

POWER BAND

Forex Swing Trading System

By Dean Saunders

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Introduction

Greetings fellow Forex trader,

Welcome to the Power Band Forex trading system, in this report you are going to be lucky enough to discover something I have used for a long time to profit from the Forex markets.

Over the years I have been fortunate enough to discover several systems that have provided me with a lot of success in the Forex markets. Unfortunately this is not the case for over 95% of new Forex traders who end up learning the wrong systems and trading information. I decided it was time to give something back to the people who are still struggling to make consistent profits in the Forex markets by explaining exactly how I trade the Power Band system.

First let me point out that this system like any other will not bring riches over night, you need practice and patience, the latter being the most important in my honest opinion. Demo trade for a while and get a good feel for the system before ever trading live. Take things slow, the Forex markets will be here long after you so there is no rush.

I hope that this report will help you achieve your goals and be a useful addition to your Forex trading toolbox.

Trading To Win

There are a few things I want to mention that are very important if you are planning on really making money in this business, please don't skip ahead this really is important to your success.

Often you will hear when two or more traders are given the same system with the same rules they will have drastically different results, some will usually be extremely profitable while others will break even or have a large loss. This is due to the way traders look at the market and how they manage their trades, I don't want to go too deep onto this subject as it requires a book by itself but I will list several points which I believe help me keep a high win percentage and a steady equity growth.

1. Analysing your results: If you don't already keep a track of every trade you make then start now, create a spreadsheet either on your computer or in a note book and if possible try to make a screen shot of the chart as you make the trade. After one month look at your results and go over every trade you made in that period, often you will find yourself taking bad trades just for the sake of being in the market. Doing this for several months alone will greatly improve your trading skills.
2. Stop trading to trade: New traders usually feel they have to be in the market all the time otherwise they are not trading and therefore will not make money. One thing you have to understand is every trade you take puts your capital at risk, often the most profitable position to be in is NO POSITION.

3. Never let a winner turn into a loser: Recently I have been focusing more and more on this and it has had an incredible result on my trading, once the market gives me some profit I move my stop to break even and have a free ride. Yes I get stopped out at break even often but doing this almost eliminates large losses completely.

4. Only take the A+ Trades: I pass on almost 60% of the setups that I look for, some weeks I will not enter the market at all, I only consider taking a trade if I believe it is a perfect setup or an A+ trade. This takes a lot of patience and discipline but I often manage to keep my win % above 90% picking the very best setups.

5. Never bet the bank: Never risk more than 3% of your trading capital on any single trade. I prefer to try and keep it below 2% if possible.

Follow these tips and you can't go too far wrong as you are learning this business.

With that all out of the way let's start looking at the Power band system.

The System

I have had the most success using this system on the 4 hour and the Daily charts they are the only ones I trade with the Power Band system, however I am sure it will work well on other time frames if you feel like testing it out.

The system works on any currency pair, I recommend watching maximum of 4 pairs in the beginning then add more as you become confident in the system and managing multiple trades.

Setting up your charts

Open a 4 hour candle stick chart of your favourite currency pair and add the following indicators.

"Bollinger Bands" set to Period **20** Deviations **2**

"Stochastic Oscillator" set to %K **9** period %D **3** period Slowing **3**

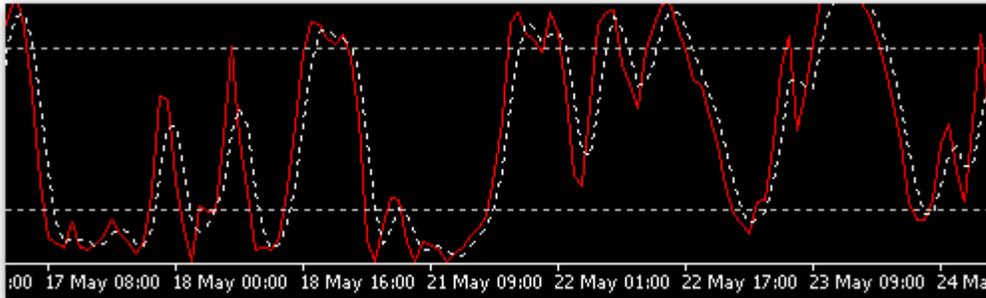
Your chart should now look like the one below.



Looking at this chart you may struggle to see the power of this system, don't worry I am going to walk you through the whole process of making a trade but first we need to talk about the stochastic indicator.

