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Trading Webinar

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My 4 BEST Timing Triggers

And how to use them to your advantage

Saturday 5 January 2008

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Introduction: What I will discuss today…

- What is a TIMING TRIGGER?
- Timing triggers, timing indicators, objective methods and trading systems
- Why most timing triggers and indicators don’t work
- Separating market myth from market reality
- Patterns, predictions and profits
- Importance of a TRADING MODEL
- Why do so many traders lose?
- How to traders win?
- Review of my S – T – F trading model

What I will discuss today…(cont'd)

- Trading systems, timing indicators and trading methods
- The importance of objectivity in timing triggers
- Valid triggers are only ONE PART of the equation
- If you don't have effective profit maximizing methods and loss management rules you have nothing
- Different types of triggers - be careful what you tell yourself or you may start to believe it
- Lagging indicators: traditional moving averages etc
- Time current indicators: divergence, stochastic etc
- Leading indicators: cycles, seasonals, divergence, sentiment
- The problems with interpretation
- The problem with Elliott Wave, Gann, Fibonacci etc
- Avoiding the pitfalls of opinions
- The "danger zone" concept – one of my TOP 5 rules
- The importance of diversification

Timing triggers I will discuss today - an overview

1) The JB Moving Average Channel (MAC) combined with Accumulation/Distribution as a timing method
2) Momentum Divergence for precision timing
3) The Open vs. CLOSE indicator for short term triggers and trades (especially good in FOREX)
4) MOMENTUM / MA, and
5) Value Area Index (VAI)

These are all methods I have developed on my own with the benefit of nearly 40 years in the markets – they aren't perfect but when combined with follow through and a concise trading model they are powerful and will help you get the big moves

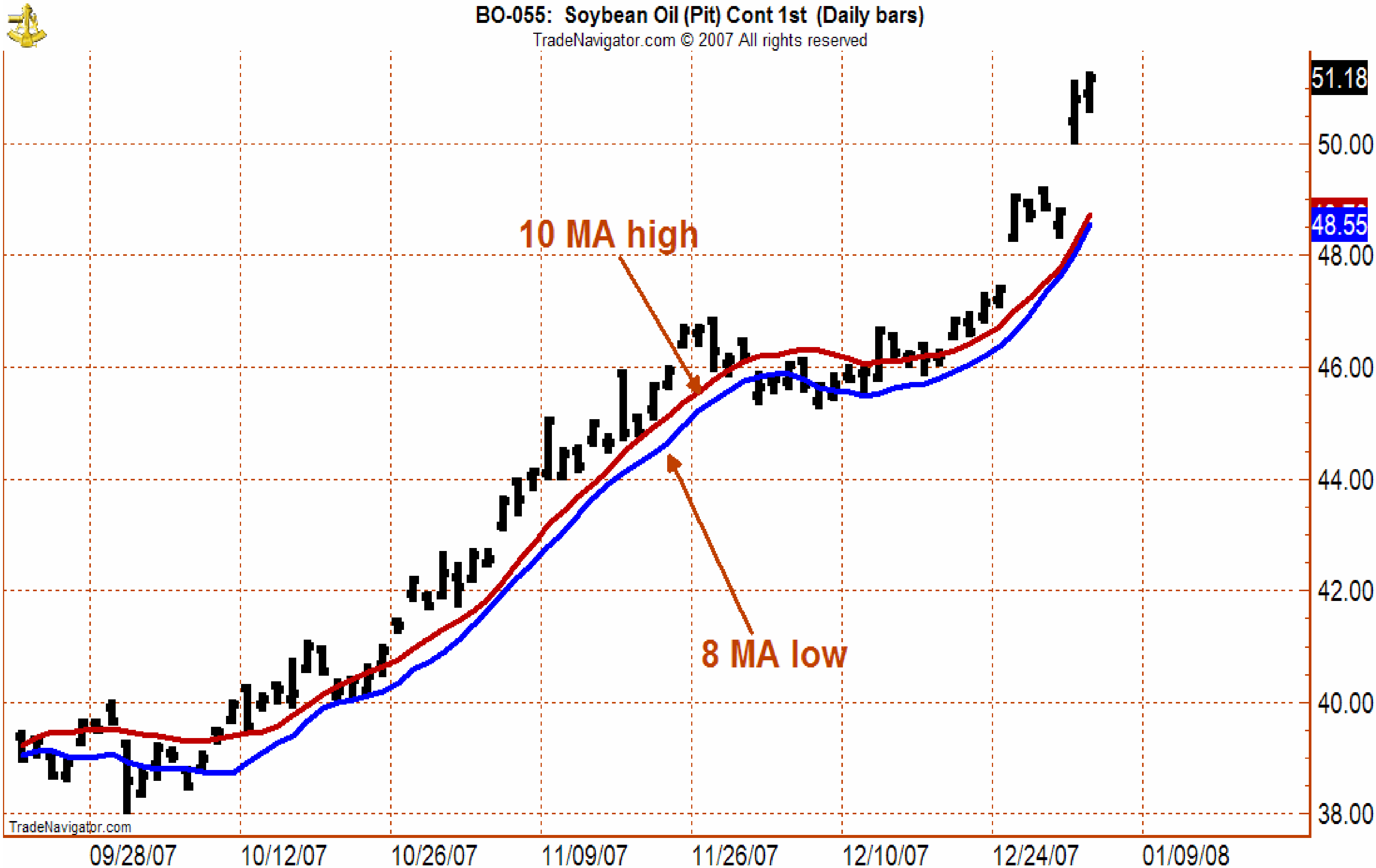
Goals and Objectives of this Session

- To show you some of my best timing triggers
- To give you examples of how to apply them
- To give you the pro's and con's of each trigger
- To show you how the triggers can be applied in stocks, futures, and Forex
- To show you how the timing triggers can be applied in different time frames
- To give you some guidelines on how to manage risk and maximize profits
- To illustrate the relationship between timing triggers and set ups

The Moving Average Channel (MAC)

- Use 2 simple MA's
- MAH = 10 periods of the high
- MAL = 8 periods of the low
- TWO complete consecutive price bars above MAH is a buy pattern (use confirmation for a trigger)
- TWO complete consecutive price bars below MAL is a sell pattern (use confirmation for a trigger)
- Confirmation is required using the AD/MA
- Use Williams AD with simple 57 period MA of Williams AD
- See examples

MA Channel


BO-055: Soybean Oil (Pit) Cont 1st (Daily bars)
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10 MA high
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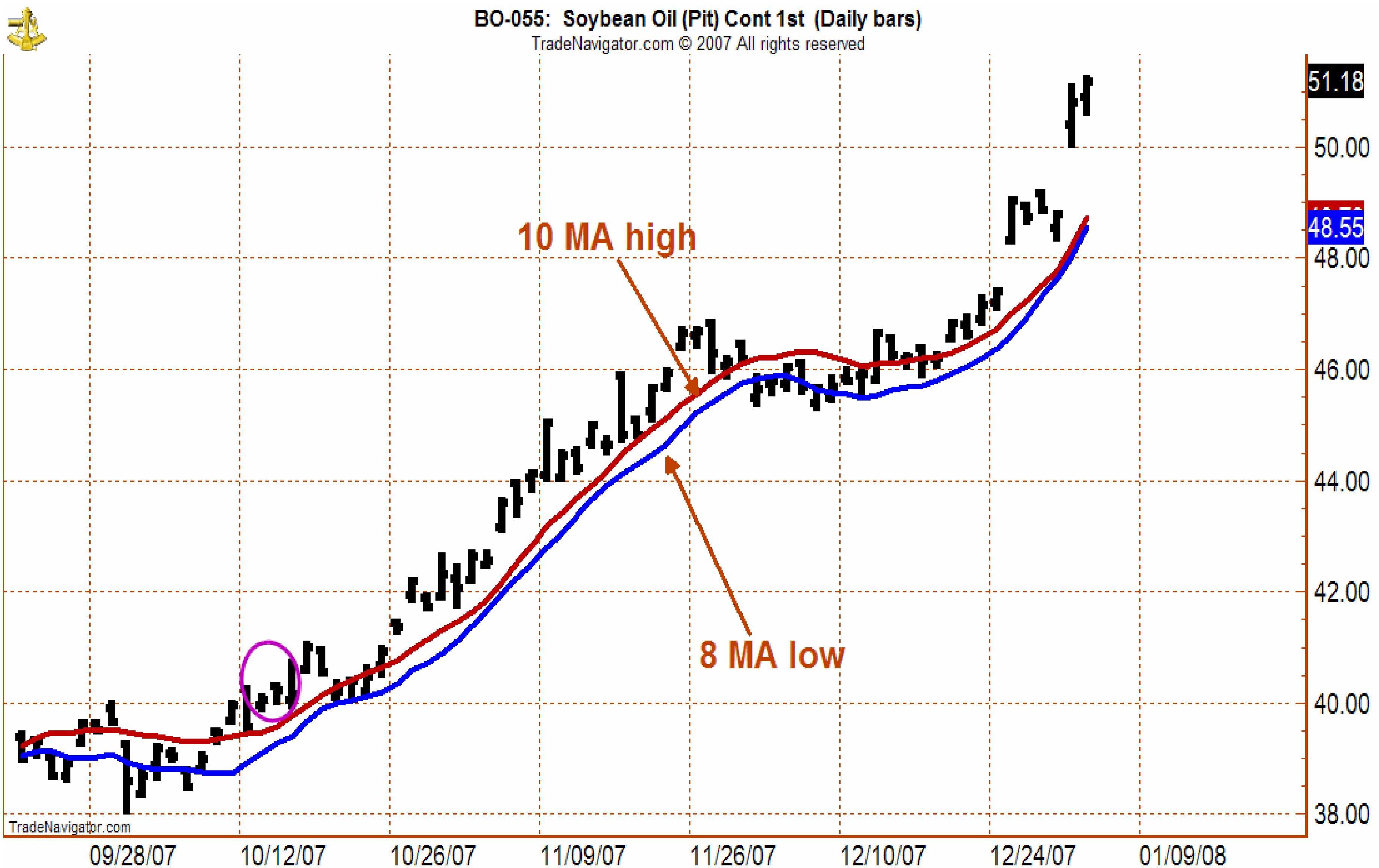
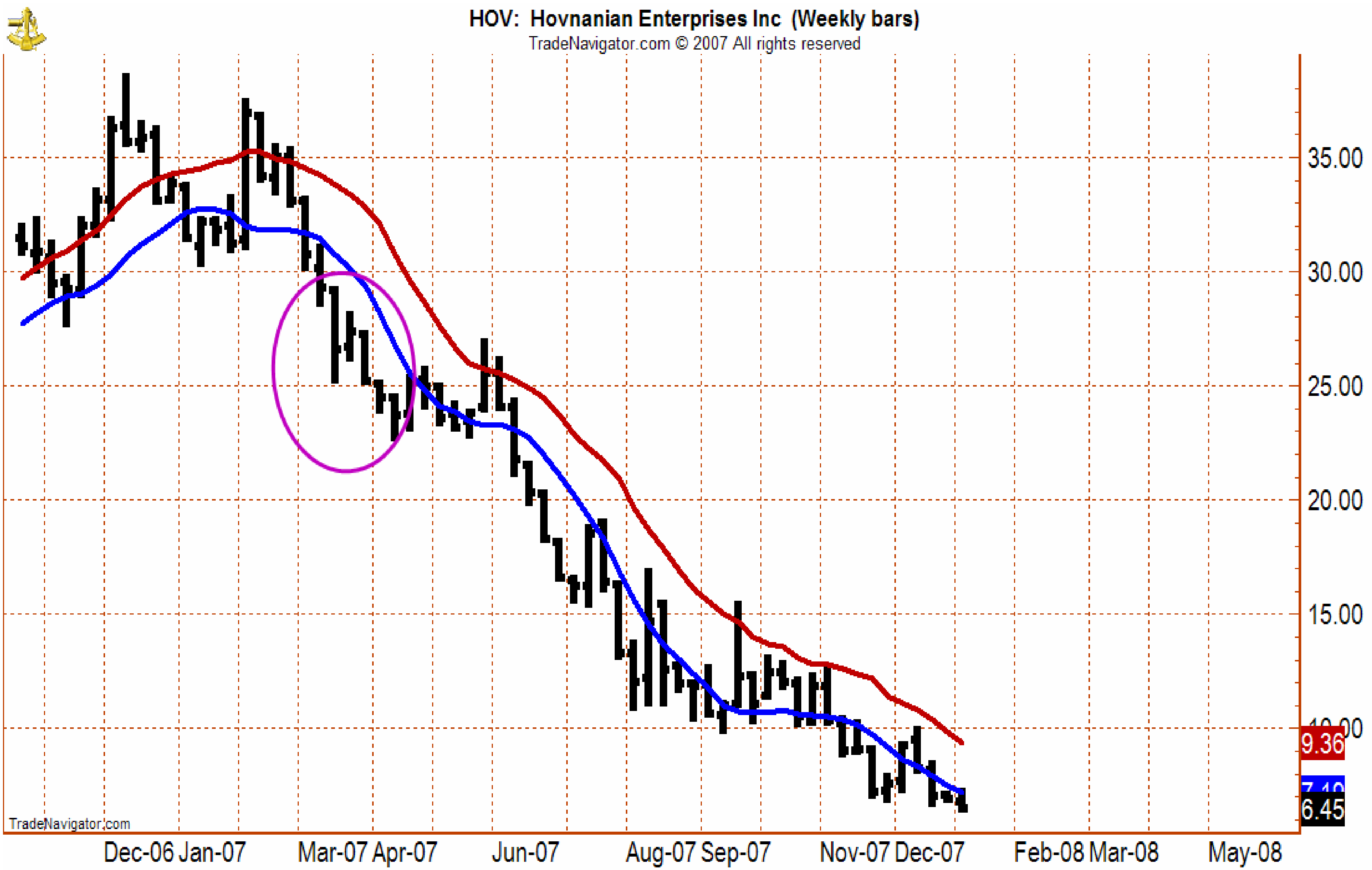
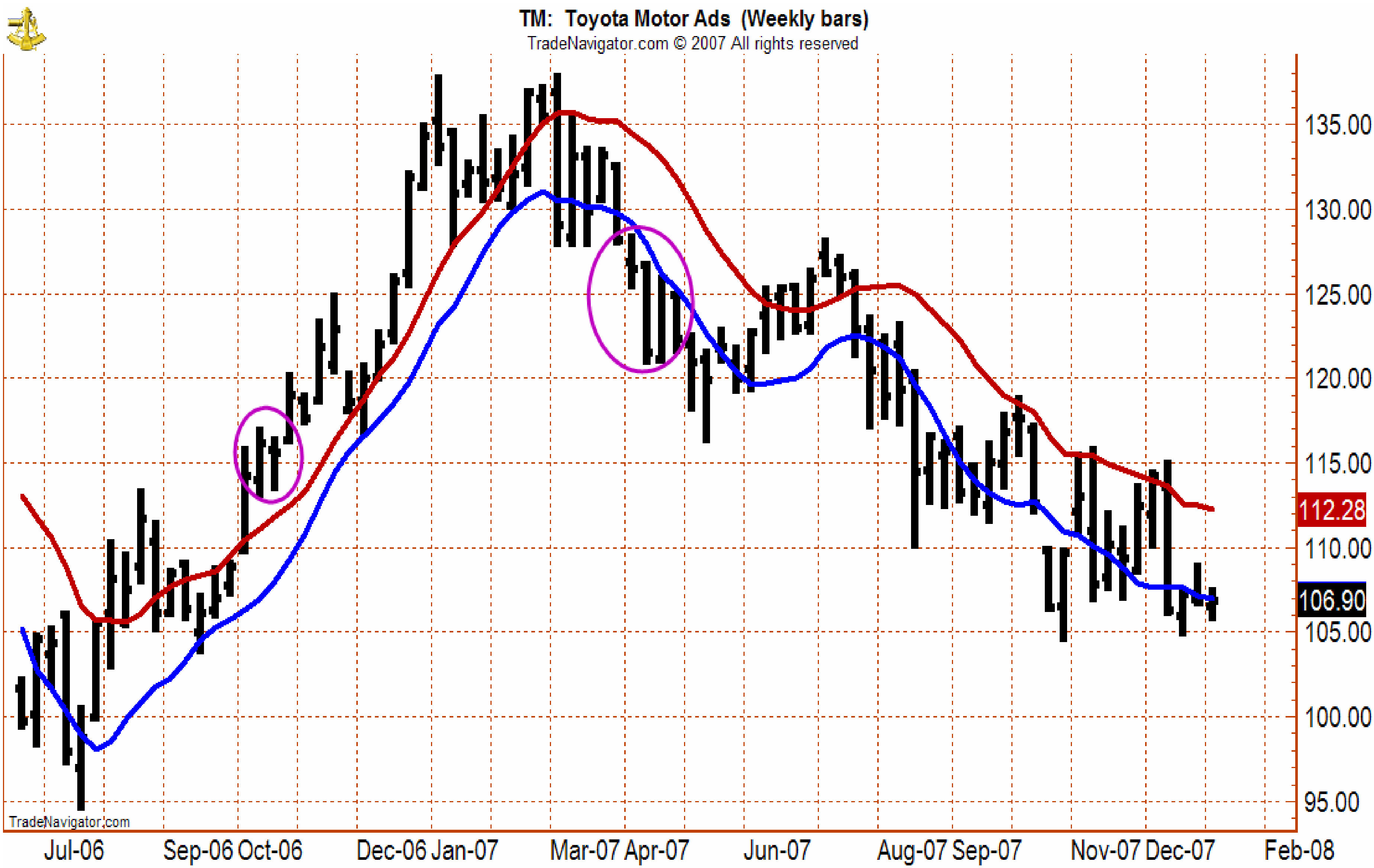
MAC buy signal



MAC sell signal

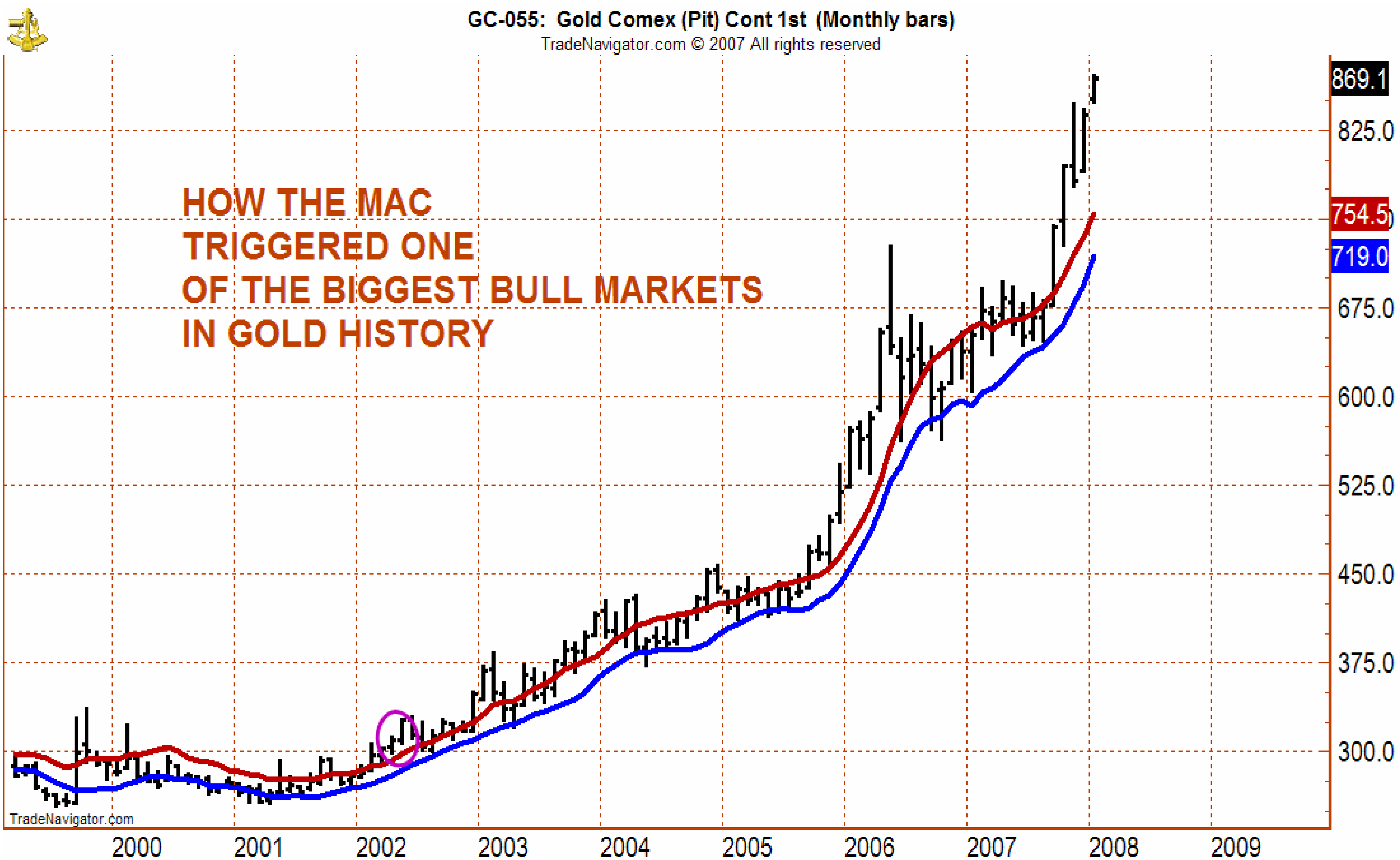


MAC moves from bullish to bearish

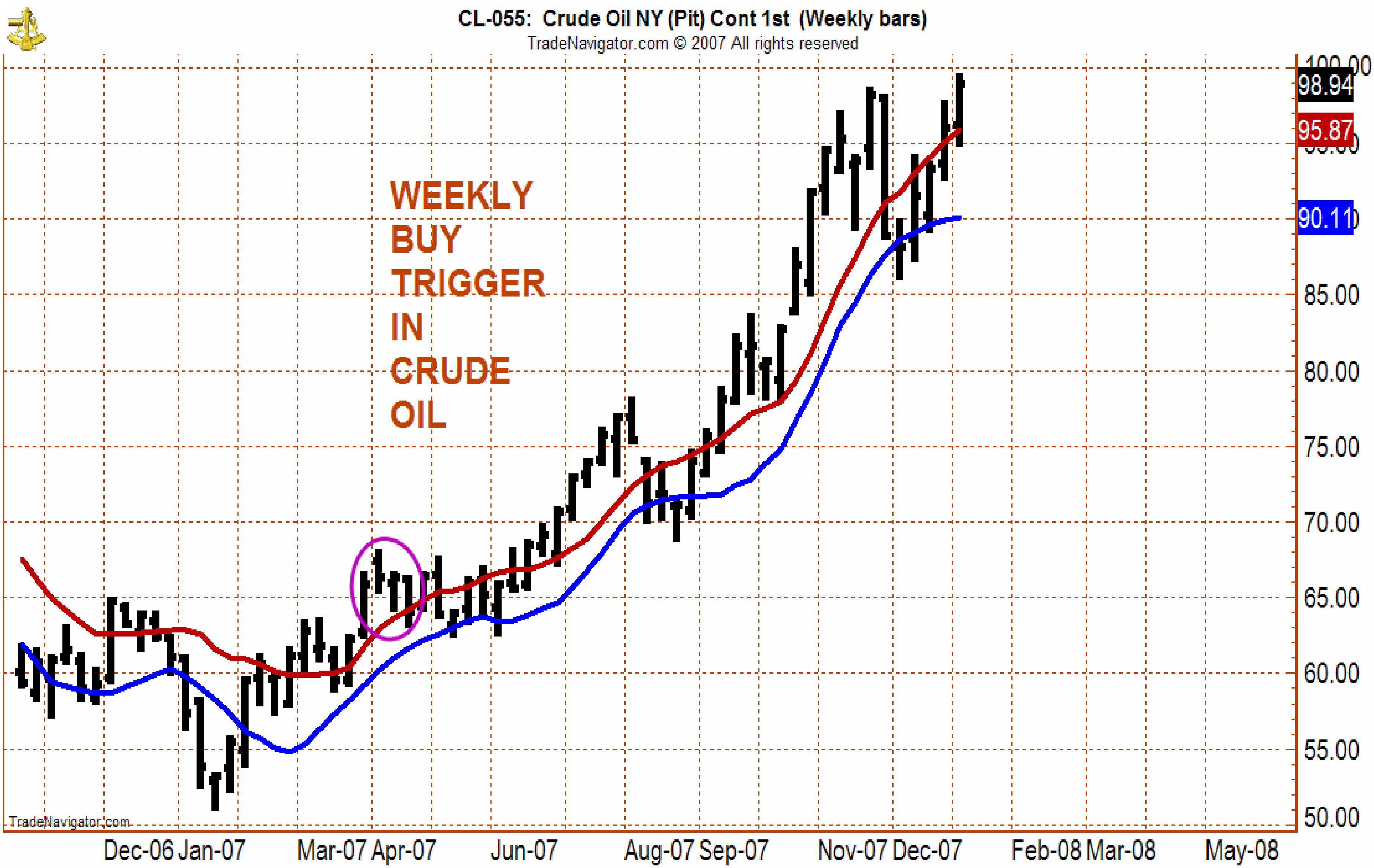


MAC on intraday chart

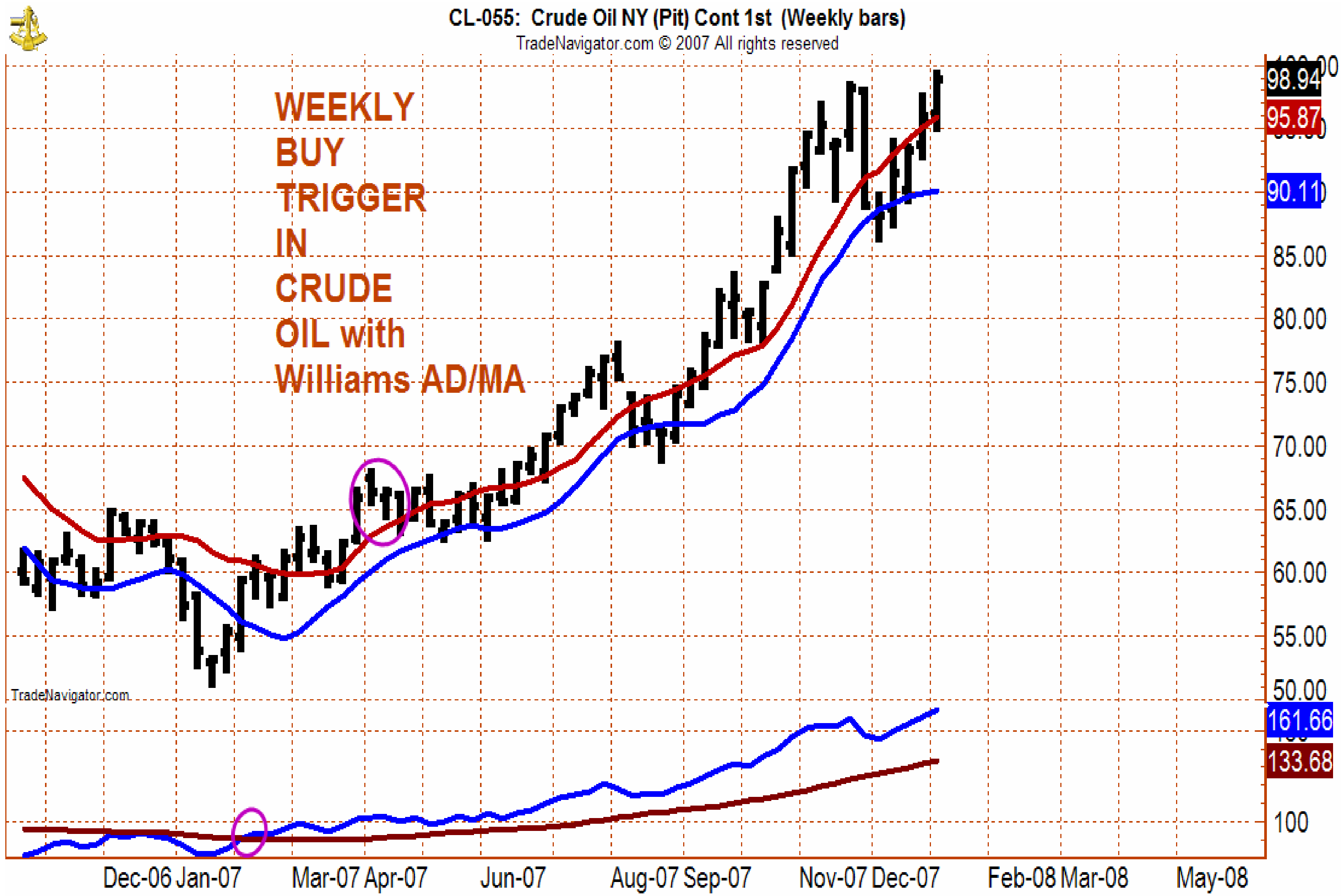
Long term moves…how the real money is made…



