

# May's Trend System

How to know the trend, and trade it

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## About The Author

My name is Madison and lots of people call me Mayzee or sometimes just May. I'm the youngest of four children and I was often called "maymay" which apparently means little sister in chinese or something like that (never really looked up if it was true or not).

I started actively trading three years ago. Thanks to vagaries of my gender I was profitable almost from when I first started. Men hate hearing this, but women are better traders. We just are. I know you want to say that it isn't true, but it is. Look on Wall Street and universally the best traders on the floor are the women despite being treated like second class citizens. While we women tend to live our lives more emotionally than you men do, we're much more analytical and dispassionate about things like our money. Men have a tendency to make trading decisions based on "their gut" (which means their emotions at the moment) whereas very few women do that. We're much more likely to trade based only on the data, only on hard analysis instead of snap decisions in the moment.

Which brings me ... to me. I became fascinated with the idea of currency trading almost from the moment my family took a one month trip to Mexico that "somehow" ended up costing half what it should have thanks to the way the exchange rate had shifted during the month. I dove into learning about the currency markets what made them move and tick, fundamentals and what they meant.

I say I've been trading for three years and that's true. But I started learning four years ago. I spent an entire year doing nothing but learning the markets before I even opened my first demo account. Because I took that time to learn I opened my first demo account, tripled that account in a month, then opened a real money account and in three years I have had only one single

losing month in what is now more than 40 months of trading. I know of no other trader that can make that claim.

I now make my entire full time living trading and have been for over two years now. My income from my trading activities is certainly well above most anyone with any kind of a job. I make more trading than even the most skilled lawyer or surgeon and I work far less than they do.

At this point I could easily trade from my phone kicking back on the beach in Croatia (I've actually done that) or hanging out at an absolutely wonderful cafe in Florence (done that too). Because of how I trade, I literally make money travelling, sleeping, eating ... doesn't matter. I typically have anywhere from 3 to 5 positions open at any point in time, all many hundreds of pips in profit with that profit expanding over time without me having to touch the positions. Trailing stops ensures that if market directionality shifts, my positions close out in profit and I get a nice huge payday and I didn't have to even be sitting in front of the computer for it to have happened.

I get to buy what I want when I want, go where I want when I want. I get to enjoy life, my time, and my family because the way I trade doesn't chain me to the computer the way most of you men seem so intent on doing. Your method of trading is far worse and more demanding than any job ... why you'd want to trade the way you are is a mystery to me.

Trade the way I do instead, make a killing from the markets in a way that gives you both financial and time freedom. Doesn't that sound so much better than scalping or day trading that becomes like some kind of screwed up job?

I have a newsletter, it's free, I don't charge for it or anything where I share market analysis (what little I perform) and give information on pairs that are trending, pairs that appear as if they might start to trend, and pairs that look as if they're ending their trends (or are about to consolidate so strongly it's time to take profits and re-enter after the consolidation).

Now real fast. I don't make many money from the newsletter so I'm really not spending much on it either. The sign up page is really simple. I'm not some jackass marketer or something just trying to sell you a bunch of junk. So don't expect much. It's a simple sign up page because I'm not making anything doing this. I'm just hoping to make a few more traders more profitable than they are.

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Continue reading and I will teach you what I've learned about trading profitably, and give you my own system for doing it.

# Why You're Losing Money

Day trading, and worse scalping, dominate the forex landscape and the forums. Systems for how to be in and out of trades in a single day, or worse still from minute to minute, have been "all the rage" since I started researching forex four years ago.

Here's the thing, because of the bid/ask spread. All trades open at a loss. Let me say that again, all trades open at a loss. The act of opening a trade is the act of literally losing money. Now of course you "hope" that the market will move with your position and erase the loss .. but that doesn't change the fact that opening a trade is an automatic loss of money the second you do it.

So if you're going to "day trade" then what you're doing is closing your profitable positions at the end of your trading day ... which means you start every single day opening new trades. You start every single day losing money.

