

MM (Market-Maker) Detective Indicator

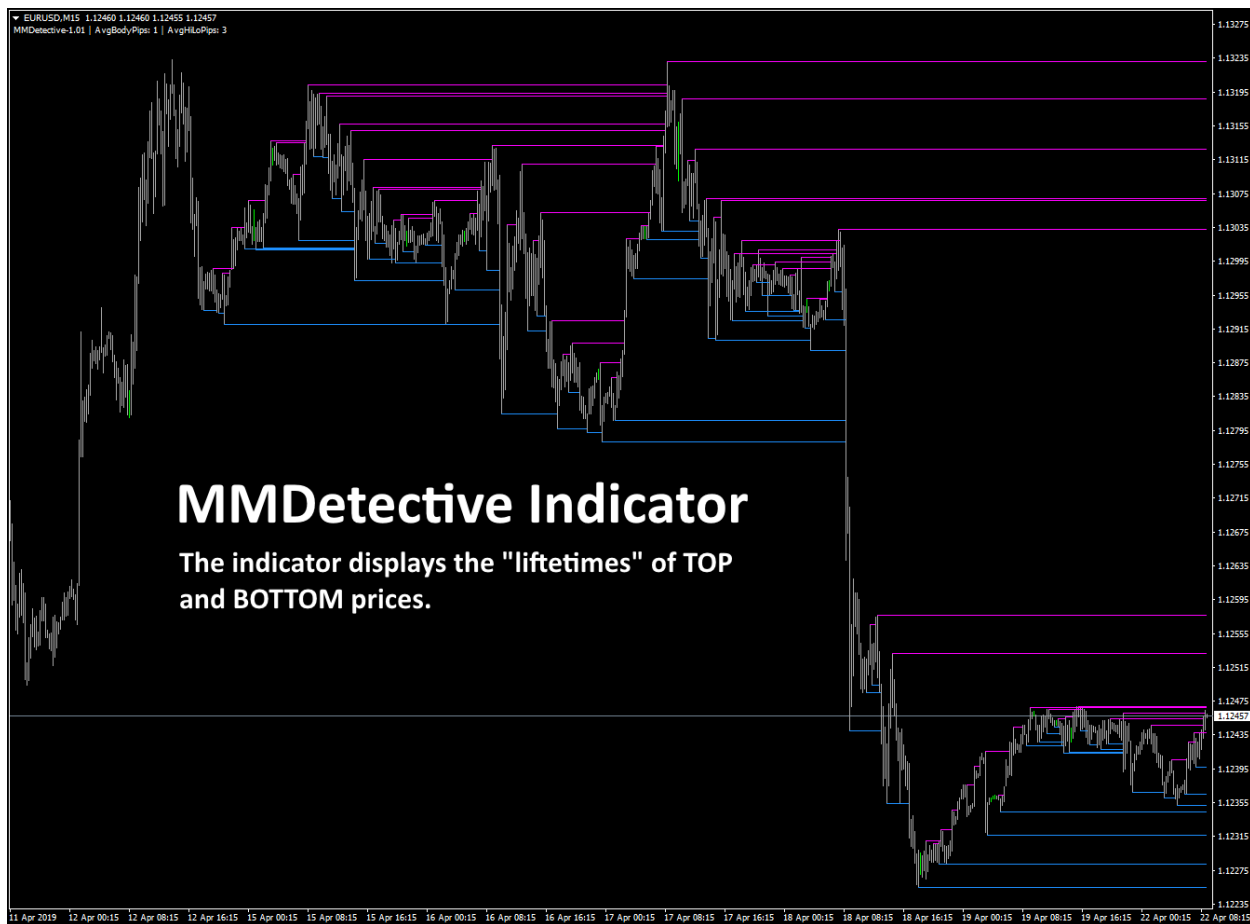
MM Detective is a new indicator I recently created -- it shows the "**lifetimes**" of TOPS and BOTTOMS on a price chart. I've decided to share it with ForexFactory members as a sign of gratitude to FF. I enjoy reading FF and have learned a lot from other members and authors.

The idea behind the MM Detective Indicator was inspired by @George AUS's thread entitled "Price action at the core / tma intra day" (<https://www.forexfactory.com/showthread.php?t=874421>). For those of you who follow @George's thread, you will understand immediately how and why to use this indicator.

