



FOREX *Cookbook*

**A COLLECTION OF ULTRA BLUE'S
FOREX SYSTEMS AND METHODS**

BY RUSS HORN
FOREX MASONRY

Introduction

HIGH RISK INVESTMENT

TRADING FOREIGN EXCHANGE ON MARGIN CARRIES A HIGH LEVEL OF RISK, AND MAY NOT BE SUITABLE FOR ALL INVESTORS.

Before deciding to trade foreign exchange, you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some, or all, of your initial investment, and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial adviser if you have any doubts.



Introduction

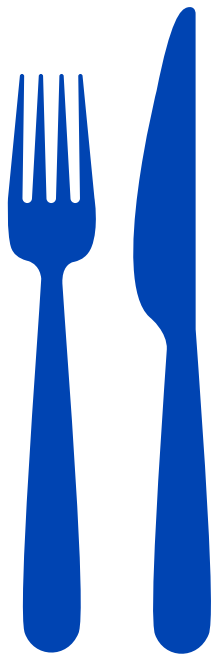
A SERIES OF SYSTEMS

I put together a series of simple systems, all using the same set of basic indicators. This set of systems are the Ultra Blue series of systems. The main purpose of these were to provide traders with easy to use systems that worked just as well, or better, than any high-ticket trading program.

The purpose of this book is to make all those systems available to you in one place, essentially a quick-reference guide.

Over time, these systems have been tested by traders from all over the world. The variations you see here are used by the biggest traders in the world. They need their trading methods to work as often as possible, and what you have in the Cookbook are a collection of systems used by the best traders.

With the Forex Cookbook, you will notice the layout might be a little different than you are used to.



Because this is a collection of systems, I wanted to keep the systems together and easily referenced. Once you have a basic understanding of how the tool used work, we don't need to cover them for each system.

For this reason, in the Forex Cookbook, we will first cover the tools you will need and how to use them.

After that, we will move on to the systems themselves.

I want to keep the recipe section as brief and to the point as possible so you can easily get from them what you need.

Enjoy the Book!

Cookbook

LAYOUT OF THE COOKBOOK

In order to keep things as simple as possible, there will be 4 separate and distinct parts to the Cookbook. You are able to skip each part and move to the next if you already know the basics.

Section 1 SETUP

This section is about getting your charts ready. We will apply the chart colors and add the indicators to build a template. Not all indicators will be used for every system, but the template will allow for all the systems to work on the same template.

Section 2 PREPARATION

This is the section where we cover how to use certain tools and get the right information you need.

Section 3 INGREDIENTS

Here we learn the basic of trading these systems. Things like identifying highs and lows, what a trend is and so on. These are all concepts that we have to understand in order to make the recipes work. Once we get into the systems (recipes) themselves, I will assume that you have an understanding of the material covered in this section.

Section 4 RECIPES

This is where the different systems will be covered. The first parts of the cookbook lead up to this section. There will be setup rules and chart examples, just like what you have come to expect from me.

Cookbook

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Cookbook

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SECTION 1

CHARTS

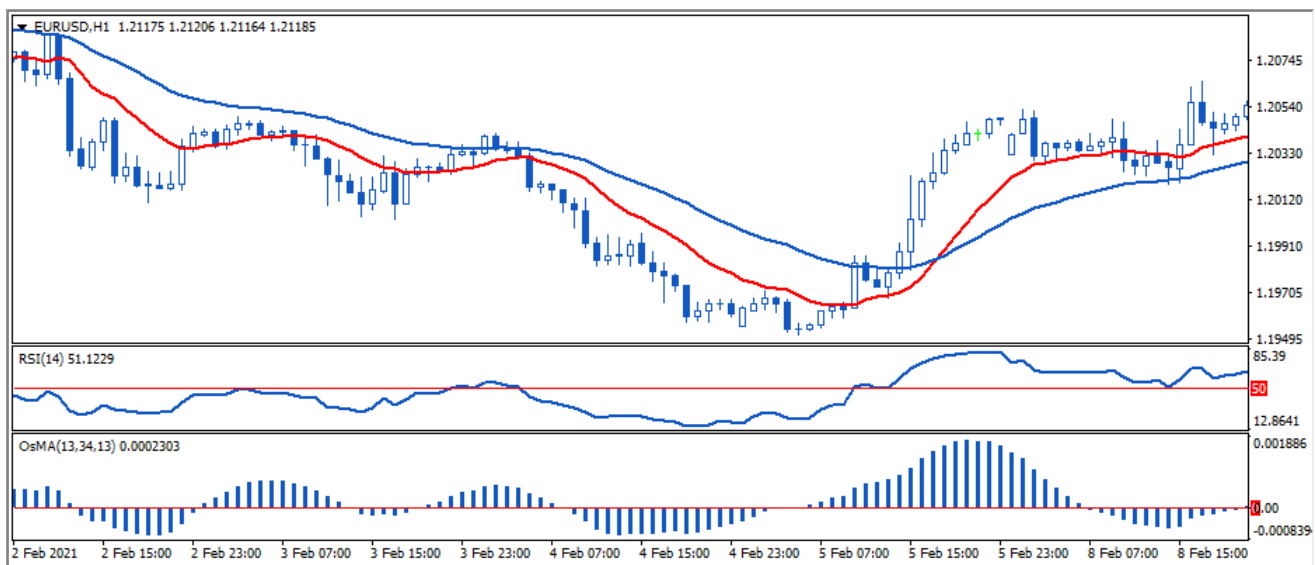
We will apply the chart colors and the indicators to build a template. Not all indicators will be used for every system, but the template will allow for all the systems to work on the same chart.

Setup

HOW YOUR CHARTS WILL LOOK

Below is an image of what your charts will look like.

They are the Ultra Blue colors along with all the different indicators we will be using. Remember, we won't be using all the indicators for every system. This chart setup is so that we accommodate each system. You can trade them all or individually, or pick the parts you like and build your own.



You can see the system is really quite simple looking. There are no extras that will just confuse or overwhelm us.

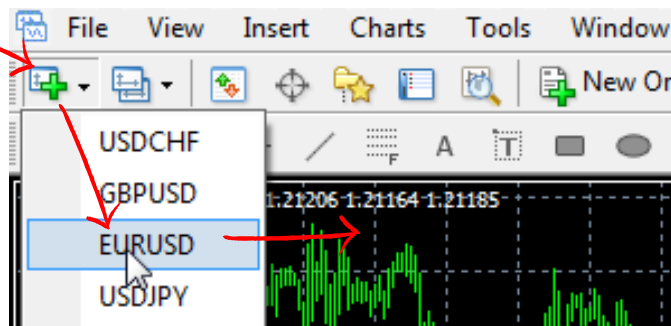
Keeping things simple is really important.

Have no fear, with these simple indicators, we can get an incredible amount of information. We can get everything we need. Signals will be as early as possible and clear as day.

Setup

ADJUSTING THE COLORS

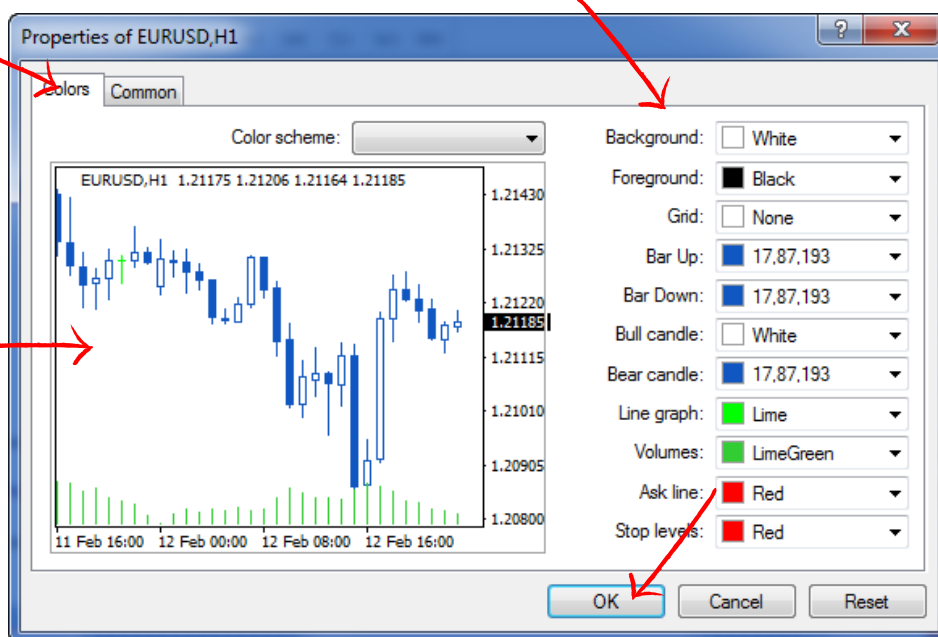
1. Open a new chart.
2. Right-click on any blank space on the chart (the black area) and choose Properties at the bottom of the pop up menu (or just press F8).



A box will pop open, click on the colors tab and make the colors look like the one below. The blue color I use is a custom color, and you will get that by inputting these numbers with the commas and no spaces:

Custom Blue:
17,87,193

The preview window will show you the changes you make as you make them



Once you have the colors the way you like them, click OK. Your chart will look like the chart on the previous page, just without the indicators.

ADDING THE INDICATORS

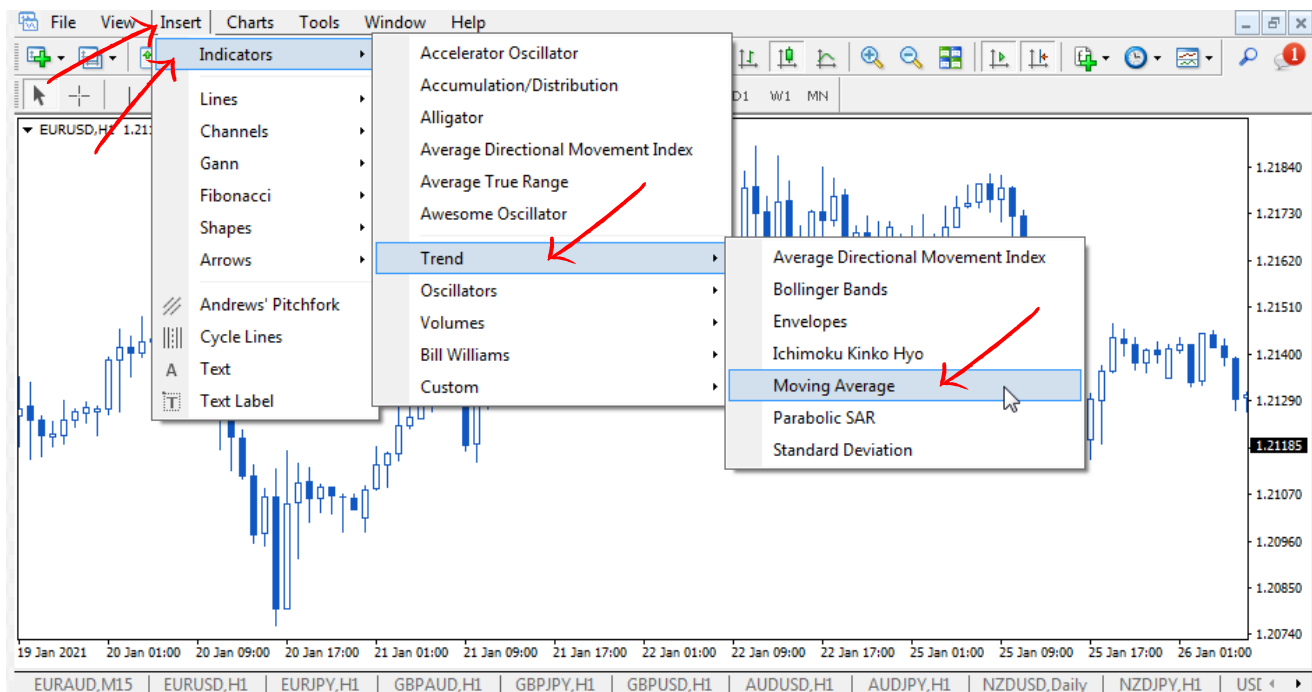
We are going to add 4 indicators to the chart.

- 13 Exponential Moving Average (EMA)
- 34 Exponential Moving Average (EMA)
- 14 Relative Strength Index (RSI)
- 13, 34, 13 Moving Average of Oscillator (OSMA)

MOVING AVERAGES

There are a few ways to add an indicator to the chart, here is one way:

1. Click: **Insert**
2. Hover over: **Indicators**
3. Hover over: **Trend**
4. Click: **Moving Average**



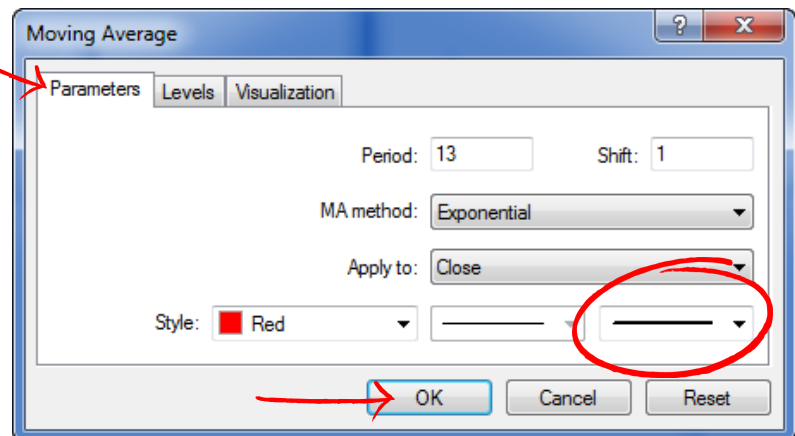
This first moving average will be the 13 EMA.
Change your Moving Average properties box to look like the one below:

Under the
Parameters tab:

- Period: **13**
- Shift: **1**
- MA Method: **Exponential**
- Apply to: **Close**
- Style: **Red**
- Chose Line Thickness:

Mine is the second

- Click: **OK**



Perform the same process to add the second moving average.

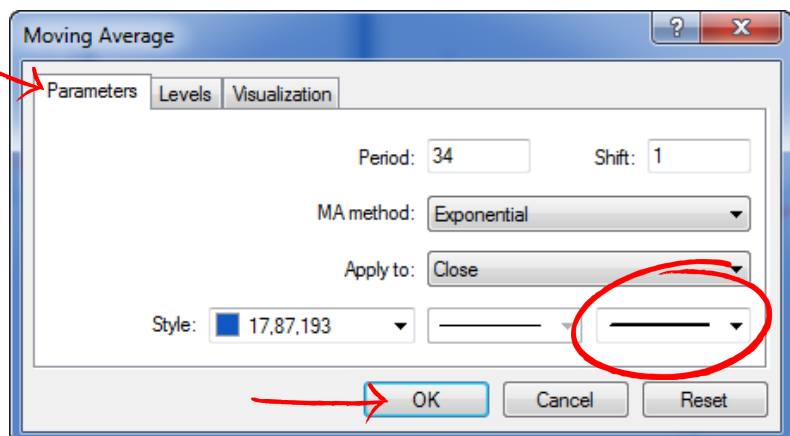
Insert > Indicators > Trend > Moving Average

Under the
Parameters tab:

- Period: **34**
- Shift: **1**
- MA Method: **Exponential**
- Apply to: **Close**
- Style: **17,87,193**
- Chose Line Thickness:

Mine is the second

- Click: **OK**



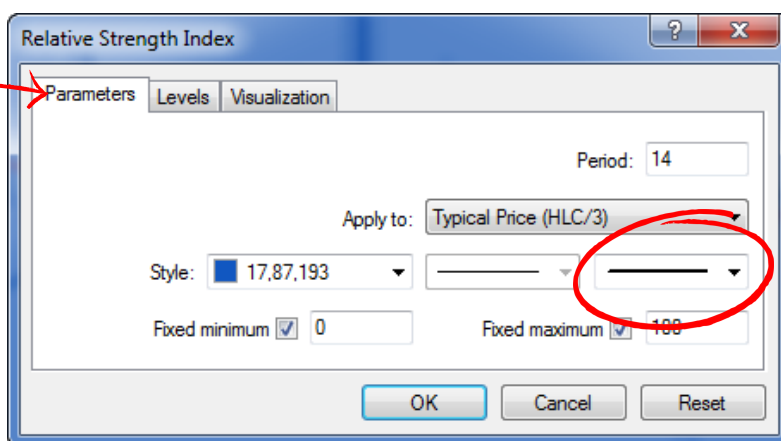
RELATIVE STRENGTH INDEX

Now we will add the Relative Strength Index. We add this indicator the same way we add the moving averages, but instead of choosing the Trend tab, we use Oscillators tab:

Insert > Indicators > Oscillators > Relative Strength Index

Under the
Parameters tab:

- Period: **14**
- Apply to:
Typical Price (HLC/3)
- Style: **17,87,193**
- Chose Line Thickness:
Mine is the second

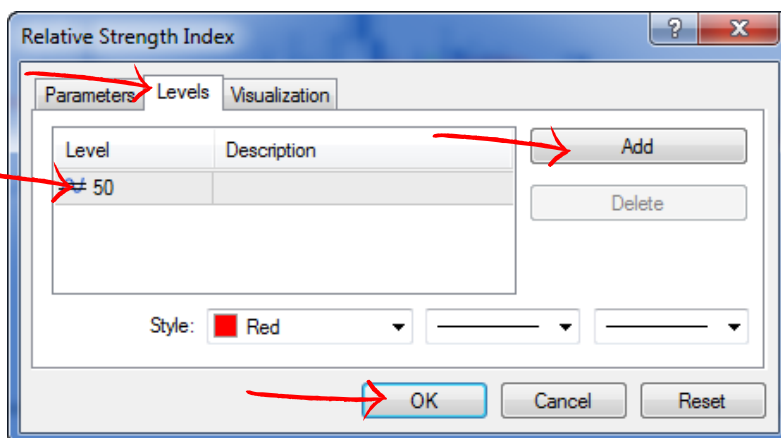


Next we want to add a red 50 level to the RSI.

Under the level section you will see a number(s). If you have 30 and 70, select one by clicking it (the field will turn blue) and then click Delete. Do this to all the numbers so the window is empty.

Under the
Levels tab:

- Click: **Add**
- Type: **50**
- Click: **OK**
- Style: **Red**
- Click: **OK**



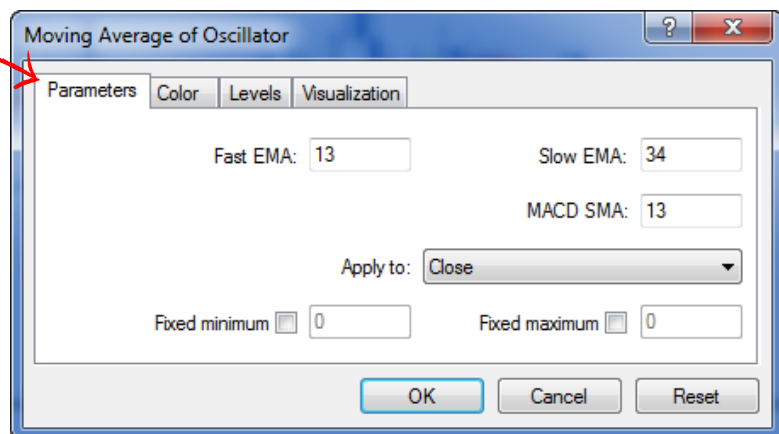
MOVING AVERAGE OF OSCILLATOR

We add this indicator the same way we added the RSI:

Insert > Indicators > Oscillators > Moving Average of Oscillator

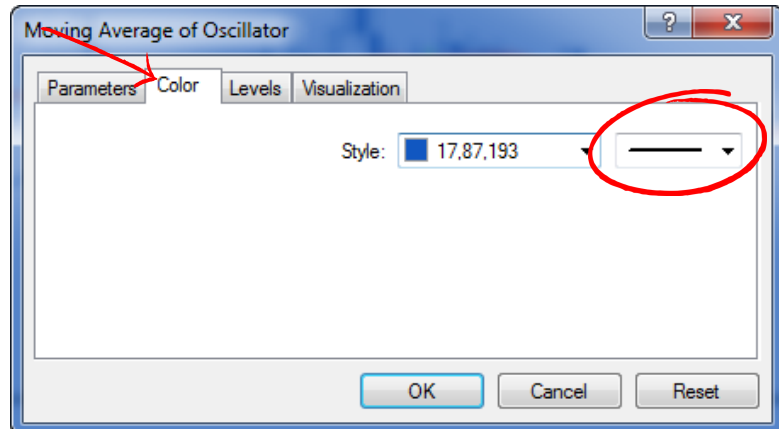
Under the
Parameters tab:

- Fast EMA: **13**
- Slow EMA: **34**
- MACD SMA: **13**
- Apply to: **Close**



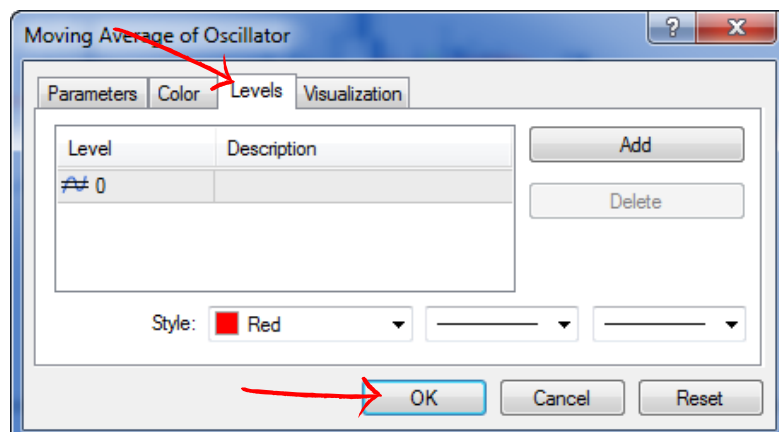
Under the
Color tab:

- Style: **17,87,193**
- Choose Line Thickness:
Mine is the second



Under the
Levels tab:

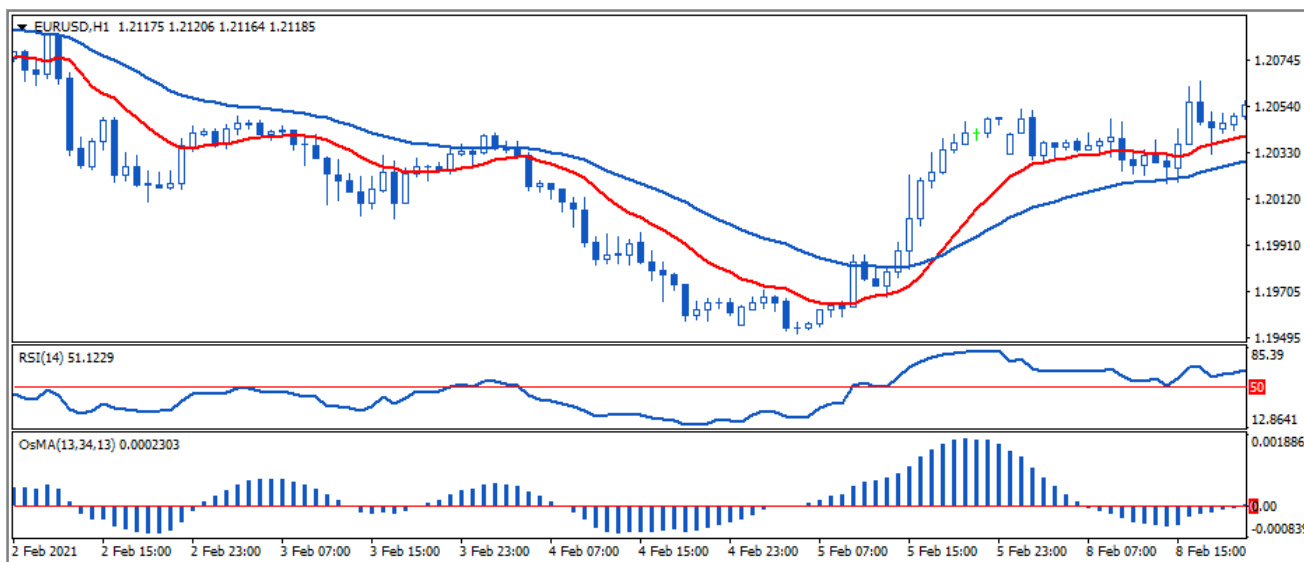
- Level: **0**
- Style: **Red**
- Click: **OK**



Setup

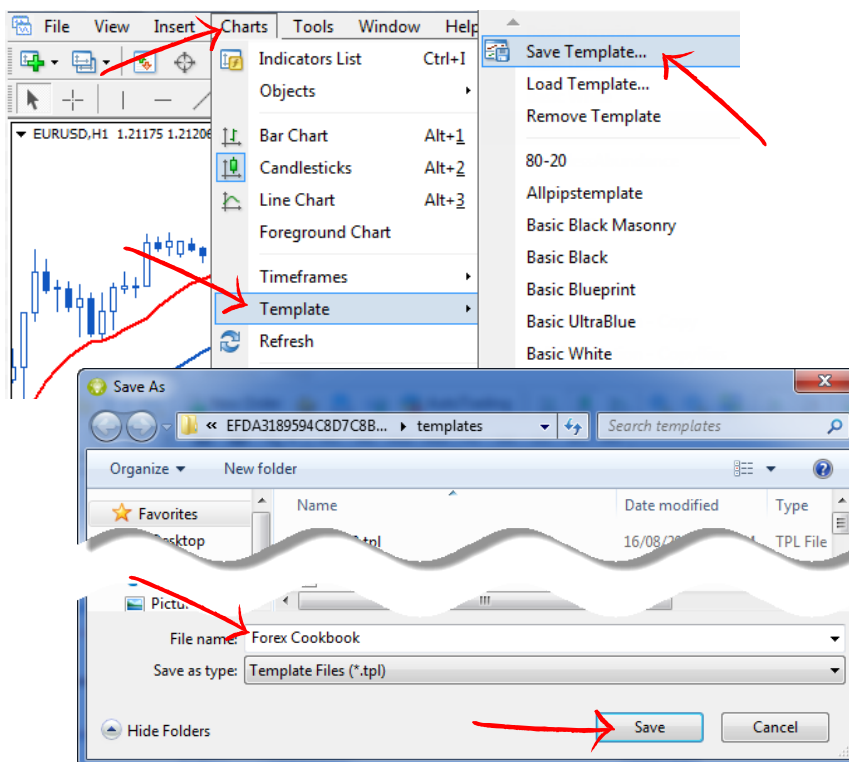
SAVE AS A TEMPLATE

We now have our charts, yours should look like this one:



The next thing to do is to save this chart setup as a template so we can apply it to any new chart we like.

1. Click: **Charts**
2. Hover over: **Templates**
3. Click: **Save Template**



- The Save Templates window will pop up:
4. Save the template as: **Forex Cookbook**
 5. Click: **Save**

Preparation

SECTION 2

PREPARATION

We will learn to do some of the basic functions that the Ultra Blue systems may require. We will learn to draw a box, trendlines, determine position size, and so on.

Preparation

HOW TO USE THE TOOLS

Ultra Blue requires you as a trader to be able to use a few of the simple tools that the MetaTrader platform has available.

These tools won't be exclusive to MetaTrader, all trading platforms will have these basic tools and procedures.

What we will cover are the basics, and we do this here so that when we get into the systems, we can talk about only the systems without any back tracking.

When we do get to the systems section, we will assume that you know how to do what is in this section of the manual.

In this section, we will cover:

- Drawing and Modifying a Rectangle
- Modifying Fib levels
- Using The Trendline Tool
- Determining Your Account size
- Determining the Position Size

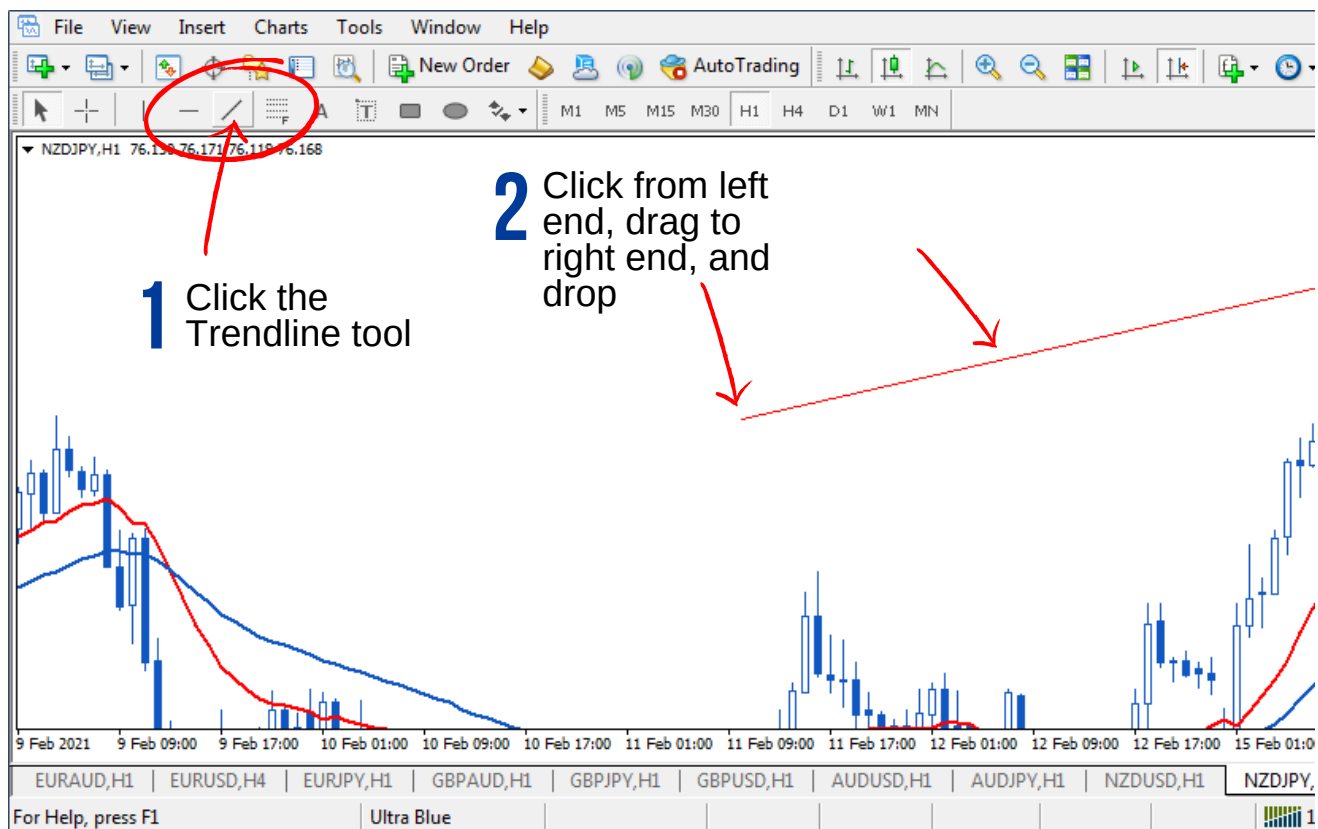
Preparation

USING THE TRENDLINE TOOL

We use the trendline tool for a few different things, mainly drawing trendlines. When we get to the trendline section of the manual, this is going to be a very important tool to know how to use and modify.

DRAWING THE TRENDLINE

1. Click the Trendline Tool in the toolbar above the chart.
2. Click and drag (on the chart) from upper left corner to lower right corner to draw the trendline.



Preparation

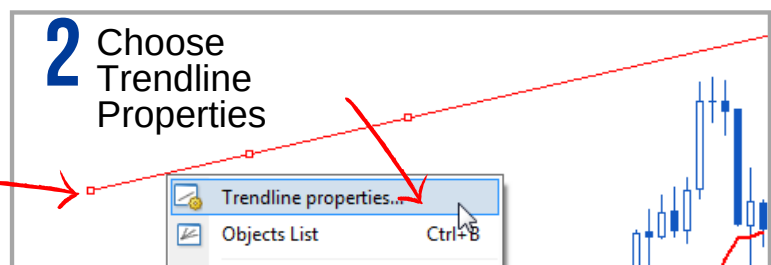
TRENDLINE TOOL

Once you let go of the mouse, you will see the trendline continues off to the right side of the chart. The trendline continues forever. This is called a Ray. We want to turn that off so the trendline starts and ends where you have determined. Next, we want to be able to reposition it, and change its color and thickness as we like.

MODIFY THE TRENDLINE

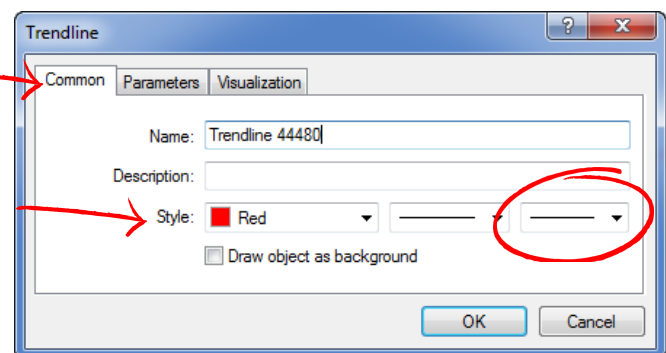
1. Double-click anywhere on the trendline you have drawn. This will select it. You will see nodes appear at each end and in the middle. The part of the trendline that trails off to the right is the ray.
2. Right-click anywhere on the trendline and choose Trendline properties from the pop-up menu box.

