

WHITE PAPER

Momentum Rotation Model – MRM

Phase-Based Market Mapping in Technical Analysis

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Executive Summary

The Momentum Rotation Model (MRM) introduces a structured, phase-based approach to analyzing market behavior using classical momentum indicators. Instead of chasing buy/sell signals, MRM focuses on detecting the underlying rhythm of market cycles — helping traders visualize when momentum is building, fading, reversing, or recovering.

By combining RSI(7), RSI(21), and CCI(20), MRM breaks price action into four distinct phases:

- Exhaustion Top – momentum climax and likely reversal
- Momentum Loss – weakening trend and early warning
- Capitulation Bottom – panic or sell-off lows
- Momentum Recovery – trend reactivation or start of rotation

MRM presents this phase logic visually on the chart using zones, shapes, and color coding, giving traders real-time insight into trend maturity. Backtested on cryptocurrencies (BTC, XRP), equities (TSLA, ASML), and commodities (Gold), the model has shown strong alignment with key price rotation points.

A fully functional Pine Script indicator is available on TradingView, supporting real-time usage across multiple timeframes. MRM is not a predictive tool, but a contextual framework — ideal for swing trading, DCA entries, and exit planning.

This whitepaper outlines the motivation behind MRM (Why), the underlying methodology (How), and the practical applications and results (What), providing a complete foundation for traders and analysts to integrate MRM into their technical toolkit.



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1. Why MRM exists

The problem with traditional indicators and the need for phase thinking

In today's markets, traders rely heavily on well-known indicators like RSI, MACD, and CCI to make decisions. These tools aim to identify overbought or oversold conditions, trend strength, or potential reversals. I realized that their limitations become apparent in volatile or range-bound conditions:

- ***Signals arrive too early or too late***, often after the critical move has occurred
- ***Indicators contradict each other***, causing confusion or analysis paralysis
- ***Market structure is missing***, there's no clear sense of *where* the price is in the broader trend cycle
- ***Overreliance on signals*** leads to overtrading, false confidence, and poor timing

In my opinion these problems stem from a common flaw: Indicators are used reactively, not structurally. In other words, indicators are applied as triggers, not as context providers.

The missing link: Phase-based market mapping

I developed the Momentum Rotation Model (MRM) from a simple yet powerful insight: Markets move in observable, repeatable momentum rotations, not random noise. These rotations occur in patterns, especially after extreme momentum readings (e.g., RSI > 90 or CCI > 200).

Rather than looking for a single perfect entry or exit point, MRM helps traders answer the more important question: *"In which phase of the market am I right now?"*

This reframes technical analysis as phase detection instead of signal hunting, giving traders:

- ***Clarity*** on whether the trend is building, fading, or bottoming
- ***Structure*** to anticipate transitions before traditional signals trigger
- ***Discipline*** to act with context, not emotion

By visualizing these momentum rotations, MRM creates a narrative of the market, where each price move is part of a larger cycle, not a random fluctuation.

2. How MRM works

From momentum extremes to visual phase logic

I designed the Momentum Rotation Model (MRM) to read the natural rhythm of markets by identifying repeatable shifts in momentum. Rather than signaling a single entry or exit, MRM maps where price is within a broader rotation cycle, providing traders with context, not just signals.

At the heart of the model lies a **multi-indicator engine**, built on:

- **RSI(7)** – captures short-term momentum spikes
- **RSI(21)** – acts as a smoother, structural trend anchor
- **CCI(20)** – detects acceleration and exhaustion zones

MRM interprets the relationship between these indicators to define **four core phases** in the price cycle. Each phase reflects a specific behavioral state of the market, from overheated tops to exhausted bottoms.

