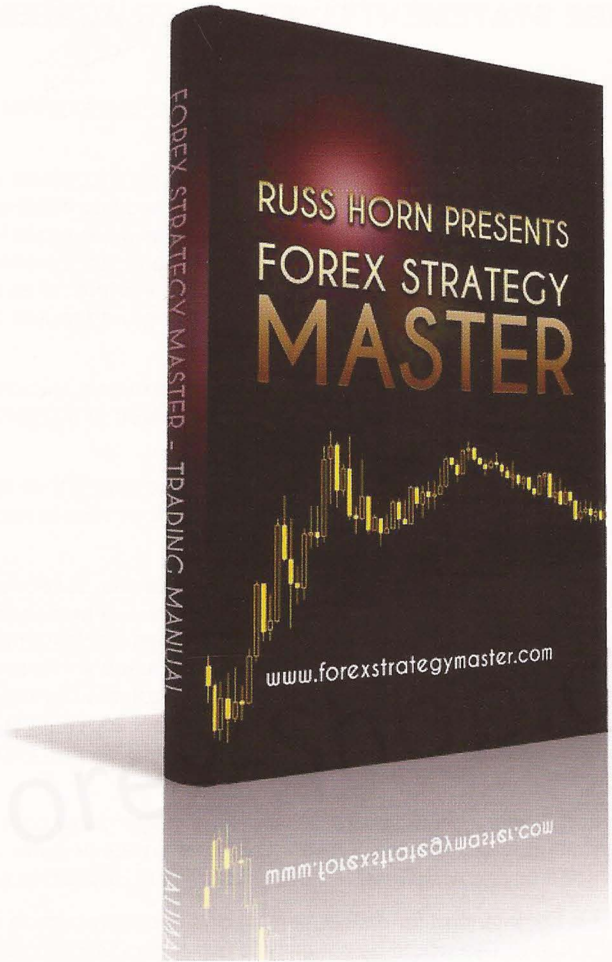

TRADING MANUAL

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I. Introduction: Purpose of the System

Times are tough and they are getting tougher. If you are reading this now, you are undoubtedly aware of this. People are turning to trading the Forex markets in an effort to improve their position in life. Every day, more and more people are hoping that what they have heard from the hype is true.

"You Can Make Millions Trading Forex"

Well, the hype is definitely hyped, but the truth is that if you are willing to stick to it, you can live up to some of the hype. It won't happen as quickly as you might have heard, but it can happen faster than if you weren't trading.

My name is Russ Horn and I have been trading since 2000. It was a tough go in the beginning, but I did manage to figure it out and I did manage to make a few bucks from it. I have since then created 3 different trading systems, all very good and profitable systems.

The systems I have developed were for traders, or for people who wanted to become traders.

Over the last few years, I have seen people losing their homes, falling prey to collectors because they are in so much debt that they can't keep their heads above water. Times are changing for the worse, and if you believe the conspiracy theorists, this is the way it's supposed to be.

The purpose of this trading system is to help people who aren't traders or those that are struggling to trade. The point of this system is to help offer an alternative way to earn an income. Over the course of learning how to use this system, you will become a trader, but it's skewed mainly for those who simply want to earn money outside of their 9-5 job.

I want to help. This system was built with that in mind. I'm trying my best to keep things as simple as possible without taking anything away from the effectiveness of the system.

I think you will like this trading system a lot. Time is important.

Over the last year, I have come to realize that time is the most important thing you can have. Time is meant to be enjoyed with your family, friends and doing the things that make you happy.

You shouldn't spend a lot of your time working at a job you hate, but rather participating in the activities you love.

This trading system was built not just to be simple and effective, but also to create wealth fairly quickly.

I want everyone who trades this system to be able to double their trading account each and every month. Of course this isn't going to happen if you are not willing to take the time to trade this system or can only trade it once in a while.

If you are serious about improving your financial position, you could absolutely reach your goals trading this trading system.

Let's start with a $250 trading account and double it every month for a year...

1. $ 500
2. $ 1,000
3. $ 2,000
4. $ 4,000
5. $ 8,000
6. $ 16,000
7. $ 32,000
8. $ 64,000
9. $ 128,000
10. $ 256,000
11. $ 512,000
12. $ 1,024,000

One Million Twenty Four Thousand Dollars!

Is this actually possible?
It will be for a lot of traders. Traders do it all the time. Every day there is a new millionaire created out of the Forex market... why not you?

Maybe 1 Million is surreal; you don't need to earn that much. You might be more comfortable earning 100,000 in a year or even 50,000 in a year. If you are willing to put in the time and a little bit of effort, this is very realistic and I am going to show you how.

Let's say you don't earn 100% on your account in a month, but instead you are making 50%. Let's see how that pans out. Let's start with a $1000 account...

1. $ 1,500.00
2. $ 2,250.00
3. $ 3,375.00
4. $ 5,062.50
5. $ 7,593.75
6. $ 11,390.63
7. $ 17,085.94
8. $ 25,628.91
9. $ 38,443.36
10. $ 57,665.04
11. $ 86,497.56
12. $ 129,746.34

Just a couple hundred shy of 130 thousand bucks.

These numbers are fun to play with, but in reality, I want to show you the tools you need that could make this happen. You could make a million, you could make 250k, you could make 100k or even 50k... whatever suits you best, you will have the tools and the skills to make it happen.

II. Free Charts

You can get professional trading charts for free by opening something called a Demo Account. You get live, real time charts that you can practice on and then eventually trade live from.

These are called MetaTrader 4 charts. They are free and available for you to use as often as you want.

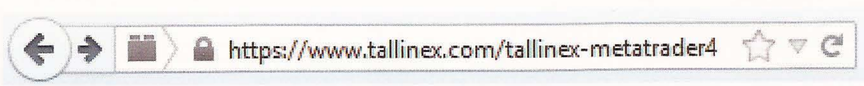
If you don't know of, or have a broker that you want to download your free charts from, you can download them directly from the MetaTrader 4 website. You can go here: http://www.metatrader4.com. Once you are there, click the big orange Free Download button, save the mt4setup.exe file to your computer, and then double click it to run it. All the installation steps are very self-explanatory.

These MT4 charts are available everywhere. Almost every Forex broker offers these to their potential customers.

The free charts I like to use for my demo accounts are through a broker called IBFX. You can find them online at http://www.ibfx.com/

You can download their free MT4 platform by going here:
http://www.ibfx.com/Platform/Free-Forex-Demo-Account

One of the brokers I use for a live account is Tallinex, you can download a demo platform from there as well. Visit http://www.tallinex.com



I'm not affiliated with any of the said brokers, you are welcome to use any broker of your choice.

For the installation instructions of a MetaTrader4 platform, please refer to the DVDs.

III. The Foundational Timeframe

This trading system was founded and built mainly around trading the 5 minute timeframe.

The 5 minute timeframe we trade will be cued from the 15 minute timeframe, which is 3 times greater than the 5 minute, and the periods on the indicators we use will reflect this.

We are going to use a lot of "higher timeframe" analysis. This system was built for trading the 5 minute charts, and the higher timeframe that we want to focus on will be the 15 minute.

From this point of view, the 15 minute is 3 times higher than the 5 minute, and the indicators also reflect this 3 to 1 relationship.

Even though trading the smaller timeframes is the basis of the system, without changing any of the indicators, we can use this system extremely well on all the timeframes.

We can trade on the 15 minute, we can trade on the 1 hour, and even the daily. No matter what timeframe you have the time to trade, this system will blow you away.

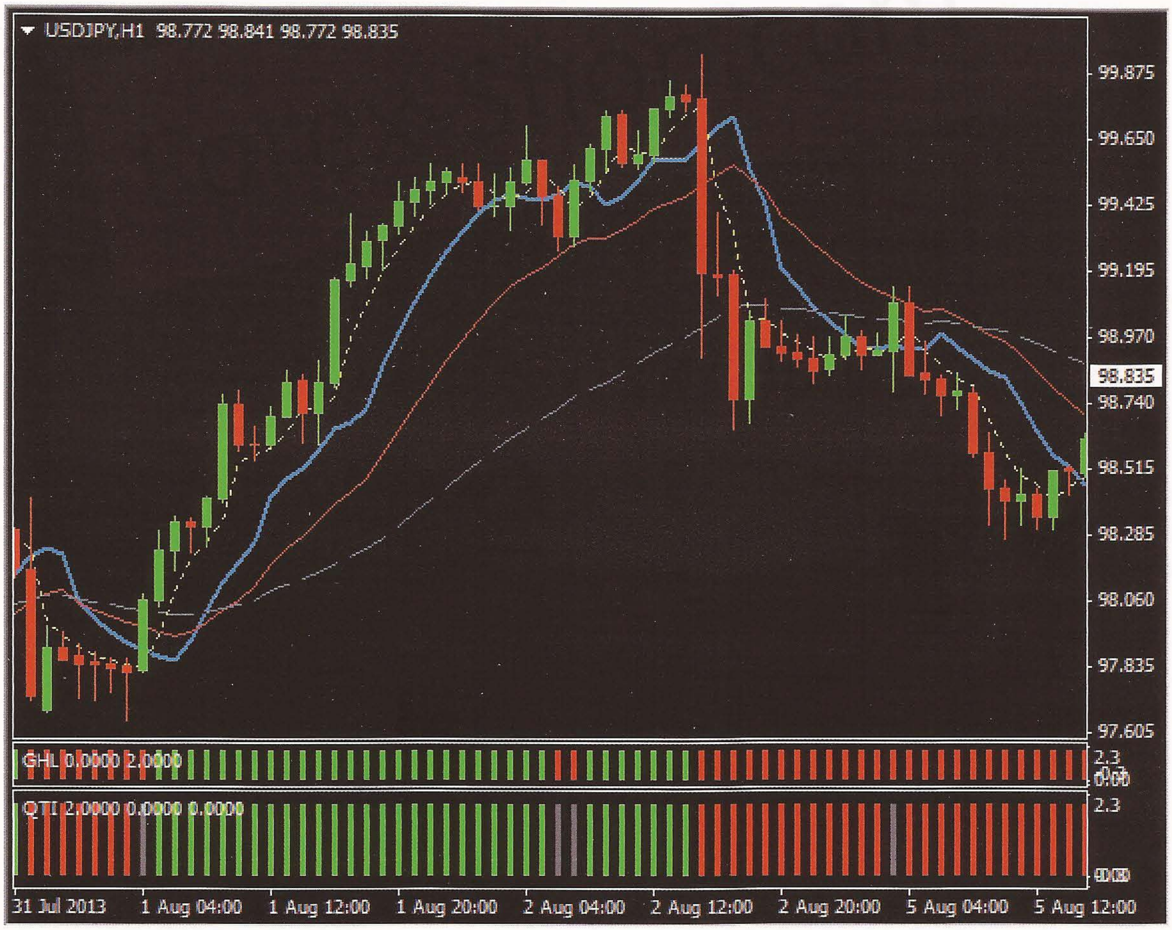
IV. Indicators

The indicators we use with the system include 4 moving averages and 2 histogram indicators.

Indicators:

3 period EMA shifted 1 (Yellow - dotted)
5 period EMA shifted 3 (Dodger Blue - solid - thickness 2)
15 period EMA shifted 3 (Red - solid - thickness 1)
45 period EMA shifted 3 (Grey - dashed)
GHL (Gain Hi Lo)
QTI (Quick Trend Index)

Your chart will look like this:

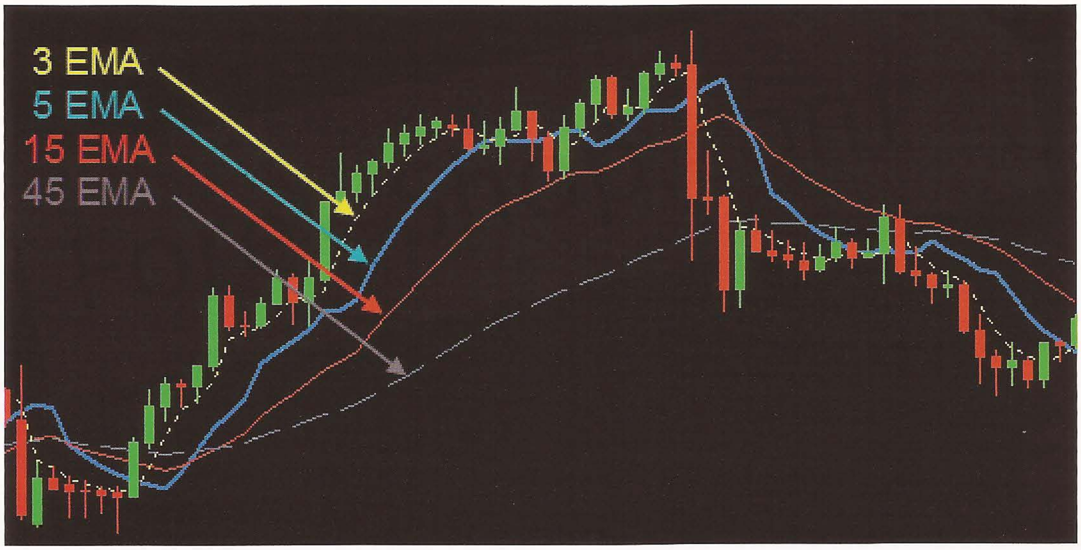


A. The Moving Averages

3 period EMA shifted 1 (Yellow - dot)
5 period EMA shifted 3 (Dodger Blue - solid - thickness 2)
15 period EMA shifted 3 (Red - solid - thickness 1)
45 period EMA shifted 3 (Grey - dashed)

These moving averages will work together to help us determine the direction we should trade in, up or down, and when to enter a trade.

There are a few ways to trade this system (you will learn them all) and these moving averages will be a critical component of all these ways.



The system was built around trading frequently. The best timeframe to trade is the 5 minute when you are looking to take a lot of trades (The one minute can be simply too choppy to trade well).

The 5 EMA is the key to the indicator series and it's no accident that the other EMAs are divisible by 5.

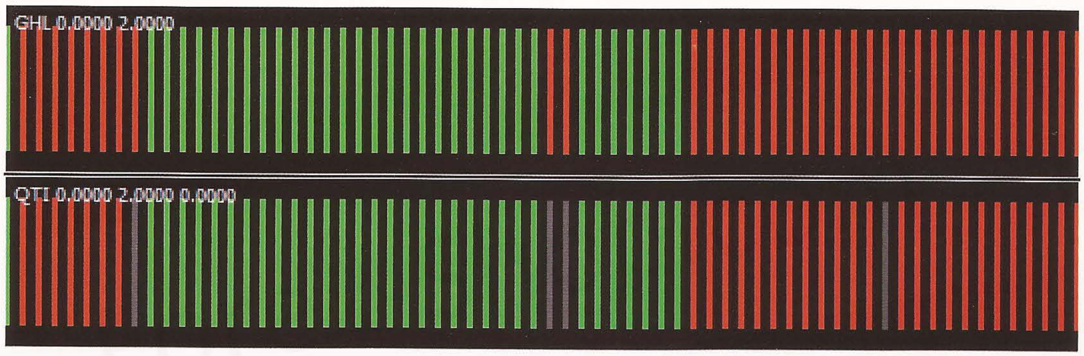
5 times 3 is 15.
15 times 3 is 45.

B. The GHL Indicator

GHL is short for the Gain Hi Lo indicator.

It will either be green or red. It's a combination of two simple moving averages, the 13 SMA of the highs and the 13 SMA of the lows.

Here's how it works. If you were to place these on the price chart, the histogram will turn green when the price closes above the 13 SMA of the highs. It will stay this way until the price closes below the 13 SMA of the lows. When price closes below the 13 SMA of the lows, the histogram bars will turn red.



C. The QTI Indicator

QTI is short for Quick Trend Index.

The QTI will be green, red or grey.

It's an index that calculates the short term trend, hence the Quick Trend name. When the trend is up, the indicator will turn green, when the trend is down, the histogram will turn red. When the trend is either in a transitional period or is undecided, it will turn grey.

The GHL and the QTI will work together in determining the direction we can trade, and they filter each other.

* For a more detailed set of instructions as to setting up your charts, please refer to the DVDs .

VIII. Trends

With all of these variations or systems, we will be trading with the trend. Once the market begins to move in one direction, the momentum will continue to push it in that direction. When we trade with the trend, we have the highest probability of success.

Of course, the trend cannot go forever, so there will be times when the trend does change direction.

BUT, for every change in the direction of the trend, we will get 3 or more opportunities to take a trade with the trend. Out of 10 trading opportunities, 7 will be with the trend, and those probabilities are hard to ignore.

What is a trend?

Put in its simplest form, it's the overall direction of the market. Is the market is going up? If so, it's in an uptrend. Is the market going down? If so, it's in a downtrend.

Trends are relative to the timeframes you are looking at. On a 1 hour chart, the trend could be moving up, but on a 5 minute, you could be looking at a down trend.

With this trading system, we will use the moving averages to identify a trend.

We have short term trends and longer term trends. With the moving averages, we can easily identify these trend directions.

There are 2 trends, and to make the optimal trades, we want both the short term and the long term in the same direction.

On the next pages, we will see a:

- Short term uptrend
- Long term uptrend

- Short term downtrend
- Long term downtrend

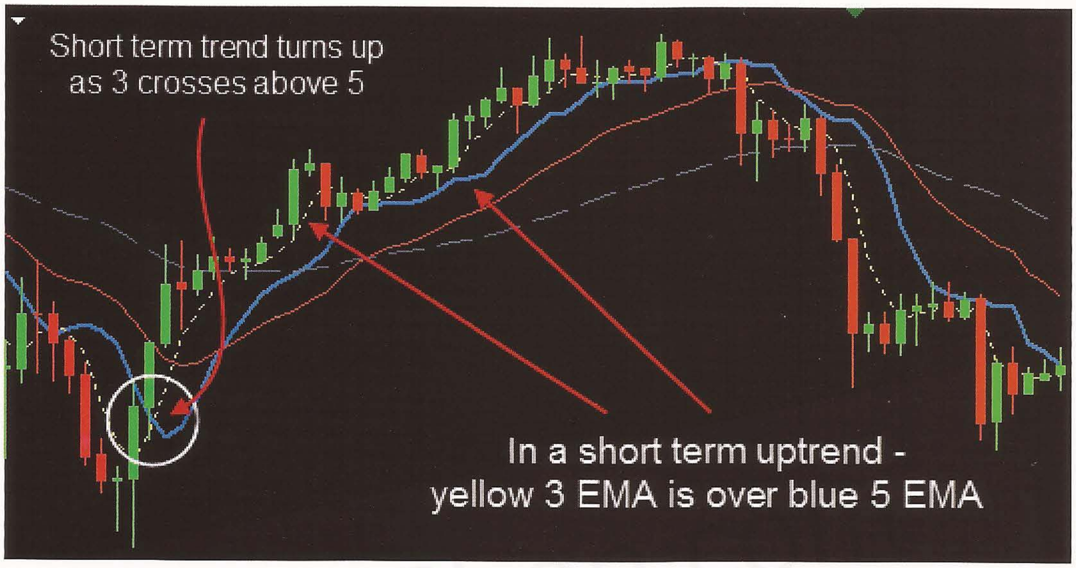
The way we judge this is by looking at the moving averages.

The 3 EMA and the 5 EMAs together will give us the short term direction.

The 15 EMA and the 45 EMA as a pair will tell us the long term trend direction.

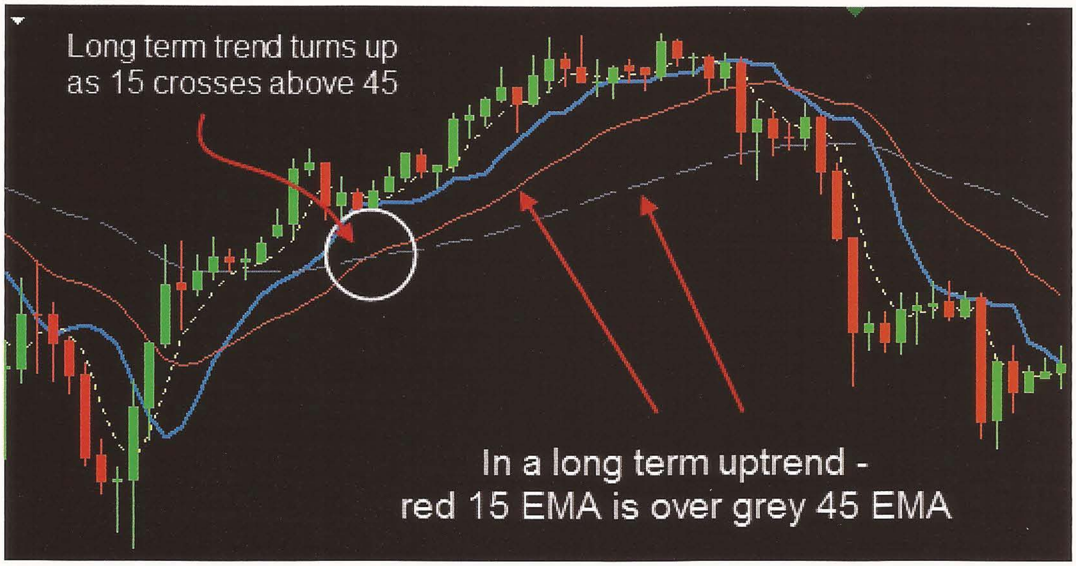
Short term UP trend:

The 3 EMA is above the 5 EMA



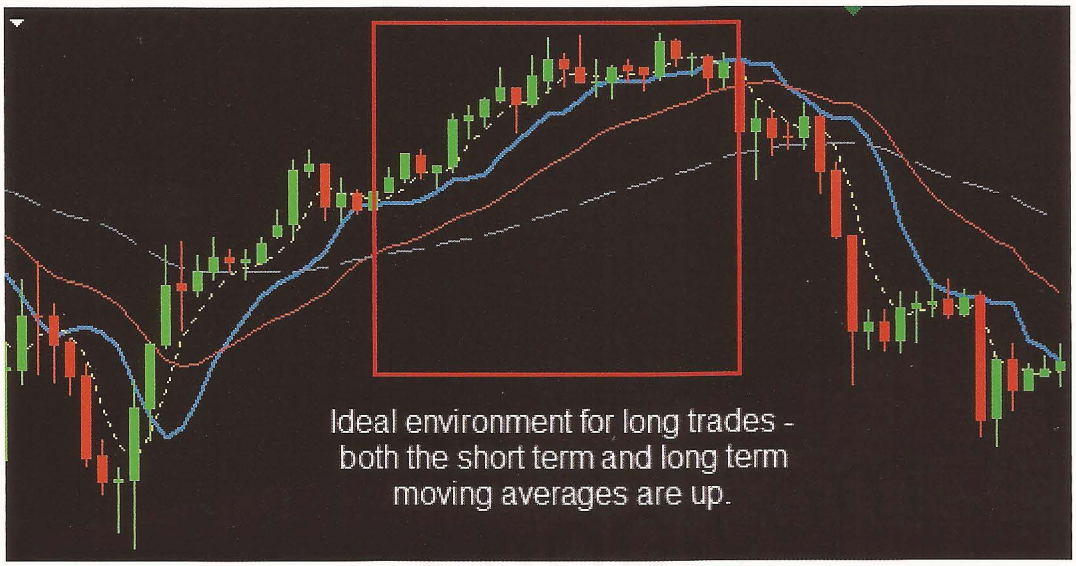
Long term UP trend:

The 15 EMA is above the 45 EMA

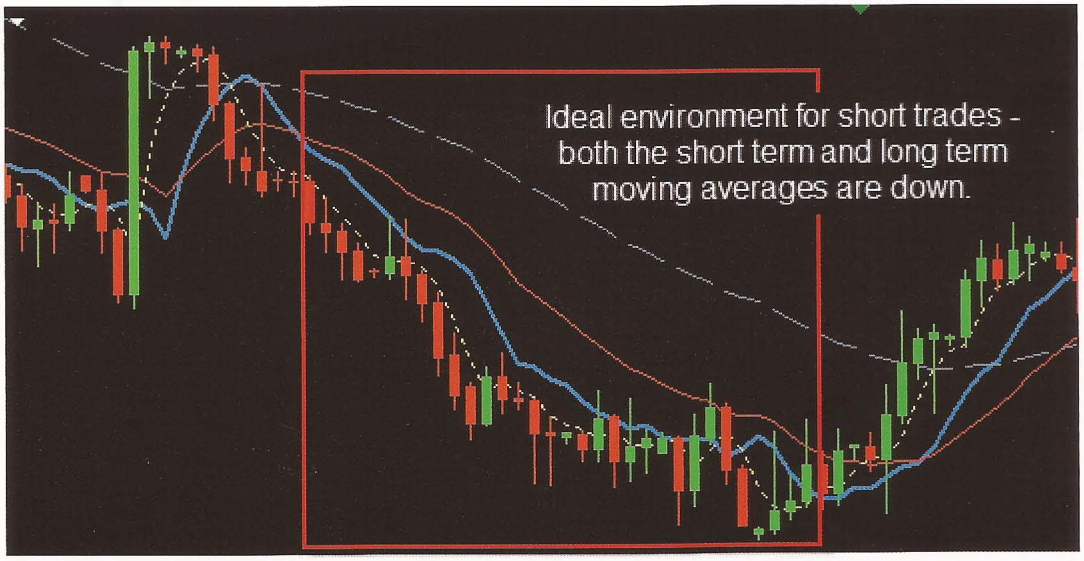


The best trading opportunities occur when both the short term and long term trends are in the same direction.

Highest probability long trades: All moving averages are up

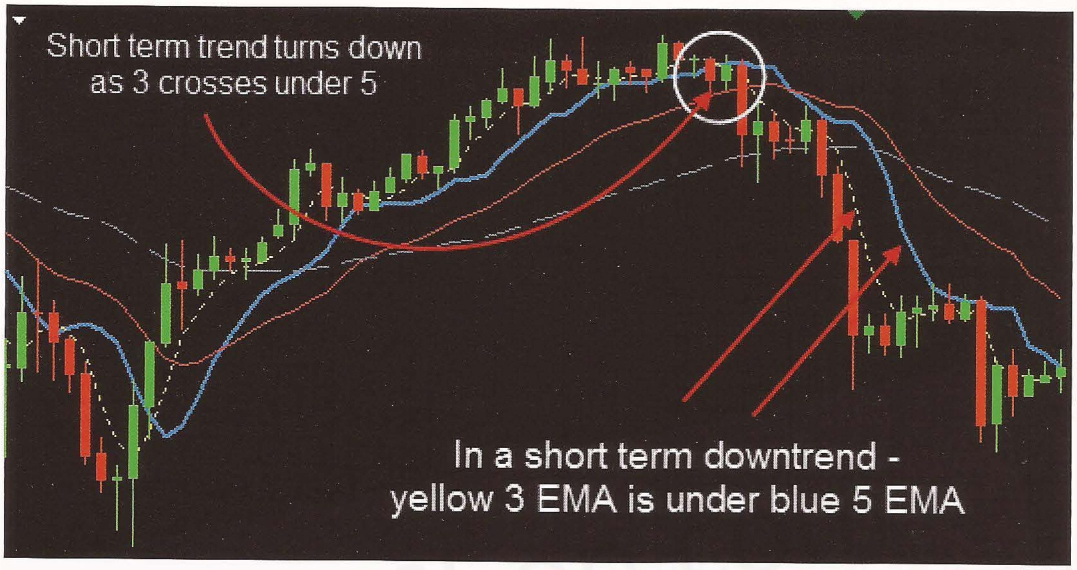


Highest probability short trades: All moving averages are down



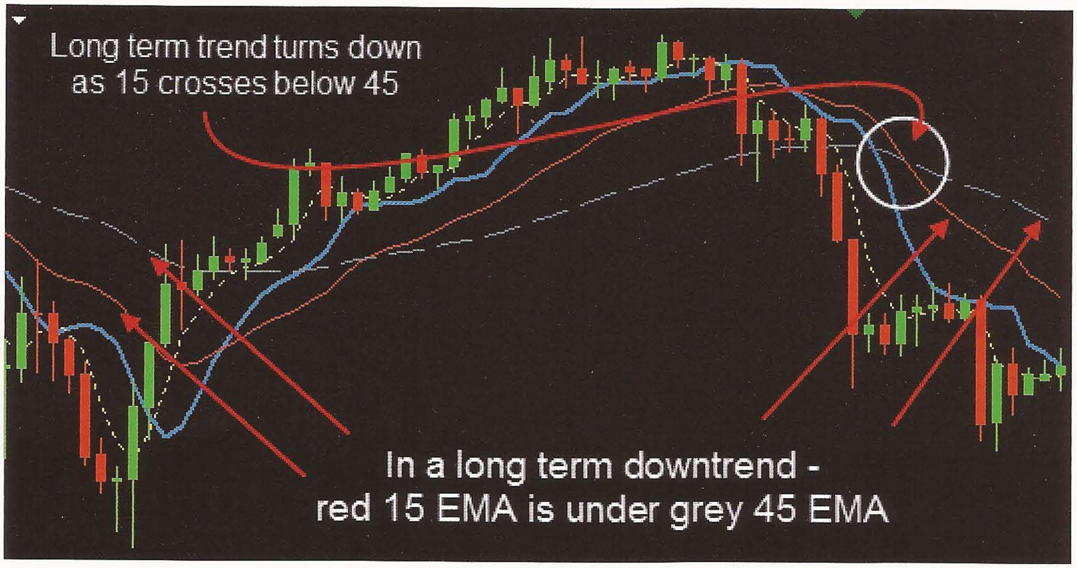
Short term DOWN trend:

The 3 EMA is below the 5 EMA



Long term DOWN trend:

The 15 EMA is below the 45 EMA



IX. Pullbacks

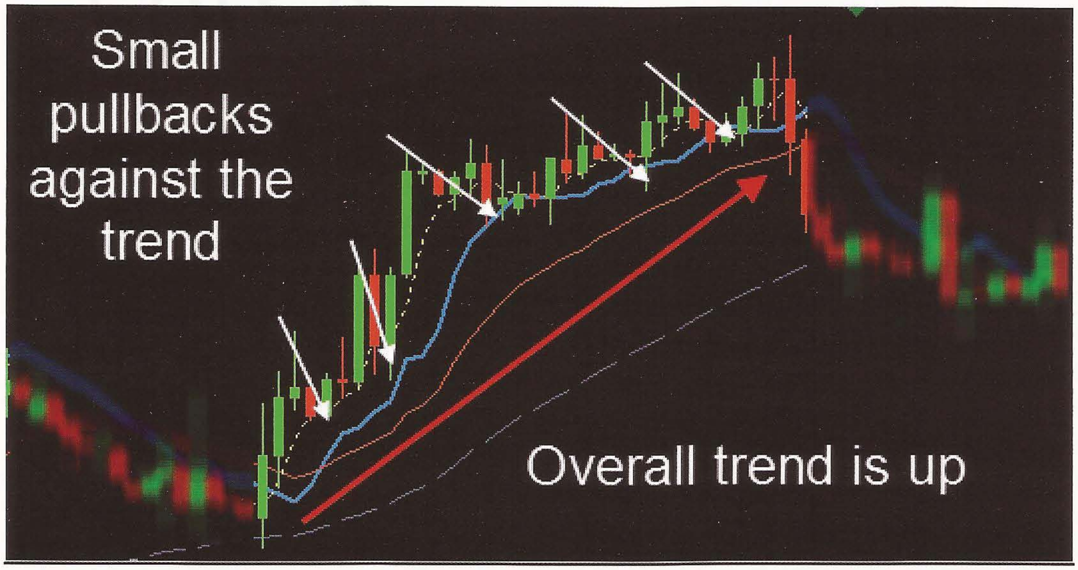
In each trend that happens, the price will make little adjustments in the opposite direction. They are not big moves, but they are very regular. They happen constantly.

In an uptrend, the market will make small moves down and then continue back in the direction of the trend.

These pullbacks can be several candles in duration, or simply during the formation of one candle.

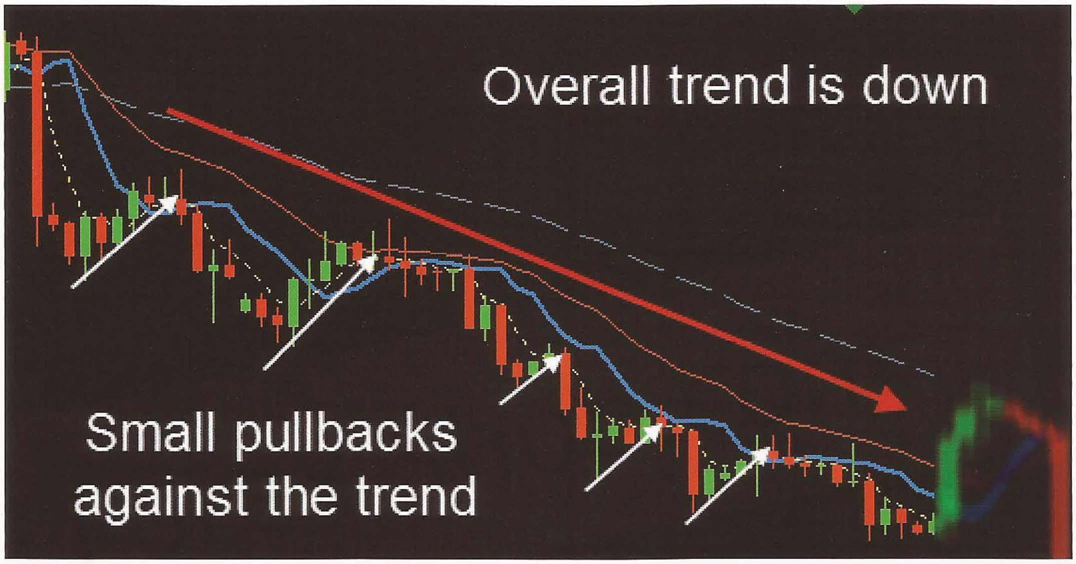
In the image below, you can see the pullbacks against the upwards trend. They are areas when price rises, but then moves down. These downward moves are generally very small and don't amount to much, but it's important to note that they happen all the time.

It's actually unusual to see the market move upwards without these small pullbacks along the way. Pullbacks are the "noise" the market experiences all the time. You will see these pullbacks on every timeframe form the 1 minute up to the monthly.



In the image below we can see that the trend is very strongly moving downwards. The market moves from the upper left to the lower right, the moving averages are all in order.

Even though the market is moving down, we are seeing that the price is stopping to make these counter-trend moves. Again, they are very small and generally difficult to trade, but they are there.



Pullbacks are also called "corrections" and are a big reason why traders ultimately fail.

Looking at the chart like we do, one can easily see that the market has moved down, but during the formation of these candles, traders never know for sure that the market will continue to keep moving down. Is it a pullback or a reversal?

The uncertainty will have unconfident traders getting out of their positions far too early in a trade. As soon as price moves against them, they frantically get out of their positions in an attempt to save what little profit they might have made.

These pullbacks are what will be very important to our success. We have many ways to take advantage of them. Very exciting times ahead!

X. Multi Time Frames

Multi timeframes is an important aspect to trading a couple of these systems.

As you know, we can look at a variety of timeframes on your charting platform. The specific timeframe simply means that's how long it takes to make a candle to completion before moving onto the next one. For example, a 5 minute timeframe means that each candle you will see on the chart will open and then close 5 minutes later and then move onto the next one.

With the MetaTrader4 charts, we have these options to look at:

1 Minute
5 Minute
15 Minute
30 Minute
1 Hour
4 Hour
Daily
Weekly
Monthly

Other platforms may have other options like the 10 minute, the 2 hour and 8 hour timeframes, while others will allow you to dictate your own timeframe, like the 42 minute for example. We are using the MT4 platform, so we are restricted to the list above (unless you choose to use offline charts, but that's for another manual).

Multi Time Frame (MTF) analysis is looking at one timeframe to help you make a trading decision on another timeframe.

We will be choosing one timeframe to trade and using a higher timeframe to help us determine what direction we are going to trade.

We will be using the 5 minute timeframe to trade quite often. This being the case, we will use the next higher timeframe to help us out, we will use the 15 minute to set us up.

How this works specifically, is we have decided the 5 minute is what we will trade, so we will watch the 15 minute chart for a setup. When we get that setup, we drop down to the 5 minute and wait for the trade.

The multi timeframe approach works well in 2 ways:

1. We are trading in the direction with the greater momentum.
2. The 2 timeframes will filter the trades.

Momentum

The higher the timeframe you go, you will see the candles are larger, as far as a pip count goes. On a 5 minute chart, the average candle length might be about 7 pips from top to bottom. On a 15 minute timeframe, the average candle length will increase to about 13 pips. On a 4 hour timeframe, you could be looking at the average candle being about 50 pips.

It makes sense to take a trade in the direction that will have the greatest potential. If we want to trade the 5 minute charts, going in the direction of the 15 minute is a wise thing to do. The extra momentum will increase the probability of success.

Filter

The way the system is built, when we find the setup on a higher timeframe, the smaller timeframe will be moving in the opposite direction. We have to wait for it to come back around and trigger a trade. Sometimes the market is not going to come back around and instead is changing direction. This will mean the smaller timeframe will never trigger a trade, saving us from taking a bad trade on the 15 minute.

I mentioned that this system will work on any timeframe you choose to trade, so I will give you a list of the timeframes we can trade and its associated higher timeframe companion.

If you trade the 1 minute, use the 5 minute as its companion higher timeframe.

Trade		**Higher Timeframe Companion**
1 Minute	--->	5 Minute
5 Minute	--->	15 Minute
15 Minute	--->	1 Hour
1 Hour	--->	4 Hour
4 Hour	--->	Daily
Daily	--->	Weekly
Weekly	--->	Monthly

The 30 minute timeframe is not in the list above. When we use a higher timeframe, I like to keep the ratio as close to 4:1 as possible. The 30 minute is that oddball timeframe. The timeframes on either side of it are the 15 minute and the 1 hour, giving us a 2:1 ratio. This is too close. These are too similar to make a quality MTF assessment.

XI. The Trading Systems

We are going to cover the different variations of the system in the following pages.

All the variations will use the same set of indicators, but we can explore different ways to trade them.

You can give several traders the exact same system and they will get slightly, sometimes dramatically, different results. There are personal and psychological aspects that will interfere with the way the system is traded.

Although the systems are built to be as simple as possible, there are still steps to follow. You will find that one of these systems will sit better with your trading abilities, personal traits, or psychology than the others.

All the variations are interconnected, too. Once you have learned and understood them all, you will be able to integrate each of them into one seamless trading methodology.

This is a beautiful system and it's something I am very proud of.

Its variations are very successful, very robust and you can build an account very quickly.

There is nothing more entertaining than watching a live trading account grow to proportions that you have never seen before.

What I want for you is to take one, or all, of these variations and make your dreams come true!

Let's get started.

A. System Number 1: Power Trader

The Power Trader is the foundational system. Everything revolves around these set of rules.

The Power Trader is a Multi Time Frame system. We are going to use a higher timeframe to find a setup and then drop down to a lower timeframe to look for the actual trade.

We'll be trading in the direction of the overall trend on the higher timeframe, this is to say, when both the short term and long term trends are in the same direction.

