



**SF** SOULZ  
SCF MEMBERSHIP

# THE POWER OF EMAS

HOW TO USE EXPONENTIAL MOVING  
AVERAGES TO AID IN YOUR TRADING

SOULZ



## **Risk Disclosure for SCF Membership:**

Please read this risk disclosure carefully before accessing any videos, written text, or general information provided by SCF Membership on Discord. As a private membership club for the education of trading in crypto, we aim to provide education and insights into the world of cryptocurrency trading. However, it is important to understand the potential risks associated with trading cryptocurrencies. By accessing any of our materials, you acknowledge and agree to the following:

**Market Risk:** The value of cryptocurrencies may be influenced by various market factors, including supply and demand, investor sentiment, and geopolitical events. These factors may impact the value of cryptocurrencies in unforeseen ways.

**No Guarantee of Returns:** Trading and investing in cryptocurrencies involves risk, and there is no guarantee that you will earn a profit or recoup your investment.

It is important to note that these risks are not exhaustive, and there may be additional risks associated with trading cryptocurrencies. Before making any investment decisions, it is recommended that you conduct your own research. By accessing any of our materials, you acknowledge and accept the risks associated with trading cryptocurrencies. SCF Membership is not responsible for any losses or damages that may arise from your use of our materials or participation in our private membership club for the education of trading in cryptocurrency

## **Copyright Notice SCF Membership**

All text PDF materials provided by SCF Membership, including but not limited to educational guides, whitepapers, and other written materials, are the property of SCF Membership and are protected by copyright law. These materials are provided for the sole purpose of educating our members about cryptocurrency trading and investing. Any unauthorized use or reproduction of these materials, including but not limited to copying, distribution, or modification, is strictly prohibited without the prior written consent of SCF Membership.

SCF Membership grants our members a limited, non-exclusive, non-transferable license to access and use our text PDF materials solely for personal, non-commercial purposes. Any commercial use or exploitation of these materials, including but not limited to resale, sublicensing, or publication, is strictly prohibited without the prior written consent of SCF Membership.

We reserve the right to modify, update, or remove any of our text PDF materials at any time without notice. SCF Membership is not responsible for any errors, omissions, or inaccuracies in our materials, and we do not guarantee the accuracy or completeness of any information provided.

By accessing our text PDF materials, you acknowledge and agree to the terms of this copyright notice. If you have any questions or concerns, please contact us at [SoulzCF@proton.m](mailto:SoulzCF@proton.m)

## The Power of EMAs: How to Use Exponential Moving Averages to Aid in your Trading

### I. What is an EMA? The Theory and Basics of It

An Exponential Moving Average (EMA) is a popular chart indicator in technical analysis that tracks the changes in the price of a financial instrument over a specific period of time. It is different from a Simple Moving Average (SMA) in that it places greater weight on the most recent data points, such as the latest prices. As a result, the EMA is more responsive to changes in the price of the instrument compared to the SMA, which tends to lag behind.



The main function of using moving averages is to recognize trends in the price of a financial instrument based on its historical price points. As a result, moving averages are considered to be lagging indicators. While moving averages are unable to forecast future price movements, they can confirm whether there have been any changes in the trend of a stock.

#### Formula for EMA:

(You don't necessarily need this, it's just good to know)

$$EMA_{\text{Today}} = \left( \text{Value}_{\text{Today}} * \left( \frac{\text{Smoothing}}{1 + \text{Days}} \right) \right) + EMA_{\text{Yesterday}} * \left( 1 - \left( \frac{\text{Smoothing}}{1 + \text{Days}} \right) \right)$$

where:

EMA = Exponential moving average



## **II. Trading Using EMAs and the Advantages of It**

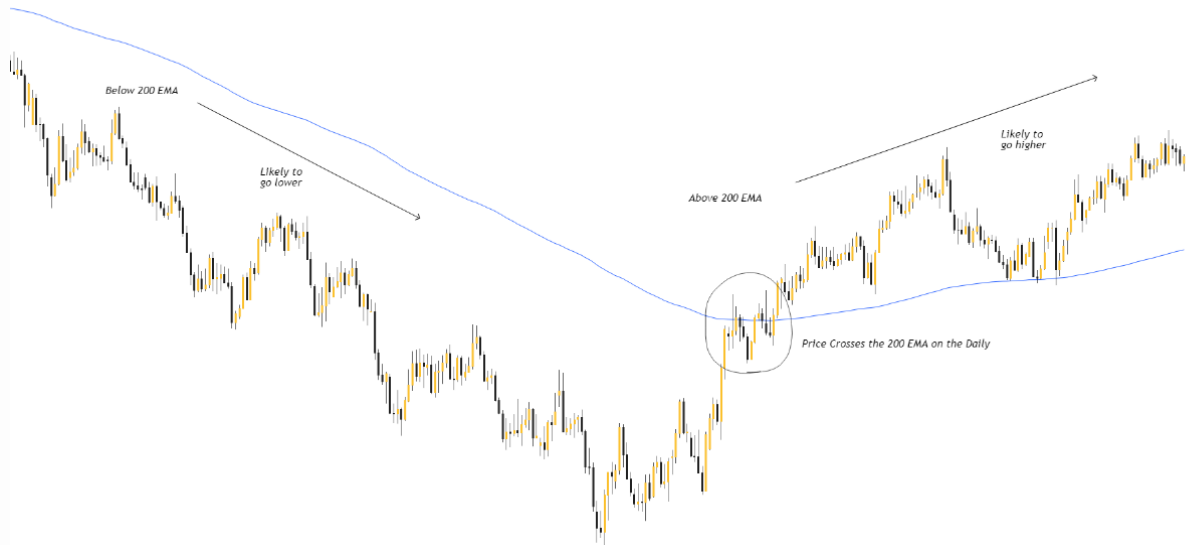
Moving average trading is a systematic strategy that uses a technical analysis tool called a moving average to help traders identify trends and potential trading opportunities. The concept behind this strategy is that prices tend to move in trends and are either in an uptrend or downtrend at any given point in time. An uptrend is characterized by a consistent increase in prices, while a downtrend is characterized by a consistent decrease in prices.

A moving average is a line that represents the average price of a cryptocurrency over a specific period of time, such as 50 days or 200 days. The line moves up and down depending on the price fluctuations of the cryptocurrency. The moving average is called "moving" because it constantly updates with the latest price data, smoothing out the price movements to make the trend more visible.

Moving average trading involves two key signals: the buy signal and the sell signal. The buy signal is generated when the price crosses above its moving average, indicating an uptrend. This means that the price is moving up and the trend is likely to continue. The sell signal is generated when the price crosses below its moving average, indicating a downtrend. This means that the price is moving down and the trend is likely to continue.

## Advantages:

### 1. Recognizes Trends in The Market and Provides Confirmation



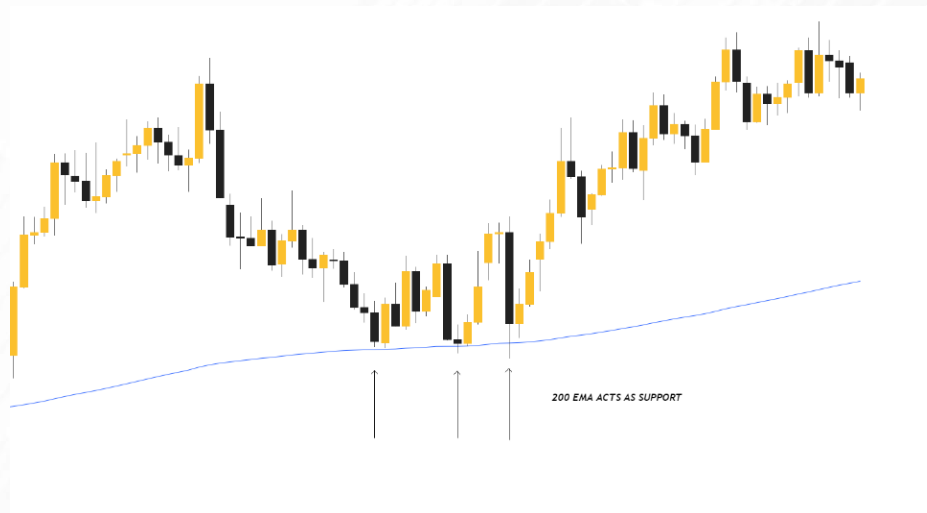
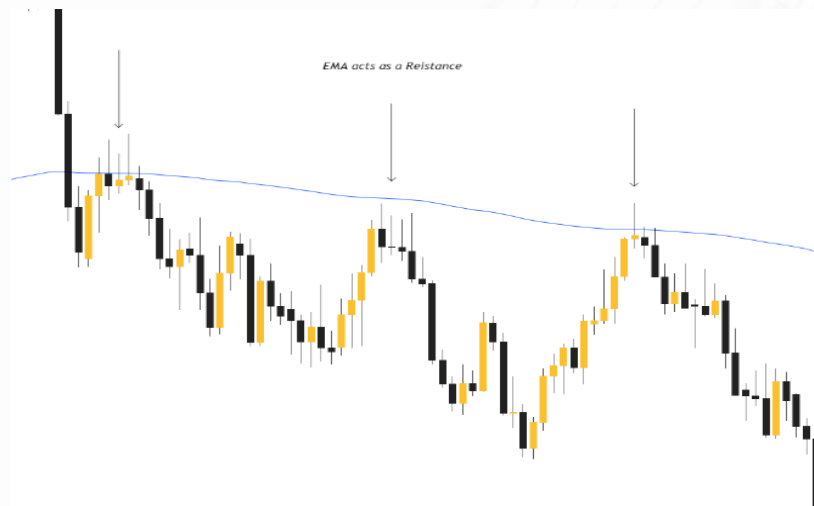
One of the primary functions of EMA is to identify market trends by analyzing the direction of its line. If the EMA line is moving upwards, it indicates an uptrend, while a downward movement indicates a downtrend. Moreover, if the price of the asset is below the EMA line, it is likely to decrease, and if the price level is above the EMA line, it is an indicator that the asset's value will continue to rise. This way, traders can utilize the EMA as a chart indicator to identify buy and sell signals.



