

# HOW TO SELECT THE MOST PROFITABLE RET PRO 4 ALERTS

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# INTRODUCTION

This document is designed to help you select the most profitable Alerts to trade from those provided to you by RET Pro 4.

Not every RET Pro 4 Alert should be traded. The more skilled you are at picking the bests Alerts, the more profitable your trading will be.

**This document has three main sections:**

- ① All you need to know about the Visual Filter Rules
- ② Practice picking the Pretty ones
- ③ Advanced Practice

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# DISCLAIMER

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**Risk Disclaimer:** All trading involves risk. Leveraged trading has large potential rewards, but also large potential risk. Be aware and accept this risk before trading. Never trade with money you cannot afford to lose. All forecasting is based on statistics derived from past performance and past performance of any trading methodology is no guarantee of future results. No "safe" trading system has ever been devised and no one can guarantee profits or freedom from loss. No representation is being made that any account will achieve profits or losses similar to those discussed. There is no guarantee that, even with the best advice available, you will become a successful trader because not everyone has what it takes to be a successful trader. The trading strategies discussed may be unsuitable for you depending upon your specific investment objectives and financial position. You must make your own investment decisions in light of your own investment objectives, risk profile, and circumstances. Use independent advisors as you believe necessary. Therefore, the information provided herein is not intended to be specific advice as to whether you should engage in a particular trading strategy or buy, sell, or hold any financial product. Margin requirements, tax considerations, commissions, and other transaction costs may significantly affect the economic consequences of the trading strategies or transactions discussed and you should review such requirements with your own legal, tax and financial advisors. Before engaging in such trading activities, you should understand the nature and extent of your rights and obligations and be aware of the risks involved. All testimonials are unsolicited and are potentially non-representative of all clients. Your trading results may vary from those case studies detailed on the Elliottician website. Elliottician is not a broker or licensed investment advisor and therefore is not licensed to tailor general investment advice for individual traders. Your actions and the results of your actions in regard to anything you receive from Elliottician are entirely your own responsibility. Elliottician cannot and will not assume liability for any losses that may be incurred by the use of any information received from Elliottician. Any such liability is hereby expressly disclaimed.

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SECTION ONE :

# ALL YOU NEED TO KNOW ABOUT THE VISUAL FILTER RULES

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**PART I : *Overview***

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## PART I : *Overview*

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RET Pro 4 provides you with Alerts. Not all these Alerts should be traded. It is up to you to select which of these Alerts to trade.

This document explains the rules used to select the best and most profitable Alerts produced by the RET Pro 4 in a recent 1500 trade study.

### **We visually categorize Alerts into four general classifications:**

- |              |  |
|--------------|--|
| ① Pretty     | Pattern obeys all the rules. Excellent trade.      |
| ② Attractive | Pattern obeys nearly all the rules. Good to trade. |
| ③ Plain      | Pattern does not obey rules well enough to trade.  |
| ④ Ugly       | Pattern obeys very few of the rules. Don't trade.  |

## PART I : *Overview*

# ALERT CATEGORY : *Pretty Patterns*

Patterns that obey all the visual filtering rules are classified as Pretty.

About 5 in every hundred Alerts can be classified as Pretty.

Thorough testing has shown that 90% of Pretty alerts reach the T100% target price or better.

Most Pretty trades that lose money give an Early Exit signal, which reduces losses substantially.

## PART I : *Overview*

# ALERT CATEGORY : *Attractive Patterns*

Attractive patterns obey most of the visual filtering rules.

Attractive is not quite Pretty, but still good to trade.

About 10 in every 100 Alerts can be classified as Attractive.

Thorough testing has shown 90% of Attractive Patterns reach the T100% target.

Many losing trades give an Early Exit signal, which reduces losses substantially.

## PART I : *Overview*

# ALERT CATEGORY : *Plain Patterns*

Plain refers to patterns that are not quite Attractive enough to trade.

Plain Alerts do not obey enough of the Visual Filtering Rules to be considered a valid trade.

Fewer than 75% of the Plain trades catalogued reached the T100% target.

**We do not trade Plain Alerts.**

## PART I : *Overview*

# ALERT CATEGORY : *Ugly Patterns*

This is a general classification for all other Alerts that do not obey the rules – those that cannot even be considered Plain.

Less than 50% of Ugly Alerts catalogued reached the T100% target.

**We NEVER trade Ugly Alerts.**

## PART I : *Overview*

# WHICH PATTERNS TO TRADE

The research results and our experience suggest you should only trade Pretty and Attractive Alerts, as they have been profitable 90% or more of the time.

There are usually about 15 Pretty or Attractive trades in every 100 Alerts produced by RET Pro 4.

## PART I : *Overview*

# WHICH PATTERNS TO TRADE

It will take time to learn how to select only Pretty and Attractive trades.

Even more practice will be needed to reliably and accurately select them in the heat of the moment when taking a trade in a live and rapidly moving market.

This is why it is important to regularly review your trading journal and check that only bona fide Pretty and Attractive trades were entered.

## **PART I : *Overview***

# **WHICH PATTERNS TO TRADE**

If you are not getting excellent trading results, then study the Visual Filtering Rules.

Practice selecting Pretty and Attractive, both at your leisure and while trading.

## PART I : *Overview*

# WHICH PATTERNS TO TRADE

With minimal experience, you should be able to select the Pretty Alerts, and discard the Ugly ones.

The difference between Pretty and Ugly is usually obvious.

This will normally give you about five Alerts to trade in every 100 Alerts that RET Pro 4 provides.

## PART I : *Overview*

# WHICH PATTERNS TO TRADE

It will take considerably more skill and experience to differentiate reliably between Attractive and Plain.

Once you can do this well, the number of trades available to you should increase to about 15 in every 100 Alerts that the software provides.

Of the Attractive Alerts we have catalogued, there was no significant reduction in win rate or profitability compared with Pretty Alerts.

SECTION ONE :

# ALL YOU NEED TO KNOW ABOUT THE VISUAL FILTER RULES

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**PART II : *Pretty Alerts***

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## PART II : *Pretty Alerts*

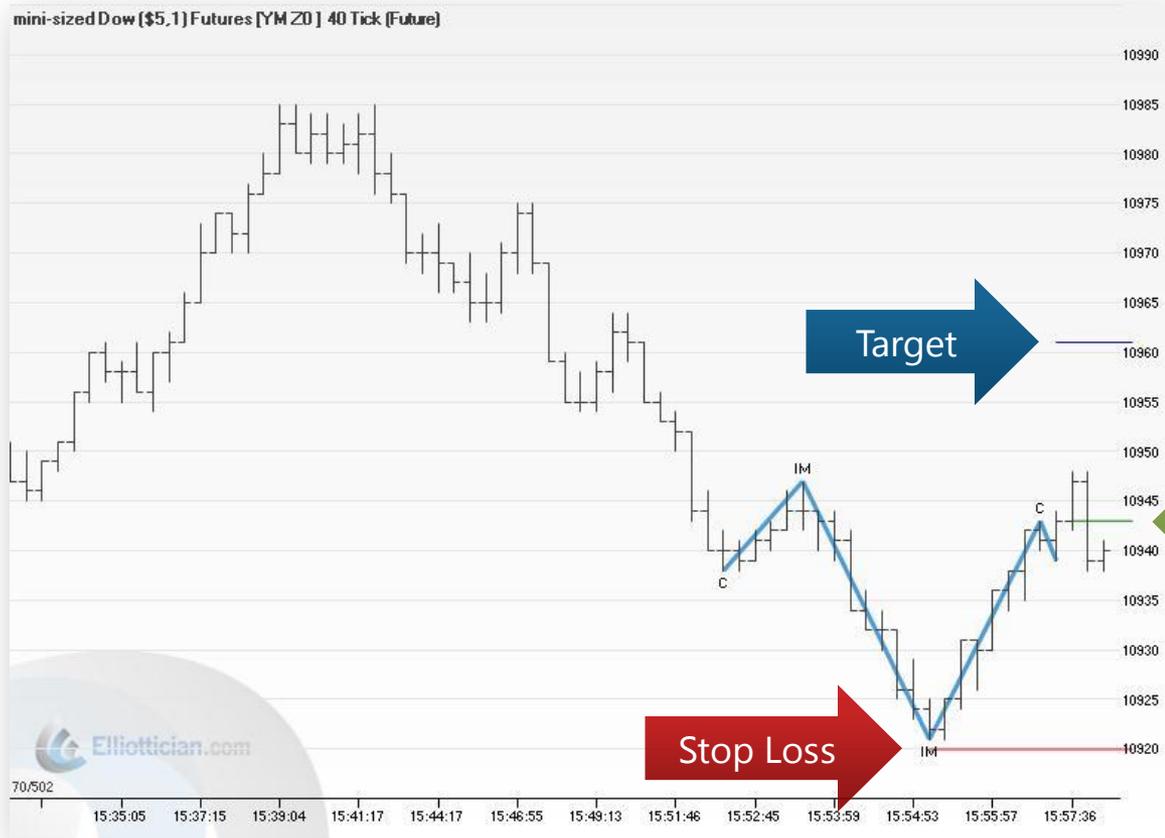
# TYPICAL EXAMPLE OF A PRETTY ALERT



The software provides the blue underlay lines to show you the pattern it has found. This example is a Long trade, meaning that the market is expected to move up.

## PART II : *Pretty Alerts*

# TYPICAL EXAMPLE OF A PRETTY ALERT



The horizontal blue line indicates the target. Exit the trade immediately after the market reaches the target. The red line is the Stop Loss, which is located one tick below the apex of the pattern. Enter at the current market price.

## PART II : *Pretty Alerts*

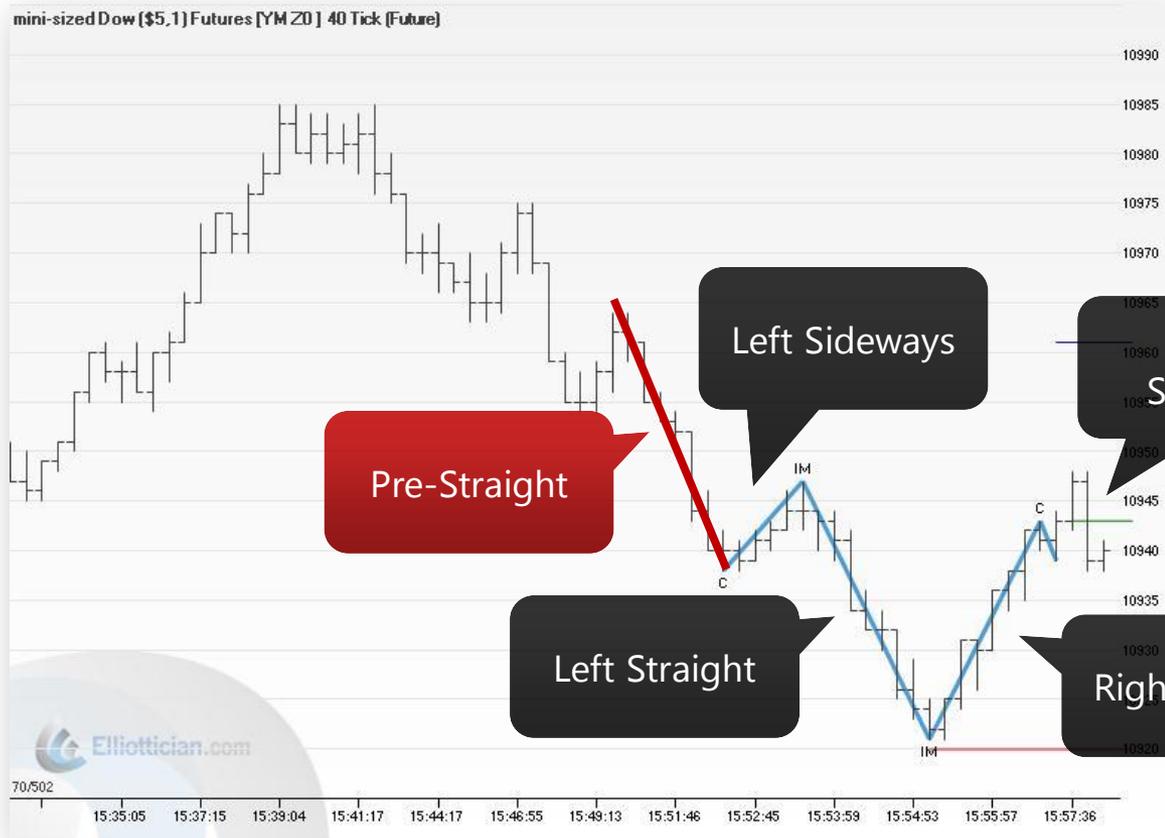
# TYPICAL EXAMPLE OF A PRETTY ALERT



Each part of the pattern is called a Wave. Each Wave has a name. On each side of the Apex are the Left and Right Straight waves. Outside of the straights are the Left and Right Sideways waves.

## PART II : *Pretty Alerts*

# TYPICAL EXAMPLE OF A PRETTY ALERT



Although not specifically shown with the blue underlay, the Pre-Straight wave always precedes the Left Sideways wave.

Pre-Straight

Left Sideways

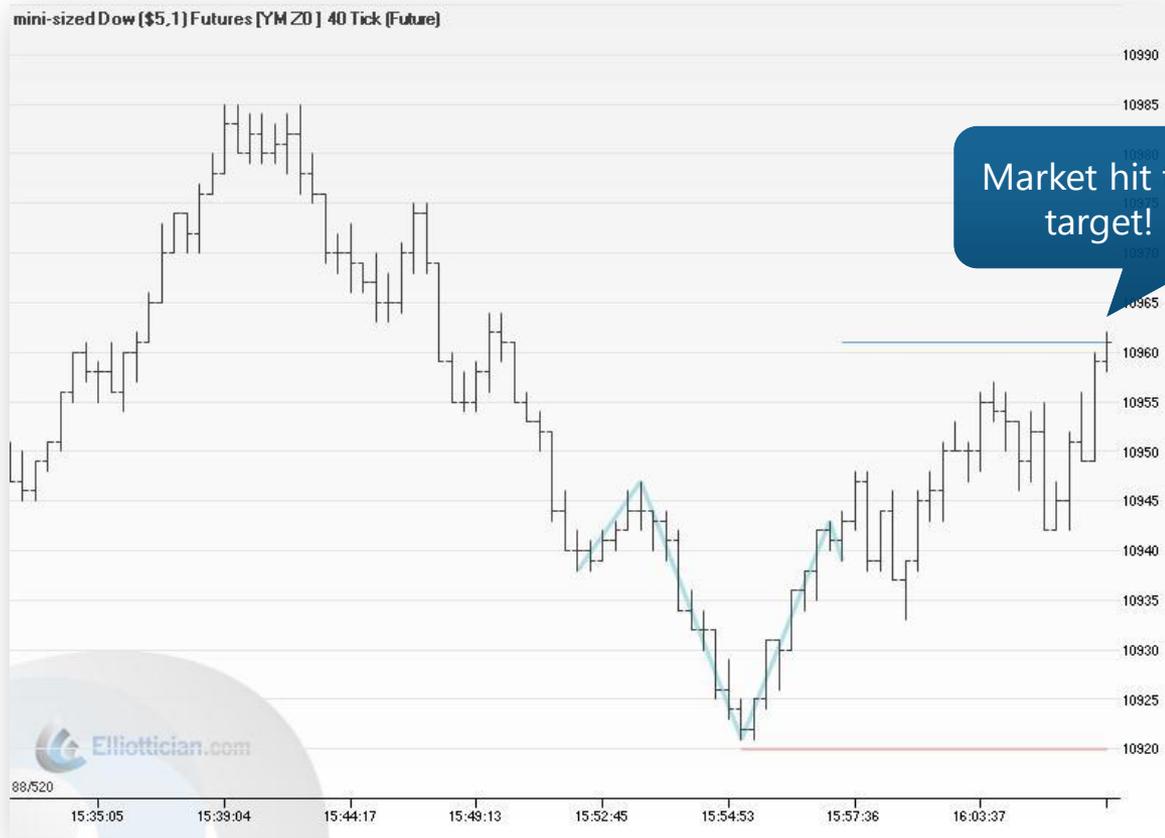
Right Sideways

Left Straight

Right Straight

## PART II : *Pretty Alerts*

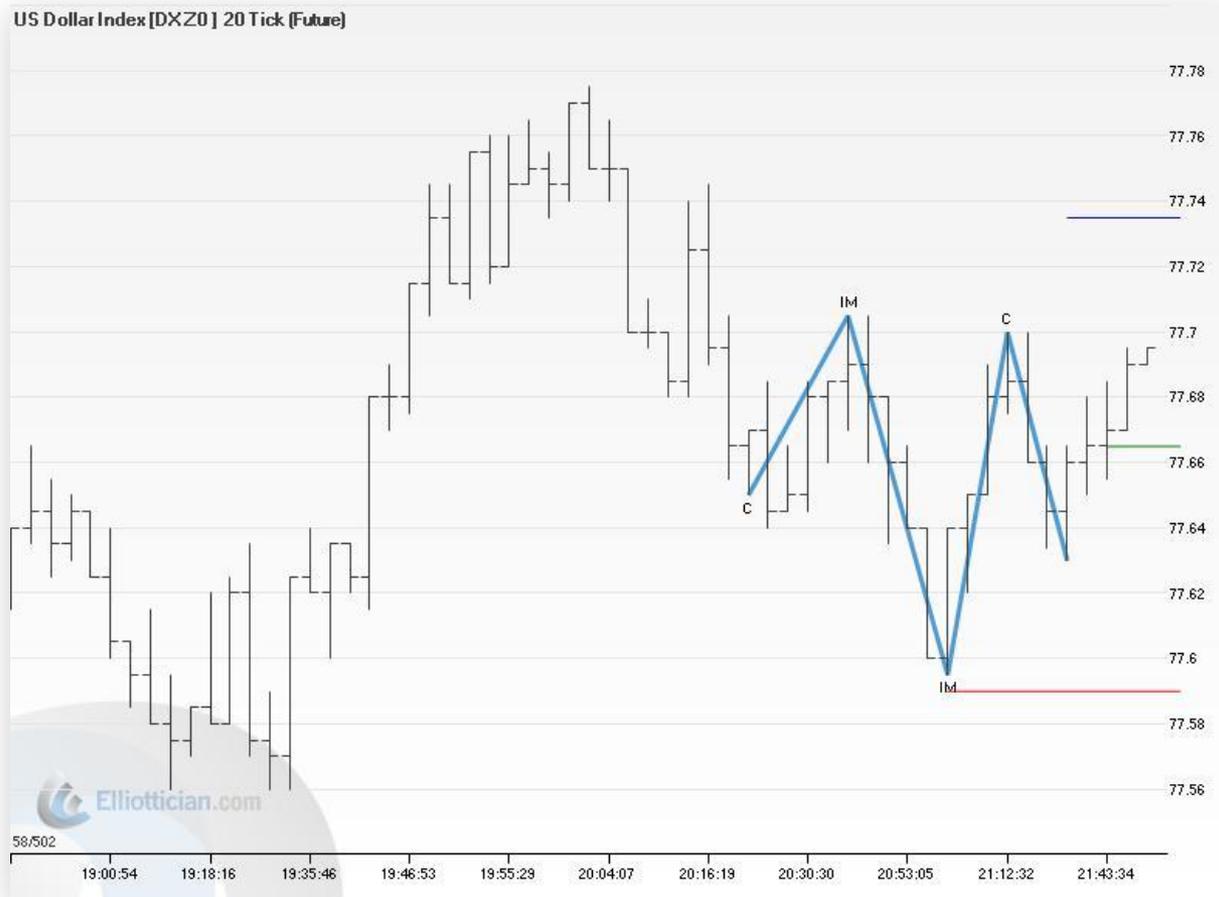
# TYPICAL EXAMPLE OF A PRETTY ALERT



This chart shows what happened to the previous Pretty Alert. Note how the market moved up to hit the target, as expected.

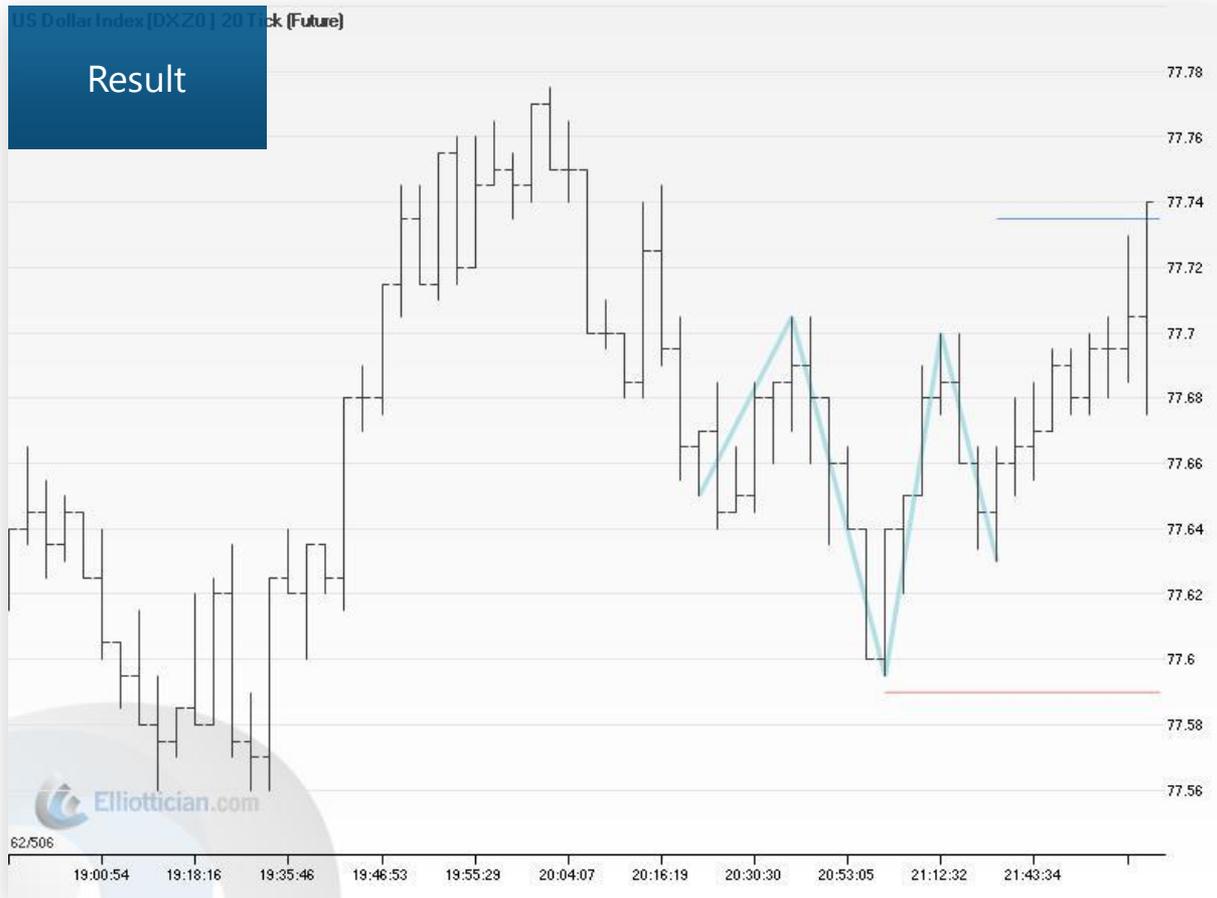
## PART II : *Pretty Alerts*

# PRETTY ALERT EXAMPLE #2



## PART II : *Pretty Alerts*

# PRETTY ALERT EXAMPLE #2



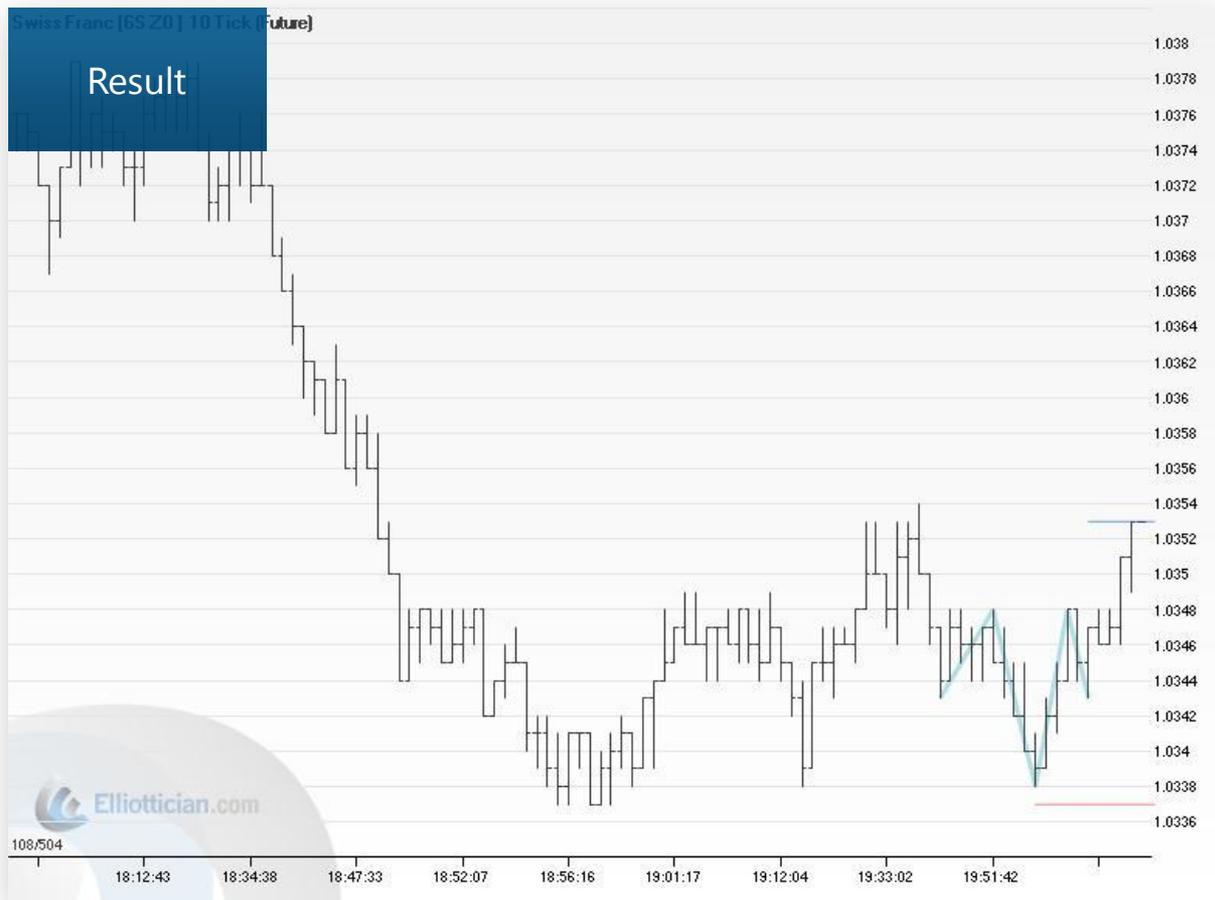
## PART II : *Pretty Alerts*

# PRETTY ALERT EXAMPLE #3



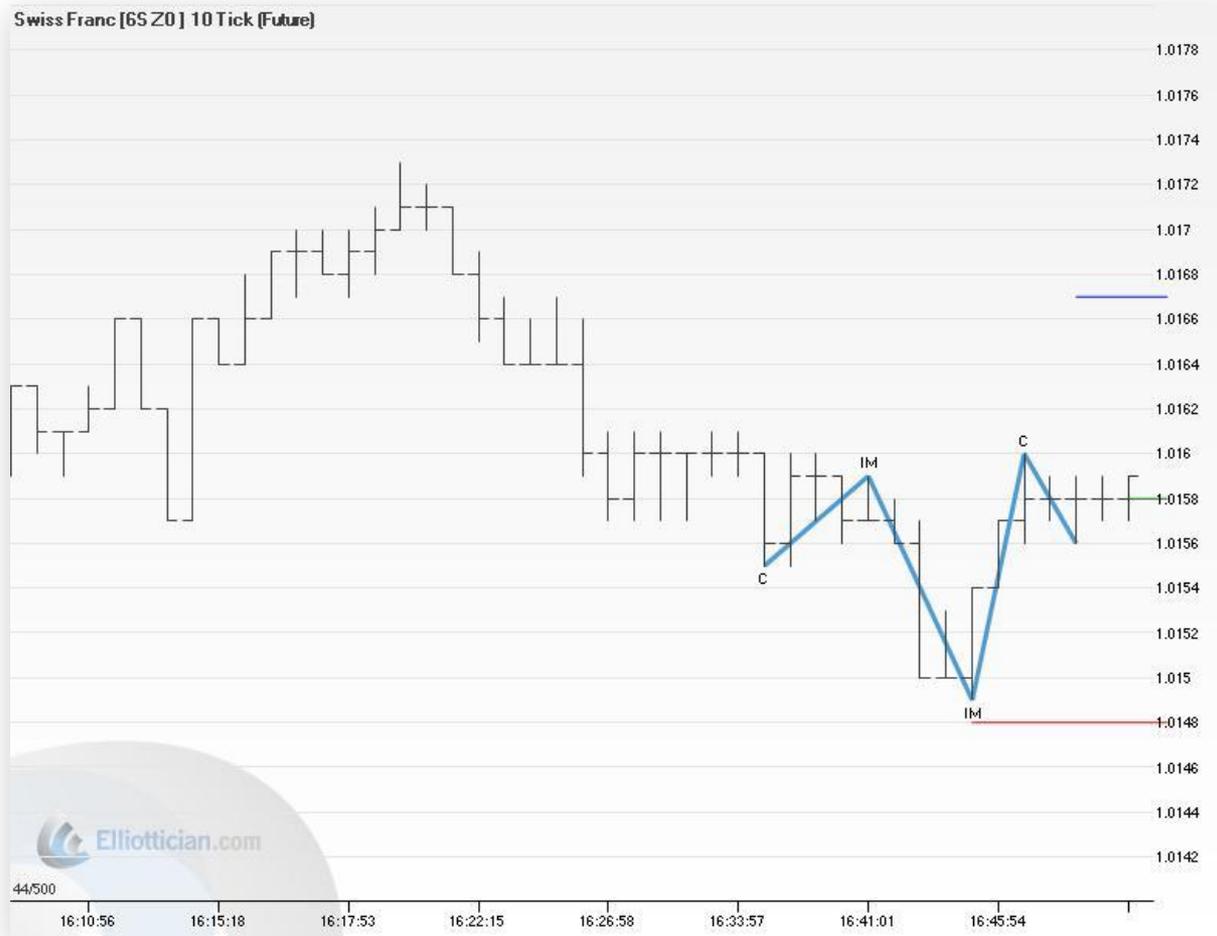
## PART II : *Pretty Alerts*

# PRETTY ALERT EXAMPLE #3



## PART II : *Pretty Alerts*

# PRETTY ALERT EXAMPLE #4



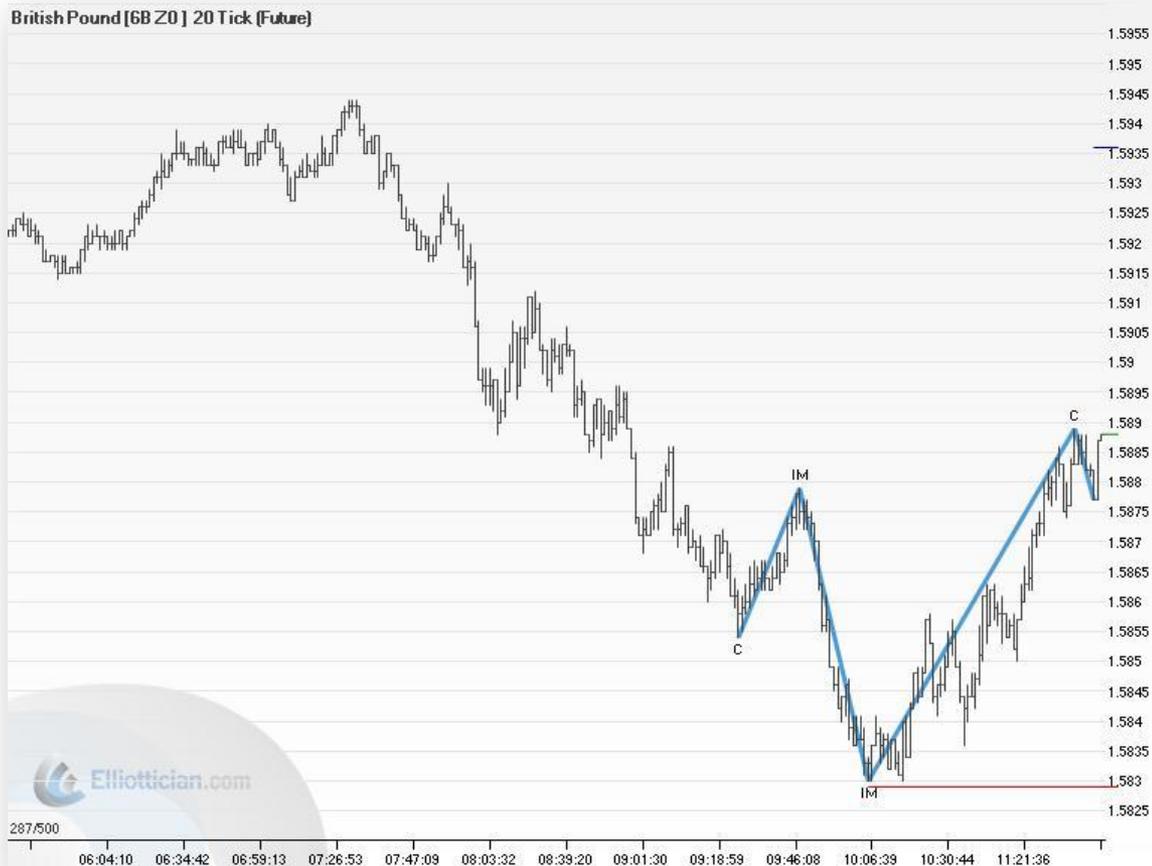
## PART II : *Pretty Alerts*

# PRETTY ALERT EXAMPLE #4



## PART II : *Pretty Alerts*

# TYPICAL EXAMPLE OF AN UGLY ALERT

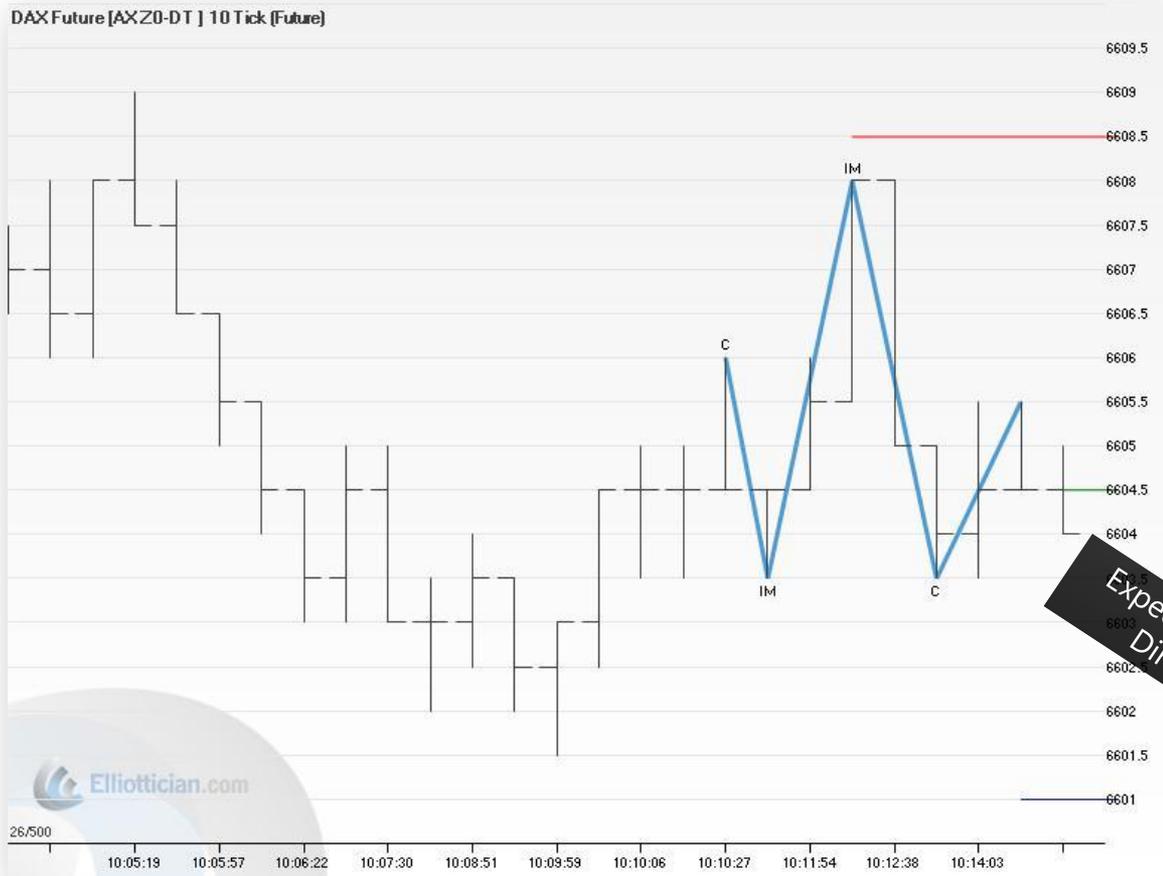


In contrast to the Pretty Alerts shown earlier, this is a typical example of an Ugly Alert. Notice the excessive overlap in the internal movement of the Right Straight. We will examine the exact definition of Ugly Alerts later.

**This would be a no-trade.**

## PART II : *Pretty Alerts*

# TYPICAL EXAMPLE OF A SHORT PRETTY ALERT



Short trades are expected to go down rather than up. The Short version of the pattern is an exact inverted image of the Long pattern.

## PART II : *Pretty Alerts*

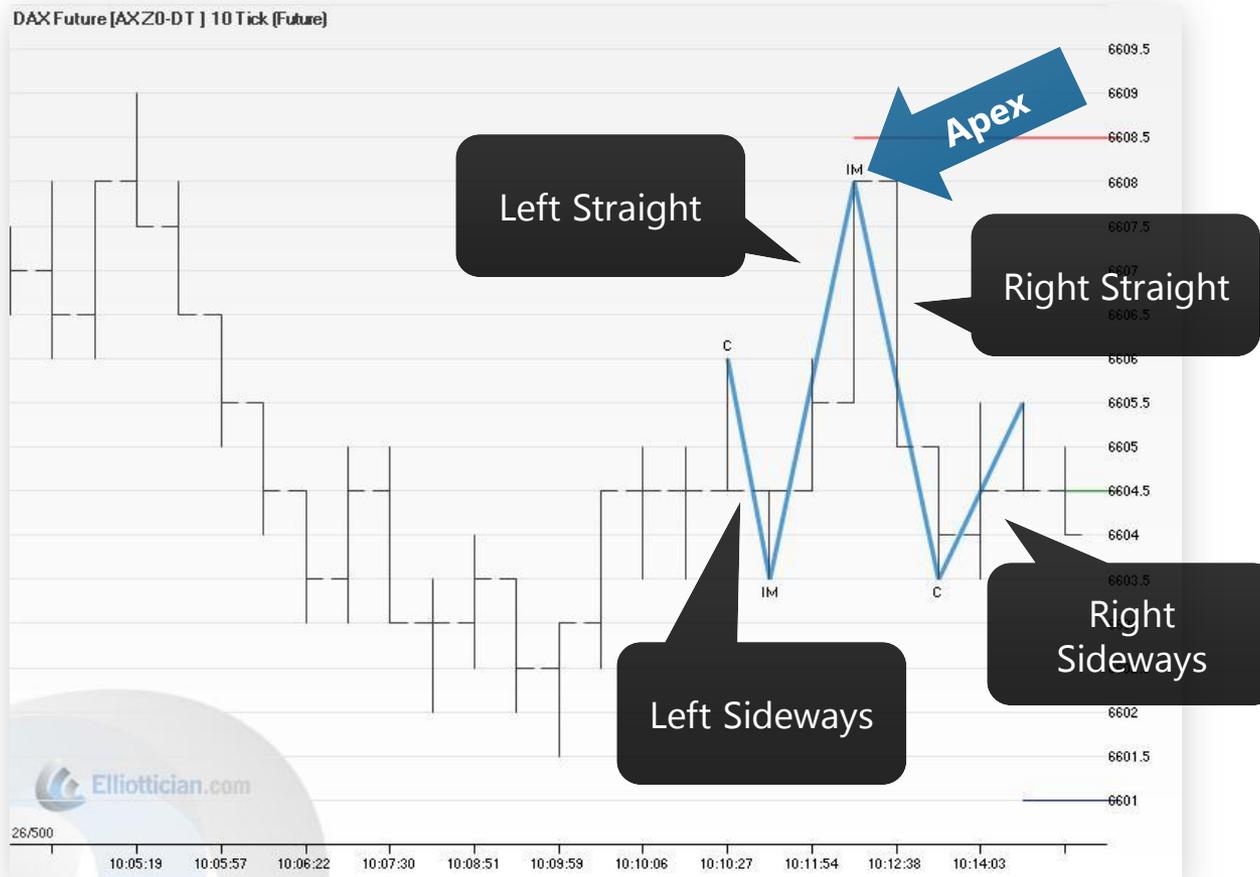
# TYPICAL EXAMPLE OF A SHORT PRETTY ALERT



In a short trade, the blue target is below the current market price, while the red Stop Loss is above. The Stop Loss is located one tick above the apex. Enter Short at the current market price. Note that sometimes it is necessary to wait until a valid Entry Signal forms. More on this later.

## PART II : *Pretty Alerts*

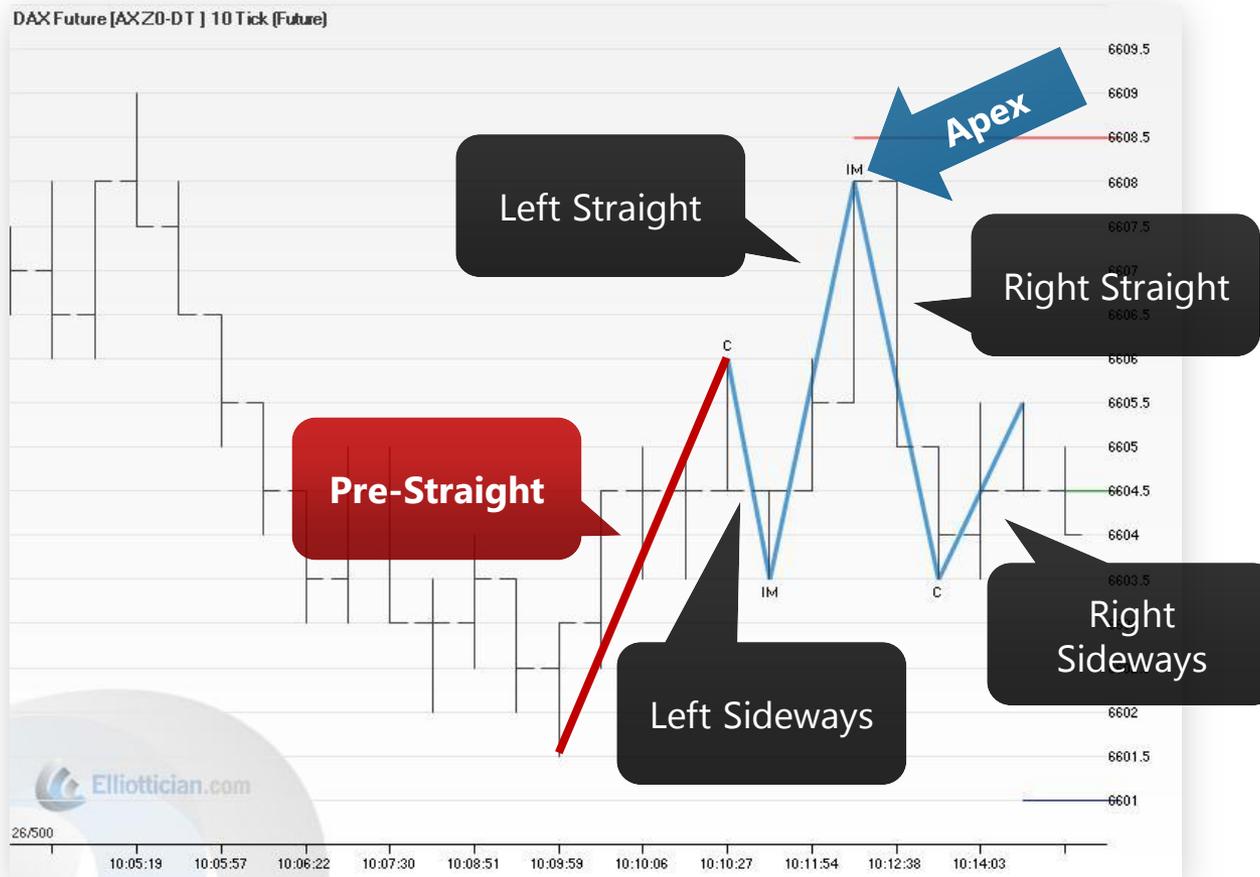
# TYPICAL EXAMPLE OF A SHORT PRETTY ALERT



The short version of the pattern has the same waves as the long version, but it moves in the opposite direction. The Apex is a high rather than a low.

## PART II : *Pretty Alerts*

# TYPICAL EXAMPLE OF A SHORT PRETTY ALERT



The short version of the pattern has the same waves as the long version, but it moves in the opposite direction. The Apex is a high rather than a low.

## PART II : *Pretty Alerts*

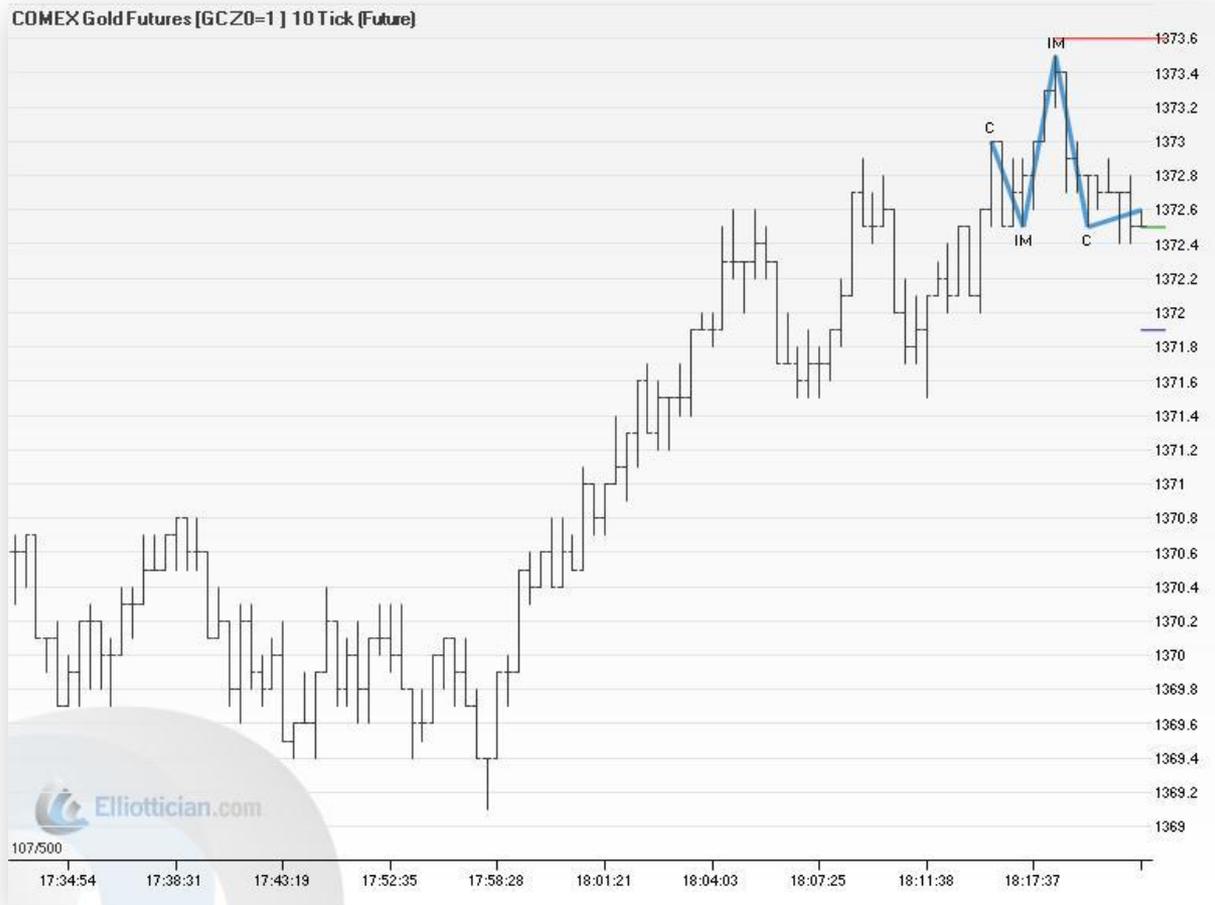
# TYPICAL EXAMPLE OF A SHORT PRETTY ALERT



This chart shows what happened to the previous Short Pretty Alert. Note how the market moved down to hit the target, as expected.

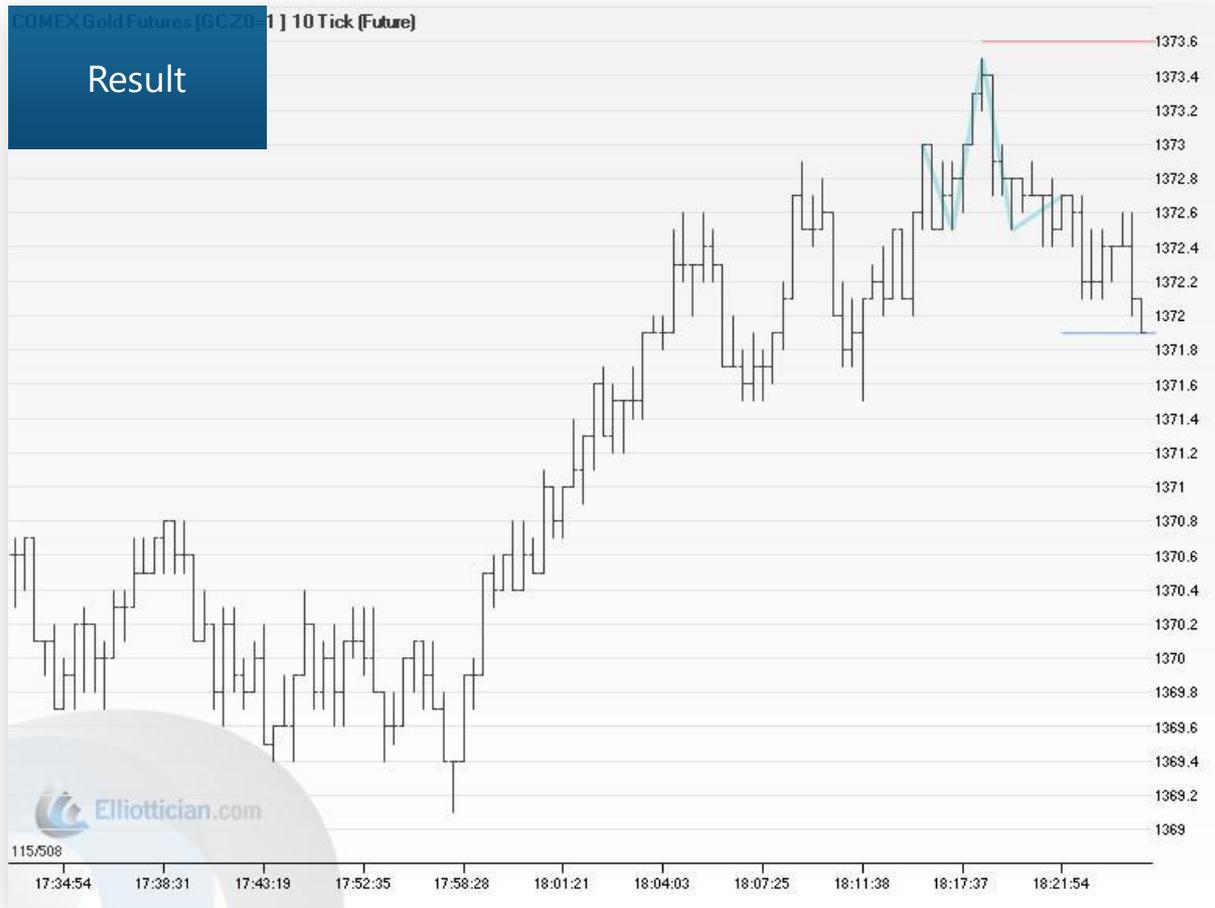
## PART II : *Pretty Alerts*

# SHORT PRETTY ALERT EXAMPLE #2



## PART II : *Pretty Alerts*

# SHORT PRETTY ALERT EXAMPLE #2



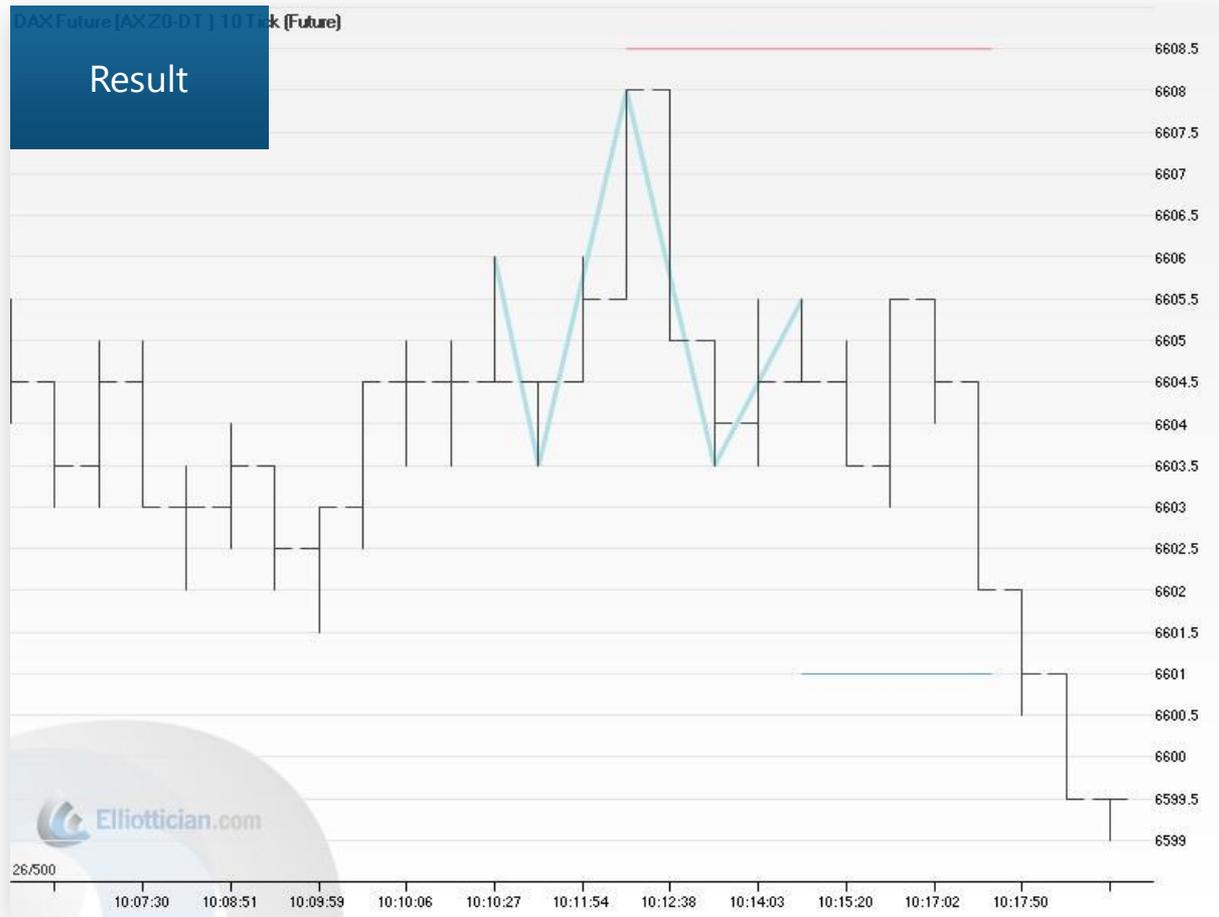
PART II : *Pretty Alerts*

SHORT PRETTY ALERT EXAMPLE #3



## PART II : *Pretty Alerts*

# SHORT PRETTY ALERT EXAMPLE #3



## PART II : *Pretty Alerts*

# SHORT PRETTY ALERT EXAMPLE #4



## PART II : *Pretty Alerts*

# SHORT PRETTY ALERT EXAMPLE #4



## PART II : *Pretty Alerts*

# TYPICAL EXAMPLE OF AN UGLY ALERT



In contrast to the short Pretty Alerts shown above, this is a typical example of a short Ugly Alert. Notice how different the pattern is to typical short Pretty Alerts. For example, the Left Straight is not straight. The Pre-Straight is too short. The Apex is not pointy. The Right Sideways retraces too far. We will examine these rules later.

SECTION ONE :

**ALL YOU NEED TO KNOW  
ABOUT THE VISUAL FILTER RULES**

———— **PART III** : *When to Ignore the Blue Underlay* ————

## PART III : *When to Ignore the Blue Underlay*

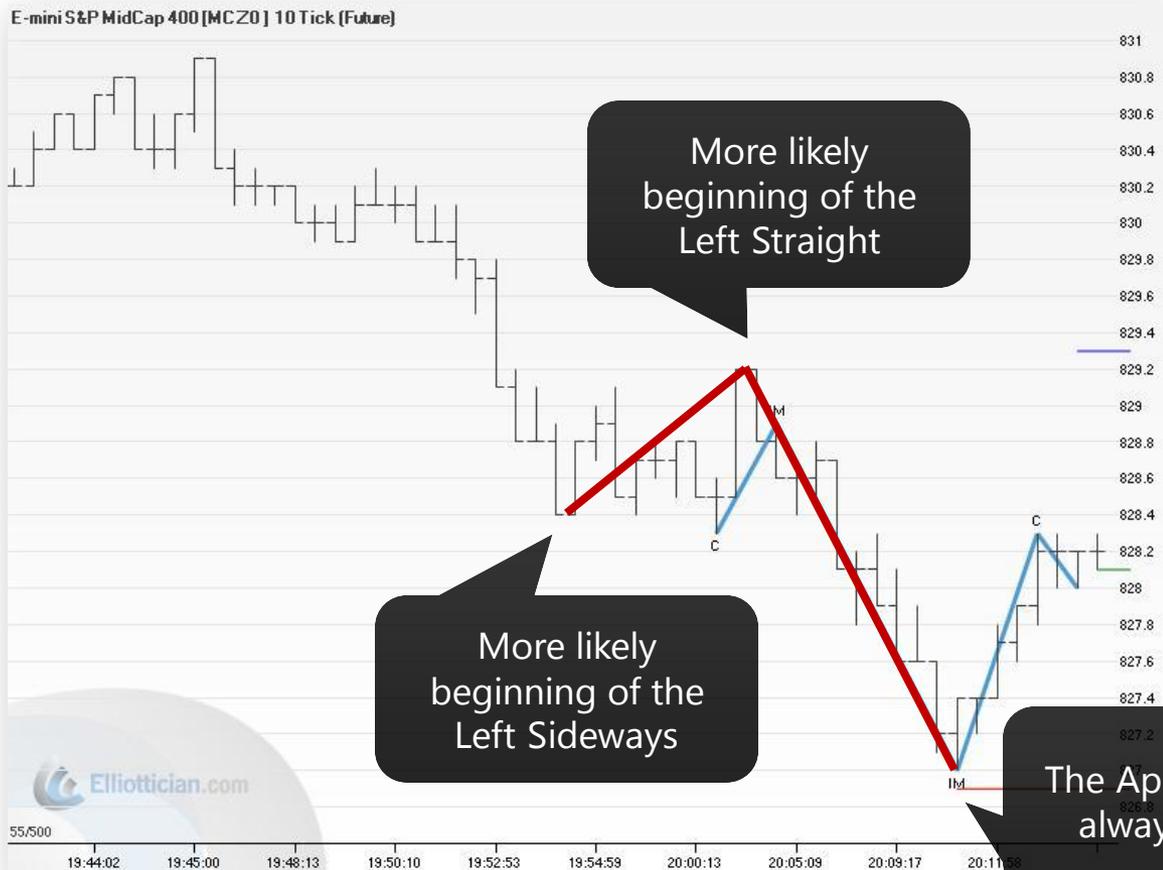
# LONG EXAMPLE



Except for the Apex, RET Pro 4 does not always identify each wave of the pattern correctly. It is important that you look beyond the Blue Underlay and identify each wave of the pattern yourself.

## PART III : *When to Ignore the Blue Underlay*

# LONG EXAMPLE



More likely  
beginning of the  
Left Straight

More likely  
beginning of the  
Left Sideways

The Apex is nearly  
always correct

The red lines are more likely to indicate the correct end points of the Left Sideways and Left Straight waves than the computer generated Blue Underlay indicates. The Blue Underlay nearly always correctly identifies the Apex, but the other waves always need to be examined manually.

## PART III : *When to Ignore the Blue Underlay*

# LONG EXAMPLE



This is the result. The market hit the target. Without looking beyond the Blue Underlay and mentally adjusting the wave ends, this pattern would have been considered Ugly, and not traded.

## PART III : *When to Ignore the Blue Underlay*

# SHORT EXAMPLE



In this example of a short alert, the Pre-Straight appears to be very short – too short for this to qualify as a Pretty pattern.

## PART III : *When to Ignore the Blue Underlay*

# SHORT EXAMPLE



The solution is to consider a much longer Left Sideways wave, which would result in a Pre-Straight with a much better (longer) length. This placement of the Pre-Straight and Left Sideways would qualify this pattern as Pretty.

## PART III : *When to Ignore the Blue Underlay*

# SHORT EXAMPLE



The (mentally placed) red lines are more likely to correctly identify the wave ends than the Blue Underlay. If you assumed the Blue Underlay was correct, this pattern would not qualify as Pretty. By mentally adjusting the wave ends, we discover a valid Pretty pattern, and a very nice profitable trade.

This is more likely to be the end of the Right Sidways

## PART III : *When to Ignore the Blue Underlay*

# SHORT EXAMPLE



The market subsequently hit the target. Mentally adjusting wave ends correctly will result in more trades and more profits. Exactly how to do this will be discussed in detail a little later in this document.

SECTION ONE :

**ALL YOU NEED TO KNOW  
ABOUT THE VISUAL FILTER RULES**

———— **PART IV** : *More Examples of Pretty Alerts* ————

## **PART IV** : *More Examples of Pretty Alerts*

The following examples are not quite as visually clear as those above.

The following examples all qualify as Pretty, even though they may not be as clear.

Both Long and Short Alerts are included.

## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #1



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #1



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #2



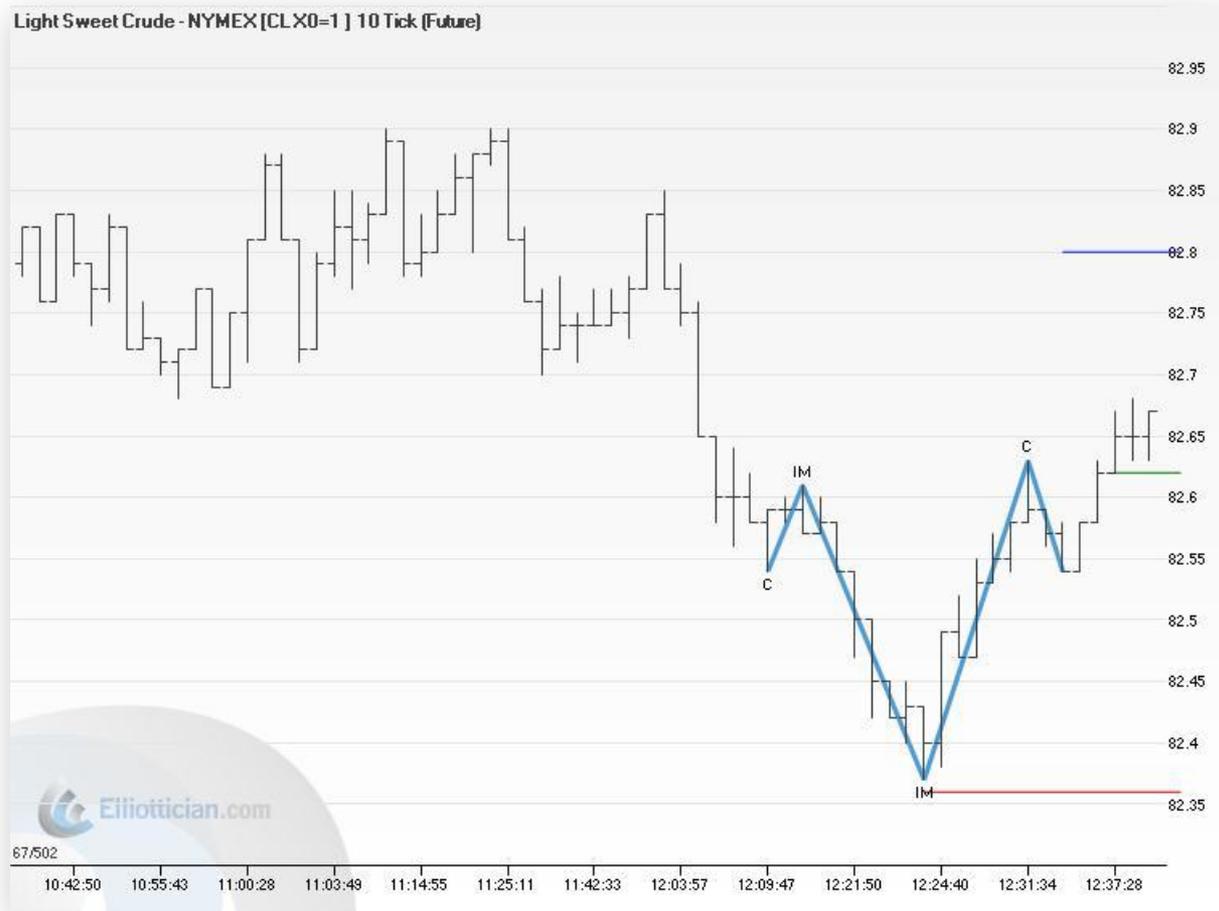
## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #2



PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #3



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #3



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #4



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #4



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #5



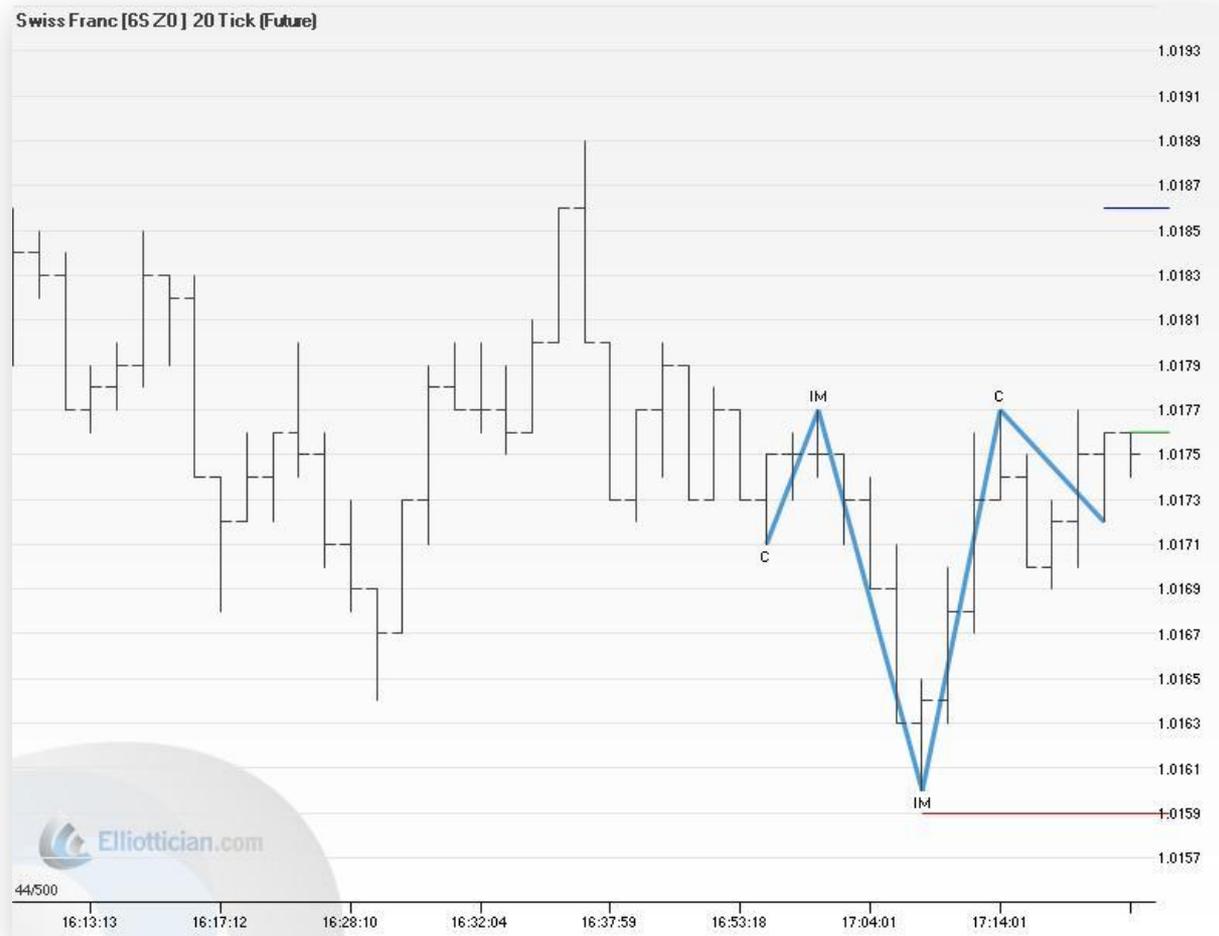
## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #5



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #6



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #6



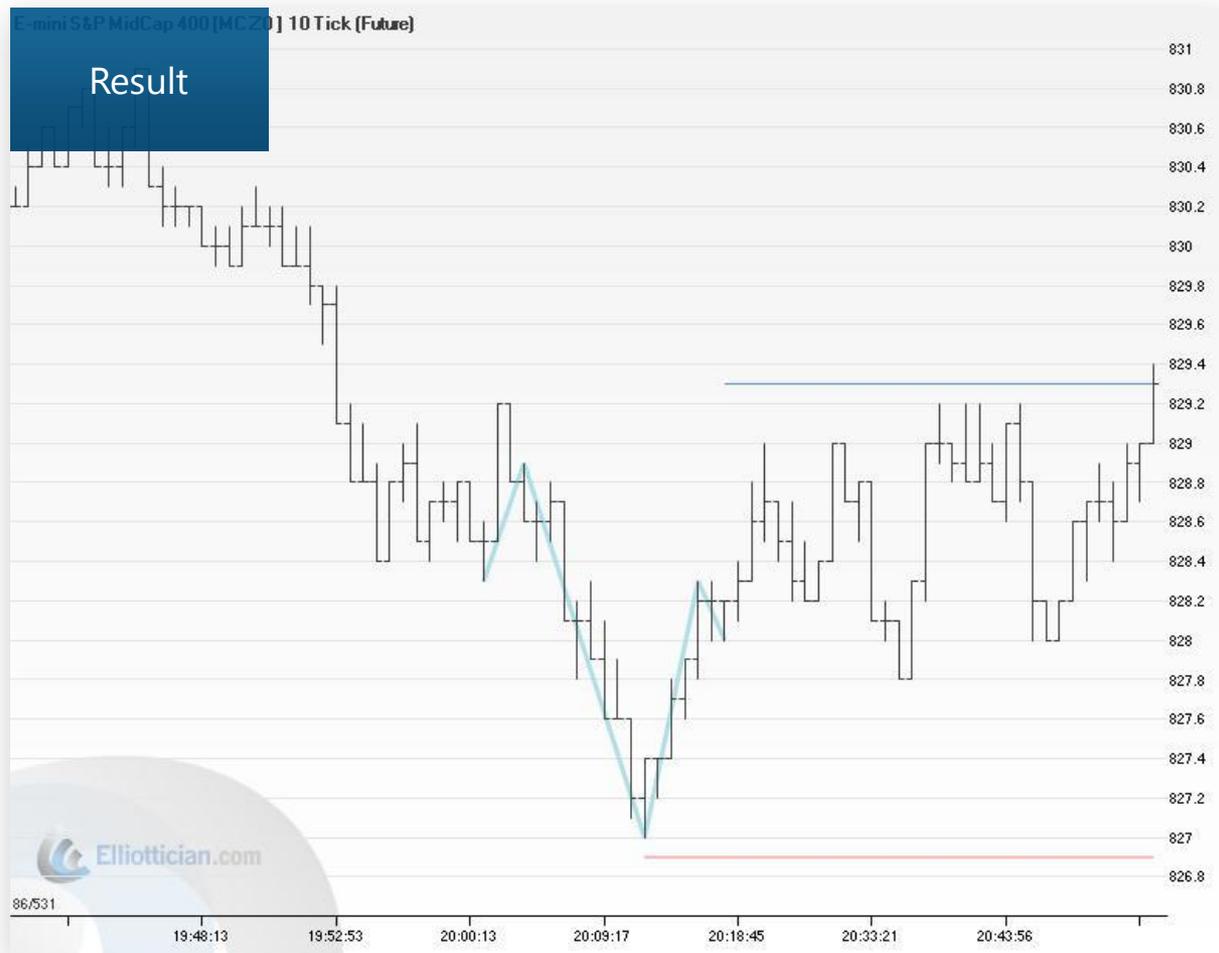
## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #7



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #7



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #8



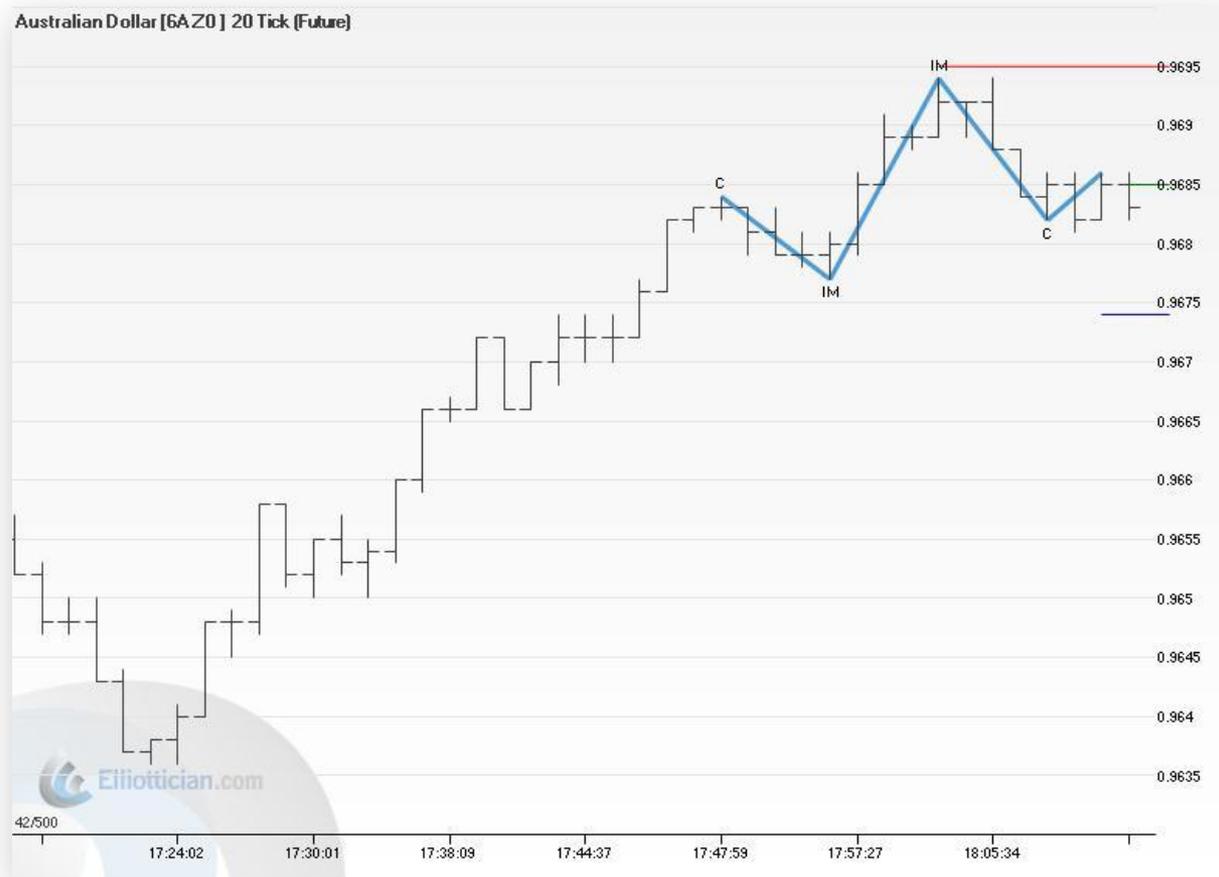
## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #8



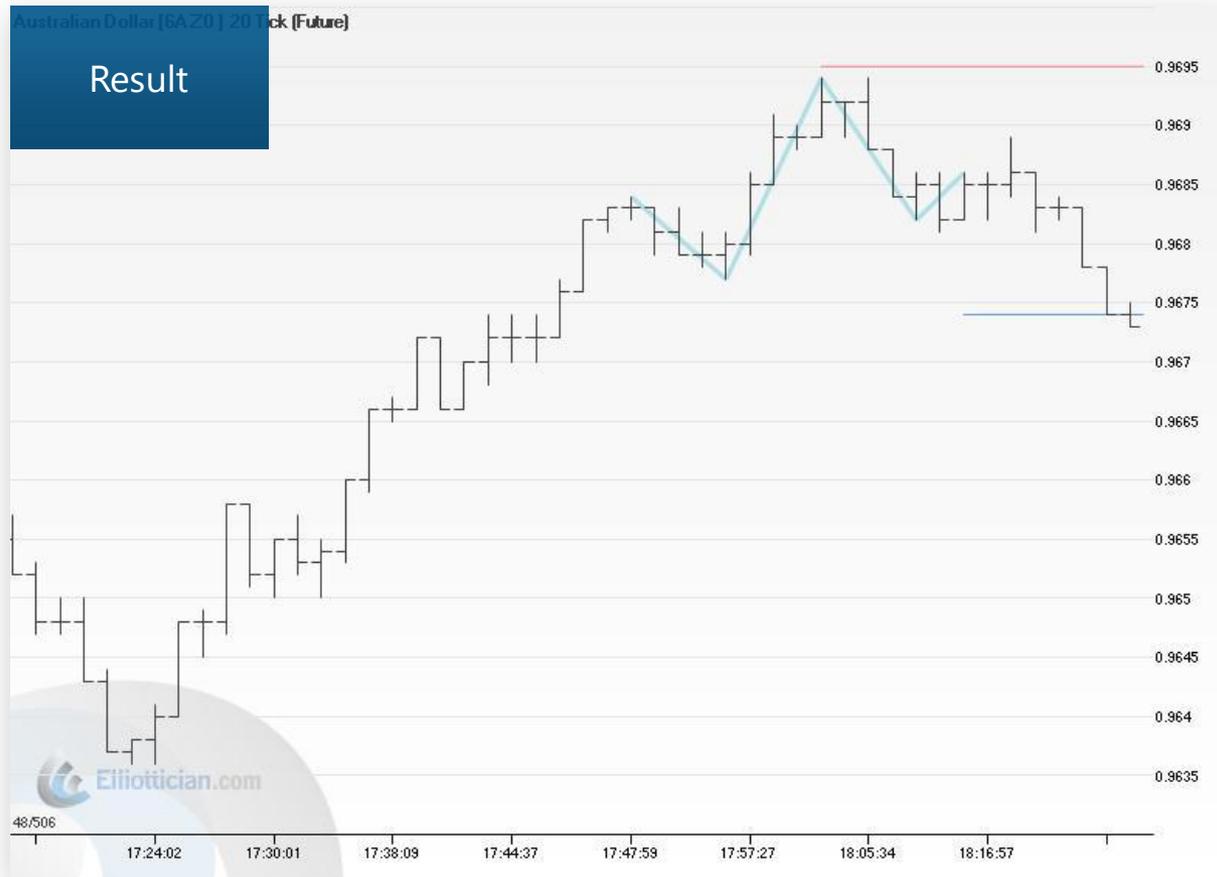
## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #9



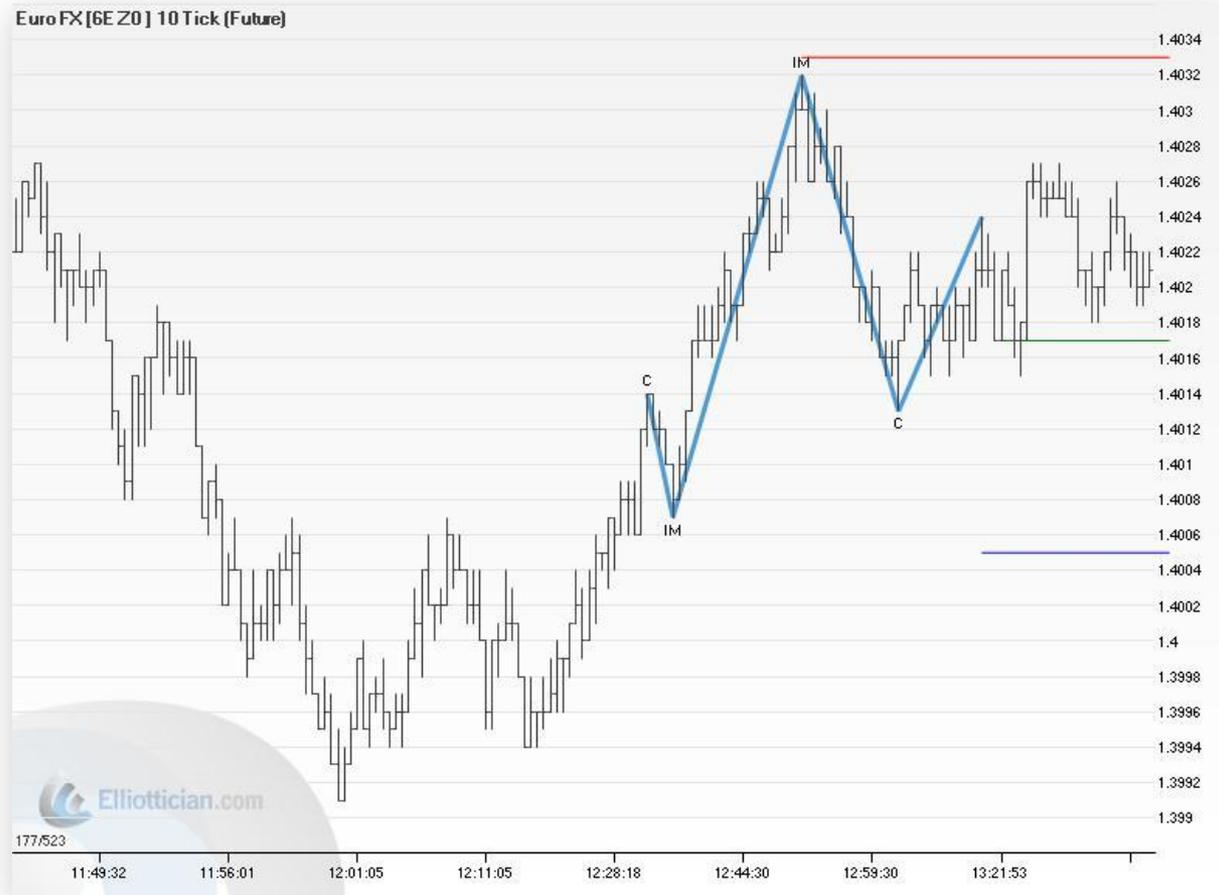
## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #9



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #10



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #10



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #11



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #11



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #12



PART IV : *More Examples of Pretty Alerts*

**MORE EXAMPLES OF PRETTY ALERTS #12**



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #13



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #13



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #14



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #14



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #15



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #15



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #16



## PART IV : *More Examples of Pretty Alerts*

# MORE EXAMPLES OF PRETTY ALERTS #16



SECTION ONE :

**ALL YOU NEED TO KNOW  
ABOUT THE VISUAL FILTER RULES**

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**PART V** : *Entry Signals*

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## **PART V** : *Entry Signals*

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Only enter a trade on a valid Entry Signal

You often need to wait for some time after the Alert appears for an Entry Signal to happen.

