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Here is my new system which involves using Murrey Math Levels on a Daily timeframe.

If you don't understand how Murrey levels work, you can read up on it below to get a rough understanding of what they are and how price reacts around them.

Murrey Math

The basic concept of my strategy is to use the break of a Murrey Level to enter our trades and pick our targets. I have added the indicators, template, and two versions of a Trade Management EA I had made called Stealth. Stealth V.1 has inputs for a hidden Take Profit and Stoploss, a Breakeven Level, and a Breakeven Shift. Stealth V.2 has a Trailing Stop function added that kicks in after the Breakeven Level and Breakeven Shift have been triggered. Stealth V.2 is new and not fully tested, so use it at your own risk. I trade and manage accounts at [The Collective FX](#) if you'd like to download the platform from them and follow on the same [broker](#), otherwise any MT4 broker will do. Please install these in the proper folders and restart your platform.

The 12 pairs I will be using are:

[EUR/USD](#), [GBP/USD](#), [EUR/GBP](#), [EUR/JPY](#), [GBP/JPY](#), [GBP/CHF](#), [USD/CAD](#), [EUR/CAD](#), [GBP/CAD](#), [GBP/AUD](#), [EUR/NZD](#), AND [GBP/NZD](#).

I've been trading a demo account for the past few weeks and will post the link so everyone can see the trades.


[MT4Stats- Twister1](#)

Any questions you can PM me or e-mail me at mer071898@mchsi.com

***** I've added a Trading Simulator that was provided to me by Ronald Raygun for everyone to use as they wish. Instructions are in the zip file along with a self installer.*****

Attached Files

 [TradingSimulator.zip](#) (488.3 KB, 234 views)

 [MMDS.zip](#) (506.2 KB, 62 views)

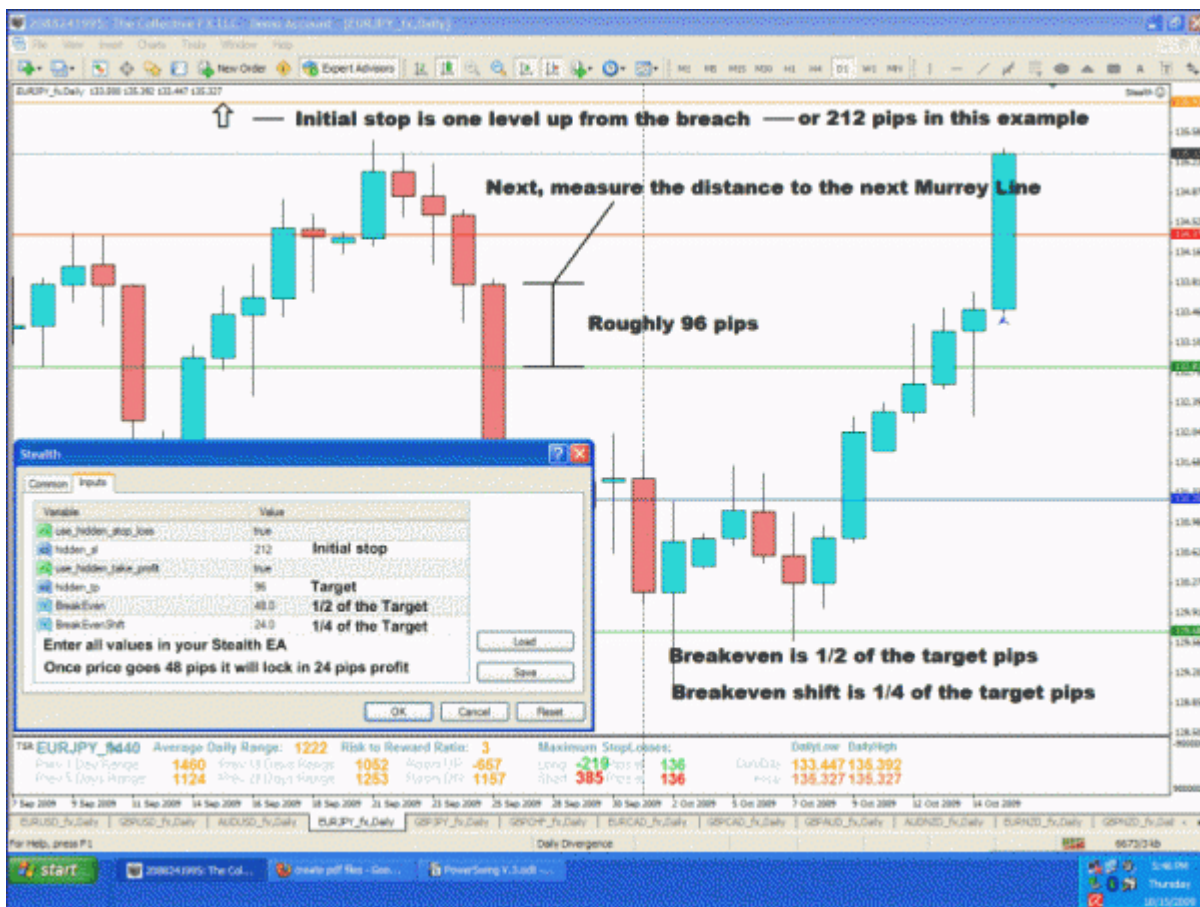
The basic setup we are looking for is a price candle to break the Murrey Level and close above for a long trade or below for a short trade (which is in the example below). Once the candle breaks the Murrey Level, it tends to gravitate to the next level which is going to be our target. (see pic)



