CHAPTER I

Lesson 1

What is Forex

Forex come by the words Foreign Exchange. The market is the biggest market in the world open 24 hours every business day and with the volume of $1.5 trillion every day. The market is cash market called also spot market and is established in 1971.

This market is the most dynamic developing market in the world already broadly popular and except the banks and the big organizations, there could trade and individual traders with capital of only USD 200. Historically this market was market of the banks only and it was not available for small speculators. At the moment on the market is possible to buy and sell small lots (units) 24 hours a day every business day. All the time there are buyers and sellers, so the problem to find the buyers and sellers are not actual. The statistic show that 70% of the profits on the market realized the international banks trading with billions and the big speculators like G. Soros. But by the small traders and speculators only 5% success on the market and realize profit. That is because the new traders without long experience and good acknowledgements do not use the very important rules and the also they have not the base for the trading they do not know the secrets of the forex trading. Our online education lessons will learn you to all secrets to be among the 5% successive traders and the forex to start to bring you good and constant incomes trading by home.

The forex market is so large that no one could control the market. Even the biggest banks are not so strong to control the market. The main players are the central banks, but they have to union and to make the same strategy with other banks to control the market for a short time only. It is necessary tens of billions dollars to make little 15-20 pips movements on the market.

The other markets daily volumes are the follow: For the US Treasury Bond Market $300 billion and for US stock markets is $100 billion. The forex market daily volume is average $1.5 trillion.

The most important step to stay the forex market so many accessible are Internet and the possibility to trade with small amounts. Also the providing of live quotes and “bid” and “ask” quotes delivered to all network-connected computer in real time.

The advantages of the forex market are the follow:

Liquidity: In the FOREX market there is always a buyer and a seller! The FOREX absorbs trading volumes and per trade sizes which dwarfs the capacity of any other market. On the simplest level, liquidity is a powerful attraction to any investor as it suggests the freedom to open or close a position at will 24 hours a day.

The high returns investment market, where for few hours professional traders could double the investing sum.

Access: The market is open every business day starting about midnight CET on Monday (6:00 PM Sunday EST) and close on Friday 11:00 PM CET (4:00 PM EST).

Forex Centres: There are few places in the world where are talking for about forex centres. These are New York – Wall street, London, Tokyo, Frankfurt and others.

The main currency crosses: The trading is in pair and there are four main currency pairs, plus to add main pairs. All rest pairs are less trading on the market. The four main currency pairs are; EUR/USD, USD/JPY, GBP/USD and USD/CHF. The other two main pairs are USD/CAD and USD/AUD.

The profit: The forex market allows taking profit by rising and falling currency value. The traders could buy and sell currency at any time of all kinds of pairs.

Leverage: The forex trading is in lots. The traders could buy and sell only lots. One lot is approximately $ 100 000. The mini lots are average $ 10 000. To trade with one lot of $ 100 000 is not necessary to posses $ 100 000 are necessary only $ 1000. The other 99% you take as load by the brokerage company. This is called margin.

Margin: Margin is difference among the brokerage companies. Usual the margin is 1:100. It means as the example above that with $ 1 you could control 100 times more value and $ 100. So for margin 1:100 with $1000 investing you will have one lot of $ 100 000. If the trading reaches to the time when by these 1 lot $100 000 you lose $ 1000 then the trading finished for you and you lose all $ 1000.

Confirmation: The trading confirmation is immediately. Buy and sell currency pairs for few seconds and the confirmation to buy come only by one clicking with the mouse. You can trade and via phone talking with the brokers.

The commissions: The most trading companies do not take commissions. Their commission comes by the spread. The spread is the difference between the “bid” and “ask” price. Usually the spread is between 2 and 5 pips.

Lesson 2

Options to Start Trading Online and Rules

To start to trade and to come to the biggest game in the world, the forex market, first of all you have to know that without to learn the technical indicators and the main rules using the indicators you will not success on this market. The charts are in the base of the trading. Everyone trader who wants to make profit and who make profit use the acknowledgements by the charts. Charts plus technical indicators is the first and most important to have before to start trading. There are many trading ways and you can trade even without technical indicators only to use fundamental data, but in this case you could lose too much and fast.

Without the charts you can trade using only the fundamental data for short daily trading and for weekly trading to trading in very big period, but for trading less than 12 – 24 hours is almost impossible. To trade only using the data without charts and without technical data the traders could make profit only in the cases when use stop losses for more than 60 pips. There are many trading companies offering trading signals with stop losses 100 pips and take profit only 50 pips. It is very risky and how the data show the lose is 100 pips the all investing for example 1 lot the maximal, while the profit is the half so the risk/chance is 2:1. It is not the way to win on the market. ForexStrategy Team signals offer trading with stop losses not more than 35 pips and average target profit for more than 75 pips. The trading with less stop losses mainly is based over the chart analyses and indicators data.

The key to the success come when the traders have all necessary when trading and all to be using in the second. The professional traders, for who everyone coming on this market want to be has to trade with charts in real time. Never you will stay a good trader without to use the charts trading. The charts brokerage companies are not too much, but these who offer charts when you trade are excellent and give all the free to the traders to make own forecasts to trade. One of the best charts software not equal with others is the software offering by MetaQuotes Company. The word perfect is simple describing of the software. The charts could be changing fast and have the memory to remember all charts for all trading currency pairs for all kinds of charts period. Also the software is combining with all using technical indicators and much more extras. When make the options of the charts the most important and the only one way to understand the market movements easy is to use clusters on the chart. There are also bars and line but the last two are not recommending. The clusters give the best of the market movements. Later in the lesson for the clusters we will present the details of the clusters.

The other key element of the trading is to choice the best fast and easy to trade platform that allow you to connect fast Internet connection and to avoid delay in the quotes and delay when execute the orders. When you find the best way to entry the market the maximal time when you request for quotes and enter the positions have to not exceed 8-10 second.

Having all this you can start to practice with us in real time signals and to analyses the market.

The conclusion: The most needed to start to trade are:

1. Charts software
2. Technical indicators
3. Clusters
4. Fast connection to the platform and easy execution of the orders within maximal 10 seconds time.

The Trading Rules

There are many trading rules that are necessary every trader to use if wants to success on the forex market.

- Do not use emotions. You have to be discipline and have the answer of the simple question all the time during the trading –

  "Why I have open positions now?"

- Make your game plan and build your forecast to follow it during the trading.
- Analyze the big charts for longer period and try to catch up the trend.
- Combine technical and fundamental analyses. And both have to have the same direction.
- Do not use tight stop losses. Use the recommending by us stop losses for the difference trading strategy. But never leave the positions without stop losses.
- Focus on the big market trend and do not focus the little trends.
- Accept the losses and analyze the reasons for the lose.
- Do not fast with the market, waiting and choice the best moment. It is better to be without positions while to enter not sure positions.
- Never add to losing positions. Add to winning positions.

- Do not make the winning positions losing positions. Use trailing stops.

- Use simple technical indicators not too much, as support and resistance, Fibonnaci, MACD, Stochastic Oscillator, RSI and ADX.

- When yesterday the market range is the smallest then the previous at least one-week time you have to be ready for big movement.

- When the market is too liquidity trade with little positions. Do not trend with the liquidity it could be a mistake and to make lose.

- The history is not always your friend. There is not possible to take good practice learning the history. Learn in real time market.

- You gave to be patient and to follow the simple rules.

Lesson 3

The Benefits Using Candlestick Charts

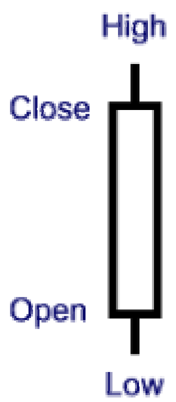
The candlesticks charts come from Japan in the seventeenth century when this method is use to analyze the prices of rich contracts.

Candlesticks chart the price fluctuations of a product. A candlestick can represent any period of time. A currency trader's software can provide charts representing anywhere from one minute to one week per candlestick.

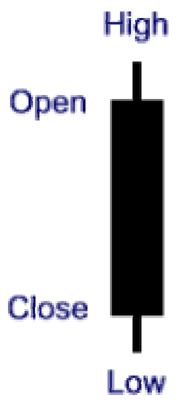
Candlestick charts do not involve any calculations. They simply chart price movements in a given time period. Each candlestick displays four important pieces of information, which show the price fluctuations during the time period of the candle. In much the same way as the more widely-known bar chart, a candle give us the opening price, the closing price, the highest price and the lowest price of the time period. Candlesticks are easier to use because they more clearly demonstrate the relationship between the opening and closing prices.

The candlesticks display the relationship between the open, high, low and closing prices.

The interpretation of candlestick charts is based on patterns. Currency traders use primarily the relationship of the highs and lows of the candlewicks over a given time period. However, some patterns can be identified to anticipate price movements. There are two types of candles: the *bullish* pattern candle and the *bearish* pattern candle.



A white or empty body displays the bullish candle pattern. It occurs when prices open near the low price and close near the period's high price.



A black or filled body displays the bearish candle pattern. It occurs when prices open near the high price and close near the period's low price.

Note: *Do not forget you could not be successive trade if you do not use Candlesticks charts.*

Lesson 4

The Main Forex Reasons for Trading

There are three main reasons elements moving the forex market. All factors affecting over the trading are based over one of the three main analyses. The analyses are following:

I. Technical Analyses (Technical Reason)

II. Fundamental Analyses (Fundamental Reasons)

III. Geopolitical Analyses (Geopolitical Reasons)

And the three main analyses are useful and all have own affection over the market movements. Very often almost all the time when the trading is active all these analyses have to combine to receive one total picture of the market. All analyses have influence one to other and among them. But there are some specific moments, where basing over only one analyses you could exact forecast on the market.

The big question fundamental or technical and what strategy to use you probably will find in the network that the fundamental data is better to use for longer time analysis more than 6 months. While the technical analyses is better to use for short time analyses even minutes to 6 months maximum to one-year time.

Yes the technical data is better to use for trading for short time, but is better to use the combination of the technical and fundamental analyses. Also with the combination of the geopolitical analyses the trading will be the most successive.

The all three main analyses have all the time affection over the market trading in a short time usually from 1 to 5 hours. Not always this strategy is correct. Often on the market when come for example good and better than expected data for US Economy for example the dollar instead to moving higher, the dollar lose. The fundamental analyses always are actual but before the data to stay known.

