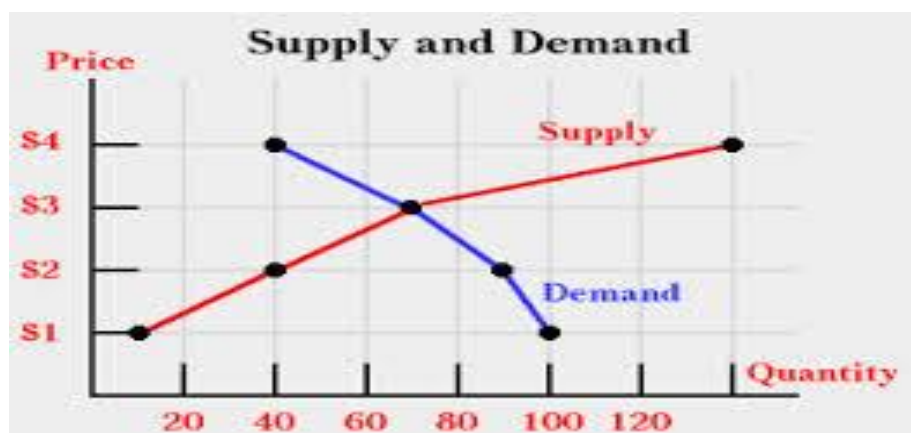


Hey...hey...hey...It's "Havin' fun with 4X time".....☺

So as "Price based traders", how do we back up our Supply and Demand strategy with "Economic Fundamentals" strength type thinking?

1<sup>st</sup> of all a review of Supply and Demand...

**Supply** (sellers) is the top most part of a historical time chart (Daily, Weekly)...and **Demand** will be the lowest historical price on the chart..."All things equal" (an economics term that says, as long as there is not a World War or something horribly shocking to the system like that...)



So we ask ourselves...where is the currency pair price position (market position) on the Supply and Demand curve?...High or low...this tells us about what is going on...

By the way, this supply and demand thing works in any and all markets...☺

O.k. so using my own trade as an example....I am looking to backup my NZDUSD (sell/short) position by studying what we call “Correlations”...

A correlation analysis is when we look at other currency pairs or indexes to find out if they confirm or challenge our trade strategy plan....

Here is my trade short (as a seller) on the NZDUSD and I based it on the fact that price is positioned in a “significant” supply zone on the Daily time chart...



Also note the “M” reversal structure that is forming...I chose NZDUSD because there is lots of room, and considering my low “risk capital” (money to risk), this could end up being very profitable...(even though the AUDUSD is closer to the MBO (momentum breakout point on the “M”)...MBO strategy is our focus...price tests a zone...creates and “M” in supply or “W” in demand...then breaks the zone proving the Price behavior “sentiment”).

O.k....so, with just looking at this trade, one might say “Hey wait a minute Bubba”!...how do we know that the

“M” reversal structure will be on the Supply side (sellers)...?

Well, that’s real!!! So, we decided to think about the correlations that would tell us if we have a strong trade plan by looking at other currency pairs...or not...

Gotta be honest...or we shouldn’t be 4X trading in the first place...☺ That’s our pact....

Positive correlation means...”same direction”

Negative correlation means...”opposite direction”

O.k. so the AUDUSD is known to have a positive correlation and yup, AUD USD has a nice “M” forming...even further along than the NZDUSD...but I’m not trading this because as Stop limit order behind the pullback of the “M” is a lot of risk capital that I ain’t got...so we’re going with the NZD USD towards the top of the Supply zone. Here’s AUDUSD:



O.k., so that's good then...a confirmed  
“Positive correlation” there...

How about a negative correlation to check our strategy  
further? USDCAD and AUDUSD is a good one...

