

## **CCI and Turbo CCI Tips and Nuances by GOINGLITE**

### **I. The Main Stuff.**

#### **1. Woodie's Setup.**

- a. Very simple 3min and 5min Charts with just the CCI and No Premarket data ( No "All Sessions").
  - a1. Note: "All Sessions" charts also work well.
  - b. The CCI's Setting is: 14 period, HLC/3.
  - c. The Turbo CCI's Setting is: 6 period HLC/3
  - d. The 3 Min Chart Should only show 25 to 30 Price Bars.
  - e. The 5 Min Chart Should only show 25 to 30 Price Bars.

#### **2. The CCI in General.**

- a. The CCI can be used as a trading system in and of itself.
- b. The CCI works well with Other Indicators.
- c. The CCI works well with Other Systems of Trading.
- d. The CCI works well with Futures and Stocks.

#### **3. The Main Charts.**

- a. 3 Min Chart used for Setups.
- b. 5 Min Chart used for the "Bigger Picture".
  - b1. Sometimes the 5 Min Chart can provide confirmation for the setups on the 3 Min Chart.
  - b2. Also, the 5 Min Chart can be used for Setups.

#### **4. The Turbo CCI.**

- a. Shows Divergences that The CCI may miss.
- b. When The Turbo CCI Crosses The CCI, it's often an early "Trend Change" warning.
- c. When both The CCI and The Turbo CCI Diverge together, The Turbo CCI will often signal 1 to 2 bars earlier.
- d. Can draw a trendline from a Peak/Valley of The CCI to a Peak/Valley of The Turbo CCI.
- e. Can draw trendlines on The Turbo CCI, alone.
- f. The Turbo CCI can often show an overbought/oversold condition not seen by The CCI. (Such as The Turbo CCI Slingshot.)

#### **5. To Determine the Trend on The CCI.**

- a. On The CCI, The Zero Line is the Dividing Point between the Uptrend and the Downtrend.
- b. When The CCI is Below The Zero Line for at least 5 or More price bars, look to go Short. Exception would be Divergences.
- c. When The CCI is Above The Zero Line for at least 5 or More price bars, look to go Long. Exception would be Divergences.

#### **6. A CCI Warning.**

- a. The CCI Indicator measures Momentum.
  - a1. The Greater the angle of the CCI line, the greater the momentum.
  - b. Be careful if the CCI line is "Flat". A Flatten CCI line means NO Momentum.
    - b1. Trying to enter a setup with a "flat" CCI Line will increase your chances of getting stopped out.

#### **7. The CCI Retracement Principle.**

- a. The CCI will often do an approx. 50% Retracement of its last move.
- b. CCI 50% Retracements can be important areas for Support and Resistance.
- c. CCI 50% Retracements can confirm certain CCI Setups.
- d. I look for Zero Line plays to be a part of a 50% Retracement of the last CCI move.

#### **8. The 5 Strongest CCI Setups.**

- a. Regular and Reverse Divergences. (The Most Powerful Setups.)
- b. Trend line Breaks With The Trend.
- c. A Zero Line Cross & Trend line Break Combo. (Trend and/or Divergence Helps, but not a factor)
- d. Zero Line Bounce/Re-Cross & Trend line Break Combo With The Trend. (Very Powerful)
- e. Horizontal Trend line Breaks. (High Percentage Plays.)

## 9. Definitions of Divergences.

- a. Regular Divergence is basically for Counter Trend Trades.
- b. The basic rules for Regular Divergence are as follows:
  - b1. To go Long, The Price makes a Lower Low, The CCI makes a Higher Low.
  - b2. To go Short, The Price makes a Higher High, The CCI makes a Lower High.
- c. Reverse Divergence is the opposite of Regular Divergence.
  - c1. Regular Divergence is usually for counter-trend Plays. Reverse Divergence is usually for Trend Continuation.
- d. The basic rules for Reverse Divergence are as follows:
  - d1. To go Short, The Price makes a Lower High, but The CCI makes a Higher High.
  - d2. To go Long, The Price makes a Higher Low, but The CCI makes a Lower Low.

## 10. Reverse Divergence.

- a. Reverse Divergences are for Trend Continuation Setups.
- b. Reverse Divergences are more reliable than "Against The Trend" Regular Divergences.
- c. On Reverse Divergences, use Trend line Breaks for Entries.
- d. On Reverse Divergences, the Zero Line can be a point of entry.

## 11. Regular Divergence.

- a. Regular Divergences are for "Against The Trend" Setups.
- b. Regular Divergences usually have the +/- 133 line Touch/Cross for entries. (Woodie uses The +/- 120 Line for Divergence Entries.)
- c. On Regular Divergence, you can use Trend line Breaks.
- d. On Regular Divergence, you can use the Zero Line as a point of entry.
- e. Trading against the Trend can be risky. Lock in Profits. Use good money management.

