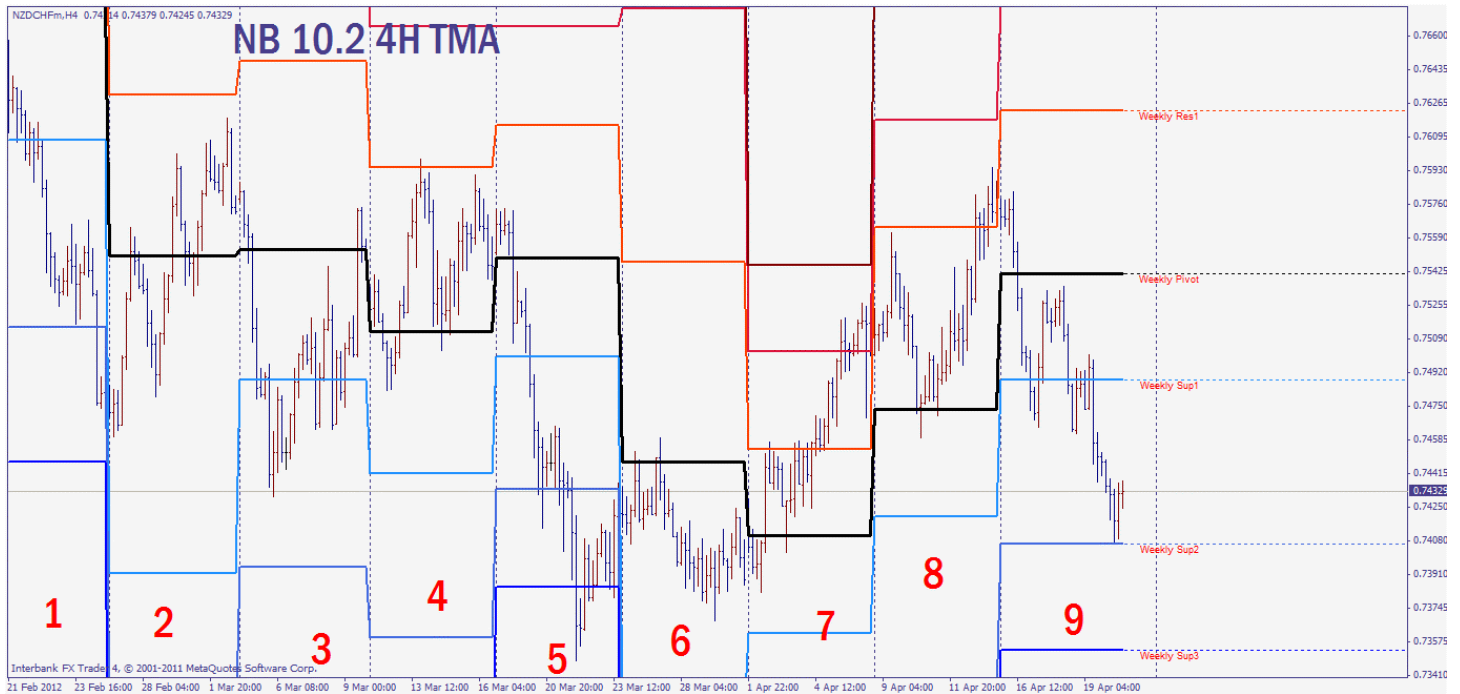
WEEKLY AND MONTHLY PIVOT LINES

Every trading system will usually have some form of trading off of the straight lines across the screen. Some of the major ones are pivots (some are based on a math formula of high/low and some based on fractals), some use Fibonacci levels, and we even used one based on the size of the screen divided into sixths. I am sure there are others. Having played with several I had to choose one. I chose the weekly lines for the 4H chart and monthly lines for the Daily chart. Both have been updated for the 4H system. The best part of these is they draw lines for every week and month so you can back test and study them. They also have mid-level ability but I won't be promoting that part here. Below is the pic of the indicator on a screen. Red lines are resistance; blue lines are support and black line in the pivot line. Basic pivot line theory states that prices stop and reverse here or bounce some before moving on; once crossed, the line indicates continued strength in that prevailing direction. The lines will change weekly and they are based on the previous weeks high and low price. For old-time stock traders, this was probably their #1 tool for trading, but they usually used Daily pivots.

In the pic below you can see the lines stay level for the week and then change to their new levels every week.

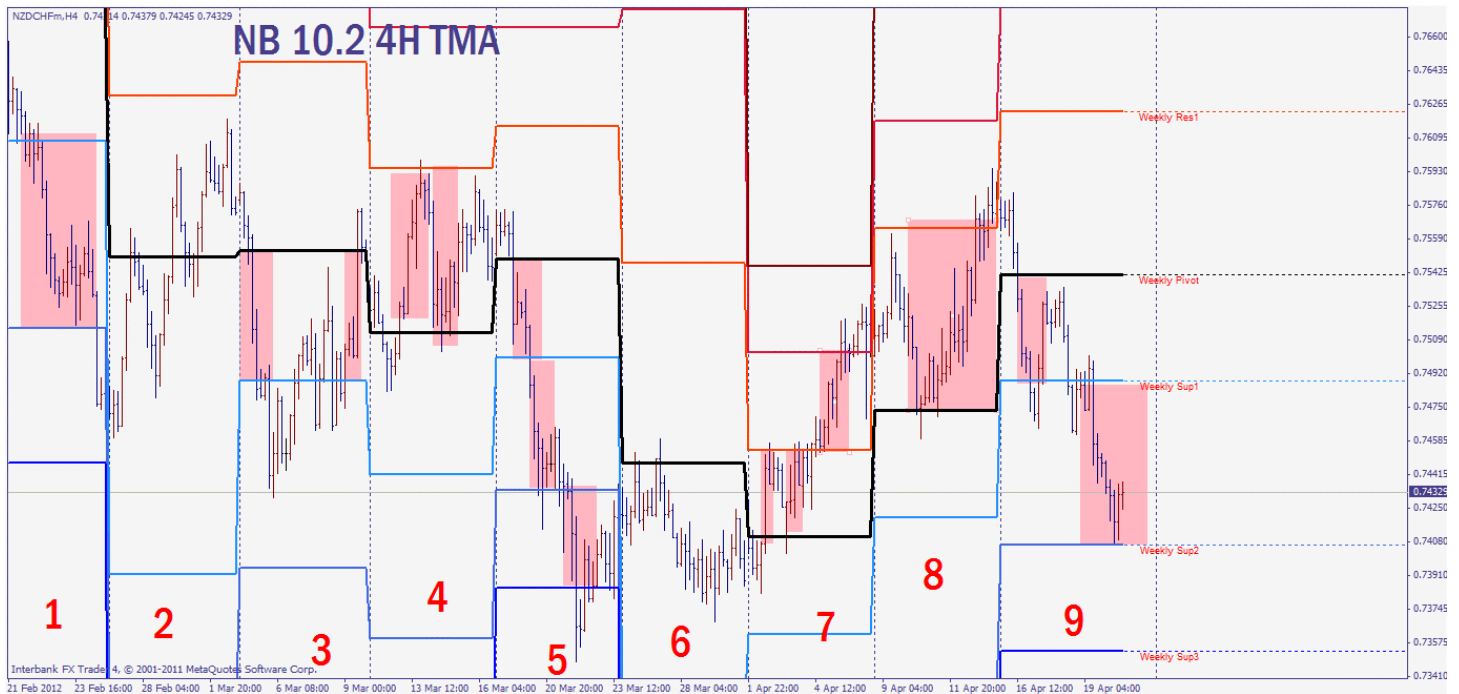


In the next pic, I marked the weeks, there are 9 of them, and I want you to see something really important. At the bottom of the screen I labeled them weeks 1-9. Something truly interesting is seen with these pivot points, as you study them from week to week.



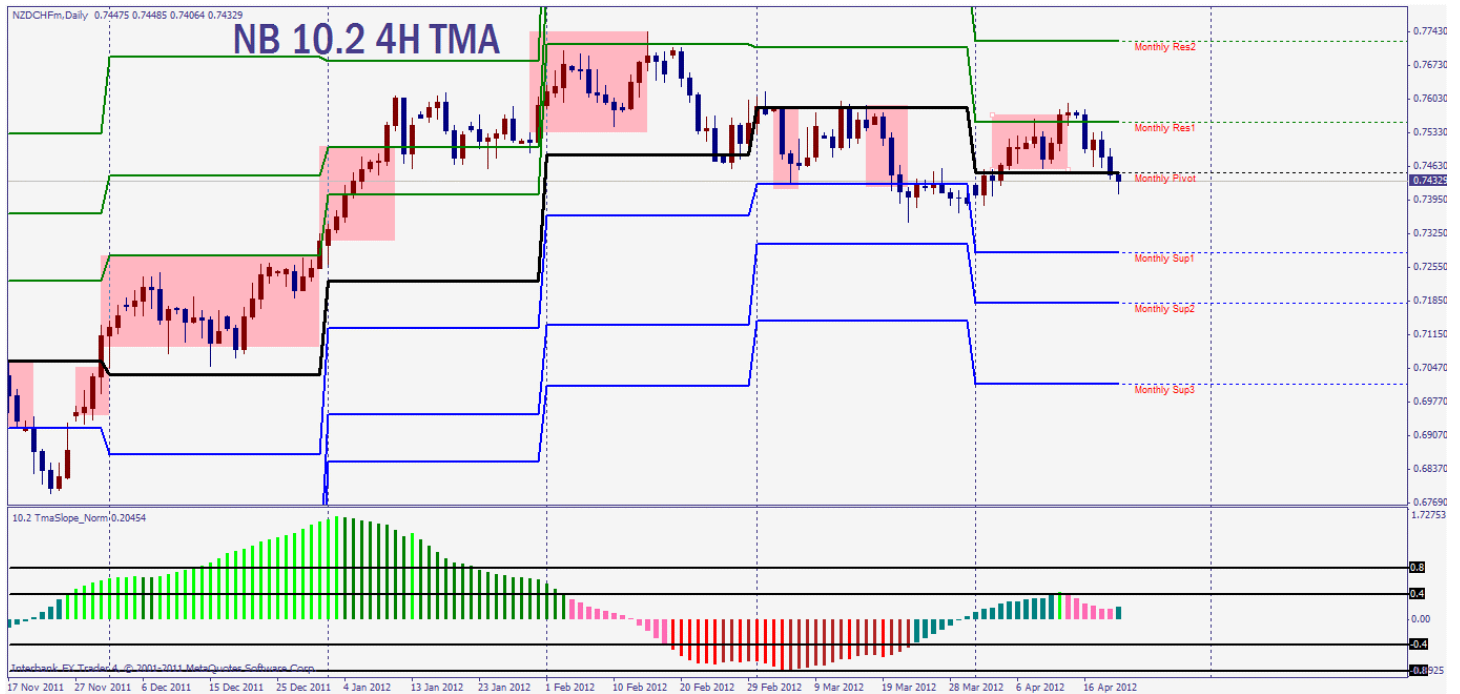
RULE #1 - PRICE TRAVELS FROM ONE LINE TO ANOTHER ALMOST EVERY WEEK

In the 9 weeks studied, price traveled 14 times from one R/S/P line to the next one. There were two weeks it did not. These are nice trades, the indicator will point them out and we have solid places to enter and exit trades. See the pink sections below. The basic idea then is to find these places to enter and exit. There will be 2 indicators added that will help you a great deal with price direction and strength of the move.



