“Next Generation Traders”

SFTC V3

Rover_North

Abdul Majid Bin Othman

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Introduction

Introduction

My name is Abdul Majid Bin Othman, I am 36 years old, and I live in Pahang, Malaysia. I'm married and I have two children.

I'm a teacher in my hometown, and I teach students about graphic design. In my free time, I usually play sports and watch football and other sports on TV.

When I learned about trading, I became interested and searched for information from free websites and forums. I was also able to attend a seminar about it, and I became very interested after that. Unfortunately, I have spent a lot buying many indicators online that did not work out for me.

That was when I began to create my own trading systems. I love trading and I want to succeed in it my own simple way. This made me study the charts on my own to find some patterns in the market that I could use in my trading.

My method of trading is very straightforward. This system is easy and simple and will not take too long for any trader to learn, understand and master.

Later on in this book, you will get to see how easy yet powerful my trading system is. You will notice that I use only 1 type of indicator and my charts are free of custom indicators.

If you work a full time job like me and only have a few hours to spend in front of the charts, my system would work very well for you. I am a scalper, and I use my trading system on the shorter time frames so I can get more trade signals in just a few hours.

Another good thing about my system is that it will only take a minute to check the main trend of the market before looking for potential trade setups. So, if the main trend does not show a good pattern, there is no need to bother looking at every chart to find any potential entry points. If this happens, I usually leave to do other things and come back to check if I have a well defined trend to trade with.

I usually trade when the markets are stable, so when important news releases are on the way or have just occurred, I stay away from my charts.

I only use my method with specific time frames and currency pairs. I enter my trades on the 5 minute chart but I check on the main trend on longer time frames.

This document is compiled to ensure that you will have all the necessary information to be able to trade my method. In each section, I will explain all of the key concepts and mechanics to trade it efficiently.

Rover_North’s Profile

Full Name: Abdul Majid Bin Othman

City: Kuantan

State: Pahang

Country: Malaysia

Gender: Male

Birthday: 04/03/1975

How many years have you been trading?

I started trading around 2005-2006 so about 5 years.

Tell us about yourself.

I have been teaching students about setting up skills in Pahang, Malaysia. I am married and have 2 children. I love to play sports during my leisure time.

How did you start learning more about how to trade when you first started?

I started learning to trade via free websites and forums. I then attended a seminar. After that, I was really interested with trading Forex and bought many 'rubbish' indicators via eBay and other websites. Now I try to create my own systems because I love to trade Forex. I am really falling in love with Forex!

Do you have any favorite book/s on trading?

No, I have no favorite book.

Do you have any favorite website/s on trading?

I only look at ForexFactory.com.

What do you enjoy most about trading?

I like to trade Forex because it teaches us about patience and sacrifice.

Why did you enter the Surefire Trading Challenge?

I wanted to test myself, I wanted to see if I can trade under pressure. I want to see if I can follow my own rules when I am just $10-$20 behind the leaders.

How do you think will you perform in the Live Trading round of the competition?

I have no idea, because the market is always changing. I'm confident that the system will work well this month and in other months but there is always a chance that the markets might behave unexpectedly.

Why did you want to become a trader?

I love to trade Forex, I'm falling in love with Forex. :-)

What is your goal for the Live Trading round? Is there a percentage gain that you have set as a target?

No, I do not set any goals or targets. I have found that when you set a goal you are sometimes forced to meet the set targets. This is unnecessary pressure that I try to avoid.

We have provided you with a $1000 Live Account, how much of this money are you willing to risk and lose?

I am willing to risk up to $800.

My Trader Bio

How much time each day/week/month (whichever is most appropriate) can you dedicate to the various requirements of trading and managing a trading system?

I usually look at my charts about 2 - 3 times a day.

Do you pay any attention to News releases or Fundamentals? If so, how do you approach this, and are there any in particular that you avoid or look to capitalize on?

I do not trade 15 minutes before and 45 minutes after High impact news announcements are due to come out. I wait for the market to stabilize before I look to my system and proceed.

How many trades do you expect to place each day/week/month (whichever is most appropriate)?

If I am scalping as I normally do, then about 4-5 times a day.

What kind of returns do you expect to make?

I have no set target in mind.

Which currency pair/s will you trade?

I usually trade the GBPUSD, EURUSD currency pairs and sometimes, the USDCHF currency pair.

In which time frame/s you will be trading?

I normally look at the 30 minute and 15 minute time frames but I place my trades on the 5 minute time frame.

Which session/s do you trade?

I normally look to enter trades after the London and New York markets open.

Are there any currency pairs, time frames or sessions that you avoid trading?

I rarely trade during the Tokyo market opening time.

Describe your daily trading routine.

After the London market opens, I look at my 30 minute and 15 minute charts to determine the trend. If I see an uptrend, I will look at the 5 minute chart to spot a place to enter the market.

What hardware/software and/or other tools will you use?

I'm not using any special software or hardware apart from the MT4 trading platform.

System Description

How did you come up with the system you have traded during the competition?

I came up with this system while I was trying to make a simple and easy method that can make profits.

Do you use multiple time frames? If so, can you elaborate?

Yes, I use the 15 minute and 30 minute time frames to determine the trend, and I use the 5 minute charts to my enter trades.

How would you describe your trading system in just a few sentences?

My system is simple but profitable.

Do you follow a set number of rules on each and every trade or does it vary?

Yes, I follow my rules in nearly all cases, but it does not happen once in a while when my discipline fails or I make a mistake.

Are there exceptions to your trading system rules?

The only exception is that I rarely trade during the Tokyo session.

Do you enter trades using market orders or pending orders?

I use a bit of both, but in most cases I use market orders.

Do you place a stop loss? If so, how do you determine this level?

No, I do not use any stop losses.

Do you place a take profit? If so, how do you determine this level?

No, I do not place a target/take profit and I usually aim for between 3-50 pips.

Do you exit trades before your stop/target is hit?

Since I do not set a stop loss or target, I always close all my trades manually.

Which signals will cause you to exit early?

I will only look to exit a trade when price closes either above or below my trend signal. The trend signal is the 144 EMA (purple).

How long will you remain in a trade once it is opened?

I usually hold open positions for less than 8 hours.

Components of the System

Indicators: Moving Averages

Moving averages are indicators that serve to smooth the price movement to form trend. It is so called because a moving average is an average that moves. It moves along time and is based on the latest number of candles. Once a new candle forms, it drops the data of the oldest candle and uses the data of the new candle.

One thing to remember with moving averages is that they do not predict the direction of the price, but instead, they define the current direction based on the previous prices. Because of this, they tend to lag but they help filter out the noise and smoothen the price action.

Moving averages are also used in the basics of other indicators and overlays. Here are a few examples: Bollinger Bands, MACD and Oscillators.

Most of all, moving averages are used to identify the direction of a trend or predict support and resistance levels. Commonly used to serve this purpose are the Simple Moving Average (SMA) and the Exponential Moving Average (EMA).

