Trading the Frequency of Price Change

Summary: What is the basis of your decision-making in trading and investing? Many retail traders assume or guess. We invite you to trade with mechanical rules at crucial price turning points and introduce a new and affordable indicator. Watch the video and read the details below.

Buyers and sellers move the market; whoever has the upper hand moves the market in their direction. So, right from our research desk, we introduce a new indicator that measures the frequency and amplitude of financial market transactions to determine when buyers hand it over to sellers and vice versa for you to trade at significant price turning points.

Prices determine the equilibrium of the offer between buyers and sellers and specify where an asset transaction takes place. In simple words: if buyers want to buy at $100 and sellers only sell at $101, no equilibrium is found, and no transaction takes place.

In trading, we refer to the buyers and sellers offer in the terms "**Bid and Ask**," signifying the two-way price quotation that indicates the best possible price at which a security can be sold and bought at a given point in time:

- The bid price represents the maximum price a buyer is willing to pay for a share of stock or other security.
- The ask price represents the minimum price that a seller is willing to take for that same security.
- A trade or transaction occurs when a buyer is willing to pay the best offer available—or when a seller is willing to sell at the highest bid.

The difference between the bid and ask prices: **"The Spread"** is a crucial indicator of the liquidity of the asset. In general, the smaller the spread, the better the liquidity.

The offer on the bid and ask side of assets is in constant motion, and so is the frequency of the price equilibrium, and such, it builds a measurable entity. Our algorithms measure the frequency and amplitude of this motion to create directional price indications.

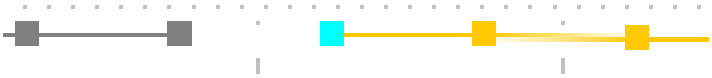
The **Speed** of transactions measures the rate of a price change, and we refer to it as the frequency. The frequency changes asset to asset and by the time frame of observation, and we measure three stages:

- Average historical volatility or statistical volatility (gray lower squares), signifying the average expected rate of exchange at the observed timeframe
- Impulse volatility (cyan color squares): By a strong impulse (supply or demand-based), the exchange frequency of an asset increased, showing an instant breakout. Buyers or sellers move the market, creating an impulse
- Continued strongly increasing vibration (orange color squares): A high exchange frequency continues after the impulse shock.

We added this color code on the bottom of our newly developed study and highlighted candles with impulse volatility by a cyan square and cyan highlight of the bar.

Frequency Modulation (FM) encodes information in a carrier wave by changing the instantaneous frequency of the wave to transport the signal by a rapid carrier wave. FM radio is commonly known, and the technology is also used in computing, telecommunications, and signal processing: a field we have an excellent understanding of. For example, we took the basis of signal transmission to decode the signals given by the financial markets as a basis of their transactions to initiate directional trades.

NLT Frequency of Change Indicator



Here is how it looks and is interpreted on a live chart example we will use going forward with the lower study:

Situation-1: Average price move, 7/20 to 8/13/2021. The impact volatility measured did not lead to a continued high frequency of exchange	**Situation-2:** Impulse and increased frequency of transactions or exchange	**Situation-3:** Average price moves or volatility and no change by the measured impulse volatility	**Situation-4:** Impulse volatility led to a continued high rate of exchange.

With a statistical function, we measure the average amplitude of the prices where an exchange of assets took place and specify what we call the SPU. The SPU is used to determine critical factors in trading:

- How far will the expected price move most probably reach
- How much wiggle room to give the price offer, so you are not getting stopped to bring your trade to target

With our newly developed indicator, we measure price changes where buyers take over from sellers and vice versa to spell out price thresholds that need to be confirmed in the price continuation of the next candle to enter into a trade: Buy > or Sell <.

In such an environment, you are not guessing; you act on clearly defined rules. But, unfortunately, many retail traders

never invest in learning a different way of trading; they try to win today's formula-1 race with world war II technology and decision-making. Definitively, not what will give you an edge in trading: Always consider, there is a 95% likelihood that the other side of your trade is filled by a professional who is prepared and ready to take your money.