For long trades, we will be looking to the higher timeframe and moving averages will be in this order:

3 EMA
5 EMA
15 EMA
45 EMA

The GHL will be green.
The QTI will also be green.

Right after we get a setup, it's possible that the 3 EMA will drop below the 5 EMA, but that's ok as long as the 15 EMA remains over the 45 EMA.

Let's look at the actual process now.

There are 8 steps we are going to discuss as part of taking, managing and exiting a trade.

* You will see something called "histograms" in the descriptions. The histograms are the bars of the GHL and the QTI indicators.

The HIGHER TIMEFRAME is the timeframe we look to for the setup.
The LOWER TIMEFRAME is the timeframe we will be trading.

Step 1. On the higher timeframe, the moving averages and the histograms must all be in alignment.

Step 2. On the higher timeframe, price must pullback to touch the blue 5 EMA shifted 3.

Step 3. Immediately switch to the lower timeframe.

Step 4. On the lower timeframe, wait for a buy signal.

Step 5. Verify the higher timeframe is still in the right direction.

Step 6. On the lower timeframe, determine your Stop Loss placement.

Step 7. On the lower timeframe, place your order.

Step 8. On the lower timeframe, decide your Take Profit price.

Step 9. Manage your trade.

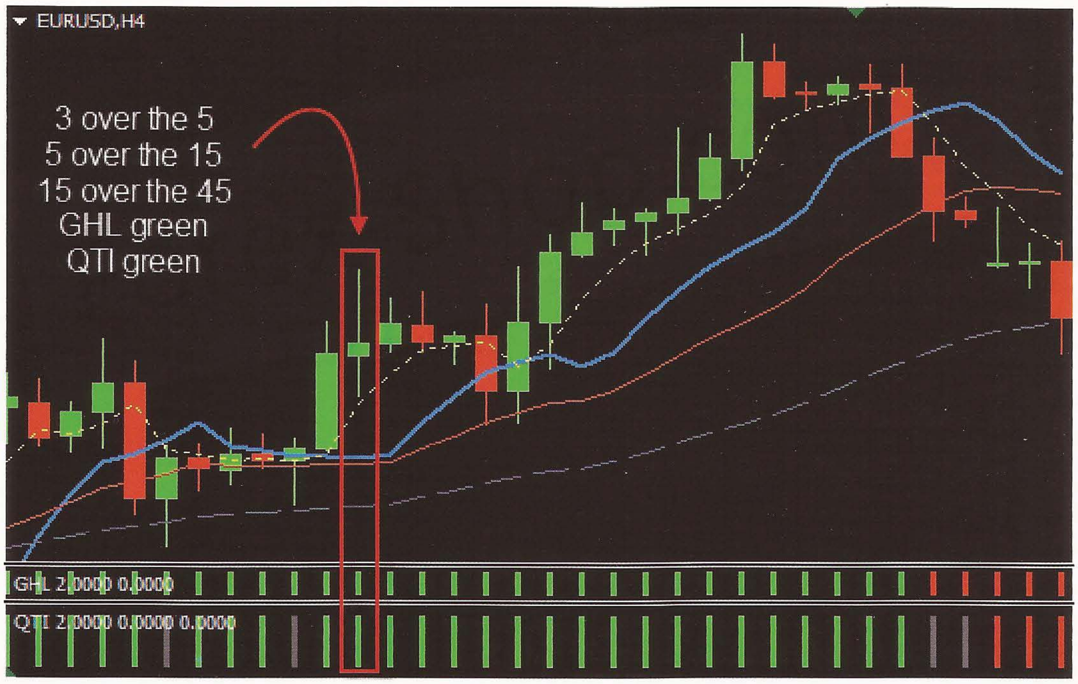
Step 10. (Optional)Trail your stop loss.

Step 1. On the higher timeframe, the moving averages and the histograms must all be in alignment.

For a long trade:

On the higher timeframe...

Price is over the 3 EMA
3 EMA over the 5 EMA
5EMA over the 15 EMA
15 EMA over the 45 EMA
GHL green
QTI green

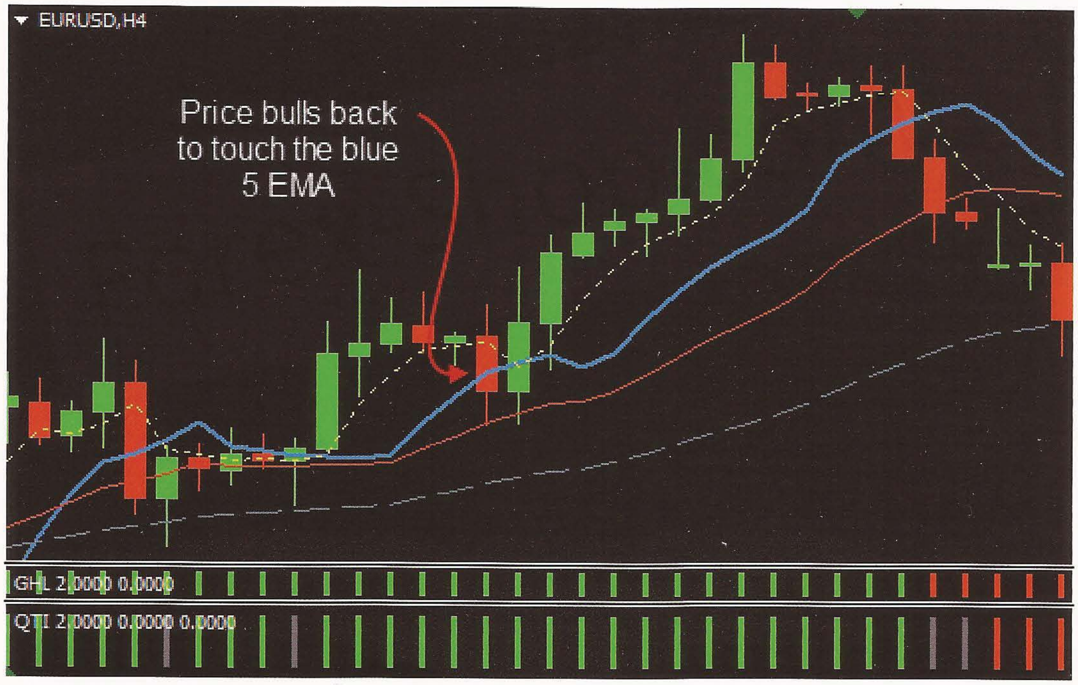


Step 2. On the higher timeframe, price must pullback to touch the blue 5 EMA shifted 3.

When price touches the 5 EMA, it will do so from above the moving averages. Price has to have been moving upwards in order to align the moving averages.

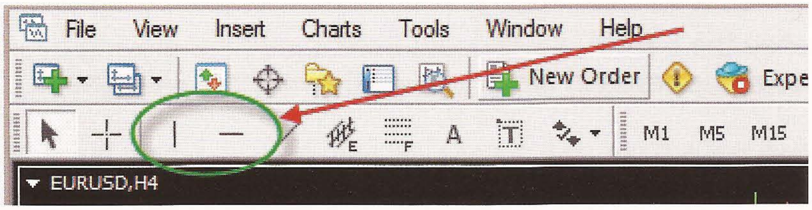
After price touches the 5 EMA, the 3 EMA is likely to drop below the 5 EMA, this is ok! As long as the 5 EMA remains over the 15 EMA and the 15 EMA remains over the 45 EMA, we are still good to go.

The 3 EMA is very fast and will be easily manipulated by the market. As long as it's above the 5 EMA initially, it can drop below the 5 EMA when the price touches the 5 EMA without any adverse side effects.

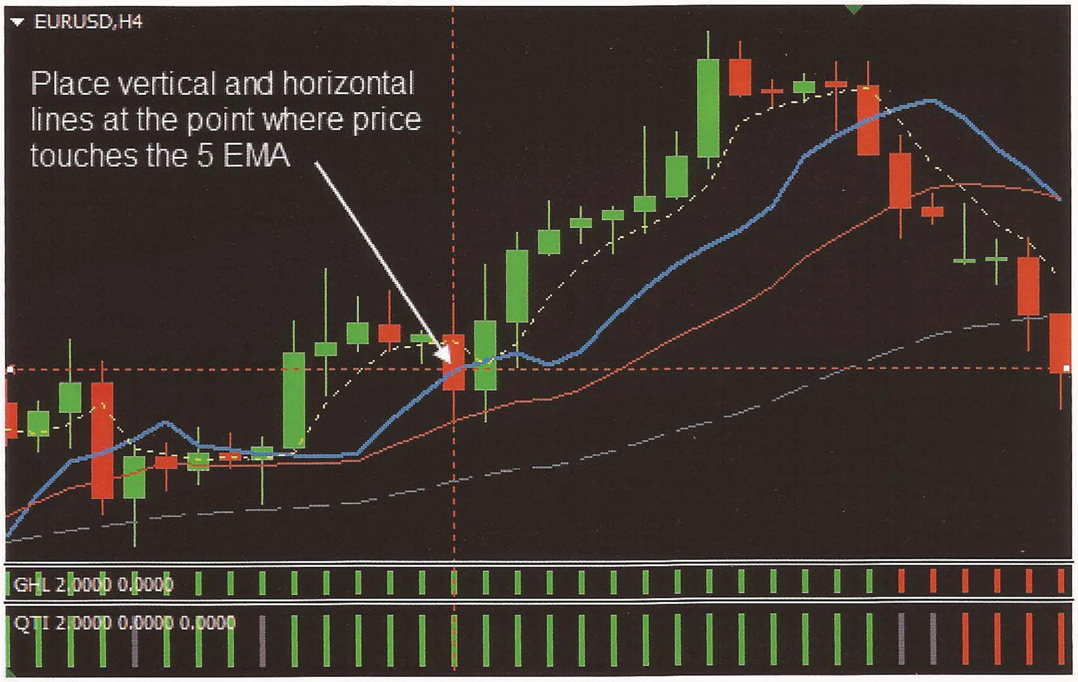


A question that I get all the time is “Does the candle that touches the 5 EMA have to close?” The answer is NO. The candle simply has to touch the 5 EMA. In an uptrend, the candle that touches the 5 EMA will be a red bear candle.

I like to draw a crosshair on the exact price when the higher timeframe touches the 5 EMA. Use your vertical and horizontal line tools to draw your lines.



In the higher timeframe, your crosshairs will look like this:



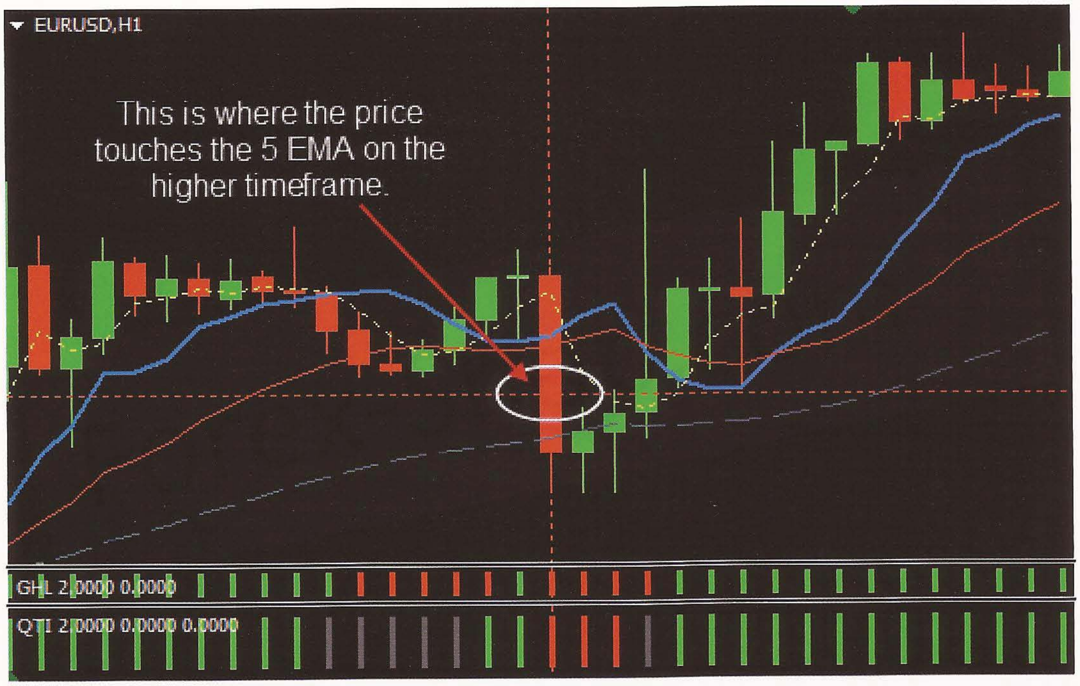
When you switch to the lower timeframe, your crosshairs will show you where the intersection is.

This is especially good when you are back-testing the system.

Step 3. Immediately switch to the lower timeframe.

As soon as the price touches the 5 EMA on the higher timeframe, we immediately drop down to the lower timeframe. This is the timeframe we are trading.

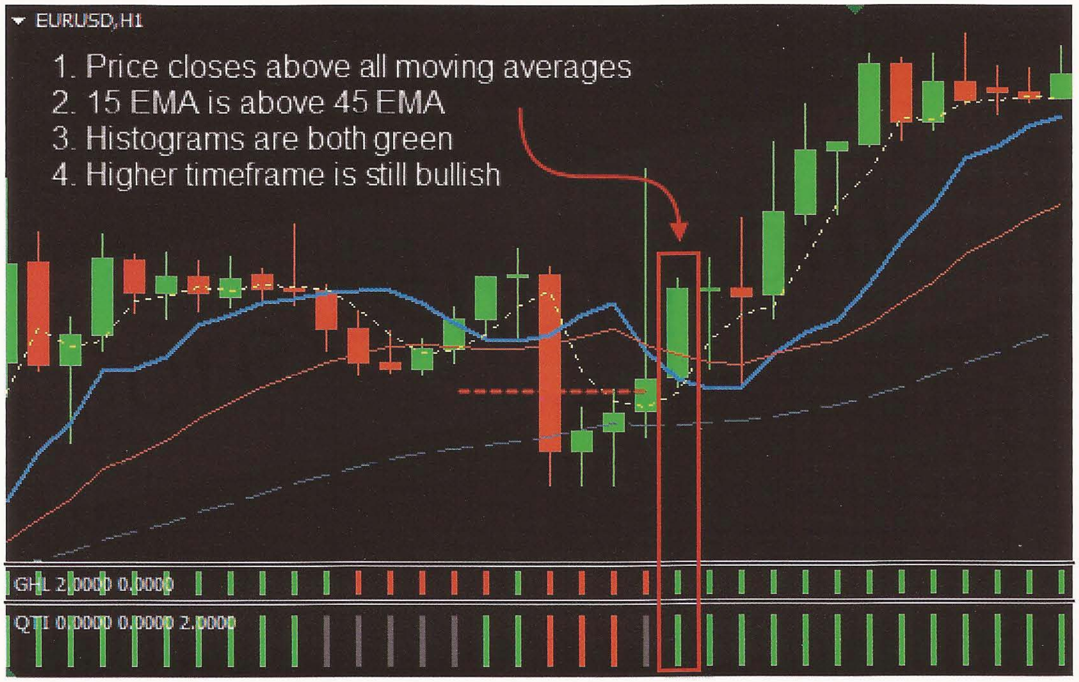
In the example we are using here, the higher timeframe is the 4 hour. We are trading the 1 hour, so this is the timeframe we switch over to as soon as the price touches the 5 EMA on the 4 hour.



Step 4. On the lower timeframe, wait for a buy signal.

The buy signal might look a little confusing, but it's not.
There are 4 aspects to a buy signal.

1. Price closes above all the moving averages.
2. The red 15 EMA is above the grey 45 EMA.
3. Both histograms are green.
4. The higher timeframe is still bullish (moving averages still in the right order and the histograms are still green).



Just before you place your buy trade at the close of the trigger candle, check back to the higher timeframe to be sure that things are still bullish.

1. The moving averages should still be in the proper order. The 3 EMA might have dropped below the 5 EMA and that is ok. As long as the 5 is over the 15, which is over the 45, we are good.
2. The GHL and the QTI indicators should still be green.

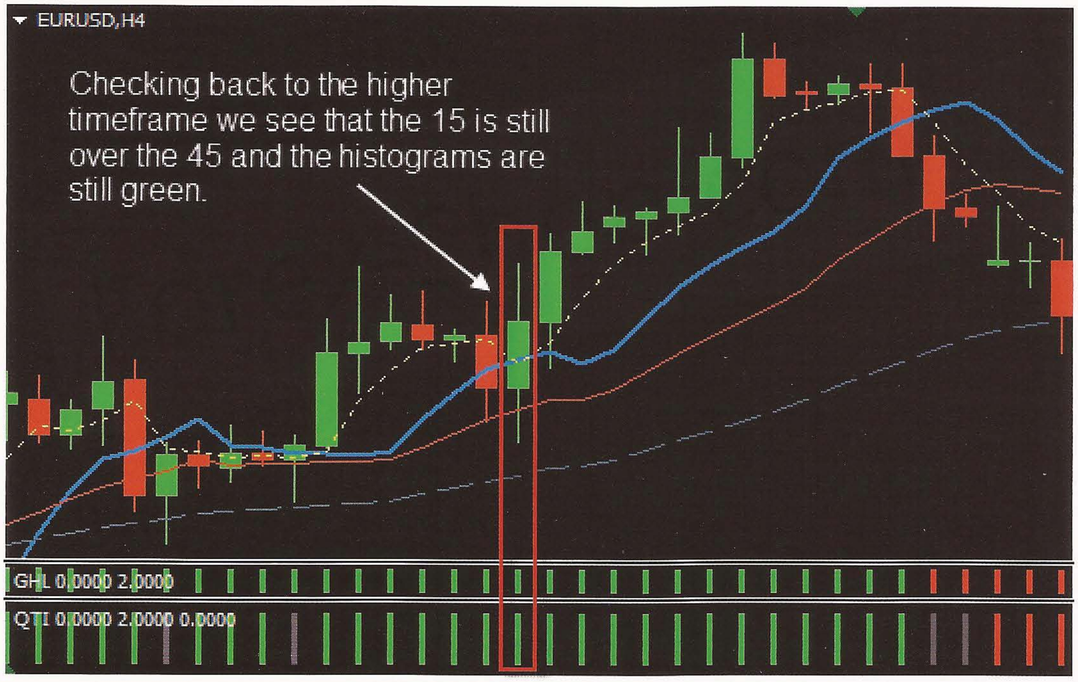
When you check the higher timeframe and everything is still looking good, we can place a market order at the close of the entry candle.

Step 5. Verify that the higher timeframe is still in the right direction.

Sometimes a buy signal can take a little while to show up. If the pullback is too severe, it could be more than a pullback and be the beginning of a reversal. This is how the filter mechanism works.

By the time we get a signal to go long on the timeframe we are trading, the price may have pulled back far enough to start turning the histogram bars red.

We want to check and see that when we get a trade entry signal, the higher timeframe is still looking bullish. The 15 EMA will be over the 45 EMA and both the GHL and the QTI histograms are green.



As far as the moving averages are concerned, it's ideal that the 15 EMA is over the 45 EMA and that the 5 EMA is over the 15 EMA.

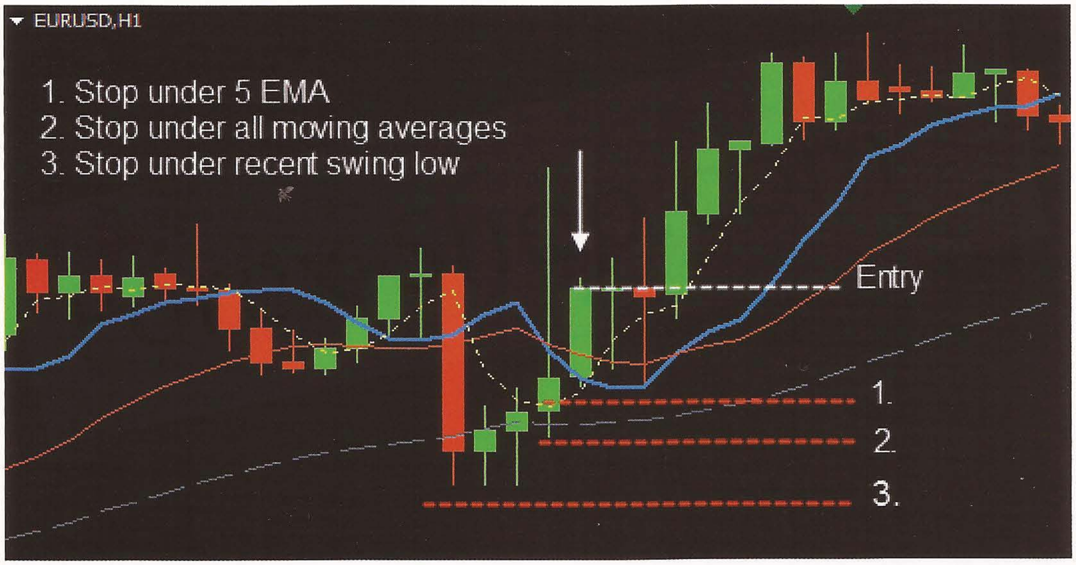
The 3 EMA may or may not be over the 5 EMA, this is not of great importance. The pullback could be far enough to pull the 3 below the 5. It's alright if this is the case.

Step 6. On the lower timeframe, determine your Stop Loss placement.

You will need to know where to place your stop loss in this trade. It's important to know where your stop will go as it will help you determine how big a trade to put on.

In the buy trade, your stop loss will typically go a few pips below the most recent swing low. We do have a few options, however.

- Place your stop loss below the recent swing low. (This is your go-to stop loss when you can't decide which one to use.)
- Place your stop loss below the 5 EMA.
- Place your stop loss below all of the moving averages.



The stop that is the farthest away from the entry is the Conservative stop. This one can be either the recent swing low, or all the moving averages. They may alternate from time to time depending on the recent volatility of the market.

The closest stop placement will be under the 5 EMA. This will be the most aggressive stop.

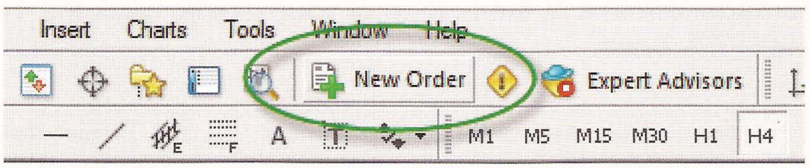
The stop in between the aggressive and conservative will be the moderate stop loss.

Step 7. On the lower timeframe, place your order.

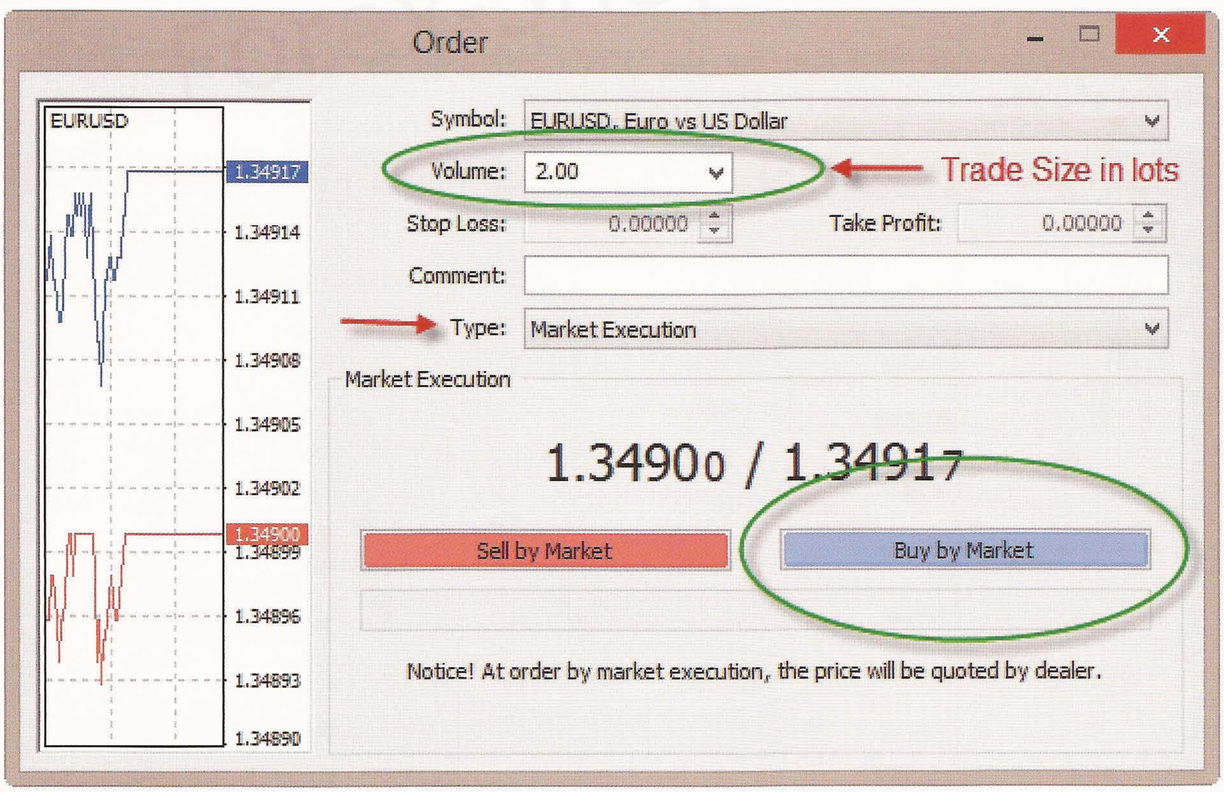
Now that you know where your stop loss is going to go, you will also then be able to tell how many pips away from the entry it will be.

This is important to know in order to properly decide the number of lots you are going to trade.

Once you have decided how many lots you will be trading, click the New Order button at the top of your charts.

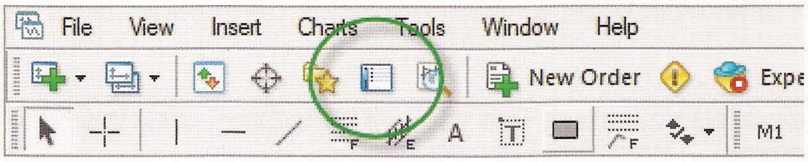


This will open your order window. The Volumes field is the number of lots you will be trading. It can be full lots (1, 2, 25) or it can be fractional lots (0.01, 0.6).
Market Execution will get you into the market immediately. Then Click Buy.

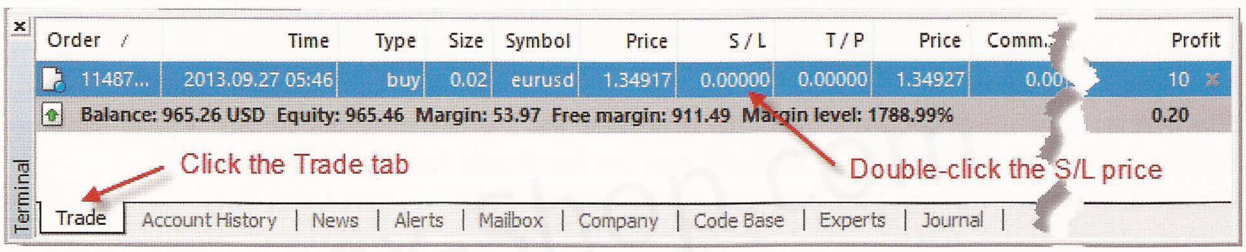


Once in your trade, you will need to place your stop loss price. You can place your take profit price here as well.

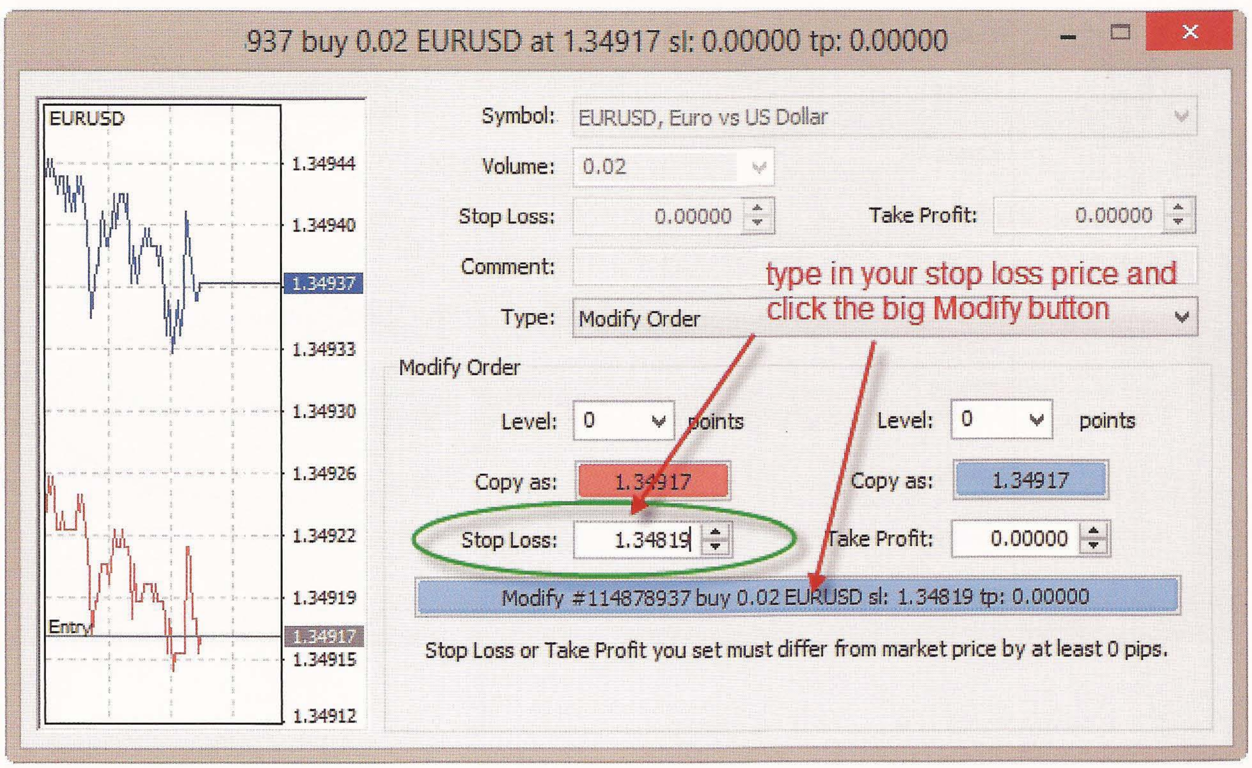
In order to gain access to your trade, you first have to click the Terminal icon in your toolbar across the top of your charts.



This will open the trade terminal at the bottom of your charts. Click the Trade tab and then double-click the S/L price.



Type in your stop loss price and then the Modify button will be clickable. Once you are satisfied with your price, click the big Modify button.

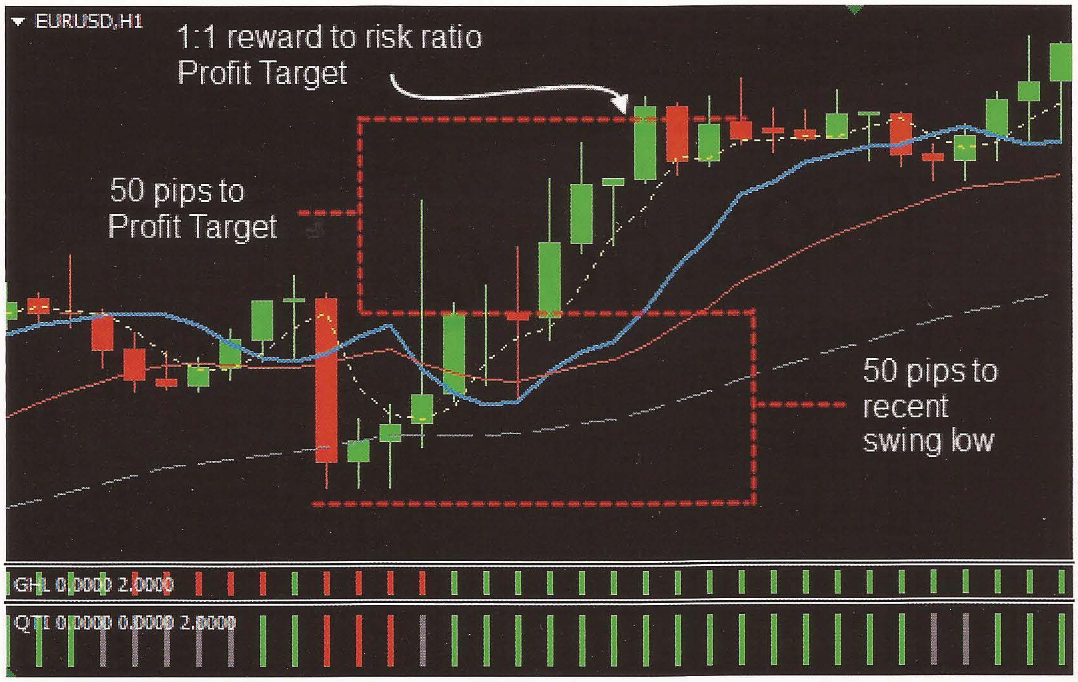


Step 8. On the lower timeframe, decide your Take Profit price.

Typically, you will calculate how many pips the recent swing low is from your entry. If the swing low is 50 pips away, your take profit will also be 50 pips.

If you decide to place your stop loss just below the recent swing low, your reward to risk ratio is 1:1.This is "one to one".

If you decide to use the more aggressive stop just below the 5 EMA, you will risk less than you potentially can gain from the trade. If the take profit is 50 pips, your stop could be more like 25 pips. This now changes your reward to risk ratio to 2:1.This is ideal.

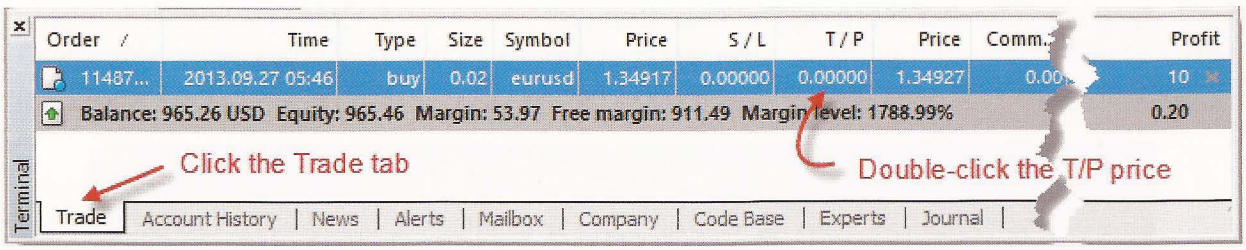


Your take profit level is known as a "hard target".

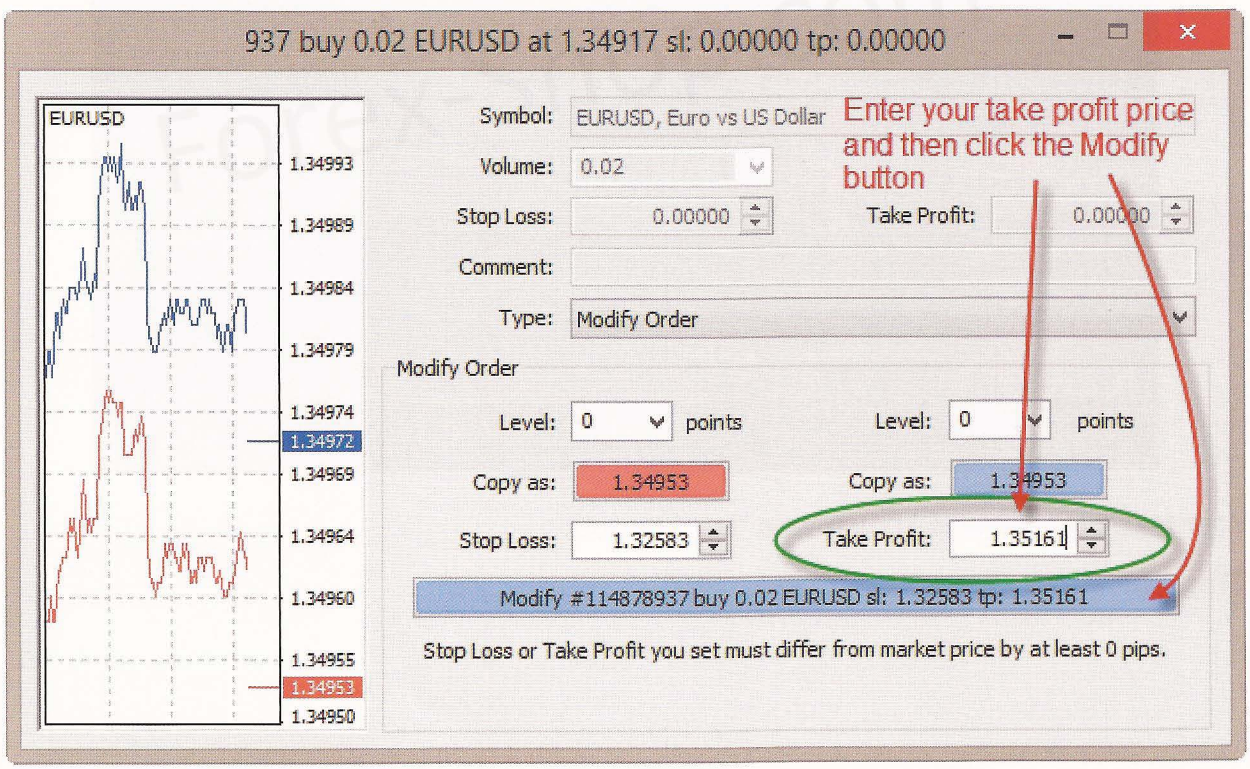
Once you know your Take Profit price, the process is the same as placing your stop loss.

Click the terminal button in your toolbar to open the terminal window at the bottom of your charts.

Once the terminal window is open, click the Trade tab and then double click the T/P price.



