

# **The Dance**

Trading Manual  
for the M1 Charts

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There is considerable exposure to risk in any foreign exchange transaction. Any transaction involving currencies involves risks including, but not limited to, the potential for changing political and/or economic conditions that may substantially affect the price or liquidity of a currency, the risk of settlement discrepancies, broker errors and malfeasance, outright fraud and many others.

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## **Author's Note:**

Learning to trade is a very lonely and personal thing. The journey can be extremely frustrating, is almost always a lonely journey, but is always worth it.

Rule number 1 in learning to trade Forex is that you can get everything you need for free if you are willing to do some research and some work on your own. Paying for “systems” is stupid. They are a dime a dozen and always worth less than you pay for them. Your own mind and the charts is the only thing you really need. Benjamin franklin said, “Empty your purse into your mind and your purse will never be empty!”

That is amazingly good advice. Training is worth paying for, but in Forex, you can get all you could ever want or need mostly for free. With that said, there is something to be said for paid training in that people mostly discount the value of things they receive for free and often walk right past the gold nuggets looking for pyrite (fools gold for the less informed).

For the most part I have found trading to be an arena filled with tons and tons of wannabe gurus, sheister promoters, amazingly worthless and complex strategies, systems and most importantly, “self-fulfilling prophecies.” For example, Fibonacci lines, Elliot Waves, Andrews Pitchforks, Moving Averages, Stochastics and Support/ Resistance levels all work really well because so very, very many people use them, but they often fail as well because some larger player moves the market or some other influence does.

“Round Numbers” also work very well for the same reasons although there is a solid psychological reason for this one. People tend to “round” the numbers in their lives and they do the same in trading. There is nothing magical in any of this, just plain old human psychology at work. Fear keeps people trapped and makes certain levels stronger than others. Greed does much the same just in a different way.

If you watch price action around Andrew's pitchforks, you will see the exact same sort of movement as you do around longer term Moving Averages. Nature loves a balance and people instinctively understand that.

What goes up must come down, everyone knows that! Inertia keeps moving objects in motion and resists objects at rest from movement. Everyone knows that too!

Life is filled with cycles, which scientists now call “circadian rhythm.” Night and day, rise and fall of the tides, sleep and waking, excitement and depression. Everyone knows this too!

Fractal technology is the science of how larger things are built on smaller things. Just look at a tree. One line “branches” into multiple lines and eventually we have the shape we recognize trees to have, both in branches and roots.

People have been trying to apply all these principles in differing methods to the markets from when the first market place was ever created. Just look at how long the Japanese kept records of the rice markets with candlestick charts. The same is true of the grain markets in more European areas, just not with candle sticks.

The whole point in all this is that life is built on self-fulfilling prophecies and expectancies. So are the markets, the same types of personalities that exist and make life in general so unpredictable exist in the markets as well, despite all their supposed education and analysis. It is specifically these items and “self-fulfilling prophecies” that make Forex tradeable and profitable if you learn to understand and use

them effectively. Also, each person is built different and different “self-fulfilling prophecies” will work for them because they have a tendency to see and recognize them based on their own personalities.

Trading is no more difficult than finding one or more of these that you can understand, “see” clearly on a chart and trade effectively. It's really more like a dance, poker or a video game than anyone wants to admit. You can make it a lot more difficult and complex than this, but you do so at your own peril and cost and it **WILL** slow down your learning curve by years.

There is an old country western song that says, “One step forward and two steps back, no one gets very far like that.” BUT, that is not really true.

In a dance there are two partners. One leads, one follows. For the most part the “male” leads and the “female” follows. She is traveling along in the dance just as fast as he is, only she is doing it backwards! She is also taking all of her “cues” from “him” and doing it in high heels most of the time. Without both partners there would be no dance.

In trading, the market is ALWAYS the “male” and traders are ALL “female” taking their cues from “him” AND, they must do it in response rapidly and backwards.

If one over analyzes a dance technique they mess it up, the “flow” of the dance often suffers because of it and sometimes they even get hurt. If they don't understand the cues the same thing happens, only often it's worse. Trading is no different. So, learn to dance. Learn to take cues from the market and just have fun! If it's too exciting, you're taking far too large of a risk in trading. If it's sort of boring, you probably have it right and you can begin to focus on your “partner” and learn to have fun.

### **Credit where Credit is Due!**

This strategy is a combination of two main strategies that I greatly admire. The first is trading Moving Average bounces which Josh Ford taught me. Second is James16 for his thread on Price Action Bars at ForexFactory. Lastly I learned about “Round Numbers” and their effects reading Jacko's Thread also on FF. Jacko evidently turned out to be a scammer, but his stuff about “Round Numbers” really helped me a lot. If that bothers you, get over it. You can learn as much from a thief as you can from a professor if you're a good student.

All I really did was to listen attentively to what Josh taught me and document many of the “nuances” of trading Moving Averages the way he does it. It is amazingly powerful!

### **A Word About Idiots and Neanderthals**

This strategy was originally posted to ForexFactory with the intent of it being a “for free” trading strategy. Nothing was ever asked for in return and no offers were ever made in regards to its use, training to use it, and the Author NEVER EVER trades ANY managed accounts for anyone. There is no need to.

Still, for some reason a few decided that the Author's “writing style” was similar to some idiot who supposedly defrauded some on that forum by trading managed accounts. Though I am not familiar with the story, let me say this. ANYONE who EVER gives their hard earned cash to a stranger they meet on an Internet forum for trading or even in the “real world” in “real life”, is as much of an idiot as

the person doing the trading is. BOTH of them are really stupid and both get what they deserve ultimately.

With that said, the Neanderthals on ForexFactory, without any evidence of any kind, and the lame brained site administrator who admitted in his post banning the Author that he had NO hard evidence of ANY kind, still destroyed the teaching of a very solid and free strategy to many who really needed that free teaching.

The strategy is still there in the “Recycle Bin” if you want more information on this basic set of rules at the following link and a trader using the screen name of Kostas1 has taken it upon himself to continue the original work, with this Author's approval. THIS manual is probably posted on his thread to keep my word that I would re-work it a bit and to assist him in his efforts to continue the work teaching The Dance.

The Dance is here: <http://www.forexfactory.com/showthread.php?t=224697>

Kostas1's “Choros” thread is here: <http://www.forexfactory.com/showthread.php?t=236210>

Disclaimer: The Author of this manual has no relation to the trader known as Kostas1, and is NOT responsible in ANY WAY for what is taught on that thread and accepts NO liability in any way, shape, form or fashion for what occurs on that thread.

### **What this manual DOES NOT cover.**

This manual's purpose is to clean up and simplify a bit some of the rules and the basics of The Dance forex trading strategy. **It is NOT a “system”** and requires the reader to actually learn to trade. But the rewards for that learning are staggering indeed with an average of +3% to +4% increase daily possible until the account becomes large enough that liquidity becomes an issue. Even then, consistency is not only possible, it is probable if the rules are followed.

IT DOES NOT include long discussions of “advanced” rules though some are alluded to in the sections where using “Wicks” is mentioned and others.

YOU can also figure out the advanced rules simply by their names IF you are willing to spend some time in the Simulator and in trading Demo for a while

**WARNING!!:** The “advanced rules” are NOT necessary to make solid and large returns. If you insist on them, you should re-evaluate your reason for wanting them. The basics really are enough.

The Advanced Rules, if I ever decide to make them public; after my experience at teaching for free at FF, are Using Daily Wicks (for entries and exits), Using Hourly Wicks and Long Wicks (for entries and exits, Home On The Range (trading ranging markets), Scooped Up (trading strong reversals) and Playing Ping Pong (learning to trade the “ping pong” area on the H1, D1 and very, very rarely the M1 charts.)

There are a few more, but I'm doing THIS revision exclusively to simplify The Dance it's self, make it more easily tradeable and to provide more trading opportunities for those who are a bit more impatient.

I still DO NOT know what I am going to do yet, after the fiasco at FF, but I will just keep mastering my strategy, making money and learning and helping FOR FREE, a few who have asked me to help. I WILL NOT be accepting anyone to mentor (which is also FREE when I do it).

## **The Secrets of Trading**

Everyone wants to know the secrets of trading. They are pretty simple really and the true secrets have absolutely NOTHING to do with a particular strategy. They ARE about YOU personally and how YOU operate in life. That is the main reason no one wants to believe them and why they remain “secret.” These secrets are hidden in plain sight for all to see and learn freely. It is other people who want to make money trying to sell you some great system or strategy that supposedly they alone have been able to figure out that cause all the confusion in trading. Supposedly their “system” allows them to unlock the “secrets” of trading consistently and profitably.

So, in this first part of the manual, I'm going to list the most profitable secrets there are anywhere of trading successfully. The secrets are as follows.

### **Secret #1: Stick to ONE strategy.**

Find a strategy that makes sense to you and stick to it and it alone like a faithful wife and master it. This is probably the single greatest secret in all of trading. Master ONE strategy. There are no “systems” only strategies that work if you master them. If you jump around from one to another you will never master anything and be forever locked in the sucker's dream of “the system” or the “Holy Grail” of trading. The truth is, all strategies work for the ones using them if they will learn to master them.

“The Dance” is just another strategy. It is not a secret system, it is not a system at all really, but I personally believe it is much simpler to learn and master and that it can, if used properly, work in all markets and on all securities, not just FOREX.

### **Secret #2: YOU are the main secret in trading.**

You are the greatest secret in trading. You have been gifted with the fastest computer known to man at your birth and you have the ability to learn, adapt and modify everything you see and come into contact with. The way you “see” things is very different than the way other's “see” things. That is how “The Dance” came to be. I “saw” something in the interplay of some moving averages that I had never read about, but it made sense to me immediately and I began to explore it and practice what I “saw.” It works and it works for anyone and everyone who uses it and the simpler you keep it, the more powerful it is. If you can master “you” and your emotions about trading (talked about in another of the “secrets”), you WILL become successful. And that leads us to secret #3.

### **Secret #3: Simpler is better.**

Simpler is always better. The more complex a strategy is, the harder to learn it will be and the easier it will be to make mistakes that will shake your confidence, slow you down and cost you, possibly, years in mastering trading. Having more lines on a chart has no more value than having one. Personally I find three optimal to give me all the information I could possibly need to trade with in a visual fashion. All indicators are just more lines displayed differently that re-hash the same basic information found in moving averages. Anyone who says differently probably has a “system” to sell you.