Only enter if Reward to Risk Ratio is sufficient

There are three main types of Entry Signals

Not all Alerts give a valid Entry Signal

## **PART V** : *Entry Signals*

# **SIDEWAYS WITHIN A RANGE**

The Right Sideways moves mostly sideways within a clearly defined range.

The market moves repeatedly from the top of the range to the bottom and back again.

The more time that the market moves sideways, the better.

The narrower the range when compared with the preceding Right Straight the better, but the widest allowable is about 75%.

Once a range has been established, enter at any time.

## PART V : *Entry Signals*

# ENTRY SIGNALS – SIDEWAYS #1



Market moving sideways within narrow range

When the Right Sideways moves mostly sideways within a range, enter immediately. The narrower the range, the better. The longer it moves sideways, the better. Once the sideways movement has been established, as it has above, enter immediately. Don't wait.

## PART V : *Entry Signals*

# ENTRY SIGNALS – SIDEWAYS #1



In this case, the market only moved sideways for a short time before starting to move towards the target.

## PART V : *Entry Signals*

# ENTRY SIGNALS – SIDEWAYS #2



In this example, the market is moving sideways within a range – although the range is wider than the previous example when compared to the preceding Right Sideways move. Enter immediately.

## PART V : *Entry Signals*

# ENTRY SIGNALS – SIDEWAYS #2



In this case, the market only moved sideways for a short time before starting to move towards the target.

## PART V : *Entry Signals*

# ENTRY SIGNALS – SIDEWAYS #3



This is a perfect Sideways entry signal. A sideways range has been well established. Enter immediately.

## PART V : *Entry Signals*

# ENTRY SIGNALS – SIDEWAYS #3



Notice also that the narrower the range, the greater profit potential. This is why we limit the sideways range to about 75% of the preceding Right Straight. In this example, the width of the sideways move is about 35% of the preceding Right Straight move.

## **PART V** : *Entry Signals*

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# **RETRACE**

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The Right Sideways retraces the Right Straight without pausing.

Wait for the market to return near the beginning of the Right Sideways before entering.

Near means approximately the closest 25% of the range.

If the market does not move back to near the beginning of the Right Sideways, do not enter.

## PART V : *Entry Signals*

# SIMPLE RETRACE #1



The Right Sideways retraced the Right Straight without pausing. When this happens, wait for the market to return to near (approximately in the closest 25%) the beginning of the Right Sideways again, then enter.

PART V : *Entry Signals*

**SIMPLE RETRACE #1**



## PART V : *Entry Signals*

# SIMPLE RETRACE #2

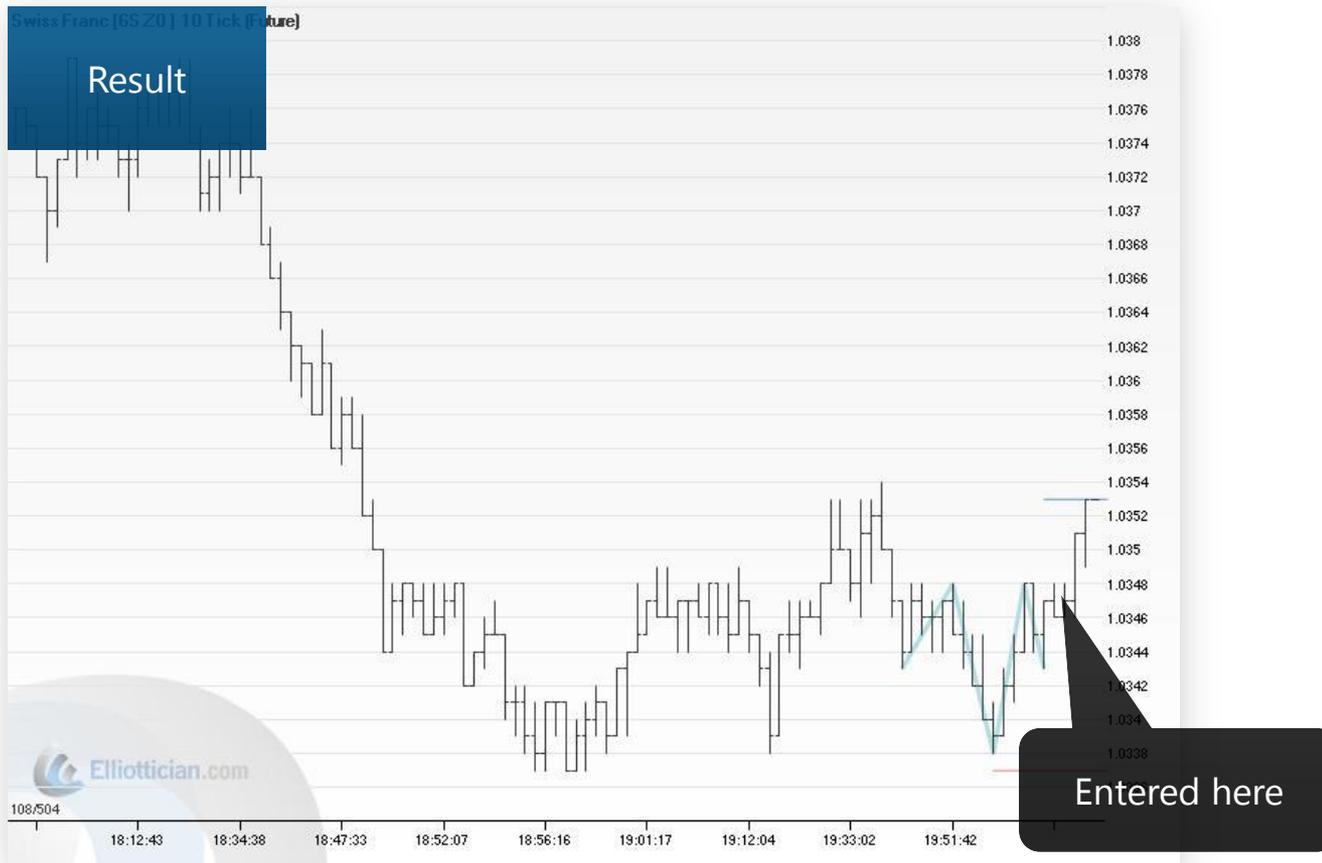


Although there is little detail on this chart, the market clearly pulled back without pausing, then returned to near the beginning of the Right Sideways move. Enter immediately.

Market retraced without pausing.

## PART V : *Entry Signals*

# SIMPLE RETRACE #2



## PART V : *Entry Signals*

# SIMPLE RETRACE #3



Here the market has returned to the top of the Right Sideways. Enter immediately.

Enter when near start of Right Sideways

## PART V : *Entry Signals*

# SIMPLE RETRACE #3



## PART V : *Entry Signals*

# SIMPLE RETRACE #4



In this short example, the market has moved back down to near the beginning of the Right Sideways. This is the entry signal.

## PART V : *Entry Signals*

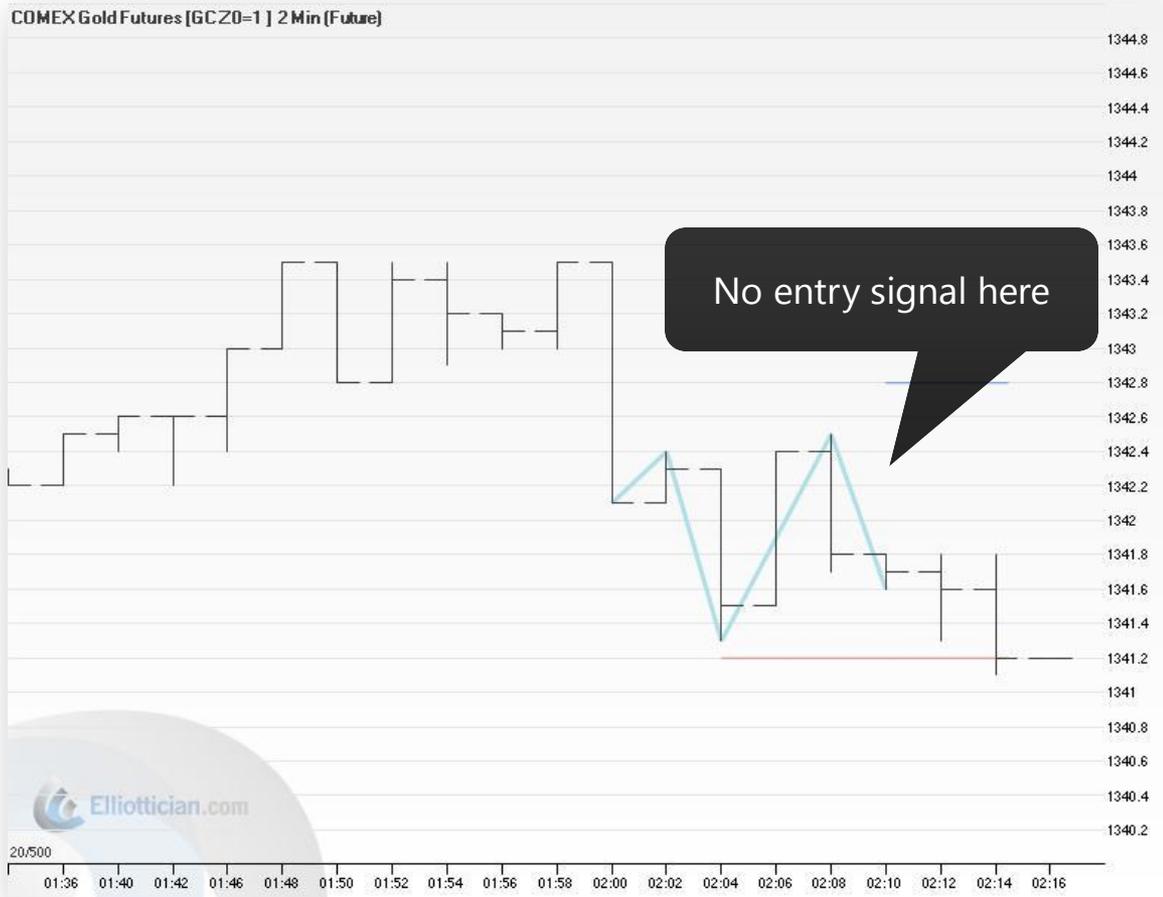
# SIMPLE RETRACE #4



Although the market then rose again beyond the high of the Right Sideways, it eventually returned and moved down to the target for a profitable trade. These moves are difficult to handle emotionally because it is so tempting to exit early when the market approaches the Stop Loss.

## PART V : *Entry Signals*

# DIDN'T GIVE ENTRY SIGNAL #1



The market moved back to the maximum of about 75% of the preceding Right Straight, then continued towards the Stop Loss. It did not return to near the beginning of the Right Sideways, so there was no Entry Signal. You would not have entered this trade.

## PART V : *Entry Signals*

# DIDN'T GIVE ENTRY SIGNAL #2



In this short example, the market retraced the Right Straight nicely, but did not return down to anywhere near the beginning of the Right Straight to produce an entry signal. You would not have entered this market.

No entry signal here

## PART V : *Entry Signals*

# DIDN'T GIVE ENTRY SIGNAL #3



At the time the Alert first appeared, the Right Sideways may have looked like a Sideways within a Range Entry Signal. However, from the moment the Alert first appeared, the market only made new lows. There was no clear Entry Signal.

## **PART V** : *Entry Signals*

---

# **RETRACE WITH A PAUSE**

---

The Right Sideways retraces the Right Straight with a pause (an internal sideways move) somewhere during the retrace.

The pause usually occurs near the middle of the retrace.

Enter when the market has moved beyond the price range of the pause.

If there is more than a single pause, wait for the market to move beyond the pause nearest the beginning of the Right Sideways before entering.

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #1



When the market moves beyond the end of the Right Sideways Blue Underlay, mentally consider the entire move to be the Right Sideways.

Actual end of Right Sideways

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #1

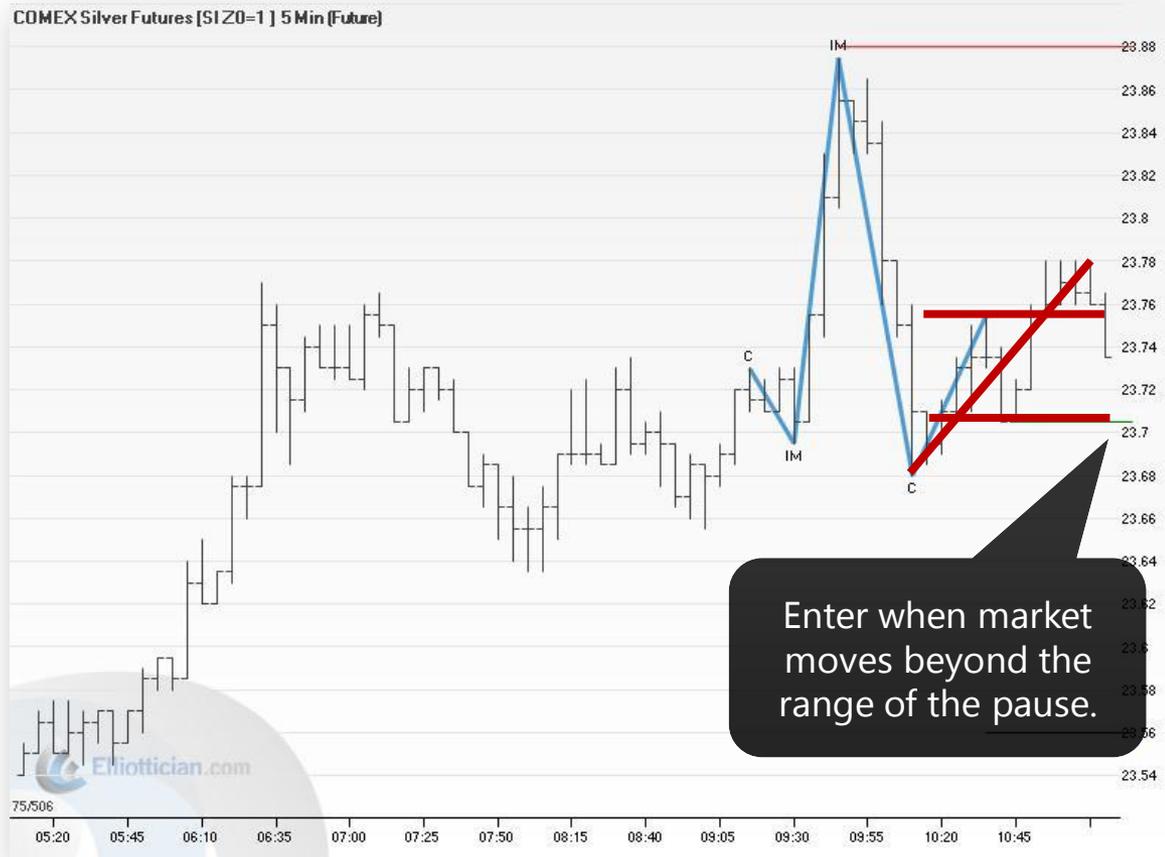


When the Right Sideways move has a pause or sideways move near the middle of the move, we call it a Retrace with Pause.

Pause during retrace

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #1



The Entry Signal occurs when the market has moved beyond the price range of the Pause.

In this example, the market has moved back into the range of the pause.

Do not enter until the market has dropped below the range of the pause - which is, in this example, about 23.7.

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #1



Although the market continued sideways for some time, it eventually headed down to the target.

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #2



At first this Right Sideways may have appeared to be moving in a simple retrace. You may have entered when the market returned back to the top of the Right Sideways.

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #2



The market then continued down again to create a new low. In doing so, it created a Retrace with a Pause. Note that the pause encompassed most of the entire move, ranging back to the top of the Right Sideways.

The pause

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #2



The second entry signal occurred when the market moved back up beyond the range of the Pause.

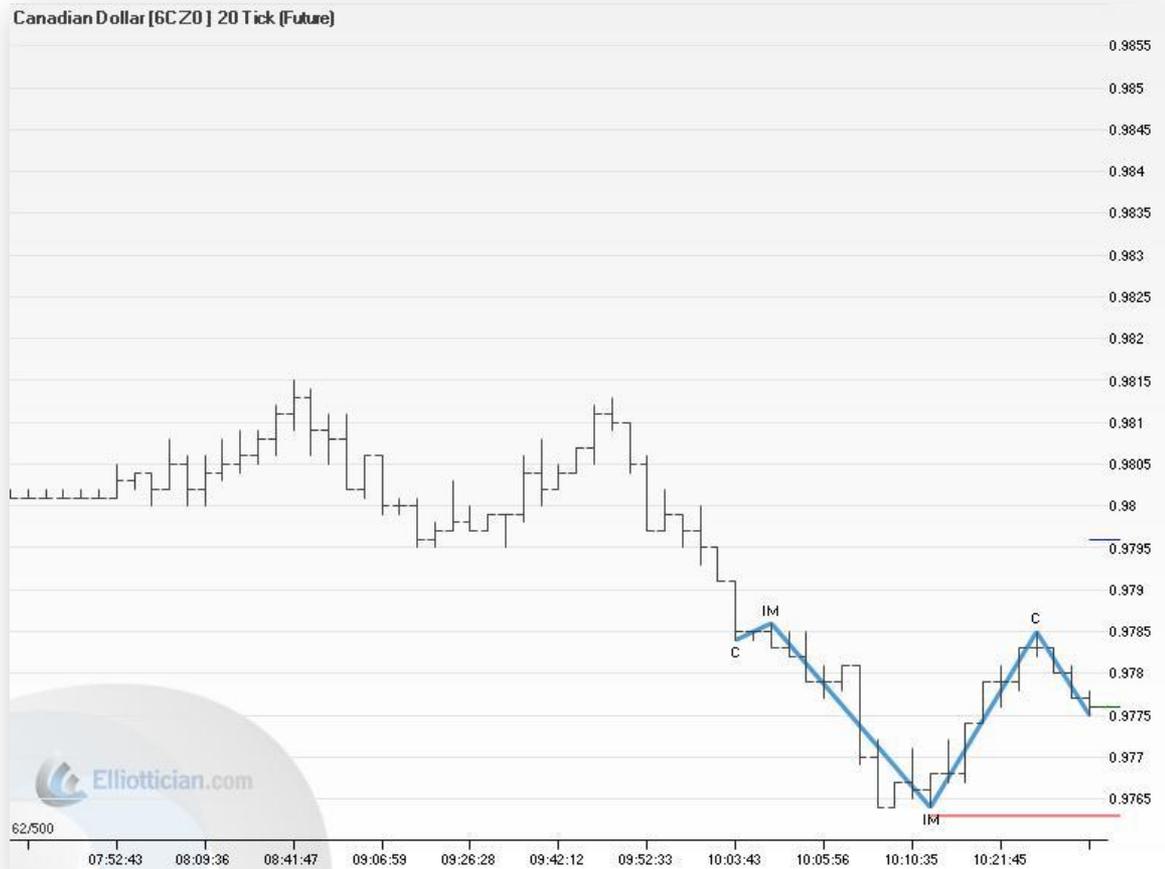
## PART V : *Entry Signals*

# RETRACE WITH PAUSE #2



## PART V : *Entry Signals*

# RETRACE WITH PAUSE #3



Initially this Right Sideways looked like a simple retrace.

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #3

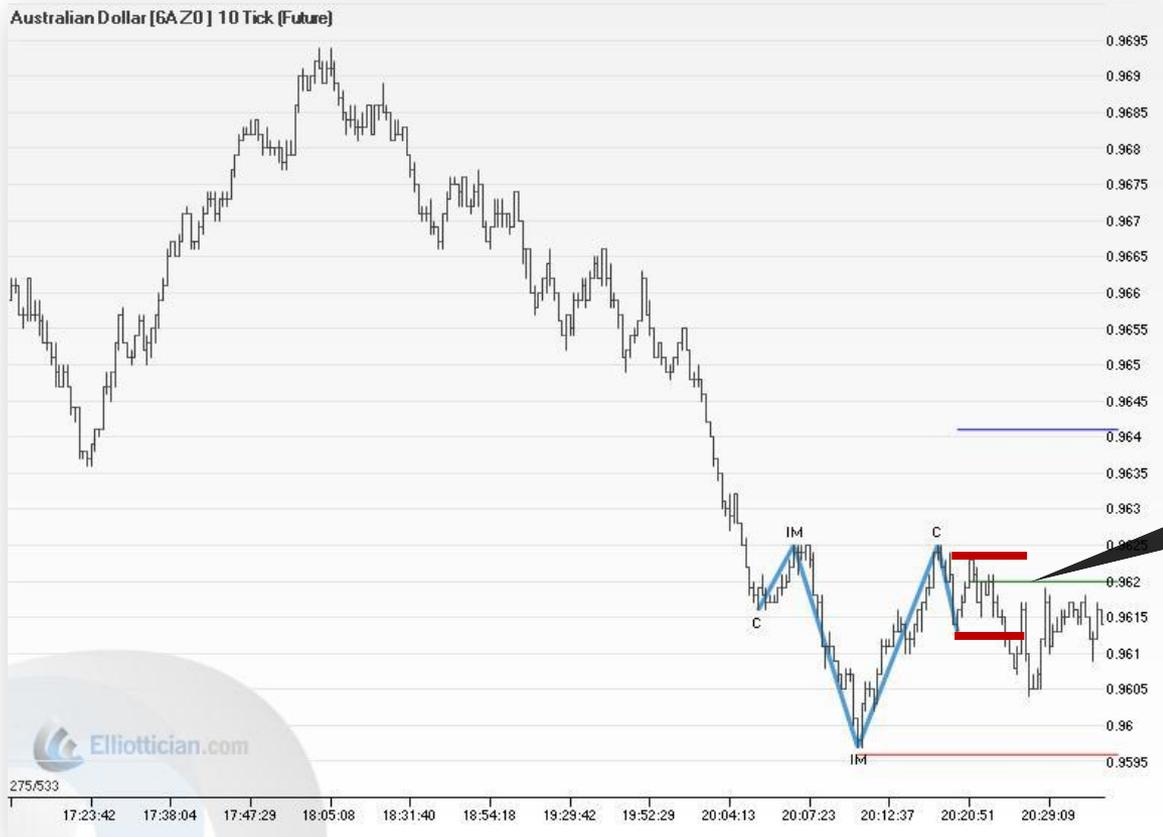


The market created a Pause then a new low. Wait until the market has moved beyond the price range where most of the overlap occurred before entering. Otherwise you may be entering before the market has completed the Pause.

Enter here

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #4

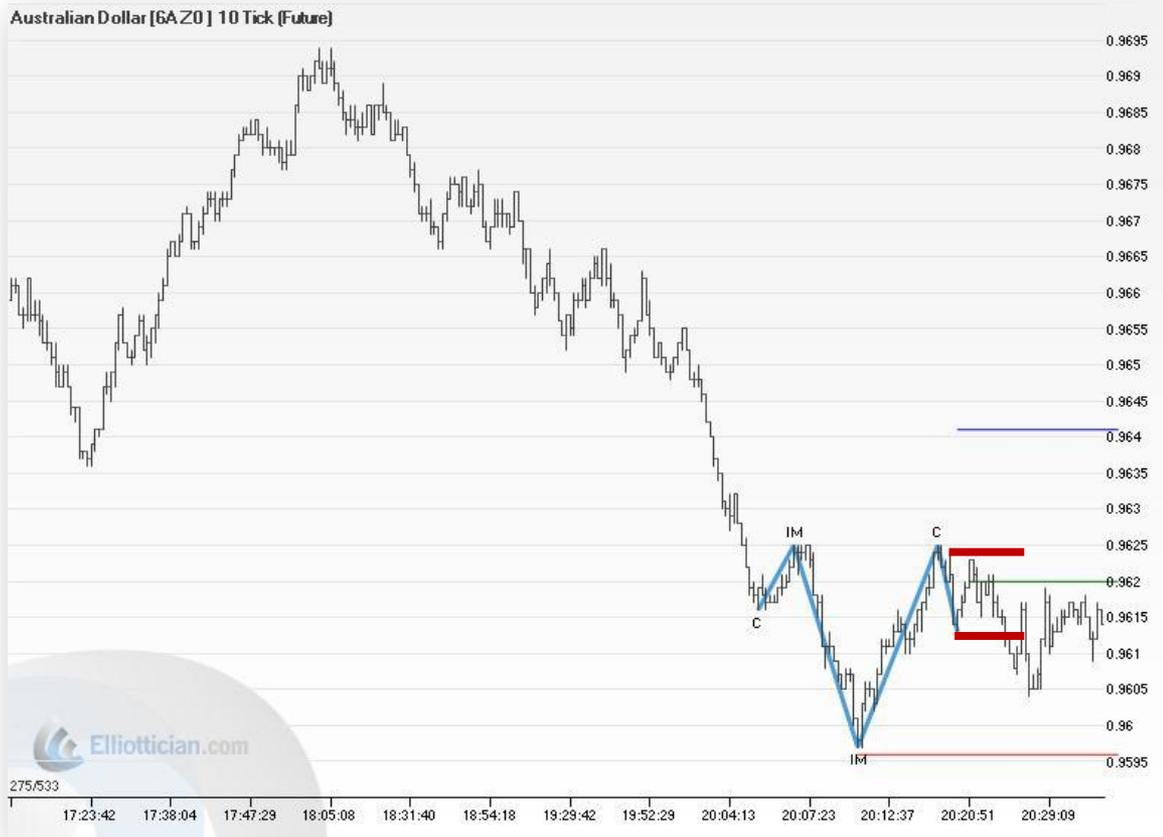


Although not as clear as the previous example, the market paused during the Right Sideways move, then continued down.

Market paused during Right Sideways retrace

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #4



The market is yet to move back up beyond the pause.

## PART V : *Entry Signals*

# RETRACE WITH PAUSE #4



The market eventually moved above the pause to create an Entry Signal.

It then proceeded up towards the target, retraced, then eventually punched through the target for a profitable trade.

## **PART V** : *Entry Signals*

# **NO ENTRY SIGNAL: INSUFFICIENT REWARD/RISK**

Don't enter a trade that is too close to the target.

Always consider potential gain (reward) against potential loss (risk).

Unless it is a absolutely perfect Pretty Alert, only enter a trade if the Reward/Risk ratio is about 0.50 or greater. A Reward/Risk ratio of 0.7 or more is preferable.

## PART V : *Entry Signals*

# NO ENTRY SIGNAL: REWARD/RISK TOO SMALL #1



Notice how much closer the Target is to the current price than the Stop Loss. Entering this trade exposes a large potential loss to a small potential gain. The ratio Reward/Risk is only about 0.4 – too small to trade.

## PART V : *Entry Signals*

# NO ENTRY SIGNAL: REWARD/RISK TOO SMALL #1



This was the outcome. Even if the market had reached the target, the Reward/Risk value was too small to make it worth the risk.

## PART V : *Entry Signals*

# NO ENTRY SIGNAL: REWARD/RISK TOO SMALL #2



Notice how low the target is when compared to the top of the Right Straight. This is because the T100% Target is calculated as 100% of the price movement of the Right Straight, added to the lowest price of the Right Sideways (or highest price in the case of a short trade).

## PART V : *Entry Signals*

# NO ENTRY SIGNAL: REWARD/RISK TOO SMALL #2



The deeper the Right Sideways retracement, the lower the Reward/Risk. This is why we limit the retracement to an absolute maximum of 75%. The retracement in this example is greater than 75% so there is no valid Entry Signal here.

## PART V : *Entry Signals*

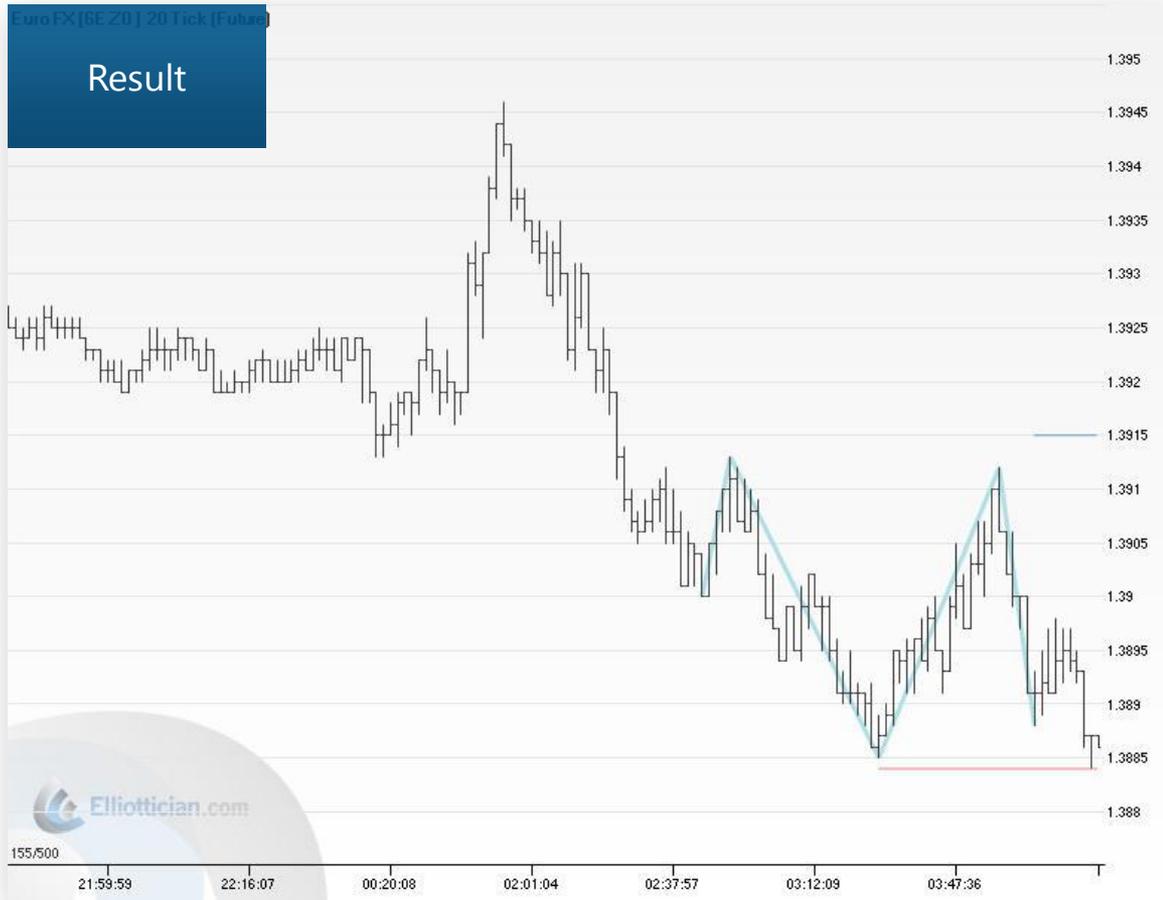
# NO ENTRY SIGNAL: REWARD/RISK TOO SMALL #2



By the time this market moves up enough to create an Entry Signal, the Reward/Risk would be too small to take the trade. Therefore there is no need to monitor this Alert waiting for an Entry Signal.

## PART V : *Entry Signals*

# NO ENTRY SIGNAL: REWARD/RISK TOO SMALL #2



As it happened, the market didn't recover, but instead continued to move down to the Stop Loss. In this case, two separate Entry Signal conditions prevented entry into this losing trade.

SECTION ONE :

**ALL YOU NEED TO KNOW  
ABOUT THE VISUAL FILTER RULES**

————— **PART VI** : *Visual Filter Rules* —————

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## **PART VI** : *Visual Filter Rules*

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## PART VI : *Visual Filter Rules*

# MINIMUM INFORMATION NEEDED

An Alert needs to contain sufficient bars to demonstrate all the most important rules are obeyed.

The exact number of bars is not easily determined mathematically – it is more of a personal preference and a visual test than a bar count.

A lot of market movement can be hidden within a bar, so care needs to be taken when a pattern contains very few bars.

## PART VI : *Visual Filter Rules*

# MINIMUM INFORMATION #1



Although Straights can be entirely contained in a single bar, a Sideways generally needs multiple bars – although not always. This example contains insufficient bars to be confident that the pattern is valid.

## PART VI : *Visual Filter Rules*

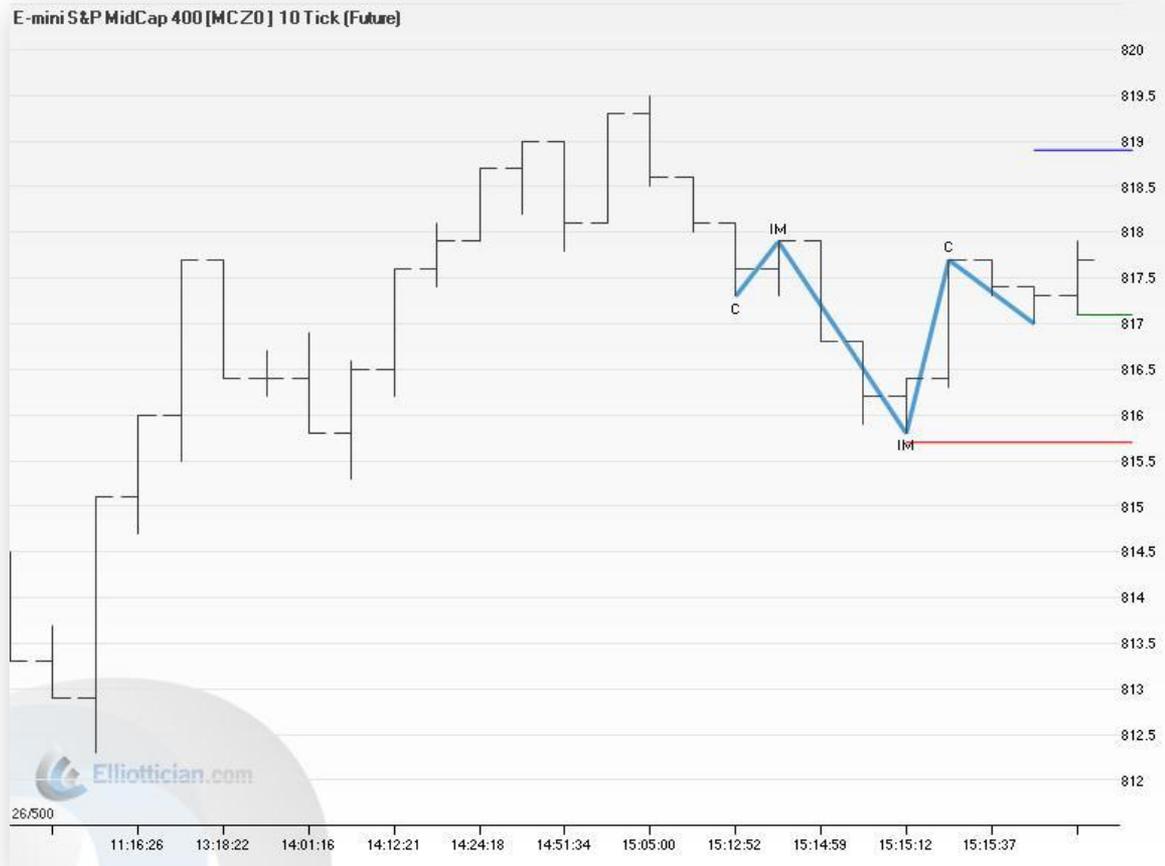
# MINIMUM INFORMATION #1



Even though this example produced a winning trade, it does not follow that patterns with too few bars and insufficient information can be relied upon.

## PART VI : *Visual Filter Rules*

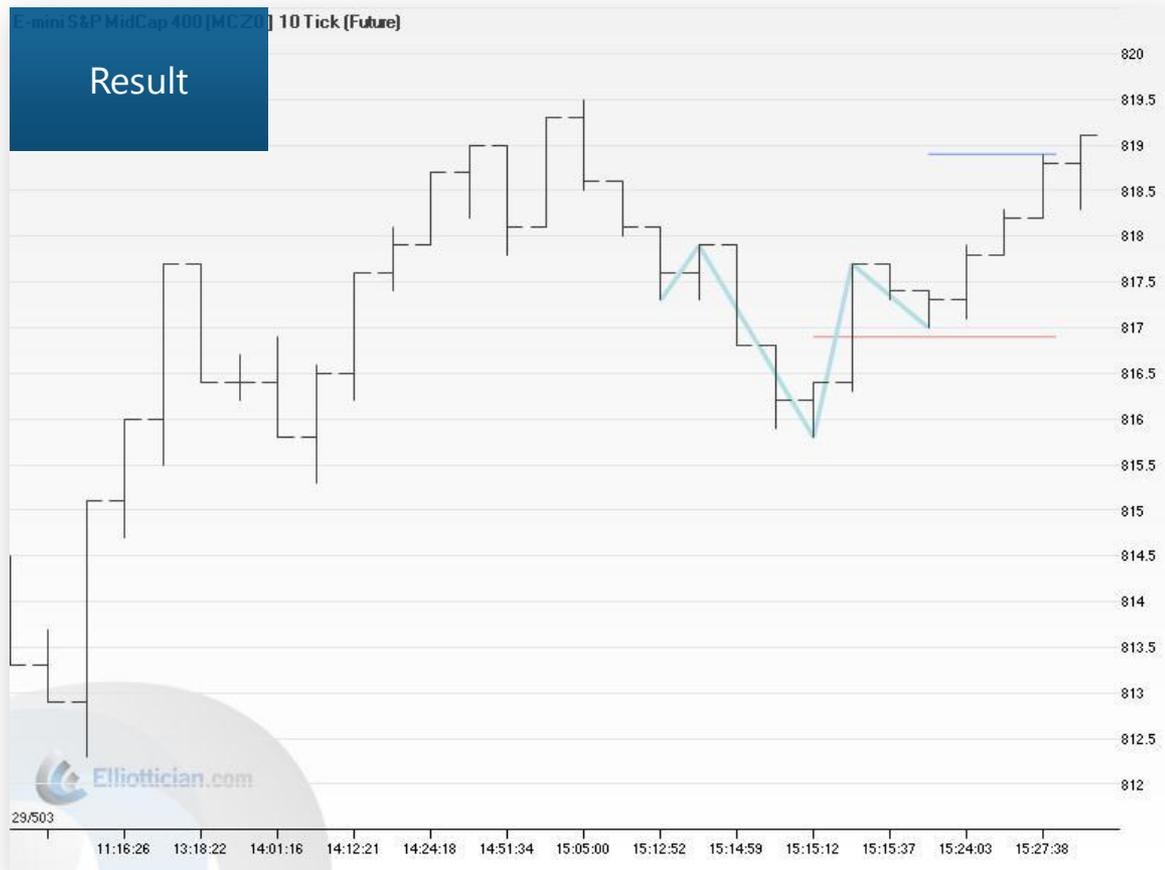
# MINIMUM INFORMATION #2



This example shows sufficient information – but only just sufficient – to be reasonably confident in the quality of the Alert. It takes practice to know with certainty whether or not a pattern contains sufficient information.

## PART VI : *Visual Filter Rules*

# MINIMUM INFORMATION #2



Although we consider this pattern to contain just enough information to be valid, others may not. If in doubt, leave it out.

## PART VI : *Visual Filter Rules*

# — BE MORE FORGIVING OF TICK CHARTS —

We trade Alerts based on both tick charts (such as 10 Tick, 40 Tick) and time based charts (such as 2 minute, 10 minute).

Tick chart bars are the result of a given number of price changes rather than a price range within a given time interval.

Rapid price changes can create multiple bars very quickly in a tick chart. Therefore, a tick chart can have more sideways movement than a normal time based chart.

## PART VI : *Visual Filter Rules*

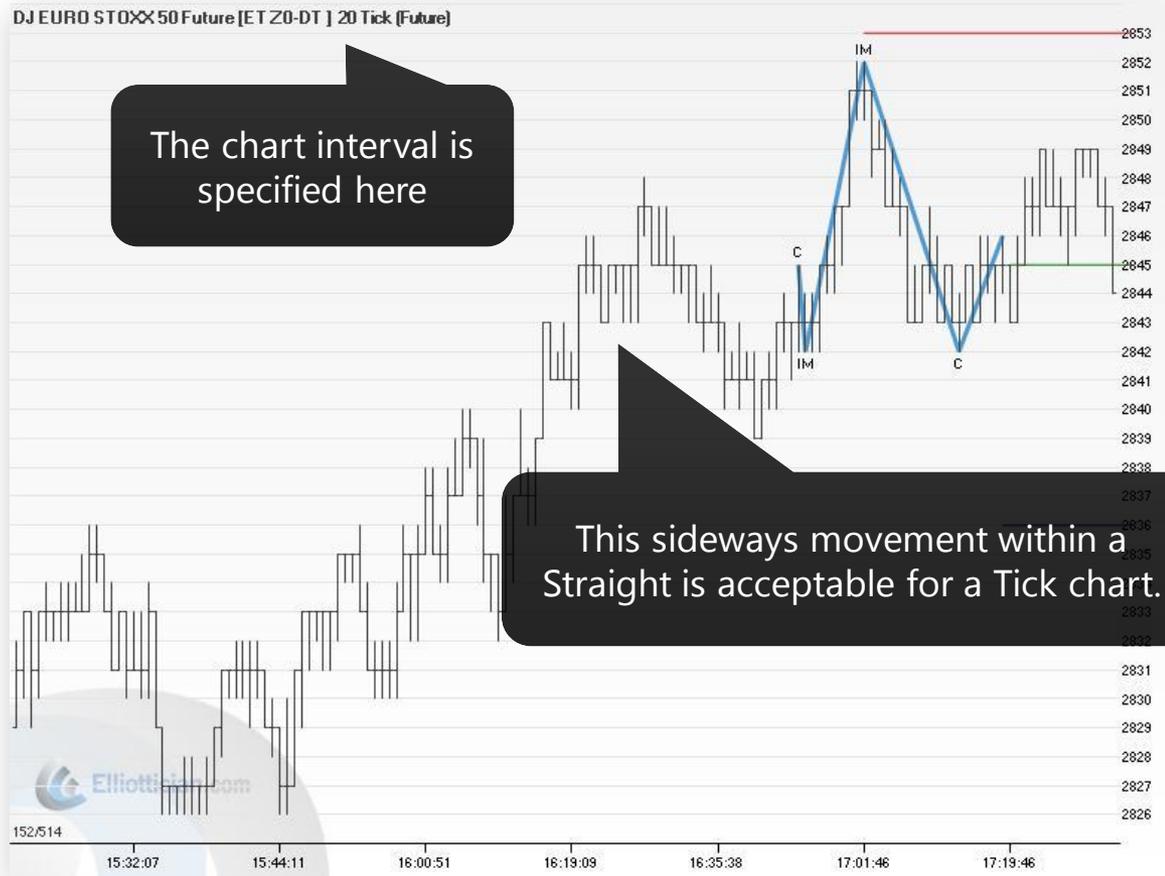
# — BE MORE FORGIVING OF TICK CHARTS —

Short interval tick charts – particularly 10 and 20 tick – can display more sideways movement within “Straights” than time based charts, and do so without necessarily breaking the Visual Filter rules.

Because Tick charts can represent small movements and small time spans, the smallest possible price movement can be a large percentage of the length of a Straight. Therefore, be more forgiving of a small interval tick chart in regard to internal overlap also.

## PART VI : *Visual Filter Rules*

# BE MORE FORGIVING OF TICK CHARTS #1



This example shows typical Tick Chart behavior. Notice the small sideways movement that are usually contained within a narrow price range. This is common during a Straight and should not necessarily be regarded as sideways behavior in the same way as it would within a 2 or 10 minute chart.

## PART VI : *Visual Filter Rules*

# BE MORE FORGIVING OF TICK CHARTS #2



The amount of overlap within the Straights in this example would only be accepted in a small interval Tick Chart. Note also the sideways movement at the Apex – also acceptable for a small interval Tick Chart, such as 10 or 20 tick, but would not be acceptable for a longer interval Tick Chart, such as 40 tick. Nor would it be acceptable for a time based chart.

## PART VI : *Visual Filter Rules*

# BE MORE FORGIVING OF TICK CHARTS #3



There are limits, however. Even a 10 Tick chart cannot be forgiven for an Apex this wide and flat.

## **PART VI** : *Visual Filter Rules*

---

# **SYMMETRY**

---

The more symmetrical the pattern, the better.

The three Straights should all be approximately the same length and slope – except that the Pre-Straight can be much longer than the other two.

The Left Sideways can be nearly any shape or length and does not need to look at all like a mirror image of the Right Sideways.

## PART VI : *Visual Filter Rules*

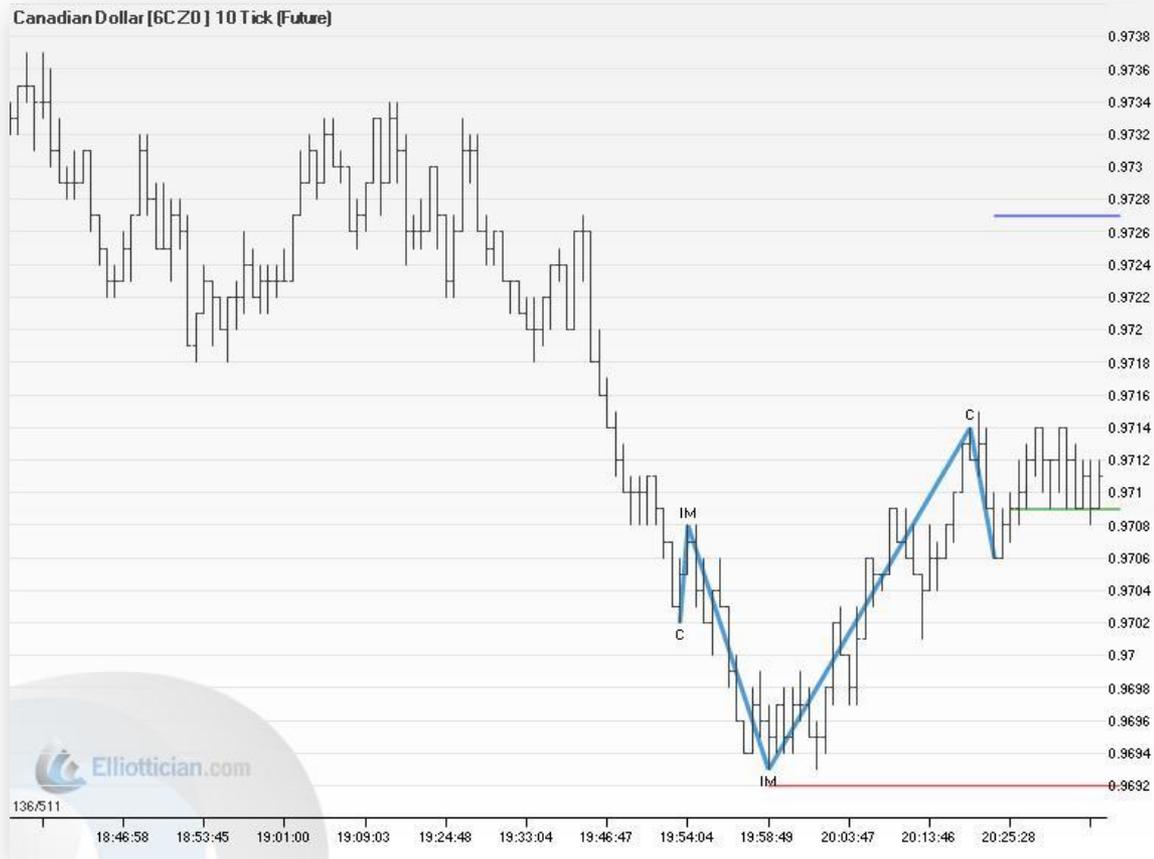
# SYMMETRY #1



The Left and Right Straights are considerably different lengths, resulting in a lack of symmetry. This difference is sufficient to downgrade the pattern to Attractive. The Pre-Straight is longer than the other straights, which is OK. The Left Sideways looks different from the Right Sideways, but that is OK too, and makes no difference to the classification of this pattern.

## PART VI : *Visual Filter Rules*

# SYMMETRY #2



The Right Straight is longer and not as steep as the Left Straight. This is enough to downgrade this pattern to Plain. The Left-Sideways is very small when compared to the larger Right Sideways, but this is quite acceptable and does not affect the pattern's rating.

## PART VI : *Visual Filter Rules*

# SYMMETRY #3



The Right Straight is not nearly as steep as either the Left Straight or Pre-Straight. This is enough to downgrade this pattern to Plain.

## PART VI : *Visual Filter Rules*

# SYMMETRY #4



The inserted red lines indicate the more likely pattern points. All three straights are of a similar slope. The shorter length of the Right Straight would downgrade this pattern from Pretty to Attractive.

## PART VI : *Visual Filter Rules*

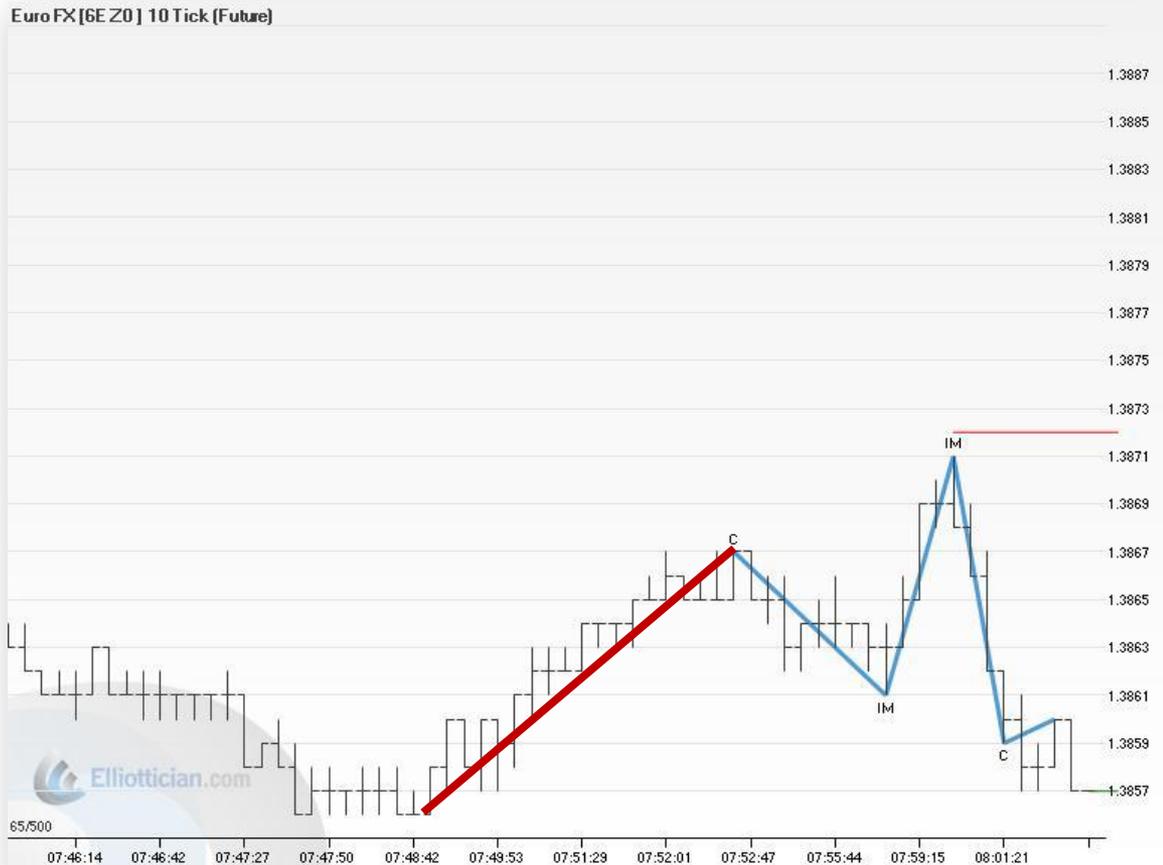
# SYMMETRY #5



All three Straights have a similar slope, which is good. The Pre-Straight is considerably longer than the other two straights, which is fine. The Right Straight is considerably shorter than the Left Straight, which is *not* OK. This is enough to downgrade the pattern to Attractive.

## PART VI : *Visual Filter Rules*

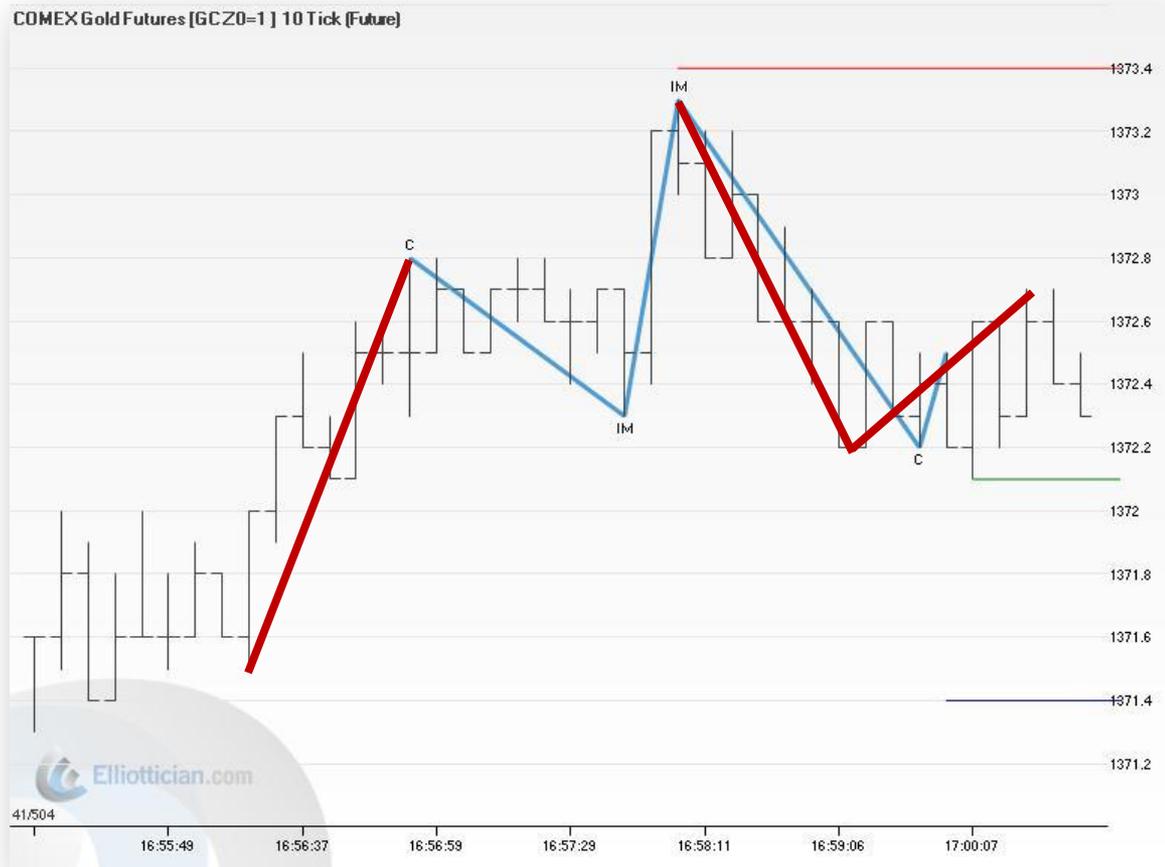
# SYMMETRY #6



The slope of the Pre-Straight is different enough from the Right and Left Straights to downgrade this pattern to Plain.

## PART VI : *Visual Filter Rules*

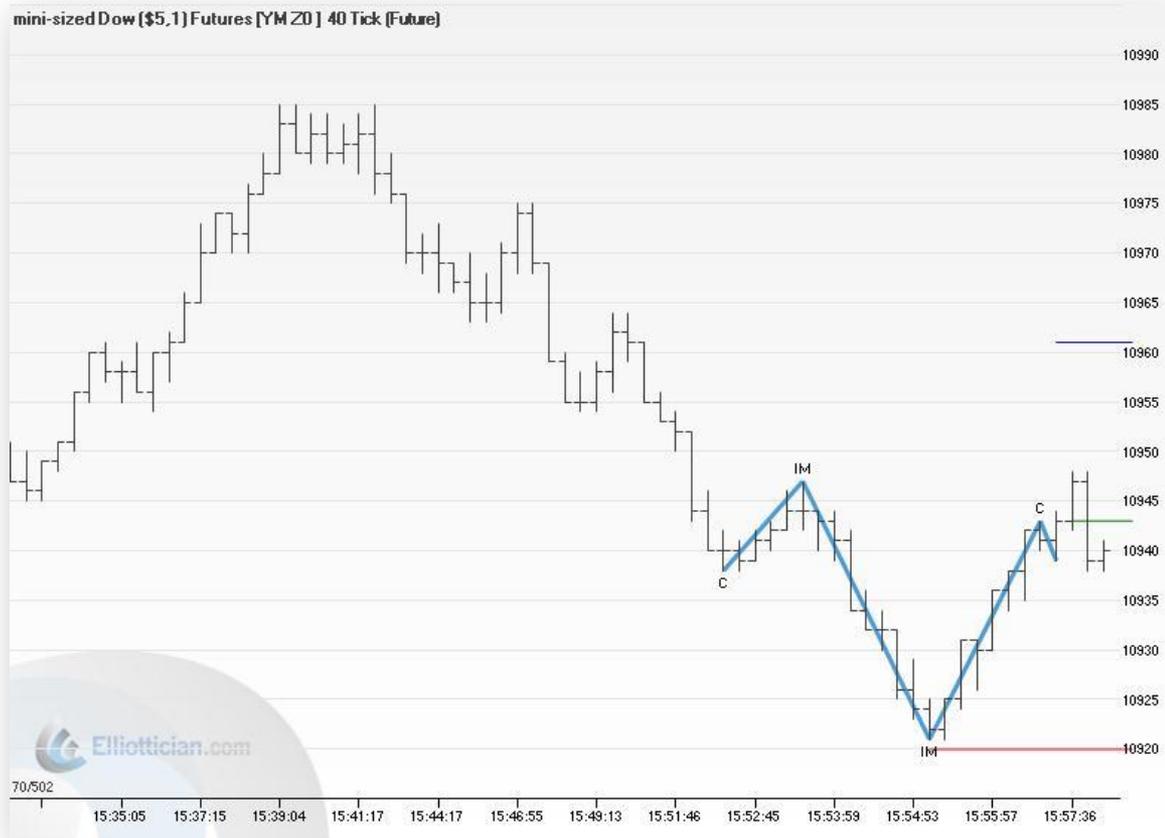
# SYMMETRY #7



Once the incorrectly placed Blue Underlay has been mentally corrected with the red lines, this pattern looks pleasingly symmetrical. There are other problems with this pattern, however – problems that we will consider elsewhere – that would classify it as Plain.

## PART VI : *Visual Filter Rules*

# SYMMETRY #8



This is a nice example of a symmetrical pattern.

## **PART VI : *Visual Filter Rules***

---

# **POINTY APEX**

---

The Apex should be reasonably pointy and show a sudden change in market direction.

The more pointy the Apex, the better.

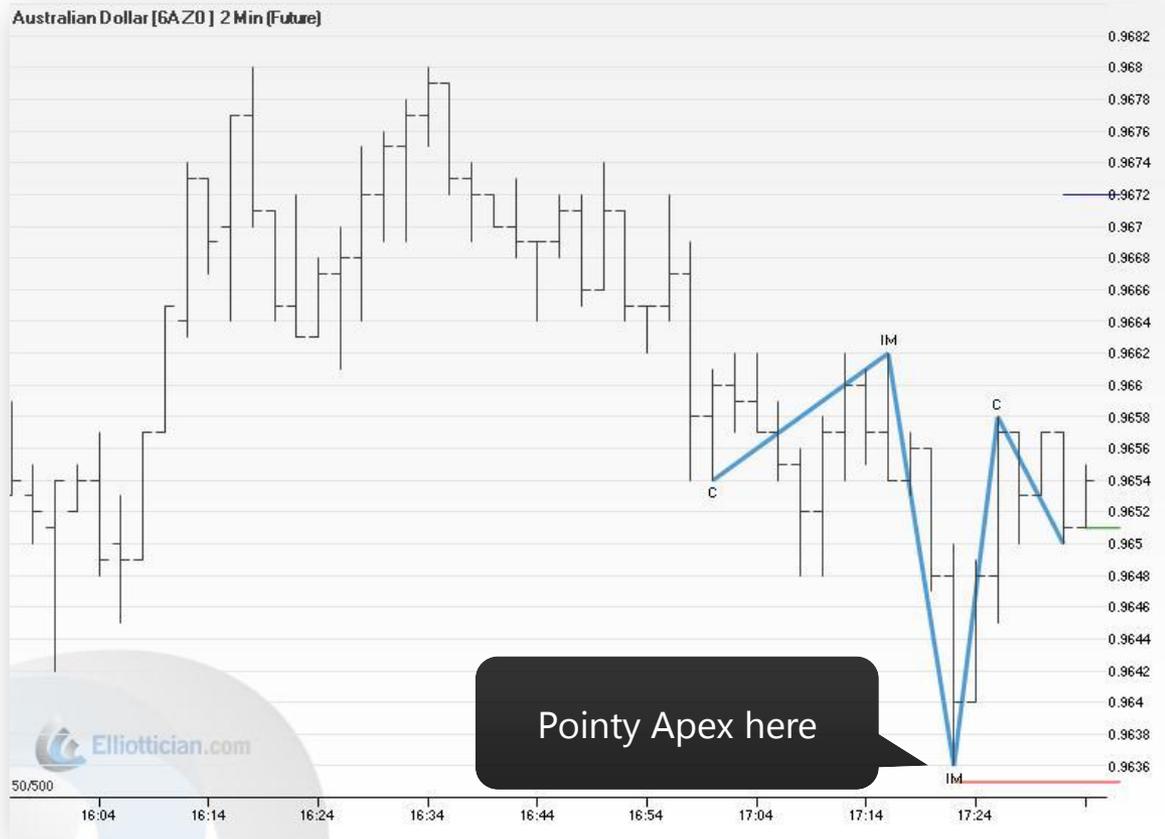
The Apex should not be too rounded or sideways.

Compare the pointiness of the Apex with the entire length and internal structure of the Straights rather than count bars.

A Tick chart can have a less pointy Apex than a time based chart – particularly short term tick charts such as 10 and 20 tick.

## PART VI : *Visual Filter Rules*

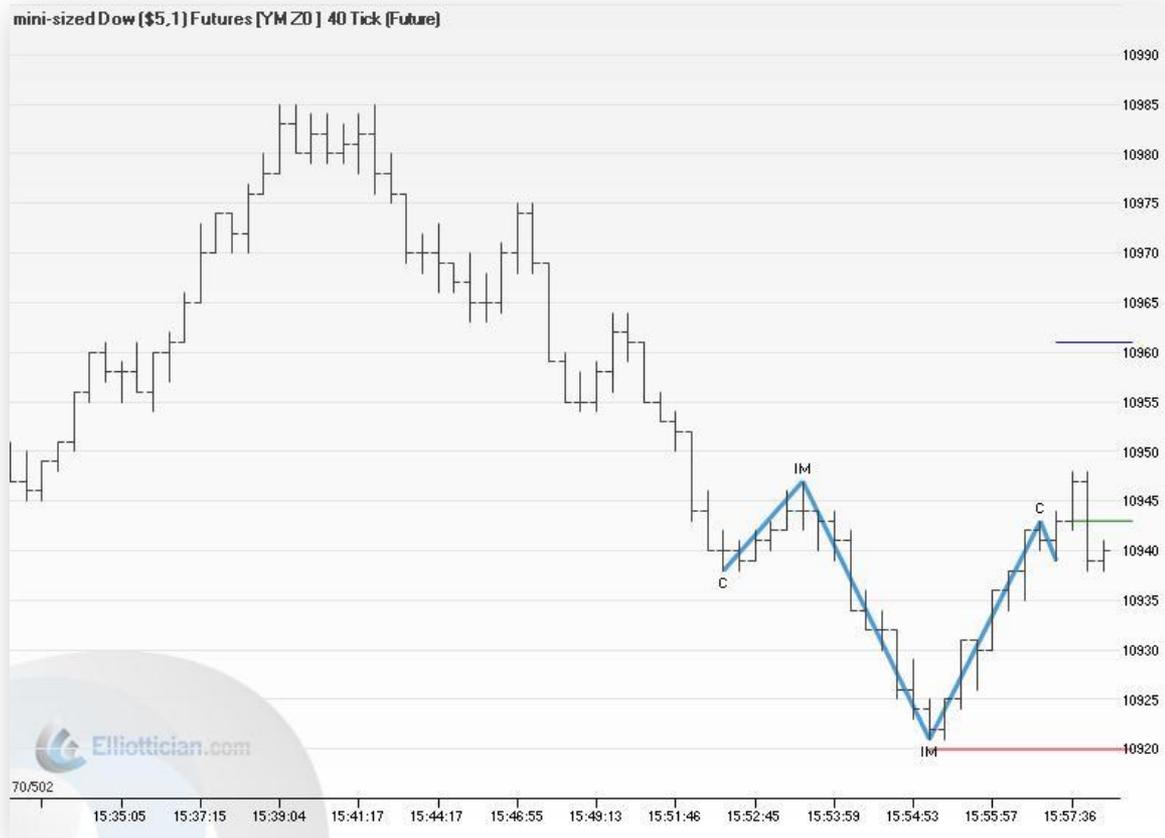
# POINTY APEX #1



This is an example of a nicely pointed Apex.

## PART VI : *Visual Filter Rules*

# POINTY APEX #2



This is another nice example of a pointy Apex.

## PART VI : *Visual Filter Rules*

# POINTY APEX #3



This Apex is too flat, even for a 40 tick chart. Had it been a 10 Tick chart, it would have qualified as OK, but only just.

## PART VI : *Visual Filter Rules*

# POINTY APEX #4



This is a 10 Tick chart, so we give it more leeway than other time frames. Even so, in this example the Apex is not quite pointy enough to qualify as Attractive. Therefore, we would consider this Plain.

## PART VI : *Visual Filter Rules*

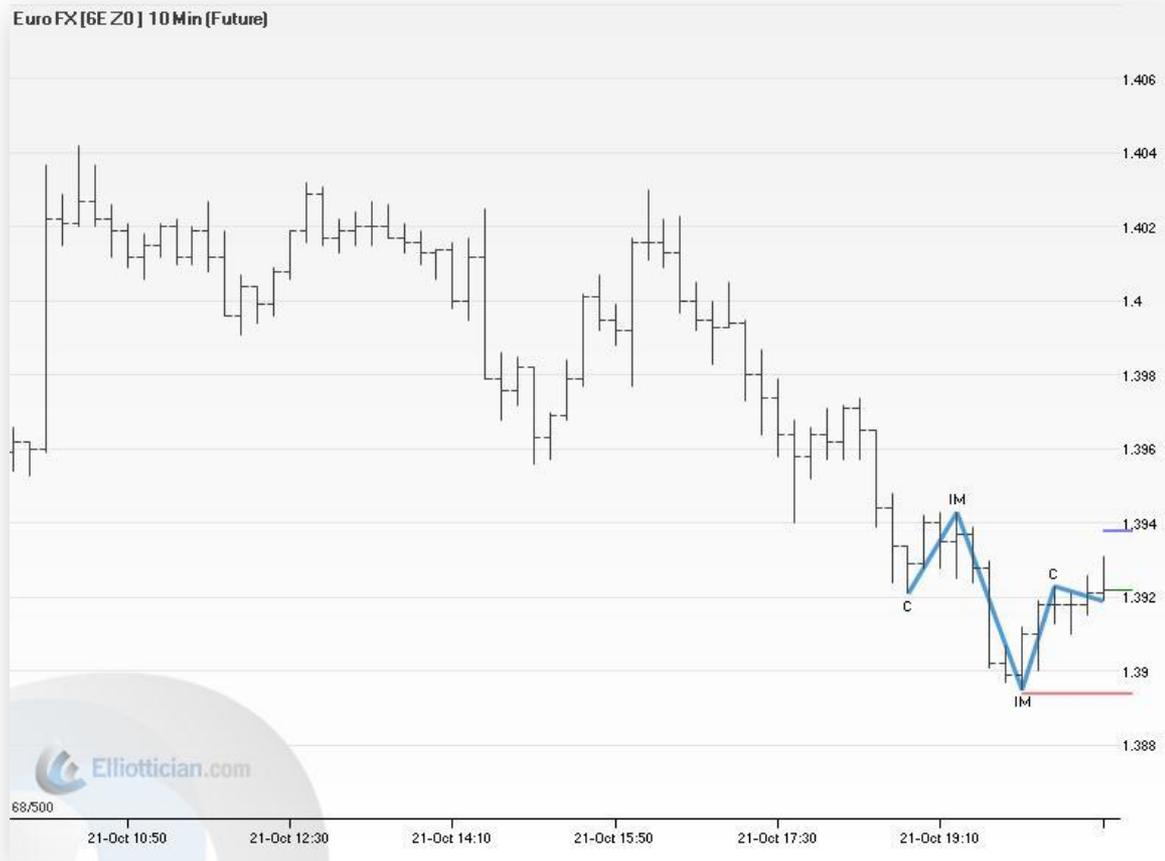
# POINTY APEX #5



This Apex ends in a spike – which is OK except for a long spike on a short interval tick chart where the spike may be the result of erroneous data. This is a 2 minute chart, so this – or even a much longer – spike is fine.

## PART VI : *Visual Filter Rules*

# POINTY APEX #6



The Apex in this example is too flat for a 10 minute chart. The longer the time interval, the more pointy the Apex needs to be.

## PART VI : *Visual Filter Rules*

# POINTY APEX #7



The Apex is quite flat at the end, which normally would not be OK. However, being a 20 Tick chart, it qualifies as Attractive, but only just. Notice that there are similar sideways moves within the internal structure of the Straights – making the flat behavior of the Apex not out of character with the Straights. Had this been a longer time frame, it would not be acceptable.

## PART VI : *Visual Filter Rules*

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# STRAIGHT vs. SIDEWAYS

---

A Straight should be strongly directional, move rapidly with minimal – if any – internal pauses.

A Straight should have minimal internal overlap – that is, retracing back to previous prices within that Straight move.

A Straight can contain one or more large gaps. A Straight can be a gap.

A Sideways usually contains a lot of internal “messy” overlap – the more the better.

It is good for a Sideways to look “messy” when compared to a Straight – but not necessary.

## PART VI : *Visual Filter Rules*

# STRAIGHT vs. SIDEWAYS #1



It is good for a Straight to have minimal overlap – such as the Pre-Straight and the Right Straight. The Left Straight shows some internal overlap, which is not quite as good as the other two straights, but still acceptable. The Left Sideways shows a lot of “messy” internal overlap, which is excellent. Notice the distinct difference in “nature” particularly between the Pre-Straight and Left Straights.

## PART VI : *Visual Filter Rules*

# STRAIGHT vs. SIDeways #2



Notice the significant overlap within the internal movement of the Left Sideways, especially when compared to the three Straights. It is good to be able to see a distinct difference in the nature of the Straights versus the Sideways patterns. The more distinct the difference, the better.

## PART VI : *Visual Filter Rules*

# STRAIGHT vs. SIDEWAYS #3

mini-sized Dow [\$5.1] Futures [YM Z0 ] 40 Tick (Future)



Left Sideways has marginally more "mess" than the Straights

The Right Sideways contains considerably more "mess" than the Straights

Notice how the Right Sideways displayed more internal overlap than any of the preceding parts of the pattern. This is a good way to confirm that the pattern has been correctly identified.

## PART VI : *Visual Filter Rules*

# STRAIGHT vs. SIDeways #4



Notice the distinct difference in nature between both Sideways moves, and all three Straights. The market goes from strong and straight, to sideways and messy, and back again. Note that the Left Sideways move does not necessarily need to be messy, but when it is messy, it helps confirm that the pattern has been correctly identified.

## PART VI : *Visual Filter Rules*

# STRAIGHT vs. SIDEWAYS #5



The closer the market within a Straight stays to the blue underlay (or our inserted "mental" red lines) the better. In this example, the Pre-Straight is exceptionally straight and true to the drawn line. The Right Sideways is an obvious Sideways move with the amount of overlap it contains when compared to the three straights.

## PART VI : *Visual Filter Rules*

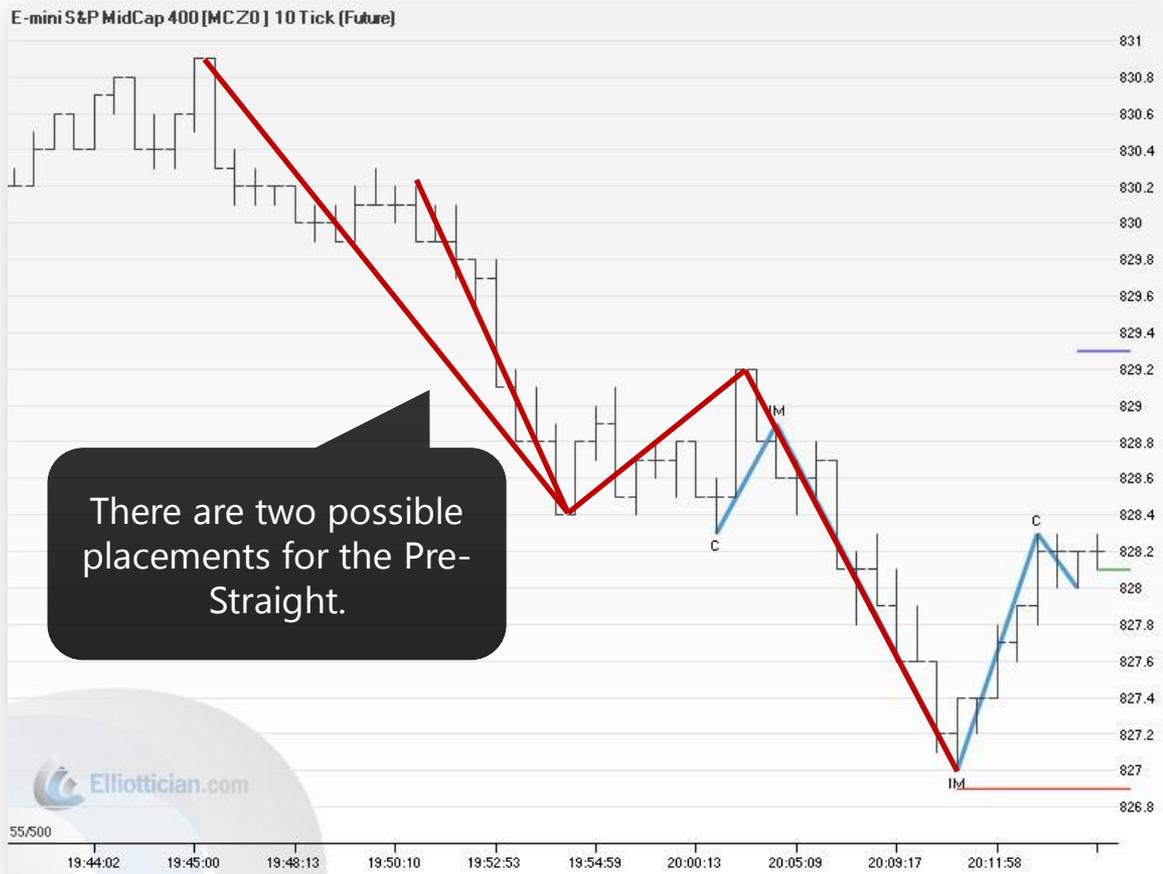
# STRAIGHT vs. SIDEWAYS #6



In this example, there is minimal difference in the nature of the Straight and Sideways moves. Being a 20 Tick chart, it is quite acceptable to have many short sideways moves within a Straight – as is the case here. However, when this happens, expect more sideways moves in the Sideways – particularly the Right Sideways. At the time that this chart was captured, the Right Sideways move was no more sideways than some of the internal moves within the Straights. Wait for a more distinct sideways move before entering this market.

## PART VI : *Visual Filter Rules*

# STRAIGHT vs. SIDeways #7



The Left Sideways is distinctly messy when compared to the Straights. The Right Sideways, although small, is showing distinctly sideways movement. There are two possible placements of the Pre-Straight. The shorter of the two results in a straighter internal move, making it the preferred option.

