Tactica Adversa methods

Manual

CONTENTS

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Abbreviations used:
TA – Tactica Adversa
CP – Causal Point
EM - Expansion model
AM - Attraction model
DEM - Dynamic equilibrium model
AMEM - Attraction model within Expansion model

1. Causal Point

Trend

TA considers price movements as a consecutive change of Up- and Down-trends.
Trend is a sequence of ascending (Up-trend) or descending (Down-trend) bars. Flat is not considered as an independent formation but a part of the trend. Each trend has its beginning and ending, beginning of the next trend being the ending of the previous one.
Each trend consists of sub-trends (trends from smaller time-plans) so that every odd sub-trend (counting from the first one) would have the same direction as the main trend and every even sub-trend would have the opposite direction.
Each trend is described with a Expansion Model. Every EM from a given time-plan is replaced with another EM of the same time-plan, the beginning (Point 1) of the next EM being the ending (Point 6) of the previous BM.
AMs and DEMs do not describe the trend but being parts of EM describe corrections or predict correctional reversals.

Causal Point

EM describes trend. Every trend has its commencement – Causal (hidden) Point, further CP – the moment of "conception" of the trend.
CP is unrevealed cause of the trend and, by definition, is hidden.
Sphere of influence of any model's SP is restricted to a circle of radius SP-Point6 with centre in Point 6.
Point 1 is the moment of revelation of the Cause (SP).
Each Point belongs to a certain level. CP belongs to the 1st level (hidden until the revelation of Points 1 through 4). Points 1, 2, 3 belong to the 2nd level (limited by two horizontal lines drawn through the Point 1 and Point 2). Points 4 and 5 belong to the 3rd level (limited by two horizontal lines drawn through the Point 2 and Point 4). Point 6 belongs to the 4th level.
To reveal CP of a given model one should extend to the left Trend and Target Lines of EM until intersection. The point of their intersection is the Causal Point.
In case there is intersection of Target Line with price bars between Points 1 and 2, to reveal CP one should draw Target Line tangent to price bars so that there are only 2 price bars on Target Line between Points 1 and 4 of a given model.
One way of application of the CP is prediction of Point 6 appearance time:
   a. ***In case there are MORE than 2 price bars (Point 2 and 4) on Target Line (4-2) between Points 1 and 4, we should lay off interval (CP - Point 4) from Point 4 along the time-axis.***
   b. ***In case there are ONLY 2 price bars (Point 2 and 4) on Target Line (4-2) between Points 1 and 4, we should lay off interval (CP - Point 4) from Point 4 along the time-axis TWICE.***

