

Learn Powerful New Ways to Use Gaps and 'Event Style Bars' When Trading CME Currency Futures

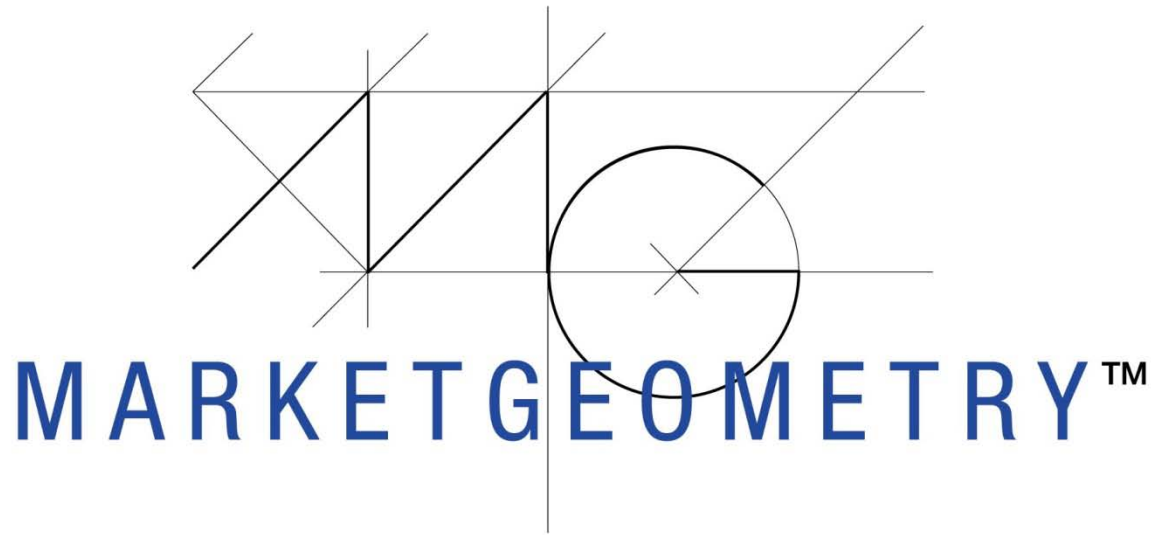


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Blackthorne Capital, Inc.

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www.medianline.com



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Results

Past performance does not guarantee future results.

This is one persons experience, your experience may differ.

Results are not guaranteed, individual experiences may vary.

Market Volatility

In volatile market conditions, substantial losses may occur.

In volatile market conditions, orders may not be filled as placed.

Leverage

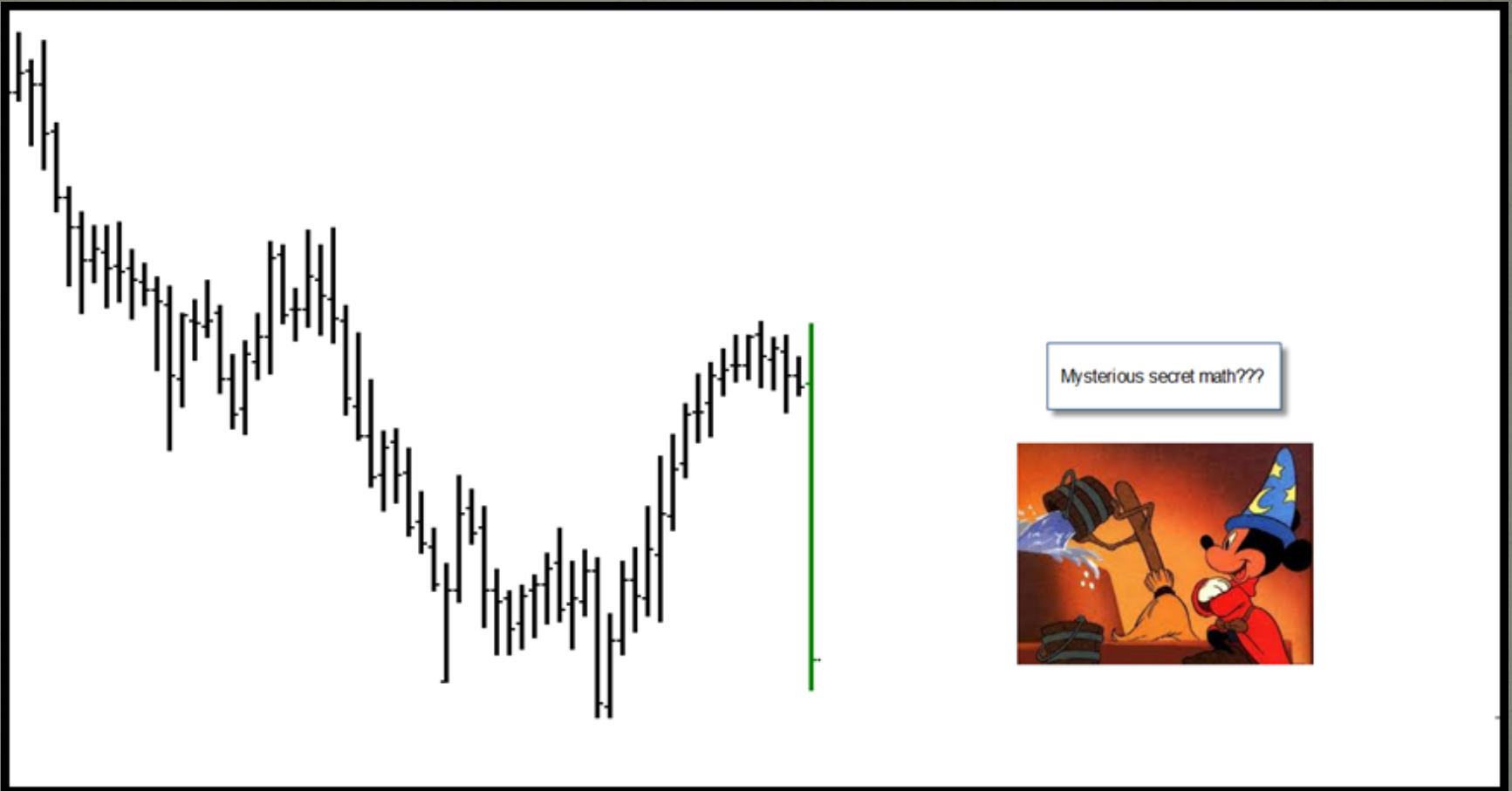
The leveraged nature of FX trading and Futures trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses.

This webcast is dedicated to my two early mentors: Dr. Alan Andrews, a great market researcher that applied Newtonian Physics in the 1920's to develop the Median Line, one of the only true leading indicators available to traders; and Amos Hostetter, a master of risk reward and money management and in my opinion, the best 'Campaign Trader' in the last 300 years.

Using Gaps and 'Event Style Bars' When Trading CME Currency Futures

Let me show you how we teach topic based materials at Market Geometry. These slides are from a Premium Member Lecture on the nature of individual bars. The lecture focused on how an individual bar can determine Market Structure and signal a change in the flow of the Market. Understanding Market Structure is an important key to becoming a consistent trader.

Is successful trading mostly art? Is it mysterious secret math? How can we see structure in the noise of price bars?



Mysterious secret math???



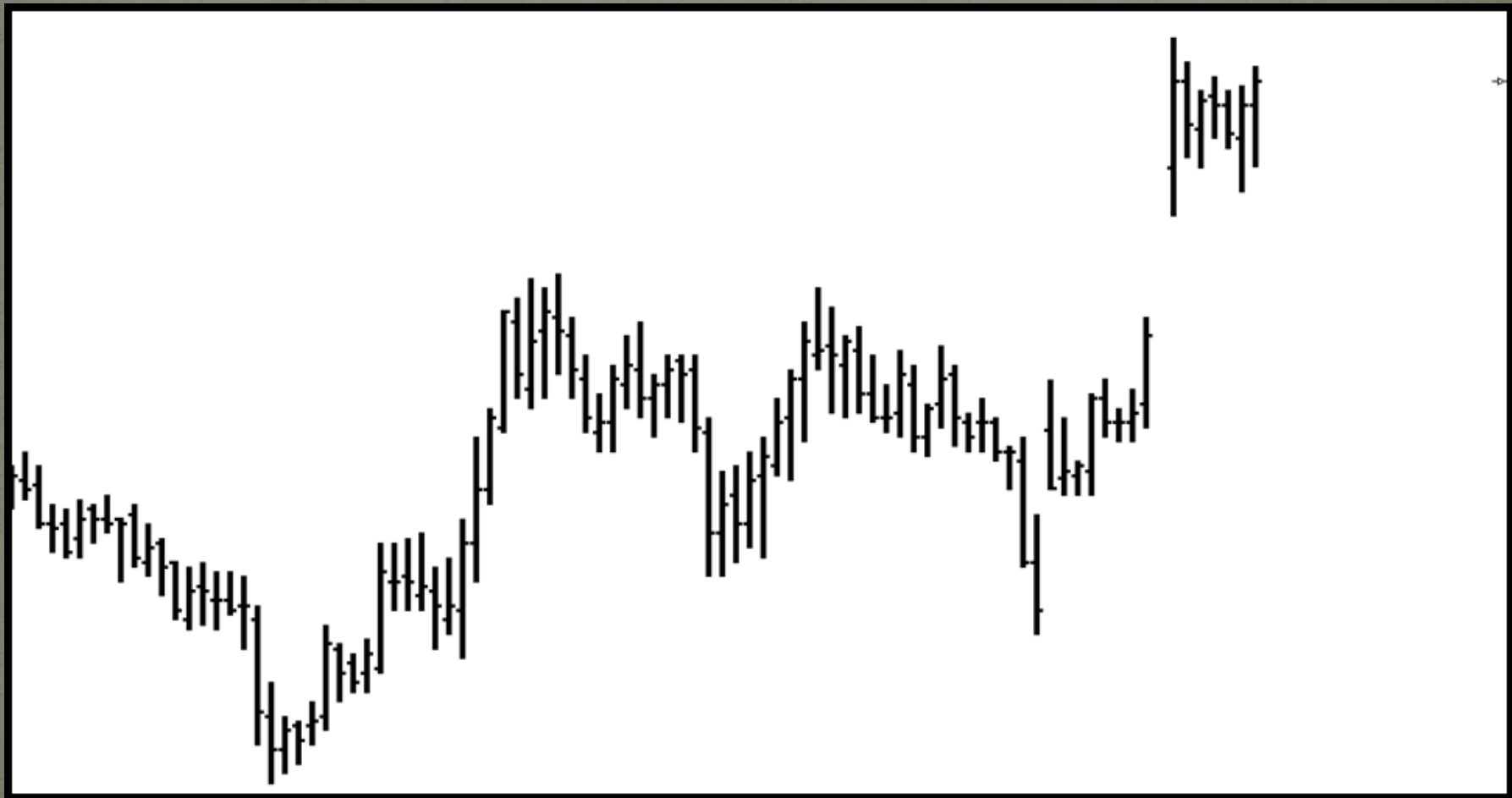
What is a Wide Range Bar?

