

# Commodity Currencies Make the World Go Round!

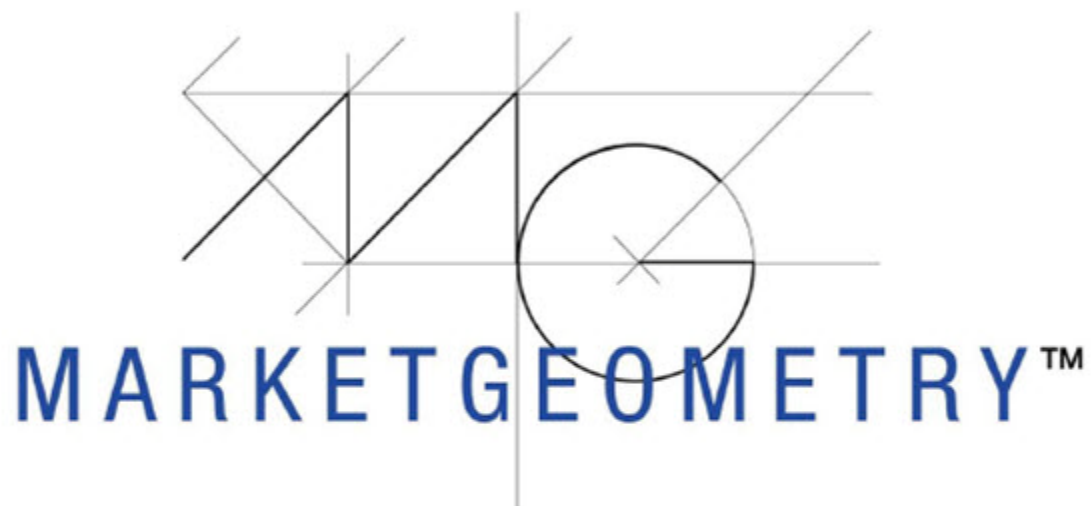


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Blackthorne Capital, Inc.

Internet Presentation Sponsored by Interactive Brokers April 11, 2013

[www.marketgeometry.com](http://www.marketgeometry.com)

[www.medianline.com](http://www.medianline.com)



**"Master your tools, master yourself."**

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### ***Results***

Past performance does not guarantee future results.

This is one person's 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.

**Commodity Currencies Make the World Go Round!**



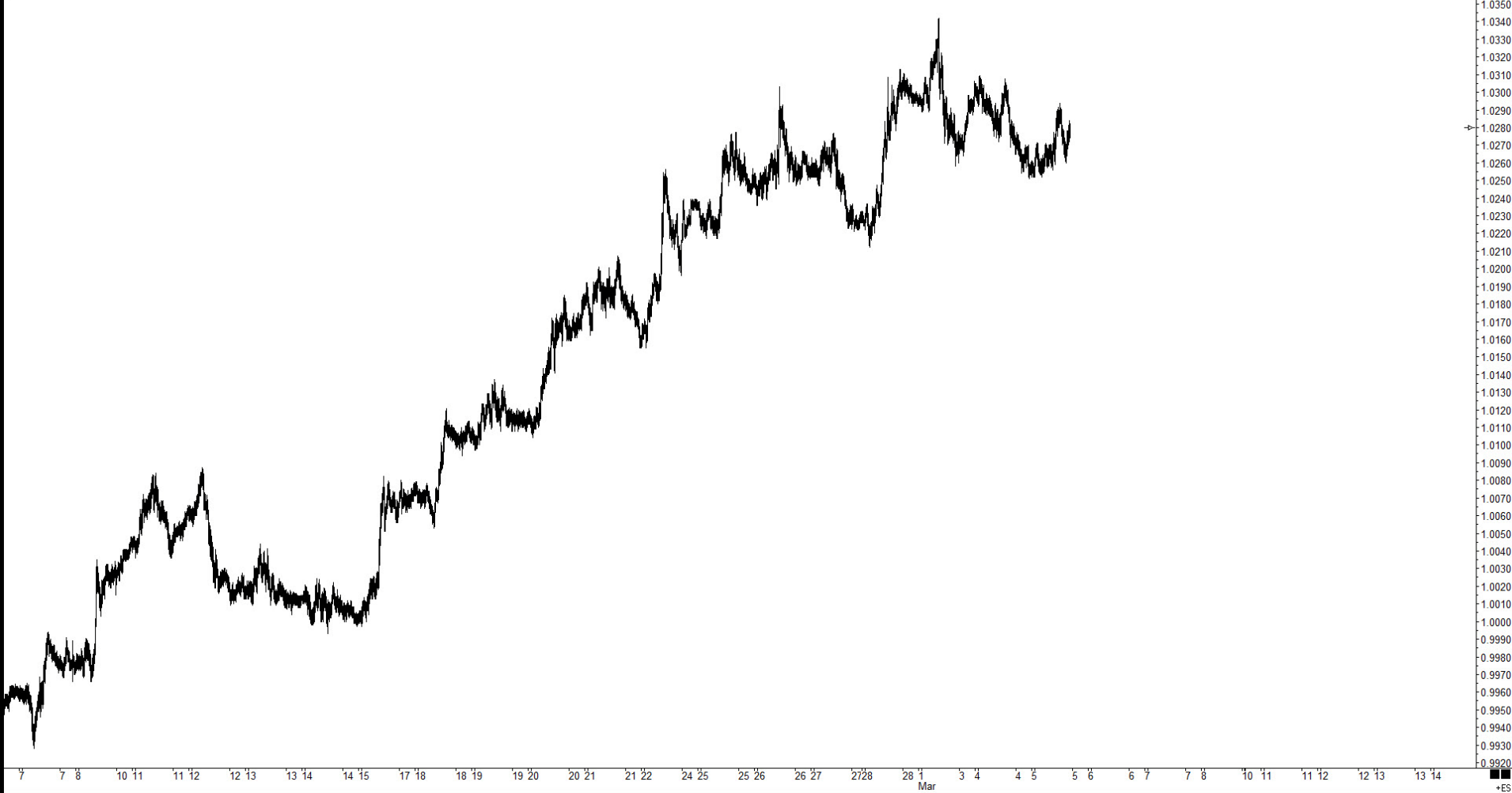
**...with a little help from the world of Physics**

**This seminar is dedicated to all the fine students I lecture at  
MIT, Stanford and the University of Chicago.**

**I love you all but I can't be there as a full time Professor –  
I am exactly where I am supposed to be now.**

**Let's look at the Canadian Dollar against the US Dollar –  
The Canadian Dollar is a great trading vehicle. Because of  
their energy production, they have cash flowing both ways.**

16:20 C:1.0280 H:1.0282 L:1.0274 O:1.0278 V:1.882 20:00 03-05-13 S:1.0076 I:1901

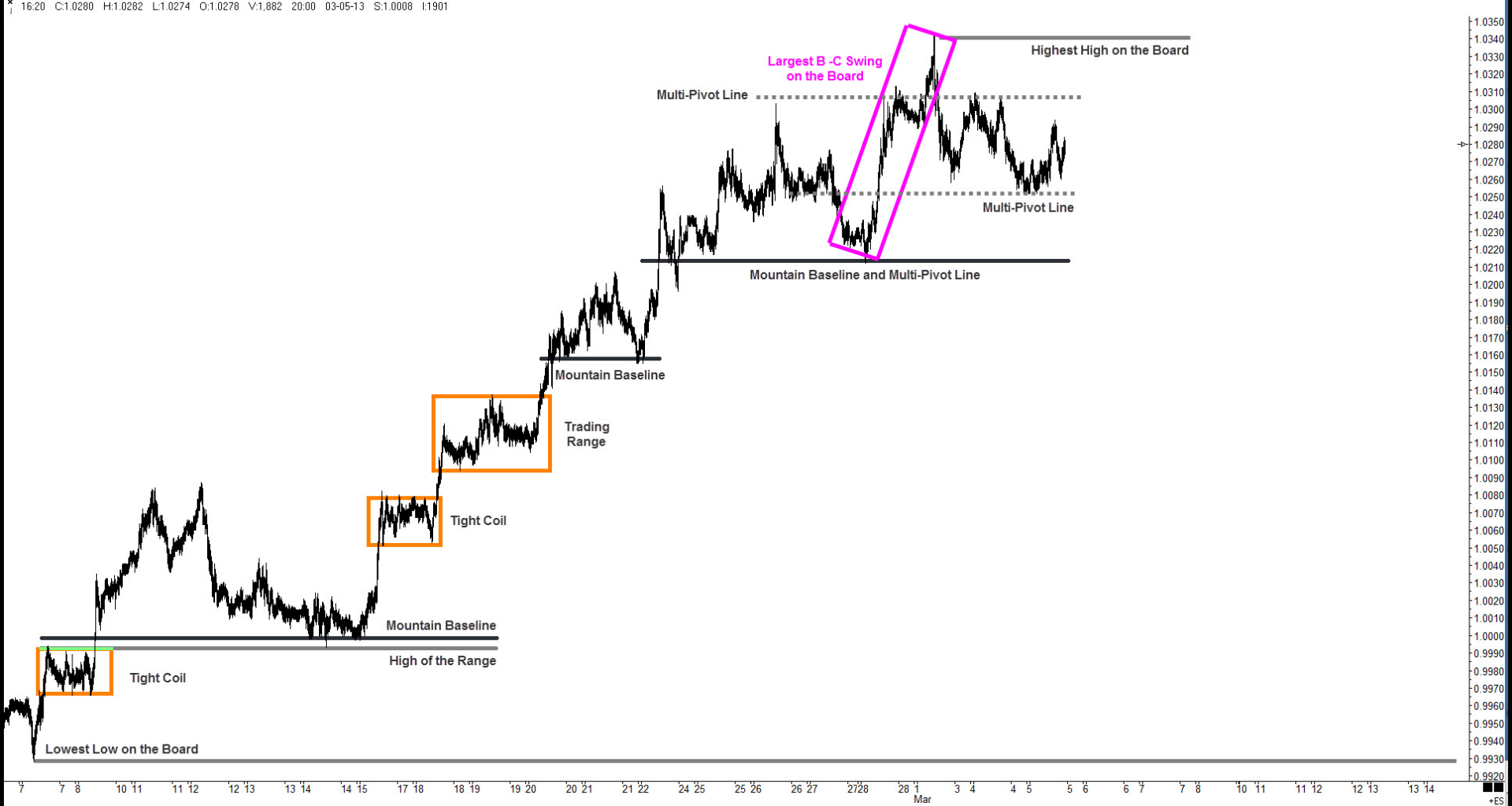


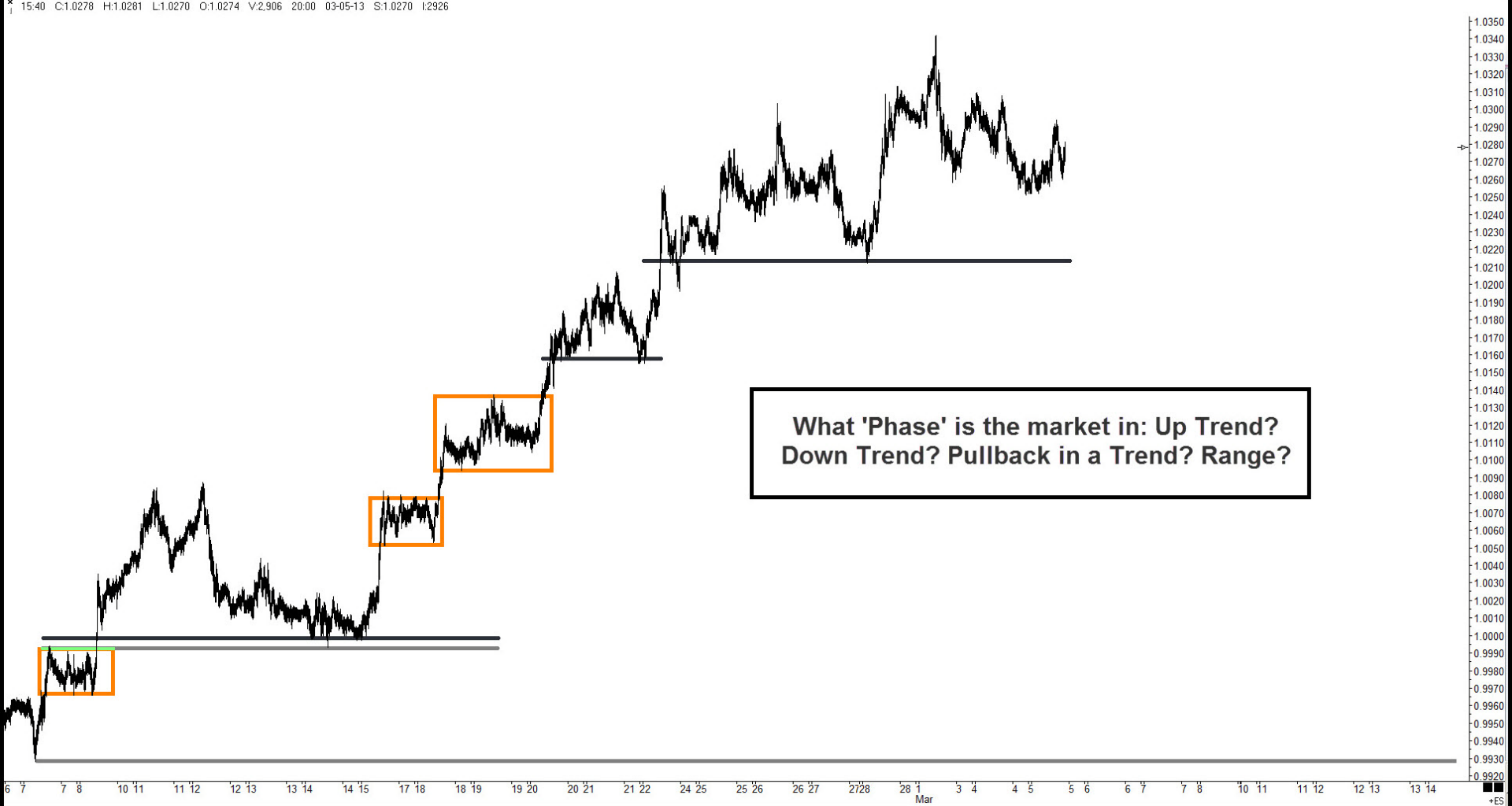
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■ ES







