



#2 – EFFORTLESS ABUNDANCE Trading System

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Introduction

Hello friends,

My name is Effortless Abundance, and I am 32 years of age. I'm single, and I work as a Sales Manager in the semi conductors industry. I'm an easy going and nature-loving person, I love everything about nature. I am also fond of practicing yoga and meditation during my free time.

I heard about trading from my friends during a gathering with some of my former colleagues. So I started learning and trading about 2 years ago. I usually read through online trading e-books, studying and sharing them with a few trading buddies.

I've gone through a lot of trading systems, and some of them didn't make my account any better. I eventually learned a lot of lessons from the systems that I have tried, and I began making my own system, along with modifying the ones that I like.

My system is very simple. I use only one chart to enter, manage and exit the trade. My charts are clear and there are only 2 MACD (Moving Average Convergence-Divergence) indicators. You'll learn more about how I use these indicators later on. As long as you can recognize the difference between the colours, yellow and blue, you won't have a problem trading it.

You could say that my system is a swing trading method, but I also use it to scalp for some pips when the requirements are met.

Basically, with this system, you can enter a trade when a trend is just beginning, re-enter another trade when the trend continues, enter counter-trend trades, and trade in conjunction with Divergence.

I usually aim for 10 to 40 pips depending on the type of entry technique I use. However, you'll soon discover that you can gain more than 40 pips for many trades.

I have a full time job and I run my notebook when I am at the office, so that I can take a peek every now and then to see if the requirements for a trade are met. I can then enter the trade or place pending orders. Monitoring trades is not much of a problem because I trade the 1 Hour and the 4 Hour timeframes to suit my schedule.

With this document and with the help of my friends at Surefire Trading Challenge, I would like to share with you the information necessary for you to trade with the Effortless Abundance Forex System.

Effortless Abundance's Profile

Gender: Female

Birthday: 01/16/1979

How many years have you been trading?

I am 32 years old and I started my trading 2 years ago.

Tell us a little bit about yourself.

I am a person who loves challenges and have zero limits in all domains.

I am a simple, neutral yet positive person. I am recently engaged. I am a yoga practitioner and I like swimming during my pastime.

Why did you want to become a trader?

I wished to experience a different challenge in life. With trading Forex, victory brings me closer to wealth.

How did you start learning more about how to trade when you first started?

I have been learning through online trading e-books, studying and sharing trading information with a few trading buddies.

Do you have any favorite book/s on trading?

No, there's nothing specific.

Do you have any favorite website/s on trading?

FX Street and Forex Factory are my favorite websites.

What do you enjoy most about trading?

I learn emotional control through my trading. This emotional control helps me get through my daily routine.

Do you routinely trade on a demo account?

Yes, sometimes I still trade on a demo account while evaluating new trading methods.

What is your normal day to day trading strategy like?

I will usually open my trading platform on my notebook throughout my working day. I will enter a trade when the market conditions meet my system requirements.

How did you find out about the Surefire Trading Challenge?

I learned about it from a friend.

Why did you enter the Surefire Trading Challenge?

I was told about the competition by my trading friend who had actually won this challenge before. I found that this is a very challenging competition for Forex traders, especially in the Live Trading Round, so I was very interested in participating.

What was your strategy in the demo round?

I was using 2 different MACD settings as my indicator on the 1H charts, and sometimes the 4H charts. I was basically looking for opportunities to buy and sell when both MACDs were indicating that the price was clearly heading up or down.

How do you feel your trading went in the Demo round?

It was very challenging because a lot of the competitors were using very aggressive and seemingly unreasonable methods. I felt they traded in a manner that we barely see in a real/live trading account. However, I still managed to maintain my own pace and focus on my trading.

How do you think you performed in the Live Trading round of the competition?

I believed that steady trading will bring in steady returns, and it was proven true in the Live round. I'm quite happy with my performance especially in the Live Trading round.

Have you traded on a real money live account before?

Yes, I have. I trade on a regular basis.

How would you best describe your trading system? (Swing trading, Scalping, Breakout, Other)

It's a swing trading system with reference to 2 MACD indicators.

How long have you been trading this particular trading system?

I've been trading with it for almost a year now.

What was your goal for the Live Trading round? Was there a percentage gain that you had set as a target?

I did not set any target, I prefer to flow naturally when I'm trading and the conservative approach worked well in the end.

We provided you with a \$1000 Live Account, how much of that money were you prepared to risk or lose?

I was comfortable risking 10% for each trade.

Trader Bio

How much time each day/week/month (whichever is most appropriate) can you dedicate to the various requirements of trading and managing a trading system?

It depends on my work load. I only trade during any free time I have during my working hours. Sometimes, when I am on an overseas business trip, it may cause me not to trade at all.

Do you pay any attention to News releases or Fundamentals? If so, how do you approach this and are there any in particular that you avoid or look to capitalize on?

Yes, I do keep an eye on the news releases as well as fundamentals. Basically, I may avoid trading during these volatile periods of time.

How many trades do you expect to place each day/week/month (whichever is most appropriate)?

It depends on the signals and market conditions. Sometimes, it could be as many as 2 - 3 trades per day. However, when it is not a good time for me to trade, it could be as few as 2 - 3 trades per week.

Which kind of returns did you expect to make?

I was typically looking at making approximately 5% returns per week.

Which currency pair/s do you trade?

I normally monitor the GBPUSD, EURUSD, and sometimes in higher risk pairs like EURJPY, GBPJPY. Every once in a while, I may even take trades on Spot Gold.

In which time frame/s will you be trading?

I usually trade on the 1 Hour or 4 Hour charts. These suit my working hours.

Which session/s do you trade?

I trade any session whenever my system's entry rules are met.

Are there any currency pairs, timeframes or sessions that you avoid trading?

No, I just trade the timeframe and sessions that suit my schedule.

Describe your daily trading routine?

My working hours are from 9am to 5pm my time. I normally open the platform and start from 9am. Most of my trades will happen between the Asian session to the London session. When I get back home from work, I do sometimes open the platform at night (New York session) to trade.

What hardware/software and/or other tools do you use?

None, I don't use other tools.

System Description

How did you come up with the system you have traded during the competition?

I can't really remember how I started with this system. I was trying several methods and learning from trading forums. After a lot of research, I picked the best systems. I learned from them and modified some of them until I came up with this system.

Is the trading system you are using unique?

Yes, I believe so. It is the outcome of some modifications I made with a combination of MACD settings.

Does your system use any custom indicators?

None, I don't use any custom indicators.

Which currency pairs do you trade with this system?

I usually trade on GBPUSD, EURUSD, EURJPY, GBPJPY and Gold.

Does your system use multiple timeframe? If yes, what were the timeframe that your system uses?

I don't use multiple timeframes. I usually work on the 1H chart, which suits my trading style during my daily routine. Sometimes, I trade on the 4H chart too, that's usually if I am too busy at my daily job. This system should work fine in any timeframe, especially with higher timeframes.

During what hours are you actively trading this system? Please include your time zone.

It works in all time zones. I usually trade with it during the Asian session, the London session and sometimes, the early hours of the New York session. Usually, I trade during my working hours, which are during the Asian and early during the London session.

Do you follow a set number of rules on each and every trade or does it vary?

Yes, I make sure to follow trading rules so that I will have a higher probability of success.

Are there exceptions to your trading system rules?

There's no exception to the rules.

How would you describe your trading system in just a few sentences?

It is simple, easy to follow and uses a clean chart to trade, and as long as you have the correct MACD settings, you just need to recognize the colour of MACD indicators and spot the crosses.

Do you enter trades using market orders or pending orders?

I have been using both. If I miss the earlier setup but the signal is still valid, I will enter at the market price. Otherwise, I will place pending orders.

If you use a pending order, how long do you wait before you cancel the order?

If the pending order is not triggered within a few hours, I will close it and look for new trade setups.

How do you determine the level/price where you will enter a trade?

When the Yellow MACD starts crossing up above the blue MACD, I will enter a buy trade. Even if the setup occurred 2-3 bars before, it is still valid, but I exercise caution when entering these positions. The reverse is true for Sell Trade setups. The safest trades occur when the yellow MACD is above the 0 level and the blue MACD is also above 0 or moving towards the 0 line.

What percentage of your account balance do you risk on each trade?

No single trade should risk more than 15% or 150 pips.

How long will you remain in a trade once it is opened?

I will take my profit when I get around 20 pips, depending on the volatility of the market, but I usually close open orders before I go to sleep.

Do you place a take profit? If so, how do you determine this level?

Yes, I usually set the take profit level at around 20-30 pips from my entry. I would set a smaller take profit for setups on the 1 Hour chart and a bigger take profit for setups on the 4H chart.

Do you place a stop loss? If so, how do you determine this level?