### **Secret #4: Accept the “numbers game” view of it.**

Mastering trading is not hard. It's just an issue of accepting the “numbers game” of it all. All things have a “probability” ratio or a “numbers game” that creates the success of the effort. Whether it's sports, industry, sales or trading, there is a “numbers game” behind it all. The more you can find an “edge” something you can exploit, the faster you will become will become consistent at your effort and

that consistency leads to success.

**Secret #5: Master yourself, master your trading.**

Your own emotions are the only real “enemy” in all of trading. Brokers who manipulate price feeds cannot defeat you. Market makers who charge large spreads cannot defeat you. The news cannot defeat you. Changing markets cannot defeat you.

**Greed** will decimate your accounts, crush your strategies, kill your dreams and add years to your efforts in trading. Greed is extremely deceptive. It's not wanting to have large accounts, it's not wanting to be wealthy. In trading, greed is none of the normal things you are taught it is. In trading, it's wanting to get that next point when the strategy says your done. It's wanting 30 points when the strategy's rules say 15 is enough. It's wanting to swing for the fences on every single trade. Greed is not being willing to take it slow and allow it to grow. It's not allowing compounding to work and wanting to have it “now.”

**Fear** will kill your trading and add years to your effort of being successful. The rules of any strategy are desined to take the emotions out of your trading. Allowing yourself to “second guess” the rules is fear. Not taking a trade instantly on the signal is fear. Exiting a trade before the rules call for is fear. Anything that keeps you from following your rules is fear and it short circuits all of your efforts and all of your training and adds years to your trading and robs you of success. You must eliminate it from your trading.

**Revenge** will destroy you as well. You are not the target of any great conspiracy and the market couldn't care less about your trade or your position. The brokers may want you to be a victim, but trading out of a desire for revenge will skew your thought and twist what you “see” on the charts. It will defeat you as will greed and fear.

**Arrogance** will destroy you just as fast as either of these others. Trading from the perspective of any emotion will kill your trading. Arrogance will do it just as fast as greed, fear or revenge. You are NOT mistake proof. Even IF you believe you have mastered a strategy, any strategy you will still make mistakes. Arrogance will lead you to even bigger mistakes, then to revenge to try to make up for it, then to greed to try to get “just a little more” so you can earn back what you lost.

**Secret #6: There are no makeup trades.**

Trade each trade and each session as if it were the only one. Yesterday is gone and does not deserve to be remembered in trading. The only thing that exists in successful, consistent trading is the trade you are about to place. Make it the best on possible and forget the past so your emotions don't have a place to take hold on you.

**Secret #7: Persistence and attitude will overcome everything.**

If you believe you can do this, you can. If you do not believe that, quit now. Nothing can stop or defeat you but you. That is true of everything in life, not just trading. It does however apply specifically to trading. Never ever listen to anyone who says you can't trade.

**Secret #8: If it's not boring, you are NOT trading correctly.**

Trading is a very lonely business for the most part. People love to do things in groups. Trading is extremely personal. People love excitement and things that are interesting. SOLID trading is exceptionally boring and lonely. One of the hardest battles you will fight is to just trade and not try to “fix it” or “improve it.” This strategy works day in and day out. In fact, if you learn to take only the “perfect” signals, you will make more money in the good points of price movement than you ever



would trying to “fix it.”

If you earned 3% to 10% per day during the SOLID price movements and entries, and avoided the sideways days alone, you could become wealthy in a single year starting with as little as \$100.00. The power of compounding, combined with solid entries would take \$100.00 to over \$600,000.00 in 300 days of trading. This assumes that you make some good trades and some bad trades but average only 3% per day. Averaging 5% per day would take you to over several million.

There are those who would like to try to tell you it's not possible, but it is and the most difficult part is it's boring.

### **Secret #9: Some days you just have bad days !**

Every single athlete of any sport in any age has faced the “grimlins” of a bad day when for no apparent reason, someone whose skill and physical prowess are not even close simply trashes them. There are no reasons, no rationales, no analysis that can stop it. It will happen, but you can limit it! Trading is no different.

This is the reason for rules. They are to supersede your mind, instincts, emotions and all of your efforts to overcome it, which runs counter to everything we have ever been taught in life. STOP! Walk away when you start violating ANY rules, ESPECIALLY the 5 trades and STOP or the TWO LOSS and STOP rules!

LEARN to limit your arrogance and pride of how good you have become, or how good your strategy is. LEARN to limit your losses! Follow the RULES!

## **Modified for M1 Trading!**

This manual has been modified to allow for trading on M1. I have left in many of the M15 images for illustration purposes ONLY as I didn't want to waste a lot of time going over ground already covered in previous versions of the strategy.

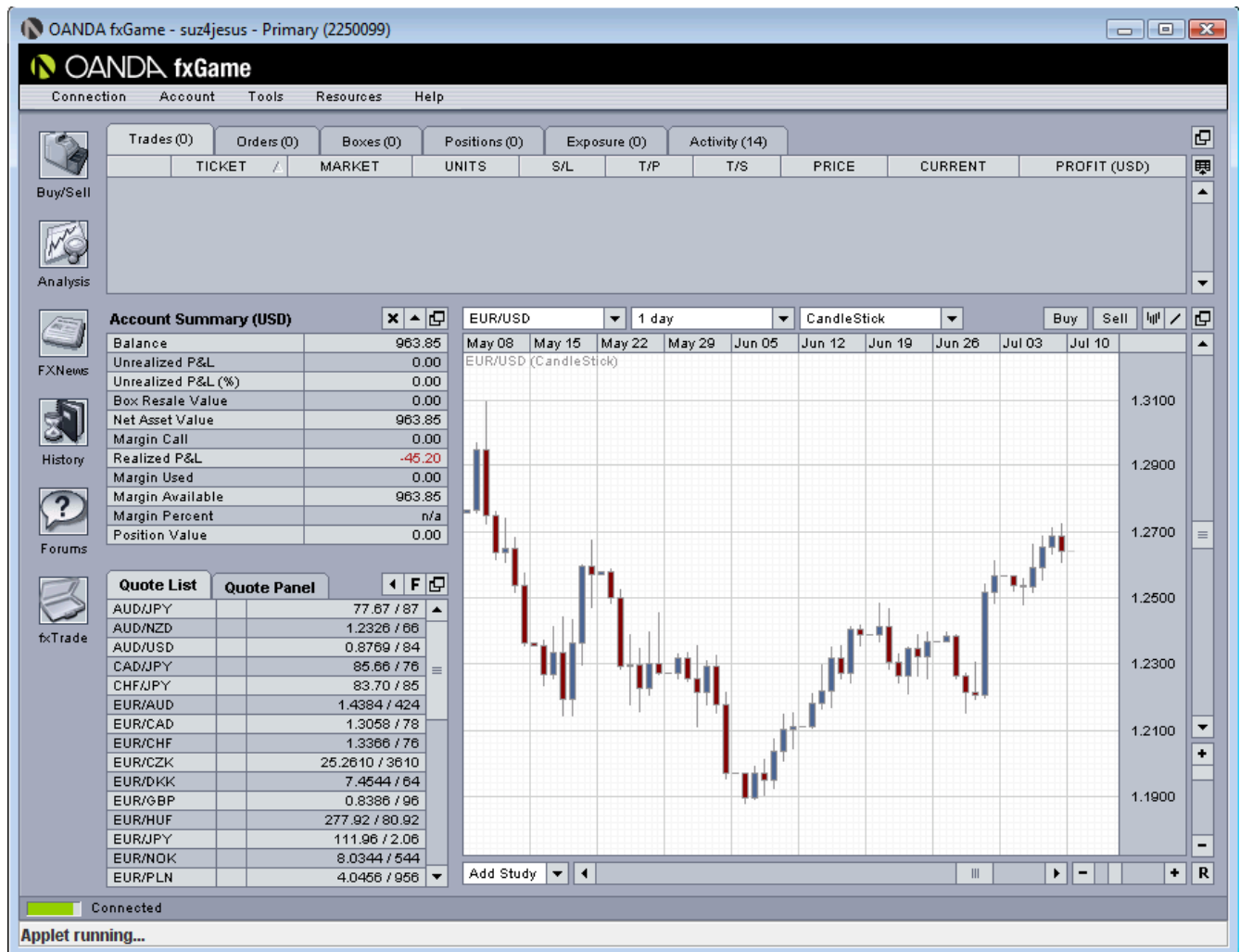
M1 is a good way to “milk” moves, but it is VERY fast trading and not for the feint of heart. BE CAREFUL.

