GENERAL RWB RULES

Above 85 or below 15 you are nearing turn around territory - When blue line crosses red you have a change of direction in price action.

The one rule you cannot disobey - Do not enter trades unless the blue line is near, above/below the 85/15.

TRADING RULE: When the red, white and blue line are converging together above the 85 yellow line or below the 15 yellow line and price is at the top/bottom of the gold lines sixth indicator, you are nearing you entrance point, **You will want to turn on the sell or buy EA to enter the trade**.

Knowing how to read the white line as compared to the blue is a key to trading this system - If white and blue go up/down together, the tighter they are the stronger the move, the longer you want to stay in - The farther apart they are, the weaker the move, the less time you will want to stay in the trade. If white line moves, but blue doesn't **GET OUT………….**

EA1 Set- up –The top of the BB is well above the green line of the sixths indicator or anytime above the gold line. Price is <u>inside</u> the BB outer band You will turn on the sell EA, and let the EA enter the trade when price hits the BB upper band.

EA2 Set- up – Price breaks outside the BB, and goes well beyond because of a spike caused by some news story or bank / broker move. The #2 EA is based on a 1MA being outside the BB, **so don't turn this EA on until the 1 MA is well outside the band.**

EA3 Set-up - THE #3 EA IS FOR WHEN THE OUTER BB GO OFF THE SCREEN OR ALMOST OFF SCREEN. Only use beyond the gold lines. Only use after a big move and run on the BB bands. The #3 is the 4MA high and low LWMA cross with the 1MA.

EA4 Set- up – WILL ENTER OFF THE BB OR THE CROSSING OF THE 3MA Med LWMA Shift 1. It's for trades where you think price may not hit the BB band but you want to be in, so it enters off the MA cross. If it continues running up inside the BB it does nothing.

EA7 Set- up – to go with th25.2.3 Bollinger Band e (shifted) If you cant get a good #2 EA on a BB run or huggie use #7. News story spikes price outside the bands. #1 MA goes outside the BB and you don't know how long it will run. #2 maybe risky at this point because it is a bigger than normal news story.

Trading strategy:
- **#1 EA** qualified, primary or secondary.
- **#2** if outside the bands or #4 if running inside the bands. This is the best!
- **#2 or #4** did not get me a good reentry then L3 I use the **#7** if price is still running up the bands or #3 if the bands bulge.
- **#7** is goodon news runs, and L3 trades involving huggies and BB runs both inside and outside the bands.
- **#7** is also good when the 1MA go outside the BB. Especially with the more volatile pairs because ypu get that +20 run with them almost every time.

AUDCAD	Low	AUDUSD	Low	EURAUD	High	EURJPY	High	GBPCHF	High	NZDJPY	Med	USDCAD	Low
AUDCHF	Med	CADCHF	Med	EURCAD	High	EURNZD	Very High	GBPJPY	Very High	NZDUSD	Low	USDCHF	High
AUDJPY	Med	CADJPY	High	EURCHF	Low	EURUSD	Med	GBPUSD	High				
AUDNZD	Low	CHFJPY	Low	EURGBP	Low							USDJPY	Med

Re-entry Per Volatility: Very High - 250, High - 200, Med - 150-200, Low - 150
NEVER RE_ENTER BEFORE THAT!!!!
For Hi and V. Hi volatility RWD must be above/below 85/15 AND price above Gold
Watch out for highly correlated pairs

2.4.2 RECOVERY SYSTEM

Based on three levels of trades, then getting out. We get trade signal and we enter the trade. The entry is called **level 1** – if lot size is **0.01 We increase lot sizes by 1.6** - so we always enter at **0.01 - LEVEL 1 and 0.02 LEVEL 2 and 0.03 for LEVEL 3.**

Price goes minus 200 pips. **We put on the 2ⁿᵈ LEVEL EA.** The EA re-enters at the next **6x6 cross** with a second level trade at **0.05.** We now have **LEVEL 1** = minus 200 pips, **LEVEL 2** = 0 pips. Price moves against us again and 200 pips later we have **level 1** minus 400 pips and **Level 2** minus 200 pips and **Level3** = 0 pips. <u>**At this point we know we are going to be playing for a zero out trade. We are not going to play for a profit.**</u>

We are looking for a retrace of around 133 pips or 1/3 the way back.

IF L4 IS REACHED THEN L1 MUST BE CLOSED AND THE LOSS IS TAKEN

Two exceptions this rule broke, and they are easy to see and know - **(Major interest rate changes and trillion dollar bailouts)** To add a third - **A government going bankrupt or almost going bankrupt.** So watch out for that one also.

1.1.3.3 Recovery

'1' is L1 E.g. 0.01   '1' is L2 = L1 E.g. 0.01   '3' is L3 = L1 x 3. E.g. 0.03   '4' is L4 = L1 x 3. E.g. 0.03

**In the event the newest re-entry line is breeched, the L1 trade is closed and the process starts again with the old L2 as the new L1.
At any subsequent stage, the oldest trade in the basket is closed, so it can never contain more than 4 trades.**

TAKING PROFITS

<u>**Knowing how to read the white line as compared to the blue is a key to trading this system**</u> - If white and blue go up/down together, the tighter they are the stronger the move, the longer you want to stay in - The farther apart they are, the weaker the move, the less time you will want to stay in the trade. If white line moves, but blue doesn't **GET OUT………….**

1. **Middle of BB**   **2. Bottom of BB**
    3. White sto line gets to opposite side of indicator   **4. Blue sto** Line gets to opposite side of indicator
    5. If the **White and Blue lines** are running tight stay in, if they are not travelling together take the profit. Set a TS and go. The 6th Indicator gives a suggestion of TP based on the next line down. That is in the upper left hand corner.
2.
    Best times to take profit are:
    1. before the USA open   **2.** London close   **3.** End of USA session   **4.** Before the JPY open.