2010

FTI Thread

Teaching Manual – Forex Factory

[damage is part of the battle, recovery is essential , victory is the objective]

There are many ways to trade, and for everyone the decision making process is different.
What you have described are very mechanical methodology.
It would be the way to go , if you were a machine.

Try to feel the market, ask yourself questions all the time.
You are not crazy if you ask the questions, only if you listen.

Look at the chart, ask yourself,
the did market what do when historically?it was last at this
was this levels significant chart wise? level,
which direction is the market trending?
try to feel if its try to go up or down?

if you have determined the direction, its most likely to go.
if you use indicators, try to determine the nearest safe levels to attempt entry,
try the super over bought or oversold levels in you bollinger bands.
fibonnacci levels are supposed to show market at its best equilibrium,
when at the fibo levels, whatch the mkt, is it behaving steady?
MACD are just multiple averages and are lag indicator,
in trendy mkts they widen ,
in lethargic mkts they close up,
in congestions they spaghetti cross.
don't read too much into that.

after entry watch the mkts.
Is it doing what you thought it should be doing?
are you comfortable with the position, if yes then add to the position.
if not get out, find a different level. and do it again. and again until you are satisfied with your position.

when you are riding profits, take some out at the oversold levels to re-enter near the overbought levels , vice versa.
After a few weeks , you should have a better feel of the market, you are trading.

Don't watch too many pairs.
focus on majors,
GBP and EUR should move quite in syn. YEN should behave the reverse.
watch those intermarket relationships, if any is not behaving normally ,
then be aware that something is happening in the fundamental front.
try to find out if there is any special reason from the news releases.

most dealers have basic grounding in technical analysis, it differs from one to another.
Most dealers do not deal in time frames, we manage it mark to NOW,
if its going up forever, we'll keep turning long forever.

You must understand that unlike traders, the market keep making the dealers short of usd if usd keeps going up.
This is because customers will keep buying usd from them making them short,
so the dealer will have to go interbank and keep getting his dollars back to stay abreast of the markets.

For dealers, timeframe is of no consequence, it is constantly being managed.
Some dealers uses the averages, most just look at price levels.

There are special dealers in special Strategic Arbitrage & trading units that trades the markets like traders,
they manage exposures for the longer term.
Some of them are economist some are technical analyst.
at this section , some more advance instruments are managed, eg, OTC currency options and synthetics.

About market structure

You see the brokers are not all bad people out to get everyone. They provide a service of creating a replica model of the interbank mkts for the consumption of the small traders at large.
Of course their motivation to do so is profits but nevertheless they provide a service.

At the very top of the battlefield command is the Feds. The are the owners of the market. Whatever you may trade its normmally against the USD. (even the crosses) So in perspective you will always be walking into their radar.

They have this big chief, Greenspan (used to be the cigar chewing...Paul) who have a whole squad of people crunching numbers to determine their position and whether there're things they could do to improve their position.

Then down the food chain there's the Other Central banks having their radar on their respective currencies.

The hands and legs of the feds are the CB dealers, who's resposibilities are to police the market place, making sure that its behaving itself. Its chief responsibility is to acertain that there's no riots in the market. So long as things are peaceful, they leave everybody alone to do their thing.

Then just under them is the tier 1 bank dealers. These dealers are normally marketmakers to the interbank mkt, and have very large daylight limits and risk parameters to work within. They are also the eyes for the CB dealers, as most large customers go thru them to deal. So they can see who's buying or selling dollars.If there are irregularities where by some large customers comes into the mkts to buy or sell dollars the CB dealers are put in the know and will be on standby to see if markets may be disturbed.

Then under tier 1 banks will be tier 2 banks, and tier 3 banks, they function as the lines of distribution. If as in the eg above, alarge corp comes selling dlr and the CB dealers do not intervene, then the tier 1 banks will start selling the dollar down to tier 2 banks in smaller packages, and tier two banks will like wise start selling to tier 3 banks in smaller packages. In 20 to 30 mins that process who fizz out and most dealers would be short of dollars to a certain extent.

Please be aware that I am talking of a one off scenerio, where there is only one customer in the whole wide world.

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To me the most important indicator is price.
The market's sigma, which is the speed of move.
The Vega, which indicate the volatility factor in its trend and the time it consumes in it push.
You can determine all this from bare bar or candle charts.

the other indicator is true average,
with that you can determine if the volatility is out of line for your risk tenure,
you can best understand this by studying the original Dow theory.
Unfortunately there're many mutations of the Dow theory.
And those that are being used by conventional chartist today differs from my cup of tea.
I think you may get a good grounding of that from the book by R.Edwards/J. Magee.
I cannot remember the title of the book, but I can check for you when I return to Sg probably middle jan 2008. Pls remind me.

the other important, read, is the market form.

I try to recognise the compounded formations in the bar charts.
A good reference to forms study was done by a researcher, by the name of John R.Hill,
I'm not sure if his studies are available to the masses.
They read compound chart formations.
An understanding of Hip and Lop patterns is foundational requirement.

A complimentary methodology is by complex candle chart formations.
I find the books (in english) on this too elementary.
I used to have an understudy who had a copy of the "secret" readings by rice traders in Nihongo. Unfortunately I've no contact with him for a long time since and my development on that has stalled.

I must stress, "never ever play god to the markets."
always stay in the "dance", feeling its moods and tempo,
using technical accrument to read the dance.
Implementing damage control when out of step.
That's actually money management.(another time)
Many analyst, behaves like fortune tellers, that is wrong.

All an analyst can master, is the art of dancing along with the market,
and recognising its behaviour as the dance progresses.
It is an on going process, not one read and you know all, that cannot happen.
The markets are alive.

In a nutshell, There are other components necessary, other than technical analysis skills,
mindset, capital and money management are equally critical.

The core function of dealers is to manage market risk during their operational time zone.
Their over night activity is normally about one tenth of their normal risk appetite.

In terms of their trading, you may have the impression that
they fly by the seat of their pants,
but in reality, it is so internalised that the decision process are so automated.
If you remember the analogy I gave earlier, about driving a car.
That's how well drilled they are, that risk managing becomes a reflex action.
You may percieve that it's gut feel, but there's a lot more to it than gut.

I normally keep the daily OHLC bar charts visable for
the EUR, GBP, YEN.
CHF is a bit of a wild lady, so i don't look at her much.
then I have the the short charts of the market I am actively trading.
normally sighting the 5min candles ,15min candles
and I keep hourly candles at the back of the screen just in case
the short charts becomes choppy then I refer to the hourly for direction.
On short charts, I have the hourly SMA plotted to measure volatility.
I tend not to put studies on charts to distract proper reading of market form.
if the lady have long, trendy legs, I normally put the 15mins charts to the back as well,
so as not to clutter the screen.

Point and figuring is a very nice way to plot charts , if you are a long term trend rider.
As this technique,negates time as a charting component it cannot read form.
If you are not trading close to market pulse,
P&F would help you filter out the counterswing "noise".
The Achillies heel of this charting method is that most traders
choses the reversal boxes sizes to compliment their financial capacity
and sometime to their risk appetite, instead of the markets volatility.
Being a rigid form of trend trading, the choice of the reversal boxes is critical
and requires much trial and error to get it right.
This method of charting is most suited for traders who
are long term trend riders who have difficulty with position discipline.

On your question about ATR,
Firstly I go on record to say that I have very high esteem for Curtis Faith
and most of Richard's turtles with the exception of the renegade.
The ATR introduced by W.Wilders is an important component
for determining market's volatility. This is a powerful tool for system styled traders.
But to use it as a decision tool, tends to create rigid mindset in decision making.
Having said that, I myself do use it in a different way,
In that it is visually indentifiable from bare bars in volatility reads as I have mentioned.

W. Wilders and Jake Bernstein were my trainers in 1980, I believe he has moved on,
since the publication of his findings, to a more nimble technique.
The new style of trading , if I am not mistaken is still classified until this day.

Yes, you are correct. the R.Edwards/J. Magee. Dow Theory book is titled
"Technical Analysis of Stock Trends"

Yes, I think John Hills research papers was titled "Scientific Interpretation of Bar Charts".
Is it being published? I ask because mine is in research paper format.

Hip & Lop patterns was Wilders initial research studies,
if you search his writings you should find it.
I am sorry that I am not at liberty to publish his writings as it is copyrighted.

The two Nison's books can be used as an introduction to basic candle charts.
The rice manual which I had the opportunity to view is of much advance levels of interpretation of the compound formations.
In the words of my understudy who taught me,
" individual candle readings have insignificance value compared to the compound reads."
I am sorry that I cannot be of much help in the interpretations
because my education was stalled when he returned to Japan.
There is however another way to use candle charts, introduced in the mid 80's ,
I believe Morris called it "Power candles"
You may like to research on that.

Ah, I see you like the dancing analogy better.
It is hard for me to shake the war analogy due to my training
in the discipline and money management style adapted from Sun Zi Bing Fa.
which is the core of my dealing style. If I had been distasteful, I apologise.

Thank you, friend for helping. You must be quite experienced.
Quoting Sun Zi, and with the above read,
I would suspect that you are Technical Analyst yourself.
Do share some knowledge with us, where suits.

"...So you would use the daily charts for trend and candle formations to indicate possible changes in movement. Do you use the hourly similarly? ..."

Yes I use Daily Chart studies to indicate trend,
I use short charts to indicate form.

Ponder this,
On the daily EUR/USD now we see possible topping formation, correct.

We may be right, So tell me where is it going? Should be Down, right?

When will we know if it is going down?
What if on the short charts, its going up?
So do we still want to go short?
So when should we go short?
When the short chart shows you that it topping out, right?

So if this market continues to go up.
Then You miss the bus (borrowed from leighsww) ,right?
You missed the bus going north, why?
because you were at the bus stand waiting for the south bound bus, right?

Thats why I, said.
Bull makes money, Bears make money, Pigs get slaughtered.

You see, when bulls are making money, Bears are not.
When bears are making money bulls cannot.
But the one whos trying to catch both buses will sooner be dead. Crossing the road from one bus stand to another,
Because he could be at the north stand when the south bus comes, or the south stand when the north bus comes.
or mostly in the middle of the road, when both bus comes.

Do I make any sense?

For dealers, its a different game, because when markets are going up in a BEAR market, customers keep making them short,
their book keeps getting bigger short, but their average cost of being short keeps going up.
all they have to do is to wait for the trend to enforce and
when the market returns to the point where the buying started ,
he would make nearly the amount of money that made him short in the first place.

For this to happen, he has to have a book big enough to accommodate the customer base.
AND as the market swings back towards the start point, he has to ascertain that his book of shorts, be kept constant.
This is because on the way down the customers will be making him long.
So by constantly covering back to back on the way down he maintains his book short.
So for the dealer, as long as he maintains his poise in the direction of the markets major trend, he will always make "scalp money", guaranteed.

His modus operandi, is to "duck and move quickly"
so as to have a better average on the up swing towards stops to maximise his shorting near the top of the swing.
This scenerio is most effective if there are stop near levels where he has a large order to sell, where he can help the customer sell OB and "kill the sitting duck stops" in the same blow.
Another scenario is where by the heavy selling is CB levels or specific sell zones,
where many teir 1 are ready to pounch on the buyers.
You must understand that only tier 1 and some big tier 2 will have this advantage.

This is the reason, why you have rubber band snap backs in the direction of trend directions, and slow puffy moves counter trend.
Am I making any sense to anyone here?

So we use daily trend as the direction to build book size and short charts to make market for retraces.
Do discuss this on this thread, no questions are silly, just discuss until it becomes clear.
Don't understand ! Argue until you understand. Fight if you must, I will not complain.

YOU MUST GET THE CONCEPT OF MARKET STRUCTURE RIGHT TO UNDERSTAND THE CHARTS.

I didn't want to get into this first, but since it is being asked here we go.
I wanted to get across the basic foundations right first,
cos if your foundation is sloppy you will get a sloppy structure built on it not so unlike building a house. Nevertheless this is also the advance level of foundation and is an acceptable direction to go.

A little get to know me as we go along.

One thing you will not be getting from me is, this crosses that and go buy or go sell, or
this is overbought/oversold wait for divergence then go do this or that. Or do this and you will make millions.
If thats what you are looking for, then sorry you're on the wrong bus. (again borrowed from leighsww, fine naked lady if I may add.)

To understand me, picture this,
I have two brains.
My bicameral mind is fast like lighting, due to training.
My other mind is a little boy trying to cope with the bicameral mind.
Half the time it keep asking the bicameral mind,
What did you just said a moment ago.? What was your instructions again?
could we replay that segment pls?
And he gets the, "shit i forgot, I am on something else already, Bloody pay attention."
And this goes on day in and day out between them.

My body is under the charge of the little boy mind,
it works like an apple living in the world of super computers.
"Burnt the candle both ends" and all worn out.
The bionics are all rusty.
Can't type fast, got "fat fingers".
can't speak well, normally in pieces,
cos' the little boy lost some parts of the message which the bicam mind passed down.

apart from that, most parts are old and rusty,
work for a while, gotta rest, otherwise overheat and fail.
If you asked a tech specialist, probably recommend that this piece of machinery be scraped.

But the bicam mind, being the optimist it is, thinks the system can still cope,
if we allow the system to accept its ineffencies, it should get by.
It lives on the motto, "Live every moment as if it was your last"
and one day, this would be true.
For now "be the best you can be"

Please do not imagine and old and sickly man.
I am not young and vibrant, but far for old and sickly.

With this out of the way, lets get on with it.
If I forgot, remind me.
If I misquoted, correct me
If I don't make sense, ask again.
If I am wrong, teach me.
If I err, forgive me.
But most important , don't sit there staring at me.

PS: before I forget.
The emotional control.

When I trade. I listen to music. all sorts.but the one that, gives me Om, is my setup of
in sequence, recently
Enya "May it be",
Charlotte Church & Josh Groban "The Prayer",
Joan Sutherland & Jane Berbie "The flower Duet, Lakme",
Josh Groban "You raised me up" & "To where you are".
Hope it doesn't make RIAA richer.
Makes serene feel, for me. I wonder if it can do the same for you.

When I wheeling & dealing, when much younger, normally had pissed drunk sessions a lot,
I guess you know, how brokers throw liquor at dealers, on drink outs.
Walk back next day to dealing room, still a little sober, tend to read trends better.
Don't know why, for me it works. You may like to try that.
I know its naughty influence, but it somehow works, don't know why, but it does.
So before I teach anymore "unbecoming influences, I stop there.
Just thought that I should inform you.

PS: Plus I am a very very heavy smoker, thats the one that "ill probably switch off my lights.

Normally I want to start with a blankmind,
but when I have over-nights, I would continue from there.
Don't think its a walk in the park, sometimes esp when markets get confused, it can get very scary.
esp when the book gets very large. and it keeps snowballing on you.

When I was a young dealer, they used to comment that I had balls of steel.
But mostly after the trades, I feel very balls broken ,
and used to recover by intense whiskey sessions.
If you ever sat with positions where your hand are shaking and your mind have to hold steady and steadfast ,
then maybe you may understand.

For new traders you may be going to the little boys room more often than necessary.
I have had experiences where new dealers, vomitted on the desk before.

I am the type of trainer that throws them into the deep ends.
Ultimately their books are mine, so if they get into trouble, I have to take over.

The trick is to hold very steadfast to the position allowing the snowball build on you,
the maxim is to be able to take the punches first,
once the rubber band swings back, whack them like theres no tomorrow,
within your capacity and keep taking profits along the way untill the frenzy slows off
then square down for the next attack.
Important thing is to know your limits, if you have been snooked out of step,
once you you get the chance bail out, log stock and barrel.
Try not to turn, if you do, you may become a pig.

Now if anyone goes bankrupt doing this don't take it out on me.
I m just trying to tell you how its done. Like the WWF ppl say" don't try this at home".
We train and train to be able to reflex like that and to hold with our limitations.
Remember its not easy.
Tailor it for yourself within your risk appetite and limits.
Don't kill yourself over it. Never risk more than 10% of net worth on any battle.

Stop loss are for suckers (oops sitting ducks)
Sure it gives you peace of mind , thats because you're not watching after your babies,
but at what price?
Dance the dance.
If you cannot take the heat, stay out of the kitchen,
If there's a problem. Chances is either over leverage or over trading, or under-capitalise.
These mkts you are trading in, are killing fields,
and there's lots of calm on the surface,
in the undercurrents, theres lots of killing going on.
And I kid you not.

Don't for one moment think that, just because you learned something from me.
You can go out with your guns blazing.
There's lots more than meets the eyes. So be cautious.
Ultimately at the end of the day, its all YOU.

If your plan is to piranya bits and pieces from the market.
Remember, that Hansel and Gretel got themselves in a cage by picking up bread crumps.
If you are picking up crumps, try not to take on the entire market swings.

Next post, I may introduce a little chinese story to you.

PS: That's one of the reasons, I don't advocate treating brokers to harshly.
Esp over a few pips sort of issues, because sometimes,
these guys also go to hell and back just to earn a little.
Sometimes they have to sell their soul for your business.

When I was dealing, my threshold of pain was 500mio USD daylight
my loss threshold was 10 mio 1 day.
my scope of time was 30 minutes.
I used 5 min charts as I have mentioned
overnight positions had no loss threshold.
allowed over nights lines 50mio
actual positions on average 5 to 20 mio
depending on the feel and the profits already in the book.

For individual traders, I think you will have to do you own maths,
its different from one to another. When I trade for myself. I would go to 10 cts if I have to.
better make 10cts than to lose 10 cts.
hope this helps.

About trends, don't think, ask her.
if she doesn't tell you, wait
Be patient, it will show, it's not that she won't tell you.
She hints and hints , but if you don't get it
when she gets angry, she'll tell you straight, if you can catch it fine.
sometimes she don't wanna dance, she may just want a fling ,so wait.
otherwise, there are many fishes in the sea.

At tier 1 I see flow, I check whats my blotter direction,
what did big orders do, how often they are hitting me.
where are the ducks, how large are they piling.
But as trader you cannot see flow, so watch the pips move, it should tell you.

Regarding trends,
trends mean different things to different people.

the accepted definition of a trend is a persistent direction of move,
on an up trend the highs get higher and low stays higher,
conversely a down trend, when the low gets lower and the high stays lower.

no trends move in a straight line advance or decline.
within any major trend, there are minor trends, then there are intraday trend, hourly trends and so forth.
its your choice to decide which is within your scope to cope with.

For overnight positions, its only prudent to stay with the major trend, cos' no one knows when it will kick in.
for managed daylight you should always trade the dance.
a bad position in the 5 min plays can be made good in the hourly plays, and the latter can be made in 5 Hourly and so forth.
It depends on your own stamina to cope.
Be aware that the overnight positions are only a fraction of the daylight management.

In your example we have been in daily uptrend mode, but I did highlighted that the CB was watching and preparing.
So even though it we are in a Eur uptrend , you must be aware of the the players, esp CB.
If you look at your daily chart , you had 3 days warning of lethargy and a final warning yesterday. Today a reversal is already in progress.
So during these times either you take bigger risk to go reversal or
just wait for clearer signs.
or trade the daylight trend.

moreover there are times where there are no trends.
or trends are slowing down, we call that topping or bottoming action.
If you trade trends only, do not feel that you have to have a position.
There are times when no position is a position.
If you traded trends only, probably 70% of the time you would be aside.

When we manage daylight trading, profits attained from that activity is normally used to enhance the cost of the at risk position.
Thats why I do not place stop loss, and by virtue of the overnight being only a fraction of daylight trading.
the Cost of the overnight is normally way off the charts.

I will not go into details of how it is done, As it is dealers bread & butter issue.
Just know that that there are ways of moving price, where he can make things happen.
Just understand that he is making the interbank market and it is his market.
If his book is threatened , there are ways he can neutralise the danger.
I hope you understand the sensitivities.

You see, the strategies that will work for you would be the ones that you conceive in your mind,
cos, you know yourself best.
But sometimes greed may cause you to try to be something you're uncomfortable to be.
(keeping up with the Jones)
That's when the problems arises.
You should check you risk appetite. and you must be honest to yourself about it.
Never over-trade or allow yourself to be over-exposed beyond your capacity.
If you already, have a couple of million, having more millions , ain't gonna change you life style too much.
So don't bungie just for the sake of it.

If you overdo it, there will be times of market movement, where the moves can create a confused trader, this is due to fear.
When that happens greed, fear and hope will be your worst enemy, not the market.

At the bank, dealers are trained in the deep end,
as most normal people are not used to the kind of risk (as well as the style) that the bank is exposed to daily.

That's why they are thrown into the deep end for them to orientate and adapt to the enviroment.

For traders, and dealers that begin to trade for themselves, de-briefing is necessary.
If I try to trade with the risk attitude that I had when I was at the bank, I will definitely get into a financial hole.
Although the profitable modus operandi is in place re-adjustment of money management is critical for success.

Simple is good, I am a subscriber to the KISS. (Keep it strong & simple.)
I cannot see any trader or dealer, can profitabily make trade decision when there are too many unneccessary studies to content with.
Traders have to focus on basic market moving fundamentals and a technical analytics,
to time the execution of a preplanned viable money managed strategy.
Too much of either just gets in the way and become distractions.
Staying light weighted and nimble is key.

A soldier may be well trained and strong, but can he carry a grenade launcher as well as his M16,
a stand machine gun, a tank buster, a flame thrower, a long sword,a scout knife, a tent, sufficient F&B,
and sufficient ammo into a running battle.
However, good he may be, he would be too bogged down to function effectively, eventually leading to his demise.
Similarly a trader should not bog down his mind with too much unneccessaries to paralyse himself.
So just use what‘s working for you and throw away all the rest of the junk.

Now, do not be mistaken that I say that you should stop learning.
It is for knowledge and insight.
Learning is a life-time process, but a successful trader would instinctively know
if a new technique can fit in to his existing profitable MO.
For me any MO that disturbs my foundational basics in technical analysis
or deprives my ability to think and rationise my position, Red flags it.

Not all Fundamentals are reflected in the prices, some fundamentals affect the markets in the short tenure some in the longer.
Ultimately all important fundamentals will work their way into the charts.
there are fundamentals that are market moving and
there are those that could have already worked itself into the price, and are therefore discounted.

The important fundamentals for the forex are basically, world events and CB economics (fiscal & monetary policies)
It is quite impossible to sieve thru all that can or will happen on that front,
and the subjectivity of the issues are contentions for extended debate.
Staying on foundational market structure, is a good way to keep abreast its developments and effects.

Charting may be a definitive method to sieve thru the actual market moving fundamentals.
Nevertheless it has its short comings that, it is still a lagger.
Understand that the charts are historical footprints of the market,
therefore they can hardly be predictive, without imposing on it assumptions.
AND i am one who is strongly against, imposing assumptions on my charts,
for me thats THE FALLACY, i mentioned in the title of this thread.

I much prefer to flow with it than to read things into it.
For all that I have posted, I hope this point comes across crystal clear.
Nevertheless, there are Technical Analyst who subscribe to predictive analyst,
I call them System Analyst instead.
And I have seen of the things that happens to rigid methodology and mindset, to know better.
For me I , I hold close to my heart, the Basics of Technical Analysis and Charting.

No , Leigh, don't take it that way and "put me on the table."
Like I said You can't learn trading by reading a book.
and You won't learn how to dance unless you get on the floor and boogie.
So start dancing and lead each other, find your own niche and have a ball.

I give you the sketch and you fill in the colours, make it your own painting.
Then sketch for others to learn how to paint.

You see for me, this is an adjustment too.
I have to adjust from being a trading machine to be a normal person again.

Story #1

A Lesson about Human Nature.
Here is a Lesson my Dad thought me while I was young.
He's the big one in the avatar, I am the little one with the cowboy hat.
He was my mentor and he taught me alot about life while growing up.
He's no longer with us, gone home for some time already.
Do guard that this should happen to you, in your trading and your life.

A Lesson about Human Nature.
The Turtle and the Scorpion.

Once upon a time, LONG LONG ago in China
There was this scorpion, who wanted to cross a river.
Since he could not swim, he waited along the river banks for someone who could.
Along came a turtle, and the scorpion promptly asked if the turtle would give him a ride across.

The turtle quickly replied, NO, NO, NO.
Why? The scorpion asked.
The trutle replied, because you will sting me while I am carrying you across.
The scorpion replied, If I did that, then we would both drown
and What would I benefit from that? he asked.

Accepting the scorpions reasoning, the turtle agreed to give the scorpion a ride across.
While half way across the river, as the waters became choppy.
and the ride became rough, the scorpion stung the turtle.
And as the turtle was drowning, he asked the scorpion why he did it.
Now they will both drown.

The scorpion replied,
I am so very sorry, I couldn't help myself from doing it.
You see, ITS MY NATURE,

---The End---

The reason for such a long time was for you to learn discipline and patience. Not so unlike waiting for market trends.
Anyways please know that you will be missing out the training of patience. You gotta learn it yourself now !
So learn well.

The lesson my dad taught me was about the human self-destructive nature.
Thats why we smoke.
Thats why we drink.
Thats why we take drugs and medicine (poison)
Thats why we lov to lov chicks that are naughty.
and thats why most people get killed in markets.

He was not a Forex trader , he was a business man , but he knew the consequences of the human nature.

You see mankind loves to destroy, it is easier and their nature.
We destroy so that we can rebuilt.

Many traders harbours this self-destructive mechanism, in their sub conscious .
even lots of dealers. It's an urge, thingy, something that you cannot scratch.

The fact that most traders are successful in life, otherwise they wouldn't have the capital to trade, works against them. Because they would through their sucesses have developed a kind of confidence about themselves. When this confidence is carried into positions in markets, it tend to work to their detriment , esp when the view is erroraneous. But not unlike W Buffet, it can also work in their favour, the prerequisite is close to unlimited capitalisation.

I won't go into explaining about the word I was looking for "self-destructive" in the story, if you cannot see it, discuss the subject, I am sure you will find the reasoning.

Ponder this,
the fact that you walked into the battlefield, already puts you in the line of fire.
Although you should impliment all possible safety protocols,
you should be clear, as to what extent those protocol are real.
Safety is paramount, but when safety may be counter-productive, then you must re-access.

December for dealers is the book closing month.
Most dealers who have made the budget for the year, would be easing off. (honeymoon month , if you like), therefore expect thinner markets, with pronounced swings due to illiquidity.

Also watch out for the Feds,
no not the FBI, the federal Reserve Board and other CBs. LOL

To churn out a functional dealer, that can do and think, it takes from 1.5 to 2 years.
And probablty another two, for proficiency.
Here I have the frustration of not knowing most of the traders levels.
How you think , where the weakest links in the chain may be.
What need reinforcing , what need revisiting.
In effects training old dogs , new tricks.

Then there's this nagging feel behind my mind,
as all of you are actually hands on in the market for yourself.
How much damage can be done, if you err ,
and whether you traders believe in the truth in my postings.
The important part is, if you can internalise this and make it your own.
Otherwise all this is for nothing.

Ones mindset must be "determination",
the resolve to right analysis and right timing within the financial capabilities.
(detailed explaination in the Art of War amd MM section later)
When a soildier,enters battle zones, its a "kill or be killed" zone.,
therefore the senses must be harden.
The facalties must be sharp, and the mind determined.

For interbank dealers, there is little time to think,
most all the time he's being hit either on the bid or the offer,
therefore his only thought process is,
Do I want this position?
There is only one possible answer, yes or no in accordance to his resolve,
and he has to reflex accordingly.
He may hesitate a moment to feel the market sentiments,but soonest he has to decide.

This is different for trader who , chose their positions.
The fact that, their chosing of the trade, is an interplay of hope and expectations,
grounded on whatever the analysis for the taking of the position in the first instance.
Analysis is a complex thought process and should be only done
within the time window of the chosen time frame.
and in accordance with the chosen Modus Operandi.
The resultant of that analysis is a binary resolve.

When a position is established, most traders instead of continuously probing to find time window (opening),
if such was still valid, normally resigns to exploring the alternatives to his analysis.
Even at the expense of accumulating losses.
This is the wrong mindset to adopt.

Under adverse conditions, the decision process should be focused, on the resolve of

1. If the position was desirable , then more capital will have to be put at risk
and a rescue of the badly timed position must be effected.

2. If any mitigating factors, disallows for such to be effected, the trader should
bite the bullet, and put the position out of its misery,
until it may be advantages to reinstate.
No other subjective thoughts must enter to his mind to hamper the managing of the position.

Under favourable senarios , such positions should be guarded with the resolve to ride it within acceptable positive book parameters at all times. (mm section, optimising to zero failure posibilities)

Therefore I have advocated always to be patient to timing your attacks.
Sun Zi Bing Fa
"When torrential water tosses boulders, it is because of its momentum.
When the strike of a hawk breaks the body of its prey, it is because of timing."

As a wrongly timed entrance , just signify your lack of the ability to pulse the market.
The right protocol, I repeat, would be to either withdraw from the position
with minimal damage.(damage control if you please).
or to commit into the position, as a rescue process and a re-averaging process
for position retreval.
There is no other avenues other than these two options.

If positioning was bad, and the trader reverts back to analysis,
then the whole process collapses into hope.
And a host of subjectivity and egoistical processes begins.
Which will paralyse the traders determination and create illusional thinking.

I hope I articulated clearly.

I manage positions by using the delta hedge technique.

We'll start with the bank.
We have large corp customers who need hedges for their FX risk on annual earnings,
so as a service we write them OTC currency options and other synthetics.
These positions have delta reads, which tells us what our exposure is.
As markets move the deltas changes.

So basically we receive premiums, for the undertaking. We collect theta and Vols moneys.
Now that gives us foreign capital to risk in the markets.
Remember, I said as the market move my delta changes.
So as the customers come closer in or out of the money,
I have to adjust the hedge of the exposures.
Sometimes when the market trend run, I could just as well expose the delta to full hedge.
or non at all if they are getting too far out of the money.
Of course other than that profits , I have spot exposures profits as well.

For my personal portfolio,it was very much smaller than the banks books, nevertheless,
it operates on the same MO but in the futures market,
only that my hedge bros becomes very expensive, even though I used to be a non clearing seat owner.
Now they converted to exchange shares, and thats another story.

One of the reasons I am here is to find out, if there ia an option FX retail market,
and how the vol are skews.
I would be much obliged is there are traders here who would help me out with some info.

Now your million $ question, what parameters should a traders trading retail spot positions use.
Frankly, I cannot ascertain for sure as I have not participated in the retail game yet.
In interbank spot there is no leverage .So the value at risk is, close to volatility figures.
On the average it is in the high teens.
Depending on the the ratio of leverage you use, it doubles every 1X leverage.
Having said that, I have done one experiment, I doubled my demo deposit in 3 weeks.
but of course if I didn't manage the position prudently I could be wiped out in the same tenure.
So all I can tell you at the moment is that it is still not conclusive yet,
this is because I have to deal with two variables, one optimum leverage and at different volatility of markets.

But of course you can take the military offensive attack ratio of 1:3 for every shift of short chart tenure,
but the snowballing gets to become very large to stomach.
Imagine after 5 steps. But of course you may even consider Martingale or Fibonacci progression of increasing your exposure,
and even these are not small potatoes, relative to your margining.
The snowballing of the value at risk is not easy to manage because of the leverage.
I am at moment experimenting , no leverage game, to consider its viability.