## PART VI : *Visual Filter Rules*

# THREE SIMILAR STRAIGHTS

The more similar the lengths of all three Straights, the better.

The only exception is that the Pre-Straight can be much longer than the other two Straights, but not much shorter. A very long Pre-Straight is no better or worse than a Pre-Straight of the same length as the Left Straight.

The generally accepted minimum length of the Pre-Straight is about 80% of the length of the Left Straight. This is a guideline only, and may be shorter still if all other rules are obeyed perfectly.

The slope of all three straights should be similar. The more similar the better.

The internal structure, look, or “nature” of all three straights should appear similar. The more similar the better.

## PART VI : *Visual Filter Rules*

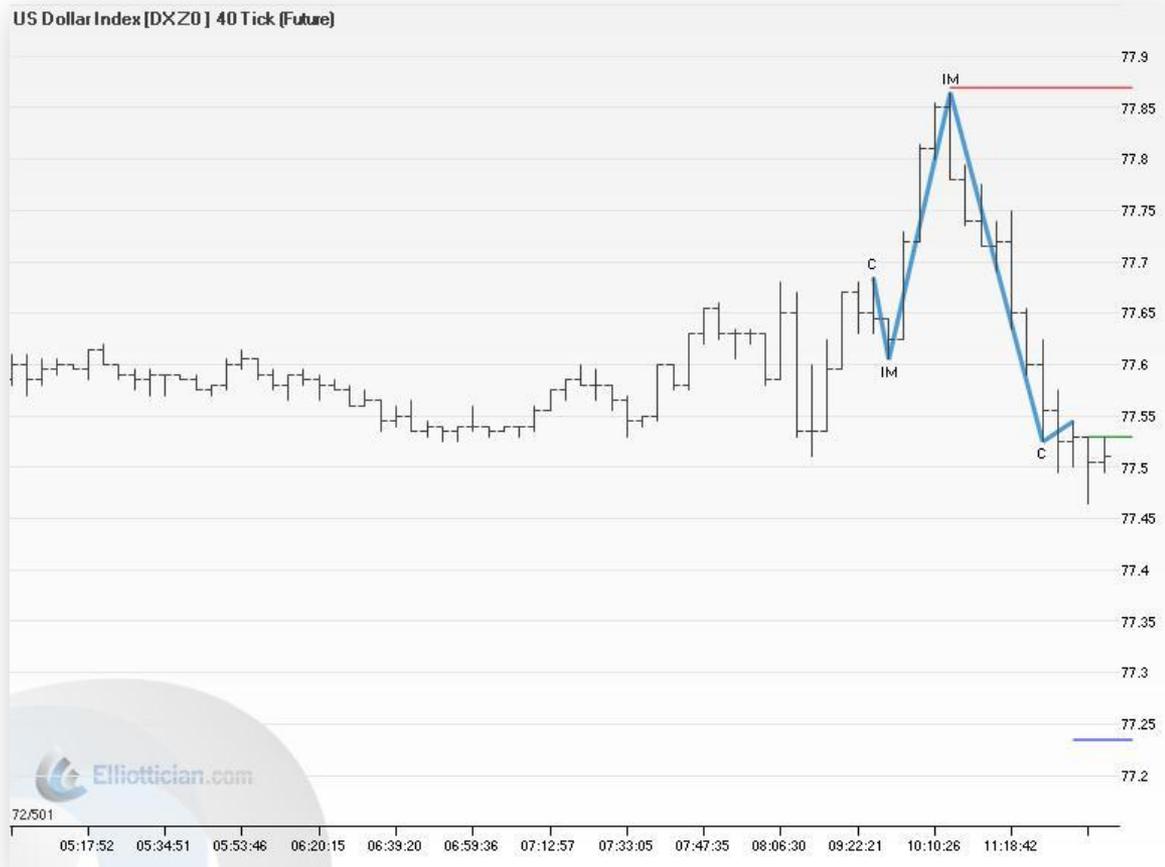
# THREE STRAIGHTS ALL SIMILAR #1



This is an excellent example of similar Straights. The Pre-Straight, Left Straight and Right Straight are all similar length, similar slope and have a similar internal structure.

## PART VI : *Visual Filter Rules*

# THREE STRAIGHTS ALL SIMILAR #2



The Pre-Straight is too short to be considered similar to the other two. Note that the combined length of the Pre-Straight and the Left Straight are no longer than the Right Straight. This difference alone would relegate this pattern to Plain or Ugly.

PART VI : *Visual Filter Rules*

THREE STRAIGHTS ALL SIMILAR #3



There are two possible placements of the Pre-Straight. This one results in a Pre-Straight that is way too short.

## PART VI : *Visual Filter Rules*

# THREE STRAIGHTS ALL SIMILAR #3



The alternative placement results in a Pre-Straight that has an entirely different nature (internal structure) to the other two Straights. Neither option satisfies the requirement that all three Straights are similar. Therefore this pattern is downgraded to Plain or Ugly.

## PART VI : *Visual Filter Rules*

# THREE STRAIGHTS ALL SIMILAR #4



Slight repositioning of the end point improves the similarity of the Straights.

## PART VI : *Visual Filter Rules*

# THREE STRAIGHTS ALL SIMILAR #5



The Right and Left Straights are not similar enough to be considered Pretty. This amount of difference would downgrade the pattern to Attractive. It is still tradable.

## PART VI : *Visual Filter Rules*

# THREE STRAIGHTS ALL SIMILAR #6



The difference in the lengths of the Left and Right Straights would downgrade this pattern to Attractive only. The length problem could be mitigated by relabeling the Left Straight to the high point in the Left Sideways, but this would result in the modified Left Straight containing a large internal pull-back – and therefore not satisfying the rules that states that the internal structure of all Straights should be similar.

## PART VI : *Visual Filter Rules*

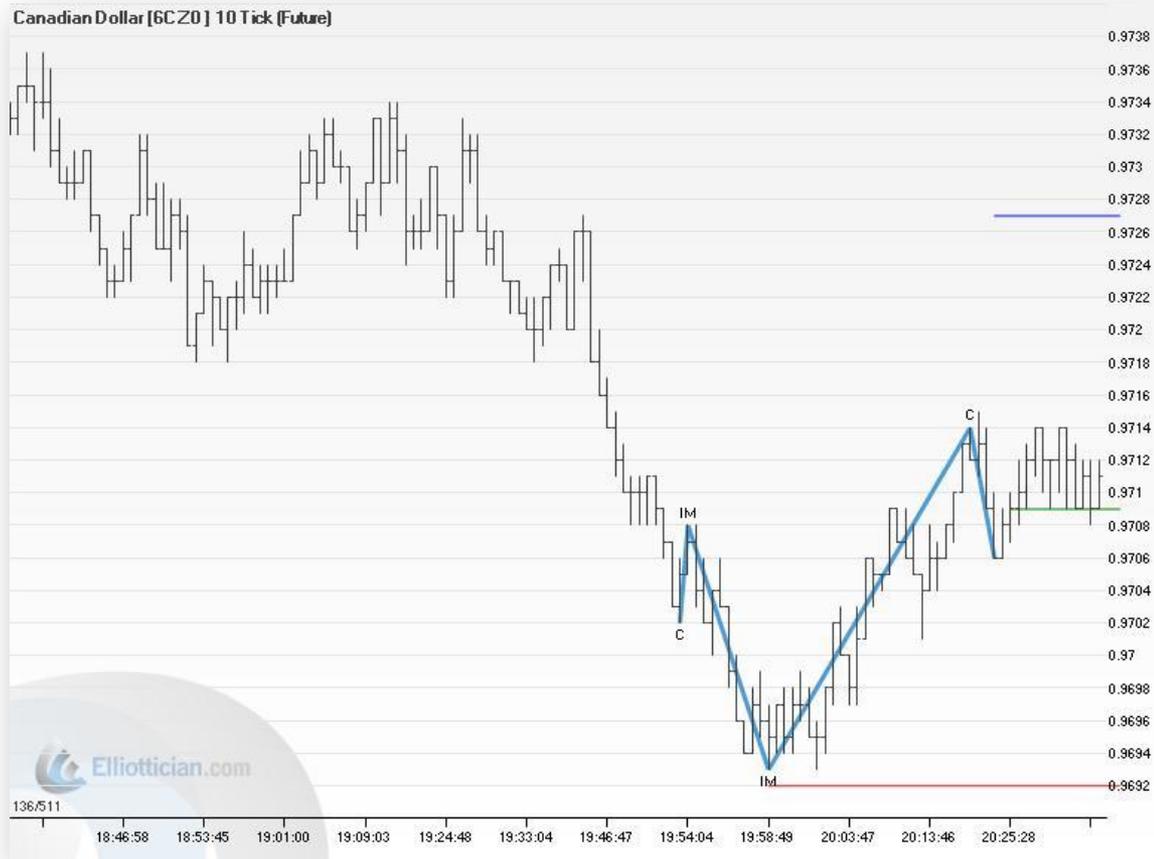
# THREE STRAIGHTS ALL SIMILAR #7



There are often multiple ways to position the Pre-Straight and other parts of the pattern. The labeling here is the only option that results in the Left Straight having a similar internal structure to the other two Straights. This is a Pretty pattern.

## PART VI : *Visual Filter Rules*

# THREE STRAIGHTS ALL SIMILAR #8



The Right and Left Straights have entirely different internal structures. The Left Sideways is no larger or more distinctive than some of the internal sideways moves within the Right Straight. There is not a clear distinction between Straight and Sideways. The Pre-Straight and Left Straight are similar, but the Right Straight is not similar enough to the other two to be considered similar – making the pattern Plain.

## PART VI : *Visual Filter Rules*

# THREE STRAIGHTS ALL SIMILAR #9



The slope and internal structure of the Right Straight is very different from that of the other two Straights. This pattern is therefore Ugly.

## PART VI : *Visual Filter Rules*

# THREE STRAIGHTS ALL SIMILAR #10



Even if the end points are adjusted, it remains that the Right Straight is quite short when compared to the Left Straight. This pattern would therefore be downgraded to Attractive.

## PART VI : *Visual Filter Rules*

# LEFT & RIGHT SIDEWAYS SHOULD OVERLAP

---

There should be some overlap between the price range of the Left Sideways and the price range of the Right Sideways.

This overlap may be a single point.

The more overlap the better.

If all other rules are obeyed perfectly, it is acceptable for the Left and Right Sideways to not quite overlap – but it should be very close to overlapping.

## PART VI : *Visual Filter Rules*

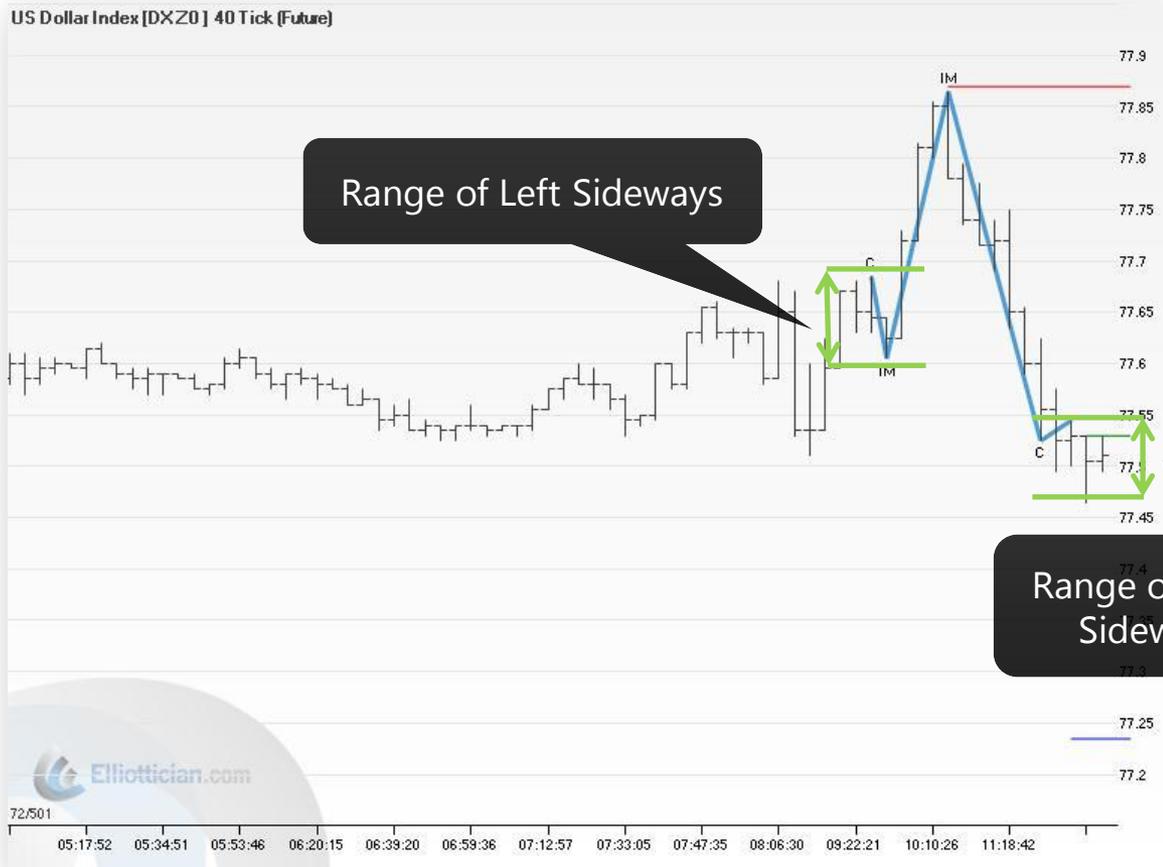
# LEFT & RIGHT SIDEWAYS SHOULD ALWAYS OVERLAP #1



In this example, the range of prices within the Left Sideways overlaps almost entirely with the range of prices within the Right Sideways. This is almost perfect overlap.

## PART VI : *Visual Filter Rules*

# LEFT & RIGHT SIDeways SHOULD ALWAYS OVERLAP #2



The Left and Right Sideways share no common price territory. Therefore they do not overlap – or even come close to overlapping. This alone would relegate this pattern to the discarded pile of Ugliers.

## PART VI : *Visual Filter Rules*

# LEFT & RIGHT SIDEWAYS SHOULD ALWAYS OVERLAP #3



The lowest price within the Left Sideways is about the same as the highest price in the Right Sideways. Therefore they share common price territory – even though it be a single price point. This qualifies, not as Pretty, but as Attractive.

## PART VI : *Visual Filter Rules*

# LEFT & RIGHT SIDEWAYS SHOULD ALWAYS OVERLAP #4



This example shows a small overlap between the Left and Right Sideways.

## PART VI : *Visual Filter Rules*

# LEFT & RIGHT SIDEWAYS SHOULD ALWAYS OVERLAP #5



This example shows a small overlap between the two Sideways moves.

PART VI : *Visual Filter Rules*

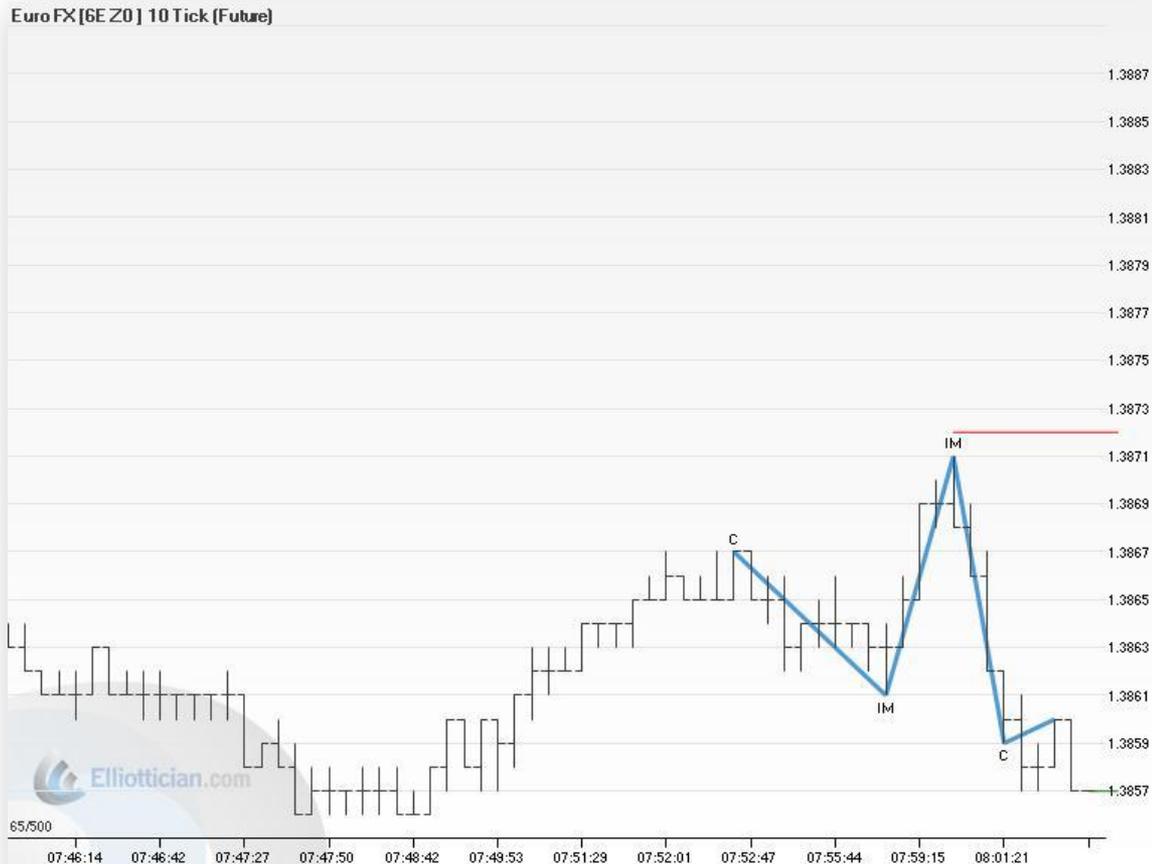
# LEFT & RIGHT SIDEWAYS SHOULD ALWAYS OVERLAP #6



Considering the Blue Underlay configuration, there is no overlap between the two Sideways moves. However, if the Left Straight is considered to be longer, the resulting reconfiguration gives Sideways overlap. However, this new "mental" configuration also results in a Left Straight with a dubious internal structure. Neither option satisfies the rules close enough to result in a Pretty or even an Attractive pattern. This one is Ugly no matter how you look at it.

## PART VI : *Visual Filter Rules*

# LEFT & RIGHT SIDEWAYS SHOULD ALWAYS OVERLAP #7



There is no overlap between the two Sideways moves – albeit close, and there is no way to mentally reposition such that there is. If all other rules were perfectly satisfied, then this small indiscretion could be forgiven. But they are not. This pattern is therefore Plain.

## **PART VI : *Visual Filter Rules***

# **LEFT SIDEWAYS CAN BE NEARLY ANY SHAPE**

The Left Sideways can be very short or very long, both in price and time.

The internal nature of the Left Sideways can look like a Straight, look like a sideways "mess", or anything in between.

It is preferable, but not necessary, that the internal price movement stay within or close to within the bounds of the end points.

The Left Sideways should not be considered when checking to see if the entire pattern is suitably symmetrical.

## PART VI : *Visual Filter Rules*

# LEFT SIDeways CAN BE NEARLY ANY SHAPE #1



A Left Sideways can consist of as little as one or two bars. However it is better when the Left Sideways plays out over more bars so that you can be sure that it is not misidentified – especially if the Right Sideways contains many bars.

## PART VI : *Visual Filter Rules*

# LEFT SIDeways CAN BE NEARLY ANY SHAPE #2



The circled Left Sideways is showing classic sideways messy overlapping behavior. This helps classify it as definitely a Sideways move, but it is not necessary that the Left Sideways shows any particular behavior.

## PART VI : *Visual Filter Rules*

# LEFT SIDeways CAN BE NEARLY ANY SHAPE #3



The Left Sideways here is a short sharp "straight" move. Even though it be more straight than the Straights, it is still a legitimate Left Sideways move.

## PART VI : *Visual Filter Rules*

# LEFT SIDeways CAN BE NEARLY ANY SHAPE #4



Although the Left Sideways can be nearly any shape, it must be clearly distinguishable from the internal movements within the Straights. In this example, the Left Straight is very similar to a number of movements within the Right Straight. This is a significant concern, as it renders the entire pattern unclear, and relegated to Plain or even Ugly. This is not a tradable pattern.

## PART VI : *Visual Filter Rules*

# LEFT SIDeways CAN BE NEARLY ANY SHAPE #5



The Blue Underlay results in a short Left Sideways, while the red repositioning shows a longer more complex Left Sideways move. The Blue Underlay produces a more desirable Left Sideways move – because internal prices don't exceed the end point. But the Red lines show a straighter Left Straight. There is a trade-off here, with either option acceptable although not perfect. Either would qualify as Attractive.

## PART VI : *Visual Filter Rules*

# LEFT SIDeways CAN BE NEARLY ANY SHAPE #6



Although the internal price movement of a Left Sideways can move beyond the end points – such as in this example – it is preferable not to do so. In the case above, the beginning of the Left Straight can legitimately be moved to the high of the Left Sideways, reducing the exposure to this rule.

## PART VI : *Visual Filter Rules*

# INTERNAL STRUCTURE OF A STRAIGHT

- ① A Straight must look distinctly more like a Straight than a Sideways “mess”.
- ② A Straight can be a single bar, or even a gap – in which case it will have no internal structure.
- ③ It is better when the prices within the Straight stay close to a straight line drawn between the end points.
- ④ A Straight can contain some internal overlap, but less is better.
- ⑤ If a Straight contains clear internal structure:
  - It must contain three internal straights, separated by two sideways moves.
  - The two internal sideways moves must not overlap
  - The middle internal straight must not be the shortest internal straight.

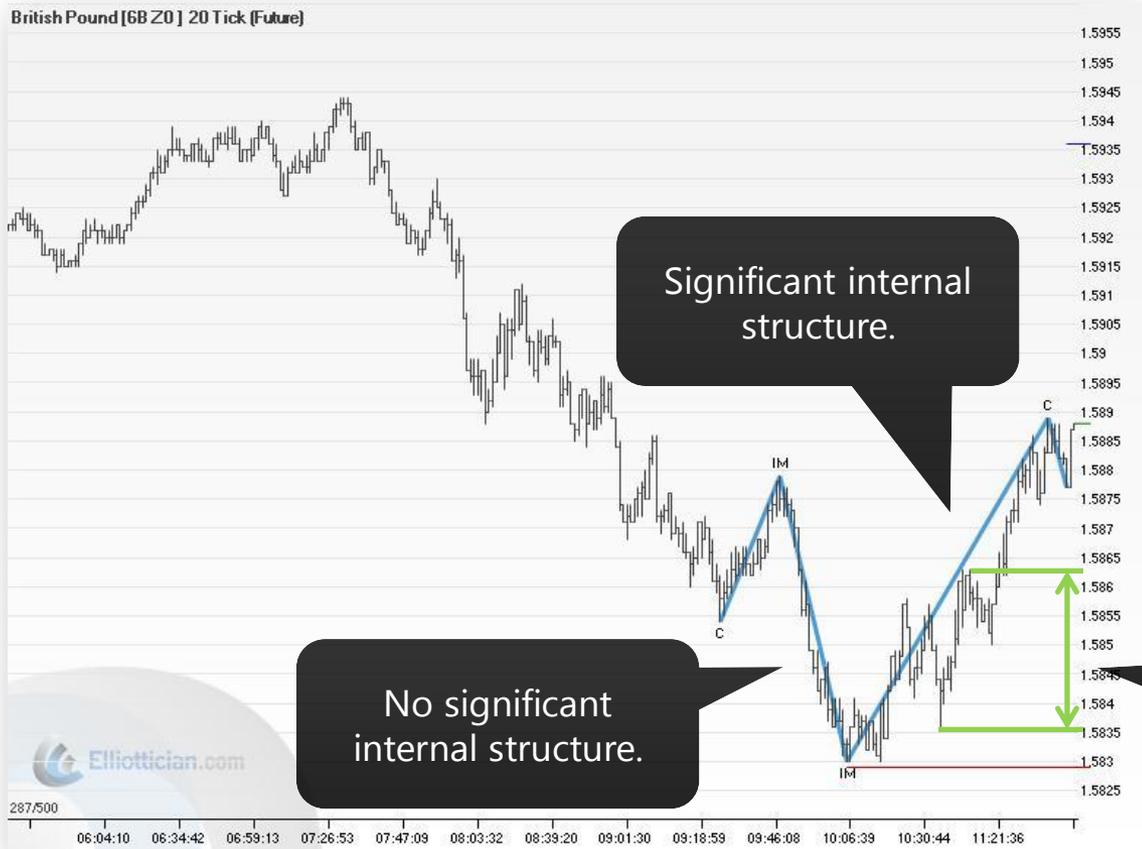
## PART VI : *Visual Filter Rules*

# INTERNAL STRUCTURE OF A STRAIGHT

- 1 A Straight must look distinctly more like a Straight than a Sideways “mess”

## PART VI : *Visual Filter Rules*

# A STRAIGHT MUST LOOK STRAIGHT NOT SIDEWAYS #1



The Left Straight is a good example of a Straight without any significant internal structure. It stays very close to a straight line drawn between the end points. In contrast, the Right Straight contains significant internal structure and overlap – which must be examined in detail before determining if it is legitimate Straight. It also deviates somewhat from a straight line.

## PART VI : *Visual Filter Rules*

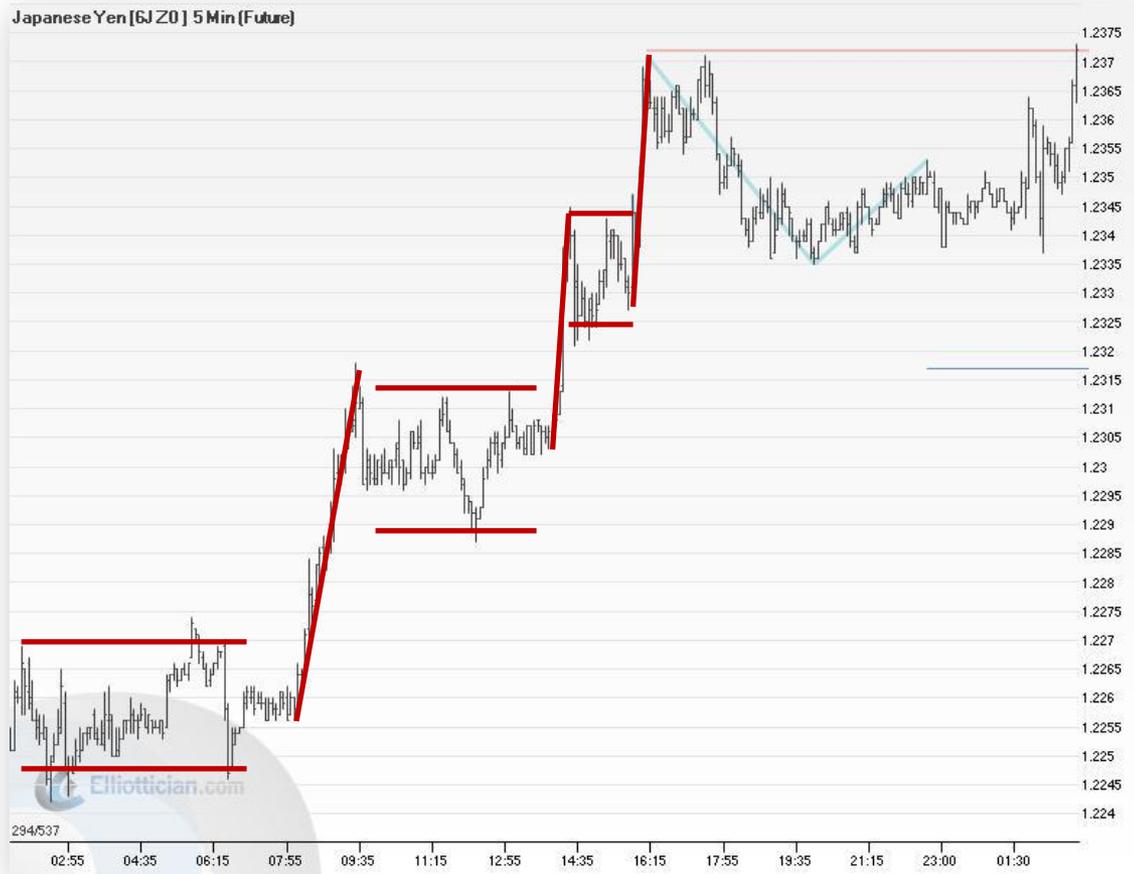
# A STRAIGHT MUST LOOK STRAIGHT NOT SIDeways #2



One way to determine if a Straight looks straight is to compare it with recent history on the same chart. It is better to only trade markets that oscillate between distinctly straight and distinctly sideways moves. Consider this completed trade for example...

## PART VI : *Visual Filter Rules*

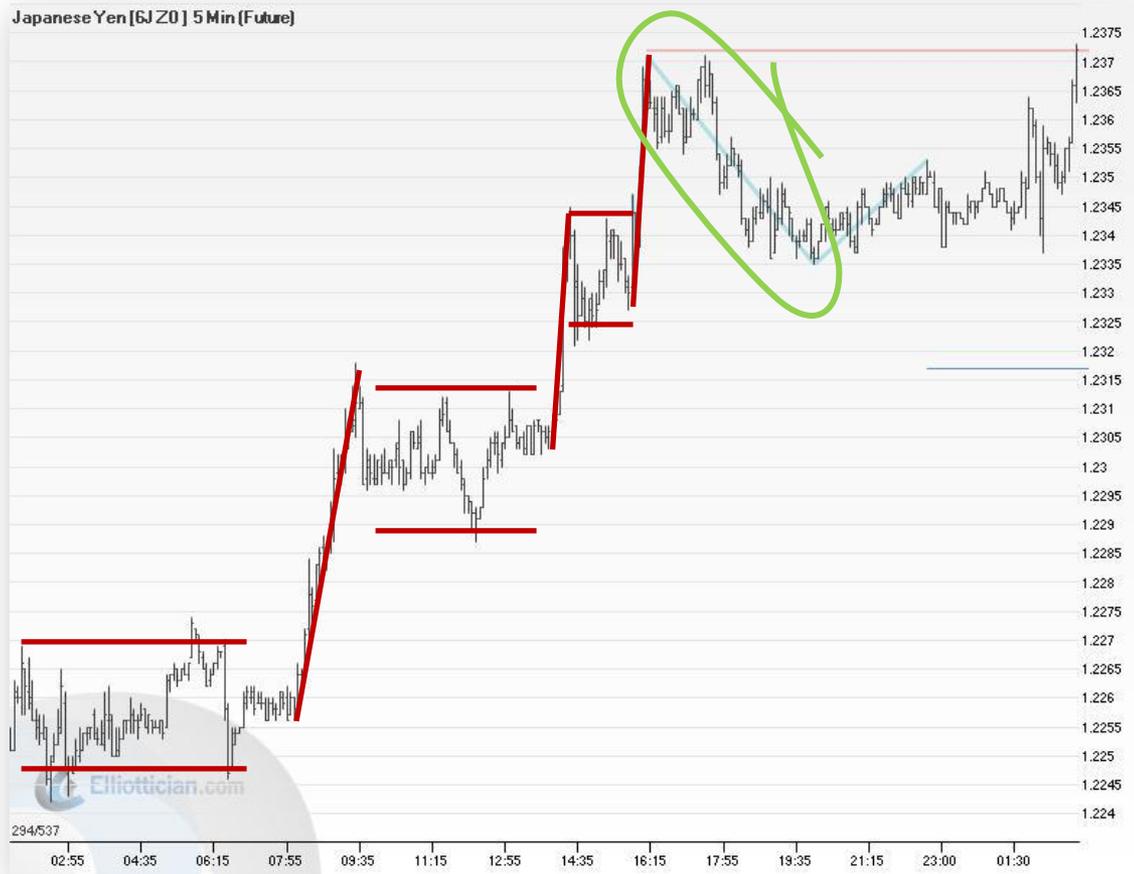
# A STRAIGHT MUST LOOK STRAIGHT NOT SIDeways #2



Considering prior market movement, it is easy to determine a clear difference between the recent sideways and straight movements. Prior to the Alert – indicated by the Blue Underlay, this market moved in distinctly sideways and straight periods.

## PART VI : *Visual Filter Rules*

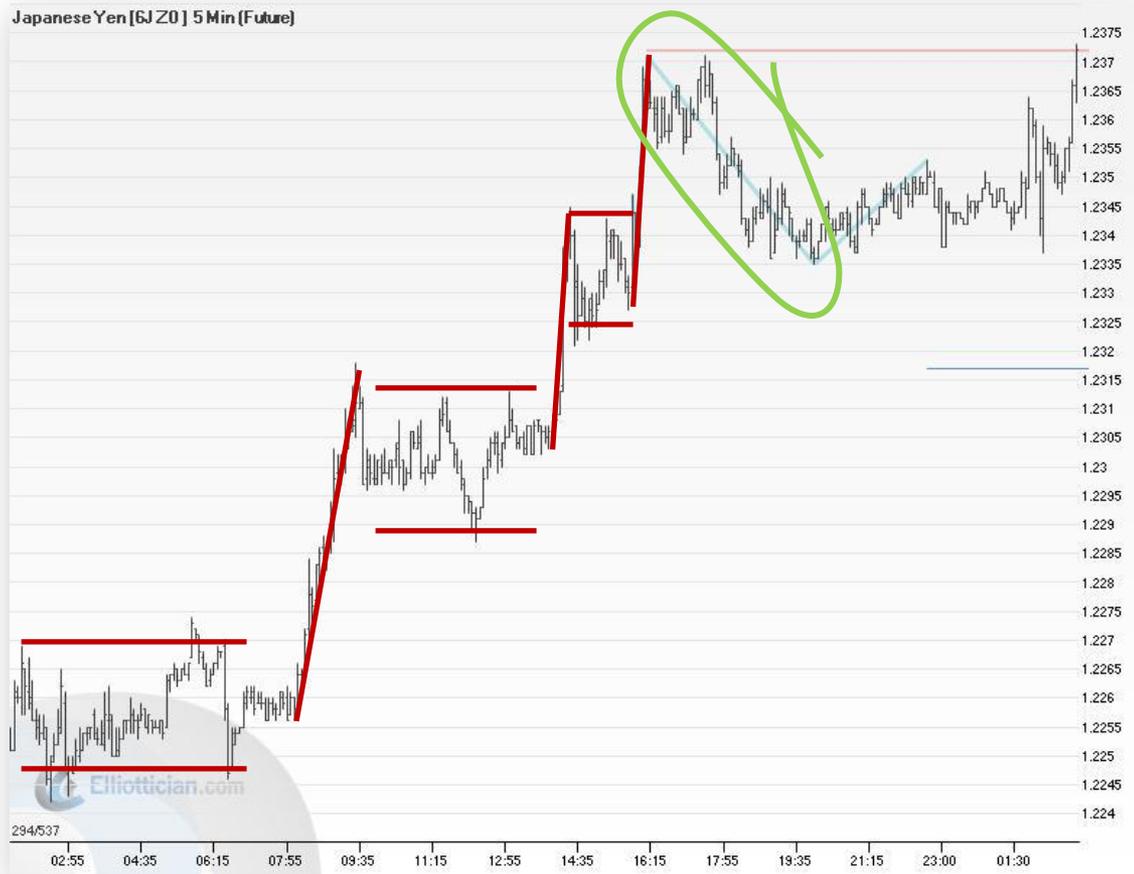
# A STRAIGHT MUST LOOK STRAIGHT NOT SIDeways #2



Now consider the Right Straight – circled in green. When compared to recent history, notice how it looks more like the previous sideways moves than the previous straight moves. Always compare current market movement to previous market movement on the **same chart**.

PART VI : *Visual Filter Rules*

# A STRAIGHT MUST LOOK STRAIGHT NOT SIDeways #2



It is clear, therefore, that the Right Straight is not a valid Straight when compared to recent "straight" behavior. This Alert is therefore considered invalid – labeled Ugly. Note that this was a losing trade, but you would not have entered.

## PART VI : *Visual Filter Rules*

# INTERNAL STRUCTURE OF A STRAIGHT

- ② A Straight can be a single bar, or even a gap – in which case it will have no internal structure.

## PART VI : *Visual Filter Rules*

# A STRAIGHT CAN BE A SINGLE BAR OR GAP #1



A large move from one price to another is known as a "gap". A Gap is nearly always a Straight. A large single bar is also nearly always a Straight, although it needs to be compared with recent market history as explained earlier. A single bar can hide a gap.

## PART VI : *Visual Filter Rules*

# A STRAIGHT CAN BE A SINGLE BAR OR GAP #2



This is a good example of a gap. Be careful to check that the gap did not happen between two separate trading sessions. For short term trading, only consider gaps that happen during a trading session to be legitimate Straights. Otherwise, the gap may simply be missing data.

## PART VI : *Visual Filter Rules*

# A STRAIGHT CAN BE A SINGLE BAR OR GAP #3



Be careful not to confuse a gap or large single bar as a legitimate Straight when it could be an error in the data. In this example, the market was moving slowly sideways in a general upwards direction, and then a single price well above the others was interpreted by RET as an Alert. If in doubt, stay out.

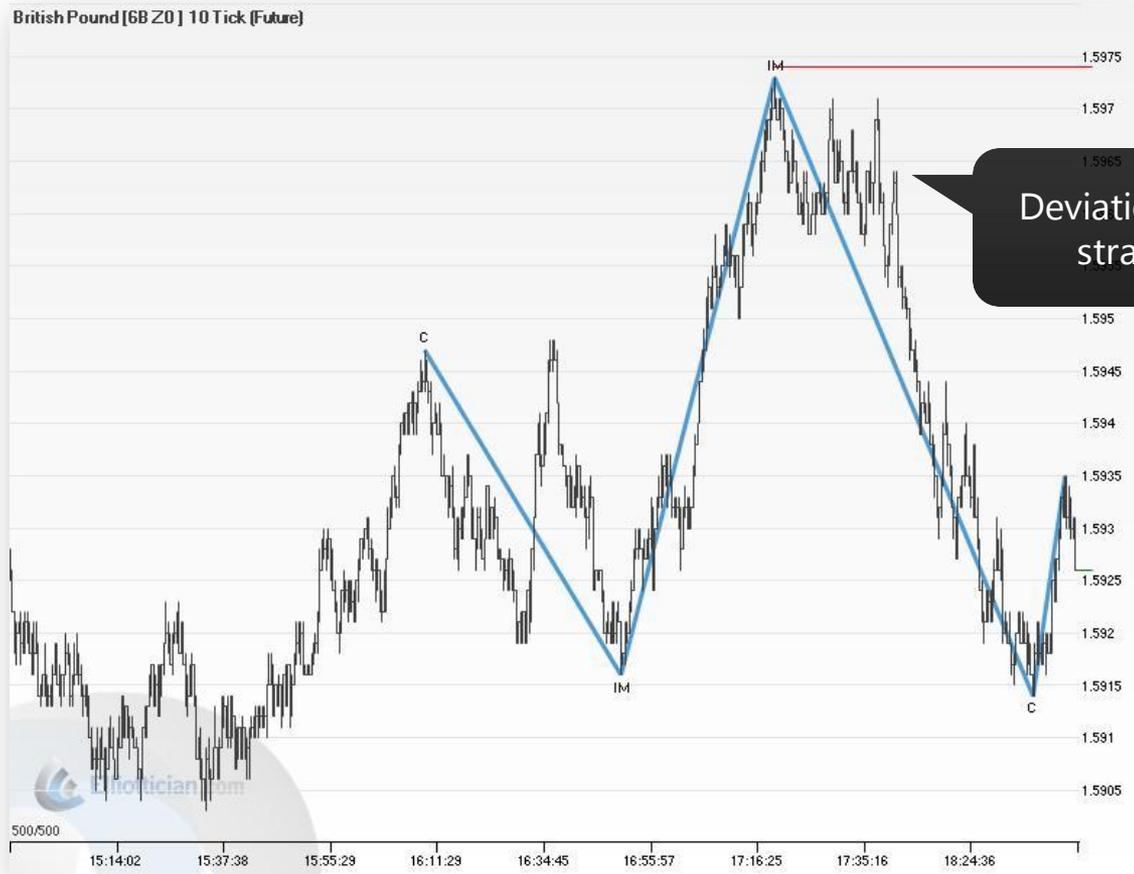
## PART VI : *Visual Filter Rules*

# INTERNAL STRUCTURE OF A STRAIGHT

- ③ It is better when the prices within the Straight stay close to a straight line drawn between the end points.

## PART VI : *Visual Filter Rules*

# PRICES SHOULD STAY CLOSE TO A STRAIGHT LINE #1



Deviation from the straight line

The prices within the Left Straight all stay very close to the straight line. However, the Right Straight deviates from the Straight line.

## PART VI : *Visual Filter Rules*

# PRICES SHOULD STAY CLOSE TO A STRAIGHT LINE #2



When determining if there is too much deviation away from the straight line, always compare the amount of deviation with the entire length of the Straight. Although there is considerable deviation in the Pre-Straight above, it is not significant when compared to the length of the move. The deviation within the other two Straights is also acceptable for an Attractive pattern.

## PART VI : *Visual Filter Rules*

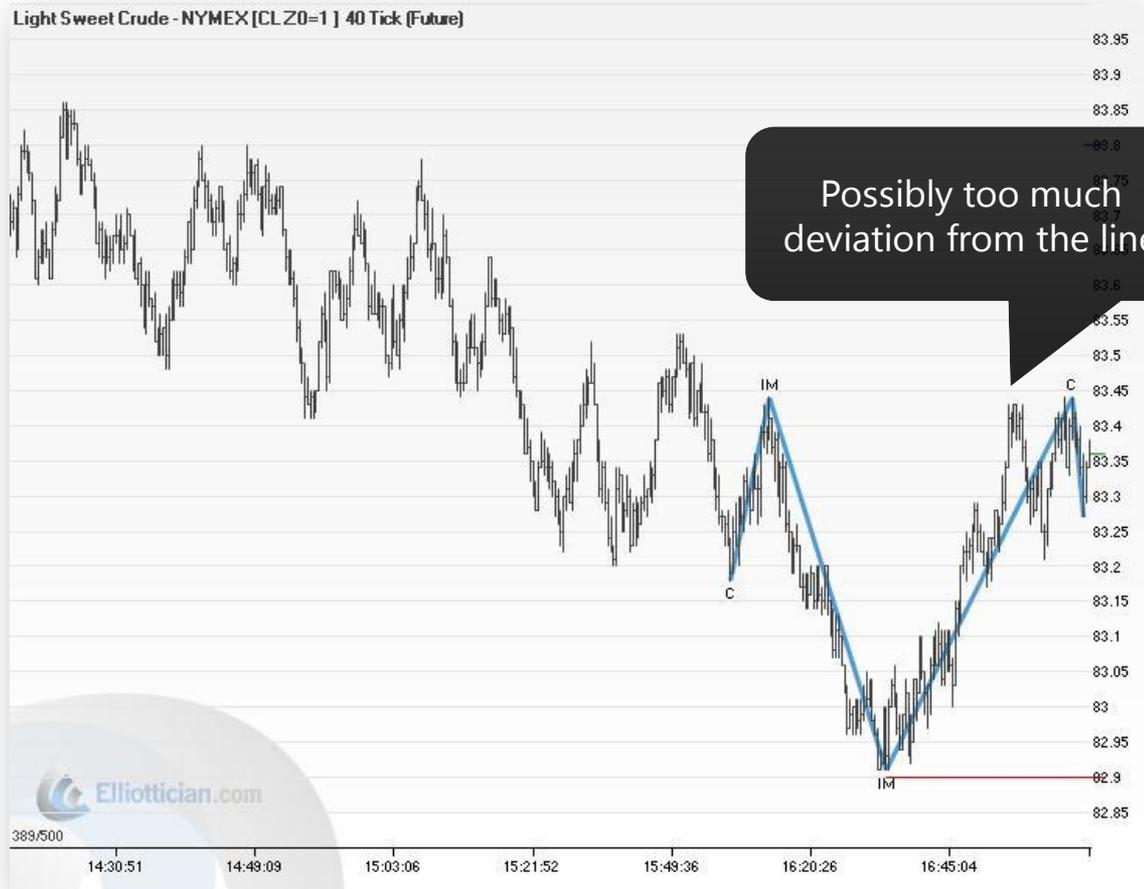
# PRICES SHOULD STAY CLOSE TO A STRAIGHT LINE #3



The deviation from the straight line would downgrade this Alert to Ugly.

## PART VI : *Visual Filter Rules*

# PRICES SHOULD STAY CLOSE TO A STRAIGHT LINE #4



At first glance, the prices at the top of the Right Straight may be too far away from the straight line to qualify. However...

## PART VI : *Visual Filter Rules*

# PRICES SHOULD STAY CLOSE TO A STRAIGHT LINE #4



If we adjust the positioning of the line that defines the Right Straight, the problem is solved. Sometimes the solution is simply finding a better way to define the pattern.

## PART VI : *Visual Filter Rules*

# INTERNAL STRUCTURE OF A STRAIGHT

- ④ A Straight can contain some internal overlap – but less is better.

## PART VI : *Visual Filter Rules*

# MINIMAL INTERNAL OVERLAP IN A STRAIGHT #1



Internal overlap is where the market retraces back to a previous price. The less internal overlap in a Straight, the better. Always compare the amount of overlap as a fraction of the entire Straight move. In the example above, the overlap is about 35% of the entire Right Straight move, which is close to the maximum allowable for a Pretty or Attractive chart.

## PART VI : *Visual Filter Rules*

# MINIMAL INTERNAL OVERLAP IN A STRAIGHT #2



The overlap in the Left Straight is about 30% of the entire move. Assuming all other rules are obeyed, this overlap would be acceptable. However, less overlap is better.

## PART VI : *Visual Filter Rules*

# MINIMAL INTERNAL OVERLAP IN A STRAIGHT #3



Here is an example where a large overlap is not obvious at first glance. The Right Sideways move stays very close to the Blue Underlay, but careful investigation will show that the overlap (highlighted above) is around 35% of the entire move – which is about the maximum allowable before downgrading the pattern to Plain.

## PART VI : *Visual Filter Rules*

# MINIMAL INTERNAL OVERLAP IN A STRAIGHT #4



There is no significant internal overlap in any of these Straights. The maximum overlap in either the Left or Right Straight is about 20%.

## **PART VI : *Visual Filter Rules***

# **INTERNAL STRUCTURE OF A STRAIGHT**

- 5** If a Straight contains clear internal structure:
  - It must contain three internal straights, separated by two primary sideways moves.
  - The two internal sideways moves must not overlap
  - The middle internal straight must never be the shortest internal straight.

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #1



In this example, the Left Straight has clear internal structure, while the Right Straight does not.

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #1



The Left Straight shows three internal straights, separated by two internal sideways moves. The two internal sideways moves do not overlap and the middle internal straight is not the shortest internal straight. Therefore all the internal structure rules are obeyed for this Left Straight.

## PART VI : *Visual Filter Rules*

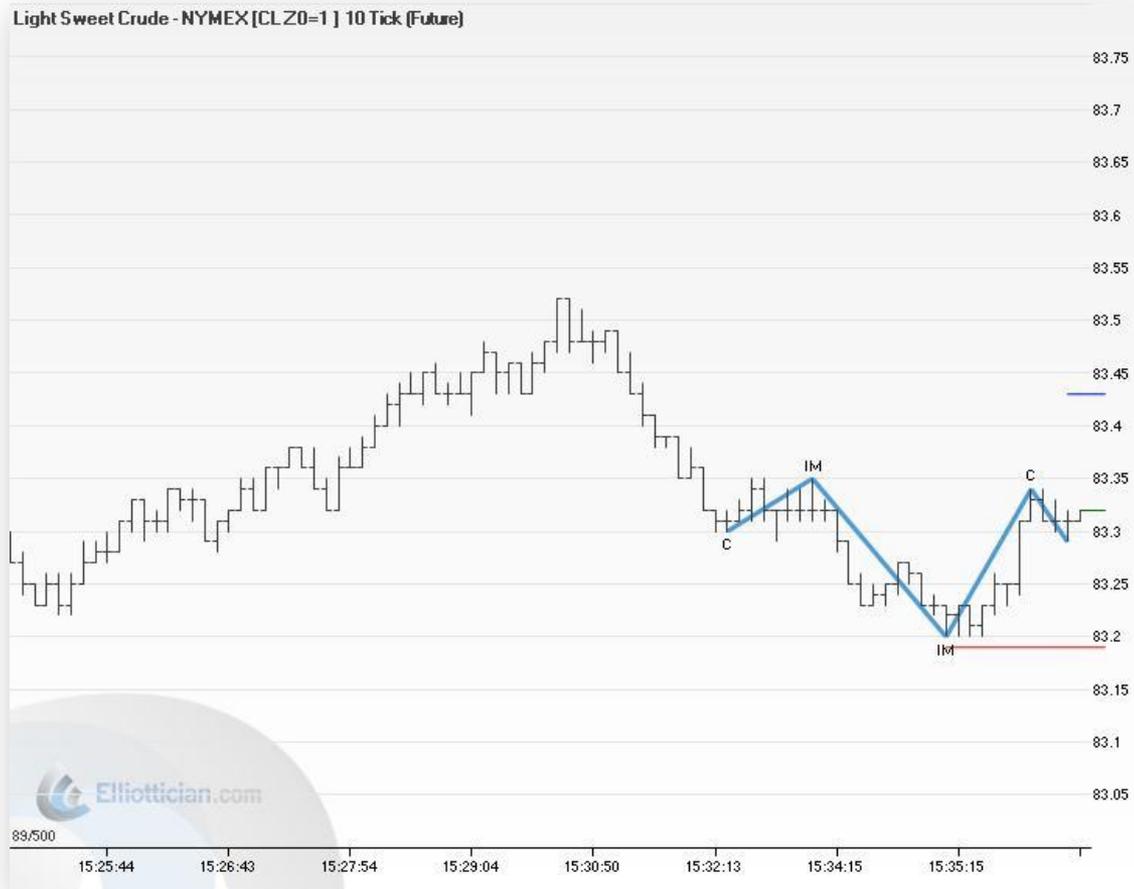
# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #2



The Left Straight above contains only one obvious sideways move, resulting in two internal Straights separated by a Sideways move. This configuration of internal structure is not allowed (if there is any internal structure at all) there must be three internal straights, not two, and two internal sideways moves, not one. This rule is immutable. Therefore this pattern is, by definition, Ugly.

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #3



It is immediately obvious that the Left Straight above contains a single internal sideways. A single violation of this rule when it is so blatantly clear is an immediate disqualification of the Alert – this one is therefore categorized as Ugly. Note, also, the less obvious, but still relatively clear single internal sideways move in the Right Straight as well.

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #4



This Left Straight can be looked at in more than one way. Here a single internal sideways move separates two internal Straights. However, this configuration violates the internal structure rules. Another way to look at this Left Straight is...

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #4



Another way to look at this Left Straight is to consider the smaller internal sideways move as a second internal sideways move. This strategy could be flawed because of the size difference between the two internal sideways moves. Also, this configuration violates the rule that states that the two internal sideways moves cannot overlap. So...

## PART VI : *Visual Filter Rules*

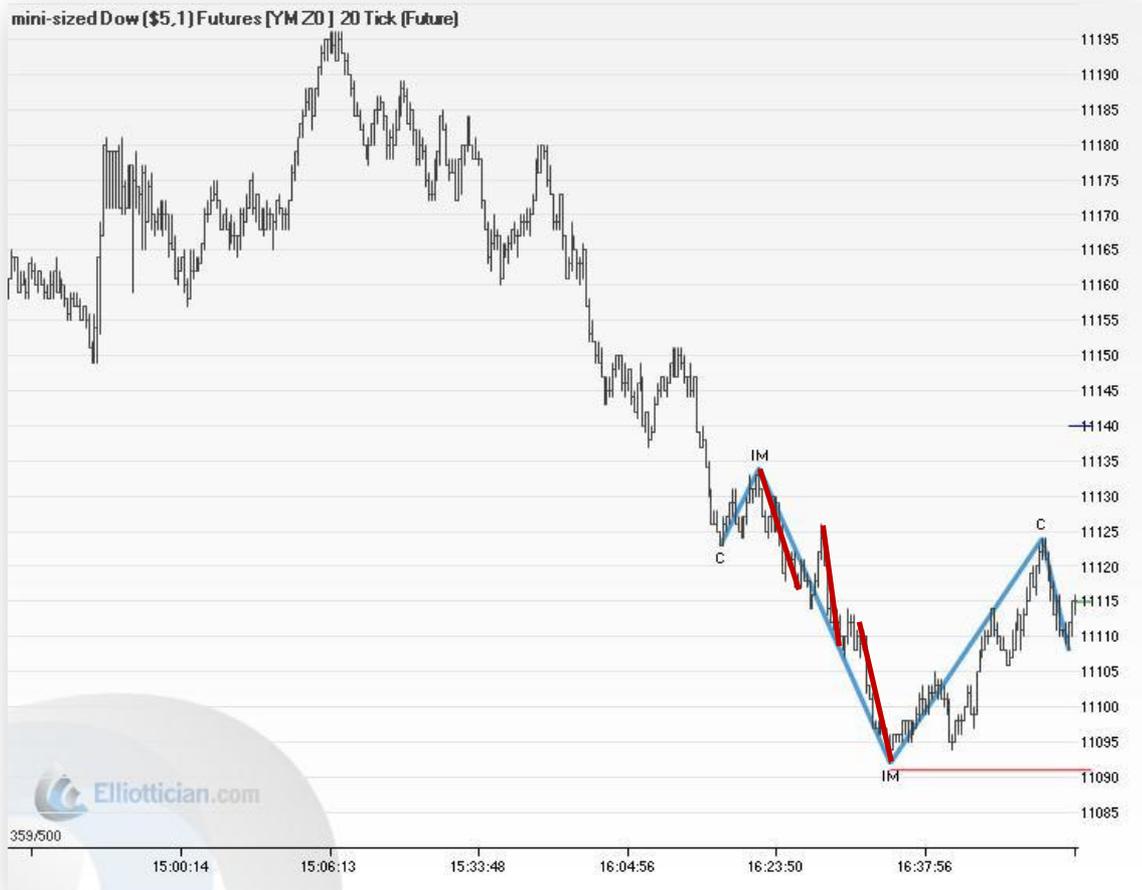
# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #4



Yet another way to look at this Left Straight is to redefine the top of the Left Straight, and lengthen the Left Sideways, as above. However, this leaves the new shorter Left Straight with a large single internal Sideways, which violates the rules again – there must never be a single internal Sideways move. However you look at the Left Straight, it is Ugly.

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #5



The Left Straight has two internal sideways moves. However, careful examination will show that the middle internal Straight is shorter than both the others. The middle internal Straight can be longer than either of the other two, shorter than either of the other two, equal length to either of the other two, but NEVER the shortest internal Straight. This rule is immutable, making this pattern Ugly and untradable.

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #6



How much internal structure does a Straight need to show before the internal structure needs to be considered? This is an important question, and can best be answered by way of examples. Let us consider this example...

## PART VI : *Visual Filter Rules*

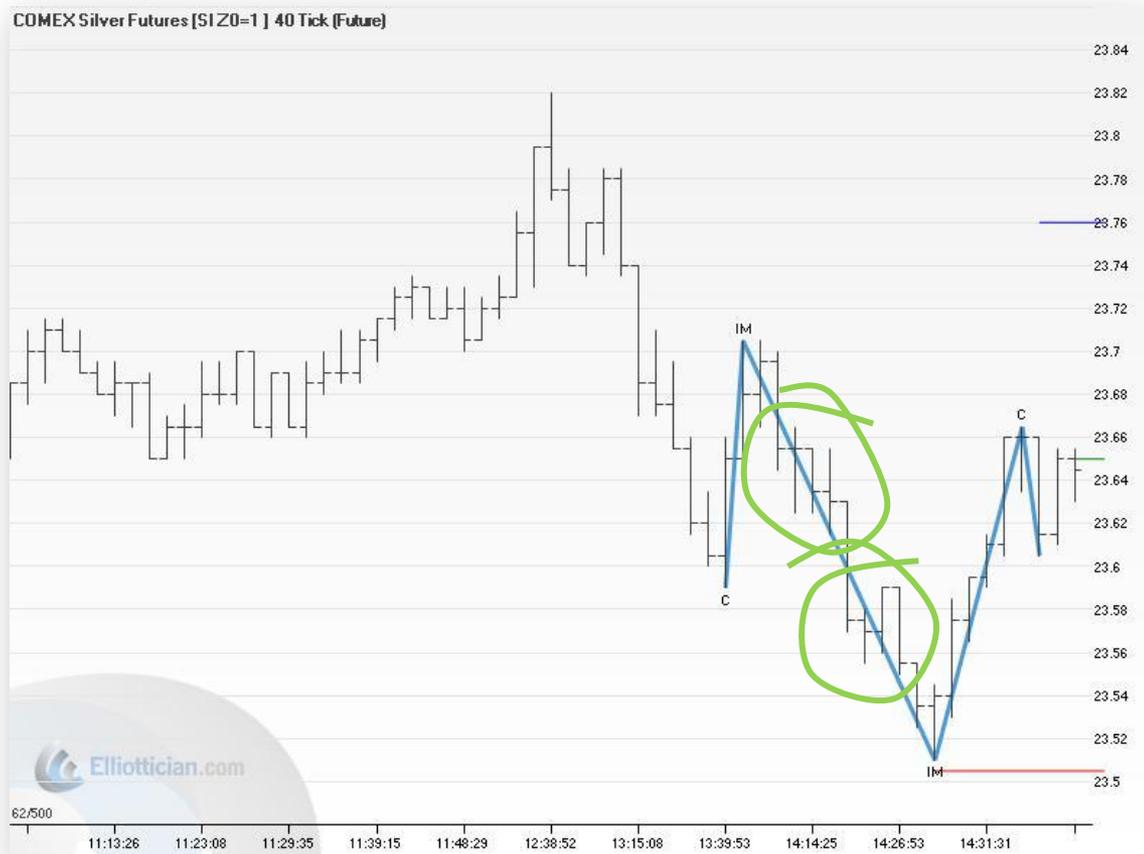
# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #6



The Right Straight does not show significant internal structure. However, the Left Straight is showing some internal structure. The amount of internal structure shown in the Left Straight is somewhere between insignificant and clear. In this example, you could choose to consider it, or choose to ignore it. Either choice would be valid. If you were to consider it...

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #6



The Left Straight shows two similar internal sideways moves – small though they be. Careful examination shows that all the internal structure rules are obeyed. However, if we consider the Pre-Straight...

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #6



The Pre-Straight could start from here (as above) or from the previous high. If this placement is correct, then we must decide if the circled internal sideways move is significant enough to be considered. However, because it is so small when compared to the entire Pre-Straight move, we would not consider this internal sideways move significant enough for serious consideration or analysis. However...

## PART VI : *Visual Filter Rules*

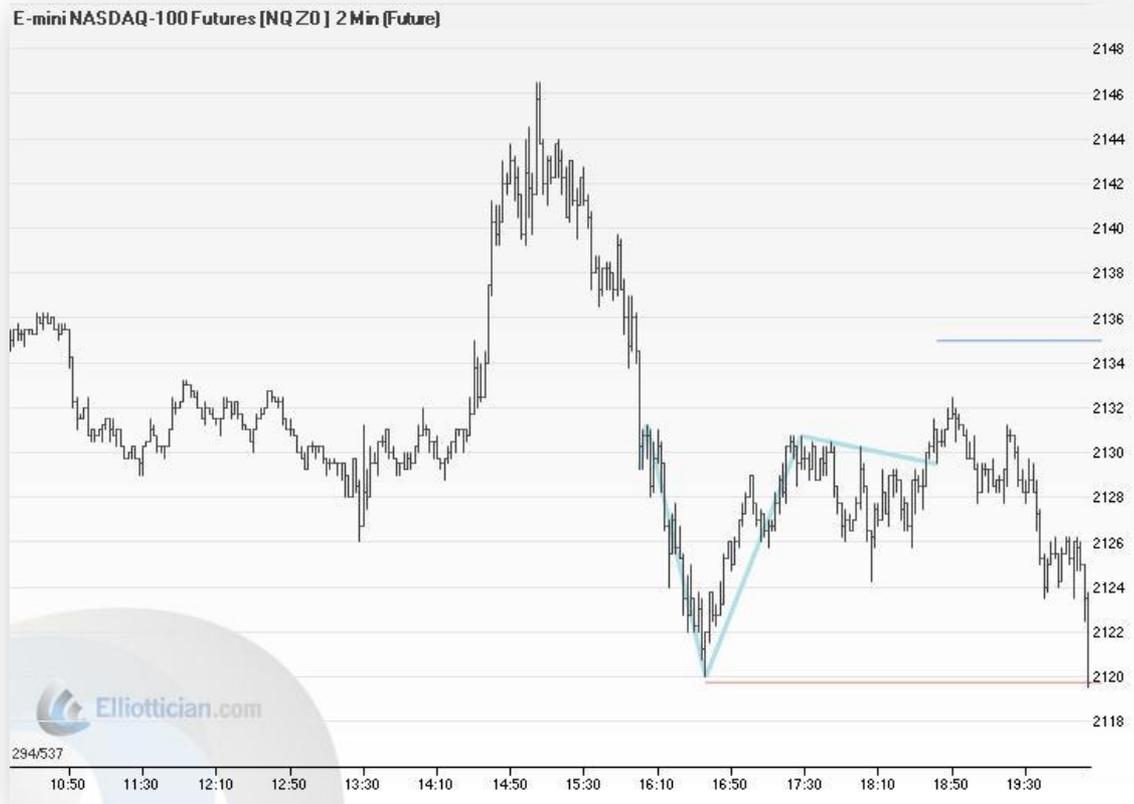
# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #6



If the Pre-Straight starts from the previous high, as above, then the circled internal sideways move is included, and is just – but only just – large enough to be considered. To obey the rule that states that there must be two internal sideways, the lower (previously ignored) small internal sideways can be considered to be the second internal sideways move.

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #7



The Right Straight contains a single internal sideways move that is too large to ignore. This violation of the rules is enough to classify the Alert as Ugly.

## PART VI : *Visual Filter Rules*

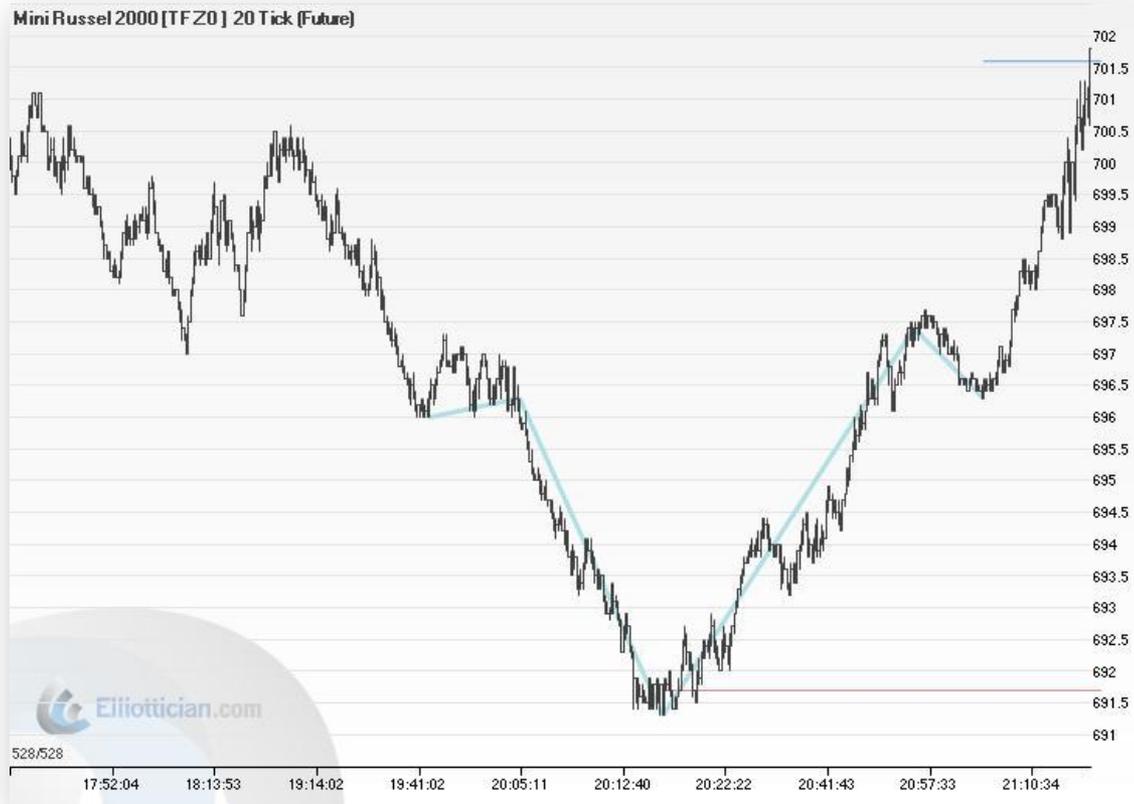
# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #8



In this example, all three Straights have a single internal sideways move that is just large enough to deserve consideration. On all three counts, this pattern is disqualified. It takes practice to know if you should consider a small internal move – but in the interim, if you are unsure, the best thing to do is leave it out.

## PART VI : *Visual Filter Rules*

# STRAIGHTS THAT CONTAIN A CLEAR INTERNAL STRUCTURE #9



The Left Straight has no significant internal structure. However, the Right Straight shows some internal structure – but not quite enough to deserve analysis.

SECTION ONE :

# ALL YOU NEED TO KNOW ABOUT THE VISUAL FILTER RULES

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**PART VII** : *Early Exit Signals*

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## **PART VII** : *Early Exit Signals*

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At times, it is prudent to exit the market before it reaches the target.

Only exit early if one of the following three situations occur:

- Lengthy sideways move near the target
- Loss of momentum near the target
- Reversal signal near the target

## PART VII : *Early Exit Signals*

# EARLY EXIT SIGNALS #1



Here is an excellent example of the market moving sideways just short of the Target. This is a classic Early Exit Signal. Don't wait for the extra few dollars when there is a much greater number of dollars at risk. Exit immediately.

## PART VII : *Early Exit Signals*

# EARLY EXIT SIGNALS #2



This example shows the market having two separate attempts to reach the Target, missing both times. Notice that the nature of the move has changed from Straight to Sideways. Exit immediately while the market is moving sideways just before reaching the Target. The nature of the move is no longer Straight – therefore, it is time to exit.

Market moving sideways  
just before reaching Target

## PART VII : *Early Exit Signals*

# EARLY EXIT SIGNALS #3



This example of a sideways move would be a little less obvious to see in real-time. The market had reached a high, hit the same high multiple times, then started moving down. This is usually a strong indication that the move is over. By the time the market had moved back close to your Entry, you could be reasonably sure this move was over, and to exit for a small profit or loss.

## PART VII : *Early Exit Signals*

# EARLY EXIT SIGNALS #4



This is a classic case of loss of momentum. The move slows down as it gets closer to the Target. When you see this happening, exit immediately.

Loss of momentum

## PART VII : *Early Exit Signals*

# EARLY EXIT SIGNALS #5



This market gave a clear reversal signal. See the Long trade entry signal marked in red. Don't enter Long, just exit. For although the Long

Reversal signal.  
Exit here.

entry signal obeys all the Visual Filter rules, it was not

identified by RET Pro 4, and therefore has not passed all the pre-tests that the software normally checks. The very presence of the opposite direction pattern that obeys the Visual Filter Rules is enough to lose confidence in the trade.

## PART VII : *Early Exit Signals*

# EARLY EXIT SIGNALS #6



Here is a Pretty pattern that simply turned around and headed down to the Stop Loss without giving an exit signal. Sometimes this happens, and there is little that can be done about it. Not all Pretty trades produce profits.

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# END OF SECTION 1

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You now know all the Visual Filter Rules

You also know when to Enter and when to Exit Early.

It takes practice to become proficient at selecting Pretty and Attractive Alerts.

Start by practicing only picking Pretty Alerts, and leaving the rest.

The following section will give you practice at differentiating between Pretty and Ugly Alerts.

Have fun!

SECTION TWO :  
**PRACTICE PICKING THE PRETTY ONES**

————— **PRETTY** *vs.* **UGLY** —————

## PRACTICE PICKING THE PRETTY ONES

---

# PRETTY *vs.* UGLY

---

The following charts are either Pretty or Ugly.

Pretty Alerts are good to trade.

Ugly Alerts should never be traded.

There are no Attractive or Plain charts included in the following section.

Based on the Visual Filter Rules in Section 1 of this document, see if you can determine if the chart is Pretty or Ugly before moving forward and seeing the answer.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?

COMEX Gold Futures [GCZ0=1 ] 2 Min (Future)



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Left and Right Straights are very different, with the Left Straight containing a single internal sideways move making the Apex quite flat.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Left and Right Straights are very different, with the Left Straight containing a single internal sideways move making the Apex quite flat.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

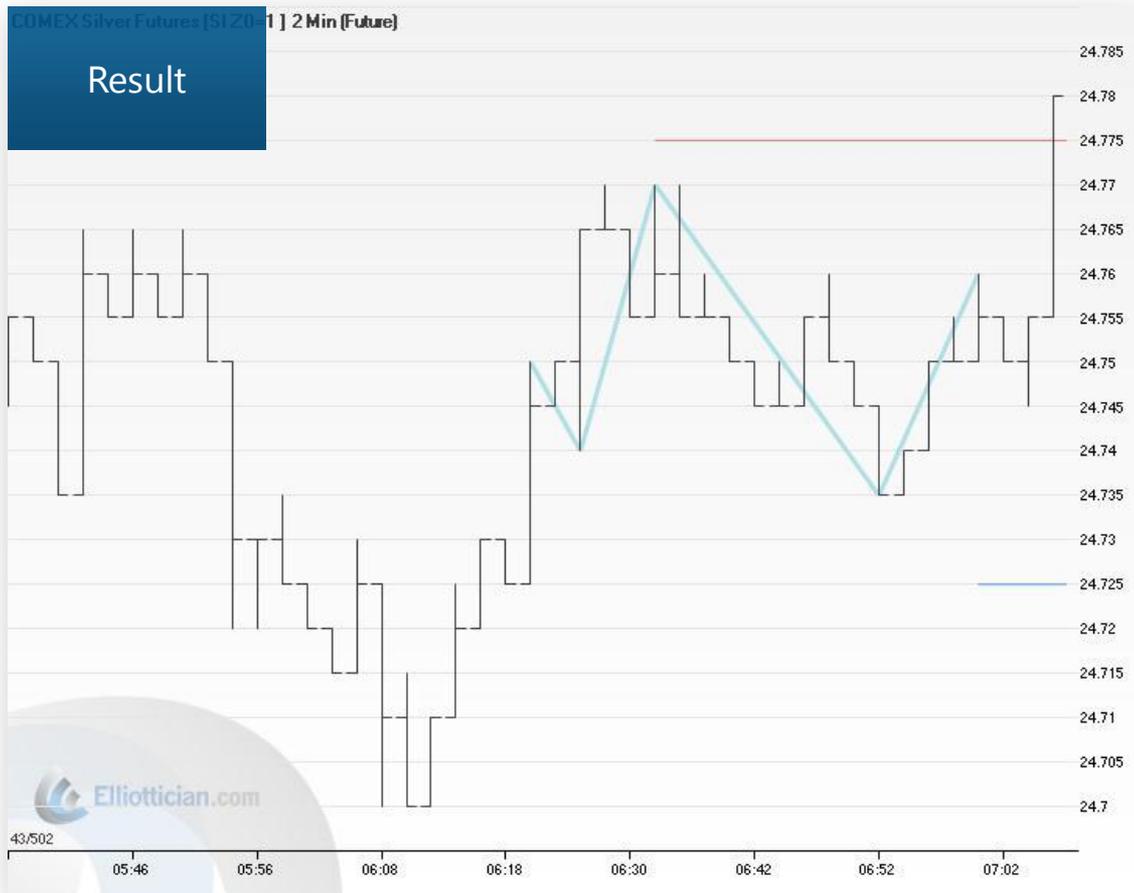
## UGLY!



The Apex is not pointy, the Left Sideways move is too small in comparison to the Right Sideways move to confirm, and the Right Straight contains a large single internal sideways move.

## PRACTICE PICKING THE PRETTY ONES

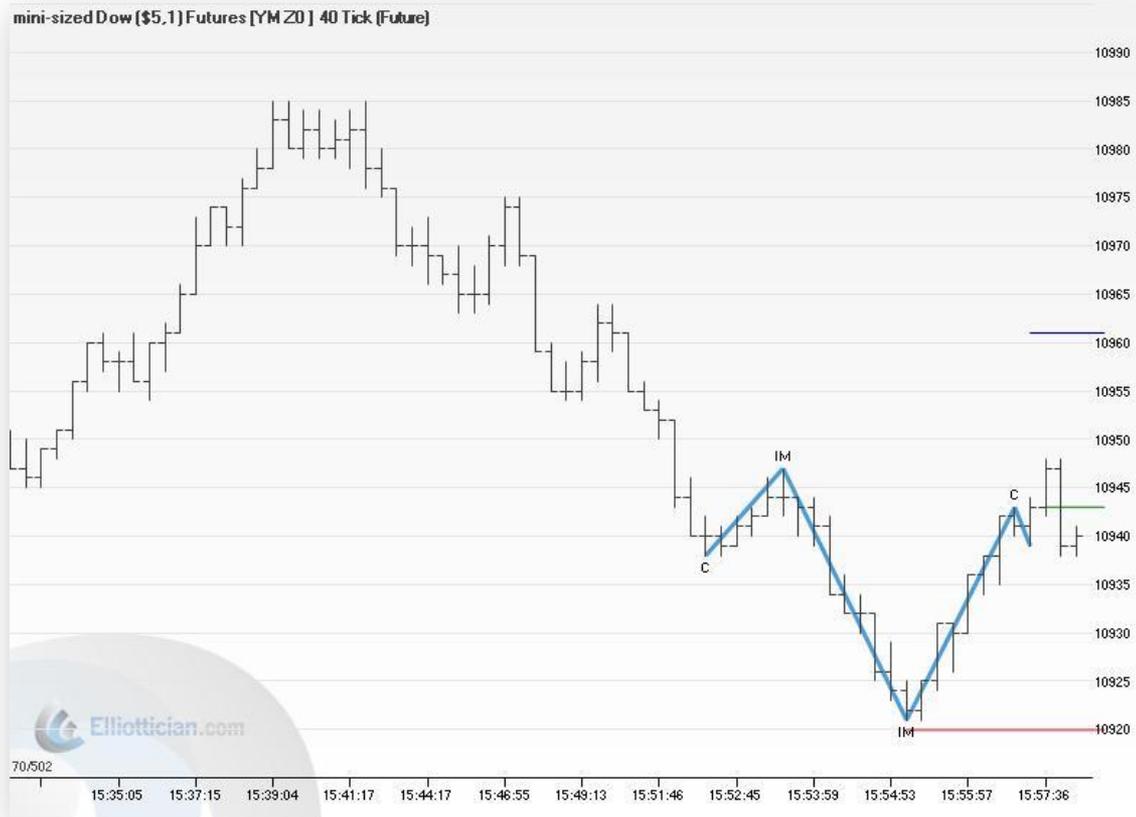
**UGLY!**



There was no valid Entry signal either.

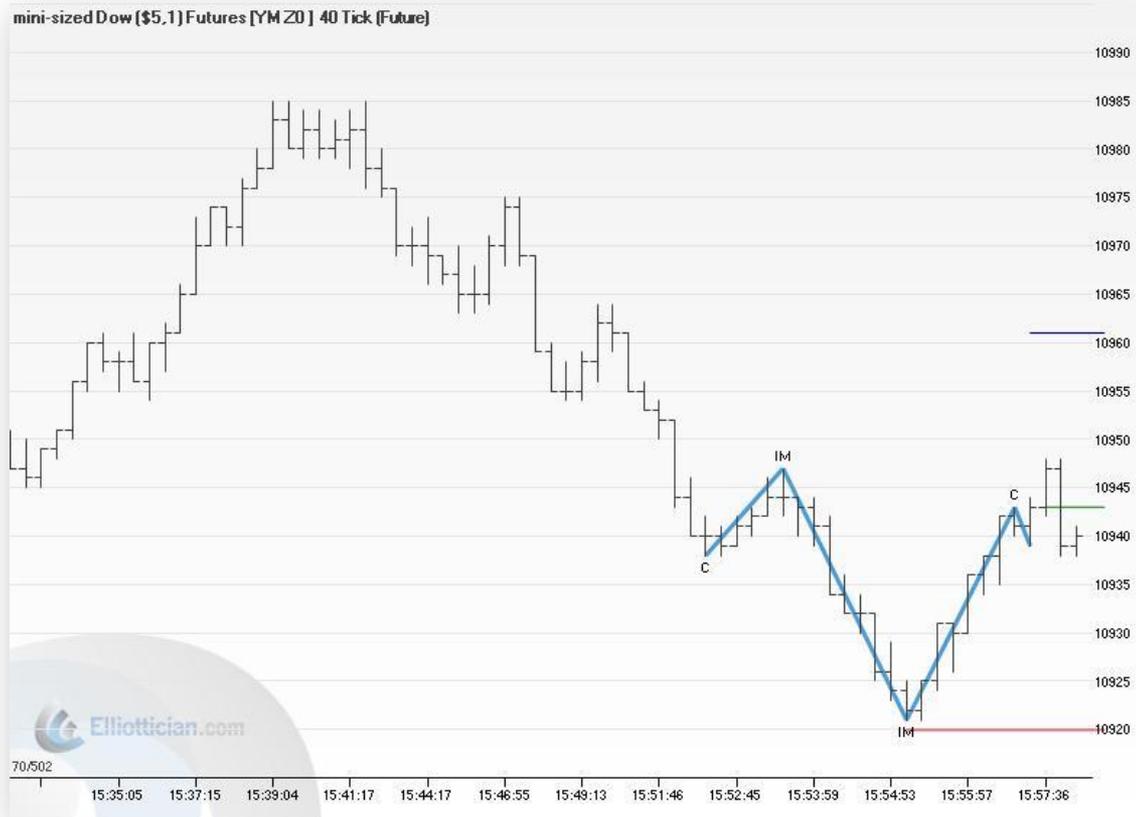
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

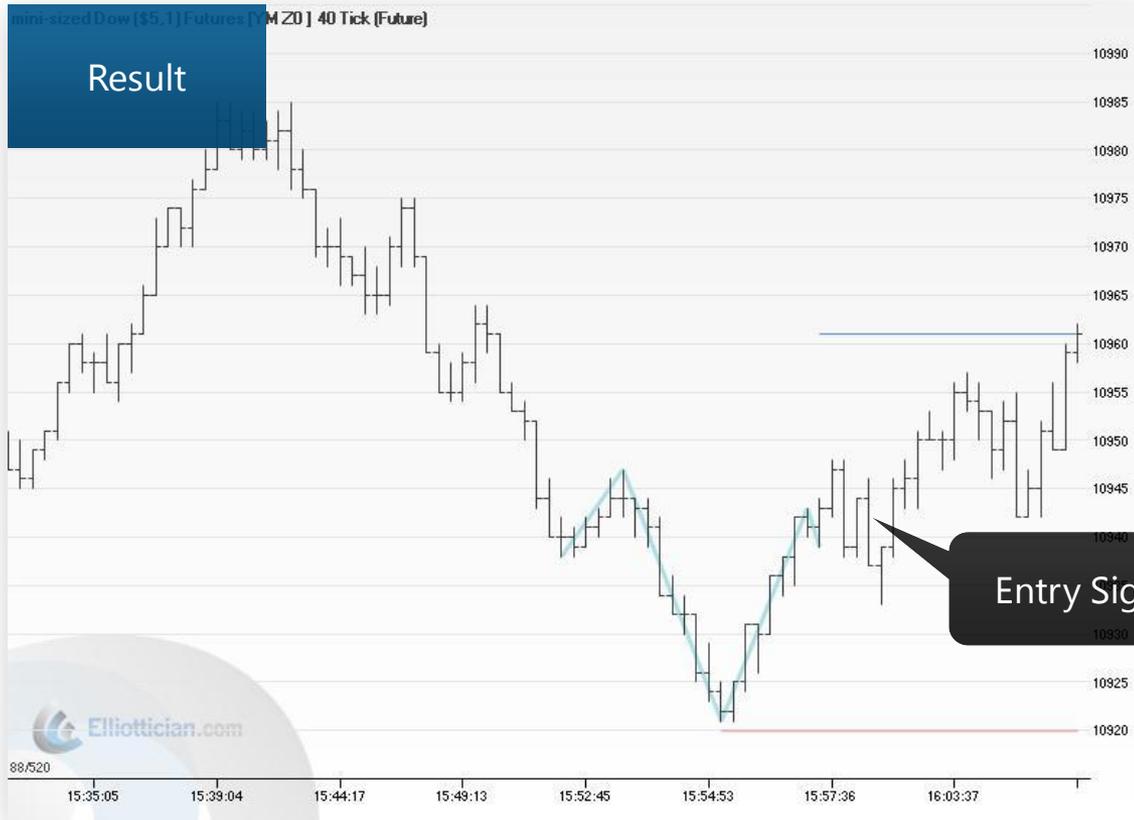
## PRETTY!



