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# The Rumor

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# LESSONS

*ON TIMEFRAMES*

by THE CRYPTO PROFIT

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I want to start by thanking you for taking the time to read through our work. As you know, the @TCPmedia team and I have been working very hard to create the best content possible for our readers and we appreciate your interest in our results.

The Rumor is more than just a magazine, it is a community. Your feedback is not only welcomed, it is appreciated. Reach out to us, let's talk about the future together.

– TCP



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An hourglass with blue sand is the central focus, resting on a bed of smooth, dark beach stones. The background is a soft-focus view of a beach and ocean under a warm, golden light, suggesting sunset or sunrise. The hourglass is made of dark wood and has a clear glass bulb containing the blue sand. The sand is in the process of falling from the top bulb to the bottom bulb.

# LESSONS

*ON TIMEFRAMES*

by THE CRYPTO PROFIT

Have you ever looked at very bullish looking 1-hour chart and decided to make an entry based off of that chart only to then lose money or get liquidated? Have you ever shorted the bottom because the 4-Hour chart looked like there was definitely room for another drop? This is a common problem I hear people discussing and many people start to think that they are doing something wrong or that they don't know how to read a chart.

Here is the issue. Some people spend hours memorizing chart patterns and wave counts and indicator functions but they miss something that seems very basic, but is the foundation of being able to accurately predict the future moves of a coin, commodity, or any other charted asset class. That is, they overlook the importance of being able to perceive and differentiate the impact of all of the different candlestick time-frames at once.

In my humble opinion, understanding the concept of the candlestick time-frames is probably one of the most important parts of being able to use Technical Analysis effectively.

So, let's start with the basics.

When you are looking at a 1-Day Bitcoin Chart, for example, each candle you see on the chart represents 24 hours of lapsed time. That candle will tell you the story of what took place with the price of Bitcoin during that day. You have the candle body which represents the difference between when the candle opened and when it closed. This means that if a 1-Day candle opens at \$6,600 and closes at \$6,800 the candle body is going to cover that entire \$200 span. Then you have the candle shadow or wick. To use our previous example, say that 1-Day candle opened at \$6,600 and closed at \$6,800 but during that 24-hour time span, the price dropped to \$6,400, then

recovered all the way up to \$7,200 before pulling back to end the day at \$6,800. The candle body then is between \$6,600 and \$6,800, there will be a wick going up to \$7,200 from \$6,800 and a shadow going down to \$6,400 from \$6,600. That is how a candle represents the price action movement during the time frame that the candle is represented by.



*Understanding the concept of the candlestick time-frames is probably one of the most important parts of being able to use Technical Analysis effectively*



Now that we have that down, we come to the realization that within a single 1-Day candle, there are a total of Six 4-hour candles. Within a 1-week candle there are a total of Seven 1-Day candles and Forty-Two 4-hour candles, and so on.

So how can we use this information to hone in our technical analysis?

Many people ask me, “When you are charting, what time-frame do you prefer using?” The answer is always all of them and here is how and why.

I Always begin my analysis using the bigger time frames, often it is the weekly chart and sometimes I even begin with the monthly chart. This is absolutely crucial and here is why. Since the weekly chart contains Seven 1-Day candles, the information that each candle gives us is condensed and therefore looking at the weekly chart gives you a much broader picture of what the price action looks like and what that does is it allows you to see the big picture and THIS is where you want to start looking for patterns, waves, and set-ups. This is what I like to call “the overarching trend.”

Here is an analogy for you. When you take apart a puzzle, let’s say the puzzle, when it is complete, is a picture of a dog running on a beach. That is very clear and easy to conceptualize. Now let’s say I gave you on puzzle piece and there was nothing on it except sand. You might be able to tell that it is sand based on the color and texture represented on that piece. I then ask you, what is the picture that this entire puzzle lays out? You would likely answer something like “sand” or “rocks” or “a beach.” The problem with that is you would have missed the main subject of the painting, the puppy! This is akin to me showing you a chart with twenty 15-minute candlesticks and asking you to tell me where you think the chart is going next. You are looking at only small pieces of the big picture and you cannot see the main subject or the “overarching trend” of that chart since you are only looking at 5 hours’ worth of price action movement.

Isn’t it so much easier to put a puzzle together when you know what the big picture you are constructing looks like? Absolutely. This is why when I chart, I start with the big picture first and then zoom in little by little after analyzing each time frame very carefully and getting a sense of what the “overarching” trend looks like.



Understand that the overarching trend controls the story. What does this mean exactly? It means that even if the 1-hour time frame looks very bullish, if the 4-hour and 1-day and 1-week are looking like they are headed downwards based on indicators, price-action, and whatever other analysis is done, A) you might see a small and temporary move up in price before an even bigger retrace or B) the price just goes straight down turning that 1-Hour chart bearish and thus aligning it with the other time frames.

Based on this information we can then hone our trading strategies to align with what the different time frames are telling us. For instance if you see a coming bounce on the 4-Hour chart happening but you know that the larger “overarching” time-frames are still bearish, you know that in over the span of the next few 4-Hour candles, you may see an increase in price, and therefore

you may be willing to set up a quick day trade where your take-profit zone is not too high from the current price. Likewise, If the weekly is getting primed for a move up but the daily and 4-hour charts are still bearish, you know you can start setting buy or long orders below the current price as this would logically mean another move down in the short term before a move up in the long term.

The 4H and daily would suggest that the price has not completely bottomed yet, while the weekly longer-term frame is signaling the bottom is close for a nice longer-term swing trade.

How do I suggest approaching TA now that we have this information? Start from the big picture and get a feel for what the overarching trend looks like. Understand what each time frame represents and then start zooming in, one chart at a time, looking for patterns and set ups

on each chart as you zoom in further. I start with the monthly and work my way through the weekly, 3-day, 1 day, 4-hour, 1-hour, and when narrowing in to find the best position, even the 15- minute chart.

The key take-away is to be able to start big and work your way down. Many people just look at one time frame and use that to trade and although they might find success on occasion, they are making decisions without having the best grasp of the information available to them.

- TCP

## *Thank you*

As a team, we have dedicated a lot of time and effort into bringing you our content. We really hope you've enjoyed it and we hope that, in some way, our work has added value to your life. What is impressive is that this is only the first issue and as with anything else, the more you do something, the better you get at doing it. Our work will only continue to improve with each new issue and you can be a part of that process. Let us know what you like and what you think we can add or do differently. Any suggestions and opinions are greatly appreciated.

– TCP Team