1 Double-click the trendline



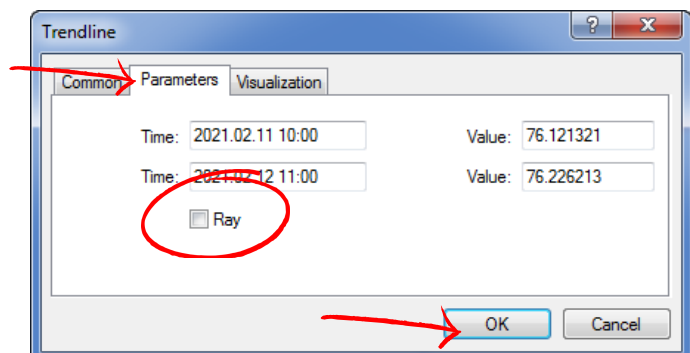
Under the **Common** tab:

- Style: Choose a color you like.
- Choose: Line thickness you like.



Under to **Parameters** tab:

- Click: Ray box so it is **UNCHECKED**
- Click: **OK**

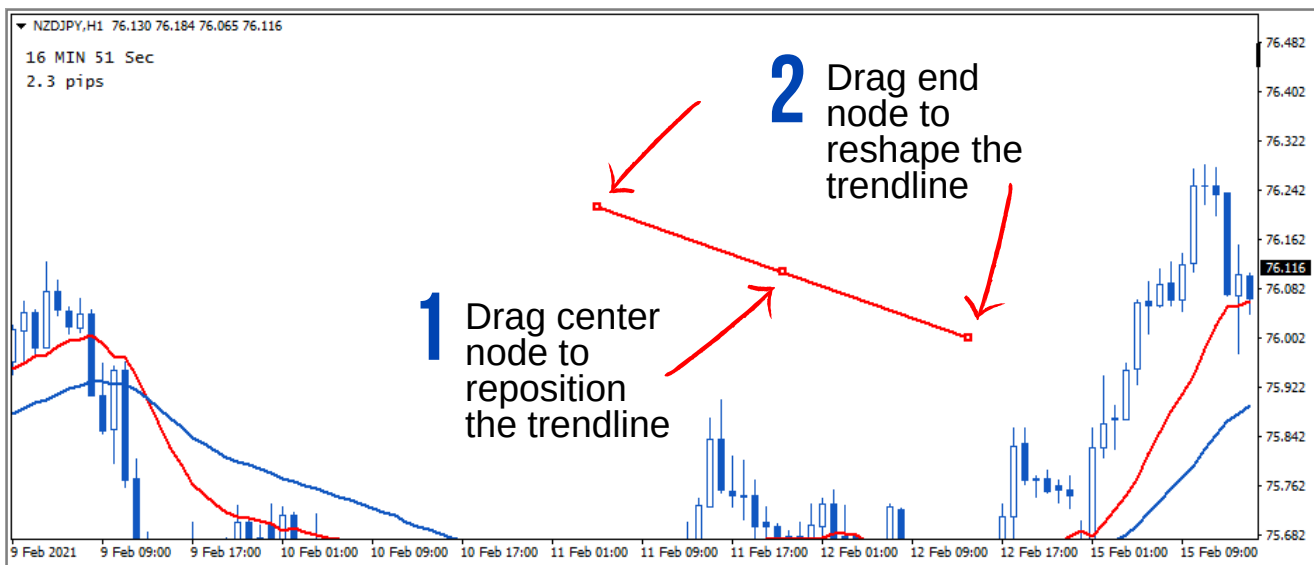


Preparation

TRENDLINE TOOL

With the trendline still selected, you can click and drag the center node to reposition the trendline.

To reshape the trendline, click and drag on the node on either end. The trendline will pivot on the opposite node so you can accurately reposition the trendline



Preparation

DETERMINING YOUR ACCOUNT SIZE

Before we can place a trade, we need to know what size the trade should be. We often use a percentage of the account, like 2% for example. If we were to lose a trade, we want to limit the loss to that predetermined 2%.

Before we can make any kind of calculation, we need to know how much we have in the account.

FINDING THE ACCOUNT SIZE

1. Click on the Terminal icon at the top of your charts.
The Terminal window will open at the bottom of your charts.
2. Click on the trade tab.
You will see your account balance at the Balance: (XX,XXX.xx)



Preparation

DETERMINING POSITION SIZE

Sooner or later we are going to want to place a trade. We are going to need to know what size of a trade to place.

We can use more or less as we like, but 2% is considered the default. If we have an account of \$1000, the trade we place will be positioned in such a way that if we were to lose the trade and the initial stop loss is hit, we would lose \$20.

The lot size of the trade will change depending on the size of the stop loss. A 100 pip stop loss will have a smaller lot size than a 25 pip stop loss.

POSITION SIZE CALCULATOR

The position size calculator I use it at russhorn.com/calculator

You will need to have some info at hand:

- Account Size
- Currency of the account
- Risk %
- Stop Loss in pips
- The currency pair you are trading

Russ Horn Position Size Calculator

Calculate Money to Risk

Account								Lots		
Size	Currency	Risk, %	Stop-Loss pips	Trade pair		Money to Risk, USD	Std	Mini	Micro	
1000	USD			EUR/USD	Compute					

Calculate % to Risk

Account								Lots		
Size	Currency	Money to Risk, USD	Stop-Loss pips	Trade pair		Risk, %	Std	Mini	Micro	
1000	USD			EUR/USD	Compute					

The top calculator is the one we use. It will calculate the lot size based on the number of pips of the stop loss, our account size, and the risk amount we choose.

Preparation

POSITION SIZE

We will fill in the first part of the calculator then click Compute:

Calculate Money to Risk

Account							Lots		
Size	Currency	Risk, %	Stop-Loss pips	Trade pair		Money to Risk, USD	Std	Mini	Micro
2500	USD ▼	2	35	EUR/USD ▼	Compute				

Click Compute

Currency pair of the trade

Stop loss in pips

Risk amount in percent

Currency of the account

Account size

Calculate Money to Risk

Account							Lots		
Size	Currency	Risk, %	Stop-Loss pips	Trade pair		Money to Risk, USD	Std	Mini	Micro
2500	USD ▼	2	35	EUR/USD ▼	Compute	50.00	0.143	1.429	14.286

Money risked

Position Size

The number that appears in the Std box is the Standard Lot Size, this is the number we put in the Volume field when we place an order.

Preparation

PENDING ORDERS

For some of the systems in the Forex Cookbook, we will be placing a pending order. What this means is you will place an order without getting in to the trade immediately. A pending order is when we want the trade to be entered when the market gets to a certain price.

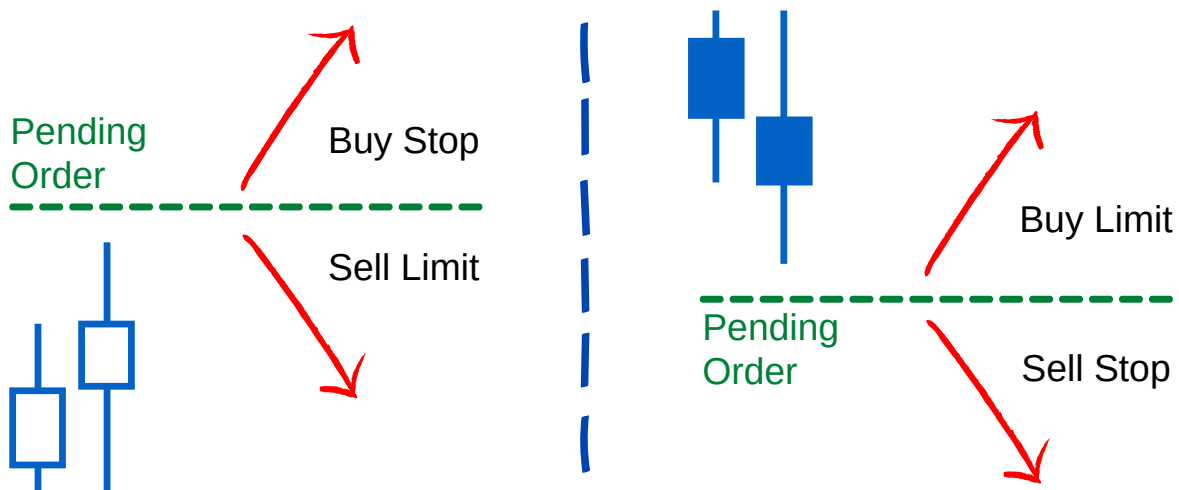
When you place a pending order, you will need a few pieces of information at hand during the process:

- Entry price
- Stop loss price
- Target price
- Lot size
- Stop or Limit order

STOP AND LIMIT ORDERS

When you place a trade that will take place in the future, when the market gets to the entry price, you will want it to:

- Go through the entry level
- Change direction at the entry level



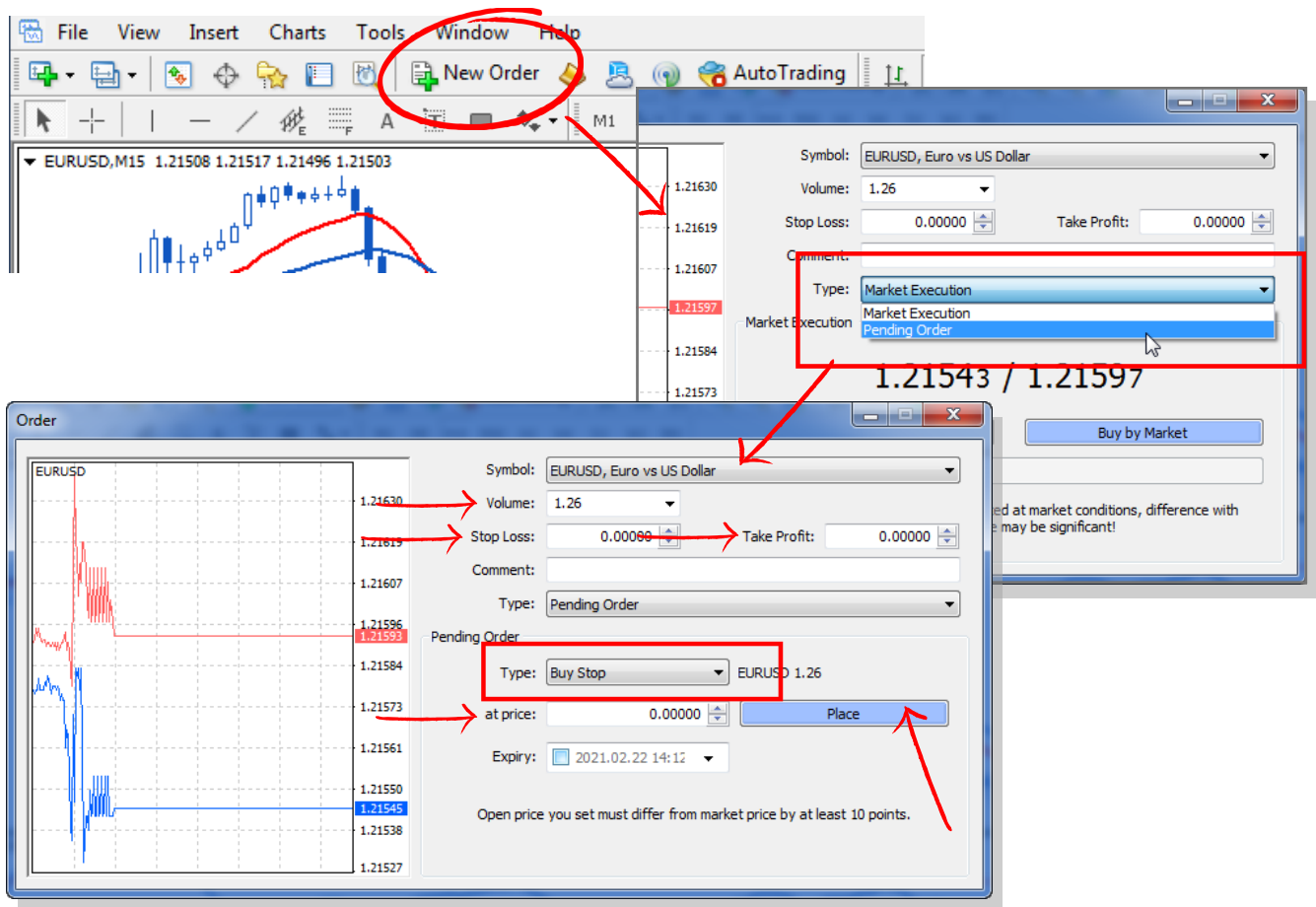
Preparation

PENDING ORDER

PLACING A PENDING ORDER

Once you are ready to place your pending order:

- Click on the **New Order** button in the top toolbar.
- Under Type: **Choose Pending Order**
- Under Type: **Choose either Buy Stop or Sell Stop.** (the trades we place will be continuation trades. Once price touches the entry, we want the market to keep moving in the same direction)
- Fill in the appropriate info:
 - Volume: **Lots size**
 - Stop Loss: **Stop Loss price**
 - Take Profit: **Target price**
 - At price: **Entry price**
- Click: **Place**



Preparation

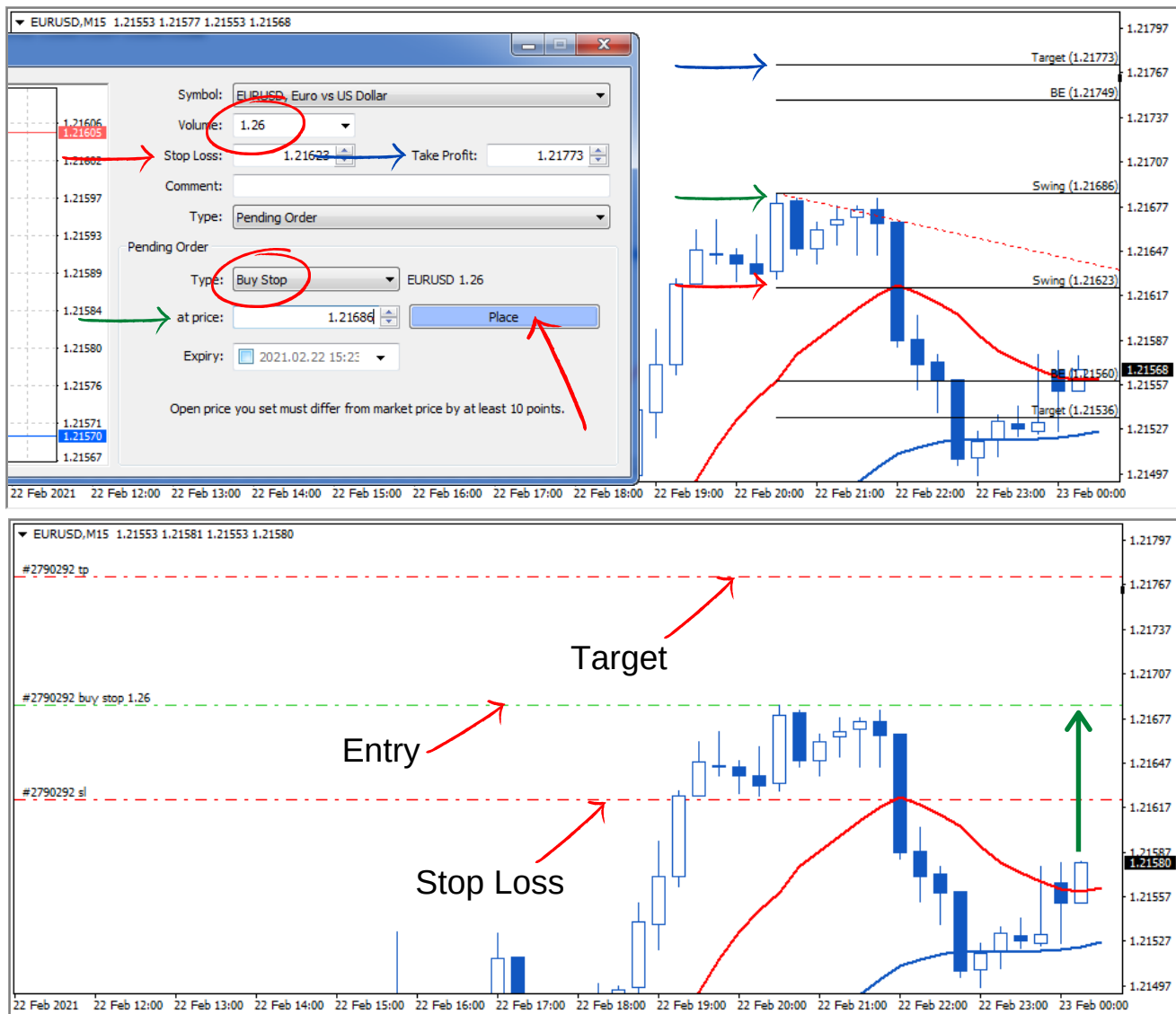
PENDING ORDER

PLACING A PENDING ORDER

After placing your order, the trade won't happen until the entry price gets touched. You will have all your lines on the chart, but no trade will have happened yet.

Below is the process:

- Get your order numbers: Entry, stop, and target.
- Fill in the New Order pop up.
- Click: Place



Ingredients

SECTION 3

INGREDIENTS

This section we start looking at the very parts of what will make up the trades and their components. We will look at the different structures of the market and the basic elements we need to know. After this, we can get into the systems themselves.

Ingredients

LEARNING THE BASICS

There are some basic features that we need to learn in order to properly assess and find even the most basic trade setups.

THESE ARE NOT COMPLICATED

They are pretty simple, and if you have traded for any length of time, there is a good chance you already know all of these. Because they are important to the systems, we will cover them as they are the foundation to successfully using the any of the Ultra Blue systems.

Some of these are going to be critical to the Ultra Blue systems, other parts not so much. Once you know these, you will have the foundation to get right into the systems.

However, this is a good opportunity to teach some of the fundamentals that you CAN apply to your Ultra Blue trading if you decide want to venture out that far. They are fundamentals I use every day, and because of that, I want to be sure you know them too. No secrets here.

What you will learn in this section:

- Identifying a Trend
- Identifying Swing Highs and Swing Lows
- Support and Resistance
- Support and Resistance Zones
- Drawing Trendlines
- Range-bound Markets
- Orders - Market and Pending
- Moving Stop Loss to Break Even
- Trade Management - Exiting a Trade Early
- Trade Management 2 - Trailing Stop loss

Ingredients

IDENTIFYING A TREND

To identify the trend direction, we look at the moving averages as a pair. The 13 EMA and the 34 EMA work together to determine the trend direction.

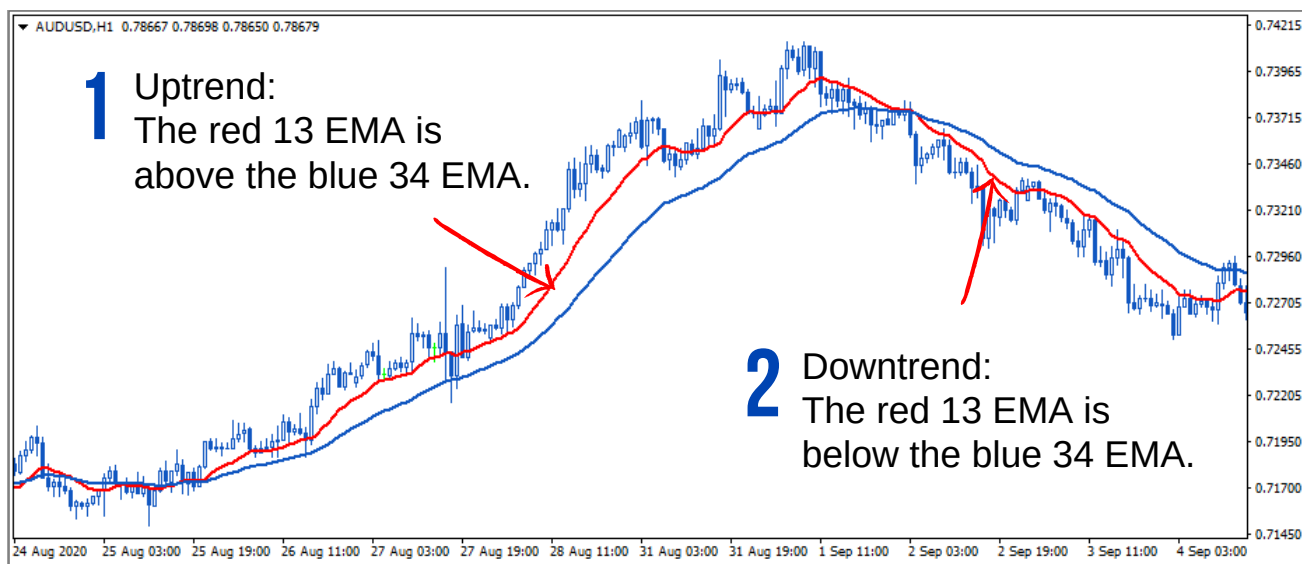
TREND DIRECTION

1. Uptrend

When the 13 EMA is above the 34 EMA, we have an uptrend.
We will be looking to take only long trades (buy trades).

2. Downtrend

When the 13 EMA is below the 34 EMA, we have a downtrend.
We will be looking to take only short trades (sell trades).



It is perfectly common for the trend to change directions very quickly and very often. This will happen in a sideways or choppy market, and this quick change of trend will keep us out of many potentially losing trades.

Ingredients

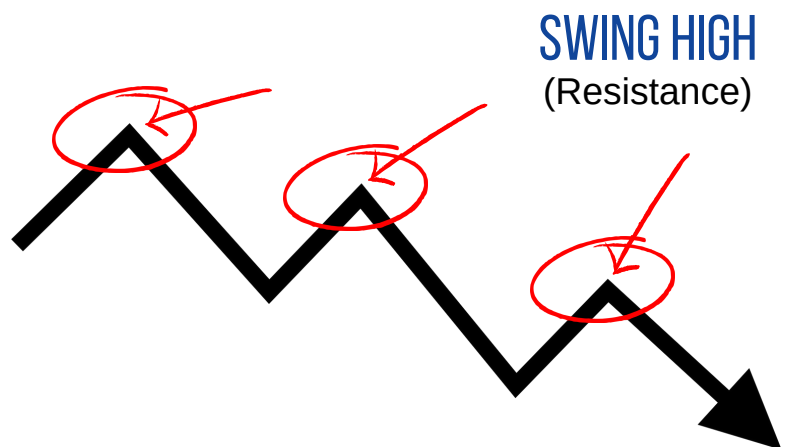
SWING HIGH & SWING LOWS

An important part of virtually every trading system are swing highs and swing lows. The market moves in a zig zag pattern and in doing so creates these peaks and valleys.

Another description for these highs and lows are "areas of support and resistance". We need to know about them because we will be using them to get some of our entry signal and to place our stop loss.

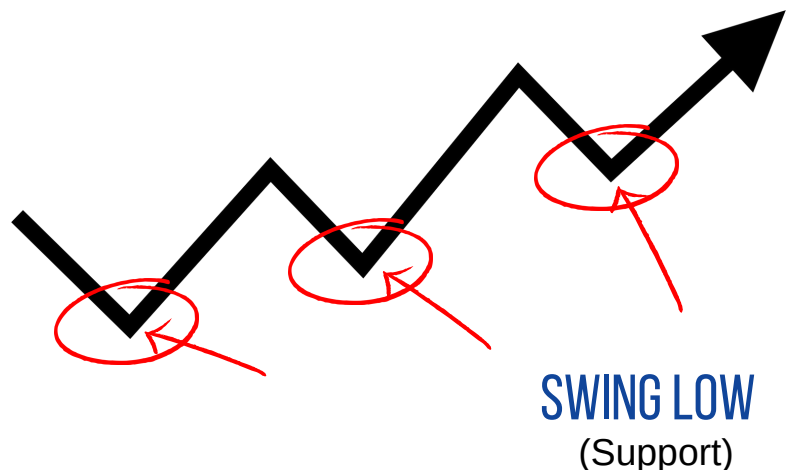
SWING HIGH / RESISTANCE

Price makes a move up and then back down. The top of that movement is a swing high, also known as resistance.



SWING LOW / SUPPORT

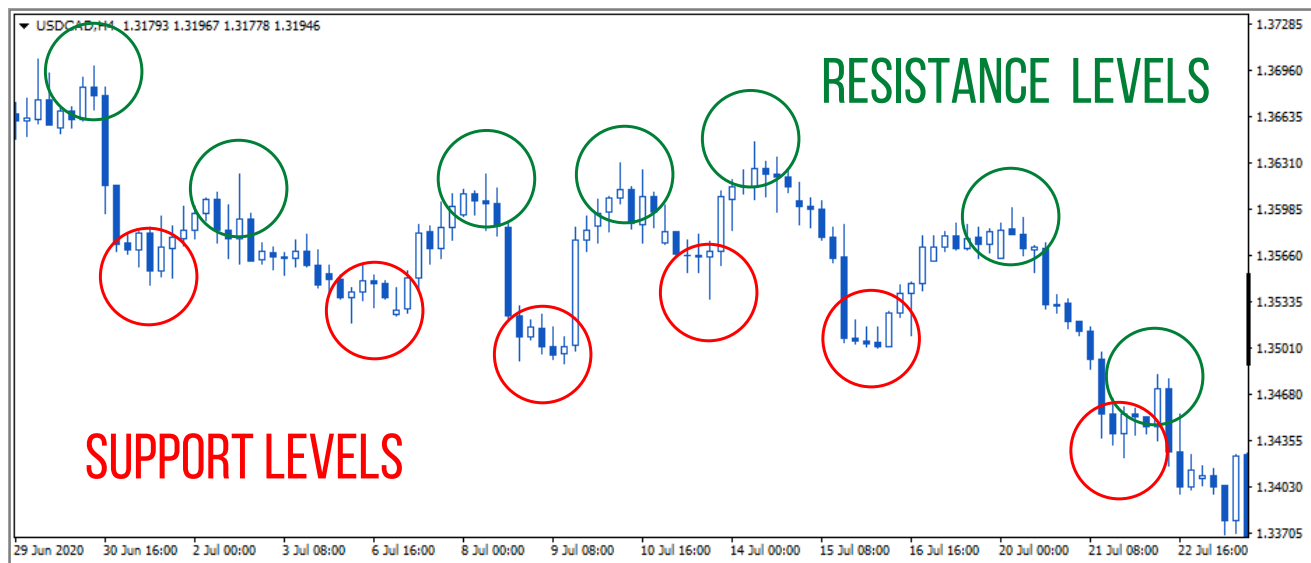
Price makes a move down and then back up. The bottom of that movement is a swing low, also known as support.



Ingredients

SUPPORT & RESISTANCE

These swing highs and swing lows are our areas of Support and Resistance.
Support is a swing low.
Resistance is a swing high.



Below is the same chart as above, but I have marked the same levels with support and resistance lines.



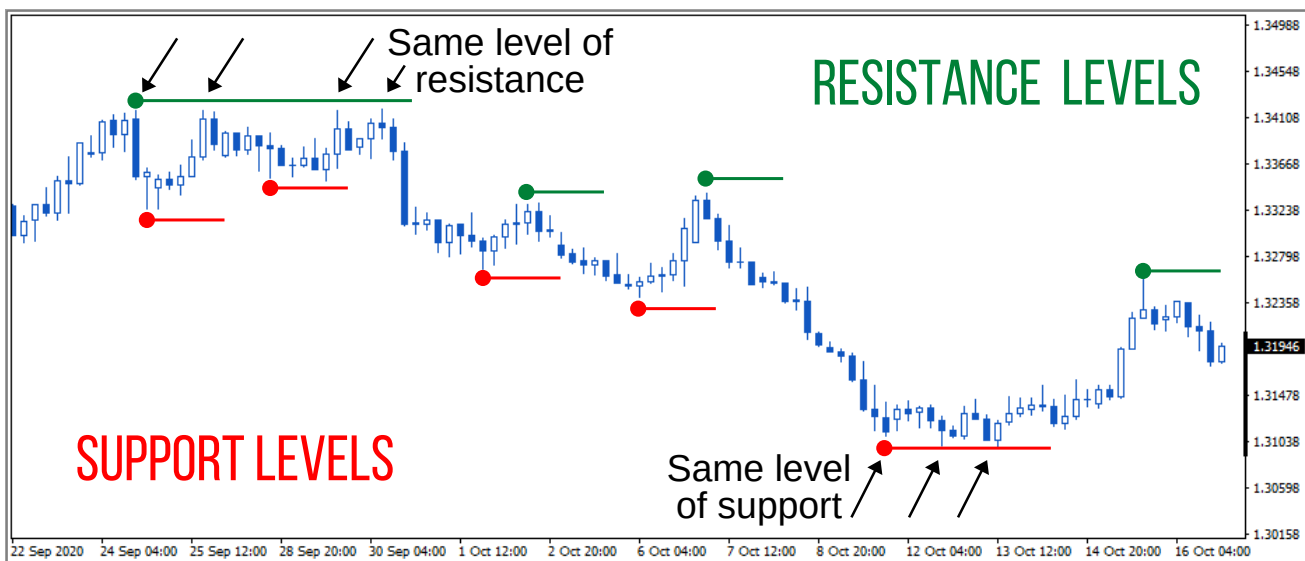
Ingredients

SUPPORT & RESISTANCE

Below is a second chart with swing highs and lows that aren't as obvious as in the first example. *If you are in doubt if it's a high or low, then assume it isn't.*



Below is the same chart as above with the levels marked as support and resistance lines. You will see a few examples where price shares the same area of resistance and then again with support, this is a common occurrence.



WHY SUPPORT AND RESISTANCE LEVELS ARE RELEVANT

It's one thing to know what support and resistance is, but another to know why we use them.

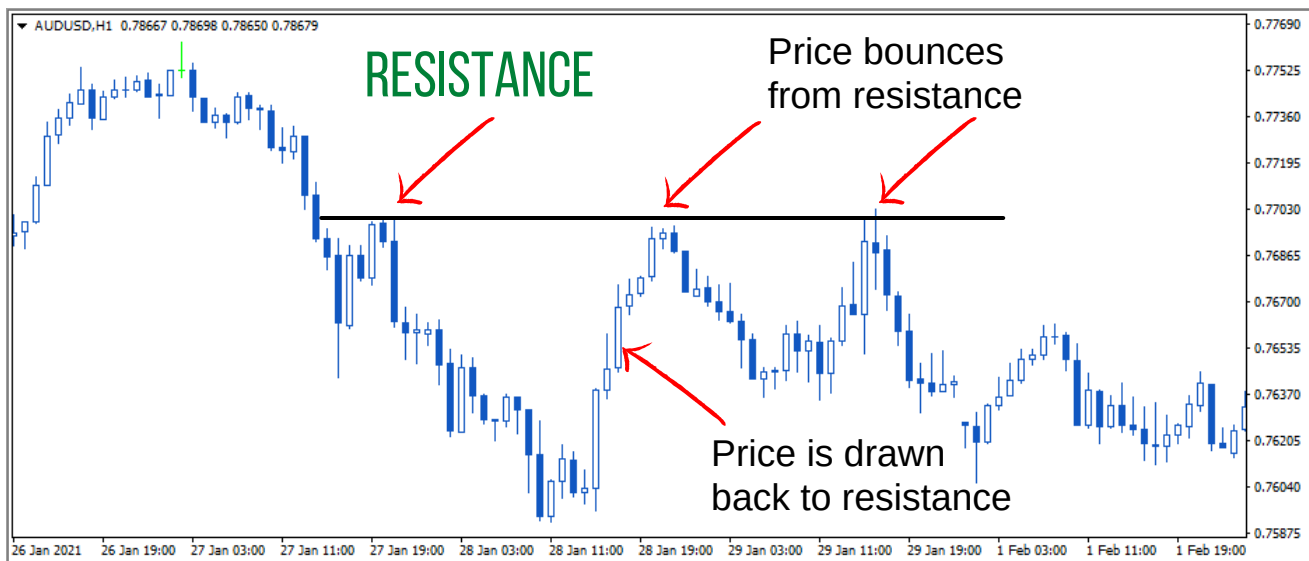
There are 3 things we know about support and resistance levels:

- Price is attracted to these levels.
- Price will bounce from these levels.
- Price will break through these levels.

RESISTANCE STAYS RESISTANCE

Below is an image of a level of resistance and a sideways market.

In a range-bound market, price moves away from support and resistance and then back to it. It moves a way and then returns.



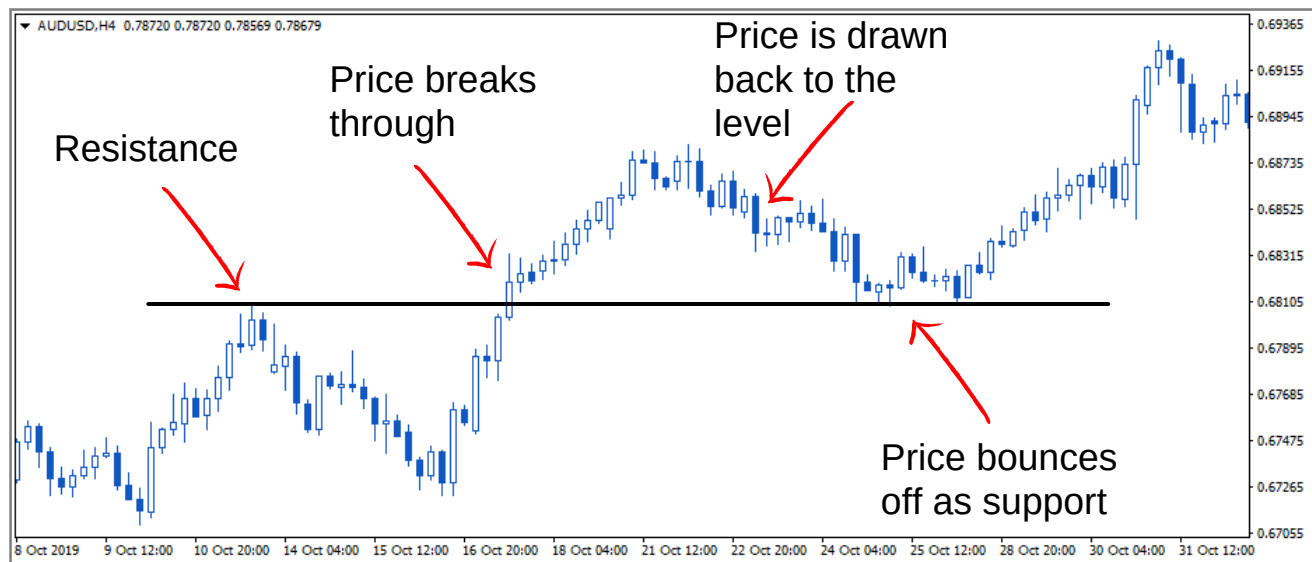
The same rules apply to support. Once price forms a level of support, the market will be drawn back to it and potentially bounce upward from it.

