Instructions for the 'Hedge Scale' Expert Advisor:

How the (M)oney(M)anagement Calculator Sheets works.

Included in this package is (2)(M)oney (M)anagement Calculator Sheets referred to as "(MM) sheets" that you will need the "Microsoft Excel" program or some kind of office software package to open 'Excel' spread sheets. If you do not have 'Microsoft Excel' installed on your computer, you can download and install the free 'Open Office' software from the enclosed **"Links Library"**.

The (MM) Sheets are all built in one workbook that you can save on your desktop in a folder or somewhere you want to have easy access to it. Using these (MM) sheets will help you decide what lot sizes to trade and to help you fill in the settings when you get ready to go into the **"Input"** file in the EA. But do not worry about the EA or its settings for now. All this is discussed later in another topic below.

Assuming that you have the (MM) Sheets saved in a folder somewhere, make sure you are on the correct tab when you use it. You have a total of (2) sheets (Bull) and (BEAR) and you can use them on a Standard or E-Mini account to do your lot size calculations with.

On the top left corner of any of these two sheets, just enter your account balance in the **(Amount to Risk)** space. This is the only place that you will enter data in the (MM) sheets. Any of the other fields cannot be changed or messed up in anyway unless you unprotect the sheets.

Here is the verification to identify the(MM)Sheets that you will use.

(BULL) TRADE) Use this sheet to trade with a Standard or Mini account. You will be <u>Buying</u> the
 GBP/USD and <u>Selling</u> the EUR/USD.

(BEAR) TRADE) Use this sheet to trade with a Standard or Mini account. You will be <u>Buying</u> the
EUR/USD and <u>Selling</u> the GBP/USD.

Where do you find the spread chart to do your spread calculations?

You can use the free Forex chart package named
" Net Dania" supplied by FXCM. You simply go to this site where you can track the spread difference and put the "Hedge Scale" EA to work for you, only when there is a 300-point difference in the EUR/USD and GBP/USD on a Daily Chart. The EUR/USD needs to be 300 points or more above the GBP/USD if you go long which is the(Bull trade). The EUR/USD needs to be 300 points or more below the GBP/USD to go short which is the (BEAR TRADE).

To bring the chart platform up. Use the link below:
http://www.dailyfx.com/
or find the link in the enclosed ***"Links Library".***

When you get the 'Dailyfx' site open:
Choose **"Charts"** and click on the **(NET DANIA)** Chart and wait until a Chart appears. Somewhere on the Chart, click your right mouse button and choose
(New) GPB/USD. This will be your base currency.
Next, click your right mouse button again and choose**(Overlay**) **EUR/USD.** This will be your secondary currency.

In the Chart menu click on the *(Chart Type "tab")* and choose the **Line chart**. Next choose *(Time Scale "tab")* and select the **Daily chart**. The Daily chart will be the only time frame that you will use on the "Net Dania" Charts.

Each time you finished setting up your daily Chart you should have a (Blue) horizontal dashed line with the last quote for the GBP/USD and a (Blue) horizontal dashed line that is connected to the EUR/USD. Click your left mouse button to get the Quote pointer. Drag your pointer down where it is right on the (Blue) horizontal dashed line that intersects with the secondary currency EUR/USD and read that number. Now if the EUR/USD quote is 300 or more points higher than the GBP/USD quoted on the right side of the chart, you can go ahead and activate the EA by using the (Bull Trade). Now if the EUR/USD quote is 300 or more points below the GBP/USD you can activate the EA and use the (BEAR TRADE). You will be furnished the BULL/BEAR MM) sheets as mentioned above.

There is one disadvantage of the 'Net Dania' charting platform. You cannot save the chart. So you will need to go through the above motions to get the chart back up each time. You can save a shortcut to your desktop and have it default to "Net Dania" each time, but if you minimize the Chart, make sure the platform is showing live quotes by observing price movements. If not restart the platform to get the live quotes started again.

The reason we use the EUR/USD and GBP/USD currency pairs as a spread is because at the time of this writing the two pairs are +90% correlated, but in time these percentages can change and do from time to time. So as long as the correlation stays at +90% on a Daily correlation chart. This means that the two pairs will go up or down in price and move in the same direction +90% of the time.

To learn more about how correlation reacts between currencies, I have found a few free web sites that you can go to, that explains this in detail. Find their links in the enclosed **"Links Library"**.

What is Disparity and how does it work?

