

FS Cycle Trend Indicator

MOMENTUM TOOLS

Future Script

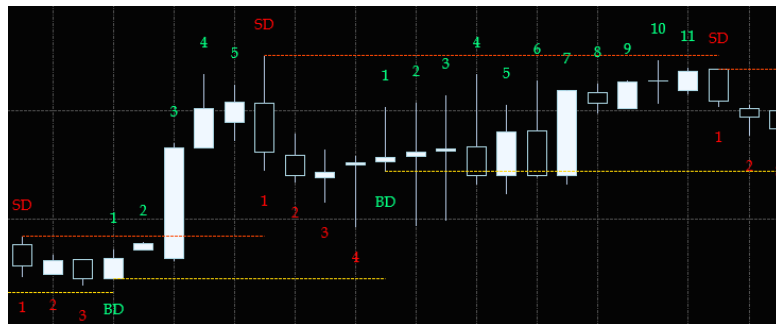
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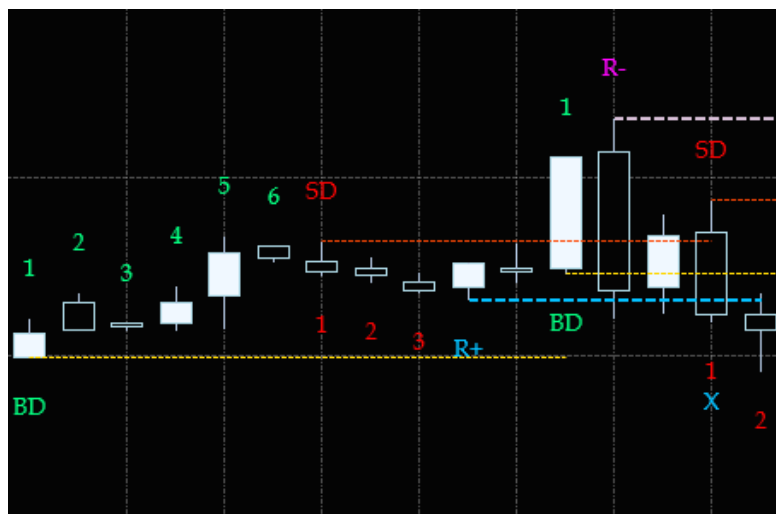
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The Cycle Trend

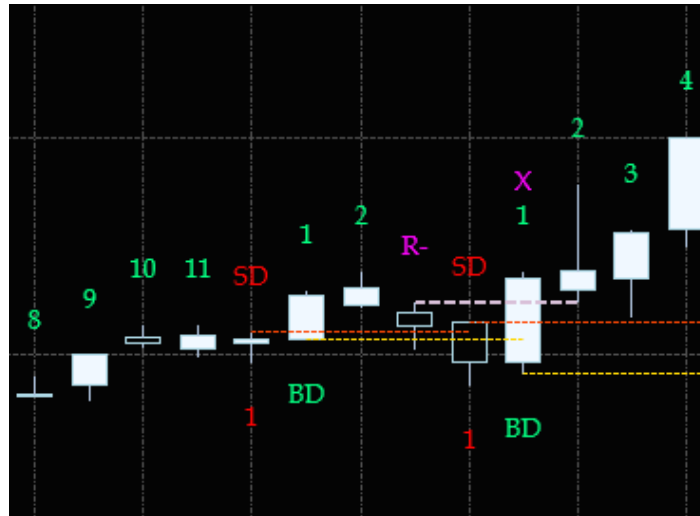
The Cycle Trend is a more advanced version of the FS Price Hacker Sequence idea. The way the bars are defined to relate to each other that produce the cycles is deeper in analysis and more specific in construction. The cycles are accurate at displaying through price action the many variations of buying and selling phases that occur in the market. These phases continue to repeat, never exactly the same way as before, as the market trades in each new session. The techniques for evaluating the cycles were developed by studying Japanese candlesticks for many years observing many different markets. A new cycle starts with the formation of a buying or selling bar. A cycle is interrupted by a reversal bar and then is waiting for the formation of a new buying or selling bar to begin the new opposite cycle. The numbers like the Price Hacker will continue to count up until the completion of a cycle. The buying bar's low and selling bar's high will be recorded as important critical levels where the market moves began and will be used to evaluate the condition of the subsequent price action in context to the scenario.