Simple Moving Average

A simple moving average is one of the most popularly used moving averages. It is the sum of the prices divided by the number of prices. For this kind of moving average, all the prices are equal in weight.

Exponential Moving Average

I only use 1 indicator in my system, and that's why it is very simple. I use the Exponential Moving Average (EMA) with 2 different period settings applied to the closing price of the candles.

Moving averages are used to determine the mean price of a set of prices. EMAs are specific to identify the weighted average of the last number of prices but the weight decreases exponentially with every previous price.

For this kind of moving average, the more recent prices have more weight over the older prices. This helps to reduce the lag.

If you are fond of calculations, the EMA is equal to EMAn-1 + [2 / (n + 1) * (Pn - EMAn-1)].

I use EMAs mainly to identify the trend of the market before entering a trade and determine my mental stop loss.

1. 10-Period Exponential Moving Average

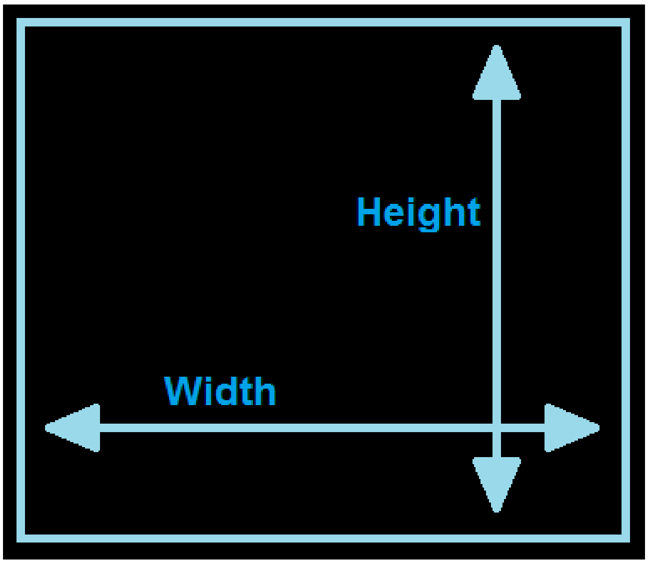
On the other hand, I use the 10 EMA to indicate the most recent trend of the market. I base my entries on it, in that I enter when my price retraces to the 10 EMA.

2. 10-Period Exponential Moving Average

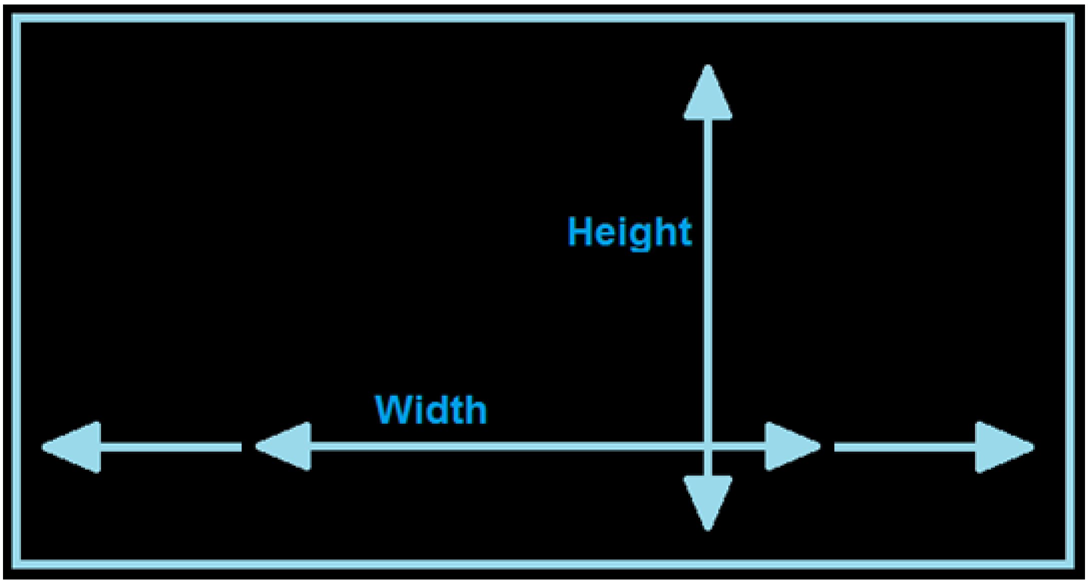
I use the EMA 144 to indicate the general trend of the market. I also watch for my price to cross over it as a basis to exit a trade if in case it goes against my favor.

Multiple Time Frames

Anyone who's ever purchased a DVD knows the difference between a "wide screen" production and a "full screen" production. To elaborate, when a movie is viewed on the television which is modified to fully fit your screen, it looks something like this:



When viewed at the theatre, we see more of a panoramic view, such as this:



In more visual terms, we have the difference between this:

And this:

The use of Multiple Time Frames traces back to the Dow Theory, which is a line of thought that takes us outside the proverbial "box" – or outside mainstream economics. The theory is a school of thought which has come to be used for developing the heart and soul of technical analysis. In simple terms, the principle of Multiple Time Frames best describes the markets in this way:

The market has three movements….

- Main Movement – It is better described as the major trend.
- Medium Swing – It is where the market reverses its direction for a short period of time, which many have come to recognize as Fibonacci retracements.
- Short Swing – These are the minor fluctuations in the market.

Fundamental traders like to qualify and explain market fluctuations with reasons that stem anywhere from short-term manipulation of the markets to world economic catastrophes.

As technical analysts, however, with the help of charts, we attempt to gain profits during bullish and bearish swings, simultaneously, within the confines of any major market trend by analyzing "past" price movement.

As we apply the Dow Theory to our technical analysis, we find that its application is best served if displayed on Multiple Time Frames.

In other words, we transition our charts from a "full screen" perspective to a "wide screen" perspective. For example, a 5 minute chart when decreased in size, expands from this perspective:

To This Perspective:

Both charts are 5 minute charts – but a broader view of the market is provided.