Generally if you used less than 3 step for remodest recovery of bad entries on the short time frame, it can still be useful.
Then you also must consider the attack strategy to ride trend that are persistent.
and thats another calculus, you have to workout for yourself,
as doing defensive trading only , isn't worth the effort without a posibility of trend rides.

So in a nut shell it depends on the risk you are willing or is able to stomach.
A flat game probably is only good for entertainment value.
The parameter thresholds I had at the bank ,I think I have already given in this thread.

Basically the money managing is a abstract derivative from the SunZi Bing Fa.
If suits and time permits, we may visit it.

regards

My reason for making this thread was to help traders (for free), come back, with their feets back to the ground. for some of you, you may understand what I mean.

Nevertheless let me explain.
If you had watched "crouching tiger and what? was it (hidden) dragon" . You may remember the lead actor and actress standing on the tip of bamboo leaves, and holding each other in a most romantic scene. Chinese martial arts is good for health and trains lots of very good lessons about the body and mind. BUT make no mistake that what you saw is not humanly possible. (well, not for me, the having the woman in arms part maybe, but not with both of us standing on the tip of bamboo leaves) Thats where the problem lays. There are many super analysts today teaching their researches of this kind of fantasy/fallacy, in the name of technical analysis. Taking the trading community to feats not humanly possible. Worst there are scammers cashing in to this, and begining to mislead the perceptions of most wanting traders.

The tree branches out, that is the nature of growth. But when a branch tries to reach out to topple the tree, it should be trimmed, lest the action be allowed to continue, destroying the main.

Thank you Leighsww, your analysis and the revealing of my performance, and reasonings are very level minded. Now thats its in the open,(I asked you not to), I accept your compliments. And further, I confess , YES, I am a super dealer. My performances in the markets willblow your mind.(there goes modesty, such disgraceful self-praise.), but I paid the price with my health and body. Theses days I go thru these battles sparingly due to physical fatigue. I've had the pleasure to sparing with the best in my industry (my region), the likes of C.Muku (the king of USD/DM), D. Leong & J Yeoh (Citicorp smm(super marketmakers)), QH. Ho (Grenfell smm), R.Loke(Merrill L), W.Chow(UBS mastro), Mr K.Koh,(Secpac smm), V. Lam(Midland smm), CN Ho(Morgan fame smm), Kono san (BOT smm), S. Sim(UBS), L.Khang(Bankers Trust), H Chan (Rabo) D Mak(First Interstate)......if this list goes on I'll start a interbank dealing directory listing. These people are all retired already , some are no longer around. nevertheless for regional smm, these were some of the best. We all much thinks alike. Based on our performance, its not possible to be wrong.

What Leighsww, has seen in the hand held sessions, is only the tip of the iceberg, I imposed my thinking on her, for her to feel the actual running battles. (reward for your standupness and your beautiful personality) But for trading, you have to think for yourself, do try to replicate the "feel" of the dance. The truth is, the rest of the iceberg, is not really so different. If you had seen one , you had seen all.(and don't take this the wrong way) The terrain may change, but the it's, more of the same.

When we move into the Art of war and MM , always remember this, I say again, do not forget.
It can be used as the sword that leads you into great victories and grandure.
But forget the, foundation and the mindset, be careless, and it will be that which will take your head off.
I could have in 1 posting gave you the summary, like what Islander did.(and you made some wrong assumtions there, but your understanding of the concept is correct),
but that way, I felt would be giving dangerous weapons to the uninitiated.

Story #2
The Oldman Story.(Another River Story)

Once upon a time, long long ago in China. (I made this up, not the story)
There was this old and pious man.

Unfortunately for him, the region he was staying got flooded babdly.
Just like his neigbours, the river was rising into his house.
So He made his way up onto the roof of his house.
The water kept rising until , the only thing visible on the ground was the roof of the houses.
Being the pious man he was, he started to pray.

Dear God, Our father in heaven,
Blessed be your name,
Give me this day my salvation,
Forgive me of my sins, I forgive all who sinned me.
Lead me not into temptations, Deliver me from evil,
esp this waters who's trying to swallow me.
For yours is the power , the glory and the kingdom.
Amen

Then he waited., sitting on his rooftop.
Along came a sampan, the people on the sampan urged for the old man,
to come onboard to be taken to safe grounds.
He replied, its alright, you people go along.
God will save me.
The people hearing that, left for higher grounds, confident that his God will save the old man.
The old man waited.
Then a dingy, came along, and the oldman waved the dingy along,
repeating what he had told the people in the sampan.
So along their way the dingy went.
Then much later, a helicopter came along to ferry the old man to safety.
The old man repeated his actions, and waved it along.
As the water rosed, the old man drowned.

When the old man reached heaven, he asked God.
God, why am I dead? Why didn't you answer my prayer?

God replied.
When I heard your prayer, I was so appalled that you were caught in such a horrible situation that I sent those chaps in the sampan to go get you to safety. But you waved the away.
Seeing that, that didn't help you, I sent the guys in the dingy to see, if they could help you.
Similarly you waved them away.
I thought maybe if I sent the army, in the helicopter to rescue you, that it shouldn't fail.
But you didn't accept the grace anyway.
So that's why you are dead.

----End-----

Please DO NOT over analyse things in charts (&life), I didn't say don't analyse.
Remember when I posted about hope.
Analysing, then trading it, analysing again, when things, go wrong.
I bet you won't be analysing the charts again when things are going right.
When things go wrong , action to do damage control is necessary.
Views and reviews become optical illusions to the brain.
It will dazzle your mind.
More over ability not to allow your memory of the past,
intrude into you present is important.
It would upset your ability to mobilise the required action. (Self doubt)

Resistance and support levels are never absolute.It changes as time progresses.
Your trade positions must change as the chart progresses and a continued analytics be done.
DO NOT try to read it once and have a set mind of the possibilities of what to expect.
The analysis is an on going process and every new bar added will cause new developments.
Never read the patterns that form on the chart, rather recognise it when it forms,
and follow it with a trade position.
Chart patterns can mutate as time advances
and a fixed perspective to the pattern that has formed is dangerous
as it palalyses your ability to change when the dance changes.
Althought it is foundational that you should be able to read the pattern formations,
you should not draw those lines on to your chart.
They can form optical illusions to your mind and
impair your ability of new developments that is coming onstream in the charts.

Remove the lines and you will definitely see much more possibilities unfolding.

I urge you , do not draw patterns on your charts,
learn to recognise them visually without markings,
you will find that once you master recognising them without having them
being drawn on the charts, you will have less possibilities of pre-concieved pattern errors.

I like to tell you another story,
this is cos I can feel my "dealer arrogance" is begining to surface to bother me.
It's a natural tendency for most dealers.
BUT do not belittle, the things that my dad taught me.
It's as sure as the sun rising in the morning.

While I try to arrest the monster......
I've given you the most important law in trading.
The WWilder taught me, thingy.
The whole MM is wrapped in those numbers.
Some might see it, most will not.
To work it, there are some prerequsites.
It has value only when you can incorp, it strategically with the art of war MO.

Ponder this

All technical indicators are lag reading of market footprint.
There is a required intelligence to decript them for an opinion of the dance.
Why does people allow themselves to use these as the holy grail?
The question is why?
The answer lies in those numbers and in "you".

If you cannot see the answer, then here's a tip.
What caused Princess diana's death? God rest her soul.
tip: sitting in car driven by someone else
Who killed her? the driver
Why did it happened?
cos' her life depended on some one elses skills other than her own.
I dare not question her position, and the luxury of her rights, you must understand.
But the fact was , her life was in someone elses hands.
If anyone wants to bring this to other perspectives of debate. Go debate it yourself..
I am talking about the lessons from the facts, not the hypothesis of the event.
Don't look at the incident, look at the lesson in it.
Now princess diana has nothing to do with trading,
But her death left a lesson for traders, who are indicators dependent.
I hope some of you can understand.
There are lots of things in life that are beyond our ability to control,
some may like to add trading to be one of them.

And here's the story, some may recognise someone they know in it.
I try to relate Dr Banks as best I can remember.

story #3
A man came to a shrink,
Sat down on the couch,
the shrink enquired,
How may I help you ?
The man started with I think I have a inferiority complex.
And the good Doctor enquired why he thought so.

The man started to relate how he felt because of his experienc....
this and that and how people looked at him, and their opinions, and ....

When the session ended.
The man turned to the good Dr. and asked .
What do you think?
The Dr. replied , well,
You do not have the complex.
you are truly inferior.

regards

PS: I am sorry for some of you that cannot follow the directions I am going towards now.
And I empatise with you, cos' I am going many directions at once.
Every piece of info here is part of a puzzle.
I am rushing time.
The hand holding is off, This is the deep end.

I promised Leighsww, the insights to the training, and I will deliver.
If people want to learn , and not ask questions or discuss,
well, thats your problems and I have little time left before my vacation.
by the end of the week I would have given you
a nearly 2 year course of training, in less than a month.
If it suits use it .
otherwise I don't know what else I can do for you.
Wait till I show you art of war. Then you'll really have a headache.
But actually its quite straight forward if you have been following
and asked or discussed where you didn't understand.

For those that cannot make any logic of the MM I showed.
Here is an alternative methdology, and its time tested and proven.
http://www.tradingblox.com/originalturtles/
I cannot say that it is better than what I have tried to show you.
But at least their track records were impressive.
Its a MM automated system trading methodology.
Will it continue to work, surely I don't know.
But if you people is gonna risk money on mechanical systems, At least this one professional.
time tested, hard to follow, and free.

Hi ALL,

before we go on, I think I should mention this.

A long time ago.
Mr. Welles Wilder taught me this.

This is not new.It was old when the Phoenicians were trading with the Romans and the Greek Philosophers cornered the olive oil market. This is the concept.

The percentage gain it takes to recover a loss increases geomatrically with losses.

The concept is as the following table

% Loss intial capital % profit required to Recover
5------------------------5.3
10----------------------11.1
15----------------------17.6
20-----------------------25
25----------------------33.3
30----------------------42.9
35----------------------53.8
40----------------------66.7
45----------------------81.8
50----------------------100
55----------------------122
60----------------------150
65----------------------186
70----------------------233
75----------------------300
80----------------------400
85----------------------567
90----------------------900

The % gain required to to come back to balance (break even) will increase gemetrically with your losses.
if you loss 20% of your capital. you will have to make 25% to come back to breakeven.
However if you lose 50% of your capital, you have to make 100% to come back to break even.
So please be careful with your trading.

No, no,no, Do not try to lessen the odds of getting killed. Instead you must have the mindset to do whatever it takes to WIN. Not having it kill you. The negativeity must be removed from the mindset in totality lest it allows you to create it. But of course with strong MM in play likelyhood of being killed should be negligible. Althought there is still that possibility, The mindset must not yield to such thinking.

I dance in one direction, when there is determined trend.
Dance in both directions, where ranges when no predominant trends exist. To stretch the range.
This is a little tricky and the strategy requires adequate capitalisation.
The foundations for the MM is in the table provided, of course, for the bank, the pockets were very deep.
For traders, I suggest milder or adjustments to accomodate risk appetites.
The MO is provided in the Art of War.

The only way to manage a win and a loss position is by size snowballing.
There is no other way. One increases the profitabilty bottom line and the other a recovery protocol. The MO you will find in Art of War.
This is a capital game, therefore no alternative are possible.
Its the, I have a bigger one competition.
The the relativity of the size snowball is important that over-extension in % counts can kill the biggest fish in the water.

Although we can use MM strategies, we still need to be able to peg that to the mode of the prices we are attempting it in.
During High volatility sequences the MO would defer from low volatility sequences.
This is where the trickiness exist, because your ability to use it effectively will determine the the extent of the effeciency, and this reflects the bottom line.
So in this context, there is no compromise for experience in safely executing it and trader mindset robustness.

Snowballing your positions in a win situation to to enhance and stretch the profits in the book.

Snowballing in a loss situation is very tricky.
The trick is to stay on the front line, and not allowing the market to run too far away from you for effective salvaging the bad . Therefore averaging of cost is the main component in this MO. Later in Art of War you will learn that to save 1 bad postion , you will need a squad. Therefore the timing is critical and the terrain whereby this is allowed to occcur must be manageable. This MO must be given sufficient thought , well parametered and executed swiftly on running battle sequences. If any possibilities of failure were to present itself , the whole exercise have to be abandon. So use it wisely. Under the strength of unlimited capital, this activity will dig you out of the holes , a trader might find themselves in. But traders do not have unlimited resource as with banks, if this protocol is adopted then much preparation is necessary, in terms of the limits of the parameters is concerned.

Remember that every loss you swallow, based on the WW tables, will put you off geometrically. So to a trader a 10 cts profit is a 10cts profit whereas a 10cts loss is not exactly that, its more. To keep books healthy, loss taking is a very detrimental exercise.
Try to be profitable , a small profit is better than a very small loss, by leaps.

regards

for viability, you must understand, the martingale, fibonacci and log arithmetic spirals. Their workings, the empirical formulation and their characteristics. The secret working lay in the pi & its skew.

Story #4
A lesson in habit training & stupidity.
The Wild and Free Pigs of the Okefenokee Swamp
by Steve Washam based on a telling by George Gordon

Some years ago, about 1900, an old trapper from North Dakota hitched up some horses to his Studebaker wagon, packed a few possessions, especially his traps--and drove south.

Several weeks later he stopped in a small town just north of the Okefenokee Swamp in Georgia.
It was a Saturday morning--a lazy day--when he walked into the general store.
Sitting around the pot-bellied stove were seven or eight of the town's local citizens.

The traveler spoke, "Gentlemen, could you direct me to the Okefenokee Swamp?"
Some of the old-timers looked at him like he was crazy.
"You must be a stranger in these parts," they said.
"I am. I'm from North Dakota," said the stranger.

"In the Okefenokee Swamp are thousands of wild hogs," one old man explained.
"A man who goes into the swamp by himself asks to die!"
He lifted up his leg. "I lost half my leg here, to the pigs of the swamp."
Another old fellow said, "Look at the cuts on me; look at my arm bit off!"

"Those pigs have been free since the Revolution, eating snakes and rooting out roots and fending for themselves for over a hundred years.
They're wild and they're dangerous.
You can't trap them. No man dare go into the swamp by himself."
Every man nodded his head in agreement.

The old trapper said,
"Thank you so much for the warning. Now could you direct me to the swamp?"
They said, "Well, yeah, it's due south--straight down the road."
But they begged the stranger not to go, because they knew he'd meet a terrible fate.
He said, "Sell me ten sacks of corn, and help me load them into the wagon."
And they did.

Then the old trapper bid them farewell and drove on down the road.
The townsfolk thought they'd never see him again.
Two weeks later the man came back.
He pulled up to the general store, got down off the wagon, walked in and bought ten more sacks of corn.
After loading it up he went back down the road toward the swamp.

Two weeks later he returned and, again, bought ten sacks of corn.
This went on for a month. And then two months, and three.
Every week or two the old trapper would come into town on a Saturday morning,
load up ten sacks of corn and drive off south into the swamp.

The stranger soon became a legend in the little village and the subject of much speculation.
People wondered what kind of devil had possessed this man,
that he could go into the Okefenokee by himself and not be consumed by the wild and free hogs.

One morning the man came into town as usual.
Everyone thought he wanted more corn.
He got off the wagon and went into the store where the usual group of men were gathered around the stove.
He took off his gloves.
"Gentlemen," he said, "I need to hire about ten or fifteen wagons.
I need twenty or thirty men.
I have six thousand hogs out in the swamp, penned up, and they're all hungry.
I've got to get them to market right away."

"You've got WHAT in the swamp?" asked the storekeeper, incredulously.
"I have six thousand hogs penned up. They haven't eaten for two or three days,
and they'll starve if I don't get back there to feed and take care of them."
One of the old-timers said,
"You mean you've captured the wild hogs of the Okefenokee?"
"That's right."

"How did you do that? What did you do?" the men urged, breathlessly.
One of them exclaimed, "But I lost my arm!"
"I lost my brother!" cried another.
"I lost my leg to those wild boars!" chimed a third.

The trapper said, "Well, the first week I went in there they were wild allright.
They hid in the undergrowth and wouldn't come out.
I dared not get off the wagon. So I spread corn along behind the wagon.
Every day I'd spread a sack of corn.

"The old pigs would have nothing to do with it.
But the younger pigs decided that it was easier to eat free corn
than it was to root out roots and catch snakes.
So the very young began to eat the corn first.

"I did this every day.
Pretty soon, even the old pigs decided that it was easier to eat free corn,
after all, they were all free; they were not penned up.
They could run off in any direction they wanted at any time.

"The next thing was to get them used to eating in the same place all the time.
So, I selected a clearing, and I started putting the corn in the clearing.
"At first they wouldn't come to the clearing. It was too far.
It was too open. It was a nuisance to them.
"But the very young decided that it was easier to take the corn in the clearing
than it was to root out roots and catch their own snakes.
And not long thereafter, the older pigs also decided that it was easier to come to the clearing every day.

"And so the pigs learned to come to the clearing every day to get their free corn.
They could still subsidize their diet with roots and snakes and whatever else they wanted.
After all, they were all free. They could run in any direction at any time. There were no bounds upon them.

"The next step was to get them used to fence posts. So I put fence posts all the way around the clearing.
I put them in the underbrush so that they wouldn't get suspicious or upset, after all,
they were just sticks sticking up out of the ground, like the trees and the brush.
The corn was there every day. It was easy to walk in between the posts, get the corn, and walk back out.

"This went on for a week or two.
Shortly they became very used to walking into the clearing, getting the free corn,
and walking back out through the fence posts.

"The next step was to put one rail down at the bottom.
I also left a few openings, so that the older,
fatter pigs could walk through the openings and the younger pigs could easily jump over just one rail,
after all, it was no real threat to their freedom or independence--
they could always jump over the rail and flee in any direction at any time.

"Now I decided that I wouldn't feed them every day. I began to feed them every other day.
On the days I didn't feed them, the pigs still gathered in the clearing.
They squealed, and they grunted, and they begged and pleaded with me to feed them--
but I only fed them every other day.
Then I put a second rail around the posts.

"Now the pigs became more and more desperate for food.
Because now they were no longer used to going out and digging their own roots and finding their own food,
they now needed me. They needed my corn every other day."

"So I trained them that I would feed them every day if they came in through a gate and
I put up a third rail around the fence.

"But it was still no great threat to their freedom, because there were several gates
and they could run in and out at will.

"Finally I put up the fourth rail.
Then I closed all the gates but one, and I fed them very, very well."
"Yesterday I closed the last gate and today I need you to help me take these pigs to market."

The price of free corn.
The parable of the pigs has a serious moral lesson.
Markets have the skills as that trapper.
Remember your MO, and purpose.
If you are scalping, beware the gates.
If you are trading, then do not run too far off your norm.
If you cannot hold on to your intended protocol and MO, then you will be caged by the market , sometime.
If you ever get into that position as a trader , you will have to fight tooth and nail, just to get out of it.

REMEMBER, you have been warned.

Sun Zi's :
"If you know the enemy and know yourself, you need not fear the result of a hundred battles.
If you know yourself but not the enemy, for every victory gained you will also suffer a defeat.
If you know neither the enemy nor yourself, you will succumb in every battle."

In Banks they have built up "China walls" to block all info flows. Unless you can walk thru walls, there is no chance of that happening.

Alternatively you can master, pip movement reading skills, read, Edwin's book "Reminiscences of a stock operator" , If you have enough experience, it tells you stories of the under-current.

Contacts out of the core circle is not useful, so you may not want to be my friend anymore. LOL

Bringing books back to flat, that even is an uphill task.
So you can understand my concerns, that if inexperienced traders (even experienced) did that regularly, cos' I taught them to. They may fall into the class of traders that add to losses, and thats not right.

Damage control is the hardest to impliment. Of course we can stay off that,
but then the maths will work against us.
So how can it be implimented safely,
If I ever discover , how to make money without taking risk, I will share with all,
But for now, thats the only way to save book. (There's no other way)
Thats why I am very careful about casually taking trade positions.
One will never know when , the rescue is required.

Of course if we are so good that, every trade is a walk in the park. Then why bother.
In reality , this cannot happen. Most gurus I have come across, just advocate , cutting the loss. Get on with the next profitable trade.
But in reality unless , such gurus have no real experience, they wouldn't just say that, like if it was their money. They next trade may just be a repeat.
If traders won 50 % of all their trades and lost 50% , the net result is probably a drain of close to 25% of capital. So in effects trading is not such an easy thingy.

Sun Zi said.
"A general who has not fully mastered the art of extemporaneous responses may know the terrain like the back of his hand, but will not be able to exploit this to his full advantage."

"He wins his battles by making NO MISTAKES. Making no mistakes is what establishes the certainty of victory, for it means conquering an enemy that is already defeated."

I, having been a pro, have survived by making little mistakes.
Small mistake are corrected to become small gains,
Big mistakes, I have sacrificed my time energy and resilence,(sometimes fighting huge battles over 2 to 3 days without sleep to recover from) to overcome and come out flat.
Of course there have been mistakes that were unrecoverable from.
but I make them relatively negligable in contrast to the annual profits in my book.
I owe it all to right mindset, guts, good MM and strategic thinking.
Most of all unwavering dedication, as this is was rice bowl. (bread & butter, if pleases)
How then, can I teach (this) to those that yearn to learn, it is very uphill task, but I am trying.

Like some of the dealers , I have trained have remarked,
if the positions is rotten, get fti, he'll fix it.
But the truth is I am only I, the best I can do is train a few good ones,
the rest I will have to leave you, in your own battles,
Hoping that what I have said to you have given you the foundation to spring from, cautiously.

Like I have mentioned , when you are young in the trades, start small build slowly and prudently. It an ants job.
If you think that with your money you can come into forex and take as you wish, I emplore you to think again, carefully.
Draw a line , ride the trend moves, Truly easier said than done.

To ride day positions, is good when you have already nested big profits as foreign capital to risk.
Unless you can make good decisions, in the short term,
I would wonder, how longer term decisions making can be more accurate.
Ultimately we trade in the short term, even if positions were to be held for the longer,
they are still filled in the short term.

The only difference is that in the longer term positions, as you mention, you cut out the "noice" of short term fluctuations, by providing a larger pain threshold.
If the decision was wrong , a longer term perspective would still be wrong.
Hope, may help survive the position, but thats left to the gods to decide.
No form of analysis or decision process is infallable. Risk is just that risk.
My feelings is better to be wrong, in the short term, and try to correct that in the longer term when necessary, than to be wrong in the long term and be immobalised.

God's truth ,"As above, So Below"

In the short term positions, there is the short fluctuations,
similarly for longer term positions, they have their fluctuactions as well.
But for me I feel that the short terms is less painful, when mistakes are made,
and can be carried over to the longer term for re-analysis, re strategise and recovery.
There is no wrong or rights, only mindset, objectivity and ability to cope.
This tempered with proper foundation in managing risk and the wisdom of knowledge, should stand us in good.

Whether I will present Sun Zi's Art of War is not decided yet.
This literature is an ancient manual of wisdom and is freely available.
If you google it, there are numerous copys and interpretations of it.
If God willing and time permits, I may try to show you a read of the text from my perspective.
Nevertheless it wouldn't harm if you first read it in your leisure to have a glimse of the wisdom within contains.

What I am presented in terms of the MM is already very dangerous, to the uninitiated.
Coupled with The Art of War Strategies & Strategems , it becomes very potent material.
I have to decide very carefully, if its reveiling is appropriate.
(or whether parental and senior citizens guidance may be required, LOL)
Please have patience , while I ponder this issue.
Howrver , I have given within this thread, enough material to keep much of you busy until the turn of this decade. I hope you will read carefully esp where there are things between the lines,and give it due thought and consideration and practise, as I grapple with the issues.

Your empathy is much appreciated.

When a position is snowballed, as in this case progressively,to catch up with the front lines, the risk and exposure entails.
Therefore such strategies should only be used when there is potential of squaring looking forward. I give you and example.

If I was to trade a 5 min time scoped position
and it gets it self into mis-timing the dance, it would be in a loss.
The only way that this position can be salvaged is if the hourly time scope has presented opportunity for a possible salvage attempt.
Otherwise any attempt to snowball the position would only serve to its own detriment.
If the time scope opportunity presented it self only in the weekly tenure,
it would be better to "bite the bullet" and take the pain. (loss)
So in reality there is a limitation of whether snowballing should be attempted and to what parameters (ie what type of annual profits are already in the bag, which we can utilise as risk capital).

As you so rightly pointed out , if snowballing was effected, It would have to be in the prospective trend direction, otherwise , such opportunities would never have surfaced.

Please do not think that all bad positions should be salvaged.
There are some trades that are not mis-timed , but rather off trend and totally sunked.
It would be fool hardy to even entertain the notion of trying to save such pridictcament.

In terms of rule of thumb,risk parameters,
I used to work within the scope of 50% of annualised book profits and or 10% of my trading lines which ever was larger.

There is no ideal formulation for risk adventure,
but most pros work on the basis of dividing the risk capital,10X
and then a tenth of that resultant. which puts the initial exposure in a pittance state.
And most of us do not use leverage as basis calculus.
However if leverage was utilsed, it should reflect the principal at risk rather than the value at risk basis.

For traders of retail Forex, most of our calculus would be unacceptable.
As Leighsww may have mentioned , that I did a demo experiment and I doubled a 50,000 account in 24 trades trading sparingly with a 100% R/R.
I later did a risk to ruin analysis and found it unacceptable.
So I opened another account and did the trade to acceptable Risk of ruin,
and made average 1.30 cts a day, which humoured Leighsww till she was rolling on floor.
Sometimes over a 24 hr period I made 30 cts.
I am now using a 100,000 account with increased ruin factor and am still experimenting daily to find that equilibrium.
Just for info, I have now factored implied volatility into the formulation.
So in fact I am yet inconclusive.

Sun Zi Bing Fa (The Sun Zi Art of War)

Ssu-ma Ch`ien has to tell us in this chapter.

Sun Tzu Wu was a native of the Ch`i State.
His ART OF WAR brought him to the notice of Ho Lu, King of Wu.

Ho Lu said to him:
"I have carefully perused your 13 chapters.
May I submit your theory of managing soldiers to a slight test?"
Sun Tzu replied: "You may."
Ho Lu asked: "May the test be applied to women?"
The answer was again in the affirmative,
so arrangements were made to bring 180 ladies out of the Palace.

Sun Tzu divided them into two companies,
and placed one of the King's favorite concubines at the head of each.
He then bade them all take spears in their hands, and addressed them thus:
"I presume you know the difference between front and back, right hand and left hand?"
The girls replied: Yes.
Sun Tzu went on:
"When I say "Eyes front," you must look straight ahead.
When I say "Left turn," you must face towards your left hand.
When I say "Right turn," you must face towards your right hand.
When I say "About turn," you must face right round towards your back."
Again the girls assented.

The words of command having been thus explained,
he set up the halberds and battle-axes in order to begin the drill.
Then, to the sound of drums, he gave the order "Right turn."
But the girls only burst out laughing.
Sun Tzu said:
"If words of command are not clear and distinct,
if orders are not thoroughly understood, then the general is to blame."

So he started drilling them again, and this time gave the order "Left turn,"
whereupon the girls once more burst into fits of laughter.
Sun Tzu:
"If words of command are not clear and distinct,
if orders are not thoroughly understood, the general is to blame.
But if his orders ARE clear, and the soldiers nevertheless disobey,
then it is the fault of their officers."

So saying, he ordered the leaders of the two companies to be beheaded.
Now the king of Wu was watching the scene from the top of a raised pavilion;
and when he saw that his favorite concubines were about to be executed,
he was greatly alarmed and hurriedly sent down the following message:
"We are now quite satisfied as to our general's ability to handle troops.
If We are bereft of these two concubines, our meat and drink will lose their savor.
It is our wish that they shall not be beheaded."

Sun Tzu replied:
"Having once received His Majesty's commission to be the general of his forces,
there are certain commands of His Majesty which, acting in that capacity, I am unable to accept."

Accordingly, he had the two leaders beheaded,
and straightway installed the pair next in order as leaders in their place.
When this had been done, the drum was sounded for the drill once more;
and the girls went through all the evolutions,
turning to the right or to the left, marching ahead or wheeling back, kneeling or standing,
with perfect accuracy and precision, not venturing to utter a sound.
Then Sun Tzu sent a messenger to the King saying:
"Your soldiers, Sire, are now properly drilled and disciplined,
and ready for your majesty's inspection.
They can be put to any use that their sovereign may desire;
bid them go through fire and water, and they will not disobey."

But the King replied:
"Let our general cease drilling and return to camp.
As for us, We have no wish to come down and inspect the troops."
Thereupon Sun Tzu said:
"The King is only fond of words, and cannot translate them into deeds."

After that, Ho Lu saw that Sun Tzu was one who knew how to handle an army,
and finally appointed him general.

In the west, he defeated the Ch`u State and forced his way into Ying, the capital;
to the north he put fear into the States of Ch`i and Chin,
and spread his fame abroad amongst the feudal princes.
And Sun Tzu shared in the might of the King.

Apologies for War

"All one can say is that this power
will be exercised wisely by some, foolishly by others, and
that among those who bear arms some will be loyal and others
rebellious."

M tops are actually double tops and W bottoms are double bottoms,
There are variants in their interpretations as there is also comparision of the left hand and right hand peaks and valleys.
Stepping tops and bottoms are basically recuring confirmations of the on going top and bottom developments of the patterns accordingly. There's so much more, but experience in reading them will develop over time.
Moreover my dealing room lingo, may be alittle sexist. As we have terms like heavy tops, solid bottoms, long legged ladies...............

Are the CBs in the market , who knows?, but after the publicity of their lip interventions, I would presume by their normal MO that they are checking the market, sometimes.
But there is no announcements yet.
If they actually came in to intervene, reuters would annouce and confirm their actions after about half and hour after such activity.

Right shoulder formation or not, I just follow and strategies accorddingly, if happens fine (make a bomb), if don't, I go on looking for new developments.
The analysis in never stagnant, its an on going batttle process, and with every new piece of info on the charts , the battle plan adjusts to assimulate into it. and thanks for you pips, you actually quoted my joke, LOL

Tried a few platform,
I like the FXCM one for order book convenience, but I didn't like their quotes and technical analysis format.
The MT4 is good for tecnical analysis, but the orderbook is less versatile., esp where you have to change orders manually one by one and cannot liquidate positions all at once. Moreover inability to join bid and offer prices is a real disadvantage to active position managing.
The oanda charts is primitive for analysis, but seems good for order book as well.
The EFX navigator seems primitive as well, but their quotes are tight. And charting is outsourced, so causes unnecessary expenses for charting service. I think they charge bro, so defeats the tight spreads advantage.
There are many I haven't tried, now I am demoing in MT4.

I am the type, that have ZERO tolerance for losses, if I can help it.
It doesn't matter if its small profit or big profit, but loss ??? ahh get out loss.
Absolutely ZERO tolerance for loss.