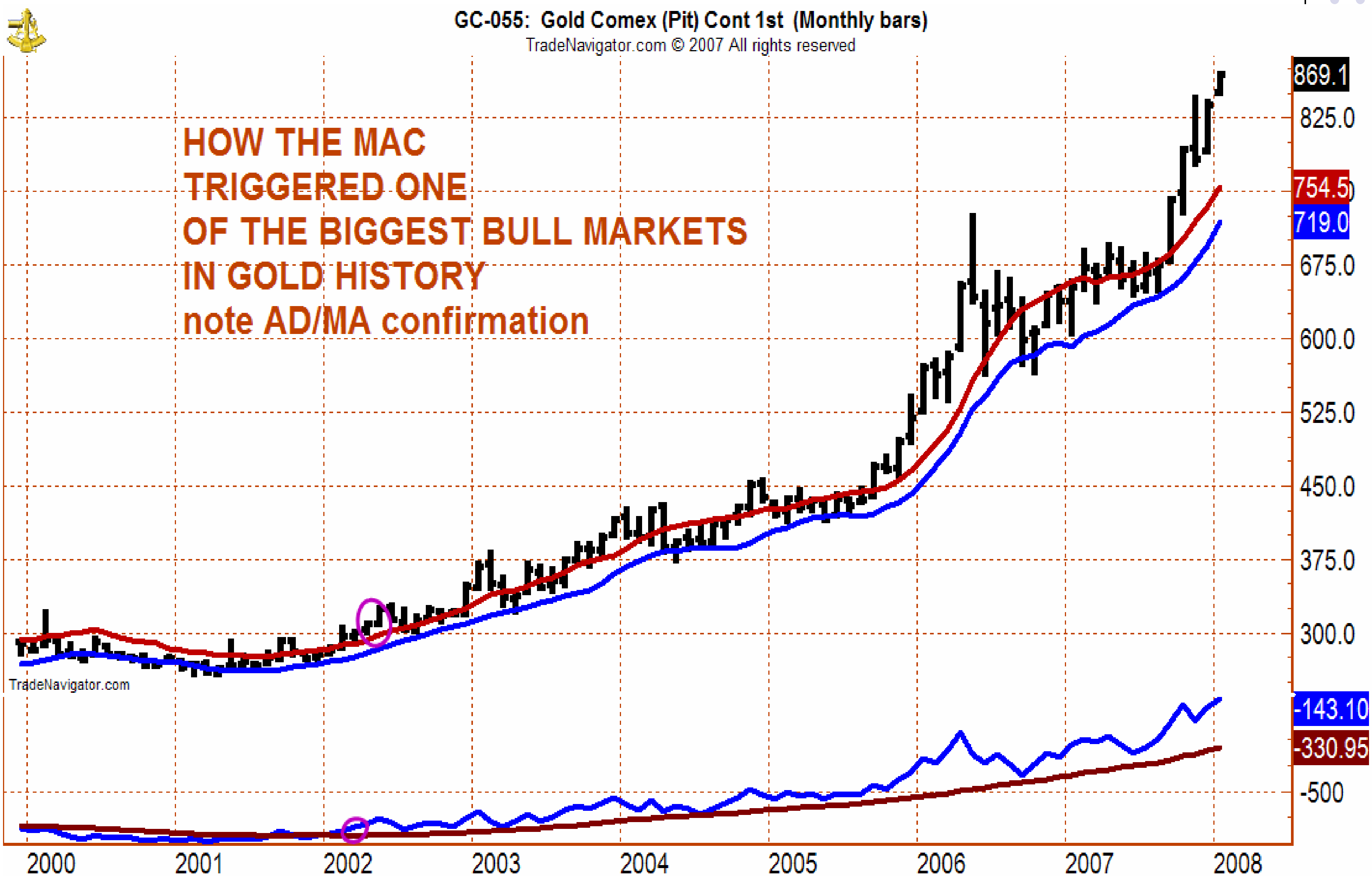
MAC Intermediate term (weekly)



