Wayne's Pivot

https://www.tradingview.com/script/ad0JJQkX-Wayne-s-Pivots/

Wayne's Pivots is named after Wayne McDonnell who came up with this indicator's pivot trading methodology. Wayne's Pivots are only one part of his methodology, but these pivots are the most critical part. They are frequently applied to supplement other trading methodologies as well. There are 3 key features that separate Wayne's Pivots specifically from every other pivot point indicator out there.

1. Midpoint Pivots
2. Biased Pivots
3. Next Period's Pivots

Understand that this indicator is supposed to be used, according to the methodology, alongside a fundamental bias. If you have not done fundamental research to know if you're a bull or bear on an asset, then you will likely not be using these pivots correctly. They do not tell you which direction the market will move. It tells you how far and how long a trade may go depending on which way you bias the pivots , and if your fundamental view is correct. This is a trade planning tool for your entries and exits.

Breaking each point down:

1. Midpoint Pivots
If you take regular pivots (S#, R#), and get a histogram of every time price closed at or above each level, you generally end up with an even distribution. By adding midpoint levels you are doubling the amount of data, and increasing the resolution of the histogram. While these extra levels don't necessarily give us entries or exits, they do tell us when price doesn't quite reach a major support or resistance level . Midpoint pivot levels are calculated by finding the midpoint between each pivot level, and are labeled from the bottom up starting at M0 (Midpoint 0).

For example,
M5 = (R2 + R3) / 2
M4 = (R1 + R2) / 2
M3 = (Pivot + R1) / 2
M2 = (Pivot + S1) / 2
M1 = (S1 + S2) / 2
M0 = (S2 + S3) / 2

2. Biased Pivots
The traditional rules for trading pivot points are to buy support levels and sell resistance levels. In Wayne's methodology, we see pivots as a set for entries and take profits depending on our bias. It is known that trading the inverse of traditional pivot point rules means that you can end up with a reasonable strategy. Biased pivots let us focus on only what matters to us by removing all other pivots , lines, and labels. Only showing us pivots is useful to the bias we set.

For example, if you are a bull fundamentally you would set the bullish biased pivots . You would look for an entry in the area between the central pivot and second midpoint (M2), and an exit in the area between R2 and M4.

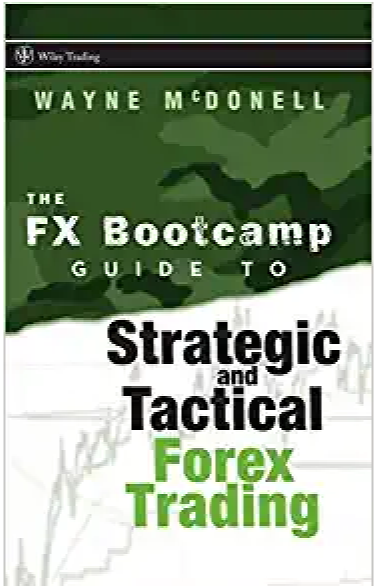
3. Next Period's Pivots
The third major feature of Wayne's Pivots is the "future" pivots . These are really calculated by taking the current HLC data and plotting it in realtime into the future before there's any data there. When we enter a new trading period, let's say the day, we will have little data on the next day's pivots . As the current trading day goes on and gets closer to its close, we start to see the next day's pivot points firm up. It's at this point that future pivots become actionable to create trading plans for the next day. The next period's pivots are exceptionally useful when scaled up to weekly, monthly, quarterly, and yearly timeframes. Daily, weekly, and monthly are the most commonly used within communities trading Wayne's methodology.

