

Twitter Thread by The_Chartist ■



The_Chartist ■

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I don't use indicators but I am sharing Dr. Alexander Elder's triple screen trading system with you. You can learn from this how-to utilize multiple time frames to further time your purchases.

Two others are:

Martin Prings' KST System

Robert Krausz's Multiple Timeframes

ELDER'S TRIPLE-SCREEN TRADING SYSTEM

The *Triple Screen*¹ popularized a method often used by floor traders who had access to more sophisticated quote and graphics equipment beginning in the early 1980s. It combines trend-following and oscillators using three time frames, each serving a specific purpose. The oscillators are normally associated with timing, while the trend determines the direction of the trade, similar to the process discussed in the previous section. Dr. Elder has observed that each time frame relates to the next by a factor of 5. That is, if you are using daily data as the middle time period, then the shorter interval will be divided into five parts, bars of 1 to 2 hours in length, and the longer period will be five days, or one week.

To be practical, it is not necessary to divide a 6-hour trading day into five intervals of 1 hour and 12 minutes. Rounding to 1 hour is close enough. If, for example, you want to focus on trading a 10-minute chart, then the middle interval is 10 minutes, the short-term is 2 minutes, and the long-term is 1 hour (not 50 minutes).

In the following description, Screen 1 holds the longest time frame while Screen 3 shows the shortest one. Figure 19.2 is an example of the Triple Screen, with 60-minute gold futures in the top panel, daily prices in the second panel, and weekly prices in the third (middle) panel. The bottom two panels show indicators for the intermediate (daily) move, discussed below. In the original Triple Screen, each of the price charts was actually on separate screens, not combined into one.

¹Dr. Alexander Elder, *Trading for a Living* (New York: John Wiley & Sons, 1993).