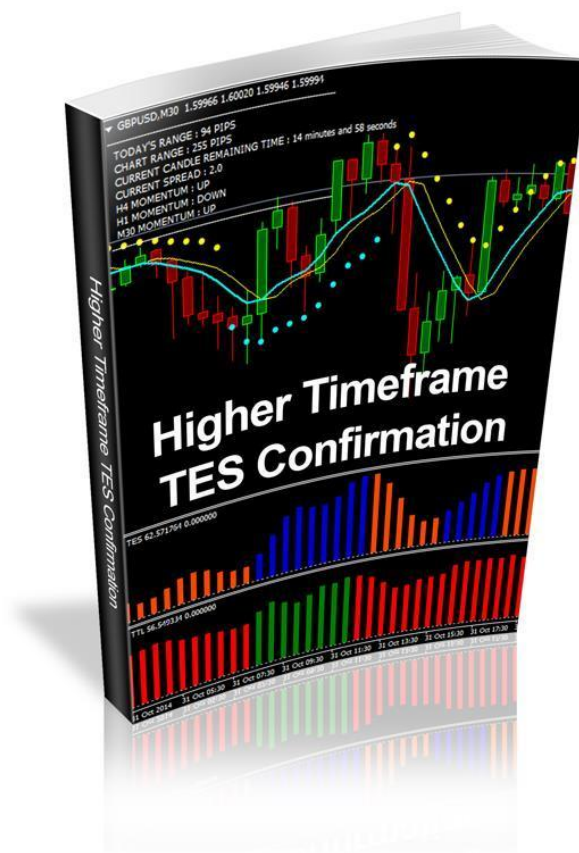


NEW SCIENCE OF FOREX TRADING

Presents

Higher Timeframe TES Confirmation



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Using The Next Higher Timeframe TES Indicator Confirmation For More Reliable Signals

Over the course of the next few weeks I will be sharing some of my top tips and tricks to take your trading with the New Science of Forex Trading system to a whole new level.

I would like to start by showing you a technique to acquire additional confirmation for your entries, thereby reducing the risk and improving the probability for success.

To accomplish this, we will use the Trend Entry Signaler (TES) indicator.

At the moment, when trading with the default NSOFT system rules, we are using the TES indicator to confirm our entries on the current trading timeframe.

Then as per Conservative entry types rules, we are confirming our trend direction on the higher timeframe using the Directional Edge Dot (DED) and the True Trend Locator (TTL) indicators.

However, in my own testing I have found one more use for the TES indicator as an additional confirmation tool. This technique can be used to confirm our entries and when applied to the NSOFT system, it will improve our chances for success significantly. In order to get this additional confirmation, we will refer to the TES indicator readings on the next higher timeframe.

This can be extremely helpful especially when trading on lower timeframes, like the M5, M15 and M30 timeframes, or where our higher timeframe is not the next higher one, but we have a gap of one timeframe in between.

Of course, it could be used on higher timeframes like the H1, H4 and D1 timeframes as well, especially when trading the NSOFT system using the Aggressive type of entries.

Before I show you how this works, let's first identify the higher timeframes we will be referring to when applying this technique.

The table below shows the trading timeframes on the left hand side of the list, along with the related next higher timeframes shown on the right hand side for clarity.

As you can see on the list below, the next higher timeframe literally refers to the next available higher timeframe on the MetaTrader 4 trading platform.

Trading Timeframe – Next Higher Timeframe

M1 – M5

M5 – M15

M15 – M30

M30 – H1

H1 – H4

H4 – D1

D1 – W1

W1 – MN

Remember that the TES indicator displays histogram bars in a separate window pane on our charts. When using the default NSOFT colors, these bars will appear Blue in color when the market is Bullish and OrangeRed in color when the market is Bearish.

Confirming the signal on the higher timeframe simply requires us to change to the appropriate higher timeframe and check that the TES indicator bar at that moment in time is colored either Blue for a Buy trade, or OrangeRed for a Sell trade. Let's take a look at a few example trades that use Next Higher Timeframe TES Confirmation.

Buy Trade Example

In this section we will take a closer look at a Buy trade example. Before we look at the advantages of using the next higher timeframe TES indicator for additional confirmation, we'll take a quick look at a traditional Buy trade entry so that you can compare the difference. On the chart images that follow you will find the trading timeframe shown on the left hand side of the chart and the higher timeframe is shown on the right hand side of the chart.

Buy trade without next higher timeframe TES indicator confirmation

For traditional buy or long entries, we do not require that the TES indicator is colored Blue at the time of our entry on the next higher timeframe. This means we can be taken into a trade quicker and be prone to whipsaw.

