

Forex

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It gets far too complicated to keep tabs on all four. I also recommend that traders choose one of the majors because the spread is the best and they are the most liquid. I personally follow only USD/CHF because it moves the most every day. Foundation #2: Follow and understand the daily Force News and Analysis of the professional currency analysts. Even though this system is based solely on technical analysis of charts, it is important to get a birds-eye view of the currency markets and the news that affects the prices.

It is also important that you know and understand what the key technical 'support' predicted level to buy (where currency pair should move up on the charts), resistances a predicted level to sell (where the currency pair should move down on the charts). Fortunately, all the best Force news and analysis are offered free on the Internet. Here is what you should do first: *While you are reading the daily news and technical analysis, write down on a piece of paper what direction the analysts are saying about the major currency pair you are following and the key support and resistance levels for the day. A. Go to foreknows. Com and you will find the news and analysis on the spot FX markets. The site will give you the big picture of how the economic calendar and central banks affect the currency markets. A great resource. B. Then go to foresterd. Com and click on the 'Top Force Reports'. Here there is a wonderful listing of all the major daily currency analysis and forecasts with support and resistance and direction forecasts. C. Click on the currency. Com and go to 'Today's Market Research' and there you will find the more excellent analysis of the Major Currency pairs. Another great Force Portal. D. Wry. Monterey. Com E. Free Force trading forum: www. Respiratory. Net F. Comprehensive listing of everything, related to the Force Markets: www.

Engorge. Com/resource/glossary. SP Foundation #3: Only get into a trade when the FPS technical indicators say when. Always trade with stop losses! It is important when you are trading Force, to be disciplined, and to stick to a plan. Don't just trade your 'gut' feeling. Use the technical indicators outlined and always enter in stop losses on every trade. Foundation #4: Practice makes perfect. As they say, there is no substitute for hard work and diligence. Practice this system on a demo account and pretend the virtual money is your own real money.

Do not open a live trading account until you are profitable trading on a demo account. Stick to the plan and you can be successful. Foundation #5: Trade with a DISCIPLINED Plan: The problem with many traders is that they take shopping more seriously than trading. The average shopper would not spend \$400 without serious research and examination of the product he is about to purchase, yet the average trader would make a trade that could easily cost him \$400 based on little more than a "feeling" or "hunch." Be sure that you have a plan in place BEFORE you start to trade.

The plan must include stop and limit levels for the trade, as your analysis should encompass the expected downside as well as the expected upside. Foundation #6: Cut your losses early and Let your Profits Run: This simple concept is one of the most difficult to implement and is the cause of most traders' demise. Most traders violate their predetermined plan and take their profits before reaching their profit target because they feel uncomfortable sitting in a profitable position. These same people will easily sit on losing

positions, allowing the market to move against them for hundreds of points in hopes that the market will come back.

In addition, traders who have had their stops hit a few times only to see the market go back in their favor once they are out, are quick to remove stops from their trading on the losing more than a predetermined amount! The mistaken belief is that every trade should be profitable. If you can get 3 out of 6 trades to be profitable then you are doing well. How then do you make money with only half of your trades being winners? You simply allow your profits on the winners to run and make sure that your losses are minimal.

Foundation #7: Do not marry your trades The reason trading with a plan is the #1 tip is because the most objective analysis is done before the trade is executed. Once a trader is in a position he/she tends to analyze the market differently in the "hopes" that the market will move in a favorable direction rather than objectively looking at the changing factors that may have turned against your original analysis. This is especially true of losses. Traders with a losing position tend to marry their position, which causes them to disregard the fact that all signs point towards continued losses. Foundation #8: Do not bet the farm Do not over trade.

One of the most common mistakes that traders make is leveraging their accounts too high by trading much larger sizes than their account should prudently trade. Leverage is a double-edged sword. Just because one lot (100,000 units) of currency only requires \$1000 as a minimum margin deposit, it does not mean that a trader with \$5000 in his account should be able to trade 5 lots. One lot is \$100,000 and should be treated as a \$100,

000 investment and not the \$1000 put up as margin. Most traders analyze the charts correctly and place sensible trades, yet they tend to over-leverage themselves.