We encourage you only to trade if other market participants invest or sell the same asset. Following this model allows us to operate with buy-stop and sell-stop OCO orders (One Cancels Other Order): A simple way to enter and exit your orders without needing you to be in front of your computer at order entry or exit. To do so, we want to introduce you to the concept where the system specifies the natural price movement of the observed asset. When a price movement initiates, it defines how far it shall reach to take a positive exit. In the same way, it defines the stop level, considering the statistical volatility.

By the way, our concepts of adjusting the trade instead of taking the stop loss gave us the name Never Stop Loss Trading, but it was a bit lengthy.

NeverLossTrading Price Move Model

1. **Prices accumulate** prior to a price move and our indicators are identifying this stage by measuring price-, volume- and volatility development, with the NLT-specific market pressure model.
2. Prices **test** the **high/low** of a range prior to breakout. Again, our sensors are triggered and alarm us.
3. **Breakout** to the next price increment. It shows and is highlighted right on our charts and picked up by our scanners.
4. The **price breakout is noticed** by key market participants and is either:
   - **Confirmed – and we trade it.**
   - **Not confirmed** – and we stay out.

We also understand that key asset holders will have a solid need to re-balance their inventories. Thus, at a particular price expansion, they will either float- or shorten supply, which will

result in an opposite directional price move that will then take away from our profits. Knowing this, we pre-calculate how far the expected price move will reach, and there we take profit, assuming it will retrace or reverse after.

Our tool to calculate the expected price move is the **SPU = Speed Unit**

NLT **SPU** = Price Move/Time Unit (Price Speed)

A dynamic measure: Constantly Adjusts to the Actual

SPU-Trade-Target:

Minimum expected price move after an institutional engagement is established.

What is your take away:

- By a changing the frequency and amplitude of the price movement over time, we specify indications to act on high probability price turning points, applying mechanical rules rather than leaving room for interpretation.
- The NLT system defines the SPU (Speed Unit), indicating how far a price move shall reach until it comes to an end.
- Operate with conditional buy-stop and sell-stop orders, ensuring that other market participants have the same directional assumption that your system spells out.

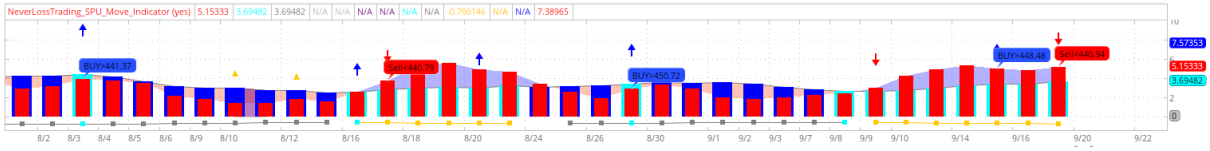
How can this be expressed on a chart?

We put the frequency and amplitude of exchange into a lower study that can either be traded as a standalone decision-making tool or together with the other NLT indicators and studies.

The NLT SPU Move Indicator measures the price movement over time, constantly adjusting to actual. This study shows when a potential directional price change is likely to happen:

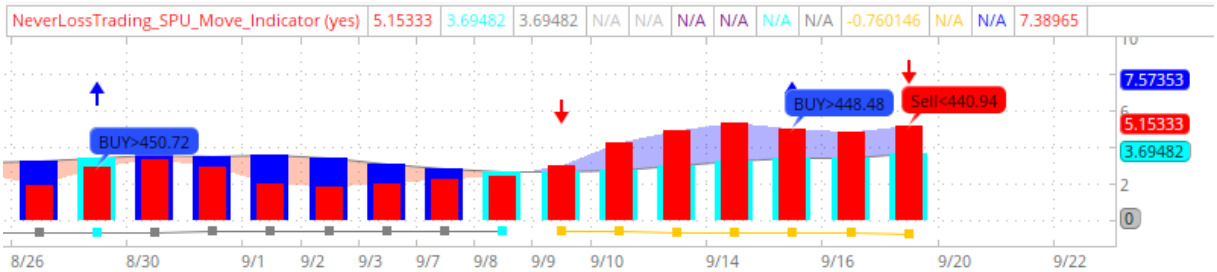
- When Momentum Change and Statistical Impulse Volatility come together: Red and Blue arrows point towards the possible breakout direction. Chart bubbles with Buy > or < Sell signals and arrows indicate potential price turning points for a trade, under the condition that the next candle ticks out the price threshold.
- Clouds: Red Clouds show areas of statistical price volatility contraction, Blue Clouds signify price volatility expansion.
- The lower square-dot line indicates by color when impulse volatility happens (cyan) and is continued (orange) or falls back to average (gray). Orange triangles above the bars indicate yield signs for a potential breakout to come without any directional bias.

