



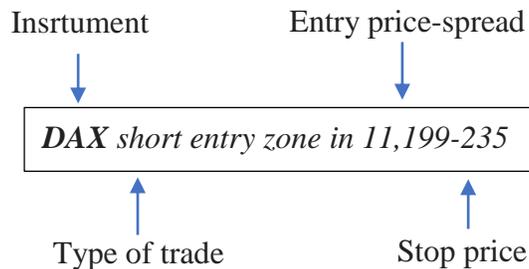
- Analysis channel

In this channel only members of the Tesseract team are allowed to post. In this channel analysis is provided for various instruments containing the bias, the daily range, the long and short entry zones for the current day and a table containing model targets, key levels, volatility levels (for US indices only), trend change level and model indicator at daily and weekly timeframes (TF). The DAX and SPX Paths are also posted in this channel as well as model targets table.

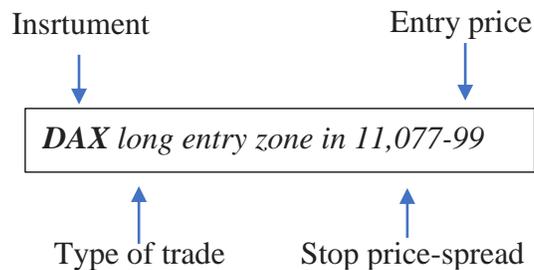


- Entryzones channel

In this channel only Dr John Papadakis is allowed to post. Each day Dr Papadakis gives entry zones for DAX, SPX/ES, Nasdaq and Crude Oil. An entry zone consists of two numbers. One of them is the entry price and the other one is the stop. Let's see an example:



In this entry zone the trader gets in advance a price to short DAX. The price is 11,199 minus the spread. For this trade he needs to place his stop at 11,235 (Ask price). All the prices that are given are FXCM Ask prices. So the trader needs to have an FXCM account or know the difference between the price of his broker and FXCM. In this example the zone is 37 points wide (11,235-11,199+spread(1)=37). So for this trade the trader could take 50% of his position off at 37 points profit i.e. at 11,162 (11,199-37=11,162). After that he can decide where to take another 25% or the rest of his position off based on the DAX Path of that day or a long entry zone that will have been given in advance. This entry zone was an actual entry zone and brought DAX down to the long entry zone we had:



This means down to 11,099 producing 100 points of profit for the 50% of the position that wasn't taken off at 11,162.

At 11,099 the trader could choose to buy with 11,077 stop minus the spread he has at his broker. This zone was 23 points wide (11,099-11,077+spread(1)=23). So at 11,122 (11,099+23=11,122) the trader could have cut 50% of his position and keep the remaining 50% for 11,199 which was indeed hit and produced another 100 points on Friday for the 50% runner.

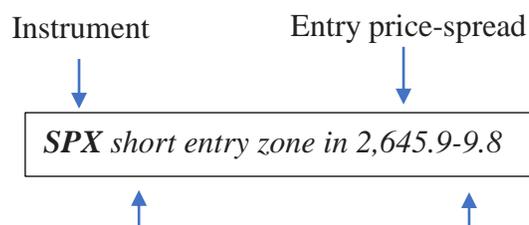
There is another important thing with these entry zones, the risk. It must always be the same and therefore the position size must be adjusted accordingly. The ideal is 0.4% per trade but this depends on each trader's preference. So for a €10,000 account the position size that gives 0.4% risk for the short entry zone above of 37 points, is calculated according to the formula:

$$\frac{(Zone\ width) \cdot x}{Capital} \cdot 100 = Risk \rightarrow x = \frac{Risk \cdot Capital}{100 \cdot (Zone\ width)}$$

equal to €1.1/point. This means that the trader made €20.3 (1.1x37/2) for the first 50% of his position and another €55 (1.1x100/2) for the other 50% and therefore €75.3 or 0.75% gain on this trade. On the other hand, for the long entry zone 11,077-99 the position size should have been adjusted to a 23 points width and therefore for 0.4% risk it would have been equal to €1.7/point. So for the first 50% of the position the gain would have been €20 and €90.9 for the rest of the position. Total would have been €110.9 or 1.11% gain.

