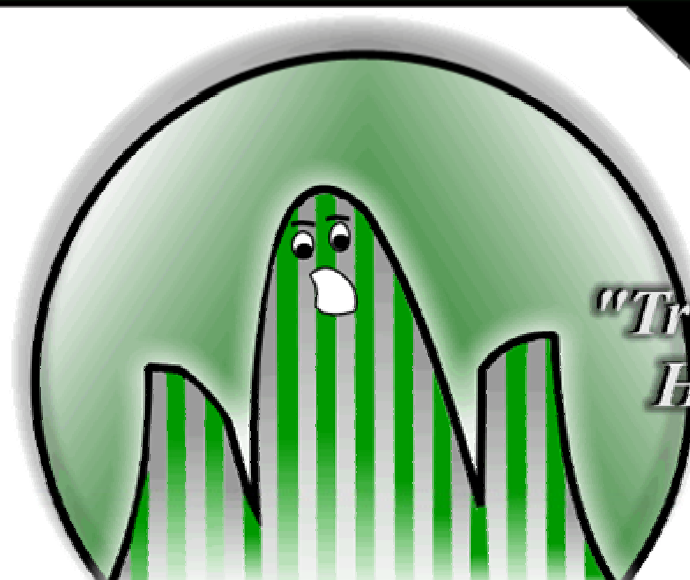


Updated
Famir



*"Traders
Helping
Traders"*

Woodies CCI Club

BASIC PATTERNS AND TERMINOLOGY

A Desktop Reference

2007.06.01
V1.2

By James O'Connell

THERE IS RISK OF LOSS IN TRADING FUTURES



Disclaimer:

This document is for educational purposes and is intended to describe how Woodies CCI system is used. Nothing written is to be taken as advice, please consult with your broker or financial advisor before placing any trade.

CFTC RULE 4.41 Hypothetical or simulated performance results have certain inherent limitations unlike actual performance record: simulated results do not represent actual trading. Also, since the trades have not actually been executed, the results may have under- or overcompensated of the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No presentation is being made that any account will or is likely to achieve profits or losses similar to those predicted or shown.

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Free 30 day simulator. It gives full unrestricted access to Woodie's panel with accurate historical and real-time data. BDN allows for auto trading functionality of Woodie's trade setups.

www.pfgkelly.com/woodies_navigator.asp

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Free 30 day simulator. It gives full unrestricted access to Woodie's panel with accurate real-time data.

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Call Neil Rogers at (800)546-9423 or
(312)775-3543

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joconnell@pfgmail.com



THERE IS RISK OF LOSS IN TRADING FUTURES

Document Edits: 2007.06.01 - V 1.2

Acknowledgements

We hope that after reading this text, you will get the basic idea of Woodies CCI system, an ability to recognize his entry and corresponding exit patterns. This will also serve as a reference for all of the vocabulary used in Woodie's community of traders, so you will be able to ask questions in the trading room. www.woodiescciclub.com

Woodies goal is "Traders Helping Traders." It is my hope that this text will do just that.

Jim O'Connell

First I would like to thank Jim O'Connell of PFG (Peregrine Financial Group and Peregrine Charities) for reworking this document. This was needed very badly as the original needed to be updated. Jim spent many hours and hard work putting together the correct info and CCI documentation so that traders worldwide would have something to help them in their trading careers and learning the CCI. Jim has gone past "Traders Helping Traders." This is excellent work, I hope all that read this and learn the CCI will be successful and thank Jim.

JIM WELL DONE ... Ken Wood aka "Woodie"

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Who Is This Document For?

If you are new to Woodies CCI Club, I welcome you. I'd like to share a new and revolutionary way of trading the Stocks, Options, and the Futures Markets.

In this document the methods explained here are directed towards Daytraders who depend on speed in their order execution and also look to avoid the "Market Noise" associated with watching the candlesticks that can trip up

Daytraders. However, Woodies CCI is not limited to just "Daytrading" but is used by Position Traders and Swing Traders alike in all the different markets. ... Woodie

Position Traders, Swing Traders, Daytraders, whether stocks, options or futures, I personally invite you to attend one of our Trade-A-Longs.

We teach Woodies method of using the CCI to all styles of traders at our on-going "Trade-A-Longs" in the United States and around the world.

Join thousands of other traders who are successfully using the Woodies CCI. Visit our website at www.woodiescciclub.com to get details of our next Trade-A-Long.



Additionally, I would also like to mention we have "Live Training and Education" for free, everyday in our Woodies CCI Conference Room.

From your home computer you can join us and chat with other traders around the world. View live charts of the markets, hear and ask questions about Woodies CCI with Live Moderators.

We have created an atmosphere of "Traders Helping Traders." Visit our web site for details.

Getting Started

Many have asked me “what is the best way to learn the CCI?” My answer is to start with one pattern, one time frame, one indicator and one set up. I have found too many trying to learn all the patterns at once. All that does is cause confusion and frustration.

Remember “KEEP IT SIMPLE.” Take one pattern at a time, learn it, follow it, until you can see it on any chart and that will hasten the learning curve. Markets will be there tomorrow, next week next month. Do it right the first time and you’ll see it will get you up to speed faster. You must be diligent and apply yourself if you are going to succeed.

As you move through this document, you will begin to learn the CCI patterns, but don’t be alarmed if you need more help. We have a “Trading University” designed to continue your



education. I will discuss more about our University later in this document. As you might already know, all my work is free for traders. *If you feel it helps you, please make a donation to the “MAKE-A-WISH FOUNDATION” in honor of Woodies CCI Club. Help put a smile on a child’s face. I thank you in advance for that. Woodie*

Your Charts

Over the years we have build many wonderful relationships with vendors and brokers. At Woodies CCI Club, you will notice we are vendor and broker neutral. I would like to point out there are certain vendors and brokers who go the extra mile to see that Woodies CCI Club accomplishes our vision with the *MAKE-A-WISH FOUNDATION*. I enjoy helping those who are willing to step up to the plate in helping us. PFG is one of those brokers who have assisted us in various ways. That is why I am recommending their service at this time. Besides helping us, their service is excellent and the charting package has all the Woodies CCI features.

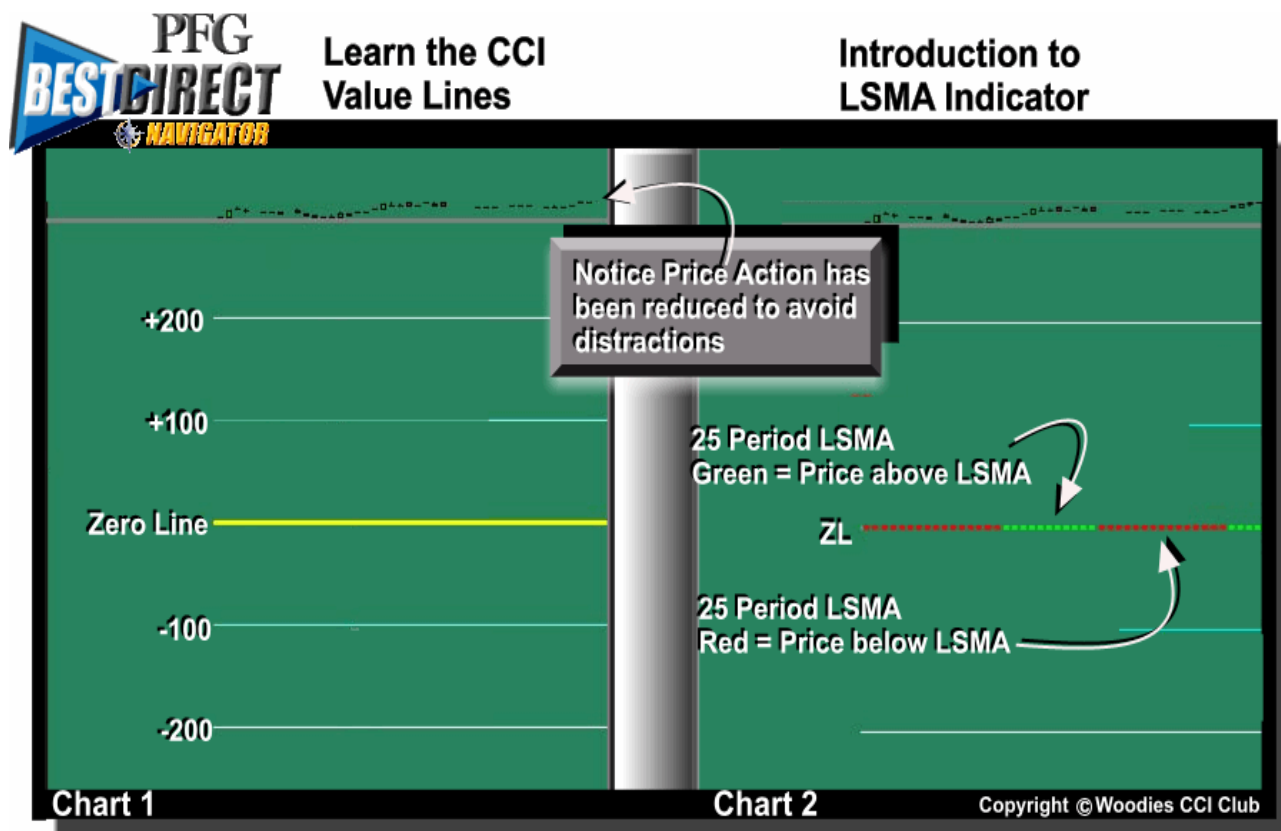
You’ll need to get your own charting package. I would point out that the Woodies CCI Trading system is unique and while many vendors now have the Woodies CCI Trading Panel available, please double check to see if Woodies CCI is offered. Best Direct Navigator by Genesis and PFG brokerage work together to provide the Navigator solution for trading. This includes everything you need to analyze and trade the Woodie CCI System.

