



The Forex Infinity Pro ELITE version teaches the trader how to make the most out of the robot depending on the current market conditions.

Bull – Bear – Sideways



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What is the difference of the infinity pro and the infinity pro elite?

Answer: Scalper Mode & Main Trend Identification Mode

Scalper Mode Input Settings

Scalper mode means you are taking profit quickly from the market. This setting is more suited for sideways moving markets where the market loses momentum before getting to a decent Profit Target.

- **Profit Target Input Setting: 30**
- **Stop Loss Input Setting: 30**
- **Allow Long / Allow Short: see 'trend identification below'**

All other inputs remain the same as suggested within the Robot Installation Guide.

Traders do not need to use the scalper mode, it is more suited for the trader who wants to pocket smaller runs quickly...

The Trend Identification below can be used by itself very effectively....

Main Trend idenTificaTion Mode input settings

Professional traders regularly look at a longer term time frames than the chart they are placing their trades on to assist them see where the overall trend is. The old saying "the trend is your friend" is something you should consider.

The Infinity Pro Robot was created to trade on the 30 minute EURUSD chart. So having a quick look at the 4 hr chart you can cut out much of the noise and you gain a clearer picture of where the overall dominant market direction lies.



The Infinity Pro ELITE is an advanced version of the Infinity Pro Robot that allows manual intervention from the trader. Robots cannot do everything that a trader can, and with a little human insight they can be tweaked to perform better.

Unlike humans robots can trade 24 hrs a day, and monitor hundreds of criteria every second. They trade without emotion and always stick to the rules they have been programmed to obey.

The disadvantages of robots are that firstly they can't change their mind or reassess a situation if conditions change (unless they have been programmed to deal with that specific change). Plus they have no affiliation for Fundamental Research or news releases, market rumours etc.

Currently robots haven't evolved enough with their programming to monitor and see all the things an experienced trader would see. They can't see chart patterns that they haven't been programmed to look for, such as support and resistance levels or double bottoms, double tops, head and shoulders, or candlestick reversals, trend lines and channels.

Hardly any compare multiple time frames and the list goes on. In short a robot can't 'THINK!'

The Infinity Pro ELITE teaches the trader to look at what the 'overall trend' of the market is, and how to only take trades into that direction. The reason is that trades into that direction have a higher probability of being right. There are 3 types of market conditions; bull, bear and sideways. Both bull and bear are when the market is trending;

- bull means the market is trending upward,
- bear means the market is trending down,
- and sideways is what it states, when the market is moving through a consolidation.



If the market is in an overall up trend it makes more sense to instruct the robot to only take 'long' trades, or in an overall down trend instruct the robot to take 'short only trades, whereas in a sideways market have the robot take both long and short trades.

By identifying the current market conditions Infinity Pro ELITE instructs you how to use a couple of extra INPUTS to override the current programming of the robot to optimize the results through either; Long only trades, or short only trades.

But how do we identify which way the market is going, and identify the likelihood that the market has changed direction and to profit from the new direction. First let's have a look how we can identify the 'current' trend of the market.

If the market is rising more strongly, why not just tell your robot to take 'long' only trades, simply because the long trades are more likely to be the profitable trades during a strong bull run.



But how do you tell when the market is in a bull run?

Let's first go back and look at the construction of a bar chart.



We have the formation of each individual bar – the important prices that make up each bar are the; Open price (tick to the left), the High and Low prices, and then the Close (tick to the right).

The 'range' of the bar is the difference between the High and the Low – the length of this, combined with the Open and Close shows us the 'strength' of the market.

When the individual bars are put together they form a 'story', and it is this story that forms a picture of where the market has been, and most importantly the highest likelihood of where it is going.



Bull Market Characteristics (rising)

- 1. more bullish bars than bearish bars**
- 2. higher troughs**

Next we need to look into each of these points.

1. More bullish bars than bearish bars

What are bullish bars and what are bearish bars? Bullish bars are distinguished by two characteristics;

- Higher Highs and Higher Lows (in comparison to the previous bar)
- The Close is above the Open



Higher Highs and Higher Lows: as discussed in the Infinity Pro system manual this comparison is made to the bar previous to the current bar. In a rising market it means there is demand for that market which pushes the prices up.