Try to imagine two lines and each line resembles something different. Both lines are moving across a chart and most of the time they stay together in concert and suddenly they start moving up or down and away from each other. This is when you will see a disparity between the two lines that are out of range and creating a spread difference. So based on the analyses above with the two correlated currency pairs, GBP\USD and EUR\USD that we trade, they also stay close and trend together +90% of the time.

So now we are looking for a disparity between the two pairs meaning that the EUR/USD is moving above the GPB/USD and the spread is getting wider and out of range, or the EUR/USD is moving below the GBP/USD and the spread is getting wider and out of range. When this happens we Buy one pair and Sell the other pair, which is two orders that equals one position.

So after we put our position on, we are hoping that the spread narrows and the EUR/USD will come back and intersect with the GBP/USD so that we can take our profits. But if the spread gets wider before we take profits we will add more positions in the direction that we are trading and move the 'Take Profit' Level up. But when the spread narrows, this means that the spread is closing and getting closer to the normal range where the two currencies intersect. So when this happens we get out of the market and wait until the disparity between the two currencies is back out of range before we start trading again. There is more about this later.

Starting Instructions on how to install and use the Expert Advisor.

An (EA)is the short name for "Expert Advisor".
The EA can be attached to a Forex Chart and will do your trading for you while you are away from your computer Day and Night.

The EA is a program designed with a specific set of instructions that will calculate equity drops, take on new positions and close out your trades when you are in profit or loss.

First to get started you need to apply for a free Demo account through an MT4 Broker. Go to the "Brokers Guide" in the enclosed **"Links Library"** Open a Demo account and download their charting platform and attach the "Hedge Scale" EA".

You simply copy the EA into your PC's "clip board' memory by highlighting the file and right click your mouse button to open the menu and then click your left mouse button to copy. Now this sounds hard to do, but you will be able to do this in no time. To get to the experts directory, see below.
Start/Mycomputer/LocalDisk(c:)/programfiles/MetaTrader/Experts

So now you are in the "Experts" directory, you should have already copied the file into your PC's clipboard memory. Now by using your right mouse button again you will open up the Menu. Now left click your mouse to paste. This action will take the EA and copy it from your PC's clipboard memory and install the 'Hedge Scale' EA" in the "Experts" directory. Close your MT4 platform and re-open it to see the 'Hedge Scale' in the Chart **"Navigator"** Menu to the left in the "Experts Advisors" directory.

When you first open up your MT4 platform, you will have four different charts already there. You can close these Charts and go to the "Chart" menu and build you a GBP/USD hourly Chart and a EUR/USD hourly Chart. You will only use one of these Charts to attach the EA to. (Not on both) or you will get duplicate orders.

The EA is programmed to work on its own once it is setup. The MT4 platform has to be up Day and Night in order for the EA to trade automatically while you are asleep or away.

You will need to leave your computer on day and night during the week. It is important that you only trade the 'Hedge Scale' EA, by its self in separate accounts. The reason is, the EA has to remember equity balance drops and take profit calculation levels.

The EA will automatically calculate (5) profit Levels and put on (4) additional orders if the equity keeps dropping. What happens is, when you have one position and the spread narrows enough, the EA will take profits on the first level. But if profits are not taken, this means that the spread is getting wider. So each time the equity in your account drops 2% the EA will take on another Buy and Sell position and cancel the first profit level and use the second profit level and so on for up to (5) profit levels. You can have a maximum of five positions, which is ten orders open when the market is going against you.

This trading system is based on hedging two currencies, Depending on your set-up, When you activate the EA it will Buy GBP/USD and Sell EUR/USD or Buy EUR/USD and Sell GBP/USD. Most of the time the GBP/USD moves faster than the EUR/USD so we, Sell more lots of EURUSD when we are long the GBPUSD and Buy more lots of EURUSD when we are short the GBPUSD. The ratio is (1.5

to 1) So say you Buy .2 lots of GBP/USD, then you would need to Sell .3 of EUR/USD. Example: (.2 X 1.5 = .3).

There is no reason to figure this by hand because it is all calculated in the (MM) sheets.

The EA is to be activated by you, and only when the Spread of the EUR/USD is 300 or more points higher or lower than the GBP/USD on the "Net Dania" Chart.

Assuming that you have the MT4 platform up and running. You can now attach the EA to your GBP/USD or the EUR/USD chart but not on both.

To attach the EA, click on the (tab) on the bottom of your platform and open up the Chart that you want to place your EA on. In the 'Menu' to your left. Click on the 'Expert Advisor' folder and find the "Hedge Scale" EA that you have installed.

