

Right, let's have a quick look at the markets at this stage. I normally don't do it on a Sunday night, because it's Sunday night round about ten o'clock pm here in South Africa. But I want to point out a couple of things.

First of all: if you look at the British Pound/ US Dollar for the last week, you see the ups and downs. That tells me that people don't now where to go with this. They're acting to the news individually as it comes out so the one 4 hours up the one 4 hours down. So there's really no direction, there's not really a rhythm. Look at the British Pound, currently the price is moving back to the 89, on Friday it came down, so the chances are very good that it will continue downwards. It looks like we have a little bit of a break of the bottom trendline there if you connect the low of the 11th of January 8:00 candle with the low of the 16th of January 8:00. It could have been a breakdown there. Let's see what's going to happen this week.

The Euro/Dollar the same Situation. Up and down, up and down around the 200sma. Indicating, ... remember that I said, that the 200sma for me is more a fundamental sort of indicator, in the sense that there's 200 x 4 hours of news voting to that and the people's decision to that 200 x 4h the way they interpreted it and the way they see it. Currently for 3 weeks we're around the 200. So they're waiting for direction. And when I see some nervousness like that I don't get involved at all. I sit on the sideline and wait for the market to really show it's colors, what it wants to do and then only if the rhythm is coming back I will get involved.

The volatility up and down is nice when you have a very short term strategy that you can use. If you haven't got one – try to get yourself one. But remember very strict rules, you have to stick to the rules and don't overtrade on your shorter timeframes, make three or four deals per day and that's it. If you've got three right, go home. Shut down your computer. On my 5min system when I traded, which I haven't done for a long time now, because I could do some trades at work but now that has been stopped, so I have to go back and look at my 5min system again, and I normally make only 3 trades. If first one is right I'm out, if one is right one is wrong I make a third one and that's it for the day, hoping to pick up 10 or 12 or 15 pips for the day.

The US Dollar/Japanese Yen is the only one that I've found that is some sort of in rhythm. It's moving off the 21, I see a little double top that's been formed on it last week, so it's going to be very interesting to see whether it's going under the 21 and it's going to come down.

The Swissy also not too bad, it closed above the 21, it pulled back to the 21 on the 17th 12:00 candle it went up but not to the 89 and now it's coming down again below the 21. So you can see there's not nice rhythm even the rules are not satisfied correctly. In that sense I feel that one has to sit on the sideline for the week and wait for the market to start doing its thing. You might say 'yes, but I'm going to be part of the move when it starts to move'. That's also true. But I will rather sit on the sideline and get in on a later stage when I know in which direction the market is going to go, as to try and get the direction and then it does not go that way.

So, just for the week to come, be very careful, wait for the market. Wait for it to show which way it wants to go. Not just 'wants to go' – 'which way it is going'. Maybe I must rephrase the words in terms of 'wants to go' ... when I say that I mean 'when it's already moved', so you know it's going to be in that direction. That's not by one 4h candle. One 4h candle does not show the direction of the market. So you if have a breakdown on one 4h candle, it's not to say that the market is going to continue that way. But when it comes back to the 21 and then starts moving away then you know that you're in business for the rhythm of the market to continue. So let's wait for it.

The Euro/Dollar .. I don't know why but I just have a fancy it's going to break through the bottom. I don't know why I'm saying it. I just have that feeling. If you look at this, there's some sort of a triangle that's been built up. There's a lot of emotion currently in the market. I see a flat bottom on that triangle, with the bottom roundabout 1.4588, 1.4590 you can make it 1.4600. At 1.4600 level, that's where support has to be found. But it has been tested a couple of times. So I won't be surprised if the side that's been tested the most is not going to hold. But if it is holding, it's going to go up to the 89. But wait for the market to give you the direction first.

I hope this week is not going to be like the last week, because it has been difficult trading this year so far. When you go into a trade don't expect huge moves. Take a 20-25 pips on one half of your

position, set the other half to breakeven. That's the way to trade now when the market is volatile the way it is. Don't think you're going to get 100 pips and risk 40 pips. Take the profit after 20-25 and then when the market shows direction the you can ease your moneymanagement on the bottom side, on the risk side.