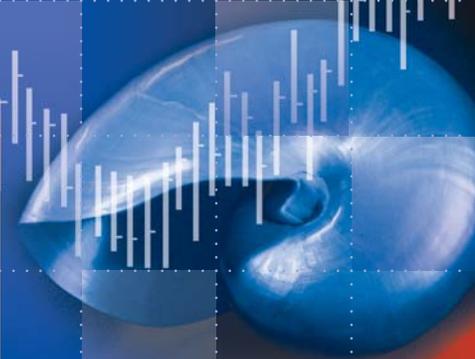
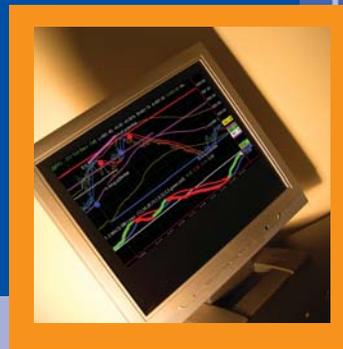


NEXGEN
SOFTWARE SERVICES

TOMORROW'S TRADING TECHNOLOGY

100% automated Fibonacci support and resistance levels that you can count on every single trading day in an instant.

T-3 Fibs
ProTrader



Nexgen Software Seminar Outline March 21st Weekend

History of the T-3 Fibs ProTrader by John Novak

1. John Novak's history
2. Seminar history – how it used to be
3. Automation of Fibonacci – a breakthrough in technical analysis
4. Enhancements to software – some of the many changes that we have made
5. Perfecting the teaching and trade setups- the never ending road to get better

How the T-3 Fibs ProTrader Works

1. What type of Fibonacci projections do we use
2. How to we apply them to a chart
3. How multiple timeframes are built
4. Defining confluences and how they are filtered
5. End result is key area that we can watch for trade entries and exits

Common Fibonacci Ratios and Their Qualities

Many traders today use Fibonacci in their trading. Most of the time this will consist of retracement levels from major swing and more advanced traders will use extensions of past swings into the future. Some common Fibonacci ratios that traders will use are 38.2%, 50%, 61.8%, 100%, 138.2%, 161.8%, 200% and 261.8%. Fibonacci ratios will have a more “exhaustive” quality the larger they get. For example, a 78.6% retracement will have more chance of stopping a move than a 38.2% retracement will. This is true for extensions as well; a 261.8% extension will have more chance of stopping a market than a 138.2% extension.

In addition to the higher exhaustive quality of the higher Fibonacci ratios, in most cases the higher the timeframe the Fibonacci ratio was generated from the greater the chance it will have an influence on the market. Knowing this information you are able to give more credence to higher Fibonacci ratios and from ratios from higher timeframes when doing manual analysis.

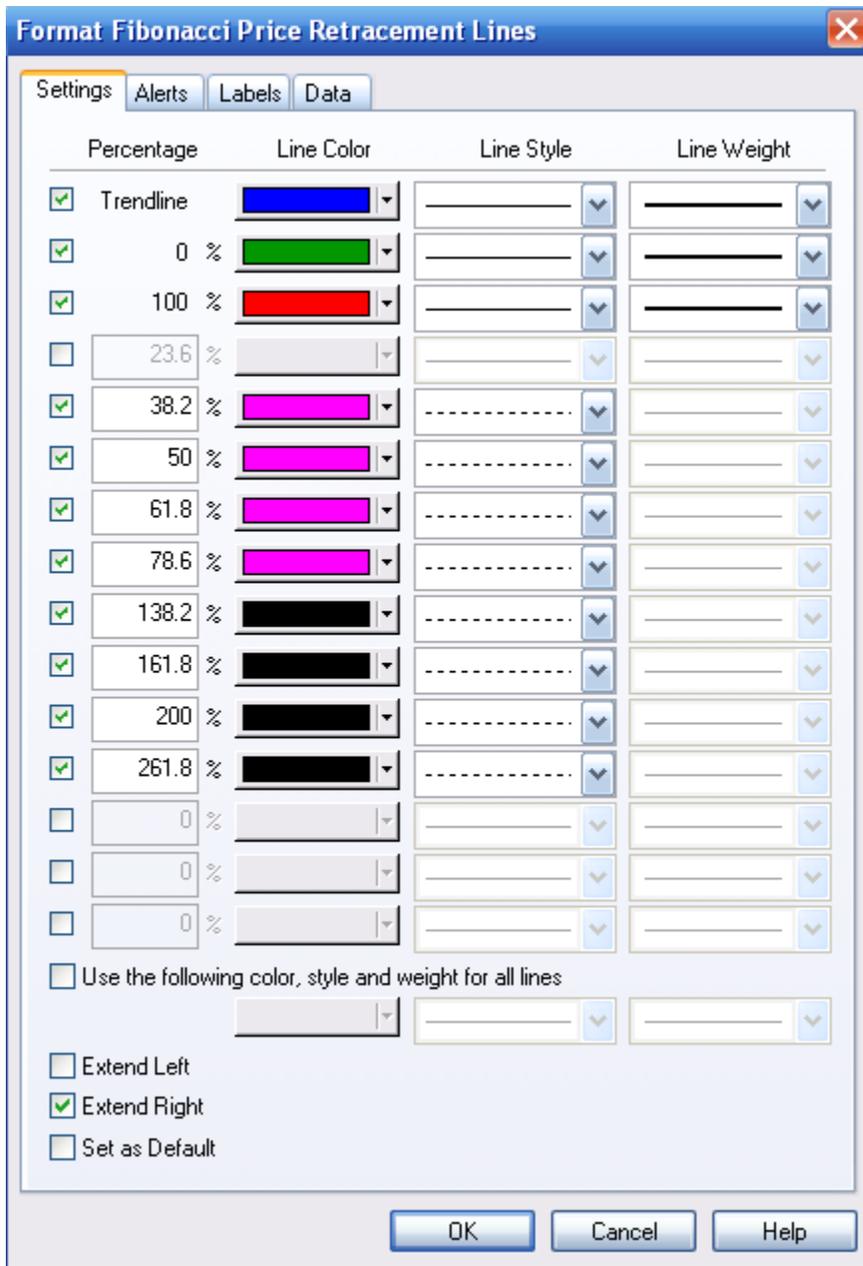
This take an even more powerful turn when you are able to find and apply Fibonacci ratios from multiple timeframes and multiple swings that land into a relatively small zone on your charts. The amount of work necessary to do a complete analysis of every possible Fibonacci line from every swing on every timeframe makes it nearly impossible for anyone to achieve consistent results. Those who have learned how to master this art and who are only able to use the “right” ratios from the “right” swings are able to consistently able to call tops and bottoms using Fibonacci.

The T-3 Fibs ProTrader has mastered this art, and allows the trader to focus less on analysis and more on what is important, assessing reward versus risk and making the trade. Let's first take a look at the types of Fibonacci projections that the T-3 Fibs ProTrader will use in it's analysis.

How to Set up the Fibonacci Tool

How to do this manually in Tradestation or any other platform your using such as MultiCharts you will need to select the tool from the drawing menu.

Then you must format your Fibonacci tool in your platform to have the ratios that you wish to use in your analysis of the market. Below you will see a typical setup using the most common ratios. You may change colors and lines to your personal preferences.

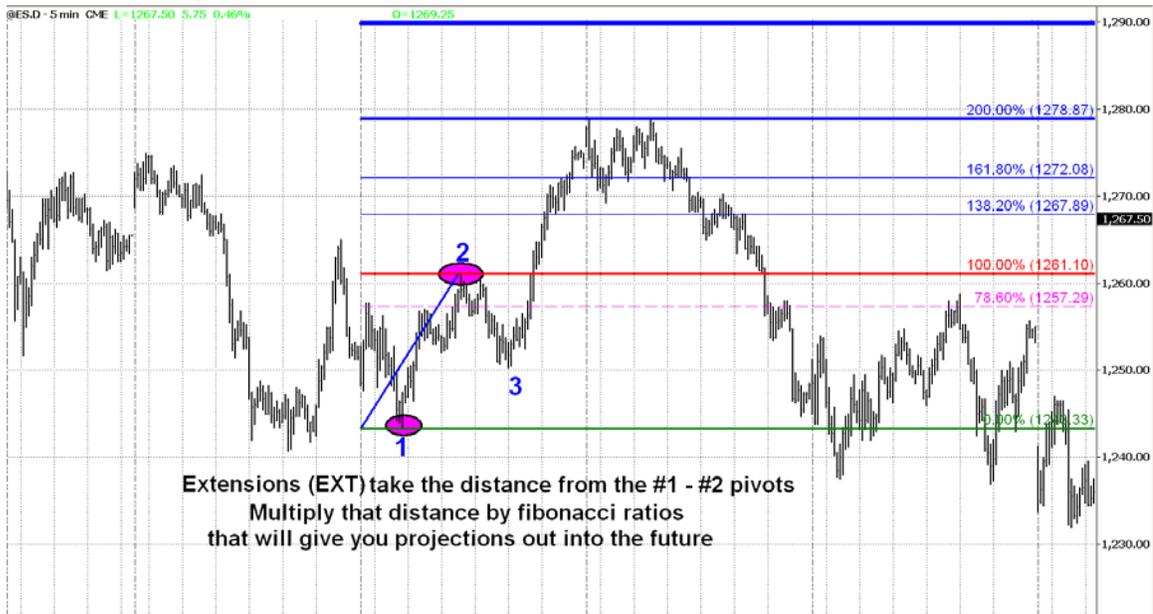


The Fibonacci tool is then applied to the charts by dragging and dropping the tool from your starting and ending pivots that you wish to analyze.