No, I don't like stop loss hunting. If the drawdown goes beyond my comfortable level, say like 150-200 pips, I will definitely close orders.

**Do you exit trades before your stop/target is hit? If yes, please explain further.
Which signals will cause you to exit early?**

Yes, always. If the price does not move in my favour and tends to move against me, I will close it before the take profit or the stop is hit. Also, I will close any open orders before I go to sleep.

Do you use trailing stops? If yes, please describe the trailing stop method you use.

No, I don't use trailing stops.

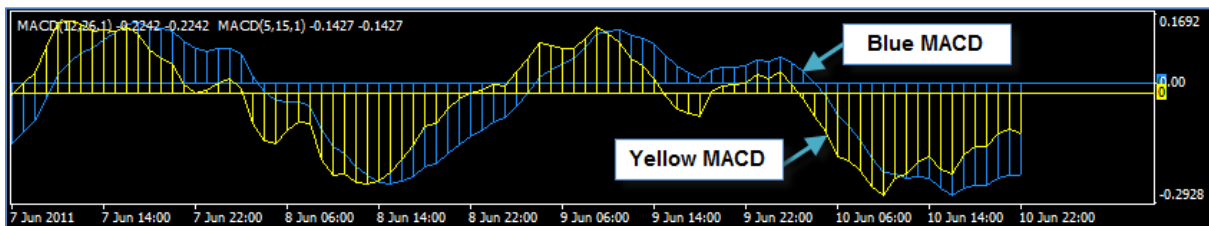
How does your system factor in the Fundamentals or News releases like the Non Farm Payroll and FOMC announcements?

I'm not really into fundamental news. I just avoid trading news and I only carry trades until there is an upcoming high impact news release.

Components Of The System

Indicator: Moving Average Convergence-Divergence

The only indicators I use to trade are two Moving Average Convergence-Divergence (MACD) indicators with different settings.



The MACD is both a trend-following and a momentum indicator. It computes the difference of two Exponential Moving Averages (EMAs) and plots the data in a momentum oscillator.

Convergence occurs when the two EMAs are moving towards each other, which means that the difference between them is getting smaller. On the other hand, divergence occurs when they are moving away from each other, which means that the difference between the EMAs is getting larger.

Have a look at the image below with the first MACD.



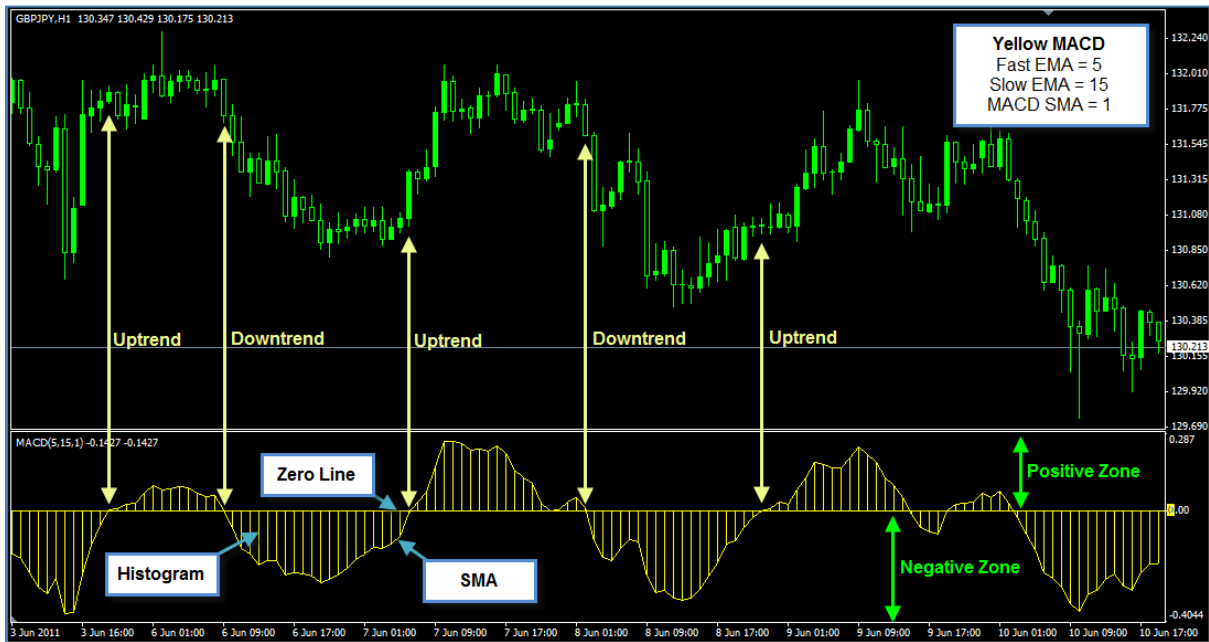
As you can see, the MACD has 3 parts. First is the zero line or the centreline. Second is the histogram, which represents the distance between the slow and fast EMAs, and thus shows the degree of convergence or divergence between the EMAs.

The third part is the MACD SMA, which is basically a Simple Moving Average of the difference of the slow and fast EMA, and in this case is equal to the histogram because it is set to 1.

The MACD has two zones. When the price is going up and the histogram is above the zero line, it is in the positive zone. It serves as a strong indication that the trend is up.

Basically, when the histogram is crossing the zero line going upwards, it is a buy signal. However, if the histogram is below the zero line, it is in the negative zone, which means that the current trend is down. So, when price is crossing down below the zero line, this is considered a sell signal.

The Yellow MACD basically identifies the direction of the trend too, but it has smaller parameters, so it reacts to price movement faster because of the settings.

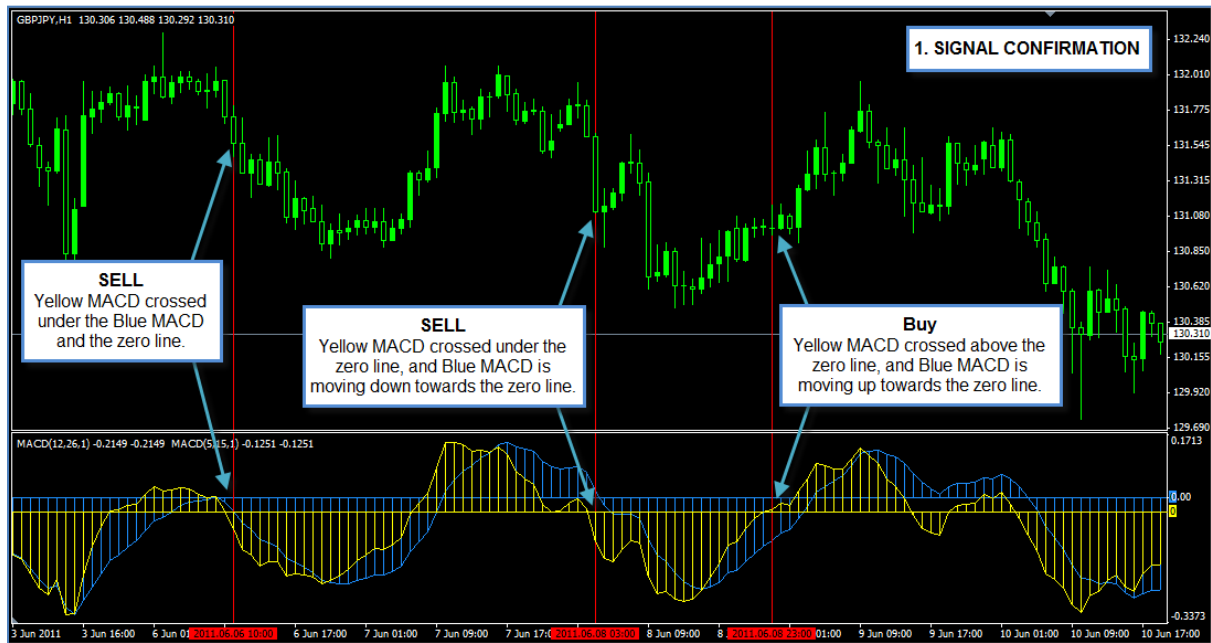


When using only one MACD, there is one big disadvantage. There are only a few trade signals. The entry signal is dependent on the crossover of the 2 EMAs represented by the histogram crossing over the zero line. Three main points need to be considered here:

1. One MACD has no confirmation of its signal.
2. There's no re-entry signal, unless the histogram touches but does not cross the zero line and goes back to its original direction. You'll have to wait for quite a while before the price turns around and forms a trend for the histogram to cross over the zero line.
3. There's no counter-trend signal, which can sometimes be an indication to exit the trade and/or open a new trade in the opposite direction, because a trend in the opposite direction is beginning to form.

The solution is to apply the Yellow MACD over the Blue MACD.

This image will explain how I use the MACDs to confirm the entry signals.



