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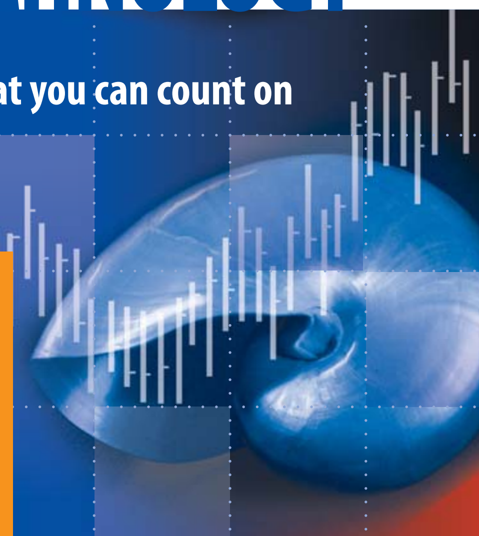
SOFTWARE SERVICES

TOMORROW'S TRADING TECHNOLOGY

100% automated Fibonacci support and resistance levels that you can count on every single trading day in an instant.



T-3 Fibs

ProTrader

How you can incorporate higher timeframe charts into your trading for maximizing profits and minimizing risk.

January 22, 2009 Webinar Notes
Presented by John Novak

Here are a few steps to learning the software outcomes that will minimize your learning time and maximize your gains. It is extremely important to have this knowledge prior to thinking about using any type of multiple timeframe analysis.

1. You must first learn each of the indicators intimately. This is vital in your initial assessment of our software and the potential it will give you to make successful low-risk high-reward trades. This means that you fully understand the "potential" next move of the market based upon what the indicators are telling you now. If you do not have any idea on what may happen next there will be no way for you to position yourself correctly in the market. Here are a few examples that we will use in our upcoming examples.
    a. Macd bb lines have divergence- you expect a reversal in the market at an area of outer band or fibonacci support or resistance.
    b. Macd bb lines very strong into support or resistance- that "area" may break.
    c. Macd bb lines well below or above zero line the mid band (large triggers) areas have higher potential of holding.
    d. A strong move in the Macd bb lines followed by a weak retracement will usually generate at least one more trade in the direction of the trend.
    e. Multiple timeframe support or resistance in conjunction with outer bands on larger charts may stop and reverse the market so pay attention.
    f. Large triggers are wide and spread out and very strong in the direction of the trend- the market will usually continue in that direction and divergences have a higher chance of breaking

2. You must then spend time working on learning your trade setups. This is done through endless, tireless and unmerciful repetition of marking of historical charts and studying the rules and how they apply to each trade in combination with the expected outcomes of the indicators. Also sharing those charts with educators and trainers so they can make sure you are seeing the setups properly. Marking up these setups is best when you pick one chart like a 576 tick chart and work to MASTER the setups on a single chart. You will not be able to effectively apply any type of multiple timeframe analysis if you do not first master the trade setups on a single chart.
    a. We have trend trades and three different looks to the trend trade so you must understand and be able to recognize each setup instantly based on your assessment of the indicators.

b. We have Fib Momentum trades and understanding the outcomes of the indicators will give you the ability to recognize these trades well in advance as well as when you have the highest advantages to win.
c. Counter Trend or divergence trades also require that you recognize the potential for divergence in the Macd bb lines, the strength of the large triggers and the likelihood of any "area" to hold.

When teaching how to apply the T-3 Indicators to the ES market in our chat room, if you got through the trade setups we have shown you how to take the area anticipated to hold on your 576 chart and use the smaller 144 tick chart for entry at a lower-risk higher-reward spot.

There are 2 main ways that you can use a higher timeframe chart to assist you in your trading.

1. To determine where an entry or exit could be when it is not apparent on the base timeframe you are trading.
2. To determine if a major fibonacci area will have the potential to hold or break to hold for more profits

Both of these are predicated by the fact that you truly understand the expected potential outcome of the market price action in the near future based on what the indicators are telling you now. In other words, looking to the future with highest probable odds.

First let's look at how a higher timeframe can help you with your exits.
This chart is from this morning and you can clearly see that if you had any type of long trades from support and divergence on the 576 chart the upside potential was limited by the EXPECTATION that the mid band area on the 2304 is going to hold due to the large triggers wide and down and the Macd bb lines not able to make it to the zero line when we reach the mid band and resistance.

