

X50 - M5 trend following from CanuckCT v1.0

<http://www.forexfactory.com/showthread.php?t=65703>

Main Pairs

Volatile: GBPJPY, GBPCHF, EURJPY

Relax: EURUSD, AUDUSD and EURCHF

Misc Comments

A good setup is

- MACD had crossed zero
- Stoch 5-3-3 has crossed 50
- Stoch 14-3-3 also heading up...is doesn't need to be over 50 but if it's following the Stoch 5-3-3 it will be by the time AS confirms.

The tighter the Stoch 5-3-3 and Stoch 14-3-3 are, the better.

I regularly have **20-30 pips** of heat on GBPJPY or GBPCHF and **20 pips** on AUDUSD or EURUSD or EURCHF. That's reality. If your stops are tighter than that, you'll probably going to have problems.

I'm **waiting for candles close** to make decisions on a trade and will only jump early if it's real obvious that the trade setup is going to be in play.

If MACD crosses back on the next candle, then you probably entered too soon and need to be wary. Part of the system is the crossing of MACD, so when it crosses back immediately, you may lose.

About rhythm indicator

The indicator is a measure of the strength of the trend re price and a number of moving averages. You could ignore this indicator and you'll be fine with the signals. When it's weak, I'm a bit weary.

About Stoch indicators

The tighter the Stoch 5-3-3 and Stoch 14-3-3 are the better.

About AS indicator

The cross and steeper angle seems to coincide with a good entry.

Look for separation in AS for confirmation. The more space between the two AS the better.

Good Trades

Closed at +24.

Because of low momentum this time of day, waited for 2 bars on MACD as confirmation. Trade over in less the 15 minutes with no heat.



Entry rules met and price had touched the pivot twice.

Closed for +30.

I should have stayed as 14-3-3 stoch never really went above 20 for more than a minute or so...an indication of a retrace.



First is a buy and target would have been the pivot.

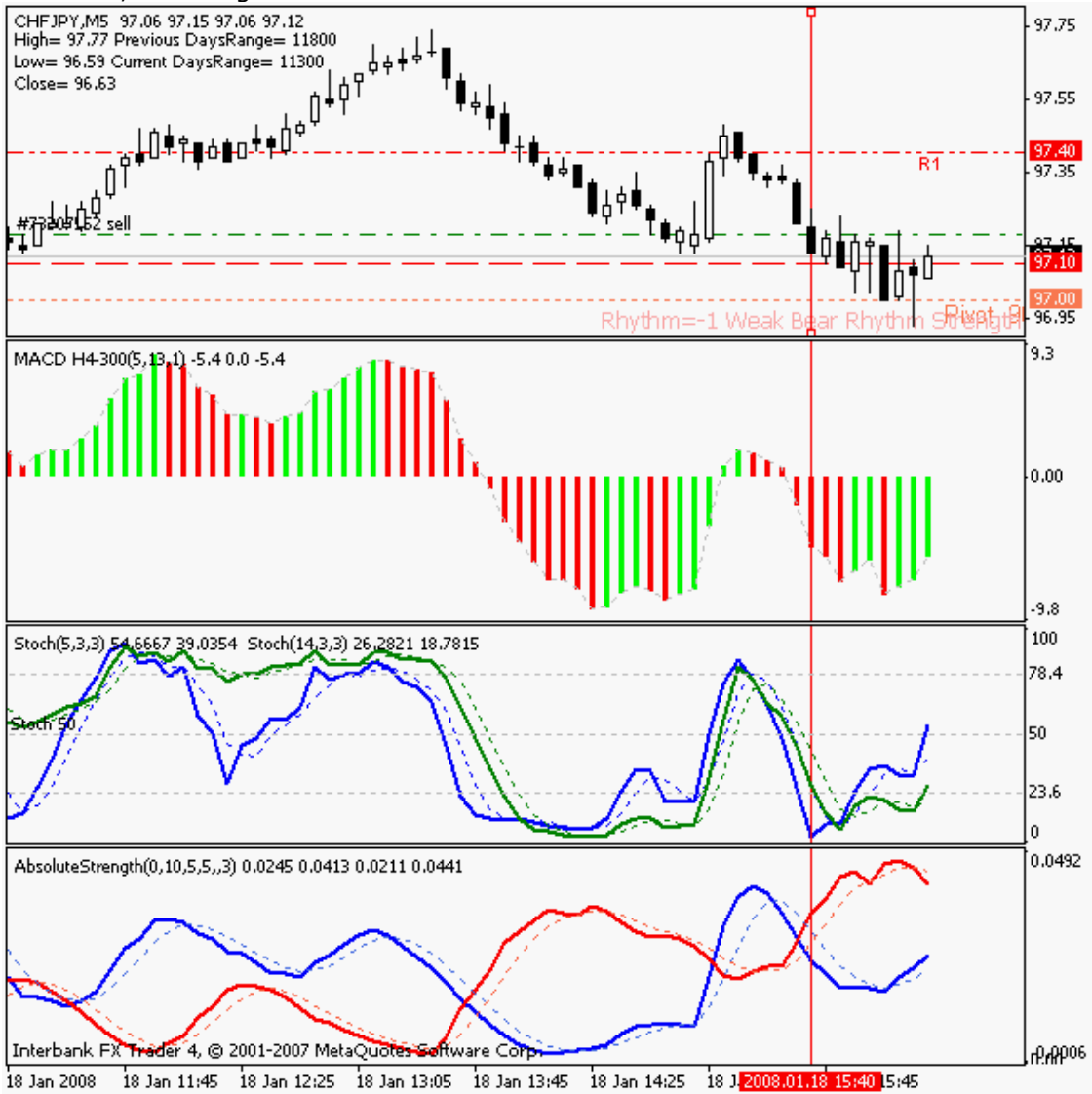
Second trade is either another buy after the retrace and close over the pivot. Re-entry like this seems to be a better move. MACD was already above zero and stochs and AS indicate a buy.