Demo Registration and Software installation: www.pfgkelly.com/woodies_navigator.asp
For assistance call Neil Rogers 800.546.9423 or 312.775.3543
Email: nrogers@pffmail.com

CCI Value Lines and Intro to the LSMA

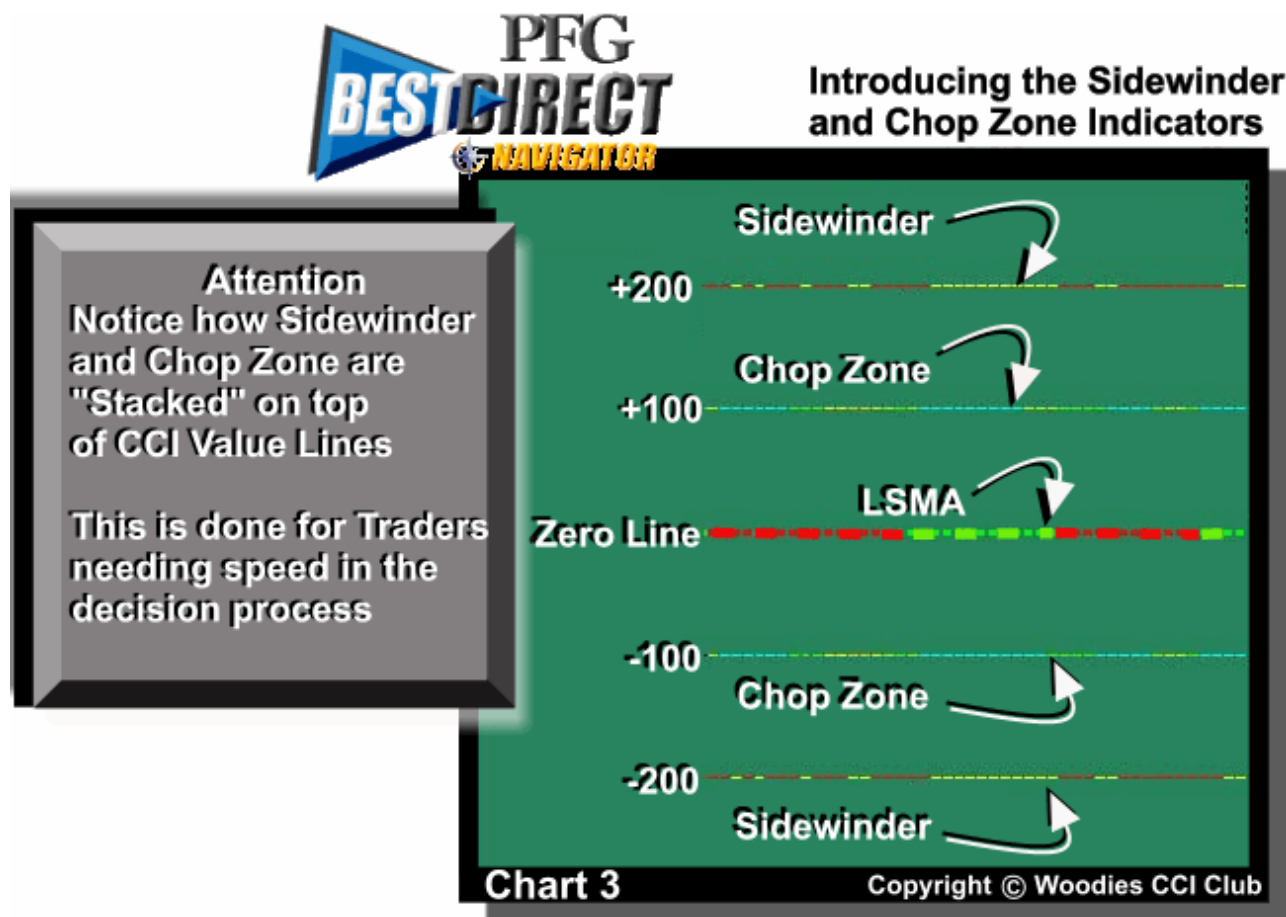
Chart 1 below shows a single yellow horizontal line. This is called the Zero-line (**ZL**). It has a special meaning in the calculation of the **CCI**. You may think of it as the equilibrium of momentum over a given period. All of Woodies **CCI** system trade patterns are defined around the zero-line. The chart shows four other lines. The light blue are the 100/-100 lines and the white are the 200/-200 lines.

Chart 2 shows the **ZL** as a series of red and green segments. These segments reflect the 25 period Least Squares Moving Average **LSMA**. When the segments on the **ZL** are green, this means that the market price is higher than the **LSMA**. When red, the market price is below the **LSMA**. This is also called the moving linear regression curve. The **LSMA** will be used in trade confirmation of patterns and exiting positions. It is not important to understand how the **LSMA** is calculated.



Introducing the Sidewinder and Chop Zone Indicators

Chart 3 shows the location of the new revolutionary indicators that Woodie has developed to be used with the system. Plotted on top of the 100 lines is the Chop Zone Indicator (CZI) and plotted on top of the 200 lines the Sidewinder indicator (SI). Both indicators are designed to allow traders to react to the sense of sight. Both these indicators are used only for the **Zero Line Reject** trade.



The Chop Zone indicator shows market direction. Blue shows up market and brown shows down market. Multiple colors show market in a sideways mode.

The Sidewinder displays in three colors red, yellow and green. The red shows a flat or non-trending market, the yellow shows a trending market and the green shows a strong trending market.

The use of the **CZI** and the **SI** will be discussed in the use of the CCI Pattern called a "Zero Line Reject," and what a setup looks like.

Zero-Line Explained

Zero Line: It is the major support and resistance at this moment in time.

Amplification:

- * “At this moment in time”, means that it does not represent a forward-looking projection of where the support and resistance will be in moments from now, but where S/R is now.
- * This line will be tested and crossed several times throughout the trading day.
- * Attention is necessary when the CCI crosses the ZL. These are important events during the trading day.

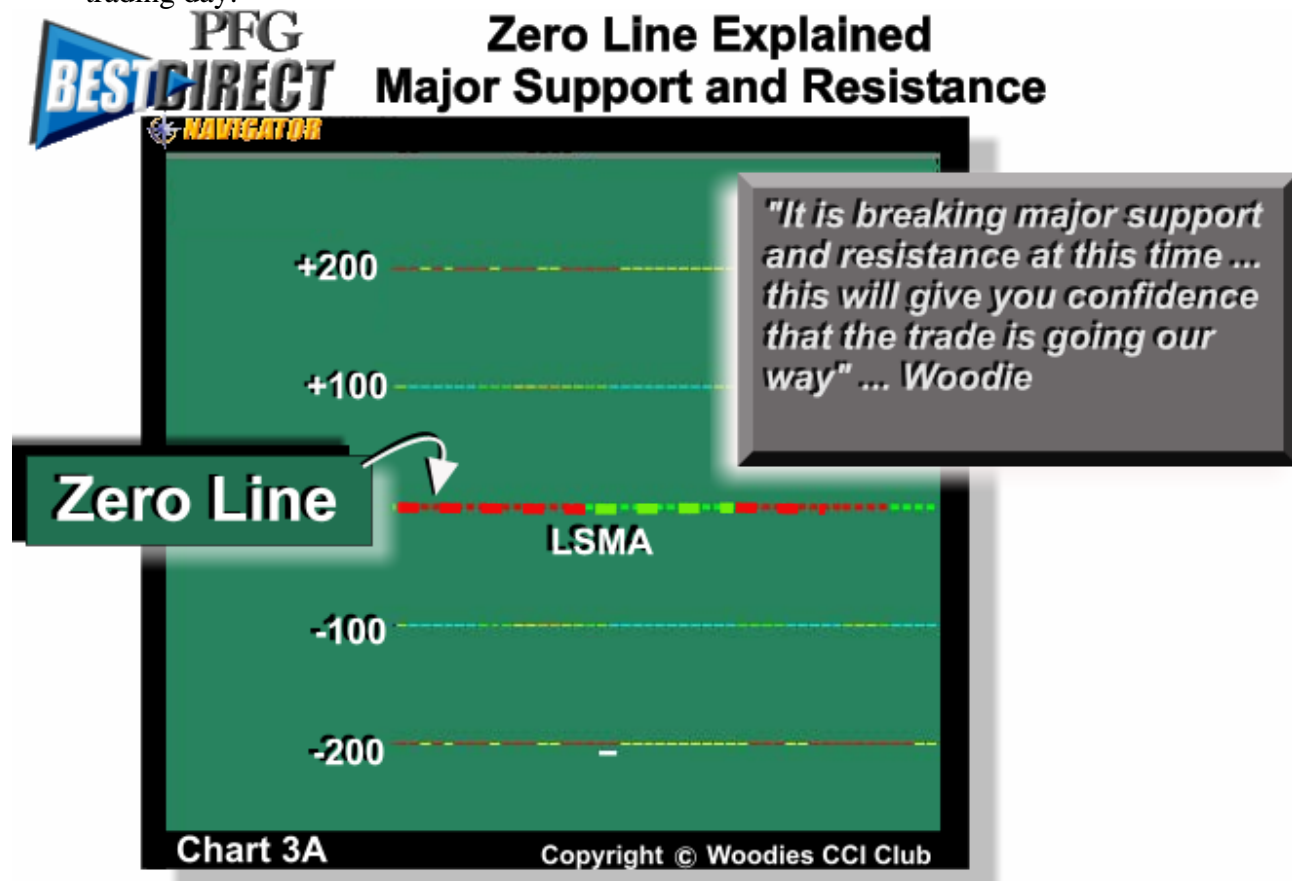


Chart 3A – with “LSMA”

So up until this point you have been shown the CCI Value Lines, The importance of the Zero Line along with three indicators we will be using in conjunction with the CCI. The three indicators are 1.) The Side Winder Indicator, 2.) The Chop Zone Indicator and 3.) The Least Squares Moving Average Indicator.

Question #1: Do you remember the abbreviations we have used for our indicators?

Question #2: What is the abbreviation we use for the Zero Line?

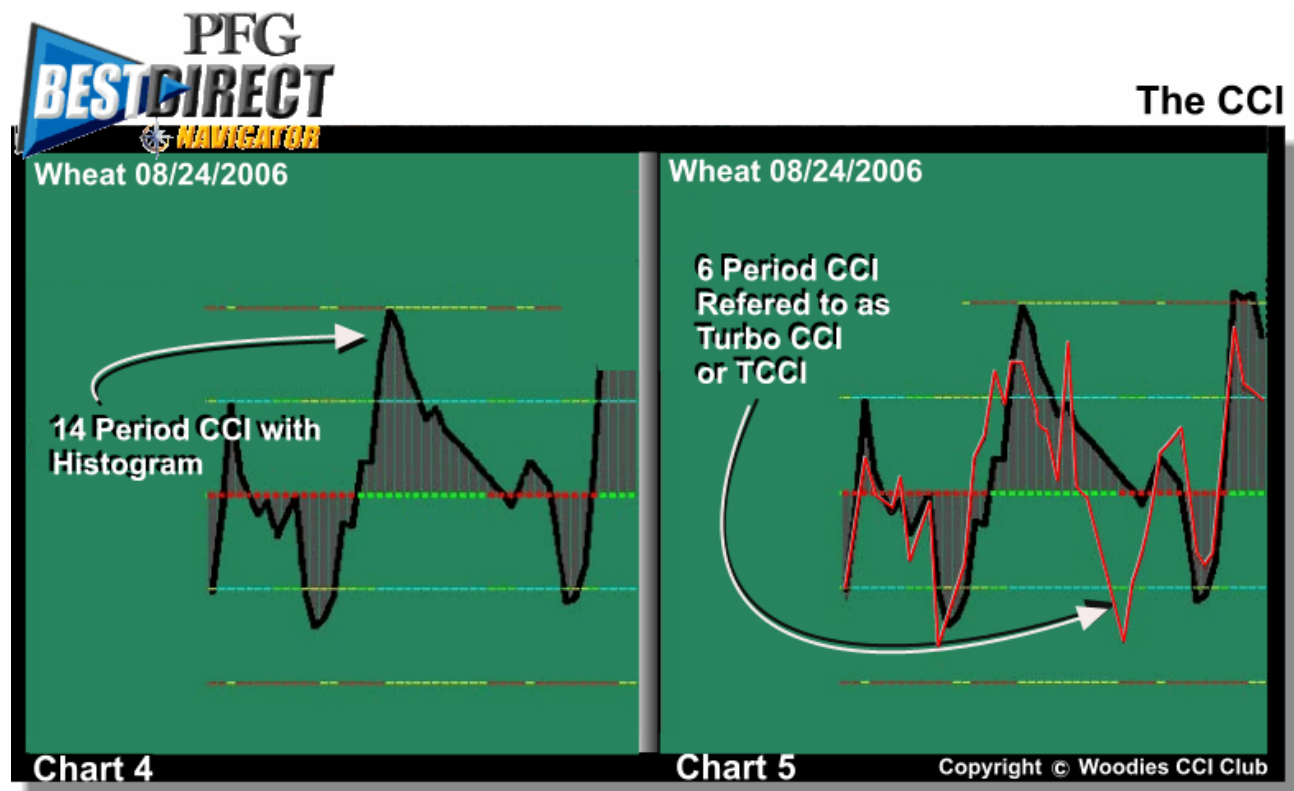
Question #3: Can you name the indicators stacked on the 100, the 200, and the Zero Lines?