On the forex market there are always many trades with many difference strategies for trading. All have difference view and interest about the trading. The banks and big forex companies trade with billions every day. They have the force to move the market to one to another side. No one could go against such massive trading which is like an intervention.

The technical reasons on the market are one of the strongest reasons to trade in some direction. They are always valid on the market and continue to have market affection even and after big news coming by the fundamental or geopolitical reasons.

The affection of the geopolitical and fundamental factors has short time affect over the daily traders. While the fundamental factors have big reaction on the market before to be realized the reaction after the news coming is sometimes quite confusing. In the sector Fundamental factors we will talk much about the main based how to make profit by the fundamental factors.

CHAPTER II

Lesson 5

Technical Analysis

The technical analysis is the winning and best analysis on the forex market for prediction of the trading for a short time, as daily trading, trading in one week and to trading for one month period. For more than two months is little difficult to make clear analysis and to be successive. The technical analysis is the best because it is possible to use for the time by 1-minute to 1-day charts and combine with the top technical indicators the data will show the best and most accurate than all other analysis. There is not professional trader who does not use the technical analysis to make forecast and to trade. Learning the technical you are learning the main base for the forex trading.

ADX Technical indicator

Welles Wilder develops the indicator Average Directional Index (ADX). The indicator shows the strength of the current trend. The indicator gives important information for starting and existing trend on the market.

ADX fluctuates between 0 and 100. Readings above 60 are relatively rare. Low readings, below 20, indicate a weak trend and high readings, above 40, indicate a strong trend. The indicator does not grade the trend as bullish or bearish, but merely assesses the strength of the current trend. A reading above 40 can indicate a strong downtrend as well as a strong up trend.

ADX can also be used to identify potential changes in a market from trending to non-trending. When ADX begins to strengthen from below 20 and moves above 20, it is a sign that the trading range is ending and a trend could be developing.

When ADX begins to weaken from above 40 and moves below 40, it is a sign that the current trend is losing strength.

With ADX come two other indicators call Positive Direction Indicator (+DI) and Negative Direction Indicator (-DI). When the both lines crosses it is a buy or sell signal. The +DI show the upward momentum, so when +DI moving from down and cross –DI and continue upward it is a buy signal. Otherwise the signal when –DI cross +DI is generating a sell signal.

MACD Technical Indicator

The technical Indicator MACD is one of the simplest and most useful. Our advice does not start to trade without to watching MACD.

The most popular formula for the "standard" MACD is the difference between a security's 26-day and 12-day exponential moving averages. Using shorter moving averages will produce a quicker, more responsive indicator, while using longer moving averages will produce a slower indicator. The 12/26 MACD is the most important and most useful by the traders. The most useful by the traders will mean that much more traders will use the same signals, so the market will moving more by the way of MACD 12/26. Everyone could adjust MACD with difference series to their own specific trading needed. But is better to use 12/26.

Of the two moving averages that make up MACD, the 12-day EMA is the faster and the 26-day EMA is the slower. Closing prices are used to form the moving averages. Usually, a 9-day EMA of MACD is plotted along side to act as a trigger line. A bullish crossover occurs when MACD moves above its 9-day EMA and a bearish crossover occurs when MACD moves below its 9-day EMA.

MACD measures the difference between two moving averages. A positive MACD indicates that the 12-day EMA is trading above the 26-day EMA. A negative MACD indicates that the 12-day EMA is trading below the 26-day EMA. If MACD is positive and rising, then the gap between the 12-day EMA and the 26-day EMA is widening. This indicates that the rate-of-change of the faster moving average is higher than the rate-of-change for the slower moving average. Positive momentum is increasing and this would be considered bullish. If MACD is negative and declining further, then the negative gap between the faster moving average and the slower moving average is expanding. Downward momentum is accelerating and this would be considered bearish. MACD centreline crosses occur when the faster moving average crosses the slower moving average.

More detail analyse of the indicator using you will receive in “Trading strategies” chapter.

Stochastic Oscillator

Stochastic Oscillator is one of the best forex-trading indicators. George Lane develops it in the late 1950s. It is a momentum indicator that shows the location of the current close relative to the high/low range for a set number of periods. The indicator range is from 0 to 100. Above 75 is a sell level and below 25 is a buy level.

The formula to calculate Stochastic Oscillator is the follow:

$\%K = 100 \times \{[\text{Recent close} – \text{Lowest Low (n)}]/[\text{Highest High (n)} – \text{Lowest Low (n)}]\}$

$\%D = 3\ \%k$

n – number of periods using.

There are three types of the indicator: Full, Fast and Slow. The indicator consist of two lines %K and %D. But it has to adjust the indicator with the needed to the individual traders. The best is to use %K 5, %D 3, Low/High, Delay 3 and for Method the best is Weight.

When the both lines %K and %D crosses between at levels below 25 it is buy signal. The dash line have to cross the main line and to remain below the main line, then and the crossing have to be sure and viewable then is a buy signal. When the lines crosses above 75 and the dash line remain higher than the main line it is a sell signal. Also could come and when the lines cross in the range 25 – 75 but then the signals are weak and the trading using these signals are weak.

The best signals come by the Stochastic Oscillator when have divergence. The divergence has to happen in the area of overbought or oversold. The indicator lines crosses two times above 75 or below 25 and make two tops (two bottoms) as the second top is weaker than the first top (the second bottom is higher than the first bottom). Then the indicator shows divergence and that situation is a strong sell (buy) signal.

The most important using this indicator is to use the signals only when have on the chart smooth lines. Only then the signal is real. Otherwise you will lose. More detail you will learn about it in Trading Strategies lessons.

Lesson 6

Technical Analysis - 2

RSI Technical Indicator

The RSI (Relative Strength Index) indicator gives information for the magnitude of gains and losses.

RSI is a very popular indicator and very useful and popular momentum oscillator. The RSI compares the magnitude of the recent profit and recent loses and turns information in the scale of 1 to 100. It is using difference time periods to calculate the indicator.

The formula for RSI

RSI = 100 – (100/(1+RS))

Average Gains = (Total Gains/n)

Average Losses= (Total Losses/n)

First RS = (Average Gain/Average Loss)

Smooth RS =={[(previous average gain) x 13 + current gain] /14} / {[(previous average loss) x 13 + current loss]/14}

n – number of RSI periods

For a 14-period RSI, the Average Gain equals the sum total all gains divided by 14. Even if there are only 4 gains (losses), the total of those 4 gains (losses) is divided by the total number of RSI periods in the calculation (14 in this case). The Average Loss is computed in a similar manner.

The RSI indicator shows also the oversold and overbought levels. The reading of the indicator above 70 mean overbought and below 30 mean oversold. So if the signal is fall below 70 it is a bearish signal, and above 30 it is a bullish signal.

The other key using of RSI come when on the indicators show divergence. The divergence is when we have two tops or two bottoms as the second is with less value. Then it is a strong entry signal. For example if we have top of RSI at 82 and later on the technical chart come top at 74 and the new top could not keep and start downward it is a strong selling signal.

The centre line for the RSI indicator is 50. The readings below 50 of the value of the indicator gives a bearish tilt and above 50 bullish tilt.

Moving Average

Moving average is one of the most popular and simple indicators. By using an average of prices, moving averages smooth a data series and make it easier to spot trends.

Moving average use the average price on the forex market for an appointed period. The adjustments are simple and could be made from 1 to few hundred. The best using of the indicator is to make two moving average indicators, the first to be for a short period of time and the second for a long period. All adjustments have to be for weight not for simple or exponential. The weight method is the best because clear the chart and have applying more weight to the recent price than to the old prices.

The traders who want to use Moving Average for daily trading is better to use about 6 and 21 for the both moving average indicators on the chart. The trader’s long-term positions are better to use 60 and 200 periods.

The signals with moving average come when the both lines crosses for example the short period line cross the long period line it is a buy signal. Sell signal come when the long period line crosses the short period line. For trading with moving average is better to use longer stop losses than the using of more accurate technical indicators like MACD and Stochastic. The Moving average indicator generate and many falls signals if it is not adjust well and if it is not watching this indicator for a difference time period on the chart 5-minutes, 15-minutes and so on.

Support / Resistance Levels

One of the most important trading on the forex market is to have available with you the recent actual support / resistance levels. These levels are such levels, where when the trading reach to one of the levels will receive support or resistance to overtaken the level and could back. The traders appoint close to the support level buy orders and sell order close to the resistance level. The trading could broken these levels, only when have significant reasons for that. The broken of one of these levels will mean that the trading could reach to the next support or resistance levels.

To appoint the support / resistance levels you can use the follow two main analyses. The first is to watching on the chart the recent top or bottom. Where is the last top there is the new resistance level. At the level of the last bottom is the support level. If the trading is moving two high by the last bottom or top, then you can use the Fibonacci levels. The Fibonacci levels will give you the resistance or supports placing the Fibo between the top and bottom or between the bottom and top. By this way Fibonacci will give the levels of 23.6 %, 38.2%, 50.0%, 61.8% and 100.0%. More details about the using of Fibonacci levels you will learn in Trading strategies lessons.

CHAPTER III

Lesson 7

Fundamental Analysis

The main economic reading how good is one economy come by the fundamental factors. On the forex markets the fundamental factors are the most important measurement for analyzing the market and making how short such and long time forecasts. There are big serial of fundamental factors as watching all data and all indicators the traders could confuse totally. In this lesson describe the secret how to read the fundamental factors and how to use the news even before they to come.

USA is the biggest economy and the fundamental factors of the locomotive of the world economy are very important. The news by USA has big influence over the markets around the world. Therefore the first key for the success is: Do not miss the economic data by USA!

But many traders are much more confusing watching the fundamental data and realize big losses by that. The most important for the economic data is to be fast. You have to think to think much more than to all rest. As the forex market is the market where the news come first even faster than CNN you have to be with the news to be successive trader.