As it can easily be understood, the smaller the width of the entry zone the better the reward, even for small moves. In general entry zones are small (however this depends on the volatility and we can see big zones when volatility increases), around 15-40 points for DAX and 3-5 points for SPX for example. Of course there are entry zones not only for DAX and SPX but for a variety of instruments like Dow, Nasdaq, Gold, EURUSD, GBPUSD, USDTRY, BTCUSD (Bitcoin), NG (Natural Gas) etc.

Here's a short entry zone we had for SPX that worked twice, during European and one US session, producing more than 15 points each time:



The width of the zone was only 3.9+spread points in this case and the total trade for 15 points following the aforementioned scheme would have produced a gain of €87,18 for a €10,000 account or 0.87% gain.

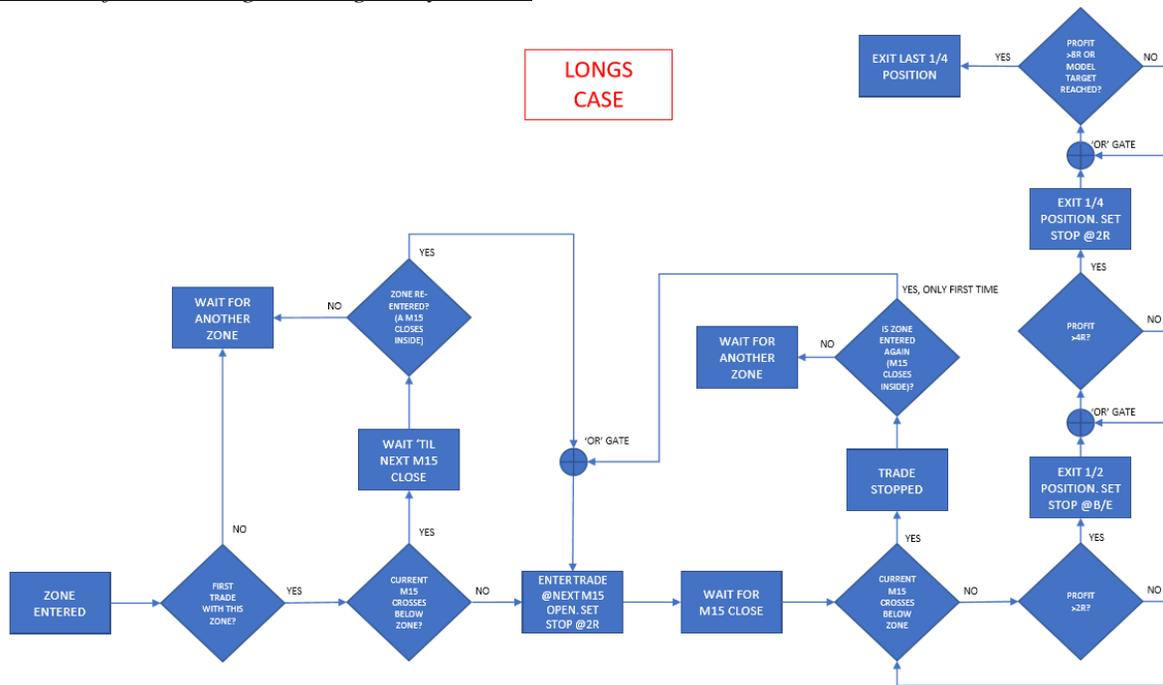
Notice:

1. When an entry zone is spiked the trader needs to wait for the M15 close. If it closes inside or above (below) the long (short) entry zone then the trader should take the trade at the next touch of the zone (if the M15 closes in the entry zone then the open of the next M15 is an immediate trade). Otherwise no further action is taken.
2. Zones are taken at the first touch of the running M15 candlestick. If price comes again immediately in the current entry zone at the current (0) M15 candlestick then the trader needs to wait for the next (1) M15 candlestick close before taking further action according to 1.
3. Watching the 1 minute chart and taking a trade in a zone as soon as the 1 minute bar turns green/red (long/short entry zone) helps avoiding spiked entry zones.
4. Session opens can spike the zones because of increased volatility. The trader must wait for the first M15 close if price is too close to an entry zone.