## Part Two Begins

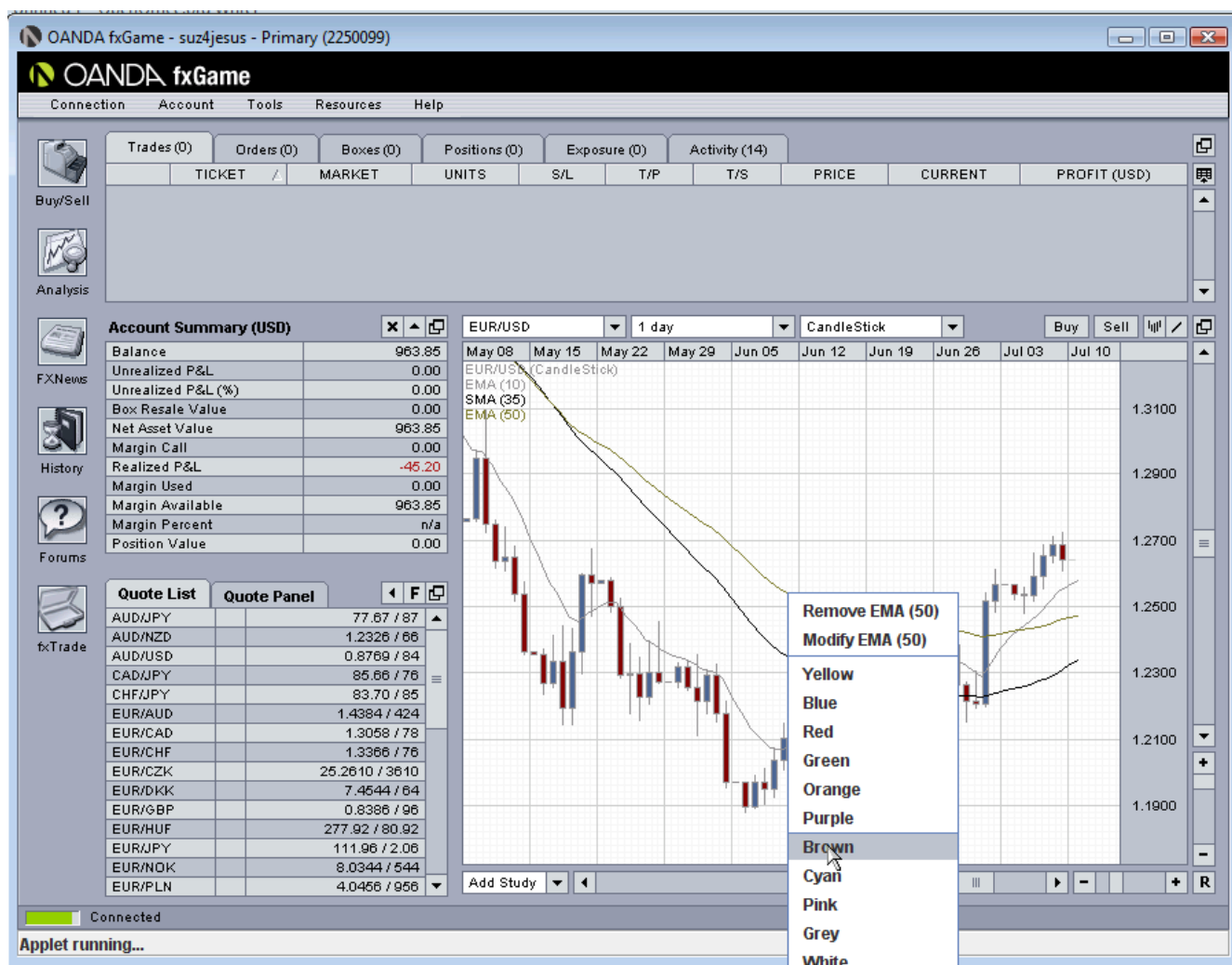
### Oanda Charts

This is the process for setting up Oanda the way I have it setup.

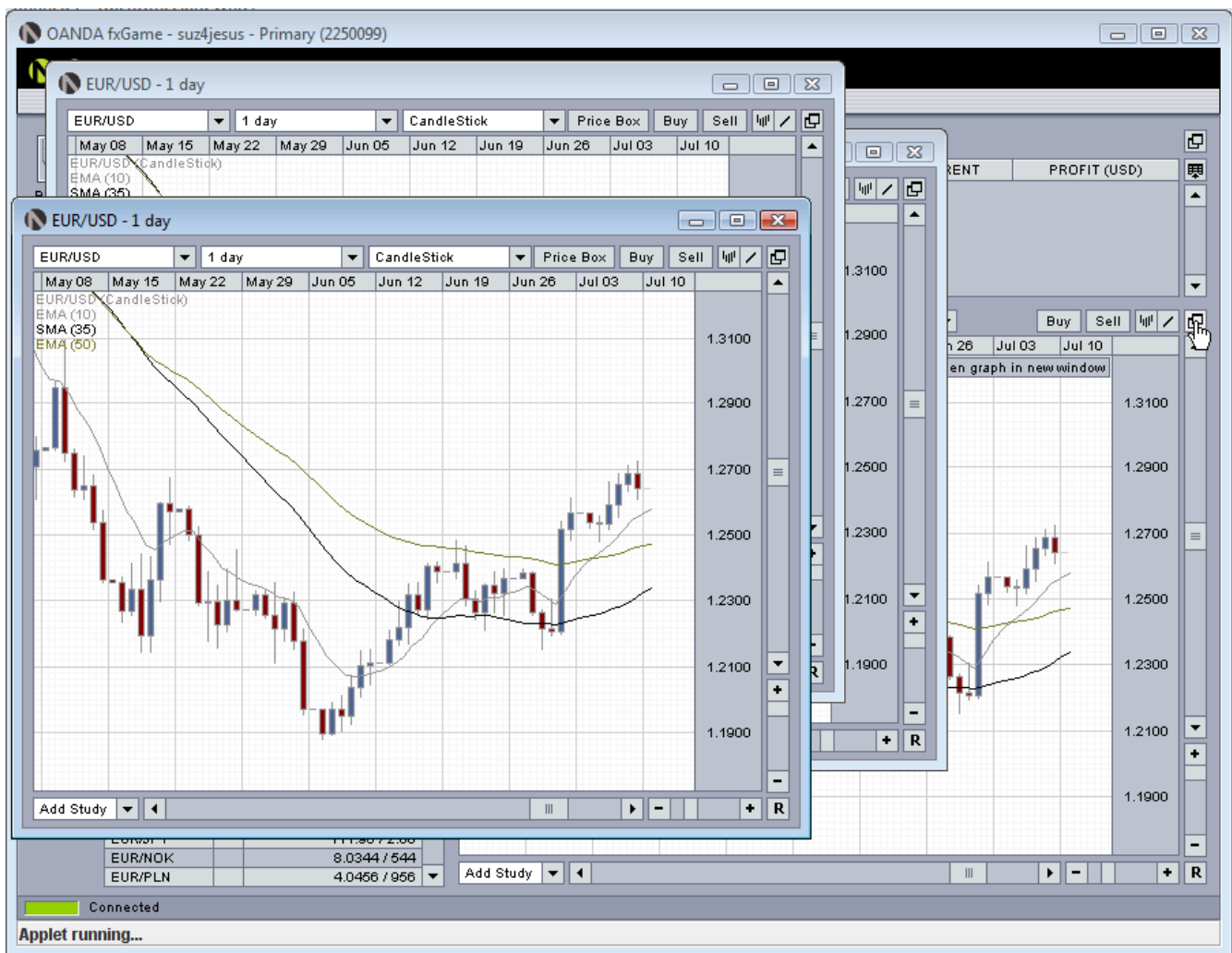
Open the platform and login and you will see this screen first.



This is the basic setup and from here you have to start to “customize” the way you want things to work. First, apply the three lines of The Dance by clicking the “Add Study” drop down list at the lower left of the chart window and add the 14 EMA, the 35 Sma and the 50 Ema in that order, then right click each and apply a color you like to each as seen in this next screen.



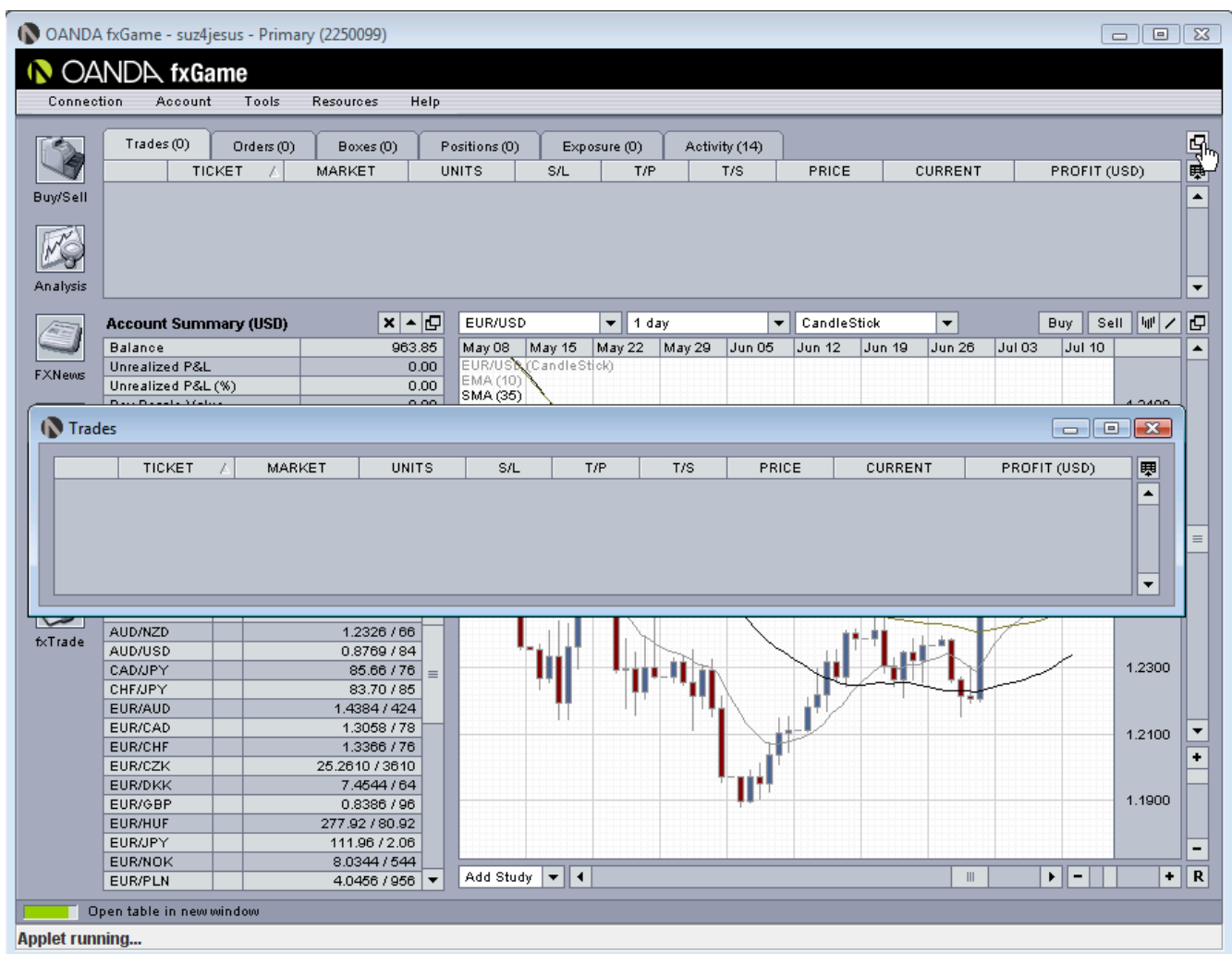
It's pretty intuitive up to this point. Then once that's done, you can start to setup your trading “setup” as you want it. Then click the little “double box” icon at the top left of the chart area and you can open three exactly same windows which you can then drag and re-size to fit the screen the way I set mine up. Here is a look at how that happens. Each window you create you must “drag” out of the way so you can create the next of the three as seen here below.



