

CHARTS247 SMARTTRADER - COMPLETE USER GUIDE

INTRODUCTION

Welcome to the **Charts247 SmartTrader**, a powerful price-behaviour trading system built on 17 years of real market experience. This system is designed to help you identify high-probability trading opportunities by reading pure price behavior without relying on complex theories or lagging indicators.

What makes this system different:

- Based on actual price behavior patterns, not theoretical concepts
- Identifies key momentum shifts and structural points
- Provides clear entry and exit signals
- Works on all timeframes and instruments
- Simple to understand, powerful to use

This guide will teach you how to read the market like a professional trader using the SmartTrader indicator.

PART 1: UNDERSTANDING MARKET STATE - RH & PL

What are Rally High (RH) and Pullback Low (PL)?

Rally High (RH) and **Pullback Low (PL)** are the foundations of reading market momentum. They tell you the current STATE of the market.

Rally High (RH) - Red Dotted Line

- **Formation:** Created when price makes an upward momentum move and then FAILS to continue higher

- **What it means:** The market has shifted to a BULLISH state
- **Think:** "Bulls are in control, look for buying opportunities."
- **Visual:** Red horizontal dotted line at the high

Pullback Low (PL) - Green Dotted Line

- **Formation:** Created when price makes a downward momentum move and then FAILS to continue lower
- **What it means:** The market has shifted to a BEARISH state
- **Think:** "Bears are in control, look for selling opportunities."
- **Visual:** Green horizontal dotted line at the low

Important Note: RH and PL don't guarantee an immediate trend change. They simply tell you that market momentum has shifted and you should pay attention to new opportunities in that direction.

PART 2: SWING LABELS - HH, LL, LH, HL

What are Swing Labels?

The indicator displays four types of labels that mark important momentum points:

- **HH** (Higher High) - Blue label
- **LL** (Lower Low) - Red label
- **LH** (Lower High) - Red label
- **HL** (Higher Low) - Blue label

These labels are derived from momentum analysis and mark where price creates significant swing points.

Why are they important?

These swing labels help you identify **STRUCTURAL POINTS** — the most critical decision-making levels in price behavior.

Understanding Structures

Bullish Structure (Lower HH):

- When you see a HH label that forms LOWER than a previous high
- This creates a price discount zone
- Ideal for looking for selling opportunities after a PL forms

Bearish Structure (Higher LL):

- When you see a LL label that forms HIGHER than a previous low
- This creates a price discount zone
- Ideal for looking for buying opportunities after a RH forms

Trading Concept: Think of structures as "discount zones" where smart money accumulates positions:

- After a PL (bearish momentum low), look for a Lower HH structure to sell at a discount
 - After a RH (bullish momentum high), look for a Higher LL structure to buy at a discount
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PART 3: WAVE STRUCTURE COUNTING - X MARKERS

What are the X Markers?

You'll see **GREEN X** markers (for buys) and **RED X** markers (for sells) appearing on your chart. These are part of the wave structure counting system.

Wave Count Progression: → 1 → 2 → 3 → 4 → 5

- **X1:** First extension (trend beginning)
- **X2:** Second extension (trend developing)
- **X3:** Third extension (trend maturing)
- **X4:** Fourth extension (trend extended)
- **X5:** Fifth extension (trend overextended). This may continue depending on the trend's strength.

Why is Wave Counting Important?

Risk Management: Knowing where you are in the wave structure is critical:

- **X1-X2:** Lower risk, trend is fresh
- **X3:** Medium risk, trend is established
- **X4-X5:** Higher risk, trend is extended and may reverse soon

Trading Principle: The best trades occur at X1 and X2. By X4 and X5, you're buying/selling into an over-extended move — much riskier.

Stop Loss Levels (X Markers)

Each X marker also serves as your stop loss level:

- For BUY trades: Stop loss below the GREEN X
- For SELL trades: Stop loss above the RED X

The X markers are placed at structural points that, if broken, invalidate your trade idea.

PART 4: INVALIDATION LINES - 2X RAY

What are 2X Invalidation Lines?

You'll see **red horizontal rays** (for bullish trends) and **green horizontal rays** (for bearish trends) on your chart. These are your invalidation levels.

2X Red Ray (Bullish Invalidation):

- If the price is in an uptrend and breaks below this red ray, the uptrend is weakening
- Breaking it once: Warning sign
- Breaking it twice: The trend is likely reversing

2X Green Ray (Bearish Invalidation):

- If the price is in a downtrend and breaks above this green ray, the downtrend is weakening
- Breaking it once: Warning sign

- Breaking it twice: The trend is likely reversing

Trading Rule: In a strong trend, price should NOT trade past these 2X rays. If it does, be cautious — the trend may be ending.