The key for the trading is to have a look ahead over the expecting events. The expecting events and the expecting data is one of the main factors moving the markets. Watching the events at least 48 hours ahead even one week ahead is a good period. Make your plan for the expecting events, and the follow statistic. See in details the last data for some event and the forecasting data for this event. Spot all events where the expecting data is difference by last month. How the difference is bigger such bigger movement is possible to expect on the market. If to some event ahead have other events first watching the closer events, but combine the closer events with the events further ahead. Find this event that show much more for the economy and is important economic event. Later we will stop your attention to these events that have big influence on the markets. One of the most important analyzing the expecting events and the movements on the forex market is the changes of the expecting forecast. During the last 24 hours when the event news will come, the forecast could change too much by the first expectations. You have to find how the expecting forecast change at what directions. Even little changes make big movements because the traders find starting trend in this events and make speculations to extend the movements on the market and the profits. For these economic analyses and forecast you can find in many web site in sectors economic calendar. But few are the main organizations making such investigation to give forecasts about the level of the expecting economic events. And these are Briefing, Bloomberg, Dealers votes some banks and others.

When the event stay known then is the second period of the trading. The volumes on the market stay 3-5 times more than the normal for a short time. For about 4-6 minutes the market have very big volumes and the movement is serious. Then is better to use at least 35 pips stop losses for trading due to the big movements in both directions. How the expectations of the traders if in the last days even hours before the event data to stay know are moving like a trend, when the data come with the same as expecting value then the market back to the last positions few hours ago. For example if is expecting better data for US economy and finally this data is the same as expecting we will see not rising US dollar and loosing dollar. This is the most important moment when the traders make the big losses.

And next the last moment when the data is over and is broadly announce and is reached to all traders, then the market start to work by new difference way. The news is analyzing how such economic data what just is mean, whether the economy is on the right way or not. At least ten minutes after the event then start the trend on the market affecting by the news. This is the real trend and in the first 5-10 minutes there is not clear trend in the most cases. In the first couple of minutes the traders try to make the big movements and to extend the profits. Only in cases when the realizing news is meaning then the forex movement is in one direction. For example the expecting Unemployment is 6.0% and the data come as 6.2% it mean that with sure the market will move against the dollar.

Next case on the market is when after the data coming, have to come new data for other sector. In this case the market wait and do not move so much to make the movement in trend. The traders prefer to waiting to see and next data before to open positions and to catch up the starting trend.

There are many economic indicators analyzing and giving the condition of the economy. Some of the indicators are not so important, others are very important. In the next lesson we will analyze the most important economic indicators.

Lesson 8

Economic Indicators

Average Hourly Earnings – The data show the average working salary. The indicator could show the potential inflation pressure connected with the value of the working force. The data come every first Friday of every month together with non-farm payrolls at 8:30 AM EST.

Balance of Trade – The data give the difference between the national export and import. The most important is that a positive balance of trade is in positive for the economy and is expecting strengthen of the national currency.

Beige Book – The Federal Reserve public it eight times for year, as Beige Book content information for the economic and business conditions. The data coming by the bank sector in difference forms of analyzing by interviews by economists experts and others. The Beige Book comes usually two weeks prior to each FOMC meeting. The indicator is in the help of the FOMC to make the decision for the interest rates. As the interest are the most important for the traders, the Beige Book data has to be consider as very important element before the real interest rates decision.

Building Permits – The data come monthly and is the same as Housing starts but show the permits for the building while the Housing start show the real start of the buildings. The key control of the housing start and permits come by the interest rates level.

Business Inventories – The data show volume of the stores of enterprise load and semi-manufacture articles. The increasing data during the month could mean standstill in the economy. The data come once at the middle of the month at 8:30 AM EST.

Capacity Utilization – The data come to show how the economy and the enterprise is utilization and the middle value is 81 – 83 %. The greater number led to higher prices (PPI) and proves to be inflationary.

Chicago PMI – It is a very important index for Chicago area for the business activity. The market usual reacts to that data. The index shows the enterprises and the stores available. The level of 50 is key and above 50 is reading for expanding economy. The index is publishing by Purchasing Manager Association in Chicago and come on the last day of the month at 10:00 AM EST.

Consumer Credit – It is indicator for the consumers and for the credit taken by the consumers taken for long time. When the data is higher it is talking for overheating economy. The data have season fluctuations. The data come once monthly at 3:00 PM EST.

Consumer Confidence – One of the most important indexes come monthly at the end of the month and show the level of the spending and consummation in USA. The index is very important because two thirds of the GDP in USA come by the consumers. The data come once monthly about 20th of the month at 10:00 AM EST.

Consumer Price Index (CPI) – It is data for the inflation for typical consumers. There are fixed baskets with goods that every month CPI gives the data what is the level of the consumer price index. There is and Core CPI that is measurements of the true inflationary where are excluding the foods and energy items.

Construction Spending – The data come once monthly at the first working day of the month at 10:00 AM EST. The data give the spending in the construction sector. In the most cases the bigger spending mean growing economy and is positive news for the economy.

Current Account – This economic indicator gives data for the International trading and is the broadest measurement of the sales of goods, services interests and unilateral payments and transfers.

Durable Goods Orders – The data come once monthly in the last week of the month at 8:30 AM EST. It gives the big bought as capital goods like machines, equipments, and transport defense orders, cars, furniture and so on. The data is one of the important factors for the developing of the economy. Some defense orders could make big volatile in the data so is better to watching the data in bigger period and the local monthly changes to not accept all the time as key.

Employment Cost Index (ECI) – ECI measure the changes in the employment wages and salaries. The data do not include the federal government workers. Not always rising ECI is accepted as positive, and it mean by the condition of the economy. If ECI is higher but the economy is weak, sometimes it could be negative, because the industry will have less money for investments and so on.

Factory Orders – The data come once monthly as Durable Goods orders one week earlier. It is one of the most difficult data to forecast and is extremely volatile. It gives the orders for shipments of non-durable goods, manufacture inventories and inventory sales ratio.

FED FOMC meeting – One of the most important if not and the most important event connected with the changes of the Interest rates. After the decision few days latter is making a protocol public with the reasons for the decision called Minutes of the FOMC. The market react to this news with very big movements as the key are the rumors starting months before the meeting even.

Gross Domestic Products (GDP) – One of the most important data for every economy is GDP. It gives the measure of the market gods and service produced in a country. The components of the GDP are four: consumption, investments, net exports and government purchases. The releases of the data have three parts: Advance release, preliminary release and final release.

GDP Deflator – The index is in analogy with CPI index and show the changes in the prices of all including in GDP.

Help Wanted Index – This index come once monthly every last Thursday of the Month at 10:00 AM EST and show the requests for help connected with empty working places not finding suitable specialist. Sometimes higher value of the index could sign for higher inflation as the absent of working specialist could push higher salaries.

HICP – The Harmonized Index of Consumer Prices come for the EuroZone and is the main measure for the inflation. All countries try to keep the inflation at in possible range and to not extend of 2.0% for the countries in the EuroZone. Negative inflation with mark minus is much more negative than bigger inflation and mean deflation.

Housing Starts – The data come monthly and show how many new houses are starting to build, as are divided to single and multi family categories. The most import for rising housing starts come when the interest rates are low, and when the rates are higher the housing starts are lower.

IFO – IFO is the most important economic indicator for Germany. The data come monthly and show the business conditions in Germany. The markets' most important indicator shows and gives the real picture of the economic activity.

Industrial Production – The data come once monthly and measure the percentage changes in the volumes of the output of factories, mines and utilities.

Initial Jobless Claims – The data come every Thursday of the month at 8:30 AM EST and show how many new social requests are sending. It is one of the most important indicators for the monthly Unemployment. The critical level accepting by the market is 400K.

Implicit Deflator – The data measure the inflationary component in GDP report.

ISM Index – The index come by the Institute for Supply management. It is the former National Association of Purchasing Managers (NAPM). The report comes on the first working day of the month and give detail data for the manufactures sector before to come the key employment report. The market moves after that news making real picture about the expecting employment data. ISM is the leading survey on US manufacturing activity. The key for ISM is the level 50. Below 50 the data mean that the economy is in negative development and above 50 that the economy expand.

ISM Service – Only few months ago the index was known as ISM non-manufactures index. It is the same as ISM index with the difference that the index shows the situation in the services sector – non-manufacture sector. Also the level of 50 is key as ISM Index, and also reading above 50 is positive for the sector. The market also reacts to the news and is one of the most important.

Leading economic indicators – It is a component of 10 difference indicators and gives the data for aggregate economic activity. The included data in the indicator come by a various sectors as manufactures, buildings, finance, retails and consumers. The data but is not so important for the market and the affect is little.

New Home Sales – The data come once monthly and show the new home sales for the four main geographical areas in USA. The report includes information for the home prices and number of houses sales. It is a crucial segment in the economic activity because the changes in the spending affect the growth. Often but the reports contain big volatility.

Non-farm payrolls – The data come together with the US Unemployment data every first Friday of the new month at 8:30 AM EST. The data is more important for the traders by the Unemployment level and show how many new working places is adding the economy or is losing. With minus is the losing and with plus the adding working places. The data show more clear than the Unemployment the look in the future, because adding new jobs it mean that for the future the economy will develop having a more working places. The data measure in real working places. For example if the economy add 115 000 new working places the index will be 115K, or when lose for example 115 000 the index will be –115K.

Personal Income – The data come once monthly and show all changes in the wages, salaries, proprietors income, income from rents, dividends interest social and unemployment payments.

Personal Spending – The data come once monthly and show the changes in spending for goods services by individuals and is the largest component of GDP.

Philadelphia Fed Index – The index show the business activity in Philadelphia region. It is one of the key data for a key economic region in USA. The data come about 18th every month at 10:00 AM EST.

Producer Price Index (PPI) – The data is realizing once monthly and show the changes in wholesale prices. Also Core PPI is realizing with PPI and shows the true picture of the inflationary forces as exclude the highly volatile foods and energy items.

Productivity – The data measure the change in the amount of the goods and services produced per unit of input. It is a key indicator for the economy and is accepted as important by the markets.

Purchasing Managers Index (PMI) – The index is using by Germany, Japan and UK and is equal to ISM index for USA. It is using to assess business confidence. The index gives data for the manufacturing and services industries.

Retail Sales – The data come once monthly. It is measure the percentage monthly changes in receipts of retail sales stores and include durable and non-durable goods. It is a real indicator of the strength of consumer expenditure. The markets accept the indicator as one of the key for the economic.