Once we have made our entry, we need to input some numbers into our Stealth EA. First thing is to figure the initial stoploss. We measure from the entry of our trade to the Murrey Level above the level we just breached through. In this example we are at 212 pips. I know this seems steep but it is really only used as an emergency stop and not necessarily the point where we close out a bad trade (more on that later).

Next we figure our TakeProfit target. We measure from the entry of our trade to the Murrey Level below our entry. In this case it is roughly 96 pips. You may even want to lower this a few pips to eliminate the possibility of spread issues that may hinder getting the trade closed out properly.

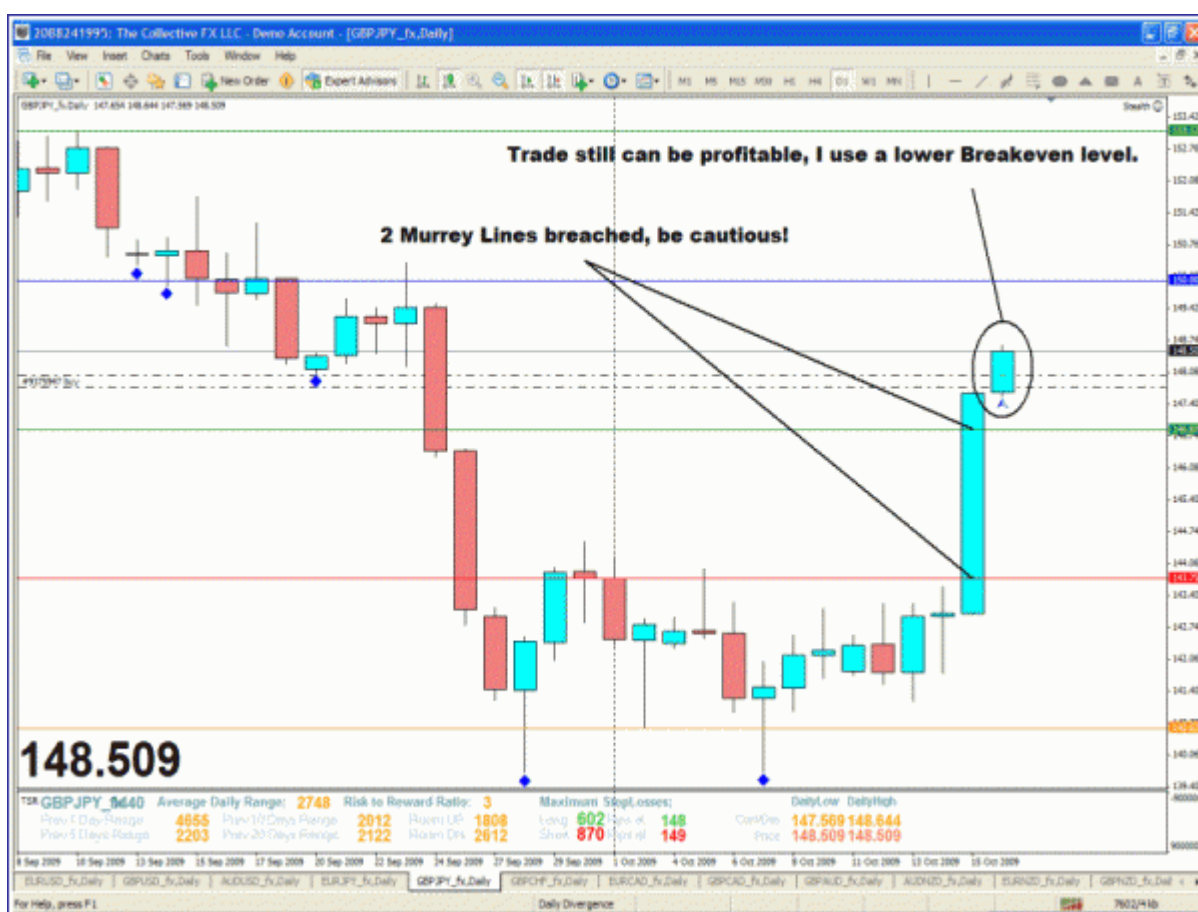
The next thing we need to figure out is our Breakeven Point and Breakeven Shift. For this example, for the Breakeven Point, I take the Target pips (96 pips) and divide it in half or 48 pips. The Breakeven Shift is half of the Breakeven point or 24 pips. So in this case, once price goes in my favor +48 pips, my stop will move to +24. This will lock in 24 pips of profit just in case price decides to take an about face on me. Enter these numbers into the Stealth EA for each trade you do. For those who would like to use Stealth V.2, you'll need to input how many pips you would like to trail the trade after the stop is moved. I suggest using the same number you used for the Breakeven shift, but this is totally up to you.



