Field guide to "Modded 3LS [TTF]" Indicator

Edition 27.08.2022 -work in progress

with a touch of Frankenstein…

provided by the amazing Team of 3 Line Strikers

Table of Content

Introduction

This indicator adds the 3x Moving averages and a bunch of filter options to the original 3LS indicator provided by The Trading Floor. The addition of the Moving averages frees up Indicator Slots in TradingView. The filters can be used to assist you in filtering out signals, which do not apply to your trading rules.

Don't think about this "modded 3LS [TTF]" indicator as a strategy. This indicator is meant to be used as a tool to assist the trader executing his trading plan. For example, if you have a screw, you use a screwdriver, if you have a nail you take a hammer. Same in trading. If you like RSI, use the RSI indicator and filter it based on rules to assist you in eliminate signals which do not match your rules in first place. If you like Stochastic, take this. Don't use everything at once. Our do you use a screwdriver and hammer at the same time?

And last but not least, always remember, have fun with your trading…

The new Arty 2022 Edition

Strategy

Basic Rules

The Basic 3LS Stragtegy is based on Arty's Youtube Videos.

Prerequisites

- Add "modded 3LS [TTF]" indicator to Trading View Chart
    o Select RSI Momentum Filter
- Add "RSI" indicator to TV Chart

Trading Plan

To be executed during the London Session

1. **Direction**
    - 21 & 50 Smooth Moving Average
        ➢ 21 and 50 SMA must algin for trend confirmation
        ➢ Buy confirmation if Price close > 21 SMMA
        ➢ Sell Confirmation if Price close < 21 SMMA
    - 200 Smooth Moving Average for higher level Trend confirmation
        ➢ Buy confirmation if Price > 200 SMMA
        ➢ Sell Confirmation if Price < 200 SMMA
2. **Levels**
    - Support and Resistance of 1hr Timeframe
        ➢ 2x Zones above price
        ➢ 2x Zones below price
    - RSI Indicator
        ➢ Buy confirmation if RSI > 50
        ➢ Sell confirmation if RSI < 50
    - RSI and price for divergences
        ➢ Check if Price creates Higher Highs but RSI creates Lower Highs
        ➢ hidden div. is for possible trend continuation
        ➢ regular div. is for possible reversal
3. **Entry**
    - Enter on 5min Timeframe
    - 3 Line Strike (3LS) or
    - Engulfing Candle aka BigA$$ Candle (BAC)
    - Only one open trade for a pair at a time

Stop Loss placement Options

- Fixed size (10 pips)
- 2x length of entry candle
- Last swing low or high

Take Profit Options

- Minimum 1:2RR
- Target next S&R Level
- Trail based on market structure

Links to Arty's Videos for more details and Examples:

5 Minute Scalping Strategy **HIGHEST WIN RATE**

Best Candle Formation for 5 Minute Scalping

Best Scalping Strategy **Best Entry Point** (Big A$$ Candles)

RSI Divergence Trading Strategy

FOLLOW the MOMENTUM - DON'T make my mistakes

3 Line Strike Indicator FREE***

5 Minute Scalping Strategy ***VWAP UPDATE***

Other useful Videos

How to Understand Market Structure | FOREX

How to Identify Correctly and Trade Supply and Demand Zones | FOREX

The rules of MyHeroAK

1.) Trade with the Trend.
2.) If PA is in an uptrend and above the 200 SMMA, look for Bullish signals only. If PA is in a downtrend and below the 200 SMMA, look for Bearish signals only. If price action is moving back and forth between the 200SMMA (aka constantly going above and below it without a clear bounce or rejection), ignore the trades until it settles out.
3.) PA MUST make a higher high and a higher low (or HL/HH) before taking a Bullish signal. PA MUST make a LH and LL (or LL/LH) before taking a bearish signal. Waiting for a high and low in the direction of the trend helps to confirm that price is indeed trending on that time chart.
4.) Always look left. If the trend was making HH's or LL's and then fails to create a new HL or LH, but a signal forms, I won't take the trade because the structure is broken.
5.) For the Heatmap Volume Indicator, Volume must be at least Normal (white). Grey means low volume and not a confluence. Yellow/Orange/Red mean higher volume than normal.
6.) For the StochRSI. The lines must cross (yellow on top for a buy and white on top for a sell) at close of signal candle or next candle open.
7.) For the Normal RSI, If the RSI line is above 55 (instead of 50), its a buy, if below 45 (instead of 50), it is a sell. I found that often the PA may cross the 50 line, but it would skirt the line and then go under. Ive noted in the past that most winning trade signals started higher than 55. Doing research online, it seems to be a common thought that 45-55 is a dead zone and its better to wait till PA breaks above or below these.
8.) Outside of the bare bones 3LS rules (trend, signal, MA), 2 out of the 3 confluences must align. If not, then I do not take the trade.
9.) If, on the StochRSI or normal RSI, the signal lines come together but remain super close (where you have to zoom in really close to see if it actually crossed or not), I don't take the trade, especially if only 1 other indicator is in confluence.
10.)If my gut says don't take the trade, I don't take the trade

3 Line Strike Order Entry Confirmation Sheet

BUY	
Direction	
Price > 200 MA	
21MA > 50 MA	
Countertrend?	
Level	
RSI > 50	
Price min 20 pip away of S&R level	
Entry	
Bullish 3LS	
Bullish BAC	
Confluences	
Rejection of 21 MA	
Volume spike	
Market Structure H, L, HH, HL	
Divergence hidden	
Divergence regular	
Stoch RSI Cross	
Stoch RSI Oversold	

SELL	
Direction	
Price < 200 MA	
21MA < 50 MA	
Countertrend?	
Level	
RSI < 50	
Price min 20 pip away of S&R level	
Entry	
Bearish 3LS	
Bearish BAC	
Confluences	
Rejection of 21 MA	
Volume spike	
Market Structure L, H, LL, LH	
Divergence hidden	
Divergence regular	
Stoch RSI Cross	
Stoch RSI Overbought	

3 Line Strike Order Entry Confirmation Sheet

Settings

Moving Averages

The Modded 3LS Indicator adds the recommended Moving Averages by Arty to the Charts. The calculation is based on the Exponential Moving Averages (EMA). The EMA reacts quicker to price actions and provide early signals. Arty prefers Smooth Moving Averages (SMA). These are based on the same calculation, so you just need to double the EMA value to have SMA indicator. Example: if you change the 21 EMA to 42, the plot on the chart will show the 21 SMA.

