The 60:30:10 Principle

The One Trading Rule (That You've Probably Never Heard Of) That Can Instantly Transform You Into A More Accurate, Confident and Profitable Forex Trader

By Jason Fielder

Fellow Trader,

What you are about to read is the result of nearly 8 years of full-time, intensive research, testing, and real-live, in-the-trenches trading. Some of the concepts and techniques you're about to learn may seem simple and even common sense at first, but do NOT discount them.

This truly has the power to change your entire trading life, as it did mine as soon as I discovered this "tipping point" little known secret.

I say "tipping point" because for me, once I learned what I am about to share with you right now, it literally took me from a reasonable middle of the road trader, to a full time, highly successful and very consistent FULL TIME trader.

I *would* go as far as saying it changed my life… and I'm about to share it with you right now, so keep reading.

Let me begin by asking you a simple question…

Do you feel like the system or systems you're currently using have great potential, and that you are so darn "close" turning that corner, making a TON of money and becoming a truly successful trader?

I'm willing to bet you do.

How do I know? Because that's exactly how I felt for years, as did every other trader I knew back when I was "convinced" I knew what I was doing (man was I ever wrong!)

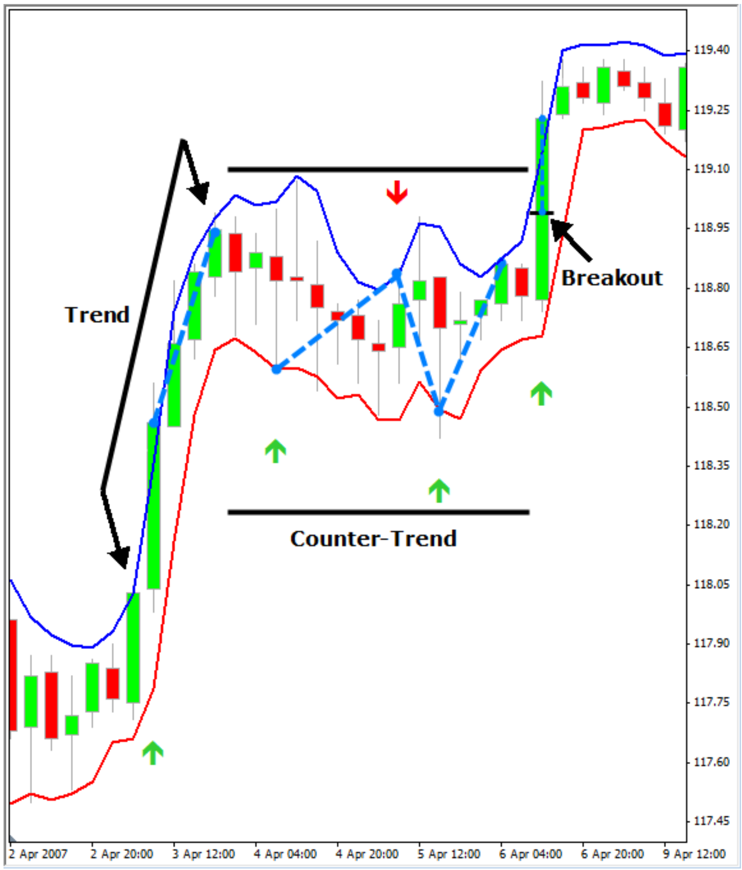
But don't fret because **I have some very good news**. This report is going to be your missing link, just as it was for me, when I crossed that "tipping point" and went from amateur to expert.

In a moment I am going to reveal the "60:30:10 Rule" and how understanding it can empower you become a far better trader… almost immediately.

But before we do that, we need to take a closer look at the markets and examine exactly how they move…

The Three Market Conditions

It doesn't matter what you're trading – stocks, futures, currencies, commodities, etc. – the markets can only move in one of three ways:



- **TREND (meaning prices move in the same general direction – up or down – over a period of time)…**

- **COUNTER-TREND (also known as a "sideways market", this is a situation where prices change little and move in a range over an extended period of time), and…**

- **BREAKOUT (this occurs when prices "break-through" to a new high or to a new low)…**

That's it!

I don't care if you're day-trading, swing trading or making more long-term plays, the market can only do one of those three things at a time.

And this idea of the "3 market conditions" is nothing new…

It was first talked about by French mathematician Louis Jean-Baptiste Alphonse Bachelier (often referred to today as the "Einstein of Finance") in his 1900 PhD thesis, the *Theory of Speculation* in which he said:

> **"Random noise [i.e. counter-trending] is what defines the normal market behavior. There are only two other types of market movement that are outside of the zone of random noise: market spikes [i.e. breakouts] and trends."**

So the concept here is this: Most of the time the markets bounce around in a counter-trend mode, and occasionally it will move into a trending mode or breakout (i.e. "spike") to a new high or a new low. *It's just how the financial markets work!*

And it continues to hold true today in every market, every instrument, and every timeframe!

Ok, not so exciting yet, so why does this matter?

Because when you are intimately aware of the three market conditions (and which condition the market is currently trading in), it offers you a massive advantage over all other traders.

And here's why: Most traders I know only trade one or at most two market conditions: trends and breakouts. Unfortunately for them, trends and breakouts only occur about 40% of the time, which means 60% of the time you're either sitting on the sidelines or…

…you are trading the markets as if they were behaving differently than they actually are, which is the MAJOR reason you are losing on so many trades.