A couple of things I look for when I'm evaluating these trades are:

- If the candle breaches more than one Murrey Level. This is a sign to watch out for because we can and probably will have a large retrace which could produce an extremely large drawdown.
- If the candle breaches the Murrey Level and closes more than 2/3 of the way to your target Murrey level. This does not leave you much room to bank some pips and you have the possibility of a reversal being so close to your Target Murrey Level.

This is not to say you can't make money on these, just be cautious and use common sense. I always use a lower Breakeven Point and Shift on these. Heck, I still made \$827.18 on 3 lots with the trade in the first pic!





Now, what happens in a trade where price does not trigger our Breakeven Point and then reverses on us. Well, welcome to Forex trading! Don't worry, this is how I handle it. All I do is when the candle crosses back over the Murrey Level we just breached and closes above the Murrey Level, **CLOSE THE TRADE!!!**

Losses are part of trading and there are way too many trading opportunities out there with this system to worry about a loss. If you look closely at the chart when this candle closed, we were able to open a long trade immediately after! We may have lost **150** pips, but we would now be in a trade that is already up **540+** pips (as of 10/16/2009)

I've also noticed that we rarely see more than one or two losses in a row. You could always increase the risk on the next trade to recoup the losses on any previous trades, but that would be up to your own comfort level. I personally double up on a loss until I make up ground then go back to a normal trading size. And I only do this because I have the available margin to accomplish this **safely**.



With regards to lot sizes, it is up to your discretion. I follow this guideline:

- If your profit target is the 4/8, 2/8, 6/8 0/8, or 8/8 = Use smaller lots as price will have more support and Resistance around these points and are more prone to reversals.
- If your profit target is the 1/8, 7/8, 3/8, or 5/8 = Use larger lots as price will have less support and Resistance around these points and are less prone to reversals.

Important

- Only look for long entries if price is below the 0/8, -1/8, or -2/8
- Only look for short entries if price is above the 8/8, +1/8, or +2/8

These are areas of extreme overbought or oversold levels and price can reverse quickly at these points. Also if price is breaching a +2/8 or -2/8, there is a good chance the Murrey Math Indicator will redraw and form new lines. If this happens it would be prudent to close out any trades that are in profit, re-evaluate your profit targets, stops, and Breakeven settings, and let the open trades ride until you are in profit or a close out scenario presents itself.

Just remember, you will have picture perfect trades that hit their targets, sometimes we'll get stopped out and our Breakeven Shift, and even have to close out bad trades. But in the long run, this has proven to be a very consistent strategy and you are welcome to change whatever you'd like to fit your trading style, good luck and happy pips!