The CCI

“Don Lambert developed the CCI back in the 1980’s but he developed it not for trading, but to test the computer. Being a mathematician, Don used the CCI to test computers. Not limited to computers, Don did write an article on how he thought the CCI could be used to trade the markets. Today, 99 percent of the information found on the CCI is the way Don Lambert originally designed it. We have enjoyed Don’s contributions and have had Don as our guest at our Trade-A-Longs.”
Woodie

Chart 4 On the left shows the **CCI** line. It will always be the heavy black line on Woodies CCI Charts. This will be presented as a histogram. The vertical gray lines will be called **time-bars**. It is not necessary to understand the calculation of the **CCI** line. The CCI settings are 14 periods for all charts up to 60 minutes, 60 minutes and above a setting of 20 is used.

Chart 5 Shows the addition of a **RED** line. Woodie only uses two CCI indicators to trade with. One is the CCI 14 period, shown as **BLACK**, and called **CCI**. The other is the CCI 6 period, shown as **RED** and called Turbo CCI or **TCCI**. **TCCI** is used in the drawing of trendlines. **TCCI** can be used as a **warning** that a pattern might be occurring, or, in multiple contract trades, used in taking off part of the position.



For those who care to explore the definition and calculation of the CCI, more can be found at our Trading University at: <http://woodiescciclub.com/forum/index.php>. You'll need to signup and go through the steps of creating a user account. Then you'll have full access to the forum of our free "Trading University." A more detailed explanation of the Trading University is found in my closing remarks at the end of this document.

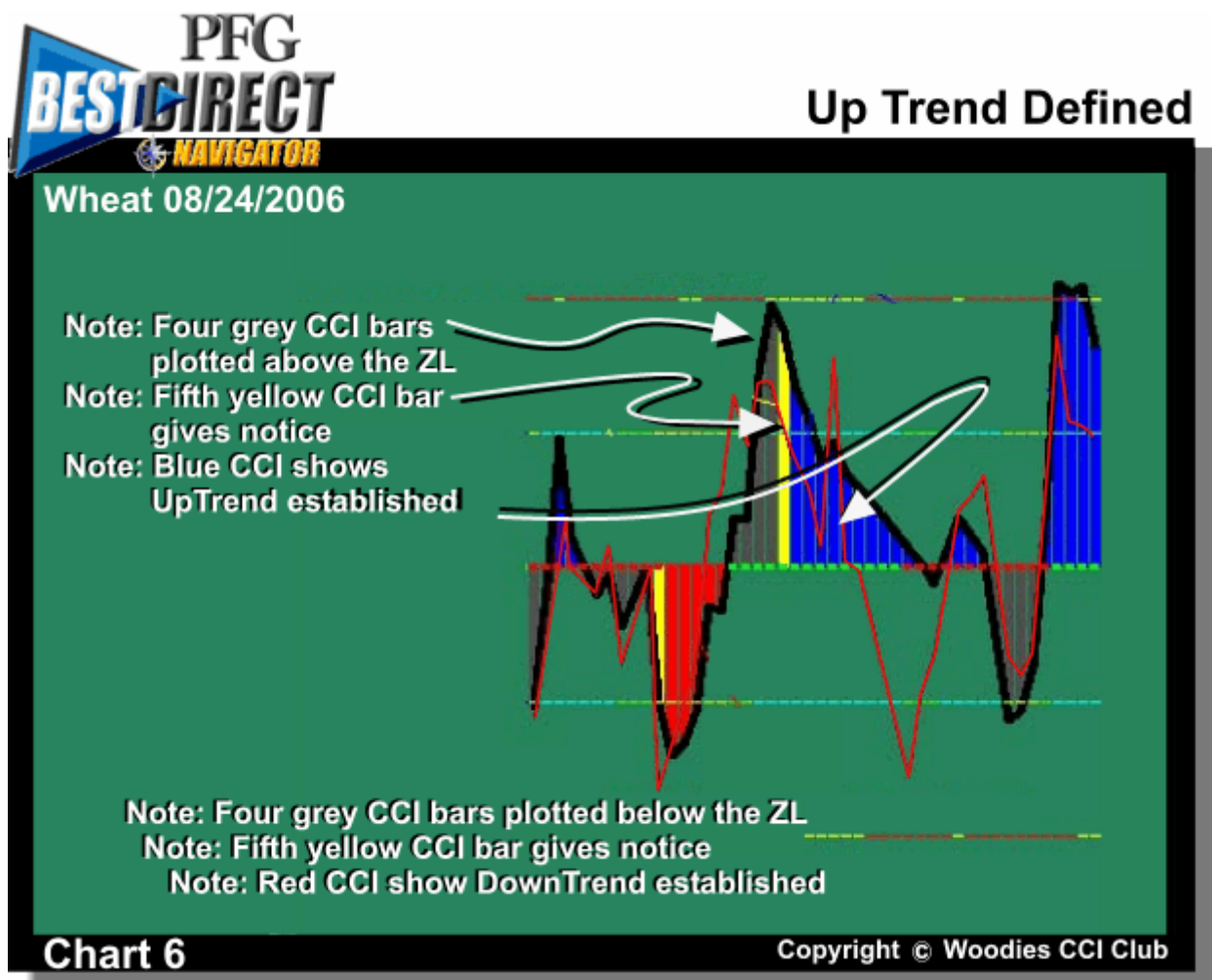
Woodies CCI Trend Defined

Woodies CCI Trend (trend): A trend is established any time the CCI (black line) is either over or below the zero-line (ZL) for six or more consecutive time bars. Remember “Consecutive” is the key word. If the CCI trades on the other side of the ZL, this does not negate the trend. If above, trend is up, if below, trend is down. The word **trend** is used in **bold print** throughout this text when referring to Woodie’s definition.

- Amplification -

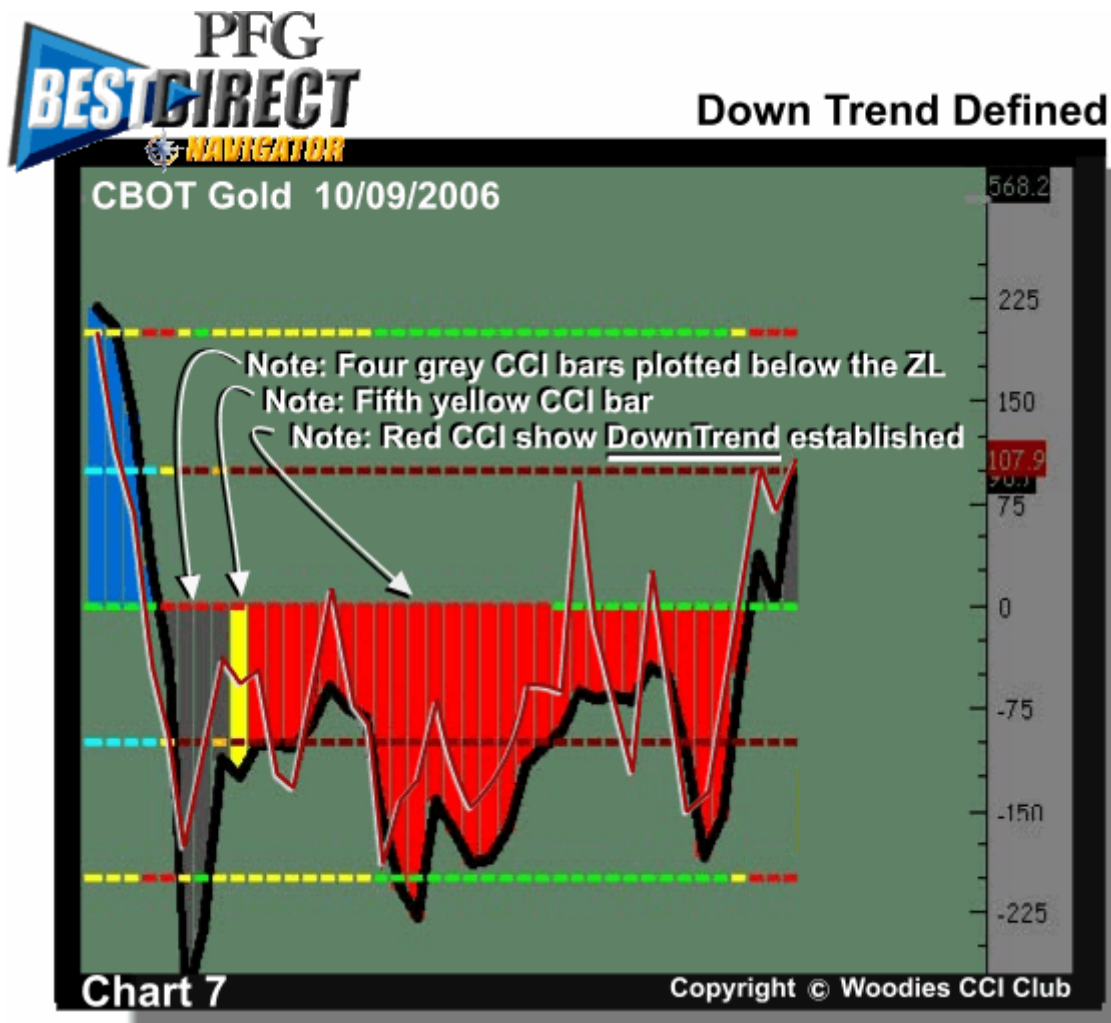
- * Defines the **trend** using the CCI indicator only
- * Does not use price bars to define **trend**
- * Does not use any moving average to define **trend**
- * Does not use a larger time frame to define **trend**
- * Uses the same chart to define **trend** as to spot a CCI pattern for the market
- * Each market will have its own **trend**. It is not to be considered when taking a trade on another market. You do not need any other charts, markets or indicators to see and define the **trend**. When learning Woodie’s CCI system, **Woodie recommends that you trade with the trend and that you do not trade “Trend-Changing” patterns until you have learned to trade the trend patterns first.**

Chart 6 shows the addition of red, blue and yellow **time-bars**. The yellow **time-bars** show the establishment of a **trend**, while the Blue bars show an uptrend, the red bars a downtrend. The yellow **time-bar** is a warning that the next bar could establish a **trend**.



Woodies CCI Trend Defined ...Continued

In **Chart 7**, we see that, after the yellow bar, we have a down **trend**. This is shown by subsequent red time bars. It is still in a down-trend when the CCI has printed above the **ZL** for one or two CCI bars. (six maximum) In this example here we would be looking for shorts. But be warned that the more bars that register opposite the **trend** established, the more we should stay on the side line until the **trend** is redefined.



True/False #4: When the CCI crossed the zero line the trend automatically changes.

True/False #5: Only when the LSMA is in agreement with the CCI time bar color do we have an “established trend”.

True/False #6: The CCI trend is established without looking at price action.

Learning the CCI Patterns ... are you ready?