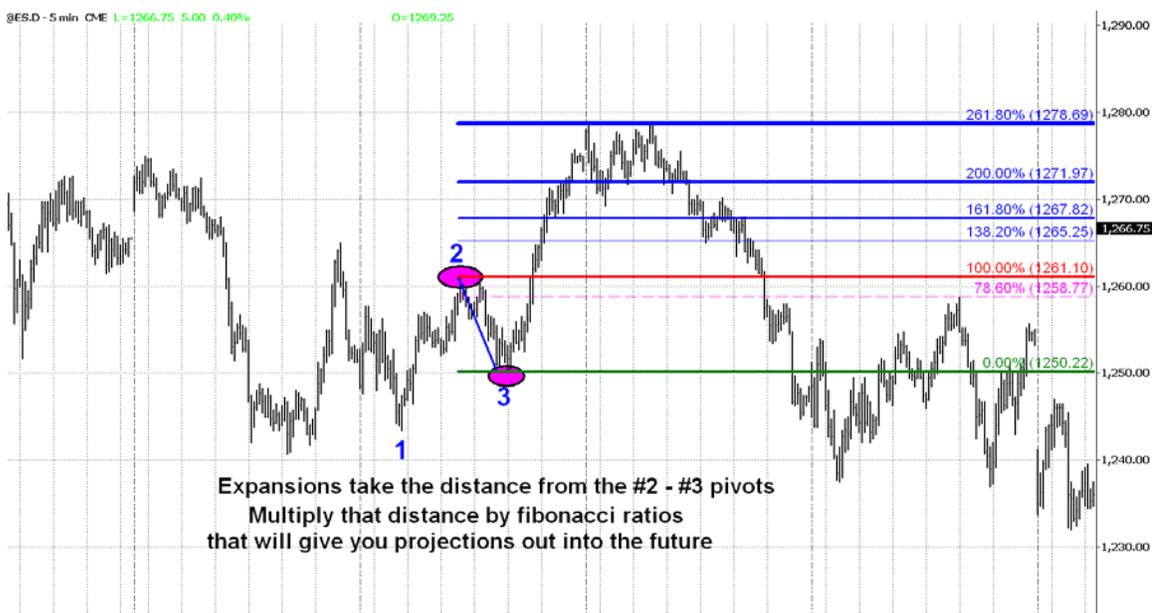
Fibonacci Projections and Retracements Defined

There are 4 main Fibonacci projections that we use in our software:

1. **Extensions**- take the range from pivot #1 to pivot #2 multiply that distance by a Fibonacci number, add the two numbers together and it will give projections into the future where a possible turning point could be.



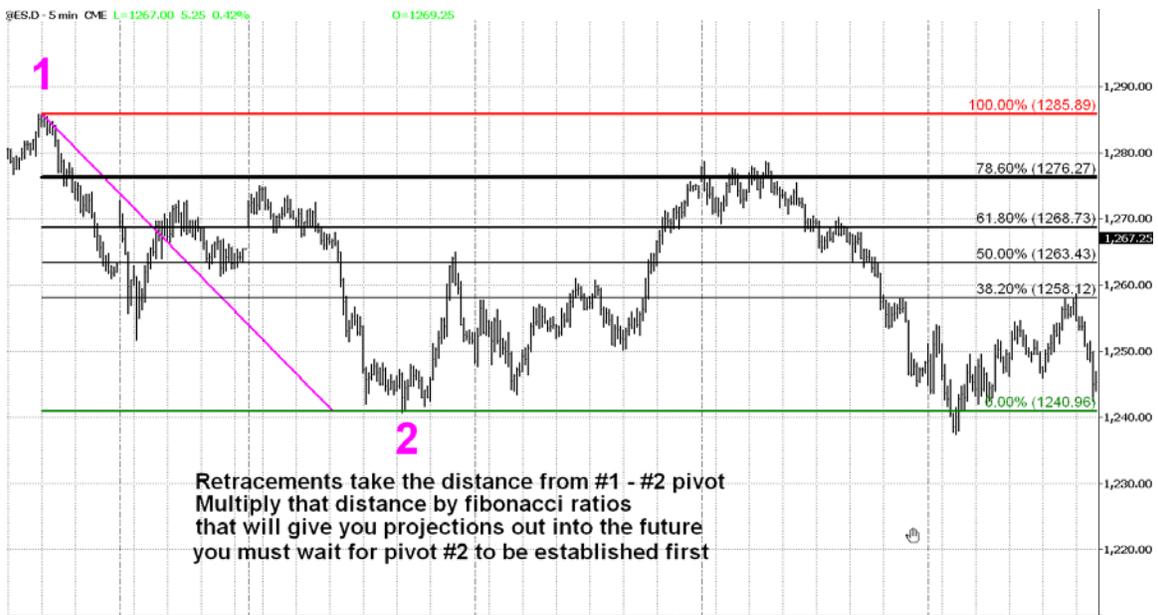
2. **Expansions**- take the range from pivot #2 to pivot #3 multiply that distance by a Fibonacci number, add the two numbers together and it will give projections into the future where a possible turning point could be.



3. **Alternates**- take the range from pivot #1 to pivot #2 multiply that distance by a Fibonacci number, add that to Pivot #3 and it will give projections into the future where a possible turning point could be.



4. **Retracements**- take the distance from a #1 pivot to the #2 pivot and take a portion of that range that is commonly less than 100%. The most common ratios are 38.2%, 50%, 61.8% and 78.6%. This is usually more beneficial from higher timeframes when determining reversal areas.



Now we are going to use this setup to define a multiple timeframe key Fibonacci confluence area that we can make trading decisions based on our knowledge.

If you look at the following chart of the S&P 500 minis the overall trend is down.



Once we make a bottom and the short-term trend turns back to up by making higher lows we want to know where this pullback may stop and where we can resume the longer-term downtrend again.

This is a blowup of the chart above... as you can see we have labeled some of the swings for you as 1-2-3. Once we have put in the GREEN #3 pivot we have short-term trend up and we are working to anticipate where the trend will end. Once we have the smaller swings of the BLUE 1-2-3 we now have enough information to start our Fibonacci analysis.



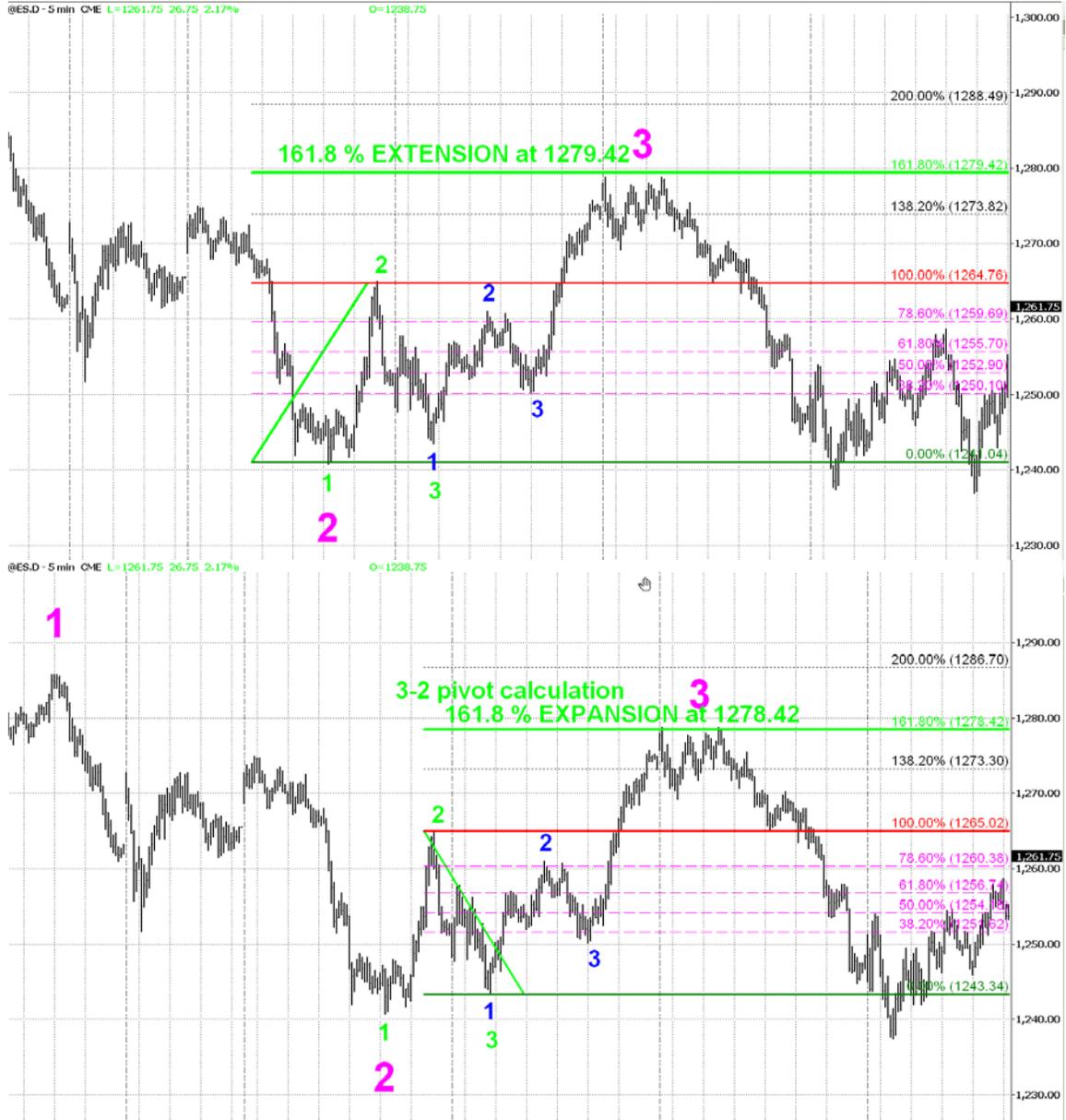
Manually Calculating Fibonacci Confluences Step by Step

The first step will be to go back to where the last major swing down has started and calculate our retracement levels.

As you can see in the following chart with the MAGENTA 1-2-3 we are calculating the Retracements from the #1 to the #2 pivots.



Now we are going to use the GREEN 1-2-3 pivots and do our Extensions, Expansions and Alternates.