As a consequence of this, they are often forced to exit a position at the wrong time. A good rule of thumb is to never use more than 10% of your account at any given time. Trading strategy: TRENDS Trend is simply the overall direction prices are moving UP, DOWN, OR FLAT. The direction of the trend is absolutely essential to trading and analyzing the market. In the Foreign Exchange (FAX) Market, it is possible to profit from UP and Down movements, because of the buying and selling of one currency and against the other currency e. G. Buy US Dollar Sell Japanese Yen ex. Up Trend chart. SUPPORT Price supports are price areas where traders find that it is difficult for market prices to penetrate lower. Buying interest in the dollar is strong enough to overcome. Selling interest in the dollar keeping prices at a sustained level. RESISTANCE Resistance is the opposite of support and represents a price level where Selling Interest overcomes Buying interest and advancing prices are turning back. 3 50% Retrenchment. There are also 33% and 66% Retrenchments. 4 5 Step 1: Prepare your charts The Force Profit System uses 2 technical indicators to show you when you should enter and exit a trade.

These are called the Parabolic SARA and the Exponential Moving Average 10, 25, and 50. A. Setup a 60 minute USED/CHEF chart. This is my favorite currency pair to trade because it swings up and down the most. You can choose any major pair you like though. B. Choose Parabolic SARA as an

indicator. Click on display when it shows you the .02 and .2 acceleration factor and constant. C. Choose Moving Averages, Exponential 10, 25, and 50. D. Click on Exponential, then enter 10 in the Period box, then K E. You should have the Parabolic SARA and the three Ma's 10, 25, and 50 in different colors on your charts.

Step 2: When to Enter and Exit Your Trades This is what your chart should look like. These are the FPS indicators that I use to trade. The EMMA 10 should be in pink, the EMMA 25 should be in yellow, and the EMMA 50 should be in blue. The Parabolic SARA is charted with dots above and below the line. When to ENTER a trade The FPS indicators tell you when to get into a trade when the EMMA ten crosses the 25 and the 50. If the ten crosses the 25 and 50 up from the bottom, you enter your trade 'long and 'buy.

If the 10 crosses the 25 and 50 down from the top you go 'short' and 'sell'. Make sure that when you get into your trade that the Parabolic SARA is on the bottom when you go long and on the top when you go short. In the example above, on October 15th, there was a great opportunity to go long on the USED/CHEF pair, where I circled and labeled enter. Notice how the EMMA 10 crossed up the 25 and 50 and the Par SARA was on the bottom. *If you are trading the hourly charts like in the above example, make sure that the 15 min charts Parabolic SARA is going the same way.

Simply click on the arrow beside the 60 min and change it to 15 min and your studies will automatically adjust to the new time frame. Never trade against the 15 min Parabolic SARA! When to EXIT a trade 6 The best time to exit a trade is when the price crosses back down through all 3 Ma's

USED/CHEF on the 20th crossed back down all three indicators where I circled EXIT. If you held this position all week, you could have made a 275 pip profit. With 1 lot traded on a standard account, this would have been approximately \$1780.00 in profit. With 2 lots--\$3560! A mini account would have profited you \$178 and \$356 respectively.

If you profited 275 pips with EUR/USD or GBP/USD you would have made approximately \$10 per pip, which you would have made \$2750 with one lot and \$5500 with 2 lots traded. Not bad for one week! Where to Set the Stop Loss When you open a demo account you will find on the online trading platform that you will always be able to enter a stop order level that will automatically stop out your trade at the level you set or a limit order that will close your position at your desired profit level. Using the FPS means that you should always set your level just below the EMMA 50.

As your position moves in the right direction, you should move your stop accordingly. Then if your position moves against you, you would have locked in your profits by moving up your stop order. It is important that if the price crosses back over the 10, 25, and 50 that you close your position. Here is an example of how the FPS works on the 15 min charts: Using the FPS on the 15 min charts is more volatile, but it will give you more trades on an intra-day basis. On the example above you could have sold the USED/CHEF 'short' at 1.5060 and closed your position at 1.000 for a 60 pip profit. One note of caution trading the 15 min charts: there are often times when the price will 'Whipsaw' back and forth, up and down through the 10, 25 and 50 moving averages. If this happens soon after you entered a trade, close your position

and wait till the moving averages fan out and the Parabolic SARA signals strong. 7 'Scalp' Trading the Min Charts System Scalp trading is when you use the 1 to 5 min charts to 'scalp' small profits. These trades usually only last a few minutes to an hour. You can use the FPS to scalp trade Force on the 1 min charts.

