



# FX Trend Master

**M1 System**  
Guide

**IMPORTANT:**  
Learn these and  
stick by them.

# TRADING 10 COMMANDMENTS

## 1. Trade for success, not for money.

Your motivation should be first and foremost to make a well-executed trade. If money alone is your motivation you will severely limit your chance of success. Why? Because focusing on money will raise all kinds of emotional issues, from fear to greed. It will make you afraid of losses to the point that you will abandon your discipline. It will tempt you to trade too often, too large and with too much risk. Whereas if you focus on making solid, well-executed trades - even if the result is a losing trade that you exit quickly - you will reinforce your discipline and increase your trading potential.

## 2. Discipline is the one quality that all traders must possess above all others.

The ability to master your mind, your body and your emotions is the key to trading. The disciplined trader - regardless of profit or loss - comes back to trade another day. A great intellect, the ability to take on risk, or even a sense that you're somehow 'lucky' mean nothing without discipline. For a trader, discipline means the ability to devise a trading plan, execute according to that plan, and to never deviate from that plan.

## 3. Know yourself.

Do you break out in a cold sweat at the mere thought of risking something - such as your own capital? Do you think of trading like 'gambling,' a long shot to make a million? Or can you handle risk in a disciplined fashion, knowing how much is 'too much' for both your capital and your constitution?

Trading is not for everyone. If risk makes you ill, on the one hand, or if taking a risk brings out the recklessness in you, then trading is probably not for you. But if you can handle risk with discipline, then perhaps you can find a vocation or avocation as a trader. Only you can answer that question.

## 4. Lose your ego.

No matter how much success you enjoy as a trader, you'll never outsmart the market. If you think you can, you're in for a very humbling experience. The market rules, always, and for everyone.

You need to silence your ego in order to listen to the market, to follow what your technical analysis is indicating - and not what your intellect (and your ego) think should happen. To trade effectively, you need to put yourself aside. At the same time, you cannot be so emotionally fragile that unprofitable trades shatter your confidence.

Don't be crushed by the market, but don't ever think you've mastered it, either.

## 5. There's no such thing as hoping, wishing or praying.

I've seen too many traders staring panic-stricken at the computer screen and begging the market to move their way. Why? Because they have lost their discipline and allowed what was a small loss to turn into a much bigger one. They keep hanging on, hoping, wishing and praying for things to turn around. The reality is on the screen. When the market hits your stop-loss level (the price at which you'll cut your losses at a pre-determined level), get out.

#### **6. Let your profits run and cut your losses quickly.**

When the market goes against you and you hit your pre-determined stop, exit the trade. Period. Exit when the loss is a small one. Then reevaluate your strategy and execute a new trade. Keeping your losses small will keep you in the game. Profits take care of themselves, as long as you execute according to your plan. When you place a trade, know in advance where you'll exit for a profit. When the market reaches that level, exit the position. If your technical analysis tells you the market still has some room to move, then scale out of the position. But execute according to your plan. Remember, you'll never go broke taking a profit.

#### **7. Know when to trade and when to wait.**

Trade when your analysis, your system and your strategy say that you have a buy or sell to execute. If the market doesn't have a clear direction, then wait on the sidelines until it does. Keep your mind on the market, but keep your money out of it.

#### **8. Love your losers like you love your winners.**

Losing trades will be your best teachers. When you have a losing trade, it's because of some flaw in your analysis or your judgment. Or perhaps the market simply didn't do what you thought it would. When you have a losing trade, something is out of sync with the market. Examine what went wrong - objectively - then adjust your thinking, if necessary, and enter the trade again.

#### **9. After three losing trades in a row, take a break.**

This is not the time to take on more risk, but rather to become extremely disciplined. Sit on the sidelines for a while. Watch the market. Clear your head. Re-evaluate your strategy, and then put on another trade. Losses can shake your confidence and tempt you to become emotional (fear/greed) But if you take a break, you can gather your wits and regain your composure more quickly than if you become very emotional and angry at yourself and the market.

#### **10. The unbreakable rule.**

You can break a rule and get away with it once in a while. But one day, the rules will break you. If you continually violate these 'commandments' of trading, you will eventually pay for it with your profits. That's the unbreakable rule. If you have trouble with any of them, come back and read this one. Then read it again.

