

HOW TO TRADE USING TRADEFOXX SIGNALS ADVANCE CHARTING

ALL CHARTS SHOWN IN THIS GUIDE ARE THE OF SAME DAY-TIME, THE LETTER (A) IS THE **OPENING BELL 9:30 FOR ES**

TRADEFOXX-MACD SETUPS IN THIS TRAINING GUIDE IS FOR INDICES: **LIKE ES, RUSSEL(TF), YM, NQ, EMD**

1. MACD SHOULD BE ADJUSTED TO FASTER PACE MARKET, ADJUST SO CROSSOVER ARE MORE ACCURATE, **Try 5 FOR FAST period, 7 FOR SLOW period, AND 9 FOR SMOOTH period, also try 10 FOR FAST period, 17 FOR SLOW period, AND 9 FOR SMOOTH FOR INDICES.**

THERE IS MORE NOISE AT THESE PERIODS, BUT ALLOWS CLOSER CALCULATIONS OF CROSS OVERS TO FIND ENTRY BARS.

2. FOR DIFFERENT MARKETS, YOU WILL NEED TO ADJUST THE MACD SLIGHTLY,
3. SUPERIMPOSE THE TRADEFOXX MACD AND ADJUST PERIODS, THE BACKGROUND COLOR SHOULD MATCH THE FIRST OR SECOND BAR, MOST OF THE TIME.
4. TRADEFOXX MACD IS ONE OF THE PRIMARY ENTRY SIGNALS.
5. WE USE THE OTHER INDICATORS FOR CONFIRMING THE ENTRY.

EXAMPLES OF EVENTS

- (A) LETTER; WAS THE OPENING WHERE PRICE BOUNCED SHOWING BULLISH (buy) ENTRY
- (B) LETTER; PRICE CROSSING AFTER DRAMTIC RISE SHOWING A BEARISH (sell) TREND OVERBOUGHT
- (C) LETTER; PRICE BOUNCES BACK DOWN SHOWING BEARISH (sell) ENTRY
- (D) LETTER; BEARISH (sell) CYCLE ENDS OVERSOLD LOSES STEAM, COUNTER TREND POSSIBLE
- (E) LETTER; DAY IS BEARISH (sell), STRONGER DOWN CYCLES FOUND





6. The chart used to enter a Trade should be Renko with a brick size of 4
7. A setup chart for confirmation of the entry should be a Heiken Ashi 8 minute chart.

A Renko chart is a type of chart, **developed** by the Japanese that is only concerned with price movement; time and volume are not included it's over 100 hundred years in use.

The **Heikin-Ashi technique**--"average bar" in Japanese. The charts are constructed in the same manner as a normal candlestick chart, with the exception of the modified bar formulas. When properly used, this technique can help you spot trends and trend changes from which you can profit from!

CHART LETTERING SUMMARY

Chart Letter (C) C1-C2-C3-C4-C5-C6, TRADEFOXX PRICE ENVY INDICATOR

Price compression points (diversion), when price compresses and moves to the other side this is a confirmation of a MACD Crossover or MACD Bounce is imminent or has just happened. There is a tendency after a crossover of price envy indicator to get resistance of one or two bars. An entry is possible if the MACD crossover has just occurred and the current bar is of the same color of two more background colors.

The Chart Letter (T) T1-T2-T3-T4-T5-T6 TRADEFOXX TRIPLE EMA INDICATOR

Trend factor, there are always better trades with the trend has long has you detect the trend early. All trends lose momentum after 3 profit waves. This cyclic mathematics is called the Elliot Wave Theory. When day trading you should always put a 200 day period SMA on the trading chart along with TradeFoxX indicators. This will help to see where the Grand Prevailing Price Trend is. When Price is below the 200 Day SMA better to look for Bearish (Sell) Trades, When Price is above the 200 Day SMA better to look for Bullish (Buy) Trades. The Triple EMA will give you the current Trend. The Thick middle line is the Trend Line, set at 21 days. You should take trades when the Trend line changes color and you see the outside Turbo price line cross over. T2-T3-T4-T5-T6 is examples of entry signals.