For better or worse, market prices are manipulated. This can not be directly proven because the MM manipulating prices is not a clumsy criminal who will leave fingerprints behind. Furthermore, the MM is not required to exercise transparency. If it were to become common knowledge that market prices are manipulated then this would impact the MM's ability to manipulate them. So, the proof comes in the form of circumstantial evidence. By virtue of the fact the price manipulations are so precise the only reasonable conclusion is there must be an algorithm at work -- i.e. a MM. The connection between "precise price movements" performed by an algorithm is arrived at by deduction. Deduction is defined as:

"a process of reasoning in which a conclusion follows necessarily from the premises presented, so that the conclusion cannot be false if the premises are true".

By demonstrating the precision that prices move to certain target levels, then @George has proven an algorithm must be at work -- hence MM manipulation. Furthermore, @George demonstrated that to the extent you understand the "psychology" behind the MM's manipulations, then your trading performance goes through the roof.



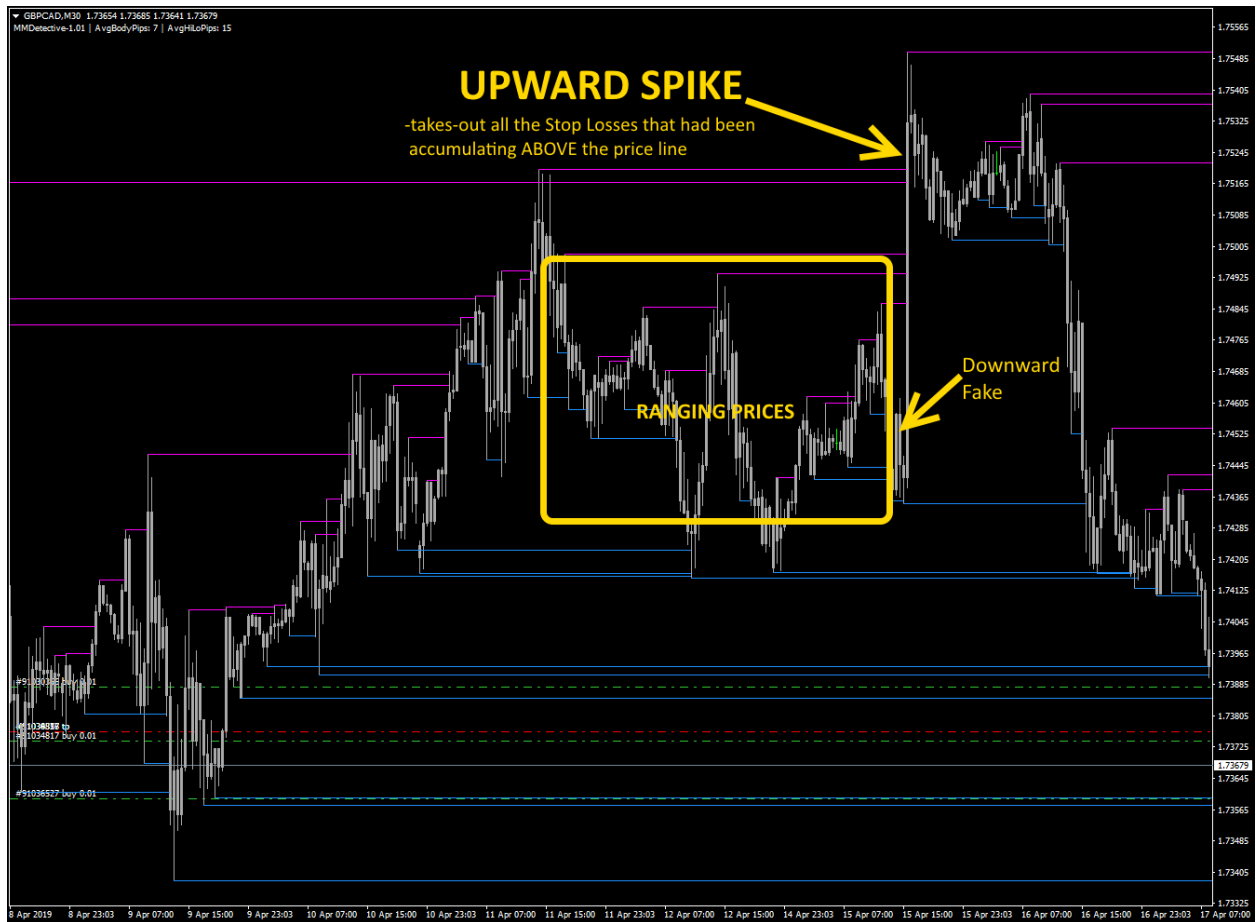
Looking at the price chart from left-to-right, the purple lines begin at a TOP and extend to the right until they are "taken-out" or removed by the price moving upward. Similarly, the blue lines begin at a BOTTOM and extend to the right until they are "taken-out" by the price moving downward. Another name for TOP is "Peak". Another name for BOTTOM is "Trough". Using this indicator you can clearly see the "lifetimes" of TOPS and BOTTOMS.

