

## **Epsilon Megastar User Guide**

Included is the zip is this document: TradingStrategy-QuantumGlobalInc.pdf You really, really, **really** need to read it. The doc looks daunting because of its size but it is actually an easy read; over half of the pages are devoted to following a trade. It is the simplest trading system I have come across. My thanks to Miguel for sending it to me.

**The trading system summarised** – if you have read the pdf, you don't need this.

- 5 minute chart.
- Consult the D1 14 period Rsi.
  - If it is > 50, we are looking to buy.
  - If it is < 50, we are looking to sell.
- Identify the direction of the latest wave with a height of > 40 pips.
- Pull a fib over the wave, from top to bottom using the fib in the template included in the zip.
- Buy when:
  - Rsi > 50
  - A whole candle trades above the upper confirmation level
- Sell when:
  - Rsi < 50
  - A whole candle trades below the lower confirmation level
- Stop loss 50 pips
- No take profit
- With each successive wave > 40 pips, move the fib. The wave is validated by a retrace to within the retrace levels.
- Once validated, trade exit is a whole candle trading on entirely on the opposite confirmation level.

The robot adds one extra trade opening filter to the above. In addition to a whole candle trading above upper confirmation, the low of the candle previous to that (i.e. two candles ago) must be below upper confirmation – opposites for a sell. This is to ensure the robot does not take a trade at too high a level when first loaded onto the chart, but will also cause some trades to be missed.

The robot adds an extra trade exit filter to the above. In the case of a sell trade being closed after a whole candle trades above Upper Confirm, the robot makes sure the it was a rising candle, and vice versa for a buy close.

**Market conditions have changed since the trading strategy was published in 2005.**

Trade entry is magnificent, but the exit rules are no longer working. Coming to this robot soon are take profit and break even features. For now, use mptm to manage the trades.

### **A note to newbie traders**

You cannot post newbie questions in the thread. Included with the zip is a pdf called 'Basic Stuff.pdf' Read it if you do not understand any of these concepts:

- 'swing high' or 'swing low'
- trending markets
- retracements
- ranging markets

If you are unfamiliar with the way in which Fibonacci levels represent Forex support and

resistance, then Google this to read about it. It is also well covered in the trading strategy pdf.

### Setting up your chart

- Unzip 'Epsilon Megastar.tpl' to the Templates folder.
- Unzip #MTF\_Ris.mq4 and ZigZagMe.mq4 to your Experts/Indicators folder.
- Epsilon Megastar V3.mq4 to your Expert's folder.
- Close down then restart your platform.
- Open a chart and add the template to it.

Your chart will look something like this:



You can see the mtf Rsi showing the current trend.

The turquoise lines join up the extent of the swings. They are created by the ZigZag indicator, which is found in the Custom Indicators section of your Market Watch window. We are only ever interested in the most recent swing of at least 40 pips.

The fib might not be immediately visible. Don't worry, it is still there and will become visible at the next tick.

### Setting up your fib tool

- Press ctrl+B to bring up the objects window.
- Select the fib you have just loaded and click the Edit key.
- Select the 'Fibo levels' tab.
- Make a change to, say, the colour and click OK.
- From now on, every fib you pull will look like mine.

## Setting up the robot

- Open the chart you wish the robot to trade.
- Change the TF to M5.
- Right click somewhere on the chart, select Templates, then select epsilon megastar.tpl. This will add the fib and the robot to the chart; the fib will be resized in a few seconds. Make whatever changes you want to make to the robot's inputs.
- If you did not use the template to set up your chart, just leave the robot to draw the fib for you:

**Never** change the chart TF with the robot running.

## Some useful information

- You do not need the Rsi and ZigZag indis running on your chart. It is useful to have them as they show the information the robot is working with.
- You **have** to have a fib called 'Fibo' on the chart.
- At the start of each new candle, the robot consults Rsi and displays the strength reading on screen. This means the screen display will not always correspond with the indi reading. This is nothing to worry about.
- The robot will automatically adjust the fib sizes with each new relevant swing, and scroll its position on your chart.
- It is a good plan to hide as much information from the crims as possible. When you first drag the robot onto a chart it will demand that you change the magic number and refuse to do anything until you do. To change the magic number, drag a fresh instance of the robot onto a chart, make your changes to the inputs then save your set file for future use. I do this so that people are not using the same magic number; this tips off the crims that there is a good trading robot and they will take steps to stop it trading successfully.
- There are more than one version of this robot. The latest is V1. I have tried to make it clear which inputs are removed from one version, or added to another.

## Robot inputs

**Note that pip values are for 5 digit wally-plonker-dipstick-criminal accounts**, and that the robot automatically adjusts them if it detects that yours is a normal, 4 digit crim account. Holders of these 4 digit accounts have to multiply their normal inputs by 10.