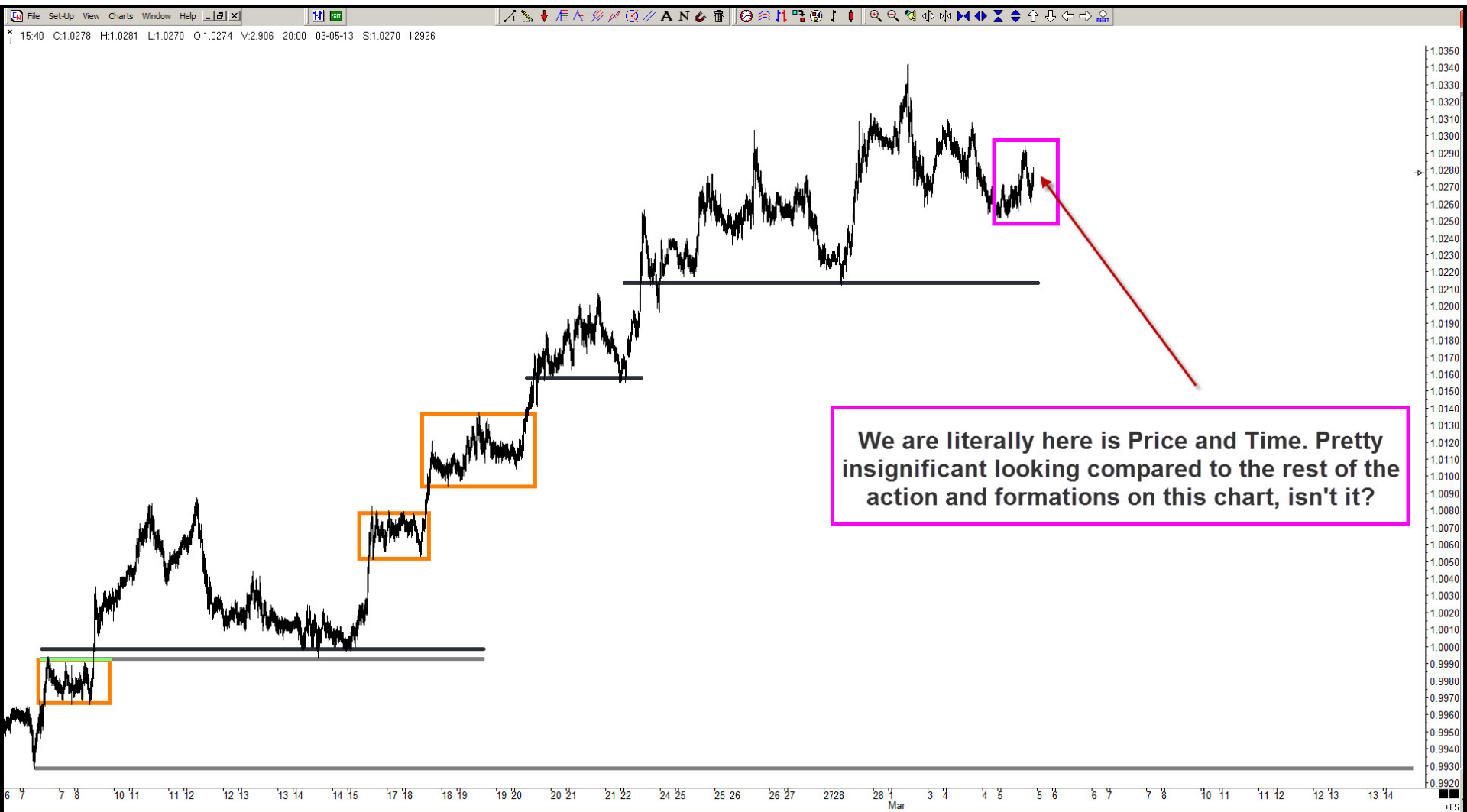


What 'Phase' is the market in: Up Trend?  
Down Trend? Pullback in a Trend? Range?





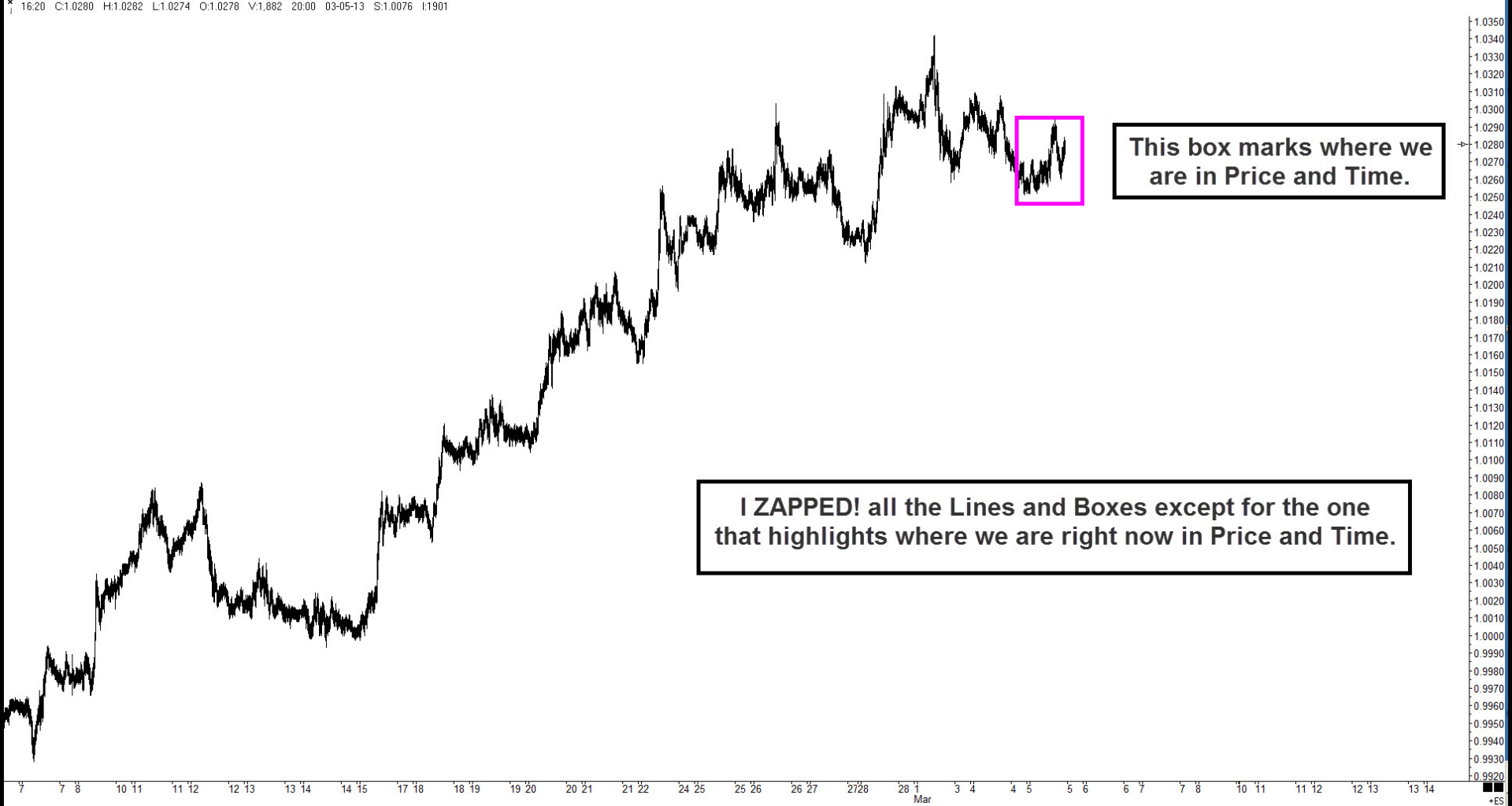
What 'Phase' is the market in: Up Trend?  
Down Trend? Pullback in a Trend? Range?



**We are literally here is Price and Time. Pretty insignificant looking compared to the rest of the action and formations on this chart, isn't it?**



**How do all these formations and areas help us trade the area where we are in Price and Time?**



This box marks where we are in Price and Time.

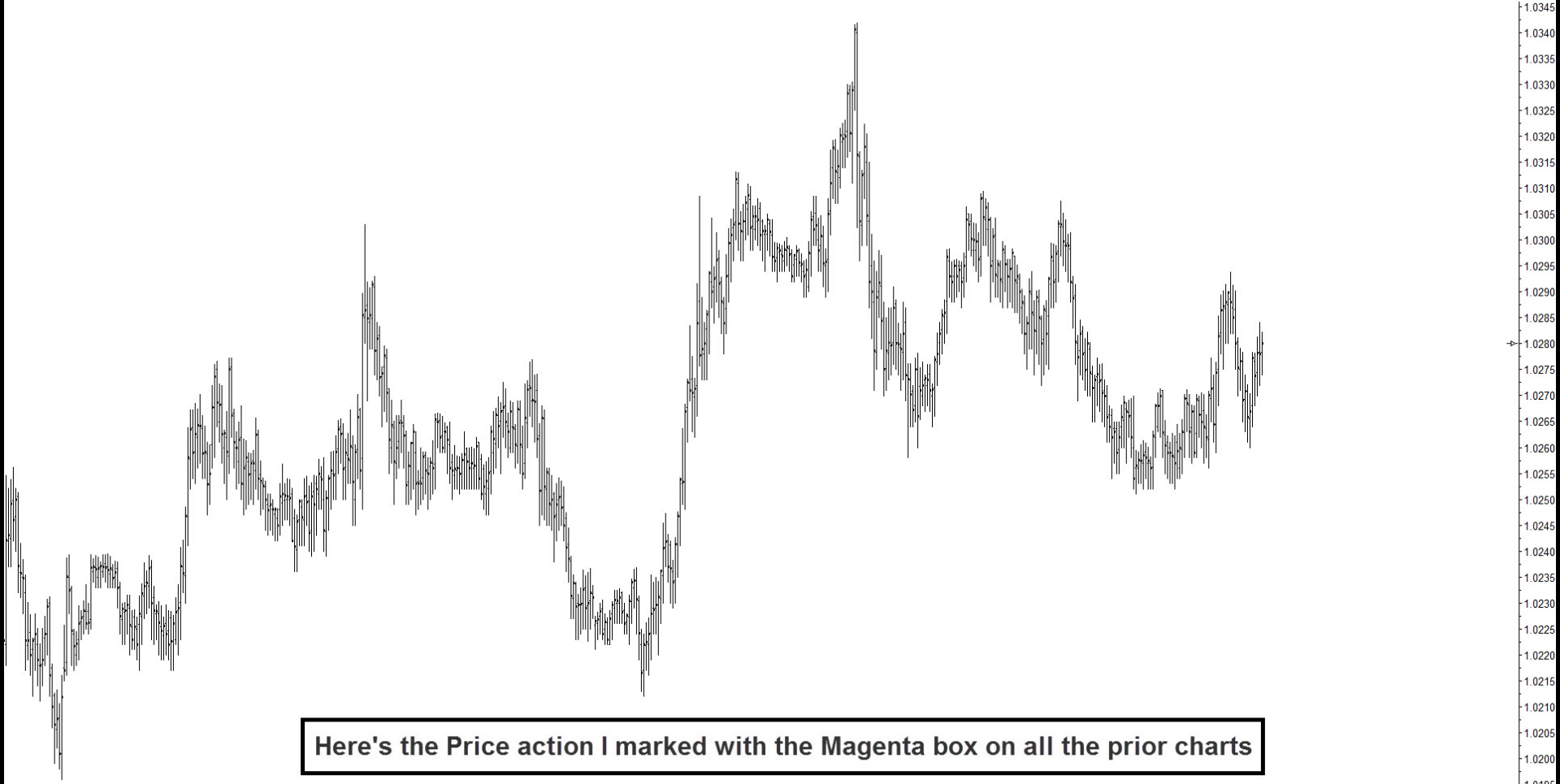
I ZAPPED! all the Lines and Boxes except for the one that highlights where we are right now in Price and Time.



This box marks where we are in Price and Time.

Now that I ZAPPED! all the Lines and Boxes, I have a question for all of you: Can you imagine all this Price action within the slanted box helping you make a trading decision during the next 20 minute bar? During the next three 20 minute bars? During the next twelve 20

