



[eelfranz](#)

Apr 29, 2011 11:43am | Edited at 12:20pm

[Quote](#)

[# Post 647](#)

*Your safest trades will always be when green crosses red and you enter on candle 1 or 2... odds are in your favor.* Why? Because I'm expecting 3-8 candles... which is average...

With bounce trades the odds are lower for your success... but it still works.

*When wanting to enter a TDI trade... take a moment first to observe basic 4x things... like:*

How close am I to the previous high or lo

Am I in an uptrend or downtrend.. short & long term...

Am I in or close to a consolidation area

Are the previous candles small...

Look at the candles on the last reversal... big, little, what

How does the momentum look right now (12-2, 4-6)

Does Stoch's confirm the TDI signal

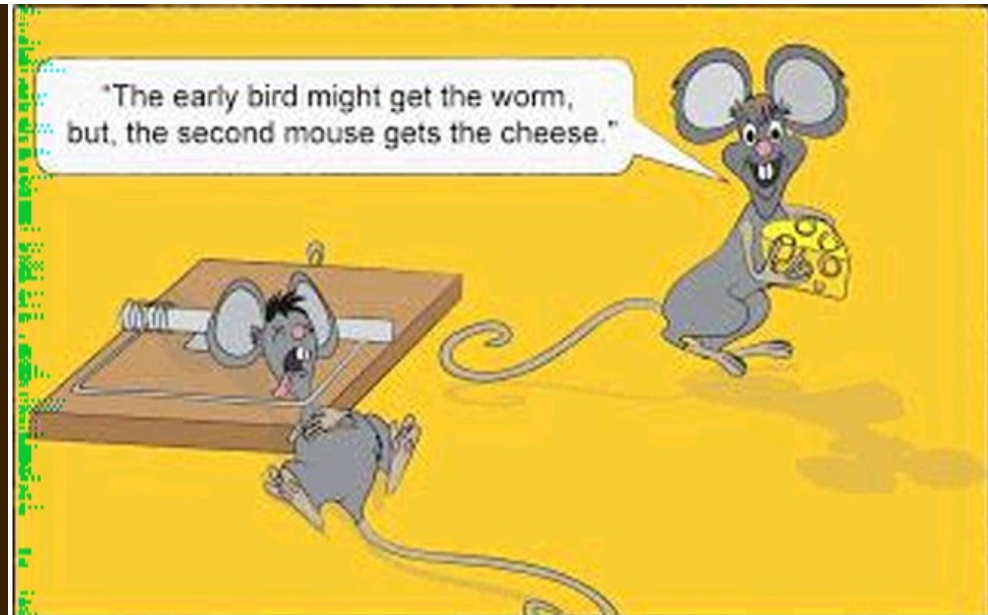
Sounds like a lot of stuff but it's basic stuff and only takes a moment to observe it...

If you don't already know these things... don't trade live yet... [www.babypips.com](http://www.babypips.com) is a good place to learn about the basics of trading 4X.

Which do you choose to be?

The early bird ..... or .....

the second mouse?



Reversal trades are risky unless you know how to apply **P**rice **A**ction with **S**upport and **R**esistance and have mastered trading **PASR** with high win rate consistently.

The safer way to trade is to wait for the reversal then a new trend is established and confirmed. Be the second mouse.

The TDI is the heart of the 5-Method, but you must decide what is your trading style using the TDI.



Study this chart below, try and interpret post#647 and see each of the rules on that chart.



When wanting to enter a TDI trade... take a moment first to observe basic 4x things... like:

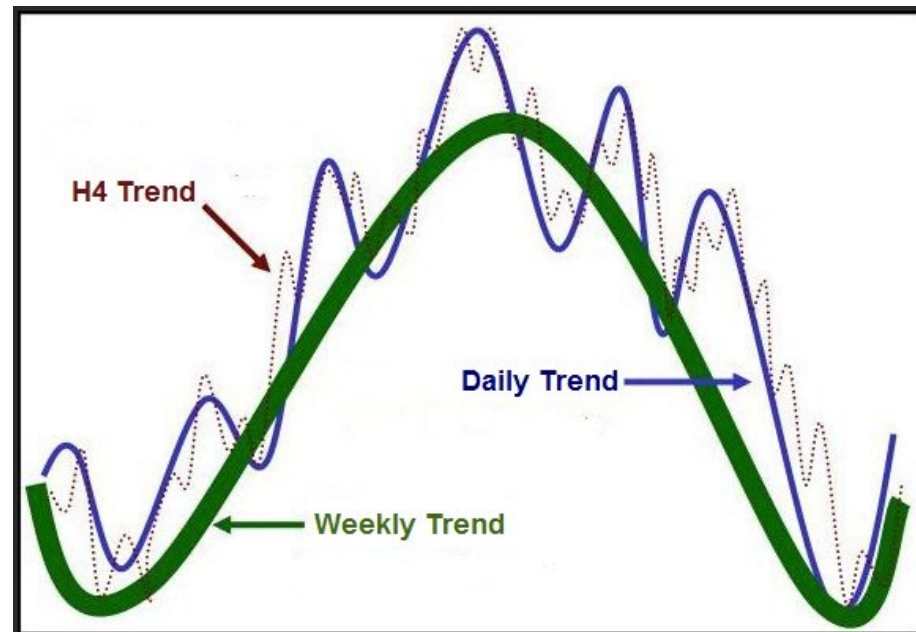
How close am I to the previous high or lo

Am I in an uptrend or downtrend.. short & long term...