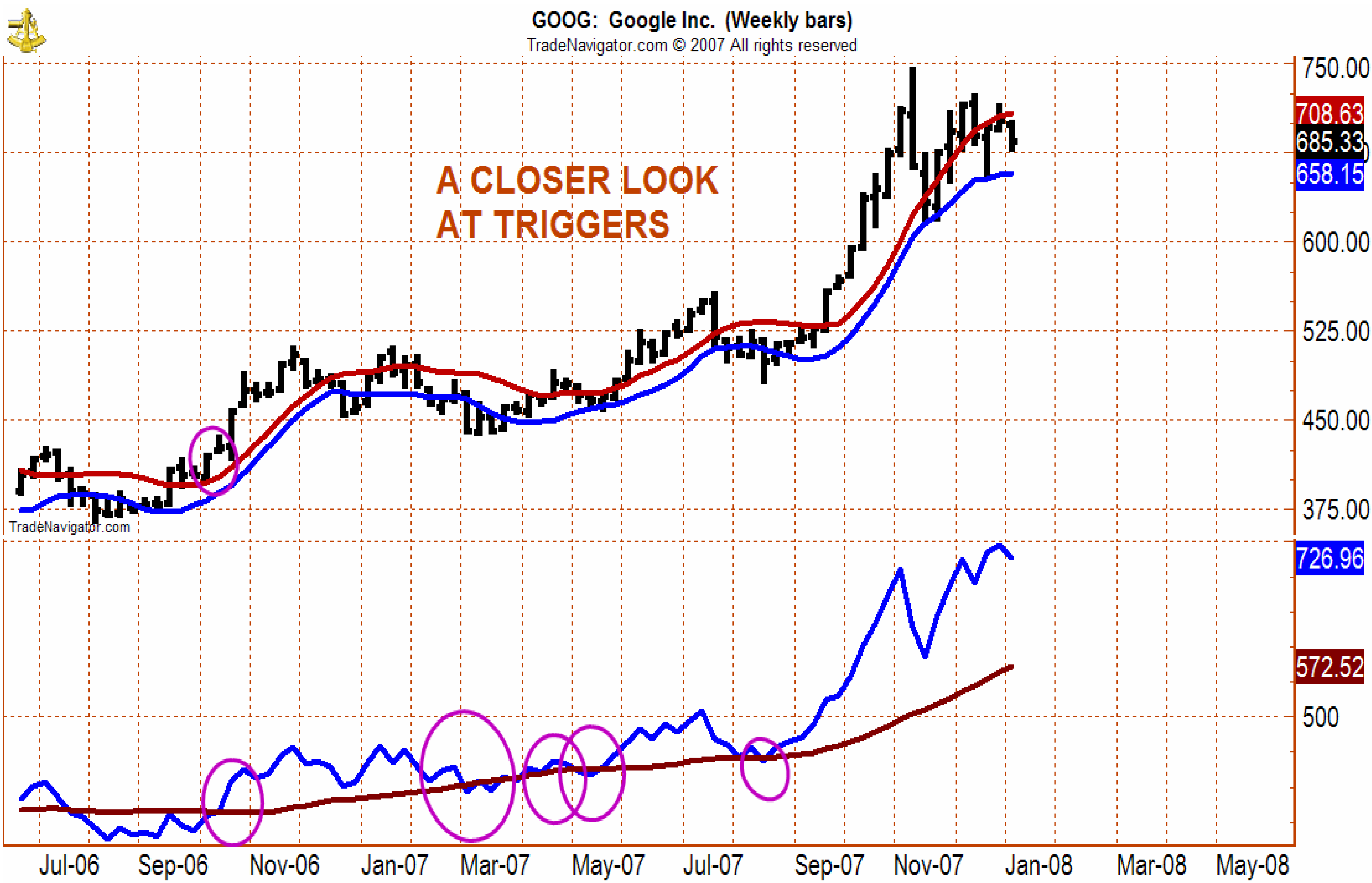
Combine MAC with Williams AD/MA 57



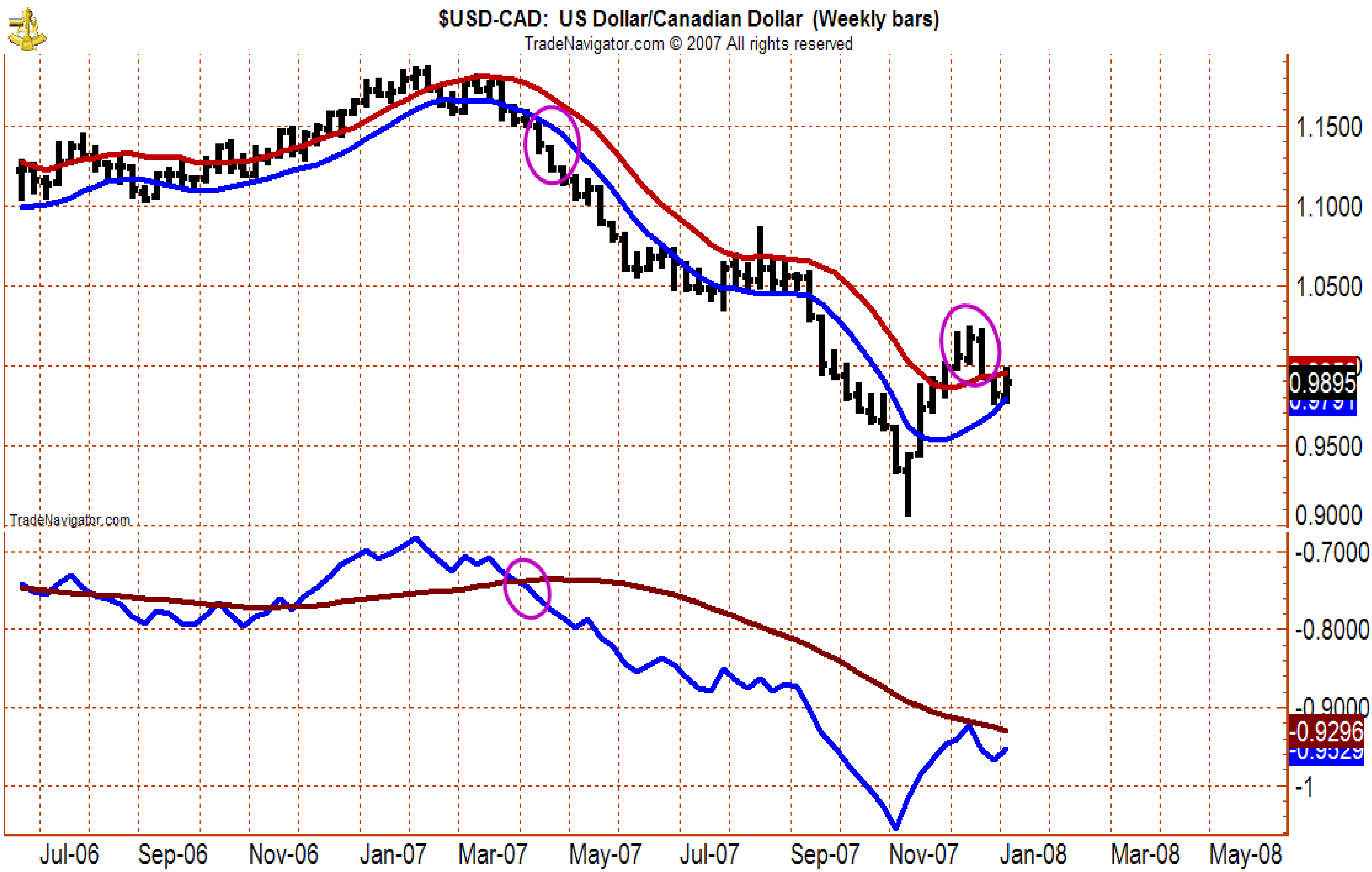
MAC and confirmation



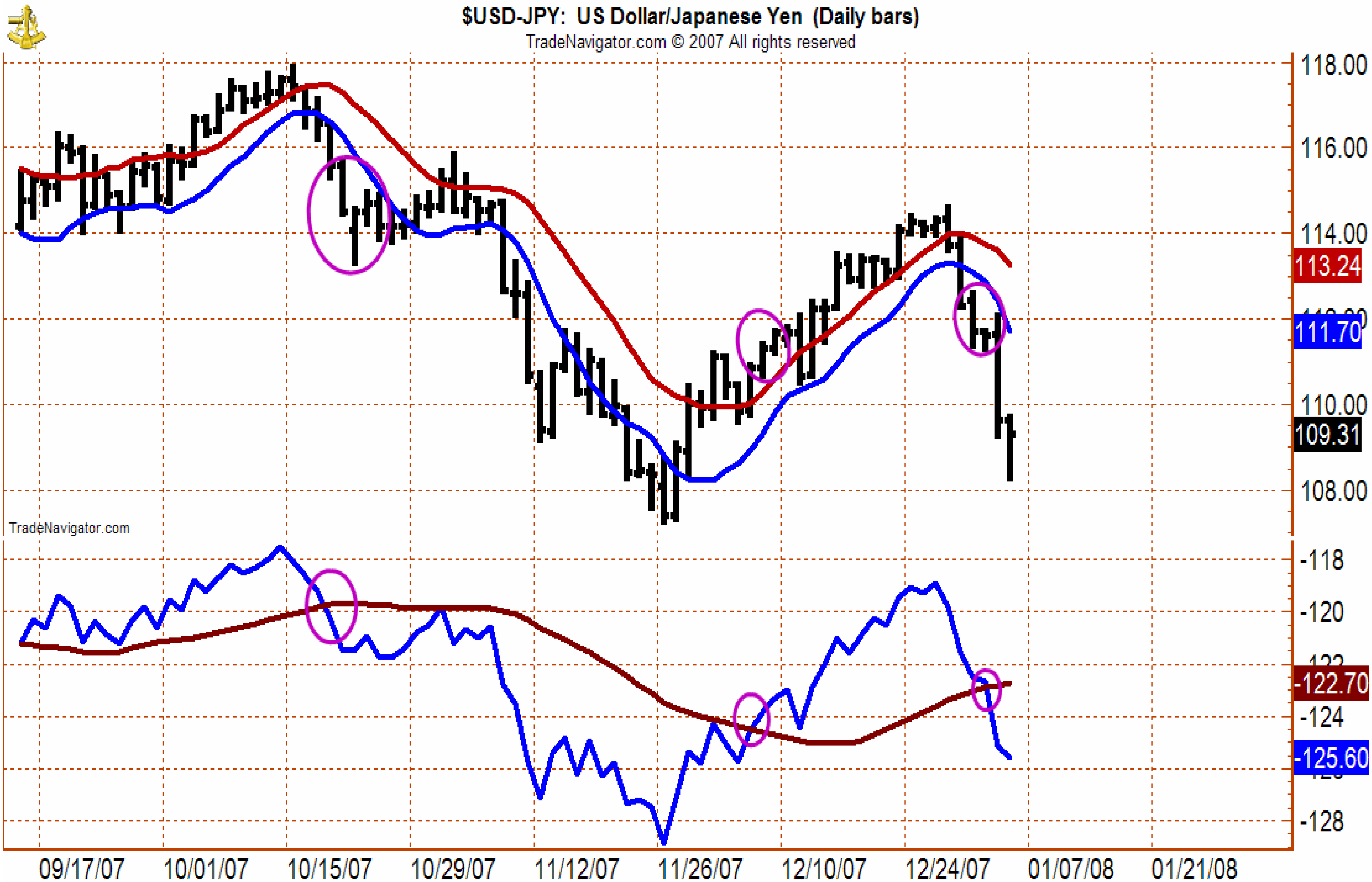
MAC with confirmation – A CLOSER LOOK



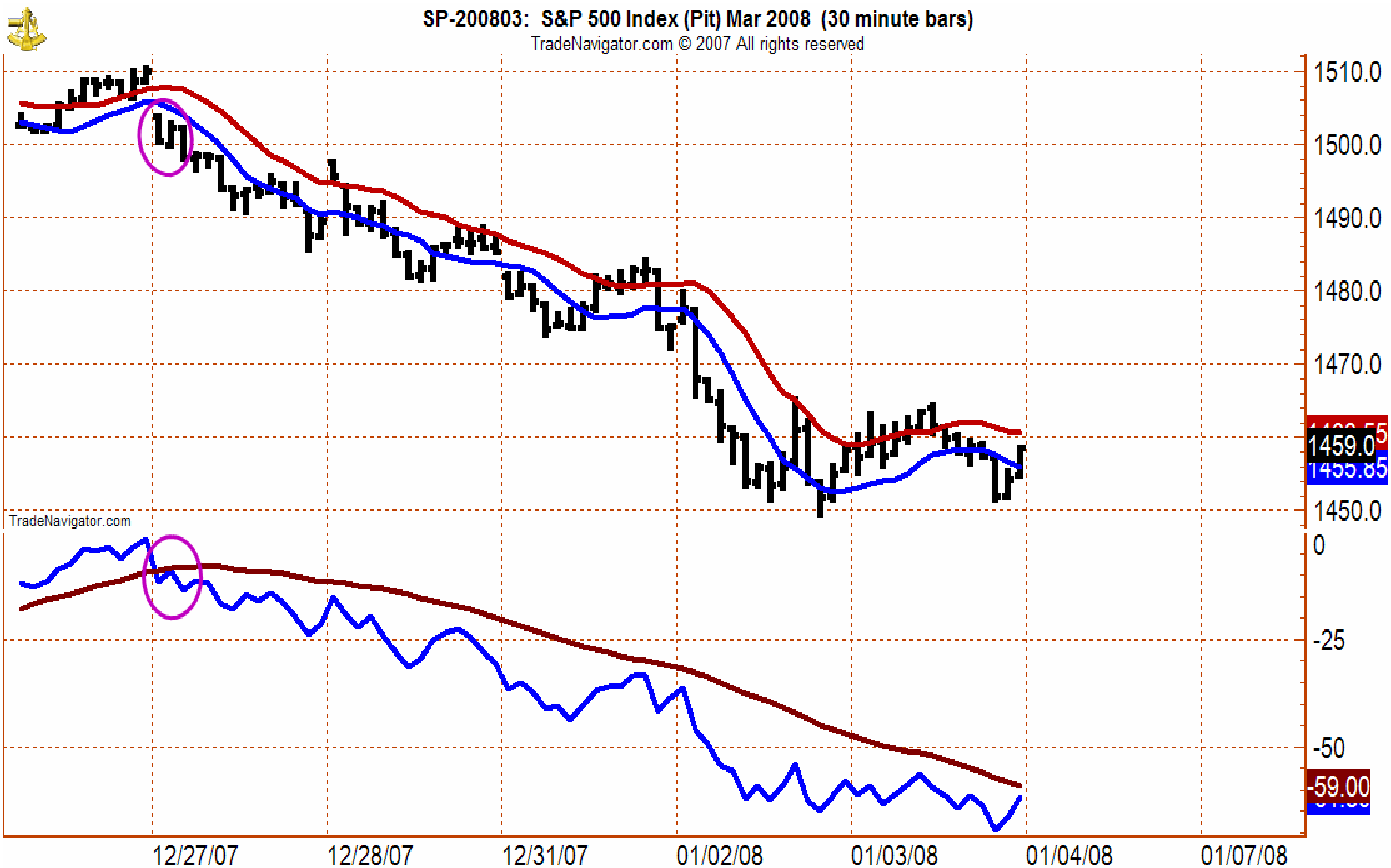
MAC and confirmation in FOREX



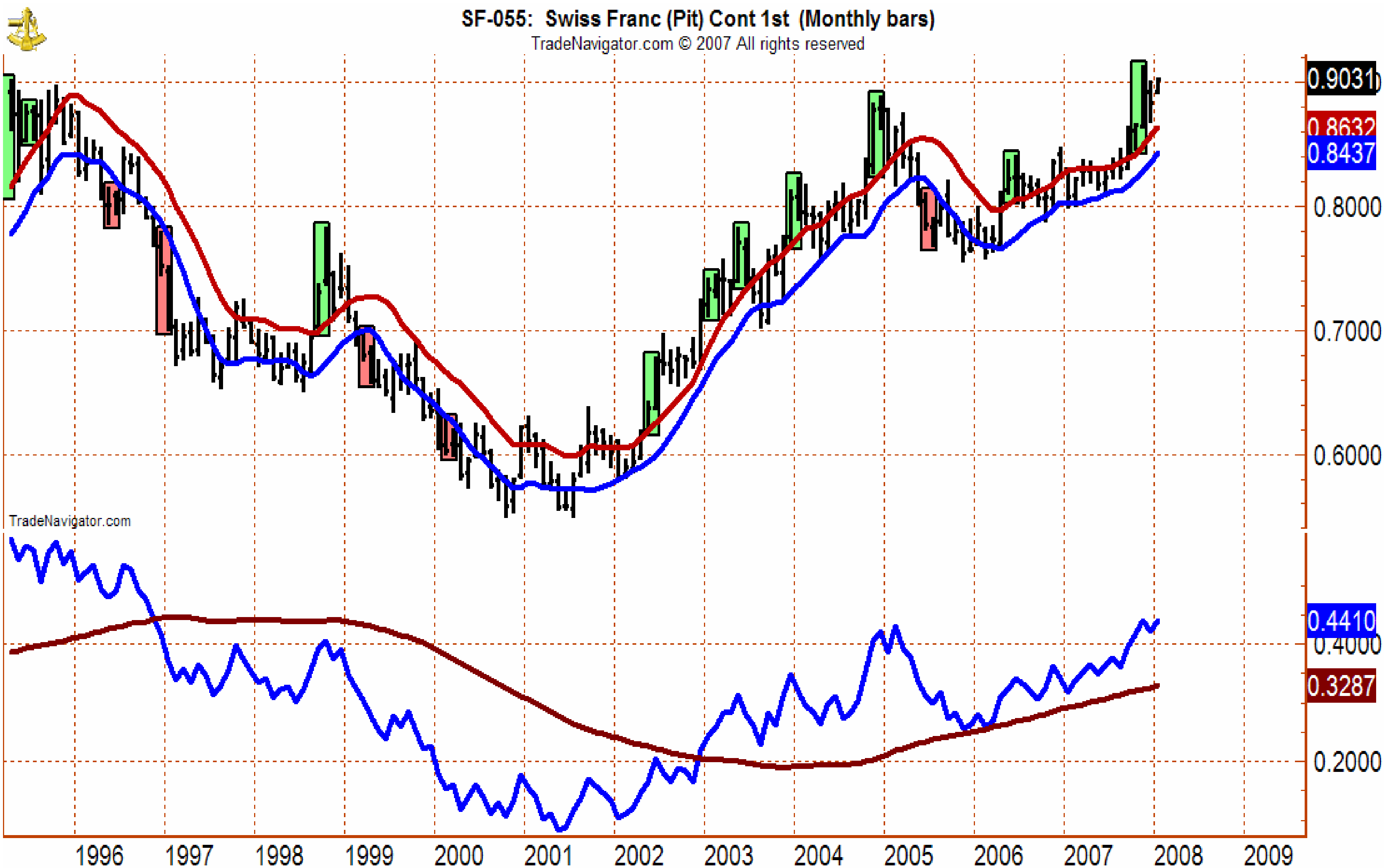
MAC and confirmation - FOREX

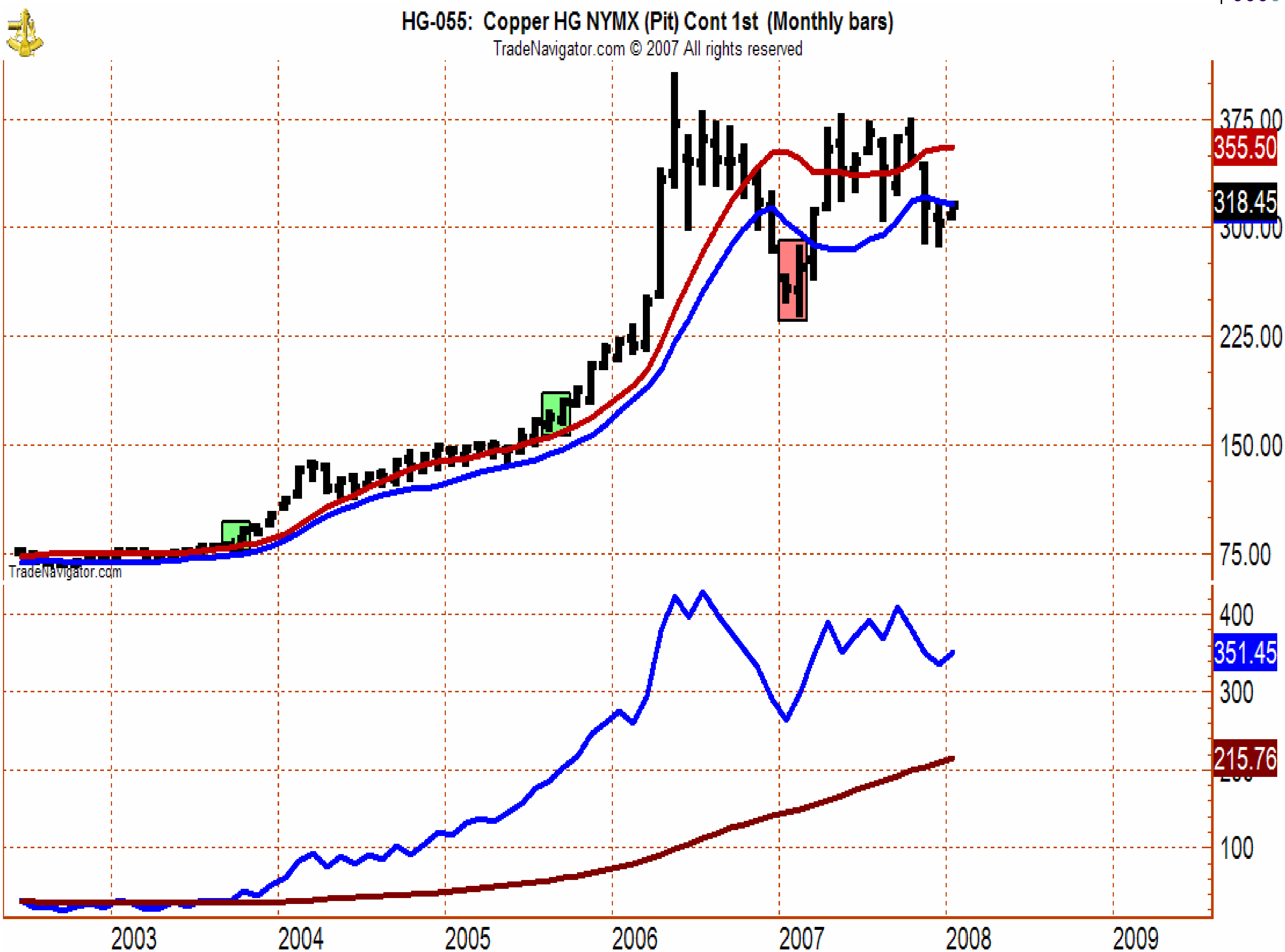


MAC and confirmation 30 min S&P



Looking at a few more MAC AD/MA




HG-055: Copper HG NYMX (Pit) Cont 1st (Monthly bars)
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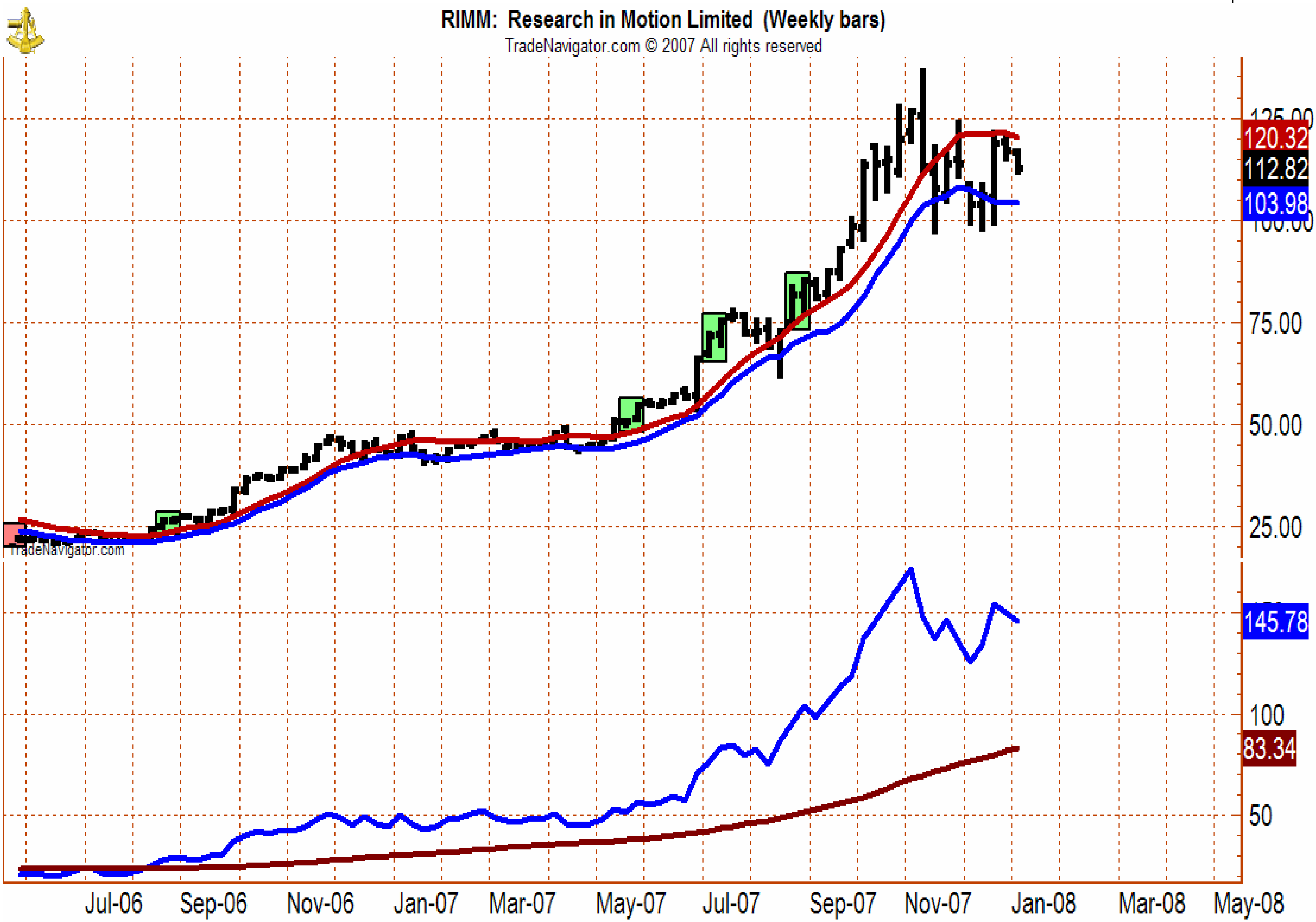
RIMM: Research in Motion Limited (Weekly bars)
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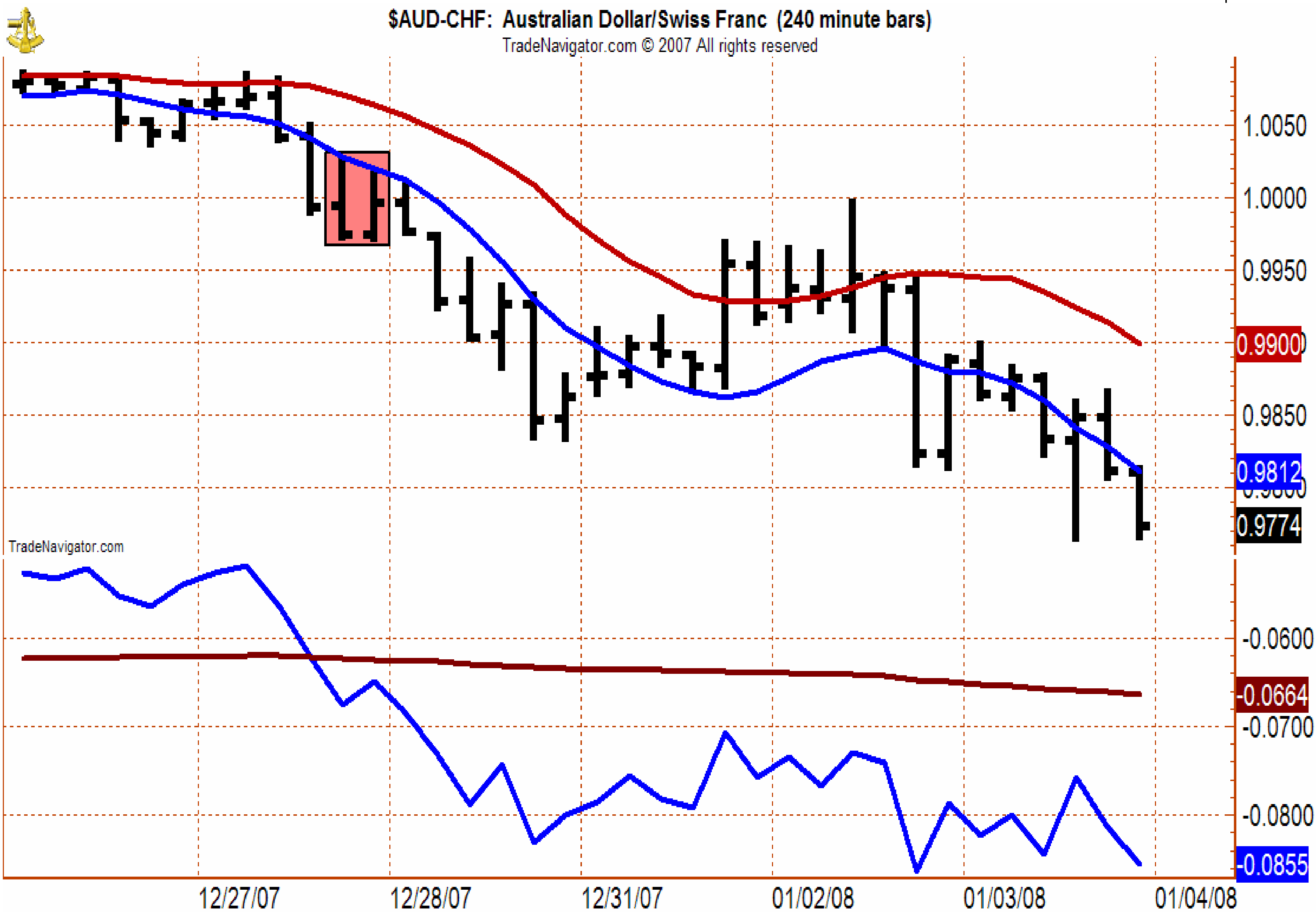

$AUD-CHF: Australian Dollar/Swiss Franc (240 minute bars)
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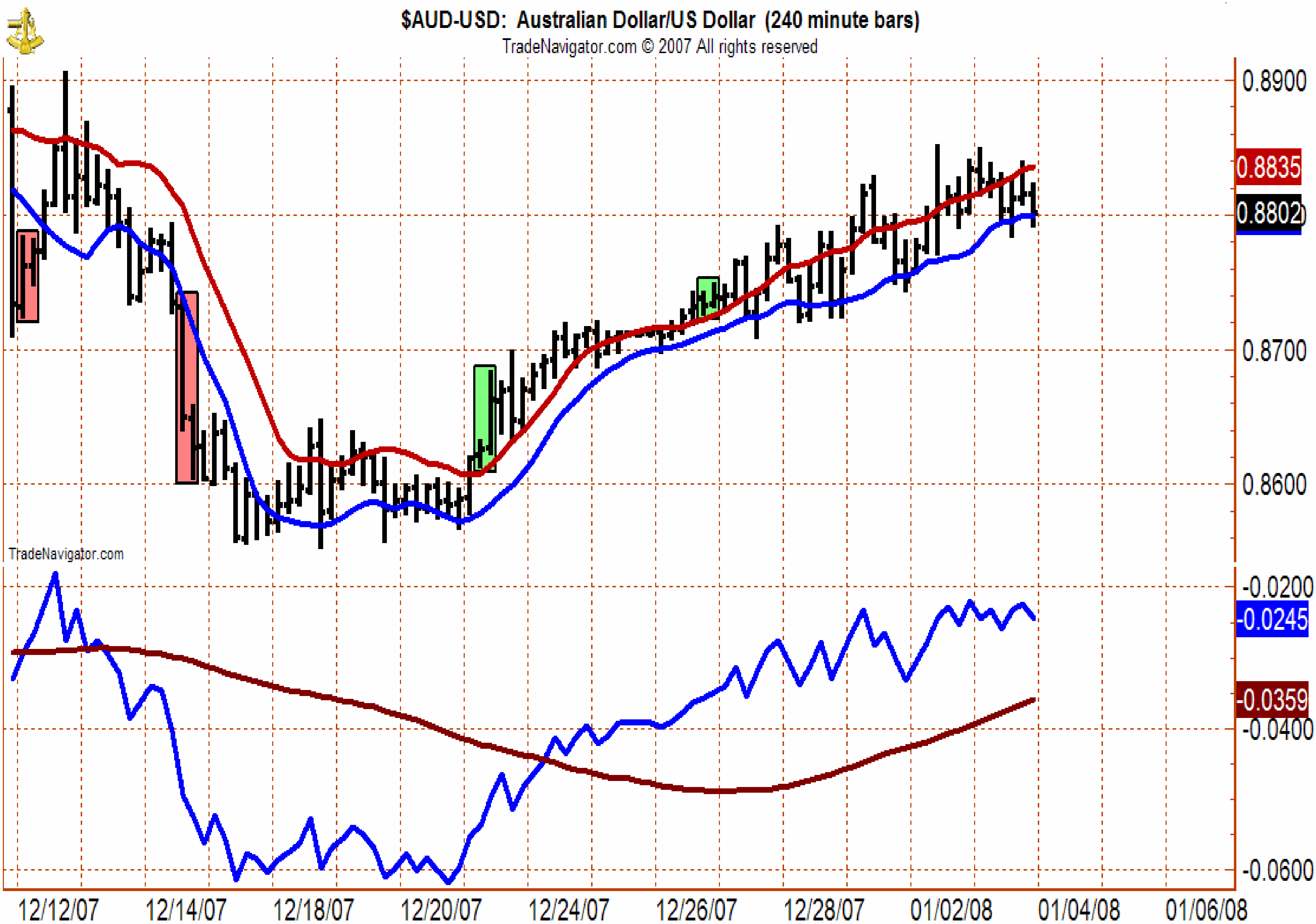
$AUD-USD: Australian Dollar/US Dollar (240 minute bars)
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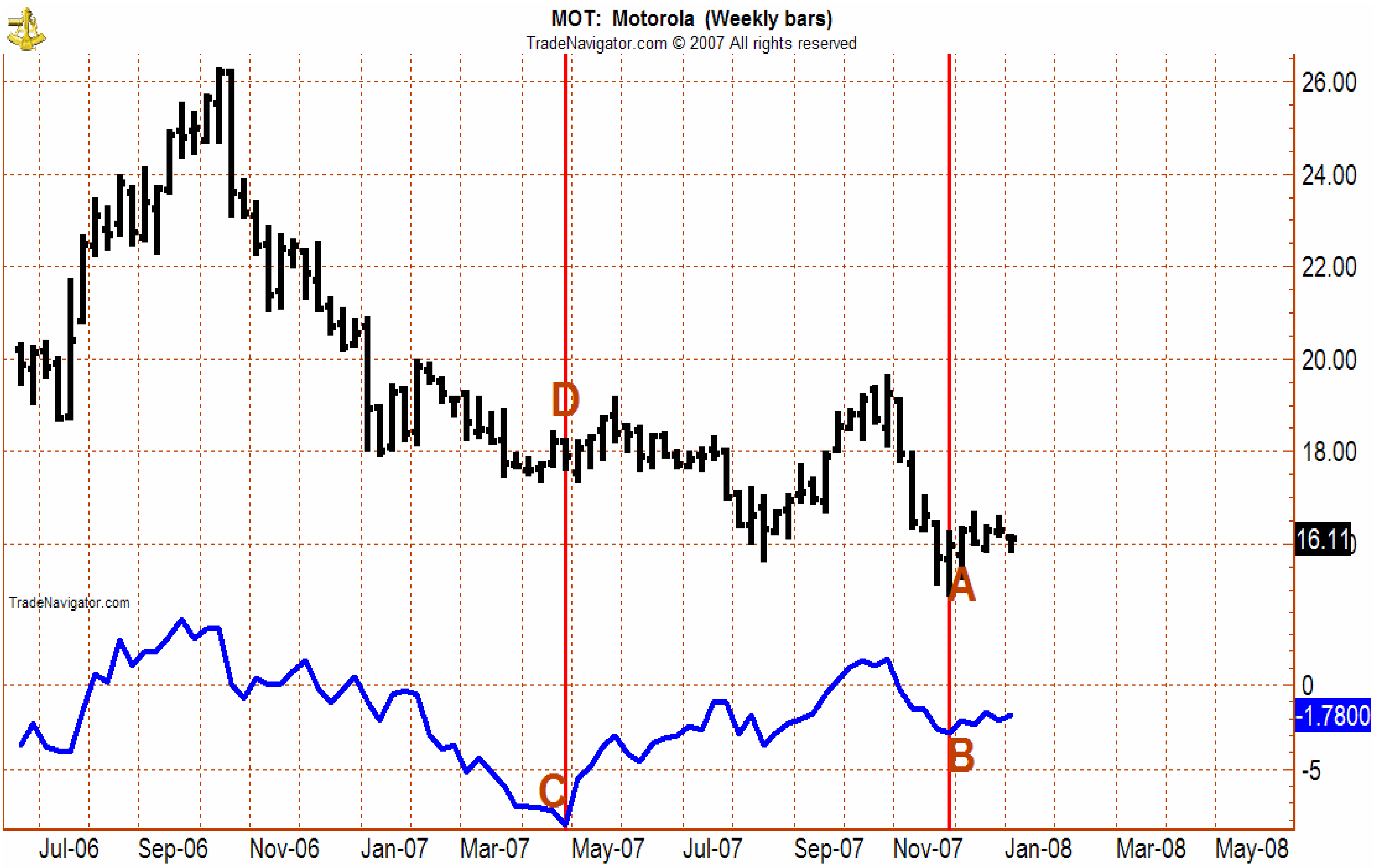
Summary MAC

- Use with confirmation
- Use risk management / profit target
- Can use in all time frames
- The big $$$ is in the big moves
- Do not use other indicators to confirm
- Do not compare different time frames
- Use trailing stops to maximize profits
- Trade multiple positions
- CAN use options but only at or in the money or high delta

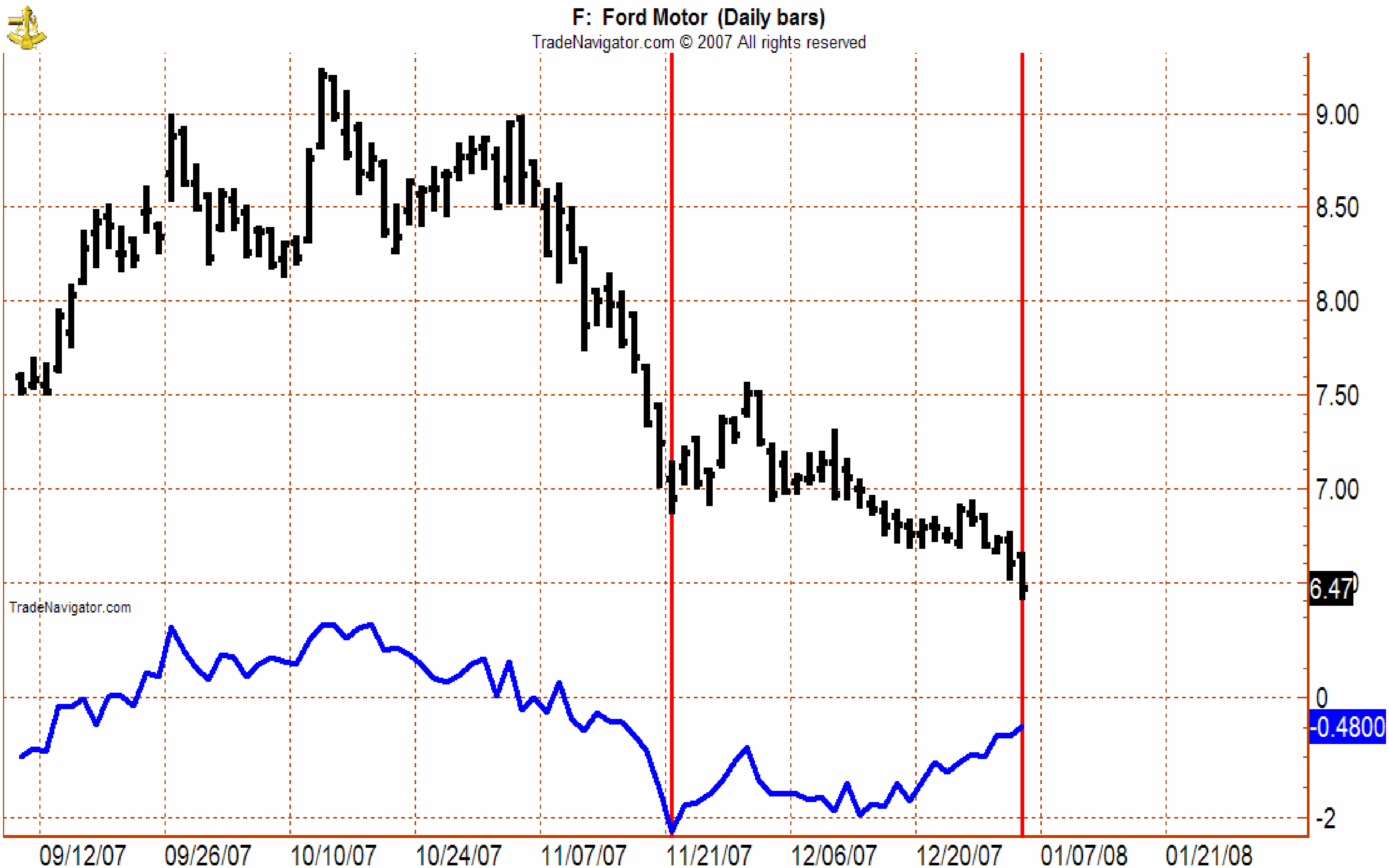
Trigger 2: Momentum Divergence

- Use 28 period Momentum
- Look at last 60 price bars
- Bullish divergence – new high in price for last 60 bars with NO new high in MOM
- Bearish divergence – new low in price for last 60 bars with NO new low in MOM
- My Power Momentum Manual
- Set up A, B, C and D points
- See example
- Look for TRIGGER point at E – see example

