

5min Forex Trade Strategy – Imran Sait

Version 1.1 – updated on 4th Nov 2007

(Works on All Time Frames and for all Pairs - Best used on 5Min/15min/30 for short term Trades and 1Hr/4hr/daily for Long term Trades)

I am trading in GBP/JPY and other currencies using this Simple method for quite sometime now and its proven to be successful 90% of the times, the only times it has failed is when a spike up or down during news time, so I discourage anyone to stop using this 30 mins prior and after the news to escape from the whipsaws.

This method should work good on all pairs, but due to the high volatility and movement, I love to work on GBP/JPY pair, gives very high Risk to Reward Ratio. For pairs apart from GBP/JPY, you may need to experiment with the TP and SL a bit.

The most Important part in making this method a success is to stick to the rules at all times and get into the trade when u have the indicators giving you the signal. Please study the rules properly and do not enter into trades just for the sake of entering, even waiting for the correct signal itself and staying out itself is a trade in itself. If you stick to the rules of entry, I assure you your winning rate will be as high as 90%

I personally feel this works best from 7:00 GMT to about 20:00 GMT.

I have added the Pivot indicator as its very helpful to find the expected levels of support and resistance without too much of headache. As a thumb rule, you should look to Long the Currency if the price is above the Pivot Line and Short it if the price is below the Pivot Line. I will be explaining it more as we take this forward.

I am not going to explain in details about what all the indicators are , what are pivots , what are support and resistance, for that please visit www.babypips.com an excellent resource for learning about Forex.

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Indicators in use (Metatrader 4 only) :

Indicators used :

1. LaGuerre 1 (for entry) - Gamma 0.65, levels 0.15, 0.85, 0.45 bars to read 9500 color Blue

2. LaGuerre 2 (for exits) - Gamma 0.85, levels 0.15, 0.85, 0.45 bars to read 9500, color Red

For the Lags Enable Fixed maximum (~ 1.05) and fixed minimum (~ -0.05) on in the Common tab of the Laguerre indicator

3. Bollinger bands - 20, 0 and close (default) (This is very imp indicator as in uptrend the middle Bollinger acts as support and in downtrend it acts as resistance)

4. EMA 200 (Red) and **EMA 60 (Blue)** to find support and resistance

5. Pivot Points : To Find daily Profit levels and as indication of expected Support / Resistance areas for the day.

6. ASCtrend Indicator – Use Risk 4, and count bars as 95000 . This indicator has the ability to recognize market trends early, so we can catch the maximum movements. Use this only for confirmation sake and do not use this as the only indicator for taking trades. **Blue Arrow** is for going Long (Buy) and **Red Arrow** if for going Short (Sell)

7. StochHistogram - an indicator **which shows the overbought/oversold status of the market..** Use default settings of 14,3,3 . Buy when the price crosses to positive. Sell when the price crosses down to negative. Green histogram means it's in an uptrend. Red histogram means it's in a downtrend.

These are the only indicators I use and do not intend to add more, want to make it very simple and straight forward method to use. You can use your favorite indicator to confirm the entry and exits.

SAFE ENTRY for Long Trades (on 5 min chart)

I) First Setup (Best Setup – Maybe able to catch moves of +50 to 150 pips)

For Long : What you need to do is first look if price is above the Daily Pivot, and then look if the the **LaGuerre 1** (henceforth called as **Lag1**) is above 0.15 and going upwards , StochHistogram (Henceforth called as Stoch) is gone from negative to positive and **LaGuerre 2** (Henceforth called as **Lag2**) is at the bottom (for Extended Period of time) or trending upwards above 0.15 .

Example as below



II) Second Setup (when Price is already climbing up) – Maybe able to catch moves of +30 to +80 pips

For Long : What you need to do is first look if the the **LaGuerre 1** (henceforth called as **Lag1**) is at or above 0.45 and going upwards , StochHistogram (Henceforth called as Stoch) is gone from negative to positive and climbing and **LaGuerre 2** (Henceforth called as **Lag2**) is at 0.45 or above and trending up .



I don't recommend to take any other long setup apart from this unless all the indicators are pointing in that direction. Check if 1min, 5min and 15min Lags are in agreement to take trades apart from the ones mentioned above.

