

**MASTERLINE TRADERS**  
Futures Trading 

# What To Look For On The Masterlines

And The 1Minute Chart

**APRIL 2020**



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# 1- What to Look For on the Masterlines



The **first five lines** (STML, LTML, SL, TL, MLP) are **based on the 34 MasterBar**.

- TL (Trend Line) color is the trend identifier for these five lines.

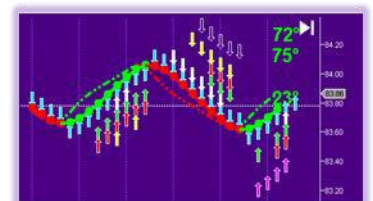
The **last two lines** (STMTL, LTMTL) are **based on longer bar frames**.

- Because they are longer bar frames, it takes quite a bit to turn them. Therefore, use the **color of the Slope Angle**, not the color of the bar.
- The lines are referred to as the “Master Trend Lines.”

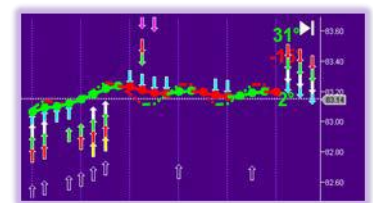
## LTML – Long Term Money Line

- LTML is following the price so a good angle or peaks and valleys on the line is optimal.
- If flat, price is going sideways.
- Highest probability trades are closest to the turn, ie Wave 1, Bar 1.

### Peaks and Valleys



### Flat



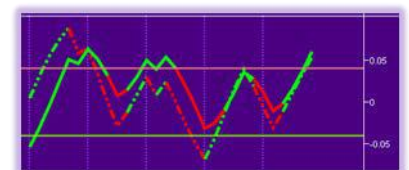
## STML – Short Term Money Line

- This is just a shorter term version of the LTML.
- The STML is used in conjunction with the LTML to determine the wave count.

## TL – Trend Line

- The color of the Trend Line (not the slope value) identifies the trend.
- Frequent up and down on the TL indicates a lack of direction. This is referred to as zigzag or picket fence.
- The location of the TL (Trend Line) relative to the Box and the Overbought and Oversold lines can be used as another condition for trade setups.

### Zigzag or Picket Fence



See Pages 7 - 9 for information on the Trend Line.

# 1- What to Look for on the Masterlines - Continued

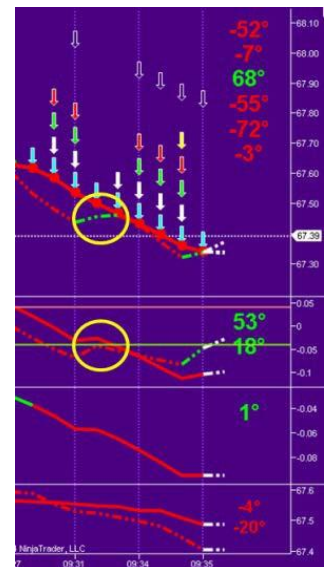


## SL – Scalp Line

- The SL is the first early warning signal, like taking your foot off the accelerator. It is very sensitive to movement in the market.
- Long Trades - Green indicates acceleration, red indicates deceleration.
- Short Trades – Red indicates acceleration, green indicates deceleration.

**Scalp Line Nuance** – In a normal trading environment, the STML and the SL will change direction and change color at the same time.

If the STML and SL both change direction, and the STML changes color but the SL stays the same color, this is a STRONG indication that price will continue in the original direction.



## MLP – Masterline Plus

- MLP is the second early warning signal, like putting your foot on the brake.
- Want good angle represented on the slope.
- Especially want good angle on the slope when going into the centerline.
- Be careful if MLP color changes a long time before LTML.
- Be careful if MLP is the same color for a long time.
- Want a smooth line on MLP rather than choppy.

If using a minimum slope value for the MLP as a condition for a trade setup, it is very important to make sure the number is sustained once it is reached.