CT

1

3

2

5

4

6

CT-4   CT-4   CT-4

CT

1

3

2

5

4

6

CT-4   CT-4
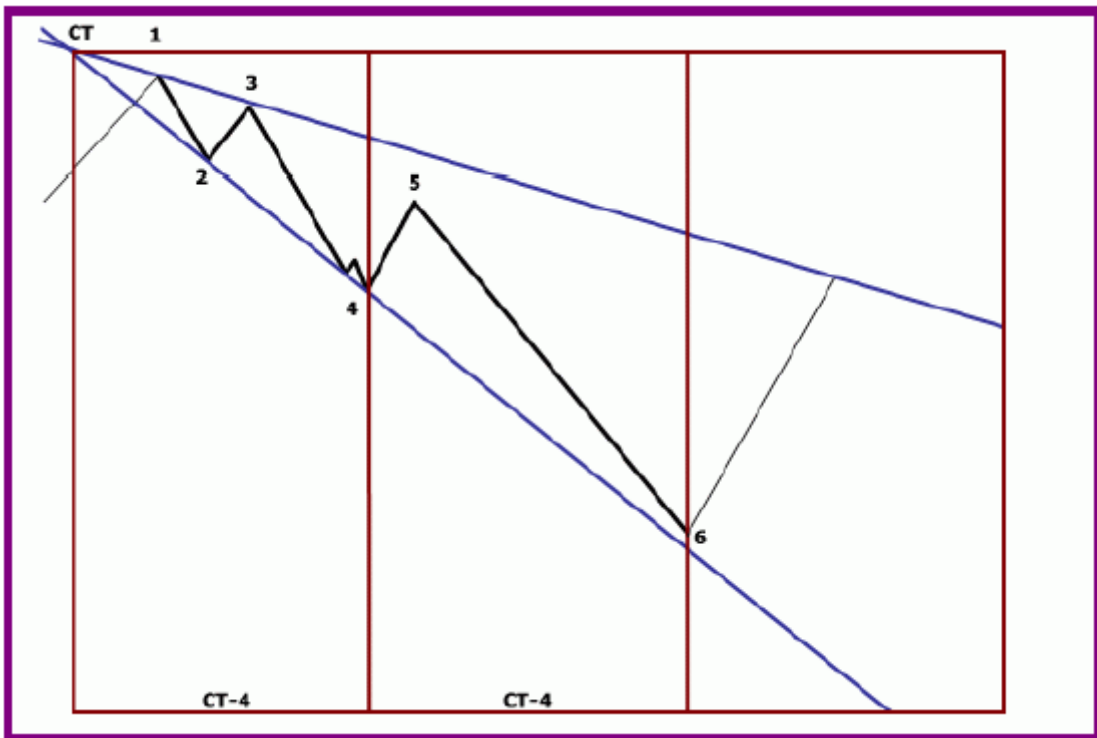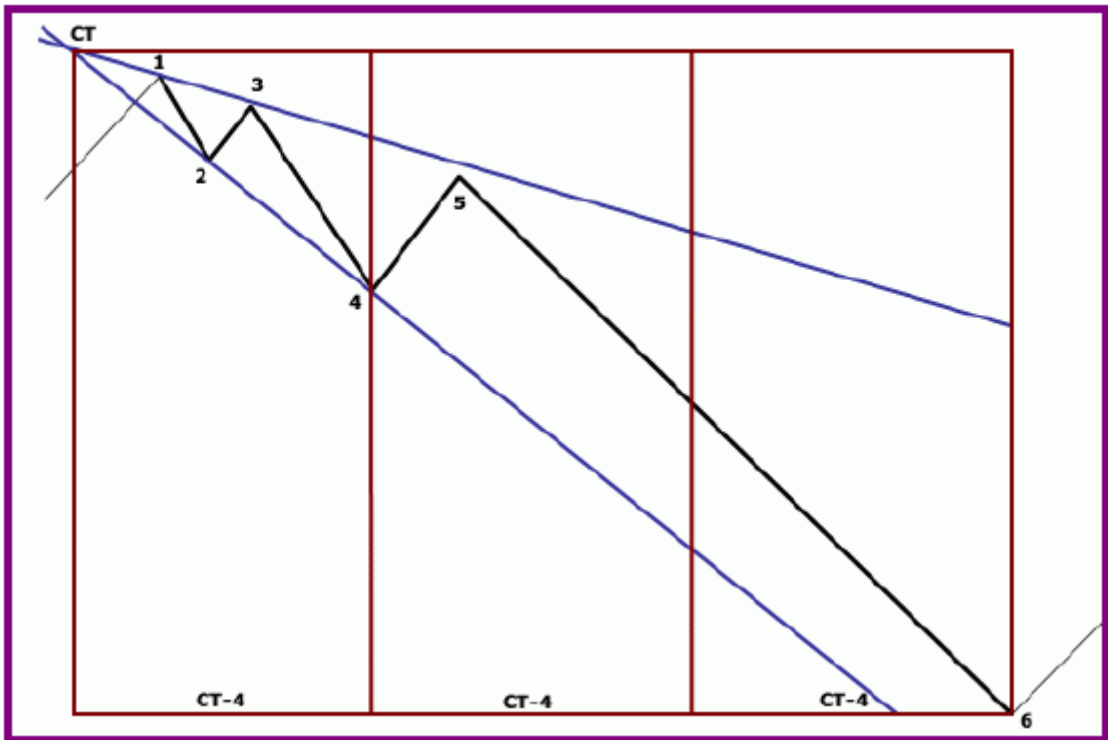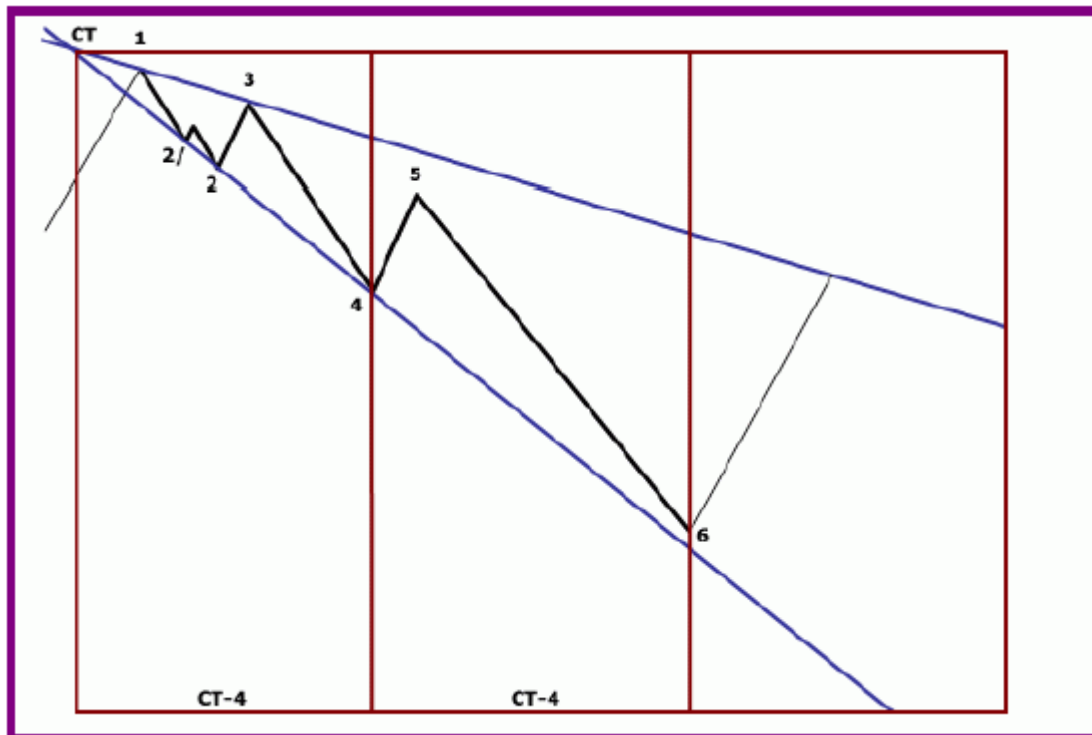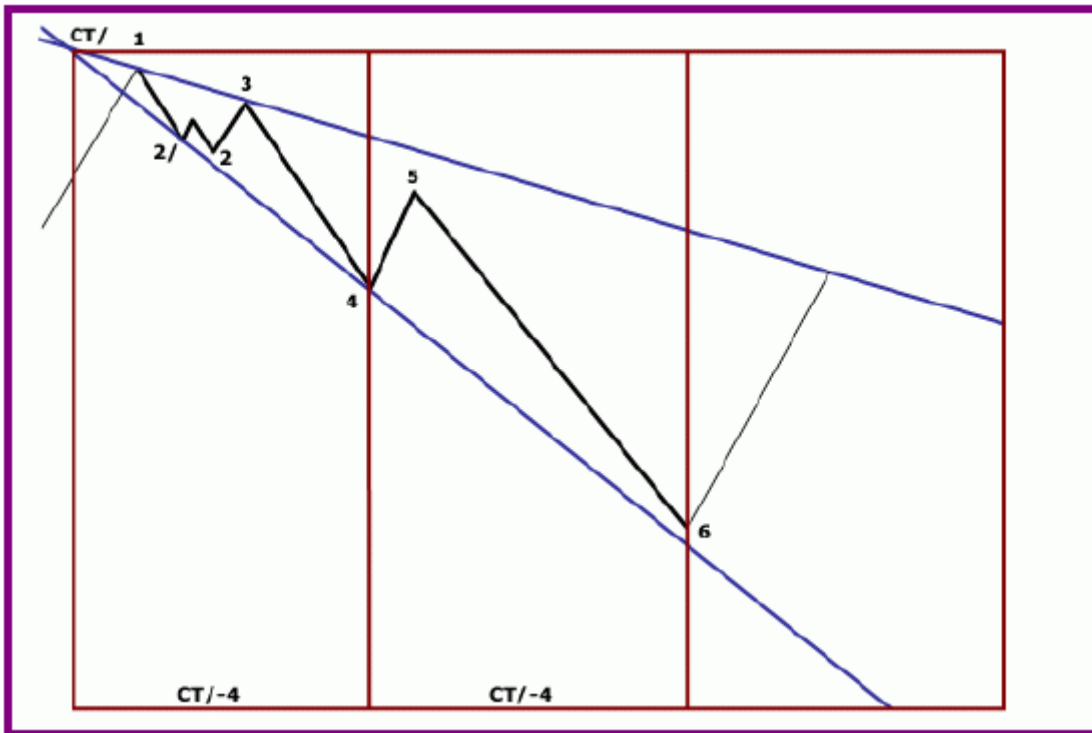
If we had to draw Target Line tangent to price bars (2/ - 4) and it's almost the same as Target Line through Points 2 and 4, then we should use option a. when predicting time of appearance Point 6.