Exits for Long (Multiple Options – Choose whichever option as per your Take Profit Level)

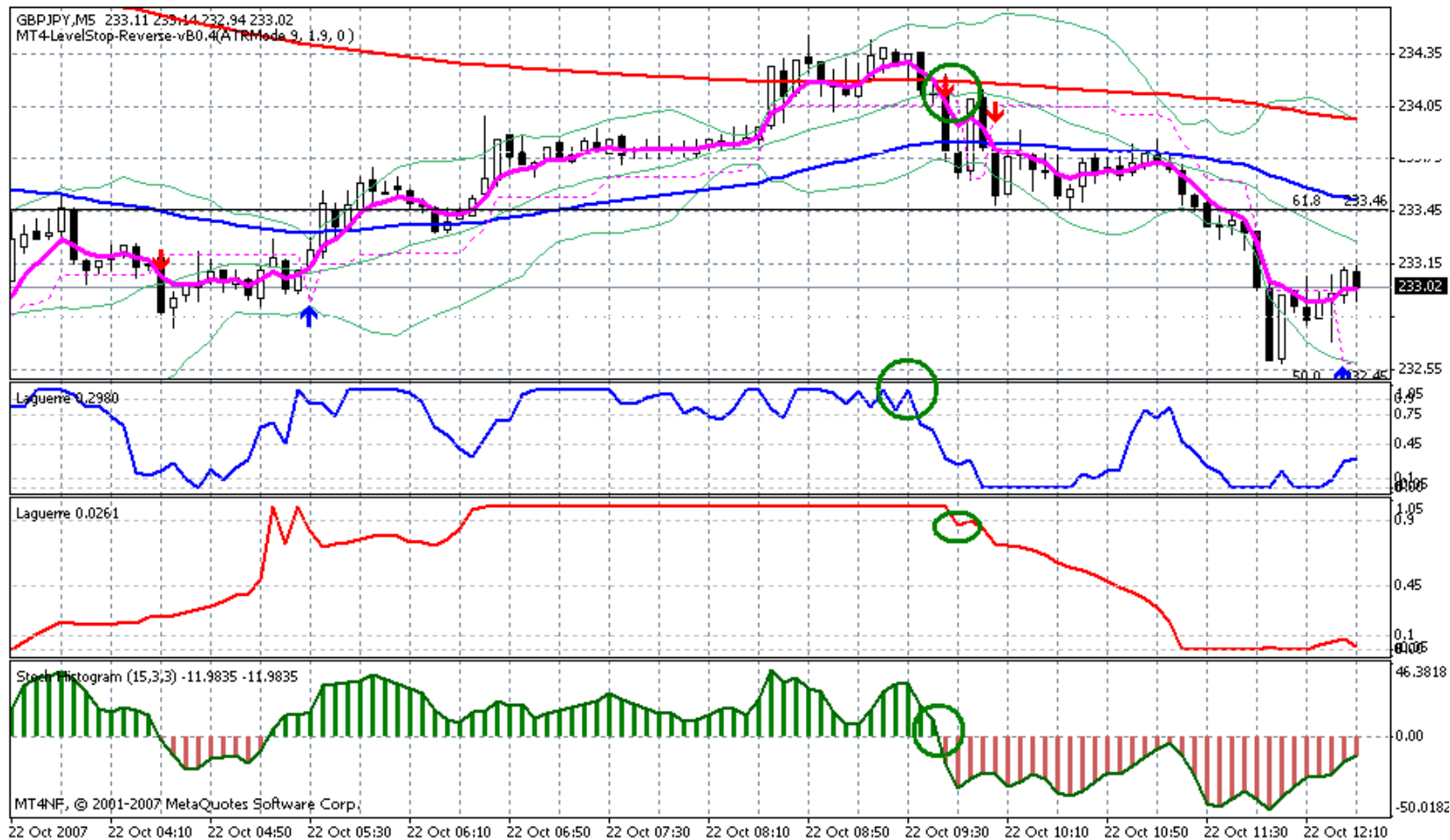
1. When Lag-2 crossed 1.00 and then starts to come down below 0.85
2. When you get +50 pips
3. Daily R1 – (First Resistance above Daily Pivot)
4. Daily R2 – (Second Resistance above Daily Pivot)
5. When Stoch Histogram goes from Positive to Negative, and Red Lag is pointing Down (both conditions have to be met , if not take 50% profit and let the trade run)
6. When the Stop Loss is hit (25 Pips including Spread) – This is likely to happen only if you have not taken the trade as per rules or taken a trade 30 mins before or within 30 mins of news

If anyone has more suggestions, kindly email me so I can look into it and add to the exits.