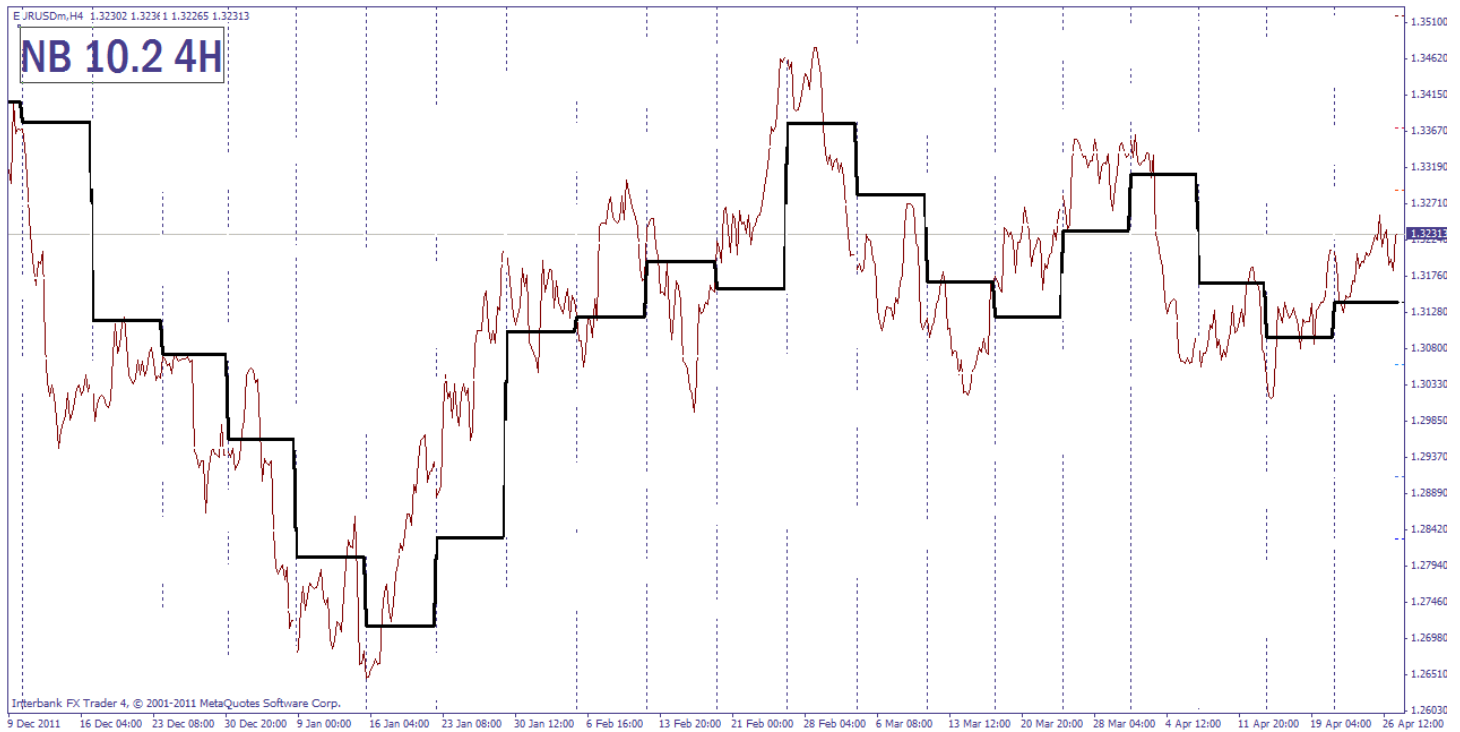
Anyway the pivot indicator will give you locations to enter a trade, exit a trade and combined with others will make your decision making easier. At least we hope.

Below is the Daily chart with monthly pivots for those who may want to trade on higher TF. Again price will usually run from 1 pivot line to another during the entire month. Don't know if I want to trade this way but interesting to see.

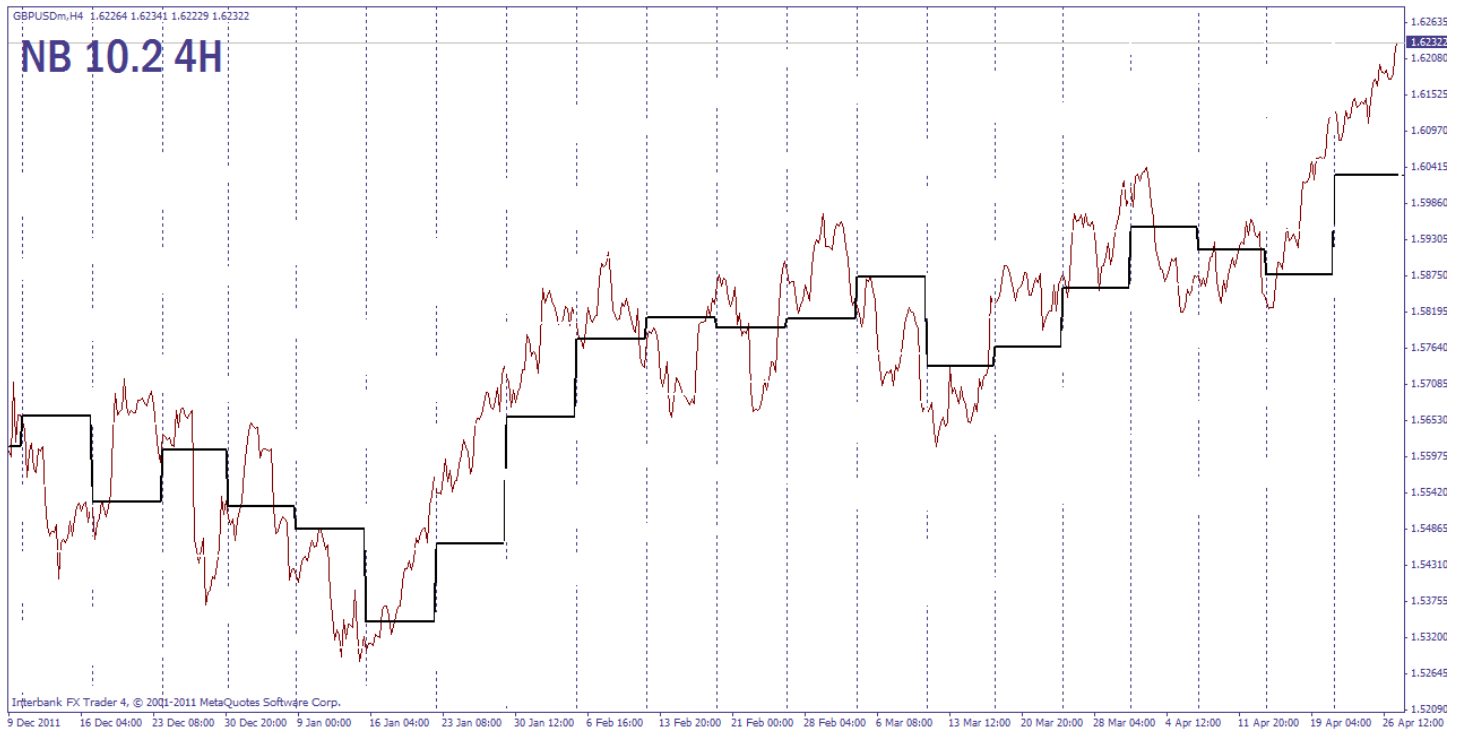


RULE #2 - WHEN THE PIVOT LINE IS BROKEN PRICE TRAVELS A DECENT DISTANCE FROM THE PIVOT.

Having the pivot lines set for every week so they don't change allows you to make some studies that were not previously available. When a weekly pivot line is crossed, it is crossed. Sometimes price is rejected there but most of the time you will see a clear crossing at the pivot line. We will look at 20 weeks of price action, the black line is the pivot line and the maroon line is the 1MA Median. This gives the line centered in the middle of every candle. The vast majority of times price moves well beyond the line once it crosses the pivot line.

