Bringing It All Together With Anchors
John F. Carter, TradeTheMarkets.com

1. Everything I've ever talked about can be amplified with the use of anchor charts.
2. This works best with the TTM Trend and also with the TTM Squeeze.
3. It's all about utilizing multiple time frames to stay on the path of least resistance.
4. This means a signal that tells you to pass on trade setups with a lower probability of working.
5. Let's take a look . . .

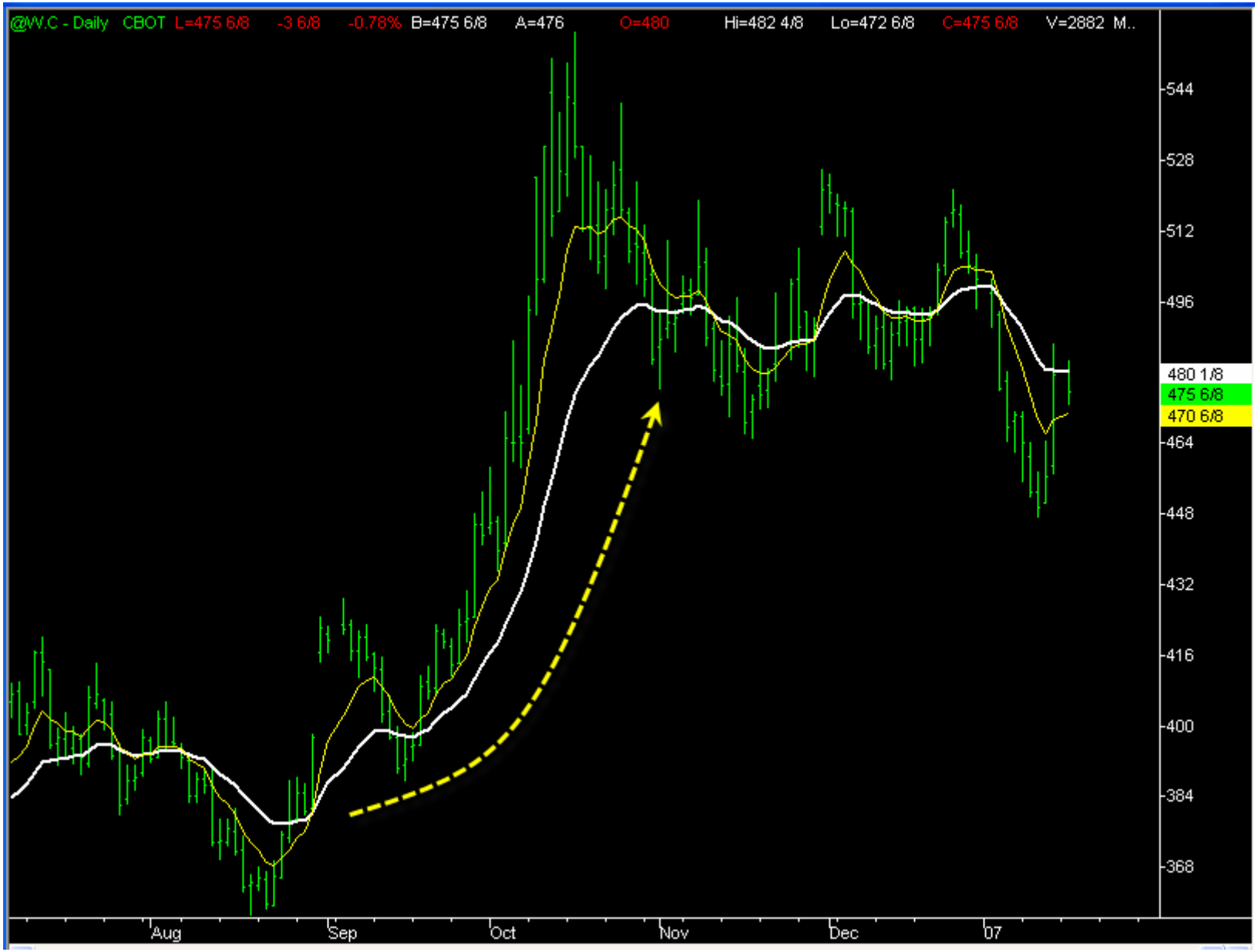
@EC - 144 Tick Bar CME L=1.4209 -0.0017 -0.12% B=1.4209 A=1.4210 O= ...
Take Short Signal
TTM Squeeze Anchor ("XMin/Daily/Weekly/Monthly","15min","","",... 0.000000
A TTM Value Chart HS (5,8,Red,4,green,-4,green,-8,cyan,830,60,... -3.85 -3.85 ...
Do Not Take Buy Signals!
1.4240
1.4220
1.4209
1.4200
1.4180
0.001400
0.000914
0.000600
0.000000
8.00
4.00
-3.85
11:44
11:56
12:07

TTM Trend – How It Works

Quick Recap on TTM Trend

- Superior to “Single Bar” analysis.
- Refers back to the prior 6 bars to collect extended data on order flow.
- Blue bars indicate sustained buying pressure, indicating that the average closing price of the prior 6 bars is in the upper 50% of the trading range. (Selling pressure = lower 50%)
- Red bars indicate sustained selling pressure.

8/21 EMA CROSS BASICS



Quick Recap on 8/21 EMA Cross

- Described in detail in my book as the "Propulsion Play."
- Great way to gain a solid entry into a downtrending or uptrending market.
- Enter on retracements to the 8 EMA.
- Get "just in front of it."
- 21 EMA Makes a good trailing stop.
- Works well with the squeeze play.

@GC.C - 512 Tick Bar COMEX L=937.60 -1.80 -0.19% B=937.50 A=937.70 C ...
Entry at Green Dot after Squeeze Fires
Stay in trade till Magenta dots hit (instead of on a loss of squeeze momentum)
TTM Squeeze (Close,1,"Futures=1 Stocks=2 FX=3",20,1.5,2,... 0.00 -0.19
942.00
940.00
938.66
937.60
934.00
932.00
930.00
928.00
926.00
924.00
4.00
2.00
0.00
-2.00
11:44 7/15
6:09
7:45
8:51
10:33
12:56 7/16
7:30

Recap on Propulsion Play Indicator

- Blue and Red Bars are NOT based on the TTM Trend.
- Blue Bars = 8/21 EMA are crossed higher.
- Red Bars = 8/21 EMA are crossed lower.
- GREEN DOT is first retracement to the 8 EMA after a cross and represents an ENTRY POINT.
- MAGENTA DOTS represent a trailing 21 EMA stop loss.

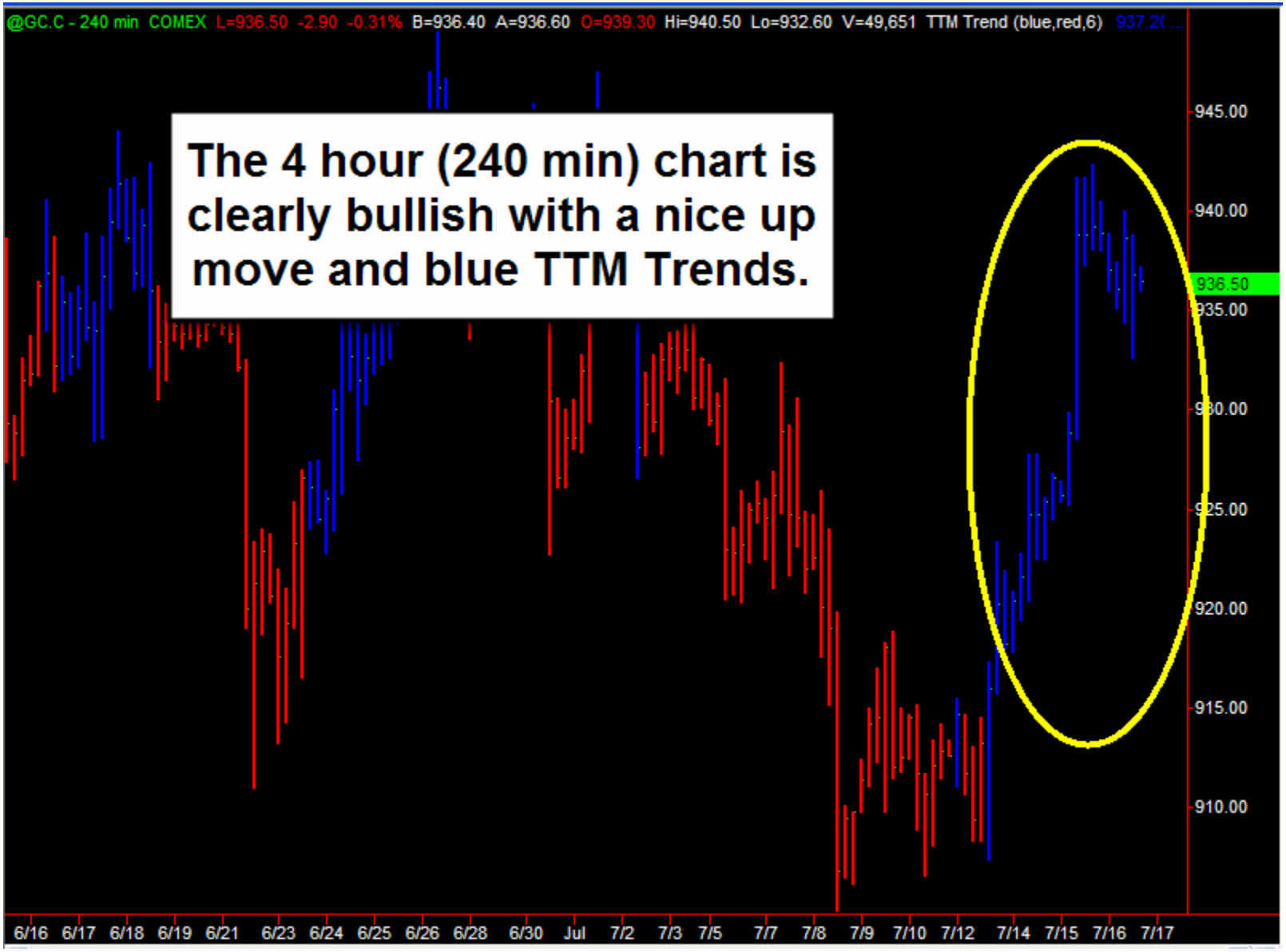
ANCHORS

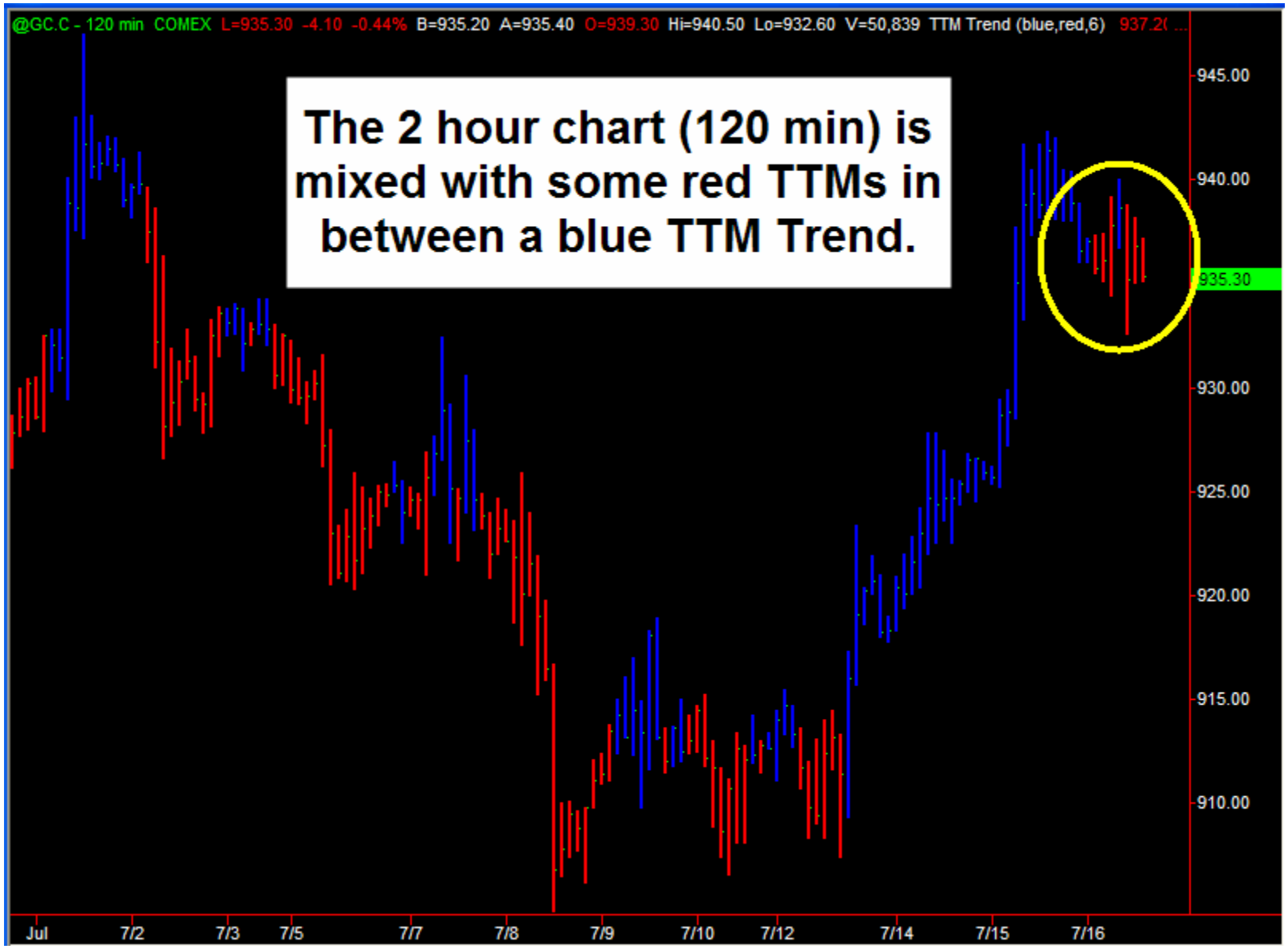
- Let's take a look at how to filter out the trades that have a less than 50% chance of working out in your favor.
- First, let's look at the key time frames I use, starting with position trades all the way down to scalping.
- NOTE THE TREND on each time frame!