SAFE ENTRY for Short Trades (on 5 min chart)

I) First Setup (Best Setup – Maybe able to catch moves of +50 to 150 pips)

For Short : What you need to do is first look if the the **LaGuerre 1** (henceforth called as **Lag1**) is below 0.85 and going downwards , StochHistogram (Henceforth called as Stoch) is gone from positive to negative and **LaGuerre 2** (Henceforth called as **Lag2**) is at the top (for extended period of time) or trending downwards below 0.85



II) Second Setup (when Price is already climbing up) – Maybe able to catch moves of +30 to +80 pips

For Shorts : What you need to do is look if the **LaGuerre 1** (henceforth called as **Lag1**) is at or below 0.45 and going downwards , StochHistogram (Henceforth called as Stoch) is gone from positive to negative and climbing down and **LaGuerre 2** (Henceforth called as **Lag2**) is at 0.45 or below and trending down .



Exits for Short (Multiple Options – Choose whichever option as per your Take Profit Level)

7. When Lag-2 crossed 0.00 and then starts to come up to 0.15
8. When you get +50 pips
9. Daily S1 – (First Support below Daily Pivot)
10. Daily S2 – (Second Support below Daily Pivot)
11. When Stoch Histogram goes from negative to positive, and Red Lag is pointing up (both conditions have to be met , if not take 50% profit and let the trade run)
12. When the Stop Loss is hit (25 Pips including Spread) – This is likely to happen only if you have not taken the trade as per rules or taken a trade 30 mins before or within 30 mins of news

Stop Loss for all the entries for Long and Short is 25 pips including spread

If anyone has more suggestions, kindly email me so I can look into it and add to the exits.

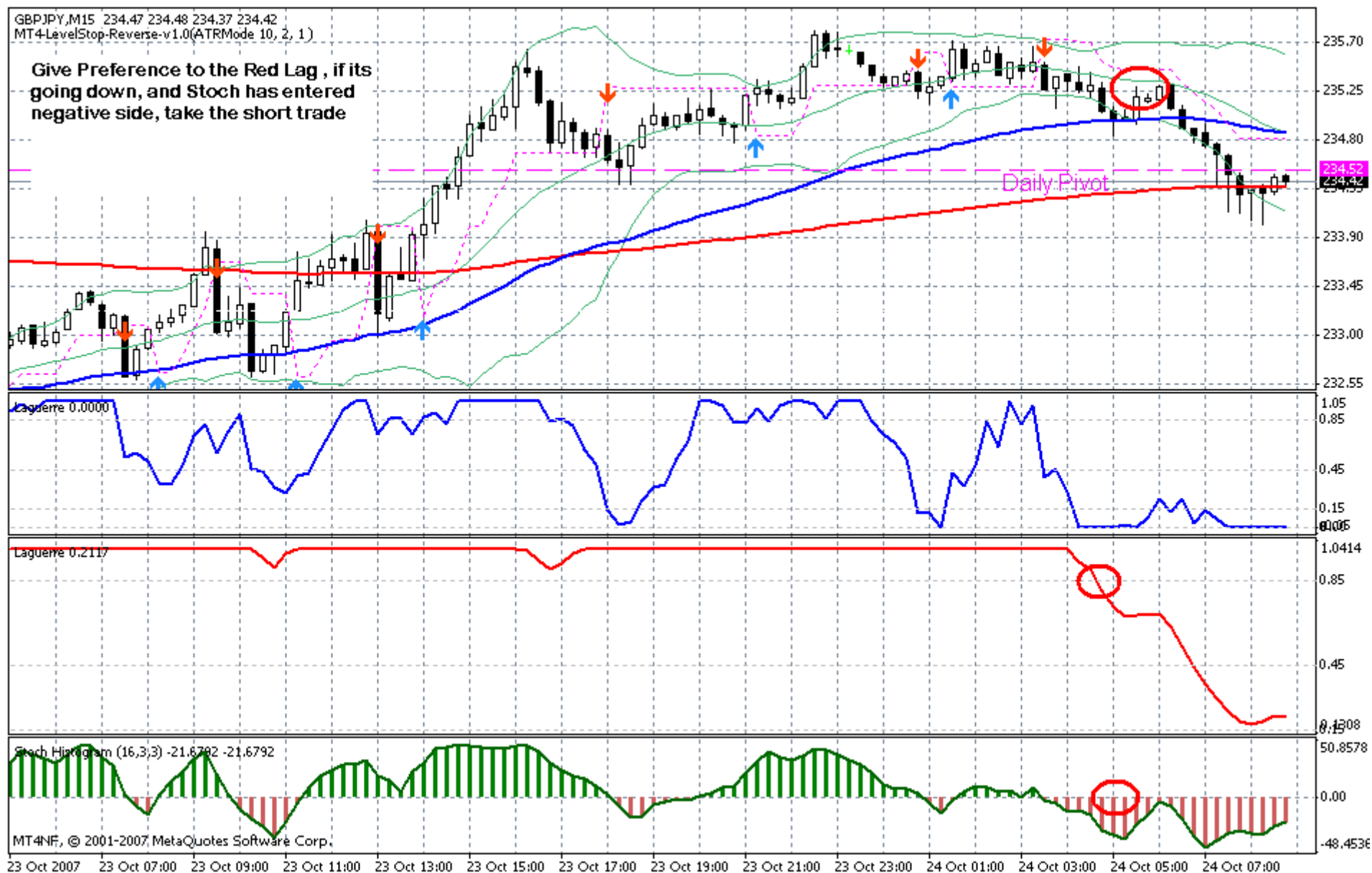
The indicators in this method can be downloaded from Forex Factory thread at Post #1 at <http://www.forexfactory.com/showthread.php?t=48926>