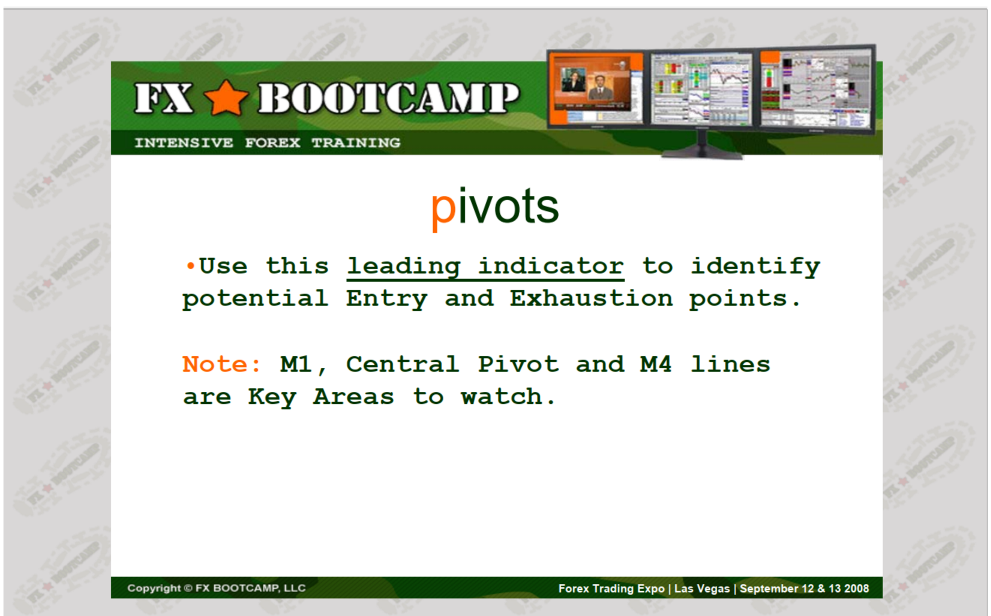
Calculation

The formulae are public domain information, the normal formulae is

Resistance3 = High + 2 * (Pivot - Low)
Midpoint5 = (R2 + R3) / 2
Resistance2 = Pivot + (R1 - S1)
Midpoint4 = (R1 + R2) / 2
Resistance1 = 2 * Pivot - Low
Midpoint3 = (Pivot + R1) / 2
PivotPoint = (High + Close + Low) / 3
Midpoint2 = (Pivot + S1) / 2
Support1 = 2 * Pivot - High
Midpoint1 = (S1 + S2) / 2
Support2 = Pivot - (R1 - S1)
Midpoint0 = (S2 + S3) / 2
Support3 = Low - 2 * (High - Pivot)

If the market opens above the pivot point then the bias for the day is **long** trades.
If the market opens below the pivot point then the bias for the day is for **short** trades.

	https://www.amazon.com/Bootcamp-Guide-Strategic-Tactical-Trading-ebook-dp-B0015DROP0/dp/B0015DROP0/ref=mt_other?_encoding=UTF8&me=&qid=1657947133



Trading guide for pit/floor traders

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Pivot Points – Why They Work

A "self-fulfilling prophecy"

Many market players use them:

- Professional Traders
- Hedge Funds
- Bankers
- Automated Trading Systems

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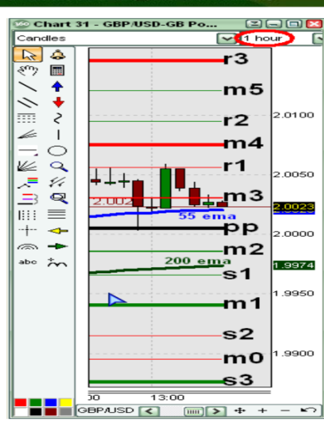

Pivot formula

- Calculation:

PP = (HIGH + LOW + CLOSE) / 3
S1 = (2 x PP) – HIGH
S2 = PP – RANGE
S3 = S2 – RANGE
R1 = (2 x PP) – LOW
R2 = PP + RANGE
R3 = R2 + RANGE

