

# **Secret Hacks for the Market Forecast Indicator Stop Missing Upside Reversals**



Dennis W. Wilborn – Active Trend Trading

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# Oscillators & Momentum Indicators

- Momentum Indicators measures the rate of the rise or fall in stock prices. From the standpoint of trending, momentum is a very useful indicator of the strength or weakness in the issue's price. History has shown us that momentum is far more useful during rising markets than during falling markets; the fact that markets rise more often than they fall is the reason for this. In other words, bull markets tend to last longer than bear markets.
- The true value of an oscillator depends on the understanding of overbought or oversold indications. Tend to work better when there is no trend or the trend is weak. Trending entities can remain either overbought or oversold for a long time!

Read more: [Momentum And The Relative Strength Index | Investopedia](http://www.investopedia.com/articles/technical/03/070203.asp#ixzz4c425AVWg)  
<http://www.investopedia.com/articles/technical/03/070203.asp#ixzz4c425AVWg>

# Market Forecast Indicator

- Developed by traders for Investools and in use since 2005
- The Market Forecast is a technical indicator designed to find buying and selling opportunities based on market analysis techniques applied to several timeframes. It comprises three plots: Momentum, Near Term, and Intermediate. These plots tend to cycle on intraday, daily, weekly, and monthly basis, respectively.
- **MF Strength:** It is considered a Buy signal when the three lines go through a reversal at the same (or almost the same) time in the bottom zone, and vice versa, simultaneous reversal in the upper zone suggests the Sell signal.
- Works as an alert of a trend change within 1-5 trading periods
- Look for Divergence for additional confirmation – Especially for downside trend changes
- Secondary Trade Signals with Two Lines
- A Momentum Indicator that works on all timeframes

# Market Forecast Indicator



Signals called clusters tend to be predictive.

Upper Reversal Zone above 80  
Lower Reversal Zone Below 20

Typically a trend reversal appears within 1-5 trading periods of a 3 Line Cluster.

Time Duration of potential move  
10 Periods and beyond.

When the trend of the Intermediate line changes look for trades in direction of the NEW TREND.

Use Two Line Triggers with Price Action for secondary entry points or add to Action Zones.

**Watch for divergent behavior - On both the Near Term & Intermediate Line**

**What other Triggers are there?**

# Market Forecast Indicator



Intermediate Line also works well as a histogram.

With either style use:

- Intermediate Line for trend reversal and long-term trend direction. If above 70 look for long trades but with caution if trend has reversed
- Near Term Line provide clues with divergence signals
- Momentum Line moves too fast to provide individual trade signals. Works best in conjunction as a supporting clue in lower and upper reversal zones with either Near Term, Intermediate Line or both (3 Line Clusters)