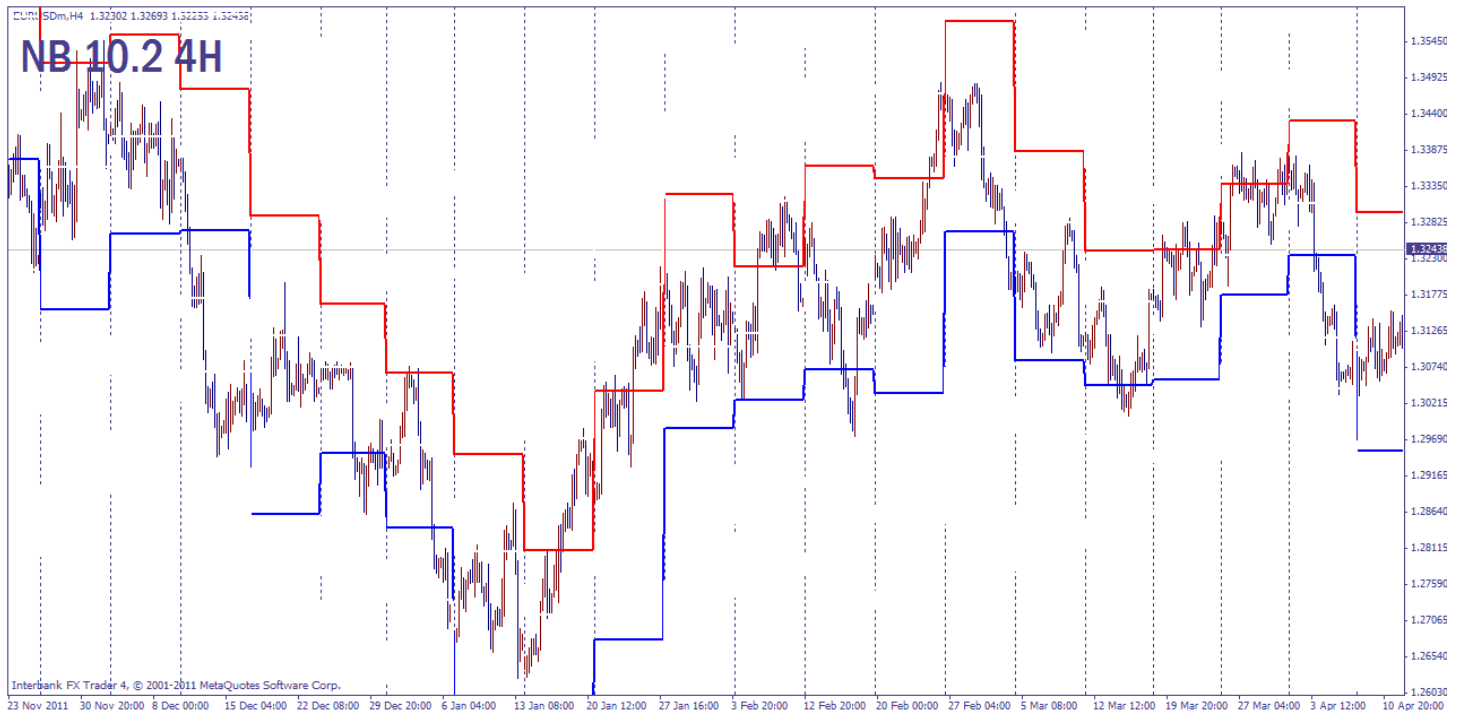


Next pic is the gbp/usd, again nice moves after breaking the pivot line on the weekly, very tradable.

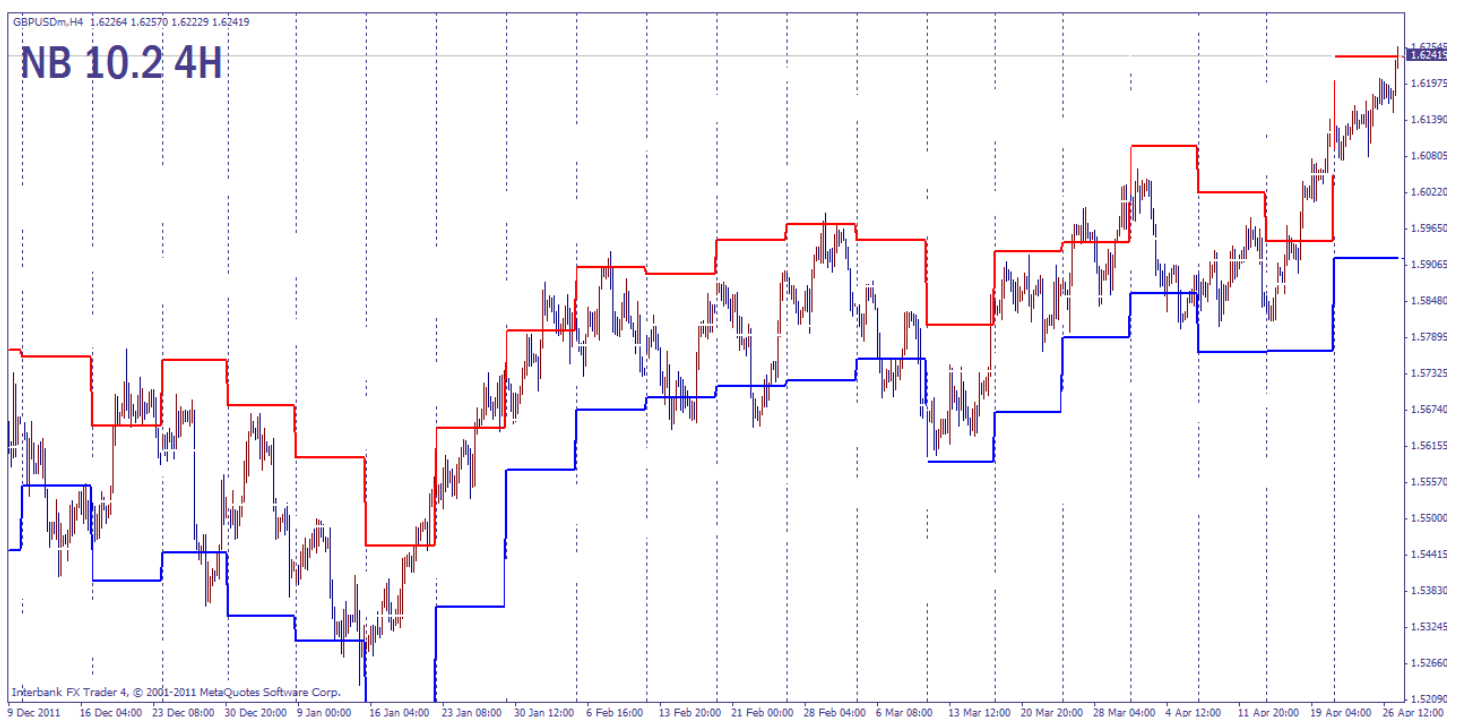


RULE #3 - FOR THE MOST PART, CURRENCIES WILL STAY BETWEEN SUPPORT 1 AND RESISTANCE 1 MOST OF THE TIME.

Red line is resistance 1 and blue line is support 1, unless a very strong fundamental is playing price will stay between these two lines. So use them as your TP or Counter Trend Trades (CT). This is the eur/usd.



This is the gbp/usd.



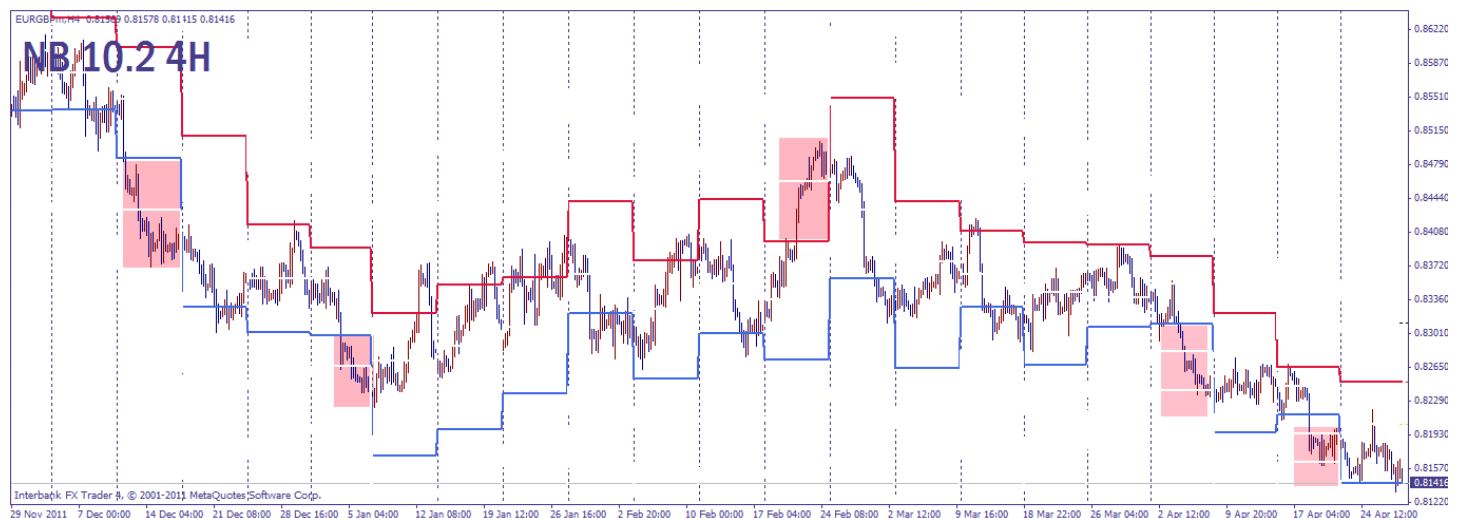
In my booklet on weekly currency facts, I rated the currency pairs according to volatility based on weekly movement. I then grouped them into 5 volatility groups: 1 is the lowest volatility and 5 being the most volatile.

I did a study on the different groups and this is what I found, you can do your own study to collaborate if you wish.