**IMPORTANT:**

**There is one quality that  
is needed above all others  
to trade this system  
successfully.**

**You will require this quality  
both for entries and exits.**

PATIENCE

PATIENCE

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**IMPORTANT:**  
**Disclaimer**

**If you decide to use this system, there are no guarantees given that you will be successful at Forex trading.**

**By choosing to use this system you do so at your own risk.**

**I highly recommend that before you start trading that you understand what good risk/ money management is and that you have a plan and apply it with discipline in your trading.**

## SYSTEM COMPONENTS:

This is a system based on Simple Moving Averages used on the 1 minutes chart.

### Main Chart

1. Yellow: Trigger Line
2. Green: 100 sma
3. Orange: 200 sma
4. Red: 340 sma
5. Blue: 1440 sma
6. Fibonacci Pivots
7. Murray Math Lines

### Indicator Chart

1. Yellow: 5 Minute RSI
2. Orange: 15 Minute RSI
3. Red: 60 Minute RSI



## SYSTEM SIGNALS:

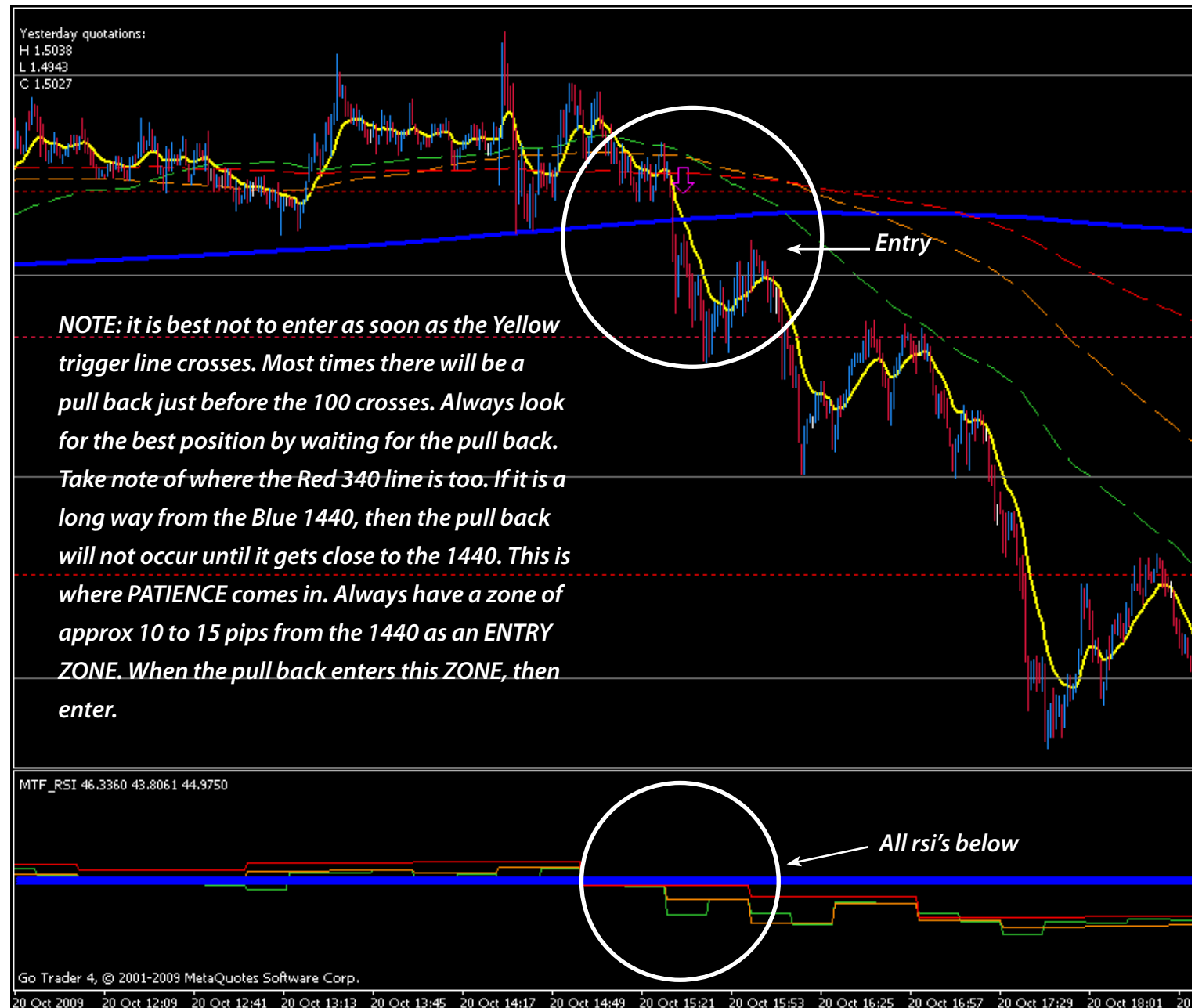
We are looking for only 2 signals to take with this system.