Once you have the tree created, drag and drop them and re-size them so they look like this and leave about an inch at the bottom of the screen as we will be using that in a minute as well, as seen here below. After dragging and re-sizing, you can then select the time frame for each window as seen, then the currency from the appropriate drop downs as seen below as well.



Once this is done, you will need to find the original window, which you NEVER close as it will shut down the entire application. In that window, there is a place at the top where your “live” trades appear and there is a “double box” to open that as well so you can place it at the bottom of the newly re-sized windows, completing the “look” and the ability to close all open trades (unfortunately, one at a time) if need be as seen here below. The little thin window in the center is the one you will be moving to the bottom of the setup for trading.



Once created, drag into place and stretch it across the bottom like I do as seen here.



This completes the “setup” of the trading are like I use it when I use Oanda. Then go back to that main window and click “Tools” then “Save Current Profile” so the setup will always load this way for you. Below is a screen shot of that menu item to click.

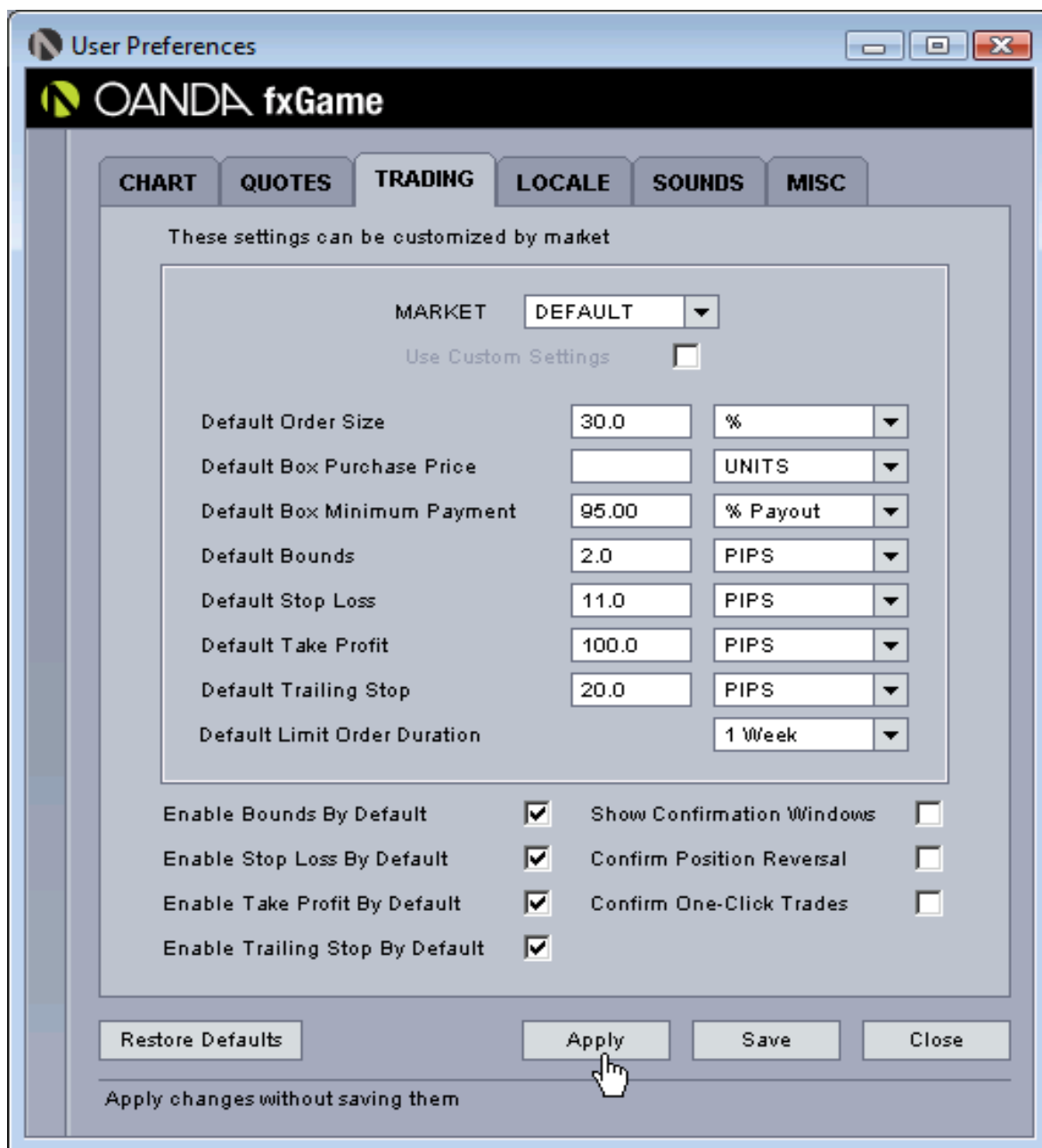




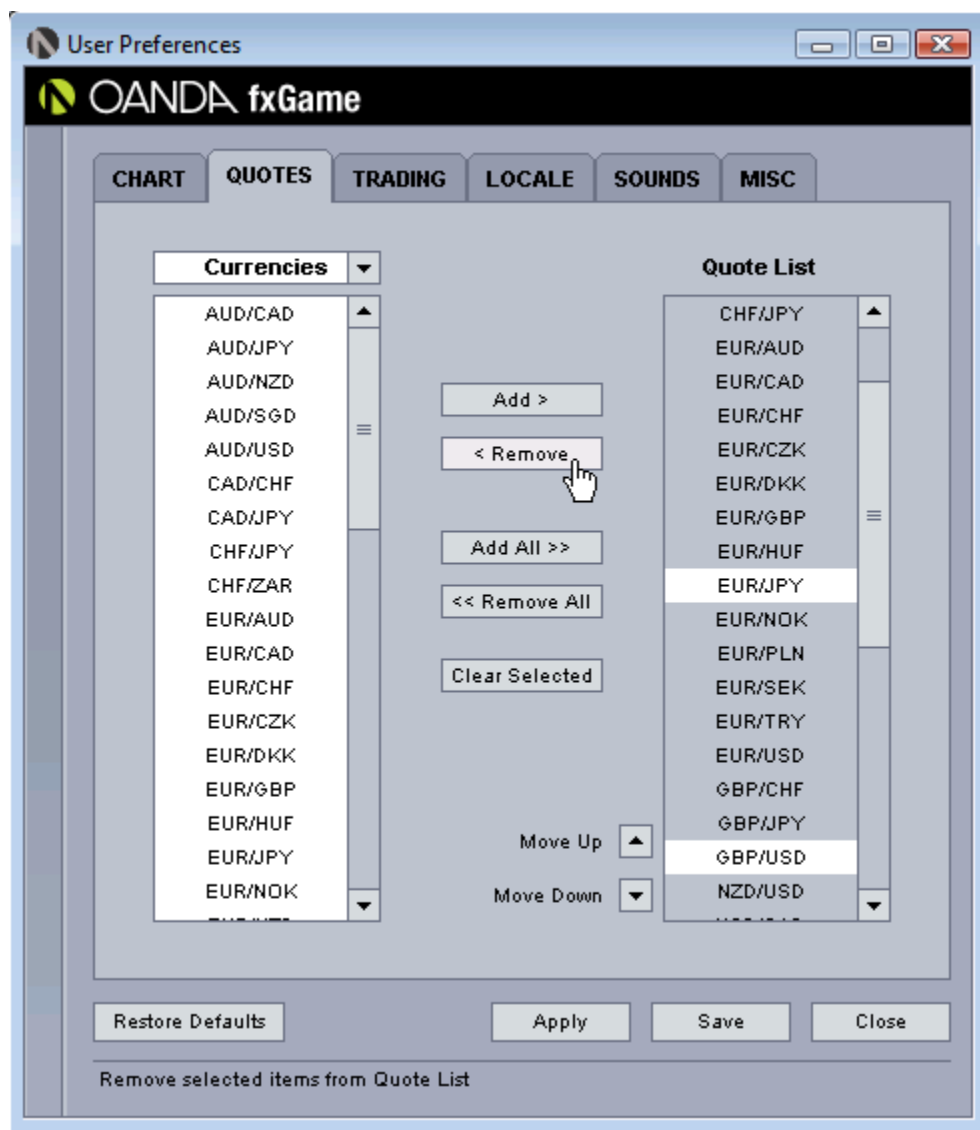
From there, you will need to modify the newly created window so you only see “Pips” and you can also delete anything else you don't want to see by clicking the little “grid” icon which then pops up a window where you can choose what to display as seen here. Uncheck “Profit USD” and check “Profit Pips” and perhaps “Profit %” if you want to then you will know the % of your profit each trade by account size. I don't use that feature, but I may start.



Once this is finished, click close and then re-save the current profile as you did above. Next we go to the “User Preferences” section and set the actual trading amounts and with Oanda, I always traded a “%” of the account and I will show you how I set mine, you can set yours however you want to. Go to “Tools” and click “User Preferences” from the drop down and this window will appear, I have already checked it the way mine is setup for the “Trading” section. You can play with the others later after you learn to use this to trade with.



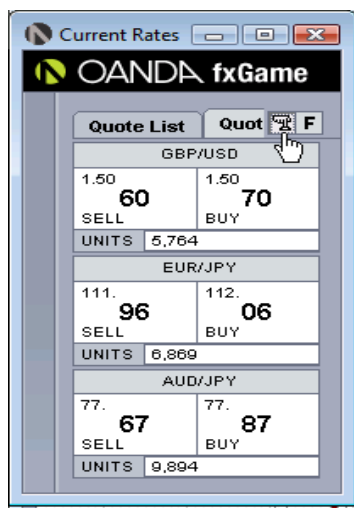
Once your's looks like this, then go to the Quotes tab and and remove all but the GU and EJ and perhaps AJ currencies as shown below. Then click Apply and Save and the quotes window we deal with next will look right with the right currencies in it and this box will disappear. Here is how to do the removal,, just highlight all the currencies you want to remove and lick the correct arrow as seen. Click on each currency ONE TIME and it will stay highlighted until you select all the ones you want to remove then click "remove" as seen and then apply and save as explained.



