

A common error with newer traders who attempt multiple timeframe analysis is to try to find alignment of trend on all timeframes. That is, they try to identify an uptrend on all three timeframes (or a downtrend on all three timeframes) and then trade only in the direction of that trend. This seriously limits opportunity, while still being rather ineffective.

In reality, these traders are quite likely the same ones who've entered based on a lagging, indicator-based signal in the direction of the trend, simply hoping that the trend continues long enough to profit. Recognising that trends don't go on forever, they've simply filtered their trades to only take those which exist within multiple trends in multiple timeframes, in the hope that this greater force will push their trade to profit.

There is no consideration as to what **barriers** might be in place to stop the existing trend, thereby limiting their opportunity. There is also no consideration of the fact that markets spend a lot of time moving sideways.

We aim to operate differently. Figure 3.17 defines our three timeframes.

Higher Timeframe	To provide structure to our market, by identifying a framework of support and resistance, which act as barriers to <i>trading timeframe</i> price movement.	Primary: 30 min Alternate: 60 min
Trading Timeframe	To analyse the market trend and determine the likely path of future price action, as it moves within the <i>higher timeframe</i> market structure framework.	Primary: 3 min Alternate: 5 min
Lower Timeframe	To fine-tune the <i>trading timeframe</i> analysis; and to time trade entry and exit.	Primary: 1 min

Figure 3.17 – Trading Timeframes

The *higher timeframe* places a structure or framework over the market. Through identification of areas of support and resistance, we identify areas in the market which will form barriers to the *trading timeframe* trend. We've defined our battlefield.

The *trading timeframe* is the one we trade, hence the name. Our aim is to trade the swings within this *trading timeframe*, regardless of whether the market is trending or ranging sideways. We do this through understanding past price movement, assessing the strength or weakness within that price movement, and determining the likely path for future price action.