

Projecting Price Paths for High Probability FX Trade Entries

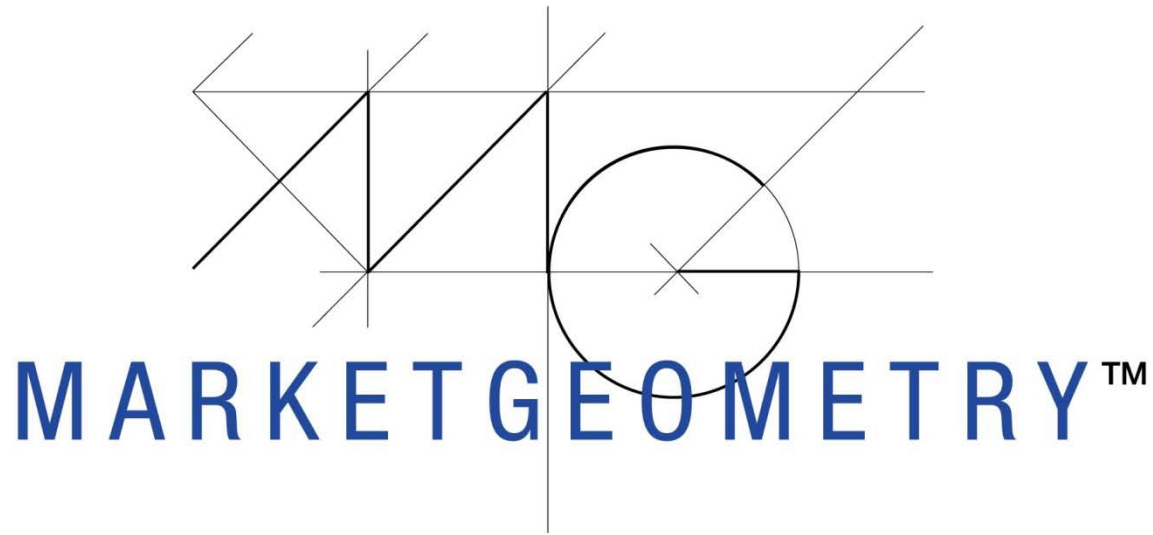


Timothy Morge, CTA and President
Blackthorne Capital, Inc.

Internet Presentation Sponsored by Interactive Brokers October 11, 2012

www.marketgeometry.com

www.medianline.com



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Results

Past performance does not guarantee future results.

This is one persons experience, your experience may differ.

Results are not guaranteed, individual experiences may vary.

Market Volatility

In volatile market conditions, substantial losses may occur.

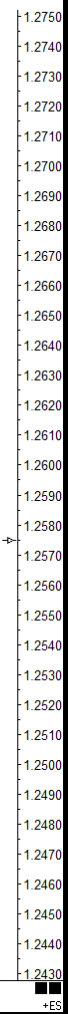
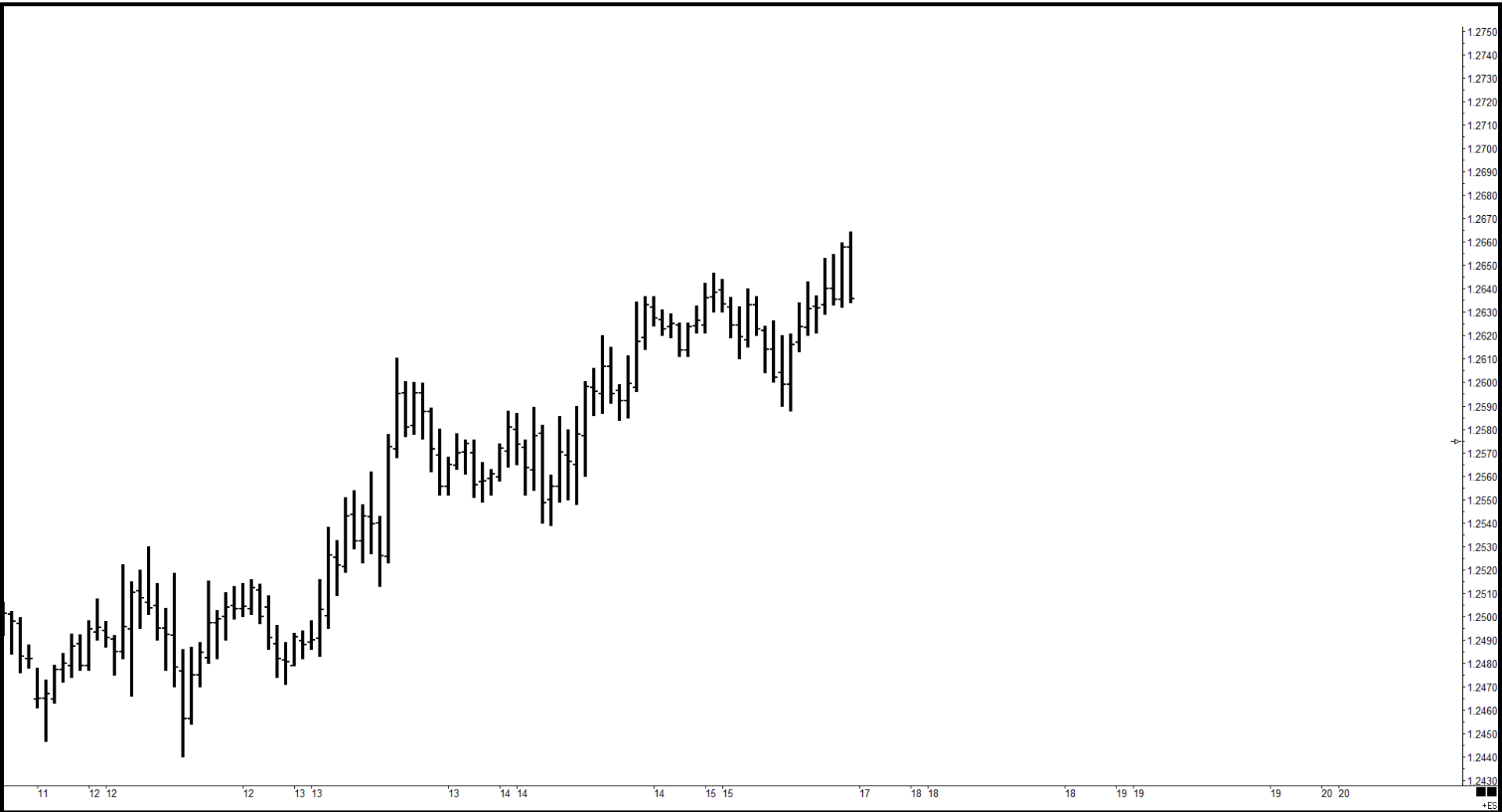
In volatile market conditions, orders may not be filled as placed.

Leverage

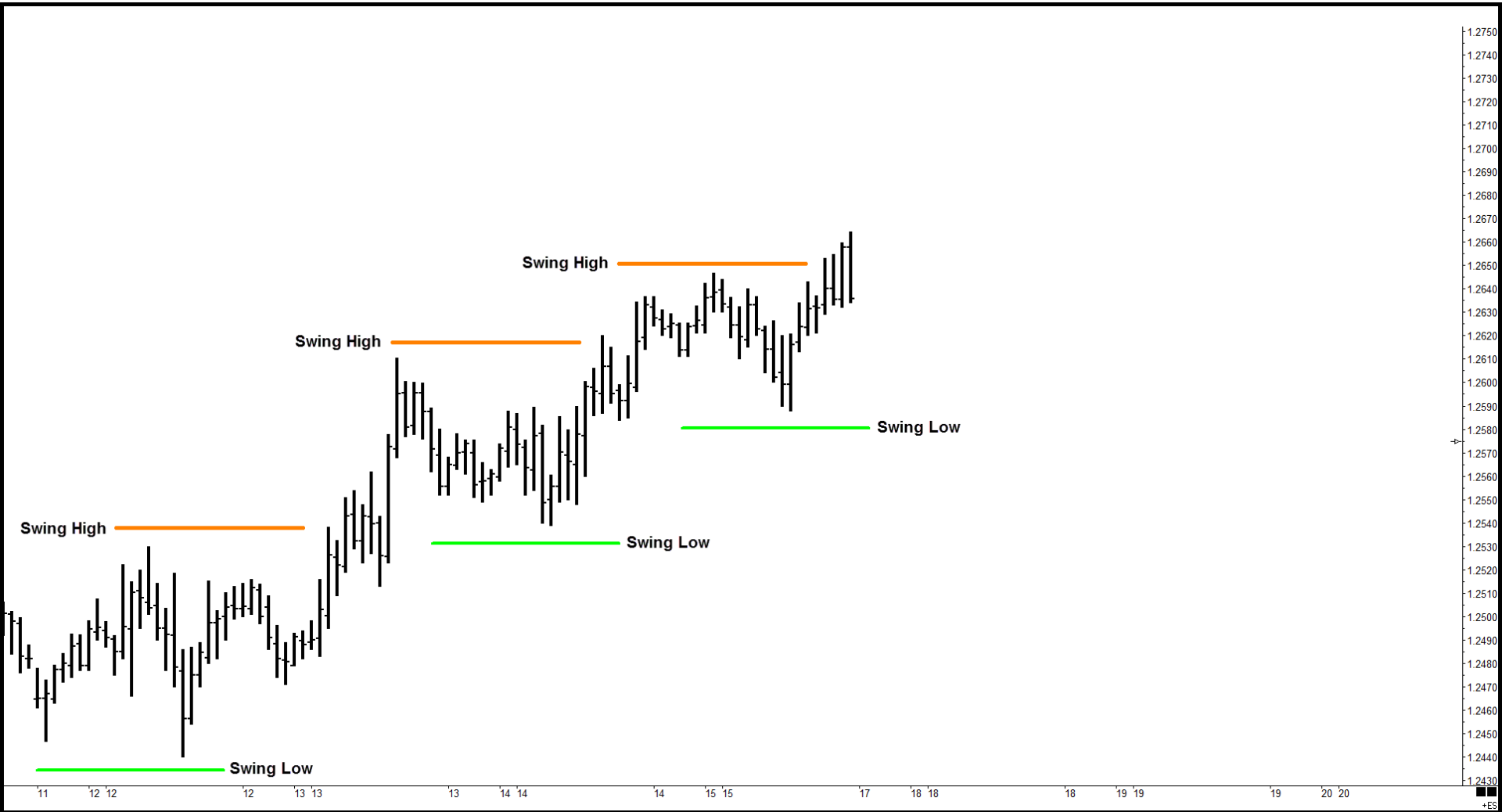
The leveraged nature of FX trading and Futures trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses.

This webcast is dedicated to my partner, Shane Blankenship. I waited forty years to take on a partner and it was worth the wait! My only wish going forward is to have forty years together. I could not do half what I do without you, Shane!