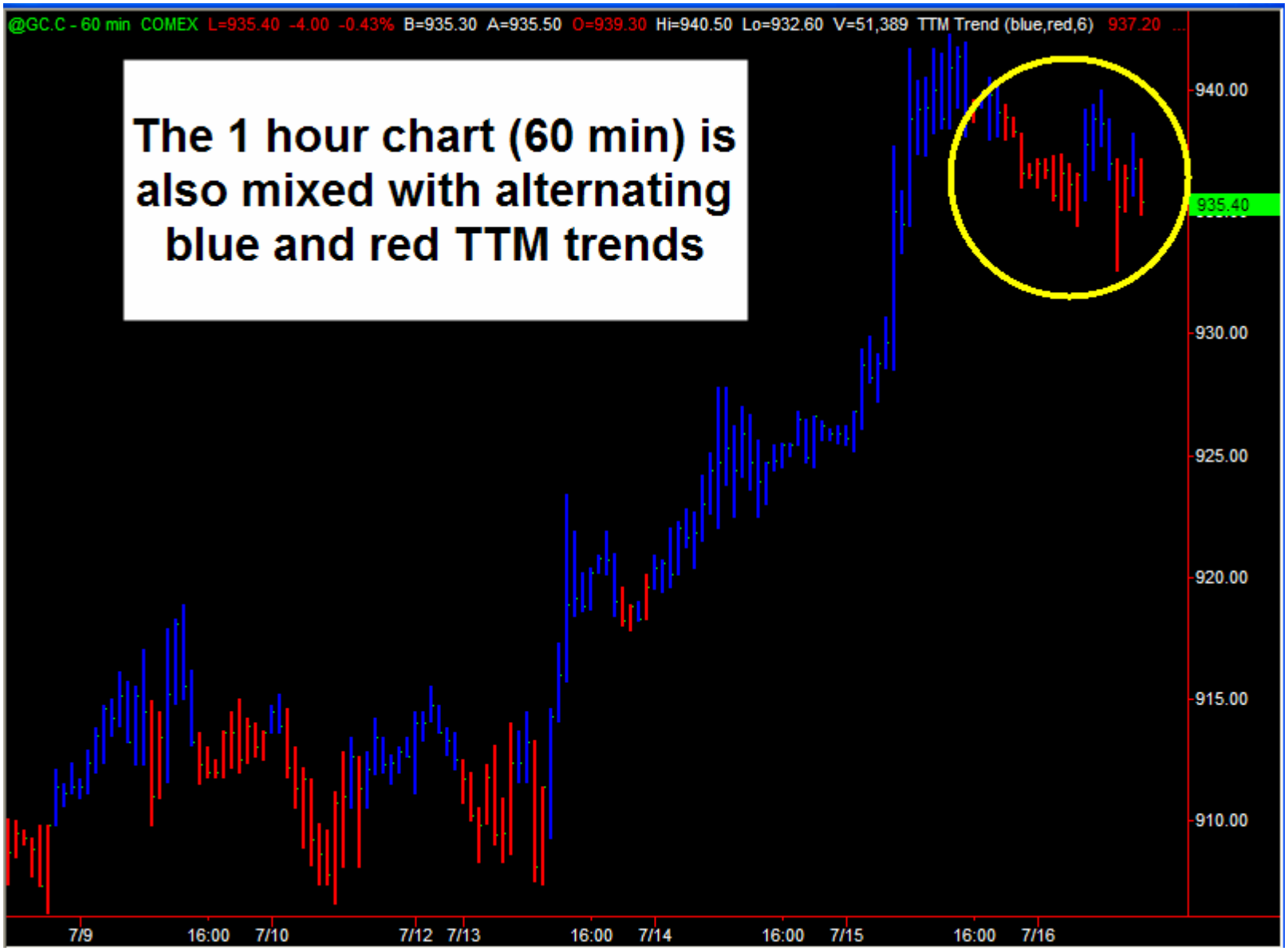
@GC.C - Monthly COMEX L=937.90 -1.50 -0.16% B=937.90 A=938.00 O=939.30 Hi=940.50 Lo=932.60 V=46,598 TTM Trend (blue,red,6)
Monthly Chart has multiple blue TTM Trends -- Monthly Chart is considered BULLISH
1,050.00
1,000.00
950.00
937.90
900.00
850.00
800.00
750.00
700.00
650.00
600.00
550.00
500.00
450.00
'98
'99
'00
'01
'02
'03
'04
'05
'06
'07
'08
'09

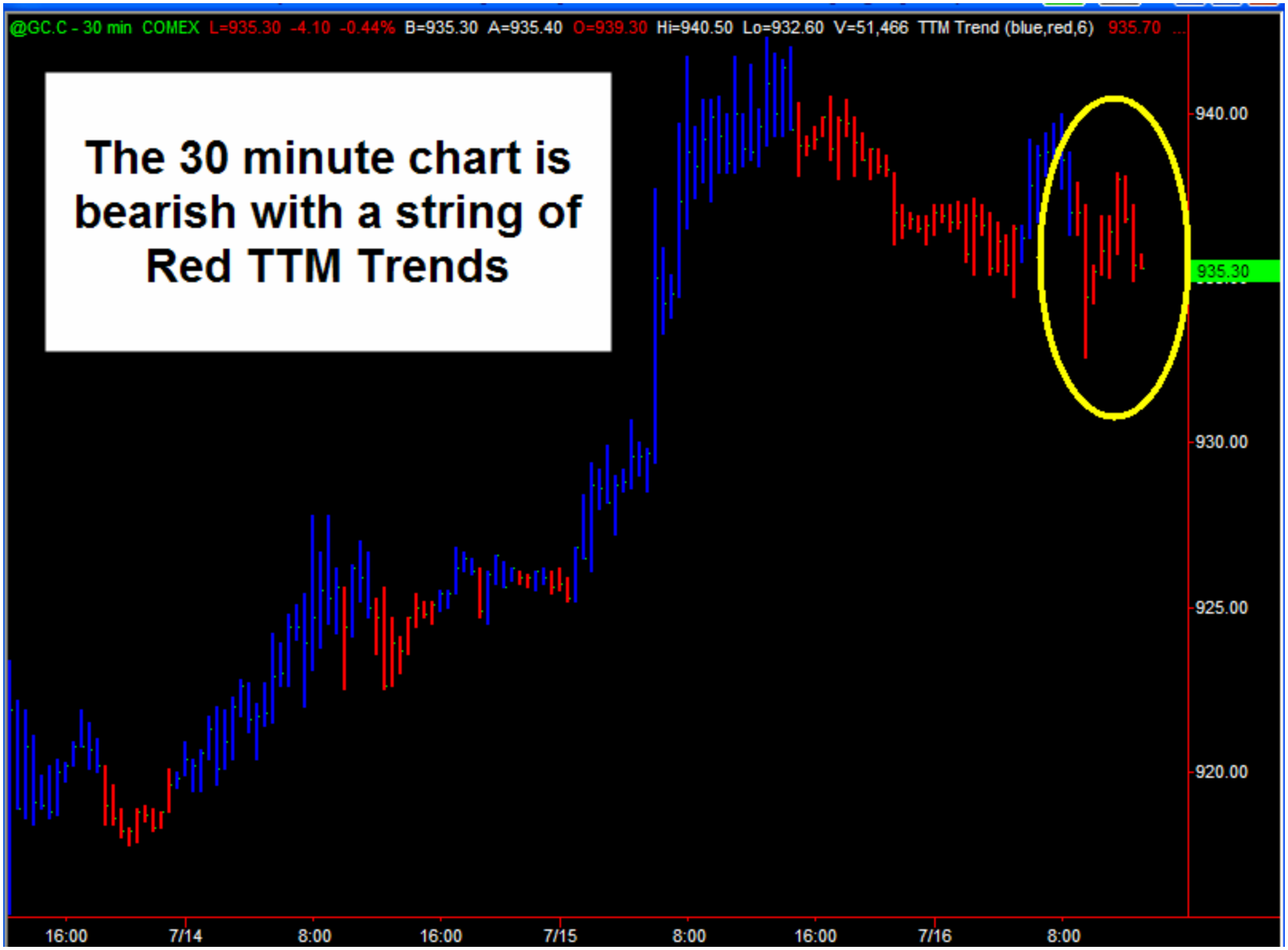
@GC.C - Weekly COMEX L=937.80 -1.60 -0.17% B=937.70 A=937.80 O=939.30 Hi=940.50 Lo=932.60 V=46,803 TTM Trend (blue,red,6) 942.30
1,050.00
1,000.00
950.00
937.80
900.00
850.00
800.00
750.00
700.00
'07
'08
'09
Weekly Chart is mixed -- currently 2 red TTM Trends after a series of blue TTM trends. This is still mid week so if it CLOSES red then its considered bearish.