2.1 The four phases of MRM

Each phase has distinct indicator behavior and visual representation:

Phase	Name	Trigger Logic	Visual
▲ Phase 1 – Strong Overheated Top	<i>Exhaustion Top</i>	RSI(7) > 90 and CCI > +200 RSI(7) > RSI(21) (but flattening)	▲ Red triangle above bar (● red zone)
■ Phase 1 – Mild Overheat	<i>Early Overbought</i>	RSI(7) > 80 and CCI > +100 RSI(7) > RSI(21)	● Dark red dot above bar (● red zone)
● Phase 2 – Rotation Phase	<i>Momentum Weakening</i>	RSI(7) crosses below RSI(21) CCI turning down or negative	● Orange dot above bar (● orange zone)
● Phase 3 – Mild Bottom	<i>Early Accumulation</i>	RSI(7) < 35 and CCI < -75 RSI(7) < RSI(21)	● Teal dot below bar (● green zone)
▼ Phase 3 – Strong Bottom	<i>Capitulation / Reversal</i>	RSI(7) < 30 and CCI < -100 RSI(7) still < RSI(21), but flattening upward	▼ Green triangle below bar (● green zone)
○ No Phase	<i>Neutral / Resting</i>	No active thresholds crossed	No signal or zone

Transition logic: Phase 2 (rotation) **overrides** Phase 1 mild unless Phase 3 is active. This priority system is embedded in the Pine Script.

2.2 Indicator dynamics & Market logic

MRM doesn't just detect signals, it interprets structure.

The key dynamics are:

- **Trend direction** is determined by RSI(7) vs RSI(21):
 - $RSI(7) > RSI(21) \rightarrow$ bullish bias
 - $RSI(7) < RSI(21) \rightarrow$ bearish bias
- **Momentum exhaustion** is read via CCI:
 - $CCI > +200 \rightarrow$ overheat, likely trend top
 - $CCI < -200 \rightarrow$ exhaustion, possible bottom
- **Entry/exit tension** is found in the transitions:
 - Crossovers + extreme readings = phase shifts

The strength of MRM lies in showing traders **where they are**, not what to do. It replaces noise with structure, so decisions can be made within a narrative of rotation, rather than isolated events.

3. Visual Implementation





How MRM translates structure into visual clarity

The Momentum Rotation Model (MRM) is not just a calculation model, it's a visual framework. Traders must be able to see where they are in the rotation. That's why MRM expresses each phase with a unique zone color, marker shape, and position relative to the candle.

This visual language turns raw indicator data into intuitive signals, instantly recognizable without needing to read numeric values.

3.1 Zone Colors – Market Context as Background

Each market phase is represented by a **transparent background color** (zone) on the chart. These zones help the trader immediately assess current market context:






Phase	Zone Color	Meaning
 Phase 1	Red	Overheated – risk of trend exhaustion
 Phase 2	Orange	Momentum rotation – indecisive zone
 Phase 3	Green	Capitulation / accumulation zone
 No fase	None / Clear	No active phase – market neutral

Zone color is a continuous area that **follows price** as long as the current phase is active. Traders can **see phase transitions** in the background without any signal marker being present.



3.2 Signal Markers – Phase Confirmation on the Candle

MRM uses discrete markers on individual candles to indicate key threshold moments. These are rendered as dots or triangles, each with a specific meaning:

Marker	Shape	Color	Position	Interpretation
 Phase 1 Strong	Triangle	Red	Above bar	Strong overheat, major exit signal
 Phase 1 mild	Dot	Dark red / maroon	Above bar	Early warning of trend exhaustion
 Phase 2	Dot	Orange	Above bar	Momentum weakening, neutral caution
 Phase 3 mild	Dot	Teal	Below bar	Early bottoming, possible entry preparation
 Phase 3 strong	Triangle	Green	Below bar	Capitulation exhaustion, strong entry

Each marker only appears when a predefined threshold is crossed. These are not repainting and are shown in real-time.

3.3 Priority and Conflict Handling

To avoid visual clutter and mixed signals, the following logic applies:

- Fase 2 (Rotation) overrides Fase 1 mild
- Fase 3 (Capitulation) overrides both Fase 1 and 2
- No more than one marker is shown per candle
- Zone color always reflects dominant active phase

3.4 Visual Examples (optional figures)

Add figures here (or later) showing examples of:

- Phase 1 (overheated tops with red zone + triangle)
- Phase 3 (capitulation bottoms with green triangle)
- Side-by-side of Fase 1 mild vs. Fase 2 (how priority works)

If you'd like, I can generate these figures for you as visual assets for the whitepaper or Substack post.

