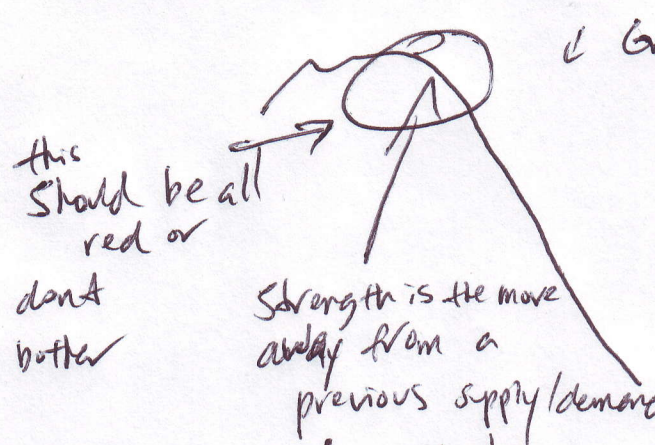


# Special Forex Thoughts #3

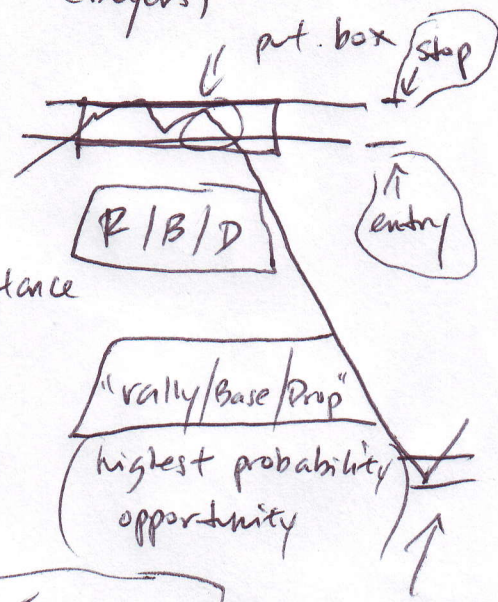
So God Bless and "here we go" with another fun stream of consciousness Forex trading strategy session and checklist pool ... !!

The trading plan template is there to catalogue our strategy:

- 1) Where is a strong imbalance between supply and demand? (sellers) (buyers)
- We seek strong moves in price.



Great! !!



then draw support/resistance range level lines

either (R/B/D) (or D/B/R)

10-15 pip risk is good

These are important areas for our strategy

draw range here too  
The chart will lead us.

Strong imbalance in price -

Any speed bumps near the drop, if so mark areas of resistance

this shows resistance to be aware of

Are the retracements clear green?  
This tells us that the banks are going to fight the seller moves.

If resistance happens again at speed bump area, we have a bank applying pressure so be careful.

Any "freeways" or paths of least resistance are our friends.  
So lets be aware of the levels so we can be on good side of trade

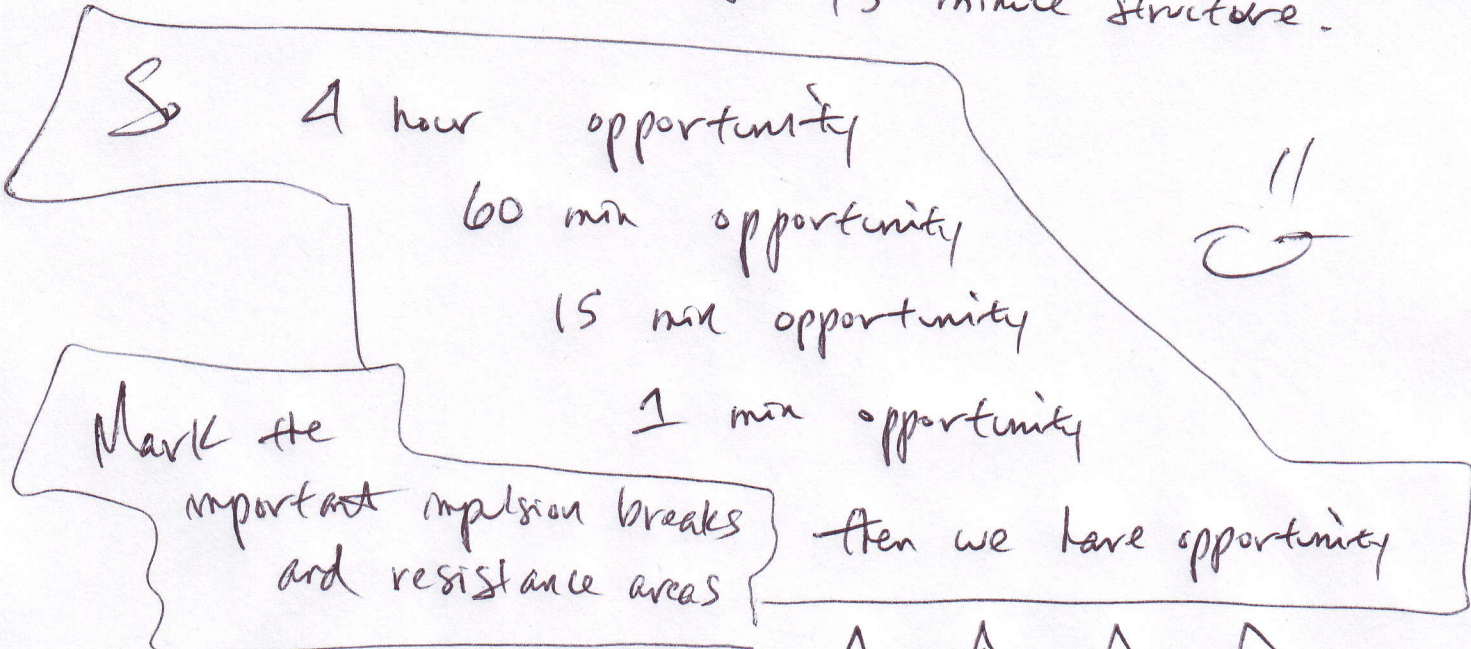
"It momentum or its not"