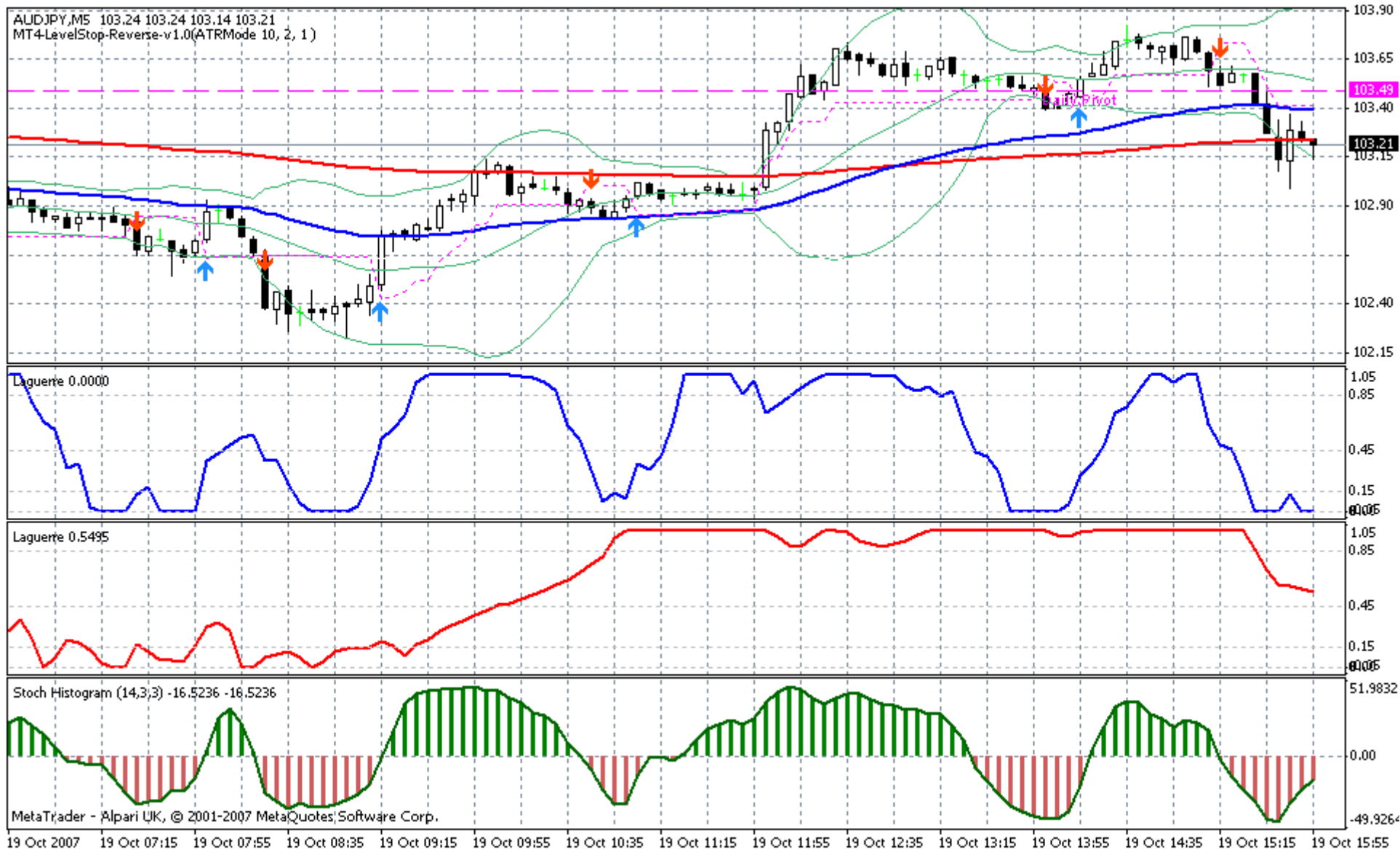
Some more examples are given for educational purpose