The Chart Letter (A-K) A-B-C-D-E-F-G-H-I-K POSSIBLE ENTRY

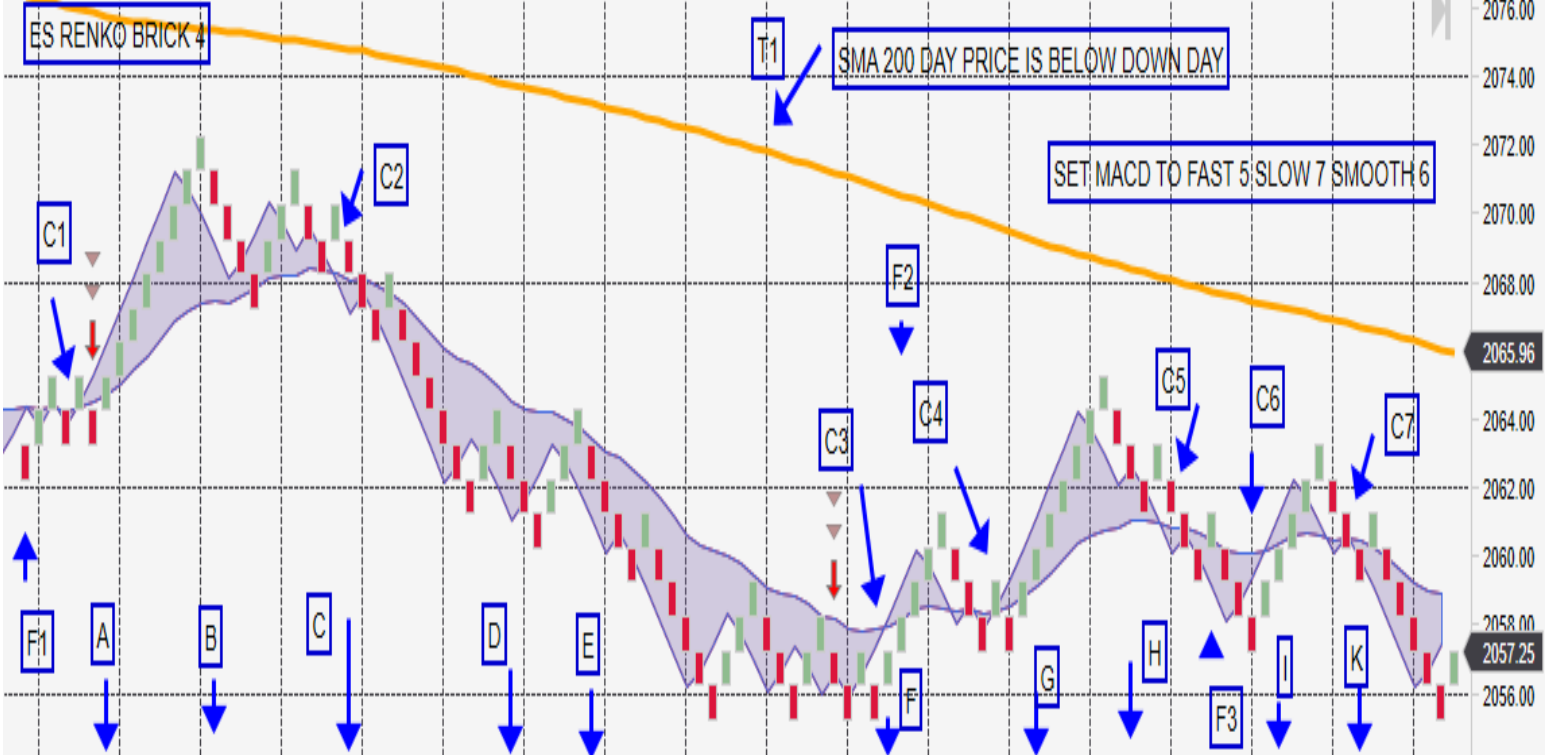
WE ARE ALWAYS LOOKING FOR EFFECTIVE EARLY ENTRIES IN TREND CYCLES. THIS ALLOWS US TO CAPITALIZE THE FIRST AND SECOND WAVE EVENTS OF PRICE CHANGE. SPECULATION TRADING IS ABOUT KNOWING WHEN TO TAKE A BULLISH (buy) TRADE OR WHEN TO TAKE A BEARISH (sell) TRADE. The primary entry signal is the TradeFoxX MACD crossover (A-K LETTERS).