“Ok, are you ready to learn the CCI patterns? Yes?... I’ll bet. Before we dive into each CCI Pattern, I feel we need to set guidelines on our expectations. I’ll also offer some ideas that can help you move through the learning curve to become a successful trader.” Woodie

It is well understood that classroom learning is a must, often referred to as **explicit** learning. However as with any profession, you must practice the actual skill, ... this would be considered **implicit** learning. To help understand what I’m saying, “how would a musician sound if he never practiced his instrument, or an athlete who never practiced the actual skill he or she competes in?” This aspect of your learning must not be over looked.



Step One – Explicit Learning: As you are reading this document, you must become very familiar with each aspect as explained, however, this is not the end of your learning curve as a trader. We are just beginning.

One of the tools I ask you to use is the “**Woodies CCI Trading University**” As of this date; there are over 7,000 entries in the forum of our Woodies CCI Trading University. There you will find in-depth answers to questions that I am not able to cover in this

document. The forum is divided into several topics associated with trading. You’ll be able to grasp various aspects of each pattern as explained by experienced traders. Also in our “**Conference Room**” hosted by www.talkslive.com, we have on-going seminars on a regular basis given by fellow traders along with special guests. This is a tremendous benefit and I hope you take advantage of this opportunity to learn. Remember, this is being done at no charge to you.



Step Two – Implicit Learning: Practice makes perfect? Yes, you have heard it before. Practicing your skills with a live moderator in our “**Conference Room**” is the way to go! Hosted by www.TalksLive.com

The live moderator will be broadcasting their live charts, but you’ll need your own charts to follow along. One charting package you might consider practicing on is ***Best Direct Navigator by PFG***. Give **Neil Rogers at PFG** a call. Neil will set you up so you can practice on your own charts. **800.546.9423 (Page 7)**

CCI Patterns – Trend Continuation

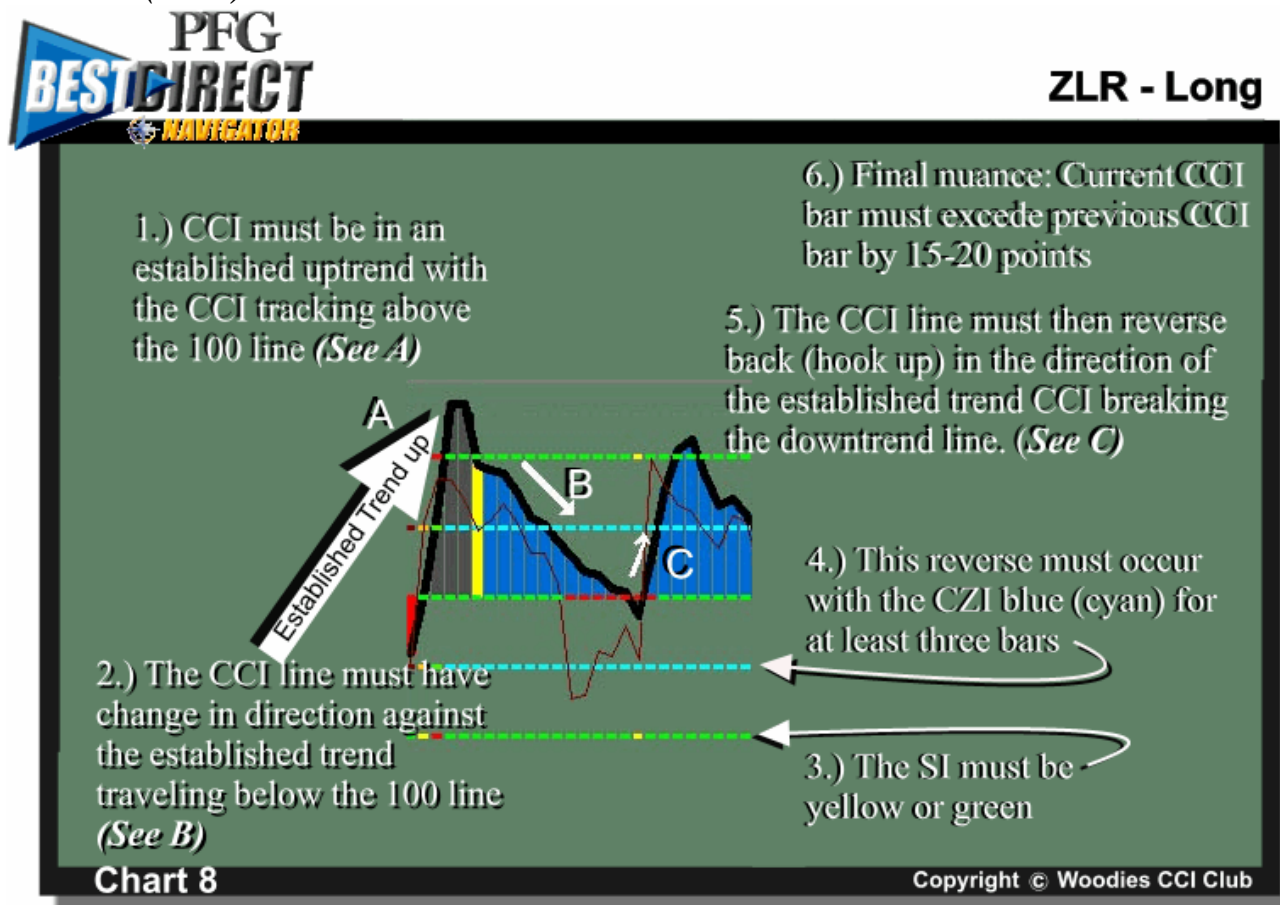
Let us now look to **CCI** trade patterns that are **trend-following** (Trade patterns that are in agreement with the established trend or **Trend Continuation Patterns**).

- 1.) Zero-line Reject (ZLR)
- 2.) Trend Line Break (TLB)
- 3.) The Tony Trade (TT)
- 4.) GB100 (GB)

For the beginning trader, these four patterns should be all that you look for and learn to trade. It is highly recommended to first practice trading on a demo platform. This will help you recognize patterns and get some “screen time” and refine your trading skills. When trading on a demo, treat it with the serious goal of trading your own money successfully.

Zero-line Reject (ZLR) ... learning nuances

- 1.) To start the setup, the CCI establishes a **trend** with correct color, blue in this example and reaches at least to the +100 line. The CCI must have 6 bars above/below zero line as discussed prior, for a valid trend. (*See A*) (*Note: Short-ZLR, the CCI must reach -100 to start the setup*)
- 2.) Then **CCI** line travels back down in a direction opposite of the established **trend**, towards, or just through, the **ZL**. (*See B*)
- * *Note: In Step 2 above, to be considered a ZLR, the movement back or against the established trend, to the ZL should at least go back down inside the +100 level then reverse back to trend direction.*
- 3.) Then, in a subsequent bar, the CCI line reverses direction and heads back up with the established **trend**. (*See C*)



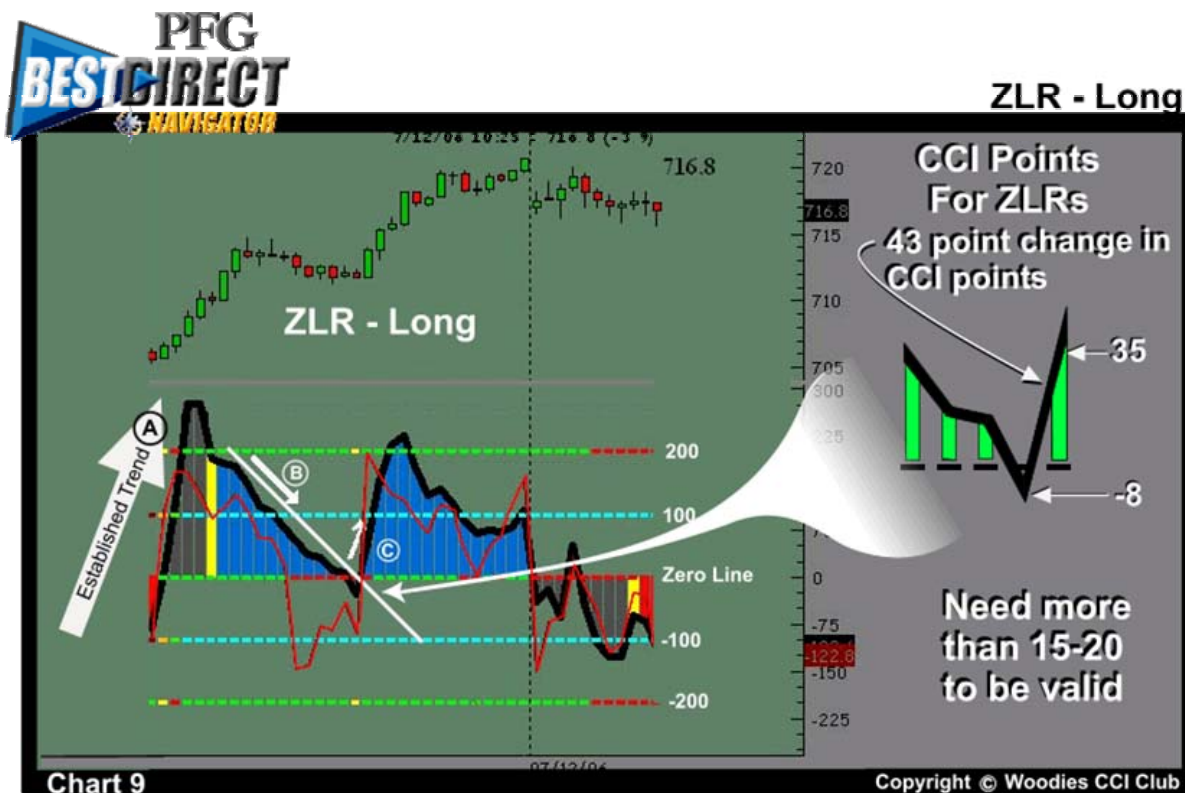
Zero-line Reject (ZLR – Long) ... learning nuances continued

Chart 9 Shows same ZLR in **Chart 8** to the upside, this time you can see the price bars to compare entry. Note: Technical Analysis with trend lines on price action is “typically” slower than the CCI. As a study, do chart comparison and see how the CCI is usually one bar ahead of Trend Lines drawn on Price Action.

To recapture -

- * The Trend is established up. (*See A*) (Note the Blue time- bars after the yellow time-bar).
- * CCI then moves downwards towards the ZL. (*See B*)
- * The CCI then turns back up in agreement with the established trend. (*See C*)
- * In addition, the **CCI is blue** (cyan) and the **SI is green** confirming a ZLR.
- * Final nuance/rule: the CCI points for a valid setup. You want 15 to 20 difference between previous and CCI entry bar. In the example below, the current CCI bar is +35 and previous CCI was -8, this make a 43 point difference in CCI points.
- * If all these conditions are met a Buy is warranted.

“I always wait until it crosses back over the zero line...it really hasn’t rejected it until it crosses back over.” Woodie



Don't Chase the Trade

While waiting for the setup; if the CCI bar closes in excess of 120 CCI points don't chase the trade. On page 22 we will discuss taking a trade before the CCI signal bar close, and we will have a full discourse on how to execute the Woodies CCI Trading System later on.