The Moving Average 3 is used as long-term trend indication. Originally EMA or SMA is used as trend detection. However, if you prefer to use VWAP as method of calculation of the long-term trend, you can activate this option and adjust the parameters as required.
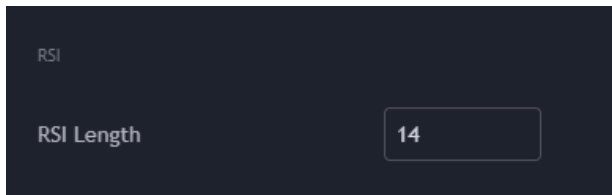

Moving Average with EMA values

British Pound / Japanese Yen, 5, FXCM O162.739 H162.845 L162.734 C162.836 +0.097 (+0.06%)

Moving Average with EMA values doubled = SMA

British Pound / Japanese Yen, 5, FXCM O162.836 H162.844 L162.834 C162.844 +0.008 (+0.00%)

Long-Term Trend Moving Average 3 as Vwap

RSI

The RSI is used to detect the Momentum of the trend. The RSI setting for the calculation of the filters can be adjusted.
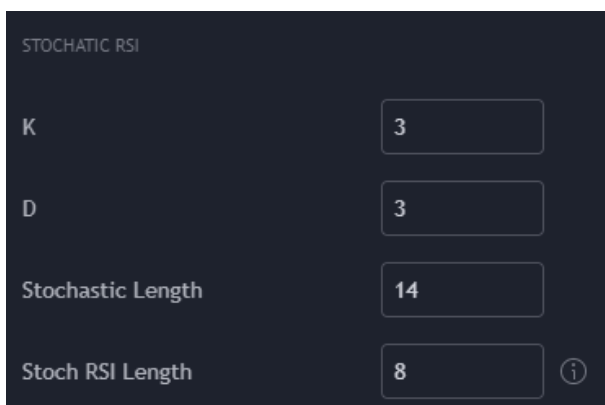

Stochastic RSI

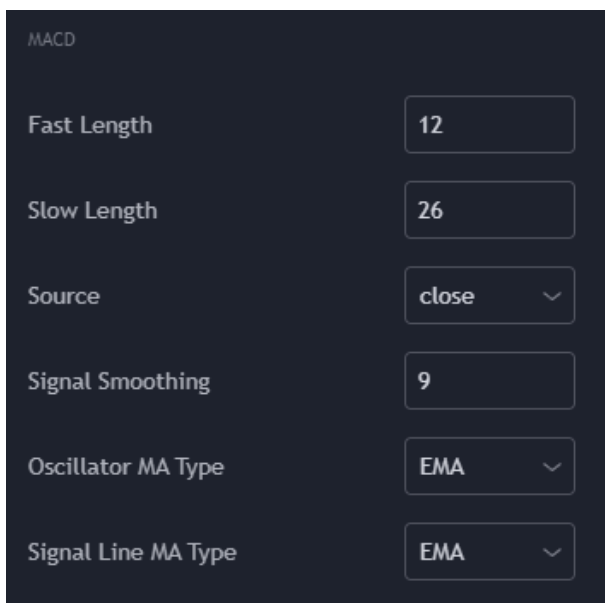The Stochastic RSI setting for the calculation of the filters can be adjusted.

MACD

The MACD setting for the calculation of the filters can be adjusted.

Stop Loss

This option adds an indication for the positioning of the stop loss to the chart. This calculation might provide tighter Stop Losses and increases your Risk to Reward. On the other Hand, it also increases the chance to be stopped out.
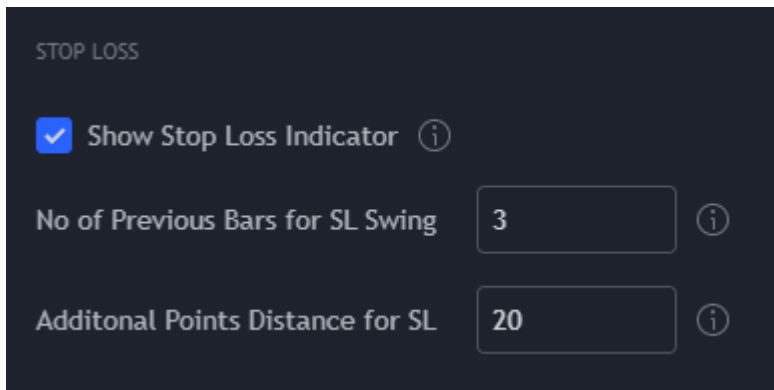
In Forex pairs 20 points are equal to 2 pips. At normal Forex pairs 20 points is a good starting value for your Test. If you trade JPY pairs, increase the Stop Loss to 40 points.

In this example you see the yellow cross inside the 3LS indicator on the char. If you place your Position tool on the chart, you can aim for the Cross (1) as Position for the Stop Loss. As reference for the Stop Loss the lowest low (2) of the last # of bars (3) is used. The Distance provided is added to the lowest low for the placement of the Stop Loss.
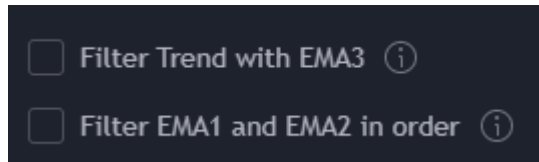
Filters

The Example Screenshots will have only the filter enabled, which is explained. The original 3LS indicator is added together with the modded 3LS indicator as reference to illustrate the filter function.