As you can see, the trend is a downtrend when the Yellow MACD is under the Blue MACD. The Yellow MACD, or both MACDs, have crossed under the zero line.

On the other hand, the trend is up when the Yellow MACD is above the Blue MACD, and the Yellow MACD, or both of the MACDs, have crossed the zero line.

In the next image, you'll see how to identify re-entry signals.



After the first buy signal, the Blue MACD remained above the zero line. The trend remained in an uptrend. However, the Yellow MACD dipped under the zero line and went back up. This is a signal for re-entry.

In the next image, you can see how to enter a counter-trend trade, and you can also enter a sell trade near the tops or a buy trade near the bottoms.



Supposing that the prevailing trend is down (where both MACDs are under the zero line), if the Yellow MACD crosses above the Blue MACD, this may indicate a retracement or an early sign of trend reversal. So, if you were already in a sell trade, even if the trade hasn't met your targeted amount of profit, it is better to exit the trade early and wait for a re-entry signal, than to lose what you have already earned.

The same goes for an uptrend, wherein both MACDs are above the zero line. If you are already in a buy trade, you also need to know when the trend might be reversing down. A counter-trend trade is not as safe as a trade entered according to the trend, however profitable it may be. So when placing counter-trend trades, caution is needed. In this case, I take only a few pips and watch for signs that price will continue with the trend.

Caution is also necessary when buying near the bottoms or selling near the tops. Once the Yellow MACD crosses above the Blue MACD in a downtrend, I usually wait for 2 candles to close before entering a buy trade. Conversely, if the Yellow MACD crosses below the Blue MACD in an uptrend, I also wait for at least 2 candles to close before entering a sell trade.

Divergence

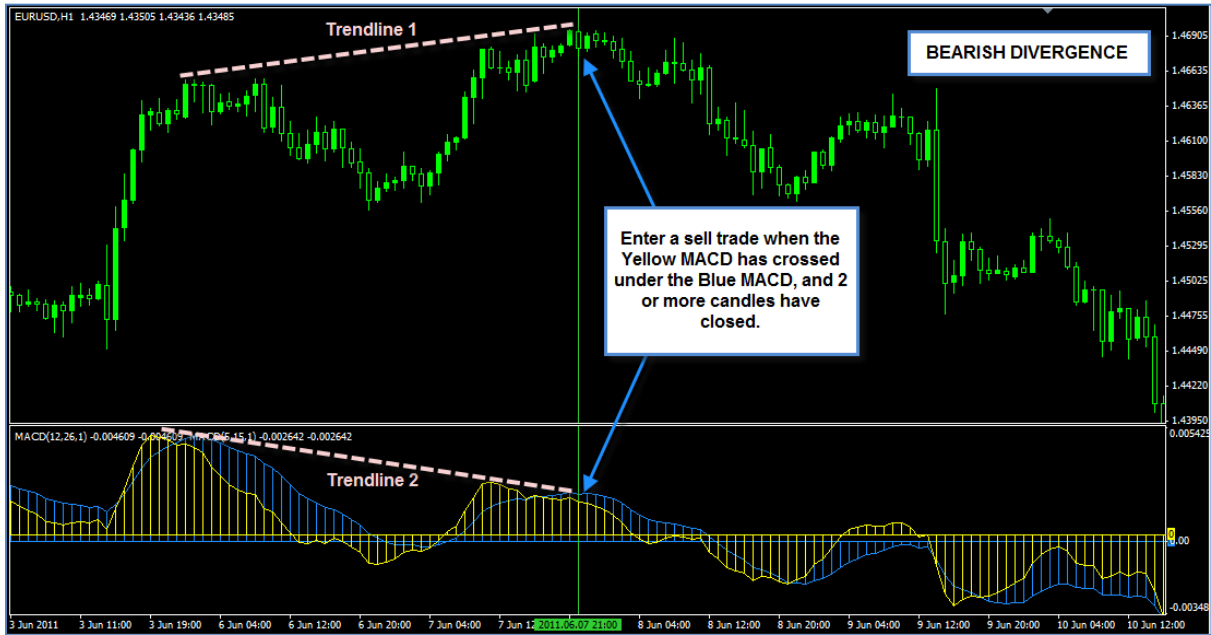
Divergence occurs when the price of a financial instrument and the value of an indicator move in opposite directions. The occurrence of divergence may indicate an impending change in trend direction.

Identifying divergence allows traders to safely enter sell trades closer to the tops or buy trades closer to the bottoms as price reverses in direction.

Here's a basic comparison of some common types of divergence.

Regular Divergence	Trend	Signal	Identification
Bearish Divergence	Up	Sell	Draw the first trendline upwards to connect the highs of the price (higher Highs). Draw the second trendline downwards to connect the highs of the MACD (lower Highs).
Bullish Divergence	Down	Buy	Draw the first trendline downwards to connect the lows of the price, which is making lower lows. Draw the second trendline upwards to connect the lows of the MACD, which is making higher lows.

Here's an example of a Bearish Divergence.



Draw Trendline 1 from the price's previous high to its current high. As you can see, the price has made a higher high. Draw Trendline 2 from the MACDs' previous high to its current high. The MACD is making a lower high.

A sell trade is entered as soon as the signal is confirmed, and that's when the Yellow MACD has crossed below the Blue MACD and 2 or more candles have already closed.

In contrast, here's an example of a Bullish Divergence.



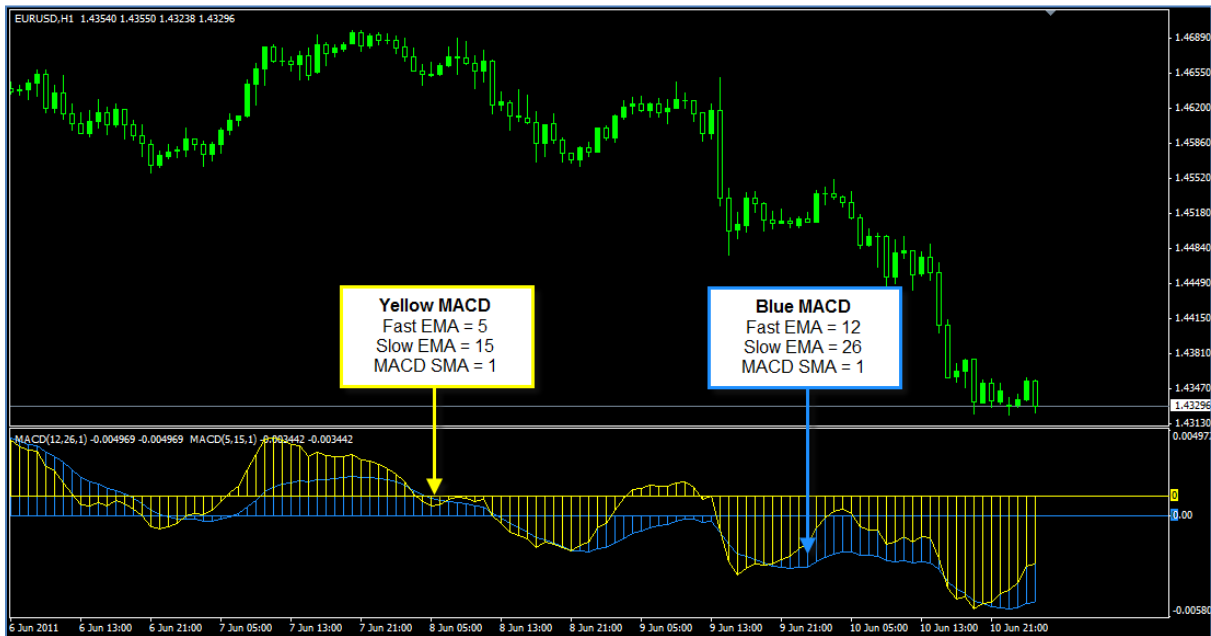
Draw Trendline 1 from the price's previous low to its current low, which is a lower Low. Draw Trendline 2 from the MACDs' previous low to its current low, which is a higher Low.

Confirm the signal by making sure that the Yellow MACD has crossed above the Blue MACD and 2 or more candles have already closed.

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Setting Up Your Charts

Have a look at the image below. This is how your charts should look once you have set them up to trade my system.



As mentioned earlier, I only use two MACD indicators with different settings.

How to Setup Your Charts

Here are the steps in setting up the chart for my system.

Once you have opened a chart for a currency pair, select Candlesticks, Zoom In, and Chart Shift. After that, right-click the chart and select Properties.

Properties, Colors Tab

In the Properties of your chart, go to the Colors tab and make sure that the following settings have been set to the corresponding colors.