RESISTANCE BECOMES SUPPORT

The ideal market to trade is one that is trending. It should be progressively getting higher or progressively getting lower. This is the kind of market that will break through levels of support and resistance, but often come back to "test" that level from the opposite side.

Once a level of resistance is broken (price moves above it), that level is still attractive to the market. It will come back to touch it, but this time as support.

Below is an image of a level of resistance being formed, then broken, then uses as support.



The opposite is also true. Once price breaks below a level of support, it often will come back to test it as resistance and bounce from it to continue moving down.

Of course these levels are always tested in this way, but it happens enough to take note of it.

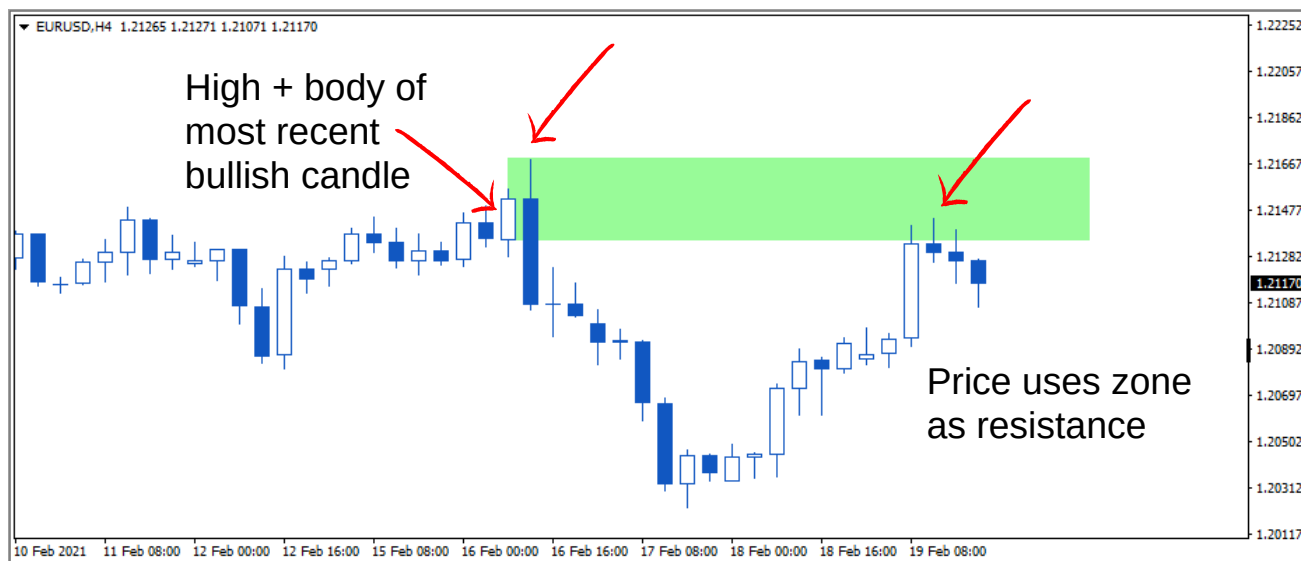
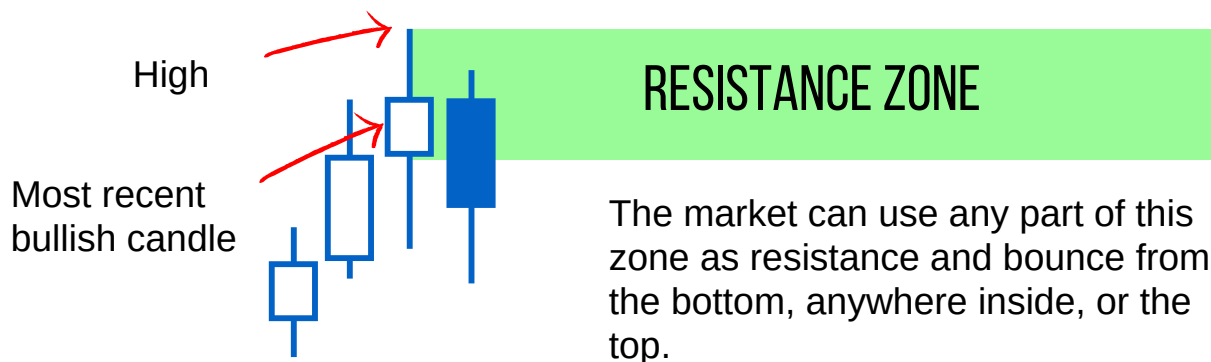
Ingredients

SUPPORT & RESISTANCE ZONES

Drawing a line to show an area of support or resistance is often too general, they are "areas" after all. To get a better idea of these reversal regions, we want to create support and resistance zones, or windows.

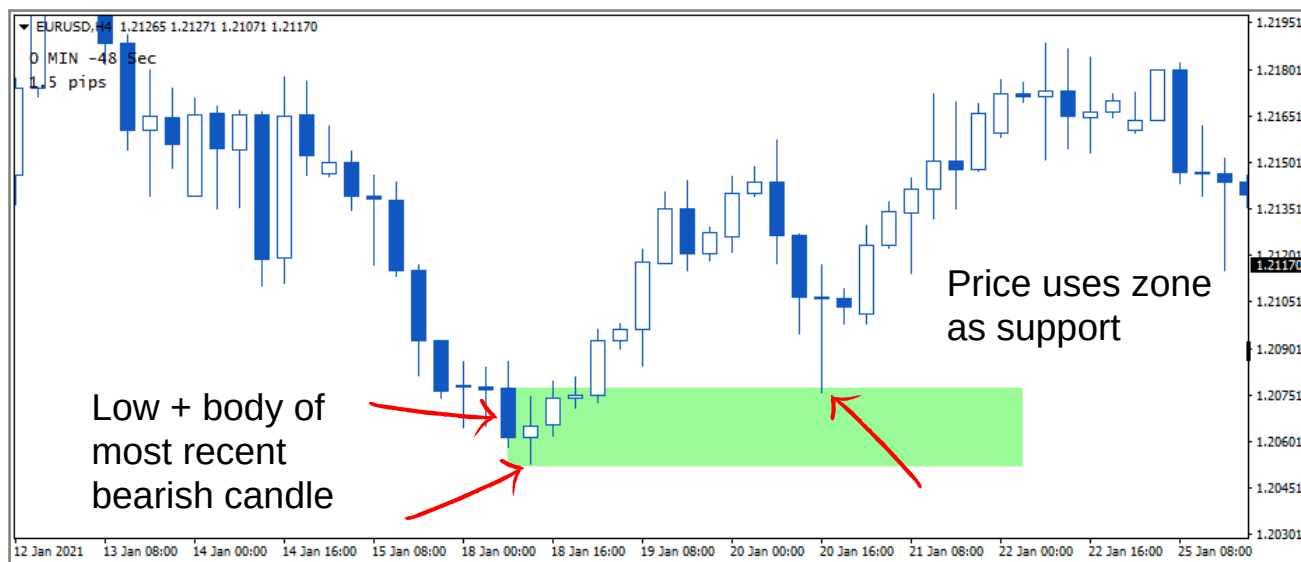
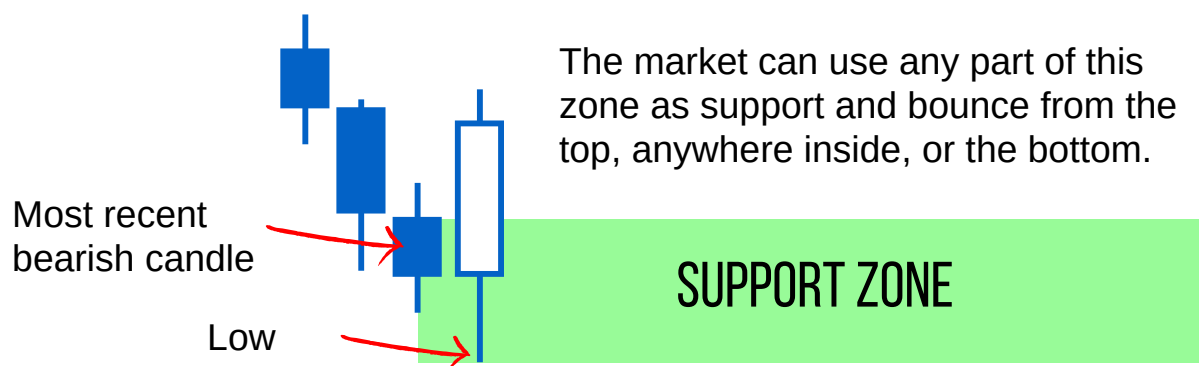
RESISTANCE ZONE

A resistance zone is drawn (using your rectangle tool) connecting the high of the swing high and incorporating the entire candle body of the most recent bullish candle.



SUPPORT ZONE

A support zone is drawn (using your rectangle tool) connecting the low of the swing low and incorporating the entire candle body of the most recent bearish candle.



SUPPLY AND DEMAND ZONES

Just for the sake of education, the support and resistance areas drawn this way are technically known as the extreme zones of supply and demand.

- Supply is at the top (resistance)
- Demand is at the bottom (support)

Ingredients

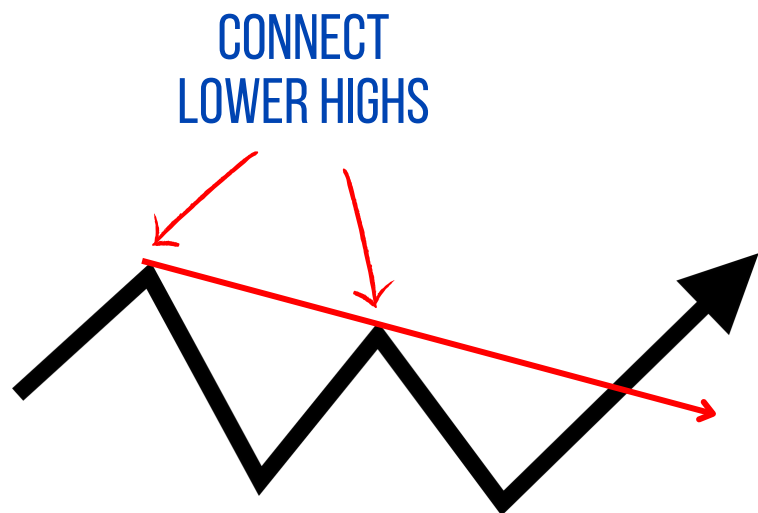
TRENDLINES

Trendlines are a great way to get into a trade or to gauge how far a market can move. A trendline won't always be present, but when they are, we can make good use of them.

BULLISH TRENDLINE

We look for the price to make a lower high. We connect the highs to form a downward sloping trendline across the top of the price.

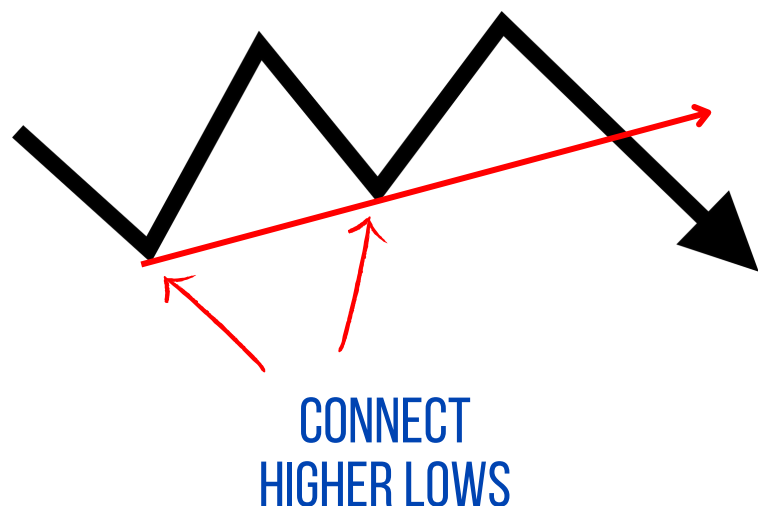
- When price closes above the trendline (breakout), we can buy.
- We can use a trendline as a target.



BEARISH TRENDLINE

We look for the price to make a higher low. We connect the lows to form an upward sloping trendline across the bottom of the price.

- When price closes below the trendline (breakout), we can sell.
- We can use a trendline as a target.



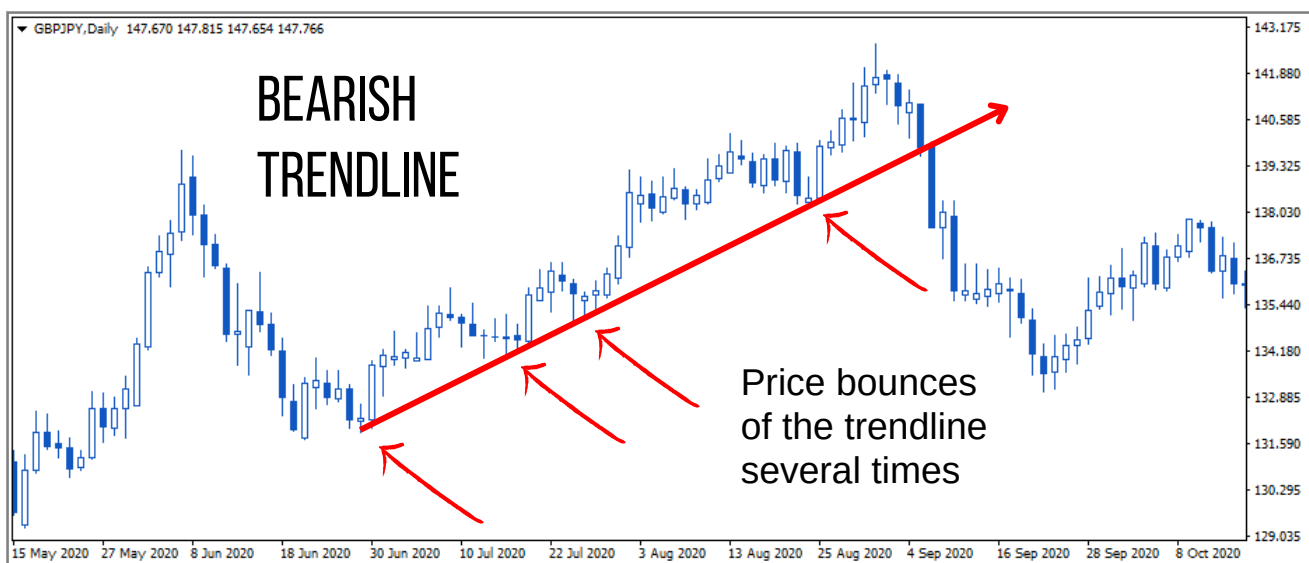
Ingredients

TRENDLINES

Below are a couple examples of trendlines on a chart.

Only 2 points of contact are necessary to form a trendline, but often you will get a trendline that is formed with several points of contact.

- Bullish trendlines slope down and are drawn above the price
- Bearish trendlines slope upwards and are drawn below the price.



Ingredients

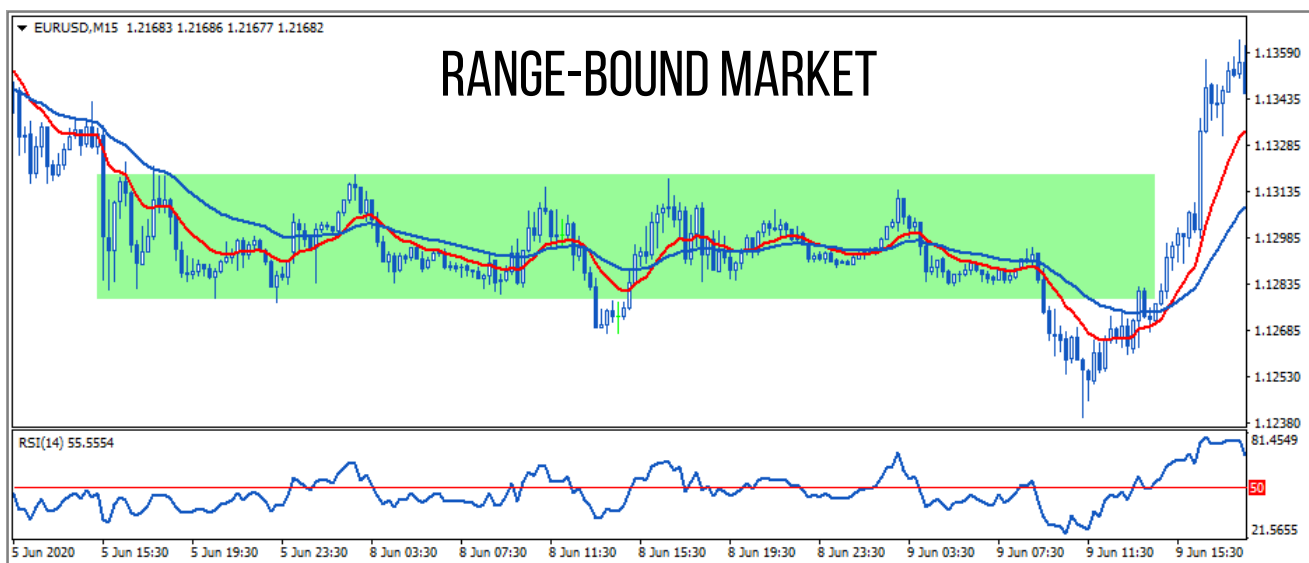
RANGE-BOUND MARKET

A range-bound market is one that is moving sideways. This is a general term, the market will never move sideways in a straight line, but it will move sideways enough that it finds it difficult to form new higher highs or lower lows. We want to avoid it because it's not capable of giving us any profit when we trend trade.

There are a few things we can watch for to help identify a range-bound market.

- The first, and most obvious one is what it looks like. The price will be zig-zagging sideways unable to get higher or lower than its previous highs or lows.
- The price doesn't move away from the moving averages, they stay close without creating a space between the price and the MAs.
- The moving averages are regularly switching sides creating a kind of "DNA Spiral".
- The RSI will constantly be moving above and below the 50 level.

In the image below the section of the market in the green rectangle is considered range-bound. It would be difficult to trade and is best avoided.



Ingredients

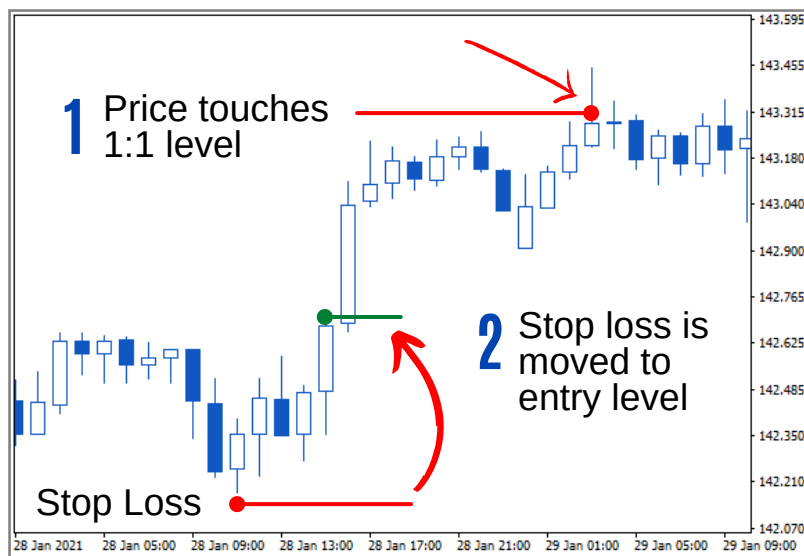
MOVING TO BREAK-EVEN

When the price moves as far as the initial stop loss (but into profit), then it's time to move the stop loss to the entry price. This means that we are then at a break-even trade. If we were to have the stop loss hit at this point, we wouldn't lose on the trade, we'd be out of the trade at \$0.

BULLISH EXAMPLE

When price touches the number of pips into profit as the initial stoploss, move stop loss to the entry price.

- Initial stop is 100 pips.
- Price gets into profit by 100 pips.
- Stop is moved to entry level.



BEARISH EXAMPLE

When price touches the number of pips into profit as the initial stoploss, move stop loss to the entry price.

- Initial stop is 36 pips.
- Price gets into profit by 36 pips.
- Stop is moved to entry level.



Ingredients

TRADE MANAGEMENT 1

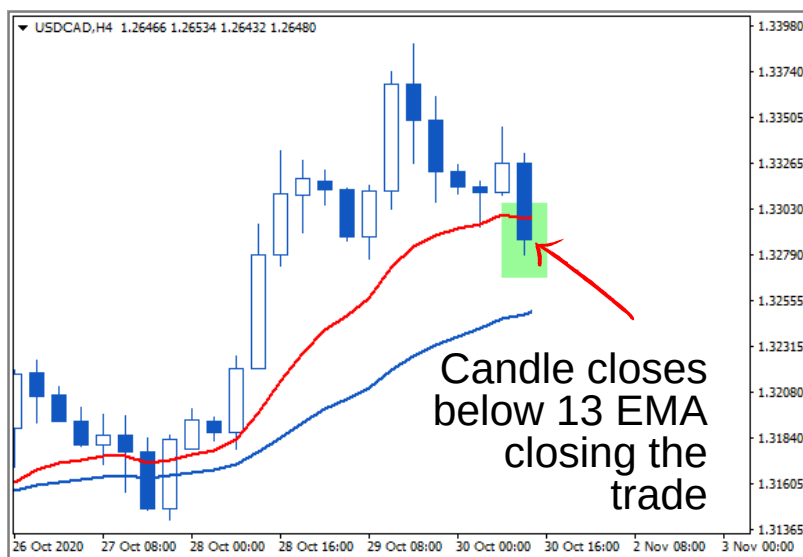
EARLY EXIT

We can reduce the loss on any given trade by closing the trade when the market closes on the opposite side of the 13 EMA. This can reduce the loss of a trade substantially.

BULLISH EXAMPLE

Buy trade is in place:

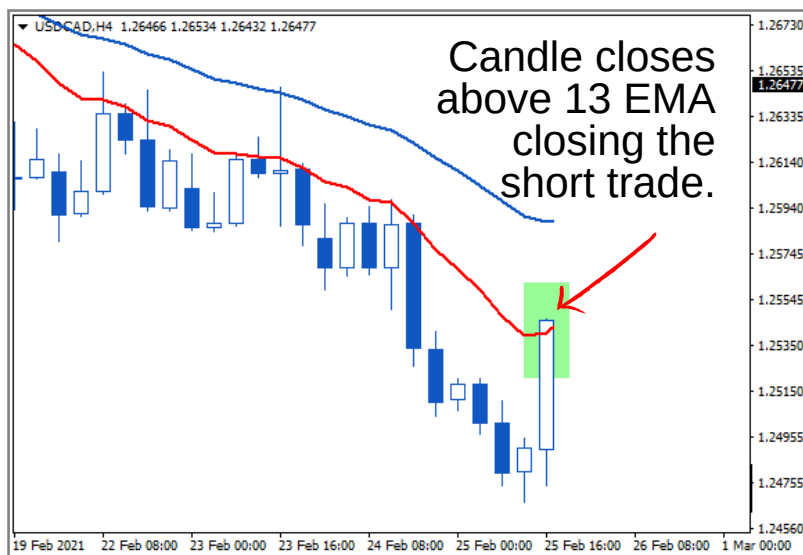
- In the green square, the candle closes below the 13 EMA.



BEARISH EXAMPLE

Sell trade is in place

- In the green square, the candle closes above the 13 EMA



Ingredients

TRADE MANAGEMENT 1

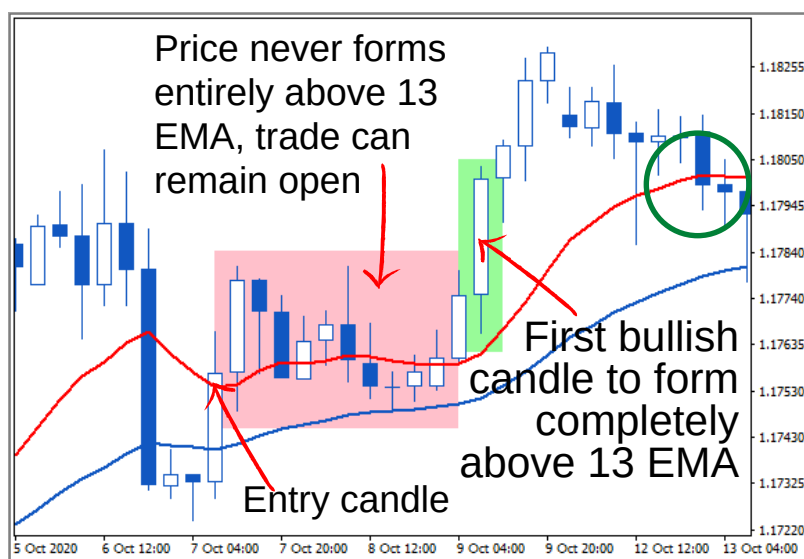
EARLY EXIT EXCEPTION

Many entry candles straddle the 13 EMA, so the next candle could easily close on the wrong side of the 13 EMA. To avoid these fake-outs, wait for one candle close entirely beyond the 13 EMA before the Early Exit is implemented.

BULLISH EXAMPLE

Trade is triggered as price closes above 13 EMA.

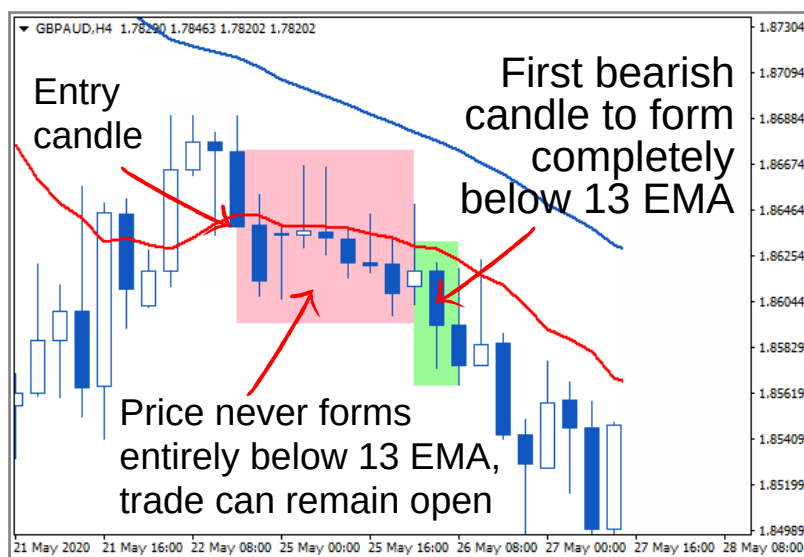
- In the pink square, no **BULLISH** candle forms entirely above the 13 EMA. The trade can stay open.
- In the green square, a **BULLISH** candle forms above the 13 EMA, we can use the exit.



BEARISH EXAMPLE

Trade is triggered as price closes below 13 EMA.

- In the pink square, no **BEARISH** candle forms below the 13 EMA. The trade can stay open.
- In the green square, a **BEARISH** candle forms below the 13 EMA, we can use the exit.



Ingredients

TRADE MANAGEMENT 2

TRAILING STOP LOSS IN A BUY TRADE

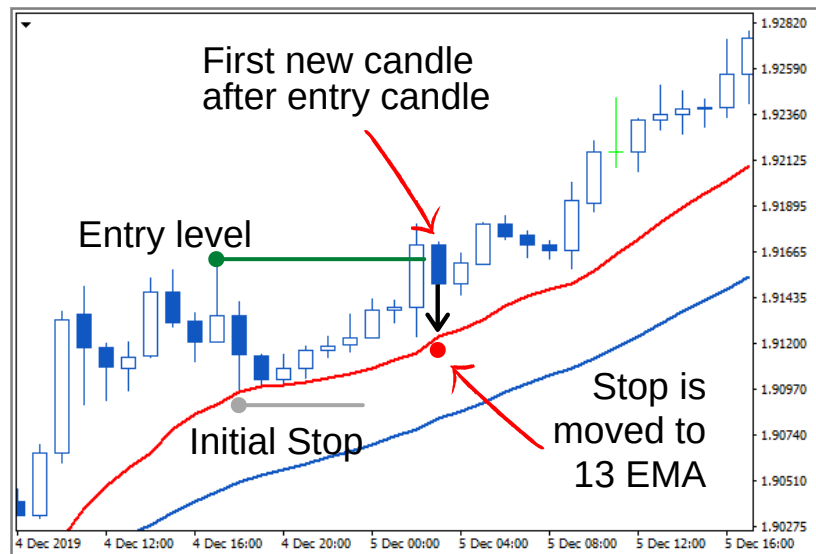
This approach will limit the the loss on each trade almost immediately. We start using this when a candle closes in profit. It can be the entry candle or several candles later. It works best with the support and resistance trades and when we hit the 1:1 distance.

FIRST MOVE

When first candle closes in profit and new candle opens:

- Move stop to 13 EMA of the new candle.

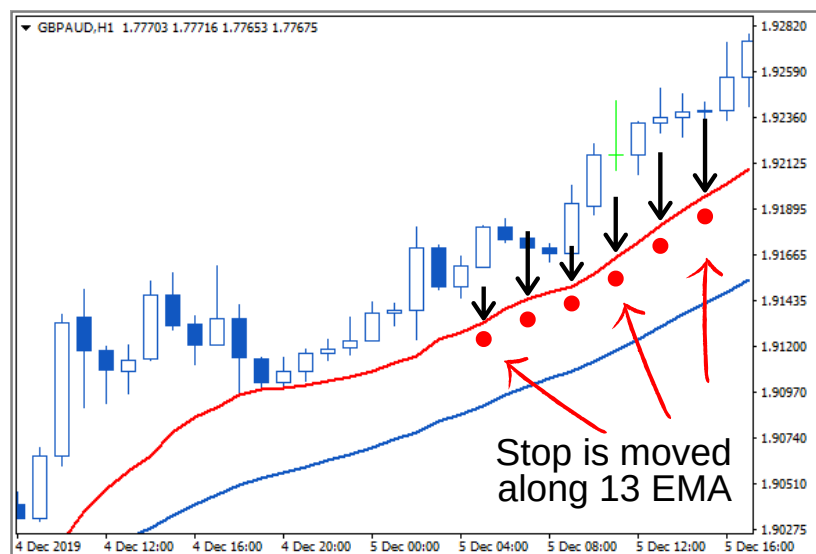
The stop loss, in this case, is reduced by half with the one simple move.



TRAILING

As each new candle opens:

- Move the stop loss to just below the 13 EMA under the new candle.
- This process continues until the trade is closed by the stop loss, the target, or a manual closure of the trade.



TRAILING STOP LOSS IN A SELL TRADE

Below is a sell example of trailing the stop loss along the 13 EMA.

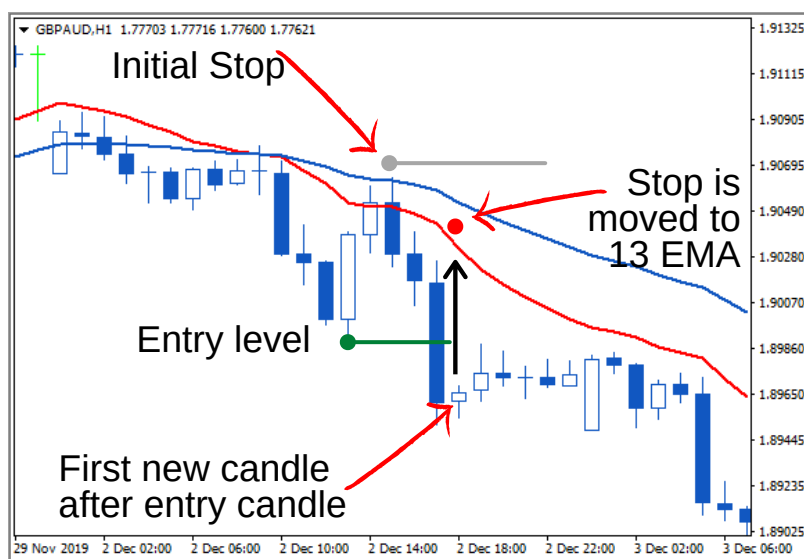
We can use this method immediately after a candle closes into profit when we use a support and resistance trade type. These candles are far enough away from the 13 EMA to make this management variation viable.

FIRST MOVE

When the first candle closes in profit and a new candle opens:

- Move stop to 13 EMA of the new candle.