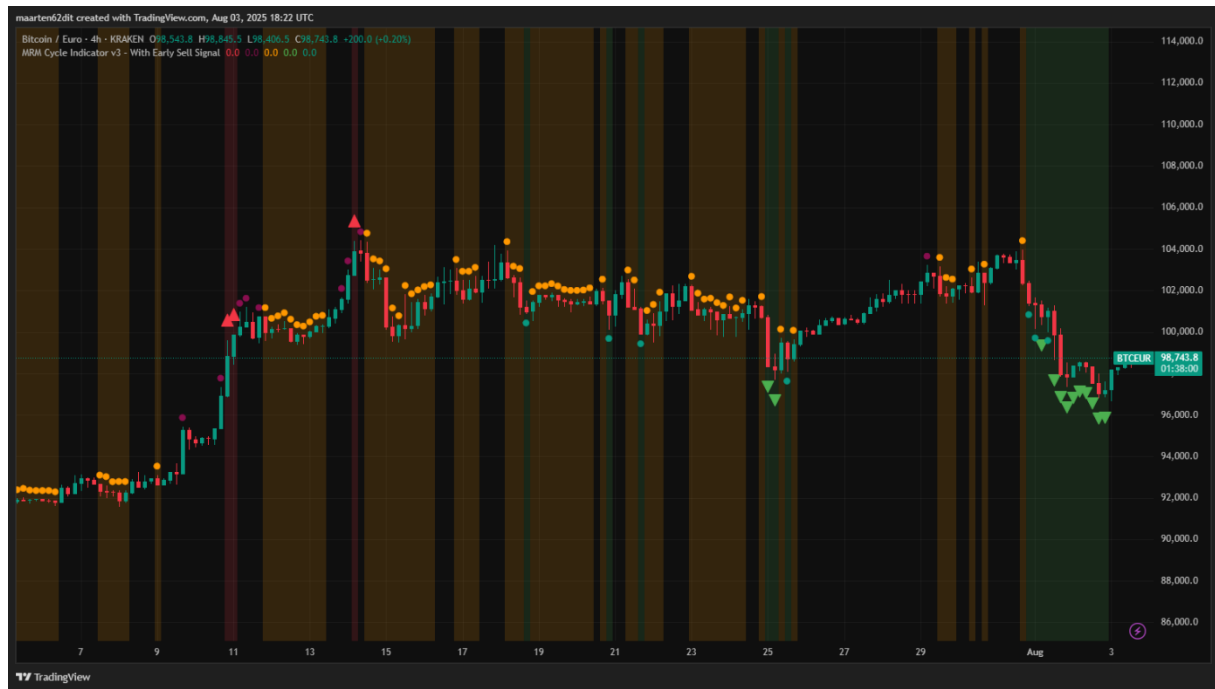


Figure 1 - MRM Phase Detection on BTC/EUR (4H Timeframe)

This chart shows the Momentum Rotation Model (MRM) applied to Bitcoin vs. Euro on a 4-hour timeframe.

Key elements visible:

- **△ Red triangles:** Phase 1 strong (overheated tops, exit signals)
- **● Orange dots:** Phase 2 (momentum loss, rotational zone)
- **▽ Green triangles:** Phase 3 strong (capitulation bottoms, entry signals)
- **● Teal dots:** Phase 3 mild (early accumulation)
- **Background zones:** Active market phases – red for sell zone, orange for caution zone, green for accumulation zone

The chart illustrates how MRM captures exhaustion at market highs and identifies rotation into bottoming phases, offering structure for swing trades, DCA entries, and exit planning.



4. What MRM delivers

Use cases, validation, and implementation in TradingView

4.1 Use cases, Strategic application of MRM

The Momentum Rotation Model is not a “buy/sell signal generator”, it is a phase interpreter. Traders can use this structure in various strategic ways:

Swing trading

- Identify rotation points where trends lose or gain momentum
- Avoid entering during Fase 2 (rotation zone)
- Use Phase 1 and 3 signals to time entries/exits with trend context

DCA entry planning

- Use Phase 3 (mild/strong) signals to scale into positions gradually
- Avoid entering during overheated markets (Phase 1)
- Reinforce long-term strategies with short-term exhaustion logic

Exit strategy

- Take profits in Phase 1 zones, especially after strong price runs
- Use early sell signals (Fase 1 mild) to tighten stops or trail positions
- Let visual context help manage emotional exits