16:20 C:1.0260 H:1.0282 L:1.0274 O:1.0278 V:1.862 10:00 03-05-13 S:1.0249 I:1901



**Here's the Price action I marked with the Magenta box on all the prior charts**

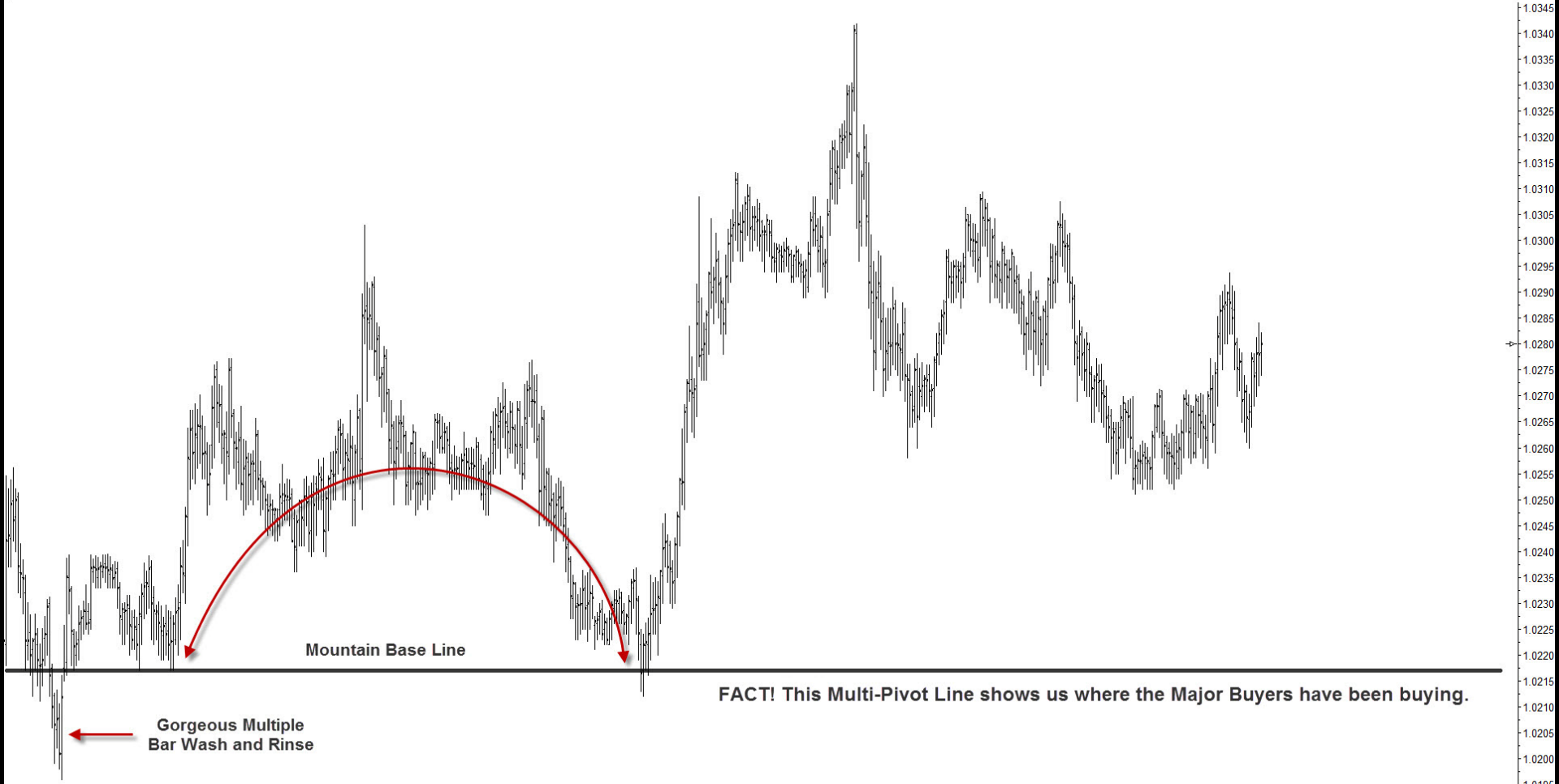
Feb 24 Su Feb 25 Mon Feb 25 M Feb 26 Tue Feb 26 Tu Feb 27 Wed Feb 27 F Feb 28 Thu Feb 28 Th Mar 1 Fri Mar 3 Sun Mar 4 Mon Mar 4 Mo Mar 5 Tue Mar 5 Tu Mar 6 Wed Mar 6 We Mar 7 Thu

\* 16.20 C:1.0280 H:1.0282 L:1.0274 O:1.0278 V:1.882 10:00 03-05-13 S:1.0249 I:1901



**What Phase is the market in?**

16:20 C:1.0260 H:1.0282 L:1.0274 O:1.0278 V:1.882 16:35 03-05-13 S:1.0252 I:1901



Mountain Base Line

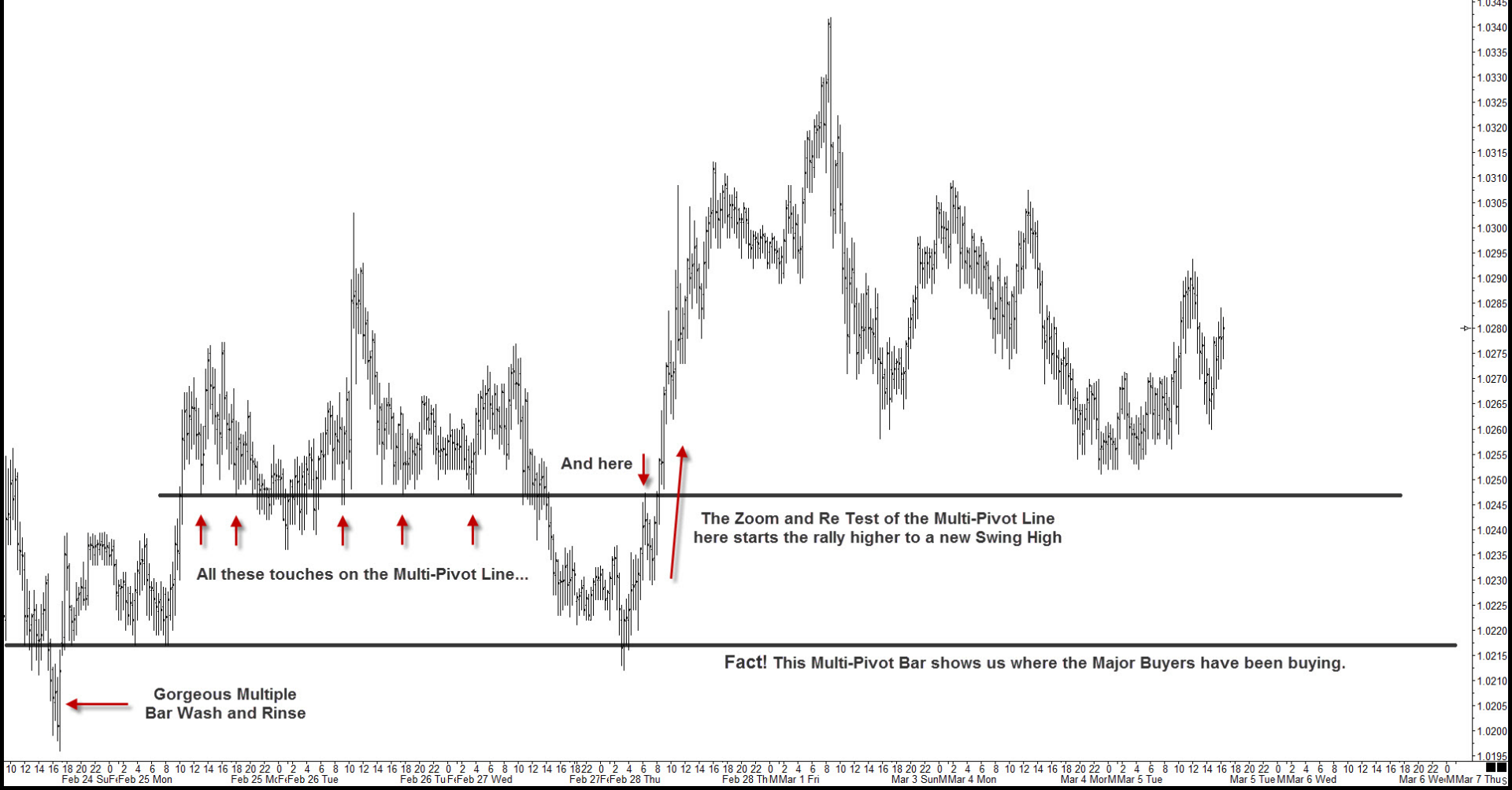
Gorgeous Multiple Bar Wash and Rinse

FACT! This Multi-Pivot Line shows us where the Major Buyers have been buying.

Feb 24 Su Feb 25 Mon Feb 26 Tu Feb 27 Wed Feb 28 Thu Mar 1 Fri Mar 3 Sun Mar 4 Mon Mar 5 Tue Mar 6 Wed Mar 7 Thu



16:20 C:1.0260 H:1.0282 L:1.0274 O:1.0278 V:1.882 11:52 03-05-13 S:1.0204 I:1901



All these touches on the Multi-Pivot Line...

And here ↓

The Zoom and Re Test of the Multi-Pivot Line here starts the rally higher to a new Swing High

← Gorgeous Multiple Bar Wash and Rinse

Fact! This Multi-Pivot Bar shows us where the Major Buyers have been buying.

Feb 24 Su Feb 25 Mon Feb 25 M Feb 26 Tue Feb 26 Tu Feb 27 Wed Feb 27 F Feb 28 Thu Feb 28 Th Mar 1 Fri Mar 3 Sun Mar 4 Mon Mar 4 Mo Mar 5 Tue Mar 5 Tu Mar 6 Wed Mar 6 We Mar 7 Thu

**Can you feel the buyers stepping up to higher levels as time passes?**

### Let's examine the Market Extremes

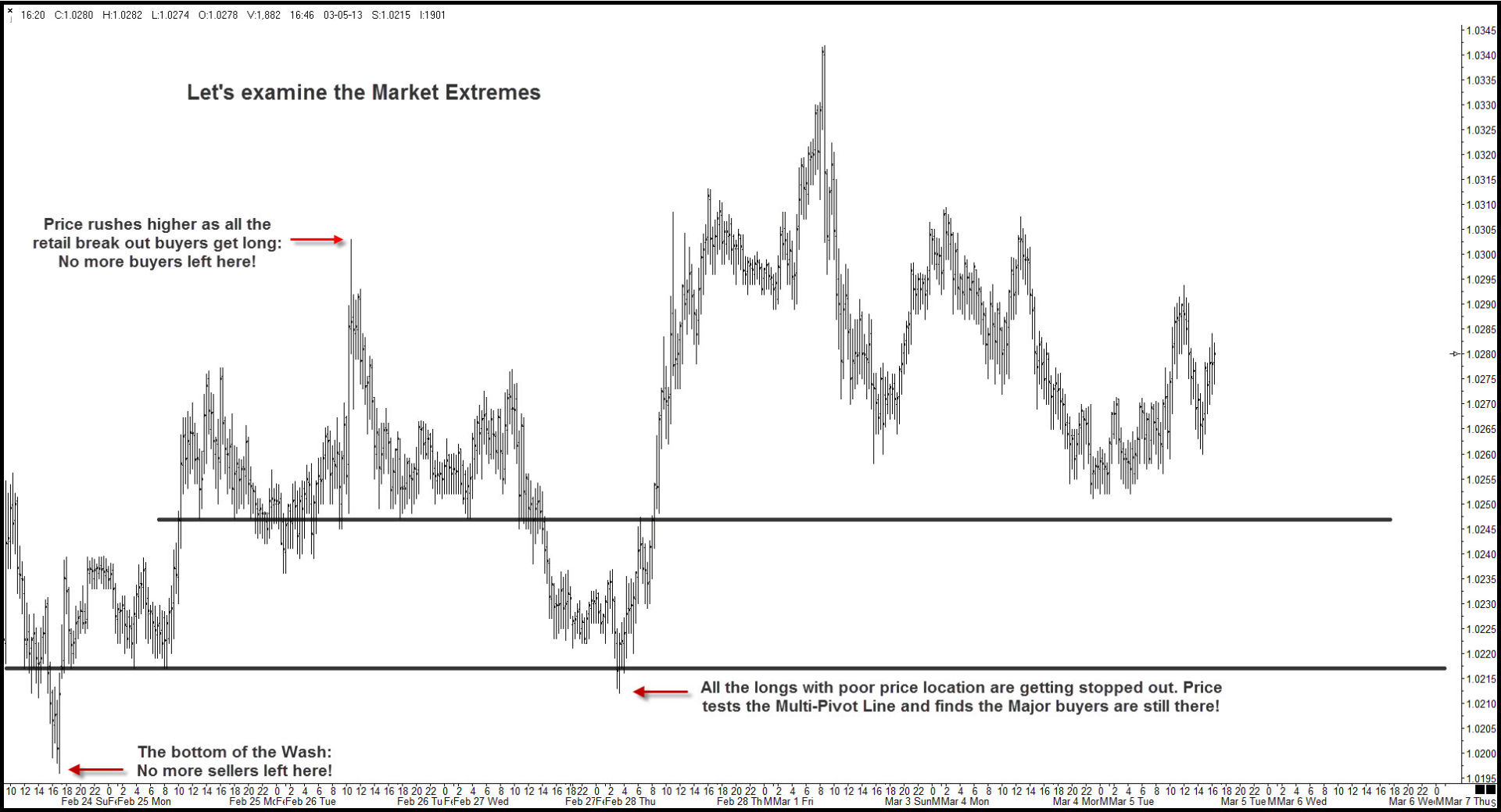
Price rushes higher as all the retail break out buyers get long:  
No more buyers left here!



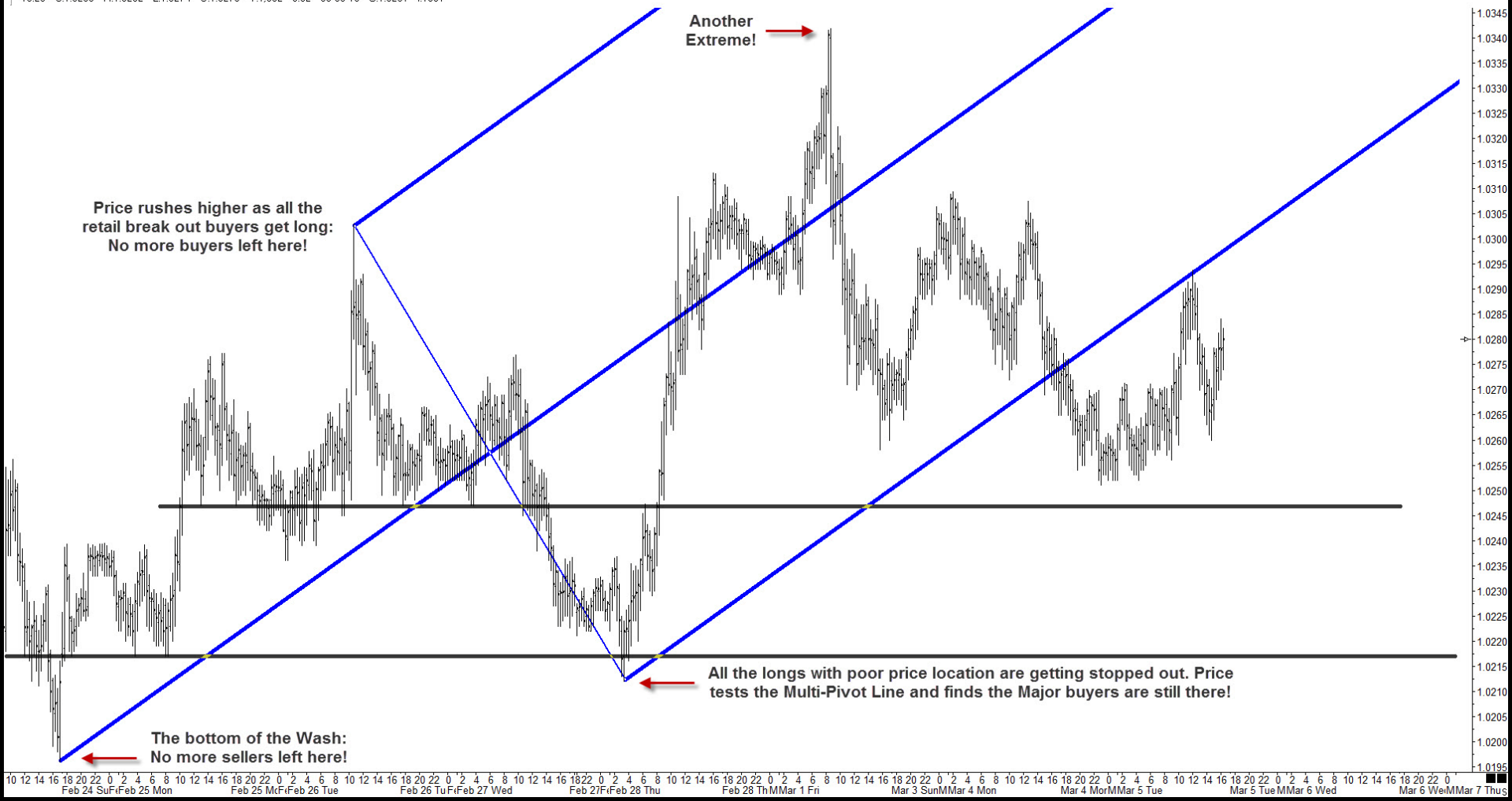
All the longs with poor price location are getting stopped out. Price tests the Multi-Pivot Line and finds the Major buyers are still there!