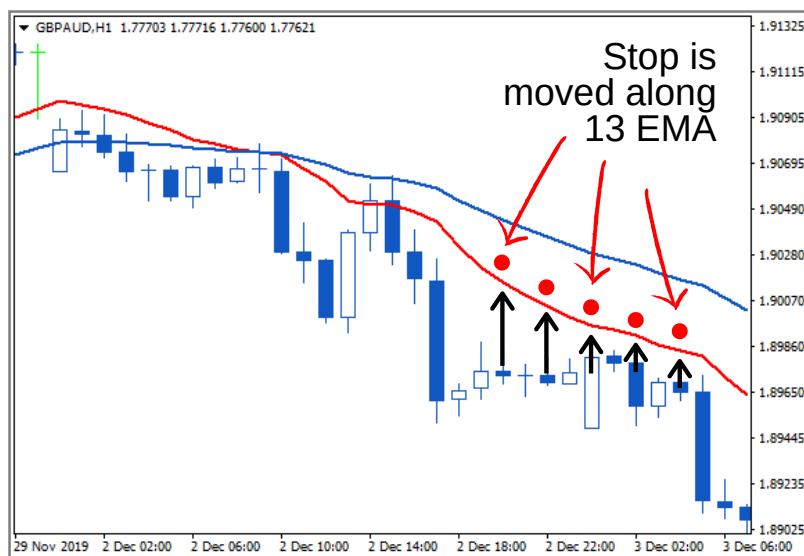
The stop loss, in this case, is reduced by a third with the first move.



TRAILING

As each new candle opens:

- Move the stop loss to just above the 13 EMA over the new candle.
- This process continues until the trade is closed by the stop loss, the target, or a manual closure of the trade.



Recipes

SECTION 4

RECIPES

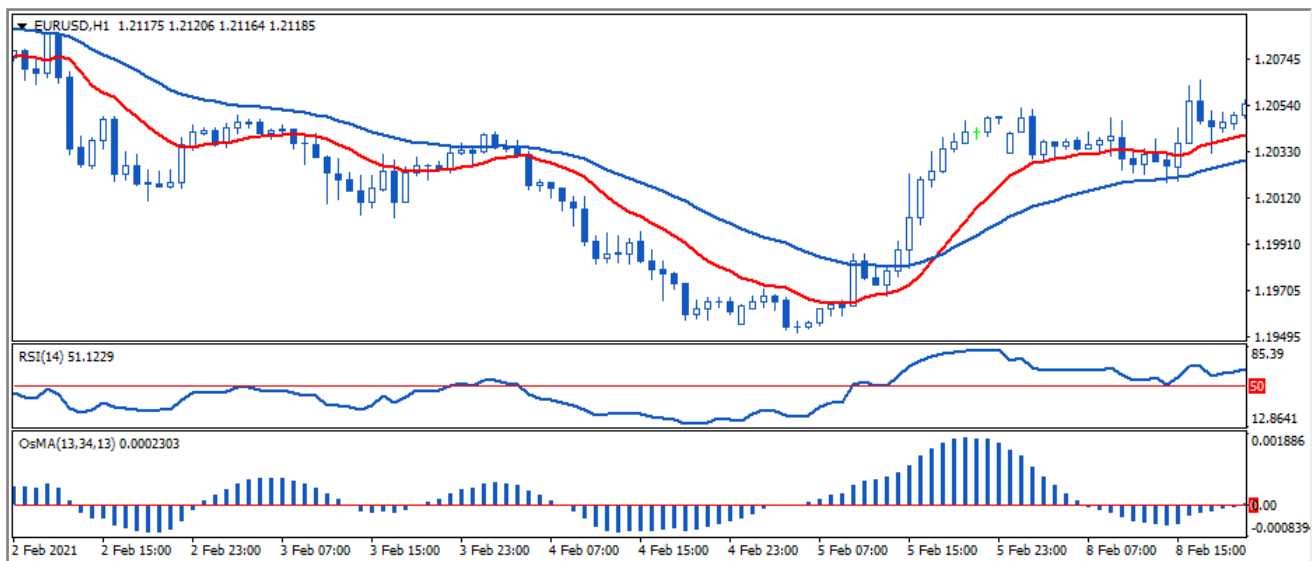
Here we will look at the several trading systems that are available using the Ultra Blue template. Each system is very simple, very straight forward and easy to learn. Mix and match the systems as you like, or use them on their own.

Recipes

THE WORKS

We are now into the trading systems part of the manual. Remember we created a Forex Cookbook template when we went over the system layout, indicators and settings.

This is what the Ultra Blue Forex Cookbook system basic template looks like:



Even though this is what the template looks like, we have several systems in the Cookbook that uses the same set of indicators.

NOT EVERY SYSTEM USES ALL THE INDICATORS.

- Most will not use the OSMA
- Some will not use the RSI

When the specific system we are discussing does not use a certain indicator, it will not be shown in the explanation of the trading system.

You can use one specific system or use several all together to get you more frequent signals. For now though, we will look at the individual systems.

Recipes

BASIC BLUE

TREND-FOLLOWING SUPPORT AND RESISTANCE SYSTEM

Ingredients

- 13 Exponential Moving Average
- 34 Exponential Moving Average
- 14 Relative Strength Index
- Support / Resistance levels

Components

- Trend-following
- Pending order entry
- Support / Resistance entries
- Support / Resistance stop loss
- 1:1 Target
- 13 EMA trailing stop (if targeting more than 1:1)*
- 13 EMA early exit (if necessary)*

Recipes

BASIC BLUE Buy

STEP 1: IDENTIFY THE TREND

The price is above the 13 EMA, the 13 EMA is above the 34 EMA, and the RSI is above the 50 level.

STEP 2: SETUP

Price moves down to touch the 13 EMA, the RSI remains above the 50 level.

STEP 3: SIGNAL

Enter the trade when the price moves above the most recent swing high.

STEP 4: STOP LOSS

The stop loss is placed just below the most recent swing low.

STEP 5: TARGET

The take profit level is placed the same number of pips as the stop loss.

STEP 6: TRADE MANAGEMENT

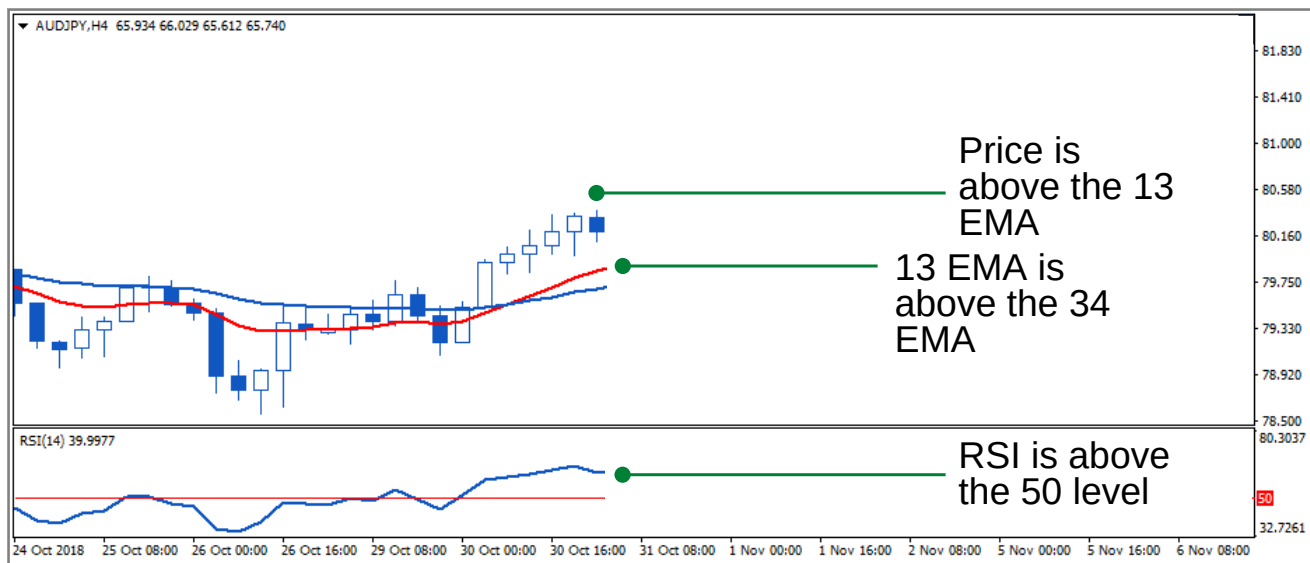
Follow the trade along the 13 EMA starting as soon as a candle closes in profit.

Note

If the 13 EMA crosses below the 34 EMA before the signal happens, the trade setup becomes void.

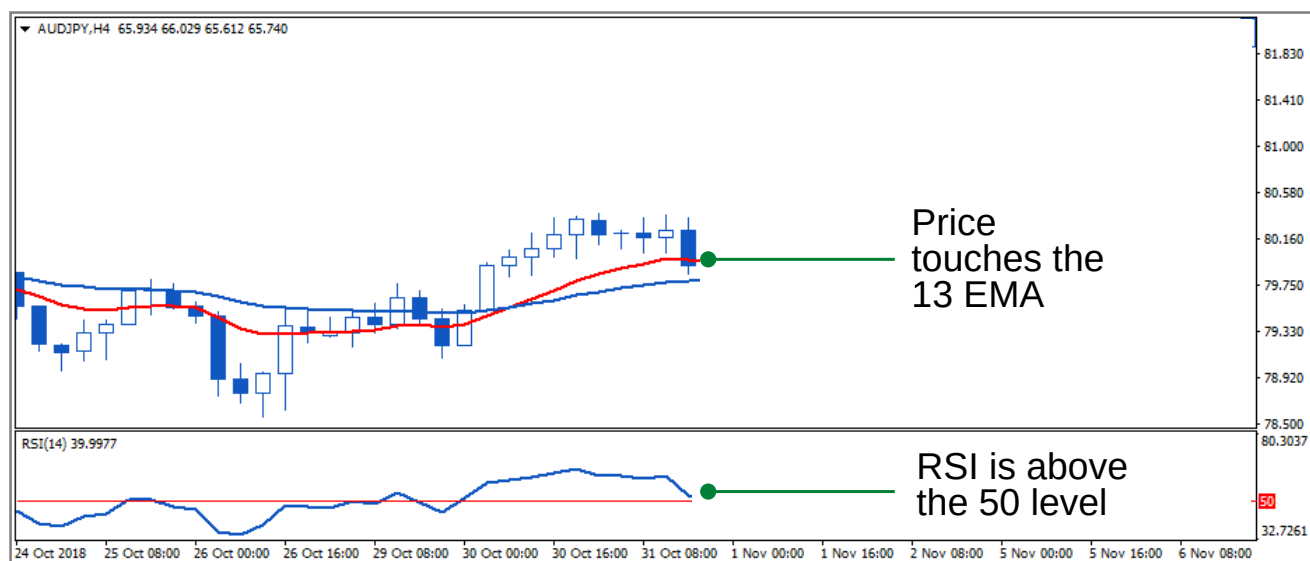
STEP 1: IDENTIFY THE TREND

The price is above the 13 EMA, the 13 EMA is above the 34 EMA, and the RSI is above the 50 level.



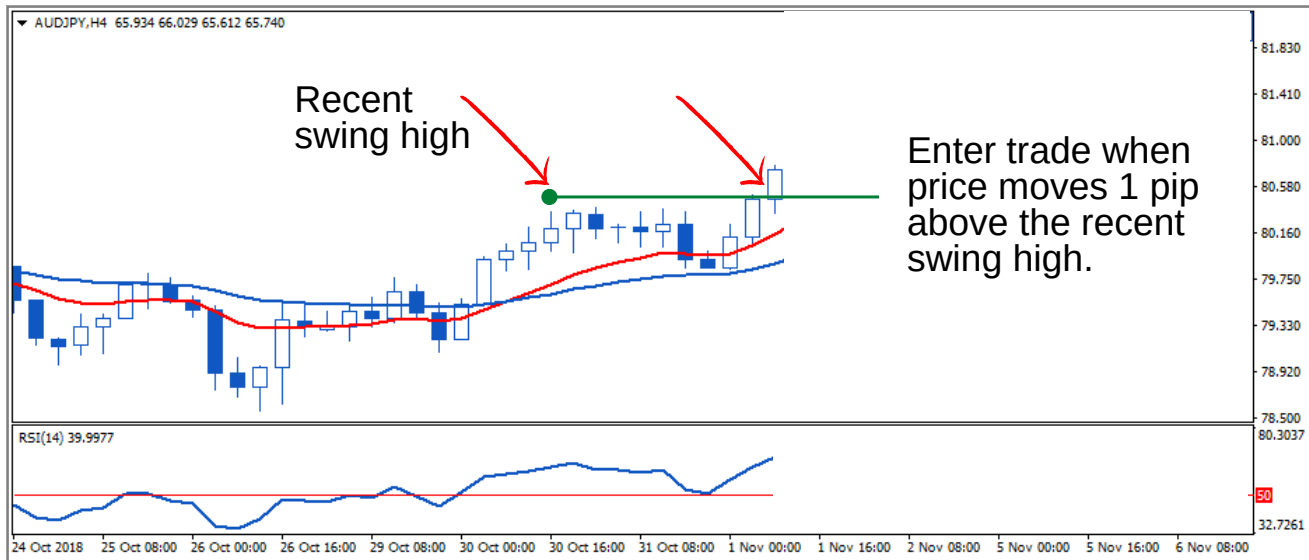
STEP 2: SETUP

Price moves down to touch the 13 EMA, the RSI remains above the 50 level.



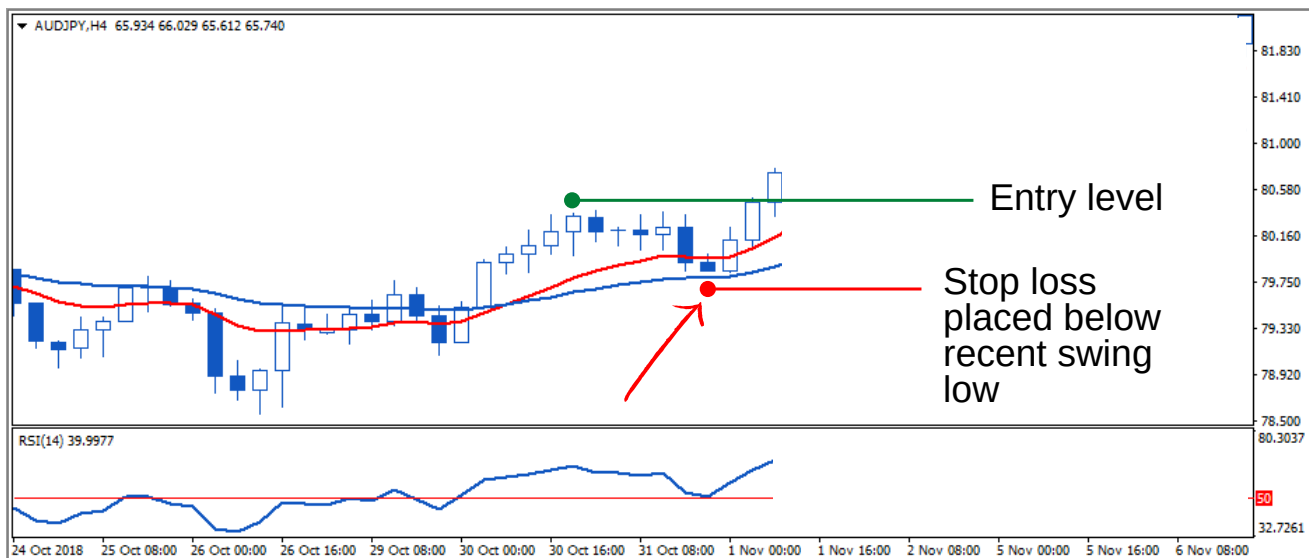
STEP 3: SIGNAL

Enter the trade when the price moves above the most recent swing high.



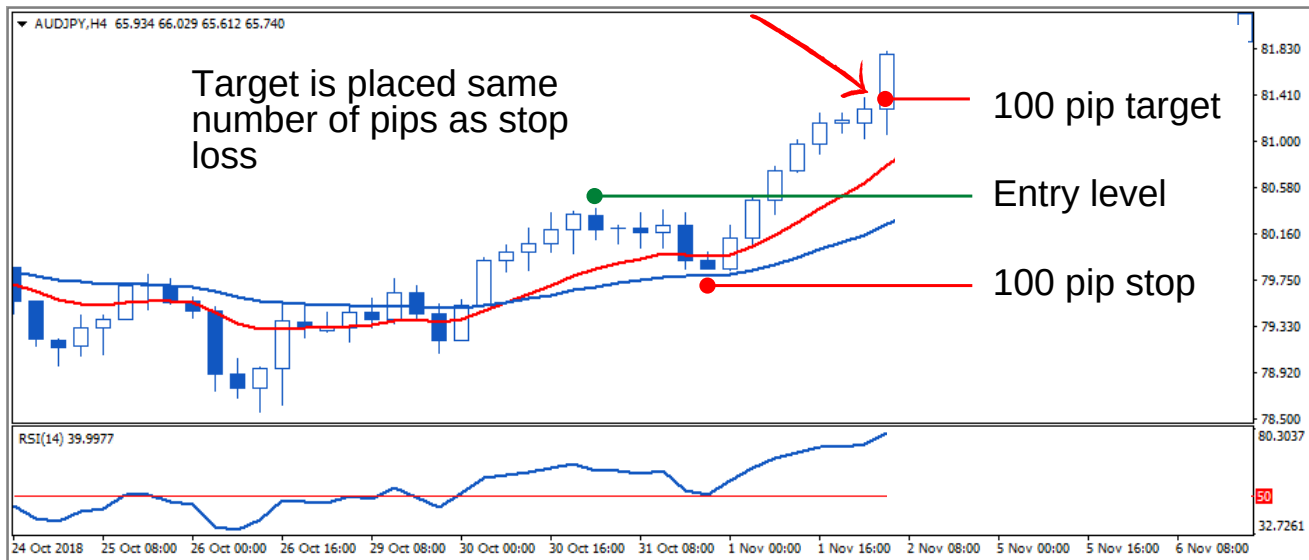
STEP 4: STOP LOSS

The stop loss is placed just below the most recent swing low.



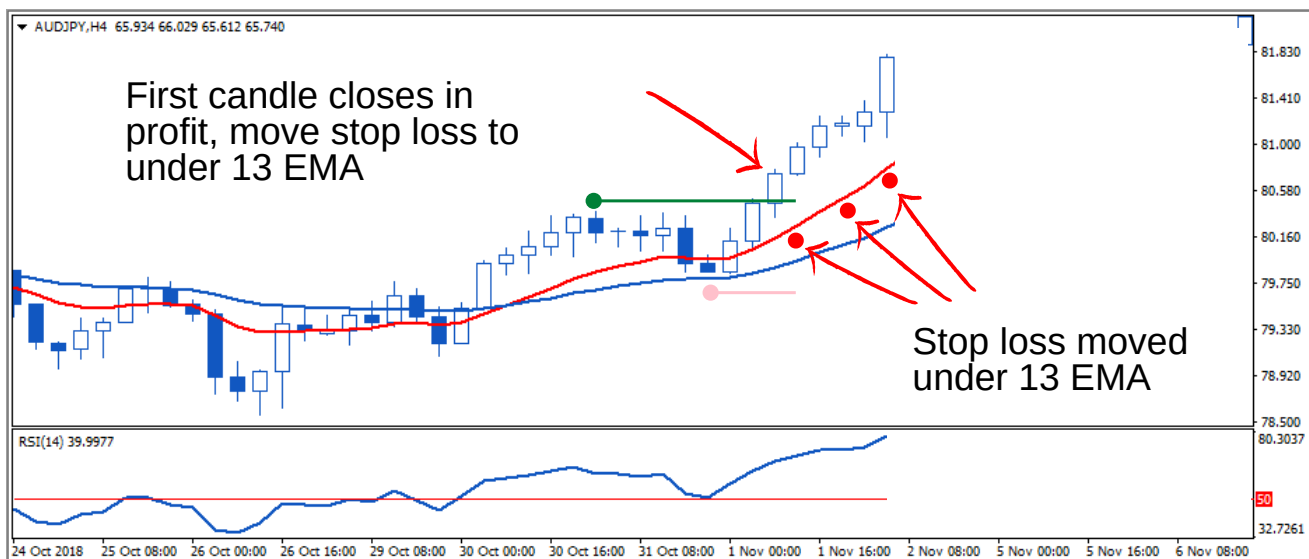
STEP 5: TARGET

The take profit level is placed the same number of pips as the stop loss.



STEP 6: TRADE MANAGEMENT

As a candle closes in profit, the stop loss is moved under the 13 EMA of the new candle that has just opened. Do this as each new candle opens until trade is closed.



Recipes

BASIC BLUE *Sell*

STEP 1: IDENTIFY THE TREND

The price is below the 13 EMA, the 13 EMA is below the 34 EMA, and the RSI is under the 50 level.

STEP 2: SETUP

Price moves up to touch the 13 EMA, the RSI remains under the 50 level.

STEP 3: SIGNAL

Enter the trade when the price moves below the most recent swing low.

STEP 4: STOP LOSS

The stop loss is placed just above the most recent swing high.

STEP 5: TARGET

The take profit level is placed the same number of pips as the stop loss.

STEP 6: TRADE MANAGEMENT

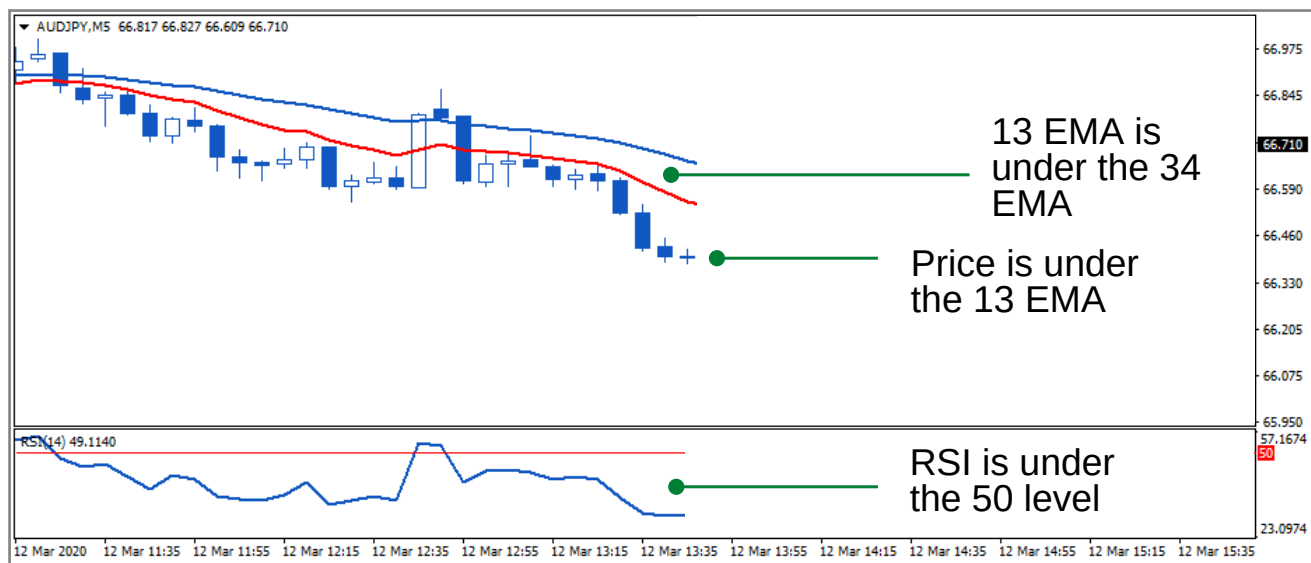
Follow the trade along the 13 EMA starting as soon as a candle closes in profit.

Note

If the 13 EMA crosses above the 34 EMA before the signal happens, the trade setup becomes void.

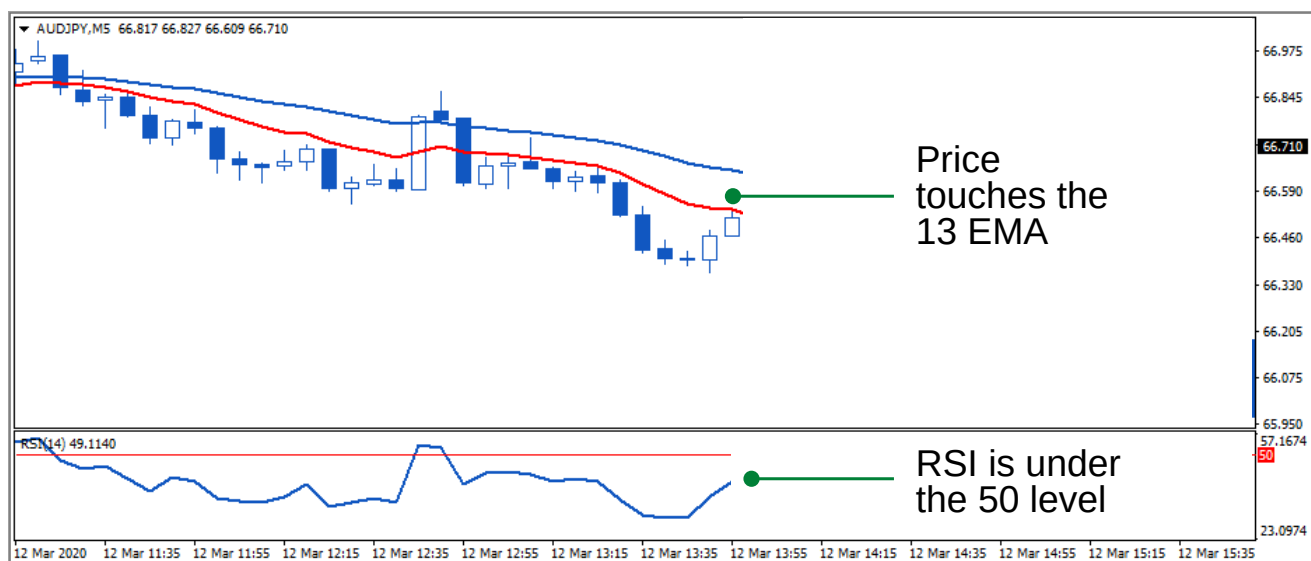
STEP 1: IDENTIFY THE TREND

The price is under the 13 EMA, the 13 EMA is under the 34 EMA, and the RSI is below the 50 level.



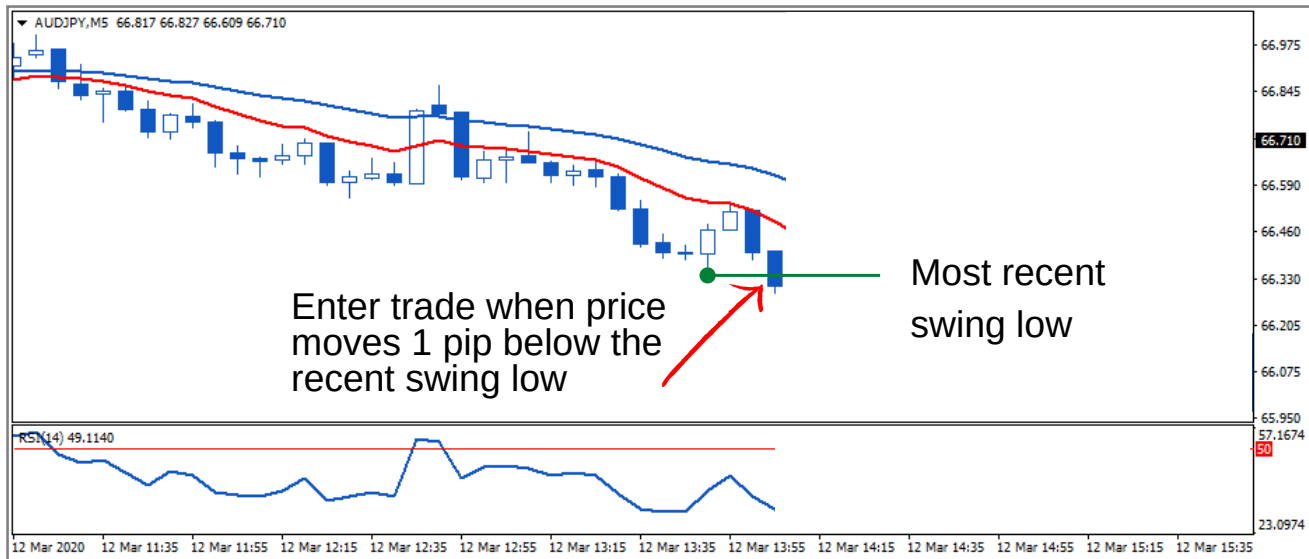
STEP 2: SETUP

Price moves up to touch the 13 EMA, the RSI remains under the 50 level.



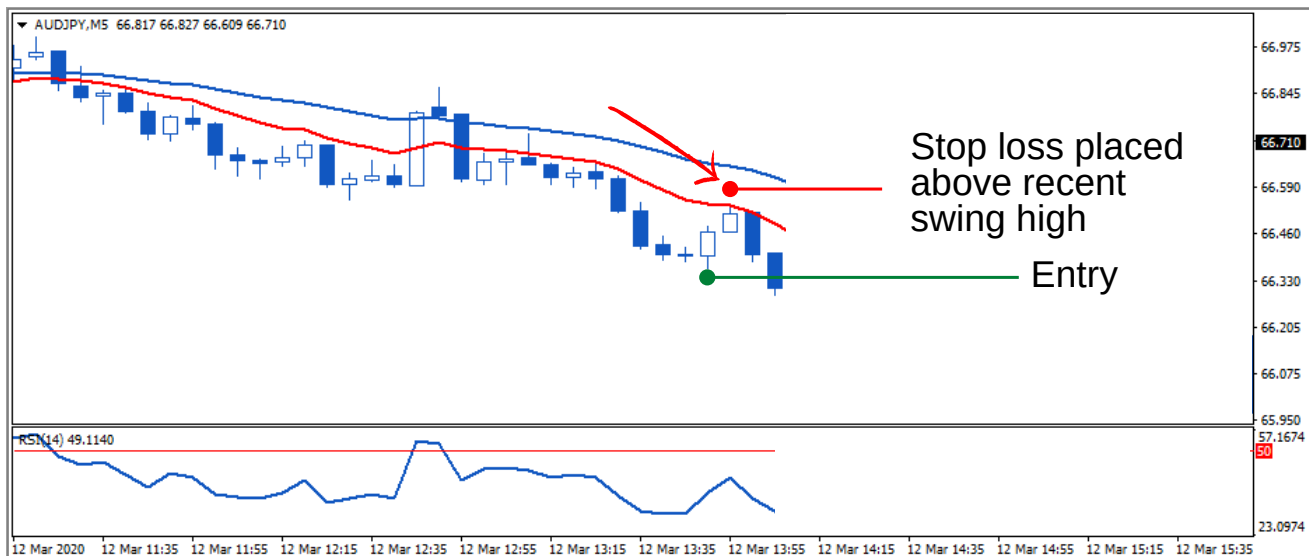
STEP 3: SIGNAL

Enter the trade when the price moves below the most recent swing low.



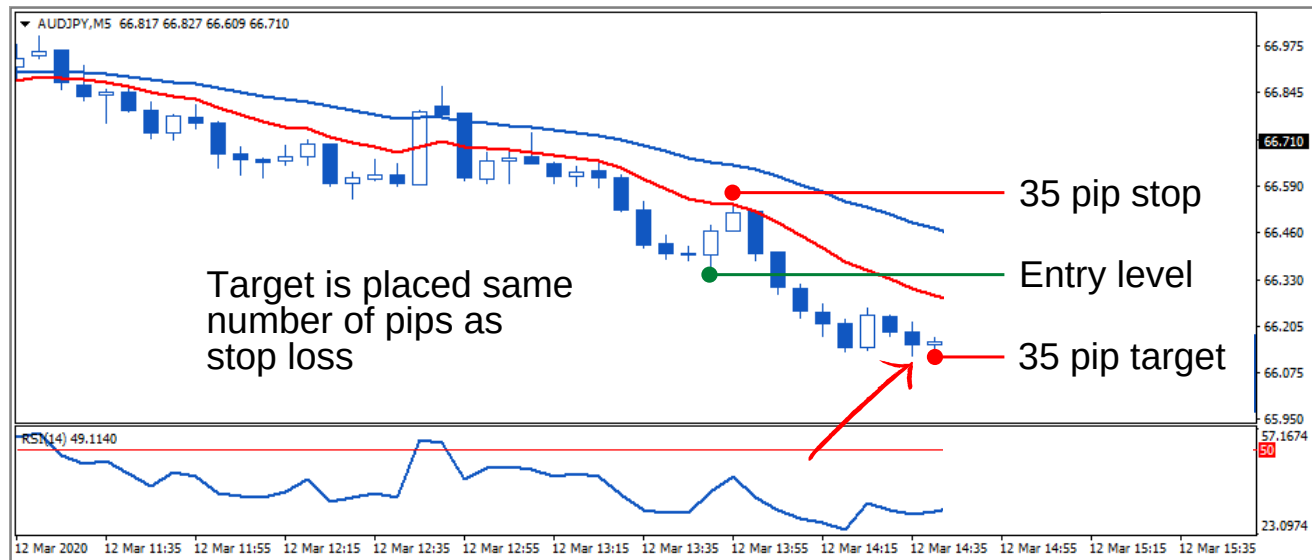
STEP 4: STOP LOSS

The stop loss is placed just above the most recent swing high.