Trend Filters

The Filters provide options to filter out false signals, which does not match to the actual trend.

☐ Filter Trend with EMA3 ⓘ

☐ Filter EMA1 and EMA2 in order ⓘ

Filter Trend with EMA3

The Moving Average 3 shown as purple line (1) provides the long-term trend on the chart. If this Option is enabled, only 3LS signals will be shown, if they match the long-term trend. This means buys are only allowed, if the buy signal prints above the MA3 and sells are only allowed, if sell signals prints below MA3.

Example: At (2) the buy signals are filtered, because they are below the MA3. At (3) the sell signal is filtered because it's above the MA3.
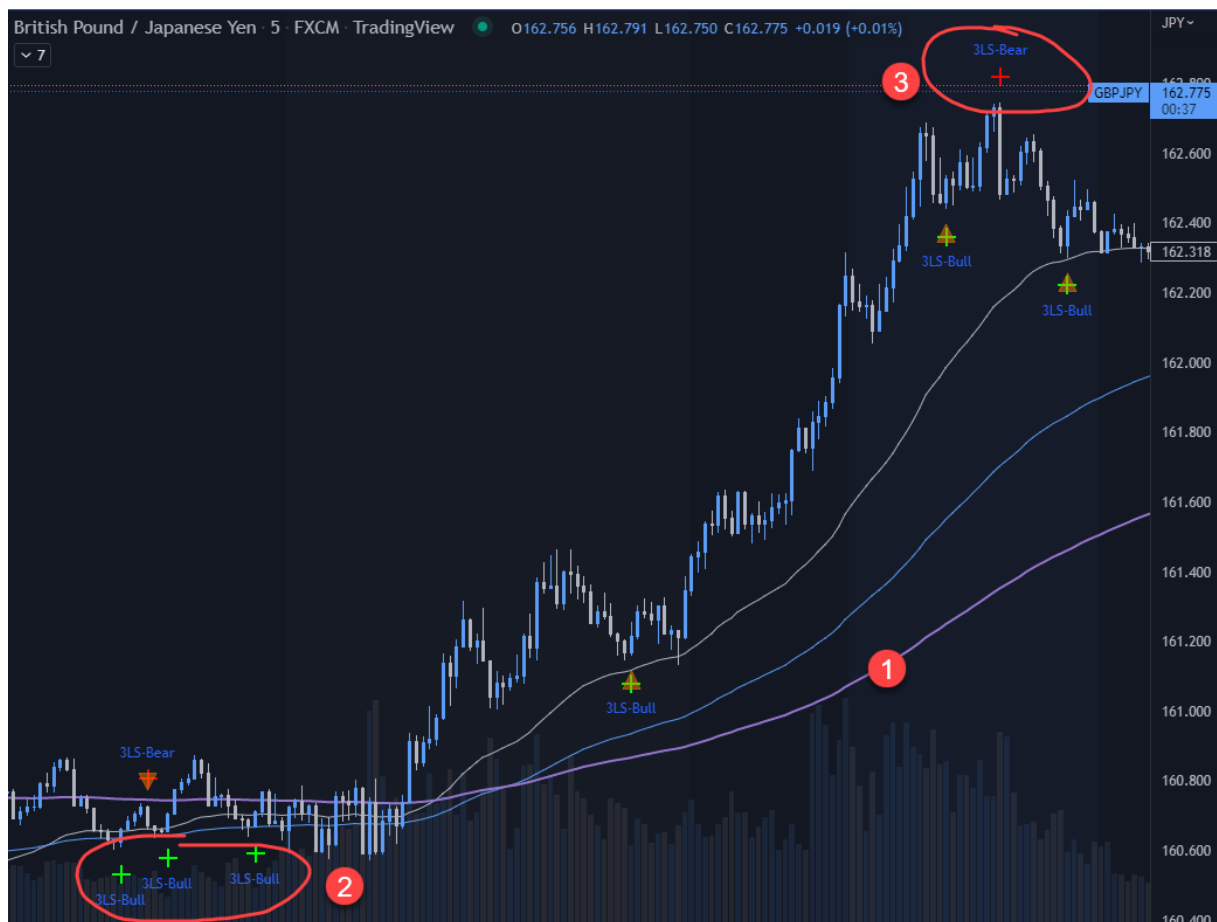
Filter EMA1 and EMA2 in order

If this Option is enabled, the short-term trend MA1 and MA2 must be aligned in order and only signals matching the direction are shown.