Here is how: Instead of using the 10, 25, 50 Ma's as we did in the above examples, put on the 25, 50, and 100 Ma's. Often it is best to scalp trade at the London Open (3: MAMA EST) or the New York open (8: 00 AM EST) because that is generally when the currency pairs will start to move more in one direction. When the actual price crosses all three indicators, you enter your trade, long or short. If the price crosses down through the 100 EMMA, enter short if the price crosses up through the 100 EMMA go long. Make sure that you book a 5-10 pip profit.

That is a \$50-\$100 dollar profit on a regular account, and more if you bought more lots. Don't try to hang on to your winning position too long, because the price can whipsaw back and you can lose. Take your 510 pip profit as soon as you can. Here is an example on the 1 min charts: the price crossed up through the 100 EMMA and at 10: 45 you could have closed your position (little circle) and made a 10 pip profit. Then again the price crossed back down the 100 EMMA at 1 1 EST. You could have sold the Yen short (big circle) and then ten minutes later made another 10 pip profit. Little circle)

The Setup: Open up your trading platform and open a chart. Set the instrument to the currency pair of your choice. Set the chart pattern to the filled the candle. Set the timeshare to 30 minutes Set up a moving average

line in your indicators menu. -set period to 11 days Now that you have your chart set up properly, go ahead and set up the normal indicators that you use for reassurance and entrance/exit, etc. I use a MAC, a volume indicator, and Bollixing bands, but everyone has their own theory on what works and why, and everyone has a reason why your indicators don't work when they seem to work just fine for you!

Now before I explain what you are doing with this setup I would like you to set up the chart as I have indicated, and take a good solid look at the history of the data. Do you see any telltale signs yet, or have a clue as to what the point of the setup is yet? If you do not, do not worry or feel inferior, as this has slipped past some of the best. I happen to be great with numbers and have a strong background in analysis, so I was able to pick up on this trend mostly by dumb luck but good fortune and a keen eye for detail. Now that you have stared at your screen looking for it, I'll explain myself.

What you are looking for is the moving average line, or herein referred to as the MA, that you set up on your chart to cross through the price line. You are probably saying to yourself, " This happens like every hour or so, what gives? ". Well, it does happen fairly often, maybe not that drastic, but it does. The key point is where the MA crosses the price line. You don't need to worry or care about it crossing the thin peaks of the high/low lines on the candle, but you want to concentrate on it crossing through the middle of the wide, filled part of the candle, the openness prices.

And further yet, it must cross in around the middle of this center section. If it crosses at the top or OTTOMH of the candle center area then you can pretty

much disregard the trade. It may be profitable, but not worth the risk. Stick with the center of the central region and you will be much safer. Now, when the MA indeed crosses the price line through the center of the central wide part of the candle, a trade signal is triggered. You should try and wait at least on the radar and it's not about to recant its previous move.

The chart is set to the 30-minute timeshare, so generally wait 30 minutes or so, unless the market suddenly takes a quick shift in that direction. Then you can open the position to catch the wing. Now to determine direction. If the MA moves from above the price line to below it, the trade is going to belong. And likewise, if the MA moves through the candle from below the price line, the trade will be short. This can be verified by checking the indicators that you have set up to corroborate with your MA.

To better clarify this direction idea, if after the cross the price is below the MA, the price is most likely dropping or SHORT. If the after the cross the price is above the MA, the price is considered to be rising and the trade is LONG. Another important factor to consider. While a MAC is a great tool to determine market direction and activity, in this case, it helps to build on the strength of the trend that we are pointing out here. If the MA crosses the price line from above to below, so that the trade we have forecasted is long, we can compare this with the MAC.

If the MAC average lines are above the zero lines, then you can expect a large climb. If the trade was reported as short, and the average lines on the MAC screen were below the zero lines, you could expect to see a rather large drop. When I say large drop or gain, I am speaking of 75, 100, 150 point

gains. This is not to say that if, in a long trade, for instance, the average lines on the MAC are BELOW the zero that you will NOT see again. It generally will provide again, but of 20, 30, or maybe even 50 points. Where you exit the trade is up to you and how much you can tolerate and are willing to risk.

If you feel comfortable taking 30 points and are okay with yourself if it does end up going to 150 points above your buy price, then good for you. If you are a thrill-seeker and go for the 150, I wish you all the best of luck! You may or may not need it. That's it! It's just that simple! If you move back through the history of the chart and look at when and where the MA crosses the price line, you can see for yourself that it seems to catch every big movement and almost all of the smaller ones. This set can be used on the minute chart for mid-term trades and further yet on the daily chart for longer-term setups.