4.2 Validation & results

MRM has been tested across multiple markets and timeframes, with consistent phase recognition patterns observed. Assets used for retrospective validation include:

Asset	Result Highlights
BTC/USDT	Clear Phase 1 tops before major corrections; Phase 3 matched accumulation periods
XRP/USDT	Rotational patterns followed sentiment waves accurately
TSLA	Strong overheat markers before earnings drops; clean bottoms detected
ASML	High confluence between Phase 2 → 3 transitions and trend reversals
GOLD (XAU/USD)	Momentum reversals in macro cycles aligned with Phase 1–3 logic

Further statistical validation is in progress, focusing on:

- Winrate by phase (e.g. F3 → rally probability)
- Average duration per phase
- False signal rate in choppy zones

4.3 Pine script implementation – TradingView ready

MRM is fully implemented as a Pine Script v5 indicator on TradingView. It visualizes real-time momentum phases across any asset and timeframe, using non-repainting signals and intuitive graphical markers.

MRM is available as a paid, invite-only script on TradingView.

Access is granted to subscribers via license or private invitation.

The pro version includes all core functionality: real-time phases, visual markers, multi-timeframe logic, and future updates.

Current features

- Real-time phase detection based on RSI(7), RSI(21), and CCI(20)
- Color-coded background zones (red, orange, green)
- Phase-specific candle markers (dots and triangles)
- Multi-timeframe support (1H, 4H, Daily, Weekly)
- Clear logic: traders always know *where* they are in the momentum cycle

Planned pro version

A future pro version of MRM is under consideration. Planned features include:

- Alerts per phase (e.g. Phase 1 triangle, Phase 3 strong buy)
- Exportable signal table (via webhook or journaling)
- Historical phase analytics (e.g. win rate, phase duration, false signal rate)
- Optional automation integration with platforms such as:
 - SignalStacks
 - Wunderbit
 - 3Commas

These features will be developed in modular stages based on user feedback and roadmap priorities.

Future integrations

MRM is designed to support semi-automated trading and educational deployment:

- Signal relay via TradingView alerts → webhook → connected bot platform
- API endpoints (planned) to expose phase signals to external systems
- Educational overlays and visual walkthroughs for:
 - Trading courses
 - Substack strategy series
 - Live examples across markets and timeframes

5. Limitations & Interpretation

Why MRM is a context model, not a crystal ball

No model is perfect, and MRM is no exception. While it brings structure and clarity, it should not be misunderstood as a predictive tool or standalone trading system.

5.1 MRM is not a trade signal generator

- **Not every signal is a trade.**
A dot or triangle is a phase marker, it tells you where momentum is in the cycle, **not** whether to buy or sell blindly.
- **False signals can occur**, especially during:
 - Low-volume periods
 - Sideways markets
 - News-driven spikes
- MRM does not incorporate:
 - Price action structure (e.g., support/resistance)
 - Candlestick patterns
 - Macro trends or fundamentals

! Interpretation remains essential. MRM works best when combined with confluence, such as price action zones, volume, or macro events.

5.2 Psychological pitfalls

- **Overreliance:** Trusting the model blindly may lead to poor decisions in uncertain markets.
- **Misreading context:** A Phase 3 signal may be a local low in a larger downtrend.
- **FOMO and exit hesitation:** Seeing a Phase 1 triangle doesn't mean the top is in, it means the *risk of exhaustion* is high.

5.3 When MRM works best

MRM delivers most value in:

- Trending markets with clear swings
- Volatile assets where momentum extremes are common (e.g., crypto, tech stocks)
- Swing trading and DCA where phase awareness adds structure

5.4 Responsible use

Think of MRM as a market GPS, not the steering wheel.

It shows you where you are, highlights risky zones, and suggests when momentum may be

turning.

The final decision, entry, exit, size, or pass, remains yours.

5.5 Disclaimer – Use at your own risk

The Momentum Rotation Model (MRM) is intended as an analytical and educational tool. It does **not provide financial advice**, nor does it guarantee results.

By using MRM:

- You accept full responsibility for any trading decisions and financial outcomes.
- You agree that neither the developer of MRM nor Inratios can be held liable for any loss, damage, or missed opportunity resulting from its use.
- MRM does not constitute a recommendation to buy, sell, or hold any financial instrument.

