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Written by,

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SUMO FX

[FOREX TRADING SYSTEM]

Trading Plan | Trading Strategy | Trading Rules

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INTRODUCTION

My name is Jaco Ferreira and is situated in South Africa. I started with Forex Trading in July 2010, and over the last year and a half have been actively involved with Forex Trading. I consider myself a complete novice, but have an enormous drive for self improvement and success. I did a lot of research and education through courses and books and of course the internet.

I thought I was ready for live trading at the beginning of September and started with a small \$1000 account. By the middle of the second week I had a zero balance in my first account. I have been trying for months to figure out what went wrong, and started to investigate what the successful traders do to be successful. The result of my research from various brilliant resources is this document. I am currently in the process of testing the Trading System with a demo account. The plan is to test it properly and refine the system so that I can start with live trading again in January 2012.

This document describes my own personal Forex Trading System. I view this document as the Business Model on which I base the operation and management of my Trading Business. The document is made up of following three core components:

- Chapters 1 to 7 defines my **Trading Plan** (Business Plan)
- Chapter 8 defines my **Trading Strategy** (Business Tools)
- Chapter 9 defines my **Trading Rules** (Code of Conduct of my Business)

The last chapter (Chapter 10) contains the templates I use for record keep in my business.

My Forex Trading System was designed with my own trading style in mind and may not necessarily work for someone else. However, if someone else wishes to use the system, then you are welcome to do so, provided you give the due credit to the contributors listed under Acknowledgements and References.

Please keep in mind that this document is currently still under development. I do not guarantee or claim that every single concept or word in this document is 100% accurate and correct. Some people may view some of the methods, strategies, techniques and reasoning behind the document differently to mine. I welcome any criticism, suggestion or comment that will improve on this document and my Forex Trading System.

The grammar and spelling in this document may be riddled with errors. I apologize for any such errors and would welcome anyone notifying me of such errors so that corrections can be made.

As a general disclaimer, I do not take any responsibility for any losses or damages that may occur from the use or application of the contents of this document. As stated, the system was designed for my own personal use based on my own trading style. If anyone wishes to use the trading system, that person shall do so at their own risk.

This document and its contents may distributed freely for personal use, but **MAY NOT** be sold as a whole or in part for a profit. I do not intend to sell or use this document and its contents as a product for financial gain.

Again, any criticism, suggestions or comments will be welcomed.

Jaco Ferreira (jacoaf@hotmail.com)

ACKNOWLEDGMENTS AND REFERENCES

The composition of my Forex Trading System would not have been possible without the following resources, and I acknowledge the following resources and give the due credit for the ideas, concepts and methods that was used in this document.

If in any way I infringed on copyright of material included in this document, then I apologize as it was not the intension, and request to be notified of such infringement as soon as possible so that I can remove the offending material.

Research material and references:

- Trading Plan Template (Tim Wilcox, www.trade2win.com)
- The Secrets To Emotion Free Trading (Larry Levin, www.futureseducation.com)
- Rules for Forex Trading (Lever70 – Forex Factory Member, www.forexfactory.com)
- The 25-Point Mantra for Day Trading (Douglas E. Zalesky – CEO eLocal, www.elocaltrading.com)

If for any reason I have left out the acknowledgement of material used in this document, then please notify me so it can be include.

CHAPTER 1

PERSONAL ASSESSMENT AND PURPOSE

This chapter describes your personal assessment and purpose as a trader. It answers important questions regarding the personality of the trader that will determine if trading is a viable option to make a living, the best suited trading style and the expectations of the trader in respect to trading for a living.

1. WHY DO I WANT TO BE A TRADER?

My personality and nature is perfectly suited to trading. Due to my background in computers, design work and programming, I have a natural flair for technical analysis, logical thinking and problem solving. I love working in a methodical, structured manner that requires complete understanding of the challenge at hand and the discipline that is required to successfully overcome the challenge. I know that through constant education, in-depth technical analysis and a solid understanding of the markets, I will become a successful trader.

a) Primary Objective:

Become a full-time trader with Forex Trading as my primary source of income, earning a minimum of \$6000 US per month. This will allow me a lifestyle of relative freedom to afford the things I want without debt and financial stress. It will allow me to pursue other personal goals without the restraints of a regular job. It will allow me to travel, work from home and be my own boss.

b) Secondary Objective:

Develop my own Trading Strategy that will yield consistent profits. This trading strategy will, over time, be documented and compiled into a training course, which I will use to teach new traders and generate a secondary source of income.

I understand the risks and rewards of trading. I understand that the nature of the financial markets is extremely dynamic and therefore trading is not to be seen as a way to make easy money. I believe that I am capable of approaching trading as a serious job, being my own strict boss in my own business. I will practice extreme discipline to strictly adhere to my Trading Plan. In doing so, I firmly believe that I will, in time, achieve my objectives.

2. WHAT SORT OF TRADER AM I?

I am an aggressive trader suited to intra-day trading. My chart setups, indicators and style of technical analysis are best suited to a scalping style of trading. My trading style is aimed at making consistent profitable trades, however big or small. That said, I will practice great discipline and sound management skills as is stipulated in this trading plan.

3. WHAT ARE MY STRENGTHS AND WEAKNESSES?

The following Strengths and Weaknesses have been identified:

a) Strengths:

- i) Strong technical analysis background from working with computers and programming.
- ii) Reasonably disciplined in my work.
- iii) Prefer working in a methodical and logical manner.

b) Weaknesses:

- i) Tend to overtrade too much, and be greedy often.
- ii) Need to work on being patient to identify proper entry and exit points for my trades.
- iii) Invest more effort in applicable upcoming fundamentals.
- iv) **Very important:** must work out proper Stop Loss and Take Profit levels for every trade and enter these when the trade is placed.
- v) Need to work harder on my Money Management skills.
- vi) Need to define proper parameters for a trading schedule, and stick to it.
- vii) Need to learn to cope better with the emotional side of my trading.

4. AM I IN THE RIGHT FRAME OF MIND TO TRADE?

In order to ensure that I am alert and in the right frame of mind I will follow the following guidelines as best I possibly can:

- a) I must have at least 6 hours solid sleep per night to be well rested for trading the next day.
- b) I will identify a maximum of two trading sessions during the day, based on market conditions and the daily planning, that may not exceed more than eight hours in total, with proper breaks in-between of at least one hour.
- c) My trading hours will preferably be between the hours of 7am to 7pm, Monday to Friday.
- d) I will only trade if I feel that I have no personal matters that may distract me or weigh on my mind, for example family matters, visitors or other stressful personal matters.
- e) I will trade in a quiet, comfortable, well ventilated environment.
- f) I will not trade if I feel I am not mentally calm and focused.

5. WHAT ARE MY INCOME TARGETS?

To achieve my Primary Objective of earning a minimum of \$6000 per month I have determined that, based on a starting equity balance of \$1000, I have to grow my account capital by 60% per month before withdrawal. Based on my Risk Strategy, I have allowed for a maximum loss of 20% per month on my account capital. The result is a Net Growth of 40% per month on my equity balance, and when I factor in monthly withdrawals I should reach my Primary objective of earning \$6000 per month by the end of the first year of trading. Refer to the table labeled "Projected Profit Target for the Month" under "Chapter 10 – Record Keeping Templates" for details on the calculations of these targets.

I understand that in reality these targets will probably be very different, but my goal is to work towards these ideal figures and will review and revise my targets on a monthly basis.

a) Breakdown of minimum Income Targets:

- i) Annual income target of \$72000.00.
- ii) Monthly income target of \$6000.00.
- iii) Weekly income target of \$1500.00.
- iv) Daily income target of \$300.00.

b) Example of Projected Targets (Refer Chapter 10, Section 1 to 4, for Details)

PROJECTED PROFIT TARGETS FOR THE MONTH OF:								
DEFAULT VALUES:	Start Balance:	1 000.00	Risk %:	3 %	Trade Size %:	6 %	Profit %:	10 %

Description	Maximum Risk Amount (\$L)	Maximum Trade Size Amount	Daily Profit Target Amount	Account Balance
Opening Balance	0.00	0.00	0.00	1 000.00
Week 1, Mon	30.00	60.00	100.00	1 100.00
Week 1, Tues	33.00	66.00	110.00	1 210.00
Week 1, Wed	36.30	72.60	121.00	1 331.00
Week 1, Thu	39.93	79.86	133.10	1 464.10
Week 1, Fri	43.92	87.85	146.41	1 610.51
Week 2, Mon	48.32	96.63	161.05	1 771.56
Week 2, Tues	53.15	106.29	177.16	1 948.72
Week 2 Wed	58.46	116.92	194.87	2 143.59
Week 2, Thu	64.31	128.62	214.36	2 357.95
Week 2, Fri	70.74	141.48	235.80	2 593.75
Week 3, Mon	77.81	155.63	259.38	2 853.13
Week 3, Tues	85.59	171.19	285.31	3 138.44
Week 3, Wed	94.15	188.31	313.84	3 452.28
Week 3, Thu	103.57	207.14	345.23	3 797.51
Week 3, Fri	113.93	227.85	379.75	4 177.26
Week 4, Mon	125.32	250.64	417.73	4 594.99
Week 4, Tues	137.85	275.70	459.50	5 054.49
Week 4, Wed	151.63	303.27	505.45	5 559.94
Week 4, Thu	166.80	333.60	555.99	6 115.93
Week 4, Fri	183.48	366.96	611.59	6 727.52
Week 5, Mon	201.83	403.65	672.75	7 400.27
Week 5, Tues	222.01	444.02	740.03	8 140.30
Week 5, Wed	244.21	488.42	814.03	8 954.33
Week 5, Thu	268.63	537.26	895.43	9 849.76
Week 5, Fri	295.49	590.99	984.98	10 834.74
Closing Balance	0.00	0.00	0.00	0.00

CHAPTER 2

TRADING GOALS

1. WHAT ARE MY ANNUAL TRADING GOALS?

a) The following are my long-term annual trading goals for the next twelve months:

- i) Develop and adapt my trading style to become a successful and consistent trader. This will be done with continuous research, education and testing of technologies and new methods of trading.
- ii) Develop and adapt my trading strategy to identify and execute high probability winning trades to maximize profits, while avoiding bad trades that will translate into losses. The key here is to adhere in a very strict manner to my Trading Plan and my Trading Rules.
- iii) Work hard to master the emotional aspect of trading. Research and educate myself on techniques to overcome fear, excitement, greed and all the other emotions that will negatively influence my ability to make the correct trading decisions.
- iv) Develop and document my trading strategy and style to be able to offer it as a trading course at a later stage to meet my secondary objective, which is to generate a secondary flow of income from training courses.

b) Reward for achieving these goals:

- i) If two of the four goals are achieved I will reward myself with a week's holiday in KwaZulu/Natal.
- ii) If all four goals are achieved I will reward myself with boat cruise on an Ocean Liner.

2. WHAT ARE MY MONTHLY TRADING GOALS?

a) The following are my monthly trading goals:

- i) Follow my Trading Plan as strictly as possible, while constantly re-evaluating my Trading Plan, identifying possible weaknesses or improvements and making appropriate adjustments where necessary at the end of the month.
- ii) Strictly follow to my Trading Rules and add or remove rules based on their validity and performance at the end of the month.
- iii) Actively work towards my monthly trading targets by achieving my daily targets in accordance to my Trading Plan and Rules.

b) Reward for achieving these goals:

- i) I will reward myself for achieving all of my monthly goals with a weekend away.

3. WHAT ARE MY WEEKLY TRADING GOALS?

a) The following are my weekly trading goals:

- i) Over the weekend I will evaluate the previous week's trading performance using my Trading Journal to identify winning and losing trades and the reasons/causes for the win/loss.
- ii) Using this information I will add entries into my Trading Strategy Journal to record key aspects that resulted in a win/loss. The Trading Strategy Journal will be used to develop and streamline my trading strategy.
- iii) Market Analysis for the week ahead will also be done over weekends to identify possible trends and trade setups for the week ahead.
- iv) Key fundamental events for the week ahead will be identified and entered into my Trading Calendar that will be displayed at my trading station.
- v) During the week I will search and identify high probability trades in accordance with my Trading Plan and Rules, and execute them in strict accordance thereof.

b) Reward for achieving these goals:

- i) I will reward myself with a night out on Friday or Saturday for achieving my weekly goals.

4. WHAT ARE MY DAILY TRADING GOALS?

a) The following are my daily trading goals:

- i) At the start of the day I will first watch the markets, analyze them and plan my day's trading.
- ii) I will trade the day in accordance with my Trading Plan and Trading Rules.
- iii) At the end of the day I will update my Trading Strategy Journal with info based on my Trading Journal where necessary.

b) Reward for achieving these goals:

- i) My reward for achieving these goals will be to add one hour to my monthly weekend away. If at the end of the month I have added 12 hours or more to my weekend away, I will be entitled to an extra day's holiday at the beginning or end of the weekend.

CHAPTER 3

MARKETS, INSTRUMENTS & TIME-FRAMES

1. WHICH MARKETS WILL I TRADE?

I will only be trading in the Forex Market. My Chart setups, indicators and trading strategy are best suited for Intra-day trading in the Forex Markets.

a) My focus for Technical and Fundamental analysis will be on the following markets:

- i) United States of America (US Dollar - USD)
- ii) Europe (Euro - EUR)
- iii) Great Britain (British Pound - GBP)
- iv) Japan (Japanese Yen - JPY)
- v) Australia (Australian Dollar - AUD)
- vi) New Zealand (New Zealand Dollar - NZD)

2. WHICH MARKET INSTRUMENTS WILL I TRADE?

a) I will primarily, but not exclusively, trade the following Major Currency Pairs:

- i) USD/JPY (US Dollar vs. Japanese Yen)
- ii) USD/CHF (US Dollar vs. Swiss Franc)
- iii) EUR/USD (Euro vs. US Dollar)
- iv) GBP/USD (British Pound vs. US Dollar)
- v) AUD/USD (Australian Dollar vs. US Dollar)
- vi) NZD/USD (New Zealand Dollar vs. US Dollar)

b) In addition I will develop my strategy to look at opportunities with the following Cross Pairs:

- i) EUR/GBP (Euro vs. British Pound)
- ii) EUR/CHF (Euro vs. Swiss Franc)
- iii) GBP/JPY (British Pound vs. Japanese Yen)
- iv) GBP/AUD (British Pound vs. Australian Dollar)
- v) AUD/NZD (Australian Dollar vs. New Zealand Dollar)
- vi) AUD/JPY (Australian Dollar vs. Japanese Yen)

3. WHICH TIMEFRAMES WILL I TRADE?

My trading style and trading strategy is best suited to intra-day trading and scalping. I will be using the following timeframes:

a) Market Sentiment and Long/Medium-term Trend identification:

i) Monthly Chart:

- Used to identify Long-term Trend and Market Sentiment.
- Identify key Annual Support and Resistance levels.
- Used for Annual Strategy and Trading planning.

ii) Weekly Chart:

- Used to identify Medium-term Trend and Market Sentiment.
- Identify key Monthly Support and Resistance levels.
- Used for Monthly Strategy and Trading planning.

b) Weekly and daily technical analysis, fundamental analysis and trade planning:

i) Daily Chart:

- Used to identify Short-term Trend and Market Sentiment.
- Identify key Weekly and Daily Support and Resistance levels.
- Used for Weekly and Daily Strategy and Trading planning.

ii) 4 Hour Chart:

- Used to identify Daily and Intra-day Trend and Market Sentiment.
- Identify key Daily and Intra-day Support and Resistance levels.
- Used for Daily Strategy and Trading planning.

c) Intra-day technical analysis and identifying high probability trade opportunities:

i) 1 Hour Chart:

- Used to identify Intra-day Trend and Market Sentiment.
- Identify key Intra-day Support and Resistance levels.
- Used to identify High Probability trades.
- Will be used to identify possible Trade Entry/Exit points.
- Monitor High Probability intra-day trades.

ii) 30 Minute Chart:

- Identify key Intra-day Support and Resistance levels.
- Used to identify High Probability trades.
- Will be used to identify possible Trade Entry/Exit points.

d) Trade Setups, Entry and Exit points:

i) 15 Minute Chart:

- Used to identify Quick Scalp opportunities.
- Used to enter/exit High Probability trades.
- Identify key In-trade Support and Resistance levels.
- Will be used to identify possible Trade Entry/Exit points.
- Monitor short-term scalps.

ii) 5 Minute Chart:

- Used to enter/exit Quick Scalp trades.

iii) 1 Minute Chart:

- Used to pin-point Quick Scalp entry/exit points.