Now there is only one thing left to do, click and set the “Quotes” window itself so you can use it for “one click” trades. Go to the main window again and select the little double box again next to the “Quotes” area and it will open in a new window you can then drag and resize as the others to complete the entire setup and you're ready for trading. You can see below the two images that complete this step. You may also re-order the currencies to GU is on top, then EJ next and AJ last by clicking the currency then the “up” or “down” arrows as seen above.



The Quotes window will open in a new window then you can minimize the main window for the last time before saving the current profile one last time. And you can then drag and resize the window as seen. Once you have it the size and location you want, click the “Quotes” tab, then the little funny looking icon my mouse is on in this screen shot and then the second image is how your setup will look. This will allow “one touch” entries and “set” your compounding for this session.



Second image is below.



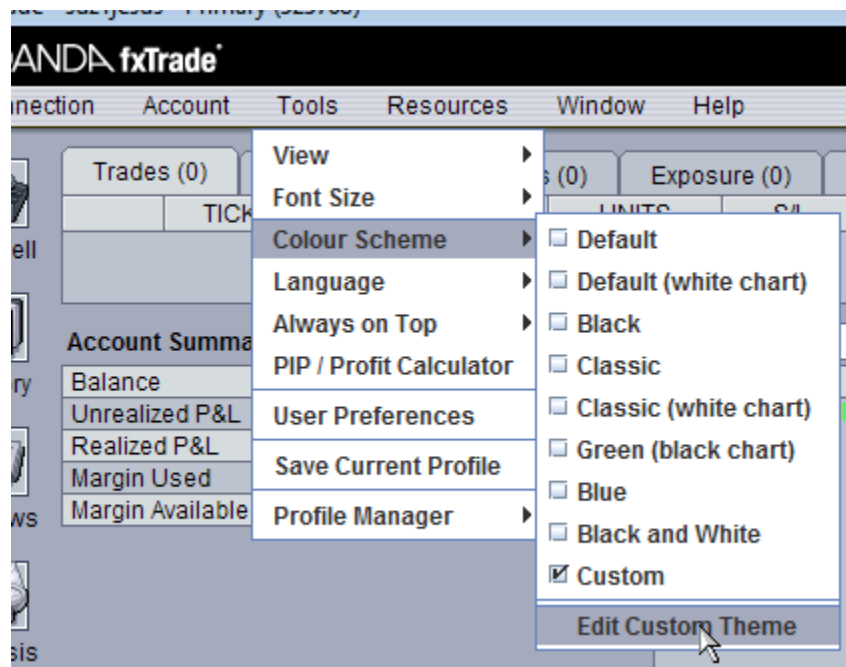
The above image shows what it will look like when you click on a “Sell” for a one click trade. It does the exact same with a “buy” trade and it will place the SL and TP and the trailing SL immediately. NEVER trade without a SL in place as they do not have a trading desk of any kind. THEY DO have excellent live chat at all times the trading is going on. But you will, from time to time notice some “outages” on the platform, but they do a great job of customer support even at that and the spreads are so small it's worth learning and putting up with the issues that do come up, in my humble opinion.

Once it's setup, play with it until you're comfortable with it. The trades are near instant and the spreads are really low. 2 pips on both GU and EJ except at news times when it widens a lot (10 pips or more at times), so be VERY careful around news time.

NOTE: if you leave the instant one click window alone once you open it, it WILL NOT compound on every entry, only if you close and re-open it. This is very important if you want to follow this strategy and not run the extra risk of instant compounding.

## Oanda Color Scheme Settings

It took me a long time to figure out how to make Oanda look like my Metatrader chart templates did. You have to use the Custom color scheme and learn to edit it. The first screen shot below shows where to find it. The following series after that show the settings on my “Custom” color scheme so it looks like my other Metatrader Charts.



Settings:

Theme Editor

NAME	EXAMPLE	R	G	B	HEX	LINK
Background: Account Summary Title		161	170	186	A1AABA	Background: Default
Background: Dark		145	154	170	919AAA	
Background: Default		161	170	186	A1AABA	
Background: Relief		187	194	206	BBC2CE	
Background: Splash		187	194	206	BBC2CE	
Background: Title		0	0	0	000000	
Border: Dark		51	51	0	333300	
Border: Default		106	114	131	6A7283	
Border: Light		240	240	240	F0F0F0	
Border: Title		0	0	0	000000	
Button: Arrow		0	0	0	000000	
Button: Arrow Disabled		161	169	183	A1A9B7	
Button: Background Colour		214	217	223	D6D9DF	
Button: Disabled Colour		192	199	209	C0C7D1	
Button: Down Colour		214	217	223	D6D9DF	
Button: Expansion Border, Default		234	235	238	EAEBEE	
Button: Expansion Border, Mouse Over		255	255	255	FFFFFF	
Button: Over Colour		234	235	238	EAEBEE	
Button: buttonDisabledRelief		196	202	212	C4CAD4	
Button: buttonDownRelief		187	194	206	BBC2CE	
Candle: Falling		0	0	0	000000	Background: Title
Candle: Rising		0	0	0	000000	Graph: Curve - Black
Checkbox: Background		255	255	255	FFFFFF	General Color: White
Checkbox: Bottom Right		204	204	204	CCCCCC	
Checkbox: Click Background		204	204	204	CCCCCC	Checkbox: Bottom Right
Checkbox: Image True		119	119	119	777777	
Checkbox: Selected		106	114	131	6A7283	Border: Default
Checkbox: Tick		0	0	0	000000	General Color: Black
Checkbox: Tick (Partially Enabled)		126	134	151	7E8697	
Checkbox: Top-Left Inside		51	51	51	333333	

Restore Defaults

Reset

Apply

Save

Close

Close this window without saving changes



NAME	EXAMPLE	R	G	B	HEX	LINK
Checkbox: Top-Left Outside		119	119	119	777777	Checkbox: Image True
Connection Quality: Disconnected		255	0	0	FF0000	General Color: Red
Connection Quality: Fair		255	200	0	FFC800	General Color: Orange
Connection Quality: Good		146	206	0	92CE00	
Connection Quality: Poor		255	255	0	FFFF00	General Color: Yellow
Connection Quality: Worst		170	34	34	AA2222	
Font: Background		161	170	186	A1AABA	
Font: Current Rate		0	0	0	000000	General Color: Black
Font: Emphasis		0	0	0	000000	
Font: Emphasis Disabled		145	154	170	919AAA	
Font: Graph X Axis		0	0	0	000000	General Color: Black
Font: Graph Y Axis		0	0	0	000000	Font: Graph X Axis
Font: Inverse Text		0	0	0	000000	
Font: Label		0	0	0	000000	
Font: Label Disabled		145	154	170	919AAA	
Font: Menu		0	0	0	000000	
Font: Menu Disabled		145	154	170	919AAA	
Font: Menu Inverse		0	0	0	000000	
Font: Negative		170	34	34	AA2222	
Font: Table		0	0	0	000000	
Font: Table Heading		0	0	0	000000	
Font: Text		0	0	0	000000	
Font: Text Disabled		145	154	170	919AAA	
Font: Title		0	0	0	000000	
Font: Title Disabled		145	154	170	919AAA	
General Color: Black		0	0	0	000000	
General Color: Blue		0	0	255	0000FF	
General Color: Brown		192	128	0	C08000	
General Color: Cyan		0	255	255	00FFFF	
General Color: Dark Yellow		178	178	0	B2B200	

Restore Defaults

Reset

Apply

Save

Close

menu text colour

NAME	EXAMPLE	R	G	B	HEX	LINK
General Color: Dark Yellow		178	178	0	B2B200	
General Color: Gray		128	128	128	808080	
General Color: Green		0	255	0	00FF00	
General Color: Navy		0	0	102	000066	
General Color: Orange		255	200	0	FFC800	
General Color: Peach		255	154	52	FF9A34	
General Color: Pink		255	175	175	FFAFAF	
General Color: Purple		255	0	255	FF00FF	
General Color: Red		255	0	0	FF0000	
General Color: White		255	255	255	FFFFFF	
General Color: Yellow		255	255	0	FFFF00	
General: Group Title Background		161	170	186	A1AABA	
General: List Rows - Even		187	194	206	BBC2CE	
General: List Rows - Odd		214	217	223	D6D9DF	
General: Progress Bar		110	200	255	6EC8FF	Price Ticker: Buy
General: Tooltip		255	255	191	FFFFBF	
Graph: Ask Color		214	217	223	D6D9DF	
Graph: Background		187	194	206	BBC2CE	Background: Relief
Graph: Bid Color		214	217	223	D6D9DF	
Graph: Border		106	114	131	6A7283	
Graph: Candle Line		51	51	51	333333	Checkbox: Top-Left Inside
Graph: Current Price		51	51	0	333300	Border: Dark
Graph: Curve (Ichimoku) - Blue		0	0	255	0000FF	General Color: Blue
Graph: Curve (Stochastic %D)		0	0	0	000000	Button: Arrow
Graph: Curve - Black		0	0	0	000000	General Color: Black
Graph: Curve - Blue		104	147	217	6893D9	
Graph: Curve - Brown		192	128	0	C08000	General Color: Brown
Graph: Curve - Cyan		0	255	255	00FFFF	General Color: Cyan
Graph: Curve - Dark Yellow		178	178	0	B2B200	General Color: Dark Yellow
Graph: Curve - Gray		128	128	128	808080	General Color: Gray

Restore Defaults

Reset

Apply

Save

Close

Graph current price color (bid/ask/average dotted line)