Example: The short-term Moving Averages (1) and (2) have aligned bullish (MA1 above MA2). The sell signals (3) and (4) are filtered, because they do not match the direction of the aligned moving averages.
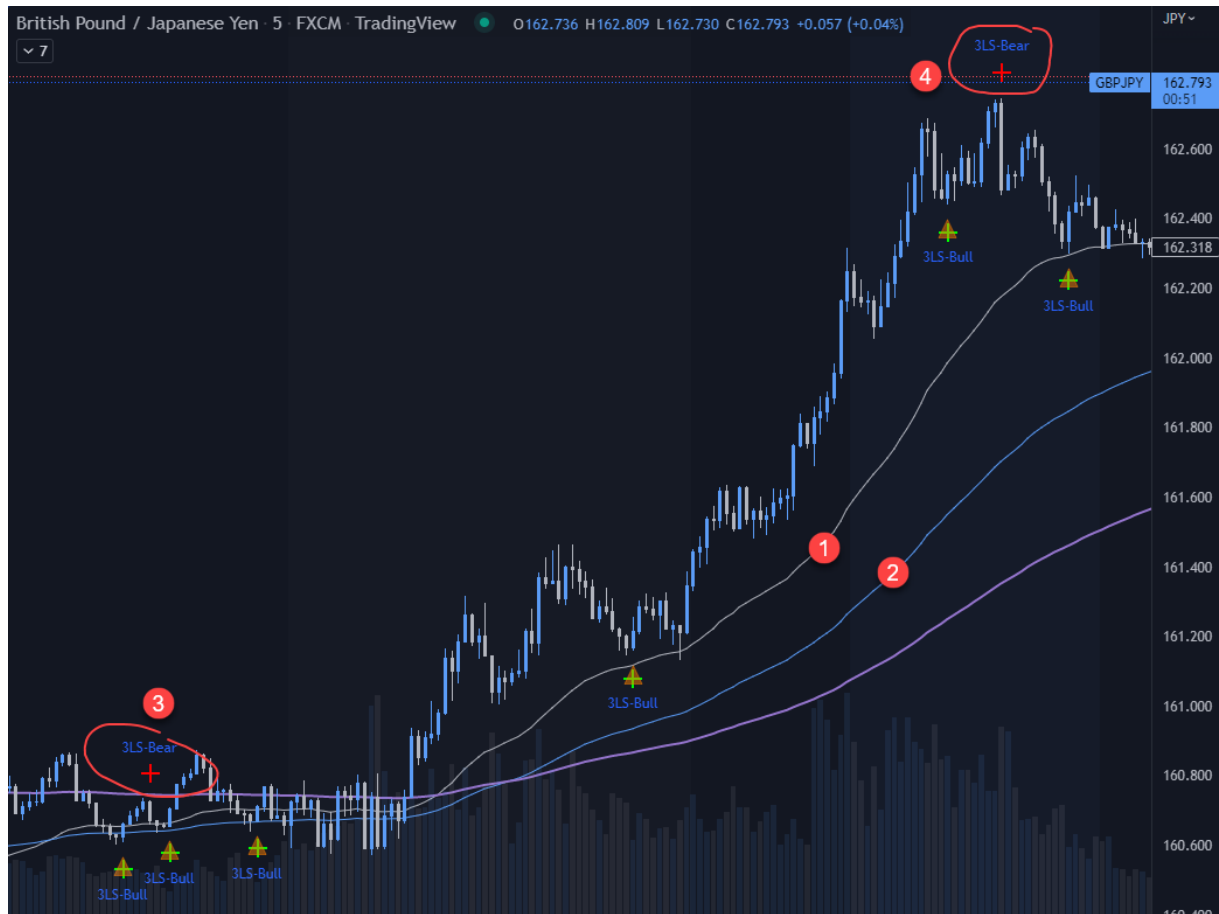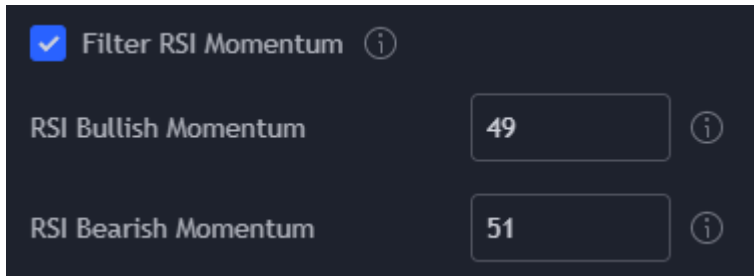
Be careful at Ranging or Choppy market conditions. The signal (1) is still shown, because the short-term trends MA1 and MA2 are still aligned bearish. At (2) the short-term trend changes direction to bullish. The Signals (3) would not be filtered, but should not be used, as we are still in a range. You don't know in which direction the price will break out of the range. Look at the volume level (4) which often helps to identify ranging conditions.
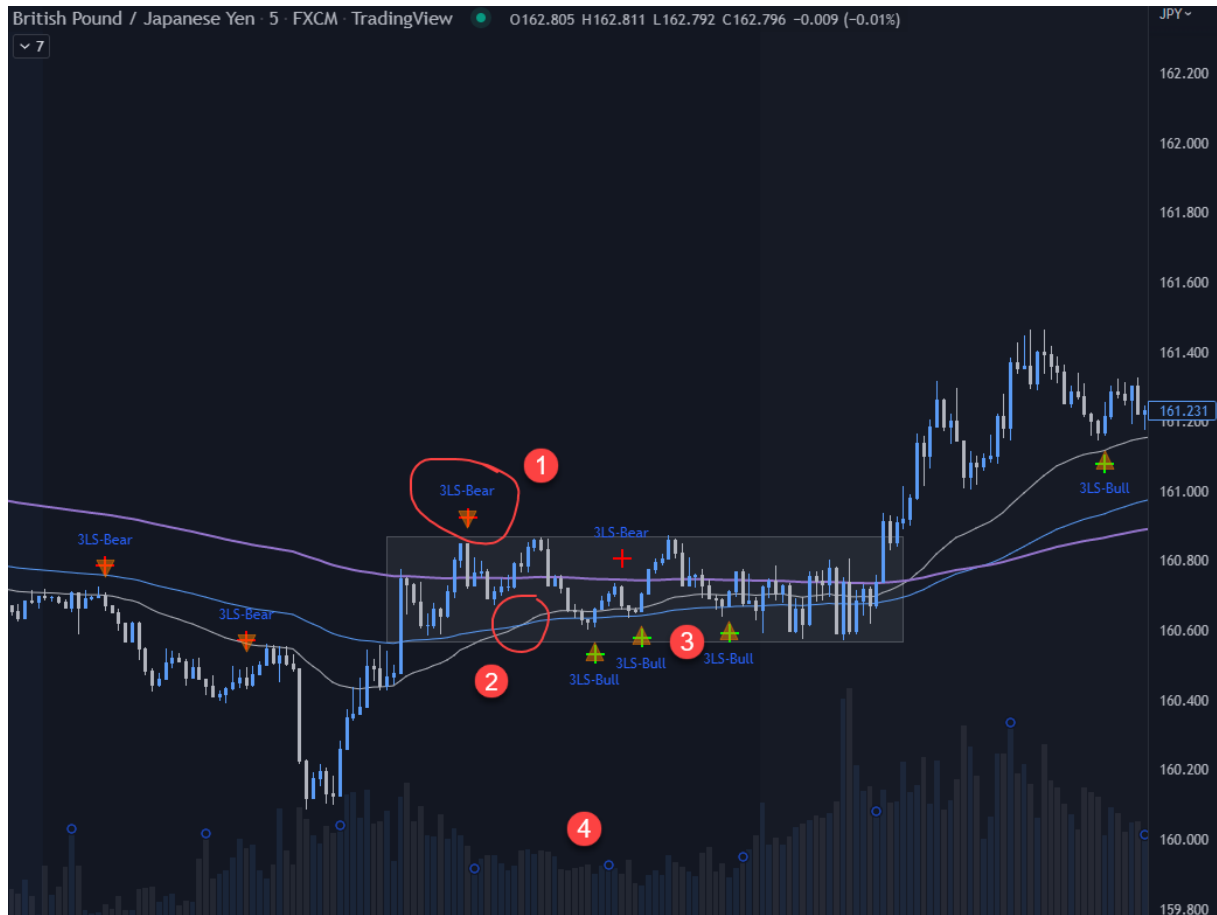
RSI Filter

