Hi Clubmates.

I could discuss the WHAM trading model under a number of headings.

I will introduce some basic concepts and see what the response is.

A reasonably complete discussion would take some time.

I list the headings of the topic and present some comment on the first couple of points.

I show a couple of gifs illustrating the wham trend. when the wham trend is up the candles are green, when down they are red.

I have illustrated the same time period as show in Tom W's gif with my wham indicator.

I need to explain that for my trading this is one of my trading models. I use primarily still Rays Barros swing model, I use bollinger bands, and the whAM tradingmodel. I do believe one can trade purely on this model but I am a discretionary trader and do not only use this model.

It can be the basis of a mech system if one wishes or its elements can be used as part of a discretionary trading system.

WHAM Trading Model.

1. What is the Wham trend.
2. Single and multidimensional Wham integration.
3. Barros swing equivalents of model.
4. Higher TF Biased Wham.
5. Patterns on the avs.
6. Strengths and weaknesses of model.
7. Assessing market strength with model.
8. Requirements of a responsive trading model.
9. Zones and support levels.
10. WIB and MS bars
11. Setups and triggers for 18d and 5d swing entries
12.   Exits - stop losses and trailing stops.

1. <u>What is the WHAM trend</u>.

Two exponential moving averages are used - a shorter (10ema) and longer term (28ema). When the 10ema is above the 28ema the wham trend is bullish. When the 10 is below the 28ema then the wham trend is bearish. This applies in any tf - daily , weekly, monthly, yearly, or intraday. I prefer the exponential mov avs to simple avs because of greater responsiveness.

If one is using a daily chart and wants to represent daily and weekly wham on the one chart one can simulate the 10ema and 28ema on weekly charts with a 50 daily ema and 140 daily ema (x 5). Similar composite charts could be represented on other tf. I like to use the avs on charts on their correct tf as the candles on that tf can also give useful information.
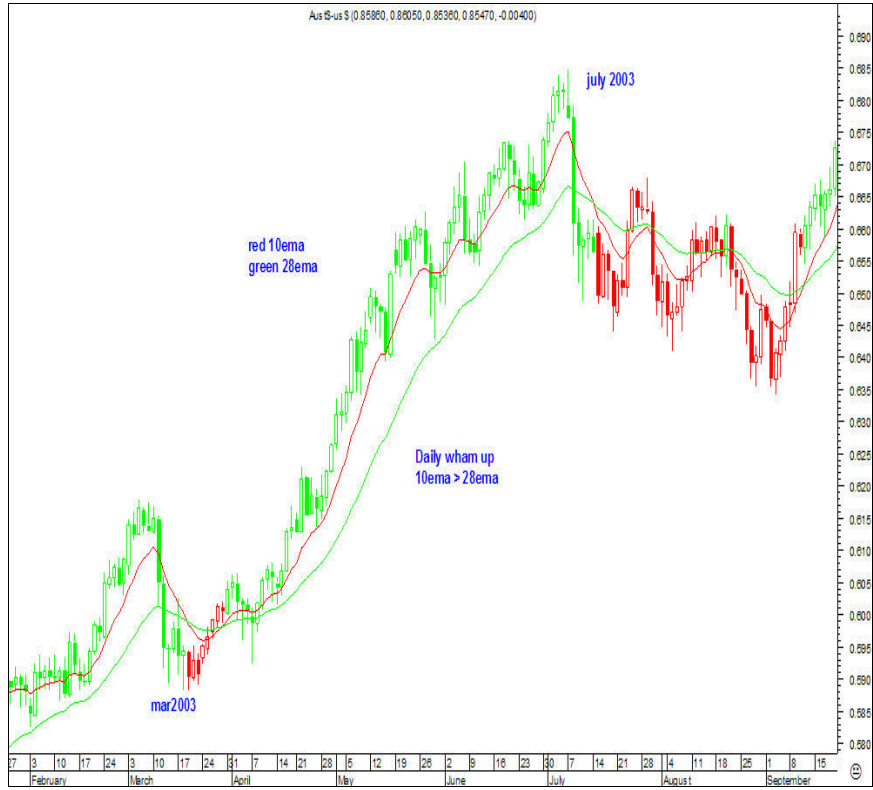
Much live and end of day data can be represented in multiple tf. If the wham avs are placed on the chart by clicking on different tf one immediately has a representation of the wham trend in that tf.

2. Wham trends can be used as representation of the trend in a single tf - SINGLE DIMENENSIONAL WHAM. For example a trader may elect to trade in the wham trend on daily charts.

However greater representation of market truth can be obtained when the wham trend is used MULTIDIMENSIONALLY eg in several tf. If one is trading off daily charts one should look at the Wham trend at least in the next higher tf (weekly) for higher tf perspective and can look at the wham trend on lower eg. 60min data if one wants to fine tune entries.

Strongest trading conditions are when the wham is **in sympathy** in the existing and next higher tf. Even better is when the wham is in sympathy with the next 2 higher tf.

When the wham trend in one tf is in antipathy with the next higher tf this usually means the mkt is correcting against the higher tf wham trend. Of course at the end of the higher tf trend when there is a cit this will be also be indicated by antipathy between the two tf. Good trading opportunities develop when the market is in antipathy with the higher tf trend and then swings back into sympathy.

