Hello Traders!

This is the brief outline of my methodology in the live day trading room. Please play the room methodology video then the Jay Cluster video to get a detailed understanding on my methodology. This is a must before viewing my live charts of Crude Oil and the Euro in my live room. Additionally, every Wed. at 815am est I review my entire method of trading. This will give those that are new to my system to get up to speed in short time period. My system has no subjectivity and I teach how to pull the trigger with exact bar entries with small stops using my live room as support/resistance and my Jay Cluster Ninja indicator that works on your own charts for the exact bar entry. Below is a brief overview in order of importance that you will cookie cut every day in the live room. The order of my method is very important and will be the key to success in the live room. I would only concentrate on one market until my methodology is second nature. Once you get the rules down, only executing and no thinking. Once you start trading what you see instead of what you think is when you have mastered my method and then you will be trading alone side of the major institutions instead of losing with the majority of retail traders. Also, make sure that your ATM strategy is setup with your dome. Jerel can take control of your computer and set you up correctly. This will allow you to allow focus on the entries and let the computer automatically work your stop, and targets. Below is a summary of my methodology. Muscle memory is key in this business as well as defined rules.

Methodology

1. Log in the trading room and focus on either Crude Oil or the Euro. You will need to scroll over to see the Crude Oil charts. My members in the room click the middle arrow on the side and the bottom of the chart to expand the whole screen to fit their monitor. This will allow you to not scroll back and forth. I run my screens on 24 inch monitors so you will be able to fit the screen to the size that you want. If you want to follow both markets or need to log into the room to watch the chart room then just log in twice. Jerel can help you do this.

2. ***TREND*** First thing to look at is the 60 minute and 5 minute trend charts.

A. 60 minute-This will have the magenta Linear Regression line on it. If prices are above this then the market is in an up trend and if the Linear regression line is crossed in direction of the move. If price goes above the linear regression line, however, it's still crossed down then look for a push up then a fade right back down for a retest of that linear regression line until it's crossed in the direction of

the move. Hard down trends or up trends will have big spread between the regression lines and price away from them both. This is what I call easy pickings like today June 11, 2012. Notice the 60 minute chart below. Crude oil price was way below with major spread to the downside. These are the days you just look for the 233 tick to get into a full retracement for setups.

B. 5 minute- This will have 3 moving averages on it. The key moving average is the Magenta. If it is sloped down then bias short. If it is sloped up then bias long. When the moving average is flat as a pancake then the market is in a range/chop market. The key to the 5 minute is when it lines up with the 60 minute chart. This gives you total alignment to only look for shorts/long on a full retracement on the 233 tick chart. Spread between the white ma/magenta ma will indicate trend strength. If the market is below both the magenta and white ma then the trend is hard down or up. I have a saying in the room "spread equals bread". The light blue ma will give you a clue of major support/resistance on the 5 min/60 min charts. If this ma is ever broken then you would look for price to get away from it then retest it for a trend continuation setup. The first test is the best on these 3 moving averages. If the market breaks the light blue moving average then look for it to get away then retest it. If the market is in a hard down trend then look for it to retest the white ma for the first test continuation then later on the first test of the magenta ma. Key word is first test. My video goes over the finer points and I will help in the live room. In other words, if price is in a hard down trend you will see price away from the white ma/magenta and being below the light blue. If price is in a range then the moving averages will be flat with no spread and crossing back and forth. If this happens then you know the market is in a range markets so take both sides of the market into confluence on a full retracement with divergence and jay cluster signal.

3. ***FULL RETRACEMENT-*** Once trend/chop market has been established then you must know the area or zone that you will be looking to go long or short. This will be off my 233 tick. The bottom indicator will tell you when the market has done a full retracement so that you can begin to look for a short or long. DO NOT look for a setup until the market has fully retraced with this indicator. This just gives you the clue when to start looking for the setup. The bottom indicator must be above the red line for shorts and below the light blue line for longs. Additionally, I like to use the 233tick for the full retracement. The main reason I have an 89 tick beside the 233tick is because I want to use the 89 tick for divergence at my key levels on the full retracement. The only time I will use the 89 tick on a full retracement is when the market is screaming hard down or up and I'm trying to get long or short on the first shallow retracement into my symmetry dots in hard trends.