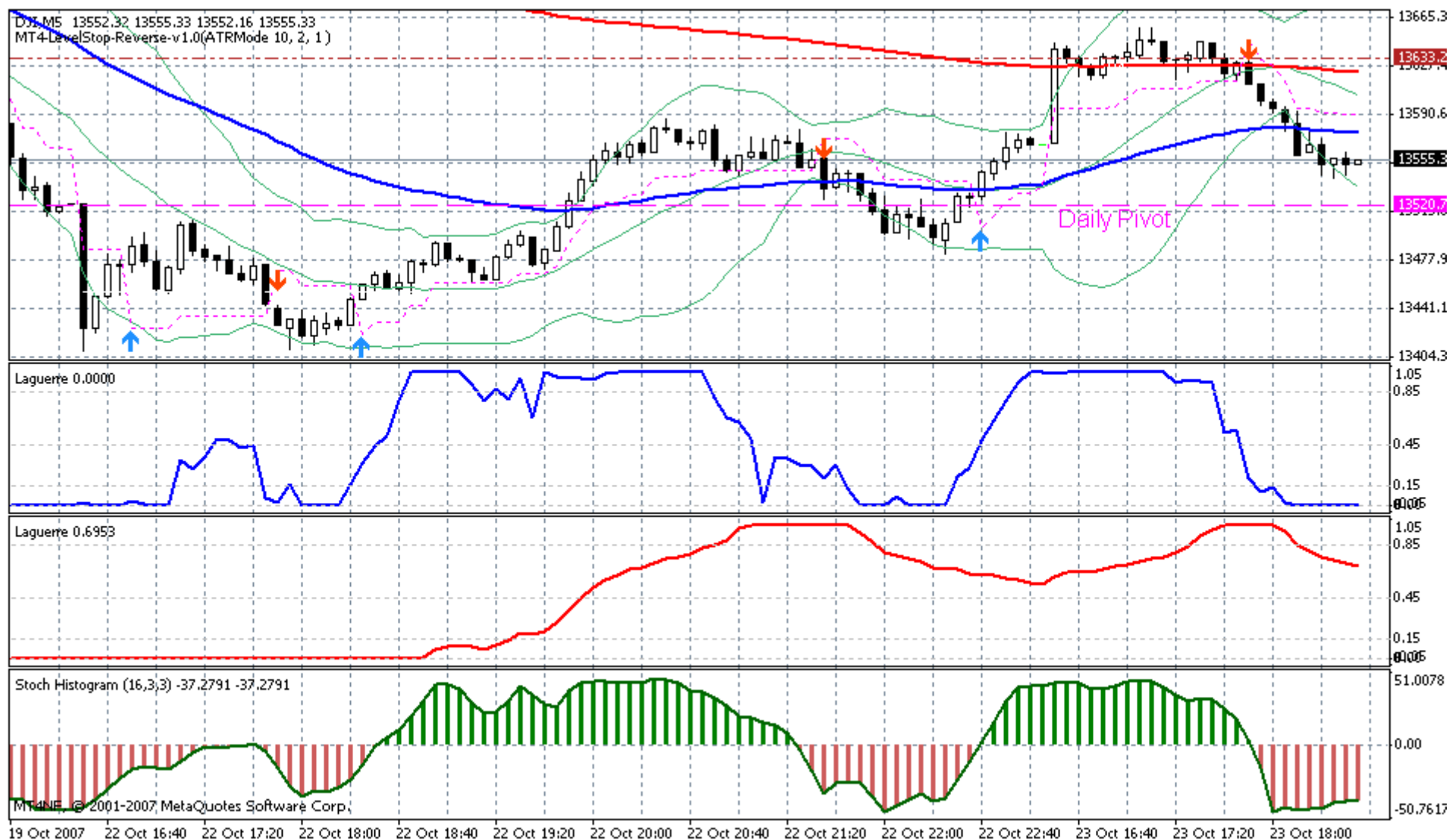


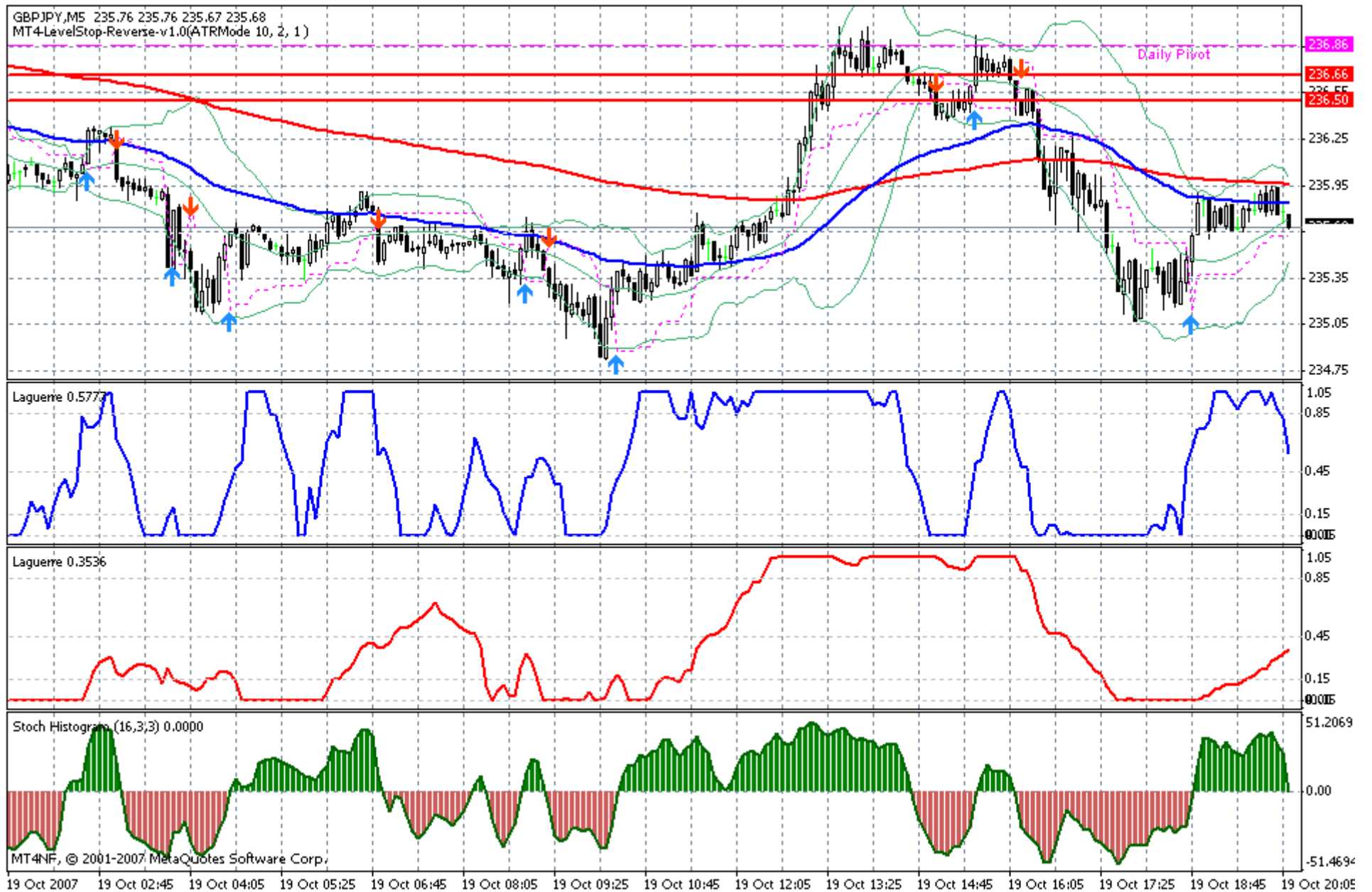
GBPJPY,M15 234.47 234.48 234.37 234.42
MT4-LevelStop-Reverse-v1.0(ATRMode 10, 2, 1)