Stochastic oscillator

The stochastic oscillator measures over bought and over sold situations in the market. We are going to use this as our entry into a setup. Below is a picture of the stochastic oscillator, we will be using setting **K%9 D%3 Slowing 3**.



The upper and lower horizontal lines going across the oscillator are our extreme lines. These lines are set at the values of 20 and 80 and normally come pre set with the indicator.

What we are basically looking for is the stochastic oscillator to be over bought above the 80 line if we are planning on going short and over sold below the 20 line if we are going long. Let's say we have a trade setup and we are looking to go long we then have to wait for the stochastic to go below the 20 line, if it doesn't then we skip the trade completely.

Bollinger Bands

The Bollinger bands act as dynamic support and resistance at oversold and overbought levels. These levels will be our heads up to look for a possible trade setup. It is important not to take any trades when the Bollinger Bands are close together, the closeness indicates indecision in the market and it is best to keep out for the time being.

The Setup

The first thing we are looking for is a very near touch or breach of the Bollinger Bands, this must not be when they are close together as the market is unpredictable at that point.

Once we have a breach or near touch of the Bollinger Bands we then have to check the Stochastic Indicator to see if it confirms our intentions. If we had a breach of the upper Bollinger bands we would be looking to go short or sell and therefore need the Stochastic indicator to be over bought and over the 80 line.

If we had a breach of the lower Bollinger bands we would be looking to go long and therefore need the Stochastic indicator to be over sold and under the 20 line.

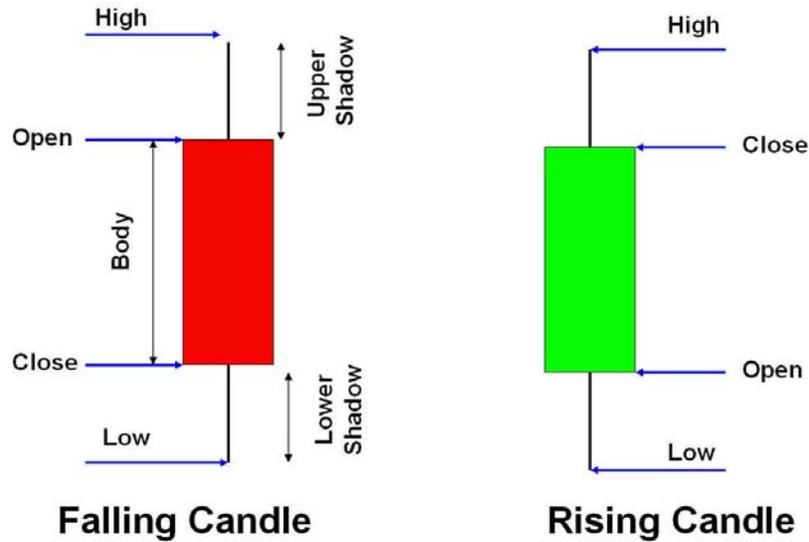
Once both of these conditions are met we look for our entry confirmation which is a candlestick formation, if we don't see one then we wait until we do, if the trades takes off without us then we wait for the next one.

Stops are placed behind the recent high / low and always moved to break even as soon as possible.

Never risk more than 3% of your account on any one trade preferably less than 2%.

Candlestick formations are used to identify the underlying physiology of the market, usually with a reasonable accuracy.

Below is an example of a normal falling and raising candlestick.



When a candlestick tries to make a new high/low but fails to close at those levels it gives some clues as to who is in charge, the bulls or the bears. There are literally hundreds of candle stick formations used by traders all over the world to profit from the markets. We are only going to focus on 4 formations here in this system, these are the formations I found to be most profitable and occur regularly.

Doji's



The Doji is generally a small candle indicating a period of indecision with not much movement, the open and close should be at the exact same price but it is acceptable within a pip or two.

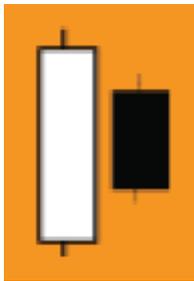
This small candle if seen after a good move is a strong reversal signal, with confirmation it is very reliable entry point. You will often see the Doji when trading the divergence system, usually when the stochastic is topping/bottoming out, a great confirmation that you are on the right side of the market.