For me a bad dealer makes , small profits.
a good dealer makes consistantly small profits,
a great dealer kills markets with broad sword,
God profits always.
Only the foolish lose money.

Its alright to be a fool, when we are starting out, or learning the process, to stay that way, all I can say is the CIRCUS's THAT WAY BUDDY. LOL

Sorry,if I seem harsh. But believe me, I even stayed up 24hrs to nurse position even just to recover demo pips.

Porkpie, I have to point out that you have much mistakes in your mindset, that the liars have taught you.

1. There is no such thing as "a method" that can give you edge against the market, its "you" that can cut an edge from the market.

2. Frequently,cutting losses is just a way to reset, and starting the game afresh.
You collect enough of that, you may never come back to the real world.
Of course , we shall not keep fighting for lost causes.
Sure sometimes losses are unavoidable.
But if you harbour that losses is ok, then you're are being blinded.

I advice you, if you want to get your discipline right,
"damage is part of the battle, recovery is essential , victory is the objective." for every trade.
Win enough small battles and tweak you mindset , then go win the war.
If you depend on someone else or something else (high and migthy systems) to do it for you, then you will become an "arm chair general" to your quest.
Unfortunately we are dealing with real $$$, it is for the now, not some computer game.
There is no reset button and start again. Every battle is the continuation of the last.
Every battle must make you better, for the next, if you fail to develop, you shall be road kill.

The truth is I have given in this thread,
all my thoughts and the training I have acquired,
the knowledge, the direction. I trained my self with less when I first started out.

The only things I have not given , is my charts which is the bare price charts,
which is a lot less than what most people look at.
And my exprerience in trading.
And frankly I don't know how I can teach that.

I have hand held Leighsww in a few live trading sessions over the net,
while I managed positions and she watched me tame the beast on her computer,

half a world and time zone away.
and she ask questions on why I do this or that, from my blotter
and thru that she tries to learn.
She has gone on to adopting what she has learned and I think she's making some pips.

So In all , the important knowledge is already been given in the threads.
Short of starting a trading institution, I don't foresee how I can train traders and trade for myself,
Now that I am retired, you may notice that my energy levels are not par excellence.
So when I came here , and thru coaxing from Leighsww,
it dawned on me that I could impart the knowledge, for people that may like to learn my ways,
but may not know where to start. So here it is.

After my vacation with my family, if what I planned comes alive,
I would be actively trading, and when I am on the real $$$, you will not hear much of me,
as I tend to be very focus on what I am doing, esp in markets.
Like someone described, dealers in battle gear.
You may find that you may have to wait for ages to have your questions answered.
I hope you can understand.

My plans is to create a dealing arena of my own, after the vacation.
So the question of, if I can commit to the distraction to help others while trying to get that up properly.
All I can promise you is perhaps.

Short of making everyone a carbon copy of me, my trading MO is all here.

In the mature part of my career I was treasury head before my CEO thingy.
I made prices between **3**0 to 50$ on all the 4 majors.
more active in USD/DM my favourite girl.
For customers up to 100$
The bulk of the dealing was interbank thru Reuters IDS.
But this compared to my tokyo and London is nothing to shout about.

I do remember that you were from the Europe sector.
We do support the brokers with prices for the other tiers.
My senior dealers handled the fx broker boxes.
So you would probably had heard us thru your counter party in Sg.
For your sectors, I think the major activity were name switches.

Personally, I had a couple of seats at SIMEX , which I rented out while at the banks.
Now that SGX had taken over the exchange, and had gone electronic,
my seats were converted to SGX shares that have given good yields.
Since retirement I do dabble in the Nikkei225 and Taiwan indexs futures contracts.
We did supported SIMEX in their spot currencies contracts, but the customer liquidity was not condusive.
Since retirment, done nothing in the Forex until now, that I am exploring the possibilities.

For my personal Forex adventure, I guess I 'll be on the majors.
esp EUR/USD as she supposed to the grown up USD/DM.
probably USD/YEN for time zone convenience.
for me cable and chf, the thin wild ladies, probably do crosses there,
if the opportumities surfaces. Maybe if the Gold markets starts some things.
The chf crosses would be interesting.

You have good market experience, why not share some insights to help some people here.
Have you dealt with Muku, the DM king before in your days?
he dealt for BCI spore.

Story #5
A Lesson about important things in Life.
Courtesy of a certain t-genius I knew.
----
by Robert Pearson

She was six years old when I first met her on the beach near where I live.
I drive to this beach, a distance of three or four miles,
whenever the world begins to close in on me.
She was building a sandcastle or something and looked up, her eyes as blue as the sea.

"Hello," she said.
I answered with a nod, not really in the mood to bother with a small child.
"I'm building," she said.
"I see that. What is it?" I asked, not really caring.
"Oh, I don't know, I just like the feel of sand."
That sounds good, I thought, and slipped off my shoes.
A sandpiper glided by.
"That's a joy," the child said.
"It's a what?"
"It's a joy. My mama says sandpipers come to bring us joy."

The bird went gliding down the beach. Good-bye joy,
I muttered to myself, hello pain,and turned to walk on.
I was depressed, my life seemed completely out of balance.

"What's your name?" She wouldn't give up.
"Robert," I answered. "I'm Robert Peterson."
"Mine's Wendy... I'm six."

"Hi, Wendy."
She giggled. "You're funny," she said.
In spite of my gloom, I laughed too and walked on.
Her musical giggle followed me.
"Come again, Mr. P," she called. "We'll have another happy day."
After a few days of a group of unruly Boy Scouts, PTA meetings,
and an ailing mother,I wondered.

The sun was shining one morning as I took my hands out of the dishwater.
I need a sandpiper, I said to myself, gathering up my coat.
The ever-changing balm of the seashore awaited me.
The breeze was chilly but I strode along, trying to recapture the serenity I needed.

"Hello, Mr. P," she said. "Do you want to play?"
"What did you have in mind?" I asked, with a twinge of annoyance.
"I don't know, you say."
"How about charades?" I asked sarcastically.
The tinkling laughter burst forth again.
"I don't know what that is."
"Then let's just walk." Looking at her, I noticed the delicate fairness of her face.
"Where do you live?" I asked.
"Over there." She pointed toward a row of summer cottages.
Strange, I thought, in winter.
"Where do you go to school?"
"I don't go to school. Mummy says we're on vacation."

She chattered "little girl" talk as we strolled up the beach
but my mind was on other things.
When I left for home, Wendy said it had been a happy day.
Feeling surprisingly better, I smiled at her and agreed.

Three weeks later, I went to my beach in a state of near panic.
I was in no mood to even greet Wendy.
I thought I saw her mother on the porch
and felt like demanding she keep her child at home.

"Look, if you don't mind," I said crossly when Wendy caught up with me,
"I'd rather be alone today."
She seemed unusually pale and out of breath.
"Why?" she asked.
I turned to her and shouted, "Because my mother died!"
and wondered why was I saying this to a little child?
"Oh, she said quietly, 'then this is a bad day."
"Yes," I said, "and yesterday and the day before and--oh, go away!"

"Did it hurt?" she inquired.
"Did what hurt?" I was exasperated with her, with myself.
"When she died?"
"Of course it hurt!" I snapped,
misunderstanding, wrapped up in myself. I strode off.

A month or so after that, when I next went to the beach, she wasn't there.
Feeling guilty, ashamed and admitting to myself I missed her,
I went up to the cottage after my walk and knocked at the door.
A drawn looking young woman with honey-colored hair opened the door.

"Hello," I said, "I'm Robert Peterson.
I missed your little girl today and wondered where she was."

"Oh yes, Mr. Peterson, please come in.
Wendy spoke of you so much.
I'm afraid I allowed her to bother you.
If she was a nuisance, please, accept my apologies."

"Not at all -- she's a delightful child."
I said, suddenly realizing that I meant what I had just said.
"Wendy died last week, Mr. Peterson. She had leukemia.
Maybe she didn't tell you."
Struck dumb, I groped for a chair. I had to catch my breath.

"She loved this beach so when she asked to come, we couldn't say no.
She seemed so much better here and had a lot of what she called happy days.
But the last few weeks, she declined rapidly...
" Her voice faltered,
"She left something for you ... if only I can find it.
Could you wait a moment while I look?"

I nodded stupidly, my mind racing for something to say to this lovely young woman.
She handed me a smeared envelope with MR. P printed in bold childish letters.
Inside was a drawing in bright crayon hues
-- a yellow beach, a blue sea, and a brown bird. Underneath was carefully printed:

"A sandpiper to bring you joy."

Tears welled up in my eyes and a heart that had almost forgotten to love opened wide.
I took Wendy's mother in my arms.
"I'm so sorry, I'm so sorry, I'm so sorry,"
I muttered over and over, and we wept together.

The precious little picture is framed now and hangs in my study.
Six words-- one for each year of her life --
that speak to me of harmony, courage, and undemanding love.
A gift from a child with sea blue eyes and hair the color of sand
-- who taught me the gift of love.

********************************** *************
NOTE: The above story is true.
It serves as a reminder to all of us to live life to the fullest.
Live everyday, as if it will be your last, one day it will be true.
For today, be the best you can be.

regards
fti

A Lesson about Your Learning curve.
Courtesy of a certain t-genius

A man found a cocoon of an emperor moth.
He took it home so that he could watch the moth come out of the cocoon.
On the day a small opening appeared, he sat and watched
the moth for several hours as the moth struggled to force
the body through that little hole.

Then it seemed to stop making any progress.
It appeared as if it had gotten as far as it could and it could go no farther.
It just seemed to be stuck.
Then the man, in his kindness, decided to help the moth,
so he took a pair of scissors and snipped off the remaining bit of the cocoon.
The moth then emerged easily.

But it had a swollen body and small, shriveled wings.
The man continued to watch the moth because he expected that,
at any moment, the wings would enlarge and expand to be able to support the body,
which would contract in time.

Neither happened!
In fact, the little moth spent the rest of its life crawling around with a swollen body
and shriveled wings.
It never was able to fly.

What the man in his kindness and haste did not understand was that
the restricting cocoon and the struggle required for the moth to get through
the tiny opening was the way of forcing fluid from the body of the moth into its wings
so that it would be ready for flight once it achieved its freedom from the cocoon.
Freedom and flight would only come after the struggle.
By depriving the moth of a struggle, he deprived the moth of health.

Sometimes struggles are exactly what we need in our life.
If we were to go through our life without any obstacles,
we would be crippled.

We would not be as strong as what we could have been.
Give every opportunity a chance, leave no room for regrets.

------------END---------

Good Fortune to ALL.

Fortune surely favours the thinking brave.
No Guts no Glory.

----

what is the most fresh fooprint? the line charts, right,
as you go up the time scale, the closest fresh footprints would be?
if you get into trouble with the 5 min foot prints, then you have to zoom out , right?
so what is the best outward zoom you can get?
If you still in trouble you keep zooming out to see bigger picture, right?
when you keep doing that you will ultimately come to day and week, right?
As you zoom out to re-access your risk, your MM will keep snowballing on you.

So if we reverse this process what is the possible scenerio?
What is the impact of day analysis and then going in?
How far depends on "YOU" and your capitalisation.

(Don't think because you use 5 min charts you cannot trade day positions.
Only that the short charts are giving you fresher clues of what this woman is doing.)

But if you have to zoom out to daily charts , probably your initial positions are already sunk.
and the Money required to sustain is normally way beyond your capacity esp if you are leveraged.
So whats the safest tenure?
Least painful will be?

When you are in profits, you also want to zoom out to see if you can ride ,right?
So what is the strategy, MM, MO now ?

Lets say you bad, are zooming out and if you are trading against changed pictures, you know you are "dead in the waters"
So what must you do? If you turn, you lose ground, so you have to decide to trade against trend or sink. right?
When this happens , what is the mindset to adopt? If you decide to fight instead,
you are trading against the trend, so what should be the mindset, strategy & MO?

Remember when you try to turn "on wind again" you work against the law of motion.
What does newtons law of motion states about the law?
Think thrust & distance.
If you decide to turn, WHERE do you look for that fresh timing?
and if you use $$$ to turn,how much ground must be lost before the turn is effective?

Understand the WW tables.
When risk snowballs , what is the best alternative.

Even if turning is the way to go to flow back into the trend, Whats the purpose?
Whats the MO supposed to be?
You try to use attack MO and the MM WILL kill your portfolio.

David , Don't think six sense, these things subjective.
Use clear objective thinking, and "feel her".

I hope I explained clearly. The only other way to show you is to hand hold you in trading. Lets see , but now no time, sorry. Dance with Leighsww, you may learn there. She's now quite good dancer.
Try to understand Sun Zi Bi Fa ,the answer is there.

"Feel Pulse"
Those ladies with heavy tops or bottoms move bouncy & slowly
Long legged ladys are very flirtatious and wild.
Those that have long shadows are normally tall and very volatile.
Those introverts that coil up normally spring surprises.
Those that spread themselves out normally have no substance..........better stop the dealers lingo!
Try study chart compound patterns.

I will guestimate targeted duck zones, but I am no god.
If I can feel or see flow is much more accurate
I am not so sharp as Robinhood also.

Have a nice dance with Leighsww.
Careful, she naked, so don't be funny.
She normally brings her whip ! LOL

Like I said all are at different levels.
My question to u is, why are you trying to ride the whole waves?
Can you catch every tops and bottoms?

As trader you just want to make money, thats all.
Managing positions is the key.
That's why banks pay so much $$ for people to manage the risk.
Otherwise they can buy a super computer to trade , its so much cheaper.

You are not correct in your assumptions.
there are a variance of a million ways to manage the positions.
It depend on trader mindset,MO, expectations, greed, fear, risk tolerance and market conditions.
Even amongst dealers this vary.
Just check you own trade records, even you,manage differently at different modes.
So its not clear cut into camps.

Jake is a good cyclical trader. He trades like 3 to 5 times a year.
The other times he sells seminars. Larry, like jake sells writings.
Their MO is investing , its differnt.
Thats why they don't use stops, they manage from afar.
Its differnt from trading without stops MO in that sense.
To each its own.

If you want to trade as investor, and have deep pockets,
go buy or sell the physical USD/currency and wait.
If you profit, the ROIs are invertor range. If wrong treat it as bad call. It cannot go to zero.
Go do you business and make money then add to investment again.

If you trade with stop loss, mostly become sitting duck paper.
If stop is far away serves no purpose. If too near market gets swept.
Chances is markets will fill you, Only question is when.
If you like fish head & tails, OK.
Sorry can't have the cake and eat it at the same time.
There are more than one way to skin a cat.... sorry Antra my bad.... tiger,
If you want see how pros do it, then.......

Just 2 cts.

@ Zoran,
Thanks , noted.
Seems the brokers are not on the ball for retail customer.
Maybe a Retail traders association should be set up to deal with the errant ones.
They cannot operate , if bad ones are identified and traders don't trade with them.
Authorities can only do so much as to slap their hands , when cases appears with proof.
Anyway my intensions here was to check their market out. But this thread is about trader education, so follow along with Leighsww for your education.
I think we can leave the Brokers thingy to matured traders in 1kt to find solutions to.
I read a Forex-bastard website that trys to deal with the problem.
One question in my mind is why arn't these brokers operating in Sg. Its One big Forex center? WHY?

Thanks for help guys, Just wanted to hightlight a problem, if not already identified.
My quest continues, but for the moment, holidays calling.

Just to let U know, days where brokers can charge around $20 per mio, is history in interbank,
You ask these people to offer these rates to banks and they may have to turn tricks for a living.
PLease don't go there, Probably thats the reason they offering to high end retail.
If you are actively trading the bro may kill you book.
Why do you think most of the volume is done thru Reuters IDS and direct?

Maybe some, from interbank broking may like to comment on this.
daytrader, could you shed some light on this for our info.
Do you know whats the going bro for interbank broking now?
Piters Thanks anyway for info.

@ Zoran,
I would like to ask you ,since you mention ECN.
ECN means Electronically Connected Networks, right?
If I am correct, I remember reading that they claim to link to spot interbank.
Since I came from Interbank teir 1 , I like to say that,

no spot desk in the world, would quote for the sizes, retail is trading.
The min ticket interbank is 5 mio USD, 2 mio USD through interbank brokers.
These ECNs would be lucky if they can get to the corp desks,
and for most banks, for 10.000 USD they would direct you to maybe counter 10 at the banking hall.

So I cannot see how these ECNs can be linked to banks esp the spot desks.
Having said that, I would presume that they run a bucket and are customers to the bank in hedging exposures.
So on this reasoning, I wonder, what's the difference between ECNs , NDDs to bucket desks?
Have you heard any Bank Treasury coming out to confirm that they are suppoting with prices.
Sure like to see the names.

Zoran, You mentioned that you have IvB experience.
In your career have you seen any USD$10,000 tickets before in spot interbank?
Even futures contracts are aprox USD1 lag.
Do you think I am wrong?

It is difficult for me to say if the Feds are handling this right.
My opinion, I shall based on the experience on the bubble
that the Japs had nearly 20 years ago.

The US bubble have not burst.
We are right in the middle of the situation now and they are trying to avoid a burst scenerio.
This is what's causing the infaltion, driving the energy sector.

I do not feel that the Feds are crying for help.
There arn't any possible short term bail outs solutions.

What the feds are doing is firstly damage control.
cos the situation is basically sub prime loans.
So they are easing rates to lessen the burden on the borrowers,
(remember these borrowers have little expandable resources)
so as to avoid the chance of a the borrowers bellying up on their loans
and becoming non performing.

They are also releasing more money into the market to tame the credit crunch
that may occur, as lenders clamp up, due to lower rates for holding on to the USD.
They look forward that the multiplyer effect may soften the tightness for cash.
Although this may have longer tenure inflationary impact as well as a depreciating USD purchasing power parity,
they plan to arrest the after effects to spread over a longer time span to avoid a immediate depressive state.

Their next move when the turbulence settles down
would probaly be the direction the Japs took in the 80s.
And that is to extend the loan tenure (over a generation or two if necessary) for the borrowers.

This will stretch the burden of debt for the borrower and allow inflation to deflate whats left of the bubble over time.

Over time, although value of the USD may erode and thats actually good for industries to repositioning their competitiveness corp strategies. It should avoid that the bubble should damage the economy as a whole.

I think you may have mis-understood.
My mentioning of marketmakers sweeps is not to imply that this is done to manipulate the markets.
Be clear, that, the function of marketmakers is to provide liquidity.
providing the market at large , with a price to buy and sell , at all times, while under his watch.

To carry out this function, he would have to use the sweeps to create market movement and to create liquidity to extend the swings, seeking out price levels of least resistance.

Marketmakers do not create artificial pip moves, where-ever they move towards, thats where the market is.
Remember that they drag along a ball and chain of a tail of 2 to 5 pips where-ever they go, which can be targeted by the market participants. So there is no possibilities to make a market where its not.

But problem arises when unscrupulous non marketmakers start to quote the screen of spot interbank Forex (Reuters ASAP), without the intension to deal at the quoted levels. (their intensions are ???) but some are truly fat fingered typos not captured by the system filters. The marketmakers knows who are the true markets and ignore these wannabes and typos, as they can see "name". The price put up by an insignificant party like db woud be ignored altogether but the data streams that collect the info cannot tell the real from the err. So you make your own conclusions on the reliability of your data stream.

Liquidity is not the thrust factor of the directional sweeps of a marketmaker.
The thrust factor in market movement is predominantly the cluster size of stops and the trail of ("self-feeding") stops triggering.
New supply of trades entering the arena that the initial thrust may create makes it a wildcard at best. No one can knows before hand, of how the sweeps may pan-out. Although marketmakers may have a small scope of forward sight as alike the headlights of a car travelling at night.

The basic consequence that liquidity may play in these scenarios, is in the slippage of the fills that the customers orders will be filled at. This is due to the ability/inability of the corp-desk dealers/brokers, in their ability to hit, fast moving marketmakers.

Further understand the W Wilder loss recovery table.
My advice to you is to change your mindset levels, write off the loss.
As you have hit non recoverable %
Re-strategise your MM base on whats left.
Don't even try to get the loss back.
It may just get you in quicksand environment.
The more you scratch , the more it'll itch.

First learn to make the small money for a simple living,
then over time you may hone your skills and resources to rebuild.
Its an ants job, but thats the reality of things.
You seem to be a numbers man, so works within the numbers.

About the dancing,
Its really "feeling" the market pulse (market form) using charting.
Firststly, Do you know why women dance better than men.
Thats because they had to learn how to follow the men's lead in a dance.
This does not apply to those women who want to lead the men in the dance. That's where the problem arises for them.

The problem with many traders is that most were successful in some form of career or business before embarking in trading for a living.
This success , tends to have seeded the ego problem, while the development of confidence may be complete on the personality profile, over-confidence may be a side effect of that training.
For All the dealers I have trained in my life, somehow the more successful ones were always those that were untrained and had little knowledge , when they first started the training. While the "trained" ones had difficulty, because of mindset memory, not so unlike the muscle memory problem in golfers.
So go over what I have given very carefully.
I have taken pains to be very blunt in the presentation.
Unless you were trained in other disciplines of the art, a newbie should have no problems understanding and practising.

Anyway if anything is confusing , ASK.
Hope this helps you.

The answer is yes. It is possible. Nothing is written in stone.
But you pay a high price for it.
If you are unable to watch the market closely ,
then much opportunnities may elude you.
And timing becomes an issue,
as you may not be able to capitalise on critical timing.

What you can do is to acertain that during critical sectorial zonal change of guards you must be able to spend some time on trying to decipher whats happening to market trend on a macro basis.
All in , you may, find that trading becomes rather frustrating, as you would have other non trading factors creeping into your trading form.
Its for you to find your niche, and MO.

I would like to caution your wanting to use of the loss recovery technique in this operating environment. This is because in changing modes, the MO & MM changes.
And as you may be blind-sighted when you are not monitoring, there arises the risk that your MO & MM may be dated to that which is happening in the markets.
Moreover the progression and its skew creates snowballing of position and price risk by multiple times, which is dangerous to manage from afar,
esp when that snowballing has gone in excess of level 3. (ie 3rd progression). You would really need nerves of steel or very deep pockets to operate that way.

Although the impact on the attack mode MO & MM may probably be mildly affected, it is not so in rescue mode.
The key to successfully implimenting rescue mode is cap size and short tenure risk. This must be implimented using undue force of positional size for small market range captures, to bring the book back to the front line. And as this undue force means big size snowballs, timing is of essence, and it is unhealthy to overstay the market. Overstaying normally would indicate that rescue is trapped and the trading book risk has actually being escalated to a different risk perspective. Depending on trader skills such rescues can become ruin critical especially if unknowingly against trend or at major trend turns.
At banks dealing rooms, this can be managed at differing levels of managerial levels by seniority, the contingency of last resort being the bank's exco or board.

Over the decades markets had witness failures when rescue MO, is mismanaged to become positional MO.
So be fore-warned
here's some famous personalities.
Nelson bunker Hunt, Nick Leeson, Yasuo Hamanaka, John Rusnak, Chen Jiulin, Liu Qibing
http://www.jeffooi.com/2006/07/bank_...forex_deba.php
http://www.oftwominds.com/blogs/rogue-trader.html

Personally I would discourage operating in this MO unless you babysit the exposures and operated only in short tenures for rescue.

PS: Unfortunately, what I am trying to teach you is universal for pro-trading. I did warn that this is not for everyone or for those lacking experience or training. It may take you heads-off if mindset is wrong or undisciplined. Safety first, please. Approach with caution.

Also be informed, that for thousands of dealers operating in this professional MO, these mention were the exceptions, their cause for failure can be found in their mindset and recklessness. Mostly ego.

Have you experiences instances where markets moves very very fast in certain directions?
This is because there is a difference between what is mean by price liquidity and volume liquidity.
You see, even in markets of greatest volume liquidity (where the daily traded volume of trade are greatest), there exist pockets in price levels where ther is a vacuum of bid and offers (price liquidity). This exist in all markets but is persistant in futures contracts.

This is because of the structure of exchange traded Futures contracts, where orders are matched in the pits (or electronic books) on orders of customers and liqudity provided by LOCALS (non clearing members). There will alway exist these vacuum pockets, where it is hard to match non exchange member buyer and sellers (this are known as papers). This is why sometimes you may experience big slippage in fills for market orders (also stop orders). In reality there are such levels where actually nothing trades for papers and it keep gapping away for the paper to find possible trade matches because the the locals keep swalloing away the true liquidity.

whereas in markets. where there exist a market maker, he is obliged to make a price for you to transact. AND on the prices he made for you as a customer , you are certain to have a trade honoured.

Therefore in spot interbank forex you will tend to experience more of true liquidity vis a vis futures contracts.

Isn't there now a 24 hours electronic trading on the CME Globex?
Globex is a reuters child,they have for the longest time existed but have never excelled as a dominant trading platform due to it proprietary nature.
CME has always favoured open outcry until recent developments in IT that have posed a challenge to their prefered mode for trading.
In many ways their core doctrines finds little synergy and I feel that this marriage mismatched.

Understand where you are coming from, as in your case, you are trading on the 5 min charts. But what are your thoughts if one is trading on a longer timeframe?
Although the trader may like to manage trades on longer time frames, their orders however still have to be filled in the 'now" ie short time frames.

AOW CHAP 1

Lesson 1
The General (YOU)

Be aware that although the General & the Commander may be the same, it is not necessary so. The general is he that analysis and plans strategies, while the Commander is that who would have to carry out that which the General expects, but if the General and the commander is in discord the synergy is lost.
In a bank environment, the two are segregated. in individuals trading, although the two resides in the same individual, they may not be of the same personality.
Ponder this.
Most of us thinks that we may be able to run the 4 min mile. But when you go try do it, you may experience the commander , sometimes he may question the General's aspirations. Thst when CONTROL (of objective) maybe lost and mutiny within self destroys the cohesion of commander and General towards goals.

General skills - Planning requires analytical skills, experience and mastery of strategies.
Commanding skills - requires simulation, practise and resolute of mind over matter without pain consideration.
Note that these are different skills, which is difficult to incubate in one individual, nevertheless it is not impossible if the structure of task description can be identified and the role understood.

1.01
"If you know the enemy and know yourself,
you need not fear the result of a hundred battles.
If you know yourself but not the enemy,
for every victory gained you will also suffer a defeat.
If you know neither the enemy nor yourself,
you will succumb in every battle."

compliments: Market Structure & Players profiling.

1.02
"All generals possess different qualities.
Leadership qualities such as wisdom, trustworthiness, benevolence, bravery and stewardship are important winning attributes."

compliments:This is character development. It is a life long pursuit.

1.03
"A general who has not fully mastered the art of extemporaneous responses may know the terrain like the back of his hand,
but will not be able to exploit this to his full advantage."

1.04
"He wins his battles by making no mistakes.
Making no mistakes is what establishes the certainty of victory,
for it means conquering an enemy that is already defeated."

compliments: Mis-calculations are normal in the course of trading, ability to trim the inaccuracies as more info unfolds is paramount to the final result of battles. Ability to enforce contingencies and alternatives to modify response to position without total reset is critical in managing.

1.05
"Hence the skillful fighter puts himself into a position which makes defeat impossible, and does not miss the moment for defeating the enemy."

1.06
"These five points are the shortcomings of some commanders and will result in calamities in military campaigns.
1.06.1 If the commander possesses suicidal bravery but lacks sound strategic thinking he will be mortally wounded.

1.06.2 If the commander is irresolute and cowardly, he will be easily captured.
1.06.3 If the commander is temperamental and impulsive, he could be provoked into taking reckless action and be defeated.
1.06.4 If the commander is scrupulously incorruptible and thin-skinned, he could be hurt by slander and made to lose his cool. As a consequence he could be lured from his impregnable fortress to fight a pointless battle in the open.
1.06.5 If the commander overindulges and excessively dotes on his troops, he could be made to respond to every move so as to prevent needless casualties, but at the expense of losing the war."

1.07
"To secure ourselves against defeat lies in our own hands,
but the opportunity of defeating the enemy is provided by the enemy himself.
Therefore the clever combatant imposes his will on the enemy,
but does not allow the enemy's will to be imposed on him.
Hence that general is skillful in attack whose opponent does not know what to defend; and he is skillful in defense whose opponent does not know what to attack.Rouse him, and learn the principle of his activity or inactivity.
Force him to reveal himself, so as to find out his vulnerable spots."

1.08
"All men can see the tactics whereby I conquer,
but what none can see is the strategy out of which victory is evolved.
there is nothing more difficult than tactical maneuvering,
The difficulty of tactical maneuvering consists
in turning the devious into the direct, and misfortune into gain."

1.09
When the general become irritable and edgy, it is because he is physically exhausted.

-------------End of Lesson 1----------------------

The advantage in a single word would present itself in CONTROL. This would remove the other ghost (fear, self doubt, irritation, greed)that may pilage you mind, as the battle unfold.
Steadiness and objectivity with ability to answer to every possible blow that the fight may present you.
Clearness of mind and singleness in purpose with deadly commitment to come out winner with infinite response.
Surely much more specific skills horning is required, this is but the necessary foundation.

And many traders have sucummed cos of this weakness.

The maths is just the statically read of the picture. Constant mathematical calculation only tires a mind that is coping with swiftly changing conditions. A visual eyeballing of the ranges thats unfolding would already give you a guessstimate of the required resources for the challenge, give or take a variance of up to 10 %+-.
Your understanding is complete. Initially you may have to content with the maths. but after a few initial skirmishes the scope of the required skew required will fine tune by intuition. And it probably will be view by bystanders that you were flying by the seat of your pants.

From that point onwards exposure size can be quickly determined. And the focus would be reverted to the timing of the hit which is determined by the gradient of the move (dance), which is a visual of it volatility.

Many analyst uses the this spiral (some use fibonacci retacements) on price and although this is an accepted branch of TA. It builds blind reliance on "hope" factor. I use it as true to initial research basis and use it on size of position as in Money management.

@ Zoran
I think Zoran did ask me about my using the pi against that was suggested in the golden ratios (phi) by some posters here. I will answer him here as it is related issue.
Using a phi spiral creates a constant growth spiral from a point.
Whereas using pi skews breaks the circular leg price range and creates a spiral initiating from a "range window" .In doing so, price and volatility (determined by visual observation of the leg of run from the bar chart.) becomes a component to the skew. This is akin to the using ATR of a run leg of a trend (note: run leg and not bar range). And the spiral growth becomes a function of the windowed range. To do this requires much capitalisation.

This can also be constructed from a phi start point which begins not from the fibonacci progression but a user determined base. Only that the spiral growth then coils into a 1.618 constant of itself. The exact technique of determining that range window leg is classified for my own use as it may not be suitable for individuals.

For the purpose here, an understanding of the phi (golden) spiral may be sufficient as they both utimately produces the same , a progressive growth of position exposure growth. The differences is in the aggression of rescue and attack sequences.

You may like to build models to find your individual tolerance levels. Some may be able to build better models than that which I use because mine is aggressive due the size of my capitalisation, while at the bank. The reson I am doing so much demo is to retrain myself for trading as an individual.

Whats most important is the understanding of the impact of per pip "value at risk" as the position size spirals. It can get scary, so stay to most conservative parameters.