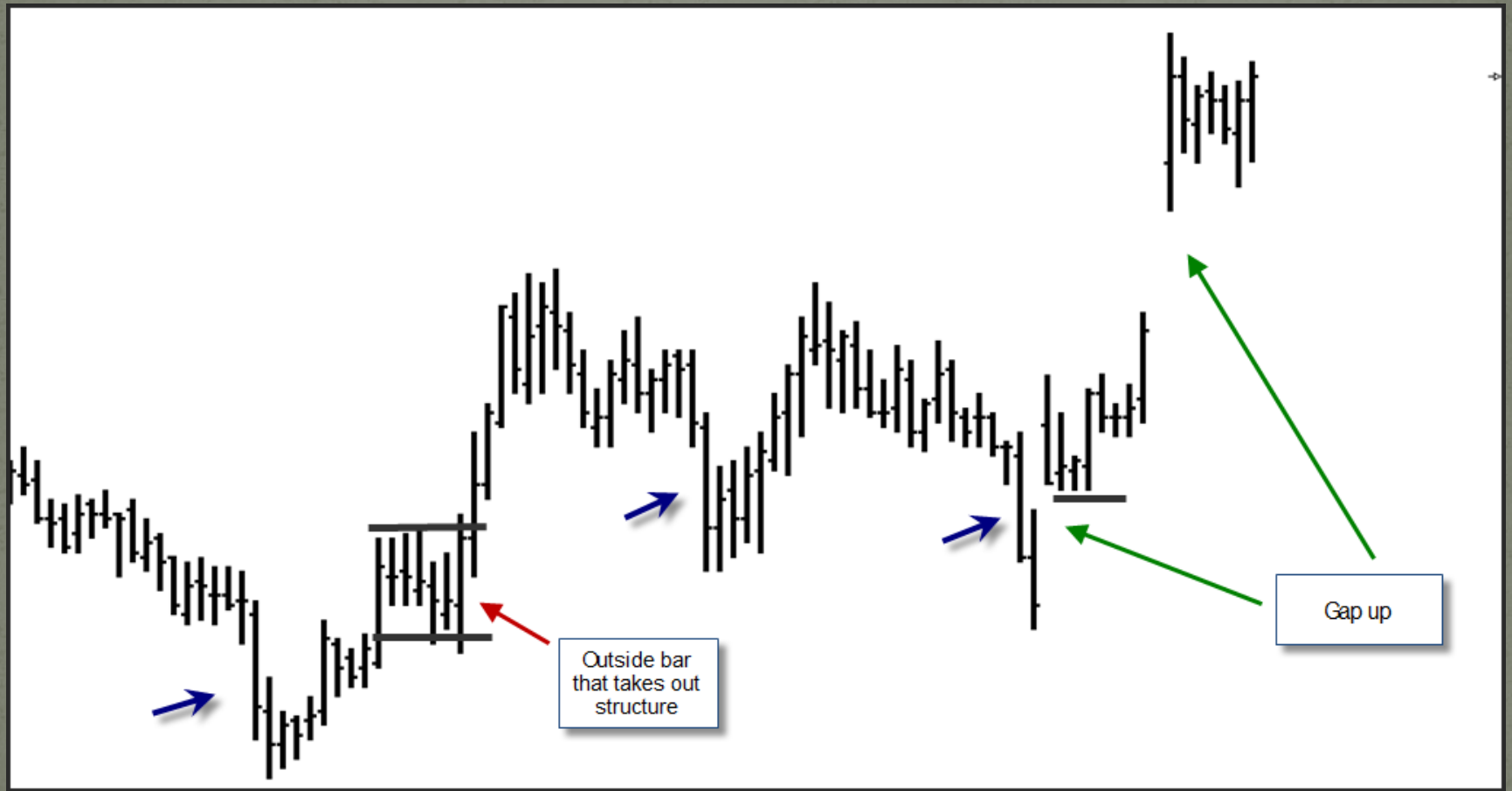
Why is a Wide Range bar important to us?

A Shift in volatility, a shift in supply or demand. Something is signalling a change.



Wide Range
Bar or WRB

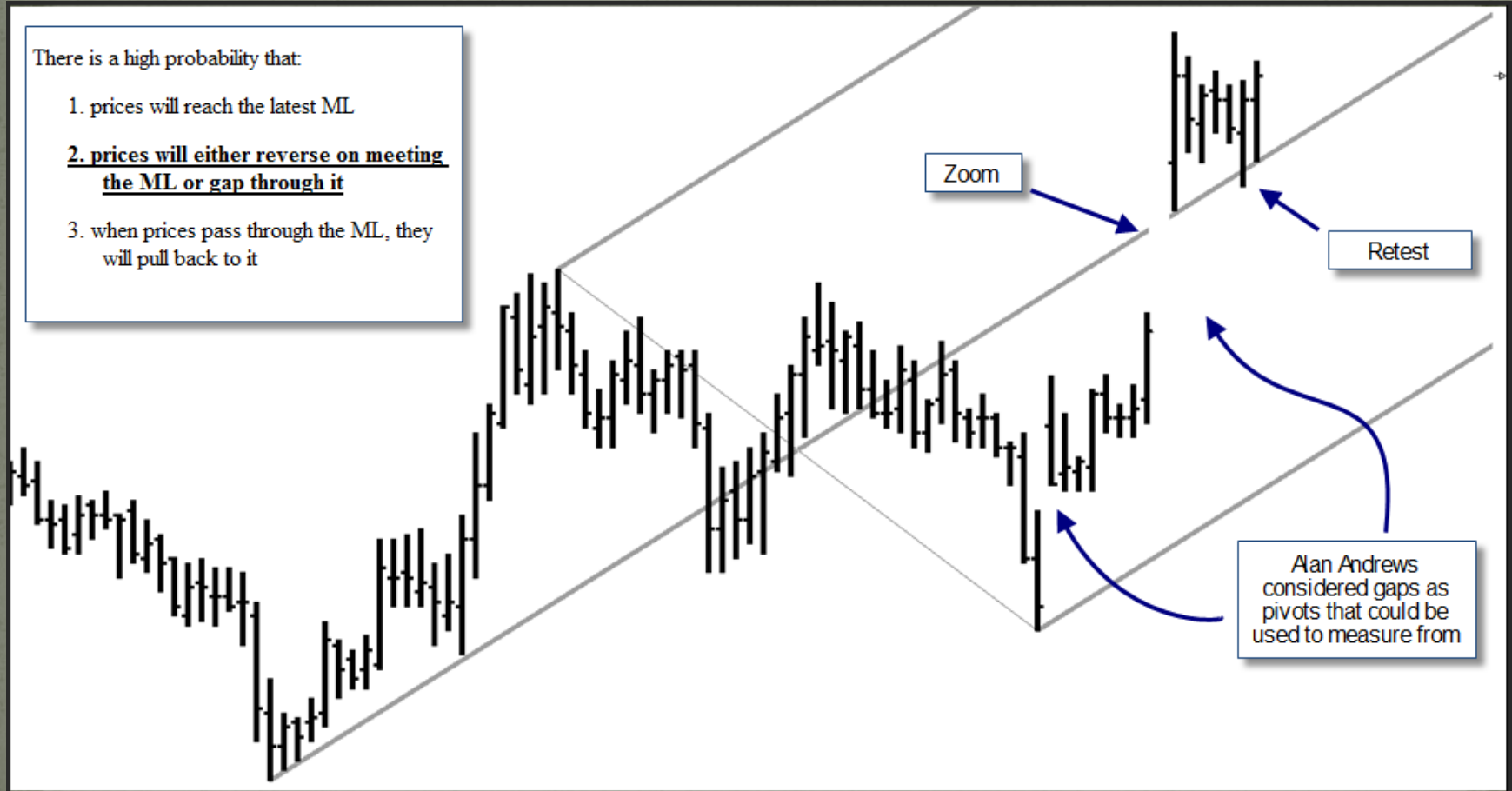




Gaps as pivots

There is a high probability that

1. prices will reach the latest ML
2. prices will either reverse on meeting the ML or gap through it
3. when prices pass through the ML, they will pull back to it