Third trade is a sell, target would have been pivot. If you had stayed you would have done a lot better.

Each trade would have netted you a minimum of 10 to 15 pips with little heat



Was up +10 on this trade and didn't take profits. Closed for -3. 14-3-3 stoch moved above 20, following the 5-3-3.

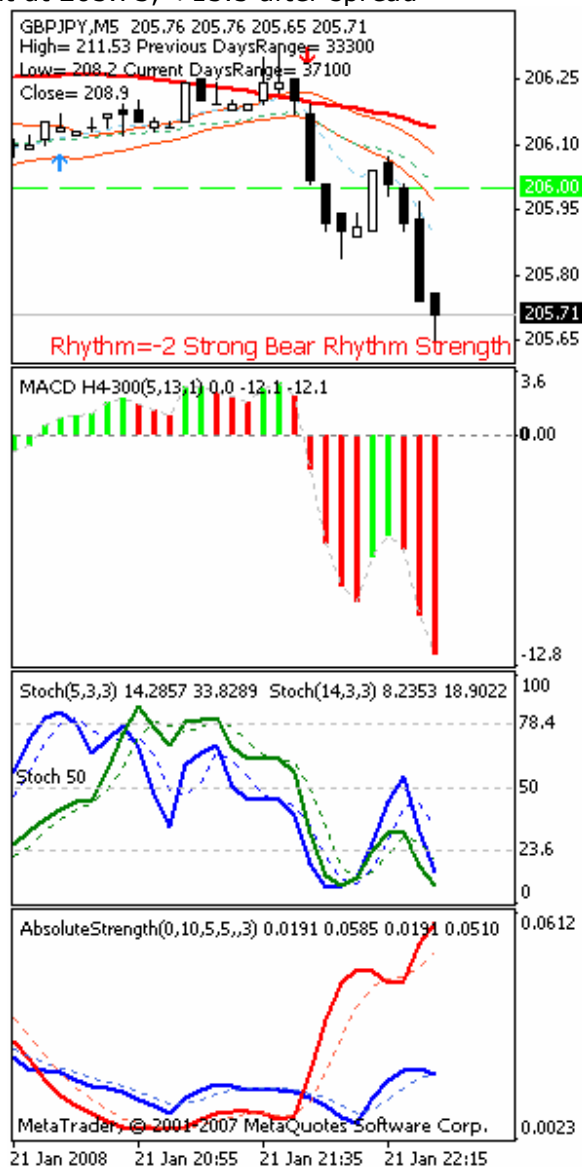


Sold EU, was looking for price to go to 1.4500. Closed for +35.