## 2. It can act as a Level (i.e., Support and Resistance)

Just like other types of moving averages, the exponential moving average can act as both a support and resistance for the prices of a financial instrument. Think of support levels like floors, they're pre-set prices that act as a safety net, preventing the prices from falling below that level. Resistance levels, on the other hand, act like ceilings for the financial instrument's price. These pre-determined price limits prevent the asset's price from rising above that level, acting like a barrier for the price movement.

### Examples:



### 3. EMA is considerably faster to react to price than a regular SMA

SMA calculates the average by adding up the prices of the financial instrument over a specific period and dividing it by the number of periods. In contrast, EMA puts more weight on recent prices, giving more importance to the current price levels.

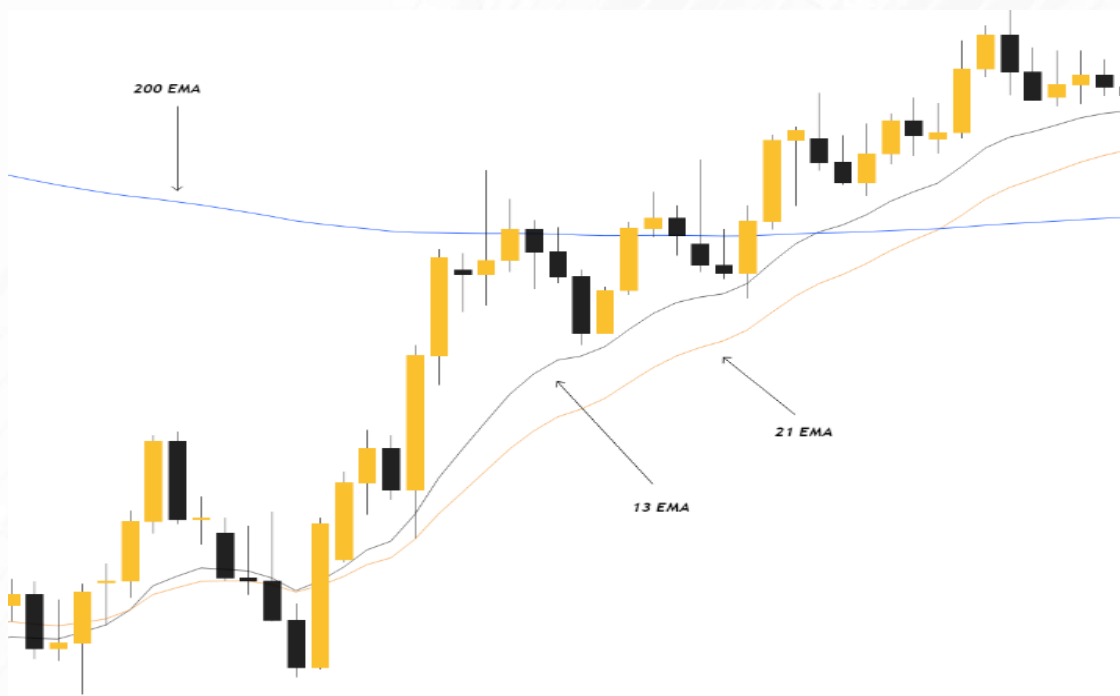
Because EMA is more responsive to the current prices, it can react more quickly to sudden changes in the market compared to SMA. This means that EMA can identify trends faster than SMA. In other words, EMA can provide traders with more timely signals to enter or exit a trade, making it a popular choice for short-term traders.

### III. Most Used EMAs by Traders

In my experience as a trader, I have intermittently (on and off) used EMAs. However, I also have the expertise to recommend the most widely used and effective EMAs that I have either used in the past or considered using.

#### Here Are My Recommendations:

1. **On the Daily Timeframe:**
  - a. 13, 21 EMA for Short Term Trend
  - b. 200 EMA for Long Term Trend



## 2. “The Golden Cross”

This is characterized when the 50 EMA crosses above the 200 EMA on the Daily Chart. It means more moves up is expected and likely to be the Long-Term Trend.