Background - Black

Foreground - White

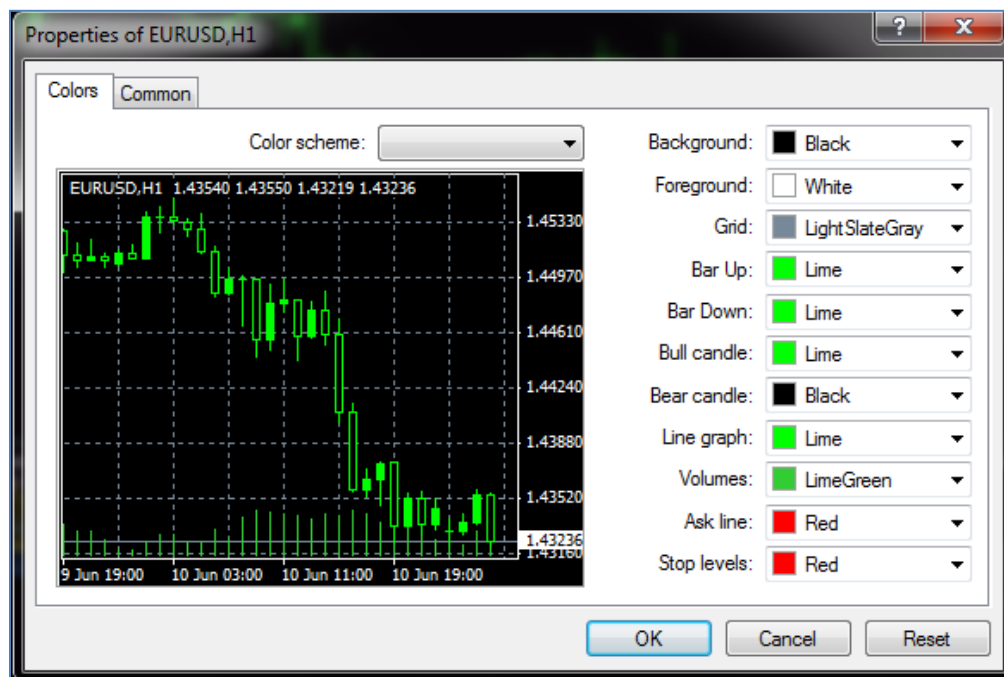
Bar up - Lime

Bar down - Lime

Bull candle - Lime

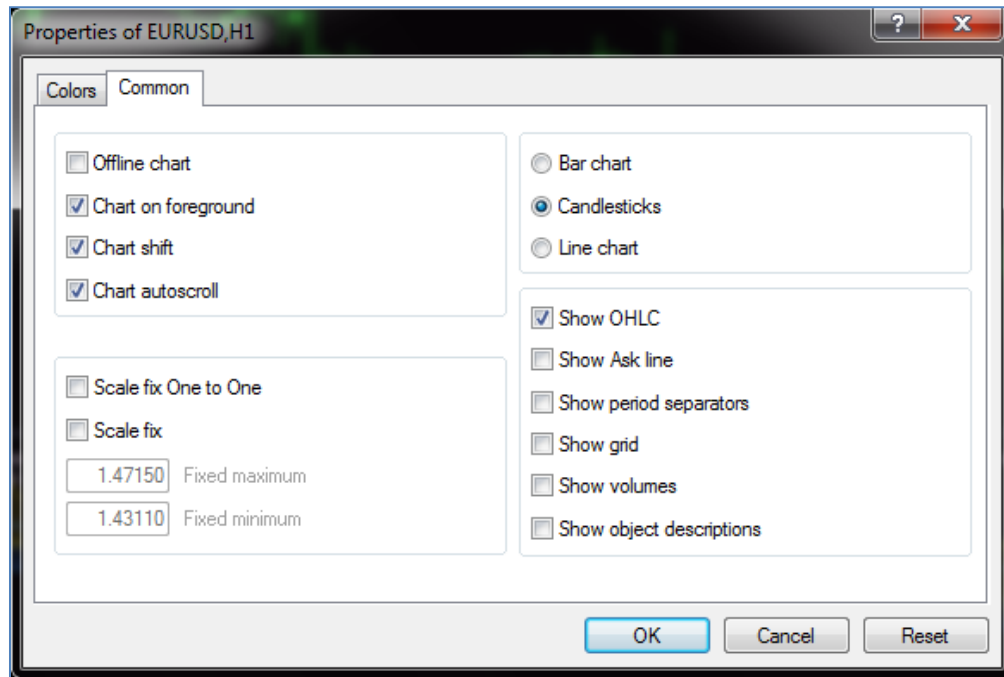
Bear candle - Black

Take a look at this image:



Common Tab

For the Common tab, all you need to do is to un-tick the Show grid setting. Apart from that, there is no need to change anything, so it should look like this image:



Indicators & Settings

Our chart is now ready for the indicators. Open the Navigator window of your platform by pressing "Ctrl" + "N" or clicking on the Navigator button above the chart. Click on Indicators in your Navigator window to view the list of indicators.

1. Moving Average Convergence-Divergence: Blue MACD (12, 26, 1)

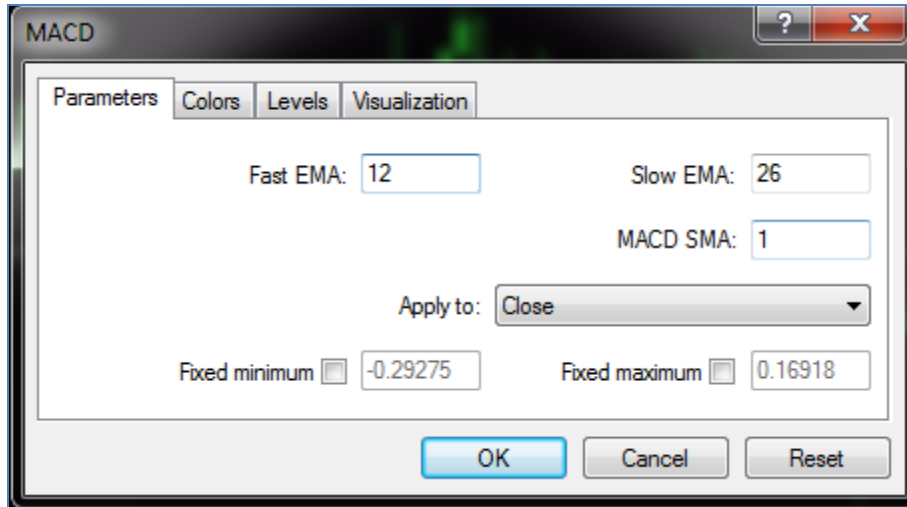
To apply the first MACD, double-click it or drag and drop it on your chart. Enter these settings under the Parameters tab:

Period - 12

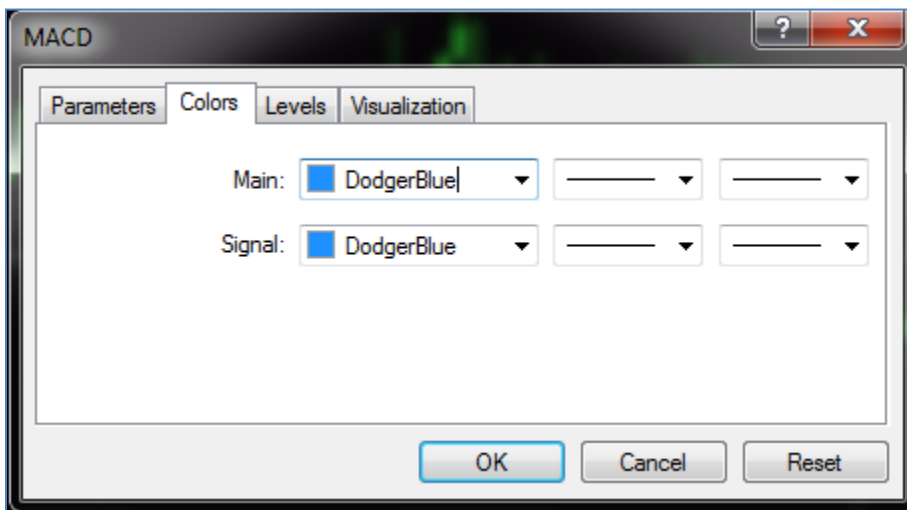
Shift - 26

MACD SMA - 1

Apply to - Close



Change the colors to DodgerBlue under the Colors tab.