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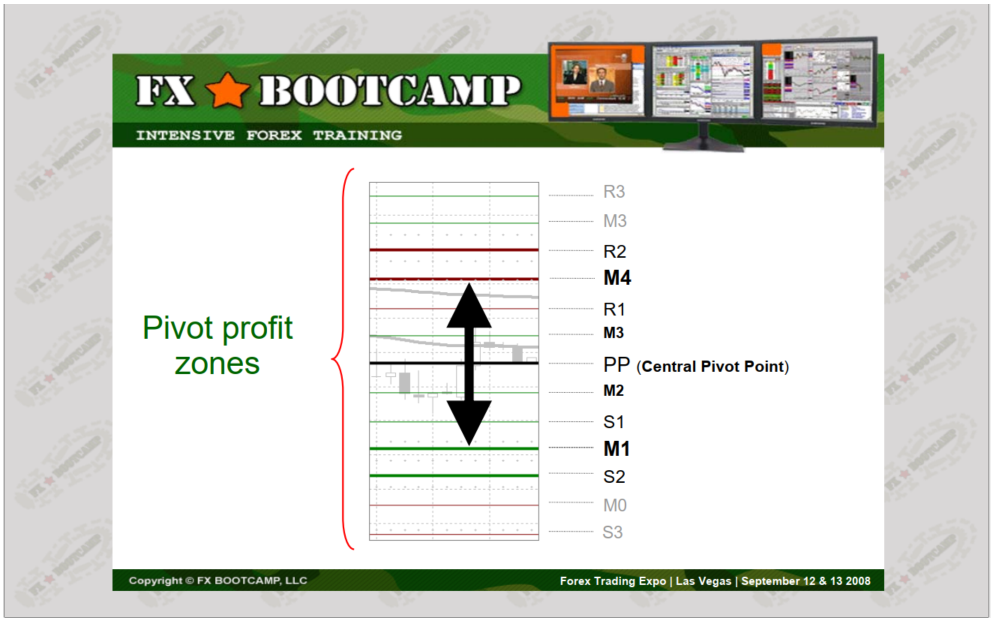
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Pivot