

MER + MRI Trading Framework – End User Guide

This document explains how to read, interpret, and use the Market Expansion Radar (MER) and Market Readiness Indicator (MRI). The goal is clarity: knowing **where** the market is going, **when** to act, and **when not to trade**.

1. Big Picture Philosophy

MER defines the market environment and direction.

MRI controls timing and protects you from bad entries.

Think of MER as the weather forecast and MRI as the traffic signal.

2. Core Market States (MER)

- **Compression:** Low volatility. Energy is building. This is a **preparation zone**, not an entry zone.
- **Expansion:** Volatility release. This is where **trades happen**, but only in the direction of the bias.
- **Extended:** Price has moved too far too fast. High risk of reversal. Avoid new entries.

3. Primary Bias (Direction Authority)

Primary Bias comes from a higher timeframe (default: Daily). It answers one question only: **Long, Short, or Neutral?**

If the bias is Long, you are allowed to look for long trades only. Short trades are considered counter-trend and risky.

4. Execution Timeframe (Timing Only)

The chart timeframe (e.g., 1H, 15m) is used only for **timing**. It never overrides the primary bias.

Lower timeframes can show pullbacks, consolidations, or noise. MER helps you avoid mistaking noise for trend changes.

5. MRI – Market Readiness Indicator

MRI filters entries and prevents emotional trades. It answers the question: **Is this a good moment to act?**

- **WAIT – Good:** Market is healthy but timing is not ideal. Be patient.
- **ST Trade:** Short-term tactical trade during a pullback (advanced users only).
- **Cooldown:** Market is resting after expansion. Do not chase.

6. Action Labels Explained

- **Prepare Long / Short:** Alert state. Start watching price behavior. Not an entry.
- **Blocked (Pullback):** Lower timeframe is moving against the main bias. Wait.
- **Hold / Trail:** Existing position management, not a new entry.

7. How to Use MER + MRI Step■by■Step

- 1 Step 1: Check **Primary Bias**. Decide Long or Short.
- 2 Step 2: Identify **Market State** (Compression, Expansion, Extended).
- 3 Step 3: Wait for **Compression** → **Expansion** in the direction of bias.
- 4 Step 4: Use MRI to confirm timing (no WAIT or Cooldown).
- 5 Step 5: Enter only when structure and bias agree.

8. The Golden Rule

Bias = Where

State = When

MRI = If

If any one of these is unclear, **do not trade**.