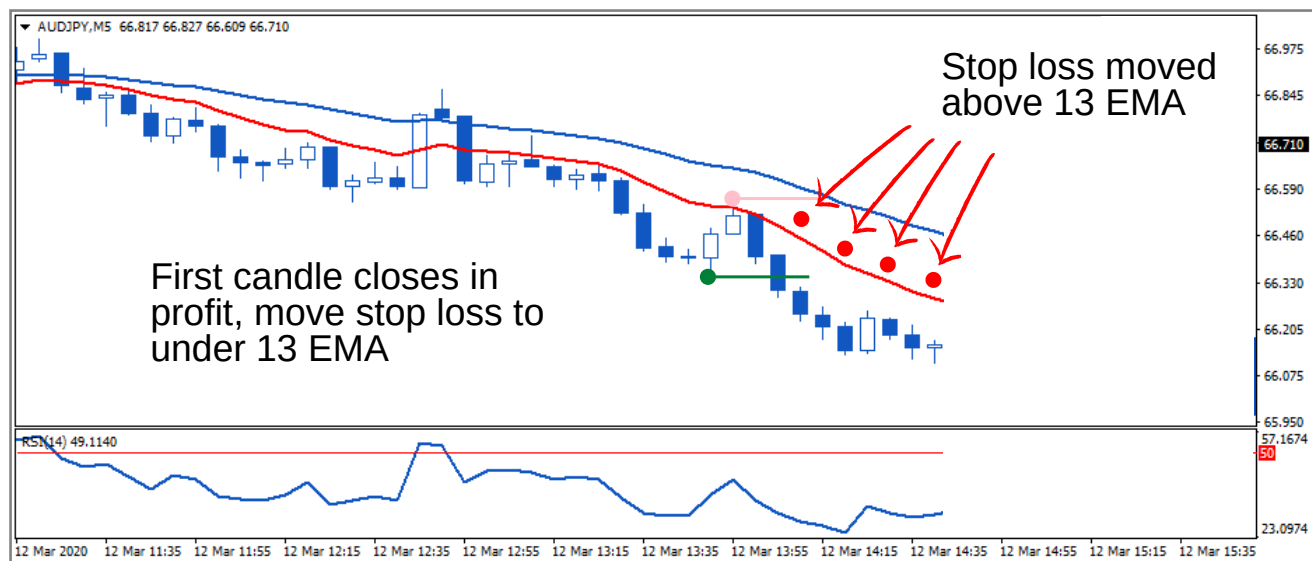
STEP 5: TARGET

The take profit level is placed the same number of pips as the stop loss.



STEP 6: TRADE MANAGEMENT

As a candle closes in profit, the stop loss is moved under the 13 EMA of the new candle that has just opened. Do this as each new candle opens until trade is closed.



Recipes

RSI TRADE

TREND-FOLLOWING USING RSI AS A SIGNAL

Ingredients

- 13 Exponential Moving Average
- 34 Exponential Moving Average
- 14 Relative Strength Index

Components

Trend-following

Market order entry

Support / Resistance stop loss

1:1 Target

13 EMA trailing stop (if targeting more than 1:1)

13 EMA early exit (if necessary)

Recipes

RSI TRADE Buy

STEP 1: THE TREND IS UP

The 13 EMA is above the 34 EMA.
The RSI is above the 50 level.

STEP 2: THE RSI MOVES BELOW THE 50 LEVEL

The RSI will move below the 50 level as part of the setup.

STEP 3: ENTRY WHEN THE RSI MOVES ABOVE THE 50 LEVEL

The market will move back into the direction of the trend and the RSI moves back above the 50 level. **Enter at the close of this candle.**

STEP 4: STOP LOSS

The stop loss will go below the most recent swing low.

STEP 5: TARGET

The target will be set to 1:1.

STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA.

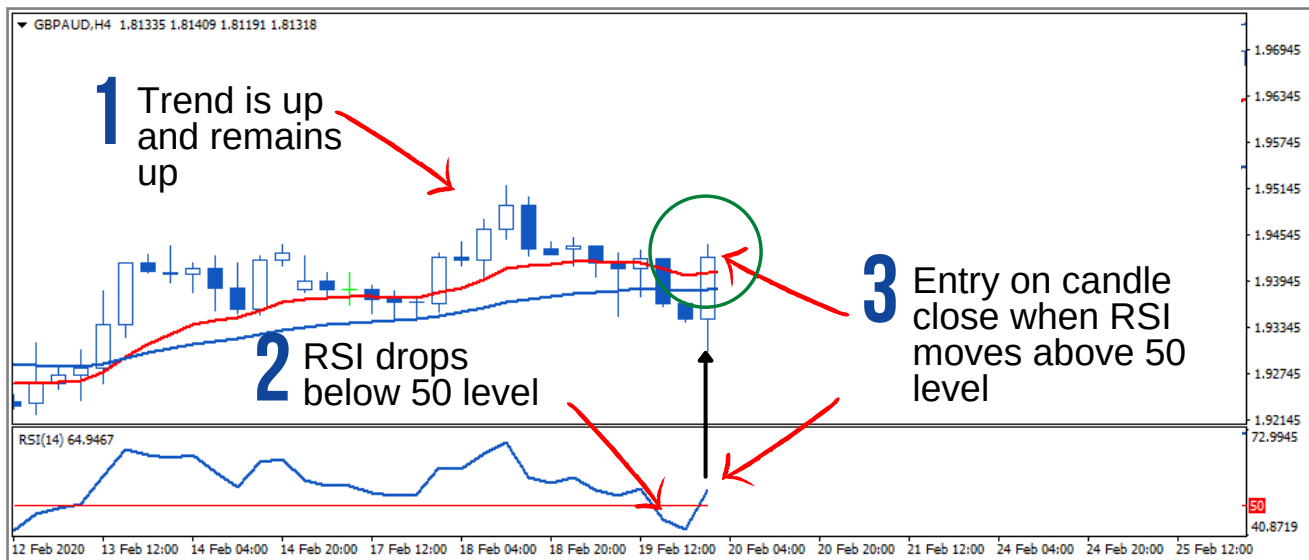
Note

If the 13 EMA crosses below the 34 EMA before the signal happens, the trade setup becomes void.

Recipes

RSI TRADE
Buy

1. The trend must be up, the 13 EMA above the 34 EMA.
2. The RSI must move below the 50 level.
3. Enter on the close of the candle when RSI moves above the 50 level.
4. Stop is placed under swing low.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

RSI TRADE *Sell*

STEP 1: THE TREND IS DOWN

The 13 EMA is below the 34 EMA.
The RSI is below the 50 level.

STEP 2: THE RSI MOVES ABOVE THE 50 LEVEL

The RSI will move above the 50 level as part of the setup.

STEP 3: ENTRY WHEN THE RSI MOVES BELOW THE 50 LEVEL

The market will move back into the direction of the trend and the RSI moves back below the 50 level. **Enter at the close of this candle.**

STEP 4: STOP LOSS

The stop loss will go above the most recent swing high.

STEP 5: TARGET

The target will be set to 1:1.

STEP 6: EARLY EXIT

Close the trade if the price closes above the 13 EMA.

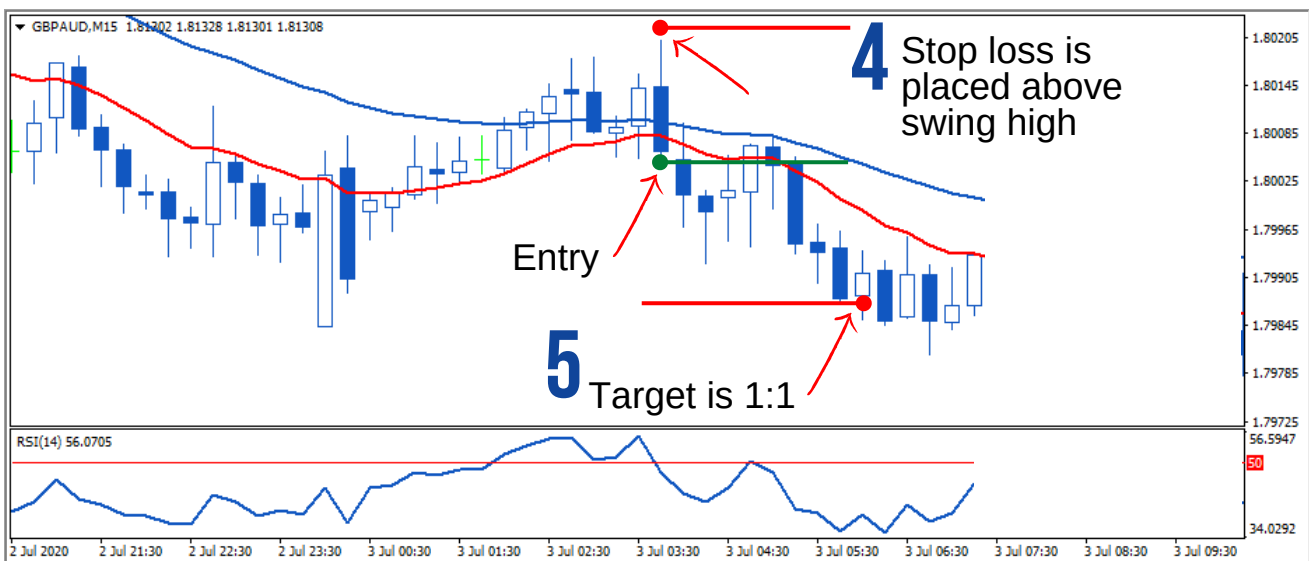
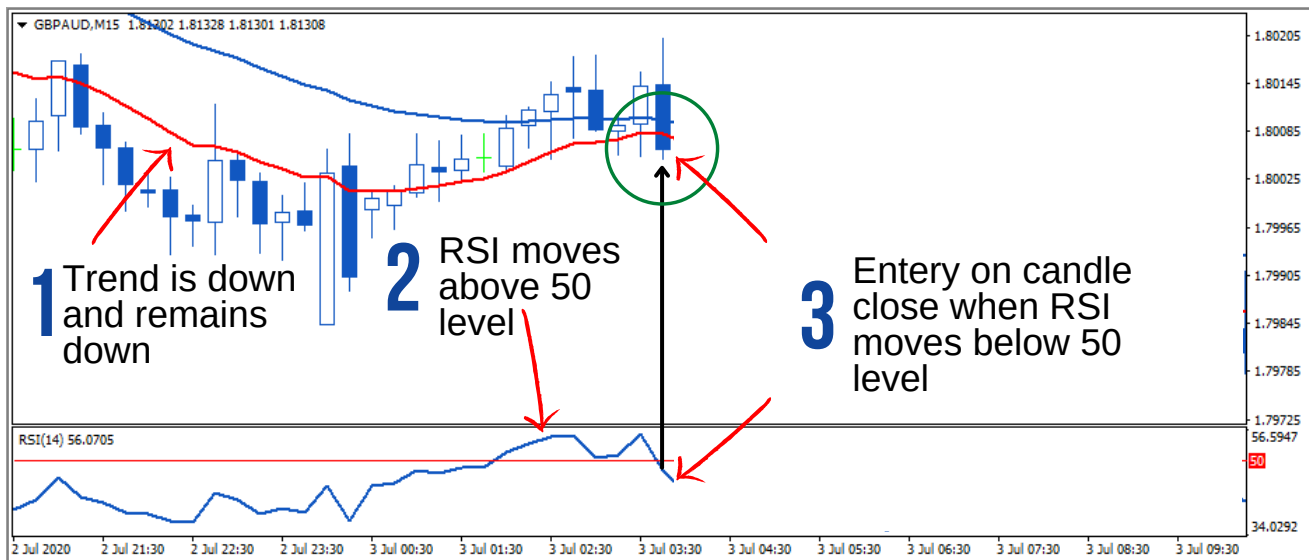
Note

If the 13 EMA crosses above the 34 EMA before the signal happens, the trade setup becomes void.

Recipes

RSI TRADE
Sell

1. The trend must be down, the 13 EMA below the 34 EMA.
2. The RSI must move above the 50 level.
3. Enter on the close of the candle when RSI moves below the 50 level.
4. Stop is placed above swing high.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

ZONE TRADE

TREND-FOLLOWING USING THE MOVING AVERAGES

Ingredients

- 13 Exponential Moving Average
- 34 Exponential Moving Average

Components

Trend-following

Market order entry

Support / Resistance stop loss

1:1 Target

13 EMA trailing stop (if targeting more than 1:1)

13 EMA early exit (if necessary)

Recipes

ZONE TRADE Buy

STEP 1: THE TREND IS UP

The price is above the 13 EMA, the 13 EMA is above the 34 EMA.

STEP 2: A CANDLE CLOSES BELOW THE 13 EMA

The space between the 2 moving averages is the zone. The setup is when a candle closes in between these moving averages, or even below them. The 13 EMA must remain above the 34 EMA.

STEP 3: ENTRY

The signal to buy is when a candle closes above the 13 EMA.

STEP 4: STOP LOSS

The stop loss will go under the most recent swing low.

STEP 5: TARGET

The target will be set to 1:1

STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA

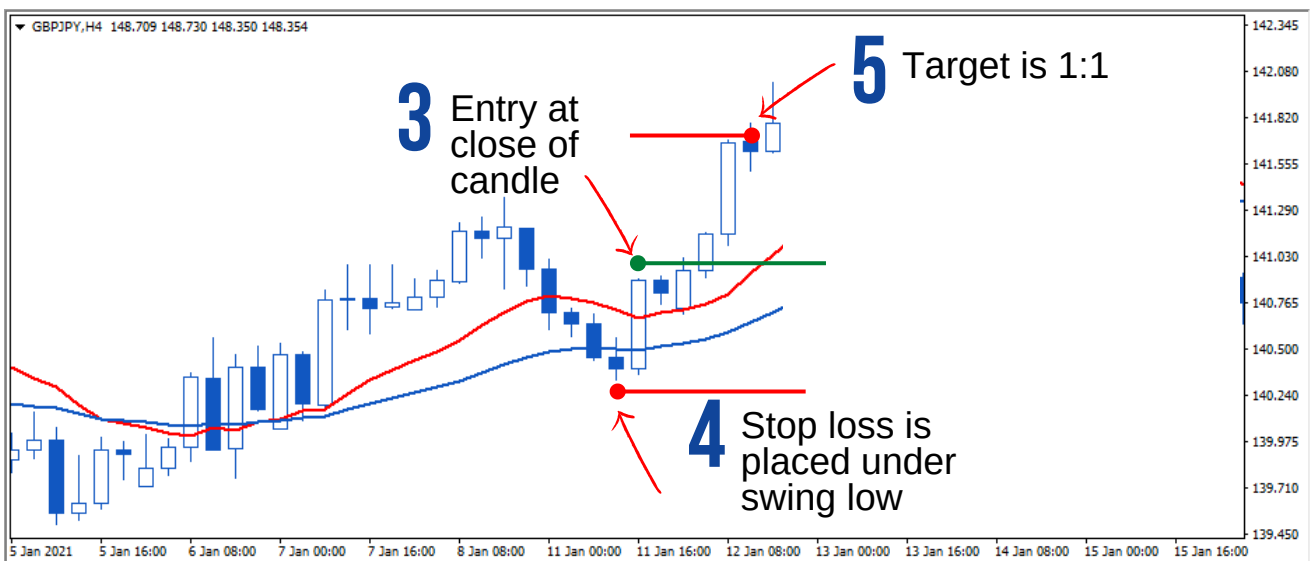
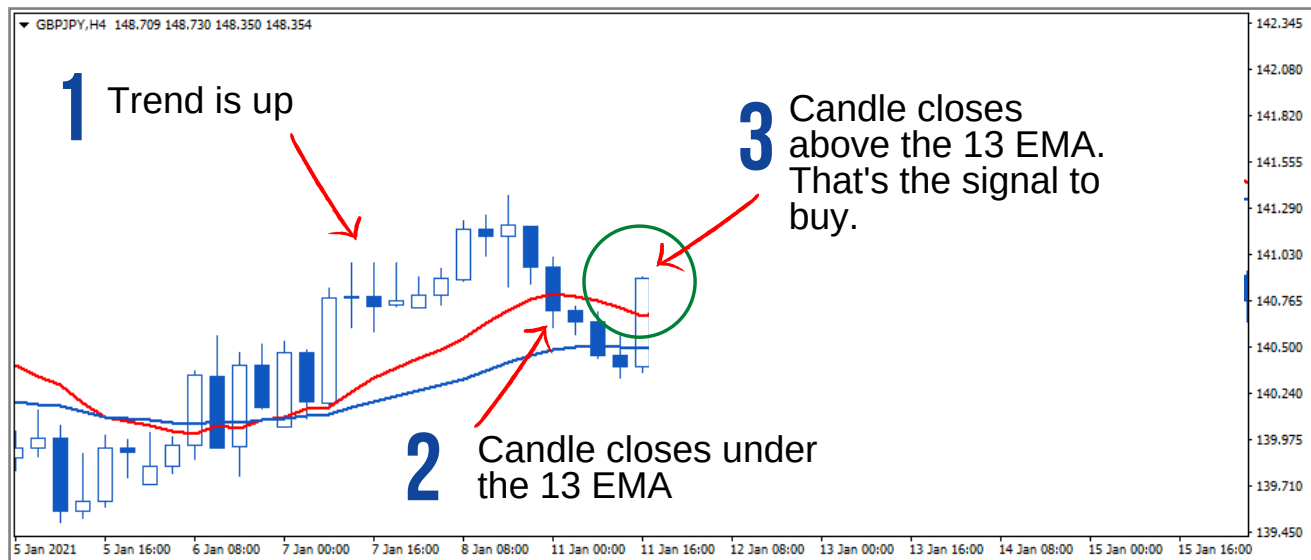
Note

If the 13 EMA crosses below the 34 EMA before the signal happens, the trade setup becomes void.

Recipes

ZONE TRADE
Buy

1. The trend is up. The price is above the 13 EMA, the 13 EMA above the 34 EMA.
2. A candle closes below the 13 EMA.
3. A candle closes above the 13 EMA for a buy signal.
4. Stop is placed under swing low.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

ZONE TRADE *Sell*

STEP 1: THE TREND IS DOWN

The price is below the 13 EMA, the 13 EMA is below the 34 EMA.

STEP 2: A CANDLE CLOSES ABOVE THE 13 EMA

The space between the 2 moving averages is the zone. The setup is when a candle closes in between these moving averages, or even above them. The 13 EMA must remain below the 34 EMA.

STEP 3: ENTRY

The signal to sell is when a candle closes below the 13 EMA.

STEP 4: STOP LOSS

The stop loss will go above the most recent swing high.

STEP 5: TARGET

The target will be set to 1:1

STEP 6: EARLY EXIT

Close the trade if the price closes above the 13 EMA

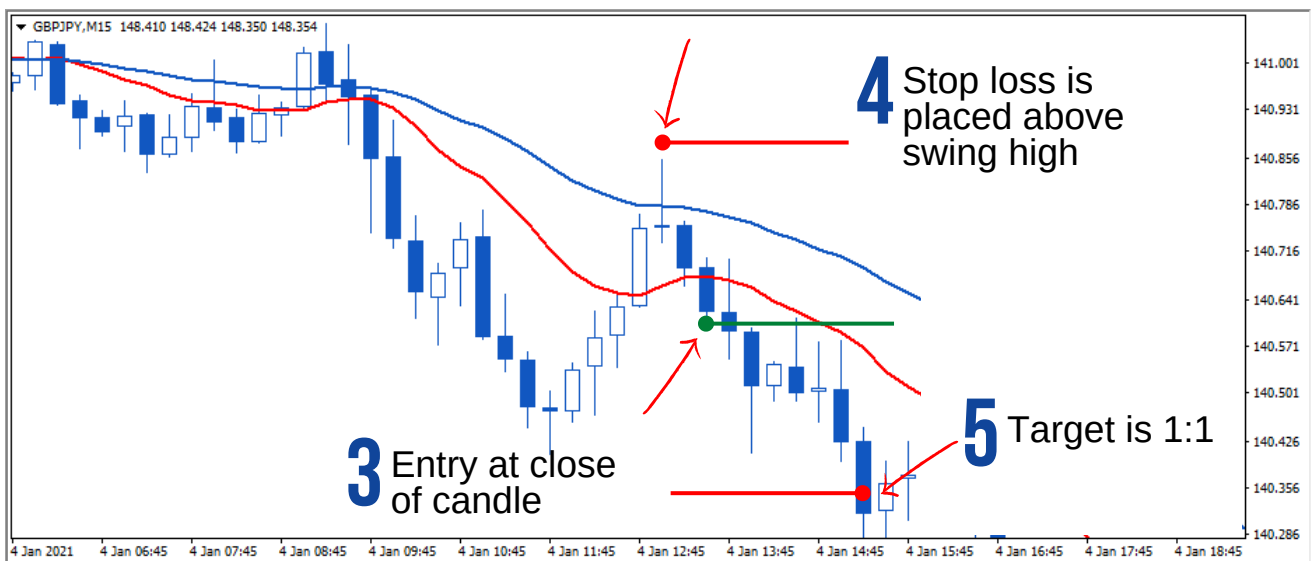
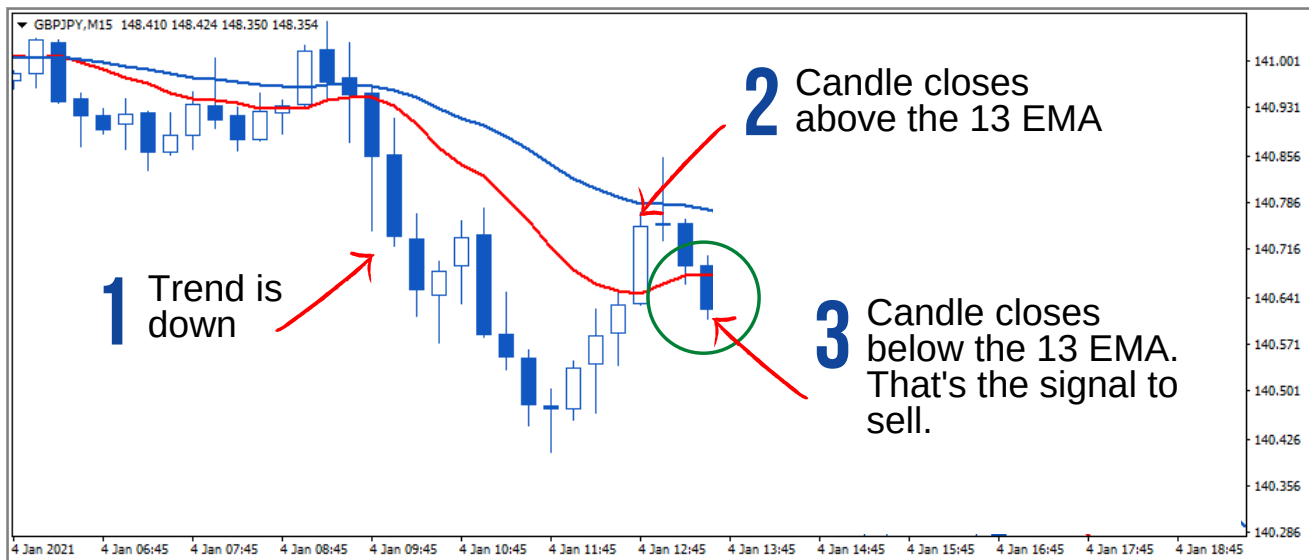
Note

If the 13 EMA crosses above the 34 EMA before the signal happens, the trade setup becomes void.

Recipes

ZONE TRADE
Sell

1. The trend is down. The price is below the 13 EMA, the 13 EMA is below the 34 EMA.
2. A candle closes above the 13 EMA.
3. A candle closes below the 13 EMA for a sell signal.
4. Stop is placed above swing high.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

TRENDLINE TRADE

TREND-FOLLOWING USING A TRENDLINE

Ingredients

- 13 Exponential Moving Average
- 34 Exponential Moving Average

Components

Trend-following

Market order entry

Trendline

Support / Resistance stop loss

1:1 Target

13 EMA trailing stop (if targeting more than 1:1)

13 EMA early exit (if necessary)

Recipes

TRENDLINE TRADE

Buy

STEP 1: THE TREND IS UP

The price is above the 13 EMA.
The 13 EMA is above the 34 EMA.

STEP 2: PRICE MAKES A LOWER HIGH

The market makes a high followed by a lower high.
Price is ok to move into the moving averages at this point.
We connect these highs across the top to make a downward sloping trendline.

STEP 3: ENTRY

The signal to buy is when a candle closes above the trendline.

STEP 4: STOP LOSS

The stop loss will go under the most recent swing low.

STEP 5: TARGET

The target will be set to 1:1

STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA

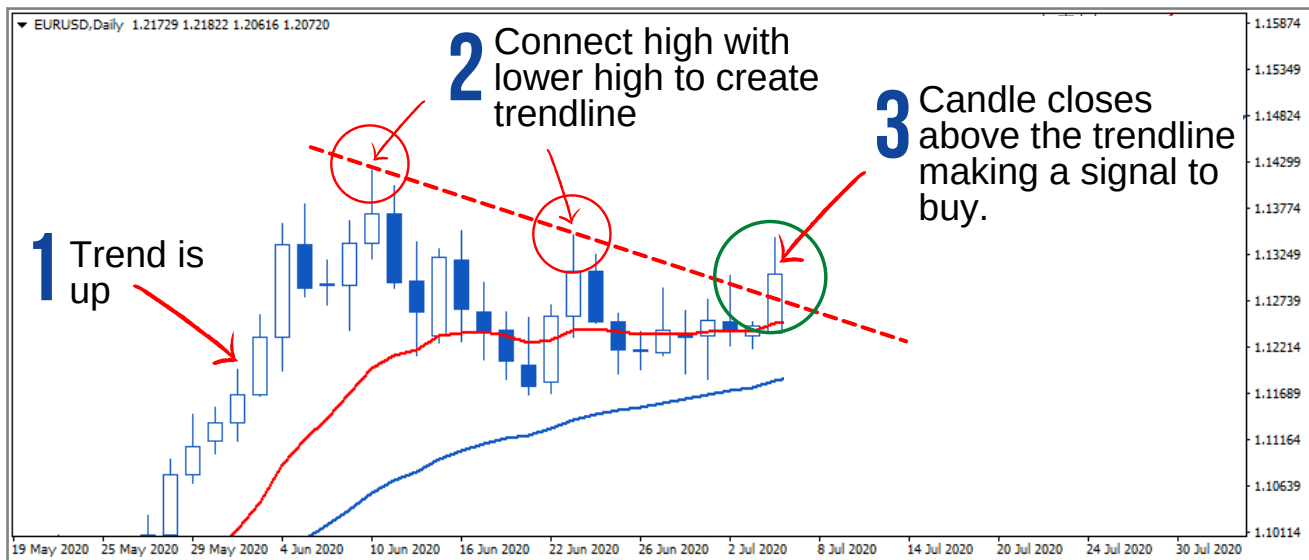
Note

If the 13 EMA crosses below the 34 EMA before the signal happens, the trade setup becomes void.

Recipes

TRENDLINE TRADE *Buy*

1. The trend is up. The price is above the 13 EMA. the 13 EMA above the 34 EMA.
2. Price makes a lower high. These are connected to draw a trendline.
3. A candle closes above the trendline for a buy signal.
4. Stop is placed under swing low.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

TRENDLINE TRADE

Sell

STEP 1: THE TREND IS DOWN

The price is below the 13 EMA
The 13 EMA is below the 34 EMA.

STEP 2: PRICE MAKES A HIGHER LOW

The market makes a low followed by a higher low.

Price is ok to move into the moving averages at this point.

We connect these lows across the bottom to make an upward sloping trendline.

STEP 3: ENTRY

The signal to sell is when a candle closes below the trendline.

STEP 4: STOP LOSS

The stop loss will go above the most recent swing high.

STEP 5: TARGET

The target will be set to 1:1

STEP 6: EARLY EXIT

Close the trade if the price closes above the 13 EMA

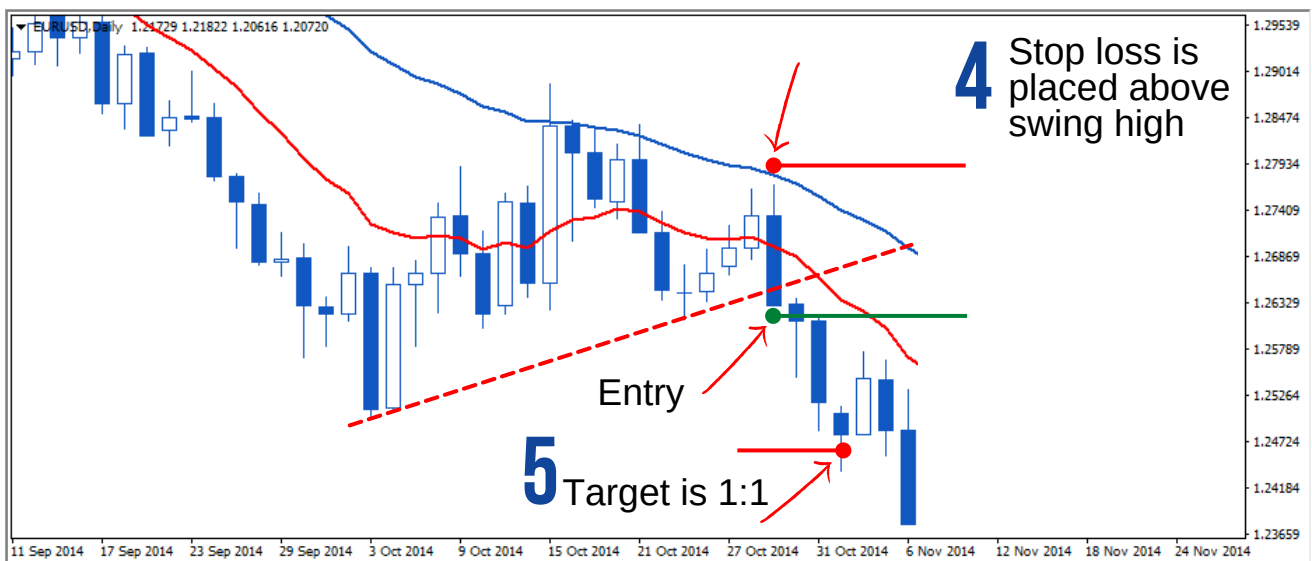
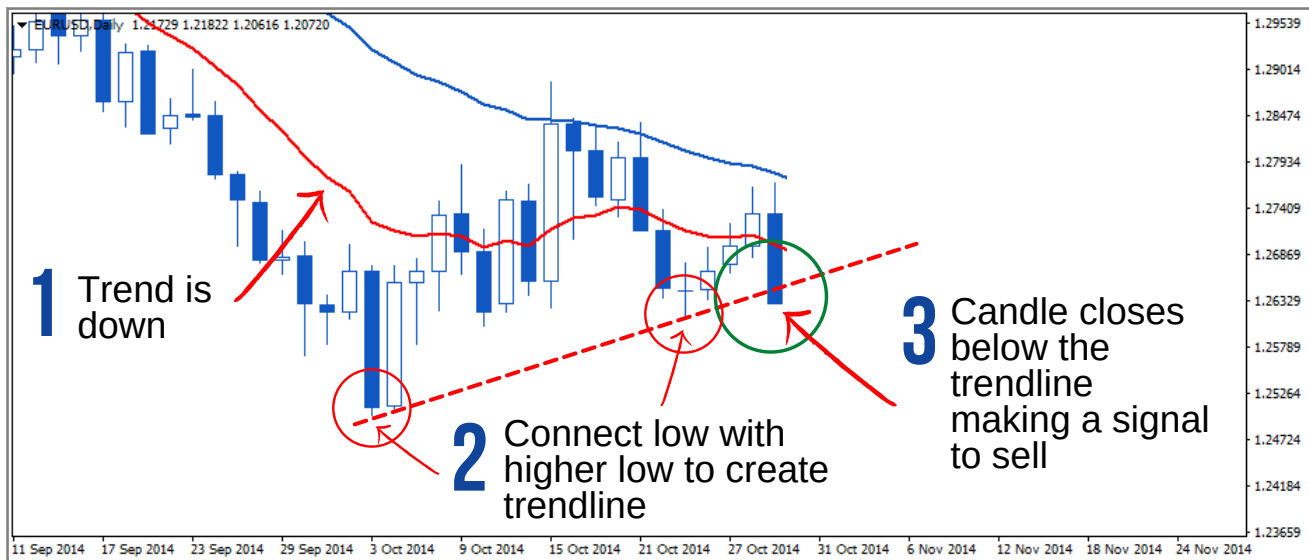
Note

If the 13 EMA crosses above the 34 EMA before the signal happens, the trade setup becomes void.

Recipes

TRENDLINE TRADE *Sell*

1. The trend is down. The price is below the 13 EMA. the 13 EMA is below the 34 EMA.
2. Price makes a higher low. These are connected to draw a trendline.
3. A candle closes below the trendline for a sell signal.
4. Stop is placed above swing high.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

2 TRENDLINE TRADE

COUNTER-TREND TRADE USING A 2 TRENDLINES

Ingredients

Naked Chart

Components

Counter-Trend

Market order entry

Trendlines

Support / Resistance stop loss

Trendline Target

Recipes

2 TRENDLINE TRADE

The trendline is quite a prolific setup, you can draw a trendline virtually anywhere.

As long as we are covering trendline trades, I would be remiss if I didn't cover one of my favorite methods for trading with a trendline.

This approach uses a naked chart, no indicators at all.