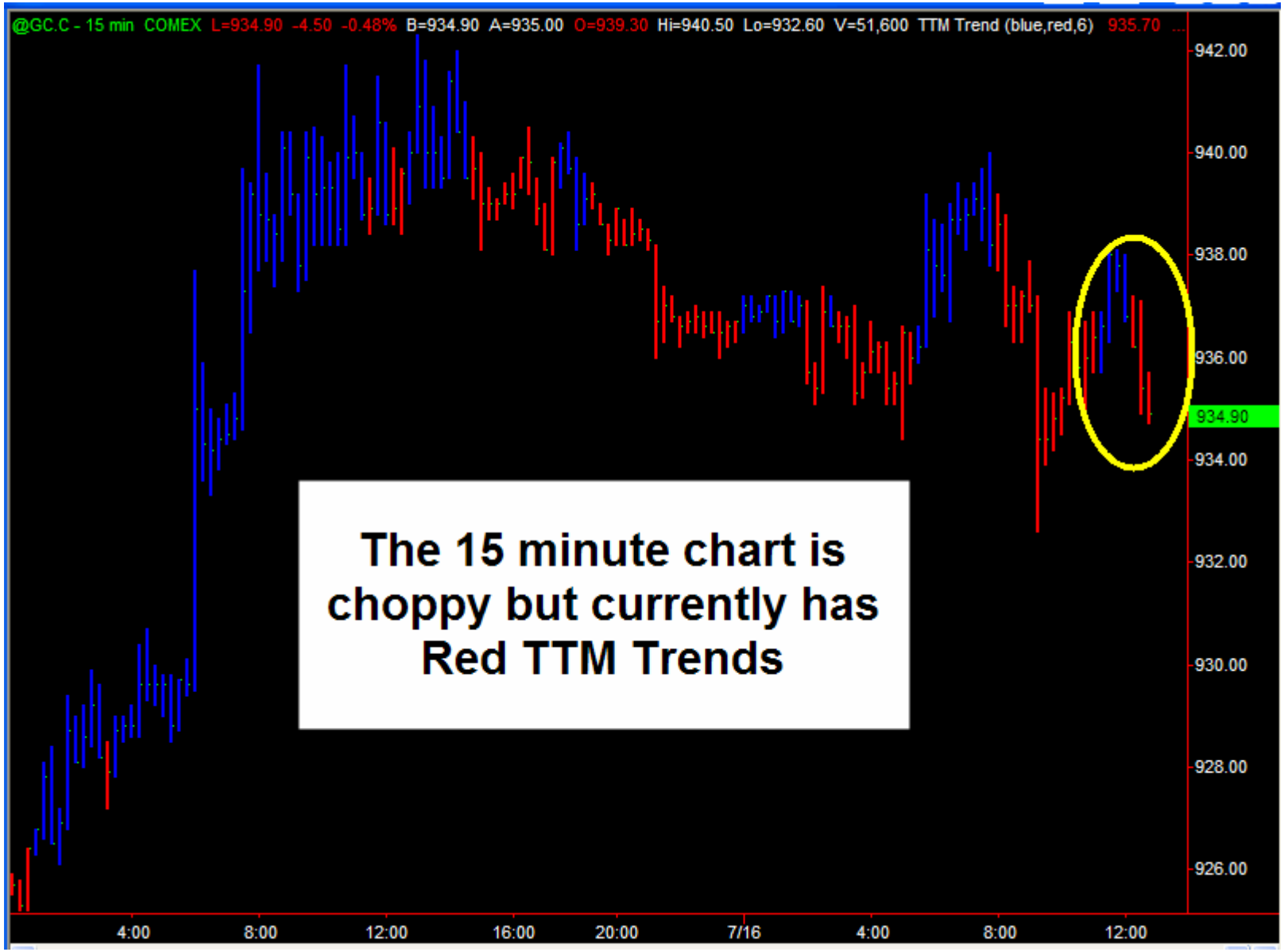
@GC.C - Daily COMEX L=937.70 -1.70 -0.18% B=937.60 A=937.80 O=939.30 Hi=940.50 Lo=932.60 V=47,249 TTM Trend (blue,red,6) 940.50 9
1,000.00
980.00
960.00
937.70
920.00
900.00
880.00
Daily Chart Has Blue TTM Trends so it is bullish. So right now Monthly is bullish, weekly is bearish, daily is bullish.
'09
Feb
Mar
Apr
May
Jun
Jul

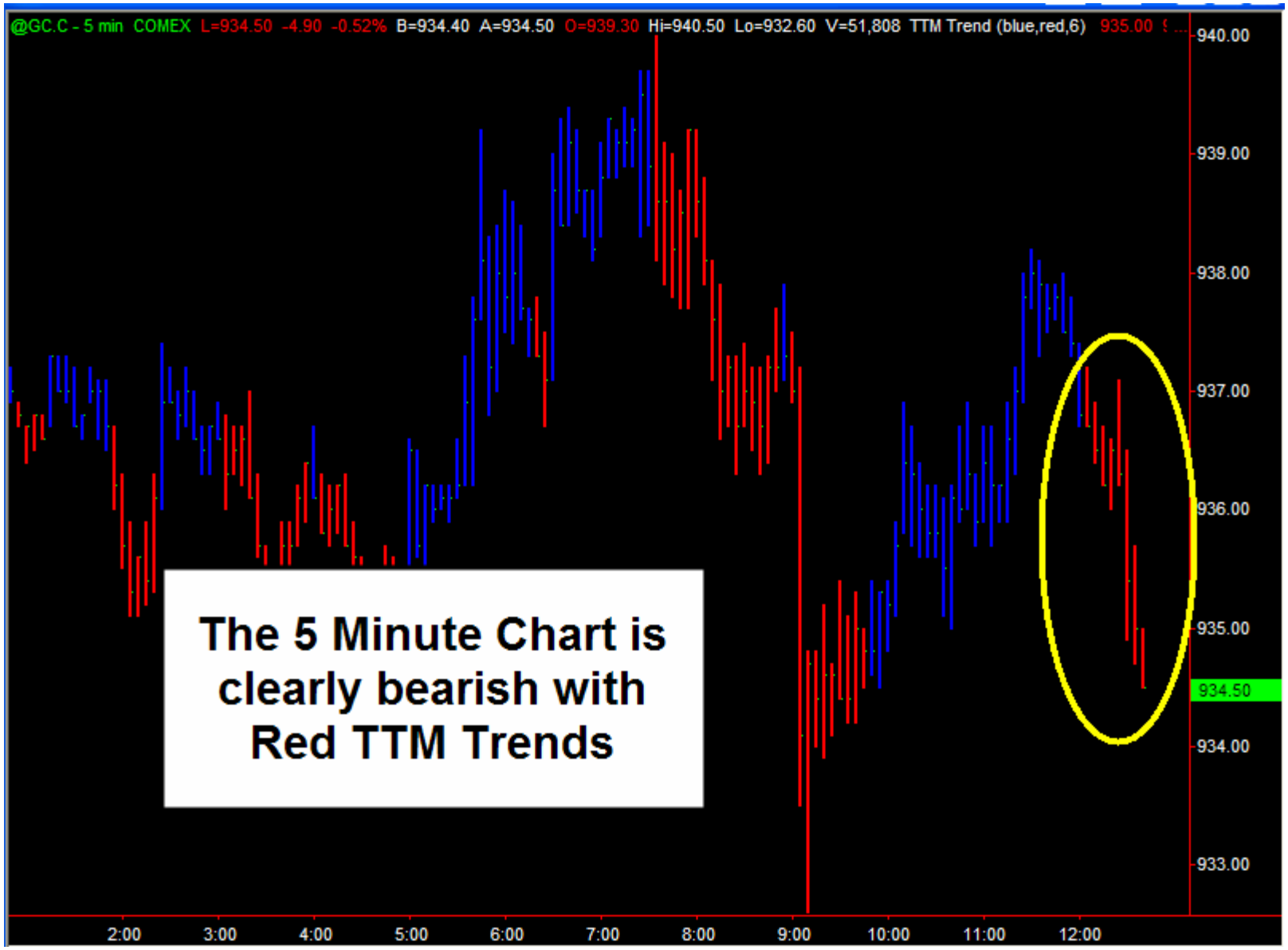

@GC.C - 240 min COMEX L=936.50 -2.90 -0.31% B=936.40 A=936.60 O=939.30 Hi=940.50 Lo=932.60 V=49,651 TTM Trend (blue,red,6)
The 4 hour (240 min) chart is clearly bullish with a nice up move and blue TTM Trends.
945.00
940.00
936.50
935.00
930.00
925.00
920.00
915.00
910.00
6/16 6/17 6/18 6/19 6/21 6/23 6/24 6/25 6/26 6/28 6/30 Jul 7/2 7/3 7/5 7/7 7/8 7/9 7/10 7/12 7/14 7/15 7/16 7/17

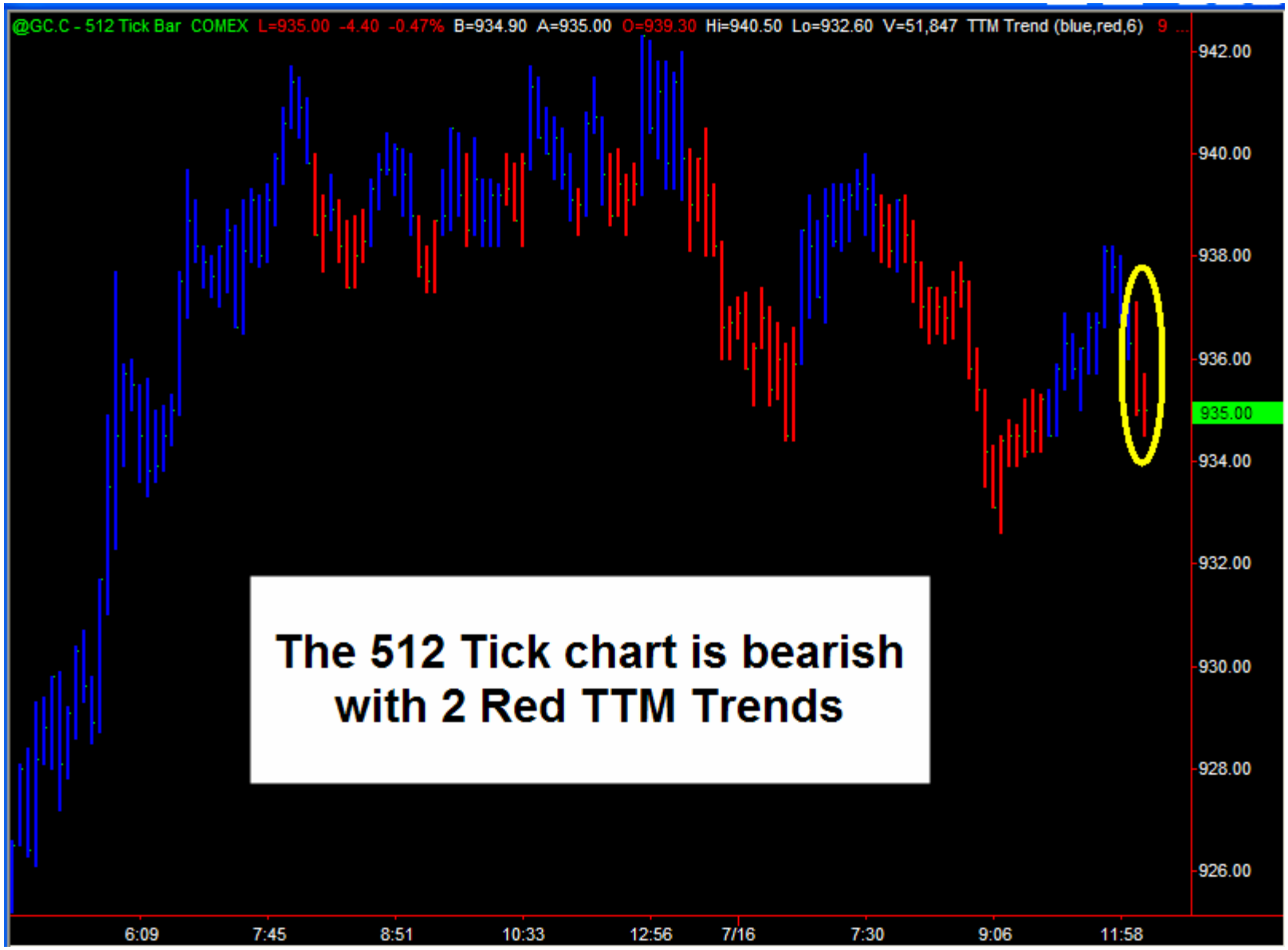

@GC.C - 120 min COMEX L=935.30 -4.10 -0.44% B=935.20 A=935.40 O=939.30 Hi=940.50 Lo=932.60 V=50,839 TTM Trend (blue,red,6)
The 2 hour chart (120 min) is mixed with some red TTMs in between a blue TTM Trend.
945.00
940.00
935.30
930.00
925.00
920.00
915.00
910.00
Jul
7/2
7/3
7/5
7/7
7/8
7/9
7/10
7/12
7/14
7/15
7/16