Euro FX Futures: 60 minute bars

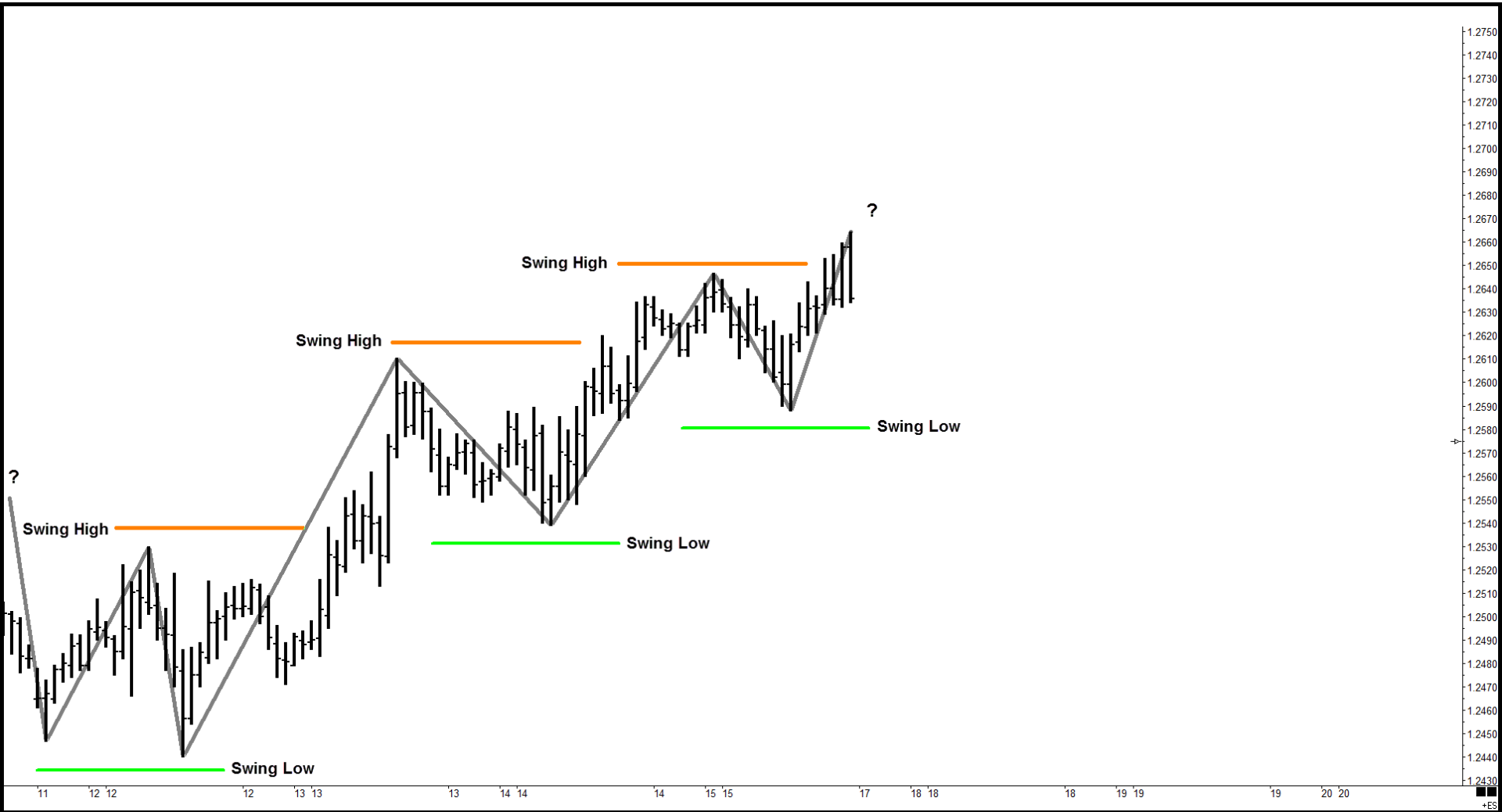


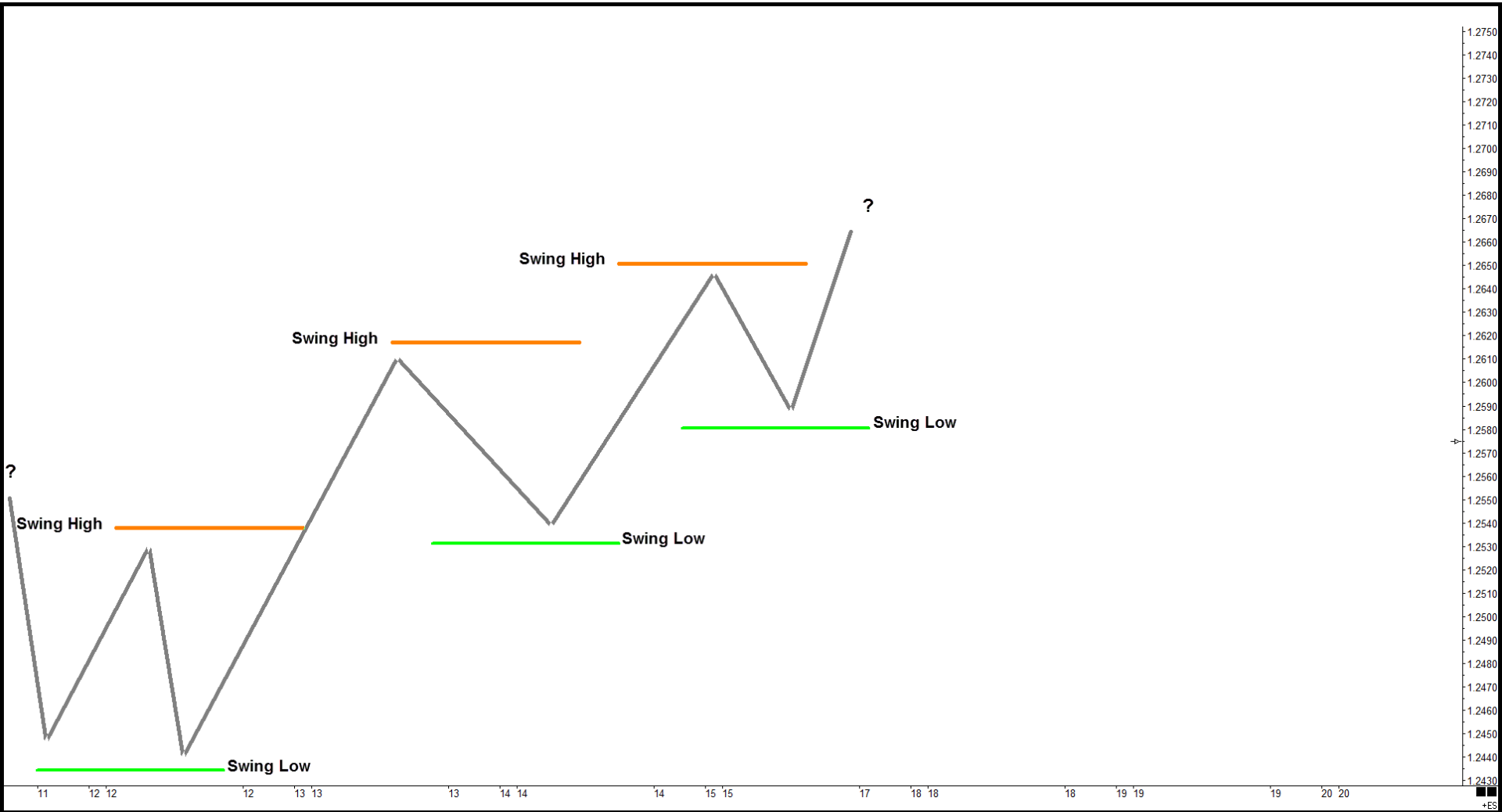
Let's Begin to Build a Map!



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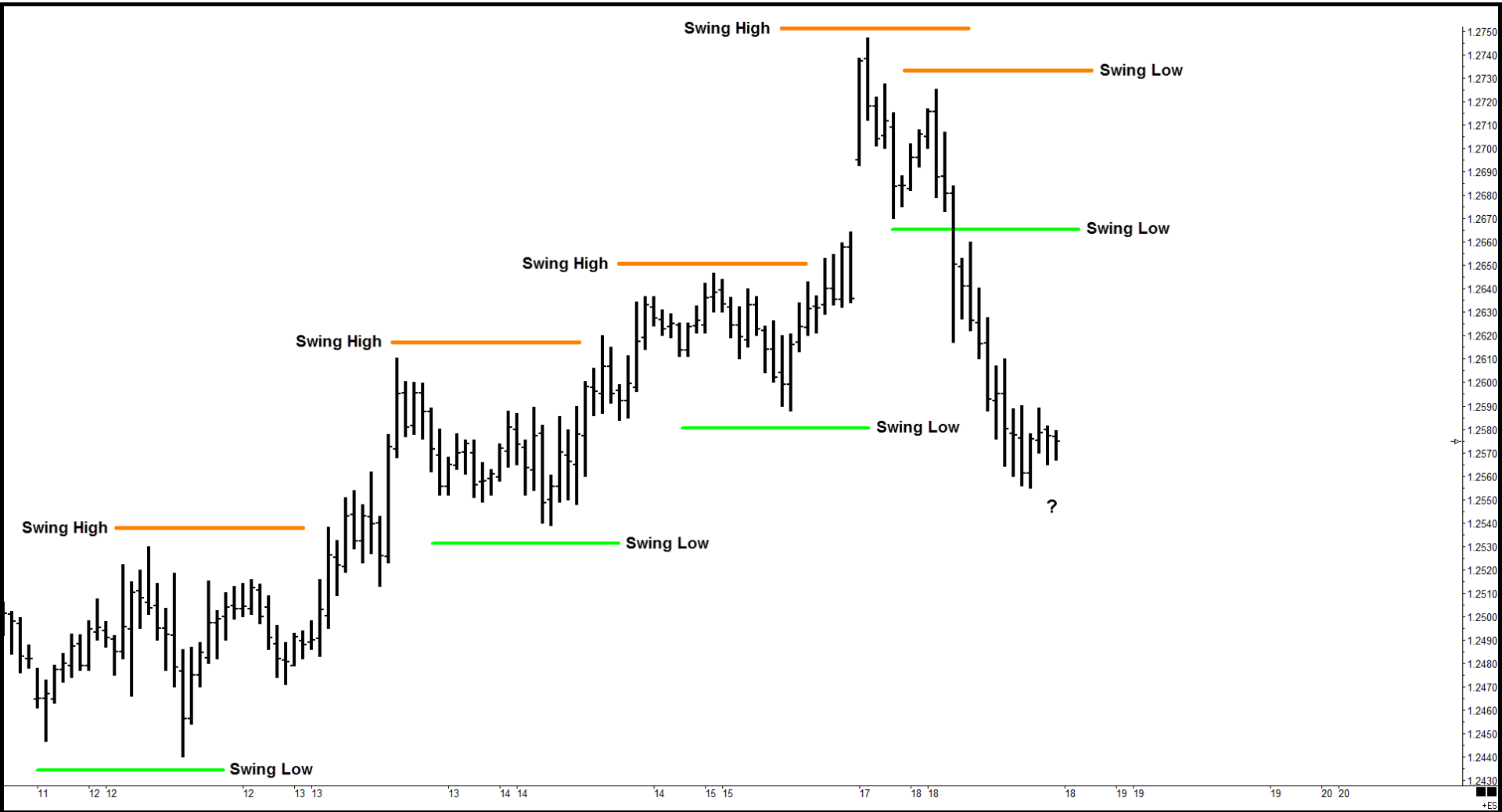
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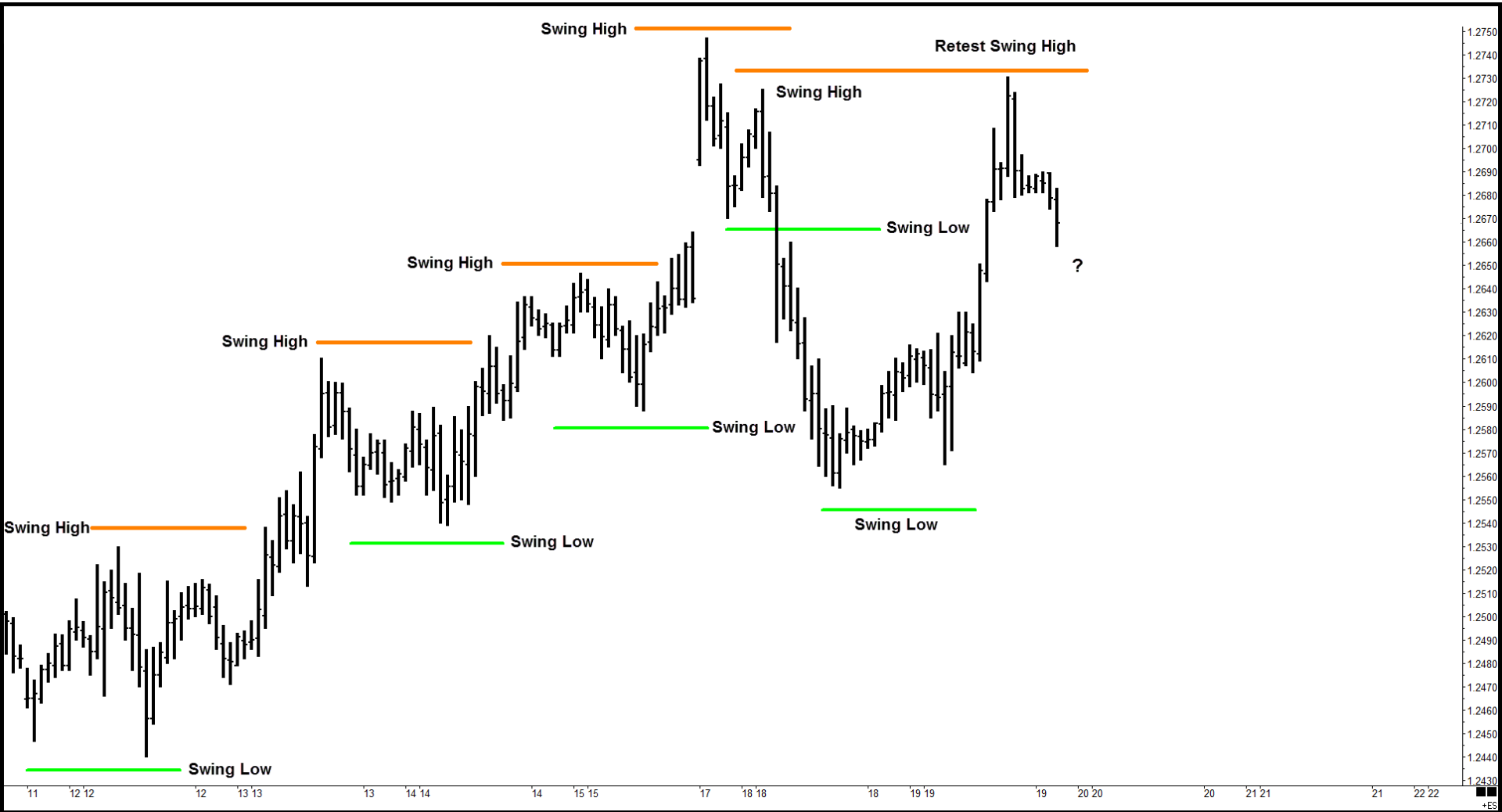