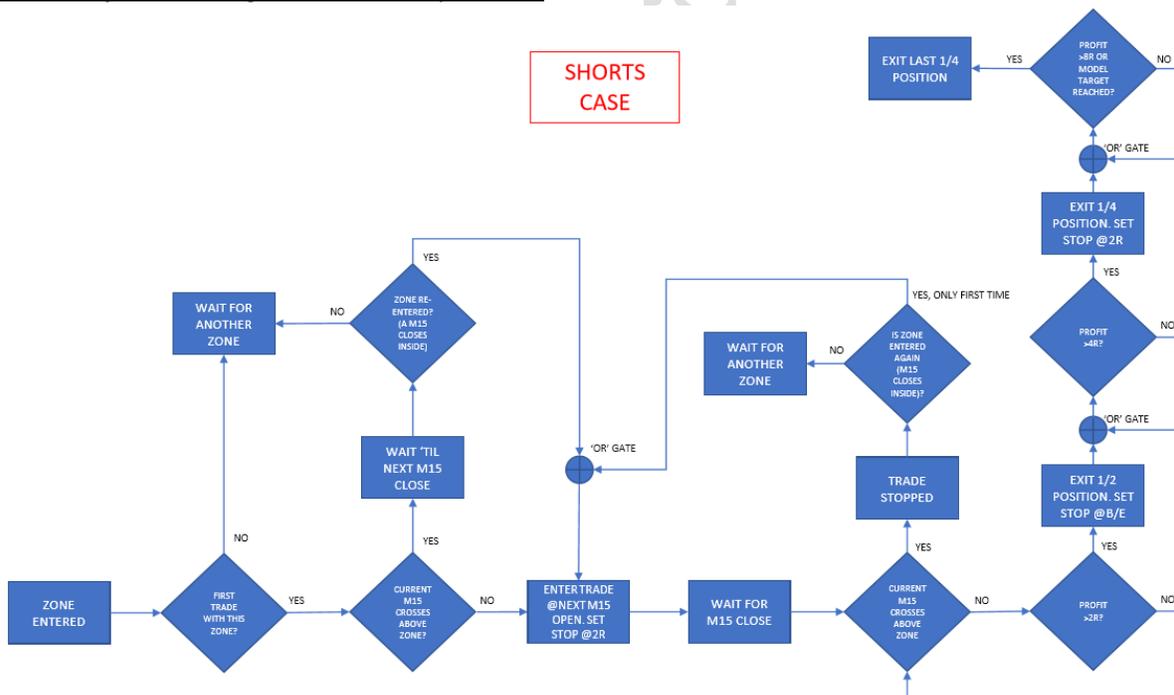
Here is 2,474.10-83.8 zone at the bottom of Dec 28 range for SPX that provided multiple operation opportunities, 6 in total with one of them failed because the zone was spiked. The strategy when an instrument spikes an entry zone is demonstrated.



*Flow chart for entering the long entry zones**

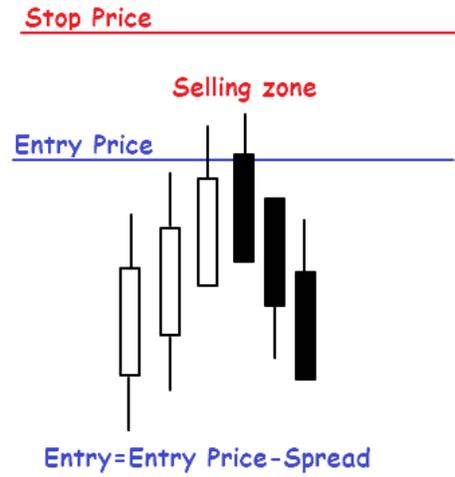
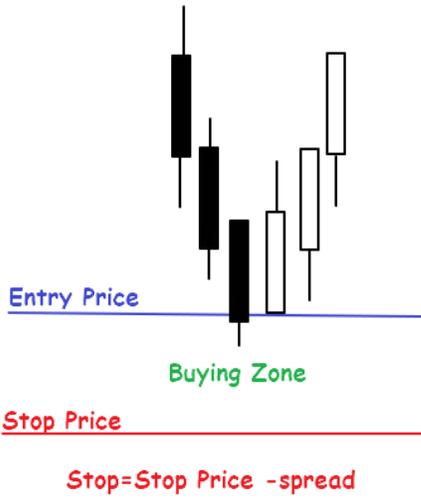