The most important thing to understand here is that there is no other alternative way to rescue badly timed positions other than using this methodology. The basis of the success is in the trading of the volatility, the direction of the trade is non negiotable it has to be right, so stay with the entrenched trend, and watch your capitalisaion.

regards

Lesson 2
The Battlefield

Running Battle mindset.

"In waging a war one must always attempt to score a swift victory.
Protracted battles will frustrate and diminish morale.
Therefore swift victory is the best outcome and
protracted war is the most undesirable."

"Victory can be forecast with a high degree of certainty,
but it cannot be compulsorily acquired.
Win using undue force
Therefore, the best policy is to thwart your opponent's plans by superior strategy.
There are five important keys to victory:

2.01.01
Th" Knowing when to fight and when not to fight;
ere are paths that he must not travel.
There are armies, which he should not attack.
There are fortified cities, which he should not besiege.
There are territories the he should not contest."

"Water shapes its course according to the nature of the ground
over which it flows;
the soldier works out his victory in relation to the foe whom he is facing.

Therefore, just as water retains no constant shape,
so in warfare there are no constant conditions.

Disciplined and calm, to await the appearance of disorder and hubbub amongst the enemy:
--this is the art of retaining self-possession.

A clever general, therefore, avoids an army when its spirit is keen,
but attacks it when it is sluggish and inclined to return.

This is the art of studying moods.
It is a military axiom not to advance uphill against the enemy, nor to oppose him when he comes downhill."

2.01.02
Maximising tactical advantage in deployment according to the numerical strength of the army;

Classified sections omitted.

The Components

"The equivalent to an army corps, according to Ssu-ma Fa,
consisted nominally of 12500 men;
according to Ts`ao Kung,
the equivalent of a regiment contained 500 men,
the equivalent to a detachment consists from any number between 100 and 500, and the equivalent of a company contains from 5 to 100 men.

For the last two, however, Chang Yu gives the exact figures of 100 and 5 respectively."

"Whether to concentrate or to divide your troops, must be decided by circumstances."

This is the method of attacking by stratagem.
It is the rule in war, if our forces are ten to the enemy's one, to surround him; if five to one, to attack him;
if twice as numerous, to divide our army into two.

[Tu Mu takes exception to the saying;
and at first sight, indeed, it appears to violate a fundamental principle of war.
Ts'ao Kung, however, gives a clue to Sun Zi's meaning:

"Being two to the enemy's one,
we may use one part of our army in the regular way,
and the other for some special diversion."

Chang Yu thus further elucidates the point:
"If our force is twice as numerous as that of the enemy,
it should be split up into two divisions,
one to meet the enemy in front, and one to fall upon his rear;
if he replies to the frontal attack, he may be crushed from behind;
if to the rearward attack, he may be crushed in front."

This is what is meant by saying that
one part may be used in the regular way,
and the other for some special diversion.
Tu Mu does not understand that dividing one's army is simply an irregular,
just as concentrating it is the regular, strategical method,
and he is too hasty in calling this a mistake."]

2.01.03
Possessing the capacity to seamlessly unite the commander and his troops with one heart and one mind;
Classified sections removed. refer explaination in lesson 1.

2.01.04
Maintaining a state of alertness and having strategies for all eventualities;
and
- Mental agility and physical robustness with dedicated facilities to recharge the charisma and moral.

"He will win who, prepared himself, waits to take the enemy unprepared."
After every battle forget about the glory , as well as its pain
- the next battle will be totally different.
Have stress control.
-Meditate,
-Exercise
-Talk the family out,
-try a new hobby,
-get drunk or maybe have a fling.
-go to church, do social work,
-spend some money.
-listen to music.
The important thing is to get the mind off trading.
See no market, Hear no market, Talk no market.

Watch for Dealer Bio rhythms
Off form & burn-out signs
esp Energy levels

2.01.05
Having an able commander."
- It is important to have trustworth allies in the access of the battlefield. Beware of brokers conflicts of interest.
- It is important to have trustworthy logistics support, access and information. Beware of "experts".

Remember always that the market is a battlefield.
Do not be on the battlefield unless you have a purpose.
"He should not encamp in treacherous areas like thick forests,
narrow passes and marshy ground,
in which the army could be easily bogged down.

He must not venture into the focal ground, a hub of several converging roads,
without tacit support from allied feudal warlords.
He must not linger at desolate ground, which is uninhabitable."

02.02
Defensive Infinite response.

-He must always by ready to implement a contingency plan when traversing encircled ground.
-When trapped in fatal ground, he is in an irredeemable position.
He must order his army to fight resolutely to the bitter end.

2.02.01. You are the General, therefore you must carry a General's mindset always.
General Code : Never leaving the army in the battlefield cut-off from support.

2.02.02 Preparation for Battle (Money Management)
Your moneys are your only ammunition.
Therefore never deplete it under any circumstances.
therefore your gearing should never be inexcess of 30%,
for young dealers start with 10% and work upwards.

"Managing a large group is no different to managing a small one if the organisation(structure) is sound.

---------End Lesson 2-------------

Lesson 3
Blitzreig and the markets
----

regards

Zoran,
Re your table, the idea and concept is there.
The differences,
1. you use fixed price scales, I work with market volatility. for me the rigidity of fixed levels restricts my analysis of what the market is doing.Moreover it does not allow for optimum timing of the critical turns. Akin to catch falling knifes and shooting rockets.

2. your progressive fibo exposures is close, but will be more effective if progression skew could relate to volatility of leg of the run. ie taking into consideration the time factor.

3. The recovery pips should not be rigid, must consider the overrall behaviour of the volatility and time factor. If the market does not behave strong into the retracements , you may want to impose stronger core attack then adding on at a constant progression on the attack to avoid drwing you average away too close to the market when it comes into your favour to ride , without giving the market any opportunity to threaten the net exposure.the key is to guesstimate the speed of the whole leg and behave towards it with caution on a low volatility move and to attack with stronger attacks on strong volatility runs. For strong vol runs, you should try not to overstay as the size exposure is bigger.

As an initial attempted model it is ok, much tweaking required. Try not to be rigid in the modelling AND do not allow the market to go against you too far. On Balance the market should not draw your snowballing too deeply into the retracement, otherwise it may actually be a change in trend and could catch you snowballing into a trap, set limits based on volatility/ time sequence. If position became too hot too quickly , stay your MM until clearer signs appears then run a progression using the net exposure as a core base. I feel that more than 175 pips against you is too deep and too large position exposure to manage.Unless you have unlimited capital. Even with unlimited capital , you should not waste bullets.

For those waiting for lesson 3.
please note that it nearly ready.(have been a bit busy)

But before I go into that.
There seems a big misunderstanding here.
I said before and I say again.
When I talk of fibo progressions, I am talking about size of trade and not price levels.
Why does many keep refering to price. It has nothing to do with price except that thru the price volatility,(always I spell volatility) I use it to determine the right progression to rescue trades.

AGAIN,
fibo progressions and martingale progressions and linear progressions is all about trade SIZE. I hope this is clear. The price level to attempt is determined by the pattern and movement, aka the dance which Leighsww refers to. For me I use a methodlogy of analysis I call "romance of 3 kingdoms" to time it and that I will teach you after all this Sun Zi thingy is completed. (I hope)

I understand that many analyst use fibo on price. I keep telling that is a fallacy, makes rigid methodology. Please try to correct bad mindset and thought process. I know its hard to retrain old ... but nevertheless that is wrong direction, in my opinion. You can use fibo on size as well as price level if you so desire, but that I personally discourage as I see no advantage only rigidity.
----

like I said you already have a true understanding of the mechanics of what i am highlighting on MM.
My respond was mostly for the benefit of wavetrader and some others I had noticed is branching out of the mainstream.

In the begining , my intent was to highlight the basic fallacy , that the Technical Analysis has mutated towards, were I later did hightligt some knowledge about "the dance" but without showing how I do it. "3 kingdoms" for me is a very private thingy , as it is the "bread & butter" secret, if you like about my methodology.As I mentioned to Leighsww, I much prefer that members here should decipher it from my postings, instead of me giving it outright in a PUBLIC forum, for fear that this may be modified and sold as a black box scam.

To confirm your understanding, as per your example.
1. Leg of trend is x to y.
2. If trade went against the trader 161.8% at 6th level, you would find my junior and senior dealers already "finished for the day" and I would be carrying the book. This would have to mean that both the juniors and seniors were trading against the major trend. It also would mean that the book base would have changed for the third time. (no dealers would have the book line to carry the necessary rescue). For Juniors they would have liberty only for 1,1,2 and for seniors 3,5,8,(4,4,8), then my book comes into the picture.

3. If you noticed the 6th level is not 13 but 8.
4 8X book is way beyond any individual trader could afford to trade, unless the base is at unreal small, and unless trading for fun, its not ROI wise possible to happen in real life.(unless you were a bank, or the likes of.)

In reality , for this to happen , it already saw two levels of novices risk managers (junior & senior). As a matter of fact , if this happen, you would mostly find that I was already trading against them in the first instance.
Assuming that this can happened, then they(senior) would have to explain to me why they continued trading against the trend.

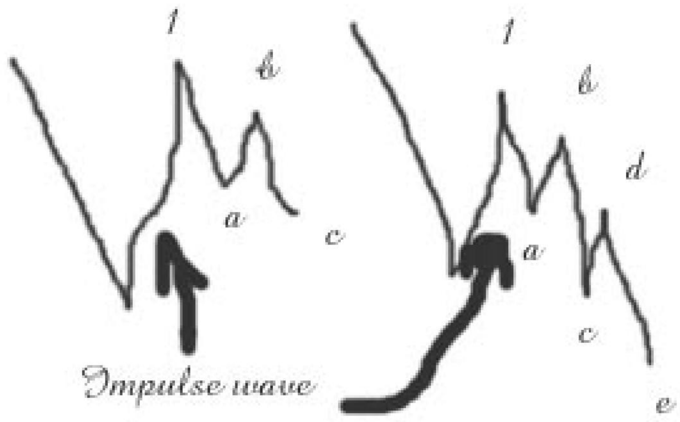
If you are privy to RN Elliot's studies, you would understand that the trend direction of any market is by virtue of the impluse wave, and a 3 legged abc retracement. If any impluse wave was determined, then the snowballing of positions would be limited to the 3 retrace leg. impluse to 1, AB failure swing and retrace leg BC.

If there was a failure swing CD, and subsequent retrace leg DE, then the whole impulse sequence would have deemed the original impluse non impluse.
Correct?
So if senior dealers averaged the trades into the failure CD. and averaged into leg DE, they would be in effects trading against trend.
So thats why it cannot happen. The snowballing would be limited to 3 levels wrongly implimented by the juniors.
When the seniors take over their book, upon the junior being "finished for the day". They would inherit the loss book and would in effects be repositioning for the impulse starting from AE as the impulse base with a progression base of 4X. and with a sequence of 4,4,8.
And if the same unfortunate turn of events happened for the senior traders to become "finished for the day" then the book would land on my lap.

And I would inherit a book which carry a loss for both events.
But when I come into the picture , I would have to deal with two failed impluse waves which put market in a sequence of a broad congestion.

So i would have to deal with the situation as from that point onwards.
My base size would now be 20X junior base of 1X, right?
So guess what my sequence of size will be? (20,20,40)

About Elliot please be aware that I use the Elliot studies true to Elliots 1st published findings as in the compiled working papers of "The major works of R.N Elliot" and that I am not a subscriber to his latter added study sequences of multi wave-curve fitting techniques. AND that I am total adverse to the tweakings by latter day Elliot students and researchers, who I am to the opinion have adulterated Elliot's initial published research as well as those tweaks that Elliot did in his later years, when he was believed senile. Therefore I totally do not believe in "alternative counts" and stuff like double zig-zags and compounded counts.Neither do I subscribe to the widely commercialised publishcations of that wave 4 must be above wave 1 for the elliot count to be effective nor the predictive aspects of the Elliot wave count. I use the elliot wave study to compliment the implimentation of fibo generated sequences for timing of position rescue size, as a limiter of position snowballing only. As you may realise also to skewing of the progression from dealer to dealer.



What really happens in reality is that while all that was happening in the sopt book, the delta of our OTC options and synthetics book would be trending already and at every price run my hedging of that delta would already be leading my net exposures and forcing my delta neutralising of the exposure.
So the big picture is that, I would already be over hedging that exposures and overriding what ever that was against the juniors positions. The readjusting by the seniors would only compliment my delta position and making the profits. When the juniors are riding in tandem, then its triple income for the book.I have veto to change that exposure, by virtue of my ability to change the delta hedge requirements.

You have to have good understanding of delta managing to understand this. For those that cannot understand , just know that the juniors books are playing only with foreign capital which I already have secured from premiums collected from my option writings. So in reality, it is riskless, and mostly for their training.
Remember that I cannot be trading against the trend by virtue of my underwritings. If markets were truly in congestion, I pocket all time and volatility monies for the bank.

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1. Don't create fixed mindset, flow with the market as best you can.
Interest rate opinion sure snooked you mindset.
Moreover swift 2to 3 big fig moves are not so uncommon.
So that thinking is wrong. Markets do regularly do these moves.
esp when fundamental figures are released. 5 big fig (500pips) volatility mindset is more realistic. Thats why you must be babysitting positions always.

Although the way the market took down was wierd, be wary that it can happen, therefore be mindful of the MM. Never risk more than 10% of your account on a single trade. If you do be fast to react if adverse.

2. Spiral for rescue uses big money to save bad positions, therefore do not overstay.
When riding profits, add to them in linear small,
so as never to allow a good position to turn bad.
You may find that over time, your positions that makes better ROI
are those that started out badly timed but in the right directional trend.

Normally the good first entry trades have lesser ROI,
this is due to the human nature.
Mankind seems to find courage and bravery in adverse situations.
This is one of the reasons to have a fibo spiral rescue and a linear constant attack.
The rescues are of shorter tenure and the attacks should have a longer attack tenure(multiple attack sequences).
This allows for rescue of capital on bad timing and ability to ride on long trends moves.
As on longer tenure trend rides, you may have short strong attacks when you detect opportunities, but do not overstay the strong attacks for too long, leave only the smaller positions to ride.
It is always very difficult to ride trends with large positions, easier on the mind with small positions.
The strong attacks can help by stretching the trend for the overall position, but be mindful of overstaying, it is truly very hard to ride with large positions as it will make your mind unstable with greed/fear factor.
Remember this lesson.

3. Remember that retracements can be in abc wave sequences , but in levels these should conform to the Elliott's wave finding. Waves that take back more than 50% of initial impluse wave are not trend strong and can mutate easily to reversal. So when that happens be wary to wind down your expanding spiral as it progresses taking out non losing levels to reduce exposures. In this sequences do not add aggressively to trend ride , as already determined, that the trend is not strong impluse.

4. Again, do not allow your position to control your mindset, use the dance to adjust your positional mindset. When indoubt, wait for clearer mind. If unclear, use benefit of doubt.

A Little OT.
But did anyone make a killing on the key reversal run against the USD?
It showed on all 3 kingdoms (sorry , that I haven't covered that yet.)
Was a good run, wasn't it . I think this may just be the begining. So watch your sizes. Its gonna get volatile, very volatile. Overexposure is now a dirty word. At least for the next couple of quarters.
Remember when I said that the crosses volatility was going off charts.
Those were the tell tale signs. For financial prudence , watch your size and be very nimble.
75 basis points on non scheduled announcement. Total clowns.
For any responsible manager to spook the market, like they did.

Just displays their true skills as managers. None.
I cannot remember when they have ever done this.
Reminds me of desperate traders cutting loss in panic. I think they may have done exactly that, and displayed their nakedness to the world.
Although, I think they were right in protecting the bubble from bursting, in their initial initiatives, I think this new guards have lost it. Surely a funny way of piercing a pin on to the bubble. Wonder what spooked them. Beware of upcoming economic figure releases. For now fear is the driver.

The damage.
1. They just screwed all the other CBs that came to their aid, in the defense of the $$$, going down the drain, just a couple weeks ago. Where friendly (vested interest) parties used foreign reserves to help them. Sure don't think they have much friends left , after this. Surely a strategy to get all to pay the bill for the dinner that they enjoyed. A very connish strategy.

2. And to screw all the savings of the thrifty savers, to fund the exuberance of the consuming fools. Not a clever move, for them to try to devalue savings, this way. To bail out the bubble, already there is a need to spread the debt to the future unborns , and now wiping out the value, of the hard saved past $$$ value?

3. Watch out for the flight to value, ie precious metals, and watch out for craziness when black gold tries to recover from their lost value. This must get... And watch out for the other gaint economies. The last time I remembered that something like this happen, it was a call to arms.

Prudent traders should stay on the short charts, there seems no long term until the fat lady sings. Riding this roller coaster is gonna have many of us biting nails. And try not to listen to liars that will come out to calm markets down. They probably hoping for a lull to offload their holdings. So watch them , any giant institution or analyst doing this may have books that could be dead in the waters already.

For me , NOW the bubble must surely burst. And don't be foolish enough to catch falling knife. Flight to store of value is paramount for now. Could anyone recommend retail FX brokers who accept deposit in other currencies. (not USD or the EUR.)

What foolish? would shoot their own foot??

regards

PS: for trader who just begining to learn rescue, you must stay the strategy in the light of the developments. There must be no rescue of badly timed positions, as there will be no badly timed positions, in the wild volatile flux. If wrong , turn on wind,and be nimble, do not overstay large positions. There will be enough range to recover by turning in high volatility. This is abnormal markets, melt downs are likely, including systemic failures of market structures. The terrain has changed. The nimble survives, some elephants will fall most will be in pain.

The best strategy for this type of volatility markets is to trade breaks and run away with the profits quickly. Be opportunist don't be hero nor sitting duck. hit & run!Also watch if any one follows in the damage control measures similar to that implimented by Citi group.

You are in the money there.

On the hourly you are seeing relationship abnomality.
Notice how the USD is strengthening against the EUR and GBP while weaking against the yen at the same instances.(White box windows) So really there is much crosses tear. But its basically a tussle of the regional zones.

There's however an invisible purpose to all this.
Ponder this.
Which nation in the world is now carrying the most USD reserves and growing at hyper growth?
What exchange rate system are they on?
Do you understand managed pegging?
What sort of pressures can be imposed to them by USD devaluation?
Where is the most excessible front line markets for direct impact?
Bingo, equities!! and who to use as proxy front?

You asked why. It doesn't matter why, except that it did.
I am so sorry, I am dealer. Beats me too.
I don't ask why.
I see that something is cooking.
I only want to find the way to capitalise on it.
Normally by the time I am privy to why(if I ever be), its probably all over.

For me I never seek to know why a table is called a table.
A rose by any other name is still a rose, as far as I am concerned.

(on investing on HK dollar)
Hi pipal,
If any consolation, you are not the only ones in the soup.
Simple solutions, I am afraid, is akin to the stones and a hard place situation, difficult to find.
Best bet is trading with proper skills, hedging when necessary, and advancing net worth when opportunities arises.
You do understand that in the land of the blind, the one eyed jack is king.
The gold and oil markets are controlled by powerful overlords. Moreover the volume is thin , so you will have to content with playing fiddle to them.
Forex seems the solution for now,for its versitility. It seems forex is begining to open up for the masses. Just that, necessary skills and effort is required to be a step ahead. Be aware that "basket of currencies" methodology seems the way for the governments, so it shouldn't be too different for high networth individuals but for the rest, diligences seems the way.

Diversification of investments , is important so as not to keep all eggs in one basket.

Butterfly options on the yen, its strategic currency option position.
Refer any good options strategy book.
Merlin's favourite book has it as well.
It 's basically advance professional strategy.

You can engineer, zero cost option exposures if you write.
If you try it, DO NOT ever WRITE, unless you have enough experience to do so. Use that as a stop loss machanism instead until you are proficient enough to write. So [pay some premium for ability to play volatility. instead. If volatility doesn't come then you only lose time premium. But when vols are in then you may actually make a killing for the price of a little premium.
These strategy is only viable , during instances where volatility is expected. During these times, these are the safetest strategies. ie Small risk for big gains. During norm volatility its a wasting asset.

regards

Actually, I am waiting for the comments about Lesson 2.
How you understand Lesson 2.
I didn't elaborated Lesson 1 because it was well discussed mostly in Chapter1 comments which Leighsww started.
Lesson 1 is not only chapter1 of Sun Zi Bing Fa as some believed, but the summary of the read about the General in all the 13 Chapters.
Sun Zi tended to repeat himself on the same but from different context while on different subjects of study.
What I did in Lesson 1 was to summarise the read about the General.
which was well discussed by many here. Moreover we were on lesson 1 , since the begining of this thread.
Lesson 2 is the MO and MM summary.
Lesson 3 will be about the putting it all together.
Unless there is deep understanding about issues in Lesson 1 & 2,
there is no point going into Lesson 3.
In lesson 3 I need to know the exact levels of understanding of the individuals. (truthfully , I have lost the feel of each's understanding of whats being presented already, except of a few who have communicated regularly.)

Of course this is a trading thread, when there are interesting issues raised, we can discuss those as well. Somehow its all related.
Mostly initiative is necessary for everyone to really understand whats been presented for discussion in the 3 lessons to progress in my ways. But my ways is not the holy grail of trading. Its just structured mindset which I have managed to use for more than 2 decades.
Actually I have presented more than I intended to initially.
Since many were receptive , I gave a little more.
But really, at the end of the day, its all YOU.

So any topics or questions or opinions is welcome.
The more discussions is brought forward the better will be the understanding.
Only that we should not try to discuss too many issues at the same time.
ONE or two issues per day would suffice.

In trading, it is quite impossible to KNOW if a trader is trading a market that runs.
As professionals we have to be trading it all the time when we come on board.
For traders too, many must be able to trade the markets whenever they come on board, otherwise the productivity is lost to opportunity cost.
So in essence , whenever a trader comes to battlestation, he should trade.

But sometimes his form is bad and his timing is bad. It is these times that the trader should be wary that is he should over stay a bad entry.

During the initial stages of his entry, he would be able to begin to graps the flow of the market. That is why a quick snap shot of the daily chart is necessay for him to determine the undertone of the market. It is from this analysis that he must determine the relationship of the 3 kingdoms and the general volatility , ie the gradient of the footprints of the market would hghlight , what the MM should be required.

If volatility was high then the MM should not be aggressive and the tolerance of reverse swing to his position should be re-active.

Under low vol conditions his MM must be strong and non riding. His stay would be protracted. AND it would require him to spend much time to carve out his profits. If time was a factor against him for whatsoever reasons, then the trader should not attempt to begin anything that he may not be able to finish.

Generally the text from Sun Zi highlights that protracted battles uses lots of energy, therefore should not be attempted unless the charisma was strong And afforded.

Side note: This is what killed the kerviel and leeson, etc. Overstaying bad positions. This is why I trade the short charts. because a protracted battle in 5 min charts can cause a trader to be involved in active battle for up to 24 hours. Just imagine if such was attempted on hourly or 4 hourly charts . The tenure of protracted battle could last for up to a week+. Any thing that last more than 3 days would have totally drained the alertness and nimbleness of the trader. And this can disturb the careful natured behaviour of the best traders. When a trader is not proactive in his managing his positions, chances are that HOPE and numbness have stepped in to his mindset.

Mostly , traders gets killed not because of MO but on MM. Which is clearly the case. When positions get large , its basically cos/ the trader is timed out. If trader was against trend , he can definitely feel that his exposure was already dead in the water. Then the decision of whether to rescue comes into play. If such was attempted , it would be an exercise to book damage control, overstaying the trade would only work to his disadvantage. And if the damage increased, it would be fool hardy to increase stake. If stake was increased and the situation for recovery does not surface then it is clear that he's on the wrong side of the fence. Then if rescue was attempted again, surely over staying that rescue woud only show his ego at work. And if a trader continue to attempt rescue after rescue without improving book bottom line. It is clear that the trader is disillisioned.

Rule of thumb: Rescues must be strong and swiftly executed. Only profitable trades should be protracted in tenure of attempt, and even that must be limited in strength, for defensive options to be available.

In trading, when the army is non engaged, scouts must always remain in battle field to gauge the markets form. By standers in a battle can hardly "feel" the emoions in the fight. If traders avoid the markets altogether, then point of reference is dependent on ego and self and predictive ways, rather than the info thats coming fom men in battle. Could be self deceiving. Allow the market scouts to inform of form for productive use of the info for formulation of attack strategy, or be ready for defensive engagement to extradite the scouts in trouble. these should form the traders frame of MO.
When can one be sure?
Only when the scouts are doing well and the market volatility affording for your strategies. Therfore one cannot be sure, only "informed" to guide the course of strategies.
In reality all is left to chance, the point is that the chance has to be managed in such manner to give you the advantage and when disadvantaged to impose correct response to reverse said disadvantage.

Although you may not want to trade the fundamentals, but be aware of their impending releases, the FF calander may be useful for that. You do not want to be suckered into positions ahead of their releases.
Mostly for US figs , watch out for Friday mornings. esp near month end.
For Jap figs, mid week, esp tankan and keidianren reports.

maybe this might help, you .
MO="dance" ie timing, rythem, pulse. use compounded, limit compounding to leg ie "stretch".
fibo=size, use fibo to your advantage, in MM not like its a golden bullet.
Your staggering of MM is correct. Just your rational of where to do it.
remember to "dance" the market form.

EUR/USD is pals of USD/CHF only.
The spouse of USD/CHF is Gold.
Sorry can't help you with CHF, she's not in my harem.

Your understanding of the E/U and G/U relationship is wrong.
It is the behaviour of the majors thats affecting the crosses, not the other way round.
The majors are reacting to certain fundamental shift on the ground.
If you noticed the market is tearing up the relationship between the EUR GBP
and YEN. This is in reaction to that the US is a critical trading partner of Jap, compartively to the EU as well as the iron lady. So when the devaluation happens the impact would hit Japan much much harder. The Dancers are repositioning their relationships.

What the feds have done is to have cornered themselves. Now markets are asking for 50 basis drop next FOMC. If I may, I would like to ask for 150 basis.They resolve will be tested. Bear in mind that this one's all on the feds as it seems the EU are not gonna play ball. No one likes to be screwed twice. Its for the feds to mend fences now after the @#$% move. Watch your charts, no fundamentals logic anymore. Both fiscal and monetary have been exhausted. Lets see whats up their sleeves. Try to be square or limit exposure. The elephants will fight this out. Ants should stay clear. If you are game, use the options mkt, if they haven't out priced the volatility money yet. The butterfly on the yen looks attractive. Be wary of the vol premium. The most cost effective is to leg them manually, one leg at a time.

(31.1.08)
watch you chart and learn.

Time window for selling EUR/USD opens now.
watching levels 1.4825/00
Now waiting for GBP/USD to top out.
If no one is watching I shall stop commentary.
If watching just write watching in reply then delete.
its going to be long night here.
possible window at 1.4840/55
sold level 1 at 1.4833

now preparing attack sequence level 2
attck sequence level 2 abandoned.
toping of GBP completed.
now rescue level 2 on stand by
short EUR/USD 1.4838 filled
now awaiting usd/yen retracement back down for time window to open
position recap short EUR/USD 1.4833, 1.4838
final topping GBP/USD expected within next 10 mins
preparing attack sequence level 2
waiting for USD/YEN to complete retrace sequence
yes in 5 min time frame
now GBP top complete
waiting for USD/YEN retrace sequence to complete

preparing rescue level 2
sold GBP/USD 1.9891
rescue sold 3 x 1.4849
waiting for down swing in EUR
sold GBP 1.9884
looks like the EUR and GBP refuse to run unless USD/YEN bottoms out
may sweep top at EUR and GBP
now begining ending time window of USD/YEN
USD/YEN bottom out
preparing sell attack sequence on EUR
will be fast mkt
reporting may lag
sell 5X
sold 5x 1.9884 GBP
up sweep not strong
volatility dropping
based on performance leader to sell off is GBP
but GBP seems to have no depth
NY will be going home soon.
wonder whats their blotter like
looks like non event for today
will be trying to get out at the twilight zone.
for those that cannot wait, the strategy is to get out all the positions
GBP near 1.9880
for EUR near .4830
except hold small over night short Currencies and long USD
here comes
hold small long USD as in maybe 1 vs GBP 1 vs EUR

ok so for those who want you should print this now.
and I will be erasing soon. so that you chaps can chit chatty.
while I try to get out of the positions.
sorry it was a congestion.
As always leighsww 's got impeccable timing.
welcome back
go ahead chatty away.
I am still stuck.
the EUR baby i testing my resolve.
nothing dangerous yet.
still in the time window zone.
will not be updating from now, gonna watch my babes
will let you all know when I get out of the positions and
I will leave small for over night due to pattern of daily and hourly.
It gonna be a long night(morning) LOL

Regarding the romancing of the 3 kingdoms,its new to you, as your training was at stage one then.
You were taught how to dance properly with elementary MM.
So do catch up on the progress.
The romance is essential for proper managing.
Notice how it kept the position in the battle, when all was lost from the onset.
Other wise re-analysis would have taken us out esp the EUR position.
I guess being stopped out on Eur wouldn'[t be too bad from hindsight,
but the resilience was necessary.
In other scenerios of market gyration, it will prove critical. That you may be able to see when you are more experienced.

Yes , basically althought the market is essentially the battlefield.
The main fighting is in the mind of the trader.
Therefore mindset is paramount.
But mindset alone cannot do anything to the situation thats developing in the markets, but just hold the trader intact. To compliment the right mindset is the required capitalisation and proper division and mobilisation of said. So game style and nimbleness is complimentary to the mindset.

In bank environments and open outcry systems , traders have others to benchmark against in the same market environments. In those environments, even wrong mindset can be corrected by direstional herding moves if trader ego is incheck. Even if feel was wrong, the noisy hints can awaken the trader that he may be out paced and if trader was nimble position can be corrected.
If trader has personality conflicts witnin environment or of personal nature, then all trading facalties within the trader is impaired.

Notice that trader like leeson and the recent kervael had personal problems (mostly household), which could have impaired their trading. We must realise that these can trade the sizes they trade because of past performances. Its funny how mindset impairment can create disasterous scenerios for traders.
So short answer is yes, what you mentioned is right.

But most individual traders have little training and exposures in this respect, esp in dealing with snowballing risk and leverage dangers. Thats why MM is important aspect as well.
Notice why most of the "rogue: traders were futures traders?
thats because of disorientation by leverage, if you like. Heard of any spot FX rogue trader, mostly do not happen dur to check and balances inposed by dealing enviroment.
1st class info+enviroment, services=monitoring by dealers not directly involved.

Trading does have its moments.
For the experience you encountered, if it was me, thankfulness should be the word, that although it was so bad , you had the stamina to see it thru and made a big loss a small one. Of course like you said, from hindsight , it would probably been a windfall had you stuck with it a little more, Sure, but thats from hindsight, in reality you have saved your capital in a bad fight and have carved the opportunity to fight again, in preserving your capital and Now with a little more experience and a little more prudent.

Losing money is no big deal in trading. Losing the ability to financial trade again is the pits of it. But truly losing the moral, that ones incurable.
It develops in the person a complex to haunt them for the rest of their lives.
Remember subcounciously, you never ever forget your trainings and experiences. Akin to I believe you would never forget the presentations that I have presented here. But if you can counciously use what you have learned to better your trading form, then thats the crown.