2. Moving Average Convergence-Divergence: Yellow MACD (5, 15, 1)

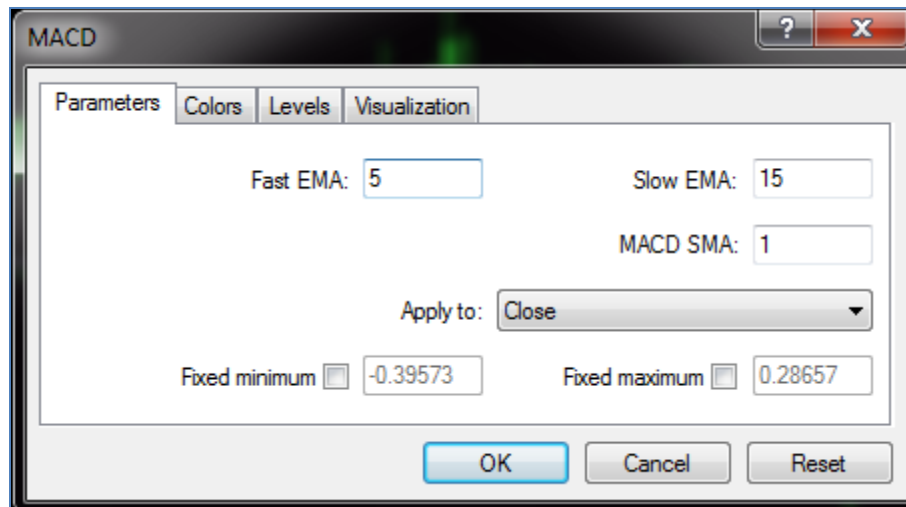
To apply the second MACD, do not double-click on it. Just drag and drop it on the window of the Blue MACD. Enter these settings under the Parameters tab:

Period - 5

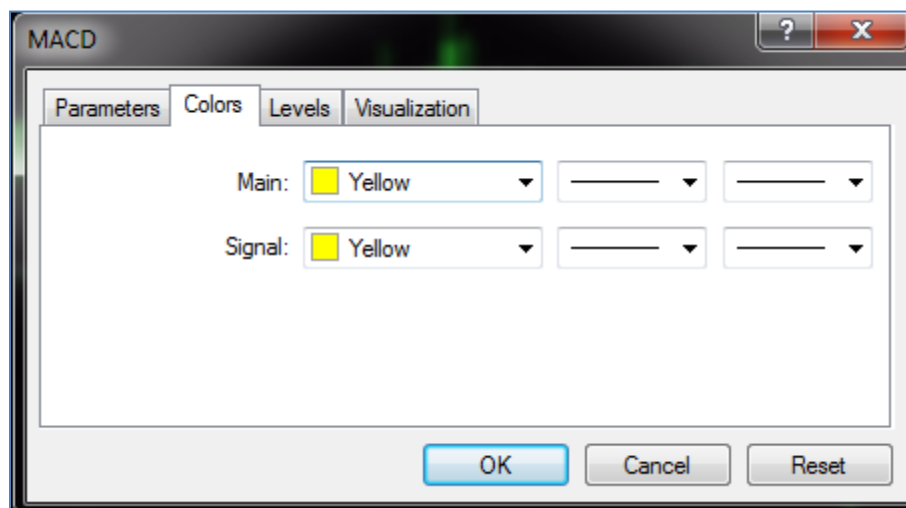
Shift - 15

MACD SMA - 1

Apply to - Close



Change the colors to Yellow under the Colors tab.



Those are all you'll ever need to get your charts ready to trade my system. In the next section, you will find the rules of my system and some example trades.

Sell/Short Trade Rules

My system can be used on any timeframe, but I've been using it to trade on the 1 Hour charts, and sometimes, on the 4 Hour charts, to suit my working hours.

There are a number of entry rules but they are very simple. Basically, before entering a sell trade, I just make sure that the Yellow MACD has visually crossed under and is below the Blue MACD.

NOTE: *The zero line of the Yellow MACD and the zero line of the Blue MACD are usually not on the same level. So, when referring to a MACD crossing the zero line, it means that it is crossing its own zero line without reference to the zero line of the other MACD.*

Below are the sell trade rules of my system.

1. On the 1 Hour or 4 Hour chart, the Yellow MACD must be lower than the Blue MACD.

Entry Techniques:

2. Trend Entry

Follow the rules below to enter a sell trade if the Yellow MACD is crossing under the zero line but the Blue MACD is still above the zero line:

- a. The Yellow MACD is below the Blue MACD.
- b. The Blue MACD is above the zero line but is heading downwards.
- c. Enter a sell trade after the Yellow MACD crossed under the zero line (aggressive - early entry), or after both Yellow and Blue MACDs (conservative entry) crossed under the zero line.

- d. Set the take profit level 20-40 pips below the entry.

2.1. Re-entry

If the trend has been a downtrend for some time, follow the rules below to re-enter a sell trade.

NOTE: *Re-entry rules apply only to Trend trades.*

- a. The Blue MACD remains below the zero line.
- b. The Yellow MACD crosses above the zero line.
- c. Enter a sell trade after the Yellow MACD crosses back under the zero line.
- d. Set the take profit level 20-40 pips below the entry.

3. Counter-Trend Trade Entry

This setup will allow you to scalp for a few pips when the trend is up by entering a sell trade. Follow the rules below to enter a sell trade if both Yellow and Blue MACDs are above the zero line.

- a. The Yellow MACD crosses under the Blue MACD.
- b. Wait for at least 2 candles to close, then enter a sell trade.
- c. Set the take profit level 10-20 pips below the entry.

4. Breakout Entry

When the market is ranging, you can also enter a sell trade on a breakout. If the price breaks under the previous low or breaks out from a range, these are the guidelines to enter a sell trade.

- a. If the trend is a downtrend (Yellow MACD is crossing under the zero line but the Blue MACD is still above the zero line, or both MACDs are crossing under the zero lines), follow the rules in entering a trade as per point #2.
- b. If both MACDs are above the zero line, meaning the general trend is an uptrend, follow the rules in entering a counter-trend trade as per point #3.

5. Divergence Entry

When the trend is up (both MACDs are above the zero line) and you can observe a Bearish Divergence, follow the rules below to enter a sell trade.

NOTE: The Yellow MACD is the main basis for divergence signals, but if the Blue MACD is also showing the divergence, the trade setup is better.

- a. Draw the trendlines to identify the Bearish Divergence (price making a higher High and the MACDs making a lower High).
- b. Make sure that the Yellow MACD has crossed under the Blue MACD.
- c. Wait for at least 2 candles to close then, enter a sell trade.
- d. Set the take profit level 20-40 pips below the entry.

Exit Techniques:

- 6. Monitor the trade and manually close the trade in loss if price goes 100 pips above the entry price.

Exceptions To The Rules

Avoid news releases. Also, if the price does not move in my favor or tends to range, I will close the trade before hitting the take profit or my mental stop before I go to sleep.

In the next section, you will find examples of short trades...

Sell/Short Trade Examples

Sell/Short Example 1



Here's a trade I took in the GBPJPY 4 Hour chart on the 12th of April. Firstly, the Yellow MACD has been below the Blue MACD for days. When price broke below the previous swing low, I then checked for confirmation with my MACDs.

As you can observe, the Yellow MACD already crossed under the zero level but the Blue MACD was still moving towards it, so I entered a sell trade. Note that I don't usually set a stop loss level, but I keep in mind that if the trade goes against me for 100 pips, I will exit the trade. I set my take profit about 48 pips from the entry, which took me out of the trade with \$287.03 profit right at the next candle.

Sell/Short Example 2



This is an example of a Divergence trade on the EURUSD 1 Hour chart.

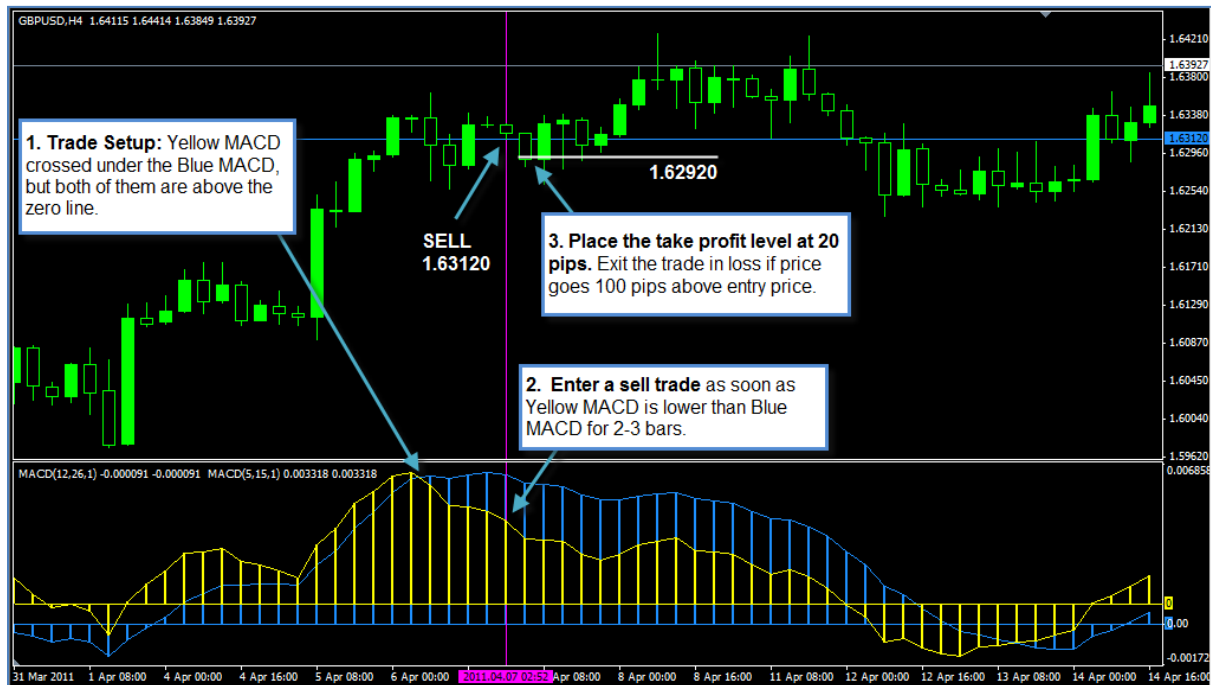
I drew a line (Trendline 1) to connect the previous High to the higher High on the price chart, and another line (Trendline 2) to connect the previous High to the lower High on the Yellow MACD. As you can see, the Blue MACD was also showing the same divergence, so this was a good basis that the trend was changing to a downtrend.