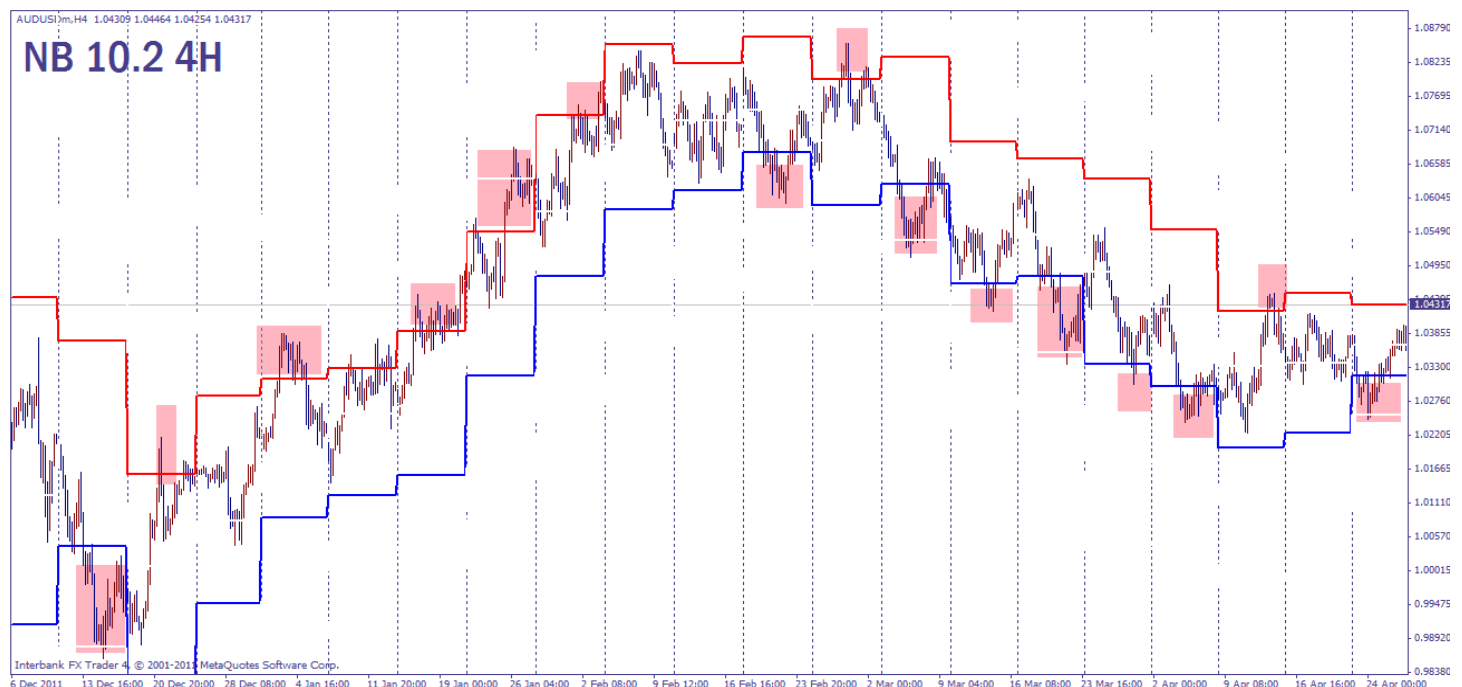
Group 1 pairs: (least volatile) chances of going over 300 pips in one week is less than 10%

NZD/CAD
AUD/USD
EUR/CHF
EUR/GBP

Eur/gbp had gone outside this range 5 times.

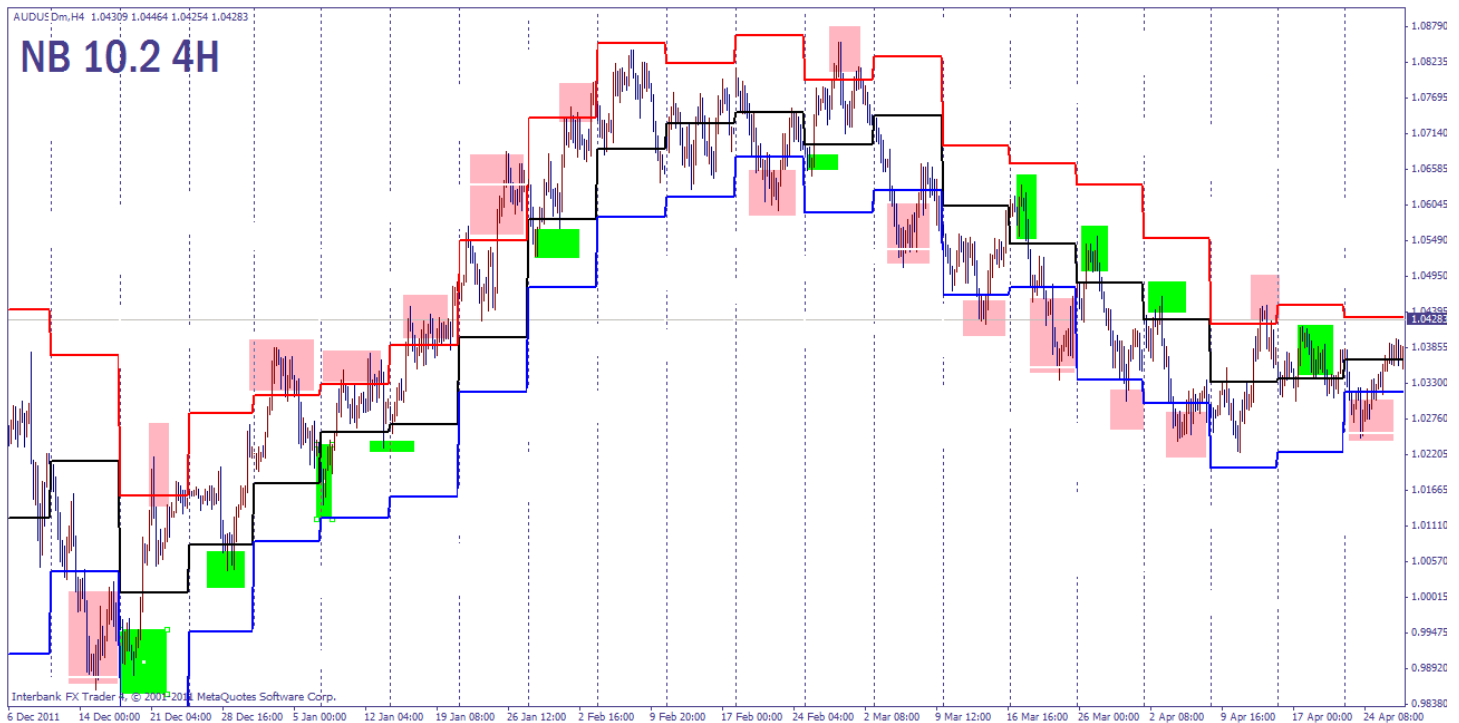


Aud/usd often goes outside the S1/R1 almost every week and then comes back inside. Knowing a currencies consistent habits helps in trading that particular currency



RULE #4 - SUPPORT AND RESISTANCE FAILURES (SRF)

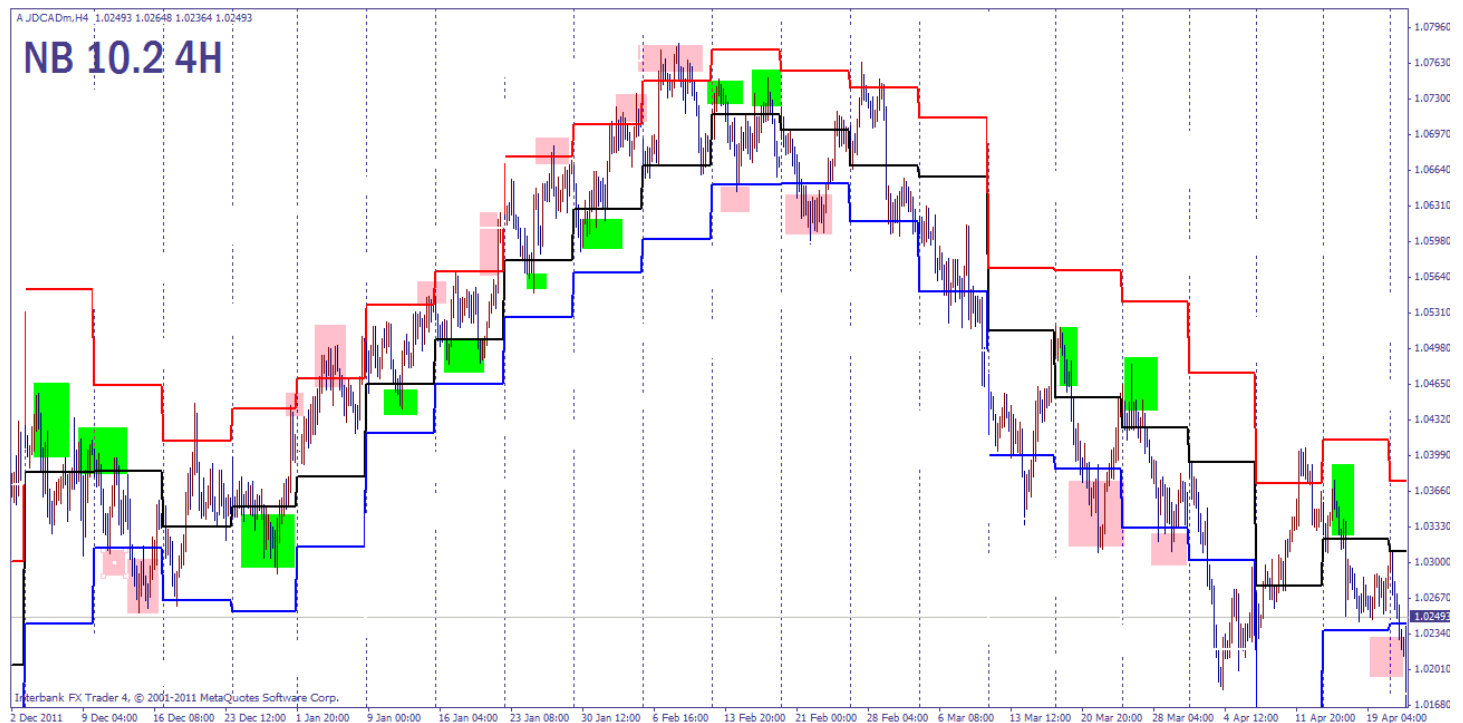
Playing the S/R Failures (green) now referred as SRFs on the aud/usd is an example of a currency habit. In other words, when price goes through the main pivot line (black) and fails to reach the lower S1 or reach up to R1, you can play the cross of the pivot to go to the next S/R line, TP and wait for the next SRF. If you look at the green spots below you see a failure to reach a S/R line and then price goes back into the trend. You then have a great chance to hit the pink areas which are the next S/R lines for your profit target. You literally can SRF back into the trend crossing the pivot line after a SR failure and then CT trade back to the pivot consistently.