# 1- What to Look for on the Masterlines - Continued

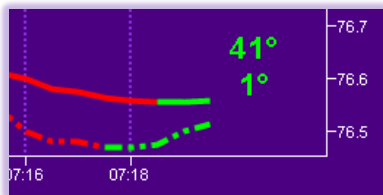
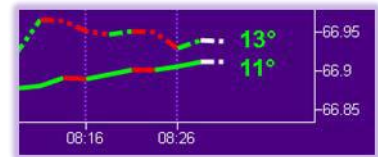


## The Master Trend Lines – STMTL – Short Term Master Trend Line LTMTL – Long Term Master Trend Line

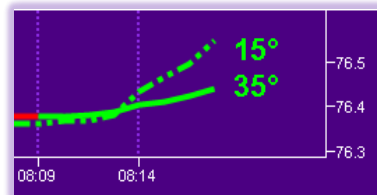
The LTMTL and STMTL work off longer bar frames than the other lines and therefore give a longer view of the market. These lines can be used as additional confirmation of a trade setup.

- If converging and crossing in direction of your trade – GOOD.
- If diverging against your trade – BE CAREFUL.
- Frequent color changes (coral snake) indicates indecision in the market.

**Coral Snake**



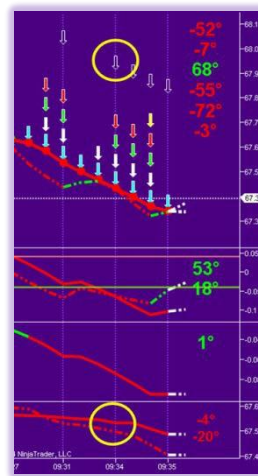
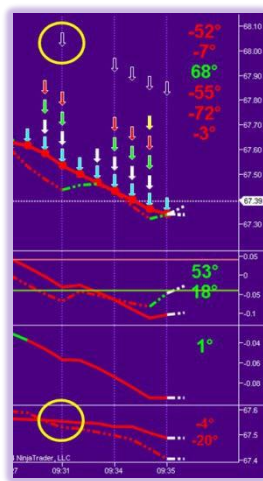
Converging is when the lines are moving toward each other.



Diverging is when the lines are moving apart from each other.

## ArrowFilters: LTMTL/STMTL Cross

There is a filter on the LTMTL to alert the user to a cross of the LTMTL and STMTL. It can also be used to identify increasing divergence.



There is a **Look Back** setting on the filter to fix the number of bars to print arrows after a cross occurs.

## 2- Sequence of the SL, MLP, and TL Color Changes



### Sequence of SL, MLP and TL:

- SL -This is the first early warning signal, like taking your foot off the accelerator.
- MLP -This is the second early warning signal, like putting your foot on the brake.
- TL -This will change color and try to reverse direction.

**So....typically the sequence of color change should be.....SL, then MLP, then TL.**

### SWR – Secret Weapon Reversal

- This is a confirmation indicator that is based on the sequence of the color change of the SL, MLP and TL but the LTML color change is also considered.
- The LTML color must change between the SL and the TL, OR, at the sametime.

*Here are 2 ways to think about the order of the change in color of the lines for a SWR trade setup.*

SL ≤ LTML or MLP ≤ TL    **OR**    SL ≤ LTML ≤ TL  
SL ≤ MLP ≤ TL

There is a filter on the LTML to alert the user when the SWR condition is met.

## 3- More about the MLP – Masterline Plus

Things to be aware of regarding the color change of the Masterline Plus:

- If the MLP changes color prior to the LTML, you will have a bigger slope angle on the MLP when the LTML changes color. (But you don't want the MLP to change a long time prior.)
- When pushed into overbought/oversold and the MLP has been the opposite color for some time, it is telling you there is a lot of strength or residual momentum. It is less likely to gain a lot of momentum on the turn; therefore, the turn will be slower.
- If the MLP changes color when you are not in overbought/oversold (ie, between the box and the dash lines), it could be indication of a reversal getting ready to occur.
- If you have a radius momentum trade or Big Push into overbought/oversold then the SL and MLP will change color which is indicating a loss of acceleration. There could be enough residual momentum to cause the price to go sideways or continue in the trend direction.

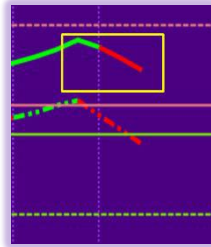
## 4- Location of the TL – Trend Line



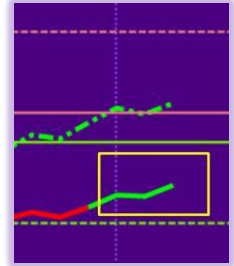
The location of the TL (Trend Line) relative to the Box and the Overbought and Oversold lines can be used as another condition for trade setups.

### Optimum TL Position

Short Trades - TL is below the upper coral dash lines and above the top of the Box.