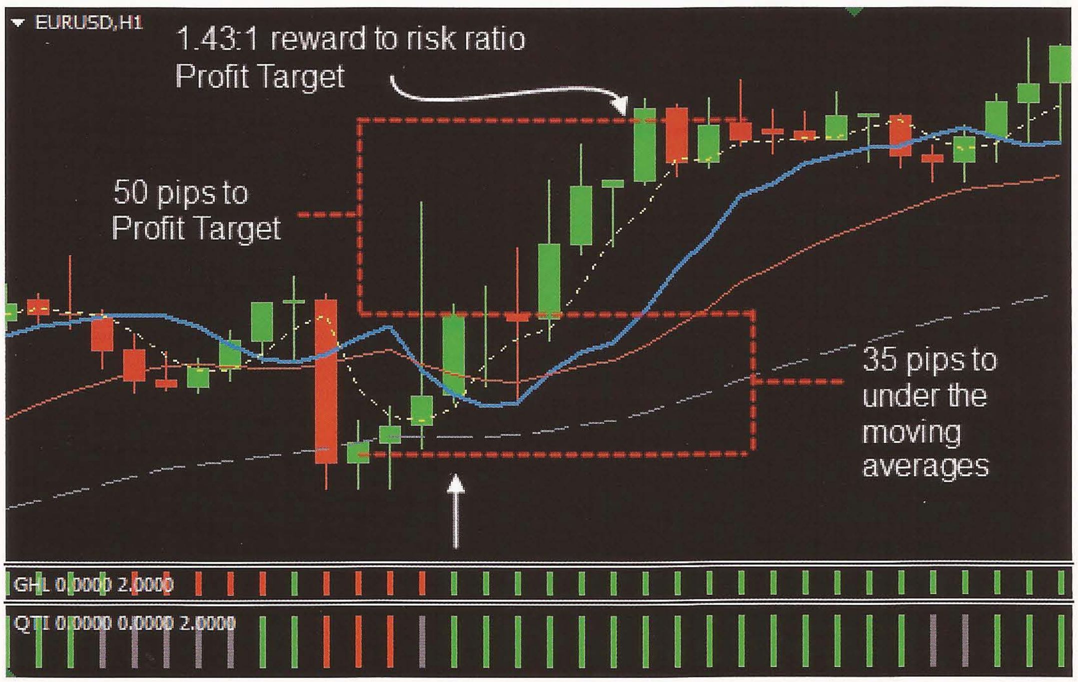
Enter your take profit price and then click the big Modify button when you are done.



Stop going under the 5 EMA

* The lowest part of the 5 EMA may be just ahead of the entry candle as this moving average is shifted forward by 3 candle positions (aggressive stop loss):

Stop goes under the moving averages directly under the entry candle
(In this example, this is the moderate stop):



Step 9. Manage your trade.

The sin many traders commit is to let a good trade turn bad.

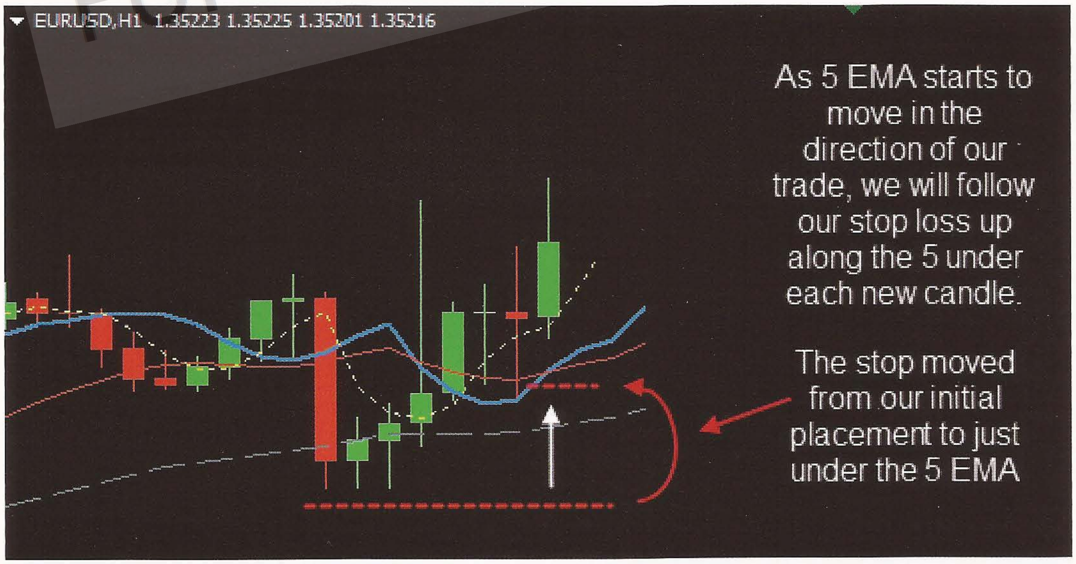
Too often a trade will get extremely close to the take profit level but turn around before it actually tags it. Once the price retracts, the last thing you want is for the good trade to take you out at a full loss.

The way we avoid this is to manage our trade. As the price progresses, we need to find a way to move our stop loss towards our entry price and then to break-even. When you are at break-even, you have moved your stop to the entry level. This way, if the market does decide to turn around and you do get stopped out, it will stop you out where you got in, so you will lose nothing on the trade.

They call this a "free trade". Once your stop is at break-even, there is no risk to you anymore, you can't lose any money.

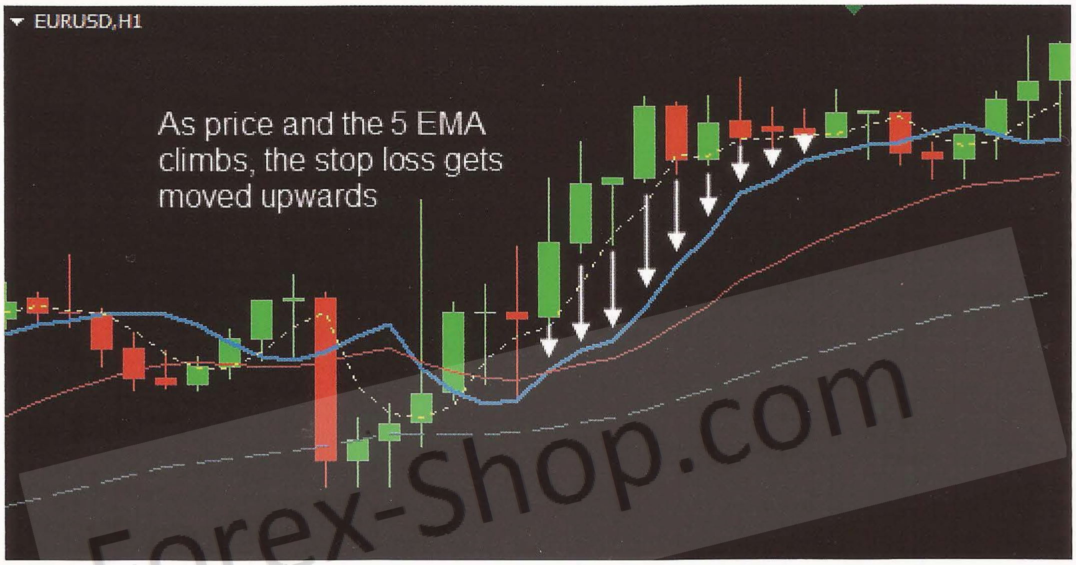
The way we manage our trade is to move our stop loss along the 5 EMA.

As the market and the 5 EMA moves in our favour, the position of the 5 EMA directly under each new candle is where the stop loss gets moved.



For each new candle that opens, we can move the stop loss up and under the 5 EMA directly under the new candle.

Often times, because the 5 EMA is shifted forward, the EMA directly under the price won't immediately begin to move up. If the EMA does not move up, then we don't do anything with our stop loss. It will remain in its initial position.

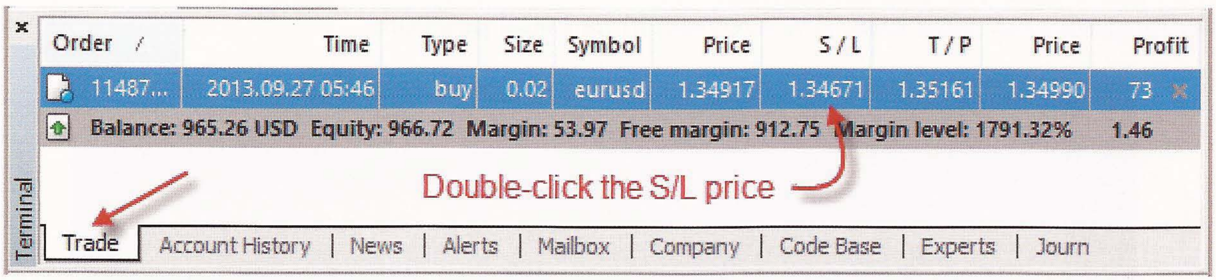


Managing our trade is an excellent way to protect ourselves. Every time you can move your stop loss in your favour, it's like putting money into your account.

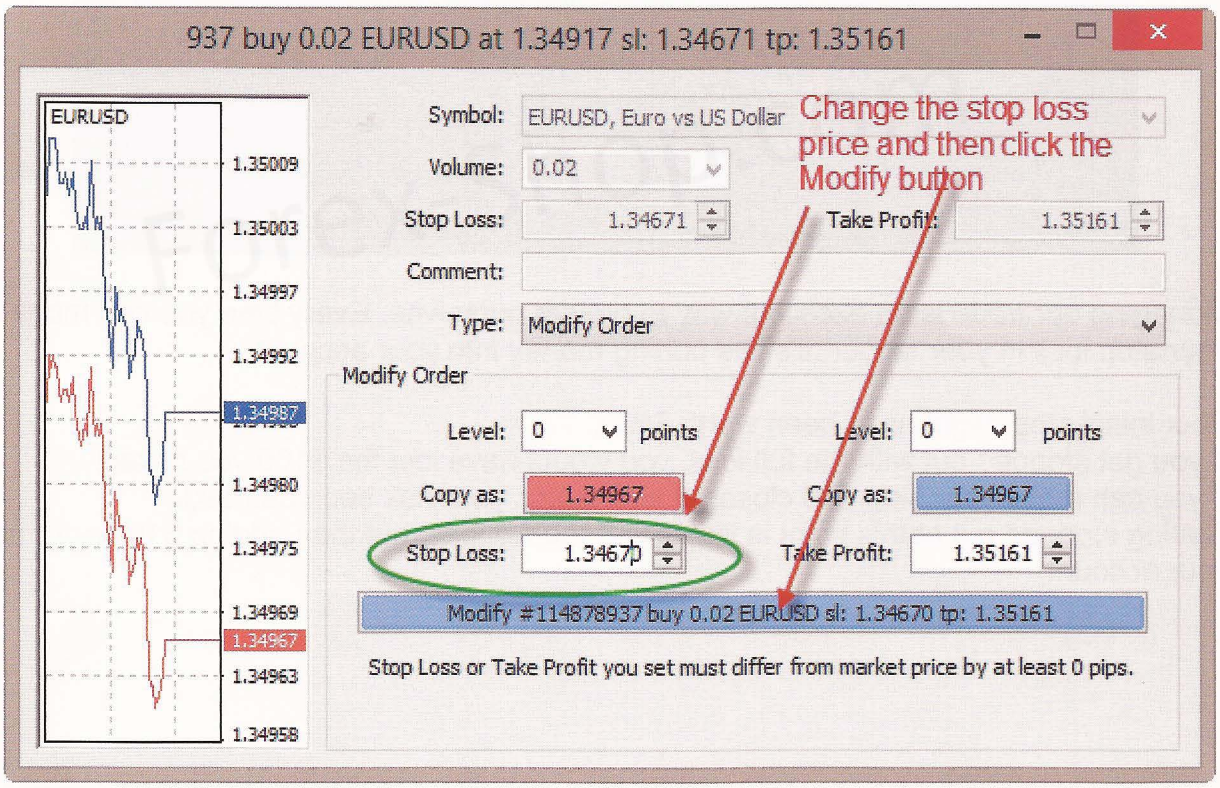
Your initial stop might have been worth $100.
If you get stopped out with the full loss, you would have lost the $100 you risked.
If you can move your stop $10 closer to your entry, your risk becomes $90.
Getting stopped out at this point is like taking the full loss, but then adding $10 back into your account.

Moving your stop loss is done in a similar fashion as placing a stop or profit order.

You can open your terminal window by clicking the Terminal icon in your toolbar. Click the Trade tab and then double-click on the S/L price.



Modify the stop loss price and the click the Modify button.



* With the recent build of the MT4 platform, they have made adjusting your stop loss incredibly easy. You can simply drag the stop line that appears on your chart to where you want it to go.

Let's take a look at an example to help clarify what I mean about putting money into your account.

10 winning trades for $100 = + $ 1,000
10 losing trade for $100 = - $ 1,000
The net result is break even, or $ 0.

Now, we still win 10 and lose 10, but half of the 10 losses we were able to move our stop 50% of the way to our entry... so $ 50.

10 winning trades for $ 100 = + $ 1,000
5 losing trades for $ 100 = - $ 500
5 losing trades for $ 50 = - $ 250 (the ones we could move our stop on)
Net will be positive $ 250
These were still 10 winners and 10 losers, but we still made money.

How about we are able to move 5 of our trades to break-even…

10 winning trades for $ 100 = + $ 1,000
5 losing trades for $ 100 = - $ 500
5 losing trades for $ 0 = $ 0 (the ones we could move our stop to break-even)
Net will be positive $ 500

I hope now you can see how important it is to move our stop loss when we get a chance to.

Moving our stop loss in our favour is literally like putting money in the bank.

Step 10. (Optional) Trail your stop loss.

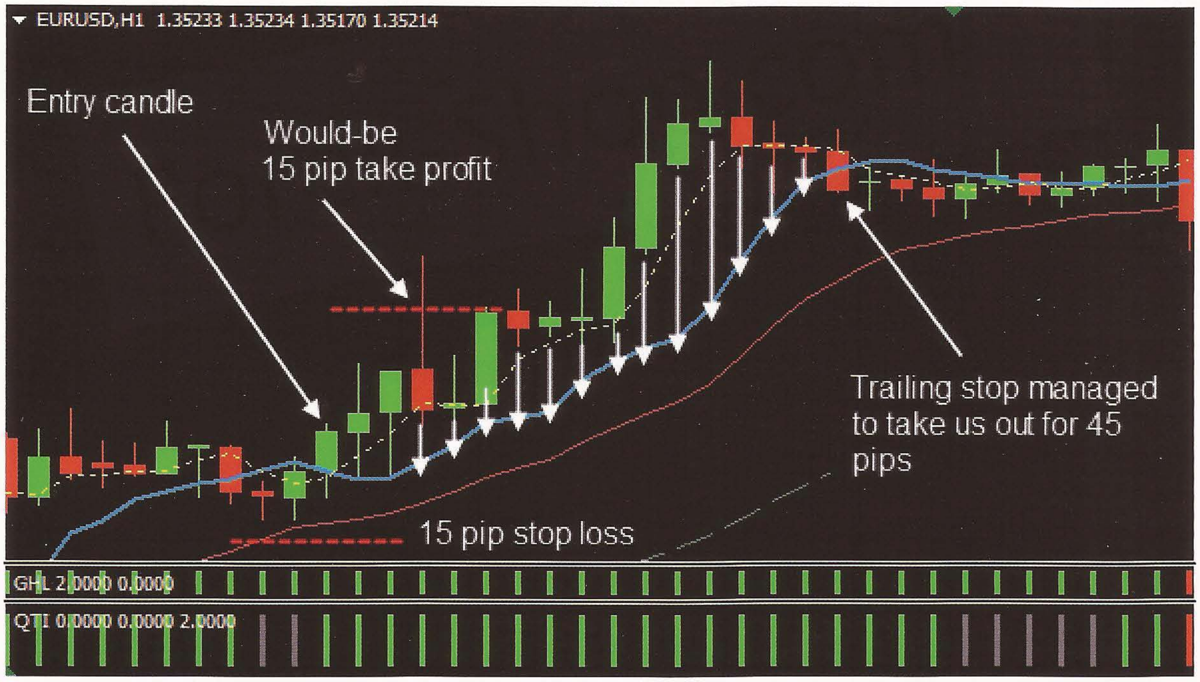
You can choose to not set a take profit on your trades, but instead, to trail your stop in the way we described in Step 7 until you get stopped out.

This will work extremely well at times and you can bag 2 or 3 or more times what your target would have been.

There will be other times when trailing your stop will have you taking a smaller profit than if you were to set a hard target. Price can hit the level you would have placed your take profit and then quickly retrace. You would end up with a smaller gain.

If you trail your stop, you would be described as a trend trader.

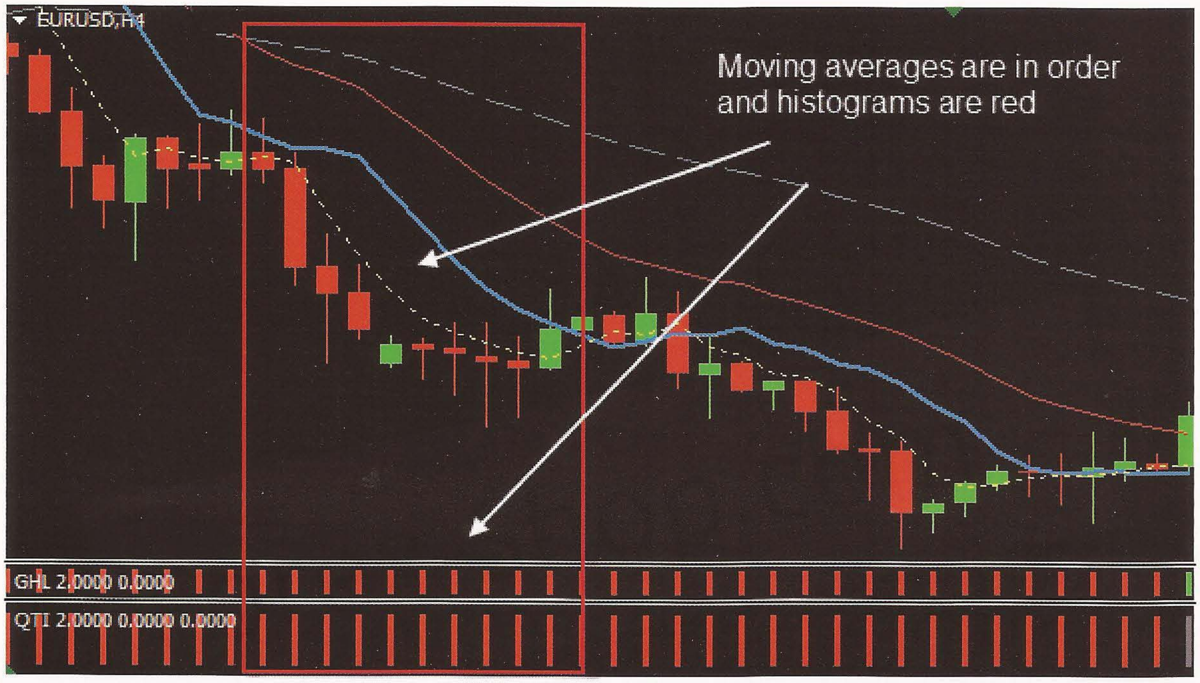
Here is an example of how a trailing stop would have netted us more pips:



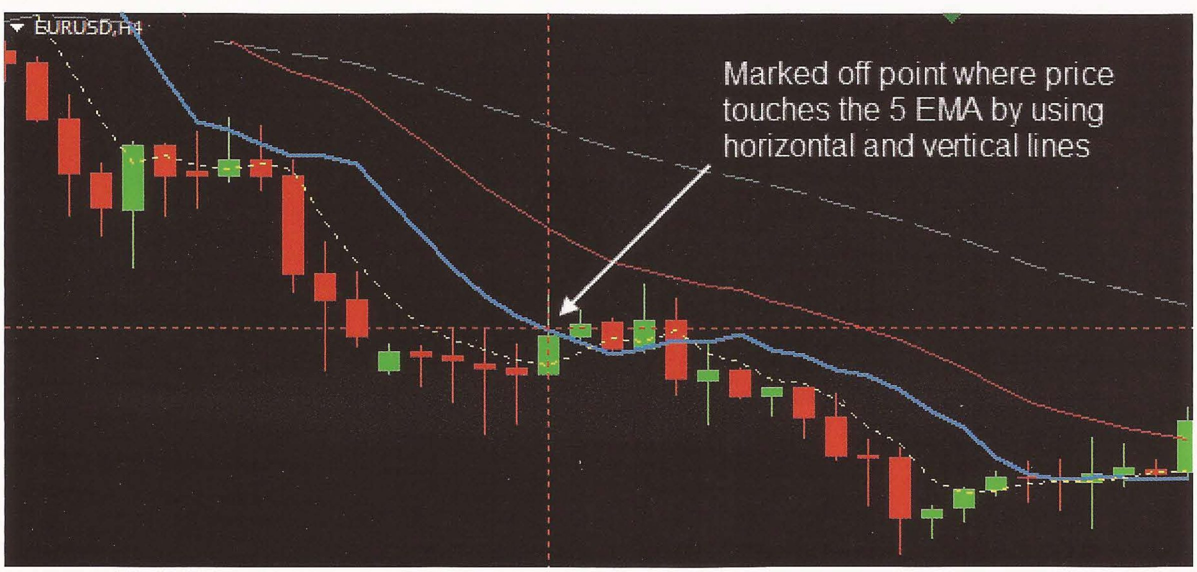
A question I get asked a lot is, "How do I know when to use a hard target or a trailing stop?" The answer is we never know. You will have to decide which you want to be... a target trader or a tend trader.

Let's look at these 10 steps again but this time on a short trade.

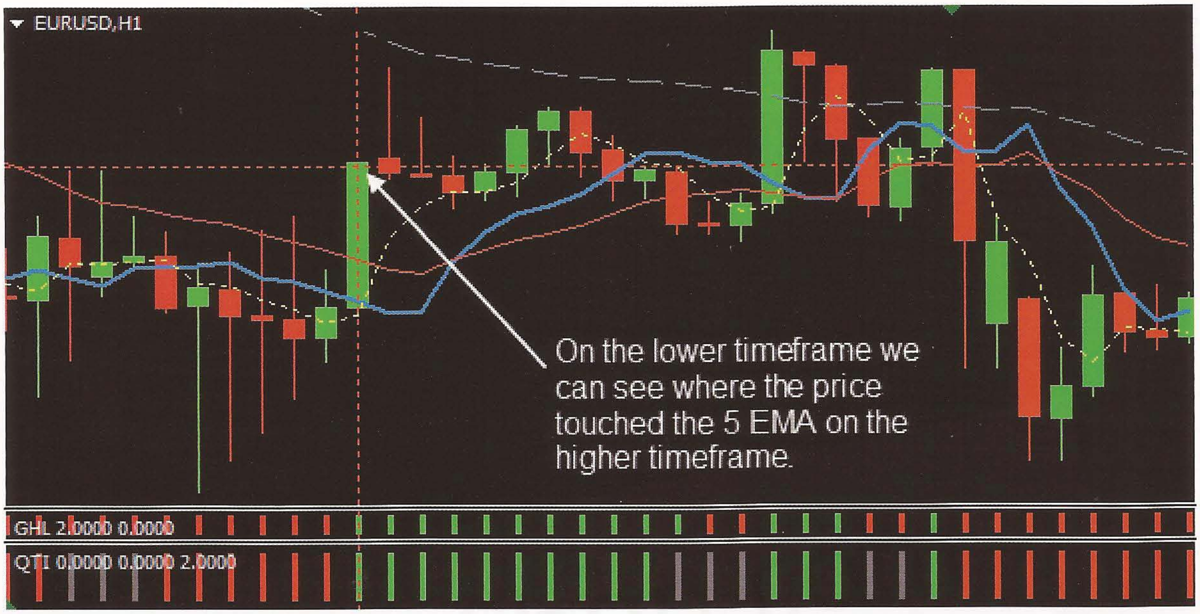
Step 1. On the higher timeframe, the moving averages and the histograms must all be in alignment.



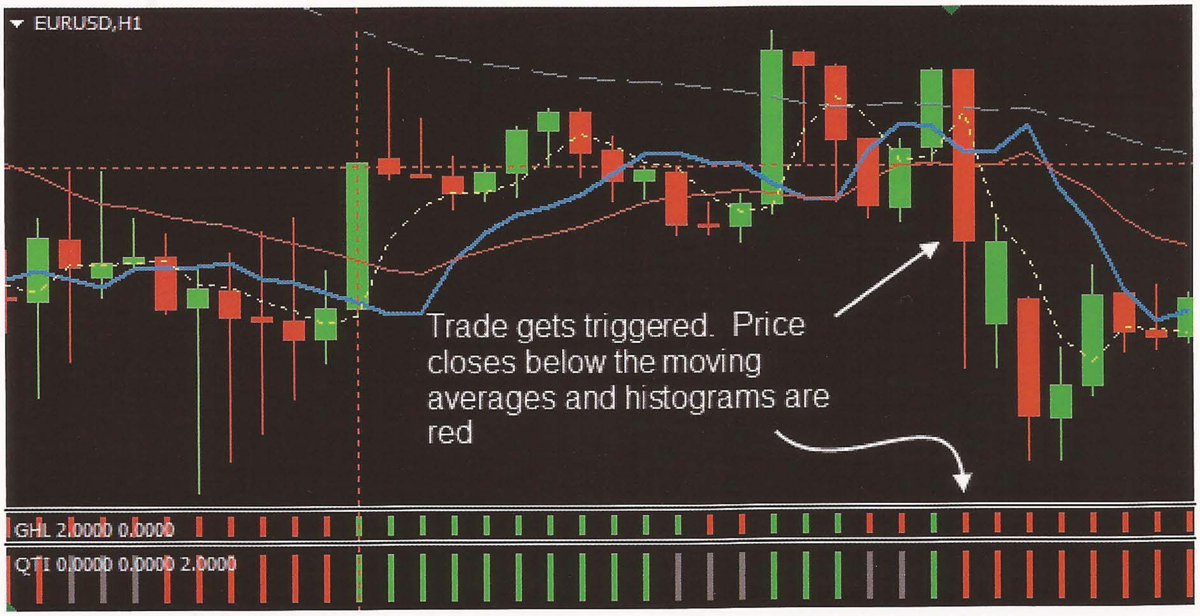
Step 2. On the higher timeframe, price must pullback to touch the blue 5 EMA shifted 3.



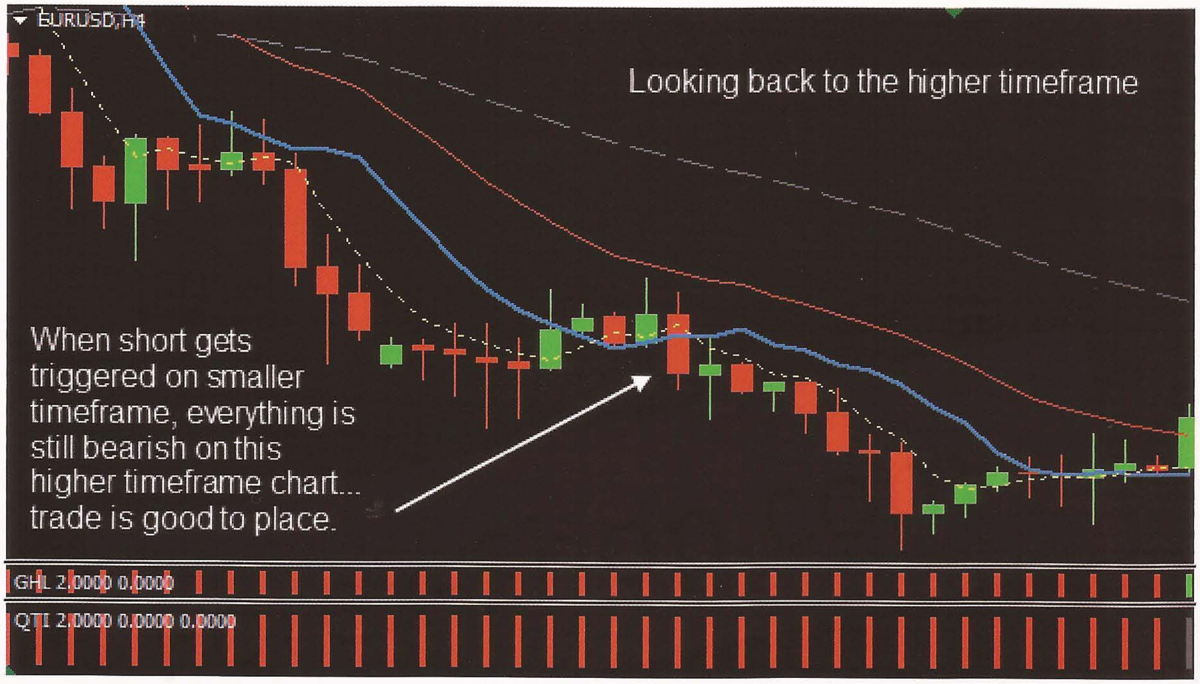
Step 3. Immediately switch to the lower timeframe.



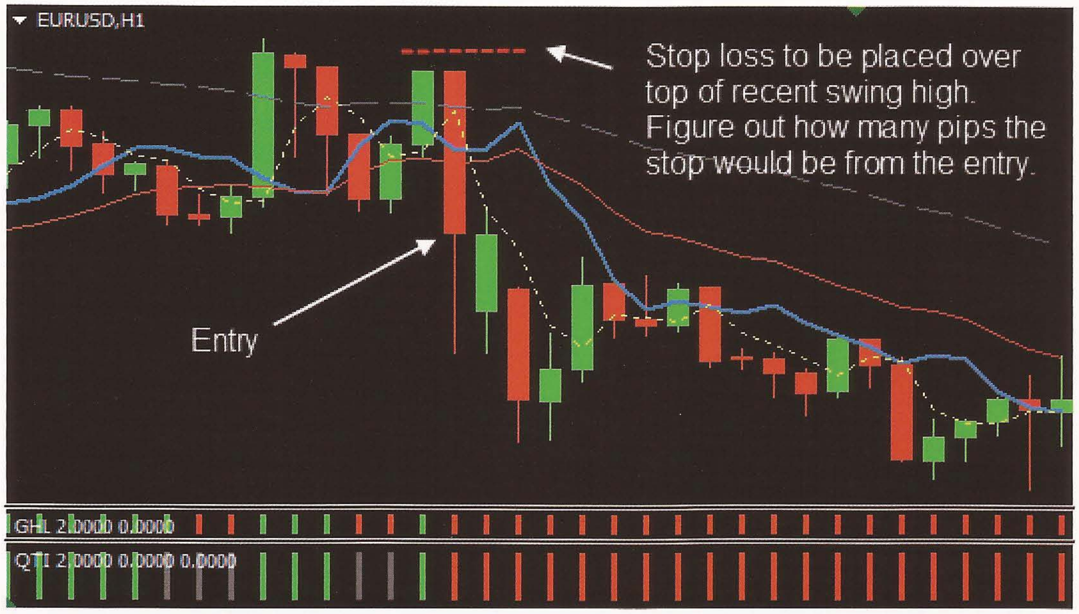
Step 4. On the lower timeframe, wait for a buy signal.



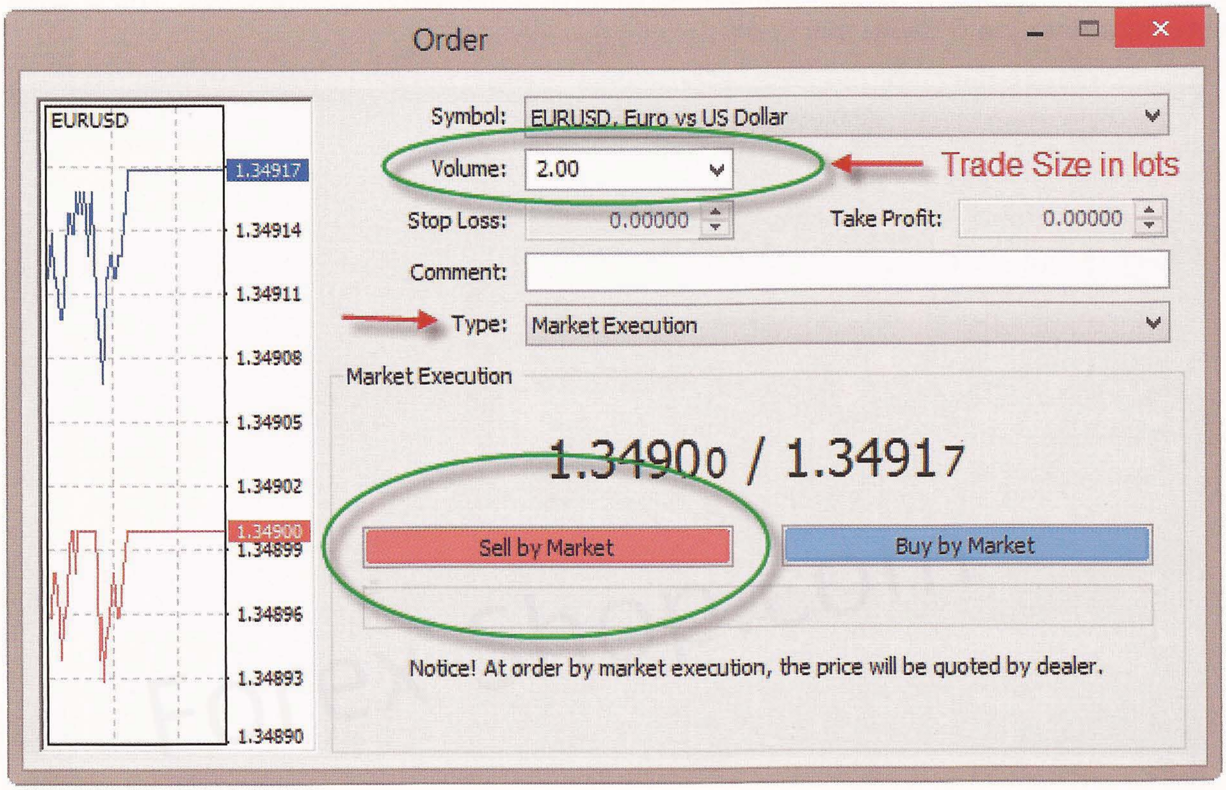
Step 5. Verify the higher timeframe is still in the right direction.
5 EMA under 15 EMA, 15 EMA under 45 EMA and histogram bars are red. The 3 EMA may be above the 5 EMA, this is ok.



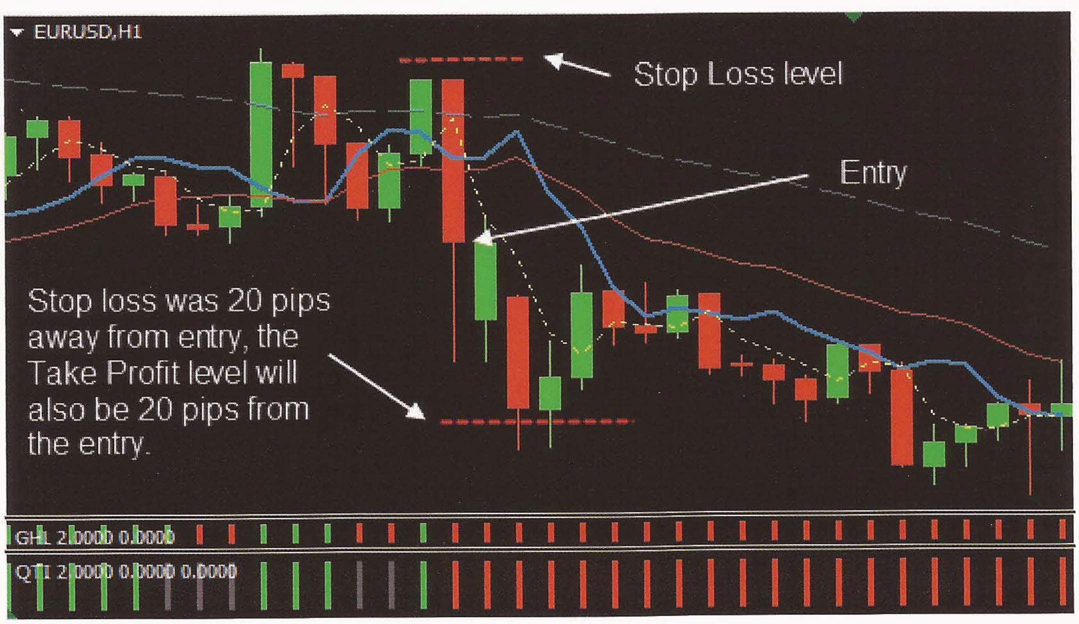
Step 6. On the lower timeframe, determine your Stop Loss placement.



Step 7. On the lower timeframe, place your order.

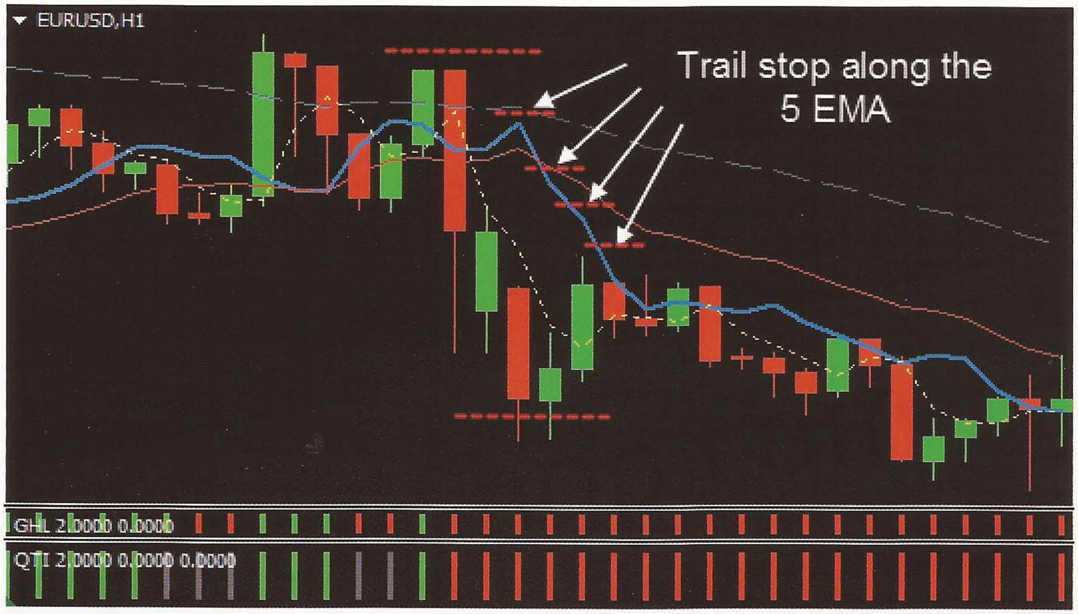


Step 8. On the lower timeframe, decide your Take Profit price.



Step 9. Manage your trade.

Follow the 5 EMA down with your stop loss. In the example we used on the previous page, the price hit the take profit so quickly that there was no opportunity to manage the trade. Not every trade will work out this well, so when you can manage your trade, do it.



Step 10. (Optional) Trail your stop loss.

This is the alternative to using a hard target. It won't be for everybody, but it's an option that you have.

What some traders do is if they trail their stop loss, they will set a profit target 3 or 4 times (maybe even more) the stop loss amount. This way, they will either get taken out of the market with a very nice profit when price touches their far away hard target, or they will get stopped out by using their stop loss as they trail the trade along the way.

