

## Danger Signs

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There are situations that can make what looks like a good trade a bad trade. They do happen infrequently but they do happen.

These are the signs I have detected so far using Spud's MTF Stochastic System:

1. None of the 15/30/1H stochastics should be above 80 when the 4H stochastic crosses below 80 in a short entry. (This can lead to an early entry with price going up instead of down).
2. None of the 15/30/1H stochastics should be below 20 when the 4H stochastic crosses below 20 in a long entry. (This can lead to an early entry with price going down instead of up).
3. Use **caution** if 2 of the 15/30/1H time frames stochastics are low (below 30) in a long trade or high (above 70) in a short trade when entering as this may draw price away from your intended trade direction.
4. Exit any trade where the 4H has crossed the 80 down, you enter and then the stochastic loops back up to 80....re-enter on the next 80 cross. Vice versa on the 20. Generally this loop is above 61.8 from 80 and below 38.2 above 20. This happens infrequently but can happen without any prior warning.
5. Remember that price moves can be dangerous when a stochastic is above 80 or below 20. Any time frame of all 4 time frames in this position can affect the trade...where a stochastic in the 80-100 range will draw price up and a stochastic in the 20-0 range will draw price down. 90% of failures will happen when this situation exists.
6. When in doubt and up pips...exit your trade! You can never lose if you gain pips. Protect your profit.