It would be exactly like going to work on a construction site with the wrong tools 60% of the time - you aren't going to do a very good job, and eventually you would get fired.

So trading the way you likely are right now is going to slowly drain all of your resources till you bring your account to ZERO.

To put it another way, ***your current approach***…

> *is why you're wrong more times than you're right…*
> *is why you're still nervous when it comes time to pull the trigger…*
> *is why you're not profiting consistently and are still looking for something to help you get there…*

Now that you have an understanding of the three market conditions, let's examine how they occur and how you can use this powerful yet little known phenomenon to **increase your accuracy, confidence, and PROFITS trading the Forex.**

The 60:30:10 Principle Explained

Here's an important secret about the Forex (or any other financial market for that matter) that I bet will surprise you…

On average, the markets are in a **trending mode only about 30%** of the time, **breakout mode only about 10%** of the time and in a counter-trend, or **ranging mode about 60%** of the time.

This "60: 30: 10 Rule" exists across all markets and all time-frames!

So in other words, it doesn't matter if you're trading the Forex on the 15 minute chart or stocks on a one day chart, the results will be the same:

Trend:	**30%**
Breakout:	**10%**
Counter-Trend:	**60%**

And whether you realize it or not, it's that 60% column (the counter-trend mode) that is the reason you're not as profitable as you should be.

But I'll get to counter-trend trading very soon. First, I want to show you that the "60:30:10 Rule" does, indeed, exist.

Putting the 60:30:10 Rule To the Test

If you want to test the 60:30:10 ratio for yourself, simply place a Bollinger Band (or any other trend indicator) on any chart for any time-frame.

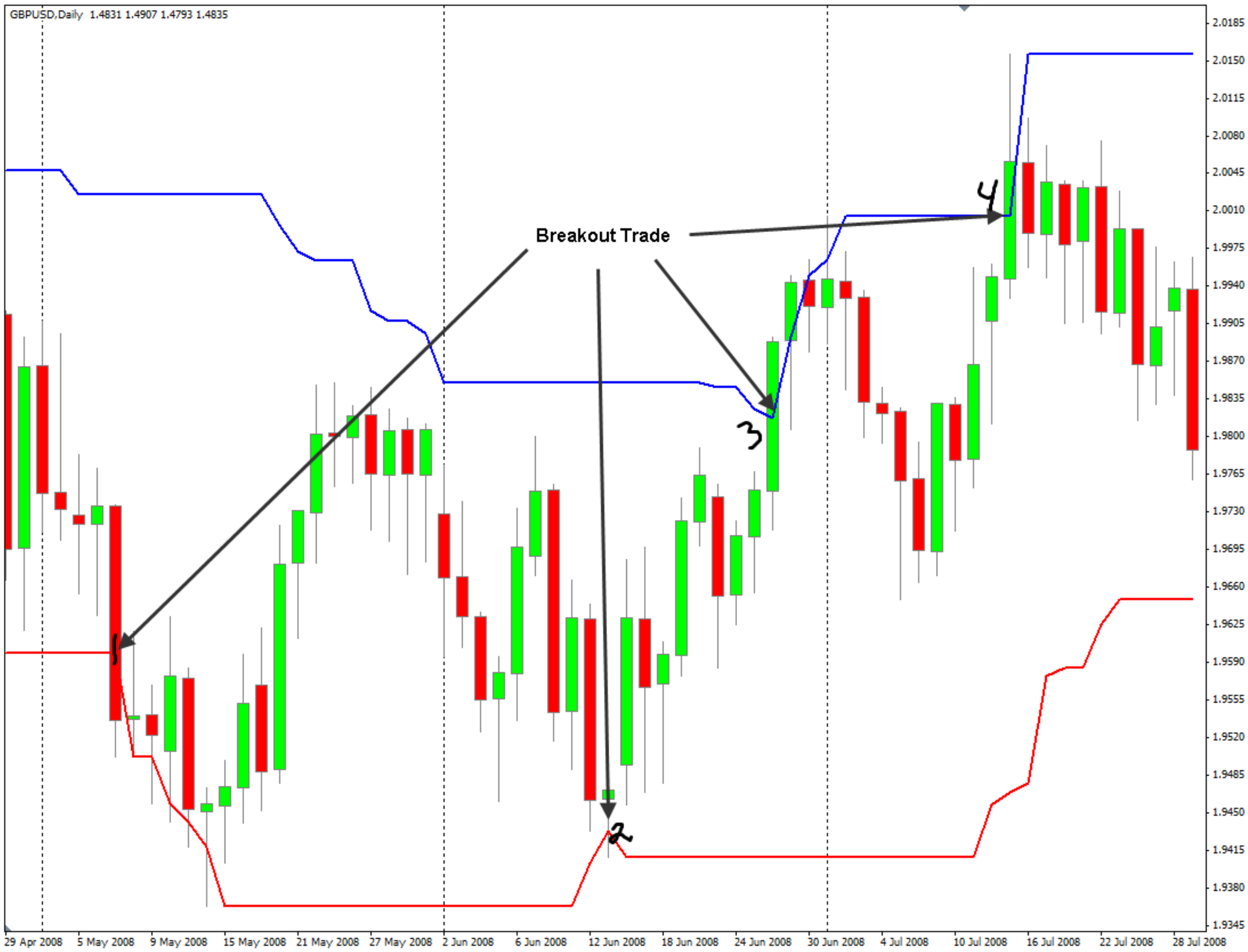
Then, add up the candlesticks where the market was in a trending mode (i.e. the bar breaks above or below the band) and divide it by the total number of bars in the trading period and you'll have your "trending average".