The Grey Trade

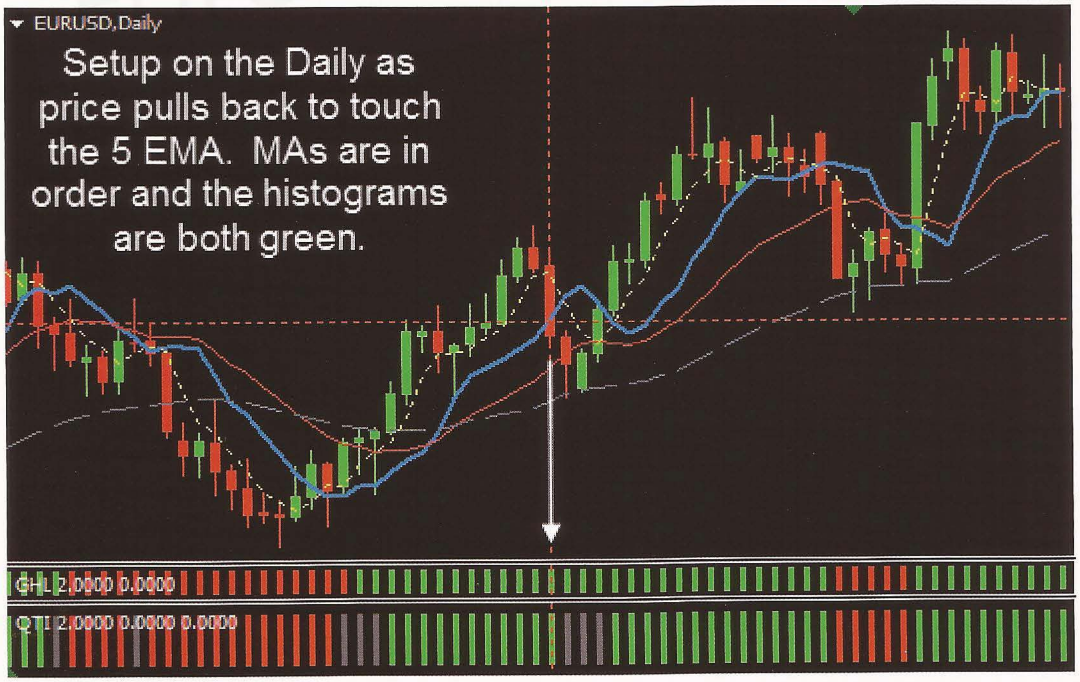
You know about the "grey area". You hear about it all the time. There is a grey area in all kinds of things, it basically means "an intermediate area; a topic that is not clearly one thing or the other".

The Power Trader system also has a grey area. You know now that the QTI indicator has 3 colors, red, green and grey.

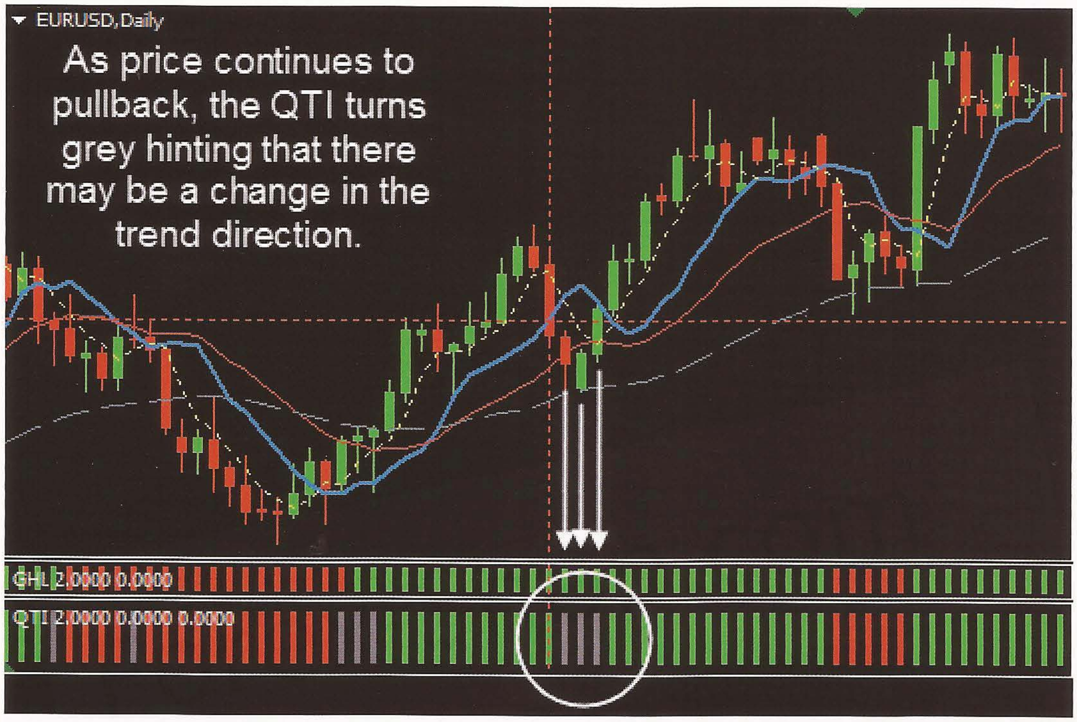
Ideally when we see a pullback, the higher timeframe should stay the same color throughout the process. If, while we are waiting for a trade on the lower timeframe, the higher timeframe turns the wrong color (green while waiting for a short trade, red while we are waiting for a long trade) then the trade becomes void and we want to start over again.

There will be times when the higher timeframe QTI turns grey and doesn't quite get to turn the wrong color. We can feel free to take a trade as it sets up in this event.

A setup occurs in the image below. Moving averages are all in order and the GHL and QTI are both green.



As price continues to move backwards, the QTI turns grey. At this point we are careful to watch for the QTI to turn red. If the QTI turns red, then we abandon any trade that we were looking for and we would have to start over again.



If the QTI turns grey, the smaller timeframe (the one we are trading) will generally have retraced so far that the moving averages have actually flipped over.

* It's important to note that even though the QTI turns grey, the GHL must remain the same color at all times. Red for short setups, and in this example, green for long setups.

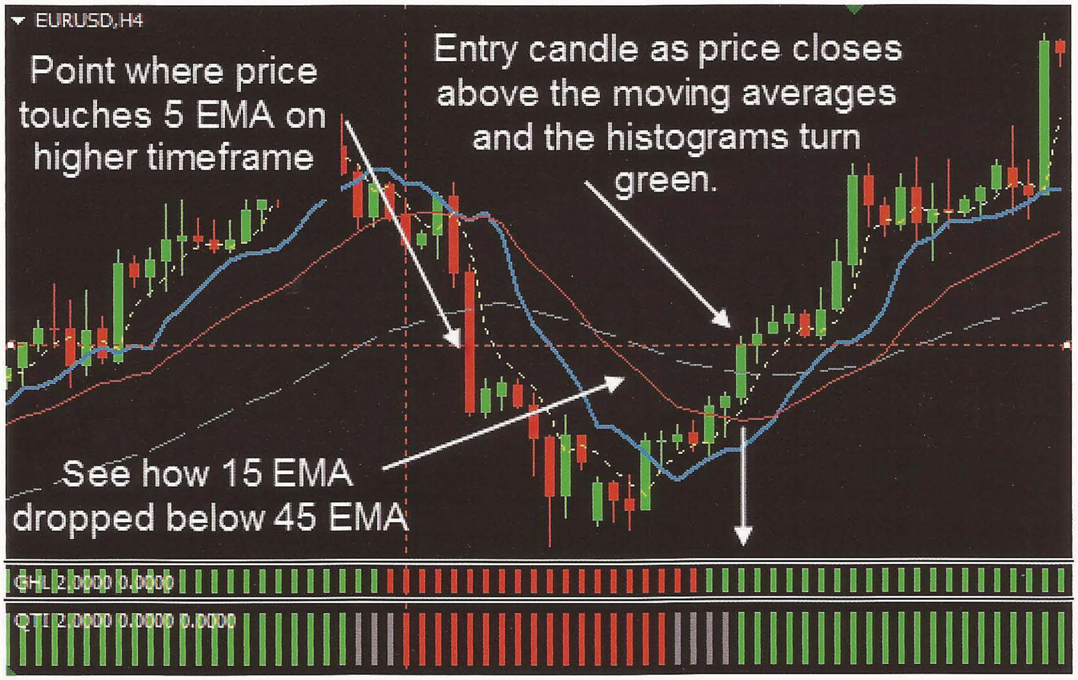
Remember, we prefer to see that the 15 EMA is still over the 45 EMA on the smaller timeframe, but when the QTI turns grey, we will usually find that the 15 EMA drops below the 45 EMA.

This trade becomes a little riskier, but they often do still work out.
When we get a buy trade, even though the moving averages may have flipped over, our long trade will be when the price closes above all the moving averages and the GHL and the QTI histograms are green.

Below is the image of the smaller timeframe, the one that we are looking to trade after the touch of the price to the 5 EMA on the higher timeframe.

You can see that the red horizontal line intersects price to the right of the red vertical line where the price touched the 5 EMA on the higher timeframe. Price continued to drop, far enough that it was able to drag the moving averages out of order.

Finally, since the higher timeframe never did turn red, we are able to take this long trade as the price closes above all the moving averages AND the GHL and the QTI histograms turned green.

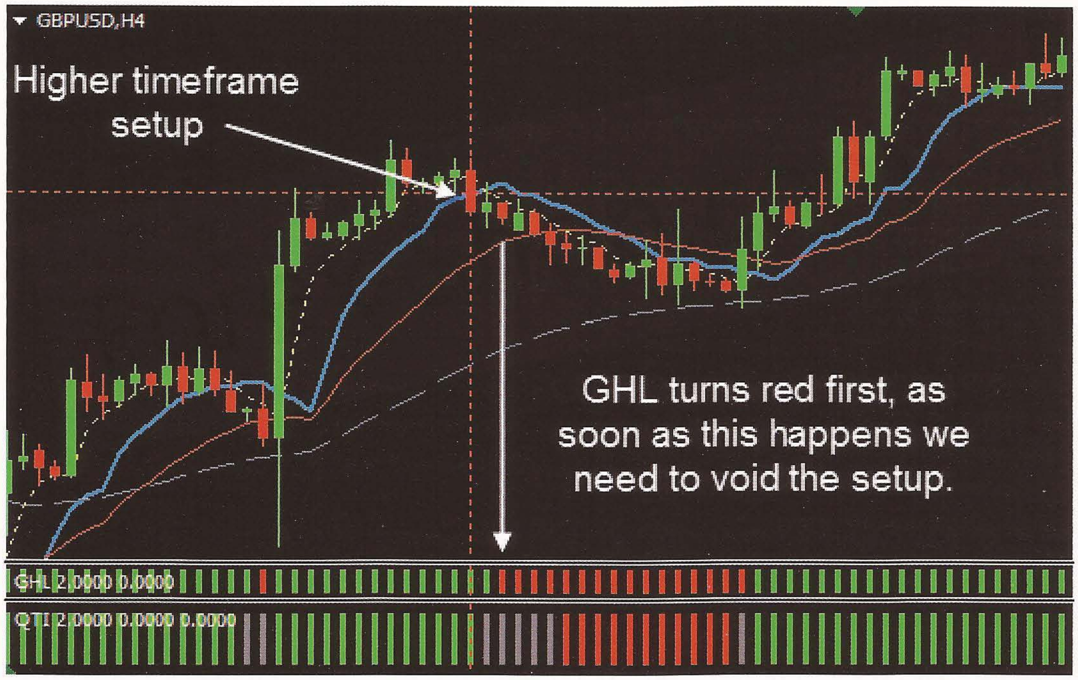


Voided Trade Setup

Now we will look at a trade setup that becomes voided when the higher timeframe turns the wrong color. In a buy trade, the price will touch the 5 EMA, the moving averages will all be in the proper order and the histograms will be green.

Price will continue to move downwards as part of the pullback, but by this time we are focused on the lower timeframe, the one where we want to place a trade.

When we get a signal to go long, we will quickly check back to see if the higher timeframe is either green, or in the case of a grey trade, grey.



In the image above, you will see the higher timeframe setup become void as soon as one of the histograms turns the opposite color. The GHL turns first but is quickly followed by the QTI.

Once the histograms change color, we are getting a conflict between the higher timeframe trend and the moving averages. The histograms say things are looking short, but the 15/45 combo says long. When there is a disagreement, we do nothing.

Trading the Voided Trade

This sounds like an oxymoron, how do you trade a setup that has become voided?

We can trade this, but I must make it clear that a voided trade is riskier than the trade setups that are not voided.

What we want to keep track of is the 15 EMA and the 45 EMA.

In a long setup, the 15 EMA must remain over the 45 EMA.
In a short setup, the 15 EMA must remain under the 45 EMA.

Once the market pulls back far enough to:

- First, touch the 5 EMA.
- Second, turn either of the histograms the opposite color.

We can still monitor the smaller timeframe for a trade. We want to pay close attention to the higher timeframes and 15 and 45 EMAs. As long as these EMAs are still in the direction of the trade you want to take, we can take a trade on the lower timeframe if we get the signal to do so.

* This is a risky manoeuvre as the change in trend direction starts with the histograms changing color. There is often a little chop in the market before the market makes a full commitment to the new trend direction and this chop can trigger a signal to take a trade.

This is one of those situations where you have to accept the risk involved. Yes, there are many times when the trades work out, but there also many times where the market will fake you out of your hard earned money.

A safer trading situation is to limit your traders to the ideal setups when the histograms remain the correct color on the higher timeframe during the trade setup/trigger process.

B. System Number 2: Quick Trader

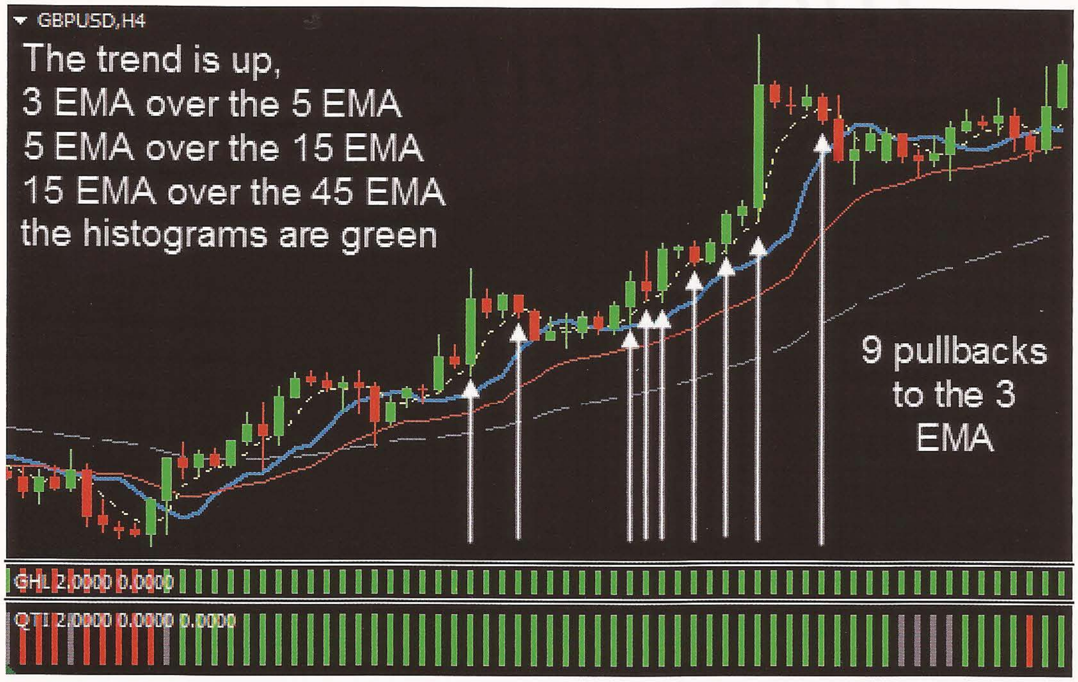
The Quick Trade, I think, is aptly named.

This is the setup that is shallower than the Power Trade, but you will find a lot more setups, sometimes up to 5 or 6 times the number of setups.

The Quick Trade also requires a pullback on the higher timeframe, but instead of pulling back to the 5 EMA, we want a pullback to the 3 EMA.

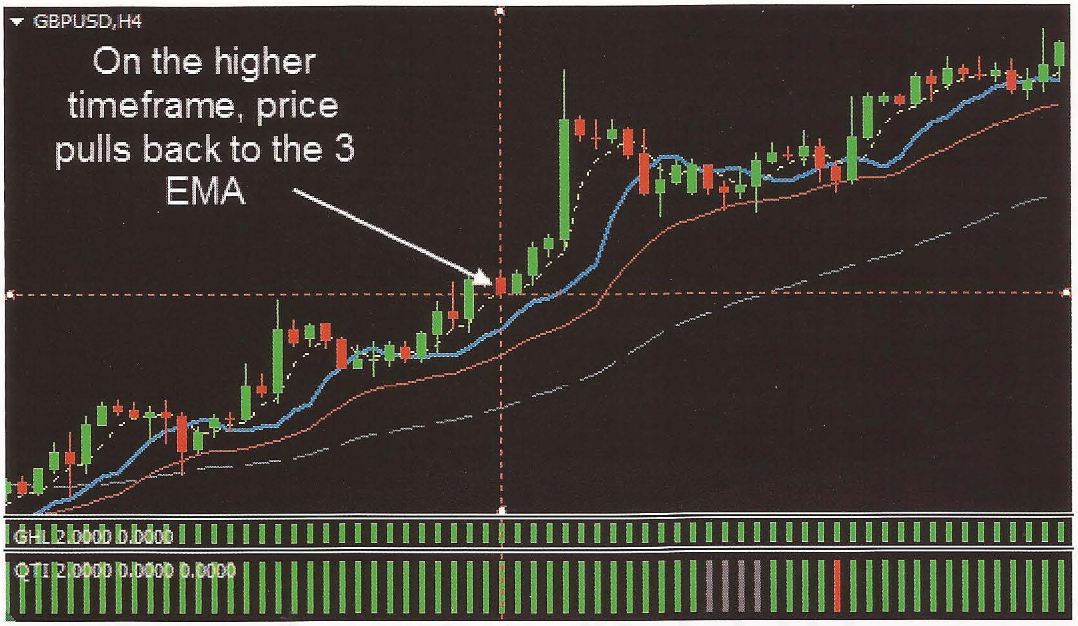
When we get the pullback to the 3 EMA, we switch over to the lower timeframe and look for a trade there.

On the image below, we see several setups as the price pulls back to touch the 3 EMA. Price doesn't have to pullback very far to touch the 3 EMA.

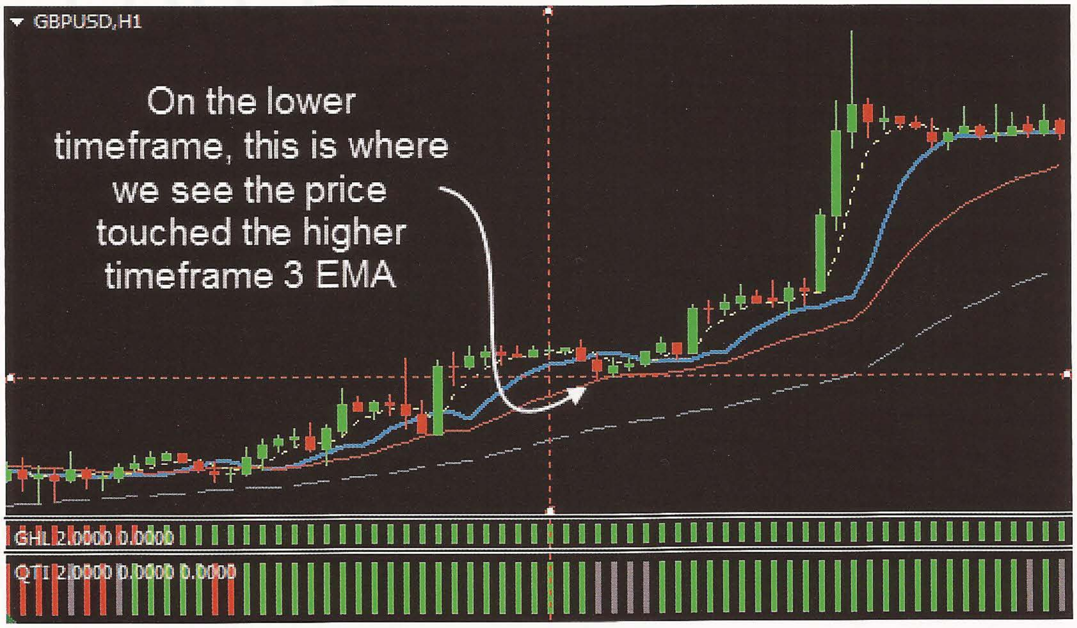


Even though the price usually doesn't need to pullback very far, we can see that generally when the price does pullback to the 3 EMA, it will take off in the direction of the trend.

Let's look at an example:



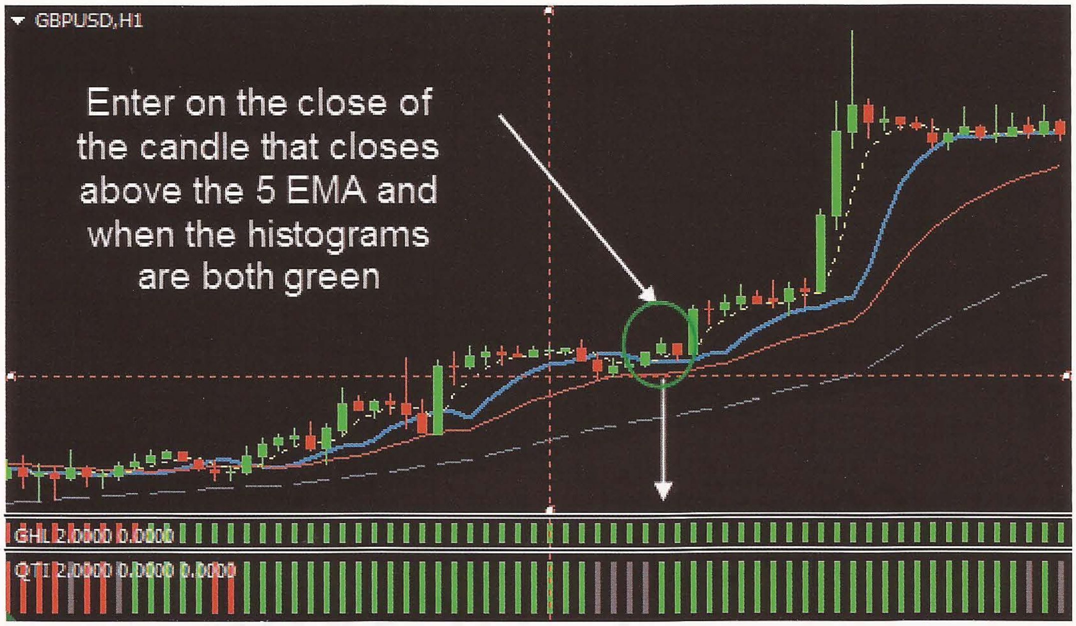
Once we shift down to the lower timeframe we see where the price has pulled back to.



We are going to notice that most of the time, when price pulls back to the 3 EMA on the higher timeframe, on the lower timeframe it will be a pullback that is somewhere in between the 5 and the 15 EMA.

The procedure then is to enter a trade once price pops back out of the 5 EMA back into the direction of the trend.

In a long trade, the price will pull back into the space between the 5 EMA and the 15 EMA. Once it closes back above the 5 EMA and the histograms are both green, we can enter a trade. The stop will go below the low price made when it was in the 5/15 gap.

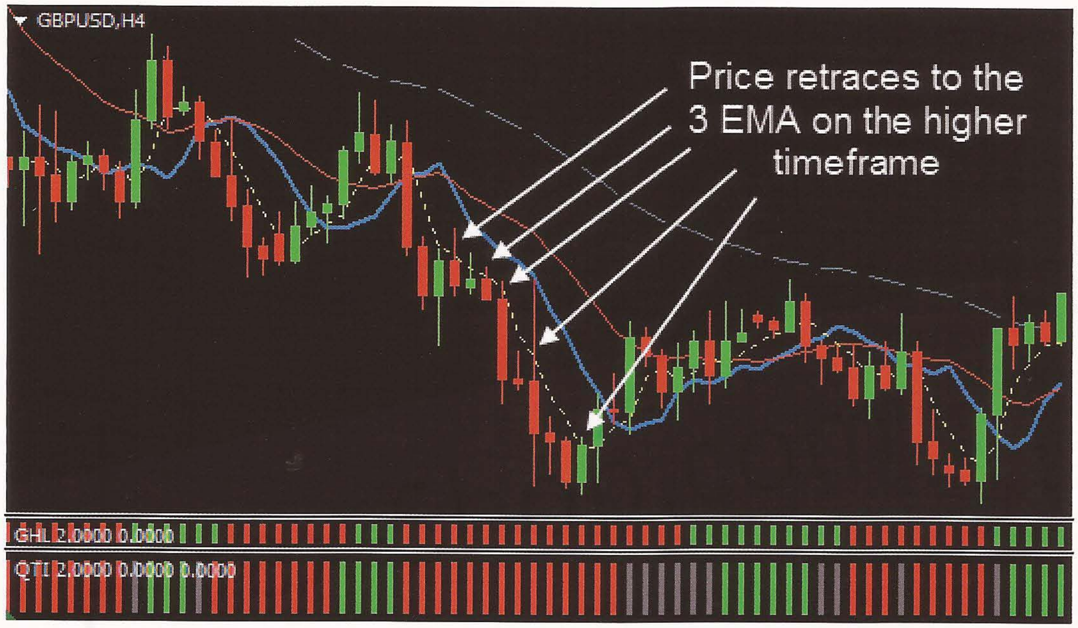


In a short trade the price will move up into the space in between the 5 EMA and the 15 EMA. Once it closes below the 5 EMA and the histograms are both red, we can place a short trade, the stop loss will go above the swing high the price made while inside the 5/15 gap.

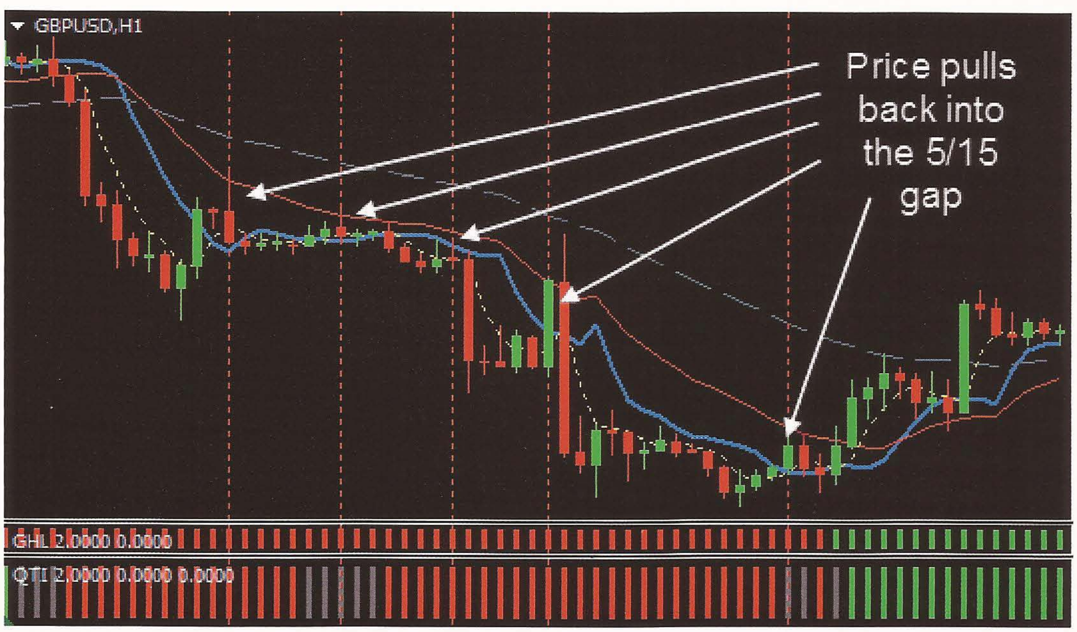
On the lower timeframe, price may move past the 15 a little bit, but what is pretty standard is, the 5, 15 and the 45 EMAs will remain in order. The 5 over the 15 and that is over the 45 in a long setup.

Let's take a look at a short example of the Quick trade.

On the chart below, we can see that the price has pulled back several times to the 3 EMA. At the time, the 3 EMA was under the 5 EMA. The 5 EMA was under the 15 EMA. The 15 EMA was under the 45 EMA. The histograms were both red.



Below, on the lower timeframe, we see that in each case price has pulled back into the gap between the 5 and the 15 EMA.



The entries for each of these would be when we get a close below the 5 EMA and when both the histograms are red.

Let's look at a trade step by step.

Step 1. On the higher timeframe, the moving averages and the histograms must all be in alignment.

Step 2. On the higher timeframe, price must pullback to touch the yellow 3 EMA shifted 1.

Step 3. Immediately switch to the lower timeframe.

Step 4. On the lower timeframe, wait for an entry signal.

Step 5. Verify the higher timeframe is still in the right direction.

Step 6. On the lower timeframe, determine your Stop Loss placement.

Step 7. On the lower timeframe, place your order.

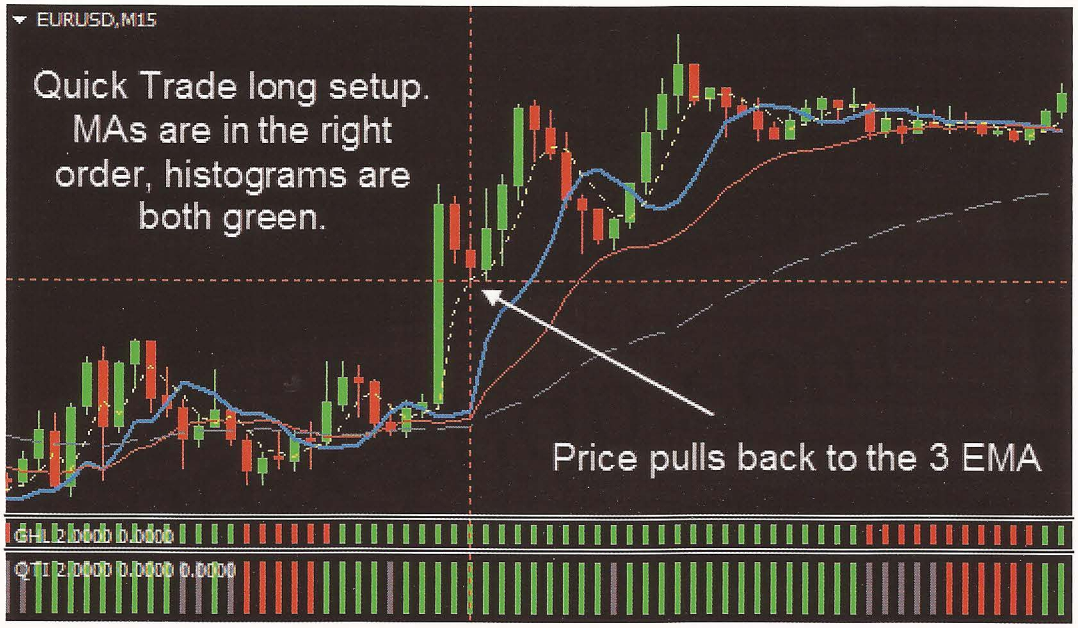
Step 8. On the lower timeframe, decide your Take Profit price.

Step 9. Manage your trade.

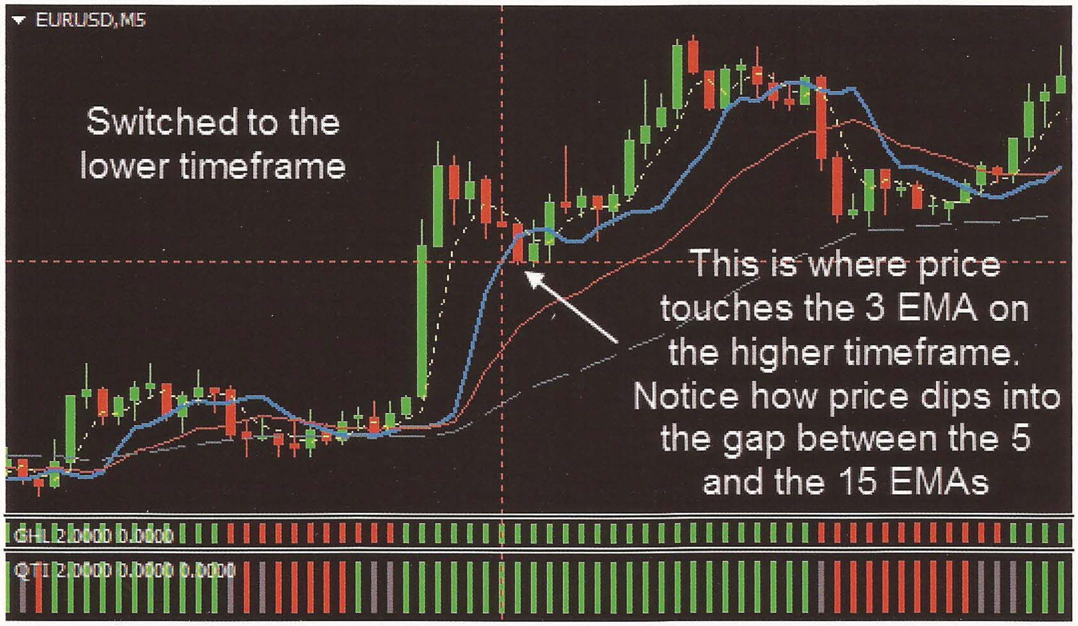
Step 10. (Optional)Trail your stop loss.

Step 1. On the higher timeframe, the moving averages and the histograms must all be in alignment. The 3 over the 5, the 5 over the 15 and the 15 over the 45 EMAs and the histograms are green.

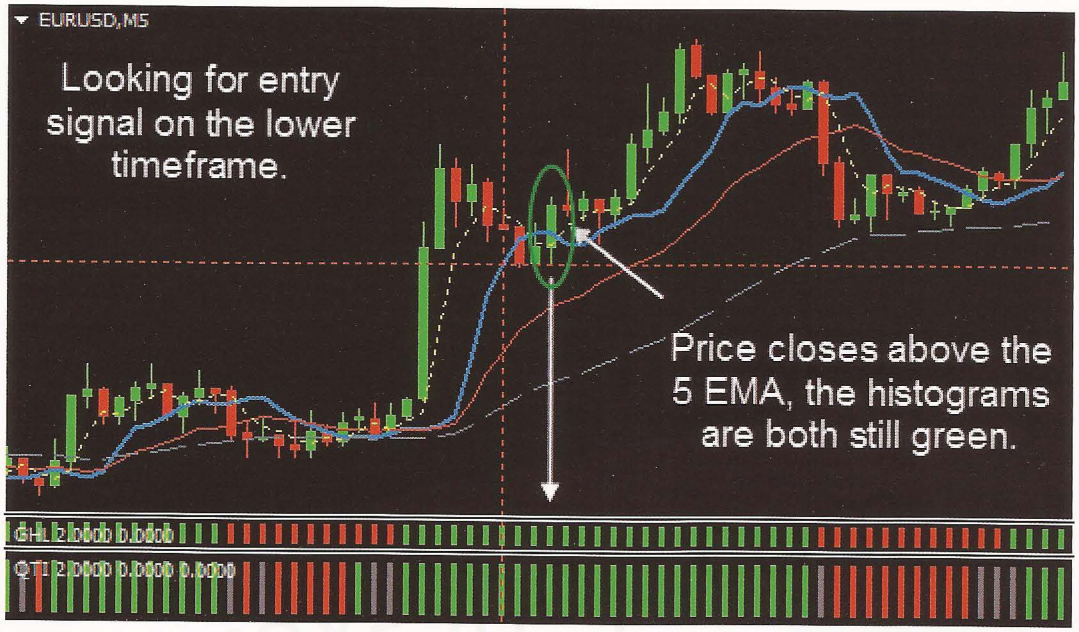
Step 2. On the higher timeframe, price must pullback to touch the yellow 3 EMA shifted 1.



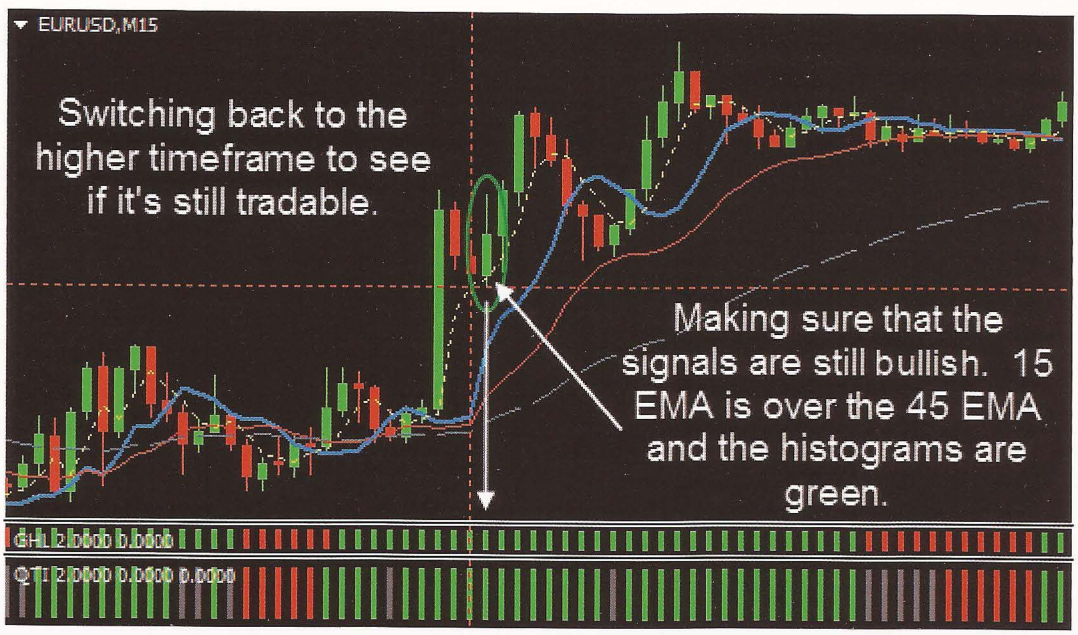
Step 3. Immediately switch to the lower timeframe.