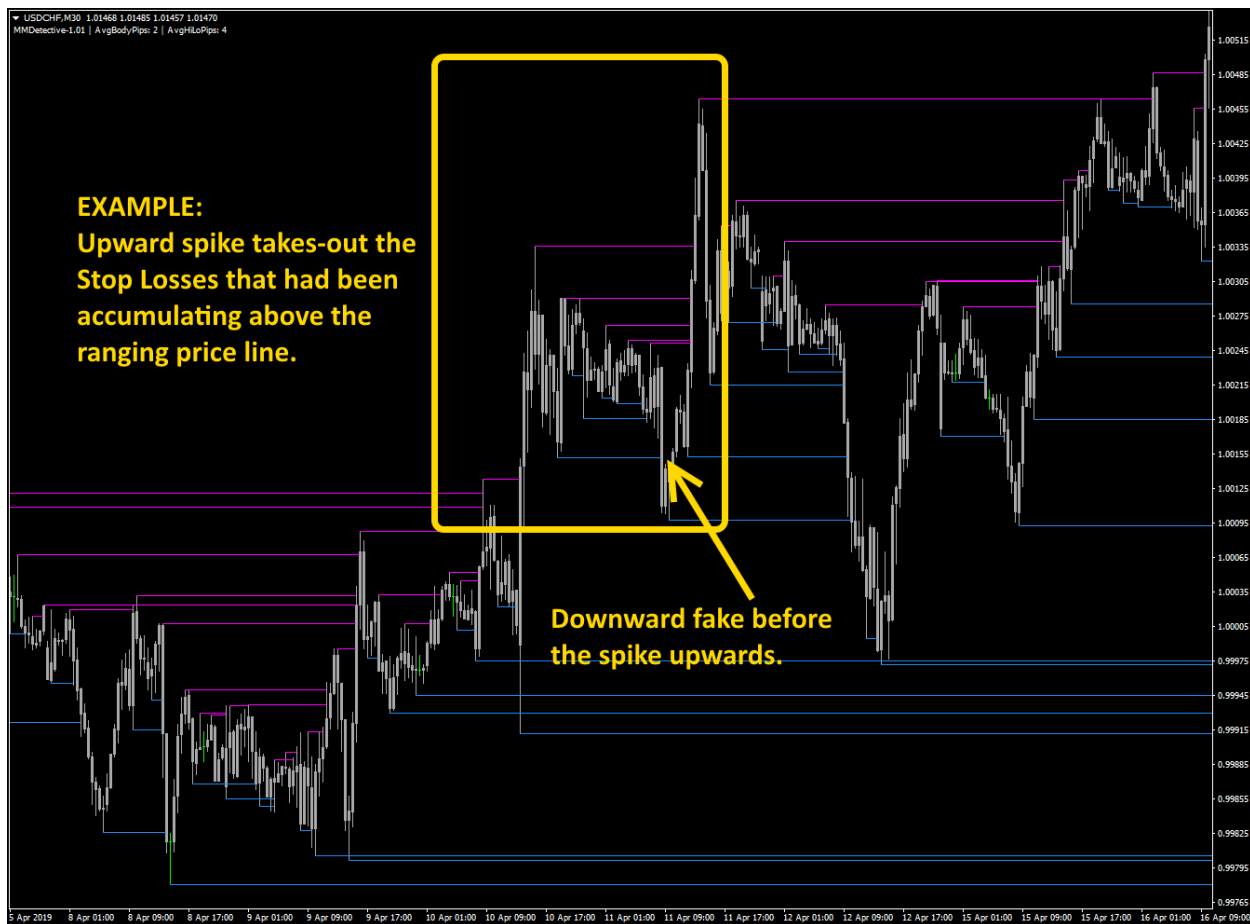
A TOP (Peak) occurs when the price moves downward. A BOTTOM (Trough) occurs when the price moves upward. Stop Losses accumulate above and below the price line. In the case of Short trades (selling), Stop Losses accumulate above the price line, and in the case of Long trades (buying), Stop Losses accumulate below the price line. When the MM initiates a spike upward, Stop Losses from Short trades are taken-out. When the MMITS initiates a spike downward, Stop Losses from Long trades are taken out.

