

# 'Jay's Day Trading Methodology'

Over the last 20 years I have put together a system that continues to outperform in range or trending markets. The following methods are based upon my leading indicators in my live day trading room. Members in the live room have had much success trading my methods and I will continue to keep giving them the edge in the markets. The following is a summary on how to get started.

**These first two (2) steps are vital to your success in my live day trading room.**

Please get setup the correct way before you get started on trading my methodology.

## 1. **ATM** strategy to manage the trade and increase reward to risk.

Setup an ATM strategy on your trading platform. Any trading platform will allow you to set a hard stop, first & second targets and breakeven trades after first target is filled. **Jerel** will help you do this if you have Ninja Trader. This will allow you to focus on my entry techniques while allowing the ATM to place your stop, first target and subsequent targets automatically. This is very critical to a trader's success. You want to always put yourself in a position to get a **'FREE TRADE'** after your first target has been hit. This will allow you to have small losers and large runners to achieve consistent results while reducing risk. Most traders wash out of the market because they just do not know how to manage their positions on a daily basis or they just scalp the market to end up losing in the end. Here is how you will want to set up your ATM. **First target is 10 ticks** with a **hard 10 tick stop** when trading the **Euro**. **First target is 10 ticks** with a **hard 15 tick stop** when trading **Crude Oil**. The ATM strategy needs to be set to break even after the first target is filled, thus allowing a free trade on your subsequent positions for those large runners. The **final target** will be the next important support or resistance level (**My Institutional numbers on the 233 tick or Market Profile off the 5 minute**). After entry, adjust your stop above or below the recent swing high/low by 2 ticks. This will lower your stop and increase your reward to risk. It's a must to have an ATM setup to always put yourself in a position for a 'Free Trade' after the first target is hit. This will give you an advantage over your trading opponents.

## 2. **Pull in Bar (PIB)** for entry.



Use the pull in bar indicator that we have setup for you to enter at support and resistance. As long as you are a member in the live room, you can use this for free on your own Ninja Trader platform or just view in my live room. I have an 89 tick setup in the live room; however, you can use any tick that you want to pull yourself in a trade. Most traders use a **110 tick on the Euro** and an **89 tick on Crude Oil**. You will look for the bar to turn a buy or sell color at support and resistance. **Once the bar changes color your ATM strategy order should be entered.** This will enter you in the market then you let the ATM STRATEGY do the work. I call this the pull in bar. **Watch for 'M' Tops and 'W' Bottoms on the 89 tick or 110 tick chart at these levels.**

# Let's Get Started With My Methodology.....

When you **FIRST** log in to the room, you **MUST** look at my 5 minute chart. This will be the main chart for you to **establish** if the market is going to be **Range Bound/Chop or Trending**. This is a must to know before you start your Trading Day and then you will trade the following rules.



# 1. RANGE/CHOP –

You will see a flat or horizontal Moving Average on the 5 min chart. The **Magenta Moving Average** will be the first indicator that you look at on the 5 minute chart. If you see a **FLAT MAGENTA MA** then **Sell** the (Market Profile Indicator) High Value Area (**HVA**) { **Red Dots** on the 5 minute charts } **and Buy** the Low Value Area (**LVA**) { **Green Dots** on the 5 minute charts }. Your target will be the opposite HVA or LVA. Watching for divergence at these levels with a flat **Magenta** is the best way to enter the trade **with your pull in bar**. You will continue to **Sell the HVA** or **Buy the LVA** until the third test of this level. **Once the third test comes you will look for a breakout or breakdown of that level using the Yellow dots symmetry wedge** on the 233 tick or any one of the indicators that line up at that market profile level. **Typically, it will almost always be** at the Symmetry Wedge or Symmetry Dot break. The key is.....

**SELL THE HIGHS AND BUY THE LOWS ON MARKET PROFILE. DIVERGENCE WILL CONFIRM.**

**\*\*\*\*\* ONCE YOU KNOW IF IT'S RANGE OR CHOP DO THE FOLLOWING EVERYDAY. REMEMBER, WHEN YOU FIRST LOG IN LOOK AT THE 5 MINUTE AND ASK YOURSELF IF IT'S A RANGE OR TREND MARKET. THIS WILL SET UP ALL THE FOLLOWING TRADES \*\*\*\*\***

# SETUP FOR .... 'COAST-TO-COAST'

**Long at LVA, Short at HVA.** Entry will be a pull-in bar at these levels. Watch the **Cyan Divergence Dots** to pop overlaying price and watch the **bottom indicator** on the 233 tick chart **to confirm divergence.** FINAL TARGET IS THE OPPOSITE HVA OR LVA. You will see divergence when hitting these levels for strong trades. **Sometimes** you will get **Symmetry Dots** and an **Institutional Level** confluence at the same level. You don't have to have them but confluence is always great to add strength to the trade. **Watch for M-Tops & W-Bottoms** at the (Market Profile Indicators) High Value Area (**HVA**) { **Red Dots** in 5 minute charts } or Low Value Area (**LVA**) { **Green Dots** in 5 minute charts } **on your pull in bar chart.**