The Yellow MACD had been below the Blue MACD for more than 3 bars, so I entered a sell trade at 1.42212.

I set my take profit at 1.41724, which is approximately 49 pips. I do not usually place a stop loss, but I watch for price to reach 100 pips above the entry before cutting my loss.

Eventually, I ended up closing the trade at 1.41876 because I could not continue monitoring the trade at that time. So, I got out with \$84.00 or 34 pips of profit.

Sell/Short Example 3



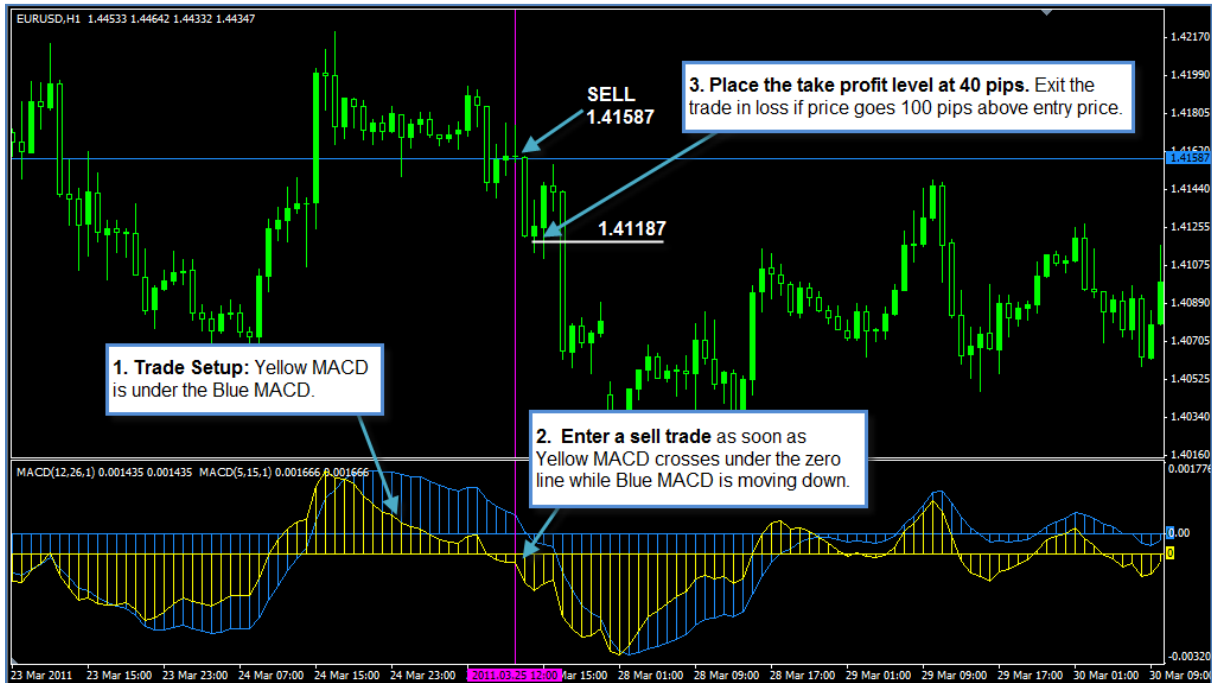
Here's an example of a counter-trend trade on the GBPUSD 4 Hour chart. This setup is only good for scalping, so the take profit is less and the trade is over a lot quicker.

The trend was an uptrend, so both MACDs were above the zero line. The Yellow MACD had already crossed the Blue MACD for more than 3 bars, so I entered a sell trade at 1.63120.

I placed the take profit 20 pips below the entry price. The trade was then exited after a few hours, with \$40 or 20 pips of profit.

The price then continued to go up because it was in an uptrend.

Sell/Short Example 4



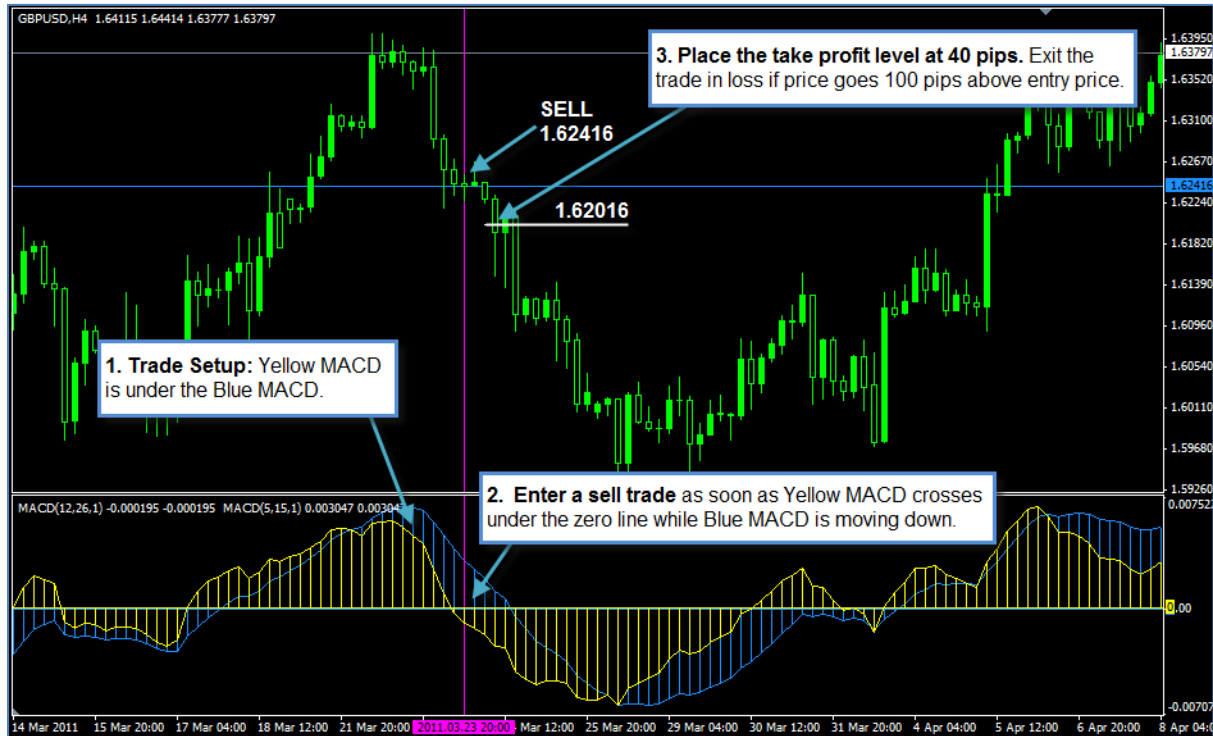
This is a sell trade on the EURUSD 1 Hour chart.

As you can see, the market was originally in an uptrend. Later on, the price began to decline and the Yellow MACD crossed under the Blue MACD.

As soon as the Yellow MACD crossed under the zero line, this indicated that the trend was now headed downwards, and it was safe to open a sell trade. So I entered a sell trade at 1.41587 and set the take profit level 40 pips below the entry price, which was at 1.41187.

In case price went against me, I was willing to exit the trade with 100 pips in loss. Fortunately, price hit the take profit after more than 2 hours, and I got out with \$80.00 or 40 pips of profit.