Double click the file to attach the EA to the Chart. Under the **"Input"** (tab) enter the information that you have calculated from your selected "MM sheet".

You can name and save your EA file in the MT4 platform in the **"Input"** file mini directory. After you get the EA set-up you can have it ready at all times to reload. You will need to change these settings periodically in the **"Input"** file by re-calculating another (MM) sheet each time your balance changes enough.

While in the **"Input"** file you can save your settings and name the EA to make it easier to reload each time. I usually name my two files, **"hedge scale bull"** and **"hedge scale bear"** with the appropriate setting in each file.

Remember each time to make sure that everything is set correctly in the **"Input"** file before you load and choose **"yes"** to initialize the trade.

After you load the EA and you do not see a smiley face in the top right hand corner of your chart then you will need to Right click on the chart */Expert Advisors/Properties/commontab* and check **"Allow live trading"**.

If you still do not have a smiley face or the EA shows disabled, click on **Tools/Options/Expert Advisors** menu and Check **"LiveTrading"** and check **"EnableExperts Advisors (except for Custom Indicators and Scripts)"**.

Learn to load and save your EA and use the EA on a Demo account before you trade in a live account.

Any other information may be found on your Brokers' Platform or you can call your broker for help. Most Brokers will be glad to help you learn how to use the MT4 platform and some may send you a step-by-step guide on how to work it. But with enough playing around with it yourself you will find that it is an easy Platform to get around on and you will be able to do almost anything that you want to do in no time.

The advantage of trading on the MT4 platform is you get real time quotes and live charts without charge. You can trade using programmed MT4 Indicators and Expert Advisors. Plus you can trade in a real time demo account before you start trading live.

Tips and Features of the EA and How to maneuver your EA on the Platform.

If you let the EA take profits on its own the EA will stop trading and give you a chance to look at the spread chart on "Net Dania" to see if the EUR/USD is still +/- 300 points or more from the

GBP/USD. When profits or losses are taken the EA will still be on the chart but disabled.

If you do not have an open position, a confirmation dialog box window will pop up. If you select **(Yes),** to initialize to trade, the trades will be placed. If you select **(No),** the EA will be disabled.

A comment will print in the top left corner of the Chart when the EA is disabled. If the dialog box window is not up. To re-activate the EA you will right click your mouse on the Chart**/Expert Advisors /properties**/**'OK'** and the dialog box will pop back up. Or you can simply close and re-open your platform and get the same result.

The pop-up feature was added to the EA in case the Platform or your computer goes down for some reason after the profit was taken. It keeps the EA from taking another position and will give you a chance to re-evaluate the spread. Other wise if the computer goes down for some reason it will remember if you have an open position and start working normal and no pop-up box will come appear.

If you take the trades off manually the EA will go to disable mode but will not show in the top left corner that it is disabled. But to be safe it is best to take the EA completely off the chart when the spread proves that the EUR/USD is less than 300 points above or below the GBP/USD. Wait until the spread difference is +/- 300 points or more on the "Net Dania" chart before you trade. This may take days or even weeks to mature.

To be able to make money in the hedging business you have to learn patience. Remember that even if

the EA takes a profit you may still be able to put on other positions as long as the (+/-300) point rule in "Net Dania" is met.

At times when the market seesaws up and down around the 300-point range you can activate the EA and let it take profits a few times a day, but you have to be there to activate the EA when the opportune times are there. But sometimes you may have to wait days or even weeks to trade or to collect your profits. But in any event, profits can add up fast when the time is right.

Listed below are some of the Brokers that I recommend. You can try their Demo accounts and later if you want, you can open a Live account. Most brokers' offer a Live Mini account and some offer Micro-Mini combination accounts. Which means that you can trade micro-mini or mini lots in one account. If you want to start off with less investment Just surf around on their web sites or call any of them to find out if you can open up a Micro-Mini account. I have personally traded in a Micro-Mini account through 'Interbankfx' using this system and the (MM) sheets will accommodate you if you want to do the same.

Trading in a Micro/Mini account would be slow, but in time you can build up enough funds to later open a Standard account. To start trading live in a Micro-Mini account you can start out with a low investment of only $100.00 and recalculating the
(MM) sheet every $100.00 increments. To trade in a standard account I recommend starting out with $10,000.00 and recalculating the (MM) sheets every $10,000.00 increments.