Filter RSI Momentum

The RSI Indicator is used to identify the momentum of the trade. If the RSI is above 49 only buys are allowed. If the RSI is below 51 only sells are allowed. The value for the Momentum threshold can be adjusted in the setting.

The filter provides a range to adjust the threshold for the indicator. You can add these to the RSI indicator as well, so you have a visual representation of these, while trading on the chart.
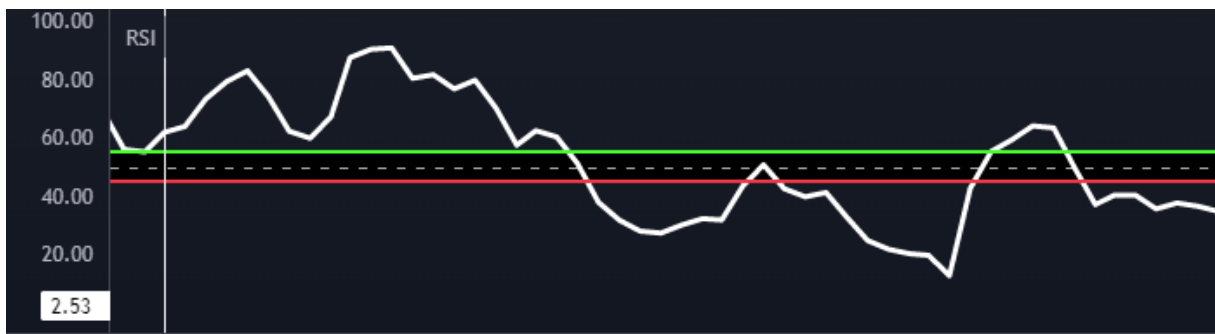
Example: The Sell Signals are filtered, because the RSI value is above the 49 value, means only buys are allowed.
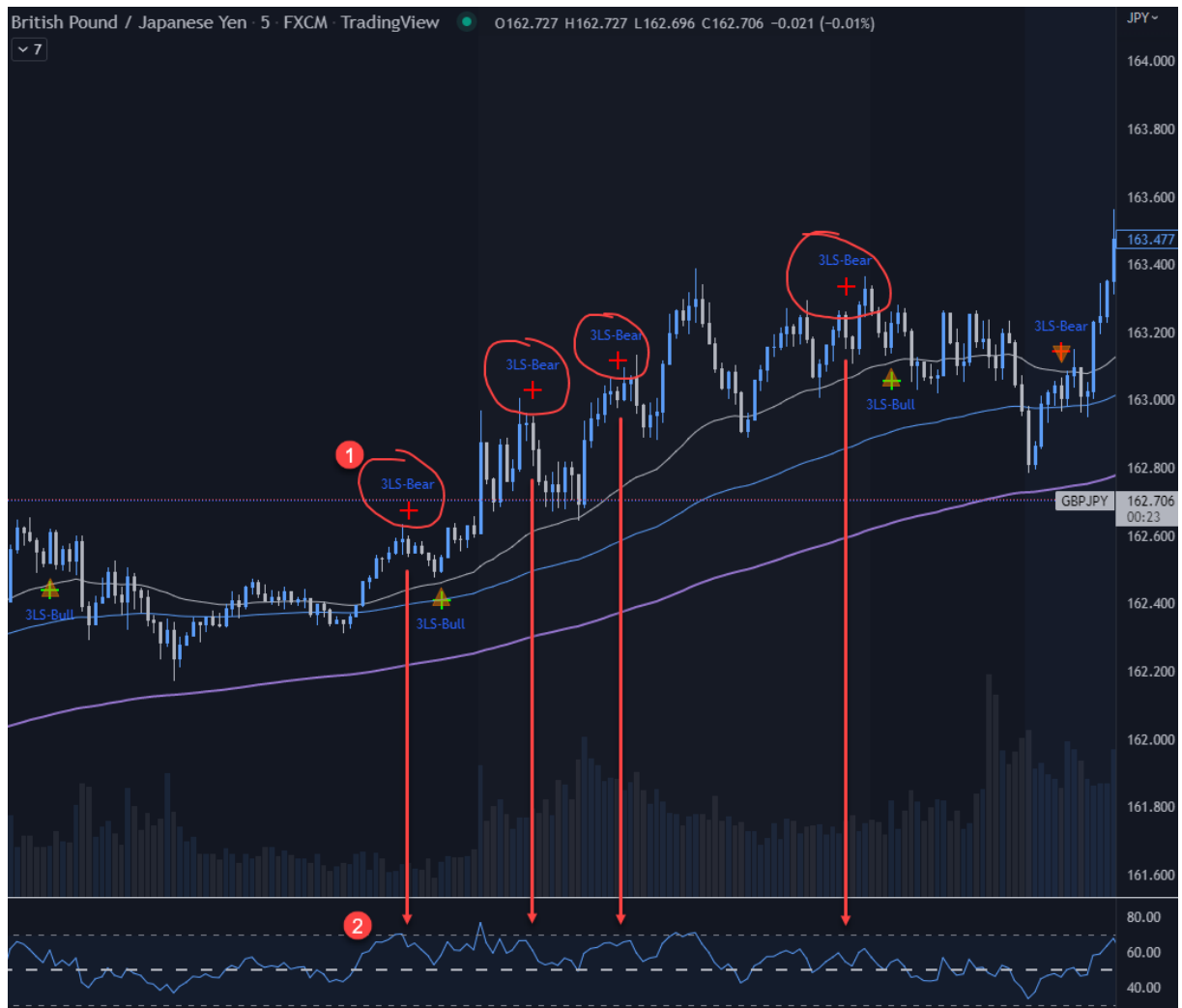
Filter RSI Overextension