Another way of application of the CP is measuring the strength of Trend.
Given Points 1 through 4 of the Expansion Model we can reveal Causal Point as described earlier.
Ratio of interval (CP – Point 1) to interval (Point 1 – Point 3) gives us measure of Trend's strength. If this ratio less than 1, we may conclude the Trend is strong and potent; if this ratio is more than 1, we may conclude the Trend is weak.
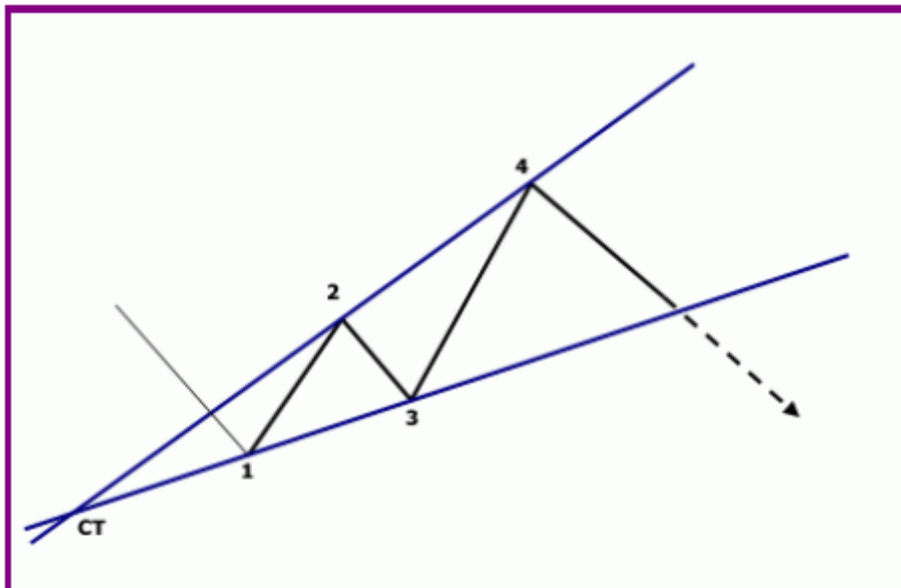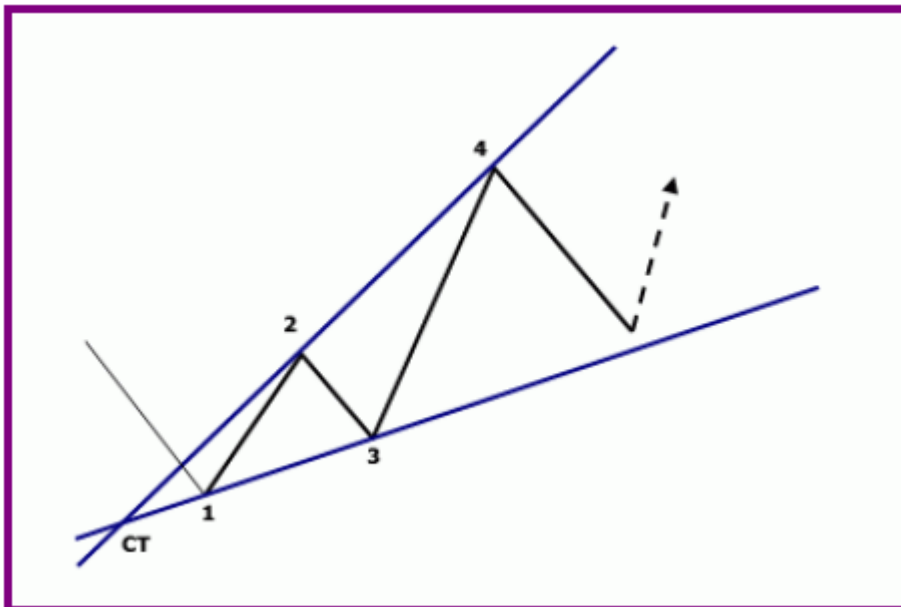
Consequences:

1. **For DEM:** Trend Line is weak, Model is correctional to the main trend (in reversal direction at the time being), the appearance of Point 6 of such model is possible but very unlikely and any approach to such model's Trend Line leads to its breach with very high probability.

2. **For BM:**

a. In case of the STRONG trend, any approach to the Trend Line before appearance of Point 6 OR, if Point 6 appears earlier than interval (CP – Point 4) laid off from Point 4 along time axis twice, should lead to rebound from the Trend Line. If Point 6 appears in time or later than interval (CP – Point 4) laid off from Point 4 along time axis twice, any approach to the Trend Line should lead to its breach.

b. In case of the WEAK trend, any approach to Trend Line should lead to its breach despite presence or absence of Point 6.

3. **For AM:** Model is correctional to the main trend (in reversal direction at the time being), Trend Line is weak (it is absent, in fact).

4. **For Cancellations:** Model with weak Trend Line cancels previous model (if it has revealed completely ONLY!); model with strong Trend Line confirms previous model.

Another way of application of the CP is defining of Trend reversal.

As we know, Models change each other. Each next model, describing trend, reverses trend of the previous model. But it occurs if model's CP lies in interval (Point 4 – Point 6) of the previous model ONLY.

If CP of the new model lies BEFORE that interval ((Point 4 - Point 6) of the previous model), it means new model is correctional only and trend described with the previous model will NOT reverse.

If CP of the new model lies AFTER that interval ((Point 4 - Point 6) of the previous model), it means that trend described by previous model reversed, and that reversed trend is very strong and we should look for model describing it on bigger time-plans.