PART 5: WAVE ZIGZAG LINE

What is the ZigZag?

The **blue zigzag line** connects significant swing points (the HH, LL, LH, HL labels) and helps you visualize the wave structure progression.

Purpose: Know where you are!

- Visual guide to see wave count progression (0→1→2→3→4→5)
- Helps identify trend direction at a glance
- Shows you where structures are forming

How to Use:

- Count the legs of the zigzag to see which wave you're in
 - Use it with the X markers to confirm wave count
 - Understand that each zigzag leg represents a wave structure
 - To demonstrate how to count the wavestructure, I will do a video.
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PART 6: ENTRY SIGNALS - ARROWS

Buy and Sell Arrows

The system generates **BUY arrows** (cyan/aqua) and **SELL arrows** (orange) when specific conditions are met.

When Arrows Appear: Arrows are generated when price breaks through key swing points (the HH, LL, LH, HL levels), confirming a momentum shift.

Arrow Types:

CONTINUATION ARROWS (+CONT):

- **Buy +CONT (Cyan):** Price breaks above a swing high in a bullish state (RH)
- **Sell -CONT (Orange):** Price breaks below a swing low in a bearish state (PL)
- These follow the current market state direction

REVERSAL ARROWS (+REV / -REV):

- **Buy +REV:** Price breaks structure in opposition to the current bearish state
 - **Sell -REV:** Price breaks structure in opposition to the current bullish state
 - These signal potential trend reversals
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PART 7: TRADING MODES

Primary Mode (Recommended for Beginners)

Rule: Trade ONLY in the direction of the latest RH or PL signal.

If the last signal is RH (Bullish State):

- Only take BUY continuation signals (+CONT)
- Wait for structures to form (Higher LL)
- Enter on X1 or X2 if possible
- Avoid trades at X4 or X5

If the last signal is PL (Bearish State):

- Only take SELL continuation signals (-CONT)
- Wait for structures to form (Lower HH)
- Enter on X1 or X2 if possible
- Avoid trades at X4 or X5

Reversal Trading (Advanced): When an OPPOSITE signal forms (PL after RH, or RH after PL), this can generate reversal trades. Only take these if you have experience reading market context.

Secondary Mode (For Experienced Traders)

Rule: Trade signals regardless of the current market state.

This mode allows you to:

- Take both continuation AND reversal signals
 - Trade counter-trend moves (higher risk)
 - Requires better timing and risk management
 - Not recommended for beginners
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PART 8: THE SMART PANEL

What is the Smart Panel?

The **Smart Panel** is your dashboard that displays the current market state and key information at a glance.

Panel Information:

Market State:

- **BULL:** Last signal was Rally High (RH) - look for buys
- **BEAR:** Last signal was Pullback Low (PL) - look for sells
- **NEUT:** Neutral state, no clear momentum direction

Entry Signals:

- **+CONT:** Buy continuation opportunity available
- **-CONT:** Sell continuation opportunity available
- **+REV:** Buy reversal opportunity
- **-REV:** Sell reversal opportunity

Wave Count:

- Shows current X count (X1, X2, X3, X4, X5)
- Helps assess trade risk level

Price vs 2X Ray:

- Shows if the price is above or below the 2X invalidation ray
 - Helps gauge trend strength
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PART 9: PRACTICAL TRADING WORKFLOW

Step-by-Step Trading Process

Step 1: Identify Market State

Look at the Smart Panel:

- Is it BULL (last RH) or BEAR (last PL)?
- This tells you which direction to focus on

Step 2: Wait for Structure

- In BULL state: Wait for a Higher LL structure to form (discount zone)
- In BEAR state: Wait for a Lower HH structure to form (discount zone)

Step 3: Check Wave Count

- Count the X markers
- Ideal entries: X1 or X2 (fresh trend)
- Caution: X3 (maturing trend)
- Avoid: X4 or X5 (over-extended)

Step 4: Wait for Entry Signal

- Arrow appears (+CONT or -CONT in Primary Mode)
- Confirms momentum shift in your direction
- Price breaks through the structure level

Step 5: Enter Trade

Entry: When the arrow appears, and the candle closes. **Stop Loss:** Below GREEN X (buys) or above RED X (sells).

