# FX REPL▸Y

Dealing Range Theory (DRT)

Checklist and setup guide

Strategy Details

General parameters: 1hr time-frame for HTF Dealing Ranges, 5m for LTF Dealing Ranges, EU/GU, entries during London or NY session

Dealing Range: H/L of a range that forms after sweeping a previous swing H/L on one side (i.e. at the highs) and then sweeps a previous swing H/L on the other side and/or rebalances a FVG.
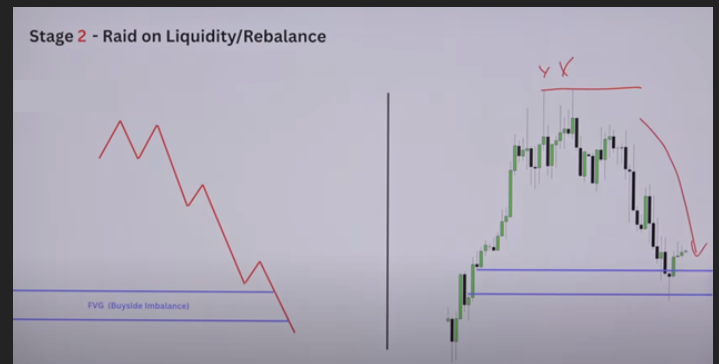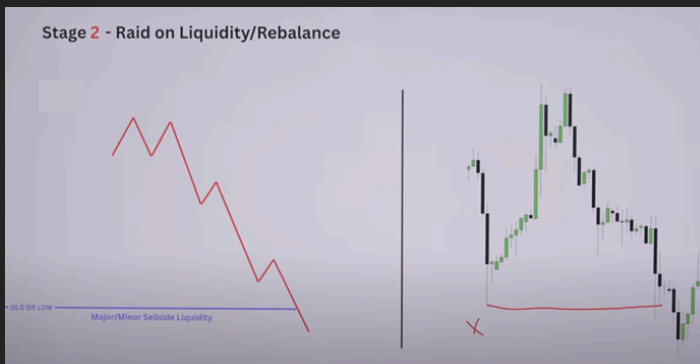
Type 2 Dealing Range: a dealing range with relative equal H/L created during the initial liquidity sweep. *Note the relative equal H/L can be created from candle wicks OR bodies. Focus on finding a 1hr T2 range first.
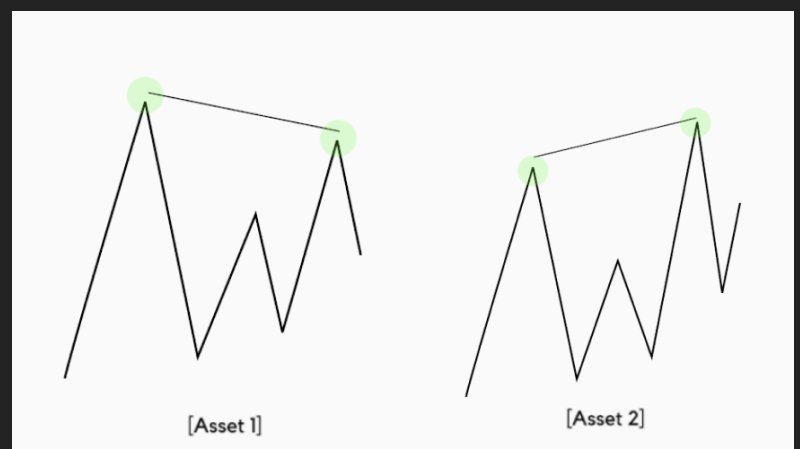
SMT Divergence to identify likely reversal back towards rel. equal H/L
- SMT can be with wicks (most common), bodies, or FVG taps
- Highly correlated assets (EU/GU and optional inverted DXY)
- For 1hr ranges, look for SMT between weekly/monthly levels

Bullish SMT Divergence


Bearish SMT Divergence

Strategy Details

Daily Bias: After identifying a 1hr Type 2 Dealing range, your bias will be a draw on the relative equal H/L created at the start of the range. I.e. if it began with rel. equal highs, you will be looking for longs, and vice versa for shorts.

Dealing range fib settings: Using a fibonacci retracement tool, mark out the dealing range into four quadrants. Ali often refers to the orange lines as 25DRT or 75DRT, and the midline as the 50DRT.