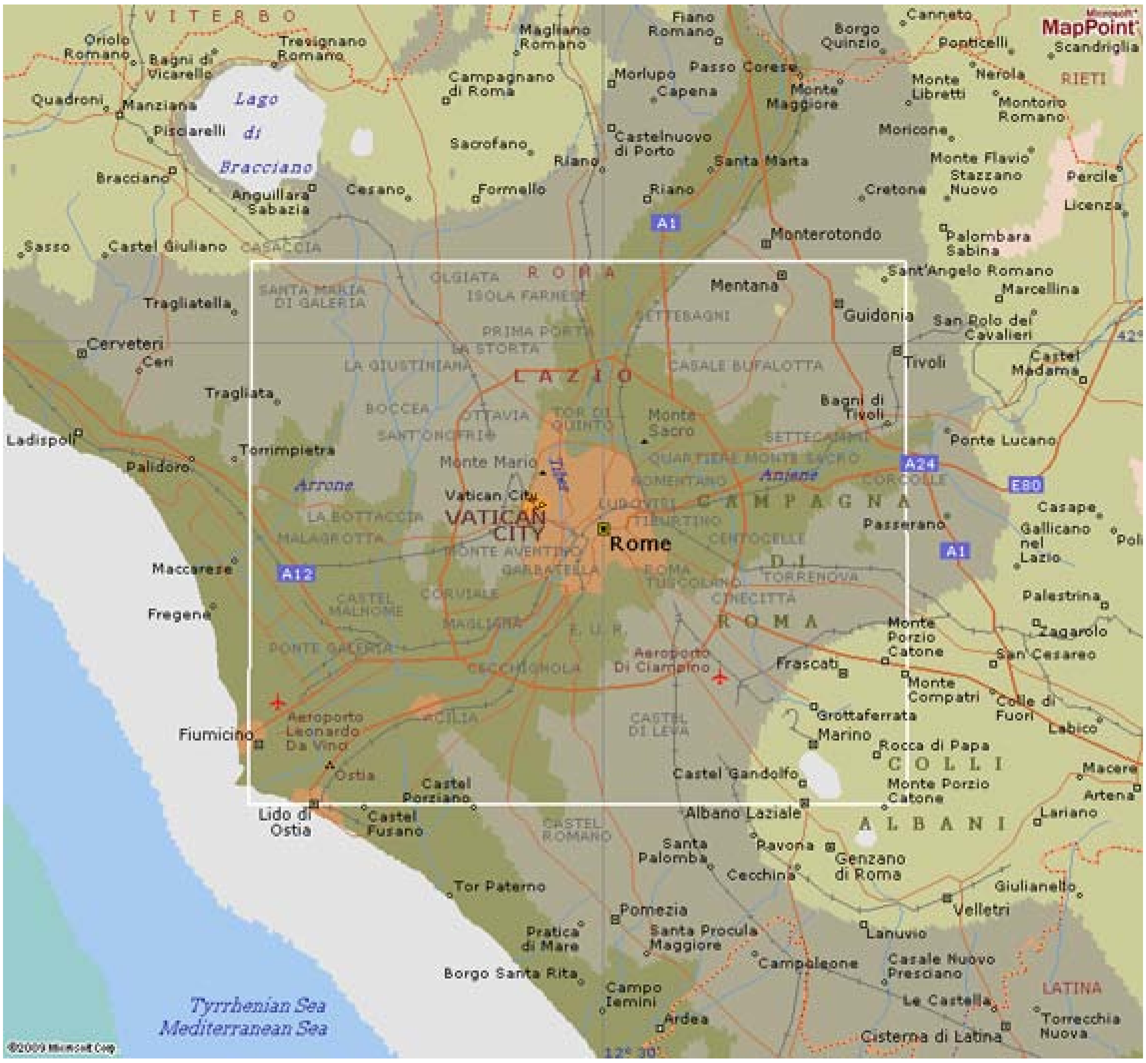
Now, what if we could display our charts in a way that would broaden our perspective in a far greater way?

Follow me here:

Let’s assume you are about to take a road trip from Paris, France to Rome, Italy. Initially, we wouldn’t pull out a map of Paris or of Rome, would we? In order to get our bearings, we would open an atlas such as this:

As we approach the border of Italy, we would open the atlas to a different perspective:

And as we approach Rome, we would look for an even more detailed perspective…



Ultimately, we would end up looking at something like this:

This is what Multiple-Time Frame trading is all about…

It gives us a "major" trend, a "medium" trend, and a "short" term trend perspective – providing us with an uncanny ability to profit from bullish and bearish swings.

Have a look at some charts below, we have a...

30 Minute Chart (downtrend)

15 Minute Chart (downtrend)

And a 5 Minute Chart (downtrend)

All three are in a "downtrend"… Oh my, I think I'll be looking to open a Sell order… What do you think?

Therefore, the importance of the "panoramic" view.

- 30 Minute Chart: The EMAs remain in a strong downward slope.
- 15 Minute Chart: The EMAs are also in a downward slope.
- 5 Minute Chart: The EMAs are also in a downward slope.

Now here's the key to getting the best entry possible for this trade. The first three charts have each of the indicators on the BEARISH side of the market, correct? So, I know I'm looking for a short entry. However, the question is, "Do I want to enter the market while it is falling, or do I want to enter on the retracement; which is going to provide me with a greater profit? The obvious answer would be, "On the retracement".

I only use 3 timeframes to trade my system, and these are the 5 minute, 15 minute and 30 minute time frame. I usually just open one chart for a currency pair that I am trading then just shift time frames. From the 5 minute chart, I shift to the 15 minute and 30 minute time frames to determine the general trend. Then, I go back to the 5 minute time frame.

I don't usually trade with other timeframes, but if you prefer, once you have become very good using my system, you can try other time frame combinations like M30, H1, H4 or the like. However, I have attained the best results in the M5, M15, M30 combination.