Links Library

This link deals with correlation information.
http://www.mataf.net/en/tools/correlation-table

This link deals with correlation information.
http://www.forexmarkethours.com/correlation/06/

This link deals with correlation information.
http://www.investopedia.com/articles/forex/05/051905.asp

This link is where you can get a free "Open office" software package that contains a program like "Word", "Excel" and other programs and its all Free! http://www.openoffice.org/

MT4 Brokers source guide with links

Most all Brokers charge swap rates (Interest) each day. That is (7) days a week. Check with your Broker to see if you can have these fees exempt. But what I have found is these fees take a while to add up especially when you go in and out of positions a lot. But if you stay in a position for a long time it would be cheaper to opt for a swap free account.

When I first started trading the 'Hedge Scale' EA on the long side it was interest in my favor, but some how that has changed. For now the interest is negative and charged against me no matter if I'm long or short the two pairs.

http://www.fxcm.co.uk/metatrader.jsp
This company offers commission free trading with only spread cost. A true platform that you can actually put in limit orders between spreads but is not a big deal with the hedge scale trade. You can ask them about a swap free account but I think they will charge you an extra .5 of a pip on your spread. But keep in mind that if you choose this option, you will have to pay the

extra .5 on the spread for every trade you make but it is safer if you are stuck with a trades for weeks at a time.

http://www.pfgforex.com/demosignup/default.aspx?platform=9
(PFG) Best Direct is an excellent company but they charge spread plus a commission on live accounts.
A true platform that you can actually put in limit orders between spreads but again it will work fine with the hedge scale trade.

http://www.interbankfx.com/
This company offers Commission free trading with only spread cost. You cannot put in limit orders between spreads, which is no big deal with the hedge scale trade.

http://www.fxdd.com/en/index.html
This company has commission free trading with only spread cost. You cannot put in limit orders between spreads, which is no big deal with the hedge scale trade.

http://www.forex.com/forex-metatrader.html
This company has commission free trading with only spread cost. You cannot put in limit orders between spreads, which is no big deal with the hedge trade.

According to my knowledge the above brokers are good solid companies. But like any thing else, things can change.

All the information herein is detailed as much as I can put it in print but if you need help with the EA, or anything else, please feel free to contact me by

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email and with a phone number if you wish and I can
usually get back to you within 24 hours.
GOOD LUCK!
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kellies@hedgescale.com

Warning: The Hedge Scale EA in its self may or may not make any money and may even lose money. Trade in a demo account first and in a live account at your own risk! Only risk money that you can afford to lose. To the best of my knowledge the EA works as I say but some things can happen that may result in losses. The EA and the trading platforms could even have glitches in them that are unknown or out of my control. So again I say try it on a demo account first and see for yourself. If you decide to purchase the live version of the EA there will be a one-time charge of only $79.00. I hope you agree that the price of the EA is small compared to what it can do. My intentions is to not make a fortune selling this EA, but instead to make it easier for working people like myself to get the EA and make money as I do. I want to help hard working people to get out of debt and help them get out of a dead end job if they want.

With the volume that is traded in the Forex market today, this EA should not dilute the market in any way, but after I sell 500 copies, it will be like me turning off a water faucet and no more will be sold.

But if you purchase now you will have (Permanent Rights) to trade the EA in two different live accounts as you wish. For instance, one account number can be used for a (Mini) account and the other account number can be used for a (Standard) account. You pick the account numbers that you want to use. But if you ever need to switch to a different Broker or change from a (Mini) account to a (Standard) account and the account numbers are different. I will allow you to do this by you contacting me with proof of your correspondence to and from your Broker that the funds are there and the account is open.

Before you trade with the live version of "Hedge Scale" EA you will need to fill out the 'Agreement' form that is located on my website in the 'Download' section, or use the duplicate one that is on my 'Contact-Me' page and email it to me.

To get the live version of the "Hedge Scale" EA, go to the bottom of the 'Contact Me' page on my website and click on the (Buy Button).

If you want, when the Demo EA runs out of time you can go to my website and download the up-dated Demo EA as many times has you want and never be obligated to buy the live version.

But once I sell the 500 live versions that I promised. I will shut down my website and make myself available through my private phone and email to provide them with my full support.

Contact Me Page:
http://www.hedgescale.com/Contact-Me.html

Website:
http://www.hedgescale.com/

Email me with questions or comments:
kellis@hedgescale.com

Good Luck! `Trading The Hedge Scale EA.`