The bottom of the Wash:  
No more sellers left here!



16:20 C:1.0260 H:1.0282 L:1.0274 O:1.0278 V:1.862 0:02 03-05-13 S:1.0261 I:1901



Price rushes higher as all the retail break out buyers get long: No more buyers left here!

Another Extreme!

The bottom of the Wash: No more sellers left here!

All the longs with poor price location are getting stopped out. Price tests the Multi-Pivot Line and finds the Major buyers are still there!

Feb 24 Su Feb 25 Mon Feb 25 M Feb 26 Tue Feb 26 Tu Feb 27 Wed Feb 27 F Feb 28 Thu Feb 28 Th Mar 1 Fri Mar 3 Sun Mar 4 Mon Mar 4 Mo Mar 5 Tue Mar 5 Tu Mar 6 Wed Mar 6 We Mar 7 Thu

16:20 C:1.0260 H:1.0282 L:1.0274 O:1.0278 V:1.882 14:39 03-05-13 S:1.0316 I:1901

Price did not reach the Upper MLH. That is a sign of weakness. It invokes Hagopian's Rule - We can measure the distance it missed by and use that to project its minimum downside target.



Zoom the MPL!

The Zoom of this Multi-Pivot Line here started the rally to a new Swing High. There should be buyers here

Fact! This Multi-Pivot Bar shows us where the Major Buyers have been buying.

16:20 C:1.0260 H:1.0282 L:1.0274 O:1.0278 V:1.862 4:23 03-05-13 S:1.0238 I:1901



Can you list all the reasons Price should run out of down side Energy at this area?

Feb 24 Su Feb 25 Mon Feb 25 M Feb 26 Tue Feb 26 Tu Feb 27 Wed Feb 27 F Feb 28 Thu Feb 28 Th Mar 1 Fri Mar 3 Sun Mar 4 Mon Mar 4 Mo Mar 5 Tue Mar 5 Tu Mar 6 Wed Mar 6 We Mar 7 Thu

**Let's slow down and examine the Behavior of Price in the area...**

16:20 C:1.0260 H:1.0282 L:1.0274 O:1.0278 V:1.862 4:23 03-05-13 S:1.0238 I:1901

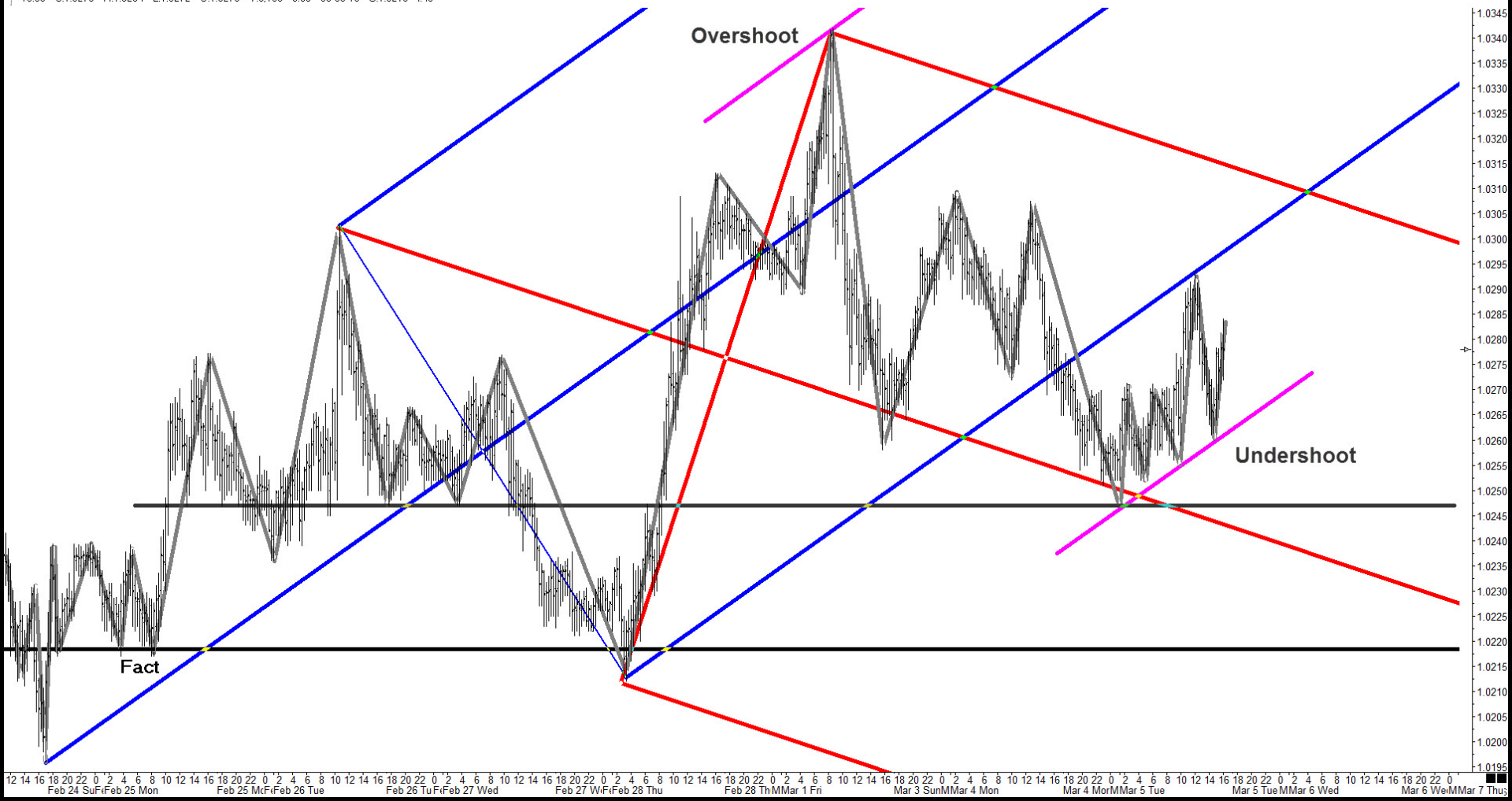


Feb 24 Su Feb 25 Mon Feb 25 M Feb 26 Tue Feb 26 Tu Feb 27 Wed Feb 27 F Feb 28 Thu Feb 28 Th Mar 1 Fri Mar 3 Sun Mar 4 Mon Mar 4 Mo Mar 5 Tue Mar 5 Tu Mar 6 Wed Mar 6 We Mar 7 Thu



**Let's connect all the swings...**

16:00 C:1.0278 H:1.0284 L:1.0272 O:1.0278 V:5.183 0:00 03-05-13 S:1.0218 I:40



Fact

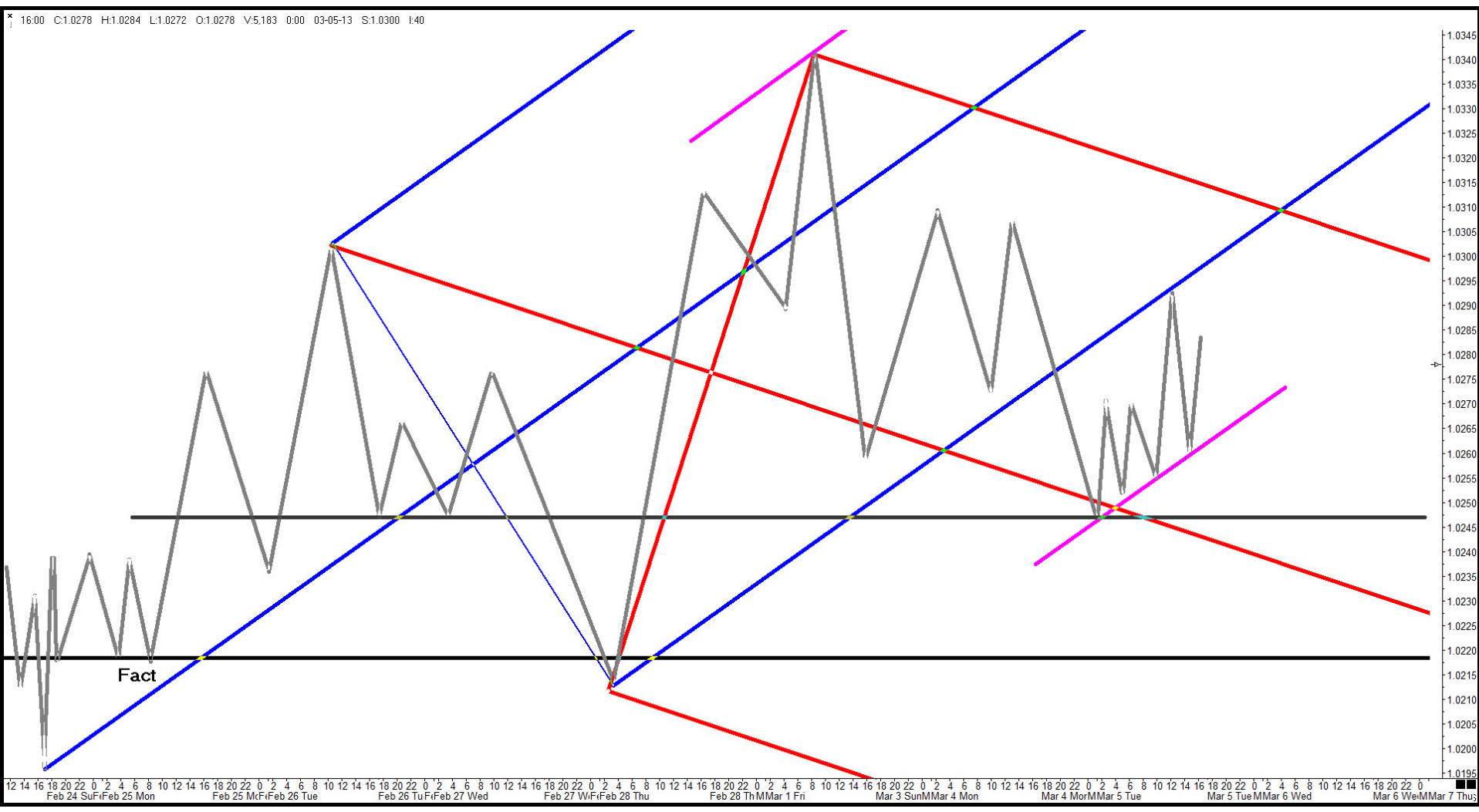
Overshoot

Undershoot

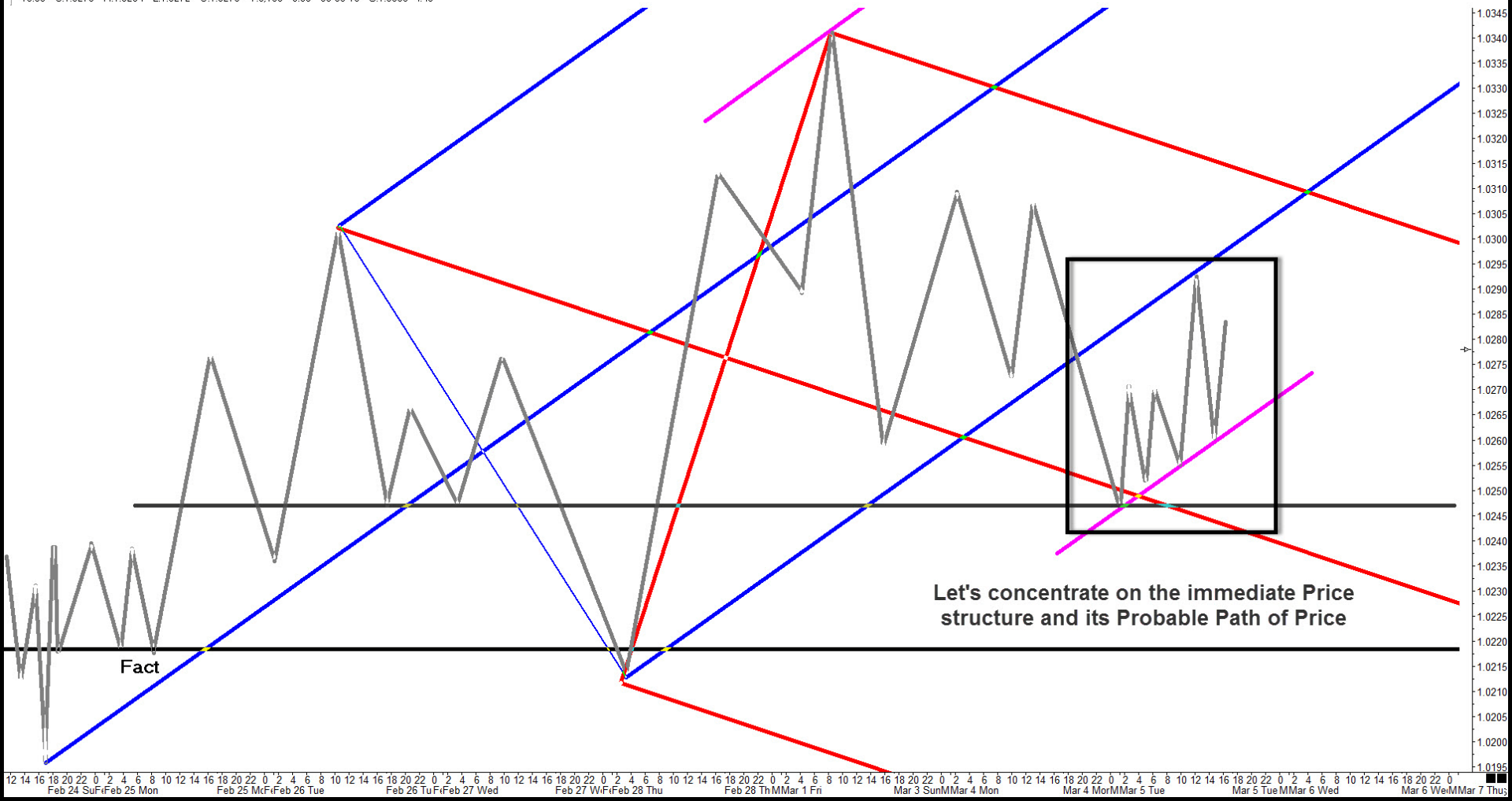
Feb 24 Su Feb 25 Mon Feb 26 Tue Feb 27 Wed Feb 28 Thu Feb 29 Fri Mar 1 Sat Mar 2 Sun Mar 3 Mon Mar 4 Tue Mar 5 Wed Mar 6 Thu Mar 7 Fri