On the next page is a screenshot of how I calculated the trending average on the GBP/USD for 2008 on the daily chart:

This screenshot gives you an example of how the "trending days" number was calculated. A simple Bollinger Band breakout system was used to determine when a pair was in a trending mode, and the candlesticks were added together to get a total number of "trending days" for the year. This number was then divided by the total number of trading days (240) to get the "trending average".

In this example I counted a total of 80 bars that were in a trending mode, so out of the 240 trading days in 2008, the market was in a trending mode 80 of those days or 33% of the time.

I then used the same method to calculate the total number of breakouts for the GBP/USD in 2008…



In this screenshot I am tallying the number of "breakout days" for the GBP/USD in 2008 on the day chart. In this example I used the Price-Action Channel set to "20" to determine breakouts because it's a fairly well-known breakout indicator (that was also made famous by the "Turtle Traders"). You'll find, however, that virtually any indicator you use to determine trends and breakouts will still return a 60: 30:10 ratio.

Using this method, I found that there were a total of 23 breakout days out of a totally of 240 trading days, yielding a breakout average of 9.6% for the GBP/USD in 2008.

GBP/USD
Trend: **80 days (33.3%)**
Breakout: **23 days (9.6%)**
Counter-Trend: **137 days (57.1%)**

As you can see, we're right at the 60: 30: 10 ratio, and the results were strikingly similar across the other 3 major pairs:

EUR/USD

Trend:	**91 days (37.9%)**
Breakout:	**26 days (10.8%)**
Counter-Trend:	**123 days (51.3%)**

USD/CHF

Trend:	**87 days (36.3%)**
Breakout:	**29 days (12.1%)**
Counter-Trend:	**124 days (51.6%)**

USD/JPY

Trend:	**70 days (29.2%)**
Breakout:	**26 days (10.8%)**
Counter-Trend:	**144 days (60%)**

Average of 4 Majors

Trend:	**34.2%**
Breakout:	**10.8%**
Counter-Trend:	**55%**

Again, I invite you to do your own testing for different years and different time-frames (even using different indicators). If you do, you'll see that the 60: 30:10 Rule will appear time and time again.

So now that I've hopefully proven the existence of the 3 market conditions and the fact that they only trend and breakout (at best) 40% of the time, the question you should be asking yourself is…

How Does the 60:30:10 Rule Affect My Trading Strategy?

The "60:30:10 Rule" affects your trading strategy in two ways:

1. **If you want to maximize your profits, you need to learn to trade in all market conditions (including counter-trending markets),** and…

2. **We can now capitalize on known "predictable moments of opportunity"**

(i.e. times when we can determine that the market is trading in one of the three market conditions) to "stack the deck" in our favor.

I'll talk more about "moments of opportunity" and "stacking the deck" in just a bit, but first let's discuss the first point which is learning to trade in all market conditions…

FACT: You Have To Be In the Market If You Want to Make Money

Seems obvious doesn't it?

But when you look at most traders, it's almost like they're excited about the 2.4% annual interest rate their money is accumulating by sitting motionless in their account. Now I know, *"95% of successful trading is knowing which trades NOT to put on…"*

…but give me a break!

Last I checked if your money isn't in the market, you aren't making any money. So, if you're like most traders (who only trade trends and/or breakouts), you now know why you're in "sit and wait" mode the vast majority of your trading life…

> ***60% of the time, the market isn't doing what <u>you</u> need it to do to make money!***

However, if you learn to trade this type of "sit and wait" trading isn't just boring and unproductive, <u>it's also dangerous</u>. You see, unless you're a super-disciplined professional, you'll often wind up forcing trades that aren't there just because you're hungry for action.

And that's when the REALLY big losses occur…

Perhaps you're nodding your head right now because you've done this exact same thing before. Or maybe you're so new to all this that you haven't had a chance to screw-up big…yet. (If that's the case, run this scenario by an experienced trader and see what they have to say.)

Either way, if you want to be "in the markets" as often as there are strong opportunities, therefore **it's critical that you find a profitable counter-trend**

trading system that you can add to your arsenal so you can profit when the market is moving sideways.

Whenever I talk to fellow traders about counter-trend trading, I usually hear one of two responses:

> **RESPONSE #1:** *"You can't make money in sideways markets. You're better off waiting for a new trend to fully develop."*
>
> **RESPONSE #2:** *"Counter-trend trading is risky. You need to trade with the trend."*

The first response is pure ignorance. The notion that you can't make money when markets are moving sideways is ridiculous. In fact, <u>I do it almost every day</u>. For example…

If you look closely, you'll see that I made right at **93 pips** on 6 USD/JPY trades in the Forex just last April. That's 93 pips <u>net profit</u> (after spreads were taken out) in just over 24 hours!