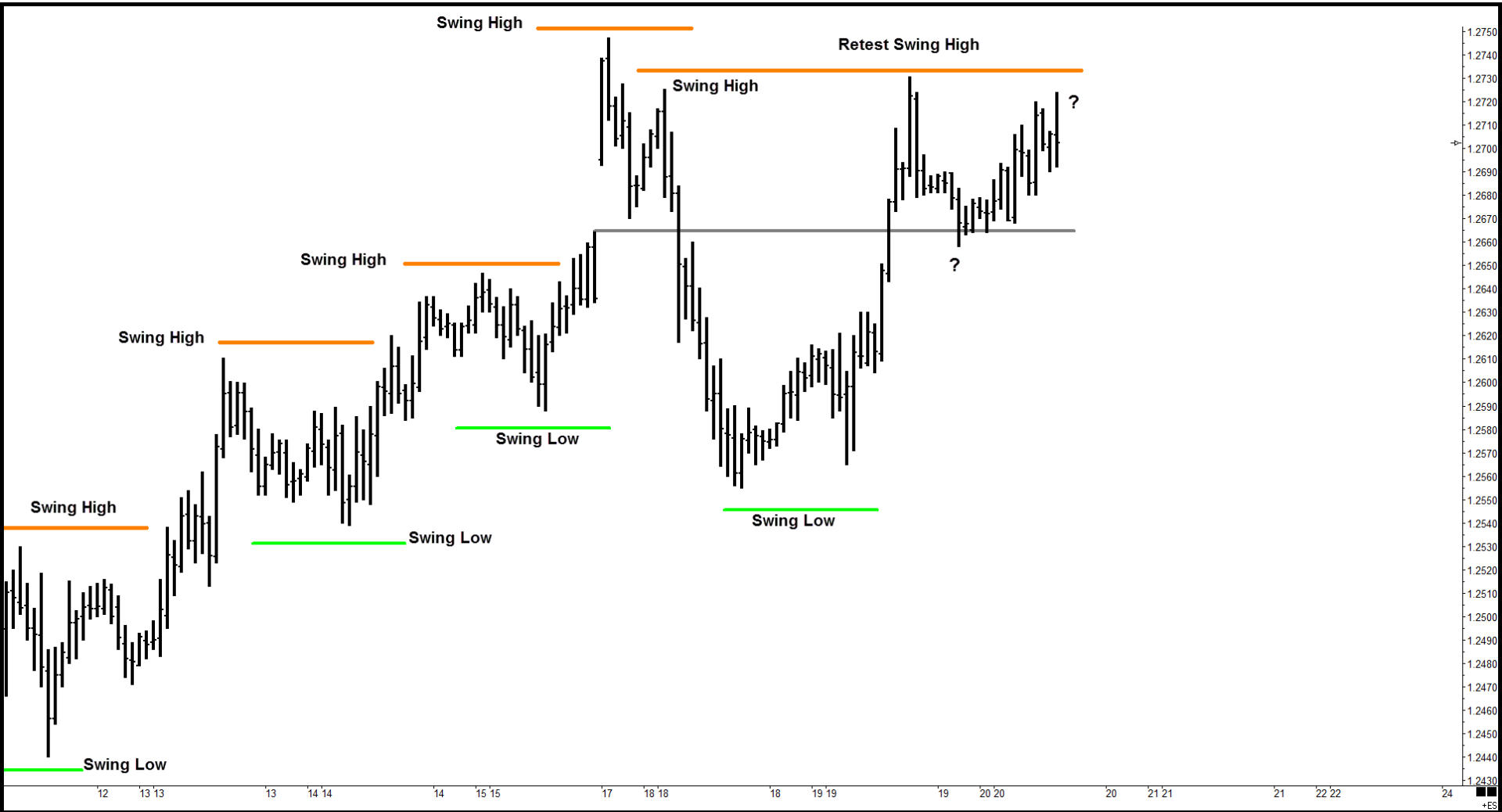
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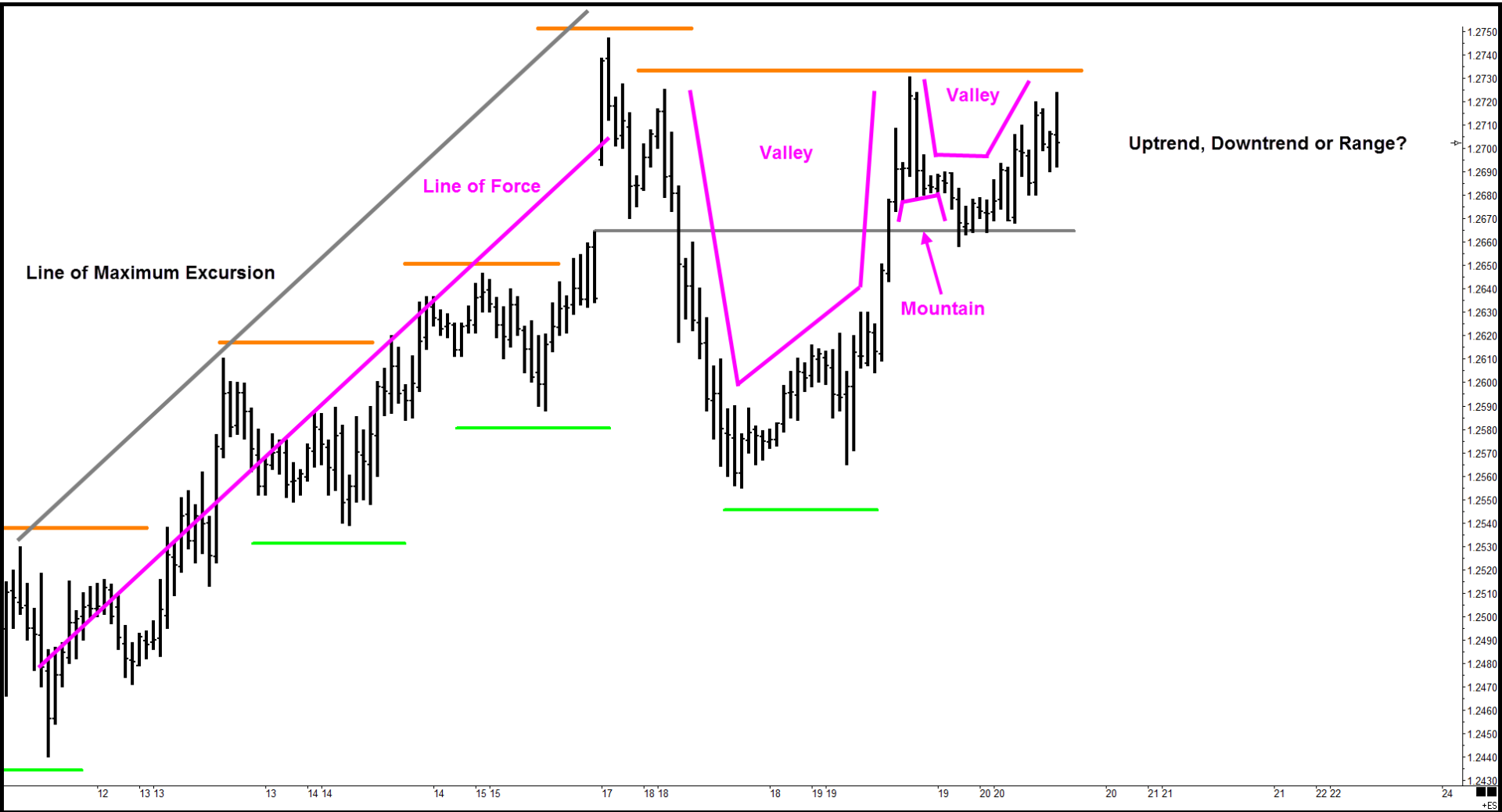




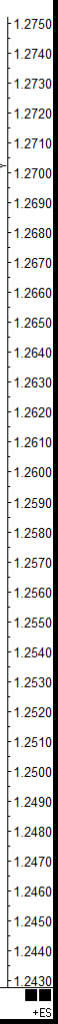
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Uptrend, Downtrend or Range?



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Line of Maximum Excursion

Line of Force

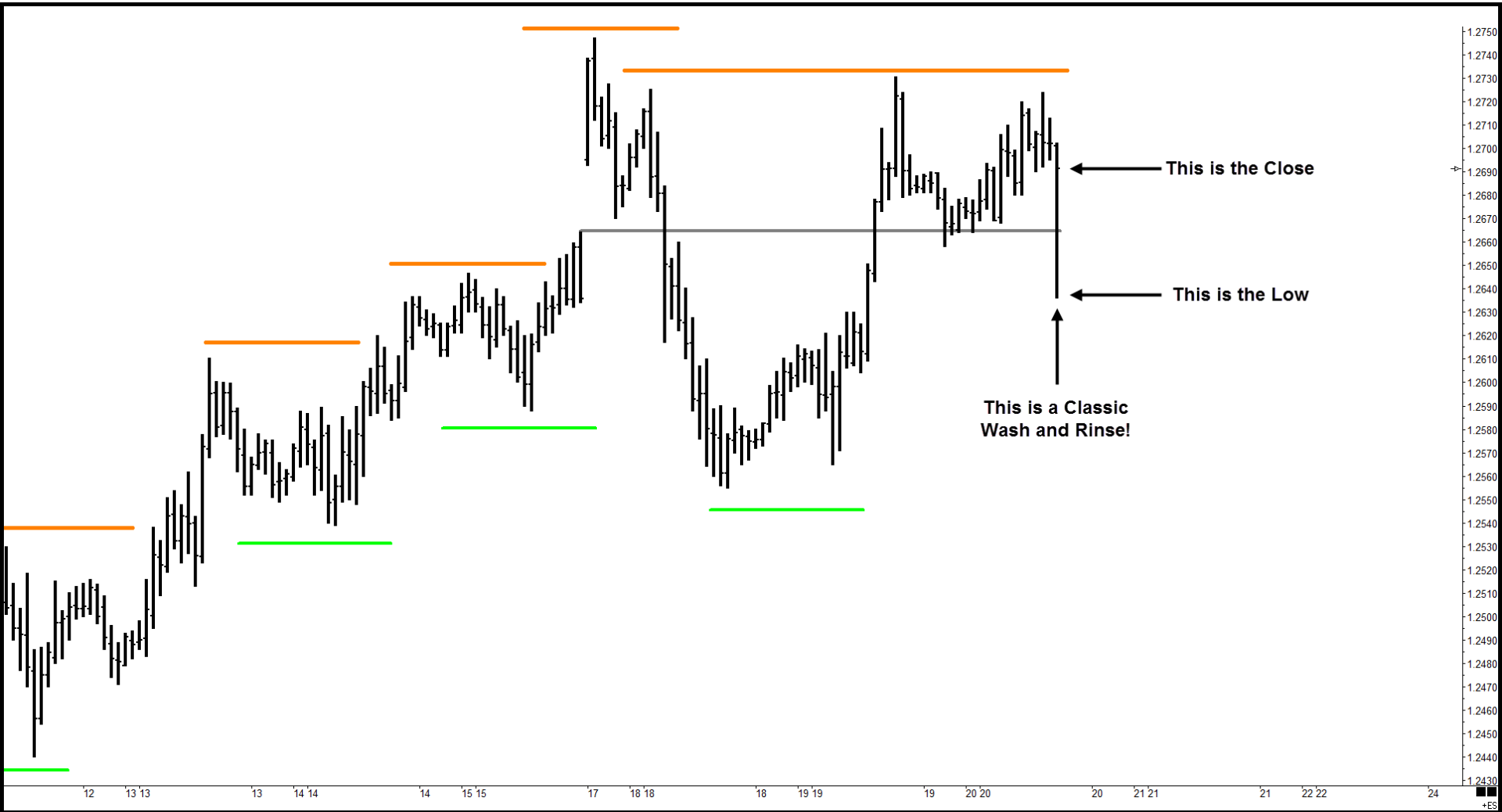
Don't I See Sellers Here?

Don't I See Buyers Here?

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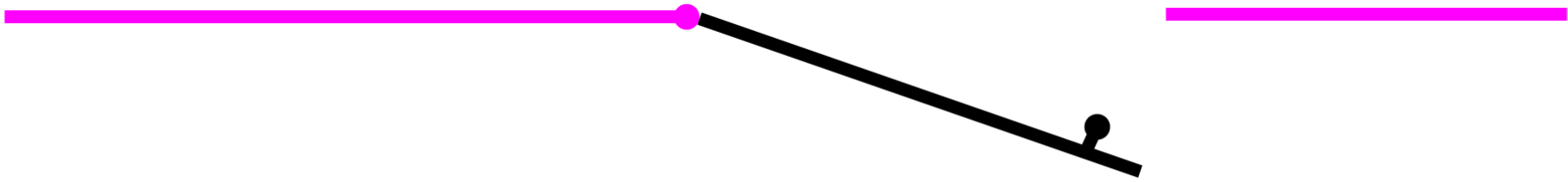


Time Out! Let's Try to Make This Concept Clear!



Multi-Pivot Lines or Any Structure Where You Can Identify Major Buyers or Sellers are Like Doors!

**You Have To Go Through the Door
To Know What Is Really Behind It!**



Multi-Pivot Lines or Any Structure Where You Can Identify Major Buyers or Sellers are Like Doors!

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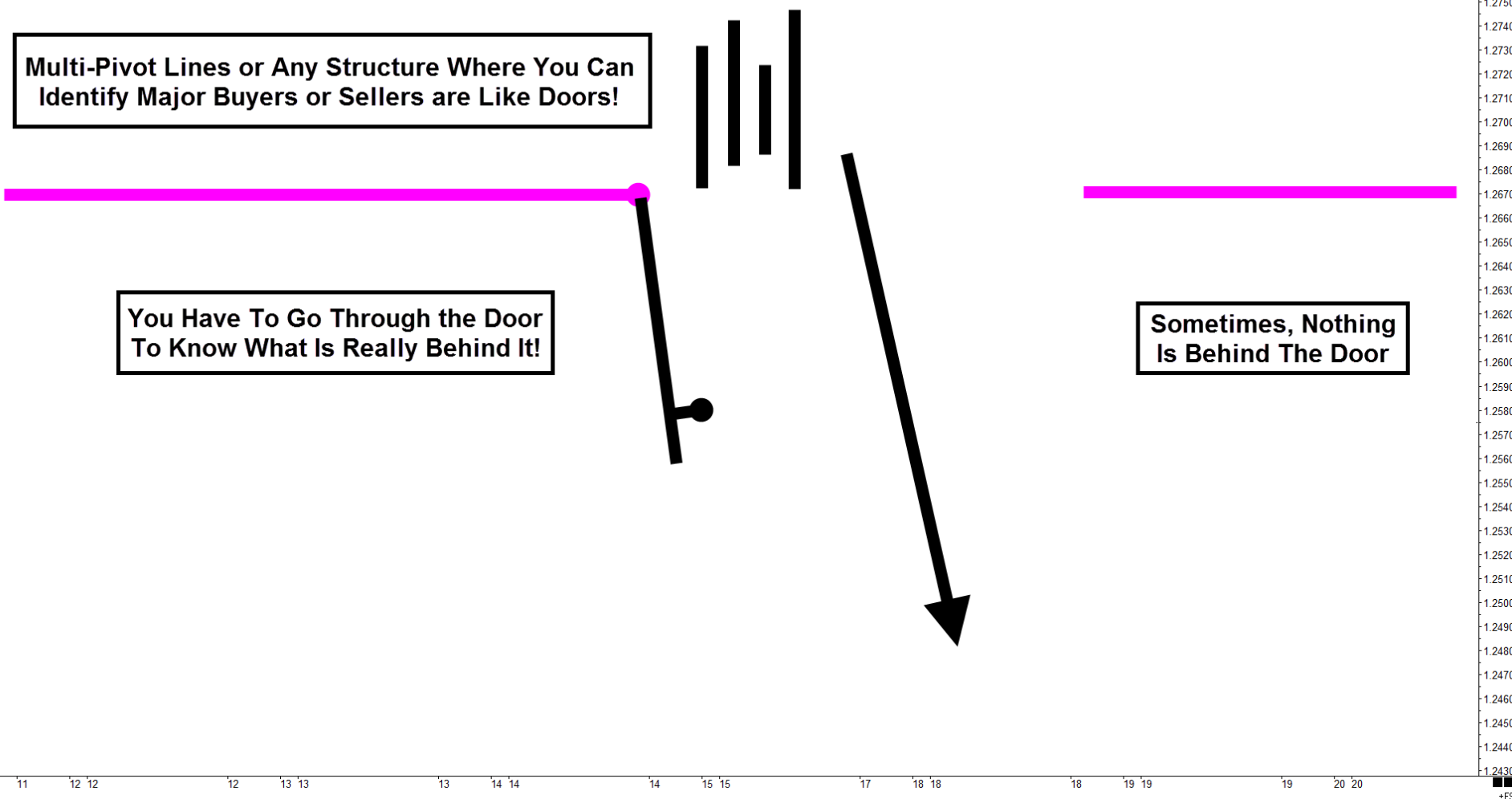
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Multi-Pivot Lines or Any Structure Where You Can Identify Major Buyers or Sellers are Like Doors!

You Have To Go Through the Door To Know What Is Really Behind It!

Sometimes, Nothing Is Behind The Door



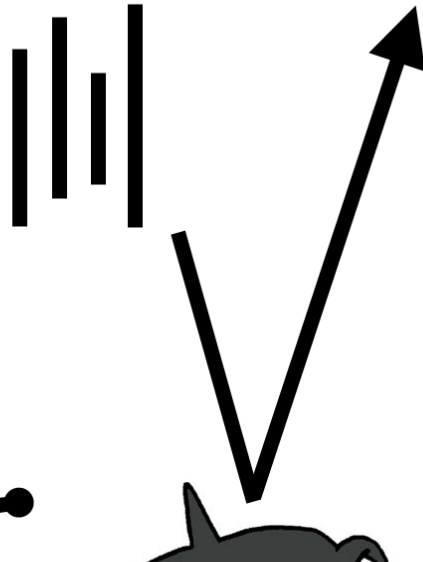
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Multi-Pivot Lines or Any Structure Where You Can Identify Major Buyers or Sellers are Like Doors!