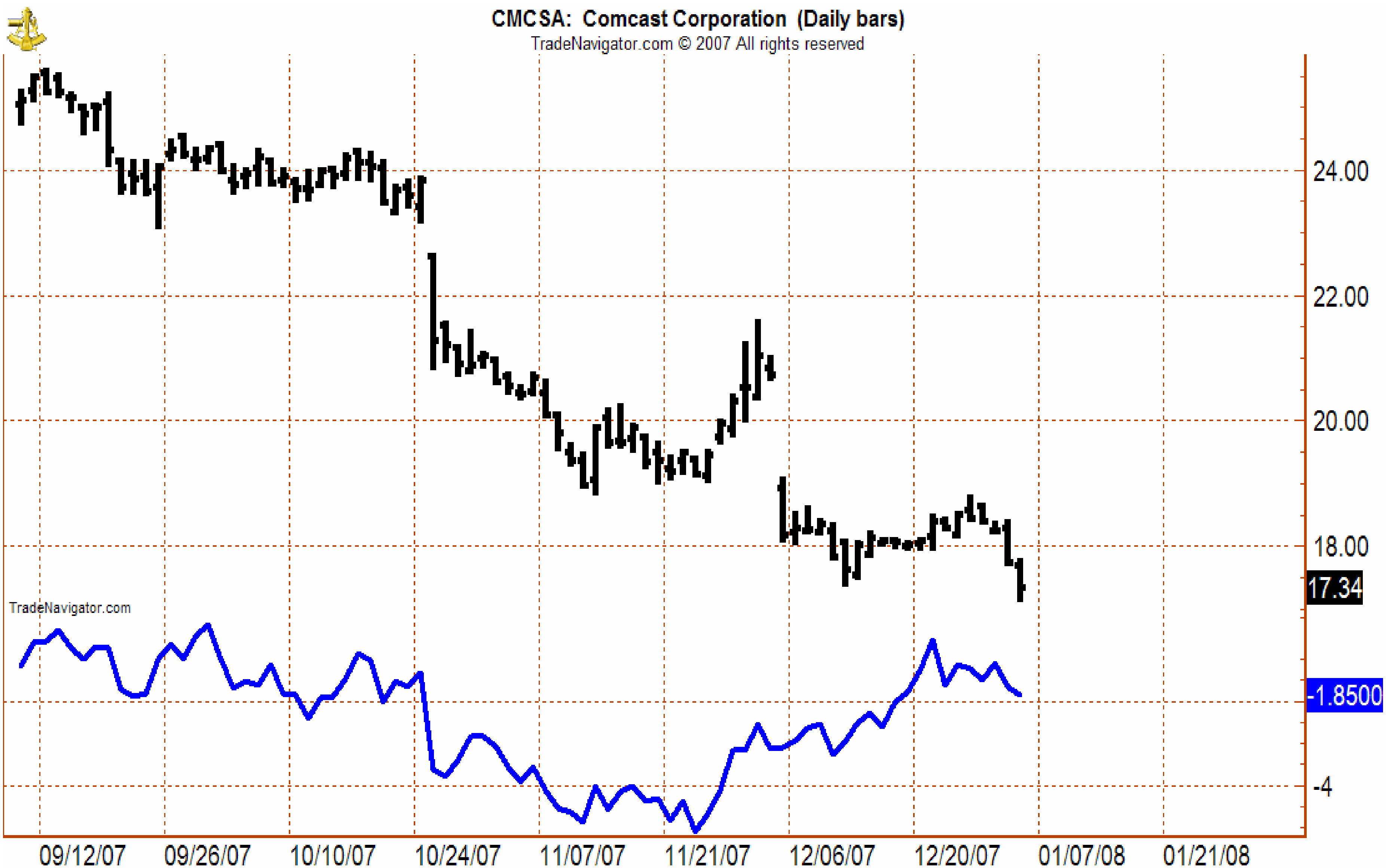
Bullish divergence set up



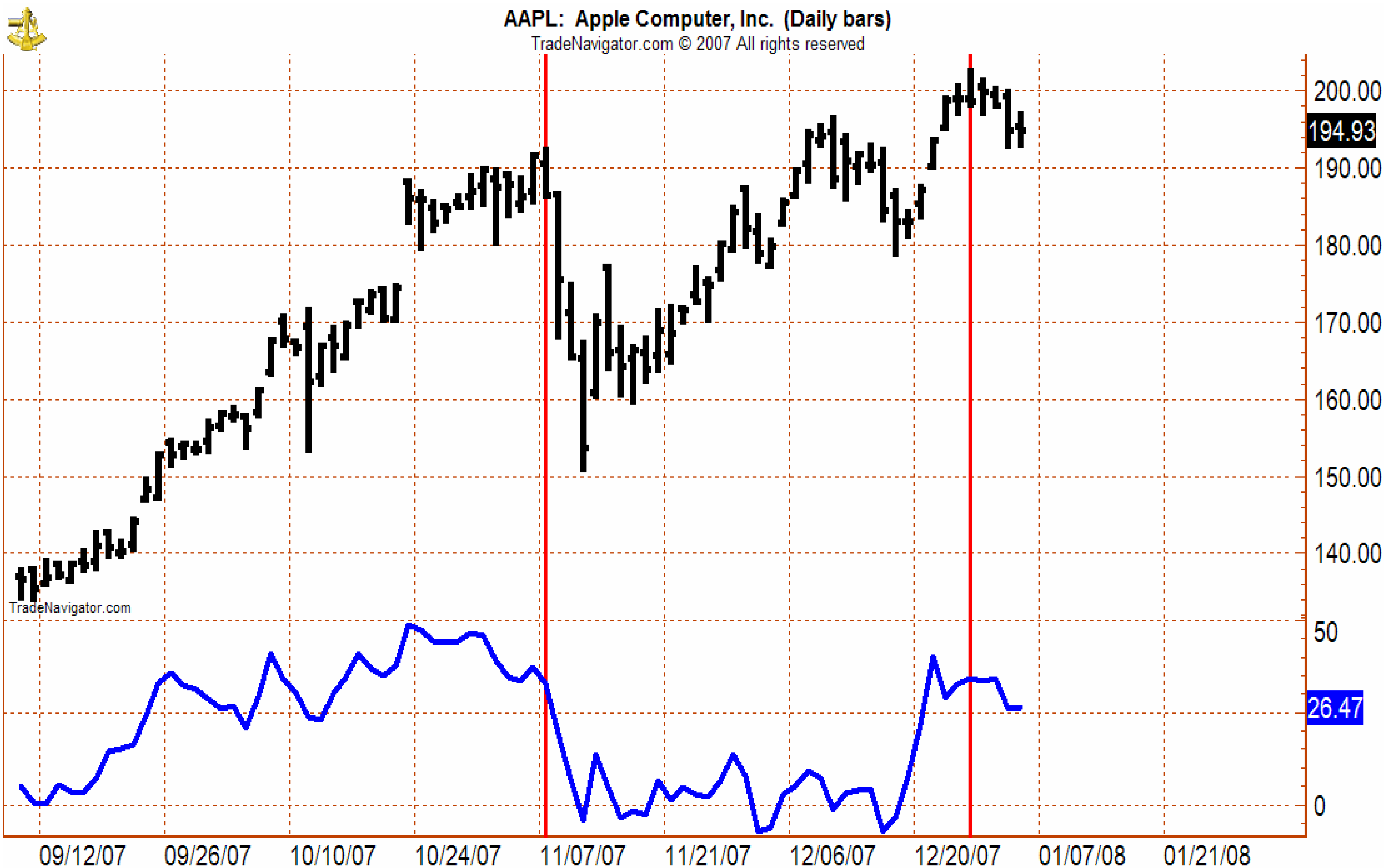
Bullish divergence set up



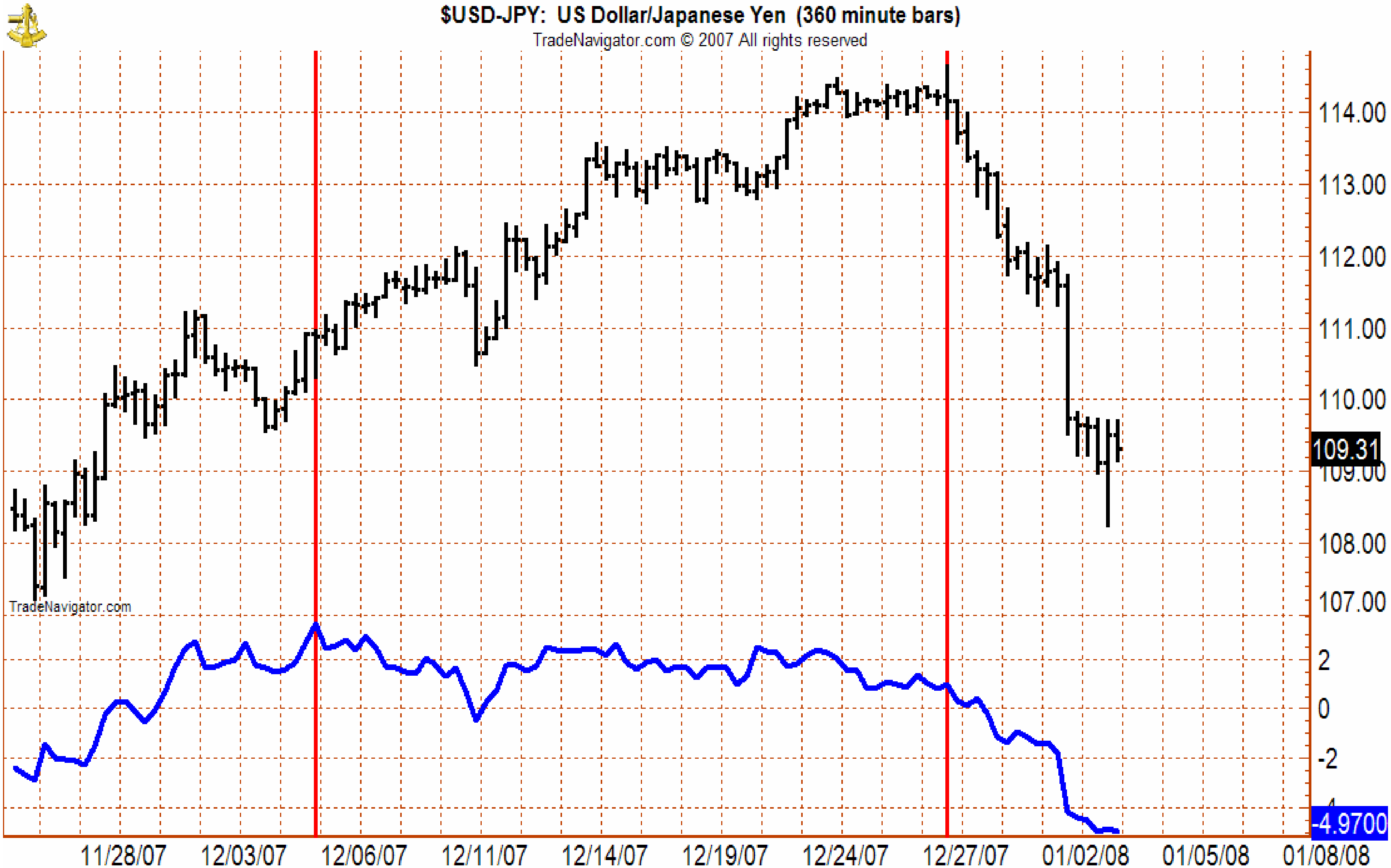
Bullish divergence set up



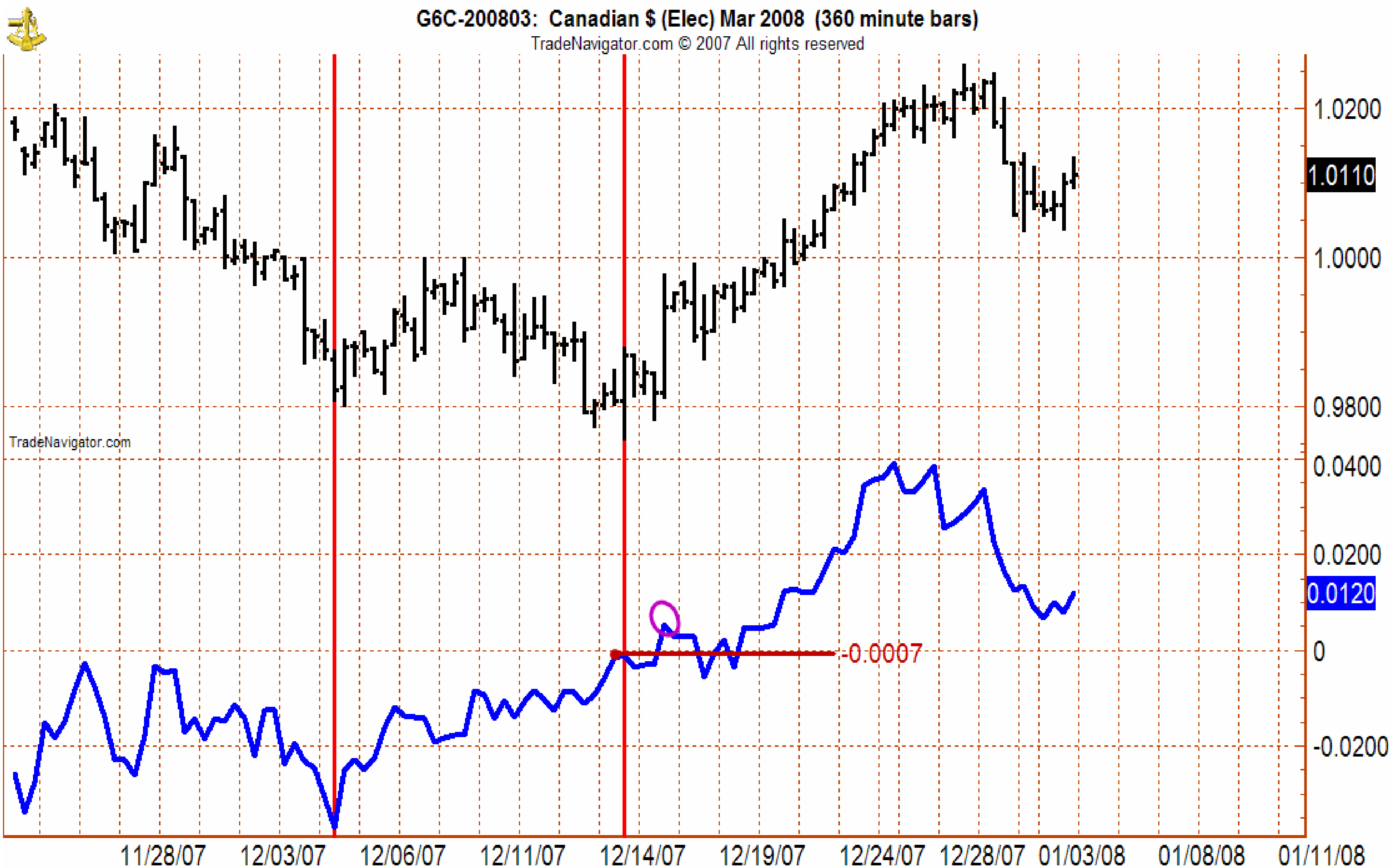
Bearish divergence set up



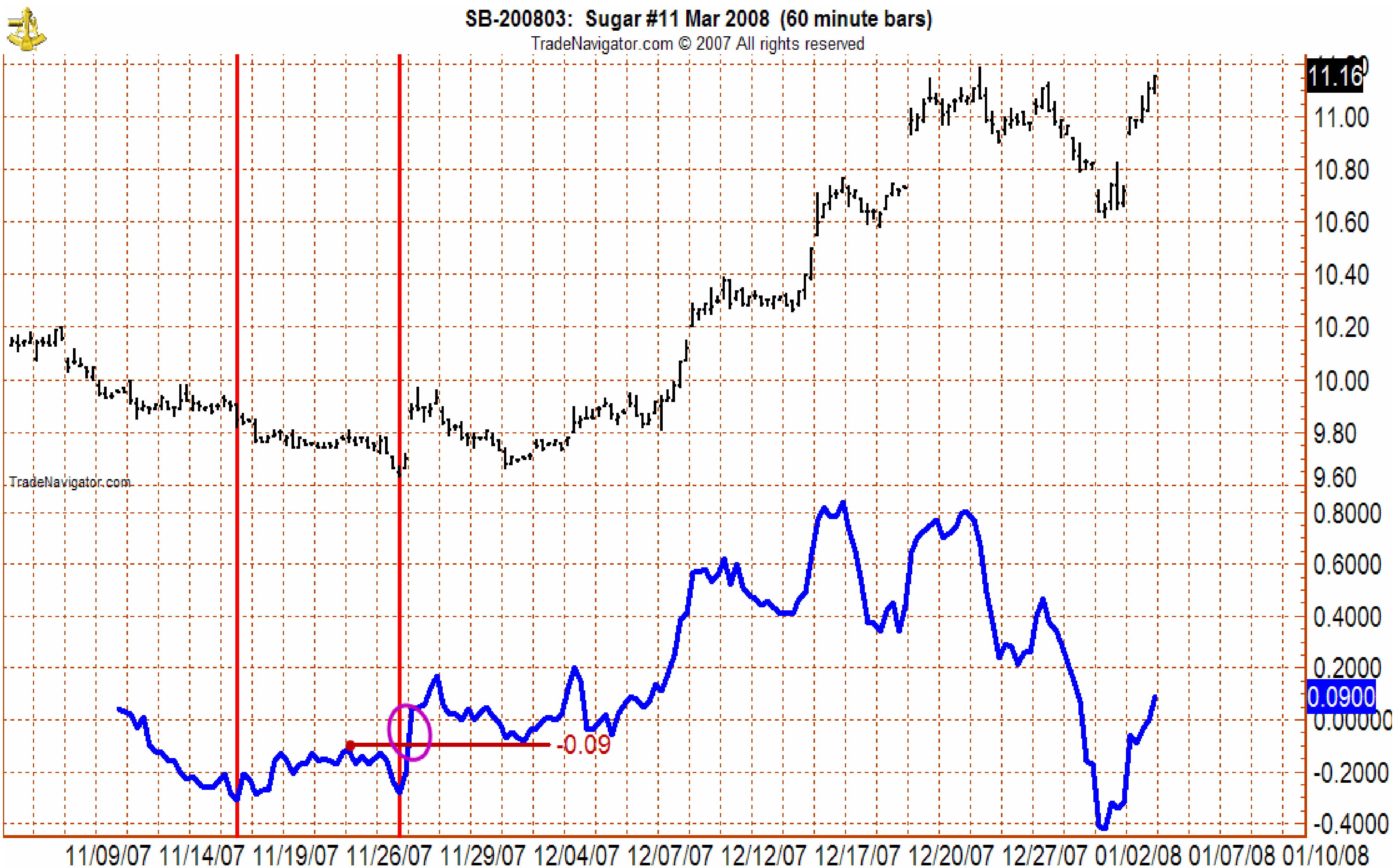
Bearish divergence set up



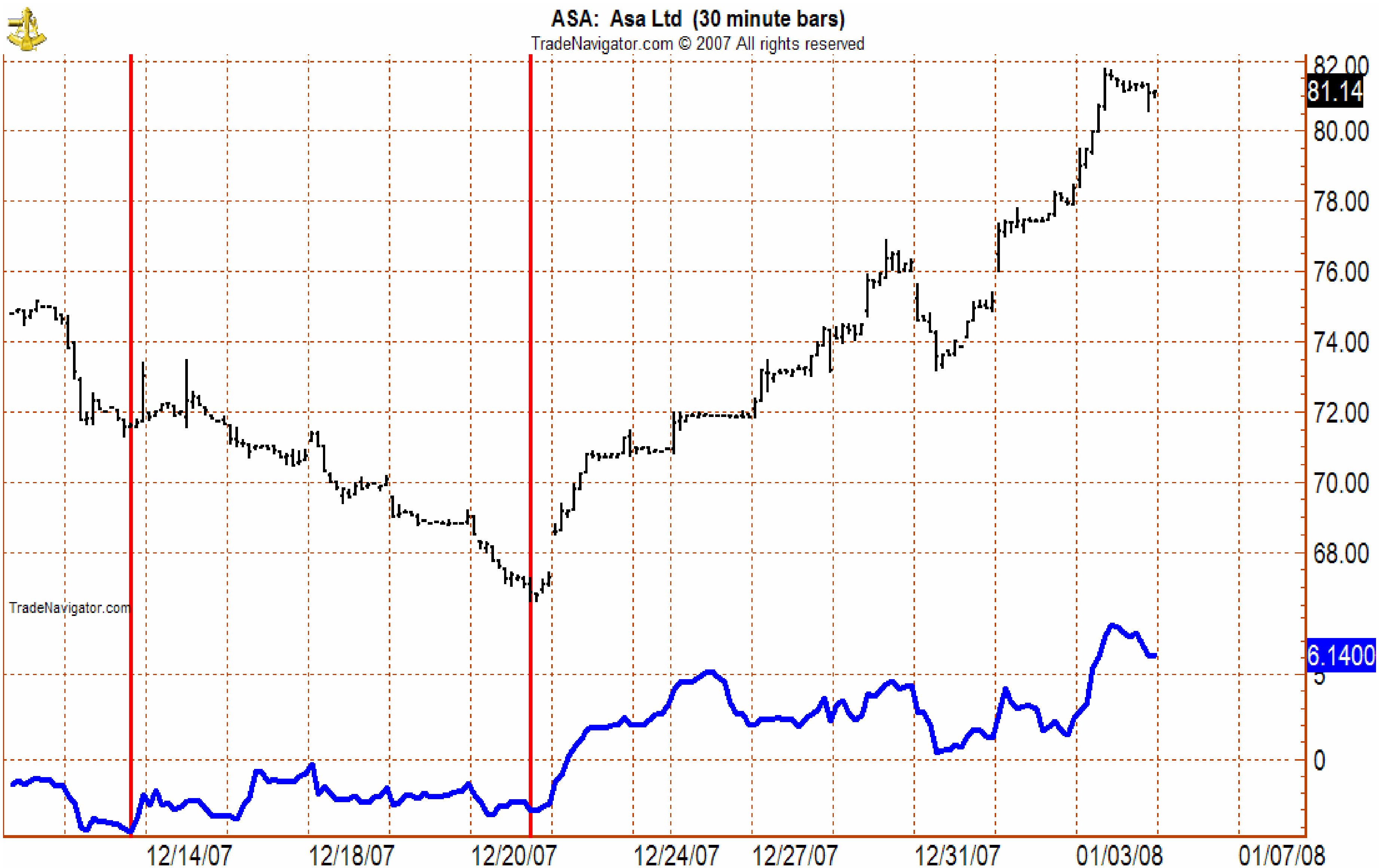
Bullish divergence set up and trigger



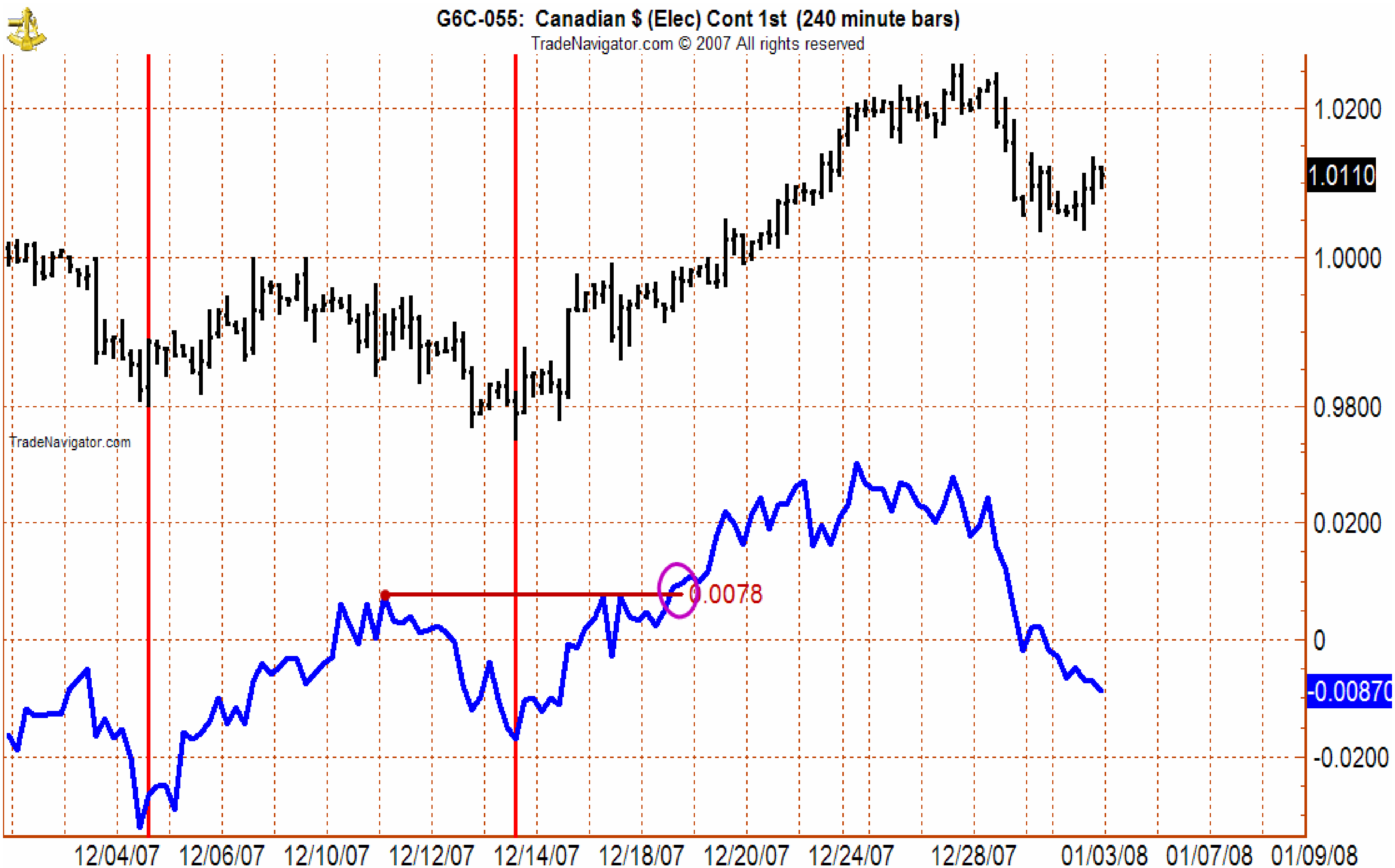
Bullish divergence set up and trigger



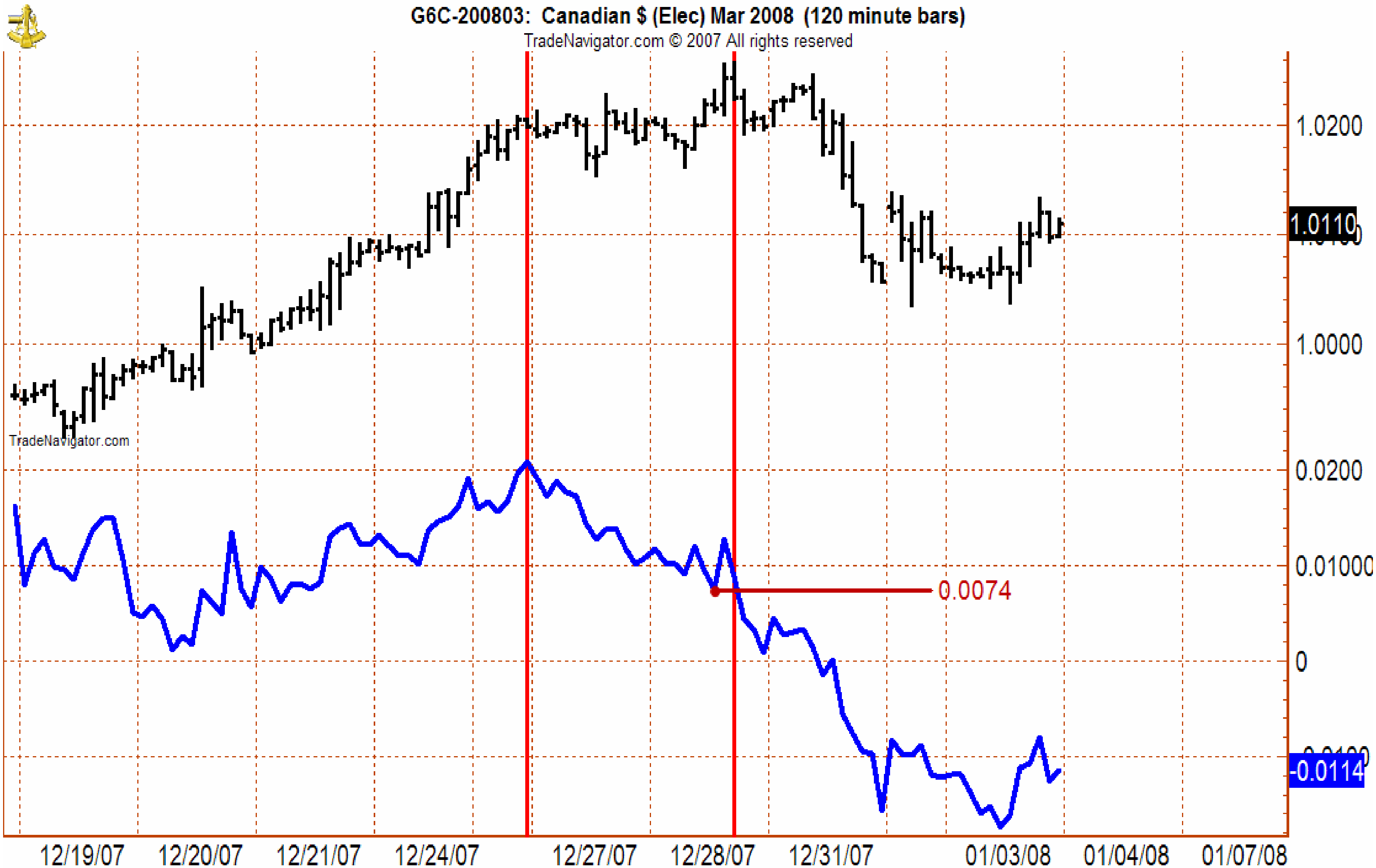
Bullish divergence set up and trigger



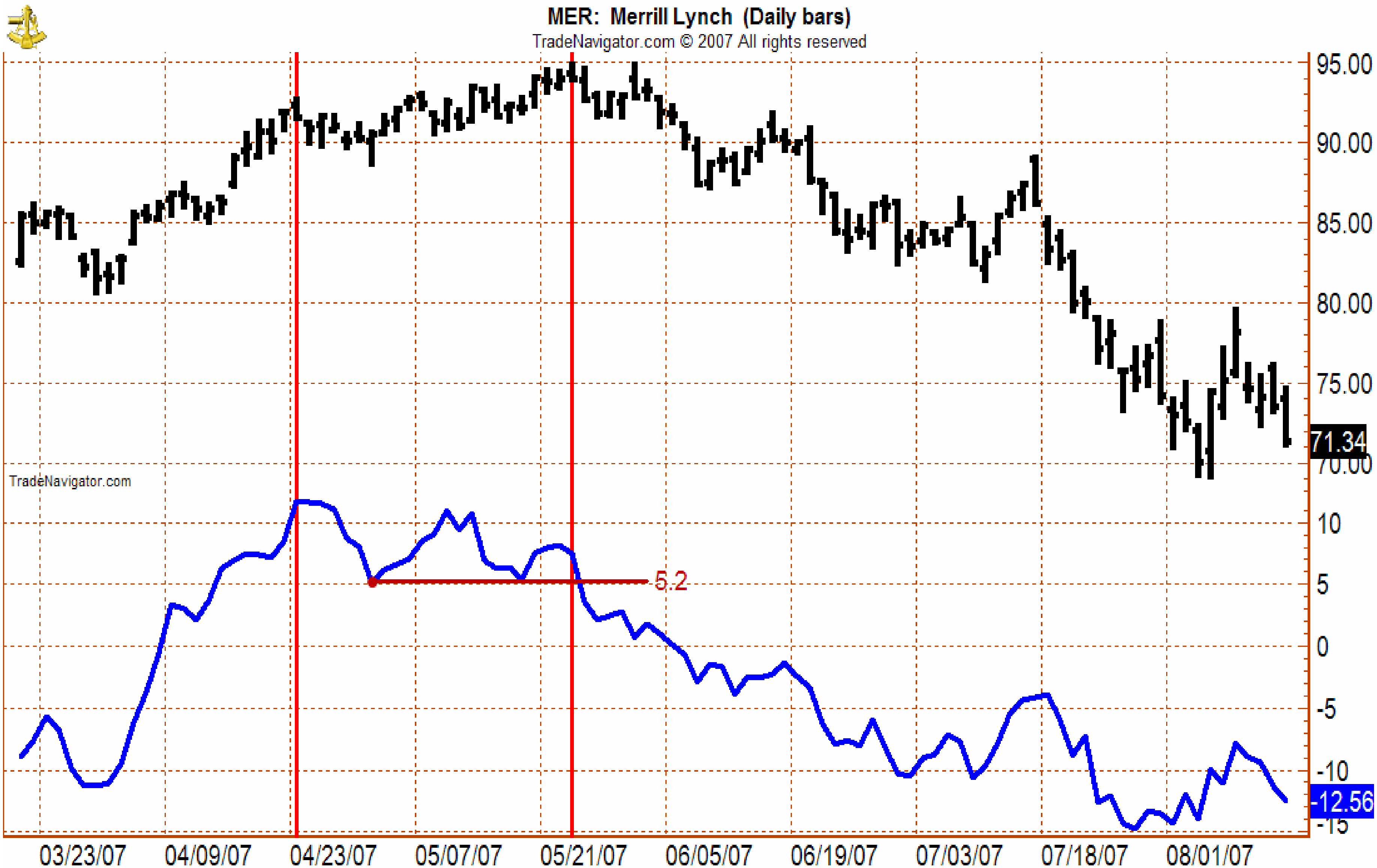
Bullish divergence set up and trigger



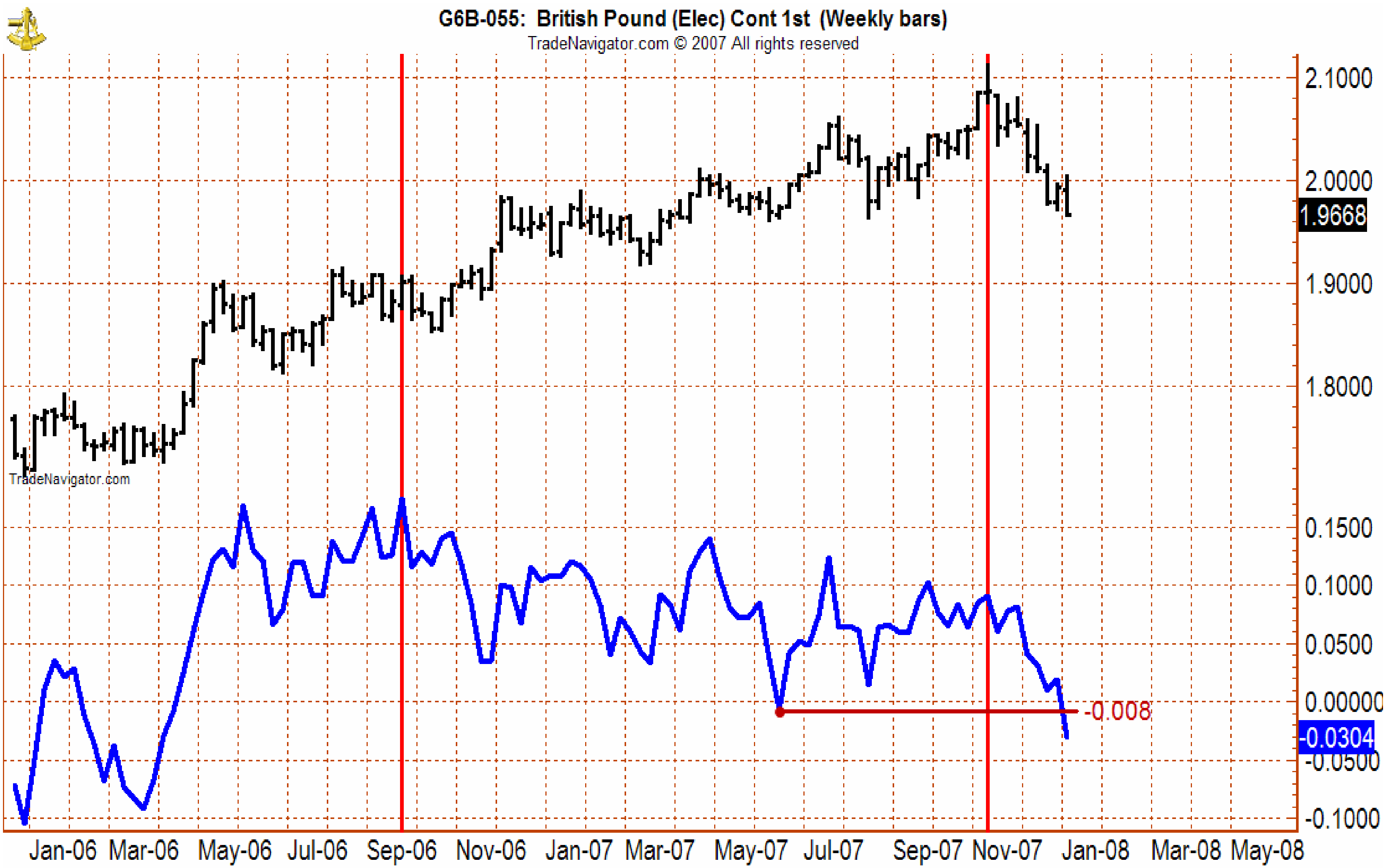