4. CONFLUENCE If the trend was lets say down and I was only looking for full retracements on the 233tick. I would look at my 5 minute chart and my tick charts to find indicators that overlap each other. I call this confluence. For example, today(June 11, 2012) on

the Euro, the market was in a short mode only. I was looking for full sell retracements off the 233tick. The 5 minute confirmed that my market profile level was right on top of my first test of my magenta ma on the 5 minute with trend. Once price reached this level I not only was looking for a full retracement on the 233tick with trend, I was at 2x confluence off my 5 minute chart for a trend continuation. Remember, 60min and 5 minute trend, 233 tick full retracement with trend, confluence of indicators that overlap at the full retracement then divergence and Jay Cluster to pull the trigger right on the number with a small stop and my targets set with my ATM strategy. Confluence can be off the 5 minute as well as the tick charts. For example, if I have a symmetry dot on the 233tick and the 5 minute roller is right at same price or within a few ticks then its 2x confluence. The best trades will be off the big three which are on the 5 minute chart. 1. Market profile dots(red, blue, green), Rolling Pivots(blue and red lines) and my Institutional numbers(white lines). You do use my moving averages as 1x confluence.

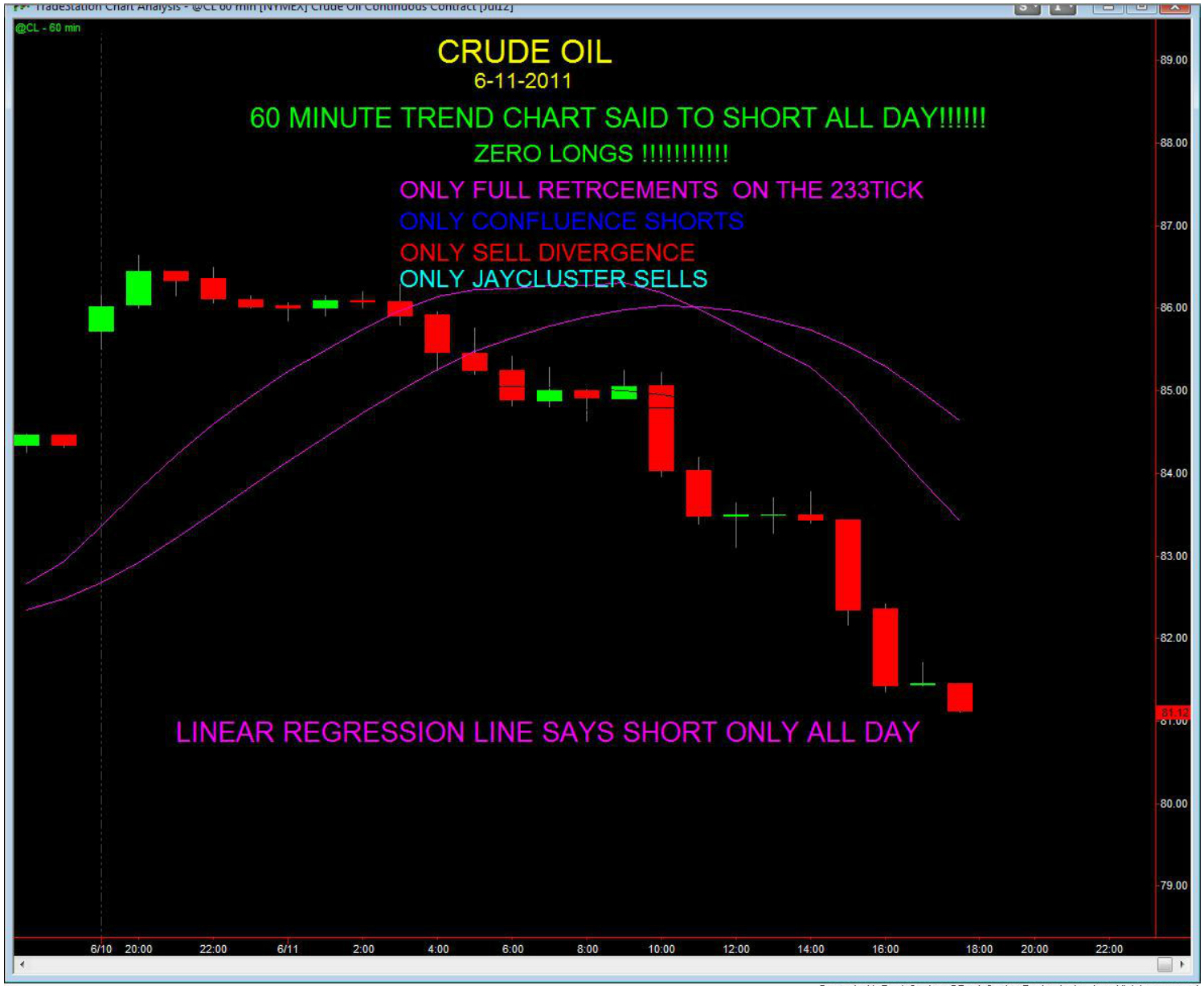
5. DIVERGENCE Once you have reached the full retracement into confluence with trend then you will look for 2 things. 1. Divergence. 2. JayCluster to fire a 1.618 or 1.414 on your own Ninja charts. We have a Hybrid Renko that is free that we will send out to all JayCluster owners.

