

I have been on a lot of forums only observing as to the ideas and behavior of people. This forum is the first one I found where people really exchange some useful and positive information.

I always asked myself why is it that only about 5% is making a success of it as the overall claim are amongst brokers. After two years of study and trying about every strategy I could lay my hands on I come to the conclusion that as people differs in looks and in perceptions they also differs in their trading perceptions.

Then I saw people act upon their perception and interpretation of what they feel is the right thing to do. I am right and they are wrong is the type of attitude. Then there are those that follow someone else religiously as long as he give the direction till he is wrong three times in a row than it is off to the next system.

Why am I telling you all about this. If you haven't tested a system over at least 30 live trades (paper trades) you cannot declare it as successful. After 30 trades you will have the heart of the system engraved inside. What I mean by engraved is that you should make notes about each trade as to emotion experienced, why was it wrong, is it the system or my bad decision, did I stick to the rules, was I following the system or did I use my little version of it etc. etc.

This 4 hour MACD strategy gives a signal with the MACD patterns(round top, lower highs etc.) as to the timing of the entry. It only observe the possible direction due to resent movements. People wants a mechanical system that tells them everything and even do the deal for them. It must draw the trendlines, recognize the patterns, work out the entry, stop and profit levels. There is however one aspect that people ignores and that is that the market has an emotion that is hard if possible to built into a automatic system.

I am going to explain it in this way. When I am sitting on the beach with my back to the ocean relaxing in the sun and there are people playing and running around etc. The fact that people run around does not make me nervous but it is when there is a different kind of behavior in there running that calls my attention. I will most definitely see in their faces what the emotion of their running is. What happens first is that those that saw the reason for their running first are the leaders in this action. The volume of people keeps increasing as the knowledge comes known till the masses start to react.

I have five things that I can do.

**Firstly** I can be a nervous sunbather and jump up every time someone comes running past only to find that it is trying to catch a running ball. Nothing serious. That is how 90% of people do there trading. Jumping after every move only to find it was normal zig zag movements and their stoploss get hit frequently. They get wiped out very quick.

**Secondly** I can put on my dark glasses put on some sun tan lotion and ignore the running at all as I am covered. These people put in their deal goes fishing and looks after two days how did it goes. Sometimes it works sometimes it doesn't. After a year of trading they find themselves round about breakeven.

**Thirdly** there are those that wants to investigate everything in detail as to why. By the time they found out why are the people running they get hit by a tsunami. By the time you found out why the market is running it is to late as it is about to turn around again. They always time the top or bottom but in the wrong direction. You get people that is always late. They get wiped out very quickly.

**Fourthly** you get those that ran along the moment there is some action going on. This group does make some profit but it is nervous profit. I call them the news traders.

With time (some accounts does not last till then) you can become good at it, but it is due to experience..

Let me explain to you the concept of the money changers and there actions. When interest rates comes down due to good economic condition these people send out all sorts of ways how to lend cheap money for that trip overseas, new car etc. etc. Till the money availability gets low and spending is sky-high due to the easy way to get money. Then the interest rate is raised by 0.5% and after a month another 0.5% and so on. More money out of the pocket of the consumer that he has to pay back than what he has budgeted for. Troubled times!!!!!!!. They are collecting till the cycle turns again and then it is lending out again.

Have you ever thought of it in the field of Forex trading. So many websites inviting you to buy there system and it tells you exactly(to the pip) where to put your stops and where to enter and where to take profit etc. etc. If I know the cards that you have in your hand when playing against you I will always win. I think the brokers knows exactly where the group stops, entries and exits are. That is why it is important to move with the big ones. They will only take the price as to catch the weak ones. This is only my opinion and I might be wrong. I am only very cautious and suspicious.

There are those that invites you to come and play on the beach of Forex knowing that a tsunami will hit some or other time. All they have to do is get as many people on that beach while they are playing around with them and over time they pass the ball into the hands of the majority but when the signs of a tsunami is nearing they are the first ones to leave without the majority noticing it because they are busy playing. Only there followers knows.

When the tsunami hits they have their deals in to take advantage of the panic selling of the masses. They created it beforehand. Not the tsunami but the playing field conditions. Spreading some news here and there that they know the masses will react upon and so setup the whole scene. When the masses are buying you should be selling and visa versa. That is what a well known speaker and investor says “to step into the pain”.

We as tiny investors does not have the resources to step into that pain as it means waiting for some time before the bubble burst and our capital cannot handle those type of stoplosses as they must be huge to handle the playing area of those on the beach. The money changers can handle that, They will sit for six months and knows that the coming tsunami will make them rich.

**Fifthly** are those that watches the faces of those that play. Their emotion will tell the overall status. Playing!!!!!! The big ones leave the scene unnoticeable to the majority. It is only when there followers see they are not there anymore that they started to react. It is at this point where you as part of that 5% must step in. Recognizing the changing emotion and run with them. You might not know why you are running yet but that **you** will read in the papers and not **others reading about you in the papers**.

The MACD signal only tells us that a change in motion (not emotion) is taking place. We then have to look for a change in emotion and that comes with the **TAIL** I was describing in the exercise. There are many formations as to show the change in emotion. Morning/evening stars, tweezer top/bottom, spinners, inside candles, engulfing candles, doji candles etc. etc!!!! look at investopedia.com or any educational website for those emotional signal patterns. Study past setups in the MACD signal that produced results

and try to recognize the change in emotion. Also study the signals that did not produced results and see if there was emotional activity or not. If you have both in place, the MACD signal together with the emotional signal your chances of success are so much higher.