## 2. TREND -

The **best trend** will be when prices are **outside** the **HVA** or **LVA** on the 5 minute chart. Early trends start with breaking above **HVA** or below **LVA** on the 5 minute chart then retesting that same level for a continuation pattern. Entry on this **first retest is a great place to enter** the start of a trend. When prices are above/below both moving averages on the 5 minute and good spread between the moving averages with a good angle indicates strength or weakness. The more spread you have between the **White Moving Average** and the **Magenta Moving Average**, the harder you are trending. When price is spread away from the **White Moving Average** it also indicates a strong trend and the **first test of the White Moving Average** will be strong after prices start moving away from the **HVA** or **LVA**. I call this **"The First Test Is the Best"**. The **Trend should continue until new 'Market Profile' dots pop up on the 5 minute and prices close back inside the White Moving Average or within the new 'Market Profile' dots again.** Almost all major trends will start with a break of **HVA** or **LVA**, retest that level then after a hard push another retest to the **White Moving Average** for a Continuation.

2a.

## \*\*\* UP TRENDING MARKETS \*\*\*

This is a market where Price is Above (Market Profile Indicator) High Value Area (**HVA**) { **Red Dots** in 5 minute charts)

**ONLY LONG Trades Period.**

(Trend trading only).

Nothing but black space above **HVA** on the 5 minute chart.

Buy only retracements after breakout. **NO SHORTS.**

**ZERO.** Buy first retracement to **HVA** after **HVA** breaks out (this typically starts the trend) then use pull in bar to go long. Buy all divergence with 5 minute trend (**Cyan Dots** on 233 tick that pop up with trend and bottom indicator), most times will be on Symmetry Dots on pullback. Let all **Institutional numbers** on the 233 tick **break above the level then look for first retest** to go long on 233 tick **or** we look for **All Yellow wedge** to form on an Institutional Number and close above the wedge with the 5 minute trend for entry. All **Yellow Symmetry Wedge** breakouts on a **bar close above the wedge** in direction of the **HVA** breakout only. **All wedge breakouts should be on top of the 233 tick chart Institutional numbers, rollers and 5 min Market Profile level.** The market must close above the Symmetry Wedge and **no pull in bar is needed.**

Pull in bar is **only used** on retracement trades **not** momentum trades.

2b.

**\*\*\* DOWN-TRENDING MARKETS \*\*\***

This is a market where Price is Below (Market Profile Indicator) Low Value Area (**LVA**) {**Green Dots** in 5 minute charts) **ONLY SHORT Trades Period.**  
(Trend trading only).

Nothing but black space below **LVA** on the 5 minute chart.

Sell only retracements after breakout. **NO LONGS. ZERO.**

Sell first retracement to **LVA** after **LVA** breaks out (this typically starts the trend) then use pull in bar to go short. **Sell all divergence with 5 minute trend (Red Dots** on 233 tick that pop up with trend and bottom indicator), most times will be on Symmetry Dots on pullback. Let all **Institutional numbers** on the 233 tick **break below the level then look for first retest** to go short on 233 tick or we look for the **Yellow wedge** to form on an Institutional Number and close below the wedge with the 5 minute trend for entry. **All Yellow Symmetry Wedge breakdowns on a bar close below the wedge** in direction of the LVA breakout only. **All wedge breakdowns should be on top of the 233 tick chart Institutional numbers, rollers and 5 min Market Profile level.** The market must close below the Symmetry Wedge and **no pull in bar is needed.**

Pull in bar is **only used** on retracement trades **not** momentum trades.





**Yellow Symmetry Wedge** break down at Institutional support with 5 minute trend.



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Take all Institutional retest **Longs** or **Shorts** with 5 minute trend. The Institutional numbers are on the 233 tick chart & are **Blue**, **Green** and **Red** Dots and **Plus signs**. These numbers are static, while the **Blue**, **Red** and **Green** Market Profile dots change with price action.



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The **Cyan** and **Red Symmetry Dots** are on the 233 tick chart only. Use these levels as support and resistance for buying and selling Retracements with the 5 minute trend. These levels can be used for **confluence or support and resistance** with the other indicators. When buying and selling off of these levels, **watch for M-Tops and W-Bottoms with your Pull-In-Bar (89 Tick) indicator.**



3.

