



Frequently Asked Questions

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INTRODUCTION

These FAQs are intended to be read in conjunction with the document “Trading the Daniel Code Numbers” by JC Needham and Yvonne Lundon-Marchant.

ABOUT THE DC NUMBERS

What is the Daniel Code?

The Danielcode gives unique market price levels called DC Numbers that markets recognise but others do not see. The DC Numbers provide high probability turning points. This happens over all time frames but daily and weekly charts are the most accurate.

To find out more about the history of the Daniel Code, read this article [The Daniel Code – Well beyond Da Vinci](#) written by John Needham and published by Financial Sense. Also read [“Inside the Daniel Code”](#) written by John Needham.

What is a DC Number?

The DC Number is a price level that provides high probability turns in the market.

What is a Blue DC Line?

The Blue DC Line is what we call a blue DC number. They are the lines on the website charts that are in blue. The DC number is the price level beside the blue line on the chart.

What is the Action Zone?

The action zone is the area where either a reversal or continuation will happen and it is defined as + or – 40 pips in Forex, either side of the Blue DC numbers. For other markets: S&P index 3 points, DJ 30 points, Gold 2 points and Silver 11 points. There are many good trades that will come from reversals outside these variances but we use these variance limits as they do define 85% of reversals.

What are the DC Retracements?

Sometimes abbreviated to DC rets, DC retracements are points where support and resistance can occur. The DC retracement percentages are 37.5%, 50%, 62.5% and in fast markets where price moves quickly in relation to time use 29.7%. We use different proprietary numbers for the chart retracements, but these are the most common market retracements.

What Back-Testing has been done with the DC Numbers?

The Danielcode was developed as a tool for investors and corporates needing to hedge their Forex exposure and this is done off monthly and weekly charts. The 10 year testing program was run only on these monthly and weekly charts and this produced turns at DC numbers about 85% of the time over the time and markets tested. On daily forex charts, 85% of turns come +/-40 pips from the DC number.

Daily chart data was tested at a later date with similar satisfactory results. There has been no data testing for time periods less than daily. The 4 hour charts were produced at the request of members and general observation is that results are adequate but not spectacular. The 4-hour charts are simply the daily charts with DC retracements superimposed.

It appears that accuracy will progressively degrade as you go down the time scale. The DC numbers are created from a mathematical matrix embedded in different price structures. The most common (but not the only) pattern that creates new DC numbers is a new swing high or low. Monthly and weekly charts have few swings so there are few operative DC sequences. The 4-hour charts have many swings so there are commensurately more DC sequences and hence more lines.

TRADING THE DC NUMBERS

How do I trade with the DC numbers?

You just put the DC numbers on your charts nearest the price action and use your own reversal signal such as the standard 14,3,3 stochastic or the MACD.

How can I tell which way price will react to a Blue DC Line?

You can't. What you are looking for is a reversal signal. That might be just a trade below the previous bar, or a reversal bar (makes a higher bar then reverses and closes below its open and the previous bar's close) or any other signal you want that you have tested as a reliable reversal signal. Lots of traders will look for a crossover on a stochastic or MACD.

What if there is no Reversal?

If the market doesn't recognise the Danielcode number, it is likely that it is a market continuation.

If the Blue DC Number is Crossed on the up side, does it then become Support?

It is best to look for "recognition" of the DC number from the market to see how the price reacts to the Blue DC lines. "Recognition" of the DC numbers can take the form of a significant reversal or a mere vibration to acknowledge the number. If the market ignores a blue DC level and then reacts at a further blue price line, it will often use the previously ignored DC number the opposite way. So if a market is rallying (going up) and ignores one or more blue DC levels but then turns at a subsequent DC number it will often use the previously ignored DC numbers as support and vice versa.

Is Price Always Expected to Hit the Top Blue Price Line?

No. What we are doing is observing the price action at the DC lines. It can vibrate at that level, go through it or reverse. In practice if the market penetrates by more than 40 pips on a daily chart it likely won't give you a valid DC reversal. Each market will have slightly different characteristics.