Entry Trigger 1, Initial reversal: Once you have identified SMT and marked out the dealing range, wait for a closure through one of the orange lines (25DRT for longs, 75DRT for shorts). Then, place a limit order on the orange line, stop loss at range H/L, and TP at the other side of the range for 3:1 RR.
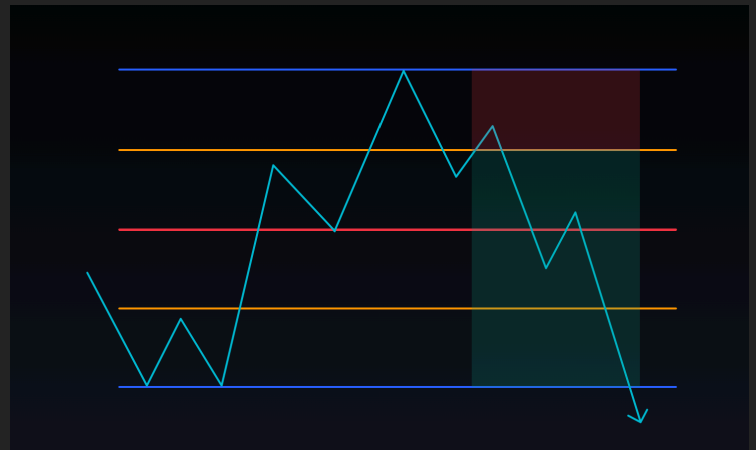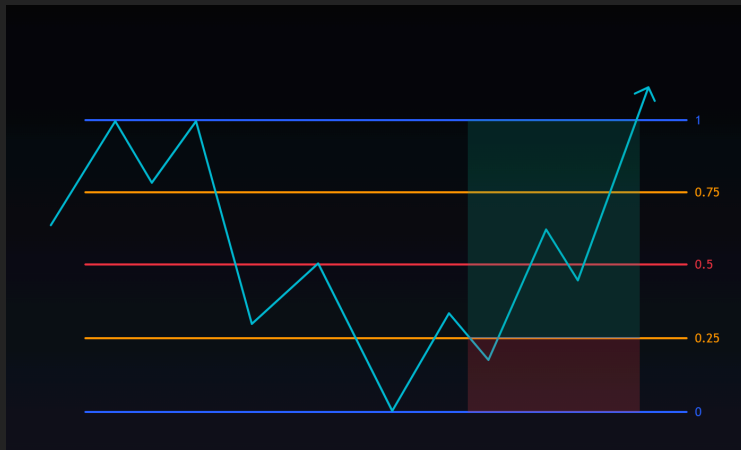
For Initial reversals, you can also consider using a more conservative TP near the midpoint, but if your bias is correct, it will likely sweep the rel. equal H/L

Strategy Details

Entry Trigger 2, 50DRT Flip: Once there is displacement (i.e. strong closure) through the 50DRT, place a limit order on the 50DRT, stop loss one quadrant higher/lower, and target the relative equal H/L for 2:1 RR.
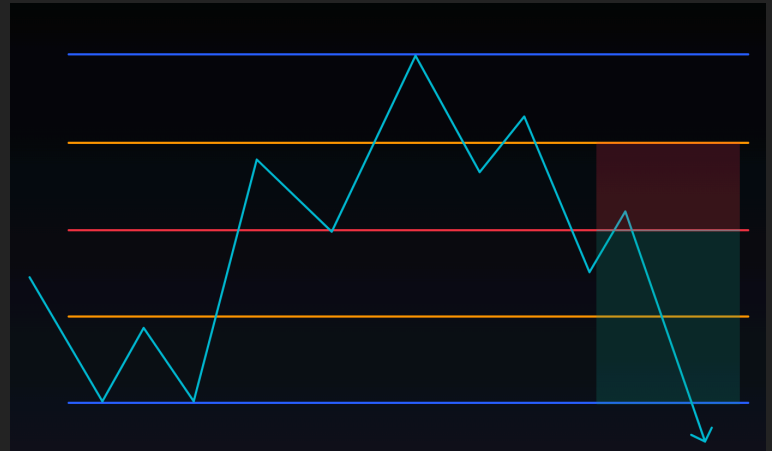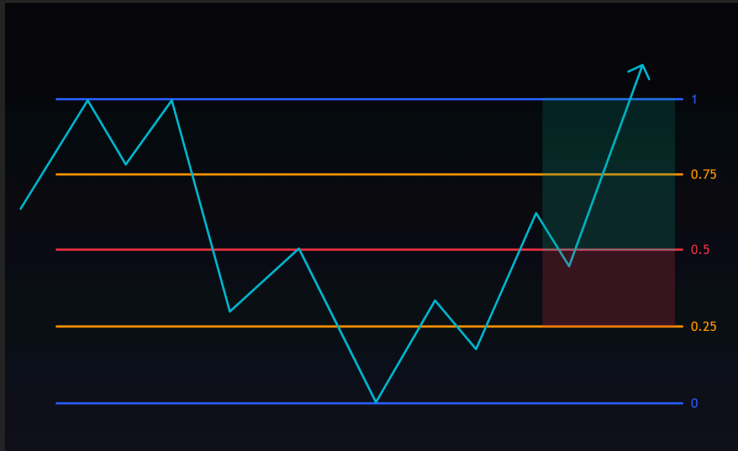
More advanced; adding 5m entries: Once you have identified a 1hr Type 2 Dealing Range, you can also look for LTF Type 2 dealing ranges that align with your HTF bias, and look for the same entry models with them.
- If long on 1hr, look for relative eq. highs on 5m (wicks or bodies)
- Instead of weekly/monthly SMT, look for daily SMT on 5m
- Can consider holding runners beyond LTF targets

Signatures that price is respecting trend:
- No closures into HTF FVGs/iFVGs; respecting and bouncing off of them
- Closures through dealing range quadrants

Other rules:
- For EU/GU, look for LTF ranges that are at least 40pips
- If there is ultra high impact news coming up (i.e. CPI, FOMC, NFP), don't enter LTF trades. Wait until after news to enter on LTF. Most other red folder news is fine, but avoid trading near ultra high impact news.

