

Credit to RenoFaith for the idea. <https://www.forexfactory.com/showthread.php?t=677843>

Instruments:

Any, but at first stick with liquid and low spread ones like EURUSD, USDJPY. Should work with metals too, in some cases better.

Indicators:

- Stochastic: Get one with alerts like mladen's stochastic-mtf-with-alert
 - K period: 21
 - D period: 4
 - Slowing: 3
 - MA method 1 (SMA)
- Heiken Aishi Candle Count Alert: turn alerts on
 - alert on still opened bar: false
 - Set nth consecutive same bar to 1

Timeframes: H4 and H1 - check dominant trend on D1 at least once a day

Template: Rely on the HA candle signals. Change the colours so you cannot see MT4's bull/bear candles. Set their colours to the same as your background colour.

The main appeal of this system is its simplicity. You can almost set and forget this, apart from the occasional notifications you will get on H4 which are **crucial**. H1 to a lesser extent. This is a good system for part-timers and people who have jobs to do while trading.

The key is to allow the long trends to play out. So you will often get deep retraces but they should occur only after the position is in profit. The position should become profitable fairly quickly. Exit the trade early if it isn't behaving as expected. Don't get shaken out of a long trend by noise on H1 or on temporary signals from H4. Wait for candle closing to confirm signals.

Entry:

- Determine dominant trend on D1.
- Wait for a valid H4 stoch signal. This is a long signal in the OS zone or a short signal in the OB zone.
- Wait for a confirming valid H1 stoch signal.
- Wait for H1 candle to change color and remain that color until close.
- If trading with-trend, place trades when these conditions are true. If trading counter to dominant trend, wait for the H4 candle to change color and remain changed until closing. Dojis don't count. If you're feeling more conservative after some choppy price action or greedy after a long/strong trend, wait for three closing confirming candles.***

Exit:

- Exit on any abnormally large contrary price move. Say 3x ATR if you need to be specific.
- Exit on hitting stop loss (see below) or
- On candle colour change (closing) on H4. OR stoch signal on H4 that persists after closing. If exiting based on a signal use H4 signals only.
- Exit in the early stages of a trade if it drifts away. The confirmation steps should mean the position gets profitable quickly and so if it doesn't there's a problem.

MM: I'm using 0.1 lot per \$1k dollop. Since I'm testing on only one instrument on a 3k account that's 0.3 per trade. Lighter when setups are not perfect and heavier when they are.

Stops: Set safety (virtual) stops under the previous swing high/low.

Divergence: Make note of divergence especially on H4. Prepare to exit or enter when a divergence opportunity is spotted but wait for the confirmations.

Ignore: Apart from the entry signals you should ignore:

- Stoch signals on H1. They will chop you up.
- Candle color changes on H1. They will chop you up.
- Long signals in OB zone and short signals in OS zone on H1 or H4 UNLESS you are re-entering a with-trend trade after favorable conditions resume.

Other Notes: ***Why not two confirming candles? Because most false breaks resolve after two candles, meaning you'd enter right at the worst time. Three candles on H4 gives you a strong confirmation. If you enter after just one, there might be a small move that you can profit from even on a false break if you exit early. So, 1 and 3 = good. 2 = bad. 4 = too late in the trend, needless caution costing you profits. Compare winning/losing trades to see if there is any point in ever trading against the D1 trend. *If most of your losses come from trading counter-trend, just don't do it, and scan more pairs to trade.*

- Better to layer into positions than to jump in with all feet right away. Better to add to positions when price is clearly trending and avoid adding when price is ranging.
- Discipline yourself- enter and exit only on the candle color change of the H1 when trading with dominant trend, and H4 when trading against.
- If you're trading heavy cut losers fast, and take profits if uncertainty grows. If trading light just trust in the trend.
- The best time to enter may not actually be when stoch lines cross but when they've been hovering in one zone or the other for a while (2-3 peaks/troughs?) (ranging) and then give a valid signal *followed by crossing strongly into the middle zone*. In other words, the second, third or fourth valid signals may be more reliable than the first, and the best time to enter isn't while stoch is in the endzone. There is rarely just one signal before a significant move, even on H4. That's why we wait for the candle color change that persists to closing.



Fig. 1. No fewer than 4 valid signals fire on H4 before price finally reverses trend. Entering earlier would have resulted in small choppy losses. Be patient before reversing on a strong trend. Probably better to have waited for signal 5 (even though it's not technically valid) at the cost of missing some of the early breakdown.