4 hour "primary chart" find impulses with least resistance  
let 60 min show us what's underneath

then 15 for structure under 60 min for our  
progress within the 60 min structure.

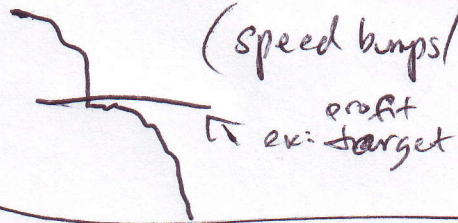
the 1 minute for our progress within  
the 15 minute structure.



Remember 55 <sup>min</sup> (planning) and 5 <sup>min</sup> (implementing)

ex: ① trendline ② EMA  
3 up 2 down  
counter trend  
2 up, 1 down  
in 60, 15

Be patient and wait for the market to present opportunity in the 1 minute chart, if the other momentum / supply / demand / time frames give us room until next resistance area. (speed bumps / clusters)



"By the way, good carry trade" (based on interest rate differential) (check DailyFX.com)

Note any interest rate announcements

"yen pairs" because JPY generally has a low yield interest rate  
USD JPY NZD JPY AUD JPY GBP JPY

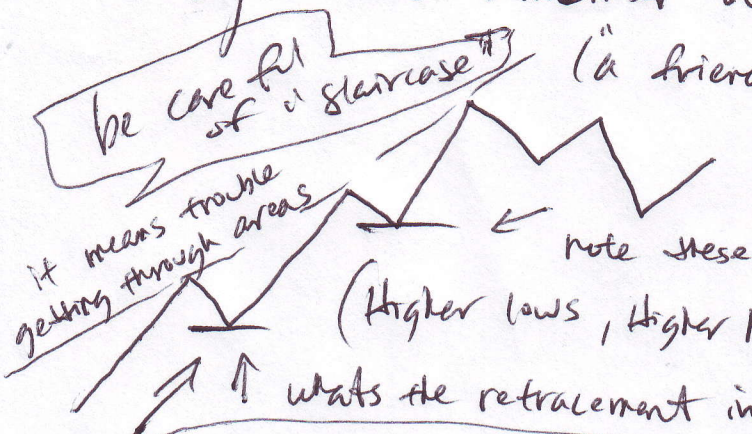


# Special Forex Thoughts #3

3

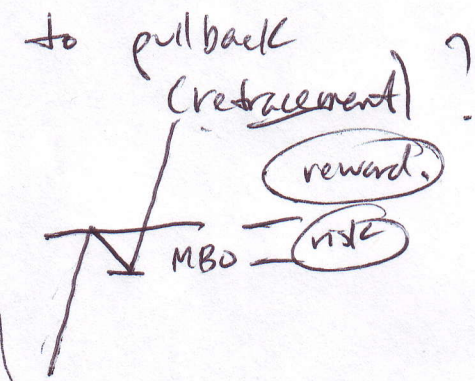
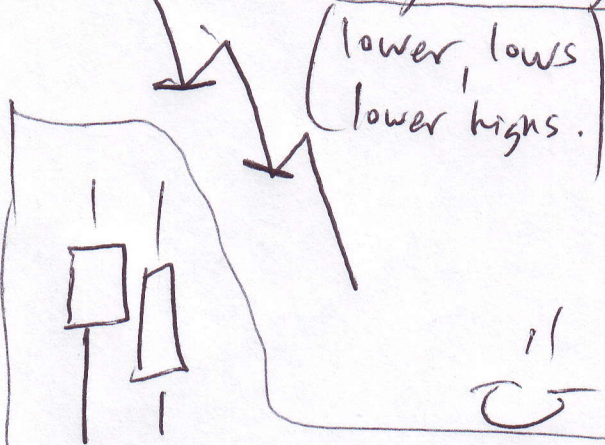
again lets remember our trend ....