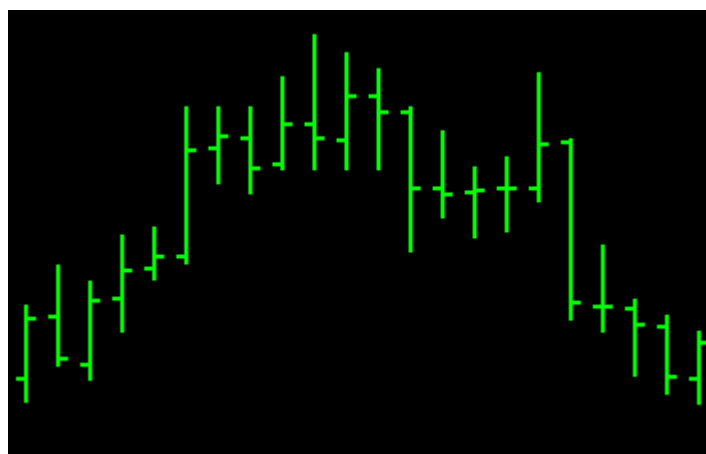
The Close is above the Open: by the closing price being above the open, it shows there again is demand for this market, and there are more buyers than sellers (bulls than bears). The session for that particular time frame closed up higher than what it opened at.

When there are more bullish bars than bearish bars, this reflects as progressive upward movement. Occasionally there will be a break with downward movement of a bar that has a lower high and a lower low, but the dominant bars in a bull market are bars moving upward.

And again most often the bars will also have the close price above the open.

In this image below you will see as the market moves upward from the left progressively, mostly with Higher Highs and Higher Lows. But then when the market starts to fall there are mostly Lower Highs with Lower Lows.

Take note of the closing prices – are they mostly above the open in the rising market? And are they mostly below the open in the falling market?





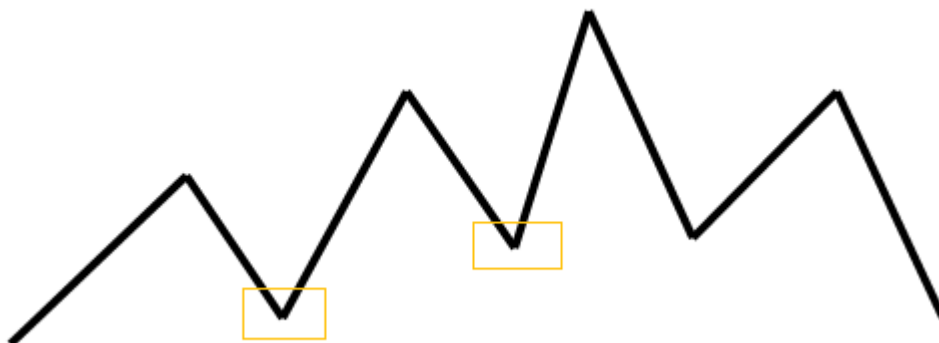
2. Higher Troughs

Peaks and Troughs in the market are natural support and resistance levels in price over time.

The troughs are the natural support in the market. In a bull market the price is progressing upward, but as it falls away the trough is the low point prior to the next rally upward again (see the orange boxes in the image below).

THE TROUGHS are more important in a RISING market.

We want to see the troughs getting progressively higher.





Bear Market Characteristics (falling)

- 1. more bearish bars than bullish bars**
- 2. lower peaks**

Next we need to look into each of these points.

- **More bearish bars than bullish bars**

What are bearish bars and what are bullish bars? Bearish bars are distinguished by two characteristics;

- Lower Highs and Lower Lows (in comparison to the previous bar)
- The Close is below the Open

Lower Highs and Lower Lows: again this comparison is made to the bar previous to the current bar. In a falling market it means there is too much supply for the market, sellers are flooding the market and lowering prices to attract buyers.

The Close is below the Open: by the closing price being below the open, it shows there again is too much supply; there are more sellers than buyers (bears than bulls). The session for that particular time frame closed lower than what it opened at.



When there are more bearish bars than bullish bars, this reflects as downward pressure. Occasionally there will be a break with an upward rally that creates a lower high before falling down again further.

Again most of the bars will have their close price below the open.

A peak is defined by a 'highest' price as the market rallies upward but then falls away lower before temporarily rallying upward again.

In a Downtrend the distinguishing point is that each new peak is lower than the previous peak. This is the majority but not always.

