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Grail of Iman

**Technical analysis
of financial and stock markets
based on the Quran and the Sunnah**



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IN THE NAME OF ALLAH, THE COMPASSIONATE, THE MERCIFUL

Allah the Almighty says in the Holy Quran:

56. I have only created jinns and men, that they may serve Me (Surah 51 "The Winnowing Winds")

I, Tim Stigal Abu Amin, with the name of Allah the Almighty, begin a series of scientific publications on a topic, taken from the laws of Allah about the ambient world, confirmed on the base of the Quran and the Sunnah of the Prophet (s.a.s.), based on our history and on all that has happened and is happening these days. This book is dedicated to the technical analysis of the markets.

Introduction

Have you ever heard of the Law of Repetition? Or of the time of Azan and Ikamah? Do you know that the waves have angles of Takbir? The waves pronounce Takbir, glorifying the name of the Almighty. You will be pleasantly surprised when you learn that the financial instruments, as well as the people, bow before our Creator. All in this world bow before Him, all the more that the markets are a result of people's activity, based on the demands and offers of those who participate in them. Allah gives us understanding that even our deeds and our history have the purpose to glorify the name of the Almighty.

Many of you have probably collided with the solving of problems like for example where to buy cheaper and sell more expensive, so that in this way you can earn the difference, i.e. the additional sum. We always try to earn from this, finding benefits in everything. This ambition exists everywhere. This is a law of Nature, without which existence is impossible. Don't understand it literally. The principle "Buy cheap, sell expensive" has a deeper meaning. We are all pleased when in the bargain there is a commodity, which we buy cheap and sell expensive. But here is another example: Let's assume that you have a girl friend. You intend to marry her. What for? Of course, for the reason that she would become the mother of your children. You very scrupulously choose your future wife, hoping not to lose. You want that she would become your faithful companion in life and trustworthy rear of your family. The purchase is namely in your desire to attract her to set up a family. In the beginning, on a subconscious level, the woman is just a bargain for you, a commodity, which figuratively you have "to buy". If in the process of reaching the aim of marriage there is an obstacle like women's whims, in cases when the girl is "too expensive for your pocket", you sooner or later will give her up, realizing that the given "instrument" is overestimated and there is no profit for you to continue the "game". But let's assume you "have bought" her. All expenses connected with her becoming your wife and then with the family life afterwards – all this is your purchase. Your attitude to her, your love, and all that comes from you – all this can figuratively be considered as an investment. Then what is her "sale"? The "sale" is that when you are alone in your old age, she will be for you this most successful bargain which bore you children and was always next to you in your most difficult moments. She was your most profitable purchase in all your life. You bought cheap and sold expensive, gaining in this way your "profit".

Women also choose their faithful companion, buying his kindness towards them. Dear women. You want that he would love only you? You want that he would wait on you all his life; he would give you flowers every day? You buy him exactly for this and you sell at the end what you received from him. Even if you didn't see the desired flowers, you still considered his presence next to you as the best possible gift. You both got profit from the bargain. But remember! Every bargain should have precise rules and goals. Without them you may find yourself among those losers for whom the purchase was the beginning of their bankruptcy, the "plague" from which your pride does not allow you to get rid of and which would undermine your "property" to nil. Even if you have the precise idea about the profit, you all the same could be not satisfied with what you had bought only because in the very beginning you didn't set any rules and goals.

Here is another example where the same "formula" can be seen. You have a very good friend. You buy him cheap because you sincerely and unselfishly help to him in everything. You share with him joy and sorrow. You think that your efforts cost cheaper than what your friendship gives you. You need a friend and all that you do for him returns to you a hundred times more (a hundredfold). For you this price is higher than the price you yourself paid for the friendship with him. With your thoughts and deeds you

received such a profit, which you probably did not count on. But imagine that you may have made a mistake in the choice of your friend – in some complex situation he didn't justify your hopes. It is equal to bankruptcy. You cannot bare the fact that he "deluded", he deceived you. His deceit and lie caused you a spiritual trauma, as he turned to be not the person in whom you put your hopes and relied on in difficult moments.

Did you ever help the poor and deprived people? In fact it too is a bargain that you make with yourself. Every kind of help that you do for the people in need is later returned to you repeatedly. You don't believe it? Go and give immediately just one date to an orphan or to a person in need. With all my responsibility I assure you that if you do it with pure intentions to receive profit in the future and you hide this deed from everyone, you yourself will see that in a moment when you are in need, there will be someone to support you. And for you this support will be much more "powerful" than the one you gave.

And now let us look in the Holy Quran about the bargains which we make with ourselves:

14. When they meet those who believe, they say: "We believe;" but when they are alone with their evil ones, they say: "We are really with you: We (were) only jesting."

15. Allah will throw back their mockery on them, and give them rope in their trespasses; so they will wander like blind ones (To and fro).

16. These are they who have bartered Guidance for error: But their traffic is profitless, and they have lost true direction, (Surah «The Cow»)

Many examples can be given and everywhere it is the same. Some benefit. Once again I repeat. Every our action has its primary source – an intention. Everything depends on how you intend to perform a given action. And every action has its end, which can be put under account of investments and received benefits. That's why you should always and in everything follow precise rules and clear purposes. As it is in life, in the market during transactions there are 3 items, 3 options for our actions:

1. To buy
2. To sell
3. To do nothing (i.e. outside of the market)

What is better for us? What is more profitable? How to act correctly? Everyone asks himself these questions when he collides with the three options. I will try to tell you how to make a better choice, from my point of view.

Law of Repetition

Every one of you has probably heard the saying: “History repeats”. I would like to convince you in one even more exact definition: “History always repeats”. And it repeats only then when its time for repetition has come. The repetition does not always have absolutely exact reflection in details of an action or event, but as a matter of fact, it sometimes has a greater, sometimes a smaller scope. Every event has two sides: outside (external) and inside (internal). What does the inside mean to you?

In this world everything has the tendency to repeat itself, to look like something that happened before. And all this has its primary source. For all of us in our frail transitory world the primary source is the Almighty Allah. He - the Unique One who was, and He – the One from whom everything began. Everything has a beginning and an end. Except Him. The whole world consists of two sides. Black and white. Right and left. West and East. Day and Night. There is One who has always been, and there is something else that has its beginning from this One, with completely different from Him characteristics. Black and white. Even though they bear in themselves some characteristics of each other, they don't merge. Day and Night. Smoothly passing from the one into the other, they take turns, the day replaces the night. And no one knows what was first: the day or the night? Only the Almighty Allah has all the knowledge:

36. Glory to Allah, Who created in pairs all things that the earth produces, as well as their own (human) kind and (other) things of which they have no knowledge.

37. And a Sign for them is the Night: We withdraw therefrom the Day, and behold they are plunged in darkness;

38. And the sun runs his course for a period determined for him: that is the decree of (Him), the Exalted in Might, the All-Knowing.

39. And the Moon,- We have measured for her mansions (to traverse) till she returns like the old (and withered) lower part of a date-stalk.

40. It is not permitted to the Sun to catch up the Moon, nor can the Night outstrip the Day: Each (just) swims along in (its own) orbit (according to Law) (Surah YaSin)

All people are similar to one another. They look alike in their outside appearance – two arms, two legs, two eyes, one head... Everything that is different from us is considered not normal. We are sure that our outside appearance should be exactly like this. For us who are living today, there also is a beginning. This beginning was our forefather Adam and our foremother Hava (Eve). Hava also has her beginning – Adam's rib. From Adam's rib Allah made Hava for Adam and gave her to Adam as his wife. Adam also has his beginning. It is the clay from which Allah made him. Everything comes from the Only One. Only He is Unique.

External similarity applies to everything – to people, birds, trees, places, diseases, problems. There is nothing in this world which doesn't have external similarity. All is interconnected. Even the problematic situations are. When a problem arises, many of us turn for help to a psychologist or to a friend, or someone else to consult with about how it will be and what to do. We all need advice, mainly because of our lack of experience or lack of self-confidence. The person that will consult us how to act in one or another situation will lean upon his own experience and knowledge, things that we don't have at all or have them not enough. In this way we don't see one “but”! The knowledge and the experience are based on the confidence of the people that if the problematic situations externally look alike, then the positive result from the salvation of the problem will be similar. We always look for comparison hoping of repetition, hoping that everything will happen and turn out in the same way as before. But this Law of Repetition works like a clock which doesn't care if you want this repetition or not. All happens following strictly rules and times. Only what should be fulfilled will be fulfilled, no matter if you need it or not. The external similarity does not always reflect the internal essence of a problem.

Every one of us was a baby. We all learned to crawl, then to walk, talk, etc. All this came from our parents, from ourselves. Down on the chain, it comes from our genes. In our sub consciousness, without even realizing it, we repeat all that was before us. At school they teach us the same things that they taught

other children a year, two years, ten years, hundred years ago. Everything is being repeated. Everything follows the beaten path. Everything has external similarity. The same methods. The same people. Taking turns, they all implement this law, without noticing it. Some things are repeated constantly, every second. The electricity, thanks to which we now have world progress, is also connected with this Law of Repetition. There is a repeating action in it, on which today depend almost all people on the earth. Imagine how everything depends on this law. And if there is no electricity, then what? Billions of people will remain without a basic necessity for their existence. All will turn into chaos. It will be a great shock. And I think that sooner or later it should happen. All goes to it. Everything that has a beginning should have an end too. This world is and everything in it is so fragile that can be closed with only one action! Repetition. But as long as this law exists, we have to follow it and not break it. Stability consists only in the observance of rules. With precise purposes. With clear thoughts. We should know what we want and where we go.

You want to achieve the same that was achieved by Warren Buffett? Do everything in the way he did it. And you will achieve it. In every repetition there is one main core, or the golden mean, the repetition of which leads to the same result as in the past. Your task is to find this core and do the same. Grail is incorporated exactly in it. Repeat it again and you will receive the needed result, if this is the will of the Almighty God.

In every business there is a primary factor – the psychological one. Very little is possible without this factor. It also is based on the Law of Repetition. We all look for an example. If we have some trouble, we are trying to find a way out, searching our memory for cases that happened to other people and have some similarity with our case. Having made a mistake, we always try to find a way out by searching the same mistake in other people, trying to learn how they acted and how they got out of the same situation. But every case, every situation, even though there is some analogy, is at the same time personal. And this is called the “internal side”.

All people are similar, but in details each person has his distinctions. Practically in everything. It even seems to you that we are so different internally that the external concurrences are not valid. We are all similar and at the same time we are different. Twins are as like as two peas. But yet, in one and the same situation, at one and the same place and time, they can think and act differently. They are so similar, that they do exactly the opposite, one against the other, having precise inner conviction and each one of them thinks that he is 100% right. There are different reasons for this. But the essence is such that they act in the way they should. And in most cases they don't notice it. There is nothing exact. There are only repetitions. The internal side also has its core, the golden mean. If you find it, you will definitely affirm your superiority. Don't forget one thing though. Both sides depend on each other. Therefore, always keep the necessary proportion in your actions.

In Islam too everything is based on repetition. We repeat what our Prophet Mohammed (s.a.s.) did. We follow the Quran and Sunnah. We constantly search the answers to our questions in his deeds. We try to find out how he would have acted in a given situation. And you will not believe – all our life, circumstances, all that constantly disturbs us with its uncertainty – all this our Prophet (s.a.s.), with an accuracy to a millimeter, did and left in the history as an example for us. What for to compose something new? What for to invent false history? What for to search something that was found out long time ago? The Law of Repetition chooses what is true. In fact, lie also has its beginning. Having thought up a lie, we simply repeat what was before us. And lie too has its primary source. It is the damned Iblis (Satan). Having decided once, he spreaded lie among us to such limits that sometimes many people all their life live and think that it is the truth. But everything that has a beginning has also an end. As we know from the history, from the Law of Repetition, the truth always wins. Always and everywhere the truth was and will be the first and the last. This too is a law. And maybe this law tells us that everything ends there, where it has first begun. Being made of clay, we turn into it.

Technical analysis

Before we start with the most important thing, I would like shortly to tell you what the technical analysis means for us. Not only charts can be analyzed. And not only technically. Sometimes the fundamental analysis has bigger influences on the technical analysis. So it will be not very correct to prognosticate considering only the technical factors. Many people, as well as I in the past, believed that they have to choose one of the two methods of the analysis: the technical or the fundamental. I too used to think that a person could correctly predict the direction of the trends just by looking at the chart. But fundamental facts, as well as philosophy, in the wrestling or in any other martial arts, always have their strong influence, if not in the first, at least in the second place. Which method is stronger with a given instrument, will be found out during the analysis process. I would like to remind once again, that the whole my TS (trading system) is based on the Law of Repetition. We should not ignore what our whole world is based upon. Maybe this book is being read not only by people with a profound knowledge of technical analysis, but also by people who have no idea at all what it is all about. That is why I will allow myself first to tell what a technical analysis is.

The beginning of the history of the technical analysis lies far back in the past, when in the 18th century one of the rice merchants, the legendary Japanese Munehisa Homma, started to draw charts showing the fluctuations of the rice prices. In plain words, he kept records of the daily prices of rice in the form of charts. How did Homma get the idea to draw charts, it is not known to us. But history gives us facts showing what the brave trader achieved, contributing his mite to the beginning of the technical analysis' development. He could subordinate to himself the whole rice market and in fact he became a monopolist of the rice sale. He started to use futures for the rice price and became the first person in the world who sold rice from future harvest. Personally to me his actions showed something which very few people would say in a loud voice. He managed to introduce his trading strategy into the market and was able to convince most of the merchants in his truthfulness and reached good results. Also Homma found out the Japanese candlesticks, with which he marked times, dividing them. It is not important with what and how you make analysis. The important thing is what you have, what is reasonable and valid, and then, having gathered the majority of votes on your side, you can subordinate to yourself partially or completely what could bring benefit to you. Every game has its rules. Every market has its laws. If they don't exist, you should do your best to establish them. If it is impossible for you, then you have to search another place for your business.

Every Muslim should know and follow the 5 pillars of our religion:

1. Shahadah – a testimony that there is no other god but Allah and Muhammad is His Prophet.
2. Salat – everyday prayer 5 times a day
3. Zakaat –giving alms to the poor
4. Sawm during Ramadan – fasting during the month of Ramadan
5. Hajj - a pilgrimage to the holy city of Mecca, each Muslim should make it at least once in his life

The market has its own pillars – they are 4:

1. Opening price
2. Closing price
3. Maximum price
4. Minimum price

The whole market stands on these four pillars and if one of them is missing, then there will be nothing. The market will simply die which in particulate happens during holidays when the market sleeps; in fact for us people sign of death is our dream. When a person falls asleep, it is similar to death, and when he wakes up – it is similar to the resurrection in the Judgment Day. On the base of these pillars candlesticks are formed and for us they are the first thing with which we start our analysis.

Let's assume that we want to draw the candle for today. We should have 4 prices.



Fig.1

The picture shows 2 kinds of candles – black and white. The black one indicates that the closing price is lower than the opening price, while the white candle shows that the closing price is higher than the opening price. Let's assume that the opening price was 2050 and when the closing price was fixed on 2035, we have a black candle. Besides this, we have maximum and minimum values (prices) of the candles. The higher these values are than the opening and closing price, the longer the tail is. The maximum price tail is only from above. The minimum price tail is only from below. Their places don't depend on the color of the candle. The lines for the opening price and the closing price are connected and in result we have a candle in the form of a body. Let's assume that we want to draw a price chart where every candle symbolizes 1 day. To do this, we must have 4 price components for every trading day. It looks like this:



Fig.2

The chart is read from left to right. Let's take as an example the chart GBP/USD. As we can see from the 1st daily candle the closing was higher than the opening, but lower than the maximum price for this day. The next day the closing price was a little lower than the opening price and had a long tail downwards, i.e. the price in this day tried to recoup downwards and the minimum price tail was 2 times bigger than the candle body (from the opening price to the closing price). The next day candle 3 continued its way down and pierced the minimum price of the candle that was before it (candle 2), closing lower than the minimum price of the previous day. Candle 4, piercing the minimum price of candle 3 and candle 1, closed lower than the opening, which tells us that until now the market has a descending tendency. Candle 5 showed us that the upper tail was trying to recoup upwards and not piercing the maximum price from the previous day, closed with a price lower than the opening price. Candle 6 succeeded to pierce the maximum price of candle 5, but its downtrend continued, telling us that those who sold pound against dollar had bigger forces and means rather than opponents. But candle 7, piercing the minimum price of candle 6, closed higher than the opening price, in this way giving us a signal that it was time to buy. Candle 8 confirmed its intention to go upwards. Look, it doesn't even have a tail. It opened at the minimum and closed at the maximum. According to me, that day all were buying and no one wanted to sell.

This is an example of an analysis of the daily candles. We should not only look at the candles, we should "read" them aloud. Just like me. Only in this way you will start to understand what happened and what is happening at the moment.

What do candles give us? In the first place, we can "read" the market and we can see who bought more and who was stronger at that period of time, marked in the candle. The candles can show different time intervals. They can present 1 month, i.e. the opening of the candle will be the first work day of the month

and the closing will be the last day of the month. They can show hours, i.e. opening for example at 10:00 and closing at 11:00. In them we can always see who was stronger at that period of time – those who were selling or those who were buying. We have to read the charts in the way the musicians read their notes. In order to understand better what the candles tell us, we have to read them more. While reading them, we have to try to get into the essence and to understand what happened to them when they closed. Only the closed candle can tell you exactly what was before it. Before it is closed it does not have its own power. Therefore, always wait for the closing of the candle. Don't follow your passions. Don't try to outstrip time and to guess how the candle would eventually close. In our case patience is the most important factor of success. You should judge by the actions and not by the intentions. Let us look at yet another chart:



Fig. 3

In this daily chart for Gold we see how the candles, after “fading out” for many days, got out of the range and reached record-breaking levels. Candles 3 and 4 have long tails, besides which candle 4 appeared in the borders of candle 3, telling us that the level of the “jump” from the maximum has strong optional barriers, something that we shall see later. Its maximum and minimum levels together with the body are located in the borders of the previous candle. Candle 5 also appeared in the borders of candle 4 and closed with downturn. As we can see, candle 6, having closed downwards, has a very big body. What was the previous signal for us? First, the body of candle 5 is black and is inside the previous 2 candles as well as candle 4, which tells us that the “bulls” have run low and the “bears” stood in a position ready to attack. The technical analysis and the set of candles often reminds me about a duel of fighters where before each attack one of them stands in a position and looks for the weak place of his contender, so that after seizing him, he could attack. Therefore I can assure you that before every manoeuvre we can always find a warning signal. Nothing in the market and in life happens just like that, without giving us warning signals. Our task is to find them early in advance and, having done detailed analysis, to make the right decision. In this situation the most reliable decision would be right after the closing of candle 5 to submit the sell order from its minimum.

Let us try now to combine the technical analysis with the Law of Repetition, i.e. saying it with simple words, try to search for coincidences, using the data of this instrument, which in our case is the daily chart of gold. We shall take the same situation and shall receive one more confirmation regarding the decision we made:



Fig.4

We begin our analysis at the closing of the trading day. What should we do, using the Law of Repetition, in order to understand how the situation will develop further using the given pattern? Of course we shall use history, looking for similar situations. If our instrument has a long history, the percentage of coincidences will be higher. What shall we take as a base while searching for patterns using the Law of Repetition?

First – it is the logical closing, which means how exactly the candle closed, i.e. we should first read aloud what was before this candle and what is happening at this moment in this particular interval of time. As we can see, after the rapid rise, there are two long tail candles which could not pierce the certain price level. The tails are very serious, which tells us that the options, protecting the particular barrier, are stronger than the strength of the “bulls”, trying to rise above it. Last we have a black candle, covered by the scope of the previous one, which in its turn also had its price scope inside the scope of the previous candle. Now we can start “tightening” the postponed sale order at the level of the last minimum, but first we should be completely convinced that we are right.

Second, what we need for our search under the Law of Repetition is the technical close, i.e. the technical kind of the pattern with accuracy of 70-90%. Sometimes the tails have no less importance than the candle body itself. Consider all factors: where did it come from and how long did the candle move to this particular pattern, together with the general tendency. This is either the trend continuation or its recoil.



Fig. 5

Similar situation, long rise, in result of which, as we saw, two candles generated attenuation inside the one of them and a followed breakdown. In the pattern there are the postponed orders from minimum 3 candles. Let's look at a few more examples:

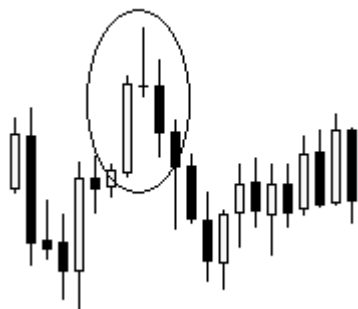


Fig. 6

In the Japanese candles this pattern is called the “falling star”. Candle in which the opening and closing prices are virtually equal, are called “Doji”. In our example, as we can see, in result of several rising days a candle with a long upper tail closed, putting some pressing barrier from above, which gives us the signal to sell. Logically everything points to SELL, small lower tail, very long upper tail. Also all that was before it shows the beginning of a turn and this signal is one of the characteristics of the recoil wave.

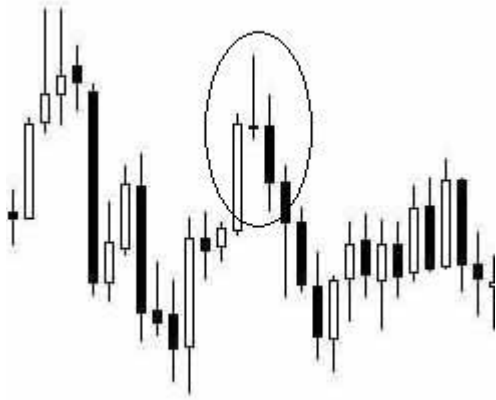


Fig.7

The appearance of this candle gave us the reason for some doubts in the strength of the “bulls”. Let us look for identical patterns using the Law or Repetition.



Fig.8



Fig.9

In both cases that we found in the daily chart of gold, we have identical situations, where after unsuccessful attempt of going upward we got such patterns of candles. Then sales follow. I would also like to say when it is best to open orders at the presence of a signal and confidence of the direction in which the price will go. According to me, the best trade is from maximum and minimum of the last or penultimate candles. You will ask me why? Take in your hands the Law of Repetition and go to all patterns in the chart. Look and analyse, when is better to open the order position if the pattern is confirmed – immediately after you receive the signal or from a certain level. This will be your best indicator. Be sure what you want. The Law of Repetition works both for you and against you. The most important is that you use this law correctly. The wrong usage can always lead to sad results. This is the same when you know the principle of work and control of the airplane but you do not have the experience of flying it – you maybe will be able to fly up, but in order to fly it down you will have to submerge it. In the worst case, at the place of the wreck on the next day there will be flowers and the steering-wheel of this same airplane on which you, without following the basic law, decided to sweep with the breeze.



Fig.10

The pattern given in the daily chart EUR/USD is called “morning star”. It always appears from below after descending movement. There are other cases too when it can appear not only from below but also in the recoil of the upward trend. Each of the cases is considered separately, proceeding from the history recorded.



Fig.11



Fig. 12

Both examples confirmed our fear about the beginning of the upward trend.

As you probably have already noticed, the base for using the Law of Repetition in the search of similar situations is the appearance of the candle. The essence is this: the direction and the arrangement of the other candles before and after the signal, which show us their similarity, obligatory should be included in the basis of the search. Those who have had the opportunity to work at the currency markets know that a big part of the instruments are subject to strong volatility. The candles of the five minute charts of EUR/USD for example have much less strength and importance than the same candles in the daily and weekly patterns. It is connected with the fact that a candle closed within five minutes tell us that those who at that moment participated in transactions for this period of time lost much less strength and means than those that participated in it for a whole day or a whole week. If in the future you want to decrease the volatility, you better increase the time interval. At least for now, for those who still badly “feel” the market, this is the only way to go from the internal side to the external side. Please note that the more volatility and “unreadableness” are in the technical analysis, the more it specifies the internal side of the instrument where sometimes is much more difficult to understand the process than in the external side, and it always seems to you that there is no way to learn where the price will go and when.

There are two kinds of candles – candles of continuation and candles of change of the tendency. How could we know, what kind our candle is? Use the Law of Repetition. Turn to history and find out all candles that participated in the turns. All the rest is just repetition. Nothing complicated. And why do people so much suffer when they should make decisions? The whole reason lies in our uncertainty. It follows us during our whole life and is the very first that participates in the decision-making vote. All problems are due to inexperience and lack of self confidence. In order to reach calmness and composure, you need precisely to define your trading strategy. In my statements I always use examples from practice, from our lives, from everything that occurs, happens and lives around us. When you know and see such examples, you will much easier strengthen your self confidence. In fact, when you see the signal, you first of all try to open position in the right direction, but when the price goes against you, you immediately start to look for mistakes within yourself. This is why you first need to find similar situations. Not just graphically similar, but also having exact logic values. I will immediately tell you that knowing the Law of Repetition is not enough. Its knowledge is enough only in one case, if you have the feeling where the next candle will close, but for this you will have to look at the charts day after day without a minute of rest, learning by heart when and at which day 10-20 years ago the same candle closed. You have to know your instrument better than you know the five fingers of your hand. But even this will not be sufficient in your case.

Do you know what the professionals are proud of? They are proud of their experience. Experience cannot be bought even with a lot of money. Take as an example any well-known cardiologist, who by one only stroke of your heart will define your illness. His diagnosis – this is the answer of the skillful physician who has been practicing for years, constantly perfecting his skills! Or for example, Mikhail Schumacher.

He doesn't read right before every contest how to choose his tactics for winning the first place. During the contest his hands lead the machine to the rostrum. All he needs to do is to observe from aside. All is done in an automatic mode. Therefore our task is to perfect the technics and to become experts in our work by means of experience. Experience is gained with many years of work.

Once again I want to remind you. There are some instruments where the candle patterns work with smaller percentage of repetition. It is connected with this same volatility. And you already know how to pass by it. The essence of the volatility is included in the big presence of people with different trends, with big volumes and quantities of transactions.

I hope you understood the Law of Repetition from the example with the candles. Let us talk a little bit about the repetition among us people.

In the past I liked very much to watch people from aside. It was always interested to me to see how this world is arranged. How the relationship between people is built up. I noticed a lot of similarities in our actions, behavior, which showed me that people are divided into different categories in their actions and manners. In a short time period of analysis I already was able easily to find out what kind of a person somebody is. I could achieve this due to learning by heart the manners and behavior of other people from this region. I didn't have to memorize much though. All practically were divided into 5-6 categories. You will not believe but we constantly imitate someone, i.e. each one of us takes as a base for his behavior and way of life the life and behavior of someone else. Saying it with simple words, we choose an idol for a period of time or for our whole life and we repeat his behavior, his manners. From the very beginning I started to remember the manners of behavior of people, dividing them in categories. I divided not only the people but also the repetitions, i.e. I took as a base the walk (gait), the conversation, the manner of playing football, the answers to questions in class, behavior in any situations, driving a car, etc. All which at that time was my way of life and was around me. It appeared that the fashion of imitating idols was stronger than imitating one's own parents. Many even try to imitate their idols in everything. Some imitate them in their manners, others in their behavior. Like a wave, this spreaded all over whole towns, starting from the megacities and ending at the small villages. All was reduced to one thing – to imitate those who we consider better than ourselves. Then I grew up and my rough youth days began. I started to notice that when a person loves stronger than the object of his adoration loves him back, he automatically starts to adopt part of hi/her manners and behavior. It was very amusing to participate in it. But basically all was reduced to the fact that I only repeated myself and didn't use it as a means to achieve something more than a simple participation in it. Time passed, my outlook changed, but I did not leave the Law of Repetition and perfected my skills, though, I have to admit, at that time I didn't have the clear understanding that it was a law. It seemed to me just like a simple theory.