CHAPTER 4

TOOLS OF THE TRADE

1. WHICH FINANCIAL VEHICLE WILL I USE?

My focus will be exclusively on the Forex Market. My personality, trading style and trading strategy makes it ideal for me to participate in the fast-paced, often volatile Forex Markets. Forex offers a market that can be successfully traded during Bull and Bear markets, is open 24 hours a day from Monday to Friday, is the largest liquid market in the world, and does not require in-depth knowledge of a particular company to trade.

2. WHICH BROKER AND TRADING PLATFORM WILL I USE?

a) My choice of Broker will be based on the following criteria:

- i) Must be a well-known, reputable, regulated broker located in a country with a stable economy.
- ii) My broker must have a transparent track record with solid financial stability.
- iii) My broker must offer me my choice of trading platform I use.
- iv) My broker must offer me reasonable and competitive, spreads, swops and other charges.
- v) My broker must offer a demo-platform for the purpose of back- and forward testing.
- vi) My broker must allow me to have multiple trading accounts under one broker account.
- vii) My broker must offer me a minimum leverage of 1:100 on my trading accounts.
- viii) My broker must offer me data streams to my choice of trading platform on all the currency pairs I wish to trade.
- ix) My broker must offer both standard lots as well as mini lots with a minimum of 0.10 lots up to at least 10 standard lots per trade.
- x) My broker must have 24/7 helpdesk support via telephone, online and e-mail.
- xi) My broker must at least offer general information, self help support and other value added services via an established usable website.

b) Based on the above criteria I have selected the following three brokers in order of preference:

- i) **Alpari-UK (Based in London, UK): *** Broker of Choice *****
 - Meets all the criteria for a broker listed in section (a) above.
 - Supports the new MetaTrader 5 trading platform.
 - Offers leverage up to 1:500 (not necessarily a good thing).
 - Minimum account deposits of \$200 (Micro Account) \$500 (Classic Account).

- ii) **FXPro (Based in Cyprus, Greece):**
 - Meets the majority of criteria for a broker listed in section (a) above.
 - Offers leverage up to 1:500 (not necessarily a good thing).
 - Does not offer MetaTrader 5.
 - Minimum account deposit of \$500.
 - iii) **Easy-FX (Based in South Africa, Johannesburg):**
 - Meets some of the criteria for a broker listed in section (a) above.
 - Locally based in South Africa (Johannesburg).
 - Minimum account deposits of \$25.
- c) **Based on my Trading Strategy, Chart Setups, Preferred Indicators, Training and Personal Experience I have selected the following two Trading Platforms for use in my trading:**
- i) **MetaTrader 4:**
 - Will be used as my primary platform for trading live.
 - Supports all the indicators and charting tools I prefer to use.
 - Works with MetaTrader 4 Multi-Terminal to manage multiple accounts.
 - Allows for multiple buy and sell positions on the same instrument.
 - ii) **MetaTrader 4 Multi-Terminal:**
 - Will only be used to manage multiple trading accounts.
 - Manage multiple accounts for opening and closing orders.
 - Very fast multiple order execution.
 - iii) **MetaTrader 5:**
 - Will initially be used for technical analysis, and later will be used for live trading when properly tested and reliably supported by my broker.
 - Will be used to practice and test new aspects of my trading strategy, test new indicators and practice proper money and risk management.

3. WHICH INDICATORS AND CHARTING TOOLS WILL I USE?

From my training, experience and testing of various indicators and charting tools, I have selected the following to be used in my trade execution:

a) **MetaTrader 4 Indicators and Charting Tools:**

i) **Japanese Candlesticks:**

Price action on all charts will be displayed using Japanese Candlesticks. Candlesticks will be used to identify possible trend reversal/continuation price action by identifying key candlestick patterns, including Hammers, Shooting Stars, Doji's, Morning/Evening Star's, Engulfing Patterns and Tweezer Bottom/Top's.

ii) Charting Trend Lines:

Chart Trend Lines will be used to identify Bullish (Up Trend), Bearish (Down Trend) or Range-Bound (Sideways Trend). Trend lines will also be used to indicate key Support and Resistance levels on the charts.

iii) Fibonacci Retracement and Expansion Levels:

Fibonacci Levels will be used to identify key Support and Resistance levels. These levels will act as Entry/Exit points for trades. This is one of the most important tools for Annual, Monthly Weekly and Daily technical analysis.

iv) Bollinger Bands Indicator:

Bollinger Bands are used to identify possible trend reversal/continuation patterns, and may confirm trade entry/exit points when used with other indicators.

v) Moving Average Indicators:

Moving Averages are an important tool for identifying market trends. Various types of MA's are available. I will use either Slow Moving Averages (SMA) or Exponential Moving Averages (EMA) or a combination of both on my charts.

vi) PMA Trend Channel Indicator:

The PMA Trend Channel is an invaluable tool for at-a-glance identification of dominant trends and trade entry and exit points.

vii) iPanel Multi-Indicator and iPanel Trend Indicator: (Monitor Only)

The iPanel Multi-indicator show me the market bias of various indicators over various time frames, and will be used to monitor trend changes on the displayed timeframes. The iPanel Trend indicator shows me the overall market trend.

viii) TDI Visual with Alerts Indicator: (Monitor Only)

The TDI Visual indicator is used to measure trend direction and volatility. It also indicates possible trade entry/exit points with buy/sell signals, and warns me of possible developing trend changes.

ix) RSI TC New Indicator:

The RSI TC New indicator shows me the strength and momentum of the current trend. It is used to confirm entry/exit points.

x) 3D Stochastic Oscillator Indicator:

The 3D Stochastic Oscillator shows me the direction and momentum of the current trend cycle. It is used to confirm trade entry/exit points.

xi) GGekko Trend/Momentum Indicator: (Monitor Only)

The GGekko indicator simply shows me the direction and momentum of the current trend by placing small arrows on the chart for each candle.

xii) BrainTrend Indicator: (Monitor Only)

The BrainTrend indicator generates possible trade entry/exit points by placing coloured dots on the chart. Red dots indicate a sell signal, while green dots indicate a buy signal.

xiii) Support and Resistance Indicator: (Monitor Only)

This indicator visually displays past Support and Resistance levels by placing a series of dots on the chart, indicating possible trade entry/exit points.

xiv) EJ CandleTime Indicator: (Monitor Only)

This indicator simply displays the time left until the current candle closes.

b) MetaTrader 5 Indicators and Charting Tools:

i) Japanese Candlesticks:

Price action on all charts will be displayed using Japanese Candlesticks. Candlesticks will be used to identify possible trend reversal/continuation price action by identifying key candlestick patterns, including Hammers, Shooting Stars, Doji's, Morning/Evening Star's, Engulfing Patterns and Tweezer Bottom/Top's.

ii) Charting Trend Lines:

Chart Trend Lines will be used to identify Bullish (Up Trend), Bearish (Down Trend) or Ranging (Sideways Trend). Trend lines will also be used to indicate key Support and Resistance levels on the charts.

iii) Fibonacci Retracement and Expansion Levels:

Fibonacci Levels will be used to identify key Support and Resistance levels. These levels will act as Entry/Exit points for trades. This is one of the most important tools for Annual, Monthly Weekly and Daily technical analysis.

iv) "BB 3 Sigma" Bollinger Bands Indicator:

Bollinger Bands are used to identify possible trend reversal/continuation patterns, and may confirm trade entry/exit points when used with other indicators. This indicator has an extra set of bands to indicate volatility extremes.

v) "BB Fill" Bollinger Bands Indicator: (Monitor Only)

This indicator works with the BB 3 Sigma indicator. It fills the inside of the bands with a Light Cyan colour during up trends, Light Red during down trends and light gray during periods of market consolidation.

vi) Moving Averages Indicators:

Moving Averages are an important tool for identifying market trends. Various types of MA's are available. I will use either Slow Moving Averages (SMA) or Exponential Moving Averages (EMA) or a combination of both on my charts.

vii) Ichimoku Indicator: (Monitor Only)

The Ichimoku indicator is a key indicator in my pre-, post- and in-trade analysis of price action. It has various components that shows me past, current and future price action. These components show me the dominant trend, moving averages, support and resistance levels and trade entry/exit points.

viii) FiboRetrace Indicator:

This indicator shows me dynamic Fibonacci levels that constantly updates as the chart moves on. This is very useful during actual trading that allows me to evaluate my SL and TP levels and take appropriate action for adjustments

ix) ZikZag NK Colour Indicator: (Monitor Only)

The ZigZag indicator shows the key peaks and troughs with a continuous connecting line in a Zig Zag pattern. This gives me a quick view of developing Support and Resistance levels.

x) MM Levels Indicator: (Monitor Only)

This indicator shows very important Support/Resistance and Overbought/Oversold levels.

xi) Built-in RSI Indicator:

The RSI indicator shows me the strength and momentum of the current trend. It is used to confirm entry/exit points.

xii) 3D Stochastic Oscillator Indicator:

The 3D Stochastic Oscillator shows me the direction and momentum of the current trend cycle. It is used to confirm trade entry/exit points.

xiii) BrainTrend Indicator: (Monitor Only)

The BrainTrend indicator generates possible trade entry/exit points by placing coloured dots on the chart. Red dots indicate a sell signal, while green dots indicate a buy signal.

xiv) Support and Resistance Indicator: (Monitor Only)

This indicator visually displays past Support and Resistance levels by placing a series of dots on the chart, indicating possible trade entry/exit points.

xv) CandleTime Indicator: (Monitor Only)

This indicator simply displays the time left until the current candle closes.

CHAPTER 5

ANNUAL, MONTHLY AND WEEKLY ROUTINE

The following section describes and details my Technical Analysis, Fundamental Analysis, Trade Planning and Record Keeping that MUST be completed BEFORE trading may start each year, month and week.

1. ANNUAL ROUTINE

Markets can change dramatically over the period of twelve months. Markets and instruments traded may or may not be suited to the current Trading Strategy, Trading Plan or Trading Rules any more. It is therefore important to review the previous year's trading performance to identify changes in the market characteristics and make the appropriate adjustments to your Trading Plan, Trading Rules and Trading Strategy.

a) Review Previous Year's Trading Performance:

Using my Trading Strategy Journal (TSJ) and my Trading Journal (TJ), I will review my annual performance to identify the factors resulting in a win/loss trade. I will look at the execution of the trades in accordance with my Trading Plan, Trading Rules and Trading Strategy and note the aspects where my overall Trading System succeeded or failed.

- i) Review entries in the TSJ to identify winning/losing trades and note the reasons why they were winning/losing trades.
- ii) Review entries in the TJ to identify winning/losing trades and note the reasons why they were winning/losing trades.
- iii) Compare the results of the review of the TSJ and the TJ and note any common reasons for winning/losing trades.

b) Review and update Trading Plan:

My Trading Plan is my Business Plan and Business Model. I need to review which aspects of my business needs improvements to maximize the profitability of your business. Based on the review of my previous year's Trading Performance I will update/modify my Trading Plan to accommodate changes in the Market and my personal growth as a trader.

- i) Use the Annual Trading Performance Review to identify areas in my Trading Plan that needs to be updated in order to improve my future performance.
- ii) Introduce new aspects into my Trading Plan that may help improve my performance, for example if I identified a weakness in the emotional aspect of trading is the major cause of losing trades, I will set a goal for the new year to attend a training course to improve on that weakness.

c) Review and update Trading Rules:

My Trading Rules are the Code of Conduct of my business. I need to evaluate my performance against the Code of Conduct of my business to grow and become successful as a trader. My Trading Rules is a good yardstick to measure my discipline as a trader. Using my Annual Trading Performance Review I will identify where my discipline failed/succeeded as a trader and update/modify my Trading Rules to improve on my discipline as a trader.

- i) Identify and note which aspects of my Trading Rules were the direct result of my winning trades. These rules must remain exactly as they are and not be changed.
- ii) Identify and note which aspects of my Trading Rules were the direct result of my losing trades. These rules may need to be removed or modified to improve success.
- iii) Identify and note which winning trades was a result of you following certain rules. Make a mental note of these rules and use them in future trading.
- iv) Identify and note which winning trades was a result of me NOT following certain rules. Make an asserted effort to strictly follow these rules to turn losing trades into winners.

d) Review and update Trading Strategy:

My Trading Strategy defines how I execute actual trades based on the Trading Platform, Charting Tools and Indicators. Using the results of the review of my previous year's Trading Performance I will update/modify my Trading Strategy to accommodate market dynamics and my personal trading style. My TSJ will be an invaluable resource to access the performance of my Trading Strategy.

- i) Review my Trading Platform to see if updates are available to improve performance of the software.
- ii) Assess the success of the various Charting Tools I am using and adapt or change their use. I may also want to introduce new Charting Tools into your Trading Strategy.
- iii) Assess the success of the various Indicators I am using and adapt or change their use. I may also want to introduce new Charting Tools into my Trading Strategy.
- iv) Assess how the combined use of the various Charting Tools and Indicators are impacting the success of trade entry and exit points. Make the necessary changes to the settings or use of these tools to improve on success.
- v) Review how my Money/Risk Management guidelines are impacting the success of my trades. Make the necessary changes to improve my success.

e) Annual Fundamental Analysis:

Using my TSJ and TJ to review the markets over the past year I will identify major events in the market and instruments and how they impacted market sentiment and the dominant trend. Research on the Internet may also help me understand these events better, and may give me better understanding of the market and instruments I am trading.

- i) Review which major events had a significant impact on market sentiment and the dominant trend over the past year. Note how these events changed or upheld the trend at the time. Also note how strongly the market reacted to these events. Identify the reasons why the market reacted in a certain way and note these for future reference.
- ii) On the Monthly charts note major moves as a result of important events and mark them with trend lines. Mark these Trend lines with reference keys (for example "Jan01"). I will use my Trading Calendar for the current year and make a short note of the reference key. I will use a **Black** pen to mark past major events.
- iii) Research available sources of news feeds for important upcoming events for the next year and add them to my Trading Calendar for the current year. If possible, I will mark events that may impact the market positively with a **Green** pen, negatively with a **Red** pen and use a **Blue** pen for events that I am uncertain of.

f) Annual Technical Analysis:

- i) On my Monthly charts I will identify Major Pivot Points and mark them with trend lines as Major Support and Resistance Levels using a **Purple Colour (Bold)**.

- ii) On my Monthly charts I will identify additional Key Support and Resistance Levels with the use of Fibonacci Retracement and Expansion Tools and mark them with a **Purple Colour**.
- iii) On my Monthly charts I will identify any possible developing chart patterns. For example I may identify what may turn out to be a Double Top or Head and Shoulders chart pattern, or I may notice an Evening Star candlestick pattern has formed. I will make a note of these patterns in my Trading Calendar and Journals.

g) Annual Trade Planning:

- i) Prepare a new set of Trading Strategy and Trading Journals, as well as a new Trading Calendar.
- ii) Using my Annual Fundamental and Technical Analysis to identify and note the current market sentiment and dominant trend for all potential instruments (Currency Pairs).
- iii) Based on my F&T Analysis I will decide which instruments I will be trading the next year.
- iv) Calculate and prepare my Trading Targets using my Annual Trading Performance of the previous year and the guidelines set out in my Trading Plan. Print these targets out and display them at my trading station. These will include my Annual and Monthly targets for the next year.
- v) On my Monthly charts I will identify the direction of possible initial High Probability trade setups.