THE PEAKS are more important in a FALLING market.

We want to see the peaks progressively getting lower (see the orange boxes highlighting the peaks getting lower).





Market Noise

The Infinity Pro Robot was created on the '30 minute' chart, but as you can see below the smaller the time frame the more 'market noise' there is. Market noise means that it is hard to see the real 'trend or direction'.

The chart below is a snapshot of January 2009, and as you can see on the 30 minute chart there is downward movement, sideways movement and even upward movement.



However, if you look at the 'bigger picture', by looking at a bigger time frame you get more of a 'birds eye view' of what the overall trend of the market really is.

Summary

- Down trend – progressively lower peaks
- Up trend – progressively higher troughs



So here we are again looking at the EURUSD over January 2009, but instead of the 30 min chart we are looking at the 4 hour chart, and you can clearly see that the overall direction is 'down' – the peaks are getting lower.





Trend Indicator – Moving Average

Another good trend indicator is the Moving Average, especially when you place a 'slower' moving average onto your chart.

A moving average is simply an average of prices over a particular time frame. For example the moving average we will use is the 70 Simple Moving Average (SMA) on the Close. This means the indicator is working out the average of the closes over the last 70 bars, (for whatever that time period happens to be; if it were the daily chart it would be the average over the past 70 days).

The 70 SMA is a slower and much less reactive to the 'market noise'. Most of the time when the market is trending above this line it is in a Bull Trend, whereas if it is trending below this line it is in a Bear Trend.

If we pop the **70 SMA onto our 4 hour** chart, we see that for most of January 2009 the market is trending below this line.





Infinity Pro ELite rULES

Trade LONG ONLY when:

- Market is trending ABOVE the 70 SMA on the 4 Hour Chart
- And the market has broken ABOVE the first peak that is ABOVE the 70 SMA.

Trade SHORT ONLY when:

- Market is trending BELOW the 70 SMA on the 4 Hour Chart
- And the market has broken BELOW the first trough that is BELOW the 70 SMA.

This is a guide only to give you a general 'feel' of the overall market direction, so that you can switch your robot over to take either only 'long only' (up trends), 'short only' (down trends) or 'long and short' trades (sideways).

By doing so you have a higher chance of removing many of the unsuccessful trades.

On the next page you will see an example of the trader watching the overall trend of the market. These additional rules to your trading system is not laborious watching... as you can see in the image over the page the trader switches the robot over to take 'short only' trades from the 5th Jan, and does not have the 'Long only' rules met until sometime after February.



TRADING LONG:

Starting from the left in the image below the market is above the 70 SMA, so the trader would have the robot set using the INPUTS;

- 'Allow Long' = **True**
- 'Allow Short' = **False**

In late December / early January the market starts to fall down below the 70 SMA, then slightly rallies up creating a 'trough' in the market (in more of a sideways fashion, see start of the yellow line as it extends from the trough).

SWITCHING FROM LONG TO SHORT:

As soon as the market breaks BELOW the "previous trough that is BELOW the 70 SMA", the trader then changes the INPUTS of the robot to;

- 'Allow Long' = **False**
- 'Allow Short' = **True**





I have blown up the exact time frame showing when the trader is signalled to switch the robot from 'Long only' to 'Short only' and have also connected all the 'peaks and troughs' to highlight them.