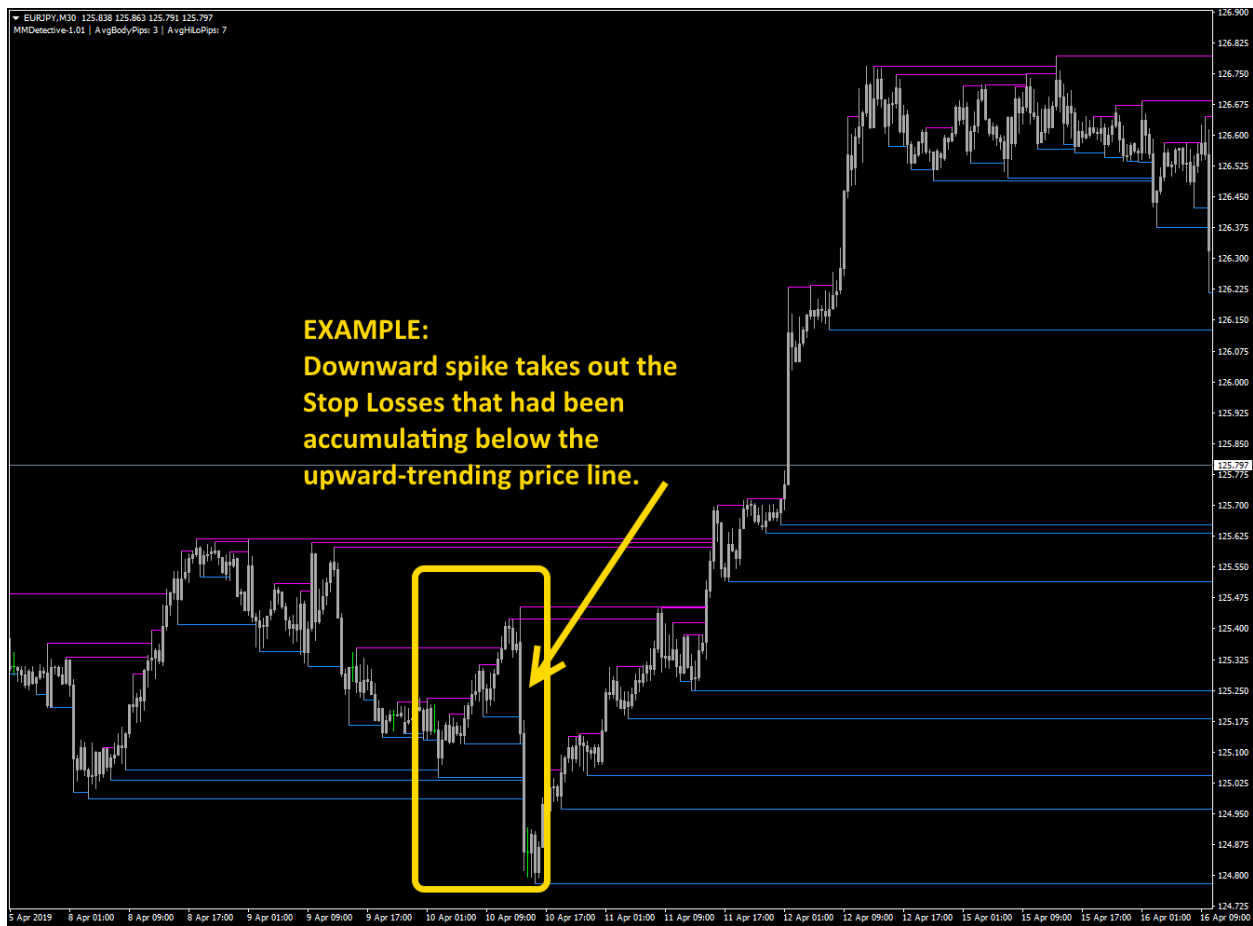
The pattern of ranging or trending prices followed by a spike occur over and over again -- every symbol and time frame. Furthermore **the length of the**