2. MONTHLY ROUTINE

The tasks outlined below MUST be completed on the weekend before the first trading day of the new trading month. They are designed to measure the previous month's performance, make changes to improve the coming month's performance and perform the necessary market F&T Analysis to use in planning the monthly trading activities.

a) Review Previous Month's Trading Performance:

Using my Trading Strategy Journal (TSJ) and my Trading Journal (TJ), I will review my monthly performance to identify the factors resulting in a win/loss trade. I will look at the execution of the trades in accordance with my Trading Plan, Trading Rules and Trading Strategy and note the aspects where my overall Trading System succeeded or failed.

- i) Review entries in the TSJ to identify winning/losing trades and note the reasons why they were winning/losing trades.
- ii) Review entries in the TJ to identify winning/losing trades and note the reasons why they were winning/losing trades.
- iii) Compare the results of the review of the TSJ and the TJ and note any common reasons for winning/losing trades.

b) Review and update Trading Plan:

My Trading Plan is my Business Plan and Business Model. I need to review which aspects of my business needs improvements to maximize the profitability of my business. Based on the review of my previous month's Trading Performance I will update/modify my Trading Plan to accommodate changes in the Market and my personal growth as a trader.

- i) Use the Trading Performance Review to identify areas in my Trading Plan that needs to be updated in order to improve my future performance.
- ii) Introduce new aspects into my Trading Plan that may help improve my performance, for example if I identified that the emotional aspect of trading is the major cause of losing trades, I will set a goal for the new month to attend a training course to improve on that weakness.

c) Review and update Trading Rules:

My Trading Rules are the Code of Conduct of my business. I need to evaluate my performance against the Code of Conduct of my business to grow and become successful as a trader. My Trading Rules is a good yardstick to measure my discipline as a trader. Using my Monthly Trading Performance Review I will identify where my discipline failed/succeeded as a trader and update/modify my Trading Rules to improve on my discipline as a trader.

- i) Identify and note which aspects of my Trading Rules were the direct result of my winning trades. These rules must remain exactly as they are and not be changed.
- ii) Identify and note which aspects of my Trading Rules were the direct result of my losing trades. These rules may need to be removed or modified to improve success.
- iii) Identify and note which winning trades was a result of you following certain rules. Make a mental note of these rules and use them in future trading.
- iv) Identify and note which winning trades was a result of you NOT following certain rules. Make an asserted effort to strictly follow these rules to turn losing trades into winners.

d) Review and update Trading Strategy:

My Trading Strategy defines how I execute actual trades based on the Trading Platform, Charting Tools and Indicators. Using the results of the review of my previous Month's Trading Performance I will update/modify my Trading Strategy to accommodate market dynamics and my personal trading style. My TSJ will be an invaluable resource to access the performance of my Trading Strategy.

- i) Review my Trading Platform to see if updates are available to improve performance of the software.
- ii) Assess the success of the various Charting Tools I am using and adapt or change their use. I may also want to introduce new Charting Tools into my Trading Strategy.
- iii) Assess the success of the various Indicators I am using and adapt or change their use. I may also want to introduce new Charting Tools into my Trading Strategy.
- iv) Assess how the combined use of the various Charting Tools and Indicators are impacting the success of trade entry and exit points. Make the necessary changes to the settings or use of these tools to improve on success.
- v) Review how my Money/Risk Management guidelines are impacting the success of my trades. Make the necessary changes to improve my success.

e) Monthly Fundamental Analysis:

Using my TSJ and TJ to review the markets over the past month I will identify major events in the market and instruments and how they impacted market sentiment and the dominant trend. Research on the Internet may also help me understand these events better, and may give me better understanding of the market and instruments I am trading.

- i) Review which major events had a significant impact on market sentiment and the dominant trend over the past month. Note how these events changed or upheld the trend at the time. Also note how strongly the market reacted to these events. Identify the reasons why the market reacted in a certain way and note these for future reference.
- ii) On the Weekly charts note major moves as a result of important events and mark them with trend lines. Mark these Trend lines with reference keys (for example "Jan01"). Now use your Trading Calendar for the current year and make a short note of the reference key. Use a **Black** pen to mark past major events.

- iii) Research available sources of news feeds for important upcoming events for the next month and add them to my Trading Calendar for the current year. If possible mark events that may impact the market positively with a **Green** pen, negatively with a **Red** pen and use a **Blue** pen for events that I am uncertain of.

f) Monthly Technical Analysis:

- i) On my Weekly charts I will identify Major Pivot Points and mark them with trend lines as Major Support and Resistance Levels using a **Blue Colour (Bold)**.
- ii) On my Weekly charts identify additional Key Support and Resistance Levels with the use of Fibonacci Retracement and Expansion Tools and mark them with a **Blue Colour**.
- iii) On my Weekly charts I will identify any possible developing chart patterns. For example I may identify what may turn out to be a Double Top or Head and Shoulders chart pattern, or I may notice an Evening Star candlestick pattern has formed. I will make a note of these patterns in my Trading Calendar and Journals.

g) Monthly Trade Planning:

- i) Using your Fundamental and Technical Analysis identify and note the current market sentiment and dominant trend for all traded instruments (Currency Pairs).
- ii) Calculate and prepare my Trading Targets using my Trading Performance of the previous year and the guidelines set out in the Trading Plan. Print these targets out and display them at your trading station. These will include my Monthly, Weekly and Daily targets for the next month.
- iii) On my Weekly charts I will identify the direction of possible initial High Probability trade setups.

3. WEEKLY ROUTINE

The tasks outlined below MUST be completed on the weekend before the first trading day of the new trading week. They are designed to measure the previous week's performance, make changes to improve the coming week's performance and perform the necessary market F&T Analysis to use in planning the weekly trading activities.

a) Review Previous Week's Trading Performance:

Using my Trading Strategy Journal (TSJ) and my Trading Journal (TJ), I will review my weekly performance to identify the factors resulting in a win/loss trade. I will look at the execution of the trades in accordance with my Trading Plan, Trading Rules and Trading Strategy and note the aspects where my overall Trading System succeeded or failed.

- i) Review entries in the TSJ to identify winning/losing trades and note the reasons why they were winning/losing trades.
- ii) Review entries in the TJ to identify winning/losing trades and note the reasons why they were winning/losing trades.
- iii) Compare the results of the review of the TSJ and the TJ and note any common reasons for winning/losing trades.

b) Weekly Fundamental Analysis:

Using my TSJ and TJ to review the markets over the past week I will identify major events in the market and instruments and how they impacted market sentiment and the dominant trend. Research on the Internet may also help me understand these events better, and may give me better understanding of the market and instruments I am trading.

- i) Review which major events had a significant impact on market sentiment and the dominant trend over the past week. Note how these events changed or upheld the trend at the time. Also note how strongly the market reacted to these events. Identify the reasons why the market reacted in a certain way and note these for future reference.
- ii) On the Weekly charts note major moves as a result of important events and mark them with trend lines. Mark these Trend lines with reference keys (for example "Jan01"). Now use your Trading Calendar for the current year and make a short note of the reference key. Use a **Black** pen to mark past major events.
- iii) Research available sources of news feeds for important upcoming events for the next week and add them to my Trading Calendar for the current year. If possible mark events that may impact the market positively with a **Green** pen, negatively with a **Red** pen and use a **Blue** pen for events that I am uncertain of.

c) Weekly Technical Analysis:

- i) On my Daily charts I will identify Major Pivot Points and mark them with trend lines as Major Support and Resistance Levels using an **Orange Colour (Bold)**.
- ii) On my Daily charts identify additional Key Support and Resistance Levels with the use of Fibonacci Retracement and Expansion Tools and mark them with an **Orange Colour**.
- iii) On my Daily charts I will identify any possible developing chart patterns. For example I may identify what may turn out to be a Double Top or Head and Shoulders chart pattern, or I may notice an Evening Star candlestick pattern has formed. I will make a note of these patterns in my Trading Calendar and Journals.

d) Weekly Trade Planning:

- i) Using my Fundamental and Technical Analysis I will identify and note the current market sentiment and dominant trend for all traded instruments (Currency Pairs).
- ii) On my Daily charts I will identify the direction of possible initial High Probability trade setups.

CHAPTER 6

DAILY ROUTINE

The following section describes and details my Daily Routine which will include Performance Assessment, Fundamental Analysis, Technical Analysis, Trade Planning and Record Keeping and Personal Time. The time-frames assigned to the daily activities are designed to make efficient use of the two Market Sessions (European and US) that best fit my lifestyle and the Time-Zone that I live in. The summary below will be printed and displayed at my trading station.

My Daily Routine (Monday to Friday) will include the following:

a) Morning Routine (05h30 – 12h00):

- | | |
|--|-----------------|
| i) Wake Up | (05h30 – 06h00) |
| ii) Breakfast & Exercise | (06h00 – 07h00) |
| iii) Morning Session Fundamental, Technical & Trade Setup Analysis | (07h00 – 08h00) |
| iv) Morning Active Trading Session – European Session | (08h00 – 12h00) |

b) Afternoon Routine (12h00 – 18h00):

- | | |
|---|-----------------|
| i) Lunch Break | (12h00 – 13h00) |
| ii) Afternoon Session Fundamental, Technical & Trade Setup Analysis | (13h00 – 14h00) |
| iii) Afternoon Active Trading Session – American Session | (14h00 – 18h00) |

c) Evening Routine (18h00 – 22h30):

- | | |
|---|-----------------|
| i) Dinner & Exercise | (18h00 – 19h00) |
| ii) Daily Performance Assessment & Post Market Analysis | (19h00 – 20h00) |
| iii) Personal Time | (20h00 – 22h30) |
| iv) Sleep | (22h30 – 05h30) |

PLEASE NOTE:

- Breaks during Active Trading Sessions are not allocated specific time-frames, as these breaks will depend on how active the market is in a particular session and my trade positioning at the time. These breaks may vary each session, but at least a minimum of one (1) break, preferable two (2) breaks of 15 minutes should be allocated per session. I will use my discretion when in an active trading session.
- The times allocated to breaks, exercise, personal time and sleep should be respected. These are intended to keep my body and mind in good health, and will help to keep my frame of mind in top shape for the purposes of trading.
- Only in the exception of a major event that may influence the Asian Markets in a big way, will I allow myself to trade the Asian session. In such case the entire day following the Asian session will not be traded.

1. MORNING ROUTINE (05h30 – 12h00)

My morning routine details the activities for preparation and participation of the morning session, which includes the peak European Session for the day, from the time when I wake up until my lunch break.

a) Wake Up (05h30 – 06h00):

I will set my alarm during week days (Monday to Friday) to wake me at 05h30. I will allow myself 30 minutes to wake up, make a cup of coffee.

b) Breakfast and Exercise (06h00 – 07h00):

During this hour I will do my morning exercise, which may include a run or walk, followed by having a shower, personal hygiene and getting dressed. I will have breakfast and catch up with general news on television or the morning paper. The point of this hour is to get into a calm and relaxed frame of mind.

c) Morning Session Fundamental, Technical & Trade Setup Analysis (07h00 – 08h00):

This hour will be devoted to analysis of the markets during the preceding Asian session and searching for possible trade setups for the morning session, which will include the following:

- i) **News:** Tune into Bloomberg TV for a live feed of breaking news on the markets throughout the session. In case of major movements in the Asian session, news should be filtering through on Bloomberg about the events that drove the major movement.
- ii) **Fundamentals:** Visit the www.actionforex.com and www.fxstreet.com to research any current or upcoming major events that may influence the markets in the upcoming session, and make note of these events in your Trading Calendar. Visit www.forexfactory.com to research and print the economic calendar for the day. Also visit www.dailyfx.com to research and print the economic calendar for the day. Highlight all events on the printouts that may have an impact on the markets during the upcoming session, and note such events in your Trading Calendar.
- iii) **Technical Research:** Visit www.dailyfx.com to research technical analysis of the markets and specific instruments of interest. Note key Support and Resistance levels on your daily charts.
- iv) **Technical Chart Analysis:** On your 4 Hour and 1 Hour charts – analyze the market movements from the close of your previous day's afternoon session. Pay particular attention to how the market movements played out during the US session's closing hours between 17h30 and 23h00. Then note the movement of the markets during the Asian Session overnight. This should give you a general indication of what to expect during the upcoming European Session. Note all Support and Resistance levels on your 4 hour and 1 Hour charts looking at Key Pivot Points and Key Fibonacci Levels. Mark these on your 4 Hour charts (**Red Colour**) and 1 Hour Charts (**Black Colour**).
- v) **Possible Trade Setups:** To determine the general Market Sentiment compare the results of your Fundamental Research and upcoming events. This should indicate what the current sentiment of investors is and which way the markets may move during the upcoming session. This should give you a possible direction in which to search for trade setups (Bullish, Bearish or Neutral). Now compare the results of your Technical Research and Technical Chart Analysis. Note any key levels that may be close or the same between your own Technical Analysis of the 4 hour charts and the results of your Technical Research. These may indicate possible entry and exit points. On the 1 Hour charts, search for key Support and Resistance levels using Pivot Points and Fibonacci levels to fine tune possible trade setups, and mark these on the charts. Pay attention to developing retracement or expansion levels.

- vi) Once all the above has been completed you should be ready to start trading. Keep a watchful eye on the market and stay up to date on developing news that may influence the markets and wait for the market to move towards your possible trade entries. Wish yourself good luck, stay objective and think profitable!

d) Morning Active Trading Session – European Session (08h00 – 12h00):

- i) You have done your Fundamental and Technical Analysis, and you have selected possible initial trade setups. Now it is a waiting game to see what the markets will do as the European Markets open. Often the market will make a quick move during the first hour (08h00 – 09h00) and then swing around to start the big move. Be watchful of these moves.
- ii) Always keep the dominant trend in mind when entering trades during the first hour. In some instances the market will take off in a direction and stay in that trend. Monitor your key technical indicators on your Day, 4 Hour and 1 Hour charts to determine and predict the dominant trend. Only enter the market once you are certain of the direction of the market.
- iii) The two basic strategies for trading will be scalping the 1 Hour Charts during an Up or Down Trend, and scalping the 15 Minute Charts during periods of consolidation after big moves.
- iv) Pay particular attention to the EUR/USD, GBP/USD. These are the two major European currencies and often make big moves in the morning. Also keep an eye on the USD/CHF during the morning session as it often moves in the opposite direction of the other two.
- v) When entering the market, make sure you set the appropriate Stop-Loss (SL) and Take-Profit (TP) levels. No trade may be initiated without these two levels pre-determined, and must be placed during the placement of the trade position itself, and not afterwards.
- vi) The moment a trade is opened, make the required entries into your Trading Strategy Journal (TSJ) and your Trading Journal (TJ). Note the levels of your key technical indicators in your TSJ, market conditions at the time and the reasons for Trade Entry. In your TJ, note the price levels of your Trade Entry, Stop-Loss and Take-Profit. Also note the reasons for the trade entry.
- vii) While trades are open, pay close attention to your Technical Indicators, Support and Resistance levels and Fibonacci levels. Also keep entries on upcoming events in mind (refer to your Trading Calendar). Stay objective and take action to exit the trade or modify SL and TP levels. In winning trades, remember to initiate Trailing Stop's (TS). Always remember your Trading Rules, follow them strictly and act immediately, but objectively, on winning or losing trades. Remember to cut losing trades and let winning trades run. Note any modifications to your SL, TS and TP price levels in your TSJ and TJ.
- viii) When a trade is closed, either manually or by the market hitting one of your price action levels (SL, TS and TP), make the appropriate entries into your TSJ and TJ. Only once you have made these entries you may look for the next trade opportunity.
- ix) Remember to take the required break(s) during the trading session. These breaks must be between 5 and 15 minutes. They will give you time to compose yourself, keep you in the correct frame of mind and will you to stay objective.
- x) Be very careful to enter into new trades during the last hour of your session. The ideal objective of the morning session is to enter trades early in the session (08h00 – 09h00) and exit them before the cut-off time of the session (11h00 – 12h00).
- xi) All trades should be closed at the end of the session. Often a period consolidation will occur between the hours of 12h00 and 14h00. You cannot predict the market direction once the American Markets start to open (Canada and USA). Leaving trades open during your lunch break is not an option.
- xii) Hopefully you have had a profitable morning session. Regardless of the outcome of the morning session, take a break, switch your mind off of the events of the morning and go on lunch!