And you scalpers ... oi vey ... you're opening new trades constantly. You're losing money constantly. Scalping has got to be the most idiotic trading style there is. Unless you have a multi-million dollar server sitting in the same server room as the main servers for the market makers and you can do high frequency algorithmic trading ... that's the only way to "scalp" the market and actually make money.

If you're just a regular guy, sitting in front of your laptop or something scalping is losing money. Period. Don't tell me that you heard about some guy somewhere who's profitable doing it. Don't tell me you're a profitable scalper ... you aren't. I'm sorry but you are lying to yourself.

It isn't possible to scalp the market and be profitable over any kind of rational time frame. Sure you might have a good run for a month or two or even six; but in the end the market will just eat you up. Over time if you actually look at it, you're losing money, you're periodically having to add money to your account just to keep it going.

You can not be constantly opening new positions, with each new position always opening at a loss, and expect you can be a profitable trader. If you think about it for a second you'll know I'm right.

You so-called "day traders" aren't much better. It's the same thing. You can't be starting every single solitary trading day at a loss and think you can be profitable. Again, if you just sit and think about that for a little bit you'll understand why that is.

# Only One Way Of Trading Is Profitable

I have been absolutely voracious in learning and testing new methods of trading. In the last four years one thing has become absolutely crystal clear to me. If you're just a regular person, sitting in front of a regular computer, there is only one way of trading that has any hope of being consistently profitable.

I'm very serious about what I just said.

*There is only one way of trading that has any hope of being consistently profitable.*

That one way can be summed up with things being said by the better traders.

1. The trend is your friend
2. Cut your losers short and let your winners ride

In other words, the only way of trading profitably is to trade the trend and when a position is open and it's profitable ... *let it stay open and continue to get more profitable.*

The problem however is the definition of "trend" is pretty screwed up. Identifying when a pair is actually trending is made difficult by the large number of chart time frames and well intentioned traders with stupid systems that can't work.

At this point, I have a confession to make.

I used to believe it was important to do all kinds of fundamental research. I used to spend hours upon hours in front of the TV watching Bloomberg and research news and the like online.

It was my belief that by analyzing the fundamentals (which is what actually moves the markets and creates trends) that I could identify pairs where shifts in the trend were likely to take place. I could identify when trends were probably going to end and new ones start up.

I have come to realize that I was wrong. Most fundamentals can cause some consolidation to occur but as a general rule long term trends hold. Almost like a heartbeat.

These days I pay attention to the central banks and what they're doing and little else.

## Identifying The Trend

This is so easy it's going to blow your mind.

Trends can be found in one place and one place only.

They are found on only one chart time frame and now other.

Open up MT4 (or 5) or your webapp if you're a forex.com person.

Put the chart on the one month time frame ... look at the various pairs.

Trends show up on the one month time frame.

If you see something that looks like a trend on any other time frame ... ignore it.

Only the one month time frame shows you if a pair is trending or not. Not the one week, not the one day, and very certainly not the one hour.

Look at the one month time frame only to see if a pair is in a trend. If it is, now it's just a matter of finding a good spot to make an entry.

No need to perform all kinds of analysis. No need to run all kinds of complicated chart indicators.

Open up the pairs and just look at them.

If you want to get "fancy" you can stick two simple moving averages, one fast and one longer term if you really want actual confirmation.

Now trading this way does mean you have to be willing to consider trading all pairs and not just the majors. Yes, I know that means you have a bid/ask spread that can be quite large on some of the exotics.

But remember, we're going to open a position and leave it open for a good long time.

Once I've identified a pair that is in a trend I'll drop down to the one day chart and I'll wait until the pair is clearly in consolidation against the longer term trend and I'll wait until the consolidation is over and open my position then.

Again, just use your eyes. Again if you want to get fancy two simple moving averages are all you need. Just look for the one day chart to show the pair moving against the trend you saw on the one month chart.

When you're first starting out this can be an exercise in patience. Do not open trades just to do it. Wait until you have good trades to open. That means you may have to wait a little while. It could be several weeks or a month before you have a trade you can open.

But once you have a trade open, you can mostly just leave it alone. Now when it's first open it needs more "baby sitting" because you need to make sure the market doesn't move too strongly against you if you entered too early.

