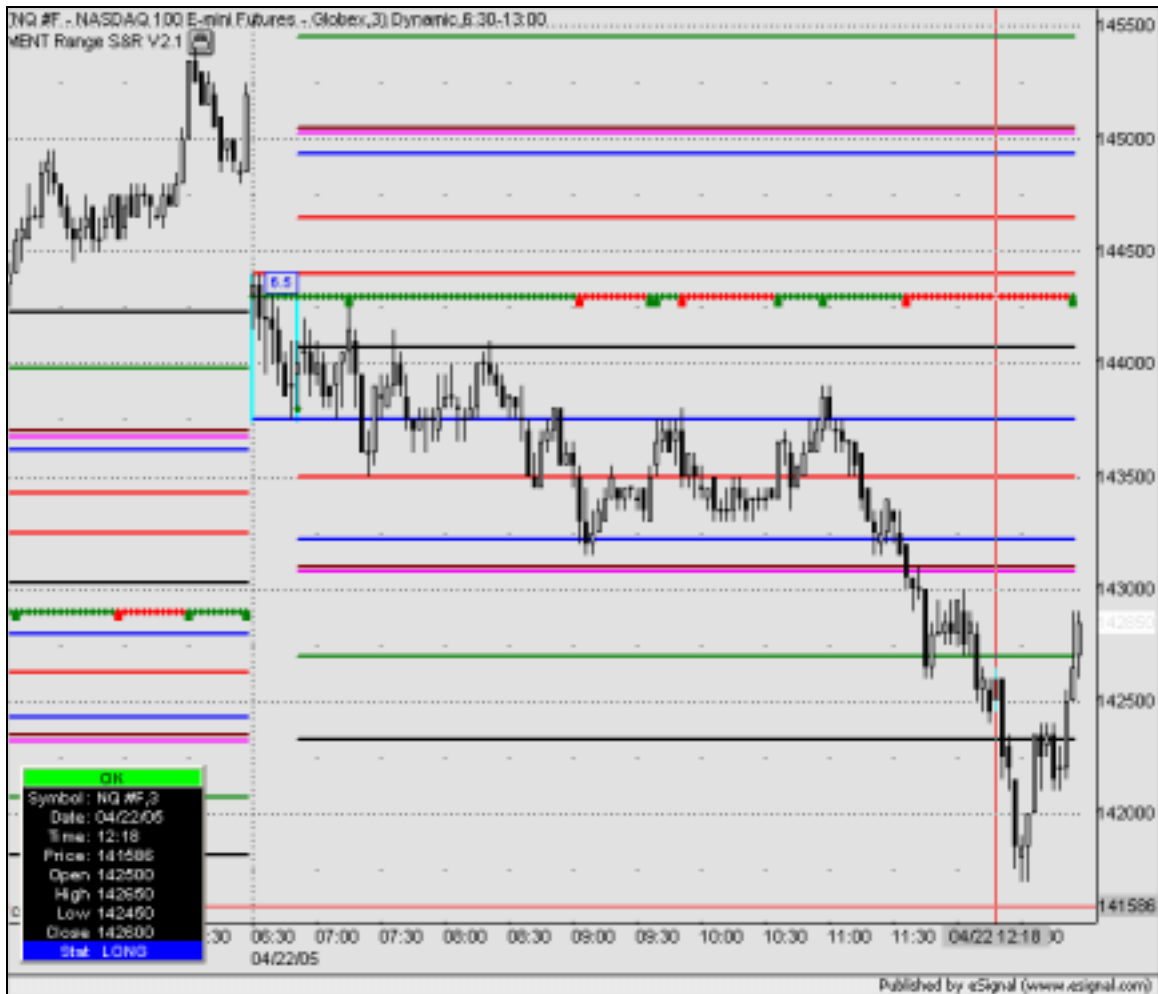


MENT Range Support/Resistance V2.1 Documentation

Automated Support/Resistance (Pivot) identification using Opening Price Range Analysis