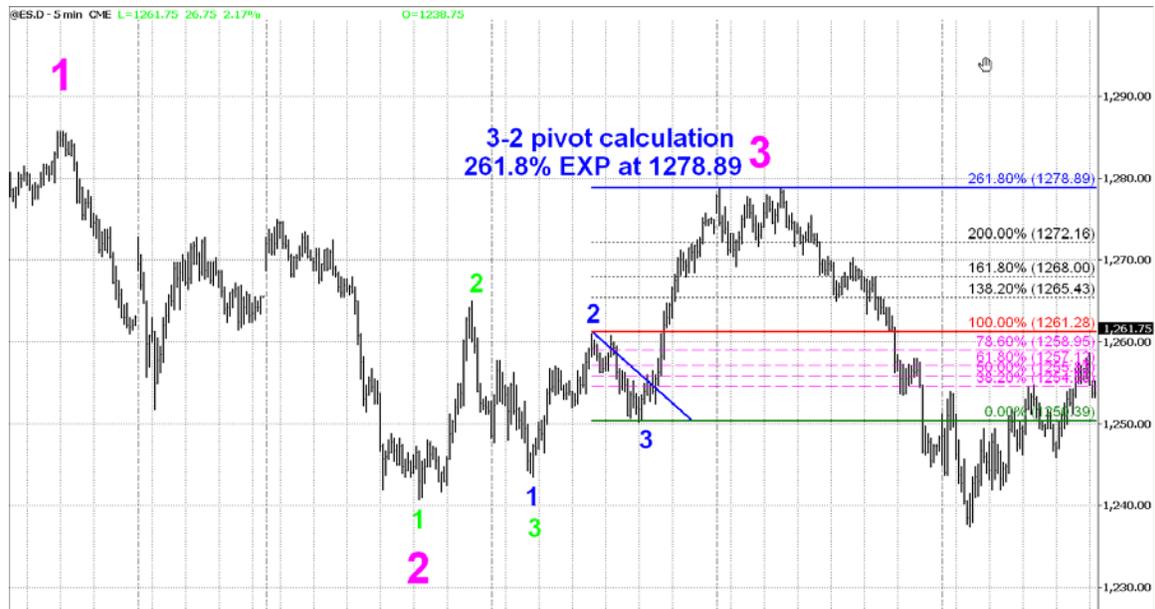




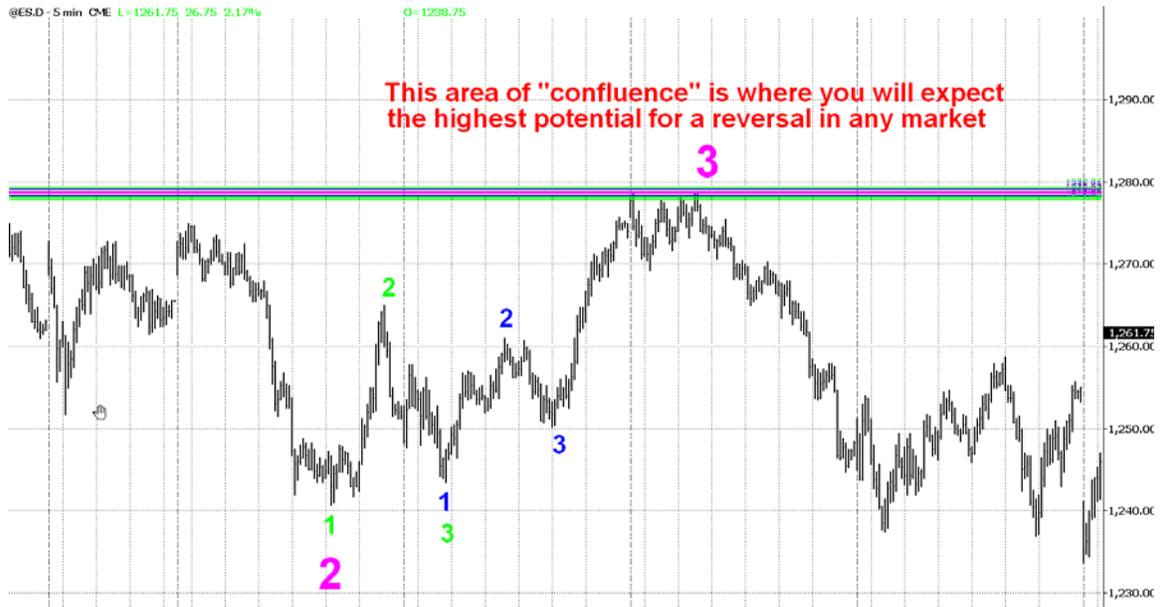
Once we have completed our analysis on the GREEN 1-2-3 we will start our work and repeat this process on the BLUE 1-2-3. First we will start with Extensions from the 1-2 pivots.



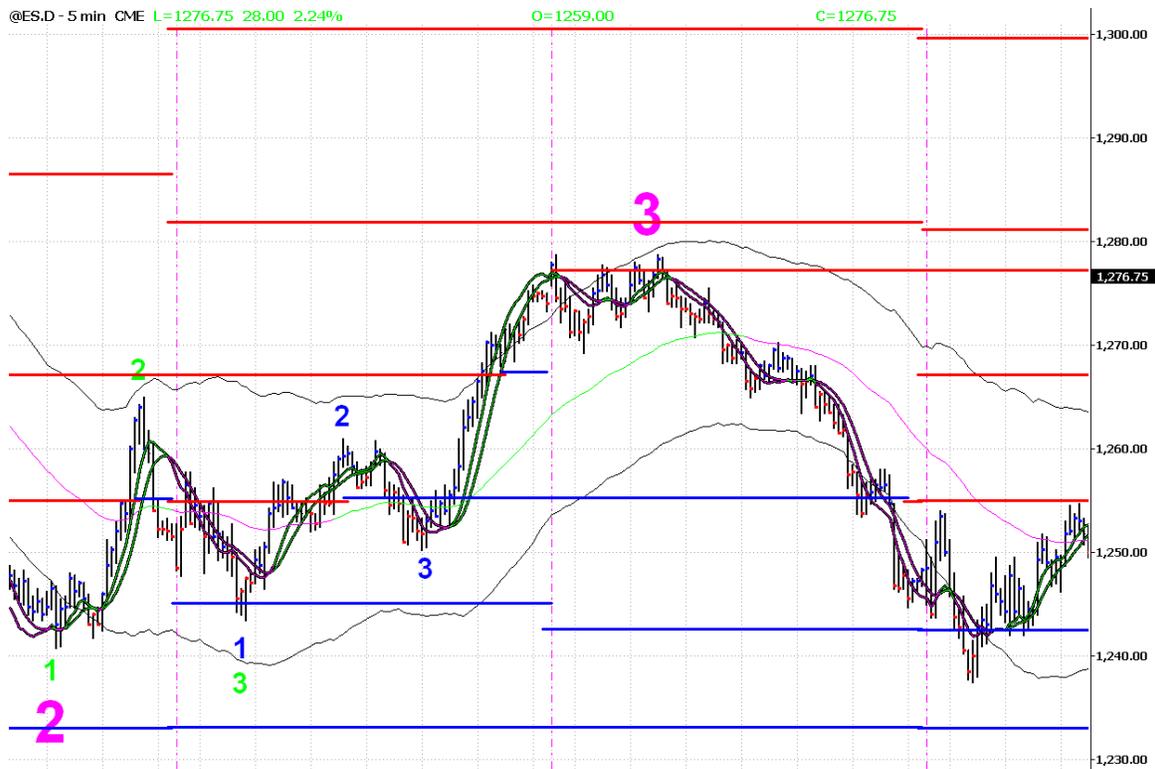
Once we have our extensions we will do our Expansions from the 2-3 pivots.



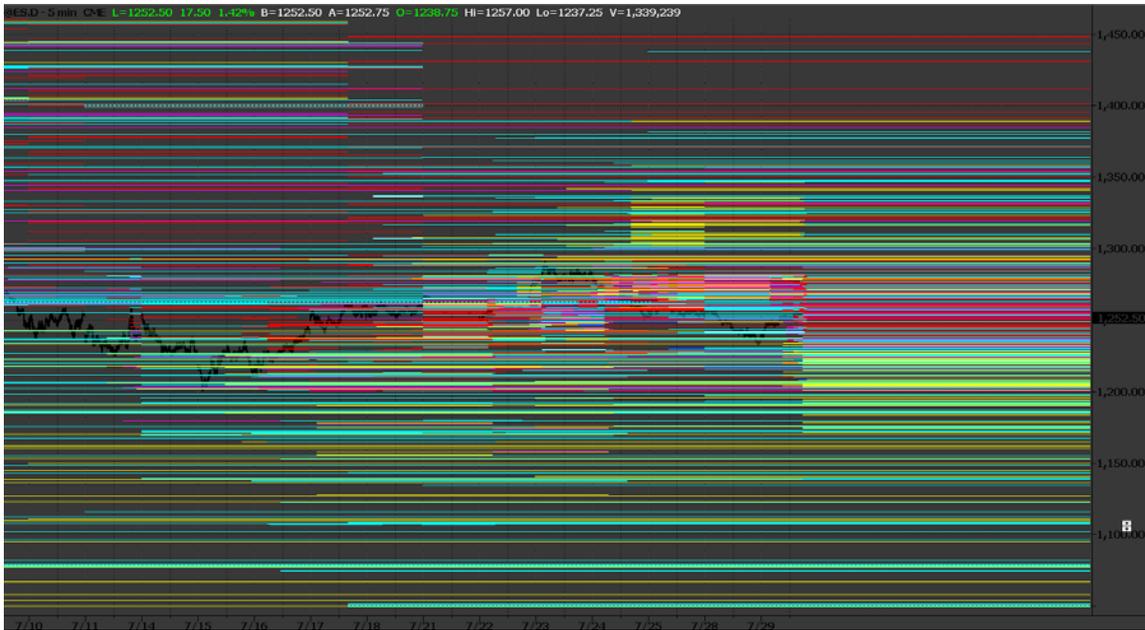
What we will end up with is a tight range where many different Fibonacci ratios from several different sets of 1-2-3 fall together. This is what we call a Fibonacci confluence. This is where we will look for the overall longer-term trend to continue.



