

# **1st Place Demo Trading December 08 Challenge**

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Name – Ahmad Selihin Che Said Position – 1st Place Percentage Gained – 2307.78% Age – 42 Country – Malaysia Occupation – Civil Engineer

Bio – I just got interested in trading over the last 3 years and just started spending a lot of time reading lots of Forex reference material. I spent nearly every free hour trying different settings and nearly lost my job because of focusing on Forex signal research all the time. I originally called this system the Lansera System and decided to share it for those who are a losing all the time and need to come alive again.

## The D8D1 System

<u>Overview</u> <u>Markets Traded</u> – Forex, any pair <u>Charts</u> – 4 hour and 15 Minute <u>Charting Software</u> – MetaTrader 4 <u>Indicators</u> IBFX – Daily Pivot (<u>Click here to download</u>) I-regr Indicator (<u>Click here to download</u>) IL\_for DeMark (<u>Click here to download</u>) TL\_for DeMark (<u>Click here to download</u>) zigAndZag (<u>Click here to download</u>) RSI (14) CCI (14) Momentum (10)

Lot Size – 3% - 5% of balance

Do not trade if you are not in the right frame of mind. I have found that if you are not in the right frame of mind when you trade it can often lead to disaster.

#### IBFX - Daily Pivot Indicator (Click here to download)

Pivot points have become a very well known and widely used technical analysis tool. To understand Pivot Points you need to understand Support and Resistance. Support levels are considered levels at which price decline is continually rejected. Conversely, resistance levels are considered levels at which price increase is continually rejected.

Click the link above to visit the IBFX website where you can download this free technical indicator for the MetaTrader 4 trading platform. Setup is very simple, the installation file will install the indicator in the experts folder of your MT4 installation for you so all you need to do is add the indicator to your charts.



Have a look at the following chart:

When you add the IBFX Pivot Indicator you will first notice the Pivot, Support and Resistance levels shown at Point A.

The indicator will also draw these lines on your chart. Resistance lines are shown in Red and Support lines are shown in Green.

Point B is an area where the market tested the S2 area repeatedly before moving up. Points C and D are areas where Resistance was tested and failed. These levels will come in handy later on when selecting potential targets.

#### I-regr Indicator (Click here to download)

The I-Regr Indicator also known as the Linear Regression Channel consists of two parallel lines, equidistant up and down from the line of linear regression trend.

The distance between frame of the channel and regression line equals to the value of maximum close price deviation from the regression line.

If price is below the bottom line - Buy If price is above the upper line - Sell

Visit the link above and download the indicator then install it in your expert's folder of MT4. Once you have this indicator simply add it to your charts and you should see something similar to the chart below:



The Upper and Lower Bands should be displayed in Yellow and the Middle Band should appear in Green. Point A shows an area where price had moved above the upper band and in this area we would be looking to go short or only sell.

Point B shows an area where price has gone below the Lower Band and around this area we would be looking to go long or only buy.

Point C shows the Middle Band which we can also use as a Take Profit area where you can place your Target Limit

#### TL for DeMark (Click here to download)

Thomas Demark developed the methods of objective choosing two points for TDline of the trend drawing (for more information about T. Demark's approach to technical analysis <u>click here</u>).

Visit the link above and download the indicator, then install it in your expert's folder of MT4. Once you have this indicator simply add it to your charts and take a look at the following charts to see what it looks like in action:



An extended GREEN line will appear on your charts when the indicator signals an uptrend as seen at Point A in the chart above.



Figure 1.4 – The TL\_for\_Demark Indicator signaling an Downtrend

An extended **RED** line will appear on your charts when the indicator signals a downtrend as seen at Point A in the chart above.

According to T. Demark, the most important thing for a trader is the last state of the market, so in this version of the indicator the last direction of the trend is drawn with a thick solid line. The nearest preceding direction of the trend, is

drawn with a thin dotted line as shown by the dashed <u>YELLOW</u> line in chart above at point B.

zigAndZag (Click here to download)

The zigAndZag indicator should be included with most MetaTrader 4 trading platforms and can be found under Custom Indicators, but if for some reason you do not have this indicator simply visit the link above to download a copy.

The zigAndZag indicator is a trend line drawing custom indicator which will draw trend lines on your charts for you.

Either add this indicator to your charts via the add indicators menu on MT4 or visit the link above and download the indicator. Install it in your expert's folder of MT4 and once you have this indicator in the custom indicators section simply add it to your charts and take a look at the following charts to see what it looks like in action:



#### **RSI, CCI and Momentum**

The RSI, CCI and Momentum indicators are usually the last indicators to give you a signal to enter a trade and from time to time you may find two of the indicators signaling a trade while one gives you an opposite reading.