2. AFTERNOON ROUTINE (12h00 – 18h00)

My afternoon routine details the activities for preparation and participation of the afternoon session, which includes the peak overlapping European/American Session for the day.

a) Lunch Break (12h00 – 13h00):

This is a very important break. The morning sessions can be very intensive, and your emotion may run wild at this point. Losses may affect you negatively and winnings may cause you to be in an elated state. It is critical that you return to a state of calm, relaxed and objective thinking before starting the afternoon session. Have lunch, go for a walk or drive to the beach. Once you have composed yourself you will be able to tackle the afternoon session.

b) Afternoon Session Fundamental, Technical & Trade Setup Analysis (13h00 – 14h00):

This hour will be devoted to analysis of the markets during the preceding European session and searching for possible trade setups for the afternoon session, which will include the following:

- i) **News:** Tune into Bloomberg TV for a live feed of breakings news on the markets throughout the session. In case of major movements in the European session, news should be filtering through on Bloomberg about the events that drove the major movement.
- ii) **Fundamentals:** Fundamentals don't often change during the day that much. Your key analysis of the morning should be sufficient for the day. Should any major events have occurred during the morning session, you may want to check out your primary sources for fundamentals (www.actionforex.com, www.fxstreet.com, www.dailyfx.com and www.forexfactory.com) and note any new developments in your Trading Calendar.
- iii) **Technical Research:** Again, daily technical analysis by your sources rarely changes during the day and are usually only updated once a day. However, if you are uncertain, visit www.dailyfx.com to research technical analysis of the markets and specific instruments of interest. Note key Support and Resistance levels on your daily charts.
- iv) **Technical Chart Analysis:** On your 4 Hour and 1 Hour charts – analyze the market movements during the preceding European Morning Session. Pay particular attention to how the market movements played out during the European Session, compared to the movements during the Asian Session. This should give you a general indication of what to expect during the upcoming American Session. Identify any Trend Reversal or Trend Continuations. Between the Asian and European sessions. Note any new developed Support and Resistance levels on your 4 hour and 1 Hour charts looking at Key Pivot Points and Key Fibonacci Levels. Mark these on your 4 Hour chats (**Red Colour**) and 1 Hour Charts (**Black Colour**).
- v) **Possible Trade Setups:** The European Morning Session, and its reaction to the Asian session, should give you an indication of what to expect during the American session. This should indicate what the current sentiment of investors is and which way the markets may move during the upcoming session. This should give you a possible direction in which to search for trade setups (Bullish, Bearish or Neutral). Now compare the results of your Technical Research and Technical Chart Analysis. Note any key levels that may be close or the same between your own Technical Analysis of the 4 hour charts and the results of your Technical Research. These may indicate possible entry and exit points. On the 1 Hour charts, search for key Support and Resistance levels using Pivot Points and Fibonacci levels to fine tune possible trade setups, and mark these on the charts. Pay attention to developing retracement or expansion levels.
- vi) Once all the above has been completed you should be ready to start trading. Keep a watchful eye on the market and stay up to date on developing news that may influence the market and wait for the market to move towards your possible trade entries. Wish yourself good luck, stay objective and think profitable!

c) Afternoon Active Trading Session – North American Session (14h00 – 18h00):

- i) You have done your Fundamental and Technical Analysis, and you have selected possible initial trade setups. Now it is a waiting game to see what the markets will do as the North American Markets open. Often the market will make a quick move during the first hour (14h00 – 15h00) and then swing around to start the big move. Be watchful of these moves. A key aspect of the afternoon session to watch for is the daily US news that is released around 14h30. The markets often react with extreme volatility around this time. Keep an eye on your Trading Calendar and watch for Bollinger Band Squeeze on the 1 Hour charts.
- ii) Pay close attention what happens around 14h30. This may be a good indicator of what will happen when the NYSE opens at 15h30. The market often builds momentum from 14h00 on up to 15h30 at the open of the NYSE, and then explodes into forceful, fast and big moves. Be wary of these moves, but when objectively approached and with careful analysis and planning you will capture these moves during the “Daily Market Peak” which takes place between 14h30 and 17h00. This period is when the European Afternoon Session and North American Morning Sessions overlaps and usually generates the largest market volumes.
- iii) Always keep the dominant trend in mind when entering trades during the first hour. Always wait until after 14h30 to enter trades. Monitor your key technical indicators on your Day, 4 Hour and 1 Hour charts to determine and predict the dominant trend. Only enter the market once you are certain of the direction of the market.
- iv) The two basic strategies for trading will be scalping the 1 Hour Charts during an Up or Down Trend, and scalping the 15 Minute Charts during periods of consolidation after big moves.
- v) During the afternoon sessions all major currencies come into play. Monitor all these instruments to search for high probability trade setups.
- vi) When entering the market, make sure you set the appropriate Stop-Loss (SL) and Take-Profit (TP) levels. No trade may be initiated without these two levels pre-determined, and must be placed during the placement of the trade position itself, and not afterwards.
- vii) The moment a trade is opened, make the required entries into your Trading Strategy Journal (TSJ) and your Trading Journal (TJ). Note the levels of your key technical indicators in your TSJ, market conditions at the time and the reasons for Trade Entry. In your TJ, note the price levels of your Trade Entry, Stop-Loss and Take-Profit. Also note the reasons for the trade entry.
- viii) While trades are open, pay close attention to your Technical Indicators, Support and Resistance levels and Fibonacci levels. Also keep entries on upcoming events in mind (refer to your Trading Calendar). Stay objective and take action to exit the trade or modify SL and TP levels. In winning trades, remember to initiate Trailing Stop's (TS). Always remember your Trading Rules, follow them strictly and act immediately, but objectively, on winning or losing trades. Remember to cut losing trades and let winning trades run. Note any modifications to your SL, TS and TP price levels in your TSJ and TJ.
- ix) When a trade is closed, either manually or by the market hitting one of your price action levels (SL, TS and TP), make the appropriate entries into your TSJ and TJ. Only once you have made these entries you may look for the next trade opportunity.
- x) Remember to take the required break(s) during the trading session. These breaks must be between 5 and 15 minutes. They will give you time to compose yourself, keep you in the correct frame of mind and will you to stay objective.
- xi) Be very careful to enter into new trades during the last hour of your session. The ideal objective of the afternoon session is to enter trades early in the session (14h30 – 15h30) and exit them before the cut-off time of the session (17h00 – 18h00).
- xii) All trades should preferably be closed at the end of the session (18h00), unless you have identified with absolute certainty that the market favours hitting your TP level, which may not be moved at any cost. In such cases all trades **MUST** be closed before 22h00 when the NYSE closes.

3. EVENING ROUTINE (18h00 – 22h30)

My evening routine details the activities for Daily Performance Assessment and Personal Time until I go to sleep. It is important to me to allocate specific time in the evening for personal time in order to relax and unwind after the busy day. It also gives me time to reflect on my daily performance and identify areas for improvement and/or recommendation. The main objective of the evening routine is to prevent Over-trading and ensure that I get a descent night's rest before the next day's trading.

a) Breakfast and Exercise (18h00 – 19h00):

I will have a nice relaxing dinner, followed by light exercise to get rid of the daily tension. I will then have a shower and relax with well-deserved drink or two.

b) Daily Performance Assessment & Post Market Analysis (19h00 – 20h00):

After a day of intense trading I will use this hour to analyze my Personal Trading Performance against the Market Movements of the day. I will note my decisions, thinking and results for trade execution into my Journals and then evaluate my performance against my daily trading goals. This will give me an indication of my strengths, weaknesses and how close I am to staying on target for my Monthly Targets and Goals. During this hour I will perform the following tasks:

- i) Update and review all entries in my Trading Strategy Journal.
- ii) Update and review all entries in my Trading Journal.
- iii) Review how Fundamentals in my Trading Calendar impacted markets during the day.
- iv) Update Schedule A for the current trading month, which details the projections and progress of my Daily, Weekly and Monthly targets.
- v) Update my Trading Diary, where I rate my performance for the day.

c) Personal Time (20h00 – 22h30):

The remainder of the evening will be dedicated to personal time where I engage in relaxing activities that will allow me to unwind and forget about trading until the next morning. This may include watching a movie, having a few drinks or playing a few games of pool. But the key here is to not be involved with anything to do with trading.

d) GO TO SLEEP (22h30 – 05h30)!

That's it. Done for the day and ready to get a descent night's rest before the next day of Business!

CHAPTER 7

RISK AND MONEY MANAGEMENT

“By definition, Risk management focuses on the steps necessary to minimize losses by assessing market conditions, risk-reward, probability and the use of stop loss orders etc. Money management, on the other hand, focuses on the steps necessary to maximize profits by the use of trailing stops and adjusting position size etc.”

In short, the result of this will have you cut your losses short and let your profits run.

1. GENERAL RISK MANAGEMENT

a) What is my attitude towards Risk?

My trading strategy defines my trading style as Intra-day Scalping. I have a healthy appetite for risk, but at the same time prefer not to have my trades open for long periods of time. I would therefore consider myself more Risk-Averse.

b) What is the overall Market Risk?

Due to my dominant Risk-Averse attitude, I only allow a total of 3% of my equity exposed at any given time in the market. I understand that anything can happen at any given time in the market. Therefore I am only prepared to lose a maximum of 3% of my equity should all my trades get stopped out. In addition, I will stop daily trading, should I have three losses in a row, meaning I will cease all trading, should I have three losing trades in a row.

c) What is the Sector Risk?

I only trade the Forex Markets. For that reason my risk factor stays the same at 3% of equity at any given time.

d) What is the Broker Risk?

My broker of choice is Alpari-UK. The majority of my trading capital will be allocated to Alpari. However, I will have a secondary broker account with Easy-Forex, as they have a local office in my country. I will allocate a smaller account to Easy-Forex, and will build this account slowly over time. This account will act as a backup, should Alpari experience problems that may prevent me from accessing my account.

e) What is the Equipment Risk?

Currently I am using my personal computer for trading purposes. This is not ideal, as I use it for various other uses as well. For now it is sufficient for my needs.

However, I will dedicate funds generated through my trading to have a dedicated Trading Station set up with only the software I need to perform my trading activities. The hardware used in the system will be chosen for solid reliability and top-rated performance. Backup systems regarding data recovery will be in place to minimize downtime should the hardware fail. In the event of power cuts, I will have a proper backup UPS to keep my system running while I close open trades.

Should my primary trading system fail, I will have a Laptop set up with a mobile connection. This will be set up with the required software to continue trading activities or close open positions.

f) What is the Strategy Risk?

I have a system in place to continuously evaluate the performance of my trading strategy using my Trading Strategy Journal. In this journal I will keep record of trade execution, reasons for trading and market conditions at the time. This will allow me to evaluate the performance of my trading strategy on a weekly, monthly and annual basis, and make the appropriate changes to stay profitable.

2. SPECIFIC RISK MANAGEMENT

a) What is the Probability of a Successful Trade?

Based on back and forward testing of my Trading Strategy, I have established that my average success ratio is 1:3, or expressed as a percentage equates to 30% losses against 70% profit.

b) What is the Risk-Reward Ratio?

To keep it simple I will use a Risk-Reward ratio of 1:3. Therefore, for every 30% of equity risked, I can expect a return of 70% on equity, leaving me with a projected average equity gain of 40%.

c) What is the Risk per Trade?

I will risk a minimum of 1% of equity per trade with a maximum of 3% of equity in total for all open trades at any given time.

d) Where will Stop Loss Orders be placed?

Stop-Loss Orders will be placed in relation to the Risk % of the trade, but will not exceed a point value of a maximum of 3% in relation to the trade size. Stop-Loss order will preferably be placed below or above Support and Resistance levels. I am using a Scalp Strategy and therefore the SL levels will be very tight.

e) When will I Stop Trading?

I will stop trading for the day as soon as I have met my Daily Target. Alternatively, I will stop trading if I have three losses in a row not exceeding my 3% risk on equity. I will not trade at all for the day if I am not the right frame of mind, or if I see that market conditions are not favourable.

3. GENERAL MONEY MANAGEMENT

a) Actions regarding Large Drawdown and Profits?

i) **Large Losses:** My Trading Rules, Risk and Money Management prevents me from having large losses, provided I stay disciplined and NOT break any of my rules. Should I experience three days of consecutive losses (maximum of 10% of equity), I will stop live trading and review my Trading Plan, Rules and Strategy to find out where the problem lies and correct it. Re-funding an account will only be made from an account where part of the profits per month is kept for the worst case scenario of big Draw-Downs or loss of all equity in the account. However, this scenario should not happen if the Trading Plan, Rules and Strategy is followed with great discipline.

ii) **Profits:** Each month I will withdraw a pre-determined amount that will make up two parts. Firstly, I will allow myself 70% of the withdrawal as my monthly salary, and secondly I will deposit the remainder of 30% of the withdrawal into a savings account that will be used to re-fund my trading account, should the need ever arise.

b) Which Money Management Approaches will be used?

In accordance with Schedule A, B and C of my Trading Plan, I will use standard margin accounts provided by my broker, which I intend to grow at an average monthly percentage of 40%, before withdrawals.

4. SPECIFIC MONEY MANAGEMENT

a) How will I Lock in Profits?

- i) I will use Manual Trailing Stops (MTS) and Automatic Trailing Stops (ATS).
- ii) During a clearly defined market trend, I will position my MTS below the previous low in an uptrend and above the previous high in a downtrend. My MTS levels will be moved as the trade continues to develop, until the market either hits my MTS level or my Take Profit (TP) level.
- iii) During a range-bound market or periods of extreme volatility I will use ATS levels while scalping the 15 Minute charts. This will allow my trading platform to automatically move my pre-defined ATS level as the market moves, until either my ATS level or my Take Profit (TP) level is hit.

b) How will Position Size be determined?

As a standard rule I will use a 2:1 ratio for my position size in relation to my risk level per trade. This in effect restricts me to not use a larger position size than 6% of my equity at any given time. For example if my risk percentage of a trade is 1%, then my trade size will be 2%, which will allow me to open more trades or increase my position if I wanted to. If I decide to risk 3% on a trade, my trade size will be 6% and therefore I will not be able to open any more trades or increase my trade size until such time as the trade is closed.

CHAPTER 8

TRADING STRATEGY

I am more of a Risk Averse trader because I do not want to expose my equity to the market for long extended periods of time by leaving my trades open for more than a single trading day. For that reason I have chosen a Scalp Strategy that suits my trading style and personality.

My Scalp Strategy is divided into two types of Scalp Trading:

- The first is what I define as my Long-Term Scalp Trading Strategy which will be applied only in clearly defined trending markets within the boundaries of a single trading day.
- The second is what I define as my Short-Term Scalp Trading Strategy that is applied only range-bound market (periods of consolidation) within the boundaries of a single trading session.