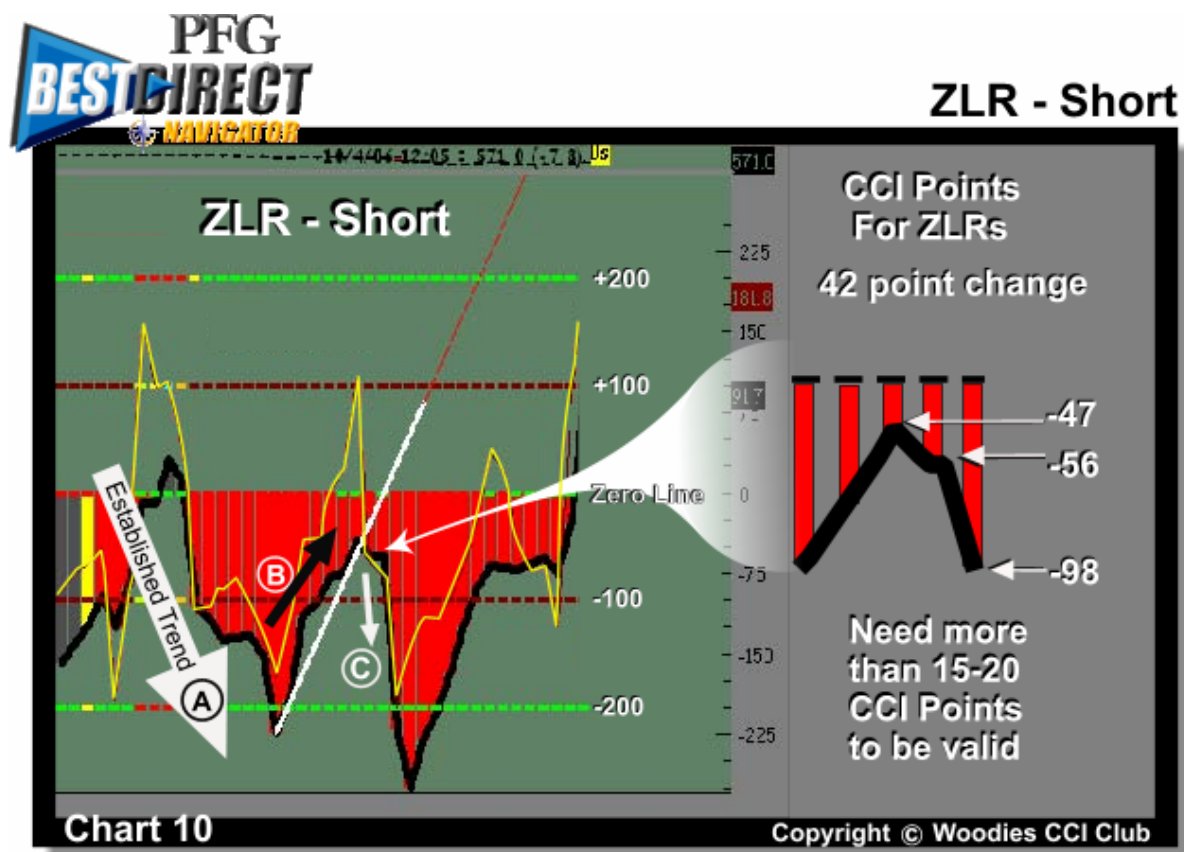
The important thing now is to recognize the pattern. Note in this example the CCI actually cross under the ZL. What is the minimum to qualify? ... To be a valid **ZLR-Long** in this example, the CCI only had to descend below the +100 line, then reverse back up to be considered a ZLR.

Zero-line Reject (ZLR- Short) Continued

Chart 10 shows a ZLR to the downside.

For a short trade:

- * CCI must be in established downtrend with the CCI tracking below the -100 line (*See A*)
- * The CCI line must have change in direction against the establish trend traveling above the -100 line (*See B*)
- * This reverse must occur with the CZI brown for at least three bars
- * The SI must be yellow or green
- * The CCI line must then reverse back (hook down) in the direction of the establish trend CCI breaking the uptrend line. (*See C*)
- * The CCI must be 15 to 20 CCI points greater than previous CCI bar. See the example on the right. We have -47 down to -56 only 9 CCI Points, then the CCI moves on down to -98 giving us a -42 point difference, so this would be a Valid ZLR.



Question #7: Can you list all eight nuances or aspects of the ZLR?

True/False #8: You are about to enter a short ZLR and the CCI bar has traveled to the -130, you should go ahead and take the short trade.

True/False #9: For a valid short ZLR you can have multi-colors of yellow and green on SW but not multi-color on the CZI.

Question #10: How shallow can a ZLR be and still be valid?

Question # 11: How deep can a ZLR go and still be valid?

Question #12: How did we determine that a down-trend was established in the example above?

Trend Line Break (TLB)

This is the second of the **trend** agreement trade patterns. Although this pattern is called the Trend Line Break pattern, please try to put out of your mind any knowledge you have with regard to price chart patterns and their trading techniques. This pattern can be either **trend** agreement or counter-**trend**. We will look at this pattern when the **trend** is in agreement. The trend line must originate from a peak/valley above/below the 100/-100 line, and it is preferred if the peak/valley is above/below the 200/-220 line. This pattern is usually a confirmation of a **ZLR**. But it does not necessarily have to confirm a **ZLR**, it stands on its own as a trade signal. When more than one of Woodie's patterns is in agreement, the signal has a higher probability of success. **TCCI** can be used in construction of trend lines but **CCI** is preferred. When the CCI line crosses the trend line a trade is signaled.

"The closer the actual trend-line break is to the zero line the better." Woodie

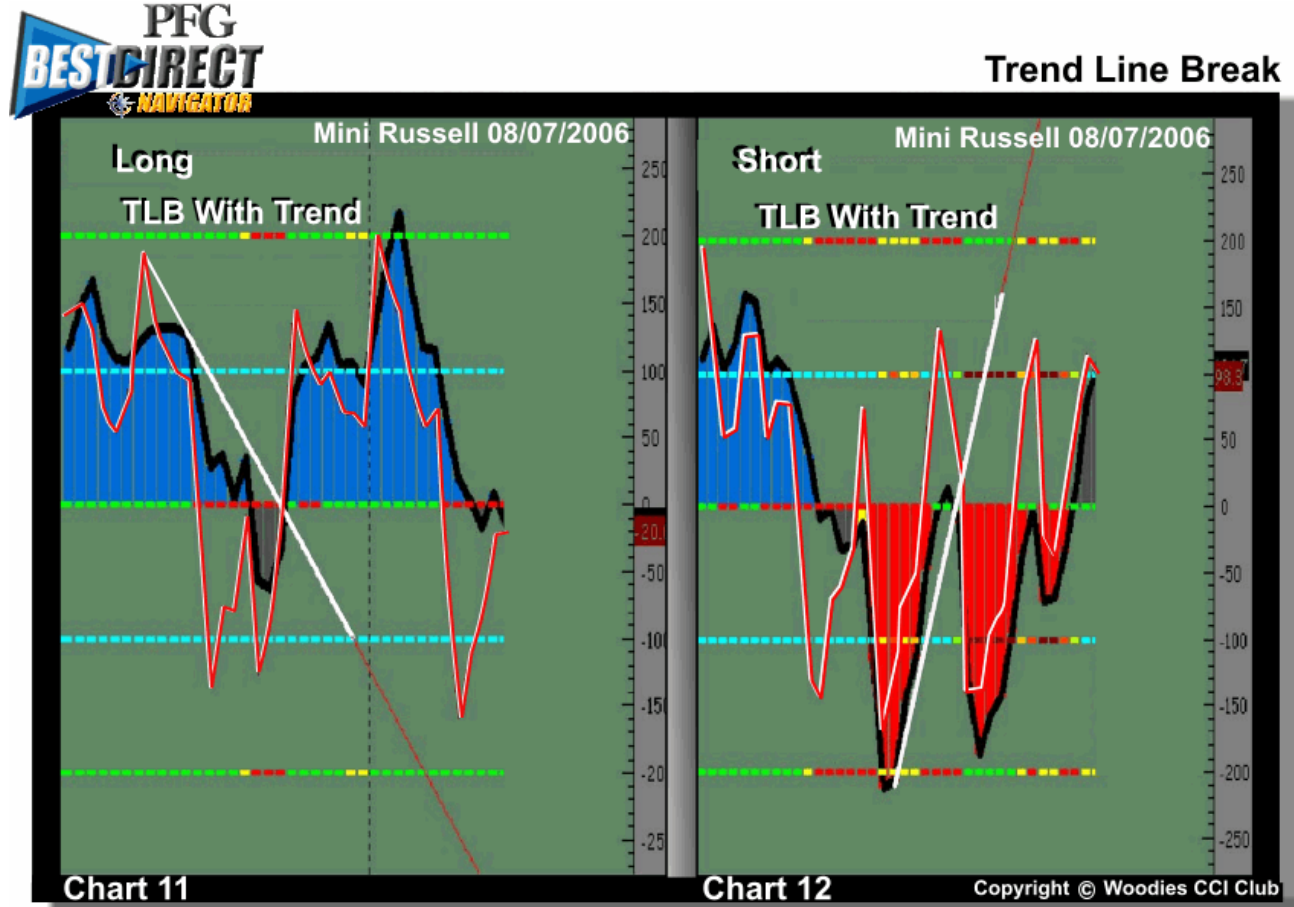


Chart 11 shows a **TLB** uptrend. The trade signal is the crossing of the yellow line by the **CCI** line. A white trend line is also drawn on this chart using the **TCCI** in its construction. This is acceptable and usually draws a sharper line.

In **Chart 12**, the trend is down. The more peaks or bumps the stronger the signal. Note in both charts that we had a **ZLR** trade first. The **TLB** usually gives confirmation to the **ZLR**.