(a friend until it betrays in the end)



↑ what's the retracement in each of these? (Respect the trend)  
 (Fib. %?)  
 this also shows us some seller pressure is present against the highway

Are these good 3:1 impulses measured as  $\frac{\text{reward}}{\text{risk}}$



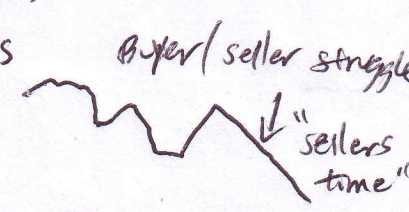
↑ By the way, be careful of wicks at bottom/top areas.  
 Not so strong for stops or targets.

① So does an entry point clash with previous supply/demand areas?

② Has the chart broken weekly lows?

③ Check weekly for lower lows, lower highs  
 Higher lows, higher highs

④ Have we retraced to this level before ~~the~~? ex. (change is happening)

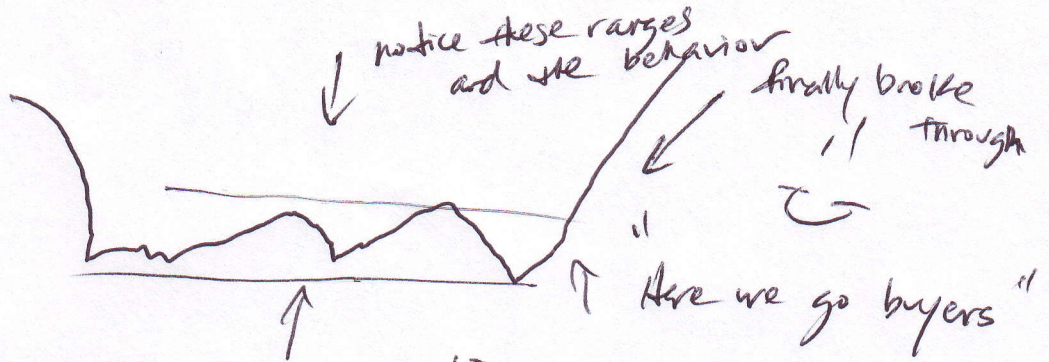




# Special Forex Thoughts #3

4

So again

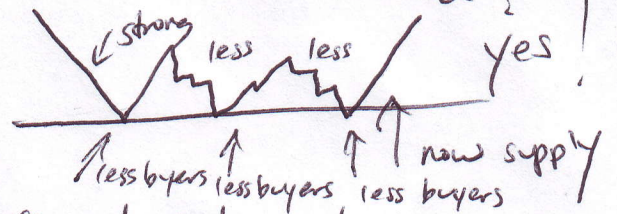


Man oh man all this stuff is like a prayer about how to understand price behavior //

the more time we visit the level the less of the more staggered and "resisted" impulsion. //

How many times has price visited the level, and staggered or strong?

Can we notice a weakening of this demand?



remember always have a minimum 2:1 3:1

reward/risk

Remember smaller time frames are not as significant so refer back to 4 hour or 60 min

We can start with 4 hour then re-check 60 min as our next primary (mark levels later on (as we work w/ 15 and 1))

If 15 is showing opportunity, just make sure 1 is Be patient

the more "parabolic" the price is, the more chance of reverse behavior. "steep"

"gravity right? "

Also, we don't want to find price at a level too long or the imbalance is not as clear.

we like short/light candles and strong moves away from the area, 3 candles or less



Also, when we are monitoring a consolidation area  
M a 4 hour chart over time and we finally have  
a strong break. We are finally showing a sentiment.

Space between cluster reversals  
show strength  
et.

That's why for reengaging we want 3 or less candles  
with no space.

OK "buyer power"  
Be careful of  
retracement  
and bounce.

Its good to study the origination  
and following behavior of long term  
consolidating supply/demand struggle because we can learn  
from breakout/retracement/trend and correction from  
the point of origination onward... fun

O.K. so how about "Correlations" between markets and pairs.

① Dollar index (overall strength of the dollar)  
the dollar vs EUR, GBP, CHF, CAD, JPY, (Swedish Krone)  
("basket")

② S and P

(Stronger than DJIA for our Forex correlations)

Does the Dollar index chart confirm our currency pair sentiment?