Pretty, but wait for an Entry Signal.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



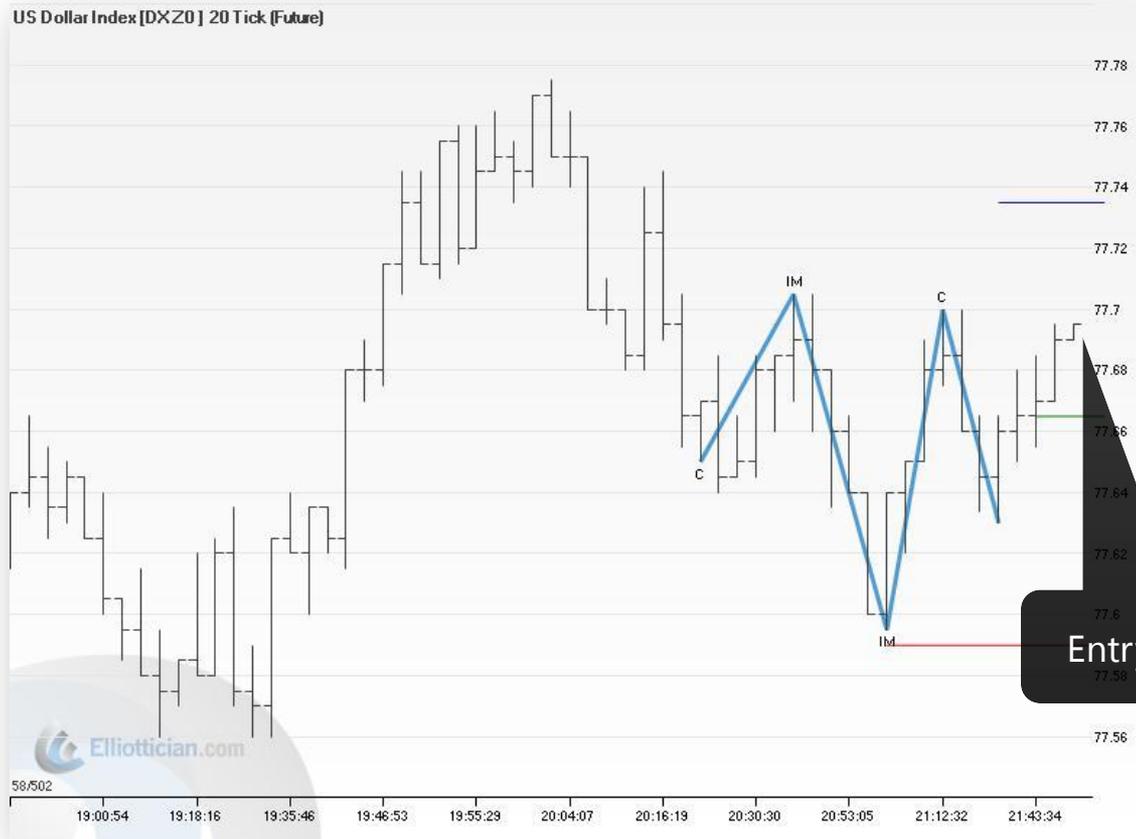
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



Pretty.

**Enter immediately.**

Entry Signal here

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



Pretty.

**Enter immediately.**

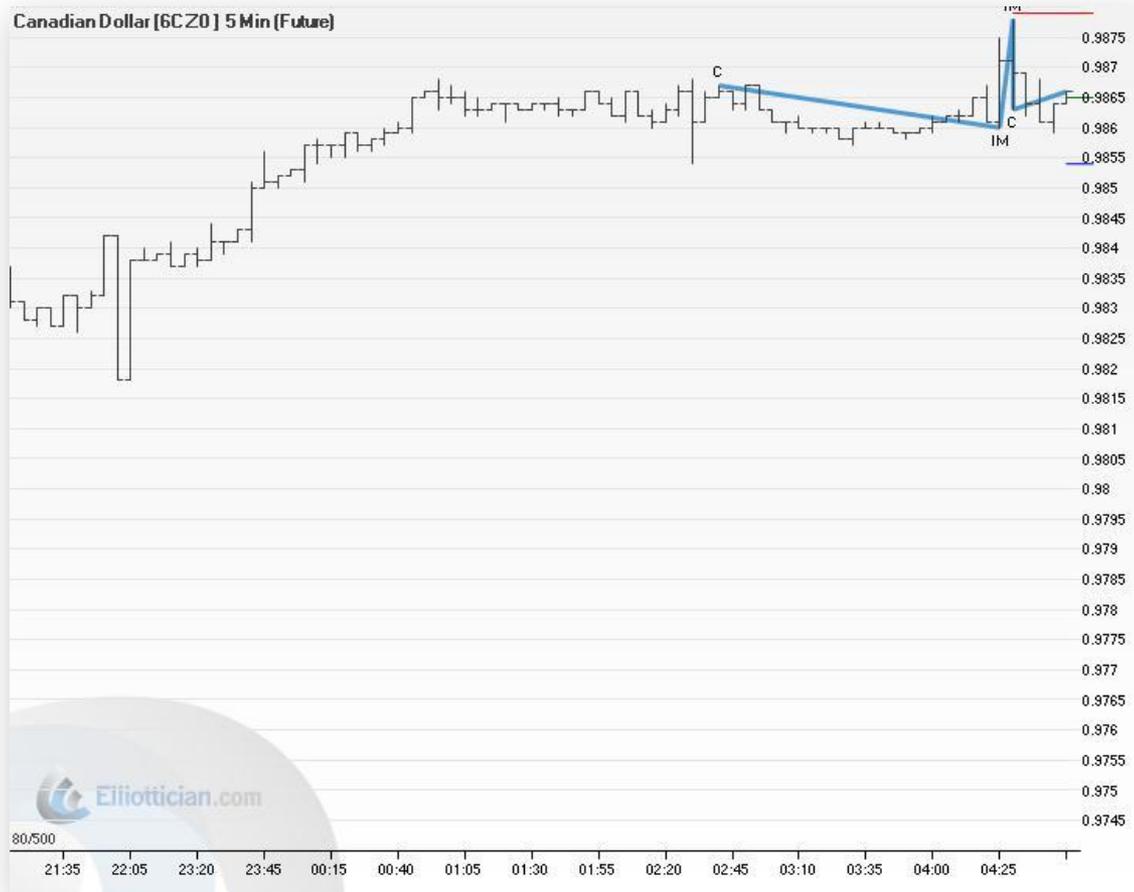
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



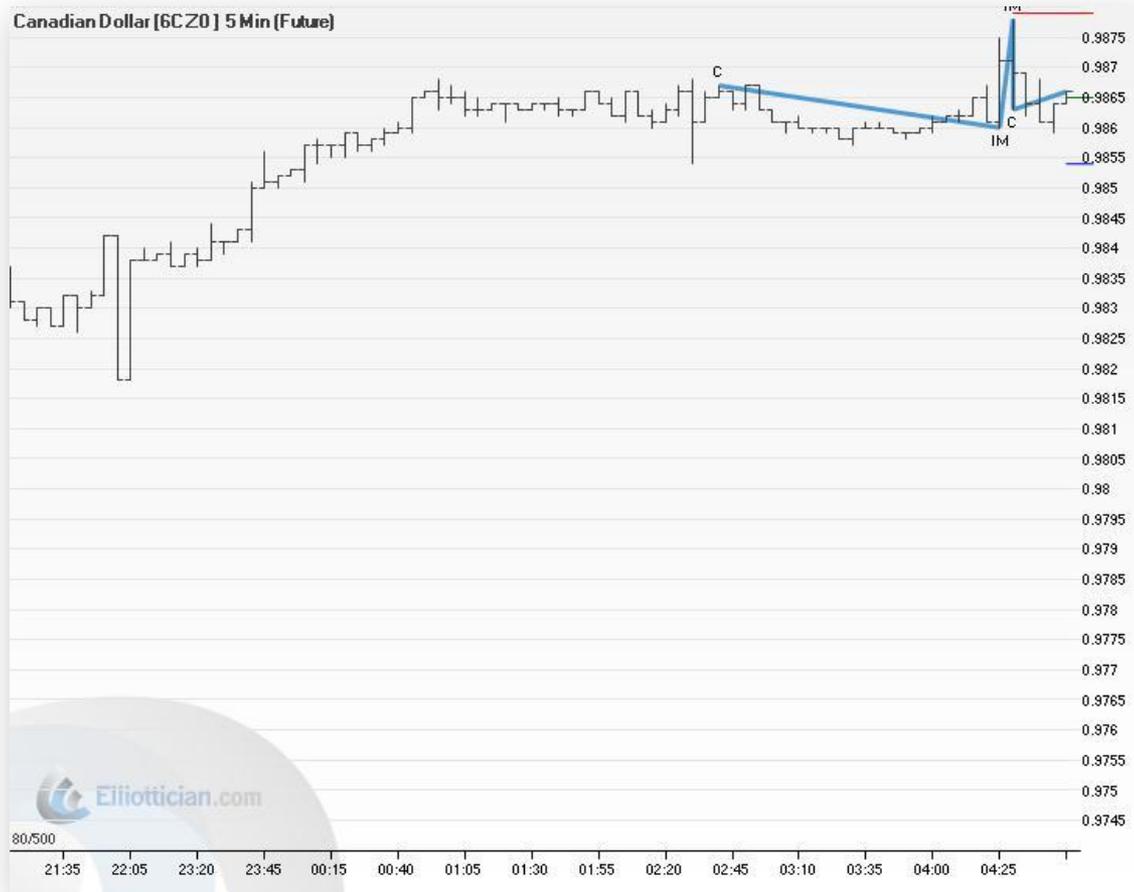
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



This pattern looks nothing like the classic Pretty shape, so classify it immediately as Ugly.

# PRACTICE PICKING THE PRETTY ONES

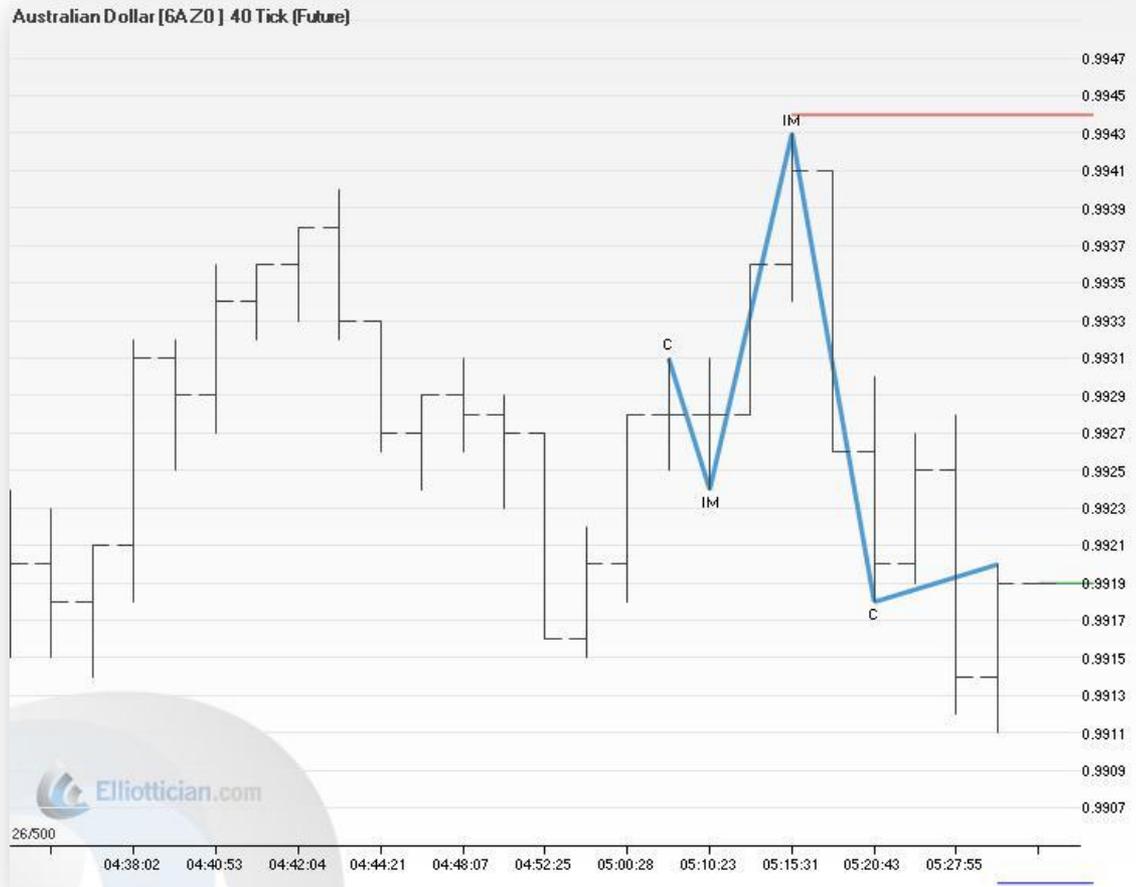
**UGLY!**



This pattern looks nothing like the classic Pretty shape, so classify it immediately as Ugly.

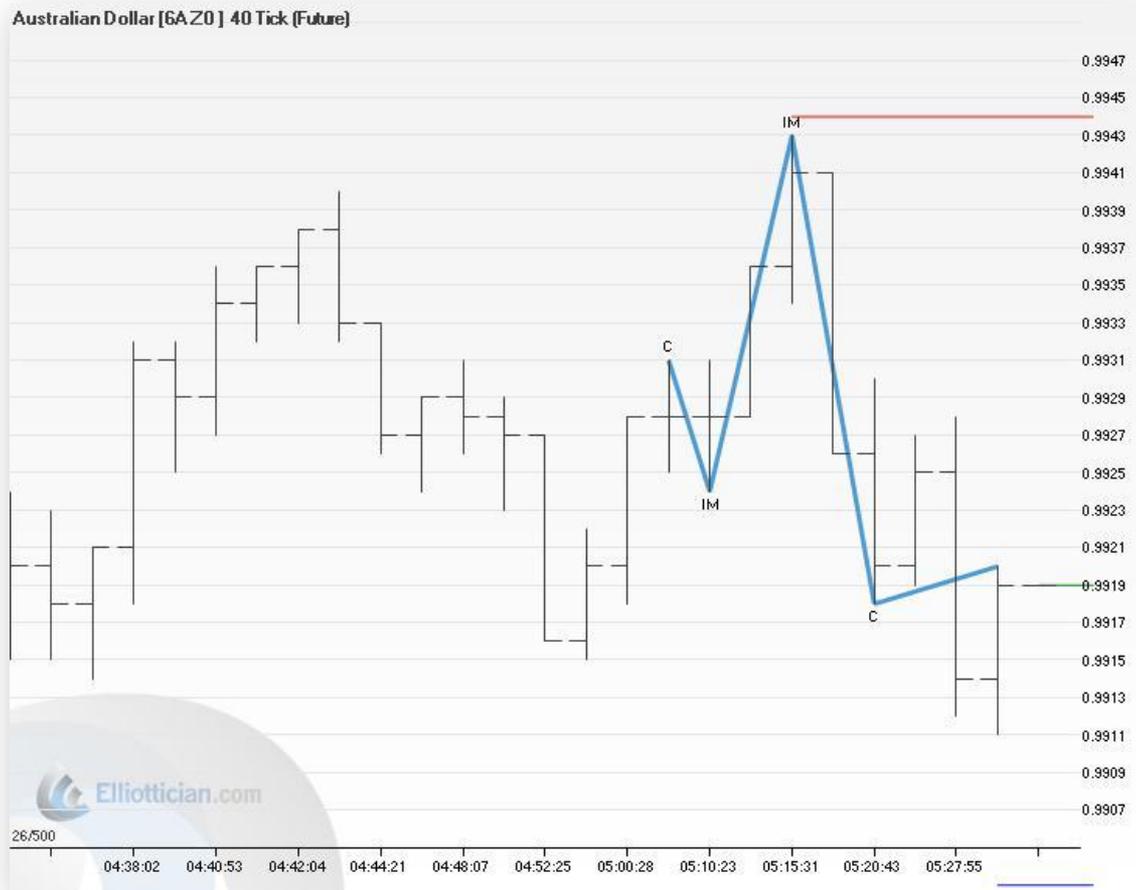
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

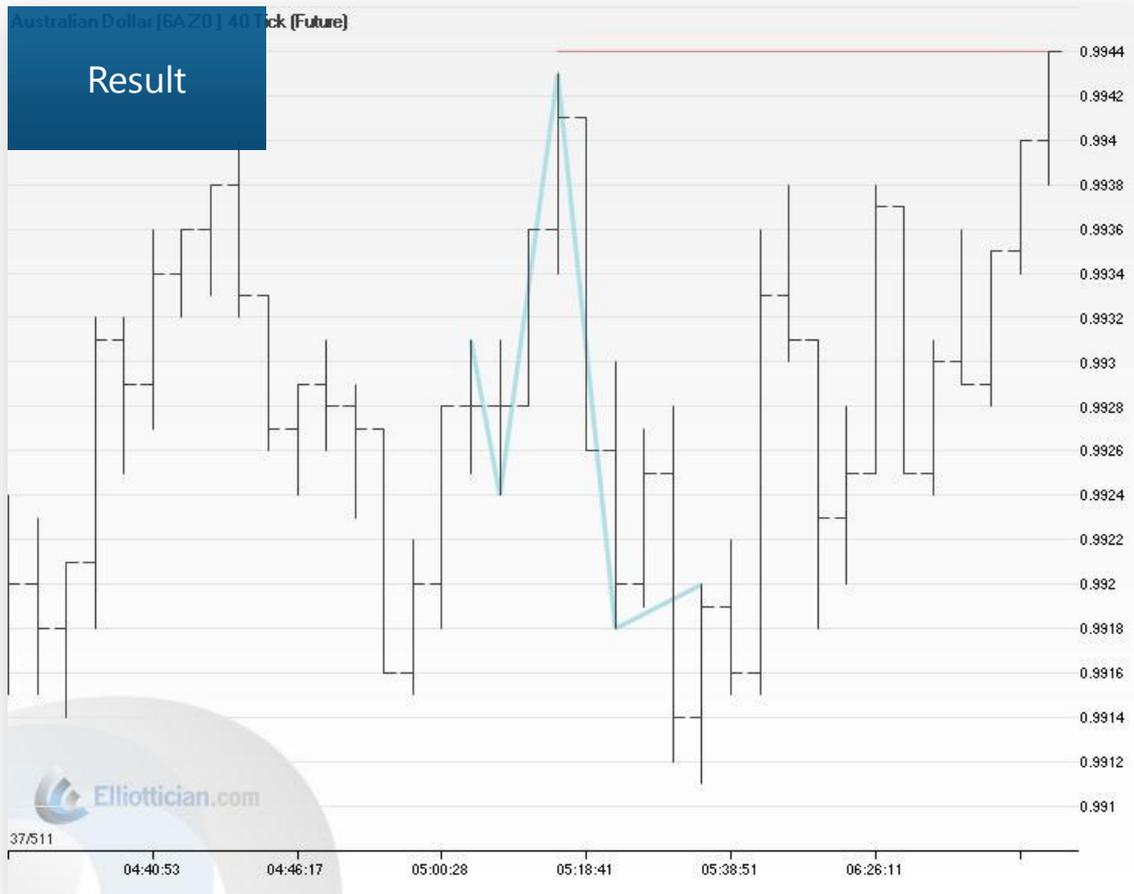
## UGLY!



The market has already moved half way to the target even before the Alert was first displayed, so the trade could well be over. This is Ugly.

# PRACTICE PICKING THE PRETTY ONES

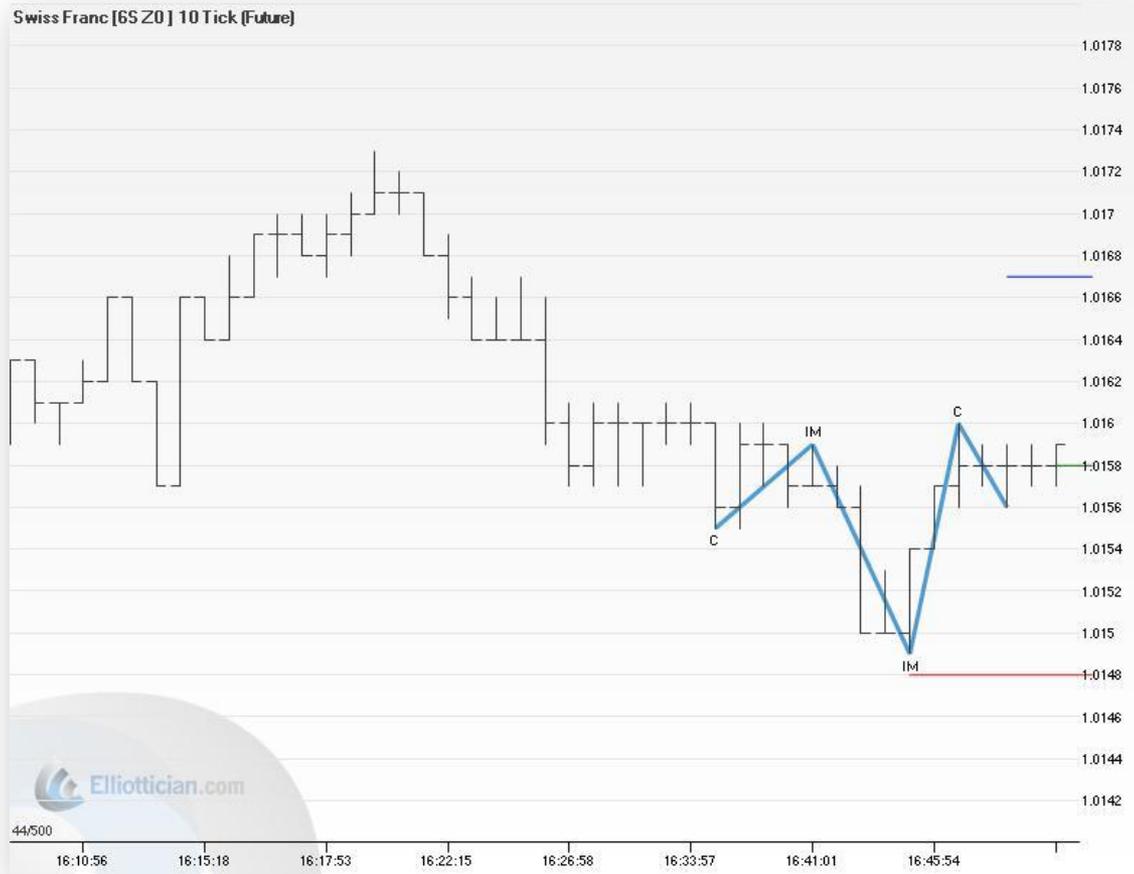
**UGLY!**



Yes, the trade was over.

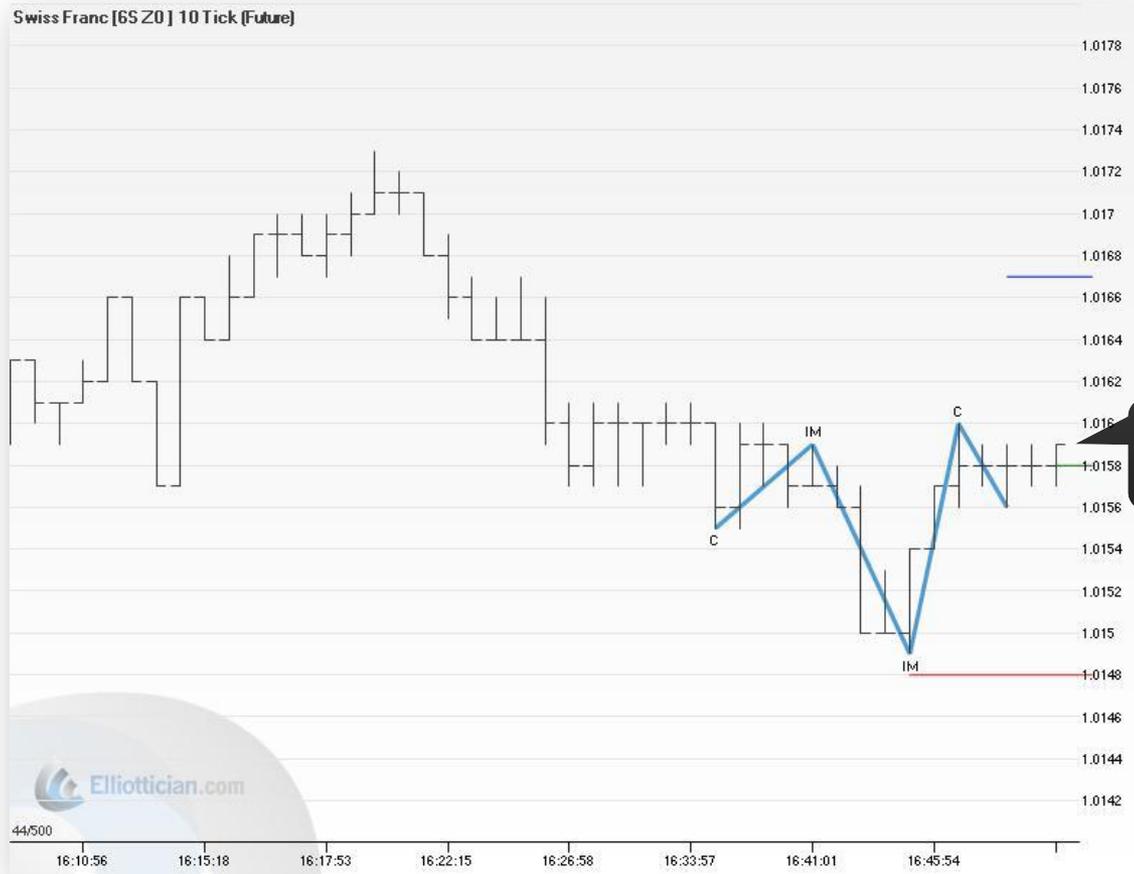
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



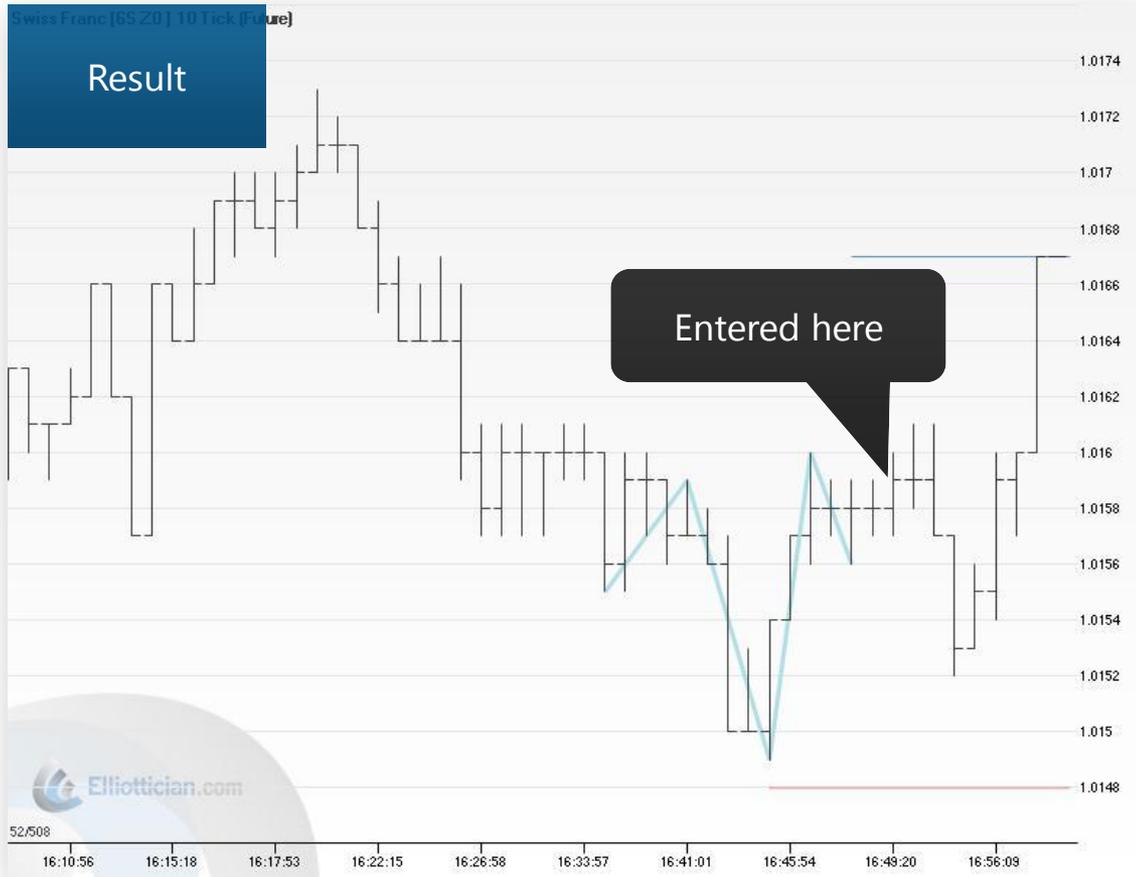
Although the Apex is not very pointy, it is fine for a 10 Tick chart, such as this one.

**Enter immediately.**

Enter

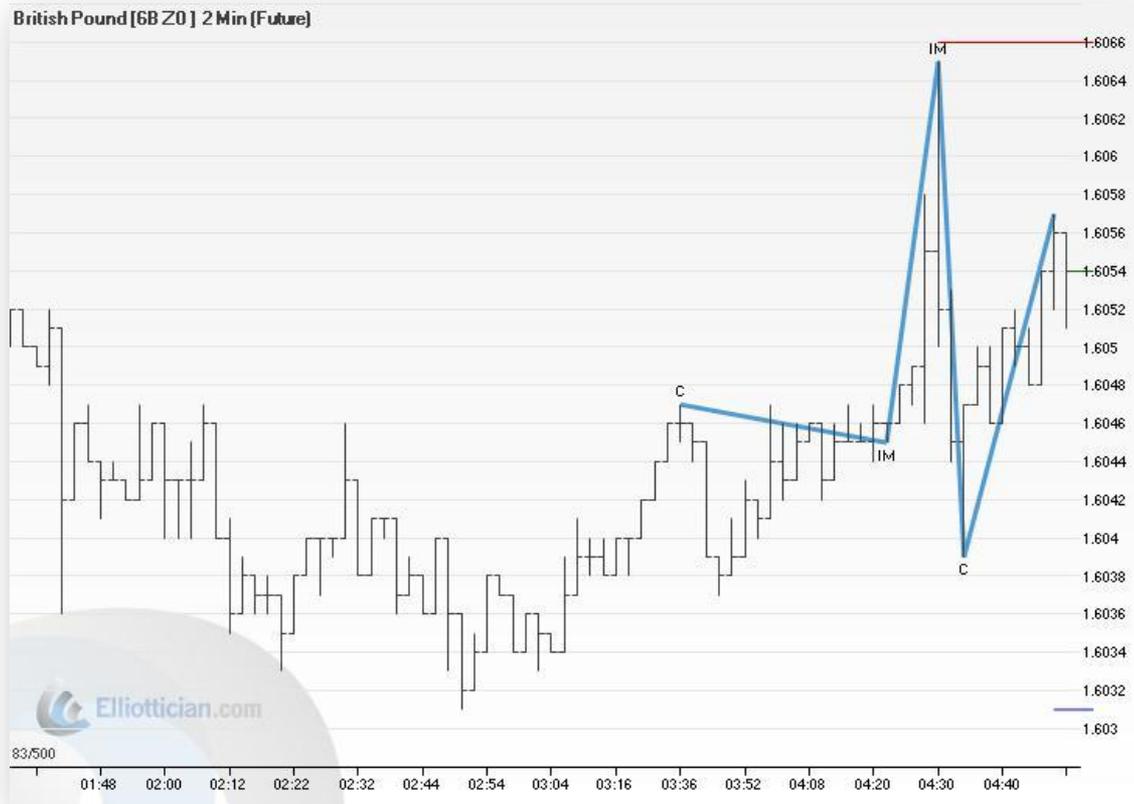
## PRACTICE PICKING THE PRETTY ONES

# PRETTY!



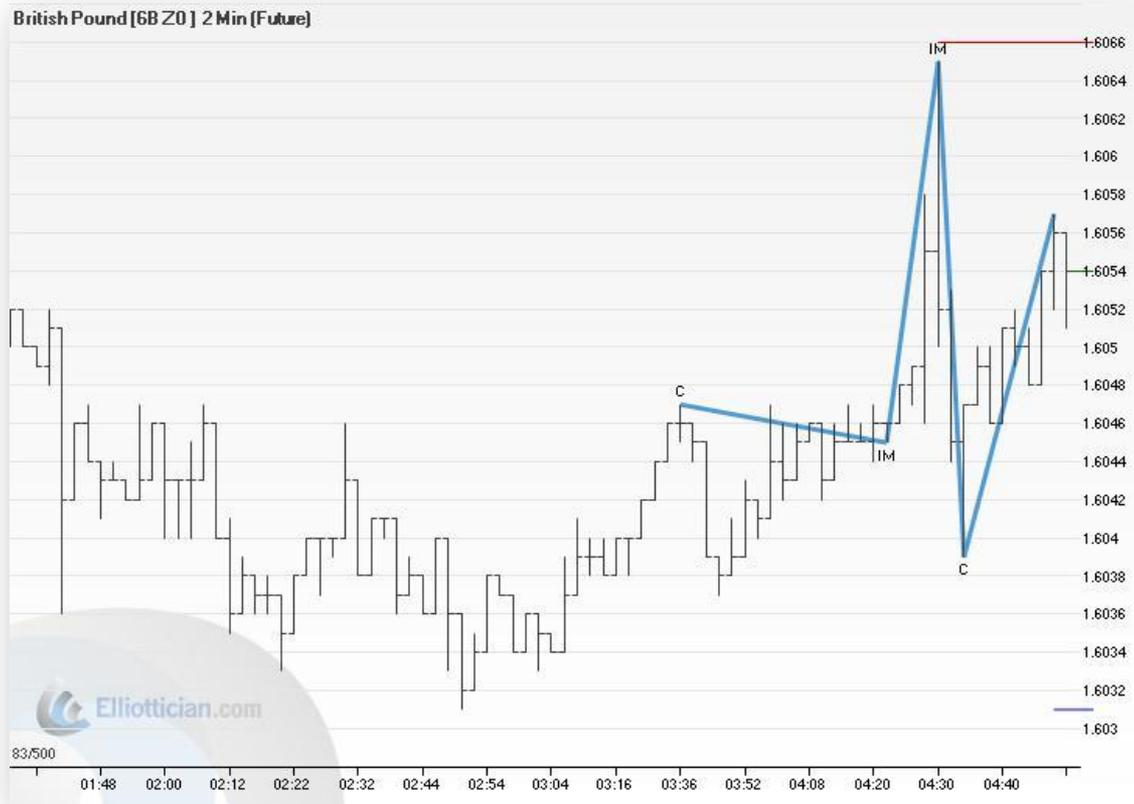
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

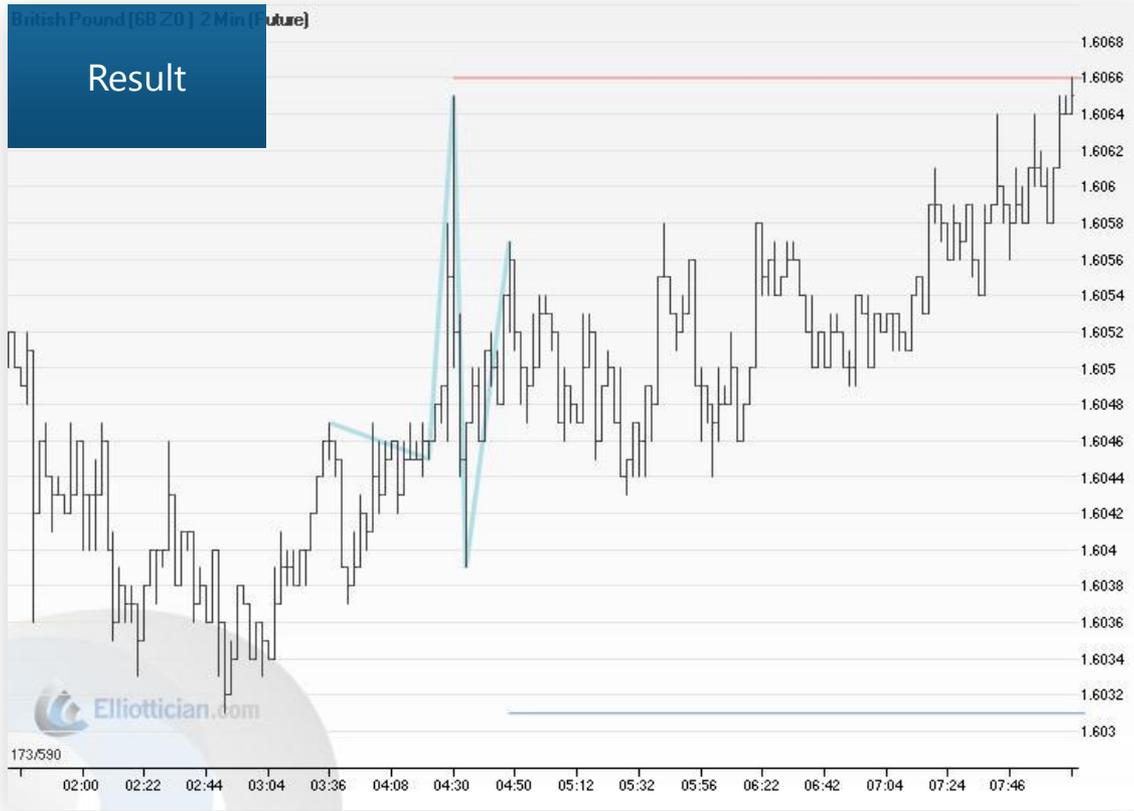
## UGLY!



This pattern just looks weird. Anything this different from the ideal Pretty Pattern shape is always classified as Ugly.

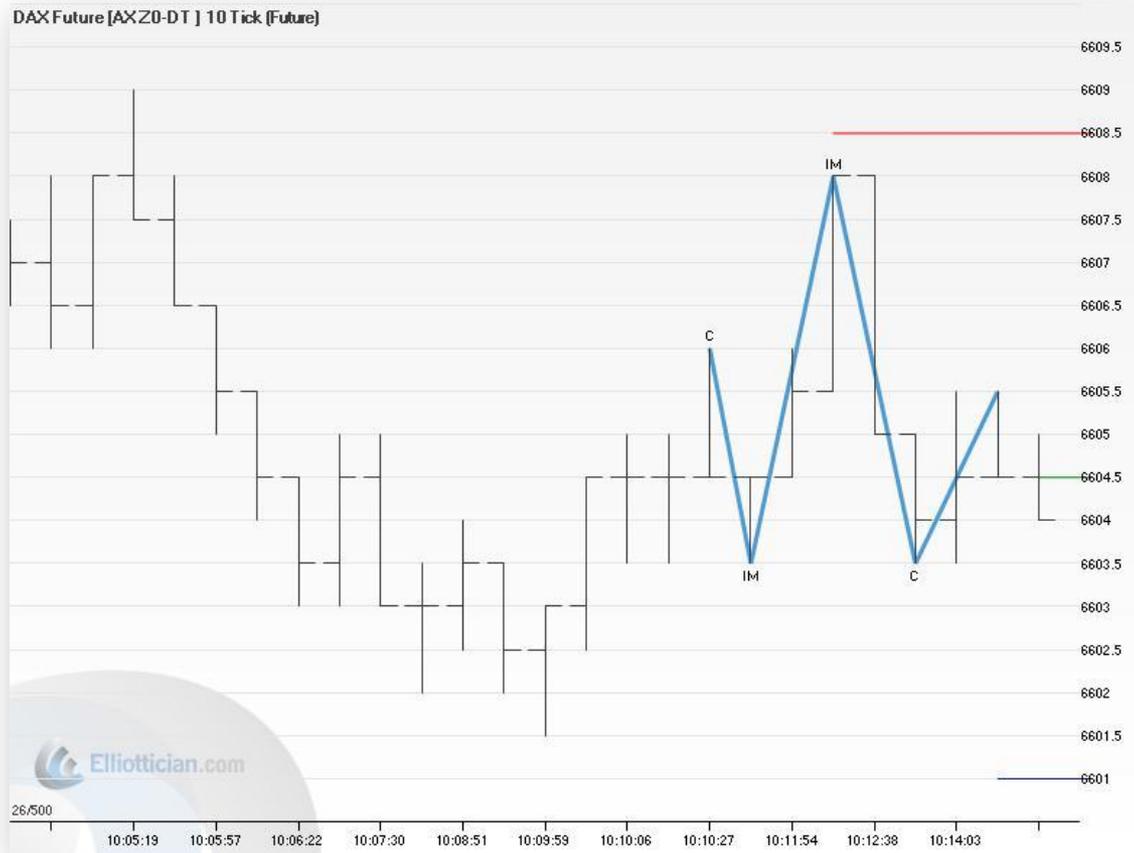
# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



The sideways move within the Pre-Straight is acceptable for a 10 tick chart. You can be more forgiving of very short interval charts.

Wait for an Entry Signal.

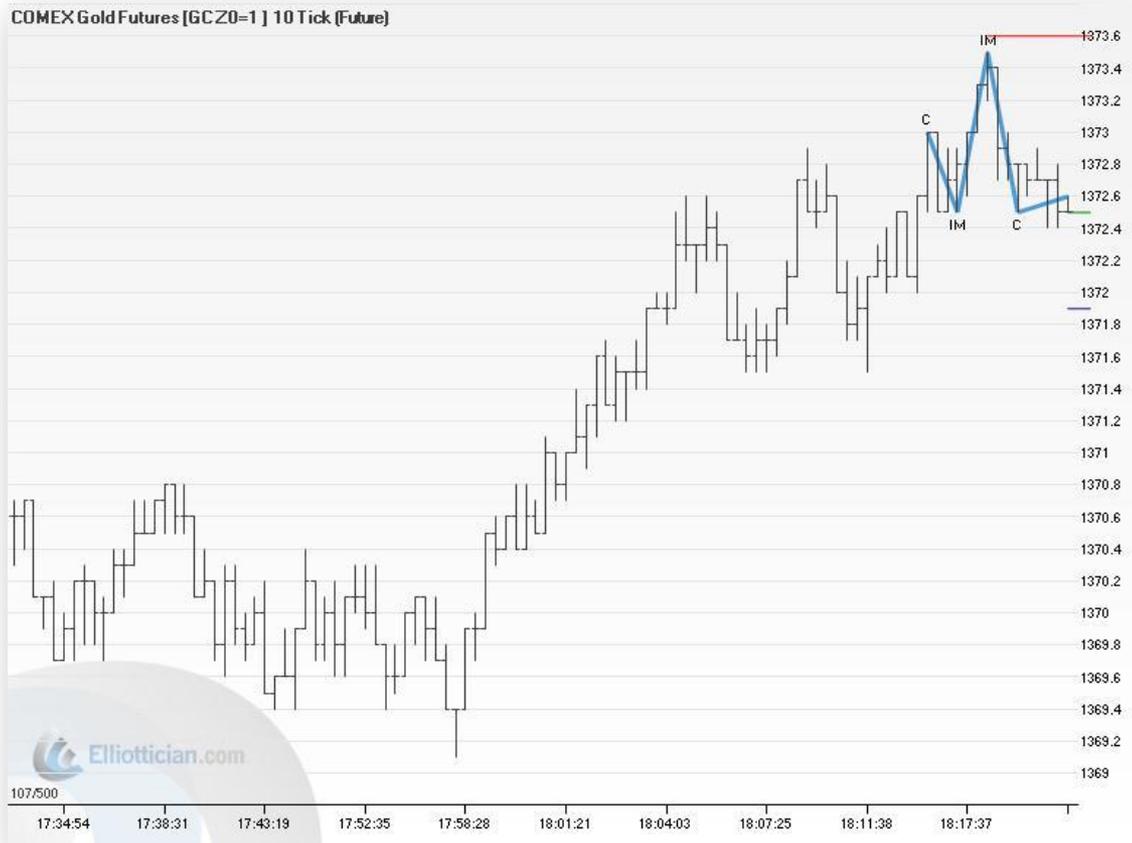
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

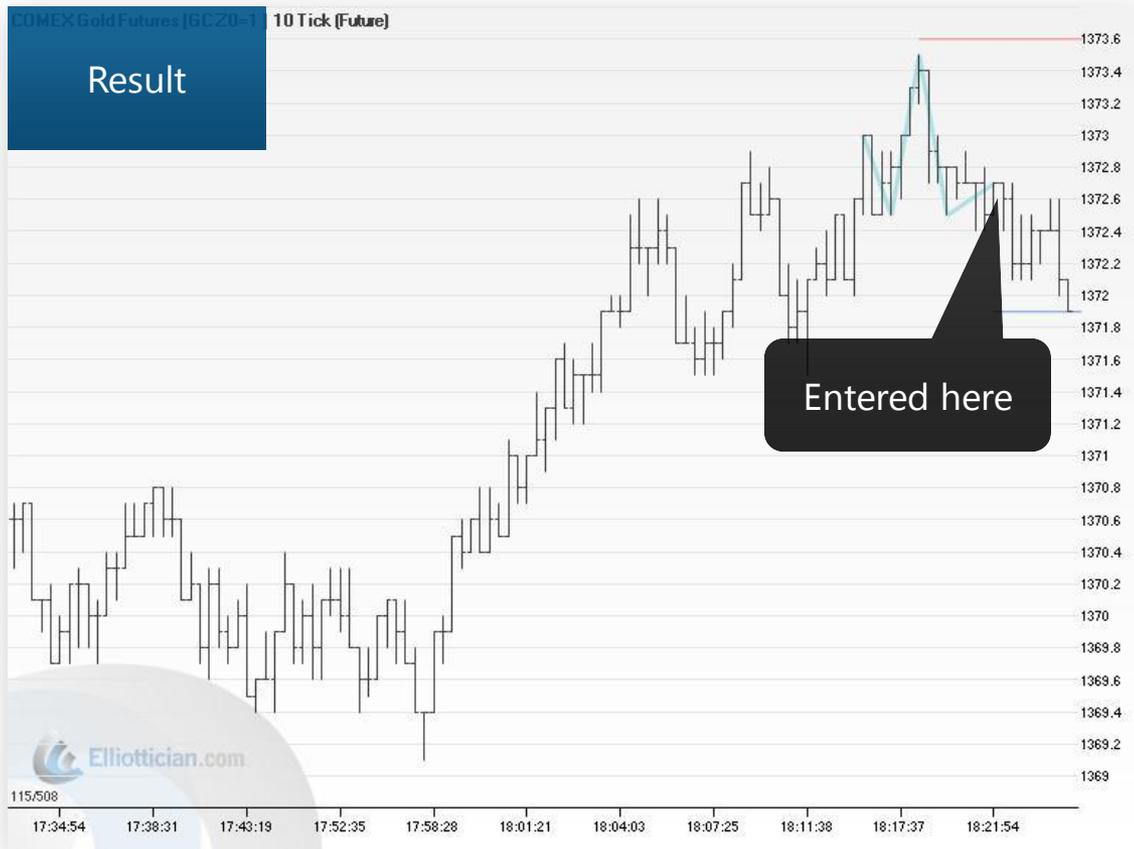
## PRETTY!



**Enter immediately.**

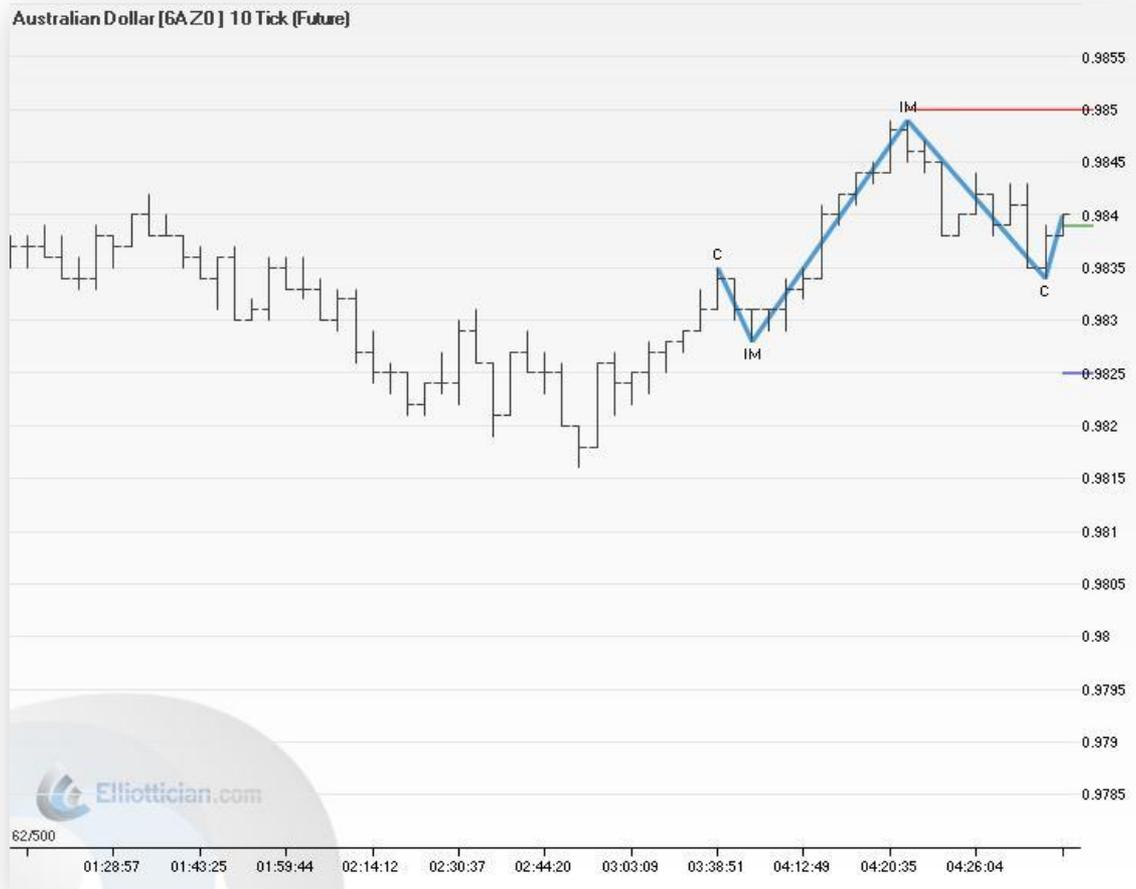
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



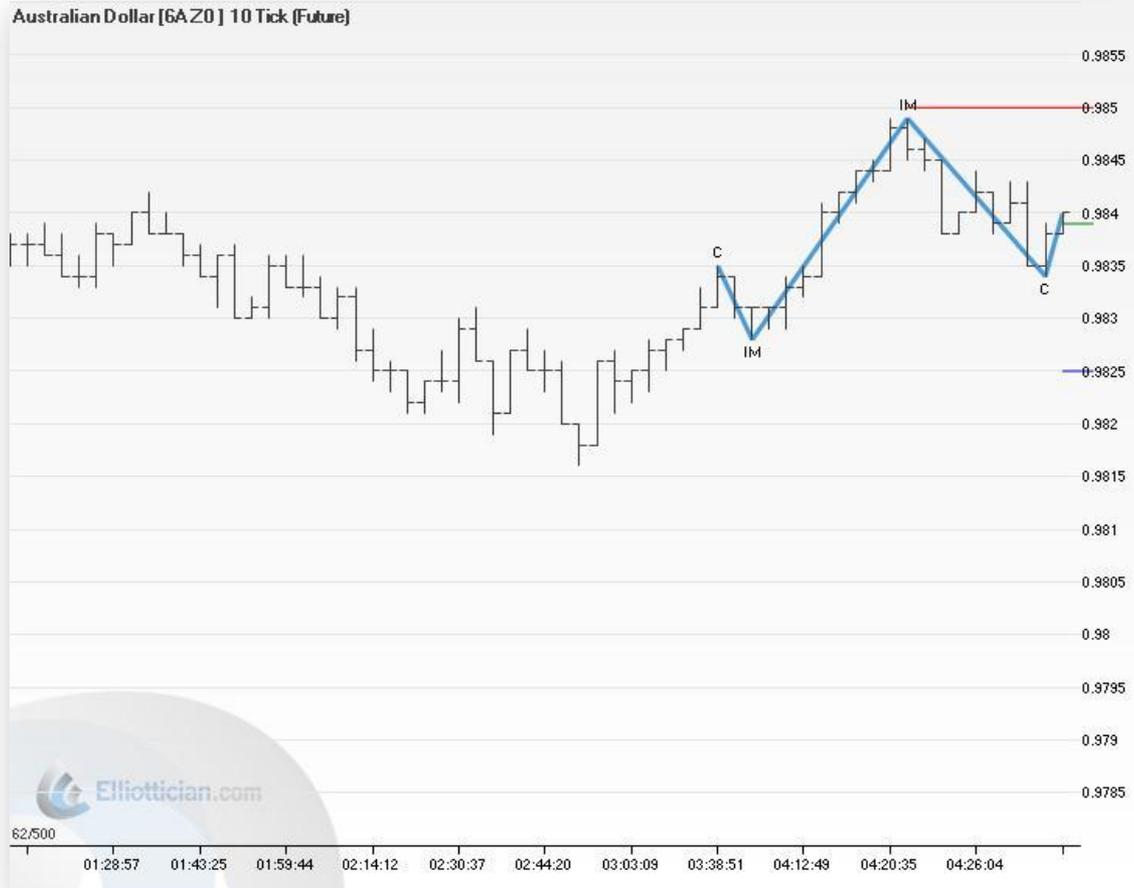
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

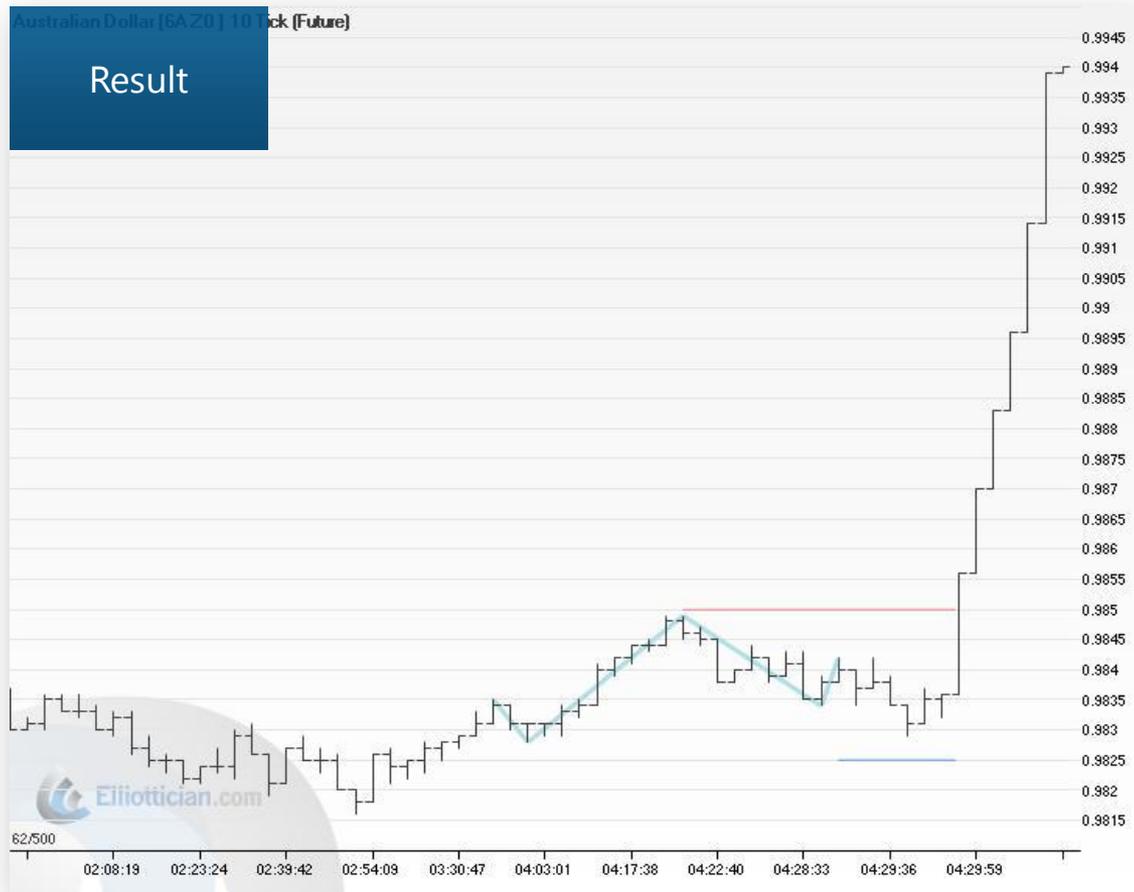
**UGLY!**



The Right Straight contains a single internal sideways move.

# PRACTICE PICKING THE PRETTY ONES

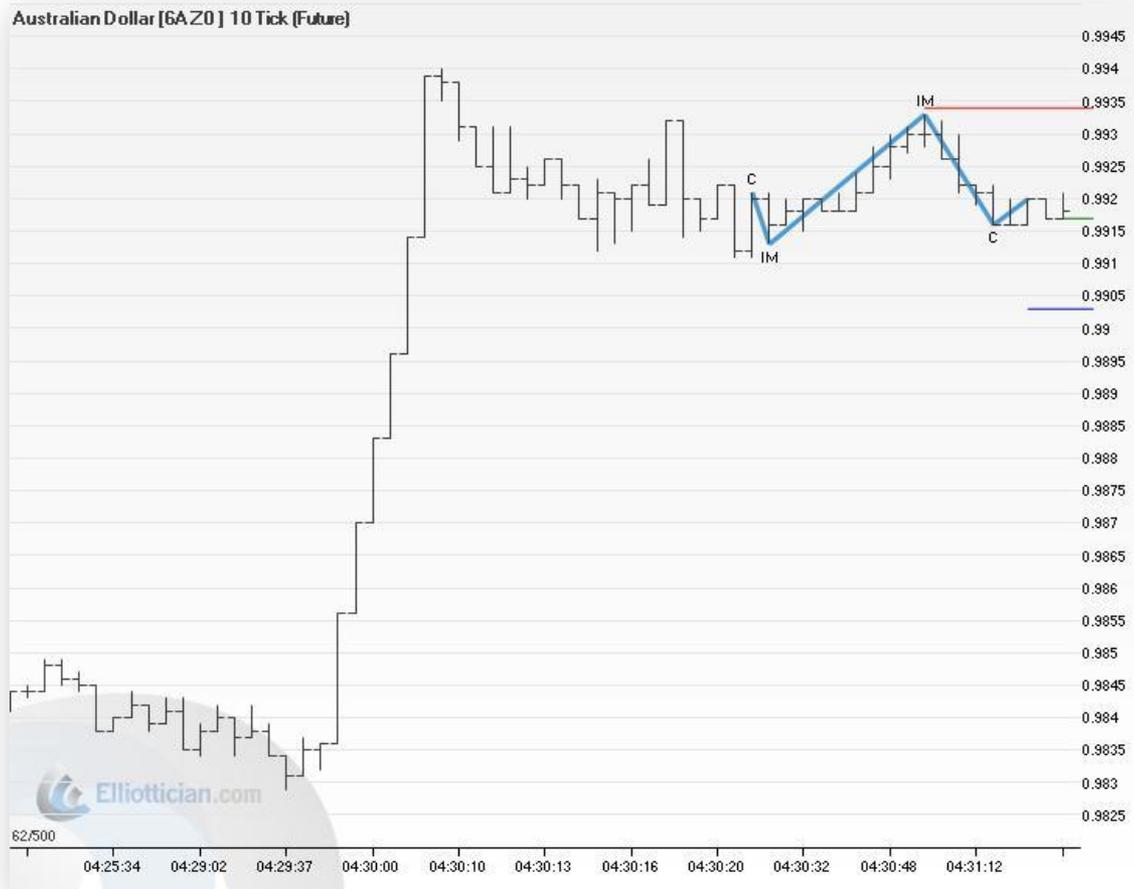
**UGLY!**



The Right Straight contains a single internal sideways move.

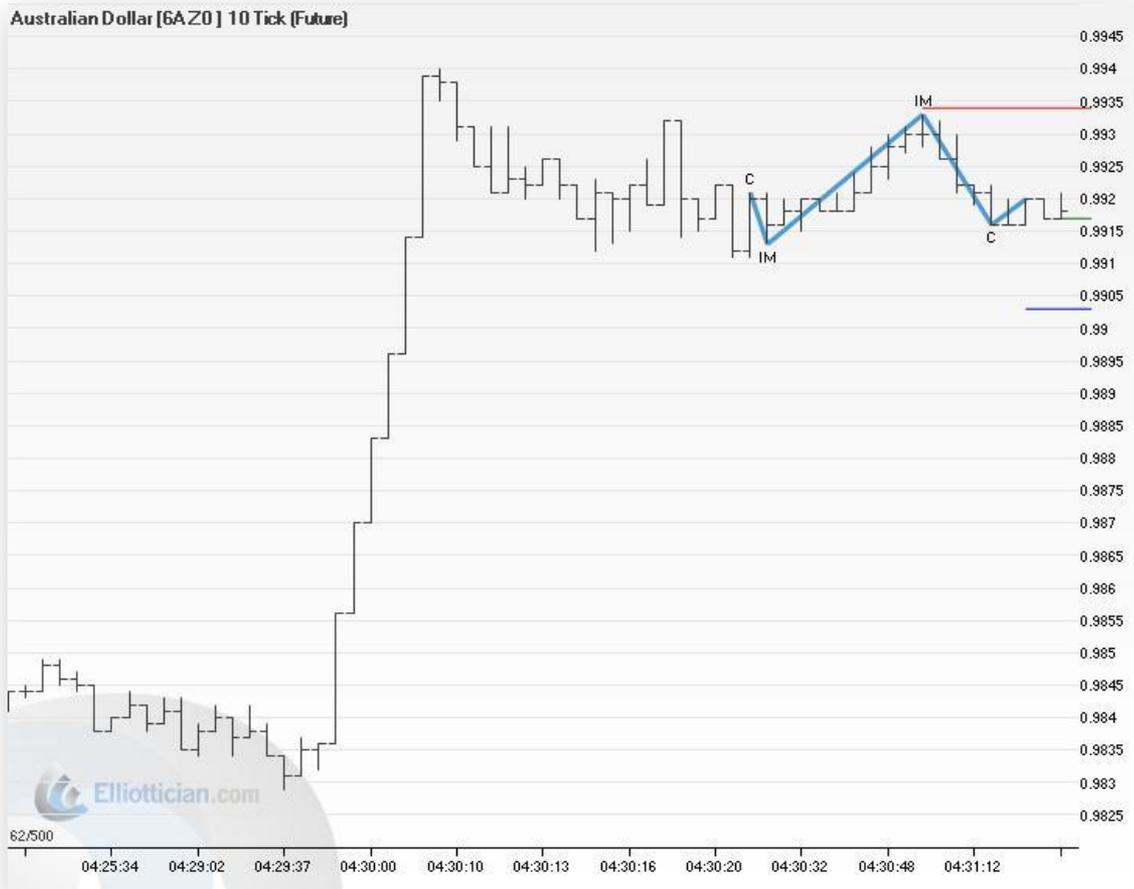
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



## PRACTICE PICKING THE PRETTY ONES

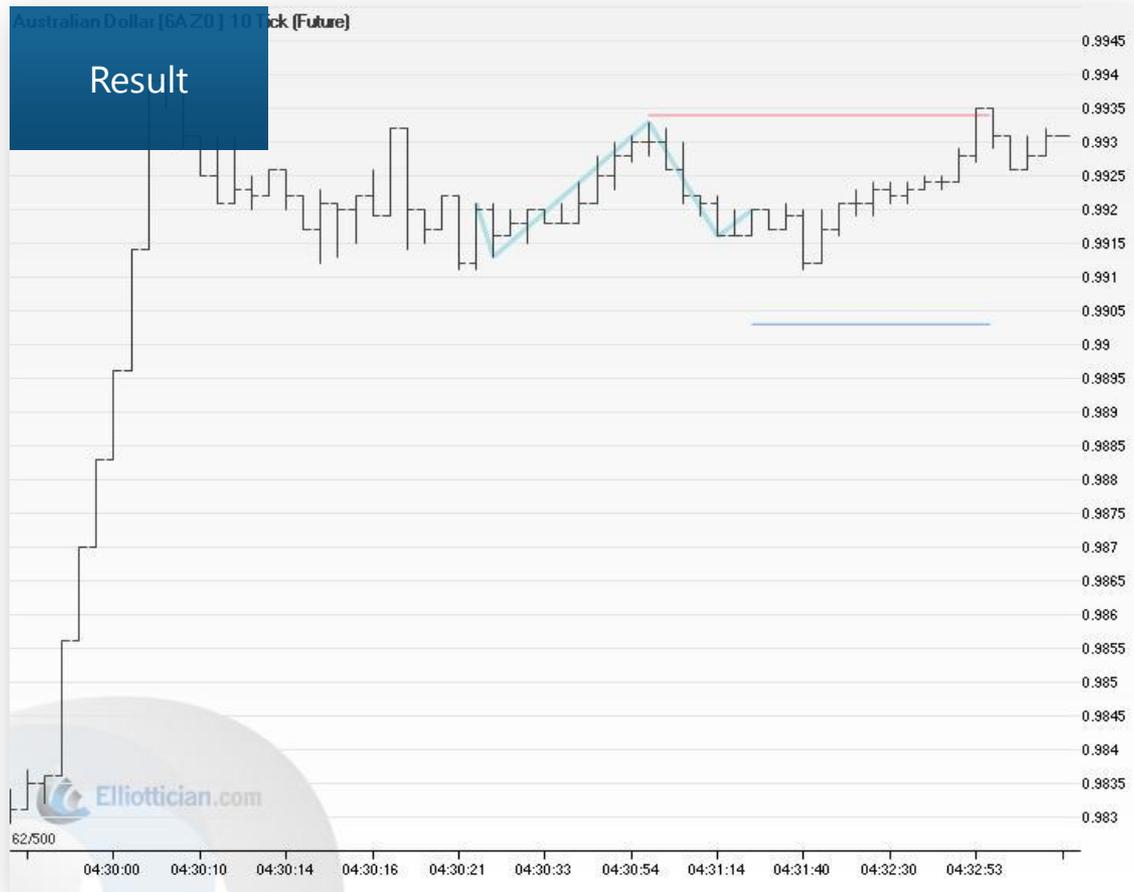
**UGLY!**



The Pre-Straight is too short, and the Right Straight is very different to the Left Straight.

# PRACTICE PICKING THE PRETTY ONES

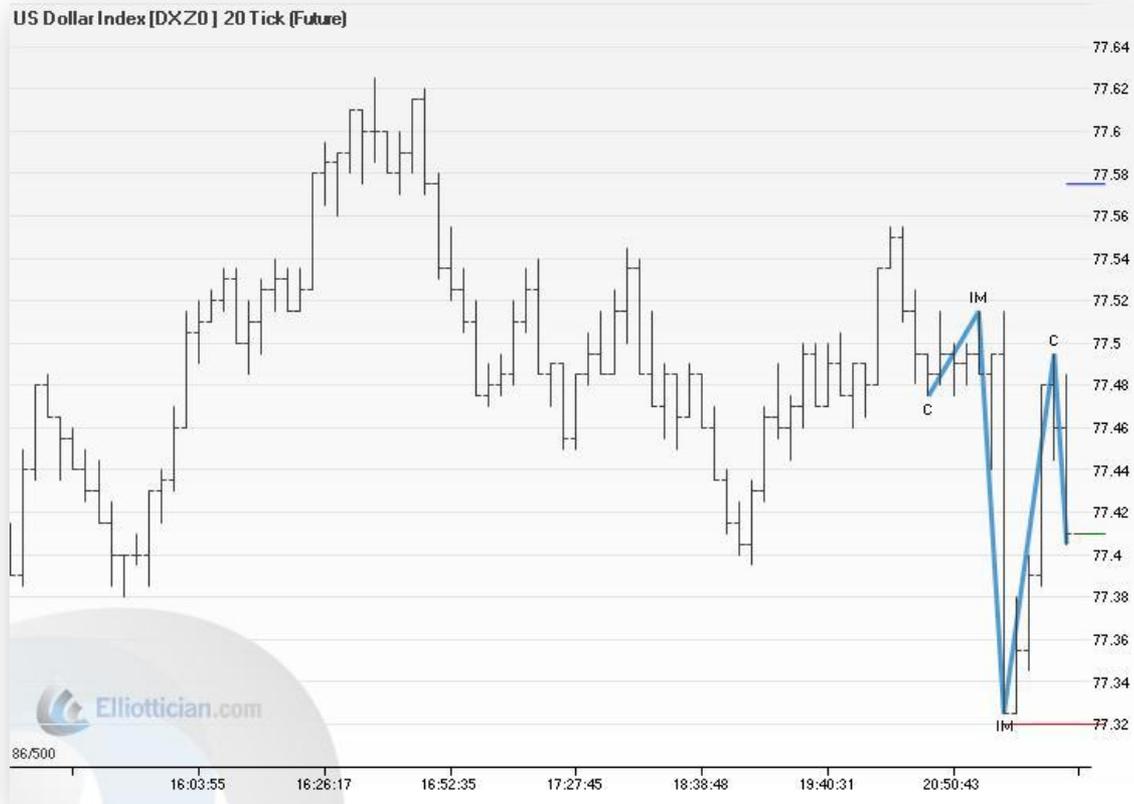
**UGLY!**



The Pre-Straight is too short, and the Right Straight is very different to the Left Straight.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

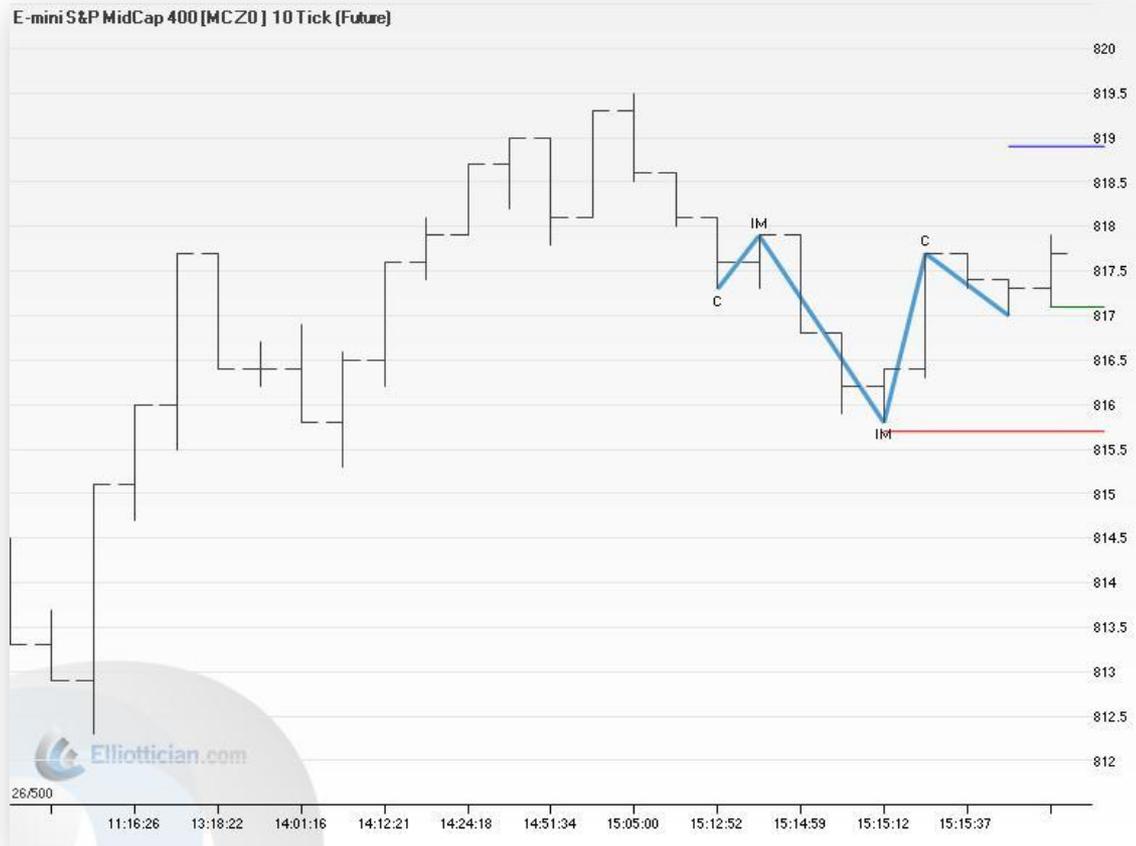
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



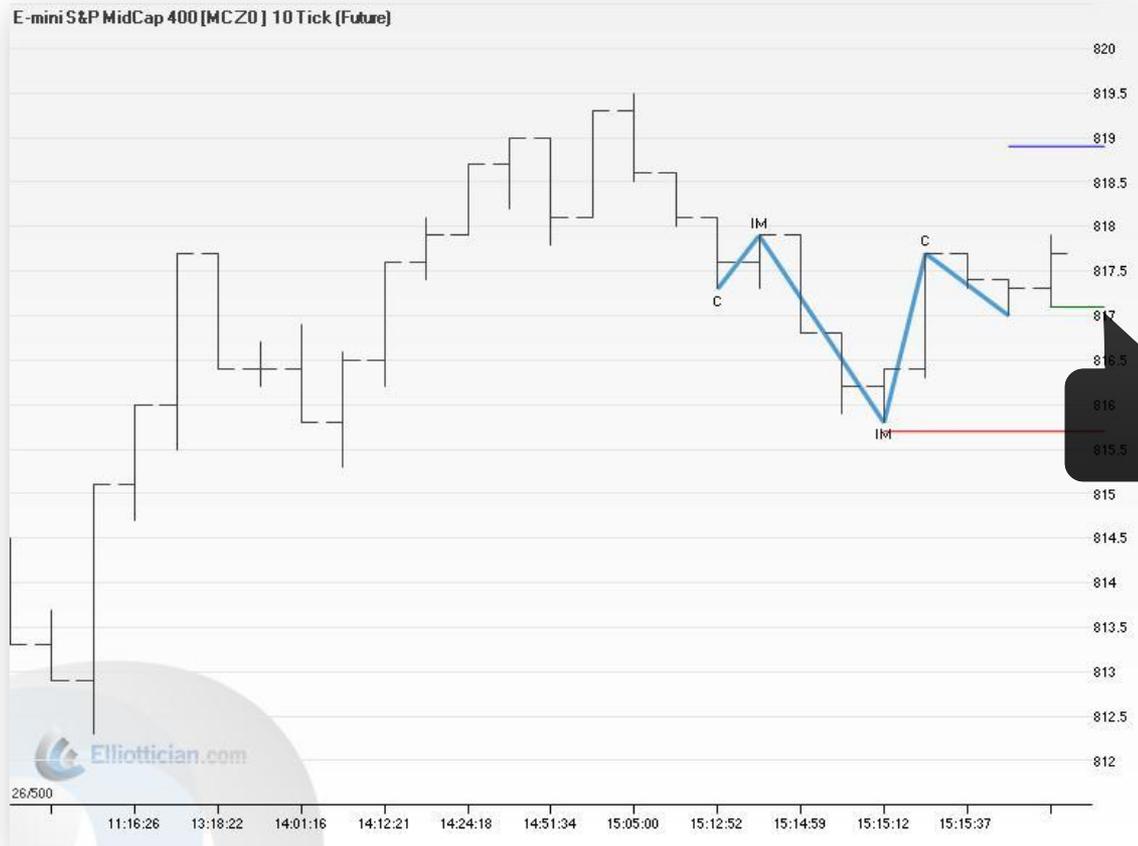
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



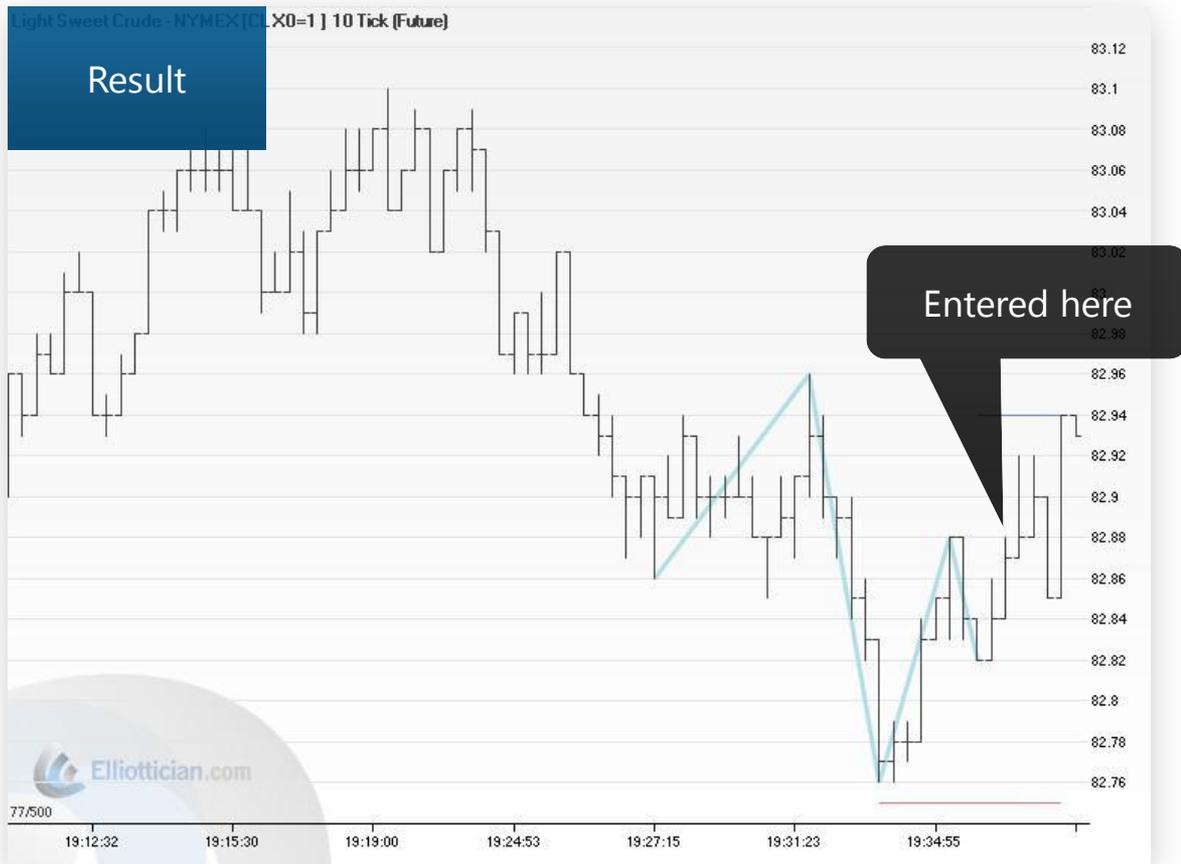
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



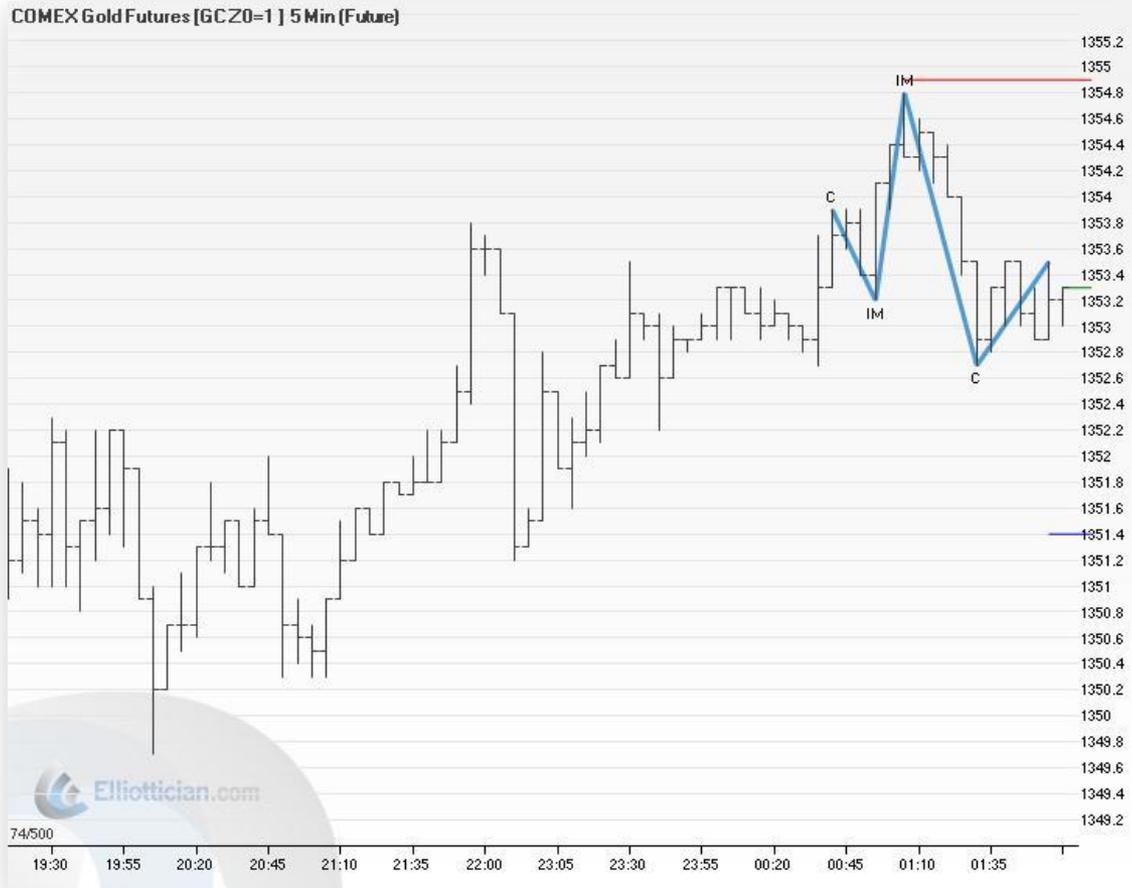
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



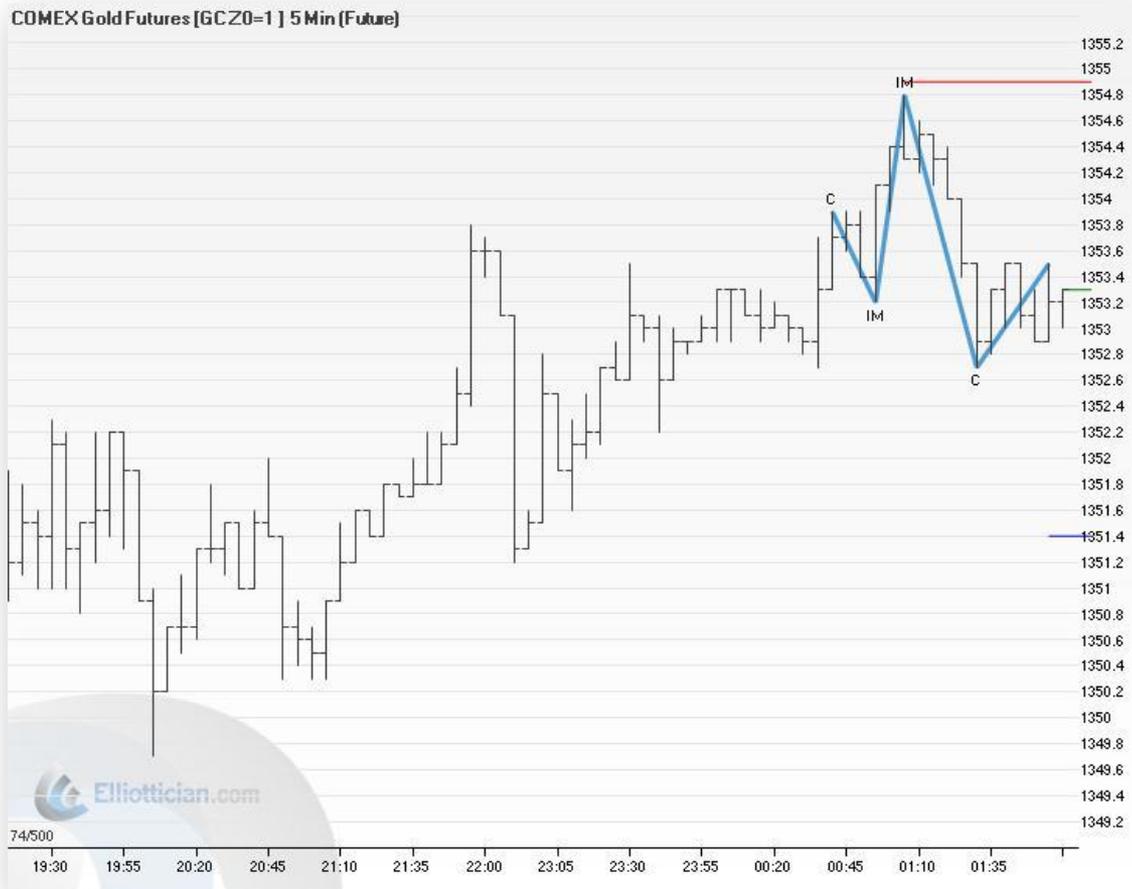
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short and the Right Straight contains a single internal sideways move.