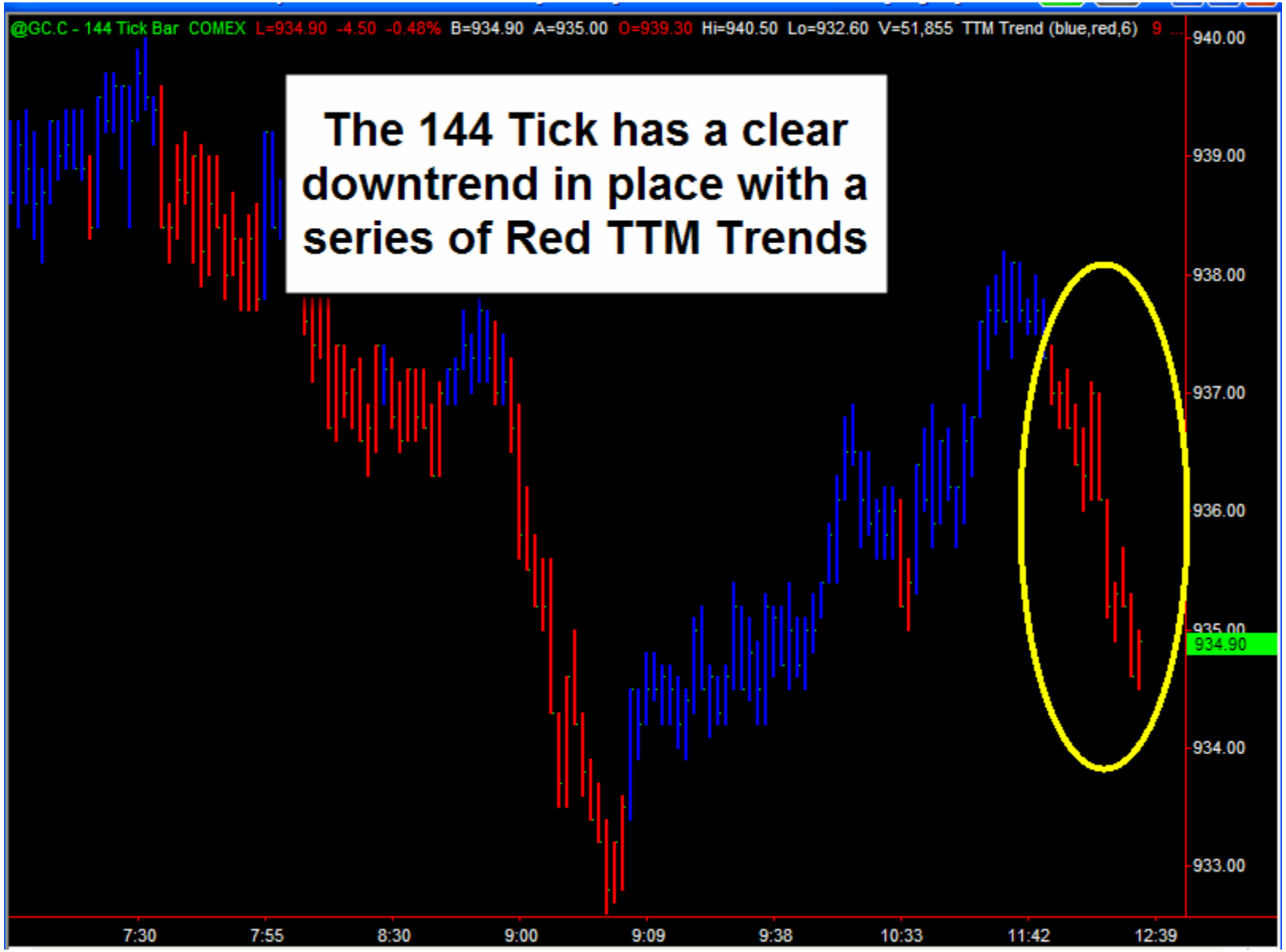

@GC.C - 60 min COMEX L=935.40 -4.00 -0.43% B=935.30 A=935.50 O=939.30 Hi=940.50 Lo=932.60 V=51,389 TTM Trend (blue,red,6) 937.20
The 1 hour chart (60 min) is also mixed with alternating blue and red TTM trends
940.00
935.40
930.00
925.00
920.00
915.00
910.00
7/9
16:00
7/10
7/12
7/13
16:00
7/14
16:00
7/15
16:00
7/16


@GC.C - 30 min COMEX L=935.30 -4.10 -0.44% B=935.30 A=935.40 O=939.30 Hi=940.50 Lo=932.60 V=51,466 TTM Trend (blue,red,6) 935.70
The 30 minute chart is bearish with a string of Red TTM Trends
940.00
935.30
930.00
925.00
920.00
16:00
7/14
8:00
16:00
7/15
8:00
16:00
7/16
8:00


@GC.C - 15 min COMEX L=934.90 -4.50 -0.48% B=934.90 A=935.00 O=939.30 Hi=940.50 Lo=932.60 V=51,600 TTM Trend (blue,red,6) 935.70
942.00
940.00
938.00
936.00
934.90
934.00
932.00
930.00
928.00
926.00
4:00
8:00
12:00
16:00
20:00
7/16
4:00
8:00
12:00
The 15 minute chart is choppy but currently has Red TTM Trends


@GC.C - 5 min COMEX L=934.50 -4.90 -0.52% B=934.40 A=934.50 O=939.30 Hi=940.50 Lo=932.60 V=51,808 TTM Trend (blue,red,6) 935.00
940.00
939.00
938.00
937.00
936.00
935.00
934.50
934.00
933.00
2:00
3:00
4:00
5:00
6:00
7:00
8:00
9:00
10:00
11:00
12:00
The 5 Minute Chart is clearly bearish with Red TTM Trends


@GC.C - 512 Tick Bar COMEX L=935.00 -4.40 -0.47% B=934.90 A=935.00 O=939.30 Hi=940.50 Lo=932.60 V=51,847 TTM Trend (blue,red,6) 9
942.00
940.00
938.00
936.00
935.00
934.00
932.00
930.00
928.00
926.00
6:09
7:45
8:51
10:33
12:56
7/16
7:30
9:06
11:58
The 512 Tick chart is bearish with 2 Red TTM Trends


@GC.C - 144 Tick Bar COMEX L=934.90 -4.50 -0.48% B=934.90 A=935.00 O=939.30 Hi=940.50 Lo=932.60 V=51,855 TTM Trend (blue,red,6) 9
The 144 Tick has a clear downtrend in place with a series of Red TTM Trends
940.00
939.00
938.00
937.00
936.00
935.00
934.90
934.00
933.00
7:30
7:55
8:30
9:00
9:09
9:38
10:33
11:42
12:39

How To Play This?

1. Anchor charts are the key – using a higher time frame (or even multiple higher time frames) to pick and choose which entries to take on the smaller time frame.
2. Key is which ones to focus on – which anchors to use for which trading charts.
3. Also you want to make it easy to follow. Here is the way I used to do it.

How To Play This?

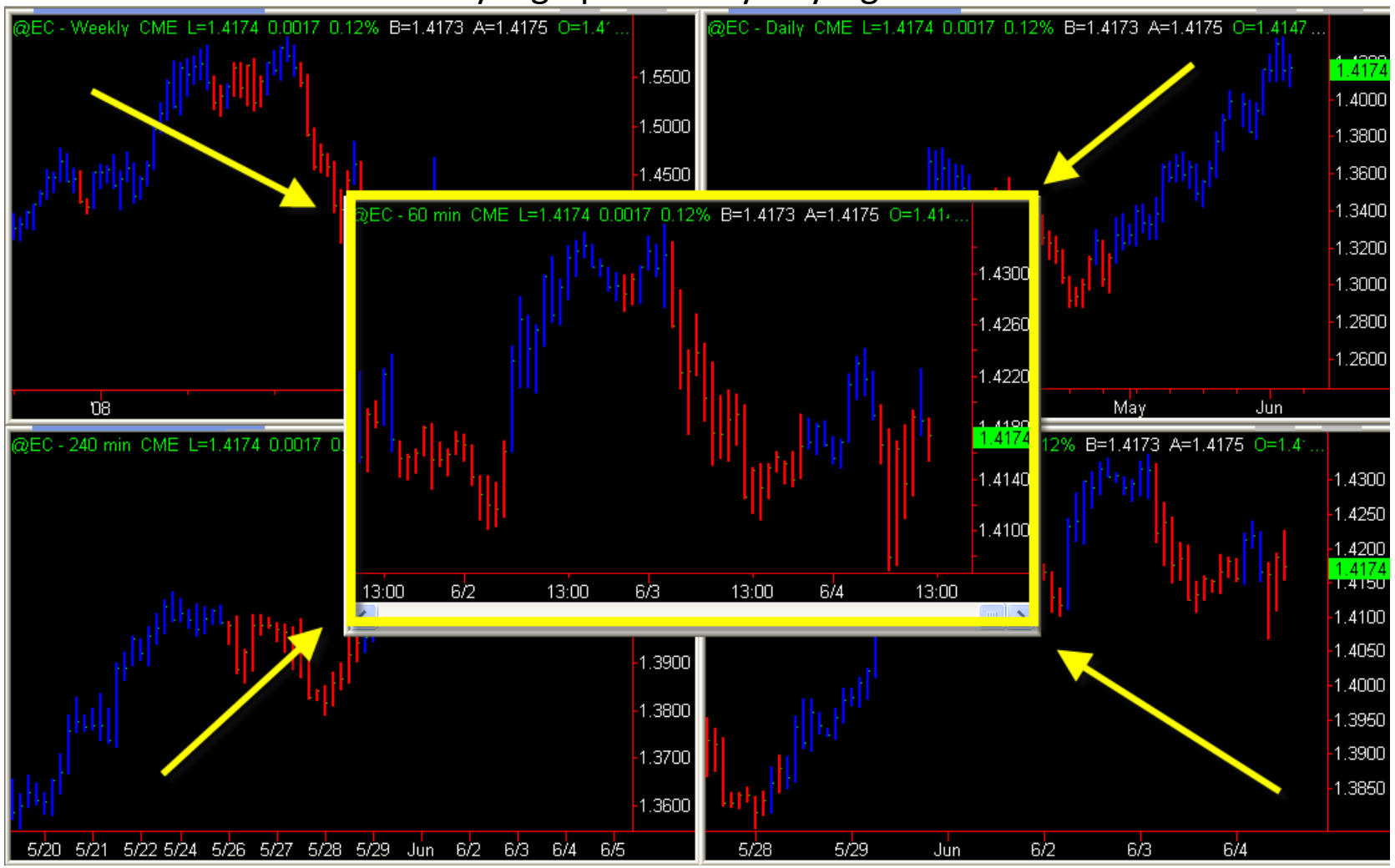
1. As an example, using the monthly chart as an anchor for a 5 minute chart is really a waste. You could go months, even a year, without getting a signal on a 5 minute chart that is reference a monthly chart as an anchor.
2. A monthly chart is a good anchor for a weekly or even a daily chart, but nothing below that.

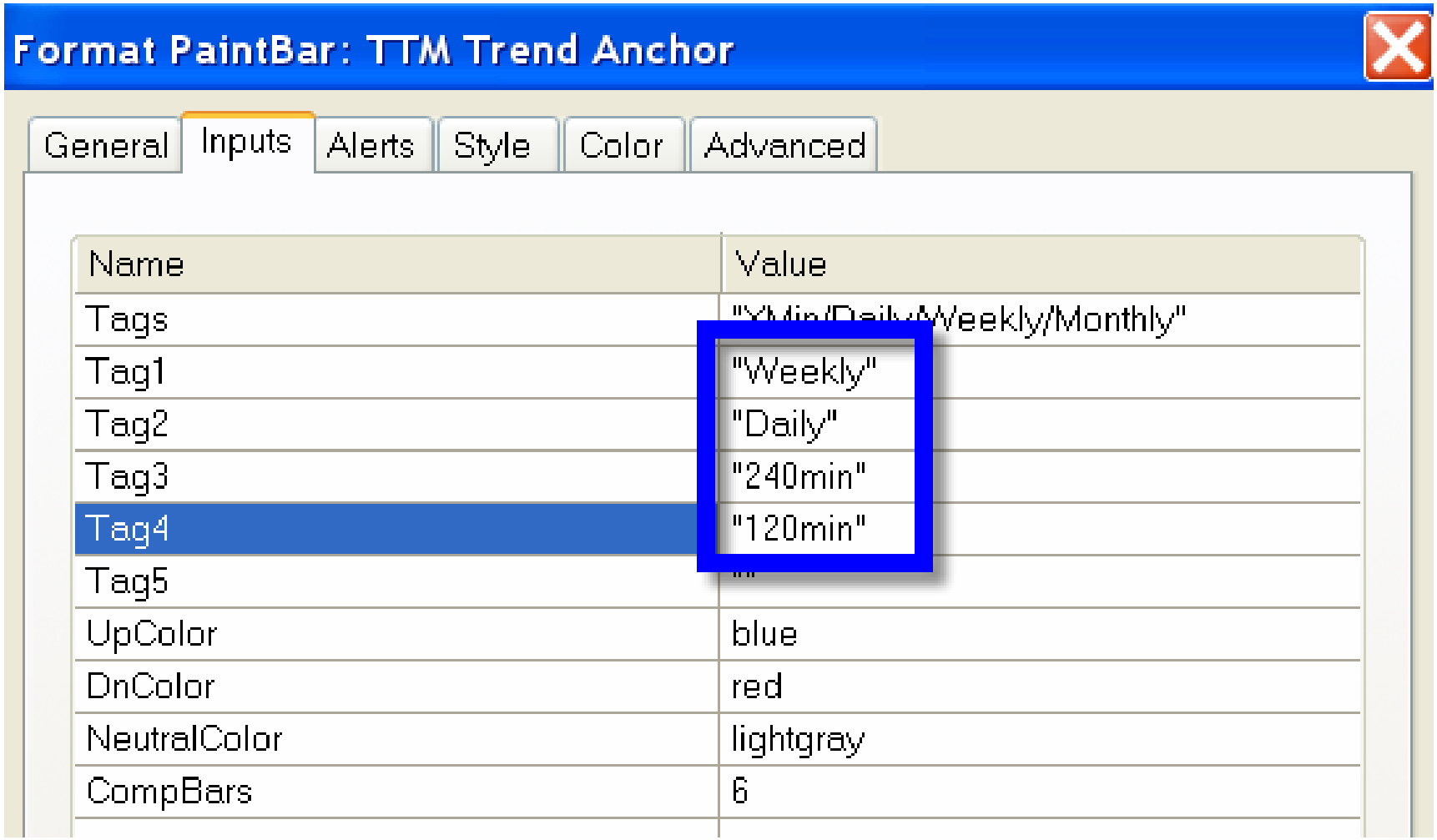
How To Play This?