We can also try to predict Point 4 of developing model with help of the SP.
To predict Point 4 of developing model we would use Points 1-3 of developing model AND previous model's Points and its targets PLUS time points when previous model's Points appeared.
Once we considered Point 6 appeared and trend reversed into new one we should search Causal Point of that new trend within time interval (Point 4 – Point 6) of the previous model. Moreover, Causal Point always appears on the vertical projection of previous extremes. That extreme could be Point 4 or Point 5 of the previous model or horizontal projection of one of them.
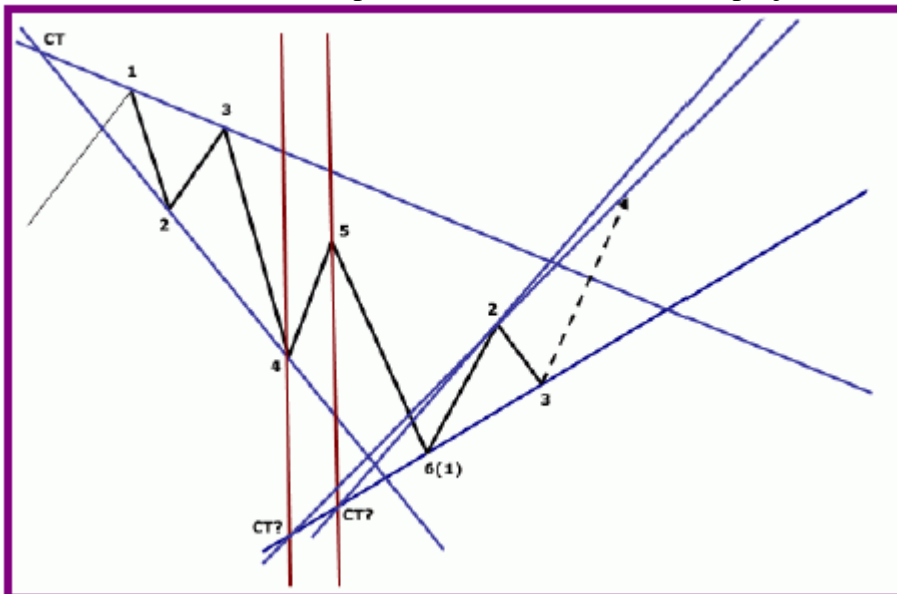
Then we should draw line through Point 1 and Point 3 of the developing model (Trend Line). Now, we have derived several possible SPs on the intersection of the new Trend Line with vertical projections of the previous extremes. Draw the lines through those possible SPs and Point 2 of the developing trend. Now, we should await Point 4 of the developing model appear on one of these lines.

Furthermore, we can specify and/or confirm CP of a given model by means of lines it is most likely should lye on:
1. On the vertical line drawn through CP of the previous model.
2. On the Target Line of the previous model.

2. Expansion Model (BM)

Description

This is the first model of TA. This model is formed by two diverging lines – Trend Line and Target Line.
Formation is based on 4 points (extremes) following each other.
Consequence for choosing the extremes that form EM is:
    a. For Down-trend: high1 – low2 – high3 – low4 – high5 – low6
    b. For Up-trend: low1 – high2 – low3 – high4 – low5 – high6

Thus,
    a. Point 1 is the point of the BEGINNING of a trend, Point 6 is the point of its ENDING.
    b. Target Line is drawn through Points 2 and 4.
    c. Trend Line is drawn through Points 1 and 3.
    d. Until Point 6 appears there should NOT be more than 2 points on both Trend and Target Lines and those are the points which these lines are drawn through.
    e. Target 1 is calculated from the breach point of the Trend. Trend line is considered breached even with its one-point touch of the price.

In case the Trend Line of EM is breached, there are 3 possible targets for the price:
Target 1 – interval (Point 6 - breach point of the Trend) laid off from the breach point in the direction of breach.
Target 2 – price level of Point 1 of the breached BM.
Target 3 – interval (Point 1 – Point 4) laid off from the breach point in the direction of breach.

Implementation (i.e., consecutive reaching of price targets 1 through 3) of a formed EM may be cancelled if:
    a. after breach of the Trend Line price gets back to Point 6 BEFORE reaching Target 1.
    b. after breach of the Trend Line price reaches Target 1 in time interval less than time interval (Point 6 – Breach point).
    c. while moving from Point 6 to Target 1 there was formed a NEW model.