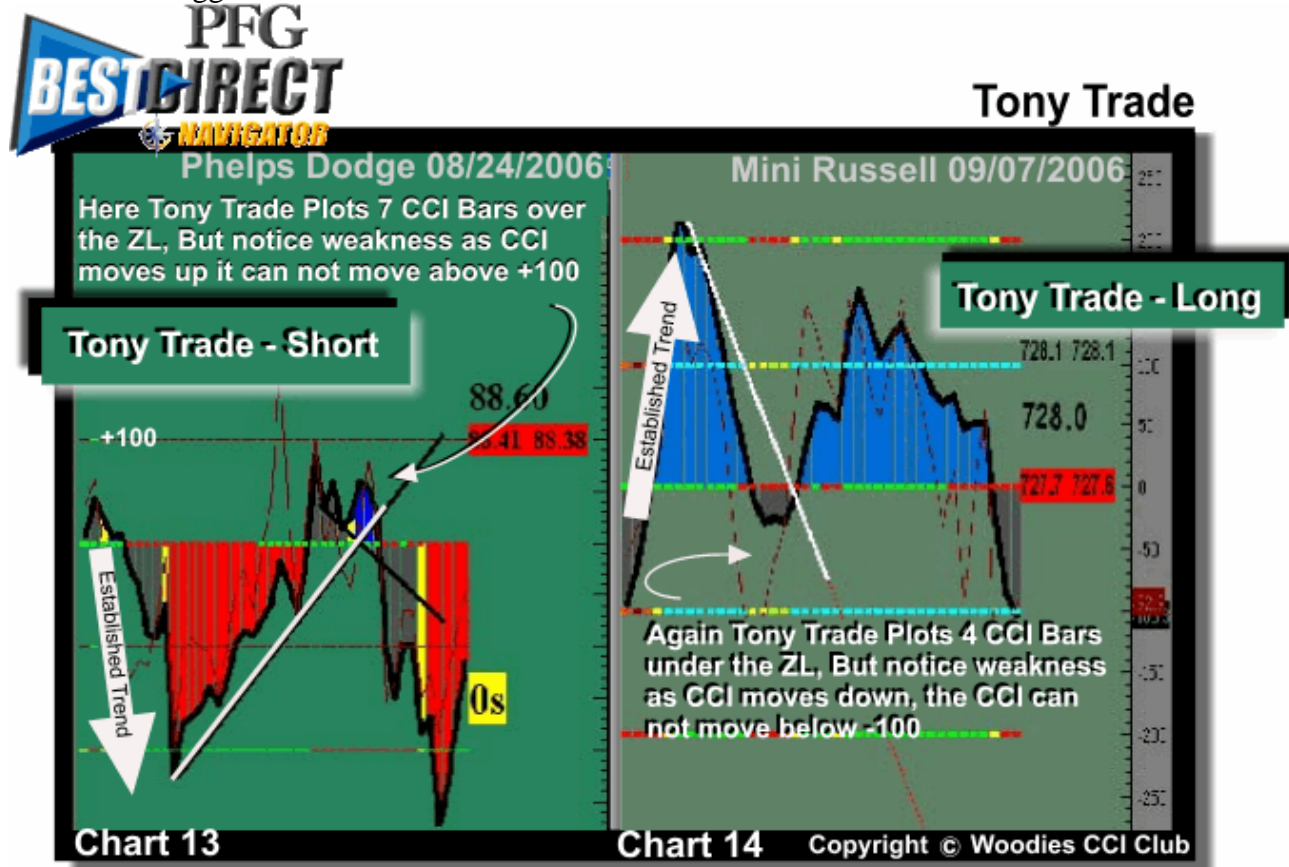
The Tony Trade

The third **trend** agreement trade pattern is, The Tony Trade. This is Woodies newest pattern, and is named after Tony Holden or TONYUK in the chat room.

“Tony handles my website and all my technical issues at our Trade-A-Longs. He puts in many hours to help other traders.” Woodie

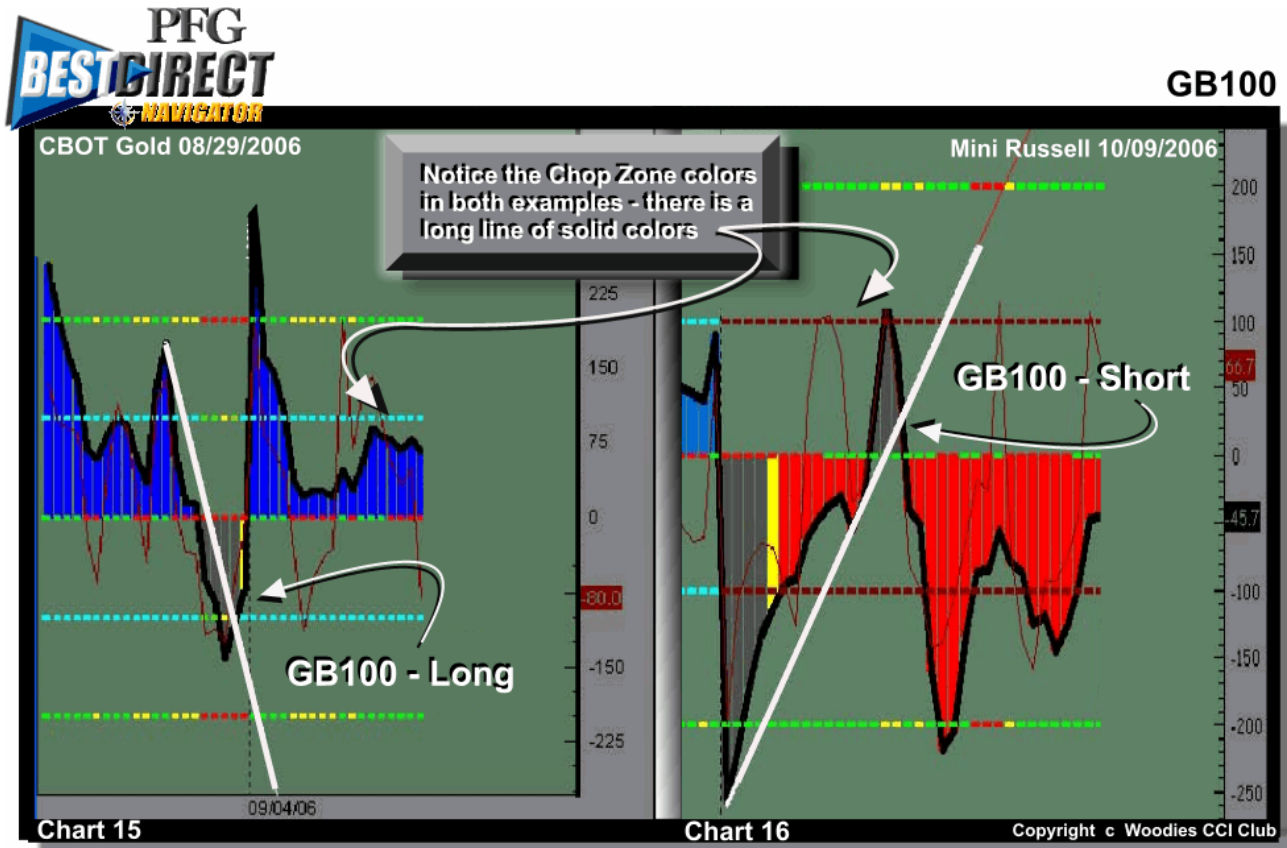


What makes this pattern so special is that the **CCI** is a momentum indicator and this pattern shows that perfectly. The pattern is formed by first having a trend and then crossing the **ZL** for 4 Bars minimum being printed. We can have up to 9 Bars printed and what we look for is not one of those Bars to get to the 100/-100 line. This shows a very weak momentum move up or down that the **CCI** cannot even get to the 100/-100 line. We then look for a pattern to trade or a **Trend Line Break** in the direction of the prior trend. The trigger for this trade is the crossing of the **ZL** after a **TLB** or a pattern trigger. A trader can be aggressive with this trade, as it's with the **trend** and the lack of momentum to establish a new **trend**. Expect the movement after the pattern trigger to be crossing the **ZL** to be aggressive.



GB100

The **GB100** trade is a **ZLR** that just went too far on the **CCI**, and goes passed the 100 lines then back to the original **trend**. You must have a **Trend Line Break** and the pattern must be triggered before 6 bars are printed. The main nuance must be a long line of blue/brown on chop zone indicator. This will show that any moving average will have a good slope up/down. The trigger is crossing the 100 line and trend line break. The SI does not have to be in agreement.



True/False #13: The GB100 is a Trend changing pattern.

True/False #14: TLB has to be used with other CCI signals.

True/False #15: Because Woodies CCI Trading University is free; it does not require a password or user-name.

True/False #16: TLB can also be used as a signal for trades with the established trend or against the established trend.

CCI Patterns – Trade Entry

“There are patterns one should learn to recognize when first learning **Woodie’s CCI**. These are the patterns which agree with the **CCI trend** as defined earlier. There are some successful traders who use only these basic patterns. Once again, it is advisable to obtain a demo platform to watch patterns develop. (remember **implicit** learning?) You will, after a time, be able to anticipate these patterns. After you get comfortable identifying patterns and watching them set up, it is time to learn the rules of trading **Woodie’s CCI**” Woodie

Trade Entry

Notice the time bar where the **CCI** reversed back to **trend** is the entry signal (**2nd white arrow - See C**). Here, you would Buy at the market. (**Long Position – see Long Entry arrow below**)

In regards to the entry, note that the two arrows (**See D**) points out that the **TCCI** turned back to trend two **CCI** time bars before the **CCI** and **crossed the ZL**. This is a good warning that a **ZLR** is going to happen. The **TCCI** has a strong tendency to lead the **CCI**.

Chart 8-9 ZLR example we used earlier on page 15-16



The exit would be the CCI bar that reversed back towards the **ZL**

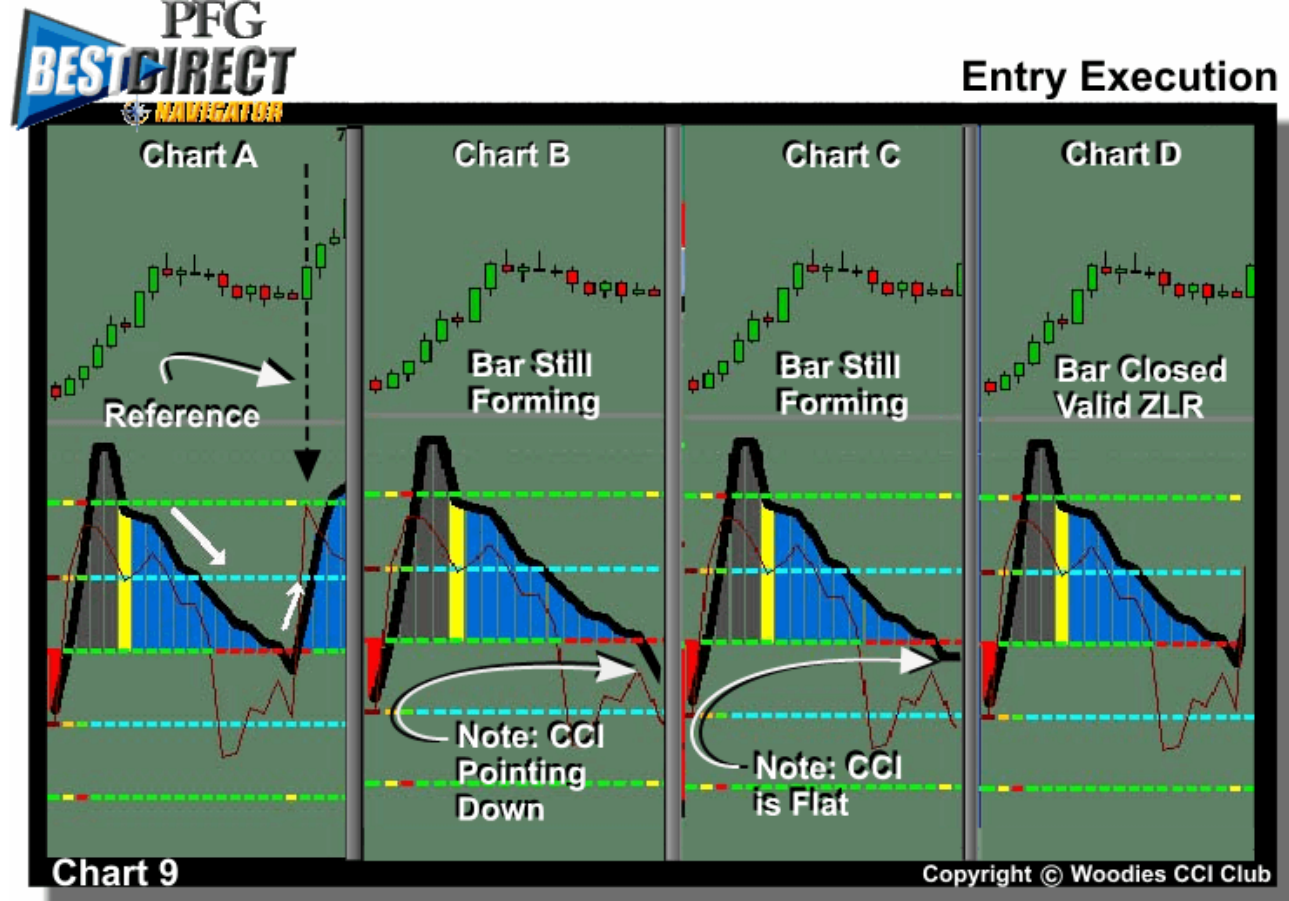
Notice the TCCI gave a heads up warning of the possible CCI exit was coming.