Unemployment – Is one of the key indicators for the economy. It gives the real percent of the active people that are not occupying with work. The data come once monthly every first Friday of the start of the new month at 8:30 AM EST. It is one of the most important data that come together with US Non-farm farm payrolls. Also with the news come and other data as average hour’s earnings.

University of Michigan Consumer Confidence – The data come once monthly as give the real business activity and the confidence of the consumers in the future. The index has two characters showing the nowadays conditions – sentiment index and the expecting conditions – expectations index. The index is one of the most important for the economy.

Wholesales Inventories – The index show the goods store. The index is connected with the selling and the remaining production in the stores. Up of the index mean some difficulties in the stores and not fast selling production happens when have some standstill in the economy. The data come about 10th every month at 10:00 AM EST.

CHAPTER IV

Lesson 9

Geopolitical Analysis

Geopolitical Analysis (Reasons)

- ***Main people interests***
- ***Intervention***

The Geopolitical Reasons may be many of you will ask what just it means. But Geopolitical reasons are all reasons to have movements on the market caused in real time by speeches and interest of some key people around the world, as Presidents, Finance Ministers, Presidents of Banks and key cooperation's. All sudden events happen around the world. The terrorist attacks by 11th September 2001 are also geopolitical reasons that caused big movements on the forex markets. To geopolitical analyses also come events as agreements and contracts among countries organizations, companies, worldwide events like nature disasters terrorist attacks, earthquakes, fires, floods and so on. All events caused as geopolitical could have serious influence over the market for long time ahead, but with sure for very short time the event cause big movements on the markets. It is necessary every trader before to start to trade to follow the world news using some news agency like CNN and Bloomberg and every news to come in real time to him. The fast reaction on the forex market is the most important for the success.

Never leave the news to go out without to pay attention at least to the headlines. Waiting and watching every schedule speech of peoples as presidents, finance ministers and other key people like Alain Greenspan. They always tell hide words to the markets that will follow their words for further.

The forex market is and the most dynamic market, every professional trader is the people who know everything happen around the world (events that could cause movements on the markets). Why is so important to follow such news? Let's take one example. There is attack over pipeline of oil somewhere in the world (Iraq, Libia). This attack of pipeline if it is serious and is causing serious damages it could delay important supply for some economy. This economy will have deficit of oil for short time and will be necessary to search new ways to deliver the oil in the country. The new ways and new company delivered the oil will make the expenses higher and the country will separate more money for oil supply. Giving more money for something not planning in the budget will cause deficit for short time and that deficit will cause the national currency weaker. Such examples could be given much. So never go to trade without real time news agency around you!

The main peoples interests.

There are many people who want to see the currency trading at level where they want to see. But only few people could do that what they want. They could try and to succeed but not always in maximal. The first of all the Finance ministers could do what they want, even without to flood the market with big sums. They simple said in any interview with them that want do happen something and their words are support knowing that they could flood the market with some bought and sold of currency to make the desire level of the trading.

Such movement on the market is very useful when some country management want to improve the economy or to do some new rules and to put in some levels the economic growth of the country. Many countries want to see their currency weaker. By this way they will increase the export of the country based manufactures and make the growth reality in the near future. The economic developing of all countries passes through growth and fall off. When the countries go to strong growth the management of the country want to decrease the power of the economic and by this way want strong national currency. And when the country is in fall then the management wants weak national currency to make the exporters competitors on the world market.

Other peoples also have interest by moving the market to one or other level. For example see just you. If you have at the moment euros, but you have to pay somewhere in dollars and the euro is weak currency then you will lose too much. By this way the big companies trading on the world market also wants to move the market and by this currency differential to win, because the difference on the currency market is too much. For example the EUR/USD trading range by average 0.83 to 1.19 is equal to $ 0.36 lose for every dollar or for $ 100 000 the lose is $36 000. So the big companies are ready to come on the market and to game with big money to move the market to the level that they want. Therefore is important to know and to watching all reactions by the companies.

Interventions

One of the end steps on the forex market is the intervention. For minutes you can make millions or for minutes even second to bankrupt. Many traders are doing that and many will doing that if not use the main rules on the forex market. Never trade on the market without stop losses. You can leave take profit level open, but always place stop losses. One example by the near pass will show to you what risk takes any trade without to place stop losses.

The one of the biggest massive intervention on the forex market was by September 2000 when European Central Bank together with Bank of Japan and some American banks make strong intervention. Then we trade USD/DEM and by level of 2.2950 the trading move to 2.21 for only fifteen minutes. More than 800 pips for 15 minutes is equal for USD 10 000 with margin 1:100 to USD 80 000 profit or lose of the whole sum. How for 15 minutes on the market could make you investing money multiply by 8. No one other market does not provides so big profits for so short time. But the forex market and is the most risky and the big risks are the sudden interventions. The interventions are happen rarely but happen once they make serious movements on the market. At least 100 pips is the movement on the market by one intervention and average of 150/160 pips movement by intervention doing by the biggest banks as European Central Bank, Bank of Japan Bank of England, and the Federal Reserve. The companies also intervention on the market do realize their interests. But they if make big movement on the market it not happen for a short time how it happen if intervention ECB, BOJ, BOE or the Federal Reserve.

The interventions by the side of the biggest banks are not sudden. Always somewhere is talking for expecting intervention, or first is talking for intervention and if the market is not accept the risk of intervention they the banks move to realization of the intervention. Also the markets are full of rumors for intervention. Then the trading stays very nervous and on the market have big movements even before the intervention. The traders have to use the following strategy. Make the plan where last is made the intervention if it is made in the recent month. The banks will want to keep the trading level far away by this level and any closing will mean to expect intervention. When place positions place the stop losses always close to the current level and accept that at any moment you could lose all money by the current level to stop losses level. When you see that the market moving strong by the direction of the expected intervention, then go in positions with the intervention and also place stop losses closer average 30/50 pips away by the current price. The intervention power will be about 100 pips and make the calculation to stop on time. After the intervention the market is quiet and the movements stop. Slowly recovery to the recent level could follow. Then the next intervention level could be difference. The strategy using by the Central Banks to intervention is to use good technical moment to be support the intervention and by not big traders. Then with little sum is possible to make bigger effect on the market. The last calculations show that moving of 50 pips on the market is equal to intervention of $ 50 billion. The banks before to doing the intervention make serial of talks and consultations for supporting of the intervention because how big and power to be one bank it is necessary by help to move the biggest market on the world.

The most important conclusion by this lesson is to understand that the interest move the market, and the key speeches of top people and combine with the interest have big influence over the movements on the market. To be in a step with all events by this kind the traders could watching and follow the news live, providing with them live news agency.

CHAPTER V

Lesson 10

Difference Way to Trade – I

Trading strategies

The trading during the differ parts of the year could be much differ. If you trade by one way in August, you have to change that way in September. We will show in our lessons how to trade during the year.

Many traders do not want to trade in August, because then is very difficult to trade. Then in August as a holiday month in the north Globe the top dealers and many of the top dealers in the banks have a rest. They do not trade then and on the market have little volumes and strange movements not combine with the picture by the technical indicators.

There are couples of ways to trade during the year.

I way:

Using the trend.

II way:

Using MACD trend.

III way:

Using MACD signals

IV way:

Using Stochastic indicator only.

V way:

Using Stochastic indicator and MACD

VI way:

Using Fibonacci levels

VII way:

Using the chart figures

I way: Trade using the trend.

The trading using the trend is the simple trading way. “The trend is your friend” are told many dealers. What the trend mean? The trend is the direction where the trading with some currency pair will go on. You simple are watching where is the direction and buy or sell where the trading goes on. But it is not so simple. You have to have sure proofs that the trading is go with the trend and for the future. The market has to be moving on with some news, some basic news which is made the trend trading. It could be economic indicator announced in short time before, some major event happen worldwide or some speech of some main people like finance minister, some chief of ECB, Fed Reserve or other. But also the trend trading could be cause and by some rumors appeared among the traders. You has to be sure that the market is moving by some event, event that is caused the trend on the market. Without event sudden trend is not a guaranty for continues such trend. You could catch up the trend and when come in positions to turn the trend or to finish with the trend. Then to define well if it is trend is better to use the technical indicators. There are many indicators, as if you follow each of them you will confuse totally. So it is use only few technical indicators, which make sure trading. One of the indicators has just showed the trend. This is ADX technical indicator. It is one of not much using and not so good indicator. The indicator consists of three lines. You can see the details for the indicator in the previous lessons. The ADX line shows how strength is the trend. How the ADX line is upward and continue to be upward it mean that we have a trend at the moment. In the chart below is shown how to define the trend using ADX technical indicator. But ADX indicator as all is not so useful and you could not define well the trend using ADX. To recognize when the market trading using the trend is better to use MACD. MACD is the indicator using in all trading ways and without MACD is a trading like the driving in the thick fog.

ADX trend

It is almost not possible to define the trend without to draw over the chart. It is taken the trend line and chart to define if have some trend. On the chart below is shown how the trend line defines the levels within the trend. So any significant movement out of the trend lines mean end of this trend. To use this trend and to guaranty enough movement when you entry the market is better to use this trend for bigger chart period more than 1-hour. For the long traders it is better to use charts more than 4-hours. But it is possible to use and for shot periods too, as on the chart below. With 1 on the chart below is showing the start of the trend and with 2 is show when the trend is over. But to appoint it better is necessary to use and MACD indicator, which in the next trading way we use it.