You Have To Go Through the Door To Know What Is Really Behind It!

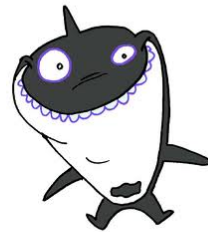
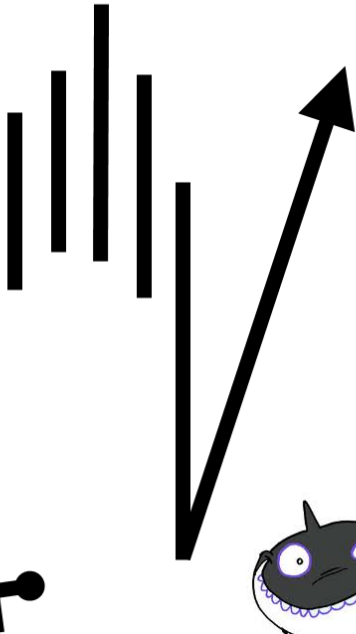


Sometimes, There Be Whales!

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Sometimes the Whales
Push You Through the Door!

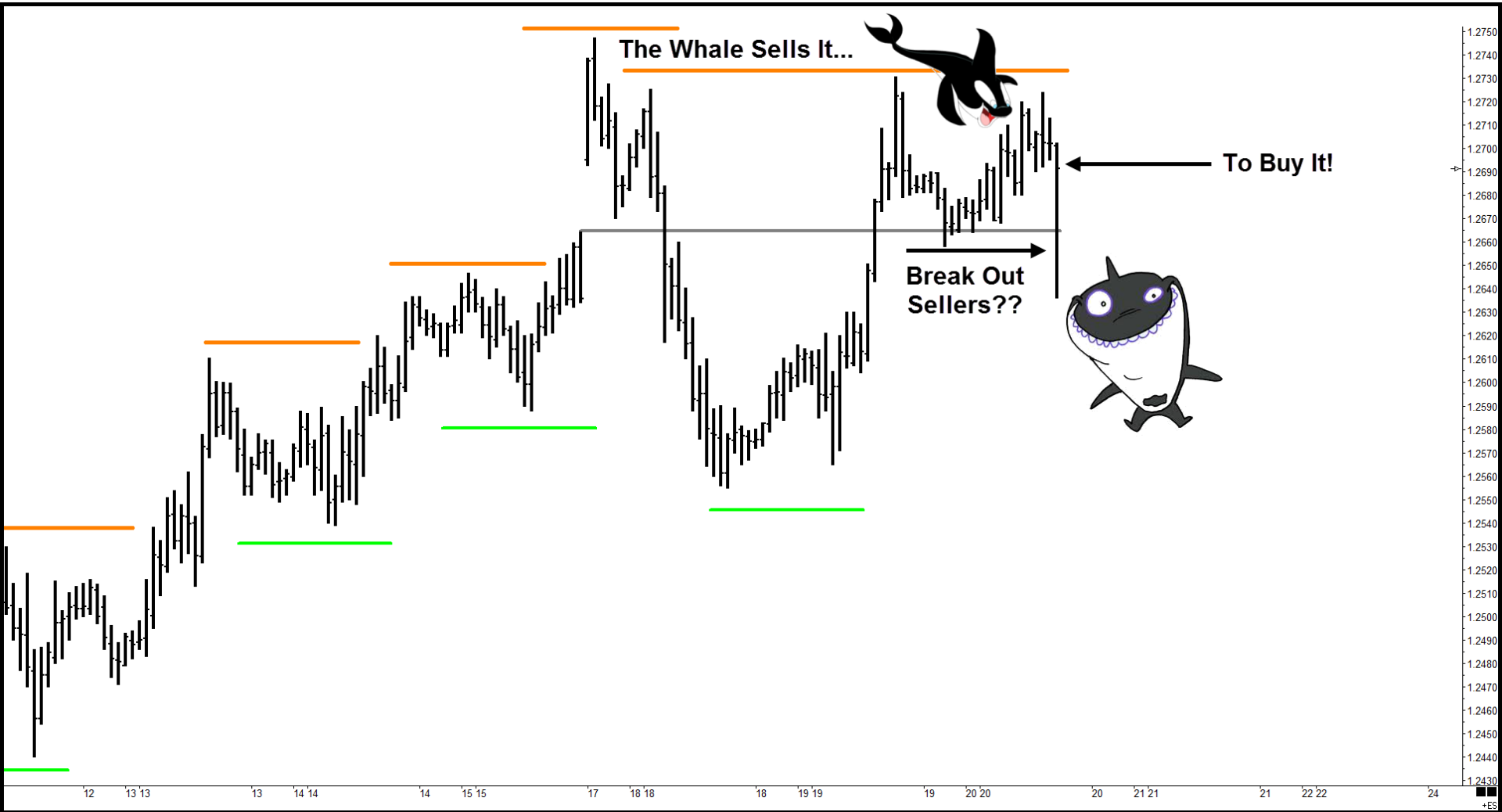


Even Whales Have to Eat!

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The Whale Sells It...

To Buy It!

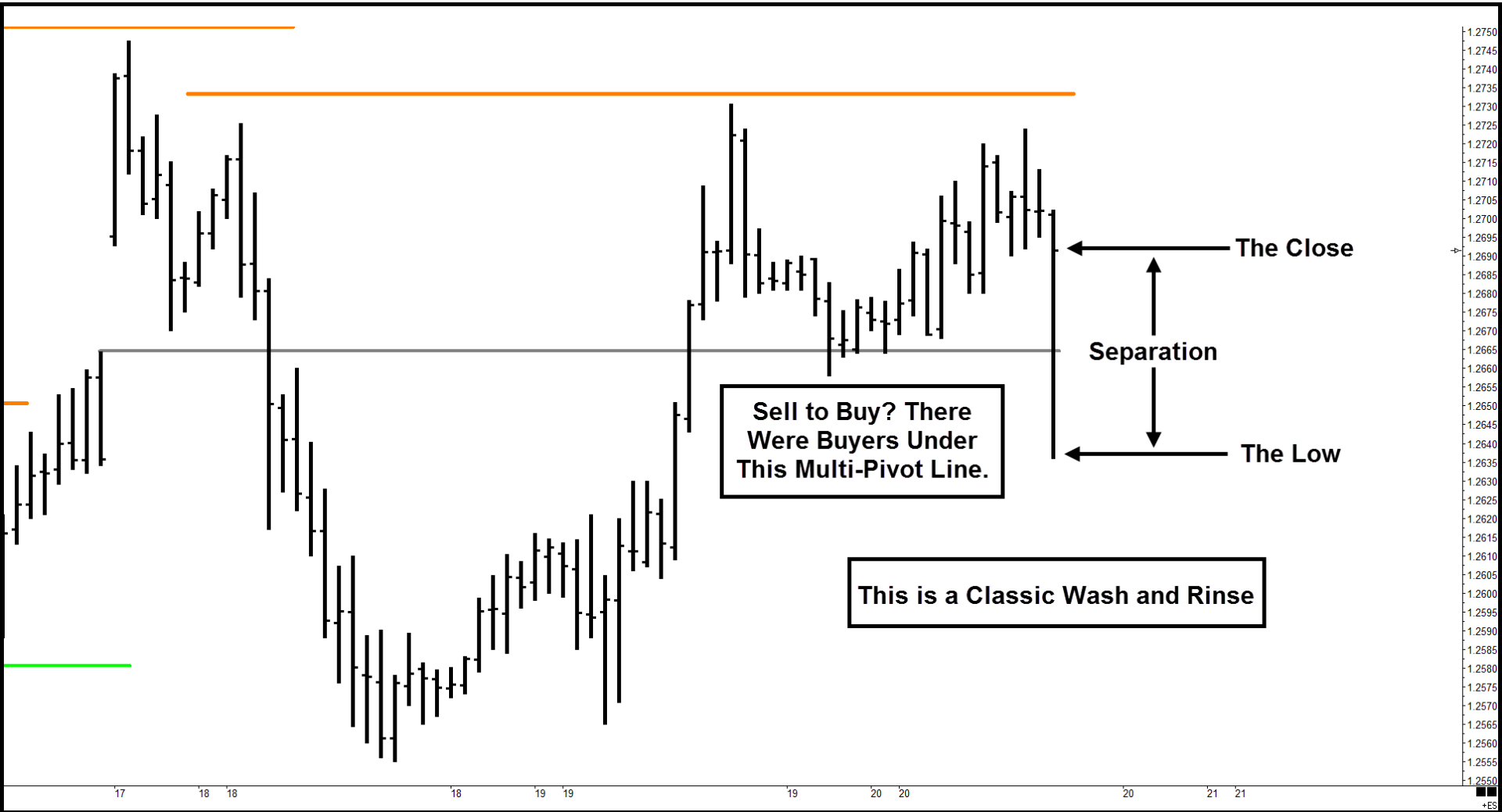
Break Out Sellers??

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OK! The Break is Over! Back to the Map!



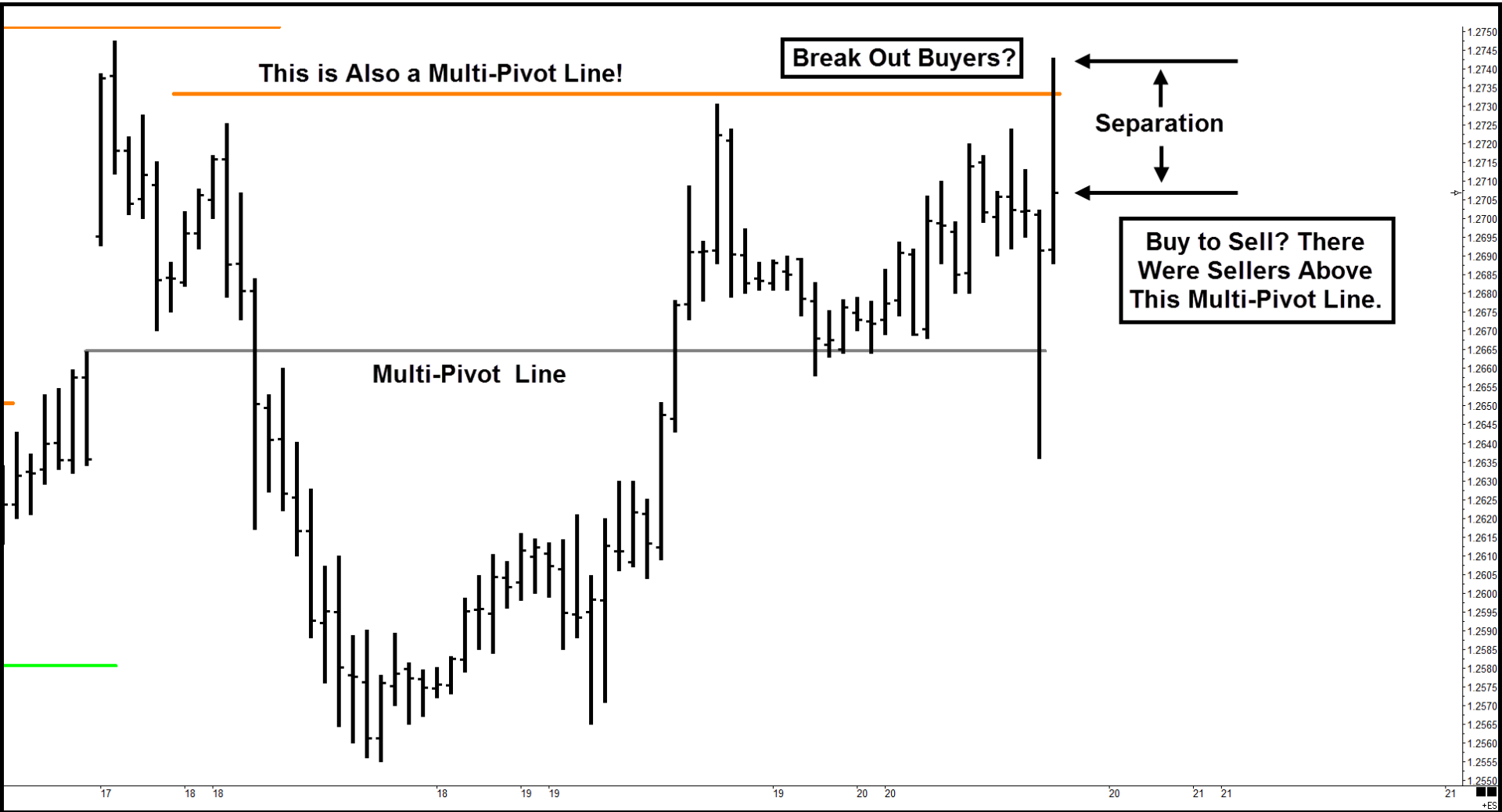
**Sell to Buy? There
Were Buyers Under
This Multi-Pivot Line.**

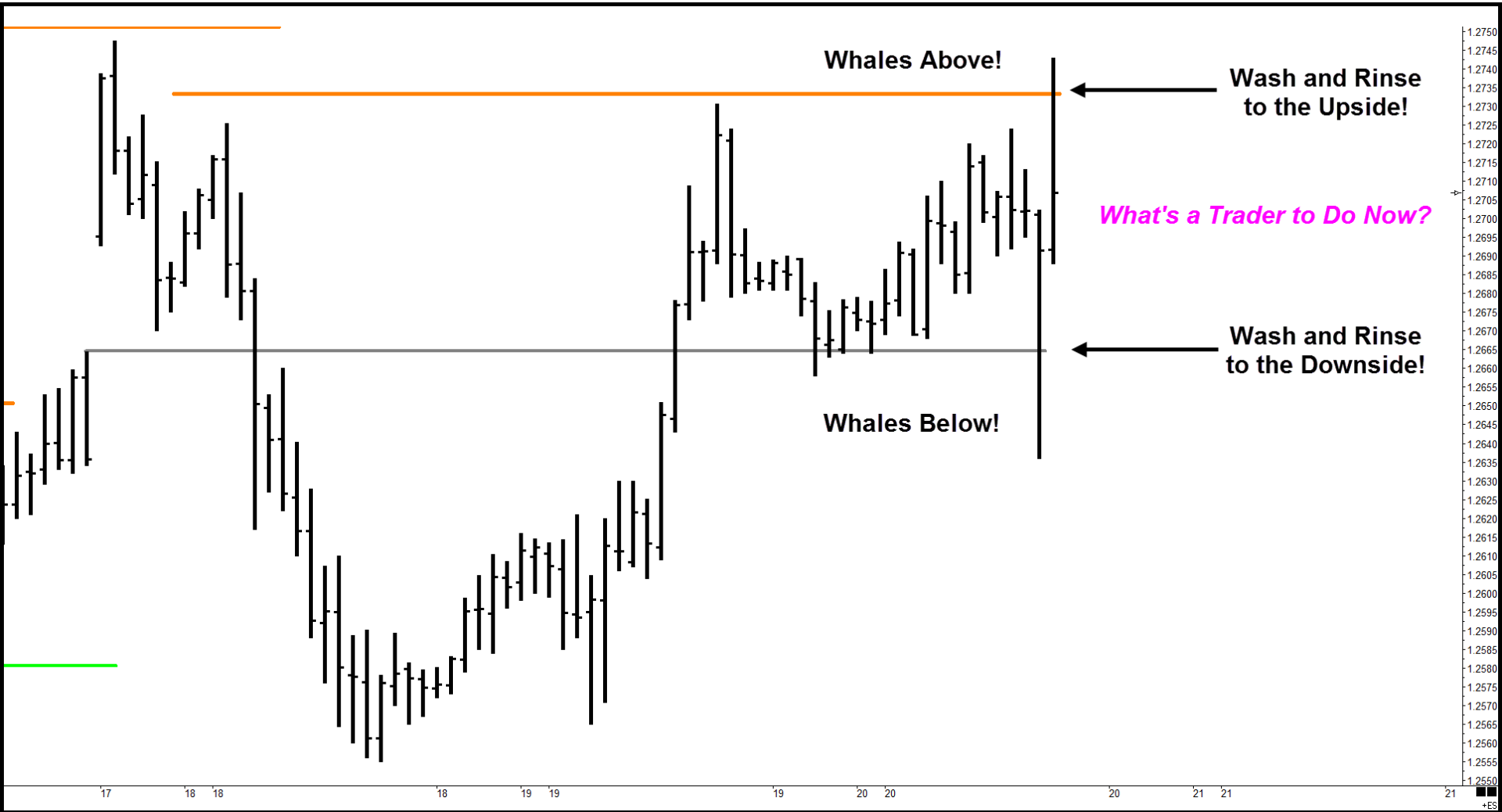
This is a Classic Wash and Rinse

The Close

Separation

The Low





Whales Above!