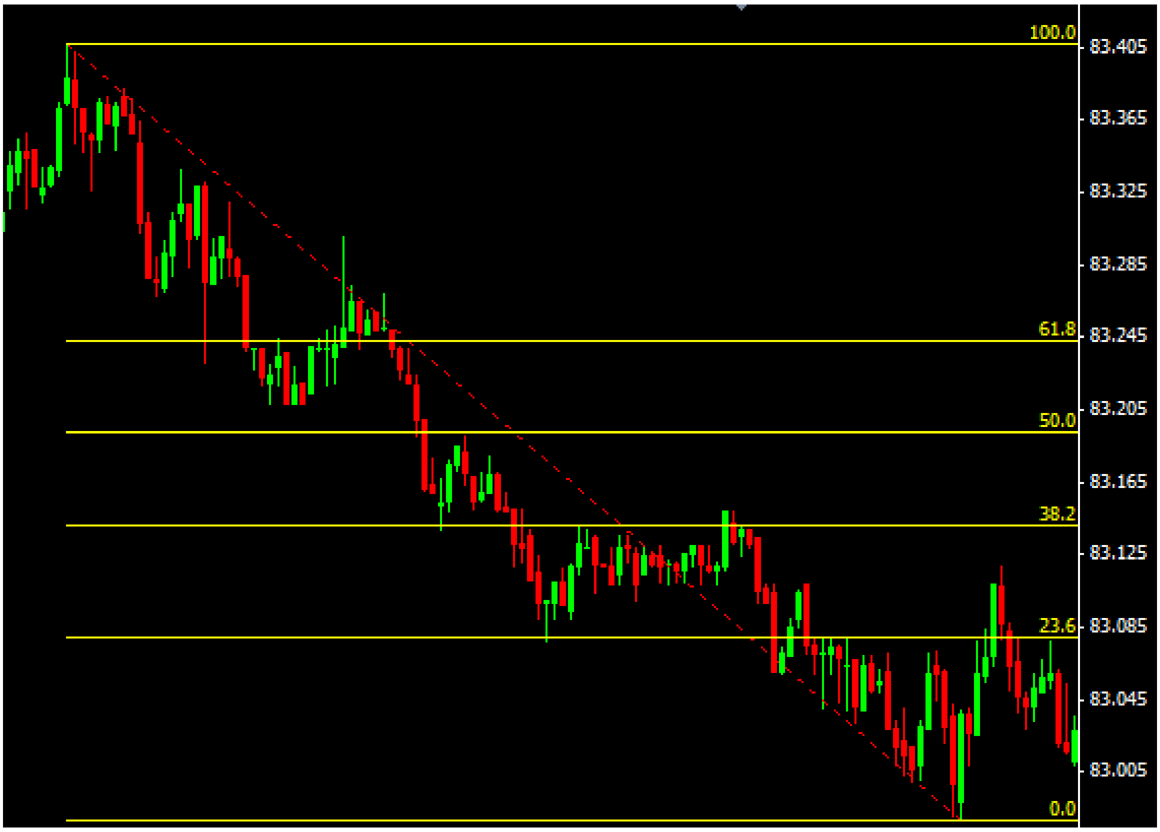
Retracement

A retracement is defined as a reversal in the movement of price, countering the prevailing trend. In other words, if the general trend of the price is a downtrend, the price does not go straight downwards. Once in a while it makes short upward moves or reversals before continuing in the general trend.

Retracement is a common term in Forex trading in that it is used in many different ways. It can be demonstrated in terms of the famous Fibonacci Retracement Levels, price movements in relation to a trendline, or price movements in relation to an indicator.

Take a close look at the examples below and notice that it they are images of the same chart:

1. Fibonacci Retracement Levels.



In the image above, a Fibonacci Retracement is drawn on a chart from the highest High to the lowest Low.

You can observe that the main trend of the market is a downtrend. However, you can see the price reverse, thereby retracing to the different Fibonacci Retracement levels before continuing to go down. It is very evident in this case at the 61.8 %, 50% and 38.2% retracement levels.

2. Price Retracement To A Trendline.

In this image, a trendline is drawn from the highest High to the swing Highs. The direction of the main trend is represented by the trendline.

Here, you can see that the as price moves downward, it reverses and touches the trendline before continuing with the downtrend.

2. Price Retracement To An Indicator – Exponential Moving Average.

In this last example, a 10-Period Exponential Moving Average (10 EMA) is applied to the closing price of the candles. The 10 EMA represents the downward movement of the market.

In the same way as the other examples, the price makes strong moves downwards, reverses to touch the 10 EMA, and later goes back to follow the main trend.

Drawdown

Drawdown refers to the decline in an account's value, usually represented as a percentage amount or as a full dollar figure.

After a series of losing trades, the value of one's capital decreases. This reduction is referred to as the drawdown. To calculate the drawdown, one needs to compute for the difference between a relative peak in equity capital minus a relative trough.

Here's an example:

If you have a $1,000 account and you lose $500, what percentage of your account have you lost?

You know that the answer is 50%. This percentage is what is called a drawdown. It is that simple.

Drawdown may seem like a negative term, but it is part of trading. Since it is inevitable, it is vital to have risk management rules to become successful at trading. Risk management allows you to risk only a small percentage of your account balance so that it can survive losing streaks.

Risk/Reward Ratio

Risk is another aspect of trading that will always be present in every trade. There is always a certain degree of risk in each and every trade that you enter. As a trader, one must be sure to know the amount of risk that is being taken because this is very important.

Knowing how much you are risking will enable you to limit the risk and protect your account as you trade. Initially determining the risk-reward ratio is the best way to measure the level of risk before entering a particular trade. This ratio is one of the most effective risk management tools being used by successful traders.

This ratio is a parameter that will enable the trader to calculate the level of risk every time a trade is entered. The risk-reward ratio represents the level of risk versus the potential reward/profit for a trade. Showing how much risk will be taken makes this ratio a very simple and effective tool, yet many traders neglect this tool, only to find large losses in their accounts when it's too late.

How to Determine the Risk-Reward Ratio

In order to calculate the risk-reward ratio, one must first identify the amount of risk, which is determined by the amount of money needed to enter the trade. Multiply the cost of the currency with the number of lots to know how much money is actually at risk in the trade. The amount of risk is represented by the first number of the risk-reward ratio.

Next, identify the potential reward/profit. This is the gain in currency price that the trader can expect to earn from the currency price movement. Multiply this gain with the number of lots traded to compute the potential reward. This will be represented by the second number of the risk-reward ratio.

Examples

Here are a few examples of the risk-reward ratio:

* If the risk is $200 and the reward is $400, then the risk-reward ratio is 200:400 or 1:2.
* If the risk is $500 and the reward it $1,500, then the risk-reward ratio is 500:1500 or 1:3.
* If the risk is $1,000 and the reward is $500, then the risk-reward ratio is 1000:500 or 2:1.

What is a Good Risk-Reward Ratio?

When trading with Forex, the minimum risk-reward ratio for a trade is usually 1:2. However, a larger potential reward/profit is preferred. A 1:3 risk-reward ratio may be acceptable for beginning traders. Figures greater than 1:3 are too risky, and these trades should be avoided.

Many experienced traders wait for trades with a risk-reward ratio of 1:5 or lower before entering the trade. Such trades don’t occur very often, however, the reward is worth the wait. It’s always good to take trades with a lower risk-reward ratio in case the price does not make the anticipated price movement. If, on the other hand, the trader enters a position with a higher risk-reward ratio, the risk is increased since there is very little room left for smaller price movements.

It is essential for every trader to use the risk-reward ratio as it is an important money management tool. Beginning traders must make an effort to form the habit of completing this extra step because it can help protect their accounts by identifying low risk trades that they may enter.

It takes a lot of patience and effort to wait for the right risk-reward ratio, but the benefits are worth the hard work. This ratio enables the trader to identify the amount of risk and the amount of potential profit in every trade, enter only in trades that are worth taking, and avoid trades that are more likely to bring about losses.

Money Management

Money management can make or break your Forex trading career. Even if you are using the best trading system out there, you can still fail without the right risk management. Risk management combines multiple means to limit the risk in trading. It may include, but is not limited to, controlling the lot size, hedging, trading only during certain hours or days, or knowing when to take losses.

Why is Forex risk management important?

Risk management is very important in trading Forex. In fact, it is one of the key concepts for survival as a Forex trader. This concept is quite easy to understand, but it is difficult to apply.

Traders are always bombarded with the benefits of using leverage but are not well-informed with its drawbacks. This gives them a mindset that they should take trades despite large risks with the expectation to earn a large profit. Trading may seem too easy using a demo account, but once real money and emotions are involved, it won't be the same. This is why true risk management is critical.

Controlling losses

You can control the amount of losses as a form of risk management. When the price goes against the expected direction, you must know when to cut the losses on a trade. This can be done in two ways, with the use of a hard stop or a mental stop.