On the following image, you can see a traditional buy trade example that occurred on the GBPAUD currency pair on the M5 (5 minute) timeframe.

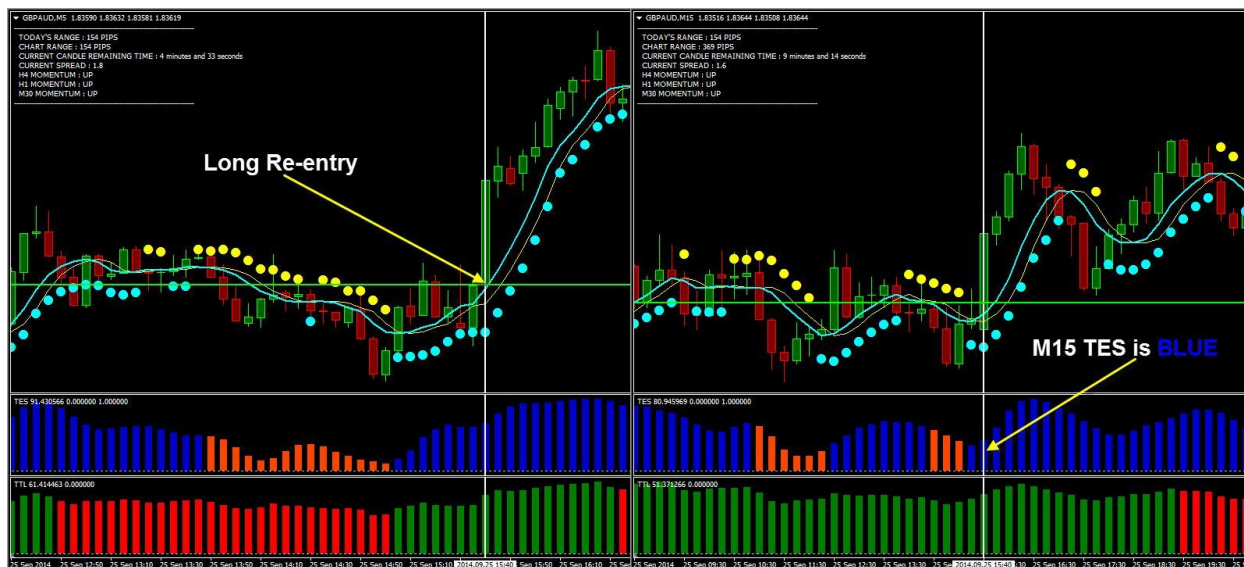


On the right hand side of the image (next higher timeframe), the TES indicator was not in agreement and did not provide any additional confirmation for a Buy trade. In this case, the trade would still have worked in our favor.

Buy trade using the next higher timeframe TES indicator confirmation

For buy or long entries, we want to see that the TES indicator is colored Blue at the time of our entry signal on the next higher timeframe. This shows that there is a short term uptrend taking place at that moment.

On the following image, you can see a buy trade example that occurred on the GBPAUD currency pair on the M5 (5 minute) timeframe.



At 15:40 on 25th of September 2014, a nice long re-entry trade signal occurred when price dropped below the 2 MAs, and then went on to close above the 2 MAs while all other indicators were in line (white vertical line).

As the signal candle closed on the M5 timeframe (at the cross of the white and green lines), I switched to the next higher timeframe, as you can see on the right hand side of the image, where I checked the TES indicator for additional confirmation. In this case that would be the M15 timeframe. At this time, the TES indicator on the M15 timeframe was colored Blue, confirming the Buy re-entry signal on the M5 chart.

As you can see on the image, the Buy re-entry trade ended in profit thanks to the confirmation provided by the TES indicator on the M15 timeframe.

Sell Trade Example

Now let's take a closer look at a Sell trade example. Once more, before we look at the advantages of using the next higher timeframe TES indicator for additional confirmation, we'll take a quick look at a traditional Sell trade entry so that you can compare the difference. On the chart images that follow you will find the trading timeframe shown on the left hand side of the chart and the higher timeframe is shown on the right hand side of the chart.

Sell trade without next higher timeframe TES indicator confirmation

For traditional sell or short entries, we do not require that the TES indicator is colored OrangeRed at the time of our entry on the next higher timeframe. Again, this means that we will usually be taken into a trade much quicker and be prone to whipsaw. On the following image, you can see a traditional sell trade example that occurred on the EURJPY currency pair on the M5 (5 minute) timeframe.