# \*\*\* RETEST FAILURE \*\*\*



**‘M’ Tops and ‘W’ Bottoms** will form on the 233 tick Charts. Once the top of the M-Top or bottom of the W-Bottom are broken a breakout/breakdown in price is likely to occur. These trades **must only be taken with 5 minute trend**. I call this a 'Retest Failure' of an M-Top or W-Bottom in the direction of the 5 minute trend.

In hard trending (**Up**) markets you want to see an **M-Top** form and then get **closed above** for a breakout.

In hard trending (**Down**) markets you want to see a **W-Bottom** form and then get **closed below** for a breakdown.

I really like when a retest failure **occurs on major support or resistance** and where price has held that level. The market has memory. If it has held before, **once broken the trades likes to accelerate** in the direction of the break. **No pull in bar is needed, just a close** above or below the ‘M’ or ‘W’.

**Take Only with Trend!!**

4.

\*\*\* **FIRST TEST IS THE BEST** \*\*\*



This happens when prices are **above the HVA** or **below the LVA** with good 5 Min. Moving Average spread and prices **retrace for the first time** to test the **White Moving Average** on the 5 minute chart for a trend continuation. **Use the pull in bar** on your execution chart. You have a great setup when prices have been away from **White Moving Average** in hard trends and **retrace for the first time** to the **White Moving Average**. **The more spread you have between the two Moving Averages and the more spread away from the White Moving Average the more powerful retest will be coming.**

Remember, major trends are started with a break above or below **HVA** or **LVA** then the retest of that key level **then the push and first retest** of the **White Moving Average**.



5.

\*\*\* **INSIDE AND OUTSIDE DAYS** \*\*\*

This indicator is placed on the 233 tick chart. It will be a **SOLID CYAN LINE** for the previous day's **LOW**



and a **SOLID MAGENTA LINE** for the previous day's **HIGH**.



I look for a **breakout and a retest** of these lines **and a pull in bar**. The **Yellow Symmetry Wedge dots** work great off of these levels with the 5 minute trend. If prices are contained 'inside' yesterdays high and low then I call this an **inside day**. If prices are 'outside' yesterdays high or low, I call this an **outside day**. When prices go from an inside day to an outside day then the market becomes stronger in that direction of the breakout. The same goes for going from an outside back to an inside day.

## **KEY POINTS:**

When new 'Market Profile' numbers (Levels) come up on the 5 minute chart, they will be the new key levels to play off of. **Trend changes usually occur when new market profile dots are posted and a close back inside of the White Moving Average on the 5 minute chart has occurred.** If the market has been below all market profile levels in a hard downtrend and new ones pop up, **lay off the Shorts** and start to focus on a possible trend change. If the market has been above all market profile levels in a hard uptrend and new ones pop up, **lay off the Longs** and start to focus on a possible trend change. You will see this with my divergence dots on the 5 minute. When they pop up, **I will focus on the first retracement to support or resistance on the 233 tick** chart with divergence to show a possible trend change trade.

Also, **'The First Test Is The Best'** refers to the

**White Moving Average.**

The **Magenta Moving Average** on the 5 minute will be also be a **'First Test Is The Best'**, but it is **not the best** since the market has weakened due to being inside the

**White Moving Average.**

Also, you will see **Red** and **Green dashed lines** appear on the 5 minute chart. Treat these 'Hedge Fund' levels as an **HVA** or **LVA**. They are **great levels to trade off of in a range market and great to trade off of on the third test for a breakout or breakdown using the Yellow Symmetry Wedge** on the 233 tick.

Another note, a **whole close above/below** the **White Moving Average**, putting prices in between the **Magenta** and **White Moving Averages**, causes the market to trend change and **revert back into a choppy market**. **All longs/shorts with the earlier trend should be stopped at new 'Market Profile' dots (Levels) or a whole candle close above/below** the White Moving Average on the 5 minute chart.

The Key is to look at the 5 minute chart when you first log in. The market can only do 1 of 2 things every day. Knowing this will help you determine what trades and rules you will take. **1. Trend market** - Above or below the **HVA** and **LVA** with good Moving Average spread. Trade only that side (In the direction of the trend), period. **2. Range or chop market** - Flat **Magenta** Moving Average on the 5 minute chart. **Sell the HVA** and **Buy the LVA** while using the pull in bar.

**When the 5 min Moving Averages first cross down or cross up** you want to watch for the first pull back to the closest 'Market Profile' (Level) on a retracement. **Typically**, (Market Profile Indicator) **Control Point** (POC) {**Blue Dots** on 5 minute charts}, which is the control point **will be the retest long or retest short** that you will be looking for.

**Don't Forget!!**

The **3rd test** of the **HVA** or **LVA** will cause the market to breakout or breakdown.