A hard stop is placed when you set a stop loss as the trade is initiated. On the other hand, a mental stop is being used when you exit the trade based on a certain limit or drawdown that you are willing to take for the particular trade.

Identifying the ideal stop loss level may vary among traders. What's important is that it should reasonably limit the risk in as much as you are comfortable with it. As soon as you have identified your preferred stop loss, stick with it. Otherwise, you could fall into the trap of moving your stop loss farther and farther out, defeating its purpose which is to efficiently cut your losses.

Using correct lot sizes

At one point in time, you may have thought that it is possible to open an account with $300, and use a 200:1 leverage to open mini lot trades of $10,000 dollars, and double your money in one trade. Nothing could be farther from the truth.

There is no magic formula that can accurately tell the lot size that you should be trading with. But for beginners, the smaller the lot size, the better. Each trader has his own level of risk tolerance. As a rule of thumb, it is best to remain as conservative as possible.

Not everyone has enough resources to open a $5,000 account, but this is not a reason to use larger lots if you have a small account. It is important to understand the risk of using larger lots with a small account balance. Trading with smaller lot sizes allows one to stay flexible and manage trades based on logic than on emotions.

Tracking overall exposure

Reducing the lot size is good for managing your risk, but it cannot help when you open too many trades amounting to too many lots. There is a correlation between currency pairs, and this is important for any trader to understand.

An example would be going short on the EUR/USD and long on the USD/CHF. In this scenario, the account is exposed twice to the USD in the same direction. This means that the overall exposure to USD is long two times the lot size. So, if the USD goes down, both trades lose. The importance of keeping the overall exposure limited is that it reduces your risk and keeps you in the game in the long run.

The bottom line

Risk management is all about keeping your risk under control. The more controlled your risk is, the more flexible you can be when you need to be. If you notice, Forex trading is about opportunity, and traders need to be able to act when such opportunities arise. By limiting your risk, you insure that you can continue to trade even if events do not go as planned. Using proper risk management can be the difference between becoming a Forex professional and being a quick blip on the chart.

Setting Up Your Charts

Looking at the image below, you can see an example of what your charts should look like once you have set them up to trade the system.

How to Setup Your Charts

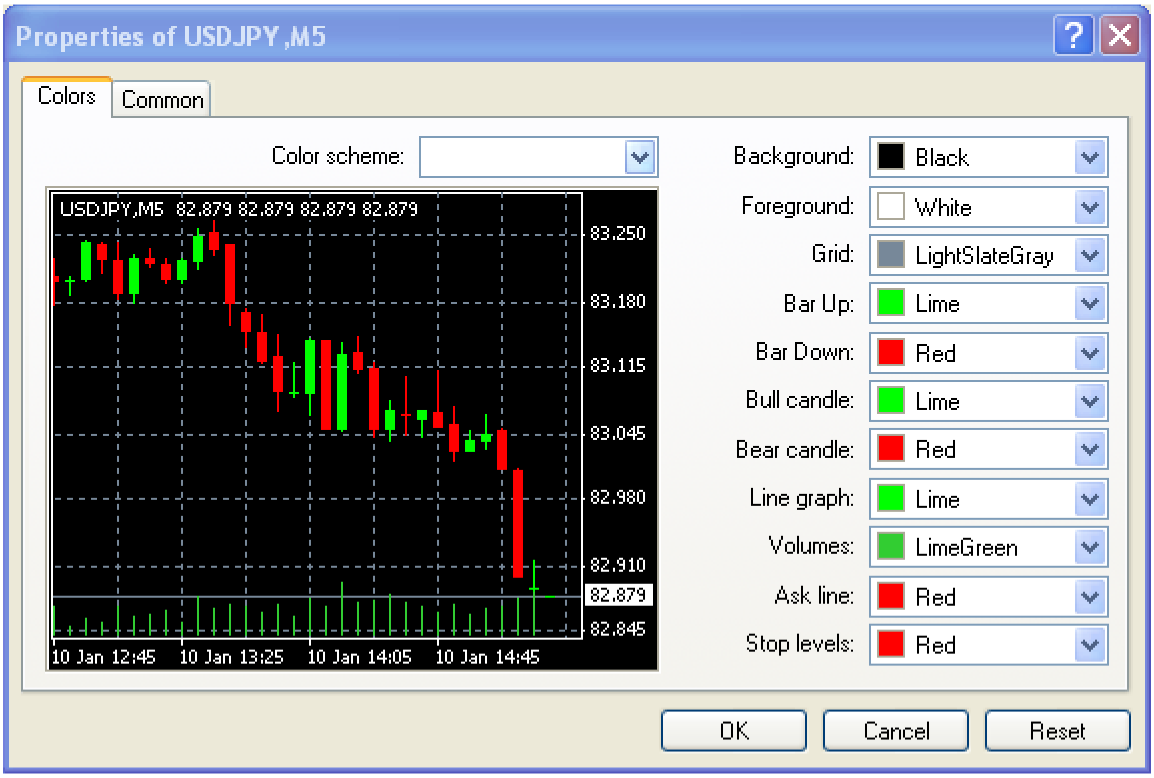
My system is very simple so it is easy to set up the charts. Once you have opened a chart for a currency pair, go to the 5 minute time frame, select candlesticks, zoom in, and chart shift. After that, right-click the chart and select Properties.

Properties, Colors Tab

In the Properties, go to the Colors tab and make sure that the following settings have been set to the corresponding colors.

