

FILTER FOR 5 MIN INTRA-DAY SYSTEM: THE TC PATTERN ON MACD

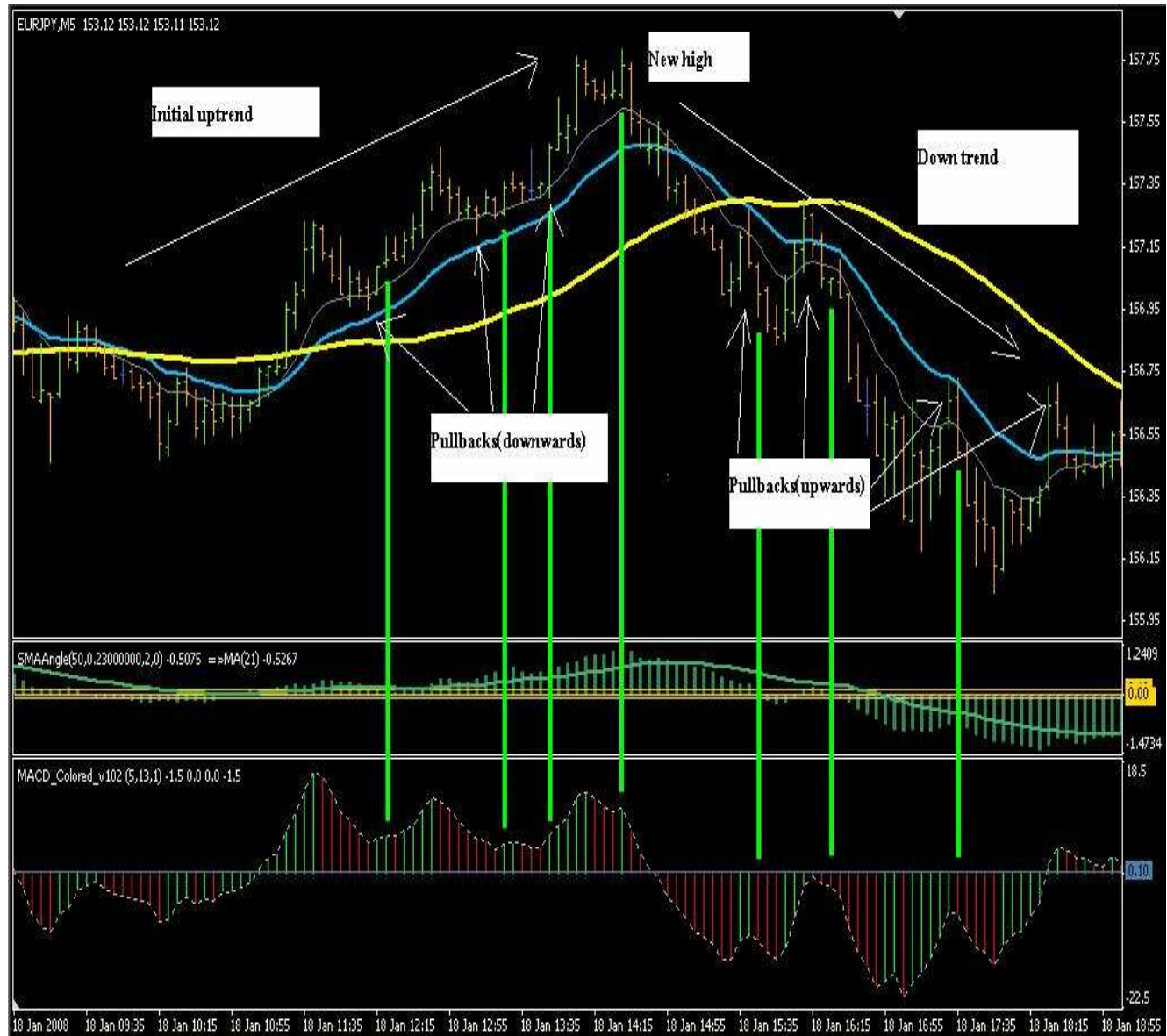
1. EXPLANATION:

See the following ff site (Phillip's 4hMACD system – page 1) for more information on the TC pattern:

<http://www.forexfactory.com/showthread.php?t=14630>

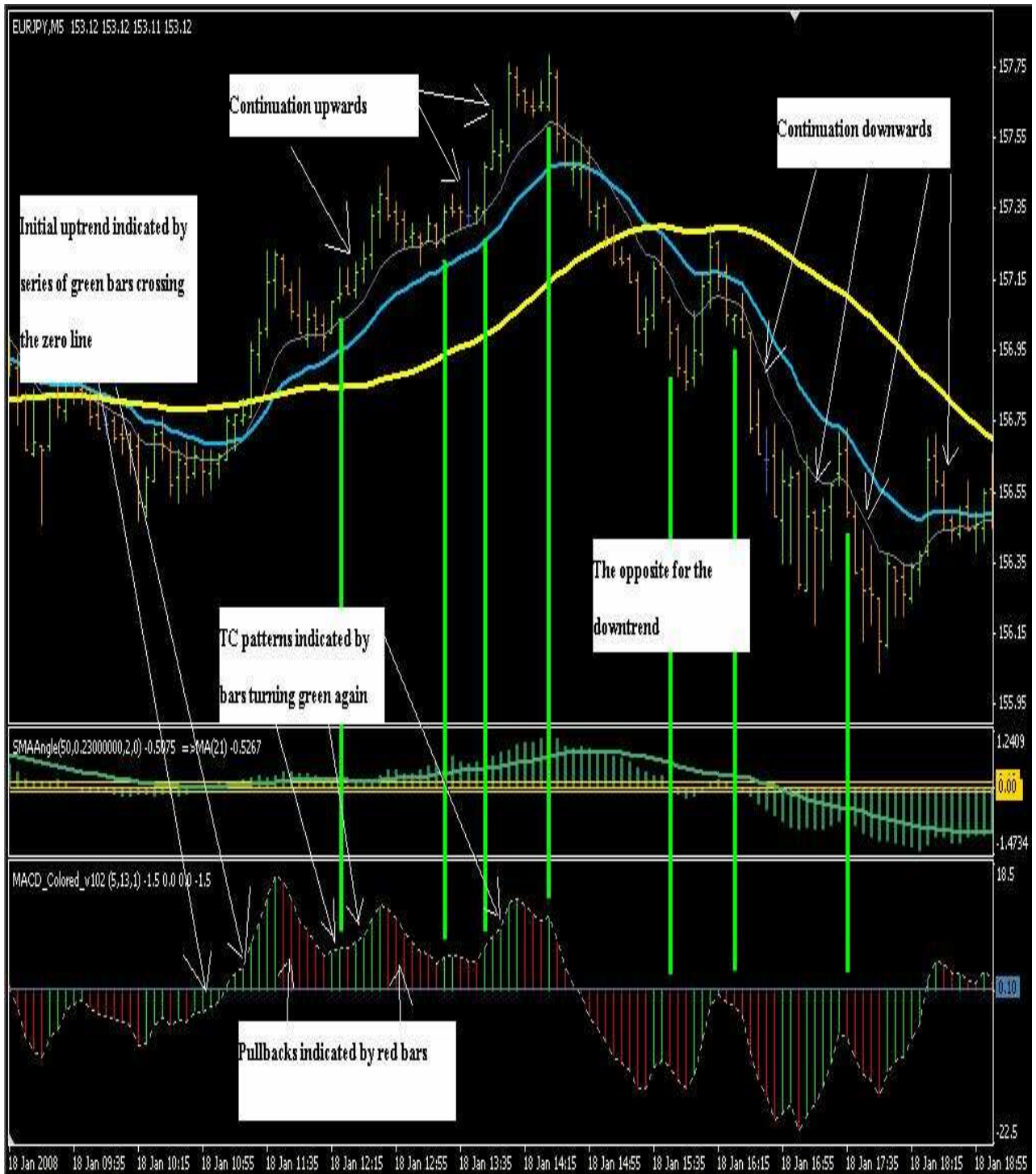
2. PRINCIPLES:

TC means a Trend Continuation trade signaled on the MACD indicator. In the examples provided there is an initial uptrend followed by a down trend after a new high was reached. During the initial uptrend, pullbacks downwards towards the 10 and 12MA could be found. The same for the downtrend after the new high.