This Option will filter 3LS signals, if the RSI is overextended and is unlikely to continue in the direction. The idea is the following:

If the price increases too far too fast, the RSI becomes overextended in the bullish range. At this point, it is unlikely for price to increase further. The RSI can reset either by time or by value. That means, if price can stay at the same level for a longer period and the RSI resets or the price reduces, which will also reset the RSI.
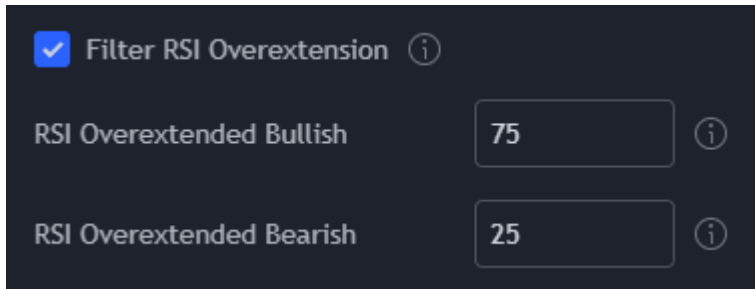
Example: The price moved to far to fast and RSI (2) dropped below 25. The sell signal (1) is filtered because a retracement or ranging is possible.

Filter Stochastic RSI Level

Filter MACD Histogram

Filter MACD Histogram ⓘ

MACD Consecutive Bars   3   ⓘ

Filter MACD Histogram

Core

3 Line Strike

The 3 Line Strike is a chart pattern to identify a trend continuation. With this option you can enable or disable the signals to be printed on the chart.
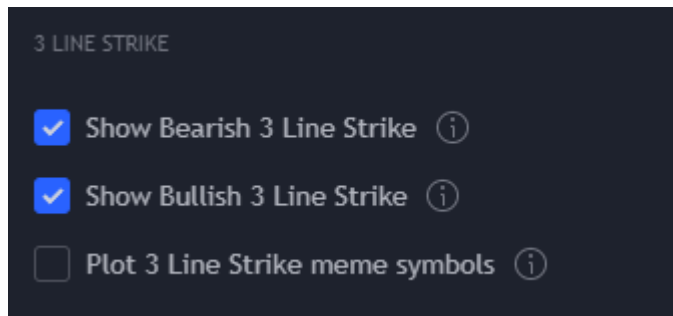
Bullish Three Line Strike

Bearish Three Line Strike

Big A$$ Candles

The Big A$$ Candle aka Engulfing Candle is a chart pattern to identify a trend continuation. With this option you can enable or disable the signals to be printed on the chart.

Another good Chart Pattern to look for entries is in combination with these

Alerts

☑ The new 'Any alert() function call' (dynamic) alerts will be based on what signals are enabled in the indicator settings. ⓘ

Example Setups

A+ Setup

A Setup

B Setup

C Setup

Win Examples

- The signal candle has now closed, so the signal is valid.
- If I placed the S/L at the high of the candle or the high of the previous candle, it would be above 40points.
- Since I do a 2RR, I feel that going above 80 points is risky for a smaller time frame, so I set the max at 40.

Target is 80 points, which is 2RR.

The confluences remain strong.

-The RSI has broken the 45 zone and is now at 39.4
- The StochRSI has continued downward.
-The volume has made another yellow bar, which is great.

-Trade took 11 bars, or 55 minutes, but
ended in a win.

While it took a while, with a 100k
account, 1% risk, and 2RR, that's $2,000
USD. Not bad right?

The confluences continued strong.

- While I don't use the StochRSI (or RSI for that matter)
for OB/OS, I do note that the bullish line has crossed
the over sold line.
-Note how the candles remained with high volume,
even going red to indicate very high volume.

Loss Examples

Here is an example of a trade that, initially had the 3LS requirements, but because of the confluences, I would not have taken.

You can see that the price action has met the first set of requirements for the 3LS (A's).
- Price has made a higher lows and higher highs.
- Price is above the 200SMMA for a long.
- A Bullish signal formed.

Additionally, I marked where the prior trend broke (B).

I will note that, in prior videos, Arty has said that he waits for the 3 SMMA's to line up. Aka, for a bullish signal, it would be 200 smma, 50 smma, and the 21 smma.

This is where you can see how having a set trading plan (rules) and confluence requirements (C's) help!

- The RSI is below 55 line (although, I do accept it as a confluence if it passes it by the close of the next bar and is pointing up)
- The StochRSI did cross some candles ago, but the white (bearish) line is on top.
- The volume bar is grey, which means low volume (much less than normal).