One more possible entry signal is when TradeFoxX Triple EMA Turbo Line Crossover event occurs (T2-T2-T4-T5-T6). Whichever entry signal you choose, The Double Stochastic background should be same color of direction you wish to take. Green for UP (buy), Red-Magenta for Down (sell).

The EXIT SIGNALS; AQUA EXIT FROM A DOWN (sell) TRADE: YELLOW EXIT FROM UP (buy) TRADE:

When any indicator shows Aqua background or Yellow Background, this should be used for an exit signal. Aqua means price is diverging UP and if the yellow price is diverging down. Advance Trader could use these signals for continuation entry, but in general you should already be in a trade and use these signals for exit.

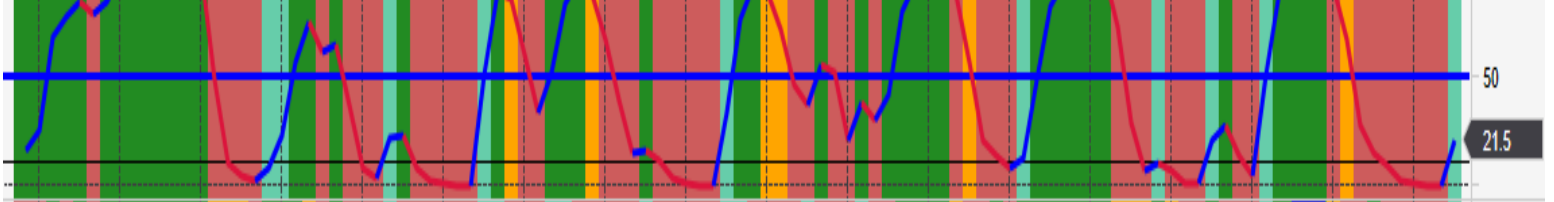
TradeFoxPriceEnvy(ES 09-16 (4 Renko),3,21,3,1), SMA(ES 09-16 (4 Renko),200)



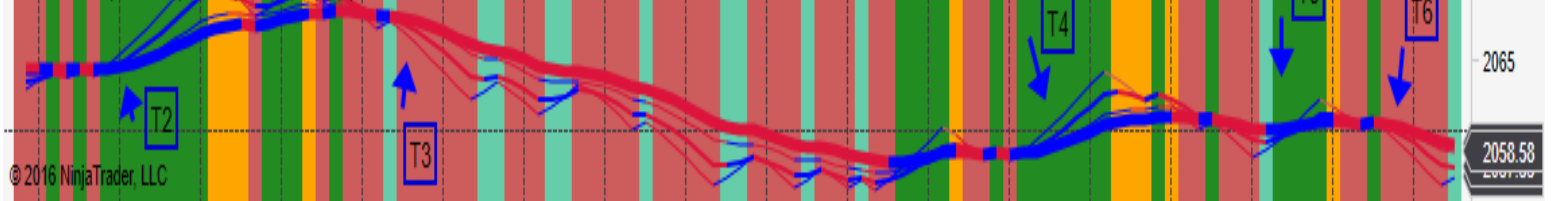
TradeFoxMACD(ES 09-16 (4 Renko),1,5,7,6)



TradeFoxDS(ES 09-16 (4 Renko),1,1,7,3,7,1,1,1)



TradeFoxEMA(ES 09-16 (4 Renko),1,14,21,7,3,1,1,1)



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08:33 09:30 09:42 10:01 10:06 10:19 10:36 10:48 10:55 11:14 11:27 11:39 12:06 12:25 12:57 13:59 14:33 14:54

ES 09-16



RISK AND REWARD;

Small targets size profit gains should be targeted 5 to 8 ticks for a Profit Target and Hard Stop should be the same for a minimum 1 to 1 risk to reward. A practical start could be 6 ticks profit to 6 ticks risk or 8 ticks profit to 8 ticks risk. Because of the volatile market of the indices risk below 5 ticks should not be set. You are not leaving enough natural price fluctuation, below 5 ticks and you would be exited from good trades. Setting your stop closer will increase the amount of premature stop runs and you will be kicked out of your trades too early.