# PRACTICE PICKING THE PRETTY ONES

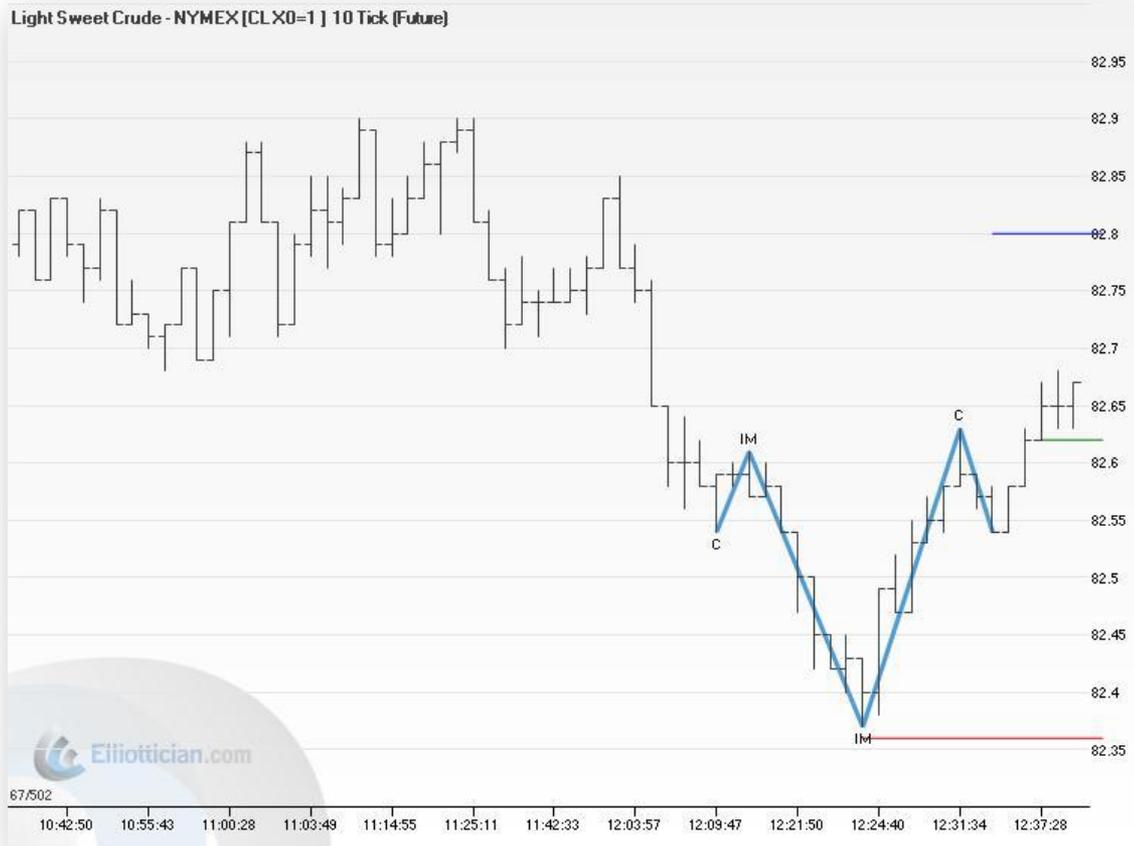
**UGLY!**



The Pre-Straight is too short and the Right Straight contains a single internal sideways move.

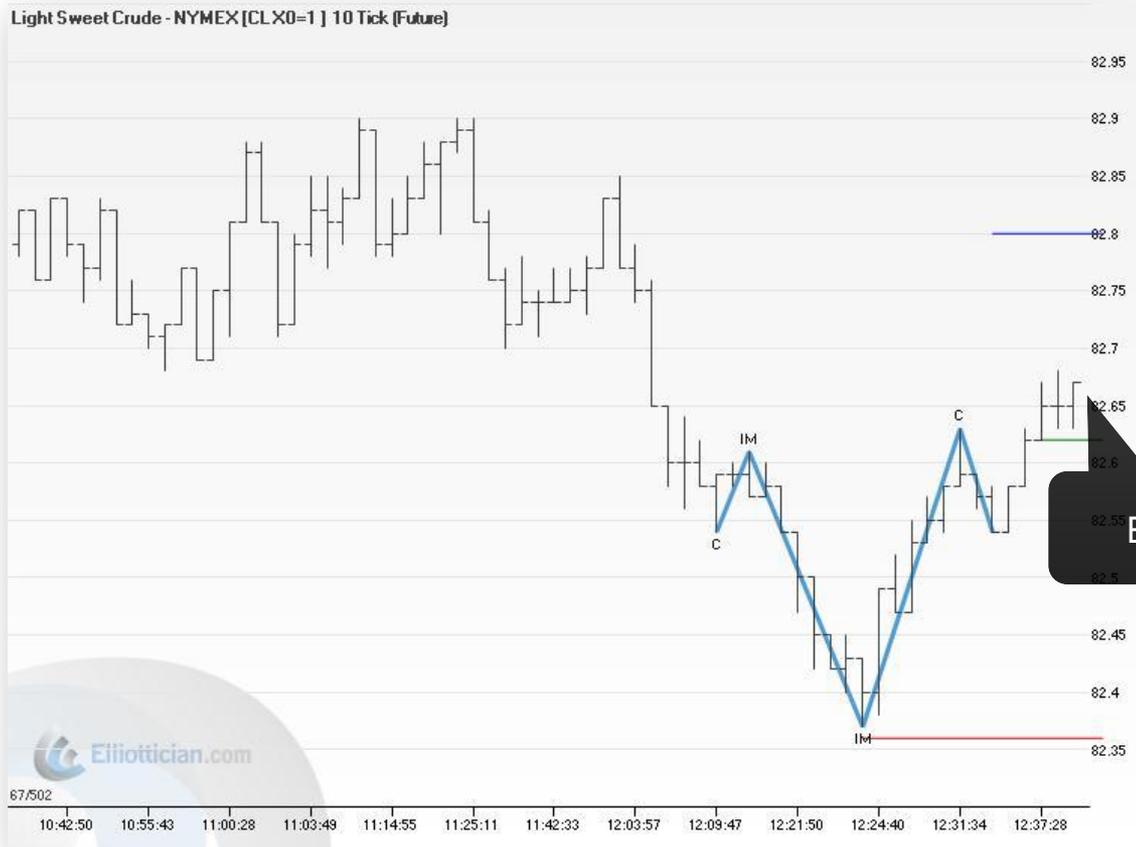
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

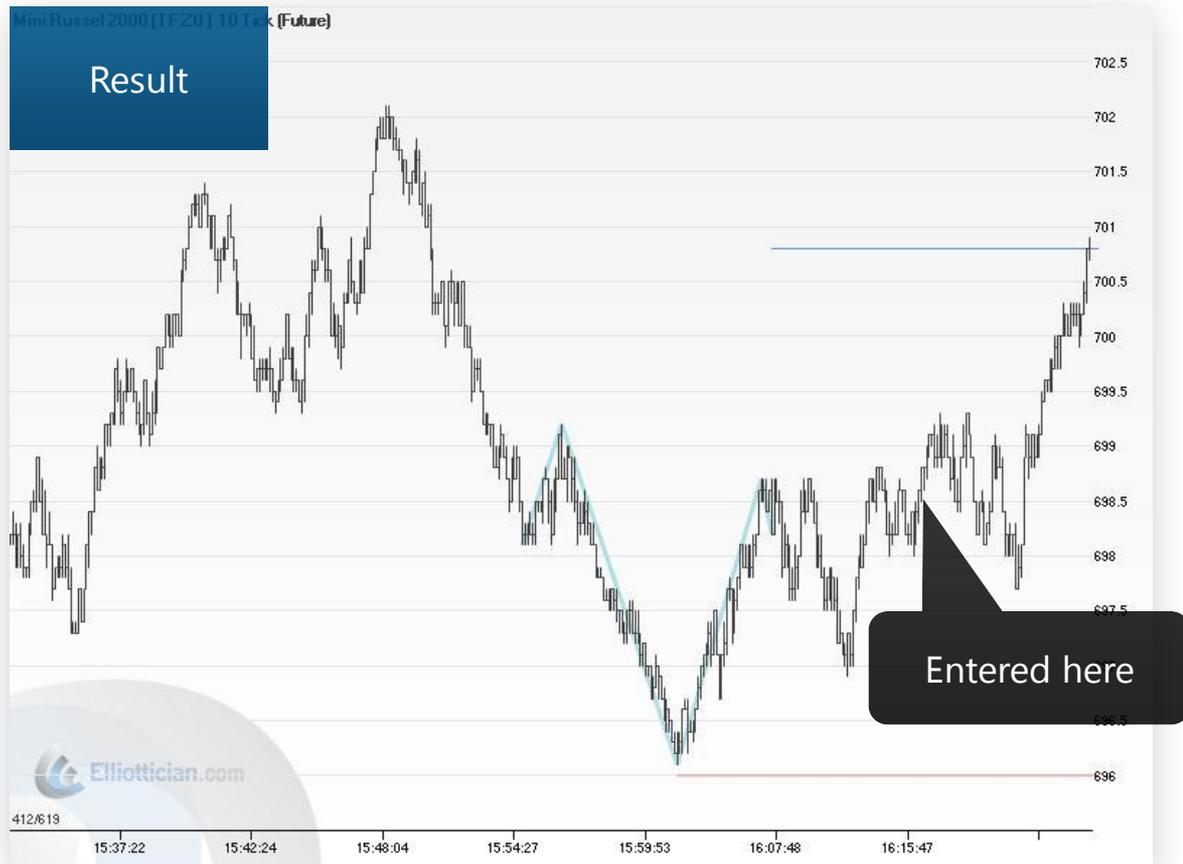
## PRETTY!



**Enter immediately.**

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



Wait for market to move a little higher and create a valid Entry Signal before entering.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



## PRACTICE PICKING THE PRETTY ONES

# PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short, and the three Straights are too different from each other. The pattern lacks symmetry.

# PRACTICE PICKING THE PRETTY ONES

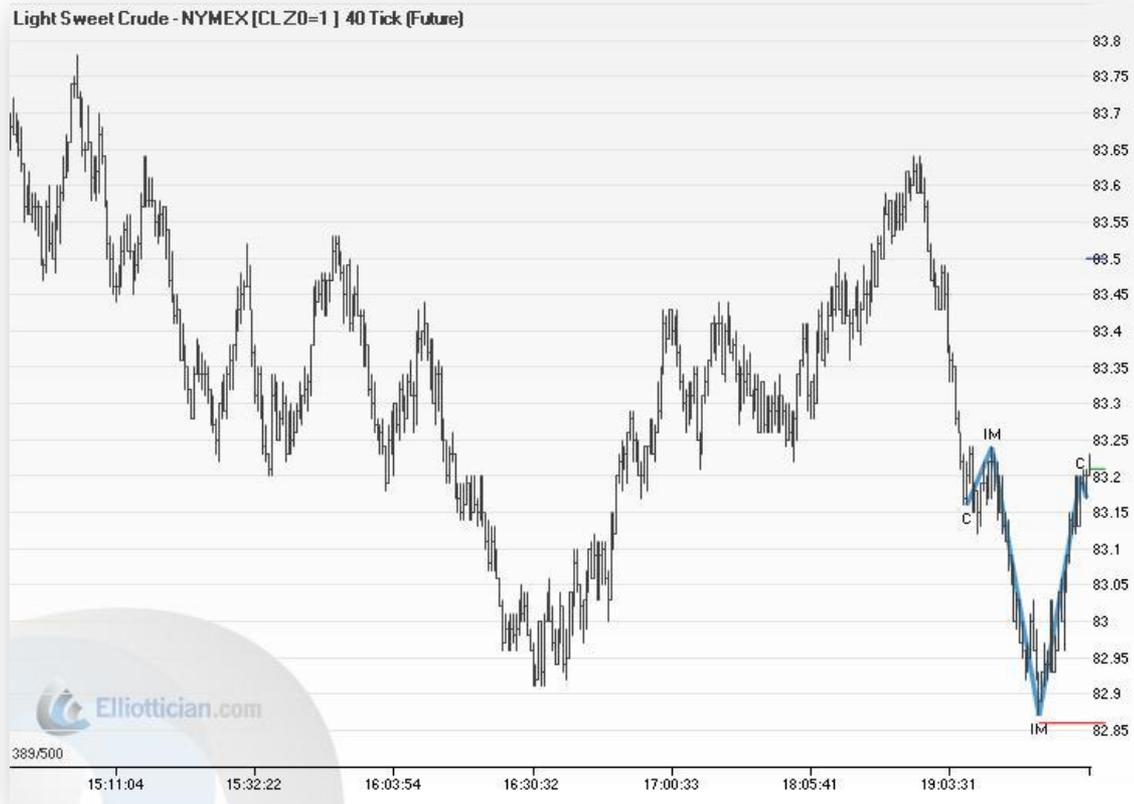
**UGLY!**



The Pre-Straight is too short, and the three Straights are too different from each other. The pattern lacks symmetry.

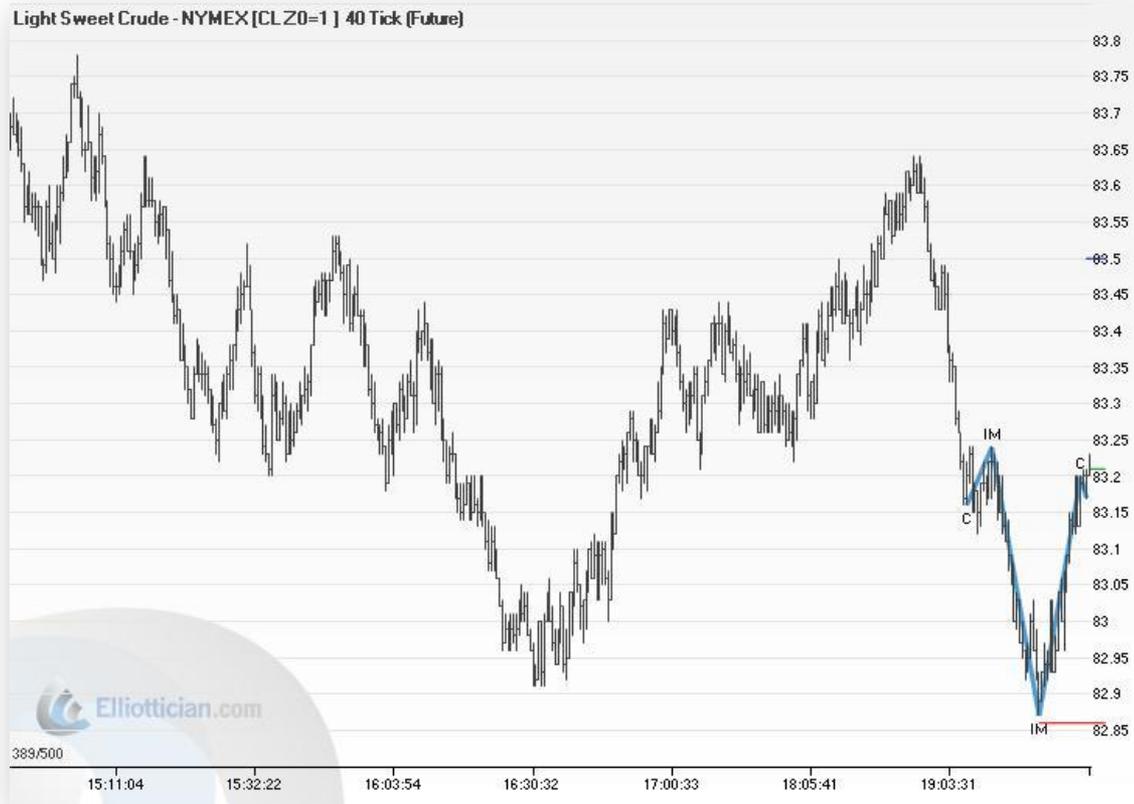
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



If you were to zoom in (expand the chart, or drag data to the left), you will see that all three Straights contain a single internal sideways move. The following Result chart is zoomed to demonstrate this.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



As you can see, it is very important to expand the chart enough to see all the detail you need to see before making a decision. It is obvious here that the pattern was Ugly – you can clearly see the sideways moves in the Straights. But it was not as obvious in the previous unexpanded chart.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight contains too much messy overlap.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight contains too much messy overlap.

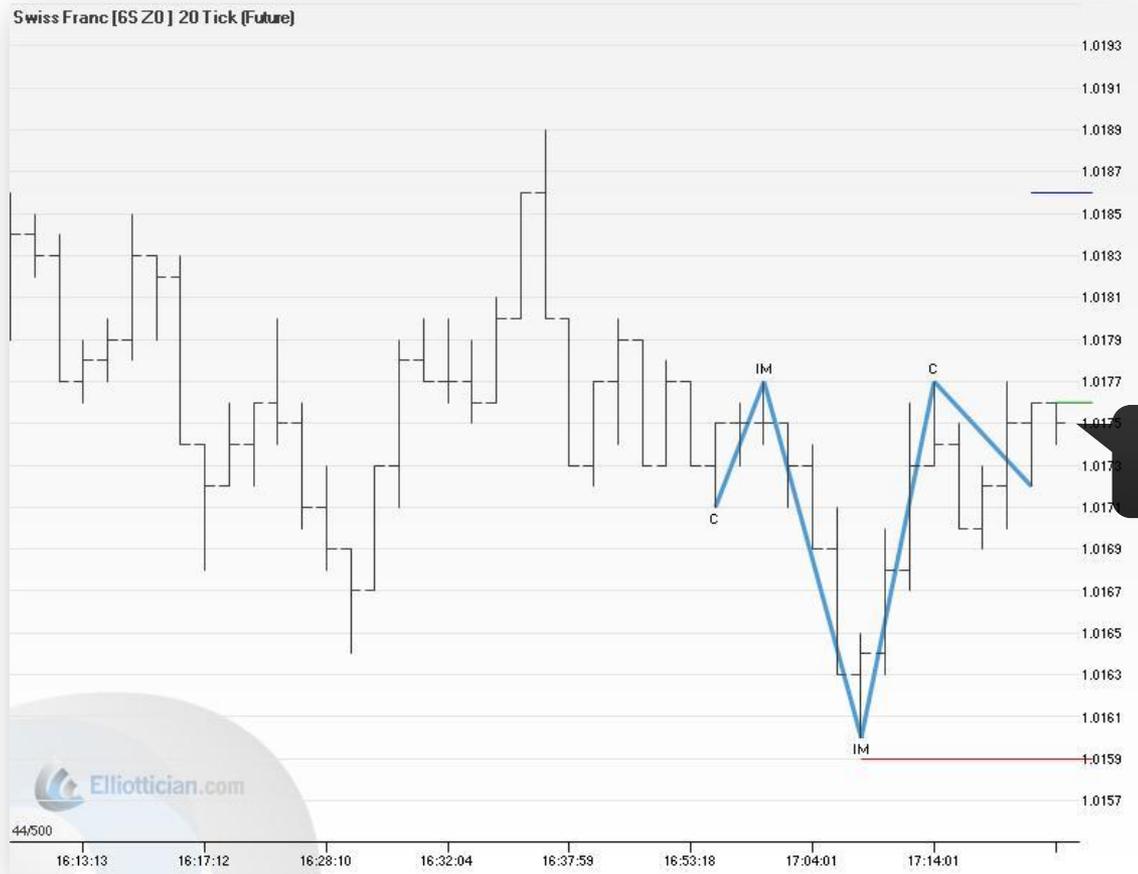
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter here

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Pattern lacks symmetry, the Apex is not pointy, the Left and Right Straights are very different, and the Right Straight diverges too far from a straight line.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight contains too much messy overlap.

## PRACTICE PICKING THE PRETTY ONES

# PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

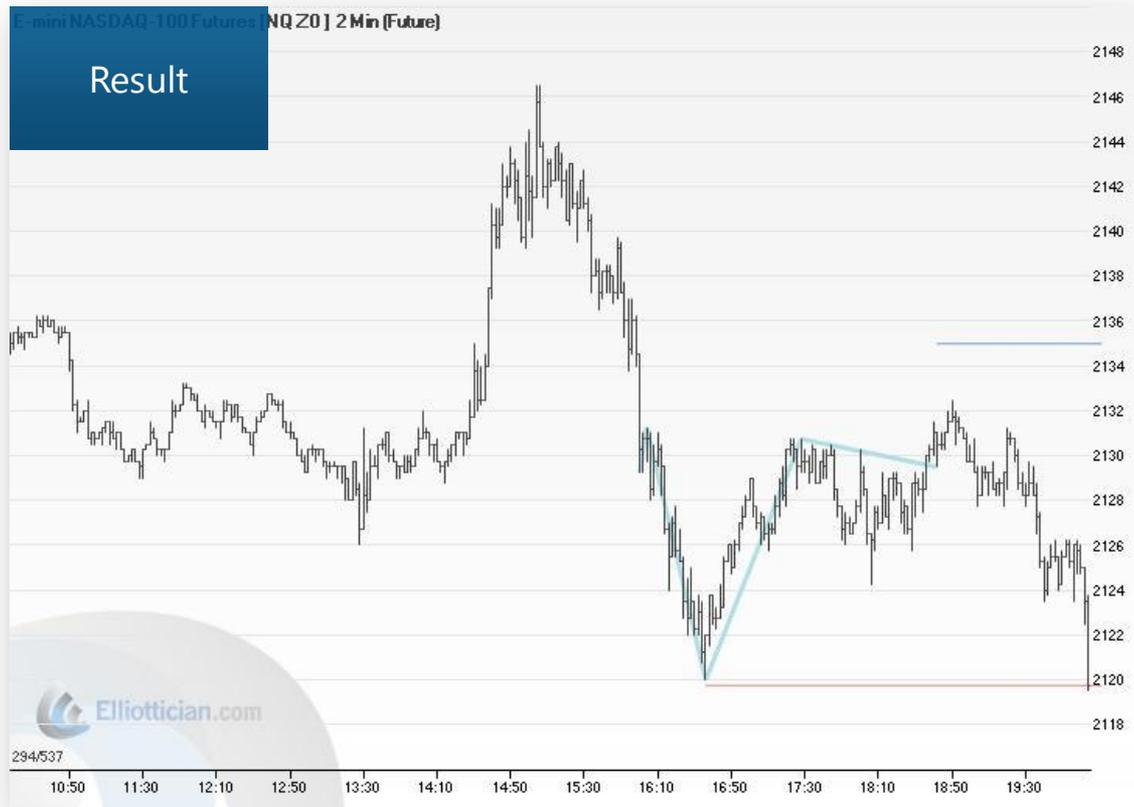
**UGLY!**



The Pre-Straight and Right Straights both have a single internal sideways move.

# PRACTICE PICKING THE PRETTY ONES

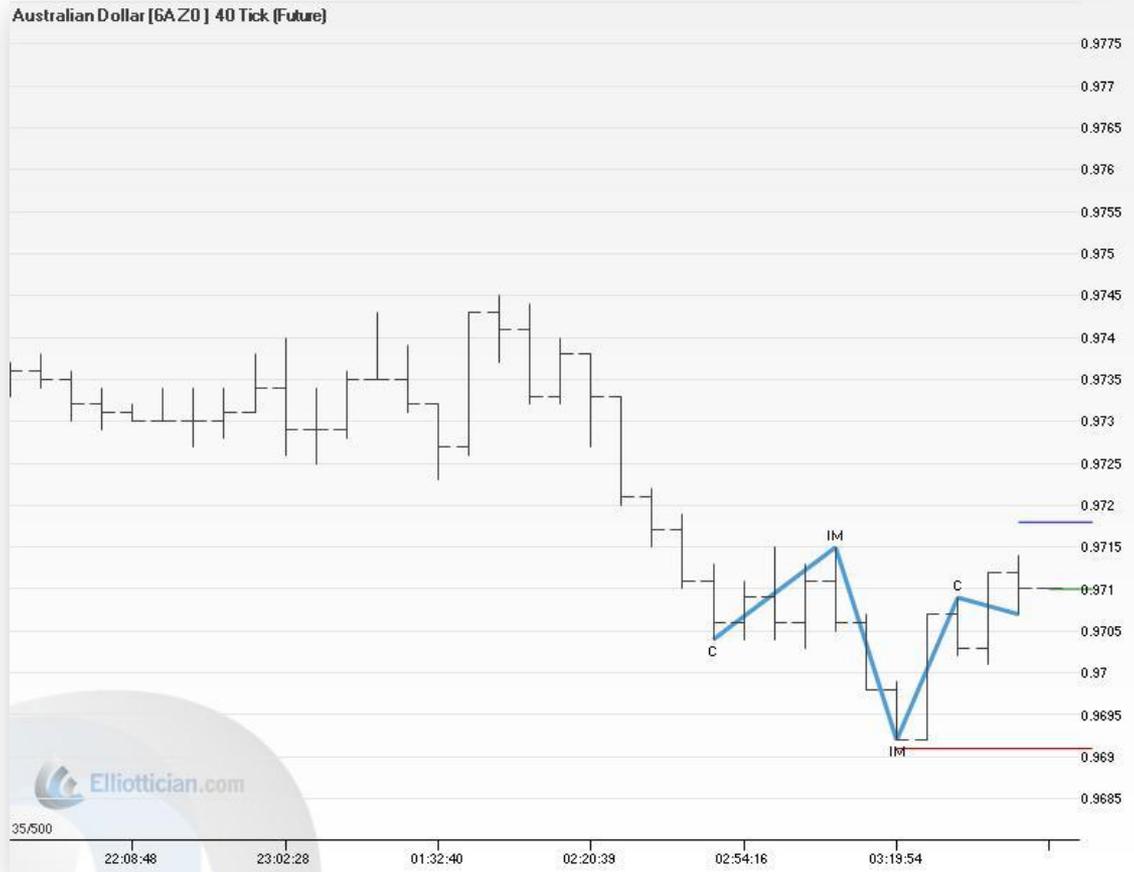
**UGLY!**



The Pre-Straight and Right Straights both have a single internal sideways move.

# PRACTICE PICKING THE PRETTY ONES

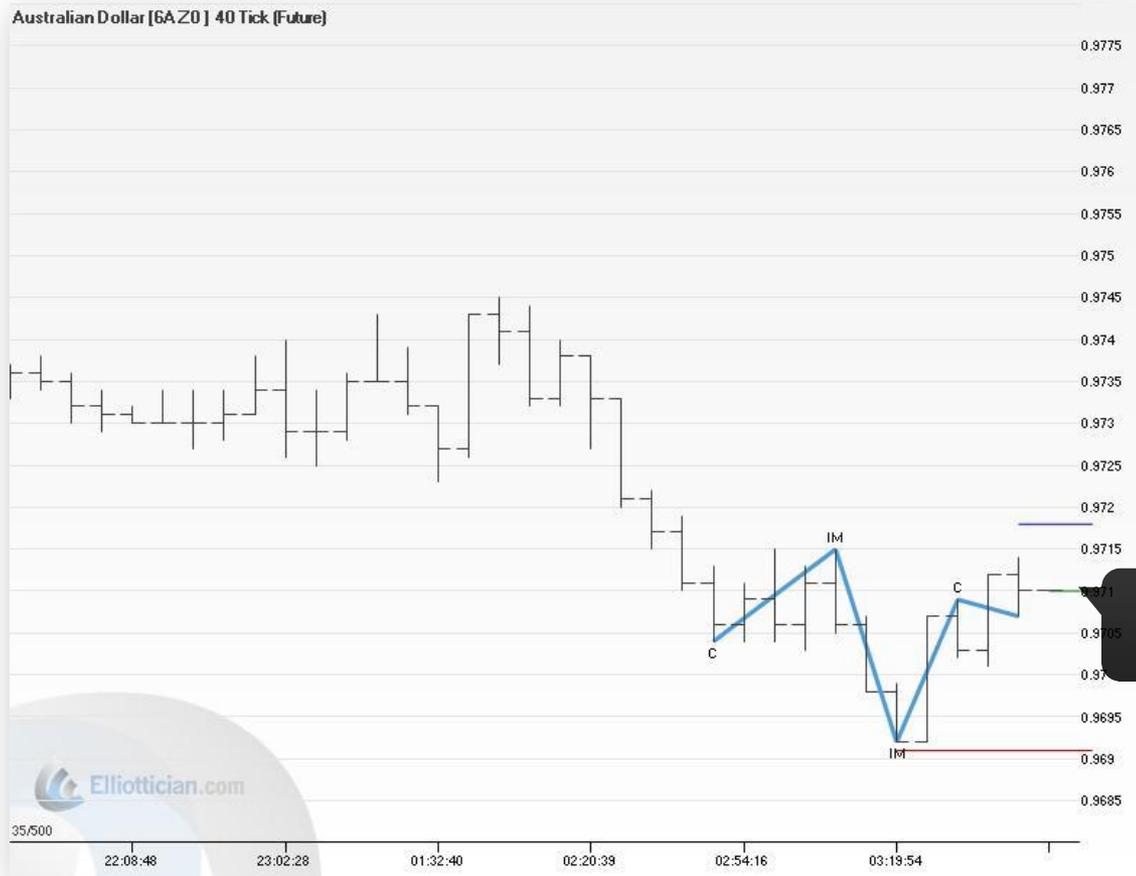
## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!

**Enter immediately.**



Enter

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



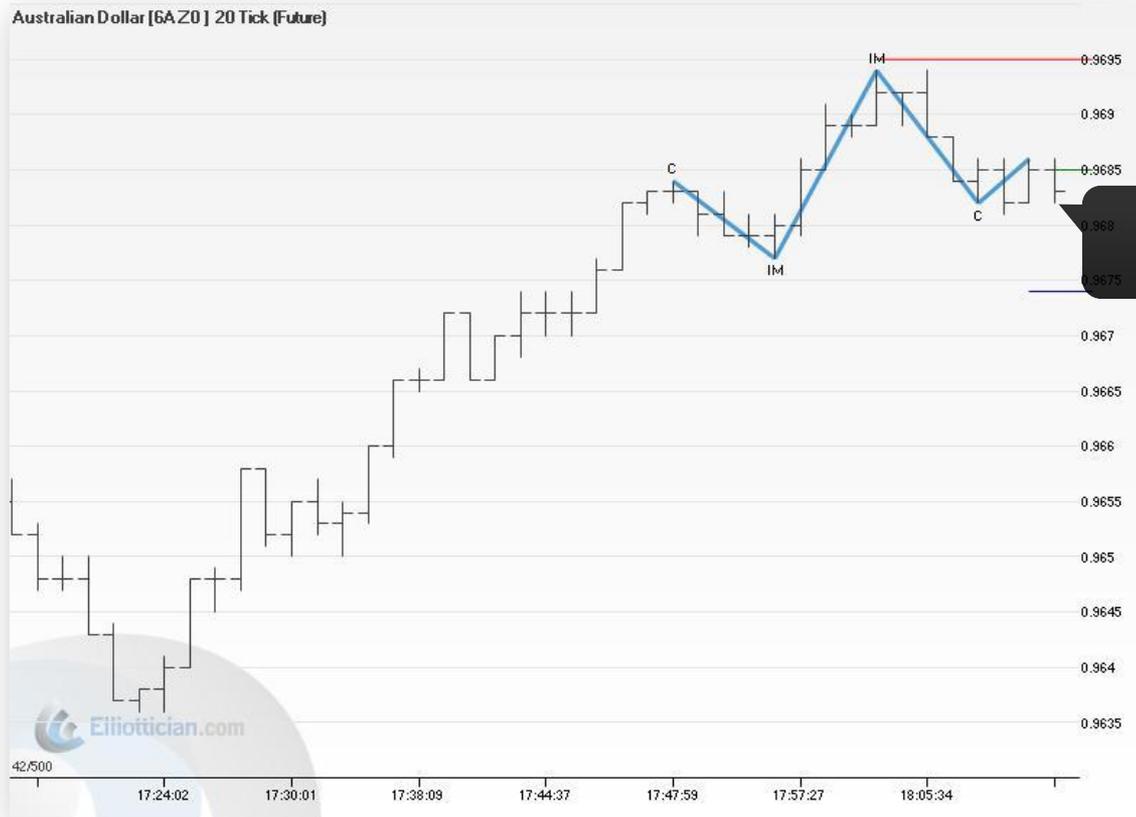
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Entry here

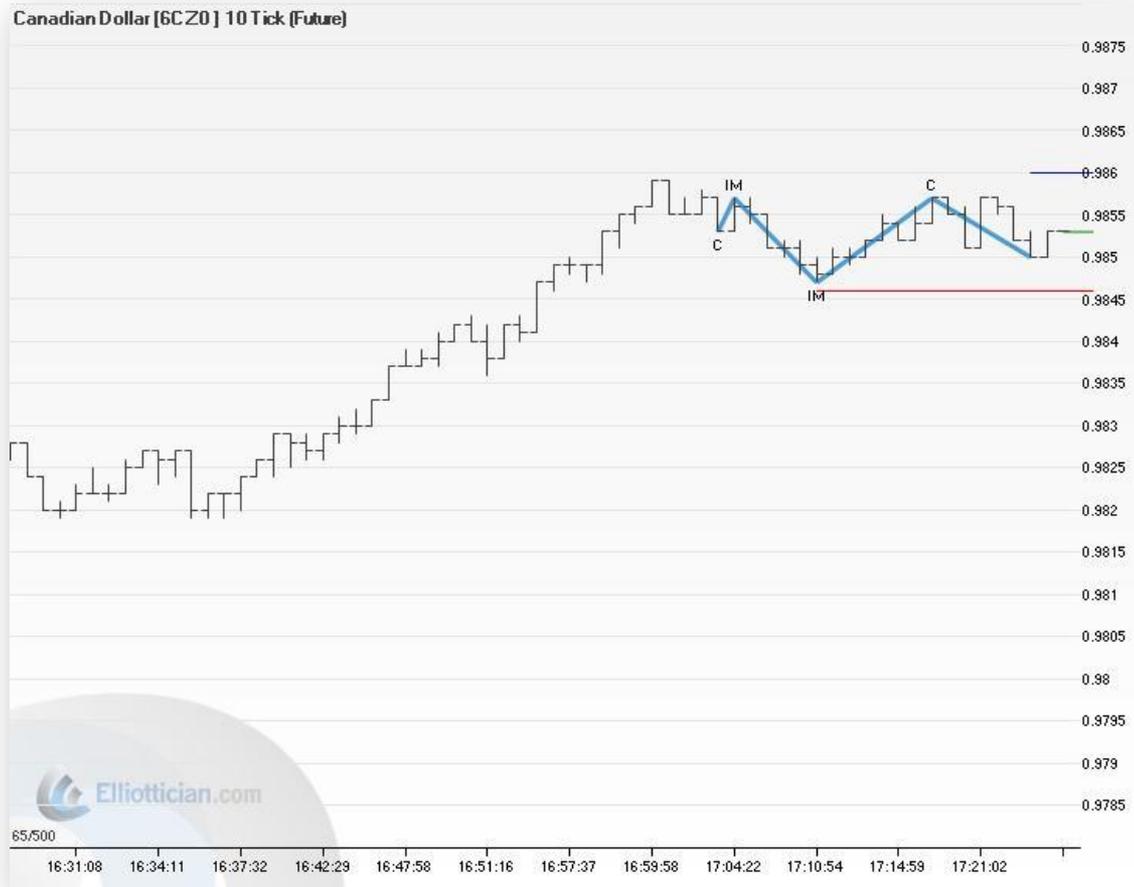
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



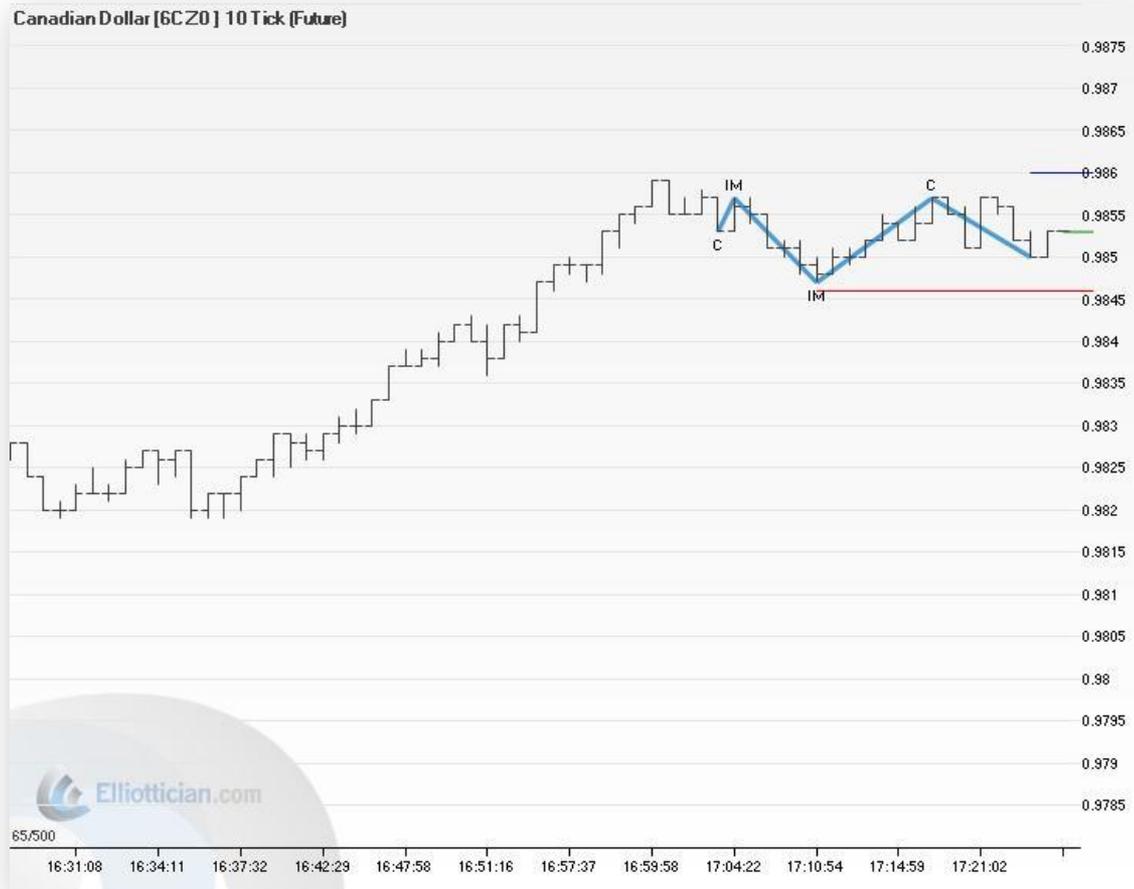
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

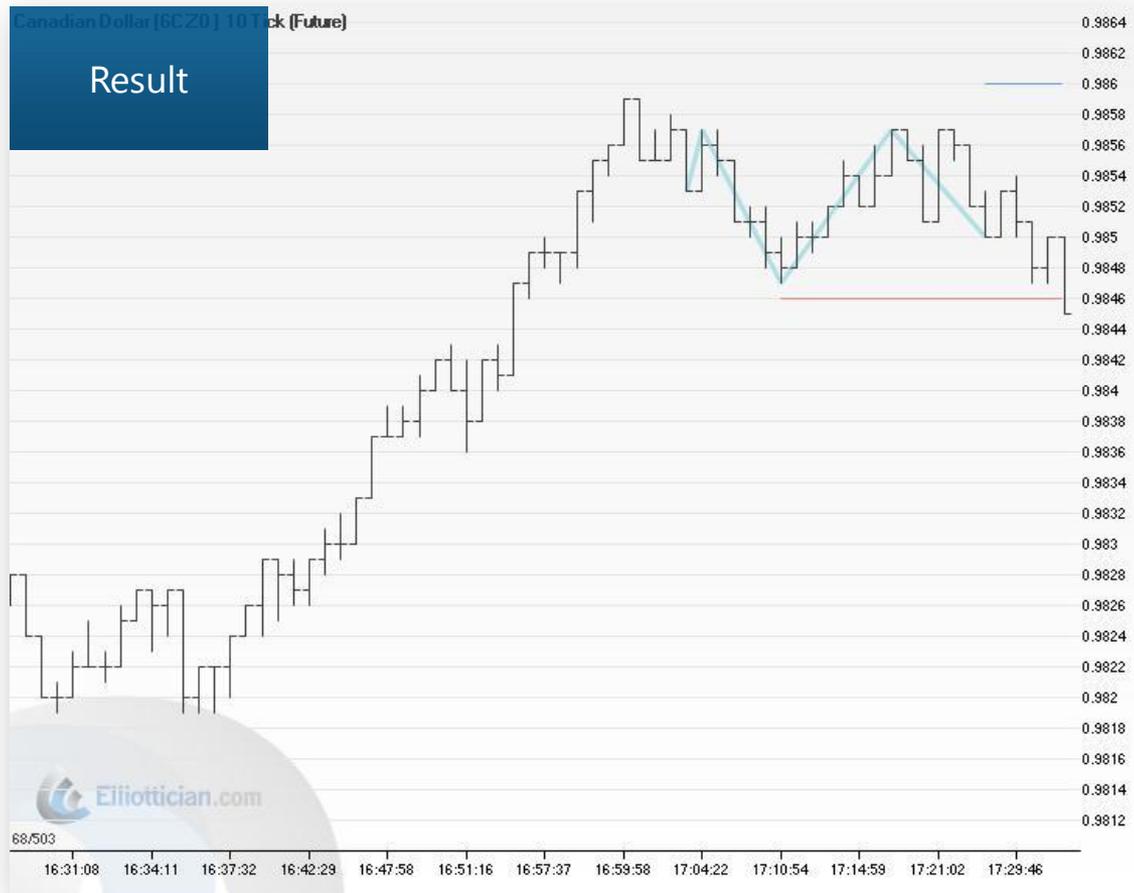
**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



Wait for the market to drop sufficiently to form a valid Entry Signal.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



## PRACTICE PICKING THE PRETTY ONES

# PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

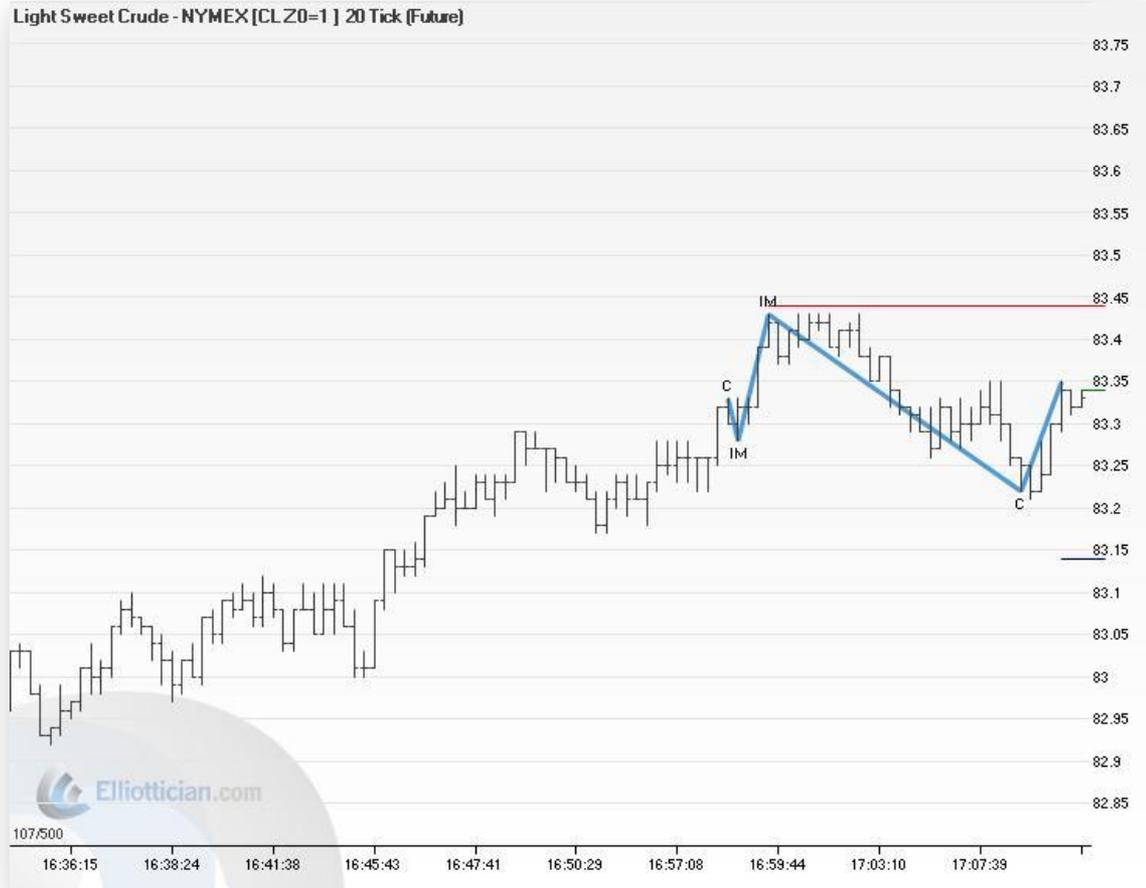
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

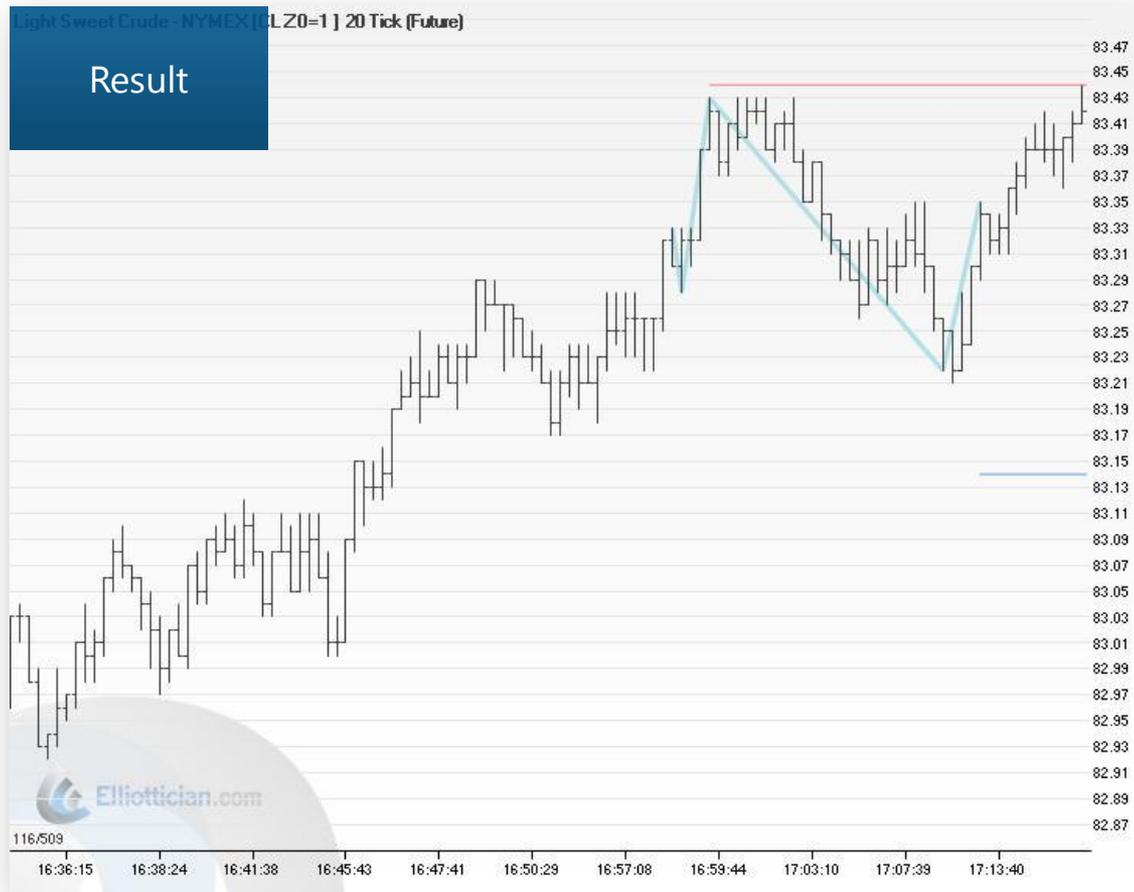
**UGLY!**



The pattern lacks symmetry, and the three Straights are very different from each other. Finally, the Apex is not pointy.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The pattern lacks symmetry, and the three Straights are very different from each other. Finally, the Apex is not pointy.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



Wait for the market to drop into a valid Entry Signal.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Apex is too flat – even for a 10 Tick chart.

# PRACTICE PICKING THE PRETTY ONES

## UGLY!



Even if you did enter this Ugly trade, there was a very clear reversal (early exit) signal soon after entry.

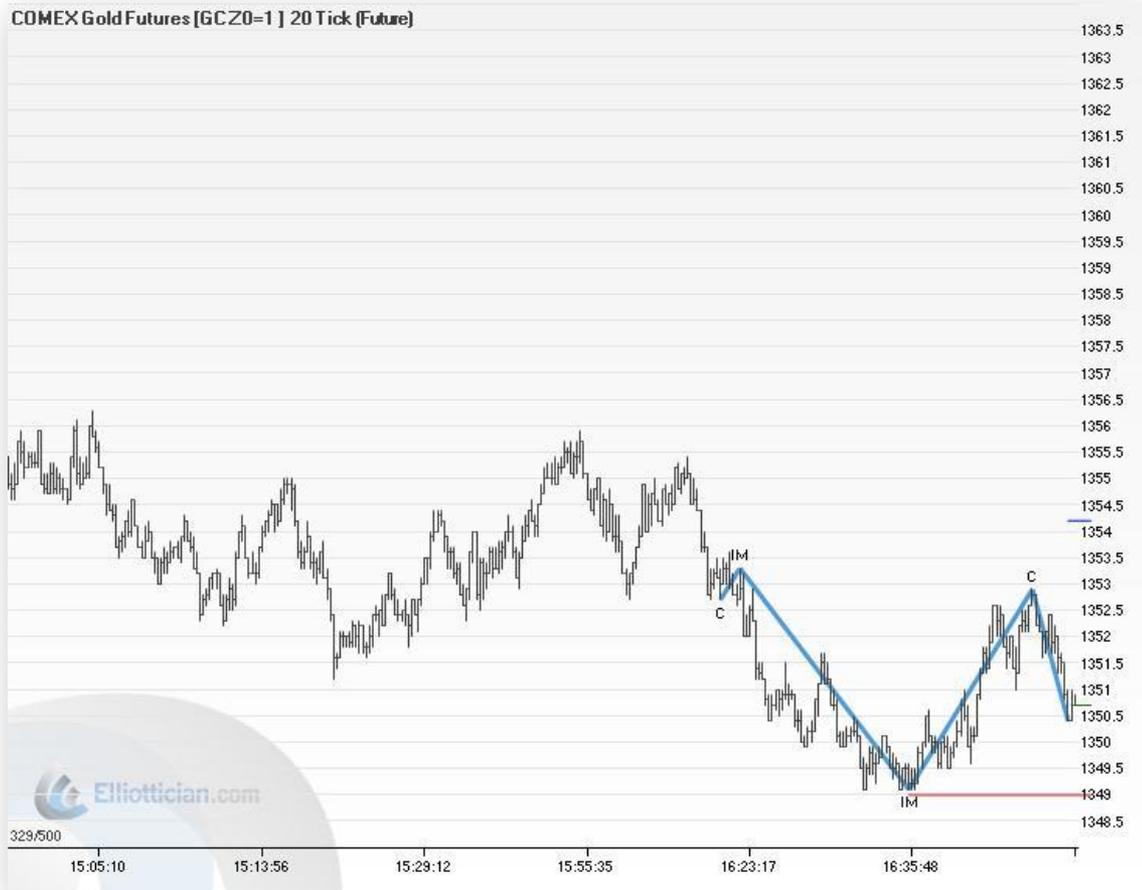
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

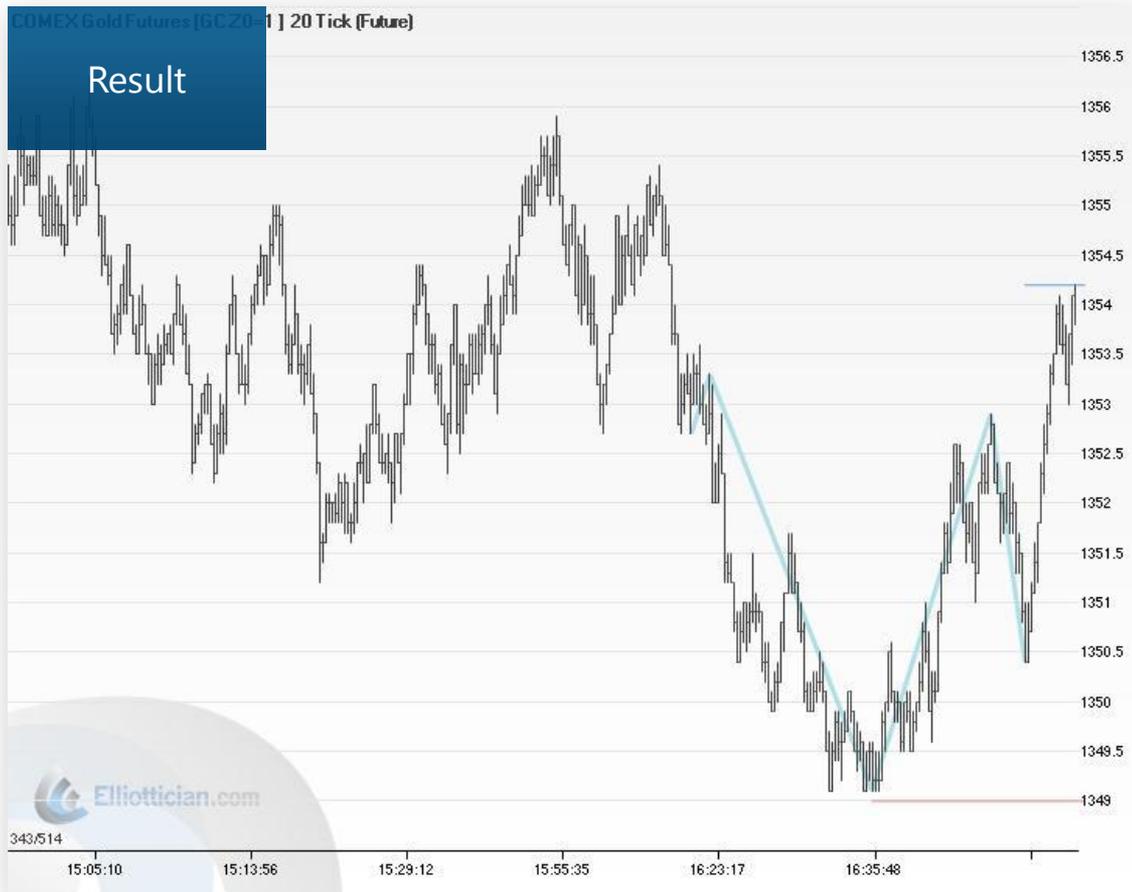
**UGLY!**



The Pre-Straight is too short, and the Left Straight diverges too far away from the blue line.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short, and the Left Straight diverges too far away from the blue line.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

## PRACTICE PICKING THE PRETTY ONES

# PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



There was no entry signal either.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Although Straights can be entirely contained in a single bar, a Sideways generally needs multiple bars – although not always. This example contains insufficient bars to be confident that the pattern is valid.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Even though this example produced a winning trade, it does not follow that patterns with too few bars and insufficient information can be relied upon.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

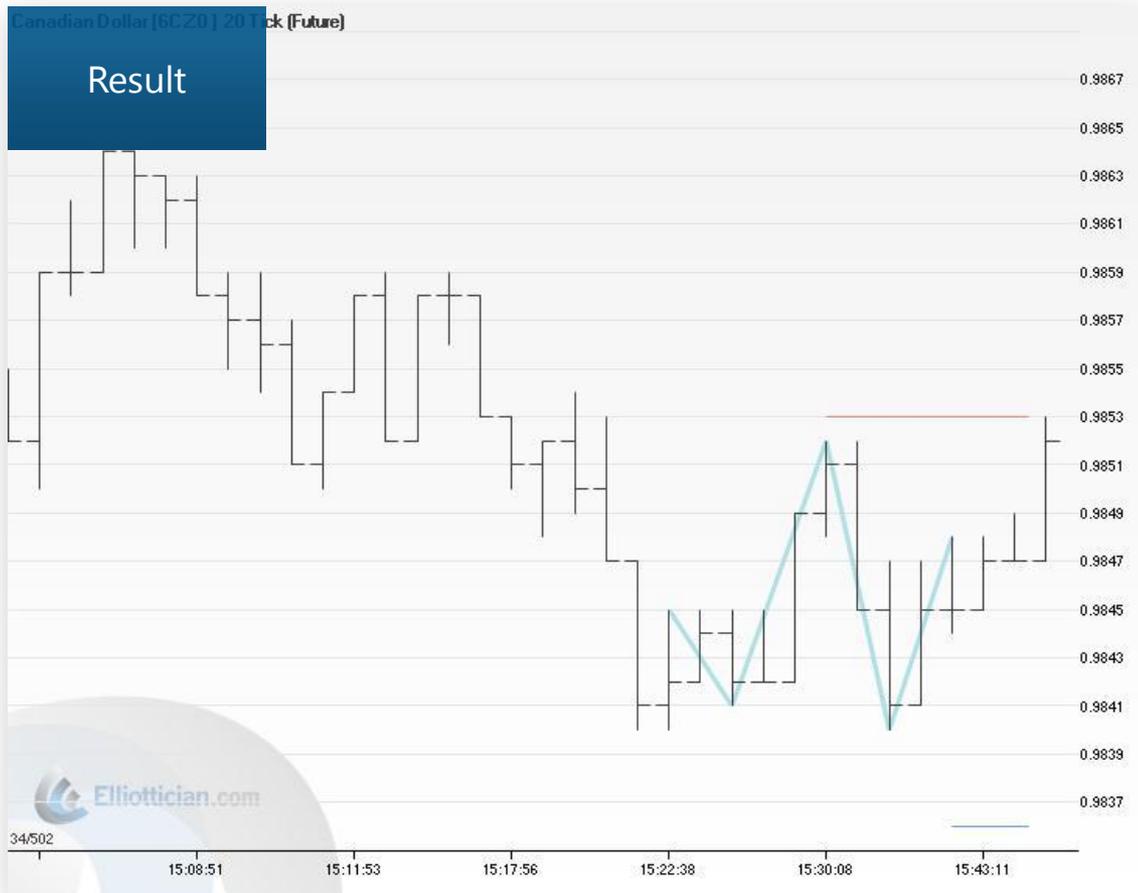
**UGLY!**



The Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

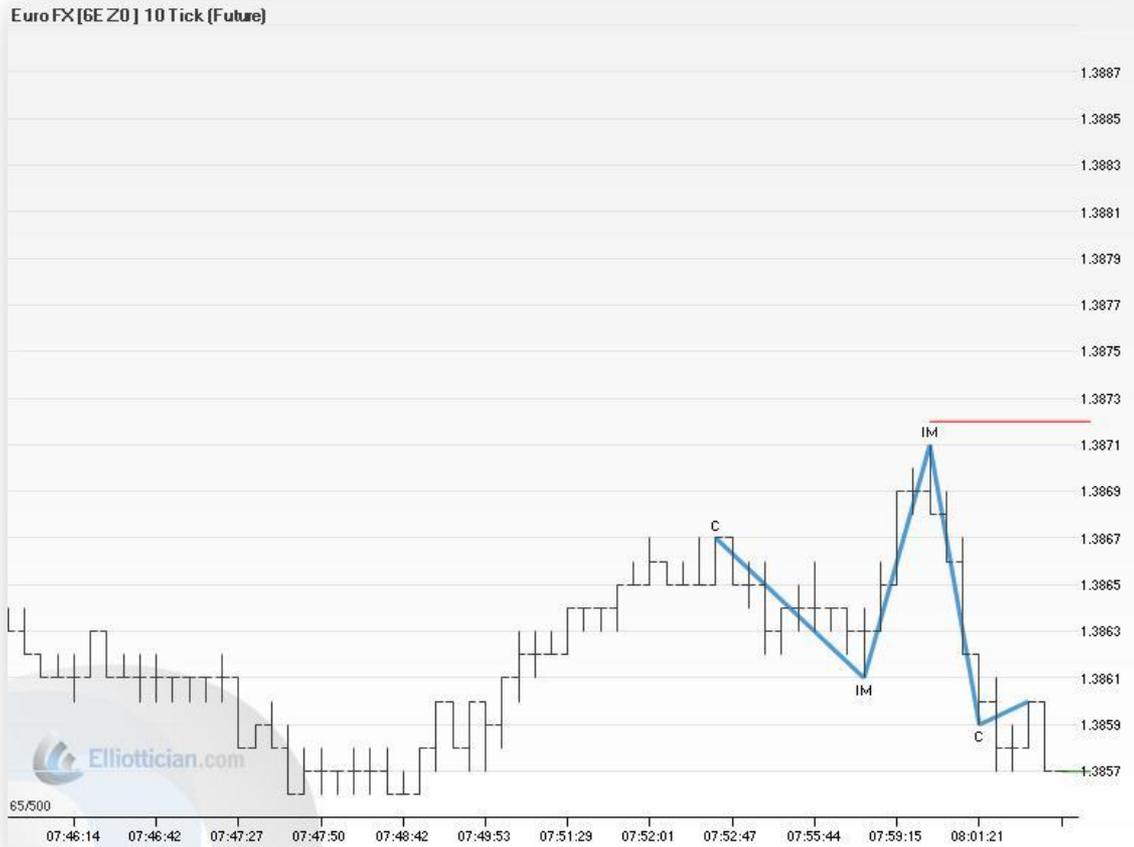
**UGLY!**



There was no Entry signal either.

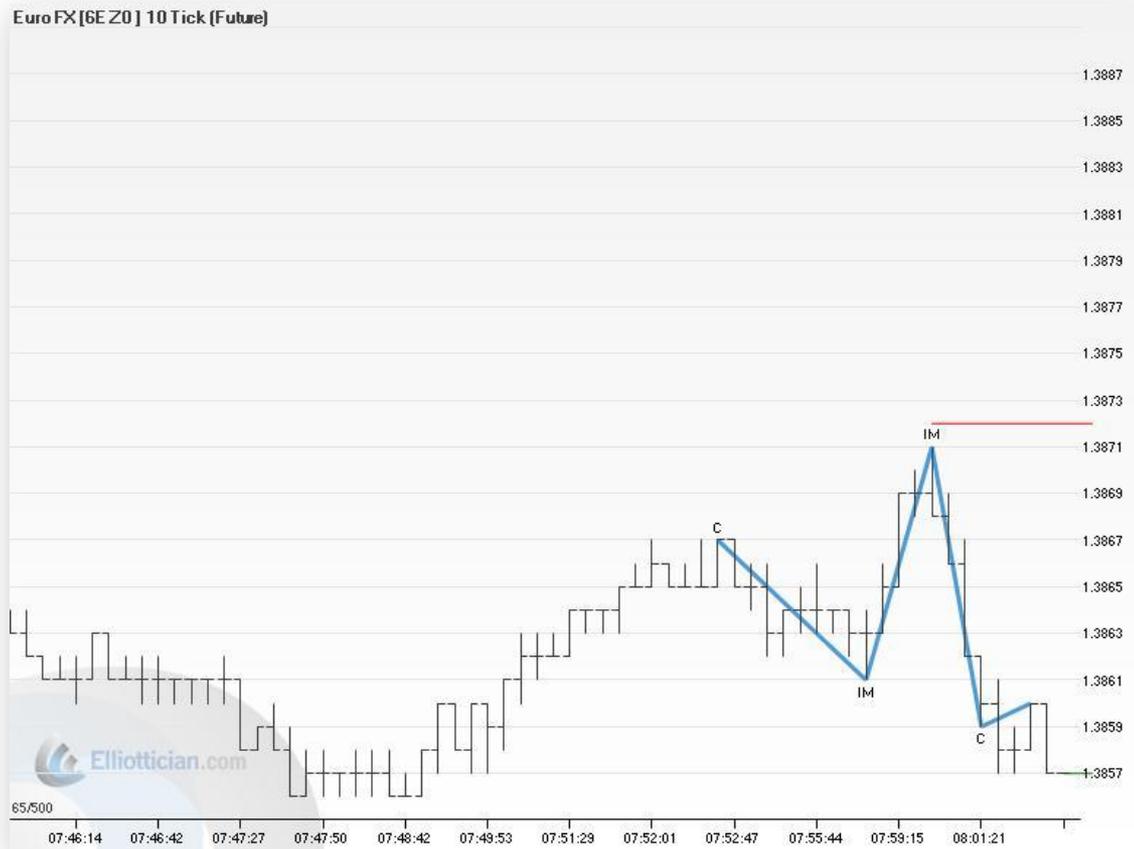
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Pre-Straight looks nothing like the other two Straights.

# PRACTICE PICKING THE PRETTY ONES

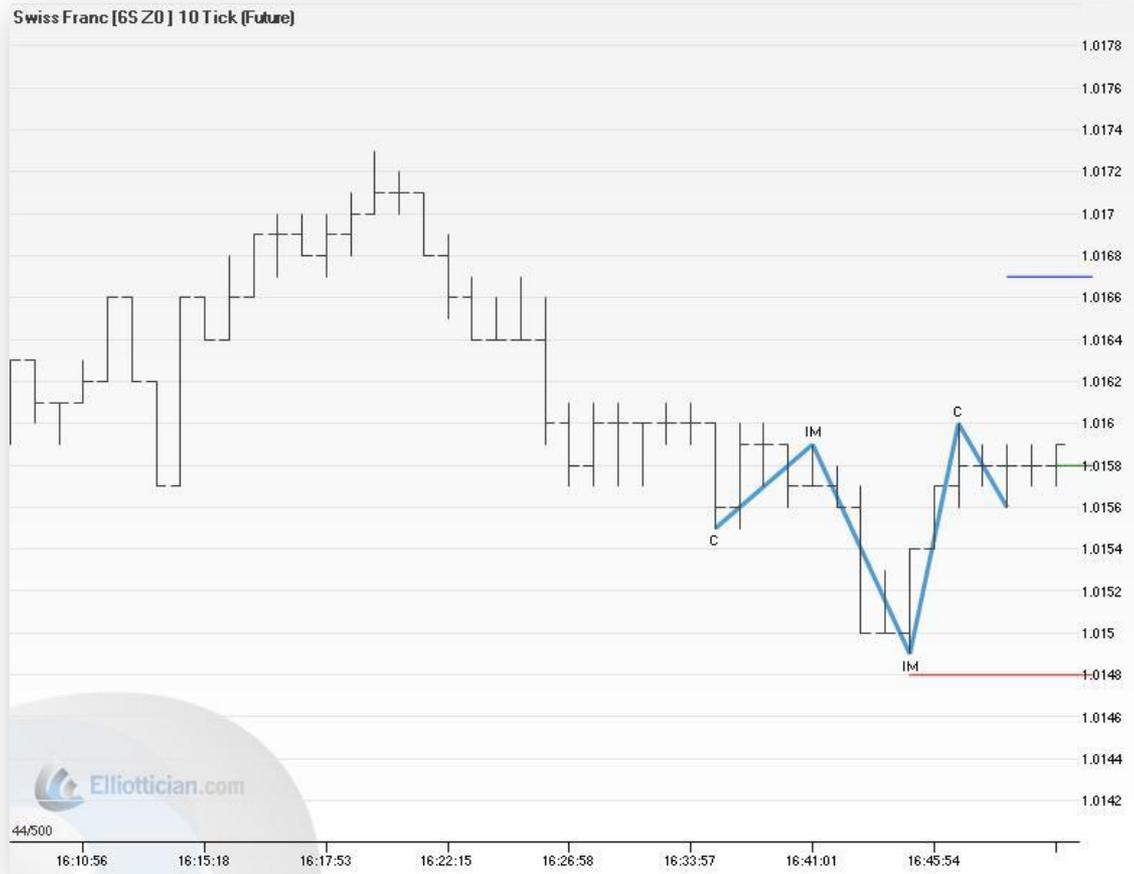
**UGLY!**



The Pre-Straight looks nothing like the other two Straights.

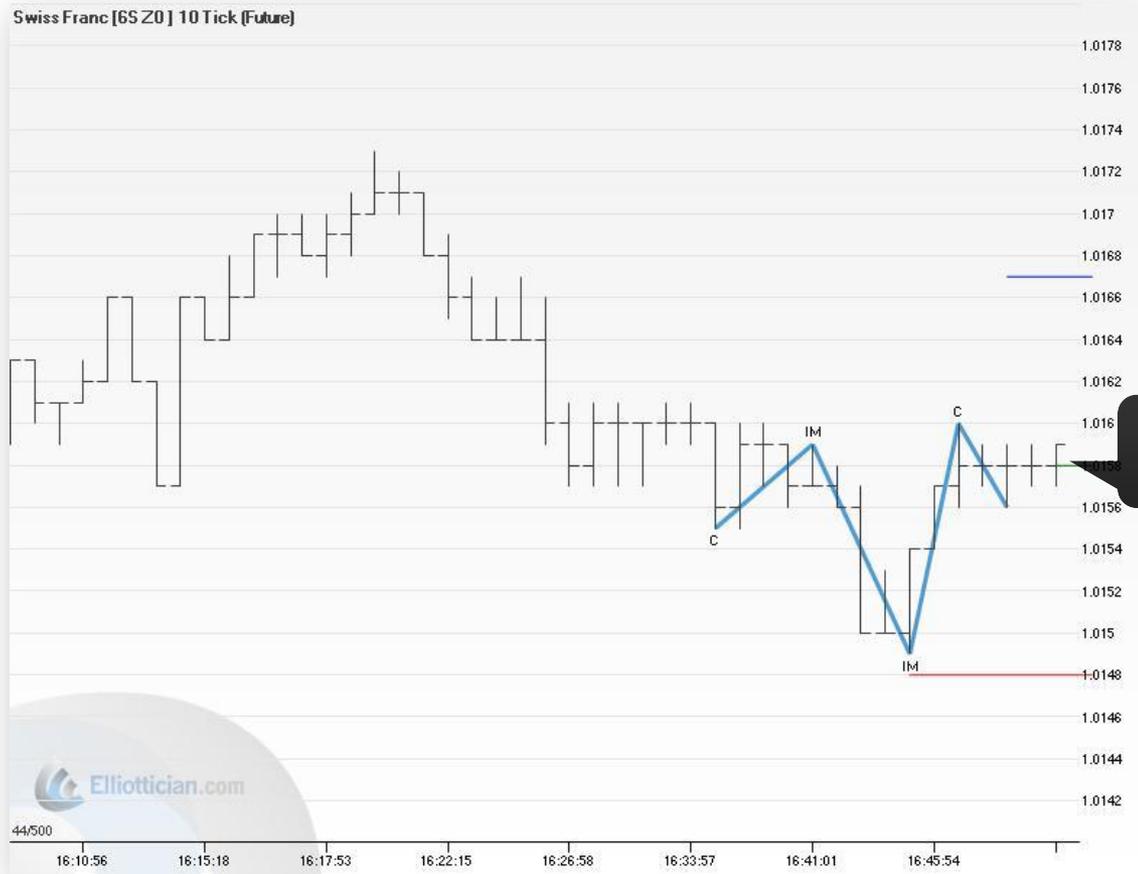
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!