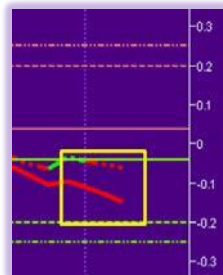


Long Trades - TL is above the lower green dash lines and below the bottom of the Box.

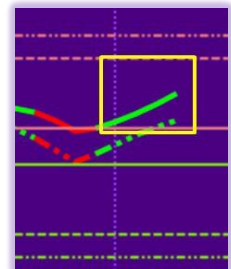


### 2<sup>nd</sup> Best TL Position

Short Trades - TL is below the Box and above the lower green dash lines.

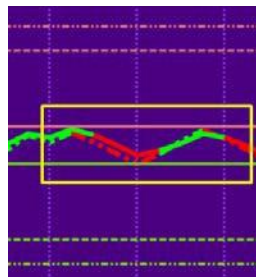


Long Trades - TL is above the Box and below the upper coral dash lines.



### Least Favorable TL Position

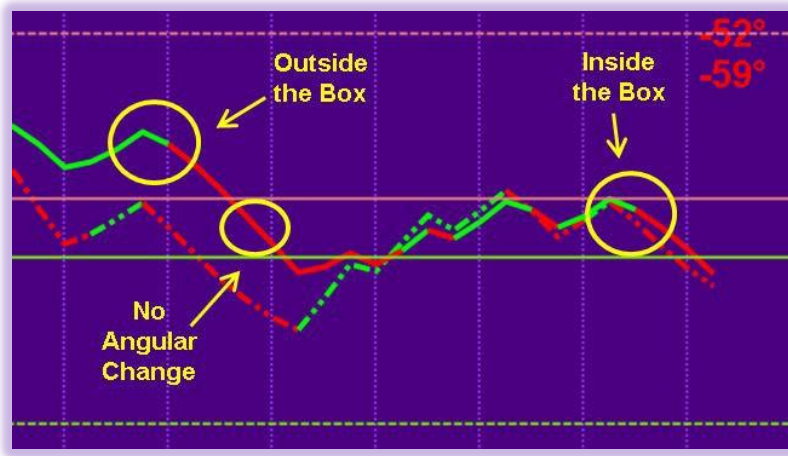
Short AND Long Trades – When TL is “Inside the Box.”



The **BOX** is the area between the red and green solid lines.

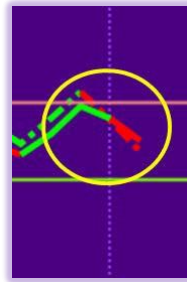
Inside the BOX – This is defined as the angular change that results in a color change of the TL.

# 5 – Inside the Box



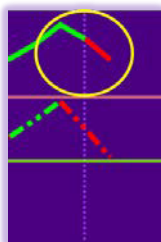
You want to be careful if there is an ANGULAR change of the TL inside the Box and that angular change results in a COLOR change of the TL.

- Three conditions need to be met:
  - Angular change of the TL
  - TL inside the Box
  - TL color change



**Be careful of this look!**

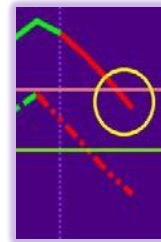
These three situations are OK:



Not Inside the Box



No Color change



No Angular change  
No Color change

The closer to the center of the box the angular change of the TL that results in a color change, the more indeterminate which side of the Box it will come out.



## 6- Filters Related to the Trend Line Location



There are three filters on the LTML relative to the TL (Trend Line) location.

### **ArrowFilters: TL OB or OS**

- This filter determines if the Trend Line is in the overbought or oversold area.
- If this filter is used on an arrow alert, then no arrows will print when the TL is in OB or OS.

ArrowFilters: TLOB or OS	
1- TL OB/OS	True

### **ArrowFilters: Optimum TL Position**

- This filter determines if the Trend Line is in an optimal position for the direction of the trade.
- If this filter is used, arrows will print ONLY when the TL is in an optimum position as described on page 7.

Arrow Filters: Optimum TLPosition	
1a. Use Opt TL Pos?	False

### **ArrowFilters: SWR**

- This filter includes a condition for determining if the TL is “inside the box” but is not a standalone filter.
- It is used in conjunction with the SWR filter but the SWR is the primary filter.

Arrow Filters: SWR	
1- Use SWR Filter?	False
2- Use TL Box?	False

### **ArrowFilters: Box Exclusion**

- This filter is a standalone filter for determining if the TL is “inside the box.”