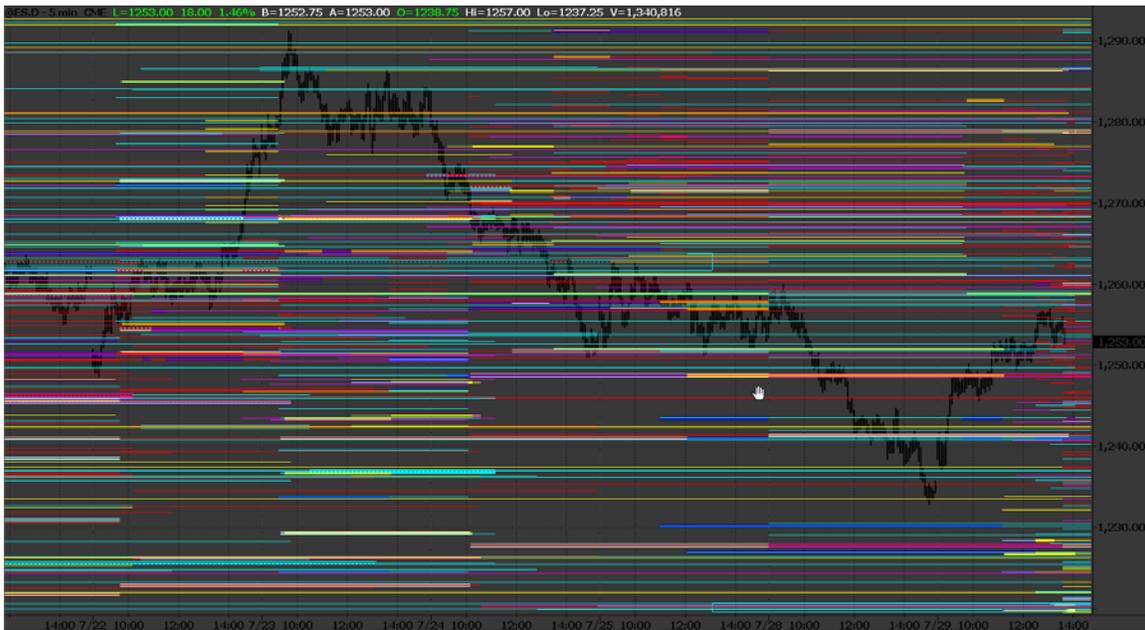
Now that we know where are key areas are let's take our first look at the T-3 Fibs ProTrader and how the software will automatically call key areas of Fibonacci support and resistance.



What makes the T-3 Fibs ProTrader so special? The answer is summed up in 3 words, power, accuracy and consistency. The software will do EVERY possible 1-2-3 swing from well over 150 days worth of data or more, and then it will “synthetically” build 9 higher timeframes and do every possible 1-2-3 from those “higher” timeframes and generate every possible Fibonacci line for you automatically. The snapshot below will show you the “raw” number of Fibonacci lines that the software is generating on a single chart. The background color has been changed so you can see each of the lines a bit clearer.



Let's take a slightly closer look at those lines. As you can see ...there is a Fibonacci line on just about every tick in the market.



The power of the T-3 Fibs ProTrader is that it is able to take all of the raw Fibonacci lines, rank them according to strength, and strength dictated by timeframe, then filter out the noise and leave you with a clear picture of where the market has the most powerful combination of Fibonacci confluences. Not only will the software give you the areas at which to get in, the key Fibonacci areas will also help you to dictate how much potential there is on any given trade prior to entry.

The T-3 Fibs ProTrader will also give you a level of consistency in your Fibonacci analysis that is almost impossible to duplicate by hand. Most importantly it will allow you to focus on being a trader and not an analyst.

Now that you know Fibonacci and how the confluences are generated, how can we use them to make money on a consistent basis? There are two indicators that we will use in addition to our key Fibonacci areas to assist us in entry timing.

First Let's Review Individual Indicators

- Fibonacci areas will dictate the major tops and bottoms from which trades will occur and exits will be taken. We just covered how this works.
- Macd BB lines (key educational concepts covered in video and user guide and 101 classes daily)
 - **Strong moves** defined as extended moves outside of the Bollinger bands with spacing and sharp angle.
 - Strong moves only valid from Fibonacci areas of support or resistance
 - Strong moves to be ignored in strong trending markets. This is defined by the first Macd bb move from a Fibonacci area which DOES NOT reverse the market's overall trend, broken Macd bb divergence at key Fibonacci areas, or strong moves which do not originate at key Fibonacci areas.
- Trigger Lines (key educational concepts covered in video and user guide and 101 classes daily)
 - Learn to recognize strong moves with momentum on the trigger lines
 - Learn to recognize a weakening condition when price trades inside the trigger lines
 - Learn to recognize when a trigger line may cross after multiple closes on the opposite side of the trigger trend.
 - Learn when you can use large trigger lines as areas from which to trade.
- Trend Bands (key educational concepts covered in video and user guide and 101 classes daily)
 - Learn the mid band and what it is used for
 - Trend Trades
 - A strong trend is not reversed until mid band changes colors
 - Helps to determine trend direction
 - How to spot an over-run due to a larger timeframe chart and when it can be used and when it can be ignored.
 - Learn when you apply the outer bands as an area
 - Potential profit targets
 - Areas for bounce or reversal

- Retracement Divergence between price and Macd BB lines (key educational concepts covered in video and user guide and 101 classes daily)
 - To find divergence you must have a disparity between a retracement in price as a percentage and the retracement in the Macd BB lines as a percentage. Typically you will need at least a 38% retracement in price before this is applicable.
 - When can you use a divergence?
 - -Only on moves that originate from a Fibonacci area of support or resistance or the outer bands when considering an exit.
 - When must you ignore a divergence?
 - Strong trending market defined by the first Macd BB divergence from a Fibonacci area that does not reverse the market's direction of the overall trend.
 - Broken Macd BB Divergence at a key Fibonacci area
 - A divergence that is NOT at a key Fibonacci area
 - Divergences that are not between major swings in the market and major swings in the macd bb lines. (small swings may cause short term reversal but major divergence swings may cause trend changing reversals.

Trade Setups:

Let's start with Trend Trades and discuss the different nuances in the Macd BB lines that you will see when confronted with a trend trade and how each of those is going to effect the setup and when and where you get in.

1. The Macd BB Trend is in the direction of your upcoming trade on the 576-tick chart, sometimes referred to as the Bollinger Band Trend Trade.
2. The Macd BB lines trend has changed trend by crossing outer Bollinger band on macd bb lines but is very far above or below the zero line.
3. The Macd BB lines have changed trend and are making an aggressive move towards the zero line on the macd bb lines. This may have slight over-run of zero line and still be ok to take the trade. Think of the zero line as an "area" not an exact price.

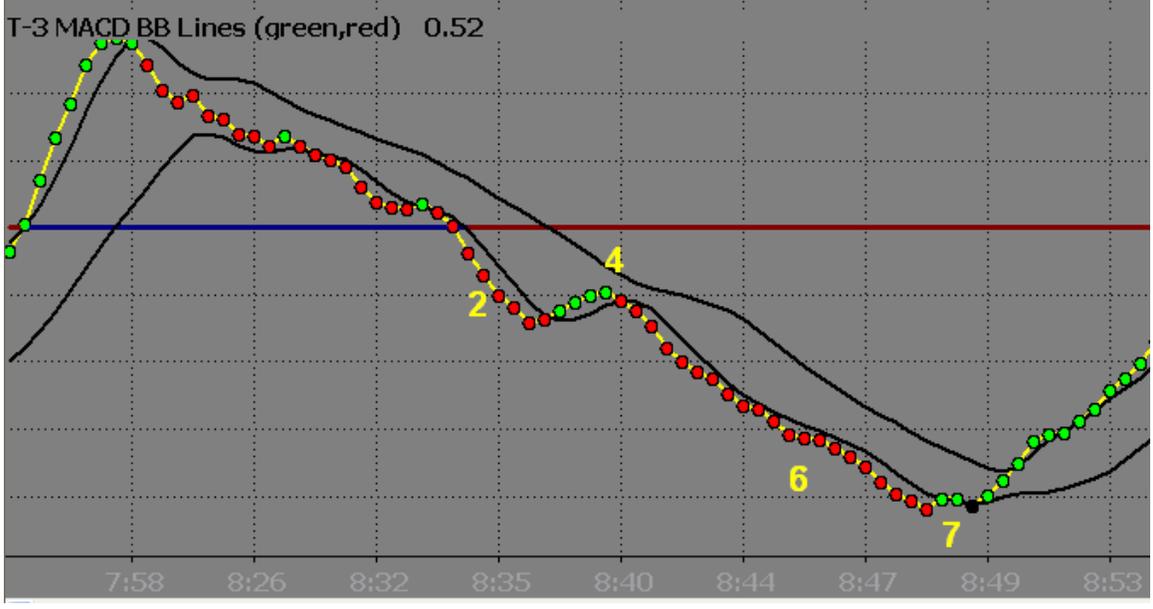
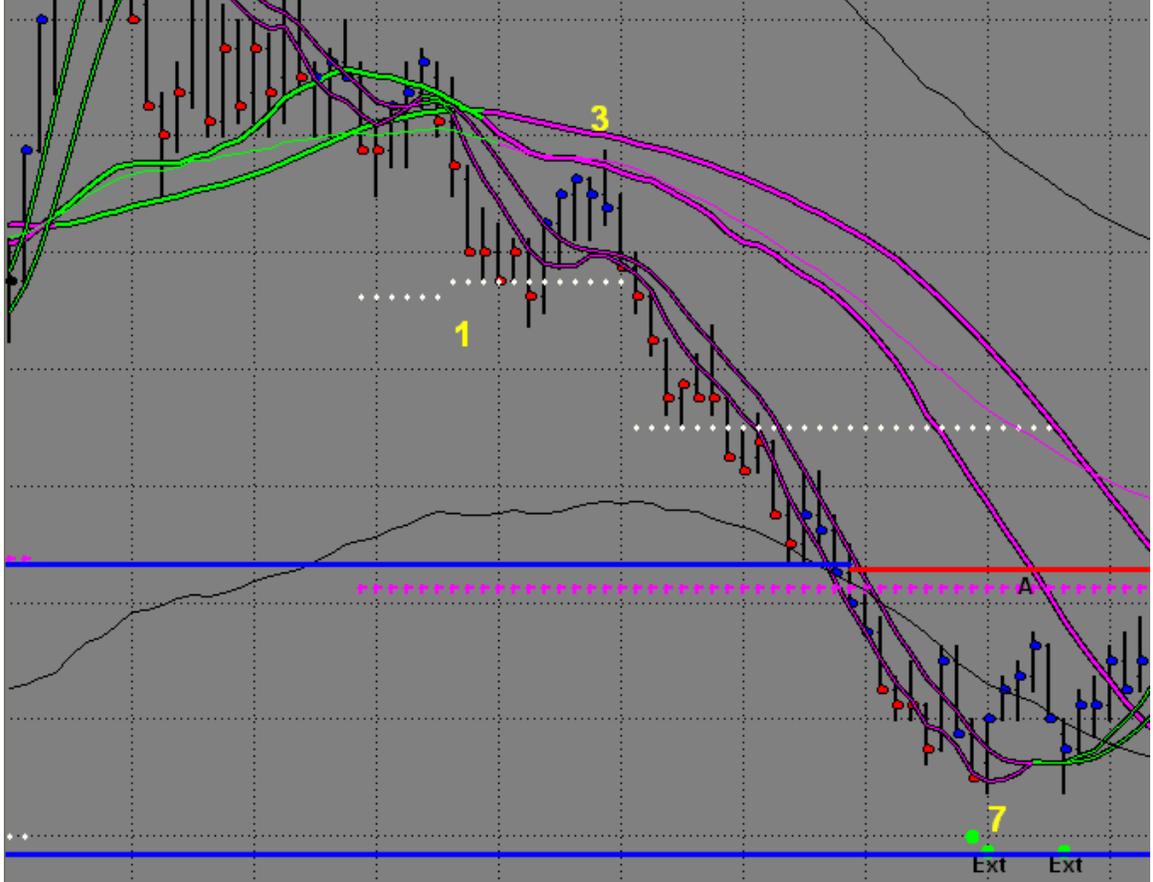
First we will look at the trend trade that is with the Macd BB Trend. This trade provides a significant advantage to a trader when the trade is taken at the area. (We will call this TT #1) when referring to it in the hotcomm rooms.

