2TONE

2TONE TRADING MODEL*

THIS IS NOT MEANT TO TEACH, BUT RATHER TO OUTLINE THE BEST STRATEGY AND RULES TO FOLLOW FOR ANYONE LOOKING TO BE A PROFITABLE FUTURES TRADER

01 OVERVIEW

Market: ES (S&P 500 Futures), NQ (Nasdaq Futures) | **Timeframes**: Higher Time Frame for context (1H, 4H, Daily), Lower Time Frame for entries (1-min, 5-min). | **Session**: Trades taken only during NY open session, post 9:30 AM EST.

02 MARKET CONTEXT REQUIREMENTS

Wait at least **15 minutes** after the 9:30 AM EST open to allow early volatility to settle. Avoid trades during high-impact economic news (e.g., CPI, FOMC). Trade only when there is a clear sweep of liquidity from a significant high or low on a higher time frame.

03 INDICATORS & TOOLS EXPLAINED

- **RSI Index**: Measures momentum, use in conjunction when searching for SMT divergence between ES and NQ
- **Liquidity Channels**: Custom zones that show where liquidity pools (equal highs/lows) are expected
- **Order Volume**: Helps confirm whether a move is driven by real buyer/seller intent or is likely to reverse.
THAT IS ALL YOU NEED, DO NOT OVERCOMPLICATE THINGS

CUSTOM INDICATORS AND TOOLS AVALIABLE SOON

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04 CORE SETUP LOGIC

Step 1: Mark HTF liquidity levels on the 1H, 4H, or Daily chart. This should be part of your premarket routine, and can also be done using a Liquidity Channel Indicator.

Step 2: After market open, wait for price to sweep a major HTF high or low and begin to reverse.

Step 3: Look for a reaction and confirming continuation if price reverses - confluences include:
- **Fair Value Gap (FVG)**: An imbalance left behind in price that price may revisit and respect.
- **Order Block**: A consolidation candle before a strong move; price often respects it on retest.
- **Breaker Block**: A failed support/resistance flip. Confirmed when price reclaims a prior structure.

IF PRICE ACTION HAS REVERSED FOLLOWING A LIQUIDITY SWEEP, AND ONE OR MORE OF THE CONTINUATION CONFLUENCES IS PRESENT AND RESPECTED, YOU ARE READY TO ENTER A TRADE*

Step 4: Confirm a market structure shift (e.g., higher low after a sweep) on the 1Min time frame.
Ex. If price reverses to fill a FVG, wait for the 1Min shift of structure that respects that FVG

Step 5: Enter with stop just beyond invalidation (e.g., the wick of the sweep candle, or the inverse of the respected FVG)
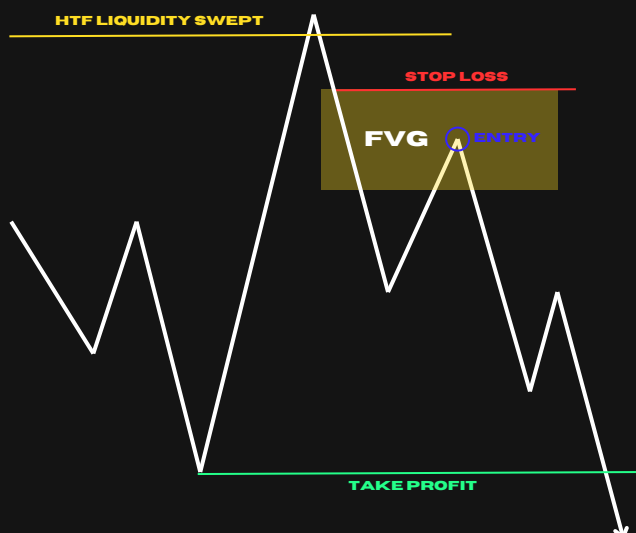
Take Profit: Seek a level of HTF liquidity for your Take Profit, or if none are within a reasonable range, seek a HTF fair value gap.

05 EXTRA CONFLUENCES EXPLAINED

- **SMT Divergence:** If ES sweeps liquidity but NQ doesn't, or vice versa, it suggests that one market's move may be false or overstretched. Great for anticipating reversals.

- **Inverse FVG:** When price cuts cleanly through a prior FVG without respecting it, it's often a sign of trend weakness.

- **Relative Equal Highs/Lows:** Markets seek liquidity. Clusters of equal highs/lows attract price and are high-probability TP targets.

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06 RISK MANAGEMENT

- Take a maximum of 2 trades per day
- Stop trading after first loss
- Avoid trading during high-impact news
- Take entries only 15+ mins after market open to avoid manipulation
- All trades should be based on rule-based confluences
- ABSOLUTELY NO IMPULSE TRADES

***Risk management and discipline are the hardest parts of trading, and are the reasons most people stay unprofitable. Overtrading is what leads to accounts being blown and money being lost. You can never be upset with yourself for missing potential profits as long as you stick to these rules, even if a trade would have worked, sticking to strict risk management and not overtrading will lead to more long-term success.

- TRADE LIKE A ROBOT - FOLLOW YOUR PLAN - NEVER REVENGE TRADE - WALK AWAY IF EMOTIONAL OR DISTRACTED -

EXECUTION CHECKLIST

- ✓ 15+ minutes after open
- ✓ No nearby news
- ✓ HTF liquidity sweep
- ✓ Price reversal
- ✓ FVG/OB/BB confirmed new trend
- ✓ 1-min market structure shift
- ✓ Risk and TP levels defined
- ✓ SMT divergence present (BONUS CONFLUENCE)

We teach and automate to bring you trading success. Combining strategic education with automation, 2Tone Trading offers you professional-grade tools and methods to fast-track your trading results.