profit zones
R3
M3
R2
M4
R1
M3
PP (Central Pivot Point)
M2
S1
M1
S2
M0
S3
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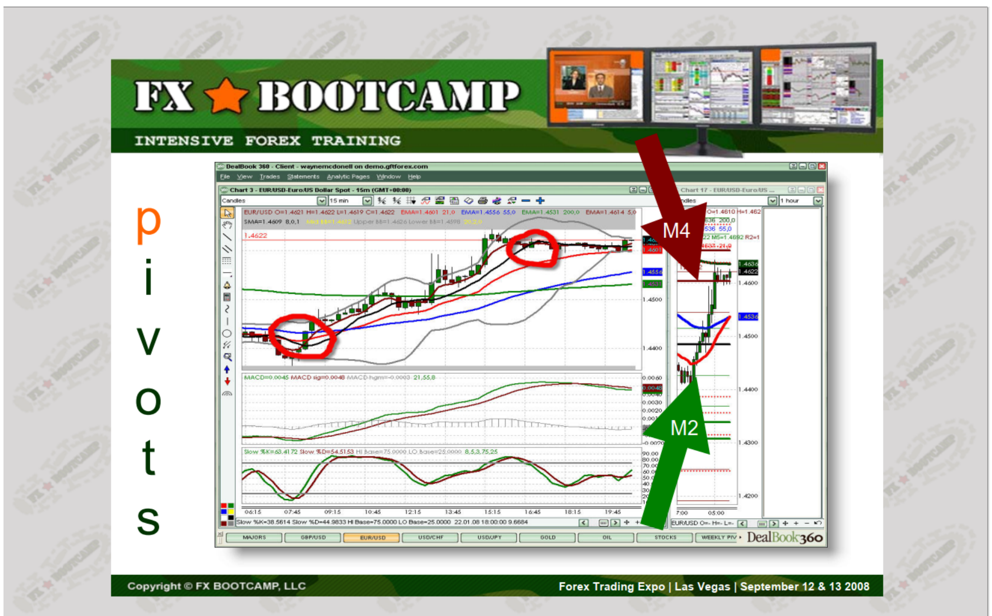
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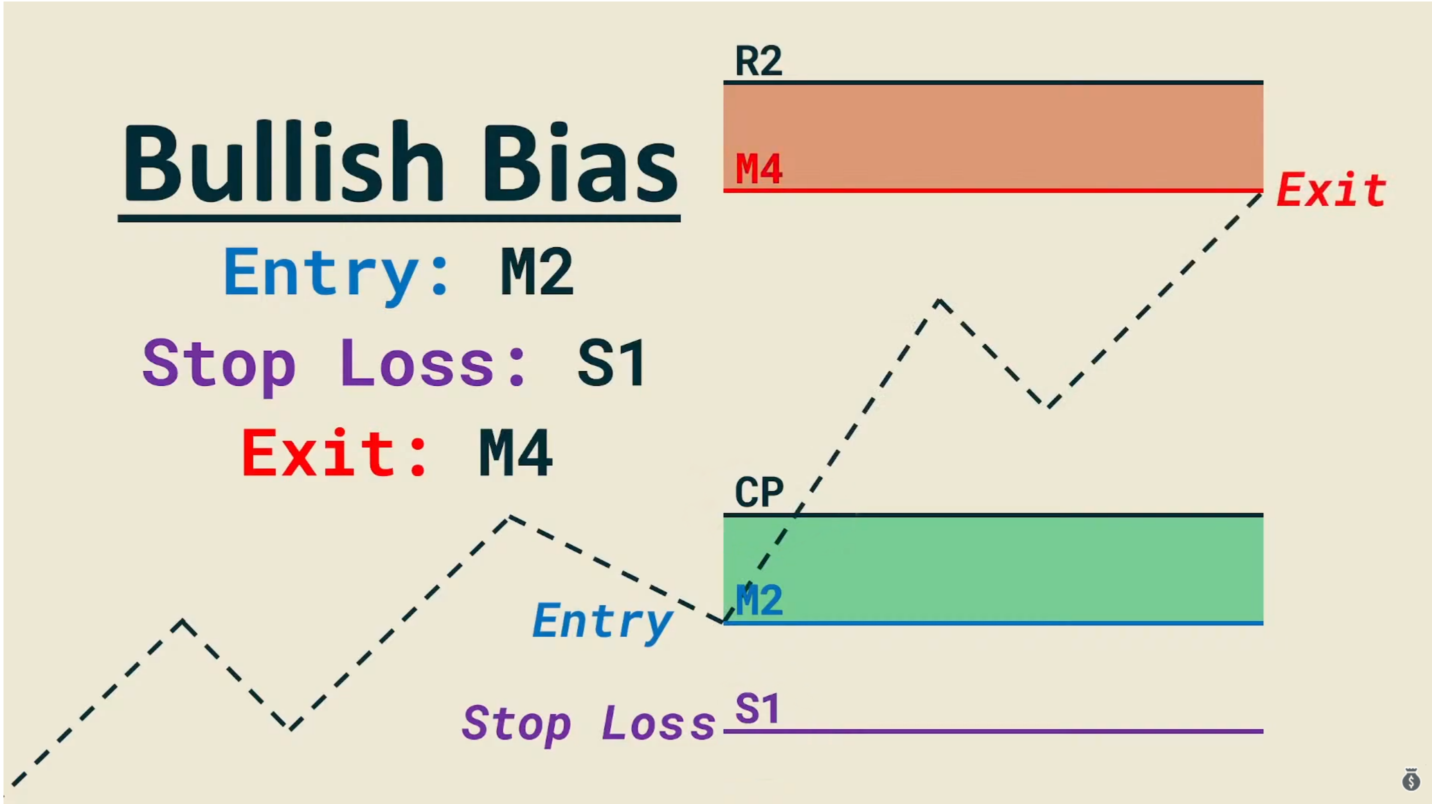