One attribute that traders must develop, is the ability to let go.
To unwind. To laugh at the worst and laugh at the best.

Dr Murray Banks taught me this, when I was a struggling dealer..
"whatever be your goals in life brother,
look upon the donut and not upon the hole."

Stay mentally strong.

About an issue brought forward by some of the posters about transposing the analysis in longer term charts.
Time frame

About intraday vs short term vs long term positions
In my mind there is no such things, if you would refer my previous postings.
To me, There is however only daylight and overnight (carry) positionings.

daylight is to mean that the position is actively managed. There is no distinction between that in relations to the sun or the moon, ie time of day. So in reality , so long as the positions were actively managed, then in my books that is deemed daylight trading.
A daylight trade could last for days, so long as you are actively dancing.ie managing the exposure. It all depends on your stamina.

overnight positions is to mean for positions exposed when the trader is not actively managing. this positions can be held for days weeks or months, where suits. These are really trend rides. in capitalising on the trend runs.

If you have bad overnight positions, The worst strategy is for you to
try to exercise rescues .
All I can say is GOOD LUCK because to attempt to rescues on overnight positions would require you to snowball your positions, and not managinf them closely would put those snowballed possitions to considerable risk if we were wrong in our expectations.

You will need Luck very much, as you are not so different from gambling with calculated risk, nevertheless it is still gambling. And normally, to operate in this mode, it would require that the trader have pre-concieved view of where the markets are heading and what the longer trends should be.

When a trader's short term trend position fails and incur losses, then he will carry the into the long term perspective and believe that it should be right to recover his losses. If this positions against the long attempt fails then the trader will find for himself all sorts of analitical excuses to maintain the exposure of longer time frame to hope for a recovery When all else fails , then the blame would be that the market is illogical and manipulated by the biggest boys.

In the course of his mindset during this struggle, the trader would use predictive stance of using ABC, XYZ indicators and divergence, convergence and crossings of lines and indicators as excuses to maintain that is position would ultimately be correct.
All the mentioned lines and indicators would be of help to him in such an endeavor.
He may Further introduce newer indicators , like hat and rabbits, my magic bullet, or when saturn is crossing uranus, this and that , as well as any collection of analysis, which can help him justify to hold to his position exposure and composure. Also he may resort to coining new excuses of Bigger Dance Steps, The Big Boys dance, Dancing with the big Bands or Sleep dancing just to justify to holding that it is in line with what fti taught.

All these desperation mindsets are In fact it is all self deception, but nevertheless, it is comfortable to the trader for peace of mind.
In all truthfulness all attempts to analyse have stopped except that it feels like "the dance".But in reality there is no dancing except for trading in hope. Look, there is the justification that he has ANALYSED the situation (while holding on to a loss situation) and the believe that the market must come in his favour. He would justify that the loss was due to just noise for now, so with that excuse he concludes that he should "BITE THE BULLET" like fti taught (which is to twist fti's doctrines), and hang on to the positions for dear life, believing that there's HOPE still, to come out shining, although the markets movement have proved otherwise.

Yes we like to trade short term positions, if thats not working ,traders tends to convert them to long term positions. and if thats no good still, they would tend to carry on while fully indulging in hope of recovery. The mindset is "Look I've lots of $$. Anyways what goes up must come down and vice versa."

Then there comes along rogue traders and blaming fti's for teachings of how to impliment average positions.
Actually the term is professionally known as "dollar cost averaging" and fund managers who are losing customers monies always uses this to rationalise their losses.

Isn't this what fti's presenting?

fti: No definitely not , like I have always presented, rigidity of MM and of MO can lead for distructive mindset, that can in fact disorientated the trader to the risk of ruin. Having a longer term strategy only increases the risk that the trader will snowball the risk without carefully and nimbly managing it. It has always been my policy that overnight positions be only allowed to be a fraction of the daylight trading position. if snowballing risk is to be implimented on longer term positions,(ie overnight positions) then that, is a total contridiction of my doctrine and MO.

Ok let me explain and see if you still hold that there is a contradiction.

In my course of studies in Technical analysis,
My foundation was in Dow Theory and basic chart patterns as I have explained. (advance and compounding bar chart patterns.)
As in the learning curve of all Technical Analyst, Elliott and Gann Studies would become part of the research process.
In so far as Elliott studies, from indepth study and research ,the conclusion was that there is no major value encompassed within his findings, except for the fact that, not so unlike all wave pattern studies, he defined and developed the studies based on impluse and retacements. There are many schools of thought and variation, all promoting success in its predictive capacity. However in the professional forex circles, much of the Elliottians have not been able to secure , good repute as capable traders/ analyst by virtue of performance.

Nevertheless, Elliots definations of impluse and retracement waves have found favour in its capacity as side analysis to bar chart general waves counts.
For me, its value is found in the recognising of impulse waves, in all the chart time frames that I use.
The retrace waves have no analitical values by the general defination of it been in 3 wave patterns that can contract as well as expand. Further non usefulness is the extended defination that the retracements can take forms of zig zag and double zigzags or plateaus.. Not withstanding the fact of alternate counts on the initial counts. This only suggest for curve fitting exercise from hindsight therefore yielding no predictive value as was the selling point of this form of analysis.
Further, the wave progression of 3 impluse and conditions for the two retarce counts , displayed the same ambiguity to be of professional trading value. If you are a student of Elliot studies, its latter day introduction of the 7 wave counts further drove this research findings into further confusion and splitting the students in many camps of convictions.

However, Elliotts initial works of the impulse and retracement finding does have correlations with the basic bar pattern studies that impluse and retacements have synegistics properties in compounding patterns, ie the leg counts in the bar chart patterns. So in that sense, the initial Elliott wave definations are acceptable general analysis.

This the reasons for me suggesting that Elliot studies are within the scope of what I use. But because of superior analytical robustness and versatility in bar analysis compared to the Elliott wave predictive curve fits, it has superceded the Eilliott wave studies usefulness, for profession use. This being the reason that I would recommend it for general knowledge, than for its usefulness.

I hope you have a better understanding now.

Thanks for helping out with a site for reference.
I haven't ha time to explore it out in totality, but generally it seems quite good.

Market form takes into consideration a few other sidekicks apart from the conventional chart pattern formations, in essence the volatility scales and the time scales. Basically what you described is correct.
However, there are not rules cast in stone , so a feel for the local characteristics as well as behavorial abnormalities couple with the understanding of market structure and immediate impact fundamental , would give you a good feel of the market form.
If you apply prudent MM to capital ratios, with a healthy mindset to your trade habits, it should serve you well for taming the markets.
It get better with sufficient exposure and experience.

When entrenched in a trend move, attention is paid to possibilities of reversals and holding to attack when complimentary patterns emerges.

In a nut shell, thats the dance.

Remember that, rigidity of mindset and "magic bullet" convictions is dangerous to your exposure, yield into the FLOW of the sequence of happenings in the charts, romance the 3 kingdoms for a feel of whats happening in the bigger picture for instrument selection.
When in doubt , bail out.
Do not be victim to conflict of the General and Commander in you.

Well, zoran, learning patterns is a life long pursuit, many researchers have wrinkles on what they observes, some are universal while some are localised to the certain markets. Generally the foundational basics like key reversals , inside outside days, island reversal are common and availble to most analyst. Most good chart pattern books have them. As you observe and learn more will come to the you, and become an additional arsenal in your tool box.There is no necessary to mimic anyone.Anyone who cannot read these cannot be invoked into the grouping of technical analyst, as its the foundation. So please read wide as there are many schools due to wrinkles.

Candle charts are essentially bar charts, the major difference that the candle bar, shades the body of the open and close range. this gives a better visual feel of the ranges of the trading between the open of the bar and where it close. In candle analysis the tails/shadows become visually significant thereby giving some important clues when used in a bundle of bars. For the trained, it is also visible to the bar chartist. At the end od the day, it depends on the user orientation and preference.

These patterns prompts clues of the immediate possibilities, but if used as a predictive model, it kills the analysts nimbleness in mindset. Thats where many analyst fail. So non filial to basics tends lead creative minds to deceive themselves. esp so in rigidity in mindset. Like I said, the patterns grow into each other, one bar at a time . And analysis have to be done to continuily to decepher the incoming info. There's no such thing as one analysis, and the strategy is determined. Of course , lazy and ego traders, system sellers and fortunetellers like to use them that way. Not forgetting people who are not focus in the endeavour.
Well, rigidity is not clearly right or wrong. Its all grey. When dealing with dynamic and changing environments, just that there's a price to pay in the long run.

You have both not seen my true attack sequence yet, so as a matter of fact , both your planning is very different from my attack sequence.

Let me give you a hypotical scenerio.
lets say (for example only), (in reality I have much more muscle than this) that the fibo expansion is my MM play, ie 1,1,2,3,5,8
Now thats 20 sections.
I send in a scout (wave AB), he plays well and I decide to check him, I send in 1 checker, which is my level 2 (wave CD)
and level 2 plays well,that would mean that wave CD is short and plays above wave AB. If wave EF retraces then i would be forced to invoke rescue 5 and I go into rescue mode.

If EF did not do that then the instance of the attack would be in wave EF, and if the dance dictates that I am in alignment with the daily trend and both the short charts, It would require that I would attack full force 5, 11 before the break away r/s point(normally somewhere in the mid of AF's range, and would be drawing the attack total of 16 in batches as we test into the r/s depending on the volatility whereby the market is taking that r/s out.
Then upon the test, profitaking of the attack sequence would be invoked into the stops-break on the reverse 8,5,3.
In effects I would be profit taking for ammo(foreign capital) to sustain the residue of the 4 that are still in battle. The four would be further lighten if the trend continues to persist. This would continue until what is left is 1. then a new sequence of 1,1,2,3,5,8 would be put on stand by to ride the next retrace wave, and when the retace wave flats out , the whole rescue and attack sequence would be replayed, depending on the magnitude of the retracement. If the retrace was a fat and bouncy one then the rescue MO was most appropriate. If a new attack opportunity sequence was surfaces, then a new attack sequence would be invoked with whatever was left from rescue.

In reality, you would be seeing that the risk of full force used at the most advantages probabilities and timing.
Of course it can happen that the market may move adverse after the strong attack, and thats when, the damagecontol is invoked to rescue as many of the positions still in good standing as possible and re-strategised(regrouped) for exposure rescue.

This attack sequence is not invoked when the market volatility is tight, Only when the legs are strong,(strong = range play 50 pips average) and volatility run of max 7 bars average 3.

I hope this helps.

PS:It is difficult to describe for you what the dance tempo is like before this opportunities avail themselves, after a few of these dances you will have a better feel for it. One of the tell tale signs is when a market behaves non letargic and seems warmed up in its sequence of movements. For lack of a better word, active.

When markets are detected to be not in this mode, then the normal rescue and limited attack strategy is most prudent.

Sometimes, I may miss the initial legs of these runs, due to my negligence.
Under these circumstances, ad hock strategies are used to compensate the retiming.

In essence, please do not think that you are wrong in your approaches, just different. And probabilily due to capitalisation , not optimised.

Hi Sitoca,
Trading breakouts is a rigid methodology.
Waiting for confirmation of pattern development makes traders mindset rigid.
In the same, trading breakouts on the short charts is no different. Neither is trading breakout on bars.

"As Above so Below."

Rigidity may ease the traders needs for active analysis by defined rules but it impairs the trader to "feel" the development that is unfolding. The market is never ever the same, the waves of movement may look alike , but are never the same. Therefore nimbleness in methodology is paramount for long term success.

we need some form of feel or confirmation of the market patterns before we enter the market. The feel of form, you get from monitoring the developments in the market. and not by setting up rules of engagement.This will restrict your ability to "pull the trigger" (in as well as out)when required. When a market begins to ready itself for a trend attack, there is always more than 1 sign, in reality there are many signals being given, and these sets-up the many types of rigid player, cueing them to the event. When most parties are in the same direction, only the egos will be left to bear the pain of the attack. Then the victors sort themselves out by

a mode of musical chairs games (sweeps), and weeding out the weak players. The players who are weakest amongst the victors are rigid players. These gets to "take home the head and tails " (borrowed from David_Green, thanks). The more rigid the MO, the weaker the player. There is no skill.
This is the reason why machines, cannot be made good traders, as there will be one or more magic bullet that will take it out, depending on the rigidty its MO. Similarly , if traders mimic machines, they will ultimately share the same fate.

In reality,pattern analysis can be done in less than 10 seconds. Its not the pattern thats critical, evey body can see that, its the way it behaves while its forming that clues the trader. ie volatility, activity and time splices, range etc. and from these one is to formulate correct response,by trial and error. When in error, rescue, and when correct, to "press".
All trading, MO,Mm strategies is not meant to manage the market, but the trader's mindset and his resources. Leave the market managing to the CB and tier 1 , they have their ways. The trader's task is to manage himself and his resources as best he can. Patterns can come, patterns may fail, it may mutate, but thats not important. What's important is , What the trader does to cope with the changing scenerios. Here his experience and nimbleness backed by sound MM would excel him.

Training of junior dealers is OT.
Basically , since I pay them, I give them my training lessons(as you can see here on this thread), I throw them into the deep end with trade limits and loss limits to abide by and observe their mindset and applitude. When they lose money, I butter them nicely and throw them back into the deep end again. Those that comes for buttering often are put on the out tray, while those that perform well are rewarded. Since I came from the ranks myself, I tend to try to save some who are at the fences. They are then put on a buddy system, with one senior. The less intelligent ones normally are able to perform much faster than the highly groomed, who normally takes a little longer to try to unlearn their old habits and egos, before they catch on.
Why do you ask?

@ MickD,
Your reading of the MM is mostly right, for the example I posted.
The 16 lots attack was a decision , derived that the momentum of the swing towards the support. There is no logical mathematics for that, except that it was a decision for a quick and final attack sequence . (note that the my net available exposure can be only 20 for this example. 4 was used and 16 is the residue unused). Notice that the high exposure was not tolerant of stay in the market, and is used to forage for "foreign capital" to sustain the actual 4 as ammo to ride a little, but risklessly.
This exercise was a favourable run, but there will be instances where all 20 can be at a loss. That would present a rescue scenerio that requires that the trader will exceed his 10% capital at risk. It can escalate to 30 % very quickly dependent on the volatility. So in essence , a rescue of higher order is required. This is difficult for the undercapitalised or unprepared.

For not so experienced traders, they have to be careful to attempt it this way. It is aggressive, but is how professionals operate. The lesson here for the smaller traders, is that, if they did their sums, most traders are actually in effects overtrading, and the leverage facilities accorded them, actually, helping to accelerate their ruin.

It is no rocket science to model this MO. There is no wrongs or rights. And no one can construct a model for another trader. At the end of the day , the trader have to find his own niche and equilibrium.

This is the reasons for my hesitation to bring all except the concepts on the table. That only those who can understand and build their own models will undertake the risk.

Nevertheless, as requested I repost the example again for examination. BUT remember THIS IS ONLY ONE SCENERIO. It is not the holy grail to trading. Moreover this was done from hindsight , therefore important components of the decision process is absen

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Sometimes its very difficult for a trader to audit themselves as no one can see themselves from outside the "box". Thats why the banks have layers of people watching each other.

I do understand that you are still using the fractals, so as not to feel too naked. And thats OK, do use it until you can walk with out them. I know of traders who use the Wilder's SAR (stop and reverse) while executing the MM strategies. These are matured traders who are exchange members, so there's no shame in being indicators dependent, only that it will impair your honing of your dance skills.

When you were on the ride alongs. You were learning the basics under fire, so mostly the lead was given.Your training was 3 steps MM. just like for juniors dealers. The purpose was for you to "taste blood" and begin to dance and use good MM. The problem was I didn't know your true risk vectors. As you were trading life, I held to most conservative.

What matter is profits? So long as you are profitable, you're ok.
But all mechanical methodology have weakness so you must know yours.
When you fuse methodology to human intelligence, you are only left with human weakness,ie mindset. And if you can hold to healthy traders mindset, then, you become invincible trader. Failing which, you would need some indicators to direct your trading.

Hope this makes sense.

Hi zoran,
"As above so Below" basically is a quote which the free masons used.
In reality, it was teaching from Jesus in the bible about the state in heaven and on earth. Read the testaments for details, I think you can find it in the scriptures , where Christ was asked about the kingdom of heaven. Christ was a wise son. If you cannot find it , ask, and I shall help you locate it.(and it shall be opened)

In the trading context, it is simply an expression that what exist in the Long Charts (daily, weekly, monthly) is much replicated in the Short Charts (5 min, hourly).

I though we covered trading MO already.
The daily chart analysis is to set the stage for the strategies to be used , having the daily trend as the backdrop,(safety net , as Northpro put it).
In case, things got very hairy , we would have to depend on, that the "law of motion" doesn't fail us. Of course, if Murphy insist that his Law should prevail, then I guess, we're done, unless, we have enough muscle to overcome murphy by using the might of size.
I cannot see the rigidity in daily analysis. As you may notice by now that the dance is executed on the short charts, so the daily analysis task is done , once it sets up the trade backdrop for the day.

The hourly benchmark can be snap shots of the price at different intervals and averaged to give a guide of the hourly equilibrium.
The best method of getting that read , would be to take all time and sales and average it against itself on the hour concerned. But this would be too tedious, and as the benchmark is non critical analysis thereby non fulfilling.
Alternatively , you can use the 12 sma on the 5 min charts as guide. But be mindful that you do not use it as a trigger for trades.

The distance between the benchmak and the current price , give you clues of the rate of the growth (sigma)of volatility. This helps you "feel" if you have actually missed the boat on a run. It also give you a possible alternative for possible market rest points in the run.When markets come to rest at the hourly benchmraks , normally ait stalls for a while, before the trend continues. If the market stalls too long at these benchmark zones then basically , it has lost its steam.
MM strategies can be engineered to capitalise on this, but only as a complimentary to the dance at hand.
If you analyse , Leighsww's posting on her attack strategy using the 48 sma , you would see how she had taken advantsge of this possibilities. Only that if it became a rigid methodology then it sinks back with all other indicators methodology.

About "you mention not to allow a rescue to snowball given the tight range"
The discouragement is not because of the tight range, rather that given the grounds whereby the congestion is occurring, abnormalities are expected in the battlefield. If we were to implement the normal dance. Chances is that we will be snowballing in a tight range, akin to large bet positions ahead of a trend run. If correct the windfall profit would be great , but generally the risk would be great as well. So large exposures now may not be prudent of traders in overexposure and becomes difficult to manage ,when in the wrong direction.
From experience, chances will be swift two way action, and the survivors have to be very swift and decisive. Unintiated traders will stand better to resources conservativeness, which will be necessary for a protracted engagements, when the inevitable happens. The charts are presenting trapping signal both ways and the intermarket relationships are tearing, pointing to

a realignment of changing ground , probably on a major scale.Be prepared about the time scale that this will be occuring , probably in tandem with the occurance on the USA developments.

We are entering exceptional times, and exceptional and conservative strategies should stand well.

However for nimble dancers , this provides great opportunities to scalp the congestion. Just be mindful of the major trend and the levels of rescues not be too aggressive.

It has been a journey.
I will be away for a little while (may be a month or so) as I have to attend to some task.

I will however check back , when able to do so.
Most of the essentials, I believe I have posted on this thread.
There are fine tweaks and wrinkles which may not have been covered, but surely in due time.

It is not my intentions to make carbon copys of myself.
If you will, study diligently, and staying honest with yourself in what works for you. You could in due time, excel above and beyond me. Stay on the basics, on what ever new skills you may aquire. Seek to compliment your MO but forget not the basics of the dance.

For those who have benefited , I urge you to come forth and help deserving others who may need help.
As you have received freely, freely give.

Thanks for all the kind words from many of you.
Trade carefully and dance par excellence.
Good Fortune.

So that means. What goes up that will go down one day and vice-verse. We need just a strong catalyst to change the trend. But why Gann used 20 minutes for interval?
Wrong.
Law of motion.
Law of vibrations.

20 mins is his average hold.
It is average not fixed.

Change can only come about, when change happens with effects of law of motion.
Remember, Sun Zi Bi Fa?
reread water motion.

The legend mastered the pyrimids mathematics, ie Vincci proportions ie fibo ie WW table.

google & read

"Legend Interviewed by W y c k o f f in 1909......
"Water seeks its level," continued Mr. ...
http://www.tradingfives.com/gann/wd-...paper-1922.htm

Don't play god.
Give it a miss, if you cannot babysit.
Never play god. The risk must be managed.

We just got out of a USD roller coaster ride, the trend is set.
The exposures must be danced.
Retrace it surely must.
Question is how deep?
what about the CBs?
How much foreign capital have you got?
what forces to expose, for how deep?
Be professional. If you were managing my book , and you did that, I would give you the walking cert , even if you made $$.

Yes, that's your 1st lesson, ability to read when you are not mistimed, but on wrong trend. The only way to get out of wrong trend id not to turn, but to have the fortitude to take the punches,(bleeding), then use muscle to recover. If no muscle ($$) then finit.

Use the basics of trend defination to determine your trend bias always, never risk into nomans land.(unless with foreign capital, ie profits. always dance within the volatility scope of the market. You must NEVER be caught on the wrong side of a term trend. NEVER. If you ever get on its wrong side, Only money management can save you , and if you have not preplanned a reasue scenerio, then youare finished. If you planned your MM well then you have the chance to survive to fight another day.

Further inability to resync when against the wave , while implimentation of rescue will kill you there fore like lusan said " spiral within spirals".

regards

gotta go, another day,bye 4 now.

Oh my bicam mind just reminded me.
As you will learn from this thread, your rescue is a minimum geometric spiral, smallest which is a fibo,
You must also learn to wind a trend ride spiral correctly.
And if you cannot dance well, whatever your MM , it will still kill you.
So think carefully.

Remember rigidity kills.

The only way you can capitalise on that would be to be ready for it, be prepared. The wagons 's getting loaded.It was a good opportunity to regroup your exposures for a re leg of positions.Its opportunity.
If you missed it then reaccess your exposure now, she's have to spread as the rubberband was swift, there's gonna be several test for support. We just don't know where, but if your positions are still at the front you just have to wait for her to spread out well. Notice how the cable is leading herlegs spreading, when that stops then its time.

PS:that's why you have to babysit it. Once you miss it then thats it.
that's the problem. If it gives you 2nd chance take it, if it gives you 3rd chance, then its likely a trap. If it turns out that its not a trap at 3 then the 4th is definitely a trap.

In essence is a dancing with 3 markets simulteneously. (refer to my chart posting). you will be looking at 9 charts simulteneously.
ie cable& Eur(the colonial masters), USD (the WW2 victor) with the rest of the lump (the free third world trading partners).
This could be changing a little as the "pegged" countries are coming on stream.
To be able to dance this , you must master the ability to dance single girl first.
Its use is very useful to time the other girls. But if you have problem dancing one girl, then dancing 3 can be....
Moreover your book have to be quite large to do it.
Its sort of trading, with arbitrage as the foundation for the trade.ie crosses
When tearing occurs , its a handful to manage.
When in sync, it directs the trend in absolute.

PS: another thingy which I would like to stress again, is that just reading and flowing along the thread to rush here doesn't do justice in the study , as I am already going too fast. Beaware that at evey stage of the study, there will be a vacuum of infomation, of which youmust pause , think and find the answers to the traning. If you move on without the thinking and using to discover the info for yourself. Then you accumulate that lack and then acutually gain nothing from the reading.
I believe many here that have gone thru the process will be happy to help you along with the helping ofthe answers to the questions that you wuoldn't know to ask about. So slow down and move at your own pace, as most of that need be taught is already given, and I am just trying to revisit that which may have been missed.

In all essence, the feds interest rate policy have "showed hand" of the likely USD devaluation for the long run. Whats important is how it would pane out. In this markets, the whole world knows what to do, so the ability to stay on track becomes extremely difficult, as the volatility would increase on both the bull and bear side of the USD. Positioning is of no real consiquense to profits, as it would be difficult to sit on large exposures.

The most prudent trading would be to dance the volatility with smaller exposures and when positions snowballs on tight range to defuse that snowballing. Allowing a slow build up of the USD selling, allowing for this only when the USD selling can be protected with foreign capital that you capture from the markets as you babysit it. Do not be suprised that buying USD may prove the alterbnatively better short trade exposure while the USD selling be slowly built up. For more advance traders , the use of OTC USD options , may prove to be a better longer term strategy, while the short is traded. This is provided that you have the facalty to calulate the volatility money that is factored into the option cost. This is so that you do not pay too much premium for the volatility money. As the option is a wasting asset , toomuch premuim for volatility , will erode whatever gains you can get from the price gyration.
The pros would be writing the options, whenthe volatility money is high and manage the intraday gyrations,trying to get free time decay as well. but if you are not pro nor have absolute market access, do not go there.

Understand the general influence of these laws will help your timing.

read these and see if you can understand, indepth understanding is not required.
Understanding of its influence is the foundation.

http://csep10.phys.utk.edu/astr161/l...wton3laws.html

http://www.ajna.com/articles/everything_in_motion.php

Also try to understand what "gravitation to the mean" means.
regards

PS: If you want to go indepth Law of vibrations, read the enclosed pdf

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I don't normally comment about traders.
But since you are asking.
I get a funny feeling that you didn't read the thread carefully.
I really don't know , where you got the weekly trend thingy from, definitely not from here.
Whats most worrysome is your fixation with spiral parameters on cyclicals probably on price, and that certainly is far far away from the truth.
Do try to read again, if you are truely learning.
And try to untrain your old-frame of mindset.
Like i have said numerous times, read slowly and pause to think then demo the market if you must to get the reality of what was presented.
I most certainly hope that you do not believe what you described is what is being presented by me.

In reality, if you have been following the methodology closely,
is that when you are in attack mode, you have foreign capital cushion before you "press" for attack, so you are prepared for minimal damage if flanked. but most impotantly,your nimbleness is in the attack. As in yesterdays scenario, there was good windfall already.
If you can remember , my hand hold session before, you would realise that as this windfall comesin the money, the possitions are wounded down. this gives you muscle for rewinding for another attack on the next wave. this action also prepares one for the eventualities as we witness yesterday. where we met the owner of the market coming out in protest. The cost to the trader would only be opportunity cost in such instances.
Therefore to be able to carry out such, the mindset must be, to allow for lost opportunity cost on every attack.

Althought when the protest was in progress, most traders will not see CB face, but it will be announced within the (normally) 30 min time lag. Therefore, the only pain to recind is the small spiral, which can be easily reversed. That's why when the attack is in progress , we are known as "big guns". The rule of thumb is never to allow the "big guns" to stay on the field, after its purpose has been achieved.
Again as in yesterdays scenario, the smaller exposure may be trapped in battle ground, but that can be managed to reverse the positions "on wind". If I was in the dealing room , I would probably have seen CB in market much earlier, because they check the market many times before they act. Some tier 1 are actually acting on their behalf.
In unnormal situation of unseen hand at work, the same scenario is still applicable, but only that there maybe slight attrition to P&L due to reactive time scope. Nevertheless, they will never find the trader in attack mode and trapped in "dead ground" due to it never is in there long enough for targeting. At worst case , only part of the attck may be trapped.That's why the attack's nimbleness is critical for success and babysiting is necessary.

For normal traders, it would be highly likely that they would be caught log stock and barrel, while they where pushing for the market run. The deadly possibility is where they had actually added the bulk to press the run.This is especially so for term position trading. Or for break out traders. The difference is the greed factor.

So in reality there is no "just kill it" requirement. But if any comfort, a 3X of normal daily P&L range , would already signal, "dead in water" possibilities. From there the trader has to decided if the "cannon" (rescue of last resort) may be used, but that would depend on how much accumulated foreign capital is available for such an endevour.

Once you are experienced in this MO, you are mostly doing ants work regularly, and any attrition to P&L would be within the confines of your accumulated winnings. For banks that is limited to the annual quarter's P&L. This is also the reson why , when a disaster scenario is reported , as in the case of socgen, they can still report that principal is safe.

It would be great if individual traders can adopt this. But this is unlikely as , the modus operandi sowed in the minds of most trader is to profit in access of 3 to 4X cap ROI on outlay. So exposing them to castratopic runs on cap. Not withstanding those that want to make millions from pittance. Of course high gearing accelerates their demise.

Maybe this may help some come to their senses, that to be truely profitable , it must be over time (like ants work), never depending on sudden winfalls. If of any value , to be on the watch out for and to reverse sudden misfortunes. [MINDSET]

regards

PS: Was checking brokers, heard recently how one trader made like 15mio from market, heard he was down close to 50+mio at one time, guess his exposure and bank borrowings? Lets see when he goes chapter11. This stories are circulating enticing traders to commit "harakiri" in markets, but who am I to question his style. and some brokers are selling that.Well greed hasno limits.

As combination of spiral 1,1,3 would be a better combination as your attck would be stronger.
howerever 112 gives you the 1123 range of capabilities.
when attack is over, the winding down should leave normally only base.
ie scout. On second wave when you do a 113 again, the effective is actually on 2 base as one was left over, 2,1,3 then on wave 3 the base becomes as large as the attack, effectively 3,1,3 as 2 was left over. if the short term trend ride was succesful the base should be winded to the original of 1.
You can work in multiples of the base as per capitalisation.
I found this most effective.

In terms of using MT4, I found that their accounting of positions is unorthodox, and much prefer , FIFO, or netting off , as it its the interbank accounting standard.
You may like to refer this at merlins thread about "hedging" in the Trading Room.
http://www.forexfactory.com/showthread.php?t=68598
Its really non professional , and tedious at best.
Having said that it is your choice to determine which platform is available for your trading.
Remember that time constrain in position managing is not confine to pip slippage only . In combination with the price spreads and re-quotes, your slippage is actually very large in relations to leg ranges.
In my opinion , too much to give to broker.

Not to worry, go slow, it will come to you.

The thingy about weekly reads , is actuality it tell you nothing , as the trade time scope will be going into years of market participnation, so really looking there, give the trader nothing.
Already if you traded a 5 min sequence, your exposure could be into days of babysitting, and that is if you got the stamina to do that.
The daily reference helps you if you happen to carry overnights while riding smooth trends, and these comes by only occassionally. Probably less than 5 or so in a year.
Ifyou are on rescues , try to limit to daylight.

Be absolutely careful when you think fibo in price scales. Price movements move in impulse wave thrust and equilibrium setting. So it is linear and 2 dimensional. position and P&L snowballing can be build on 3 dimensional models due to its geometrical undertones. I understand that there are a lot of disillusional material floating in markets on 3 dimensional price predictive models. Be clear that that is pure rubbish and is used as marketing BS. fibo leveling can be used to extend the position modelling to allow for illiquid markets,to stretch, but as a rule of thumb, I discourage traders from trading illiquid markets. manipulation is likely to be rampant in those.

regards

PS: also note that from trade clearing data 80% of all forex transactions are accredited to the 4 majors. Used to be the USD/DMK was most liquid, Now it is the EUR/USD. followed by USD/YEN, then Cable and CHF. The reson why london is lsrgest fx center is due to location of interlocking time zones. In interbank , all the other pairs are considered exotics.