NLT SPU Move Indicator Study, 8/2 to 9/20, 2021



Let us magnify and section out the observed timeframe into two separate charts to describe the trade rules, and later we bring this lower study together with a price chart.

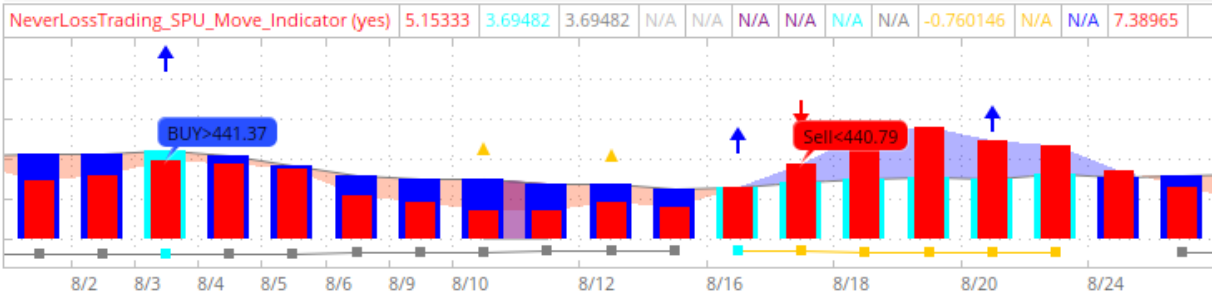
Section-1 NLT SPU Move Indicator, 8/26 6o 9/20/2021



The graph shows three price move indications expressed through Buy and Sell thresholds:

- **Buy > $450,72**, had impulse volatility (cyan), and then volatility slowed down to average expected (gray dots). The buy threshold got confirmed in the next candle and led to a trade for 1-SPU in four candles (here four days).
- The signal, **Buy > $448.49**, was not confirmed, and no trade was initiated.
- The sell threshold of the last candle was due for confirmation at the time of writing and led to a short trade.

Section-2 NLT SPU Move Indicator, 8/2 to 8/26/2021



The graph shows:

- **Buy > $441.37** was not confirmed. The impulse volatility increase went back to average after initiation.
- **Sell < $440.79** was confirmed in the continuation of the next day. The signal led to a trade for the 1-SPU target at an increased volatility rate.

When you hover over the study, it will tell you the actual **SPU**, bar-by-bar. Check for the cyan color second indication of the current candle at **$3.69**.

The above example references the price development of SPY, the ETF for the S&P 500 Index, and demonstrates how we measure and trade for a pre-defined price change in distance and time:

Trades will be closed either at the pre-defined SPU-move or after the maximum number of candles in the trade: A two-dimensional positive exit strategy.

The SPU-measure defines the price change you trade for, and you only act on acceptable reward to risk setups.