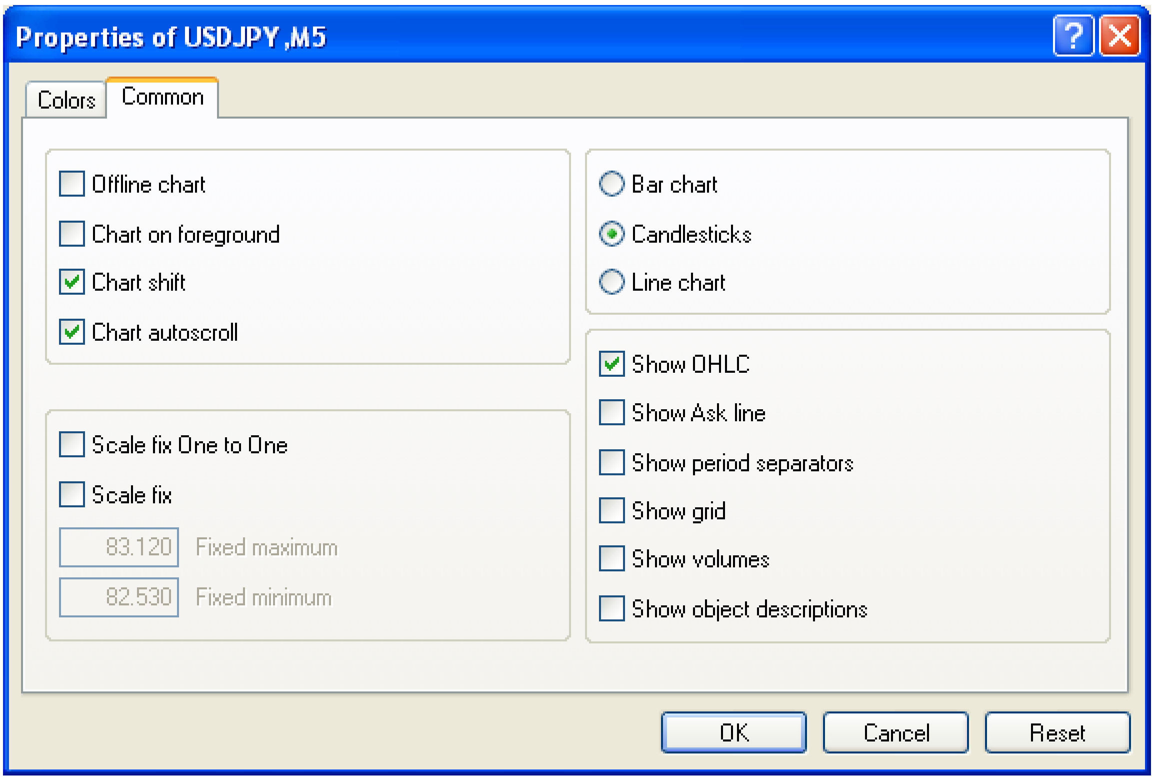
Background - Black
Foreground - White
Bar up - Lime
Bar down - Red
Bull candle - Lime
Bear candle - Red

Take a look at this image:



Common Tab

For the Common tab, all you need to do is to un-tick the Show grid setting. Apart from that, there is no need to change anything, so it should look like this image:



Indicators & Settings

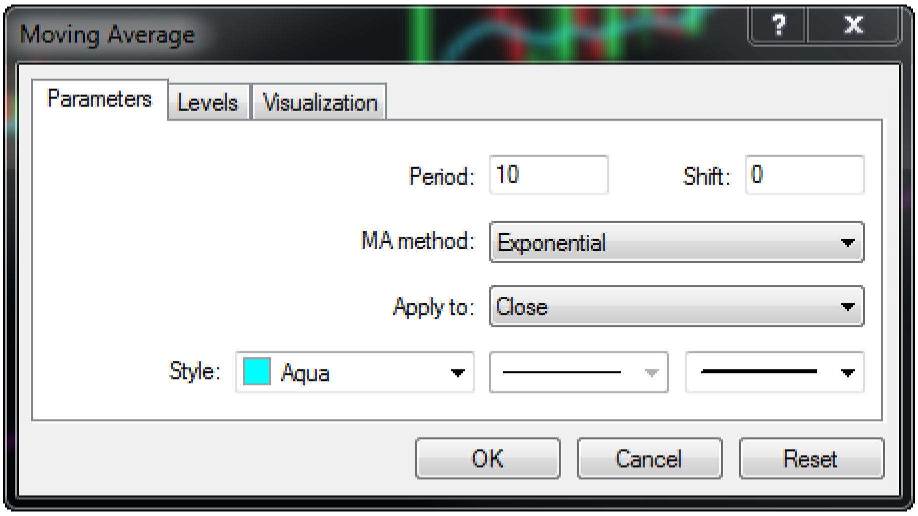
As mentioned earlier, I only use 2 Exponential Moving Averages (EMA).

Exponential Moving Average (10 EMA)

These are the parameters of my 10 EMA:

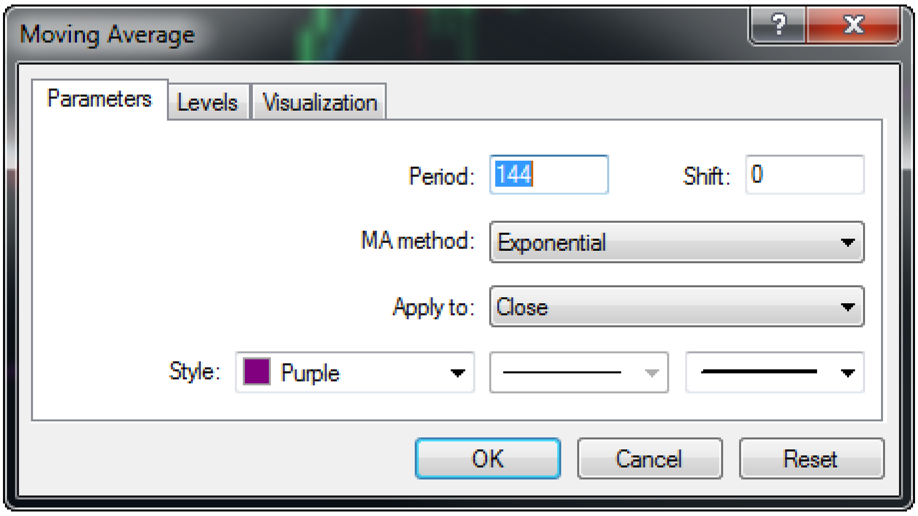
Period - 10
Shift - 0
MA Method - Exponential
Apply to - Close
Style - Aqua

This is how it should look like:



Exponential Moving Average (144 EMA)

All parameters for my 144 EMA is the same except that the Period is set to 144 and the Style is Aqua. Take a look at the image below.



That's all there is to it. Once you have your 5minute chart, there is no need to open a 15 minute and a 30 minute chart. I normally just change the time frame to 30 minutes and 15 minutes before I start trading to determine the trend. I then go back to the 5 minute chart to look for trade setups.

Sell/Short Trade Rules

1. Price must be below the 144 EMA on all 3 time frames: 30 minute, 15 minute and 5 minute charts.
2. The 10 EMA should be below the 144 EMA on all time frames.
3. Price must be below the 10 EMA on the 5 minute chart.
4. Wait 2-3 bars for price to close below the 10 EMA on the 5 minute chart.
5. Wait for price to retrace to the 10 EMA on the 5 minute chart.
6. When the price retraces or comes extremely close to the 10 EMA on the 5 minute chart, enter the trade.
7. Stay in the trade and follow the trend until there is an indication that the trend may be reversing, at which point, look to exit the trade. Exit the trade when price closes above the trend signal line (144 EMA - purple) on either the 5, 15 or 30 minute charts depending on your risk tolerance. Alternatively, you may exit when your Take Profit of 3-50 pips has been reached.

Are there any exceptions to the rules above?

Yes, I do not like to trade during the Tokyo session and I do not enter the market within 45 minutes of major news announcements.

Short/Sell Trade Examples

Let's take a look at some examples of short trades…

Sell/Short Example 1:

The red horizontal line on the image above shows the current candle we are looking at. At this point, the price is below the 144 EMA on all 3 time frames, i.e. the 30 minute, 15 minute and 5 minute charts.