See yellow vertical lines and compare to the TCCI's location. Notice when TCCI hooked into the CCI. (Rules for exiting trades in Money Management Section starting on page 23-24 See E)

CCI - Entry Execution

See the reference bar in Chart A, it shows the time bar has been completed. With most charting software that updates with each tick, the charts will assume that every second is the close of a bar. So during the bar formation the signal could be given, and then taken away as price fluctuates.

We are using Chart 9: The Zero Line Reject – Long Entry as our example.



Your screen could show all these patterns based on the last price before the time bar closes. Chart A and Chart D show the **ZLR** pattern, but Chart B and Chart C do not. This is one of the wiggle room parts of this system. What to do?

Here are Three Choices:

Entry Choice #1 - (Conservative)

Wait until the time bars closes to enter? This is the easiest to execute.

Entry Choice #2 - (Conservative to Aggressive)

Woodie would like the beginner to enter the market, if with 20 seconds left in the bar, a valid CCI pattern presents itself. Woodie's CCI chart panels feature a countdown time to show how many seconds until bar close.

Entry Choice #3 - (Very Aggressive)

Enter trade as soon as bar indicates a signal during price bar formation. This obviously is for experienced traders. Your *implicit* learned skills are put to test here. Be fair to yourself and allow yourself time to grow and improve your skills. You are strongly urged to use Choice #2 with the 20 second rule. Besides the **ZLR** pattern, the three other trade patterns will show **CCI** crossing the line break, and then not. They will all have the same timing issue.

Money Management

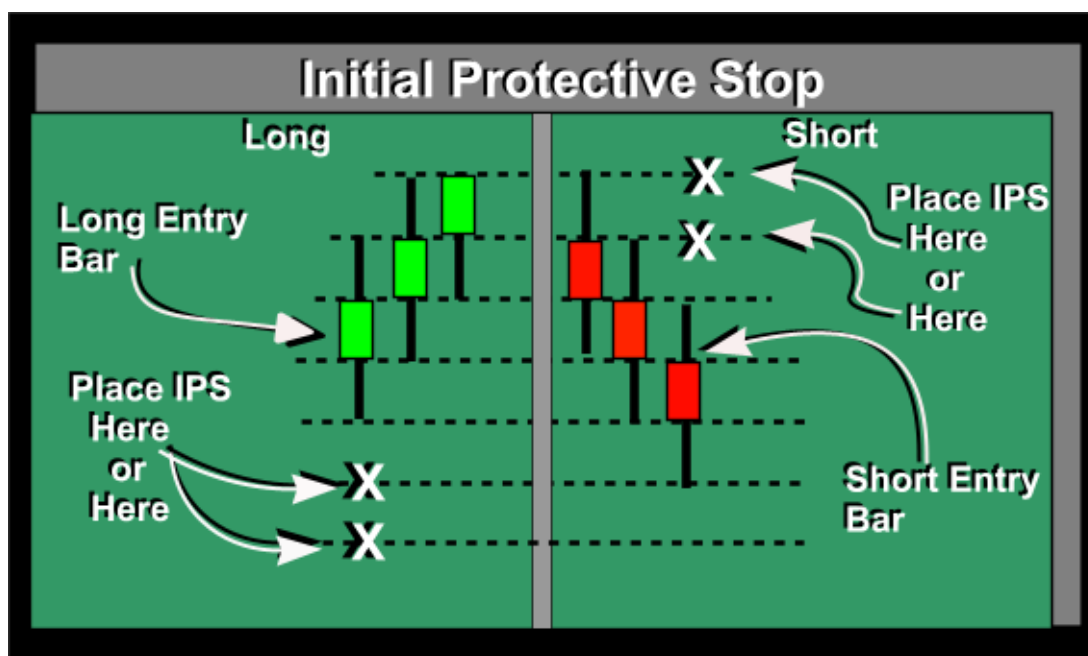
I would like to start by saying money management skills for a trader is of paramount importance. To do this subject justice, there would need to be considerable time discussing the various aspects of your money management. Our “Trading University” has devoted a tremendous amount of work in the discipline of Money Management. My goal here is to point you in the right direction and give some guidelines to follow. Over the last 30 years, I have tested many money management techniques. The following Money Management techniques that I share with you, is currently what I use.

Initial Protective Stop

When initiating any trade on any pattern, a protective stop should be placed. For the beginner, it is strongly recommended to use a price stop.

(Note: This is the first time the word ‘price’ has been used)

“I’d recommend placing your Initial Protective Stop at one or two ticks above or below the entry bar.” Woodie



As you practice on different markets, you are going to find some markets exhibit different characteristics or behavior and may require different strategies for your Initial Protective Stop.

The commodities Gold and Lumber are examples of markets where different strategies may be needed. To gain insight on what to do, will require you to keep statistics on the various markets you plan to trade and track how successful your strategy is. ***“Remember if you can’t be successful on paper trading (Practicing) it will not work with real money.” ... Woodie***

True/False #17: Money Management has nothing to do with your personality.

True/False #18: Your emotions have no influence on Money Management.

Money Management ... Continued

Trade Exits

*“The next aspect of managing your trade is how you handle the exit of the trade. You will notice below I have listed 9 ways to exit a trade. While the **CCI** patterns are excellent for getting into a valid trade, the **CCI** can also be your guide in managing your trade exit. By using the **CCI**, traders can avoid the whipsaw action often associated with watching candlesticks.” Woodie*

Your next step is to take time to develop one or more of the strategies I've listed below. In addition, I want you to visit our Trading University and get a more in-depth picture of how we manage our trades. Traders understand they must draw upon their skills in a variety of “Market Conditions” presented to us each and every day.



Rules for Exiting Trades using Woodie's CCI (9 Exits Listed)

1. CCI Trend Line Breaks
2. CCI Crossing Back Through the 100 Lines
3. TCCI Hooking or Going Flat, not Moving, or no Progress
4. CCI Hook from Extremes
5. Profit Target Hit
6. CCI Forming a Flat Top Formation
7. Crossing a Horizontal Trend Line
8. When the LSMA Disagrees with the Trade
9. CCI Crossing the Zero Line (ZL)

Each of the exits here deserves an in-depth explanation; however it would develop into an extended subject that is better served in our Trading University Forum. Also if you are interested in seeing the above trading management techniques done live, I ask that you find time to participate in our Live Trading sessions in our **Conference Room**. You will have the opportunity to see other traders managing their trade and how the **CCI** exits are used in real time for learning purposes.

Statistics ... a starting point

Additionally, I would mention a third aspect of your Money Management. To start, I would like you to learn the basic concepts below. As you progress, you will build on what you learn here.

- 1.) **Percent Profitability** - Total winning trades divided by total trades taken.
- 2.) **Avg. Size of your Winning Trades** – Total dollar amount of the winners divided by the number of winning trades. (Do the same to find avg. size of losing trades)
- 3.) **Win-Loss Ratio** – Avg. Winner divided by Avg. Loser.

CCI Patterns - Trend Changing

The Famir Trade
The Vegas Trade
The Ghost Trade

The Famir Trade

The Famir pattern could be considered a **ZLR** pattern which immediately fails on the next or subsequent time bar(s). As with the **ZLR** pattern, Famir has the most success within the 50/-50 boundary of the **ZL**. It is a hard trade for beginners, not in seeing the pattern, but living with and feeling the trade internally. This is because the beginner has just suffered a loss on an executed **ZLR** and now has to reverse his position. This predicament can be further frustrating if the Famir trade pattern then fails, leaving the newcomer with a sense of total loss. That being said, the Famir trade pattern is very successful and popular among Woodie's system followers. Here, the **LSMA** comes into play. If the **LSMA** is in agreement with the Famir, it gives more confidence to the trade. The **LSMA** shows agreement-buy color; red for going lower and green for going higher.

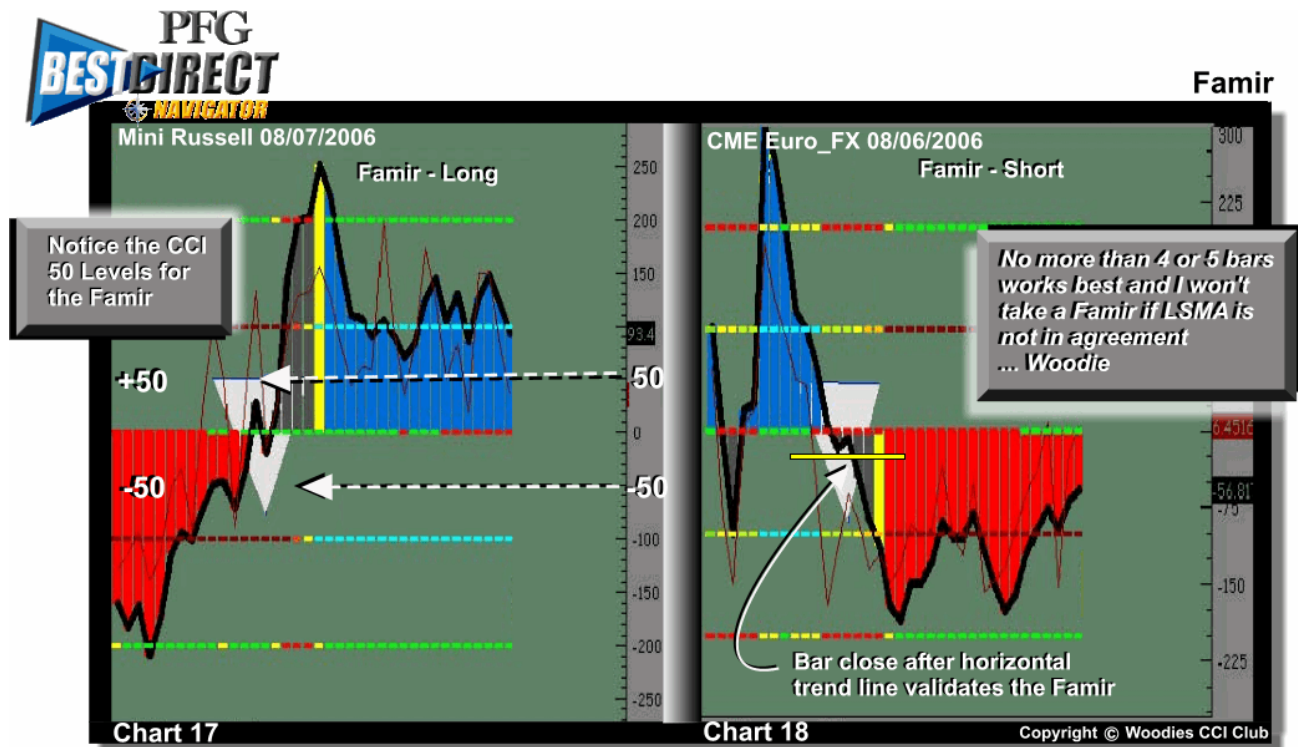


Chart 17 shows a **Famir - Long** to the upside. Note that the **LSMA** is red during the **ZLR**. When the Famir pattern occurs, the **LSMA** is green, in agreement with the patterns trade signal. Note also that the creation of the **Famir** took more than one time bar.