Divergence is key because it tips us off on supply/demand. So many traders that counter trend trade the market use it the wrong way. You must trade divergence with the trend of the 60 minute and 5 minute charts. I have trained hundreds upon hundreds of traders and this is the biggest mistake that they make. They continue to want to counter the market. Buy low and sell high works in chop/range markets which i love to do, however, in trend markets you must sell low and buy lower and buy high and sell higher on the full retracement with trend. This is what separates the novice trader from the professional trader. Don't forget that. If trend is hard down then ONLY look for full retracements off the 233 tick chart with divergence off the 233tick or 89 tick chart with my bottom indicator. I love when the 233 tick shows divergence. This seems to call the big trades on the full retracement. Typically, most Oil trades are the 89 tick divegence at the key levels. This is one of the last filters that I look at before pulling the trigger. The last one would be my Jay Cluster to find exact bar entry.

6. JAYCLUSTER FOR OWN NINJA CHARTS What I noticed over the last 20 years is that I saw a pattern in the market that would repeat itself over and over each and every day in all markets. We all know that floor traders are a thing of the past and it is almost like a ghost town now on the floor. All markets are fixed by electronic trading . This program trading has allowed traders like you and I to get into these liquid futures markets and trade on a level playing field with the institutions. How do we do that? First you must have a

foundation on price action which I have shown you via my methodology above. Then you must know when these computers are ready to buy and sell and do their program trading. Can you trade without the Jay Cluster and just use my method in the live room and buy and sell right on the number at a full retracement. Yes, however it would not give you exact bar entry This is where Jay Cluster comes into play. I have noticed on every market and every time frame that the markets will stop to the tick right on a 1.618 and 1.414 retracement from a previous high or low. Does it stop the market every single time. No, however, what it does is that it shows you the level on a retracement when these computers are going to buying and selling to the exact bar if you are within the parameters of my methodology. I think of trading the markets as building a new home. The methodology is the foundation that keeps the house from crumbling and the roof is the last piece of the puzzle to pull the trigger on the trade. Can Jay Cluster be used as a stand alone signal. Yes! Should you? No! Let's look at todays price action. Crude Oil and the Euro were both in hard down trends all day. My methodology said only take SHORTS all day long. Zero buys. Knowing this all I had to do as a trader was to watch for a 233 tick chart to get at a full retracement on my bottom indicator with divergence using my bottom indicator then watch for my Jay Cluster to fire a 1.618 or 1.414 to give my exact bar entry. Like i said, no subjectivity when you have a RULES and a TRADING PLAN. The old saying is so true that "Traders don't plan to fail, they fail to have a trading plan".
Remember, play my training video and this will all come together. Trading is like learning to ride a bike. You are not born with the knowledge on how to ride a bike. You are taught. Once you know the rules on how to ride the bike it becomes second nature. Trading is the same. Once you know the rules then you should have zero subjectivity in your trading. Below are some snapshots of todays trading. Notice the order of importance.