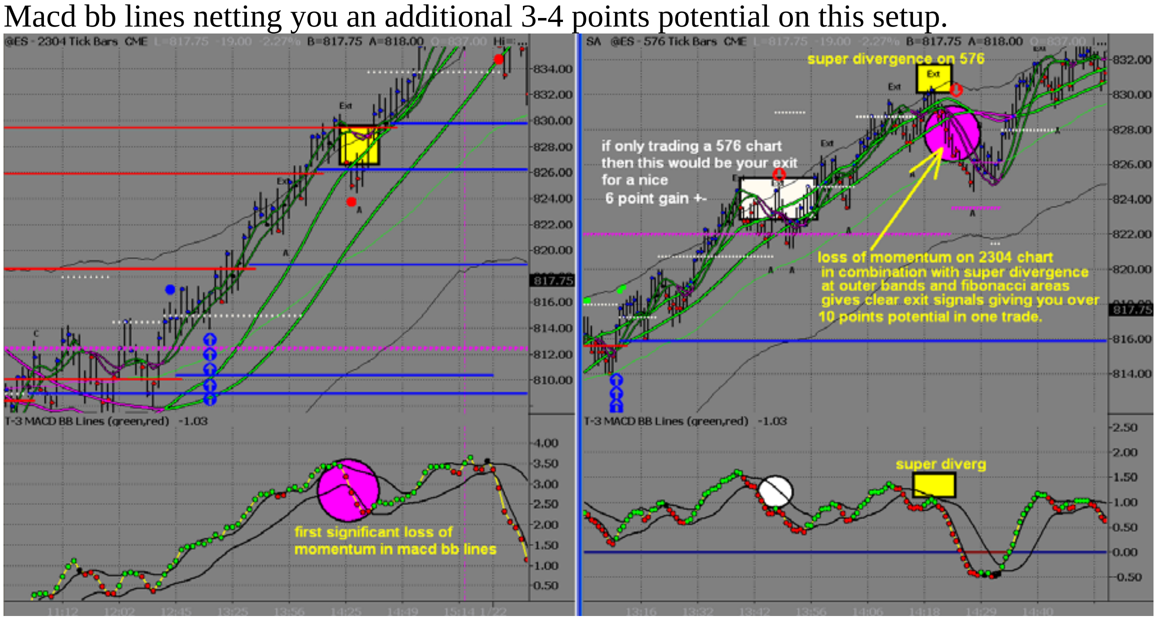
So the summation of this rule is if you are in a 576-tick chart trade that is opposition to the expected outcome of the larger chart you should protect profits once you reach an area that may quickly deteriorate your profits.

A big mistake when newer traders use too many charts is that they never get them to agree and it adds to confusion. **<u>The 576 is the chart you will trade ALL THE TIME,</u>** you are only using your larger chart to determine if you should take smaller gains or hold for larger gains and in this case smaller gains.

The opposite to the rule above is when the higher timeframe can help you with your exits is to give you the expectation of a sustained move in one direction to make more profits on a trade.

In this following example from yesterday on January 21, 2009 you will see that we had a trend trade long at the mid band of our 576 tick-chart. Once in the trade you have to make a determination of targets. Looking at the outer band and fibonacci areas and then making an assessment of the strength when you reach that area and making the decision to exit or stay in the trade longer.

If you exited on your divergence and weakness at the outer bands on the 576 you still have a VERY NICE 6 point potential. (WHITE BOX) If you noticed that the 2304 chart did not have any loss of momentum in the Macd bb lines and that the market was well above the large trigger lines of the 2304 tick-chart and they where as wide and spread out as they could be, you could have opted to hold the trade until you reached the next areas and then exited with a super divergence on the 576 and a loss of momentum on the 2304 Macd bb lines netting you an additional 3-4 points potential on this setup.



Let's take a look at how this same chart above can help you to determine if you should take a trade that is slightly outside the rules on a 576 chart. Per the rules you should not be buying magenta mid band on your 576 chart with Macd bb lines making a strong move. However at support and having such wide trigger lines to the upside you anticipate more continuation in the market's current strong trend and for the market to reach the next fibonacci area of resistance which is 14 more points away.

First let's look at just the 576 chart only view. Clearly fits all the rules for looking for a short trade from multiple timeframe resistance. It is only in looking at the overwhelming strength in the 2304 that we know that any short trades may be short lived.

However after a strong trend in one direction you reach a 2304 area that you expect to hold due to the strength in the large trigger lines and the Macd bb lines distance above zero line so you can them opt to trade with the trend or at least opt out of taking a lower potential short. In this case you had much less than 2 points risk and almost 14 points reward potential to the next fibonacci area. This represents a trade that would normally be missed if not paying attention to the strength of the higher timeframe chart. Or worse, a newer trader would opt into a short position only to lose quickly and see more experienced traders going long. This will cause a large amount of frustration in a newer user of the software.