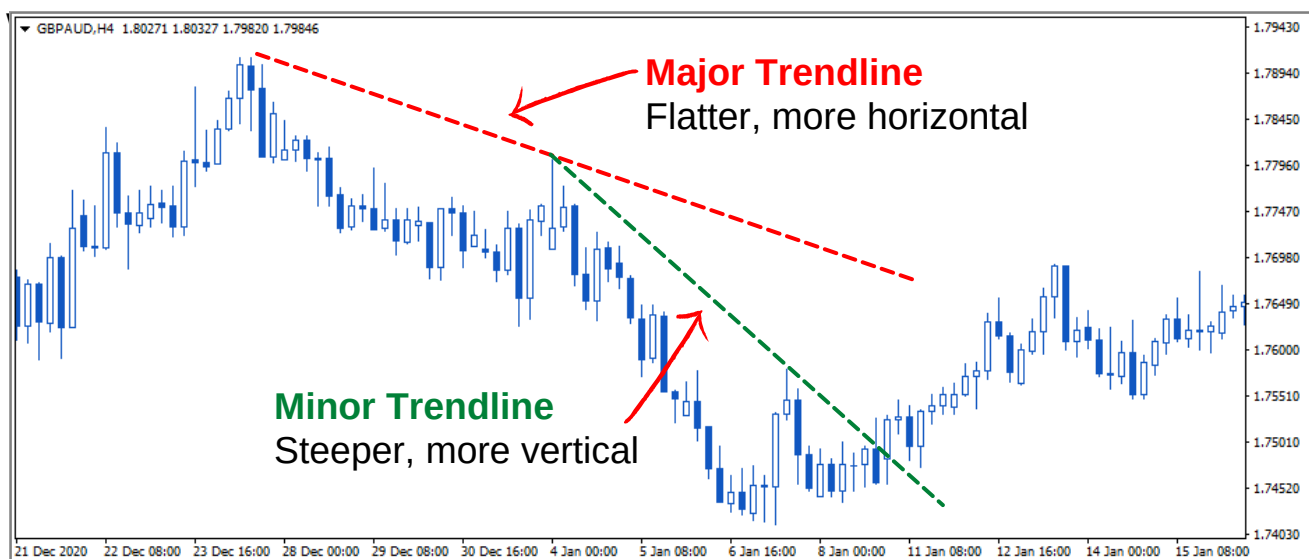
Since trendline trades are essentially counter trend in nature, using a chart with indicators may just end up confusing the issue when it comes to the 2 Trendline Trade.

With the 2 Trendline approach, we will be drawing 2 trendlines.

- Major trendline
- Minor trendline

The Major trendline will always be the flatter trendline. It will be more horizontal than the other trendline.

The Minor trendline will be drawn at a steeper up and down angle.



Recipes

2 TRENDLINE TRADE

Buy

STEP 1: MAJOR TRENDLINE IS DRAWN

A downward sloping trendline can be drawn above the price.

STEP 2: MINOR TRENDLINE IS DRAWN

A second, steeper trendline can be drawn above the price.

STEP 3: ENTRY

The signal to buy is when a candle closes above the minor trendline.

STEP 4: STOP LOSS

The stop loss will go under the most recent swing low.

STEP 5: TARGET

The target will be the major trendline.

STEP 6: MOVE STOP LOSS TO ENTRY

Once the market moves into profit as many pips as the stop loss (1:1), move the stop loss to the entry price.

Recipes

2 TRENDLINE TRADE *Buy*

1. The major trendline is drawn above price.
2. The minor trendline is drawn above the price.
3. A candle closes above the minor trendline for a buy signal.
4. Stop is placed under swing low.
5. Target is major trendline.
6. Move to break-even at 1:1.



Recipes

2 TRENDLINE TRADE

Sell

STEP 1: MAJOR TRENDLINE IS DRAWN

An upward sloping trendline can be drawn below the price.

STEP 2: MINOR TRENDLINE IS DRAWN

A second, steeper trendline can be drawn below the price.

STEP 3: ENTRY

The signal to sell is when a candle closes below the minor trendline.

STEP 4: STOP LOSS

The stop loss will go above the most recent swing high.

STEP 5: TARGET

The target will be the major trendline

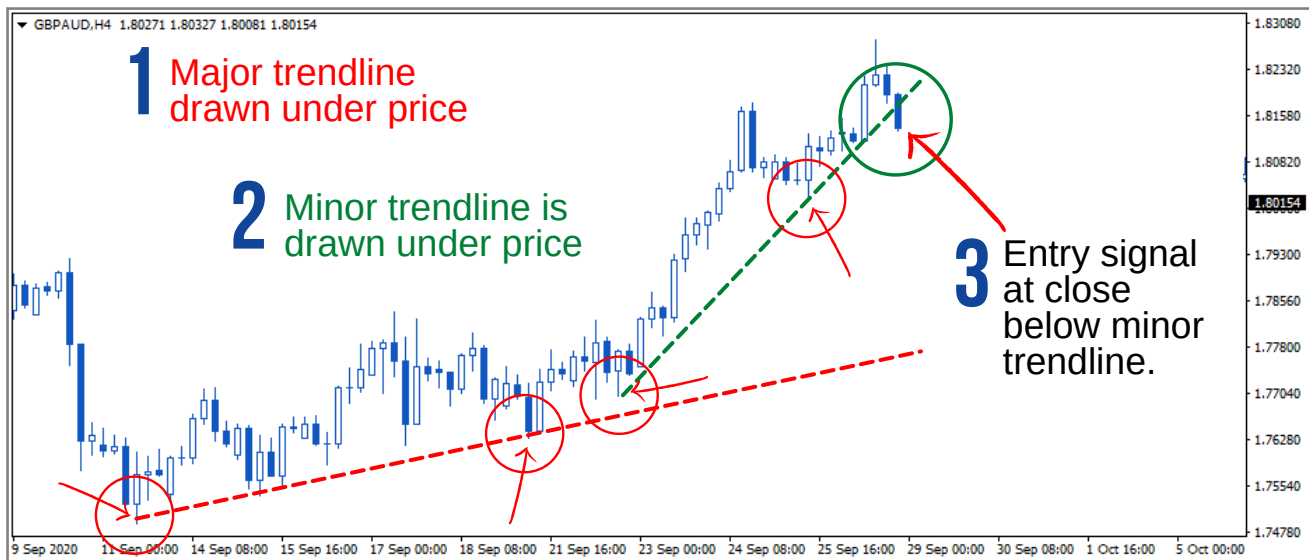
STEP 6: MOVE STOP LOSS TO ENTRY

Once the market moves into profit as many pips as the stop loss (1:1), move the stop loss to the entry price.

Recipes

2 TRENDLINE TRADE *Sell*

1. The major trendline is drawn below price.
2. The minor trendline is drawn below the price.
3. A candle closes below the trendline for a sell signal.
4. Stop is placed under swing high.
5. Target is major trendline.
6. Move to break-even at 1:1.



Recipes

ENGULFING TRADE

TREND-FOLLOWING USING AN ENGULFING CANDLE

Ingredients

- 13 Exponential Moving Average
- 34 Exponential Moving Average
- 14 Relative Strength Index
- Engulfing Candle

Components

Trend-following

Market order entry

Support / Resistance stop loss

1:1 Target

13 EMA trailing stop (if targeting more than 1:1)

13 EMA early exit (if necessary)

Recipes

ENGULFING TRADE

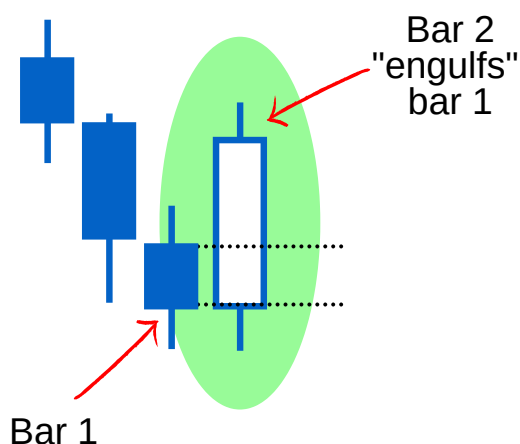
TREND-FOLLOWING USING AN ENGULFING CANDLE PATTERN

This trade is triggered by a pattern called the Engulfing Bar. It's a 2 candle pattern where the signal candle's body is the opposite color and completely engulfs the previous candle's body. We aren't too concerned about the candle wicks, only that the second candle's body is larger and "engulfs" the body of the previous candle.

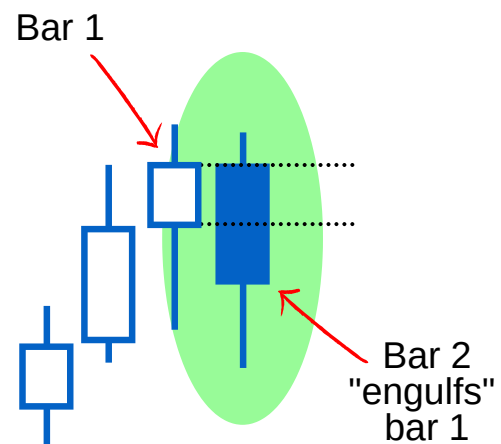
It's a pattern many traders look for, but like most candles patterns, it needs some kind of reason to work. We want there to be a kind of "structure" present, and for us, the structure we are looking for is a pullback to the 13 EMA.

Once price has pulled back to the 13 EMA, the market is likely to resume the trend if it forms an engulfing candle. This shows the market momentum has picked up in the trending direction and the trade is a fairly safe trade to take.

BULLISH ENGULFING



BEARISH ENGULFING



Recipes

ENGULFING TRADE

Buy

STEP 1: THE TREND IS UP

The price is above the 13 EMA.
The 13 EMA is above the 34 EMA.
The RSI will remain above the 50 level.

STEP 2: PRICE PULLS BACK TO THE 13 EMA

The market pulls back to touch the 13 EMA.

STEP 3: ENTRY

We look for a bullish engulfing candle.
The signal to buy is at the close of the candle.

STEP 4: STOP LOSS

The stop loss will go under the most recent swing low.

STEP 5: TARGET

The target will be set to 1:1

STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA

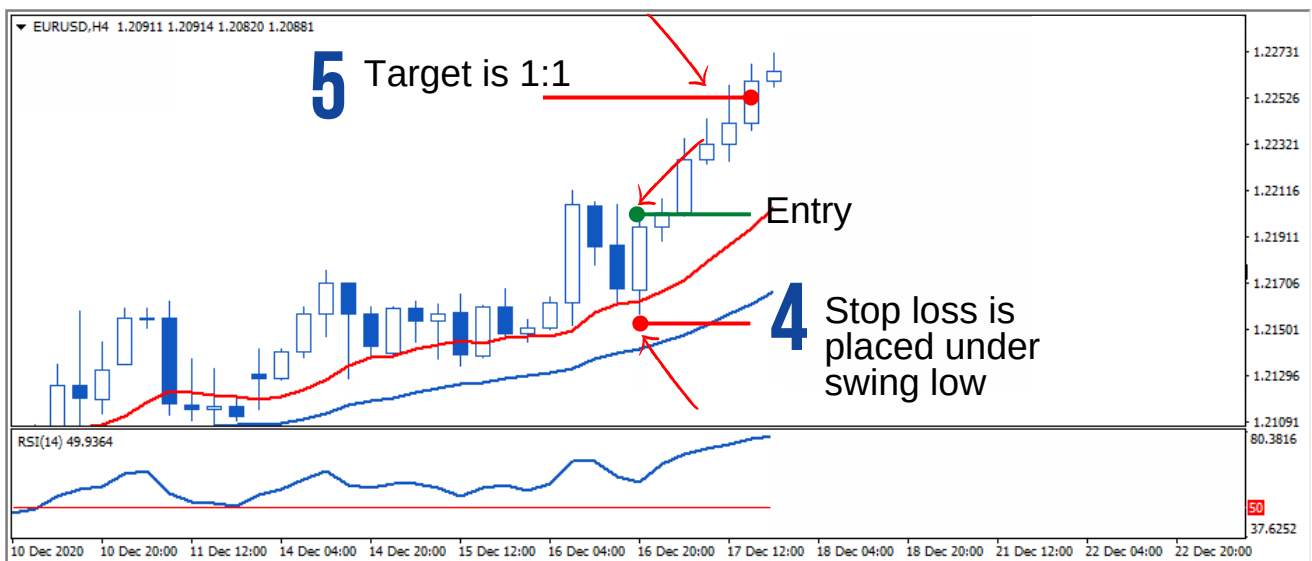
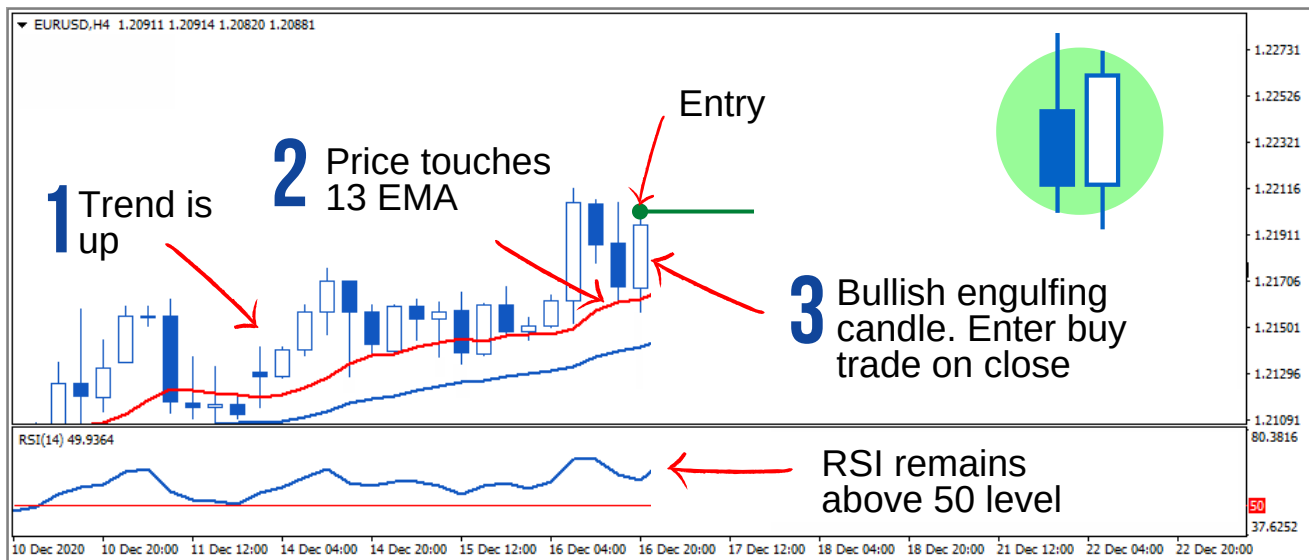
Note

If the 13 EMA crosses below the 34 EMA or the RSI crosses below the 50 level before the signal happens, the trade setup becomes void.

Recipes

ENGULFING TRADE *Buy*

1. The trend is up. The price is above the 13 EMA. The 13 EMA above the 34 EMA. The RSI is above the 50 level.
2. Price pulls back to touch the 13 EMA.
3. Enter a buy trade at the close of a Bullish Engulfing candle.
4. Stop is placed under swing low.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

ENGULFING TRADE

Sell

STEP 1: THE TREND IS DOWN

The price is below the 13 EMA.
The 13 EMA is below the 34 EMA.
The RSI will remain under the 50 level.

STEP 2: PRICE PULLS BACK TO THE 13 EMA

The market pulls back to touch the 13 EMA.

STEP 3: ENTRY

We look for a bearish engulfing candle.
The signal to sell is at the close of the candle.

STEP 4: STOP LOSS

The stop loss will go above the most recent swing high.

STEP 5: TARGET

The target will be set to 1:1

STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA

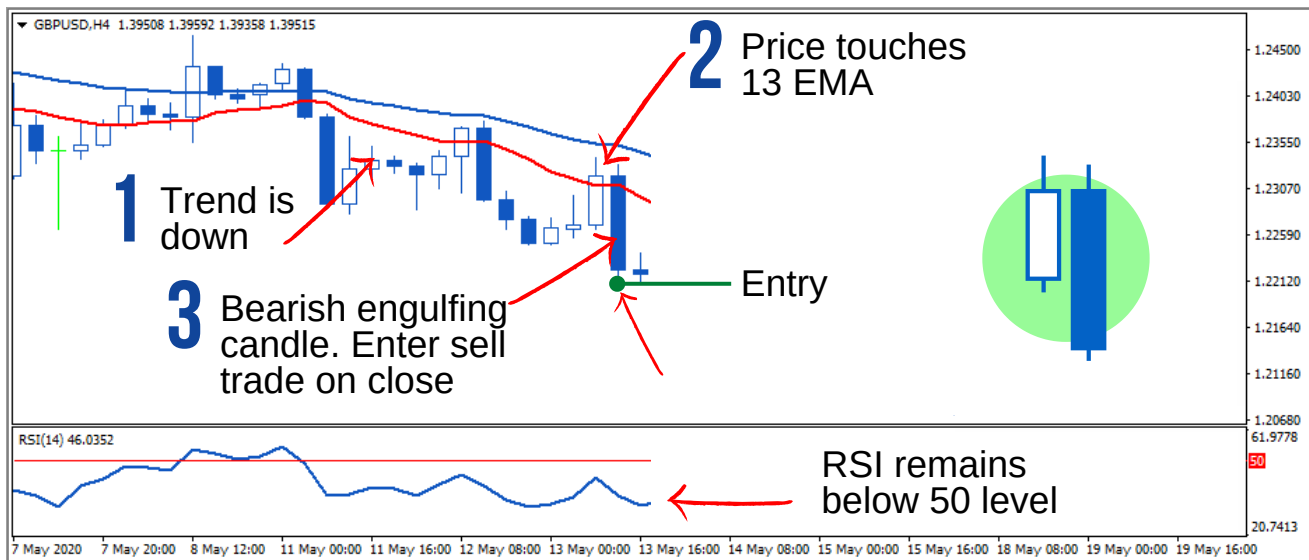
Note

If the 13 EMA crosses above the 34 EMA, or the RSI crosses above the 50 level before the signal happens, the trade setup becomes void.

Recipes

ENGULFING TRADE *Sell*

1. The trend is down. The price is below the 13 EMA. The 13 EMA below the 34 EMA. The RSI is under the 50 level.
2. Price pulls back to touch the 13 EMA.
3. Enter a sell trade at the close of a Bearish Engulfing candle..
4. Stop is placed above swing high.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

INSIDE DAY TRADE

TREND-FOLLOWING USING AN INSIDE DAY CANDLE PATTERN

Ingredients

- 13 Exponential Moving Average
- 34 Exponential Moving Average
- 14 Relative Strength Index
- Inside Day Candle

Components

- Trend-following
- Pending order entry
- Previous candle stop loss
- 1:1 Target
- 13 EMA early exit

Recipes

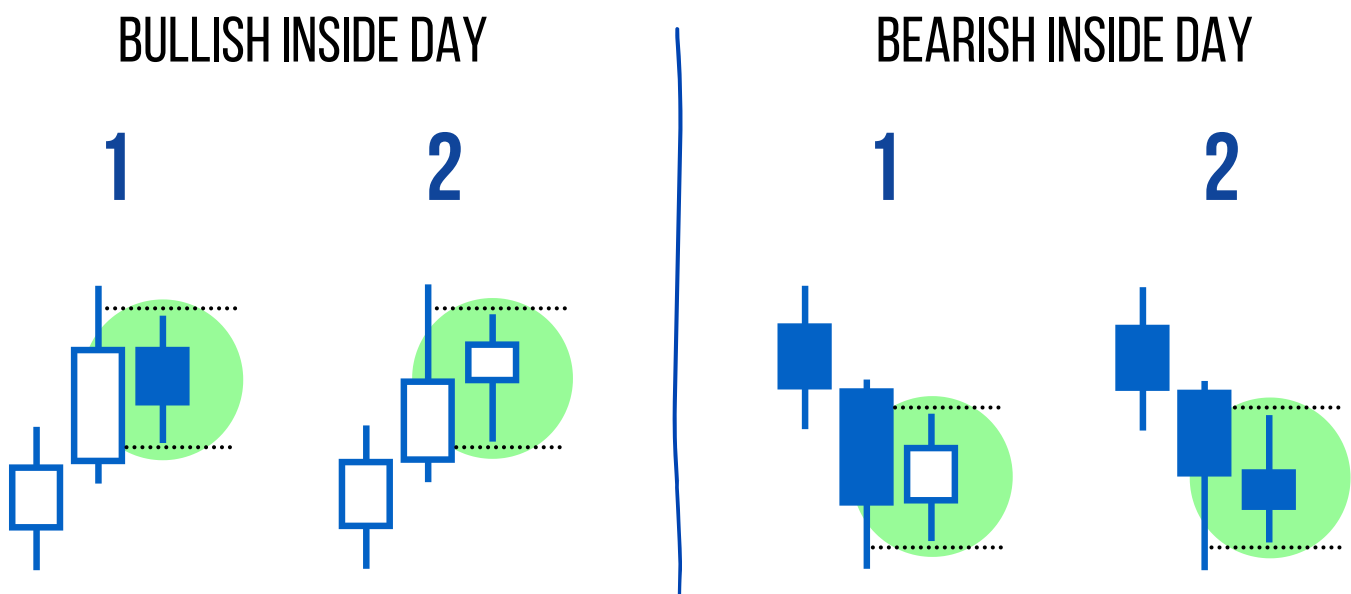
INSIDE DAY TRADE

TREND-FOLLOWING USING A INSIDE DAY PATTERN

The Inside Day is a candle formation that many traders overlook. The Inside Day is a simple setup and has a high percent win rate, but because of its simplicity, traders seem to dismiss it. Once you learn how it works, you will see successful trade setups all over the place!

The setup is called Inside Day, and this goes back to the time when trading the daily timeframe was the only option there was. The Inside Day is a formation that works on whatever timeframe you like to trade, but I do prefer the higher timeframes (1 hour and above) using this pattern.

The Inside Day is a 2 candle formation and happens when **a candle forms entirely inside the previous candle's high and low**. The Inside Day candle can be the same, or opposite, color of the previous candle. As long as the candle forms inside of the previous candle's range, we have a potential trade.



Recipes

INSIDE DAY TRADE Buy

STEP 1: THE TREND IS UP

The price is above the 13 EMA.
The 13 EMA is above the 34 EMA.
The RSI will remain above the 50 level.

STEP 2: INSIDE DAY PATTERN FORMS

A bullish candle is followed by a smaller bullish/bearish candle.

- The Inside Day's candle high is lower than the previous candle's high.
- The Inside Day's candle low is higher than the previous candle's low.

STEP 3: ENTRY

Entry is just above the Inside Day candle using a pending Buy Stop order.

STEP 4: STOP LOSS

The stop loss will go under the low of the previous candle's low.

STEP 5: TARGET

The target will be set to 1:1

STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA

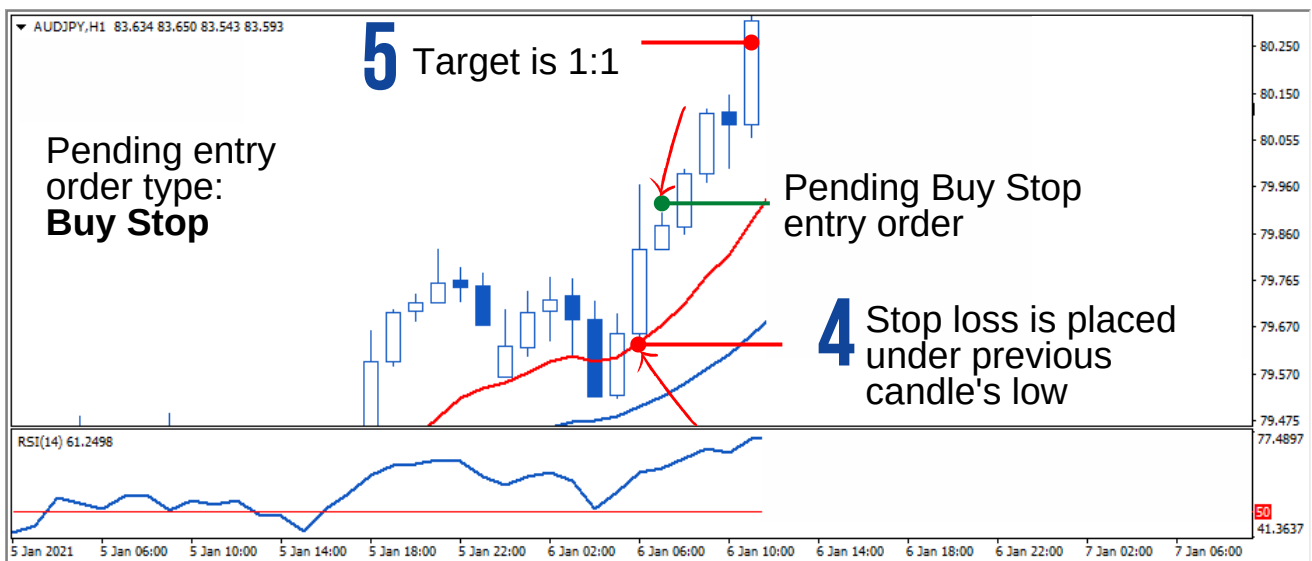
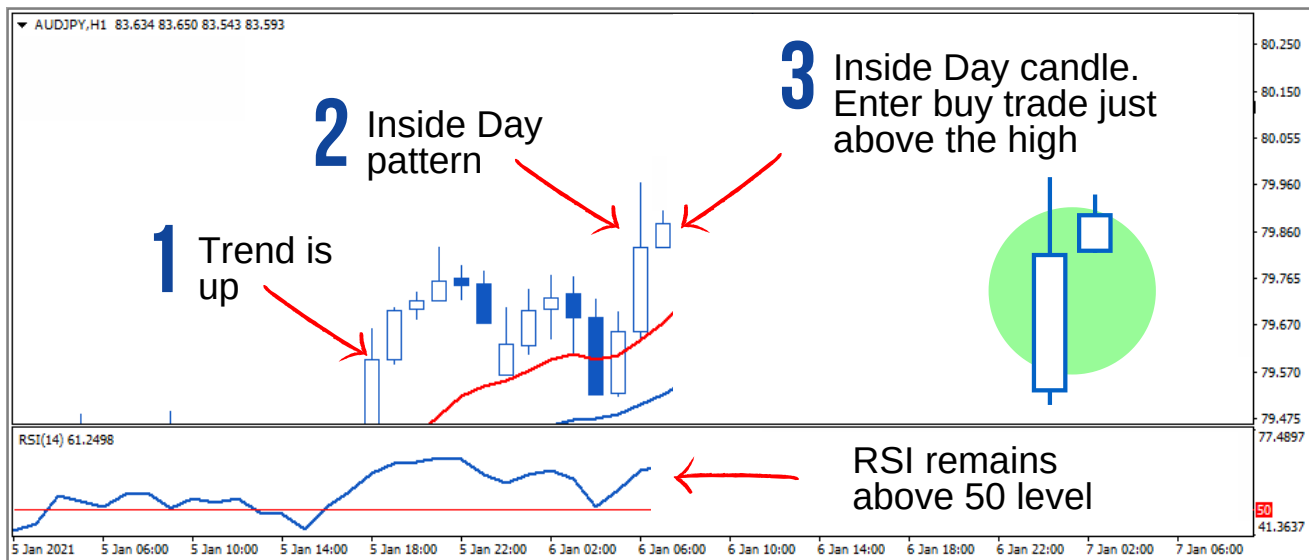
Note

If the 13 EMA crosses below the 34 EMA or the RSI crosses below the 50 level before the signal happens, the trade setup becomes void.

Recipes

INSIDE DAY TRADE *Buy*

1. The trend is up. The price is above the 13 EMA. The 13 EMA above the 34 EMA. The RSI is above the 50 level.
2. Inside Day pattern forms.
3. Enter a buy trade just above the high of the Inside Day candle.
4. Stop is placed under the previous candle's low.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

INSIDE DAY TRADE

Sell

STEP 1: THE TREND IS DOWN

The price is below the 13 EMA.
The 13 EMA is below the 34 EMA.
The RSI will remain below the 50 level.

STEP 2: INSIDE DAY PATTERN FORMS

A bearish candle is followed by a smaller bullish/bearish candle.

- The inside day's candle high is lower than the previous candle's high.
- The inside day's candle low is higher than the previous candle's low.

STEP 3: ENTRY

Entry is just below the Inside Day candle using a pending Sell Stop order.

STEP 4: STOP LOSS

The stop loss will go above the high of the previous candle's high.

STEP 5: TARGET

The target will be set to 1:1

STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA

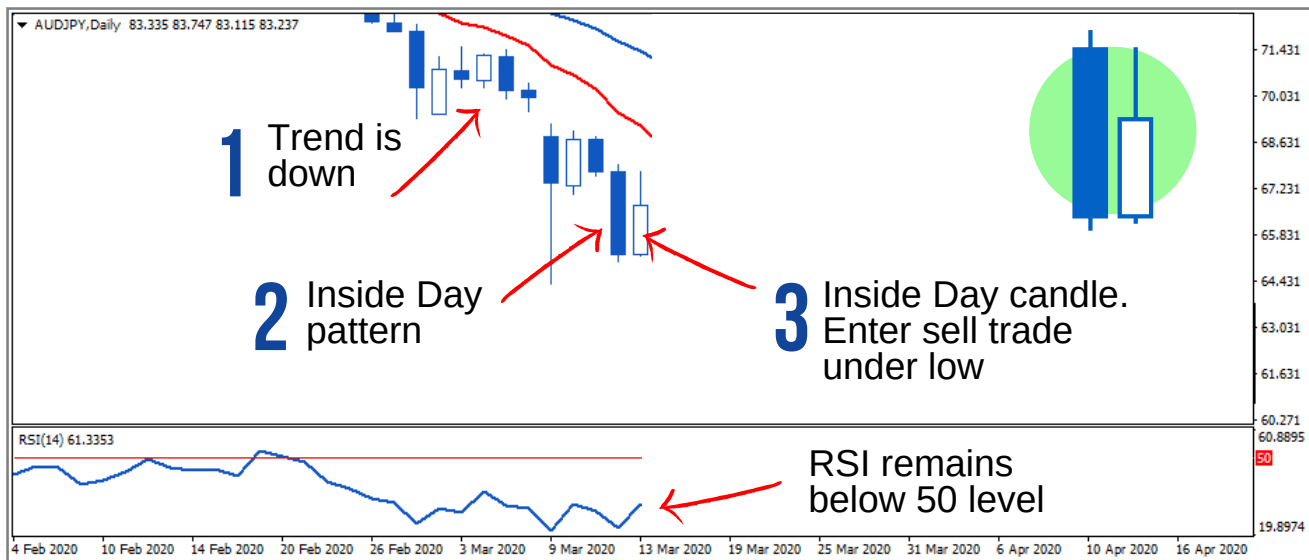
Note

If the 13 EMA crosses above the 34 EMA or the RSI crosses above the 50 level before the signal happens, the trade setup becomes void.

Recipes

INSIDE DAY TRADE *Sell*

1. The trend is down. The price is below the 13 EMA. The 13 EMA below the 34 EMA. The RSI is below the 50 level.
2. Inside Day pattern forms.
3. Enter a sell trade just below the low of the Inside Day candle.
4. Stop is placed above the previous candle's high.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

DIVERGENCE TRADE

COUNTER-TREND USING THE OSMA INDICATOR

Ingredients

- 13 Exponential Moving Average
- 34 Exponential Moving Average
- 14 Relative Strength Index
- 13, 34, 13 OSMA
- Divergence

Components

- Counter-Trend
- Market order entry
- Support / Resistance stop loss
- 1:1 Target
- 13 EMA trailing stop (if targeting more than 1:1)*
- 13 EMA early exit (if necessary)*

Recipes

DIVERGENCE

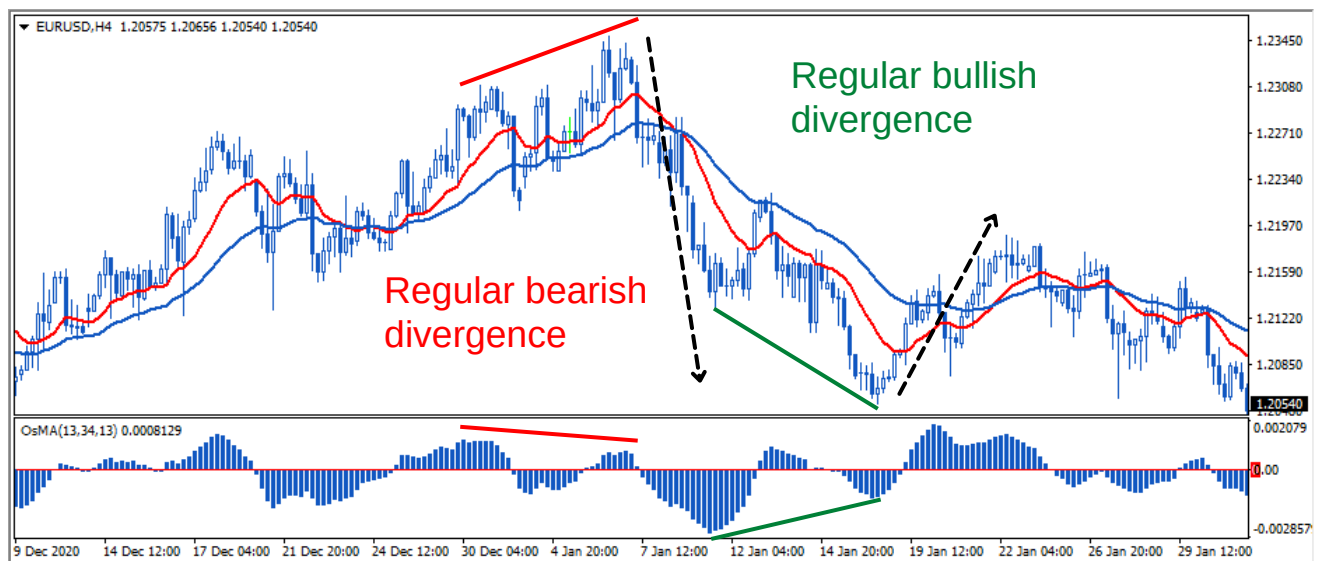
Divergence is a great indication of market weakness. Although the market looks as though it can continue moving in the trend direction, seeing divergence on an oscillating indicator will let us know that the market is losing the momentum and may find it difficult to keep moving with the trend.