1. Trend(60 min and 5 min. chart)
2. Full Retracement(233 tick)
3. Confluence(overlap of indicators, min 2 must overlap on 5 min. and tick charts)
4. Divergence(233tick and 89 tick)
5. Jay Cluster(entry to the exact bar)If day trading many traders are using my 2 hybrid renko and 4 tick hybrid renko. Jerel will send some free hybrid renkos out to you as members to be used with Jay Cluster.



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Let's recap before moving on.

1. Trend-- 60 minute and 5 minute charts. 60 minute chart above shows that price was below linear regression line. ONLY SHORTS.
2. Full Retracement--233tick bottom indicator. Must be above red line for sells or below white line for buys(will turn white)
3. Confluence--2 or more indicators must overlap within a few ticks of price. 5 minute chart is the best.
4. Divergence--The bottom indicator of the 89 tick and 233 tick chart is used for all divergence at a full retracement.
5. Jay Cluster for entry--Exact bar entry when the 1.618 or 1.414 comes with trend. If chop/range then take both sides buy or sell with confluence and divergence at full retracement with Jay Cluster. Additionally, I like to have longer term charts beside my short term entry charts. If I sell a .786 or .886 on lets say a 4 renko then a 1.618 on a 2 renko mean confluence of two time frames.

Remember, don't forget this order because you don't want to go back words or it creates a hole in your trading plan. I don't look for Jay Cluster or Divergence before I look for Trend or a Full Retracement. Keep the order and it will keep you in high probability trades all day/night long. Traders that purchase the Jay Cluster must use it as an exact bar entry with the methodology. In other words, why would a trader be a buyer or take Jay Cluster buys when the 60 minute above is in a hard down trend. That is asking for a woodshed visit. Traders in Crude Oil should have between 5-10 setups every morning between 8-11. Euro traders should have around 3-4 trade setups during that time period. Remember, you don't have to trade this around the clock. You must execute your plan during the high probability times. The sweet spots are 845-1045am and 145-230pm est. Most traders just trade from 8-11am est or if overseas from 2-5am est. Notice the order of charts and the setups!! Print them out if you have to and place them side by side. The live they are in order of importance.