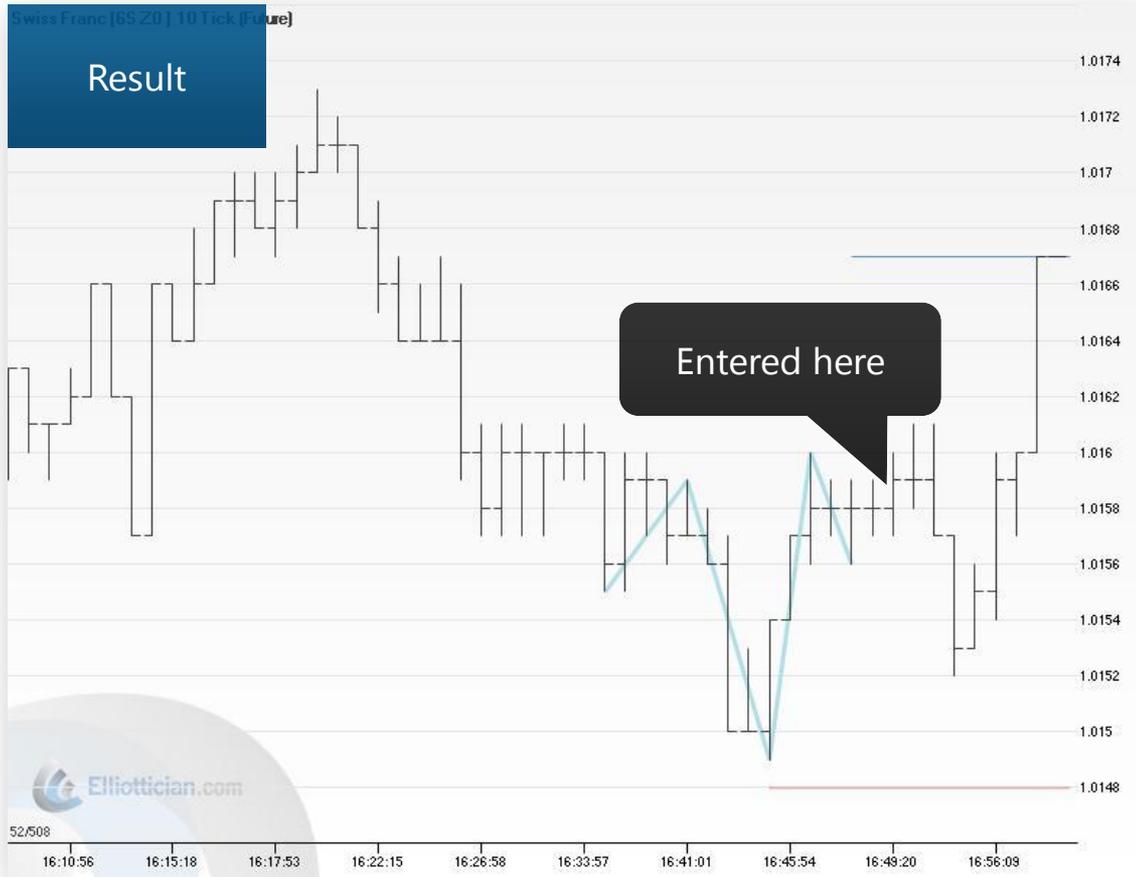


**Enter immediately.**

Enter

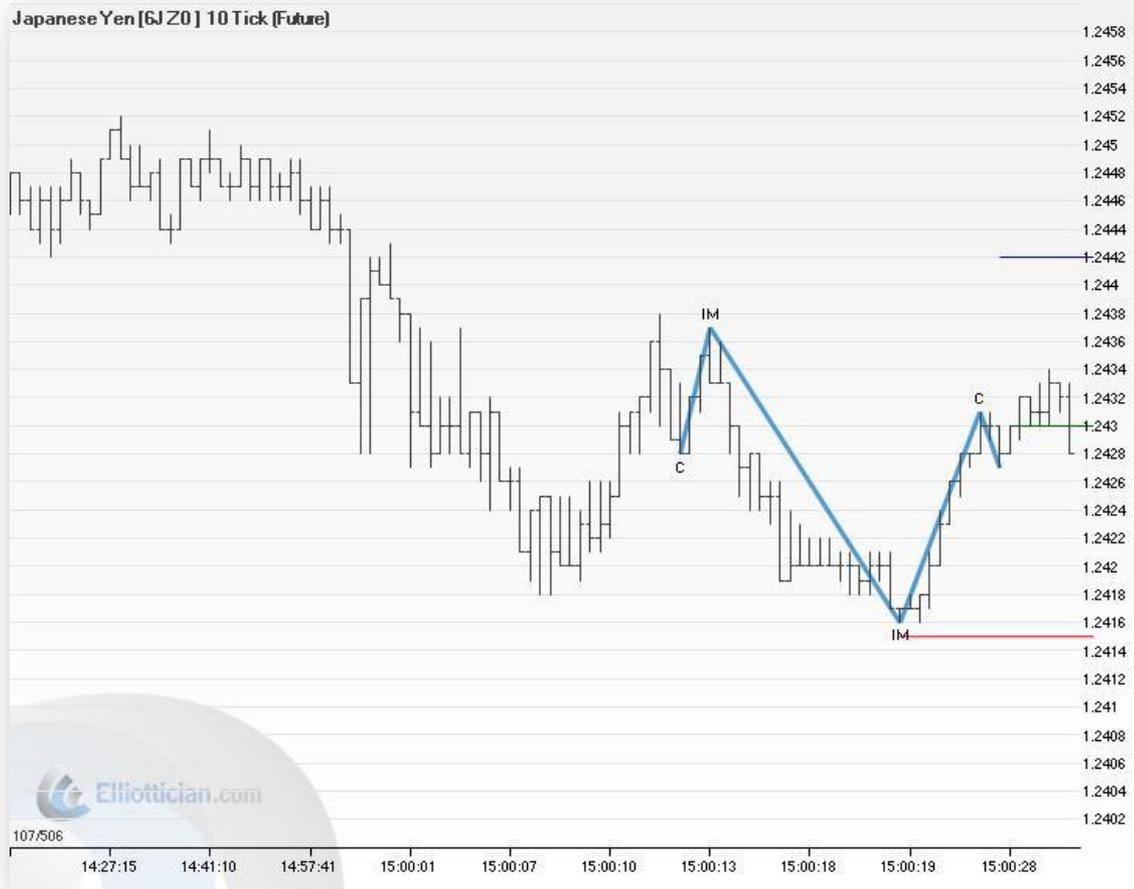
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Both the Pre-Straight and the Left Straight contain a single internal sideways move.

# PRACTICE PICKING THE PRETTY ONES

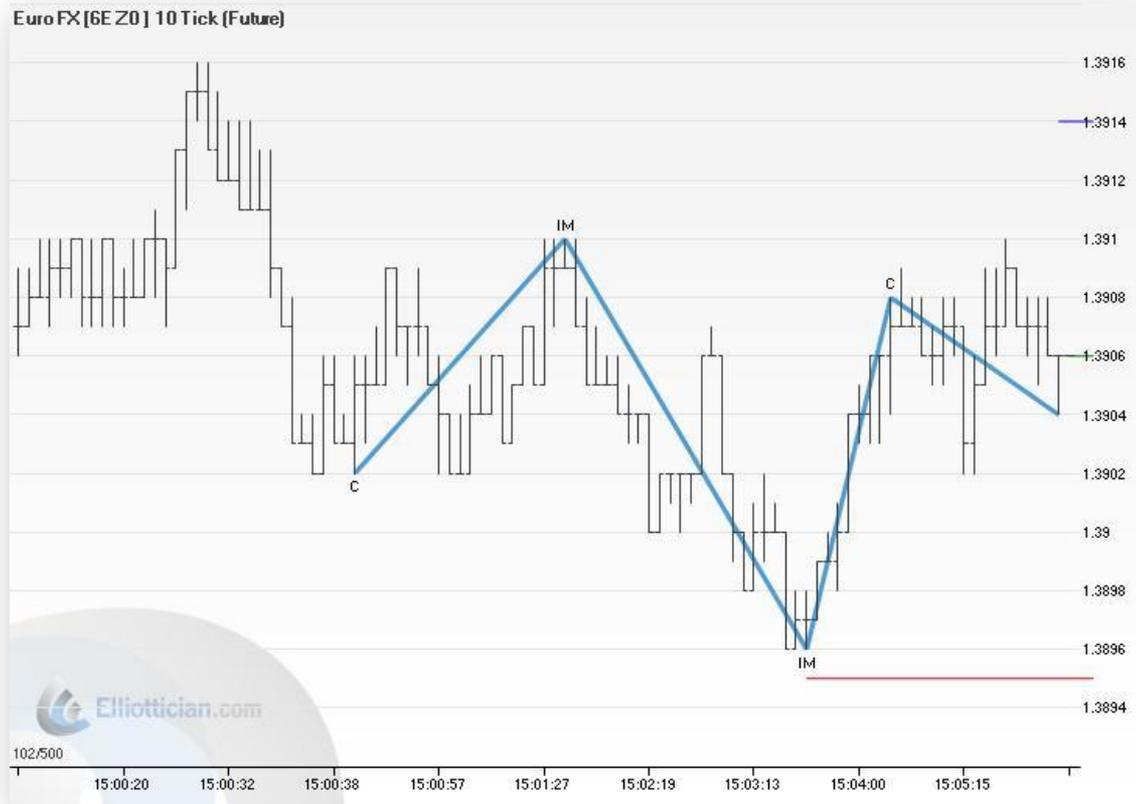
**UGLY!**



Both the Pre-Straight and the Left Straight contain a single internal sideways move.

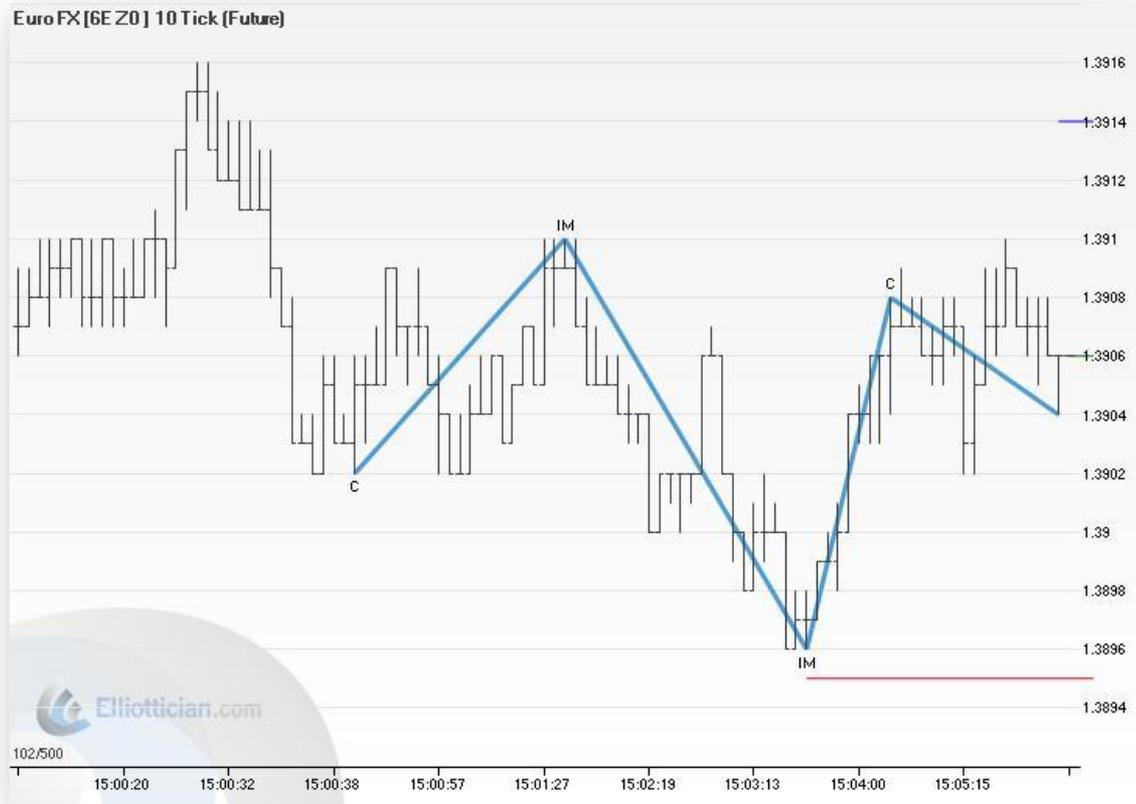
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Left Straight contains a large single internal sideways move.

## PRACTICE PICKING THE PRETTY ONES

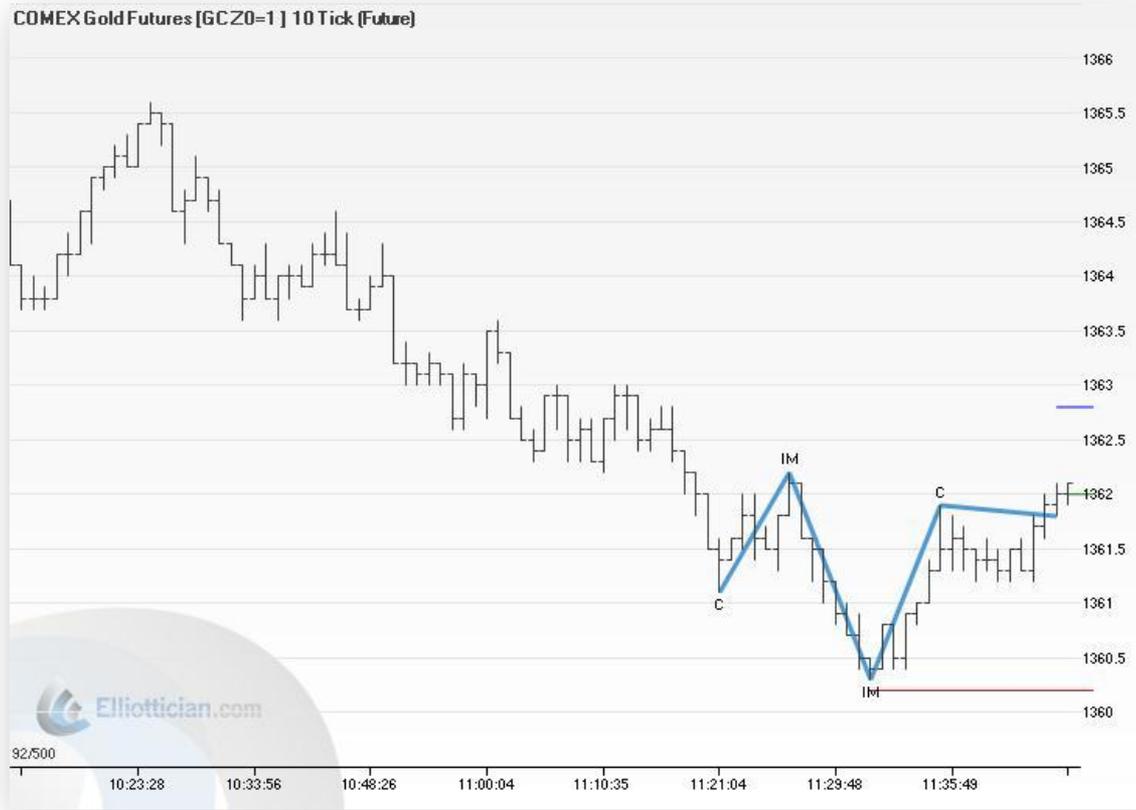
**UGLY!**



The Left Straight contains a large single internal sideways move.

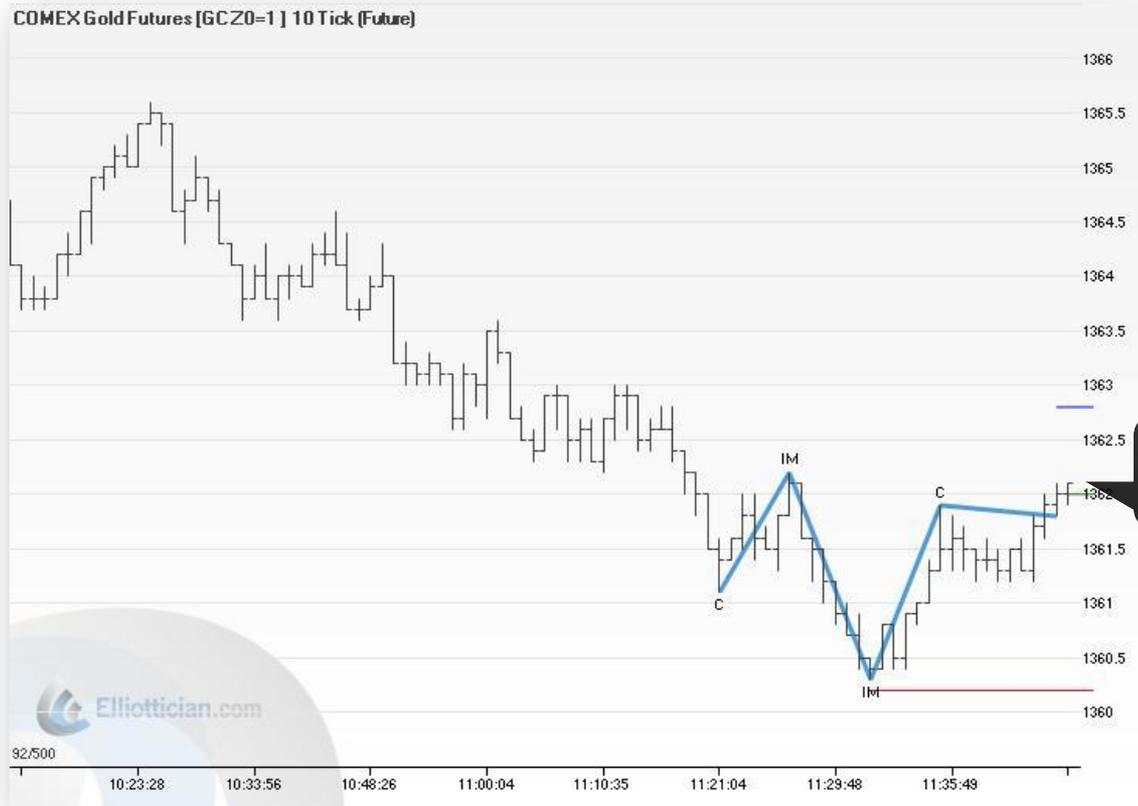
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

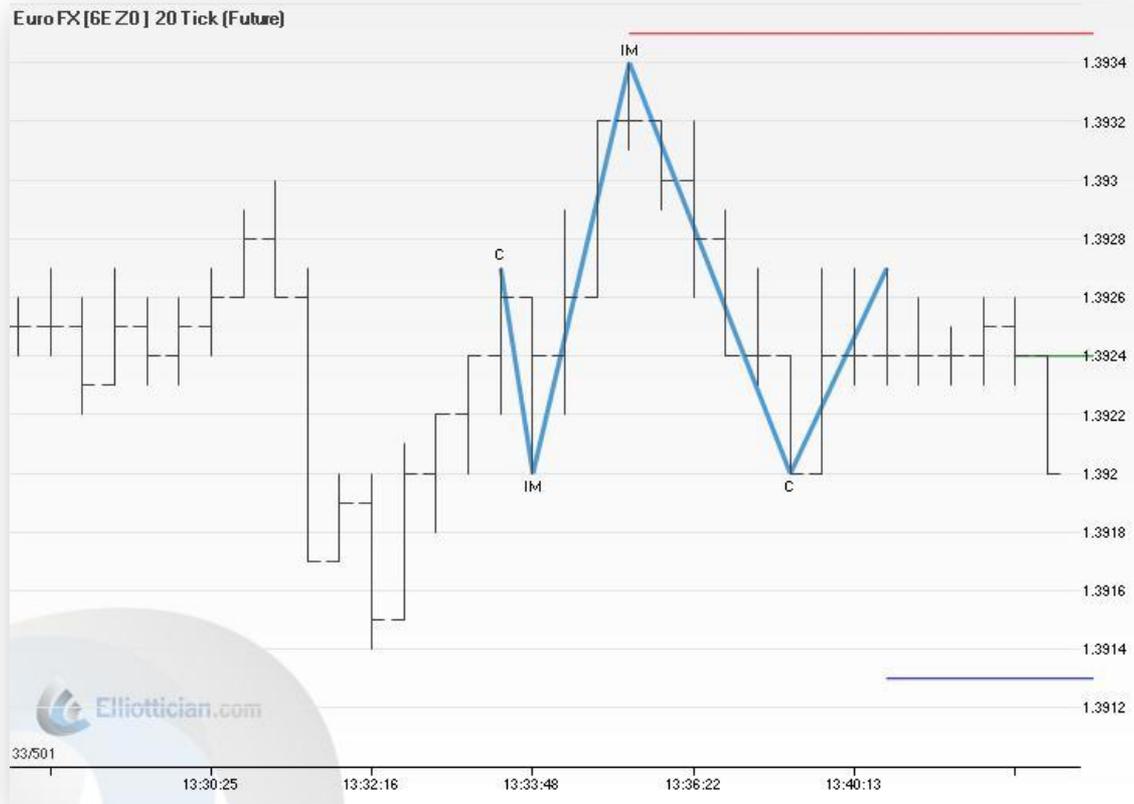
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



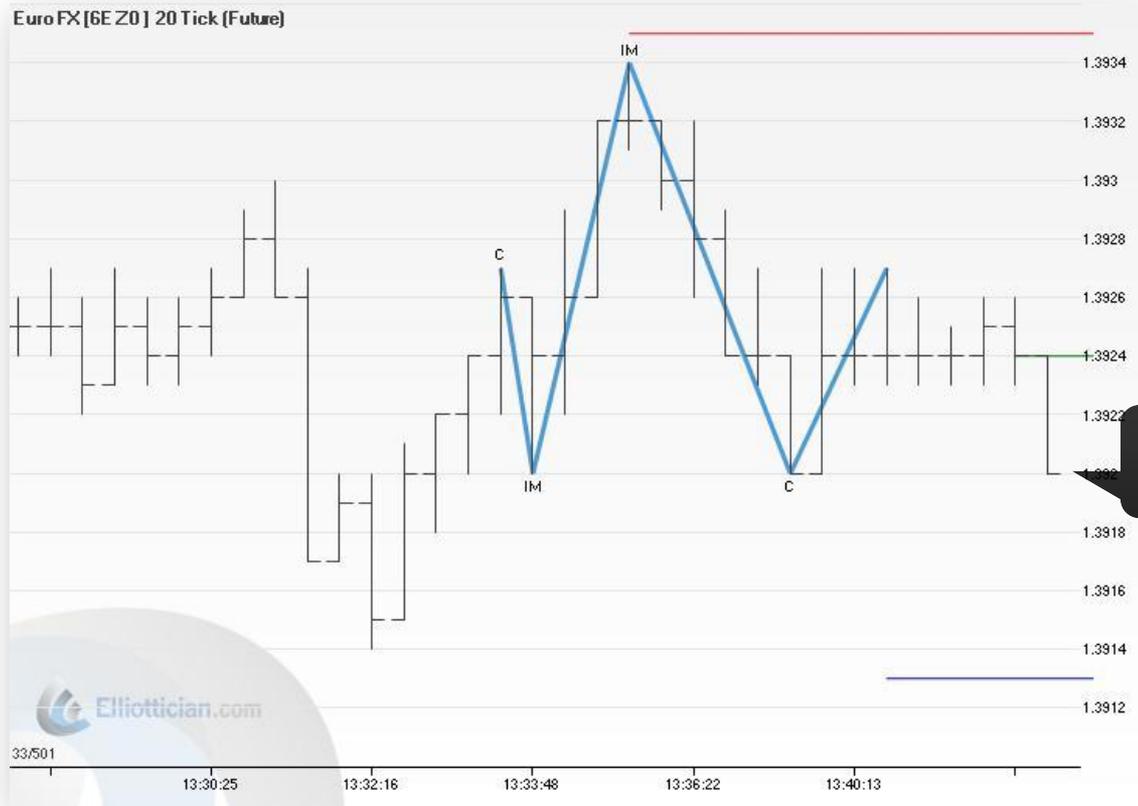
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

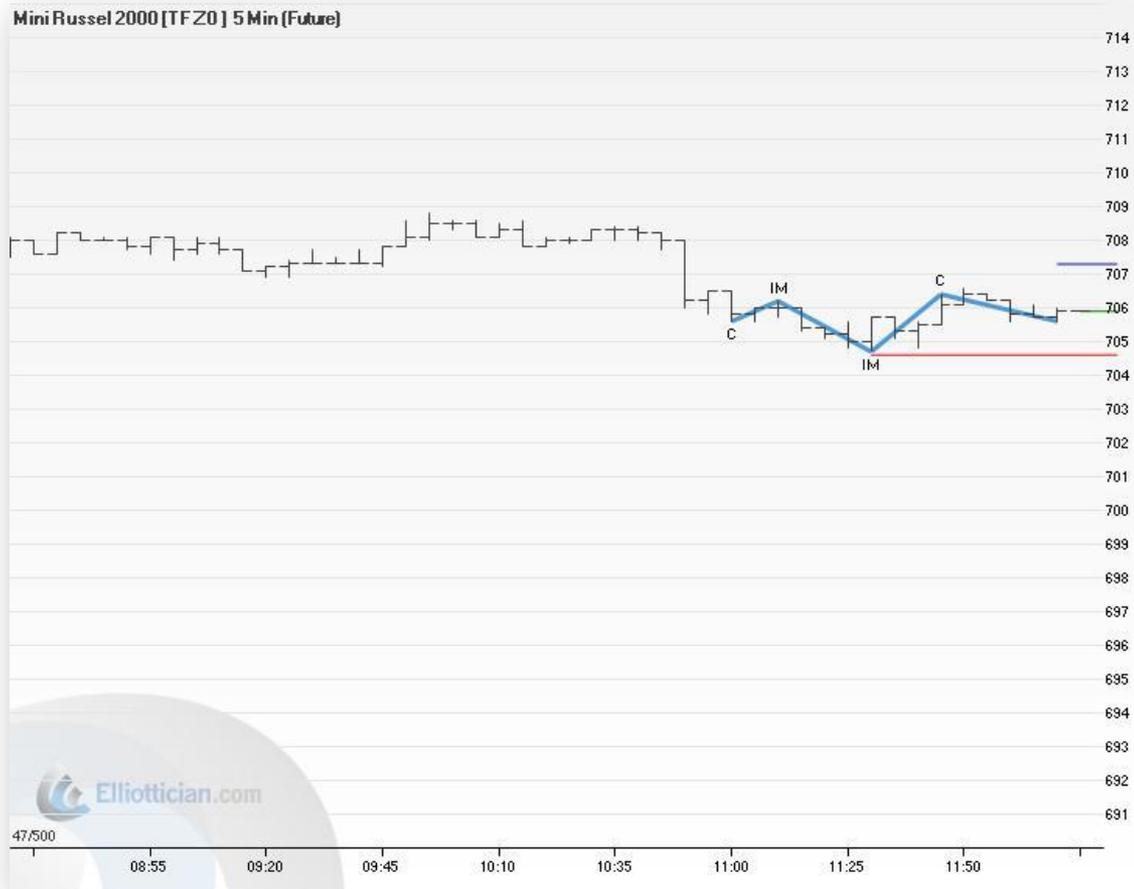
# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



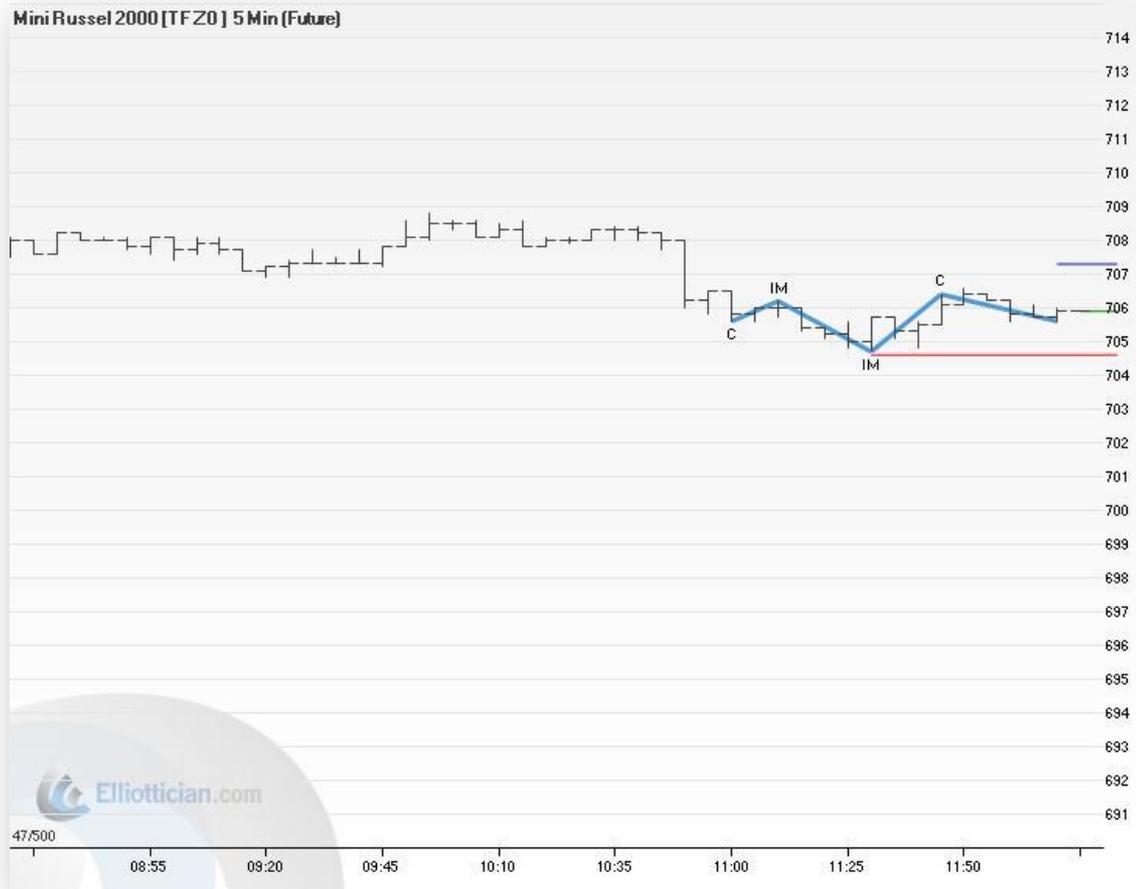
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

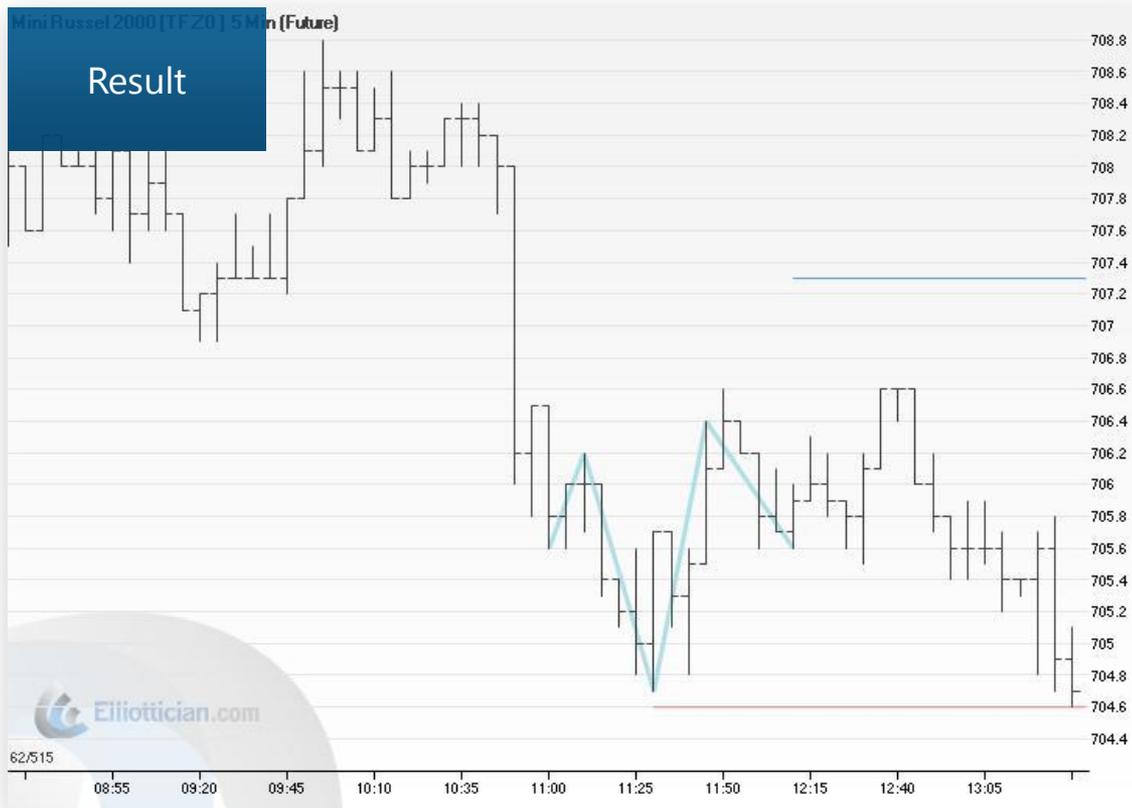
**UGLY!**



Right Straight contains a single large internal sideways move making the Apex flat.

# PRACTICE PICKING THE PRETTY ONES

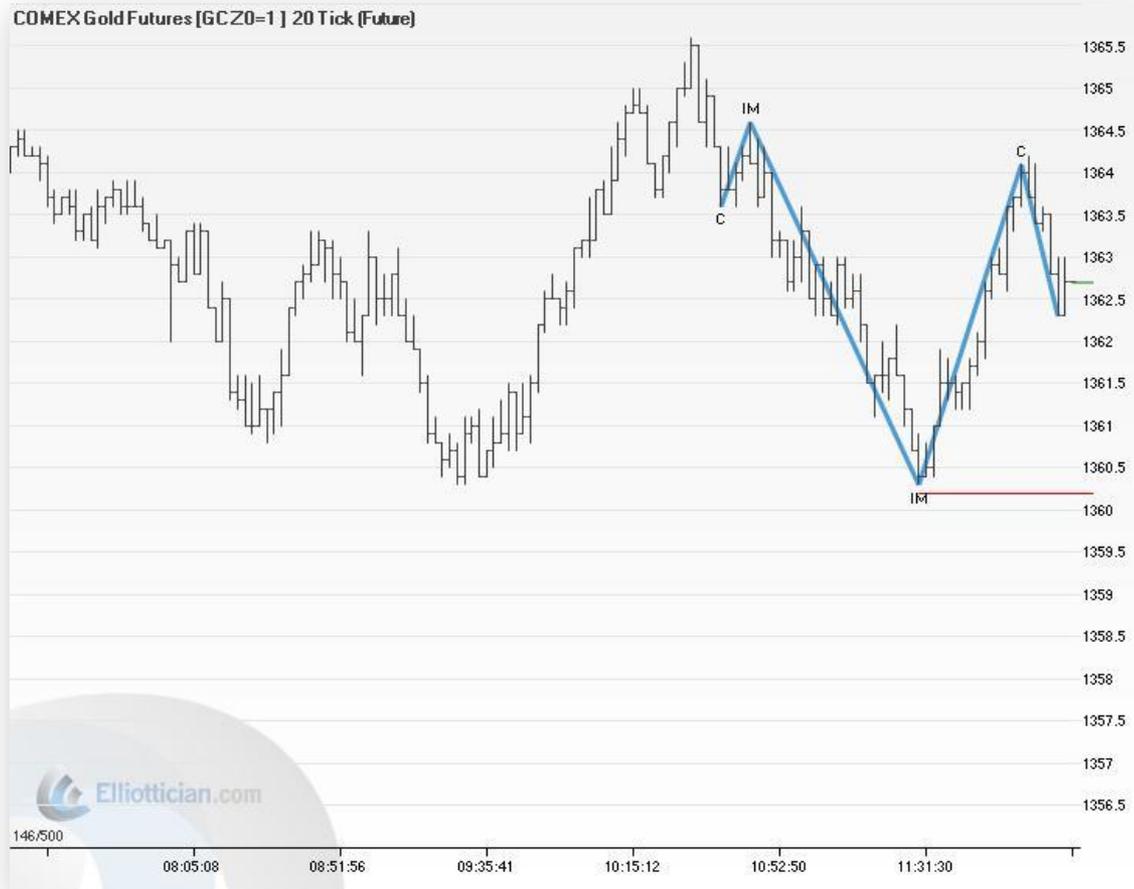
**UGLY!**



Right Straight contains a single large internal sideways move making the Apex flat.

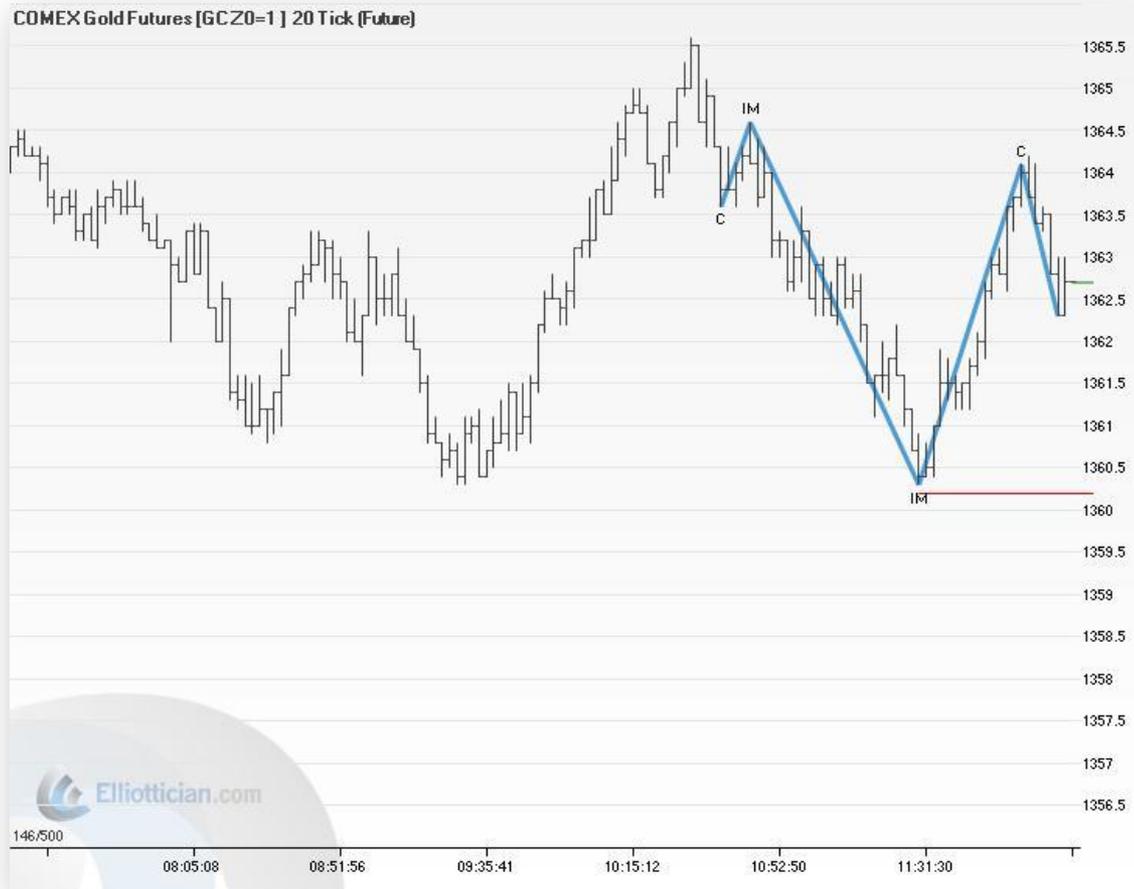
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

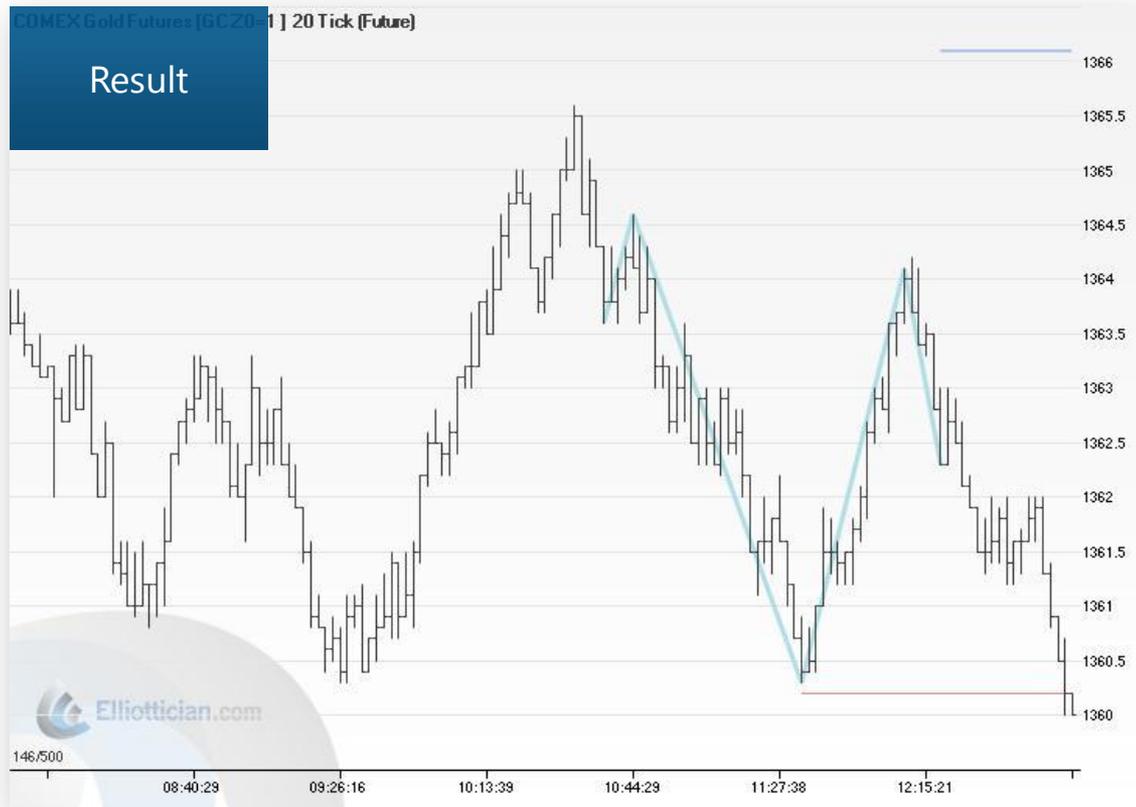
**UGLY!**



Pre-Straight is too short and the Right Straight contains a single internal sideways move.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



There was no Entry signal either.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

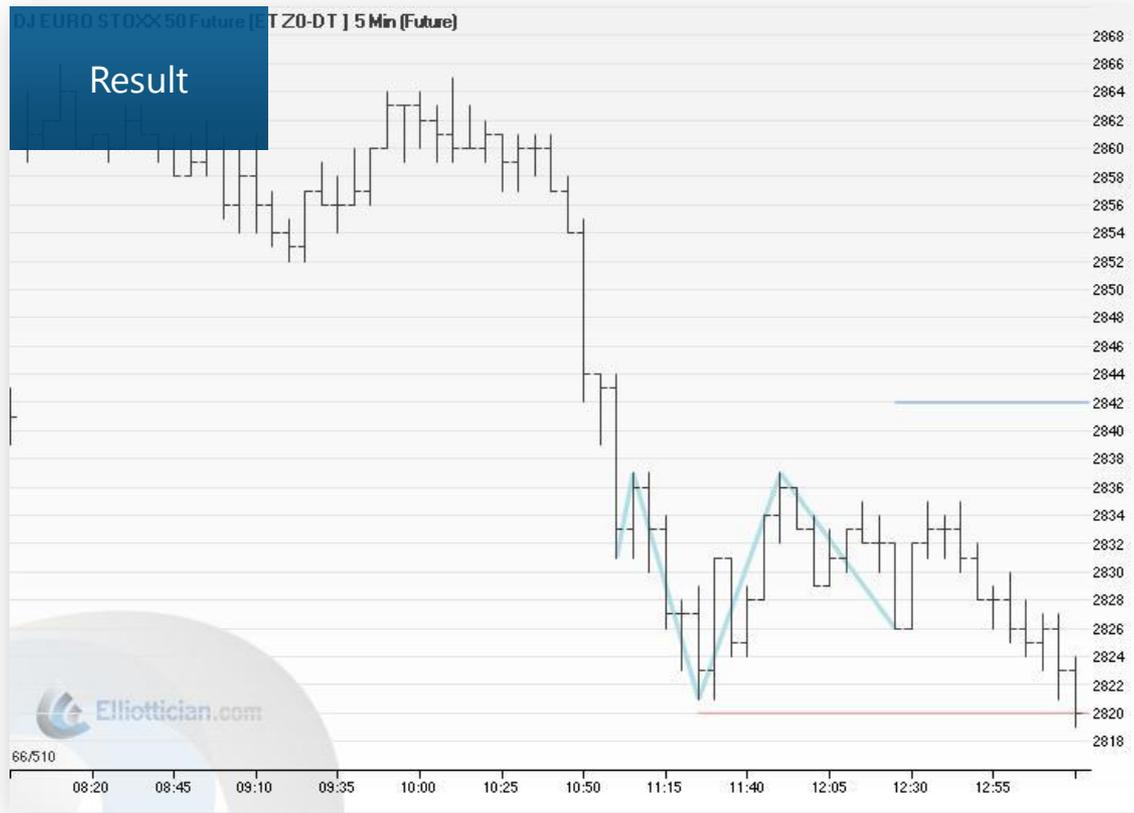
**UGLY!**



The Right Straight contains a large single internal sideways move.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Right Straight contains a large single internal sideways move.

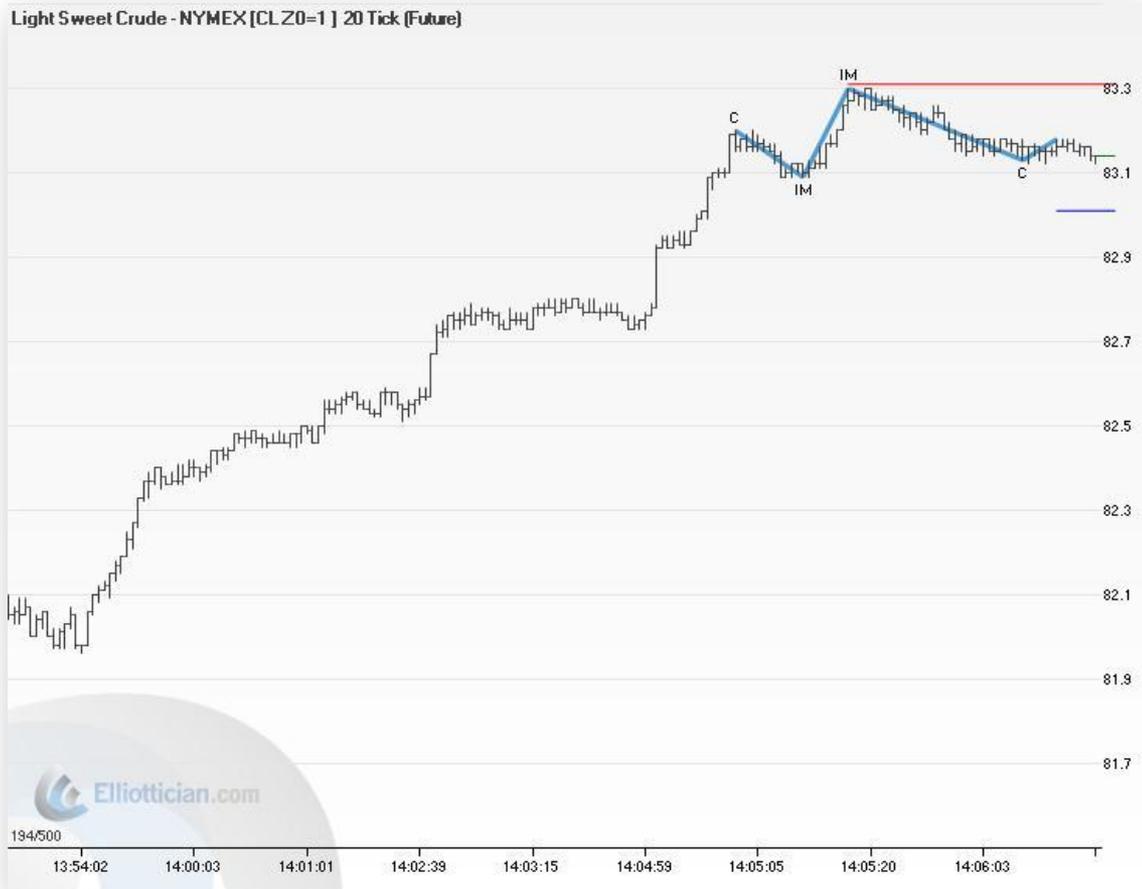
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Insufficient symmetry and the Straights are very different from each other.

# PRACTICE PICKING THE PRETTY ONES

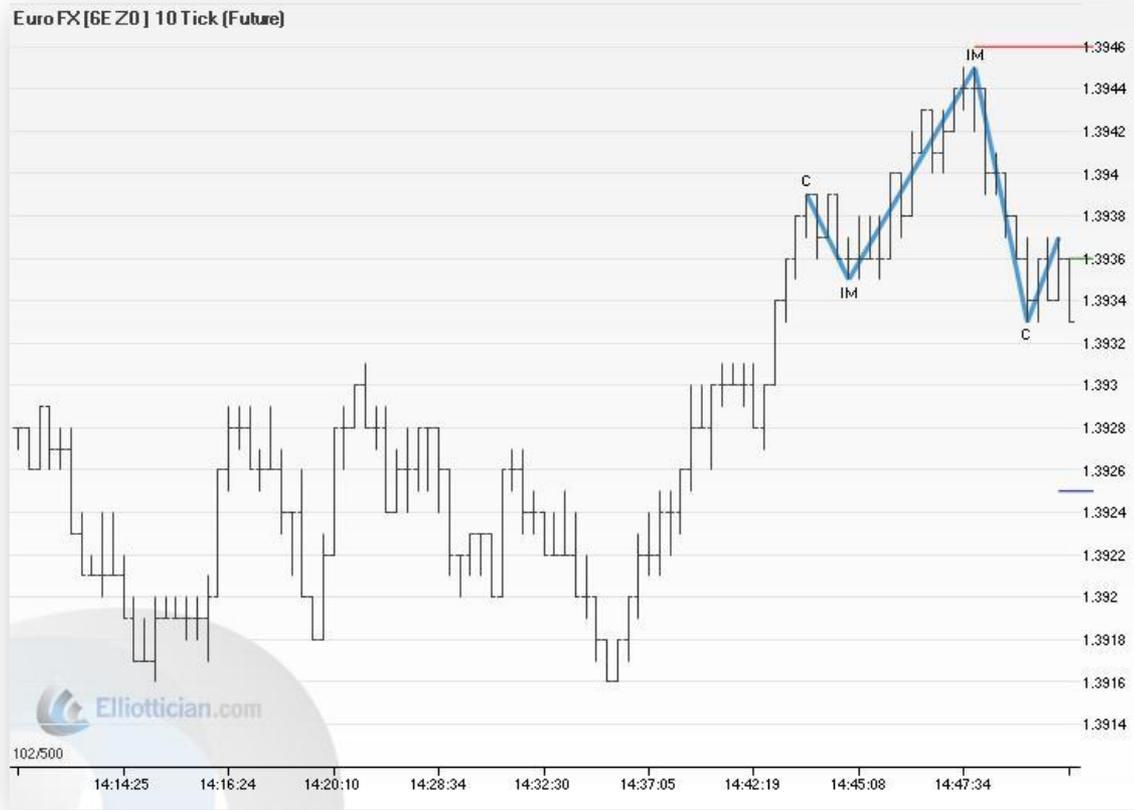
**UGLY!**



Insufficient symmetry and the Straights are very different from each other.

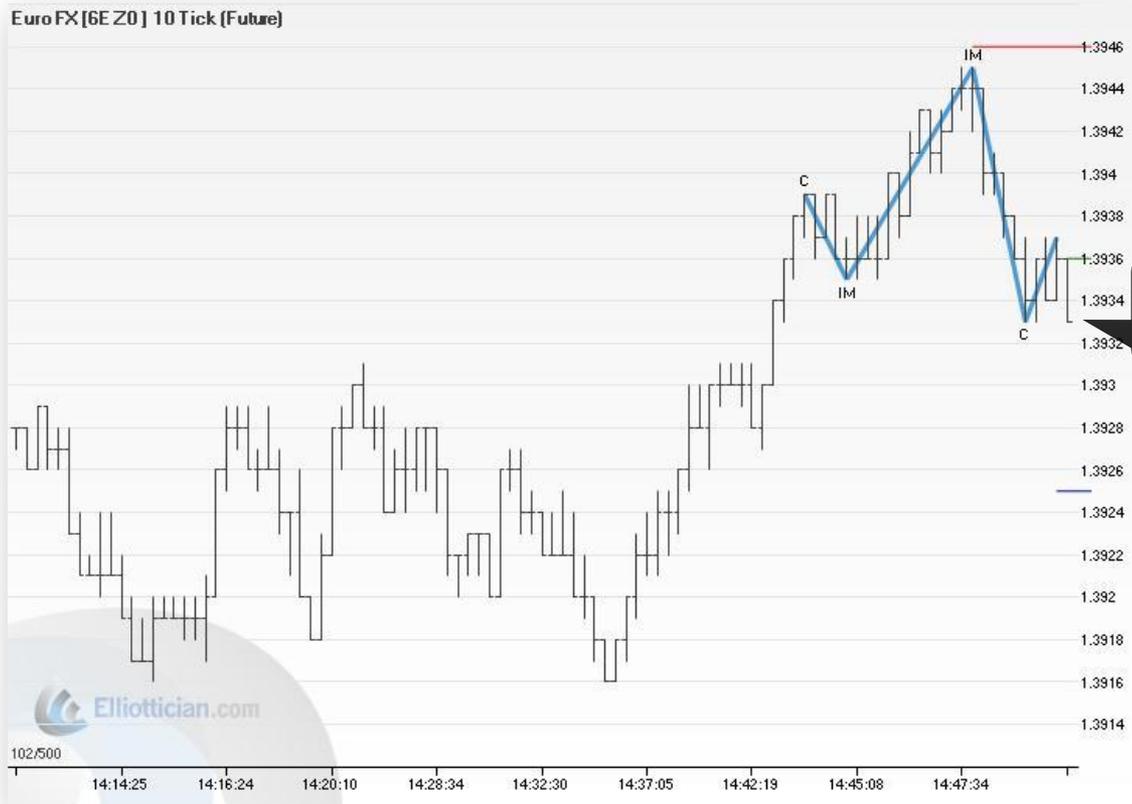
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



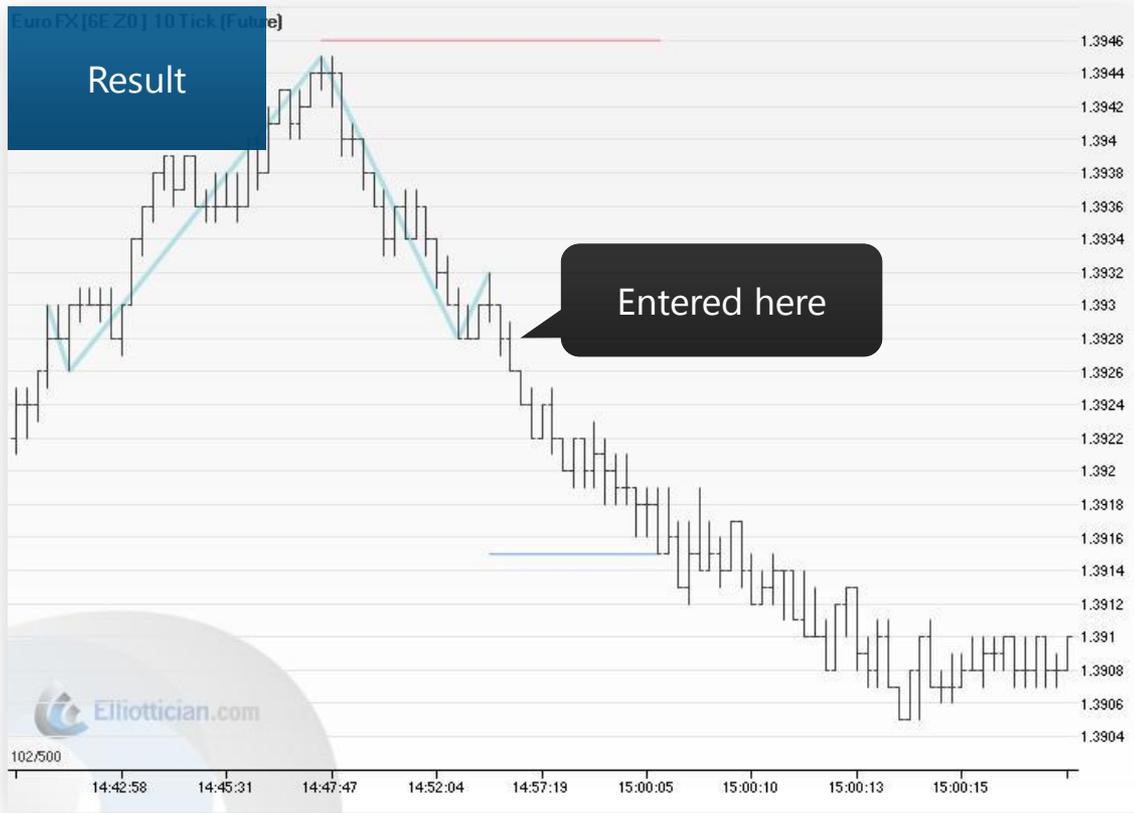
Although there is some internal overlap in the Left Straight, this is acceptable for a 10 Tick Chart.

Enter

**Enter immediately.**

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Apex is not pointy.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Apex is not pointy.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

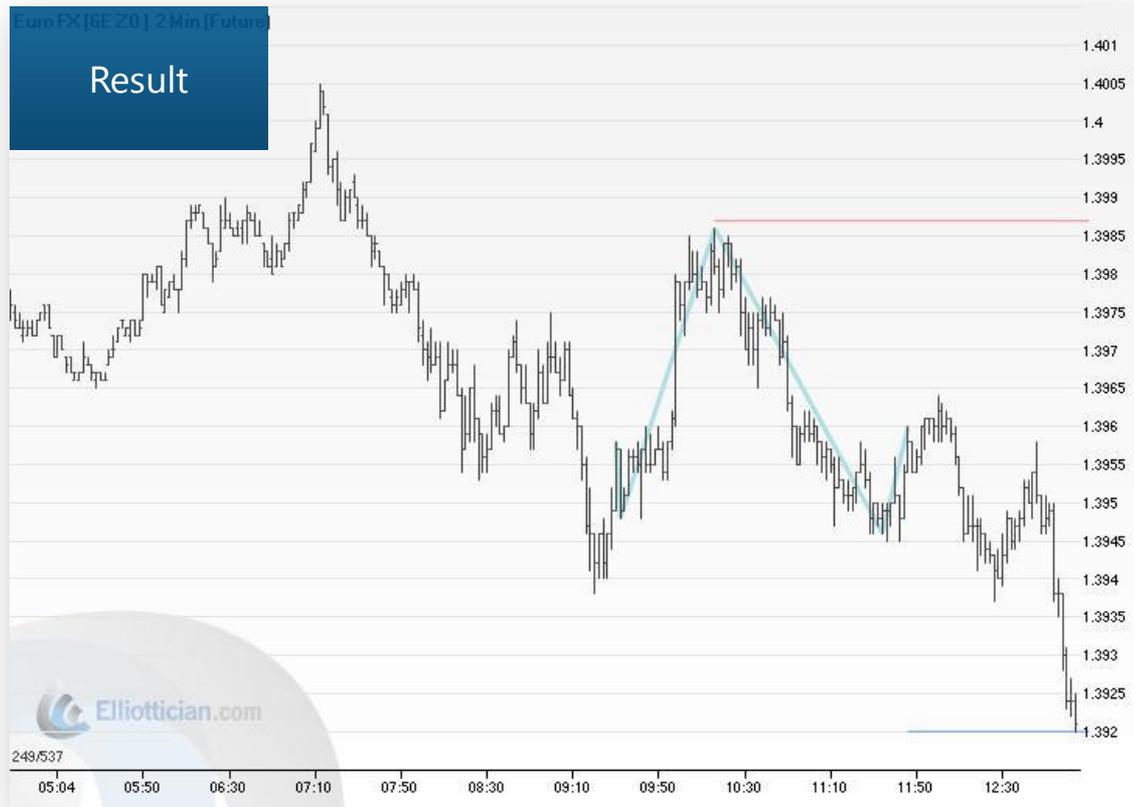
**UGLY!**



Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Pre-Straight is too short.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

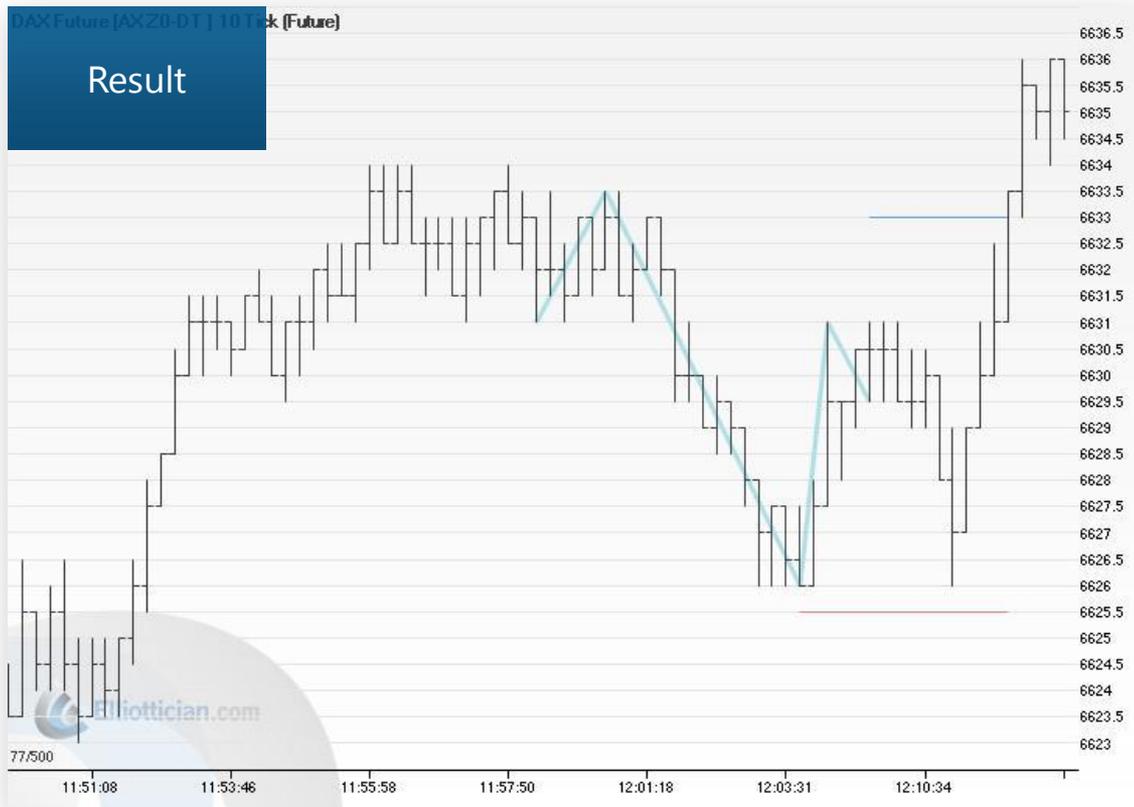
**UGLY!**



Very short Pre-Straight.

# PRACTICE PICKING THE PRETTY ONES

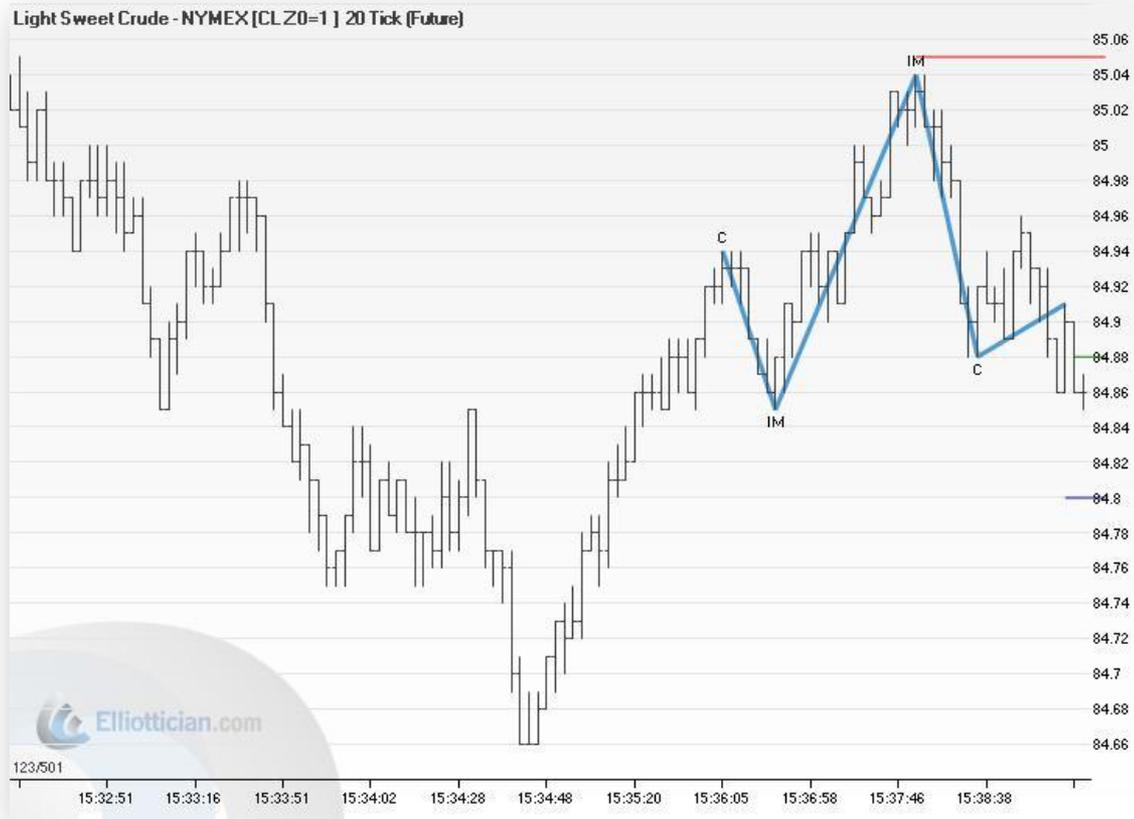
**UGLY!**



Very short Pre-Straight.

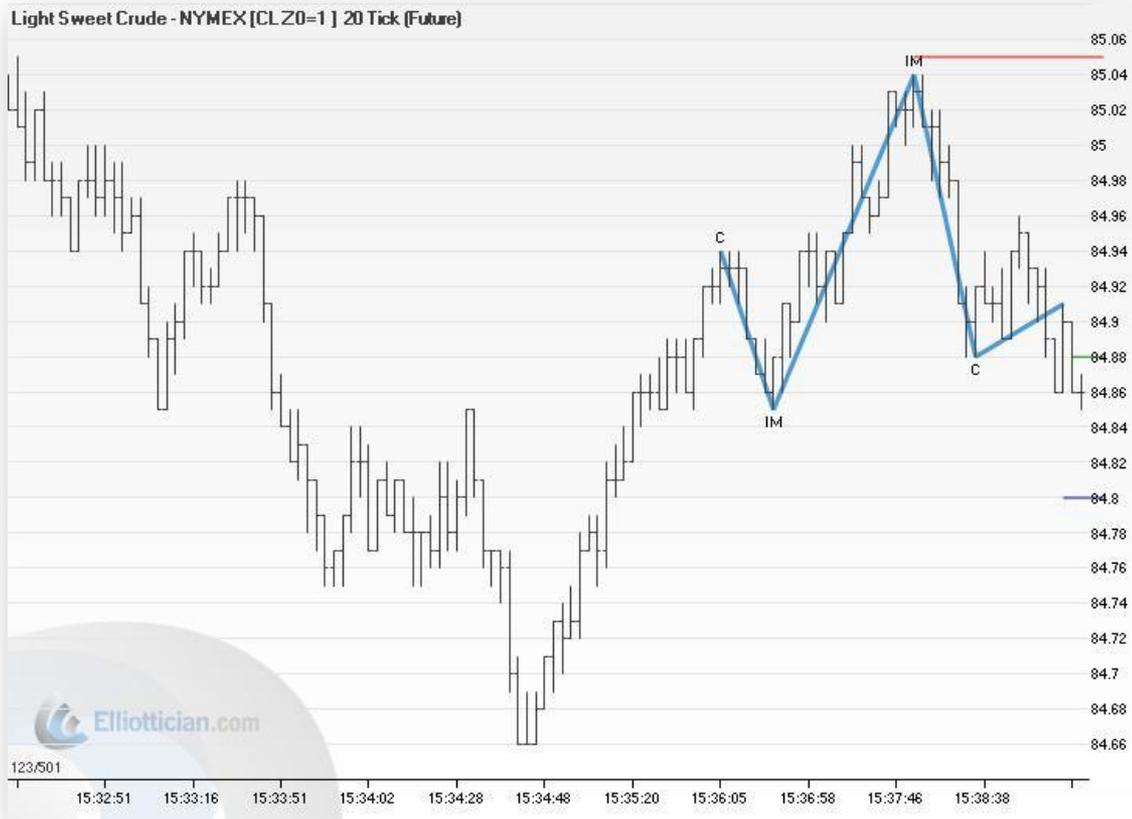
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



This Alert is Pretty, but the market is already too close to the target. Only enter if the market moves up enough for the Reward/Risk ratio to be at least 0.7.

# PRACTICE PICKING THE PRETTY ONES

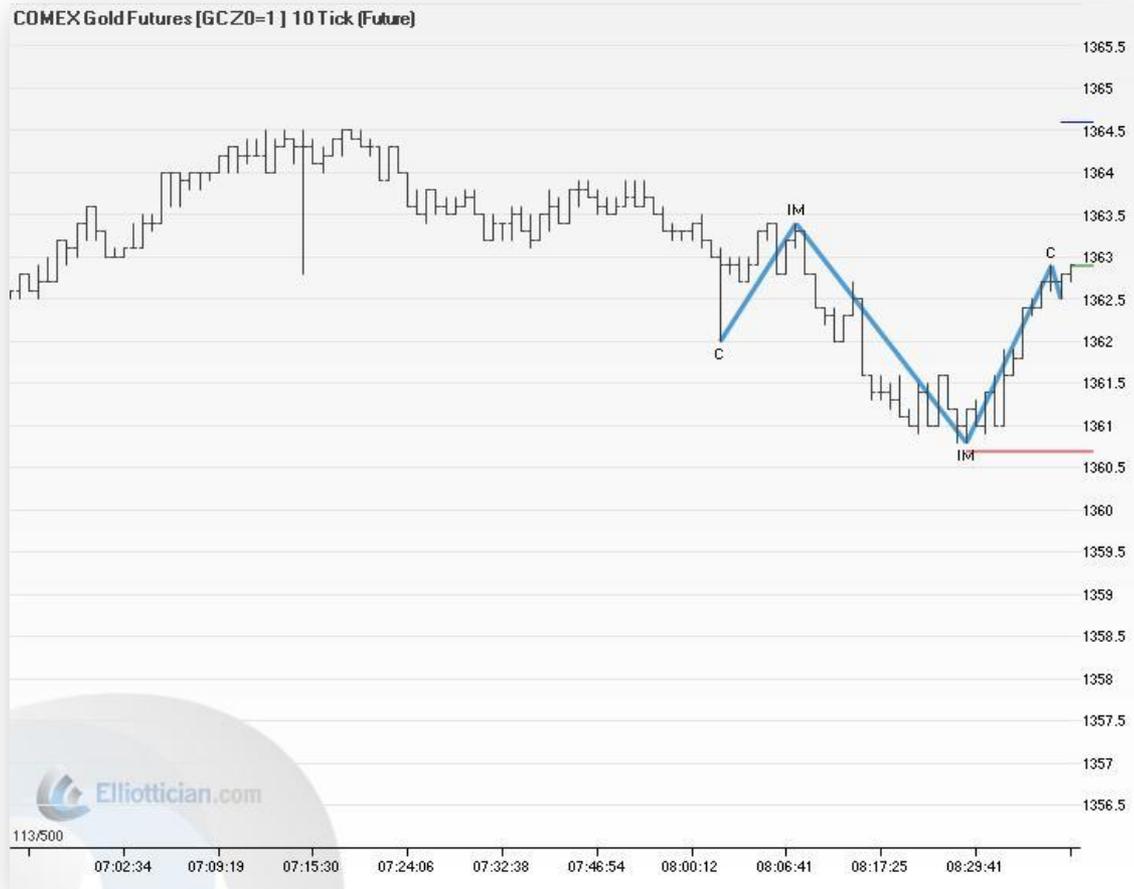
## PRETTY!



Before moving back up to create a Reward/Risk greater than 0.7, the market had dropped down too close to the Target for a valid entry.

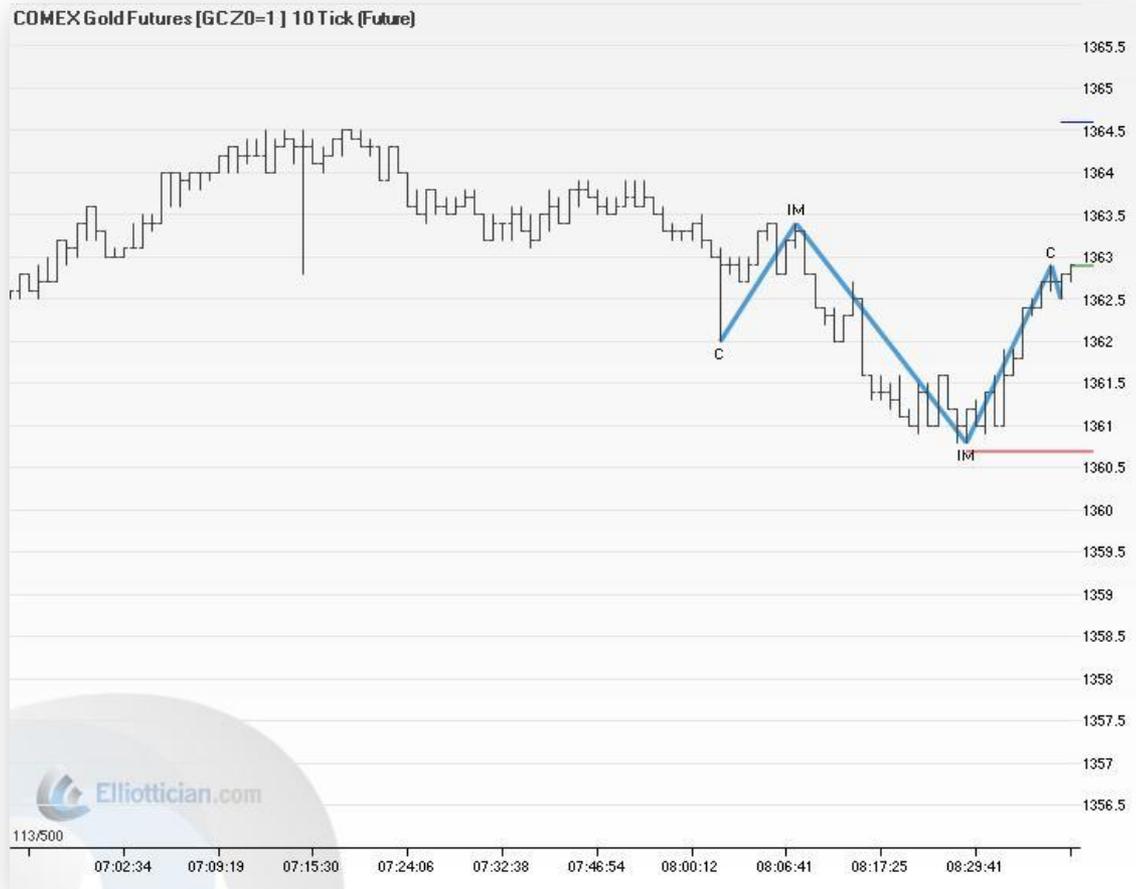
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

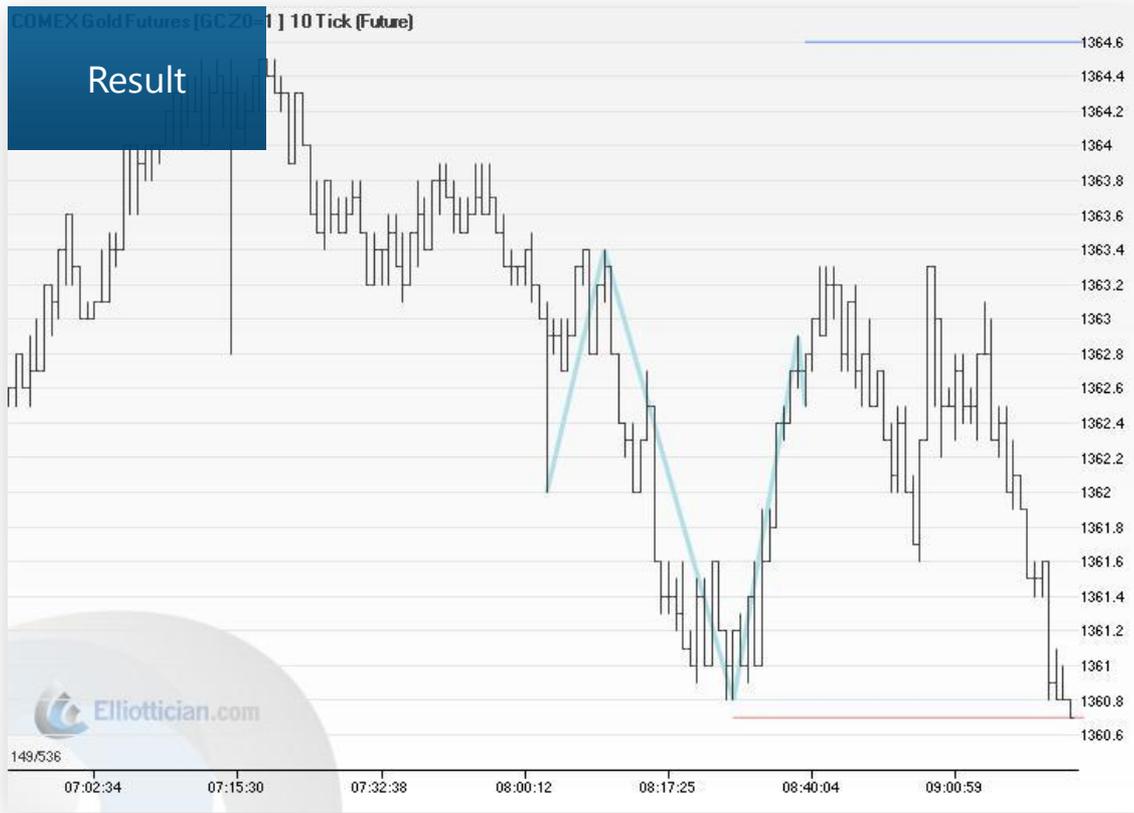
**UGLY!**



Apex is not pointy.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Apex is not pointy.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

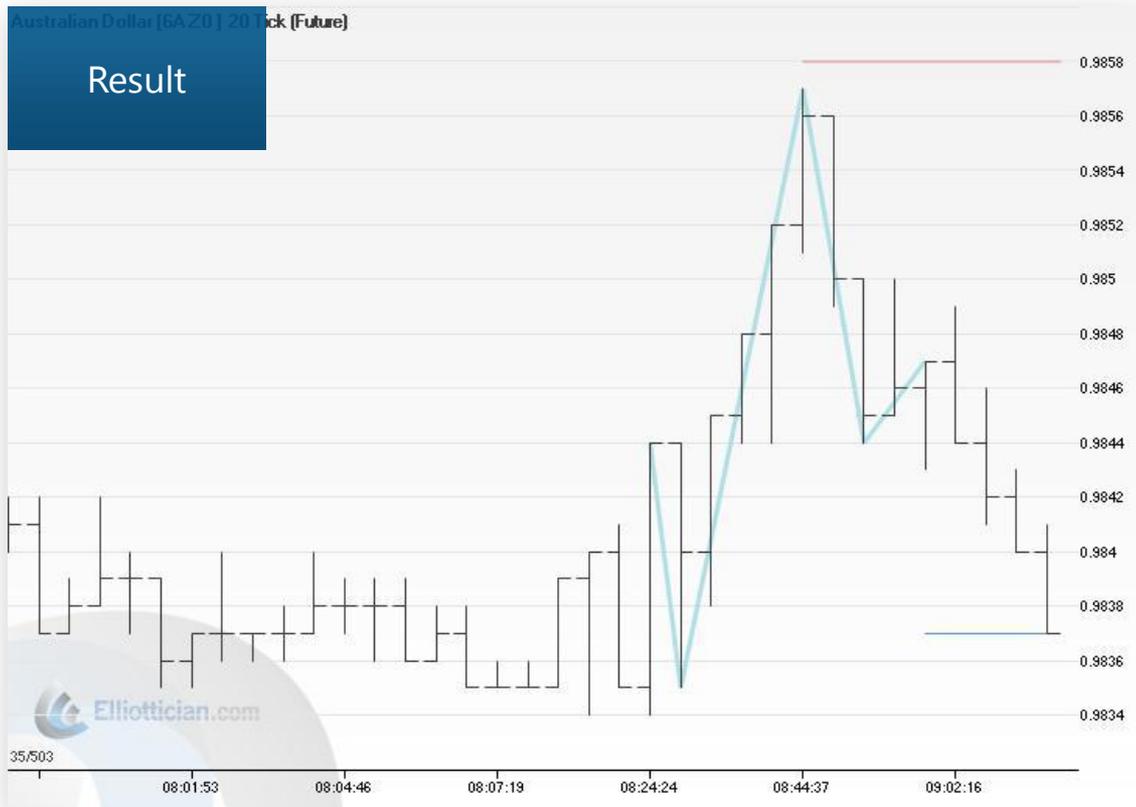
**UGLY!**



No obvious Pre-Straight.