Strategy Details

Initial Reversal Trade Checklist

- ✓ *Identify a HTF Type 2 Dealing Range with weekly or monthly SMT*

- ✓ *Mark it with dealing range fib levels*

- ✓ *Wait for close through first orange line*

- ✓ *Limit order on orange line retest, stop at range H/L, TP other side of range*

- ✓ *For LTF trade, use daily SMT, 40+ pips, & no trades near high impact news*

Examples

Relative Equal Highs

0.75

0.5

0.25

0

Bullish SMT
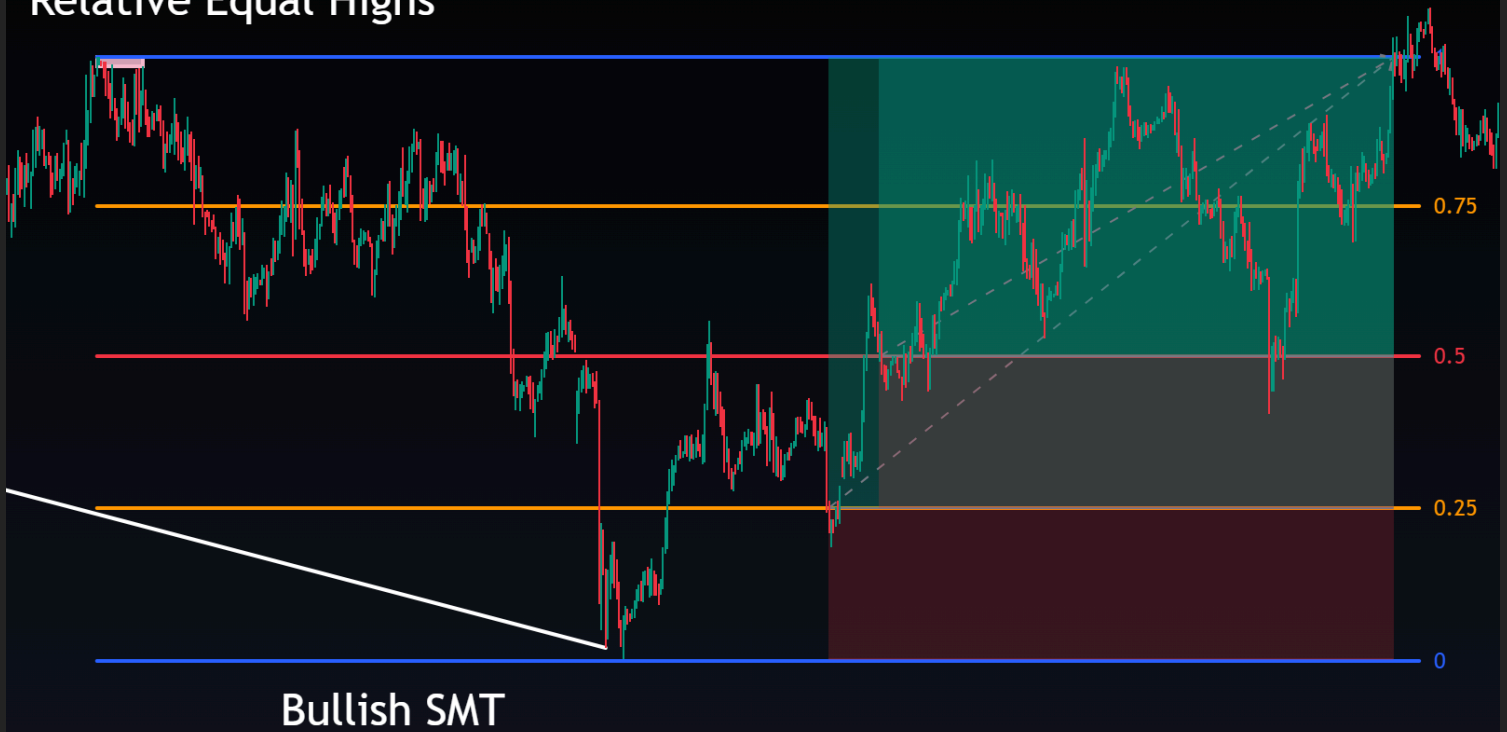
Bearish SMT

Initial Reversal. 50DRT
Flip wasn't in London/NY

Relative Equal Lows

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