As i have mentioned to Lusan, his time stretch is very on the market.
But i can understand that his market time exposure is short for him.
So long as he stay within his "safe" mindset , he should be alright.

Even when I train, juniors, different performances are sighted , due to their different risk tolerance and charcters, so long as they understand the concept and stay within "safe" self guided limits, its mostly fine.
However, I would like to impress on many that when I was in room rescue senerios, even my hands may shake . And if them shaking their legs. is anything to observe, we were all probably shivering. So don't take this lightly.

There is no necessity to carbon copy me, find your own comfort zone.
But stay on real sizes based on your tolerance. Even now as a retiree, I am still in search of my zone. Due to that I am no longer a bank, I have to re-aline to risk appetite. For newbies , do the 1,1,1, and slowly find your equilibrium. But of course when you do that you may not always come to BE, but you unnecessary loss cutting would mean alot to your book in the long run , not forgeting your rubustness and nimbleness in the dancing with the market, improves tremendeously and very quickly. This is the real power of the human mind's ability to sync.

I am sorry that I have no magic bullet, just a technique in developing trading prudence. In fact I do not expect any to be able to be super, not within the year at least.
But if you can internalise the concepts and grow with it, It will provide well for those who stay conservative, holding to methodology and provide smooth income source.

Lets say you bad, are zooming out and if you are trading against changed pictures, you know you are "dead in the waters"
So what must you do?
> Exit Trade at BE if possible with foreign capital. If no foreign capital then take the loss.

If you turn, you lose ground, so you have to decide to trade against trend or sink. right?
When this happens, what is the mindset to adopt?

> Exit trade and wait for opportunity to turn into direction of the current trend.

If you decide to fight instead, you are trading against the trend,
so what should be the mindset, strategy & MO?

> Do a quick rescue to exit with minimal damage. Do not overstay in the rescue too long.

Remember when you try to turn "on wind again" you work against the law of motion.
What does newtons law of motion states about the law?
Think thrust & distance.

> Assuming our initial Trend analysis is correct but we mistimed or wrongly position our entry, then when we turn into the wind, we are likely entering into a period where market is going to reverse against our position.

If you decide to turn, WHERE do you look for that fresh timing?
and if you use $$$ to turn,how much ground must be lost before the turn is effective?

> ???? Help! Need clues and hints!

Understand the MM tables.
When risk snowballs , what is the best alternative.
> Reduce position size?

Even if turning is the way to go to flow back into the trend, Whats the purpose? Whats the MO supposed to be?

> MO is the rescue sequence. Purpose to recover back the previous loss.

You try to use attack MO and the MM WILL kill your portfolio.
> ???? Help! More hints pls.

In effects , what I just demoed for you should answer the questions here.
You are in effects correct.
In reality , you need to practise the thought sequences out under many scenerios, most you may get correct, but its the ones that you may deviate from the thought sequence that may endanger , your book.
So practise , practise and practise.
It is easy when guided, prove that you can think in this mindframe when positions are in market. You may be surprised, so practise.

There is nothing written in stone.
It depends on your risk tolerance.
but try not to go beyond, 3X normal average daily P&L
or it get very scary and can build on you very swiftly, normally without your realising.
Of course at banks we go as far as daylight loss threshold,
but don't be like that, you can burn out very fast.
The toll it take onyou physically is tremendous, so try to trade cool.
esp if you do smoke and drink.
Don't force. If losses are not too much , just cut.(that is unlessyou really see opportunity, don't guess)
Once a while your resolve may be tested, thats to be expected.

By far, the fact that thetrader manages the exposure on realtime would fare better than stop loss order traders by leaps , who often will get kicked in the groin for no apparent reason, except for position gambling.

Hi Alex,
Think nothing of it.
Please may I ask if you would remove name of file, thanks
we refer to it as ky.. in future, ok

By the way the short chart pattern, indicates that the CB is quite serious about the support for the USD, at least for now.Trade carefully.

PS: About the CB,
well lets say a little bird told me they were checking.
Tis is very tiring, when the elephants fight, all little ants can do is to sit and watch, waiting for the right time to pick up the spoils.
gotta go , trade careful

Good point brought up about stop loss.
Before we go into dissection of the points, facts and practices.
Let me say something very important.

One very important trait of a good trader is that they do not take most things lying down, unless they have no opinion of the issues.
This is because good traders are very proactive in their actions, seldom sitting on sidelines.
This characteristics translate into their trading, mindset and proactive levels.

If one sits on the side like spectators, chances are that they are non-reactive and dormant in actions during their trading as well, or slow to reactions.
Let me try to explain in an analogy.
If a person watches a marathon race,chances are that unless that same has been participants before, the likely hood is that they have the opinion (feel) that they can do better. That is until they come on as participation, before they can empathies with the scene.Mostly we believe

that we can do stuff well, until, we are truly tested. So trading like most things in life is cannot be learn from "learning by watching". There is mark difference in knowing and having the ability to do.

One thingy I watch out for in training dealers is to watch for this. I KNOW that those who ask questions and participate in the "fight " comes out educated, benefiting from the "fight", whereas those that behave like spectators gain nothing, because they only learn from one faculty, whereas those that fought went in with all faculties. The most important is "feel" which one can only get from being party to event. there is also the body chemical aspect of endophines levels , which is part of the mind memory process. This is quite similar to muscle memory as in golf.

The ISSUE stop loss order.

What is a stop loss order?

A stop loss order is basically a limit order.
This limit order automatically becomes a market order to fill, once limit specification is triggered.

Stop Limit orders: specify limits of slippage, exceeding which the order resinds.

The use of this sort of orders are normally placed at critical "BREAK" zones , either to prevent over losses in fast market situations or to limit exposures.
"Smart" traders use it as entries for break of ranges. To captalise on getting on runs after breaks. So it is the "stupid" traders that will sit at these levels to give away positions on breaks. Thats what many is lead to believe. The truth is that these zones are vacuum zones in reality. As even the most "stupid" traders in the world know how not to trade against breaks.

Stop orders normally fill with slippage to the disadvantage of the order always. There is no OB possibilities, if any trader gets an OB fill , please come and tell me.

If you had ever seen 3 phenning (300 pips)gaps , you would understand what I am talking about. I believe many may not have seen this as most retail traders are new to the business. This brings us to the subject of liquidity and illiquid markets, another topic ,,,,later.

In the futures market context, ask any pit trader , if they had seen possibilities of fill upon market at day limit. Ask any pork bellies trader, coffee,sugar,....etc, what happens when the market goes on 5 continuous limits. Ask them about stop loss fills.

Fortunately Forex markets have no day limits, nevertheless 300 pips gaps, although not prevalent is nevertheless possible. Pray that you do not live to see market meltdown situations. It will open your eyes. If you have the time , go study what happen to the markets on the nikkei systemic failure that took nick leeson out. Study the event and then come and educate me on what actually happened. Ask option writer about ability to delta neutralise positions in such scenarios.

As a matter of fact, traders gets killed, not because of the price volatility, but because of size caught. In reality it is the stop loss order that will kills the traders, due their belief that the large positions are protected by the stops. In effects they get the fills at the extremes when markets unlock and swing back after the market has found equlibrium.

For pros , they are always on the look out for the possibilities , therefore as rule of thumb , always have contingencies in excess of up to 90% of cap as contingencies for the eventualities. These can survive the abrasion in these mkts. This are dangers of mkt's possibility at extreme.

What's really disturbing , is the abuse of stop loss order by overleveraged & undercapitalised traders , normally putting then at vacuum zones , within the volatility band of possibilities. This is prevalent for day chart traders, who, are in actuality putting stops in markets based on day volatilities bands, while trading on the weeks or months volatility bands because they are not watching their babies.
Ask any true market gurus, if they have to put stops , these are placed leaps off extreme tops and bottoms for ride capabilities. They pray that the stops never fills, as being stopped out could mean heavy %es off the book. Then there are pseudo gurus who advocates close stop strategies, by marketing long trend runs scenarios to sell wares. And the masses swallow hook ,line and sinker.

There are many long term position traders in mkts, subscribing to their ability to hold mindset for weeks and months, going against the grains of the human nature composition. One of the strongest human emotional mindset capabilities is the sexual urge. How long do you think you can maintain that mindset? And we can be sold that the human can be disciplined enough to hold infinite expectancy mindset if we follow a "system". Mostly only failing and not taking profits due to mindset failure.
Mostly allowing profits to turn to losses or capturing head and tails of movements at best. And they ask, why they fail. Sure once in a blue moon , they may ride a satisfactory run, But mostly in detriment. Can we call them professionals?
I put it to you , that the pro, works like ants . collecting daily. Once in a blue moon , he gets caught in an unexpected attrition, but only due to inattentiveness, probably still coming out in the plus, net off.

The truth of the matter is if you have to trade with stops, "if you cannot take the heat, don;t get into the kitchen." Let alone gearing it.

I say beware the trap in your mindset, not the curve ball.

Trailing stop loss orders next....

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bookmark

I do like to stress a very important point since it creeped into my mind.

Do not think that all positions are to be rescued.
The invokement of the MO, is dependent on the dance sequence as well as the cap position of the trader. This is especially so if the dance in in effect out of sync with trader. ie caught on wrong side of the trend. Under this circumstances rescue is fool hardy. You can see this example in the position on the Euro recently. To rescue a "dead in the waters" case is craziness. With dance experience, you will notice that every nerve in the body is in revolt to your such decision and in effect a gambling mindset takes hold. If in doubt when you become too nervous on position rescues, listen to your body. Bite the bullet and take the pain and Imean cut loose. For newbies it may be hard to differentiate this body language that their bicam mind sends out, as they are probably even nervous even with the scout. For seasoned traders, it becomes very recognisable.
As in the story that was posted , when Karl, made the statement that he cannot lose somuch. iTs SIGN but already way overdued. Normally others around the trader can recognise this signs eaily, due to not in state of mindframe. The worst is for traders in the same state to come in consolation of each other. That is why , I have the buddy system in the rooms. So that another of senior capacity comes in rescue of an "outed" trader. Never trade against trend, trend based on the highs and lows relationship. NEVER try to rescue those. Rescue there will lead to rogue trading. That's where "cutting your losses short", comes in play. Sad to say nick lost his head to egor there. So please, no more bad sheeps. This being my greatest fear for some of you.

Another thing is that tables of MM are helpful initially for training. Once experienced , these tend to get in the way of reflex capabilities. Drop that training wheel (borrowed from northpro, thanks), as soon as you feel that the mindset is developing so as to advance the mind development. Alway be mindful of the geometrical nature of rescues. No two rescue will be the same.This is hard to explain, I hope I come across clearly.

Remember , the MM has a form (shape), but it is never rigid, otherwise it becomes the archeles heel.

By the way, it was honourable of you to try to show the others the spreadsheet concept of calculus. Much appreciated. Remember, ditch it once it out live its usefulness. Let the mind learn, you will be surprise as to its capabilities. Divert the focus to the dance instead. Your minds guesstimates will probably be only slightly out. It is better even to stick to preconceived parameters than to have divided attention. This is because your mind will never violate its own threshhold for pain, so even if you had the figures , your mindset may reject due to out of comfort zone. Keep it always in your comfort zone. Under adverse worst case scenarios , that may just save your b,,t.

In essence , you are right.
the slight marked differences in demoing and back testing is in the application of it, like you mentioned.

If the use is in testing, participant's abilities to feel and mindset training, it give in heaps. But if to show profitability , the result carrys little benefits, other than to convince one self.
The problem that historical back testing does not give sentiment feel to participant is its weakness, carrying no real value.
Having said that, however if the participant can create self imposed environment, where a point in the past is chosen and to test forward with it, then there is some value. The problem with cheating does also become an issue, as the participant cannot force the mind to forget, and the mind actually remembers the flow quite clearly. esp if testing was done more than once. You may start from different points in time, but the mind remembers the flow , including the volatility.

However it is sliced, the inability to create urgency in the mindset of the participant is still a factor. So to duplicate the most realistic, its best to demo, and even that has the weakness that the participant, will be aware of the lithal nature of the endevour.

In the stone ages were I traded and trained , we didn't had the liberty of demo, only historical data testing. This is only available due to current developments. Back then even accurate historical data was difficult to come by and it was expensive.

As you mentioned, this is a very sharp double edge sword. It can take you head off, if you cannot master it properly. When mastered, it is a very powerful, essentially very relaxing way to tame the markets, and if especially so if it was not your own $$$ at risk and if you had generated lots of foreign capital over time.

Confidence begets confidence.

regards

A more accurate way of looking at it is,
A managed stop loss and $$ cost averaging to regain footing on losses.
In terms of managing profit, I would say that mostly,
if you had a good head, it would be in essence managing itself, its the losses that needs the attention and massaging.

So sitoca, your perspective of it is essentially correct, the practising of this "under fire", The question, do you have what it takes with the correct mindset, mo,mm to survive live "running battles". That, you have to find out for yourself. In the end its all "YOU".

As a matter of timing, you are at the extreme end.
So it is not prudent to hedge.
Nevertheless we don't know where or when the USD can bottom out.
With this resurfacing of the US subprime thingy, its hard to tell.
That Bush plan didn't do its trick, so who knows, where its headed.

If the Fed's insistance to support the USD,
may be we may have a little reprieve before it heads south again.
That would have to be traded.

OK, what are your options?
Here's what I did, so it may help you with some ideas.

you mentioned gold. Since when gold was trading 300USDper troy ounce, I had been buying it and storing it in safe place for my children's education fund. So over the years, cost averaged of the holding is around 500+ for that portfolio. Now that gold is above the 1000 USD, its expansive. What I do was that I bought quaterly with 5% of my paycheck until I retired.
Please be clear that the gold holdings is in Bullion (999.99) gold purity and not gold from the goldsmith shops. Those are handicraft gold, and you pay alot for workmanship and design. So that's no hedge.
Your option for bullion supply is limited to , if you know any bullion smelters(wholesalers).
Alternatively, since you are in the US is the maple leaf coins produced by the Royal Canadian Mint, you can buy at banks.
the European alternative is the swiss gold bars, not the chocolate flavoured ones,ok LOL
The Credit Suisse Gold Bullion Bar, come in various sizes.

The others is the kuggarand Gold Silver Bullion Coins Bars or
if you are in asia, the Sun Hung Kai Bullion coins, Moncatta gold and silver bullion bars, Australia's Kangaroo Nugget bullion coins. (some people like Asian Bullion more, because it is darker orange in colour compared to gold mined from other parts of the world)

Never buy bullion bars from unknown or unmarked sources. If you do get it assayed and certified first. Remember, never do paper gold or accounts gold, theses gold carries "cost of carry fees" embedded into the price. Best stay on physical bullion but of course you will have security risk for that, unless no one knows you got any. Beware of bandits and highway robbers. (oh sorry, wrong century) LOL.

Other possibilities is silver, palladium and diamonds. And the latest instrument, titanium. For that I bought a few more golf clubs (drivers) than I needed. But was told that it was supposed to be in ingots. So now I am awaiting the introduction of titanium coinage.LOL

As you mentioned, you could open accounts in UK or Europe in your non neutral currencies accounts.eg in Stirling or EQ. Don't try to hold renminbi(China currency), its not freely exchangeable, at least not yet.

You best hedge is to hold a diversified holding of all the above mentioned. Aportioning the ratios of that holding to your fancy and dollar costing your purchases over a long period like what I did for my children's fund.

OR you may like the marry option, thats fun, they allow for harams.LOL

Oh , almost forgot, well, if you get caught in a depression holding your USD, you may like to snap up cheap agriculture land and convert them to commercial and residential land over time.
This one could make you a LANDLORD aka king.
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there is no perfect hedge in this world. Basket of Precious metals are about the only possibilities. The others , they all gotta be traded. Whats most worrysome for you is the CDs , thats just paper.
The USDs can be mobilised at will.

If you take the options to migrate , then you may just be jumping from the pot into the fire. What makes you so sure that the others will not be hyper inflating as well.
I have seen the feds got themselves out of very bad situations before, and had even assisted them, in open market operations before. They are very professional, so this is just for now. Only that, the new team of administrators have to find their feet and not make more errs to compound their initial err.
If you think this is scary, you would be scared out of your skin , during the osmarks period. So steady, if you're not hedged , this is no time to panic.
I thought most 401K monry already sunk with enron already, so whats there to do. Just bite the bullet and flow with the tide. Thats the problem with all the funny plans govts do in micro managing citizens money, well thats govt issues.

There's little for me to say.
I have given my opinions mostly.
To trade professionally, one has to be professional.
No professional, can afford to be caught gambling the markets, but most do,esp those managing OPM (other people's money).
To me these are non professional, but thats the latest fashion, so let them learn. And they will continue to learn the lesson until they get it right.

There are true professionals in the markets, and most will benefit from the ego of the pseudo gurus.
There are too many "pseudo pros" who only got paper, but these are not market warriors, are they?

PS: It would be erroraneous ,if traders only know how to trade term positions (mostly based on predictive methodology). The pros use term positions only to enhance, normal daily revenue.
Well, thats just my take.

If there is any term positions to carry , it MUST always be an extension of the positions from the short charts trading and reduced to a fraction of babysitted positions , with absolute range backing from foreign capital that has been taken into book for any eventualities that may occur.
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Absolutely on the money.
Abilitity to understand whats happening i markets is essential.
Its like if you are dancing 2 steps, you are aware that the band may change the music , sometime, You don't know when or how fast that will come. Although you are aware, your focus must be on now. This is because if you mind is on what might happen, you loose focus on what is happening and there is a high lightly hood that you will stumble. So be aware, but do not let it impact your dancing. If the analysis is that the music may change soon , then go to the edge of the floor (deflate your possitions slowly) and bail out when there's signs to spook you. But stay on the "NOW DANCE" until that change comes.

Also don't be too smart and jump the gun.
You wouldn't want to be dancing boogie, when the music is 2 step.

One very wise man taught me this.
"The worst things in life is to wait for something that comes not.
and go to bed and sleep not."

Timing is the key.

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when I said "smart", I meant the traders that thinks too highly of themselves, for their own good. That was why the smart was in quotes. The kind of traders that knows all, except how to be consistently profitable. And there are many such traders, they consistently lose money, but they seems to be very knowledgable about markets and technical analysis.
The context , that it was used was to describe those traders who uses stops orders for entries on breakouts, have rigid stoploss orders and consistently gets stopped out, but insist that, it is the correct way to trade. Some even goes so far as to claim that they can be stopped out 10:1 ratio and still be profitable. And if they didn't caught the one, that would putl their books to profit, it was always someones elses or some unforeseen event's fault.

OB in golf stands for "ball out of bounds".
OB in trading orders stands for "Or better"
When you put an order to the broker to buy limit X.XXXX OB ,
The order is to buy at price X.XXXX or better. So the fill can only be either X.XXXX or lower than X.XXXX. In the interbank brokers the term used is "bid".
Similarly when you put an order to sell limit X.XXXX OB,
The order is to sell at price X.XXXX or better, therefore the fill can only be at price X.XXXX or higher than X.XXXX. In the interbank brokers the term used is "comes"
So for OB fill, it stands for or better fill. Which mean at limit price or better.
The context that it was used was to mean better price fill than the limit specified.

Regarding your question on whether I use limit orders,the answer is no.
I alway use market orders for trading.
When I was market making for teir 1, I was the two way price, so effectively I was the market.

Limit orders are instructions to fill orders within specific demarcated prices zones, with discretion , and I don't see the benefits from such action. Other than that the trader doesn't have to watch the market.
I believe you may already know my opinion of traders who do not watch mark

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I do not believe that any questions are foolish, just that some traders may be misled in mindset and find difficulty to realign to see the truth. I note your insistence to believe that the methodology I presented could be successfully modified to cater for term trading. This is very far from the truth, because the strength in the methodology is in its ability to troubleshoot quickly when not in sync with the markets flow.When such is transposed to daily time frame, the practise become dangerous, as the trader is unable to sync quickly to correct he err. This is because on such time scope, the non reactive response by the trader incurrs slippage. If you can appreciate that the volatility on a singular 5 min bar can be up to 50 to 300 pips in an extreme environment, you must appreciate that the the volatility AND slippage on a day scope would be much larger. And it is my belief that traders do not have the capitalisation , nor the stomach for that kind of risk. That is in, trading outright exposure, letting alone snowballing risk with high gearing, as this MO requires.

I do not have figures to tell what the success rate of traders are, when they trade such time trame, but I can atest that all the traders of whom I had the opportunity to meet (doing that) have failed in such endevours. I have drawn my conclusion based on that , concluding that , it is not the prudent way. Not withstanding , the having experienced my methodology, for the numbers of years I was at the banks.

If you believe there is validity in your modifications and that it may be successful, please by all means, go ahead and prove it to your complete satisfaction.

You sighted Warren B's modus operandi, and I would like to high light to you, that as you so mention, he is an investor. Therefore he operates with a different MO. You seem confused with the differences between trading and investing. If I may be allowed to highlight to you, Mr B does not even trade the stocks market, his MO is in buying and selling companies. In the financial circles, it is known as raiding. Have you ever heard of company raiders?

Although, I can excuse your misinformation due to your indoctrination and education. Please be so kind as to compare apples with apples and not bring forward an orange, siteing that because they are all fruits, that they are the same.

Please do not take my response as disrespectful, It is just that we stand very far apart in doctrine, and from my many years of experience, I can see that you are unaware of your follies.

PS: Please do not feel other than that I have the utmost respect for Mr Warrant Buffet, a prudent and honest man. One does not become 2nd richest in the world by being careless, but I must point out that he is not within the same platform that forex traders/dealers stands.

"This is an important fighting method for one man against many. Strike down the enemies in one quarter, or drive them back, then grasp the timing and attack further strong points to right and left, as if on a winding mountain path, weighing up the enemies' disposition. When you know the enemies' level, attack strongly with no trace of retreating spirit."- Ni To (Two swords) miyamoto m. san

"In strategy your spiritual bearing must not be any different from normal. Both in fighting and in everyday life you should be determined though yin yang.(equilibrium calm)

These things cannot be explained in detail. From one thing, know ten thousand things. When you attain the Way of strategy there will not be one thing you cannot see. You must study hard" - waterbook, miyamoto m. san

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"There is timing in everything. Timing in strategy cannot be mastered without a great deal of practice

There is timing in the whole life of the warrior, in his thriving and declining, in his harmony and discord. Similarly, there is timing in the Way of the merchant, in the rise and fall of capital. All things entail rising and falling timing. You must be able to discern this. In strategy there are various timing considerations. From the outset you must know the applicable timing and the inapplicable timing, and from among the large and small things and the fast and slow timings find the relevant timing, first seeing the distance timing and the background timing. This is the main thing in strategy. It is especially important to know the background timing, otherwise your strategy will become uncertain.

You win in battles with the timing in the Void born of the timing of cunning by knowing the enemies' timing, and this using a timing which the enemy does not expect.
-Do not think dishonestly.
- The Way is in training.
- Become aquainted with every art.
- Know the Ways of all professions.
- Distinguish between gain and loss in worldly matters.
- Develop intuitive judgement and understanding for everything.
- Perceive those things which cannot be seen.
- Pay attention even to trifles.
- Do nothing which is of no use."
-- Nito Ichi Ryu,(two swords one school), miyamoto musashi san, 1645, aka Shinmen Musashi No Kami Fujiwara No Geshin.

If you think it is hard to dance with a dormant partner. How do you think you would fare dancing with a partner thats all over the place. There are a million variations and possibilities althought the decision is binomial in nature.
Seek for the master timer within self. Deal with every situation as best you can, and as best you can handle.
Check your own rythem (know self), before you try to check the markets rythem. Re-access the time frame you are observing. Slow and steady, never rush. It creates bad ability to feel. And never allow frustration to get the upper hand, tame it. Be relaxed and focused. Glide with the flow, don't force.

Add money is a personal issue, try to keep PL within scope of mindset and foreign capital.

Don't ever let the market scar your mindset, you are not trading banks funds. Thers no need to rush ROI, ok

regards

1,3,6,9 not so fine progression.
note the 3 rescue is strong, too strong in front,
and then 6 martingales.
the 9 drops back to fibo.
I feel for you, that the front is very strong for rescue. and your back rescues are weak, so seems you are stacked in front.
this is better for attack than rescue, and for attack this is very very strong.
Please rethink.
That is unless from your experience, your dance rescue is very sharp.
If in 2 steps you can time right then the attack is very very strong.
Is your wife influencing you on the aggression?
I conclude, that this is dangerous for you,
do you know you risk snowball skew rate?
Seems out of line and unstable.
When Did I suggest this skew?

By the way, do check your brokers credit risk before putting too much funds in. Also check if they segregate customers money.

Hi jairo,

Thanks for your detailed reply.

In many ways, it shows that you are a success in life. The resilence you have shown, inspike of the the mounting odds, stacked against you for 11 years, when you started on this trading quest. On this alone , I am opinioned that surely that you are victorious with "flying colours" in other aspects of your life's persuits.

If I may be so bold as to ask you, to reconsider the directions that a "sales rep" tried to sell you. To illustrate the point , I would like to tell you a story that I had learned.

This wisdom was told me by one of my Malayan friends.
There once upon a time was a fisherman, lazyly resting under a coconut tree. (In malayan stories, there is alway one resting underneath a coconut tree and wearing a "sarong" , a one piece warp around the body cloth.) He was a successful fisherman as he owned two fishing boats and had 20 employed fishing for him, while he rested under the coconut tree.
Along came a "sales rep" praising him for his success. Nevertheless, the rep continued that , with his success, why didn't he considered, setting up a bigger structure by borrowing funds from others. (going public, if you like)
That would afford that with the additional capital, he could buy 10 more boats and employed 100s of workers to fish for him. So with his capabilities , he can become rich.
The man pondered for a while, thinking deeply.
Then he asked the rep, a question.
He asked the rep, that, with all the riches he could get. What could he do?
The rep replied, "Anything in life", what would you like to do?
The man replied. Resting under a coconut tree.
The rep replied, Why, you can do that too.
And the man answered, the rep, what do you think I am doing now?

I hope this may give you some insights as you ponder on the story.
This is also the reason, why I sat laughing by myself for the longest time.

Sorry , that I have been away. But it was out of my hands.
I see that much is developing, it is much within that should be expected, as the skills develop.
I however I like to caution that you must ,"return to basics" if you find that the forward movement, does not contribute to productivity.
I believe many here have a good head on their shou;der and will be able to navigate your development par excellence, as you progress.

I also realise that some of yo are begining to uncover some "hiddens" as you reread the thread. Although, I will never be giving you my MO in totality, I shall however guide you in your educatonal research and quest when able. Mostly all had been given, just that it may not be obvious.
So if you do have questions, do ask. Apart from myself , I believe all here probably have their own stance to the issues, apart from ego trip responses, I believe all can benefit from honest and polite debate.

As I shall be catching up on the reading the thread, I shall be replying to important questions, when I am able to.

For those who may feel that this is stressful or too difficult.
Well all I can say is that most thngs in life seems to be very difficult , but for those who had given good thoughs and reasearch , then it becomes very simple and second nature.

It is alway most difficult when on the learning process, as many will have to reset and educate themselves new mindsets. Moreover some of you are going thru thought processes that took me some years to arrive at.
So in effects you are very intelligent, to be able to compress all the years of knowledge.
And for those who think that this is dangerous, I can only direct you to the risk disclosure staements that you sign as you undertake this endeavour.

Hey friend, the train didn't came to hit you.
You actually chosed to test if you were invincible.LOL.
In fact, from what you are saying, you ran into the train, not the other way around.
Better be watchful of that scorpion inside, huh.

This can happen, sometimes, normally when we become bored and complacent as we become too profitable.The recklessness for change, was probably to break monotomy.
Nevermind , remember the lesson, otherwise it will come to thrill you again.

Another issue , is that, many dealers tend to get more rigid and hard in the arteries in their MO over time. This is because of boredom and overconfidence. So do watch out for that as well.
The reality is, this will happen subtlely, and creeps into your MO unnoticed.
It is nice to have someone do a reality check, once awhile.

Try not to be so rigid in your "surrender" conditions.
What you can do (if this is important issue to you) is to listen to your own conviction, when situations become too uncomfortable, Listen to your instincts.
and mark it relative to your normal daily P&L over time as I mentioned before.
A good benchmark would be 2X your average norm P&L.
There are some gurus that benchmark it to 2 SD (standard deviations) of charted performance (if you are mathematically apped.) Remember that you are not a BANK.
When the coping with steadyness becomes a problem, you have no choice but to cut it loose and bite the bullet and take the pain.

I personally prefer to peg to market dance to determine my response instead.
Tip is to watch out for impulse volatility.
When the volatility maintains or increases when direction of the thrust is changed,
then rescue is red flaged and must be attempted with caution.
The probability of a trend change comes into radar. When thishappens readjust your MM skew. Formulate spirals within spirals. In this case skew-in.

Whereas , if the volatility maintains or decreases, and the impulse is still intact, then, aggressive rescue has stronger chances to succeed.
Rigidity in ability to risk should only be conditionally to financial inability or
when such is beyond the capacity of mindset to cope.

However one is always free to decide
which frame of mind is reasonable and workable by your own tolerance factor.
There is no rules in stone , as each technique has is ownstrengths and weakness,
what I suggested is basically "best practice" based on personal experience.

I did noticed that there was some spliting of hairs on this issue ,
maybe some may like to bring their outlook to the table for some deliberation.
The ball in your court!

Born Free (lyrics)

Born free, as free as the winds blow.
As free as the grass grows,
Born free to follow your heart.

Live free, and beauty surrounds you.
The world still astounds you,
Each time you look at the stars

Stay free, where no walls divides you,
You're free as a roaring tide,
So, there's no need to hide.

Born free, and life is worth living,
And only worth living,
Cause you're born Free.

Creator's cage.
----
by fti. copynorighted

In the begining,
0 was all, and all was 0.
; For freedom from that cage,
; 0 created the universe,
;Then 0 created all things,
; all things was set FREE, to create itself and multiply.
; that it was not caged in; in itself again.

; 0 then created itself
; and set it free, in it's own creation,
; no longer the all; to be free.
; since then, all that itself creates, other than itself (offsprings)
: is the cage, to box it in again.

Think about the things that you created.
Think about all the things that mankind has created.
Think about the ever changing cages that it has created to box itself in.
Think about the mind's creations, the laws, the systems, the protocols, the institutions.
Then think about nature and its everlastingness.
Nature is everlasting because it is not the all and caged in.

Those others that 0 created, it has only created themselves and multiplied.
So be careful of the things that you may like to create, other than yourselfs (offsprings)
Be mindful, that it is not a box to cage you in.
Free your mind ! Do not be decieve, that it is that which created all.
Can creation be greater than that which created it?
Should you send yourself to school, or should you send your computer instead?
Be mindful of the cages in your mind.

Orders don't move markets, only trade matches can move the markets. The most orders movements can do is to confuse market makers who are looking at the internal order flows.The impact of removal of trades volume may create high volatility in illiquid markets at best for short time frames. Standing orders have no real impact on the market , only on some participating parties, esp bucketshops.
Frankly I don't believe your classmate has knowledge on the workings nor structure of the forex markets. May be you should share your documents from the Fed Banks with him for his education.