- **NOTE: The red arrows show where my system sold short and the green arrows show where my system bought-in. The blue and red lines make up one of my proprietary indicators that tells me *exactly* when I need to get in and when I need to get out.**

93 pips…and that's while everyone else was sitting on the sidelines!

And remember, the market is in counter-trend mode 60% of the time, so days like these are actually quite common. Also, if you wait for a new trend to "fully develop", chances are you'll miss out on all the big profits from the early moves.

In fact, more times than not you'll wind up getting in just in time to watch the "trend" reverse on you. ***Let me tell you, I've been there…it's no fun.***

The second response is the most common objection that I hear, and I think I know the reason why. Open up any beginner trading book and invariably you'll see a "rule" that reads something like this: *"NEVER trade against current trends."*

On the surface, this rule seems so obvious that it's rarely challenged. But when you do the math and realize that markets only trend 30% of the time, you start to think that maybe all those trading "gurus" weren't telling you the full story.

And best of all…

Counter-Trend Trading Allows You To Pick the "Low-Hanging Fruit" While You Wait for the Big Moves To Occur

Actively trading in sideways markets gives you an incredible "feel" for what the market is doing. You start to understand the market's "personality"…its quirks. *You know what makes it tick.*

And just like old married couples are able to finish one another's sentences, by being "in the market" at all times you can anticipate the end of the market's "sentences" as well (i.e. new trends and big breakouts).

This level of intimacy with the market is something that can't be developed by sitting on the sidelines or looking back through old charts. That's why it's essential that you're **IN THE MARKET** as often as necessary.

Not only does it allow you to skim off the easy profits that would otherwise be left on the table, it also better prepares you for when the really big moves do occur.

Now one thing I want to point out right now, is that being in the market "as often as necessary" and trading during the countertrend market patterns that you likely currently avoid **DOES NOT** mean you are spending a lot of time trading.

There is a big difference between understanding how to grab a significantly larger number of trading opportunities, and overtrading, or being married to your screen… if you have the right system and trading plan.

The "Stack the Deck" Strategy

Let's go back to how we can use the three market movements in our favor is to take advantage of "predictable moments of opportunity".

For example, most traders know that breakouts occur more frequently during the opening and closing of sessions and during news announcements. These are what I refer to as **"predictable moments of opportunity"**, because we can accurately predict the market condition that is about to occur and adjust our trading strategy accordingly.

And since we can accurately predict the market conditions, we can "Stack the Deck" in our favor by looking for specific entry signals that align themselves with known market conditions.

For example, if we are trading a breakout system, we would be far more likely to trust an entry signal that occurred during a market open than we would to trust a similar entry signal from the exact same system during the middle of the day.

This is a relatively simple concept, but don't let its simplicity fool you. "Stacking the Deck" **will give you an edge**, and in trading even the smallest edge can mean the difference between failure and profitability.

Remember, just taking your trading accuracy from 48% to 52% could mean the difference between success and failure in trading.

"Stacking the Deck" During Counter-Trends

I realize that watching session opens, closes and news announcements for breakouts is hardly a new concept, so here are two intra-day "Stack the Deck" strategies you can employ during counter-trend markets:

Strategy #1: "Night Owl" Counter-Trend Trading

While the Forex markets only technically close from Friday at 5:00pm eastern through Sunday at 5:00pm eastern, large banks and institutions (which make up over 95% of the total trading volume) do follow standard business hours and cease trading at

4:00pm every day.

