

Zoopots' multiple TF analysis.

Trading Made Simple @ Forex Factory

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I'd like to share my technique of using higher time frame charts to facilitate my TDI H4 entries. I hope you will all find this informative and perhaps be able to cut down on some of your losses via "shoot in the dark" entries.

One of my mainstay pairs is the USDCHF. I like to start my weekend analysis by analyzing the Weekly chart. Look at the Swissy Weekly below and notice the definite rhythm of pair. You have to understand that this is a weekly chart and as such, represents 300-600 pips of movement with each of the trend lines...I don't know of anyone who trades a weekly chart, but it sure does show a pattern of "breathing".

Now, for grins, I've placed a vertical line at the first reversal weekly candle of each long move (5/26/13, 7/14/13, 9/8/13, 11/17/13 and 1/19/14). The pair has been making lower lows for almost a year now. Note that. It's obviously a bear move as we have 5-8 red HE candles followed by 2-4 blue retracement candles.



Now change the period to a Daily chart and don't change any of the trend lines. Note that the breathing of the pair is even more evident and also make note of the cycling of the TDI/signal lines while the Daily MBL stays pretty close to the 50 level.

I asked myself years ago "If a pair cycles so predictably, how can I properly trade the peaks and valleys?" What period would allow me high probability trades while still being able to have a life away from the computer?

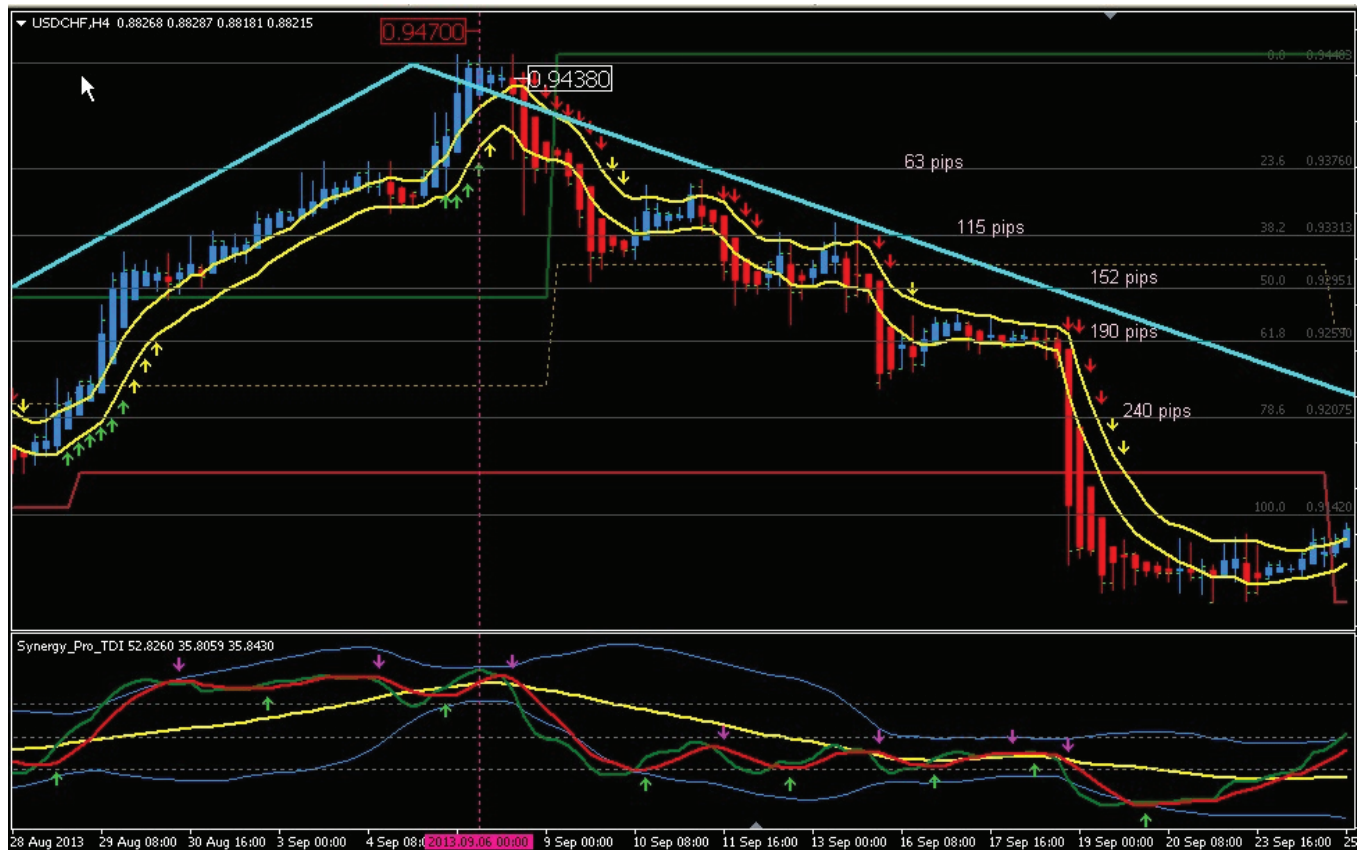
My decision was the H4 chart.

I've zoomed out the Daily chart below to be able to see the same amount of data we saw above in the Weekly chart. Isn't it amazing the cycle that's evident!!!!



Now let's pick a single peak line from the Weekly chart to analyze on an H4 chart to see if we'd be able to receive a **dependable, high probability sell entry** using the techniques of this thread.

Let's look at the **9/8/13 vertical line**. Notice that the last candle of the week on 9/6/2013 gave an awesome H4 entry at .9438; S/L would be placed near .9470 since the 6 previous candles are broadcasting major resistance at .9450 and targets could logically be determined by the Fib levels of the "breathing" previous buy move. (We should be looking for a continuation of the down trend after two Weekly blue HEs (7 Daily blue HEs).



Sure enough, the H4 gives a great entry on the H4 candle mentioned above.

I like to target the 38% Fib initially and we had no problems reaching that +115 pips level in 30 hours. Had we trusted the slope of the MBL for exit guidance, it reached oversold at around 350 pips of profit (a 13 day trade). Exiting when PA broke above the established down trend line would have given about the same amount of profit. Ditto for trusting the PAC. Pick your exit strategy!

Now do a little chart study and when a Weekly set of Sell HEs give a blue retracement HE, do the same type of chart study and trade the retracement after exiting your Sell position. Just don't expect the same profit levels trading contrarily to the down trend.

I hope you find this useful. You can use this concept on any pair but I think you'll find some that don't give such obvious waves and you can ignore them. Find pairs that cycle and consider these thoughts...I think you'll bank pips doing so.