The FIRST and MAIN signal is when the Yellow trigger line crosses the Blue 1440 sma.

A signal alert is given when this cross happens.

The chart here is showing a Short signal.

Before taking the signal ALL RSI's MUST be below the Blue centre line. If a signal is given and ALL RSI's ARE NOT BELOW, then DO NOT ENTER. Wait for all RSI's to be visible below the Blue centre line.



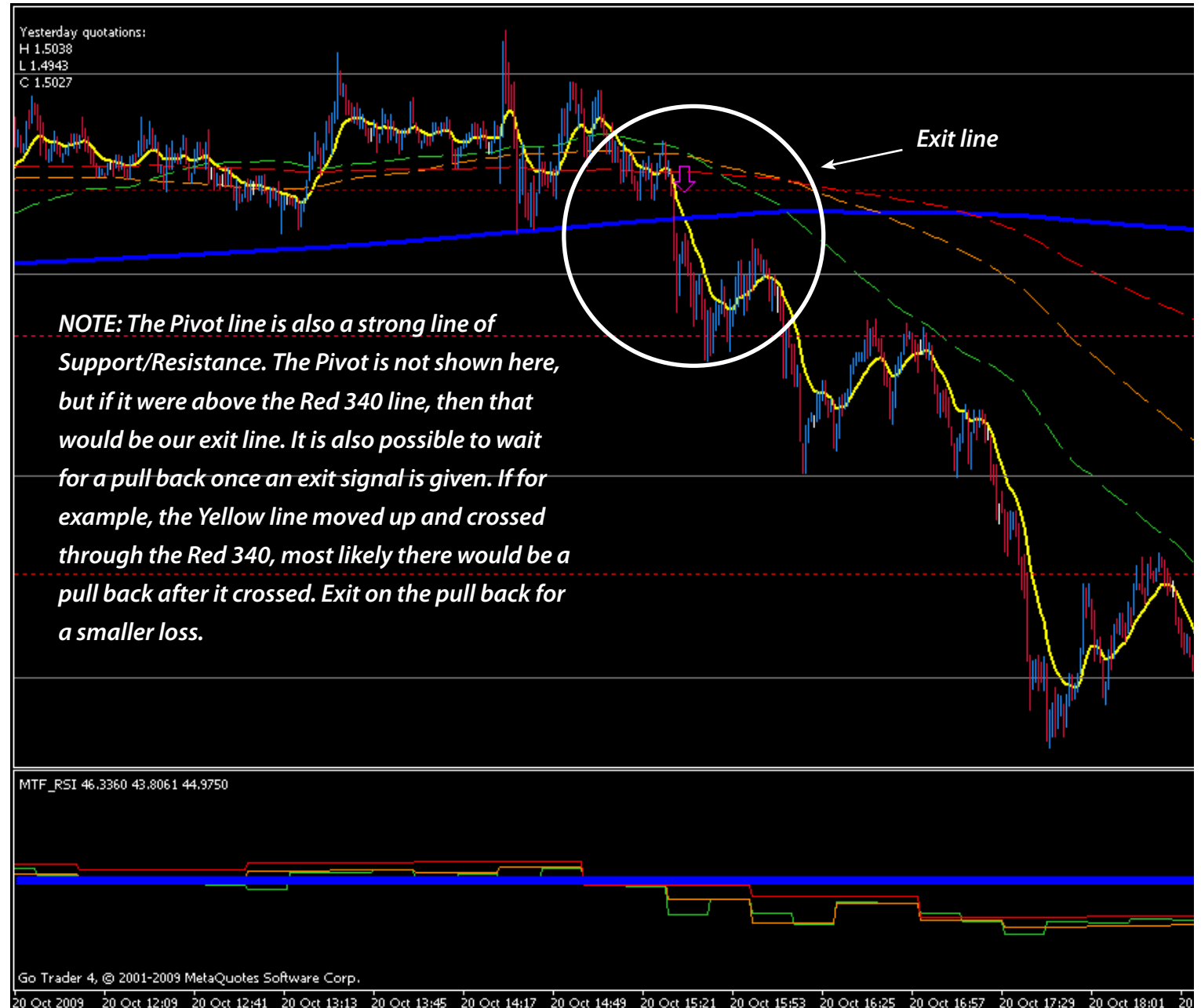
## MAIN SIGNAL STOP/EXIT:

This system follows the Commandment to 'Cut your losses short, Let your profits run'.

We do this by putting in an emergency Stop to prevent your account from being emptied. We do this by placing a Stop Above or Below the previous Swing High/Low.

However, your Stop will hardly ever be hit. We use the Yellow Trigger line to exit the trade. We use the Last line of Support/Resistance.

The MA lines are the Support/Resistance lines. In the Trade shown, our exit line is the Red 340 line. If the Yellow 13 Trigger line crossed back up through the 340 we would exit the trade.





## MAIN SIGNAL PROFIT/EXIT:

This system follows the Commandment to 'Cut your losses short, Let your profits run'.

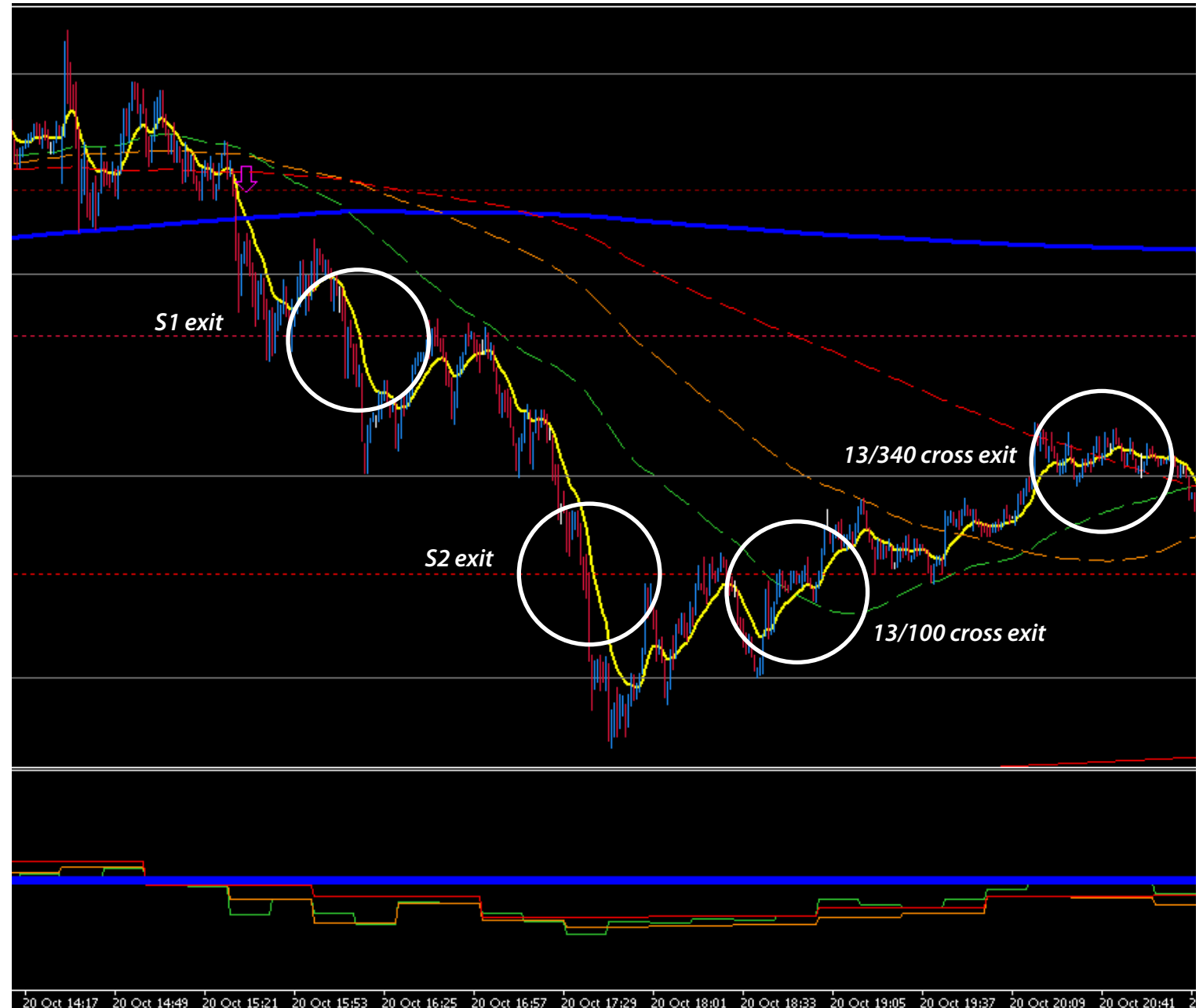
For profit targets/exit, we target the Fibonacci Pivot Support/Resistance lines. There are 3 S/R lines. S1, S2, S3 and R1, R2, R3.