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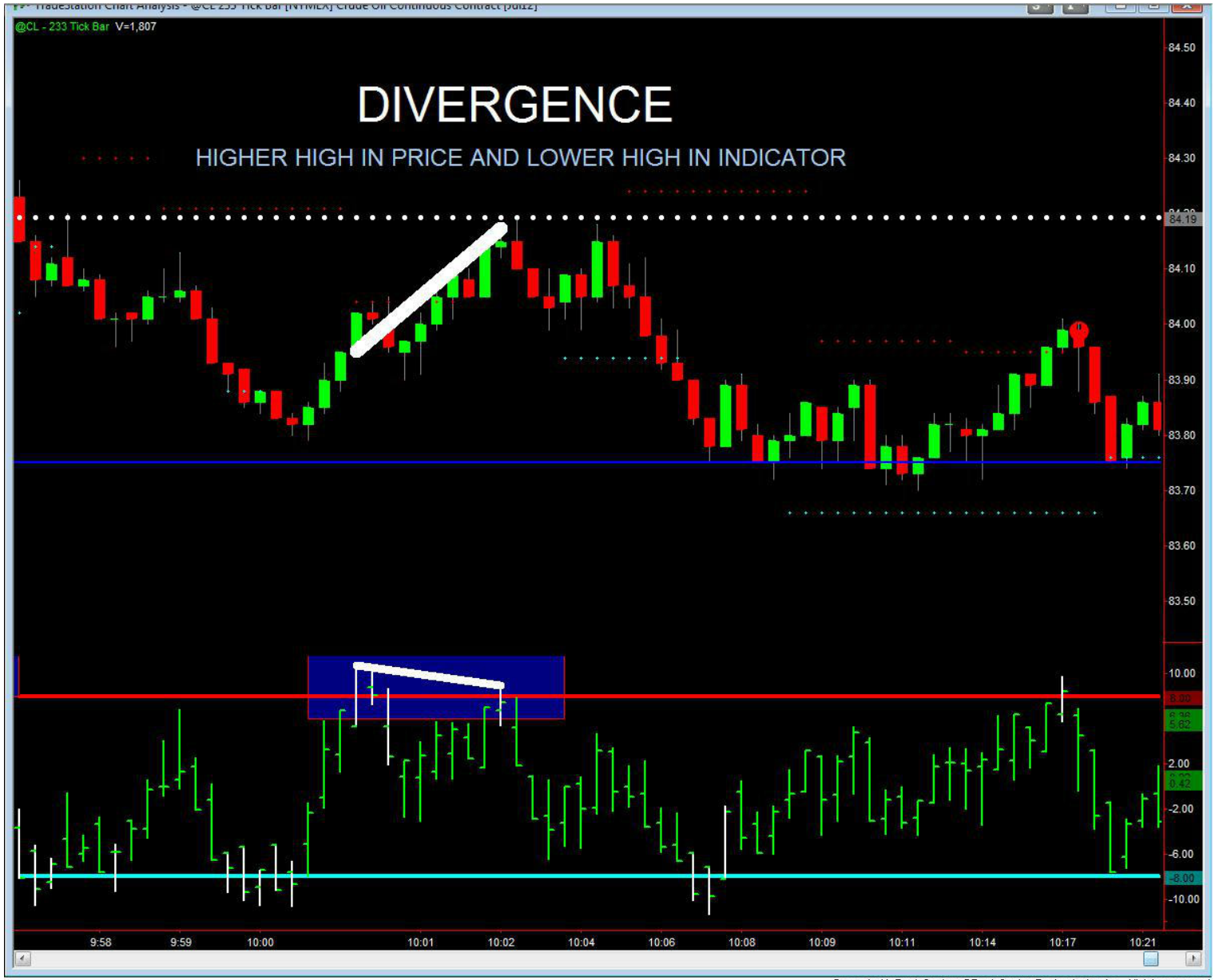