- a. 200 EMA
- b. 50 EMA

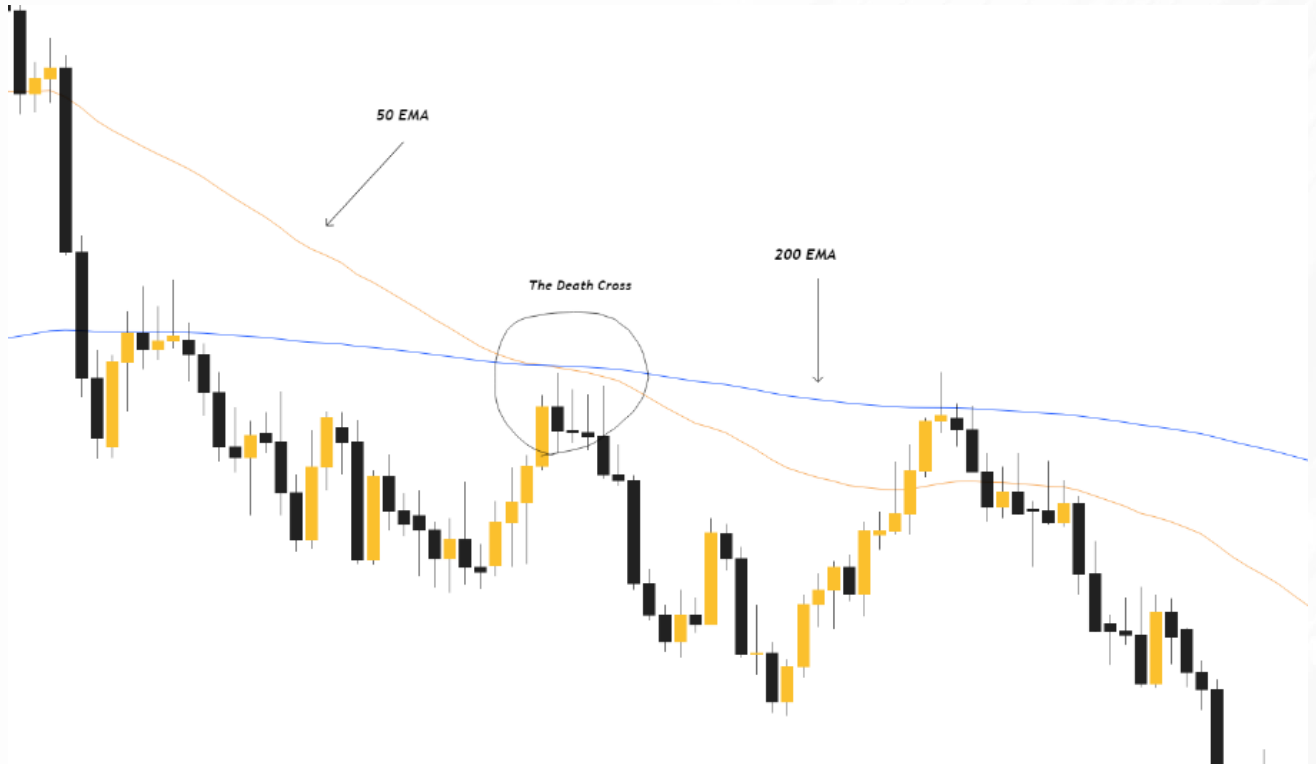




### 3. “The Death Cross”

This is just the opposite of the “Golden Cross”. It is simply the 50 EMA moving below the 200 EMA which likely results a Long-Term trend of down moves.

