

Sidus Method v2.0

1. History

06/2006 : Introduction of the Sidus Method V1 on ForexFactory

09/2006 : 1500th post about the Sidus Method and over 250,000 views on ForexFactory

01/2007 : Launch of Sidus Method V2 on ForexFactory

2. Introduction

First of all I want to thank everybody on FF for working with me, sharing thoughts and helping me with improving the system.

The major flaw in v2.0 was the whipsaw effect, this is common with all moving averages systems. I've tried several things to prevent this, (using rsi, macd's and so on....) but you always have the problem that most indicators are always too late in choppy markets.

I was able to solve a bit of the problem and this is the main change of the system. The idea after it, stays the same. Using short term trend indicators and comparing them with (long) term trend indicators to predict what the future trend will be.

I must say, that this system will still generate false signals. But a heck of a lot less than v1.0

Enough of the chatter, let's talk some method !!!

Sidus

3. Set-up

→ Timeframe

The longer the timeframe, the better. I would recommend to use at least the one hour timeframe (H1), but I rather use the four hour timeframe (H4).

→ Chart

I set my graphic in barcharts, but that is really your own preference.

→ Indicators

Add the following indicators:

+ EMA (exponential moving average) : 18 in yellow (closing price)

+ EMA (exponential moving average) : 28 in yellow (closing price)

+ RVI (Relative Vigor Index) : period 100 in blue and red

This is what I call : 'The Tunnel'

→ Trading pairs

Use whatever you like. I recommend using pairs you are familiar with. Always bear in mind news releases, long term estimates and other fundamental trading aspects.

4. Getting in a trade

→ Long

If the blue RVI crosses the red RVI upwards AND is followed by a confirmation of a cross by the EMA's from the yellow tunnel.

→ Short

If the blue RVI crosses the red RVI downwards AND is followed by a confirmation of a cross by the EMA's from the yellow tunnel.

!!! Always keep an eye on the main trend of the RVI. For example : If you get a long signal and the RVI is also going up then your almost sure that the signal will be correct !!!

5. Getting out a trade

You can stay in a trade as long you dont get new signals on that pair. Especially pay attention to a internal cross (or extreme narrowing) of the yellow tunnel EMA's. This means that the trend is likely to loose strenght and maybe even to reverse.

I recommend a trailing stop. Monitor your trade the first day, to see if you have followed the right signal. Use your Money Management rules and stick with them.

Also keep attention to news releases and other fundamental issues.

6. Examples

→ Basic trades :





→ ALWAYS WAIT FOR CONFIRMATION !!!



7. Conclusions

If used this system 4 months before releasing it. It is very profitable. But before you use it, keep in mind :

- Systems generate false signals, use your knowledge and gutfeel to know if you should be doing the trade. The best confirmation of a signal = YOURSELF
- Always use stoplosses !!! Decide for yourself if you need tight or loose stoplosses
- Money management is THE holy grail, check it out on ForexFactory
- Keep learning from your mistakes

Thanks to everybody on www.ForexFactory.com for makin forex fun !!!