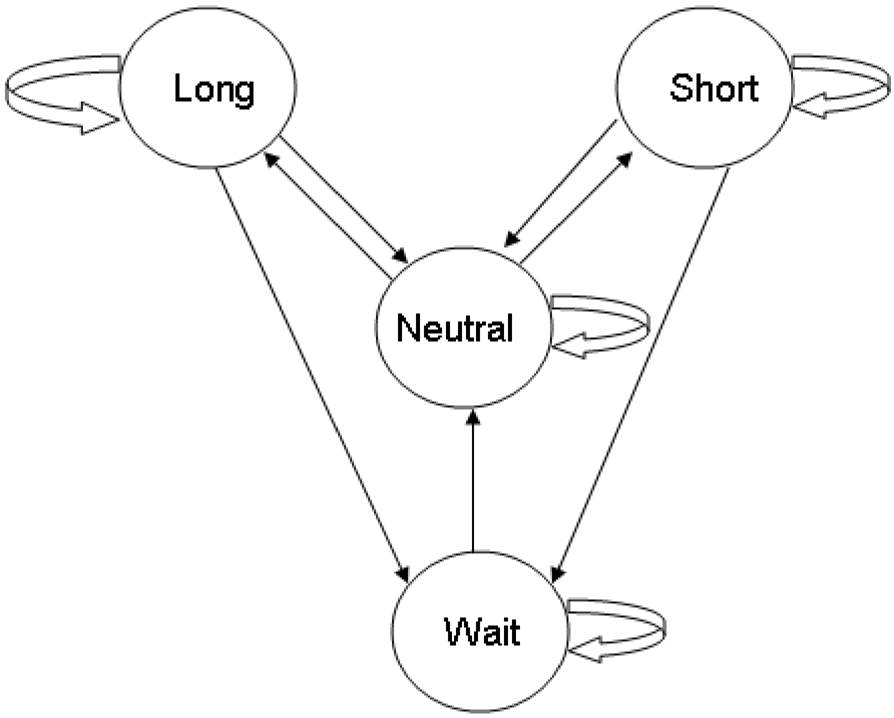
Outline of the VC Price Momentum Indicator **(ver 201612)**

The VC Price Momentum Indicator currently runs on five futures contracts: gold, silver, soybeans, E-Mini S&P 500 and crude oil. The day trading program is applied to 15-minute charts and it can also be applied in other time frames depending on each product. (Swing or Position Trades).

In each case the basic algorithm is the same; the variable is the N day VC code ("Pivot") that is applied.

These are the results of the supply or demand levels calculated from the previous day. These levels are also called pivot points. Once these levels are calculated for the following day, week or month it will identify very specific price levels. Any of these price levels is called N day VC code ("Pivot").

The program on any given day may be in one of four states: Wait, Neutral, Long, or Short. At the end of the trading session the program will transition between states. The states and allowable transitions are shown below:



The program in general starts in the Wait State. When the daily price action from the previous close to today's close crosses the N day VC code (a set price point in the market), it transitions from the Wait State to the Neutral State. The N day VC code is referred to as the Pivot. N will vary by product.

SUGGESTED DAY TRADING GUIDELINES: THE VC PRICE MOMENTUM INDICATOR

The VC Price Momentum Indicator includes a set of guidelines for day traders, including:

- **Wait 30 to 60 minutes before trading** after the market opens to allow the opening energy to process the volatility and to settle down for day traders.

NOTE

From the WAIT STATE or NEUTRAL: when the price crosses any of the code levels it activates a NEW SET UP. This prepares you for the trigger point of the next signal.

The structure of the pivot points is 5 levels going up and 4 coming down Fibonacci prime numbers: :

DAY TRADING SUMMARY

VC PRICE MOMENTUM = VC Code - Pivot point - mean

EXIT LONG:

S2) = Second level extreme above mean

S1) = First level above mean

EXIT SHORTS:

B1) = First level below mean

B2) = Second level extreme below mean

The NEUTRAL signal is enabled initially by the price action crossing the “Pivot” level activating a new set up in place. This applies for any of the price levels. Using the next 15 minute bar close it triggers the actual signal explained below starting with the VC Daily Code “Pivot” point as an example. The Variable Changing Daily Pivot Point Mean or average:

Conservative Day Traders: SET UP - 15 minute chart.

1. If the market closes above the VC Daily Code (mean or any pivot levels), initiate a long to open position. The target is SELL 1 and SELL 2 levels. (Red) These are the extreme levels above the mean. Use the VC Daily Code. The Variable Changing Daily Pivot Point Mean or average. The green color line.