Aus t$-us $ (0.85860, 0.86050, 0.85360, 0.85470, -0.00400)

july 2003

red 10ema
green 28ema

Daily wham up
10ema > 28ema

mar2003

February March April May June July August September

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INTRO TO WHAM TRADING MODEL 2ND

Hi Club Members.

In my first email on this subject I listed some points to cover shown below. Today I will present the BS equivalents to my model and mention the support levels also.

I attach a couple of gifs one showing the weekly wham indicator over many years and the daily chart illustrating some equivalents to the Barros swings. I have picked on the SP500 as that is probably a chart we are all monitoring in different countries. I have also shown the current daily wham indicator on the SP500 for interest. The weekly wham is still bullish, the daily wham is bearish. This "normally" means the mkt is in a bull mkt correction. Single dimensional wham traders will have had a signal to go short on a setup or stand aside. Double dimensional wham traders who only trade when the daily and weekly wham signal are in sympathy will be standing aside waiting to see if the daily wham turns bullish and the system gives them a signal to go long.

I also just want to clear a couple of points.

when the candles are green the wham trend is up, when red the trend is down. This is not an automatic signal to go long or short. Signals will be covered later. The idea is when the trend is bullish you want to be long or stand aside, when bearish trade short or stand aside.

These are lag indicators - so are the Barros swings. They will not pick the exact ends of trend. There is a lag. Nevertheless the wkly wham trend can remain intact for months or years so this is not to be despised. For the WHAM trader one needs identification of trend and then a methodology to trade it - the latter point will be covered subsequently in later discussions.

Also there is a different mental mindset to mechanical traders and discretionary ones. If one has a good mechanical model and has confidence in it one will trade it according to the rules. As Richard T says there are only 2 rules - 1. follow my system rules and 2. there are no other rules. Mechanical systems are reactive not predictive. They need to be able to generate an adequate number of trades with good reward risk ratio to be profitable.

The discretionary trader who uses tools such as Ray Wave will be looking ahead trying to predict the mkt action in the future and see future scenarios. But this is enough Peter - this will be discussed further in Strengths and weaknesses of the WHAM trading model.

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3.   WHAM AND BARROS SWING EQUIVALENTS.

Rough equivalents are :-

Daily wham = 5d trend or 18d swing line
Weekly wham = 18d trend or 13w swing line.
Monthly wham = 13w trend or 12m swing line

Also rough equivalents in mov av direction are :

10ema direction on daily charts corresponds to 1d trend. (5d swing line)
28ema direction on daily charts corresponds to 5d trend   (18d swing line)

10ema daily is a support level for 1d corrections in a trend..
28ema daily is a support level for 5d corrections in a trend.
10ema weekly is a support level for 5d corrections
28ema weekly is a support level for 18d corrections.

see gifs for illustration.

S&p 500 Index (1,411.26, 1,450.33, 1,411.26, 1,445.94, +34.6699)

SPX 2007

red 10ema in direction of 5d swing
green 28ema in direction of 18d swing

feb 07

Swing line is 18d
swing

red AV is 10ema - note 1d corrections find
support at this level

green av is 28ema - note 5d
corrections find support at this
level, Blue diamonds indicate
ends of 5d corrections

green daily wham is up

red - daily wham is down

June 06

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S&p 500 Index (1,453.42, 1,466.29, 1,370.60, 1,446.94, -7.7001)

Weekly WHAM chart SPX

bear mkt begins

bull mkt begins

Wkly wham green when bullish,
red when bearish

Bull mkt

S&p 500 Index (1,411.26, 1,450.33, 1,411.26, 1,445.94, +34.6699)

SPX Updated to 17 aug close

Daily chart.
When wham is bullish green
candles, when wham is
bearish then red candles

When candles are green trade long or stand aside
When candles are red trade short or stand aside

WHAM double dim charts eggs

In the first presentation I mentioned double dimensional wham - where daily and weekly wham are in sympathy (alignment).

Many traders may elect only to trade with D Dim wham when the TF match up.

I illustrate with 2 eggs on this model with ADUS and EUUS as these have been in comment.

I am not entering into the discussion here of entries and exits but the idea is when the candles are green daily and weekly wham are in alignment as bullish and one can take long trades on signals. Conversely when red one can take short trades on signals. When the 2 are out of alignment we get blue candles - stand aside.

Again I emphasize this method is not to trade every move in the mkt.

It is to pick high probability trading situations.

Euro-us $ (1.34250, 1.35480, 1.33700, 1.34740, +0.00490)

aug 2007

EUUS 2 DIMENSIONAL WHAM
Daily chart.

red bars when daily and wkly
wham is bearish

blue bars when daily &
wkly wham out of sync

green bars when daily and wkly
wham both bullish

140 ema for perspective

Strategy will be to look to buy when bars green
and sell when bars red.

nov 2005

Ribbon shows higher tf (weekly) wham

Bullish   Bearish   Bullish

Apr May Jun Jul Aug Sep Oct Nov Dec 2006 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2007 Feb Mar Apr May Jun Jul Aug