Wide Range Bars as gaps

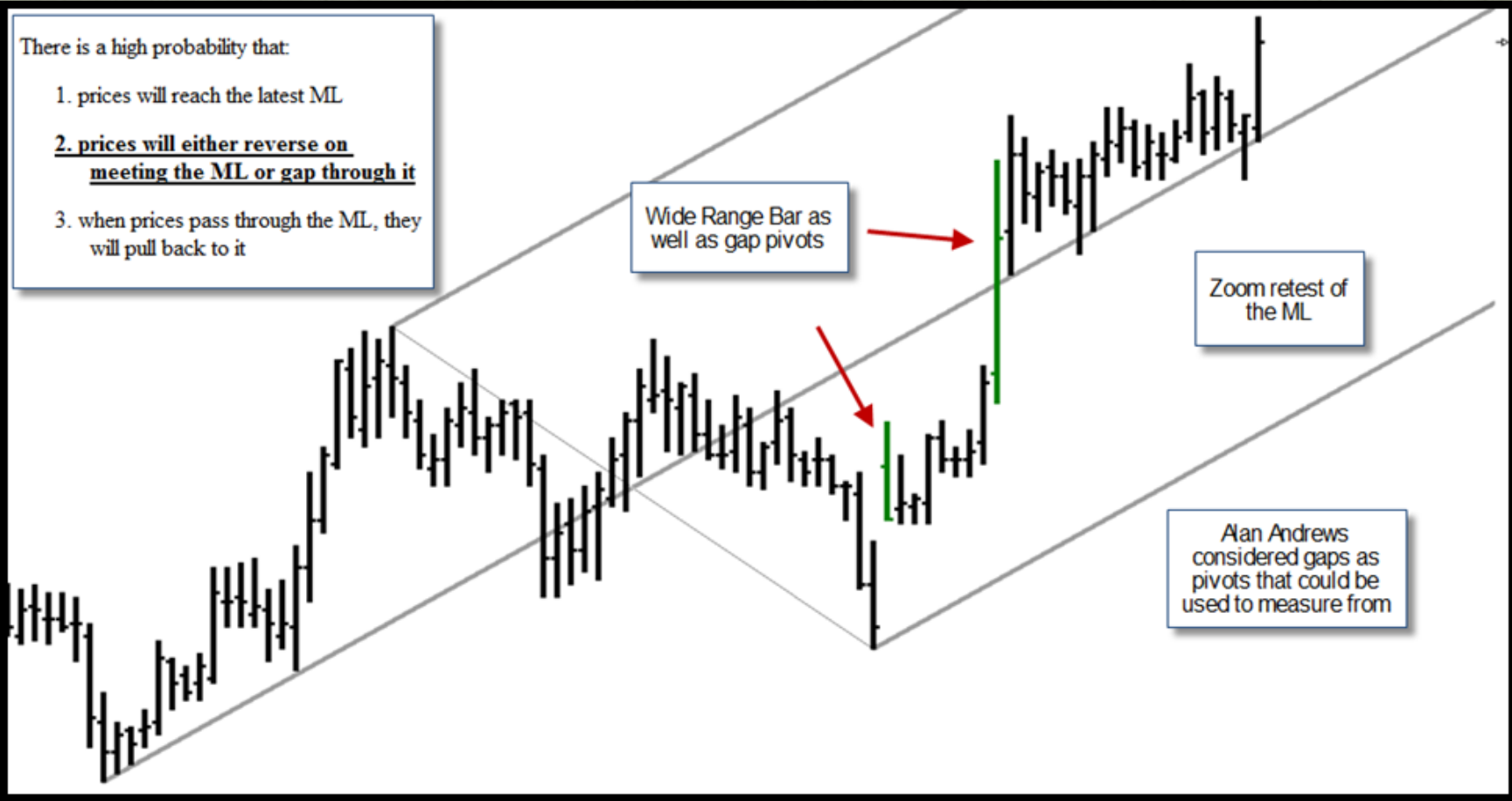
There is a high probability that:

1. prices will reach the latest ML
2. prices will either reverse on meeting the ML or gap through it
3. when prices pass through the ML, they will pull back to it

Wide Range Bar as well as gap pivots

Zoom retest of the ML

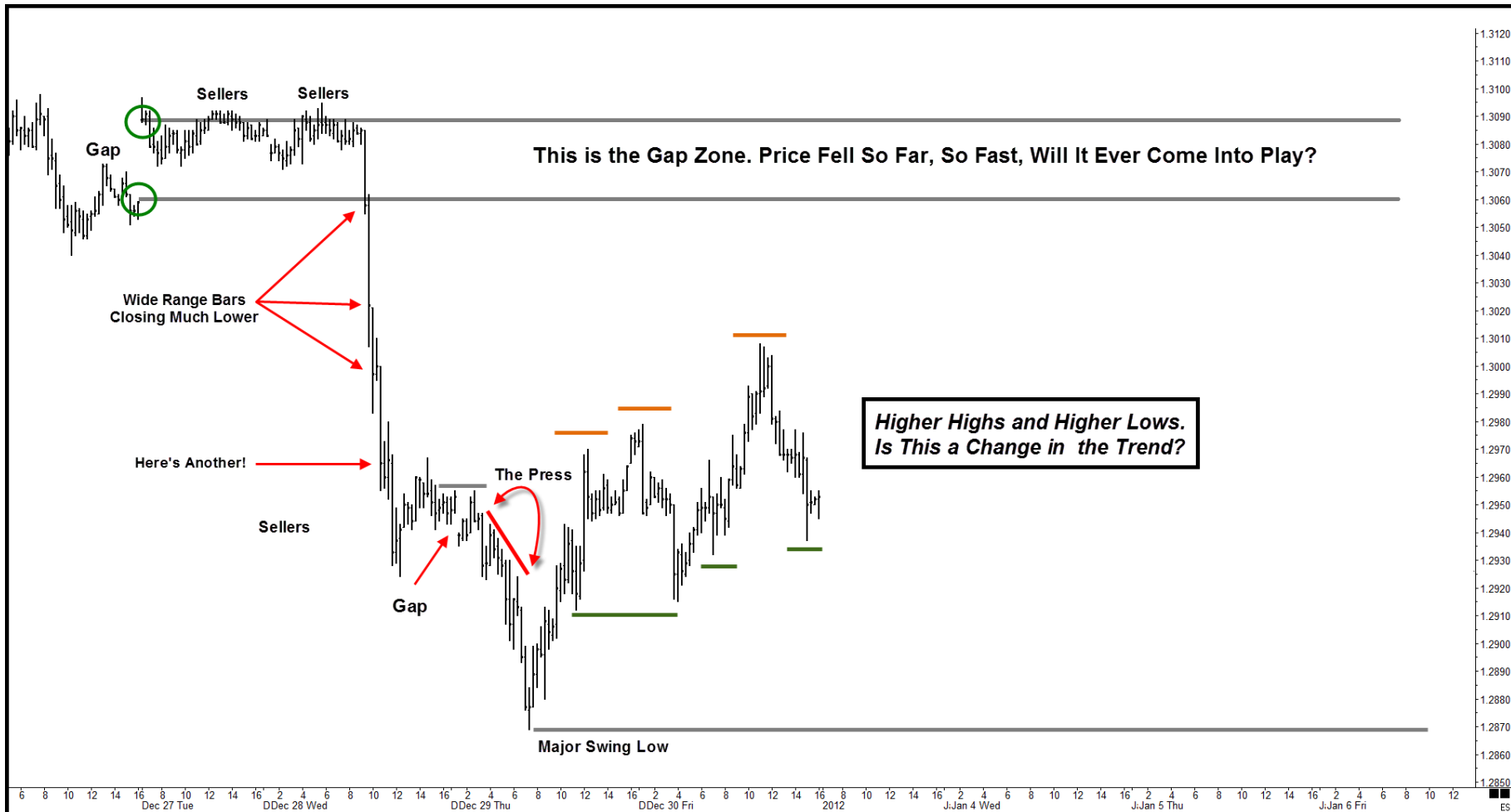
Alan Andrews considered gaps as pivots that could be used to measure from



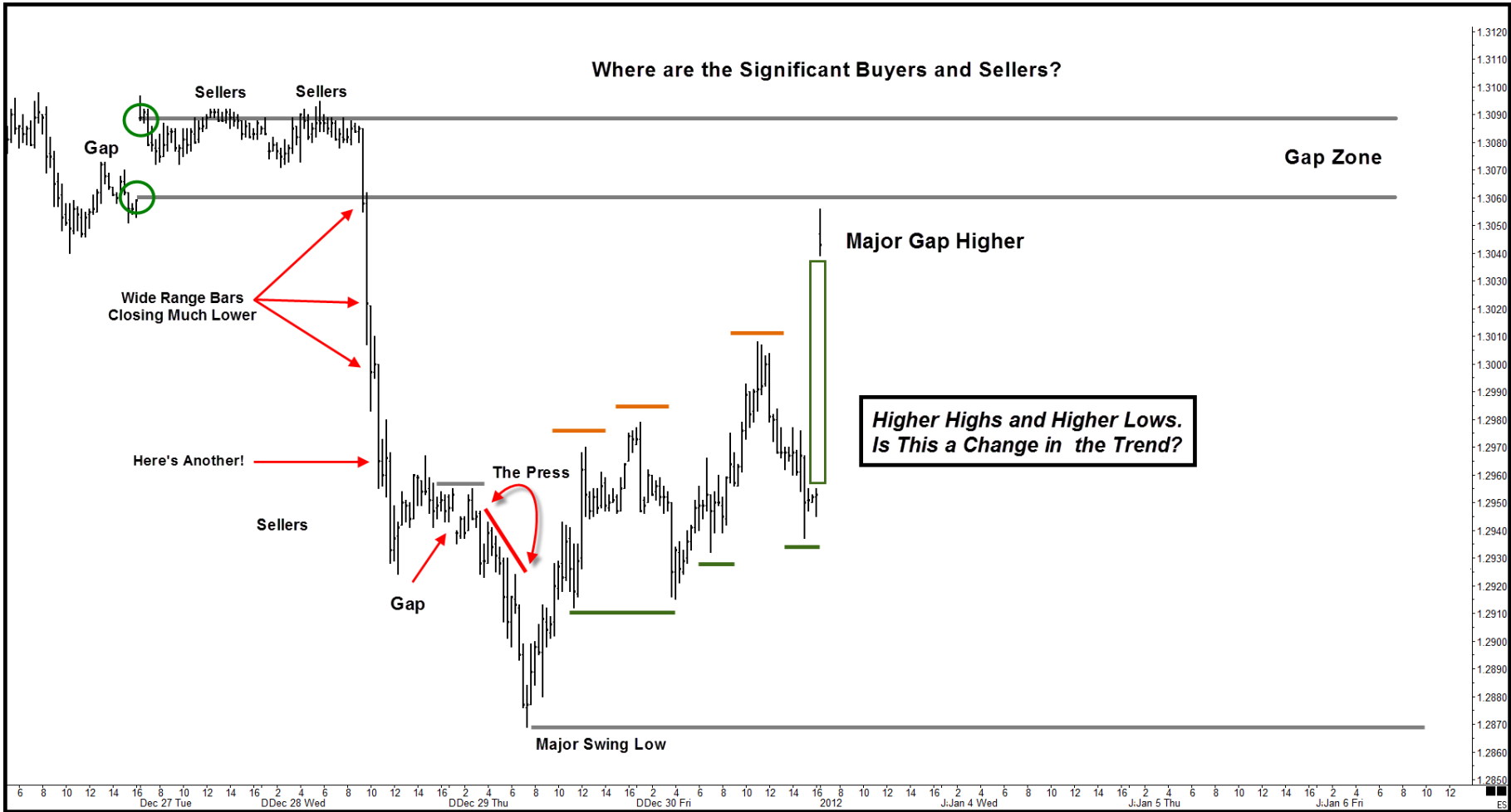
Let's Look at the CME Euro Currency Futures, see if we can find Gaps and Wide Range Bars and observe how they determine Market Structure, Support and Resistance.