In this section I will describe and define each strategy and the rules that govern market analysis and trade execution, which will include the following key components:

- Strategy Definition.
- Strategy Goals.
- Fundamental Analysis and the Tools used to accomplish it.
- Market Analysis and the Tools used to accomplish it.
- Identification of Trade Setups and the Tools used to accomplish it.
- Trade Execution and the Tools used to accomplish it, with specific focus on aspects Trade Entry, Trade Management, Trade Exit.
- Risk Management.
- Money Management.
- Record Keeping.

It is important to note that although the guidelines of each strategy are very specific, the trader should use his/her own discretion while executing each strategy. The markets do not follow a specific pre-determined pattern, and is in fact very dynamic. Some days the markets will be driven by headline news. Other days the markets move in a clearly defined trend, or are range-bound. For this reason the execution of each strategy may be adapted to suit market conditions.

However, the guidelines that govern the aspects of Risk Management and Money Management must be strictly followed. These are designed to protect the trader's equity and profits and minimize losses and must not be disregarded.

The guidelines around Record Keeping must be followed as closely as possible. This is designed to measure the performance of the Trading System and the trader. Without the performance reviews the trader will not be able to manage the achievement of goals and targets, and will not be able to identify areas for improvement in the Trading System as well as the trader's personal growth and success.

1. LONG-TERM SCALP STRATEGY

a) STRATEGY DEFINITION:

By definition, my Long-Term Scalp Strategy will only be applied on trending markets, which are clearly defined and already in progress, within the boundaries of a single trading day and executed on the 1 Hour and or 4 Hour charts.

b) STRATEGY GOALS:

The primary goal of the strategy is to capture the main portion of the session or daily move of the market in the direction of a clearly defined established trend. The desired result would be high probability trade that will maximize the profit taken from the trade.

c) FUNDAMENTAL ANALYSIS AND TOOLS:

The goal of Fundamental Analysis is to determine the current Market Sentiment. Simply put, this describes how other traders and investors think the market will react to current and future important events which may impact the market. This may include economic, political and geo-physical events as earthquakes and floods that will affect a country's currency rate.

i) Market Sentiment:

- **Tools Used:** Trading Calendar, Trading Strategy Journal.
- **Step 1:** As described in Chapter 6, Section 2(c) of the Trading Plan, the Daily Fundamental Analysis takes place at the beginning of the day. Check for any entries of important events that influence market sentiment for the day in your Trading Calendar.
- **Step 2:** Note such events and the effect it may have on the market during the day in your Trading Strategy Journal.

d) MARKET ANALYSIS AND TOOLS:

i) Market Structure:

The first step is to analyze the structure of the market and establish if the market is already in a clearly defined and established trend (Trending Market) or in a period of consolidation (Range-Bound Market).

- **Tools Used:** Candlestick Charts, Trading Strategy Journal.
- **Step 1:** Have a look at your Monthly, Weekly and Daily charts and identify on each of these if the market structure indicates a Trending or Range-Bound market. The point of this exercise is to be aware of the longer term trend of the market. You trade the market intraday, but it is a good idea to keep the bigger picture in your mind before you make trade decisions. For example, a long-term trend reversal confirmation may have happened on the last Friday of the month, and on the Monday the market may take off in the opposite direction with force and catch you off guard. You may have missed a chart pattern on the Monthly, Weekly or Daily charts. It is good practice to check these first, if not for any other reason than to put your mind at ease.
- **Step 2:** Next you take a closer look at your 4 Hour and 1 Hour charts to see if the market is currently Trending or Range-Bound on these timeframes. It may be that the market started a trend in the previous sessions and is still in the process of developing that trend. On the other hand the market may be in a period of consolidation after a big move in the previous session.

- **Step 3:** Based on your analysis of the market structure, you should be able to quickly establish if the market is in an established trend or in a period of consolidation on the Monthly (Long-Term), Weekly (Medium-Term), Daily (Short-Term), 4 Hour (Short-Term) and 1 Hour (Intra-Day) charts.
- **Step 4:** Compare your Technical assessment of the Market Structure to your Fundamental assessment and add your reasoning to your Trading Strategy Journal.

ii) **Trend Identification:**

In order to establish if a market is Trending or Range-Bound you need to analyze our Monthly, Weekly, Daily, 4 Hour and 1 Hour charts and identify what the current trend of each of those timeframes are, and at what stage of development they are.

- **Tools Used:** Candlestick Charts, Trend Lines, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal.
- **Step 1:** On each of the Monthly, Weekly, Daily, 4 Hour and 1 Hour charts draw trend lines connecting the previous two or three (preferably three) major highs. Do the same for the previous two or three (preferably three) major lows. The direction of the slopes of the highs in relation to the direction of the slopes of the lows will indicate if each time frame is in an Uptrend (Bullish), Downtrend (Bearish) or Range (Consolidation).
- **Step 2:** The next step is to look at the 20 period Moving Average of the Bollinger Bands (BB Centerline). If the MA is sloping up and price action (Candles) are above the MA, it will confirm an Uptrend. If the MA is sloping down and price action is below the MA, it will confirm a Downtrend. If the MA is relatively flat and price action is fluctuation around the MA, it will confirm a Range (Consolidation).
- **Step 3:** The direction of the trend has been identified. The next step is to identify in which stage of development the trend is in. If the RSI is above 50 and below 70 with a steady slope up, an established Uptrend is developing. If the RSI is below 50 and above -70 with a steady slope down, an established downtrend is developing. If the RSI is above 70 an uptrend may be nearing its end and a possible trend reversal may occur. Confirmation of a trend reversal to the downside occur with a sustained cross of 50 to the downside. If the RSI is below -70 a downtrend may be nearing its end and a possible trend reversal may occur. Confirmation of a trend reversal to the upside occur with a sustained cross of 50 to the upside.
- **Step 4:** To confirm the stage of development of the trend I will use the Stochastic Oscillator to add weight to my analysis. The Stochastic indicates two important characteristics of the trend. First, it indicates the direction of the trend, sloping up or down. Second, it indicates if the market is in-value (oscillating around the centerline), overbought (above 80) or oversold (below 80). If the oscillator is sloping up towards an overbought state, an uptrend is developing. If the oscillator is sloping down towards an oversold state, a downtrend is developing. If the market is in an overbought or oversold state the current trend is nearing completion and a trend reversal may occur. If the market is in an in-value state, it may indicate a period of consolidation.
- **Step 5:** To add more weight to my analysis I will look at the Bollinger Bands, and focus on a method called the Bollinger Band Squeeze. If the bands are expanding it will signify a trend is developing. If price action (candles) moves along the upper band and the bands are sloping up, it will indicate an Uptrend is developing. If price action is moving along the lower band and the bands are sloping down, it will indicate a downtrend is developing. If the bands start to contract and price action moves towards the centerline, it may indicate the trend is nearing its end and a trend reversal may occur. When the bands are relatively flat, it indicates that the market is in a period of consolidation. The closer the bands contract (squeeze together) and the longer it stays in that state, the more likely a breakout is on the way.

- **Step 6:** Combining the analysis of the 5 steps above, I now should have a clear indication of the direction and stage of development of the trend in each of my respective timeframes. Compare your Technical Analysis of the markets to your Market Structure and note your comments in your Trading Strategy Journal.

iii) Key Pivot Points:

Key Pivot Points are very important trend-reversal Support and Resistance levels where markets will often hover around for long periods of time. It is important to identify and mark these on the charts.

- **Tools Used:** Candlestick Charts, Horizontal Line Tool, Trading Strategy Journal.
- **Step 1:** Identify and mark key pivot points on my Monthly (**Purple Colour**) chart for the previous 4 years.
- **Step 2:** Identify and mark key pivot points on my Weekly (**Blue Colour**) chart for the previous 12 months.
- **Step 3:** Identify and mark key pivot points on my Daily (**Orange Colour**) chart for the previous 3 months.
- **Step 4:** Identify and mark key pivot points on my 4 Hour (**Pink Colour**) chart for the previous month.
- **Step 5:** Identify and mark key pivot points on my 1 Hour (**Black Colour**) chart for the previous week.
- **Step 6:** Note your findings in your Trading Strategy Journal.

iv) Fibonacci Levels:

Additional important Support and Resistance levels are identified using the Fibonacci Retracement and Expansion levels. Markets will move between these lines, often pausing to consolidate, before reversing or continuing the trend. Key Fibonacci Levels (for example 38.2% and 61.8%) will offer excellent Trade Entry and Exit points.

- **Tools Used:** Candlestick Charts, Fibonacci Retracement and Expansion Tools, Trading Strategy Journal.
- **Step 1:** Add Fibonacci Retracement and Expansion levels to my Monthly chart (**Purple**), drawing the levels from left to right between the previous two pivot points.
- **Step 2:** Add Fibonacci Retracement and Expansion levels to my Weekly chart (**Orange**), drawing the levels from left to right between the previous two pivot points.
- **Step 3:** Add Fibonacci Retracement and Expansion levels to my Daily chart (**Purple**), drawing the levels from left to right between the previous two pivot points.
- **Step 4:** Add Fibonacci Retracement and Expansion levels to my 4 Hour chart (**Pink**), drawing the levels from left to right between the previous two pivot points.
- **Step 5:** Add Fibonacci Retracement and Expansion levels to my 1 Hour chart (**Black**), drawing the levels from left to right between the previous two pivot points.
- **Step 6:** Note your findings in your Trading Strategy Journal.

e) TRADE SETUPS AND TOOLS:

i) Identify which Instruments (Currency Pairs) to trade:

VERY IMPORTANT: A very important aspect of selecting the Instruments to trade using the Long-Term Scalp Strategy is to **only** use this strategy if the market is in a **clearly defined trend**. Since the strategy use wider Stop-Loss (SL) and Take-Profit (TP) levels, it is important that the market is not in a period of consolidation, as this may not hit the TP levels and may trigger the SL levels prematurely.

- **Tools Used:** Candlestick Charts, Market Analysis, Trading Strategy Journal.
- **Step 1:** Based on your Market Analysis, identify which Instruments will be traded in the session and /or day. It would be preferable to only select one or two Instruments to trade, as this will simplify and focus In-trade Analysis and monitoring.
- **Step 2:** Note your selections in your Trading Strategy Journal.

ii) Identify Important Chart Patterns:

By this time you should have completed your Daily Analysis of the larger time-frame charts and identified developing chart patterns. Now you must look for confirmed trend reversal or trend continuation chart patterns on the Daily, 4 Hour and 1 Hour charts using the steps below. A key point to remember here is that chart patterns tells you what price action has done and is currently doing.

- **Tools Used:** Candlestick Charts, Trading Strategy Journal.
- **Step 1:** Identify any confirmed Chart Patterns of the following types:
 - **Double Top** Bearish Reversal
 - **Double Bottom** Bullish Reversal
 - **Head and Shoulders** Bearish Reversal
 - **Inverted Head and Shoulders** Bullish Reversal
 - **Rounding Bottom** Bullish Reversal
 - **Ascending Triangle** Bullish Continuation
 - **Descending Triangle** Bearish Continuation
 - **Flags and Pennants** Bullish or Bearish Continuation
 - **Rectangles** Bullish or Bearish Continuation
 - **Symmetrical Triangles** Bullish or Bearish Continuation
- **Step 2:** Identify any confirmed Candlestick Chart Patterns of the following types:
 - **Hammer/Inverted Hammer** Bullish
 - **Tweezer Bottom** Bullish
 - **Bullish Engulfing** Bullish
 - **Piercing Line** Bullish
 - **Morning Star** Bullish
 - **Shooting Star/Hanging Man** Bearish
 - **Tweezer Top** Bearish
 - **Bearish Engulfing** Bearish
 - **Dark Cloud Cover** Bearish
 - **Evening Star** Bearish
 - **Spinning Top** Neutral Reversal

- Doji Neutral Reversal/Continuation
- Double Doji Neutral Reversal/Continuation
- Long Legged Doji Neutral Reversal
- Dragonfly Doji Neutral Reversal
- Gravestone Doji Neutral Reversal

- **Step 3:** Note your findings in your Trading Strategy Journal.

iii) Identify High Probability Trade Setups:

Now that you have identified important chart patterns, and know what price action has done and is currently doing, you must look for confirmation of possible High Probability Trade Setups (HPTS) by looking at the technical indicators associated with the various charts. Follow the 5 steps below in order of appearance to confirm HPTS.

- **Tools Used:** Candlestick Charts, Trend Lines, Support and Resistance Levels, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal.
- **Step 1:** Using your RSI Indicator, identify chart patterns that occur in the oversold (below -70) and overbought (above 70) areas of the RSI. These will indicate possible buy/sell opportunities. If these patterns coincide with the RSI crossing back over the -70/70 levels, it will indicate stronger signals.
- **Step 2:** Using your Stochastic Oscillator, identify chart patterns that occur in the oversold (below -80) and overbought (above 80) areas. These will indicate possible buy/sell opportunities. If the MA of the Stochastic Oscillator crosses back over the Signal Line below -80 it will indicate a buy signal, and above 80 it will indicate a sell signal. If these signals occur in conjunction with the RSI signals and chart patterns, they will be confirmed buy or sell signals.
- **Step 3:** Check if your Buy/Sell signals occur near the Lower/Upper extremes of the Bollinger Bands. If a sell signal occurs at the upper extreme of the Bollinger Band or if a buy signal occurs at the lower extreme of the Bollinger Bands, it will add considerable weight to the signals.
- **Step 4:** Identify if your Buy/Sell signals occur near or at Key Support and Resistance Levels. Because the market move between these levels, specific Entry/Exit points will be ideal if the signals are generated at these levels.
- **Step 5:** Another important consideration is to identify if these signals occur near or at MA or EMA lines. While the market moves in an established trend, it will often bounce back from these lines. If a sustained break of these lines happen in conjunction with our signals, or immediately after, then the timing for a HPTS will be perfect.
- **Step 6:** Document your analysis and possible HPTS in your Trading Strategy Journal, and mark your HPTS's on your charts.