1. The series of charts I've given you are the best "next step up" for anchor charts. That is, for a 5 minute chart, a 15 minute makes a good anchor, etc.
2. You can FILTER THIS EVEN FURTHER by using multiple levels of these anchor charts.
3. For example, with the 60 minute chart, instead of just using the 120 – add the 240 and the daily and even the weekly if you want.
4. More references equals fewer signals – but stronger ones.

Anchor Charts: Weekly, Daily, 240min, and 120 min
Waiting for alignment in these 4 to take signals on the 60 minute

For the best signals on the 60 minute chart, wait until the TTM Trend on
The other 4 charts are all the same color (let's say BLUE). Then when
The 60 turns blue IN ALIGNMENT WITH THE OTHER FOUR CHARTS,
You now have a very high probability buy signal on the 60 min chart.





Tell the 60 Minute Chart To Refer Back to Up to 5 Anchor Charts

Middle Chart: Blue is “in alignment” with anchor charts
Grey Bars are “out of alignment” with anchor charts.
Best trades are “in alignment” with anchor charts (blue)
If anchors are red, then the trading chart will have red/grey instead of blue/grey

Just to Make Sure We Understand

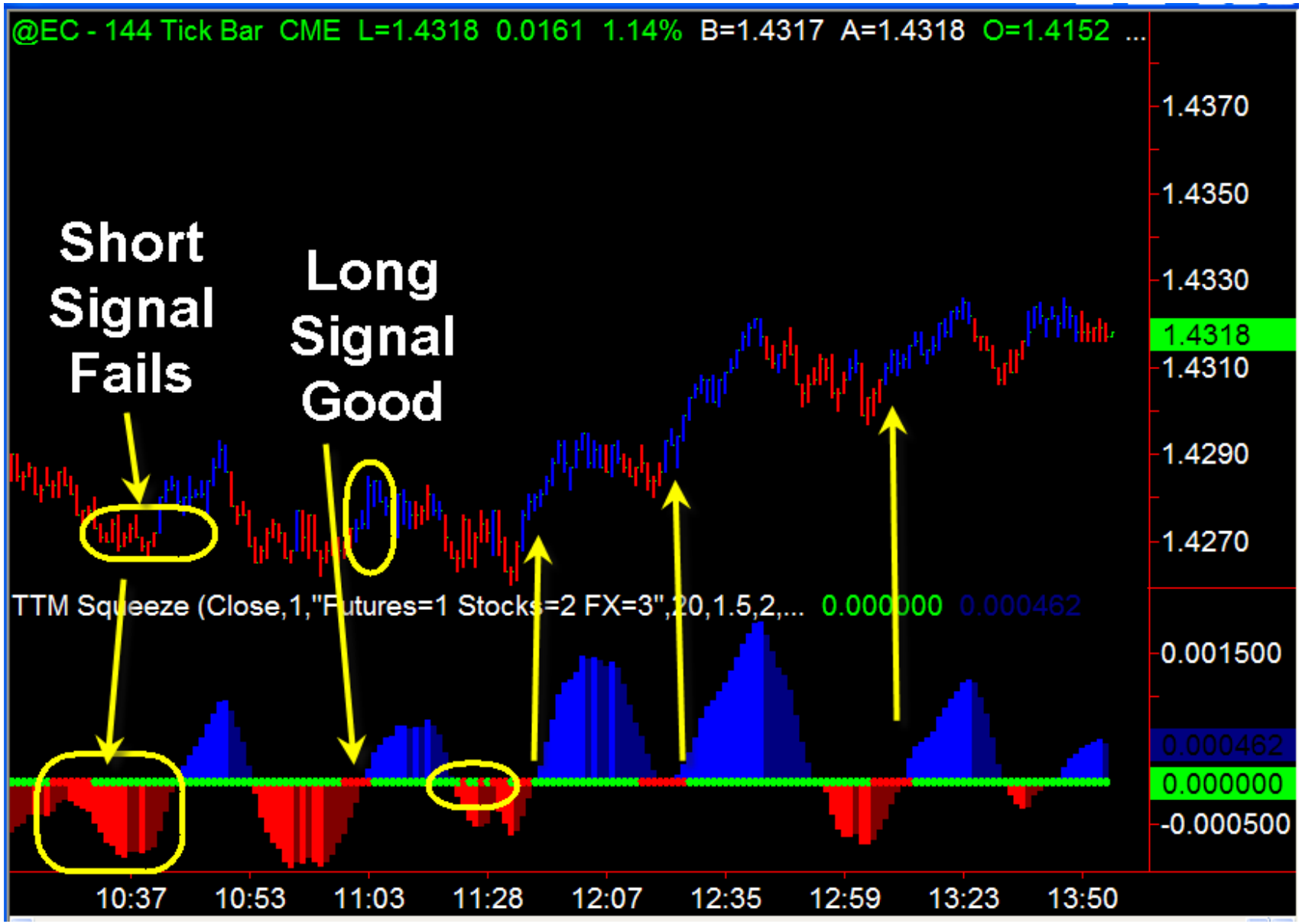
1. Grey means your trading chart is not in alignment with your anchor charts.
2. If the bars are gray, it means its probably a good idea to pass on a new entry signal.
3. But turning to grey is not necessarily an EXIT SIGNAL – you can still manage your trade.
4. For example, if it turns gray, and you are in a trade, use a trendline or moving average as a trailing stop.

When the bars turn grey it doesn't necessarily mean "close a long"
But I do consider it a signal to "NOT ENTER A NEW SHORT."
Using a trendline or moving average is fine to manage to the trade.

Just to Make Sure We Understand

1. The main purpose of the anchor chart is to FILTER potentially bad signals.
2. This means we end up taking fewer trades, but the ones we do take are in the direction of a bigger trend.

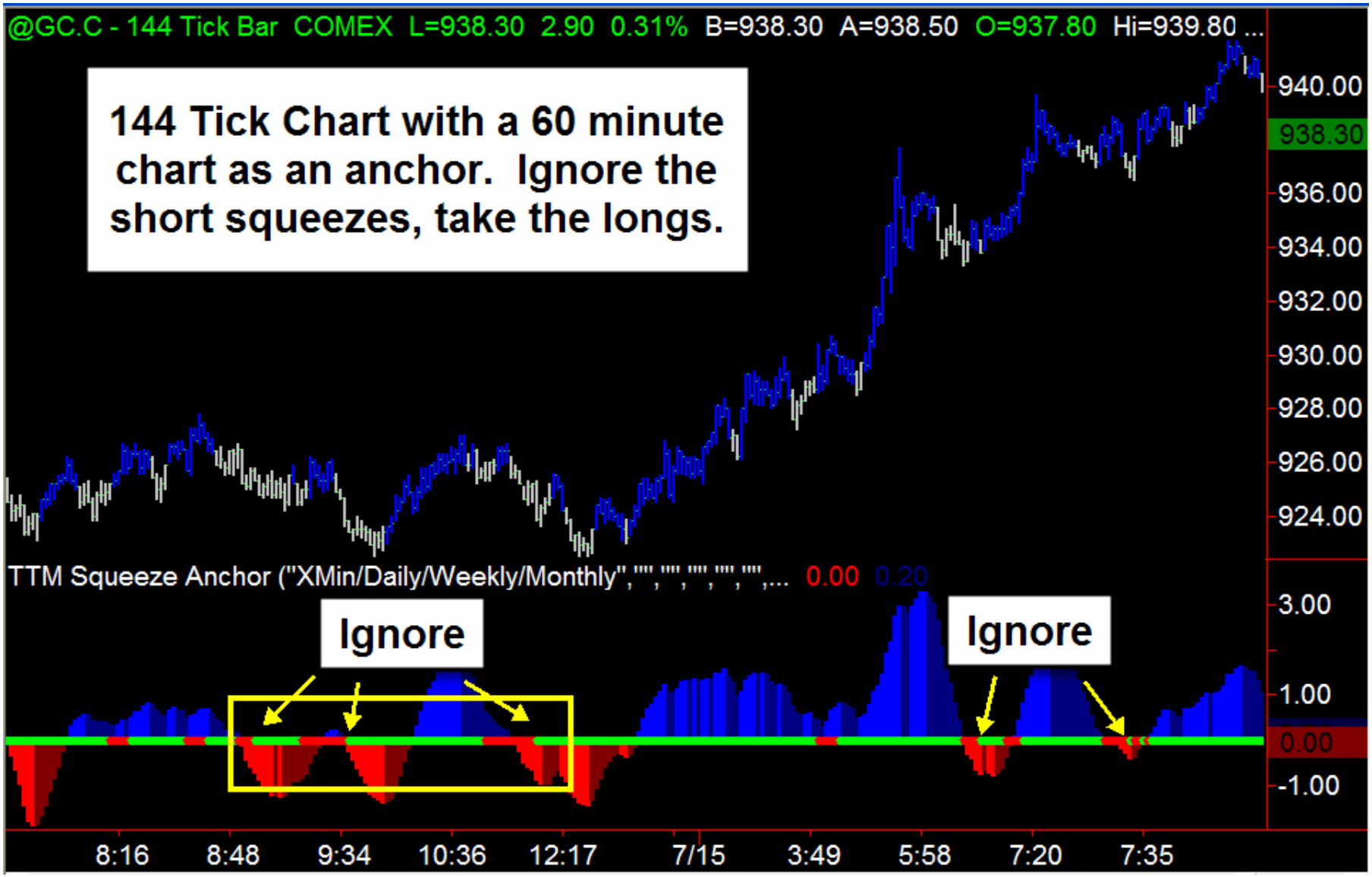
You can use TTM Trend Anchor to Filter Squeezes or any other signals.
This is a regular 144 Tick chart with NO ANCHOR attached.