Bearish divergence set up and trigger



Bearish divergence set up and trigger



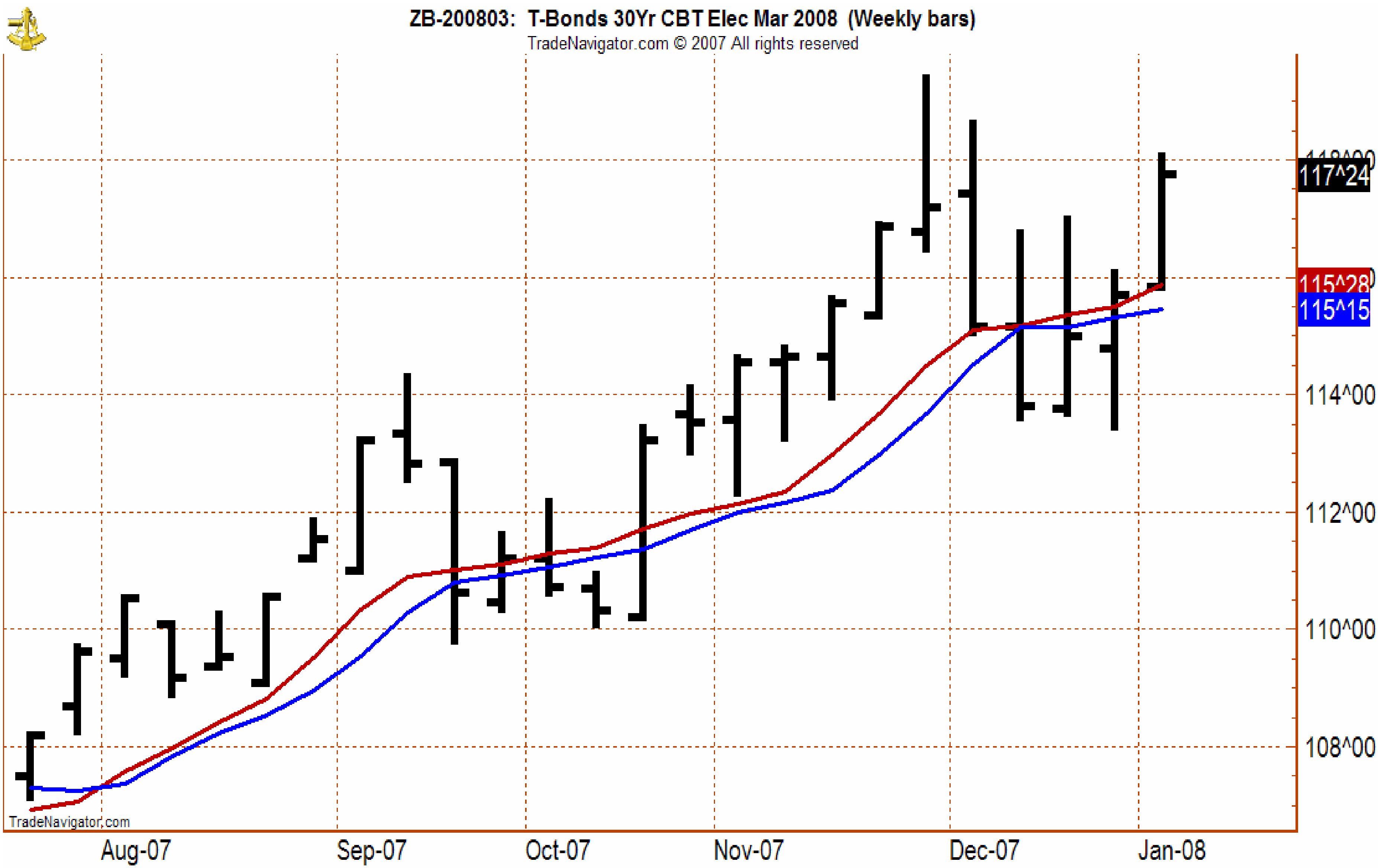
Bearish divergence set up and trigger



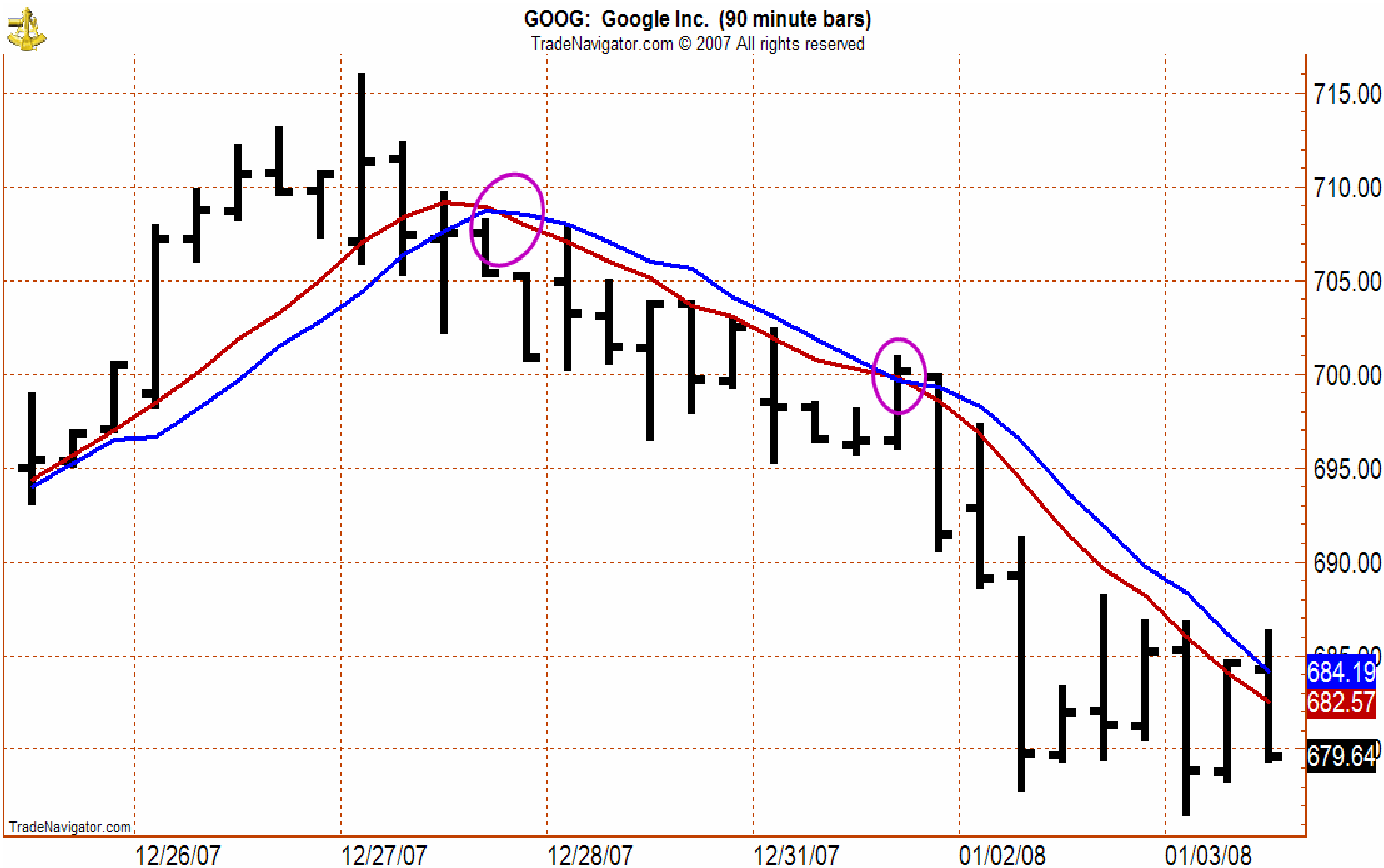
Trigger 3: Open vs Close

- Use 8 period MA of close
- Use 8 period MA of open
- In a bull market most closes are > than most opens
- In a bear market closes are usually lower than opens
- The 8OC takes advantage of this important relationship
- When 8 close goes above 8 open MA a buy is triggered
- When 8 close goes below 8 open MA a sell is triggered
- Several exit strategies
- Hold part of position for the big move – VERY important
- Trade ACTIVE markets only – VERY important
- See examples