Arrow Filters: BoxExclusion	
1- Use TL Box?	False

# 7- TL and MLP at Extremes

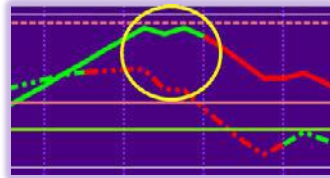


## Only TL at Extreme

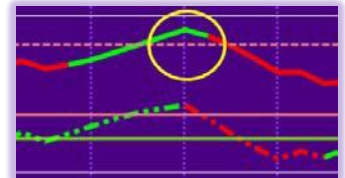
When only the TL (Trend Line) is coming out of the overbought or oversold area you want a “double test” to occur before taking a trade.

A “double Test” looks like a “W” or an “M” on the TL and a “single test” looks like a “V.”

Double Test



Single Test



## Only MLP at Extreme

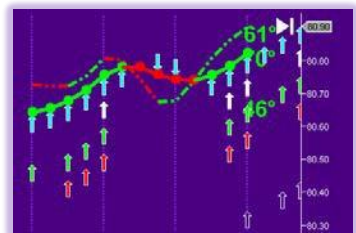
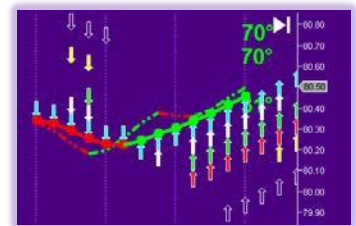
- The MLP normally likes to oscillate between the upper dash line and the lower dash line. If there is enough strength it can keep going but generally will change directions at top and bottom.
- If only the MLP is at its extreme but the TL is not, you can still look for a trade.

## When BOTH the TL and MLP are at Extreme

**Be very careful if both the TL and MLP are at extremes!**

When the TL is coming out of the overbought or oversold area AND the MLP is at an extreme, you want to be cautious taking trades until one of the two following conditions is met:

- A retracement (Wave 2) and then the start of a continuation Wave 3.
- A reversal and a reversal, meaning the LTML changes direction (changes color) then changes back again to the original direction (color).