It just mean that, if you weighted it front , you are very confident on your initial form read. If you weighted it on the back end you are no so confident of your dance but would be aggressive in rescuing your book if needed be.

As you mentioned you like the hump. Which means that you are very aggressive, and have a strong option to abandon the scout if things didin't work out so well, but would like to press when he is well positioned. And that you are not too concerned to press on trend runs, and like to conservatively position when on runs.

Basically the terminology and strategy is a derivation of yield curve shapes. ie managing money market expectancies.

If you had not noticed, if you master my presentation, you would find that you are well position to tackle congestions (which is 70% of market sequences) as well as trends, although the basis of analysis is on trends. The nimbleness it affords you allows you to maneuver from one mode to the other easily provided your ego is not in the driver seat and you are in non predictive mindset. Funny that no one noticed it. Of course the prerequisite is that you have to be re-analysing your position and constantly re-mapping yourself against the terrain.

Like I have very strongly stressed all the time,that any analyst , mutating his methodology to be predictive, have flew over the cookoo's nest and had become irrational and unstable in his mind. After a little time they become incoherent to themselves. Most of these have little skill and are heavily dependant on hope of past performance, of which the disclosure statement of past performance, will quickly put them to rest.

Well I guess that many believes that the historical and past performance disclosure statement is supposed to be a joke or was just put to traders for fun. Then the jokes on them. Remember always , that, the market is alive and multi dimensional in its variables which will always affect its behaviour, thereby to tame it , you would need to use a very superior tool , that can adapt to it's millions of colouration, our mind.

PS: I guess one of the reasons I am very attached to music and sound is its variance in colouration, which does keep my mind warmed up and active. Do you think in colours? When I say a horse, think about a horse. You see form and shape but is it in colour?
Also , what language do you think in?
I sometimes have difficulty in this area. For different subjects , I think in different languages. Thats why mostly I am difficult to understand. Things get lost in transit. This the reason, why I keep editing my posting. Thoughts come in pieces also recently I am getting very forgetful.

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fti, when you have time, maybe you can post some scenario you have taken in the market. playing either rescue or attack or both.

Sorry , I am too engaged to do this again. May be you may like to figure it out from this thread slowly.

when you boil it down to math then adding to position with increased size terribly reduces your win rate (attack). doing the same on a loosing position (in red but not dead in water).. will increase the win rate allowing you to trade 100% (rescue).

I think you are mistaken here. Read my responses to Green_David on attack piramids, as he calls it, just a few postings above.

I haven't found the equilibrium for myself yet.. trial and error will teach me.

If you are in attack mode and fully loaded then it is very important to dump the load if you hit a train (even book a loss).

Yes, If you hit a train as you attack , the positions will quickly be "dead in the water", the MO is to unload the attack bulk, and dance with the scout and rescue load to recover, adding rescue to recover some losses from the attack failure if opportunities arises. (damage control) Turning in this situation is very dangerous, as you may be caught at extreme of run, and if that was to happen you will be trapped between both the bull and bear "dead in the water" predicament.

I really enjoy reading this thread and I am learning as we go on.

Late friday I did a small experiment (feeding the scorpion in me). Opened positions on 19 pairs, one scout per each. This was like snowballing my mindset for trading. Even tho it went -650 pips in net total, I exited my last positions today at the net win of 300 pips. After successful rescues on 2 pairs that I was comfortable trading I made one dead in the water loss. My euraud long position was -140 and it had broken all support lines and longer term trend..

as this pair is not on my usual radar I did not feel like I could time the rescues well, so I bit the bullet at -42 when I felt it hit the previous support, current resistance. Didn't want to sit another day babysitting it (in hindsight turned out i should have, then I would have ended in profit on all 19 pairs, lol). Made 1.5% of account.

WOW, At the bank, I had nearly 30 dealers on shifts to handle 4 major currencies.plus some more on strategic arbitrage and trading and more on the futures and money desk. Mostly a dealer focuses on a single currency pair. If any one can handle two pairs they are effectively watching crosses.
Most times I will manage exotic crosses and nostros benchmarked to USD deltas and sometime manage two pairs, if the need arises. But 19 pairs, is totally out of my league.
You gotta be super trader, or gambling. Consider slowing down , with real $$, babysitting 19 monsters, can burn you out very fast. Its ok if every pair is going fine, remeber when they work against you, it can be a mindfull.

Anyway, now I feel I can manage a trade.. not just watch and hope.

The mkt is not out of sync in terms of the movement, the out of sync is in the volatility. There seems to have movement in "turn based" style. Normally the Eur move first , then the GBP follows when the Eur stalls. Did you noticed this?

From experience, this signify , lack of liquidity. So the same monies is moving from one market then to another. Under this circumstances, traders must be careful as the volatility becomes very uneven and manipulation can surface.
Noticed how the market can do sudden and fast change in directional thrust then sudden lose the same momentum as suddenly as it came. This is deep sweeps..... lack of liquidity again. So volatility increases with wild and swift swings but prices are locked in a band.

There is much propaganda circulating that the Feds will change stance, the end of the year. But I think the market still have not gotten over that the Feds had effectively devalued the USD. So any USD gains will be met with much disbelieve. There seem to be invisible hands try to turn the bear USD around, evident from the daily chart reads. But the turn around seems to not find stability, as the turns are v shaped and find no follow thru. Better stay on short charts now, Term traders may be at a lost for the direction, I think most already disorientated, the posiible reason for liquidity loss.now seem mostly marketmaker liquidity.

Hi David, textor,

We have covered this before , I do it again just for your benefits.
I do not give a dime for fig releases, If there are critical Fed releases, or the Tankan, then I try to SQUARE all exposures, under worst scenarios I delta neutral banks books.
the reasons for this is because figs are for economist, not for dealers.
When these figs are released for the world's jobless fortune tellers and real economist that plans for countries's think-tanks strategist, some hedgers and speculators get trapped in markets due to their stance. And after the fig releases try to correct their stances desperately.

As the desperations are some times very strong, dealers shade the prices to try filling the customers at extremes by fast market shading.

trading into figs is gambling. For speculators, it is solely that.
The extreme fills for hedgers have no real impact to them because , the price is of no significance to them. Term hedged positions stance is.

At the end of the day , whatever the data presents should have no immediate impact to markets, as the impact take about at least 2 quarters to filter into the economies. Not withstanding that the data may already be a couple of months lagging. So real time window range is about a year at extremes.

Moreover , before the data releases,relavent administrators are already privy to the figs. So if the data was unfavourable, strategies would have been arranged to stabilise the markets for physical traders to hedge or unhedge.

For example, if the figures shows that the US eco was in depression, after the initial volatility impacting the markets , the CBs would be seen doing necessary open markets to stabalise the markets. When this happens , markets will just
U turn on the initial impulse. If you were a speculator , trying to make a quick buck for the ride, then, may the almighty have mercy on your position.

Normally after a knee jerk impulse after fig releases, the volatility frizzles out very quickly to sleepy blue mountain stance. Those trapped , stays trapped, and hedges realigns.

Some unexpected data move the price so violently that it makes rescue or attack difficult. Or, as you mentioned once, not trade into news announcement?

I don't understand, what is there to rescue or attack when you should be squared??

And you always says "be nimble", and no prediction. But how? When we open a position, surely we have a prediction or expectation of which direction it goes and how much it will, right? If no expectation on price move, why shall we open a position?

"be nimble" means to be cautious. To be cautious not to be too highly exposed when either too deep in the money or too out of money. To watch your position sizes that there is room to manouver and that contingencies may be implimentable if required. To reduce size either to accomodate for increase voli or uncertainess. Not to allow greed to take over. What do you think I meant.

I initiate buying and skew buyings on the basis of strong chart formations and sellings on weak chart formations. what does predictions have to do with the positions?

For nimble, we can't be so 'nimble" that we will short when we see a red 5m candle, or buy when a green 5m candle. At least we have to put up with some retracement. A little bit confused, because, we only can tell if a wave is Wave 2 or Wave 3 only after it happened and comfirmed by another wave. But if it happened and confirmed, either it is too late or more risky.

Again, what has whether it is wave 2 or 3 gotta do with the positions.
At best, if it was wave 2, you would have pocketed good profits, and probably have a base position as well that is riding good profits.For wave 3 , you would be already be in super profits.

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1. I notice that PA tends to bounce away on the first touch of a S/R. Is this correct?
No. it is wrong to assume that. Support /Resistance Zones are test zones. Mostly the market 's behaviour at these areas either are very volatile or congested. Being test zones, its behaviour would be derived by the volatility when this is tested. High volatility suggest continuation after a few sweeps, while low volatility thrust indicate distribution. It is impossible to read into distribution, suggest that positions be off loaded or squared off if distribution is detected, and to follow development until impulse re-surfaces.

2. Why is the london open a much better market than the US? The music is so different that I am considering starting waking up again at 3: am?

I do not understand what you mean by better.
Generally, the market structure and characteristics changes from sector to sector. This is due to the market liquidity differences caused by operators
and participants.
London sector seems most liquid, as it is a confluence of orders from Far East International trade, as well as the influence from Eurodollar deposits (USD deposits held outside of US) predominantly oil money and activities from the swiss banking system, where lots of USD are parked dues to its non reporting environment. Although London may look to be where the volume congregates, in fact the bulk of the sparing takes place off London eg Dussodolf , copenhagen,antwarp etc. Activities in swiss gold, Middle eastern black gold , diamonds, cold war block USD switches (ie arms moneies) etc, imposes the liquidity. Of course this is complimented by the 24hr dealing rooms in Tokyo and to some extent HongKong and Singapore.

As most dealers around the world are sparring in the GMT zone, lots of name switches and realignment of credit risk takes place through the European Money broking system.

In contrast to London Zone activities, the majority of liquidity in North Americas is derivative of order activities of hedger position and realignments to US data releases and USD monetary and fiscal policies. These are normally done with by NY lunchtime, otherwise late afternoons. So the North American mornings have good liquidity while London Zone squares out.
In the NY afternoons, the derivatives exchanges is the liquidity, as US banks are not active in the direct, in the afternoons. So the market goes into non market maker territories, public domain if you please.

It is for these reasons that you may find that the character of the market may differ with the changing time zones. Its mostly due to market structure.

What zenseven replied to you is very valid. That should be your basic frame of mind.

As i do believe non of us have the crystal ball nor the time travel machine, it is impossible to predict the outcome of any positions. Best we can do is to manage it. To rescue if when in trouble, to attack when victory is easy and to throe in the towel if necessary, if position becomes "dead".

So if you understand the mindset, your position must not give you confidence when right, nor despair when wrong, you have to manage it as per what is happening in the market now, and now keeps changing as time forwards, and yor strategies have to be adjusted to the changing market , only mindset holds firm. Therefore as per your example, if you see the 3 crows, you may want to initiate some position, however its what the market does after you're position that determines your forward strategies, not the crows any more, they are history. New developments will tell you what you must do to be profitable.

Probabilities won't make you money , only tells you odds. Its your strategic reaction to market conditions that can make you money and your ability to keep in rhythm.
On the flip, odds mostly will serve to harden your ability to feel and may make you candidates for pain threshold tests. Try to stay nimble, but focused on the dance. Remember, rigidity kills.
You can chose to make the price patterns predictive indications, or you can use them as hints for strategic reaction, it depends on your mindset.

When you stop imposing wrong perceptions to your own mind, then, things begins to become clear to it.

As for the little girl, her mind is purely uninhibited, the piano to her does not look like what it is(she has never seen one), thats why she can handle all the viarations in harmonics and its flows. In her mind, her piano have no borders.
Since she has no sight, she lives in her mind mostly. Thats why her skills are so honed, because she is allowed to create what she perceives.

For her, if her sight is restored she may lose "her gift". And if she was to be "trained" by mankinds rigid education protocol (ie masters), she may just lost her gift as well. Here is a case of a mind , searching for itself. And in the quest finding its own skills. A mind like that should be nurtured, never taught.
How can one mind teach another, but to make another a carbon copy instead.
At least for now, as she is blind, she has all the space to be herself. As she grows, I believe, it becomes less and less. We are all mostly like her, if we enlighten ourselves to the watts within.

It is very human to destroy, in the name of betterment, only to rigidly stream thoughts and lose the real power instead.

But about trading time.
I would like to add.
A normal trade day is one, where you come out with a profit for the day.
A great trade day is one where you came out with a profit , inspike that most of the day you were fighting with a loss book.
A bad day is one where you came out flat for the day.
The day that you come out with a loss, its a longest day.

To fix and stereo-type trading days or hours is unhealthy for a trader. It is rigid thinking. A good trader will stay with the battle , for as long as necessary to see accomplishment and to stay out of battles that are protracted.

Strategies for week ends and month book closings, should be designed for swift take downs, and therefore should be skewed-in for fast action.

What I highlighted is basic continuation and reversal characteristics of bar charts. This is bare basic, so any tech analyst can spot it on the big picture patterns,

Distributions are very hard to decipher, whether if its continuation or reversal. The trick is to use scout positions. From experience, I find that the pulse becomes clear if having positions, whereas without exposures it seems harder to feel the form thats developing. But of course the scout can be wrong, then you know what you must do.
The key is in the consistency, your scout can be consistently wrong or consistently right. It depends on your skill & experience in the markets. No matter if you are either, you can formulate good strategies to handle the market. And of course your MM helps a lot, in cases where you are mostly wrong.
Your exposure coupled with your attention on the volatility of the distribution will que you into the "form" readings.
It is very difficult to describe. Once you tune into it from practise, you can actually "feel" it.

regards

PS: Some of my trainees (at banks)had ever asked about having deployed scouts numerous times and still be on the wrong side of the impulse. In these instances , it is very clear that you will be against the major trend. So you must formulate careful exit strategies as you are not supposed to trade against the trend. Under these situations ,the exitings can become painful and labourous.

Rule of thumb is to risk enter positions quickly and when the feel is discovered, to exit the positions slowly with masterful strategems, for book preservation.

Hi Alexfot. I am doing very well , thanks.
I thought I already answered this question.
If not here goes again.

The Structure of the FOREX market is OTC (over the counter), so evry body is going to every body elses counters and asking for a bid and offer price to trade.

Lets say I am tier 1 bank LMB,
You see the market data feed is trading 1.0000/02
You come to my counter asking for price to deal for 10 mio USD
I quote you 1.0050/52.
So the answer is YES I have the freedom to move market wherever I like to.

But if you can buy your USD at 1.0002 somewhere ,as suggested above.
You would surely sell me the 10 mio USD at 1.0050 and buy elsewhere at 1.0002 and get an arbitrage profit of 48 pips in 1 second.

And will continue to buy elsewhere and sell me until you cannot arbitrage for profits.
So the answer is also NO , in that we cannot simply quote wherever we want to as we carry a ball and chain of 2 pips spread. and if we where out of the market , someone will arbitrage for profits.

Hope you understand now.

regards

This is not so for retail., as you trade with leverage facilities from the broker, you have to buy or sell with them.

So the direct answer to your question is , YES market makers can move the market anywhere they like , even without dealing. BUT the market can catch them for arbitrage if it disagrees, (if they can profit by the actions)

Like the flow of the River

Without knowing it I have been walking, along a long and narrow path.
Looking over my shoulder toward my home village far away, and the road, rough and winding,
I find myself to have been leading a life, without even a map for guidance.
Ah, like the flow of the river, gently, time, little by little, goes by;
Ah, like the flow of the river, uninterruptedly, the sky is now dyed rosy-pink by the dusk.

To live is to make a journey, always on the move,
with a lovable companion close by, searching for the dream world.
Even though I'm now forced to walk down a muddy road in the rain
I believe I'll be blessed with glorious weather again one of these days.

Ah, like the flow of the river, peacefully, I'd like to resign myself to Heaven;
Ah, like the flow of the river, the time of the year is also moving,
now on the tiptoe of expectation, toward the snow-thawing season.

Ah, like the flow of the river, peacefully, I'd like to resign myself to Heaven;
Ah, like the flow of the river, as long as I live, I'd like to feel the murmuring of the blue stream.

Small Boats are afraid of wind and waves turbulence, Big Ships have difficulty to to turn.)

When you are scout mode, turning is easy ,
when you are in rescue , turning leaves too much resources behind.
Turning is an option for sudden change of impulse,
and only when in scout mode or early level rescue.

when you are in rescue or attack mode , then you are committed,
for good or bad, in sickness or health, till d do you part.
therefore turning is no-longer an option.

Note that when you decide to turn.
you have to move to the next spiral within the spiral,
therefore you move to stage 2 of the preceeding stage.
This is very cap intensive protocol.

I had one of those too, recently.So I guess you want to know as you may have been there too, huh.

OK, Although I think it is unwise to make a carbon copy of me, I 'll give you a little sketch for your education.

Yes, it is possible to be caught in a sudden impulse against our open positions sometimes. If that was at scout levels then the response is easy. You figure it out yourself. Its already given in the thread.

If it was when we are at rescue mode or attack mode, then a little discomfort is likely, this is the MO. When a counter impulse wave hits, the move are very swift, sharp and directional, normally against our position.

If such was in our position I call it windfall profit and I initiate profitaking procedures to regroup for a strong skew attack later. .

If such was to my detrement, I call it a @#$% position and I take out the last attack size from the market at a loss, and allow the remaining positions to bleed.

I then would go back to the charts to check if the impulse is contained within the scope of the trend. Normally it would have killed the short chart trend and indicated reversal. It would be good to see if this was so , in the hourly charts.

Then I scan through the other short charts up to the hourly to find the point where the impulse is not reversal to continue a level up rescue, if it exist.

Otherwise, if the hourly chart is impacted the next rescue is 1 level up from the last cut loss size and RESCUE IS IN THE DIRECTION OF THE IMPULSE , this means that the open positions are reversed, as the bleeding stops and built into position as the volatility wanes, normally in such instances, the retraces would hardly be 30 % normally 10%. So the reversal is executed in stages swiftly as the bleeding slows and as soon as the next wave is felt, the rescue last+1 level up is pumped into the market to rescue.

Please be aware that this protocol could expose your book up to 30% in the process. therefore do not overstay the rescue. Bring it back to below 10% as soon as the impulse wave slows off , in volatility. Although, the impulse will continue in lesser volatility, it is unwise to carry high exposures, cut back to a smaller spiral , that you may have possibility to mount another attack, if and when it comes, without spiralling the book to oblivion. This is risk management and it is used to supress the scorpion ie greed.

The increased risk is necessary to turn and recover, but NEVER find excuses to stay at the increased risk level. If you do your next stage, exposes full book. AND if you are wrong, you shall become rogue trader.

This is no recommended for newbies and those who have not created for themselves, a foreign capital buffer. For them bite the bullet , and take the pain.

Hi Lusan,
read your journal, you seem to be ok.
The mindset seems good.
Well, the time you spent in market seems short,
but nevertheless it should best be to your convenience.

Watch your size, find your comfort size and stay there for at least a year.
This is to give yourself a chance to be really tested in mindset and mo.
More important , is that your mindset will change as your size changes.
Be assured that you shall be tested by a million possibilities.
You need to see how you fare in different scenarios.

KISS (keep it simple, strong) and relaxed.
Steady as she goes. Know that you are doing the ants job and is by leaps, probably out performing manywho are losing.
Try not to spend your foreign capital in one place.

Your gathering frame of mind is correct, but watch out for the curve ball that
auxesis mentioned will come one day, You need to know how you will deal with that when it happens.(a few may come in a year) Remember to remain nimble to change if required.

No stop loss order does not mean no stop loss.
Try to find your own threshold for pain. Let that be within your zone of accumulated profits and you will be fine.
Never lose your composure and respect for market.
It is always right, even when traders think that its wrong.

I shall visit your journal from time to time, if suits
Good Fortune.

How to handle until the trend is determined.

When markets are contracting into the congestions and bundles and triangles , do not chase the breaks. WHAT EVER YOU DO (buying or selling) WITHIN THE RANGE OF THE CONTRACTING TRIANGLES AND BUNDLES WILL BE WRONG.

When markets are "broading" attempt positions for extended counter-swings. The profits will not be large, do not expect too much.

When the legs breaks are too "sexy" ie organised short burst runs, as in broading legs. prepare for extended counter-swing as well.

If you are unable to feel, then call up your hourly SMA on the 5 mins. You will see the market gyrating arounfd that SMA.

Reminder do not keep eyeballing the SMA chart, if you do that , it will impeed you ability to "feel". Just peep at it if you lose your way, sometimes.

regards

PS: It is important to trade only one slope of the hill/valley, try not to be pig. Determine the market's form bias from the hourly candle charts, in case of deep sweeps.

Hi,
I'm very new here and have been lurking on your thread for a while.

Wow, wow. wow, hold the horses,
Peace to all man(brothers) and woman (sister(s)).
Let's not go into the gender ego about who had it better. :-)
I think all the nakeness is getting on everyone's nerves already,
or is it the 7th cyclical itch thats hitting home already.
You see in all yin, exist yang and in all yang, exist yin.
The world is made that way, so I guess its natural law.
So is the markets and the human persona.
A little whipping is necessary here, and if all here whip themselves abit, peace and tranquility will return.

As an introduction, let me make a little observation.
It seems the thread is moving away from the original intent of the thread creator, feb 2865. If I am not mistaken, his intention was to have you traders, re-access, your heavy dependence on lagging indicators, clogging your ability as traders, to think and react like true front line market tamers in running battles.

Since the late 70s into the 90's too many "engineers" have made public their inventions of reading probabilities into lag indicators for "guts" to ride out whipsaws in markets. The Grand daddy of-course being Charles Dow and followed by W.Wilders and the likes of. Unfortunately, this has caused the demise of a great many traders and dealers in the market place. (believe me, I had circle seating, while watching it happen)

Feb, correct me if I am mistaken.
I believe what feb is trying to do, is to get you people, to feel the pulse of the market, trading into its rhythmic pulse instead of reading dead lagging indicators for your decision making process. Logically, can all of us be super rich, just because we know how to read some indicators? Remember the market is a life beast, it learns and adapts.
I like to add that, market pulsing is the modus operandi of market-makers in the International Interbank Market arenas,
except that, at the higher tiers, we have the advantage to "see" the "flow” or CB activities. An experienced dealer can actually make good guesstimates of what is happening in the primary market by reading market form, before the herd moves, even without sighting the "flow". And thats only from sighting bar charts. It's an internalised skill. It cannot be taught, only learned from the Institute of Hard Knocks.

Just my 2 cts, but what do I know?
I've only traded strategic arbitrage and a market-maker in tier 1 Interbank Forex for 26 years on daylight lines of 500mio usd, before retiring. Sorry for bragging. Anyone wants to revive the USD/DM just for old time sake?

Having said that, I say POWER to you, but please be nimble, you, the new generation, for playing with the double edge sword (leverage), which can win glorious battles but for children it could cut their own throats. (Wonder who was the satan, who released this beast, in the first place?) yeah the derivative markets, don't ever be fooled that you are trading interbank, you are trading derivative (secondary) market.

I rest, with a little wisdom for you, beloved market warriors.

1. Preservation of Capital
2. Preservation of Capital
3. Never forget rule number 1.

While trading remember always,

1. Respect the markets, its alway right.
2. Bulls makes money, Bears makes money, Pigs get slaughtered.
3. Don't ever buck the trend, it's your Only Friend.

I was directed to forexfactory, in researching the new talk (thingy) in town about buckets are trying to fool people that they are interbank.
Truthfully, minimum interbank marketable tickets are USD5 mio.
So I cannot understand which banks are actually involved.
Although a few good names have been mentioned.
Maybe this is the "direction" for the future.
Sure love to trade the FX on 2 pips spreads, now that I'm retired.
Only bugging question is the credit & counterparty risk.
Still gotta go deeper to know, if this is just a fad.

Personally, I think you ppl is on the right track. What Feb has done is good education.
Like I said, you have to learn from hard knocks institute.
Try to stay with the basics.
Gotta watch your credit risk and gearing.
Also watch your market BASIS (price) tear, to confirm true markets.
Be prudent.

regards

No interbank dealer/trader ever place stop loss order.
Only Corp and HNC (High Networth Customers) request interbank to watch stops,
Actually lots of revenue from that activity.
In the interbank all transaction is Cash valued immediate.
Most dealers are delta neutral or flat most of the time, mostly delta neutral.

(((((erratta : should read squared most of the time, not flat))))))

I think brokers are misinforming customers to protect over losses situation.
If you place stops, interbank will hunt you out. All we have to do is to bum quote once each and you would be "dead in the water"

To be clear watch "ASAP" page on reuters and you will see it.
Indicative market is quoted in 10pips.

Watch how sometimes 24hrs tokyo is basis out by more than 10pips during London time zone. Also watch how the basis tears when it shifts to London/NY.
FX interbank has no central market place. Its all over the world,
and everyone is on what papers they have in hand.
and everyone have differing opinions of where the market is, thats why there is arbitrage.

PSS: to be even clearer, watch wellington zone, when the mkt is illiquid.
would make you rethink about stops,

If you can't stand the heat, stay out of the kitchen".
Undercapitalisation have been the worst killer in the mkts.

I make it simple for you, to understand.
say same instance I call for trading price on Reuters IDS (Interbank Dealing System)
US bank he quotes, USD/YEN 141 00/02
Tokyo 141 05/07
Singapore 140 97/00
German 141 06/08
Wellington 140 95/05 sorry wide
China 141 08/00

so wheres the market?
imagine what happens when, at any time when markets become illiquid.
eg release of figures: tankan, CPI, Unemployment etc

Some tier 3 banks don't even pick you up on the dealing system,
or mom pls dealer tech problem.
And remember this happens a lot in a regular day (twilight zones) not only when data is released. The extreme normally happens when economic figs are released.
So any stops near of, lets say 20 pips gets hunted out on norm, on figs can go to 3 to 5 big fig.
You want to argue where the market was actually?
try.

Be prudent

Another scenario,

every body's quoting, lets say 140 00/02
one bank in mars quotes 140 90/92

every bank pauses for like 30 seconds, watching this guy, wondering why he scuttered.
Maybe he's taken big by customer.
could be he had cust stop at 88 for big $ and wanted to take him out.
so no one moves for 30 seconds. just watching.
if he later re-quotes at 140 20/22.
then well ok move the market up, maybe buyer coming in , as he remain higher.
its possible for another unhappy bank to re-quote 140 00/02 forcing market back.
so is customer stopped out?
You must understand the Interbank FX market structure.
I already told you, there is no centralised market place, do you understand.
Place stops at your own peril.

answered some one the other day on this R/R thingy already.
For this thread I will repeat myself.

PURE nonsense.

R/R ratios is a money management tool for risk & compliance depts, to gauge the trading performance of an individual over time. It calculates the "value at risk" against P&L against time to determine the skill rating and compensation for dealers/traders. The formulation is standardize to measure all deal "at value" to equalize dealers at par to limits.

R/R ratios on singular trade exposure means nothing.
Accuracy (profitability) and ability in turning to favourable trend following is paramount in singlar exposures.

If you want to calculate risk to your stop loss probabilities, then read about my respond to stop loss orders in forex on this thread.
BUT if you were trading structured markets eg exchange traded instruments (indexes futures. Currency Futures contracts, commodities ,,etc), using stop loss orders can protect or limit your overexposure to losses, this is because these markets are localised.
Rule of thumb, never place stops in OTC instruments (eg forex, OTC indexes, OTC options, CFDs, any synthetics etc) however tempting.

Hope this helps.

@leighsww

Your position is noted.
I shall let Feb respond to your concerns, as it is his methodology.
And I think he is experienced enough on this issue (I believe he could be an exchange Local)

Nevertheless I mention again what I think feb have mentioned before, that.
We should be trading in the future, not in the past.
Robustness of methodology from historical performance is no gauge for future performances.
Rigidity of methodology can be a dangerous thing. Markets mutate to adapt to risk snowballs, by variance in volatility.
Having said that, I also can understand that your rigidness affords you peace of mind in your battles. On this issue I, sincerely hope that you will give it an "open mind" to try to learn, discuss or read more about, for your education to be a successful trader.

regards

PS : "Scalping"
I have also mentioned before , no trader can outscalp a marketmaker. This is because he can see "flow".
In exchange terms it is called "paper lean".
Time frame is of no consequence in positioning. If a directional trend persist, a "Job" can even turn to overnights, the important thing is not to carry a loss too long, and not to allow a profit to turn sour.
ability to "ride" is key factor in profitability, I repeat, time is of no consequence.

I hope this helps.

On the V formations you mentioned, I believe that the methodology is using the "hip and lop" against the countertrend reversal pivots. In structured (localised exchange traded) markets supply/demand papers can restrict the impass of certain "key" levels. Unfortunately in free flow unstructured markets (interbank forex) you are left at the mercy of the position of the book of the market maker(s).

As I mentioned in the example earlier, variance impulse volatility of their blotters at differing localities will create "noise" to hunt stops. That is the structure and theoretical edge for making markets.

If nothing else, understand this, the structure of "Structured vs Unstructured markets" are vastly different at foundational levels. To understand this, read about "the structure and working of the markets you trade". The synthetics and derivative OTC (over the counter) markets are even more complex in it foundation, normally with strong theoretical edge to the market makers. Note that leverage will compound the "risk of ruin".

I think I have given much for you to investigate, probably months of research for you. Nevertheless with this awareness, it behaves you to educate yourself, for your profitability and well being as a trader. Try to reread what I have revealed carefully. With your good head on your shoulders, you should be able to slowly improve your R/R factor across time.

I believe what Feb have presented is a respectable methodology and quite professional, nonetheless be wary of its implementation in differing market structures.

I am signing off for today and shall visit again when time permits.
Best for your trades.

This I have to say, you don't tone down your ego. Then the mkts will tame you. If you don't learn, the mkts will teach you repeatedly until you get it right. Believe me I KNOW.

2. Your mentioning, that some of my points is valid is very far off mark, friend. It's all valid. Its just that most are above you and that you have yet to comprehend the core of the contents. I am "Once a dealer, always a Dealer".

3.When I advised about "hunting stops", I was just trying to speak layman lingo. Its's actually "stops sweeping". For your education when i "stops sweep" a few times a day. I am not bothered about position sizes. My minimum per ticket size is USD5 mio, and normal ticket is 10USD. Just for your info, I am CFA and Technical Analyst (SATU certified specialist). When I sweep stops, I go for chart points, thats all I can tell you, the rest is classified. With half a Bio line, what type of impact do you think it has on mkts? And you would think that I would be sweeping alone? Multiply that by 10 nearest key tech points daily and 7 tier 1 banks,what do you have? Do you know how the outside days patterns are formed and what activities causes it?

4.I take offense of reading about your bad mouthing Bankers. In the first instance you have little understanding of the functions and sections in a bank. Fact is you can't tell Teasury from Operations.

Further if you had any understanding of market structure, you would understand about market bubbles,in this case, property bubbles that you mentioned. circa 20 years ago, Japan had one , now USA is having one, so whats the big deal about Financial Institutions, having to deal with one. If banks didn't funded property , tell me who should?

If not for the Financial system and banks, you would still be bartering sea shells for your daily needs. And you call Banks sharks and thieves.
I give you zero marks for understanding and empathy.