Take Profit:

- First target: Next structural level
- Trail stop as new X markers form
- Exit before reaching X4 or X5

Step 6: Monitor Invalidation

- Watch the 2X ray
 - If broken once: Warning sign, tighten the stop
 - If broken twice: Consider exiting or taking profit
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PART 10: KEY TRADING RULES

✓ DO's

1. **DO trade with the current state** (RH = buys, PL = sells in Primary Mode)
2. **DO wait for structures** (Lower HH for sell, Higher LL for buys)
3. **DO enter early in the wave** (X1 or X2 preferred)
4. **DO use X markers as stop loss** levels
5. **DO watch the 2X ray** for trend strength
6. **DO take profit** before X4 or X5
7. **DO practice** on the demo before live trading

✗ DON'Ts

1. **DON'T trade against the current state** (unless experienced with reversals)
 2. **DON'T enter without structure** formation
 3. **DON'T enter at X4 or X5** (over-extended waves), only for advanced traders
 4. **DON'T ignore the 2X ray** breaking twice
 5. **DON'T move your stop loss** against you
 6. **DON'T overtrade** — wait for quality setups
 7. **DON'T risk more than 1-2%** per trade
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PART 11: VISUAL GUIDE - WHAT TO LOOK FOR

Bullish Setup Example

- . RH forms (red dotted line) → State: BULL ✓
- . Price pulls back, creating a lower HH structure (discount zone)
- . THE GREEN X1 marker appears
- . BUY arrow +CONT appears
- . Enter LONG
- . Stop loss below GREEN X1
- 9. Target the next structural high or trail with new X markers

Bearish Setup Example

- . PL forms (green dotted line) → State: BEAR ✓
 - . Price rallies create a lower HH structure (discount zone)
 - . RED X1 marker appears
 - . SELL arrow -CONT appears
 - . Enter SHORT
 - . Stop loss above RED X1
 - . Target the next structural low or trail with new X markers
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PART 12: COMMON MISTAKES TO AVOID

Mistake #1: Chasing Extended Waves

Problem: Entering at X4 or X5. **Solution:** Wait for the next RH/PL signal and fresh X1

Mistake #2: Ignoring Market State

Problem: Taking sell signals when the state is BULL **Solution:** Stick to Primary Mode until experienced

Mistake #3: No Structure Confirmation

Problem: Entering immediately after RH/PL without waiting for structure. **Solution:** Wait for Lower HH (bull) or Higher LL (bear) to form

Mistake #4: Moving Stops

Problem: Moving the stop loss further away when the trade goes against you. **Solution:** X marker is your line in the sand — respect it

Mistake #5: Ignoring 2X Ray

Problem: Staying in trade after 2X broken twice. **Solution:** Exit or tighten the stop when invalidation occurs

PART 13: INDICATOR SETTINGS

Essential Settings

Timeframe Settings:

- Works on all timeframes (M5, M15, H1, H4, D1, etc.)
- Higher timeframes = stronger signals but fewer trades
- Lower timeframes = more signals but more noise

Visual Settings:

- Adjust colors to your preference
- Toggle features on/off as needed
- Customize panel position

Alert Settings:

- Enable alerts for arrows (buy/sell signals)
- Enable alerts for RH/PL formations

- Sound/popup/email notifications available
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PART 14: FREQUENTLY ASKED QUESTIONS

Q: Can I use this on any instrument?

A: Yes — Forex, stocks, indices, commodities, crypto all work.

Q: What timeframe is best?

A: Any timeframe, choose the one that suits you best and stick to it.

Q: How many trades per week?

A: Depends on the timeframe and pairs watched. H4: 2-5 quality setups per week per pair.

Q: Do I need other indicators?

A: No — SmartTrader is a complete system. Some traders add support/resistance for confluence.

Q: What win rate should I expect?

A: 60-70% with proper risk management. Focus on risk/reward ratio (aim for 1:2 or better).

Q: Can I trade reversals as a beginner?

A: Not recommended. Master Primary Mode (continuation) first.

Q: What if two arrows appear close together?

A: Take the first one if the structure is proper. Skip if wave count is extended (X4/X5).

Q: How do I know when to exit?

A: Use X markers to trail stop. Exit before X4/X5. Take profit at the next structural level.

PART 16: FINAL WORDS

The **Charts247 SmartTrader** is not a "holy grail" system, it's a professional tool that requires:

- **Discipline** to follow the rules
- **Patience** to wait for quality setups
- **Practice** to develop your market reading skills
- **Persistence** through the learning curve

Success Formula:

Quality Setup + Proper Entry + Good Risk Management = Consistent Profits

This system works because it's based on pure price behavior — how markets actually move, not how we wish they would move.

Master the basics:

1. Read the market state (RH/PL)
2. Wait for structure (discount zones)
3. Enter early in waves (X1/X2)
4. Respect your stops (X markers)
5. Take profit wisely; any profit is a good profit. Linda Rasche said 90% of your trades will be as if you're playing tennis. 10% will be huge wins. This is purely a price behaviour system. If you stay disciplined and consistent, the huge wins will be there for you to catch as long as you follow the rules.

Remember: Trading is a marathon, not a sprint. Focus on making good decisions, not on making money. The profits will follow.

Charts247 SmartTrader - Trading Pure Price Behavior Since 2008 Developed with 17 years of real market experience