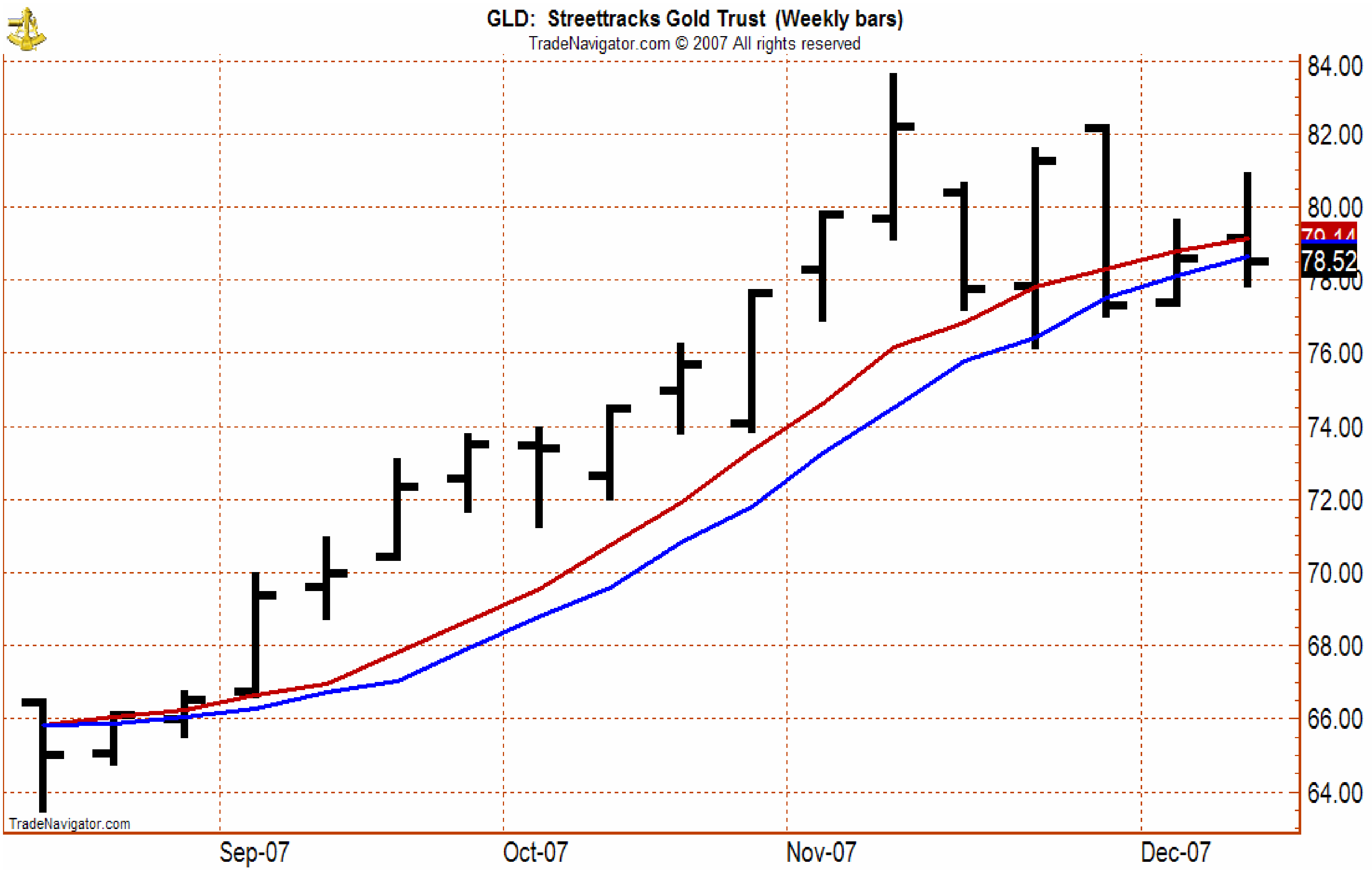
CLOSE > OPEN in bull trend



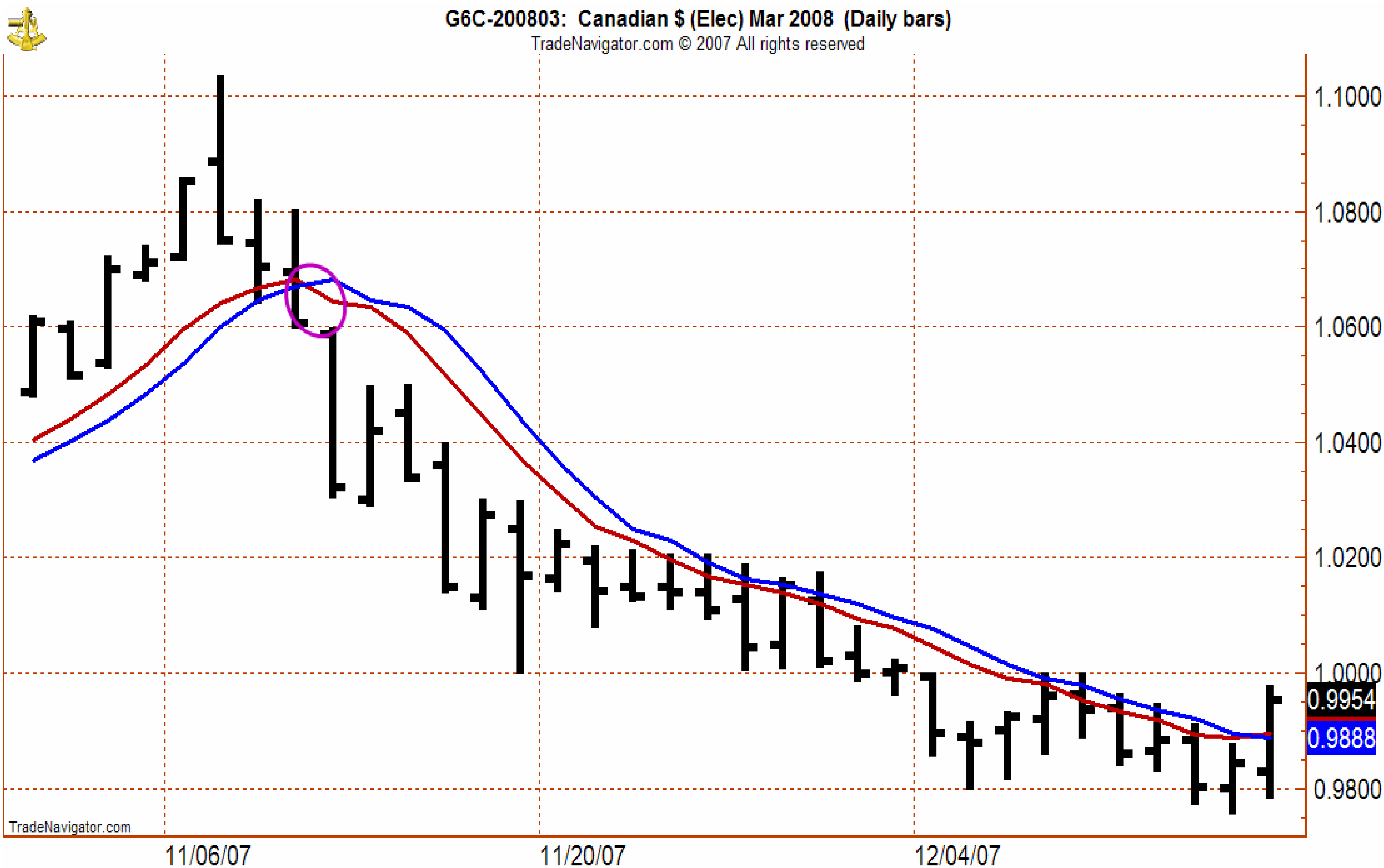
8 close / open in bear trend



8 close / open in weekly bull trend



8 close / open



G6C-200803: Canadian $ (Elec) Mar 2008 (Daily bars)
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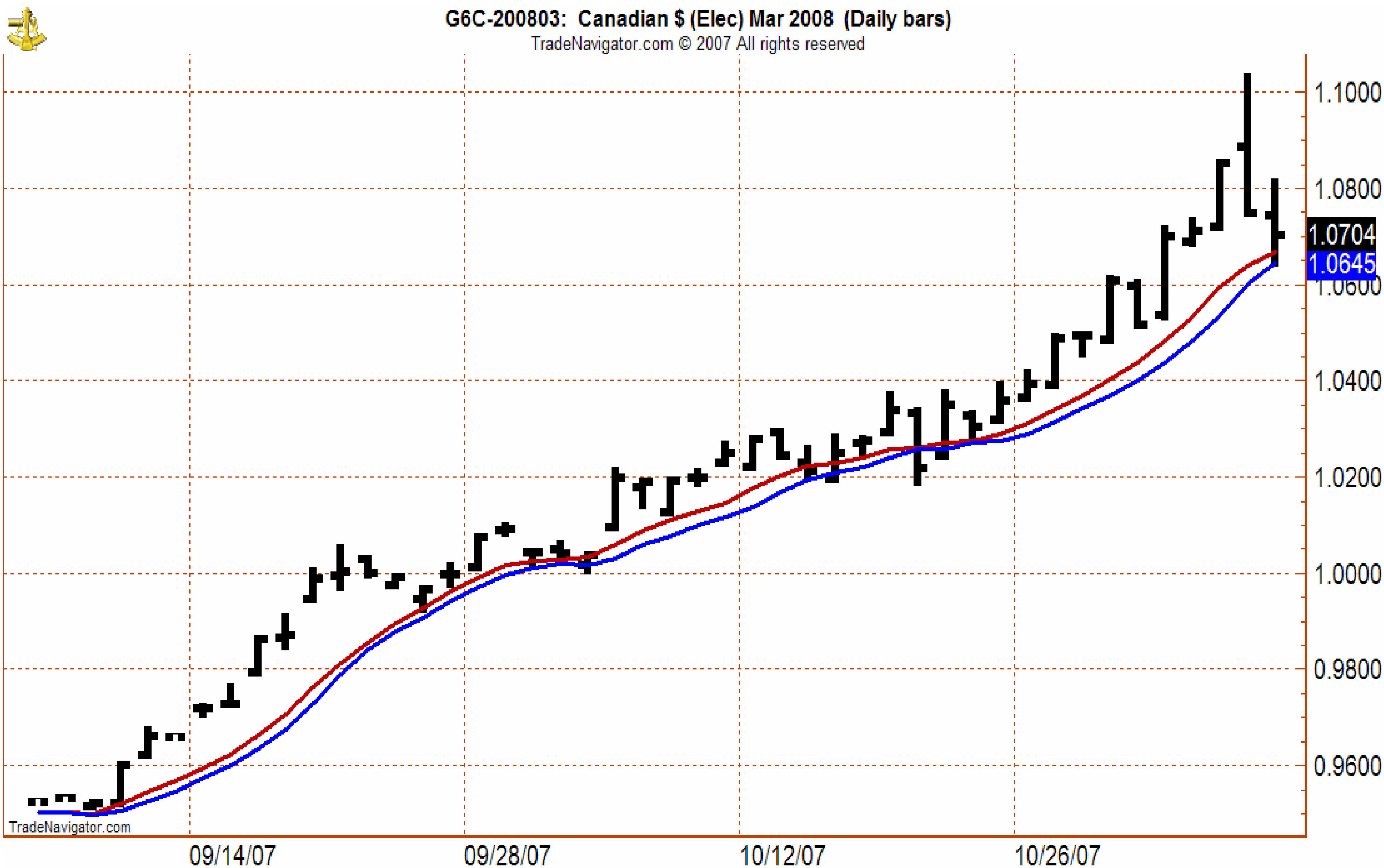
8 close / open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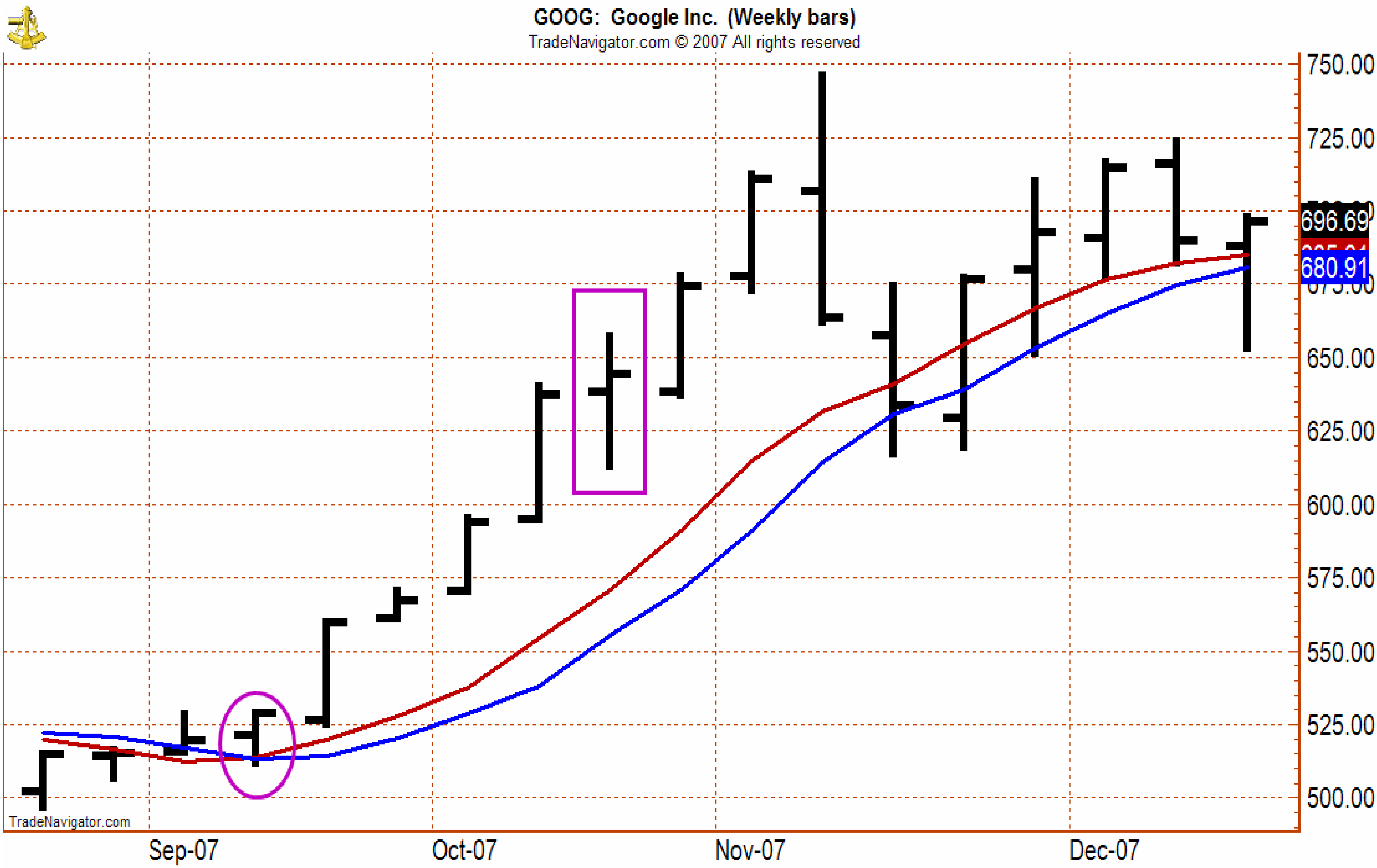
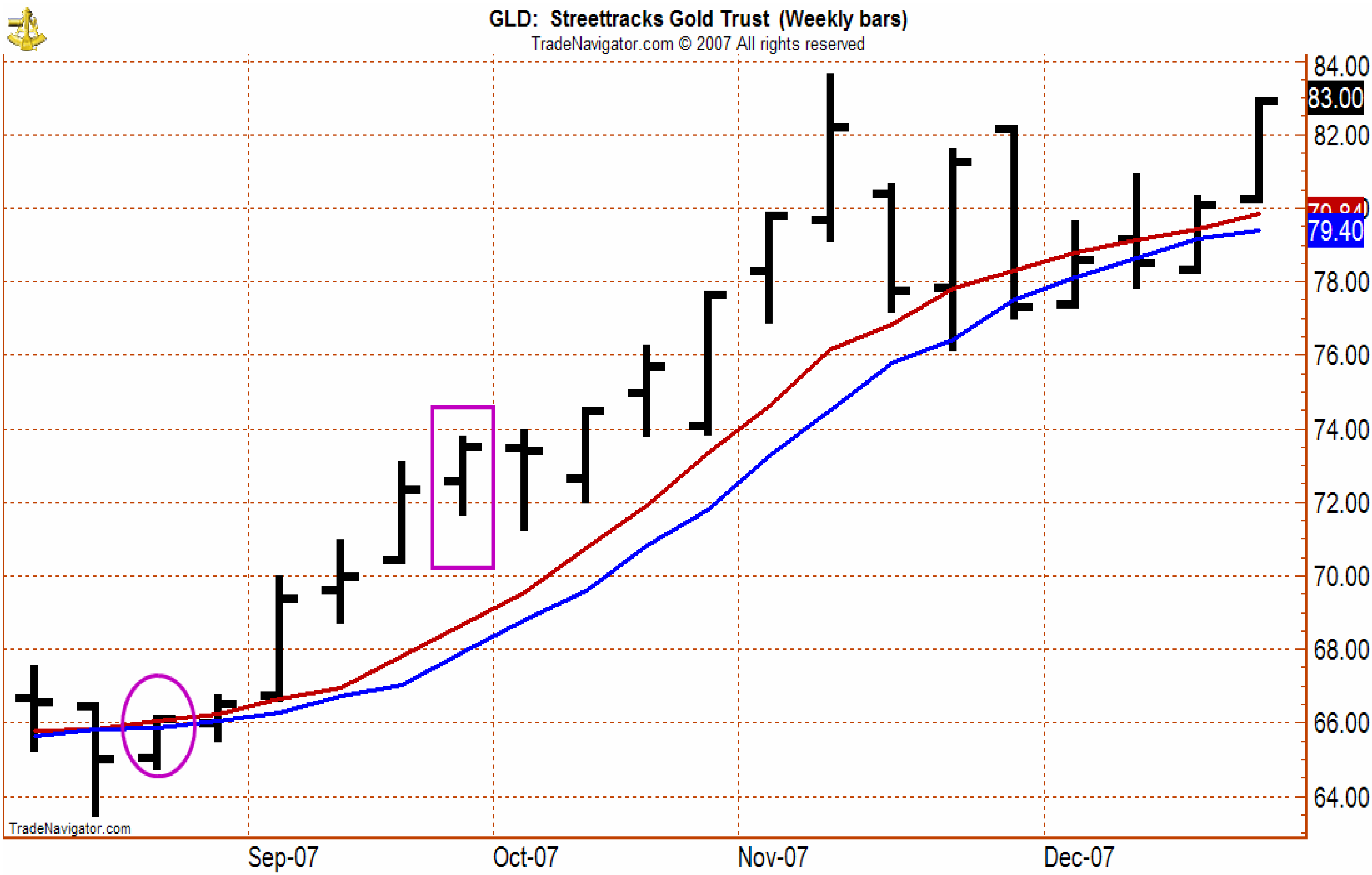
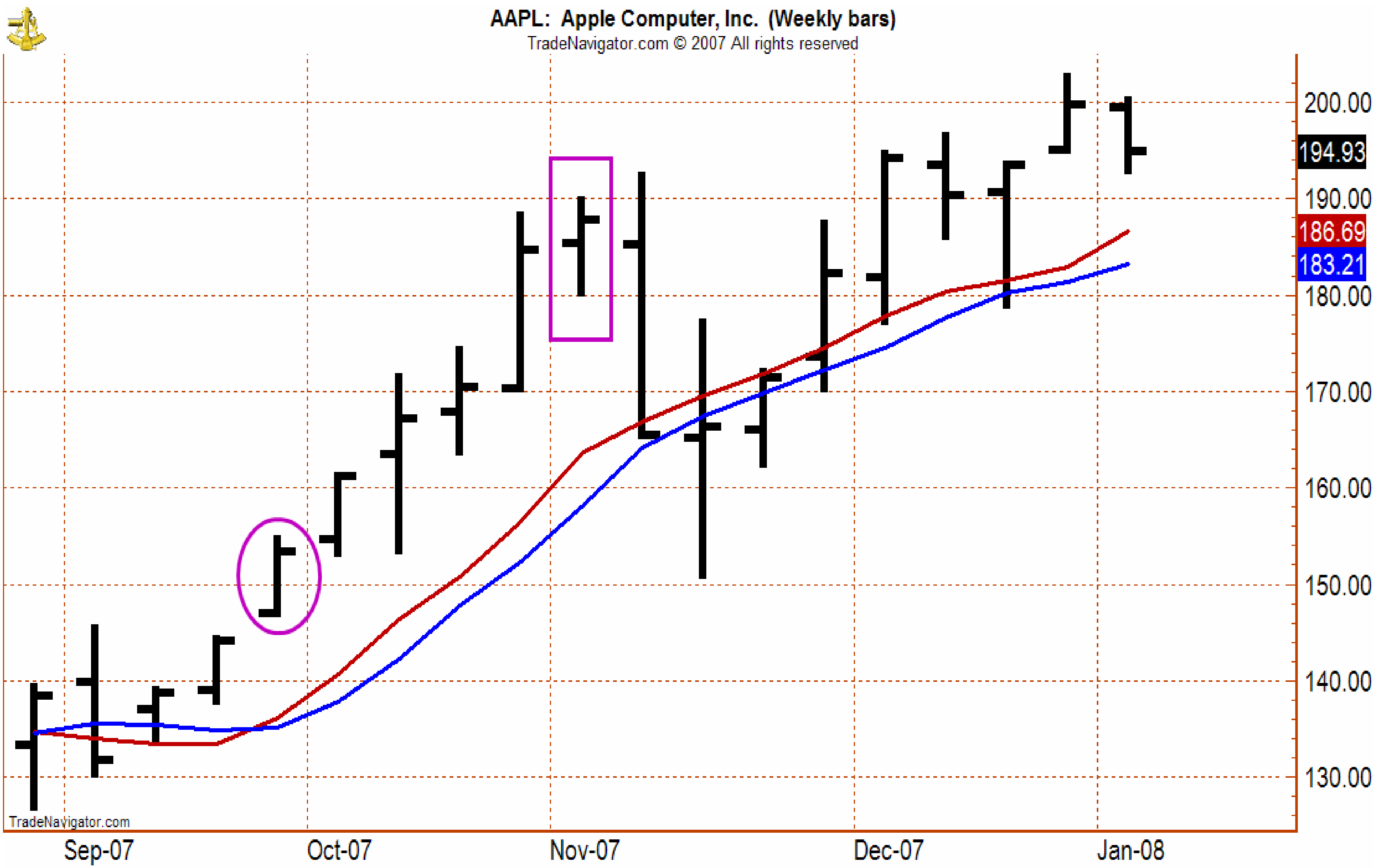
8 close / open – 5th bar pattern



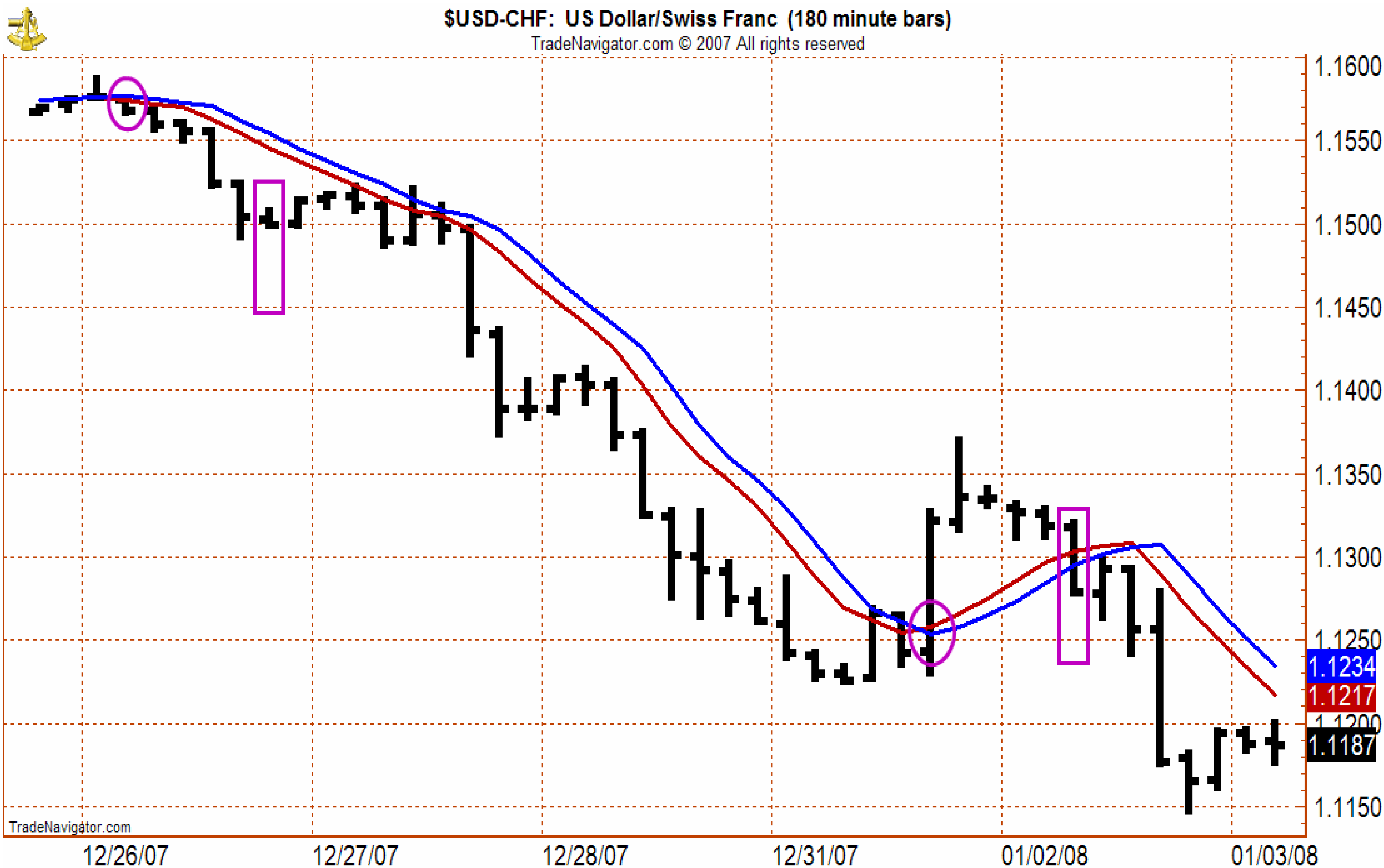
8 close / open – 5th bar pattern



8 open close with 5 bar pattern



8 open close with 5 bar pattern



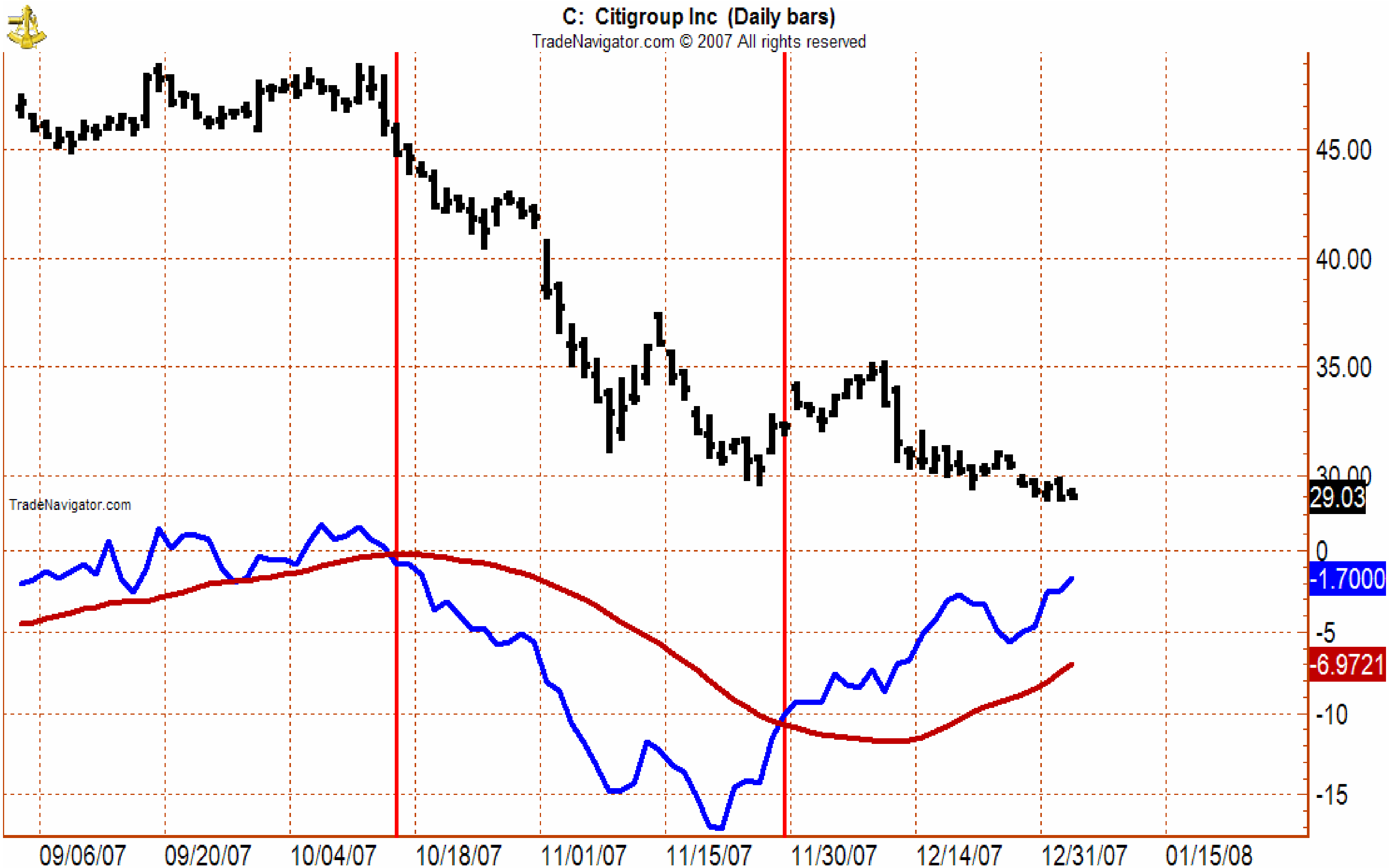
Review of 8 open close rules

- Buy trigger 8c > 8o
- Sell trigger 8 c < 8 o
- Exit strategy 5th bar partial profit or reversal
- Use only in active markets
- Use only in large price range markets
- Hold part of position for bigger moves
- Not useful for very short term time frames

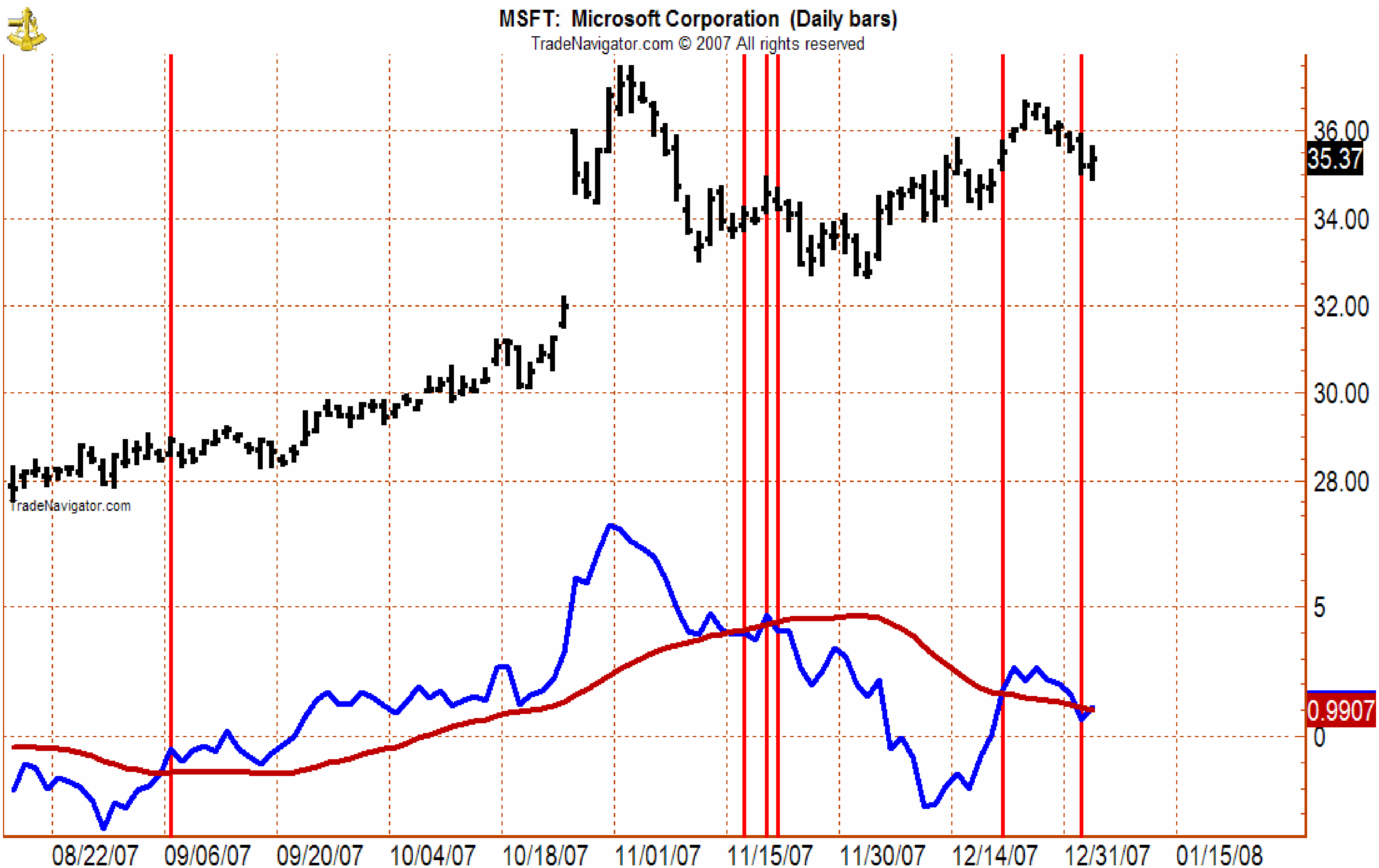
Trigger 4: MOM/MA

- Use momentum 28
- Use 28 period simple MA of MOM 28
- Buy trigger MOM > 28 MA of MOM
- Sell trigger MOM< 28 MA of MOM
- Can be used in all time frames
- Retain part of position for larger move