The using of the trend with ADX and chart analysis

Lesson 11

Difference Way to Trade – II

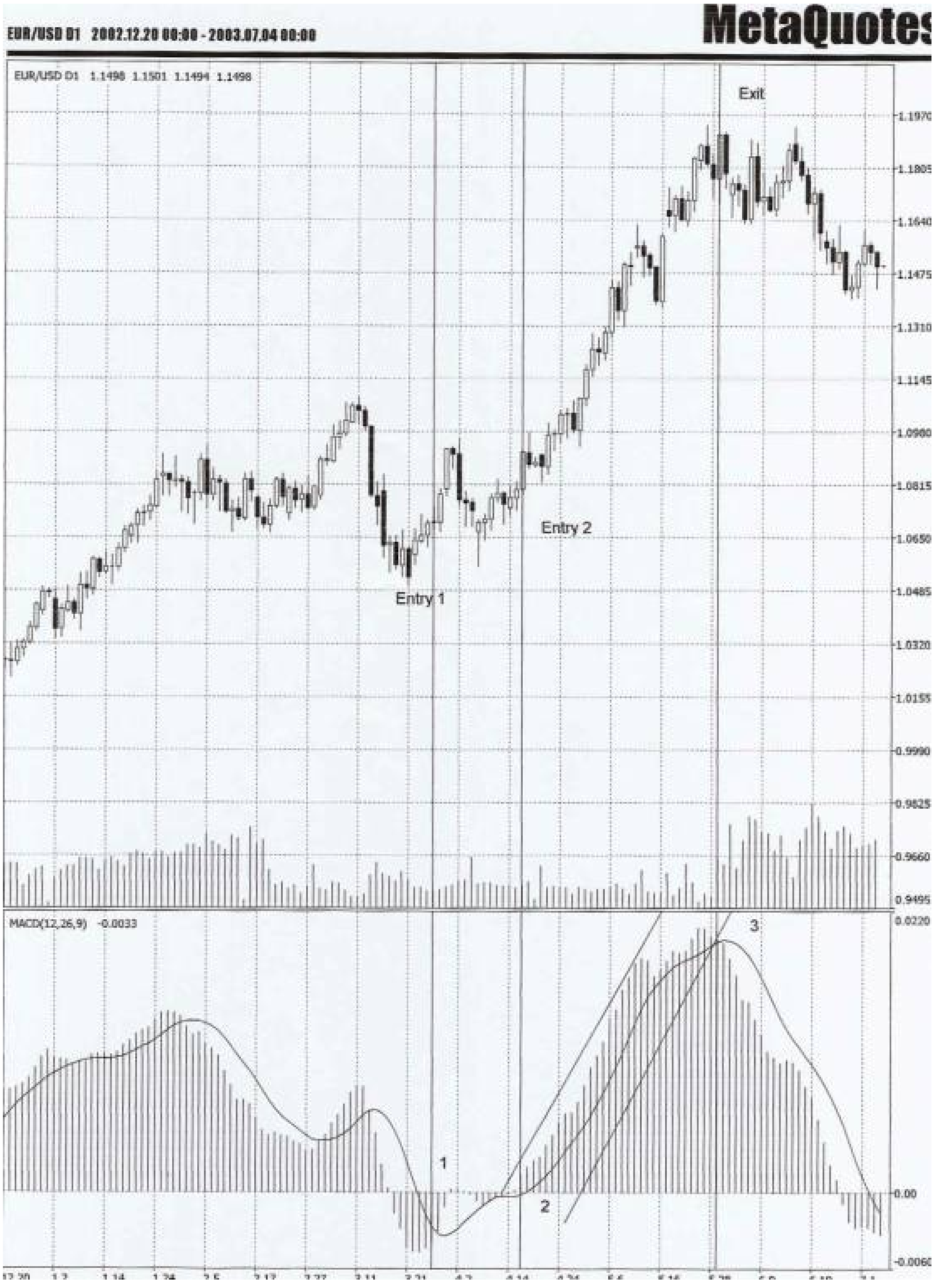
Trading Strategies

II Way: Using MACD Trend

This trading is one of the most difficult to define. But this trading is also starting by some major event like economic data public before with significant difference by the expectations, speeches or rumors on the bourse.

First of all using MACD to define if it is trading with the trend is to use MACD for long time period charts. Suitable for the trend recognize trading is for charts more than 1-hour. Usually it is using 1-hour charts, 4-hours charts, 6-hour charts and 1-day charts. For 1-day charts it is good to use for long traders, who trade positions for more than one week, usually from 2 weeks to 3-4 months. Such trading for long traders is needed to use less margin than the standard using by most trading companies of 1:100. It is better to use margin like 1:10 – 1:25 and to use stop losses more than 250 pips.

For the short traders prefer daily traders is better to use 1-hour chart trend and they could use margin to 1:100 maximum with stop losses about 40 – 80 pips. When is define the MACD trend is better to use the maximum fast of the trend. It means if the MACD chart fast move upward or downward we have sure signs for good trend. The slowly and slanting movement of MACD did not mean trend. It means that at any moment the movement in the current direction could stop and to start movement in the other direction or that with the current trend is over. On the 1 day chart below using MACD is shown how strong is the trend and are shown two moments (1,2 - Entry 1, Entry 2)where are define good entry levels for a sure trend continue further. The Exit is recognized on the MACD indicators as 3.



Two difference entry levels using MACD indicator and MACD trend

III Way: Using MACD Signals

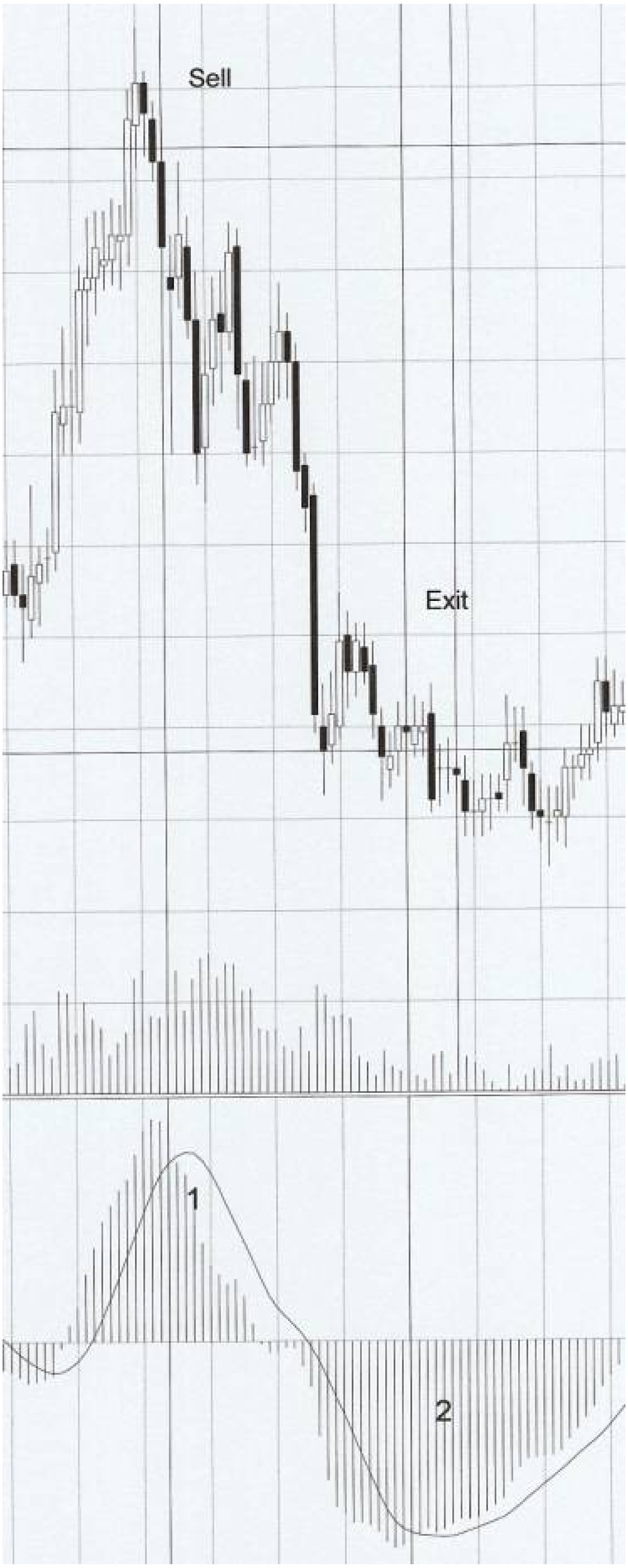
This way of trading is one of the best and most successive trading ways. MACD is such indicator who uses more than 75 % of the traders. MACD give excellent signals when the both MACD line crosses that every trader make action on the market by the crossing. The upward crossing above the zero line generates a sell signal. The power of the signal means by the level at which MACD cross. The signal could cross at level of MACD at 0.0001 and it could be at levels above 0.02. So for better explaining of the markets movements are better to use MACD at level above 0.0005. When MACD lines are crossing between below zero line it is a buy signal. The power of the signal also means by the level, which the lines cross. It also could be told that the power of the signal is so much power than the line crosses how far is possible by the zero line. Also for generating of buy signal is better to use MACD cross at levels lower than –0.0005.

Some traders use the crossing of the zero line as signal. This case is possible to use when the trading is in short range and the MACD is within the zone of –0.0005 and +0.0005. At this crossing have extra stimulus to continue the trading in the trend starting by the last crossing of both MACD lines.

One of the most successive scenarios to have sure positions using MACD indicator is to entry the market when the crossing is after smooth moving of the main MACD EMA. Then after smooth moving and making smooth top of MACD EMA the crossing SMA line is with downward or in horizontal movement and is seeing the turning start for sell and when SMA crossing below zero MACD line have upward start or horizontal starting upward movement.

But to see what will happen further is better to use longer charts. For example if you trade at 15 minutes charts is better to check what will happen after the crossing of MACD lines using 30 minutes or 1-hour chart with MACD.

On the chart below the MACD show one moment to sell with 1 when MACD lines crosses and with 2 the exit moment. In this trading using only one chart for example the 5-minutes chart is better to protect stop losses with average 25/35 pips and to expect 25/40 pips profit. How the chart period is higher so bigger profits could expects. For 1-hour chart is better to use stop losses at 30/40 pips and take profit average of 60 to180 pips.