First we will go through a mental progression of what we are looking at and what we see and what we anticipate out of each component of this trade. I have labeled the chart accordingly.

On the following chart we had multiple timeframe resistance from the 1 & 5 minute and 2304 chart (there is no resistance on the 576 chart so major areas of Fibonacci need to be monitored from other timeframes if not present on the 576)

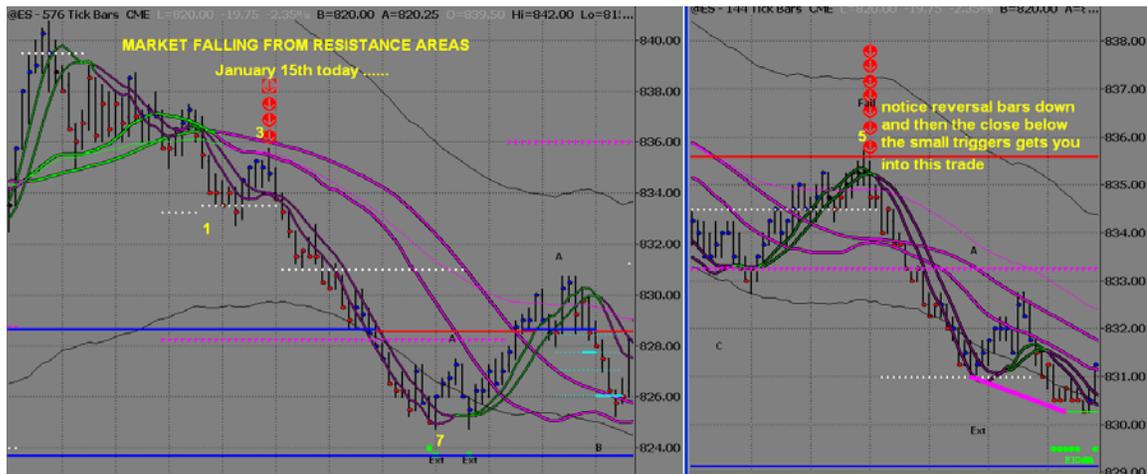
@ES - 576 Tick Bars CME L=820.00 -19.75 -2.35% B=820.00 A=820.25 O=839.50

MARKET FALLING FROM RESISTANCE AREAS January 15th today



The following number corresponds to the progression of the setup.

1. You see that your market is going down from multiple timeframes of resistance and has broken through the mid band
2. You then look at your macd bb lines to make check the strength of them and you will see that at point #2 they are strong to the downside and also below your zero line.
3. You must then retrace back to the “area” which is your mid band and large trigger lines
4. As you pull back to your area you must then gauge the strength of your macd bb lines. In this case they are defined as “weak” because the spacing between the DOTS themselves is small and they do not have enough power to even get back to the Bollinger band which is the top black line coming down.
5. You now have the PERFECT AREA for the potential short with a VERY WEAK macd bb line condition. The fact that you have Large Triggers wide and spread in your trade direction also makes this trade area better. YOU MUST use this knowledge to make the most money for the least amount of risk. In this case you WILL use your lower timeframe chart for entry. Once in to the trade your stop is to be placed just above the pivot high on the 144-tick chart. A bonus on this trade setup is that you ALSO have a Fibonacci resistance on your 144-tick chart, which is not needed, but it is helpful. The actual entry on the 144-tick chart will be made with a close below the small triggers on the 144-tick chart AT the 576 area.



6. You will then look to the continued strength of your macd bb lines to reach your initial target of the outer band and key Fibonacci area at 828.50
7. You will see that after not exiting at your first Fibonacci target due to the macd bb lines being outside the Bollinger band your next Fibonacci target from your 1 & 5 minute charts (not shown) was reached. When reaching that target your macd bb lines lose momentum and your price bars start to close above your small triggers netting you almost 8.5 points in profit potential.
8. Next we will look at the most common mistake that traders make when looking at this specific trend trade, which is waiting until the close below the small triggers

on the 576-tick chart. This will increase your risk and reduce your reward potential dramatically.

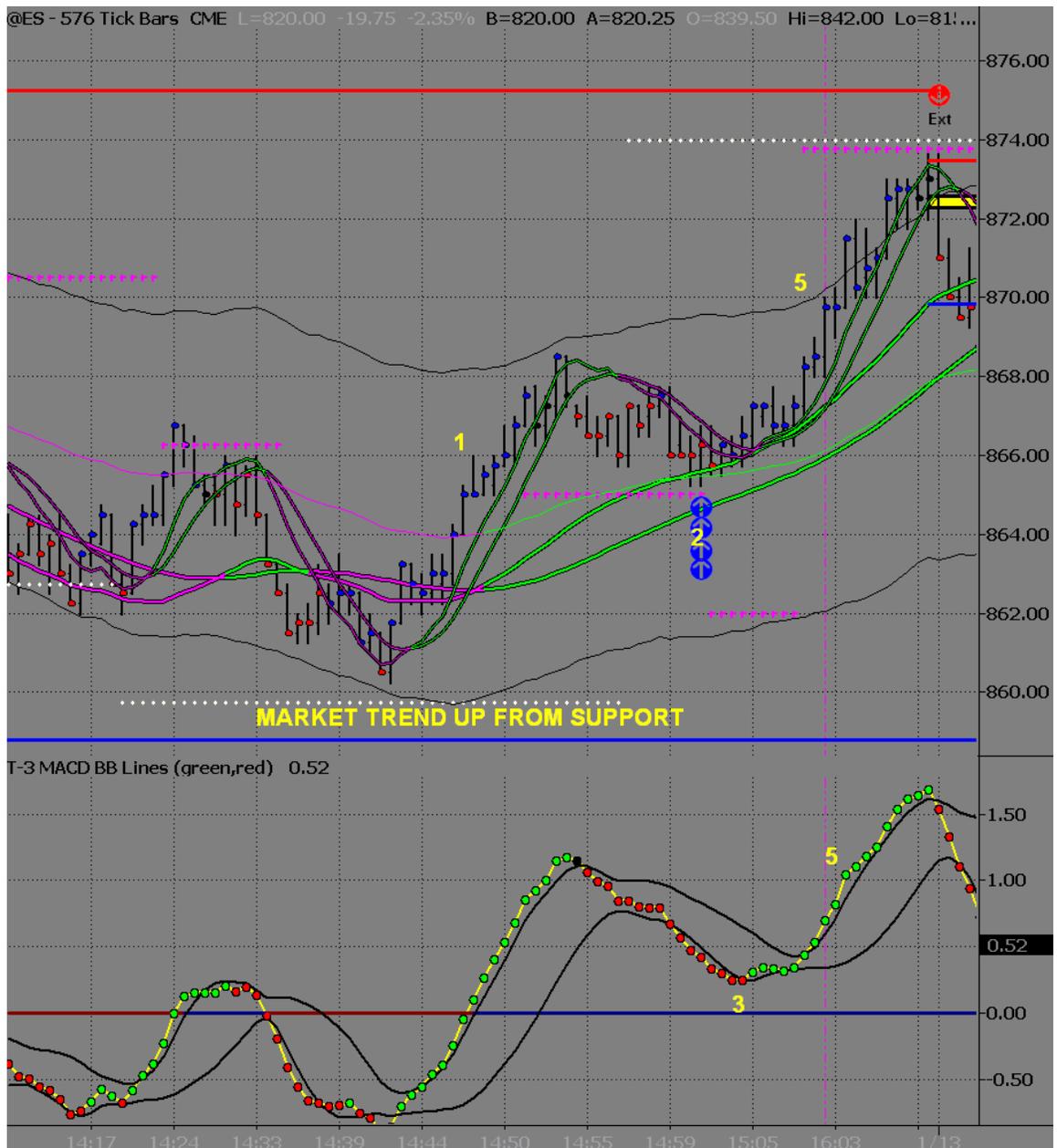


So to finish this trade setup thoughts, knowing where the “best” areas are is essential. Knowing the strength of the macd bb lines during the retracement is essential and getting in as quickly as possible at the most profitable area will make you a better trader.

