

Last week was an explosive week for the 123 setups. Between Crude Oil and the Euro the markets produced an avg. of 6 trades per morning on each market. Today the markets again provided several 123 setups with high reward to risk trades. This email includes a few of today's trades and charts for your review. Remember, these setups repeat themselves on a daily basis. Below are the trading rules. Just line up the 123 setup in the following order.

1. SUPPORT/RESISTANCE-The market that you are trading must be on support or resistance. This is the most important rule when looking for a 123 setup. The top two support and resistance levels are my institutional numbers on the 233tick chart and the market profile levels on the 5 minute chart. These two levels will be your main focus in the trading room. You will see plenty of setups every week just off of these two levels. If you are looking for additional support/resistance levels to watch for a 123 would be initial balance, white rollers, moving averages and my hedge fund dashed (green and red) lines on the 5 minute.

2. CYAN DIVERGENCE DOTS on the 233 tick chart. This is a must for a 123 setup. You will see cyan divergence dots above prices for shorts and below prices for longs. You must have divergence or no trade setup.

3. BUY/SELL ZONE-After the market has hit support/resistance and the divergence dots automatically pop up on the 233tick, you will qualify the trade by making sure the market has hit the sell zone or buy zone at the bottom on the 233tick chart. You will want it to hit the red line for shorts and cyan line for longs. Prices can hit the sell or buy zone first before hitting support/resistance. This indicator will also diverge as prices hit the support/resistance confirming the cyan divergence dots. When the 5 minute and 1 minute both line up in the same zone, you have powerful confluence. Again, watch for Doji, spinner or hammer on closing 5 minute prices when the zone is hit. This indicates a reversal bar. When the 5 minute and 1 minute match up, you have a high probability reversal bar.

ENTRY FILTER-Price MUST show a DOJI, SPINNING TOP or HAMMER after a 123 has been qualified. This is a must after the 123 setup has occurred on the 233 tick. This will be the reversal bar. Also, it will turn white after the trade qualifies to confirm the reversal bar. Once a Doji, spinner or hammer has formed the trader can use a pull in bar technique by using a smaller 110tick or tick of preference to wait for a body candle close above the previous candle. Hard stop after entry can be 2 stops above or below swing high or low. All currency markets will be 2 ticks above the recent swing high or low. The S&P500 will be a hard 1.5 stop after the Doji, hammer or spinner or 2 ticks above or below the swing which ever it greater of the two but no more than 6 ticks. When trading the Oil market, I like to place a hard 10tick stop above or below the institutional number or mp level then adjust after the first scale. The first scale on all markets are my symmetry dots on the 233tick. The red dots are to scale longs and cyan dots to scale shorts. In other words, if you are short 2 contracts on the Euro from a 123 setup, you can scale at the first cyan symmetry dots on the 233tick then place the other contact breakeven and set your next target for the next symmetry dots or institutional or market profile levels.

YELLOW AUTO WEDGE DOTS-These are on the 233tick on all markets. These are very important to trade when ON, KEY WORD IS ON, an institutional number on the

233tick after a retest. The second most important time to trade this wedge would be a breakout of all market profile levels. Once this happens the market will be in a hard squeeze or trend. In other words, the 5 minute moving averages are spread wide and the magenta ma is not flat. The wedge patterns that pop once a breakout of all mp levels or institutional retests are important wedge patterns. Since the yellow dots update per bar you DO NOT want to take every wedge that forms. FILTER them by confirming the market is on support/resistance or if the market is TRENDING hard then take wedge closes in that direction. When all 3 market profile levels are broken on the 5 minute chart, it confirms the hard trend. Also, you will notice when market profile numbers have been tested a few times and the third time it almost always breaks. Watch the wedge to form to confirm the hard push on the third test to get you in on the breakout or breakdown.

RETEST FAILURE TRADES-When the market you are trading forms a W bottom or M top then I call this a retest long or short. If the market breaks above the M top or below the W bottom then I call this a retest failure trade.

FLAT VS RANGE MARKETS-Remember, when first logging in to trade look at your 5 minute moving averages. If the magenta ma is flat or sideways then the market is in a range or chop market. Look for 123 setups at the market profile high red dots and buys at the low green dots. In other words, sell the highs and buy the lows. If the magenta ma is trending(angled) with good spread between the white and magenta ma and prices are above or below both ma's then use the 123 setups to buy dips in uptrends or sell in downtrends using the 5 and 1 minute zone indicator. In trending markets you will look for divergence with 5 minute tone. In range or chop markets, you will look for divergence shorts at MP highs and divergence longs and MP lows.

TIME OF DAY TRADES-Make sure that focus only on 1 or two markets maximum. My 123 setups come up all week long on just trading 1 market. Most of my members trade the Euro and Crude Oil. If you are just starting out with Crude Oil, I suggest the QM then move to the CL. The currency markets can be traded via futures or Forex. Look for major market reversals at 850-910am est, 940, 950-1010,1040-1050, 11-1115(counter morning move) and 150-210pm. Crude Oil trades great all morning and afternoon. These times are great reversal times. All members will have my auto fib tool for free for Ninja Trader and you will want to look for my zone trade at these time of days trades. The 940 and 1040 trade happen almost every week with my fib zone.

News Trading and Indicators-I have leading indicators that work both on the Ninja Trader and TradeStation platforms. These indicators lead the market and work on all markets. This includes trading minutes after news releases, symmetry dots, triangle squeeze, wedge indicator and Initial Balance. I.B. is a must if you trade the ES, NQ, YM AND TF. You can just view my room for the 123 setups then use your own trading platform to execute the trades. Many members use my indicators on their own charts in addition to viewing my live charts for 123 setups. We offer both together or by themselves.

Many Ticks and Pips to everyone. Remember, make it as simple as 123. My room is based on trading with the institutions. All my indicators are leading and my room is a simple yet

very powerful setup. The 123 allows the trader to focus on the execution instead of over thinking the trade. You must have the discipline and patience just to sit and let the indicators line up. This only requires you to watch your market a few hours during the morning session and execute the system. Trade the plan, Don't let the plan trade you. I'll see you in the room.

Jay