Make sure that you are using your regular technical indicators to monitor market activity and ensure the trade is on target. If you are looking to enter a short and your MAC says long, or the 30-minute chart is oversold, you are asking for trouble. You need checks and balances with any system to eliminate as much of the margin of error as possible. The Force Profit System is specifically designed for use with the 1, 5, or 10-minute charts, with the goal of taking 5-20 pip profits per trade closing bad trades out using tight stops, or hedging any losing trades.

The following steps will show you how to do this. Set up your charts: USED (or whatever currency pair you like), 5 min, line, and the chart will appear on the right-hand side. Maximize the chart to fill the right-hand side. Now if you want to make the price line darker, you can right click right on the price line

and a properties box will appear. You can adjust the thickness of the line. Now we will add the Moving Averages to the chart. We will be using the Exponential Moving Average 10, the Bollinger Band Exponential Set at 20, and the Exponential Moving Average 50.

Click on Moving Average on the left-hand side under Studies. Set your first MA to 10, close, exponential and you can make it red with line width 2 under the Color/Style Tab. Click on Moving Average again and add your MA 50, close, exponential, and make this line blue with line width 2. Now we will add 3 more indicators below the chart to help us confirm the trend and to help us identify exact entry and exit buy or sell signals. The following indicators give us insight into the momentum, direction, and overbought/sold indicators.

Used along with the Exponential Moving Averages, Parabolic SARA, and Bollinger Bands these indicators can be very helpful to the day trader. MAC Histogram. Read about how to trade the MAC Histogram here: http://www.incredibleness.com/technical/Mac_histogram.HTML Relative Strength Index (RSI) Read about how to trade the RSI here: http://www.Incredibleness.Com/technical/relative_strength_index.HTML Slow Stochastic Read about how to trade the Slow Stochastic here: http://www.incredibleness.com/technical/slow_stochastic Tm Now adds these studies to your charts.

Under Studies click on MAC Histogram and use the default settings (9, Exponential, 12, 26, Close, Exponential) and set the line width to your study will automatically open under your chart. Under Studies click on Relative Strength Index and set it to 14 and set the line width to 2. Your study will automatically open under your chart. Under Studies click on Slow Stochastic

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and set it to (533, Exponential) and make the K line blue with line width 2, and the D line red with line width. Your chart, with all the studies on it, should now look like this (example of USED/CAD 10 in the chart): I clicked on the zoom-in button a couple of times. *tip: If you are in a winning trade, you can move your stop to your entry-level, so that if your trade moves against you, the platform closes your position without any losses. You should be comfortable setting your stop Order at 15-20 pips. If you can't handle a 15-20 pip loss, then you need to trade smaller amounts. This will help you from over-leveraging your trading account. Limit Order: This is a price you enter into an open position for the trading platform to automatically close your position at a profit. For example, you might set your limit order at a 15 pip profit.

If the exchange rate never hits that level, then the Order doesn't get filled. We will be looking at 3 different ways to day trade the Force Markets. In a trading session, you may look for 1 or more of these approaches. The 3 techniques are as follows: Trade the Breakout Trade the Trend Trading Tops and Bottoms Micro Trading Before we look at these trading approaches, let's answer a question that is often asked by new traders. When is the best time to trade? Because the Force Market is open rash a day and traded on a global scale, the question to ask is, When should I trade?

The good news is that no matter what time zone or hemisphere you live globally, there are always good opportunities to trade. The three major tradings 'sessions' are as follows (all in Eastern Standard Time): 1. New York opens 8: 00 AM to 4: 00 PM 2. Japanese/Australian open 7: 00 PM to 3: 00 AM

3. London open 3: 00 AM to 8: 00 AM **Often, the best times to trade is at the beginning 3-5 hours of the above-mentioned opening times because the major currency pairs tend to move the most in a particular direction. The first Transformed. The com trading technique we will look at is the easiest to recognize on the charts.

We will call it 'Trade the Breakout'. You can use the 5, 10 or 15-minute charts for this method. The indicators on the 5-minute charts are the fastest.

Practice until you feel comfortable with the time frame that suits you best.

Trade the Breakout. The principle behind trading the breakout is to enter a trade when the price 'breaks out' of a tight range because often it tends to keep moving in the same direction. We use our Bollixing Bands on our charts to spot this trading opportunity. The second Transformed. The Com trading technique uses the same principles but is less extreme.