Matheny Enterprises
www.ment.com

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Inputs

LookBack Length

Type = NUMBER
Lower Limit = 0
Default = 5

LookBack Offset

Type = NUMBER
Lower Limit = 0
Default = 2

Market Opening Time

Type = NUMBER
Lower Limit = 0
Default = 630 (Entered as military time : 1520 = 3:20PM, 630 = 6:30AM)

Opening Range Time Lmt (min)

Type = NUMBER
Lower Limit = 0
Default = 60 (Entered as # of total minutes : 60 = 1 hour, 90 = 1 hour 30 minutes)

Minimum Opening Range

Type = NUMBER
Lower Limit = 0
Default = 4.0 (Minimum Point Range to Identify for Opening Range)

Volume Analysis Type

Type = STRING
Option = "Standard" - Standard Volume/Price Pattern Trend Analysis
Option = "ShortTerm" - Short-Term Volume/Price Pattern Trend Analysis
Option = "Vol/Price" - Alternate Volume/Price Pattern Trend Analysis
Default = "Standard"

Font Size

Type = NUMBER
Lower Limit = 8
Default = 9 - Font Size for displaying labels

Show Labels?

Type = BOOLEAN
Option = "true" = Show S/R Price Level Labels
Option = "false" = Do Not Show S/R Price Level Labels
Default = "false"

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Instructions

Loading MENT Range SR application into eSignal charts

1. open eSignal
2. open an Adv. Chart in eSignal (File, New, Adv. Chart, Default Chart)
3. right-click on the Adv. Chart, a pop-up menu should appear
4. click on **FORMULAS**
5. click on **MENT**
6. click on **MENT Range SR**
7. click on **MENT Range SR V2.x.efs**

Editing MENT Range SR Inputs

1. right-click on the Adv. Chart, a pop-up menu should appear
2. click on **EDIT STUDIES**
3. choose on **MENT Range SR V2.x** from the **STUDY** list box
4. change the settings as you like

Note: if you do not see **MENT Range SR V2.x** in the **STUDY** list box, then you do not have the **MENT Range SR V2.x** application loaded onto this chart.

Using MENT Range SR V2.x

This application is unique because it identifies support/resistance using the “opening range” of the symbol you’ve selected. For Equities and Forex charts, the default **RANGE** and **TIMES** will need to be altered (because they are probably too LARGE for these symbols).

The **MENT Range SR V2.x** operates under the following logic controls..

- A. From **Market Opening Time**, this application tracks the highs and lows to establish an opening range. As soon as the opening range is greater than or equal to the **Minimum Opening Range**, the application waits for a “unique pivot reversal pattern” to confirm the end of the opening range expansion.

At this point in time, the application calculates the opening range and the support/resistance levels, then plots them on the chart. When the opening range is established, the application will draw a box around the opening range price bars and identify the “pivot reversal pattern” with an arrow (green for bullish/red for bearish).

Pre-Opening Range Time Limit Opening Range Established

If the opening range minimum and pivot reversal pattern are identified before (**Market Opening Time + Opening Range Time Lmt (min)**), then the application will draw vertical Opening Range Lines

in CYAN (turquoise or sky blue) to indicate the minimum opening range was established before the **Opening Range Time Limit** expired. This action indicates the market has greater potential for volatility and trend. Think of it this way, if the market is able to form the minimum opening range within *n minutes*, then the market is trading in a normal to above normal volatility/trend capacity and will most likely attempt to reach any of the wider support/resistance levels.

Post-Opening Range Time Limit Opening Range Established

If the opening range minimum and pivot reversal pattern are identified after (**Market Opening Time + Opening Range Time Lmt (min)**), then the application will draw vertical Opening Range Lines in BLUE to indicate the minimum opening range was established after the **Opening Range Time Limit** expired. This action indicates the market has reduced potential for volatility and trend. Think of it this way, if the market is unable to form the minimum opening range within *n minutes*, then the market is trading in a congested volatility/trend capacity and will most likely continue to be range-bound for most of the day.

Exceptions to the rules...

I have seen exceptions to the above stated rules – whereas the market started out congested then ran (to one direction of the other). Or the market started out trending, then entered a congested phase. So think of these as general rules.