## 12. Divergences.

- a. To find reliable Regular Divergences, you should look for 3 to 10 Price Bars.
- b. To find reliable Reverse Divergences, you should look for 3 to 15 Price Bars.
- c. During The Opening Range ("Day Session Charts"), You can use data from The Previous day to Spot Reverse and Regular Divergences.

## 13. The CCI Zero line.

- a. The CCI Zero Line is the strongest point of Support/Resistance. ( I use a "Zero Line Zone" between The +/-33 Lines.)
- b. The CCI Zero Line is also The Trickiest Area to Trade from. It can be a rich source of "Fake outs".
- c. I like Zero Line Setups that SHOW DIVERGENCE, Trend line Break, and are part of a 50% Retracement of The last CCI Move.
- d. Trend line Breaks with The Trend, that are close to The Zero Line, are The Most Important Trend line Plays.
- e. An entry can be made off of a Zero Line bounce, cross or re-cross With The Trend.
- f. An entry can be made off of a Zero Line bounce, cross or re-cross with Reverse Divergence.
- g. The Zero Line can sometimes be a point of entry for Regular Divergence.
- h. You can also "add" to your position on a Zero Line Cross.

## 14. The +/- 100 Lines.

- a. When The CCI gets Above +100, The Market is becoming Overbought.
- b. When The CCI gets Below -100, The Market is becoming Oversold.
- c. The +/- 100 Lines are often entry points for Regular Divergence. (The +/- 133 Lines are a Better Entry Point.)

## 15. Trading CCI Trend line Breaks.

- a. Because CCI Trend lines show Support and Resistance, they can be a rich source of Fakeouts.
- b. I like to draw CCI Trend lines starting from at least the +/- 100 Line.
- c. Can draw a trend line from a Peak/Valley of The CCI to a Peak/Valley of The Turbo CCI.
- d. Can draw trend lines on The Turbo CCI, alone.
- e. I like trend lines that are part of a CCI divergence and/or a 50% Retracement of the Last CCI Move.
- f. The longer The Trend line, The Better.

- g. I look for Trend line Breaks With The Trend.
- h. Trend line Breaks with The Trend, that are close to The Zero Line, are The Most Important Trendline Plays.
- i. Trendline Breaks can be done, with The Trend, without Divergence.
- j. Trendline Breaks can be done, with the Trend, with Reverse Divergence. (Very Powerful)
- k. Trendline Breaks can be done, against The Trend, with Regular Divergence.
- l. Trendline Breaks can be part of a Zero Line Cross, Zero Line Re-Cross, or Zero Line Bounce Combo.
- m. On the CCI, during the opening range ("Day Session" Charts), you can draw trendlines using the CCI "peaks" or "valleys" from the previous day.

#### **16. Horizontal Trendline Breaks.**

- a. **To go Long**, you look for Horizontal Peaks to draw your Trendlines.
  - a1. The Horizontal Peaks can be anywhere.
  - a2. Can draw a Horizontal Trendline off of 2 Peaks, but 3 peaks are better.
  - a3. The Horizontal Peaks can be at a slight angle. However, the more Horizontal, the Better.
  - a4. Your entry is on The Break of the Horizontal Trendline.
  - a5. Can be done with or without Divergence.
  - a6. I like to see Horizontal Trendlines close to The Zero Line.
  - a7. High percentage play.
- b. **To go Short**, you look for Horizontal Valleys to draw your trendlines.
  - b1. The Horizontal Valleys can be anywhere.
  - b2. Can draw a Horizontal Trendline off of 2 Valleys, but 3 Valleys are better.
  - b3. The Horizontal Valleys can be at a slight angle. However, the more Horizontal, the Better.
  - b4. Your entry is on The Break of the Horizontal Trendline.
  - b5. Can be done with or without Divergence.
  - b6. I like to see Horizontal Trendlines close to The Zero Line.
  - b7. High percentage play.

#### **17. The CCI Extreme +/- 200 or higher Hook.**

- a. On CCI Extreme Hooks, watch out for the Regular Divergence Trap.
  - a1. On Regular Divergence, an Extreme Hook may only indicate that the market is slowing down, but has not Reversed yet.
  - a2. In other words, just because the CCI Hooked, doesn't mean that the Price has to Hook.
- b. Will have to use other indicators to filter Extreme Trades.
- c. I also like CCI Extreme Hooks off of Reverse Divergence.
- d. An Extreme CCI hook, off of a strong Regular Divergence, doesn't need a Filter.

#### **18. Turbo CCI Slingshot.**

- a. The Basic Setup is when The CCI goes to The Zero Line or "Zero Line Zone" while The Turbo CCI runs to The +/- 100 Line.
- b. The Trigger is when The Turbo CCI and The CCI "hooks".
- c. On this Setup I like to see Divergence, 50% Retracement of The Last CCI Move, and if possible, a Trendline Break.

#### **19. My Favorite CCI Setups.**

- a. The Touch or Cross of The +/- 133 Line with Reverse or Regular Divergence.
- b. The Turbo CCI Slingshot with at least Divergence, and a 50% Retracement of The Last CCI Move.