Frustration is nothing more than the realization that you have not yet committed enough time and energy into mastering the software and it's setups. Your goal is to be a student first. It will be impossible for you to be a trader until you have graduated from your software education. Even then after mastering software, you will then start on the road to mastering your emotions and creating a suitable business plan for yourself and your own personal goals and objectives.

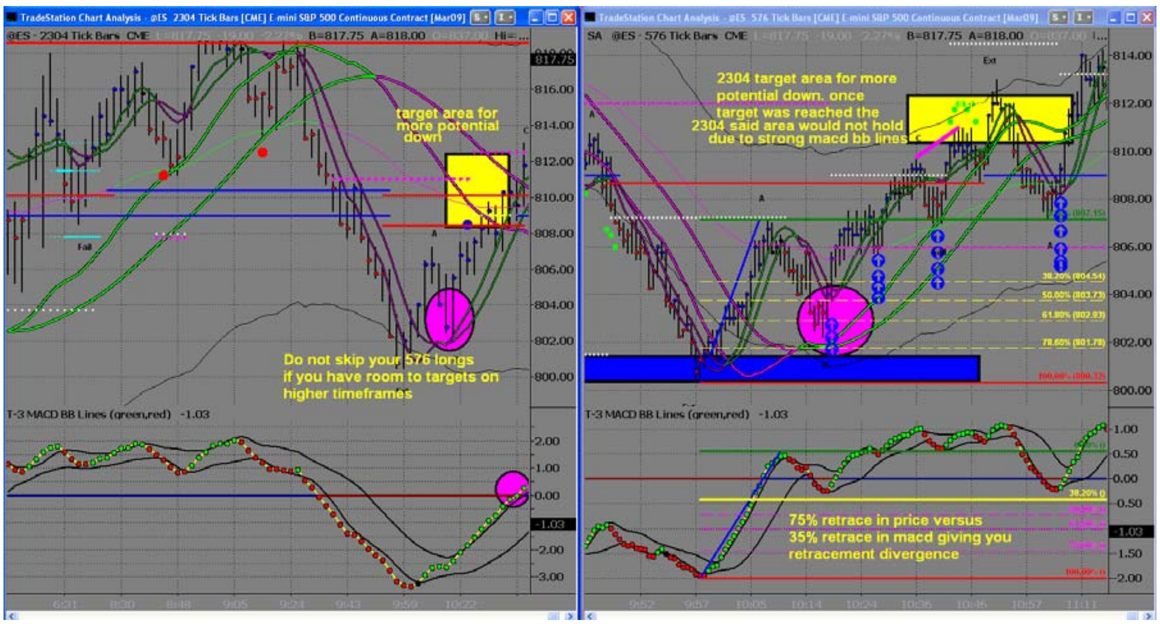
At the same time yesterday another great example of how the larger chart can give you some additional trades that could not possibly be taken without the use of a larger timeframe chart.

In this example we see on January 21st 2009 a strong move of the Macd bb lines through the zero line and large triggers on the 2304. First we have a 576 mid band trend trade long with a weak pullback in the 2304 Macd bb. Then after testing the lower bollinger band and the large triggers not once but twice… and on the second test the mid band on the 2304 had turned green you are then able to get in 2 very good trend trades prior to the 10 point plus trend trade at 814.00. If you where only using your 576 tick chart per the rules you would have been able to take the first trade but could not have taken the second trade. So in this case knowing the expected outcome of the higher timeframes allowed you to maximize your potential points and do trades from support on your 576 tick chart that might not otherwise have been taken.

The biggest single mistake that traders will make when incorporating larger timeframe charts into their trading plan is to miss trades on the 576 tick-chart because of the larger chart “scaring” them out of a trade. The chart below is from yesterday January 21.

The second biggest single mistake is that traders will use multiple timeframes before they have mastered the expected outcomes of the indicators and have mastered one chart. So in the beginning stick with one chart the 576 during your learning.

A simple rule of thumb is that if you are going to trade against the larger chart you must make sure you have enough room to the target area to justify the risk. If you do have plenty of reward potential then do not let your larger chart keep you from trading the proper trades on the 576 chart that you would normally take. Just make sure you assess your exits based on the larger chart areas once they have been reached and you get an exit condition.



My final thought on this is to stress that mastery of the T-3 Fibs ProTrader takes time. You will be able to quickly and easily see the power of the software. You will also be able to quickly get to a moderate proficiency with the software. True mastery of the software will take you at least 6 months if not up to one full year.

Most importantly, you are not alone. We have the best online community of users and they are very willing to share their mistakes as well as their triumphs. Make sure you use the educators and the community to help you achieve your trading goals.

John Novak