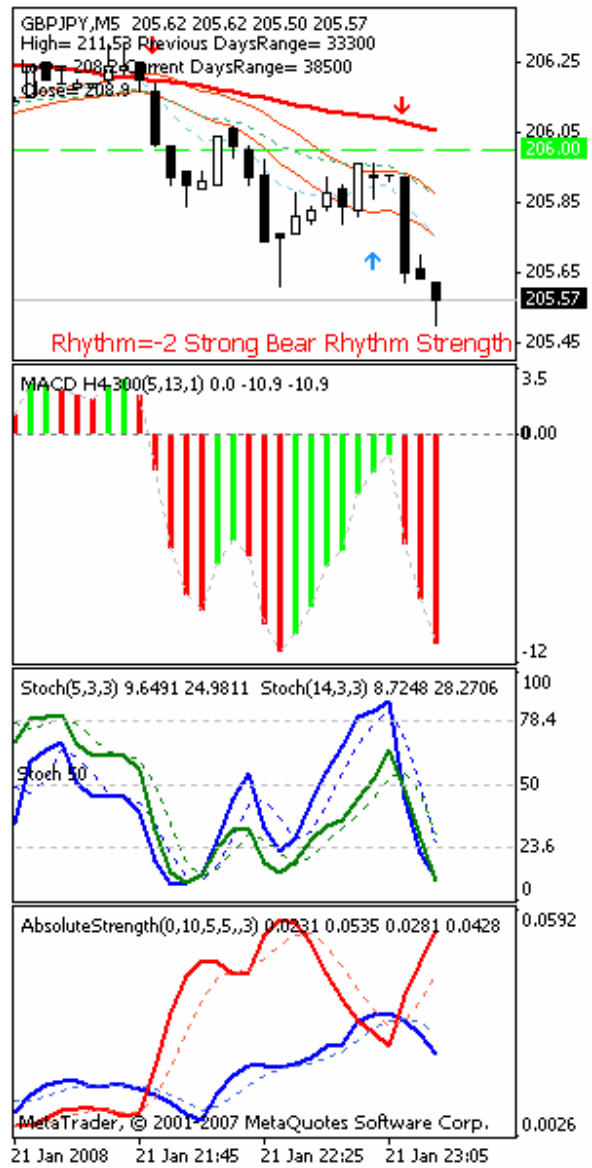




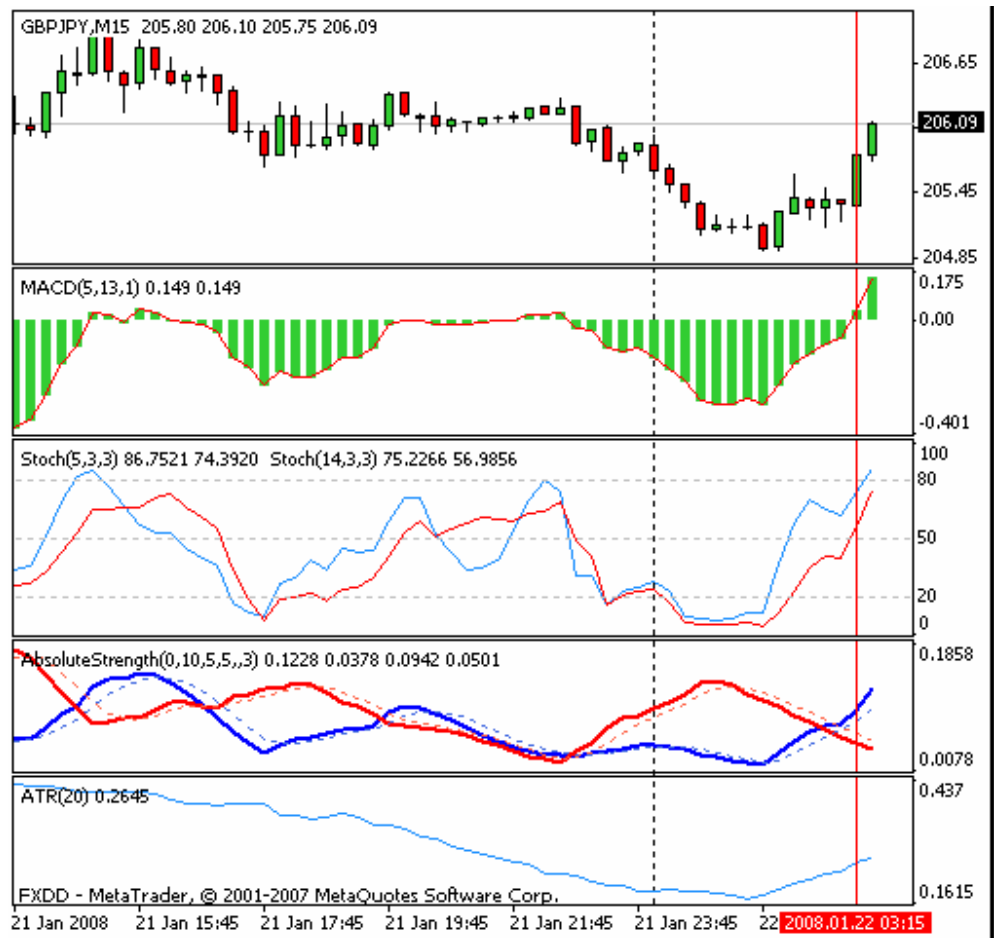
Entered at 205.89, exit at 205.73, +15.5 after spread



