How To Perform A Multi Time Frame Analysis

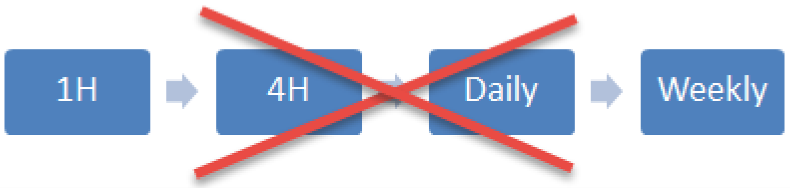
Most traders pick their one time-frame and then almost never leave it. They are so locked into their timeframe that they forget about the bigger picture.

The other extreme are traders that constantly jump from timeframe to timeframe without much of a plan. Those traders are mostly driven by emotions and trade very impulsively.

A better approach is the top-down multi time frame analysis where you start on the higher timeframe, look for the bigger picture perspective and then slowly build your trading plan by going lower.

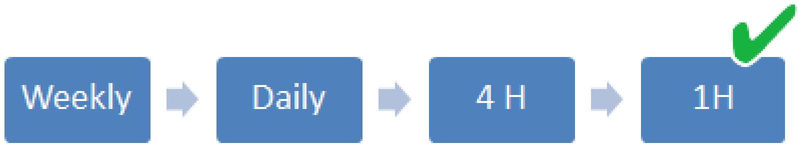
Top-down vs. bottom-up – the biggest mistake of multi-timeframe analysis

The biggest mistake traders make is that they typically start their analysis on the lowest of their time-frames and then work their way up to the higher time-frames.



Traders create opinions on the lower time-frames and then just try to find reasons that support their opinions on the higher time-frames. Avoid fixed-mindset thinking and start on the higher time-frames.

Starting your analysis on your execution time-frame where you place your trades creates a very narrow and one-dimensional view and it misses the point of the multiple time frame analysis. Traders just adopt a specific market direction or opinion on their lower time-frames and are then just looking for ways to confirm their opinion. **The top-down approach is a much more objective way of doing your analysis** because you start with a broader view and then work your way down.



! Tip: Doing a multiple time frame analysis while you are in a trade can be a real challenge because of the trade-attachment. Once in a trade, the supposedly objective performance then turns into justifying your trade. Especially when you are in a losing trade, you have to be very aware of how you are doing your analysis; avoid justifying a (losing) trade based on the "bigger-picture" market view.

Multi timeframe analysis – step by step

When it comes to actually perform your multiple time frame analysis, you don't have to get too fancy. But knowing what to do and how to approach it can help you build a time-effective routine that guides you through your trading sessions.

Weekly / Monthly – Where are we?

If you mainly use the 4 hour or 1 hour time-frame to execute your trades, you don't have to spend too much time here. Basically, you just want to get a feeling for the overall market direction and if there are any major price levels ahead. Especially long-term support and resistance or weekly or annual highs and lows should be marked on your charts

Daily – Strategic time-frame

On the daily time-frame, you have to spend a bit more time on. Here you analyze the potential market direction for the week ahead and also determine potential trade areas. Again, draw your support and resistance lines and mark swing highs and lows – even if you don't use them in your trading, it is worth having them on your charts because they are so commonly used.

4H (1H) – Execution

Assuming that the 4 hours is your execution time frame, this is where you map out your trades and specific trade scenarios. Take the levels and ideas you came up with on the daily time-frame and translate them into actionable trade scenarios on the 4-hour time frame.

Ask yourself where you would like to see price going, what has to happen before you enter a trade and what are the signals you are still missing.

3 Pro Tips!

1. Always create long **and** short trade scenarios when doing your multiple time frame analysis. This will keep you open-minded and it avoids one-dimensional thinking. A trader who is only looking for short trades will blank out all signals that point to a long trade. Or, a trader on a long trade will miss the signals that could signal a reversal.
2. Furthermore, separate you're charting from your actual trading platform. If you can see your open orders on your screens during your analysis, you are much more likely to be biased during the analysis.
3. After 7 years as a trader, I do not always do the top-down approach anymore. Instead, I stay on my executional timeframe and just zoom out. By zooming out, you get to see the big picture too and you can identify the chart context. This is a good practice and I regularly zoom out many times during the day.

Guideline for Use the Multiple time frame with Holding Period

Longer-term time – Intermediate-term time – shorter-term time
We check longer-term time frames to identify the trend / big picture
we check the intermediate-term time frame to identify the zone/location
We check shorter time frame to identify S.E.T
Where S=Stop loss, E=Entry, T=Target

- Quarterly - Monthly - Weekly............... 5-7 Months
- Monthly - Weekly - Daily................... 5-7 Weeks
- Weekly - Daily - Hourly.................... 5-7 Days
- Daily - Hourly - 15 Minutes................ 5-7 Hours (BEFORE 12PM =SAME DAY SQURE OFF 3:15 PM) / AFTER 2PM (BTST=BUY TODAY SELL TOMORROW)
- Daily- Hourly- 15 Minutes - 5 Minutes (5-7)*15 Minutes 1:30HRS