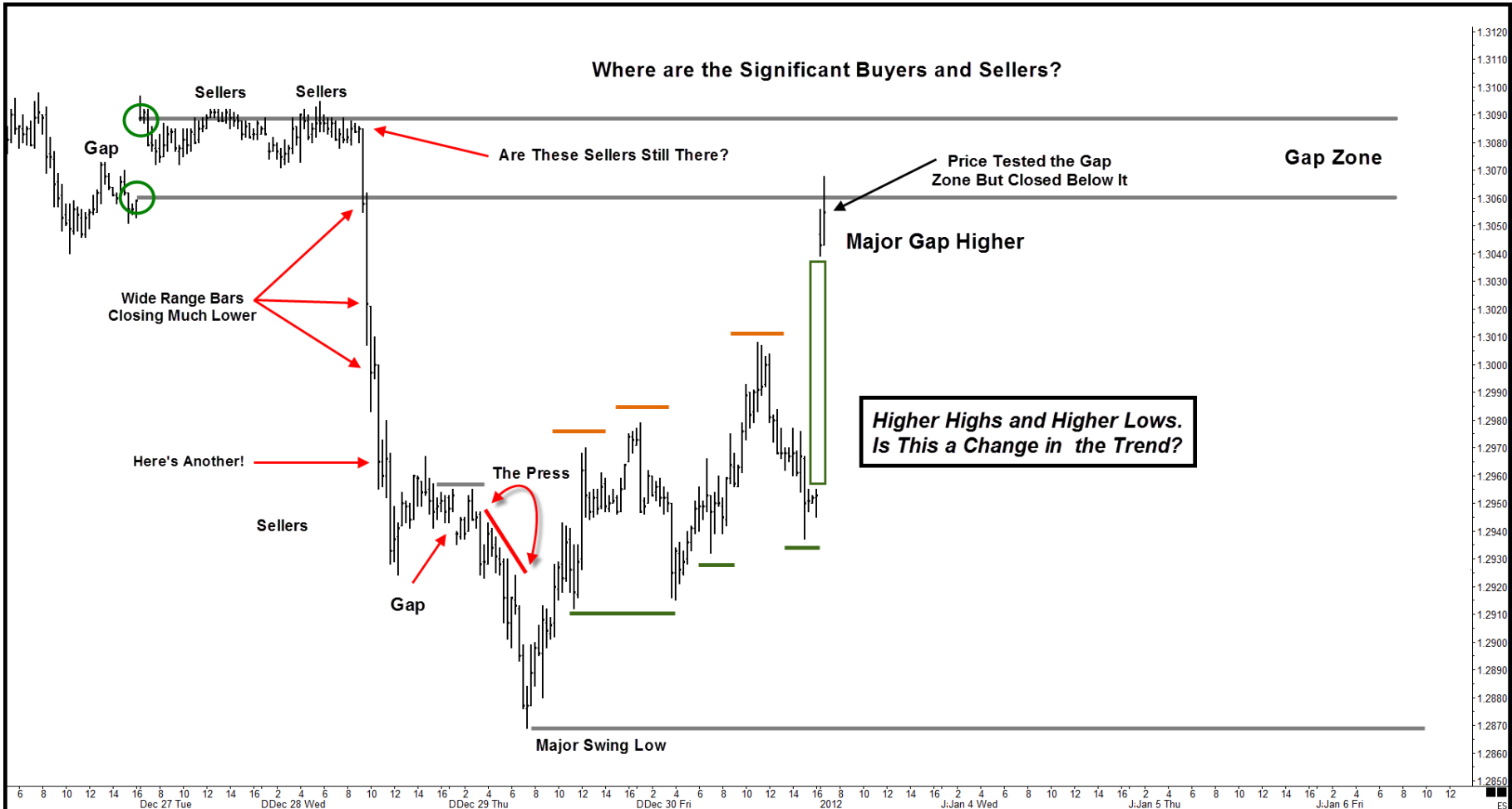




Where are the Significant Buyers and Sellers?