*Flow chart for entering the short entry zones**



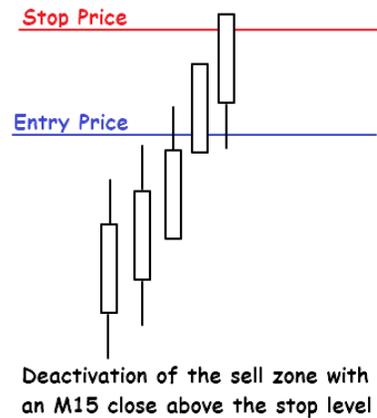
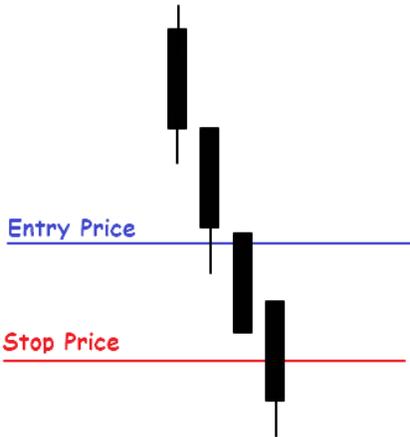
**Flow charts are a kind offer of Eduardo de la Casas, Electrical Engineer with Enel*

Trade Initiation Patterns

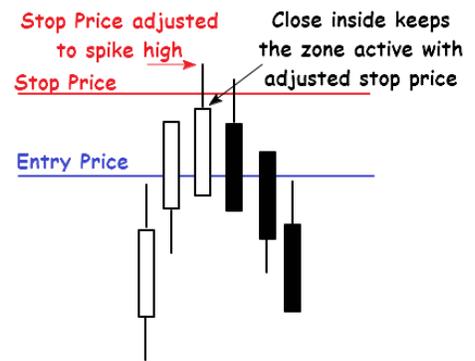
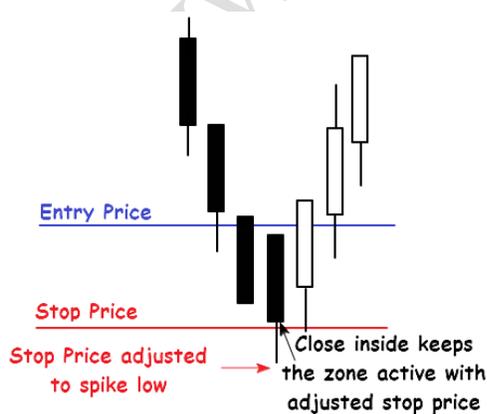


Entry Zone Deactivation

Deactivation of the buy zone with an M15 close below the stop level



Spiked but not deactivated zones



Range of an instrument:

Each instrument is contained in a specific range for a specific period of time. With respect to this range there are two types of entry zones:

1. **Type A** : These are entry zones at the edges of the range and they can be used for swing trades targeting the other edge of the range
2. **Type B**: These are entry zones inside the range and they can be used mainly for scalping



Rules for the entry zones:

- ✓ Always take the trade in the entry zones, do not chase it. By chasing you are assuming risk bigger than necessary
- ✓ If possible watch the market, take the trade as close to the lower limit as possible and when 1 minute bar turns green/red (long/short entry zone) in the zone
- ✓ Do not take trades outside entry zones
- ✓ Move SL to break even (b/e) immediately after the trade moves in specific trade's direction, the size of the entry zone
- ✓ Don't worry if you miss an entry zone, more will come
- ✓ Calibrate your risk properly, do not take risk greater than 1% per trade. Position size needs to be adjusted according to SL in order to fit the predefined risk
- ✓ Always use the same risk. Don't use smaller or larger risk for trades that look or don't look good to you. The entry zones don't care about your personal likes or dislikes
- ✓ Do not fall in love with your positions, take half as soon as possible, move the other half to b/e
- ✓ When stopped at a trade, no matter if it is at b/e or at a loss, wait for at least the next M15 bar to open before acting again

Note on the 1 minute strategy:

Trader should monitor the price moving towards a long entry zone. At this point he watches the 1 min chart and when it hits the zone he waits for an one minute bar to start turning green. Ideally the 1 minute bar will have created a long wick down before starting turning green. When he sees

that, without waiting for the 1 minute bar to complete, at the point that it turns green he enters long with stop either at zone's stop or if zone is big below the low of the 1 minute bar if it has a long wick. The opposite process is done at a short entry zone.