**Leave the MinimumFibSize and StopLoss inputs alone until you know what you are doing.**

- **Trading mode:**
  - **TradeOriginalStrategy:** tells the robot to trade as per the strategy document.
  - **TradeEarlyEntries:** tells the robot to take trades as the market resumes movement in the direction of the trade.
  - **TradeRfking2NightMode:** this combines the Original and Early entries strategies and is the default setting. The robot waits for an Original entry signal before taking a trade. After that, it switches to Early mode to scale into your full trading position on a subsequent retrace. This is a breathtaking idea by a fantastic trader, that accommodates the changed market conditions since the

trading strategy was first published in 2005. This mode needs UseScaleIn set to 'true' to work properly.

- **General inputs**
  - **Lot:** the lot sizes you wish to trade. Make sure this is divisible by ScaleIncrement if you want to use lot scale-in. There is no 'idiot check' to make sure you do.
  - **MagicNumber:** this is the unique number that allows the robot to identify the trades it 'owns'. The robot looks at both the chart symbol and magic number to identify its trades, so you do not need a different one on every chart you trade.
  - **TradeComment:** shows up in the Comments column of your trade window and helps you identify easily, the source of the trade.
  - **StopTrading:** turn this to 'True' if you want the robot merely to move the fibs or monitor the existing trades for closure. The robot will send no more trades.
  - **GlobalMaximumTradesAllowed:** you will want to set the robot up on a number of charts, and so will need to limit the total number of open trades at any one time. This input allows you to do this. Remember to multiply this if you are using scale-in.
  - **CriminallsECN:** tells the robot that your crim is an ECN crim and sends the trade in two stages.
- **Fibs:**
  - **Trading fib inputs**
    - **RobotAdjustsFib:** turn this to 'False' if you want control over the fib yourself. The robot will not adjust the fib.
    - **RobotAdjustsFibAfterTradeOpens:** turn this to 'False' if you want control over the fib once a trade is open. The robot will stop adjusting the fibs.
    - **UseDynamicSwingCalculation:** uses Atr to calculate the minimum swing size.
    - **MinimumFibSize:** the minimum fib size you will accept. The higher this is, the wider will be your fibs. Overrides the dynamic calculation if this results in a smaller fib size than your acceptable minimum. Markets have changed since the strategy document was first published. For what it is worth, I think this:
      - Non xxxJPY pairs should have a minimum fib size of 60(0).
      - xxxJPY pairs should have a minimum fib size of 100(0). Actually, this figure is not mine. It is offered by Scooby-doo, a professional trader kind enough to offer his professional expertise to us free of charge. Only an idiot would ignore it.
  - **Medium and Higher time frame fibs:** the robot does nothing with these yet. They are included in an attempt to help manual traders. The inputs are pretty much the same as those for the trading fib, just with different names. They need ZigZagMe.mq4 in your Experts\Indicators folder; the indi is included with the zip file.
- **Stop loss inputs:** this is to guard against cataclysm only. Trades should be closed by the robot well before this is reached.
  - **StopLoss:** your pre-determined stop loss, if you do not want flexible stop calculation.
  - **UseAdaptableStopLoss:** tells the robot to calculate a stop loss based on the size of the swing. The more volatile the pair, the more distant the stop will be.
- **Trade scale-in inputs**
  - **UseScaleIn:** turn this to 'False' to disable this feature. There is a section about this, below.

- **Rsi inputs and ZigZag inputs:** these allow complete flexibility in using these. If you know what the inputs do, you do not need a description of their use. If you need a description of their use, then you do not know enough to play with them and must leave them alone.
- **Trading hours:** These are 24 hour clock settings and work on your computer's local time. The defaults allow trading all day.
  - start\_hourm = 0; morning start trading.
  - end\_hourm = 12; morning end trading.
  - start\_houre = 12; afternoon start trading.
  - end\_houre = 24; afternoon end trading.
  - **TradeSundayCandle:** this is for those of us who live in a hemisphere where the markets open on Sunday night. Trading this system on Sunday night is a seriously bad idea, so everyone should leave this set to true unless they have really sound reasons to alter it. The robot will continue to monitor open trades in case there is an exit signal.
- **Manual trading:** only works when TradeOriginalStrategy is true. Allied with manual trend setting, these allow you to use the robot purely to give you entry and exit setup alerts.
  - **ShowAlertNotSendTrade:** will sound an alert when the robot spots a trade setup.
  - **ShowAlertNotCloseTrade:** will sound an alert when the robot spots a trade setup. It might be useful to turn this off if you have to leave your computer, because the robot will then close open trades if there is an exit signal. Your manually-entered trade will need to have the same magic number as your robot uses, so use the trade entry scripts included in the zip and make sure the scripts and the robot all have the same MagicNumber input.
- **Manual trend setting:** allows you to override the robot's trend calculations. To use this function, set **OverrideRobot** to true, then select one of the trending conditions that follow. Note that MarketIsRanging is not used by the robot and may be removed.
- **Scaling out:** the opposite to scaling in. I am not sure anybody uses this, so ignore it – it is probably going to be removed soon.