When I became more religious, I learned that a person in his actions is guided by one thing – the reason. All that we have is due to different reasons. We are responsible for the reasons. Reasons lead us to different things. Reasons give us the most simple in our life – our subsistence, which in fact is the base of bases without which we cannot live. It became quite clear to me that the reason is the primary source of any result. And right here it became interesting to me and I was curious whether it was possible to connect somehow the reasons to the Law of Repetition. It turned out that all this lays on the same base. To repeat the way or the result of someone, who already did or achieved something before you, is necessary only one thing – the reason of our actions to be to repeat all this very accurately. The reasons, as well as the actions, are also divided in to internal and external. The external can be very simple or quite complicated. For example, when we want to overtake the car, driving in front of us, we need to accomplish the reason: by stepping on the accelerator and maneuvering with the steering-wheel, to pass by the car. And if while you are overtaking, unexpectedly for you, at a very close distance a car comes right towards you from the opposite roadway, you will have to press the brakes in order to avoid an accident. In fact, externally you accomplished the same reason, as you did five minutes ago, but you got a different result. And here comes the internal reason. It brought to zero all our actions, as in the internal reason there was a share of another action, which didn't happen before. For me it became clear that “the weather” for us all the same is done by the internal characteristics and not by the external. The proof of it I found in our appearance. The person's appearance directly depends on his inwardness. If inside you not everything is all right, your outside appearance will change so fast that within a week you will not recognize yourself in the mirror. Even though your kidneys are smaller in size than you, they are much

more important and more central than your appearance. Have you ever heard how men shout out of pain caused from stones in their kidneys? Believe me, even the most courageous of them cry from helplessness and pain. See how a small stone in their kidney puts them down on their knees.

All this forces us in everything and always to listen to our internal features. Recently I understood one truth. A truth, to which the Almighty God gave orders to serve us. All works under the Law of Repetition. The reasons create actions for repetition. Repetition creates preconditions and opportunities for the reasons. All goes in a vicious circle. Even the Globe moves according to the Law of Repetition. Constantly, without stopping, it turns around its axis. Such huge thing as the Earth knows its precise borders and its place. Where, when and how many. And we people, are we capable of such thing? Most of us are not. And yet we try to claim that we are the greatest. Man is the most defenseless creature on our planet. Having the right to choose, he cannot make one very simple action. Namely, to repeat only this that is a law for us. We people always consider ourselves as the cleverest beings and strive for something, not even knowing if we need it or not. The trifle is more important to us than the global things. For us harm is better than benefit. We became more and more similar to the animals, which do not have consciousness, but which by the way know better than us what a law is, what they should do, what is allowed and what forbidden for them. We began to repeat something that turned to be a lie for us. Some of us, affirming that people originated from monkeys, drove into their own heads that earlier we were animals and they forced themselves to go in the wrong direction. Lie has always been and will always be lie. And any action in the wrong direction will lead only to a wrong ending. It is the same as to buy shares in the hope to earn money and loose in this way all your property, and yet you continue to think that you were right. Your choice in this case turned to be false and erroneous. You may not believe and you may think that you were right, but somehow all has resulted not the way you planned it. And you will be wrong twice. You deceive yourselves with a mistake, which you should admit and try to do everything possible so that you will not make it again. We should always think carefully before we make a decision. We should think soberly. No dreams and no complexes. And no one but us is guilty for our mistakes. All good comes from God and all bad things come from us. Therefore, let us always rely on Him and make sober decisions.

Let's do some more training in the candle repetition.



Fig. 13

This candle pattern gives us the signal about the end of the “bull” trend. Its meaning is that during the trading day it pierced the maximum price of the last three candles and yet it closed lower, and its body absorbed the bodies and the minimum prices of these last three candles. Saying it with simple words, this candle is stronger than the three candles that were before it. Let's look at the history of the daily chart of USD/JPY and try to find from where this repetition originated.



Fig. 14

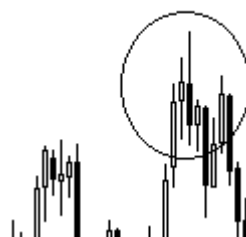


Fig. 15

In Fig. 14 we see the similarity in two parameters: the kind of the model and its direction.

The direction in the recoil wave (about the waves you will learn in the next chapter). In Fig. 15 we see in general the same that we see in Fig. 14. Both examples are found not far from this pattern which we took as a beginning point of our search. This gives us the reason to suggest that reaction of the traders to this pattern is still fresh in their memory from those days, in which we did find the examples of the repetition. In fact the market has its own memory as we people do. The market – it is we.

Waves

Have you ever noticed that our life consists of white and black moments? Yes, just moments and nothing else. Try to remember any situation with good outcome. For you this memory will be just a moment in your mind. You of course would not immediately start to recollect in details every case, but will take it in its general sense. Each case bears in itself an image which is preserved in the memory or in the history as a moment. So I would like to tell you that our life is *similar to the river, the sea, the ocean*. For every one of us it is different, with its risings and fallings. For some, it flows calmly within the river banks. For others it flows with periods of violent rises and calm attenuations. All depends on that, how resolute you are and the way you live your life. Our life includes 3 components:

1. Upward trend (white strip).
2. Downward trend (black strip)
3. Sideways trend (quiet time)

All above listed is very well known to us and all this appears to be the main wave both in the sea and in our life.

What is the wave? The wave – this is a certain quantity of candles shaped in one direction, where the end of the wave is the peak or the bottom, with a further turn to another side. I will give an example of a wave:

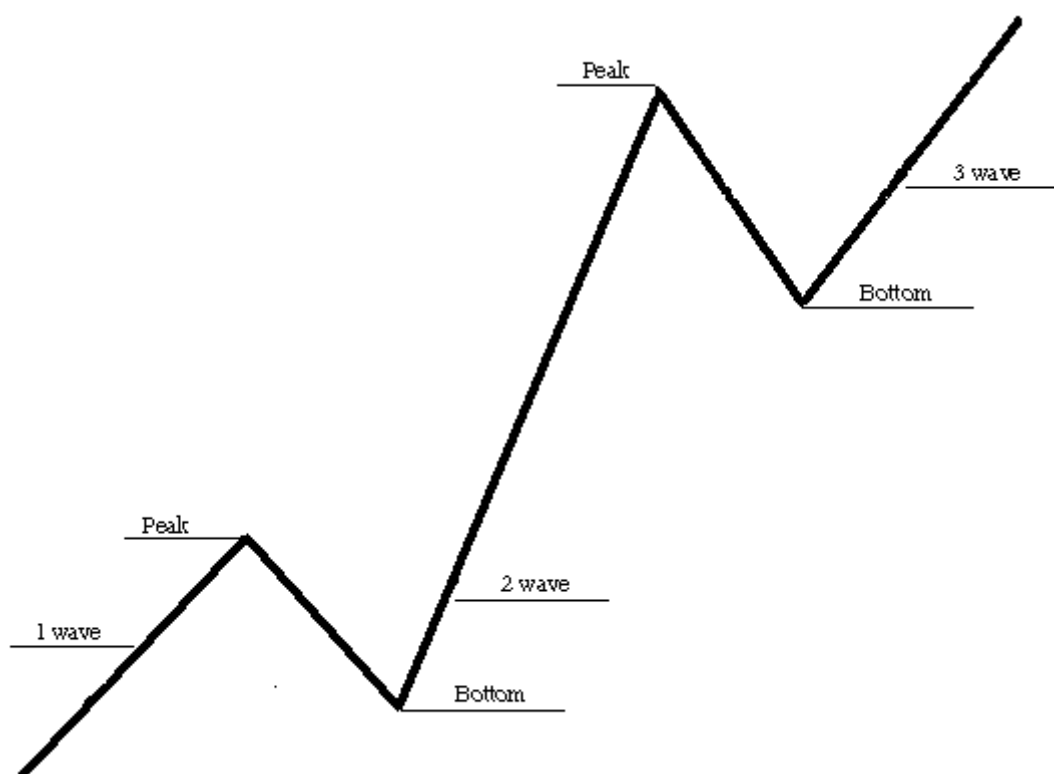


Fig. 16

As we can see, the first wave is marked “1 wave”. Then we see the peak of the first wave (marked “Peak”) and the recoil with the next wave (marked “Bottom”), which is characterized as a bottom of the first wave. Then the price continues to go up, which gives us the signal for the beginning of the second wave (marked “2 wave”), immediately after the bottom of the first wave. In real life it happens like this. During the first wave the purchases began with an upward trend. Having reached a determined price, the demand began to fall and small sales were accomplished. Then having reached the bottom of the ascending first wave of purchases, i.e. those who decided that these levels are good for entering the market, began to buy and with their purchases have started the second wave. Then, having reached again its maximum levels, the price started to fall down, as those who bought during the first and second waves, decided that it was necessary to “let the steam off” and give the chance to those who were not in time on

the train, to jump on it at more favorable prices, which we do see during the third wave (mark “3 wave”). For the ascending wave, the end of the recoil serves as its bottom, for the descending wave - its peak. Look at the example of the descending wave:

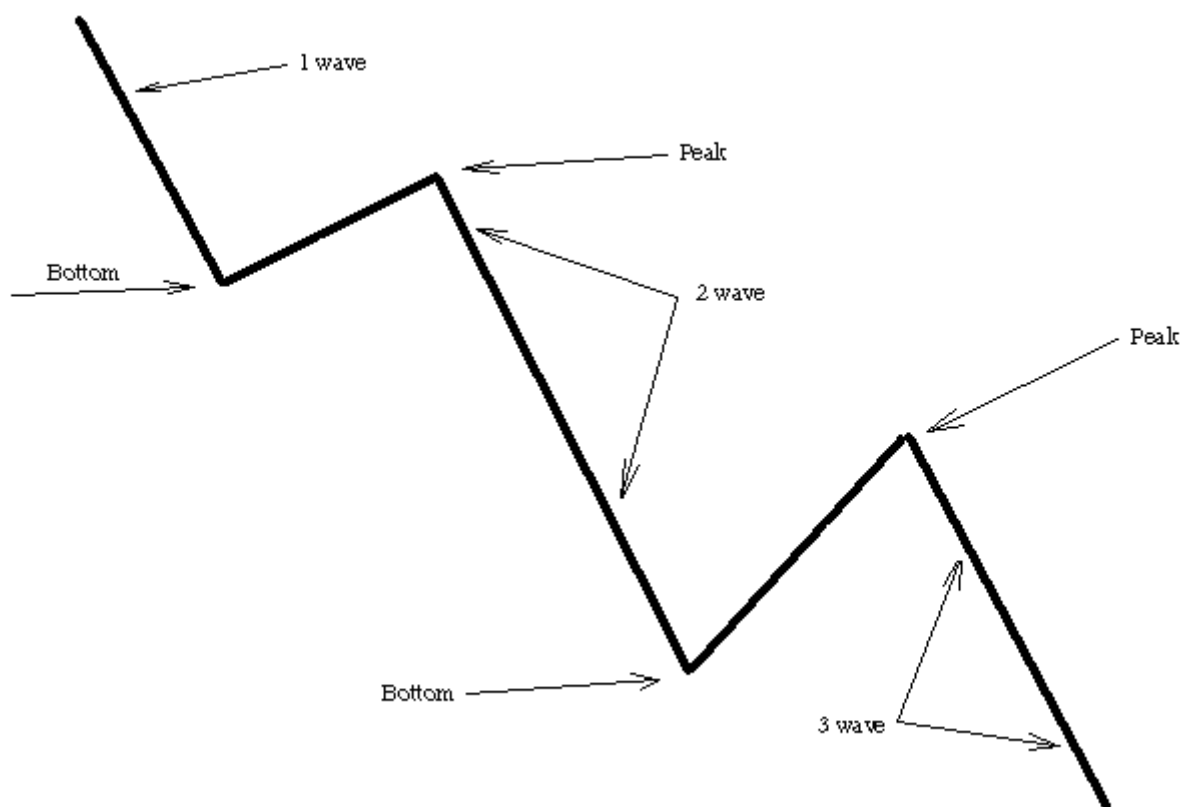


Fig.17

In this example of a downward trend we see how the first wave of purchases began (marked “1 wave”): the “bears” lost strength and after the formation of the bottom (marked “Bottom”), recoil occurred. Those who were not able to sell during the first wave, decided to join it and to start a second wave of sales after the formation of the peak of wave 1 (marked “Peak”). Then the recoil of the second wave occurred, but the “bears” still had some strength left. During the third wave those who were not successful during the first and the second waves joined in, and by doing so they pushed the price below the bottom of wave 2.

The stages of our life are in many respects comparable to the movements of waves. We can take as an example our career. The first stage – training at school - is the first wave. Our next rise depends on how this first wave was formed. If you at school loved more to «maunder along», rather than to receive knowledge, then your wave will not be strong enough to continue. But if all these years you studied very scrupulously, no matter what grades you got at school, then there is hope for you to continue in the direction of the upward trend. After your graduation from high school, there comes a period of calmness, during which you are preparing to apply at a university. If during this period you are not able to get ready for the university admission, something stood in your way, turned you off your road, then instead of mild recoil, a strong failure down to the minimum of the first wave is very possible. This can serve as a bad signal for your future. Then, being accepted at the university, you sit on the second wave which takes you even further away. This education (training) is similar to the second wave shown in the figure above, which pushes you much further than the first wave. Then comes recoil in the form of job search. Very often, having graduated from university, we look for work for a long time. This exactly is the recoil of the second wave. How strong this recoil will be, depends only on you. Let's assume that you have found some work. For you, at this moment the third wave begins. Usually, as the statistics show, if the second wave was very strong, then third wave is not as strong as we would like it to be. Often it is because a lot of energy and resources were spent during the second wave. Therefore do not dream, that you “will hit

the large sum” during the third wave the way you did it during the second wave. In order this to happen, you will have to put much more efforts than you did during the first and second waves together. Here is another situation. You are a believer. Faith is individual for every person. Faith, as well as the charts, has wavy undulation. As soon as you become more religious, and start to observe all the formalities of your religion, you step on the first wave. At this time you lay the foundation your faith. All the time you try to pray more and to make good deeds. Though in your heart your faith has strengthened, your mind is not so strong with knowledge that you would be sure about any question concerning religion. And here come delay and small recoil, when you start to search for knowledge. It is difficult to predict when recoil will happen and how it will look like. But we very well know that when it happens, we should make everything possible to start the second wave. More knowledge, more time for worship, more prayers will give your faith a strong push up. A break above the maximum value of the first wave gives the hope that you will reach greater heights than before. Then it could be followed by recoil and a sideways trend. Having some weakness, it is possible to loose a little bit of your faith (Iman). That’s why here the most important is that you would not allow the downward trend to be developed, because if having it developed and having lost control, you will get a pitiable result. Always hold everything under control. If you have started your way, then finish it with dignity, and not as bankrupt-loser.

I will give some more examples of wave charts:

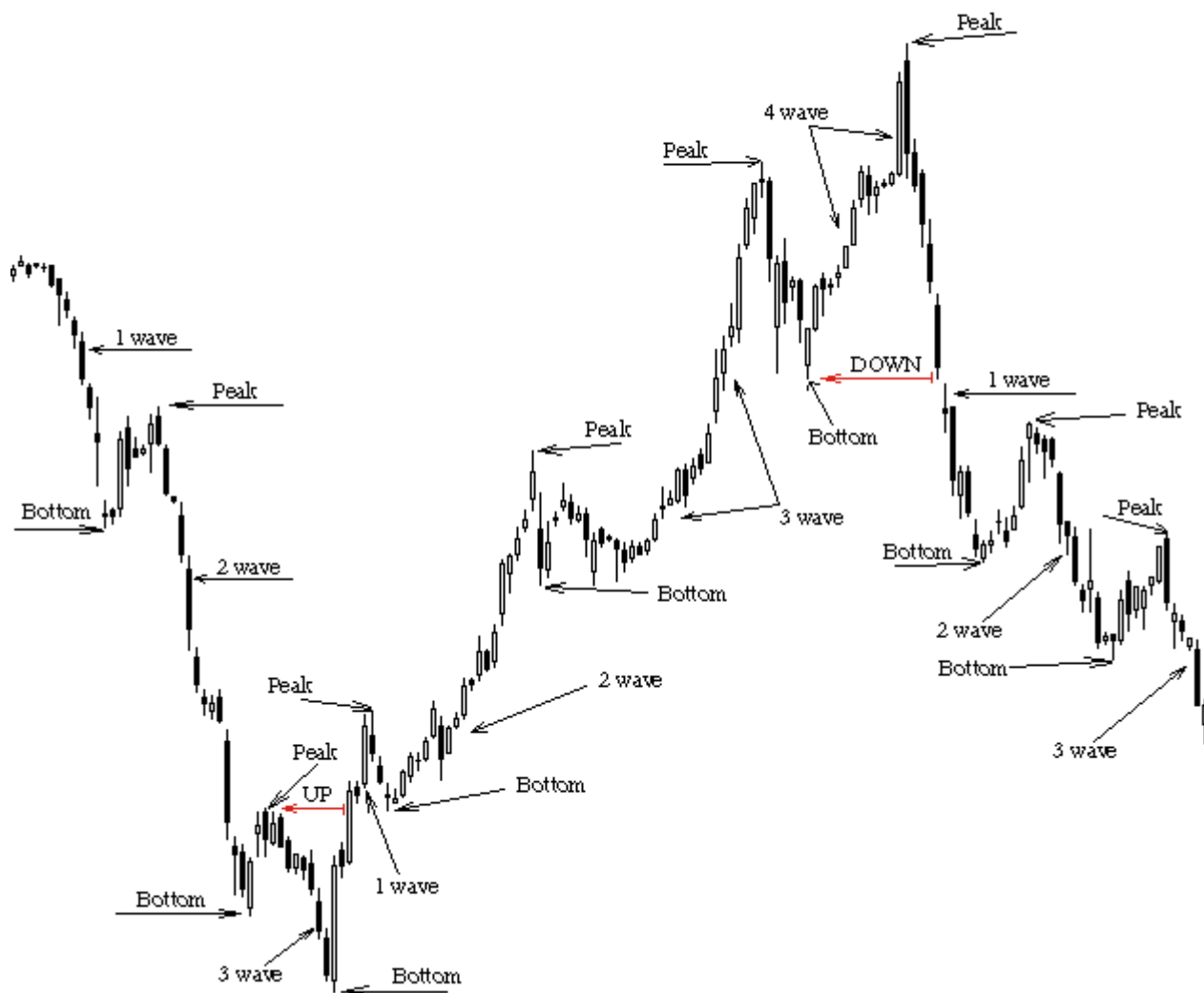


Fig. 18

Here you can see examples of three tendencies of the weekly chart of USD/JPY with designated the change of a downward trend with an upward trend (marked “UP”) and the followed after it change to

a downward trend (marked “DOWN”). As you can see in Fig. 18, after the three descending waves there was an absorption by a long candle of the two previous ones and closing of the upper part of the body of the third one. The minimum price (lower tail) of this candle is below all the rest and its maximum price almost reached the maximum price of the third candle, which was previous to it. This tells us that it is a very strongly turning candle. The further rise pierced the peak of the second descending wave and having made small recoil, has broken up. You see how strong this upward trend was, consisting of four waves. The further slope of three waves could not reach the bottom.



Fig. 19

The daily chart of Gold precisely displays the upward trend, consisting of six waves. The recoil of the first wave, as you can see, was very fast and almost imperceptible, which tells us about the strength of the trend. The second wave appeared to be as strong as the first one. After it there was an attenuation of the trend. The third wave appeared between the levels (the peak and the bottom) of the second wave, the fourth candle was between the levels of the third one. Only the fifth wave could break upward, proving to us the strength of the upward trend. Then, as we can see, here comes the sixth wave, which as of today has not closed yet.

Now I hope that the principle of the formation of the waves has become clear to you. Once again I would like to remind of the principle of the wave formation and the change of the waves. The wave is formed from a certain quantity of candles which have the same direction, and it has a peak and a bottom which are included in its base. The change of the waves occurs immediately after the last peak or bottom depending on the direction of the trend, i.e. if we have a downward trend, then the new wave will be

immediately after the last peak of the previous wave, and if we have an upward trend, then the new wave will bright after the last bottom of the previous wave.

Takbir

During my work at the market, I was engaged in studying its tools, with the purpose to find the law on which the market works – the so called “Gold Grail”. Grail based on the Law of Repetition. In fact we all know that Grail which is based on constant repetition of one and the same action, that has identical consequences, will bring to its owner what he doesn't even dream about. I do not wish for myself, and do not wish for anyone in this world to get what will give him the opportunity to “bend” the whole market and to take as much as he wants. I only want that those who will use my method will be provided with as much as they need for their comfortable way of living.

What for should we need a superfluous of money? In fact on the Day of Judgment we shall have to give a rigid answer to the Almighty God for everything that we have had in surplus to what we really needed. Take what you need for your livelihood and the rest give to the needed and the poor. Believe me, it is better for you.

Tell me, on what are the waves based? What is the angle of the wave? Correct. This is the peak and the bottom. Peak is above, the bottom is below. How can we define that they are exactly this. You know that we should be exactly and on time on the leaving trend. We can be late, having entered at the end. Well, but then there might be a turn which would bring us only a waste of time, means and nerves. You know, I have one habit. I like to sit alone on the river bank and to watch the waves after the passing ship. I often come to the river bank at night; so that I could listen to the sound of the waves, listen to what they talk about when they wash the shore. In fact they tell a lot when they lay down before you, passing through the sand. And they listen to you when they leave back, being replaced by a new wave. Try like me to tell them about something. Whatever you tell them, they always listen to you.

Time and observation put in my mind the thought that the waves have their own angles. I have to admit that I thought a lot about this: can't the waves, just like we people, have their way of worship? When I begin a prayer, I say the Takbir with the words "Allahu Akbar", which translated means “Allah is the Greatest”. Can't the waves, similar to us people, also worship our Creator by pronouncing the Takbir? It turned out that they not only can. They do it every minute. The waves of the sea or the ocean, as well as the waves of the person's actions at the market, bear in themselves worship to the Compassionate, the Merciful. Lifting hands upwards at the level of our shoulders and pronouncing Takbir, we start to pray. The waves too start their movement, praising our Lord together with us.

The condition for Takbir is to lift the palms of our hands upwards at the level of our shoulders or a little bit higher and to pronounce the words "Allahu Akbar". One hand is on the right; the other hand is on the left. Our head is in the middle. Pronouncing Takbir, the hands are left either to the level of the shoulders or to the level of the ears, so that our head will be above the hands.



Each hand has 5 fingers. All gathered we have this: $5 + 1 + 5 = 11$, i.e. 5 fingers, a head, 5 fingers. Takbir!

The base consists of 11 candles, where the middle candle, with 5 candles before it and 5 after it, appears to be the highest or the lowest point of the angle. For the peak, the angle will be with the maximum value, for the bottom – it will be with the minimum value. See how it looks like in the chart:

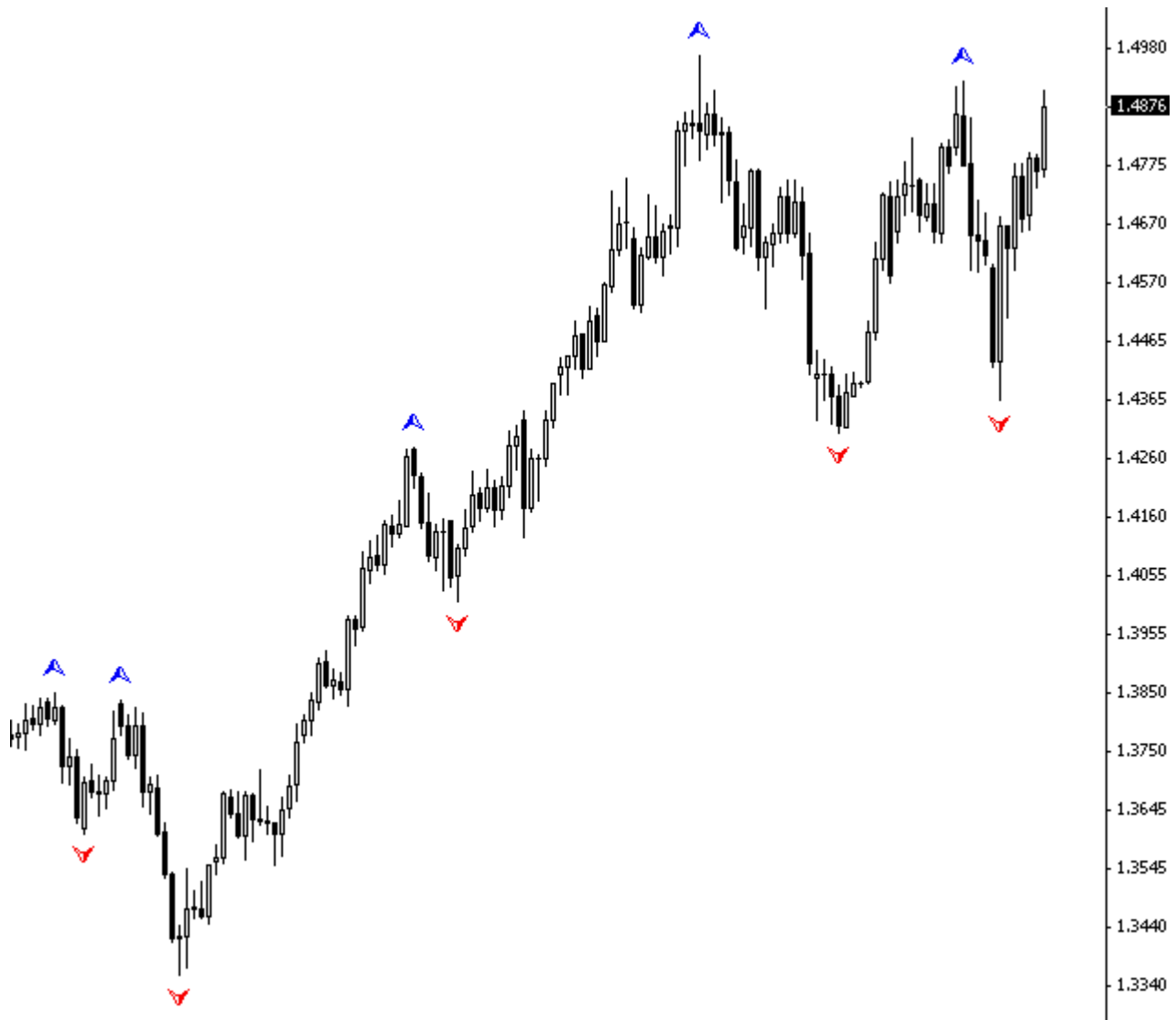


Fig. 20

In this daily chart of EUR/USD I have marked the Takbirs which through their sequence show us the peaks and the bottoms of the waves. The peak of the Takbir is marked with an arrow upwards, and the bottom of the Takbir is marked with an arrow downwards. Takbir is an Arabian word and I decided that the names of the peak and the bottom should also be taken from the Arabian language. I found old Arabian words, meaning the “peak of the mountain” and the “bottom of the cave”. I was helped in this by my friend Rashid, who studies at the Medical University in Saudi Arabia. So the work for peak is “Kimma” and the word for bottom is “Yamma”, which very much resembles the Russian word “Yamma” meaning “hole”.