**It's still too noisy for me to decide where Price is headed.**

**Let's \*ZAP\* the Price Bars and inspect the swings!**

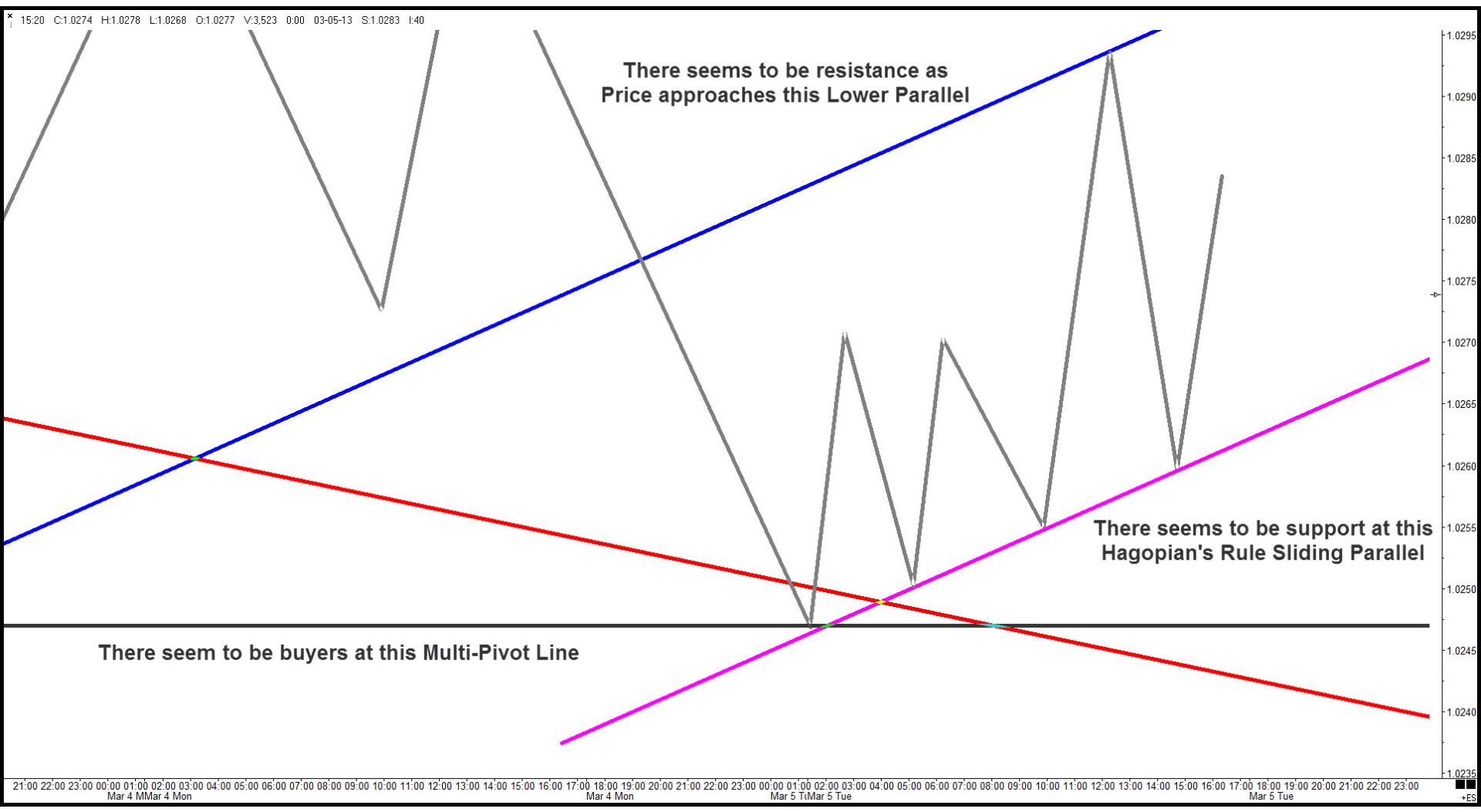


16:00 C:1.0278 H:1.0284 L:1.0272 O:1.0278 V:5.183 0:00 03-05-13 S:1.0300 I:40

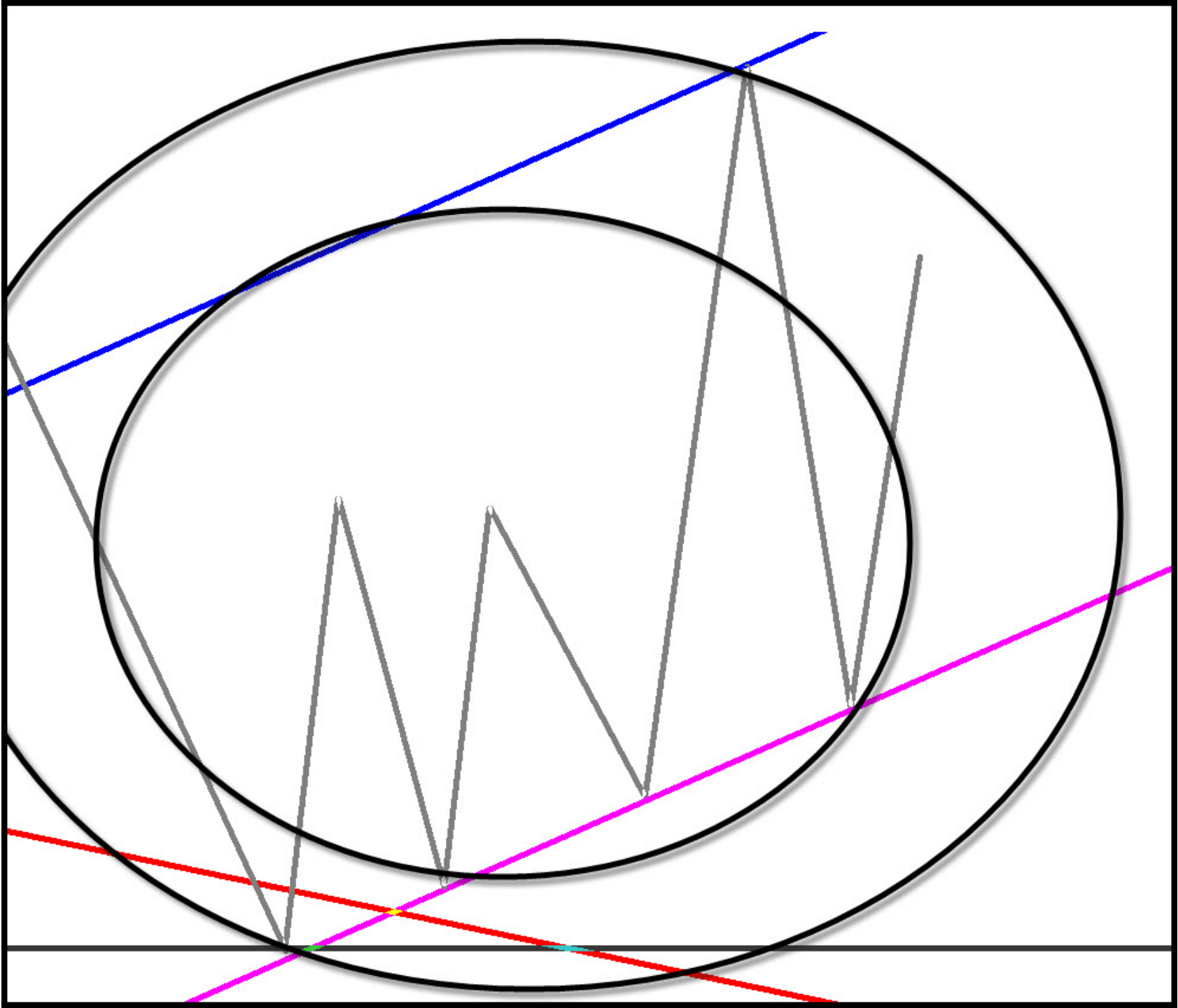


Let's concentrate on the immediate Price structure and its Probable Path of Price

Feb 24 Su Feb 25 Mon Feb 25 M Feb 26 Tue Feb 26 Tu Feb 27 Wed Feb 27 W Feb 28 Thu Feb 28 Th Mar 1 Fri Mar 3 Sun Mar 4 Mon Mar 4 Mo Mar 5 Tue Mar 5 Tu Mar 6 Wed Mar 6 We Mar 7 Thu