**Wash and Rinse
to the Upside!**

What's a Trader to Do Now?

**Wash and Rinse
to the Downside!**

Whales Below!

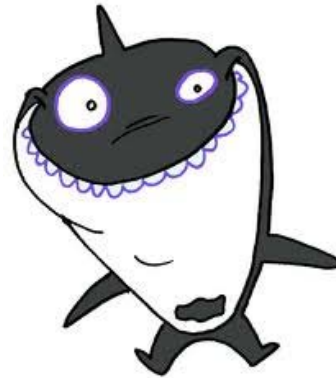
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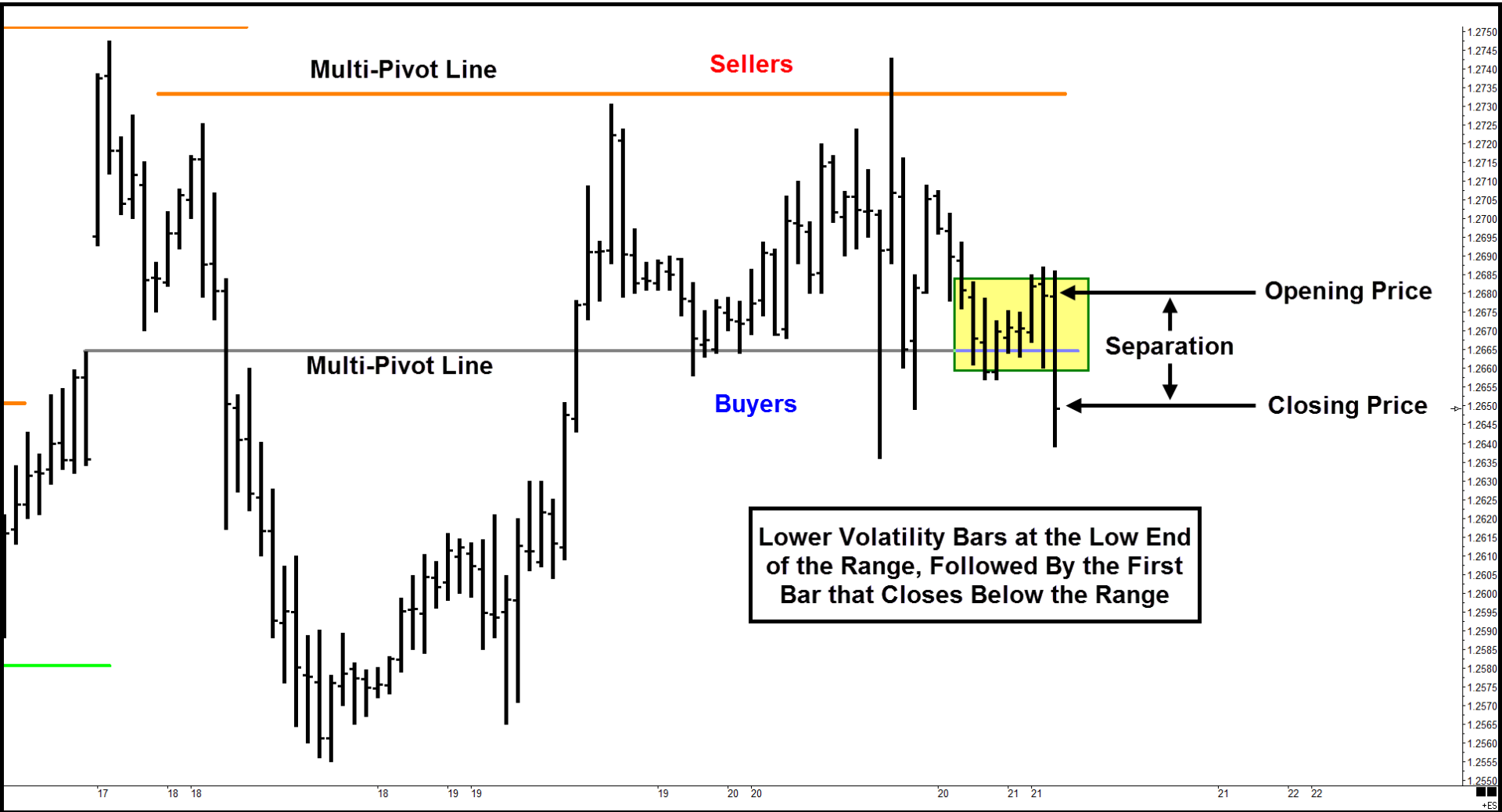
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**If You Cannot Tell What the Whales
are Doing, It Might Be Best to Wait!**





Multi-Pivot Line

Sellers

Multi-Pivot Line

Buyers

Opening Price

Separation

Closing Price

Lower Volatility Bars at the Low End of the Range, Followed by the First Bar that Closes Below the Range

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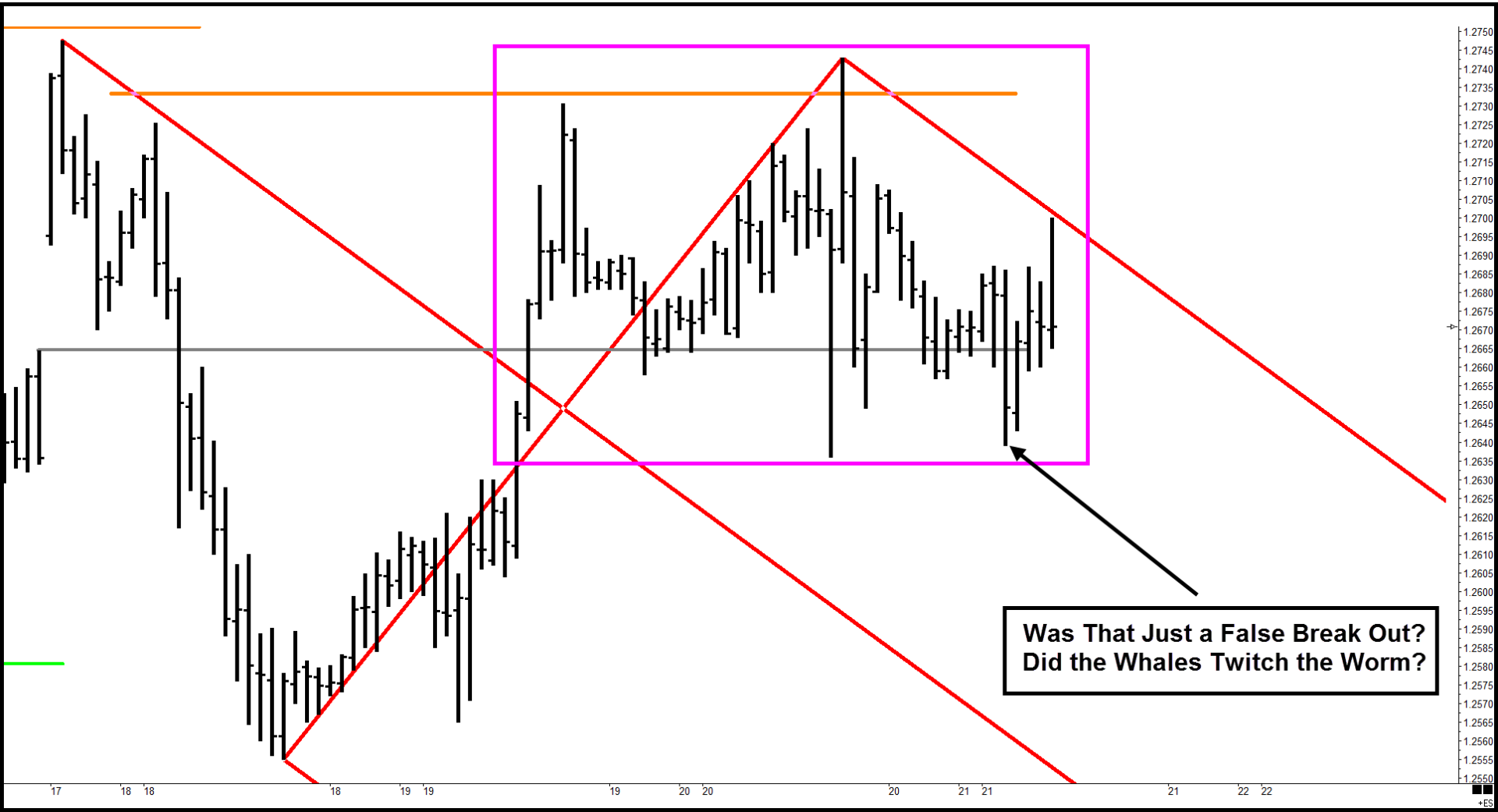
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The Median Line Set Should Show Us the Probable Path of Price

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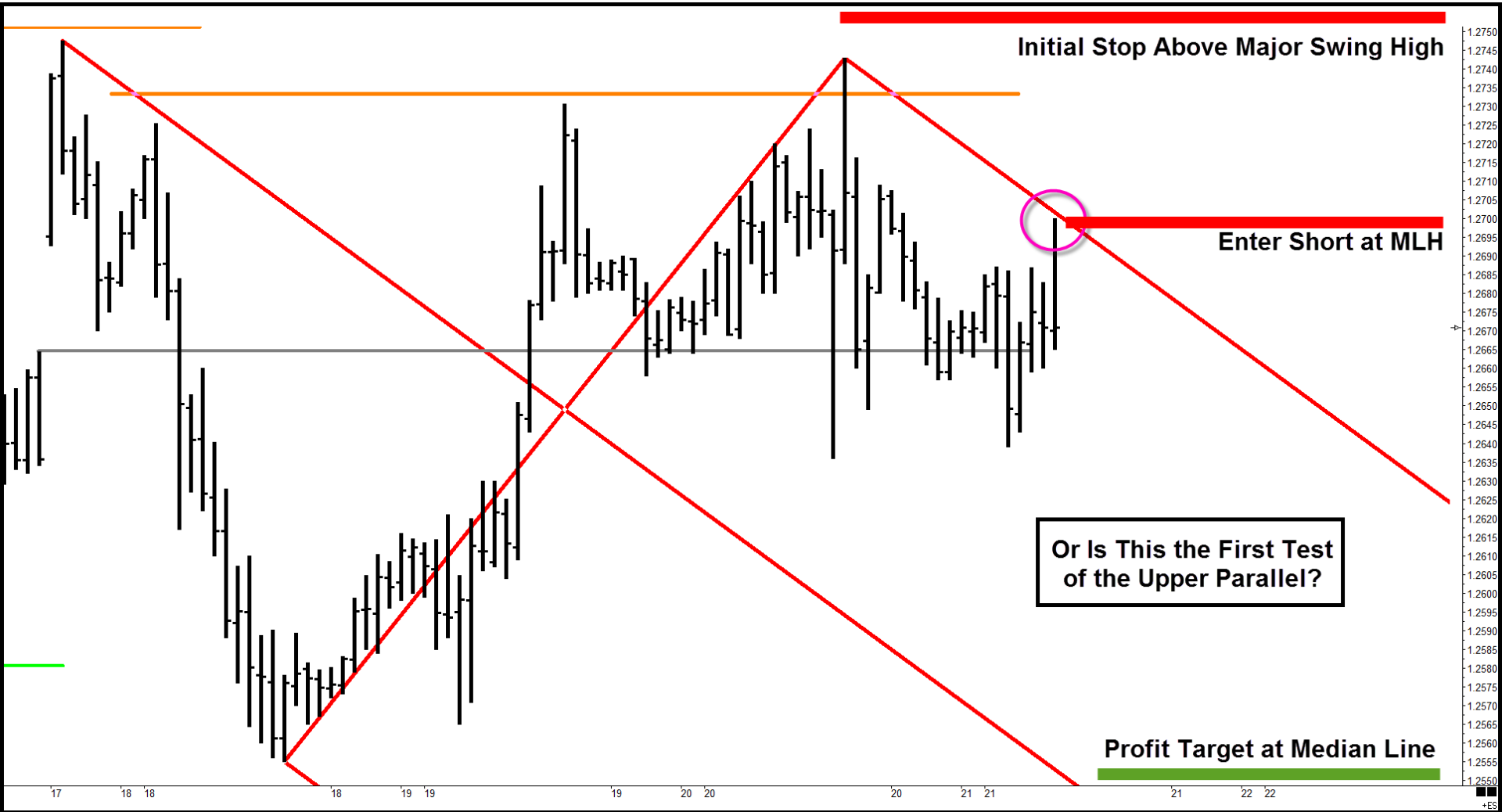


**Was That Just a False Break Out?
Did the Whales Twitch the Worm?**

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Initial Stop Above Major Swing High

Enter Short at MLH

Or Is This the First Test of the Upper Parallel?