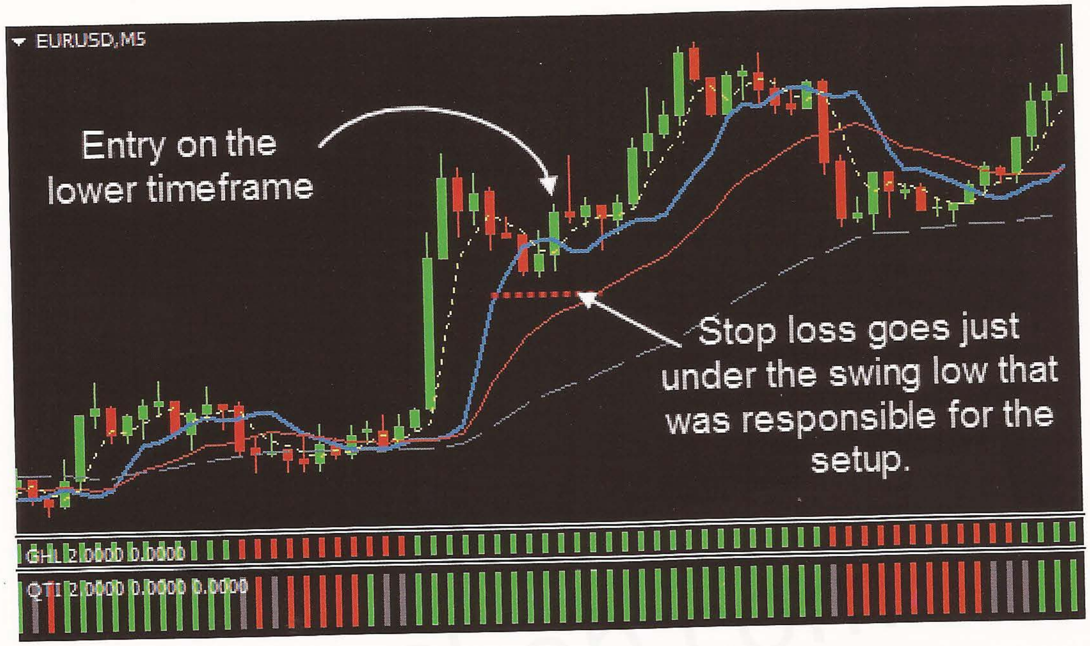
Step 4. On the lower timeframe, wait for an entry signal. Price closes above the 5 EMA and the histograms are green.



Step 5. Verify the higher timeframe is still in the right direction. Histograms are green and the moving averages are still in order. The 5 over the 15, 15 over the 45.

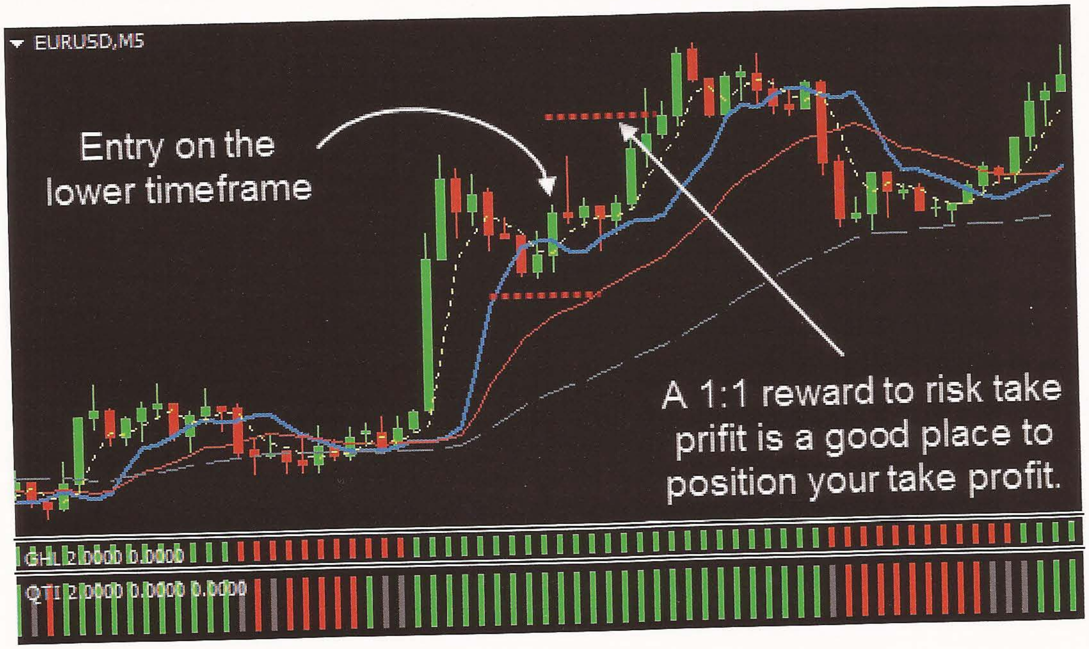


Step 6. On the lower timeframe, determine your Stop Loss placement. Place stop just under the recent swing low.

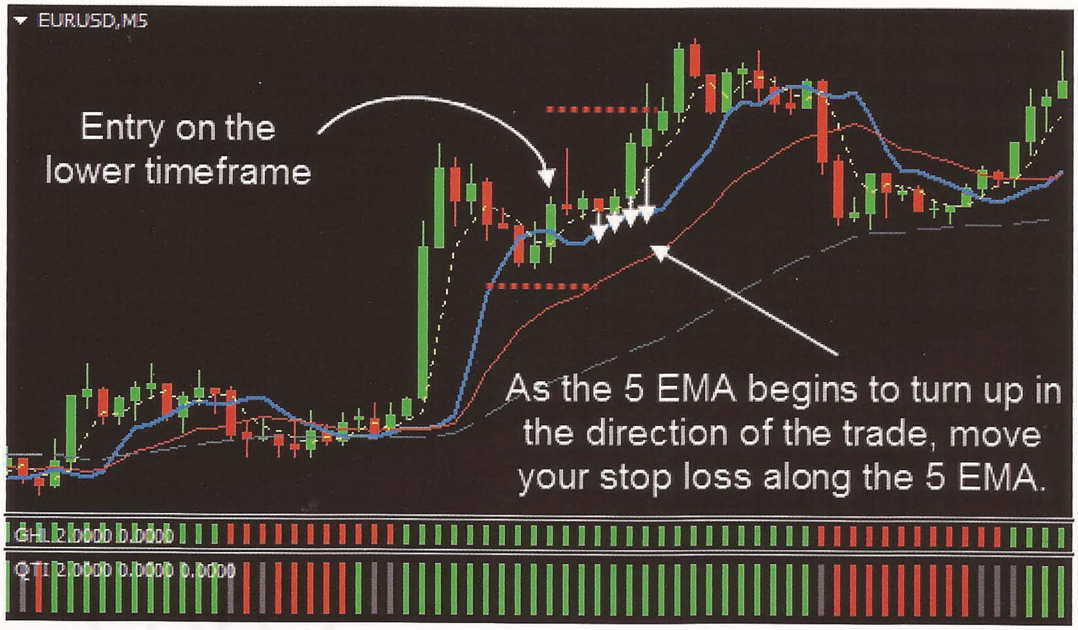


Step 7. On the lower timeframe, place your order. Now you know how far away your stop loss is and you can place your order using the appropriate lot size.

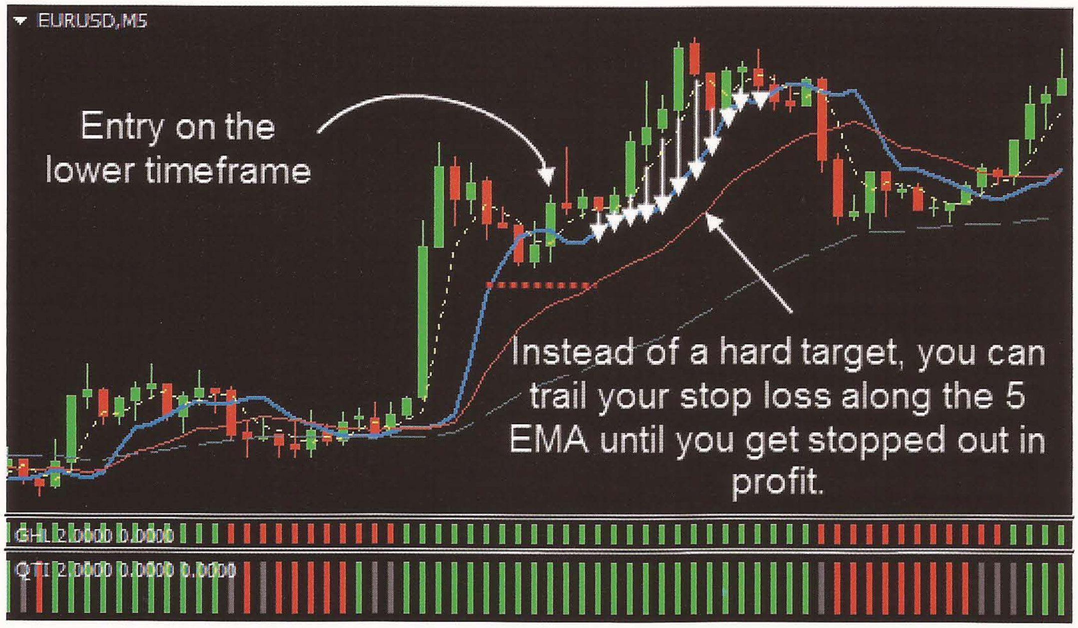
Step 8. On the lower timeframe, decide your Take Profit price. A 1:1 reward to risk ratio is always a good bet.



Step 9. Manage your trade. As the 5 EMA turns up in the direction of your trade, you can place your stop loss just under the 5 EMA where the most recent candle is being formed.



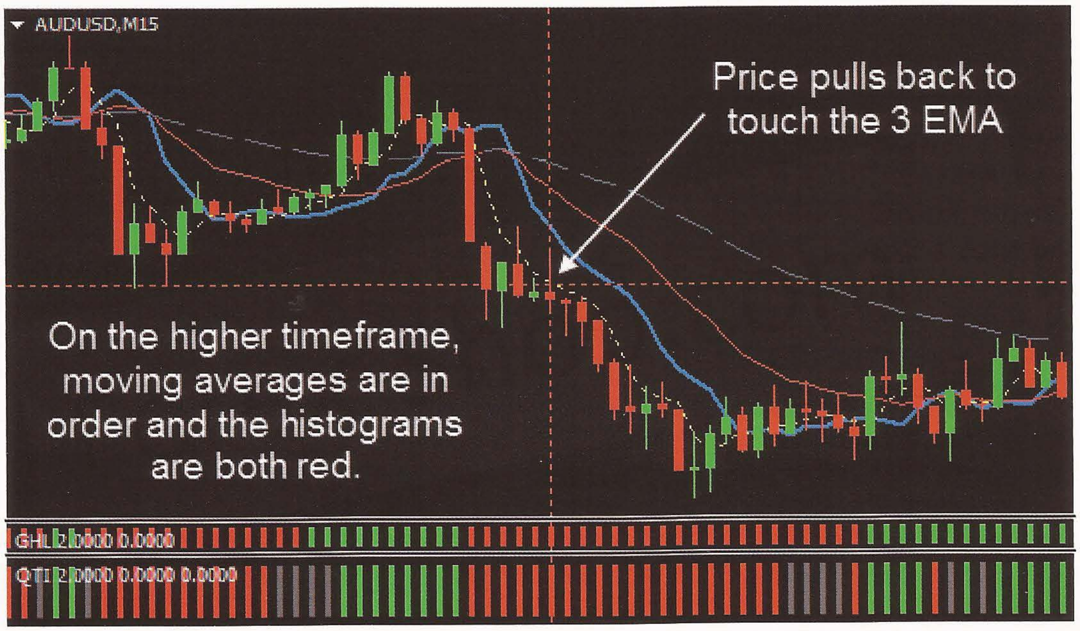
Step 10. (Optional)Trail your stop loss. You have the option of not using a hard target, or a take profit order. You can, instead, trail your stop loss along the 5 EMA. For each new candle that forms, you move your stop loss up to just below the 5 EMA that is right below it.



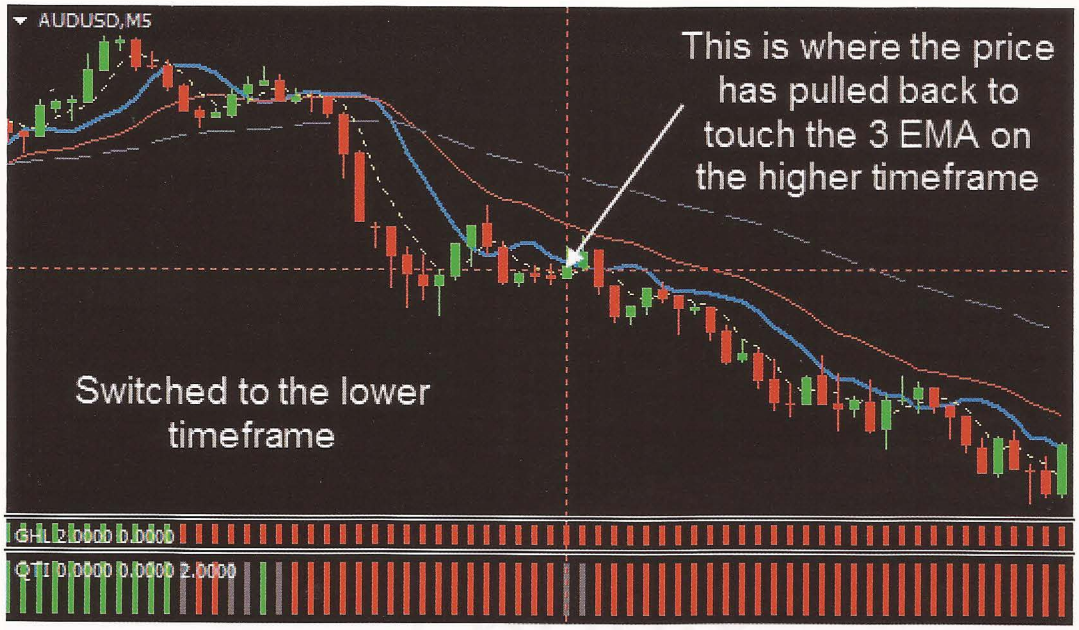
For a sell trade...

Step 1. On the higher timeframe, the moving averages and the histograms must all be in alignment. The 3 under the 5, the 5 under the 15 and the 15 under the 45 EMAs and the histograms are red.

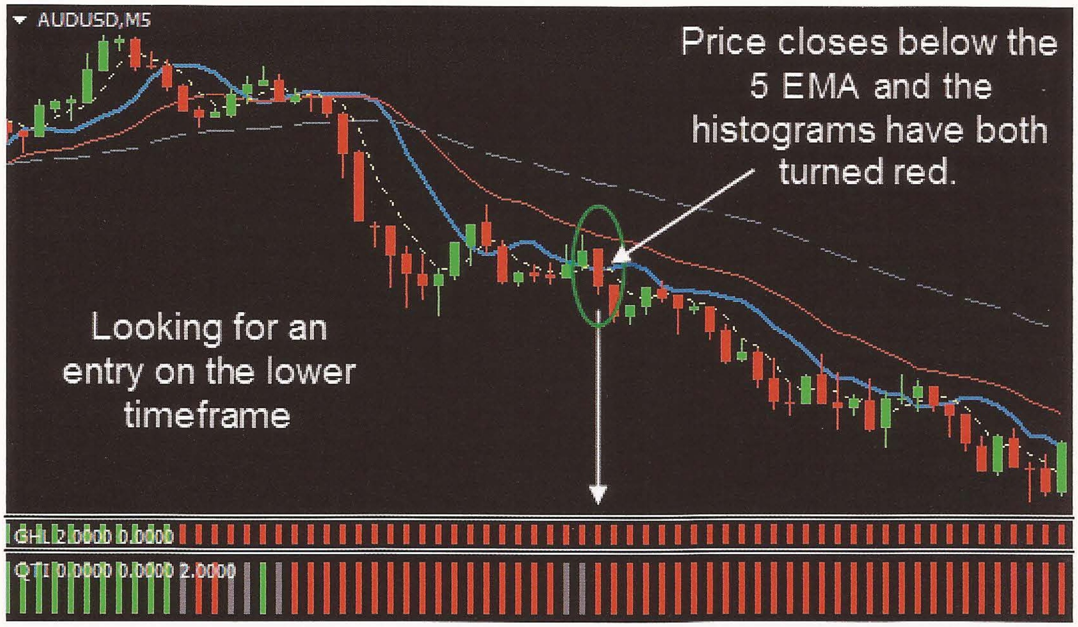
Step 2. On the higher timeframe, price must pullback to touch the yellow 3 EMA shifted 1.



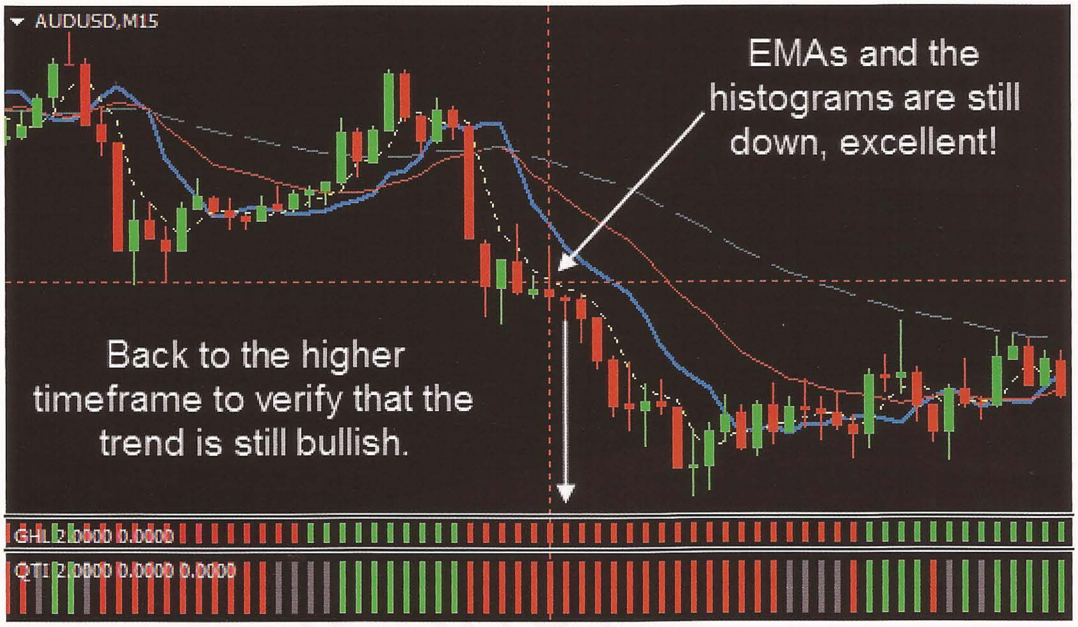
Step 3. Immediately switch to the lower timeframe.



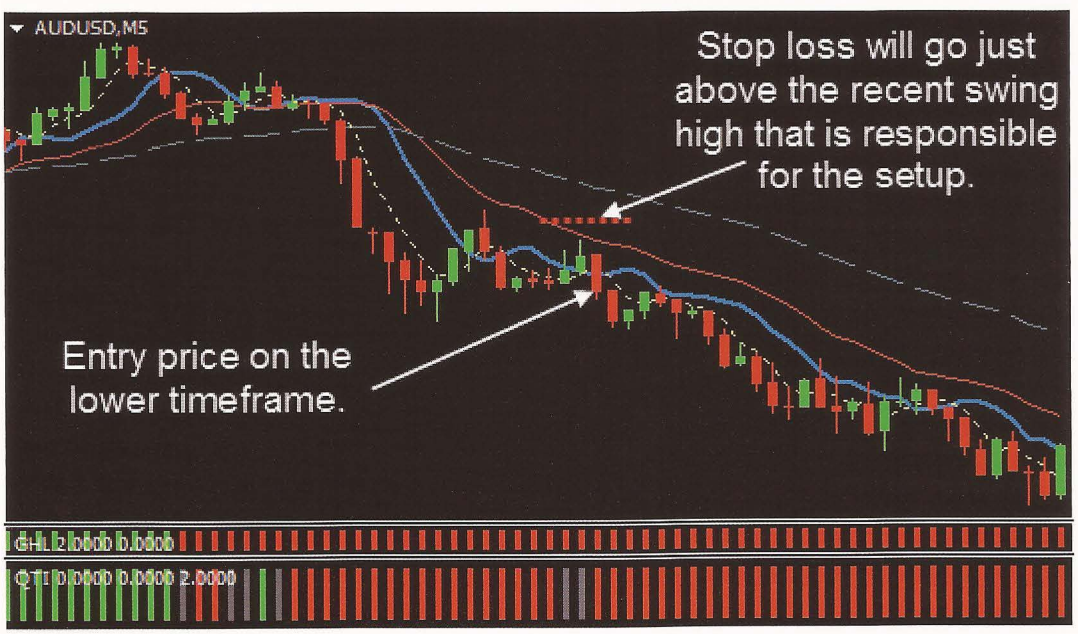
Step 4. On the lower timeframe, wait for an entry signal. Price closes below the 5 EMA and the histograms are red.



Step 5. Verify the higher timeframe is still in the right direction. Histograms are red and the moving averages are still in order: the 5 under the 15 and the 15 under the 45.

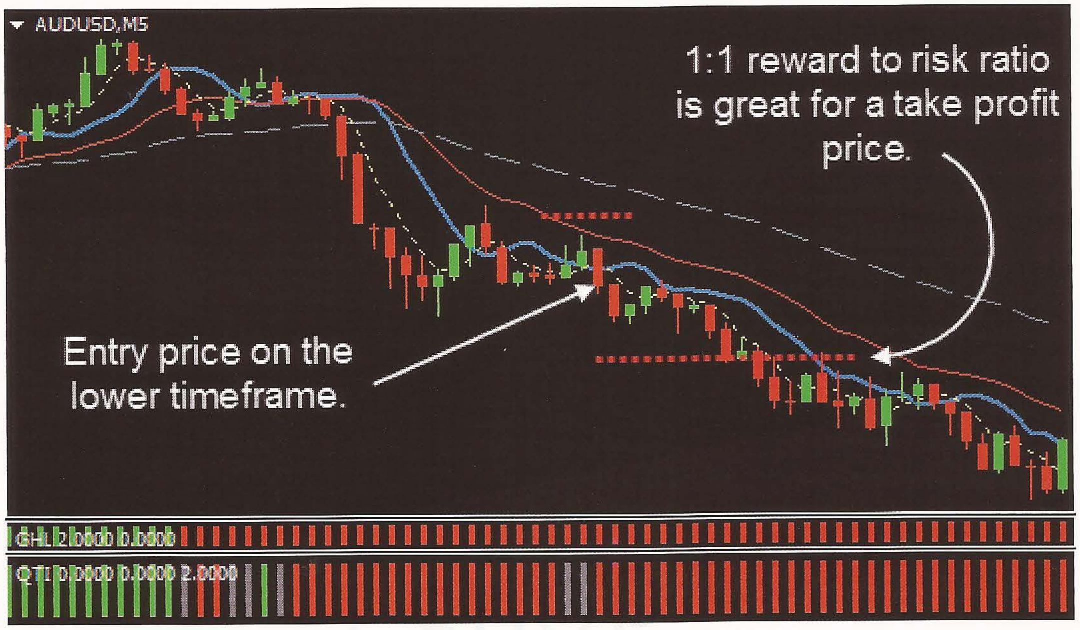


Step 6. On the lower timeframe, determine your Stop Loss placement. Place stop just under the recent swing low.

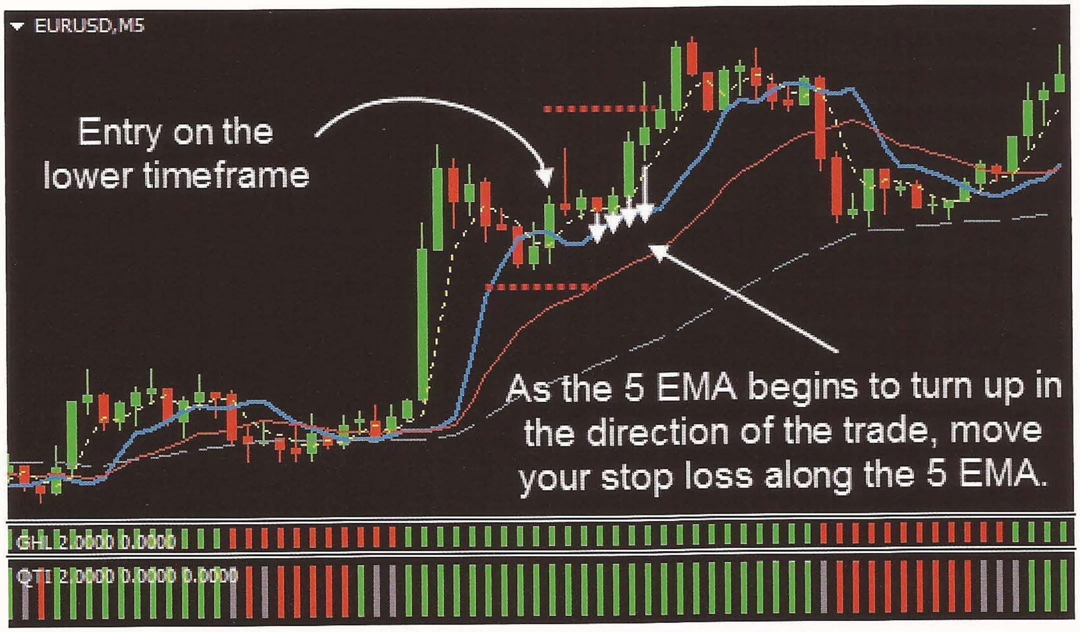


Step 7. On the lower timeframe, place your order. Now you know how far away your stop loss is and you can place your order using the appropriate lot size.

Step 8. On the lower timeframe, decide your Take Profit price. A 1:1 reward to risk ratio is always a safe way to go.

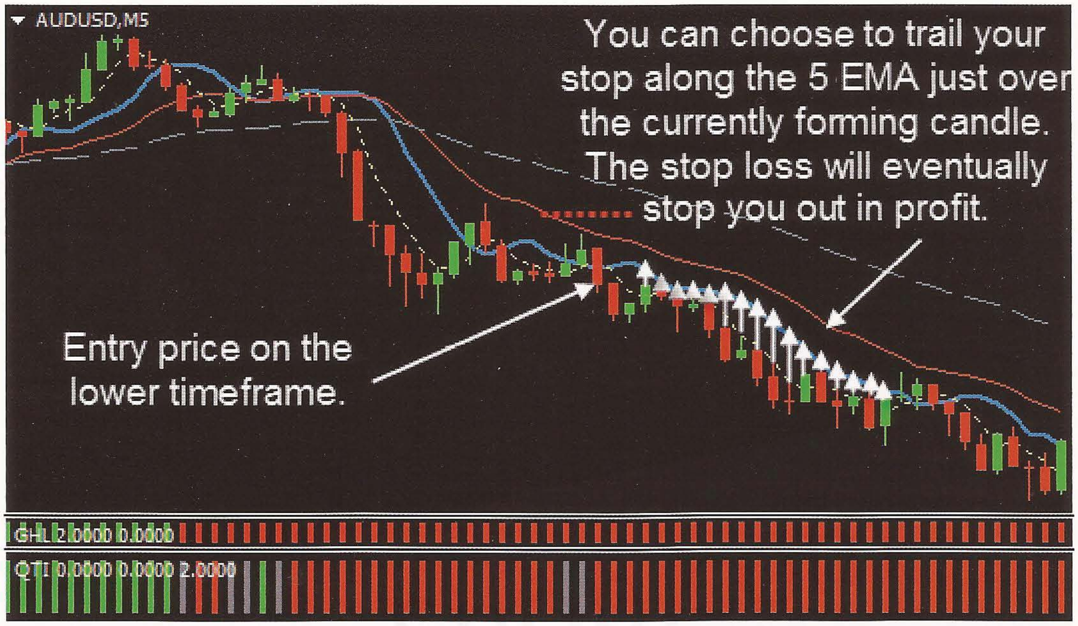


Step 9. Manage your trade. As the 5 EMA turns up in the direction of your trade, you can place your stop loss just under the 5 EMA where the most recent candle is being formed.



Step 10. (Optional)Trail your stop loss. You have the option of not using a hard target, or a take profit order. You can, instead, trail your stop loss along the 5 EMA. For

each new candle that forms, you move your stop loss up to just above the 5 EMA that is right above it.

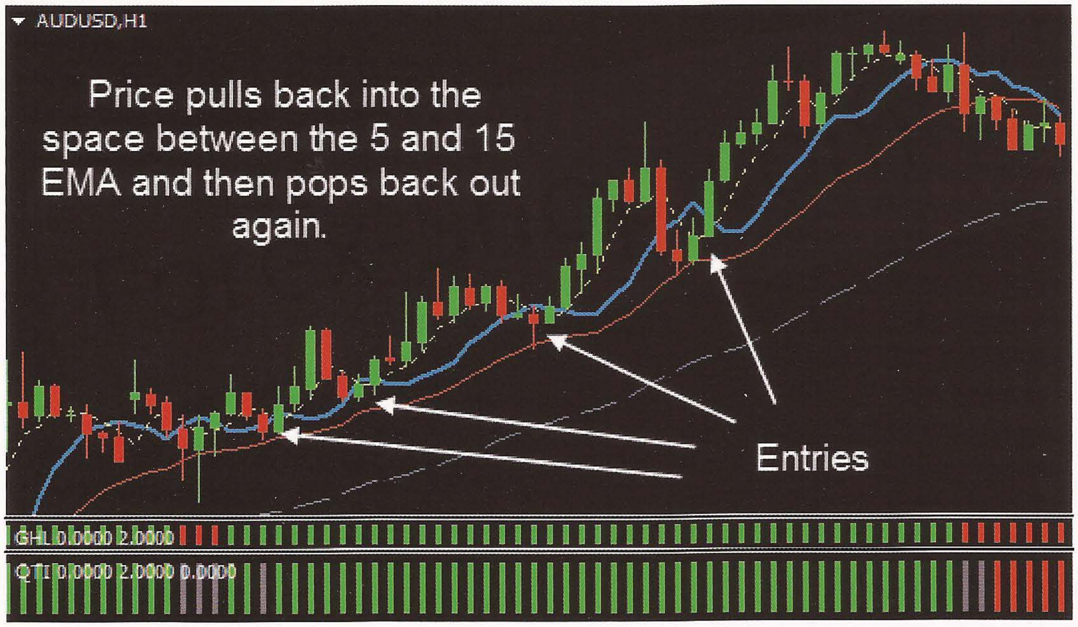


Short Cut Quick Trade

As we noticed earlier, when we see a Quick Trade setup on the higher timeframe (when price pulls back to touch the 3 EMA) and then switch to the lower timeframe, the price has generally moved into the space between the 5 EMA and the 15 EMA.

We can trade this as a setup in itself without switching to the higher timeframe.

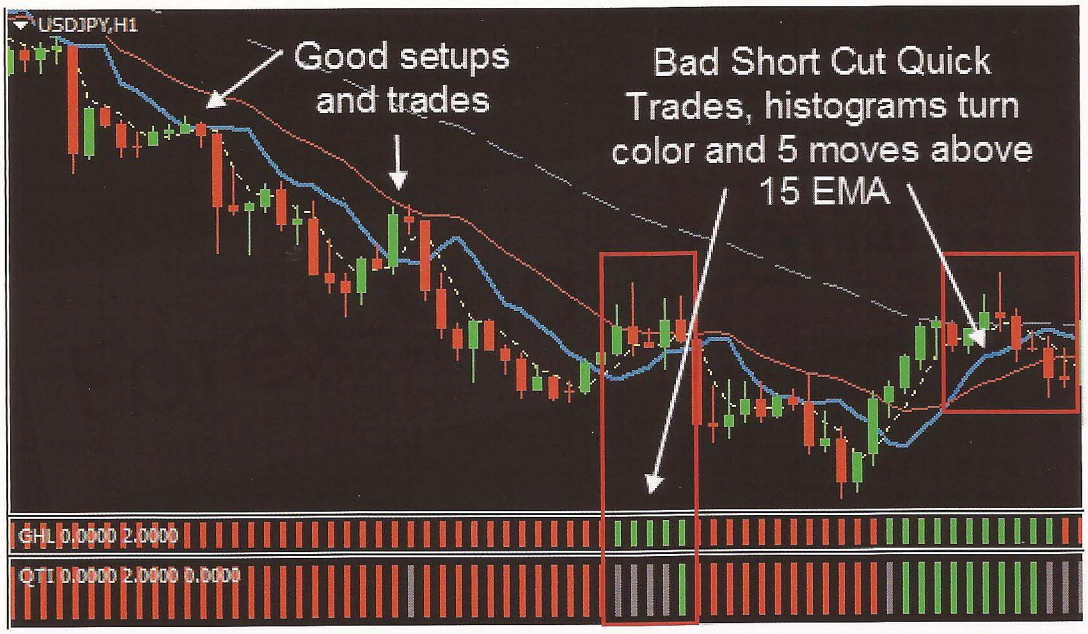
On the lower timeframe, or the timeframe we are trading, we can wait for price to pull into the gap, or the space in between the 5 EMA and the 15 EMA. We would be interested in entering the trade when price closes back outside the 5 EMA.



There are a couple of necessities on these trades:

1. We want to see that the histograms never turn the opposite color. In a long Short Cut Quick Trade, the histograms should remain green (with the exception of a grey bar or two on the QTI) and never turn red. In a short trade, we want the histogram bars to be red. We may get a grey QTI bar, that's ok, as long as it doesn't turn red.

2. The next thing we watch for is that the 5 EMA stays on the correct side of the 15 EMA. In long trades it will have to stay above the 15 EMA, in short trade is will remain under the 15 EMA. This is a good way to filter these trades and help eliminate the losers as much as possible.



* On a personal note.
I prefer to trade the Quick Trade using the pullback to the 3 EMA on the higher timeframe and then switch down to the lower timeframe. This way you will have the multi timeframes in order through the whole process and the filters are all built in.

The Short Cut Quick Trades will work, but the risk is a little higher, the win loss ratio is diminished a little because the multi timeframe filter is not present.

C. System Number 3: Flow Trader

This is a single timeframe trading system. With the Flow trade, we don't need to analyze the higher timeframe.

This is going to be great news for those that think the Multi Timeframe analysis is tough, or too time consuming.

The Flow trade is a very simple and straight forward setup.

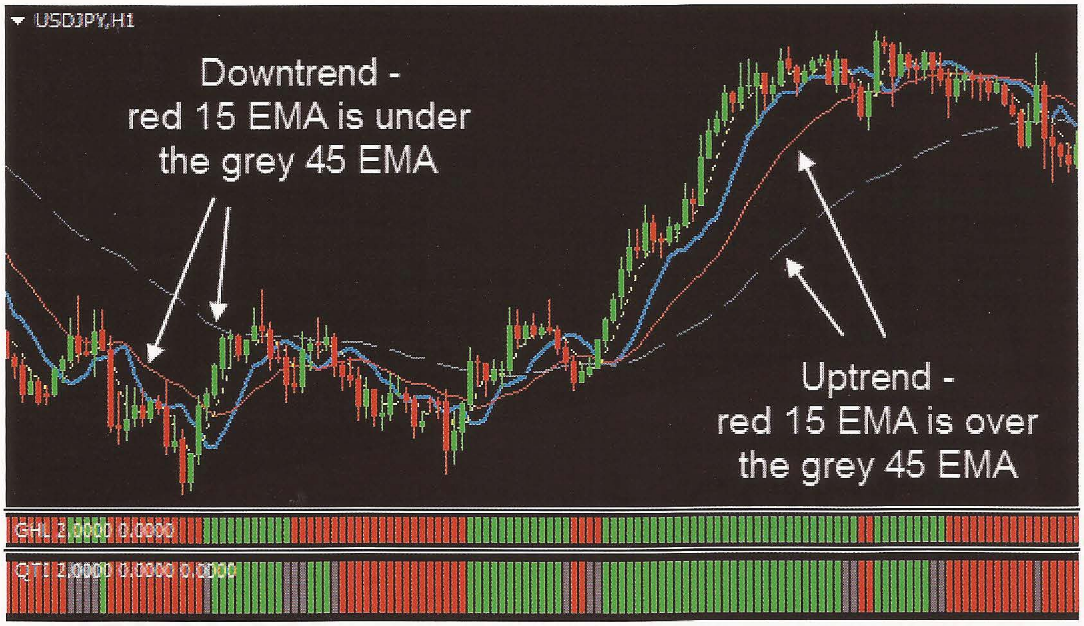
We know that market moves in waves. In an uptrend, the market will move up, usually a good distance, then move down, usually less that it moved up. Once the move down is over, it will move back up again, generally in nice powerful sweep.

The Flow trade relies on this pullback and we are trading these pullbacks in order to get the best entry prices.

There are 9 basic steps to the Flow trade

Step 1. The moving averages and the histograms must all be in alignment.
Step 2. Wait for a pullback to change the color of one or both of the histograms.
Step 3. Wait for the histograms to change back to the trend direction.
Step 4. Make sure the 15 EMA and the 45 EMA are in the right order.
Step 5. Determine your Stop Loss placement.
Step 6. Place your order.
Step 7. Decide your Take Profit price.
Step 8. Manage your trade.
Step 9. (Optional)Trail your stop loss.

The first thing we have to do is determine what direction the trend is going in.
We will do this by observing the red 15 EMA and the grey 45 EMA.
If the 15 is over the 45, the trend is up.
If the 15 is under the 45, the trend is down.



Once we have determined the trend direction, we will wait for the price to pullback far enough to change the color of the histograms.

We will usually see both the GHL and the QTI change color, but sometimes only one of them will change color.

Once the histogram(s) have changed color, we are waiting for them to change back to the color of the trend.

In an uptrend with the 15 EMA over the 45 EMA, we want the green histograms to turn red or grey and then for both of them to turn back to green again.

In a downtrend with the 15 EMA under the 45 EMA, we want the red histograms to turn green or grey and then for both of them to turn back to red.

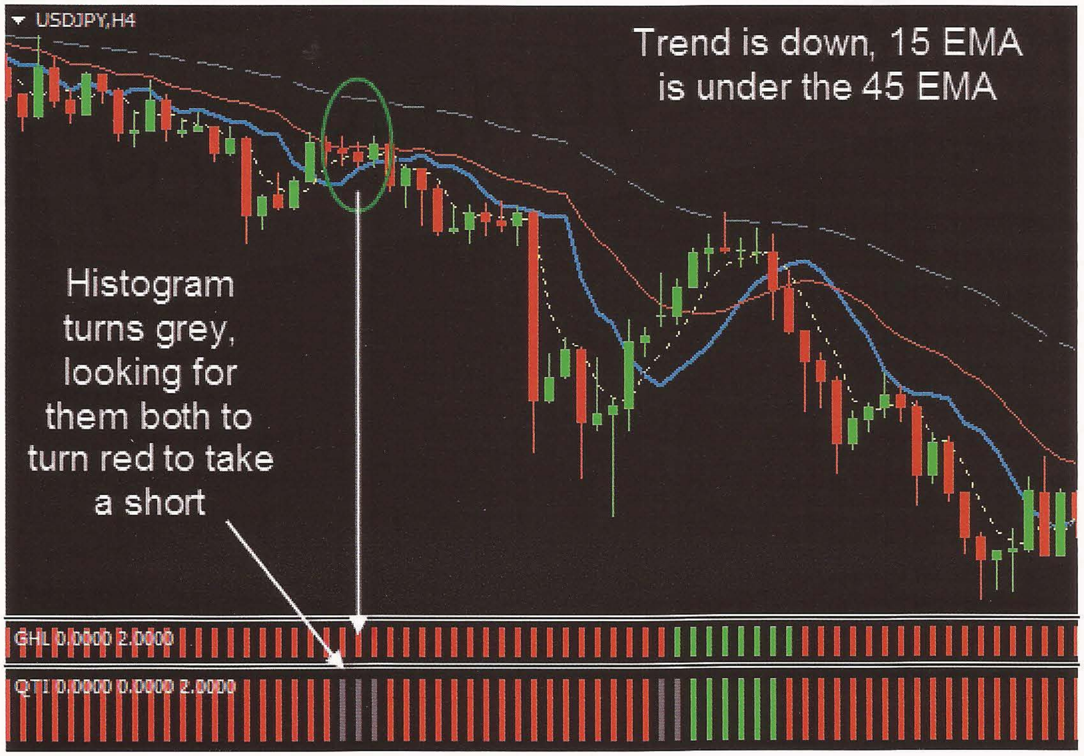
Step 1. The moving averages and the histograms must all be in alignment.