Signal bar has closed and the next candle is also bullish. Again, I would not have taken this trade, but lets see how it plays out.

Stop set at recent HL.

The RSI has crossed the 55 mark, however the angle that it is pointing makes me feel it is not a strong push upward. Maybe not enough volume.

Close, but no cigar. The StochRSI has come together to embrace, but it doesn't seem they are very sure of each other yet.

Volume bar is very grey. Tut, tut, tut, it looks like rain!
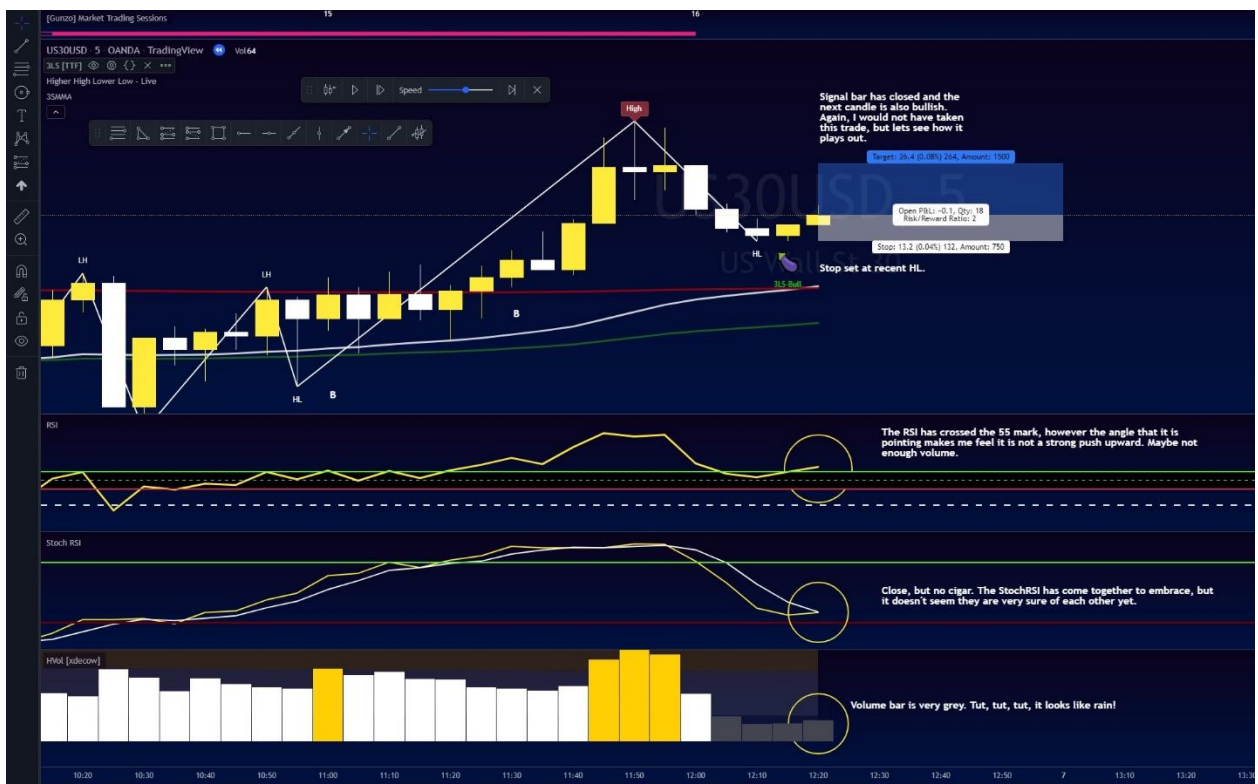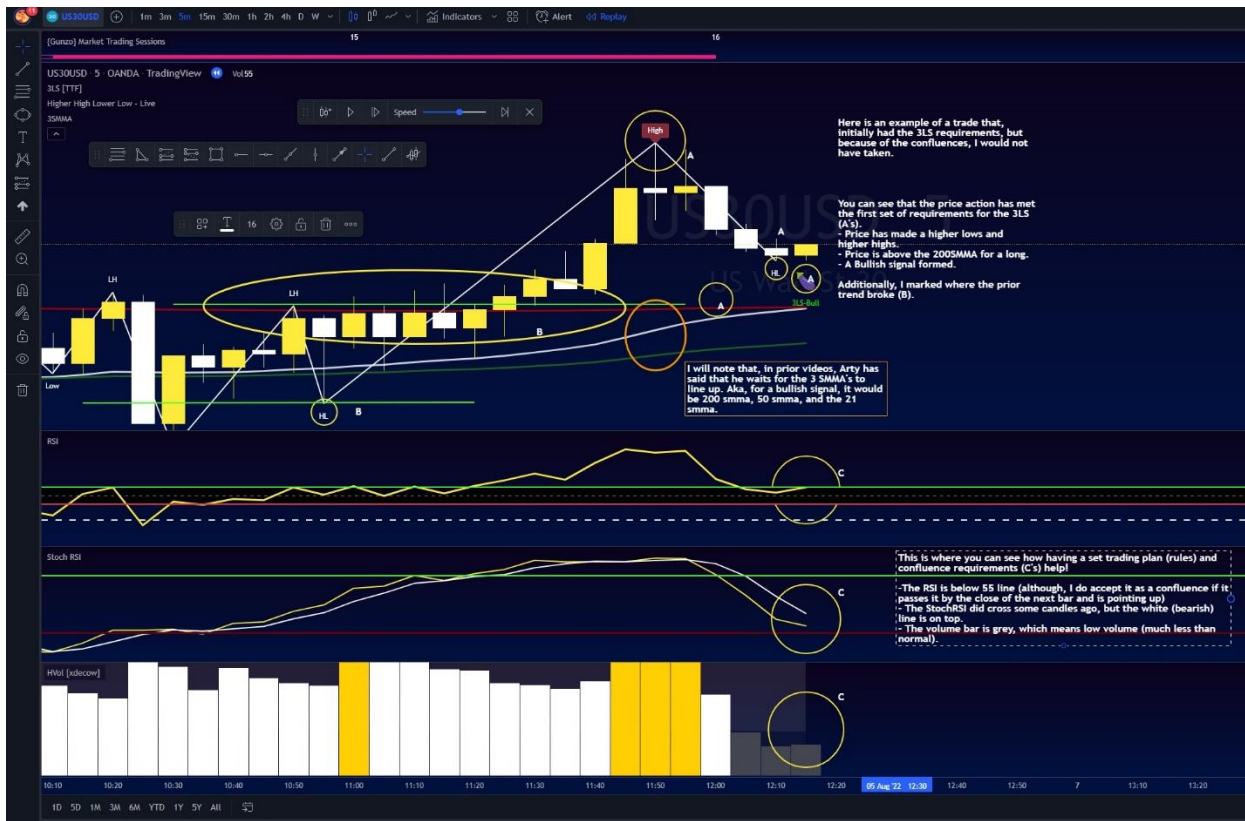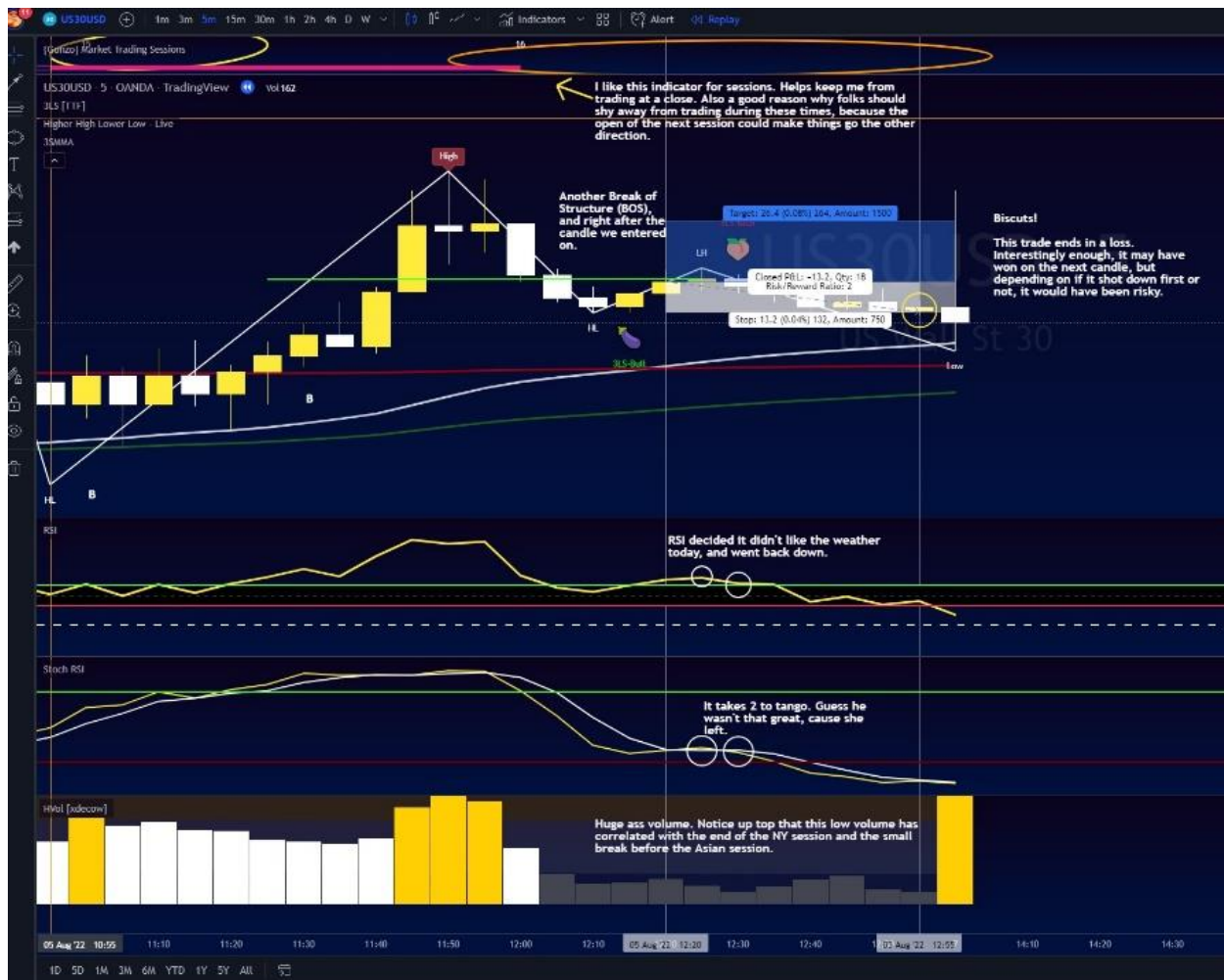
Regardless, sometimes you will get everything you need for a trade and still lose. That is how the ball bounces sadly. Whats important is to stick to your plan. Make changes after you have reflected on trades and only if you feel something better could have been done. This is a marathon, not a sprint. You can do it, push pass your fears and doubts and go beyond!

Backtest Results

Table with different pairs and filters, show win rate and gains

Credits

Arty for providing the strategy

TheTradingFloor Gang for providing the strategy war

MyHeroAK, Manu, NoSpoon, KimHesselberg, VorpalEgg, Jakiś Typek, Lanfeust, jojito7, mat666, todd, OLE and all the amazing Team of 3 Line Strikers providing a ton information, about how they use the strategy.

Everybody else who I might forgot to mention, don't feel offended just let me know, so I can add you.