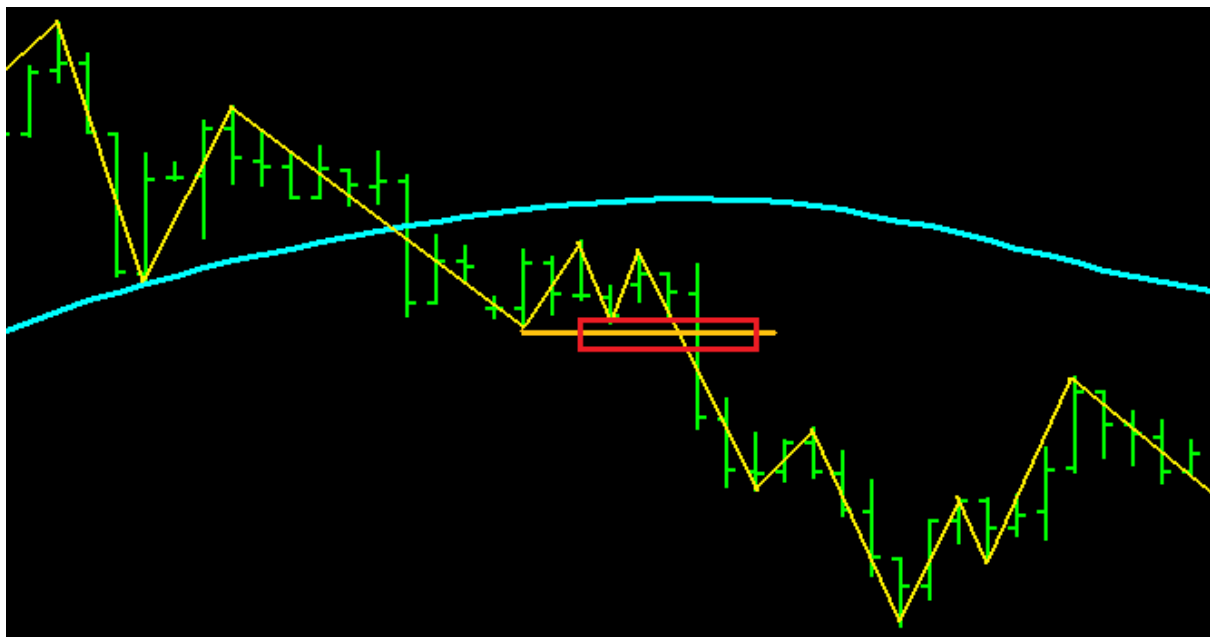
As you can see the market falls down below the 70 SMA, this is the signal for the trader to 'keep watch' for a potential switch in direction.

The market makes a low, (where the horizontal orange line starts from the left), but then it rallies upward moving slightly sideways for a short time. Once the market has created the trough by moving upward to form the 'peak' you can draw in your horizontal line.

The market finally makes a big strong bar breaking through the horizontal line of support.

This is the signal for the trader to change the robots inputs to;

- 'Allow Long' = **False**
- 'Allow Short' = **True**





Looking back at the 'bigger picture', see how the market nicely continues down in a downtrend always trading below the 70 SMA.



So when is the time to switch from Short back to Long?

SWITCHING FROM SHORT TO LONG:

This is simply the same as long to short, but in reverse.

Therefore, as soon as the market breaks ABOVE the “previous peak that is ABOVE the 70 SMA”, the trader then changes the INPUTS of the robot to;

- ‘Allow Long’ = **True**
- ‘Allow Short’ = **False**

As you can see in the image above, the market rose above the 70 SMA, fell back to create a ‘peak’ and then rallied up again but did not break above so did not fulfil the rules to switch,



and as you can see the market ended up falling again down below the 70 SMA, so the settings remain on 'Short only'.

Comparing the results

Looking into the future on our EURUSD 4hr chart the market finally fulfils the Infinity Pro ELITE rules, trending above the 70 SMA and also breaking above the previous 'peak' that is above the 70 SMA, finally fulfilling our rules on March 10th 2009, (highlighted in the blue box below).



On the next page you will see the massive difference in the results when running a strategy tester using our 'Long only' or 'Short only' INPUTS.



Taking Long & Short Trades

From 5th of January 09 to 10th March 09 the Infinity Pro Elite rules tells us to take 'Short only' trades (turning the 'allow long' to false, and the 'allow short' to true).

Here I have run the robot without using the Infinity Pro Elite rules, eg; the robot takes both Long and Short trades.

As you can see the profit is a 24% return on the initial account balance.

Bars in test	3189
Mismatched charts errors	0
Initial deposit	10000.00
Total net profit	2404.29
Profit factor	1.08
Absolute drawdown	3170.38
Total trades	80

Taking Short only Trades

But below look at the difference in the trade results starting with the same balance, over the same time frame, but this time the only change is that the robot only takes 'Short only' trades. A 130% return on initial account balance on only 44 trades rather than 80 trades.

A massive difference through gaining a little extra knowledge.

Bars in test	3189
Mismatched charts errors	0
Initial deposit	10000.00
Total net profit	13027.50
Profit factor	1.80
Absolute drawdown	1612.50
Total trades	44



Need Support ? Technical problems?

If you have technical problems, please e-mail us at:

support@forex-infinity.com

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