Sell
Exit
1
2

Lesson 12

Difference Way to Trade – III

Trading Strategies

IV Way. Using Stochastic indicator only

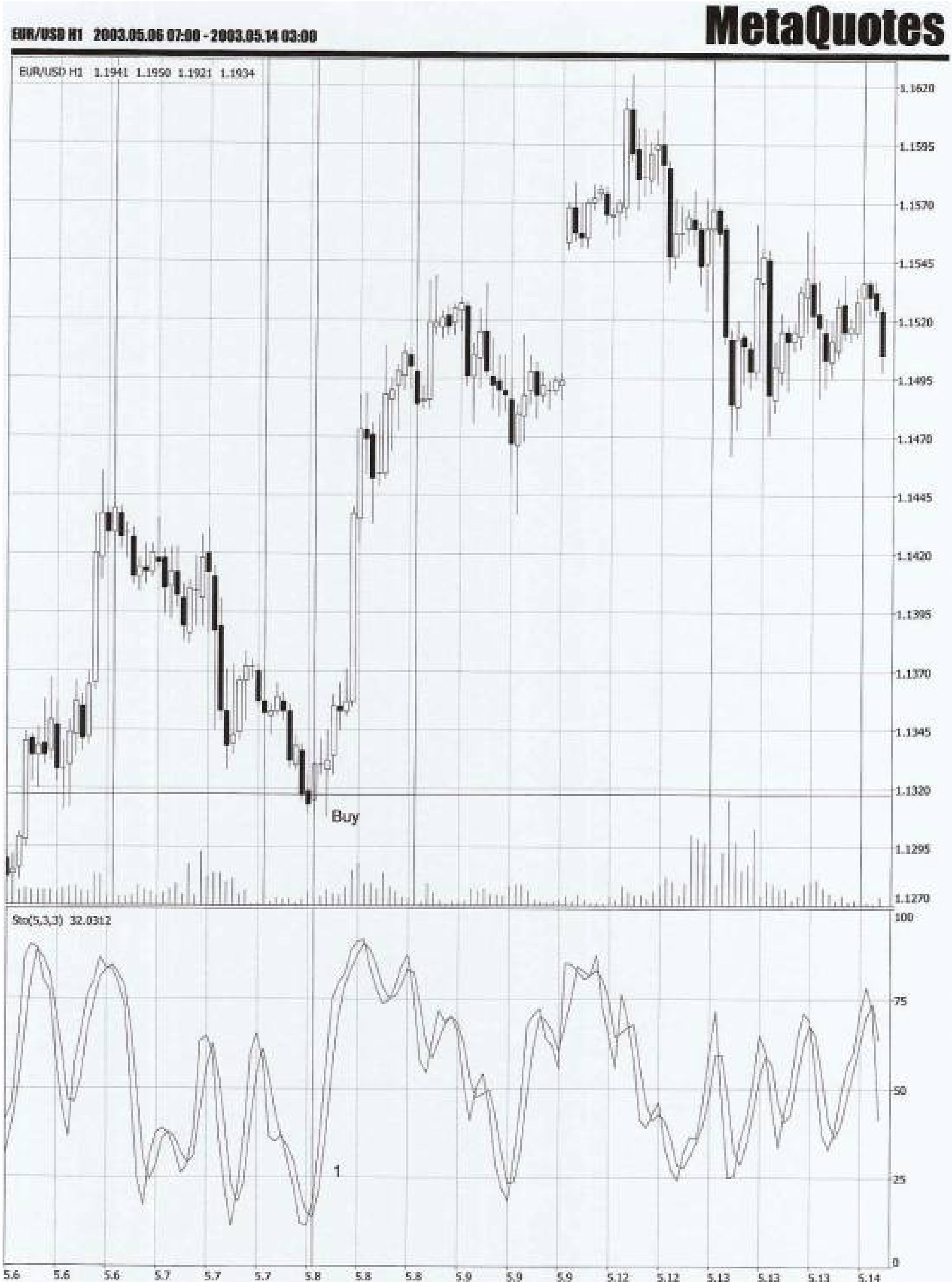
The second big part of the traders use Stochastic indicator only for the trading. The indicator has appointed levels from 0 to 100. The indicators both line the clear line and the dash line when crosses between at levels below 25 and level higher than 75 they generate signal.

The buy signal come when the main stochastic oscillator line and the dash line crosses at level below 25. The sell signals come when the lines cross over 75. Not any cross but generate signal. The clear signal come when the lines and especially the %K line is smooth. When the line %K is at waves with not regular form it means than the trading level is moving faster and is not appropriate to entry the market. **This is very important! When the %K line makes waves it is sure sign that the crossing of the lines DO NOT generate signal (1 on the figure).** This is sign for continued trend in the same direction and the signal will come only when the line stay smooth. At (2 on the figure) is generating signal, as then the chart is smooth and supported by MACD. See the example below on the chart.

Use smooth Stochastic oscillator line to entry the market

With stochastic oscillator is one very good indicator for the help to determine exact the market changing trends. Sometime the trading could be based over this indicator almost all the time. In June and July 2003 the trading were based over stochastic oscillator. With stochastic is possible to make very good profit. One of the main elements where the traders could find that the trend of MACD signal is over is to see Stochastic Oscillator.

The standard Stochastic signal in on the chart below. There the lines are smooth and the signals are clear and sure. With 1 on the chart below is show the smooth Stochastic Oscillator crossing of the lines giving a sure buy signal.



Sure Buy signal by smooth Stochastic crossing lines

One of the surer signal using stochastic oscillators comes when is forming double top or double bottom with divergence. If you are not bought or sold at the first crossing of the both lines at levels below 25 and over 75 and latter became second top which is with less power like on the chart below it is sure signal for big movement. The figure below with 1 is shown the positive divergence where is sure buy signal.

Stochastic Oscillator positive divergence

With 2 on the chart below is shown the sell signal generate by negative divergence.

Stochastic Oscillator negative divergence

V way: Using Stochastic indicator and MACD

The using of both technical indicators is the key to the success. Over 90% of the traders use at least one of both indicators. Using and both indicators together the key for the success is open. Both indicator together could show with the highest precise the movement on the market. The indicators together make the trading much easy and with detail analyses every trader could explain the short movements on the chart. The 90% of the traders use at least one of both indicator, also about 90% of the traders use technical indicators to make the trading on the forex market. One key advice to every trader starting on the forex market is to not go to trade without to watching at least one of both indicators!

What just could make more on the market using both indicators together?

First of all both indicators in combination will show where the starting trend forming by MACD crossing of both lines finish. On the chart below is show where Stochastic oscillator show the end of MACD starting trend. There all is finished and is better to close the open positions if is using MACD analyses only. But if is using MACD and stochastic analyses together such entry could not make. See on the chart at 1 is giving the signal to buy using MACD, but stochastic oscillator latter show sell and 2, so it is a sign for exit analyzing the second help indicator. If you use MACD the exit level will be at 3, as that will make some losses if you wait to see MACD exit signal.

Sell
Buy
1.1565
1.1545
1.1525
1.1505
1.1485
1.1465
1.1445
1.1425
1.1405
1.1385
1.1365
0.0029
0.00
-0.0030
1
2
3
100
75
50
25
0
11.6
11.7
11.7
11.7
11.10
11.10
11.10
11.11
11.11
11.11
11.12

Entry using MACD and exit using stochastic oscillator

Using MACD and stochastic oscillator is possible to make especially using stochastic many trading for 15 minutes chart it is possible to make at least 25 trading for 24 hours. But it is not successive, the success come by the big trends and by longer chart analyses.

The best way to make this trading using MACD and Stochastic is to make the follow. It is necessary expect such levels of both indicators, where are showing movements in one direction. There for very short time is receiving strong movement on the market and movement are much more sure than the moving using by only one indicator.

Lesson 13

Difference Way to Trade – IV

Trading Strategies

VI way: Using Fibonacci levels

Many Traders use Fibonacci to determine where are the support and resistance levels. Fibonacci mathematic calculations are one of the most power mathematic analyses on the forex charts where the traders could appoint with big accuracy the support and resistance levels. The using of Fibonacci is simple and is necessary to find a good top and bottom on the chart to place Fibonacci levels between. The levels between the top 100% and the bottom 0 % are the zones where is expecting the trading to meet resistance. The levels are the follow:

- Level 1 – 23.6%
- Level 2 – 38.2%
- Level 3 – 50.0%
- Level 4 – 61.8%
- Level 5 – 100.0%

The Fibonacci levels also include resistance and above 100% and the levels are:

- Level 6 - 161.8%
- Level 7 – 261.8%
- Level 8 - 423.6%

The levels 6,7,8 are not using much by the traders and there is expecting minor resistance.

The using of Fibonacci is better to be using for bigger charts 1-hour, 4-hours, 6-hours 1-day charts. It is appropriate to use and for little periods, as few days but the top and bottom have to be very good determined.

By the same way is using to determine the support levels, as instead to using top and bottom is using bottom and top. The procedure is the follow:

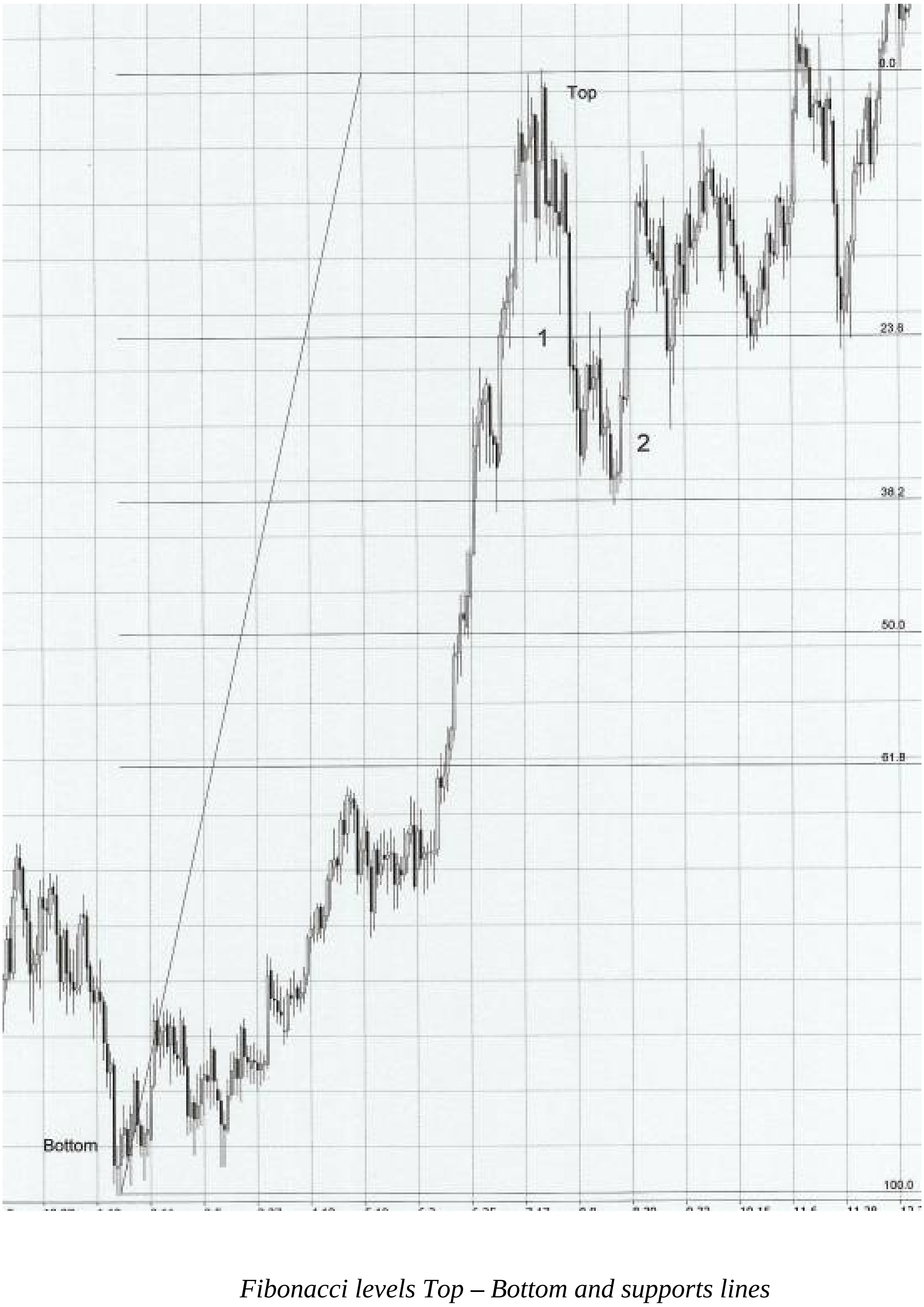
It is take good determine bottom and top. Place Fibonacci between the bottom and top. The first supports come again at 23.6% followed by 38.2% and so on.