The S1 and R1 lines are almost always hit, so provide a reliable exit profit target.

The S2 and R2 lines are also regularly hit, but are less reliable targets.

The S3 and R3 lines are hit less often and do not provide a reliable target.

You may also choose to exit on the Yellow line crossing back through the 100 or 340.



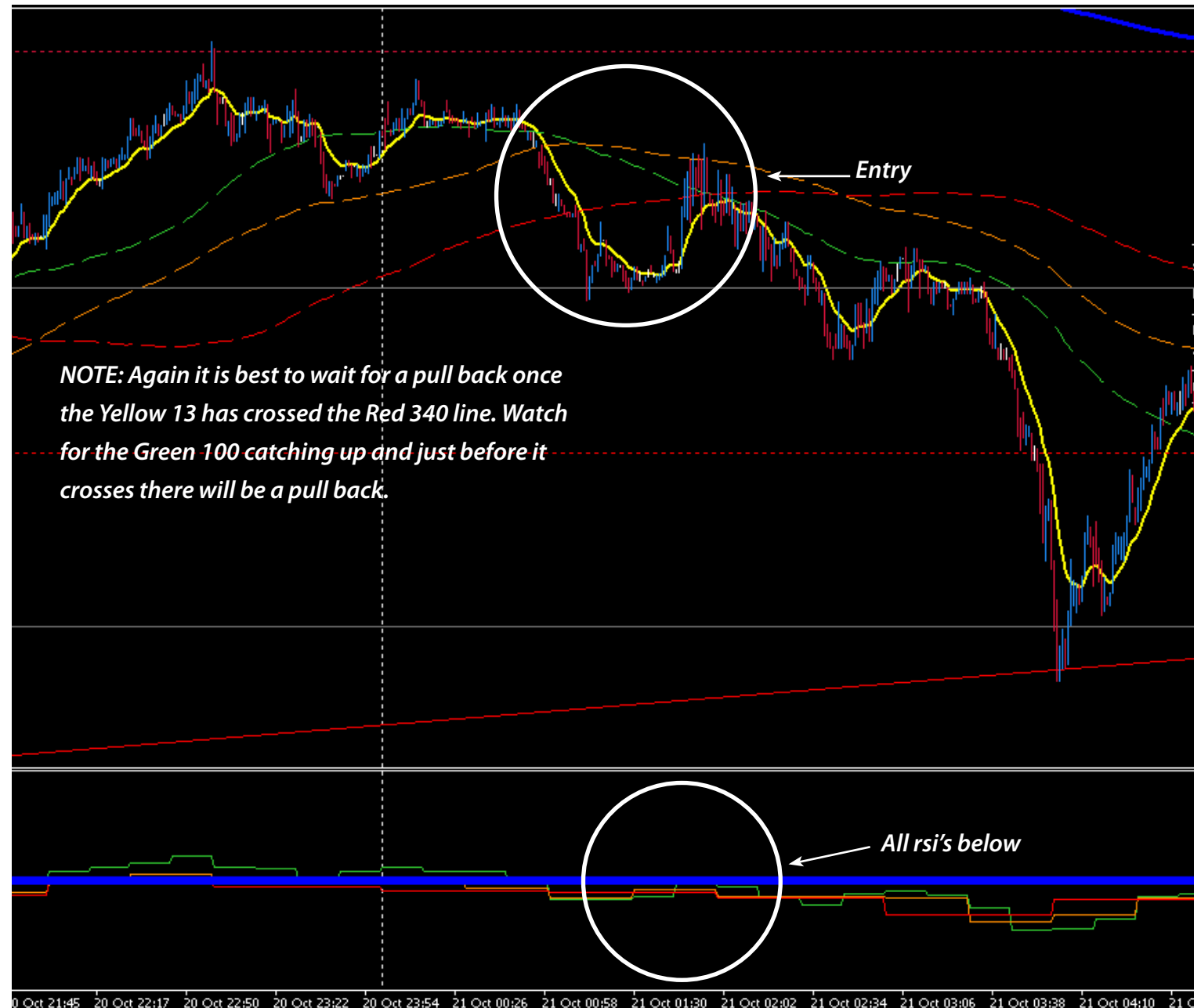
## CONTINUATION SIGNAL:

The Second Signal we look to take is a Continuation Signal.

With a continuation signal we are taking advantage of the prevailing trend.

This happens when a Main signal has been given (13/1440 cross) and price has corrected. We now look for the Yellow signal line to cross back through the Red 340 line.

Also make sure that All RSI's are on the correct side of the Blue Centre line before entering.



## CONTINUATION SIGNAL EXIT/ PROFIT:

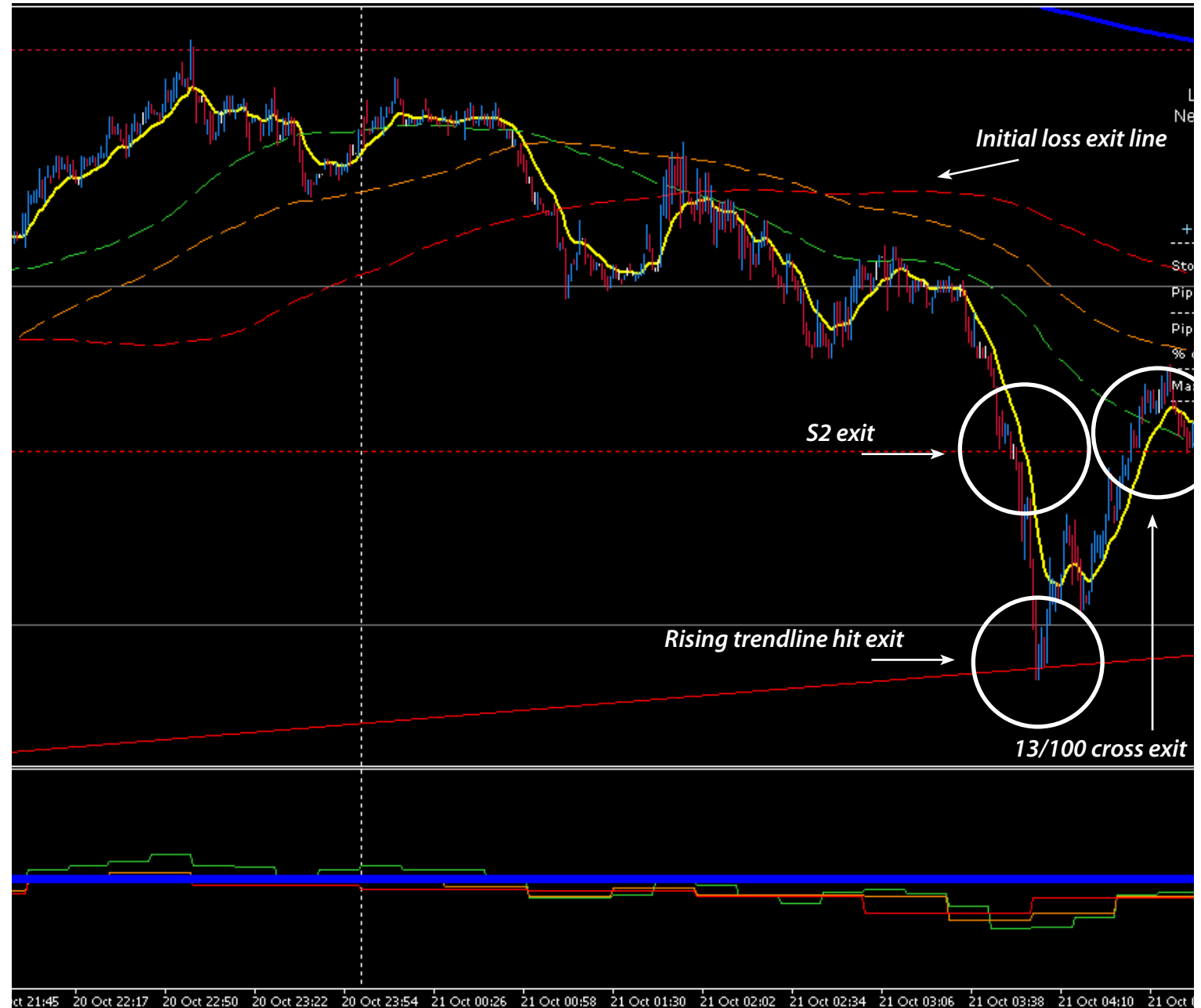
Again we use an emergency stop above or below the last Swing High/Low.

But we will cut our losses a lot shorter than that. Our exit on this one is the Red 340 line. If the Yellow line crosses back through the Red 340, close the trade.

Profit targets will most likely be the S2/R2 or S3/R3. You can choose to close the trade once these are hit.

Another reliable profit exit for these trades is when the Yellow line crosses back through the Green 100 line.

Trendlines also provide a reliable profit target.



## **NOTES:**

**This guide gives you a basic overview of the system and the signals we are looking for.**

**As you use the system and become familiar with it you will be able to spot more opportunities using these guidelines.**

**It takes time to get familiar with a system learn about its nuances, so be prepared to give it time.**

**To the right are some more guidelines.