## 8- What to Look for on the 1 Minute Chart

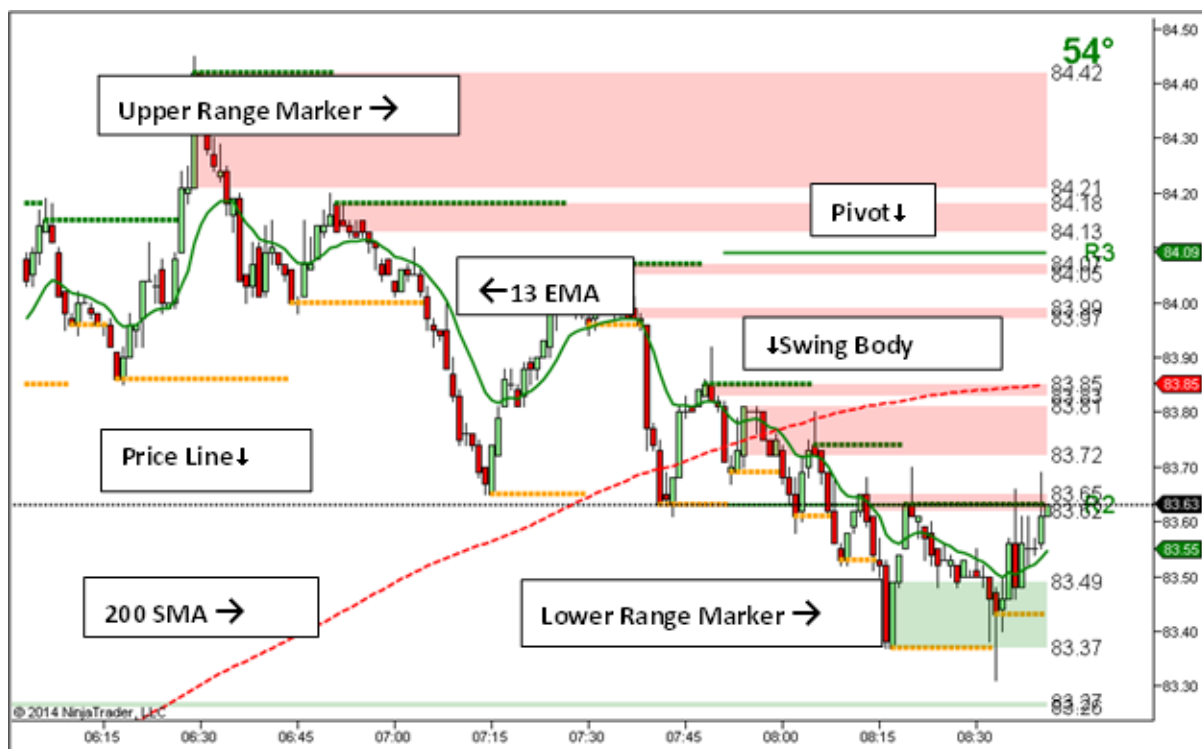


The 1min chart is used to check for barriers and includes a proprietary Range Marker indicator.

- Some barriers to consider are: 13 EMA, 200 SMA, Pivots, Swing Body, Range Marker, Previous Day High, Previous Day Low, Current Day High, Current Day Low and “00” round numbers.
- A double barrier is defined as two barriers within 9-10 ticks of each other.

The following indicators are on the 1min Chart:

- MLTSlopes – Simple Moving Average
- MLTPL – MLT Price Line
- MLTEMA – Exponential Moving Average
- MLTPivots – Pivots
- MLTSwingBody – Swing Body
- MLTRM – Range Marker



For best performance, the number of “Days to load” on the 1min chart (under data series) would optimally be **10 days** but **5 days** will work. **600 Bars** should be used for “lookback” on any **MasterBar** chart.

Any chart with pivots will require “Days” instead of “Bars.”

## 8- What to Look for on the 1 Minute Chart - Continued



### **MLTSlopes – Moving Average**

- Masterline Traders uses a period of 200 for the SMA.

### **MLTPL – MLT Price Line**

- This indicator simply draws a horizontal line across the chart at the current price.

### **MLTEMA – MLT Exponential Moving Average**

- Masterline Traders uses a period of 13 for the EMA.

### **MLTSwingBody – Swing Body**

- This indicator plots lines that represent the swing high and low points based on candle bodies not wicks.

### **MLTPivots – MLT Pivots**

- The Pivot indicator requires manual input of the prior day high, low, and settlement numbers for the instrument being traded.

Links to CME and ICE settlement data can be found on the "[Training Page](#)" of the MLT website.

<b>User defined values</b>	
User defined high	84.83
User defined low	79.78
User defined settlement	82.7
<b>Data</b>	
Calculate on bar close	True
Input series	CL 11-14 (1 Min)
Maximum bars look bac	Infinite
<b>Visual</b>	
Auto scale	False
Displacement	0
Display in Data Box	True
Label	MLTPivots
Panel	Same as input series
Price marker(s)	True
Scale justification	Right
<b>Plot Colors</b>	
PP	Red
Prior close	Black
Prior high	Lime
Prior low	OrangeRed
Resistance	Green
Support	Red
<b>Plot Parameters</b>	
Dash style high, low, ck	Dot
Dash style midpivots	DashDot
Label font size	12
Label offset	20
Label position	RightAll
Line width high, low, ck	2
Line width pivots	2
Max. plot length # bars	50

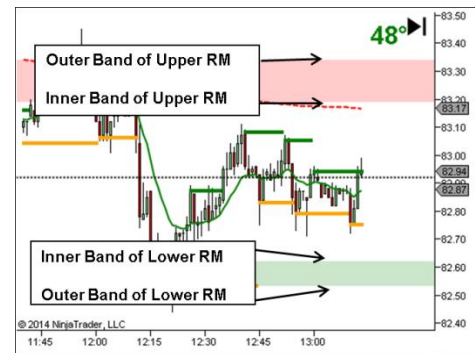


### MLTRM – MLT Range Marker

This proprietary indicator helps the user to identify areas of support and resistance as well as sideways chop or channels in the market.

Range Markers are automatically drawn based on proprietary coding.

- The red band is the Upper Range Marker and is used by the filter for Long trades.
- The green band is the Lower Range Marker and is used by the filter for Short trades.
- The edges of the band are defined as “inner” and “outer.”



There is a filter on the LTML for the Range Marker. It has two functions which can be used together or separately.

### Filter for Distance to Range Marker

- The user can define a distance between price and the Range Marker for which they do NOT want arrows to print.
- The user can also choose if they want the distance to be calculated to the inner band or the outer band of the Range Marker. (The inner band will provide a tighter range than the outer.)