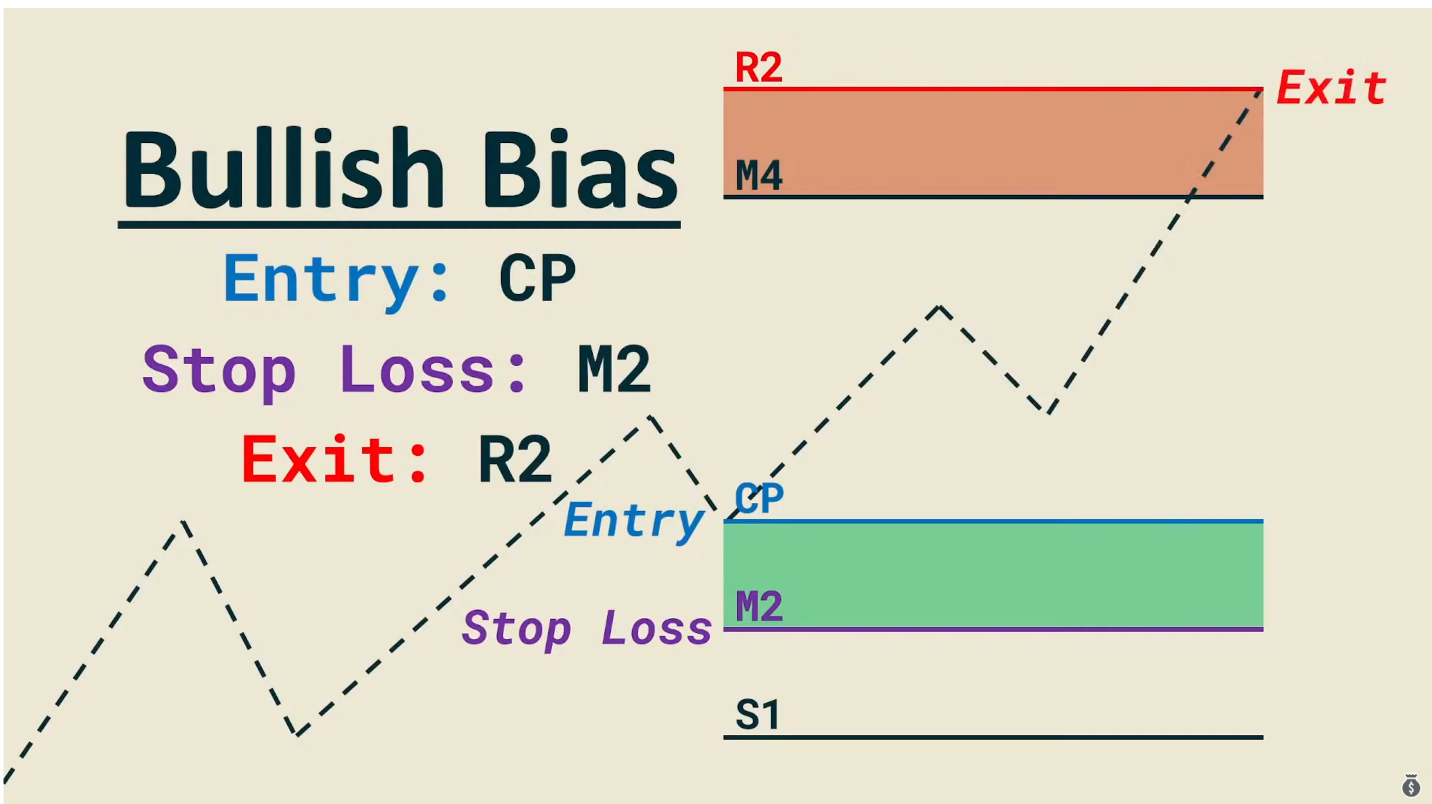
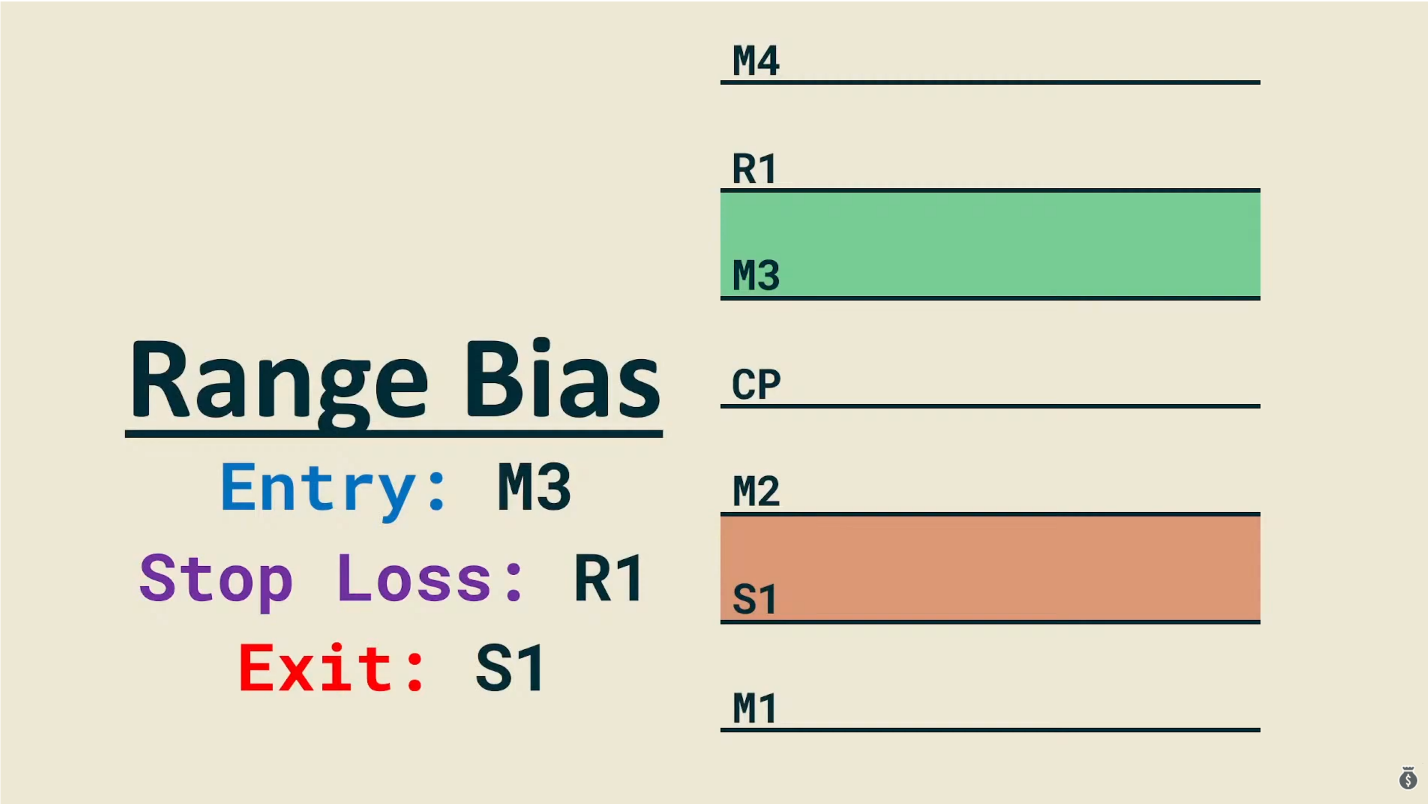
https://www.youtube.com/watch?v=5fzAWQR9nIl&t=571s