Engulfing



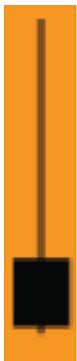
An engulfing candle is a strong change in momentum in the market often seen from bounces of support/resistance areas. For a buy confirmation the first candle would be red followed by a green candle that completely engulfs the previous one. For a sell confirmation the first candle would be green followed by a red candle that completely engulfs it.

Inside candle



The inside candle formation is basically the complete opposite of the engulfing formation. The second candle is formed completely inside the body of the previous candle, this formation give us a heads up that the bears/bulls are loosing steam and the market may be thinking about a reversal. This formation often happens just before a strong move or breakout.

Pin formation



The pin formation is one of my favorites, it shows huge emotion of the market indicating a sign of a reversal, in this case the bulls pushed the market high but failed to hold it so price returned back to around the open leaving a pin formation. The pin always points away from where price may be heading, the opposite is true for a bullish pin formation which would be pointing down.

These formations take some getting used to in the beginning but with a little practice you will be seeing them with ease.

I have found the engulfing and pin formations to be the most reliable out of all four so when I see this formation after the system conditions are met, I have great confidence in my trade.

Trade Examples

Let's take another look at the chart I showed you in the beginning section when we set up our charts. It is a 4 hour chart of the EURUSD.



I will start from the left and list every trade and reasons for taking it.

1. The first trade was a sell signal with a pin bar confirmation.
2. The second trade was a buy signal with reasonable pin bar confirmation.
3. The third trade was a buy signal with a inside bar confirmation.
4. The fourth trade was a sell signal with another inside bar for confirmation.
5. The fifth trade was a buy signal but not a good confirmation.
6. The sixth trade was a sell signal with an engulfing bar for confirmation.
7. The seventh trade was a buy signal with a inside bar for confirmation.

Every one of these trade would have been profitable or at the very worst one or 2 might have been stopped out at break even.

Are you starting to see the \$ signs yet?
Let's look at another chart of the EURUSD.



1. Trade one was a great setup with pin bar confirmation.
2. Trade 2 there was no good confirmation so No Trade.
3. Trade three was great with pin bar confirmation.
4. Trade four was a good setup with inside bar confirmation but stopped out.
5. Trade 5 turned out to be a good trade with pin bar confirmation but the stochastic indicator only just made it over the 20 line and the Bollinger Bands were very narrow.

So again we have 5 trades with 1 loss, 1 wasn't taken and 3 were very profitable.

Exits

Everybody exits their positions differently depending on their personality and risk level, so it is very difficult to know what exit method will work best for you.

If you are an aggressive trader then you may wish to move your stop to break even and hold the full position for as long as possible to cash in on a big move when it develops.

If you are a conservative trader you may prefer to get your stop to break even as soon as possible and take profits early at a predefined area of support and resistance.

The main thing to keep in mind are your win %, if you take profit at the same amount you risk you have to achieve a 50% win-loss ratio to break even. If you take profit at half the amount you risked you have to achieve a 66% win-loss ratio to break even.

I personally try to get my stop to break even as soon as possible and close most of my position at around the same amount I risked on the trade, this is not a set value as it depends on where the support and resistance areas are. Sometimes if I think the move is strong I will leave some of my position on and target the opposite side of the Bollinger band.

This should give you some idea of what might be best for you, experiment with different methods but always try to move your stop to break even and get a free ride as soon as you can.

Conclusion

We have come to the end of this short report on the Power Band system, this system has proven to be extremely profitable for me over the years I have traded it and I hope it will provide the same profits for you as you embark on your Forex trading career.

One of the most important keys to this system is learning to identify the candle stick formations before taking any trades. Once you get to know the formations well you will be able to spot the good formations from the bad ones giving your trades even more chance for success.

Try to take into consideration the tips given at the beginning of this report under the "Trading To Win" section, these may seem small and unimportant to you at the moment but they are a huge part of gaining consistent profits in the Forex markets.

If you have any questions then please feel free to email me, I usually reply to all emails within 24 hours.

You can contact me at the following email address

contact@10-minute-forex-wealth-builder.com

Yours in trading success

Dean Saunders



**Please Scroll Down For Some
Important News.**



Important News:

Dean Saunders recently released to the public the exact methods he uses to constantly profit from the Forex markets. These methods are not only extremely profitable but only require 10 minutes a day to trade making them perfect for anyone who wishes to trade the Forex markets while maintaining a full time day job.

For more information about Dean's [10 Minute Forex Wealth Builder Systems](#) >> [Click Here](#)