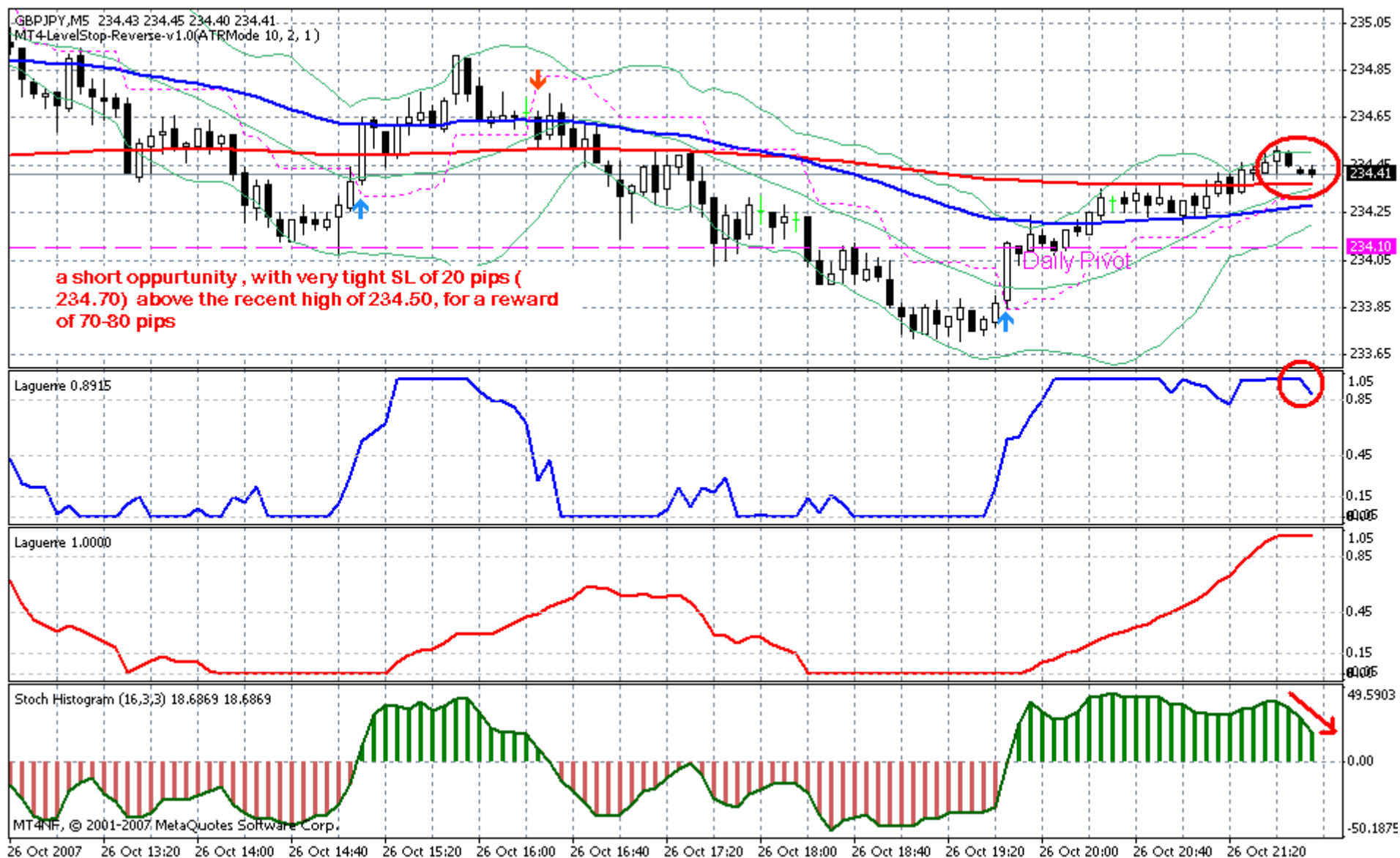
Give Preference to the Red Lag , if its
going down, and Stoch has entered
negative side, take the short trade