Profit Target at Median Line

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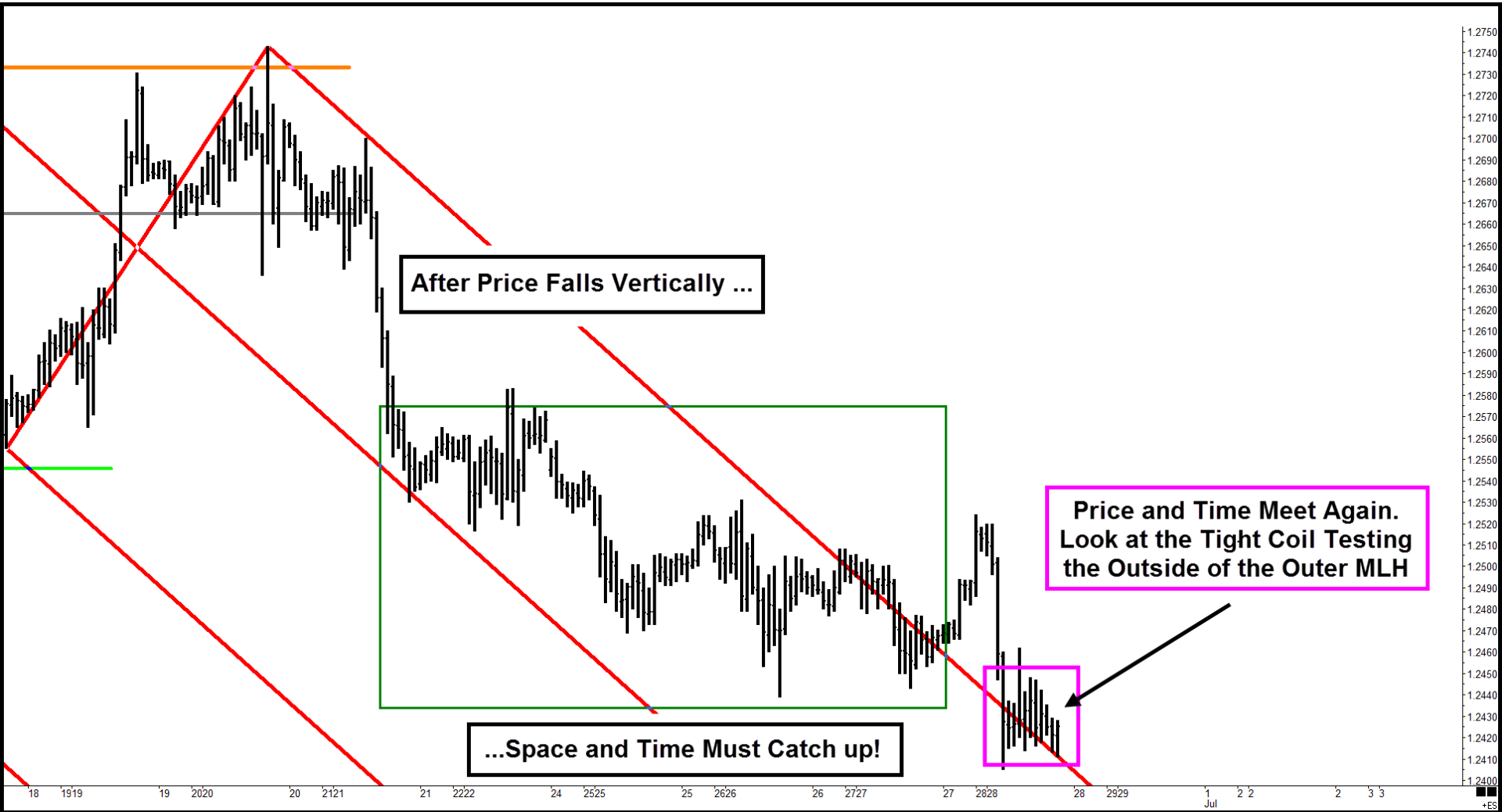
Initial Stop Above Major Swing High

Enter Short at MLH

Profit Target at Median Line

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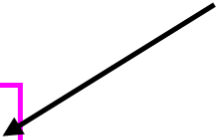
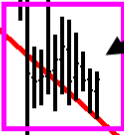


After Price Falls Vertically ...



...Space and Time Must Catch up!

Price and Time Meet Again.
Look at the Tight Coil Testing
the Outside of the Outer MLH



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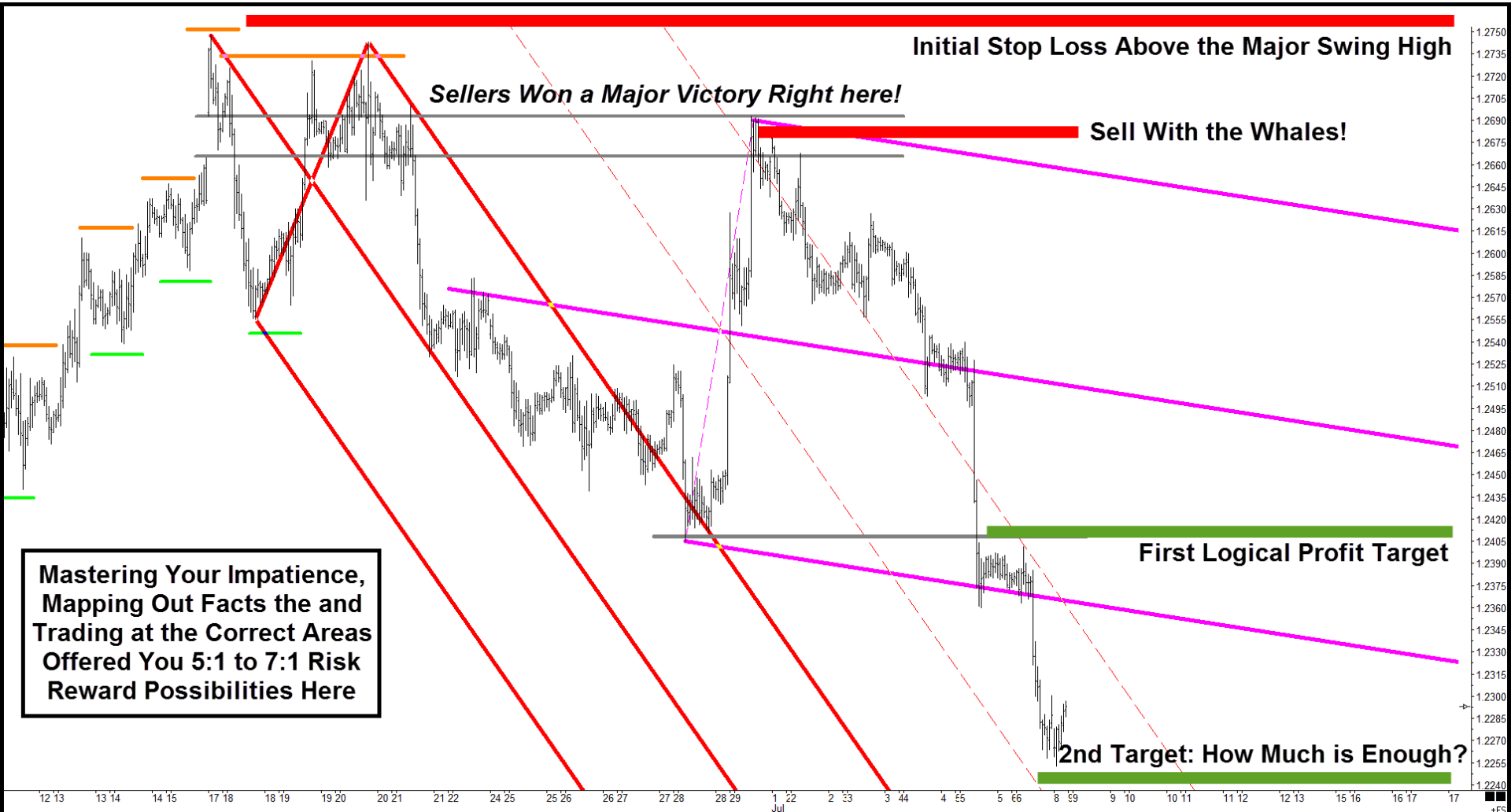
Initial Stop Loss Above the Major Swing High

Sellers Won a Major Victory Right here!

Sell With the Whales!

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**Mastering Your Impatience,
Mapping Out Facts the and
Trading at the Correct Areas
Offered You 5:1 to 7:1 Risk
Reward Possibilities Here**

Initial Stop Loss Above the Major Swing High

Sellers Won a Major Victory Right here!

Sell With the Whales!

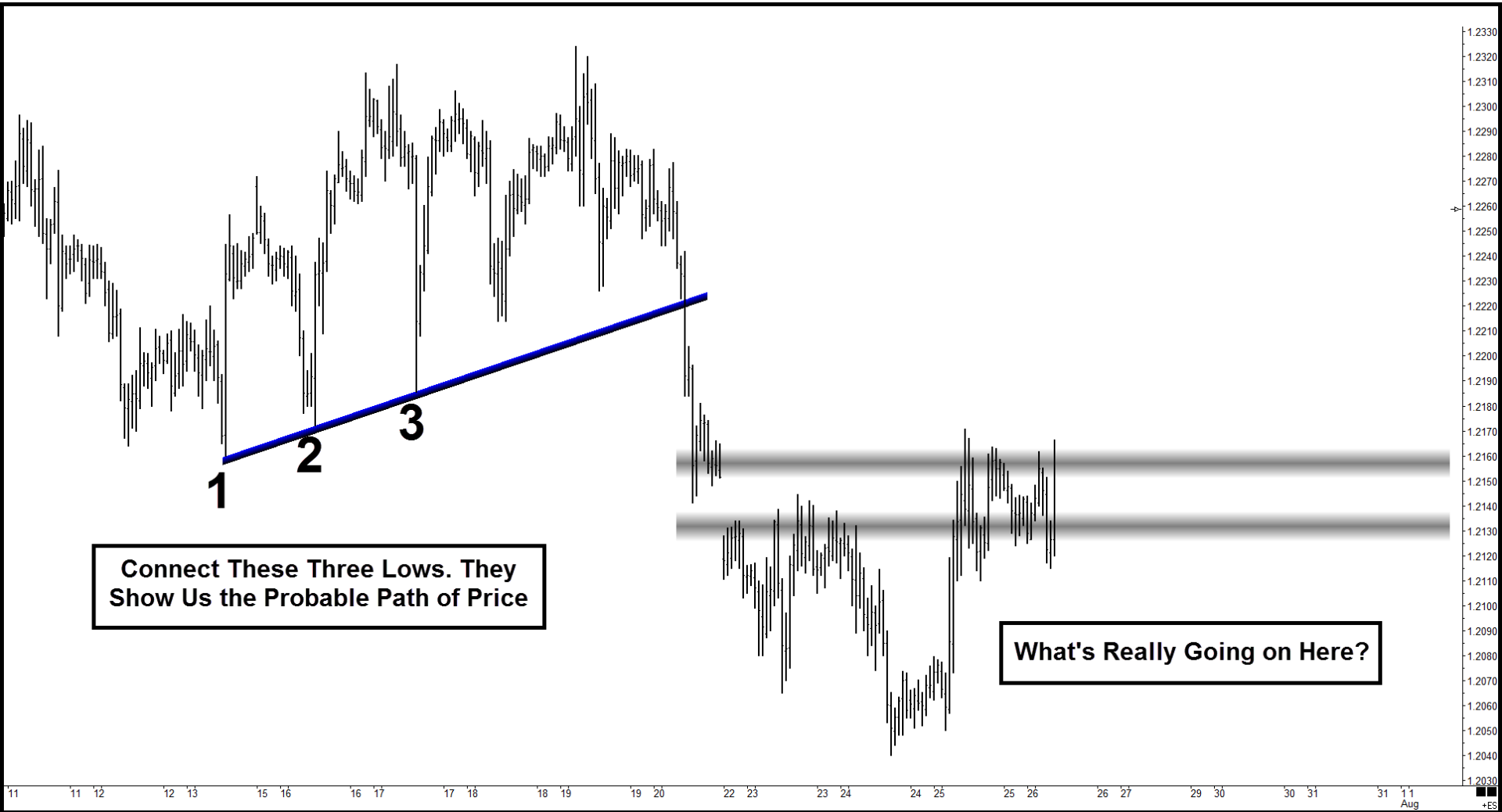
First Logical Profit Target

2nd Target: How Much is Enough?

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'12 '13 '14 '15 '17 '18 '19 '20 '21 '22 '23 '24 '25 '26 '27 '28 '29 Jul 1 '22 2 '33 3 '44 4 '55 5 '66 8 '99 9 '10 '11 '12 '13 '16 '17 '17

Advanced Work: This Pattern Repeats Over and Over!

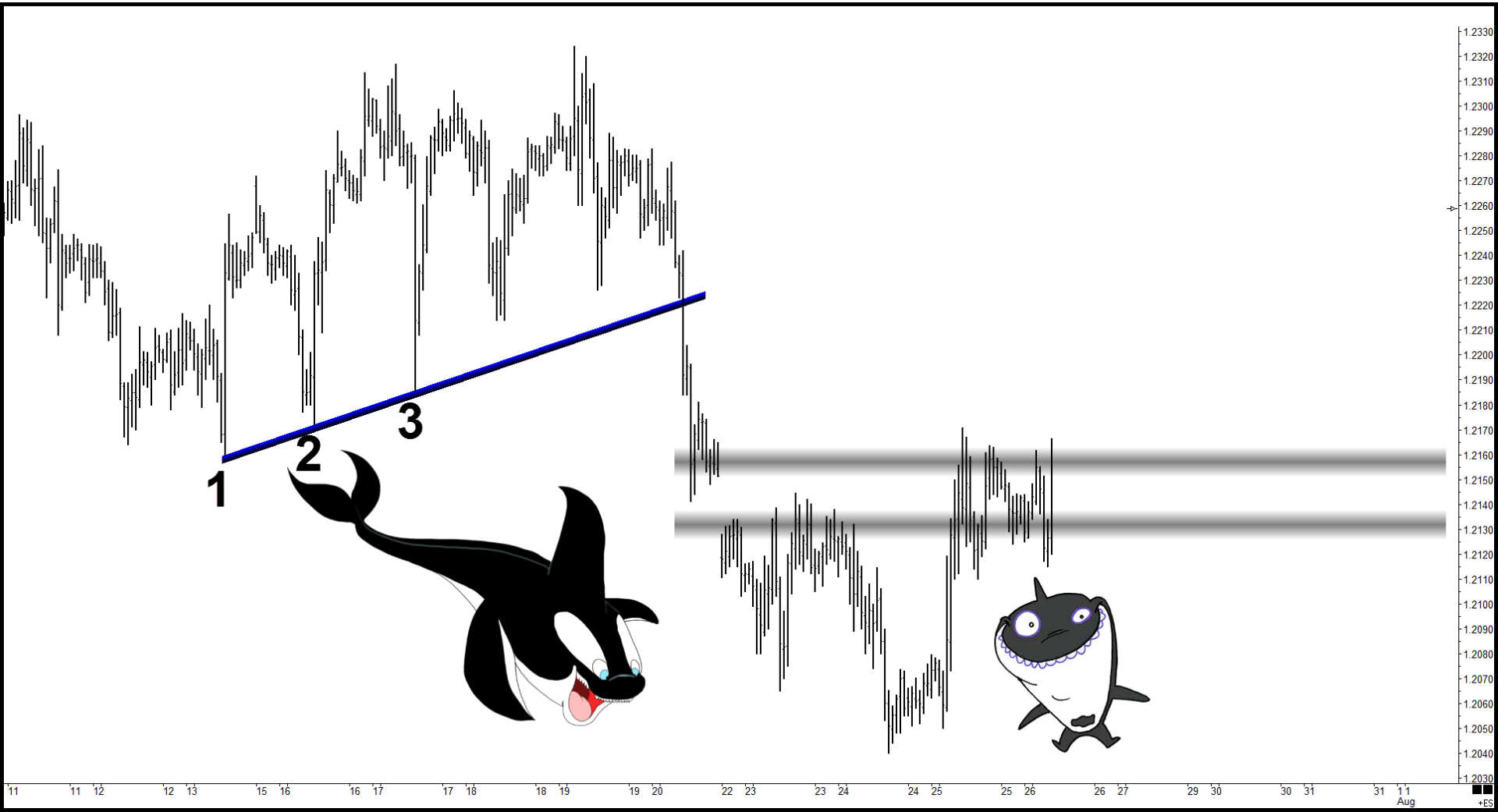


Connect These Three Lows. They Show Us the Probable Path of Price

What's Really Going on Here?