spike is very exact -- just long enough to take-out the targeted Stop Losses -- no more and no less.

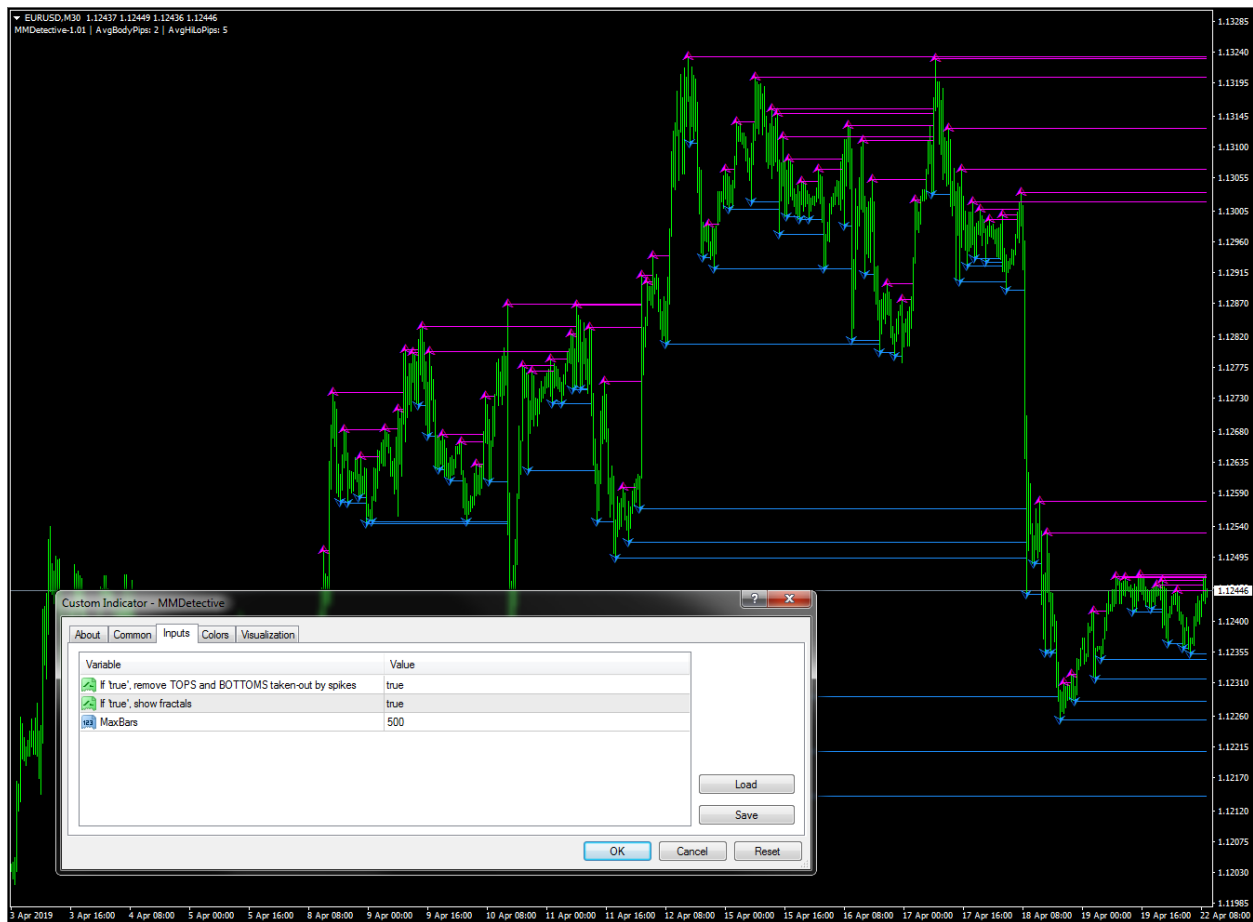
Below are examples of each:







The MMDetective indicator has 3 settings -- described below:



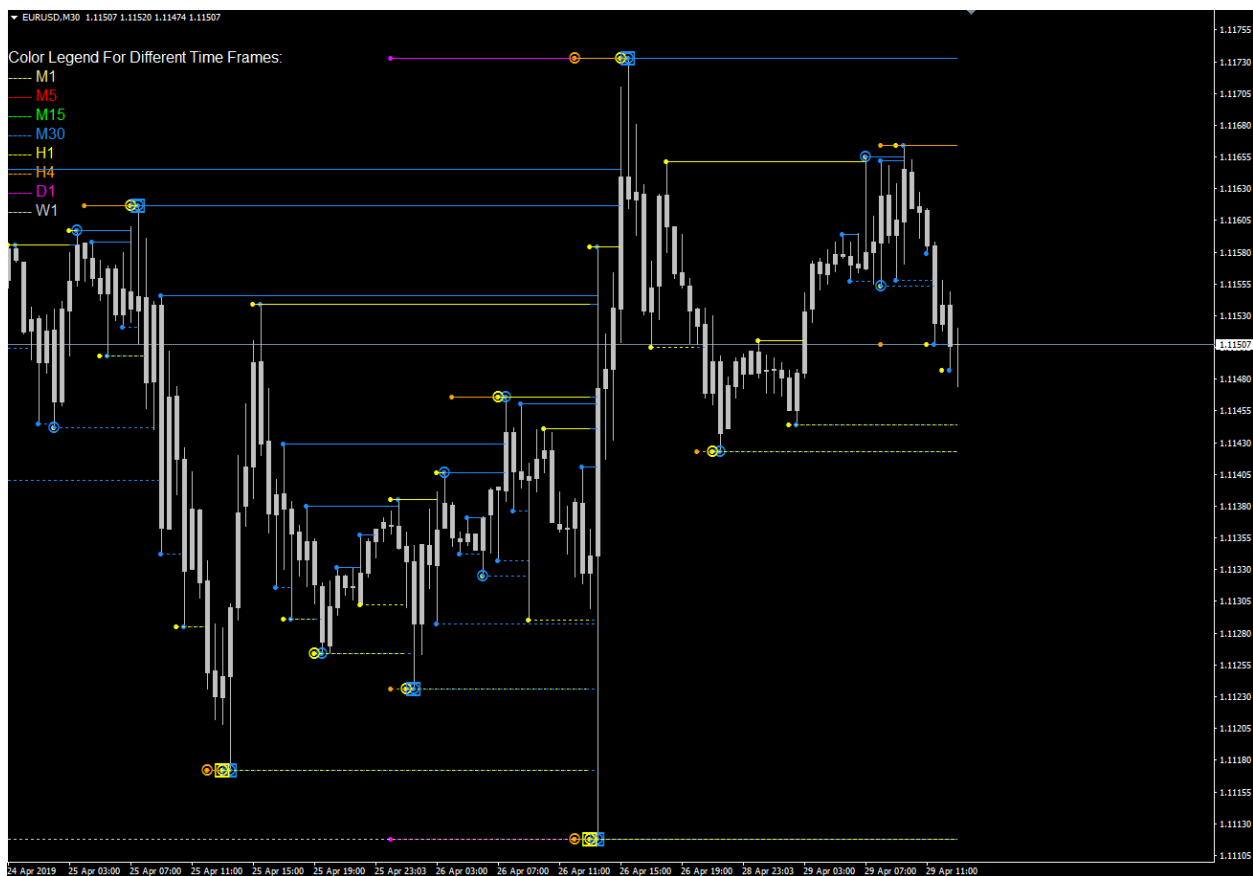
The first setting, when 'true', removes TOPS and BOTTOMS taken-out by spikes -- this is the default behavior. If set to 'false', then the purple and blue lines will extend to the right-hand edge of the chart (i.e. current time). When set to 'true' then by glancing at the right-hand edge of the chart you see only those TOPS (purple lines) and BOTTOMS (blue lines) that have survived until now.