Without knowing the reward: risk ratio of a single trade, it is literally impossible to trade profitably. Popular trading books often state that trades with a reward: risk ratio of smaller than 2:1 or 3:1 have to be avoided. This is very wrong and can even lead to a decline in trading performance. Traders who understand this connection can quickly see that you neither need an extremely high win rate nor a large reward:risk ratio to make money as a trader. As long as your reward:risk ratio and your historical winrate match, your trading will provide a positive expectancy.

Cheat Sheet for reward:risk ratio and winrate

<u>Your historical winrate</u>	<u>Minimum reward:risk ratio</u>
25%	3 : 1
33%	2 : 1
40%	1.5 : 1
50%	1 : 1
60%	0.7 : 1
75%	0.3 : 1

TradeFoxx indicators with Practice should give you accuracy above 60%. Therefore Profit Targets should be smaller than risk, but never then the Natural Hard Stop for indices it would be 5 to 8 ticks.

The TradeFoxX Software in general is designed to work with any period, range or tick chart, and specifically designed for Day Trading with Futures and Forex markets.

Manual Trading

TradeFoxX Trade indicators are a simple effective manual trading system and an easy to follow trading opportunity indicator based system.

There is no back-testing available for Intelligent Trader it is made specifically for manual trading. Download the Trial version, and practice with live data in simulation mode the many features that will benefit any style of trading.

1. **Never trade real money until you can win in simulation mode for two straight trading weeks , practicing In simulation mode consistently will increase your win-rate.**
2. **Never over trade there are usually not more than 3 to 4 good trades a day, if you already won 2 to 3 trades you should end your trading day. Overtrading is a bad practice even in simulation.**

Contract	Exchange	Trading Hours
ES	CME Globex	Mon - Thurs: 5:00 p.m. - 3:15 p.m.* & 3:30 p.m. - 4:30 p.m. (Daily maintenance shutdown 4:30 p.m. - 5:00 p.m.) Sun: 5:00 p.m. - 3:15 p.m.*
NQ	CME Globex	Mon - Thurs: 5:00 p.m. - 3:15 p.m.* & 3:30 p.m. - 4:30 p.m. (Daily maintenance shutdown 4:30 p.m. - 5:00 p.m.) Sun: 5:00 p.m. - 3:15 p.m.*
YM	CME Globex	Mon - Thurs: 5:00 p.m. - 3:15 p.m.* & 3:30 p.m. - 4:30 p.m. (Daily maintenance shutdown 4:30 p.m. - 5:00 p.m.) Sun: 5:00 p.m. - 3:15 p.m.*
EMD	CME Globex	Mon - Thurs: 5:00 p.m. - 3:15 p.m.* & 3:30 p.m. - 4:30 p.m. (Daily maintenance shutdown 4:30 p.m. - 5:00 p.m.) Sun: 5:00 p.m. - 3:15 p.m.*
TF	ICE	Mon - Thurs: 8:00 p.m. - 6:00 p.m.* Sun: trading begins at 6:00 p.m.

Long and Short Trades

Traders can enter long and short positions with equal ease in the e-mini markets. In a long position, a market participant buys to enter the trade, and sells to close the trade, hoping to profit as prices climb. In a short position, the trader sells to enter the trade and buys to close the trade, with the expectation that prices will fall. This means that the potential for profit exists in both rising and falling markets. While many investors and traders choose to only enter long positions, the e-minis are well suited for executing both long and short trades and profiting from any market moves. As long as there is volatility (changes in price), traders can theoretically make a profit.



“Technical analysis is a skill that improves with experience and study. Always be a student and keep learning.”

Extra tips for trading professionally

Map the Trends Study long-term charts. Begin a chart analysis with monthly and weekly charts spanning several years. A larger scale “map of the market” provides more visibility and a better long-term perspective on a market. Once the long-term has been established, then consult daily and intra-day charts. A short-term market view alone can often be deceptive. Even if you only trade the very short term, you will do better if you’re trading in the same direction as the intermediate and longer term trend.

Spot the Trend and Go with It Determine the trend and follow it. Market trends come in many sizes: long-term, intermediate-term and short-term. First, determine which one you’re going to trade and use the appropriate chart. Make sure you trade in the direction of that trend. Buy dips if the trend is up. Sell rallies if the trend is down. If you're trading the intermediate trend, use daily and weekly charts. If you're day trading, use daily and intra-day charts. But in each case, let the longer range chart determine the trend, and then use the shorter term chart for timing.