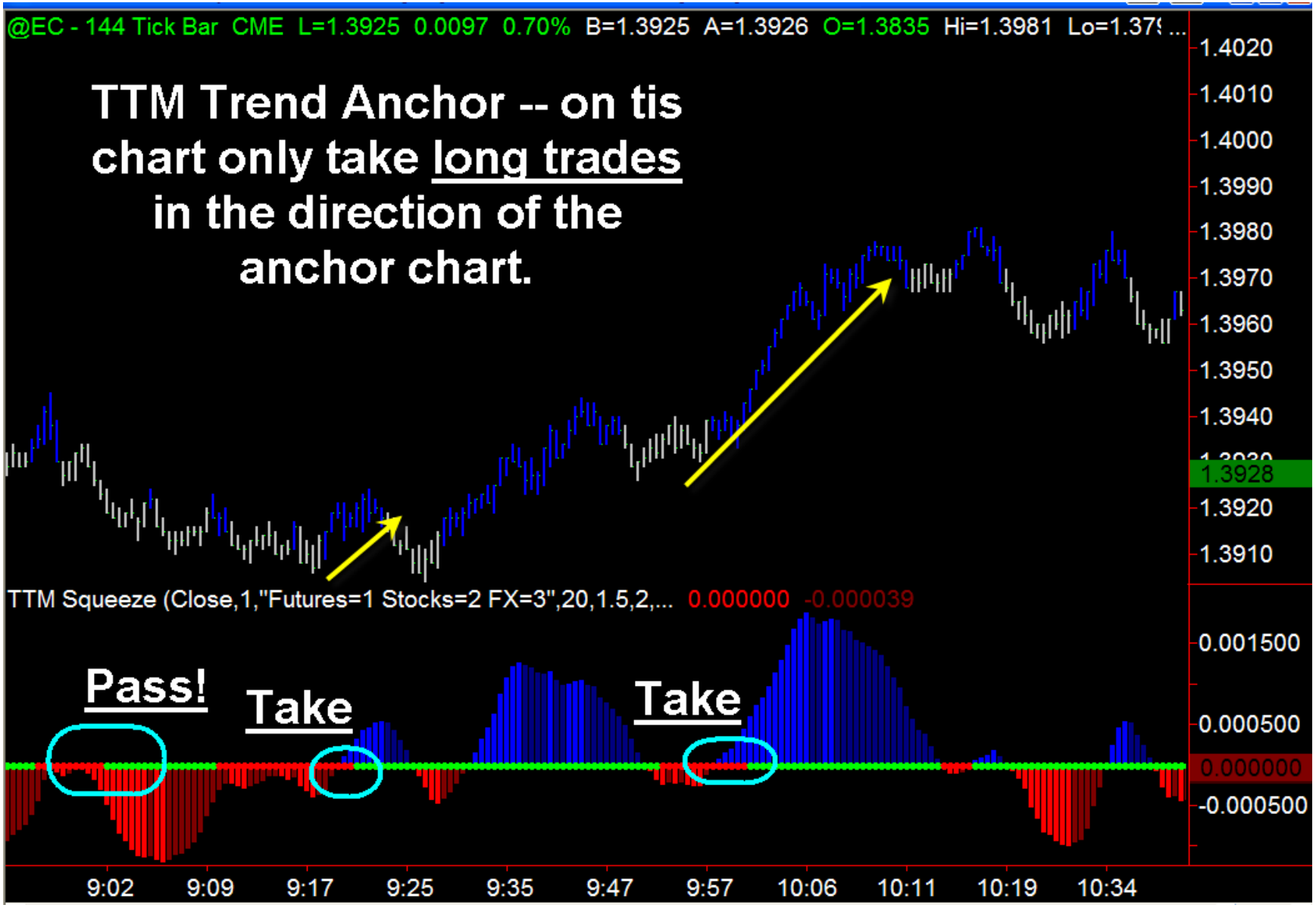


@EC - 144 Tick Bar CME L=1.4319 0.0162 1.14% B=1.4319 A=1.4320 O=1.415; ...
Same Chart -- Except the bad trades are filtered. "Don't take the trade when its gray."
1.4370
1.4350
1.4330
1.4319
1.4310
1.4290
1.4270
TTM Squeeze (Close,1,"Futures=1 Stocks=2 FX=3",20,1.5,2,... 0.000000 0.000080
0.001500
0.000500
0.000000
-0.000500
Y
Y
Y
Y
Pass
Pass
10:40
10:54
11:07
11:34
12:16
12:36
13:02
13:28
13:57

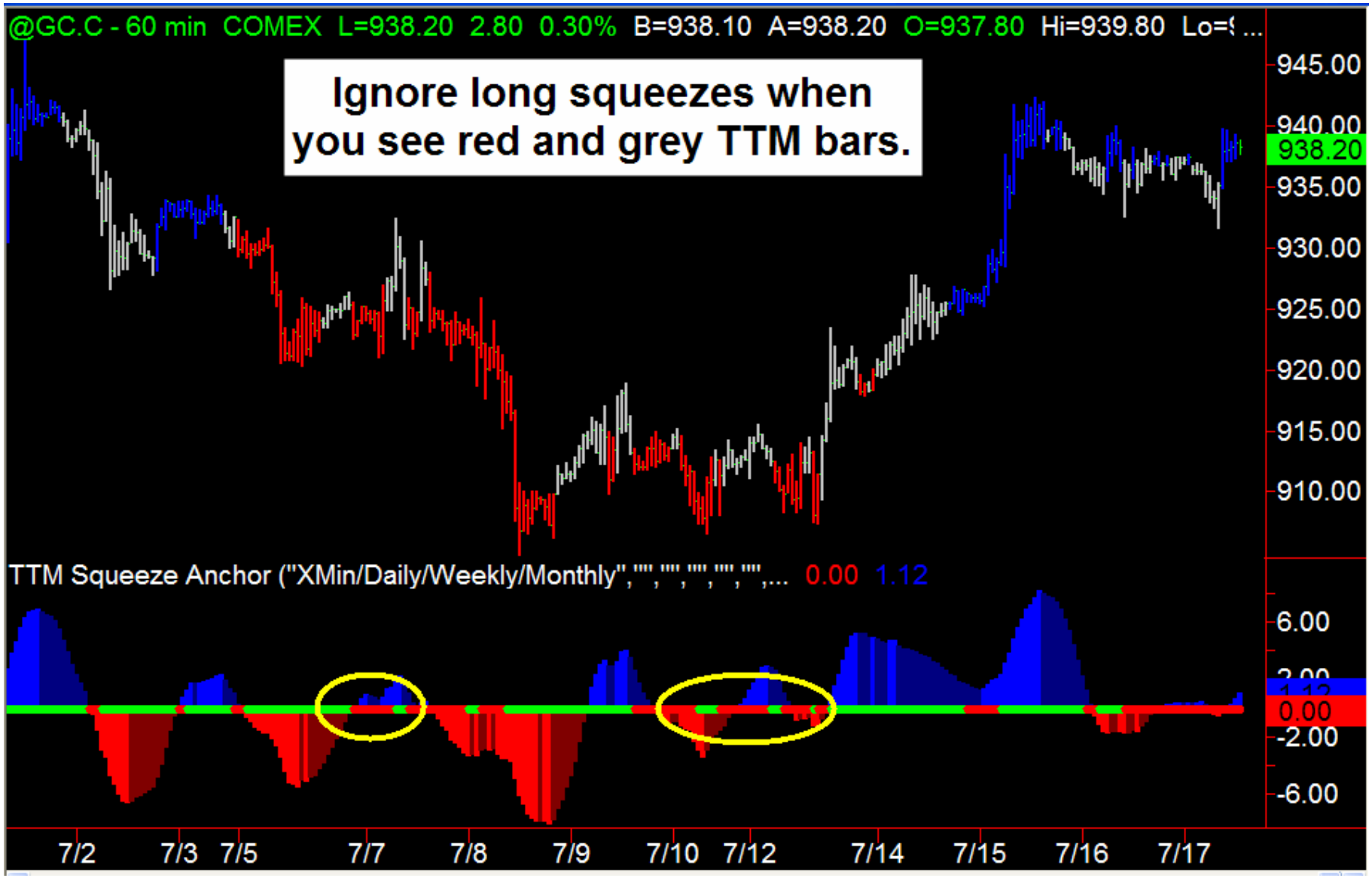
Daily chart with monthly as anchor

144 Tick chart with 60min as anchor




@EC - 144 Tick Bar CME L=1.3925 0.0097 0.70% B=1.3925 A=1.3926 O=1.3835 Hi=1.3981 Lo=1.37
TTM Trend Anchor -- on tis chart only take long trades in the direction of the anchor chart.
1.4020
1.4010
1.4000
1.3990
1.3980
1.3970
1.3960
1.3950
1.3940
1.3928
1.3920
1.3910
TTM Squeeze (Close,1,"Futures=1 Stocks=2 FX=3",20,1.5,2,... 0.000000 -0.000039
Pass!
Take
Take
0.001500
0.000500
0.000000
-0.000500
9:02
9:09
9:17
9:25
9:35
9:47
9:57
10:06
10:11
10:19
10:34

60 min chart with daily as anchor



Just to Make Sure We Understand

1. You can use many possible combinations.
2. 5 minute trading chart with a 60 min anchor.
3. 144 tick trading chart with a 5 min anchor.
4. 144 tick trading chart with a 5 and 60 min anchor.
5. Daily chart with a weekly and monthly anchor.
6. Hundreds of possible combinations.

Just to Make Sure We Understand

1. But when it comes down to it, simpler really is better.
2. A 60 minute anchor in day trading will keep you on the right side of the order flow.
3. If you are scalping, its ok to use a 144 tick with a 5 minute anchor – but try mixing in a 60 minute chart as well to try the signals.

These All Work Well

1. 144 Tick and Below: 5 minute chart
2. 512 tick: 5 and 15 minute chart.
3. 5 minute chart: 60 minute chart
4. 15 minute chart: 60 & 120 minute chart
5. 60 minute chart: 120 & 240 and try Daily too.
6. To get less frequent but strong signals, add more anchors.
7. Example: 144 tick reference back to 5 min, 10 min, 15 min, 30 min and 60 min. NOT AS MANY SIGNALS but the ones you get will be solid.
8. This is an exercise in being patient.

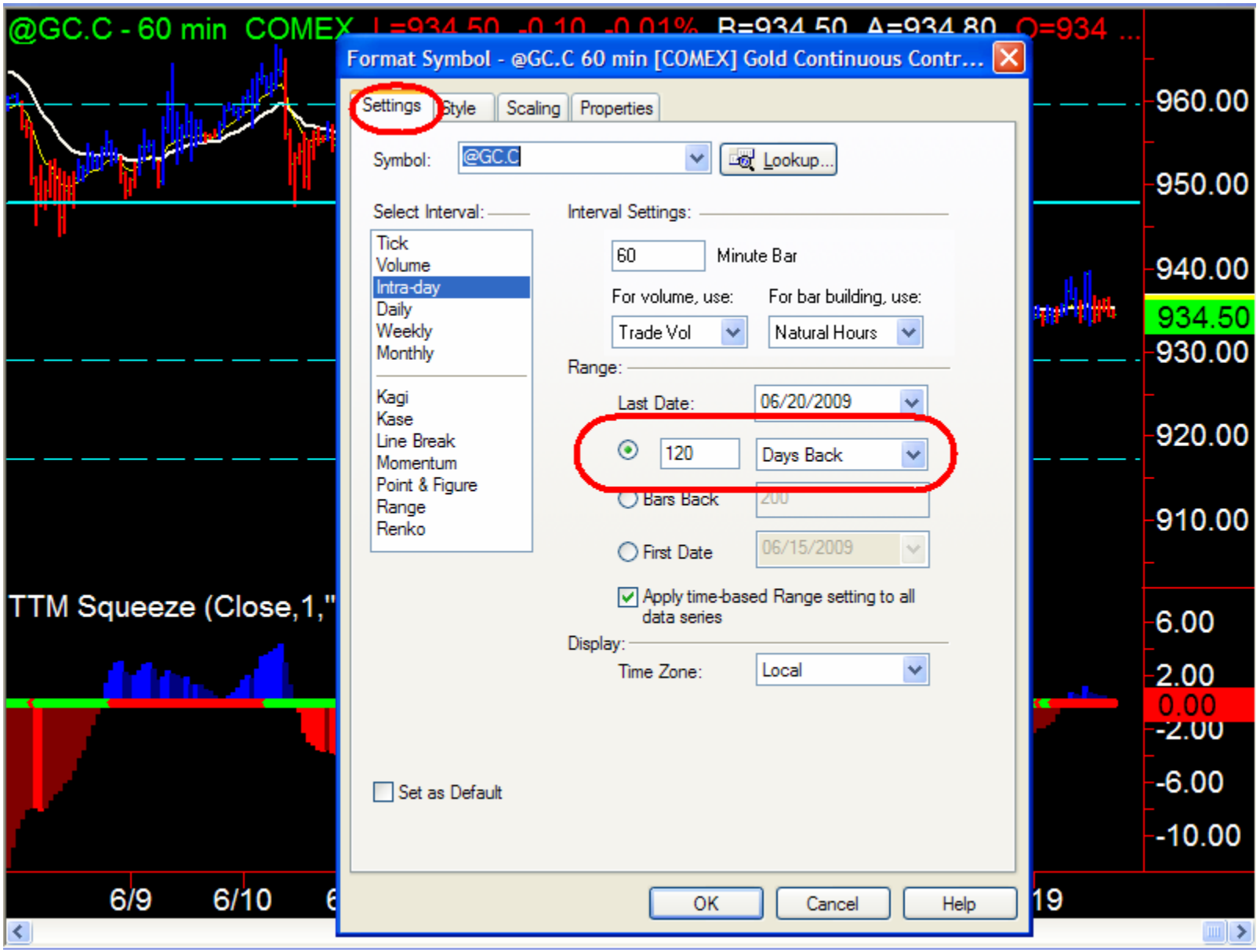
These All Work Well

1. Currencies (Futures and Forex).
2. Markets that actively trade 24 hours really respond well to having the 60, 120 and 240 minute charts as anchors.
3. You don’t need all of these for markets that don’t actively trade 24 hours.
4. For example, stock indexes trade 24 hours, but they aren’t ACTIVE overnight.

Just to Make Sure We Understand

1. Although you can TRADE off a tick chart, you cannot use a tick chart as an anchor.
2. All anchors must be interval charts.
3. All charts within your anchor, including the trading chart, must reference the same amount of time back.
4. It doesn't matter what it is, as long as its consistent across all charts.