The second type of trend trade that I would like to discuss is when you have the area of mid band and or large triggers that are crossed in your direction and have the Macd BB lines unable to reach the zero line. (We will call this TT #2 in the hotcomm rooms). The major difference between TT#1 and TT#2 is that TT#2 macd bb lines did change trend whereas in TT#1 the macd bb lines where unable to change the macd bb trend.

1. You will see that the market is trending up from Fibonacci Support areas and the Macd BB lines are strong to the upside and well above the zero line.
2. You “reach” the area of the mid band and the Large Triggers which are wide and spread out to the upside
3. As you reach your area you notice that your macd bb lines are in a trend down but do not have enough strength to reach the zero line. You also notice that the “SPACE” between the dots has diminished and the macd bb lines are losing some momentum to the downside giving you further indication that this area may hold.
4. With this area that is anticipated to hold you will also use your 144-tick chart to help you fine-tune your entry to reduce risk and maximize profit. Notice that the macd bb lines on the 144 starts up and your small triggers on the 144 start to roll. This is the .50 window that you are looking at for your entry. 866.00-866.25 being an “optimal” fill. This would put your risk at 1-1.25 points for a minimum of 4 points potential to the outer band.

* So the trick to a TT#2 entry is to wait for some rolling of the 144-tick chart of the trigger lines and macd bb lines and recognizing that you cannot just take the first close beyond small triggers on the 144 as you can on a TT#1.

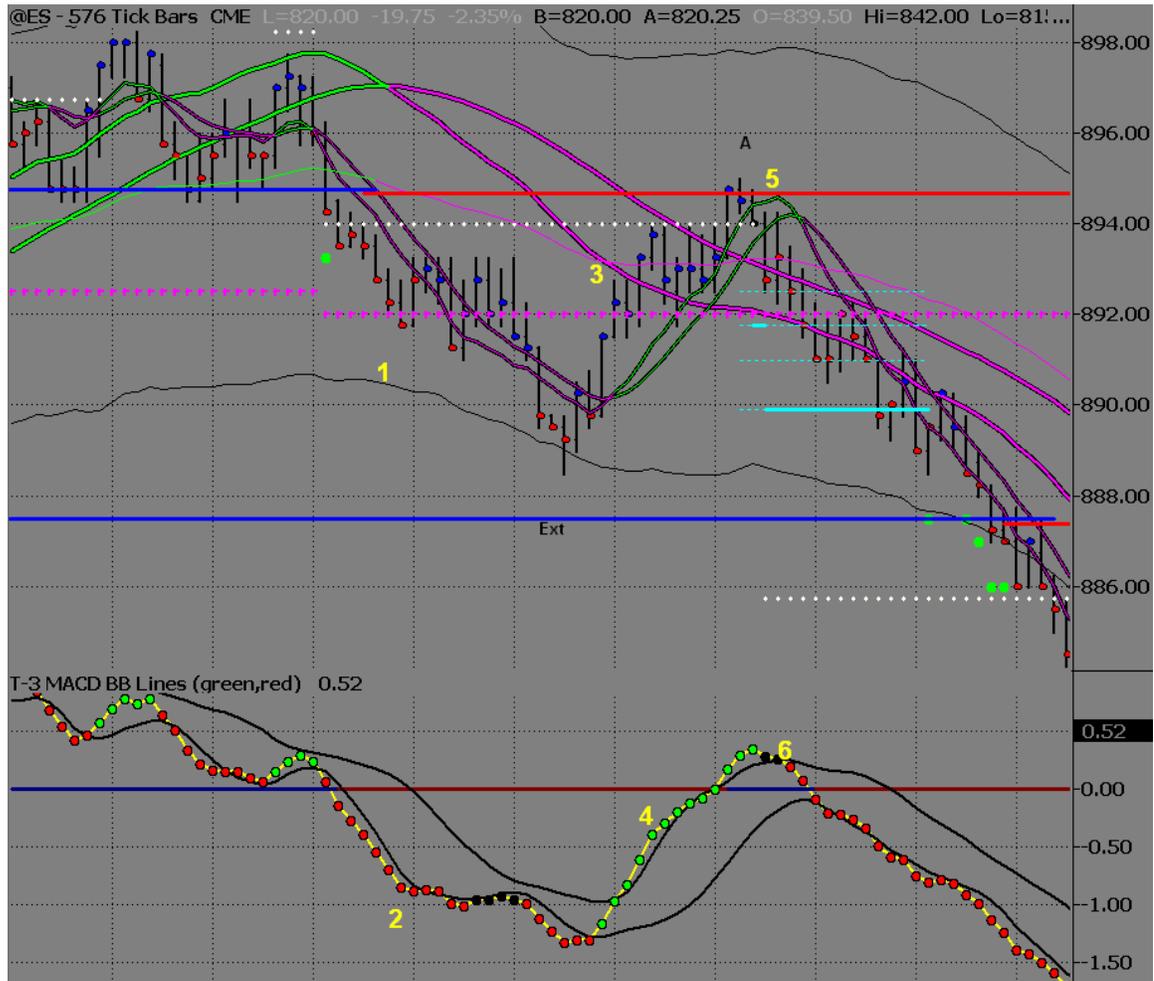


6. Where most traders will get into trouble with this type of trade is not waiting for the areas to get reached before analyzing the macd bb lines. Usually this is a result of impatience and manufacturing a trade in your head from the lower Bollinger Bands of the macd bb lines.

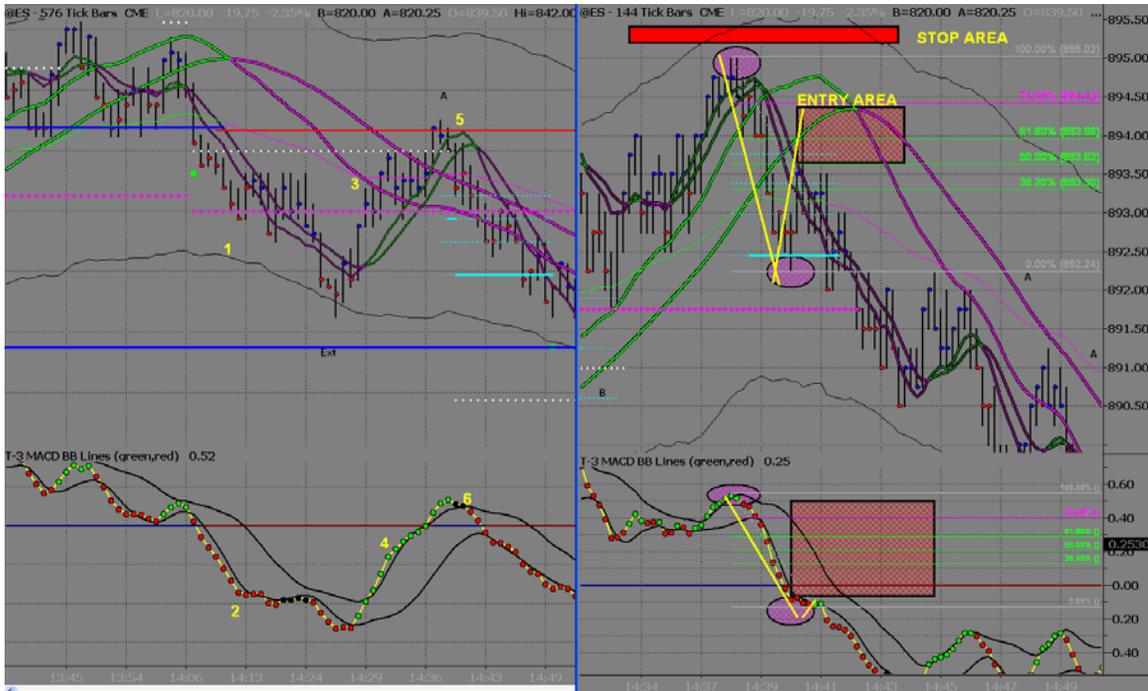


The last type of trend trade you will have is when you have macd bb lines that are strong into and maybe slightly exceeding the zero line. (TT#3 in rooms).
 When you run into this situation it is vital to pay attention to your large trigger line angle and spacing and your key Fibonacci support or resistances.

1. You will see that the market has made a strong move through your Fibonacci support and turned it into resistance.
2. Your macd bb lines have made a strong move through the zero line.
3. You start to pull back to your “area” for a potential sell
4. You notice that the macd bb lines are moving with momentum outside the Bollinger band towards the zero line. This tells you that you must wait for higher areas.
5. You will notice you have reached your HIGHEST area, which is the Fibonacci resistance. The fact that your large triggers are still very wide and pointing straight down will allow you to still take a shot at this short.
6. You must WAIT for the market to turn and the macd bb lines to turn PRIOR TO ENTRY.