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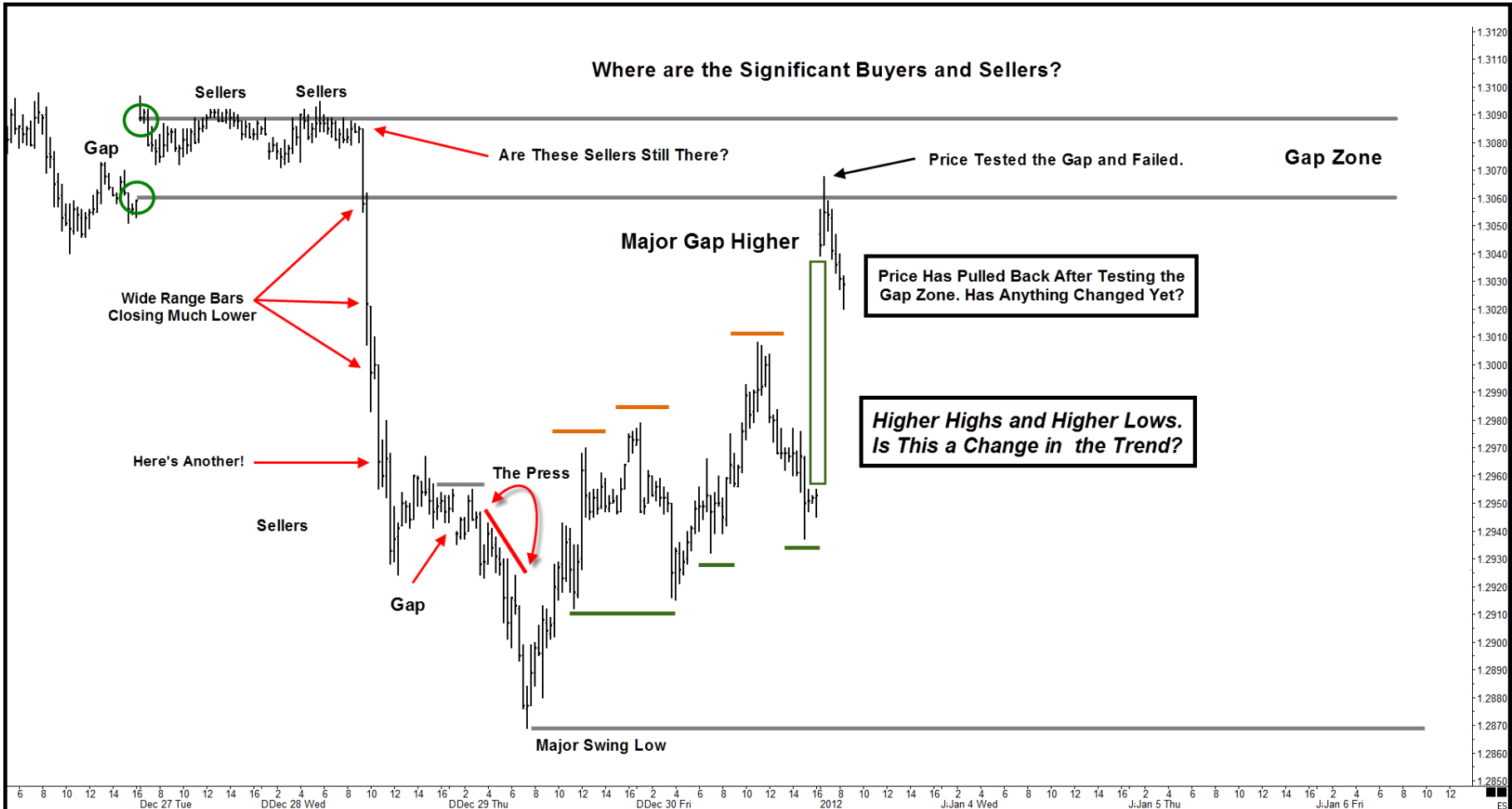
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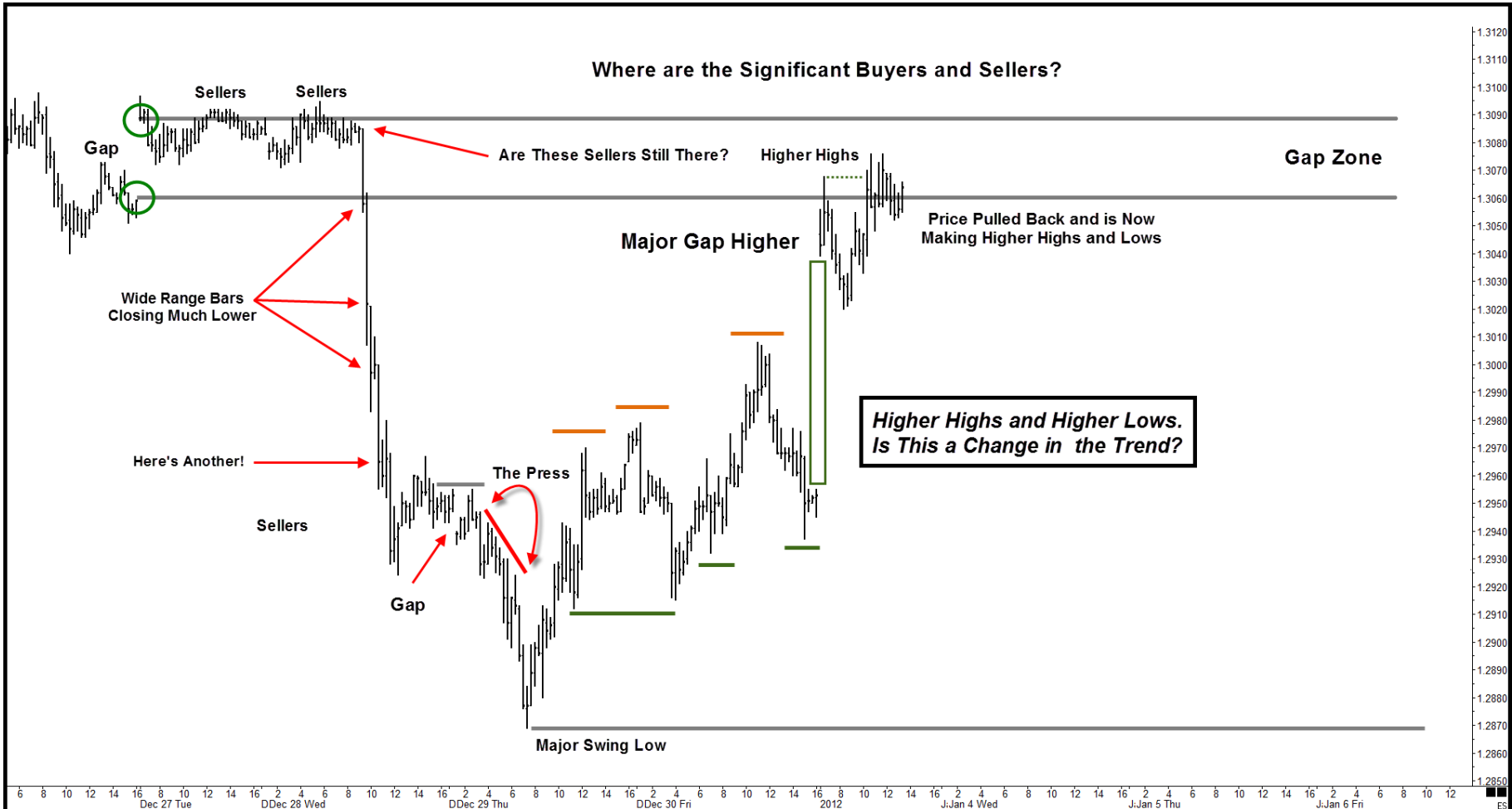




Where are the Significant Buyers and Sellers?



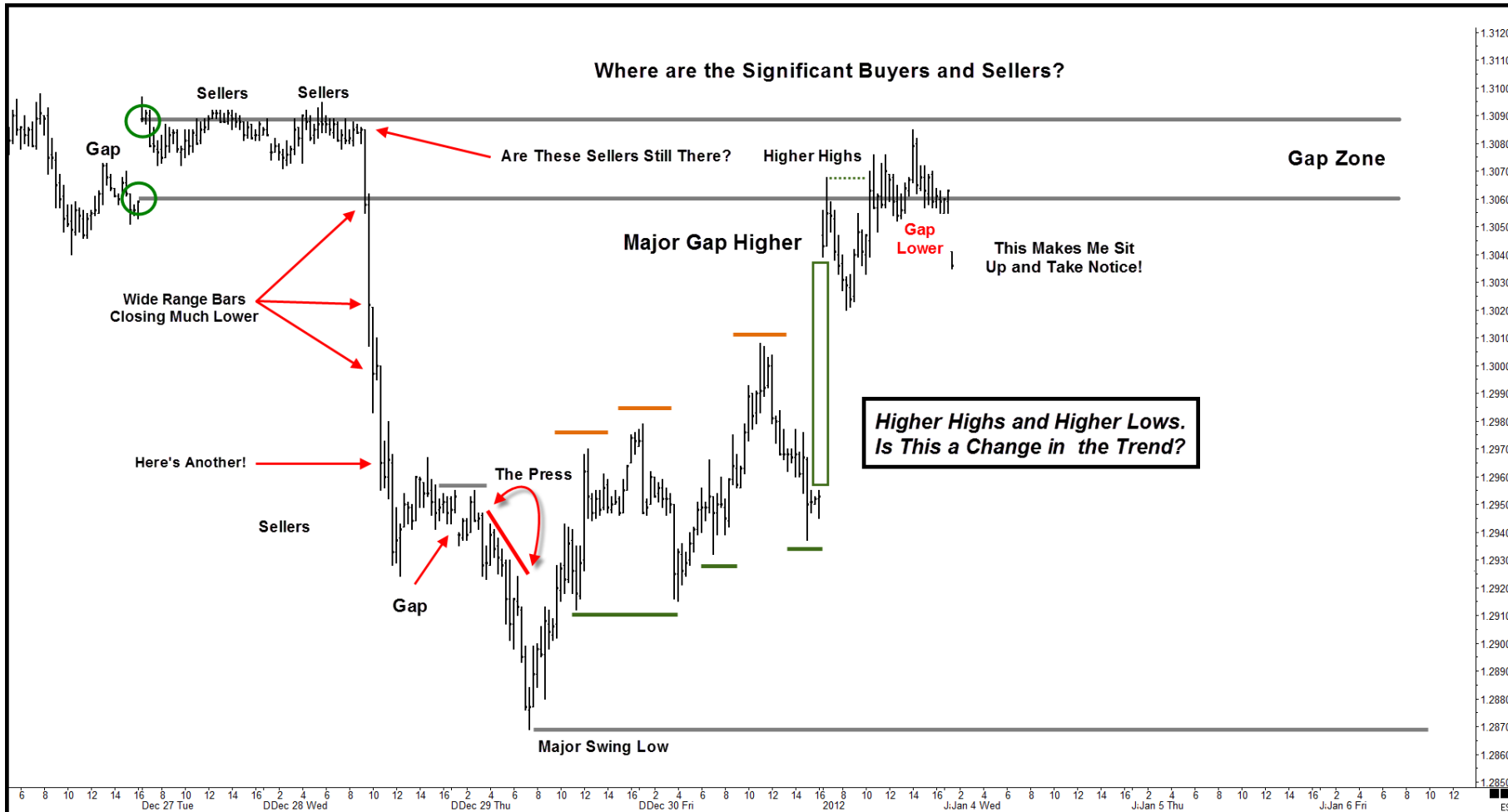
Where are the Significant Buyers and Sellers?