If you select “120 days back” on one chart, make sure it says that on all Charts within that anchor grouping.



Times

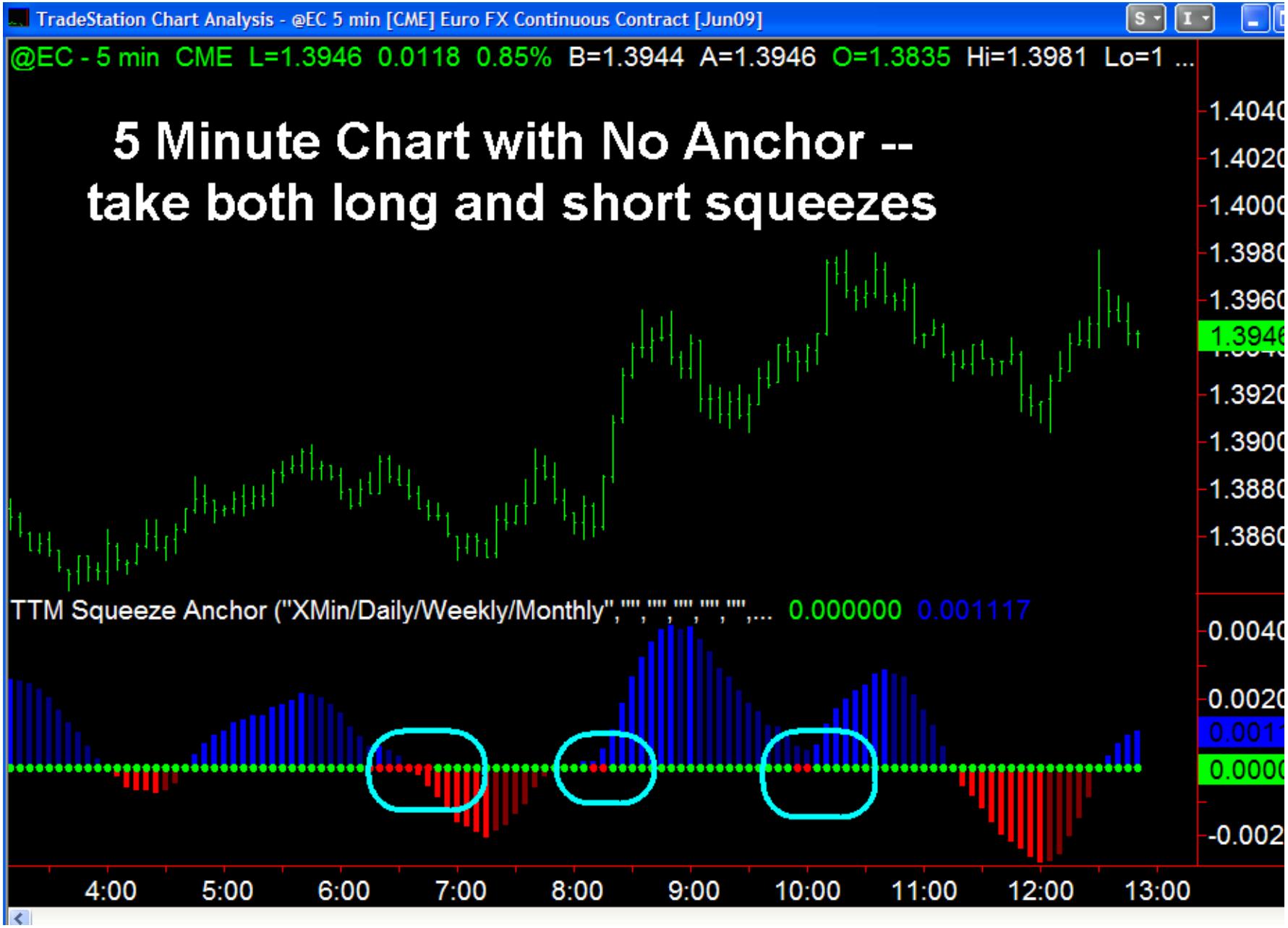
1. Although you can TRADE off a tick chart, you cannot use a tick chart as an anchor.
2. All anchors must be interval charts.
3. All charts within your anchor, including the trading chart, must reference the same amount of time back.
4. It doesn't matter what it is, as long as its consistent across all charts.

TTM Squeeze Anchor

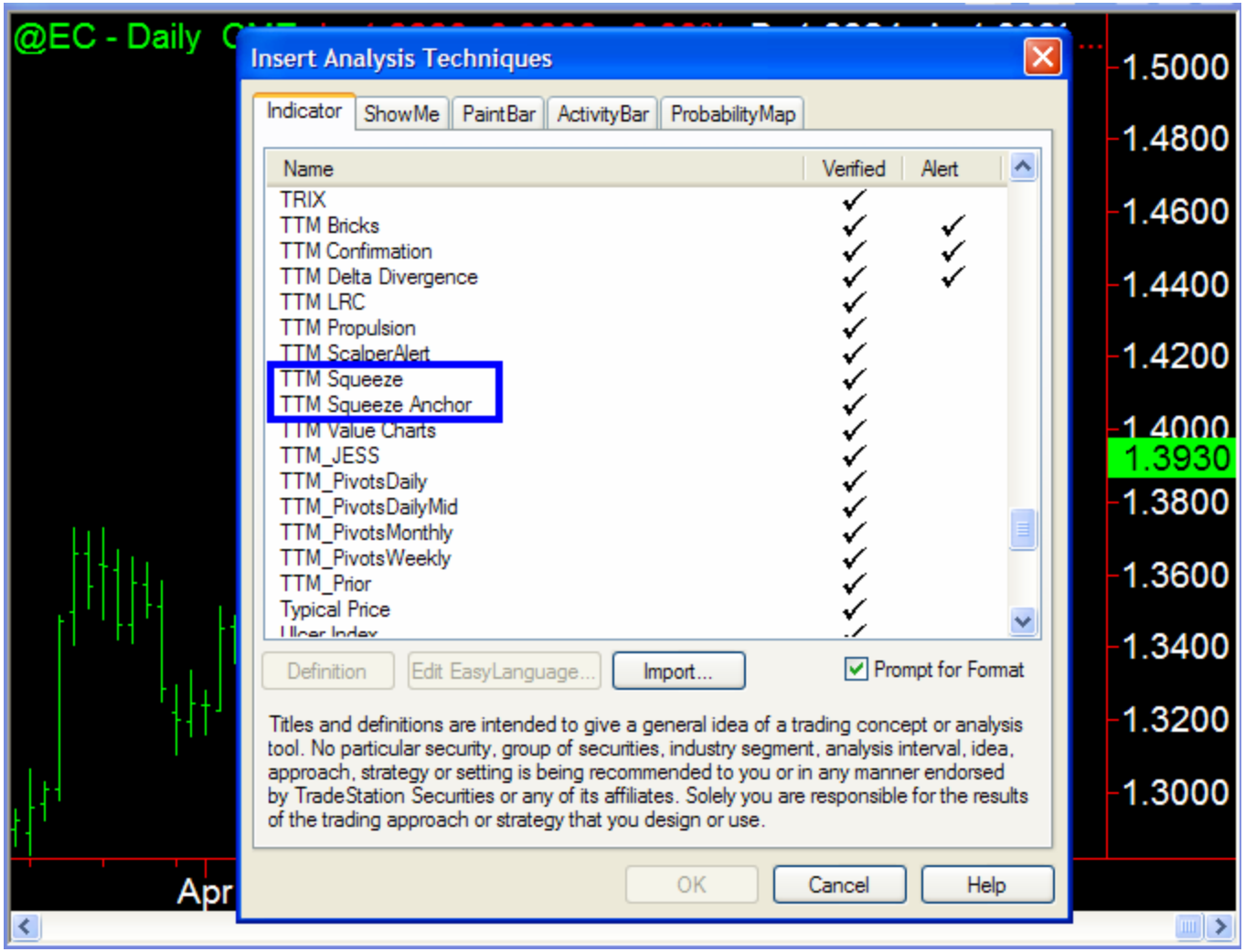
1. Everything I just talked about in regards to the TTM Trend Anchor applies the same to the TTM Squeeze Anchor.
2. Let's take a look . . .

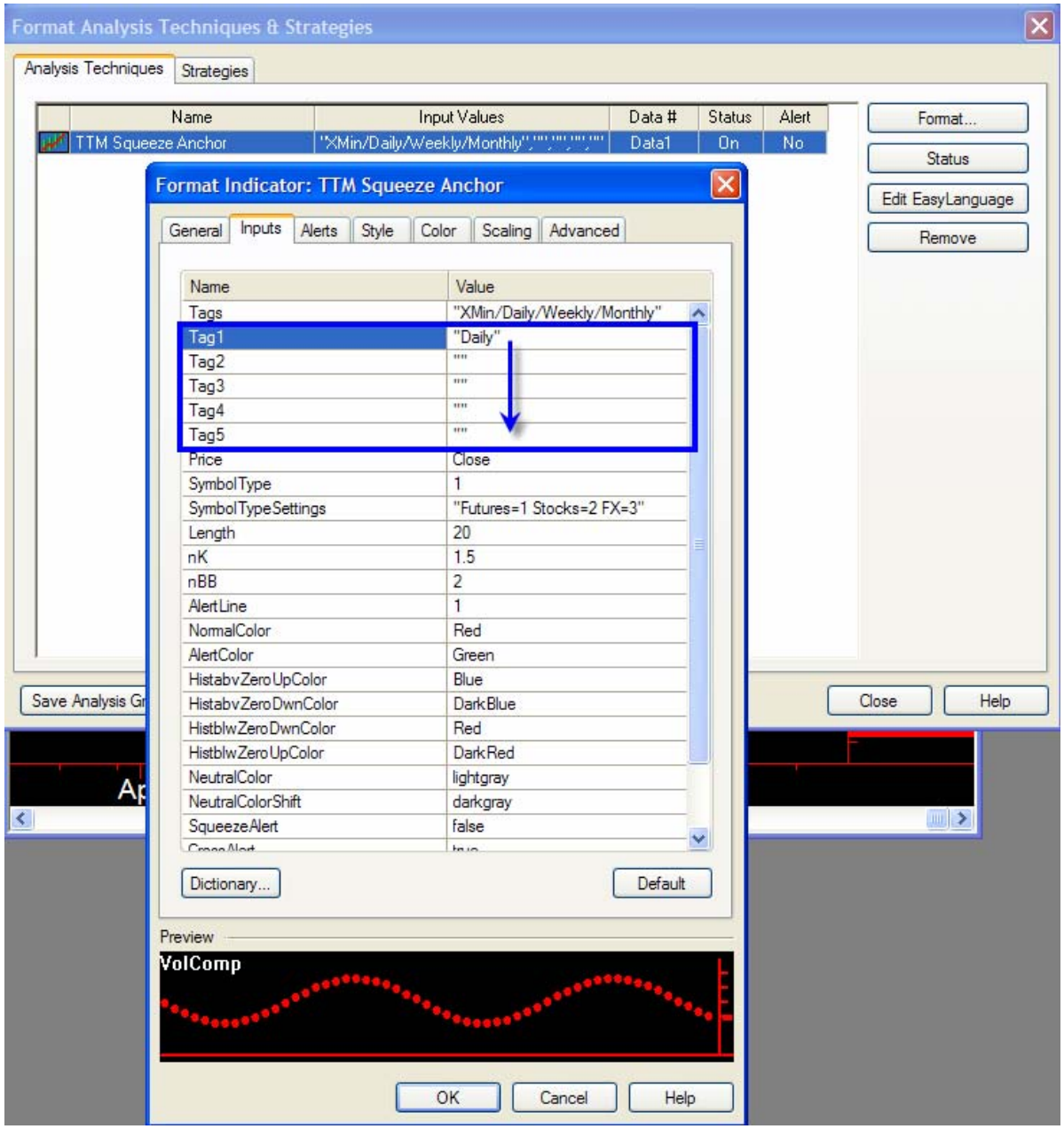
TTM Squeeze Anchor

1. The Squeeze Anchor is set up exactly like the Trend Anchor.
2. What's referenced is the histogram.
3. Example: Daily chart is your anchor, 5 minute chart is your trading chart.
4. If the squeeze histogram on the daily chart is blue, then any red histograms on the 5 minute chart will "grey out" because they aren't in alignment with the daily histogram.