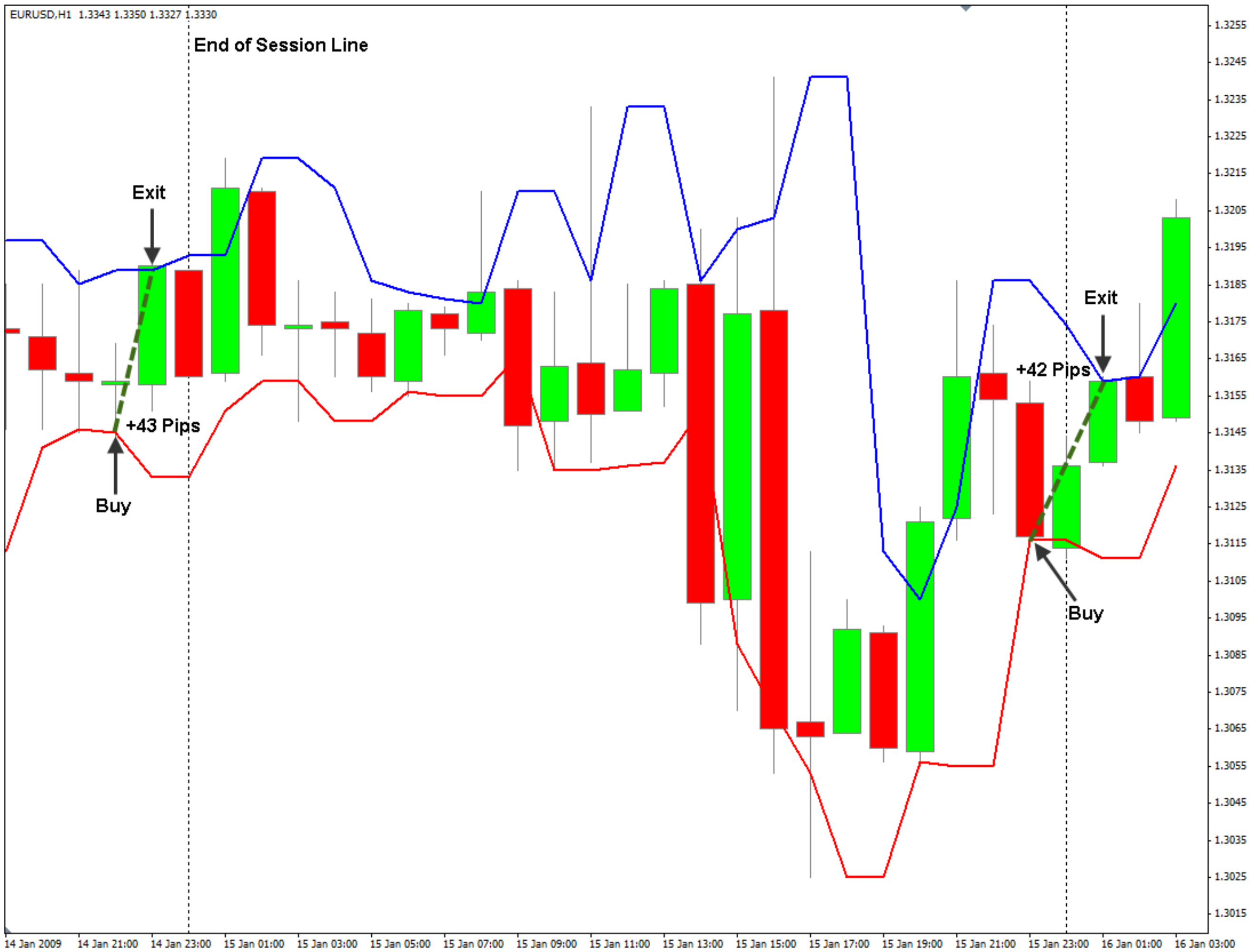
So, while the banks are closed, volume drops off dramatically and the markets tend to move in a ranging (i.e. counter-trend) mode. The retail traders (i.e. you and me) simply don't move enough money to cause large breakouts or new trends.

Normally this would be a bad thing, but for traders who know how to trade in counter-trend markets, this is a DAILY golden opportunity.

The sweet spot to take advantage of this "predictable moment of opportunity" is when the U.S. banks close at 4:00pm eastern but before the Asian banks re-open at 7:00pm eastern, but volume really drops off so much in the final hour of trading that you can usually broaden this window to **3:00pm – 7:00pm eastern**.

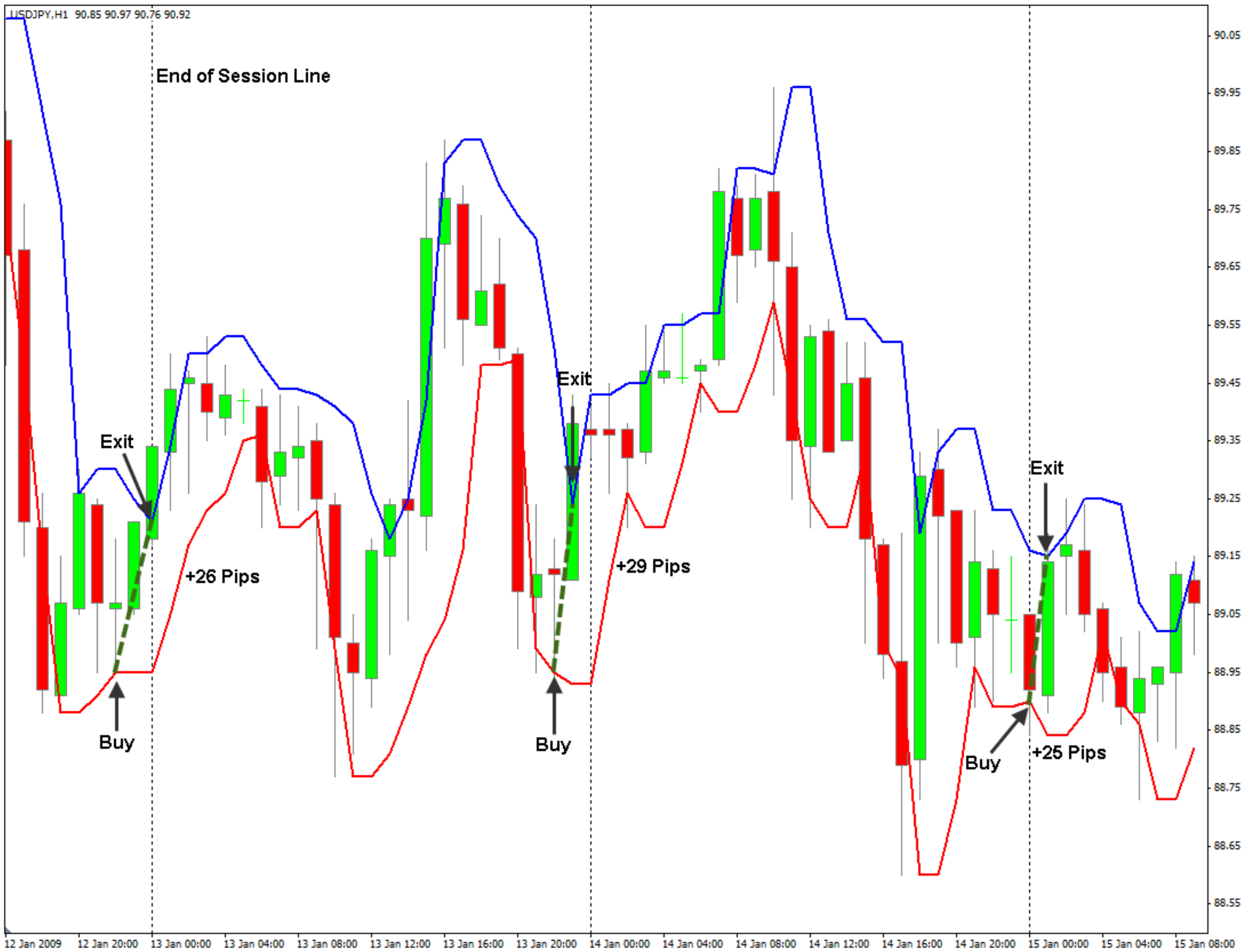
This means you have a solid 4 hours EVERY TRADING DAY to scalp some pips off the market if you know what I do.