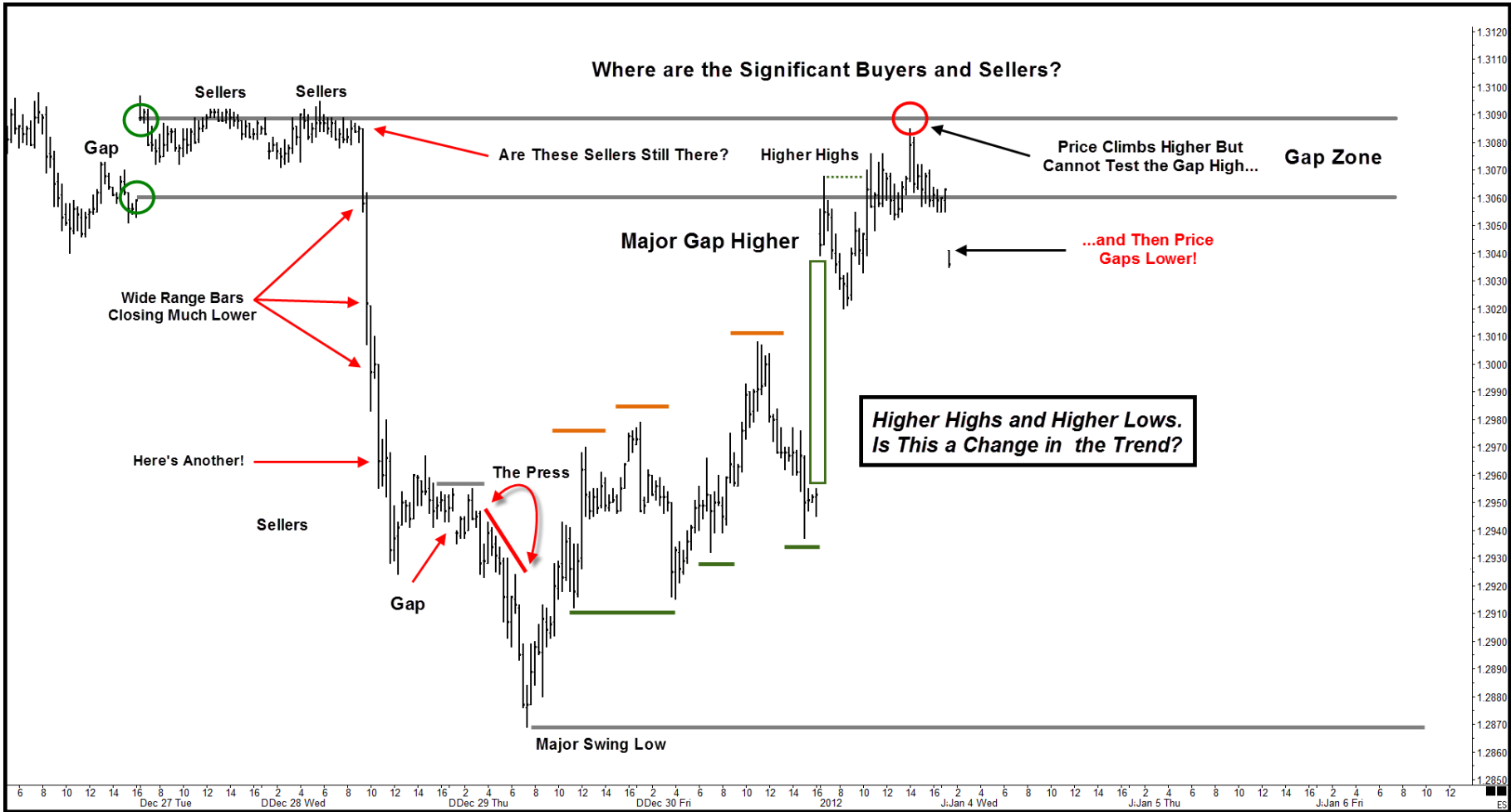
Where are the Significant Buyers and Sellers?



Where are the Significant Buyers and Sellers?



Where are the Significant Buyers and Sellers?



Now that Price has my attention, let me see if I can find the Probable Path of Price by drawing a Median Line.

Stops Based on Market Structure Need to Be Here Above the Gap Zone and the Series of Highs to the Left.

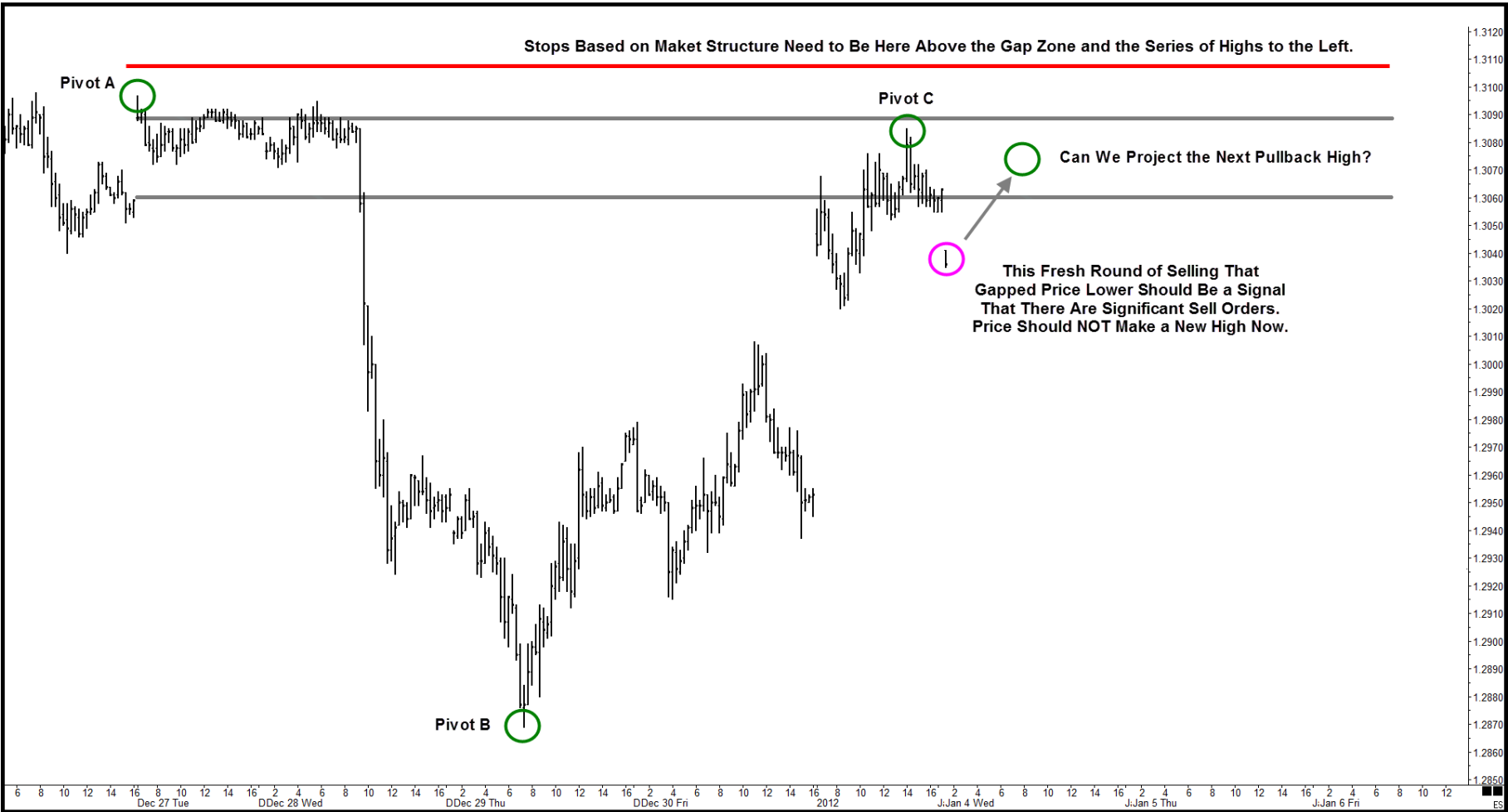
Pivot A

Pivot C

Can We Project the Next Pullback High?

This Fresh Round of Selling That Gapped Price Lower Should Be a Signal That There Are Significant Sell Orders. Price Should NOT Make a New High Now.

Pivot B











Does this trade make sense? Price is in the 'pull back' or 'sell zone'. What about the Risk Reward Ratio? I am risking 30 ticks to make 140 ticks - which is a Risk Reward Ratio of 4.67. Price will need to break below the bottom of the Gap at 1.2998, but if Price approaches that area, I will have a potential 70-75 ticks of profit in the trade and will be more than willing to collapse my risk. The Initial Stop Loss is 30 ticks, which is about as much as I am willing to risk in this time frame, but this is one of my favorite set ups: Entering on a Retest at a Pullback where price should run out of energy. And the Risk Reward Ratio is very