Find the Low and High of It Find support and resistance levels. The best place to buy a market is near support levels. That support is usually a previous reaction low. The best place to sell a market is near resistance levels. Resistance is usually a previous peak. After a resistance peak has been broken, it will usually provide support on subsequent pullbacks. In other words, the old "high" becomes the new "low." In the same way, when a support level has been broken, it will usually produce selling on subsequent rallies -- the old "low" can become the new "high."

Know How Far to Backtrack Measure percentage retracements. Market corrections up or down usually retrace a significant portion of the previous trend. You can measure the corrections in an existing trend in simple percentages. A 50% retracement of a prior trend is most common. A minimum retracement is usually one-third of the prior trend. The maximum retracement is usually two-thirds. Fibonacci retracements of 38.2% and 61.8% are also worth watching. During a pullback in an uptrend, therefore, initial buy points are in the 33-38% retracement area.



Draw the Line Draw trend lines. Trend lines are one of the simplest and most effective charting tools. All you need is a straight edge and two points on the chart. Up trend lines are drawn along two successive lows. Down trend lines are drawn along two successive peaks. Prices will often pull back to trend lines before resuming their trend. The breaking of trend lines usually signals a change in trend. A valid trend line should be touched at least three times. The longer a trend line has been in effect, and the more times it has been tested, the more important it becomes.

Follow that Average Follow moving averages. Moving averages provide objective buy and sell signals. They tell you if the existing trend is still in motion and help confirm a trend change. Moving averages do not tell you in advance, however, that a trend change is imminent. A combination chart of two moving averages is the most popular way of finding trading signals. Some popular futures combinations are 4- and 9-day moving averages, 9- and 18-day, 5- and 20-day. The shorter average line crossing the longer is a key signal. Price crossings above and below a 40-day moving average also provide good trading signals. Since moving average chart lines are trend-following indicators, they work best in a trending market.

Learn the Turns Track oscillators. Oscillators help identify overbought and oversold markets. While moving averages offer confirmation of a market trend change, oscillators help warn us of markets that have rallied/ fallen too far and that may soon turn. Two of the most popular are the Relative Strength Index (RSI) and Stochastics. They both work on a scale of 0 to 100. With the RSI, readings over 70 are indicative of a market that is overbought while readings below 30 point to an oversold market. The overbought and oversold values for Stochastics are 80 and 20 respectively. Most traders use 14 days or weeks for stochastics and either 9 or 14 days or weeks for RSI. Oscillator divergences often warn of market turns. These tools work best in a trading market range. Weekly signals can be used as filters on daily signals. Daily signals can be used as filters for intra-day charts.

Know the Warning Signs Trade MACD. The Moving Average Convergence Divergence (MACD) indicator combines a moving average crossover system with the overbought/oversold elements of an oscillator. A buy signal may be justified when the faster line crosses above the slower and both lines are below zero. A sell signal may be appropriate when the faster line crosses below the slower from above the zero line. Weekly signals take precedence over daily signals. A MACD histogram plots the difference between the two lines and gives even earlier warnings of trend changes. It's called a "histogram" because vertical bars are used to show the difference between the two lines on the chart.

Trend or Not a Trend Use ADX. The Average Directional Movement Index (ADX) line helps determine whether a market is in a trending or a trading phase. It measures the degree of trend or direction in the market. A rising ADX line suggests the presence of a strong trend. A falling ADX line suggests the presence of a trading market and the absence of a trend. A rising ADX line favors moving averages; a falling ADX favors oscillators. By plotting the direction of the ADX line, the trader is able to determine which trading style and which set of indicators are most suitable for the current market environment.

Know the Confirming Signs Volume and open price interest are important confirming indicators in futures markets. Volume precedes price. It is important to ensure that heavier volume is taking place in the direction of the prevailing trend. In an uptrend, heavier volume should be seen on up days. Rising open interest confirms that new money is supporting the prevailing trend. Declining open interest is often a warning sign that the trend is near completion. A solid price uptrend should be accompanied by rising volume and rising open interest.



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