The key element for Fibonacci and to be sure in the using of Fibonacci when two Fibonacci levels by two difference top and bottoms (bottom and tops) will have same levels of resistance (support). The levels could not be the same but the lines have to show the same currency levels. For example resistance for longer period Fibonacci level of 38.2% comes for EUR/USD 1.1525. For short period 61.8% Fibonacci resistance is also at 1.1525. It means that the levels are good determined and the power of the resistance will be stronger.

At the levels of 23.6% to 100.00% if have not exact and view support (resistance) then the levels of Fibonacci are not using. They are false and is better to not use Fibonacci for the moment or to find new other two top and bottoms where placing the Fibonacci levels on the chart will determine easy that the normal moving trend on the market is broken and the trading event is pushing away by the levels.

As one of the key levels for the market charts is possible to determine as levels 61.8%, 100.0%, 0% and 38.2%. These levels are the strongest but are better to consider for stronger the combination of two Fibonacci levels determine by difference top and bottoms (bottoms and tops).

On the chart below is showing how to determine the Fibonacci levels using top and bottom. There is seeing easy that the levels 38.2% make support. The support at 23.6 % with sign 1 is overtaken fast, but at 2 the support at 38.2% is sure and the trading do not overtaken that support. For the chart the Top to the Bottom places using Fibonacci.



Fibonacci levels Top – Bottom and supports lines

VII way: Using the chart figures

The charts and the figures on the charts talk to the traders much more than any technical indicator. Double top, head and shoulders, waves and much more are one of the best signals for the market traders.

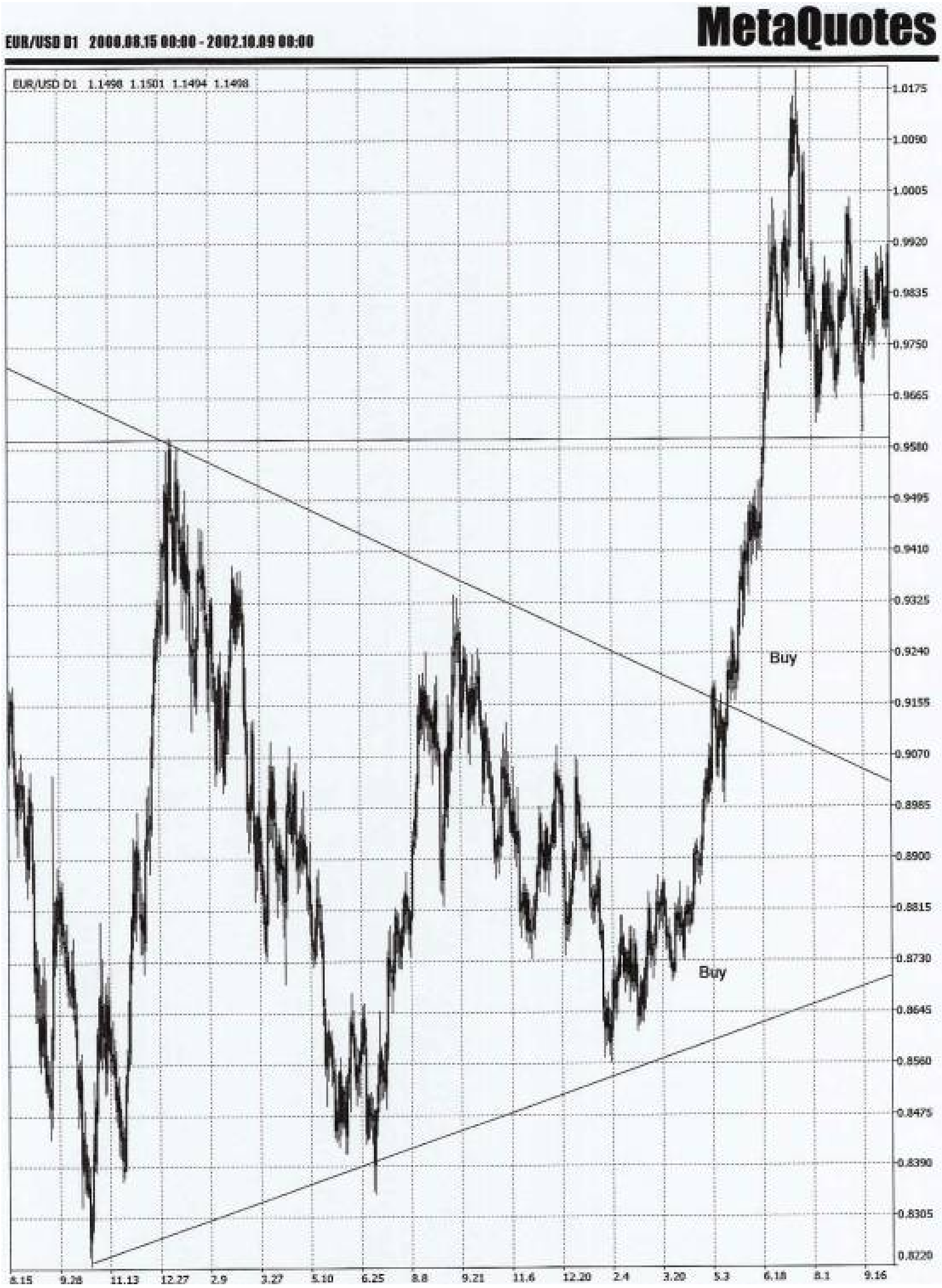
On the figures below are show the main and most important figures that are surer to make winning strategy on the market.

1. The Backtrack – After every big moving in one direction follow backtrack. The market up or down usually retrace a significant portion of the previous trend. That correction is measure in percentages. The most common is fifty percent retracement of the previous trend. Maximum the retracement is two thirds and minimal one third.

2. The Trend Line – Draw always trend line. It is simple and effective way to catch up the market movement. It is using the trend lines placing between two upward or downward tops. If the trading brake the trend line it is expect to start new trend. Otherwise trade in the trend line. With 2 on the chart is shown the end of the trend line.

The Trend Line chart

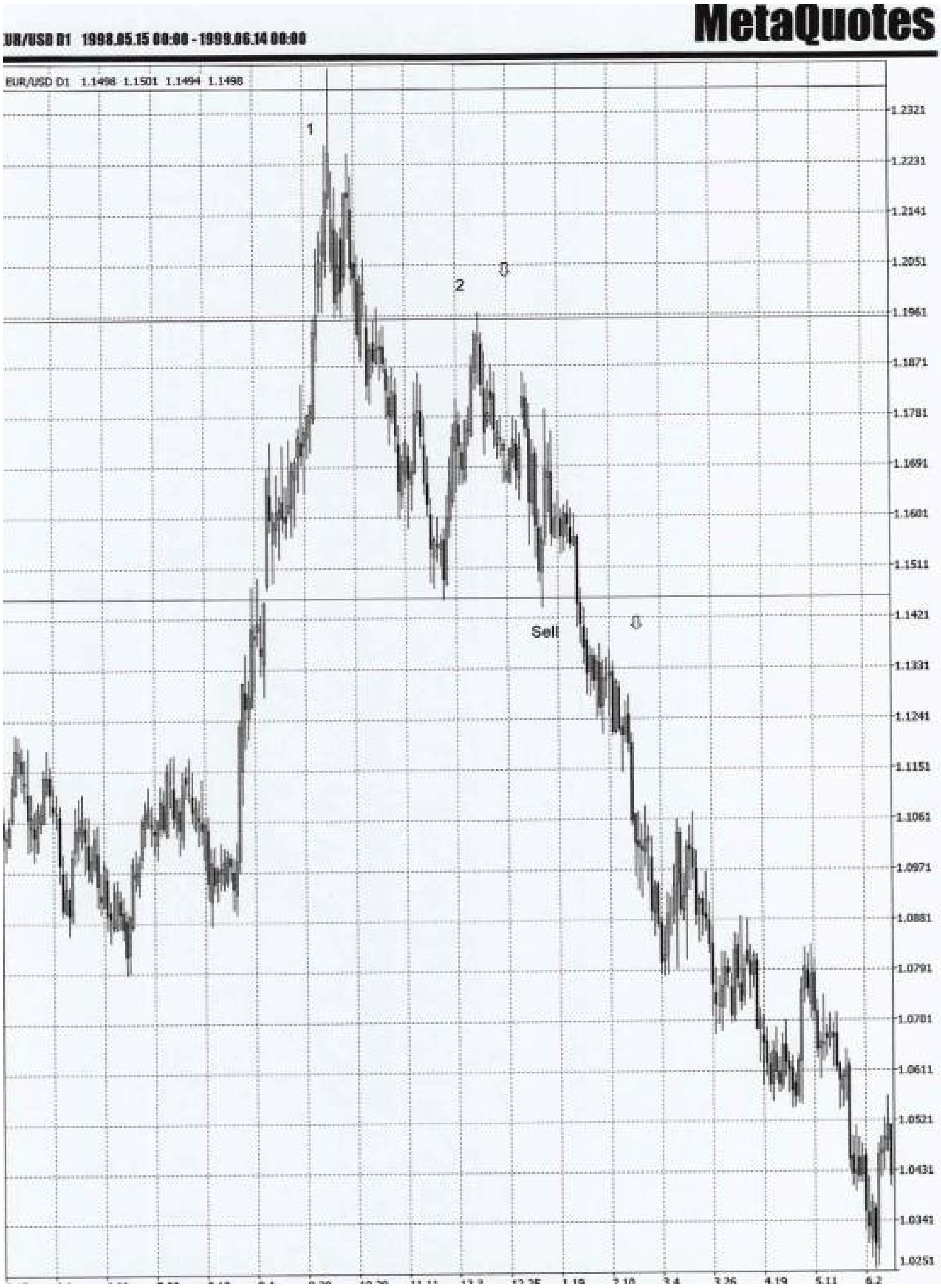
3. Calming waves. This element on the chart is possible to find after strong movement after that follow the calming waves and in one moment the waves stay with too short range. Any movement out of the drawing lines follow new strong movement in one or another direction. On the chart below there two buy signals the first come when the market touch the trend line and the second when the market trading broken the trend line.