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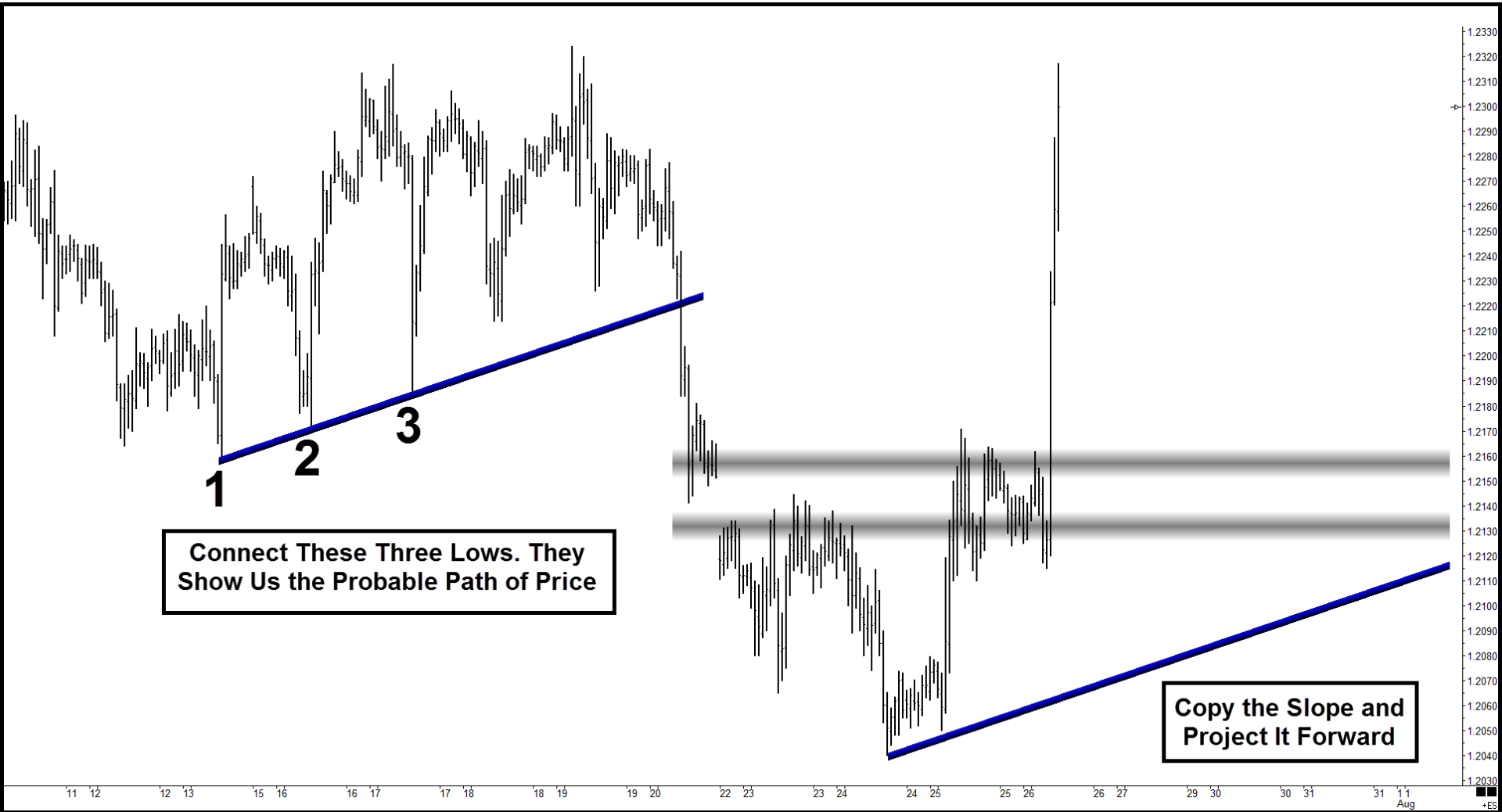
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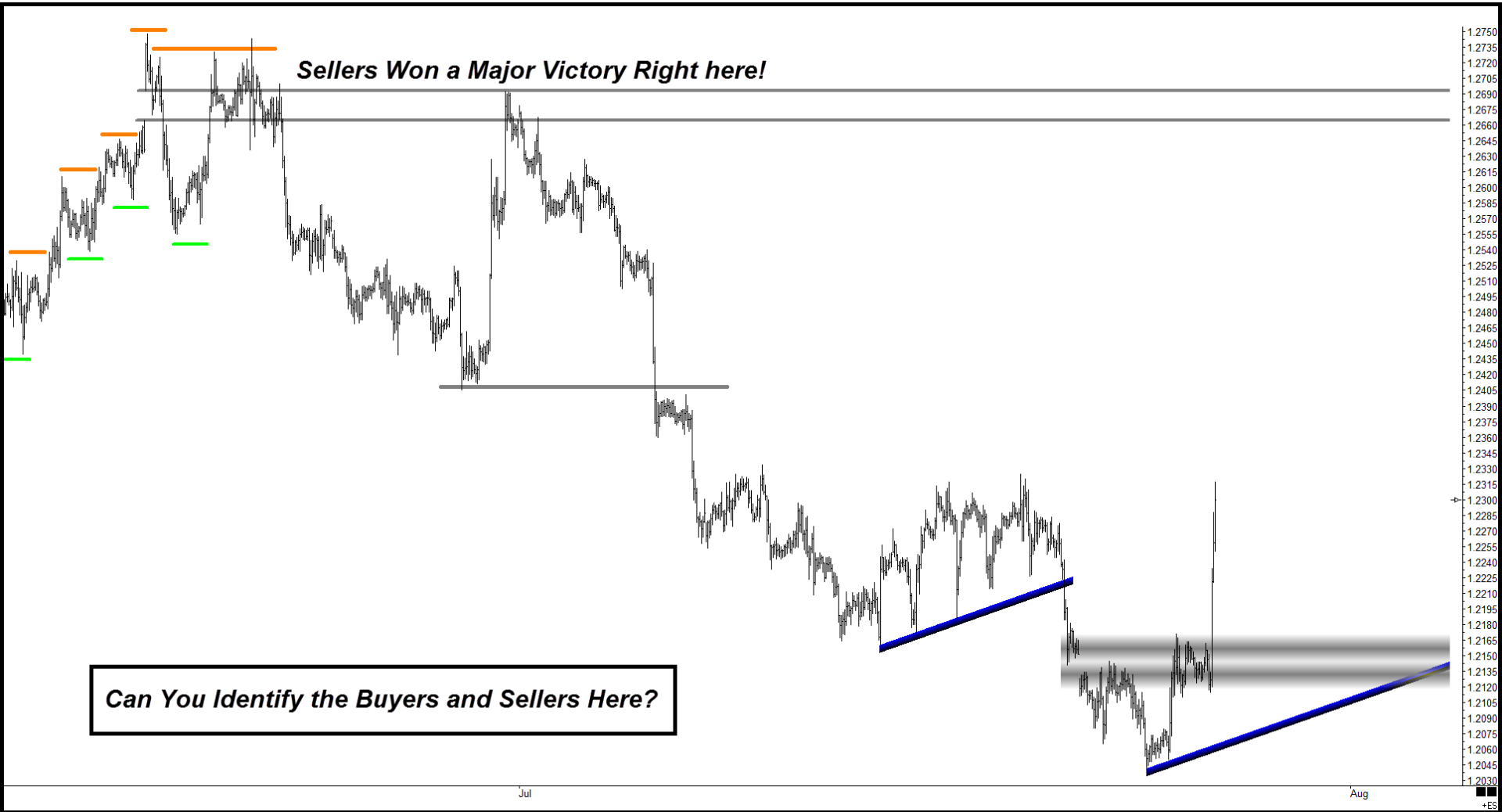


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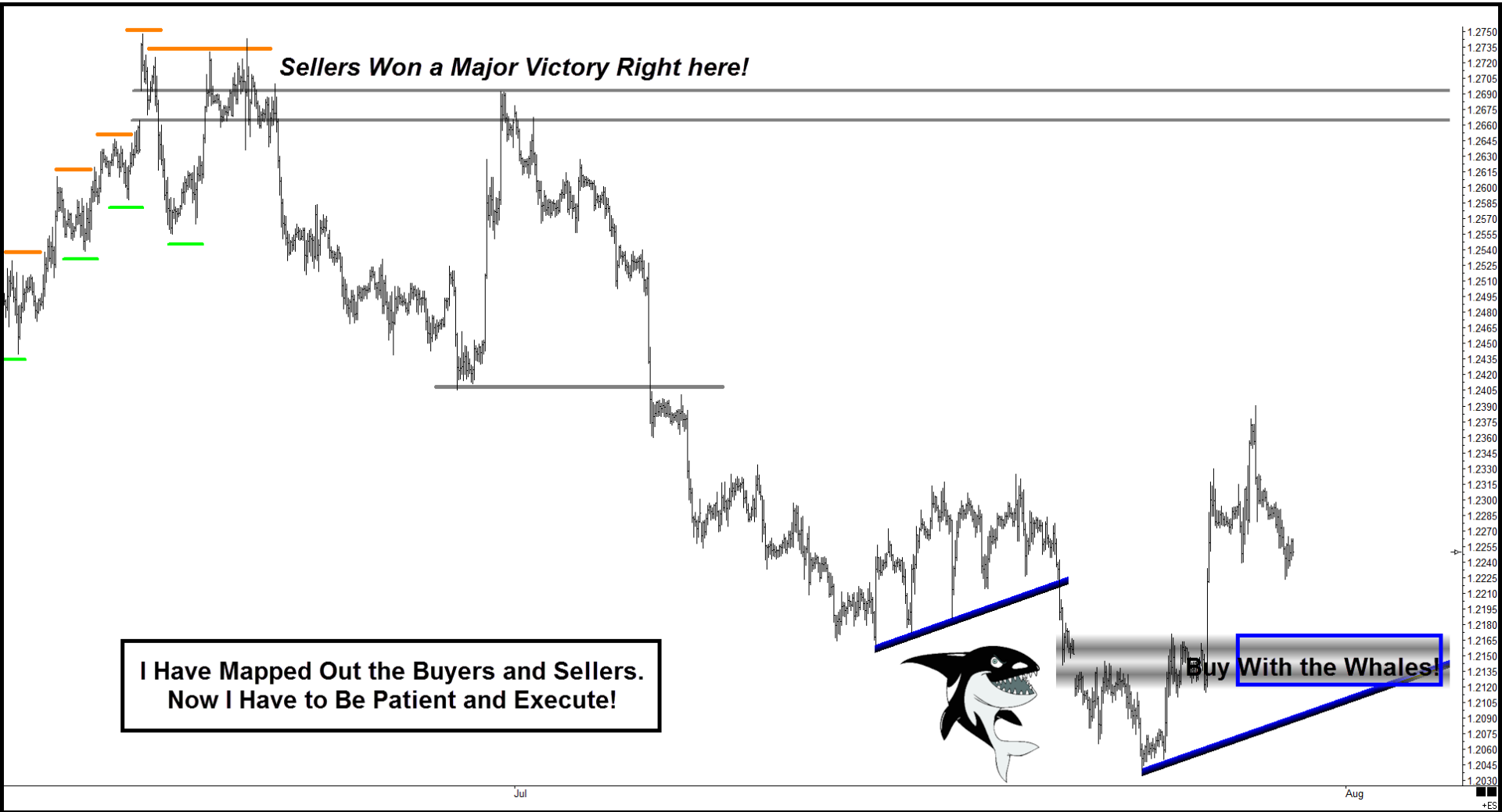


Sellers Won a Major Victory Right here!

Can You Identify the Buyers and Sellers Here?

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Sellers Won a Major Victory Right here!