The 10 EMA is also below the 144 EMA on all time frames. As you can see, price is below the 10 EMA on the 5 minute chart above.

Price has closed below the 10 EMA on the 5 minute chart over the previous 2-3 bars so I waited for price to retrace to the 10 EMA on the 5 minute chart. The price then retraced or came extremely close to the 10 EMA on the 5 minute chart so I looked to enter the trade.

I will remain in the trade and follow the trend until 3-50 pips has been reached or if I see an indication that the trend may be reversing, at which point I will look to exit the trade. That is usually when price closes above my trend signal line (144 EMA - purple).

Sell/Short Example 2:

Above is another 5 minute chart. The price is below the 144 EMA on all 3 time frames (30 minute, 15 minute and 5 minute charts).

You can see that the 10 EMA is below the 144 EMA on all time frames. The price is also below the 10 EMA on the 5 minute chart.

After the price has closed below the 10 EMA on the 5 minute chart over the previous 2-3 bars, I waited for price to retrace to the 10 EMA. As soon as the price retraced and came extremely close to the 10 EMA, I looked to enter the trade.

I remained in the trade and followed the trend until my target of 3-50 pips had been reached.

Sell/Short Example 3:

This is another example on the 5 minute chart. With the price below the 144 EMA on all 3 time frames (30 minute, 15 minute and 5 minute charts), I began looking for potential trade setups.

On all the time frames, the 10 EMA is below the 144 EMA and the price is below the 10 EMA.

Price has closed below the 10 EMA on the 5 minute chart over the previous 2-3 bars so I waited for price to retrace to the 10 EMA on the 5 minute chart. The price then retraced and came extremely close to the 10 EMA on the 5 minute chart so I looked to enter the trade.

I remained in the trade and followed the trend until my target of 3-50 pips had been reached.

Sell/Short Example 4:

Take a look at the image above. Here we have another 5 minute chart. I made sure that the price is below the 144 EMA on all 3 time frames, i.e. the 30 minute, 15 minute and 5 minute charts.

I also made sure that the 10 EMA is below the 144 EMA and price is below the 10 EMA on all time frames.

There have been 2-3 bars that the price has closed below the 10 EMA on the 5 minute chart, so I waited for price to retrace to the 10 EMA. When the price retraced and came extremely close to the 10 EMA on the 5 minute chart, I entered a short trade.

I remained in the trade and followed the trend until my target of 3-50 pips had been reached.

Sell/Short Example 5:

In this other example on the 5 minute chart, the price is below the 144 EMA on the 3 timeframes (30 minute, 15 minute and 5 minute charts).

The price is below the 10 EMA while the 10 EMA is also below the 144 EMA on all time frames, so this is where I look at the 5 minute chart for potential setups.

Price has closed below the 10 EMA on the 5 minute chart over the previous 2-3 bars so I waited for price to retrace to the 10 EMA on the 5 minute chart. The price then retraced to the 10 EMA on the 5 minute chart so I looked to enter the trade.

When my target of 3-50 pips had been reached, I would exit the trade.

Sell/Short Example 6:

Figure 1

Have a look at the 5 minute chart above, price is below the 144 EMA on all 3 time frames, i.e. the 30 minute, 15 minute and 5 minute charts.

The 10 EMA is also below the 144 EMA on all time frames. As you can see, price is below the 10 EMA on the 5 minute chart above.

Price has closed below the 10 EMA on the 5 minute chart over the previous 2-3 bars so I waited for price to retrace to the 10 EMA on the 5 minute chart. The price then retraced and came extremely close to the 10 EMA on the 5 minute chart so I looked to enter the trade.

I remained in the trade and followed the trend until my target of 3-50 pips had been reached.

Buy/Long Trade Rules

1. Price must be above the 144 EMA on all 3 time frames: 30 minute, 15 minute and 5 minute charts.
2. The 10 EMA should be above the 144 EMA on all time frames.
3. Price must be above the 10 EMA on the 5 minute chart.
4. Wait 2-3 bars for price to close above the 10 EMA on the 5 minute chart.
5. Wait for price to retrace to the 10 EMA on the 5 minute chart.
6. When the price retraces or comes extremely close to the 10 EMA on the 5 minute chart, enter the trade.
7. Stay in the trade and follow the trend until there is an indication that the trend may be reversing, at which point, look to exit the trade. Exit when price closes below the trend signal line (144 EMA - purple) on either the 5, 15 or 30 minute charts depending on your risk tolerance. Alternatively, you may exit when the Take Profit of 3-50 pips has been reached.

Are there any exceptions to the rules above?

Yes, I do not like to trade during the Tokyo session and I do not enter the market within 45 minutes of major news announcements.

Long/Buy Trade Examples

Let's take a look at some examples of long trades…

Buy/Long Example 1:

The red horizontal line on the image above shows the current candle we are looking at. At this point, the price is above the 144 EMA on all 3 time frames, i.e. the 30 minute, 15 minute and 5 minute charts.

The 10 EMA is also above the 144 EMA on all time frames. As you can see, price is above the 10 EMA on the 5 minute chart.

Price has closed above the 10 EMA on the 5 minute chart over the previous 2-3 bars, so I waited for price to retrace to the 10 EMA. The price then retraced or came extremely close to the 10 EMA on the 5 minute chart so I entered a buy trade.

My target of 3-50 pips has been reached so I exited the trade.

Buy/Long Example 2:

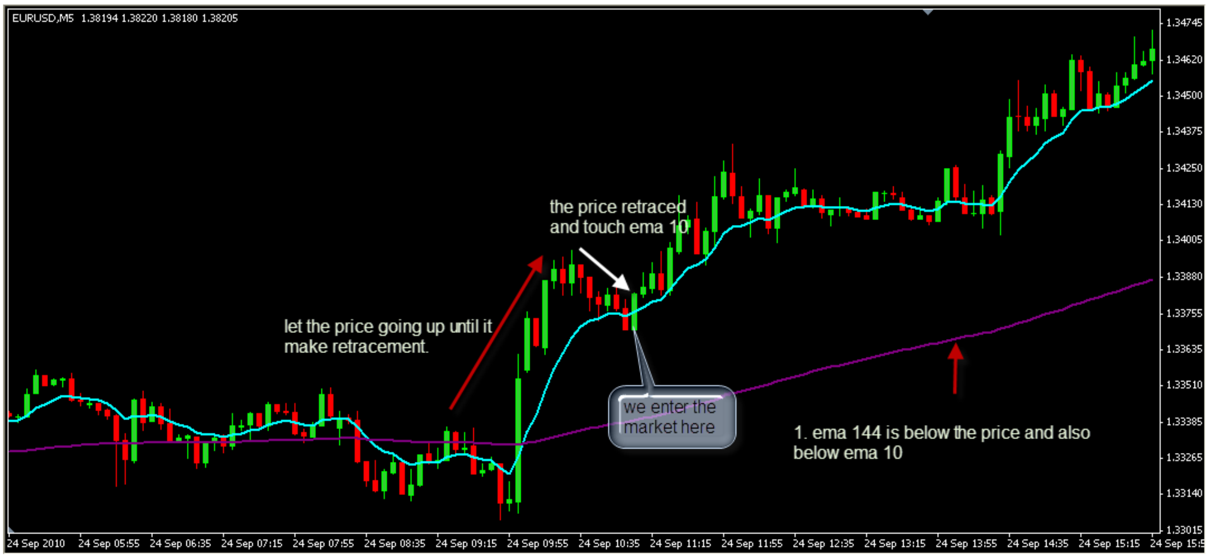
We have another 5 minute chart above. Once I have made sure that the price is above the 144 EMA on all 3 time frames (30 minute, 15 minute and 5 minute charts), I will look at the 10 EMA and make sure that it is also above the 144 EMA on all time frames.