Calming waves with broken trend line

4. Head and Shoulder. On the charts is possible to see one big top (or bottom) with little top (or bottom) next. The second top (or bottom) is s signal for movements in downward direction (upward direction). On the chart with 1 is show the first big top

and 2 are the second top the shoulder. Second top is a sign for downward movement and the key sell level come when is broken the key support line.



Head and Shoulder with sell signal

The chart figures trading is one of the surest trading way and most successive. To be using right it is necessary to use for bigger chart periods. The figures but come rarely on the charts and is necessary to be patient when recognize the figure on the chart.

Lesson 14

The Most Winning Time Strategy

Trading Strategies

The most winning strategy is based over the time strategy. The Time strategy has to be in combination with the fundamental data and later adding the technical accuracy the trading is the most successive.

So the most winning strategy is combination with the difference time charts prefer 5-minutes, 15-minutes and 1-hour charts. With it is adding the 4-hours charts trend line. Adding letter and the fundamental reasons for the trend and adding the accuracy using MACD technical indicator and Stochastic Oscillator is the solid trading based to explain every movement on the charts.

First is necessary to build the base of the movement. In more than 90% of the movements are based over fundamental reasons for longer period, like one week for example and more. The trend that is recognized in the charts bigger than 2-hours, the best is 4-hours to 6-hours and the maximal 1-day charts is based over some reasons. It is necessary to know that reasons. After that we have the fundamental reason for the moving. The next step to avoid losses is to appoint to when is expecting this reason to move the market. It is necessary to watching the economic calendar. All key events and the expecting data for at one week time ahead is very important to make detail analyze. Write the follow: events expecting with the forecast for the event and the last release of the economic event data. If have big difference by the expectations and the last release it is sure sign for moving of the market few days before the event to that reason that show the expectations. If the data is closer but the expecting event is key, then when the data will come is better to be careful or even to out if have positions or to delay the entry positions.

The full steps to analyze the market using the most successive trading strategy is to have real time charts open for 5-minutes, 15-minutes, 1-hours and 4-hours. At 4-hours, it is possible and to 2-hours, 6-hours even and to 1-day charts to draw the trend line. The trend line will show where the course mainly will move. After that the second step is at any one chart from 5-minutes (for more accuracy is possible to use even and 1-minute chart) to the maximal available chart period to have open the follow indicators. MACD and Stochastic Oscillator.

Having these elements ready the next step is to doing the follow. Waiting the market to reach to this bottom of the price where is the trend line border for the bigger chart. Watching now 1-hour chart MACD and Stochastic has to show movement in one direction expecting, as clear to see that the trading will make a turn and will continue with the trend like the trend of bigger chart 4-hours for example.

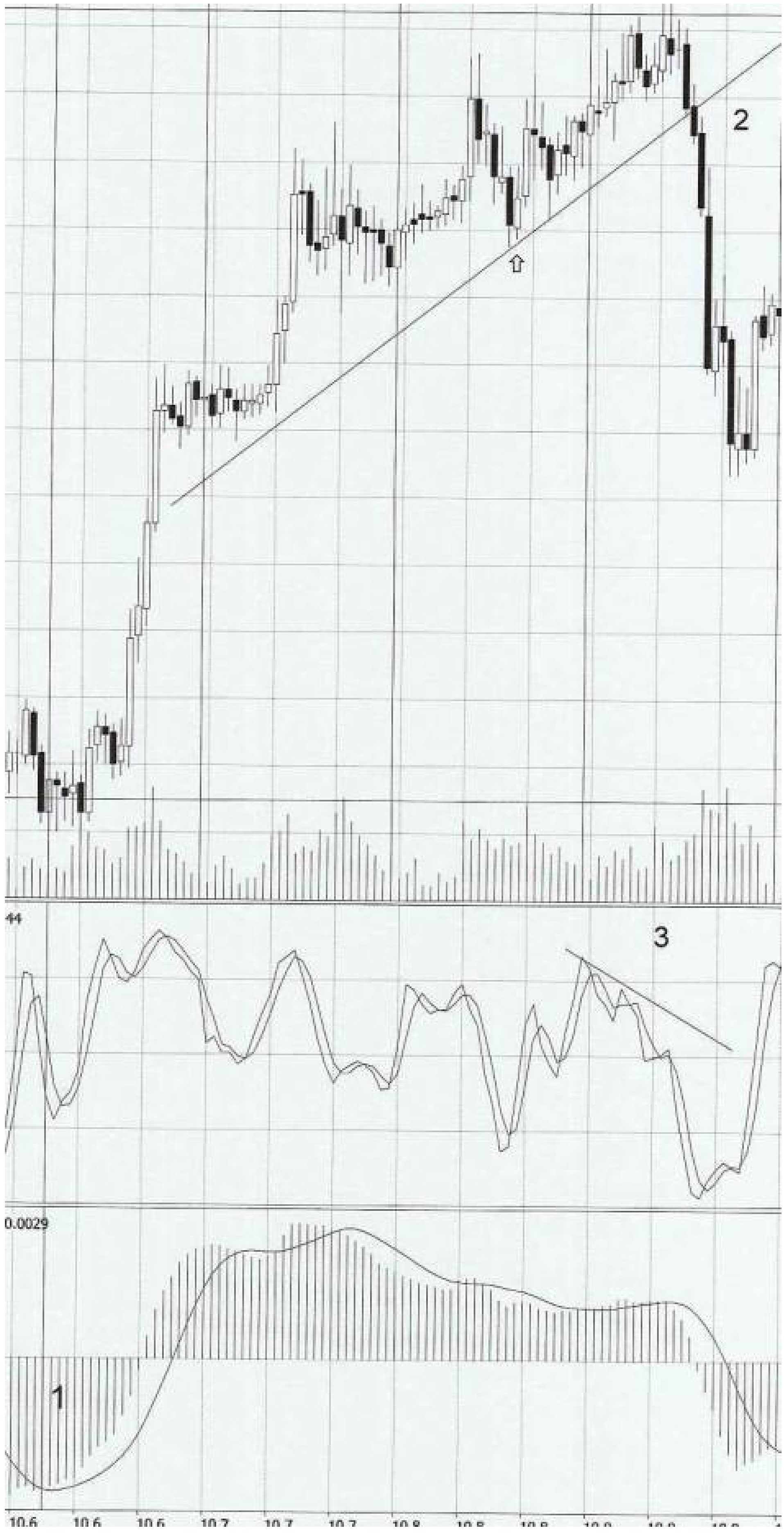
Watching now 15-minutes chart the technical data also have to show movements in one direction like 1-hour chart. MACD and Stochastic Oscillator could be and not as signal, but at least have to show movements expecting in the direction with the bigger trend by 4-hours chart.

And now make accuracy trading using the same procedure for 5-minutes and 1-minute charts. If you use 1-minute chart the stop losses could be to 20 pips, for 5-minutes charts the stop losses are 35 pips, for using of 1-hour charts only the stop losses have to move to at least 75 pips.

For clearer picture about the trend movement is necessary to add the extra indicators like Fibonnaci. Fibonacci use for at least 1-hour chart and higher the best is for 4-hours, one day charts. Reaching the levels of Fibonacci is important for the movement and the appointing of the major trend.

So the most important to be professional trader is to focus on difference chart periods and never to use one chart period. The professional trading software programs like MetaQuotes offer for second to change between difference chart periods and all to have the same settings and drawings as the last view there. Using the technical accuracy, the trend and the fundamental reasons for the movement in some direction the key to the success will come very soon.

After the catching the trend and making of profit the most necessary to know is when the trend will over. There are couples of ways to predict the market end of the trend. First change the levels of stop losses as use at least 35 pips stop losses level. Watching the levels of the technical indicators, not always you will recognize the real end of the trend. The trend end and the best exit positions you will find when the trading level broke the trend line and with the current trend all is over. Then exit by the market. On the chart below is showing the end of the trend as the trading broke the drawing trend line and that is an exit signal. The technical indicators also could show that but during the trend line often the lines of the MACD and Stochastic signals are mixed and could give to us falls exit signal. With 1 is shown the entry level sugnals using MACD. Next we use the trend line to keep the positions and when the trend line is broken at 2 is our exit signal supported by Stochastic oscillator negative divergence with 3.



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The most successive trading strategy - use combination of MACD, Stochastic and Trend line

Spot that you can make your analyses for the trading entry using and the charts as 5-minutes, 15-minutes, 1-hour and even for more accuracy and 1-minute charts all combine with MACD and Stochastic.