# PRACTICE PICKING THE PRETTY ONES

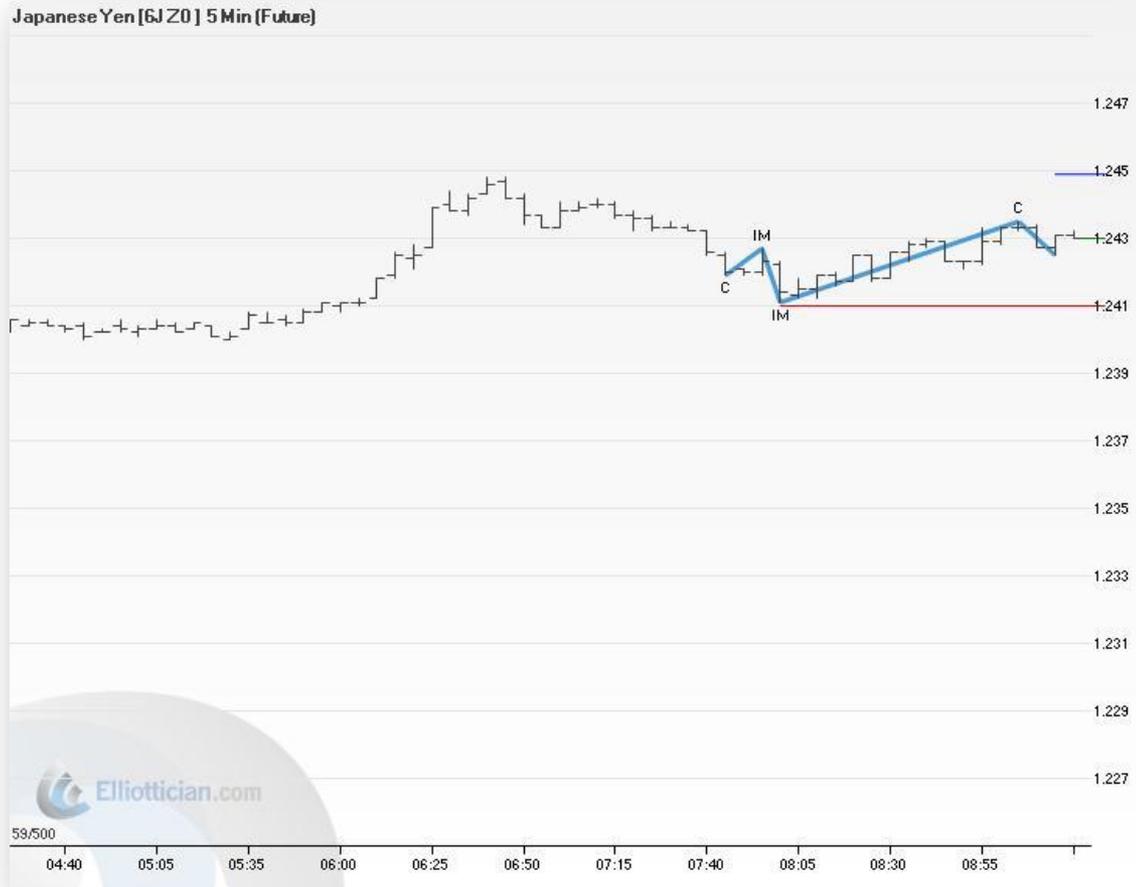
**UGLY!**



No obvious Pre-Straight.

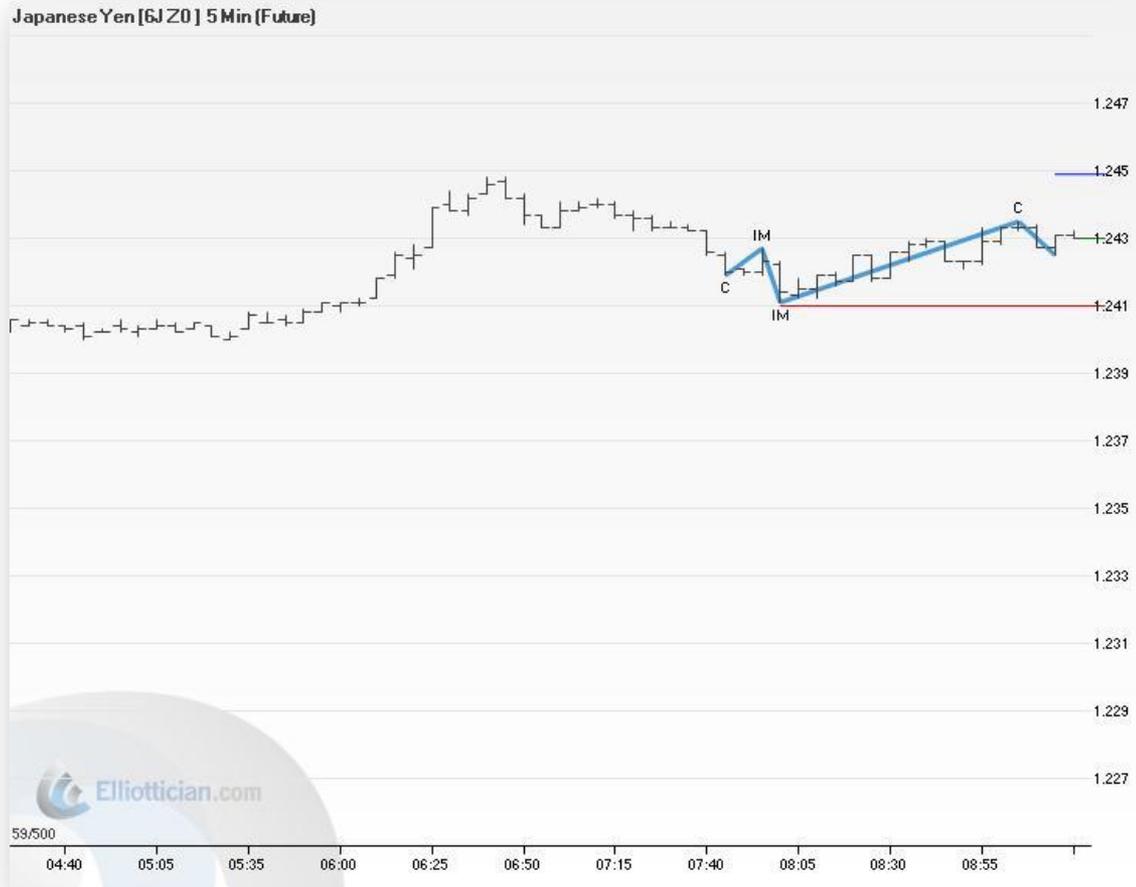
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Lacks symmetry.

# PRACTICE PICKING THE PRETTY ONES

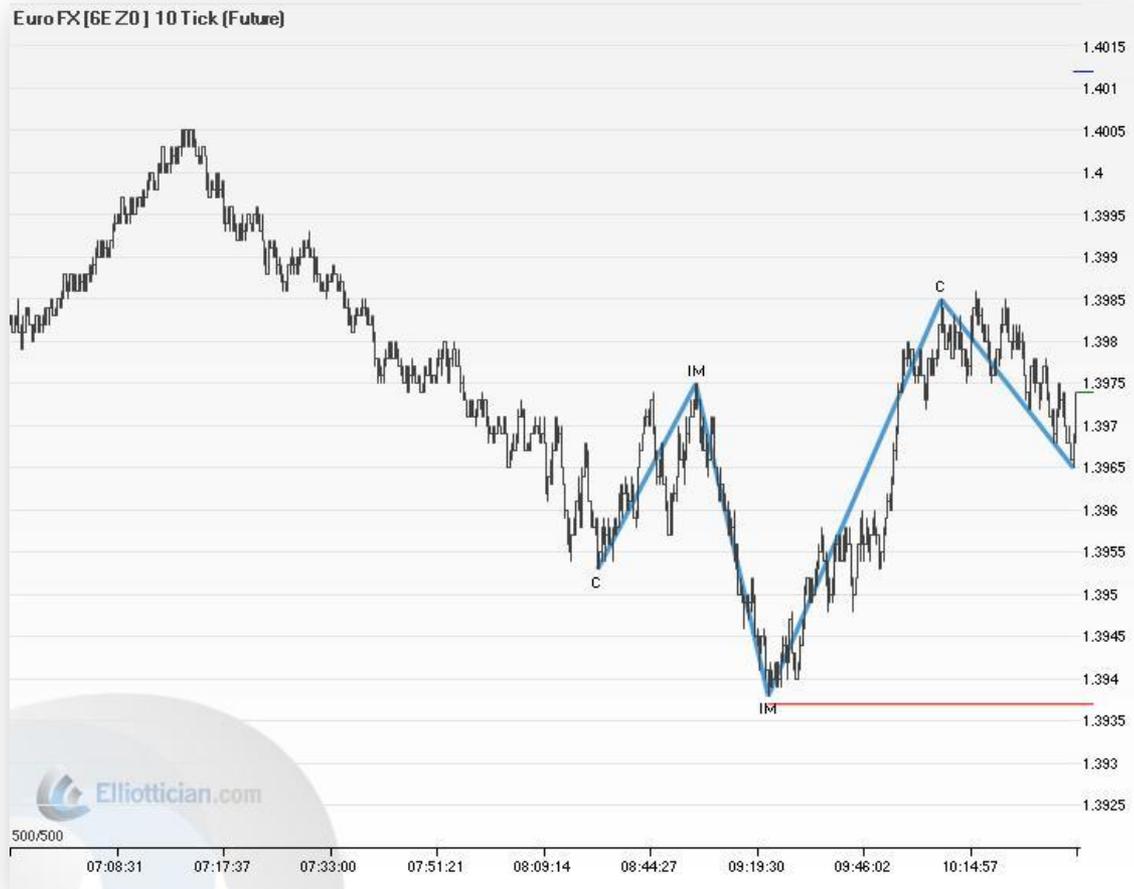
**UGLY!**



Lacks symmetry.

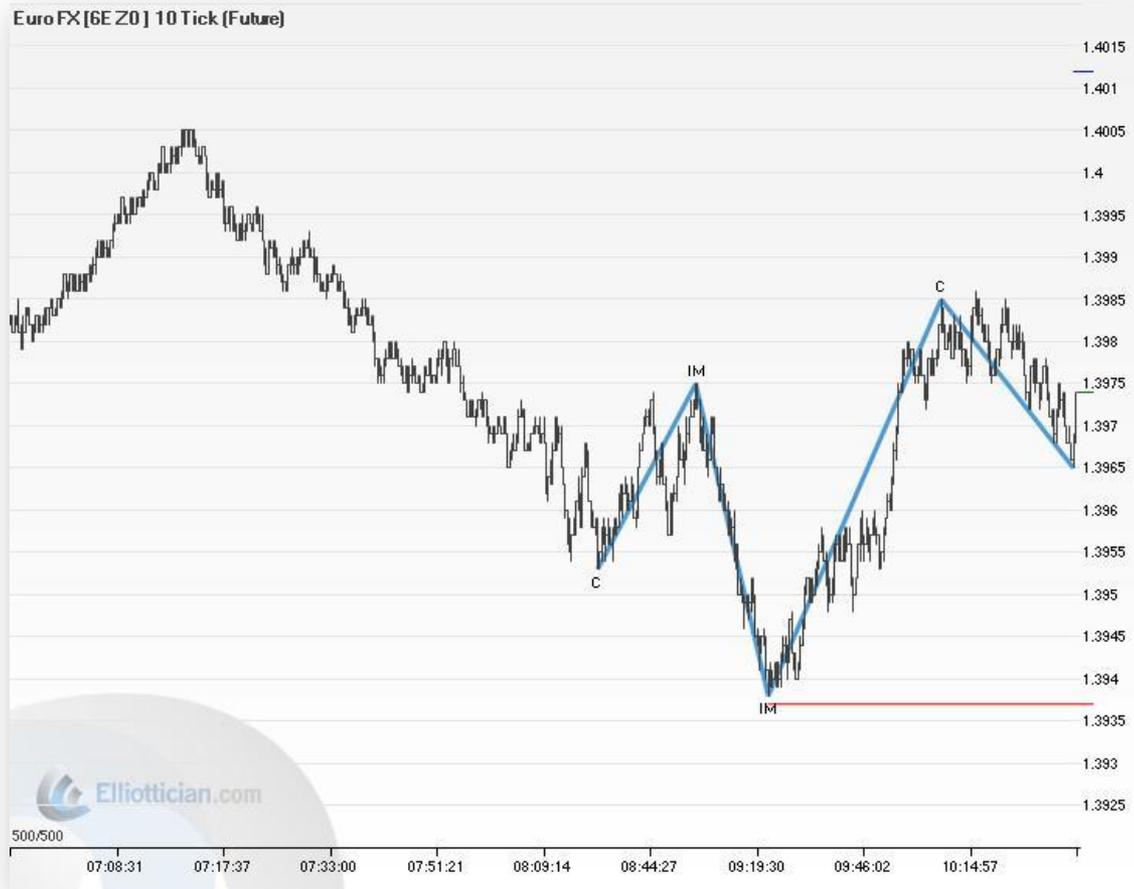
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

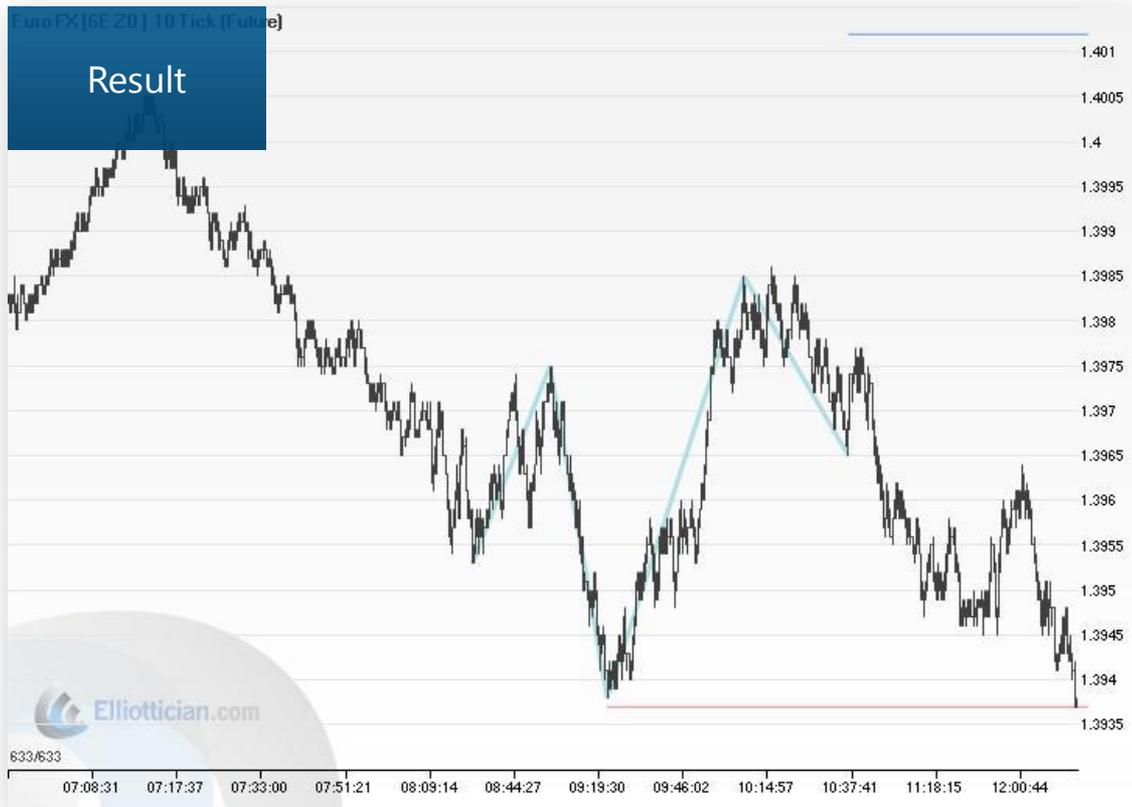
**UGLY!**



The Straights are very different.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



The Straights are very different.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



All three Straights contain a single internal sideways move – any of which would invalidate the pattern.

# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



There was no Entry Signal either.

# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

**UGLY!**



Pre-Straight is very different from Left Straight.

## PRACTICE PICKING THE PRETTY ONES

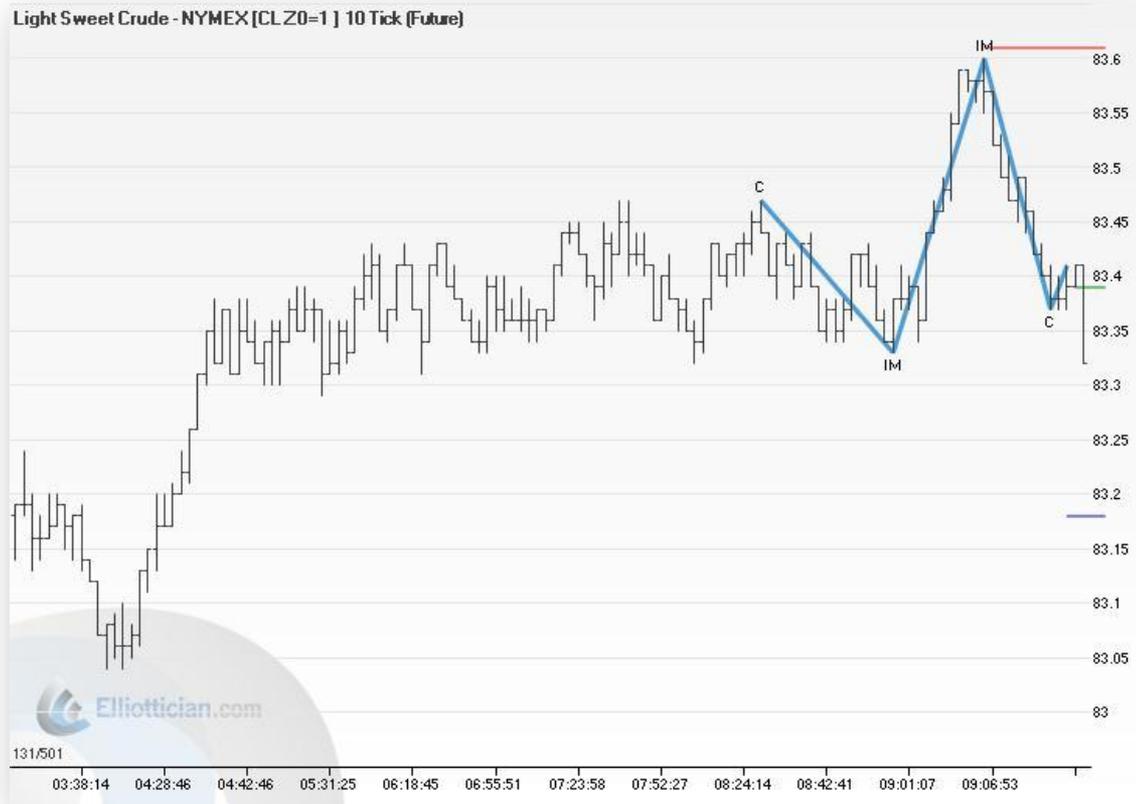
**UGLY!**



Pre-Straight is very different from Left Straight.

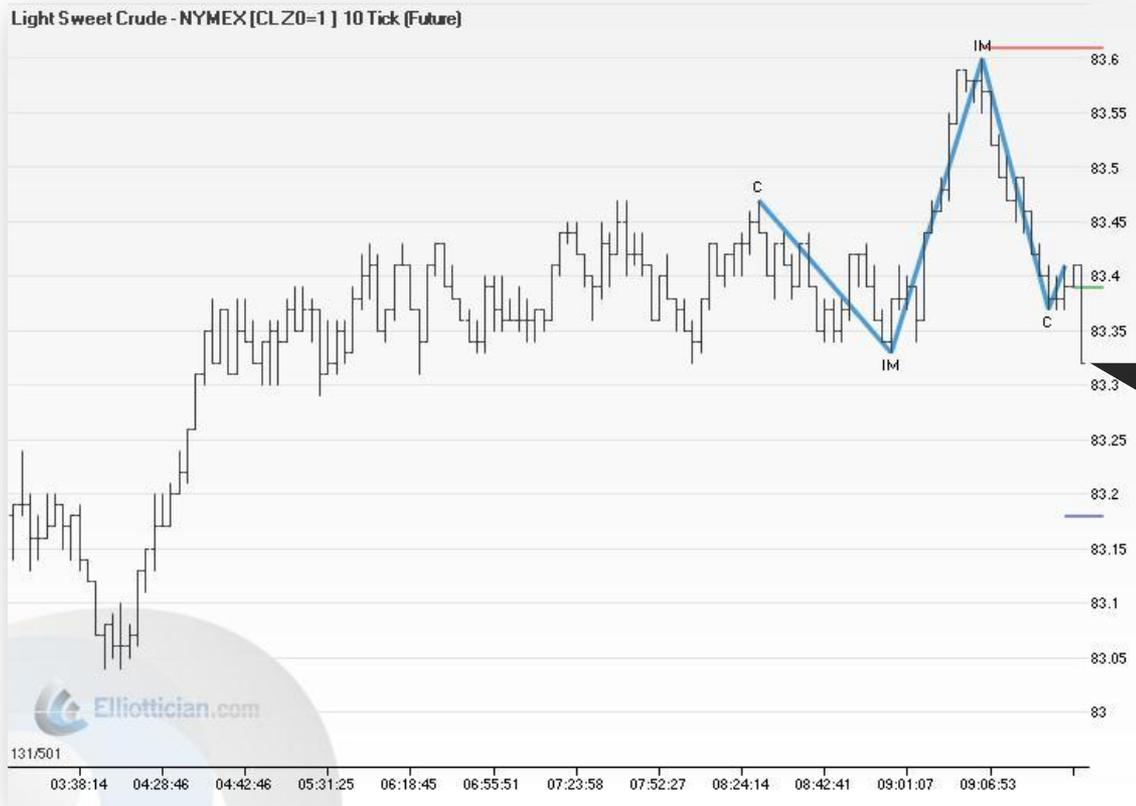
# PRACTICE PICKING THE PRETTY ONES

## PRETTY *or* UGLY?



# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



**Enter immediately.**

Enter

# PRACTICE PICKING THE PRETTY ONES

## PRETTY!



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## END OF SECTION 2

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As you will have seen, most Pretty Alerts are profitable.

By now you should be able to identify a Pretty One within a few seconds. If so, you are ready to paper-trade.

Only trade the obviously Pretty Alerts that give a valid Entry Signal. Reject all non-Pretty Alerts.

Never exit early unless the market gives a clear Early Exit signal.

The following section will give you practice at differentiating between Attractive and Plain Alerts.

Differentiating between Attractive and Plain requires more practice because they are often quite similar.

SECTION THREE :  
**ADVANCED PRACTICE**

———— **ATTRACTIVE *vs.* PLAIN** ————

## ADVANCED PRACTICE

# ATTRACTIVE *vs.* PLAIN

The following charts are either classified as Attractive or Plain.

Pretty Alerts are good to trade. Attractive are just - but only just - good enough to trade. Plain are not quite good enough to trade, and Ugly should never be traded.

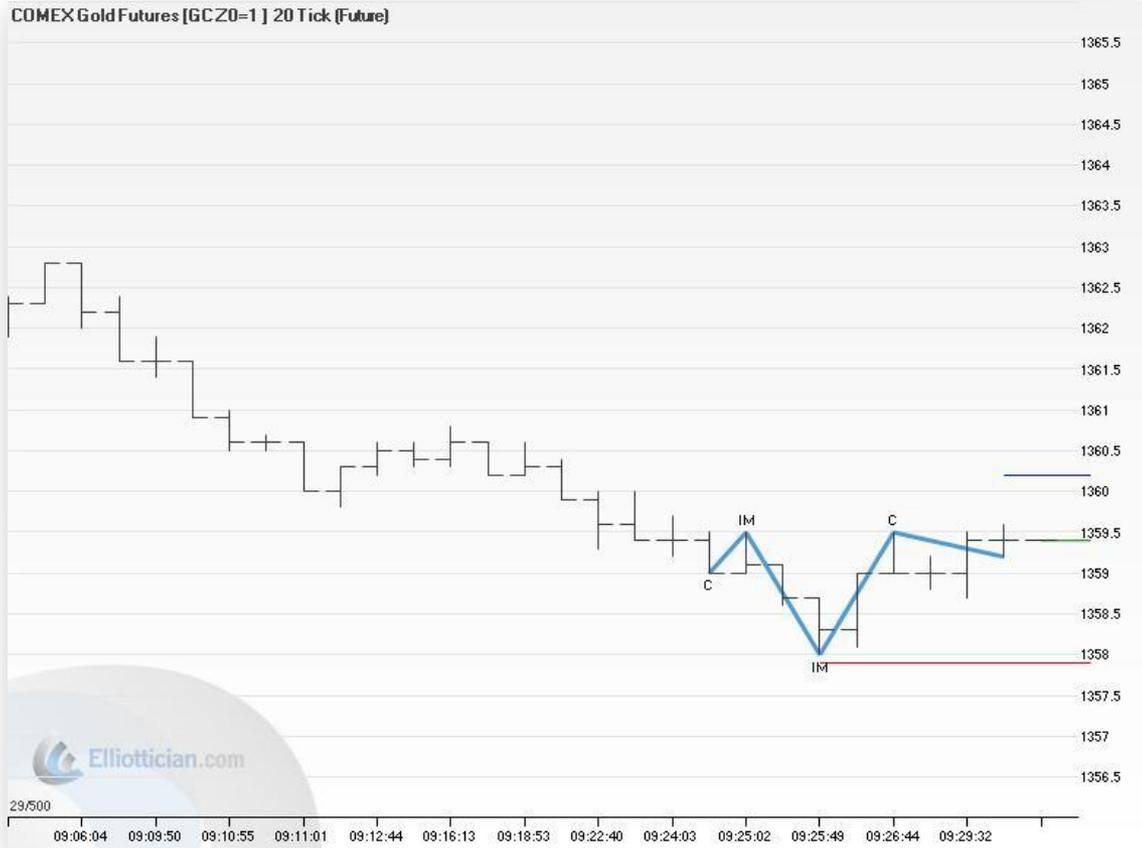
There are no Pretty or Ugly charts included in the following section.

Based on the Visual Filter Rules in Section 1 of this document, see if you can pick whether the chart is Attractive or Plain before moving forward and seeing the answer.

The difference between Attractive and Plain is often subtle, and it takes experience and skill to reliably tell them apart.

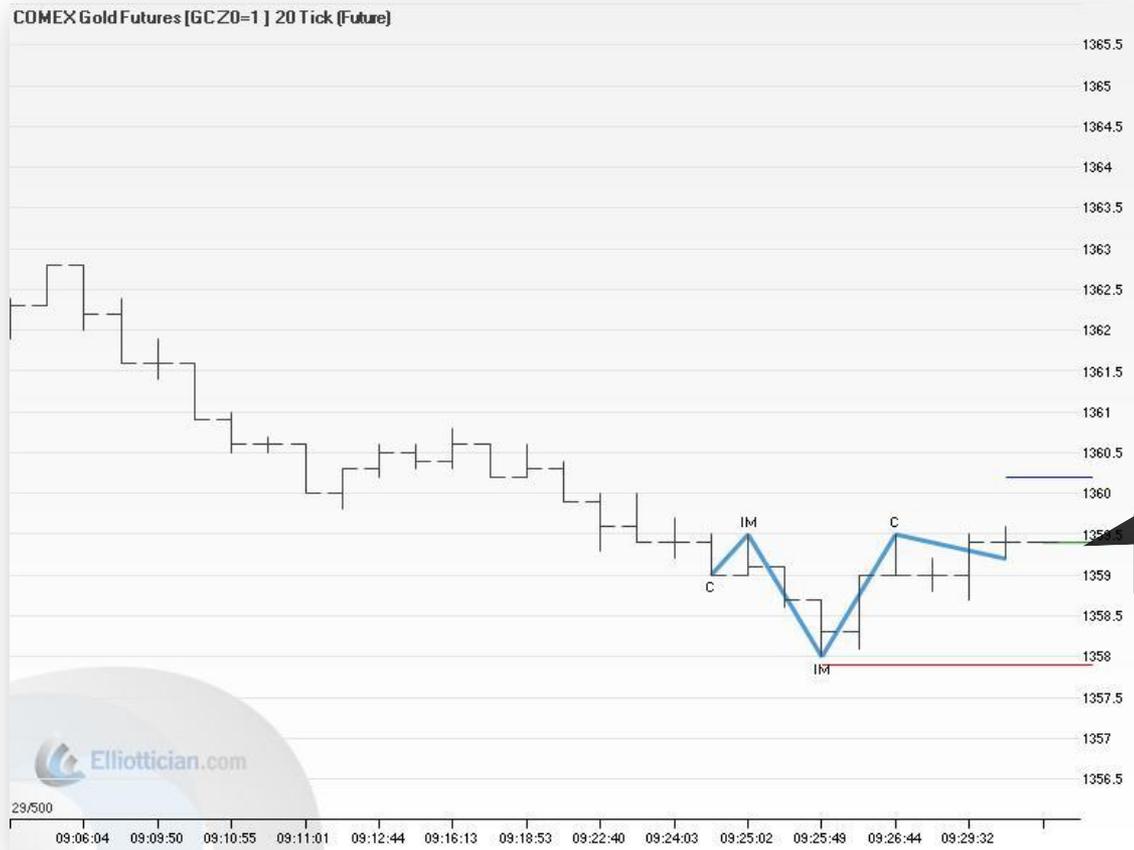
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



The Pre-Straight is not very straight in comparison to the other two straights. It is close, however, so the problem is small – just enough to downgrade this pattern from Pretty to Attractive. Enter immediately.

Enter

# ADVANCED PRACTICE

# ATTRACTIVE!



# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



The Pre-Straight is too short for comfort. This is Plain.

# ADVANCED PRACTICE

## PLAIN!



The Pre-Straight is too short for comfort. This is Plain.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



All three straights are a little different from each other. All other rules are obeyed and the pattern does look close to the ideal shape, so we regard this as an Attractive Alert. Enter if and when market gives an Entry Signal.

# ADVANCED PRACTICE

# ATTRACTIVE!







# ADVANCED PRACTICE

# ATTRACTIVE!



# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



The Pre-Straight is quite short, and there is too much sideways move near the bottom of the Left Straight for a 2 minute chart. This Alert is Plain.

# ADVANCED PRACTICE

## PLAIN!



The Pre-Straight is quite short, and there is too much sideways move near the bottom of the Left Straight for a 2 minute chart. This Alert is Plain.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

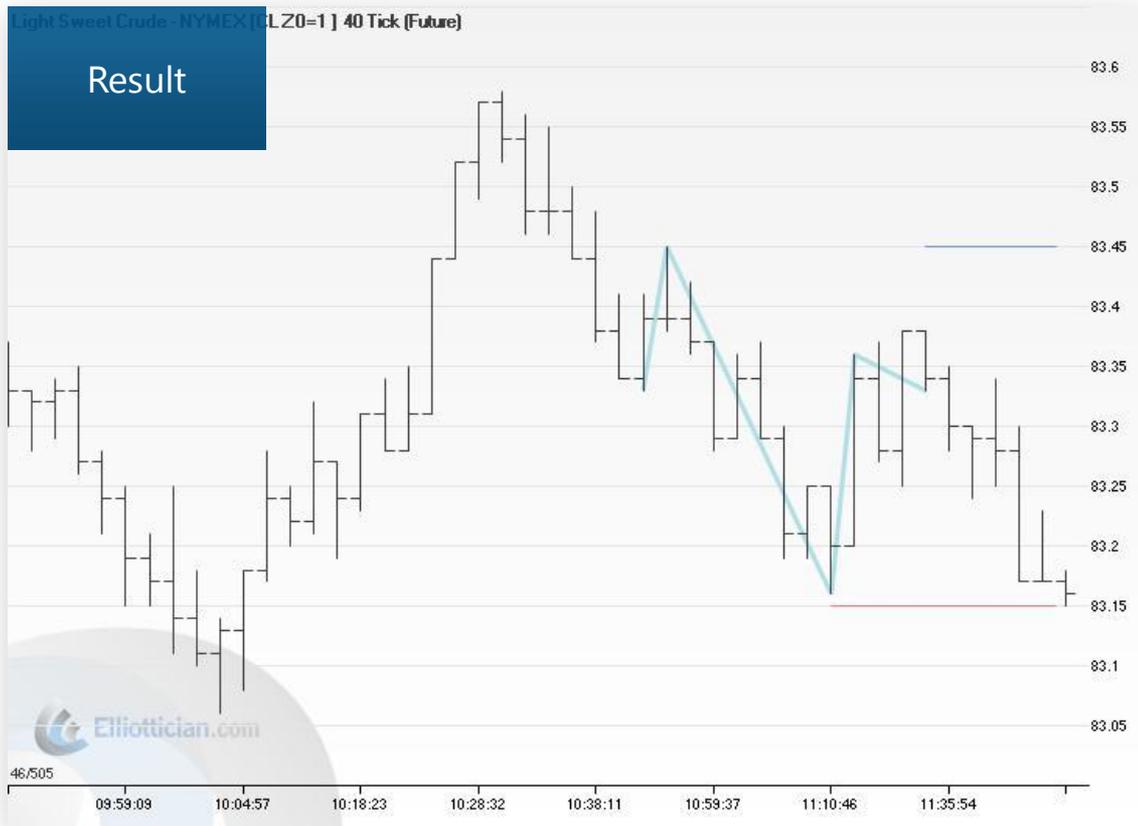
## PLAIN!



Although it is possible to justify this Alert as technically obeying all the rules, it is not visually clear. The Apex is also quite flat. If you need to try and fit it to the rules it rather than loving it at first sight, then don't trade. This pattern is, therefore, classified as Plain.

# ADVANCED PRACTICE

## PLAIN!



In addition, there was no valid Entry Signal.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

# ATTRACTIVE!



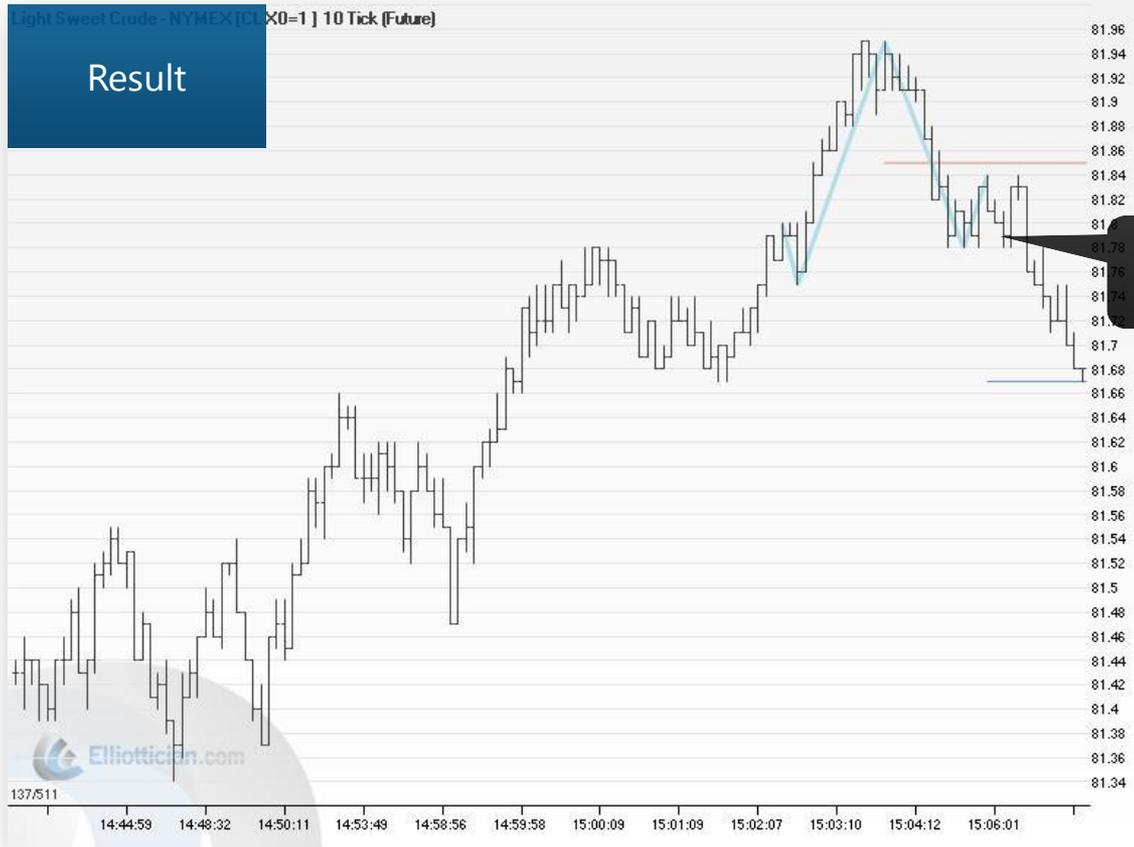
Enter

The Right and Left Sideways overlap only by a single price point, which is acceptable, but not ideal. This Alert is therefore classified as Attractive.

**Enter immediately.**

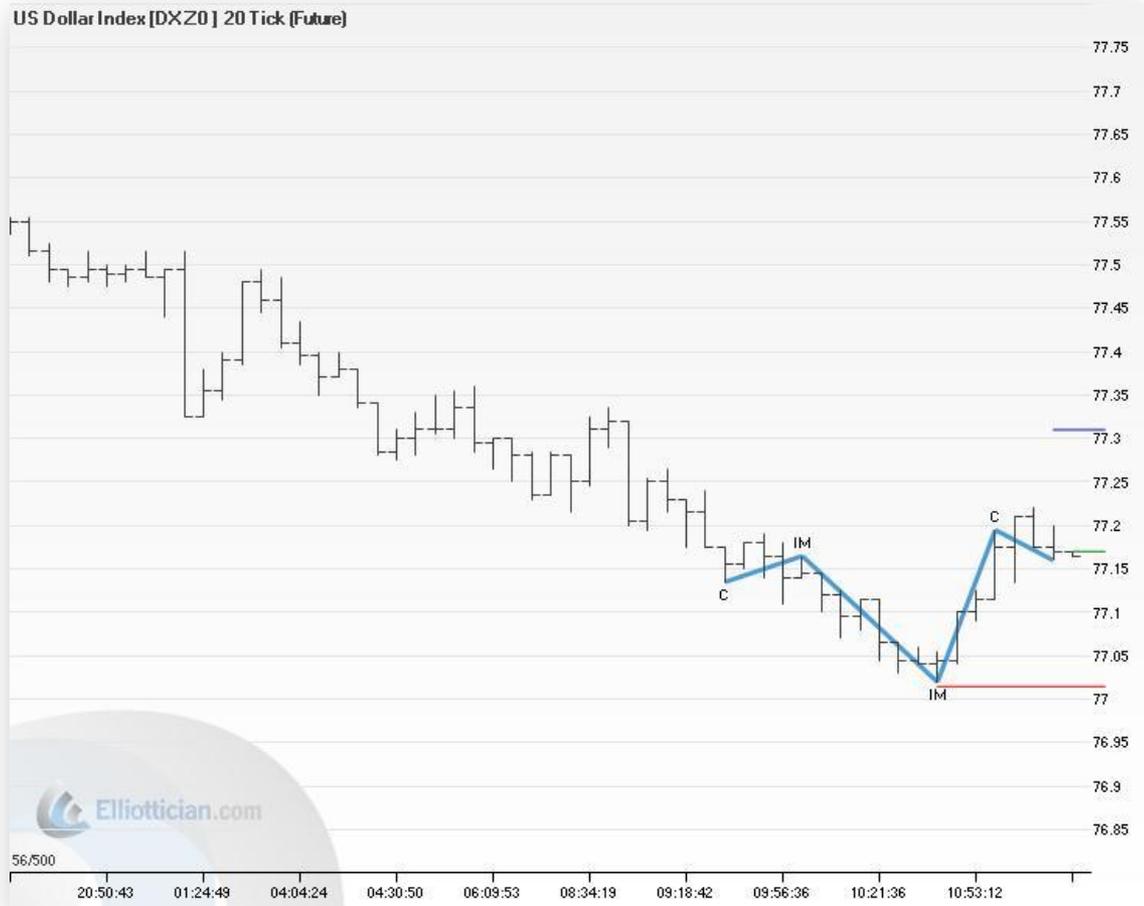
# ADVANCED PRACTICE

# ATTRACTIVE!



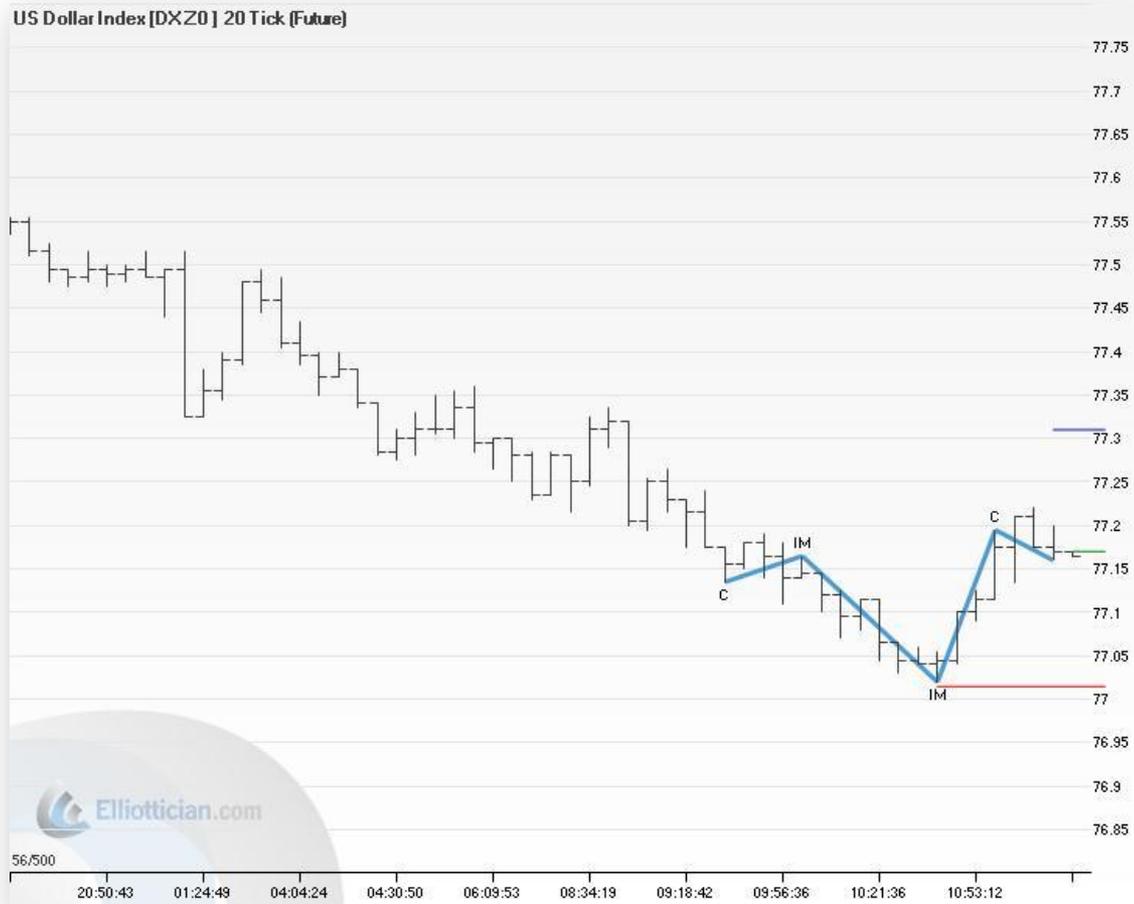
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



The Pre-Straight is not clear at all. When this is added to a Left Straight that shows quite a lot of overlap, this Alert is classified as Plain.

# ADVANCED PRACTICE

## PLAIN!



The Pre-Straight is not clear at all. When this is added to a Left Straight that shows quite a lot of overlap, this Alert is classified as Plain.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



This pattern is close to the ideal shape. The only aspect that is irregular is the Right Sideways dropping further down than the end of the Right Straight. When this happens, it is usually best to assume the Right Straight continues to the far point of the Right Sideways.

The three Straights are a little different from each other also. However, it is still reasonably Attractive, so **enter immediately.**

# ADVANCED PRACTICE

## ATTRACTIVE!



This was a losing Attractive trade.

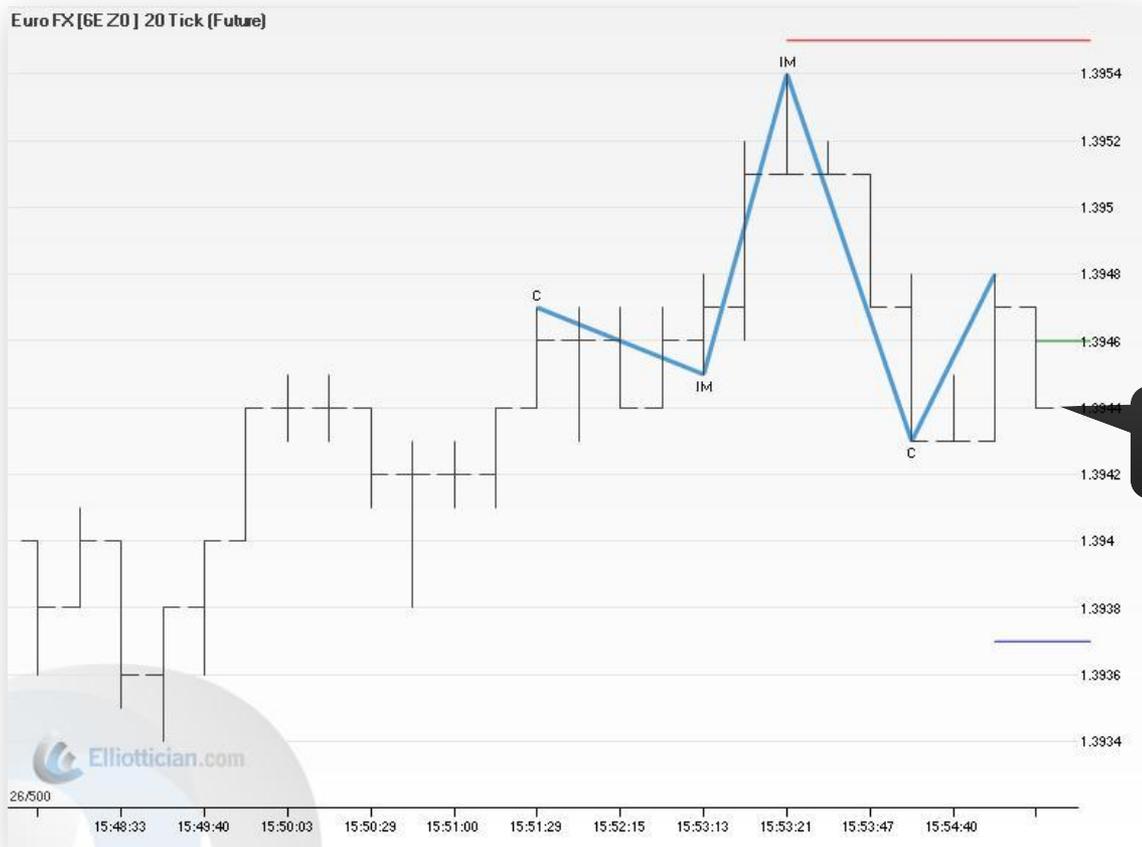
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



The Pre-Straight is not clearly Straight and there is quite a sideways move just under the Apex. Neither of these problems are major, however, so this pattern is considered Attractive. **Enter immediately.**

Enter

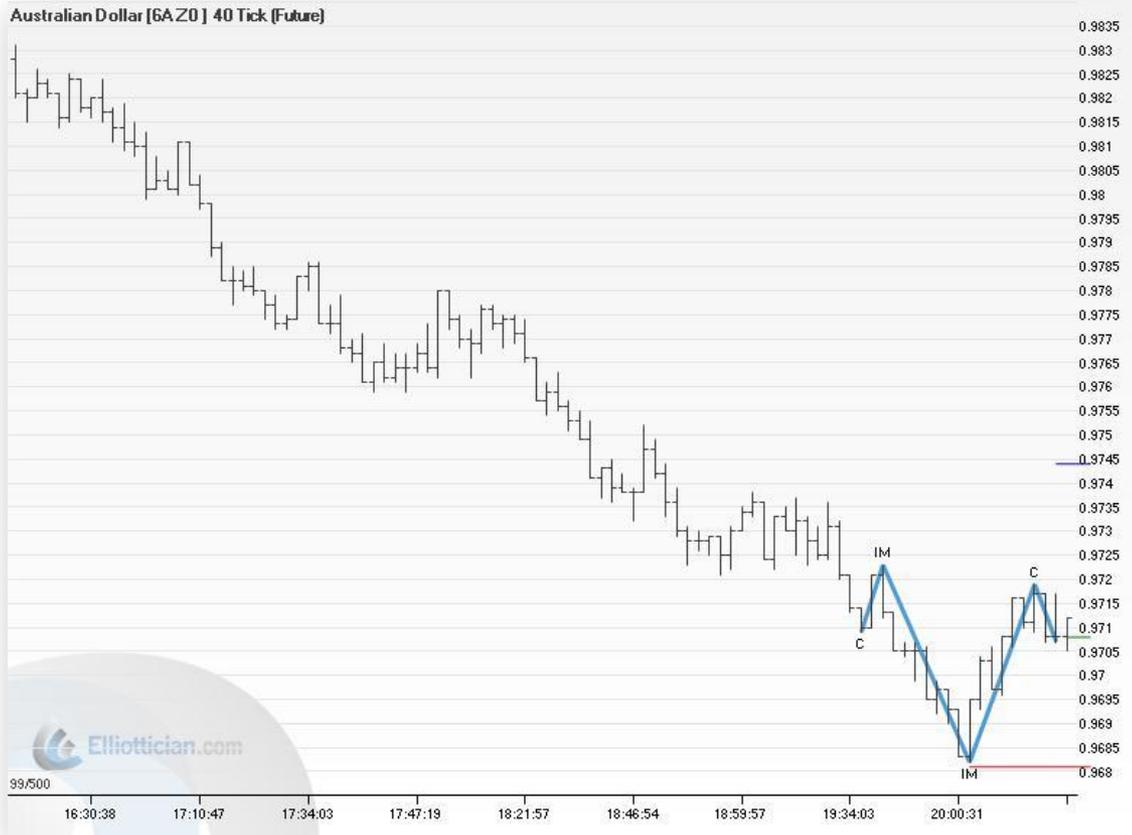
# ADVANCED PRACTICE

# ATTRACTIVE!



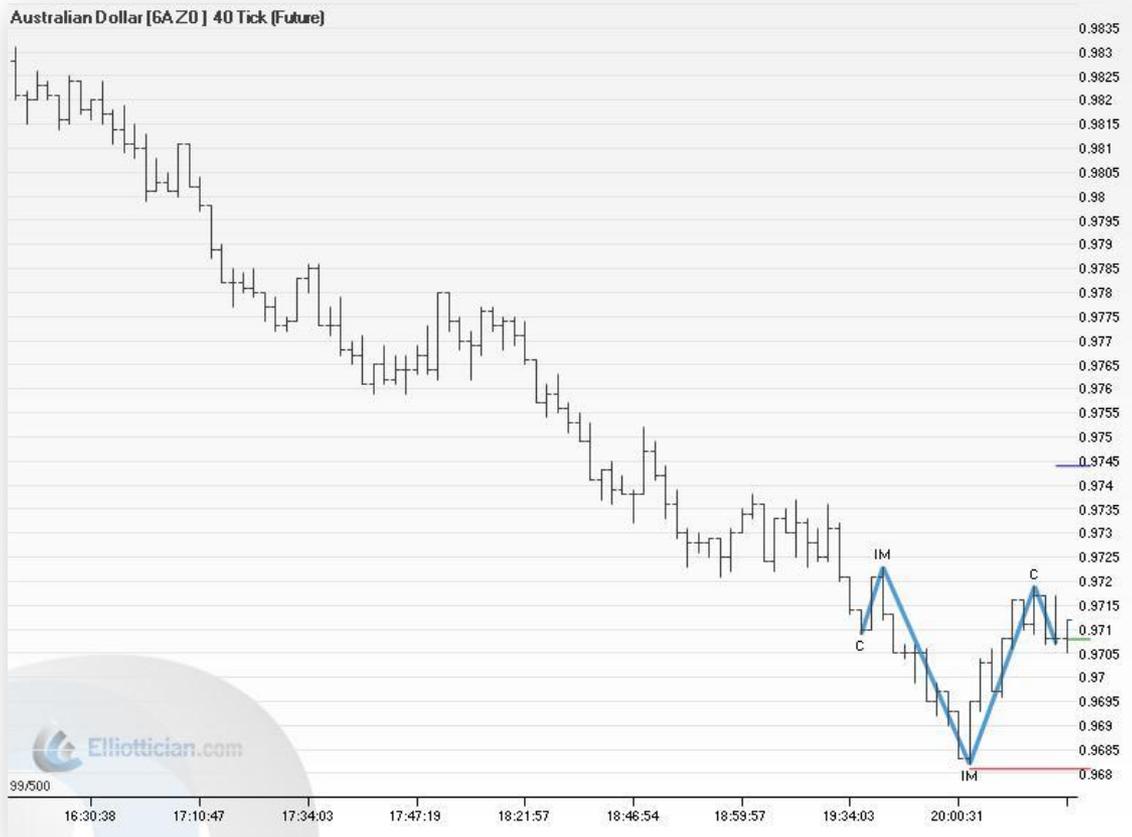
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## ATTRACTIVE!



The Pre-Straight is a little short, but everything else is good. Enter as soon as the market gives an Entry Signal.

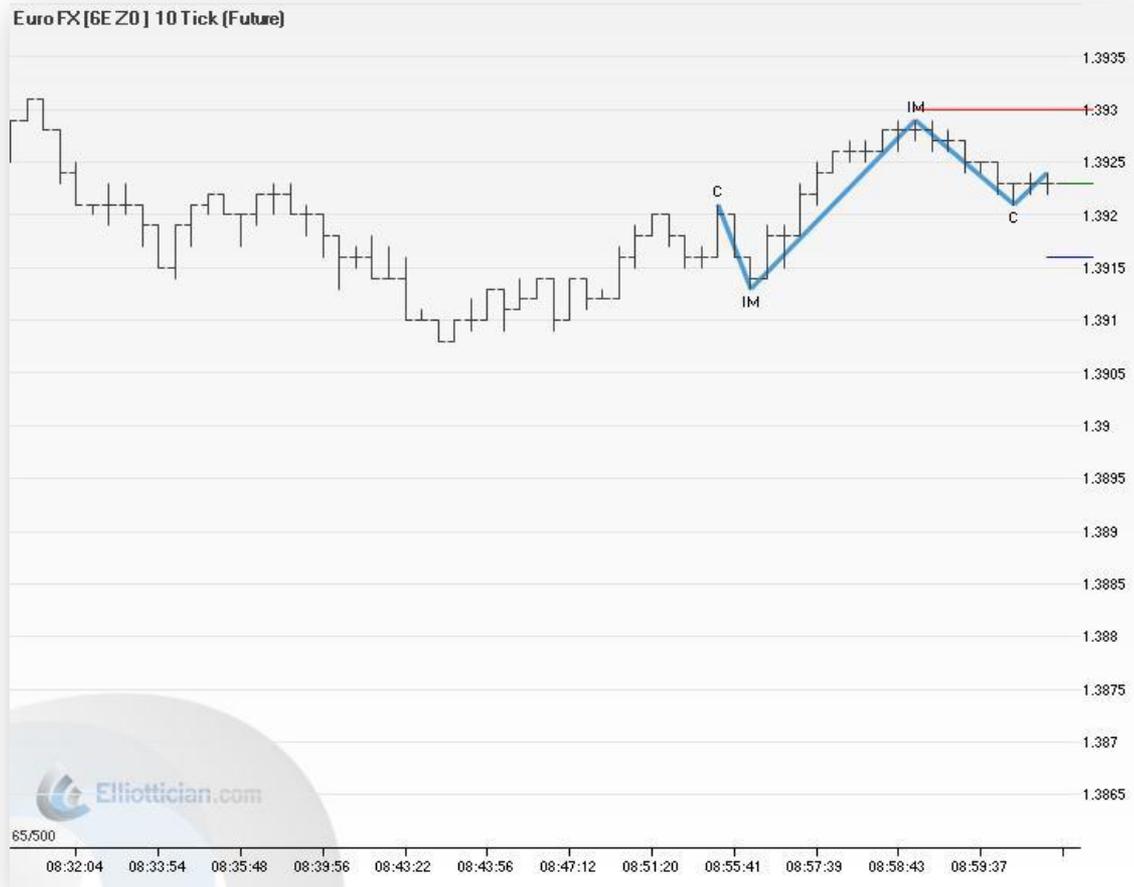
# ADVANCED PRACTICE

# ATTRACTIVE!



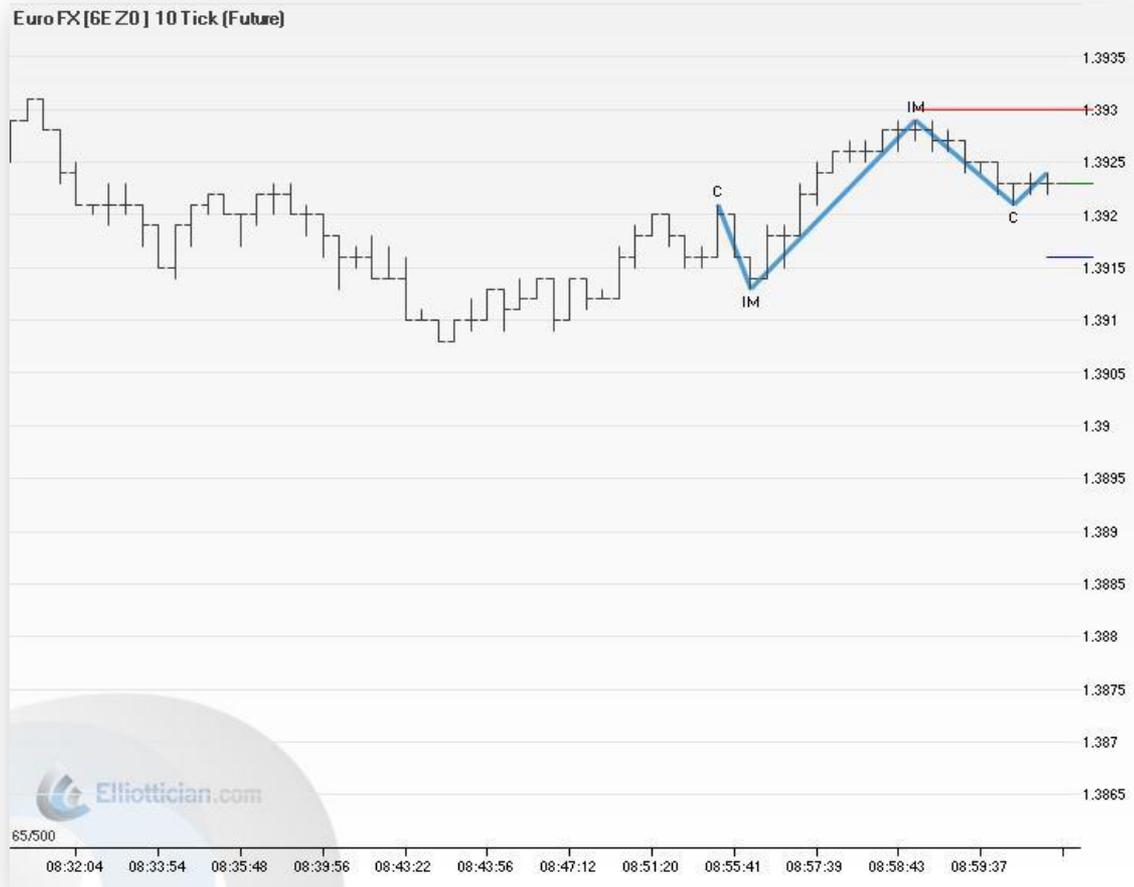
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

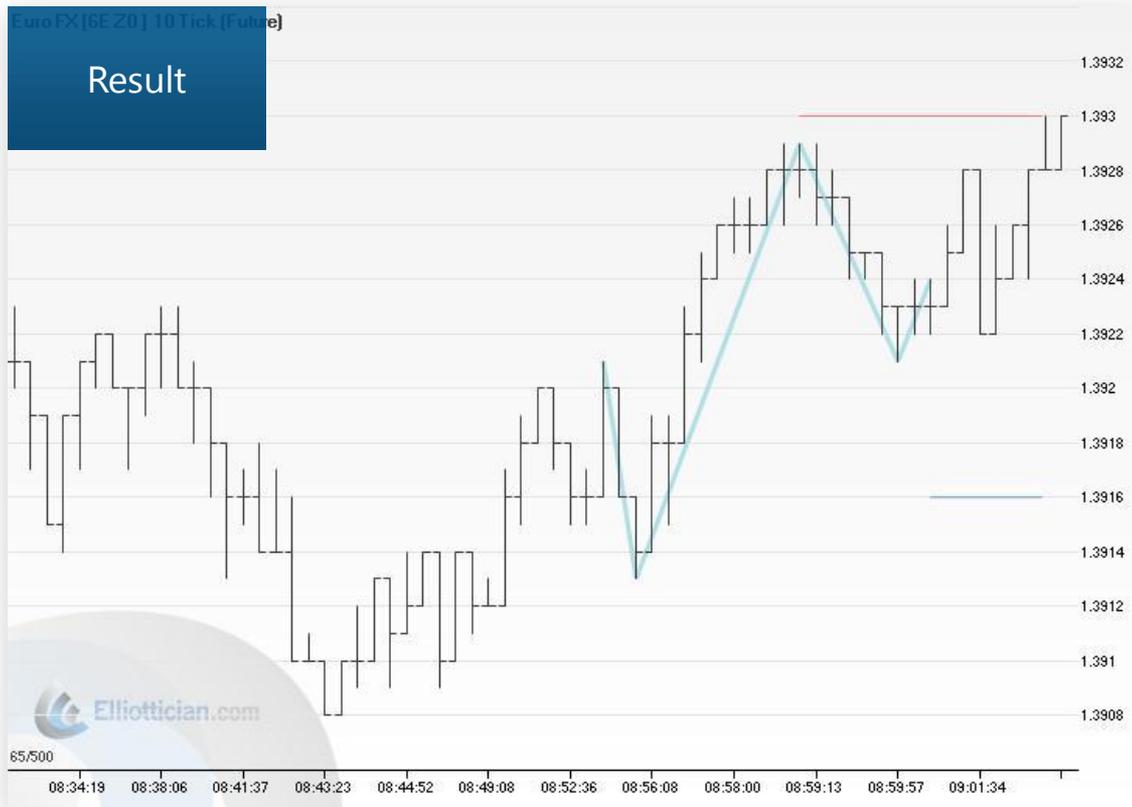
## PLAIN!



The most disturbing thing about this pattern is how far the market diverges from a straight line within the Right Straight. The Pre-Straight is a little short also. Combined, these two problems relegate this pattern to Plain.

# ADVANCED PRACTICE

## PLAIN!



The most disturbing thing about this pattern is how far the market diverges from a straight line within the Right Straight. The Pre-Straight is a little short also. Combined, these two problems relegate this pattern to Plain.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



There are multiple small problems with this pattern. The Pre-Straight placement is not obvious, the Left Sideways looks unusual, and both the Right and Left Straights could have a single internal sideways move. Combined, these problems make this a Plain.

# ADVANCED PRACTICE

## PLAIN!

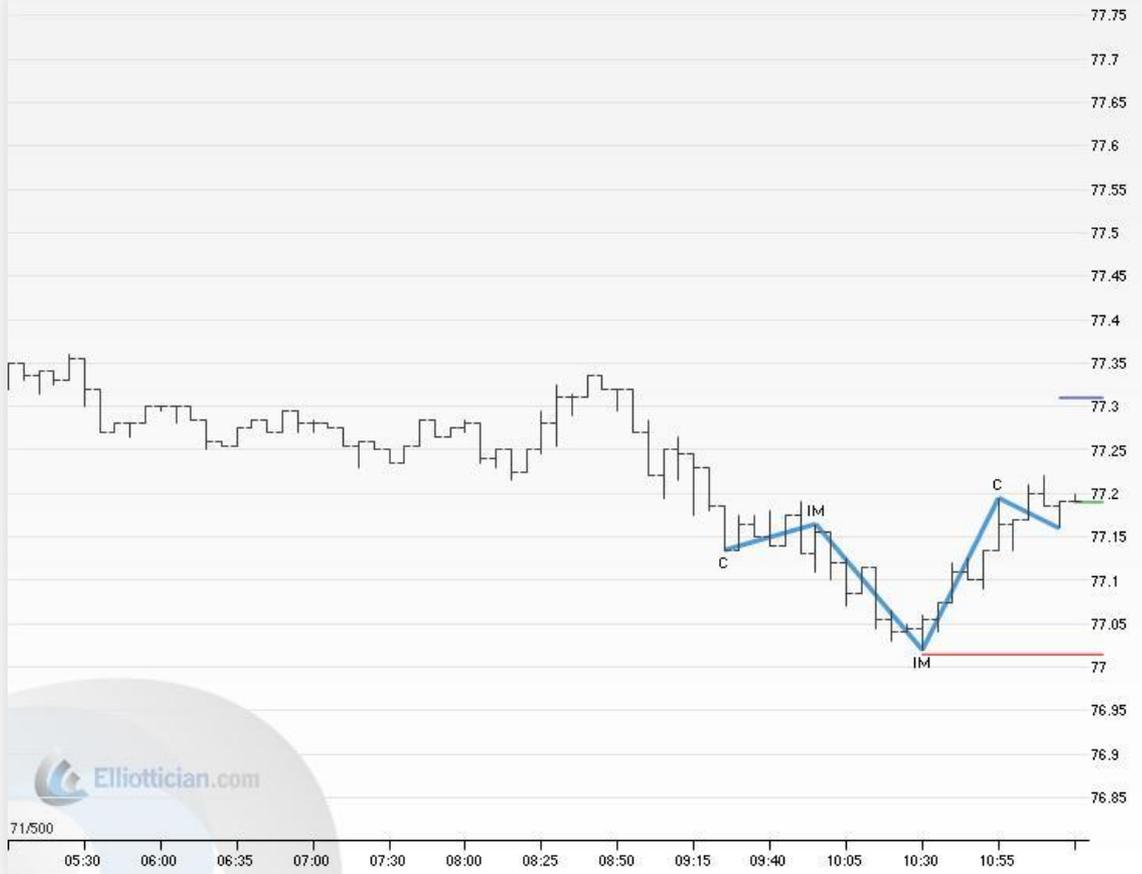


There are multiple small problems with this pattern. The Pre-Straight placement is not obvious, the Left Sideways looks unusual, and both the Right and Left Straights could have a single internal sideways move. Combined, these problems make this a Plain.

# ADVANCED PRACTICE

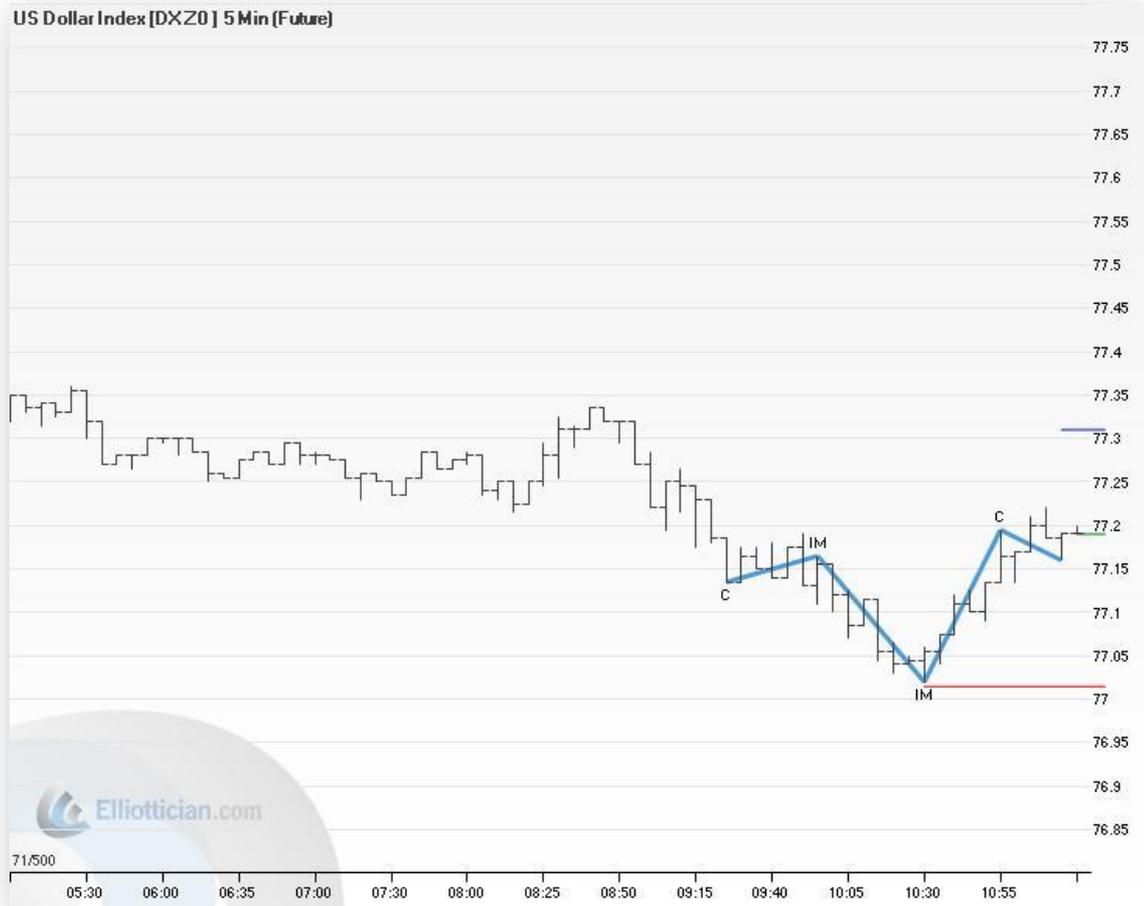
## ATTRACTIVE *or* PLAIN?

US Dollar Index [DXZ0] 5 Min (Future)



# ADVANCED PRACTICE

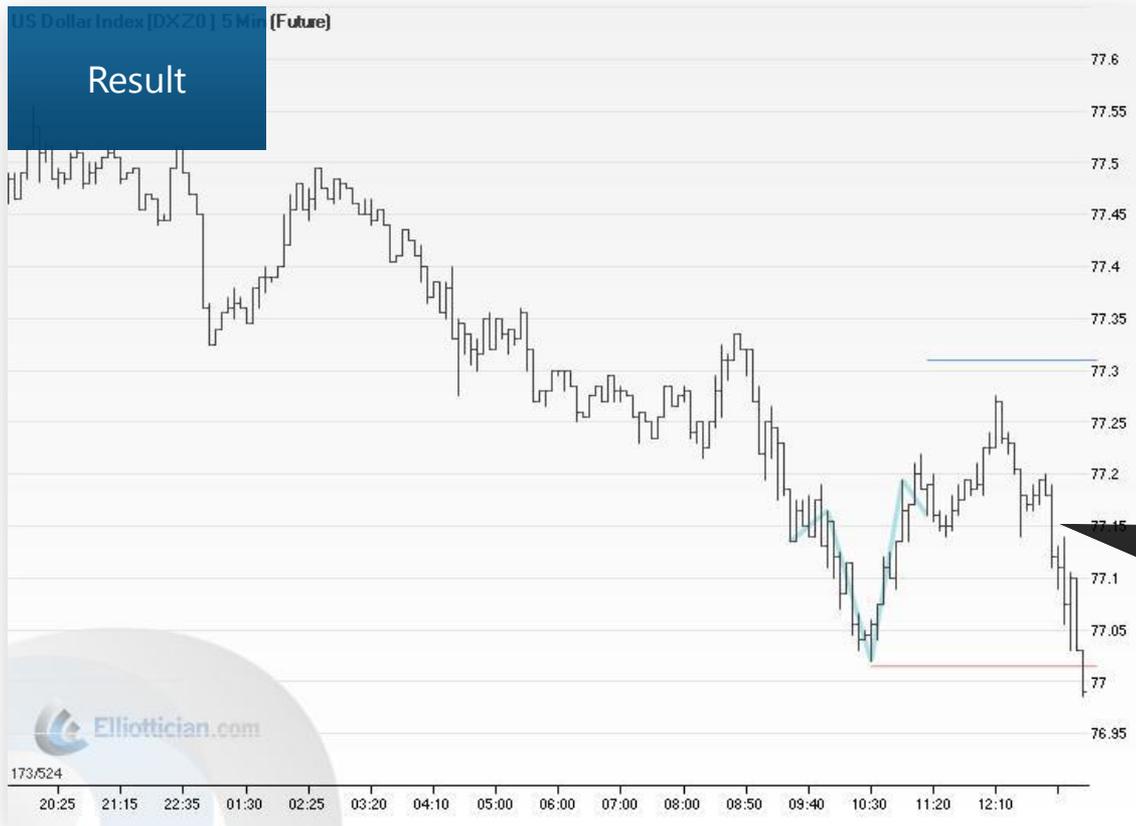
## PLAIN!



All three Straights may contain a single internal overlap – and this is too much of a problem in a 5 minute chart to be traded. This is therefore Plain.

# ADVANCED PRACTICE

## PLAIN!



Had you labeled this chart as Attractive, and entered, you would have exited early after an Early Exit signal.

Early Exit  
Signal here

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



The Left Straight contains a large single internal sideways move, which also creates a problem with Symmetry. This Alert is Plain.

# ADVANCED PRACTICE

## PLAIN!



The Left Straight contains a large single internal sideways move, which also creates a problem with Symmetry. This Alert is Plain.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## ATTRACTIVE!



The Left Straight shows some internal sideways movement down near the Apex, which is not ideal, but acceptable for a 20 Tick chart. The Pre-Straight also may contain a single internal sideways move. Neither is a major problem, so this chart is Attractive.

**Enter immediately.**

Enter

# ADVANCED PRACTICE

# ATTRACTIVE!



# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



There is a significant difference in the nature of all three Straight moves. There is also a question about lack of symmetry. This pattern is not at all visually clear, so it is categorized as Plain.

# ADVANCED PRACTICE

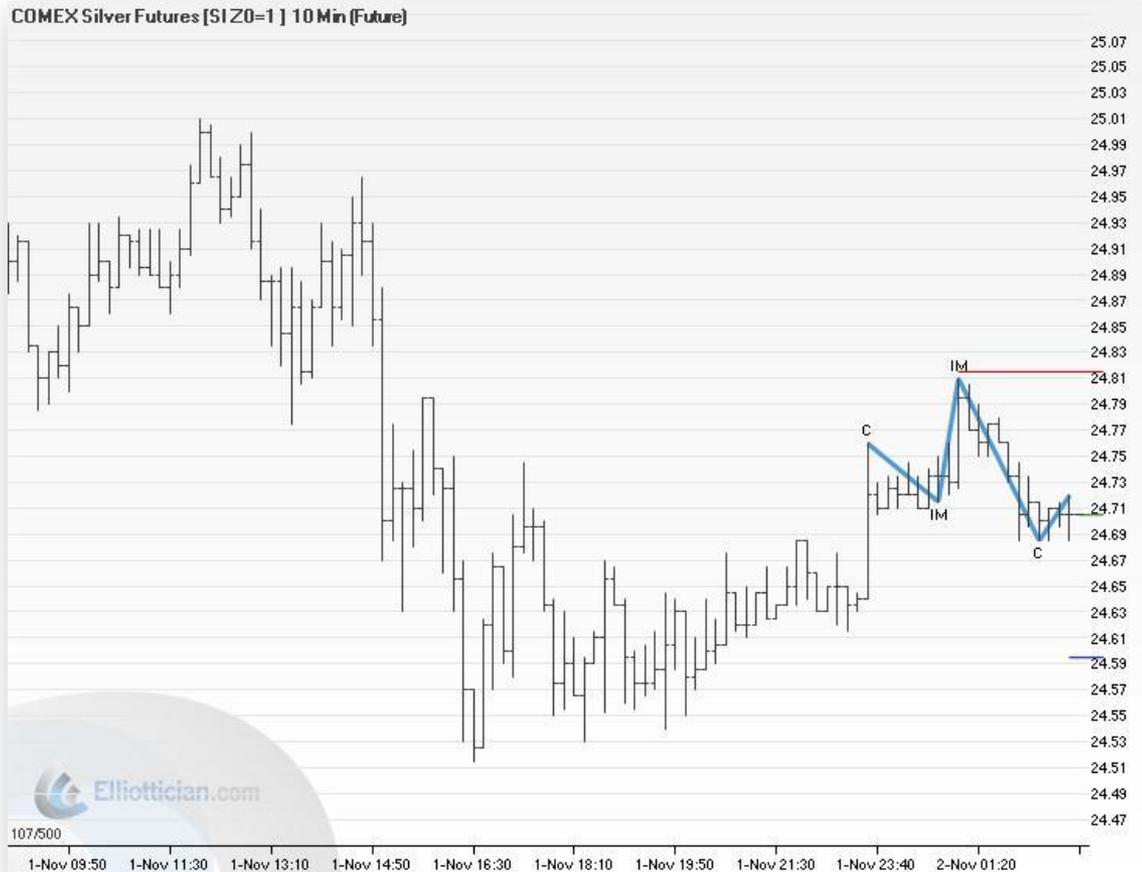
## PLAIN!



There is a significant difference in the nature of all three Straight moves. There is also a question about lack of symmetry. This pattern is not at all visually clear, so it is categorized as Plain.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



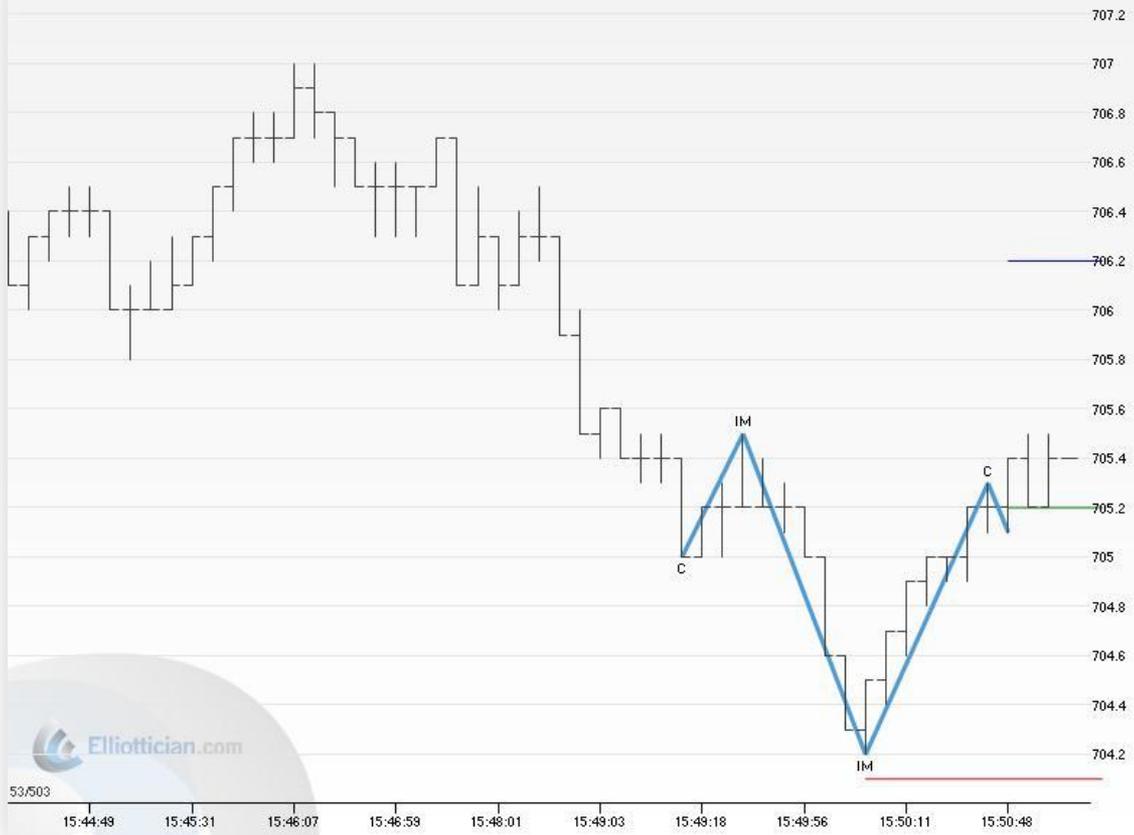
The main problem with this Alert is the internal sideways move in the Right Straight – particularly as this is a 10 minute chart. This alone downgrades this pattern to Plain.



# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?

Mini Russel 2000 [TF Z0 ] 10 Tick (Future)



# ADVANCED PRACTICE

## ATTRACTIVE!



The Pre-Straight is not quite perfect, but the pattern is still good enough to trade.