stochs turns back down, macd below zero and AS moving apart. Closed for +40.3



14,3,3 crossing above 50, the 5,3,3 was already there, MACD going above zero and the AS crossing nicely. +20 easy pips.



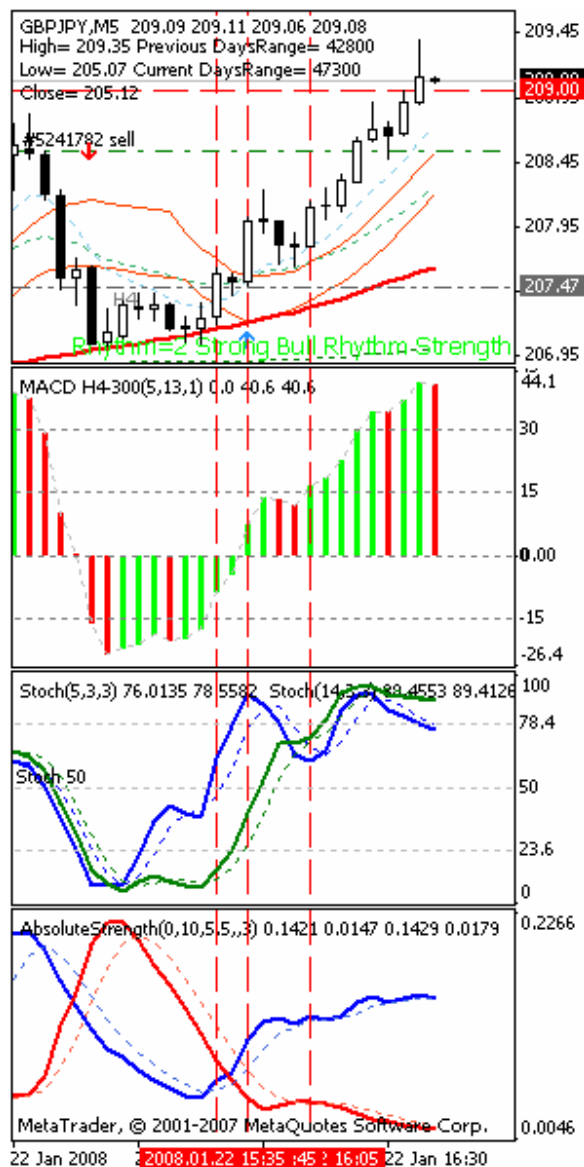
There are 3 vertical lines.

The **first** line is where stoch crosses 50 and you have a heads up. Aggressive traders would enter here because macd looks like it's turning and As looks like it will cross due to slope of red line.

The **second** vertical line is the first bar of MACD cross, another entry point and the standard one...all conditions met per the first post.

The **third** line is the first bullish candle after the setup. You could also enter here, it's a bit more conservative and price closed over 208...a round number.

Three ways to play it as I see it.



I see 6 points of interest for EJ today.