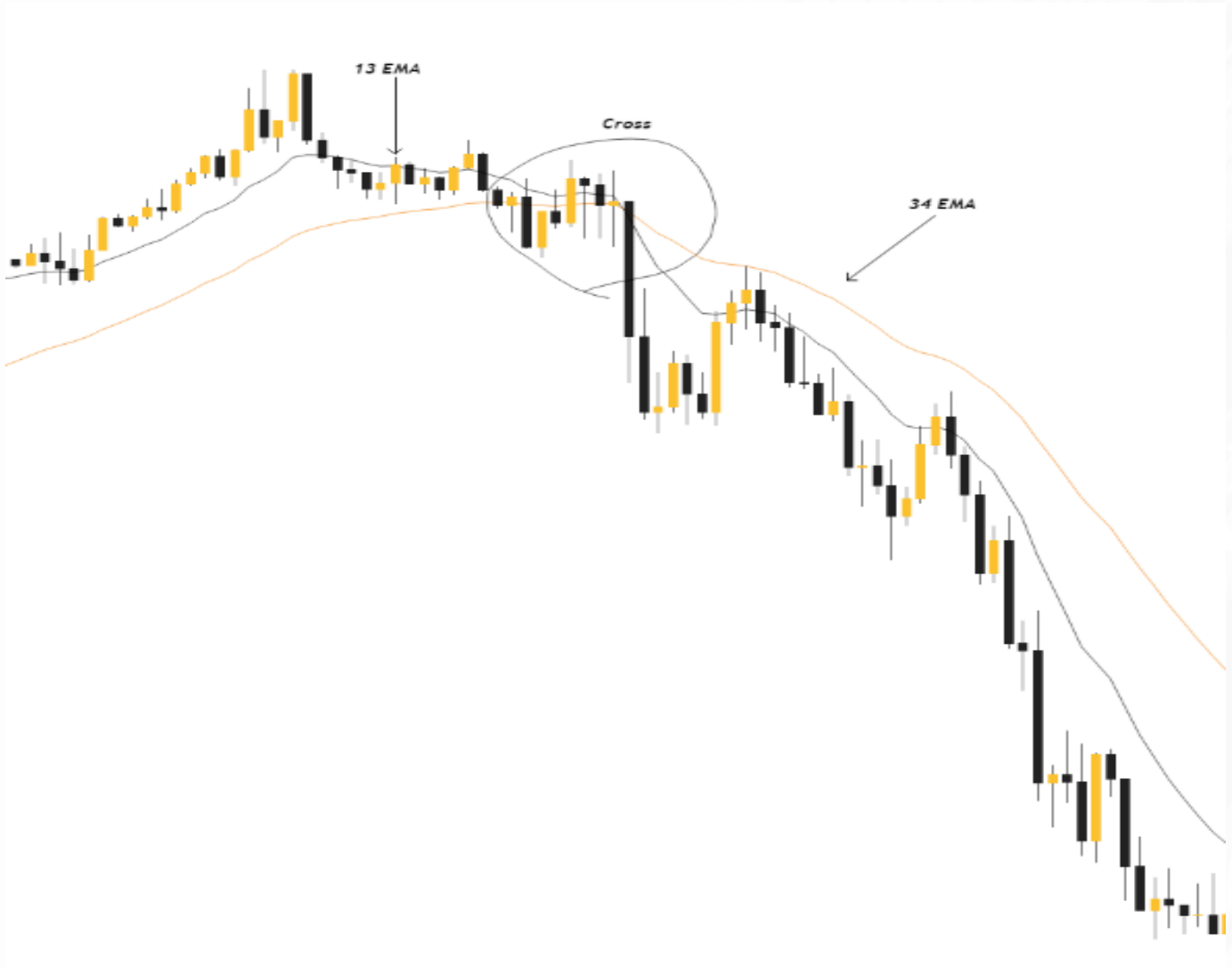
- a. 200 EMA
- b. 50 EMA



#### 4. AGGRESSIVE Strategy on the 15 Minute Timeframe

For this strategy you can use the 13 EMA as some sort of Support and Resistance level and use the 13 EMA and 34 EMA cross as another confluence or idea for a trade.

- a. 13 EMA
- b. 34 EMA



## 5. Investor's EMA Strategy:

For this strategy, open your Weekly Chart, buy everything whenever Price is above the 50 EMA and Sell everything below the 50 EMA.