Pivot A

Pivot C

Pivot B

Initial Stop Loss is 5 ticks above the Highest Swing High: 1.3103

Short at a Retest of the Upper Parallel at 1.3073

Initial Profit Target 5 Ticks Above the Median Line: 1.2933

Bottom of the Gap

Median Line

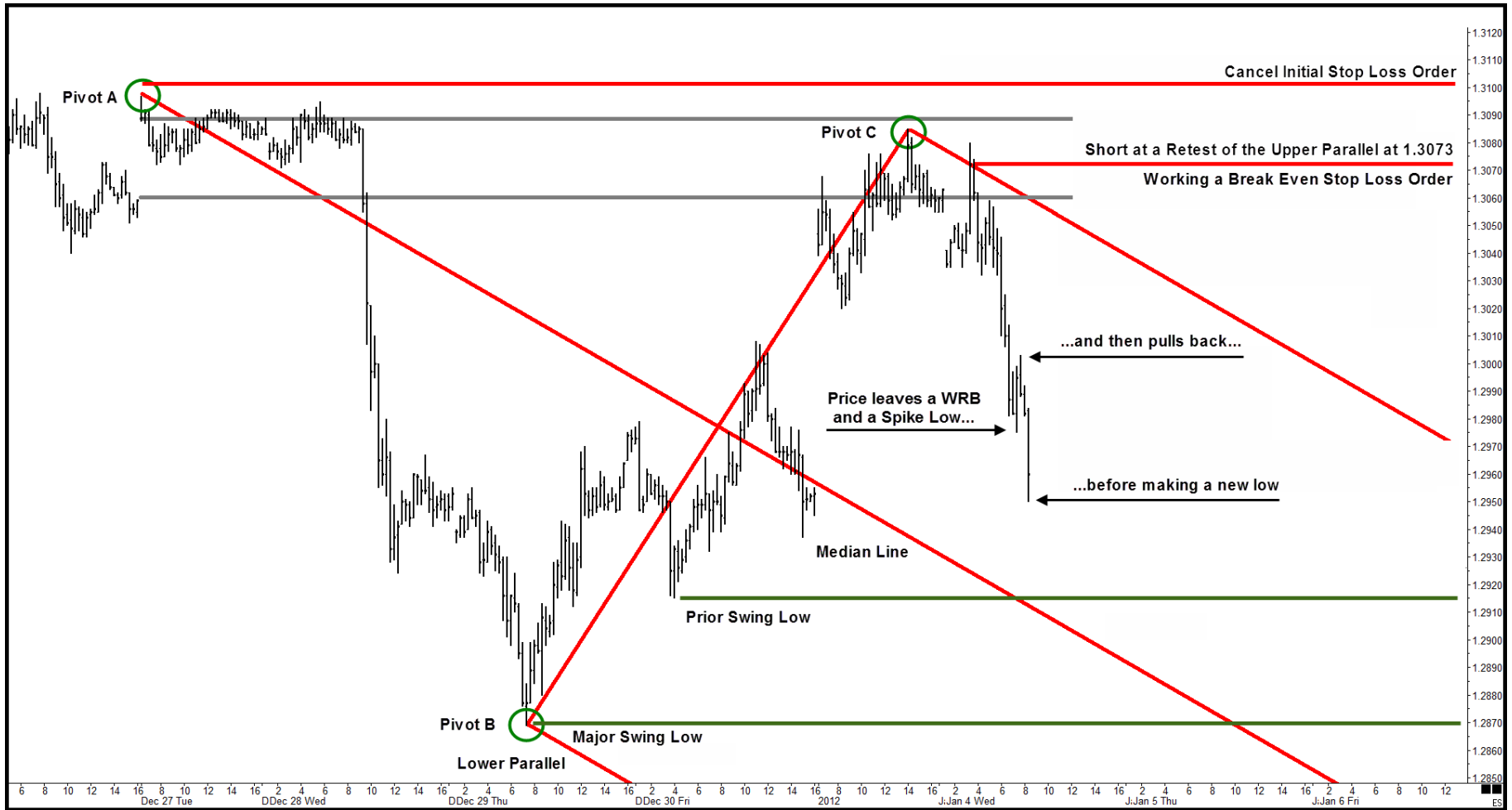
Prior Swing Low

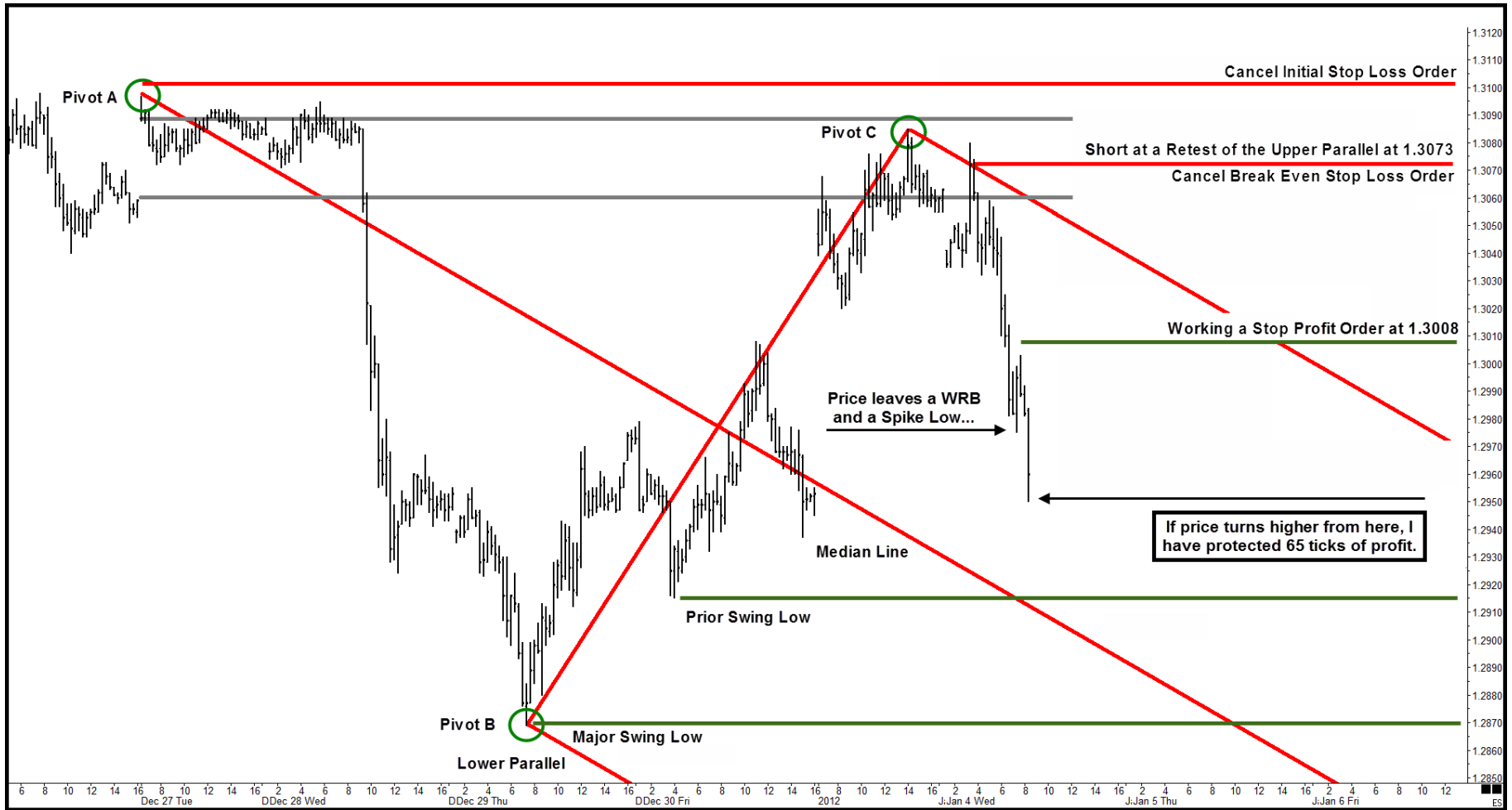
Major Swing Low

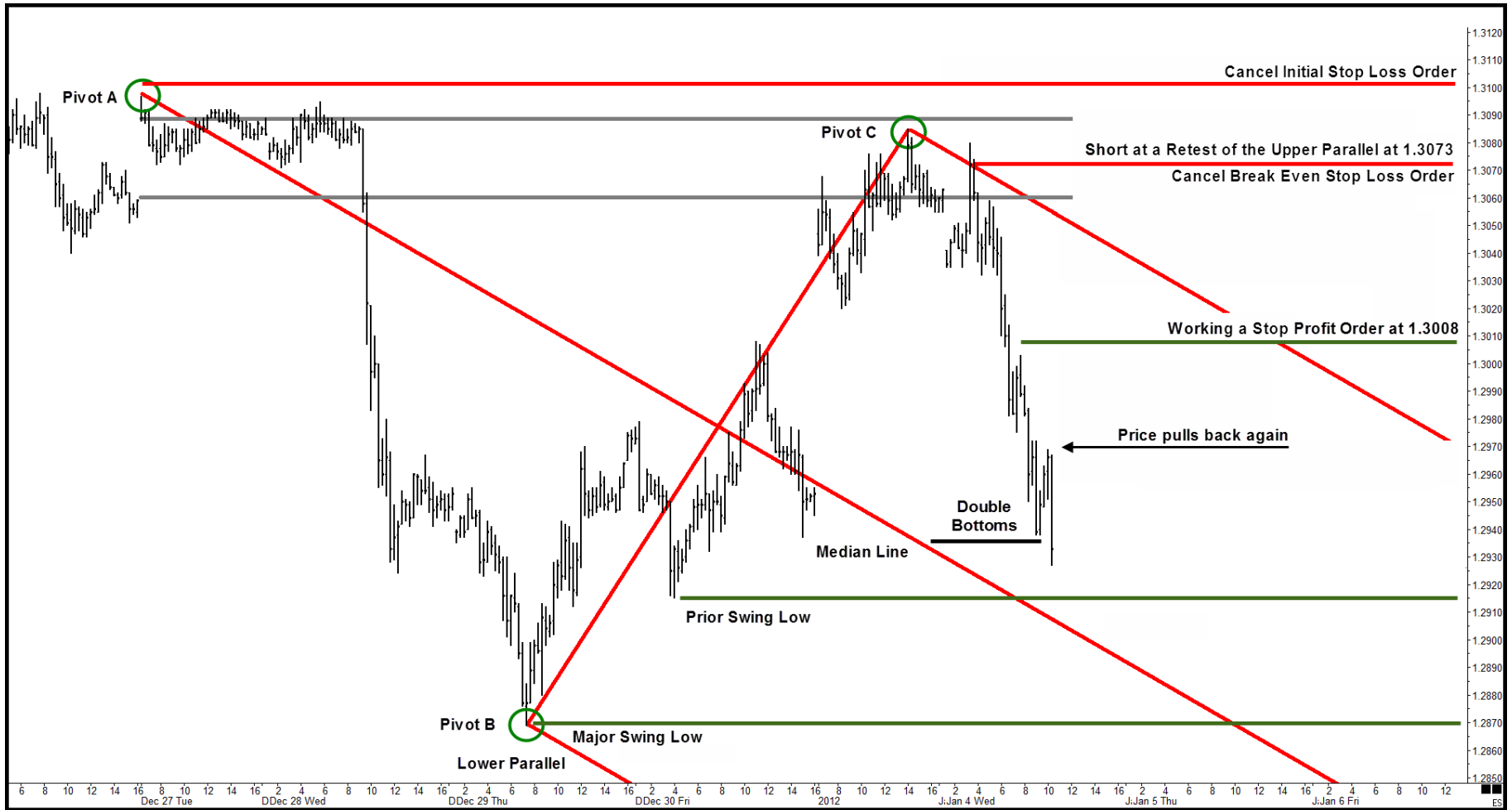
Lower Parallel

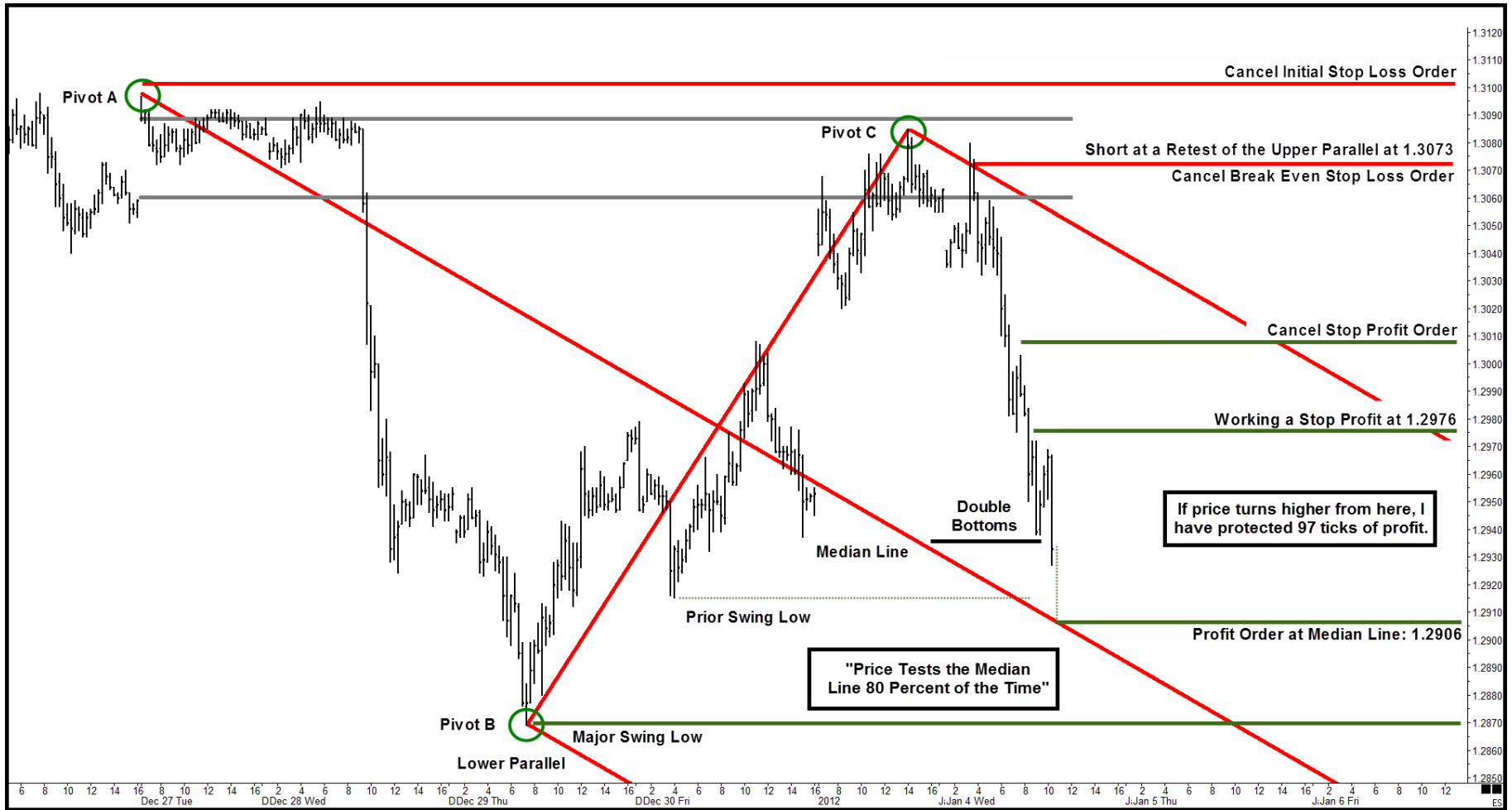
ES

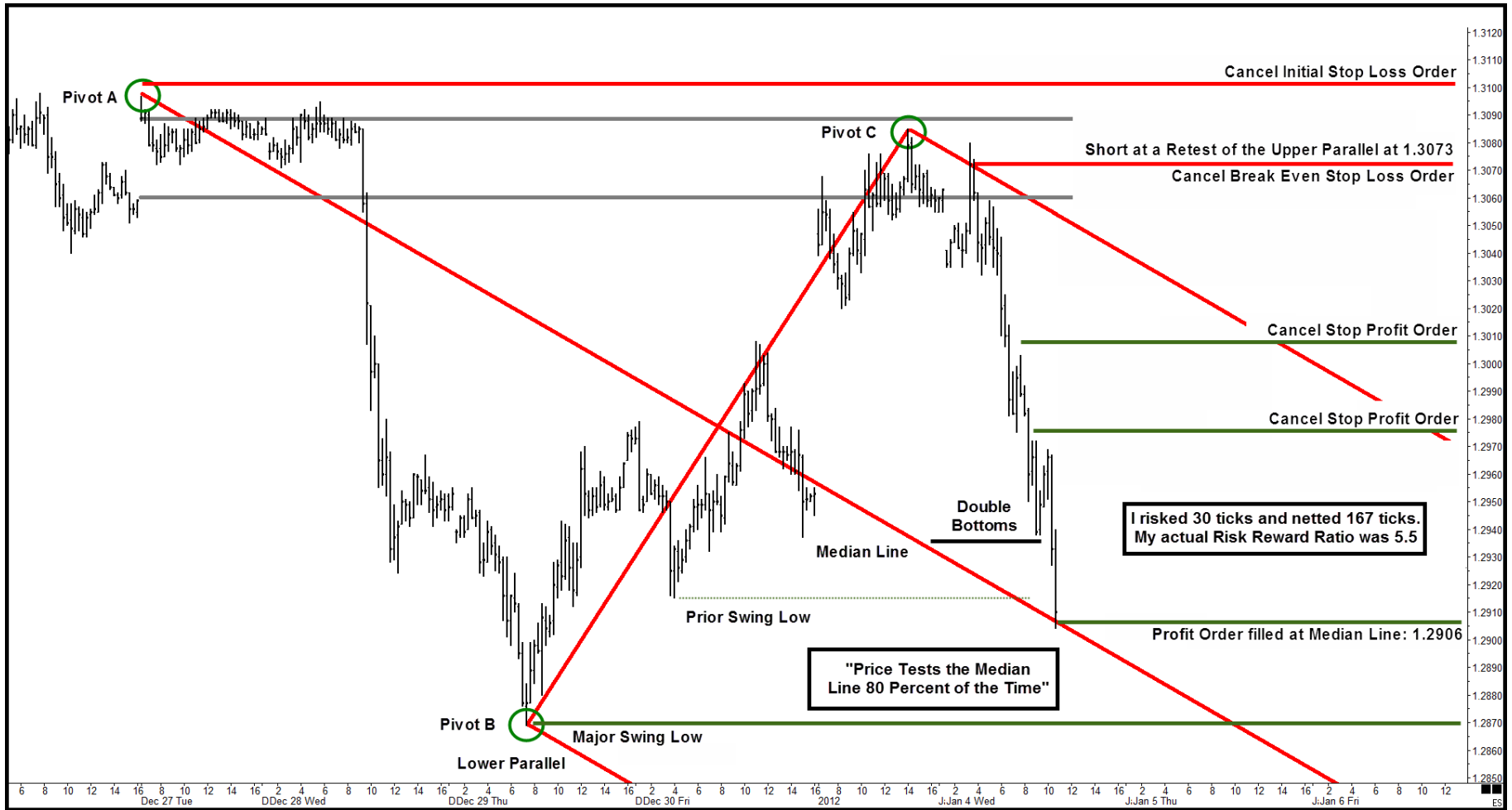














Pivot A

Pivot C

Pivot B

Major Swing Low

Lower Parallel

Cancel Initial Stop Loss Order

Short at a Retest of the Upper Parallel at 1.3073

Cancel Break Even Stop Loss Order

Cancel Stop Profit Order

Cancel Stop Profit Order

Double Bottoms

Median Line