NAME	EXAMPLE	R	G	B	HEX	LINK
Graph: Curve - Gray		128	128	128	808080	General Color: Gray
Graph: Curve - Green		0	255	0	00FF00	General Color: Green
Graph: Curve - Orange		255	200	0	FFC800	General Color: Orange
Graph: Curve - Pink		255	175	175	FFAFAF	General Color: Pink
Graph: Curve - Purple		255	0	255	FF00FF	General Color: Purple
Graph: Curve - Red		255	0	0	FF0000	General Color: Red
Graph: Curve - White		255	255	255	FFFFFF	General Color: White
Graph: Curve - Yellow		255	255	0	FFFF00	General Color: Yellow
Graph: Fill Color		106	114	131	6A7283	
Graph: Mouse Horizontal		151	162	187	97A2BB	
Graph: Mouse Vertical		151	162	187	97A2BB	
Graph: Pivot Default		128	128	128	808080	General Color: Gray
Graph: Pivot Resistance #1		0	0	255	0000FF	General Color: Blue
Graph: Pivot Resistance #2		255	0	0	FF0000	General Color: Red
Graph: Pivot Support #1		255	255	0	FFFF00	General Color: Yellow
Graph: Pivot Support #2		0	255	0	00FF00	General Color: Green
Graph: Red Blue Rising		0	0	255	0000FF	General Color: Blue
Graph: Stop Loss		200	50	50	C83232	
Graph: Take Profit		0	51	204	0033CC	
Graph: Trailing Stop		255	200	80	FFC850	
Graph: X Axis		214	217	223	D6D9DF	
Graph: X Major Color		187	194	206	BBC2CE	Background: Relief
Graph: X Minor Color		187	194	206	BBC2CE	Background: Relief
Graph: Y Axis		187	194	206	BBC2CE	
Graph: Y Major Color		187	194	206	BBC2CE	Background: Relief
Graph: Y Minor Color		187	194	206	BBC2CE	Background: Relief
Indicator: Buy Stop Loss		176	70	20	B04614	
Indicator: Buy Take Profit		7	219	39	07DB27	
Indicator: Sell Stop Loss		176	70	20	B04614	
Indicator: Sell Take Profit		7	219	39	07DB27	

Restore Defaults

Reset

Apply

Save

Close

Graph take profit color

NAME	EXAMPLE	R	G	B	HEX	LINK
Indicator: Sell Take Profit		7	219	39	07DB27	
Margin Alert: Text Color		0	0	0	000000	General Color: Black
Margin Closeout: Warning Background		249	250	188	F9FABC	
Menu: Background		255	255	255	FFFFFF	
Menu: Highlight		161	170	186	A1AABA	
Menu: Line Dark		198	202	209	C6CAD1	
Menu: Line Light		216	219	225	D8DBE1	
Menu: Menu Highlight Relief		187	194	206	BBC2CE	
Menu: Menu Item Highlight		198	202	209	C6CAD1	
Menu: Menu Over Line Dark		150	160	176	96A0B0	
Menu: Menu Over Line Light		164	172	188	A4ACBC	
Menu: Menu Relief		234	235	238	EAEBEE	
Menu: Shadow		126	134	151	7E8697	
Menu: Shadow2		147	156	172	939CAC	
Menu: menu		214	217	223	D6D9DF	
Price Ticker: Background		255	255	255	FFFFFF	General Color: White
Price Ticker: Background Disabled		255	255	255	FFFFFF	General Color: White
Price Ticker: Buy		110	200	255	6EC8FF	Transaction: Buy
Price Ticker: Label		0	0	0	000000	General Color: Black
Price Ticker: Price		0	0	0	000000	General Color: Black
Price Ticker: Price Disabled		187	194	206	BBC2CE	Background: Relief
Price Ticker: Sell		255	200	110	FFC86E	Transaction: Sell
Quote Panel: Background		214	217	223	D6D9DF	
Quote Panel: Rate Down		170	34	34	AA2222	
Quote Panel: Rate Up		146	206	0	92CE00	
Scrollbar: Background		187	194	206	BBC2CE	
Scrollbar: Border		106	114	131	6A7283	
Scrollbar: Buttons		214	217	223	D6D9DF	
Scrollbar: Disabled Buttons		192	199	209	C0C7D1	
Scrollbar: Highlight		234	235	238	EAEBEE	

Restore Defaults

Reset

Apply

Save

Close

Quote panel background colour



NAME	EXAMPLE	R	G	B	HEX	LINK
Scrollbar: Highlight		234	235	238	EAEBEE	
Selection List Background		255	255	255	FFFFFF	General Color: White
Selection List Mouse Over		214	217	223	D6D9DF	Button: Background Colour
Selection List Selected		187	194	206	BBC2CE	Tabs: Style 1 Background
Table: Background		187	194	206	BBC2CE	
Table: Cell Background		255	255	255	FFFFFF	
Table: Dark GridLines		133	134	135	858687	
Table: Filter Indicator		255	255	191	FFFFBF	
Table: Filter Indicator Highlight		255	255	220	FFFFDC	
Table: GridLines		191	192	196	BFC0C4	
Table: Heading		214	217	223	D6D9DF	
Table: Heading Border		234	235	238	EAEBEE	
Table: Heading Border Highlight		255	255	255	FFFFFF	
Table: Heading Highlight		234	235	238	EAEBEE	
Table: Row Highlight		231	239	255	E7EFFF	
Table: Selected Row		211	219	255	D3DBFF	
Tabs: Style 1 Background		187	194	206	BBC2CE	
Tabs: Style 1 Selected		214	217	223	D6D9DF	
Tabs: Style 2 Background		145	154	170	919AAA	Background: Dark
Tabs: Style 2 Selected		187	194	206	BBC2CE	Background: Relief
Text Box: Background		255	255	255	FFFFFF	
Text Box: Selection		187	194	206	BBC2CE	
Transaction: Box		255	255	180	FFFFB4	Transaction: Modify
Transaction: Box Highlight		255	255	220	FFFFDC	
Transaction: Buy		110	200	255	6EC8FF	
Transaction: Buy Highlight		155	245	255	9BF5FF	
Transaction: Buy/Sell Correction		255	180	180	FFB4B4	Transaction: Stop Loss
Transaction: Cancel		255	180	255	FFB4FF	
Transaction: Interest		180	255	255	B4FFFF	
Transaction: Modify		255	255	180	FFFFB4	

Restore Defaults

Reset

Apply

Save

Close

Box highlight colour

NAME	EXAMPLE	R	G	B	HEX	LINK
Table: Heading		214	217	223	D6D9DF	
Table: Heading Border		234	235	238	EAEBEE	
Table: Heading Border Highlight		255	255	255	FFFFFF	
Table: Heading Highlight		234	235	238	EAEBEE	
Table: Row Highlight		231	239	255	E7EFFF	
Table: Selected Row		211	219	255	D3DBFF	
Tabs: Style 1 Background		187	194	206	BBC2CE	
Tabs: Style 1 Selected		214	217	223	D6D9DF	
Tabs: Style 2 Background		145	154	170	919AAA	Background: Dark
Tabs: Style 2 Selected		187	194	206	BBC2CE	Background: Relief
Text Box: Background		255	255	255	FFFFFF	
Text Box: Selection		187	194	206	BBC2CE	
Transaction: Box		255	255	180	FFFFB4	Transaction: Modify
Transaction: Box Highlight		255	255	220	FFFFDC	
Transaction: Buy		110	200	255	6EC8FF	
Transaction: Buy Highlight		155	245	255	9BF5FF	
Transaction: Buy/Sell Correction		255	180	180	FFB4B4	Transaction: Stop Loss
Transaction: Cancel		255	180	255	FFB4FF	
Transaction: Interest		180	255	255	B4FFFF	
Transaction: Modify		255	255	180	FFFFB4	
Transaction: Open Box Option		200	200	255	C8C8FF	
Transaction: Other		255	255	255	FFFFFF	General Color: White
Transaction: Sell		255	200	110	FFC86E	
Transaction: Sell Highlight		255	227	160	FFE3A0	
Transaction: Stop Loss		255	180	180	FFB4B4	
Transaction: Stop Loss Widget		178	125	125	B27D7D	
Transaction: Take Profit		180	255	180	B4FFB4	
Transaction: Take Profit Highlight		209	255	209	D1FFD1	
Transaction: Take Profit Widget		125	178	125	7DB27D	
Transaction: Trailing Stop		255	180	120	FFB478	

Restore Defaults

Reset

Apply

Save

Close

Open Box colour

## About Oanda and Round Numbers

Oanda does not allow for many of the cherished MT4 indicators such as “round numbers” BUT, you can still use them. You just have to place them manually on the main chart, then open all other charts from that one chart so they will already be there. Then when you save the profile, they will always be there for you. Remember to set them to “gray” and “dotted” lines so they match the color scheme and don't distract you too much.

## My Setup As I Trade It



Notice that I found a clock to replace the candle time indicator in MT4. It's called the “Gorgy” clock and you can set alarms manually for news events. Here is the link to the Yahoo Widget that creates the clock.

<http://widgets.yahoo.com/widgets/gorgy-clock> Really helps in timing things properly.

## About Advanced Rules

There are many, many ways to use the lines of The Dance. A lot of talk on the FF thread has given to what they might be. There are some, and I'll talk a small bit about them here, but don't get caught up in them. Learn and master the basics first, then you will be ready to create your OWN "advanced rules" based on your experience and what YOU see in the charts.

### **Scooped Up/ Scooped Away:**

This is pretty simple, when the 14 EMA "turns" on one of the charts, the bar after it turns often retests the line. Sometimes the second one does like a "touch" trade in a normal setup. Either way, that retest often presents a fairly solid counter trend entry worth at least 20 pips. If you are using the Scripts properly, you can take the first TP out really quick, move to Be and wait for the trade to run your way, or bounce at the higher lines and reverse back into the trend of the moment. Just watch the charts, you'll see what I mean.

### **Wicked:**

The tips of very long wicks on M1, and on H1 and D1 present some extremely powerful TP targets when price is heading that way, and they can also present strong reverse trades as well. There is a reason that price previously reversed leaving that long wick, and most likely that reason is still in play for at least 20 to 50 pips after which price may again head toward that wick tip. Learning to watch for them and use them is a very strong way to find good targets for exits to maximize the trade, and a place to find solid reverse trades as well. Remember to keep really, really tight SLs in those area.

### **Home on The Range:**

Ranging markets can be a real challenge and more than once they have kicked my little rosy red! The best way to trade DAILY ranging markets is to leave them alone. NORMAL ranging markets play very nicely into The Dance's lines if that range is 100 pips or so from high to low.