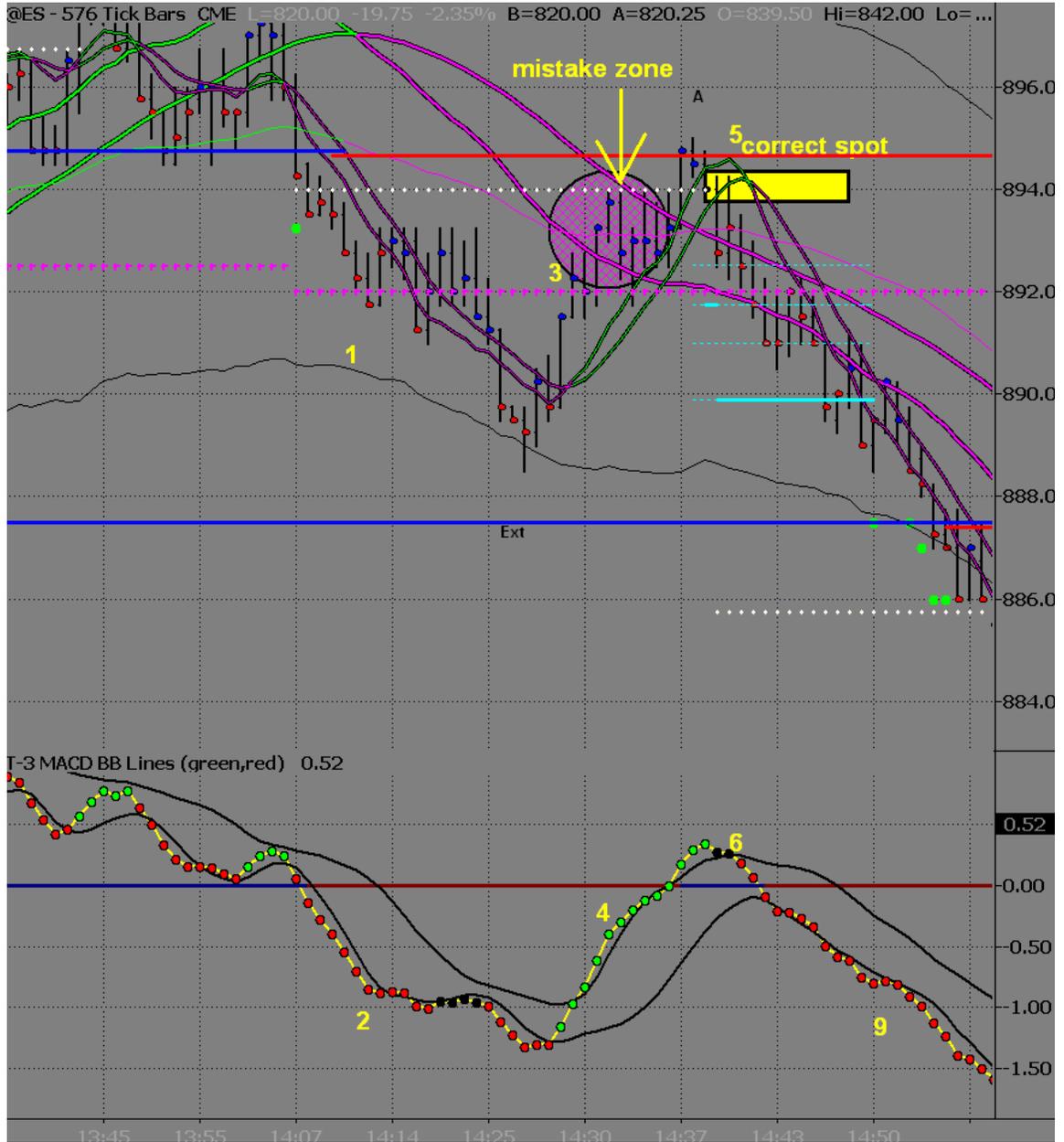


7. With the strength and momentum that took you to the highest levels you will expect a bounce after the first close below the small triggers on the 576. This bounce may be as little at 38% or as much as 100%. You will enter as close to the top as you can when you pull back towards the 576 small trigger lines.
8. I have marked up what is the 144-tick chart at this “pullback” to the trigger line area. If you will notice the market almost makes a 78% retracement. At the same time the macd bb lines on the 144-tick chart make almost no retracement. The 894.00 area is your least amount of risk (approx. 1.5 points) and most amount of reward.



9. Again you will use the macd bb lines to judge the strength of the market and your likelihood of reaching your initial targets. The reward potential on this trend trade to the 576 outer bands and Fibonacci area was almost 7 points giving you over a 4:1 risk reward ratio initially.
10. Ultimately this trade loses momentum after bouncing off of the 884.50 pricetag giving you the actual potential of almost 8-9 points.

The common mistake with this trade is made when newer traders try to sell the area without waiting for the momentum to slow down. There may be a trend trade #2 there first that you will have to abandon and if you do not then this will result in a stop out of your trade and may keep you from taking the proper trade once momentum has slowed.



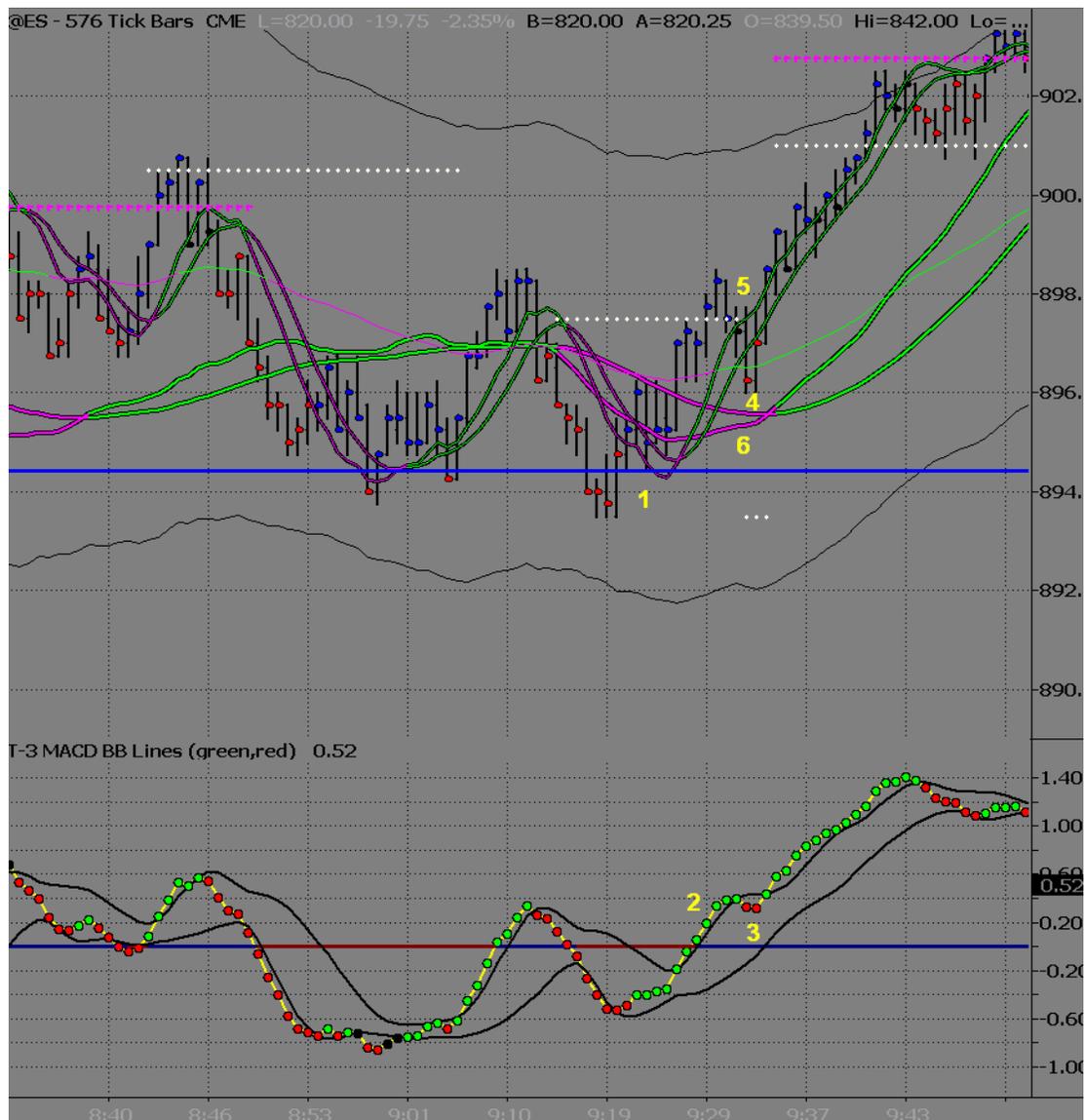
One more nuance that gets discussed a lot of the time is “broken divergence”. This is nothing more than a **STRONG TRENDING MARKET**. In all cases of a strong trending market you must still adhere to the rules for the macd bb lines as discussed above. In this example you will see that we are **CLEARLY** in a strong down trend and we are **WELL ABOVE** our large trigger lines that have rolled to the upside. Because of the prior strong trend and broken divergence, you will see that **ONLY** after the macd bb lines roll do you get an opportunity for a trend trade short.

The second trend trade short happens after a strong move down on the macd bb lines and a weak retracement to the top Bollinger band of the macd bb lines which you will hear referred to as a **Bollinger band trend trade**.