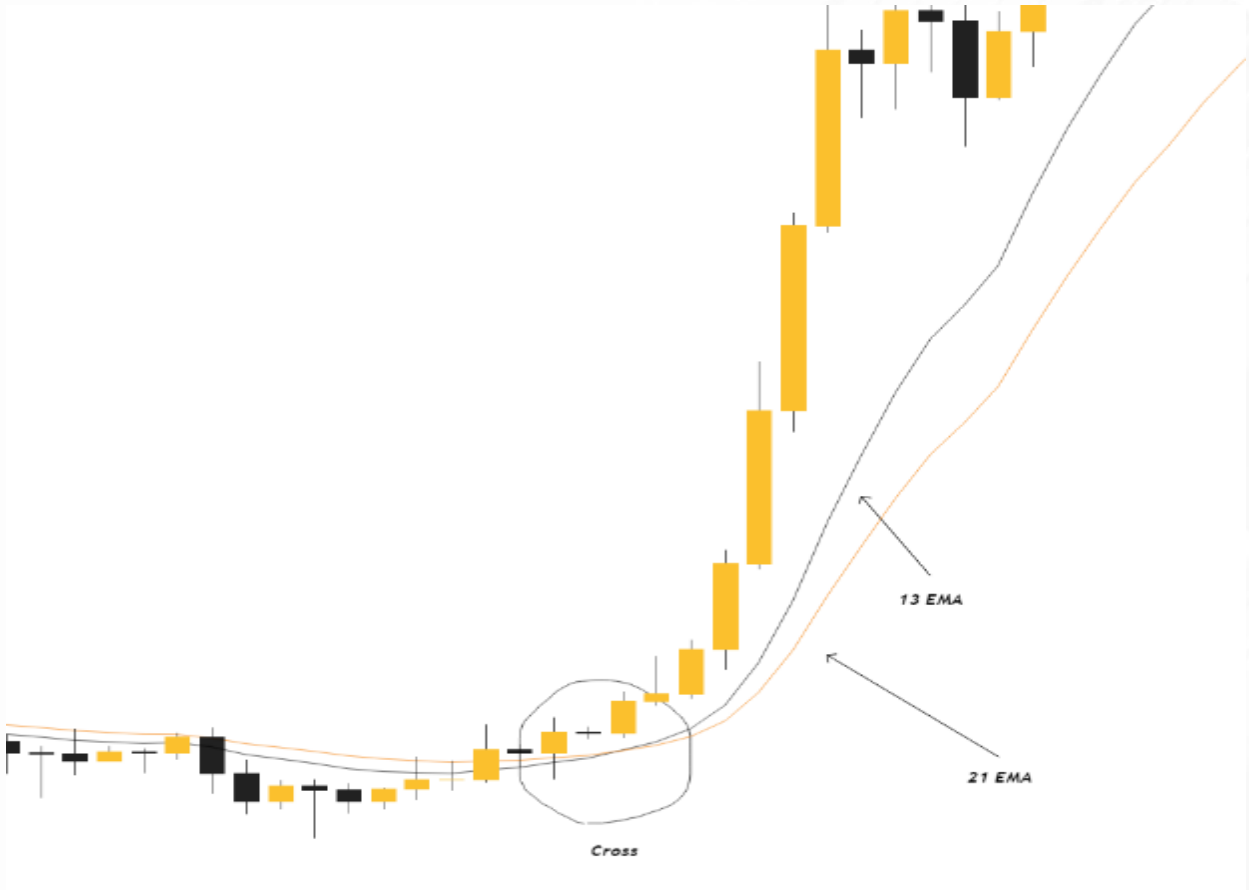
### a. 50 EMA



## 6. Classic 13, 21 EMA on the Daily

These classic EMAs can be used to plan your trade by finding out the Trend of the coin/asset, or you can trade it after the EMA Crossovers.