Let us now look at the same figure, only already with the marks “Kimma” and “Yamma” in it:

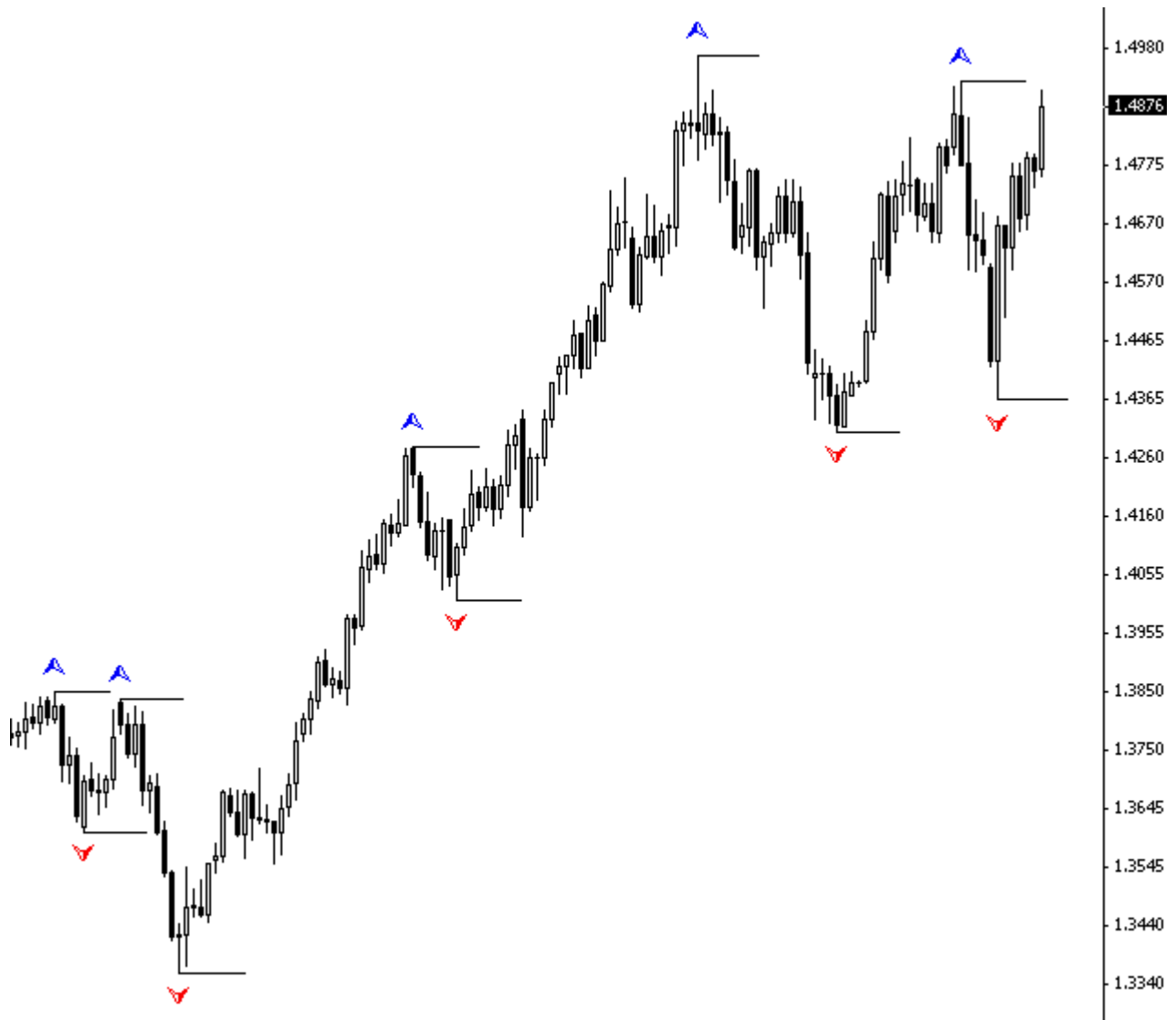


Fig. 21

I have marked the angles of the waves with lines. In future we shall mark them in this way, so we can easily see which wave has a mark and which one doesn't have. Once again I would like to remind that the angles should alternate (take turns): if the last one was "Kimma" the next one should be only "Yamma". And now let us look at this same chart but with all marked Takbirs in it:

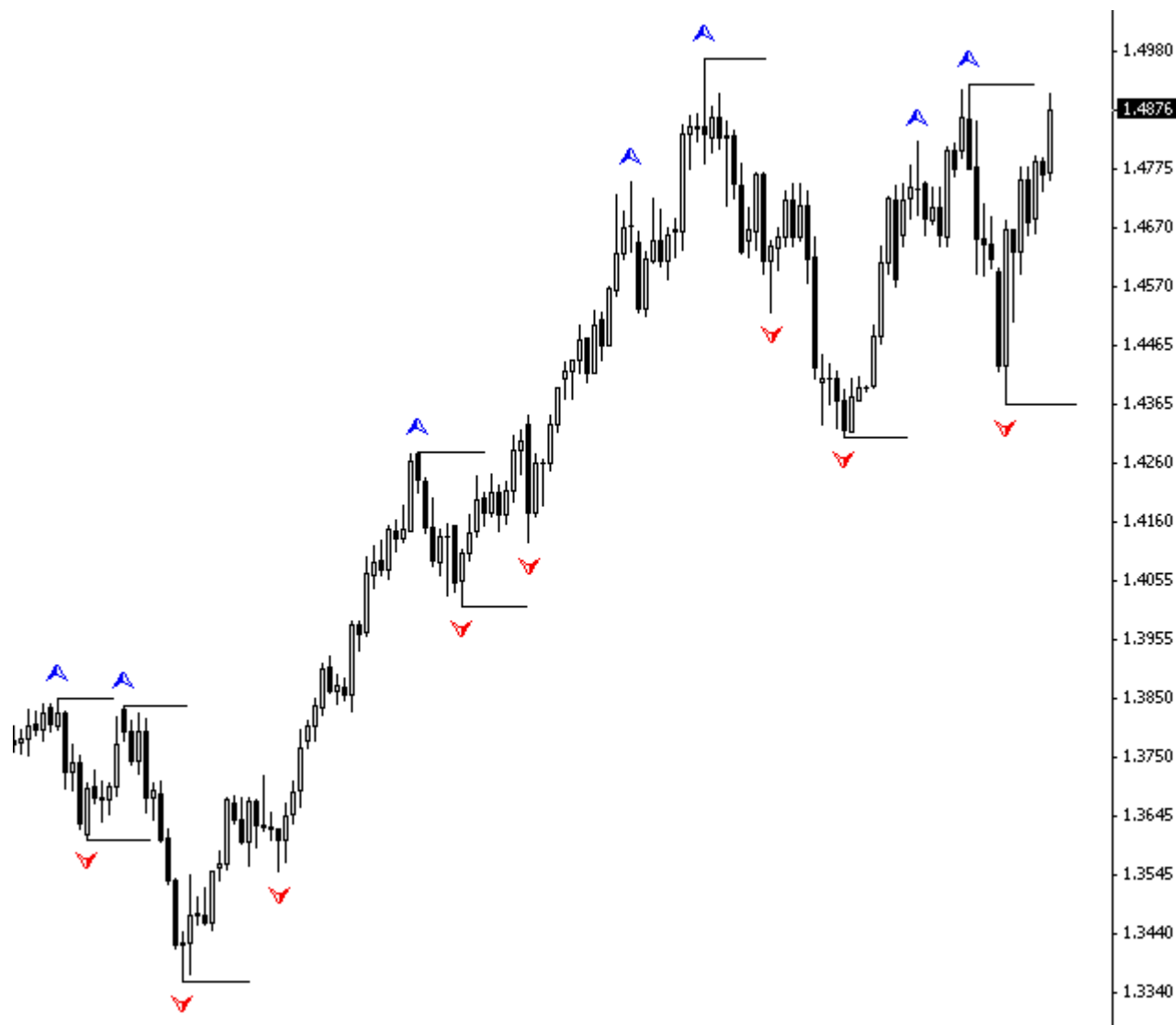


Fig. 22

As you can see, there are many Takbirs which don't alternate (don't take turns) but we should take into consideration only those that alternate. Therefore write this down that the waves have two angles: upper angle ("Kimma") and lower angle ("Yamma"). If Takbir "Kimma" has appeared, then following it obligatory will be "Yamma".

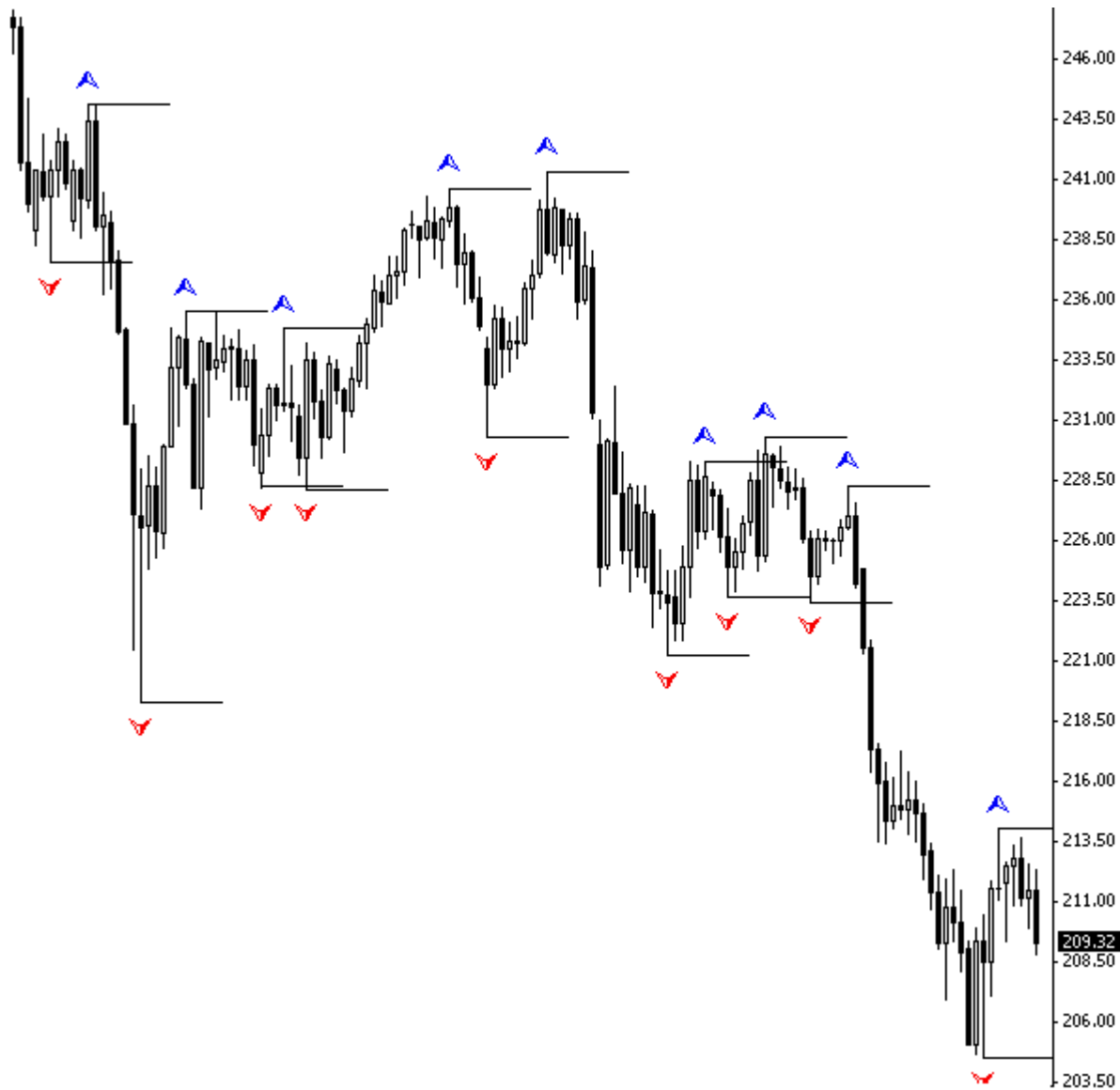


Fig. 23

In this interval of time in the daily chart of GBP/JPY there are no “blots” except one: after the formation of the second “Kimma”, the second candle after the angle Takbir has slipped below the minimum of the following “Yamma” but it was white and we don’t have reasons for anxiety.

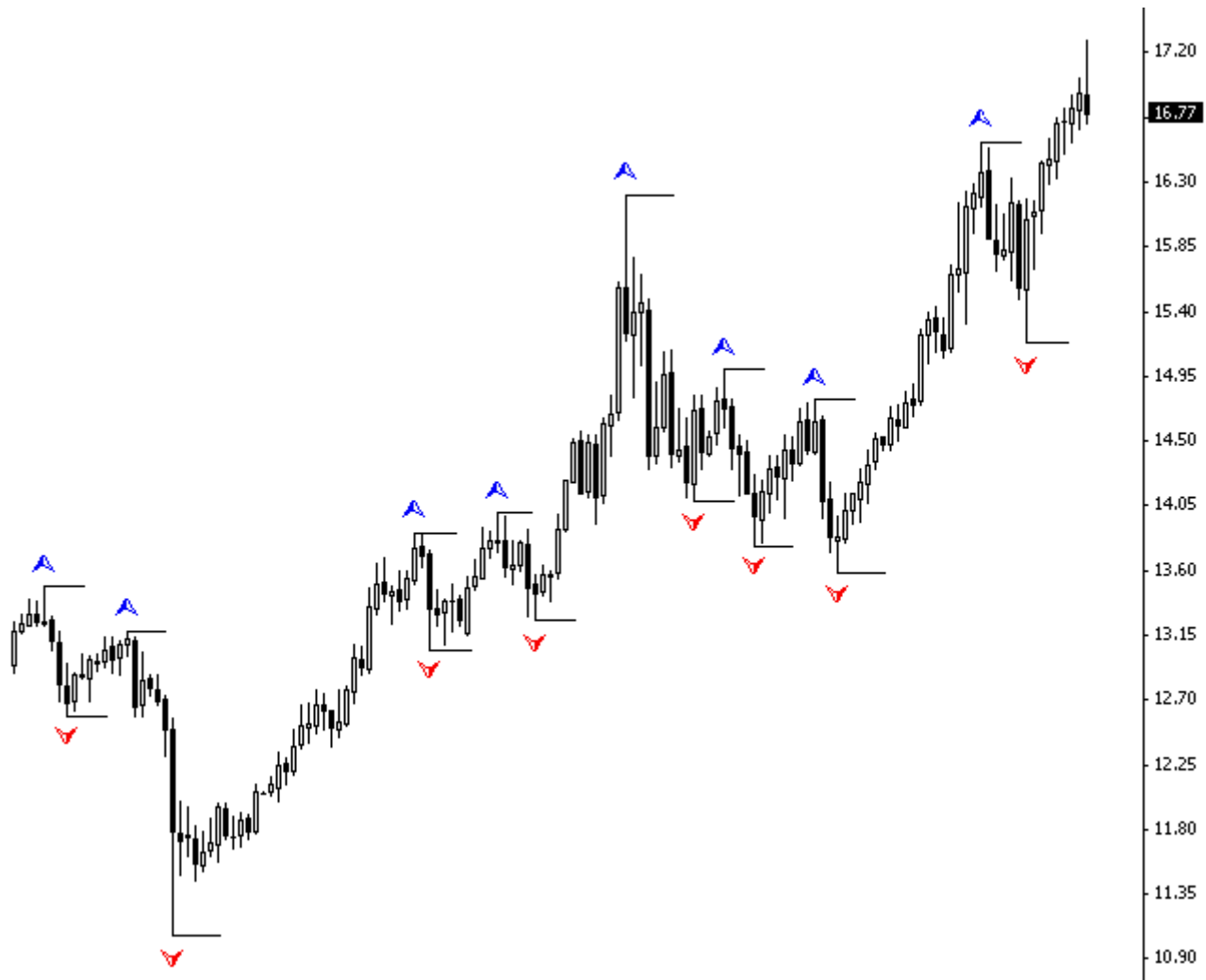


Fig. 25

In this daily chart of Silver also all Takbirs are marked. Look at the second “Kimma”. In the formation of this Takbir, the first and the second candles after the angle have pierced in 1-2 items the minimum of the first “Yamma”. There is nothing scary in it. For us the formation of this angle ended after 5 candles. “Yamma” is completely generated only after the formation of the next Takbir, because Takbir is the primary source and the main part, which engenders the angle of the wave and just after that come the “Kimma” and the “Yamma”.

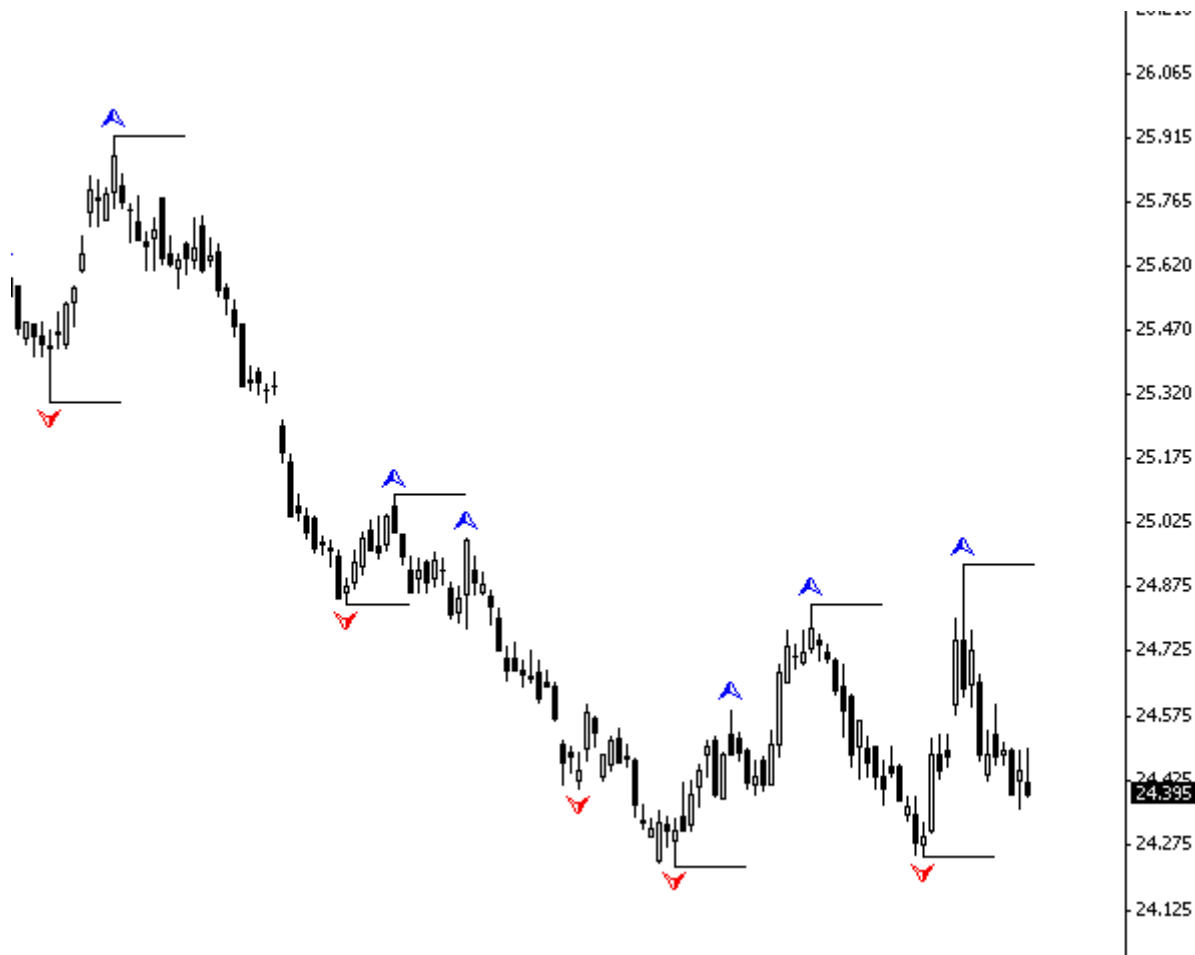


Fig. 26

In the daily chart of USD/RUB three Takbir angles are unmarked as levels. The first one comes right after the piercing of the second “Yamma”, then there was an attempt to generate the bottom in the form of Takbir, but the market has failed even lower and the third unmarked Takbir came after the third “Yamma”. The first Takbir was formed with signals on continuation of a downward trend. The first candle right after the angle and the candle next to it could not reach their maximum, which led to some doubts regarding the abilities of the “bulls” to make their way upwards, i.e. the candles after the angle Takbir were even below the closing of the main candle, not talking anymore about its maximum. For us the level “Yamma” is exactly this Takbir which is located at the very bottom. It should be marked in precise sequence. It concerns also the fourth top angle Takbir. In it we can see how the last, fifth candle in Takbir after the angle was closed without the lower tail to be strictly upward, having absorbed the three candles before it. This tells us the strength of the “bulls” rather than the formation of the “Kimmera” with the followed recoil downwards.

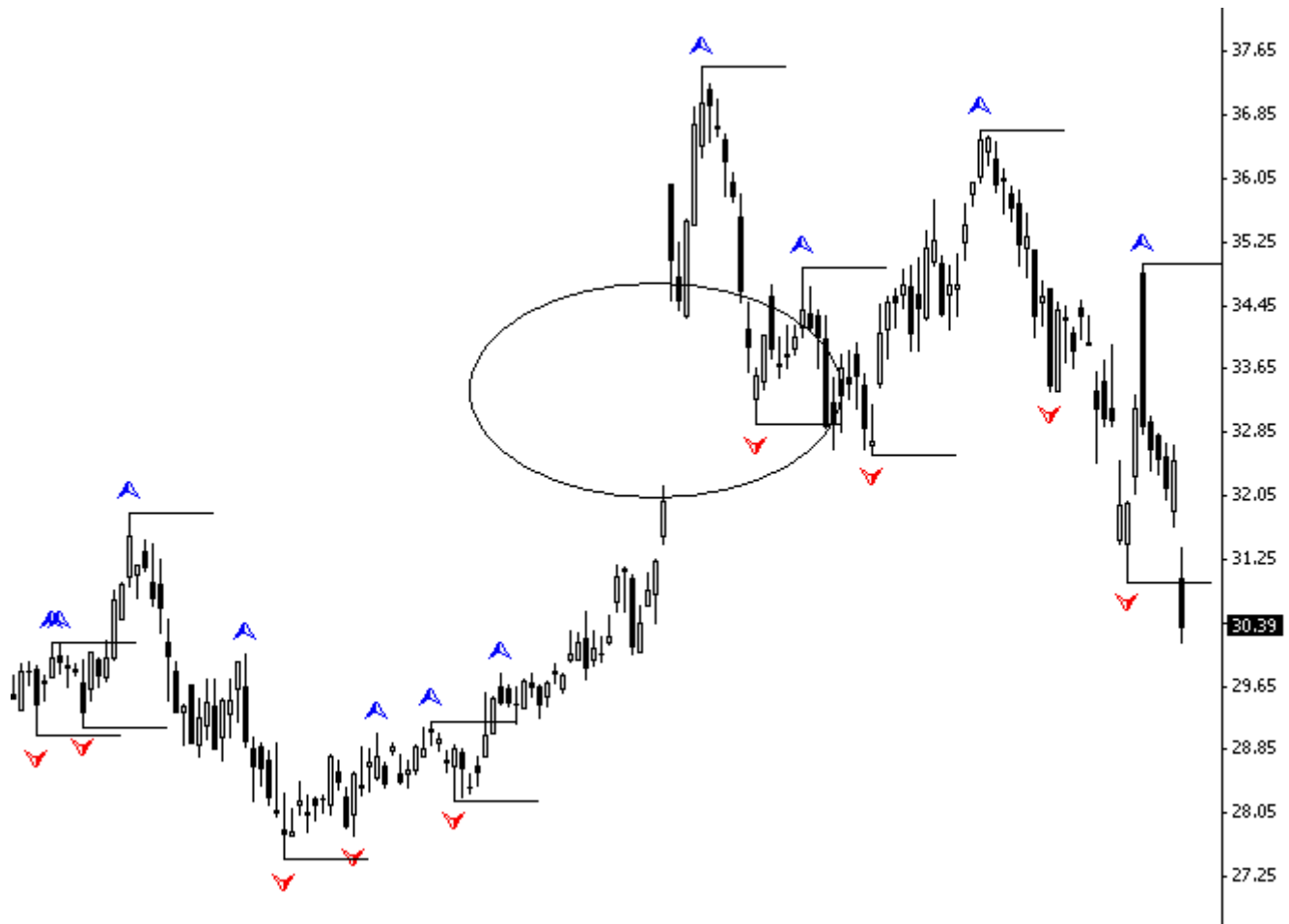


Fig. 27

In this daily chart of the MSFT (Microsoft) shares we see how the “Kimma” became the level which was pierced only with big gaps upwards. Gap in our case is when the opening price of the next candle is not at the same level with the closing of the previous candle. The bigger the gap is, the bigger its importance is. And as we can see later, it after all was “closed”.

I hope you understood a little better what Takbir is and the levels of “Kimma” and “Yamma”.

Then let us move to the next topic.

Time of Azan and Ikamah

The waves fulfill their worship through the angles of Takbir, constantly praising the name of the Almighty God; Earth, turning round its axis, draws nearer the time for prayers and replaces the day with the night. Not long ago I read somewhere that one of the Islamic researchers has made calculation and has found out that every 4 minutes somewhere on the Earth it is time for Azan. Can't the charts pronounce Azan too? It has appeared that they pronounce not only Azan, but also Ikamah. They do it everytime before they make any movement. The wave starts with Azan, and then comes the Ikamah. The waves tighten us with themselves, calling to the beginning of the worship. For us they are like an indicator. Where they go, we should follow them.

You already know what the Law of Repetition is and what the Takbir angles are. Now I will tell you where, when and how many waves read Azan and Ikamah, before we start together the journey called "trend". But first of all I would like to thank the Almighty God for the knowledge that He gave to me. Knowledge is given not personally to me but to all of us and I am only His slave, through whom this knowledge is given to those to whom it is directed, wishing to earn the blessings and the mercy of the Almighty God in this and in the next world.

I will begin with the fact that in the charts and in our lives there are levels which either support us or, on the contrary, show resistance. These levels are present everywhere.

Some of them we do notice some don't. But they exist even there where their presence seems completely impossible. Let us look at them closely.

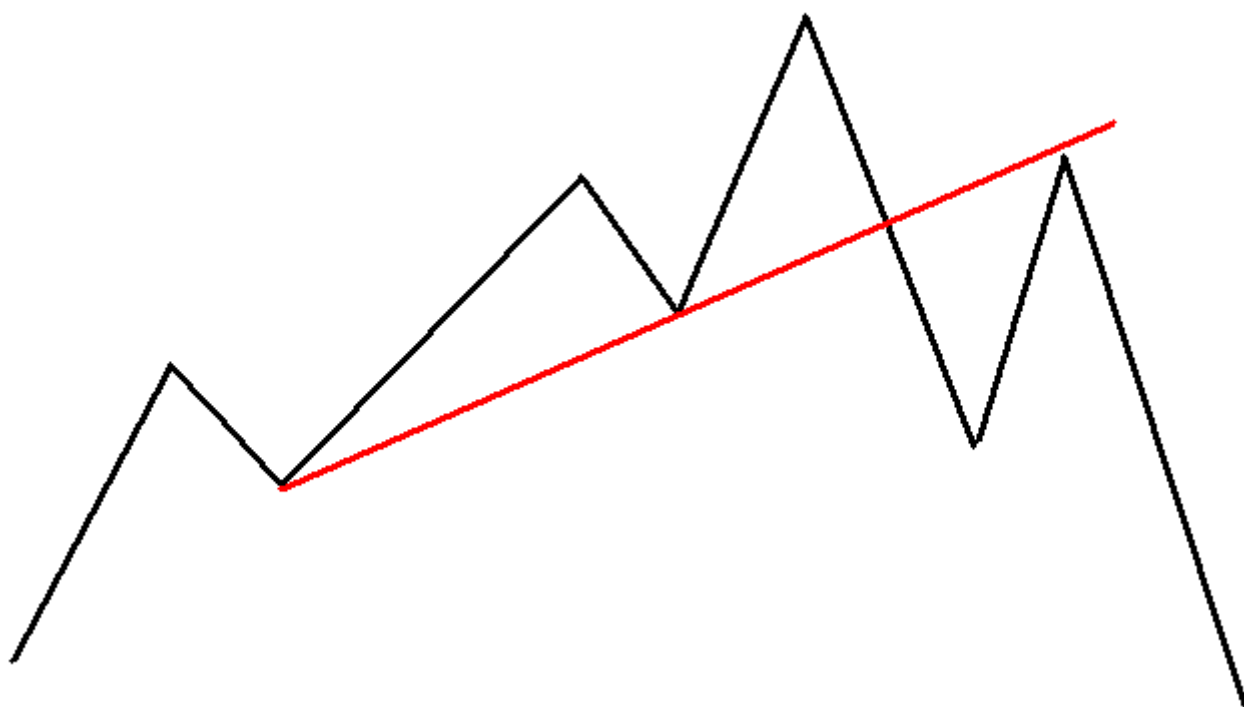


Fig. 28

Here is one simple example regarding the level of support. As we can see, the price went upwards and its recoil every time after the pronunciation of Takbir continued its movement upwards. After the second "Yamma" at the piercing of the third "Kimma" level we drew a red line which started at the first "Yamma", crept through the second one and continued further. In result we received the support level for our trend. It does not allow the upward trend to fall below it. The level of support is only from below. After it was pierced, the support level took the role of a resistance level, having replaced the function of support of the trend with a function of resistance to its restoration from descending (downward) into an ascending (upward) trend.