The second setting, when 'true', displays the fractal points used to determine TOPS and BOTTOMS -- this is the default behavior. If set to 'false', then the fractal points are hidden.

The third setting is used to specify the maximum number of bars to use for the calculations -- the default is 500 and I would recommend leaving it at that value.

MM Detective MTF-HLF Indicator ('MTF' refers to multi-time frame, 'HLF' refers to higher-level fractals).

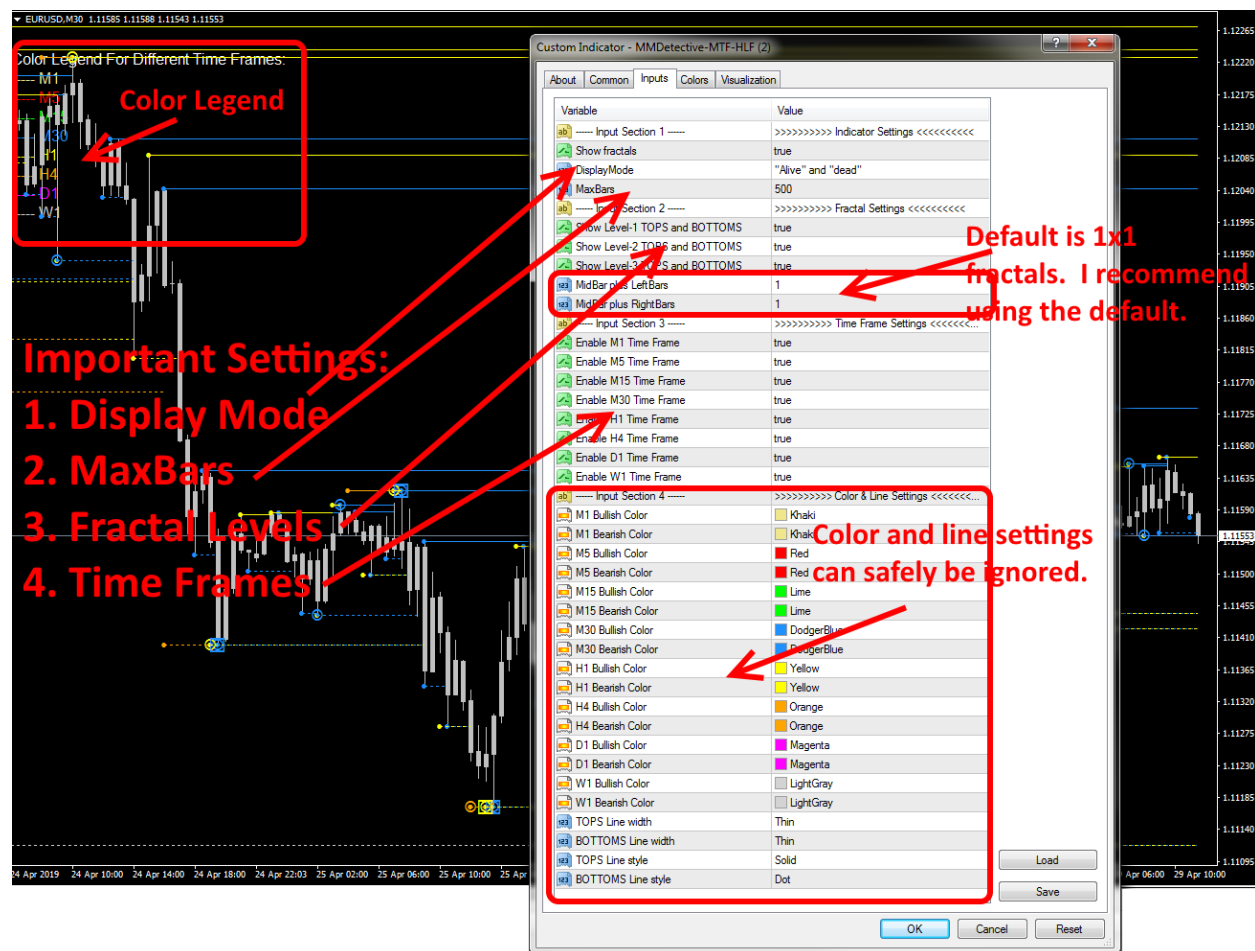
This version includes support for both MTF (multiple time frames) and HLF (higher-level fractals). MTF had always been in the works, but HLF was not. It was recently introduced to me by @SwingMan -- so he deserves all the credit. My sense is higher-level fractals do a better job detecting TOPS and BOTTOMS -- we'll see.



