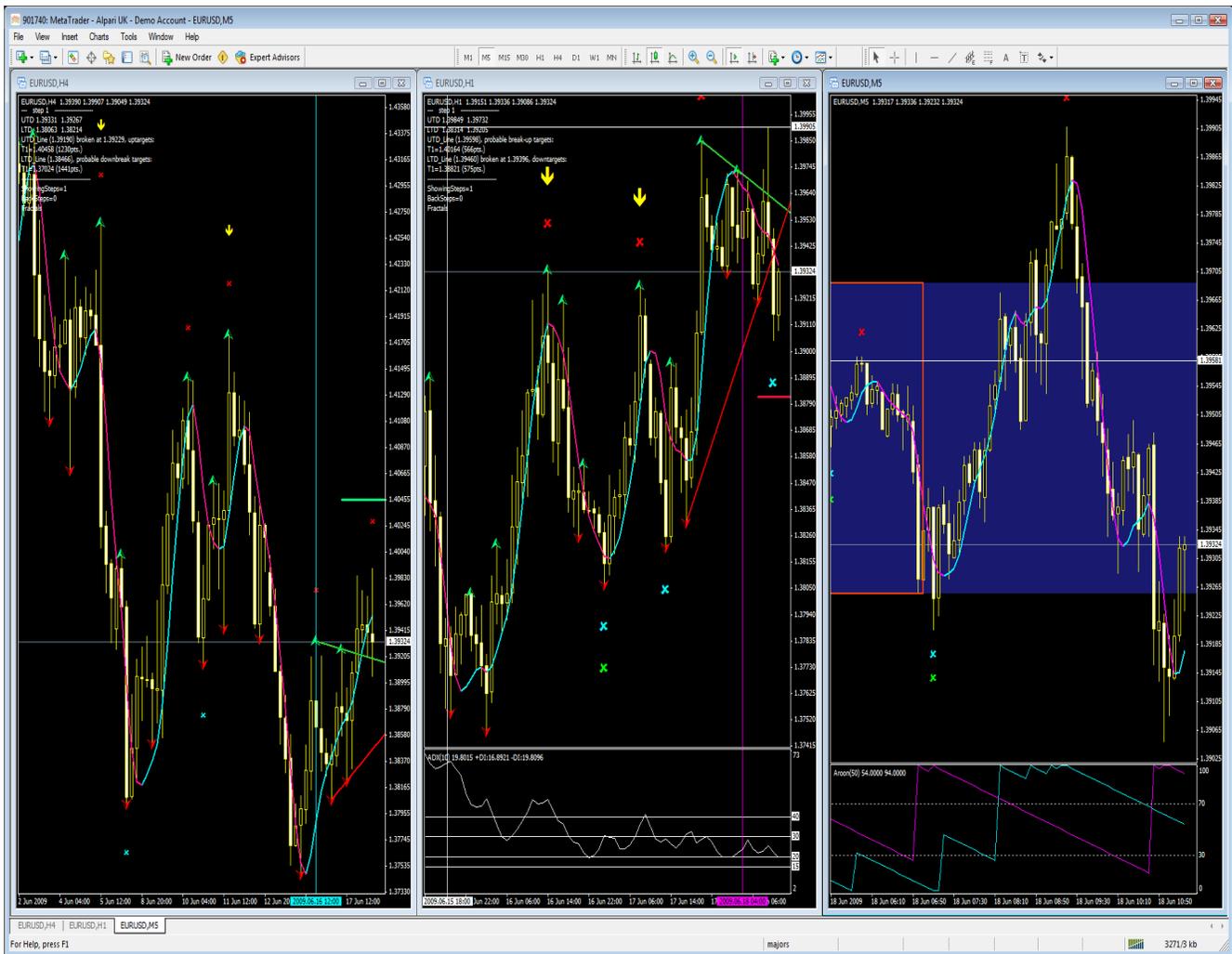


The relationship between the signal line on the 1 hour chart and the aroon indicator on the 5 minute chart. On the 5 minute chart I drew a thick pink line indicating where the signal line changed colors (+ 1 hour), this corresponds nicely with the aroon indicator, as it also indicated a change of trend. A little later the aroon switched sides (with fundamental announcement) while the signal line on the 1 hour did not budge.



Once again I drew the change of colors of the signal line of the 1 hour chart(+ 1 hour) onto the 5 minute chart, and behold the aroon changing to the opposite direction. You will also notice the De Mark level 2 trend line being broken with the next candle. So I humbly submit that the signal line on the 1 hour chart is a much more reliable indication than the aroon on the 5 minute chart. And it works fine as a filter. In a Bull Market be bullish, in a Bear market be bearish.



I think I will have to swallow my words and admit that I have been wrong, this morning the signal line on the 1 hour chart pointed down and subsequently went short when the signal line changed color, well my stop has been taken out. Later on I decided to put the aroon indicator back on the 5 minute chart, and I really wouldn't have taken the trade if I had this indicator on my chart because it showed bullish. I guess there is a place for both of them, and for high probability trades only take the ones were the 1 hour signal line and the aroon indicator on the 5 minute chart agrees.