And here's one way of doing that:



The screenshot above shows two examples of "Night Owl" trading on two different days. In this case I'm using the Price Action Channel set to 2 periods on the EUR/USD hour chart, and as you can see I was able to pull 43 pips out of the market one day and 42 pips the next.

Here's another example from the USD/JPY…also on the hour chart:



This example shows three "Night Owl" trades, three days in a row, and this time I was able to pick up a total of 80 pips over 3-sessions.

And remember, this when most traders have "called it quits" for the day!

Now, for the sake of full disclosure, I will tell you that I don't personally trade the Price Action Channels as I've shown above. While the system above works well, I have developed a proprietary counter-trend strategy that is **even more** accurate that I'll tell you about at the end of this report.

More on that in just a bit…for now, let's look at the 2nd "predictable moment of opportunity" during counter-trend conditions.

Strategy #2: Pre-Announcement Scalping

Another time when the markets tend to move in a counter-trend mode is just prior to major news announcements.

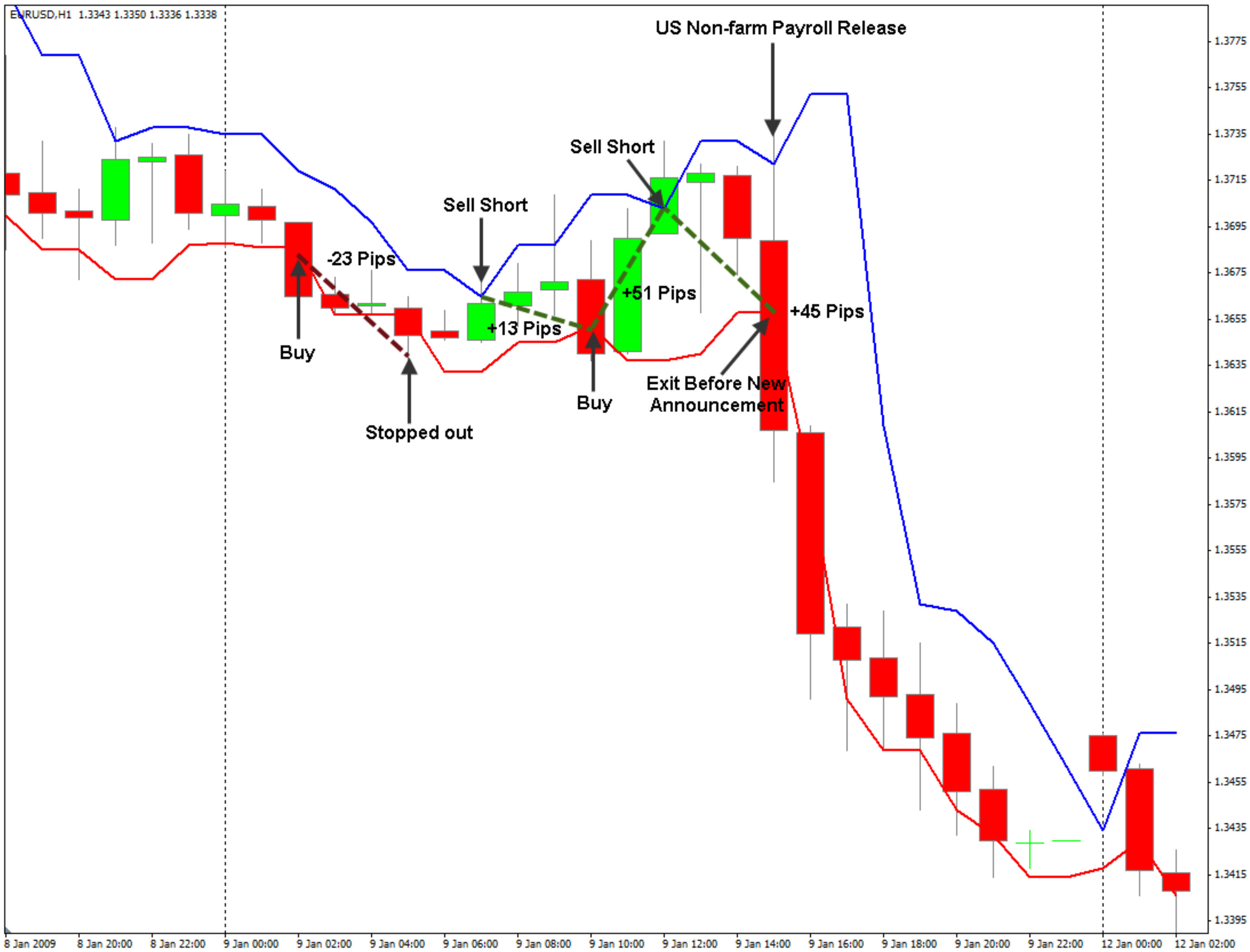
Big banks and major institutions know that news announcements such as unemployment rates and interest rate decisions can have a huge impact on currency prices, so just prior to these news announcements trading tends to slow down and go into a ranging (i.e. counter-trend) mode until after the news is released.