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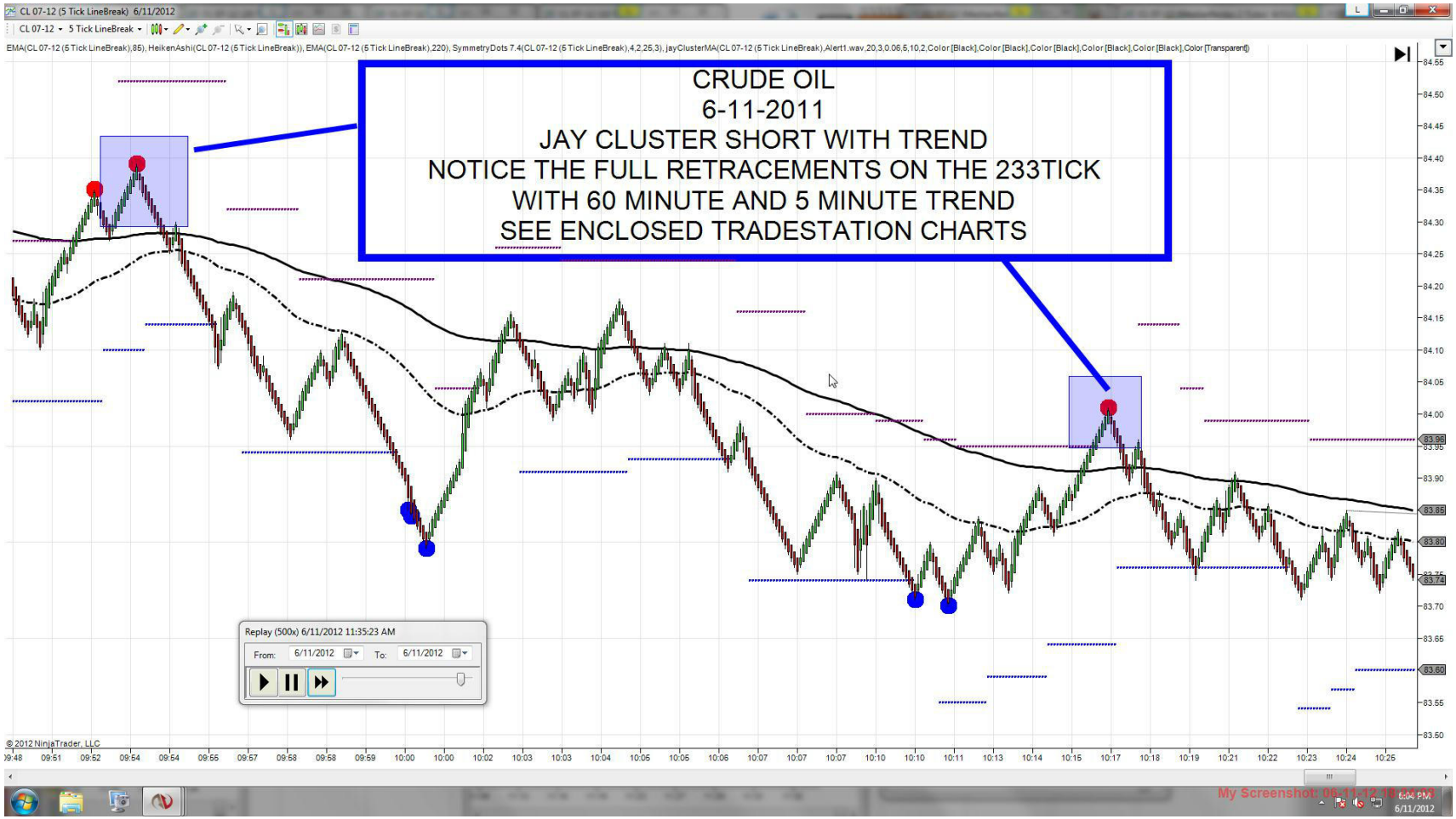
CL 07-12 (5 Tick LineBreak) 6/11/2012
CRUDE OIL
6-11-2011
JAY CLUSTER SHORT WITH TREND
NOTICE THE FULL RETRACEMENTS ON THE 233TICK
WITH 60 MINUTE AND 5 MINUTE TREND
SEE ENCLOSED TRADESTATION CHARTS
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From: 6/11/2012 To: 6/11/2012
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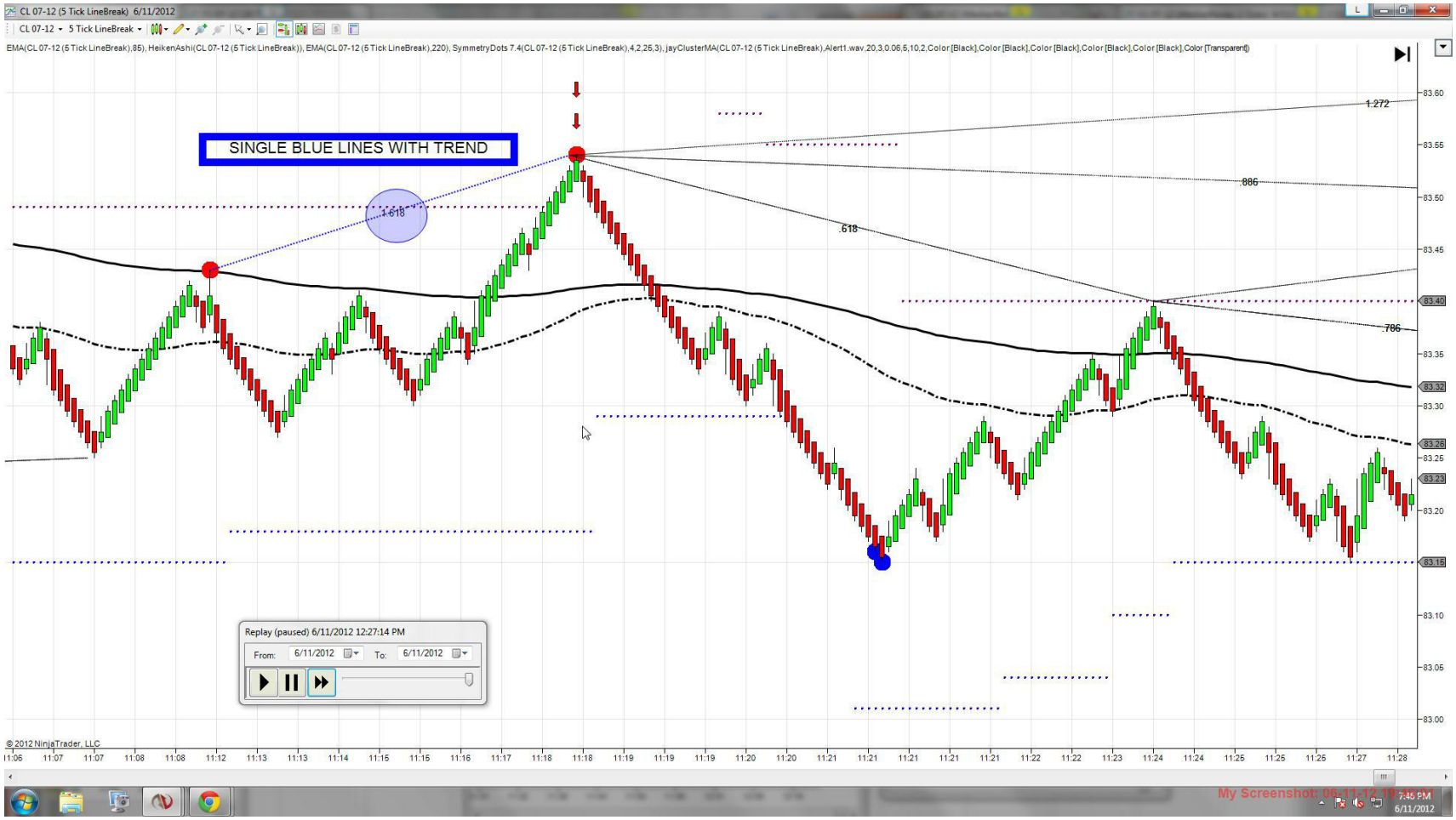

This is key for you Jay Cluster owners. Single 1.618 and 1.414 that turn blue are high probability trades with trend. It is very difficult to get 3 or 4x confluence for the dot to pop when the market is in a hard up trend or downtrend. Just wait for the single prints.

Knowledge is power traders! Keep it simple. The KISS method is key to sticking with a successful trading plan. For example, Chris in our room today is a 3 day trial with 1 day as a new member. Here is his quote in the live room this am. "1050 i was following along and i am in a demo account and i took all the trades that were retracements and so far am up 870.00 only 4th day here" Bottom line, Chris is doing the correct method of KISS until he is ready to go live with my system. He traded with trend and using my retracement tool to achieve his desired results. Good job Chris its just the 4th day. Stop trading with the public and start trading like an institutional trader. 85-90% lose in the futures markets which is 90% opportunity for those that have the knowledge to trade beside the institutions. Shed your old skin and begin your new life as successful futures trader.

Many Ticks!
Jay

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