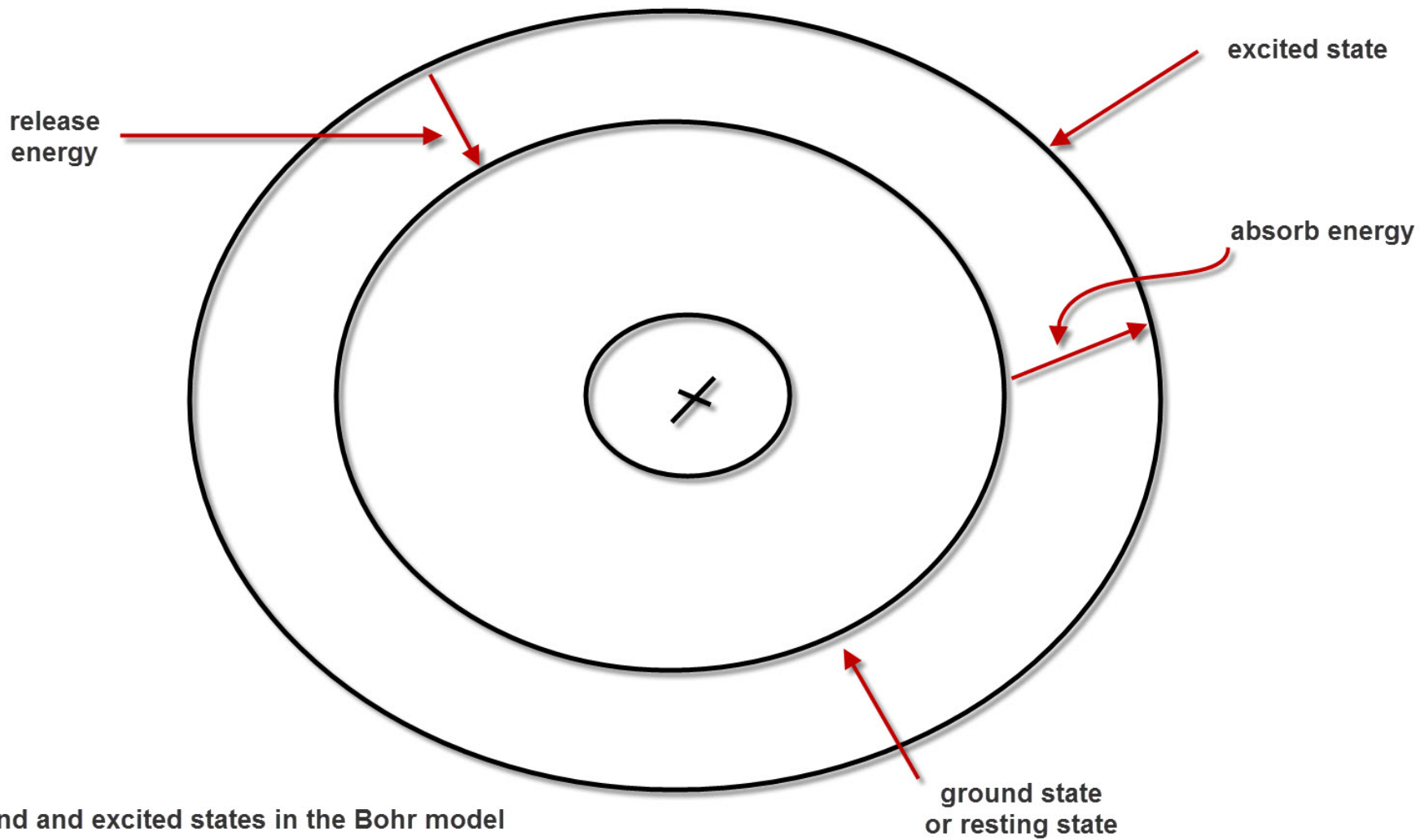


**Let's look at Price Movement in a whole different "Light"...**





**I know this doesn't look familiar to you...But it happens around you every moment of your life!**



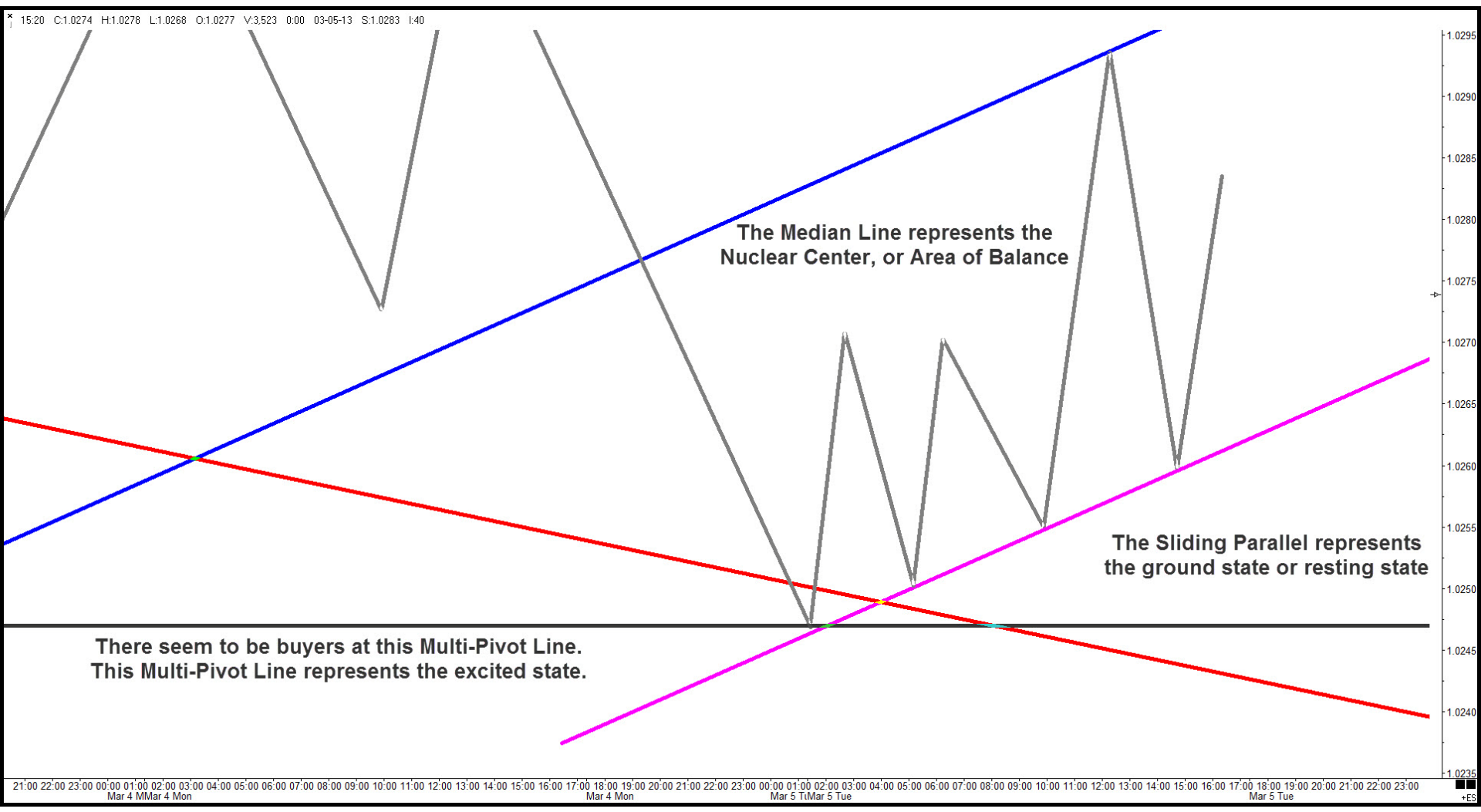
ground and excited states in the Bohr model

**This is a Bohr's diagram of how Energy absorbs and releases energy, moving from one state to another. This is how light photons are created and absorbed.**

**Remember that a Particle at Rest tends to stay at rest. It takes an infusion of energy into a Particle to *energize it* and send it out to the next most excited state.**

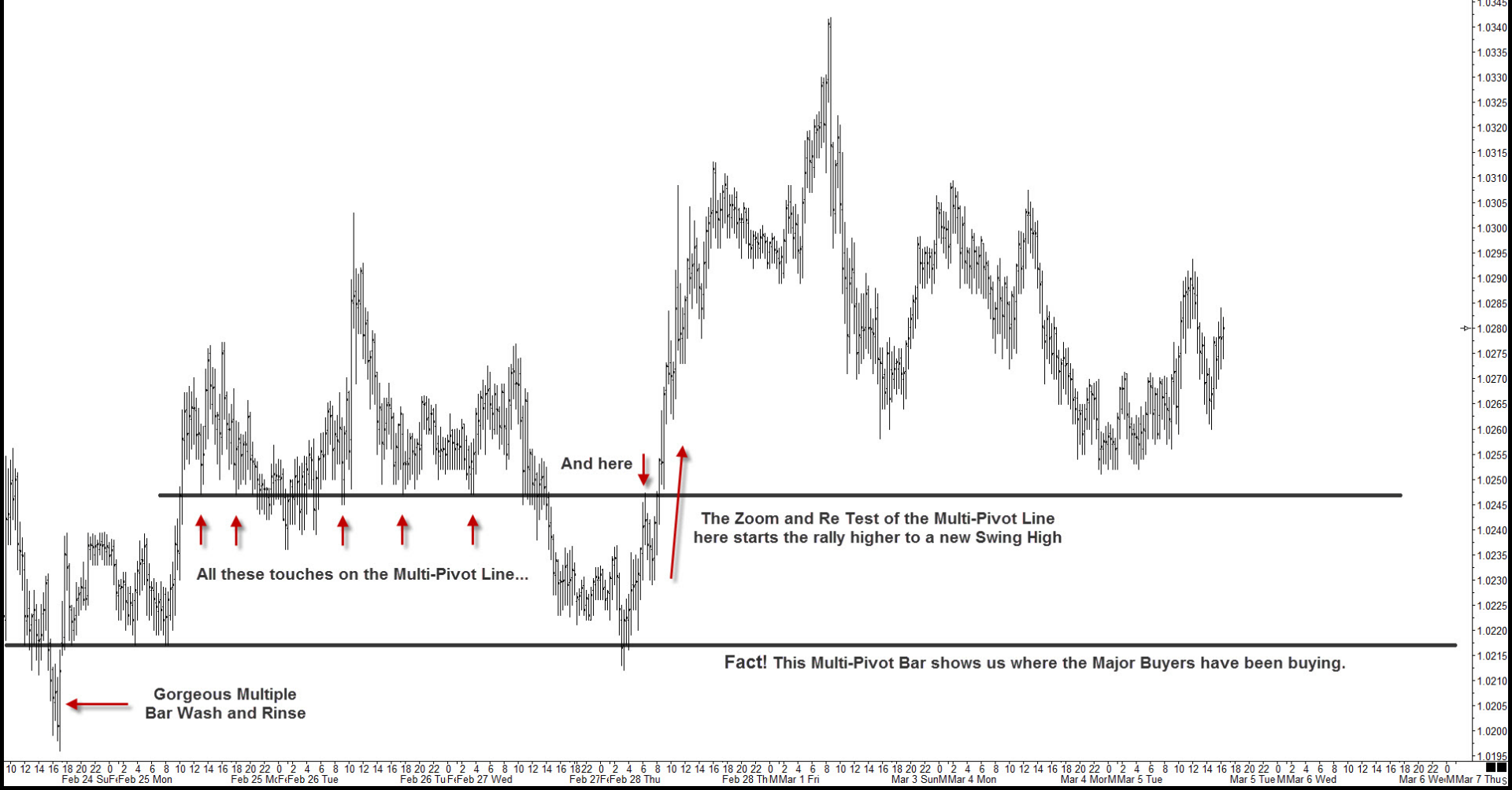
**Similarly, when a Particle at a higher state releases some of its energy, it moves back down to a less excited state.**

**Can we relate this simplified representation of particle physics to two dimensional representations of Price Movements?**



**Let's overlay the Bohr's Particle model on top of the two dimensional representation of Price.**

16:20 C:1.0260 H:1.0282 L:1.0274 O:1.0278 V:1.882 11:52 03-05-13 S:1.0204 I:1901



All these touches on the Multi-Pivot Line...

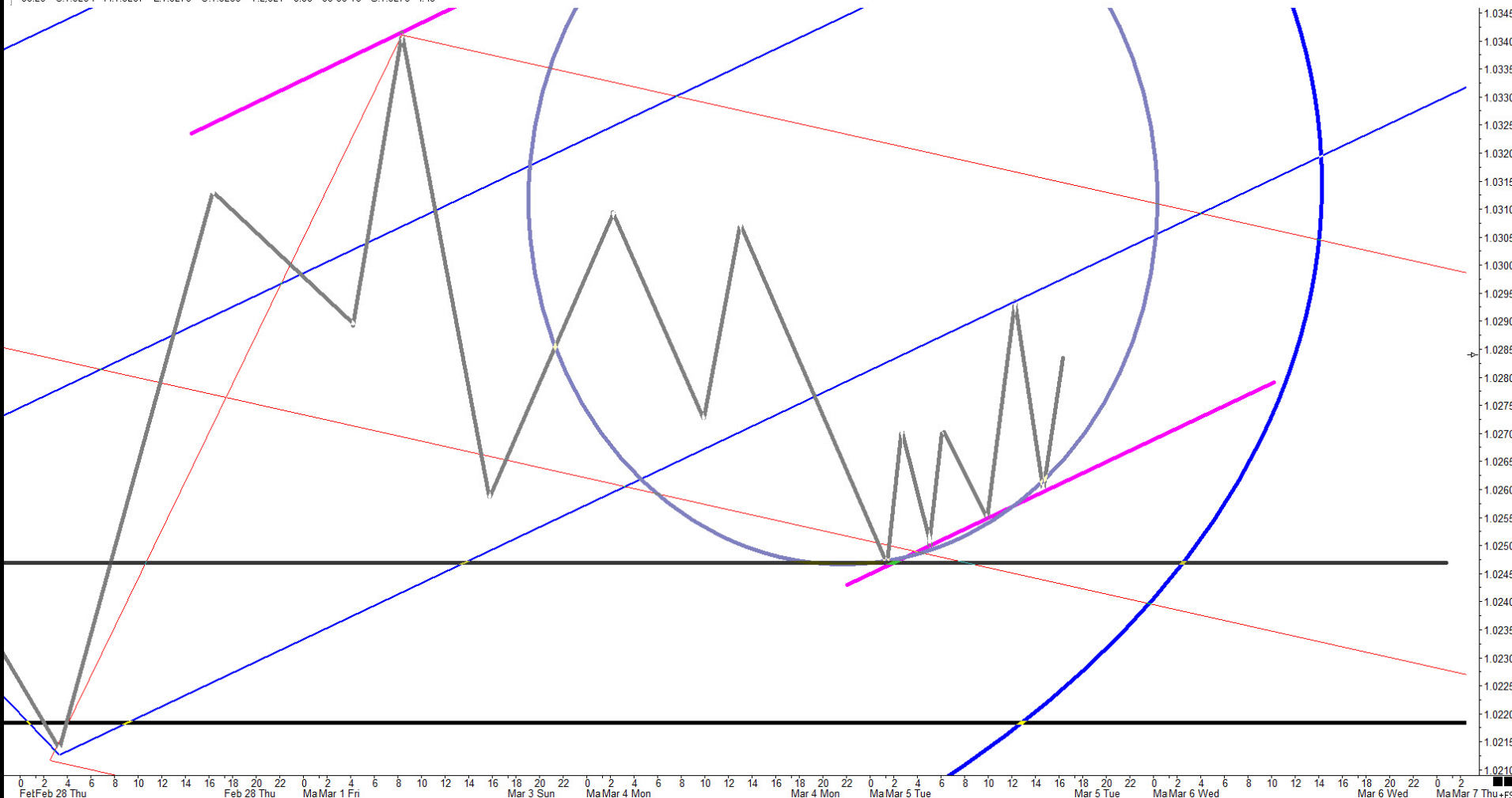
And here

The Zoom and Re Test of the Multi-Pivot Line here starts the rally higher to a new Swing High

Gorgeous Multiple Bar Wash and Rinse

Fact! This Multi-Pivot Bar shows us where the Major Buyers have been buying.

06:20 C:1.0284 H:1.0287 L:1.0278 O:1.0283 V:2.821 0:00 03-06-13 S:1.0276 I:40

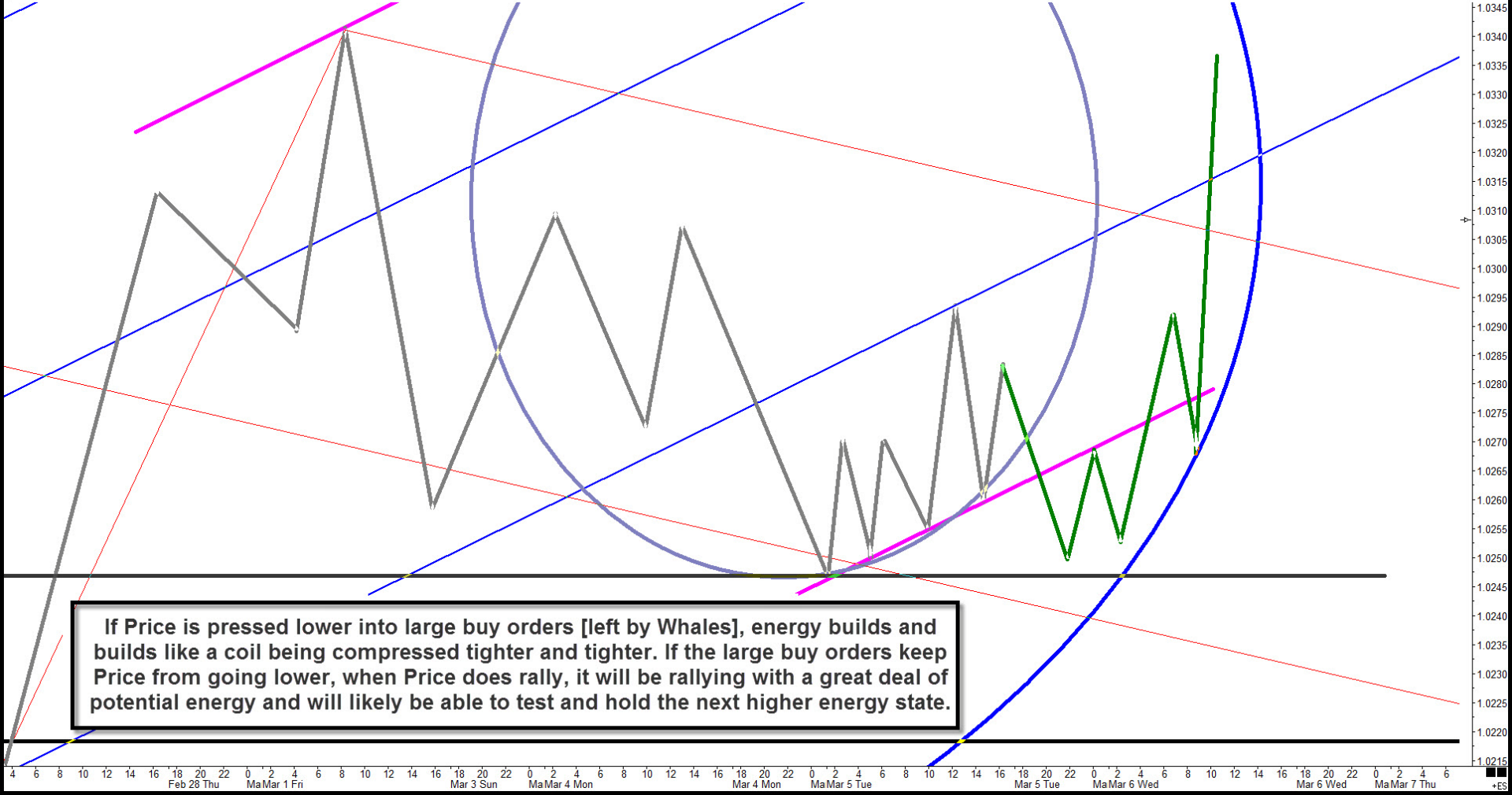


FetFeb 28 Thu MaMar 1 Fri Mar 3 Sun MaMar 4 Mon Mar 4 Mon MaMar 5 Tue Mar 5 Tue MaMar 6 Wed Mar 6 Wed MaMar 7 Thu+ES





11:00 C:1.0308 H:1.0321 L:1.0303 O:1.0317 V:8,402 0:00 03-06-13 S:1.0304 I:40



**If Price is pressed lower into large buy orders [left by Whales], energy builds and builds like a coil being compressed tighter and tighter. If the large buy orders keep Price from going lower, when Price does rally, it will be rallying with a great deal of potential energy and will likely be able to test and hold the next higher energy state.**

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Feb 28 Thu Ma Mar 1 Fri Mar 3 Sun Ma Mar 4 Mon Mar 4 Mon Ma Mar 5 Tue Mar 5 Tue Ma Mar 6 Wed Ma Mar 6 Wed Mar 6 Wed Ma Mar 7 Thu +CS

16:20 C:1.0280 H:1.0282 L:1.0274 O:1.0278 V:2.577 0:00 03-05-13 S:1.0299 I:40



I feel the large buyers moving into this area.

