Time Frames

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Disclaimer

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I am not a financial advisor and hold no formal qualifications in this area.

Trade entirely at your own risk.

This is for entertainment purposes only.

General Remarks

- Multi-time frame analysis is essential when building a coherent and actionable view of a market
  - Regardless of time frame
- Plethora of trading maxims impliedly rely on time frame analysis without offering much guidance
- Important skill for traders of all styles and time frame preferences
- Positively affects all the different stages of a trade
- Recommended reading: article on directional bias (link in description)

Managing Expectations

- Trying to answer the question: what can be reasonably expected from price at a level on a given time frame?
- Basic principles
  - High time frame ("**HTF**") trends are longer and harder to reverse
  - Bigger moves more likely to originate from HTF levels (or intraday levels formed at/within HTF levels)
  - Price can take more time to resolve at HTF levels
- Examples:
  - Price breaking market structure/making a higher high on H1 in a weekly downtrend
  - Price reaching weekly support vs price reaching M15 support
  - Price consolidating at H1 support for 12H vs price consolidating at W1 support for 12H

Time Frame Selection

- Commonly stated that a trader should select a couple of time frames based on their trading style e.g. M5 and M15 for scalping, D1 and W1 for swing trading, and so on
    - Broadly reasonable but not a reason to ignore other time frames
- Even for LTF traders, mapping HTF levels is useful
    - Being aware where price is coming from, where HTF FTA is that may not be visible on LTF, etc.
- Don’t need to ‘choose’ per se
    - Ascertaining trend/deriving directional bias
    - Delineating levels
    - Engaging the market/entry triggers
    - Managing the trade
    - The above do not have to be uniform when with regard to time frames
- Further explanation to follow

Trend Precedence/Market Structure

- Traders are encouraged to ascertain what ‘the trend’ is and to trade with it
  - Not hugely helpful as there is often more than one trend at play on a given instrument, depending on the time frame
  - E.g. strong up day in the context of a larger downtrend may have offered a LTF uptrend
- Better question: what is the dominant trend and what intraday conditions would allow for positioning in tandem with the trend?
- General principles:
  - Dominant trend is most reliably derived from HTF charts (Monthly/Weekly/Daily)
  - If a dominant trend is present on HTF then persuasive signs of reversal must also form on HTF
    - I.e. not buying every green H1 candle in a weekly downtrend
  - HTF trends last longer than LTF trends (self-evident but easily forgotten)
  - LTF moves against dominant trend are counter-trend trading (fading) opportunities until proven otherwise
    - HTF bearish = broken support likely to turn resistance* + selling rallies
    - HTF bullish = broken resistance likely to turn support* + buying dips

Refining & Contextualising Levels I

- Common stumbling point: drawing every single level on a chart from a multitude of time frames
  - Level-to-level trading becomes impossible
- Refining:
  - Delineate HTF level (silly as it may sound, use a thick line and different colour)
    - Simplest way: lowest candle close preceding rally (support)/highest candle close preceding a decline (resistance)
  - Find LTF levels in reasonable proximity to the zone
  - Can elect to keep the refined LTF level, keep only HTF level, make a zone/box, and so on → guide/filter
- Less room for error if your analytical process starts from HTF and gradually moves to LTF if/when required
  - Personally: if no daily time frame logic present in the setup, either in terms of bias or structure, I'm not involved

Refining & Contextualising Levels II

- Much like fading a dominant trend, it would also be unwise to fade a move from/coming off HTF structure with nearby LTF structure
  - When HTF levels do their job, the moves that follow are significant and visible on HTF charts i.e. they are big (pip value, % increase, and so on)
  - Therefore, if a HTF structure is going to do its job then a nearby LTF structure is unlikely to hold/reverse price
  - Example: price reaches and reacts to W1 and D1 support, Fading Freddy steps in to smack it down with an M15 resistance level 5 ticks away → arse = done
- How does context help?
  - Set better targets → If this HTF level does its job, where's the next HTF level?
  - Avoid low probability fades → Should I be stepping in front of W1 support with M15 resistance?
  - Further refines level selection → Is this level likely to do anything given the nearby structures?
- Personally
  - Determine FTA from time frame of the setup and entry structure unless D1 bias (in which case FTA ascertained on D1 time frame as well)

Entry Triggers

- Recommended viewing: video on Entry Triggers (link in description)
- Very subjective/personal: market at candle closes, blind limits, market following reaction at level, one hit versus scaling in, etc.
- My opinion/what works well for me
  - HTF levels require more patience or, alternatively, can be given more time
    - Thought experiment
  - No need to be entirely uniform in time frame selection, especially with regard to entries
    - Especially with ‘price action entries’ i.e. waiting for LTF evidence of strength/weakness at HTF levels
  - LTF closes at HTF levels are not particularly reliable; you could end up selling the bottom/buying the top
    - LTF assessment of HTF levels will generate false signals
    - Also assumes that price must turn precisely at the level, otherwise it’s broken → wrong

Trade Management

- Most subjective and anecdotal section
- Real answers will come from your trading journal → managing a trade (and how) versus leaving original parameters as they were
- My opinion/what works well for me:
  - Beginners have a tendency to be impatient at levels (especially HTF) and to look for excuses to manage a trade
    - Either to be involved in the markets in some form or to make for a 'free trade' and 'let it run'
  - Invalidation will most persuasively occur on the time frame that the trade is derived from
    - E.g. buying a D1 level and seeing one H1 close below it is not a persuasive invalidation
  - Being hands-off, especially in the early portions of a HTF-premised trade, is a skill in itself
  - Managing a trade on the same time frame that it is derived from (or as close as possible)
    - E.g. H1 setup and structure = 30M/H1 management, perhaps not M5 management
- Assess levels on their own terms and time frames where possible
  - Do not assume that a HTF level has failed based on LTF close(s) → most common way to sabotage trading at HTF levels

Conclusion

- Context is king
    - Context > structure
    - The same level can be a terrible fade or an A+ fade depending on the wider circumstances
- Building a multi-time frame picture of the market > drawing levels and punting
    - This allows you to form biases and expectations based on your reads, as opposed to ‘we’ll see when it gets there’ complacency
- Quick checklist:
    - What is the dominant trend (if any)?
    - Have I mapped my HTF (and LTF) levels?
    - Am I aware what type of level/structure price is coming from?
    - Given the above, is my fade or continuation entry reasonable?
    - If yes, what are my entry criteria/parameters for engagement?
    - How do I now manage the position?
- Endless room for further study

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