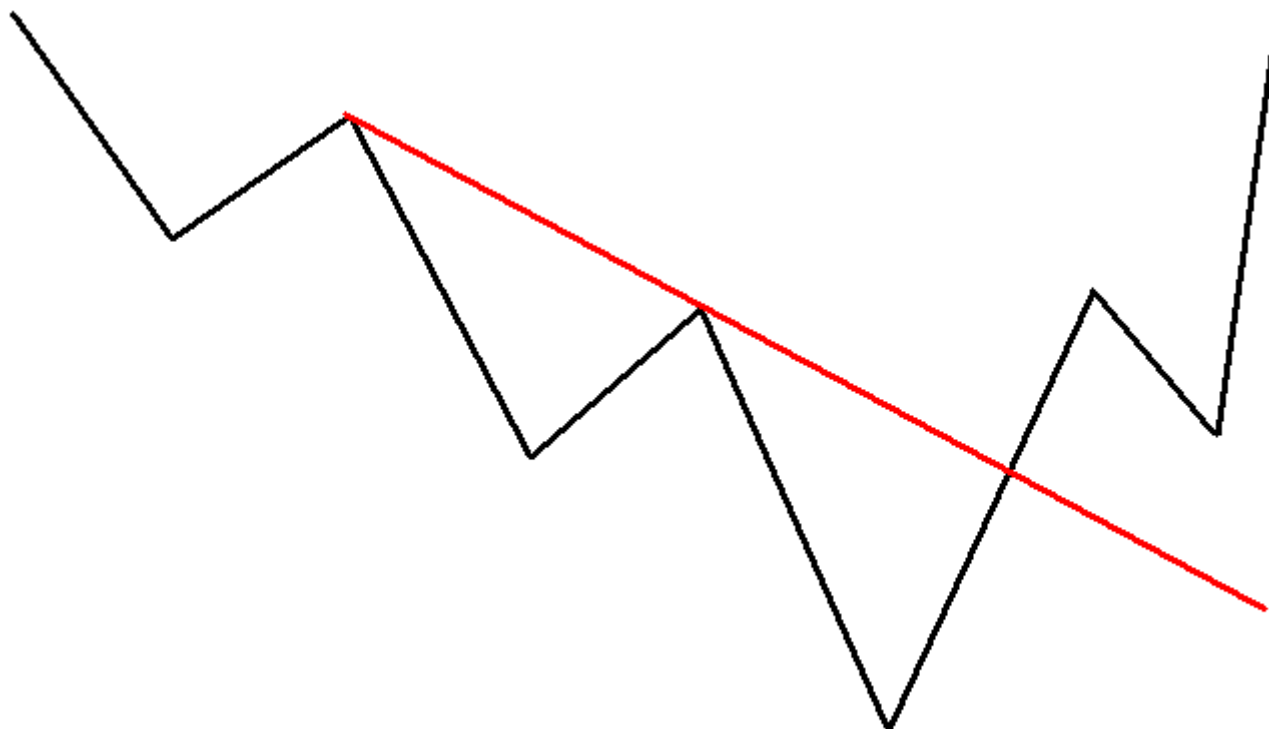


Fig. 29

Downward trend. The level of resistance marked with the red line acts as resistance to the “Kimma” level. See, after piercing the level the price tried to return to this level, but it couldn’t and the upward trend continued further, piercing the first “Kimma”. Let’s look at the charts.

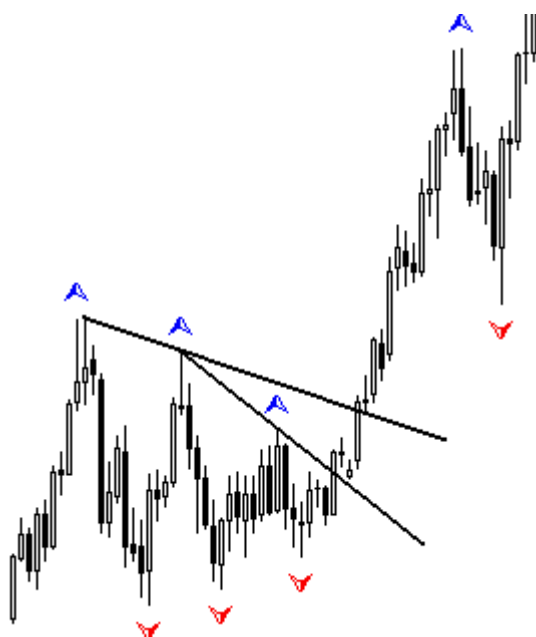


Fig. 30

In this example of the daily chart of gold we see two levels. I specially marked them so that you can see that both resistances had their own strength until the moment of piercing. After that the attempt to recover didn’t give any results and the price continued to go upward. I want to make a note: for me the points for carrying out between these levels are the “Kimma” and “Yamma”. If we adhere to the angles of Takbir, then we can let them dictate to us the conditions of the market.

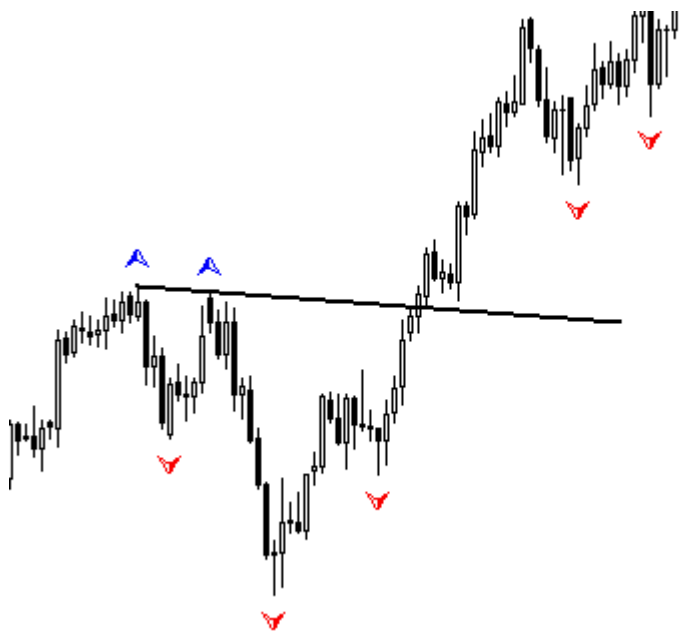


Fig. 31

Let us look at the daily chart of EUR/USD. The piercing of the resistance gave us the signal for the beginning of one long-term upward trend. After the piercing, the level of resistance turned into a level of support. The next “Yamma” could not reach even the half of it. After that the second wave went up higher, having pierced the first “Kimma”.

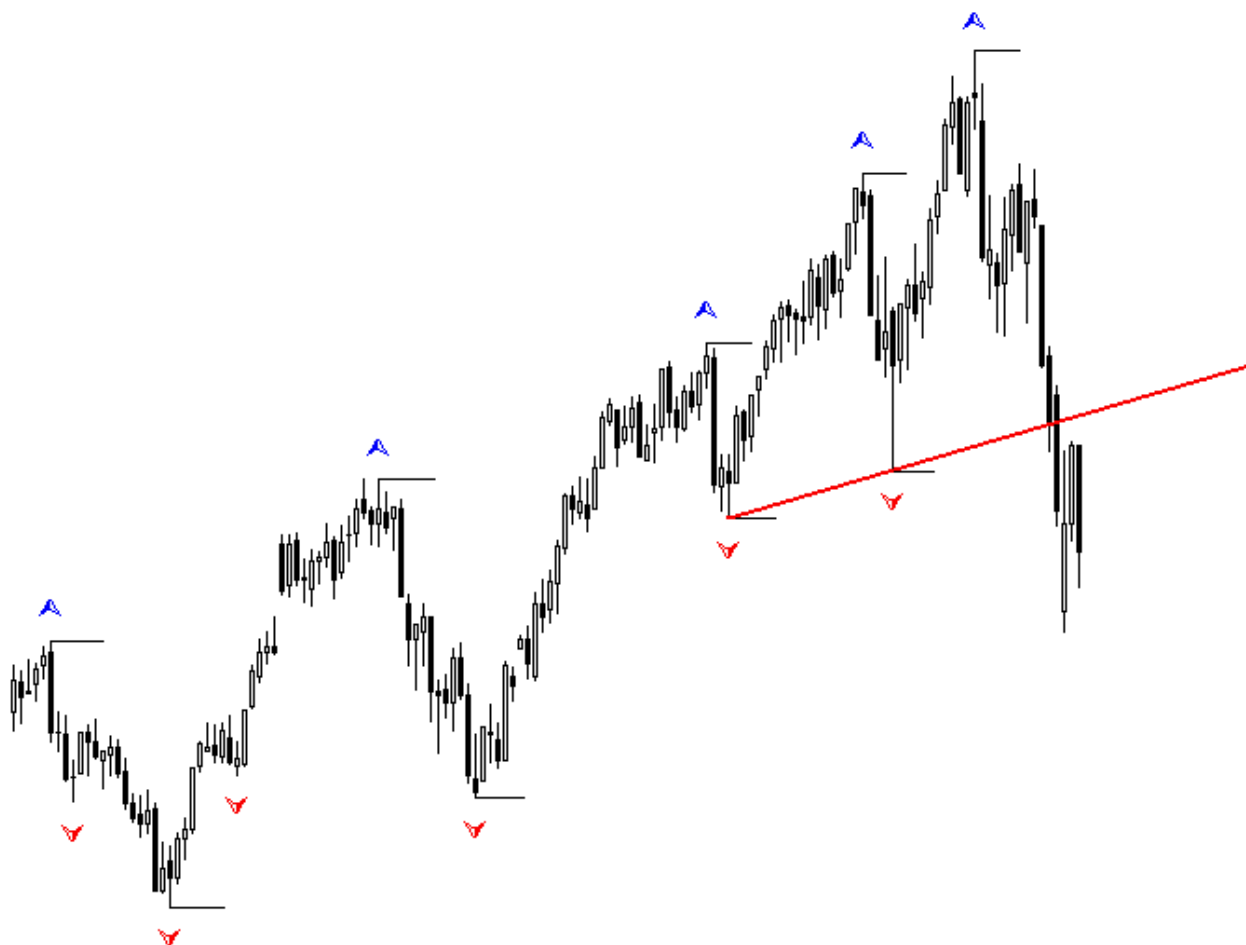


Fig. 32

Let us look now at the weekly chart of NASDAQ. The last two levels of “Yamma” were pierced by strong sales caused by the rumours about recession time in the USA. The technical factor in our situation served as a reliable indicator of how strong the grounds for this fear are. Time will show whether we were right.

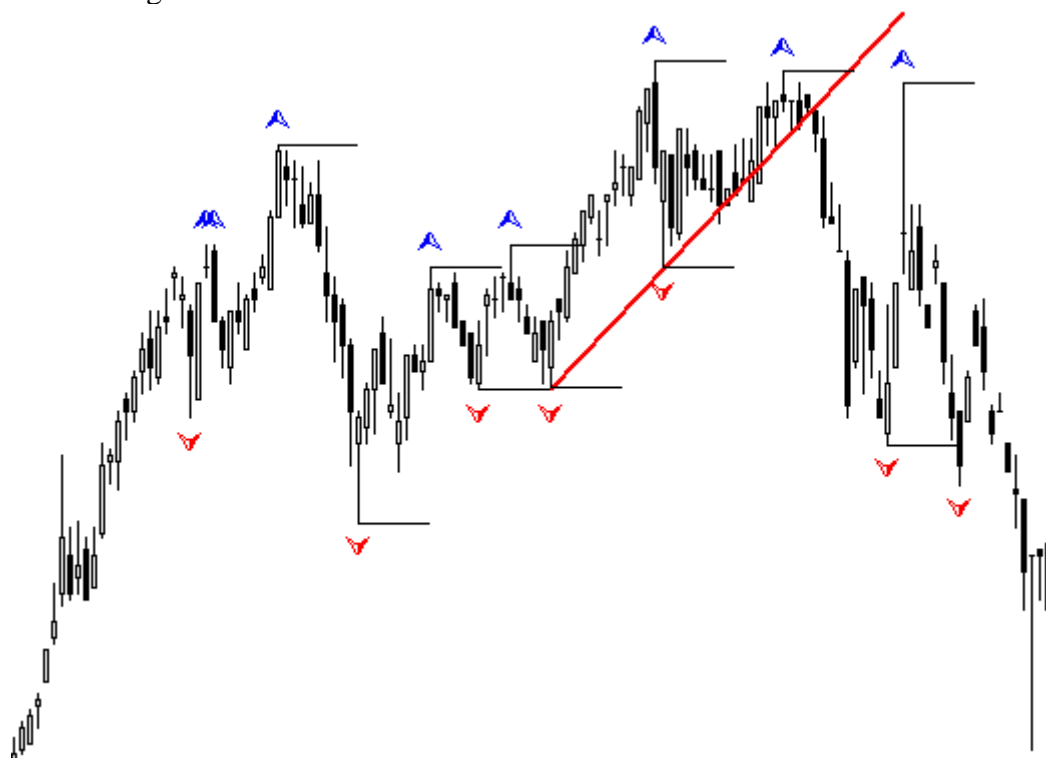


Fig. 33

Look how NIKKEI has fallen off together with other indexes. The attempt for restoration, practically reaching the last “Kimma”, almost spoiled the whole picture. But the “bears” all the same changed the situation and jumping aside from the last maximums, the downward trend continued its victorious procession.

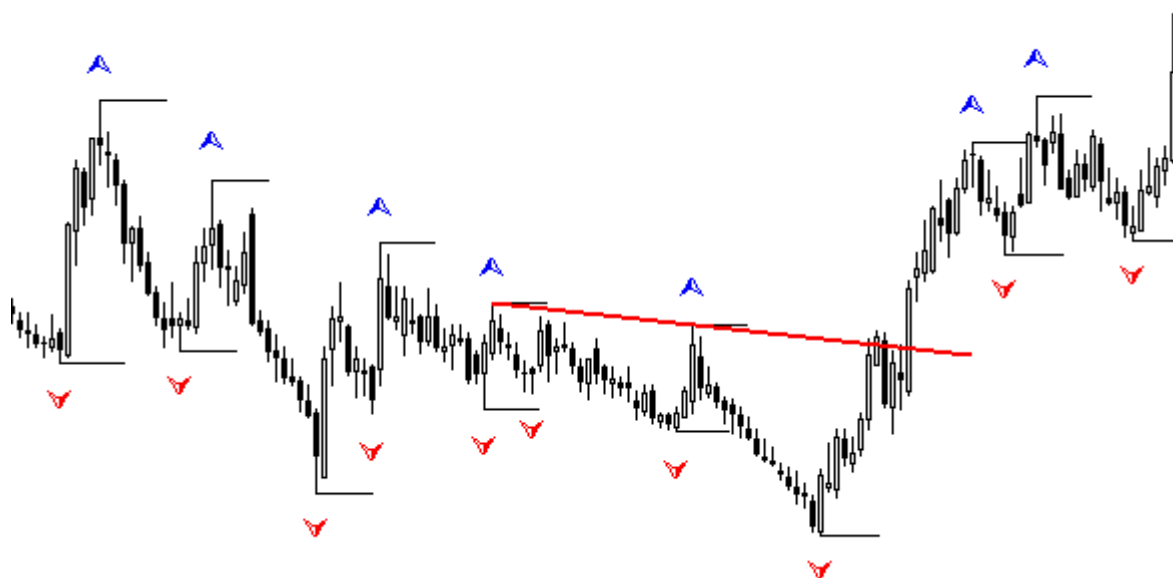


Fig. 34

One more example – the weekly chart of USD/CAD. Look, the price rushed upwards after the piercing of the resistance. The subsequent recoils of the first wave turned to be very weak. The second wave could not go higher than the maximum “Kimma” of the second wave. The market tried to develop a

trend on the descending tendency. The “Yamma” of the second wave was not able to do it. The levels of the first “Yamma” were on a strong support option and their destiny has been predetermined. What should happen, it will happen. Then the third wave followed.

When I was collecting proofs for the existence of the time of Azan and Ikamah in the technical analysis, first of all I relied on the fact that the market, forming waves, should obligatory call them (the waves) to a beginning and an end, i.e. Takbir itself is the peak and the bottom of the waves, while the movement of the waves is a subject to other signals, to other calls. These times first of all showed the beginning of a trend, which in its turn acted as the beginning of a wave, the beginning of movement. You may not believe, but namely during my work I found out that the waves, as well as the people, worship the Almighty God. We know that every a prayer consists of rakats. I decided that as it is with the pray, the waves too should have their sequence in the form of rakats and not in numbers or letters. You will ask me why? My answer will be very simple. Open the beginning of this book and read the ayat from the Quran, which I have written down there. In the very beginning. My book begins with it. Have you looked? Now, it is clear to you? I hope that this will serve as one more step forward to strengthening the religion in the world as a base of our outlook. Our essence and our purpose in life consist of only one thing – to praise the name of the Almighty God.

I as a Muslim, try to follow all principles and laws of Islam strictly in my life. I admit that many of them I don't manage to do. I cannot do much simply because of shortage of time; the everyday worries are sometimes so many that you forget even your own name. But believe me, every time and everywhere I do something, I try to praise the name of the Almighty God with my actions.

The wave, as you remember, consists of “Kimma” and “Yamma”, which are born after the formation of Takbir. Takbir is considered as being formed only after the closing of the fifth candle, after the “head”. At present this Takbir is a potential level and is proved to be true only at the formation of a level on the opposite side. Let us see once again how the waves are formed.

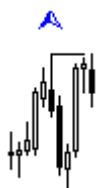


Fig. 35

In the chart we see the “head” and five candles on each side – before it and after it - with the least possible maximal values. Takbir and the potential level of “Kimma” were formed.



Fig. 36

Two more candles appeared and one more Takbir was formed, a lower (bottom) one, which claimed to have the level of “Yamma”. We marked it also with a horizontal line.



Fig. 37

After five following candles, a new “Kimma” was formed, which was the confirmation of the past “Yamma”, i.e. we now have exactly two levels and accordingly a full wave. As I already said, I name the waves not with numbers but with rakah. This wave is 1 rakah.



Fig. 38

After the formation of 8 candles we receive another Takbir, which replaced the ascending tendency, having pierced the last “Yamma”. The second “Kimma” after its formation was marked by us as the second rakah of the wave. The second rakah of the ascending wave. The upward trend. A new rakah of the wave begins in the place of piercing of the last “Yamma”.



Fig. 39

Further there was a strong turn and piercing upwards. The tendency was changed again. Look at **Fig. 29**. I marked for you the rakats of the wave. In the beginning the first rakah was formed. After the formation of the “Yamma” and the followed “Kimma”, immediately when the new Takbir was marked we have the new, the second rakah – in the place of piercing the maximum of the first “Kimma” just on a few points. Further it is visible how the next Takbir was formed and it formed with itself a new “Kimma”, while the second candle after the Takbir pierced the “Yamma” and closed below the level. The following candle was a “bull” and this gave us the signal for a turn. The subsequent candles were already all white. No black ones. All - only upwards. See how they pierced the Takbir of the last “Kimma” with the fifth candle and closed higher above it. The followed formation of the new “Kimma” shows us the first rakat of the new upward trend.

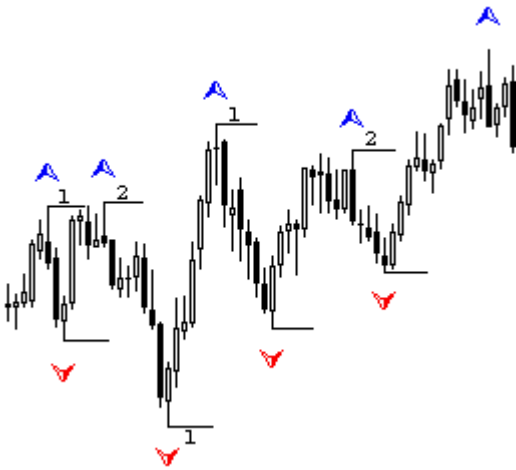


Fig. 40

Further it is visible that there was a delay. The second rakah started to fade between the levels of the first one. The fourth and the fifth candles of the bottom Takbir of the wave's second rakah, piercing the "Kimma" level, all the same have resisted and have continued their ascending movement. I have marked with numbers (figures) only the angles of the directed waves, i.e. only what is the actual information. The recoils of the waves appear to be on the underside and therefore I think it is not necessary to mark them.

In the ritual of the fulfillment of a prayer there is such a moment: for example you were not able to do the rakah and you joined the collective prayer after the first bow. After that, when you were doing the prayer, even if you made the other ritual actions together with all other people, this rakah will not be considered as done by you and you are obliged after the "Salam" to do additionally the rakah which you couldn't do in time. And so this dividing moment is called "Kiyama". Recoil begins with the "Kiyama" waves.

As you already know, we have levels of resistance, of support and of knowledge, that the wave cannot start its movement without a call. For each step there should be a call. Like the call from the commander. The same is with the Ikamah. Look at the chart where I have marked with arrows the Azan and the Ikamah:

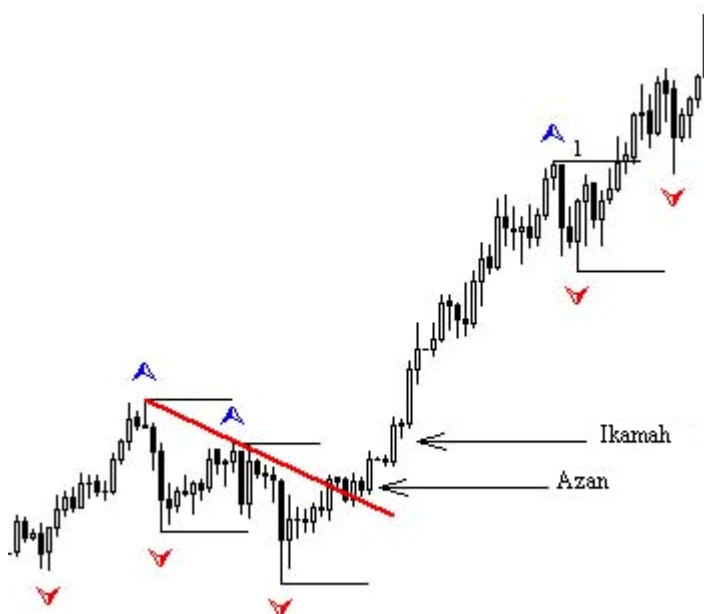


Fig. 41

The first piercing point is at the time of Azan. The second piercing point of the last opposite Takbir, which in fact is the second call, is at the time of Ikamah. Let's look at the daily chart of gold, fig. 41. As we can see, we had a descending tendency. After the formation of two "Kimma" I drew the line

through the angles of Takbir. I do it always, independently of the trend. I simply mark with lines, drawing parallels, on the last two unilateral levels. The time of Azan came in the point of piercing the resistance. This served us as a signal that the trend was preparing to turn into ascending one. If at the present moment we have a descending trend, for us the levels of resistance and the levels “Kimma” are an obstacle with the piercing of which we change the tendency to ascending. The “Yamma” is connected to the descending trend while the “Kimma” is connected to the ascending trend. That’s why with the descending trend I draw the lines only on the level “Kimma”, expecting a break to follow. The time of Azan gives us the opportunity to prepare for entering the market. For us Ikamah is the point of piercing the last opposite Takbir. Ikamah is closed right after the closing of that candle which pierced the given level. The movement is accomplished by the means of the candles, and they are the main loop in the chain similar to the words which we hear during the call in the proper time. Looking at the chart, we first of all “read” the market with the help of signals, and then we try to find out what they tell us, using for this purpose our ideas, methods and assumptions. I will give some more examples.

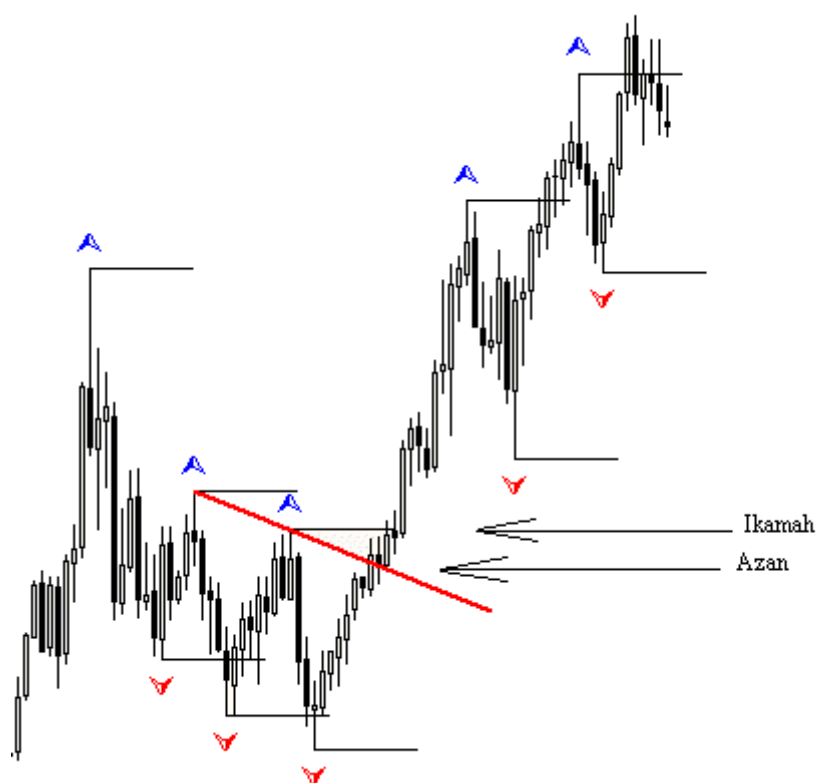


Fig. 42

In this picture of the daily chart of silver we can see how, after piercing the levels and having read the Azan and Ikamah, the price rushed upwards. Even the “Yamma” of the first rakah could not come nearer to them during the recoil.

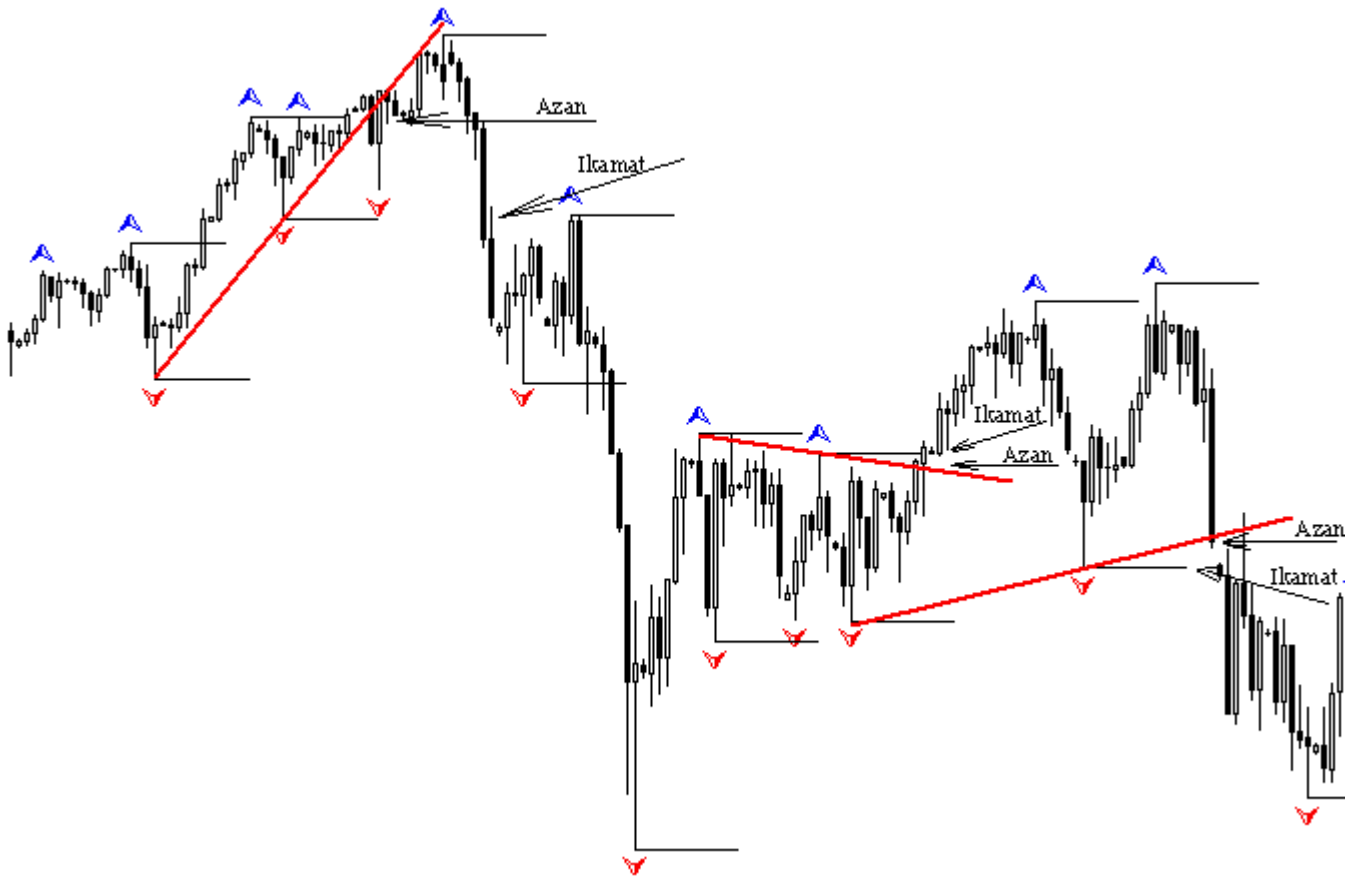


Fig. 43

The daily chart of GBP/JPY gives us the possibility to see immediately 3 changes of the tendency.