Once all identified important chart patterns have been confirmed with the indicator signals, you will be ready to execute our HPTS. Keep in mind that although the ideal scenario would be one where our chart patterns are perfectly confirmed with all our indicator signals, this scenario will rarely be found in reality. The idea is to confirm the HPTS chart patterns with as many indicators signals as possible. Do not over analyze the trade. This may lead to missing out on the trade altogether.

f) TRADE EXECUTION AND TOOLS:

i) Trade Entry:

- **Tools Used:** Candlestick Charts, Trend Lines, Support and Resistance Levels, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal, Trading Journal Trading Rules.
- **Step 1:** Up to now you have done our analysis of the fundamental and technical aspects of the market. You have also identified possible HPTS's. Now you must look at the 30 Minute and 15 Minute charts to pin-point the trade entry-point. To do this you use the same methods you used in Step (ii) and Step (iii) and apply them to the 30 and 15 Minute charts. This will in effect give us a more accurate entry point and will get us into the market sooner to maximize profit.
- **Step 2:** Note the specific details of the Trade Entry Point selection in your Trading Strategy Journal.
- **Step 3:** Once the exact trade entry point has been identified you need to execute the Trade Entry without further delay, in accordance with your Trading Rules and the following criteria:
 - To enter the market immediately, place an Instant Execution Order at the current price levels with your initial Stop-Loss and Take-Profit price levels pre-entered.
 - To enter the market automatically once a certain price level is reached in the near future, place a Pending Order your initial Stop-Loss and Take-Profit price levels pre-entered.
- **Step 4:** Enter the details of your Trade Order into your Trading Journal.

ii) Trade Management:

- **Tools Used:** Candlestick Charts, Trend Lines, Support and Resistance Levels, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal, Trading Journal.
- During open trade positions you must monitor the progress of the trade and act where necessary to close the trade if it looks like the trade is bad. On the other hand, if the trade is good and the market moves in your favour, you must activate manual or automatic trailing stops to lock in profit.
- The ideal here is to manually move trailing stops during a steady trending market, and use automatic trailing stops during a volatile trending market.
- While the trade is in progress you must monitor the indicators associated with the chart and looks for signals that may indicate the trend may reverse, in which case you must either tighten your trailing stops or close the trade altogether.
- Another important aspect to remember is the progress of the trade between the Key Support and Resistance (S&R) levels. Failure to breach a certain S&R level may indicate a change in the trend. A sustained breach of the S&R level may indicate a continuation of the trend.
- Trending markets will form new ascending or descending trend lines on the shorter time-frame charts. Draw and modify these trend lines as the trend develops. These dynamic trend lines will act as an additional tool that will display S&R levels.
- Log the details of the progress of the trade in your Trading Strategy Journal.
- Log any changes to the properties of the trade size, stop-loss levels and Take profit levels in your Trading Journal.

iii) Trade Exit:

- **Tools Used:** Candlestick Charts, Trend Lines, Support and Resistance Levels, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal, Trading Journal.
- The goal of the Long-Term Scalp Strategy is to maximize profit by entering the market at the optimum Trade Entry Point and exit the market at the optimum Trade Exit Point. For this reason it is important to give the trade enough room to develop and “breathe”.
- In an ideal scenario, you will keep moving the Trailing Stops and Take Profit levels until the market tells you that the run is over, in which case you will exit the trade. These trades may run all day, and produce a very good result. Be careful not to break any of your Trading Rules, and practice solid Risk and Money Management principles.
- When the market is in a clearly defined trend, but due to fundamental events the market suddenly turns volatile, the Stop-Loss or Take-Profit levels should be hit, in which case the trade should be automatically closed.
- To close a trade manually, simply execute an Instant Execution Order.
- Note the market conditions and state of chart patterns, technical indicators and S&R levels in your Trading Strategy Journal.
- Note the specific parameters of the Trade Exit Order in your Trading Journal.

g) RISK MANAGEMENT:

i) Risk Exposure:

I will only risk a maximum of 3% of my capital at any given time in the market on all open trades, in accordance with my Monthly Targets as specified in Schedule A.

ii) Losses:

I will cut my losing trades short in within the strict guidelines of my Trading Plan and Trading Rules. I will not allow myself to add to a losing trade. I will not move my initial stop loss back, only forward to minimize risk or lock in profit. I will stop trading for the day should I have 3 consecutive losses that may not exceed 10% of my total equity.

h) MONEY MANAGEMENT:

i) Trade Size:

I will respect the maximum trade size against my equity per trade, as specified in my Monthly Targets (Schedule A). I will only add to my winning trades if my initial trade has had a chance to develop enough for me to lock in some profit with a trailing stop. The maximum amount that I add to my winning trade will not exceed my initial trade size.

ii) Profit:

I will use Trailing Stops to minimize risk and to lock in profit. I will always let my winning trades run to maximize profit within the criteria set out in the trading strategy applied.

iii) Stop Trading:

I will stop trading activities for the day as soon as I have equaled or exceeded my daily target, alternatively I will stop trading activities if I have three losses in a row that may not exceed 10% of my equity in total.

i) RECORD KEEPING:

i) Trading Calendar:

I will keep a Trading Calendar with entries all important Fundamental Events that may have an impact on the market and instruments I trade.

ii) Trading Strategy Journal:

I will keep a Trading Strategy Journal with entries that details market conditions, state of charting tools, state of technical indicators and any additional relevant information that details the application of my trading strategies. This will be used to review the performance of my trading strategy.

iii) Trading Journal and Trading Reports:

I will keep a Trading Journal with entries of all trade execution activities and their relevant parameters. Additionally I will save and print Daily, Weekly and Monthly reports for the purposes of record keeping and further analysis in future.

iv) Trading Diary:

I will keep a Trading Diary in which I will review and rate my daily, weekly and monthly performance based on reaching my trading targets and goals against the application of my Trading Plan, Trading Rules, Trading Strategy and Trade Execution.

2. SHORT-TERM SCALP STRATEGY

a) STRATEGY DEFINITION:

By definition, my Short-Term Scalp Strategy will only be applied on range-bound markets (periods of large scale consolidation), within the boundaries of a single trading session and executed on the 15 Minute and 30 Minute charts.

b) STRATEGY GOALS:

The primary goal of the strategy is to capture short scalps on the shorter time-frame charts while the market is in a period of consolidation (moving within a defined range) within the boundaries of a single trading session.

c) FUNDAMENTAL ANALYSIS AND TOOLS:

The goal of Fundamental Analysis is to determine the current Market Sentiment. Simply put, this describes how other traders and investors think the market will react to current and future important events which may impact the market. This may include economic, political and geo-physical events as earthquakes and floods that will affect a country's currency rate.

i) Market Sentiment:

- **Tools Used:** Trading Calendar, Trading Strategy Journal.
- **Step 1:** As described in Chapter 6, Section 2(c) of the Trading Plan, the Daily Fundamental Analysis takes place at the beginning of the day. Check for any entries of important events that influence market sentiment for the day in your Trading Calendar.
- **Step 2:** Note such events and the effect it may have on the market during the day in your Trading Strategy Journal.

d) MARKET ANALYSIS AND TOOLS:

i) Market Structure:

The first step is to analyze the structure of the market and establish if the market is already in a clearly defined and established trend (Trending Market) or in a period of consolidation (Range-Bound Market).

- **Tools Used:** Candlestick Charts, Trading Strategy Journal.
- **Step 1:** Have a look at your Monthly, Weekly and Daily charts and identify on each of these if the market structure indicates a Trending or Range-Bound market. The point of this exercise is to be aware of the longer term trend of the market. You trade the market intra-day, but it is a good idea to keep the bigger picture in your mind before you make trade decisions. For example, a long-term trend reversal confirmation may have happened on the last Friday of the month, and on the Monday the market may take off in the opposite direction with force and catch you off guard. You may have missed a chart pattern on the Monthly, Weekly or Daily charts. It is good practice to check these first, if not for any other reason than to put your mind at ease.

- **Step 2:** Next you take a closer look at your 4 Hour and 1 Hour charts to see if the market is currently Trending or Range-Bound on these timeframes. It may be that the market started a trend in the previous sessions and is still in the process of developing that trend. On the other hand the market may be in a period of consolidation after a big move in the previous session.
- **Step 3:** Based on your analysis of the market structure, you should be able to quickly establish if the market is in an established trend or in a period of consolidation on the Monthly (Long-Term), Weekly (Medium-Term), Daily (Short-Term), 4 Hour (Short-Term) and 1 Hour (Intra-Day) charts.
- **Step 4:** Compare your Technical assessment of the Market Structure to your Fundamental assessment and add your reasoning to your Trading Strategy Journal.

ii) **Trend Identification:**

In order to establish if a market is Trending or Range-Bound you need to analyze our Monthly, Weekly, Daily, 4 Hour and 1 Hour charts and identify what the current trend of each of those timeframes are, and at what stage of development they are.

- **Tools Used:** Candlestick Charts, Trend Lines, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal.
- **Step 1:** On each of the Monthly, Weekly, Daily, 4 Hour and 1 Hour charts draw trend lines connecting the previous two or three (preferably three) major highs. Do the same for the previous two or three (preferably three) major lows. The direction of the slopes of the highs in relation to the direction of the slopes of the lows will indicate if each time frame is in an Uptrend (Bullish), Downtrend (Bearish) or Range (Consolidation).
- **Step 2:** The next step is to look at the 20 period Moving Average of the Bollinger Bands (BB Centerline). If the MA is sloping up and price action (Candles) are above the MA, it will confirm an Uptrend. If the MA is sloping down and price action is below the MA, it will confirm a Downtrend. If the MA is relatively flat and price action is fluctuation around the MA, it will confirm a Range (Consolidation).
- **Step 3:** The direction of the trend has been identified. The next step is to identify in which stage of development the trend is in. If the RSI is above 50 and below 70 with a steady slope up, an established Uptrend is developing. If the RSI is below 50 and above -70 with a steady slope down, an established downtrend is developing. If the RSI is above 70 an uptrend may be nearing its end and a possible trend reversal may occur. Confirmation of a trend reversal to the downside occur with a sustained cross of 50 to the downside. If the RSI is below -70 a downtrend may be nearing its end and a possible trend reversal may occur. Confirmation of a trend reversal to the upside occur with a sustained cross of 50 to the upside.
- **Step 4:** To confirm the stage of development of the trend I will use the Stochastic Oscillator to add weight to my analysis. The Stochastic indicates two important characteristics of the trend. First, it indicates the direction of the trend, sloping up or down. Second, it indicates if the market is in-value (oscillating around the centerline), overbought (above 80) or oversold (below 80). If the oscillator is sloping up towards an overbought state, an uptrend is developing. If the oscillator is sloping down towards an oversold state, a downtrend is developing. If the market is in an overbought or oversold state the current trend is nearing completion and a trend reversal may occur. If the market is in an in-value state, it may indicate a period of consolidation.

- **Step 5:** To add more weight to my analysis I will look at the Bollinger Bands, and focus on a method called the Bollinger Band Squeeze. If the bands are expanding it will signify a trend is developing. If price action (candles) moves along the upper band and the bands are sloping up, it will indicate an Uptrend is developing. If price action is moving along the lower band and the bands are sloping down, it will indicate a downtrend is developing. If the bands start to contract and price action moves towards the centerline, it may indicate the trend is nearing its end and a trend reversal may occur. When the bands are relatively flat, it indicates that the market is in a period of consolidation. The closer the bands contract (squeeze together) and the longer it stays in that state, the more likely a breakout is on the way.
- **Step 6:** Combining the analysis of the 5 steps above, I now should have a clear indication of the direction and stage of development of the trend in each of my respective timeframes. Compare your Technical Analysis of the markets to your Market Structure and note your comments in your Trading Strategy Journal.

iii) Key Pivot Points:

Key Pivot Points are very important trend-reversal Support and Resistance levels where markets will often hover around for long periods of time. It is important to identify and mark these on the charts.

- **Tools Used:** Candlestick Charts, Horizontal Line Tool, Trading Strategy Journal.
- **Step 1:** Identify and mark key pivot points on my Monthly (**Purple Colour**) chart for the previous 4 years.
- **Step 2:** Identify and mark key pivot points on my Weekly (**Blue Colour**) chart for the previous 12 months.
- **Step 3:** Identify and mark key pivot points on my Daily (**Orange Colour**) chart for the previous 3 months.
- **Step 4:** Identify and mark key pivot points on my 4 Hour (**Pink Colour**) chart for the previous month.
- **Step 5:** Identify and mark key pivot points on my 1 Hour (**Black Colour**) chart for the previous week.
- **Step 6:** Note your findings in your Trading Strategy Journal.

iv) Fibonacci Levels:

Additional important Support and Resistance levels are identified using the Fibonacci Retracement and Expansion levels. Markets will move between these lines, often pausing to consolidate, before reversing or continuing the trend. Key Fibonacci Levels (for example 38.2% and 61.8%) will offer excellent Trade Entry and Exit points.

- **Tools Used:** Candlestick Charts, Fibonacci Retracement and Expansion Tools, Trading Strategy Journal.
- **Step 1:** Add Fibonacci Retracement and Expansion levels to my Monthly chart (**Purple**), drawing the levels from left to right between the previous two pivot points.
- **Step 2:** Add Fibonacci Retracement and Expansion levels to my Weekly chart (**Orange**), drawing the levels from left to right between the previous two pivot points.
- **Step 3:** Add Fibonacci Retracement and Expansion levels to my Daily chart (**Purple**), drawing the levels from left to right between the previous two pivot points.
- **Step 4:** Add Fibonacci Retracement and Expansion levels to my 4 Hour chart (**Pink**), drawing the levels from left to right between the previous two pivot points.

- **Step 5:** Add Fibonacci Retracement and Expansion levels to my 1 Hour chart (Black), drawing the levels from left to right between the previous two pivot points.
- **Step 6:** Note your findings in your Trading Strategy Journal.

e) TRADE SETUPS AND TOOLS:

i) Identify which Instruments (Currency Pairs) to trade:

The Short-Term Scalp Strategy can be successfully applied in both Trending Markets and Ranging Markets. It also works very well in times of high volatility.

- **Tools Used:** Candlestick Charts, Market Analysis, Trading Strategy Journal.
- **Step 1:** Based on your Market Analysis, identify which Instruments will be traded in the session and /or day. It would be preferable to only select one or two Instruments to trade, as this will simplify and focus In-trade Analysis and monitoring.
- **Step 2:** Note your selections in your Trading Strategy Journal.

ii) Identify Important Chart Patterns:

By this time you should have completed your Daily Analysis of the larger time-frame charts and identified developing chart patterns. Now you must look for confirmed trend reversal or trend continuation chart patterns on the Daily, 4 Hour and 1 Hour charts using the steps below. A key point to remember here is that chart patterns tells you what price action has done and is currently doing.

- **Tools Used:** Candlestick Charts, Trading Strategy Journal.
- **Step 1:** Identify any confirmed Chart Patterns of the following types:

▪ Double Top	Bearish Reversal
▪ Double Bottom	Bullish Reversal
▪ Head and Shoulders	Bearish Reversal
▪ Inverted Head and Shoulders	Bullish Reversal
▪ Rounding Bottom	Bullish Reversal
▪ Ascending Triangle	Bullish Continuation
▪ Descending Triangle	Bearish Continuation
▪ Flags and Pennants	Bullish or Bearish Continuation
▪ Rectangles	Bullish or Bearish Continuation
▪ Symmetrical Triangles	Bullish or Bearish Continuation
- **Step 2:** Identify any confirmed Candlestick Chart Patterns of the following types:

▪ Hammer/Inverted Hammer	Bullish
▪ Tweezer Bottom	Bullish
▪ Bullish Engulfing	Bullish
▪ Piercing Line	Bullish
▪ Morning Star	Bullish
▪ Shooting Star/Hanging Man	Bearish
▪ Tweezer Top	Bearish
▪ Bearish Engulfing	Bearish
▪ Dark Cloud Cover	Bearish
▪ Evening Star	Bearish
▪ Spinning Top	Neutral Reversal

- Doji Neutral Reversal/Continuation
- Double Doji Neutral Reversal/Continuation
- Long Legged Doji Neutral Reversal
- Dragonfly Doji Neutral Reversal
- Gravestone Doji Neutral Reversal

- **Step 3:** Note your findings in your Trading Strategy Journal.

iii) Identify Quick Scalps within Range Swings:

The Short-Term Scalp Strategy requires quick thinking and immediate action once a trend reversal or continuation is identified. Therefore you want to keep things as simple as possible. The aim is to get in the market and take quick profits and not chase “home runs”. You will use our 4 Hour and 1 Hour charts to determine the direction of the swing trend and then only trade in that direction using the 30 Minute and 15 Minute charts. From experience I know the 4 Hour (trade direction) and 30 Minute (trade execution) charts works best together. The same goes for the 1 Hour (trade direction) and 15 Minute (trade execution) charts.