The initial uptrend could be confirmed by the MACD as indicated on the example below. The pullbacks downwards towards the 10 and 21MA is also indicated by the MACD (changing colour to red and become smaller).

The price will start to move upwards again and the bars' colour will change to green again and become larger. This is the pattern you need to identify for this system – as indicated on the example below.



Once the TC pattern is identified, one needs to evaluate the smoothness of the TC pattern. Phillip suggested the smoother/rounder the TC pattern, the higher is the rate/probability of success. He suggested that traders ignore sharp-edged TC patterns.

For the TC to be smooth, there should be two or three bars at almost the same height and then the next bar changing colour at almost the same height.

See the following examples:



And two other examples:



The second example:



3. EXAMPLES AND POSTS:

MACD's TC patterns and the 5min system

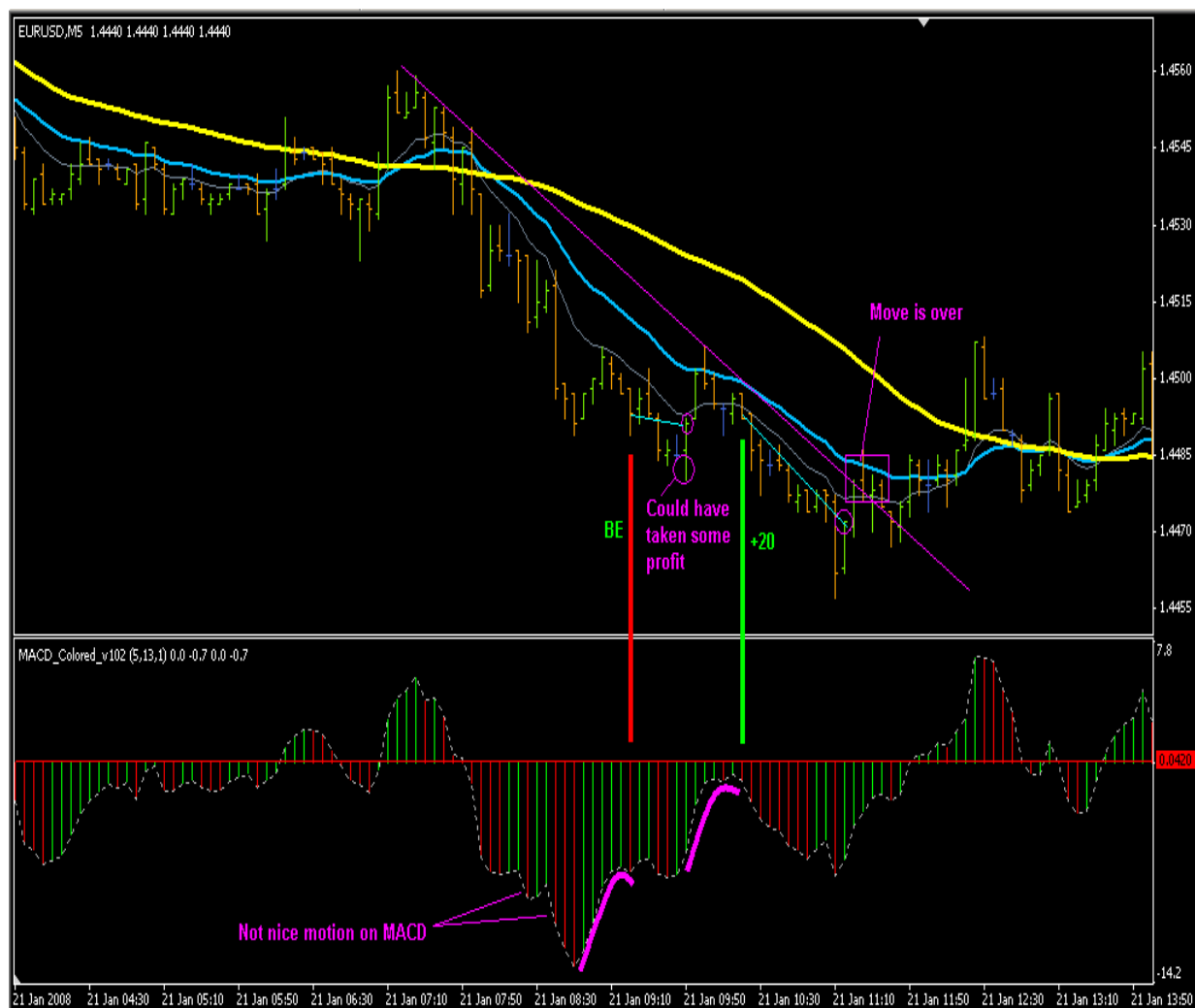
Just to inform members following this thread so that they are not confused about (the reasons for) some of our entries:

Phillip is looking at using the MACD's TC pattern as another rule to enter trades. Just like his 4h MACD system. We will still use the other rules to determine high probability setup. The MACD TC pattern will only be used as another filter.

Very important -the TC should be a smooth TC meaning:

1. In an downtrend the green MACD bars (during the pullback towards war zone) should slowly becomes shorter and then the next red bar should JUST be longer that the last green bar.

Look at the example from Phillip.



Another example from Phillip

Another example received from Phillip - sorry for using your charts, Phillip but please collaborate if you want to.
Attached Thumbnails



Another example

Another example - look at the difference between the first red candle on the two setups number 1 & 2. #2's first red candle is too long making the TC not smooth.



Now my own example from yesterday

What a great example of TC patterns on MACD and this example also answered Kc8's question on how many trades per day.

Just look at this chart - after 3 setups you would have a losers or BE. This is very typical of the 5min system. You will find 2-3 nice setups in a movement before the pair will turn around (range bound conditions). In trending market condition, you'll have more setups. On EY I've seen up to 7 tradeable setups in a day.

Just compare the first 4 setups with setup #5 to see the explanation on "smoothness"

Just take note that almost all the entries using the TC method will be outside the war zone. Something I am struggling with. If the signal candle is too big and the opening of the next candle is too far away from the 10MA, ignore that setup.

Your SL should also be bigger when using the TC pattern as entry point making it more risky. Now it becomes more important to exit the trade before SL is triggered otherwise your loss will be too big. Exit if you don't feel comfortable with the trade.



EY trade today

My "smooth" TC trade today on EY for 2pips profit. I couldn't follow the trade and forgot to put SL in place. The reason for the late exit when I saw the resistance is too strong. I would have exited much earlier - the problem if you cannot follow the markets all the time.



Smooth TC pattern combined with bounce off zero line

A very nice trade on EY that I've missed but look at the nice MACD pattern and resistance found on 50MA. I would have entered on the last red candle on my last arrow.



Hi Mk

Well done for not taking that trade - there were no high probability setups signs. I took the next setup for 10pips on my mobile phone because of the smooth TC pattern on the MACD. That setup called me to take it - I didn't look for a setup. It looked for me.

See my chart for comments. It is linked to a chart I posted on Philip's 4h thread. All the setups/run were because of a breakout of a triangle:

<http://www.forexfactory.com/showthre...14630&page=772> (post #11571)

Now look at 4h chart and for those who know the rules - the price was making it for the 89MA (which it reach eventually).

That is the beauty of this system - combine it with a longer time frame system and look for setups in the direction of the "trend/rules".



For those trading the Asian session - couldn't get it better

For those of you trading the Asian session - two great setups when 21 was getting out of the non-trade zone.

3 little sisters coming to visit us for a cup of tea (or is it pips). These are the setups one should be waiting for. They call you to make the trade and you can see them easily while they are being developed.