Interpretation rules:
    a. all the methods are equal.
    b. when using geometrical formations on a given time-plan, the preference is for the LATEST model or combination (z- or s-combinations) or line (high-low or low-high).
    c. when analyzing two different time-plans in moment the preference is for the analysis of the SMALLER one.
    d. when analyzing two different time-plans in long-time perspective the preference is for the analysis of the BIGGER one.
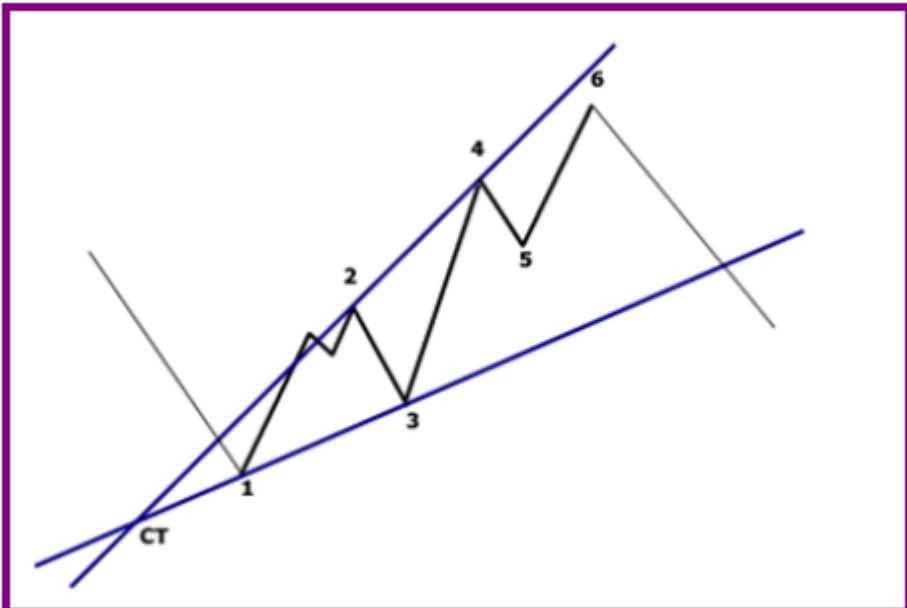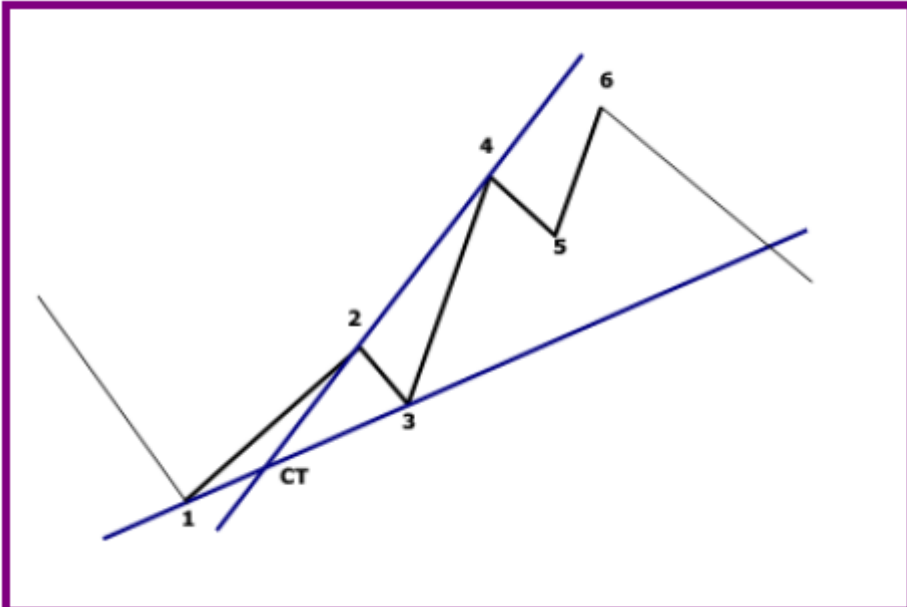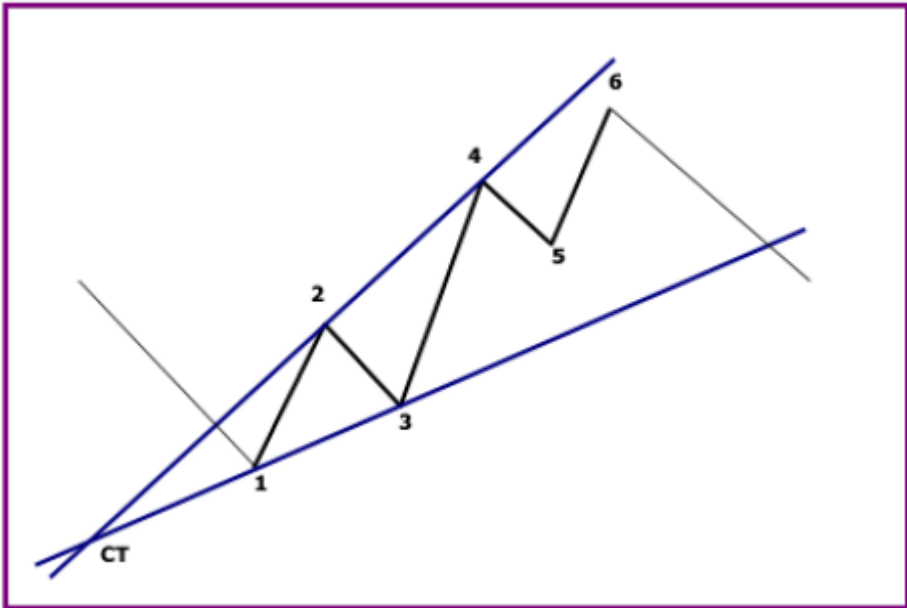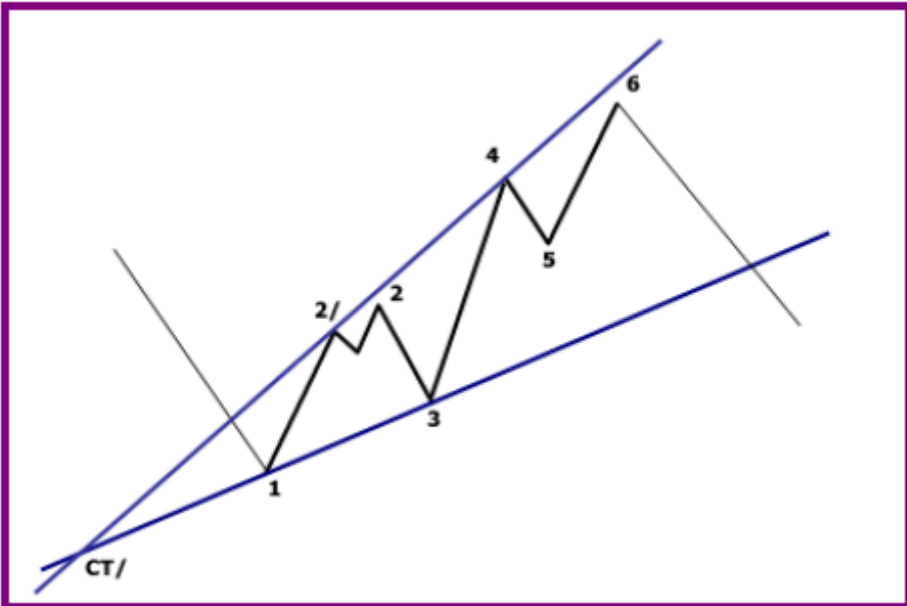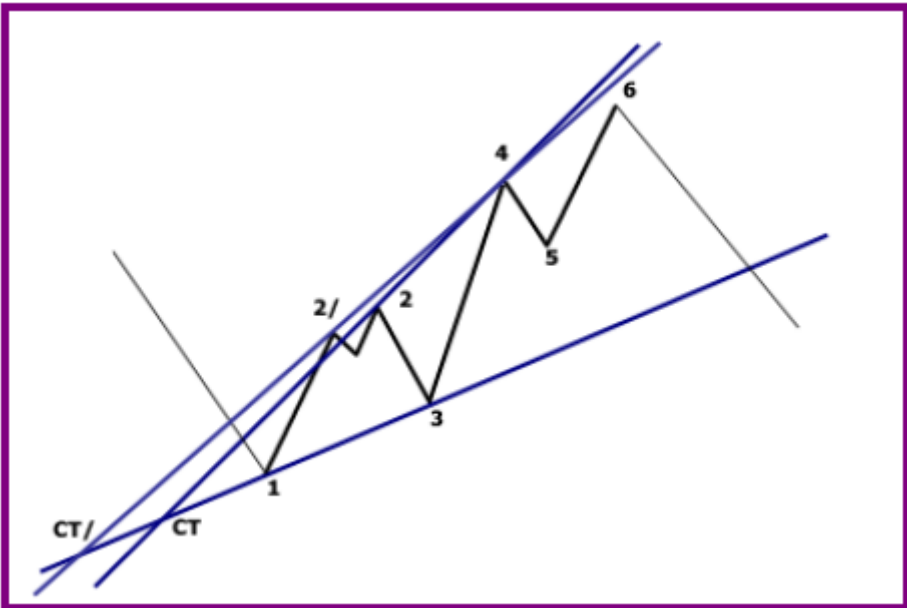
3. Attraction model (AM)