This is all the structure I have to work with.

Fact: I know large buyers are in this area.

Feb 27 Wed Feb 28 Thu Ma Mar 1 Fri Mar 3 Sun Ma Mar 4 Mon Mar 4 Mon Ma Mar 5 Tue Mar 5 Tue Ma Mar 6 Wed

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+ES

16:20 C:1.0280 H:1.0282 L:1.0274 O:1.0278 V:2.577 0:00 03-05-13 S:1.0299 I:40



I expect Price to trade lower, right into the large buy order, and then turn back higher and test the next excited state - I'll be out by that level, at prior highs.

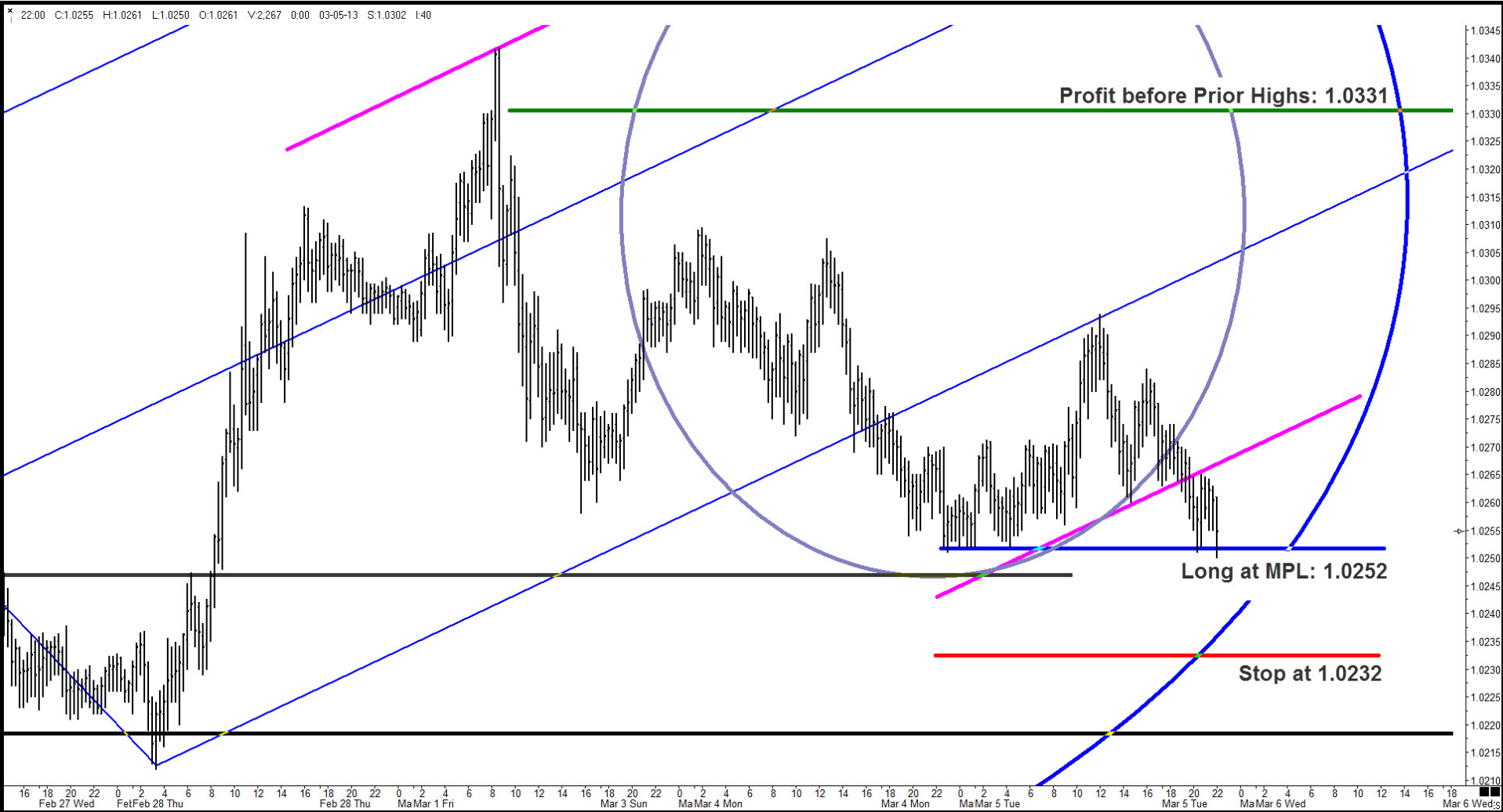
I feel the large buyers moving into this area.

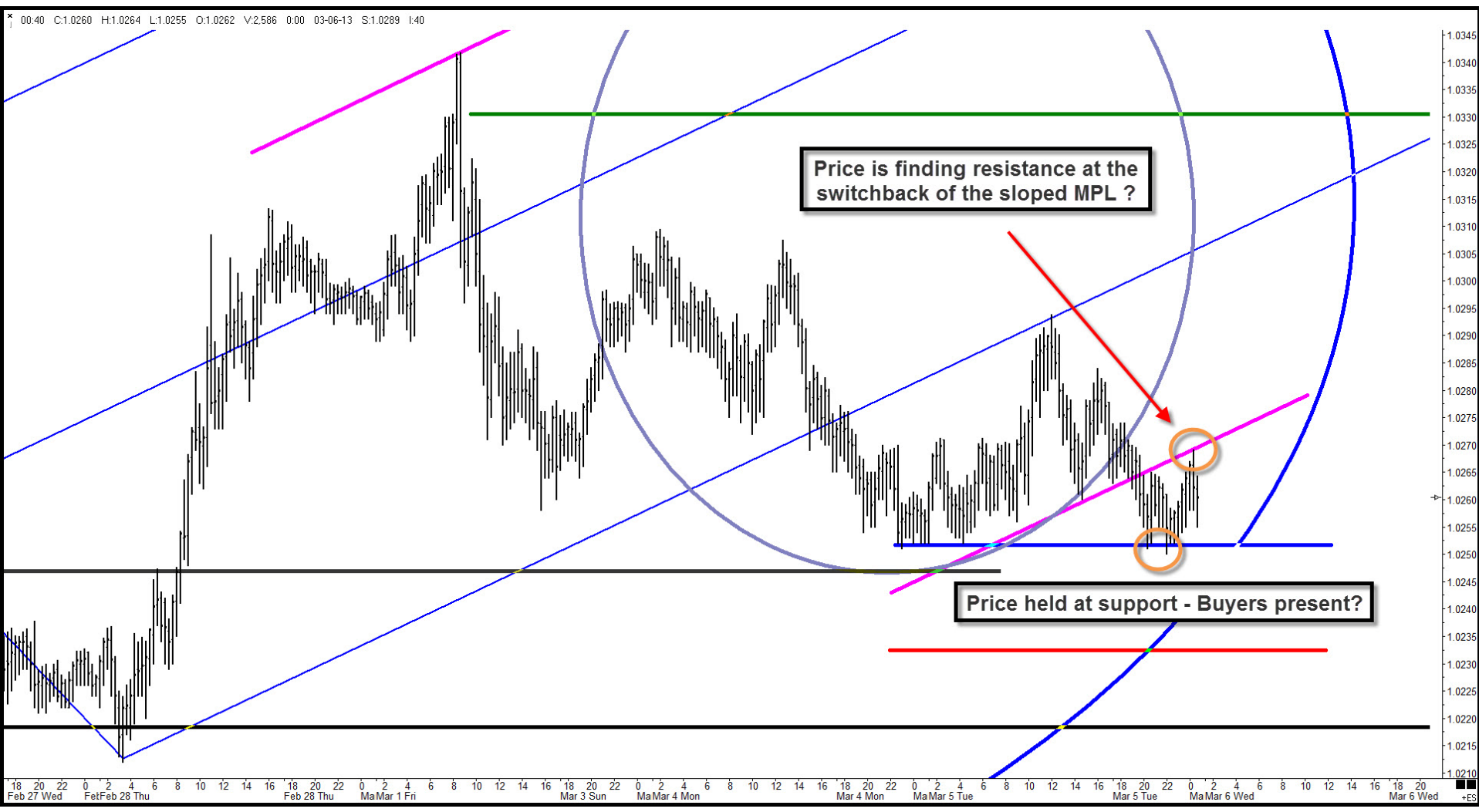
This is all the structure I have to work with.

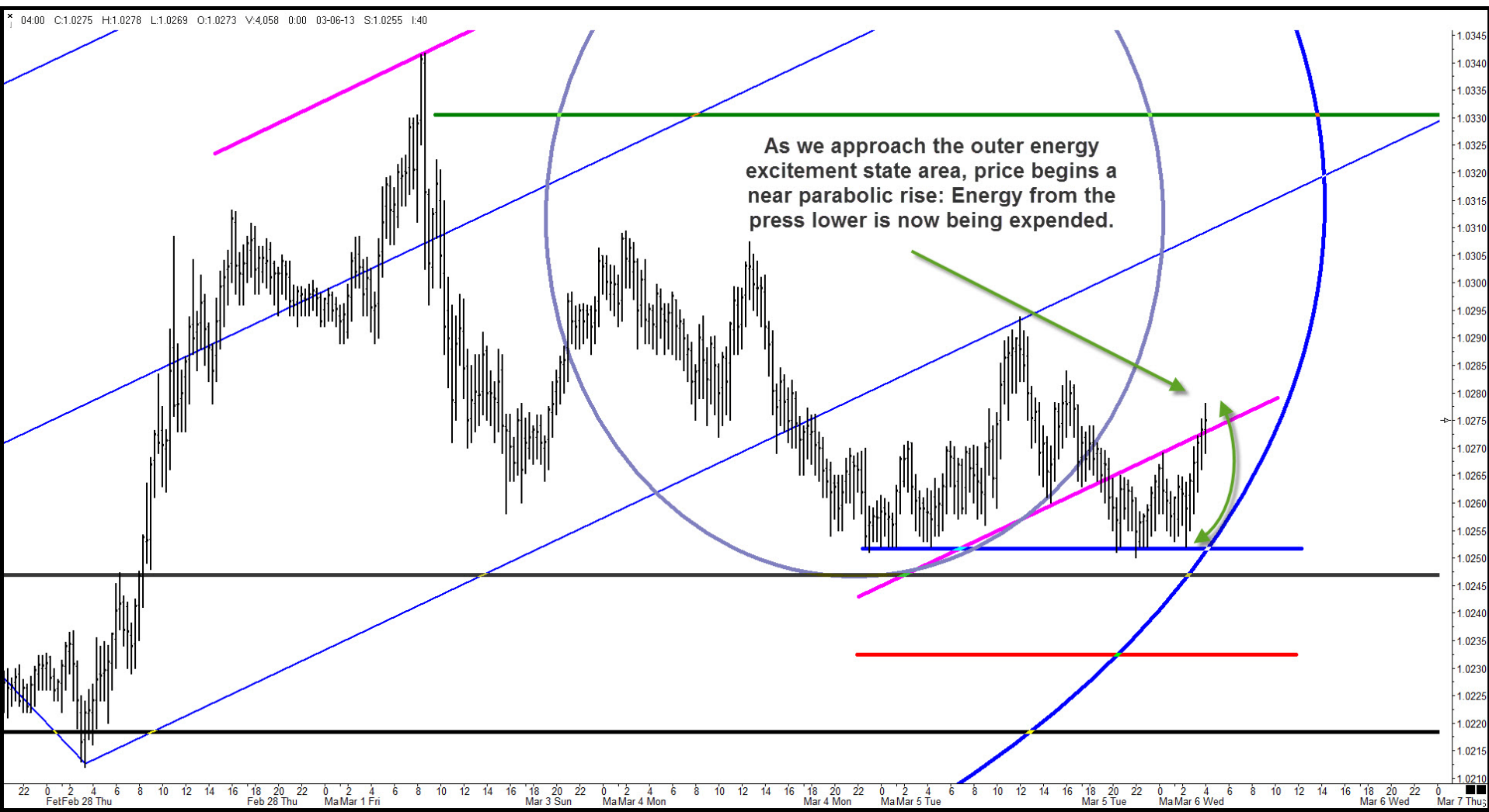
Fact: I know large buyers are in this area.