The **1st** is after the news and the cross of MACD...that trade would have been a loser - I'll be discussing earlier entry on a setup like this one because it could have been a winner.

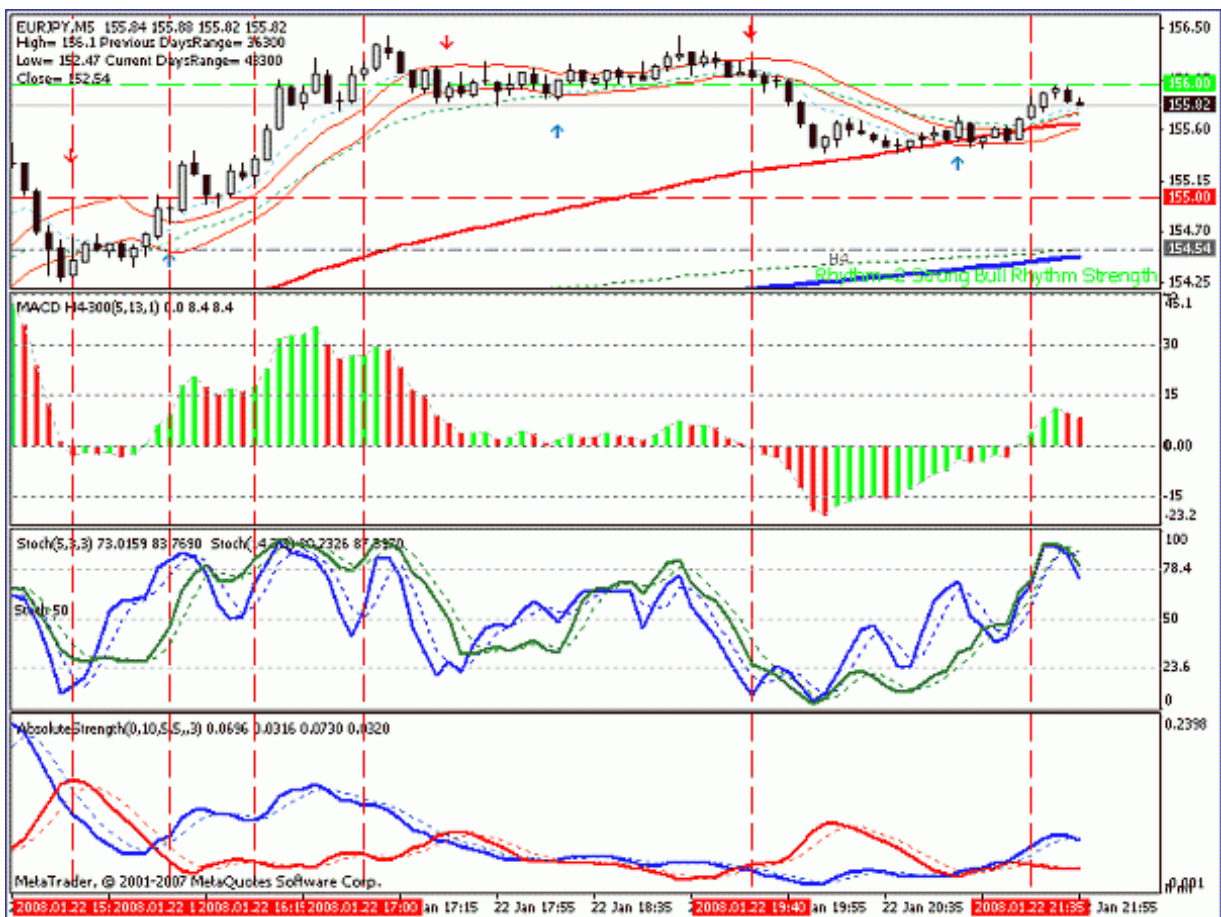
The **2nd** is a winner.

The **3rd** is re-entry based on stoch and is a winner.