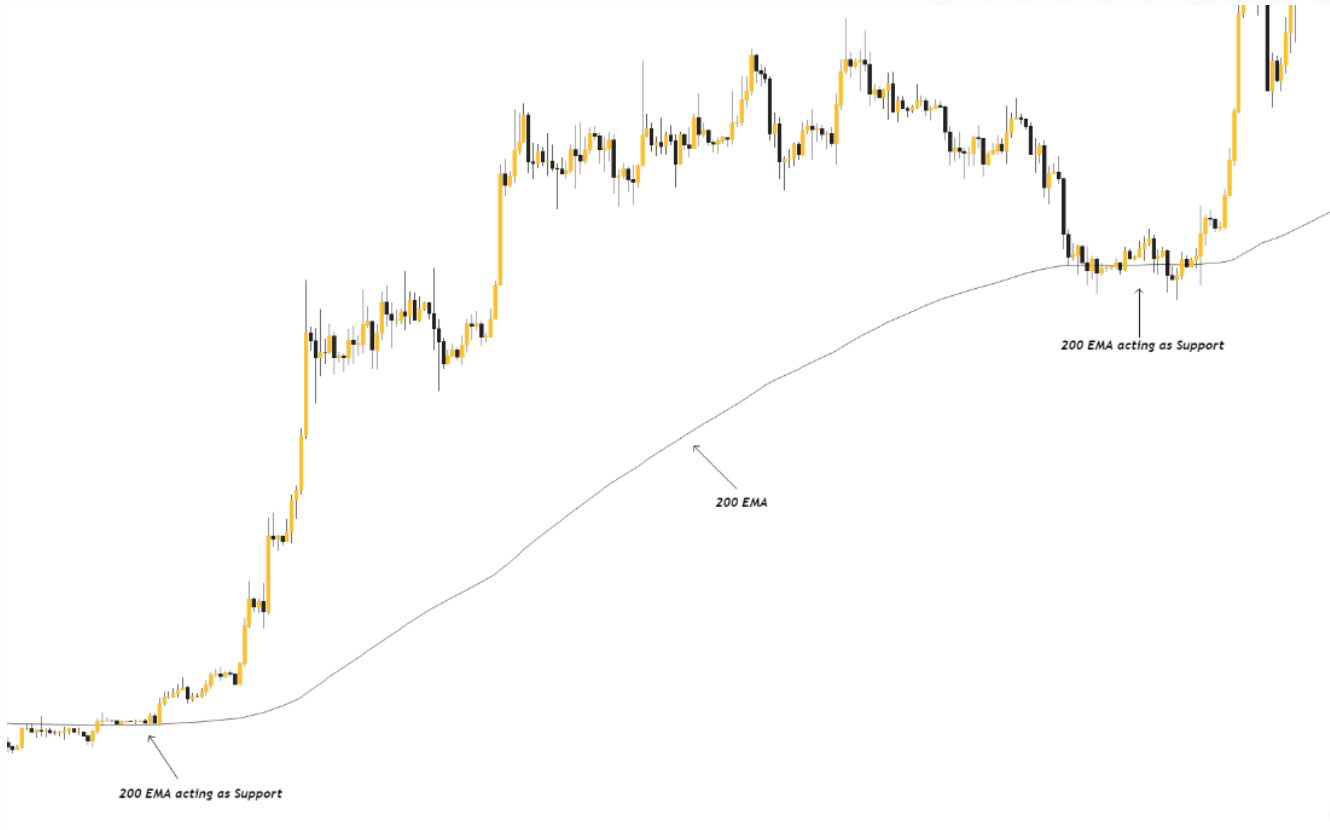
### a. 13 and 21 EMA on the Daily



## 7. 200 EMA as Support/Resistance on the 4 Hour

More often the 200 EMA tends to act as support or resistance on the 4 Hour chart. We can utilize that with other confluences like volume to plan our trade.

### a. 200 EMA



## IV. How to Actually Use EMAs

### Part I: As a Level

Trading EMAs as some sort of level is widely known in the trading community, while this is not the best-case use for them (in my opinion), we can still utilize this strategy as IT DOES happen and occur in the charts. As always, we'll need confluences with using EMAs as a Level such as Volume, Classic S/R, Candlestick Patterns, Recognizing Price Action and reliable Indicators.

Below I'll provide you examples (with annotations). Learn and take note of it.

#### EXAMPLE #1:



See how I only used the EMA as a confluence? That's how I typically use it and how you should use it too! We will only use EMA as some sort of confluence as a level when price is telling us what side to buy (long or short). If you bought that 200 EMA retest you would've gained a clean 80% to 90%.