We do not enter any trades until all 3 indicators are in agreement. Take a look at the chart below:

All conditions on the 15 minute chart are perfect for a trade on the long side but RSI (Point A), CCI (Point B) and Momentum (Point C) have not yet given us a signal to buy.

In order for us to enter the trade on the long side we require the following:

The RSI line (Point A) must move above 40 (dashed black line) The CCI line (Point B) must move above 0.00 (dashed black line) The Momentum line (Point C) must move above 100 (dashed black line)



\*\*\*\*The opposite applies for short trades\*\*\*\*

## <u> RULES – Long Trades</u>

Step 1: Determine the Trend direction using the I-regr indicator on the 4 hour chart. The trend direction is up if price is below the lower band. When this occurs we will only look for opportunities to buy.

Step 2: Check the News Alerts for any news/reports to confirm the trend.

Step 3: Check that RSI, CCI and Momentum on the 4 hour chart confirm the trend direction. This is not absolutely essential but just a guide.

Step 4: Once the overall trend direction has been established switch to the 15 minute chart to look for an entry.

Step 5: Check that RSI is above 40

Step 6: Check that CCI is above 0.00

Step 7: Check that Momentum is above 100

Step 8: Open an order on the 15 minute chart after the candle crosses the middle I-regr band from below OR if RSI, CCI and trend is up.

Step 9: Open your order and place your stop loss 30 pips below your entry level. Step 10: Do not place your Target/Limit too early, until a consolidation signal occurs or before the release of a trade report such as Bernanke or a Bank report, then set a Trailing Stop at 20 pips.

Step 11: If all conditions including News/Reports indicate that positive trend and profit has been gained earlier then additional lots can be added.

### Long Trade Example:



Figure 1.7 – Long Setup on the 4 Hour Chart



Figure 1.8 – Long Setup on the 15 Minute Chart

## RULES – Short Trades

Step 1: Determine the Trend direction using the I-regr indicator on the 4 hour chart. The trend direction is down if price is above the upper band. When this occurs we will only look for opportunities to sell.

Step 2: Check the News Alerts for any news/reports to confirm the trend.

Step 3: Check that RSI, CCI and Momentum on the 4 hour chart confirm the trend direction. This is not absolutely essential but just a guide.

Step 4: Once the overall trend direction has been established, switch to the 15 minute chart to look for an entry.

Step 5: Check that RSI is below 40

Step 6: Check that CCI is below 0.00

Step 7: Check that Momentum is below 100

Step 8: Open an order on the 15 minute chart after the candle crosses the middle I-regr band from above OR if RSI, CCI and trend is down.

Step 9: Open your order and place your stop loss 30 pips above your entry level. Step 10: Do not place your Target/Limit too early, until a consolidation signal occurs or before the release of a trade report such as Bernanke or a Bank report then set a Trailing Stop at 20 pips.

Step 11: If all conditions including News/Reports indicate that positive trend and profit has been gained earlier then additional lots can be added.

#### Short Trade Example:



Figure 1.9 – Short Setup on the 4 Hour Chart



Figure 1.10 – Short Setup on the 15 Minute Chart

## Trade Example 1:

Have a look at the following chart:



Figure 1.11 – Short Trade on the 15 Minute Chart

All conditions had been met on the 4 hour chart suggesting that the Trend was down so we switched down to the 15 Minute chart to look for a possible entry.

RSI was below 40, CCI was below 0 and Momentum was below 100 so we were able to trade.

At Point A price had gone above the I-regr middle band and then started to cross below so we entered the market on the short side.

Point B shows the level at which we entered the trade.

We then placed our stop loss 30 pips away from the entry at Point C.

Eventually the market moved in our favor and we were in profit until we got another entry signal at Point D.

Since we were already in profit and all the indicators were in agreement we opened another short position at point D and placed our stop loss 30 pips away at Point E.

We initially used the S2 Pivot Level at Point F as the initial target for both positions.

Unfortunately we were shutting down for the day so we set a trailing stop from that point on and were taken out of the trade for over \$1000 profit not long after.

### Trade Example 2:

Have a look at the following chart:



Figure 1.12 – Long Trade on the 15 Minute Chart

All conditions had been met on the 4 hour chart suggesting that the Trend was up so we switched down to the 15 Minute chart to look for a possible entry.

RSI was above 40, CCI was above 0 and Momentum was above 100 so we were able to trade.

Price had broken below the I-regr lower band at Point A so we opened an order to go long which was filled at point B.

We placed our stop loss 30 pips below the entry level at Point C.

We used the R3 Pivot Level at Point D as our target which was taken out not long after taking this image for profit roughly \$420.