Large Range RUNNER days – these are days when the market just RUNS. The support and resistance levels still apply, but there may be some other market force at play that is driving the market in a direction.

Extreme Congestion – there are some days when the markets DO NOTHING. These days are typically identified by the MENT Range SR application as “staying within (or near) the Opening Range”. Unless you are accustomed to short-term “scalping”, my suggestion is to stay flat.

The Volume Filter often LAGS the support/resistance levels and price. This filter is to be used as a GUIDE showing the price/volume trends. Sometimes the volume trend will contradict the price trend. This happens sometimes on short-term charts (< 5 minute intervals).

Money Management - Of course, you have to use solid money management techniques when trading. Try not to get stuck on a position when it is moving against you. Try not to widen your stops unless you really know what you are doing. If you are new to trading, practice with a “paper trading account (play account)” first.

Adapt this tool to your style of trading by watching and evaluating it before actually trading with it. It is to be used as a GUIDE to provide valuable information. It is NOT the HOLY GRAIL!

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Support and Resistance Levels

Understanding the support and resistance levels created by the MENT Range SR application are simple. We'll break them down into components to help you understand them better.

Opening Range Levels

These lines are drawn at the HIGH, LOW and MIDPOINT of the “established” opening range. They represent “Common Ground” or a “Basis” for any potential market move. Sometimes, the opening range might be quite large (compared to previous days). If this is the case, then short-term players can attempt to trade these ranges.

RED = Opening Range High

BLUE = Opening Range Low

BLACK = Opening Range Mid-Point

Opening Range HIGH Levels

These lines are drawn ABOVE the HIGH of the “established” opening range. They represent “Upper Resistance Levels” for any potential market move. These levels act as support/resistance when the market moves higher and are ALWAYS above the opening range HIGH.

RED = Opening Range High + (Opening Range * 0.3875)

BLUE = Opening Range High + (Opening Range * 0.81625)

MAROON = Opening Range High + (Opening Range * 1.0)

GREEN = Opening Range High + (Opening Range * 1.61825)

BLACK = Opening Range High + (Opening Range * 2.1825)

Opening Range LOW Levels

These lines are drawn BELOW the LOW of the “established” opening range. They represent “Lower Support Levels” for any potential market move. These levels act as support/resistance when the market moves lower and are ALWAYS below the opening range LOW.

RED = Opening Range Low - (Opening Range * 0.3875)

BLUE = Opening Range Low - (Opening Range * 0.81625)

MAROON = Opening Range Low - (Opening Range * 1.0)

GREEN = Opening Range Low - (Opening Range * 1.61825)

BLACK = Opening Range Low - (Opening Range * 2.1825)

Opening Range Pivot Pattern (custom) Levels

These lines are based on the location/direction of the “Pivot Reversal Pattern” that confirms the completion of the Opening Range. The Opening Range and the Pivot Pattern are

important because they often dictate the DIRECTION and TREND of the market after the opening range is established. The pivot pattern is basically a reversal pattern that forms after the minimum opening range is established. Often, this reversal pattern will prompt a market move to near these custom (Magenta) price levels. If the Pivot Reversal pattern fails, then either the Opening Range HIGH or LOW will be taken out rather quickly. Another key point to consider is the Opening Range Mid-Point and “opposite Opening Range Level” should be breached rather quickly if the Pivot Pattern is correct.

These “Custom” levels are based on $1.5 * \text{the Opening Range} \pm \text{the Pivot Pattern Confirmation Price}$. Think of these as your “primary target” on either side of the Opening Range. Unless the market is REALLY FLAT, these levels are good initial targets.

General Notes:

Support and Resistance levels are generally used as “pivot points” or as “Price Targets” for trading. There are a number of trading systems built around Support and Resistance levels. This application does not include any trading logic (other than the Opening Range Pivot Pattern and the Volume Filter). These levels are presented to the user for analysis purposes and to help users identify “key potential targets/turning points” in price trend.

Users can adopt any trading style they like when using this application.

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Examples