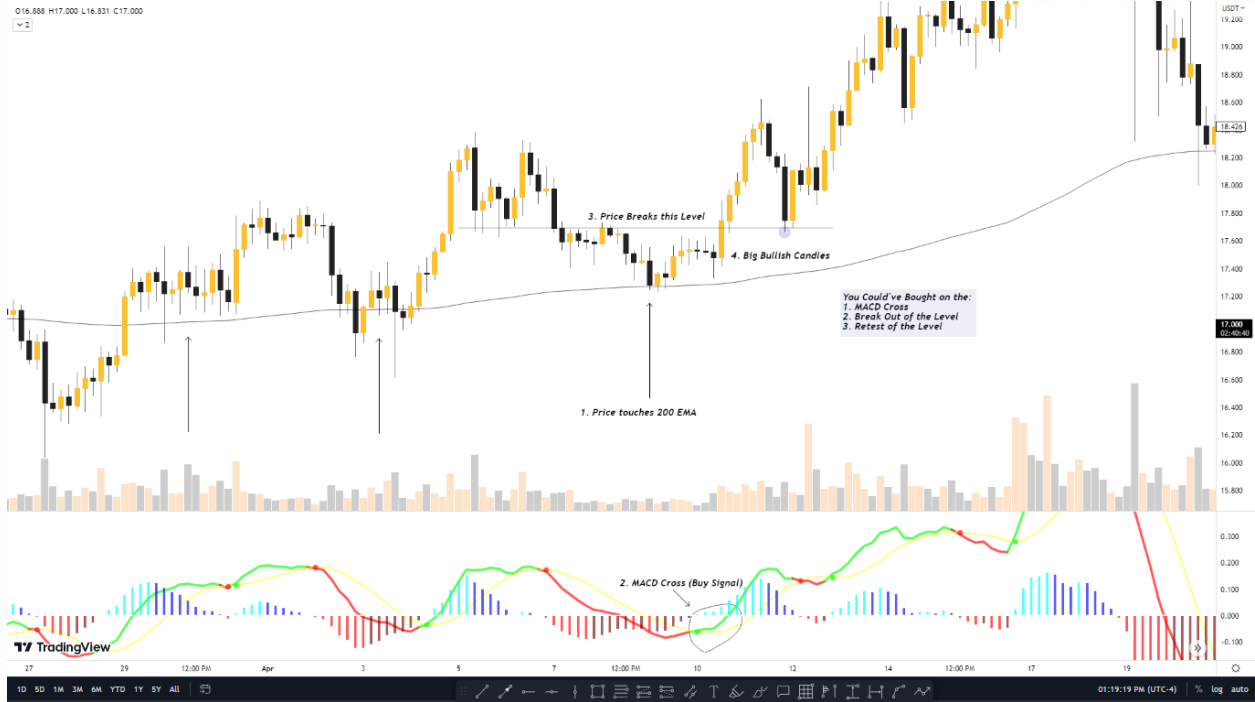
**Result: +80% to 90%**



Backtest this strategy, buy or sell any 200 EMA touch with clean Confluence. Look at previous data and how it performed when touching the 200 EMA.

Do not forget to have CONFLUENCE with other triggers/indicators when taking a trade.

**EXAMPLE #2:**



See how in this one, we used the EMA as **level** we were coming off from. With multiple confluences, we would have a very good trade as annotated on the picture above.

**Result: +15% to 20%**





## Part II: For Trends

Now, let's discuss on how we can use EMAs for Trend confirmations and knowing what is the trend of the coin/asset is. This is the simplest and easiest use case of EMAs and can probably be summarized and taught to you really easily.

### Take note of these things:

*If you're using a single EMA on the HTF:*

1. Price **above** EMA = expect bullish prices in the mid to long term
2. Price **below** EMA = expect bearish prices in the mid to long term
3. Price **crosses** EMA = shift of trends (bearish to bullish, bullish to bearish)

*If you're using 2 EMAs on the HTF:*

1. Lowest length (13) of EMA **above** Highest Length (21) of EMA = **bullish**
2. Lowest length (13) of EMA **below** Highest Length (21) of EMA = **bearish**
3. Lowest length (13) of EMA **crosses** Highest Length (21) of EMA = **shift of trend**

Now, go to your charts and look at the things I've talked listed and talked about. See and take note of how price is when an EMA is below, above or crosses. This way you can see which trend the coin is most likely to go and when to expect shift of trends.

Another thing you've got to understand is that PRICE CAN CONSOLIDATE and price can cross your EMA multiple times. With this case, you can just sit on the sidelines and wait for better price action or you can have a plan in mind with multiple confluences as I've show before. You need to know what you will do when price does things. My best advice is to sit in the sidelines when you do not know what to do and how to react, trust me, it will save you money.



### Part III: The Cross

As mentioned above, we can utilize the cross to see a shift in trend. But we have another use case for this as well. We can use EMA crosses to plan our trade and use them as confluence on when price will likely reverse to the other side. While riskier, with proper confluence and analysis it is definitely (in my opinion) the most profitable.

Again, we will use EMA crosses as confluence **ONLY** in our trades. For this one we will use the 13 and 34 EMA on the 15 Minute Timeframe.

I'll provide an example with annotations. Learn, take note and do it on your charts.

#### **EXAMPLE:**



Notice how with only a few confluences we have can more confidence in our trade. For this one, we waited for the EMA cross even after MACD has already show a cross. That is because we want to wait for the confluence to happen to execute our trade, without waiting for the cross, this trade could've totally happened or went the other way and hit our Stop Loss. That's why it is important to have patience.

**Result:** A clean +2% on BTC, with an RR tool that's at least 2R to 3R



**Conclusion:**

Now that I've shown you 3 things on how to utilize the EMA to your trading and advantage with examples, it is now time for your part to back test this and look at past data. When starting, just use one of the 3 for your trades, whether you will use EMAs as levels, for trends and for crosses as confluence is totally up to you. But I do recommend only using only one as a beginner trader. Gradually, you will notice these occurrences on your charts as you progress and eventually you will most likely use and look for all of them in the future.

The following is the best (in my opinion) and simplest use of EMAs with high probabilities. I personally do not use above 3 EMAs, I rarely even use 3. Most I do is a Single EMA and 2 EMAs.



## Recap and Final Thoughts:

*This will be a short one, but I've just wanted to thank you all for the support on the PDFs. I truly hope I provide you with knowledge in trading. What I've given you in this PDF is something valuable and will most likely cost dollars to other people. Use them wisely, utilize and execute it properly. Do your due diligence to learn and back test this. Do not forget to have confluence and patience when trading, it is the utmost thing you need second to Risk Management which we will tackle probably soon. That is all for this PDF, again I sincerely hope I've provided you with something.*

*If it isn't much please follow and retweet the original tweet. Also join the Discord, I'm always active there so shoot your questions and I'll answer them!*

-Soulz

**Twitter:** <https://twitter.com/SoulzBTC>

**Discord:** <https://discord.gg/qw3Y367B4w>

**Sign Up for Mentorship:** <https://soulzcourse.com/>