The purpose of the MM Detective MTF-HLF indicator is similar to its predecessor -- to detect TOPS and BOTTOMS that serve as potential MM targets. This new version adds support for MTF and HLF.

MTF Support: This means it can use bars from different time frames (M1, M5, M15, M30, H1, H4, D1, W1) to compute TOPS and BOTTOMS and display

HLF Support: Turns out there are more to fractals than I initially imagined. The simplest type of fractal typically includes 3- or 5-bars -- and is referred to as a Level-1 fractal. MT4 comes with a Level-1, 5-bar fractal indicator. I happened to use it for this indicator because it seemed to do a nice job of picking-out TOPS and BOTTOMS -- as others have found. From @SwingMan I have since learned about Level-2 and Level-3 fractals, which can also be used to identify TOPS and BOTTOMS -- many of which overlap with the same TOPS and BOTTOMS identified by Level-1 fractals. In our context, a fractal consists of a midpoint plus left and right shoulder. A Level-1 fractal has a middle bar plus one bar as its left shoulder and one bar as its right shoulder. A Level-2 fractal also has a middle bar -- but for its left shoulder there is a Level-1 fractal and for its right shoulder there is a Level-1 fractal. A Level-3 fractal again has a middle bar -- and guess what it uses for left and right shoulders? That's right -- Level-2 fractals.



From the screen shot above it appears there are a lot of settings -- but since most are related to colors they can be safely ignored (if you are not color-blind). Here is a brief run-down of the most important settings:

1. Display Mode -- choose between displaying all TOPS and BOTTOMS (i.e. "Alive" and "Dead"), or only the ones that haven't yet been taken out by the MM ("Alive" only).

2. MaxBars -- how far back in history to compute TOPS and BOTTOMS. The value here can be important because if it is too large then the indicator will become very sluggish. The default is '500' since the default number of enabled Time Frames is 8. If you wish to increase MaxBars to something like '5000', then you'll need to disable some of the time frames. I found I could use 5000 bars comfortably with 3 time frames (e.g. M15, H1, H4).

3. Fractal Settings -- you can choose any combination of Level-1, Level-2 and Level-3 -- or all 3. By default, all three levels are enabled. Also, by default I suggest sticking with @SwingMan's recommendation of using 3-bar fractals -- so leave the default Left and Right shoulder lengths as '1'.

4. Time Frame Settings -- 8 time frames are supported -- M1 through W1. Mix and combine them as you wish. However, you need to be aware that only time frames that are greater-than or equal to the chart's time frame can be displayed. This is a technical limitation. Think about it -- it's not possible to map M1 bars onto an H1 chart -- but it is possible to map H1 bars onto an M1 chart.

As I've mentioned in previous posts -- don't get hung-up on the use of fractals. This is not about fractals -- rather, this is about identifying TOP and BOTTOM levels that are created as potential MM targets.

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I've updated the MM Detective MTF-HLF indicator to include a new feature -- built-in, adjustable TMA bands.

(3) Ignore -- the line is not drawn at all

The visual cue as to the current state of time frame's target lines is the button. In the 'No Delete' state the button is longer than when in the 'Default' state. When in the 'Ignore' state the button's color is a drab, olive green. If you play with it for 30 seconds I think it should become clear. Below are 3 screen shots with brief descriptions.

I intend for there to be more to this feature in the near future. As @bluesteele, @moodybot and @George have alluded to, it is not always correct to "take-out" target lines -- i.e. in certain situations they should be allowed to run. As the indicator evolves, I hope to develop a set of rules that better define when target lines should or should not be deleted.