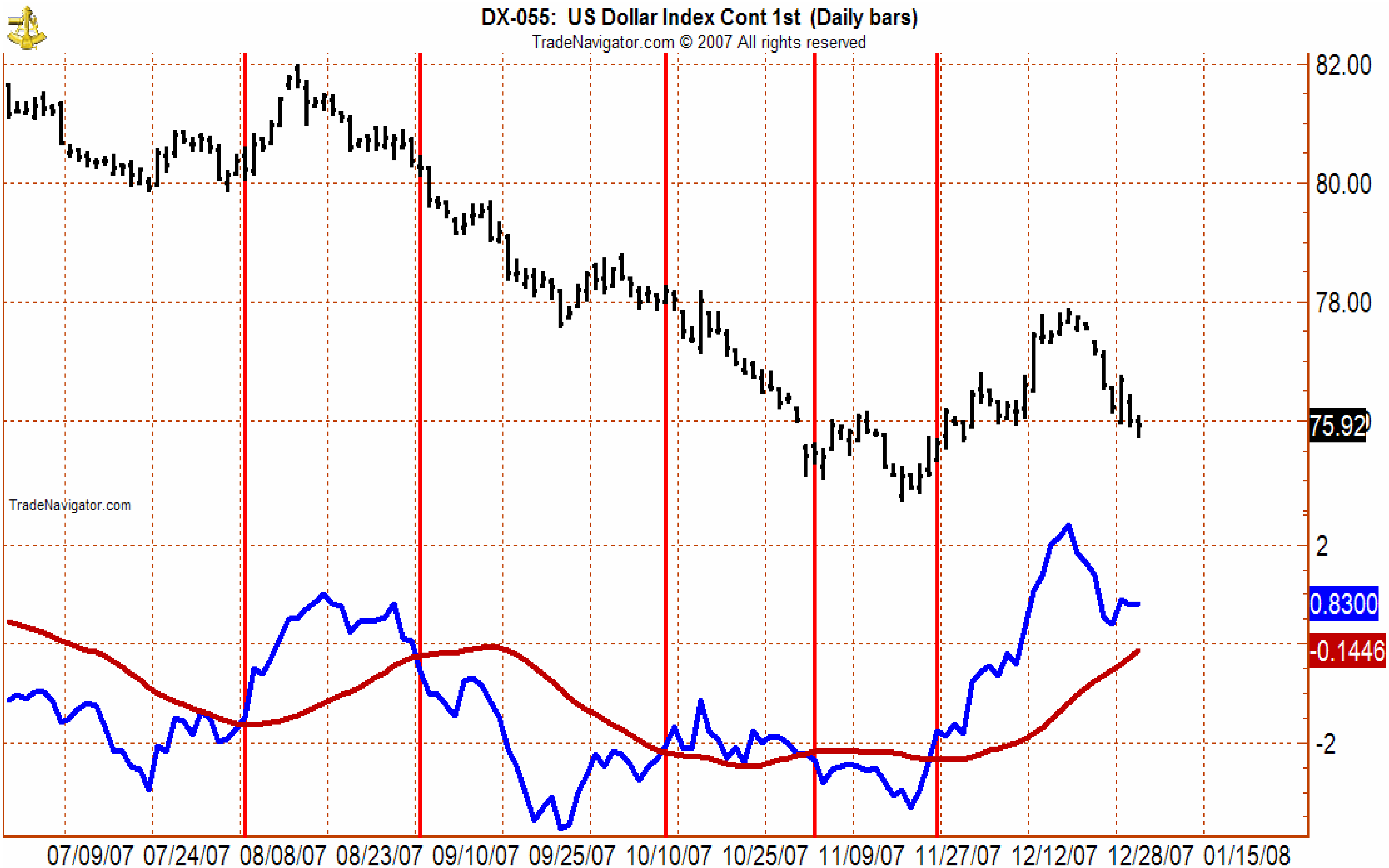
MOM/MA triggers



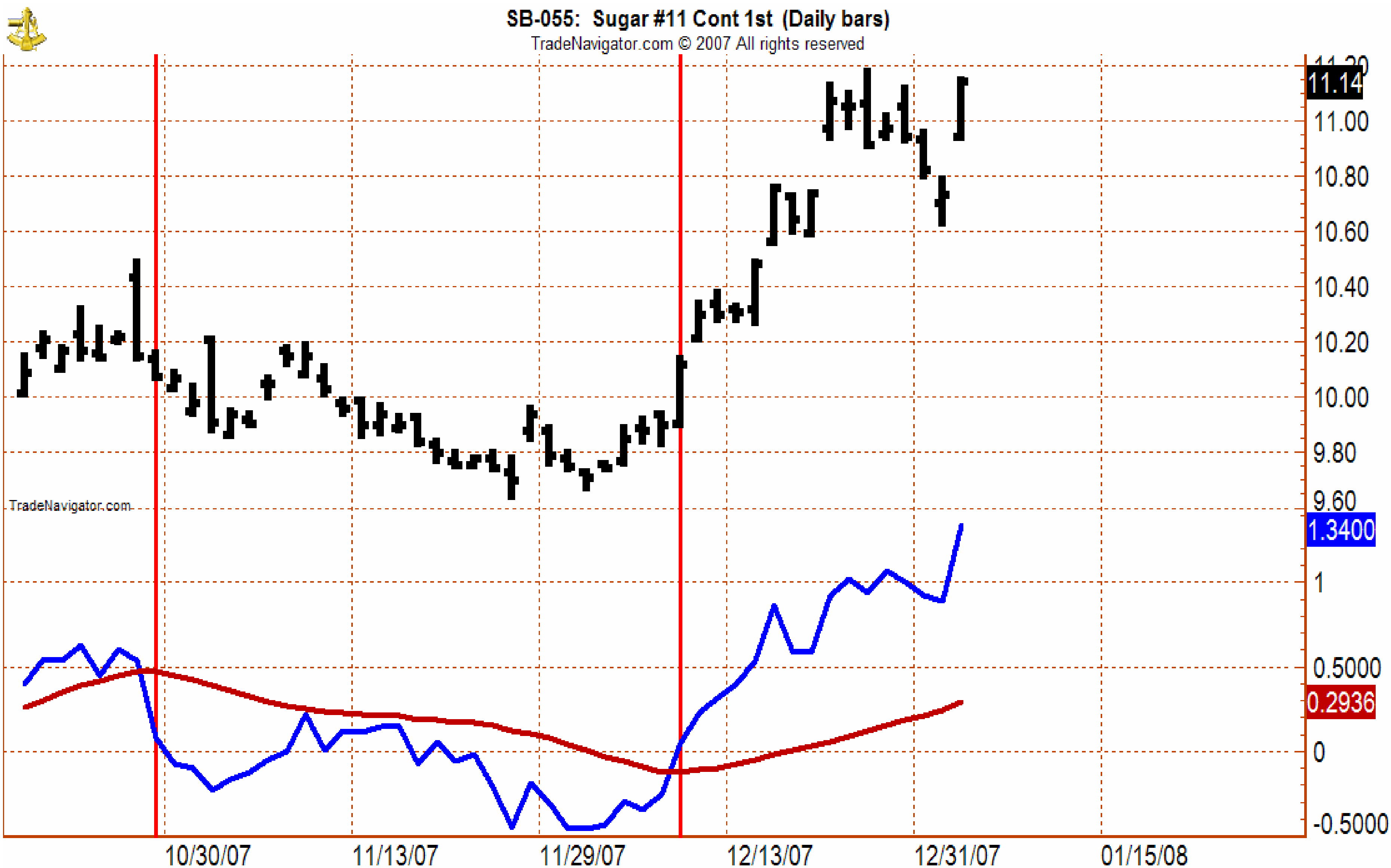
MOM/MA triggers



MOM/MA triggers



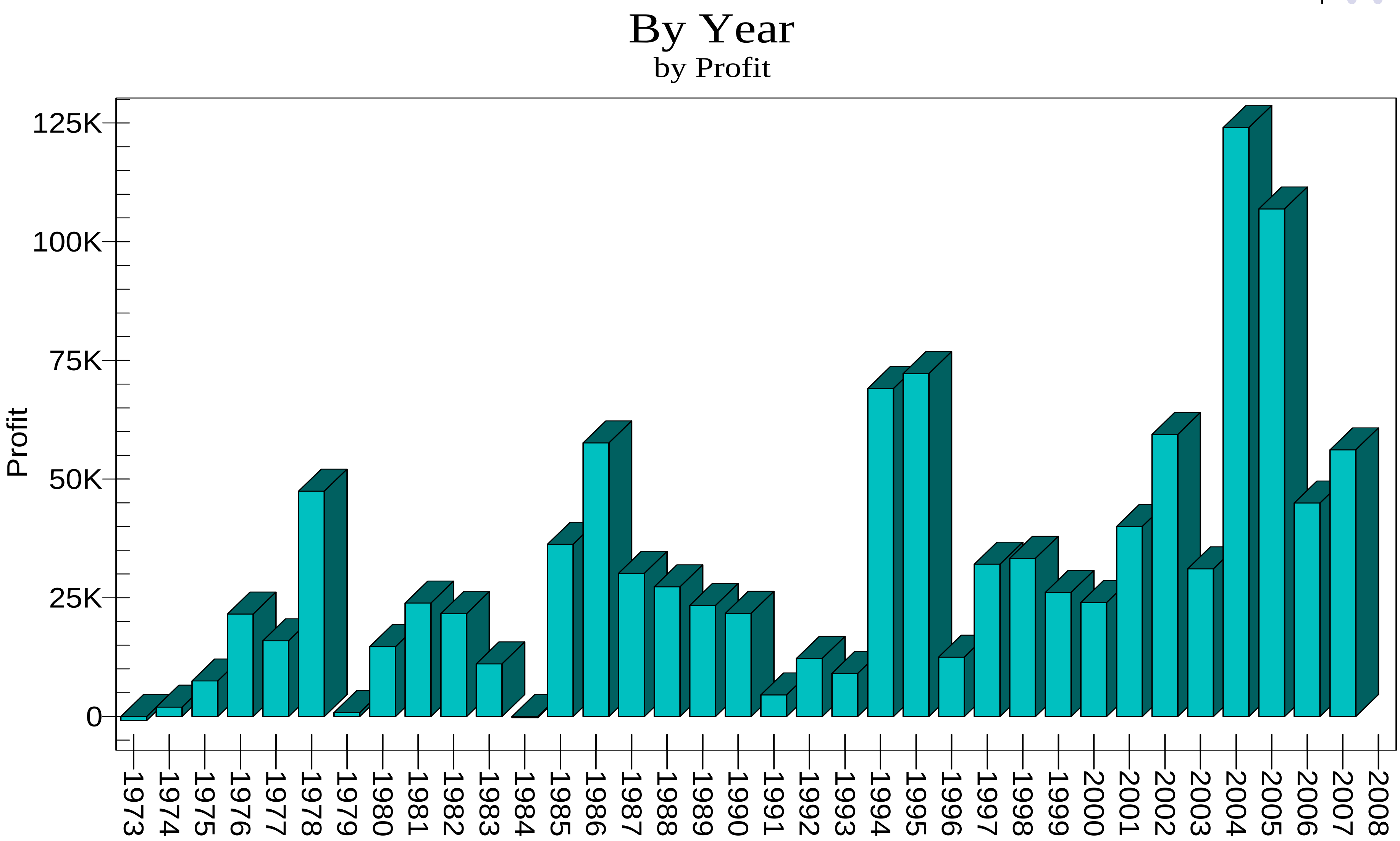
MOM/MA triggers



Optimized MOM/MA Track Records

Symbol	Win%	Wins	Losses	Avg Win	Return%	Avg Loss	Large Win	Large Loss	Net Profit	Avg Trade
KC-055	65.00%	461	248	$1,705	1966.20%	($1,643)	$27,978	($7,929)	$378,573	$534
DX-067	63.80%	187	106	$1,587	1406.50%	($1,165)	$17,925	($3,385)	$173,395	$592
CT-055	66.30%	173	88	$1,420	1223.50%	($1,192)	$18,690	($3,185)	$140,825	$540
DJ-067	65.50%	78	41	$2,774	844.50%	($2,154)	$20,655	($4,435)	$128,065	$1,076
G6E-055	70.40%	50	21	$2,115	576.60%	($1,564)	$10,365	($2,435)	$72,915	$1,027
ZN-055	64.10%	84	47	$1,302	1355.50%	($826)	$7,011	($1,926)	$70,552	$539
G6S-055	80.00%	48	12	$1,308	638.00%	($1,386)	$9,265	($2,085)	$46,163	$769
G6B-055	61.50%	40	25	$1,743	397.80%	($1,261)	$5,728	($2,285)	$38,206	$588
G6J-055	72.50%	58	22	$1,140	162.80%	($1,445)	$7,353	($2,248)	$34,313	$429
HO3-055	66.70%	18	9	$2,430	175.30%	($2,150)	$22,981	($3,303)	$24,381	$903
CL3-067	69.60%	16	7	$1,474	99.70%	($1,671)	$8,855	($2,135)	$11,885	$517

Track record MOM/MA 11 markets



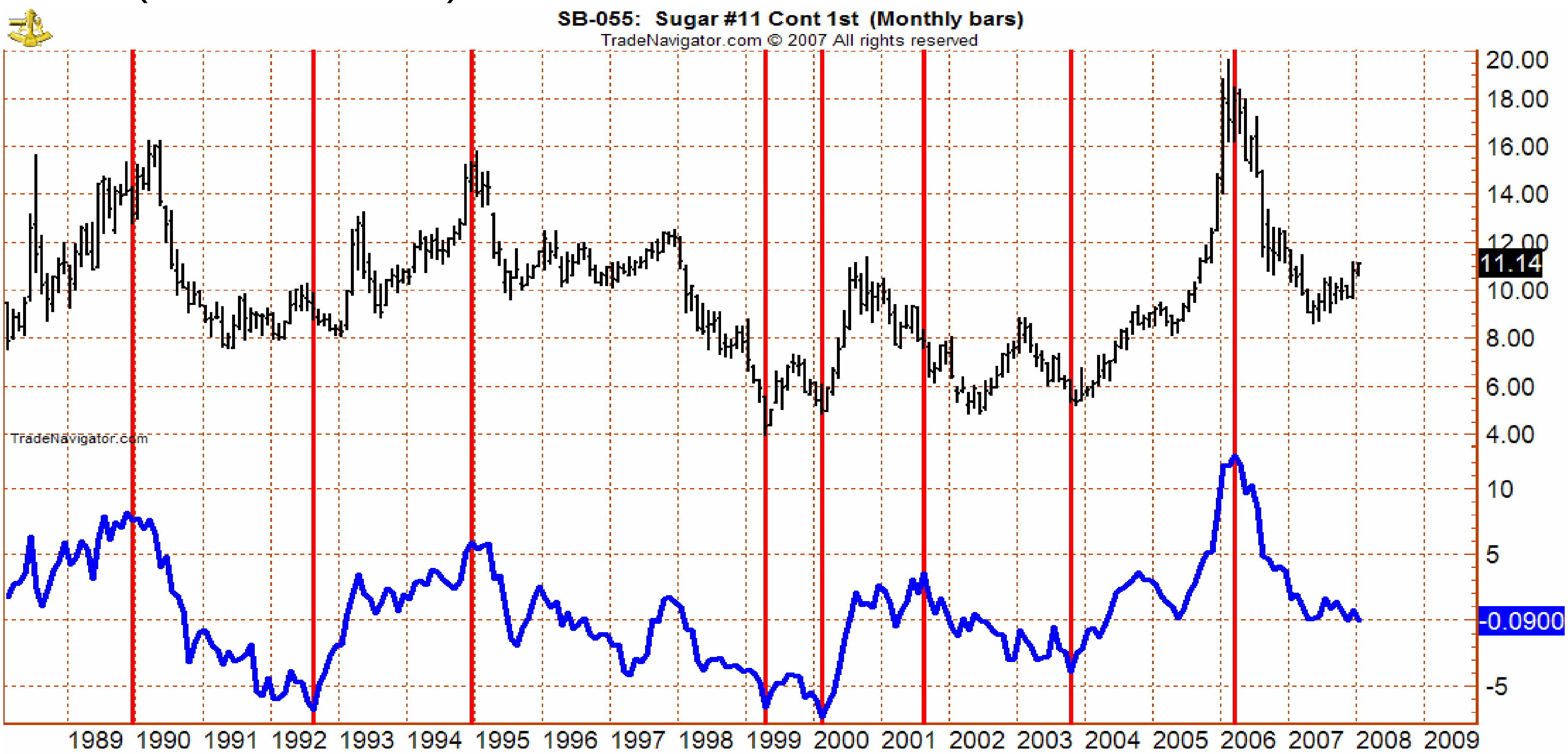
The Value Area Index (VAI)

- What is the VAI?

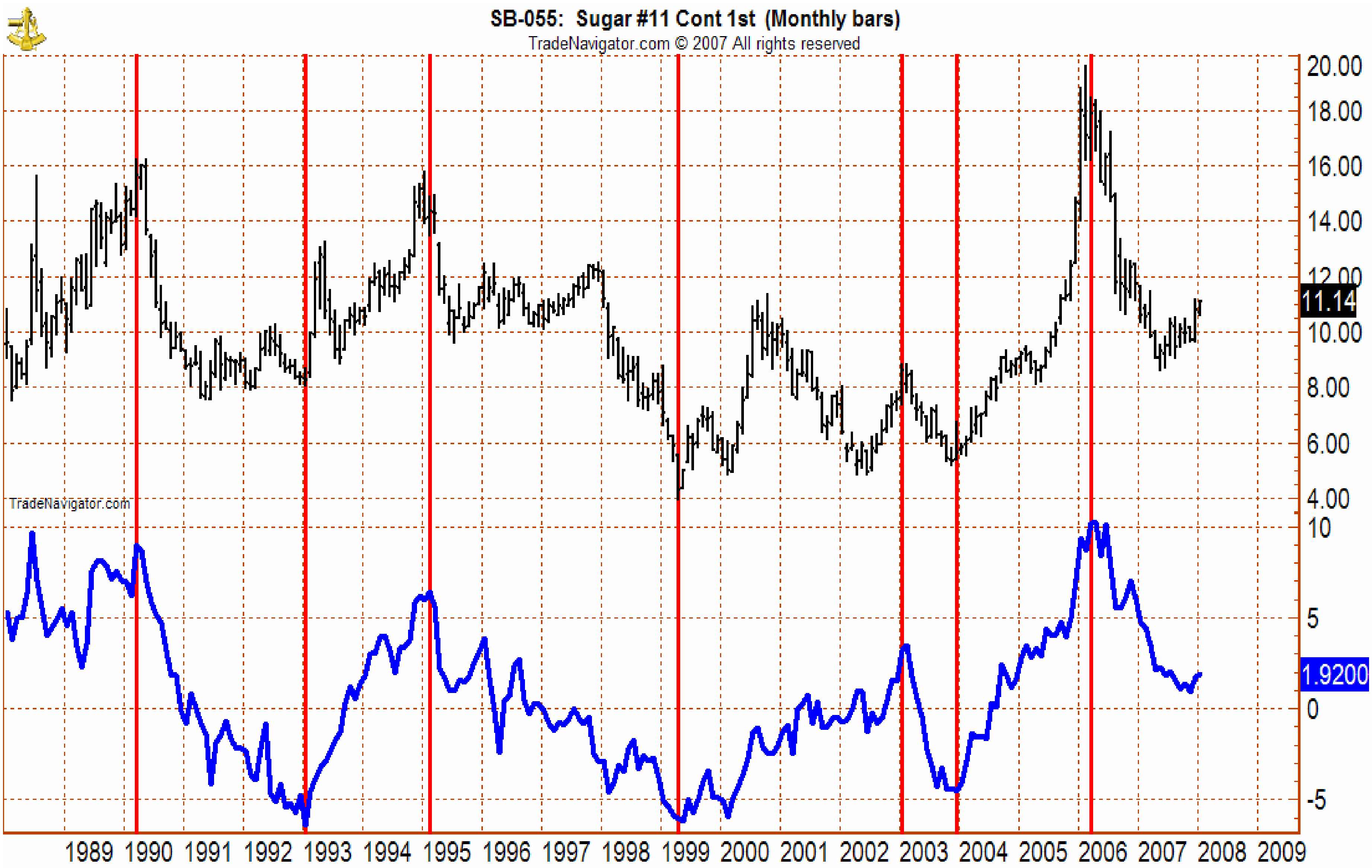
+ Used to determine relative value on a long term basis
+ Compares major highs and lows using a derivative of smoothed momentum
+ Uses an objective process but it is not a mechanical indicator
+ Is used as a setup to ALERT us to developing major tops and bottoms
+ Should be used with a timing trigger to confirm a trend change
+ Can be used to determine which markets are better long term investments

How to construct a long term VAI chart

1) Use a monthly chart
2) Find a momentum "fit" that correlates well with major lows and highs (see chart below) - 28



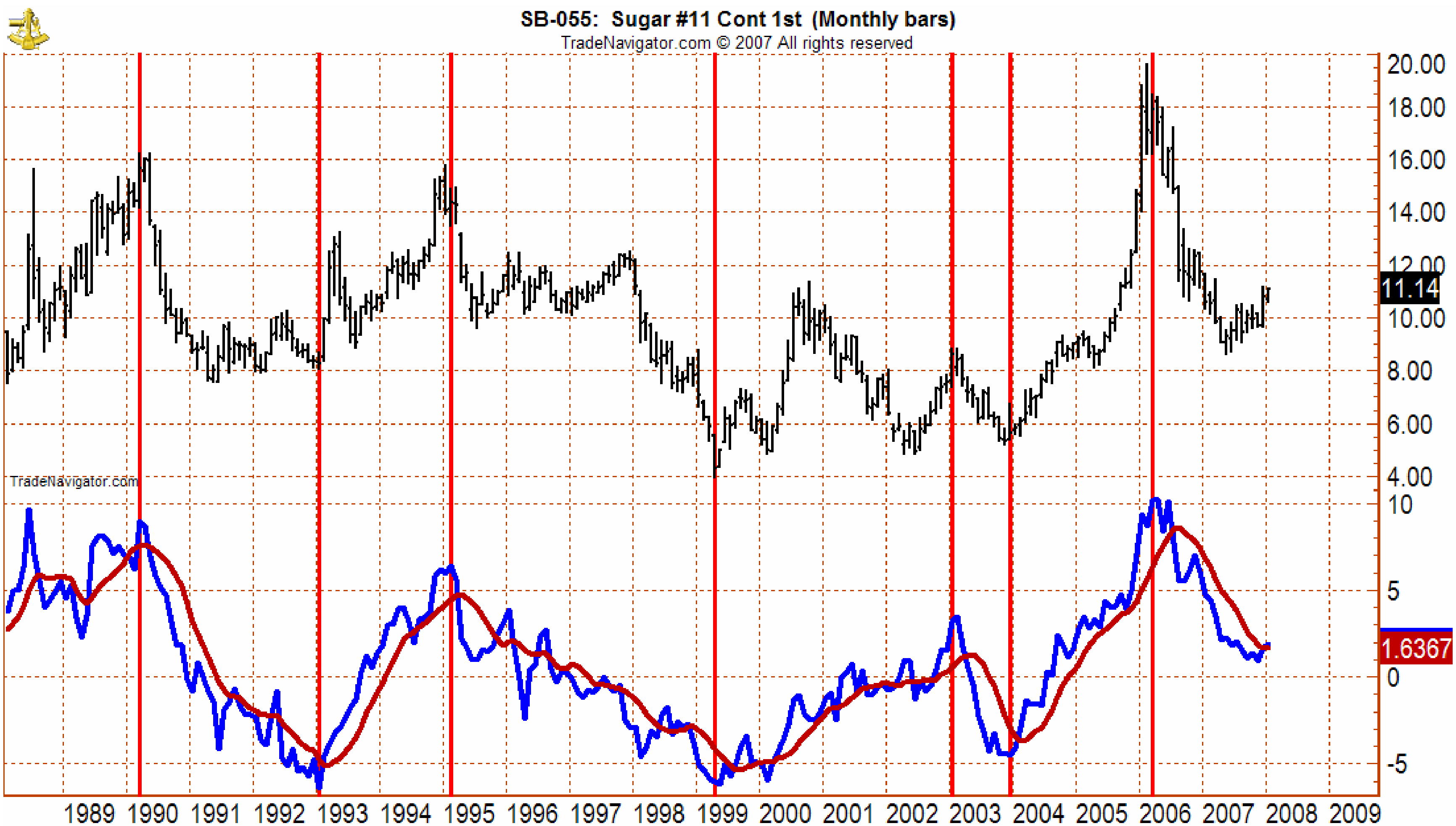
36 mom: A better "fit"



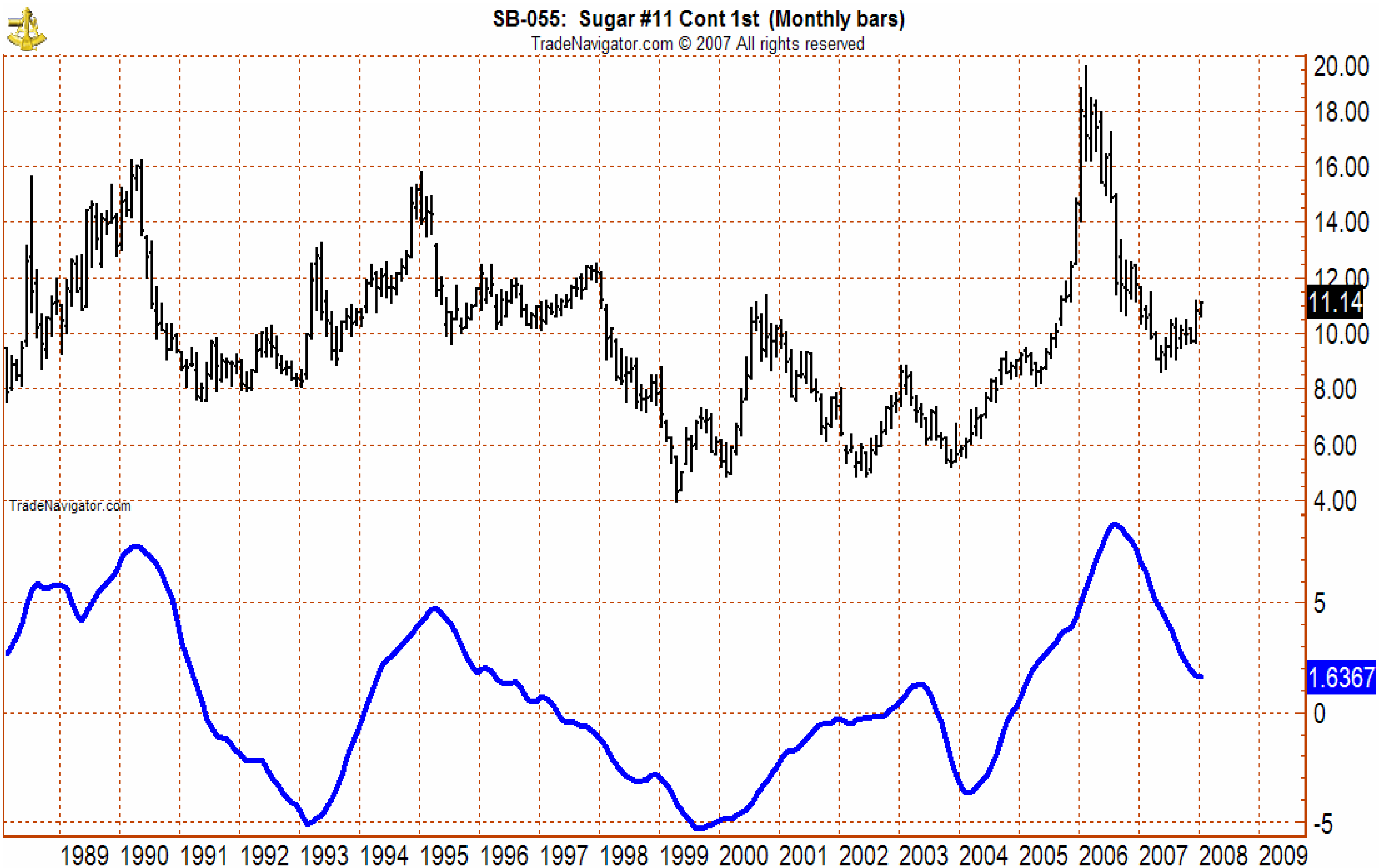
Constructing a VAI chart

- After finding a good fit…

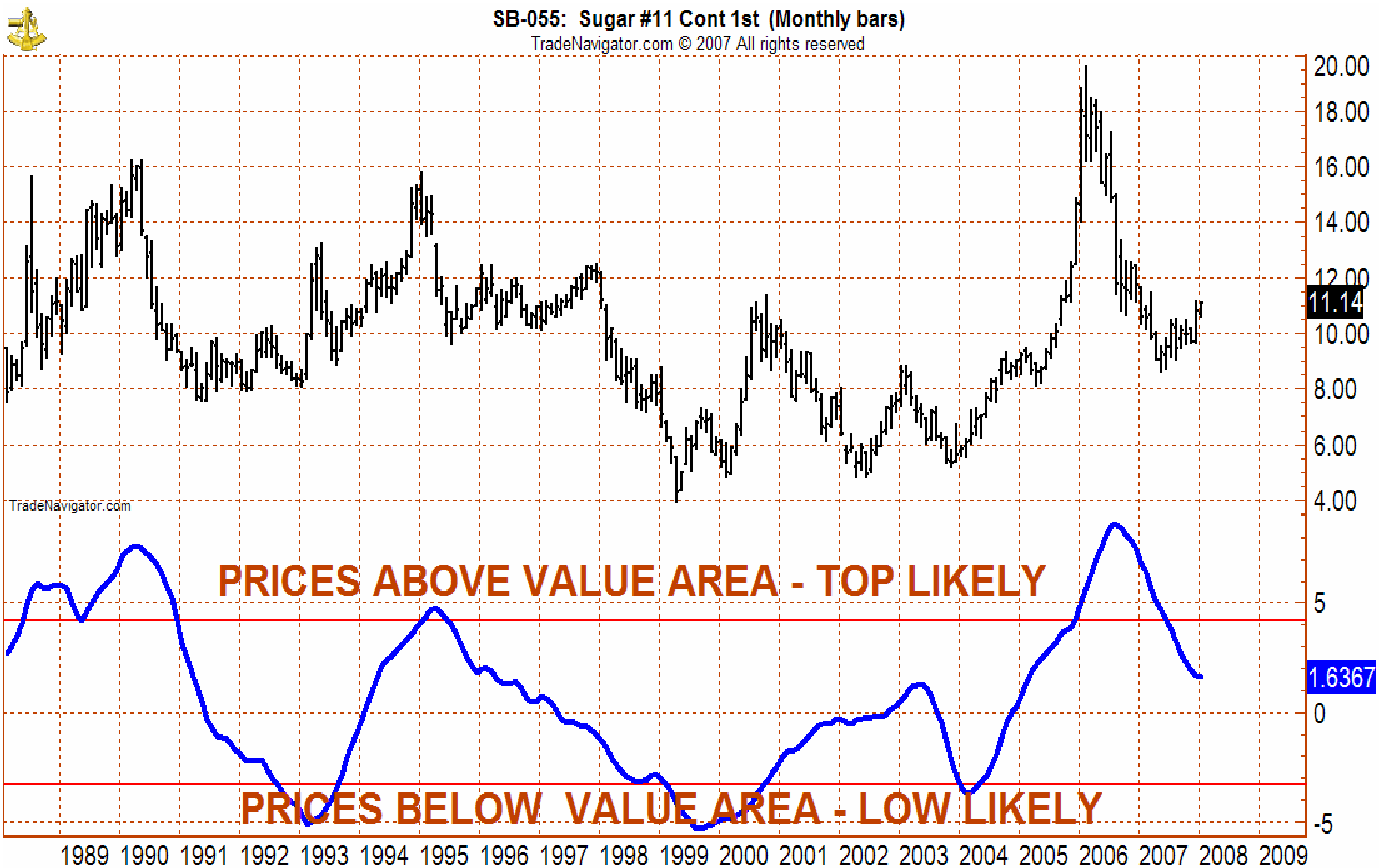
+ Smooth the MOM by running a simple MA of the MOM