**Enter immediately.**

Enter

# ADVANCED PRACTICE

# ATTRACTIVE!



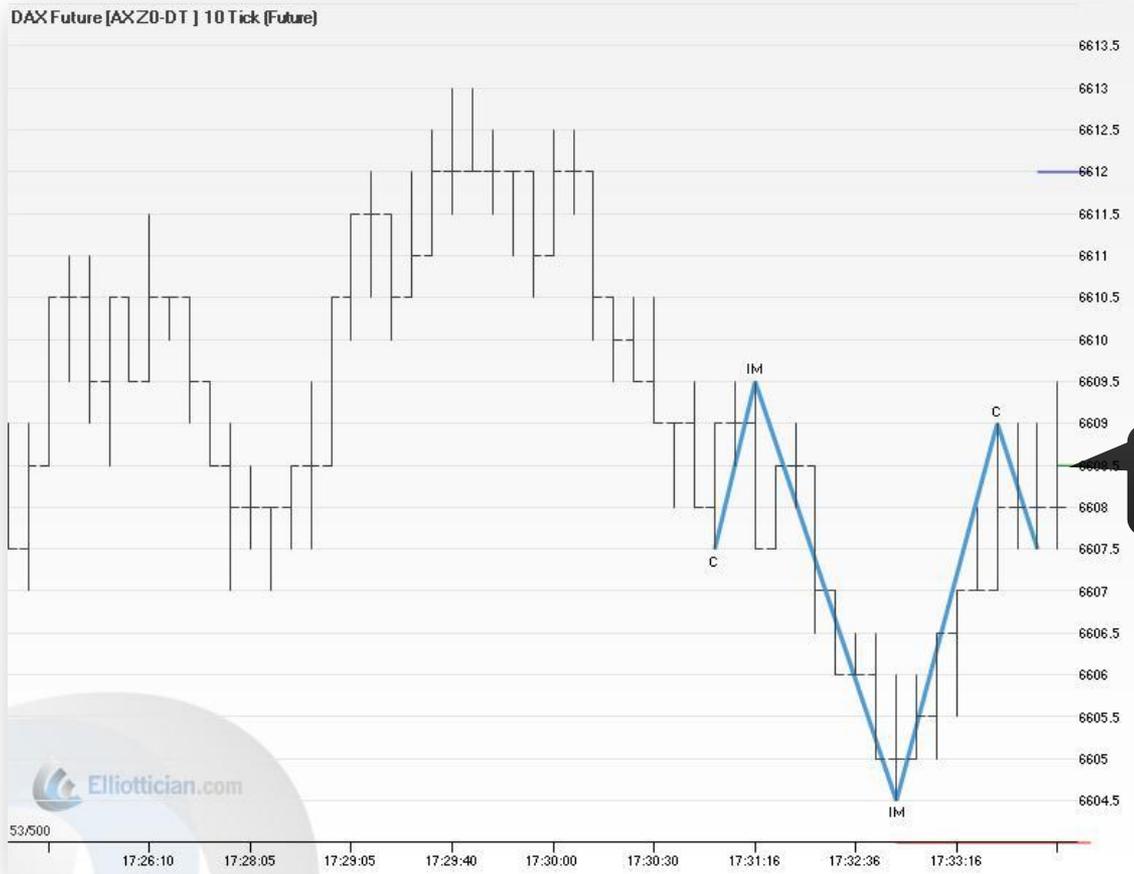
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



The Pre-Straight may have a small single internal sideways move, making it close to perfect, but not quite. It is Attractive.

**So enter immediately.**

Enter

# ADVANCED PRACTICE

## ATTRACTIVE!



This was a losing Attractive trade.

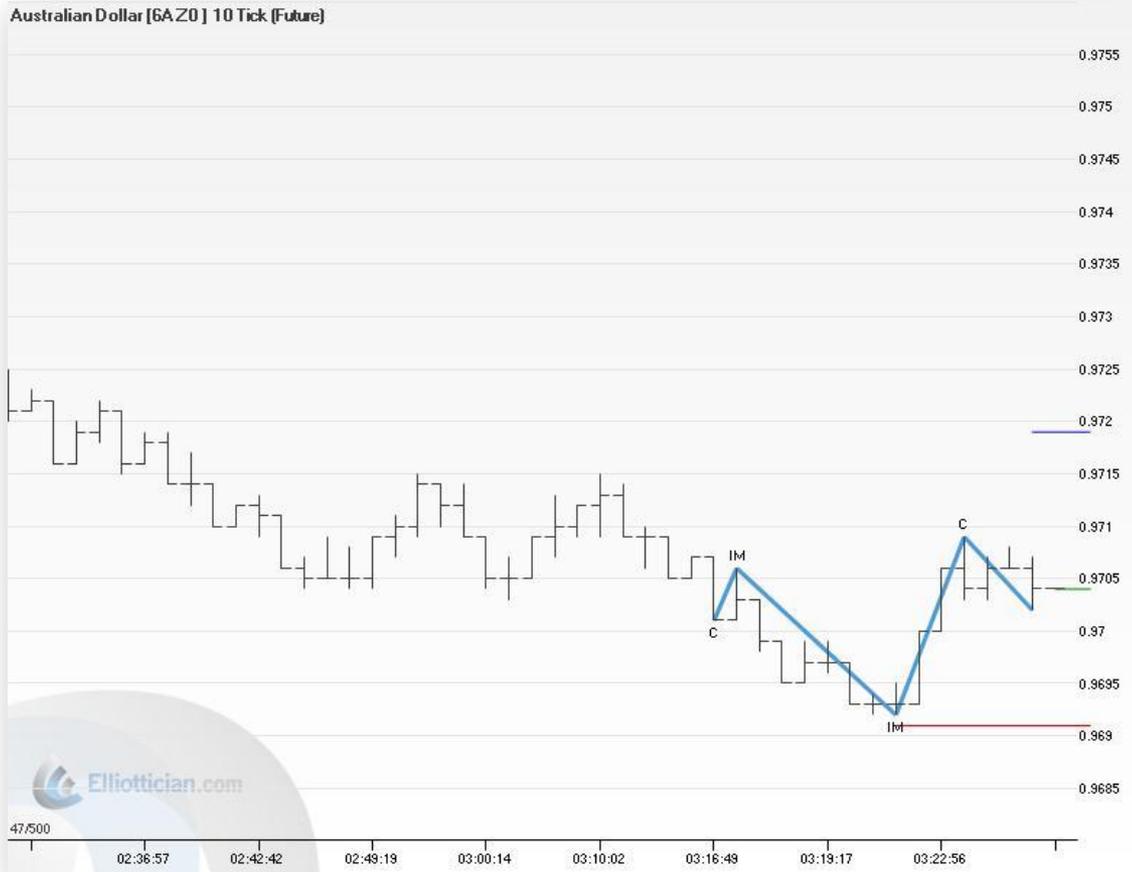
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



The Pre-Straight is a little short, and the Left Straight contains a single internal sideways move. However, this is a 10 Tick chart, so we can forgive some indiscretion. This is an Attractive Alert. Enter if the market gives an Entry Signal.

# ADVANCED PRACTICE

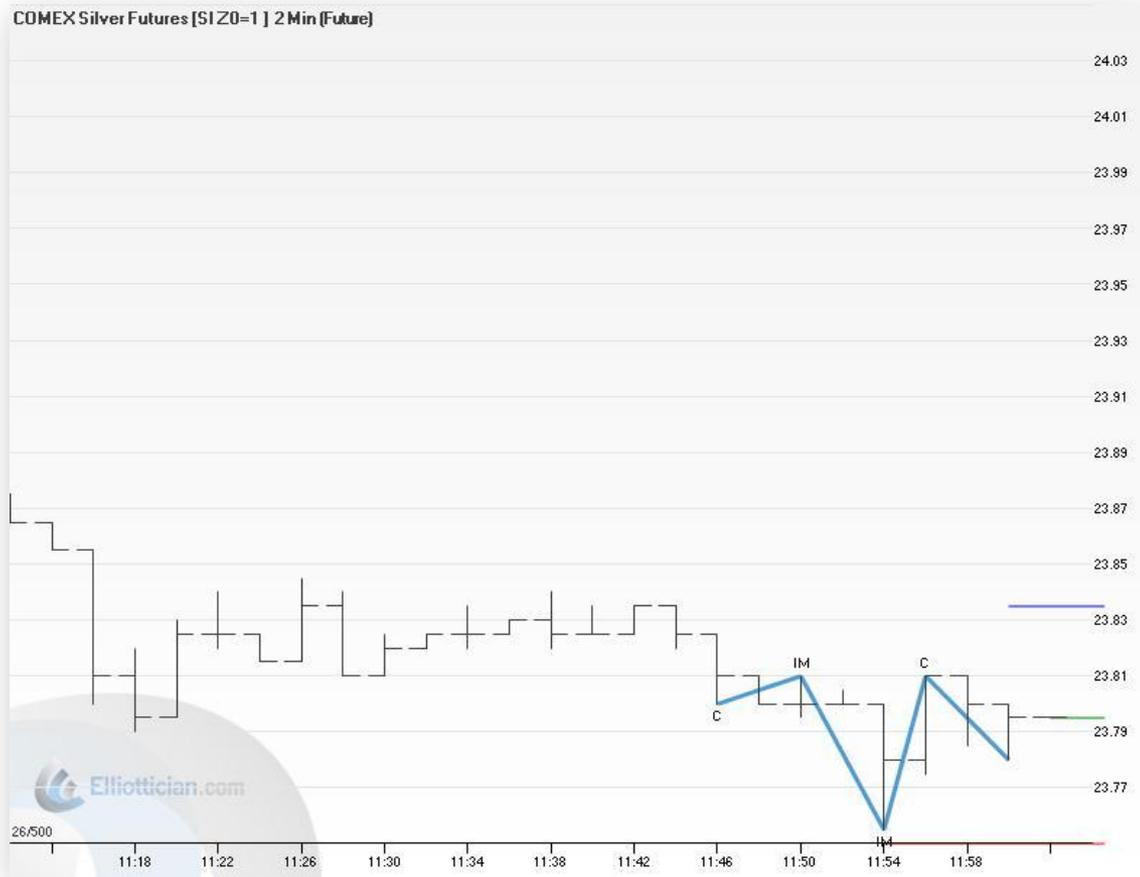
## ATTRACTIVE!





# ADVANCED PRACTICE

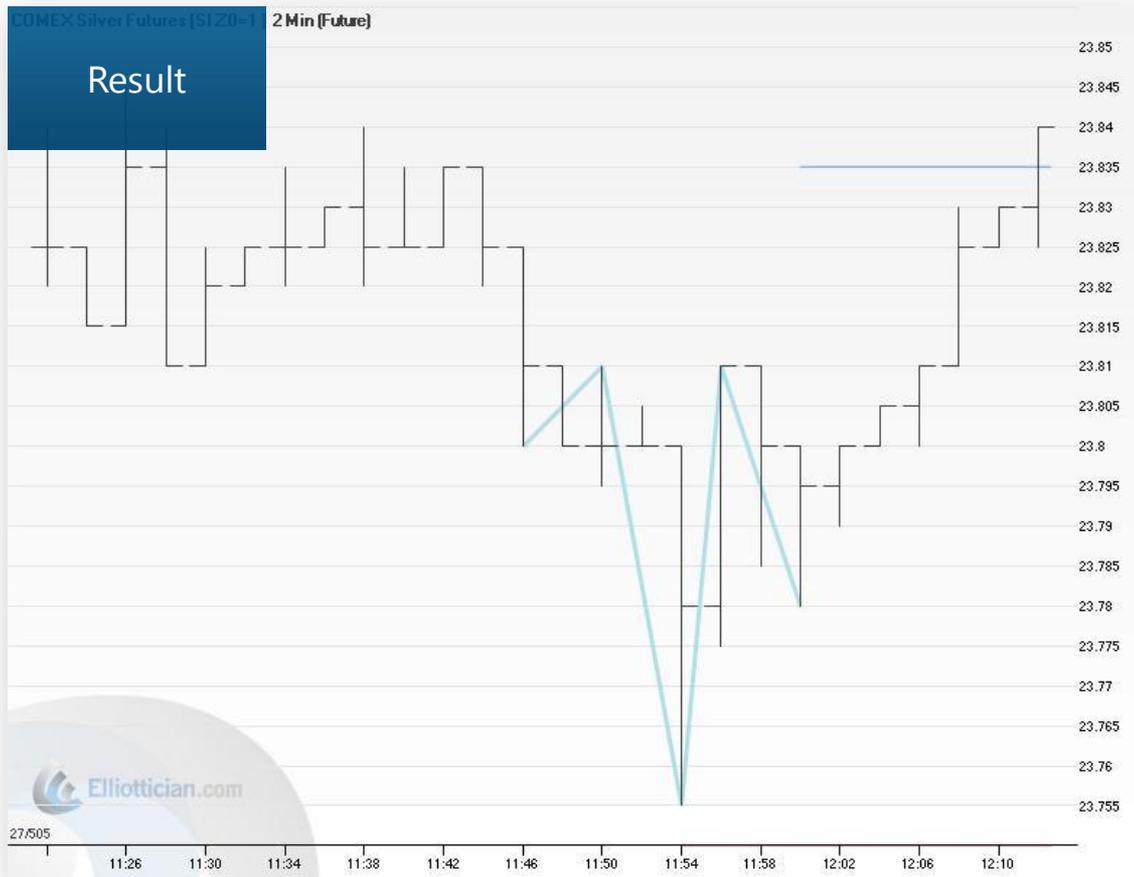
## PLAIN!



The Pre-Straight is short and the overall pattern is not visually clear. So this pattern is Plain.

# ADVANCED PRACTICE

## PLAIN!



The Pre-Straight is short and the overall pattern is not visually clear. So this pattern is Plain.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



The Right Straight contains an internal sideways move, which makes this Alert non-tradable. The flat Apex didn't help either. This is very Plain.

# ADVANCED PRACTICE

## PLAIN!



The Right Straight contains an internal sideways move, which makes this Alert non-tradable. The flat Apex didn't help either. This is very Plain.

# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



The Pre-Straight is not as clear as the other two Straights, and the market is already quite close to the target, however, it is still an Attractive Alert. Enter immediately.

Enter

# ADVANCED PRACTICE

# ATTRACTIVE!



# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



It is not clear where the Pre-Straight is. The Right and Left Straights look quite different, and the overall pattern is quite different from the ideal. It is not visually clear. This is Plain. No trade.

## ADVANCED PRACTICE

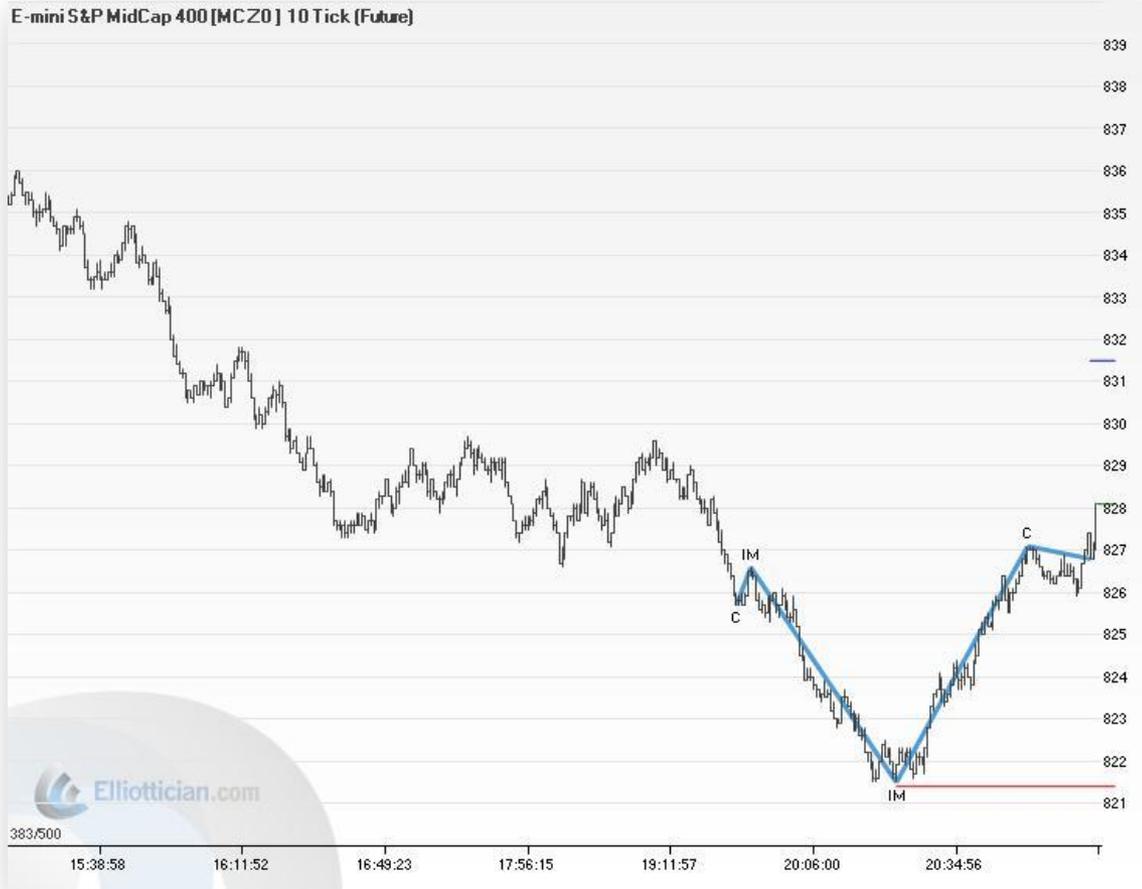
# PLAIN!



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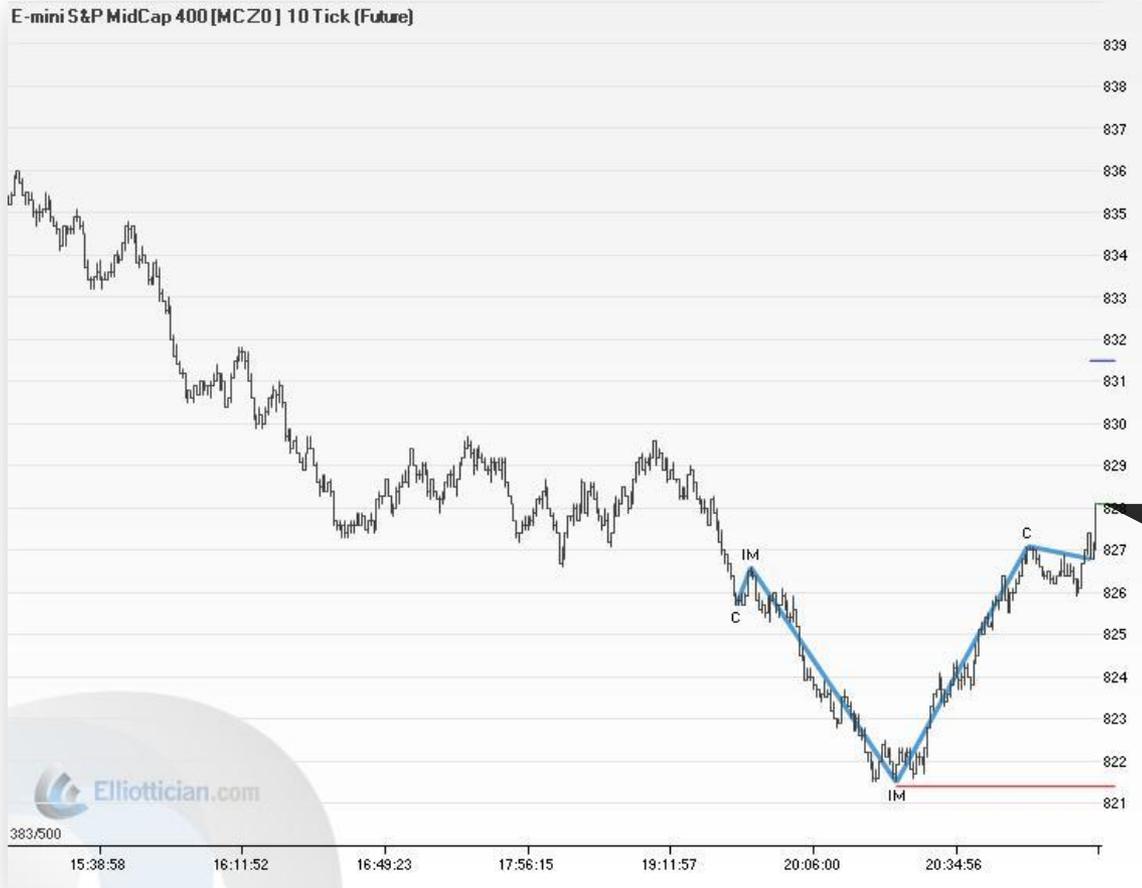
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



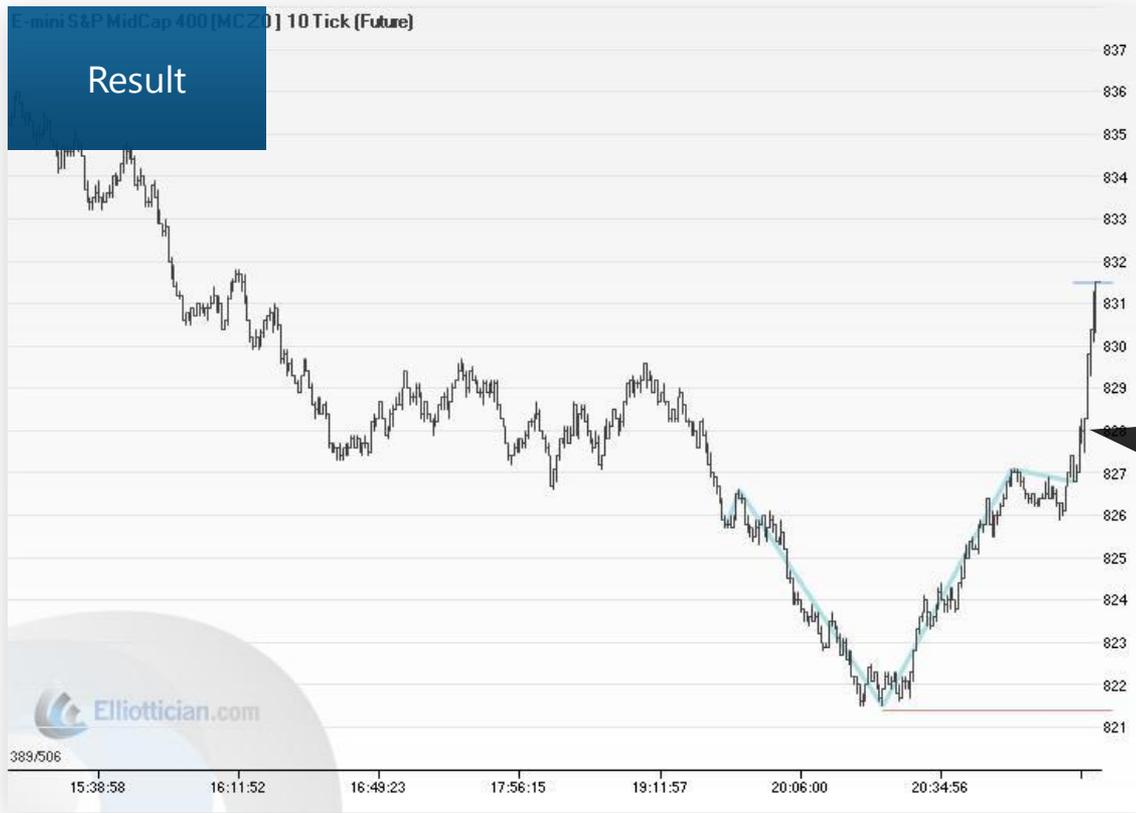
All the rules are obeyed, but the overall pattern is not visually as clear as a Pretty. This is Attractive – still good enough to trade.

**Enter immediately.**

Enter

# ADVANCED PRACTICE

## ATTRACTIVE!



# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

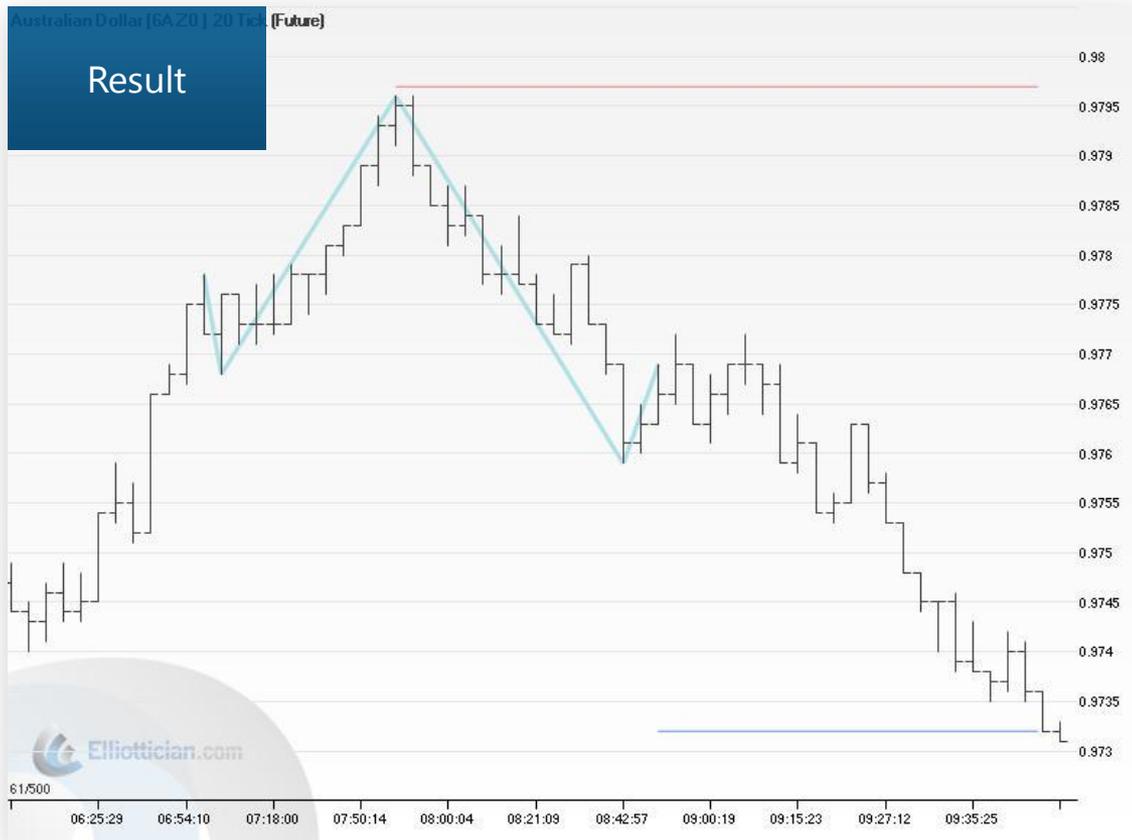
## PLAIN!



The Pre-Straight is not a clear Straight, and the Right Straight contains a significant internal sideways move. It is possible that this internal sideways move is actually the Right Sideways, which would render the trade nearly over. Because of this confusion, this Alert can be considered Plain.

# ADVANCED PRACTICE

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# ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

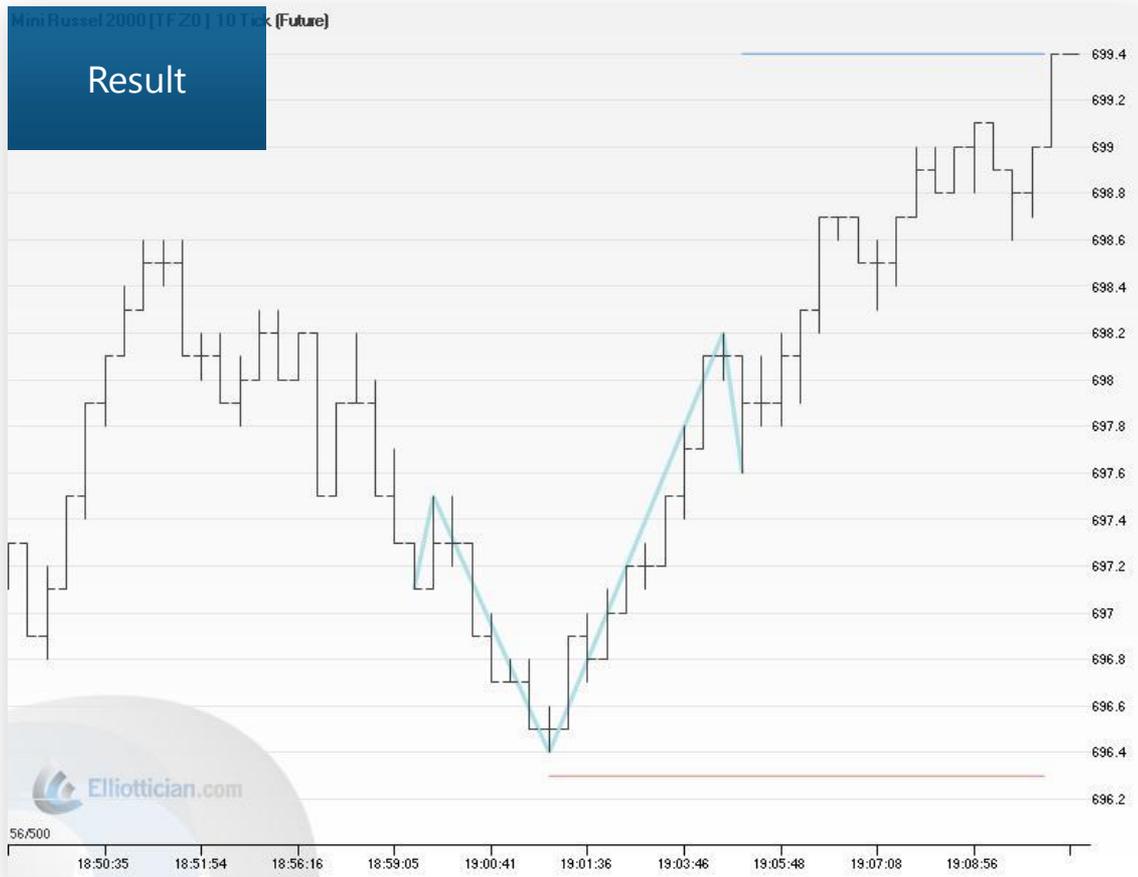
## PLAIN!



The Pre-Straight is either quite short or not clear. And there is no overlap between the Right and Left Sideways. Therefore this pattern is labeled as Plain.

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## ADVANCED PRACTICE

# ATTRACTIVE!



The only slight concern with this chart is the Left Straight. It is not perfect. So this is an Attractive. Enter on a valid Entry Signal.

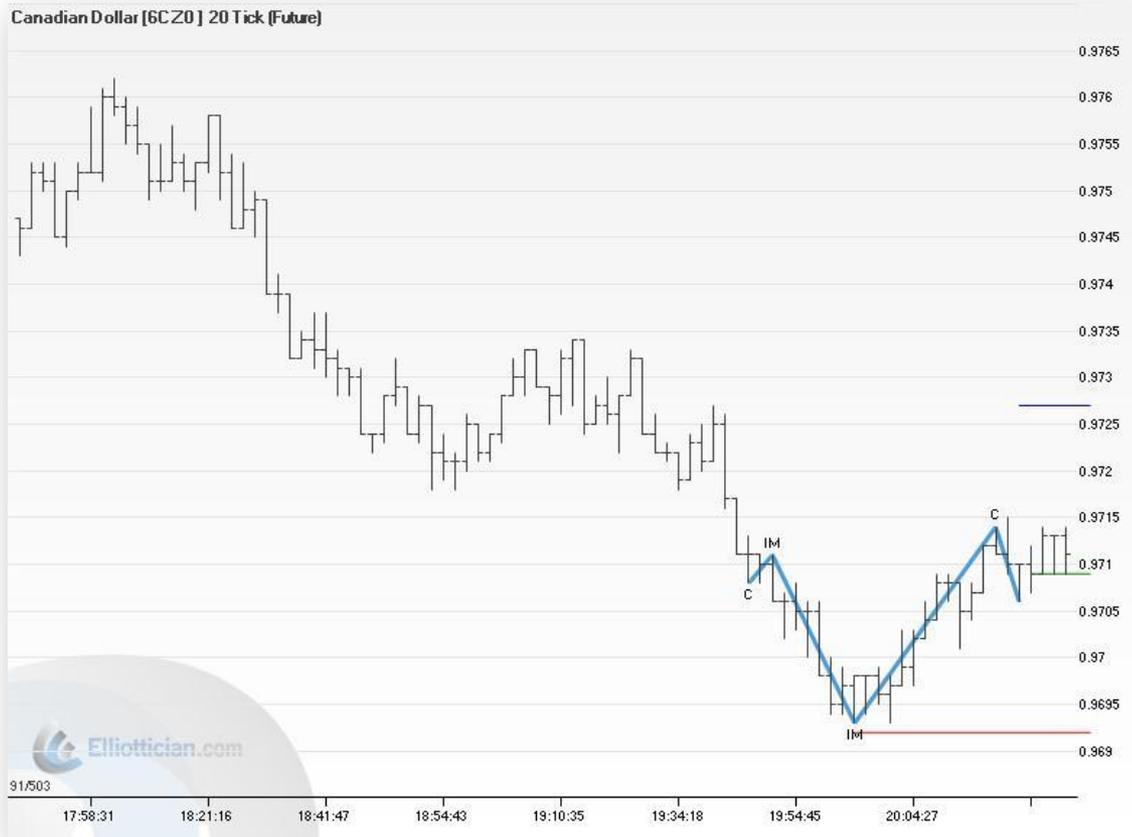
# ADVANCED PRACTICE

# ATTRACTIVE!



# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



The Apex is a little flat and Left Sideways is as short and small as some of the internal sideways moves within the Left and Right Straights. This renders the Left Sideways as unconfirmed, making this close to Attractive, but not close enough. It is therefore Plain. No trade here.

# ADVANCED PRACTICE

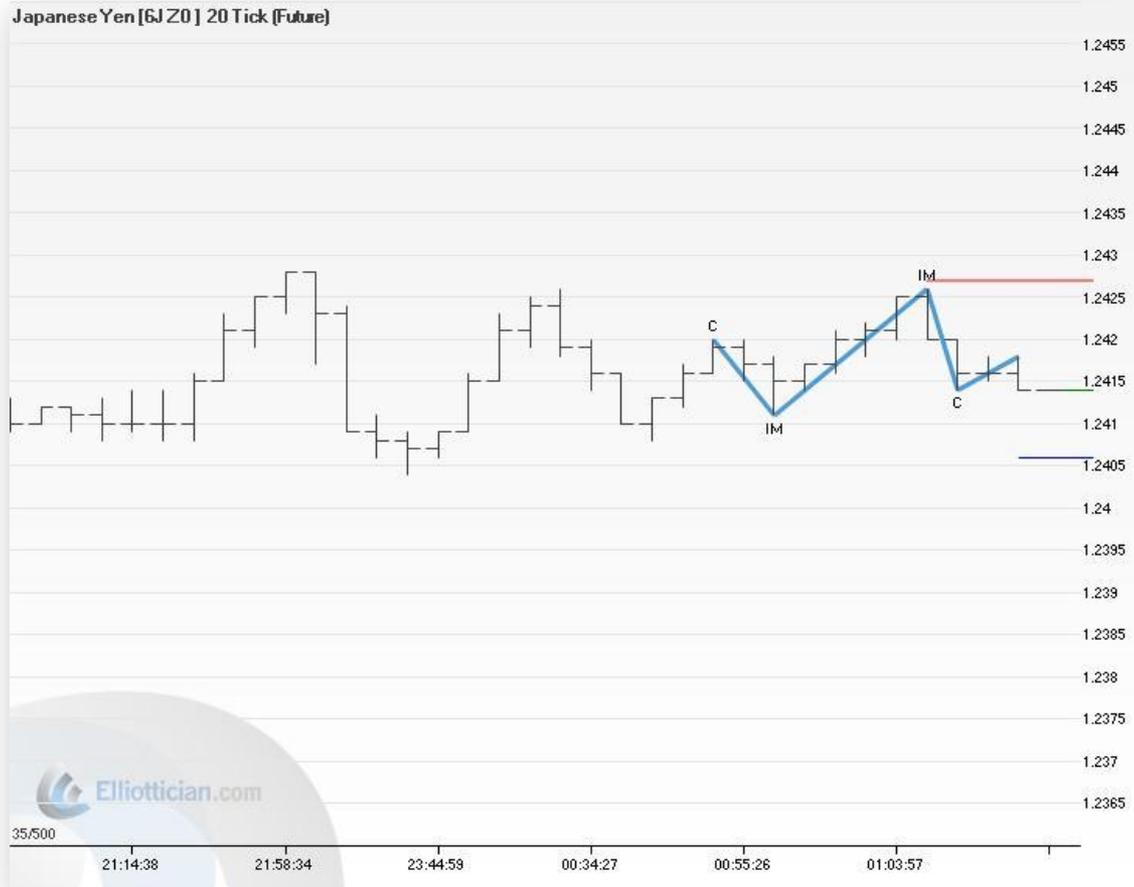
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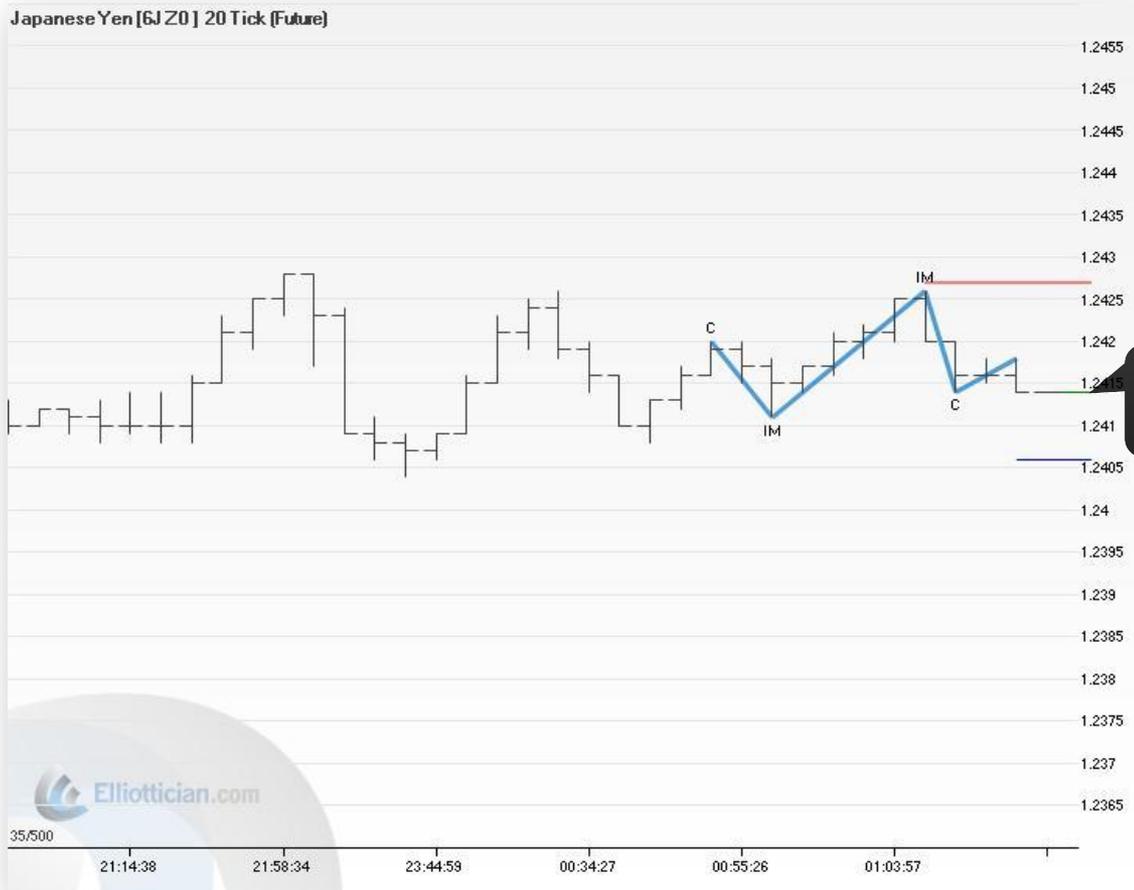
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# ATTRACTIVE!



The only slight concern with this chart is the Left Straight. It is not perfect. So this is an Attractive. Enter on a valid Entry Signal.

Enter

# ADVANCED PRACTICE

# ATTRACTIVE!



# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

# PLAIN!



The Left Straight contains a single internal sideways move, and the Apex is quite flat. This is a 10 Tick chart, so small indiscretions may be forgiven. Even so, these two problems render this Alert into the "unknown" category – somewhere between Attractive and Plain. If in doubt, throw it out...

## ADVANCED PRACTICE

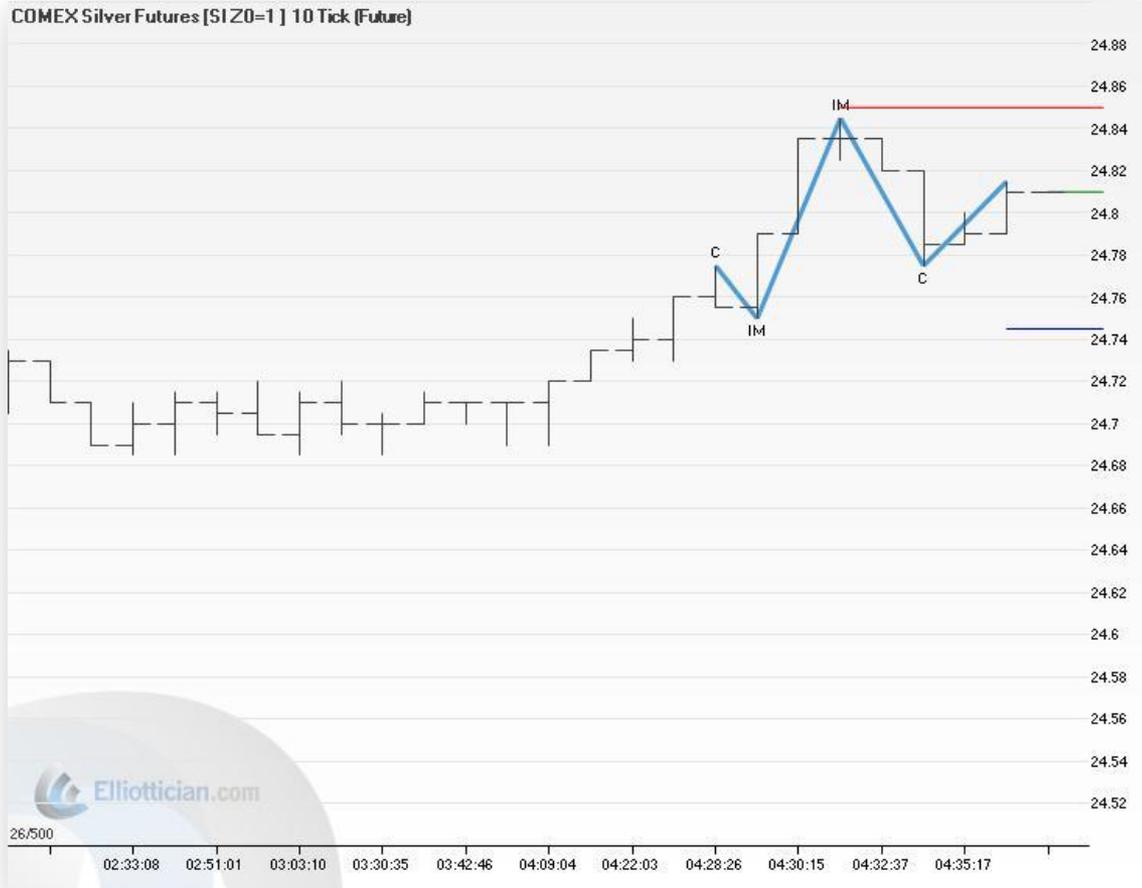
# PLAIN!



The Left Straight contains a single internal sideways move, and the Apex is quite flat. This is a 10 Tick chart, so small indiscretions may be forgiven. Even so, these two problems render this Alert into the “unknown” category – somewhere between Attractive and Plain. If in doubt, throw it out...

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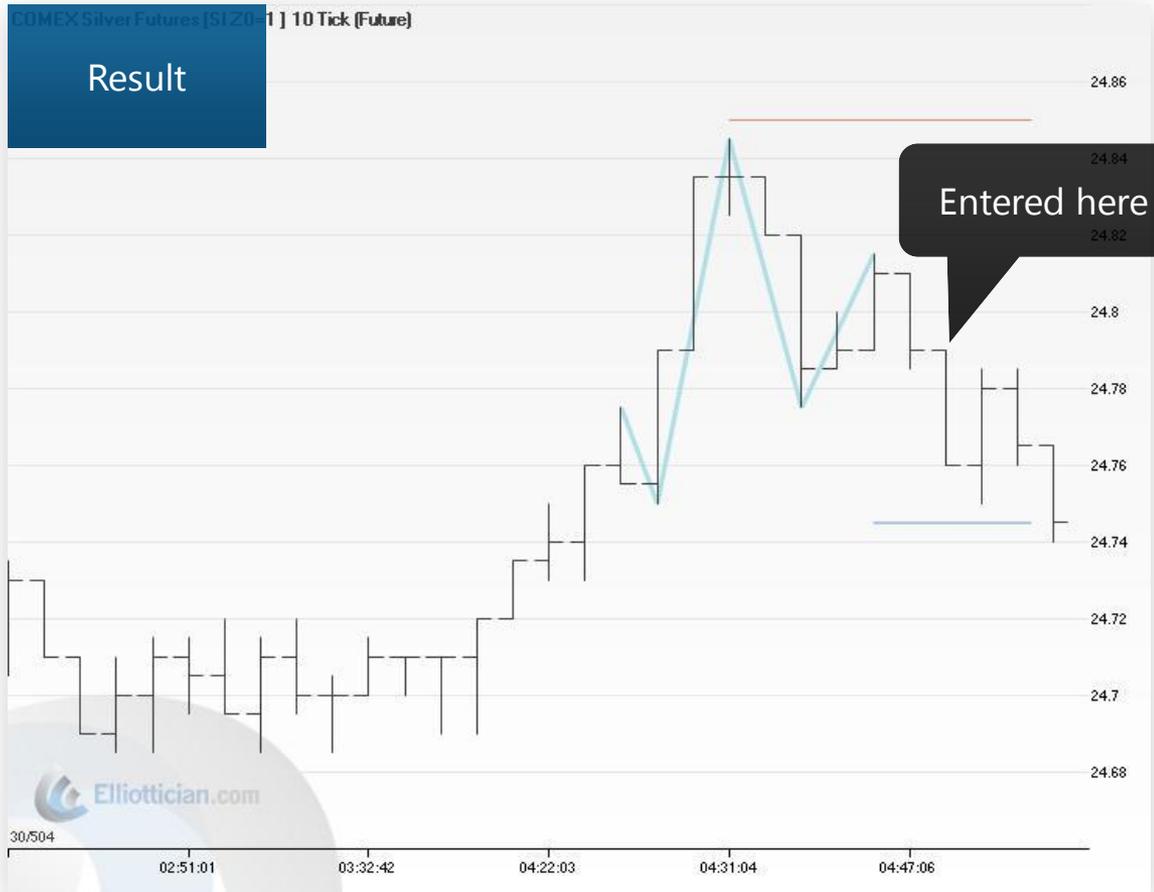
## ATTRACTIVE *or* PLAIN?





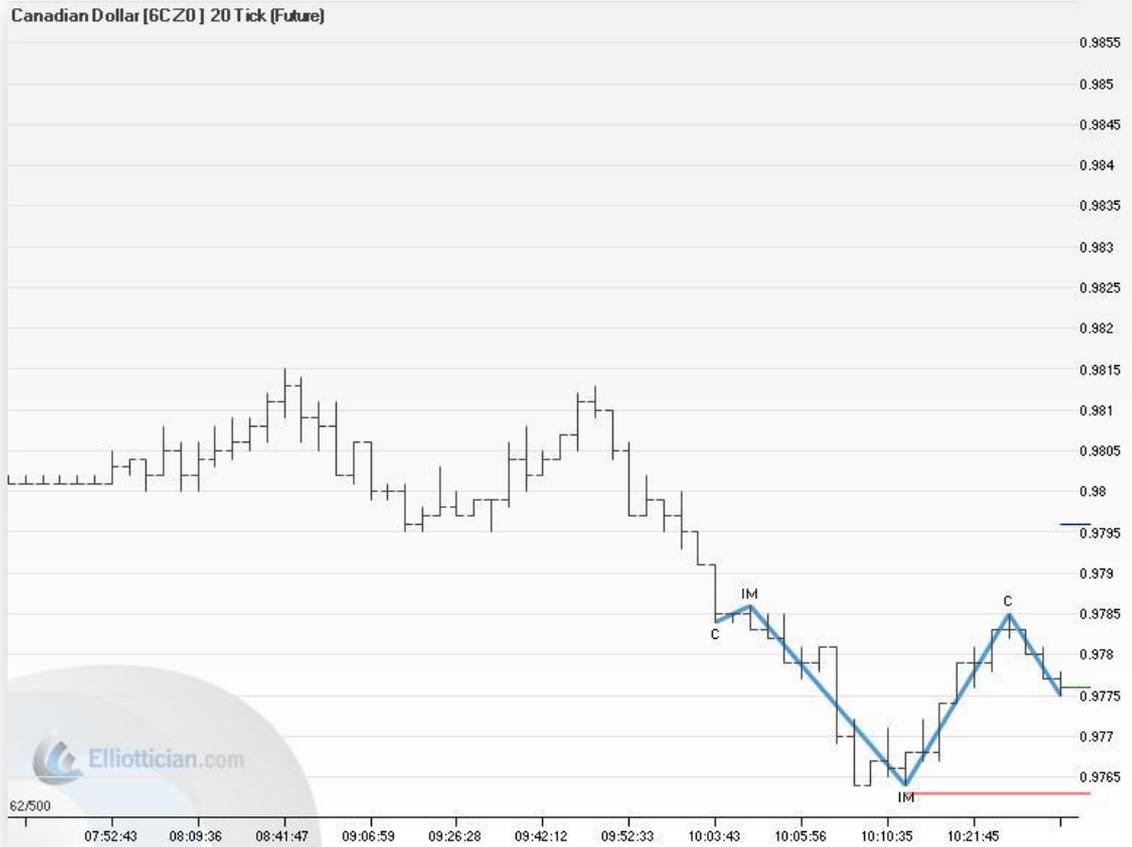
# ADVANCED PRACTICE

# ATTRACTIVE!



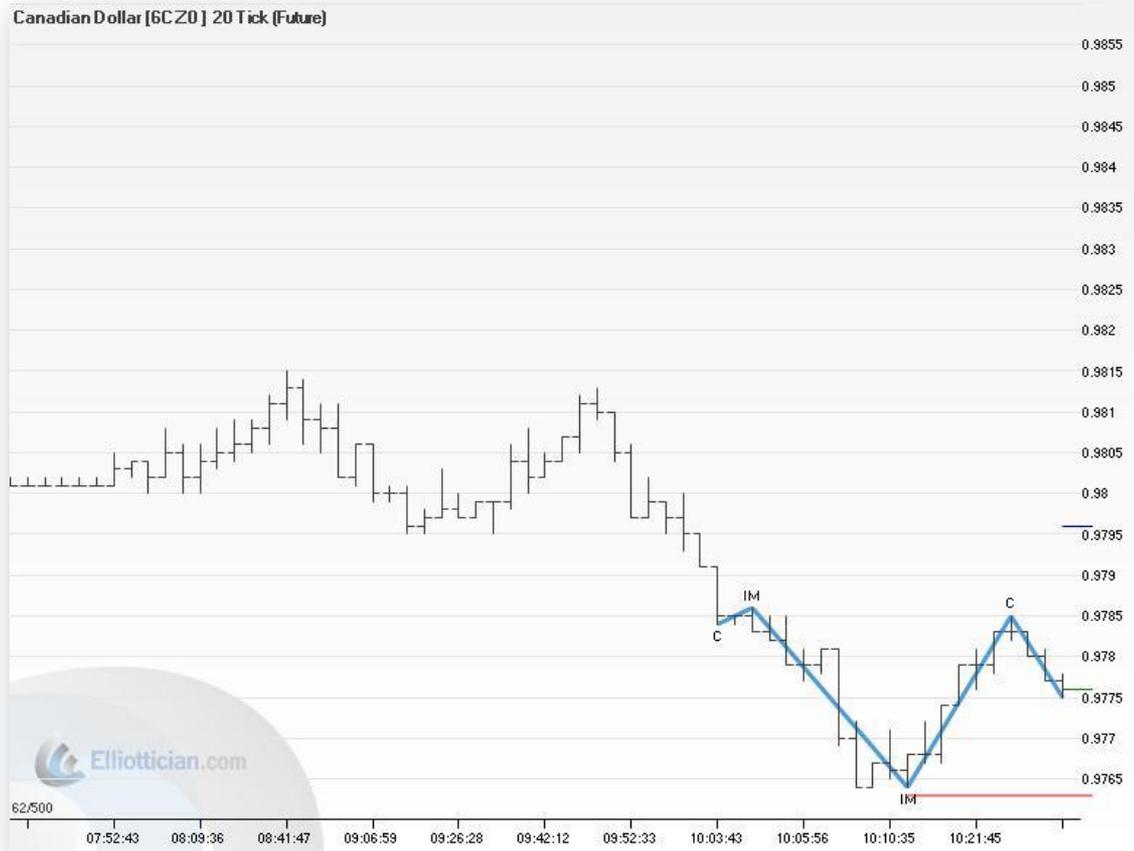
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

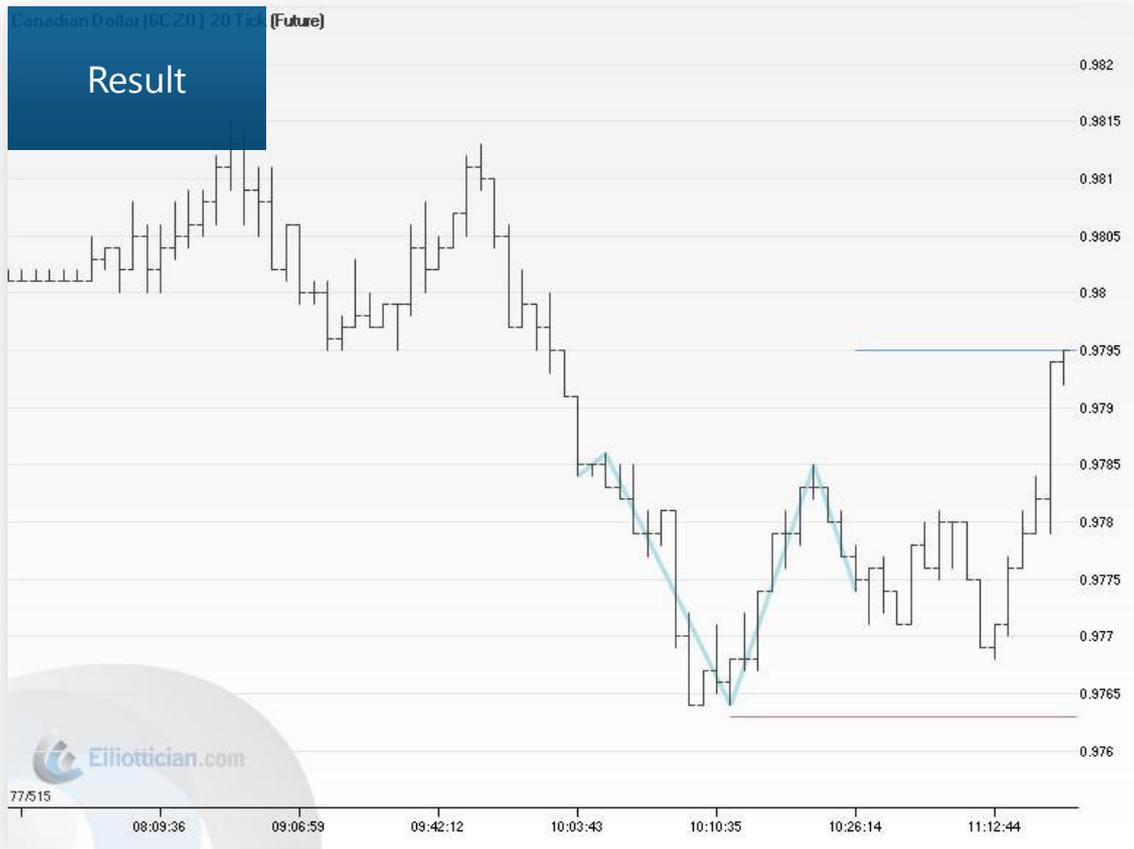
## PLAIN!



Both the Pre-Straight and Left Straight have a small single internal sideways move. With the added problem of a flat Apex, this pattern is not good enough to trade with confidence. It is downgraded to Plain.

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# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

## PLAIN!



The Pre-Straight is not straight enough, and looks nothing like the other two Straights. In addition, the market has already nearly reached the target – even before the Alert was generated. This trade could already be completed, so it is a Plain – no trade here.

# ADVANCED PRACTICE

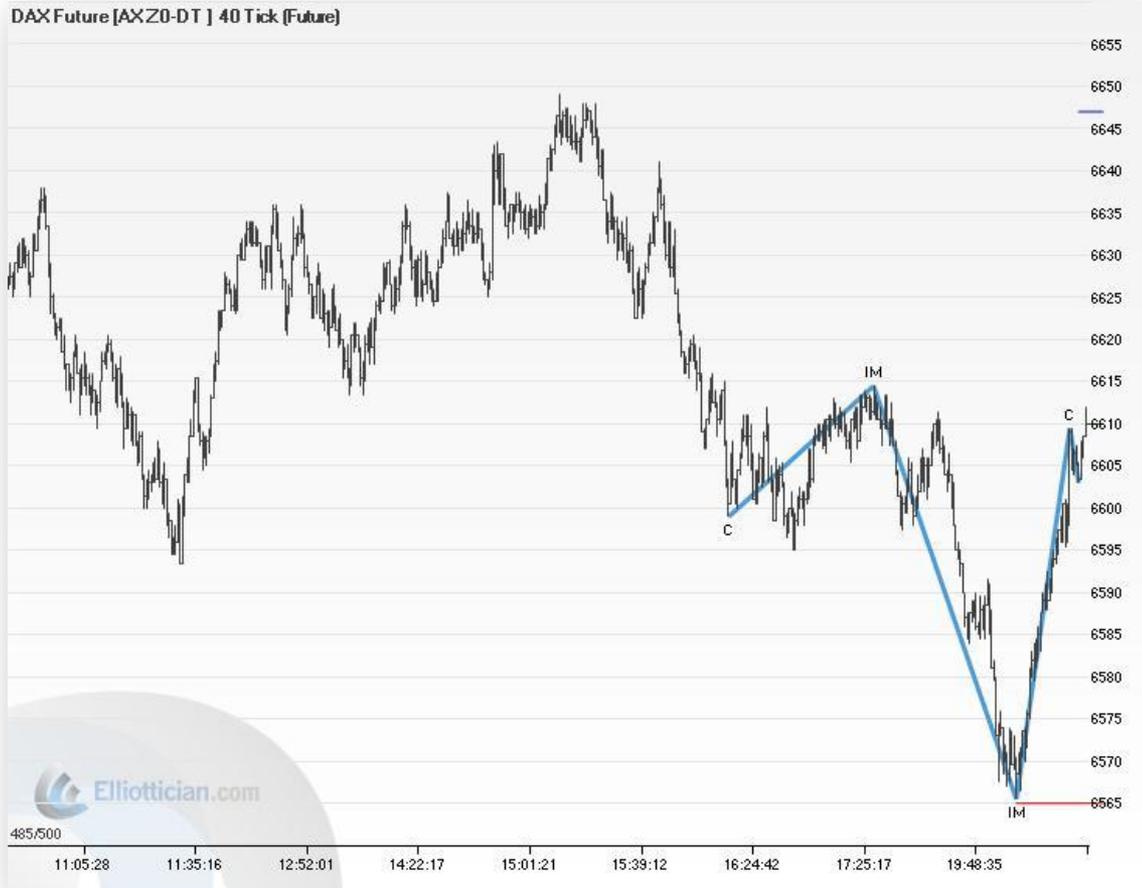
## PLAIN!



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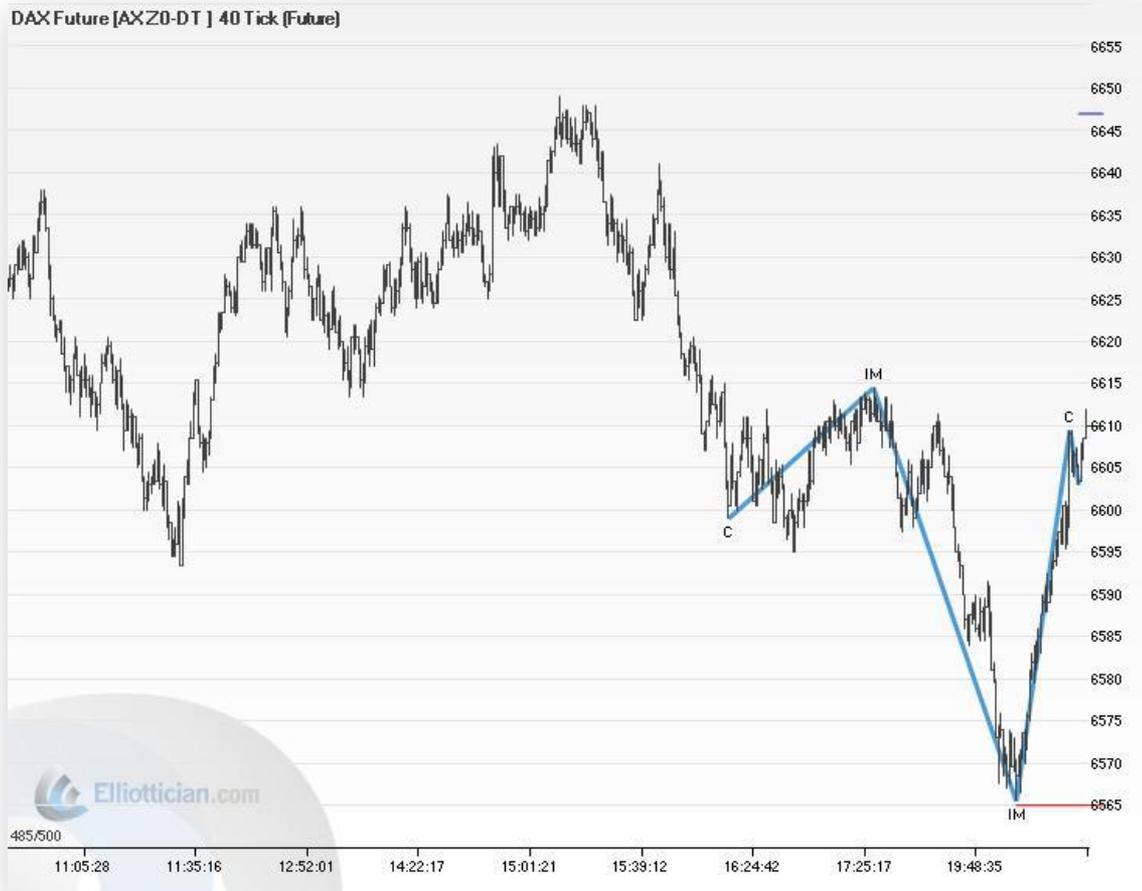
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



## ADVANCED PRACTICE

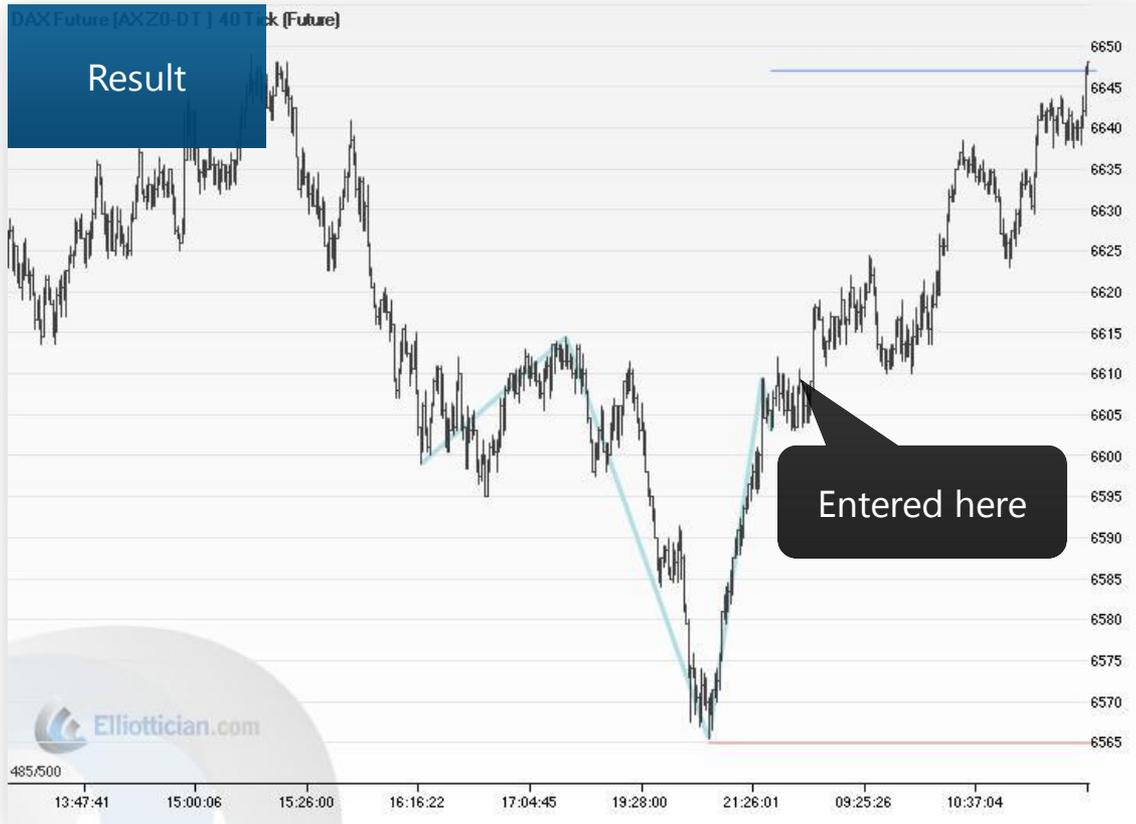
# ATTRACTIVE!



It is not clear where the Pre-Straight should start, and the same goes for the Left Straight. All rules can be obeyed, however. Because this pattern is not perfectly clear, it is Attractive. Enter if the market gives a valid Entry Signal.

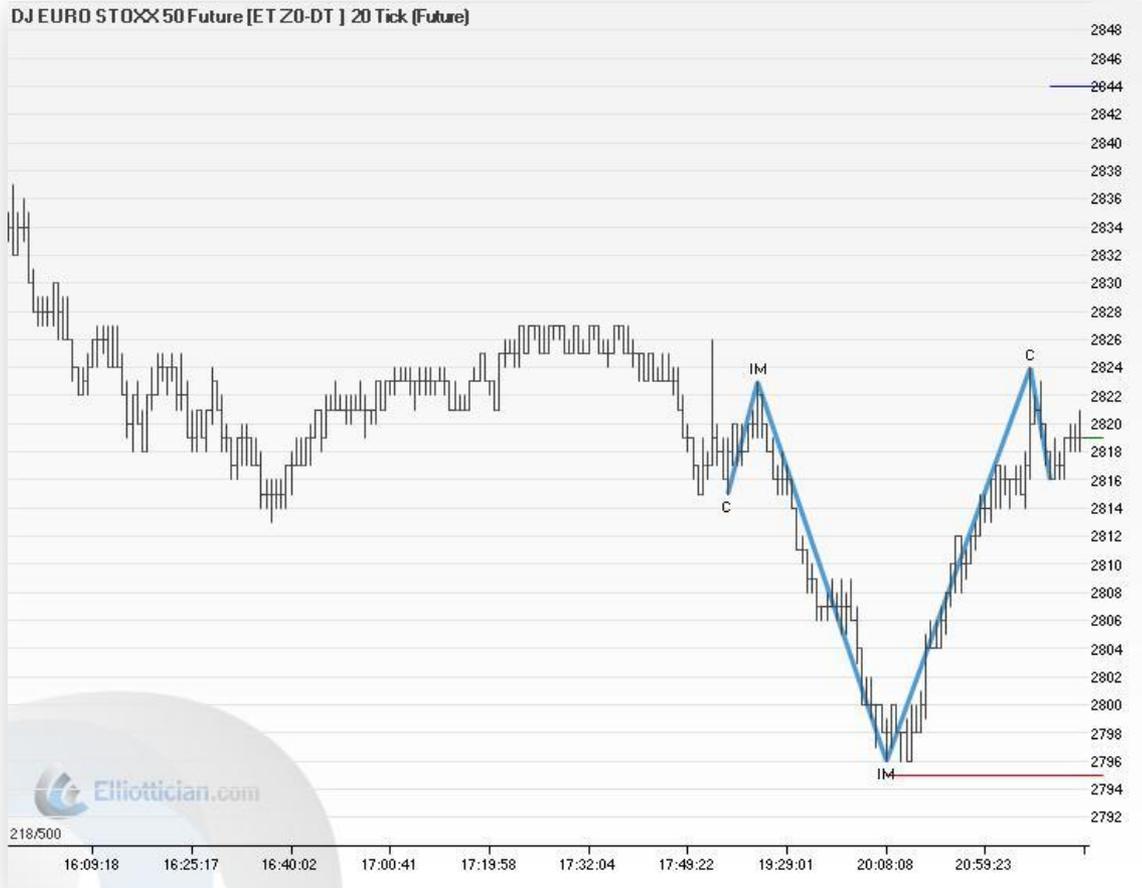
# ADVANCED PRACTICE

# ATTRACTIVE!



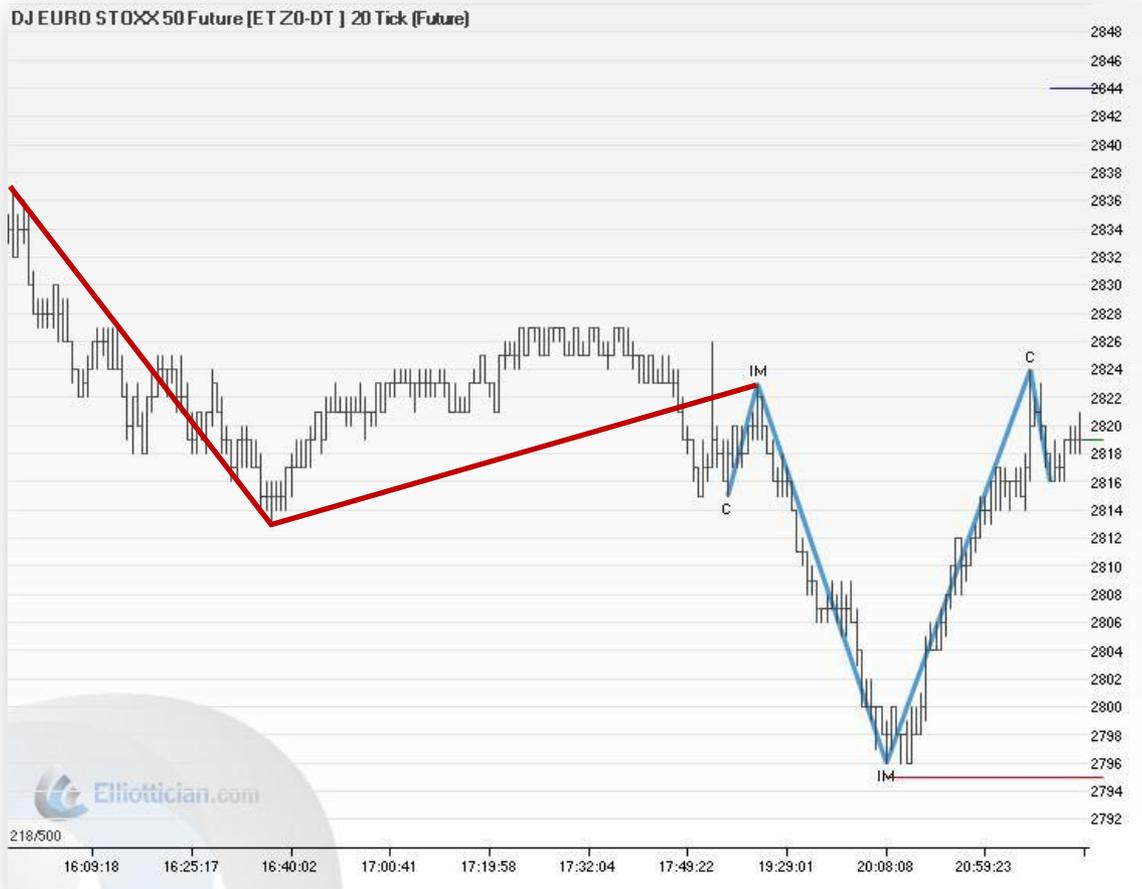
# ADVANCED PRACTICE

## ATTRACTIVE *or* PLAIN?



# ADVANCED PRACTICE

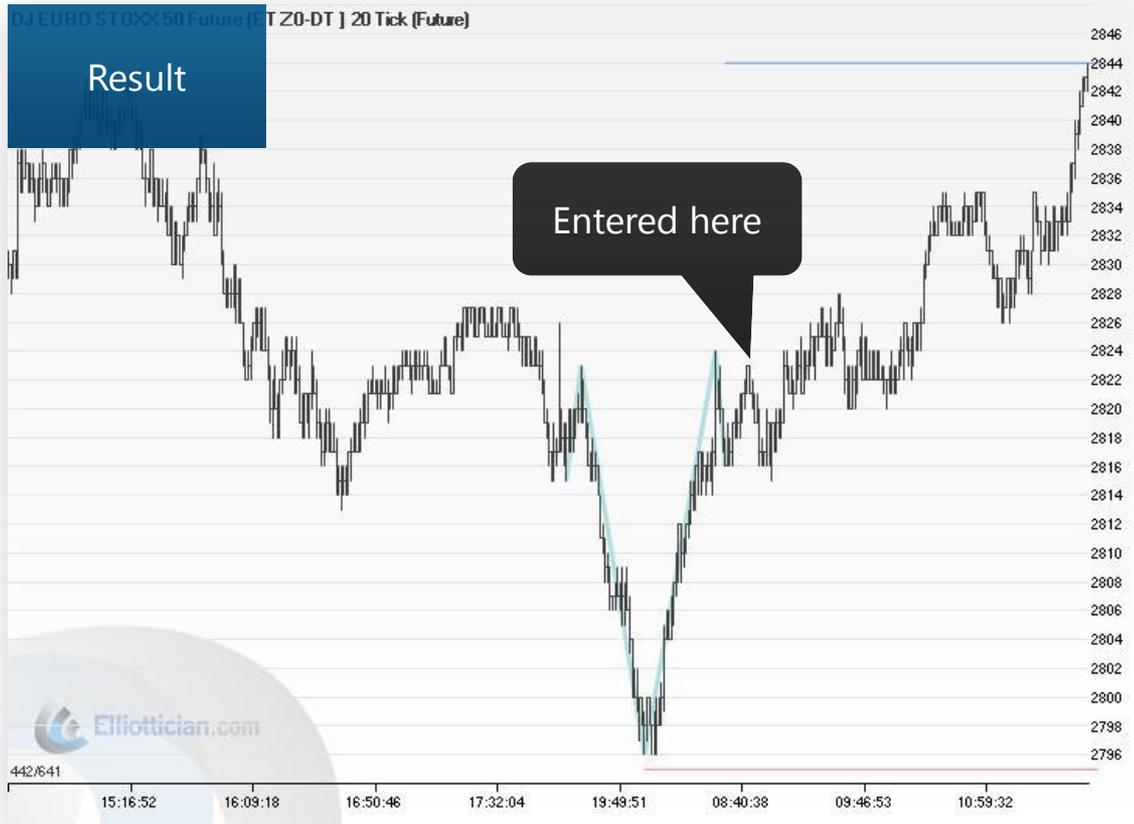
## ATTRACTIVE!



The Left Straight contains a small internal sideways move, but this is not a big concern because the overall pattern is so clear and this is a 20 Tick chart – which can be forgiven for small indiscretions such as this. Enter on a valid Entry Signal.

# ADVANCED PRACTICE

# ATTRACTIVE!



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# CONCLUSION

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As you will have seen, Attractive Alerts are much more often profitable than Plain Alerts.

By now you should be able to identify an Attractive Alert within a few seconds.

Only trade the obviously Pretty or Attractive trades that give a valid Entry Signal. Reject all Plain and Ugly Alerts as no-trades.

Always paper trade until you have produced consistent profits. Only then should you consider trading real money.

If you are not getting consistent profits, go back and review this document.

Enjoy your trading, and let us know if you need any help.

# CHECK LIST

## Visual Filter Rules:

- Be sure there are sufficient bars in the pattern to clearly define it as Pretty.
- Be more forgiving of tick charts. Small sideways moves on very short timeframes is OK.
- The overall pattern should be reasonably symmetrical.
- The pattern should have a pointy apex.
- Straights should be straight, and very different from Sideways.
- All Straights should have similar internal structure, slope and length.
- The Left and Right Sideways should overlap.
- Internal Structure of a Straight:
  - More straight than messy.
  - Prices must stay close to a straight line between the end points.
  - Very little price overlap.
  - If there is a clear internal structure:
    - It must contain three internal straights separated by two sideways moves.
    - The two internal sideways moves must not overlap.
    - The middle internal straight must not be the shortest internal straight.

## Entry Signals:

- Reward/Risk is 0.5 or greater.
- Sideways within a range. Enter anytime.
- Simple Retrace. Enter near end of Right Straight.
- Retrace with a Pause. Enter after market has exceeded the range of the pause.

## Early Exit Signals:

- Lengthy sideways move near the target
- Loss of momentum near the target
- Reversal signal near the target

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# DISCLAIMER

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**Risk Disclaimer:** All trading involves risk. Leveraged trading has large potential rewards, but also large potential risk. Be aware and accept this risk before trading. Never trade with money you cannot afford to lose. All forecasting is based on statistics derived from past performance and past performance of any trading methodology is no guarantee of future results. No "safe" trading system has ever been devised and no one can guarantee profits or freedom from loss. No representation is being made that any account will achieve profits or losses similar to those discussed. There is no guarantee that, even with the best advice available, you will become a successful trader because not everyone has what it takes to be a successful trader. The trading strategies discussed may be unsuitable for you depending upon your specific investment objectives and financial position. You must make your own investment decisions in light of your own investment objectives, risk profile, and circumstances. Use independent advisors as you believe necessary. Therefore, the information provided herein is not intended to be specific advice as to whether you should engage in a particular trading strategy or buy, sell, or hold any financial product. Margin requirements, tax considerations, commissions, and other transaction costs may significantly affect the economic consequences of the trading strategies or transactions discussed and you should review such requirements with your own legal, tax and financial advisors. Before engaging in such trading activities, you should understand the nature and extent of your rights and obligations and be aware of the risks involved. All testimonials are unsolicited and are potentially non-representative of all clients. Your trading results may vary from those case studies detailed on the Elliottician website. Elliottician is not a broker or licensed investment advisor and therefore is not licensed to tailor general investment advice for individual traders. Your actions and the results of your actions in regard to anything you receive from Elliottician are entirely your own responsibility. Elliottician cannot and will not assume liability for any losses that may be incurred by the use of any information received from Elliottician. Any such liability is hereby expressly disclaimed.

**Hypothetical Disclaimer:** All results are considered to be Hypothetical unless otherwise specified: Hypothetical performance results have many inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not actually been executed, the results may have under or over compensated for the impact, if any, of certain market factors, such as lack of liquidity. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. Furthermore, only risk capital should be used for leveraged trading due to the high risk of loss involved. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses (and incur account drawdowns) or to adhere to a particular trading program in spite of trading losses are important issues which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program, method or system, which cannot be completely taken into consideration with hypothetical performance results and will affect trading results and your P/L.

————— **FOR MORE INFORMATION :** —————

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