Group 2 pairs:

AUD/NZD
NZD/USD
CHF/JPY
AUD/CAD
USD/CAD

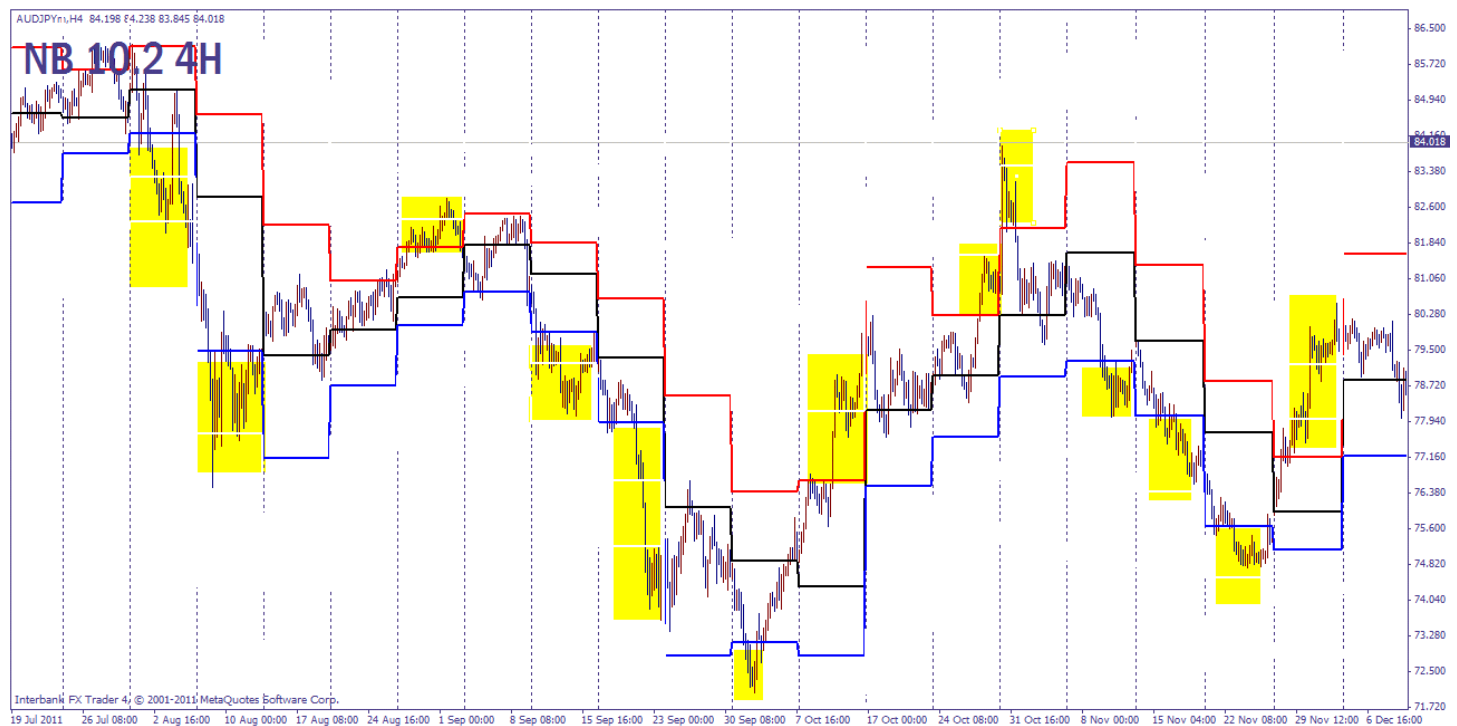
These pairs will exceed 300 pips in one week 10-20% of the time. Much like group 1 these pairs will generally stay between the S1 and R1 lines. Make great CT and SFR trades. Again trading the green areas back into the trend makes a solid trade. CT the pink area back to the pivot is also possible. If you are an inexperienced trader do not try CT trading until you are successful at SRF with the trend trades. See aud/cad below:



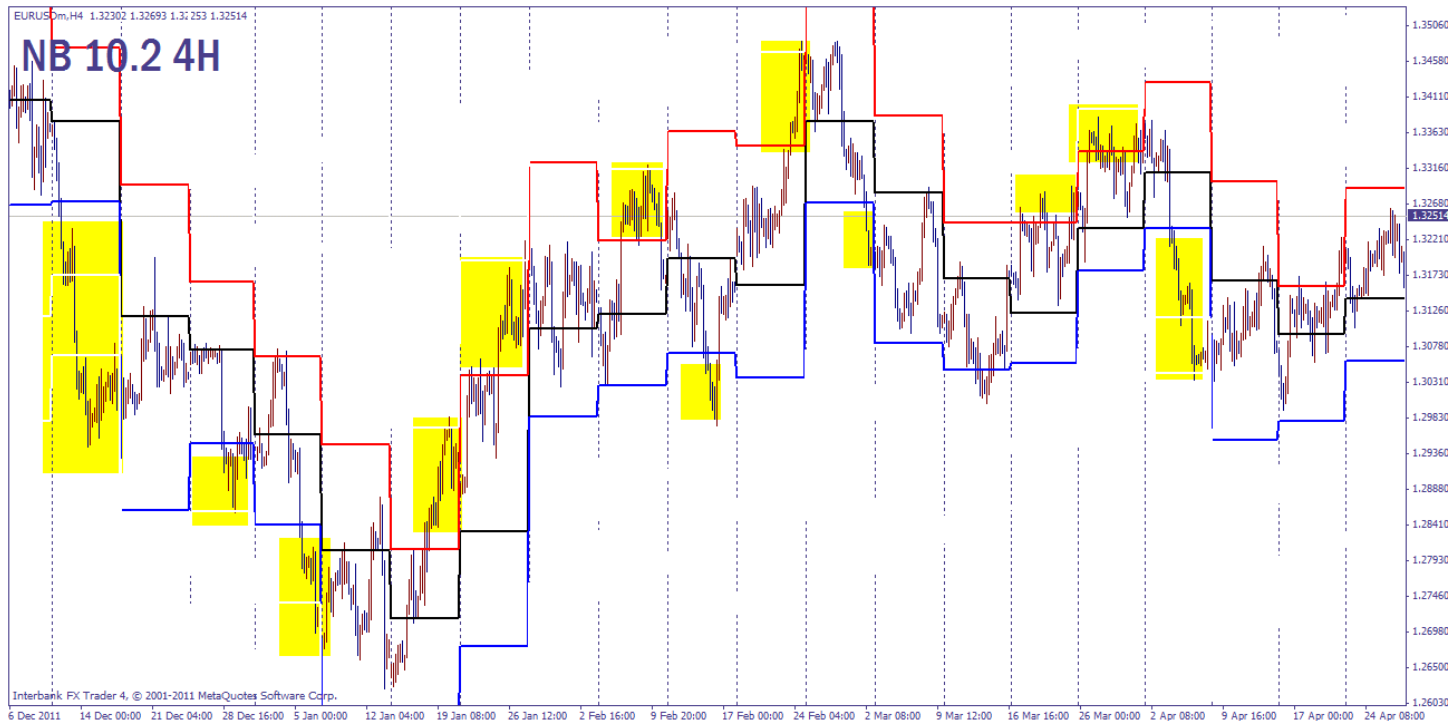
Group 3 pairs:

NZD/JPY
AUD/CHF
AUD/JPY
USD/JPY
EUR/USD
NZD/CHF
CAD/CHF

Group 3 pairs (30-40% over 300 pips in one week) will often spend time outside the S1/R1 lines. You would do better playing these pairs for longer runs and trade the trend. Take SFR runs and see how far they will go. Group 3 pairs can be tricky because they can trade like groups 1 and 2 but also trade like groups 4 and 5. See aud/jpy pic below.



Once you get past groups 1 and 2 price may go out from the pivot and not return to the main pivot for several weeks. Group 3 and higher can go on some significant runs. See the eur/usd below.

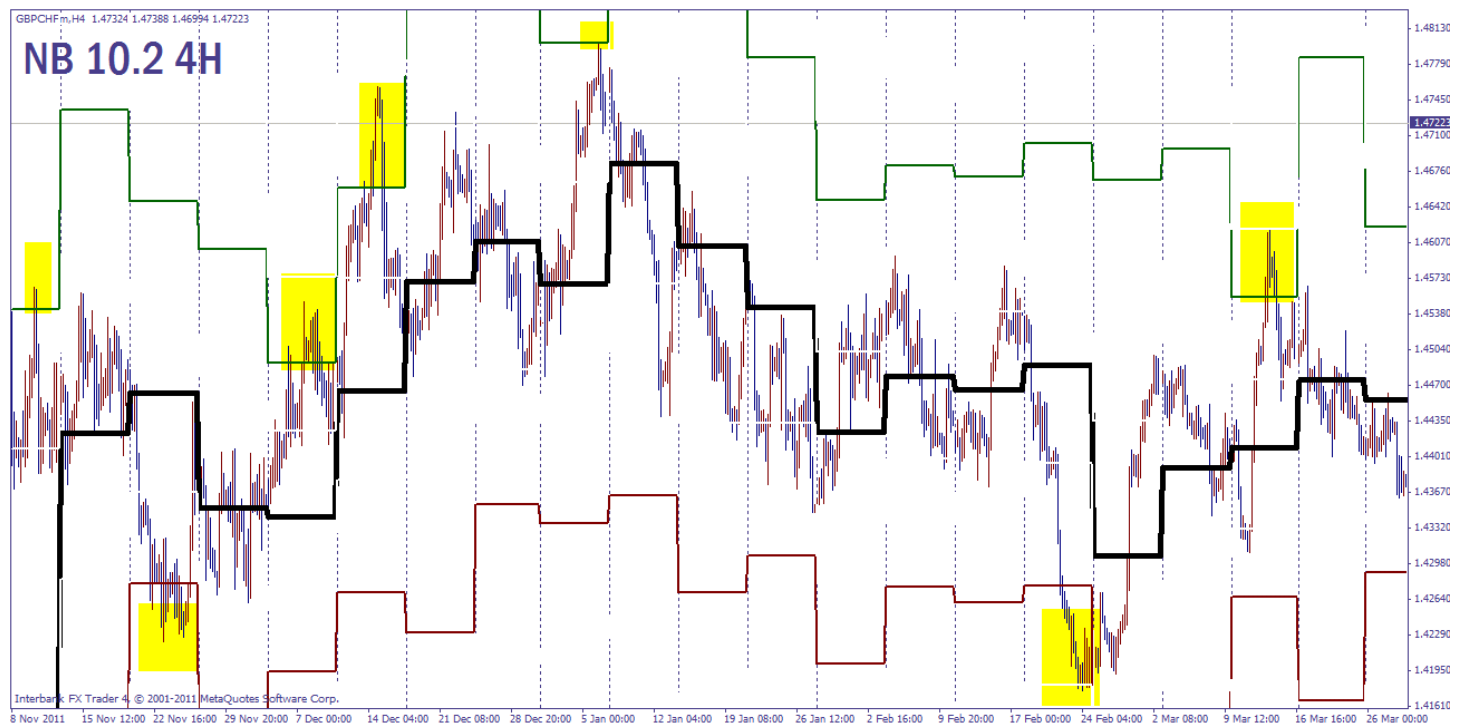


Group 4 pairs: (50-75% of the time go over 300 pips in one week)