**Watch for divergent behavior - On both the Near Term & Intermediate Line**

# Momentum Line



Upper Reversal Zone > 80

Lower Reversal Zone < 20

Time Duration of potential move  
1 – 5 Periods

Works in conjunction with other Lines

# Near Term Line



**Time Duration of potential move  
5-15 Periods**

**Serves as a standby Trigger**

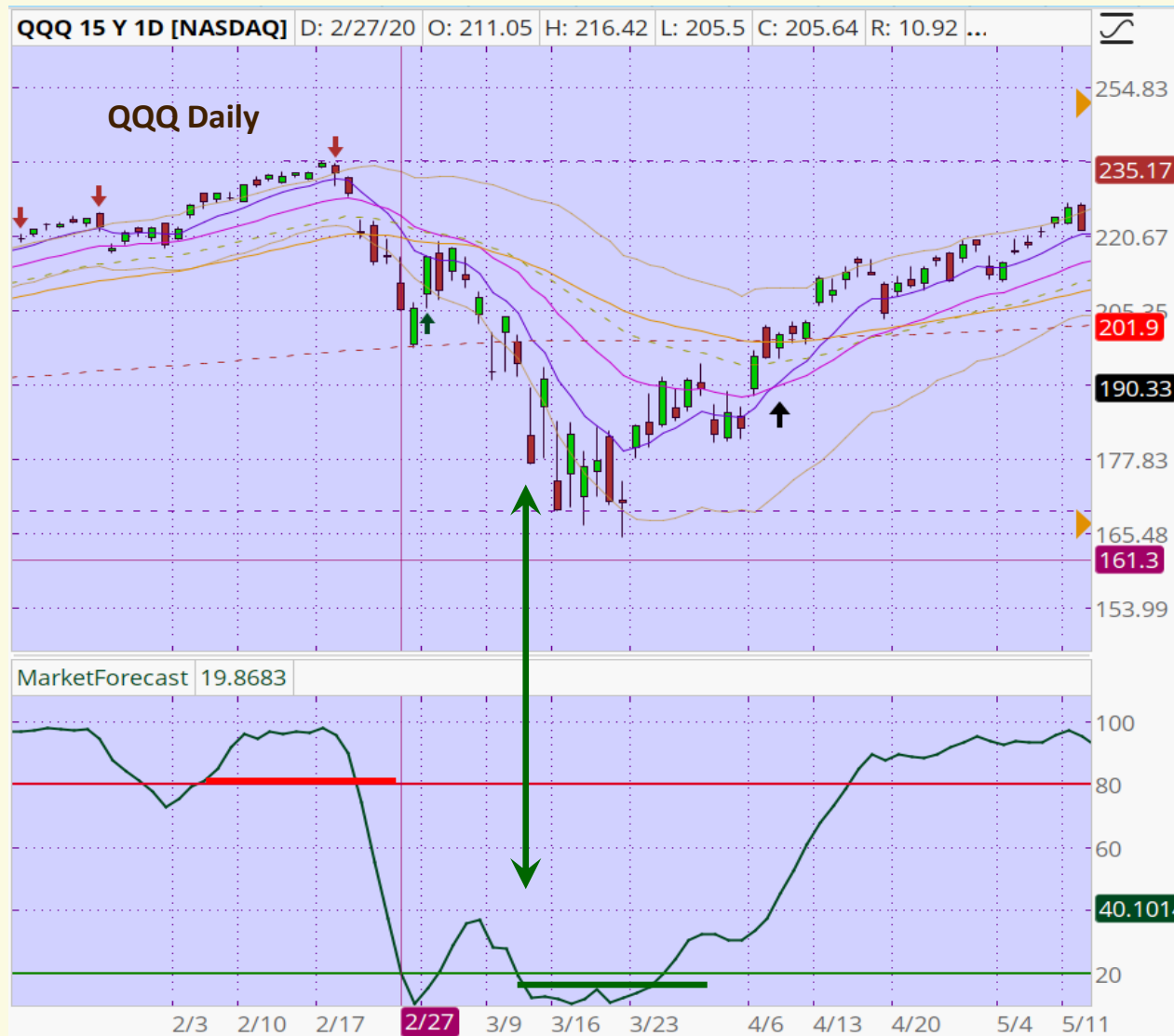
**When combined with Momentum &  
Intermediate provides additional  
confirmation the short-term trend may be  
stopping or turning**

**Provides patterns and divergence clues**

**Provides secondary entry clues if price  
action is in a strong trend**



# Intermediate Line



Time Duration of potential move  
10 Periods and beyond

Notice: Typically around the same time as TSI-  
Momentum – Often Precedes

Look for trend changes and then trade with the  
new trend! Patience Indicator

When combined with New Term and Momentum  
line provides additional confirmation  
the trend may be stopping or turning

**Watch for divergent behavior + Patterns**

# Combined



**Major Standby Trigger when all three timeframes are in the lower reversal zone at the same time.**

**Notice there can be false positives.**

**Combine signal with other clues for confirmation.  
Price Action, TSI & Momentum, Candlestick reversal pattern, Support/Resistance**

**Apply ATTS exit rules on all trades for trade management and capital protection!**

**3-Line Cluster Works best at bottoms!**

**Divergence Works best at Tops!**

What other Triggers are there?

# Combined – With TSI



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**3-Line Cluster Works best at bottoms!**

**Divergence Works best at Tops!**

# Weekly



Trigger takes place 1-5 **WEEKS** before actual bottom - Typically

May only show a 2-line cluster

Look for Divergence

Combine with TSI and Patterns for confirming Clues

Weekly Triggers can lead to long-term opportunities

Remember: The Market Forecast is intended to compliment ATTS rules

What other Triggers are there?

# 78 Min Intraday



The Intermediate line on an intraday chart is very responsive to early entry triggers.

Validate that Intraday triggers are in synch with longer term charts to improve probabilities of successful trades.

Trader's can plan aggressive entries or wait for confirmation

What other Triggers are there?

## What to Consider When Adding Indicators to Your Chart

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- Do the clues added by a new indicator outweigh the additional distraction
- When adding try to delete something from your chart
- Understand if the addition is a stand alone trigger or just a confirmation signal

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