**I Have Mapped Out the Buyers and Sellers.
Now I Have to Be Patient and Execute!**



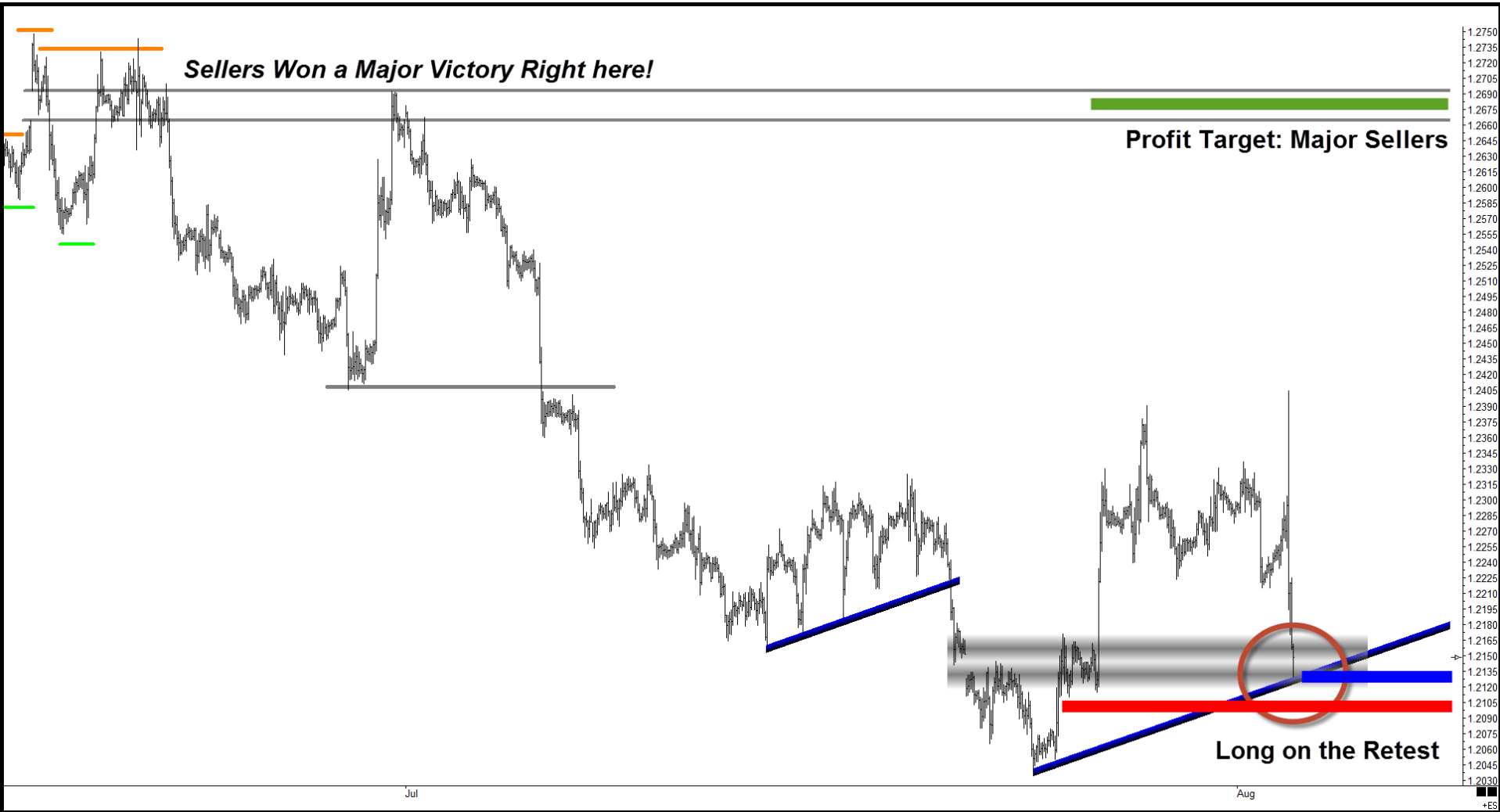
Buy With the Whales!

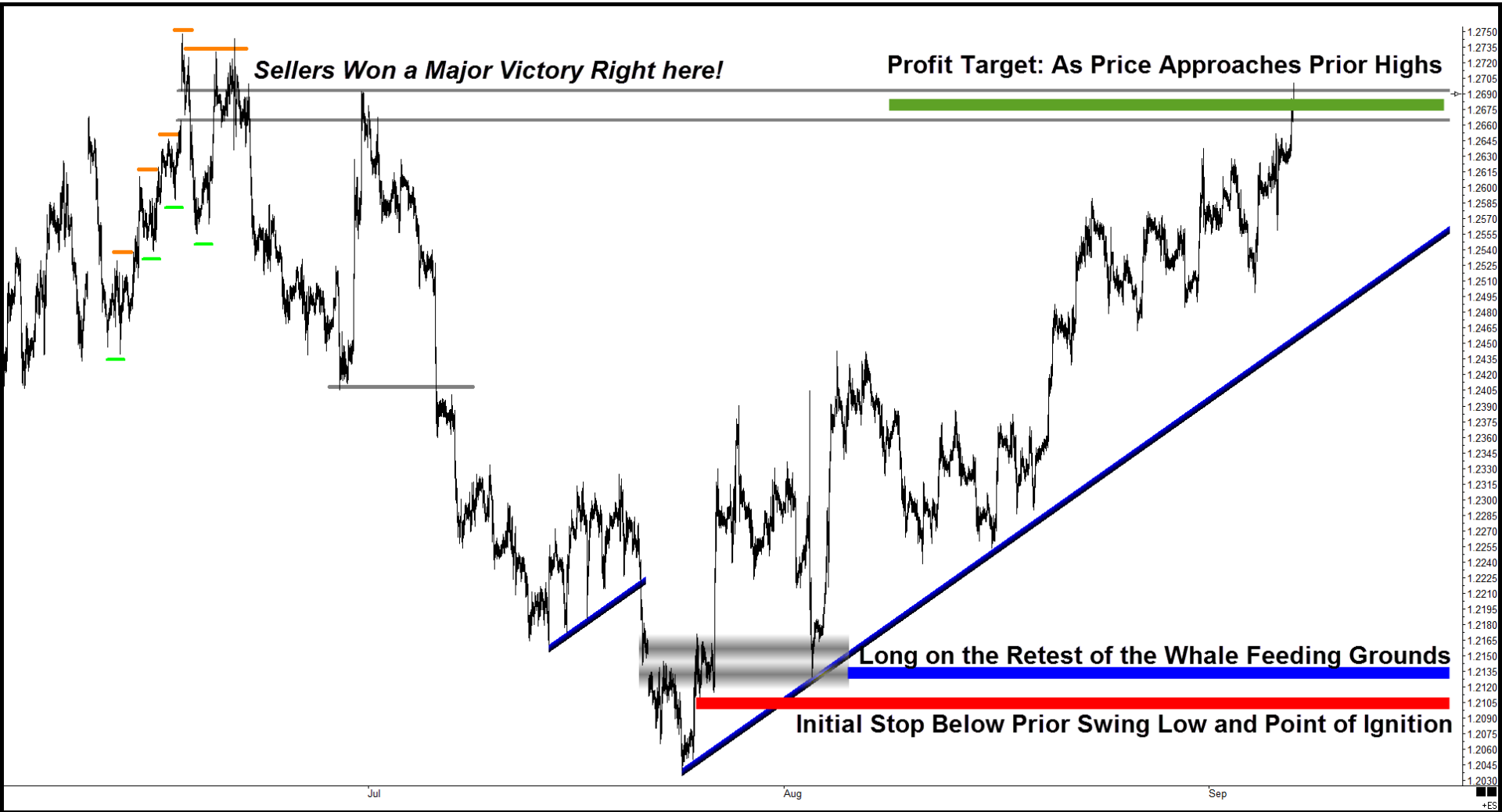
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Sellers Won a Major Victory Right here!

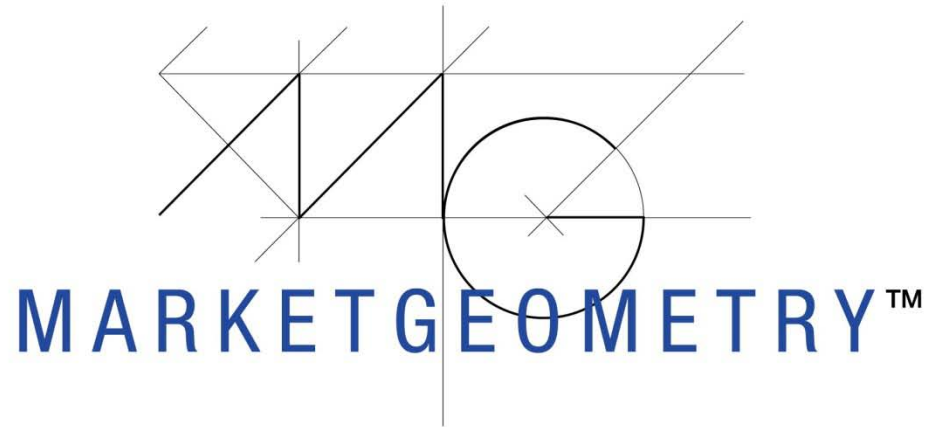
Profit Target: As Price Approaches Prior Highs

Long on the Retest of the Whale Feeding Grounds

Initial Stop Below Prior Swing Low and Point of Ignition

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Thank You for taking the time to attend this session. Questions?

"Master your tools, master yourself."

®Timothy Morge

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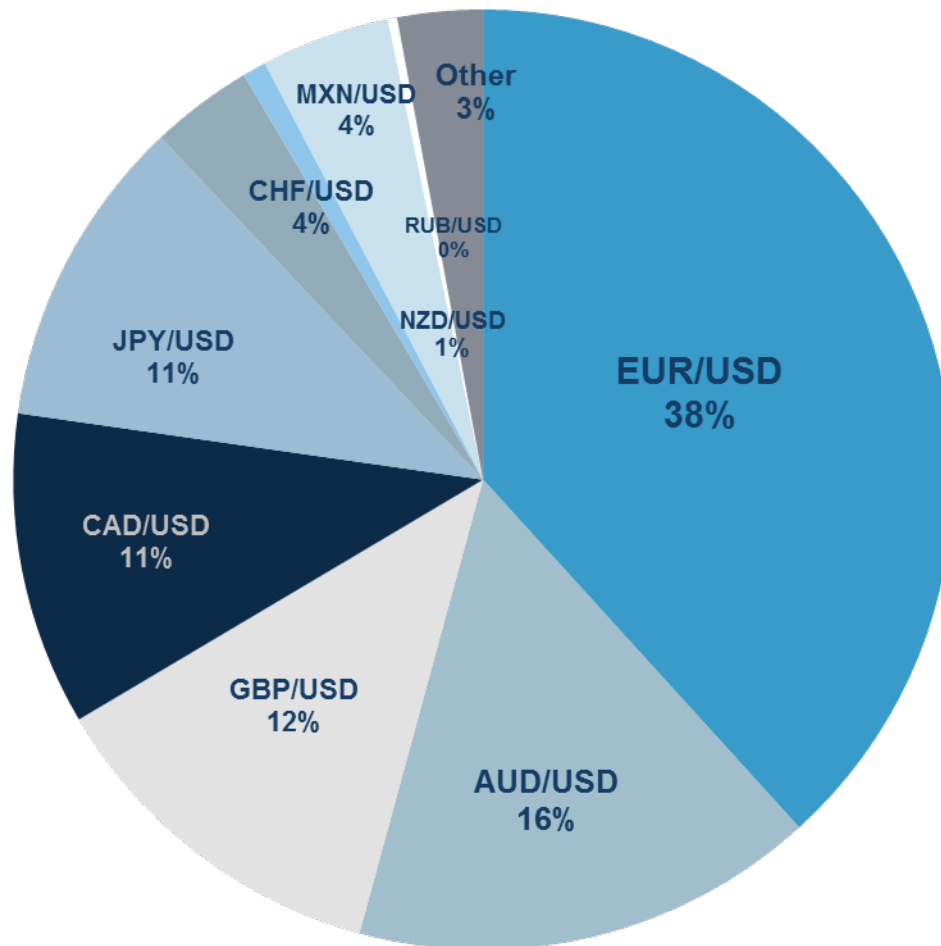
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- 31 FX Options contracts
- 20 currencies

The contracts

- Physically delivered (Majors)
- Cash Settled (Emerging markets)
- Settling on IMM dates

We offer

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- FX Order Execution Tool

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 - CFTC Commitment of Traders FX Report
 - FX Options Open Interest Tool

- Daily Reports and Settlements**
- Daily Settlements
 - Daily Bulletin
 - New Daily Settlement Times for BRL/USD Futures
 - FX Final Settlement Prices
 - Currency Fixing Prices Methodology
 - FX Options Fixing Prices (9am / 2pm)
 - FX Futures Reference Prices (11am / 3pm)
 - CME/EMTA Russian Ruble Reference Rate
 - CME/EMTA Russian Ruble Reference Rate Non-Polling Day Information

- Product Related**
- Q1 FX Quarterly Review
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 - FX Options Traders Handbook
 - FX Realized Volatility Indexes
 - FX Block Trade Minimums
 - Quarterly Roll Dates
 - Dow Jones CME FXINDEX
 - Fee Incentives for FX EFP and Block Trades

- CME ClearPort**
- Cleared OTC FX - Chilean Peso NDFs
 - FX EFP and Block Trades on CME ClearPort Overview
 - FAQ - FX Block Trades and EFPs on CME ClearPort
 - BRL/USD Block Trades and EFPs on CME ClearPort
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 - Product Code Guide
 - Performance Bond/Margins

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FX Product Slate

CME Globex | CME ClearPort

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Product Name	Code	Contract	Charts	Last	Change	Open	High	Low	Globex Volume
AUD/USD	6AM2	Jun 12		0.9716	+0.0045	0.9691	0.9734	0.9616	78309
BRL/USD	6LU2	Sep 12		4.8310	-0.00020	4.8340	4.8340	4.8340	9
CAD/USD	6CM2	Jun 12		0.9606	-0.0007	0.9616	0.9641	0.9568	60570
CHF/USD	6SM2	Jun 12		1.0397	+0.0060	1.0348	1.0418	1.0315	27490
EUR/USD	6EM2	Jun 12		1.2482	+0.0069	1.2435	1.2510	1.2386	167309
E-micro EUR/USD	M6EM2	Jun 12		1.2482	b +0.0069	1.2434	1.2509	1.2386	4277
GBP/USD	6BM2	Jun 12		1.5378	+0.0006	1.5368	1.5415	1.5341	44638
JPY/USD	6JM2	Jun 12		0.012772	-0.000034	0.012808	0.012825	0.012746	49568
MNZ/USD	6MM2	Jun 12		0.070025	+0.000300	0.069700	0.070450	0.069450	20853
NZD/USD	6NM2	Jun 12		0.7573	+0.0046	0.7542	0.7587	0.7495	8352
RUB/USD	6RU2	Sep 12		0.029360	a +0.000180	0.029030	0.029410	0.028950	5
Dow Jones CME FX INDEX	FXDM2	Jun 12		145.86	a +0.36	-	146.00	-	-

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Futures | Options

Product Information

- FX 2012 Product Guide and Calendar
- FX Brochure for Institutional Investors
- FX Brochure for Commercials
- Introducing E-micro Forex Futures
- E-micro Forex Futures - Fact Card
- FX Quote Points from Standard to E-micro EUR/USD Futures
- How to Price Forex E-micro JPY/USD Off the Standard Contract
- FX Quarterly Review
- Fees to Trade FX Products (PDF)

Market Fundamentals

FX Highlights

Product Highlights

- First Cleared OTC FX NDFs - Multi-Asset Class OTC Offerings Expand
- USD/RMB (CNY) contracts now available
- New Quarterly Listings for Brazilian Real futures

New Resources

- CME FX Options and the Euro (PDF)
- Q1 2012 FX Market Monitor - Review of currencies, including national economic conditions, policies and account flows
- Q1 FX Quarterly Review
- FX Brochure for Commercials (PDF)
- FX Options Open Interest Tool
- FX Options Update: Commitment towards Transparency - EUR/USD Expiry Average Open Interest VS Strikes
- New White Paper: S&P Downgrades Eurozone Sovereign Debt

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