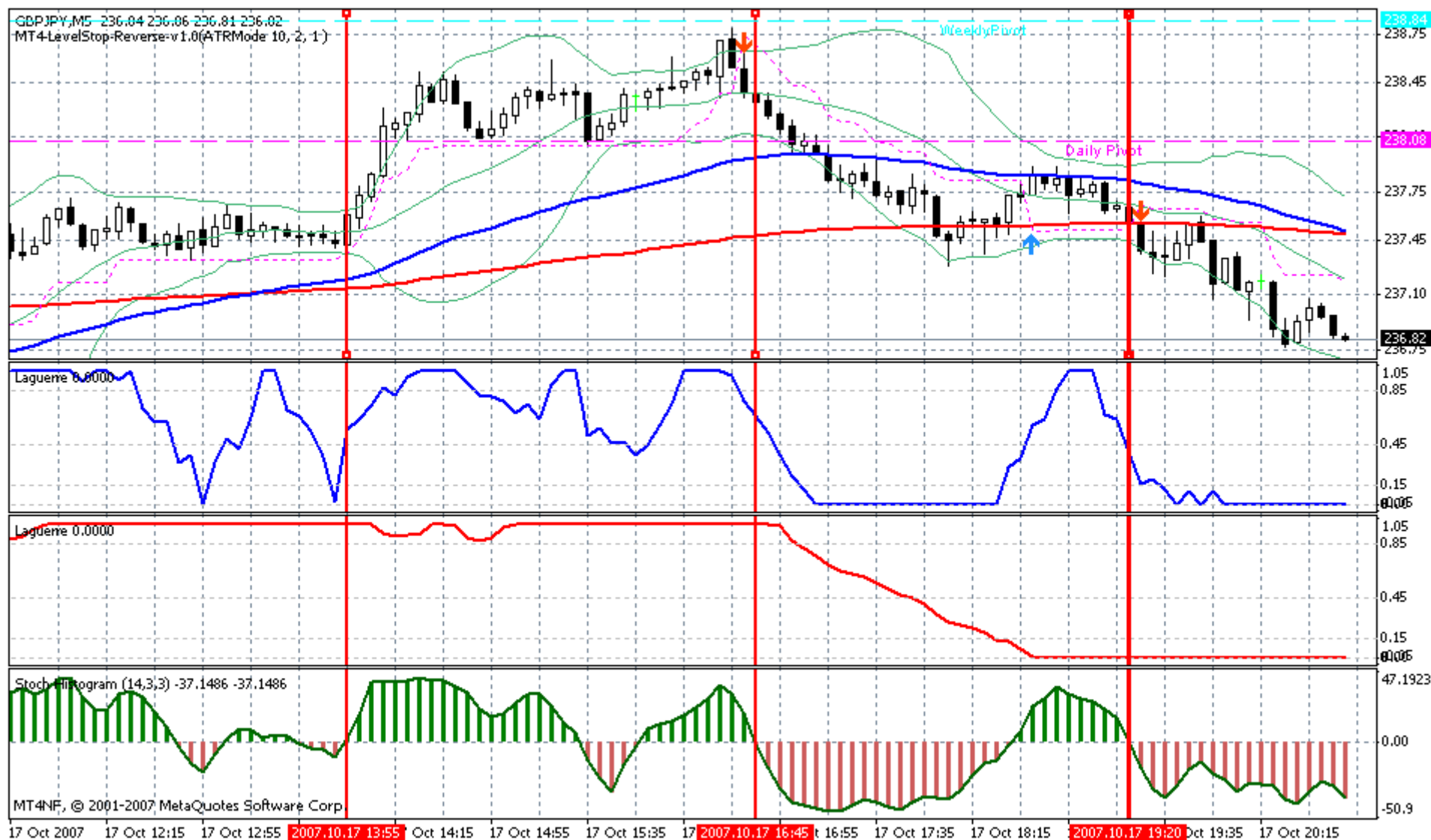












Disclaimer:

As trading in the Forex market is very risky, the reader if going beyond this point and applying the concepts and methods describing in this document do so on his or her own will and risk. The writer and or anyone involved in the compiling of this document will not be held responsible for any losses incurred by using the methods described in this document as no money management nor stoploss levels are discussed as it vary from trader to trader according to there own risk and capital profiles.

I can be contacted thru Forexfactory thread.

Hope you all make good pips and teach this method to your friends and associates

Regards

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4th Nov 2007