Can't trade "Good"  
USD/JPY, NZD/JPY, AUD/JPY, GBP/JPY

③ crude oil

If a crisis, people will  
get safe to USD/Gold

GBP and CAD are oil producers good for currency if  
oil goes up  
USD and JPY are not.

EUR/JPY

AUD/JPY

"yen pairs"

"good movement"

ex: USDCAD inverse to oil

S & P and Copper good correlation



# Special Forex Thoughts #3

6

1 minute candles

Overall 4 hour trend, then 60, then 15?

Careful — don't buy after impulses → wait for pullback → measure % retracement → check ~~high~~ height of candles and character (ex: spinning top?, engulfing, Harami?) 3 or less candles, what area is the impulse approaching (previous resistance element) →

→ Check EMA in 60 minutes

speed bump or cluster?

10, 20, 30, 50 (200 also for overall)

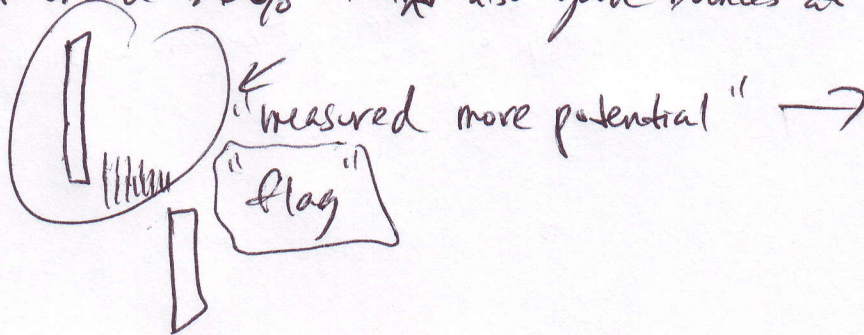
or Pandit's (psychological resistance)

(clusters

like to accumulate around 76% → ~~also~~ also good bounces at this level.)

→ Any patterns

ex:



→ ~~is~~ is the current rally or drop a reminder of the past area of a strong move, because price has a memory → and this will happen in 1 minute as banks create profit for themselves.

→ A 60 minute good ordered EMA and impulse is a lot of 1 minute candles, so optimize the opportunity is 60, and 15min so 1 minute can be profitable. ... !!

→ 3 confirmations are good ... things go in 3's ... !!

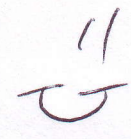
\* Impulse, Correction, reversal (what stage are we in?)

\* Trending, Ranging, consolidation (what stage are we in?)

Know these things or just keep enjoy the study discovery, only when we understand what's goin' on can we plan the trade, trade the plan.



# What a wonderful challenge! (learning Forex)



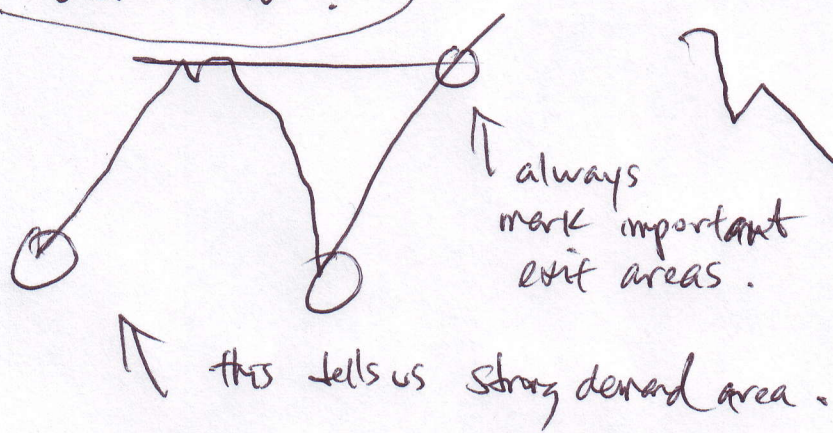
Trading knowledge is a valuable form of capital  
New level, new discipline, this is a long term goal - 2 years for clarity  
then carry along respectfully and consistently...

"A hour is a bigger picture time frame"

"Get safe with trades" → immediately

"lock in profit"

Overall trend?



then profit and get out...  
(can also let run if moving stop to follow)

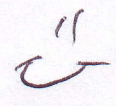
"slowing" "shift in sentiment"

Also always check size of <sup>①</sup> impulses and <sup>②</sup> time elapsed between moves.

A major seller impulse in short space may be the news ("fear")

(event based volatility, so know announcement times [forexfactory.com](http://forexfactory.com))

"New busy things"



Have seller impulses gone buyer? (note this sentiment)

ex:

what do candles tell us?