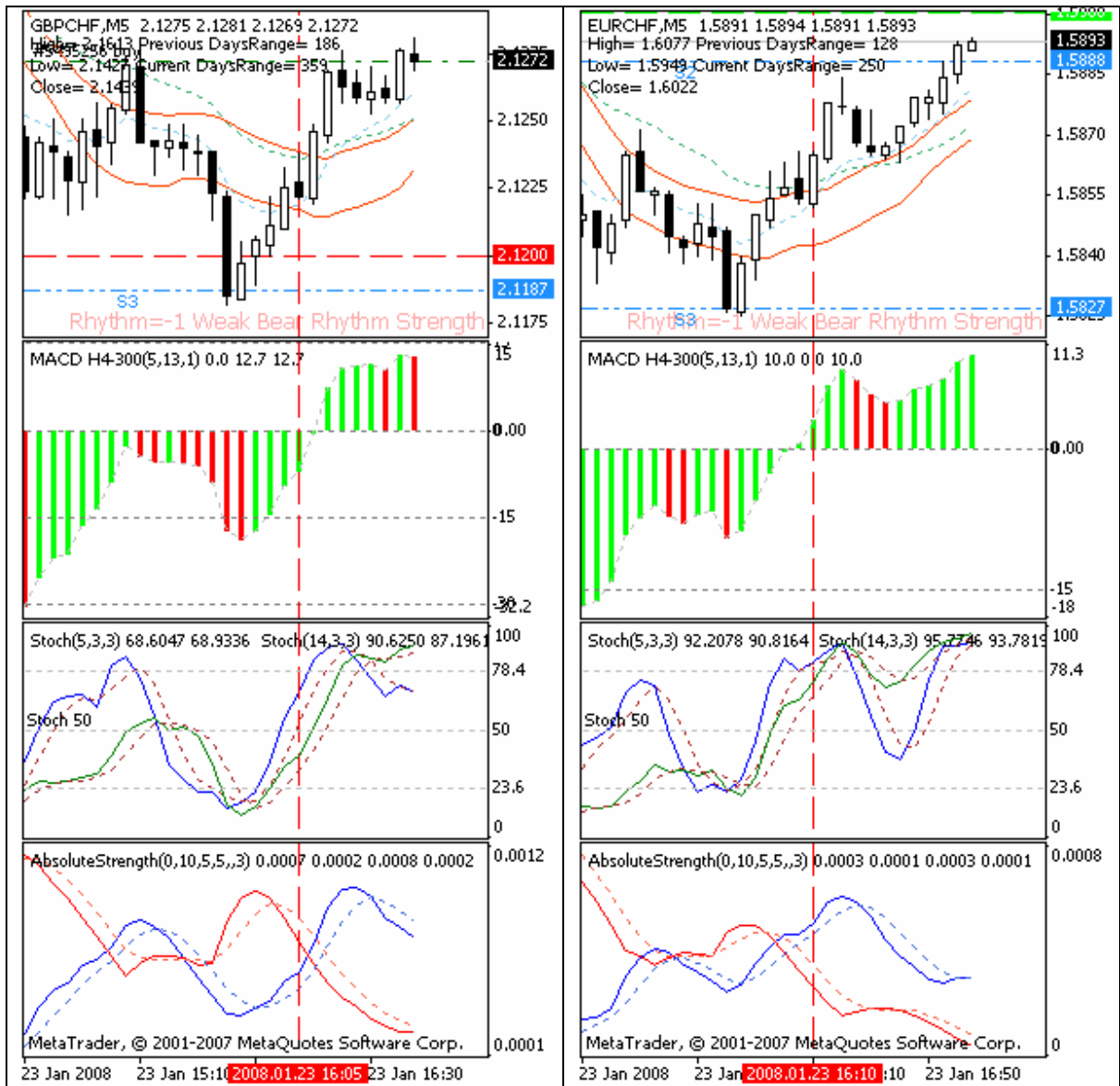
The **4th** is re-entry based on stoch and is a winner.

The **5th** and **6th** are crosses of MACD and are winners.

All of the entries could have been made with little heat and close for 10-20 pips and trades # 3 and 5 for a lot more.