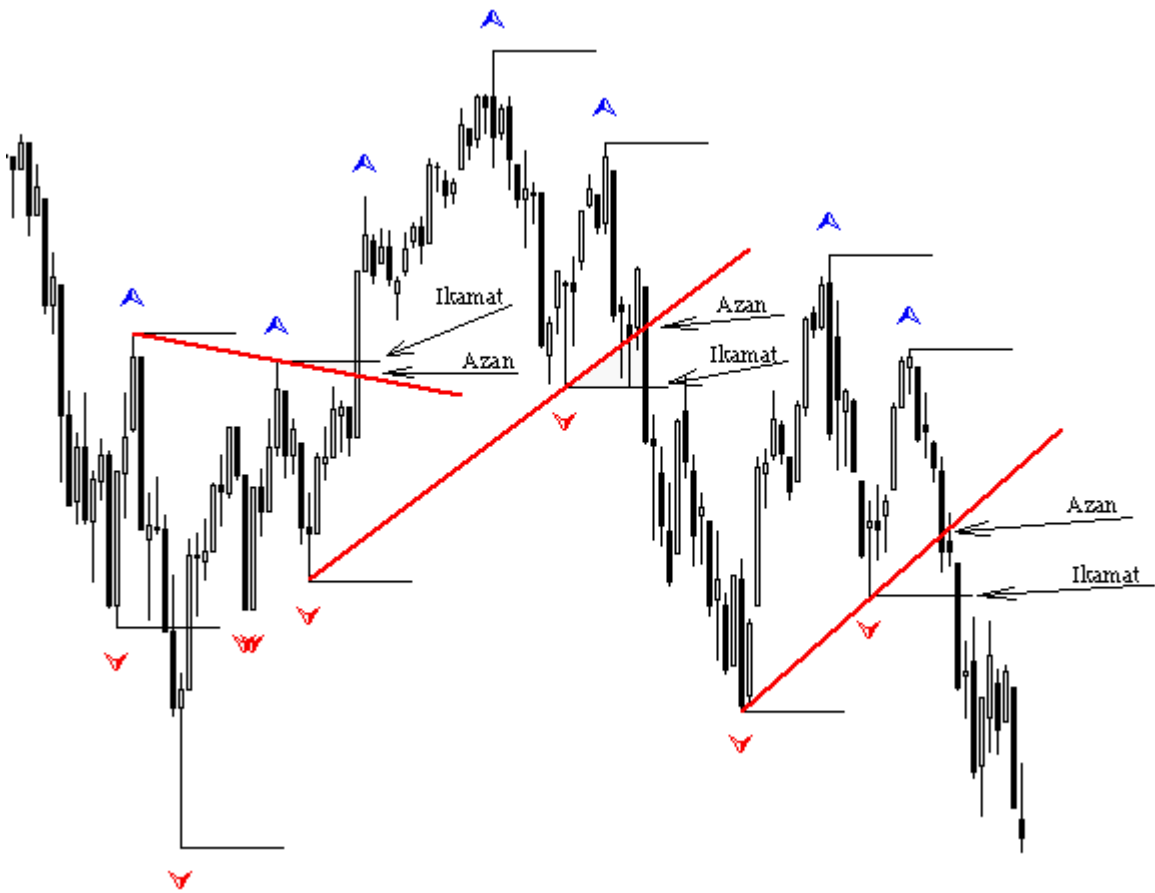


Fig. 44

This is the daily chart of S&P500 Index. See how the calls happened in all three examples. Sometimes the candle, which has overcome the resistance, pierced immediately the level “Kimma”, while sometimes the “Kimma” could endure 2-3 days.

I give you various examples and especially the ones which have strong or relatively strong volatility. As the non-volatile instruments give the least percentage of discrepancies, the results of your trading strategy will be best at weak volatility. If you can bridle the “heavy” (the “difficult”) instruments, then with the “light” (the “easy”) ones you will simply have a rest.

Trading strategy

After we have shown you the mechanisms of the formation of waves and trends, it is time now to look at one integrated trading strategy for the work of the market. Any system, no matter how successful it is, is not worth without its own TS, MM (money management) and strict discipline. These three concepts will be for you what the polar star is for the traveler: when you follow it you will always be on the right road. If you don't take into consideration even just one of them, the percent of the success of your trade will decrease.

You know, in the past I used to think that if I could only find out my TS, I would easily make a fortune and the rest of my days I would live comfortably, enjoying all the fascinating things in our world. In real life everything was just the opposite. I saw, I knew and could within a week increase my balance in ten or more times. But then there was a moment when I placed an order against my TS, completely forgetting about discipline. And at such moment I lost everything. Then I understood that TS without discipline is worthless. To say it more precisely, it still is worthy to some extent, but you cannot realize it completely. And in general, after several large losses your mind would start doubting whether your TS is effective for you or not.

The same is true also for the MM (money management). MM is based on that how much and in what way you place the order. It is not necessary to make MM very complicated. It is better to approach this matter with an ease. When I conducted aggressive trade, my orders usually were about 50-60% of the balance. Then I have started to use a higher shoulder 1:500 and placed orders two-three times higher than what I had in my balance. In a word, I tried all methods. I will tell you one thing: if you don't feel comfortable while you are using you TS, you better don't conduct aggressive trade. More haste less speed. The best for you in the beginning is 3-5% of the free balance, i.e. if your balance for example is 10, 000, then you better place an order $10,000 - 5\% = 500$. The rest will be margin.

In connection with the discipline: the most important about the discipline are your strong nerves. When you have nothing to shiver and fear about. Therefore do everything that will make you feel comfortable in trading. If the walls of the house disturb you, take your desk out in the street. There are no walls outside in the open air. If your chair is not very comfortable, buy yourself a sofa or or at least sit on a pillow. There should be no problems in your head. During the trading process you should be calm and nothing should disturb your mind. Eliminate any discomfort. During the period of trading you should be completely dedicated to the market. It is similar to that when you go to the sea, you better dive into it and swim in the waves, and not just stand with one foot on the shore and with the splash in the water. Therefore remember it for lifetime: "Either everything, or nothing". A person cannot have half Iman (faith). You either follow the laws of the Almighty God, or you don't. The middle is a place for degenerates.

Well, let's now start the development of our trading strategy (TS). We shall begin with the Law of Repetition, the example with the candles. I would like right now to remind you of another wise saying: "Trade is conducted only on signals". No predictions or getting ahead of the events. There is a signal – you open a position, there is no signal yet – you do something else. The market is full of instruments for trade, so you will not wonder what to do; you will not stay without work. Our task is similar to that of a ship which stays in one place in the middle of the ocean awaiting the wind. As soon as the wind begins to blow, you move from your place; while if there is no wind, you better read a wise book or at the worst, rub and clean the deck.



Fig. 45

In Fig 45 is shown absorption. Let's look and see where and at what time we had the same models:



Fig. 46



Fig. 47



Fig. 48

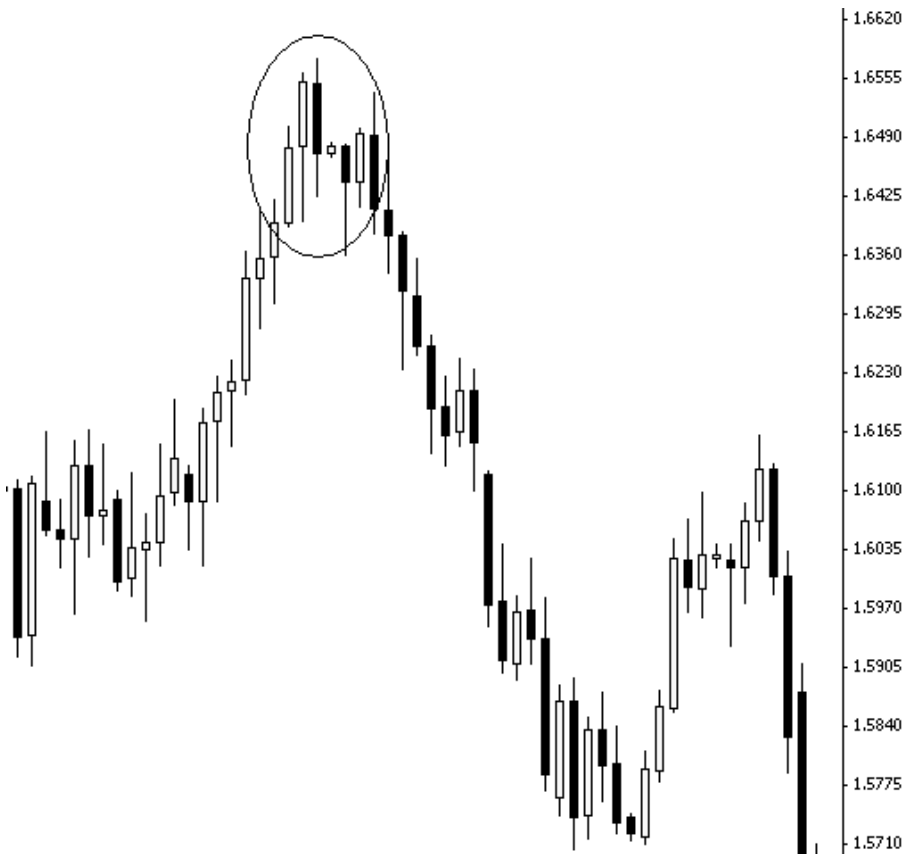


Fig. 49

In all four examples of the daily chart of GBP/UD we see that such formations on their rise assume recoil. Our task is to open a Sell order from the minimum value of the closed candle. Why from the minimum and not right from place where we are at the moment. In the market the minimum and the maximum are much more important than the current price. In the minimum there were the orders or the protected options of those to who the price was interesting as a level for purchases and that's why they could not pierce it. If that day was also a "bull" day, and the candle closed up (white candle), its absorption on the next day (as it is in our case) means that in the market the "bears" are stronger than the "bulls". That's why the most optimum is to make sure that the today's "bears" are stronger than the yesterday's "bulls". Let's look at the example:



Fig. 50

As we saw in Fig. 50, the next day opened with a "window". The opening price was much lower than the minimum price of the previous day. But the maximum price reached the minimum price and gave us the opportunity to open from the necessary for us level and in this way was squeezing for us the maximal benefit.



Fig. 51

In this picture of the weekly chart of USD/CAD we can see the formation of a candle called “hammer”. Look how beautiful it is! It was closed precisely at the maximum level for the week and the price rushed upwards. Until now we still haven’t returned to these levels and this tells us about the strength of the given candle. Let’s now look for repetitions.



Fig. 52



Fig. 53



Fig. 54

In all three examples we used the same period of time, which in our case is a week, and of course for this same instrument we looked for repetitions, in our case USD/CAD (American dollar/Canadian dollar).

And now let us look at the last example, using all our methods for technical evaluations:

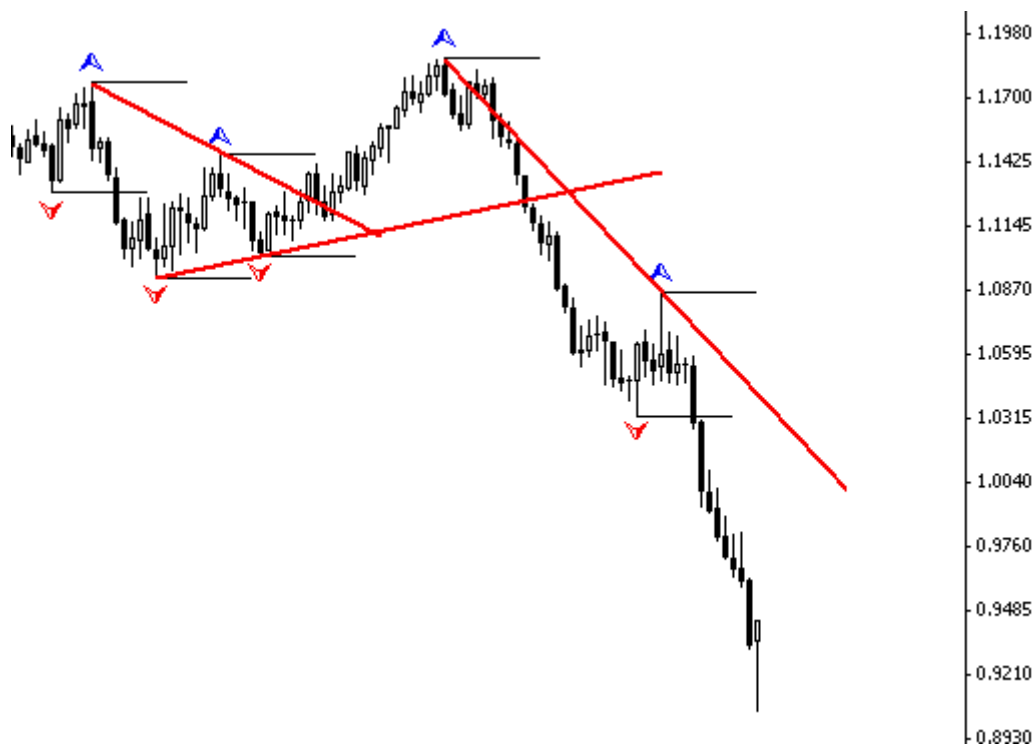


Fig. 55

First we mark all Takbirs and we mark the levels of “Kimma” and “Yamma”. Then we draw lines between the unilateral levels, marking the resistance and the support. Now we can make an analysis of the given situation.

First, under the Law of Repetition all indicates a tern with a subsequent rise. The satiations with all three examples are similar and this tells us that the market still remembers this and its reaction to a very big extent would be the same.

Second, the second rakah of the wave, having pierced the first “Yamma”, went further enough and thus increased the probability of a recoil wave. The angle of the line of support of the two last “Yamma” which we have pierced was not very sharp. This tells us that the subsequent waves, piercing it, will not be so aggressive. The length of the second rakah waves was a little bit longer than the first one therefore we can consider the given signal as the beginning of recoil.

Third, the wave has too strongly departed from the line of resistance with the last two “Kimma” and the market is trying to come nearer to it in order to develop a trend. The lines of resistance and support always serve for the waves as magnets to which they are drawn. They are similar to a dike against which the waves break. If the wave is stronger, it will pierce it. If not, then it will go further in its direction.

After we determined the diagnosis and decided where we want to go, we should now correctly “enter the market”. As you read earlier, I suggested the entering to be immediately after the end of Ikamah. Your entering first of all depends on the accuracy of the instrument before you. Depends also on how strong the Iman in the actions and the calls is. Iman is included in the truthfulness of the actions. It is when the deeds correspond to the intentions. Once again we shall remind that the markets are a product of people’s activity. With their actions and their intention people participate in the formation of the charts. Man should always be honest and should think of the accuracy of his accounts. In fact only people have the right to choose. We and only we have the ability to choose what to do, where to go, with whom to be.

Therefore before you do something, always think first whether and why it is necessary to you so that you will not tell later that you had made a mistake.

A new day came and we having analysed the situation, came to the conclusion that the signal tells us about the beginning of recoil, which might be the beginning of a turn, but yet this is something that only the Almighty Allah knows. We have a first variant: to open from the maximum price of the last candle. We entered the market. The market until now is “bears” and can fall down at any moment, so we every day analyse the situation looking for a signal for suspension or delay of movement. We have risen on recoil against the basic trend so we should always keep a “hand on the board”.

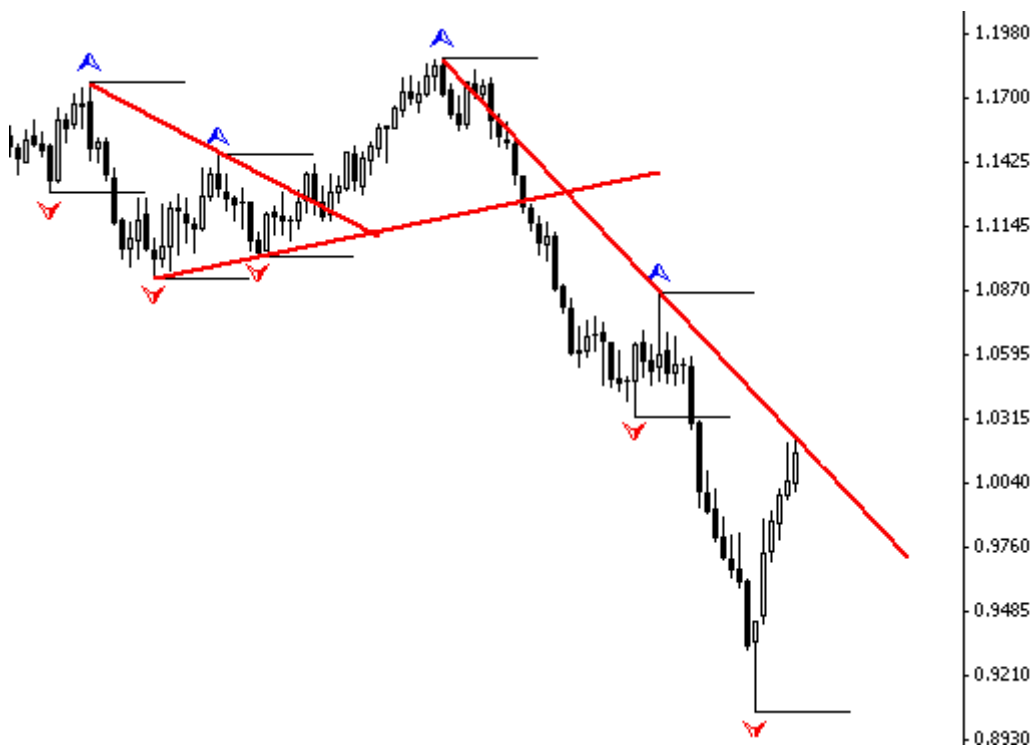


Fig. 56

In five weeks of trade we came closely to the line of resistance. The market stood still awaiting further development. What will happen? Let's see the development of the events during the five weeks up to the present moment. All the time we strictly went upwards, never having pierced the minimum price of the last candle. Did anyone of you ever suspect that something like this can happen? Did anyone ever think that we in just five steps will go up so closely to the throat of the “bears”? Yes, so closely that the destiny of the trend was at stake, as the trend has lowered so strongly within half a year. I suggest that we take a look at what happened further.

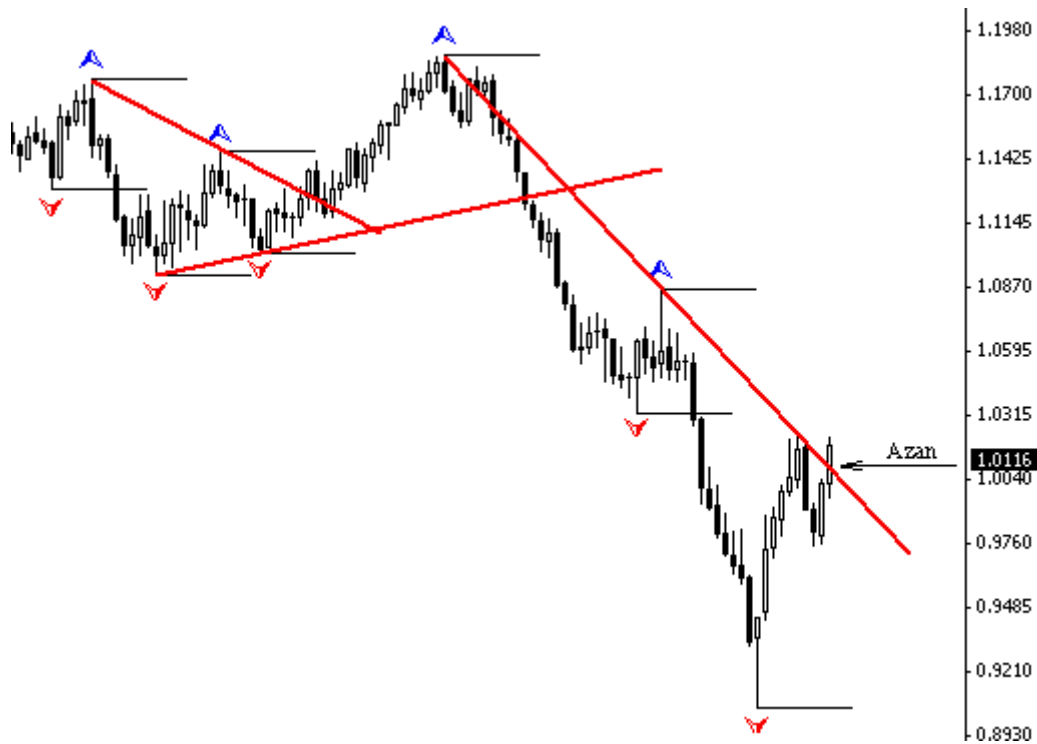


Fig. 57

Three weeks the “bulls” “maundered along” under the resistance, gathering strength and supporters, and in the fourth week they had decided to attack the unapproachable fortress. It was possible for them. See how they had pierced the line, having closed above it. In this place we hear the sound of Azan. We expect our good opportunity in order to enter the market.

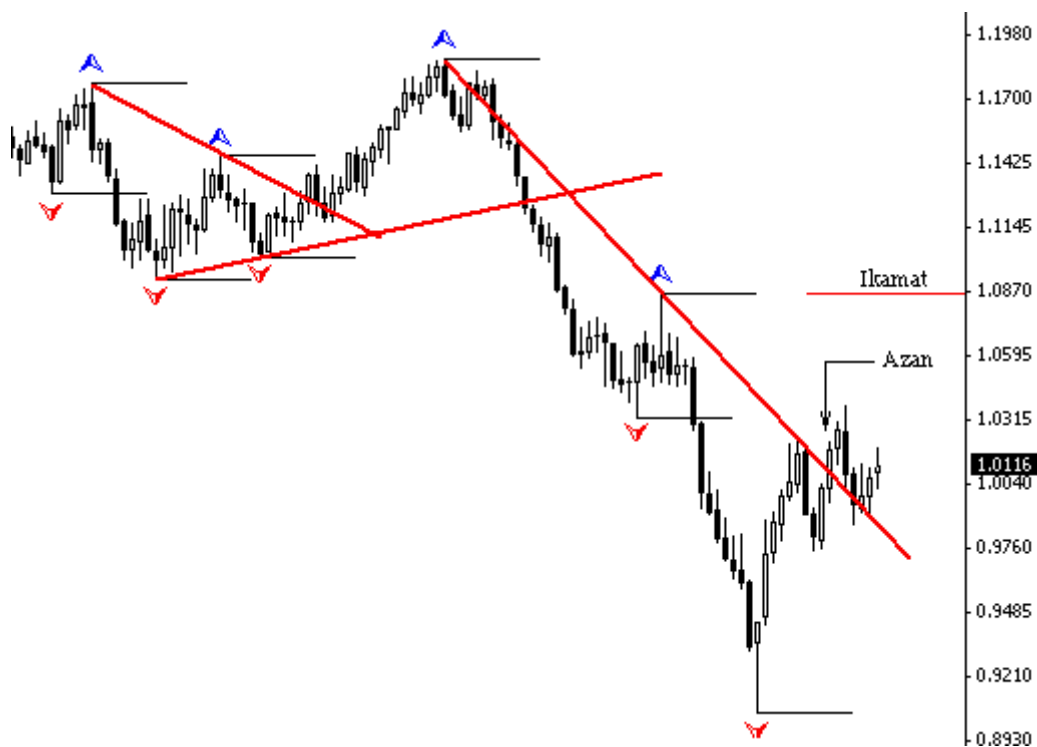


Fig. 58

Further the “bulls” stood firm for another week a little bit higher, showing how serious their intentions are. After that the “bears” undertook an attempt to return back. Let’s look how all this will end...

The time between the Azan and the Ikamah, considering the distance in the price, can be used either for preparation or for a short-term trade. We all know that after the Azan there are desirable prayers in two rakats. I personally welcome any initiative directed toward the increase of the useful profit. If you see that it is possible to enter the market after Azan without losing your balance – then go ahead!

I will show once again with an example when it is better to enter the market:

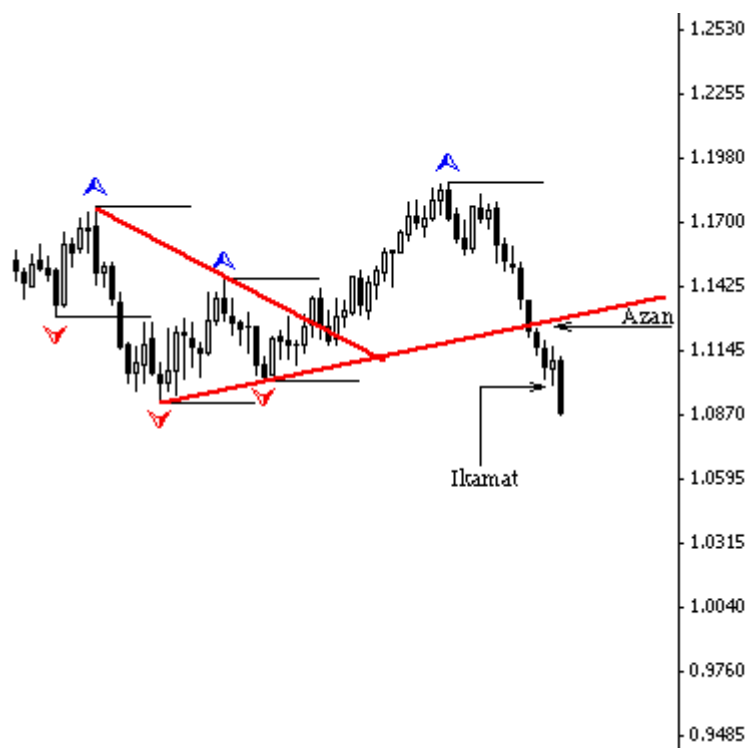


Fig. 59

After the time of Azan came, the subsequent third candle pierced the last “Yamma” and read the Ikamah. The last black candle, having overcome the minimum candle price, pierced the level of Ikamah and for us it is the entrance into the market. Not at its opening, but at the moment lower than the minimum candle price, while piercing the “Yamma” and reading the Ikamah.

And now let's consider more complex situations.

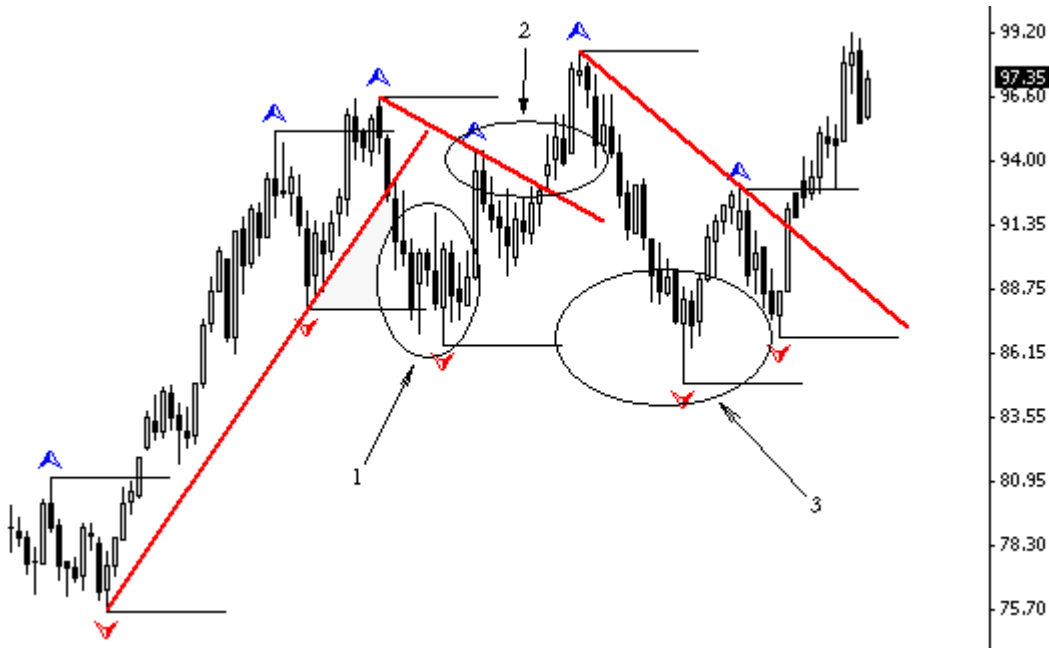


Fig. 60

In front of us we have the daily chart of Brent Oil (oil of the brand “Brent”). As we can see, the situation is quite complicated, because after each piercing of the level the price sharply develops and goes in the opposite direction, but even here the Law of Repetition is valid. It is the base of the bases. Look at the first Azan and the Ikamah that followed. After the piercing of the last “Yamma” the Ikamah was heard, the price was developed and went upwards. The same happened with the second Azan and Ikamah. The same also happened with the third ones, where in fact there was neither Azan nor Ikamah, but a piercing of the level of the last “Yamma” took place. The market simply shakes. The traders don’t know what to do and here they decide to break through the “Bermuda Triangle” and go upwards. So where is the Grail? Look at the regularity of repetitions between Azan and Ikamah. Having opened right after the minimum Azan and having closed after the maximum of the last candle in Ikamah, we shall receive this lawful difference in prices called “profit”. And if you look even closer, you will find more than what I have said “aloud”.