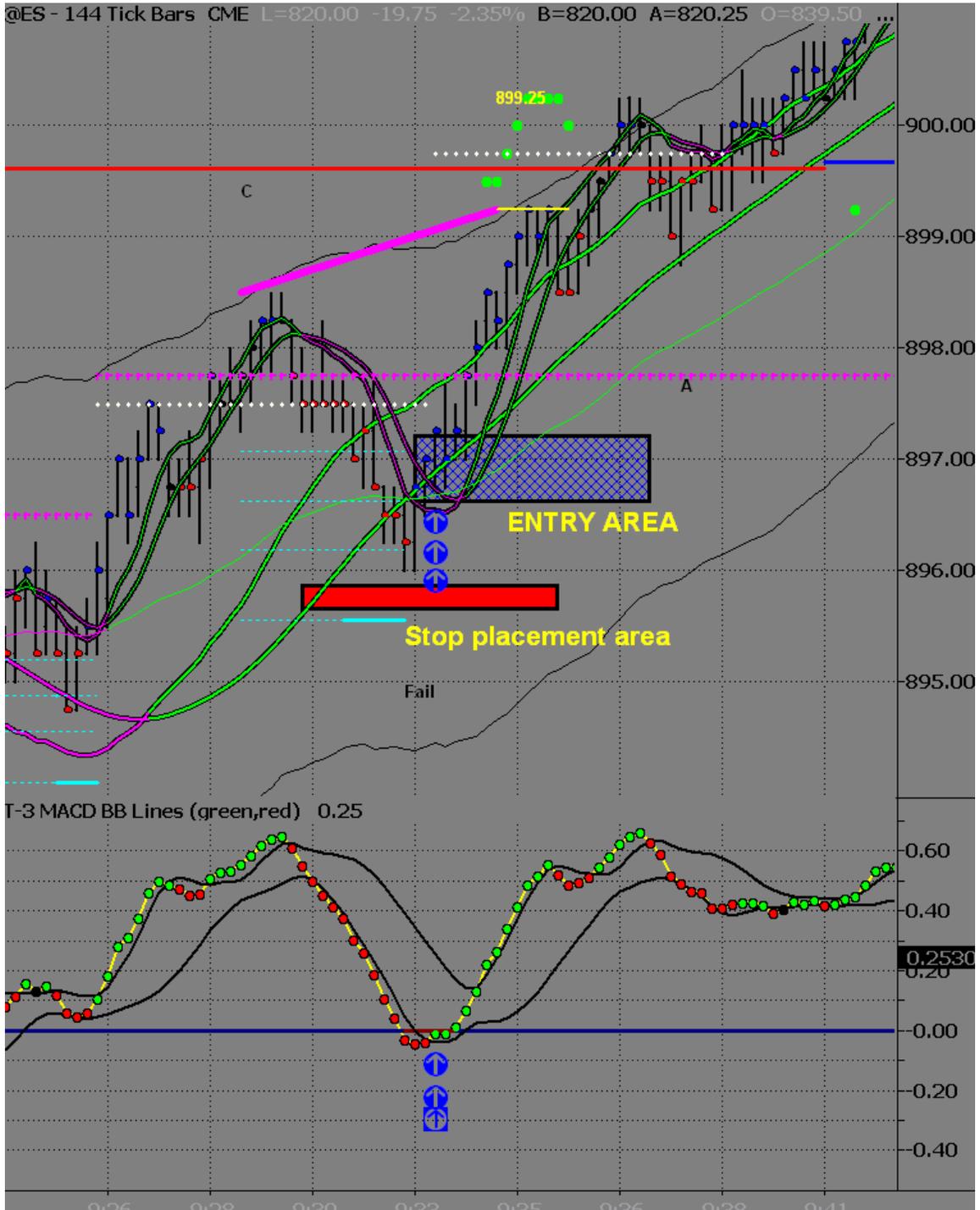


Now let's discuss Fib Momentum Trades. First you must recognize conditions that must be present per the rules in order to take these types of trades and second you must know when you have a higher expectation of winning these trades.

1. This trade **MUST** be started when coming from a Fibonacci area. As you can see here we have a blue line of support.
2. Your macd bb lines must make a strong move off of the support line
3. During your retracement in price you **MUST** have a strong retracement divergence.
4. The pullback will generally be to a fib line, mid band or the large triggers and in some cases small triggers. They key will be repetition in historical marking of these trades.
5. During the pullback it is very important that the small trigger lines do not roll back over and lose all momentum. Some turning is acceptable but not much.

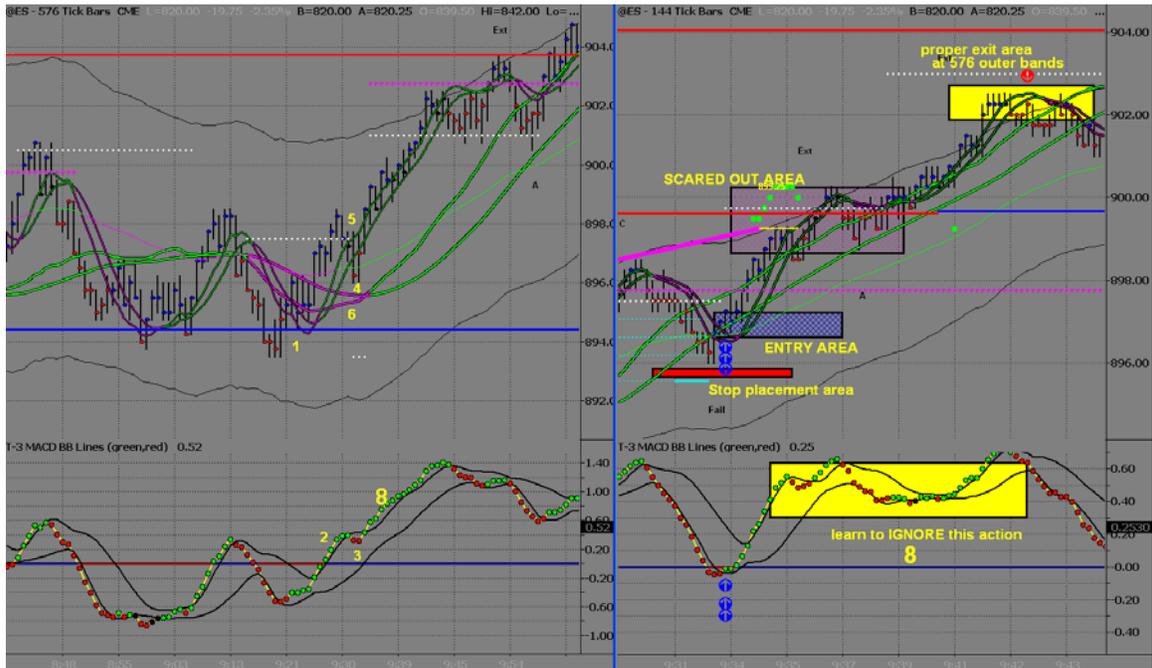


6. Once you have reached the pullback area you may then use the 144-tick chart to help you fine tune your entry by using close above small triggers and a loss of momentum on your macd bb lines.
7. Notice that this 144-tick entry area for the fib momentum trade on the 576 looks very much like a trend trade as discussed earlier and the same rules can be applied.



The common mistake that most traders will make once they have gotten into this trade is they will lose site of the strength of the macd bb lines on the larger chart and focus on the 144-tick chart and allow it to scare them out of the trade prior to reaching the higher timeframe targets.

- Notice the macd bb line strength on the 576, this will allow you to remain in your trade all the way to the target area of the outer band or Fibonacci area. The result of using your indicators on the larger charts dictate your entry and exit points in this case would have given you the potential of at least 3 more points. If you add this to your totals on a consistent basis you will have used the software to it's fullest potential.



Fib Momentum trades that do not have the large triggers favoring the trade by pinching or rolling are taken by many more experienced users of the T-3. Per the rules this trade fits but is generally not recommended for new traders to the T-3 and should only be done with lots of screen time and experience.

I will show you one such trade. Typically these trades will be taken by more experienced users if there is a higher timeframe reason why this setup will work in combination with ZERO MACD BB LINE RETRACEMENT during the pullback. Also the small triggers will never slow down during this price pullback as well. AGAIN... not for novice traders, the more experience you have marking up historical charts and seeing when this will work and when it will not is key in your success on this type of setup.



Trade Setup Checklist – Jeremy

The following is your mental checklist when looking to enter a trade. This thought process should go on long before you even reach the area to trade from and should be repeated until in the trade itself. We will cover trade management in detail during the seminar. It will take a fairly long time to go through the list in your head at first and will seem like a lot. With practice it will become second nature and a very quick read of the software when looking for trading opportunities in the market.

Large Triggers

Area

Macds

Small Triggers

Price Action

Risk to Reward

How to do historical bar marking- Jeremy

- This is when you cheat and mark them up properly so that you will know you are doing them correctly.
- Few example days of marking charts

How to do bar by bar analysis going forward

- Setting up charts correctly so that you can not cheat

Setup for Bar by Bar Chart Work

- Turning off Indicators: Right click a blank area of the chart (workspace). Select the 2nd option (Format Analysis Techniques). Select T-3 Fibs ProTrader, select Format on the top right. Go to the Inputs tab.
Plot_ABC – false
Plot_ABCPaintBar – false
Plot_ABCTRtr – false
Plot_DivergenceShowMe – false
Plot_MacdBbCrossShowMe – false

- Use the Background Dragging tool in Tradestation between the price action on the right axis. Left click between the price and drag cursor up/down to scale your charts to your liking. I recommend a 2pt range between numbers. When finished with the Background Dragging tool, left click the small arrow next to the button and select the 2nd option (disable and maintain current scale range). This will save your changes and your charts will remain as you've chosen.
- To the left of the background dragging tool there is a button with arrows facing away from each other and one with arrows facing towards each other. These buttons are used to increase and decrease spacing between the price bars. When using these, watch the price action at the far right of the screen as though it were live market. You want to be able to see only that price bar and the close. You don't want to give away any future information such as a trigger line turning or the close of the next price bar.

Marking Charts

- Long entries should be marked with 3 “up arrows” below the price bar you would enter the trade on.
- Short entries should be marked with 3 “down arrows” above the bar you would enter the trade on.
- Exiting a short trade should be marked by 1 “up arrow” below the bar you would exit the trade on.
- Exiting a long trade should be marked by 1 “down arrow” above the bar you would exit the trade on.
- Use the text tool on the drawing toolbar to type any notes or questions on the chart.
- Use the circle tool to highlight question areas on the tick charts as well as trades you believe you missed while doing bar by bar work.
- Use the trend line tool each time price action reaches an Outerband or Fib Support/Resistance to compare the highs/lows of both macds and price action for divergence.

Live Video Work

- We are going to review each of the trade setups as they happen live.
- All videos are narrated initially by John and Jeremy
- Once we have reviewed many videos we will then review raw video footage to reinforce the lessons

Q&A –

- We will discuss any questions anyone has moving forward.
- Thank you for your time and we appreciate your dedication to learning the trade at your best.