- Entryzonesaction channel

In this channel the entry zones trading strategy is being implemented by Dr Papadakis. Traders can interact posting their trades from the entry zones or ask questions regarding the zones and the strategy. The members are not allowed to post their own trades unless they are from the entry zones posted. Trades in this channel are generally short term intraday trades. This channel should be used for general discussion. Use Chatroom instead! ***Offending or aggressive posts towards other members isn't allowed and may lead to the suspension of the membership!***



- Chatroom

General discussion and interaction among members is taking place in this channel. Posting trades different from the ones given in #trades or from the entry zones that are given in the #analysis and #entryzones channels isn't allowed. ***Offending or aggressive posts towards other members isn't allowed and may lead to the suspension of the membership!***



- Trading Psychology

So, you have a trading account and you know some technical analysis. Are you ready to dive into the trading world and be successful? The answer is NO. Why? Because you have to face the biggest challenge, yourself. Your psychology!

There are some crucial things that can affect the way you operate in the markets and lead you to mistakes that can bring you and your account to the ground.

I often see traders who are trying to soak up information from too many sources. This can be news, sentiment indicators, technical indicators, analogues or models. This information is being processed through their personal beliefs and backgrounds leading to a final trading evaluation. But is this only one? Or can it be many causing paralysis and inability of action? The more sources a trader uses the more difficult it becomes to extract conclusions.

Most of the traders will run away from a successful model the moment a trade is lost and start looking for other systems that got that specific trade right. They start using the other systems until they lose a trade. The process continues almost forever and the trader ends up watching all of the systems at the same time and wondering which is right and which is wrong.

Everybody is looking for big winners but in the wrong way. A big winner with small risk is good, but most big winners out there are the product of very big risks. Who thinks that by reading a book will become a scientist? Or who thinks that by skipping workouts at the gym and by eating whatever he likes will make him Mr Olympia? This can't be done. It takes time to become a scientist and it takes time to become Mr Olympia. Similarly it takes time for a trading account to grow. It takes many trades for a model to prove its validity. Statistics rules. There is no conclusion to be extracted from 1, 2 or 10 trades. A trader should stick to one and only one technique at a time and follow it for a considerable period of time. There will be losing trades because the market is a statistical system and it can only be provided with probabilities and not certainties. Therefore even with the highest probability the opposite outcome may materialize. The trader must know that the levels that are produced by the model are stable and they don't change. They are there and they will provide a reaction no matter if the market is rising or falling. If the levels depend on market direction then the trader will be under stress thinking that he needs to get market direction right.

The trader must feel comfortable when taking a trade. Only then he will be ready to accept the possible loss. That's why risk must be low, almost negligible. A trade with negligible risk but with big potential can almost be ignored. And this is what a trader wants.

As soon as the above elements have been established the trader should be ready to take every trade the model produces without thinking about it twice. Act almost like an algo. This will provide the statistics that his equity curve needs in order to rise considerably.



- Strategy

In trading strategy is important. There may be times when we will be trading both ways, long and short, in the same day. However most of the times we trade in one direction. This direction is defined in the bigger Time Frame (TF) by our fractal map, our DAX map (for) SPX and the Path's target. In the shorter TF **intraday bias** defines the preferable direction for the day and the **weekly bias** for the week.



- Number of ES contracts calculation

$$\frac{(\text{Zone width}) \cdot x}{\text{Capital}} 100 = \text{Risk} \rightarrow x = \frac{\text{Risk} \cdot \text{Capital}}{100 \cdot (\text{Zone width})}$$

$$\text{Number of ES mini contracts} = \frac{\text{Capital} \cdot \text{Risk}}{50 \cdot (\text{Zone width}) \cdot 100}$$

So for Capital=150,000 and Risk=1% you get

$$\text{Number of ES mini contracts} = \frac{30}{(\text{Zone width})}$$

For a Zone width=5

$$\text{Number of ES mini contracts} = 6$$