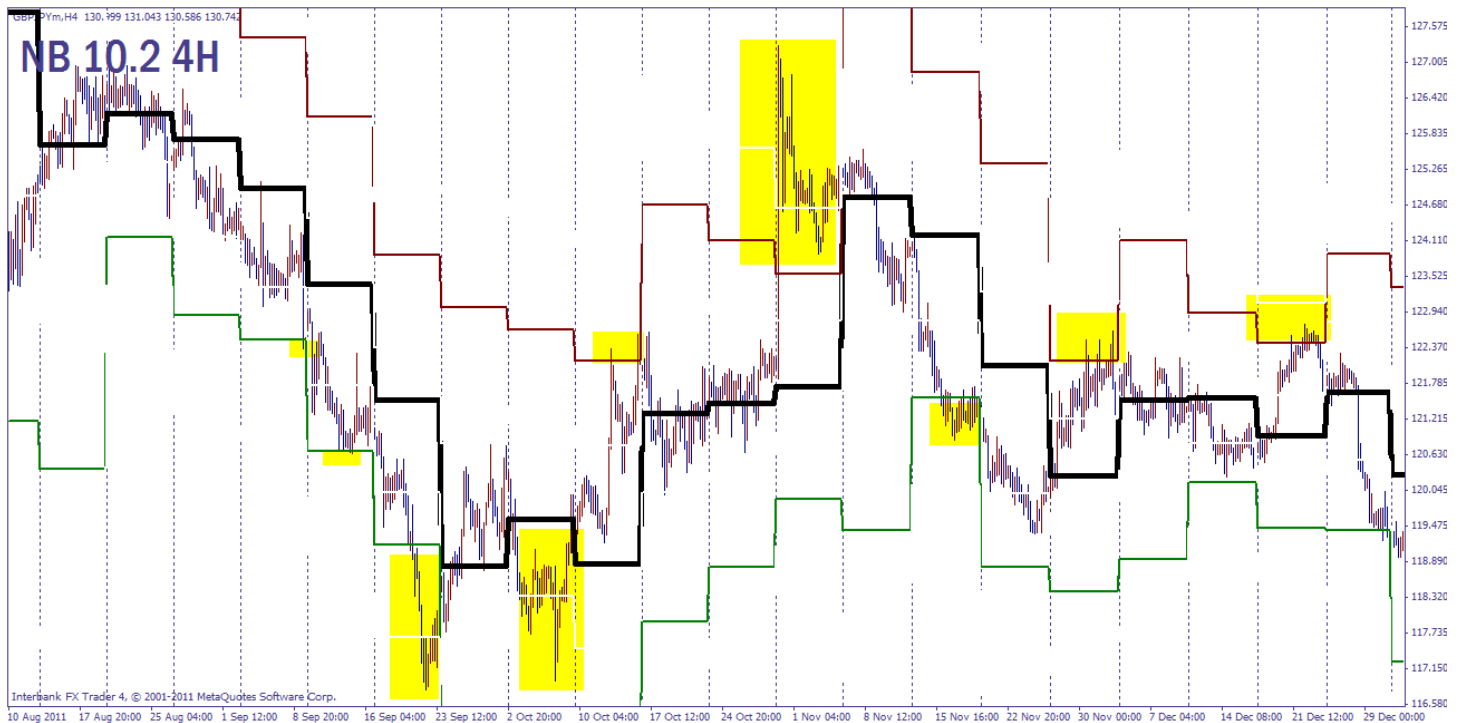
GBP/JPY
GBP/CHF
CAD/JPY
EUR/CAD
EUR/AUD
USD/CHF
GBP/USD
EUR/JPY

A second template is used for groups 4 and 5. Instead of showing R1/S1 lines with the pivot they will show S2/R2 lines. You will notice the pivot line is still black (I changed it to red in the final edition and S2 and R2 were changed to black), the S2 is dark red and R1 is green. Playing these pairs to go outside S2/R2 become the best plays for TP and CT trades. Playing them to cross the main pivot at any time will usually result in a decent trade of some kind. So outside of S2/R2 back to pivot as a CT trade can be nice trades and crossing the pivot line to R2/S2 as TP goals. This is the gbp/chf showing S2/R2 lines.

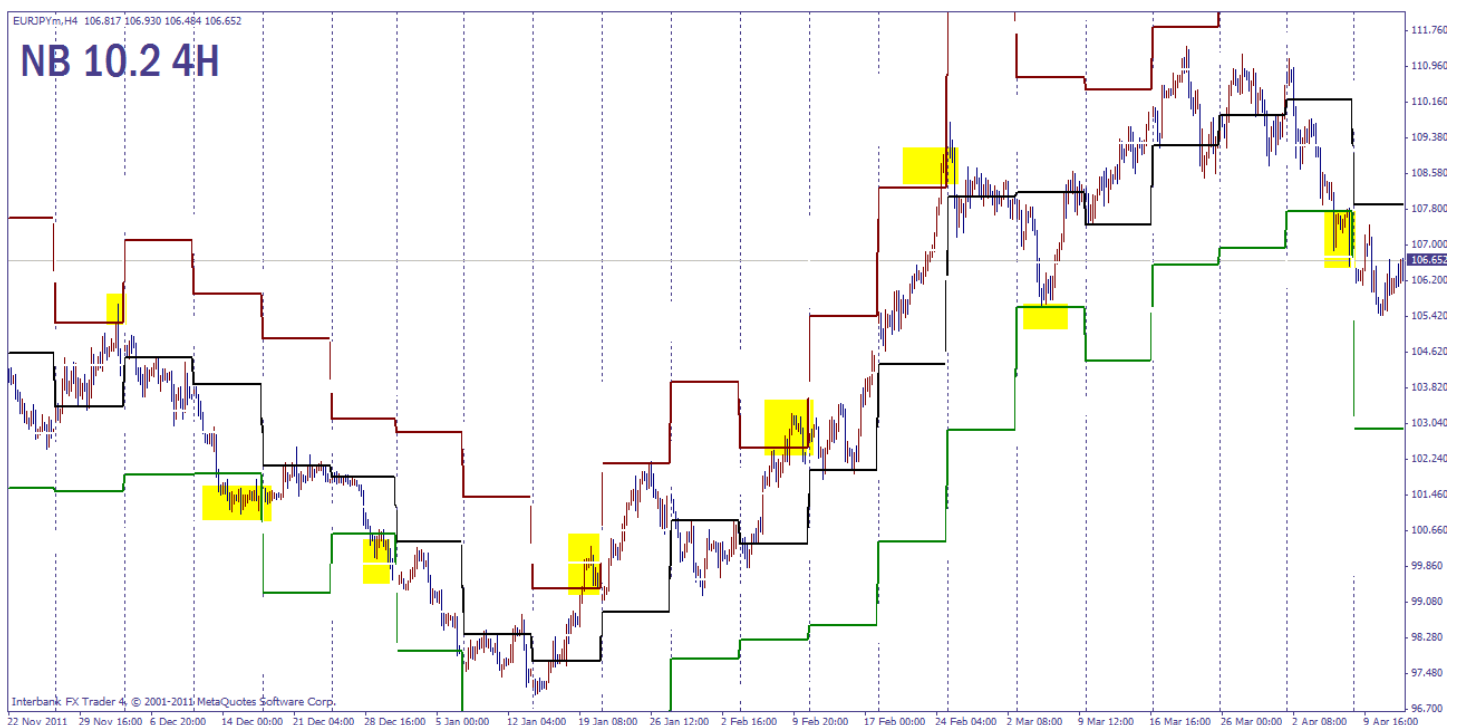
You can see trades crossing the black pivot line have good momentum for some solid trades.



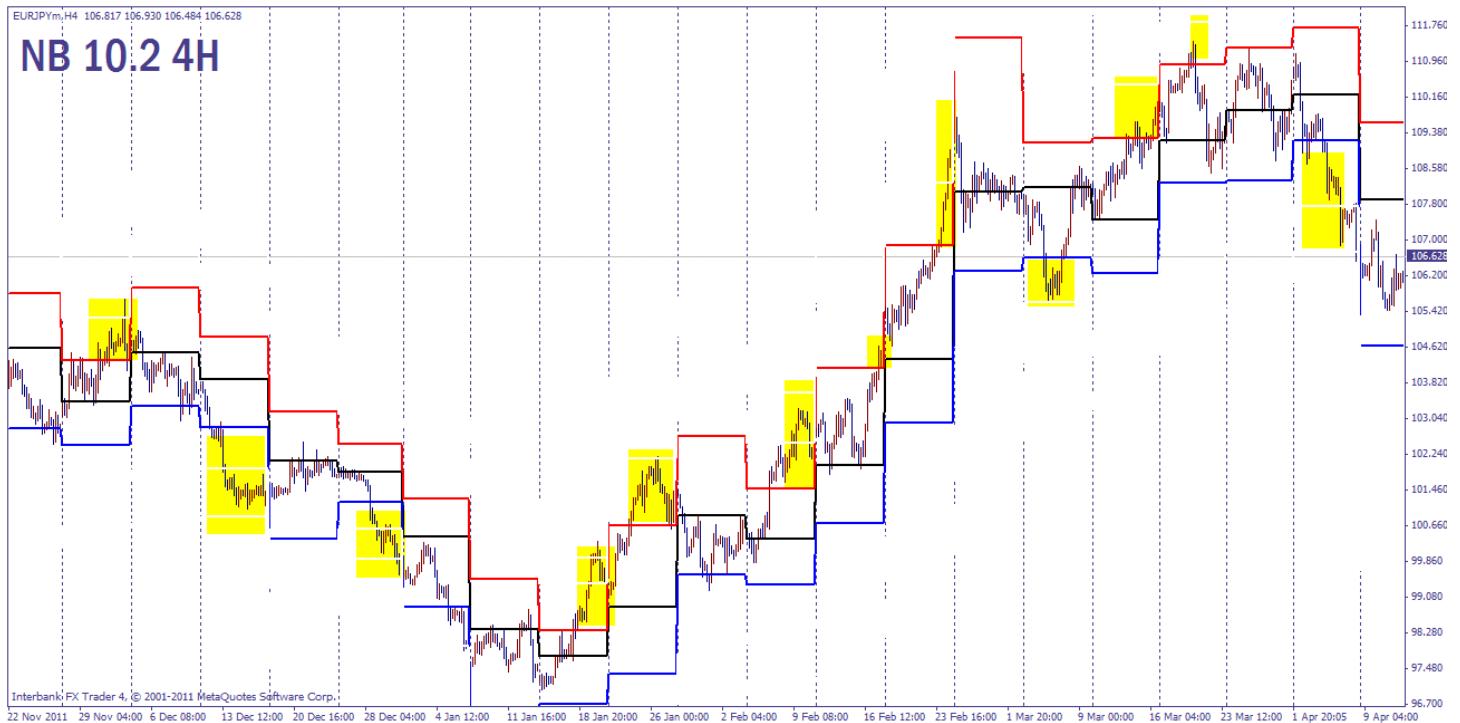
Gbp/jpy volatility you want, volatility you get. Not much consistency though. However, playing to go through the main pivot line is an adventure you may not want to miss.