But once your first trade is open, soon you'll find another pair you can open a position on, and so on and so forth until you have several open at any one time.

But let me be clear about something. Trading this way is *enormously* more profitable than anything you've been doing. My average trade will close more than 500 pips in profit and more than a thousand isn't uncommon.

Now let me tell you something else. I get to make all of those profits without having to watch the news like a hawk, without having to constantly fret over my computer all day, day in and day out.

I'm trading on such long time frames that pretty much I check the charts just three times a week typically little more than an hour or two each time, and that's it. For which I make profits that put my income very much above even the most skilled surgeon ... and I'm working 6 hours a week at most.

Which brings me to something important ...

## Money Management

Poor money management is probably responsible for more traders busting their accounts than even using scalping systems.

So lets give you some money management rules.

You need an account large enough that when you open a position, that position represents at most a 1% risk to your account at that moment in time.

That means if you have an account with 10k in it, when you open a position your account should only drop by 100 and that's it.

The position should *never* represent more than 5% of your account. In other words, if you open the position too early and the market moves against you, when that position hits a loss of 500 you have to close it. In fact I'll set a stop loss on the trade when I open it so that I don't have to watch the position moment by moment.

I can walk away from the computer and go eat, or go sleep, or whatever. I expect to have my positions opened *for months* at a time.

The idea here is that no one trading position should ever represent all that much of your account when you open it so that you don't have to worry about it. You can open it, set your stop loss, and relax because even if it stops out you aren't being wiped out. You can just sit back and wait a few more days and enter the position again when the market returns to the trend.

So again, the open of a single position should never represent more than 1% of your total account value. Set a stop loss for 5% of your account value.

Once the position is a few hundred pips in profit, I'll then set a trailing stop on the position (with a pretty wide stop to allow the market room to "breathe" because it will) and really just ignore the thing. I'll let that winner run as long as it wants.

The only time I actively close a trading position before my trailing stop takes it out is when there's some kind of significant news from a relevant central bank that is all but guaranteed to cause the market to run against the position and take out the stop.

Because my stops are so wide, I'd rather close a trade before it gets stopped out if I have a very high degree of certainty that it's going to happen anyway.

But notice what I just said, "very high degree of certainty." It is actually fairly unusual for me to close a trade on my own. It happens, but not often. Most of the time it doesn't. Most of the time my trades are on autopilot and this way I'm just making money without worry or stress.

## But Actually ...

There is one more profit taking stop that I'll set on the position.

I'll look at the monthly chart and determine the location of the likely long term support/resistance on the trend and I will set a stop *before* the support line, usually by about 100 pips or so. I want my position to stop out before it gets to the support line.

I've been doing this long enough to know that the market is "in exact" when it comes to those long chart timeframes. For that reason I don't try to squeeze out every pip I can. The position has been open for a long time, I've made quite a lot of money on the position, this is not the time to get greedy. Trust me, I've made that mistake far too many times.

Just get close, take profits, and smile all the way to the bank.

# The Propensity To Overcomplicate

I don't know why people overcomplicate things that are simple, but far too many do.

Don't let that be you. This system is insanely simple you should work to keep it that way.

Identify a pair that is trending on the one month chart. Look on the one day chart to find consolidation against the trend and enter a trade when the consolidation has ended.

Open a position that is at most 1% of your account's value, set a 5% stop loss; and let the position run and run and run and make you a fortune. Set a wide trailing stop to be safe, and set a profit taking stop near the long term support.

That's all there is to this thing.

Now once again, I've found that where people have the most difficulty is in identifying pairs in a trend, identifying when a trend is likely to end, when a pair is likely to start a trend, and most importantly what the support location actually should be on the pair for knowing where to set your profit taking stop.

So I have a newsletter, it's free. I don't make anything from it, I'm not some marketer with some slick stupid website trying to sell you junk. So the sign up form is just the free thing from the email list management company I'm using. I'll give you the information on trends, information on market analysis (what little I do), and so on.

Again, it's free and I don't try to sell you stupid crap either. I hate that and I'm sure you do too.

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