

Bank of Japan Trading Method



This system or methodology is based on the direct intervention of the bank of Japan on a daily basis with its currency pairs. Normally you would not trade a single currency or pair based on just OB or OS signals. However, as we will be trading several currencies or pairs at once then it is safe to-do so using this strategy.

You should:

- Monitor for SELL XXXJPY pairs from 10.30pm GMT until 00.30am GMT.
- Monitor for BUY XXXJPY pairs from 06.30am GMT until 08.30am GMT.

We need to look at two different timeframes for trading this method. The higher timeframe is used for confirmation of OB or OS and the lower timeframe is our signal for placing the trades. It is important that we select the correct timeframe combination so that we see a proper reflection of the market.

You should:

- **Combine M15 with H1.** Using lower timeframe combinations will give too many false signals and using higher timeframe combinations will give too few opportunities. Do not trade the first bar of Sunday open.

The indicator to use for this method is **RS_GROUP_JPY Strength Index** which should be placed on both timeframes. When the line is below 10 or above 90 on the lower timeframe and below 30 or above 70 on the higher timeframe then we have a setup to enter our trades.

Assuming that a trade setup has been found and placed then you should close the pairs when their combined value is:

- Greater than (Lot size * 200) and the indicator line is greater than 50 if we have entered a SELL XXXJPY setup.
- Greater than (Lot size * 200) and the indicator line is Less than 50 if we have entered a BUY XXXJPY setup.

The chances of a trade setup going against us are very slim and would normally only happen if there was a major disaster affecting the Asia pacific region. i.e. earthquake etc. If this were to happen then you should close your trades ASAP. Do not place any new trades 90 minutes before or 60 minutes after economic news statements.

Finally, you should not place any trades if there is a public holiday affecting Japan as there will be less volatility and volumes associated with the pairs leading to our trading setups giving a false representation of the market and therefore signals.

Please read the **BOJ Intervention Policy document**.