BUT when that range is INTRADAY and only about 50 to 75 pips, most just call it chop and walk away. I often do that because of the attention and focus needed to trade them properly. If you really want to tackle it though, trade it the way most would, draw a "channel" at the most common highs and lows, THEN look for bounces off the 35/50 lines for about 15 pips to milk it, but DO NOT expect anything larger!

You can also take trades when the 10 "scoops" price up or down at the extremes of the range, but again, DO NOT expect more than about 15 pips. SOMETIMES you'll get lucky and hit a good 50 or 100 pip trade in this stuff, but mostly just the 10 pips and 20 pips of trading



## Summary

If you take the time to learn to use the Price Action and bounces of the Confluence of EMAs and “Round Numbers” as a filters for entries and the EMAs as floating support and resistance, this strategy can literally make you rich. The man who helped me learn most of this and to write down all the rules averages approximately 80 to 100 pips per day. He does it day in, day out, no matter what the market. He did it during the most volatile market ever seen in 2008 and 2009. He did it in the consolidation period that followed and he was doing it before that during the previous trending market.

Several times I watched him earn upwards of 500 pips per week and yes, those are “real” pips at a full lot each pip with only a \$10,000.00 account to boot. In addition, several times he has taken a \$500.00 account and grown it to over \$5,000.00 in less than two months, then move back to earning a living with that account.

If you think you need lots of money to start, think again. Starting with a large account is a great way to lose a lot of money. I watched my friend take a \$300.00 dollar account to \$1800.00 in about 6 weeks. A month later that same account had over \$5,000.00 in it. Folks,,, that's a return of over 100% every week and a half. If he can do it, so can you.

By the way, as of this writing he is trading 4 to 5 standard lots every trade. You do the math on that. It's about a million a year income!

Patience is the main key in all this. Patience allows you to be less emotionally involved so you don't make lots of dumb mistakes. **STICK TO THE RULES**, and you will be just fine.

## Dancing Practice

Learning to dance, whether it's real dancing or this strategy, requires practice. Always practice before making a fool of yourself on a live dance floor!

With that in mind, there is a good way to do that. The first and best way to practice this is to use the Strategy Tester provided by Quantem. His thread is now in the ForexFactory Recycle Bin, but the tool is still a good tool. Here is the link <http://www.forexfactory.com/showthread.php?t=70742>

You will probably have a tough time getting to any real “success” on it because of the way it works, at least at first. But stick with it and you WILL start seeing some success. The following are the steps to get good at this strategy. You will also not be able to use the three chart setup because of how the Strategy Tester works, but it's great practice.

1. At first you should just start a chart in the Tester and activate the template “The Dance” for the chart. Then just sit and watch how it acts and reacts around the Moving Averages and around the Round Number levels on several different currencies. This will start to develop your ability to “see at a glance” when trades are forming. It will be as boring as sucking nails, but do it for at least a day or so on as many currencies as you can just for the experience of learning the way price moves around the Moving averages and Round Numbers.
2. Once you feel comfortable with the Tester, start trading it and set the slide bar to no more than 27 so price action is slow enough for you to actually make trades in the tester. Keep with it until you are starting to see some success in trading this strategy. Remember to move your SL progressively and to move the TP way out in front to let the trades run if they do (double click it to move it). Other wise you will be stopped on many trades at the TP and then see it run off without you. When trading the simulator, don't bother with trying to figure out the actual market time frames, just trade every signal you see and don't get frustrated or be hard on yourself. The WHOLE point of this is to allow your subconscious to begin to “see” the trades so you can understand how they start and how to enter them properly.
3. After no more than a few days or even better, perhaps a few weeks, you should be at a point where you can “see” the trades forming before you actually take them. When that happens, it's time to start to move to a more “live” format on a Demo account. Demo trading itself isn't worth much unless you have already defined in advance, strict trading rules and had some exposure to them so you can actually stick to them. While Demo trading, trade exclusively the market times the Rules call for. You WILL begin to see the trades better, and you WILL start to have some success, though it may still be a while before you reach any kind of consistency in your trading, but stick with it.
4. When you feel comfortable with the live sessions in the Demo account, open a live account with a broker you feel you might like. There are several that are acceptable like Alpari, IBFX, AvaFX, FXCM, FXDD, Oanda and many more. Just do a search and find one you think you can live with. Remember, no broker is really “good” all of them have their issues. Personally, I use IBFX. Just remember to NEVER deposit more than a \$100.00 in any account until you get

really, really consistent with this strategy. Then, let the account grow itself as you trade. There is nothing stronger or more satisfying than going through that process, and you WILL experience all the “issues” and “psychological” challenges as with a larger account, but without losing huge sums of cash.

5. ENJOY TRADING !!! Don't ever let it become a frustration to you. Realize it's a challenge and something you CAN and WILL master over time. It will take a while, so be patient with yourself as well as with the trading.

## It's A Business !!!

As with all things, it takes a bit of time to get good at trading, but no where near as much time as most will tell you. I have heard of traders taking from two to five years before becoming consistent at trading and some even longer.

If you treat this as a business, not a game of chance, then you can dramatically shorten the time needed. All businesses first of all, have a Business Plan. When I started trading, that part mystified me. I have been an entrepreneur from the time I was very young and had my first “real” business, as the owner, by the time I was 22. But for some reason, I couldn't think of trading that way, not at first anyway. How in the world do you create a “Business Plan” for trading? The answer follows.

### #1. THIS IS A BUSINESS

So,, Lesson one is learn that this is a business. It will require some time and dedication to make your new business successful. DEDICATE TIME to your new business. Decide on which session of the market and which currency you will be trading and stick to it! DO NOT CHANGE your time, the currency or the strategy. Stick with it! Most who lose, lose because they will not “stick with it.”

Jumping around a lot will kill your new business. If your customers couldn't count on your merchandise being the same and of high quality and you being at the same place to do business all the time, they would soon stop shopping with you. YOU are your customer. If you jump around, you lose any chance at developing a high quality product (your trading strategy and style) and you have no place of business. A broker is NOT your place of business, the Market is. **REMEMBER THAT!** You may change your “wholesaler” or “supplier” from time to time to get better prices or rates, but NEVER your product line (trading strategy) or your place of business.

From time to time, you may improve your product line (fine tune your strategy to YOUR way of using it) but you still need to offer the same product! If you started with clothing store, you would stick to clothing. If you start with a specific strategy, stick to it. Just look for ways to use it better, but STICK TO THAT STRATEGY until you master it!

You do not need lots of time, but you need *consistently the same time*, just like a business. You need “opening hours” and “closing hours” for your new business to succeed. With no “opening hours” you will never “learn” your product line, which is the market. With no “closing hours” you will get exhausted and give up.

If you do not take the time to learn it before you jump off into the deep end, it is very likely you will get discouraged and fail. Personally, I believe more traders fail because of discouragement than from lack of capital, lack of training or any other cause. They simply give up deciding it's too hard, they don't have enough money, or what ever other excuse to give up because they are discouraged, that they can find.

I'm not slamming anyone who decides it's not for them, just trying to shed a little light. Every trader

who has succeeded will tell you that it can be a very lonely business, and very discouraging, especially if you are sitting at home with no one or very few to encourage you in your new business.

## **#2. YOU NEED A BUSINESS PLAN**

In the Zip file that is included this manual, you will find an Excel file. This manual and that file contain the “business plan” I used when I started this journey, after a year of researching and trading extremely small accounts for experience. You may use it or change it as you see fit. But what ever you do, stick to **ONE** plan, **ONE** strategy and a way to grow the results.

My business goal at first was to gain at least 50 pips each and every single day I trade. I am still sticking to that goal. Keep in mind, it does NOT require that many to be successful.

If you gain 20 pips profit per day, and never take any money out of the account, increasing your trades the way the plan calls for, you can achieve success in less than a year. AND, though some will laugh at this, even ridicule the concept, you can earn literally a million the first year you successfully trade with this strategy.

Earning 20 pips profit isn't that hard and shouldn't take more than an hour or so each day, IF you trade at the right times, and with a good strategy.

You also need to plan on spending time trading very, very small accounts IN LIVE TRADES, with real money, before you jump off into the deep end of this pool, or it will be a very expensive lesson indeed. Trading LIVE, REAL accounts is the best way to go. Demo accounts are nice if you are just trying out strategies and so on, but if you are ready to start your new business, use live accounts with real money and plan on losing some for a while.

Many brokers offer small accounts. Alpari, IBFX, Oanda and several others will allow you to trade with as little as 10 dollars. DON'T THINK FOR A SECOND this is kiddy stuff, trading tiny accounts. You do it for a while and you will experience ALL of the emotions and psychological things that go with trading and it will cost you very little.

As of the writing of this manual, I have blown out several accounts, and never lost more than a total of \$300.00 trading in my new business during the entire time. In my previous life with other businesses, I did much the same, I tested the waters with real products, services, or what every the business required, on as limited a basis as I could to “get a feel” for the business, THEN I jumped in and did reasonably well.

By the way, this is a good area to explain why I finally chose trading FOREX as my business. Every time I grew a good business, there always seemed to be someone, somewhere in the right place at the wrong time to mess it all up and destroy what I had built.

In Trading, NO ONE can do that but “me” or “you” in your case. Even a bad broker who steals your money can't kill your business. They can cause you to lose some time, and make you have to go to another broker, but you WILL succeed if you stick to it and once you master it, NO ONE can take it from you.

The next thing is immensely important, tattoo it on your brain, carve it in the wall behind your computer so you can see it and never forget it.

### **#3. FOLLOW THE RULES TO THE LETTER AND DO NOT VARY FROM THEM !!**

The Rules will help you avoid fear and greed, the two strongest killers in this industry. This pair can really get you messed up psychologically and get you to the point of wanting to quit. The funny thing is that you may not even think you are being greedy or fearful, so let me give you an example.

#### **FEAR:**

When you trade, if you hesitate in the slightest in executing, pulling the trigger, any indecision at all is fear. The same thing applies to exiting a trade before the Rules tell you to. BOTH of these fear based scenarios will kill your new business before you have a chance to even start it. BOTH will cost you pips.