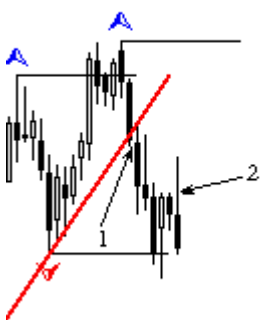


Fig. 61

We enter the market right after the Azan from the minimum (mark 1). The exit from the position is after a turn from the piercing of the maximum price of the passed candle (mark 2).

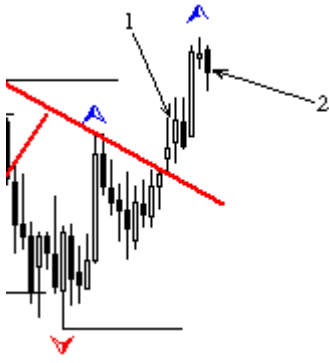


Fig. 62

In this situation: We enter the market right after the Azan from the maximum (mark 1) and go out at the piercing of the minimum of the first candle after the Ikamah (mark 2).

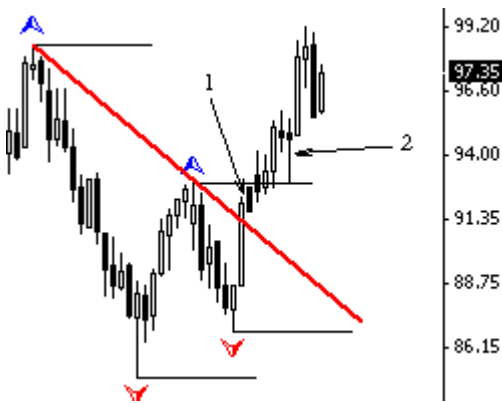


Fig. 63

In this case we act in the same way. It was one of several tactics for entering and going out of the market. Let's look at one more TS, which I personally consider the safest and the most perspective in the trade for the majority of instruments. Its meaning is in the trade from level to level where the level and the congestion of prices serve as stop.

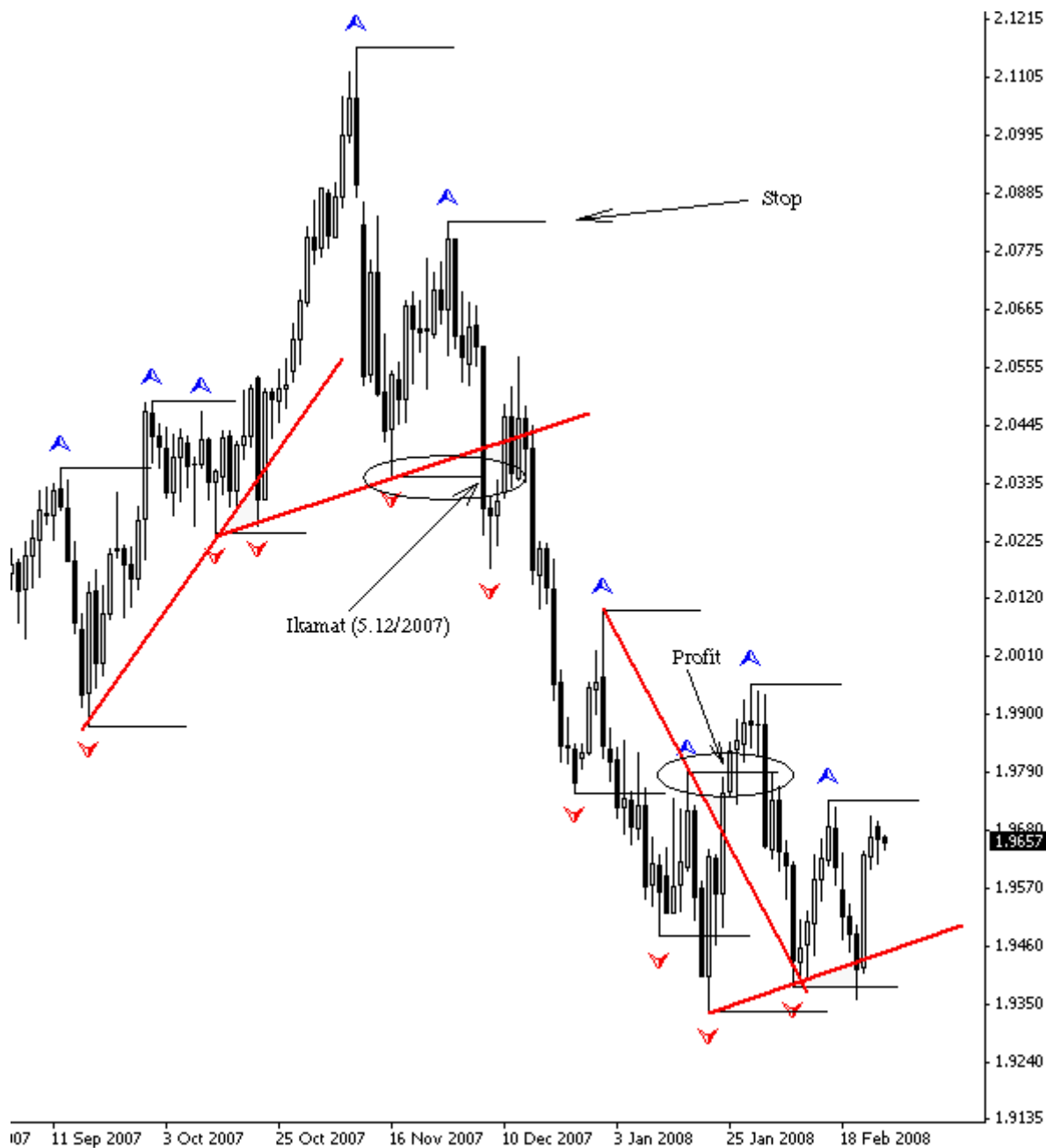


Fig. 64

The entering into the market is done at the time of Ikamah. Look at Fig. 64, the time of Azan and Ikamah occurred practically at once in one candle. We have entered immediately after the minimum candle price, piercing the “Yamma”. Further there was immediately recoil in the underside. The last “Kimma” was a turning point for us. I have marked this level with the word “stop”. Stop Loss means “to stop any losses”. There we plan to go out with minus deal (transaction) in case we made a mistake, but the market decided to go further downwards and we see this continuation of movement. Our order remains in the market until there was a change of the tendency and a new Ikamah has sounded. There in the piercing point of the “Kimma” is the moment that we go out, though you see how the market then developed again and went downwards after the piercing of the “Kimma” and the Ikamah. For us safety is much more important than the superfluous profit. We went out at the last level of “Kimma” marked in the picture as Profit, having earned 450 points.

The given method mentions the estimation only from the external side. Let’s attach to it also the internal side, having outstripped the events and sitting in the first carriage of the departing train.



Fig. 65

This four-hour chart (H4) shows us the intraday time tenders (each candle is 4 hours) within the same interval and of time of the same instrument, GBP/USD. See how the events during these three days developed. Changes of trends occurred almost every day but it was clearly visible that the market was not able to reach the maximum heights, and after multiple attempts to restore, it fell downwards. The long black candles show this. Piercing has occurred and then the Ikamah time came. For us this is already the second call which developed without going lower. Remembering this situation which took place literally several days ago (mark “Yamma”) they started to fear what could happen now. We were not wrong, the market again tried to cover us with a wave of deceit. We recede lower, taking as a minimum the last “Yamma”, the piercing of which was false. Further the price tried to depart again upwards but couldn’t take the “Kimma” (mark “Stop”). Then we take as a minimum the last “Yamma” (mark “Yamma 5/12/2007”). It is the same day that is shown in the daily chart, except for one “but”. We have received the call earlier and higher than the daily call because we used intraday time factors. The internal side. Therefore our profit will be more than what we would receive if we used an entrance on the base of the daily indicators.

As I already told you, the levels are our aim. Those levels, which we could not reach earlier in the past. For us time is divided into two parts: days and intraday. External side and internal side. Our purpose is the day, and if we want to define it more accurately, we shall work inside the day. So let's see where we had levels on which we leaned on, as on our purposes.



Fig. 66

Look at Fig. 66. We enter the market at point Sell, which serves as intraday time signal, as we had already explained above. Stop – this is the last “Kimma” in the daily chart. Our aim are “Yamma” 1 and 2. The closing of the order we do at point Profit. The profit is 730 points. In fact it is more than 450, right? And do you want even more? Then let's go out of the market also following the intraday time signal.

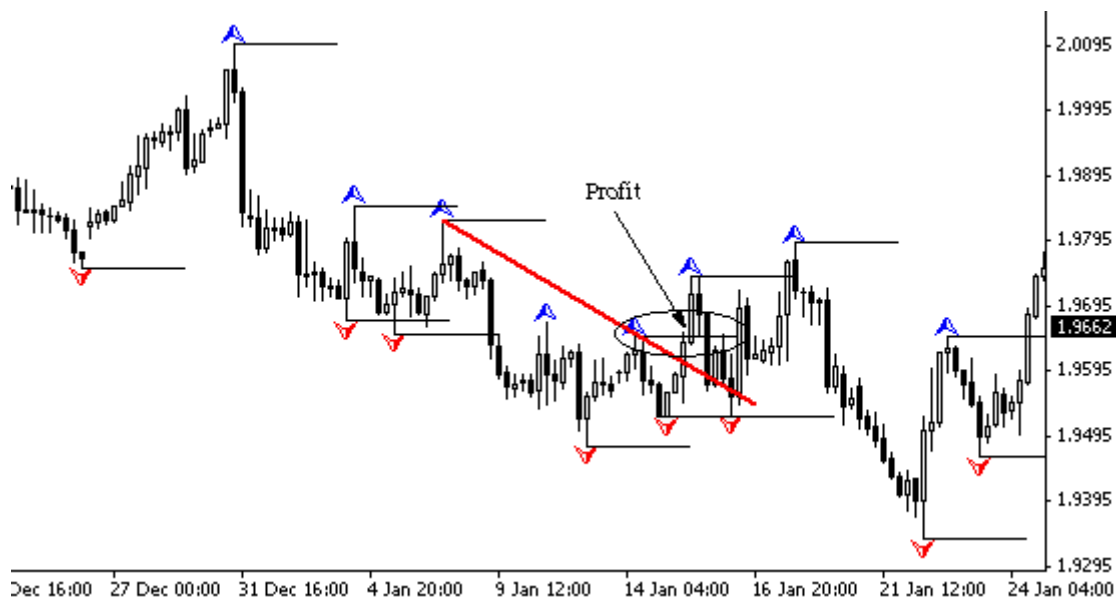


Fig. 67

After the falling, the time of reckoning came for the “bears”, and the “bulls” tried to pierce upwards. We, as law-abiding citizens, get off the train at the stop before than last one and we don’t go to the Police Office for “explanations” with the “cops” about which one of us has traveled without a ticket. Let us look once again at the chart, but this time having in mind the last intraday time signal at the exit.



Fig.68

And now look, where did we go, following the intraday time signal? Earlier with 10 days and below with 135 points. Believe me, 865 points are better than 730. And these 10 days! I think we should go fishing at the lake “Kazenoy-Am” during those ten days. Let’s catch a lot of fish and have a little rest rather than sit in front of the monitor (computer) and “indulge in vain hopes”.

I just watched on RBC TV channel (Russian Business Channel) in a program about the trading strategy of the Forex Market an interview with the analyst of Quote.ru. She expressed the opinion that it is impossible to buy someone’s TS and use it for yourself and especially it is impossible to apply this TS to all markets, i.e. the TS working in Forex will not work in the Share market. I will not start arguing with her, I will simply give examples. Let the charts tell us what and where is possible to be applied.



Fig. 69

This is the favorite to all of us ROSN (Rosneft). Takbirs, Azan, Ikamah, “Kimma”, “Yamma” – all work accurately like a Swiss watch.

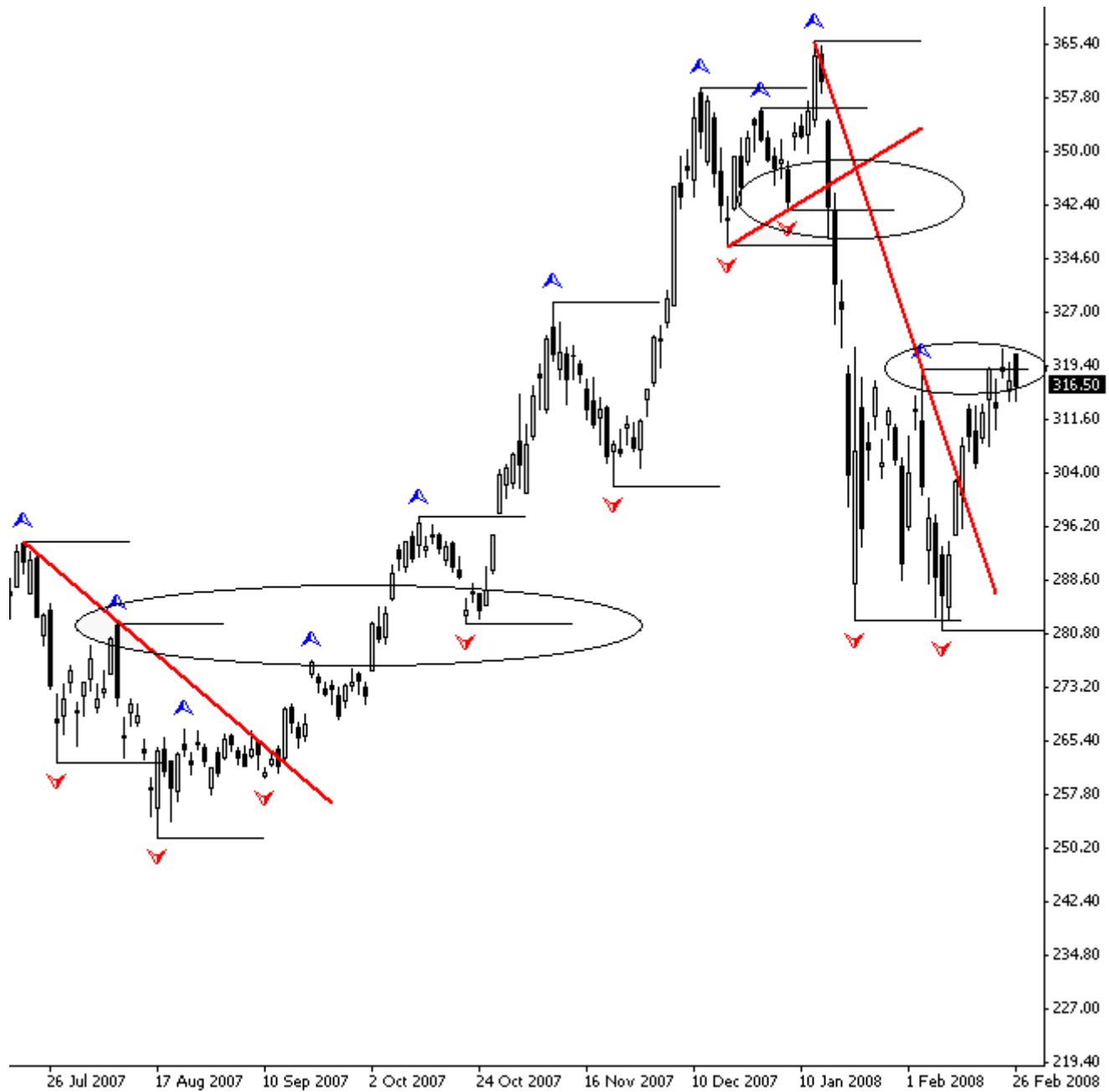


Fig. 70

Daily chart of GAZP (Gazprom). The efficiency of our trading strategy is visible from a distance of one kilometer.

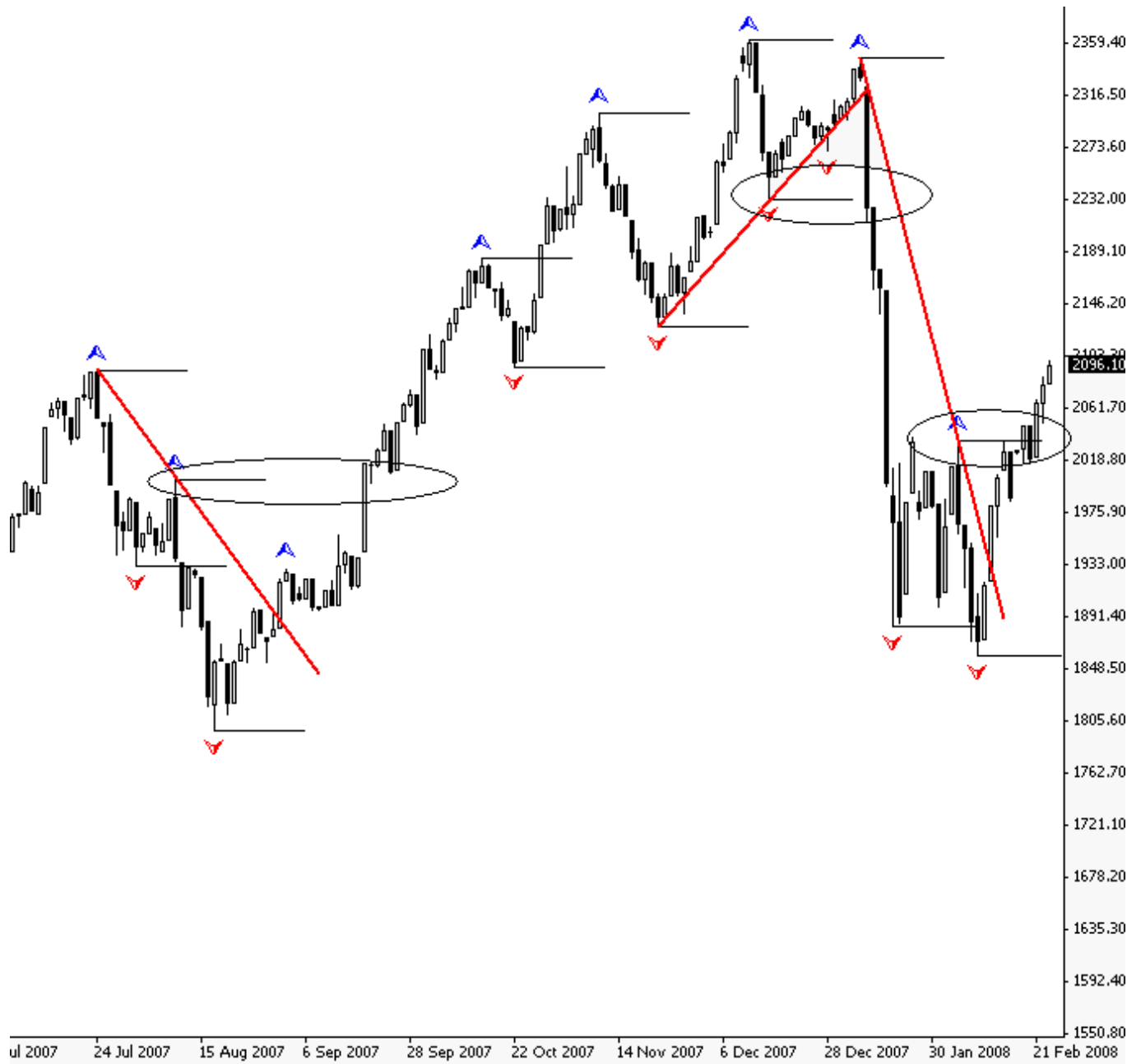


Fig. 71

Index RTSI (RTS). An index with great Iman and fair actions.

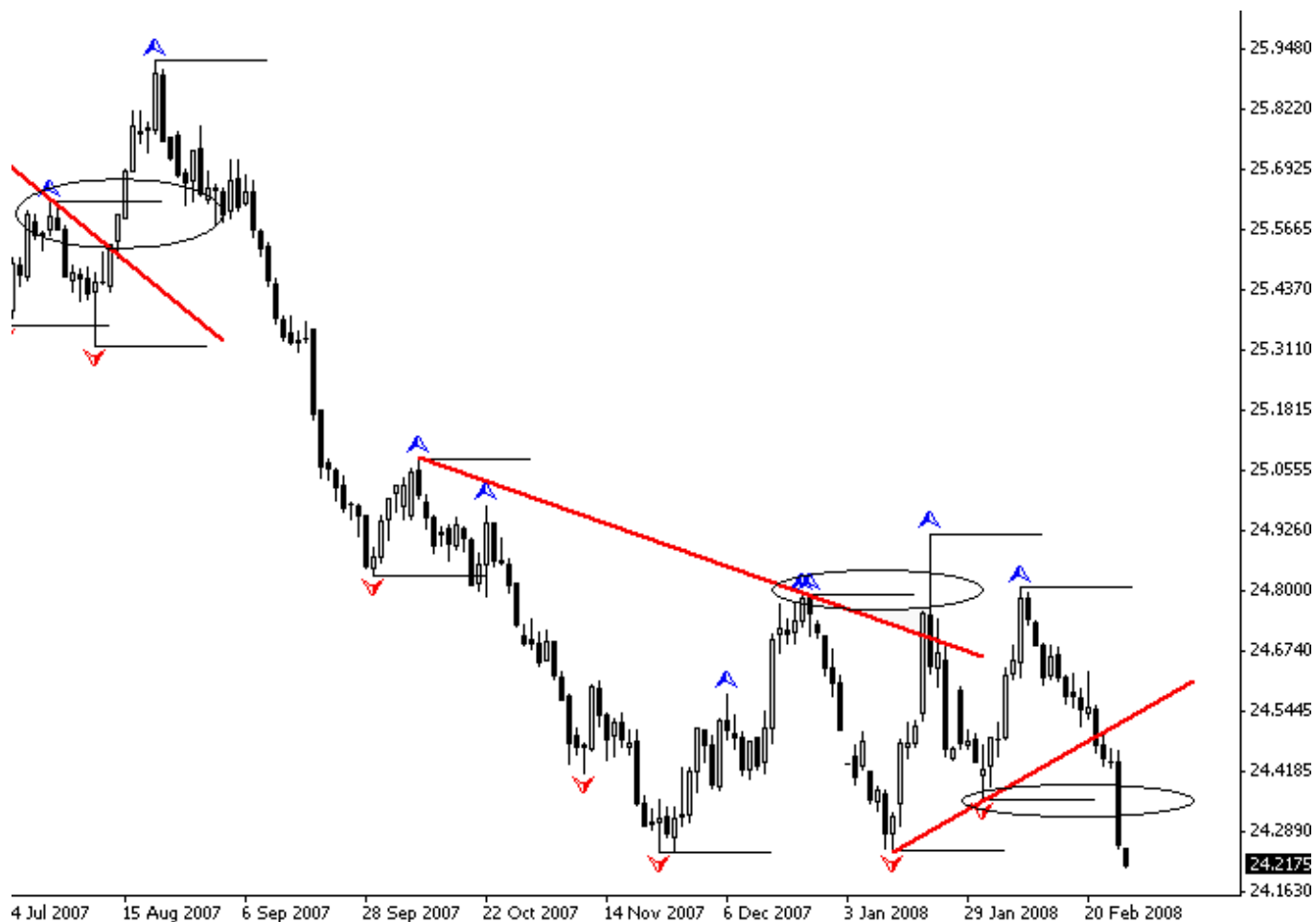


Fig. 72

It is very often said that the USD/RUB is absolutely impossible to be foreseen, it is impossible to say where the tendency will go. Again our TS works here too.

You probably have already noticed that the charts which I have presented are taken in “online mode”, i.e. I do not use charts prepared in advance, but I “take” them directly from the market and immediately give them as examples. Besides almost all of them are the latest quotations. I do it so that you will not think that I swarm up history in search of the “weak point” of the Middle Ages. All your bewilderments and confutations I am ready to take into consideration quickly and in any form. At any time you can leave me messages in the forum at the following address: <http://www.stigal.com>.

In the same place you will also find the indicator Takbir. It will specify the angles of the waves instead of you. Your task is only to add the given indicator to the chart. You can download at this address: <http://www.stigal.com/takbir.zip>

The end of the beginning

Now I suggest to you that we expand our outlook and arm ourselves with a final trade strategy. Let's name it with its original name. It will be named "Takbir".

Do you know what the house consists of? It consists of 3 main parts:

1. A base.
2. Walls.
3. A roof.

I will not go into details about the construction business. I will consider only the most important questions. In our case the roof will be the signals, the time of Azan and Ikamah, which arise from movements, thanks to the waves which are the walls. The waves arise thanks to the angles of Takbir, which is the base. Takbirs arise thanks to the movement in a short time. The movement in a short time gives rise again to the signals thanks to the waves. The waves – from the angles of Takbir. All this goes to a point which directly depends on the oldest (the first) time arising from the movement which in turn arises from the waves. And in this way for ever and ever, unceasingly.

All goes around in a circle and all is dependent. Dependent on each other. Younger depends on the senior, and senior comes from the younger. And nothing can break this process. Because all this is a law. A law under which works everything that we see around. Especially the market and those instruments with which we trade in this market and are trying to take our profit, which is the difference in prices and is called "spread".

Today I and my beloved wife have four children. I very clearly see how my children depend on me. They depend on me in the same way as sometime ago I depended on my parents. I precisely know – been born, they are exactly those parts of the "short" time, in which time I became their father. And my wife – their mother. Without them, we are the "short" time for our parents. And still dependent on them. Even being adult and well off people. Our children – this is one little part from us. Without them we become the last loop in the chain. Hard to imagine, but it is a fact. For us the birth of our children is a birth of ourselves. Without them we cannot be formed as a family and without them we don't have the base. The base on which we shall build the walls and on these walls we shall put the roof. This is how our home is being built. Children by their nature are always dependent on us. And then having matured and having got stronger, they give us confidence when they stand side by side to us. Not only can our children be in this position but also our brothers, sisters, friends and anyone else. The core is that they depend on you being younger in status and at the same time they mould you as a person. The same is in the market. The "short" times /the "small times"/ depend on the "long" times /the "seniors"/ as they (the "long" times) specify the direction. But! The "short times" and only they generate the movement of the "long" times. Without the cent, the million is not a million. But also the million, becoming a million, points to each cent considering it as a part of itself, part of this huge sum without which it would remain just a cent and nothing more.

My friends! Each time when you analyze the daily charts of the price fluctuations, do not forget that behind them there are a great number of "short" times the efforts of which resulted in what you now see in front of you. They with their blood achieved all that is before you. Consider them always if you see that they are subject to the "long" time. But if they are alone, all by themselves then don't pay attention to them. They are not good for you.