Description

While BMs dominate (they describe more than 80% of price movements) Attraction Models are formed independently from EM rather rarely. However, we may not omit description of AM's formation and its implementation. While EM is a trend-breaking model, AM is a model for reversal point prediction. AM helps to determine the moment of the trend ENDING (for a smaller time-plan) and beginning of a new one.

ATTENTION. Any model starts with a reversal point (Point 1 on graphs) and bodies of candlesticks should not interfere in Points 1 and 3, and in Points 2 and 4. It's possible that only shadows of corresponding candlesticks intersect.

The beginning of the AM is the previous trend's reversal point – Point 1. Point 3 appears after the first correctional movement and Trend Line is drawn through Point 1 and 3. Trend and Target Lines should be tangent to and contain all price movements. That is why Point 2 is derived so that there are no other price points on the Target Line on the interval from Point 1 to Point 2 but the Point 2 itself. Point 4 is the first extreme after the breach of Point 2 price level. That extreme is identified with the correctional movement significant in terms of the given model.

Bodies of candlesticks in Points 1 and 2, Points 1 and 3, Points 2 and 4 should not intersect.

Consequence for choosing the extremes that form AM is:
   a. For Up-trend: low1 – high2 – low3 – high4 – high5
   b. For Down-trend: high1 – low2 – high3 – low4 – low5

Thus,
   a. Target Line is drawn through Points 2 and 4.
   b. Trend Line is drawn through Points 1 and 3.
   c. Until Points 1 through 4 appear there should NOT be more than 2 points on both Trend and Target Lines and those are the points which these lines are drawn through.
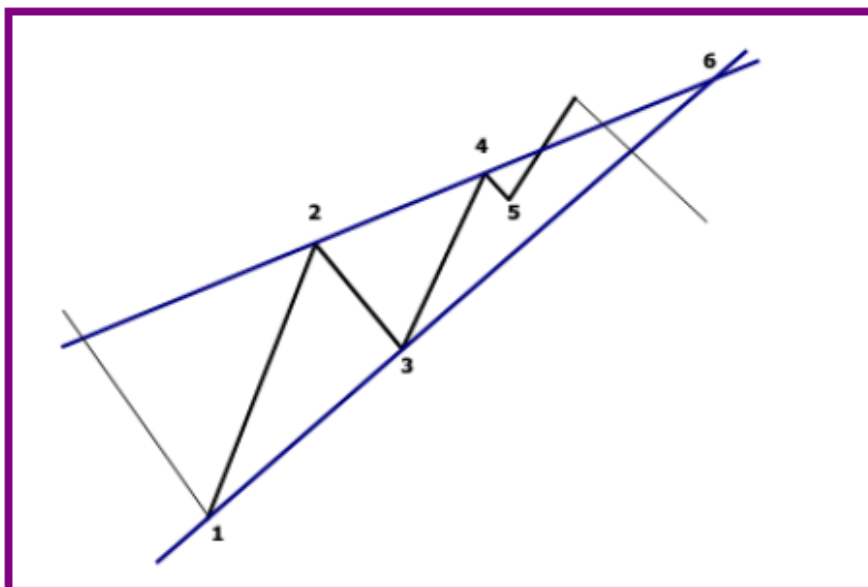
4. Dynamic equilibrium model

If Trend Line and Target Line are parallel than such model is called Dynamic equilibrium model (DEM). The rules of DEM's formation, its consequences and cancellations are the same with BM's ones.
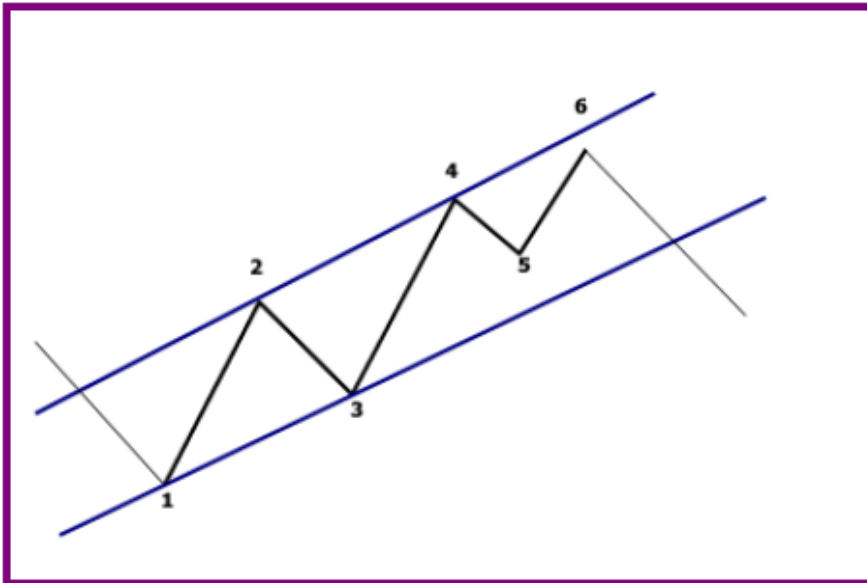
5. Attraction model within Expansion model

It needs 4 points to form BM. Point 1 of a EM is a reversal point of the previous trend. Point 3 appears after the first correctional movement. Then we can draw a Trend Line (Point 1 – Point 3). Point 2 is the maximum (minimum) price level between Points 1 and 3 for the ascending (descending) BM. Point 4 is the first extreme after the breach of Point 2 price level. That extreme is identified with the correctional movement significant in terms of the given model. Then, the Target Line is drawn through Points 2 and 4.

When drawing AM within EM first two points (Points 2 and 3 on the graphs) are chosen so that the lines are tangent to and contain all price movements. Another two points (Points 4 and 5 on the graphs) should be extremes. Thus, we capture all price movements by means of Points 2 and 3, and we focus the price with help of Points 4 and 5 to project **the target**. This is why we chose Point 2/ and 3/ so that Target and Trend Lines are tangent to all price movements on the interval (Point 1 - Point 5). The last point of AM within EM is Point 5 which is formed by correctional movement from Point 4 of the BM.

We should stress that the bodies of candlesticks in Points 2/ and 5 should not intersect. Otherwise AM within EM could not be drawn.

If it's possible to draw AM within EM then we get projection of the price level we should expect Point 6 of the EM to appear on. This price level corresponds to the point of intersection of the Target and Trend Lines of the AM within BM.

Consequence for choosing the extremes that form AM within EM is:
  a. For Up-trend: high2 – low3 – high4 – low5 – high6
  b. For Down-trend: low2 – high3 – low4 – high5 – low6

Thus,
  a. Target Line is drawn through Points 2 and 4.
  b. Trend Line is drawn through Points 3 and 5.
  c. Until all four points appear there should NOT be more than 2 points on both Trend and Target Lines and those are the points which these lines are drawn through.