What do you understand by the question above: “...uptrend or downtrend.. short & long term”

- The chart timeframe which you trade is the short term trend.
- The long term trend should be the next higher timeframe.



Am I in or close to a consolidation area

Are the previous candles small...

Look at the candles on the last reversal... big, little, what

How do you identify consolidation area on your charts?

There different ways.

Look at the reversal ... the price bar/candles.

One way is to look at recent reversal and trends ... look for **Wide Range Bars WRB**, price bars that have the widest high-low range compared to the previous 3 to 5 price bars.

Do not chase after a WRB which is APB#2 reversal trade. The reason is that your initial stop loss will be the last swing high or swing low before that WRB, hence it will not be attractive to have such large SL which you use to calculate your position size. Second reason is most often, after a WRB, market will either pull back or consolidates with small price bars/candles or worst case with an Inside Bar and result in the WRB become a **Master Candle MC**

The other way to identify short term consolidation is to look for small price bars/candles which are Inside Bars. Once we see IB, we can trade the breakout of the IB' Mother Bar in the same direction of the TDI of both the short-term and long-term trend. Aggressive traders will enter when price break above the IB itself, but conservative traders will only enter when price breaks the Mother Bar of the IB.



price pull back

WRB

this is a APB#2 setup candle

Entry technique:  
After the WRB APB#2  
setup candle,  
look for retracement of  
the WRB APB#2 in  
lower TF chart.



Lower TF retracement entry

retracement

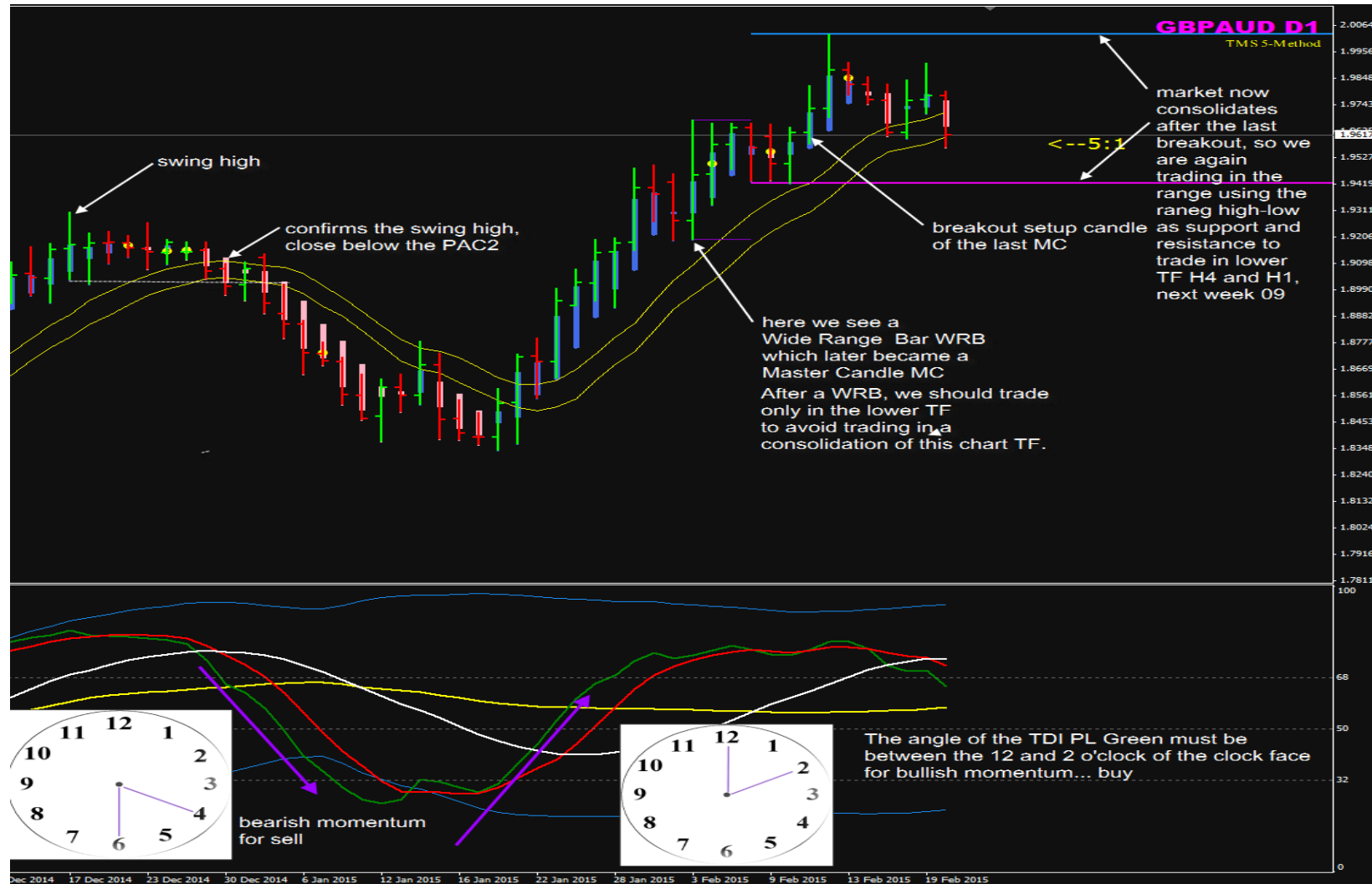
Entry candle,  
smaller SL

Inside Bar setup



## How does the momentum look right now (12-2, 4-6)

Use the clock face and compare the TDI Price Line PL Green line to the clock face angle 12-2 and 4-6.



## Inside bar entry technique