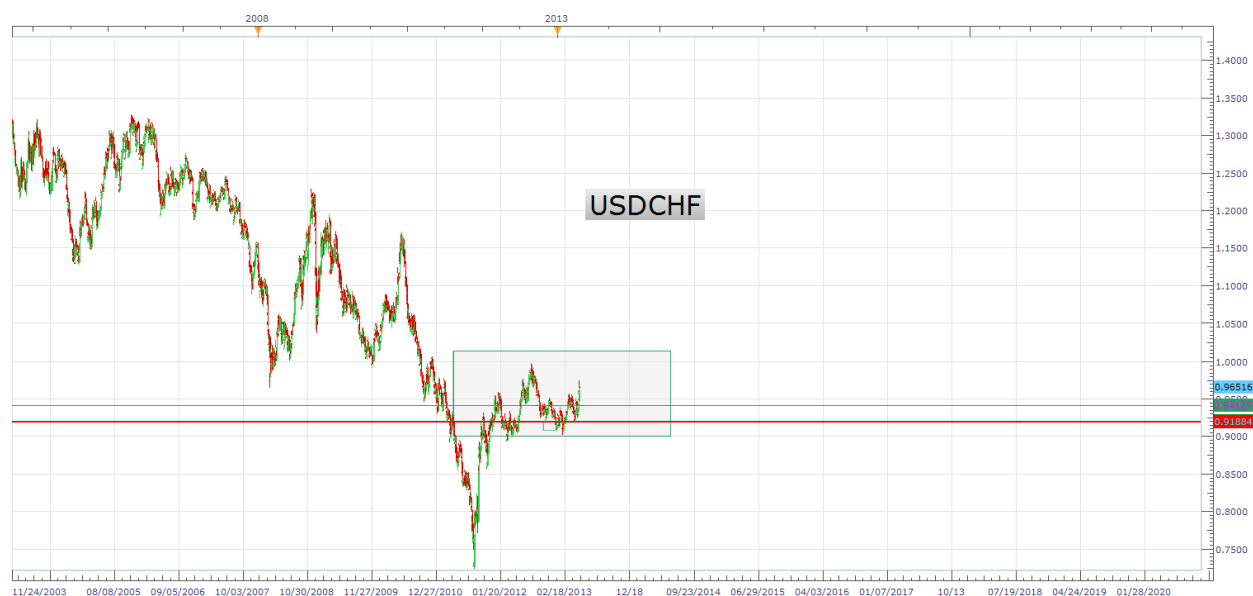


Well, yup, how bout that! USDCAD is forming a “W” in the demand zone on the Daily chart!  
(Significant time chart for analysis)

That further confirms our position for our NZDUSD trade...

O.k....so what else...without getting' too far out...even though we really want to have the highest probability trade position possible...  
“stacking probabilities” ...

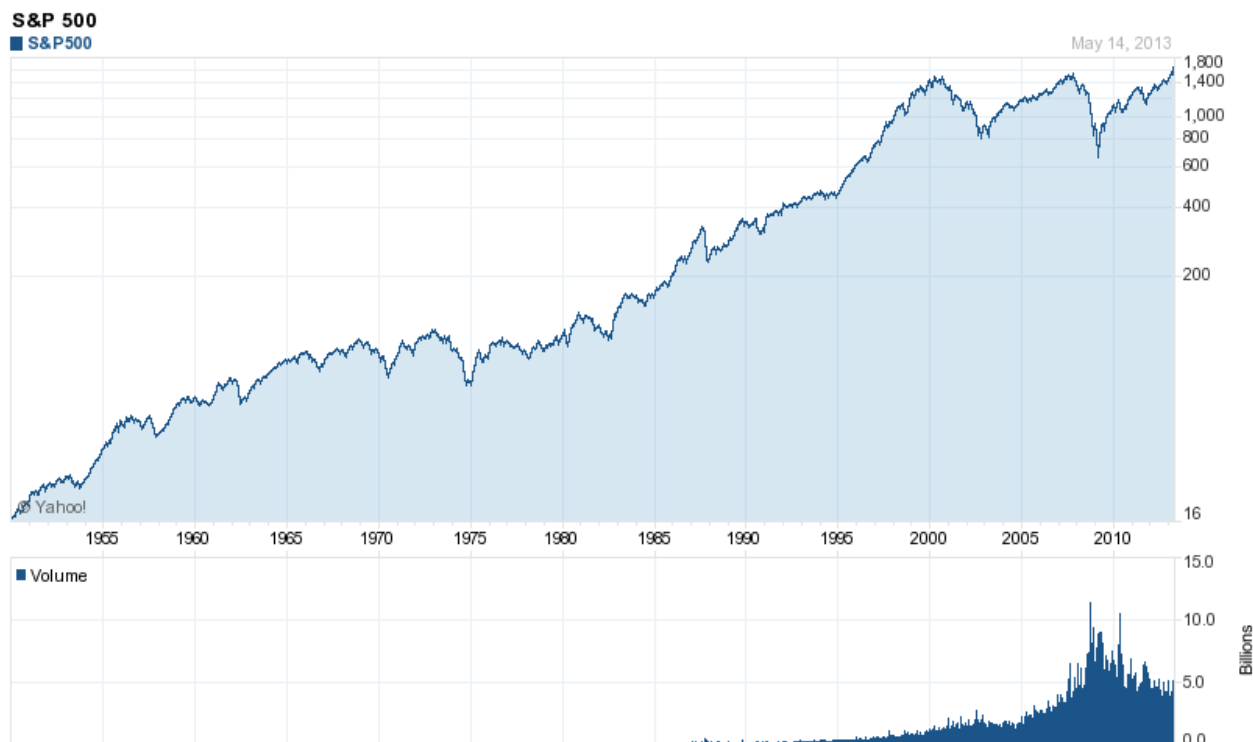
USDCHF has a negative correlation to AUDUSD



Yup, USDCHF seems to be bouncing back from a Demand zone...maybe stalling a bit (correction) before moving on upward?

Also...the S and P 500 is good to check

(a stronger USD means that less stocks will be sold to overseas investors.....so should have a positive correlation to NZDUSD and AUDUSD)





Yup, looks like the S and P 500 is in a supply zone...well, looks like the NZDUSD trade has a pretty strong chance of doin' what we thought...so we can watch the markets do they thang...and try to stay positive...

Great then...peace, joy, health, and healing to all....I love...peace...