

## Trading Futures and FOREX with CTGFutures PaintBars.

We use two different PaintBar Studies in tandem to trade the markets.

1. CTG T3 PaintBars
2. CTG LT PaintBars (LT= Long Term)

They can be used by both day traders, those looking to scalp smaller movements in the markets, and swing traders, those who are looking for trades that catch a transitional move from one direction to another and generally last at least a few days.

Here are some examples of how to use these trading tools for both approaches.

### Day Trading Strategies.

We have illustrated this approach in the chart on the next page. Set up a 5 minute chart with 2 data streams. Apply the CTG T3 PaintBars to the upper stream and the CTG LT PaintBars to the lower stream.

While the lower stream data is coloured BLUE, trade only to the long side and while it is coloured red, trade only to the short side. In the example below we are only buying since the bottom data stream is BLUE. The market is the June EURO currency as of Friday April 24, 2009.

The key to entering the market is **recognizing the shift in market lows**. On the chart below this is illustrated by the dotted yellow line at 1.2997 – this is the lowest Yellow T3 Bar. As this occurred the bottom stream of data was coloured red. The next several 5 minute bars the market rallies and the bottom data reverts back to BLUE and for a few bars both the upper and lower data are coloured BLUE.

The next important event occurs when the T3 Bars turn YELLOW. We are now getting ready to enter the market if this YELLOW sequence does not fall lower than the 1.2997 line. This sequence of YELLOW lasts for no more than 4 bars and then turns BLUE. **This then is where we enter the market – on the OPEN of the next 5 Minute BLUE T3 Bar.** On the chart below that is 1.3046 – (dotted CYAN line). We set our stop 2 ticks below the previous T3 low at 1.3020. As the market moves higher we slide our stop up, setting it 2 ticks below the previous T3 YELLOW lows (illustrated by the dotted red lines on the chart) and hold until stopped or if aggressive until the bottom set of data turns RED.

## June EURO – 5 Minute – Double Data Stream.



This next chart below illustrates the same technique using Tick Charts. Since TradeStation does not allow multi data streams for TICK charts, you will need to set up two separate TICK charts and configure one with CTG T3 PaintBars and the other with CTG LT PaintBars

# June EURO – 500 TICK – Two separate charts.



## Swing Trading Strategies

This approach to trading requires looking at the market from a longer time frame. We choose to use a 20 Minute and a 60 Minute chart to achieve our goals. Along with both of our PaintBars we also add a 200 Exponential Moving Average to the mix.

June EURO 20 Minute charts with CTG T3 PaintBars and CTG LT PaintBars below.



The chart on the previous page illustrates two 20 Minute charts of the June EURO between April 14, 2009 and April 24, 2009. On the bottom chart labeled Swing Trading Window you can clearly see the shift from Long to Short to Long in this time frame. The RED down arrows indicate sell points for the short swing trade and the CYAN up arrows illustrate the buy points for the long swing trade.

Specifically our goal is to Sell as the market first falls below the 200 EXP MA then rebounds to touch the 200 EXP MA. Likewise we do the opposite on the long swing. The T3 Bars on the upper chart provide us with entry support. On the Short swing we enter on the close of the first YELLOW bar near the 200 EXP MA and on the Long Swing we do the opposite. Buy on the close of the first BLUE Bar near the 200 EXP MA. On the trades we risk no more the \$350 per trade. If stopped out and the charts reset we enter again.

Once the trade moves into the money we set our stop below the 200 EXP MA. As the market and 200 EXP MA move higher we slide the stop up. On the chart above the stop on this trade would be set near 1.3095, slightly below the 1.3111 value of the 200 EXP MA.

Not all markets move in the same fashion and for this reason we also use the same techniques describe above with a 60 Minute chart. This chart helps to give the trader a longer view of the market and to stick with trades to maximize profits in major swings. The chart below shows the same June Euro with both T3 and LT PaintBars in a 60 Minute chart interval.

On this chart set you can see the upward swing indications have been slower in developing. However it is possible that this move is early in the upward swing cycle so by keeping an eye on the 60 Minutes Charts we have a view that may be able to keep us in the trade for a longer run. We can also use the 60 Minute pairing in the same way we used the 20 Minute charts. When the price retraces back to the 200 EXP MA on the 60 we can enter the market as the T3 bars turn Blue on the bounce. This gives a strategy for adding to existing positions or re-entering the market after a stop out.

June EURO 60 Minute charts with CTG T3 PaintBars and CTG LT PaintBars below.



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