TradeStation Chart Analysis - @EC 5 min [CME] Euro FX Continuous Contract [Jun09]
@EC - 5 min CME L=1.3946 0.0118 0.85% B=1.3944 A=1.3946 O=1.3835 Hi=1.3981 Lo=1 ...
5 Minute Chart with No Anchor --
take both long and short squeezes
1.4040
1.4020
1.4000
1.3980
1.3960
1.3946
1.3920
1.3900
1.3880
1.3860
TTM Squeeze Anchor ("XMin/Daily/Weekly/Monthly","","","","","","",... 0.000000 0.001117
0.0040
0.0020
0.0011
0.0000
-0.002
4:00
5:00
6:00
7:00
8:00
9:00
10:00
11:00
12:00
13:00

First set up the TTM Squeeze Anchor on both
The daily chart and 5 minute chart.



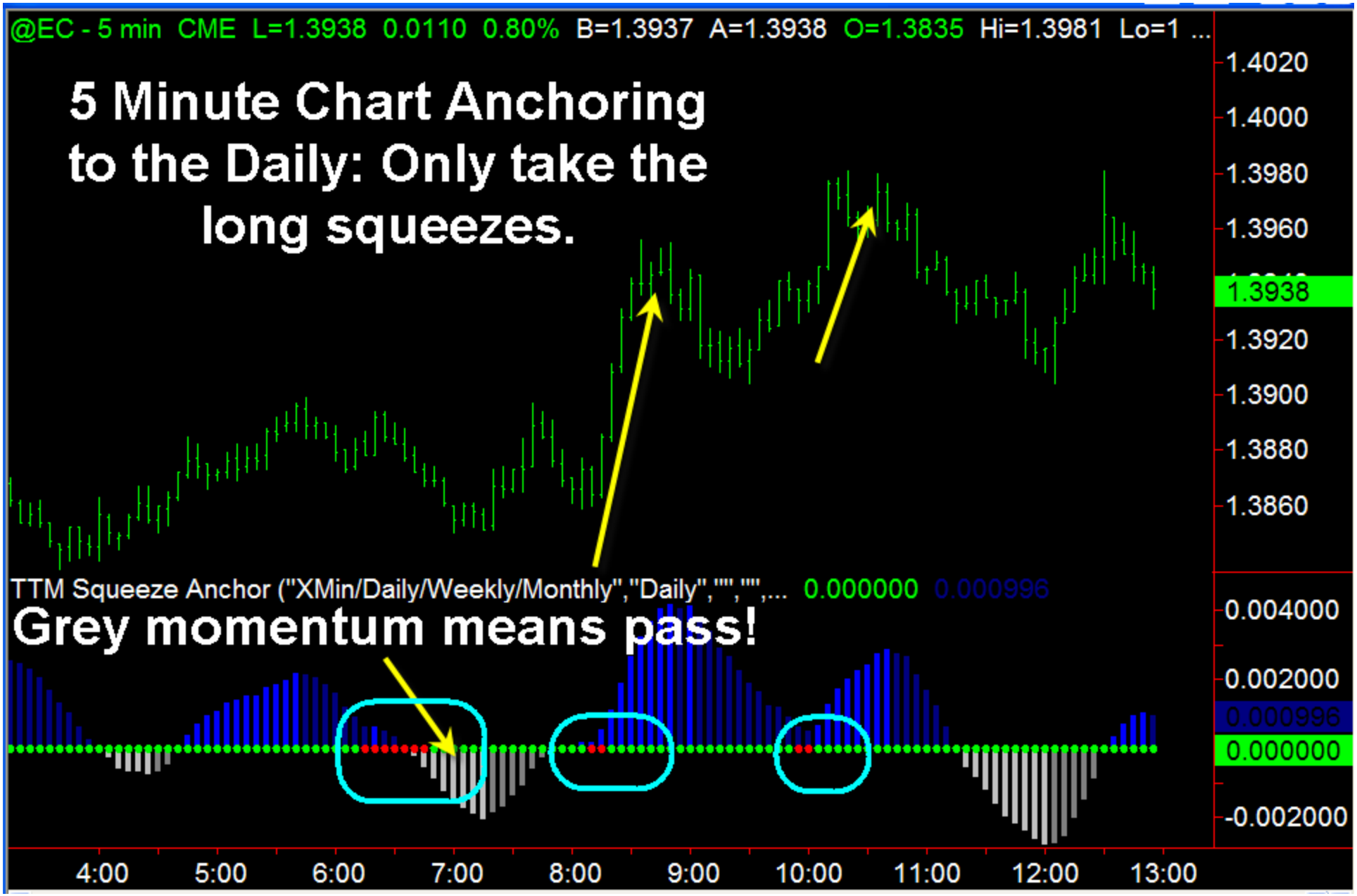


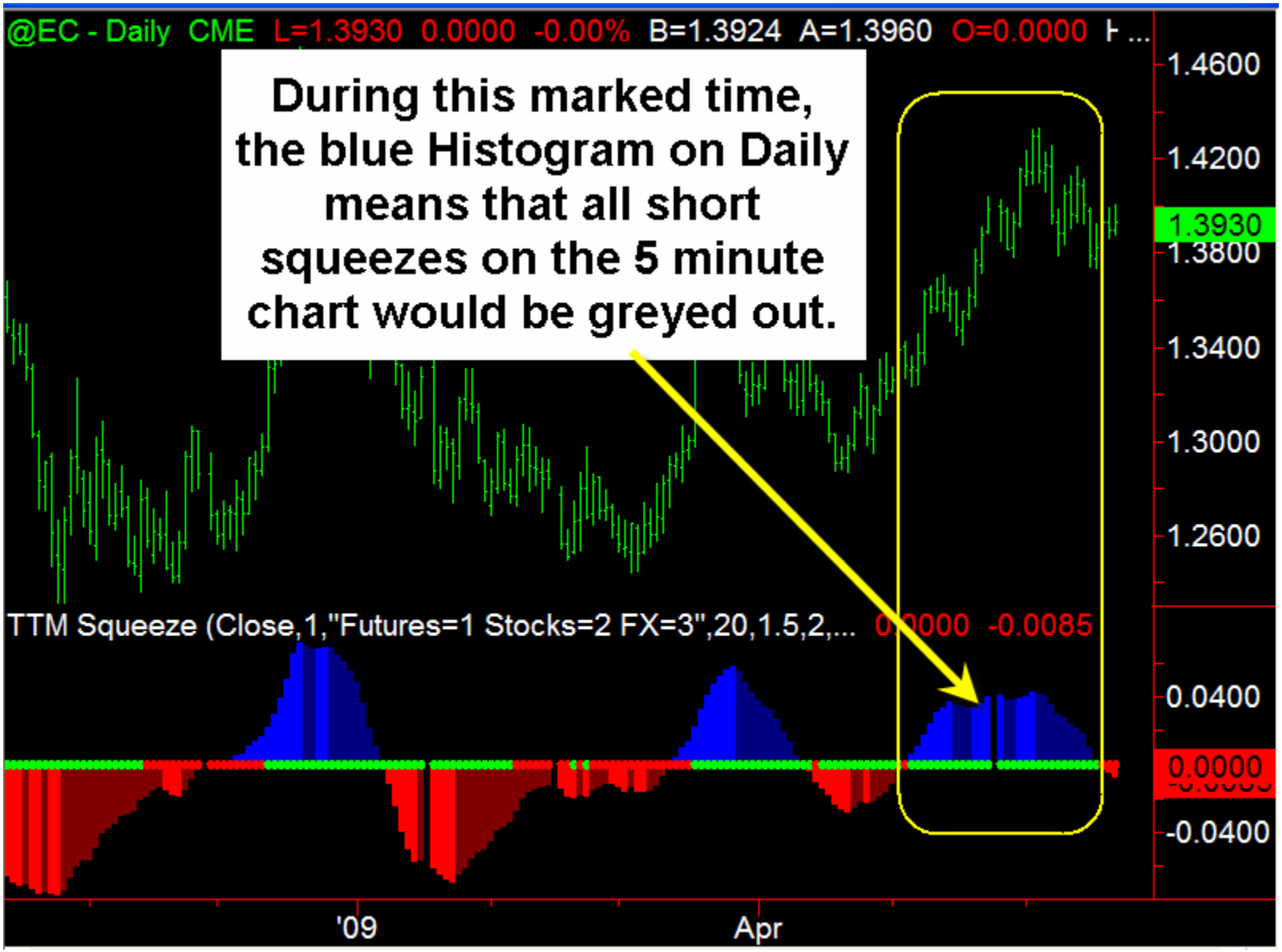
Next, on the 5 minute
Chart, go in and format
The TTM Squeeze Anchor
So that it is referencing
Back to the Daily Chart.

Yes, you can reference
More time frames if you
Wish, up to 5 total.

Remember, you can't
Reference back to tick
Charts but you CAN
Trade off them and have
Them reference intervals.

Finally, remember to set
All of your charts in this
"anchor chain" to the
Same # of days back.


@EC - 5 min CME L=1.3938 0.0110 0.80% B=1.3937 A=1.3938 O=1.3835 Hi=1.3981 Lo=1 ...
5 Minute Chart Anchoring to the Daily: Only take the long squeezes.
1.4020
1.4000
1.3980
1.3960
1.3938
1.3920
1.3900
1.3880
1.3860
TTM Squeeze Anchor ("XMin/Daily/Weekly/Monthly","Daily","","",... 0.000000 0.000996
Grey momentum means pass!
0.004000
0.002000
0.000996
0.000000
-0.002000
4:00
5:00
6:00
7:00
8:00
9:00
10:00
11:00
12:00
13:00

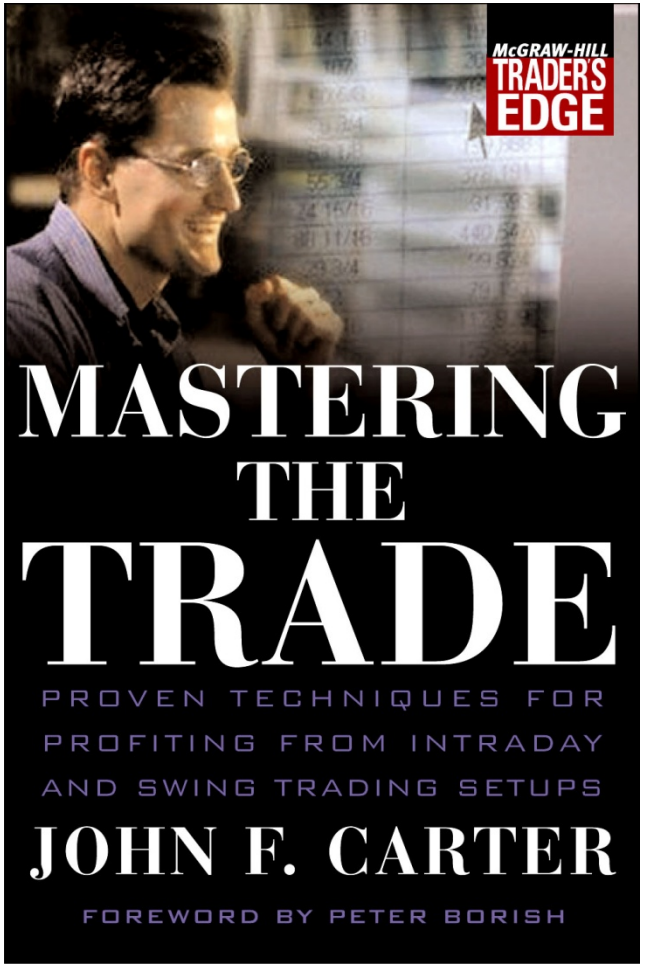

@EC - Daily CME L=1.3930 0.0000 -0.00% B=1.3924 A=1.3960 O=0.0000
During this marked time, the blue Histogram on Daily means that all short squeezes on the 5 minute chart would be greyed out.
1.4600
1.4200
1.3930
1.3800
1.3400
1.3000
1.2600
TTM Squeeze (Close,1,"Futures=1 Stocks=2 FX=3",20,1.5,2,... -0.0085
0.0400
0.0000
-0.0400
'09
Apr

The Difference Between TTM Squeeze and TTM Squeeze Anchor?

1. The TTM Squeeze Anchor and the TTM Trend Anchor ARE the same thing as the TTM Squeeze and the TTM Trend.
2. That is, you can place the “anchor” versions on a chart by themselves with no inputs, and they will act like a normal Trend or Squeeze.
3. Then, if you DO want to reference anchor charts, these indicators have the added ability to do that via their multi time frame inputs.

Use limit orders!
Limit orders = planned out trades
Market orders = impulse trades

Book released January, 2006



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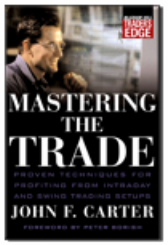

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