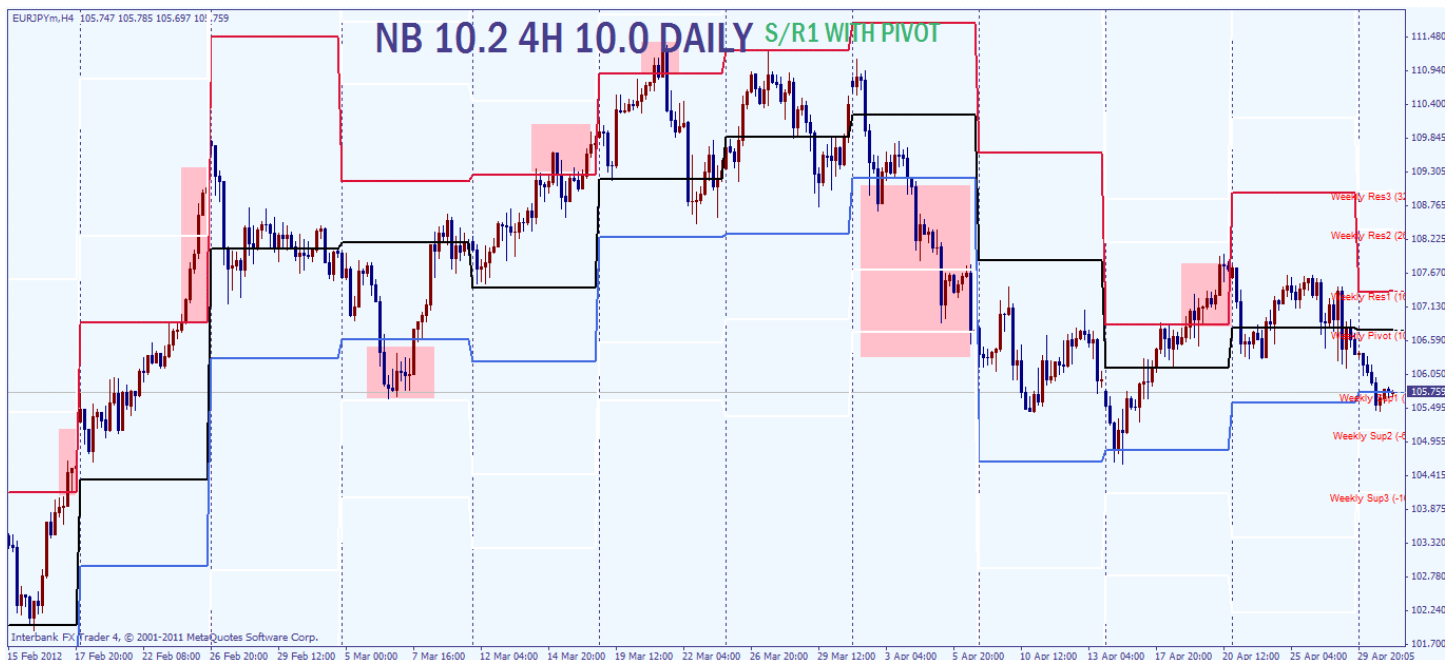
Eur/jpy is much more civilized to trade both playing the pivot cross or S2/R2 trades. Knowing currency volatility will help you in what to trade and what not to trade. Obviously no beginner should get involved in the very high volatile pairs like gbp/jpy, gbp/nzd, and eur/nzd. You are asking for trouble. I like trading them but they still whack me silly at times.



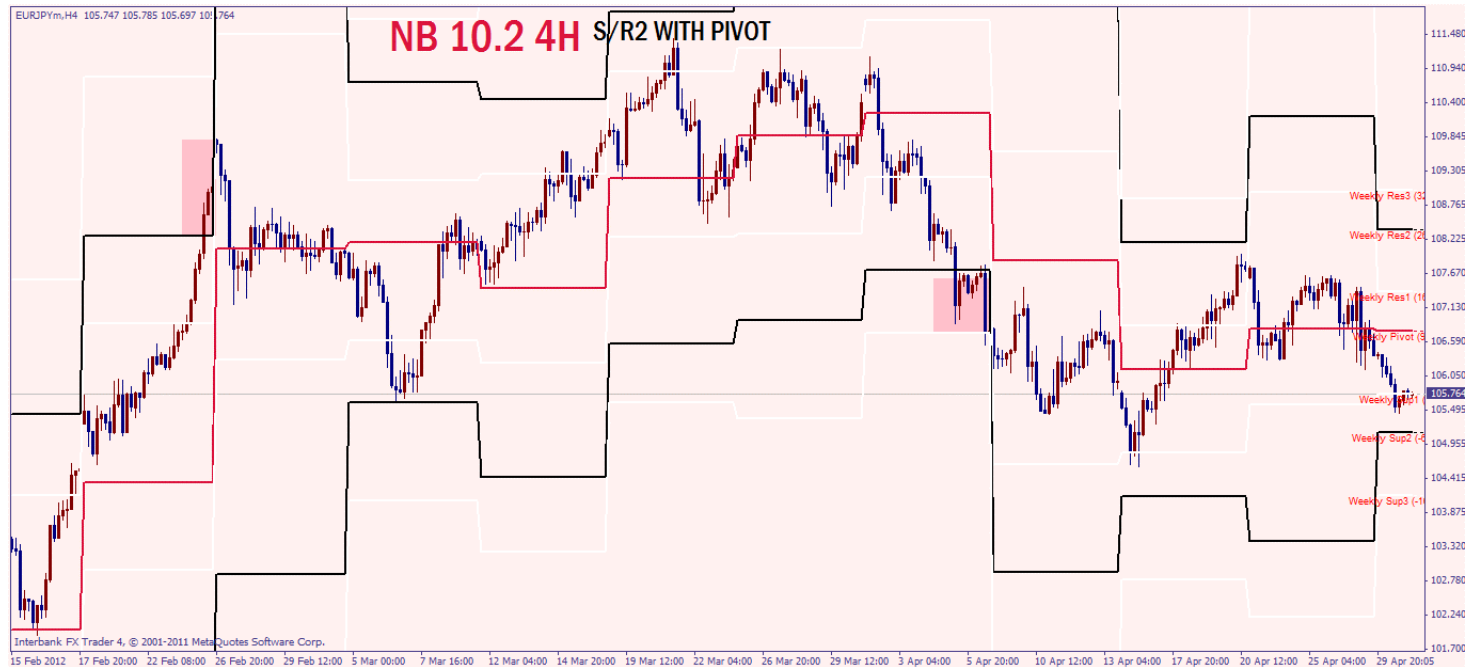
Compare S1/R1eur/jpy below with above S2/R2 trades. I think you can see the difference.



Here is E/J playing off of S1R1 SRF failure. In this pic pink is the failure to reach a S/R line and then crossing back over the pivot into the trend. Sometimes on these volatile pairs you will want to use the S1/R1 screen and switch to the S2/R2 screens when the TMA slope goes above/below the 0.8 line.



Here is the eur/jpy on S/R 2 screen. You notice it will stay inside these lines consistently. Using the previous week S/R2 lines make good profit targets when price is moving. Red is the pivot line here and black are S2/R2 lines.

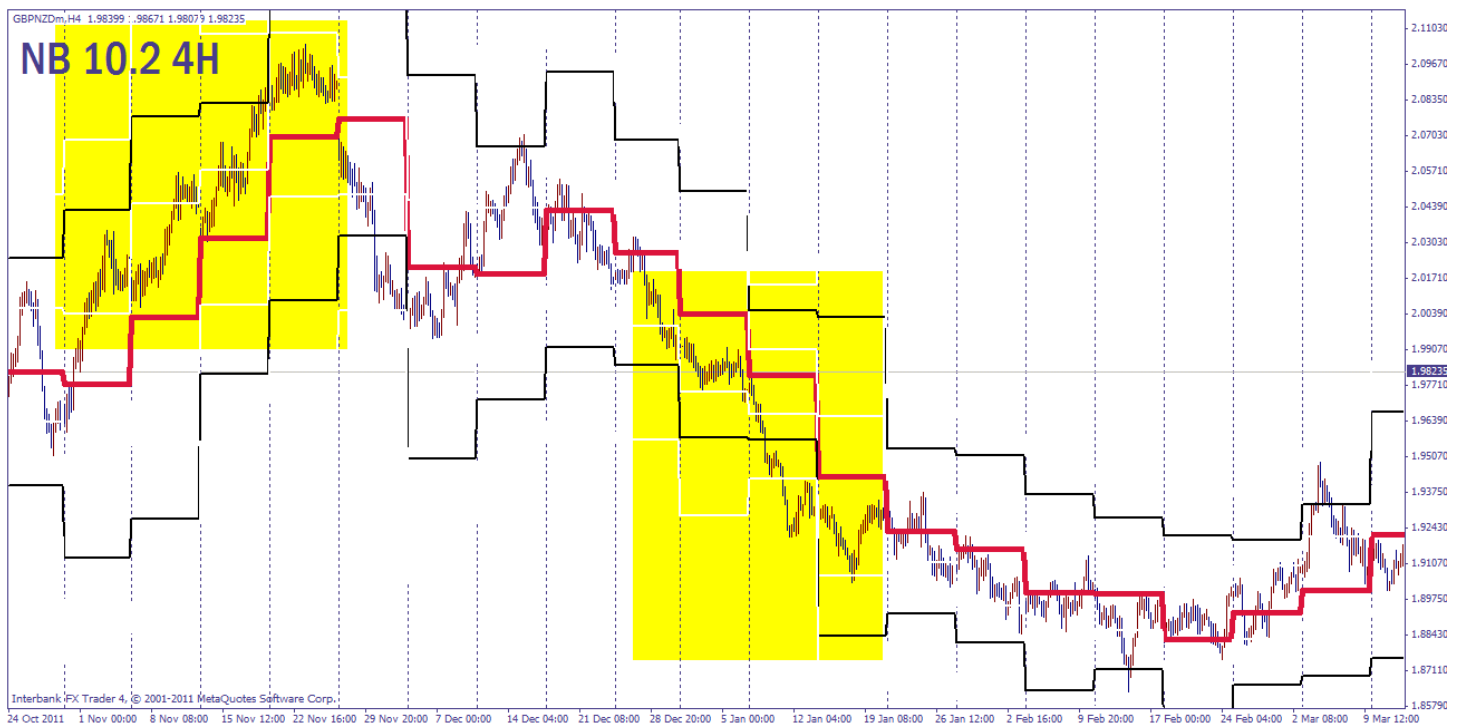


With group 4 and group 5 trades using the S/R2 lines makes for more profit on the trade. The pivot line is still the same but because of volatility we play for the bigger profit margin.