Below we see that we are in a down trend. The 15 EMA is under the 45 EMA and the blue 5 EMA is under the 15 EMA and the histograms are both red. We are looking good, just waiting for a pullback now.

Step 2. Wait for a pullback to change the color of one or both of the histograms.

Next, the market pulls back far enough to have the QTI change color to grey. This is what we are looking for, it can turn green but grey is fine. From here we wait for the histograms to both be red again.

It's important to note that as long as one of the histogram changes from red, then we are on the lookout for them to turn back to red. At this point, it doesn't matter if there is a green histogram present, as long as one of them changes from red to another color.

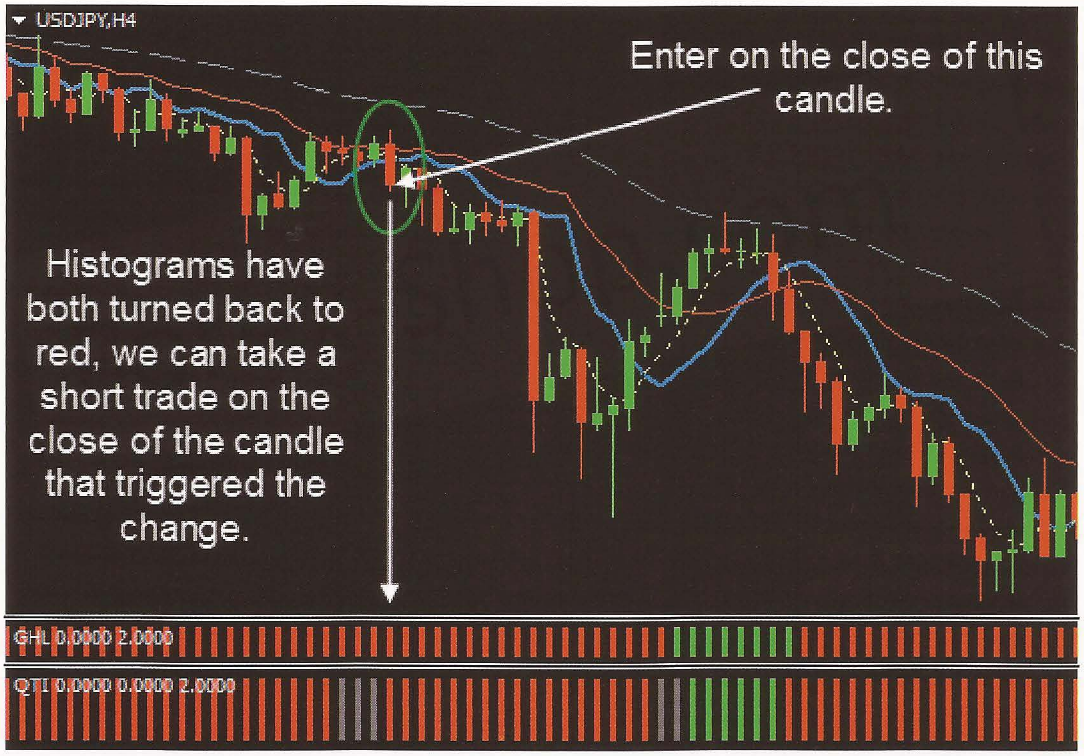


Step 3. Wait for the histograms to change back to the trend direction.

Below we can see the entry on this setup. It was when the close of the candle turned the grey QTI histogram back to red. At this point, the GHL and the QTI are both red.

Step 4. Make sure the 15 EMA and the 45 EMA are in the right order.

The 15 EMA is still nicely under the 45 EMA. The trend direction is still down, so we are good for a short trade.



Step 5. Determine your Stop Loss placement.

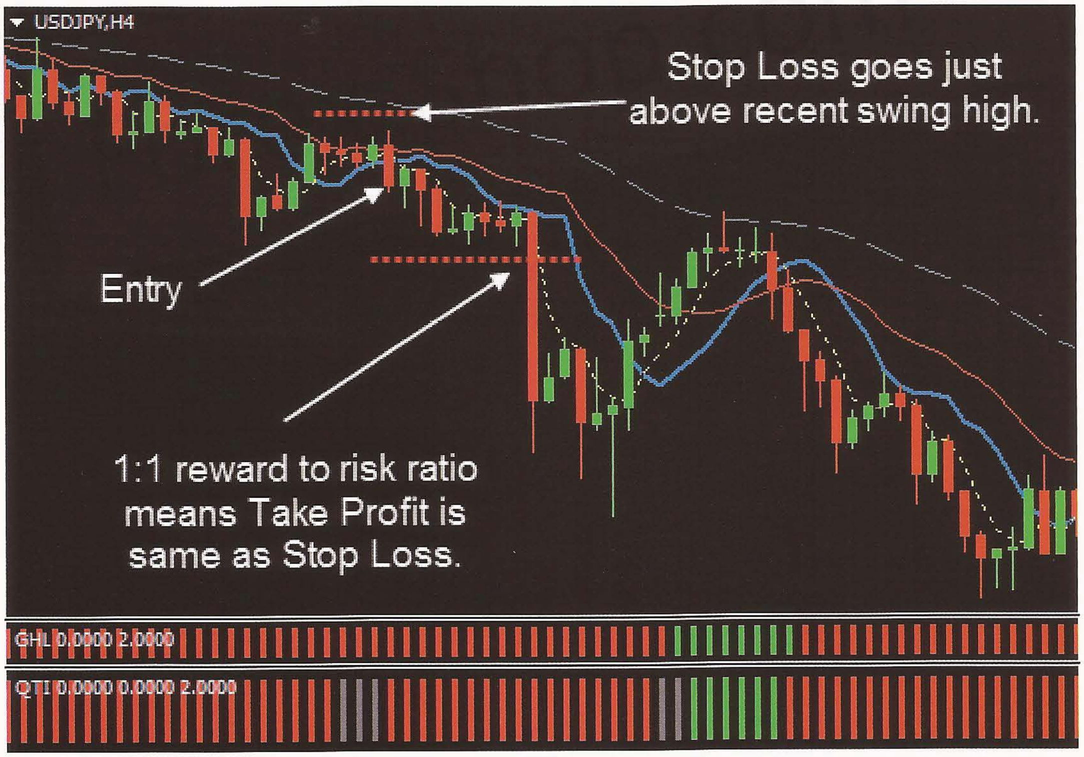
Stop loss and take profit are the same as we have discussed before. The stop will go above the recent swing high.

Step 6. Place your order.

Once you have determined your stop loss placement, you know how many pips form the entry it will go. You can use your calculator to figure out how many lots to trade, so now you can place your order.

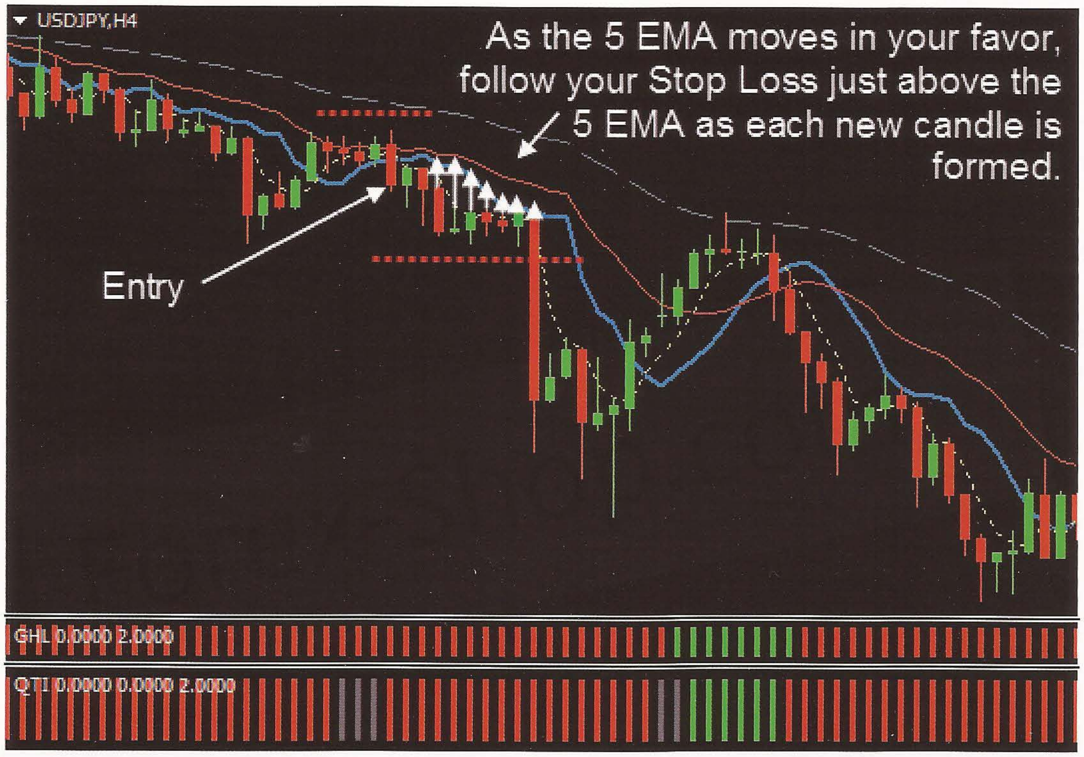
Step 7. Decide your Take Profit price.

The take profit will be a 1:1 reward to risk ratio. This means if the stop loss is 25 pips, your take profit will also be 25 pips.



Step 8. Manage your trade.

As the price moves in your favour, use the 5 EMA above each new forming candle as the placement of your stop loss. For each new candle, you will be able to move your stop a little closer to your take profit level.

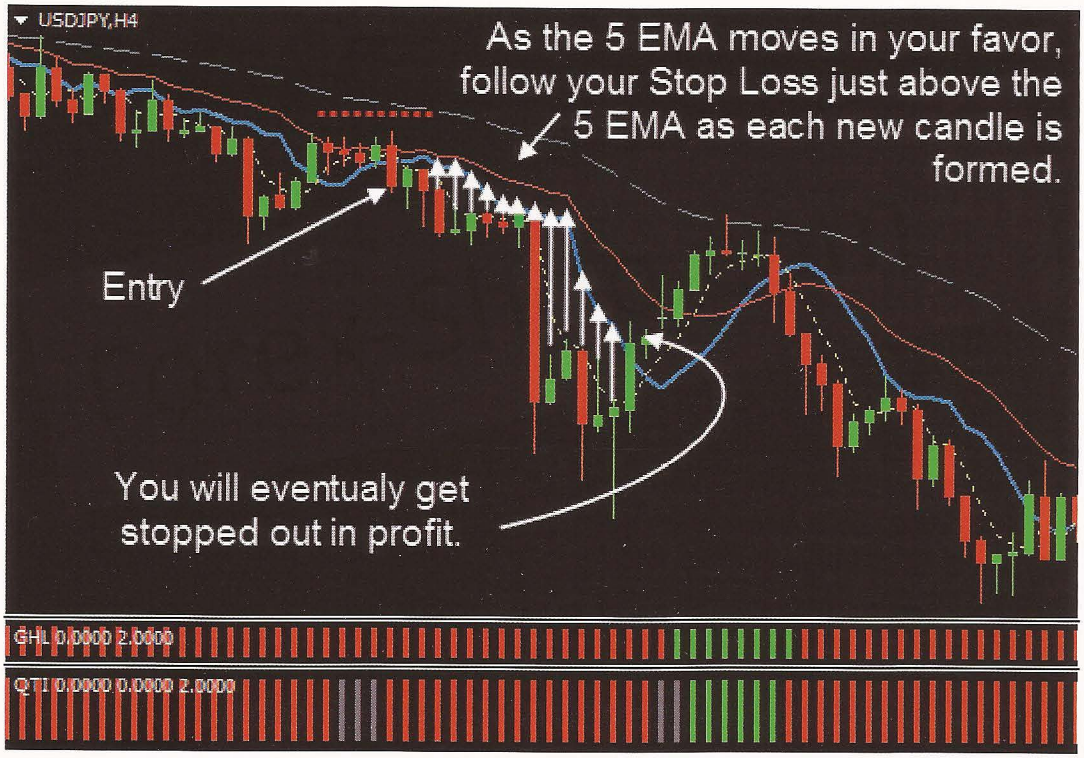


Step 9. (Optional)Trail your stop loss.

If you want to see how much you can squeeze out of the trade, an option you have is to remove your take profit level entirely and trail your stop along the 5 EMA.

In this manner, if the price makes some nice aggressive moves in your direction, you can capture a great deal more pips than if you were to use a hard target.

By moving your stop along the 5 EMA, you will eventually be stopped out of the trade, ideally in profit.



With this option, you will find times when you would have taken more out of the market if you used a hard target, while other times you will have been able to take away much more than a hard target will have provided for you.

I prefer the hard target myself, but if you want the bigger trades, this management technique might be just the thing for you.

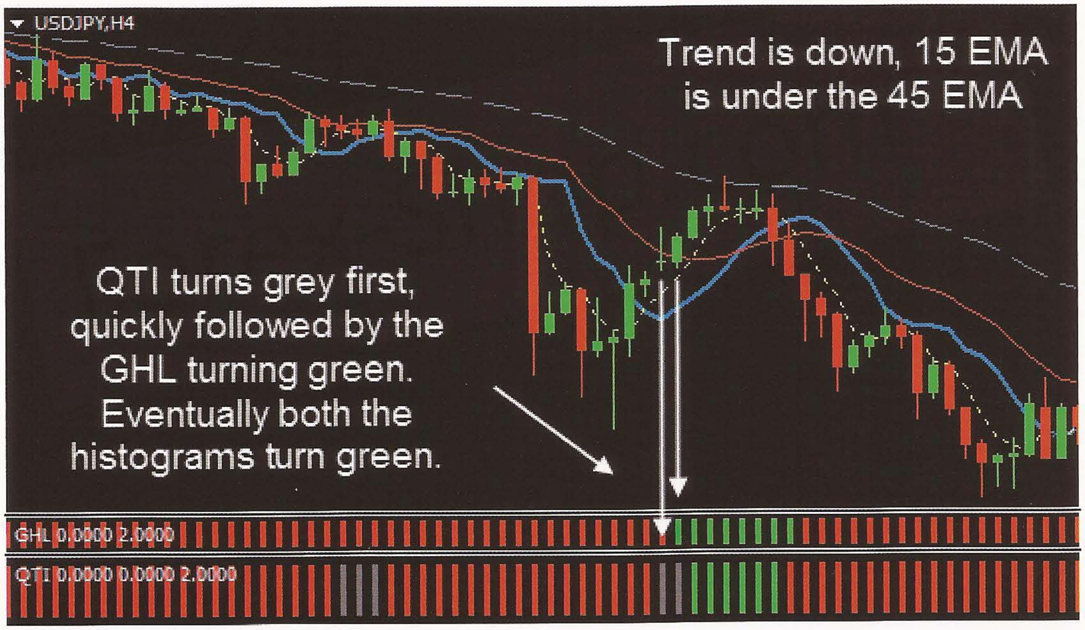
Here is the second trade that occurred in the previous image.

Step 1. The moving averages and the histograms must all be in alignment.

The trend is still down as the 5 is under the 15 and that is under the 45 EMAs. The GHL and the QTI start out red, nice!

Step 2. Wait for a pullback to change the color of one or both of the histograms.

The QTI turns grey to start the pullback process and then the GHL turns green on the next candle. At this point, we are waiting for both histograms to turn red for a short trade.

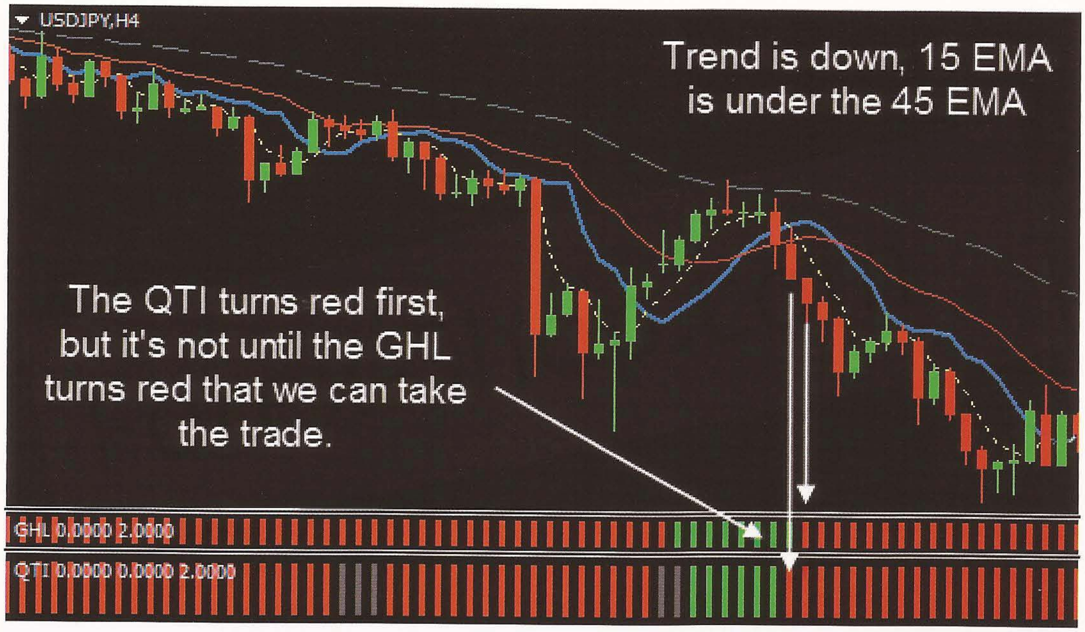


Step 3. Wait for the histograms to change back to the trend direction.

We finally get the QTI to turn red, but we must still wait for the GHL to turn red.The next candle sees that the GHL turns red, this is looking very good!

Step 4. Make sure the 15 EMA and the 45 EMA are in the right order.

This is still a valid setup because the 15 EMA has remained under the 45 EMA.



Step 5. Determine your Stop Loss placement.

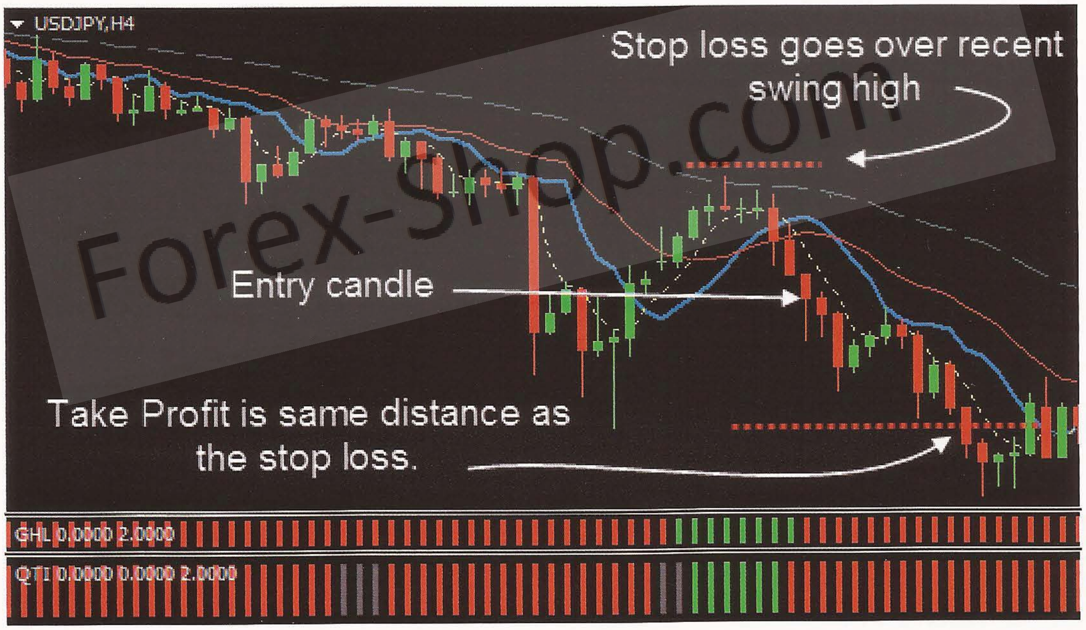
Stop loss goes over the recent swing high.

Step 6. Place your order.

Now you know your stop, you can figure out your lot size on the trade. Do that and place the order.

Step 7. Decide your Take Profit price.

The take profit will be a 1:1 reward to risk ratio.

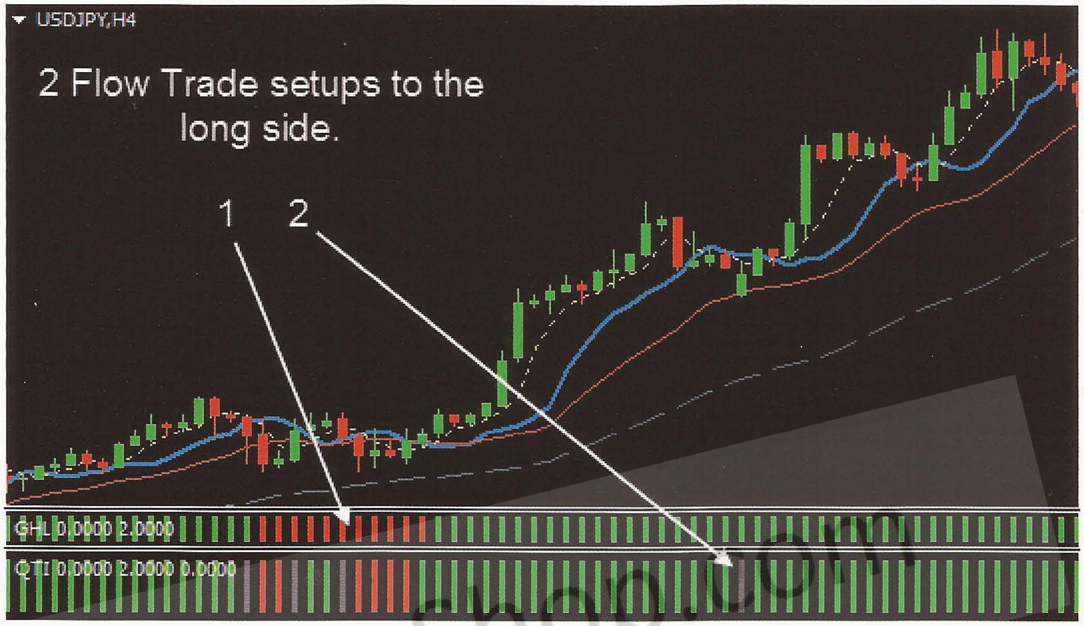


Step 8. Manage your trade.

Trail your stop along the 5 EMA (just above it) for each new candle that forms.

Step 9. (Optional)Trail your stop loss.

Here are a couple of Flow Trades that are buy trades. The market is in an uptrend as the 5 EMA is over the 15 EMA and the 15 EMA is over the 45 EMA.



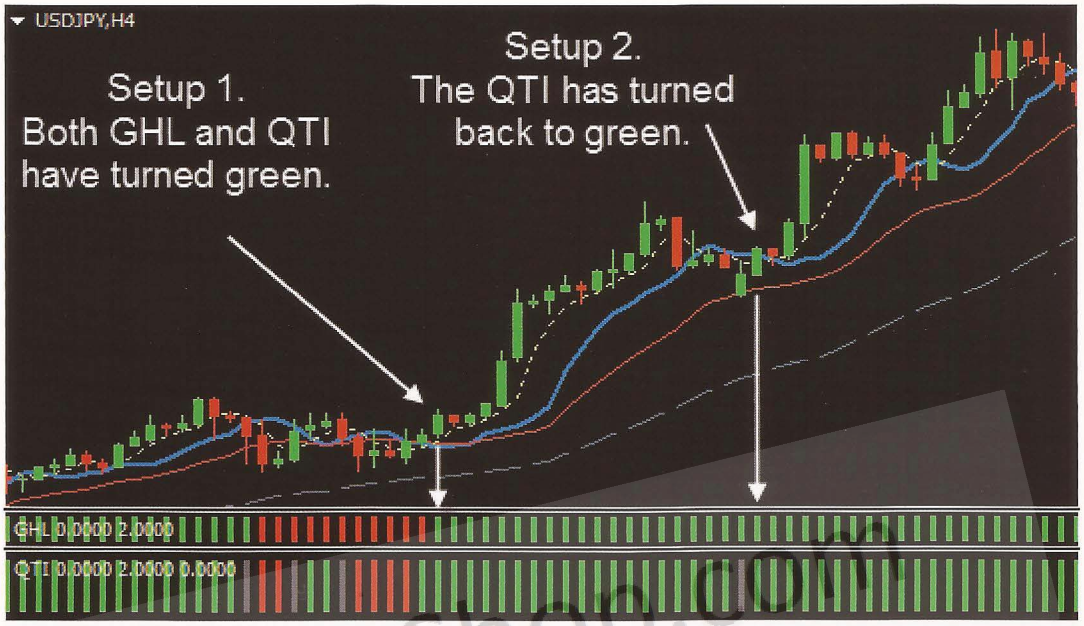
Step 1. The moving averages and the histograms must all be in alignment.

Before each setup that occurs, the moving averages and the histograms are all in alignment. The histograms are green and the moving averages are stacked in the appropriate order.

Step 2. Wait for a pullback to change the color of one or both of the histograms.

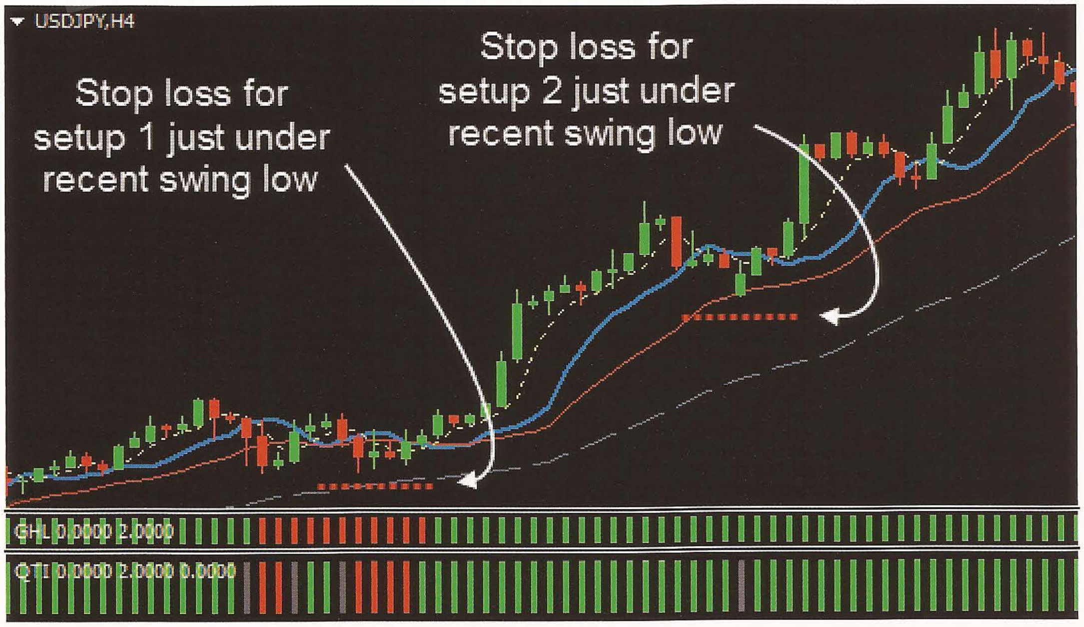
In the first trade setup we see both the GHL and the QTI changed from green to red. In the second setup, only the QTI changed from green to grey.

Step 3. Wait for the histograms to change back to the trend direction.



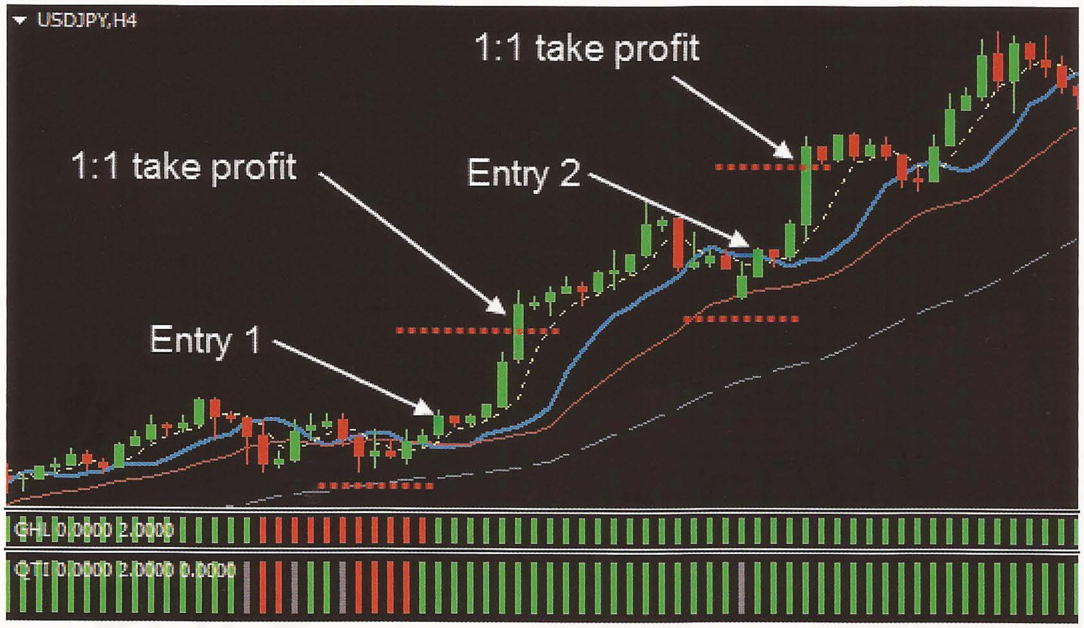
Step 4. Make sure the 15 EMA and the 45 EMA are in the right order.

Step 5. Determine your Stop Loss placement.

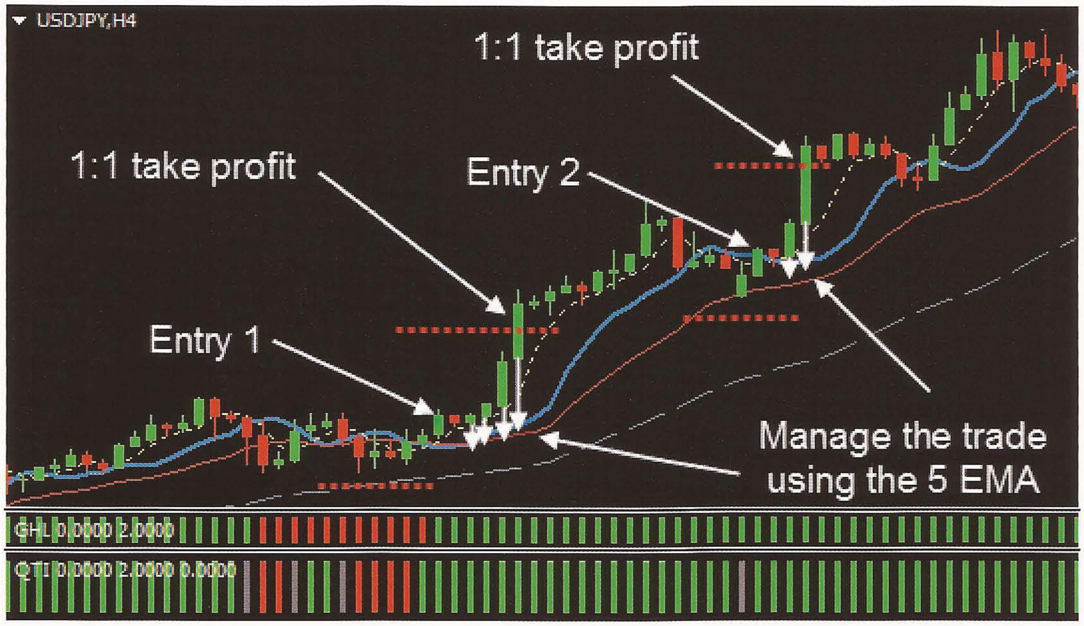


Step 6. Place your order.

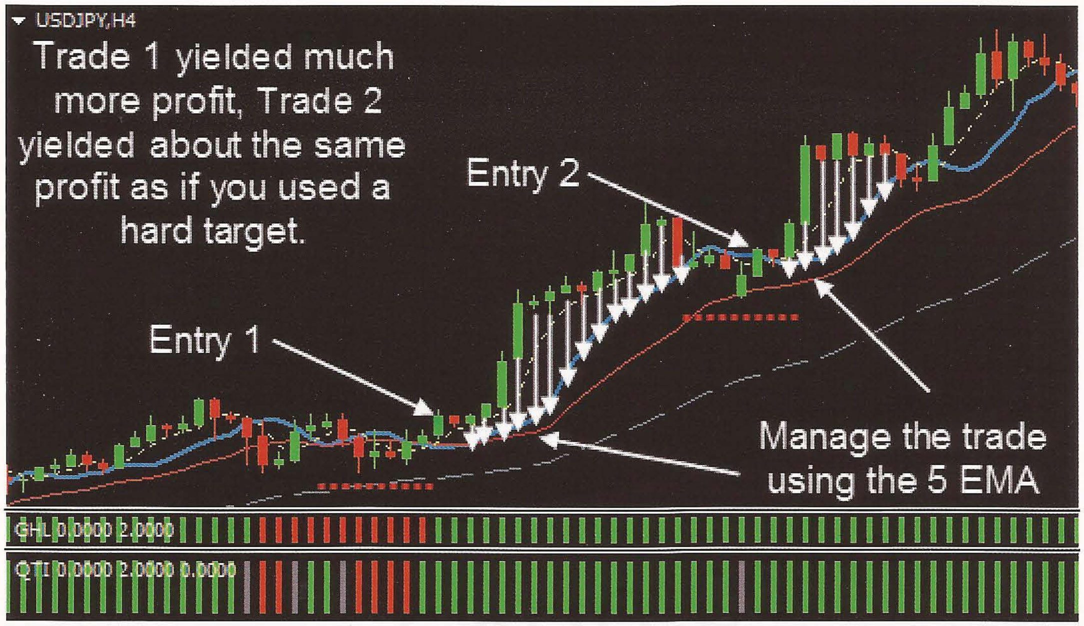
Step 7. Decide your Take Profit price.



Step 8. Manage your trade.



Step 9. (Optional)Trail your stop loss.



By now the process should be pretty clear.

Again, it bears repeating... the trailing your stop option has its advantages, but also can cut some of your trades a little shorter than you would prefer.

If you are a trend trader, this is how you would want to manage your trades. You would allow all your trades to get stopped out by using your stop loss. When you get a big winner, it will make up for all the smaller trades that you took along the way.

D. System Number 4: Lazy Trader

The Lazy Trader system was developed for traders who wanted to trade the daily timeframe.

There are many reasons why you would want to trade the daily timeframe. It could be that you are short on time; it could be that you are not able to handle the stresses of trading very well; it might be that you just don't want to sit and watch charts all the time.

Whatever the reason you have, this system is great for you; you are going to love it!

The challenge to making a good system that trades the daily timeframe is to somehow increase the frequency of trades. Traditionally, you may be waiting days, even weeks for a setup. When you finally get a trade setup, it could take you another several days or weeks to realize your profit.

If you want to make money in a hurry, this really isn't the way to go.

The Lazy Trader is a revolution in trading the daily timeframe. It will trigger a trade almost every day and you can bank your profits almost as quickly. There will be times when you can have 5 profitable trades on a single currency pair in a week. This won't happen every week, but you will get a trade generally every couple of days.

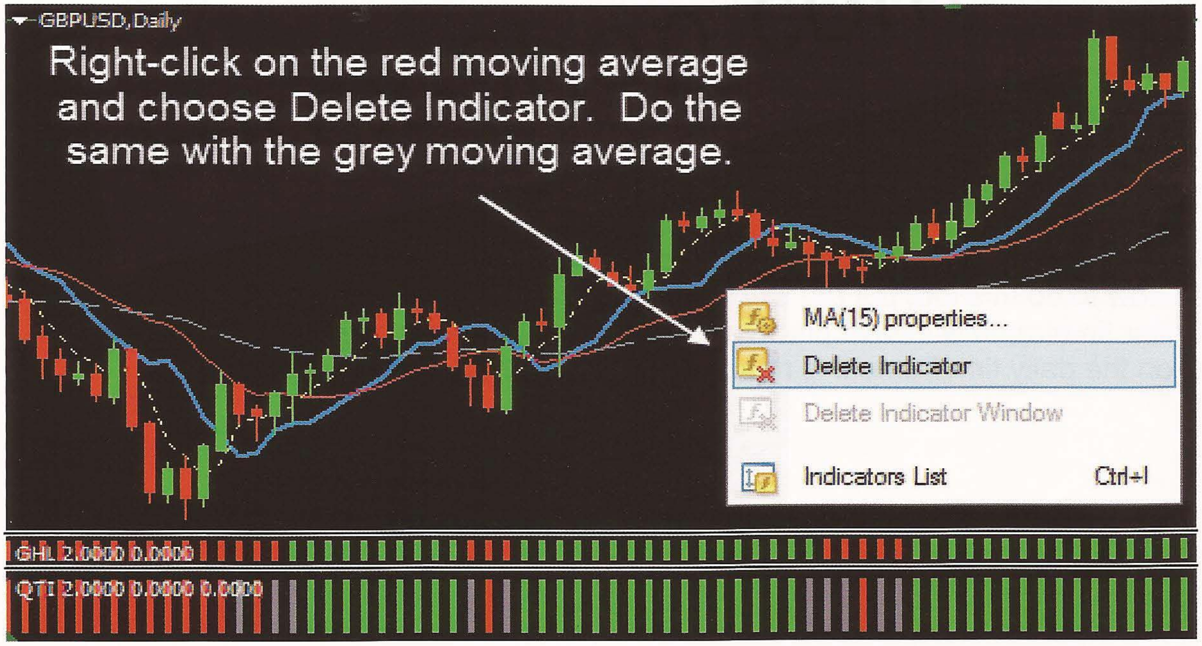
You can apply the entry rules of the Lazy Trader to other timeframes, and I will show you how to do this too, but the exit strategy will be unique to the daily timeframe. The smaller timeframe will have profit targets and you will manage your trade accordingly, but on the daily timeframe it is more a set-it-and-forget-it system.