- **Tools Used:** Candlestick Charts, Trend Lines, Support and Resistance Levels, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal.
- **Step 1:** Using your RSI Indicator, identify chart patterns that occur in the oversold (below -70) and overbought (above 70) areas of the RSI. These will indicate possible buy/sell opportunities. If these patterns coincide with the RSI crossing back over the -70/70 levels, it will indicate stronger signals.
- **Step 2:** Using your Stochastic Oscillator, identify chart patterns that occur in the oversold (below -80) and overbought (above 80) areas. These will indicate possible buy/sell opportunities. If the MA of the Stochastic Oscillator crosses back over the Signal Line below -80 it will indicate a buy signal, and above 80 it will indicate a sell signal. If these signals occur in conjunction with the RSI signals and chart patterns, they will be confirmed buy or sell signals.
- **Step 3:** Check if your Buy/Sell signals occur near the Lower/Upper extremes of the Bollinger Bands. If a sell signal occurs at the upper extreme of the Bollinger Band or if a buy signal occurs at the lower extreme of the Bollinger Bands, it will add considerable weight to the signals. In addition, trade entry points may also be identified when price action retrace back to the MA and then swing back again to continue the trend.
- **Step 4:** Identify if your Buy/Sell signals occur near or at Key Support and Resistance Levels. Because the market move between these levels, specific Entry/Exit points will be ideal if the signals are generated at these levels.
- **Step 5:** Another important consideration is to identify if these signals occur near or at MA or EMA lines. While the market moves in an established trend, it will often bounce back from these lines. If a sustained break of these lines happen in conjunction with our signals, or immediately after, then the timing for the trade will be perfect.
- **Step 6:** Document your analysis and possible HPTS in your Trading Strategy Journal, and mark your HPTS's on your charts.

f) **TRADE EXECUTION AND TOOLS:**

i) Trade Entry:

- **Tools Used:** Candlestick Charts, Trend Lines, Support and Resistance Levels, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal, Trading Journal Trading Rules.

- **Step 1:** Using the methods in section (c), you must now actively look for opportunities to enter the market. Once an opportunity has been identified with reasonable certainty, the trade must be taken without hesitation. Timing is key here, so use the 5 Minute and 1 Minute charts to pin-point trade entries. Although this strategy requires quick thinking and quick action, you will respect the guidelines of our Trading Plan and Trading Rules. There is no need to be irresponsible.
- **Step 2:** Note the specific details of the Trade Entry Point selection in your Trading Strategy Journal.
- **Step 3:** Once the exact trade entry point has been identified you need to execute the Trade Entry without further delay, in accordance with your Trading Rules and the following criteria:
 - To enter the market immediately, place an Instant Execution Order at the current price levels with your initial Stop-Loss and Take-Profit price levels pre-entered.
 - To enter the market automatically once a certain price level is reached in the near future, place a Pending Order your initial Stop-Loss and Take-Profit price levels pre-entered.
- **Step 4:** Enter the details of your Trade Order into your Trading Journal.

ii) **Trade Management:**

- **Tools Used:** Candlestick Charts, Trend Lines, Support and Resistance Levels, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal, Trading Journal.
- During open trade positions you must monitor the progress of the trade and act where necessary to close the trade if it looks like the trade is bad. On the other hand, if the trade is good and the market moves in your favour, you must activate manual or automatic trailing stops to lock in profit.
- Most of the time you will use Automatic Trailing Stops to lock in profits and then run with the market. In times of high volatility these type of trailing stops will lock in profit and prevent the market from catching me off-guard and stopping me out at a loss. The more volatile the market, the tighter the automatic trailing stop. Use your discretion here how wide to set the trailing stops. Be careful when the trade is first opened. Stand by to close the trade should it turn out to be a bad trade. Remember to always open the trade with a hard stop.
- While the trade is in progress you must monitor the indicators associated with the chart and looks for signals that may indicate the trend may reverse, in which case you must either tighten your trailing stops or close the trade altogether.
- Another important aspect to remember is the progress of the trade between the Key Support and Resistance (S&R) levels. Failure to breach a certain S&R level may indicate a change in the trend. A sustained breach of the S&R level may indicate a continuation of the trend.
- Trending markets will form new ascending or descending trend lines on the shorter time-frame charts. Draw and modify these trend lines as the trend develops. These dynamic trend lines will act as an additional tool that will display S&R levels.
- Log the details of the progress of the trade in your Trading Strategy Journal.
- Log any changes to the properties of the trade size, stop-loss levels and Take profit levels in your Trading Journal.

iii) **Trade Exit:**

- **Tools Used:** Candlestick Charts, Trend Lines, Support and Resistance Levels, Moving Averages, Bollinger Bands, Stochastic Oscillator, RSI, Trading Strategy Journal, Trading Journal.
- The goal of the Short-Term Scalp Strategy is to capture quick profits between the swings in a range-bound market. The golden rule here is, if it is profit and the market wants to trigger the trailing stop, let it. If you see the time has come to close the trade, don't hesitate, CLOSE THE TRADE, and bank your profit.
- Scalp Trading the short term charts in a range-bound market can be done in any direction, but be wary to trade against the dominant long term trend. At any point the market can take off in any direction and catch you off-guard. DO NOT move stops EVER. Let the market take out the stops – you planned for such an event, so trade the plan!
- When the market is in a clearly defined trend, but due to fundamental events the market suddenly turns volatile, the Stop-Loss or Take-Profit levels should be hit, in which case the trade should be automatically closed.
- To close a trade manually, simply execute an Instant Execution Order.
- Note the market conditions and state of chart patterns, technical indicators and S&R levels in your Trading Strategy Journal.
- Note the specific parameters of the Trade Exit Order in your Trading Journal.

g) **RISK MANAGEMENT:**

i) **Risk Exposure:**

I will only risk a maximum of 3% of my capital at any given time in the market on all open trades, in accordance with my Monthly Targets as specified in Schedule A.

ii) **Losses:**

I will cut my losing trades short in within the strict guidelines of my Trading Plan and Trading Rules. I will not allow myself to add to a losing trade. I will not move my initial stop loss back, only forward to minimize risk or lock in profit. I will stop trading for the day should I have 3 consecutive losses that may not exceed 10% of my total equity.

h) **MONEY MANAGEMENT:**

i) **Trade Size:**

I will respect the maximum trade size against my equity per trade, as specified in my Monthly Targets (Schedule A). I will only add to my winning trades if my initial trade has had a chance to develop enough for me to lock in some profit with a trailing stop. The maximum amount that I add to my winning trade will not exceed my initial trade size.

ii) **Profit:**

I will use Trailing Stops to minimize risk and to lock in profit. I will always let my winning trades run to maximize profit within the criteria set out in the trading strategy applied.

iii) **Stop Trading:**

I will stop trading activities for the day as soon as I have equaled or exceeded my daily target, alternatively I will stop trading activities if I have three losses in a row that may not exceed 10% of my equity in total.

i) RECORD KEEPING:

i) Trading Calendar:

I will keep a Trading Calendar with entries all important Fundamental Events that may have an impact on the market and instruments I trade.

ii) Trading Strategy Journal:

I will keep a Trading Strategy Journal with entries that details market conditions, state of charting tools, state of technical indicators and any additional relevant information that details the application of my trading strategies. This will be used to review the performance of my trading strategy.

iii) Trading Journal and Trading Reports:

I will keep a Trading Journal with entries of all trade execution activities and their relevant parameters. Additionally I will save and print Daily, Weekly and Monthly reports for the purposes of record keeping and further analysis in future.

iv) Trading Diary:

I will keep a Trading Diary in which I will review and rate my daily, weekly and monthly performance based on reaching my trading targets and goals against the application of my Trading Plan, Trading Rules, Trading Strategy and Trade Execution.

CHAPTER 9

TRADING RULES

This is one of the most important parts of the Trading Plan. The Trading Rules set out here are the Code of Conduct by which you run your business, and must be followed with very strict discipline.

Proclamation on “The Use of my Trading Rules”:

- Every morning over breakfast and coffee, I will read through these rules, however much of an inconvenience it may be.
- I will not start any trade analysis or trade activities until I have read through each of my Trading Rules.
- My Trading Rules will always be displayed at my trading station.
- After a loss I will again first read through each of my Trading Rules.
- I will follow my Trading Rules with the utmost discipline every single day, in every session with every trade I execute.

The Trading Rules will be divided into the following three major sections:

- Trading Psychology Rules
- Risk and Money Management Rules
- Trade Activities and Execution Rules

A. TRADING PSYCHOLOGY RULES

1) Always act in your Own Best Interest

This is the golden rule of Trading Psychology. The nature of trading in the financial markets is inherently stressful. Every decision you make as a trader should always be done with your own best interest in mind which ensure personal physical and mental health. This will result in a trader with a calm and objective frame of mind.

2) Be an Objective Trader

Trading decisions should be based on what the markets are doing and showing you, and not what you think or want the markets to do. Never force your will on the markets because the markets don't care or discriminate. The markets are always right.

3) Be a Disciplined Trader

A successful trader will have a carefully designed Trading Plan, Trading Rules and Trading Strategy with the ability to adhere to these guidelines with strict discipline. Disciplined trading cultivates consistent results that generate long-term profitability.

4) Remain Calm and Relaxed

In order to be an objective you must remain calm and relaxed to be able to make the correct decisions that are in your own best interest. A calm and relaxed frame-of-mind is achieved by being a disciplined trader which will result in self-confidence. Never trade when you are not in the right frame-of mind, which may be a result of being tired, stresses, hung-over, etc.

5) Set and Accomplish your Goals

Never chase money. Set realistic, attainable goals that can be measured on a Daily, Weekly, Monthly and Annual basis. Money will be the by-product of achieving your goals.

6) Think Success

It is a proven scientific fact that the human mind is powerful enough to influence the outcome of everything you do every day. If you focus on your losses too much you will create a "Losing frame of mind". Focus on being a winner by visualizing your success as a trader in order to breed a "Winning frame of mind".

7) Be an Active Winner and Loser

Indecision, fear, greed and desperation can paralyze a trader and promote extensive losing streaks. Treat trading as a serious business and be actively involved in making decisive decisions while trading that will be in your own best interest. Always act immediately to "Cut your losses short" and "Let your profits run". Not the other way around. Embrace positive emotions that will result in success, and reject negative emotions that will result in failure.

8) Learn to Love taking a Loss

It may seem like stupid thing to do. The fact is that the sooner you exit a losing trade the more money you save yourself. You therefore act in your own best interest. Accept the fact that you will take losses on a fairly regular basis. Manage these losses to minimize the risk on your trading capital and your profits.

9) Reject Fear

The fear of being wrong about a trade setup, taking a loss or the market suddenly turning on you may cause you to be indecisive and missing out on a trade, getting into a trade too late, cutting your winning trades short or, worst of all, letting your losing trades run. Reject and fight fear by being disciplined, objective and sticking to your Trading Plan, Trading Rules and Trading Strategy. By doing this you will gain self-confidence which is a much more powerful emotion than fear.

10) Never be Greedy

Being greedy is the opposite extreme of being fearful that will have the same end result. A greedy trader will abandon and bend the guidelines set in his Trading Plan, Trading Rules and Trading Strategy for the sake of chasing the "home run". Trading is a disciplined business that demands consistent results to be successful. Stick to your trading system and strive to achieve your goals, rather than chasing money.

11) Wishing, Hoping and Praying is Futile

Making poor trading decisions and then sitting in a tight bundle of nerves while you are wishing, hoping and praying that the markets will turn your way will result in ultimate failure. This is one of the most destructive traps of trading. It will destroy your confidence, breed fear, take a huge toll on your mental and physical health and will cultivate a negative frame-of-mind. Be an active Winner and Loser. Be objective, disciplined and act immediately on losing trades instead of waiting for the market to turn in your favour.

12) Never take Revenge

The market does not care about your losses or profits. If you take a loss and jump right back into the market to take revenge, then you are not being objective and are not acting in your own best interest. Even if it works out some times and you recover your loss, in the long run you will end up with big losses resulting in the inevitable complete loss of your trading capital. After a loss, review your trade execution to identify where you made mistakes and correct them immediately. In most cases you will find that you deviated from your trading system (Trading Plan, Rules and Strategy). Admitting your mistakes, learning from your mistakes and correcting your mistakes will develop you as into a successful trader. Remember, the market is always right!

13) Be Yourself

Every person has his/her own unique personality. This has a direct influence on what type of trader you are. Develop your own Trading System which must include having a clearly defined realistic Trading Plan, Trading Rules and a properly tested Trading Strategy that suits your own individual Trading Style. What works for someone else may not work at all for you. Remember the golden rule of Trading Psychology – “**Act in your Own Best Interest**”.

B. RISK AND MONEY MANAGEMENT RULES

14) Protect and Preserve your Trading Capital

This is the golden rule of Risk and Money Management. Always protect and preserve your Trading Capital. Without any trading capital you cannot run your trading business. It is in your own best interest to protect your equity and your profits at all time by practicing your Trading Rules with strict discipline.

15) Respect your Account Leverage

You are trading with a margin account with a specific allocated Account Leverage. This is a tool that must be used with the utmost care and respect and must never be abused. Always remember that you can lose money just as quick as you can make money with your Account Leverage.

16) Respect your Maximum Allowed Risk Factor

Never exceed your maximum allowed risk factor on the total amount of trades open at any given time. It is there to protect you against big losses. ALWAYS apply your Risk Factor through the use of Stop-Loss orders.

17) Respect your Maximum Allowed Trade Size

Never exceed your maximum allowed Trade Size. Your trade size is directly proportional to your risk factor. Exceeding your trade size will mean an automatic increase in your risk factor. This will not be in your own best interest, and will ultimately expose your trading capital to increased risk.

18) Respect your Projected Profit Targets

Your projected profit targets are calculated to stimulate consistency. Do not be tempted to overtrade and chase bigger profit targets. This will result in promoting greed, which will ultimately result in sustained losses.

19) End every day in Profit

The goal of each trading day is to end the day in profit by achieving the daily profit target and then stop trading. Do not overtrade. Review and evaluate your progress through the day, stick to your trading system and pace yourself to achieve the daily profit target by taking smaller profits throughout the day.

20) ALWAYS use Stop-Loss and Take-Profit Orders

ALWAYS use Stop-loss and Take Profit orders when initiating new trades. Do not deviate from your trading system and widen your stop-loss range. Only increase your Take-Profit target if your trade has produced a reasonable profit, you move your Stop-Loss to break-even or better and you have determined with certainty that the market may move further in your favour. Any increase of the Take-Profit target must be done in small realistic increments and accompanied by an increase of your Stop-Loss order (Trailing Stop).

21) Cut your Losses Short – let your Profits Run

This rule adds to Rule 20. Be active while in a trade by continuously monitoring the progress of your trade and acting to cut losses short and let your profits run. If you identify that the market will hit your stop-loss you do not have to wait for the trigger, but rather immediately close the trade manually. On the other hand if you identify that the market is going to move further than your take-profit target, act immediately and move your take-profit target within the boundaries of Rule 20.

22) Never turn Winners into Losers

When the market moved favourably on your trade and the trade is in a reasonable profit, activate a Trailing Stop (Manual or Automatic) to lock in that profit. Continue to move your Trailing Stop in conjunction with your Take-Profit to lock in profits as the trade develops.

23) Never Add to Losing Trades (Average Down)

When the market has moved against your trade, do not add to the losing trade (buying or selling) to attempt to average out the loss. This will only put you under more pressure and generate more stress, which will ultimately lead to increased losses. Rather close the losing trade immediately it is identified as such, and prepare for the next trade opportunity.

24) Scale Down after a Loss

When a loss occurred, first review the losing trade and determine where the mistake occurred, read each of your Trading Rules again, and then enter the next trade opportunity by scaling down your risk factor and trade size. This will allow you to be calm and relaxed and a few smaller wins will boost your confidence. When you are in the right frame of mind again you may continue with your standard risk and trade size allocations.

25) Stop Trading after Three Consecutive Losses

If you have three consecutive losses, cease all trading activities for the day immediately and walk away from your trading environment. Go to the beach, have lunch with a friend or go watch a movie. The point is to forget about trading for the rest of the day. The next day, before you start with that day's trading activities, first analyze your losing trades, identify where you made mistakes and correct those mistakes. Read your Trading Rules slowly and carefully again!