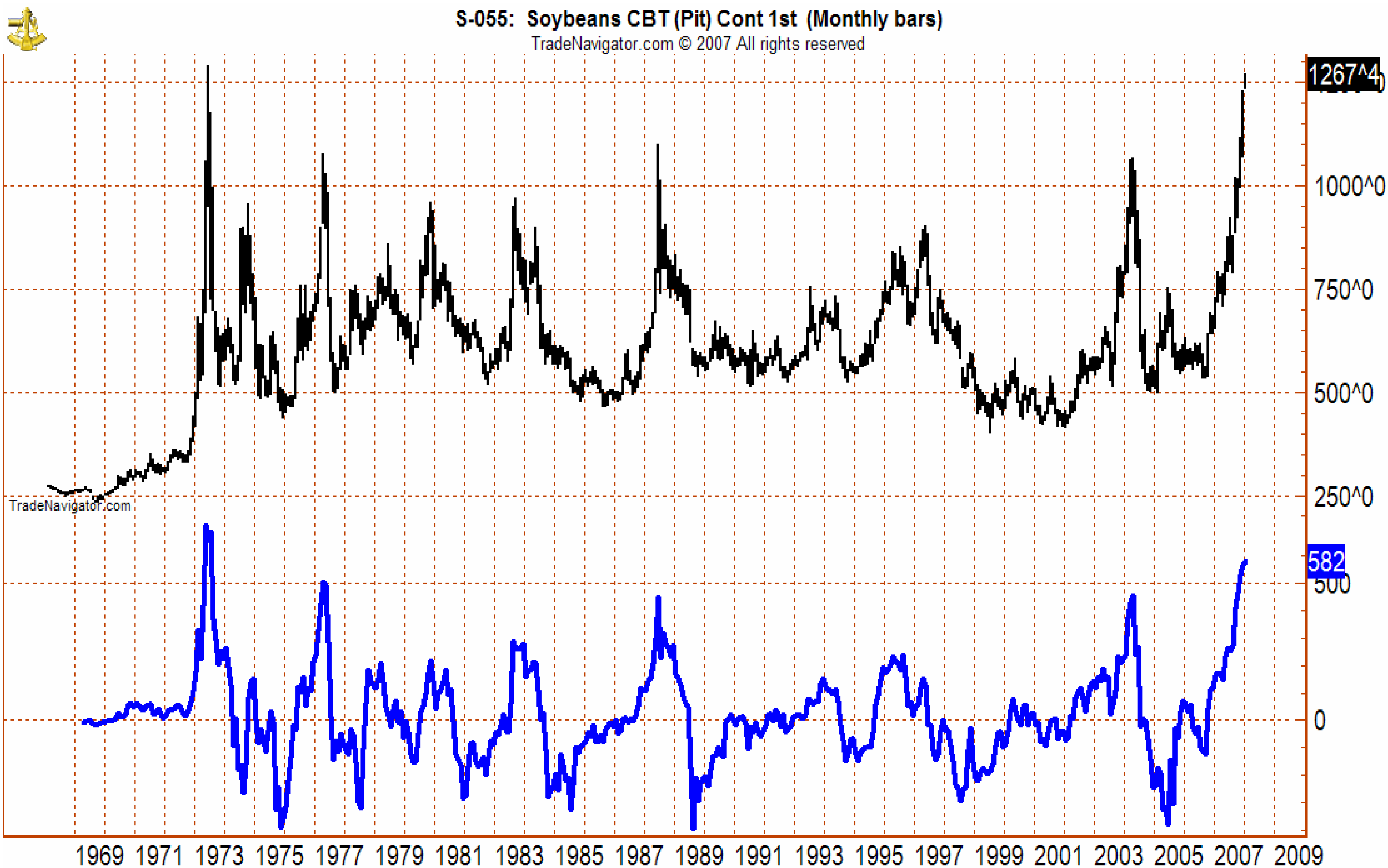
Show the smoothed line



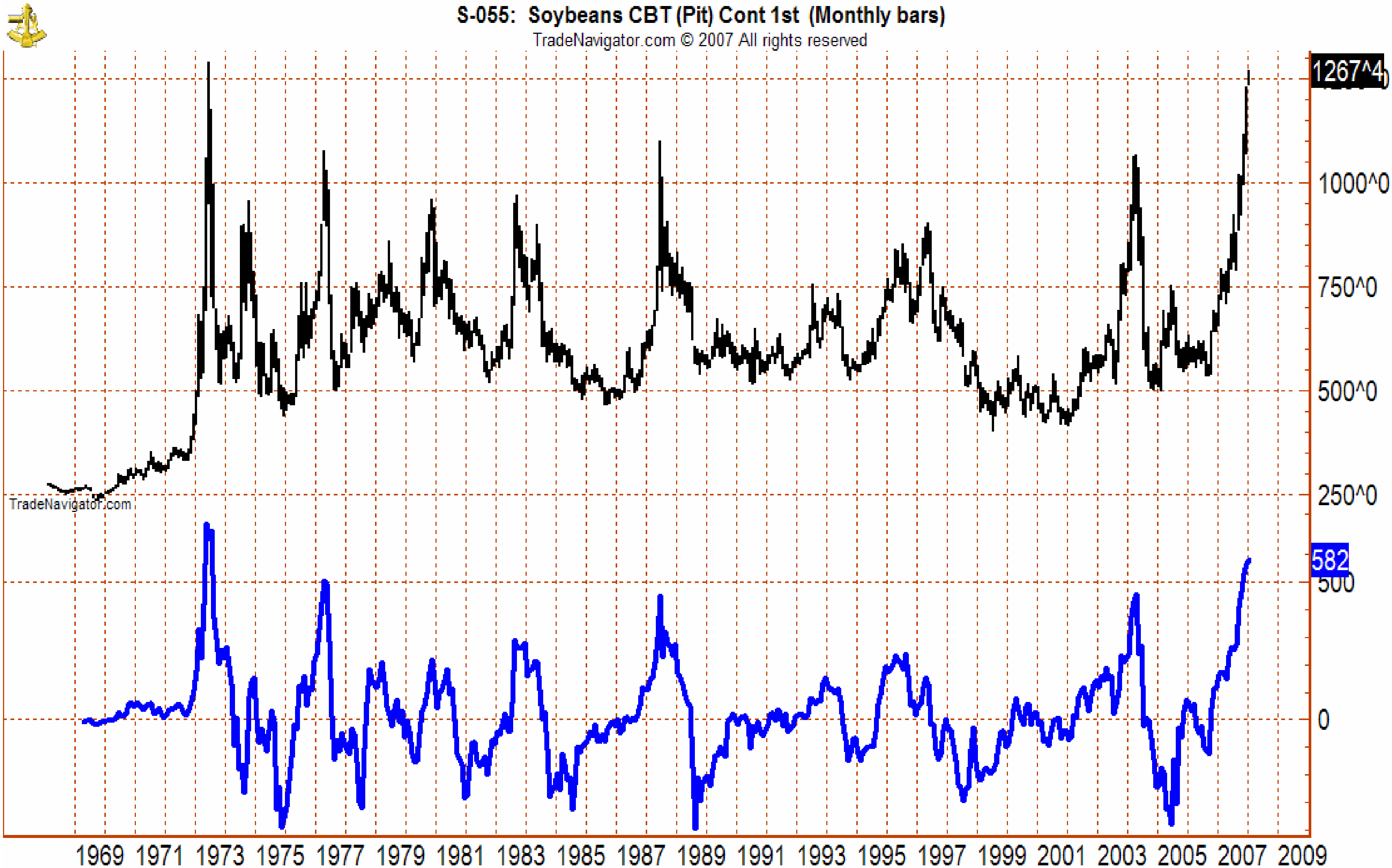
Add upper and lower value areas fit to highs and lows



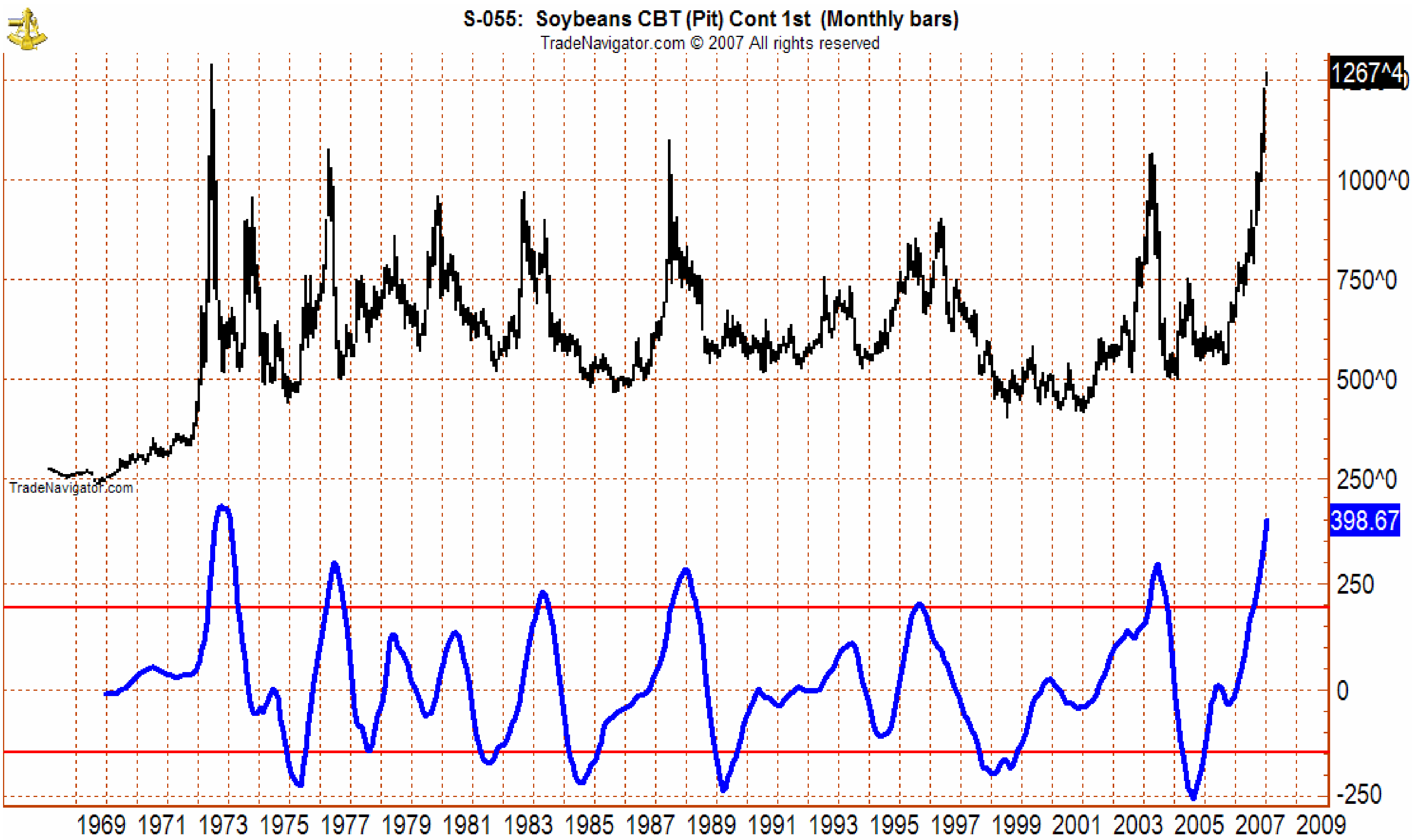
Let’s do another one…(mom 14)



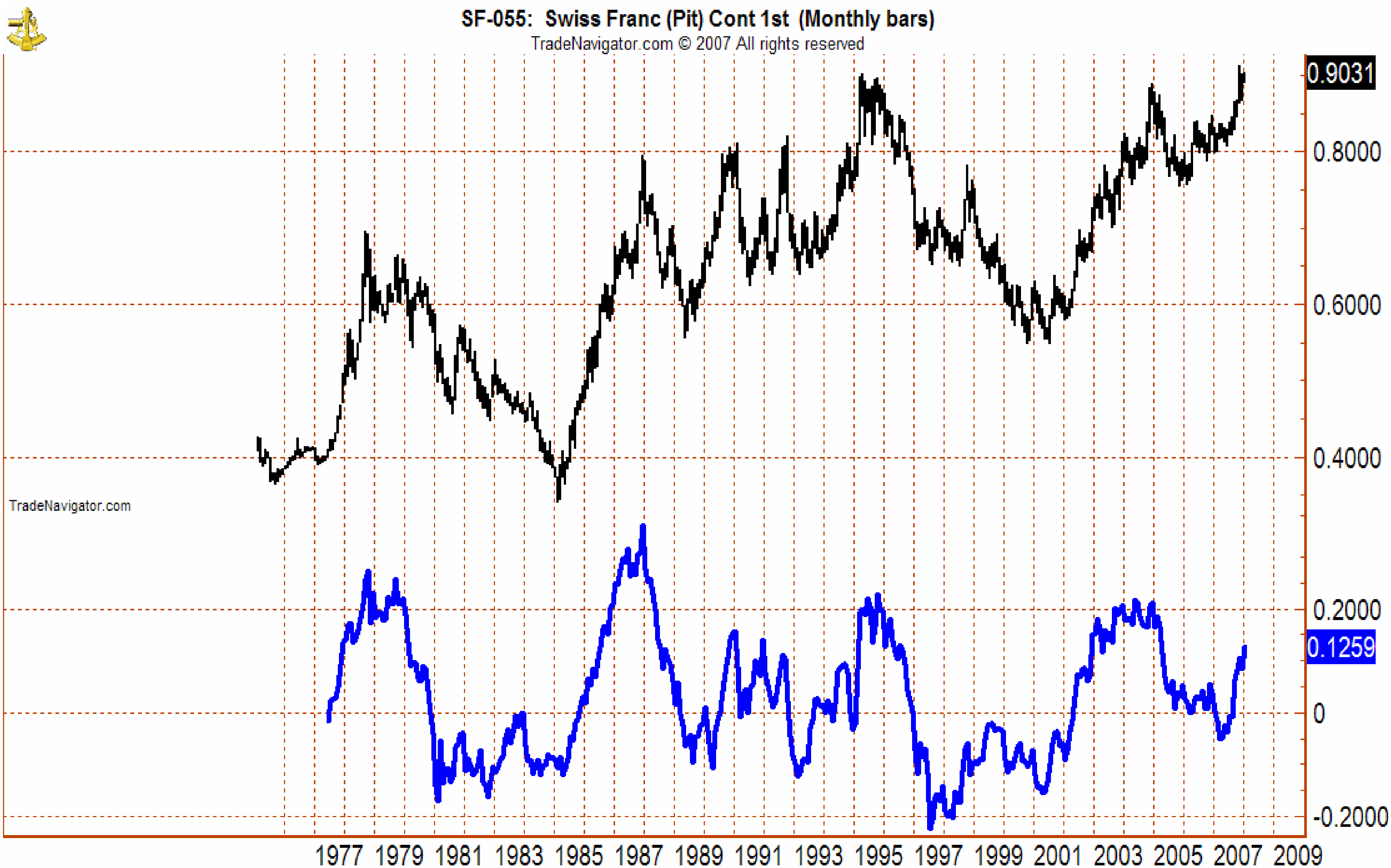
9 MA of mom 14 gives "best fit" (trial and error)



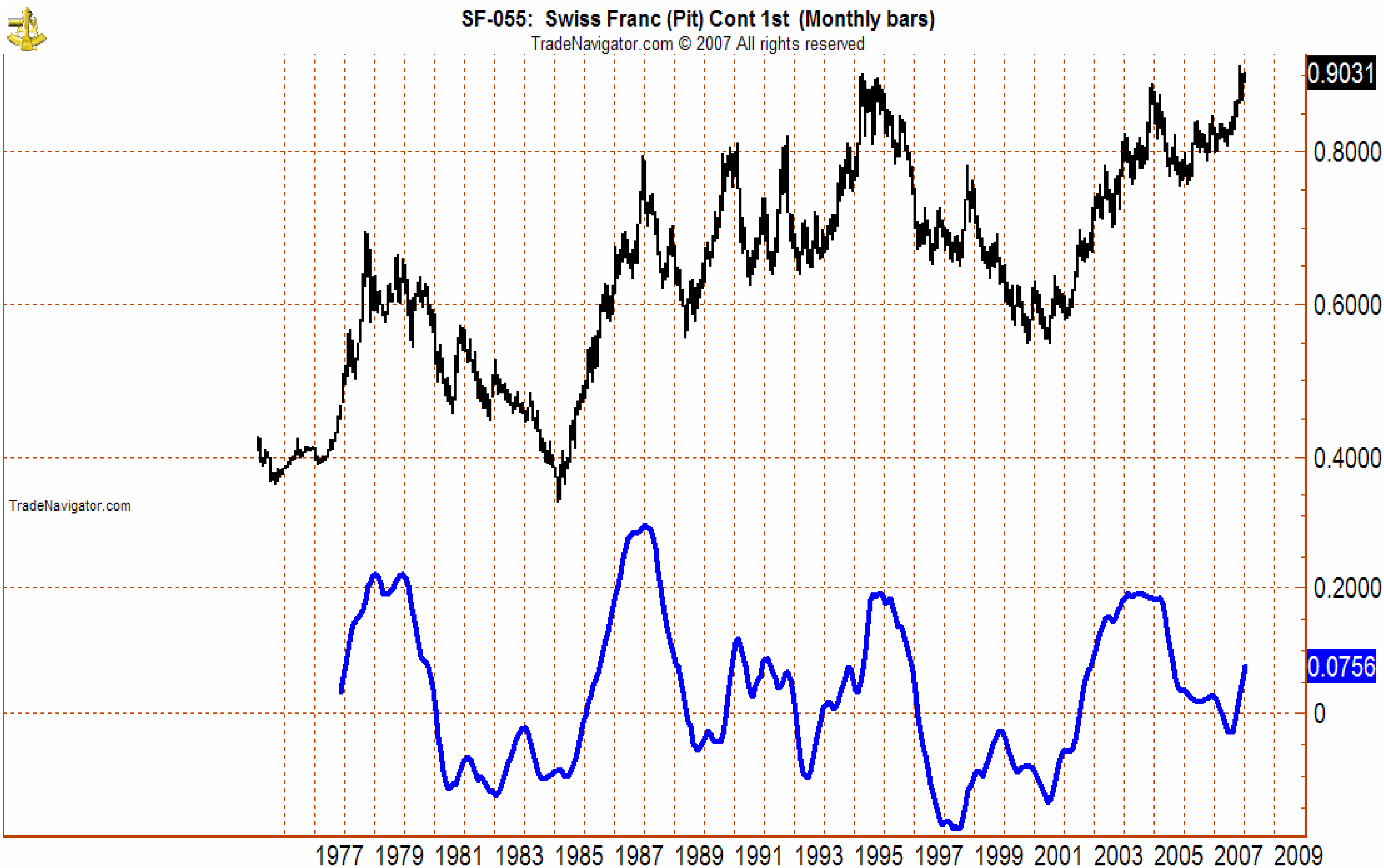
Add value area lines and check alignment…what do you conclude about soybeans at this time…what was the conclusion at the start of this major bull market?



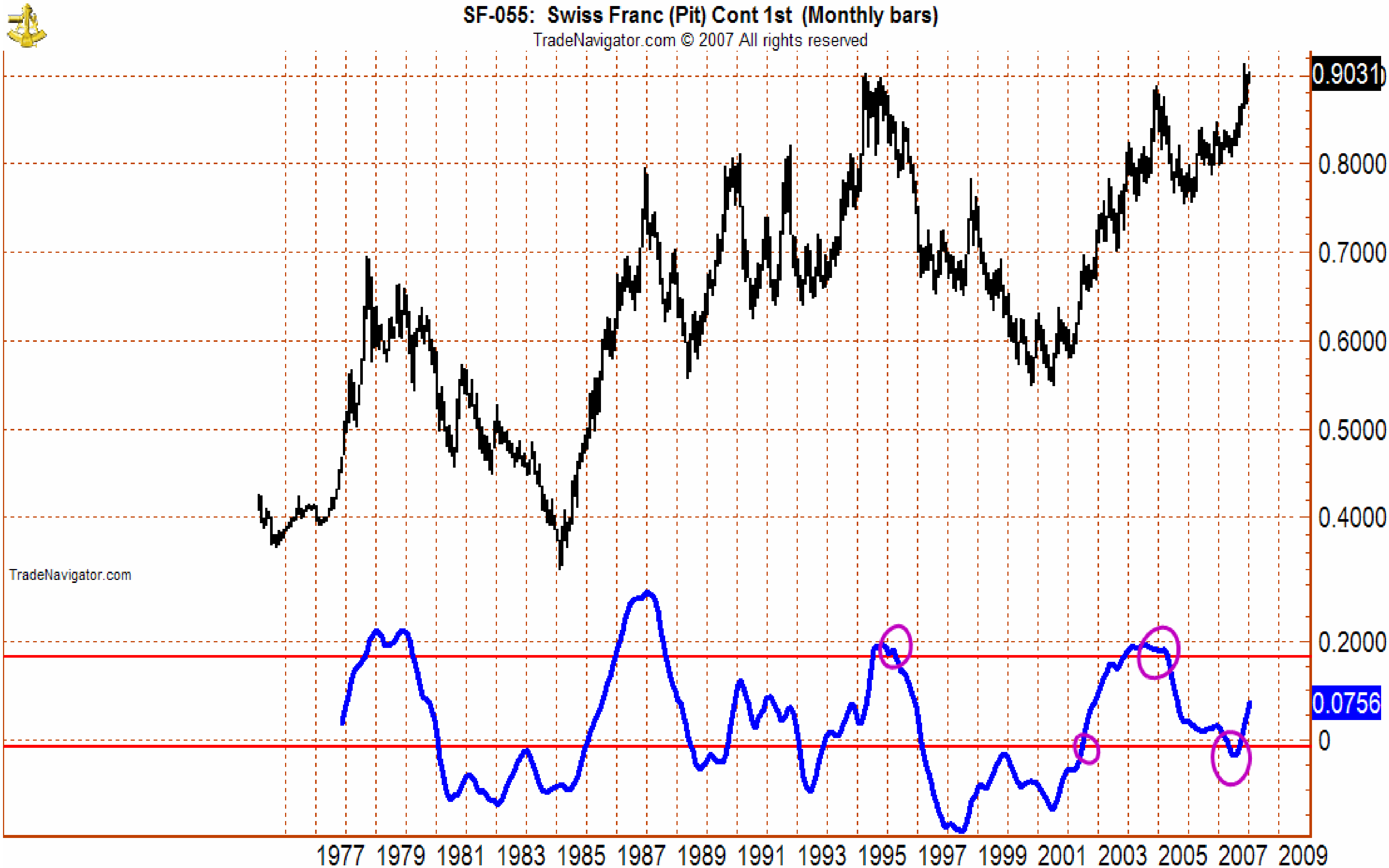
Let's do another – Swiss Franc mom 28



Smooth the MOM 28 with MA 6



Add Value Index levels and align them – conclusion?



Concluding

- My 4 best timing triggers were illustrated and explained
- My VAI was discussed and explained
- Examples were give
- MUST USE TIMING
- **Jake Bernstein 3 Day - Real Time Trading Seminar**
  San Francisco 9-11 February 2008 GENESIS CLIENT DISCOUNT
- INFO AT http://www.2chimps.com/web/sf_seminar.html
- I can be reached at 800-678-5253 or 831-430-0600
- Email me if you have questions: jake@trade-futures.com
- Thank you for attending
- **Mentoring appointment interview and information:**

http://www.comtrade1.com/letter/

- Best of trading
- **Jake Bernstein**