**

**By using the simple moving averages in this system on the 1 minutes time frame, we are spying on the different time frame traders. The Yellow sma gives us a picture of what the short term traders are doing. The 100, 200 and 340 sma's tells us what the medium term traders are doing, and the 1440 sma is a look at what the longer term traders are doing.**

**Be aware that the short term Yellow line traders have the least power to affect momentum, and that the 1440 line trades have the most power to affect momentum. Watch the 340 also as that has a lot of power to affect price movement.**

**Try not to pay attention to price movement ie. candle/bar movement. The true price movement is what the Yellow sma is doing. For example, you often see price spike above or below the higher sma's, but the Yellow sma will not cross. So it is best to concentrate on the Yellow sma rather than the candles/bars.**

**The Yellow sma traders will try and lead price in a direction, but it wont happen unless at least the Green 100 sma traders follow. For decent moves, we need to see the Red 340 sma traders follow too.**

**Become familiar with how this works and this will allow you to extract the most from this system.**

**TRADE WELL!**

## EXAMPLES:

In the following pages I will show examples of things to watch for.

When the Yellow sma crosses the Blue sma (Main Signal) the market is at a turning point. This signal actually coincides well with the 5/13 cross on the 1 hour chart (also a good system, but requires a big stop loss).

So at this turning point the market can bounce around a bit giving multiple signals in each direction.

The chart here shows how to handle this situation.

