FXM Trend Trader™
Trading System Cheat Sheet

DO PRE-TRADE PREP

1) Determine your current allowable **Position Sizing**, calculated as Account Risk per Trade (1.5% of current actual Account Equity) divided by 20 pips. This calculation yields the number of Mini Lots for Position Sizing, which can be *divided by* 10 for equivalent Standard Lot Position Sizing, or *multiplied by* 10 for equivalent Micro Lot Position Sizing, as needed.

2) Consult an **Online News Calendar** to determine if any potentially 'market moving' news items are scheduled for the current 24-hour session. If so, note which pairs could be impacted (and when during the day). Plan to avoid taking a fresh position anytime within 4 hours of such news events, and to remove risk on any already open positions ahead of time.

   - Suggested news calendar sites: Daily FX, Forex Factory or Econoday.

3) Plan ahead the intended **Scale of Trade** that will be pursued: Scalp, Day Trade, Swing Trade, Position Trade, or any combination thereof including our suggested four-lot, scaling-out strategy. Determine whether an all-or-nothing or multi-lot order will be applied, and if the latter, determine the number of equal sized parts to be included in the order (whether 2, 3 or 4 parts). Please note: The decision on scale of trade to pursue may be determined in part by Market Flow analysis specified below.

SCAN AND ASSESS THE MARKETS

4) Using our real-time **Momentum Matrix** tool, find a **3M Trend Reading** and identify the trading bias.

   - <u>Tip #1</u>: If only two out of three timeframes are in alignment (including the Daily chart), a 3M signal could materialize once the Histogram reading reverses on the 'holdout' timeframe, so be sure to monitor any such pairs as *prospective* screening candidates.

   - <u>Tip #2</u>: Be sure to avoid the risk of an over-leveraged position caused by taking essentially the same trade two or more times over. You can do so by avoiding simultaneous trades resulting from the same simultaneous 3M and trade entry signals on the same Base or Quote (i.e. Long on *one* of concurrent signals for AUD/USD or AUD/JPY only, not both).

5) Assess the 3M timeframes for the flagged pair(s) from step 4 above, in relation to **Market Flow Analysis** – either that provided by our "Daily Market Flow" PDF report, or your own.

   - If Market Flow analysis does *not* corroborate the 3M indicator reading, do not pursue the trade for the time being. Wait for a continuation setup materializing later which is aligned with Market Flow and 3M signals jointly.

   - If Market Flow analysis *does* corroborate the 3M indicator reading, consider looking for a potential trade entry signal, whether executed manually, or with the assistance of our EA semi-automation tool. If the latter, skip steps 6 through 11 below, as these steps will be completed automatically by the EA tool.

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FIND THE TRADE SETUP
(Please note: If using the EA tool, the following steps will be completed automatically by the EA).

6) At the prospective point of entry, price must not be less than 30 pips away from the projected daily high or low for the day. If it is, the trade will not be taken. When the 3M trend signal is bullish, it is assumed that Daily Range will be made in the upwards direction, which can be estimated by adding the 5-day ADR figure to the actual low for the day. When the 3M trend signal is bearish, it is assumed that Daily Range will be made in the downwards direction, which can be estimated by subtracting the 5-day ADR figure from the actual high for the day. If the ADR is less than 60 pips, the trade will not be taken.

7) Look for a trend-favorable **5m Validation Signal** aligned with the 3M reading:

   - If bullish: 5m 10,20,9 MACD above zero and bullish Gap & Angle apparent on the 5m paired 10/20 EMAs.

   - If bearish: 5m 10,20,9 MACD below zero and bearish Gap & Angle apparent on the 5m paired 10/20 EMAs.

8) With the 5m validation and 3M trend readings intact, look for a **1m Entry Signal**:

   - For a buy: Counter-trend (bearish) 1m MACD crosses above the midline on a close.

   - For a sell: Counter-trend (bullish) 1m MACD crosses below the midline on a close.

EXECUTE AND MANAGE THE TRADE
(Please note: If using the EA tool, the following steps will be completed automatically by the EA, except step #12).

9) Enter the trade, and immediately apply the **Initial Protective Stop** of 20 pips from effective entry point (spread included). Then, apply **Limit Exits** as appropriate for any Scalp, Day Trade or Swing Trade exit targets being pursued. (Do not apply Limit Exits for any intended Position Trade).

10) **Trail The Stop to Breakeven** on attainment of 30 pips floating profit (regardless of exit strategy being pursued), allowing the trade to seek the Limit Exit(s) applied, if applicable. The latter event(s) will close the trade.

11) For any open Position Trade, apply the **Three-Bar Trailing Stop** technique on an iterative basis for each Daily bar close until the trailed stop is triggered. The latter event will close the final portion of any multi-lot, scaling-out trade.

12) On completion of the trade, diarize the result in a personal **Trading Journal** and personal Performance Tracking database to monitor your progress over time.