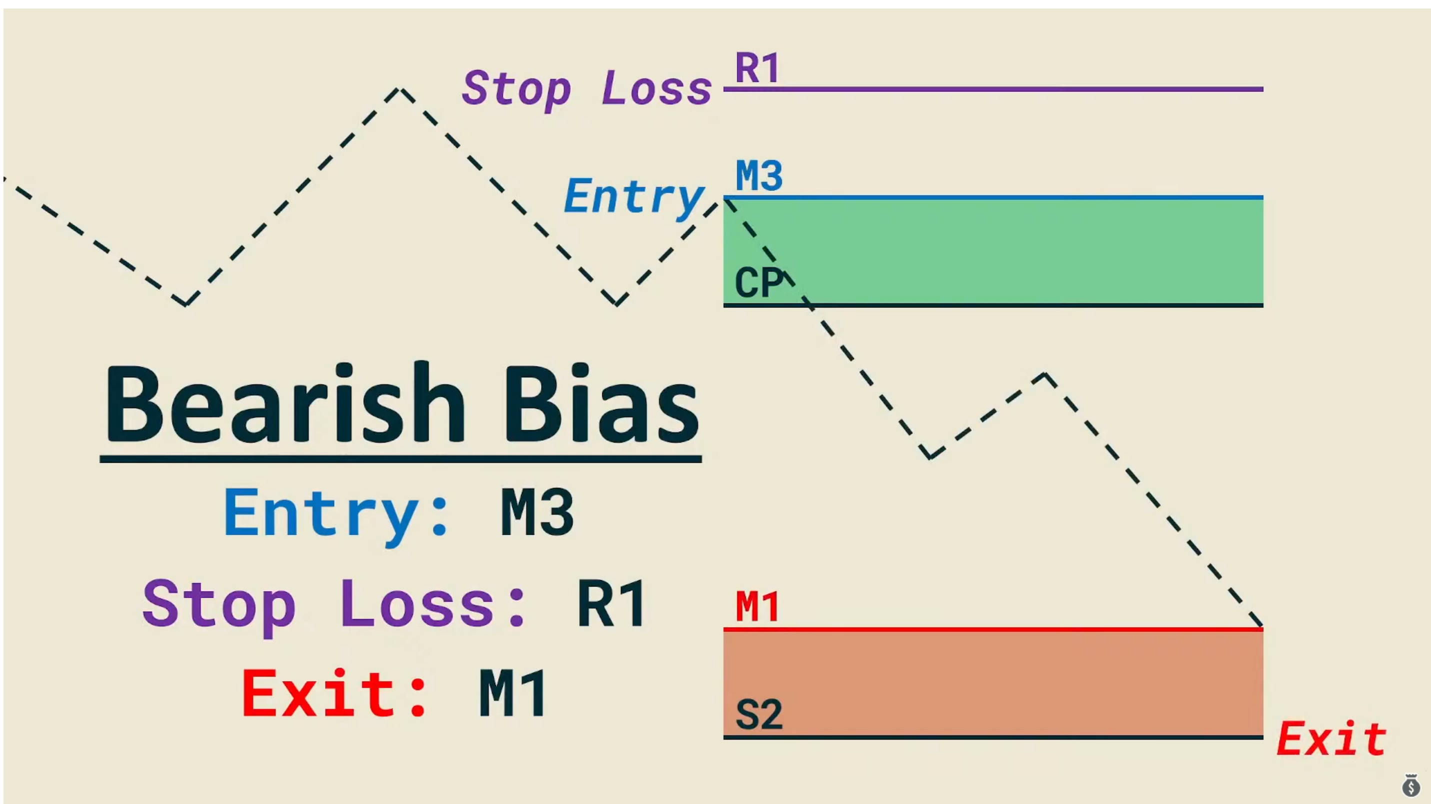
There are two ways to enter the **bull** market:

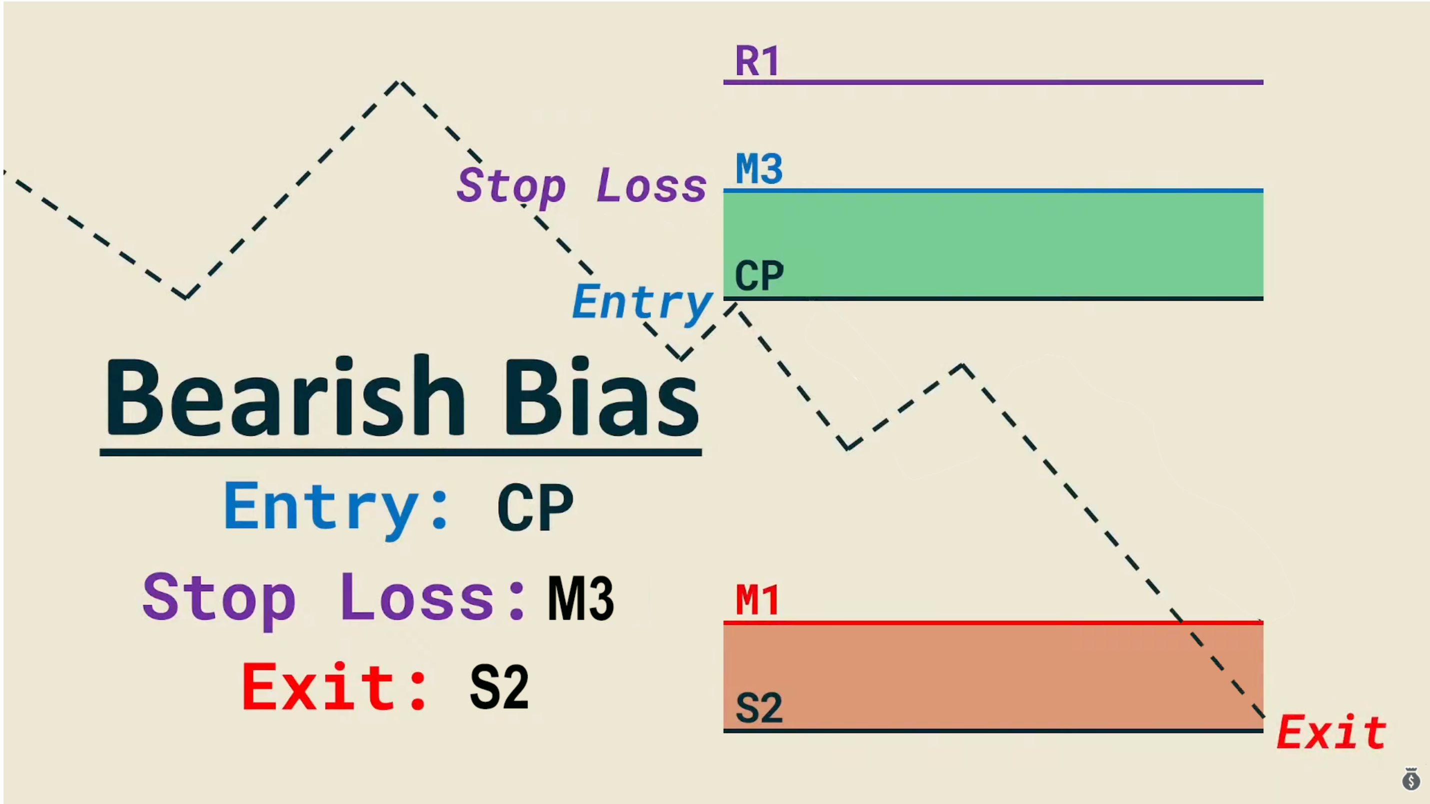






Then, there are 2 ways to enter the **bear** market:




R1
M3
Stop Loss
CP
Entry
Bearish Bias
Entry: CP
Stop Loss: M3
Exit: S2
M1
S2
Exit