Sell/Short Example 5



Here's our last sell trade example, which is on the GBPUSD 4 Hour chart.

The Yellow MACD had been below the Blue MACD for days. The Blue MACD was still above the zero line but it was headed downwards, so as soon as the Yellow MACD crossed under the zero line, I entered a sell trade at 1.62416.

I then set the take profit for 40 pips at 1.62016. I checked on the trade from time to time to see if price went against me, so I could cut any loss at 100 pips.

On the next candle, I was taken out by my take profit level with 40 pips or \$80.00 profit.

Buy/Long Trade Rules

The buy trade rules are basically the opposite of my sell trade rules. So before entering a buy trade, I make sure that the Yellow MACD has visually crossed over and is above the Blue MACD.

NOTE: *The zero line of the Yellow MACD and the zero line of the Blue MACD are usually not on the same level. So, when referring to a MACD crossing the zero line, it means that it is crossing its own zero line without reference to the zero line of the other MACD.*

Below are the buy rules of my system.

1. On the 1 Hour or 4 Hour chart, the Yellow MACD must be higher than the Blue MACD.

Entry Techniques:

2. Trend Entry

Follow the rules below to enter a buy trade if the Yellow MACD is crossing above the zero line but the Blue MACD is still below the zero line.

- a. The Yellow MACD is above the Blue MACD.
- b. The Blue MACD is below the zero line but is heading upwards.
- c. Enter a buy trade after the Yellow MACD (aggressive - early entry) or both Yellow and Blue MACDs (conservative entry) crossed above the zero line.
- d. Set the take profit level 20-40 pips above the entry.

2.1. Re-entry

If the trend has been an uptrend for some time, follow the rules below to re-enter a buy trade.

NOTE: *Re-entry rules apply only to Trend trades.*

- a. The Blue MACD remains above the zero line.
- b. The Yellow MACD crosses below the zero line.
- c. Enter a sell trade after the Yellow MACD crosses back above the zero line.
- d. Set the take profit level 20-40 pips above the entry.

3. Counter-Trend Trade Entry

This setup will allow you to scalp for a few pips when the trend is down by entering a buy trade. Follow the rules below to enter a buy trade if both Yellow and Blue MACDs are below the zero line.

- a. The Yellow MACD crosses above the Blue MACD.
- b. Wait for at least 2 candles to close, then enter a buy trade.
- c. Set the take profit level 10-20 pips above the entry.

4. Breakout Entry

When the market is ranging, you can also enter a buy trade on a breakout. If the price breaks under the previous low or breaks out from a range, these are the guidelines to enter a buy trade.

- a. If the trend is an uptrend (Yellow MACD is crossing above the zero line but the Blue MACD is still above the zero line, or both MACDs are above the zero line), follow the rules in entering a trade as per point #2.

b. If both MACDs are below the zero line, meaning that the general trend is a downtrend, follow the rules in entering a counter-trend trade per point #3.

5. Divergence Entry

When the trend is down (both MACDs are above the zero line) and you can observe a Bullish Divergence, follow the rules below to enter a buy trade.

NOTE: *The Yellow MACD is the main basis for divergence signals, but if the Blue MACD is also showing the divergence, the better is the trade setup.*

- a. Draw the trendlines to identify the Bullish Divergence (price making a lower Low and the MACDs making a higher Low).
- b. Make sure that the Yellow MACD has crossed above the Blue MACD.
- c. Wait for at least 2 candles to close then enter a buy trade.
- d. Set the take profit level 20-40 pips above the entry.

Exit Techniques:

6. Monitor the trade and manually close the trade in loss if price goes 100 pips below the entry price.

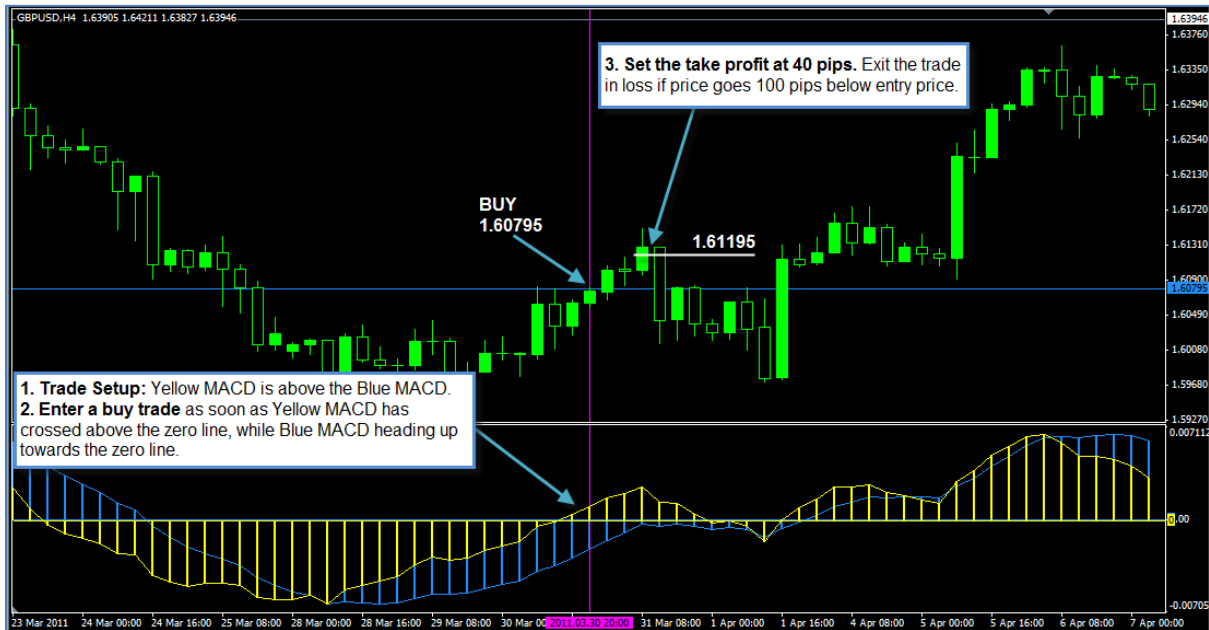
Exceptions To The Rules

Avoid news releases. Also, if the price does not move in my favor or tends to range, I will close the trade before hitting the take profit or my mental stop before I go to sleep.

Below are examples of buy trades...

Buy/Long Trade Examples

Buy/Long Example 1



This is a typical buy trade example.

On the GBPUSD 4 Hour chart, you can see that the Yellow MACD had been above the Blue MACD. The Yellow MACD had crossed over the zero line while the Blue MACD was headed up towards the zero line, so I entered a buy trade at 1.60795.

I then set my take profit level at 1.61195 and waited for the trade to run its course. As you can see, there was no stop loss set in place, but if the price was to go against me for 100 pips, I'd be sure to exit the trade.

On the 4th candle, the price hit the take profit level and I got out with \$80.00 of profit. After that, the price retraced then continued going up.

Buy/Long Example 2



This example will show you how to re-enter a trade once you are in a strong trend. You can find two trades in this GBPUSD 4 Hour chart.

As you can see, in the first example to the left in the image, the Yellow MACD had crossed above the Blue MACD and the zero line. I entered a buy trade (Buy Trade 1) at 1.63168 as soon as I saw this setup. I then set my take profit at 1.63568, which was 40 pips away from the entry.

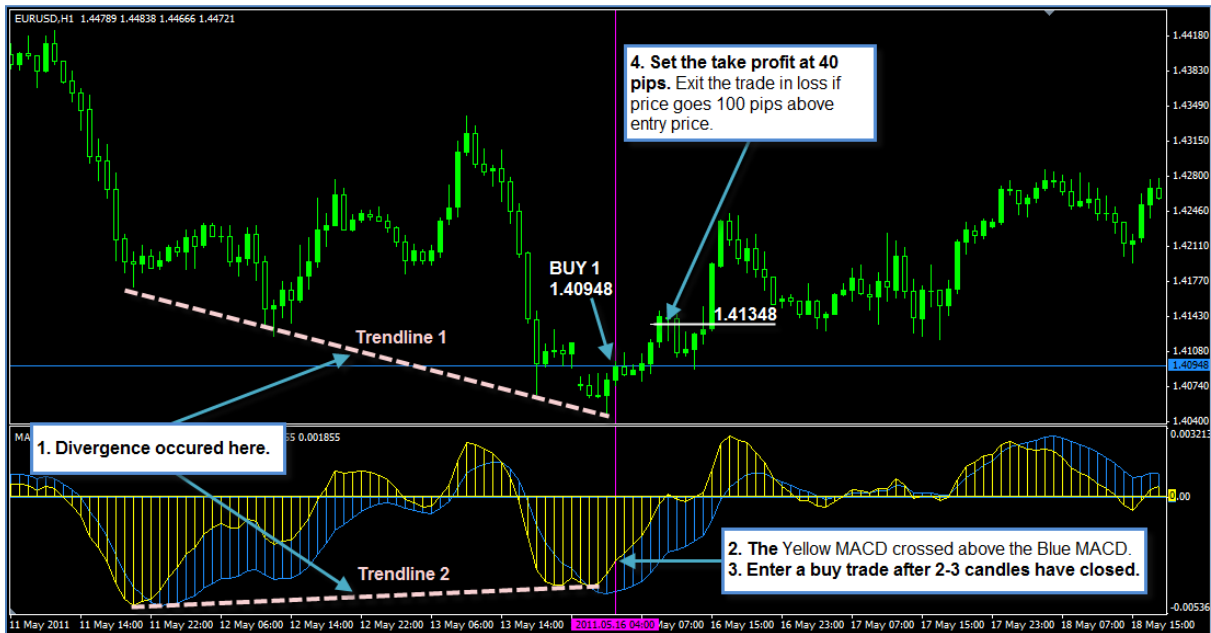
I would have exited the trade in loss if the price had gone against me for 100 pips, but on the 3rd candle after I entered the trade, price hit the take profit level and I got out with \$80 profit.