Two charts to look at...both very profitable trades. Entry on GC was early.



trade 1

5-3-3 stoch went above 50 and crossed back down...was good separation on as so sold for +10 pips

trade 2

same...5-3-3 stoch went above 50 and turned back down...was good separation on as so sold for +28

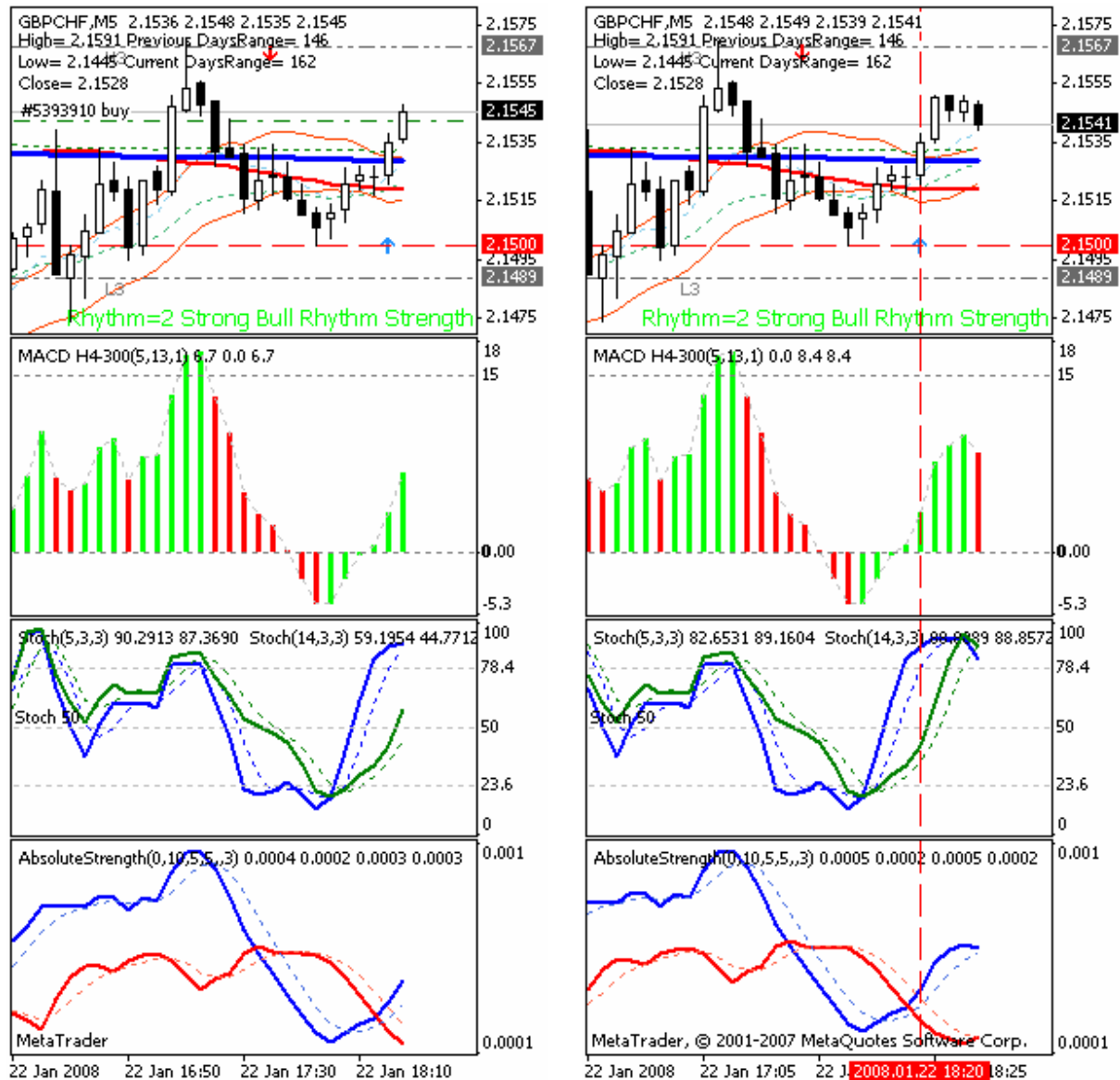
trade 3

this time 5-3-3 went all the way to 80 which was the 208 round number and turned. Once it cleared 85 sold and closed for +22. This trade was a bit tricky because AS had crossed. However stochs and macd in agreement and as never really separated much before it cross back. Was only looking for 15 or 20 pips...down to 208.50.