Use MRM **at your own discretion** and always in combination with your own research, risk management, and judgment.

5.5.1 Legal Disclaimer

The Momentum Rotation Model (MRM) is an educational and informational tool for market analysis. It is **not investment advice**, and does **not constitute an offer to buy or sell any financial instrument**.

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6. Future development & roadmap

Where MRM is heading and how it will grow

I intentionally designed MRM as a modular, evolving framework. The core version proves that a phase-based structure can bring clarity to chaotic markets, but this is only the beginning. Future developments aim to enhance MRM's usability, automation, and accessibility for both retail and professional users.

6.1 Planned feature roadmap

Short-term (v1.1 – v1.3)

- Parameter optimization (custom RSI/CCI lengths)
- Alerts per phase (TradingView native)
- Enhanced visual options (label styling, dark mode clarity)
- Basic journaling integration (e.g. webhook to Google Sheet)

Mid-term (v2.0)

- Pro version launch (via TradingView invite-only or license model)
- Historical signal table with export option
- Phase statistics dashboard (winrate, duration, accuracy)
- DCA/exit planner overlay

Long-term (v3.0 and beyond)

- Bot-ready signal API
- Integration with platforms like:
 - SignalStacks
 - Wunderbit
 - 3Commas
- Substack strategy series (walkthroughs per asset)
- Trading course module with live case studies
- AI-enhanced signal filtering (exploratory phase)

6.2 Community & Open Use

MRM is offered exclusively via a licensed, invite-only version.

Educational content and strategy walkthroughs remain accessible for free through Substack and publications.



6.3 Collaboration Opportunities

The model is open to:

- Integration requests from trading platforms
- Collaboration with bot developers or trading educators
- Research partnerships for performance analysis and validation

For all collaboration inquiries: **info@inratios.com**

Appendices

Additional resources, logic Summary, and visual assets

The appendices provide supporting material for deeper understanding, future development, and transparency.

Appendix A - Indicator Logic Summary

Phase	Trigger Condition	Zone Color	Signal Shape
▲ Phase 1 Strong	RSI(7) > 90 AND CCI > 200	● Red	▲ Red triangle above
■ Phase 1 Mild	RSI(7) > 80 AND CCI > 100	● Red	● Maroon dot above
● Phase 2	RSI(7) crosses below RSI(21); CCI negative or declining	● Orange	● Orange dot above
● Phase 3 Mild	RSI(7) < 35 AND CCI < -75	● Green	● Teal dot below
▼ Phase 3 Strong	RSI(7) < 30 AND CCI < -100	● Green	▼ Green triangle below
○ No Phase	No threshold met	○ None	None








Appendix B - Pine script reference (structure only)

The full Pine Script code is available upon request or via the TradingView indicator page.

Structure Overview:

- Inputs for RSI/CCI lengths and thresholds
- RSI(7) and RSI(21) crossover logic
- CCI overbought/oversold checks
- Phase priority rules (F2 > F1m, F3 > F2)
- Plotting of zones, markers, and alerts
- Optional early sell logic (triangle down)

Appendix C - Visual Legend

Visual	Meaning
 Red Zone	Overheated / selling zone
 Orange Zone	Rotation / caution zone
 Green Zone	Buy zone / bottom rotation
 Triangle above bar	Strong exit signal (Phase 1)
 Dot above bar	Early overheat or transition (F1m/F2)
 Dot below bar	Early bottom (F3 mild)
 Triangle below bar	Strong entry (F3 strong)

Appendix D - Suggested Use Guidelines

- Use with 1H, 4H, Daily charts for best results
- Combine with:
 - Horizontal levels (S/R)
 - Volume analysis
 - Candle pattern confluence
- Avoid using in isolation on low-volume assets

Appendix E - Contact & Access

For access to the indicator or collaboration inquiries:

 info@inratios.com

 inratios.com

 **TradingView:** Search for "MRM – Momentum Rotation Model"

For paid access to the MRM indicator, please contact:

 licensing@inratios.com

TradingView: Username Inratios

Payment and subscription options will be handled securely as soon as possible.