When the close price of the previous 15 minute bar closes above the pivot point it triggers a buy signal. This signal automatically activates the 2 pivot levels calculated above previously. SELL 1 and SELL 2. (Red) These are the extreme levels above the mean and is used to liquidate longs or go short. It is also identified as the supply zone by the red color

You can use a second stop choice, if the market closes below your entry point on the next 15 minute bar of the chart.

You can use a third stop choice, if the market closes below your entry point at the end of a trading session.

The last choice is to place a stop at an amount the trader is comfortable with possibly losing.

Please note that the stop methodology above is an individual trading choice.

2. If the market closes below the VC Daily Code (mean or pivot levels) initiate a short to open position. The target is BUY 1 and BUY 2 levels. (Blue) These are the extreme levels below the mean. Use the VC Daily Code as a Stop.

You can use a second stop choice, if the market closes above your entry point on the next 15 bar of the chart.

You can use a third stop choice, if the market closes above your entry point at the end of a trading session.

The last choice is to select a price at which the trader is comfortable with the possible loss and place a stop accordingly.

Please note that the stop methodology above is an individual trading choice.

Aggressive Traders: SET UP - 15-minute chart.

1. If the market opens above the VC Daily Code (mean or pivot levels), initiate a long-to-open position at market. The target is SELL 1 and SELL 2 levels. (Red) These are the extreme levels above the mean. Use the VC Daily Code as a stop reversal. The Variable Changing Daily Pivot Point Mean or average. The green color line.

When the close price of the previous 15 minute bar closes below the pivot point it triggers Sell signal. This signal automatically activates the 2 pivot levels calculated below previously. Buy 1 and Buy 2. (Blue) These are the extreme levels below the mean and is used to liquidate shorts or go long. It is also identified as the supply zone by the blue color

You can use a second stop choice, if the market closes below your entry point on the next 15 bar of the chart

You can use a third stop choice, if the market closes below your entry point at the end of a trading session.

The last choice is to place a stop at a price that the trader is comfortable with the possible loss.

Please note that the stop methodology above is an individual trading choice.

2. If the market opens below the VC Daily Code (mean or pivot levels), initiate a short-to-open position. The initial target is BUY 1 and BUY 2. (Blue) These are the extreme levels below the mean. Use the VC Daily Code as a reversal stop.

You can use a second stop choice, if the market closes above your entry point on the next 15 bar of the chart.

You can use a third stop choice, if the market closes above your entry point at the end of a trading session.

The last choice is to place a stop at a price the trader is comfortable with the potential loss.

Please note that the stop methodology above is an individual trading choice.

SUGGESTED STOPS METHODOLOGY:

Most traders use straight stops as risk management. Stops are taken out prematurely and can be identified by large-volume traders. The VC Daily Code uses Stop-Close Only (SCO), Market-on-Close (MOC) and hard-dollar stop orders to eliminate such whipsawing. Such stops can be applied to the daily, weekly and monthly strategies.

ADDITIONAL CONSIDERATIONS

First fundamental rule: If you are day trading after the opening, wait first 30 minutes to 1 hour. If the price action trades above or below the VC code, the price action will tend to remain above or below the VC Code for the rest of the session. Although this rule bids us to wait out the opening range and thereby avoid much of the wildness and whipsawing, overlooking the next fundamental rule of the VC Code could be disastrous.

Second fundamental rule: Trading after market opens or later trades at extremes S1, S2 or B1,B2 would exhibit a high tendency to trade back toward the VC Code (Mean). Therefore, the general rule is to avoid buying the high (supply) or selling the low (demand), which becomes increasingly more stringent as the price moves further away from the code.

Our algorithm identifies the highest probability trades when the price reaches the extreme of the mean above or below, or when the VC Code level identifies the price to be at the highest probable point to execute a trade.

Third fundamental rule: If the market closes below the B2 or above the S2, it signifies that the trend is beginning to change and the price pattern may be shifting to the next price fractal, inverting resistance to support and vice a versa.

Our oversimplified system has started to define set limits enabling us to either buy or sell above or below the VC Daily Code. We also have roughly begun to define a basis for determining entry/exit and safety stop rules. The methods that these few theoretical ideas suggest are still a long way from a perfect system. Nonetheless, there are those who actually do successfully trade the VC Daily Price Momentum Indicator using just these few simple rules.