What you will see further will be the last in this book. I will give you 3 examples: from the currency, share and raw markets. Each of them will contain the complete Takbir strategy. As an example from the currency market, we shall take the favorite to all of us EUR/USD:

Week (W1):

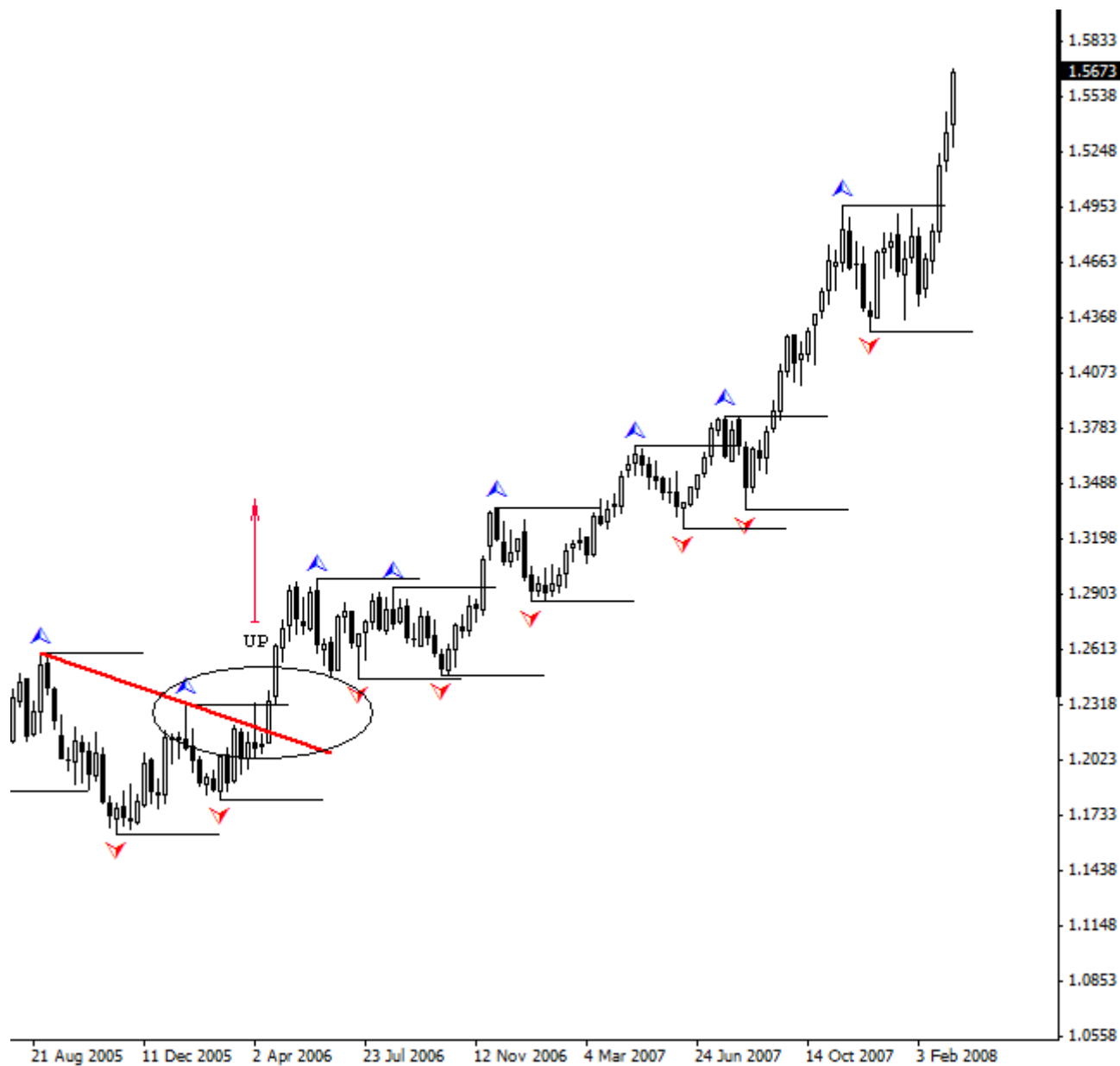


Fig. 74

In April 2006 we fixed a new ascending trend which was strengthened by the opinion about the weakness of the US dollar against the Euro. The delays of the waves of the second rakah showed us the strength of the ascending trend when both upper “Kimma” were pierced with once candle. Look, even the subsequent candles could not come nearer the minimum of the candle which has pierced these two levels. A real beauty...

Well and now, having learned about tendencies on long/senior times, we shall begin the analysis of the daily chart:

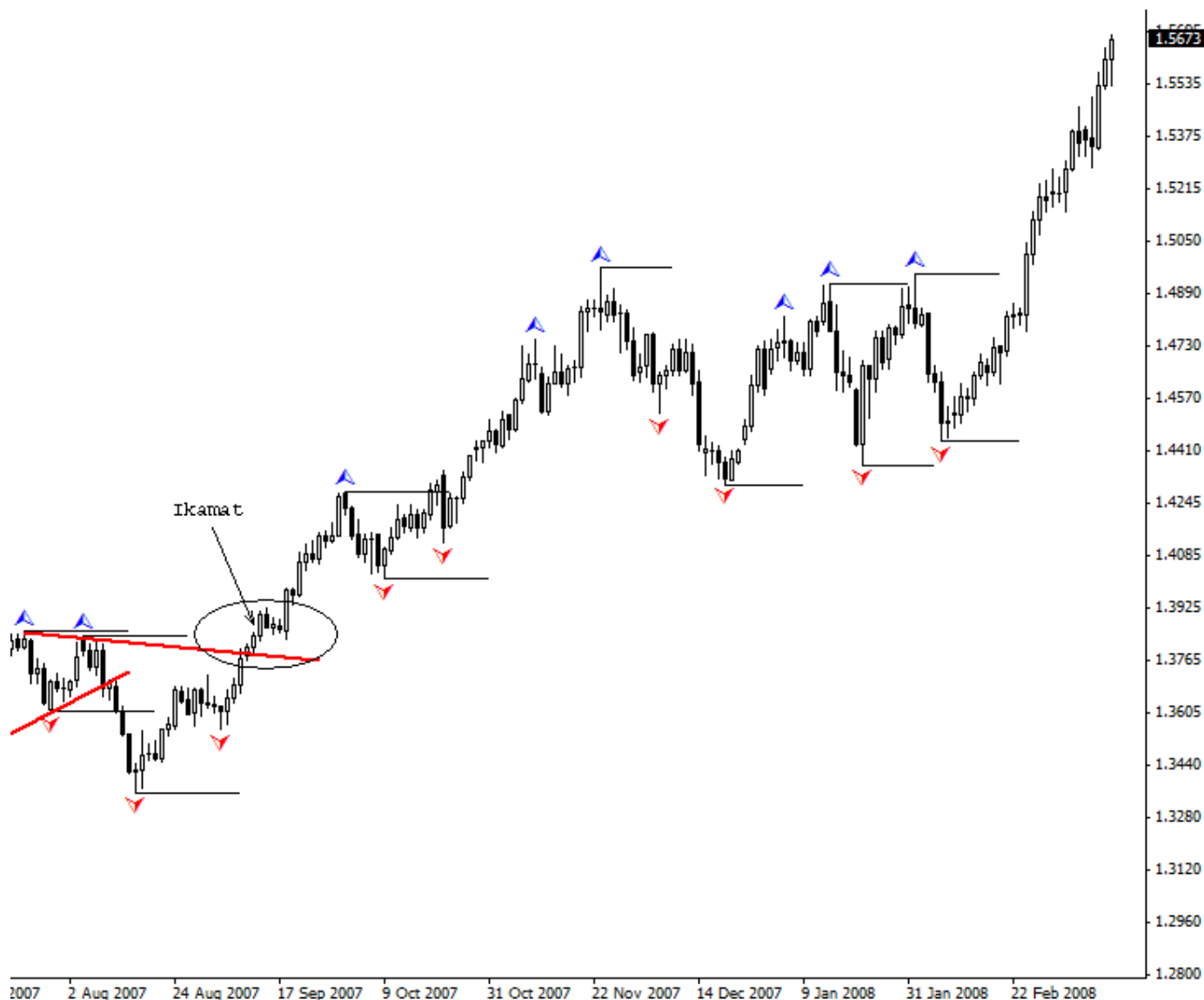


Fig. 75

On September 11, 2007 there was a change of the tendency to ascending, having opened the first *rakah* of the ascending wave. As until this moment there was a one-time descending wave, and we before making any plans should analyse the situation of the “long” times in order to make the right decision. Let’s look now how we closed in the monthly chart in August.

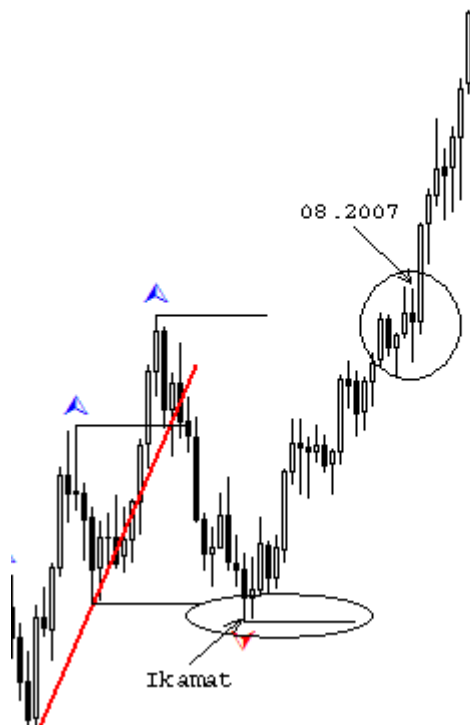


Fig. 77

Under the Law of Repetition, the signal in the form of “Doji” during the last month tells us about a possible descending movement, but the candle maximum for August didn’t reach the candle maximum for July, yet the minimum pierced the July minimum and the candle for August closed as a fine black body. But! We have pierced once again and we stay at the last “Kimma”. It means that the struggle for these heights was serious, with numerous stops and protective orders of the given levels. Besides, the struggle was being conducted for five months. Now we understand how the destiny of a given instrument is solved at a given level. Orders for sale, placed from the August minimum did not work, having protected us from taking a wrong decision.

Let's look now at the weekly chart:

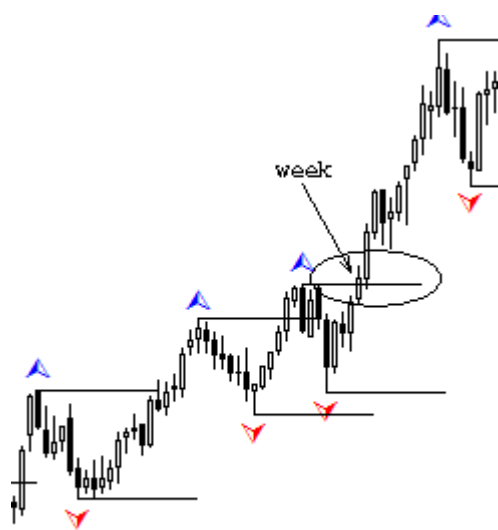


Fig. 78

one DC which offers to the citizens of the Islamic countries an account called “Islamic accounts” in which there are no swaps, but unfortunately this does not apply to citizens of Russia professing Islam. Even my negotiations with them could not convince them that we as Muslims are the same like the Muslims who live in Africa. They were firm in their views, in their understanding.

Let us now look at the share market. As an example we shall take the index RTS:

Month (MN):

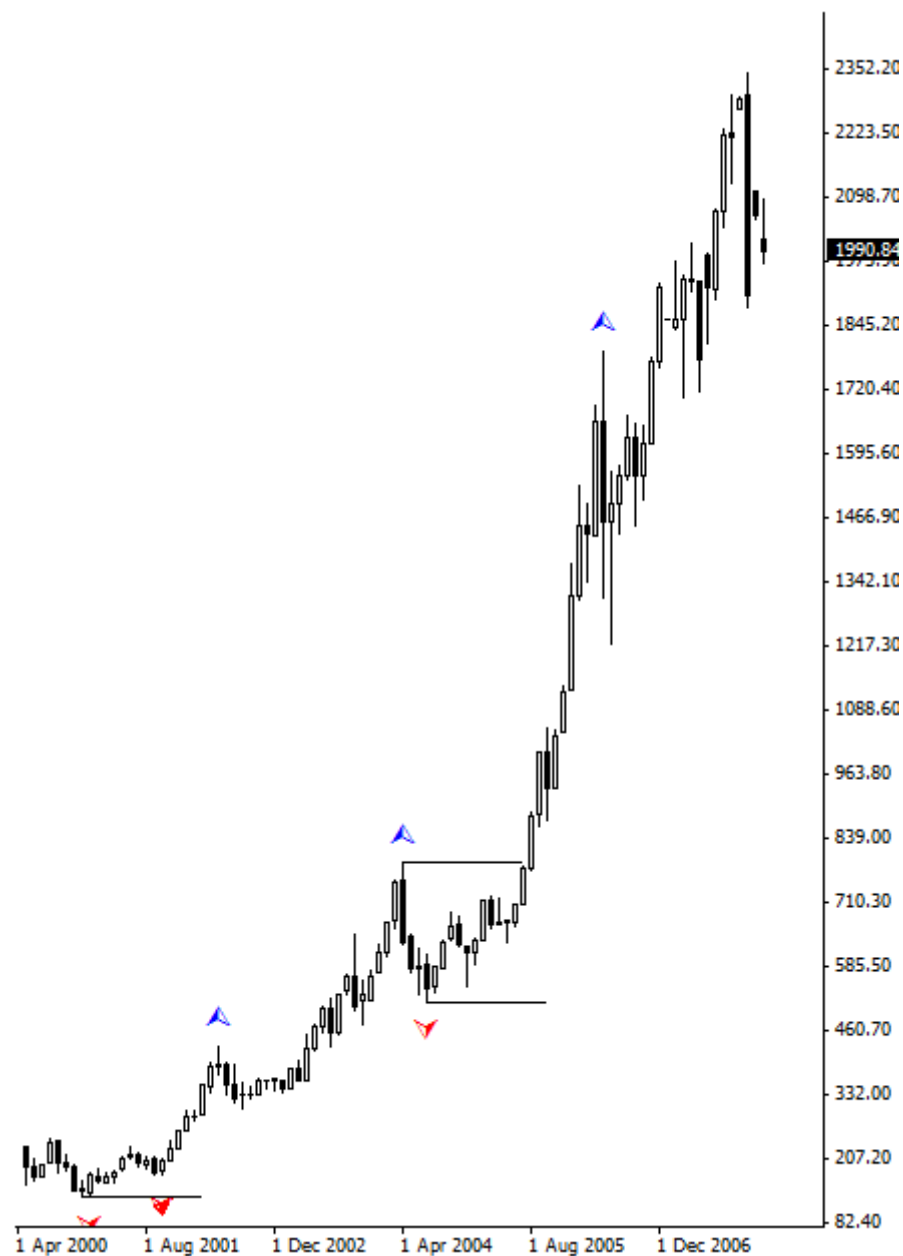


Fig. 80

As we can see, the crazy rise of the index speaks of “overheating” of the market, but it still is in ascending trend.

Week (W1):

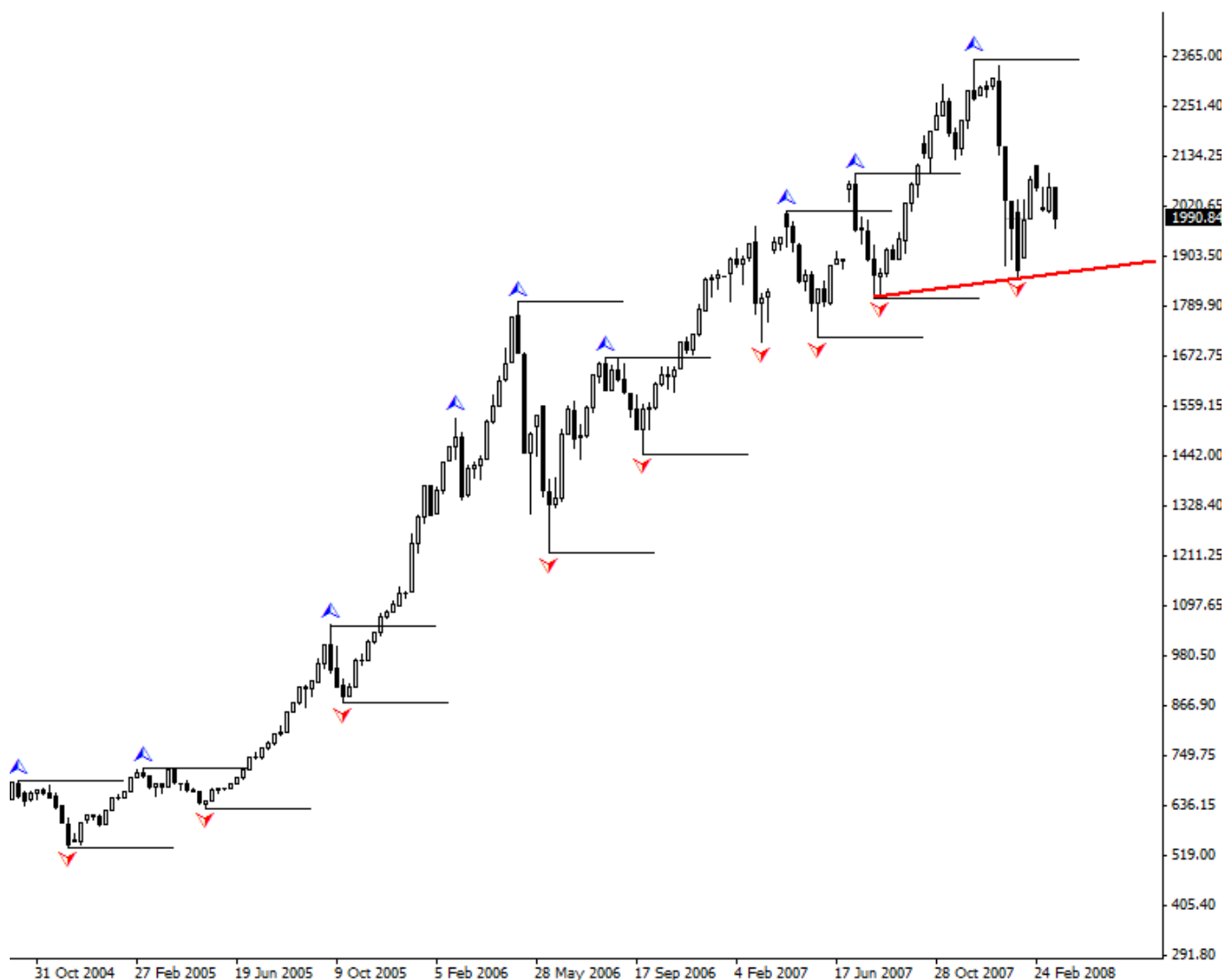


Fig. 81

In the weekly chart the ascending trend is also kept until now. And now let's look at the daily chart which will serve us as a reference point for our analysis.

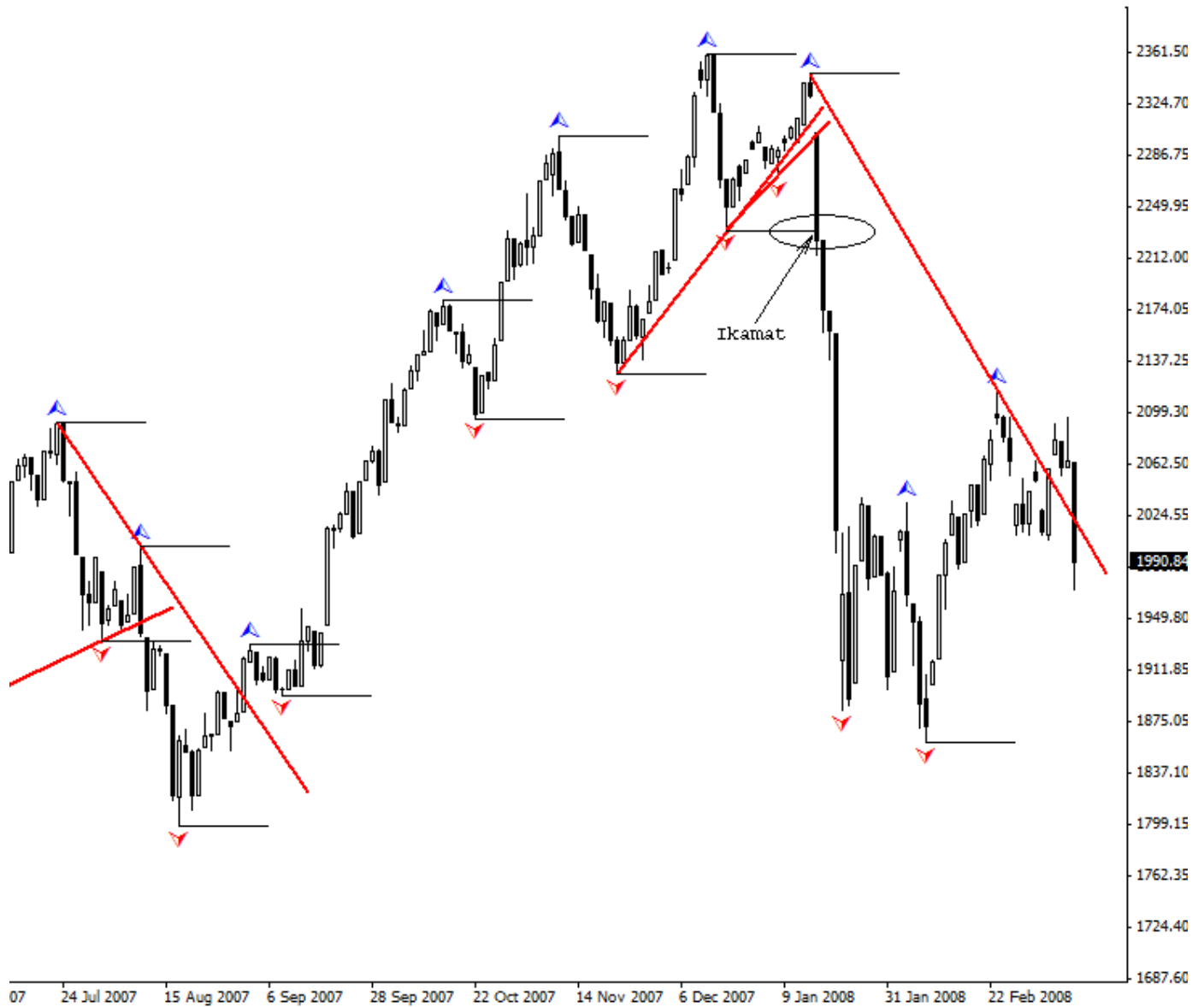


Fig. 82

The daily chart of the index RTS has two changes of the tendencies. Let's choose the last one as it changes the tendency into a descending trend, i.e. against the basic movement of the long/senior times.

At first sight it looks like an obvious overheating of the instrument. In both charts of long/senior times is noticed a strictly ascending tendency and no signs of a turn are visible. One thing is important for us – to calculate in advance the beginning of change of the tendency and to place the order following strictly our TS. Now let us look at the intraday time charts:

Four-hour chart (H4):

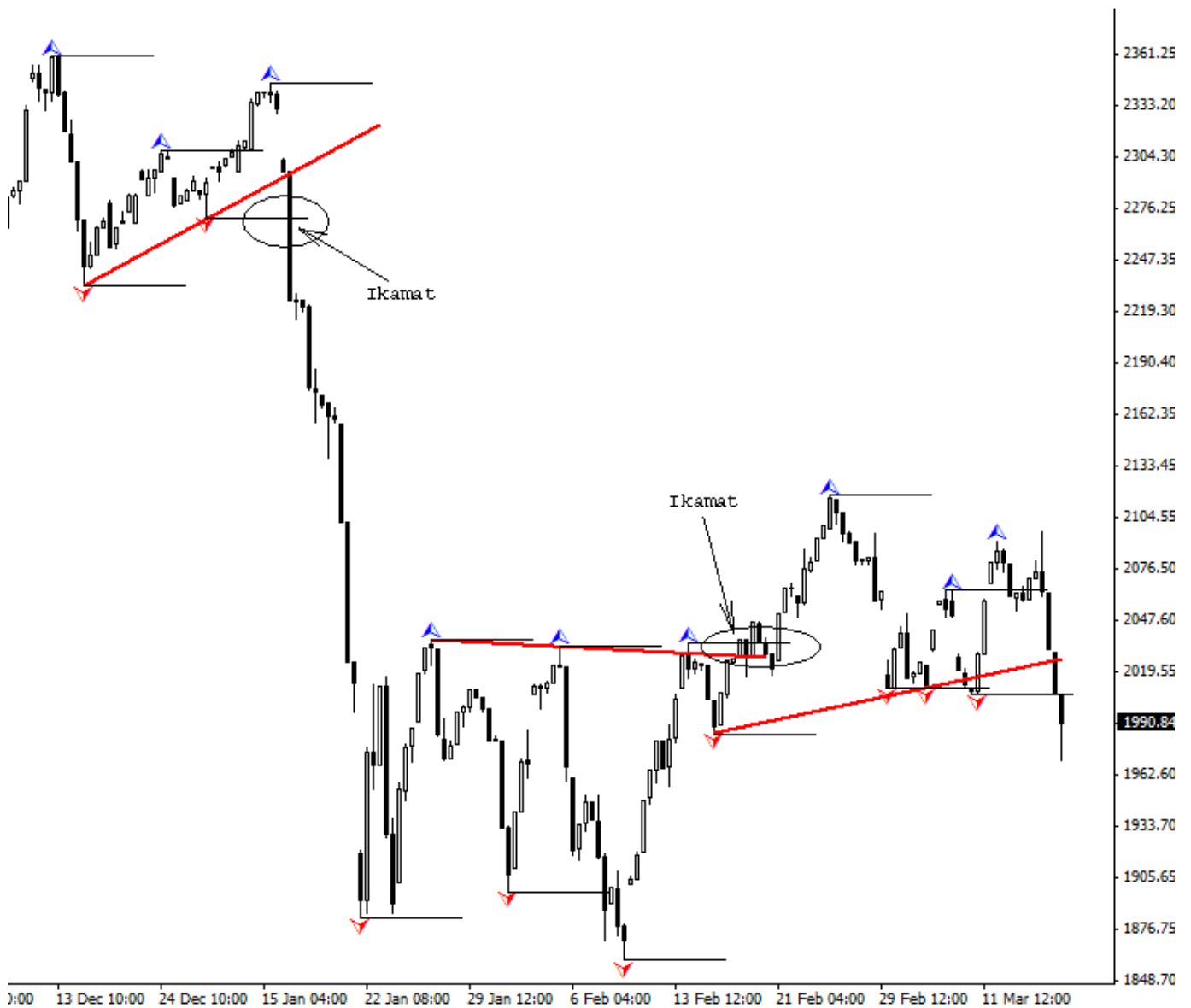


Fig. 83

Entry in the market on the Ikamah of H4 is practically at the same level as in the daily chart. It speaks about a strong level which expects us from below at the change of the tendency. We enter into the market on sale at the price of 2213, a level of minimum price of the daily candle, which has pierced the level “Yamma”, i.e. it is right after the Takbir. Further we see that the price below 1900 seemed to the market as a very good level for entry and with this level the recoil of the first rakah of waves began. In H4 was seen a level of change of tendency but in the daily chart everything was different.