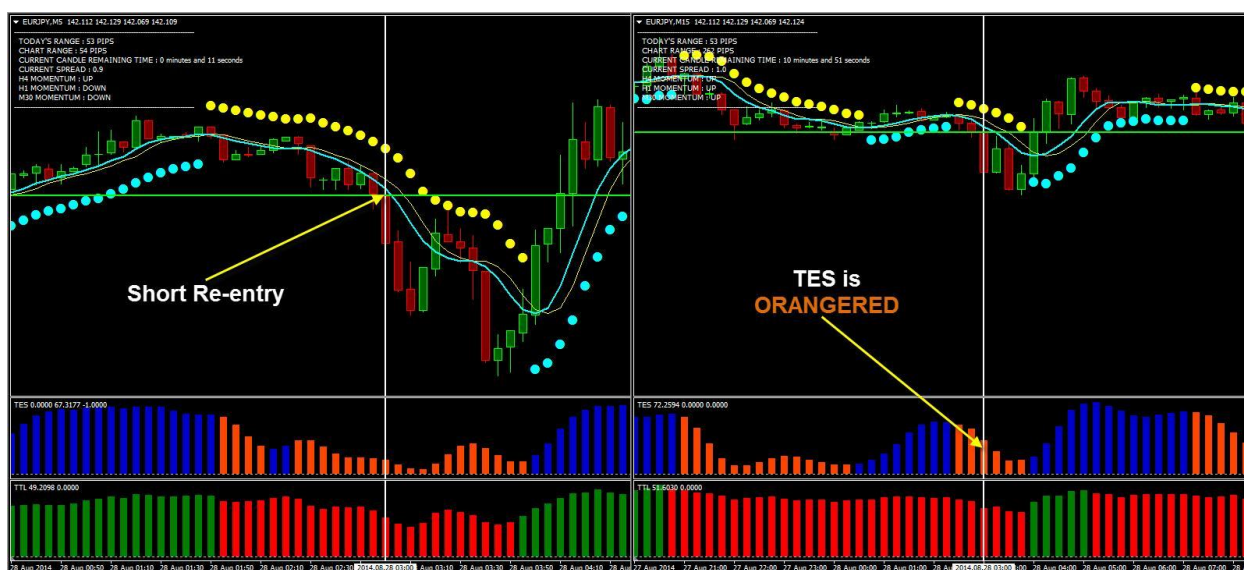


On the right side of the image, you can see that the TES indicator was not in agreement on the next higher timeframe and as a result, did not provide any additional confirmation for a Sell trade. In this case however, the trade would still have worked out in our favor.

Sell trade using the next higher timeframe TES indicator confirmation

For Sell or short entries, we want to see that the TES indicator is colored OrangeRed at the time of our entry signal on the next higher timeframe. This shows that there is a short term downtrend taking place at that moment.

On the following image, you can see a Sell trade example that occurred on the EURJPY currency pair on the M5 (5 minute) timeframe.



On the 28th of September at 03:00, a short entry signal occurred when a second OrangeRed bar on the TES indicator popped up while all other indicators were in agreement (shown by the white vertical line).

As the signal candle closed on the M5 timeframe, I switched to the next higher timeframe, the M15, to check for the TES indicator confirmation.

At this time, the M15 TES indicator was colored OrangeRed confirming the Sell entry signal on the M5 time and as you can see on the image above, this sell trade would have resulted in a profit once again.

As you can see, using the next higher timeframe TES indicator for additional confirmation can provide you with reliable buy and sell entries at lower risk.

Conclusion

As you can see, this is a simple technique that can have a dramatic effect on your results when trading with the New Science of Forex Trading system.

Applying this technique when trading the system should only take a few seconds as you flip to the next higher timeframe and check the color of the current TES indicator bar. If it matches the color of the TES indicator on your trading timeframe, you have additional confirmation and you could then proceed to enter the trade.

Bear in mind that by applying this technique you will find that the number of valid trade signals you receive will be reduced. However, the quality of the valid trade signal you receive will be much greater and this will result in a much higher win to loss ratio.

In short, by confirming your trade signals using the next higher timeframe TES indicator, you will inevitably have fewer trade signals but more winning trade signals.

Don't forget that this report is accompanied by a full webinar that will delve deeper into showing you how this technique works and how you can apply it on your own.

Please be sure to download your copy from the member's area and also keep a look out for the next bonus featuring another of my top tips and tricks for trading profitably with the New Science of Forex Trading system.

Now, all that is left is for you to get back to your platform and try this out for yourself to achieve more successful trades and more profits.

All the best

Toshko Raychev