## Scaling in

This means that you divide the total lot size into smaller chunks, and add the trades at selected profit levels. For example you have a buy trade and want your total lot size to be 0.4 lots, but want to send them in batches of 0.1 lot at each 20 pips profit, so:

- Trading conditions are met, so you send a 0.1 lot buy trade – trade 1.
  - If the trade fails, and hits your stop loss, then your loss is limited to 25% of what it would have been had you sent the whole 0.4 lots when opening the trade.
- Market moves to +20 pips profit, so you send trade 2, another 0.1 lot size.
  - If the market retraces and hits your stops, the first trade closes at breakeven whilst the second is limited to a 50% loss compared with sending the whole trade right at the start.
- Market moves to +60 pips profit, so you send trade 3.
  - If the market retraces and hits your stops, the first trade closes at breakeven whilst the second is limited to a 75% loss compared with sending the whole trade right at the start. At some stage during this market move, your trading system will have demanded that you move the stops of the early trades to breakeven, so in reality your loss is substantially < 75%.

- Market moves to +80 pips profit, so you send trade 4. Your full trade is now open, so you move the stops on trades 1 & 2 to lock in lots of profit, and trade 3 so that it will cancel out the loss on trade 4 if the market immediately retraces.

The upside of all this is obvious.

The downside is that a market that moves smoothly to +80 means your trade makes much less profit than had you taken out the full 0.4 lot size at the start. How often does that happen? Not often.

Imagine a buy trade. The way this robot works scaling in is this:

- Identifies the trend is up.
- Waits to identify a retrace followed by a resumption of the trend, and sends your selected part-trade.
- At each retrace/resumption, it will send the next part. The stop of each new part of the trade is the same as that of trade 1. The intention is that trades will be closed as described in the trading method section; a 'hard' stop loss is to protect against cataclysm, not to close a successful trade prematurely.
- **MinPipsToNextTrade:** this tells the robot that the market must have moved this number of pips above the latest buy trade (or below the sell) in the scaling sequence. This avoids trades being scaled at prices too close to the most recent one. This setting applies to trading the original strategy only.

## Understanding the screen feedback

Here are explanations of some of the info you will see on your screen when the robot is working:

- **Fib is valid and can be traded** or **Fib is not yet valid and cannot be traded**. A trend can only be traded after a retrace. If the correction has not finished and the new impulse started, then fib is not yet validated for trading. You will see how the market crosses through the retrace levels of a valid fib .
- **Trend:** the robot calculates the trend by consulting Rsi. Value is:
  - $\geq 55$ : trend is up
  - $\leq 45$  trend is down
  - no trend in between these two values.
- **Rsi values:** these will all be followed by 'Up', 'Down' or 'No change' in brackets. This refers to their movement since the reading at the start of the previous candle.
- **Open trade totals:** these refer purely to trades taken and managed by the individual instance of the robot.
- **Globally. Open trades = x:** where x = the total of all trades open by all instances of the robot running on your trading platform.

## Which pairs to trade?

The writers of the trading strategy give this advice on page 41 (edited).

“If you live in

- Canada: USD/CAD
- Australia: USD/AUD
- East Asia: USD/JPY
- UK: either USD/GBP or EUR/GBP

- European Union: EUR/USD
- United States: USD against the currency that you are most familiar with. (EUR, JPY, GBP, CAD, SFR).

Trading the currency that you are familiar with has lots of advantages vs. trading currencies that you have never used. For example, a person who lives in Canada remembers approximate range of CAD vs. USD during past ten years or more and has much better understanding of those currencies than average person from Japan. Principles and rules that are explained in this strategy can be used to trade any of the above currencies.”

This robot allows you to have the best of all possible worlds. Using the trading hour inputs, you can have the robot trading GU and EU during the London session, for example, and UJ during the Asian session. It is up to you to find out when the markets you want to trade are open and most active and to set up your trading times accordingly – remember the robot uses 24 hour *local* (i.e. Computer) time, not criminal time.

### **Trading updates provided by FF thread contributors**

tazman posted saying that GU is not a suitable candidate for trading this system. I asked for more detail and this is what he posted:

“for GU, definitely not my experience. Doesnt take long to see on a gu chart that this method just burns money like its going out of style. Maybe can be helped by not using such a high 'trend filter' as the daily, not sure.

But this combination of daily rsi to determine trend, and the fib levels is total nitemare on gu.

I've spent many hours looking at gu this week already, and the up/down movement of this pair just laughs at these fibs levels it seems.

Like I said, eu loved it, and hopefully some other trending pairs love it as well.

Why the author even mentioned gbpusd in the doc baffles me.

I hope you don't have gu on your live trading “

### **A note to coders**

I retain the copyright to this code, but that is a de-facto state of law. So far as I am concerned, it is open source. Coders should feel free to adapt it, pinch it, use it in their own robots. Please just respect the spirit of FF and refrain from using it in a commercial product.

Ok, that's it. I cannot think of anything to add except for this warning.

A lot of people lose a lot of money trading forex. Most people lose *all* their account deposit within anything from a few days to a few months.

This robot does not guarantee success in your trading.

Read, mark, learn and inwardly digest this:

- A trading robot is only ever 90% as good as the system it trades, at best.
- If the trading system is rubbish, so is the robot that trades it.
- You should *never* use a trading robot without having traded the system manually, live and successfully first.

Good luck. You are going to need it.