Prior Swing Low

It was nice to miss this pullback!

A new Gap! It starts over again!

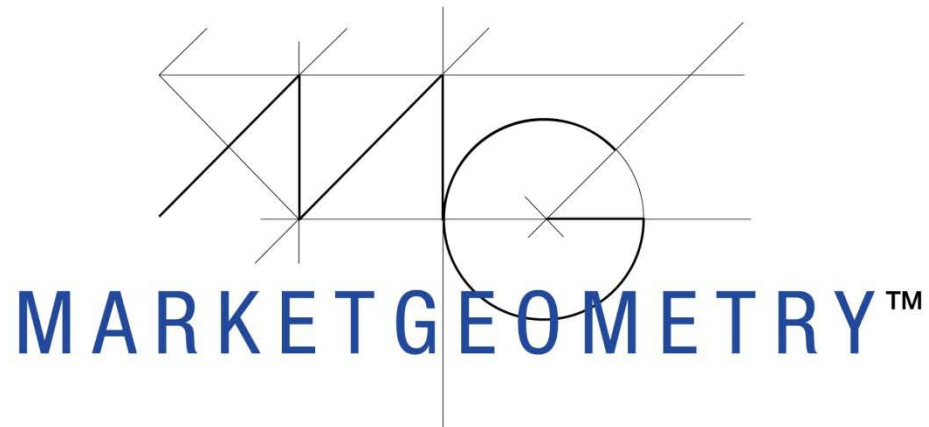
Profit Order filled at Median Line: 1.2906

"Price Tests the Median Line 80 Percent of the Time"

I risked 30 ticks and netted 167 ticks.
My actual Risk Reward Ratio was 5.5

Dec 27 Tue DDec 28 Wed DDec 29 Thu DDec 30 Fri 2012 JJan 4 Wed JJan 5 Thu JJan 6 Fri

1.3120
1.3110
1.3100
1.3090
1.3080
1.3070
1.3060
1.3050
1.3040
1.3030
1.3020
1.3010
1.3000
1.2990
1.2980
1.2970
1.2960
1.2950
1.2940
1.2930
1.2920
1.2910
1.2900
1.2890
1.2880
1.2870
1.2860
1.2850



Thank You for taking the time to attend this session. Questions?

“Master your tools, master yourself.”

®Timothy Morge

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