The Lazy Trader system does not use Multi Timeframe analysis. It's one we trade straight from the timeframe we are looking at.

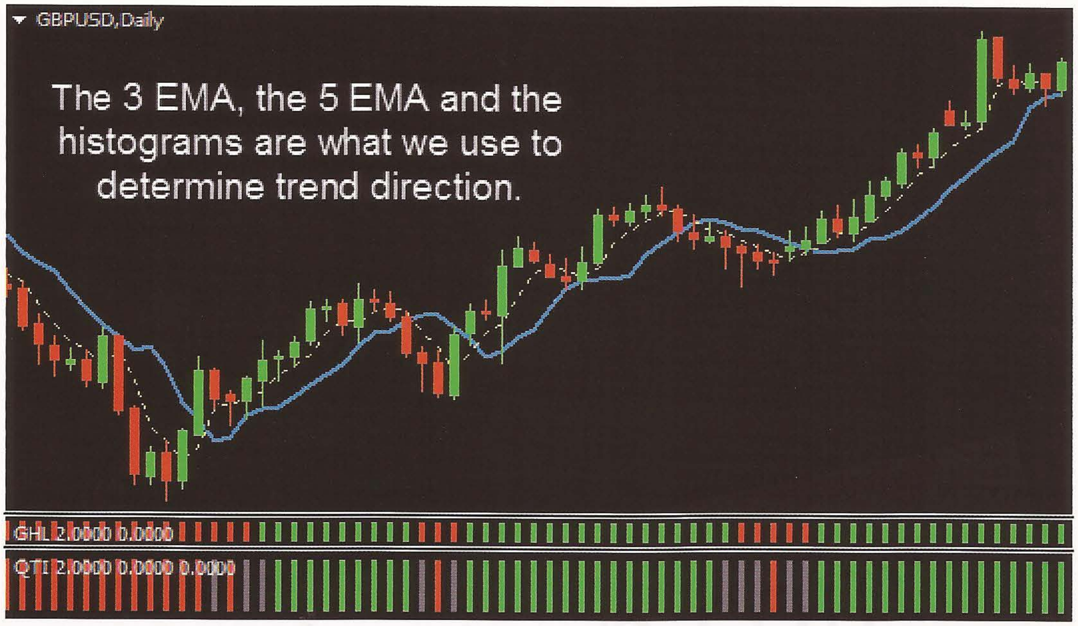
There are 5 basic steps to the Lazy Trader for the daily timeframe.

Step 1. The moving averages and the histograms must all be in alignment.
Step 2. Wait for a pullback the 3 EMA.
Step 3. Calculate your stop loss.
Step 4. Enter a trade in the direction of the trend.
Step 5. Next day, decide to keep the trade open or close the trade in profit.

First of all, we are going to actually get rid of a couple of the moving averages. Let's delete the red 15 EMA and the grey 45 EMA. Right-click on the moving average and choose Delete Indicator.

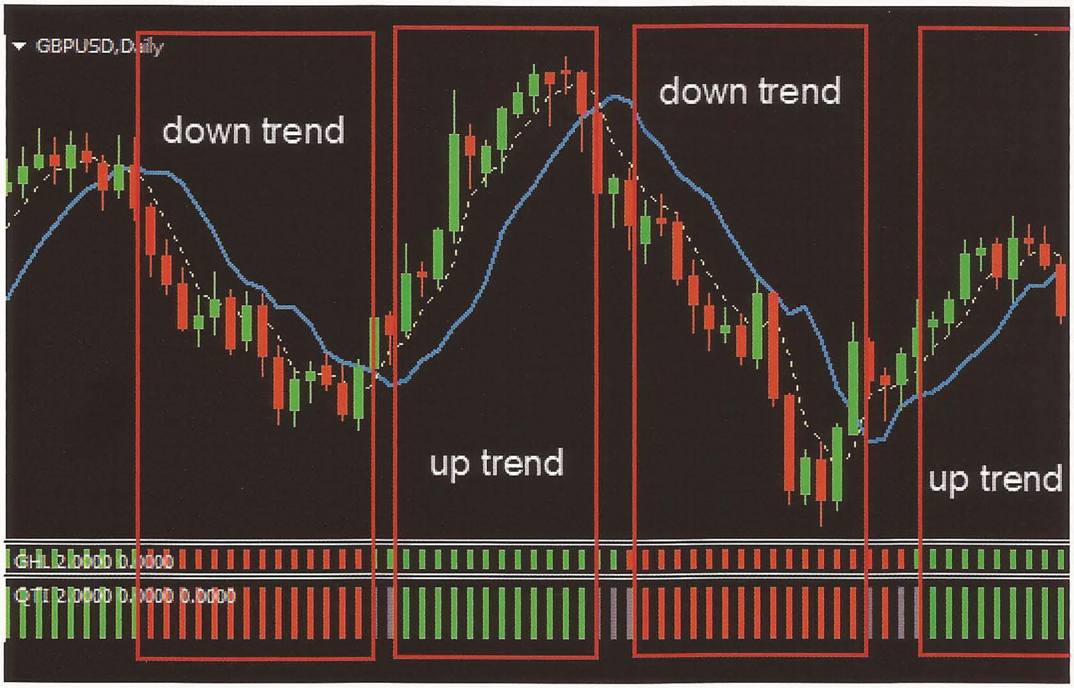


Our chart will look like this:



For long setups, we want the 3 EMA to be over the 5 EMA and the histograms to be green.

For short setups, we want the 3 EMA to be under the 5 EMA and the histograms to be red.

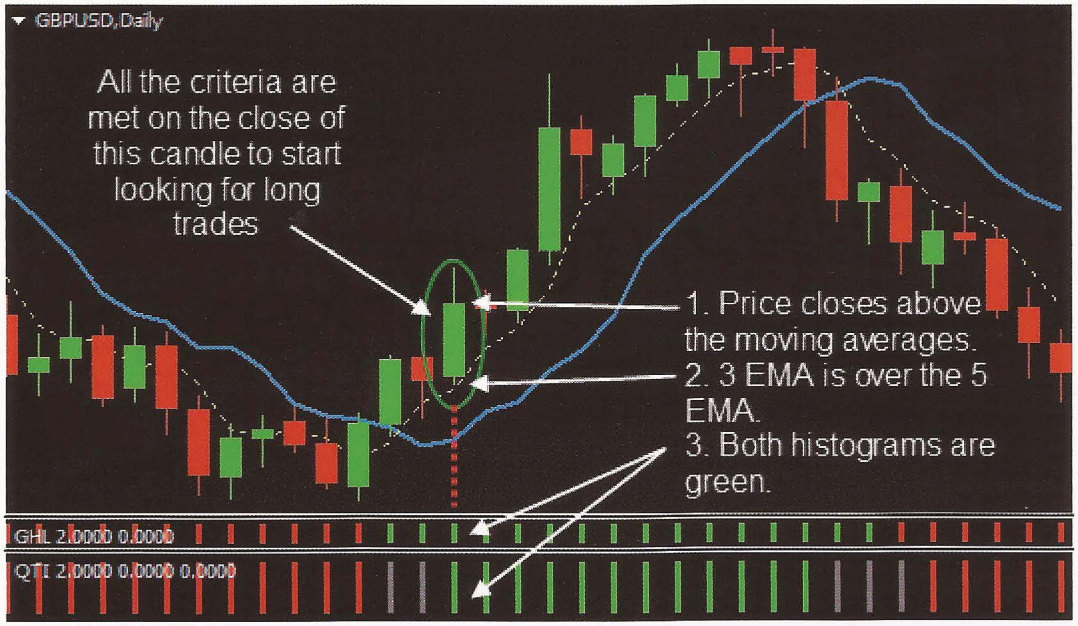


Let's look at a long trade setup.

Step 1. The moving averages and the histograms must all be in alignment.

When all the elements come together, we can start looking for trade setups. For a long setup:

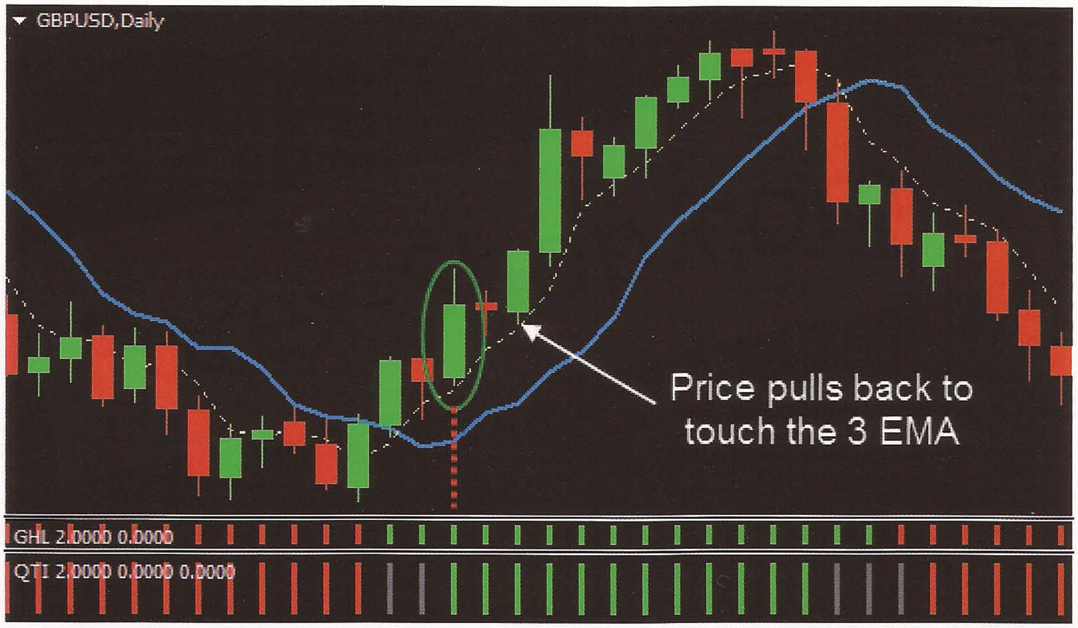
1. Price must close above the moving averages.
2. The 3 EMA is over the 5 EMA.
3. Both histograms are green.



Step 2. Wait for a pullback the 3 EMA.

For the actual trigger for the trade, we want to wait for the price to pullback and touch the 3 EMA.

* It's important to note that when we are looking for a pullback, price must come from the far side of the 3 EMA. In a long trade setup, the 3 EMA is over the 5 EMA and in order for there to be a legitimate pullback, the price must come from above the 3 EMA. The pullback is always going to happen in the opposite direction of the trend. The pullback in a long setup will be done with a red candle.



Step 3. Calculate your stop loss.

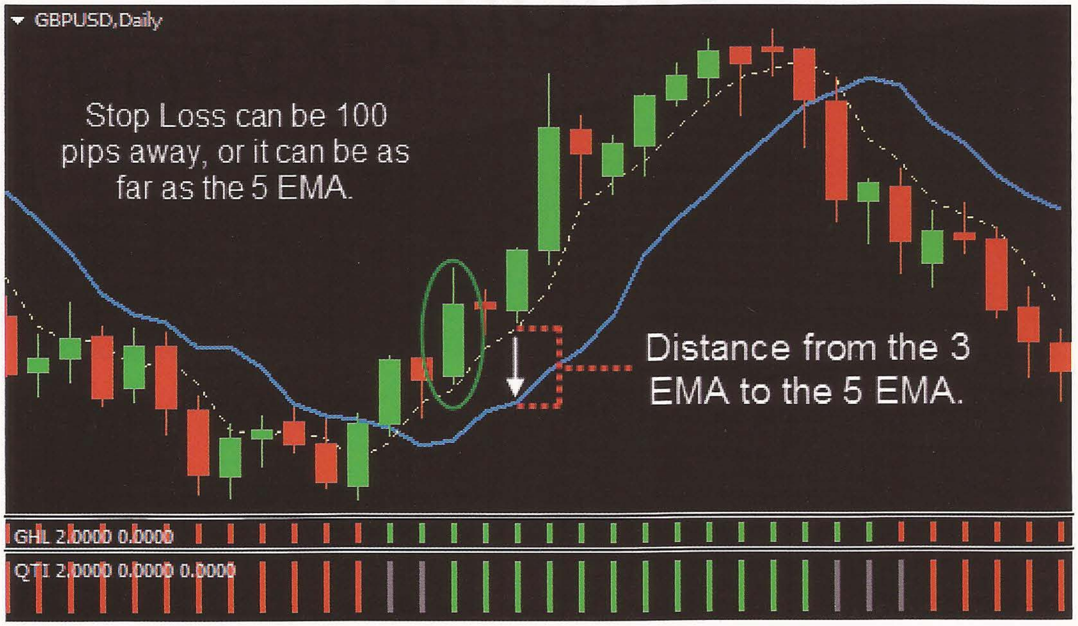
You have a couple of options when figuring out what your stop loss is going to be.

Option number 1 - You can use a standard pip count. As of the writing of this manual, for the GBPUSD, I use a standard stop loss of 100 pips.

Option number 2 - You can measure the distance from the 3 EMA to the 5 EMA and see how many pips away that is. The 5 EMA would be your stop loss.

You can use a mixture of the 2 options. You can use a stop loss of 100 pips unless the 5 EMA is closer than that. If the 5 EMA is 75 pips away, you can use this as your stop, but if the 5 EMA is 125 pips away, you can use the 100 pip stop loss. Whichever one is the closest.

If you use the standard stop loss setting, you only need to figure out your lot size once and then use the same lot size for every trade after that (until it's time for you to recalculate your percentage risk).



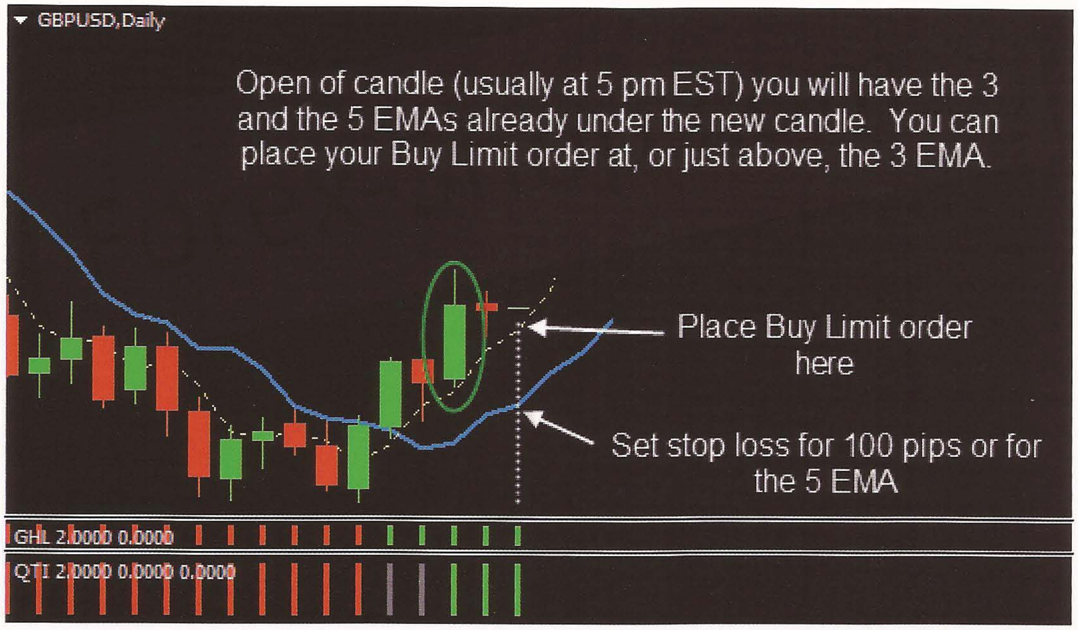
Step 4. Enter a trade in the direction of the trend.

Once price has touched the 3 EMA and you have decided how many lots you will trade, you can go ahead and place a buy trade.

It can be a little scary as you will be placing a trade when the candle is red, it will be moving against you at the time of your entry.

The beauty of this is that you don't need to wait for the market to touch this level before you place your trade.

When the market starts a new candle, this is usually at 5 PM EST; you can calculate your lot size and then place your buy limit order and your stop loss. You can then turn off your computer and come back the next day at the same time.



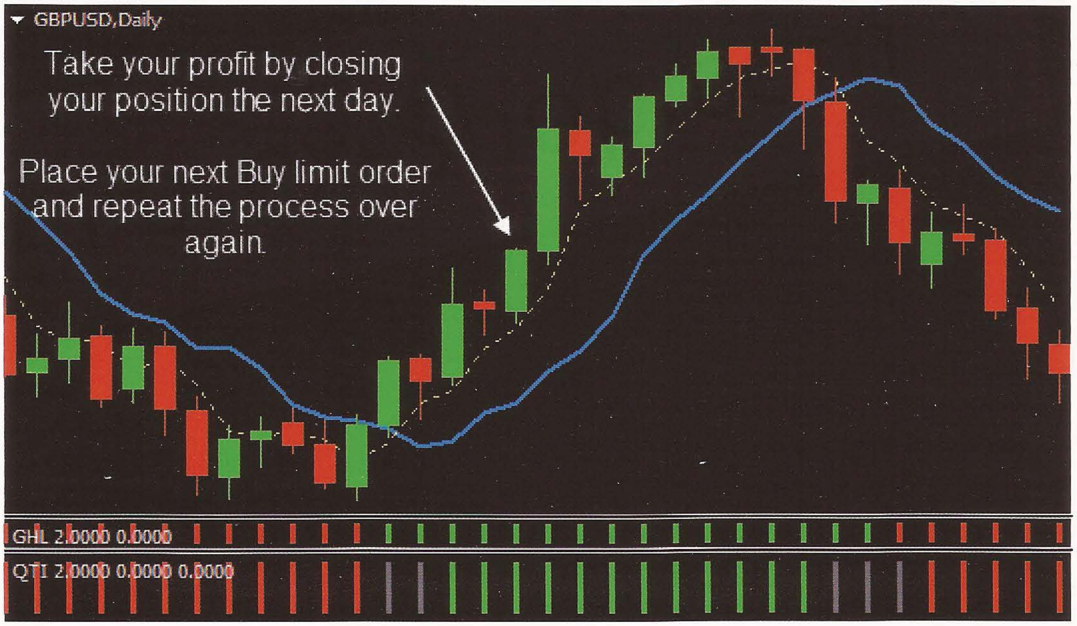
Step 5. Next day, decide to keep the trade open or close the trade in profit.

When you come back the next day at the same time, you will again have a couple of options. The first one is how the system was built and this can have you in and out of trades almost every day.

Taking profit - Option number 1

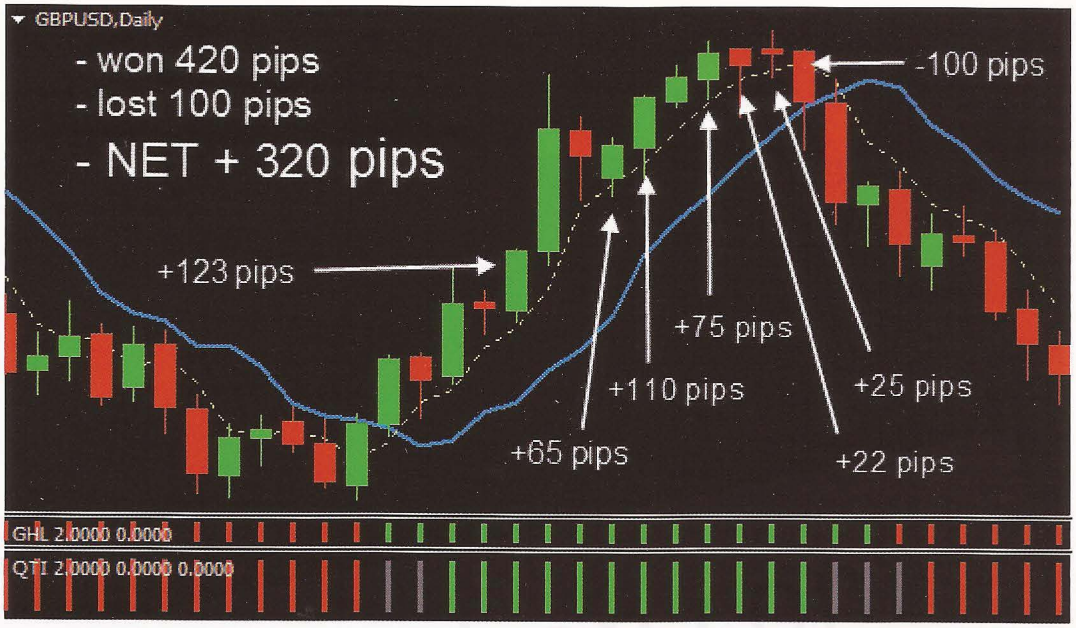
If you come back and see that the trade has closed in profit, you can close your position and bag the pips. This is how we will do this as the basic rules of the system.

On this particular trade, the stop loss was 100 pips and the candle closed in profit with 123 pips. We entered when the price touched the 3 EMA and we never placed a take profit order, we just let the market run until we returned the next day. Once the candle closes, we then also close our trade and bank the profits.



Of course there is a danger in letting a trade run without a take profit order just in case we cannot return to the charts the next day. At worst, we will eventually get stopped out at a 100 pip loss. You can place a Take Profit order at 200 pips and set a 50-100 pip trailing stop.

Over a 10 day period, we won 6 trades and lost 1.



Trade 1 = +123 pips
Trade 2 = +65 pips
Trade 3 = +110 pips
Trade 4 = +75 pips
Trade 5 = +22 pips
Trade 6 = +25 pips
Trade 7 = -100 pips

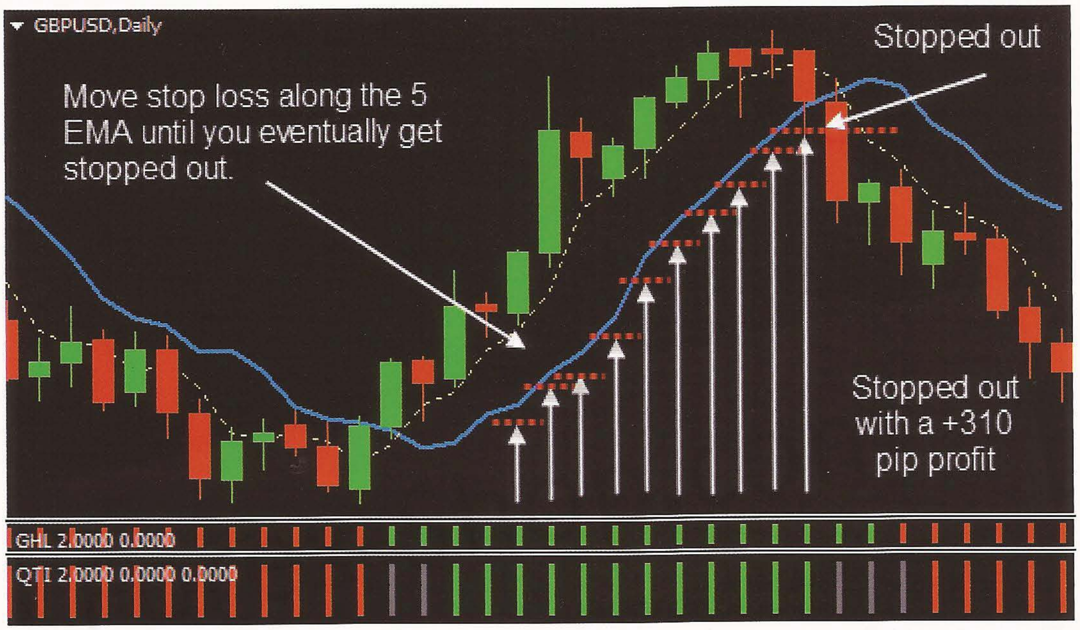
Total win = +420 pips
Total lost = -100 pips

Net pips = +320 pips

Over 10 trading days, we were able to take 7 trades on a single currency pair... on the daily timeframe!

Take Profit - Option number 2

Like the managing of the other kinds of trades, you can manage the Lazy Trader the same way. As the price is moving in your favour and the 5 EMA moves away from you, move your stop up along the 5 EMA under each new forming candle.



You don't want to put the stop loss right on the 5 EMA; you want to give it a little room. On the daily timeframe, you can place your stop about 10 pips under the 5 EMA for each new forming candle.

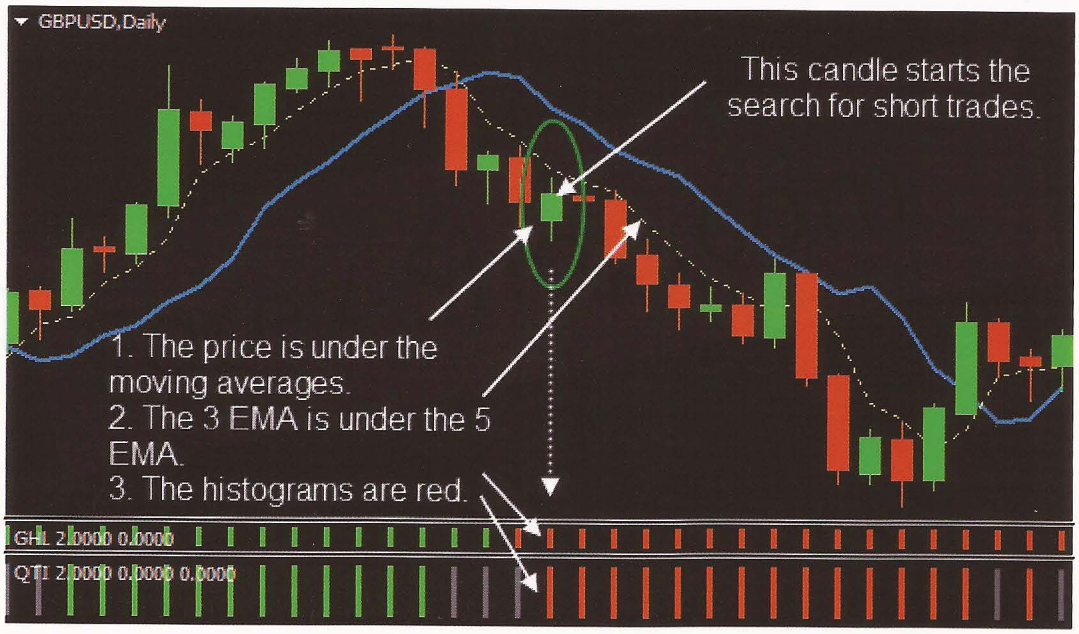
In the above trade, we managed the trade and managed to take home a nice 310 pips. That's a good 10 days for anybody! This is on one currency pair trading the daily timeframe.

Let's take a look at this with a short trade.

Step 1. The moving averages and the histograms must all be in alignment.

We are looking for the moving averages and the histograms to all be working together and headed in the same direction.

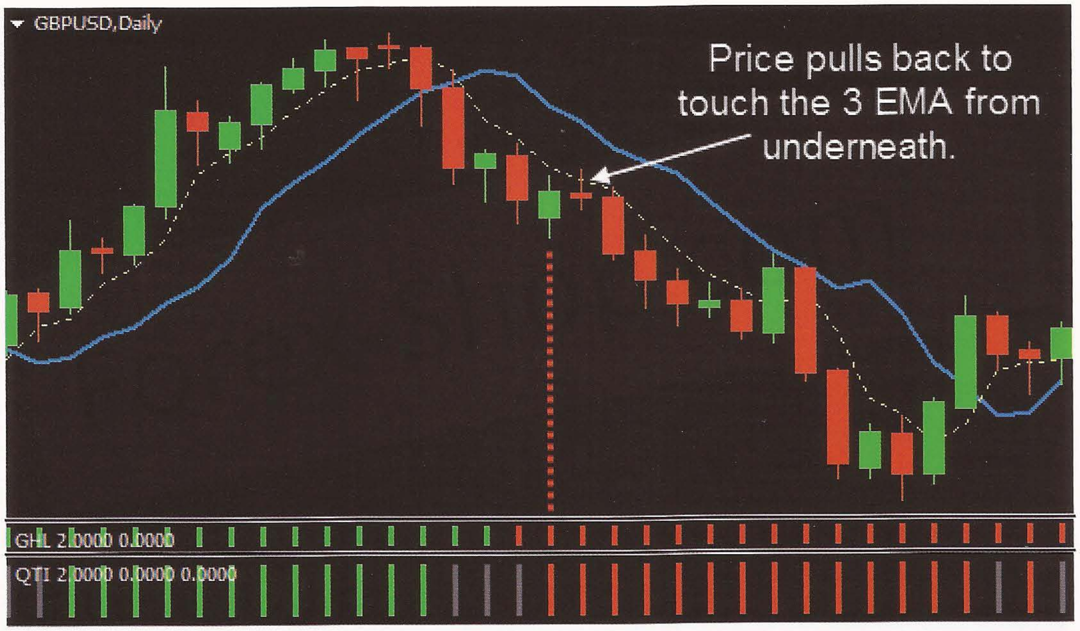
1. Price must close below the moving averages.
2. The 3 EMA is under the 5 EMA.
3. Both histograms are red.



Step 2. Wait for a pullback to the 3 EMA.

For the actual trigger for the trade, we want to wait for the price to pullback and touch the 3 EMA.

* It's important to note that when we are looking for a pullback, price must come from the far side of the 3 EMA. In a short trade setup, the 3 EMA is under the 5 EMA and in order for there to be a legitimate pullback, the price must come from underneath the 3 EMA. The pullback is always going to happen in the opposite direction of the trend. The pullback in a short setup will be done with a green candle.



Step 3. Calculate your stop loss.

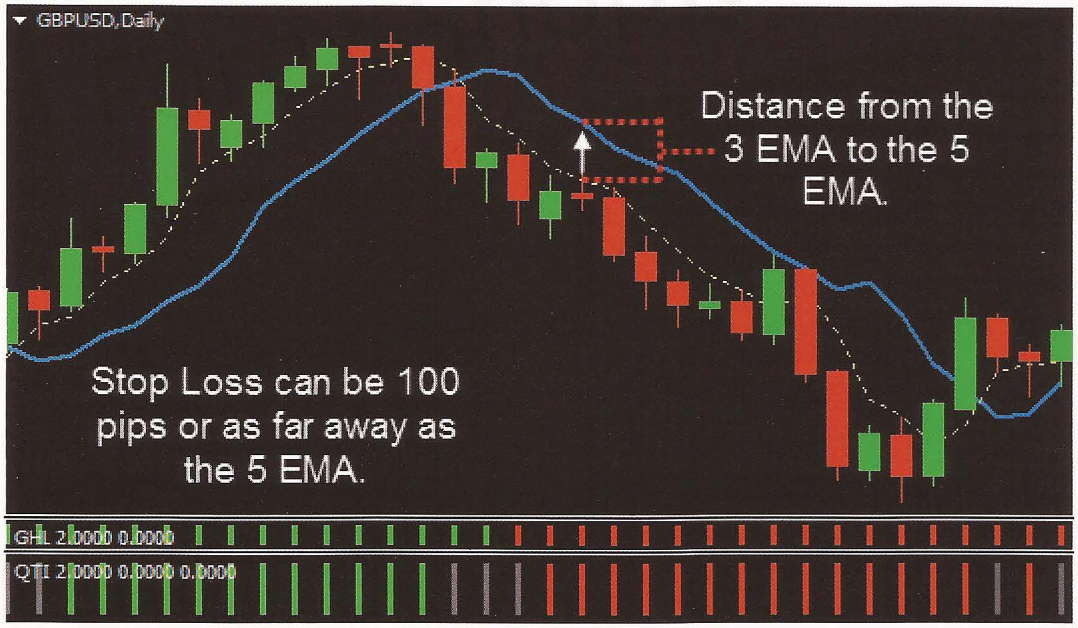
You have a couple of options when figuring out what your stop loss is going to be.

Option number 1 - You can use a standard pip count. As of the writing of this manual, for the GBPUSD I use a standard stop loss of 100 pips.

Option number 2 - you can measure the distance from the 3 EMA to the 5 EMA and see how many pips away that is. The 5 EMA would be your stop loss.

You can use a mixture of the 2 options. You can use a stop loss of 100 pips unless the 5 EMA is closer than that. If the 5 EMA is 75 pips away, you can use this as your stop, but if the 5 EMA is 125 pips away, you can use the 100 pip stop loss. Whichever one is the closest.

If you use the standard stop loss setting, you only need to figure out your lot size once and then use the same lot size for every trade after that (until it's time for you to recalculate your percentage risk).



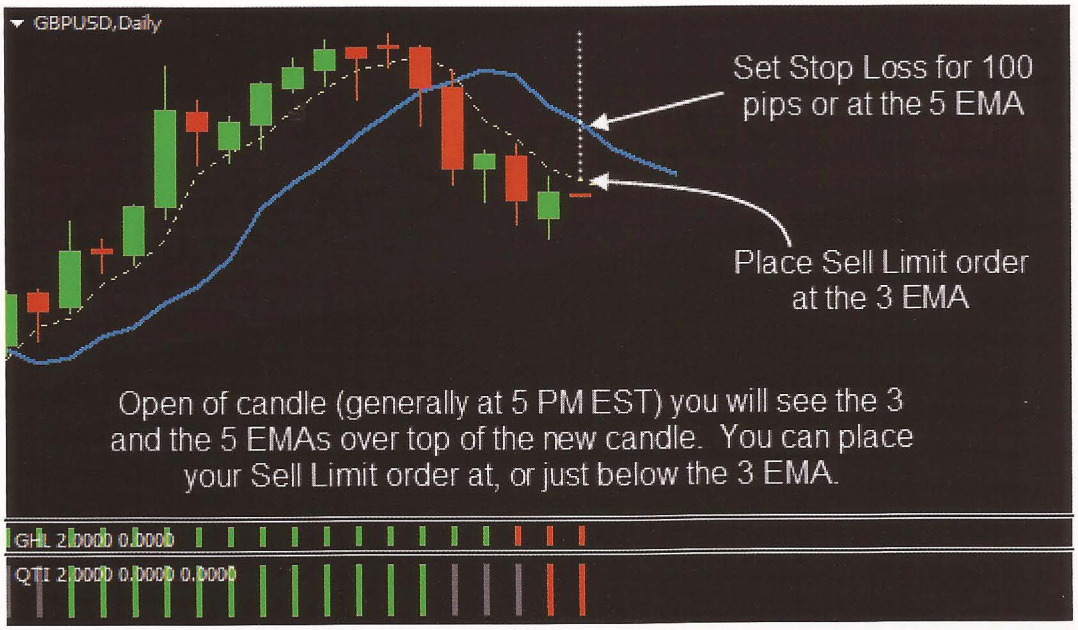
Step 4. Enter a trade in the direction of the trend.

Once price has touched the 3 EMA and you have decided how many lots you will trade, you can go ahead and place a sell trade.

It can be a little scary as you will be placing a trade when the candle is green, it will be moving against you at the time of your entry.

The beauty of this is that you don't need to wait for the market to touch this level before you place your trade.

When the market starts a new candle, this is usually at 5 PM EST; you can calculate your lot size and then place your sell limit order and your stop loss. You can then turn off your computer and come back the next day at the same time.



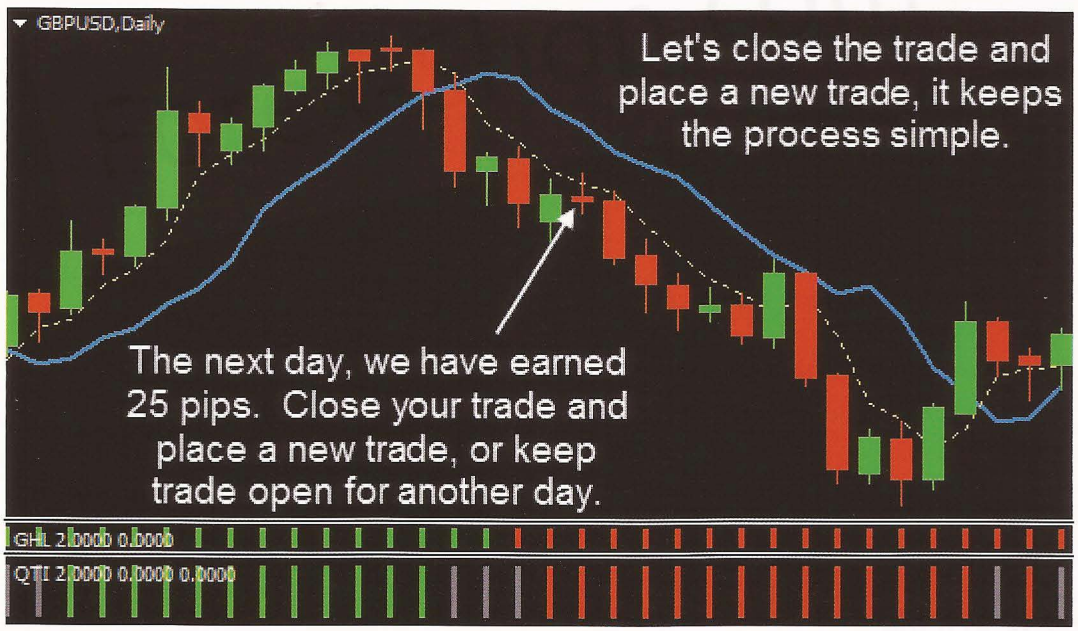
Step 5. Next day, decide to keep the trade open or close the trade in profit.

When you come back the next day at the same time, you will again have a couple of options. The first one is how the system was built and this can have you in and out of trades almost every day.

Taking profit - Option number 1

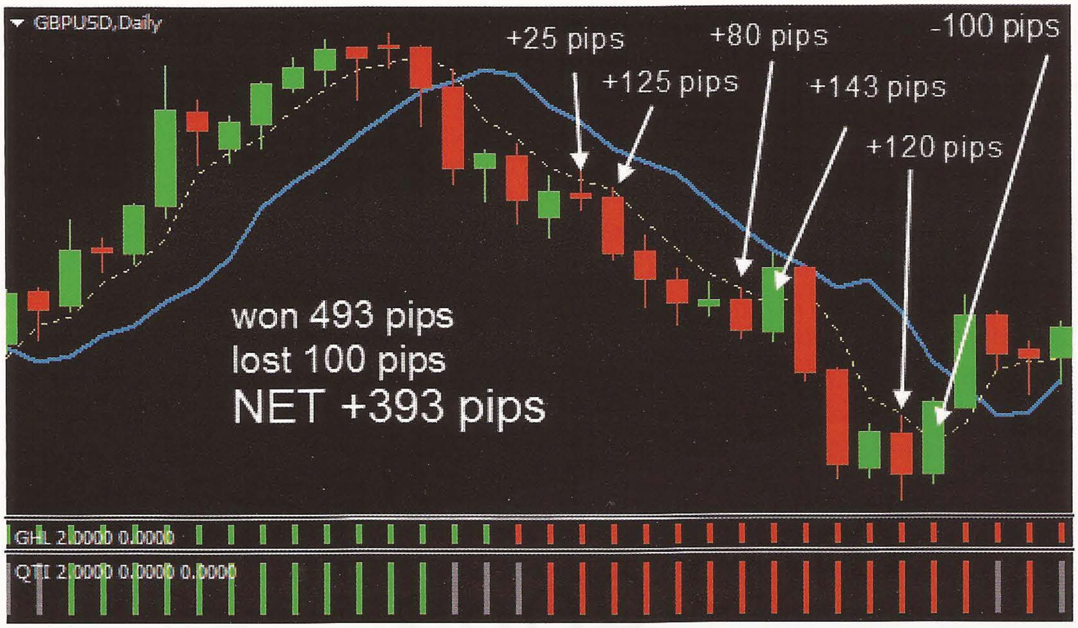
If you come back and see that the trade has closed in profit, you can close your position and bag the pips. This is how we will do this as the basic rules of the system.