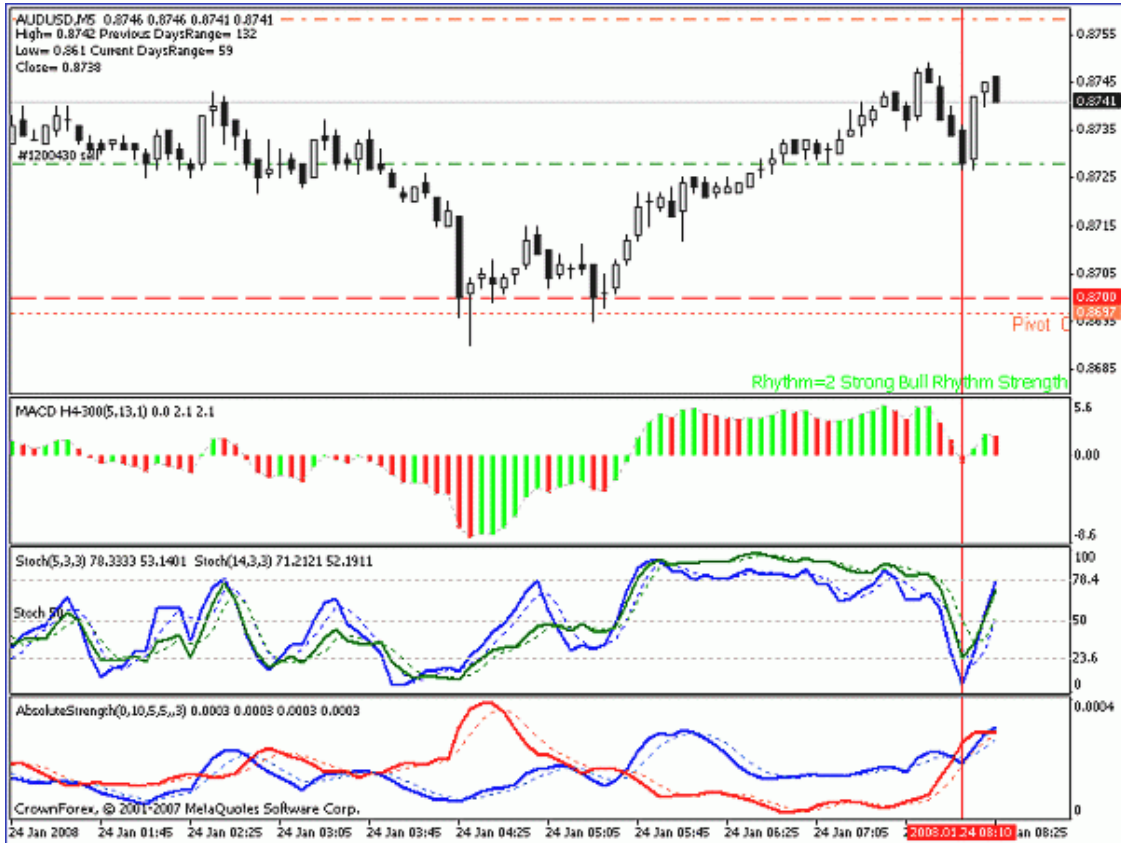


Bad Trades

The setup on this one was good and was even up 8 pips at one time. Waited an extra bar on the entry...was waiting for AS to cross a bit more. If I had entered on macd cross, would have hit target. Didn't like price action. Closed for -2.



The only comment I'll make is that for ideal setups the AS indicator should cross and be pointed in the opposite direction...the steeper the angle the better and both the blue and red lines should have crossed their respective signal lines. Not sure what this would have looked like live...probably looked great, judging by the 4 bearish candles. But looking at it now, it seems like the AS indicator lines still quite close even though they have crossed. Better luck on the next one.



Possible MM Technique

I entered too that trade on EU but i'm adopting another method to handle the trade. Basically I enter 2 lots per single trade adjusting my risk size accordingly. I exit first lot whenever first indicator turns against my trade (usually it's stoch5), then remaining lot will continue to be in place until all indicators turns against my trade. So in this trade I already closed my first lot at 1.4501 because Stoch5 went above 50 for a +35 gain and I'm still short with second lot waiting when all indicators will turn for a long.



after first lot is closed we can move the sl to the be for the second lot that will be a free trade

Closed second lot at 1.4580 for a nice 57 pips profit.
Combined total profit for this trade : 35+57 = 92 pips