I hope you would amend your distasteful ways, and maybe there would be light at the end of your tunnel, pray that it's not an on coming train.

cao.

@ Green_David

Main activity on Treasury Forex, is basically arbitraging of customer orders as a service to corp. hedging activities, ie delta equalising banks positions forced upon by customers needs. Extra curricular activities include, stops sweeping as I mentioned earlier to facilitate liquidity for filling buyer seller price void & marketmaking to create a lively and active market place.

Positional exposures are undertaken either under Bank's Exco instructions because of Management's Viewpoint and also by Special Units known as Strategic Arbitrage Trading Units (SATU) whom are specialist in different modes of Analysis, ie (Fundementals Analyst/Economist, Monetary & Fiscal Economics) and (Technical Analyst/Chartist). Main FX desk operate only within daylight limits. And Treasury Chief & Chief of Currency desks are normally part of SATU. The unit name may differ from bank to bank but the function is universal.

For the Banks protection, "china walls" are created within the Treasury and to the outside world to protect against predatorily activities. All exposures are watched by dealers on duty and around the clock who will advice the respective exposed parties of market behaviour and sentiments regularly, esp. during "fast markets". Bad positions are normally cleared "at market" if any SATU dealer burst his/her preset acceptable overnight loss limits. Some of us even have forex broker boxes installed at our homes, and the junior dealers carry the reuter's fx pagers.

To answer your question clearly, basically we do not carry mental stop-loss levels, in reality it is being managed around the clock on a "on call mode", standby mode, if you like. For banks, that does not operate a 24 hr crew, they pass "wake up call zones" to their active branches.

Regarding the placing of stop loss levels, there is no safe zones. It all depends on the market sentiment and how the dealers' blotters are behaving on that certain day. Be assured, that all good dealers knows where the sweeping zones are and we know that placing stop-loss away from such zones actually defeats the purpose of the stop loss order, except to protect from over loss situations for customers. This is because when a sweep zone is under attack, no one can tell how far the stops self-feeding will over-shoot, in terms of the volatility and also the

resultant rest point , this always works against the stops. This is the nature of stop-loss orders. I shall not touch on the subject of slippage, which is also a point of contention. You see ultimately your stop loss point is a gamble.
Think about this, How long would you leave a baby unattended, unless he/she was asleep? Unfortunately the FX market never sleeps.

I hope this helps

@ leighsww

"On call mode". Simply means that the dealer who's watching the call zone, which is normally a price band, will call the dealer concerned at his mobile, once the market comes at the money for further instructions after giving a detailed read of market sentiments. If the position is passed on to sector of seniority, normally, the position is carried there at "free of risk" as favours from a dealers to another. That's called "parked positions".

The point I was trying to make is that there is no pre-conceived plan of action, all is actively managed. In lethargic market conditions, normally no action is taken. In melt down situations, sometimes the positions are taken out then reverted to the owner to protect his interest. This varies from rank to rank and from bank to bank. Normal protocol is carried out in a calm manner. The most important attribute a dealer must have is steadiness. Gambles are normally not allowed. All decisions must be calculated risk in response to market conditions.

regards

Ps: In the market, Big means nothing at all. Normally for us its only figures on a pice of paper.
Profitability is "King".
Size really doesn't matter, only profits.
remember "Nick Leeson" he was big, but big and careless, = danger
"The bigger the pot, the more the burnt rice."

Hi All,

@ Green_David
Oh, David , from your description , you may be suffering from "trigger" problems.
The inability to "pull the trigger" on trades due to self-doubt or being out of step.

That self doubt can be caused by many factors.

1. could be too many bad stop-out experiences,
this can creating mental blocks on your bicameral mind..
That's why I say its best not to use stops orders.
Either make a resolution to watch your baby with full dedication or, quit, this may not be for you.

Faithfulness to market dance is important.
Your Stops have very high probabilities of being taken out if not managed properly
and normally, it would always happen at the worst timing and levels.
The cause is because of par excellence market-makers and of course "Murphy 's Law"
If baby sitting the market is not your cup of tea,
then you should learn about new instruments and synthetics, like options e.g.
where its not necessary to baby sit, only that there's a premium to pay for that luxury.
That is a whole different kettle of fish, though.

Watch out for market over-runs.
Every market has a rhythmic dance characteristics, you got to learn how to dance in tune with it.
If she's dancing 4 steps and you're dancing two, chances is she's not gonna dance well with you.
Take note of this, she will never change her tempo to follow you,
it's you that have to get close and personal and feel her tempo instead.

Once in sync then, do your magic,
When you have to move forward, just move don't think anymore and invite imaginary ghost to haunt you.
Your actions will speak louder than your words. Follow the flow(trend)
Suit up for battle then do the necessary.

KISS, keep it strong & simple, your feelings, that is.
If you have to, "bite the bullet" and take the pain. Cut losses if things don't feel right.
"Run away today, to survive, to come back to fight another day."
yes, you have to learn to feel and forget about levels and dented egos.

2. Trading too close to the financial edge.
going too near your financial cliff, is unhealthy for your body(mind) and wallet.
always leave room for contingencies, remember market tend to always over-run.

I may show you how to money manage, when I have time.
also known as game plan, plan your work, then work that plan.
plan your work, doesn't mean to have pre-conceived ideas of market.
Like I mention in 1. You have to ask her what she's actually doing and feel if its correct.
Work your plan , basically means set aside adequate risk capital, to be utilised when needed.
Never walk into gun battles carrying knifes.
Also never ever try to catch falling knifes and shooting rockets. by adding to bad positions.

If she's not giving you clear indications, sit on you hands.
be patient, she 'll tell you soon enough.
And when you see clearly, but feel that the dance is too near the end.
then wait for the next dance. then ask again.
Like leighsww said wait for the next "bus".
It'll come, be patient and prepared but don't be too eager. Find the balance.(yin yang)

Never ever trade with money you need for your living.
Doing that builds bad vibes and can cause lots of silly and unnecessary mistakes.

3 Guts and Glory.
In this game, there's no prize for seconds, must come in front, always.
like the title says, no guts, no glory.
Pay the price and capture the prize.
Never think in terms of the money, always treat the risk capital as ammunition in battlefields.
Like the saying goes, traders may lose money,
but never ever lose your balls, or its game over.

I can go on all night elaborating the finer points.
In a nut shell, its all about preparedness and mindset.
That's half the battle. YOU!

SunTzu's Art of War teaches clearly, "know thyself and the battle is nearly won,
know thy enemy and surely the battle is won."

The other half is skills from experiences and analysis.
Never over analyse, but just enough to identify trends, then watch and feel her.
Like Feb adviced you to, don't over complicate your charts visually,
making it dazzling in all sorts , only to deceive and confuse you.
Use what works for you, we are all alittle different,
and throw all the other junk away.
What matters is profits, all other things are just "a mean to an end."

For that I must add, it is easier said than done.
Sometimes its doubly hard to retrain old dogs with new tricks.
The fact that you have been following this thread closely ,
already shows that the some mindset change has begun.
Only more time, and hard knocks is required to allow this to set and become an internalised reflex.

Remember when you, first learned how to drive,
there's like a million things to remember.
But now with the necessary "setting" of internalised skills, it becomes second nature to you.

My major fear is that, all here are at differing levels,
and some may not comprehend what all this, babbling is about.
All I can wish for is that the little that I have given you, in this space and time.
will point you in good directions for your education and development.
And that your learning curve be positive sloping.

It took me years to aquire the necessary skills.
Fortunately for me, someone else was paying the bills while I was learning, the banks.

If you are young and dedicated to the trade, you might just have that opportunity, if you knock hard enough.
Beg for the opportunity, if you have to. Again, don't let ego get in the way.
The banks are always looking for talent.
Personally I have a structured program of training, called "the bourse game" for my men at the bank, but I guess for now this should suffice.

One last point I like to make is with regards to the market place.
David you did mentioned that "My ECN broker won't give out their liquidity providers names"
This factor is really red flagging me.
Because as an veteran from Bank's Treasury, I am inclined to believe that,
it would be their honour to publish themselves openly,
that as a part of their community and public service responsibilities,
that they had taken upon themselves to open up a service and afforded general customer participation,
in the fastest and biggest markets in the world.
Its really a red flag thats nagging at me for now.
I guess its for them to know why, and for me to probe further to find out.

feb, I am so sorry that it seems, that I may have hijacked your thread for a while.
(I do so, sighting complimentary doctrine)
If that reflects your sentiments , please accept my humble apologies.

regards

@ iandekoker
I believe that we can as gentlemen , agree to disagree on my postings.

on the subject of Brokers, out to get traders. I think you may have misread.
I said no such thing, I implied market mechanism, sweeping stops not brokers.
regards


www.bollingeronbollingerbands.com/support/?s=ovindi#

HIPs and LOPs are HIgh Points and LOw Points. HIPs and LOPs are often called pivots, but as we use that term already we'll stick with HIPs and LOPs.

A HIP is a bar with a high that is higher than the bar before it or the bar after it. On the charts, a HIP is represented by a "H" above the day it occurred.

A LOP is a bar with a low that is lower than the bar before it or the bar after it. On the charts, a LOP is represented by a "L" below the day it occurred.

HIPs and LOPs are one of the oldest and most basic technical tools. Careful study of these crucial markers will reward you with a better understanding of the basic structure of price and market dynamics.

Origin:
The origin of the concept is most likely Henry Wheeler Chase's ringed highs and lows from the 1930s. In that era traders recorded prices on columnar pads for analysis and circled a high that was higher than the high above it or below it, or a low that was lower than the low above it or below it.

What it does:
In an upswing HIPs and LOPs will occur in an orderly progression higher and vice versa. In a consolidation they will form no discernible pattern.

HIPs and LOPs are useful for identifying short-term resistance and support and can be used as markers in a swing trading approach. They can also be used to identify stop levels and as trend identifiers in the wake of a Squeeze. They are also useful in pattern recognition. For example, most W bottom patterns will consist of a LOP, a HIP and then a LOP.

The number in the drop-down list is known as the "order" of the HIPs and LOPs; it determines the number of days on each side of the HIP or LOP that are counted. For example, if you choose 2, only HIPs with two or more lower highs before and after will be marked. Please note that HIPs and LOPs are forward looking and need a number of periods equal to their order before they can be plotted.

The feel of form, you get from monitoring the developments in the market. and not by setting up rules of engagement.This will restrict your ability to "pull the trigger" (in as well as out)when required. When a market begins to ready itself for a trend attack, there is always more than 1 sign, in reality there are many signals being given, and these sets-up the many types of rigid player, cueing them to the event. When most parties are in the same direction, only the egos will be left to bear the pain of the attack. Then the victors sort themselves out by a mode of musical chairs games (sweeps), and weeding out the weak players. The players who are weakest amongst the victors are rigid players. These gets to "take home the head and tails " (borrowed from David_Green, thanks). The more rigid the MO, the weaker the player. There is no

skill.
This is the reason why machines, cannot be made good traders, as there will be one or more magic bullet that will take it out, depending on the rigidty its MO. Similarly , if traders mimic machines, they will ultimately share the same fate.

regards

Sun Zi
""Water shapes its course according to the nature of the ground
over which it flows;
the soldier works out his victory in relation to the foe whom he is facing.
Therefore, just as water retains no constant shape, so in warfare there are no constant conditions."
Sitoca,

In reality,pattern analysis can be done in less than 10 seconds. Its not the pattern thats critical, evey body can see that, its the way it behaves while its forming that clues the trader. ie volatility, activity and time splices, range etc. and from these one is to formulate correct response,by trial and error. When in error, rescue, and when correct, to "press".
All trading, MO,Mm strategies is not meant to manage the market, but the trader's mindset and his resources. Leave the market managing to the CB and tier 1 , they have their ways. The trader's task is to manage himself and his resources as best he can. Patterns can come, patterns may fail, it may mutate, but thats not important. What's important is , What the trader does to cope with the changing scenerios. Here his experience and nimbleness backed by sound MM would excel him.

Training of junior dealers is OT.
Basically , since I pay them, I give them my training lessons(as you can see here on this thread), I throw them into the deep end with trade limits and loss limits to abide by and observe their mindset and applitude. When they lose money, I butter them nicely and throw them back into the deep end again. Those that comes for buttering often are put on the out tray, while those that perform well are rewarded. Since I came from the ranks myself, I tend to try to save some who are at the fences. They are then put on a buddy system, with one senior. The less intelligent ones normally are able to perform much faster than the highly groomed, who normally takes a little longer to try to unlearn their old habits and egos, before they catch on.
Why do you ask

Hi mijamoto,

Read and think carefully,
This legend became famous because of this report:

"in the presence of our representative, **286 transactions in various stocks, in 25 market days**, on both the long and short side of the

market. 264 of these transactions resulted in profits and 22 trades lost."
The profit rate was up to 92.3%.
During that month, the average interval between trades was only 20 minutes.
On one trading day, he made totally 16 trades, 8 out of them are the reversal points of the intra-day market fluctuation."

It was after he became famous that the techniques known to the world were engineered (to mask)and he came out to sell trading advisory.

Back to basics.

Try to formulate what is being taught now to this sequense of trades.
If you use what's been taught in public. These trades cannot happen.
Talk about masking bull to masses. there's surely one born every day.

His technique is hidden in the story, HINT: "time"
Note 286 trades in 25 days.
You still believe predictive?
believe me, his tech was not predictive, contracy to what he sold to the masses.
Understand what I have presented, then relate to what he did in public record and you will see the truth.

Otherwise you can go buy his other stuff. and get lost in your search.
Read the story carefully.

Its all hidden in there.
He then laughts at the gullible masses who goes all ways but the real.
Read how the story, splits into "pure fictional" ways going into the ending.
What does that tell you?

Only the dedicated will stay true , most will deviate.
26 years of study and I tell you, Stay to the basics, or you will be lost.
He won't even teach his son, you think he will teach you outright?

Think!
regards.

regards

he Morning Telegraph

Sunday, December 17, 1922

Wall Street Scientist Forecasted Top of Bull Market 1-Year in Advance.

HIS INDICATIONS UNCANNY

by: ARTHUR ANGY
(Financial Editor, The North Side News)

W.D. Gann has scored another astounding hit in his 1922 stock forecast issued in December 1921. The forecast called for first top of the bull wave in April, second top in August, and the final top and culmination of the bull market October 8 to 15, and strange as it may seem, the average prices of twenty industrial stocks reached the highest point on October 14 and declined 10 points in thirty-days after that date.

Mr. Gann predicted a big decline for the month of November. He said in the 1922 forecast - "November 10-14 panicky break." During this period stocks suffered a sever decline, many falling 10 points or more in four days and on November 14 lowest average prices were made with 1,500,00 shares traded in on the New York Stock Exchange.

I found his 1921 forecast so remarkable that I secured a copy of his 1922 stock forecast in order to prove his claims for myself. And now, at the closing of the current year in 1922, it is but justice to say I am more than amazed by the result of Mr. Gann's remarkable predictions based on pure science and mathematical calculations.

The North Side News stands for a clean Wall Street and has rendered a great public service in helping to rid Wall Street of the bucket shop evil by publishing a series of articles in conjunction with the Magazine of Wall Street. We believe in banding a fake, and we believe in giving credit where due.

GANN IS NO TIPSTER

W. D. Gann is no "Wall Street tipster" sending out market letters and so-called-inside information - Mr. Gann's results are obtained by profound study of supply and demand, a mathematical chart of money, business and commodities. He determines when certain cycles are due, and the order and the time when market movements will follow.

During the past thirty years many men have proclaimed discoveries and theories to "beat the Wall Street game," most of which resulted in loss to their followers. They could always tell by the chart just why the market did it after it happened. Mr. Gann's theory differs from the others in that he tells months in advance what stocks are going to do.

His forecast stated that some stocks would make high this year in April, some in August and others in October - the month when he predicted the bull movement would culminate. Of a list of a hundred stocks; thirty made highest price in April and many declined, while others continued higher, twenty made high during August, and fifty made high of the year in October. from which the largest decline of the year has taken place.

His 1922 forecast indicated final tops on railroad stocks for August 14. The Dow Jones's averages on rails made high August 21 and reached the same average levels on September 11 and October 16, but did not exceed the high made in August, which was made seven days later than the exact date called for in the forecast.

HIS CHART IS A FACT

Stock Market accurate long-range forecasting, as W. D. Gann is doing, sounds almost unbelievable, and how he does it I do not know, but the writer does know that he does it. My attention was first called to his 1921 Market Forecast, in which he predicted stocks would be bottom in August, 1921, and advance to December, 1921. They did so. His chart or graph of the market one year in advance is a fact, and that the course of the stock market follows it astoundingly close is equally a fact.

Mr. W. D. Gann says the trouble with most chart makers is that they work with only one factor - space movements or charts which record one to two points up or down - whereas there are three or more factors to be considered, space, volume and time. The most vital is time, and back of that is the cause of recurrence of high or low prices at certain intervals.

I asked Mr. Gann: "What is the cause behind the time factor?"

He smiled and said: "It has taken me twenty years of exhaustive study to learn the cause that produces effects according to time. That is my secret and too valuable to be spread broadcast. Besides, the public is not yet ready for it."

"Water seeks its level," continued Mr. Gann. "You can force it higher with a pump, but when you stop pumping it requires no force to cause it to return to its former level. Stocks and Commodities are the same. They can be forced above their natural level of values to where lambs lose all fear, become charged with hope and buy at the top. Then stocks are permitted to sink to a level where hope gives way to despair and the most rampant bull becomes a bear and sells out at a loss. My discover of the time-factor enables me to tell in advance when these extremes must, by the law of supply and demand, occur in stocks and commodities."

(The Morning Telegraph, Sunday, December 17, 1922)

If i take water as an example that would mean. Water moves with it's natural way and beacuse of gravitiy (If we go in mountains current is greater than in plains due to gravitiy). On water's road are rocks and it break them all and make a chanell. In another occasion there can be very big rocks and is impossible to smash it so water go around and deep a another channel. Rivers life is also dependable on how money streams goes in and of rain. It's imposible to predict how deep will water be beacuse of all conditions (sun, rain,temperature) but we can say due to our experience, when it rains surfaces goes up and if there is a drought for a long time surface will go down. And we can also claim in winter waters shape will be stable beacuse of ice and low temperatures(but there are exceptions) in autumn and spring it will be very volitle but in general higher and in summer it will fall.

What you are confirming is that the market has life,
It has a pulse ,and rythem, and that determines its behaviour.
Your job as a trader is to gauge its pulse and move accordingly to sync with,it.
You will mostly be able to do that if you listen and watch it, there is no otherway. The varables are enormous , and only the human mind, can be trained to "dance" its millions of colours and variations. Just like water the market will take the course of least resistance. The mind can capture that picture , only the timing may be slightly out paced. Thats why you have to have rescue options to align with the flow again.

If you are agaist flow, and remain to be sturborn cos of ego or any other reason, it will kill you. You have to "give" , and yield to the flow and pulse of the markets. Let her teach you her rythem, don't impose any of your thoughts on her.

You must also know how to take advantage of her, when you are in sync with her. And know when its safe to "force".
Therefore "the dance", learn AOW well.

regards
I hear you.
If I may, be so arrogant, as to tell you.
I see clearly where your status is at this moment.
In the pro circles, we call it "burnt out".You are quite finished as a trader.
I have seen very many such cases in my lifetime and some of them are very profitable traders.

There's many causes, some just burns out after deep protracted battle, some just snap, because of mental stress, even after successful campaigning. In so many ways, I am there too. Thats one of the reasons why I have given my most treasured trading ways to this thread in public. Hoping that someone can pick it up.

Someone, not to mention names, sent me email proposing for me to handle 100 traders accounts as a business proposition. I have been laughing, thinking, what promted that I would consider doing that.
I can easily go back into the banks or funds managing, with my credentials and profitability, but will not.
The reason is that I still feel "burnt out" and in r & r. What I used to make in income for being in work for one year, I can safely sit back for 10 years just spending it. Just to suggest my nestings. There's only so much 6 stars corp perks that it become meaningless. In effects, I have become very simple in my living, that even my family wonders where i am at mentally.Whats on my mind is to trade sparingly when I feel like it, and take good supplement money monthly to compliment my nestings and live simply, instead of subjecting myself to boards directives or unnecessary pressure on carrying books, or training new front lines. Not withstanding being accused of intentionally suppressing the books performance.

Why am I telling you this?
It may become clear if you can understand.

You are burnt out because of the battles that have spooked your bicam mind, and there is no way to erase that. Its a scar, you have to learn to adjust to.

The possible direction that you can go, is this, that I have done for some of my best men who had burnt out. What I did to preserve their ability to trade, was to cut their trading lines to half their normal. And to further halfing it until I find that they are operating, without pain until they had recovered. In the banks, its a little difficult , as there is minimim performance to account for. And there's only so much off their behind that I can try to cover. For people trading their own funds, it just a matter of parking your dreams for the "pot of gold" (put it on hold) and being contented with small profitability to sustain your lifestyle and to accumulated "rainy day wood" in case of difficult times. Try if this may help you. Re-access your pain threshold objectively. In some cases, it helps revive a new trader. If this cannot help you, I then suggest a "change of life" towards different directions.

Rest assured that in a burnt out state, if you force it, it will get ugly, and I have seen it happen to many of my peers. I seriously ask for you to reflect on what I have said. To be a successful trader, the mindset hold is paramount, inability to sustain peak, can take your book to very dark cold and hard places. The traders life is very lonely, usually between him and himself.
So if you insist to be functional, slow down, "smell the roses" and glide along s.....slow, until you are numb to your mental state. I cannot be absolutely sure where you are on the scale, but I get a fuuny feel from reading your post , that 1 more "tsunami" as you call it , it may just push you off the edge.

Like I said, in trading "the spirit" has to be strong,
never allow that to be broken.
In the room , I alway tell my boys,
"its ok to lose money, we can make it back, but lose the balls, and its game over."
When I retired , when I felt burnt out, my boys kept asking, why?.
I told them,
When I am there, I motivate and held them up when they fall,
But when the motivator burns out, who can motivate the motivator?
till this day, the reply I constantly get is, that they are sure that I will return, its a mot (matter of time).

So here I am, you are not all alone. But only you can help yourself, and only if you want to, bad enough.
Take time off, if you must. Even the strongest can fall. Just ponder, why even legends like WD Gann ultimately turned to selling advisory. Its called re-adjustment.

Another alternative , if suits, is to learn to trade using option model (Black Scholes), its called theoritical edge trading. That isn't so stressful. I coined a word for that, "educated trading". And if you think spot trading is ants work, thats like working at bacterial levels. LOL. Safest profitable methodology in the world, and even nick can screw up doing that. Tells heaps about mindset & risk, doesn't it.

So i repeat, RE-ADJUST or REST the balls. (no vulgarity intended)

@ Lusan,
And for you, whenever you are in "total darkness and the path forward is not visible". You better know who's in command. Blind warriors don't go places.

regards

PS: lusan, actually your book seems very healthy. just add zeros behund the pL and you can ride clouds of possibilities. You are doing 90%+ accuracy in less than a quarter, quite impressive. now the only problem is, will your mindset agree with you in your quest, If its negative, then you have to go slowly to buil

The worst thing in trading is adding to bad positions.(So you never rescue until you can determine that the rescue is done, not on the impulse wave)
When a position is bad, you must always be on defensive if you are to add to the existing position. First and foremost you should never add to a market thats cutting into the bleeding. (the maxim is that you never catch falling knifes and shooting rockets).When an opportunity to add surfaces within a time windows of within x bars of last position, it is doing so out of window, ie if this opportunity was real then you wouldn't be able to catch it due to its volatility anyway. Then if the opportunity avails further from that then there is a strong possibiliity that a reversal was of high possibility. So for prudence , you have to re access the analysis to determine if the action is "best practise".

x is a function of the volatility detemined by visual ATR.

In all syne waves you will see a forward wave and a back wave. We call them left hand and right hand waves. Elliott did good explaination about the impulse and retrace, but found difficulty when his impulse wave counted into left hand wave. Late Elliottians adopted alternative counts to accommodate of left had waves, but the err in wave fitting the 5 counts and extended 5 counts complicated the count to bogus wave fitting & counting. I use this in its most primitive.

For todays example if you look at the Eurusd we had just moved on the up waves to right hand, whereas before the leg down to 12950, the right waves were downwaves. For the wave sequense to satisfy the basic dow theory of "trend" and to stay with trend, the right hand must satisfy the required condition.

Hi nzcine,
In principle, you are right.
But I have no indicators to tell me anything, onlty the price and its bundle and behaviour. The gradient (compounded true range)of the legs, is a aid which helps me time the hit. I never trade against trend impulse, only rescue badly timed hits.
I never wait for breakouts and or confirmations for entry or exit.

If positions turns bad I shift to higher time frames to recover. And I never leave my baby unattended.

I get a funny feeling that you are unfamiliar with my protocol. My directional bias is controlled by the 3 kgds. My volatility bias controls my attack or rescue aggression.

don't worry about wrong questions.
no ones got right answers anyway.

your question about time window expiry.

time window is expectations.
is sort of bias on market feels.

How to know when bail out?
if your girlfriend expected shows up at 7pm.
and if no show by 7:15 how do you feel?
if no shows at 7:30 how do you feel?
if no shows at 8 how do you feel?
if no shows at 9 what would you do?

does that answer your question?
but of course is hard bail out if you not prepared parachute.
having extra gfs, that seldom helps.
but of course if you diehard on the girl.
Then you probably dieed-ed.
This just thought leads.
don't always think of girls, sometimes think markets.
without the dough (buy flowers (diamonds)) mostly gets no girls, only women nagging (rants?, maybe songs (mostly about how good you (really)are)).
Just jesting, but answer to you question is somewhere in this post. I think.

regards

watch out those euro crosses.
smethings in hot tub again.
seems someone' moving cable goal post.

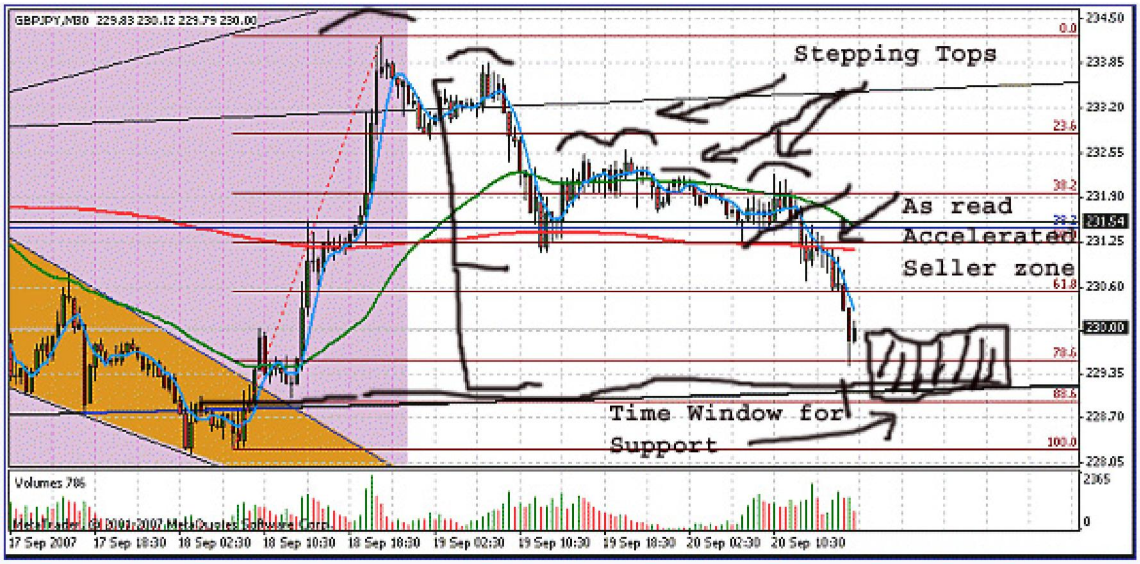
vacuum= empty= nada= nothing there
time window= opportunity of time where you see possible opportunity do something.
whetrher you do or not depends on what you see happening.

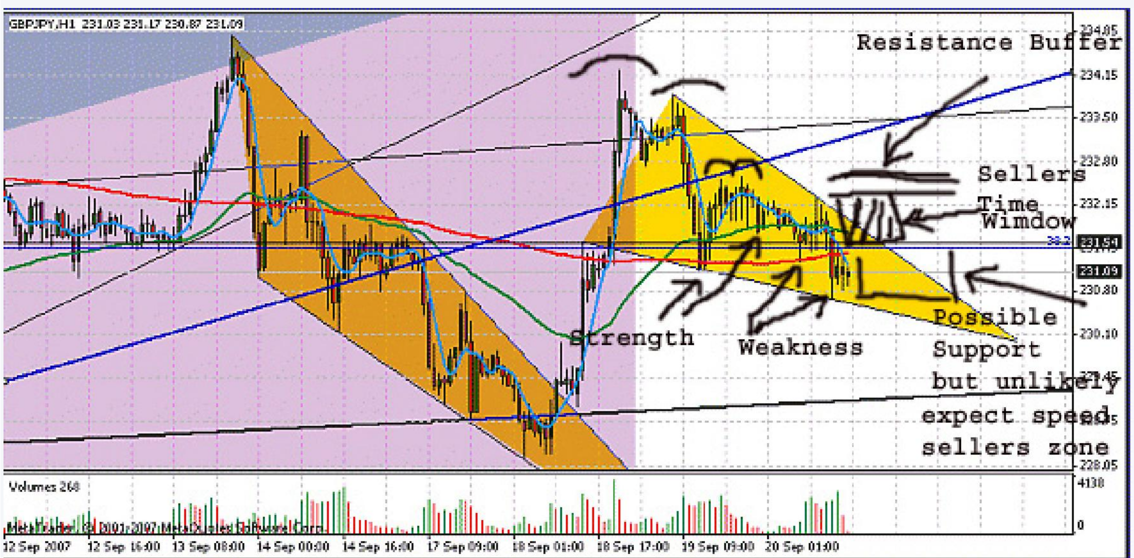
can understand?
try align time window with symmetry. Things seem like mirror it self. sometime nothing shows,because we seeing mirage.

Now fron this continuation chart, you can see that truly the support gave for a speed seller .and we are nearing syupport. There is no evidence that a bottom is found yet .So the exposure must be reduced
as we enter the Support time window where more clues will surface.

The important point was how important the waiting into the right top was.
Where a compounded stepping top form to reverse the market into a full bear.

It would now behove the trader to start looking for clues in his short chart for likely strength points, whereas still in shorts , such activity should be kept to minimal until further sigs of weakness should appear, as we consolidate into the support zone. If longs were attempted , it must be on short tenure and never to be held over night, although mkt seems deep already the bear is not dead yet.
Attached Image


GBPJPY,M30 229.83 230.12 229.79 230.00
Stepping Tops
As read
Accelerated
Seller zone
Time Window for
Support
Volumes 786


GBPJPY,H1 231.03 231.17 230.87 231.09
Resistance Buffer
Sellers
Time
Wimdow
Strength
Weakness
Possible
Support
but unlikely
expect speed
sellers zone
Volumes 268