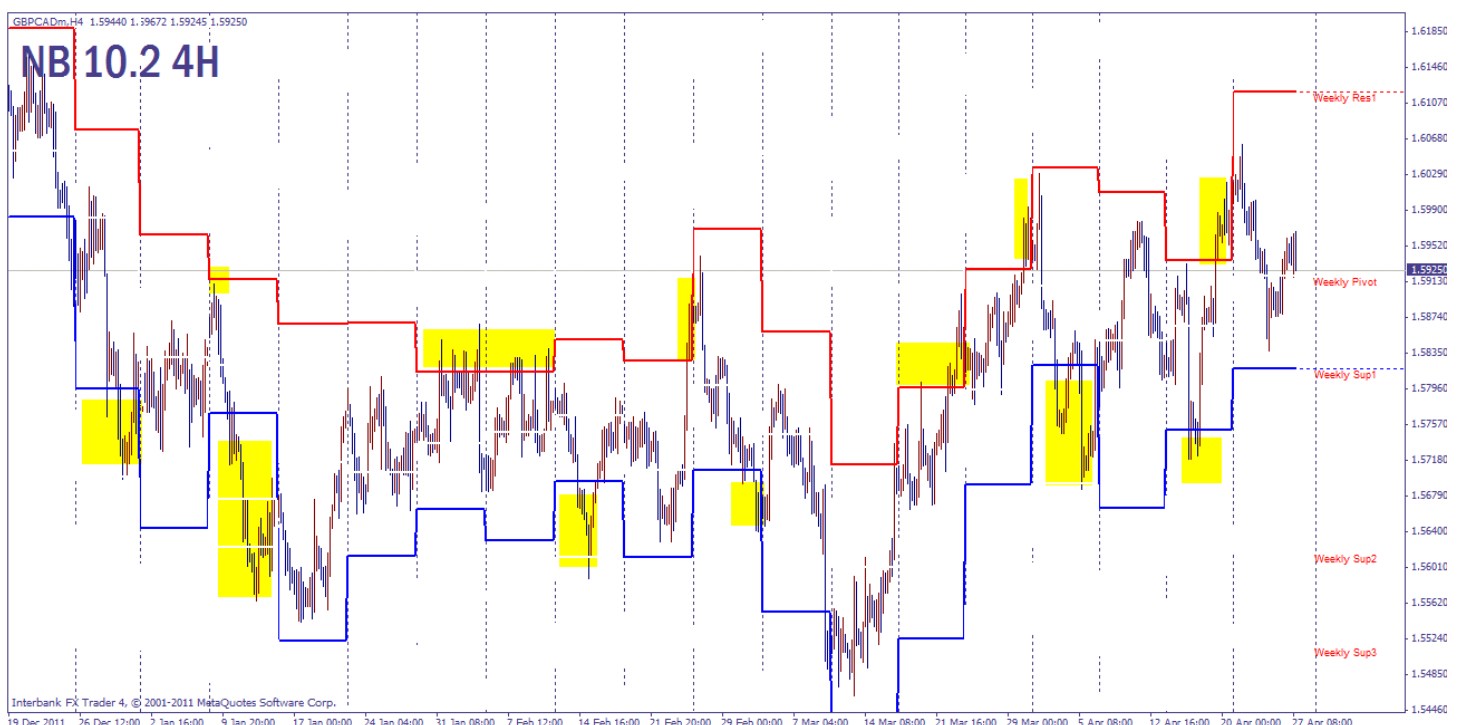
Group 5 pairs: goes over 300 pips 75% of the time

GBP/NZD
EUR/NZD
GBP/AUD
GBP/CAD

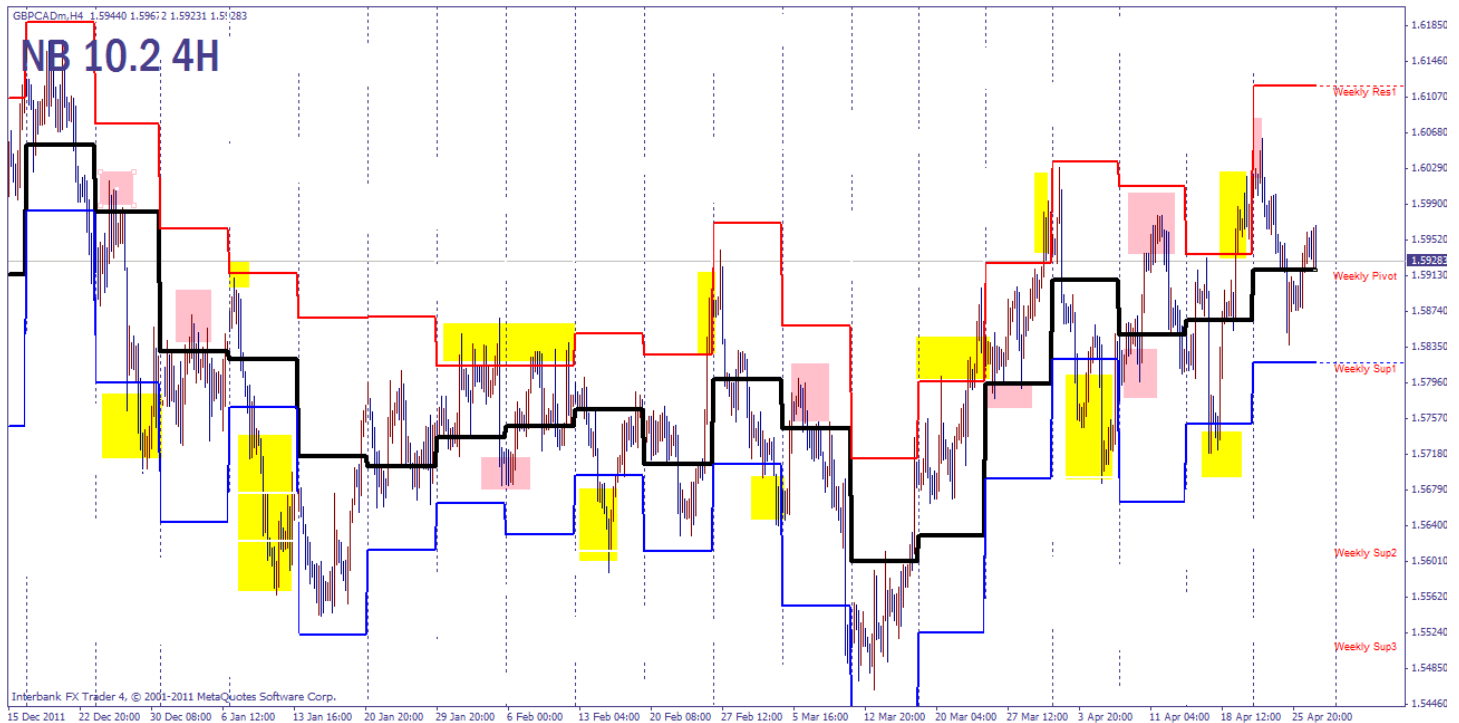
If you want pips, try these pairs. Want to gamble LOL check out the gbp/nzd. I marked where it didn't even return to the main pivot line (red line in this pic) for 4 weeks. It did this twice.



HOWEVER, one of the easiest and greatest secrets in FOREX is the gbp/cad another group 5 pair. It moves a lot of pips yet it stays in a narrow range. Check this out. I love trading this pair. Every week you can trade R1/S1 and pocket lots of pips. With this pair trading R1 line to S2 line and back are consistent solid trades so I removed the pivot line to show you. Knowing tendencies of certain pairs helps you to trade them. Weekly pivot lines will help you find these market niches.



Trading SRF on gbp/cad is a nice trade. Pink is SRF and yellow is TP. Sometimes it doesn't make it to the next S/R point but there still are some pips there. Because it is a volatile pair over 300 pips 85% of the time and over 600 pips 25% there are lots of pips to garnish. However, the gbp/cad like the gbp/aud seldom go over 700 pips during a week. (less than 10%). They range not in a tight area but a very large area. S1/R1 chart actually works well with them even though they are very volatile pairs.



QUICK REVIEW OR SUMMARY OF WEEKLY PIVOT TRADES

RULE #1 - Price will almost always travel from line to line every week. Find that trade and you have a winner every week.

RULE #2 - When the main pivot line is broken by price, it is broken and price will almost always travel far enough past the line to pocket some nice pips using the MPTM to move your SL up into profit.

RULE #3 - Find which currencies like to stay between S1/R1 and trade them coming in and going out. Other pairs trade the cross of the pivot and go out to S2/R2 for your profit goal.

RULE #4 - SRF trades are a thing of beauty and learning to trade these will make you a ton of money, (hopefully). Find pairs that consistently trade this way whether using S/R1 or S/R2 along with the pivot line. Trading the 4H also helps you in both spotting these, and gives you hours to set the trade up. This is not like scalping where you can miss a trade in a matter of moments. You can catch these trades with pending orders or use an EA.