This creates a MASSIVE "predictable moment of opportunity" that spans the open of the new session until just before the news announcement.

So for example, when the U.S. announces its Non-Farm Payroll figures the first Friday of every month, a counter-trend trading opportunity exists from Thursday at 5:00pm eastern until Friday at 8:29am eastern (a minute before the news is actually released).

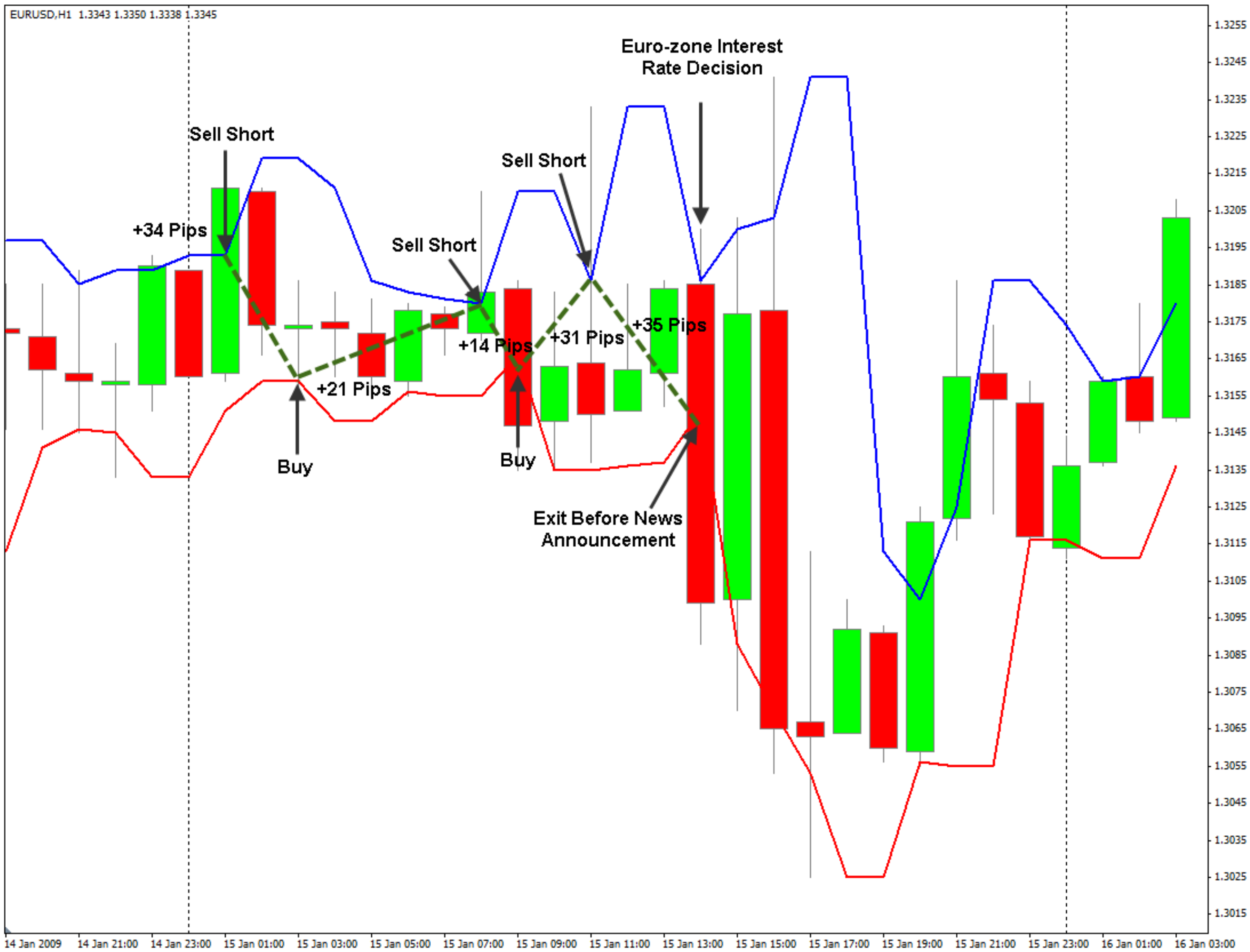
That means you have a full **15 hours to scalp the markets** while all the banks are in a holding pattern!

Here's an example from a recent Non-Farm Payroll announcement where I was able to do just that…



As you can see not every trade is profitable, but I was still able to **net 86 pips** while the rest of the world was sitting on the sidelines.