*DIVERGENCE IS COUNTER-TREND AND IS RISKY

- We compare swing highs of the market to the swing highs of the OSMA indicator to determine if the market will move down.
- We will compare the swing lows of the OSMA to the swing lows of the market to determine if the market wants to move up.

The divergence we will be looking at is called Regular Divergence. There is:

- **Regular Bullish Divergence.** The market makes a lower low while the indicator makes a higher low. This shows us the downward momentum is weakening and the result is often an upward (bullish) market move.
- **Regular Bearish Divergence.** The market makes a higher high while the indicator makes a lower high. This shows us the upward market momentum is failing and the result is often a downward (bearish) market move.



Recipes

DIVERGENCE TRADE

Buy

STEP 1: THE TREND IS DOWN

The price is below the 13 EMA.
The 13 EMA is below the 34 EMA.

STEP 2: REGULAR BULLISH DIVERGENCE FORMS

The market makes a lower low and the OSMA indicator makes a higher low.

STEP 3: ENTRY

Enter on the close of the candle the closes above the 13 EMA.

STEP 4: STOP LOSS

The stop loss will go under the most recent swing low.

STEP 5: TARGET

The target will be set to 1:1

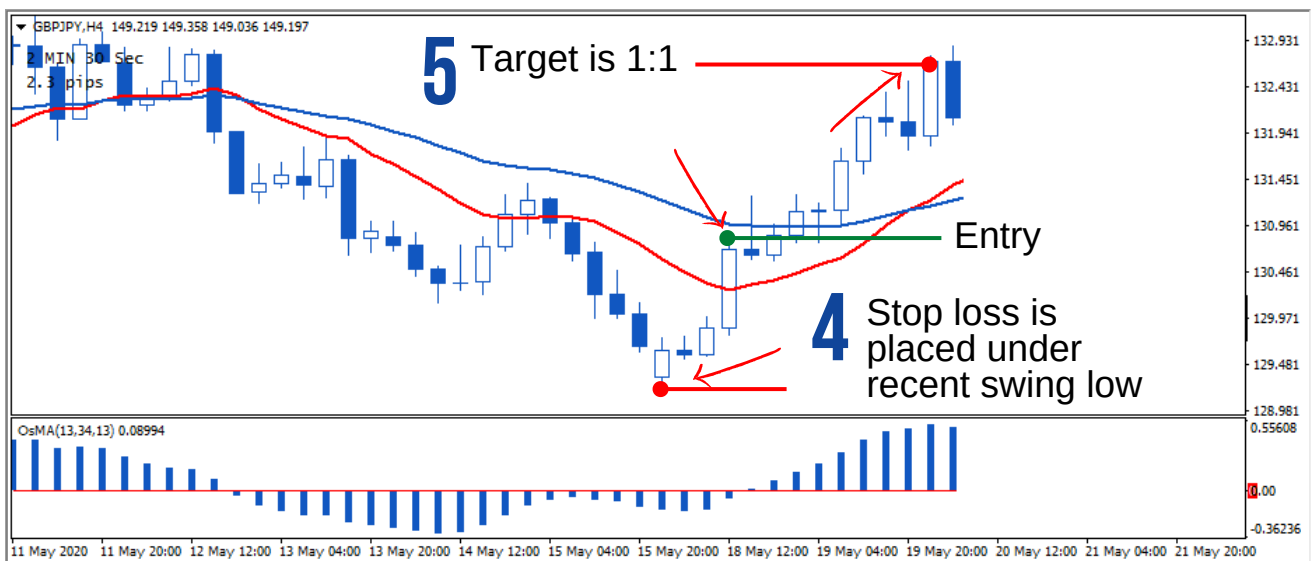
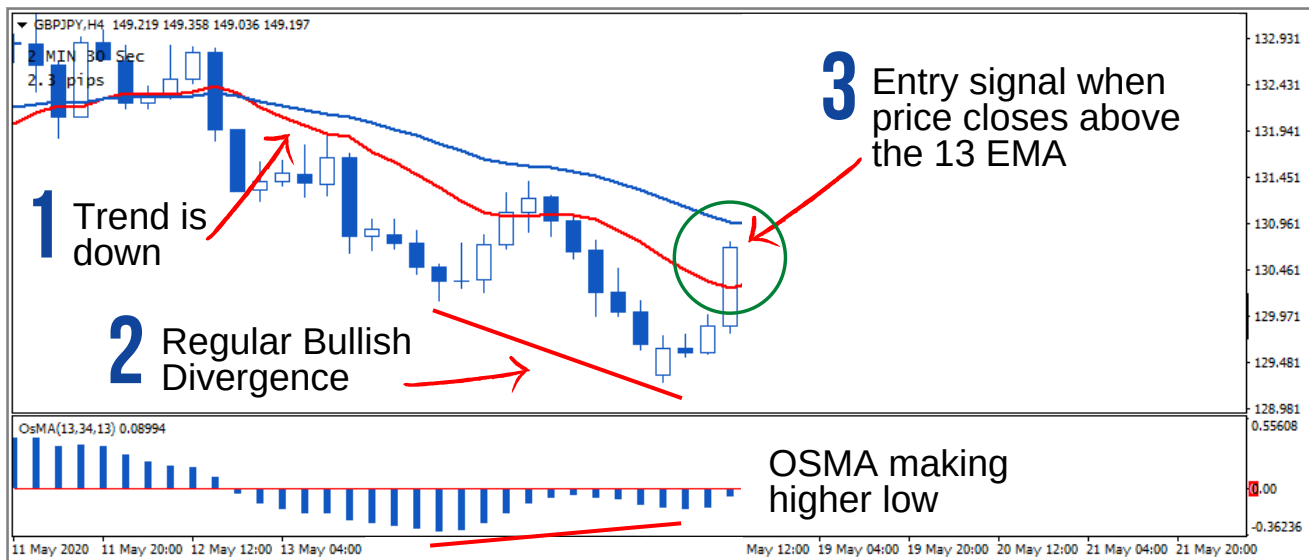
STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA

Recipes

DIVERGENCE TRADE *Buy*

1. The trend is down. The price is below the 13 EMA. The 13 EMA is below the 34 EMA.
2. Regular Bullish Divergence forms.
3. Enter a buy trade when a candle closes above the 13 EMA.
4. Stop is placed under the previous swing low.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

DIVERGENCE TRADE

Sell

STEP 1: THE TREND IS UP

The price is above the 13 EMA.
The 13 EMA is above the 34 EMA.

STEP 2: REGULAR BEARISH DIVERGENCE FORMS

The market makes a higher high and the OSMA indicator makes a lower high.

STEP 3: ENTRY

Enter sell trade on the close of the candle the closes below the 13 EMA.

STEP 4: STOP LOSS

The stop loss will go above the most recent swing high.

STEP 5: TARGET

The target will be set to 1:1

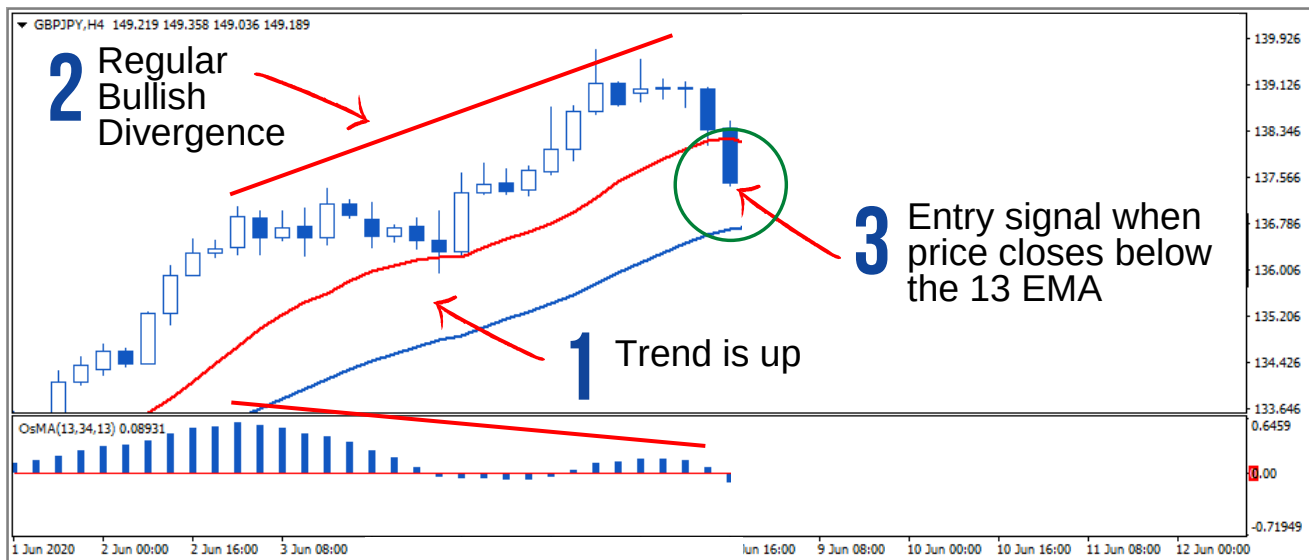
STEP 6: EARLY EXIT

Close the trade if the price closes below the 13 EMA

Recipes

DIVERGENCE TRADE *Sell*

1. The trend is up. The price is above the 13 EMA. The 13 EMA is above the 34 EMA.
2. Regular Bearish Divergence forms.
3. Enter a sell trade when a candle closes below the 13 EMA.
4. Stop is placed above the previous swing high.
5. Target is placed 1:1.
6. Early exit if necessary.



Recipes

BOSS TRADE

MULTI-TIMEFRAME SETUP WITH THE "ANY WAY IN" ENTRY

Ingredients

- 13 Exponential Moving Average
- 34 Exponential Moving Average
- 14 Relative Strength Index

Components

Counter-Trend

Market order entry

Support / Resistance stop loss

1:1 Target

13 EMA trailing stop (if targeting more than 1:1)

13 EMA early exit (if necessary)

Recipes

BOSS TRADE

The Boss Trade is a multi-timeframe approach to getting very high quality trade signals.

The market will use the 13 EMA as dynamic support and resistance, we are going to use that to our advantage. The market will bounce from the 13 EMA over and over again, and the best way to use this is to use 2 different timeframes.

The "higher timeframe" will be the one where we look for the price to make contact with the 13. The "lower timeframe" is the one we will be trading.



If the market is going to bounce from the 13 EMA on the higher timeframe, the lower timeframe will give us a signal to carry on with the trend. If the market is going to move on through the 13 EMA, the lower timeframe will give us no signal to place a trade.

Recipes

BOSS TRADE

With the Boss trade, I use the "any way in" approach. I know I want to enter a trade, and I will use the first good entry signal to take the trade.

The Boss Trade entry signals on the lower timeframe can be:

- Close across a trendline
- Move beyond support / resistance
- RSI moving to the other side of the 50 level
- Engulfing candle
- Close across the 13 EMA
- Moving average variation

First we will identify the direction of the higher timeframe trend.

Then we wait for a pullback to the 13 EMA on the higher timeframe.

When we get the touch of the 13 EMA, we switch to the lower timeframe.

Finally, we look for a signal to trade in the higher timeframe trend direction.

- When the trend direction of the higher timeframe is up, we look to only take buy trades on the lower timeframe.
- When the trend direction of the higher timeframe is down, we will look to take only sell trades on the lower timeframe.

To the right is a chart of timeframes.

The first column is the lower timeframe and the second column is its higher timeframe counterpart.

I like to keep the ratio between timeframes as close to 4:1 as possible.

<i>Lower</i> <i>Higher</i>	
1 Minute	→ 5 Minute
5 Minute	→ 15 Minute
15 Minute	→ 1 Hour
30 Minute	→ 1 Hour
1 Hour	→ 4 Hour
4 Hour	→ Daily
Daily	→ Weekly
Weekly	→ Monthly
Monthly	→ -

Recipes

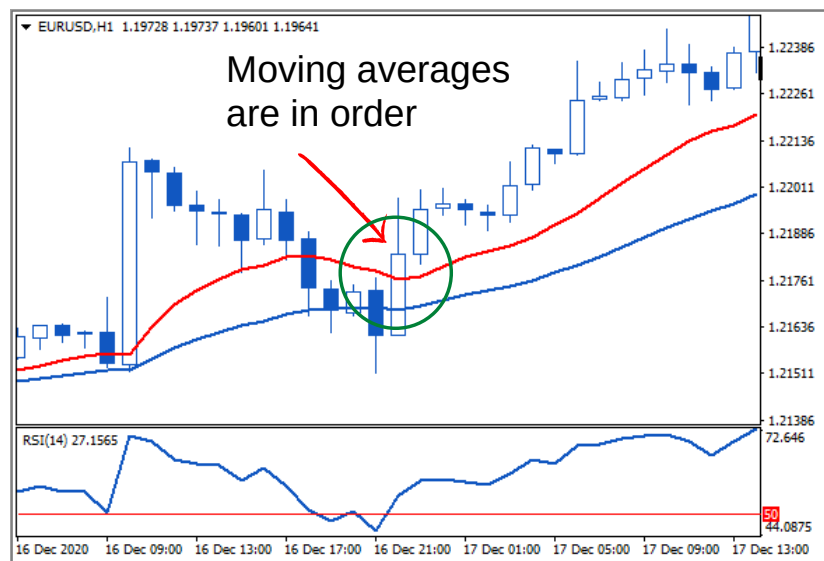
BOSS TRADE

ENTRIES WON'T ALWAYS BE PRETTY

It's important to note that the lower timeframe chart won't always be picture perfect. The moving averages are won't always be in the right order.

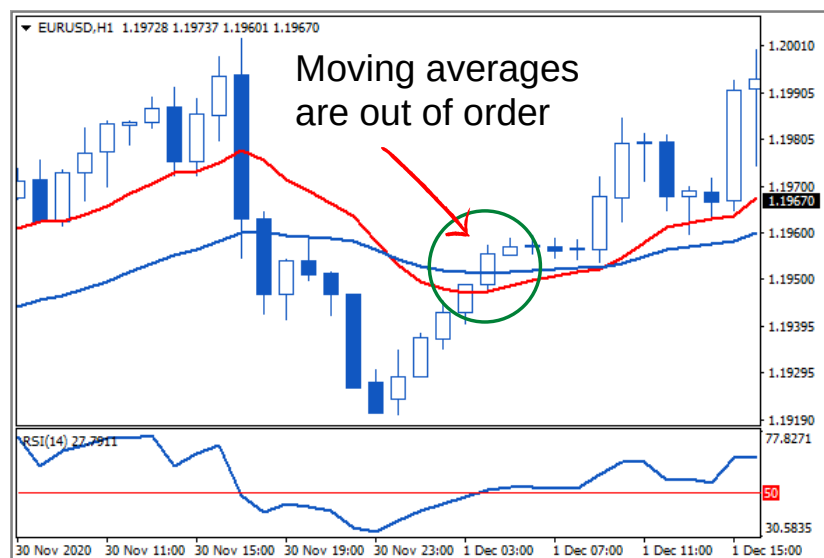
ORDERED

Lower timeframe signal to go longs is clean and moving averages are in the proper order.



UNORDERED

Lower timeframe signal to go longs is messier and the moving averages are out of order. This is ok, **we are trading in the direction of the higher timeframe** so this won't be a problem. As long as we are looking for a signal to go long, unordered moving averages are fine.



Recipes

BOSS TRADE

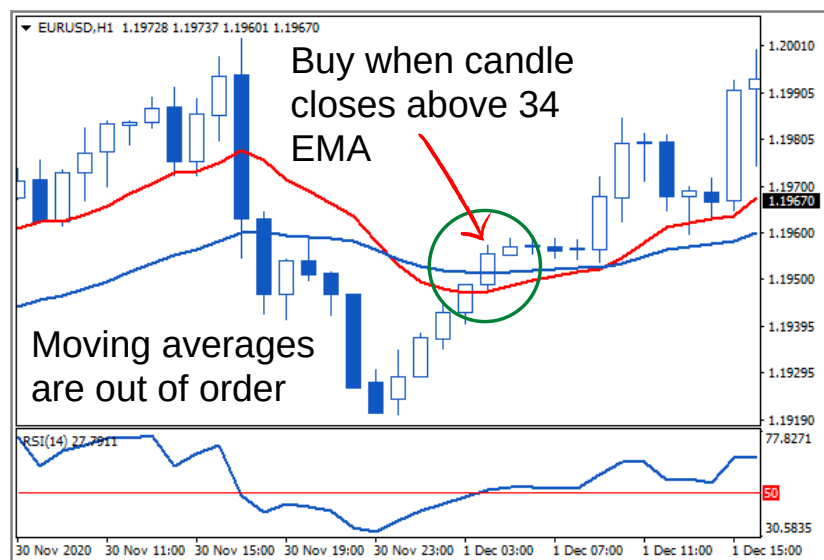
ENTRY SIGNAL - MOVING AVERAGE VARIATION

There is an entry signal variation we haven't discussed until now as it doesn't apply to any other system. This is an entry when a candle closes past both the moving averages **regardless of the order they are in**.

BUY VARIATION

The 13 EMA will be below the 34 EMA.

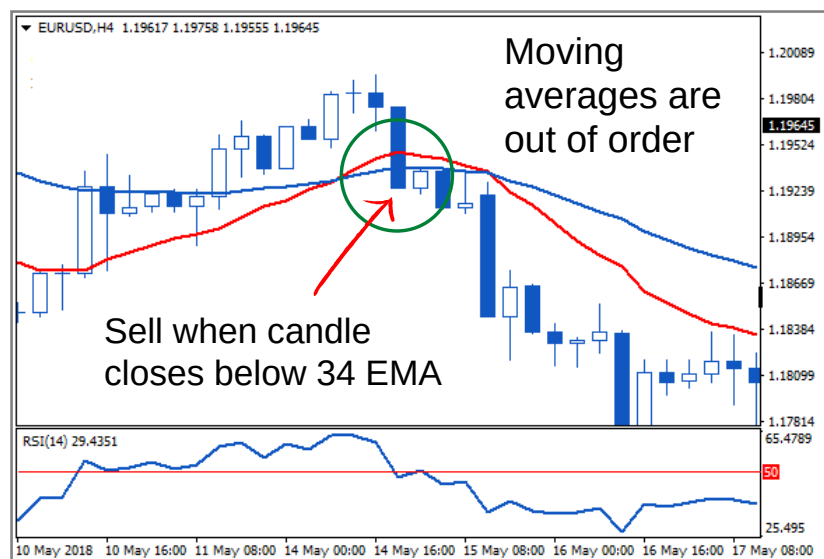
- The buy signal will be when the candle closes above the 34 EMA.



SELL VARIATION

The 13 EMA will be above the 34 EMA.

- The sell signal will be when the candle closes below the 34 EMA.



Recipes

BOSS TRADE *Buy*

STEP 1: THE HIGHER TIMEFRAME TREND IS UP

The price is above the 13 EMA.
The 13 EMA is above the 34 EMA.
The RSI will be above the 50 level.

STEP 2: SETUP

The market will pull back to touch the 13 EMA.

STEP 3: SWITCH TO LOWER TIMEFRAME

Place the buy trade when a long signal occurs on the lower timeframe.

- Support / Resistance
- Trendline
- RSI
- Zone
- Engulfing
- Moving average variation

STEP 4: STOP LOSS

The stop loss will go under the most recent swing low.

STEP 5: TARGET

The target will be set to 1:1.

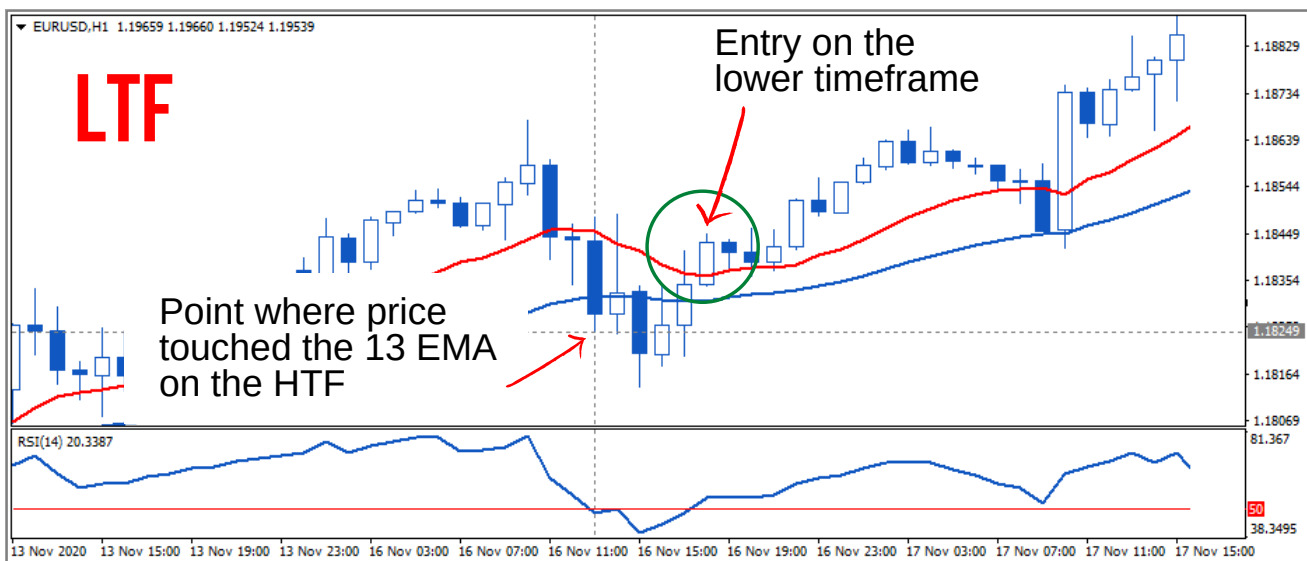
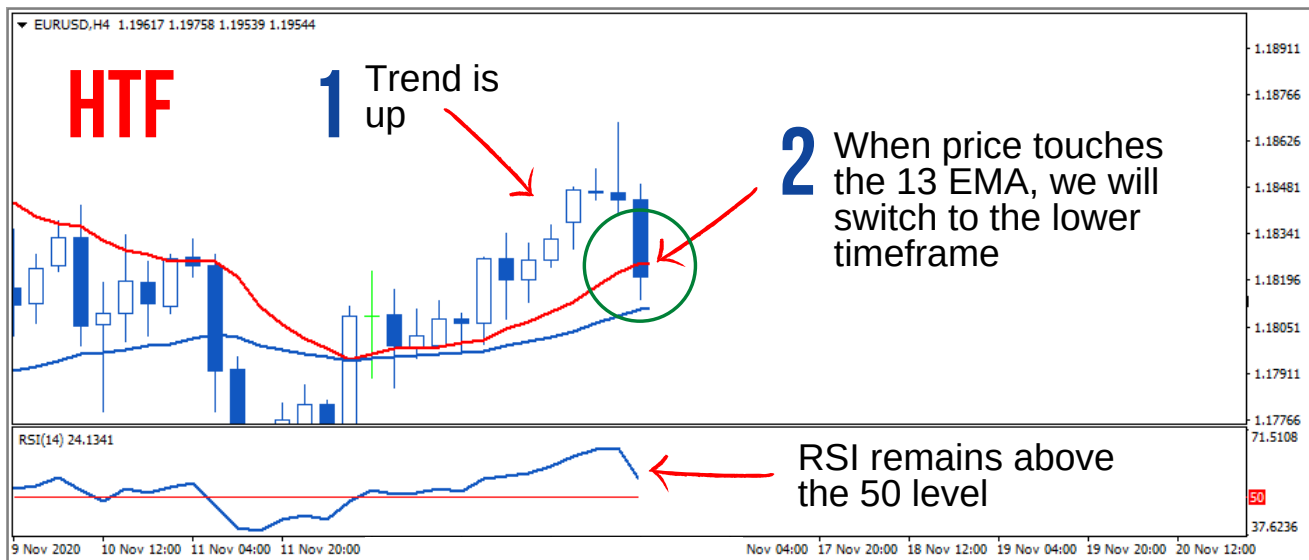
STEP 6: MANAGEMENT

Close the trade if the price closes below the 13 EMA on the lower timeframe.

Recipes

BOSS TRADE
Buy

1. The higher timeframe trend is up. The price is above the 13 EMA. The 13 EMA is above the 34 EMA. RSI is above the 50 level
2. Price touches the 13 EMA
3. Switch to lower timeframe and enter on a signal to go long.
4. Stop is placed under the recent swing low.
5. Target is placed 1:1.
6. Early exit if necessary.



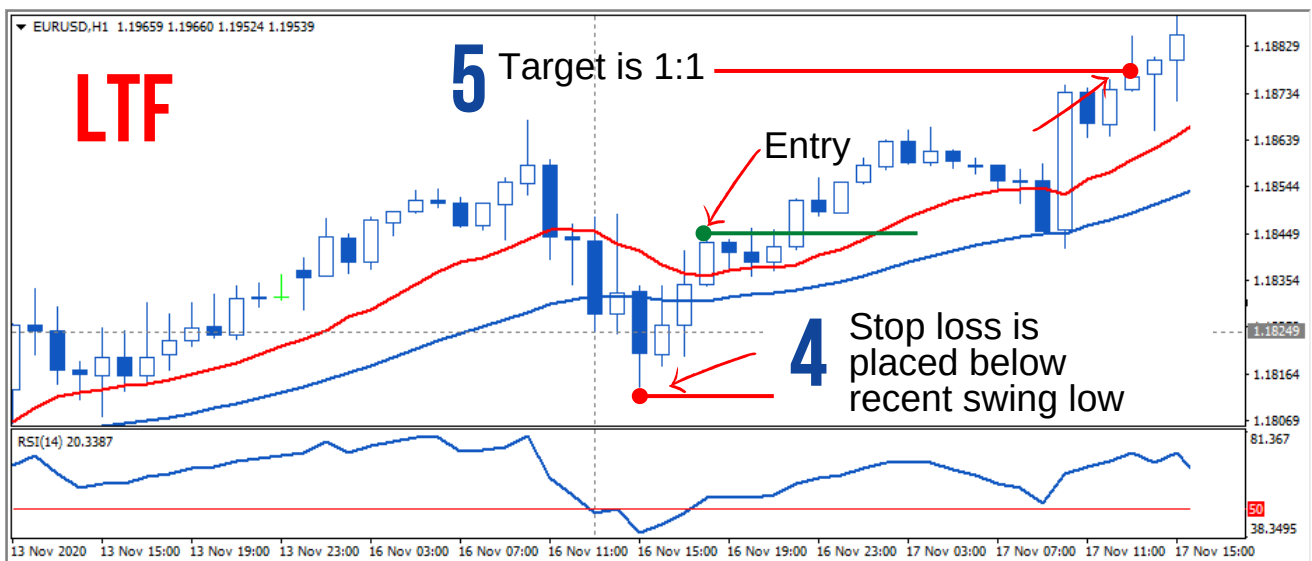
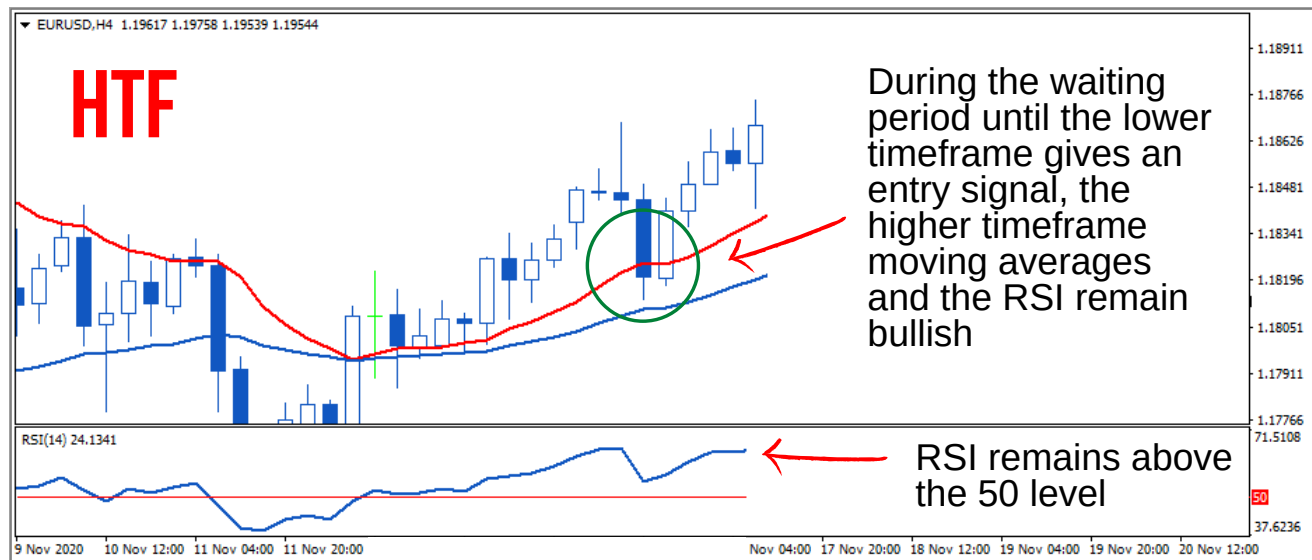
Recipes

BOSS TRADE
Buy

As we are waiting for the signal to happen on the lower timeframe, we want to switch to the higher timeframe occasionally to make sure the trend is still up.

During the waiting period, on the higher timeframe:

- The 13 EMA must remain above the 34 EMA.
- The RSI remains above the 50 level.



Recipes

BOSS TRADE *Sell*

STEP 1: THE HIGHER TIMEFRAME TREND IS DOWN

The price is below the 13 EMA.

The 13 EMA is below the 34 EMA.

The RSI is below the 50 level.

STEP 2: SETUP

The market will pull back to touch the 13 EMA.

STEP 3: SWITCH TO LOWER TIMEFRAME

Place the sell trade when a short signal occurs on the lower timeframe:

- Support / Resistance
- Trendline
- RSI
- Zone
- Engulfing
- Moving average variation

STEP 4: STOP LOSS

The stop loss will go above the most recent swing high.

STEP 5: TARGET

The target will be set to 1:1.

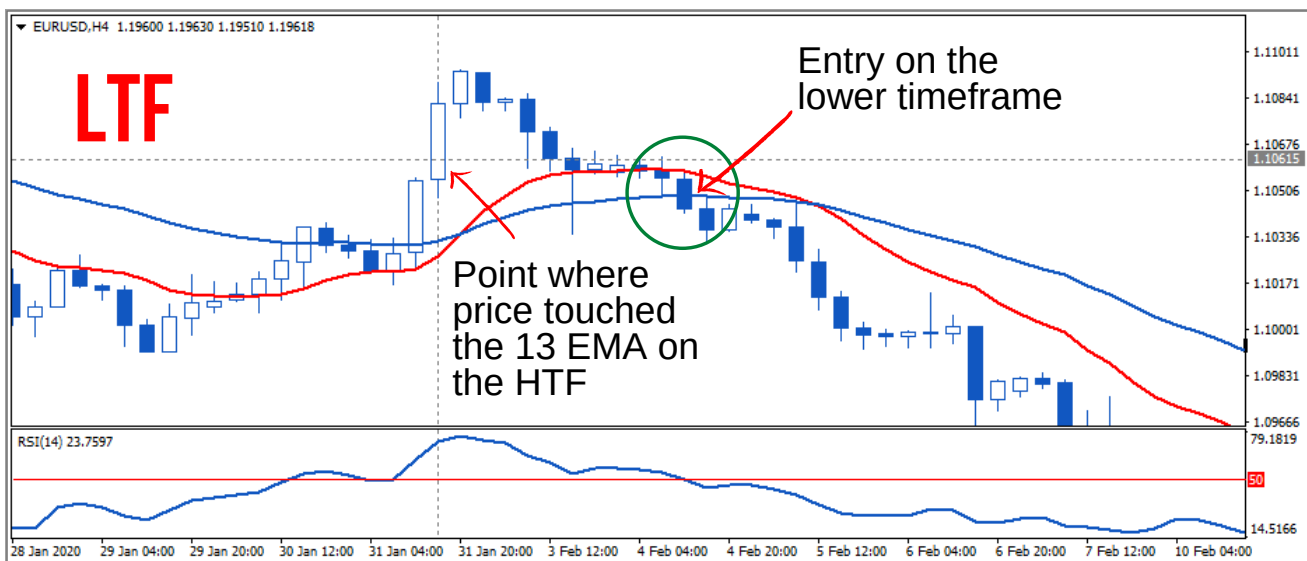
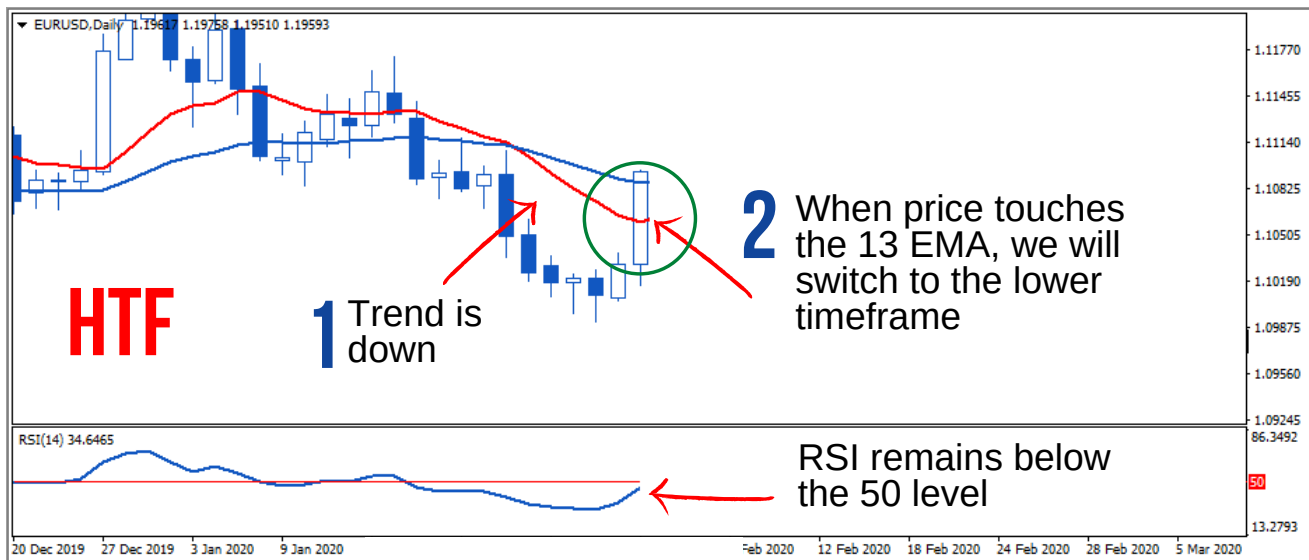
STEP 6: MANAGEMENT

Close the trade if the price closes above the 13 EMA on the lower timeframe.

