

Continuing with the GBP currency future:

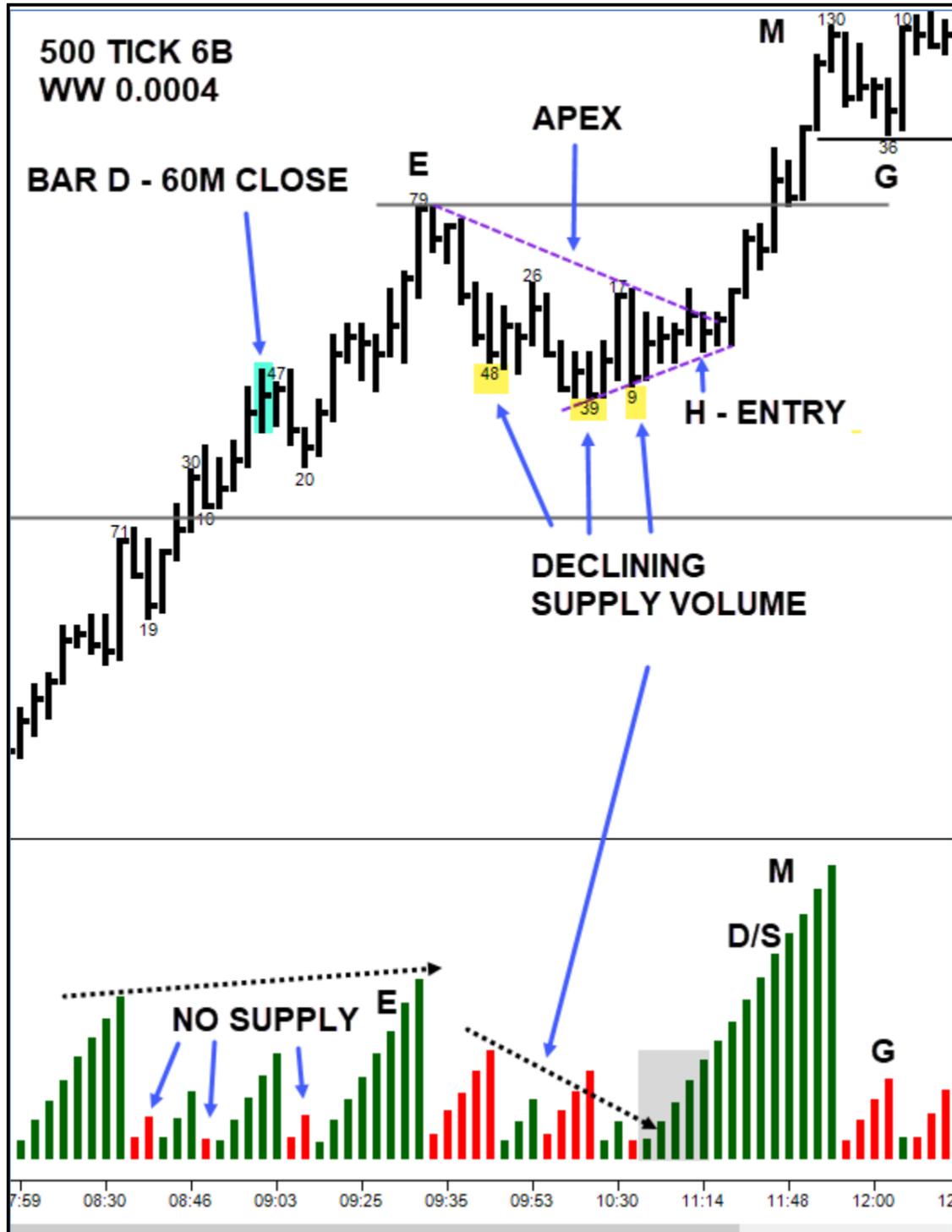
Yesterday's trading we encountered supply near our area of interest (via daily analysis) and initiated a position due to the overt weakness present; Bar A (orange highlight). We noted the dual 2bar bottom reversals that held support, and since then the market has rallied all the way back to resistance, wiping the negativity (bar A) NOTE – as we rally (B) volume increases, as price touches resistance and tries to pullback via C volume declines (treble dose of positivity) As we reach resistance IF supply was present, we shouldn't hug the resistance line with declining volume, why haven't we reacted like bar A previously? This action disconfirms supply at resistance (bullish behaviour)



Bar D prints; breaks the channel with a wide spread and a surge in volume, demand overcomes supply, we have a sign of strength bar. NOW we look to the 5m chart for a weak pullback to apply long setups - this is how you use multiple time frame analysis. Bear in mind, we are trading with the trend on all time frames, the daily is extremely strong as we come from accumulation, the 60m chart as annotated, is extremely bullish.

To the entry refer to the 5m chart: The turquoise highlight bar D, is the close of bar D via the 60m chart. On this time frame we are now waiting for a weak pullback to initiate a play, we get continuation to E with good demand (note the lack of supply, also the lack of entry points).

The reaction from E supply volume declines with 48k, 39k, and 9k contracts (yellow highlight), the next few bars print with firm closes and higher lows (subtlety of strength) and in this time demand volume is building (grey highlight), this may appear like Effort vs. Result and it is, BUT this action occurred because of the apex that formed; prices tighten and coil to create cause, and why would price build a cause here? To break through resistance (E) into new highs; the response is epic to M where demand overcomes supply; the buyers are in complete control. The entry was bar H, although one could initiate a play with any of the last 7 bars, due the strength across all time frames



No need to exit the trade until bar E via the 60m; SOT and a break of the purple demand line (another 100+ ticks, per contract)

Few subtleties via the 5m chart to mention; the price action via the declining supply volume from E is a tell tale sign of a bottom, as price rounds under.

The reaction to G; holds a much higher local level of support, the market has all rights to test newly formed support, yet demand steps in much earlier. This is due to the eagerness of the bulls and the apex itself (exhausts supply)

Via the daily we are slap bang right in the highlighted area, that was mentioned a few days ago, it's of vital importance; we still need a lot more data for a swing trading opportunity; however the intraday is providing some excellent trading.

The use of multiple time frames and using them correctly is a skill all in it-self that many traders do not possess. I hope this example clarifies a little on the subject and genuinely helps the reader.

Understanding multiple time frames is a

complicated subject and perhaps not needed to be successful within the markets, however it will increase the odds of a setup dramatically, thus reducing risk, and this is important. Time to lock in profits and call it a day

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