Does a Red Retracement Line Indicate a Downtrend is Expected?

No. Blue DC lines are the DC Number sequences, red lines are retracements and black lines are another form of retracement. Direction and trend are observed from market action and

from indicators such as MACDs and stochastics. DC numbers are high probability turn points not directional indicators.

Can I use the DC Numbers on Different Timeframes than Just the Daily and 4 Hourly Charts?

You can use any timeframe you choose depending on your level of skill. The shorter the timeframe you use, the more false signals you will get; therefore we do not recommend you do this.

Why Set the Trading Time to GMT?

The Forex market trades to GMT time for the beginning and end of the week. Setting you time to GMT will ensure that your charts match the DC charts and make it easier for you to trade.

For those not running your Forex charts on GMT, the daily bar in Forex ends at 21:59 GMT.

What is a DC Number setup?

A DC Number setup requires price to be within the action zone and to show some form of reversal from that number. You can use the standard stochastic overbought or oversold indicator or the MACD. This gives a high probability set-up for a reversal trade.

What about Futures?

Continuous futures charts are **not** as accurate on the DC numbers as indices or Forex because of the fluctuating premium (in the case of the continuous contract) or insufficient data to get the important historic turns from which the DC numbers are created (in the case of specific contracts). You need to be aware of these limitations if using futures charts and the usual accuracy of the DC numbers may be degraded.

What is the T.03 Turn Indicator?

The T.03 indicator can help identify turns in the market. The signal is made at the end of a daily bar and the signal is either “On” or “Off”. The signal usually lasts for 2 days but can be just 1 day or extend to 4 days on occasions. A fuller explanation is given in the document “Trading the Daniel Code Numbers”

ABOUT THE WEBSITE

When is the Website Updated?

Usually the website is updated twice weekly on Monday and Thursday before the US open.

What does the Website Contain?

The website covers many Forex pairs, the main equity indices, some commodities and gold and silver. For each market, there are charts that give the DC numbers that provide high probability market turning points. There are also a number of trading articles under the “Articles” tab on this site that have numerous examples which will help you understand the DC Numbers.

What is the Subscription Price?

For a small subscription fee, clients have access to weekly and daily and some shorter term charts across all the markets listed below. They are typically posted on Mondays and updated on Thursdays. Clients can utilize this information as a stand-alone trading program or as part of an integrated trading plan. Formulating the specific entry and exit points is left up to the individual. The Daniel numbers are provided - you do the trading.

As advised on the website

Which Markets are Covered?

The following markets are covered and are subject to periodic change depending on demand:

Forex Pairs

Weekly and daily charts of all the major pairs plus \$DX are posted on Mondays and updated on Thursdays. 4 Hour Charts are posted on selected currency pairs. See the Services page for markets covered

Equity Indices

Charts are posted Mondays and updated Thursdays.

- S&P 500 cash and futures, weekly, daily and 151 minute charts
- Dow Jones Industrial Average, cash and futures, weekly, daily and 151 minute charts
- Russell 2000, cash and futures, weekly, daily and 151 minute charts
- ASX (Australian) SPI 200, futures, weekly and daily charts

Metals

- Comex Gold Futures, weekly & daily charts
- Comex Silver Futures, weekly & daily charts
- HUI Index, weekly and daily charts

Miscellaneous Commodities and US T Bonds Charts

- Crude Oil, futures, weekly and daily charts
- Corn, futures, weekly and daily charts
- Wheat, futures, weekly and daily charts
- US T Bonds, futures, weekly and daily charts

CME Currency Futures Charts

- Australian Dollar, daily chart posted only on Monday
- Canadian Dollar, daily chart posted only on Monday
- Euro FX, daily chart posted only on Monday
- Japanese Yen, daily chart posted only on Monday
- Swiss Franc, daily chart posted only on Monday