### Filter for Channel Size

- The user can define a “range size” or channel size for which they do NOT want arrows to print.
- The “range size” (or channel) is calculated from the top of the upper Range Marker to the bottom of the lower Range Marker as shown in the example to the right.
- In this example if a “MinRangeSize” of 17 or greater is used in the filter, no arrows would print because price is in a 16 tick channel.



## 8- What to Look for on the 1 Minute Chart - Continued



### Range Marker Nuances

The arrows will print based on the direction of the LTML and **NOT** the color of the 1min candle.

- If the LTML is green, the Upper Range Marker is used.
- If the LTML is red, the Lower Range Marker is used.

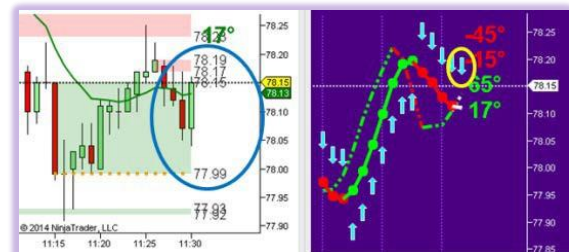
In both situations below the filter is set for a minimum distance of 6 to the Outer Bands.

Arrow Filters: RangeMarkerRelation	
1a. Use Min Dist?	True
1b. Use Inner Bands?	False
1c. Min Dist	6
2a. Use Min Range Size?	False
2b. Min Range Size	8
3. Days Look Back	5

- The LTML is red so the Lower Range Marker is used.
- 78.06 = Price
- 77.99 = Outer band of the Lower Range Marker
- The difference is 7 ticks so an arrow prints.



- The LTML is red so the Lower Range Marker is used.
- 78.15 = Price
- 77.99 = Outer band of the Lower Range Marker
- The difference is 16 ticks so an arrow prints.



Notice the Upper Range Marker just above price. Also notice the 1min candle is green. **Don't be fooled by this!!**

- For best performance the "Days Look Back" on the Range Marker filter needs to match the number of "Days to load" on the 1min chart.

**Using a Look Back period of greater than five days will be very CPU intensive.**

## 9- Recognizing Sideways Movement



- Momentum is present when the market is moving and generally increases the odds of a favorable outcome for a trade entry.
- Lack of momentum or sideways movement in the market can result in false breakouts reducing the odds of a favorable outcome for a trade entry.

***It is important to recognize sideways movement in the market!***

***Masterline Traders use several terms when referring to sideways movement:***

- Channel
- Oscillation in an obvious range
- Chop
- Trading in a range

### ***Channel Filter***

- The Range Marker filter on the LTML has a filter to eliminate arrow alerts when price movement is within a user defined range size or channel.

***Momentum coming out of chop will increase the odds of a favorable outcome!***

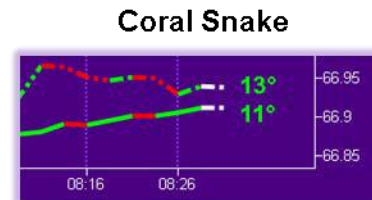
## 9- Recognizing Sideways Movement - Continued



There are several visual cues to identify sideways movement or indecision in the market.

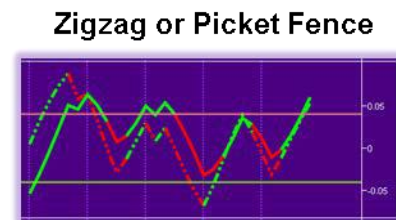
### **Coral Snake**

- Frequent color change on the Masterlines indicates a lack of direction. This is referred to as a “coral snake.”



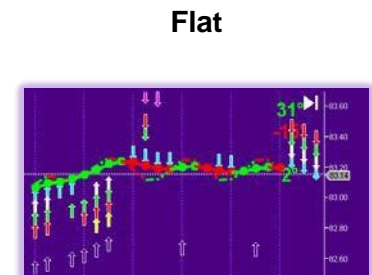
### **Zigzag or Picket Fence**

- Frequent up and down on the Masterlines (except the Scalp Line) indicates a lack of direction. This is referred to as zigzag or a picket fence.



### **Flat LTML**

- A flat LTML also indicates lack of direction.



### **Tight Range Markers and/or Swing Bodies**

- Tight or stacked Range Markers and Swing Bodies indicate a lack of direction. The price is consolidating.