C. TRADE ACTIVITY AND EXECUTION RULES

26) Plan the Trade – Trade the Plan

This is the golden rule of Trade Activities and Execution. Always perform the required Analysis and Trade Setup Identification as prescribed in your Trading Strategy. Never storm into the market shooting from the hip. Always plan your trading activities and execute the plan with strict discipline within the parameters of your Trading System (Trading Plan, Rules and Strategy).

27) Always Monitor and Respect Fundamental Events

Before any technical analysis or trading may take place you first have to check if any events may take place during the day that may have a big impact on the markets. Such events may determine if you will trade during certain times or not trade at all during that day. Events like the monthly US Non-farm Payrolls may create extreme volatility in the markets. During such events it would be best to just monitor the markets and only enter the market once it has stabilized. Important speeches from the big reserve banks in Europe and the US may cause volume in the markets to drop dramatically and may cause sporadic extreme volatility. Avoid have open trades during such events. Mark all important events on your Trading Calendar and act appropriately around such events. Important European news is released around 10:30 local time, and US news is release around 14:30 and 16:00 local time. Be careful around these times.

28) Don't Over-Analyze

Perform your Technical Analysis as prescribed by your Trading System. Try and keep it reasonably simple and don't over analyze the markets and clutter your charts with all kinds of irrelevant information.

29) Always Respect Trends

Always keep the trend of your longer time-frame charts in mind. Never trade against the dominant trend. Don't guess or gamble when a trend will reverse or continue. Always wait for confirmation before acting on a signal.

30) Never Ignore Key Support and Resistance Levels

Price action always moves between support and resistance levels and will pause around these levels. Always monitor the movement of price action around these levels and enter or exit your trades at these levels, unless you have a bad trade, in which case you act immediately and close the trade.

31) Always Trade the Strategy

Your Technical Indicators and your Trading Strategy have been constructed and tested to be used in the prescribed way. Follow your Trading Strategy with discipline to achieve consistency. Don't trade mixed signals just because you have a hunch the market will move in a certain direction or because you don't want to miss out on the move.

32) Be Patient, Be Smart

Be patient and wait for the market to meet the requirements of your Trading System before you execute the trade. Opportunities for trades will always present themselves. There is no point launching pulling the trigger at every move the market makes. If market conditions don't meet the criteria specified in your Trading System, then you simply don't trade. Just as you don't want to turn a winner into a loser, so you must not create a loser to start with.

33) Always Execute Trades "By the Book"

Never ignore the rules prescribed under the "Risk and Money Management Rules" section of your Trading Rules. They are meant to protect your trading capital.

34) Exit Early When Required

If you initiated a trade and the trade is going nowhere with a reasonable time-frame, exit the trade as soon as possible, preferably at break-even or in profit, otherwise cut your loss short while it is still very small. Chances are you initiated the trade in a period where the market is in a very tight range. This is a warning sign that the market may move in any direction at any time. You cannot predict the future. If a trade does not feel right or you identify extreme low volumes in the market, it is a sign of uncertainty among traders. Do the smart thing and exit while you have the chance.

35) Always Keep your Records Up-To-Date

The only way you can measure the performance of your Trading System is by keeping an accurate and up-to-date set of records of all relevant information needed to analyze your Trading System and your personal performance. You cannot identify and correct a system that does not work if you cannot identify what exactly is going wrong. Using a system that does not work or may have serious flaws can and will hurt your trading capital.

CHAPTER 10

RECORD KEEPING TEMPLATES

1. PROJECTED DAILY AND WEEKLY PROFIT TARGETS

PROJECTED PROFIT TARGETS FOR THE MONTH OF:								
DEFAULT VALUES:	Start Balance:	1 000.00	Risk %:	3 %	Trade Size %:	6 %	Profit %:	10 %

Description	Maximum Risk Amount (SL)	Maximum Trade Size Amount	Daily Profit Target Amount	Account Balance
Opening Balance	0.00	0.00	0.00	1 000.00
Week 1, Mon	30.00	60.00	100.00	1 100.00
Week 1, Tues	33.00	66.00	110.00	1 210.00
Week 1, Wed	36.30	72.60	121.00	1 331.00
Week 1, Thu	39.93	79.86	133.10	1 464.10
Week 1, Fri	43.92	87.85	146.41	1 610.51
Week 2, Mon	48.32	96.63	161.05	1 771.56
Week 2, Tues	53.15	106.29	177.16	1 948.72
Week 2 Wed	58.46	116.92	194.87	2 143.59
Week 2, Thu	64.31	128.62	214.36	2 357.95
Week 2, Fri	70.74	141.48	235.80	2 593.75
Week 3, Mon	77.81	155.63	259.38	2 853.13
Week 3, Tues	85.59	171.19	285.31	3 138.44
Week 3, Wed	94.15	188.31	313.84	3 452.28
Week 3, Thu	103.57	207.14	345.23	3 797.51
Week 3, Fri	113.93	227.85	379.75	4 177.26
Week 4, Mon	125.32	250.64	417.73	4 594.99
Week 4, Tues	137.85	275.70	459.50	5 054.49
Week 4, Wed	151.63	303.27	505.45	5 559.94
Week 4, Thu	166.80	333.60	555.99	6 115.93
Week 4, Fri	183.48	366.96	611.59	6 727.52
Week 5, Mon	201.83	403.65	672.75	7 400.27
Week 5, Tues	222.01	444.02	740.03	8 140.30
Week 5, Wed	244.21	488.42	814.03	8 954.33
Week 5, Thu	268.63	537.26	895.43	9 849.76
Week 5, Fri	295.49	590.99	984.98	10 834.74
Closing Balance	0.00	0.00	0.00	0.00

2. ACTUAL DAILY AND WEEKLY PROFITS

ACTUAL DAILY AND WEEKLY PROFITS FOR THE MONTH OF:								
Description	Profit Target	Profit/ Loss	Profit %	Average Risk Size	Risk %	Average Trade Size	Trade Size %	Account Balance
Opening Balance								
Week 1, Mon								
Week 1, Tue								
Week 1, Wed								
Week 1, Thu								
Week 1, Fri								
Week 1 Totals								
Week 1 Averages								
Week 2, Mon								
Week 2, Tue								
Week 2, Wed								
Week 2, Thu								
Week 2, Fri								
Week 2 Totals								
Week 2 Averages								
Week 3, Mon								
Week 3, Tue								
Week 3, Wed								
Week 3, Thu								
Week 3, Fri								
Week 3 Totals								
Week 3 Averages								
Week 4, Mon								
Week 4, Tue								
Week 4, Wed								
Week 4, Thu								
Week 4, Fri								
Week 4 Totals								
Week 4 Averages								
Week 5, Mon								
Week 5, Tue								
Week 5, Wed								
Week 5, Thu								
Week 5, Fri								
Week 5 Totals								
Week 5 Averages								
Monthly Totals								
Monthly Averages								

3. PROJECTED MONTHLY AND ANNUAL PROFIT TARGETS

Formula for calculating the weekly percentage of profit increase is:
 $((\text{Weekly Ending Balance} - \text{Weekly Starting Balance}) * 100) / \text{Weekly Starting Balance}$

MONTHLY PROFIT TARGET PERCENTAGE				
Description	Starting Balance	Ending Balance	Weekly Profit	Profit Percentage
Week 1	1 000.00	1 610.51	610.51	62
Week 2	1 610.51	2 593.75	983.24	62
Week 3	2 593.75	4 177.26	1 583.51	62
Week 4	4 177.26	6 727.52	2 550.26	62
Week 5	6 727.52	10 834.74	4 107.22	62
Total Monthly Profit:			9 834.74	310
Weekly Average Profit:			1 966.95	62%

ACTUAL MONTHLY AND ANNUAL PROFITS FOR THE YEAR OF:							
Description	Opening Balance	Income Withdrawn	Nett Balance	Gross Profit	Gross Loss	Nett Profit	Account Balance
January	6 727.52	1 009.13	5 718.39	3 431.03	1 143.68	2 287.35	8 005.74
February	8 005.74	1 200.86	6 804.88	4 082.93	1 360.98	2 721.95	9 526.83
March	9 526.83	1 429.02	8 097.81	4 858.69	1 619.56	3 239.13	11 336.94
April	11 336.94	1 700.54	9 636.40	5 781.84	1 927.28	3 854.56	13 490.96
May	13 490.96	2 023.64	11 467.32	6 880.39	2 293.46	4 586.93	16 054.25
June	16 054.25	2 408.14	13 646.11	8 187.67	2 729.22	5 458.45	19 104.56
July	19 104.56	2 865.68	16 238.88	9 743.33	3 247.78	6 495.55	22 734.43
August	22 734.43	3 410.16	19 324.27	11 594.56	3 864.85	7 729.71	27 053.98
September	27 053.98	4 058.10	22 995.88	13 797.53	4 599.18	9 198.35	32 194.23
October	32 194.23	4 829.13	27 365.10	16 419.06	5 473.02	10 946.04	38 311.14
November	38 311.14	5 746.67	32 564.47	19 538.68	6 512.89	13 025.79	45 590.26
December	45 590.26	6 838.54	38 751.72	23 251.03	7 750.34	15 500.69	54 252.41
Annual Totals	N/A	37 519.61	N/A	127 566.74	42 522.24	85 044.50	54 252.41
Annual Growth %	678%	678%	678%	678%	678%	678%	678%
Annual Averages	N/A	3 126.63	N/A	10 630.56	3 543.52	7 087.04	N/A

Explanation of calculations (All amounts are rounded to the nearest dollar):

- Nett Balance = (Opening Balance) – (Income Withdrawn)
- Gross Profit = ((Nett Balance) x Gross Profit Percentage Default Value) / 100
- Gross Loss = ((Nett Balance) x Gross Loss Percentage Default Value) / 100
- Nett Profit = (Nett Balance) + (Gross Profit) – (Gross Loss)
- Account Balance = (Nett Balance) + (Nett Profit)

4. ACTUAL MONTHLY AND ANNUAL PROFITS

MONTHLY PROFIT TARGET PERCENTAGE				
Description	Starting Balance	Ending Balance	Weekly Profit	Profit Percentage
Week 1				
Week 2				
Week 3				
Week 4				
Week 5				
Total Monthly Profit:				
Weekly Average Profit:				

ACTUAL MONTHLY AND ANNUAL PROFITS FOR THE YEAR OF:							
Description	Opening Balance	Income Withdrawn	Nett Balance	Gross Profit	Gross Loss	Nett Profit	Account Balance
January							
February							
March							
April							
May							
June							
July							
August							
September							
October							
November							
December							
Annual Totals	N/A		N/A				
Annual Growth %							
Annual Averages	N/A		N/A				N/A

6. TRADING STRATEGY JOURNAL

The Trading Strategy Journal is used to record the activities, decisions and reasoning of the trader on market conditions with the application of a specific trading strategy. This information is used to evaluate a strategy to determine its performance and then correct any flaws or further develop the strategy:

JOURNAL ENTRY NUMBER						
DATE	TIME	STRATEGY	CURRENCY PAIR	CHART	TRADE ORDER	ACTIVITY
CHART PATTERN	BOLLINGER BANDS	RSI	STOCHASTIC	MOVING AVERAGES		
COMMENTS						

JOURNAL ENTRY NUMBER						
DATE	TIME	STRATEGY	CURRENCY PAIR	CHART	TRADE ORDER	ACTIVITY
CHART PATTERN	BOLLINGER BANDS	RSI	STOCHASTIC	MOVING AVERAGES		
COMMENTS						

JOURNAL ENTRY NUMBER						
DATE	TIME	STRATEGY	CURRENCY PAIR	CHART	TRADE ORDER	ACTIVITY
CHART PATTERN	BOLLINGER BANDS	RSI	STOCHASTIC	MOVING AVERAGES		
COMMENTS						

JOURNAL ENTRY NUMBER						
DATE	TIME	STRATEGY	CURRENCY PAIR	CHART	TRADE ORDER	ACTIVITY
CHART PATTERN	BOLLINGER BANDS	RSI	STOCHASTIC	MOVING AVERAGES		
COMMENTS						

7. TRADING JOURNAL

The Trading Journal is used to record the activities, decisions and reasoning of the trader during Trade Execution and Monitoring. The Information, together with the Trade History Reports are used to evaluate the trader's performance in relation to Daily, Weekly, Monthly and Annual projected target profits:

JOURNAL ENTRY				
DATE	TIME	TRADE ORDER NO	TRADE ORDER TYPE	TRADE ACTIVITY
TRADE ENTRY	ENTRY PRICE	LOT SIZE	TRADE SIZE \$	TRADE SIZE %
STOP LOSS	SL PRICE LEVEL	SL PIP SIZE	SL SIZE \$	SL SIZE %
TAKE PROFIT	TP PRICE LEVEL	TP PIP SIZE	TP SIZE \$	TP SIZE %
TRADE EXIT	EXIT PRICE	PROFIT PIP SIZE	PROFIT SIZE \$	PROFIT SIZE %

JOURNAL ENTRY				
DATE	TIME	TRADE ORDER NO	TRADE ORDER TYPE	TRADE ACTIVITY
TRADE ENTRY	ENTRY PRICE	LOT SIZE	TRADE SIZE \$	TRADE SIZE %
STOP LOSS	SL PRICE LEVEL	SL PIP SIZE	SL SIZE \$	SL SIZE %
TAKE PROFIT	TP PRICE LEVEL	TP PIP SIZE	TP SIZE \$	TP SIZE %
TRADE EXIT	EXIT PRICE	PROFIT PIP SIZE	PROFIT SIZE \$	PROFIT SIZE %

JOURNAL ENTRY				
DATE	TIME	TRADE ORDER NO	TRADE ORDER TYPE	TRADE ACTIVITY
TRADE ENTRY	ENTRY PRICE	LOT SIZE	TRADE SIZE \$	TRADE SIZE %
STOP LOSS	SL PRICE LEVEL	SL PIP SIZE	SL SIZE \$	SL SIZE %
TAKE PROFIT	TP PRICE LEVEL	TP PIP SIZE	TP SIZE \$	TP SIZE %
TRADE EXIT	EXIT PRICE	PROFIT PIP SIZE	PROFIT SIZE \$	PROFIT SIZE %

8. TRADING DIARY

The Trading Diary is used at the end of the day, week, month, and year to review and evaluate the trader's performance against the Personal Trading Goals and Projected Profit Targets. Simply put, the Trading Diary measures and document a trader's overall success as a trader.

The Trading Diary review, evaluate and rate (x/10) the performance of the trader on the following key areas:

- **The Trading Plan**

Is the trader following the Trading Plan (Business Plan/Model) and how well is the Trading Plan working in the reality of the trading environment?

- **The Trading Rules**

The Trading Rules is a measure of discipline. Is the trader following all the Trading Rules (Code of Conduct) with strict discipline or not? Identify which areas need to be addressed.

- **The Trading Strategy**

The Trading Strategy is the tools of the business. Are the tools working effectively, and is the trader using the tools in the prescribed manner?

- **Goals and Targets**

How well is the trader performing in attaining the pre-determined Goals and Targets?

- **Overall Performance**

How well is the trader performing in attaining the pre-determined Goals and Targets?

TRADING DIARY	DATE	TIME	
TRADING PLAN PERFORMANCE REVIEW		RATING	10
TRADING RULES PERFORMANCE REVIEW		RATING	10
TRADING STRATEGY PERFORMANCE REVIEW		RATING	10
GOALS AND TARGETS PERFORMANCE REVIEW		RATING	10
GOALS AND TARGETS PERFORMANCE REVIEW		RATING	10