Once that's done, I looked at the price and checked if it is above the 10 EMA on the 5 minute chart.

When the price has closed above the 10 EMA on the 5 minute chart over the previous 2-3 bars, I waited for price to retrace to the 10 EMA. The price then retraced and came extremely close to the 10 EMA on the 5 minute chart so I looked to enter the trade.

I remained in the trade and followed the trend until my target of 3-50 pips had been reached.

Buy/Long Example 3:



In this example on the 5 minute chart, the price is above the 144 EMA on all 3 time frames, i.e. the 30 minute, 15 minute and 5 minute charts.

The 10 EMA is also above the 144 EMA on all time frame, and the price is above the 10 EMA on the 5 minute chart.

Price has closed above the 10 EMA on the 5 minute chart over the previous 2-3 bars so I waited for price to retrace to the 10 EMA. I entered the trade when the price retraced to the 10 EMA.

I exited the trade when I reached my target of 3-50 pips.

Buy/Long Example 4:

Let's look at another 5 minute chart. The price is above the 144 EMA on all 3 time frames, i.e. the 30 minute, 15 minute and 5 minute charts.

The 10 EMA is also above the 144 EMA on all time frames. You can also see that the price is above the 10 EMA on the 5 minute chart.

Price has closed above the 10 EMA on the 5 minute chart over the previous 2-3 bars, so I waited for price to retrace to the 10 EMA. The price came extremely close to the 10 EMA so I entered a buy trade.

My target of 3-50 pips had been reached and I look to exit the trade.

Buy/Long Example 5:

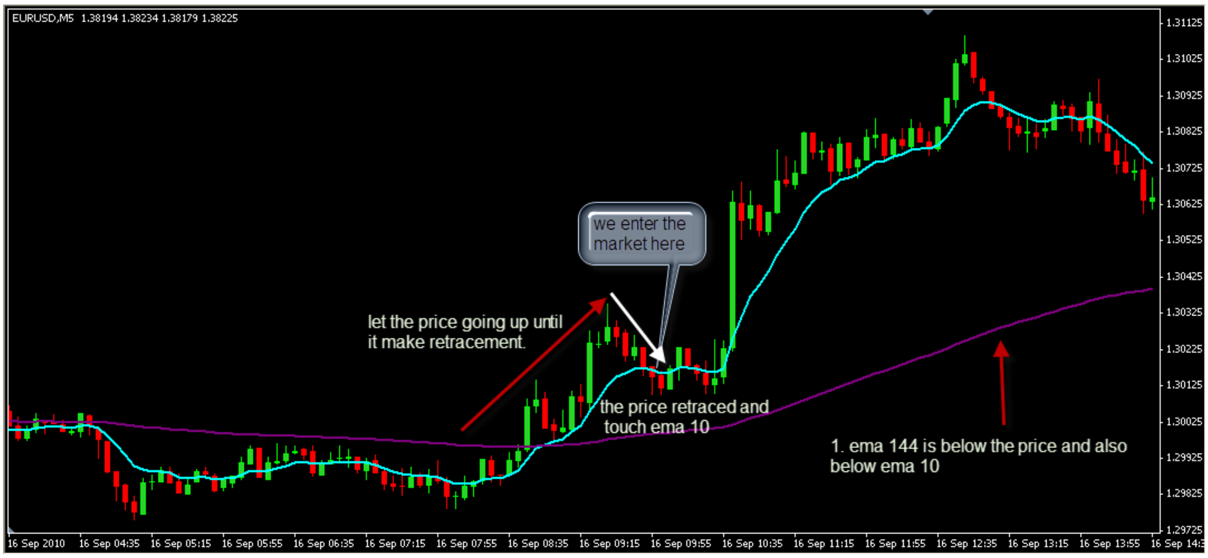
Here's a good example on another 5 minute chart. The price is above the 144 EMA on all 3 time frames, i.e. the 30 minute, 15 minute and 5 minute charts.

The 10 EMA is also above the 144 EMA on all time frames. As you can see, price is above the 10 EMA on the 5 minute chart.

Price has closed above the 10 EMA on the 5 minute chart over the previous 2-3 bars so I waited for price to retrace to the 10 EMA. The price then retraced and came extremely close to the 10 EMA so I looked to enter the trade.

I remained in the trade and followed the trend until my target of 3-50 pips had been reached.

Buy/Long Example 6:



Here's our final example. The price is above the 144 EMA on all 3 time frames, i.e. the 30 minute, 15 minute and 5 minute charts.

Also, the 10 EMA is above the 144 EMA on all time frames, and the price is above the 10 EMA on the 5 minute chart.

Once price has closed above the 10 EMA on the 5 minute chart over the previous 2-3 bars, I waited for price to retrace to the 10 EMA. When the price retraced and touched the 10 EMA, I looked to enter the trade.

I remained in the trade and followed the trend until my target of 3-50 pips had been reached.

Things to Consider

Tips/Guidelines/Comments/Notes

By now, you should have noticed that the system is very easy to understand and follow. You would have also noticed that nearly all trades are exactly the same. The rules are to be followed at all times to ensure that there is very little or no deviation at all from my trading plan.

Please note that I do not like to trade during the Tokyo session, and I do not enter the market 45 minutes before or after any high impact news announcements. I do this to ensure that the market is a bit more stable so that my trading method can produce more consistent results.

Now that you've got all you need to know about my trading system, keep practicing it on your demo accounts so that you can be more familiar with how it works.

If you are still new to trading I would strongly recommend that you trade this system on a demo account until you have mastered it and can produce consistence results. Once you have mastered my trading method you can think about starting to trade it on a live account.

Start small when you begin trading live until you build up your confidence and become better at trading this system and you will become more successful in your trading career.

Personally, this system has helped me a lot. With it, I routinely reach more than 120% gain in a month of trading my real live money account and it proved good enough to win the Surefire Trading Challenge.

It has given me a lot of opportunities that I never thought possible and I know that if you take the time to learn this method and apply it correctly you will be successful with it too.

With discipline and constant practice, you will be able to attain your goals in time.

Enjoy & Good luck!

Abdul Majid Bin Othman