Here's another example of trading the Euro Interest Rate Decision:



This time I was able to pull 136 pips out of the "chop", and all 5 trades were winners!

In this example I'm using my own, proprietary trading system called "TRIAD" to trade the pre-announcement, and the reason it works so well is because it is ***specifically designed*** for counter trend trading right before major news announcements.

The whole key to all this is that we're using the "predictable moment of opportunity" which in this case is the news announcement, to "stack the deck" in our favor for some very profitable counter-trend trades.

Ok, now that you have a real-world understanding of how you can trade (and profit) thanks to your understanding of the 60:30:10 Principle, let's talk about your next steps…

How You Can Use This New-Found Knowledge To Become a More Accurate, Confident and Profitable Trader

At this point you have a couple of choices…

One option is to use your new-found knowledge and go hunting for 3 separate systems that are individually designed to trade in each one of the three specific market conditions that you now know exist (or develop your own if you prefer.)

And if you do that, you also know that you would be using your counter-trend system the majority of the time, so you better spend heavily on that one because you'll be using it the most.

You see, you already know enough (all backed up by hard evidence you can even go prove to yourself right away) to give yourself a big advantage over 99% of traders.

You know that 60% of the time you need to be trading very differently than the other 40% of the time… and you CAN consistently pull profits out of the market during these very same times most traders are stuck on the sidelines!

Of course there are two problems with doing that.

First, you would need to learn 3 separate systems (not to mention spend a whack of dough to buy all of them.)

And second, it still wouldn't solve the entire equation… because you would still need to know WHICH market condition you were in. On top of this, since they would be unrelated systems, they wouldn't have the ability to "talk" to each other and identify *which* system should be taking the trades at any given time.

So what now?

I had the exact same thoughts and concerns when I first made this discovery, so I made it my life's work to solve this problem.

And that's exactly what I did…

Enter The TRIAD Trading Formula

Eight years after I began working on it, I finally perfected it, and when I did it changed my trading life…

And I *know* it's going to change yours too.

Best part?

You don't have to listen to me tell you about how good it is, because when you watch the special videos I've just prepared for you, it will hit you like a ton of bricks.

> **NOTE: You can watch the "Inside Look At My TRIAD Formula" video right now by going to:**
> **://triadformula.com/blog/**

When you watch this video you will instantly and immediately see exactly how and why all of this just **makes sense**. In fact it's so crystal clear when you see it in action you will likely kick yourself for **ever having traded any other way.**

I know I did, and if you're anything like me when I would have done ANYTHING to have turned that illusive "corner" and had the ability to consistently pull winning trades virtually at will from the market, you are going to remember this day for a very long time.

But before you leave this report to watch the video, let me tell how I solved the problem of needing three separate systems that had to constantly "speak" to each other.

I knew I needed to develop this final piece of the puzzle to make it all work… and I knew would be an absolute breakthrough ***if*** I could do it.

I have to be honest, for a while there I wasn't sure if it was possible…

In the end, it took me thousands of hours of research, endless months of testing and dozens of sleepless nights to fine tune and perfect the final piece of the equation, and all while I still had my day job as an insurance adjuster!

But guess what? I did it!

It's called **"Auto-Adaptive Technology"…**

…and it works very, very well.

So well in fact I quit my day job and became a full time trader almost immediately after completing the TRIAD system.

I designed TRIAD to be **one single system** that automatically adapts to the current market conditions, ***instead*** of three systems working separately.

And it always takes its trades based on the **exact** set of "specialized" rules designed for the current market. It is the exact opposite of a "one size fits all" system as most are, and for that very reason, it's almost "scary accurate".

It has the ability to "know" when the market conditions are shifting and adapt accordingly.

And whenever it isn't 100% sure…

Well there's even a strategy for that called "Transitional Hedging" which is a very cool strategy in and of itself. (You'll learn more about "Transitional Hedging" midway through the "Insider Look" over at: ://triadformula.com/blog/?p=28)

It's all explained in the video I just finished, so go watch now, and get ready for ***your*** own "tipping point" to occur:

://www.TriadFormula.com/blog/

Thanks for reading, and as always…

Good trading,
Jason Fielder

About the Author

Since you almost certainly have no clue who I am, I thought it would be appropriate to introduce myself before we get too deep into the report.

My name is Jason Fielder, and I am a professional currency trader.

The fact that you haven't heard of me is no surprise. I have never been comfortable in the spotlight and have purposely remain "underground".

> *I don't write books…*
> *I don't try to get on CNBC, and…*
> *I don't go from city to city doing "dog and pony shows" so I can sell a room-full of people my overpriced, piece-of-crap, blinking-light, "black box" software.*

I'm a trader, a system developer, a husband, and an amateur surfer (not necessarily in that order as my wife likes to remind me).

Trading is what I love, and trading is what I DO as a profession.

I also enjoy teaching and helping other active traders get an edge. I know from personal experience that most trading systems and advice are 100% crap, and it's my mission to provide something that actually works to independent traders just like me.

That's why you're reading this Trading Plan.

If you like what you've seen here and you want to learn more about what I trade and how I trade, I invite you to check out my TRIAD TRADING FORMULA by going to:

://www.TriadFormula.com/blog/