



PBF Xtreme Direction User Guide



New! MetaTrader 4 Version



Welcome to the PBF Xtreme Direction User Guide

Using the Direction

The Xtreme Direction was being developed around the same time as the Squeeze was being designed.

While you can trade with this indicator alone, it was designed to work as a team with the Squeeze indicator.

I do not like cluttered charts, so I plot as few indicators below the price chart as they say the best indicator is price. We do not want too many indicators to take away our attention from price.

Can one trade without any indicators? Some people do. But then one loses the advantage of spotting divergences, which requires the comparison of two subjects. If price is the best indicator, then what could be the second best indicator?

What if I could add more information to the best indicator: the price, to help me make trading decisions? In my humble opinion, "paint bar studies" are under appreciated. Many of the paint bar studies that come with the TradeStation platform can't really help you make trading decisions. Apart from the Heiken Ashi indicator, there are very few paint bar studies for MetaTrader at all.

The Direction will change this. It is intelligently designed, and is unlike anything most people have seen. While it filters out noises and keeps you in a winning trade longer, it also spots the directional changes very

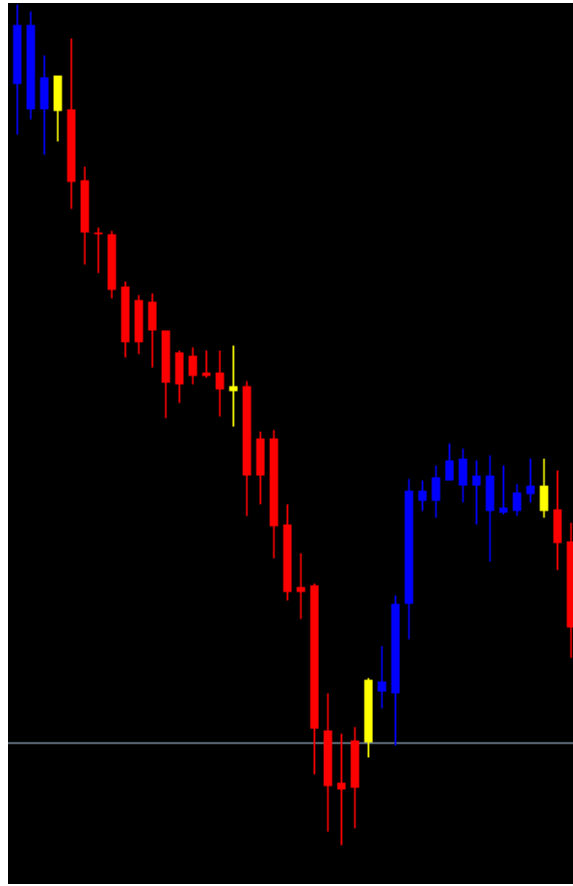
quickly and changes color accordingly, without giving choppy or confusing signals by changing colors every other bars.

Like my other indicators, I created the Direction for my own trading. I don't like lagging indicators, I don't appreciate being late, and I certainly like to beat the crowd (but not jump the gun).

Safety is always first. My motto always has been: if I don't take losing trades, I can never lose money. All the PBF indicators are designed to be safe, but also responsive, fast, and accurate.



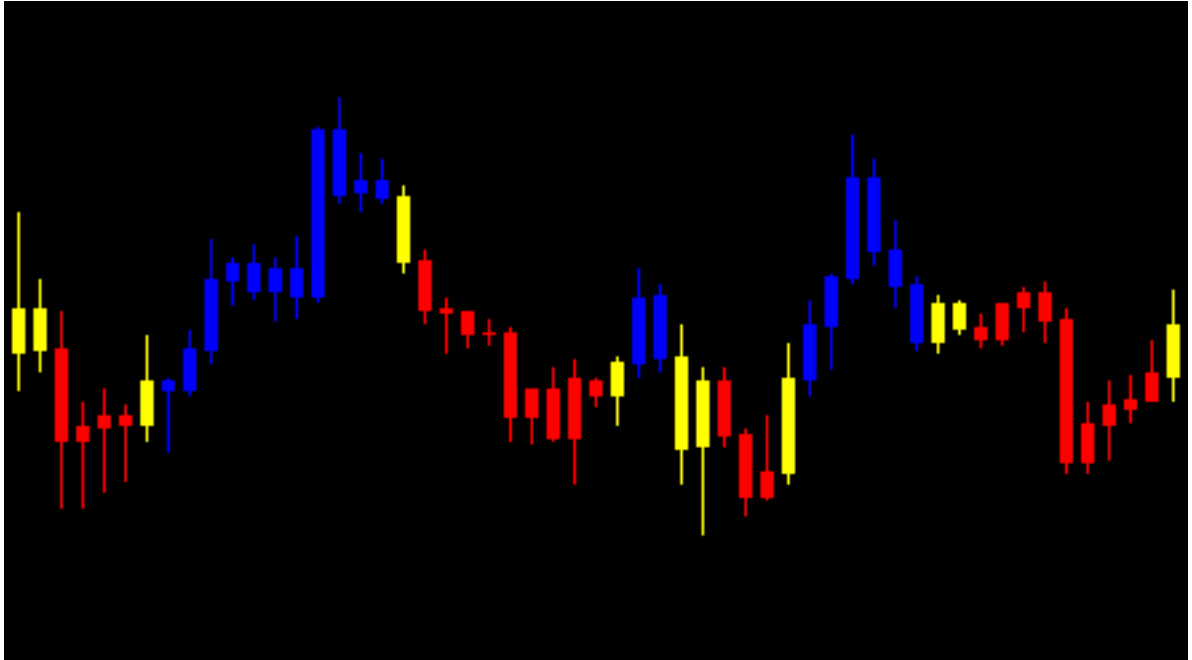
The Direction paints the bars in blue and red. Blue means buy, and red means sell. Very often, it catches the very beginning of a direction change. From past experience, even if the price retraces against me, if the paint bar is still red, it is usually right.



Let's look at the unique, smart yellow bars. The color yellow is used in many of my indicators as a sign of warning. The yellow bars often appear at the top or bottom of a swing near the turning points, forecasting a possible directional change and giving you a visual aid. However, it is not always the case. In a trending market, if the price has a slight correction, the smart Direction will also paint the bar yellow to tell you that you can either add to your position in the direction of the trend, or enter the market if you missed the initial run.

Ideally, the yellow bar is where you should enter, add to, or exit a position. However, if the market reverses its direction suddenly, the yellow bar may appear in real time, but might change the color directly to blue or red at bar close, indicating sudden reversals. This means when

you plot the Direction against historical data, the yellow bar may not always be there as they appear in real time. Because once a bar is painted, it will never go back to change colors.



If you get a few yellow bars mixed with blue and red candles, get out of your position or stay away from the market. The market is likely in a choppy condition. If you get several yellow bars in a row, pay extra attention, as the market often breaks out in one direction or the other.

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