Feb 27 Wed Feb 28 Thu Ma Mar 1 Fri Mar 3 Sun Ma Mar 4 Mon Mar 4 Mon Ma Mar 5 Tue Mar 5 Tue Ma Mar 6 Wed

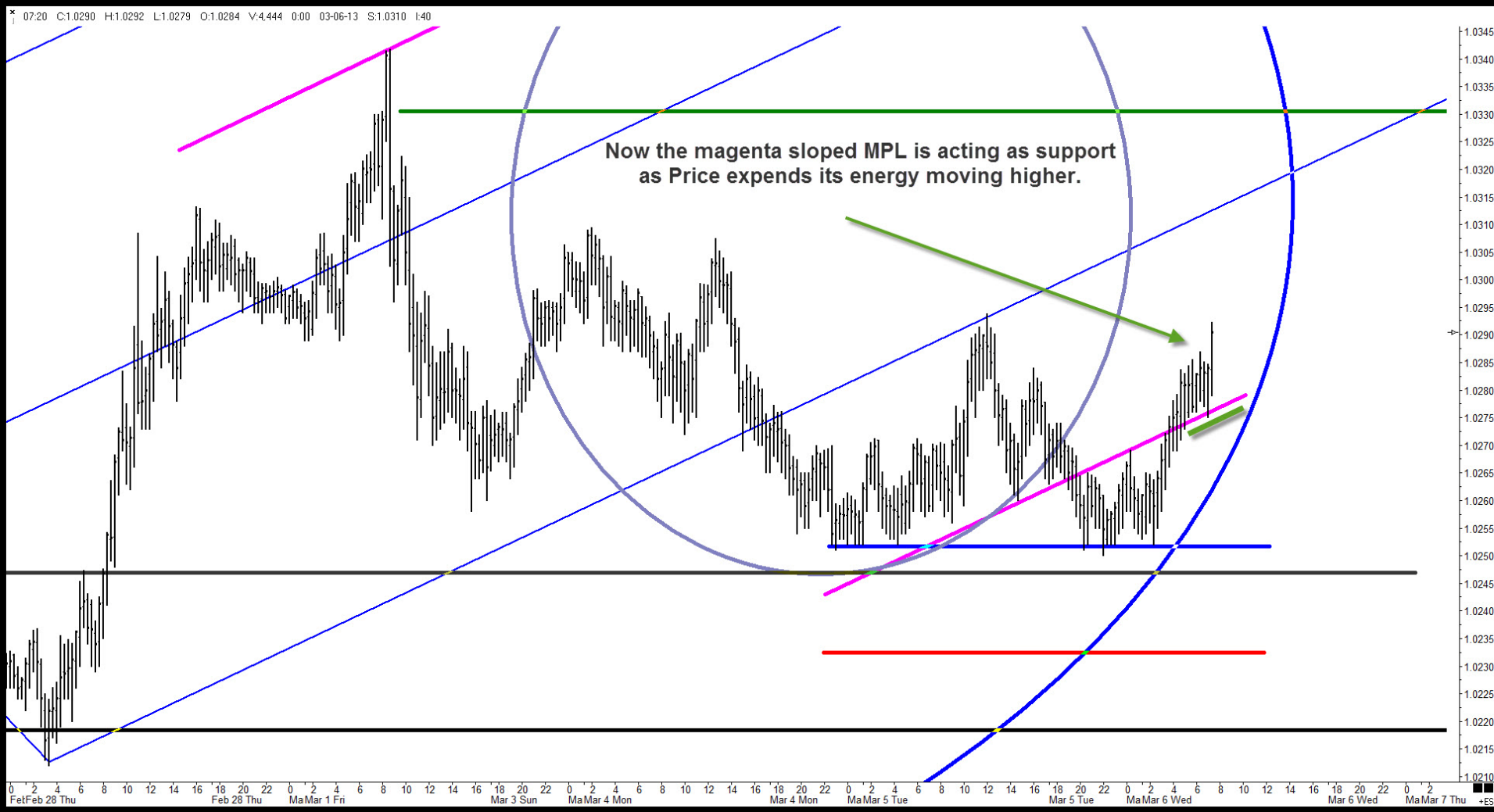
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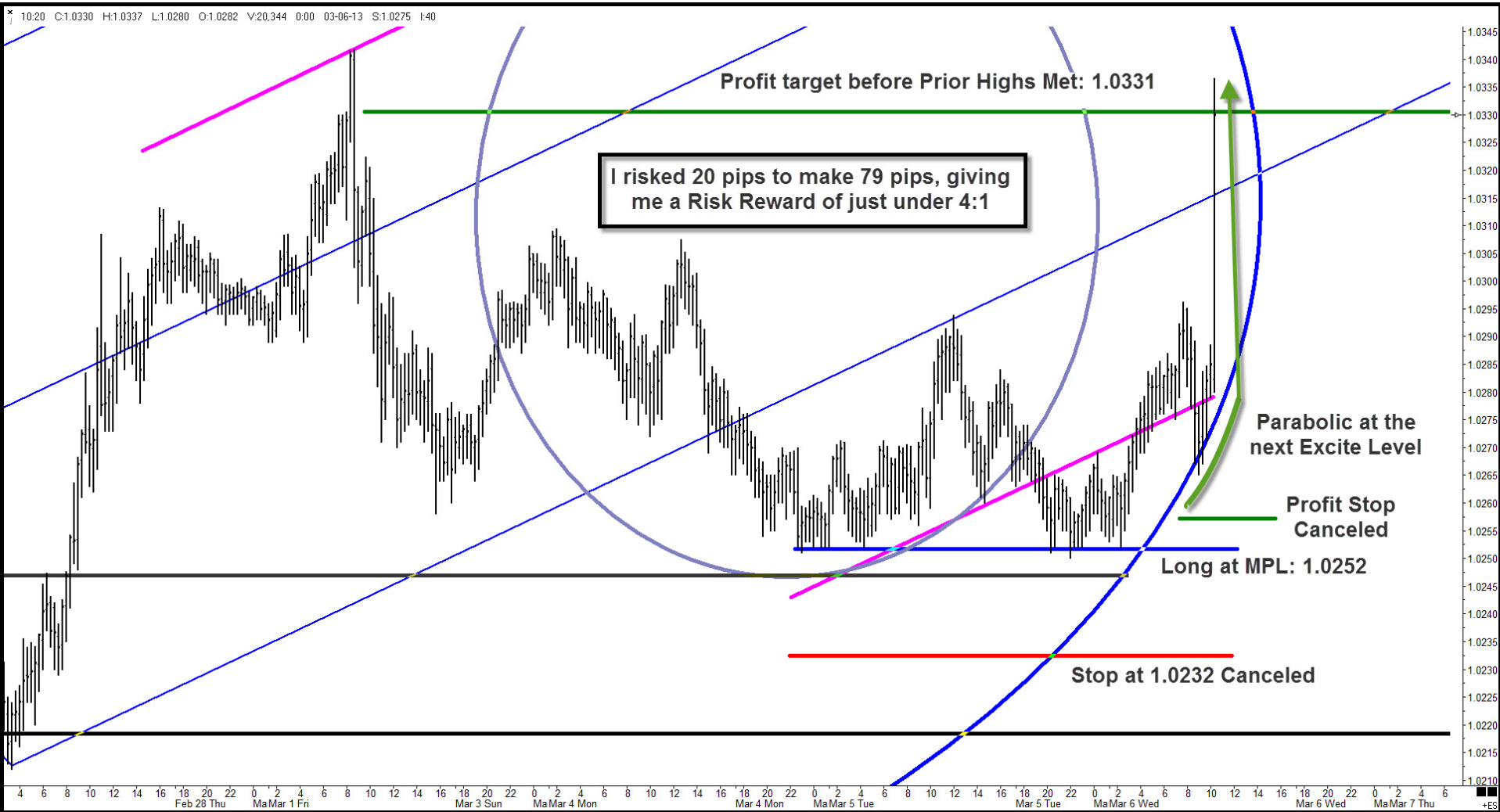






FetFeb 28 Thu Feb 28 Thu MaMar 1 Fri Mar 3 Sun MaMar 4 Mon Mar 4 Mon MaMar 5 Tue Mar 5 Tue MaMar 6 Wed Mar 6 Wed MaMar 7 Thu +ES

10:20 C:1.0330 H:1.0337 L:1.0280 O:1.0282 V:20,344 0:00 03-06-13 S:1.0275 I:40



Profit target before Prior Highs Met: 1.0331

I risked 20 pips to make 79 pips, giving me a Risk Reward of just under 4:1

Parabolic at the next Excite Level

Profit Stop Canceled

Long at MPL: 1.0252

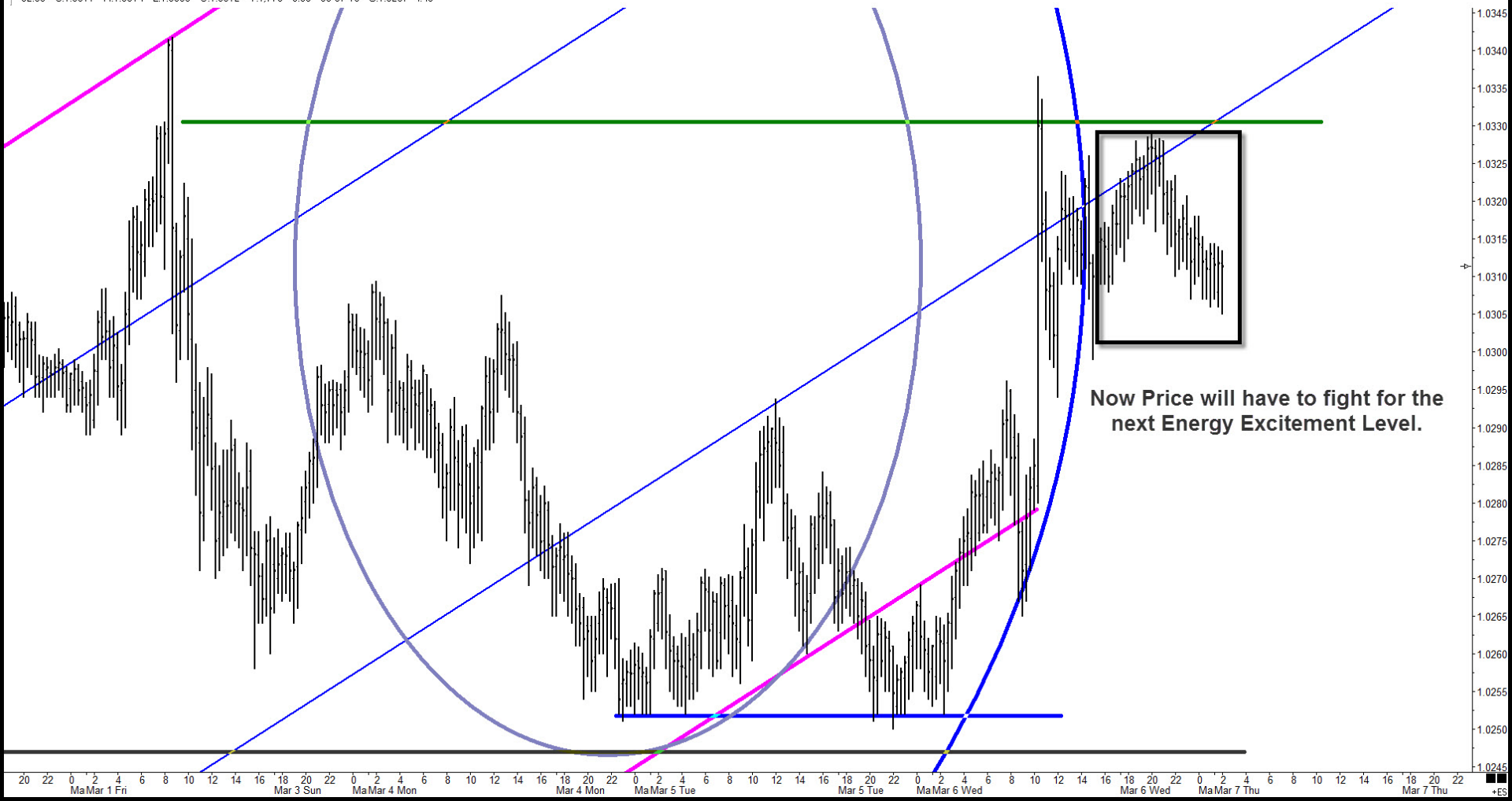
Stop at 1.0232 Canceled

Feb 28 Thu Ma Mar 1 Fri Mar 3 Sun Ma Mar 4 Mon Mar 4 Mon Ma Mar 5 Tue Mar 5 Tue Ma Mar 6 Wed Ma Mar 6 Wed Mar 6 Wed Ma Mar 7 Thu

+CS

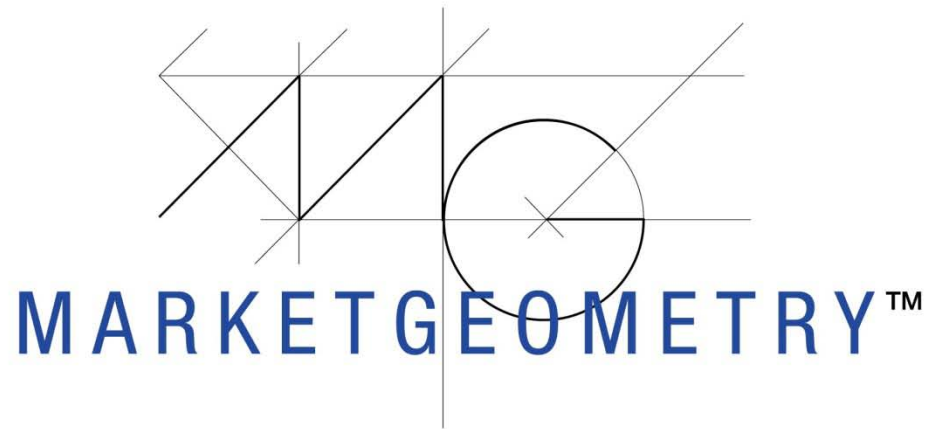


02:00 C:1.0311 H:1.0314 L:1.0305 O:1.0312 V:1.778 0:00 03-07-13 S:1.0267 I:40



Now Price will have to fight for the next Energy Excitement Level.

Ma Mar 1 Fri Mar 3 Sun Ma Mar 4 Mon Mar 4 Mon Ma Mar 5 Tue Mar 5 Tue Ma Mar 6 Wed Mar 6 Wed Ma Mar 7 Thu Mar 7 Thu



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

***“Master your tools, master yourself.”***

®Timothy Morge