On this particular trade, the stop loss was 100 pips and the candle closed in profit with 25 pips. We entered when the price touched the 3 EMA and we never placed a take profit order, we just let the market run until we returned the next day. Once the candle closes, we then also close our trade and bank the profits. If this 25 pips seems like not enough to make the stop loss worth the risk, the option then is to keep the trade open for another day.



In this example, we are going to close the trade and bag our 25 pips. We will then place a new sell limit order anticipating a new trade.

We took 6 trades over a period of 13 trading days. Not a trade every day, but that's perfectly OK.



Trade 1 = +25 pips
Trade 2 = +125 pips
Trade 3 = +80 pips
Trade 4 = +143 pips
Trade 5 = +120 pips
Trade 6 = -100 pips

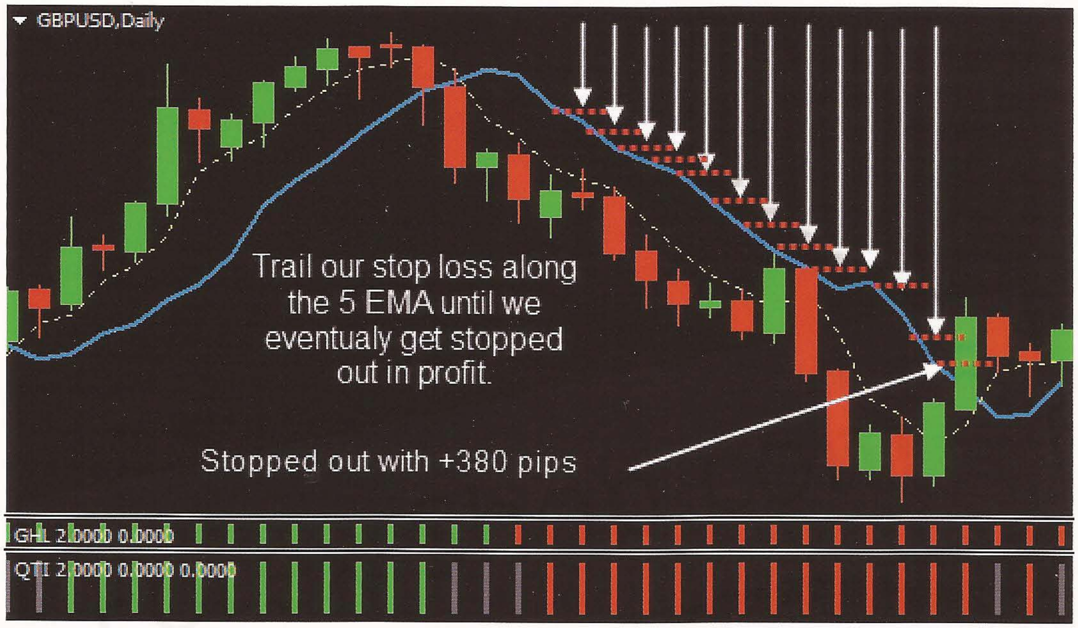
Total win = +493 pips
Total lost = -100 pips

Net pips = +393 pips

Over 13 trading days, we were able to take 6 trades on a single currency pair... on a daily timeframe! That is a trade almost every second day on a timeframe that is usually very sparse to trade.

Take Profit - Option number 2

Like the managing of the other kinds of trades, you can manage the Lazy Trader the same way. As the price is moving in your favour and the 5 EMA moves away from you, move your stop up along the 5 EMA over each new forming candle.



You don't want to put the stop loss right on the 5 EMA; you want to give it a little room. On the daily timeframe, you can place your stop about 10 pips over the 5 EMA for each new forming candle.

In the above trade, we managed the trade and managed to take home 380 pips. That's just over 2 weeks with very little effort, checking in only once a day spending less than 5 minutes a day.

Lazy Trader maybe, but profitable trader for sure!

XII. Times of Day to Trade

I get this question a lot. And there is a lot of sense to these questions. Currency pairs are made up of 2 different county's currencies. The Great Britain Pound and the United States Dollar for example... the GBP/USD.

These countries are not doing business at the same time, so when should we be trading them? During the business hours of New York? Maybe the business hours of London? Maybe during the combined business hours of each?

Even though the Forex markets are open 24 hours a day, 5 days a week, there are good times and bad times to trade, especially if you are trading the 1 hour timeframe or less.

Let's first look at what's called **Market Sessions**.

There are 3 main market sessions, and each session happens when each of the 3 major financial centers of the world are doing business.

The three major financial centers are:

1. Tokyo (Asian session)
2. London (London session)
3. New York (New York session)

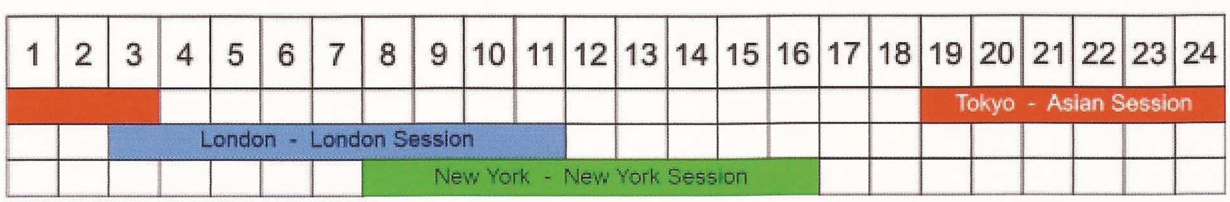
Below are visual representations of how each of the sessions relate to each other. Each session goes form 8 AM to 5 PM in their own time zone. In the image of the chart for the Tokyo time zone, we see what time the London session and the New York sessions are active.

If you live in Tokyo, the Asian session goes from 8 AM to 5 PM.
The London session goes from 4 PM to 1 AM.
The New York session goes from 9 PM to 6 AM.

Tokyo Time Zone

London Time Zone

New York Time Zone



The single best time, or session, to trade is during the London session.

During the London hours, every currency pair is on the move, the markets are nicely tradable.

During the London session, you can trade anything you want to. Here are just a few examples:

EUR/GBP	EUR/USD	EUR/CHF	EUR/JPY
GBP/USD	GBP/CHF	GBP/JPY	AUD/NZD
AUD/USD	AUD/JPY	NZD/JPY	NZD/USD
USD/CAD	USD/CHF	USD/JPY	CAD/JPY

The London session overlaps the New York session. Once the London session ends, there are still 5 hours of the New York session left. Even though the US Dollar is one of the biggest players in the Forex world, the last half of the New York session is very slow and makes for very poor trading. I would suggest that if you can stay away from the last half of the New York session, you would be better off to do so.

The Asian session is up after the New York session, and this is also a very slow trading session. There are a few currency pairs that do move during the Asian session, but they don't move a lot. The active markets during the Asian session are the AUD and the JPY. If you want to trade the Asian session, you can trade the AUD and the JPY pairs.

Here are some examples:

AUD/USD	AUD/NZD	AUD/JPY
EUR/JPY	GBP/JPY	USD/JPY

XIII. Bid and Ask

This is one of the most universally misunderstood aspects of trading, and this is the Bid and Ask spread.

First of all, when you place a trade, you will notice that you are automatically minus a few pips. It will be different from currency pair to currency pair, but the average I would say is about 2 pips.

This 2 pips is what your Forex broker charges you for brokering the trade that you are placing. It's how you are paying them for their services... fair enough.

The spread is the difference between 2 prices, there is a price you buy at and a price you sell at, and they are a little bit different. It's like selling your car to a dealership. You being the trader and the car dealership being the broker, you will sell them the car at a lower price than if you were to buy the car from them. The difference between the 2 prices is what the dealership will pocket as their fee. If they can take the car from you for $1,000 and give the car to someone else for $1100, the difference is $100 and this is money they keep for their services.

In effect, the same car will have 2 different prices, one for selling and another one for buying. The Forex market is the same way, there are 2 different prices, one for buying and one for selling.

Buying uses the Ask price.
Selling uses the Bid price.

The Bid price will always be lower than the Ask price.

How does this affect you as a trader?

The very first thing you have to understand is that when you open a sell trade, to technically close the position, you have to buy the position back. On your platform it's as simple as "closing" the sell trade, but in reality it's a buy trade and this balances it out.

Same goes for a buy trade. Once you have bought into a position, you will have to sell that position to close it. It's a non-issue usually; most traders don't even know that this is what they are doing. As far as they know, they are simply closing the trade without realizing there is a buy-back or a sell-back happening.

As far as the spread goes, you know that when you place a trade you will be down a couple of pips because of the spread, and if you want to bag 10 pips of profit, you will have to see your trade go 12 pips... this will be the 2 pips to make up for the spread to get you back to 0 and then your 10 pips for your profit.

That's simple enough. Where the trouble sometimes lies is that the charts you use will only show 1 price, and this is almost always the Bid price.

When you are in a buy trade, this will never be an issue. The lines you see on your chart at the levels you put them are all in the right places. If you have a Take Profit level at 1.5566, the line on your chart will show at 1.5566 and when price touches it, your trade will be closed. In order to close a buy trade, you will have to technically sell back your position, and when you sell, you are using the Bid price. The Bid price is what you see on your charts, so what you see is what you get.

On the other hand, when you are selling, the lines on your charts can be somewhat deceiving. The chart still shows you the Bid levels, but when you need to close a trade, at either a profit or a loss, you will have to buy back your position. When you buy back your position, because it's a Buy, you will be using the Ask price, and this is invisible on your charts.

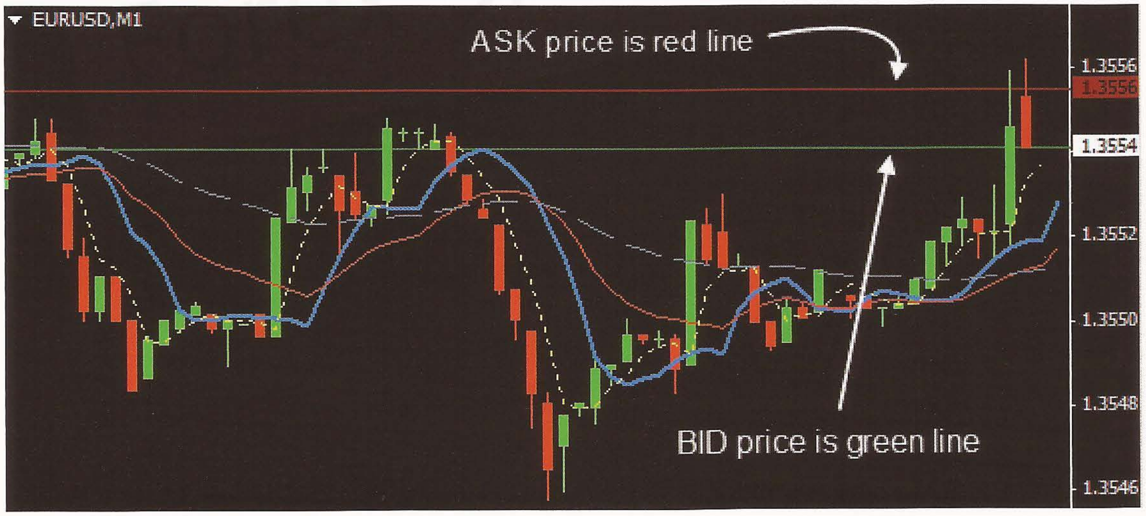
If you identify a level on your chart to place your take profit on your sell trade, let's say the 1.5566 level, what you are doing is placing this order using the Bid price that you see on your chart.

This is going to be the wrong price! When you are buying back your position, you want to use the invisible Ask price. What you will see happen is when you place your take profit at 1.5566 on the chart, the price will have to drop lower than the 1.5566 by whatever the spread is. If your spread is 2 pips, the price on the chart will have to drop 2 pips lower than the 1.5566 level on your chart. It will have to get to 1.5564 to take you out of your trade.

This also goes for the stop loss. If you are in a sell trade and the price rises against you, it will stop you out 2 pips before the price on the chart hits the line on the chart.

Traders will often not understand this difference between the Bid and Ask prices, and when they get stopped out "too early", they will assume that their broker is cheating them. The trader is cheating them self by not understanding this concept.

In order to help with this confusing reality, the template you have for the system will have both the Bid and the Ask lines; you will be able to see both prices at all times.

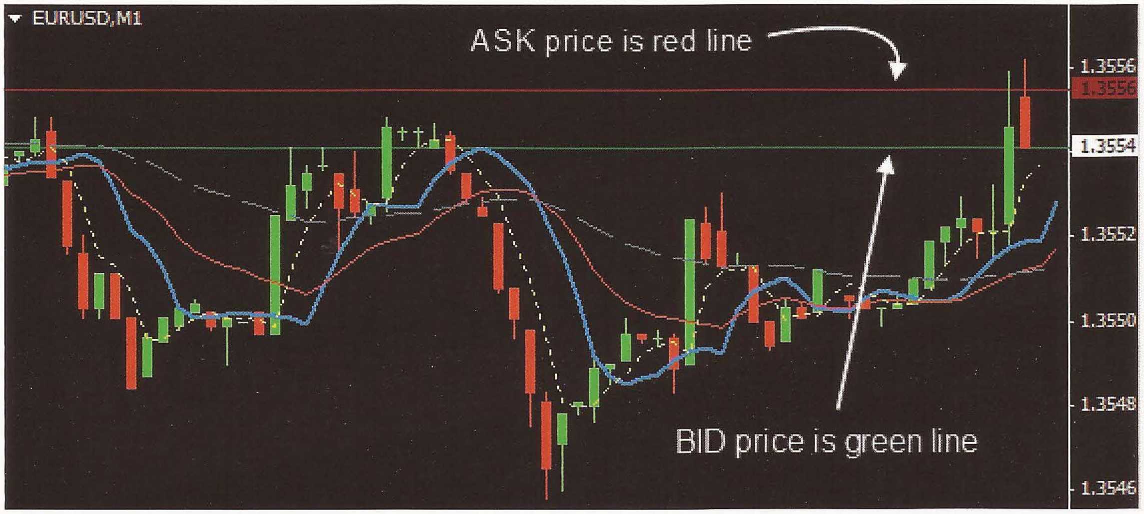


You can see the 2 lines on the chart on the previous page (also below).There is a green line and a red line. The green line is the Bid price; this is the line that the current price on the chart will show you. Every chart will show the Bid price.

You can also see that the red line is higher on the chart than the green line. The red line is the ASK price.

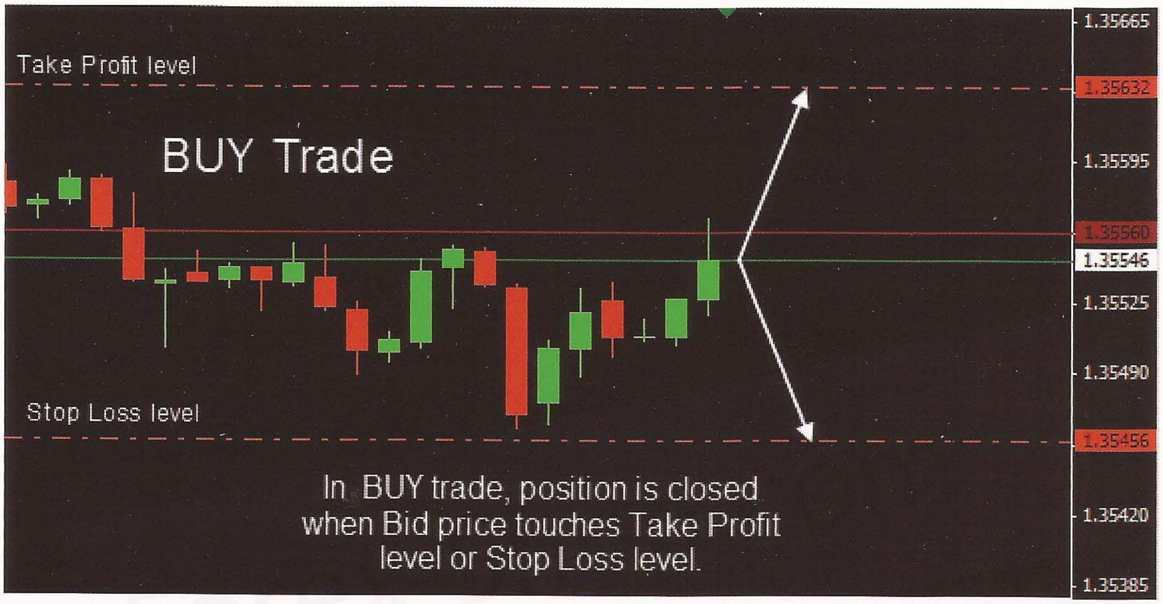
The Ask price on this chart is 1.3556
The Bid price on the chart is 1.3554

The Ask price minus the Bid price will give you the spread; in this case it's 2 pips.



In a BUY trade (we want price to go up):

The position you are in will be closed when the price on the chart touches the Take Profit level or the Stop Loss level, very clean and straight forward.

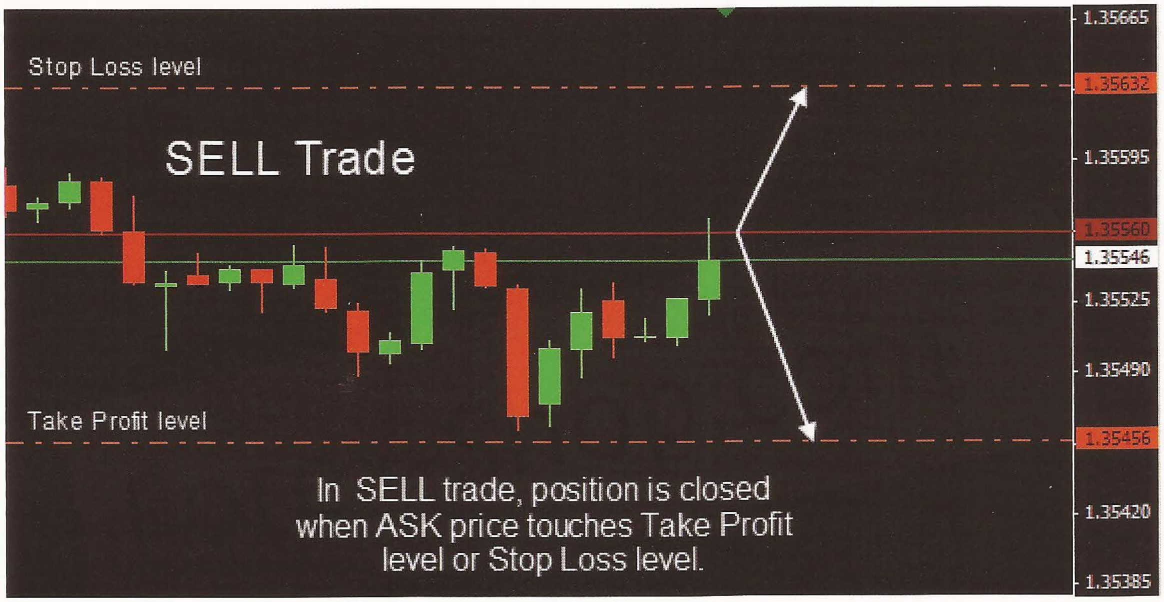


When you place your trade, you will notice that the entry level will appear at the Ask line level. This is great because once price reaches this level, you are at breakeven and no longer are in the negative on your trade.

Buy trades are so nice, all the lines are in the right place and you can easily see what's going on with your trade.

In a SELL trade (we want price to go down):

The Ask line is above the current price, so in order for it to take you out in profit (go downwards to the take profit) price will have to drop below the Take Profit line on the chart. If you get stopped out (price rises to the stop loss) you will be taken out of the trade before the price on the chart hits the Stop Loss line on the chart, as the ASK line is again above the price you see.



When you place a sell trade, the entry level will show up right where you entered the market. You will have to drop down lower than the entry level by the spread amount to get to breakeven. Once the Ask line (the red line on the price chart) hits your entry level, then you will be at breakeven.

Sell trades are generally confusing and make for many traders thinking that they are getting cheated by their broker.

This is not a concept that I expect traders to get right away, it took me a while to understand it myself.... and I even had trouble getting brokers to explain it to me, they seemed as confused by it as the traders who used the platforms.

XIV. When Not to Trade

Sometimes not taking a trade is just as important as taking a trade.

As traders, we want to put the odds as hugely in our favour as we possibly can, and if there is no edge that we can capitalize on, then we simply do not trade.

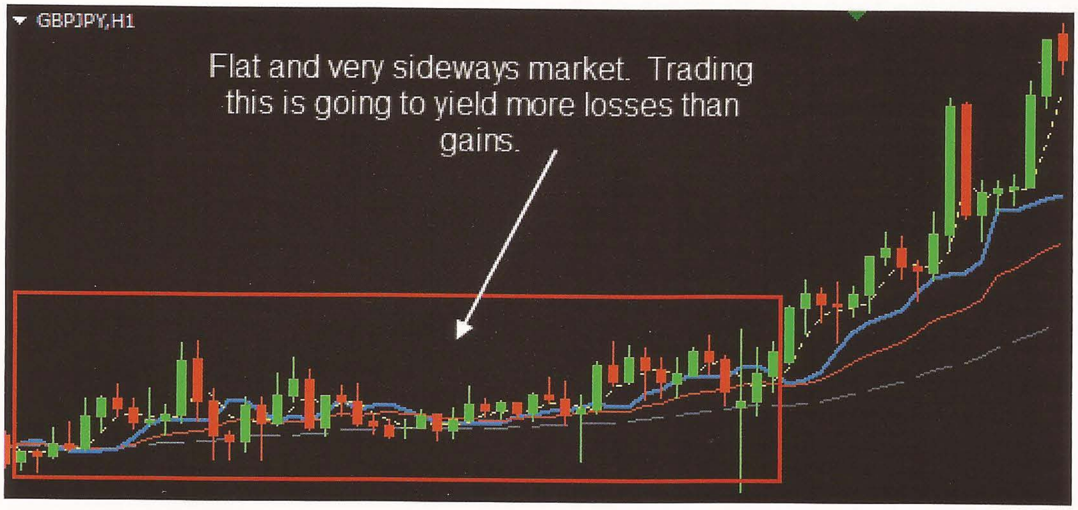
There are 2 reasons we would not want to trade.

1. The market is not behaving the way we want to see it behave.
2. Our emotional/physical state is not conducive to good trading decisions.

Market Conditions

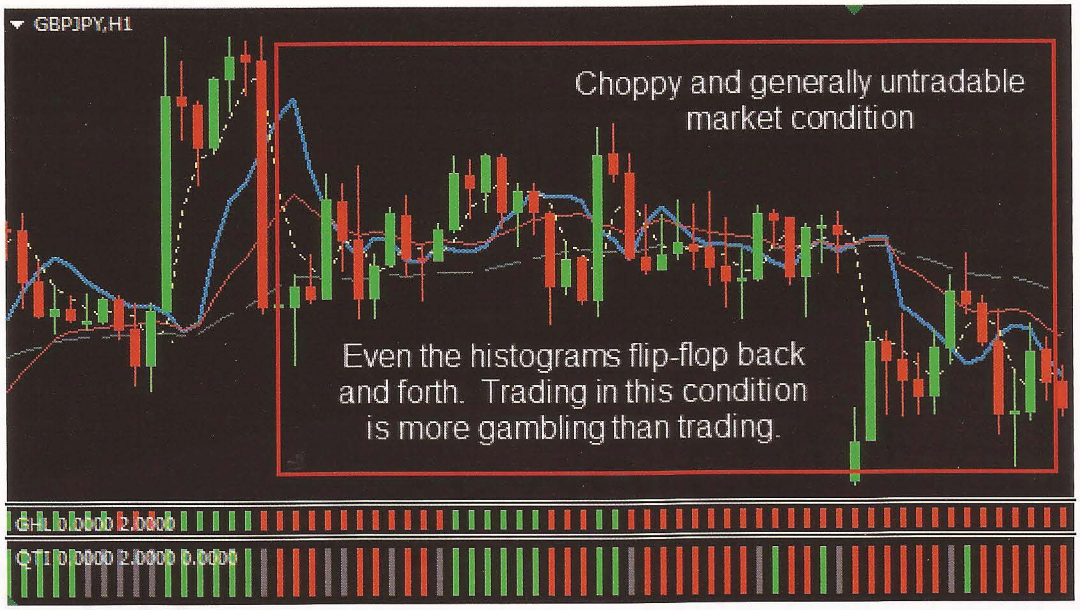
We want to see the market moving up and down with some smoothness to it, we want there to be motion in the market. As price rises and falls, we will see there can be many great trading opportunities.

When the market isn't moving very much, we are in a state of consolidation. The market is moving very sideways and this limits any kind of predictability. Even if we get a signal to take a trade, a sideways market will constantly reverse and have no direction. The moving averages will be very close to each other.



Next is a very choppy market, the price moves up and down, but does it very quickly and will show us no real direction.

The moving averages will do what's often referred to as a DNA spiral as they weave in and out of themselves.



We will usually see that the candles will have longer than average wicks and they will appear on both the tops and bottoms of the candles.

Another aspect of the candles will be quickly alternating colors, from red to green back to red. Almost every other candle will change as the market continues to change direction.

Emotional and Physical Conditions

There are all kinds of things that can happen to you that would render you unfit to trade. When you sit down to trade, you have to be on your game. You need to be focused and have as few distractions as possible.

Emotional distress is a huge distraction. It can cloud your judgement, it can make you want to get in and out of a trade faster than you should and it can make you see things that aren't there.

You don't want to trade if you are:

- Worried
- Stressed
- Over excited
- Sad
- Nervous
- Confused
- Anxious
- Bored
- Doubtful
- Frustrated
- Angry
- And even too hungry

Here are some things that can throw you off your game:

- Financial worries
- Family troubles
- Arguments with kids or spouse
- A string of losing trades
- Not a complete understanding of the system you are trading
- Loud or unpleasant music
- Family/pets disruptive noises
- Untidy/cluttered work space

Physical issues can be an awful distraction. If you are experiencing physical problems, you might want to give trading a miss for that time.

Some physical problems that can mess with your trading are:

- Pain from an injury
- Feeling ill
- Back pain
- Bowel troubles
- Joint soreness
- Being too hot or too cold

If any of the above, and of course there will be other things as well, are causing you to be even mildly distracted, then take the day off until the problem is lessened to a degree that it no longer is a distraction.

Next, there are mind altering situations that will make your trading suffer.

- Drugs
- Alcohol
- Medication
- Being tired
- Too much caffeine or other stimulants

There are a lot of things that can cause you to be overly distracted. Of course you won't generally be able to eliminate all, or even most of these things, but you want to reconsider your trading day if they become overly distracting.

Reduce the noise and the clutter around you when it's time to trade. Make yourself a pre-trading routine to signal yourself that it's time to trade. Get into a relaxed and focused state of mind while you trade. This will help improve your trading results tremendously.

XV. Psychology

This section deserves an entire manual on its own, it's that important.
Instead, I am going to touch upon it and at the very least bring it to your attention.

When I started out in my trading career, the last thing that I wanted to hear about was psychology, or what was going on in my head. I thought it was a waste of my valuable time. I wanted to learn to trade, where the best entries and exits were, not about my emotions.

It turned out that it was my emotions and in general, my psychology, that was preventing me from making any money. I was doing dumb things in my trading, things I knew I shouldn't do, but I did anyways.

- I moved, and worse, removed my stop losses.
- I took my profits way too early.
- I almost never let my trades hit my profit targets.
- I became very hesitant to take a trade after I lost one.
- I allowed a trade to go past my target because I wanted more pips.
- I took trades based on gut feelings.
- I allowed other traders influence my trading.
- I was easily scared out of a trade.
- I took trades at the wrong time of day.
- I took too many trades at once.
- I risked too much on a trade.
- I would trade the news.
- I looked at way too many indicators.
- I wanted to earn a million dollars in a month.

I did all the wrong things, but these are all the same things that almost every new trader does.

Why did I do all of these wrong things? It was all because of my psychology.

Trading is very counter-intuitive. We do things in trading that defies our ego's desire to protect us.

1. As a trader, we must allow our trades to hit our take profits.

Our instincts will tell us to close a profitable trade much sooner. When we have some profit, we want to close the trade to keep that profit and not allow the market to take it back.

2. As a trader, we must take our stops as we place them.

Our gut tells us that if the trade goes against us and we don't actually let the price hit our stop loss, the market could turn around and eventually came back into profit.

3. As a trader, we must take responsibility for our trading decisions.

It's so much easier to blame somebody else for whatever losses we end up having. If we can point the finger at a guru, the news, the market, or anything that is not us, we can feel better about taking our losses. The trouble is that we can never learn and become successful if we never take responsibility.

4. As a trader, we don't want to take a trade after a loss.

There will be losses, they happen all the time. The tendency is to not take the next trade after a losing trade because we don't want to lose again. We don't take the next trade, and most of the time it would have been a winner. We want to save ourselves from the pain of another losing trade.

5. As a trader, sometimes we get greedy.

We can be in a trade that has gone extremely well and is only a few pips away from our take profit. We remove our take profit level, or move it farther ahead in order to capture more of the move. We want to get more than our targeted share, more than the system has determined is reasonable.

6. As a trader, we allow others to influence our trading.

In the back of our minds, we always believe that other people know more about the markets than we do. We are easily convinced that that other guy knows something we don't, especially if they are confident in their assessment. They are using a system like we are, nothing more.

7. As traders, we get easily scared out of a trade.

The market zig-zags its way to the take profit. This means there is a natural up and down motion, but when we see the slightest move in the wrong direction, we think the market is going to turn around and take all our profits.

8. As traders, we risk too much on a single trade.

We want to make money, and risking 1% or 2% seems like this is a very slow way to grow an account. We want to make all this effort worth something, so we end up risking 10 or even 20% on a single trade. If we can make 5 profitable trades, each for 20%, we could double our account in a matter of hours instead of weeks.

9. As traders, we look at way too many indicators.

If a little confirmation is good, a lot of confirmation is rock-solid. If we can get the confirmation of a dozen indicators, then the trade setup has to work out every time. This as we know is never the case, we just get confusing and conflicting signals.

10. As traders, we can outsmart our trading systems.

We think that we know better than the system we are using to trade. If we almost get a signal, we are willing to place the trade because we "know" the signal will happen in the next candle or 2. By placing the trade early, we are going to get a few extra pips.

Each of these situations is real and they are all wrong. They make sense to us at that time, but in hindsight, these decisions are always what are responsible for the demise of our accounts.

Getting a hold of these emotions is critical to our success. Follow the rules of your tested system and don't let fear or greed dictate how you trade. You are the master of your emotions, not a slave to them.

You will still feel these emotions, but you can choose NOT to let them control you. This is the definition of courage.

XVI. Money/Risk Management

This is an important aspect to your trading. It can determine how quickly you will grow your account, and at the same time it will be responsible for how fast you kill your account.

Money management is not the same as trade management. Money management is essentially 2 things:

1. How much you decide to risk on a trade.
2. How many open trades you will have at one time.

A. How Much to Risk Per Trade

There is a standard risk amount when you are trading the FX markets. The general consensus is that you risk no more than 2% of your account value on any single trade you take.

This means that if you have an account of $1,000, when you place a trade, the most you can lose will be 2%, or $20.This ultimately means that you can take a string of losses and still live to trade. If you were to risk 20% on a trade, 5 losses in a row will leave you with no money at all.

You want to be able to take several losses in a row and still be able to trade.

The opposite side of this equation is that if you risk only 2% a trade, your earnings per trade will be limited to 1 - 5% a trade. This is where the desire to risk more comes in. The drive to make more per trade will have traders risking too much money and prematurely draining their accounts.

B. How Many Simultaneous Open Trades

Limiting your risk to 2% a trade is a great first step to limiting your potential losses. You want to remain trading for as long as you want to.

Now, this limited risk becomes irrelevant if you take too many positions all at one.

If you risk 2% per trade, but have 10 open positions at the same time, you are ultimately risking 20% of your account. This is called "exposure"... you are exposing 20% of your account to potential losses.

If you take several trades at once and something fundamental happens, like a US economic report, this can change the direction of the markets on a dime. All 10 of your positions can get stopped out and the combined risk will be taken from you.

The standard is to have no more than 3 open positions, or 6% exposure. 3 open trades, each risking 2%, becomes a 6% exposure.

Once you are able to move your stop loss to breakeven on one of your open trades, there is no longer any risk of loss. You can then open a 4th position, still risking only 6% as one is no longer at any risk.

Eventually, you can have 6 or more trades open if you are able to move your stop loss to break-even on several of your positions.

Money management is critical aspect to your survival as a trader. The less you risk on a trade, the longer you can weather a string of losses. You are going to, at some point, experience a string of 10 losses in a row, it's important to manage your risk so that you can survive this eventuality.

XVII. Increasing the Risk

This is an important aspect to cover. Trading the Forex markets is indeed very risky business; we can lose a substantial amount of money if we aren't trading with a clear head. Once we have the rules of the system understood and we know how we will exit a trade, even long before we enter the trade, we are on our way to trading success.

Once we have established our abilities as a trader, we can then take the next step and increase our risk on the trades we take.

If we want to double our account each month, we can definitely do this. However, it will be difficult to do with a low to moderate risk on the trades we take. We are going to have to ramp it up a bit. The risk on each trade will become somewhat more sizable, and this can cause some issues.

On higher risk trades, we can get a bigger return, this is the great part. There is also a flip-side to this. The higher risk we put on a trade, the more we can potentially lose on each trade.

Why I am even bringing this up?

In order to make money more quickly in Forex, we want to trade a little bigger. This system was built on the basis that we can double our account every month, but it will be extremely difficult to do using a 1% or even a 2% risk.

Once you have mastered the system, or one of the variations of it, you can up the risk per trade to 5%.This is still small enough that you can take a few losses in a row without it being detrimental to your account, but at the same time you can grow your account so much faster.

I must stress that the only time you want to increase the risk on your trades is after you have mastered one of the trading styles.

Let's take a look at a few examples of what happens with a bigger risk.

Risk/Gain = 2%
Start with $1,000

Trade 1. $ 1,020.00
Trade 2. $ 1,040.40
Trade 3. $ 1,061.21
Trade 4. $ 1,082.43
Trade 5. $ 1,104.08
Trade 6. $ 1,126.16
Trade 7. $ 1,148.69
Trade 8. $ 1,171.66
Trade 9. $ 1,195.09
Trade 10. $ 1,219.00

Risk/Gain = 5%
Start with $1,000

Trade 1. $ 1,050.00
Trade 2. $ 1,102.50
Trade 3. $ 1,157.63
Trade 4. $ 1,215.51
Trade 5. $ 1,276.28
Trade 6. $ 1,340.10
Trade 7. $ 1,407.10
Trade 8. $ 1,477.46
Trade 9. $ 1,551.33
Trade 10. $ 1,628.89

Over 10 trades, with a 2% risk and therefore a 2% gain on each trade, we can turn $1,000 into $1,219.00.**This is a 21.9% gain** and this is really very good.10 trades can be accomplished over 2 weeks, maybe even 1 week if you are looking at more currency pairs and looking for several trades.

On the other hand, with the increased risk, and in turn, the increased gain, we can take the exact same 10 trades and earn $1,628.89.**This is a 62.9% gain**. If we can grow our account by 62% in even 2 weeks, there will be no trouble doubling our account over the course of a month.

Now if we look at 10 losing trades in a row, each losing a percentage of the account balance, adjusted for each new balance after each loss...

2% risk will take your account from $1,000 to $820.35.

5% risk will take your account from $1,000 to $613.91.

So, be very aware that increasing your risk can increase the size of your profits, but it can also increase the size of your losses.

Thank You!

I would like to thank you for reading this manual and applying these trading techniques. I know that you will do incredibly well.

You have the ability now to earn an incredible income for the rest of your life.

You can earn a living, or you can earn your dreams. Many traders live exceptional lives.

What trading ultimately provides is the potential of freedom.

- Freedom from bills and crushing debt
- Freedom to live wherever in the world you desire
- Freedom to have anything you want to have
- Freedom from a 9-5 job
- Freedom to travel wherever you want to
- Freedom to treat your family as you always wanted to
- Freedom you support your kids as they deserve
- Freedom to purchase medical treatments to help your health

Freedom is the greatest thing in the world.

I will be very interested and happy to hear how this Forex trading system has helped you in your life. The goal is for you to become everything that you want to be.

You can be great, I know you will be!

Russ Horn

www.ForexStrategyMaster.com

Summary of Trading Systems

System 1: Power Trader

Step 1. On the higher timeframe, the moving averages and the histograms must all be in alignment.
Step 2. On the higher timeframe, price must pullback to touch the blue 5 EMA shifted 3.
Step 3. Immediately switch to the lower timeframe.
Step 4. On the lower timeframe, wait for a buy signal.
Step 5. Verify the higher timeframe is still in the right direction.
Step 6. On the lower timeframe, determine your Stop Loss placement.
Step 7. On the lower timeframe, place your order.
Step 8. On the lower timeframe, decide your Take Profit price.
Step 9. Manage your trade.
Step 10. (Optional)Trail your stop loss.

System 2: Quick Trader

Step 1. On the higher timeframe, the moving averages and the histograms must all be in alignment.
Step 2. On the higher timeframe, price must pullback to touch the yellow 3 EMA shifted 1.
Step 3. Immediately switch to the lower timeframe.
Step 4. On the lower timeframe, wait for an entry signal.
Step 5. Verify the higher timeframe is still in the right direction.
Step 6. On the lower timeframe, determine your Stop Loss placement.
Step 7. On the lower timeframe, place your order.
Step 8. On the lower timeframe, decide your Take Profit price.
Step 9. Manage your trade.
Step 10. (Optional)Trail your stop loss.

System 3: Flow Trader

Step 1. The moving averages and the histograms must all be in alignment.
Step 2. Wait for a pullback to change the color of one or both of the histograms.
Step 3. Wait for the histograms to change back to the trend direction.
Step 4. Make sure the 15 EMA and the 45 EMA are in the right order.
Step 5. Determine your Stop Loss placement.
Step 6. Place your order.
Step 7. Decide your Take Profit price.
Step 8. Manage your trade.
Step 9. (Optional)Trail your stop loss.

System 4: Lazy Trader

Step 1. The moving averages and the histograms must all be in alignment.
Step 2. Wait for a pullback the 3 EMA.
Step 3. Calculate your stop loss.
Step 4. Enter a trade in the direction of the trend.
Step 5. Next day, decide to keep the trade open or close the trade in profit.