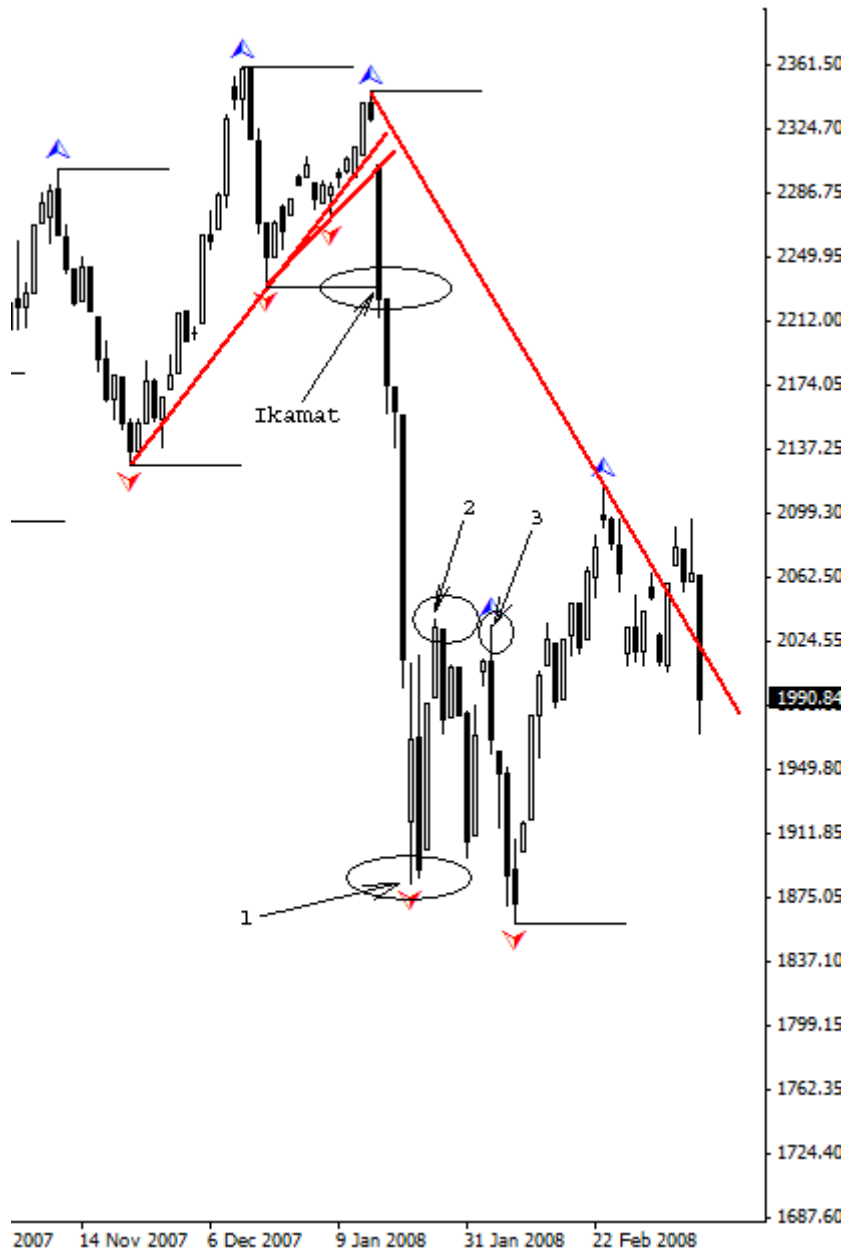


Fig. 84

Takbir under mark 1 did not become “Yamma” because the candle under mark 2 was unable to become Takbir and the subsequent “Takbir” under mark 3 has appeared below its maximum, having shown inability to generate levels “Yamma” and “Kimma” which gave me the reason to ignore the given levels and not to mark them as “Yamma” and “Kimma”.

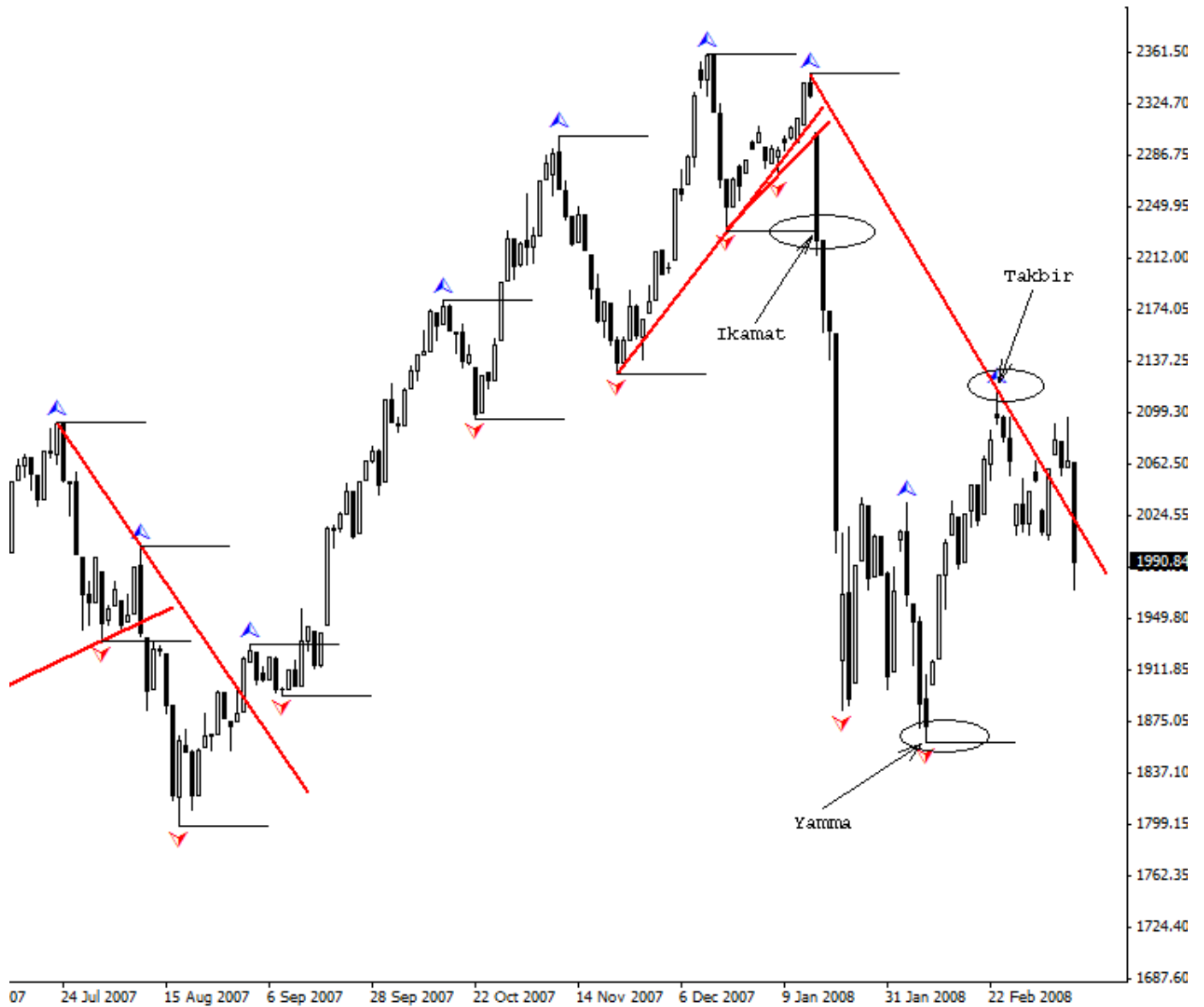


Fig. 85

The next Takbir turned to be “Yamma” and became the point of recoil of the 1 rakah of waves. Further a new Takbir and potential “Kimma” were formed. Through it (Takbir) we drew a line of resistance by means of which Azan has sounded. Whether there will be further Ikamah, time will show. In fact, time belongs and submits only to Almighty God, praised be His name and His majesty!

As of today, the descendent tendency is still valid and that’s why the end we most probably will describe and discuss in the next book on this topic, if this will be the will of Allah. Now let’s look at our last example from the raw market. As you have guessed, we shall estimate the oil futures.

Month (MN):



Fig. 86

From all accessible to me Dealing Centers I found only one which has charts of Oil Brent for a few past years and therefore the monthly and weekly charts will be short.

Week (W1):

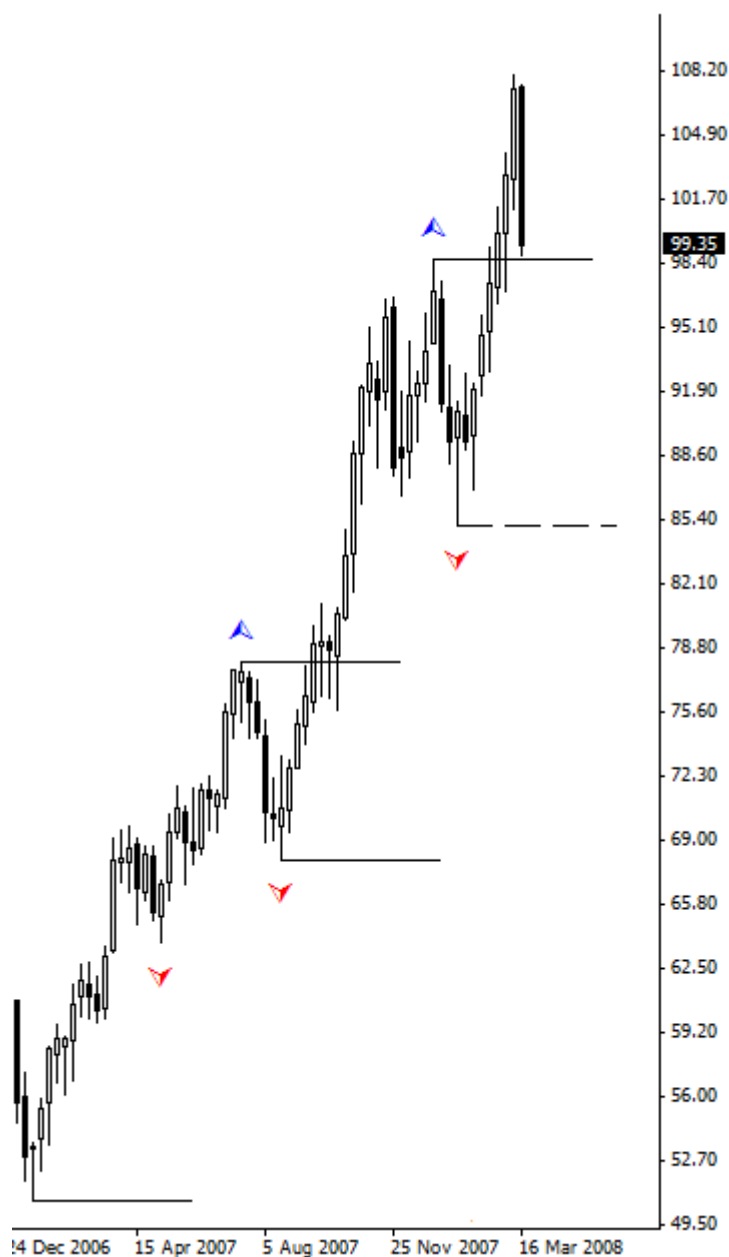


Fig. 87

The week, as well as the month, shows us a strict ascending trend. I would like to mention that for the purpose of simplicity I have marked with a dashed line the last not confirmed level. The last Takbirs are not confirmed. As soon as the next opposite Takbir appears, it automatically will become a level of “Kimma” or “Yamma”.

Both periods of times (month and week) show us an ascending trend but in the view of the last events a recoil wave is planned in the meanwhile. Let’s now look at the daily chart.

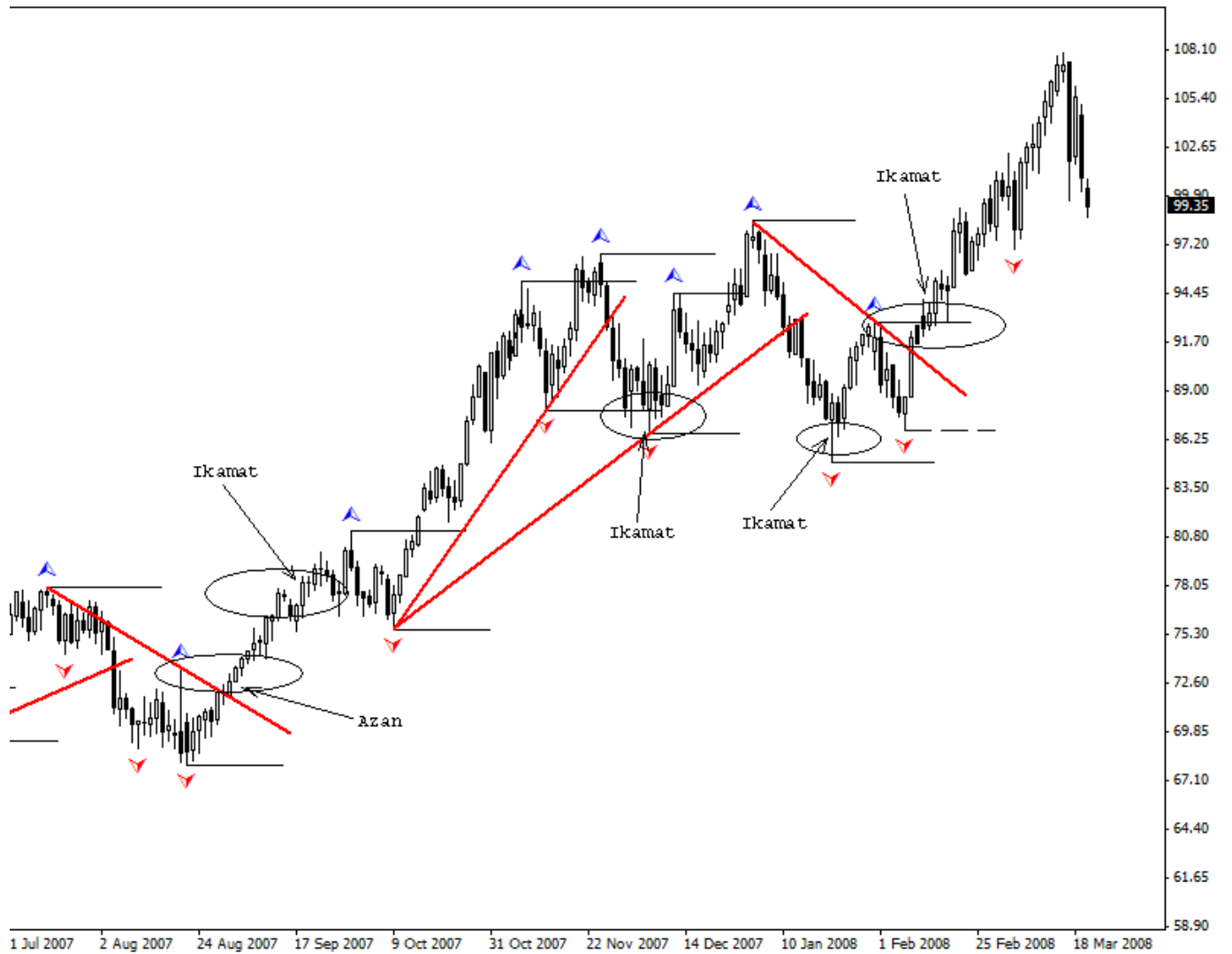


Fig. 88

Well, what time period shall we take for our analysis? I suggest we take the first Azan and Ikamah. This period is interesting also with the fact that in it the Takbir which served us as a point through which we drew the line of resistance, could not become a “Kimma” level and the reason for this was that the minimum of the given candle had appeared below than the last lower (bottom) Takbir. This adds oil to the fire of our technical analysis and at this moment gives it even more uncertainty. Let’s try to solve this rebus of mystery in which the Grail is hidden.

As you already read earlier, in the futures under the oil contracts, using our TS we found out one law, the law of repetition. Quite often or almost always, having read the Azan, the price reaches the Ikamah. The same is in our case, everything happened as if being perfectly arranged and this basically gives us one additional coin in our bottomless pocket. Can it be bad? I think it is good. Anyway, let’s look at yet another detail, the internal side of the given case.

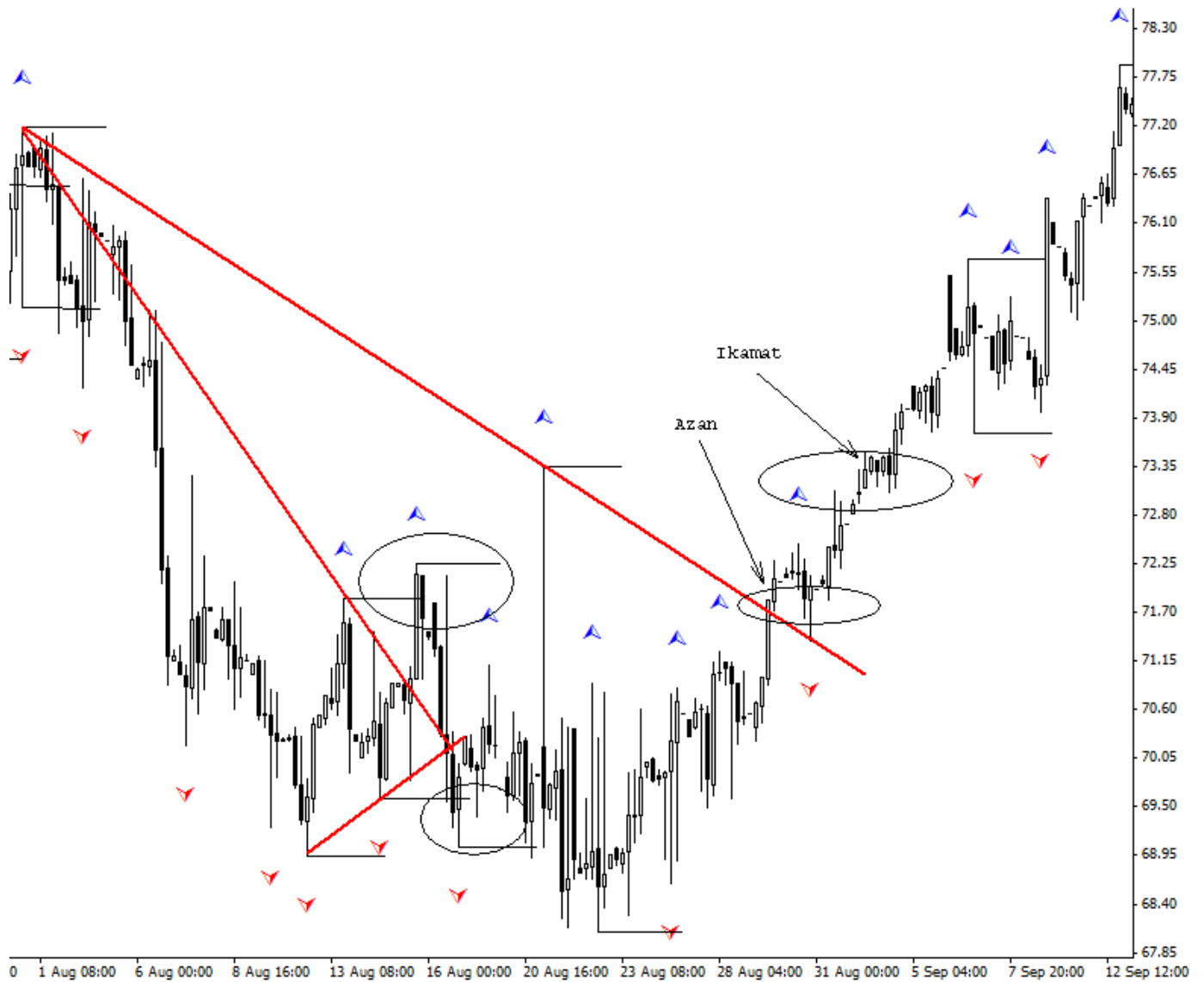


Fig. 89

In the four-hour chart we see strong volatility, which shakes the waves in different directions and does not give us the opportunity to connect correctly the last adjoining levels, though I think this is not an obstacle to us. We draw the last and highest level, seeing each other directly, without intermediaries.

Why we all the same decide to open a buy order (order for purchase)? First, in both long/senior times we have an ascending trend. Second, in the weekly chart the candle closed in the signal time showing a possible termination of the recoil wave:

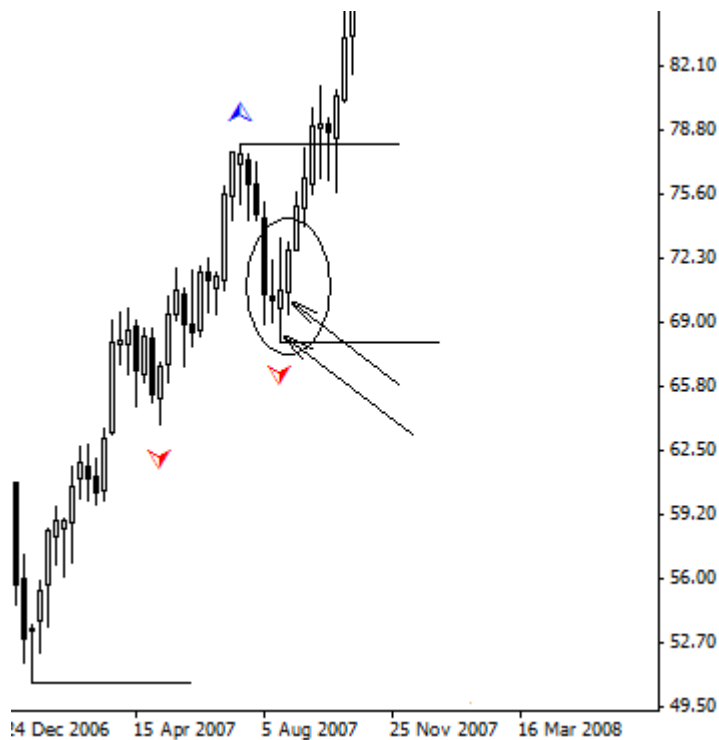


Fig. 90

In Fig. 90 with arrows are marked the both weekly candles showing us a signal to buy. Third, following the sound reasoning, if there are no signals and hints for the opposite, the best option is to go ahead. And this is what we did. We enter the market at the price of 73,52. It is above the maximum of the candle that has pierced the Ikamah in H4, it is equal to 1 cent. As a stop for us serves the last “Yamma” in the daily chart: 68,10. In H4 and in Daily the stop price is the same which gives us even greater confidence that the price will not reach that level and even if it does, it will not return anymore. Using the internal time for our entry in the market, we have opened an order 10 days earlier and 4 dollar lower. Exactly in 3 months we shall have a new Ikamah, on the recoil of the third rakah of the daytime, where we close our order at a price of 87,55, having earned 19,45 without including the commissions.

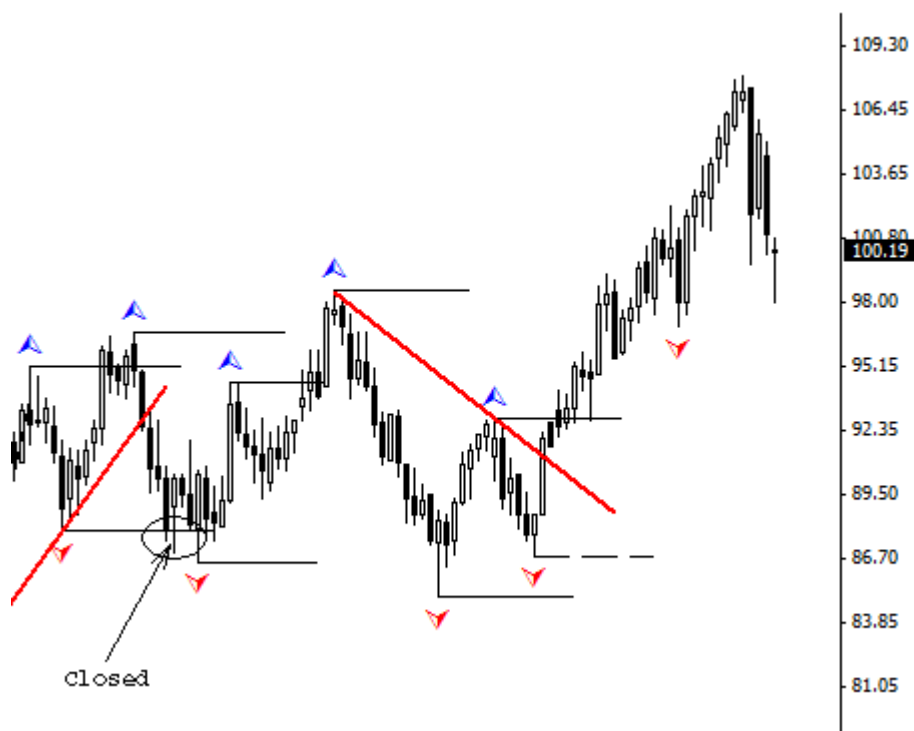


Fig. 91

In Fig. 91 is shown the exit point from the market and the closing of the order.

Well, that's all. I strongly hope that my book somehow helped you in your achievement of knowledge. It may not be as thick as any other books, but in it I have tried to tell you about the laws established by the Almighty Allah.

In addition I would like to share some rules of an old friend of mine, who after some time of trading at Forex, said that "with her own blood she had written the rules". At her request I give these rules here without any changes.

1. You always know, why you have lost money.
2. The deposit always aims at the zero.
3. You are always confident that this time all will be OK.
4. As soon as the order starts to work, the price immediately goes into another direction.
5. As soon as the stop starts to work, the price immediately goes where it is necessary.
6. On deposit for a week you make x100.
7. You find the Grail, then you "merge" and again find it, and then again you "merge" and so on like moving in a circle.
8. We all know how to make money at Forex and we can tell others about it in details.
9. From rule No 8 it follows that 100 out of 100 "merge".
10. The minus of 100 points is a norm, the plus of 30 points is already huge money and it urgently should be taken.
11. Everyone knows about MM and TS, as well as about the TR (traffic rules), but with a speed of 60 km/h travel only the "woodpeckers".
12. After the "merge" you travel at a speed of 5 km/h.
13. Go on a trend, do not break the MM and the TS, put stops...all this is like do not smoke, do not curse, do not drink alcohol...Correct but impracticable.
14. Books about Forex are like plastic fruit – beautiful but not edible.
15. You don't know how to earn money at Forex, then go and teach others (write books about earning money).
16. The experience at Forex is like things in the store – they are all zero size but you always believe they will fit you.
17. Forex is the right way for purchasing the magazine "Job for you".
18. The market can remain "illogical" much longer than you can stay solvent.

I hope my book will help her too to have a new view of the market.

In many of you, while reading this book, maybe a question arose about the importance of Takbir and the levels. I would like to note that a level, as you already know, is formed thanks to the Takbir and the wave – thanks to the level. It turns out that Takbir is half a level and the level is half a wave. That's why when you make the charts, adhere to this concept. If there is no level, use Takbir. If there is no wave – look at the level.

One more thing I am sure remained not quite clear for you. And it is the difference between Takbir and the levels "Kimma" and "Yamma". After all what is the difference for our analysis between the Takbir and the levels which are being formed thanks to this Takbir?

Takbir is the reference point, and the levels are the purposes. When you receive Takbir, you first of all draw a line from the last to the nearest Takbir marking the resistance or the support. It is the figurant of the process, yet not becoming a level, i. e. we are guided by it about the change of process when we have been piercing it. For us it appears to be the messenger that brings good news or bad news. The levels are the purposes from which and to which our road leads.

Came or passed – this is another issue. The main thing is that they are the light in the end of the tunnel in which tunnel we enter not knowing what will happen when we go out of it, though we suspect

that anyway there will be an end. What kind of an end, we shall learn at the exit. At the closing of our order.

What is Iman? Iman is faith. Faith in the Almighty God and in all that He created around. It is faith in all His laws, which He has established for us. In fact we can choose in what to put our faith. We always search for ourselves the best so that we could feel comfortable. Such is the nature of man. In fact almost everyone wants for himself the best even in connection with his faith. We always believe that all will be well. Even the pessimists deep in their hearts always hope for a good and not for a bad outcome. Thinking that all is bad and will become even worse, they yet hope that even in this they could find some calmness for themselves.

Iman also has its weak and strong sides. Sometimes Iman is very strong, sometimes it is very weak. In between there are rises and fallings. In their majority, just like in the market, the fallings happen much faster than the risings. To fall always happens easier, than to rise. No special efforts are necessary. You put a line, then you cross it and you fall down. The most complex in this situation is to stop, and having stopped to try to understand the reason for the falling and to find solid ground under your feet. All that was said above concerns not only our faith. It can be applied also to the management of capitals and in general to anything else that can be a subject to a technical analysis. Finally I would also like to thank my friend Damir for the help in finding out as proofs the Ayats from the Quran.

This is everything that I wanted to tell you. I hope my book will help you at least a little to understand how the market works and how the movement in it is formed. I would like to remind once again about the interrelations between everything and all in our world. If you do not understand something in some situation, then it is possible that you find an explanation of this situation under some other circumstances. Always search for the root, for the core, and develop your logic on it. I want to wish all of you strong Iman and big patience. Be patient because Allah is with those who are patient:

153. O ye who believe! seek help with patient perseverance and prayer; for Allah is with those who patiently persevere. (Surah "Cow")

46. And obey Allah and His Messenger. and fall into no disputes, lest ye lose heart and your power depart; and be patient and persevering: For Allah is with those who patiently persevere. (Surah "Spoils of War, Booty")

79. Whatever good, (O man!) happens to thee, is from Allah. but whatever evil happens to thee, is from thy (own) soul. (Surah "Women")

PEACE BE WITH YOU AND THE BLESSINGS OF THE ALMIGHTY ALLAH.

Your brother Tim Stigal.