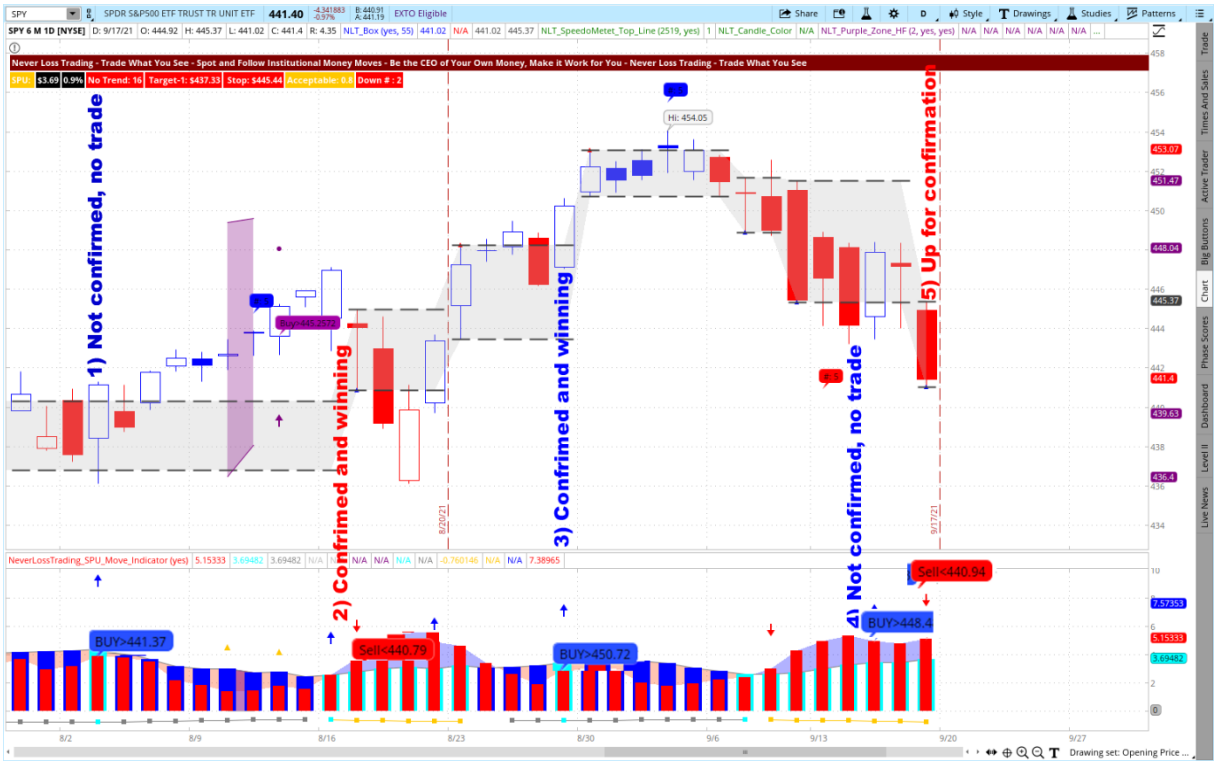
A big takeaway for retail traders:

You are not in the business of trading; you are in the business of making money by investing in favorable setups.

Many retail traders that come to trading with a solid work attitude overtrade. The work in trading is in preparation.

Here is how the lower study looks together with a price chart:

NLT SPY Chart 7/29 to 9/17/2021



The chart shows five trade situations, each with a specifically spelled out price threshold for entry, target, and stop, making it simple for you to define your conditional OCO orders.

NLT Chart Review

Entry Rule	Signal	Signal Confirmation	Result
Situation-1 Buy > $441.37	The signal came at a crucial price turning point to the upside	The price direction was not ticked out by the price movement of the next candle	No trade was initiated
Situation-2 Buy < $440.79	A signal at a crucial price turning point to the downside	The signal got confirmed and led to a trade	A $4.52 gain was accomplished at the open of 8/19 by an OCO order. The expected SPU was $2.80
Situation-3 Buy > $450.72	Upside breakout point.	By a gap <1/2-SPU, the trade direction was confirmed and led to a trade	After five days in the trade reached its 1-SPU target: +$3.45
Situation-4 Buy > $448.48	Upside potential	The price direction was not ticked out by the price movement of the next candle	No trade was initiated
Situation- Sell < 440.94	Downside potential	Not confirmed at the day of writing	Open

We utilize three dimensions to specify when to exit a trade:

- When a 1-SPU price move from entry is accomplished
- At the closing of the fives day in a trade, when the 1-SPU price move is not reached

By a two-dimensional positive exit strategy, trades will be closed either at the pre-defined SPU-move or after the maximum number of candles in the trade:

- At the stop: You will learn where to put the stop in training when signing up for the new indicators

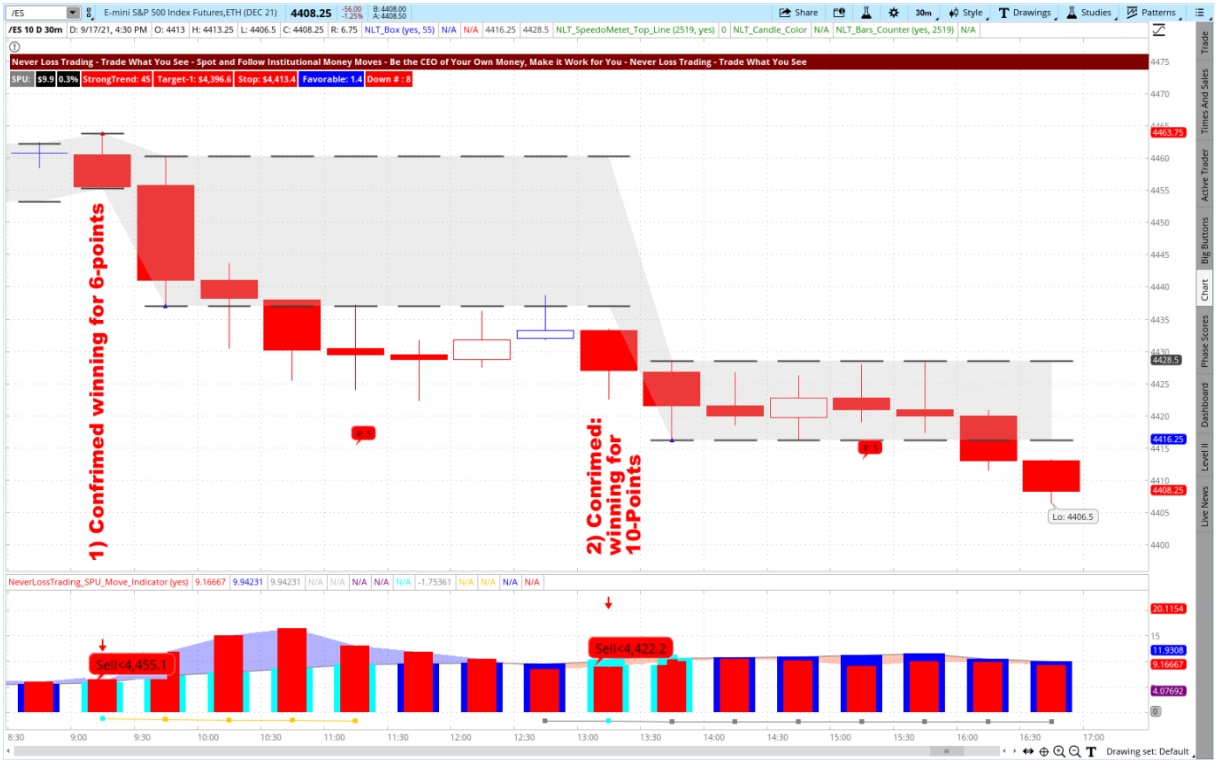
The SPU-measure defines the price change you trade for, and you only act on the acceptable reward to risk setups, and we

teach you the details in training after signing up for using the new indicator.

Does this work for lower timeframes and other assets too?

Let us stay in the index arena and switch over to the E-Mini S&P 500 Futures Contract on a 15-minute example:

E-Mini S&P 500 Futures Contract, 30 Minute Chart Example



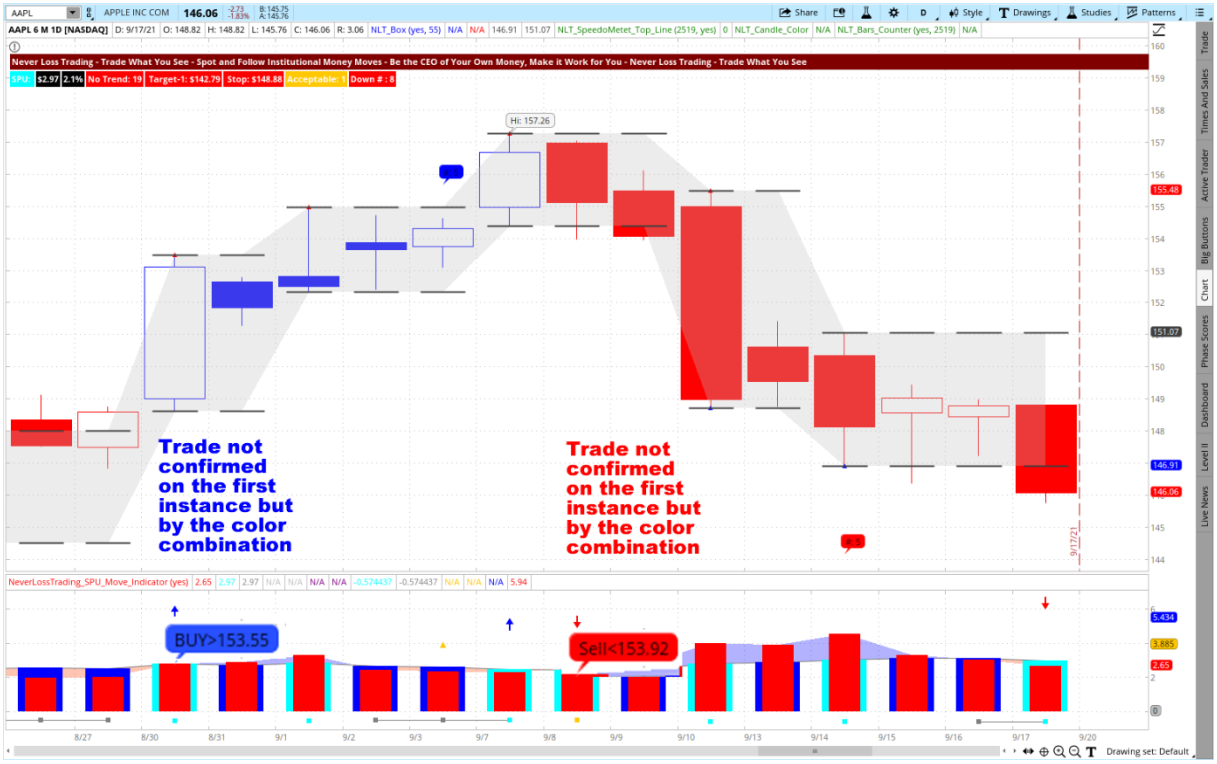
You see on the chart a combination of NLT TradeColors.com and the new NLT SPU Move Indicator. The two systems supplement each other and help you get either early into a potential developing price move or giving you a second chance to trade. In combination, the two systems give you double the opportunities to participate in trades, a definitive productivity advantage you want to realize.

The NLT SPU Move Indicators works similarly together with other NLT Systems like:

- NLT Top-Line
- NLT HF
- NLT Trend Catching

Again, let me give you chart examples:

AAPL Daily Chart of TradeColors.com and SPU Move



By the NLT SPU Move Indicator, you were alerted that a move is setting up. However, it was not confirmed the next day, but through the two-candle-color-combination of the TradeColors.com indicator on the second day.

Again: We want to trade when other market participants confirm directional price moves.

TradeColors.com is our entry-level program into algorithmic trading. To learn more about it, visit this link.

We have a special offer for you: The new indicator will be added for free when you sign during our yearend promotion to TradeColors.com or any other NeverLossTrading Mentorship. The standalone value is $3,997.

How does that sound?

Be part of the NeverLossTrading community and trade the markets with high probability systems.

contact@NeverLossTrading.com and let us know a good day and time to agree on the details, and we are looking forward to hearing back from you.

What if you already use TradeColors.com or another NLT System?