Hesitating makes you miss opportunities AND WORST, it makes you doubt the Rules, your judgment and decisions. ***THAT is fatal*** and it is all fear based. As your account grows, fear will try to tell you that for some reason, 10% of \$100.00 is less stressful to lose than 10% of \$1,000.00 or 10% of \$100,000.00. The truth is it is still just 10% and nothing more. It's all a matter of perspective and as your account grows, so should your perspective!

The problem is not the percentage, it is your familiarity with the amounts represented that opens a door to fear in your trading. I once had a boss who told me my main problem in sales was that I had never earned a six figure income, but once I did, it would become easier and easier to earn it and to learn to grow it. He was right. THE SAME APPLIES TO TRADING!

If you listen to all the naysayers telling you how it “can't be done,” their poison will infect you with the same doubts and limitations. Avoid them at all costs and find people who can encourage you without selling you their “crap” way of doing things. There are way more than enough free resources around to make sure you get where you want to be in your trading. Just DON'T GIVE UP!

#### **GREED:**

Greed is also extremely innocuous in trading in its presentation. Looking to get “just one more pip” is greed just as much as wanting to rob a bank. THERE IS NO DIFFERENCE, especially not when you are trading. Hanging on to a losing trade too long is greed, and also perhaps fear. Fear you will lose if you exit a bad trade, and greed that it will come back to you and you have to hang on to the trade.

Greed can make you not take that first few pips when the price movement hesitates a tiny bit too long. Greed will say “well, it's only been a few seconds longer than normal,” then it will say, “hang on a bit,, it's still going your way.” Then it will say, “but the trade will come back really quick.” All those are based on Greed.

### **#4. TAKE YOUR PIPS NOW!**

At the very first sign of price hesitating too long, take whatever pips you have on one position, even if

it's only three pips! TAKE THEM and move to Break Even on any other position you have open on that currency. Then sit back and wait confident that you have made a profit. There will be another trade along in a few minutes and you can catch more pips then too.

Don't be afraid to pull the trigger to enter, or to lock in those first few pips, or too greedy, wanting more. TAKE YOUR PIPS NOW! Keep in mind that the "time exposure" to the market is at least as powerful a risk as the percentage of your account you trade with on each position. Shooting for multiple shorter, stronger trades is an awesome way to "TAKE YOUR PIPS NOW !!!"

## **#5. GET OUT NOW!**

Once you hit your target for the trade, or get an exit signal, GET OUT NOW! NEVER wait, just get out and take your pips. You can always find another trade, it may even be better and give you more pips, but remember the old saying "a bird in the hand is worth two in the bush?" It's true,, the pips you already have earned are the best pips you will ever have. TAKE THEM NOW!

It is especially critical to follow the rules on this issue. It reduces risk, increases your account, builds your confidence and a hundred other good things. "You never go broke taking a profit" is another old business maxim. It's also true.

"A quick nickel is better than a slow dime." THAT one is amazingly true. Money has a very definite time value and the more time you spend waiting to earn that next pip, is more time at risk. In fact, if you are using an account that increases your trade every time you trade automatically, the smaller trades can build up amazingly quickly. In addition, waiting for that next pip may cost you a better trade that is currently only developing on a different currency!

Never be too greedy or too afraid to take your pips NOW!

## **#6. WAIT PATIENTLY!!**

"Patience is a virtue." This is the strongest lesson to learn in trading. BE PATIENT in waiting for the right setups to happen. When they say "Let the market come to you," this is what they mean, BE PATIENT. You can't push a river, shoot pool with a rope, fall upstairs, or hurry the market.

Making lots of trades is the wrong approach in all situations. Even in scalping, there is a perfect setup to look for. Taking substandard trades is an excruciating way to learn patience and extremely costly. Remember, you are learning a business, not a crap shoot or some sort of gambling.

Even in card games such as Blackjack, Poker, Pinochle, Rummy and so on there are rules to live by and violating the rules means certain death of the effort and eventually the enterprise. It is the same in the business of trading FOREX.

If you take ONLY the strong, i.e. "perfect" trade setups, your probability of success is much greater and the potential profit of the trades is also much higher.

Now, if you don't think that business has much to do with probabilities, like FOREX, let me enlighten you. NO ONE has a crystal ball on what product, or what advertising will gain absolute success.



There ARE strategies that work much better than others and bring lots of success, but it is still a “game” of probabilities.

When Burger King started, they followed a very simple strategy. McDonald's was already extremely successful and the lines of those waiting to be served were growing. So, the man who founded Burger King thought of a simple strategy. It was to build a burger shop across the street and count on the fact that McDonald's had already done the proper research to be successful and then simply wait for the overflow for his new restaurants.

It was a simply brilliant plan, and obviously worked.

FOREX is that simple. Trading the trend works, using Price Action bars works, using support and resistance works. The Market “breathes” meaning that price rises and falls because of the competing traders in buying and selling positions.

All of that is already proven in the history of trading, as well as the history of FOREX. All that is left is to find a SIMPLE method you can use to implement those ideas.

The simpler to implement and “see” and use, the more profitable the method or strategy will be.

Lastly, no business model is stagnant or static. Every business needs constant attention as customer needs and desires and product supply and improvements as well as costs of doing business are in a constant state of flux. IT IS NO DIFFERENT from FOREX.

With that in mind, everything in this manual up to this point is aimed at helping you to understand that this is a business and you can master it and be wildly successful. AND it should NOT take you years to get there. All it really takes is a decent, simple business plan, like this one built on the strategies and methods proven over decades to work.

Everything in this manual and the attached Excel spreadsheet is your business plan. Keep it simple and stick to it. All business owners need some time to learn to master their business. Fortunately, you can master this one in your spare time, as long as you treat it like a business, set aside dedicated time for trading at the same time every day and stick to the rules exclusively.

Now, let's learn to actually trade.

## Master the Basics First

This is one of the most critical parts of any business. The basics will make or break you. The basics of this strategy have been laid out clearly in this manual. MASTER THEM FIRST, before you do anything else, MASTER THE BASICS. Master the constraintment entries and bounces off the 50 EMA FIRST, and use the “Round Numbers” for guidance on exits or to stay in a trade! Constraintment entries are the absolute BEST there are in this strategy. Look for price being constrained by one of the EMAs of a confluence of EMAs and Round Numbers before you start trying to get fancy. There are enough of them to allow you to make tons of pips. MASTER THESE FIRST!

Trade them relentlessly in demo or in a very, very small live account until they become mind

numbingly boring and completely reflexive. In other words, make it such a reflex that when you see the good basic trade, you take it without a single thought. THEN you can move to maximizing your trades.

## **Master The Trades !**

Once you have mastered the Basic Rules and Entries and started to learn to take better and fewer trades a bit, it's time to start mastering the actual Trade itself. This is done by using Money Management skills and managing risk at the same time.

A lot has been said in many areas of minimizing the risks, and lots of talk is about limiting risk by the size of the trade. Most will tell you not to risk more than 3% on any given trade. To me, this is more of a personal thing than a hard and fast rule.

I know of traders who use 3%, some who use 2%, some who use 5% and a few who go much higher. It's all about your personal confidence, experience and abilities.

To be honest this part is also amazingly simple, if you are willing to stick to it. It eluded me for a long time, but now I wonder how I ever missed it.

When I trade, I often (but not always) use two positions in the same currency. BOTH of them are a 3 to 4% risk with the exact same Stop losses. I use one to eliminate the risk quickly and lock in profits, and the other one to allow the trade to run and maximize profits.

Once I enter a trade, at the first sign of strong resistance or price action hesitation, I exit or tighten up my Stop Loss as close as possible without “choking” the trade. I always move to BE +1 as soon as I feel it is possible without choking out the trade. That is as simple as trade Management gets to me.

No one has a crystal ball to determine that even with all our efforts and rules the market will definitely go our way. I have entered many “perfect” setup trades only to have Price go my way 8 to 15 pips then hesitate and plunge against me hard, leaving me with a loss when I had a profit.

For that reason often I will move to lock in profits at the first sign of strong hesitation, which often occurs at either 8, 12, 15 or 18 pips. I am not sure the reason for those figures and have no hard data to prove them, but those are the areas I have noticed in *my* trading. You may notice other areas. Feel free to learn to “feel” this part of the strategy on your own. It is about your personal risk and confidence after all.

If a trades runs strong, I simply trail the stop as previously described.

You can make this a lot more complicated, but it's not necessary. Remember the goal is to be

consistent, not hugely accurate. If you consistently locked in only 8 pips per trade and made three trades a day, you would still have a million dollars in a bit over a year.

DO NOT get greedy here!! Use this to mitigate risk and to maximize your trading CONSISTENCY, maximizing profits will come with experience. It is more important to be consistent than to make huge gains each time.

## **Make It Yours !**

Now comes the really fun part. Make it yours! This, all of this to this point, was to get you to where you could be consistent and that is the ONLY goal of this manual. A simple way to “see” and take the trades with clear “signals” to achieve consistency.

Once you get here, the fun really begins. Now you can play with anything you want to, as long as you keep consistent with your trading. Never quit printing money. That's right, printing money. That's what trading is all about.

Learning a strategy to the point of it boring you immensely. If you are not bored, you have not become consistent yet. Once you do, the dollar amounts won't bother you. The number of pips won't impress you. What will impress you is the freedom that a good strong income brings.

I remember the first time I paid cash for my car, my daughter's car, my girlfriend's car, her daughter's car and my house. All of it in the same part of the same year. What an amazing sense of freedom! THAT is the goal of trading, not show boating about the huge gains, but the boring, steady, consistent growth of great wealth.

Once you start to become consistent, you will begin to “see” and recognize good, solid price setups almost without looking to find them. The goal of all trading is to be able to sit down at a screen and know in a few moments where in the “scheme” of price action you are and if you have a trade now, or one beginning to setup.

From there, you can modify this or any other strategy you want to to make things exciting, if you need excitement in your trading, just remember keep one very large account (after you grow it) from which you harvest money from the markets. Then be as excited as you want with much smaller accounts.

Who knows, you might find (and probably will) a strategy that is better than this one and which fits your personality much better. Then you can really begin to have fun trading.

God bless.

NOTE: There are two threads with tons of examples and more. They are listed here by links. Please visit them to learn more.

The Original Dance Thread: <http://www.forexfactory.com/showthread.php?t=224697>

The Choros Thread: <http://www.forexfactory.com/showthread.php?t=236210>