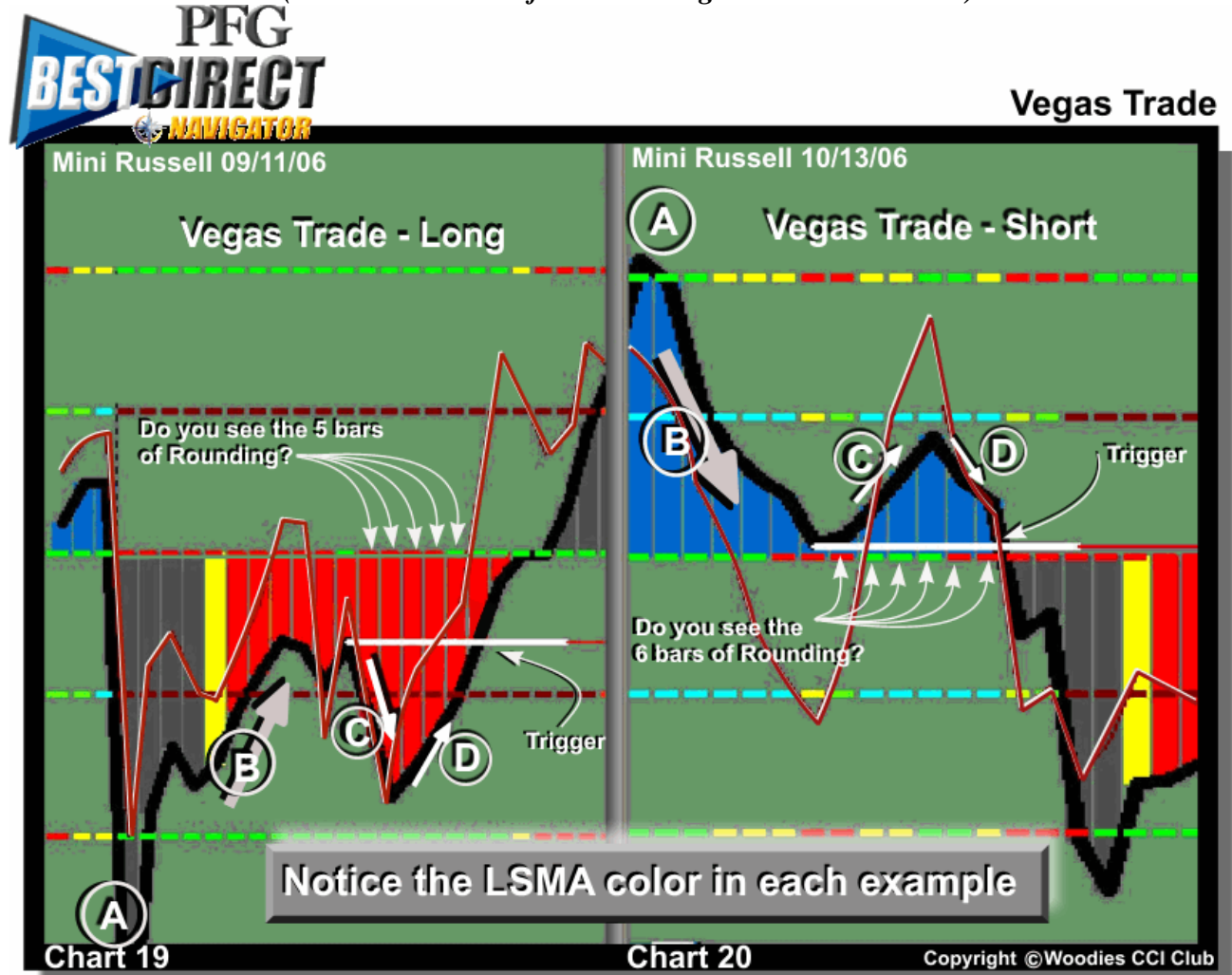
Chart 18 shows a **Famir - Short** right at the **ZL**, with a one-time bar failure. The **LSMA** is red and in agreement with the **Famir -Short** trade signal.

The Vegas Trade

The Vegas Trade (VT) is another **TREND CHANGING** pattern. This pattern has a few key elements.

- 1.) The **CCI** line must have extended to or past the 200/-200 line (gone to extremes) in agreement with the **trend**. (*See A*)
- 2.) It then should reverse back towards the **ZL** at least through the 100/-100 line. (*See B*)
- 3.) After retracing back towards the zero line, the CCI forms a swing high/low, and then forms a rounding/sideways action with a minimum of 3 bars or maximum of 10 bars. This is where the battle of the bulls and bears takes place, mostly “*Johnny Come Lately*” traders that missed the initial move and want to jump in. The Rounding can look like a cup, it also can appear as peaks and valleys, but for a clear example we show the rounding as a cup. The inability to push it down/up makes the professional traders buy/sell into the swing high/low is the trigger, and CCI traders are with them. (*See C*)
- 4.) The pattern becomes valid as the **CCI** line turns back again towards the **ZL** and triggers through the horizontal line, (*See D*) Notice the rounding looks like a cup under the **VT-Long**, or a dome above the **VT-Short**. (Minimum of 3 to 10 time-bars)
- 5.) Additionally the **LSMA** is in agreement with the trade.

(*See notes on chart for “Rounding” use 3 to 10 as rule*)

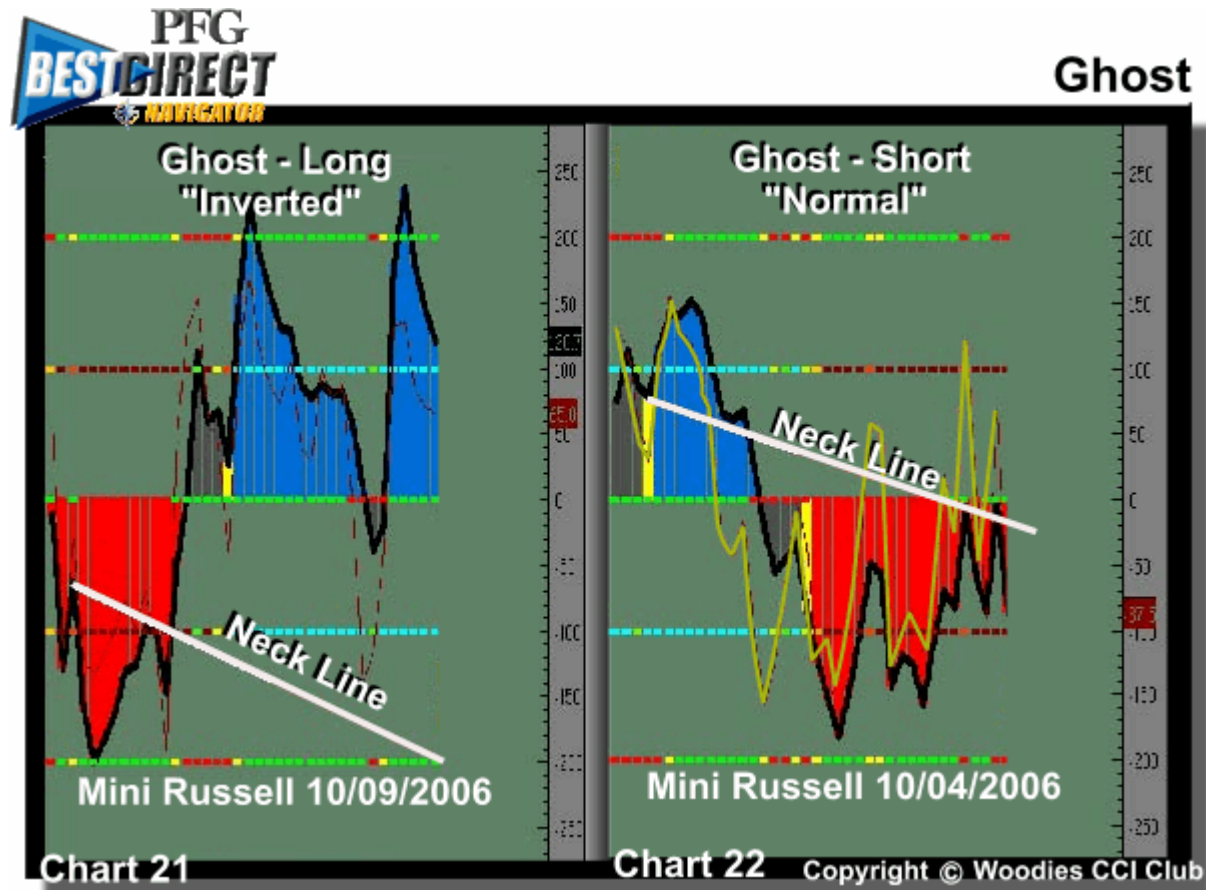


The Ghost Trade “You Gotta Love The Ghost” Woodie

The Ghost trade is a **TREND CHANGING** trade which derives its name from the pattern created. It includes three peaks of the **CCI** which are in agreement with the **trend**. For a beginner, it is necessary that the middle peak be larger than the first and the third. To Edwards and Magee fans, this pattern looks like a head and shoulders, but is not limited to all of their rules.

After the first and second peaks/valleys, valleys/peaks were created. These valleys/peaks are where the **CCI** line reverses back to **trend**. We draw a line break from the valleys/peaks and extend this line into the future. When this line is violated, coming off the third peak/valley, a counter-**trend** trade is signaled. It should be noted that the line-break (neckline if you prefer) can be horizontal or slant towards or away from the **ZL**. “Remember a Ghost is a Ghost is a Ghost” Woodie

Woodie believes that the line slanting towards the **ZL** is favored, but all work well.



True/False #19: A Ghost is a Ghost is a Ghost?

The Ghost is the conclusion of our CCI Patterns.

Woodies Educational Resources & Pro Shop

Dear Trader, Listed here is a brief explanation of educational areas that are provided for you at Woodies CCI Club. I would ask for you to explore and learn. Our web site has a calendar that will help with knowing the upcoming events. <http://woodiescciclub.com/calendar/week.php>
Our Web site is: www.WoodiesCCIClub.com Woodie



Our **Trading University**: The amount of information in the University is staggering, and the quality of information cannot be overstated. The university is free but you still need to sign up. You'll need a user account and password to get in.



Inside our **Conference Room** are a host of activities powered by www.TalksLive.com.

1. Live Moderating: Daily, there are *Live Moderators* who are trading in real time and discussing what they see. Their *Live Charts* are also being broadcasted. Keep in mind they are for educational purposes only and are not for trade signals.

2. Seminars & Workshops: We have on-going "Seminars & Workshops" hosted in our conference rooms featuring Woodie, along with members of the Woodies CCI Club. Topics include Stocks, Options, Futures, Money Management, CCI pattern reviews, Beginners Q&A... the list is quite extensive.

3. Special Guests: On almost a regular basis we have "Special Guests who are Subject Matter Experts" in their field. Often we will record their presentation and post in our Trading University or on the main website.

Woodies CCI Club Trade-A-Longs

Trade-A-Longs: These unique trading retreats are designed for ANY trader who needs the precision of an advanced instructor to help them gain knowledge of the markets and how to trade them. The testimonies of past T.A.L. participants are outstanding, and many traders continue to come.



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