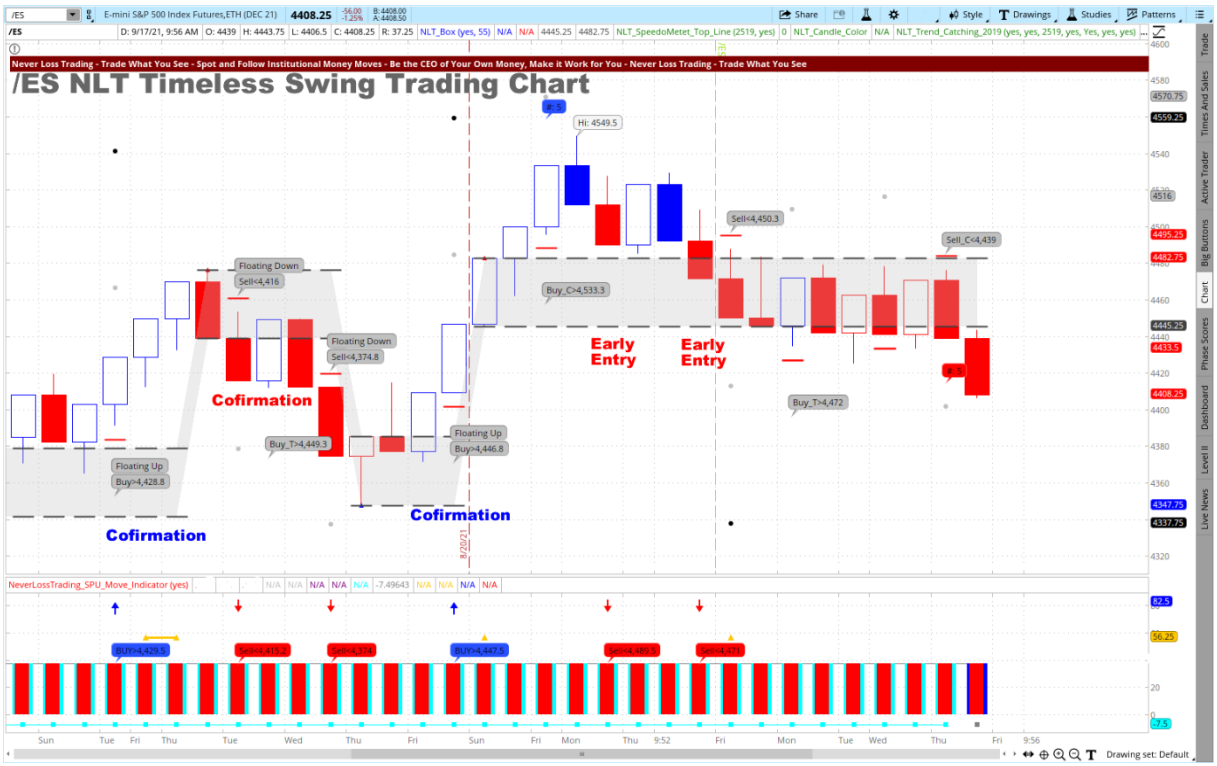
Then you only pay half or $1,997 for the Indicator installation and one hour of training.

Does this indicator also help when you trade with the NLT Timeless concept?

Yes, it does:

- As an early price move entry indicator, and you can pickaback and increase the trade target when a signal occurs in the next candle
- As confirming lower study for a price chart signal

/ES Timeless NLT Swing Trading Chart



In three cases, the new indicator confirmed the existing price NLT Trend Catching signal and two times allowed for an early entry into a directional trade. When you enter early into a price

move, it gives you the significant advantage of aiming for a double income and trading for an advanced reward/risk relation.

As a productivity measure, it added 2-times a 1-SPU opportunity to a 4-SPU expectation: 50% productivity increase.

Talk to us and experience in an online meeting what our systems can do for you. Schedule a free consulting hour:

contact@NeverLossTrading.com Subj.: Consulting

We are looking forward to hearing back from you.

With the NeverLossTrading concepts and education, we want to help you de-complex trading decisions and come to high probability trading by solving the challenges with our systems' help by working with mechanical rules instead of guessing.

Five Dimensions of Trading and Investing Decisions

Follow our free publications and webinars…sign up here, and we are looking forward to hearing back from you,

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