The price continued to go up, but I waited for a re-entry setup.

Eventually, the Yellow MACD crossed under the Blue MACD and the zero line, but the Blue MACD remained above the zero line. When the Yellow MACD crossed back above the zero line, I entered another buy trade (Buy Trade 2) which was at 1.65588.

I went on to set my take profit level 40 pips above the price, at 1.65988, and monitored the trade. I planned to cut my loss if it reached 100 pips. The price continued to go up and hit the take profit level, so the trade closed with another \$80 in profit.

Buy/Long Example 3



This is an example of a Divergence trade on the EURUSD 1 Hour chart.

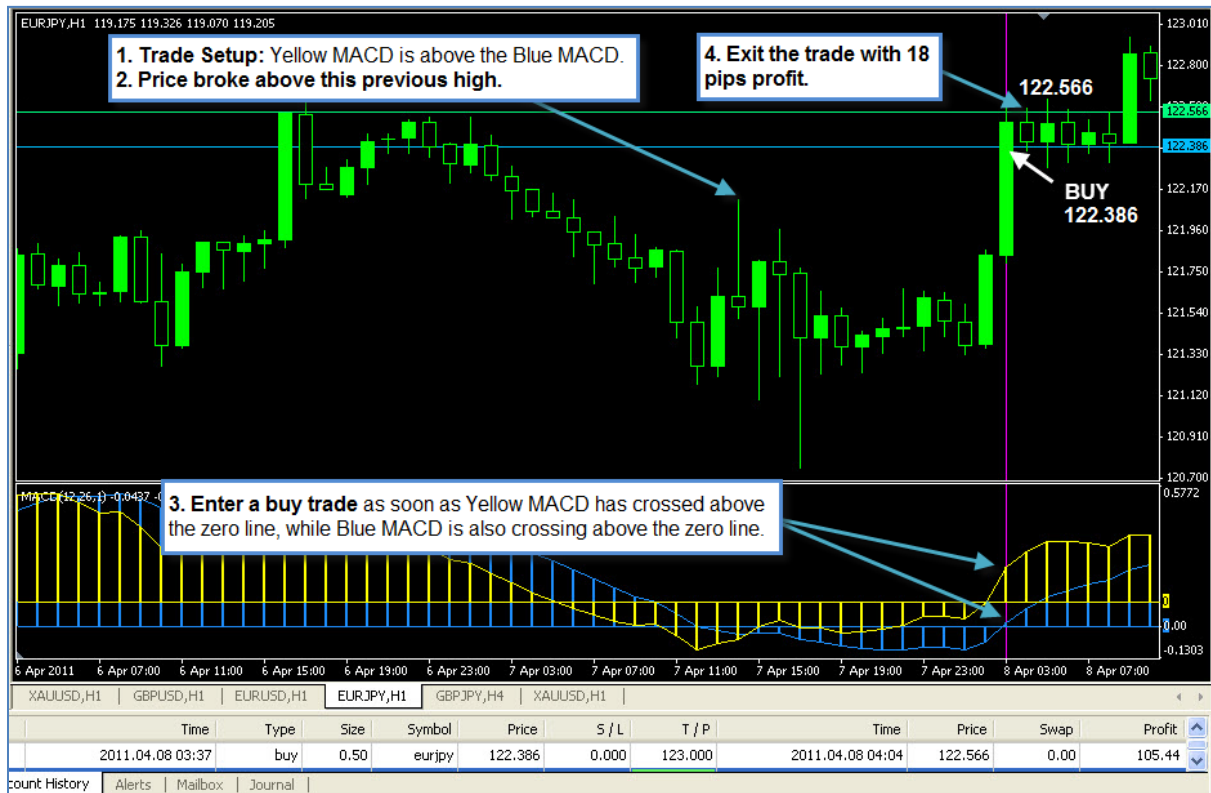
On the price chart, I drew a line (Trendline 1) to connect the previous Low to the lower Low. I drew another line (Trendline 2) to connect the previous Low to the higher Low on the Yellow MACD. As you can see, the Blue MACD was also showing divergence, so this was a good indication that the trend was changing to an uptrend.

The Yellow MACD crossed above the Blue MACD and two candles had closed, so I entered a buy trade at 1.40948. Then, I set my take profit 40 pips away from the entry, at 1.41348.

I do not usually place a stop, but I watched for price to reach 100 pips above the entry before cutting my loss.

Eventually, I got taken out by the take profit with \$80.00 worth of profit.

Buy/Long Example 4



This is a trade that I placed on the EURJPY 1 Hour chart.

The Yellow MACD had been above the Blue MACD for many hours. The price has broken out of its range and even exceeded the swing high I have indicated, so I checked the MACDs again for confirmation.

The Yellow MACD had already crossed above the zero line, while the Blue MACD was now beginning to cross over the zero line. So, I entered a buy trade at 122.386.

I set a take profit level, but when I was already in profit, I realized that I placed it in error. So, I decided to just manually exit the trade instead, with \$105.44 or 18 pips profit.

Buy/Long Example 5



Here's our last buy trade example, on the EURUSD 1 Hour chart.

You can see that the Yellow MACD had been above the Blue MACD for many hours. The two long bullish candles showed that price may have continued the uptrend, so I confirmed this with the MACDs.

The Yellow MACD had crossed above the zero line, while the Blue MACD was moving up towards the zero line. I placed a pending order above the second bullish candle. In the next candle, the price hit the buy stop, so a buy trade was entered.

I then set the take profit at 1.42436, which price hit after two more candles, and the trade was closed with \$30.50 profit.

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Things To Consider

Tips/Guidelines/Comments/Notes

This system has worked really well for me. At first I started with a Demo account, and I was really happy with the results, so I moved on to my personal Live account.

What's good about this system is that there are different ways to enter a trade, so trade setups are really not hard to find. It is simple and easy to follow. As long as you trade by the rules, you will be able to appreciate how profitable it can be.

Please note that the exceptions are part of the rules too. You may have noticed that there are times when I exit early from any trade, especially when the market is just going sideways and I'm not able to monitor the trade any longer.

You may also have noticed that price tends to go in my favour so much more than the specific target profits I have set. This is because I like to scalp, I take as much profit, but also get out as fast as I can.

There is actually a way to allow your profits to run, and this is by locking in some pips when you are already in a profitable position. There are many trailing techniques available. You can also use an indicator to base your trailing stop on, for example, the Parabolic SAR.

Whatever trailing technique you use, be sure to test it properly before applying it on a real money account.

Although the system can be used profitably on any timeframe, I have been using it with the 1 Hour and 4 Hour timeframes very efficiently. Since I work during most of the day, I only have a few moments to trade. So, if a trade setup is present, I enter the trade and monitor it by taking a glimpse throughout the day when I have some time to spare.

I have been trading this system on the EURUSD, EURJPY, GBPUSD, GBPJPY and Spot Gold. However, I usually avoid pairs with huge spreads.

There are a few things to consider when trading with Gold. It's much riskier to trade compared to Forex pairs because it usually has a wider range of movement. So when placing a trade, you need to prepare by leaving more room for drawdown. Minimize the lot size and avoid placing other trades. Aside from that, the mental stop loss may be as much as 100 pips.

When you first use this system, test it on a Demo account before trading a Live account. It will help show you how the system works and what to expect. Practice constantly, and when you have made satisfactory results, that's when you switch to trading real money. This will prepare you mentally and psychologically to trade live.

I joined the Surefire Trading Challenge to further prove to myself that my trading style works, and it most certainly does!

It is my wish that you will find success using my system, and that you will enjoy trading it as well.

Good luck!

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