Recipes

BOSS TRADE
Sell

1. The higher timeframe trend is down. The price is below the 13 EMA. The 13 EMA is below the 34 EMA. RSI is below the 50 level.
2. Price touches the 13 EMA.
3. Switch to lower timeframe and enter on a signal to go short.
4. Stop is placed above the recent swing high.
5. Target is placed 1:1.
6. Early exit if necessary.



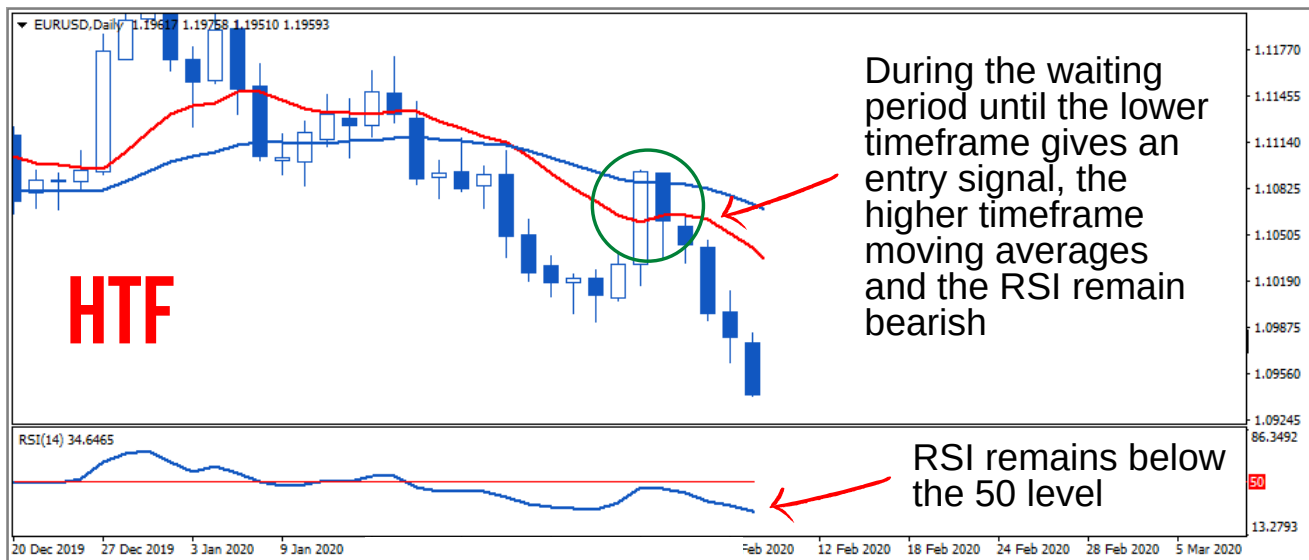
Recipes

BOSS TRADE
Sell

As we are waiting for the signal to happen on the lower timeframe, we want to switch to the higher timeframe occasionally to make sure the trend is still down.

During the waiting period, on the higher timeframe:

- The 13 EMA must remain below the 34 EMA.
- The RSI remains below the 50 level.



Additional

SECTION 5

EXTRAS

There are a few additional features that will assist in your trading. In this short section, we will take a look at a couple of features that will help you get more from your trading.

Additional

HIGHER TIMEFRAME FILTER

A timeframe is simply how long it takes for a candle to open and then close. A 5 minute timeframe means the candles take 5 minutes from when they begin to when they finish forming. A 1 hour timeframe means each candle you see on the chart took 1 hour to form.

We trade a timeframe like the 5 minute, the 15 minute, the hour and so on. The timeframe we trade is the "current timeframe". When it comes to a higher timeframe (HTF), we want to look at a timeframe that is roughly 4 times bigger than the timeframe we are trading. For example, if we trade the 15 minute timeframe, we would use the 1 hour as the higher timeframe.

CURRENT TIMEFRAMES AND THEIR HIGHER TIMEFRAME COUNTERPARTS:

CURRENT TIMEFRAME	1 Minute	→	5 Minute	HIGHER TIMEFRAME
	5 Minute	→	15 Minute	
	15 Minute	→	1 Hour	
	30 Minute	→	1 Hour	
	1 Hour	→	4 Hour	
	4 Hour	→	Daily	
	Daily	→	Weekly	
	Weekly	→	Monthly	
	Monthly	→	-	

When we are about to take a trade, we want to confirm with the higher timeframe. The higher timeframe carries more weight than the timeframe we trade, so ideally, we want the current timeframe and the higher timeframe to be in agreement.

The rules for this are very simple. We are looking for the same market conditions on the higher timeframe as we see on the current timeframe.

WHAT WE ARE LOOKING FOR

- In a short trade, we want both timeframes (the current timeframe the higher timeframe) to have the trend down (13 EMA below the 34 EMA).
- In a long trade, we want both timeframes (the current timeframe the higher timeframe) to have the trend up (13 EMA above the 34 EMA).

If the current timeframe trend does not match the higher timeframe trend in its direction, then we do not take the trade. The higher timeframe often carries more momentum and that's the direction we want to trade.

When both timeframes are headed in the same direction, the trade is considered a much safer and higher probability trade to take and has the potential to move farther.

Note

This higher timeframe filter doesn't apply to the Boss Trade as many of the trades using that method will be when the timeframes do not agree.

Additional

HIGHER TIMEFRAME

LONG EXAMPLE

When the timeframes DO NOT agree

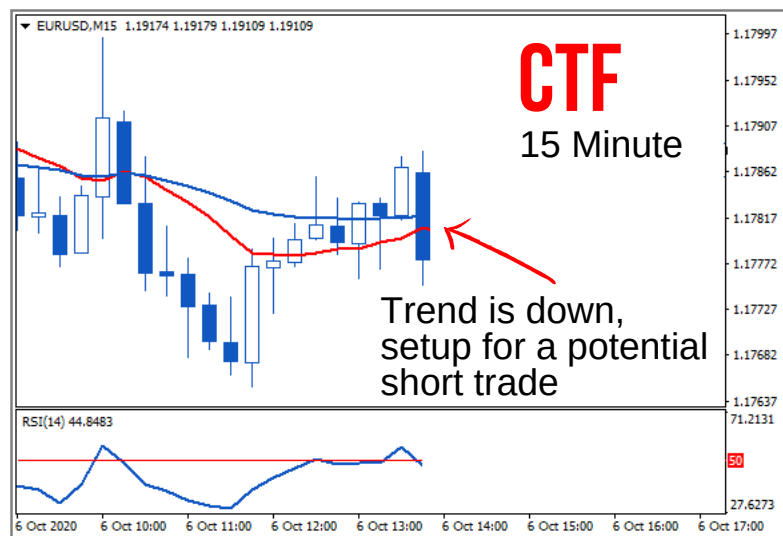
Starting by looking at the setup on the current timeframe (CTF), we follow up by looking to the higher timeframe (HTF) to confirm that it is telling us the same story. In the example below, **we will NOT consider taking a long trade.**

CURRENT TIMEFRAME

Trend is DOWN.

Setup for potential sell trade:

- 13 EMA is below the 34 EMA.

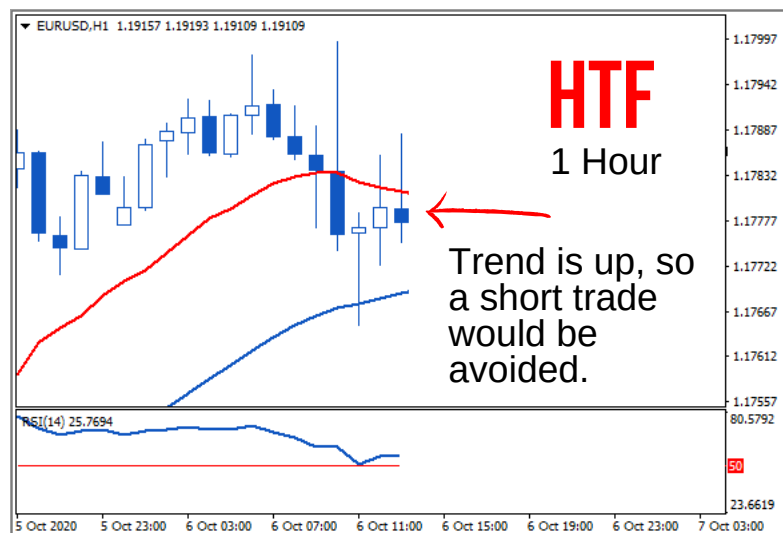


HIGHER TIMEFRAME

Trend is UP.

The HTF trend direction does not agree with the CTF Trend direction:

- 13 EMA is above the 34 EMA.



Additional

HIGHER TIMEFRAME

LONG EXAMPLE

When the timeframes DO agree

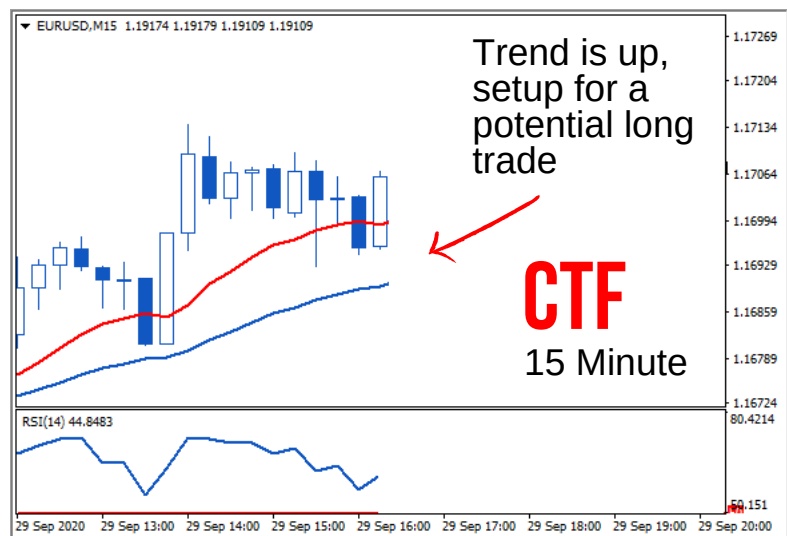
Starting by looking at the setup on the current timeframe (CTF), we follow up by looking to the higher timeframe (HTF) to confirm that it is telling us the same story. In the example below, **we WILL consider taking a long trade**.

CURRENT TIMEFRAME

Trend is UP.

Setup for potential trade:

- Price is above the 13 EMA.
- 13 EMA is above the 34 EMA.
- Price has pulled back to touch the 13 EMA.

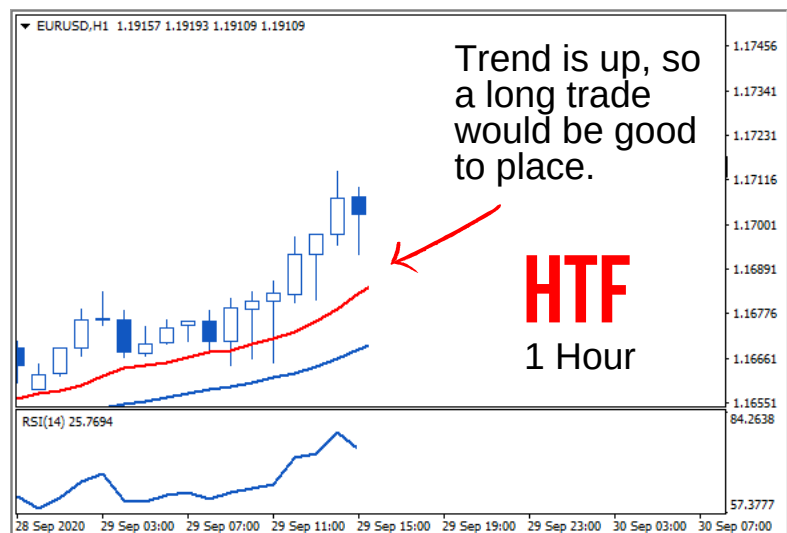


HIGHER TIMEFRAME

Trend is UP.

The HTF trend direction agrees with the CTF trend direction:

- 13 EMA is above the 34 EMA.



Additional

HIGHER TIMEFRAME

SHORT EXAMPLE

When the timeframes DO NOT agree

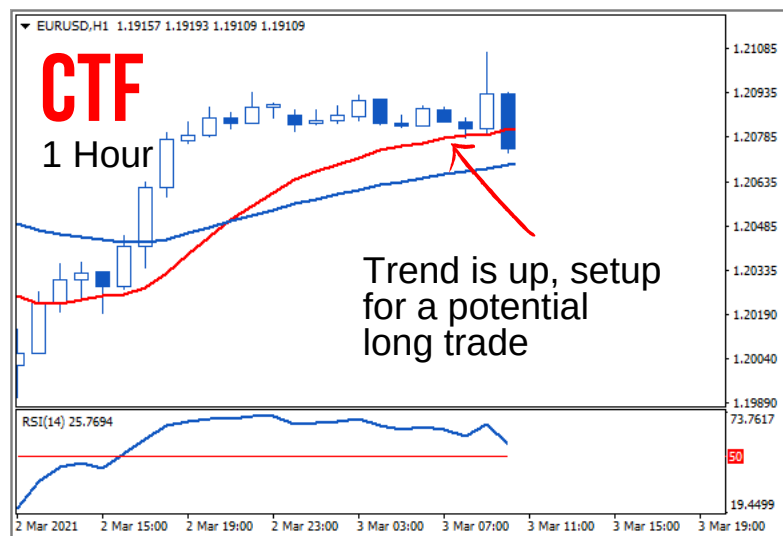
Starting by looking at the setup on the current timeframe (CTF), we follow up by looking to the higher timeframe (HTF) to confirm that it is telling us the same story. In the example below, **we will NOT consider taking a long trade.**

CURRENT TIMEFRAME

Trend is UP.

Setup for potential trade:

- 13 EMA is above the 34 EMA.



HIGHER TIMEFRAME

Trend is down.

The HTF trend direction does not agree with the CTF trend direction:

- 13 EMA is under the 34 EMA.



Additional

HIGHER TIMEFRAME

SHORT EXAMPLE

When the timeframes DO agree

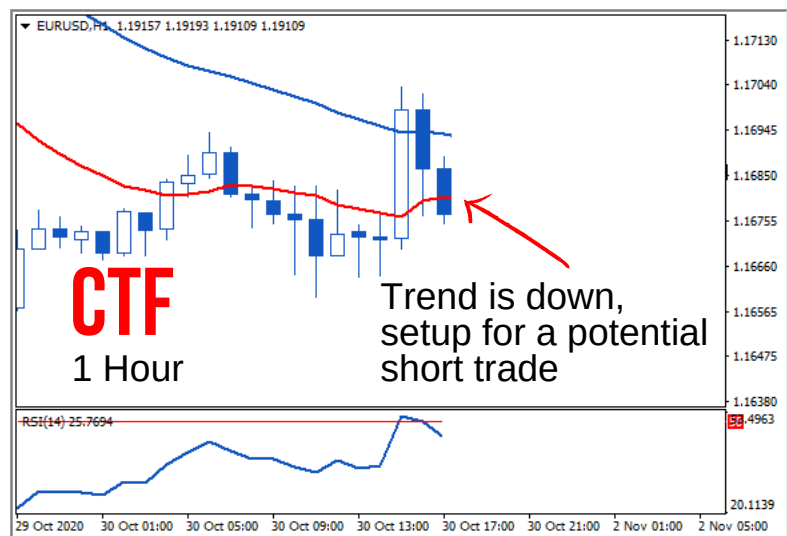
Starting by looking at the setup on the current timeframe (CTF), we follow up by looking to the higher timeframe (HTF) to confirm that it is telling us the same story. In the example below, **we WILL consider taking a long trade**.

CURRENT TIMEFRAME

Trend is DOWN.

Setup for potential trade:

- Price is below the 13 EMA.
- 13 EMA is below the 34 EMA.
- Price has pulled back to touch the 13 EMA.



HIGHER TIMEFRAME

Trend is DOWN.

The HTF trend direction agrees with the CTF trend direction:

- 13 EMA is under the 34 EMA.



Additional

LETTING A TRADE RUN

There are times when we want to get as much from a trade as we possibly can.

The markets do have a tendency to trend, or move in one direction for a relatively long period of time.

There is a way to catch quite a lot of that market movement while at the same time limiting the loss on the trade.

We will be using the stop loss to secure profits as the trade runs, but we want to be sure that the stop loss isn't too close to the market when we do make the adjustment.

We will not use the 13 EMA as we would in trade management, but instead, we will be using the market itself to show us where to position the stop loss.



SELL TRADE EXAMPLE

We start the trade as usual, however we decide to get into the trade. For this example, we will use the blue entry past support.

1. THE INITIAL STOP LOSS IS PLACED ABOVE THE SWING HIGH.

The initial stop loss is placed above the most recent high before the entry.

2. IDENTIFY THE NEXT SWING LOW.

In this case the entry level will have been a previous swing low. Whether using support / resistance, a trendline, or a candle formation to enter the trade, there will be a recent swing low just before it. Once price moves beyond that low, it will bounce back up creating a new swing low.

3. STOP LOSS IS MOVED WHEN PRICE DROPS BELOW THE NEXT SWING LOW TO THE MOST RECENT SWING HIGH.

Once the market has moved lower than the recent swing low, it will have created a new lower swing high. The Initial stop loss is moved from its original position to just above the new lower swing high.

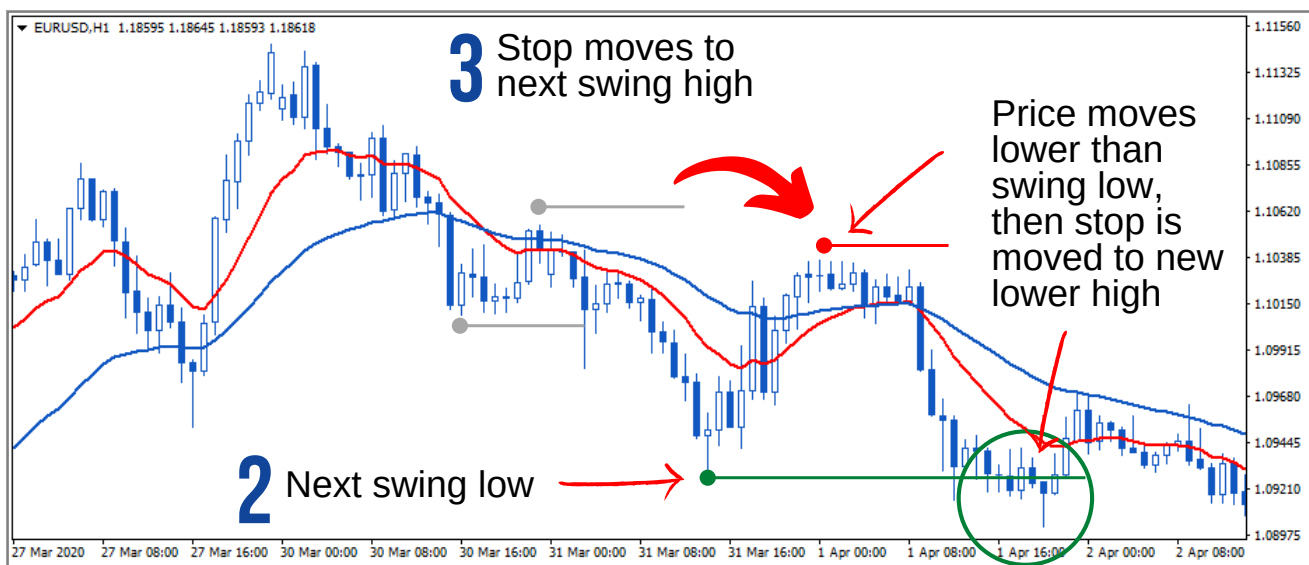
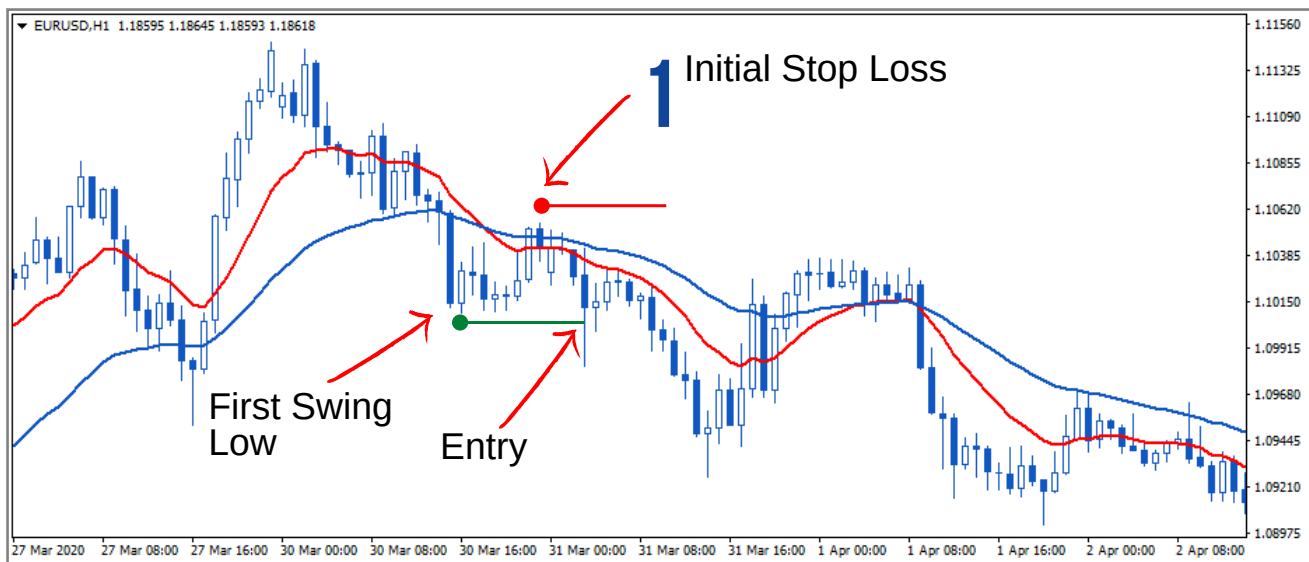
4. THE PROCESS REPEATS.

As the market moves lower than the most recent swing low, the stop loss is moved to the newer, lower swing high. This process will happen over and over until the stoploss is eventually hit and the trade is closed.

Additional

LETTING A TRADE RUN

1. The initial stop loss is placed above the recent swing high.
2. Identify the next swing low.
3. The stop loss is moved when price drops below the next swing low to the most recent swing high.
4. The process repeats until the trade is closed.



BUY TRADE EXAMPLE

We start the trade as usual, however we decide to get into the trade. For this example, we will use the blue entry past support.

1. THE INITIAL STOP LOSS IS PLACED BELOW THE SWING LOW.

The initial stop loss is placed below the most recent low before the entry.

2. IDENTIFY THE NEXT SWING HIGH.

In this case the entry level will have been a previous swing high. Whether using support / resistance, a trendline, or a candle formation to enter the trade, there will be a recent swing high just before it. Once price moves beyond that high, it will bounce back down creating a new swing high.

3. STOP LOSS IS MOVED WHEN PRICE MOVES ABOVE THE NEXT SWING HIGH TO THE MOST RECENT SWING LOW.

Once the market has moved higher than the recent swing high, it will have created a new higher swing low. The Initial stop loss is moved from its original position to just below the new higher swing low.

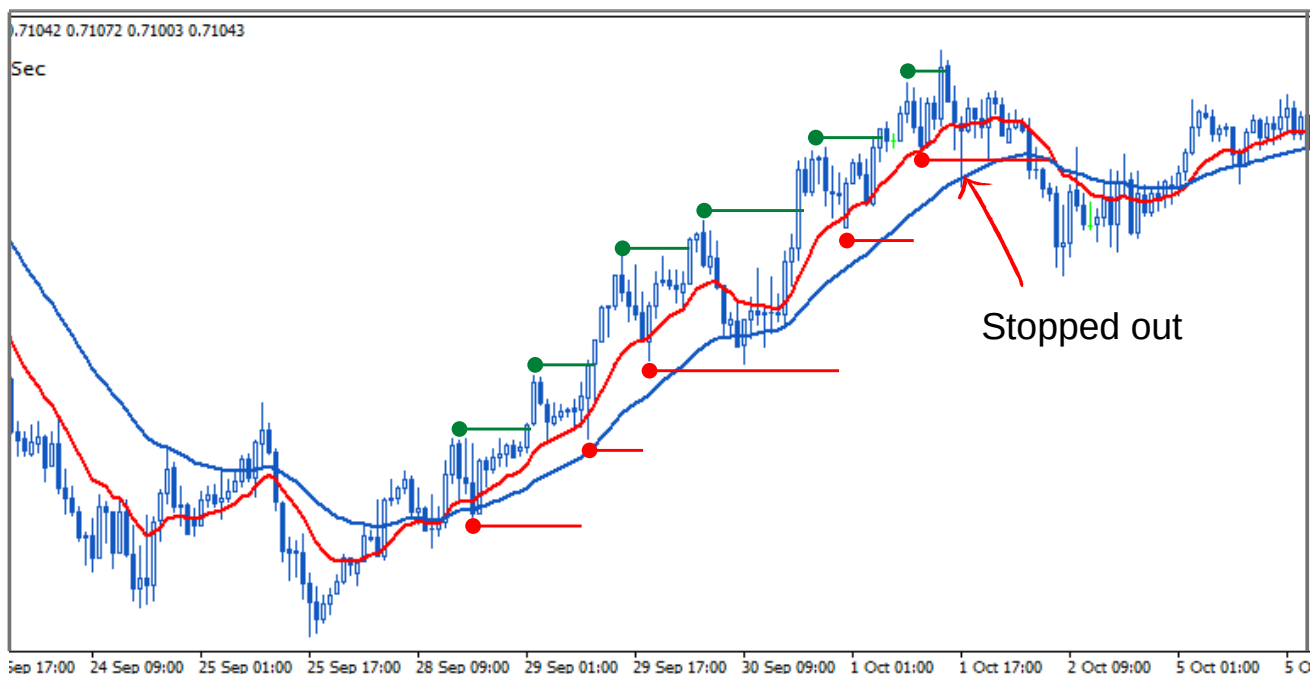
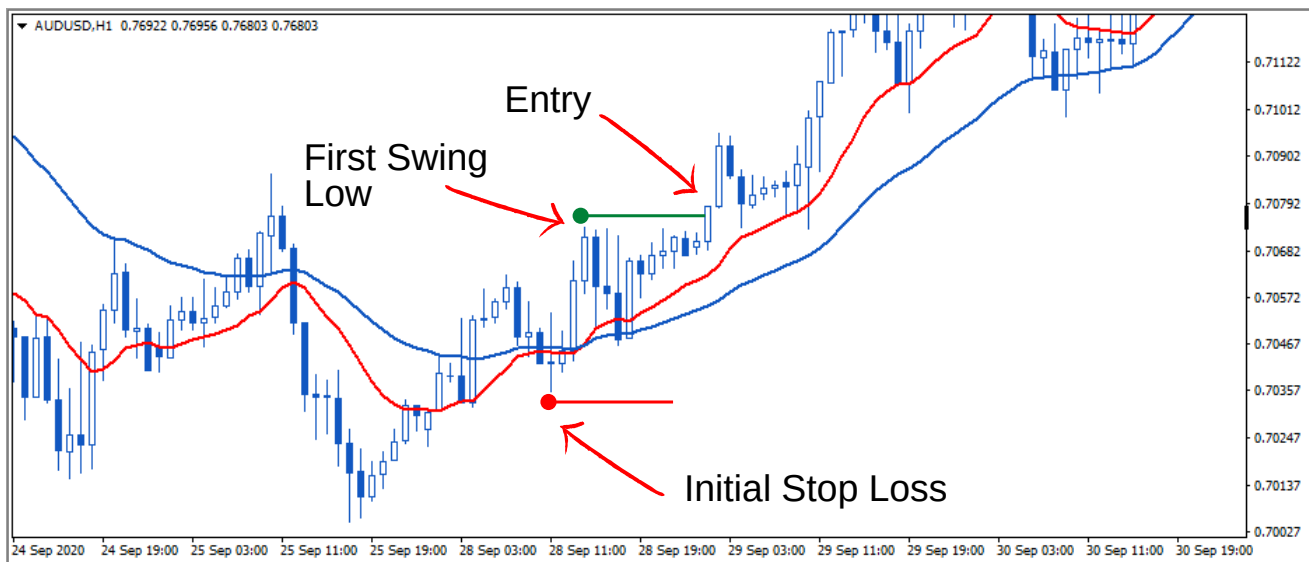
4. THE PROCESS REPEATS.

As the market moves higher than the most recent swing high, the stop loss is moved to the newer, higher swing low. This process will happen over and over until the stop loss is eventually hit and the trade is closed.

Additional

LETTING A TRADE RUN

1. The initial stop loss is placed above the recent swing high.
2. Identify the next swing low.
3. The stop loss is moved when price drops below the next swing low to the most recent swing high.
4. The process repeats until the trade is closed.



Additional

NOTES

CHANGES

The systems in the cookbook are very specific in their procedure, but you are free to make any kind of changes you like. Like recipes for baking or cooking, you can adjust the recipes to better suit your needs or requirements.

One of the main changes traders make is adjusting the target. The systems in the cookbook use a 1:1 target, but you are free to improve that by increasing the target as you like. A common extension I use is the 1.382, so for every 100 pips the stop loss is, the target is 138 pips.

COMBINATIONS

The systems in the cookbook are all stand-alone systems, but they are built in such a way that you can combine a couple, or even all of them, to give you the most trades possible. They use the same mechanics so they integrate into one another exceptionally well.

SPECIALIZE

The traders that do the best are always specialists. They have chosen a trading method they identify best with and they stick to it. Don't be afraid to choose one system from the batch and get really good with it. It's important to get an understanding of what a system can do, and over time, you will get to know the system you choose extremely well.

YOU GOT THIS!

You can absolutely do this!

What will work for you is the simplicity of the systems and your unending discipline. You have what it takes to see this through. You can accomplish amazing things, and you will prove that to yourself with your trading.

Additional

CONCLUSION

You have learned some amazing trading systems.

20 years of my accumulated experience and knowledge has gone into making these systems as simple as possible and easy to trade while still being profitable.

YOU GOT THIS!

For a while, don't get too creative with the settings. Learn the systems with the default settings. The moving averages, the RSI and the OSMA are fine-tuned and dialed-in.

Once you completely understand how the systems work, you can start to make changes to them to better suit your style. There is a good chance you will never want to touch the settings. They are the settings that I use personally and are the best for the job they are meant to do.

I WISH YOU THE ABSOLUTE BEST!

I am never too far away and I am forever in your corner.

I want the best for you and for your trading, and the Ultra Blue Forex Cookbook is a wonderful way to get you closer to your goals and ultimate dreams.

As always, best wishes to you, your family, and your trading!

Russ Horn



For Free Forex EA, Indicators and more Visit
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>>>> <https://www.fxcracked.com>

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>>>> <https://discord.gg/43P5CRk>

Reliable and Trusted FOREX VPS

>>>> <https://fxvm.net/>

Our Trusted Broker List



>>>> <http://bit.ly/Trusted-Brokers>

	Min Deposit of 5\$ Allow Cent Account Levergae up to 1:888	Register
	Min Deposit of 20\$ Allow USA Traders Levergae up to 1:500	Register

Trusted Forex Signals

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