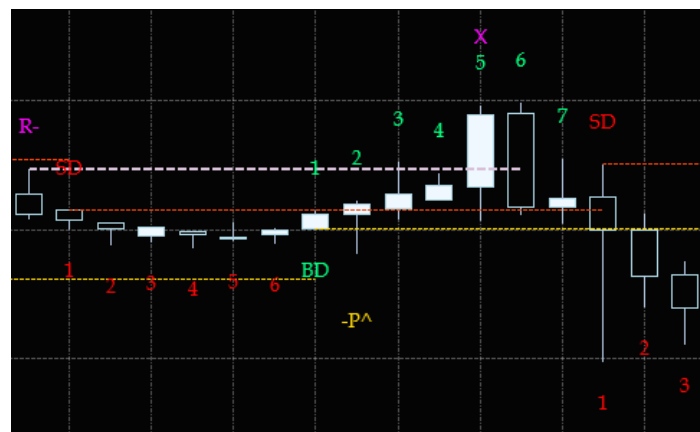
These will serve as support and resistance levels. The reversal bar's extreme will also be used as a critical level but since it is a rejection of price at a certain point it more behaves like a pivot as price trades about it. Price that has reversed from an area but the trades through at a later time is more often a breakout and continuation of the pattern as a new cycle develops over the previously rejected area. This breakout of a reversal pattern will be marked with an "X".



Price that moves through a support or resistance level may also do this but more often than not will come back to touch the broken level before attempting to move back in the direction of the breakout. The example below shows price capturing resistance and then coming back to tag it before launching higher on bar no. 4.

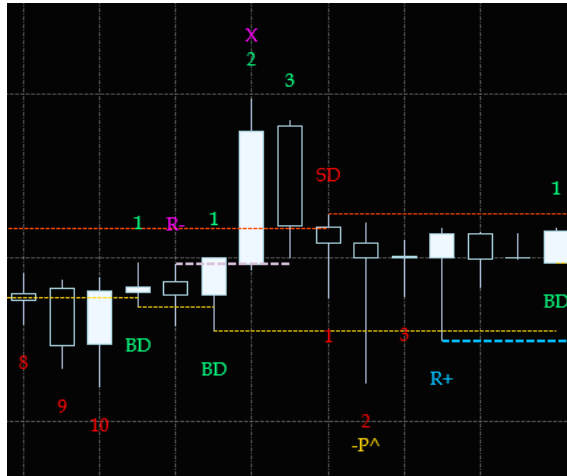


This example shows a cycle support broken with a sufficient downward price attack deep below the level and the following periods confirming the breach.



The "P" bar is a special type of bar that shows a longer rejection wick than normal and is useful to identify brief panic in a buying mood that is quickly taken advantage of by larger players catching the flush of weak hands. This is a relatively small panic. Larger panics often produce more violent up moves following them and a panic into a critical level can offer some fantastic trading opportunities. Panics to the upside are different in nature and are more often initial attacks into new territory so they are not treated the same way. A buying cliff is more simply realized with a big down bar.

This is a good example of a panic bar into a support level that can offer some good trade location when executed properly.

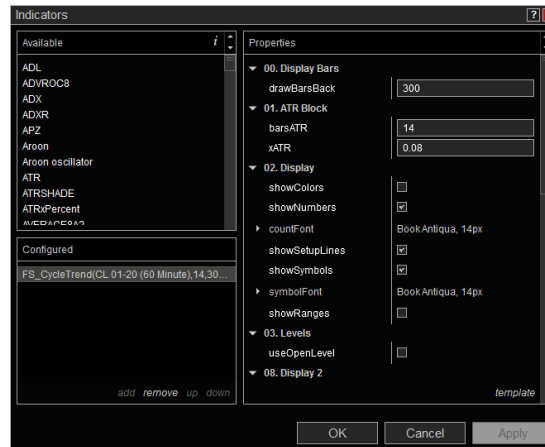


Longer trends tend to beget longer trends and more sustained moves. The brief minor cycle opposite a major cycle is a common feature of trending markets as there is a relief for just a few periods that is followed by a resumption of dominating activity. Here the downward motion is intact as price cannot sustain a buying phase for longer than a handful of bars. The buying also runs into trouble at the overhead resistance created by the previous selling phase. The support is then broken on the reversal bar that is comparatively more powerful than all the buying bars it engulfs.

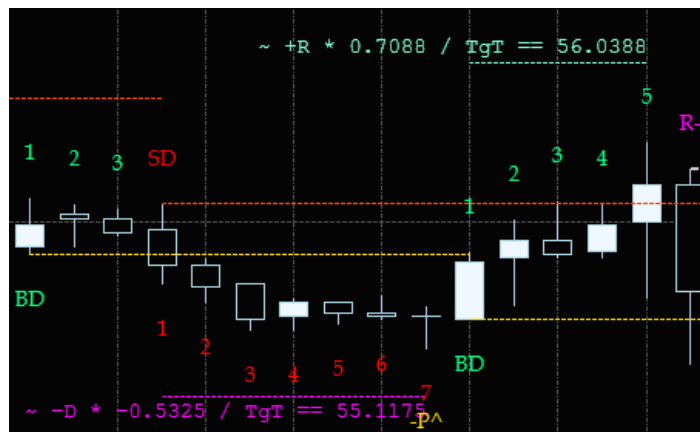


The cycles can be measured on almost any type of time or volume chart. The concept of using a macro chart and overlaying a micro chart to put cycles in agreement with longer cycles can be a powerful application of this indicator. A swing trader will want to use the weekly and daily cycles as a filter to drive the hourly cycle perhaps, or using the hourly cycle as a way to trade constant volume bars on agreeing direction and cycles. The micro trader could use any type of cycle to drive their scalping signals and swim with the overall tide. A solid general approach is to buy on the buying bar or attempt to buy at its low for good trade location. The reverse can be applied to the selling bar and selling the market when it reaches the selling bar's high.

There are just a few variables to set in the input window for the cycles. The “barsATR” sets the ATR for the defined input of periods to calculate and the “xATR” multiplier sets the closing distance beyond the reversal levels to warrant a breakout. The default setting of 14 and 0.08 means that the close must be beyond the reversal level by the 14-period ATR times the multiplier 0.08. This feature allows some flexibility for adjusting setups and qualifying the breakouts.



The “showColors” will color the bars based on the type of bar it is. A buying bar is lime, a reversal buy bar is blue, a selling bar is red, and a reversal selling bar is magenta. The “showNumbers” is for the count. Activate the support and resistance with the “showSetupLines” feature. The “showSymbols” is for the text markings. The “useOpenLevel” will substitute the opening price of a buying or selling bar rather than the extreme to be used as input for the critical levels. The display fonts will pop up when some of these options are checked to allow further customization of the chart.



There is an internal calculator that will plot the average range of the previously recorded cycles that reach a count beyond 1. This can be turned on by checking the “showRanges” option. The price projections based on the average rally and average decline from previous cycles will be displayed on the chart.

The “drawBarsBack” setting is used to save processing power by only marking the chart the specified number of bars back. This helps to conserve resources and declutter the chart.

The “showOutput” switch can be activated to display the data being generated on each bar to the output window. The output designations are labeled as follows:

BARTYPE = type of bar as an “int”. Possible values are:

- 3 = Panic Buy
- 2 = Reversal Buy
- 1 = Buy
- 0 = Neutral
- 1 = Sell
- 2 = Reversal Sell

BDL = Buying bar low level as “double”

SDH = Selling bar high level as “double”

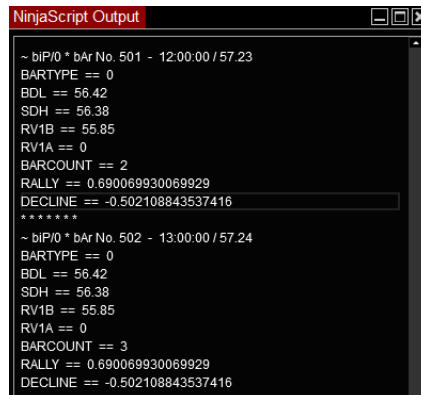
RV1B = Reversal buy bar level as “double”

RV1A = Reversal sell bar level as “double”

BARCOUNT = Positive “int” values are for a buying sequence, negative for a selling sequence

RALLY = average rally value as “double”

DECLINE = average decline value as “double”



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NinjaScript Output
~ bIP/0 * bAr No. 501 - 12:00:00 / 57.23
BARTYPE == 0
BDL == 56.42
SDH == 56.38
RV1B == 55.85
RV1A == 0
BARCOUNT == 2
RALLY == 0.690069930069929
DECLINE == -0.502108843537416
*****
~ bIP/0 * bAr No. 502 - 13:00:00 / 57.24
BARTYPE == 0
BDL == 56.42
SDH == 56.38
RV1B == 55.85
RV1A == 0
BARCOUNT == 3
RALLY == 0.690069930069929
DECLINE == -0.502108843537416
```

END OF LINE.