

Dancing Signals

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Moreover, the leveraged nature of FX trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of all initially deposited margin funds and be required to deposit additional funds to maintain your position with any given broker. If you fail to meet any margin calls within the time prescribed, your trading position may be liquidated and you may be responsible for any resulting losses, including amounts potentially more than your deposit.

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The following images are presented only for informational purpose and potential use in connection with “The Dance” forex trade strategy. See the manual for more information about using these signals.

Document Purpose

The purpose of this document is slightly different from the main document with the rules and all the explanations in it. This one is exclusively to demonstrate the frequency and strength of the signals used in “The Dance” trading strategy. If as a trader you are looking for the three main signals in this strategy, you will find that between the three main signals, good, solid, low risk signals occur several times a week.

The “Master Signal” is the strongest of the signals. It occurs reasonably frequently on M15 and a bit more often on M5. There should be at least 5 or so signals per currency each month and each signal should be good for at least 50 pips. Often they are good for much more, sometimes as much as 200 or more pips in a single trade. This signal alone, though a bit less common than the others, if traded alone could make the trader extremely successful and generate extremely strong returns with extremely few losses. I personally estimate that this signal by itself should be able to average around 200 pips per week in gains.

The “Touch Trade” is almost as strong as the “Master Signal” but it must be traded EXACTLY as demonstrated or it can burn you quite fast. Most “Touch Trades” will net out about 15 to 20 pips and several of these signals can run to more than 100 pips. Just keep a close reign on them and take your pips early if price hesitates too much after the retrace from the “touch.”

The 10 EMA trade is far more common but one must pay strict attention to the Trend of the Moment and trade ONLY in the direction of the trend. If a trader sticks strictly to the rules, these trades are also normally good for around 20+ pips with several a month being good for well over 50 pips.

At the beginning of each section are a few paragraphs explaining the concept and how to identify the trade. That is followed by one image with comments on it to demonstrate the trade. The images that follow that in each section only have circles to indicate where the trade occurred.

All examples were taken from recent price activity on Gbp/Usd and Eur/Jpy. These signals occur on most currencies, so if one is or looks too “choppy” just trade another currency. Keep it simple, never complicate this or you will end up frustrated and poorer for the effort.

God bless,

Clay

The Master Signal

The “Master Signal” can appear on any time frame. This strategy used M15 to define its entries and M5 to “fine tune” them, but DO NOT discount when a “Master Signal” appears on the M5 in conjunction with an M15 signal of some kind. Often the M5 will show a “Master Signal” at the same point in time that M15 is showing another kind of strong P/A signal at, or very near one of the Moving Averages or a Round Number level.

In addition, if you see a “Master Signal” forming on H1, get ready for an explosive move in the direction of the signal's “bend” in price action.

The following images are all based exclusively on M15. They are intended for you to do some homework of your own in recognizing them. The first one has comments on it. The rest have no comments and are intended for you to analyze using the Moving averages and Price Action itself.

Enjoy!



By the way, though this chart has two other signals also marked, pay specific attention to only the “Master Signals” of M15 constrainment AT the 35 SMA. Constrainment signals may also occur at the 50 EMA, but until you are very experienced, STICK TO THE 35 SMA Master Signals. There are more than enough of them to make you a lot of money.









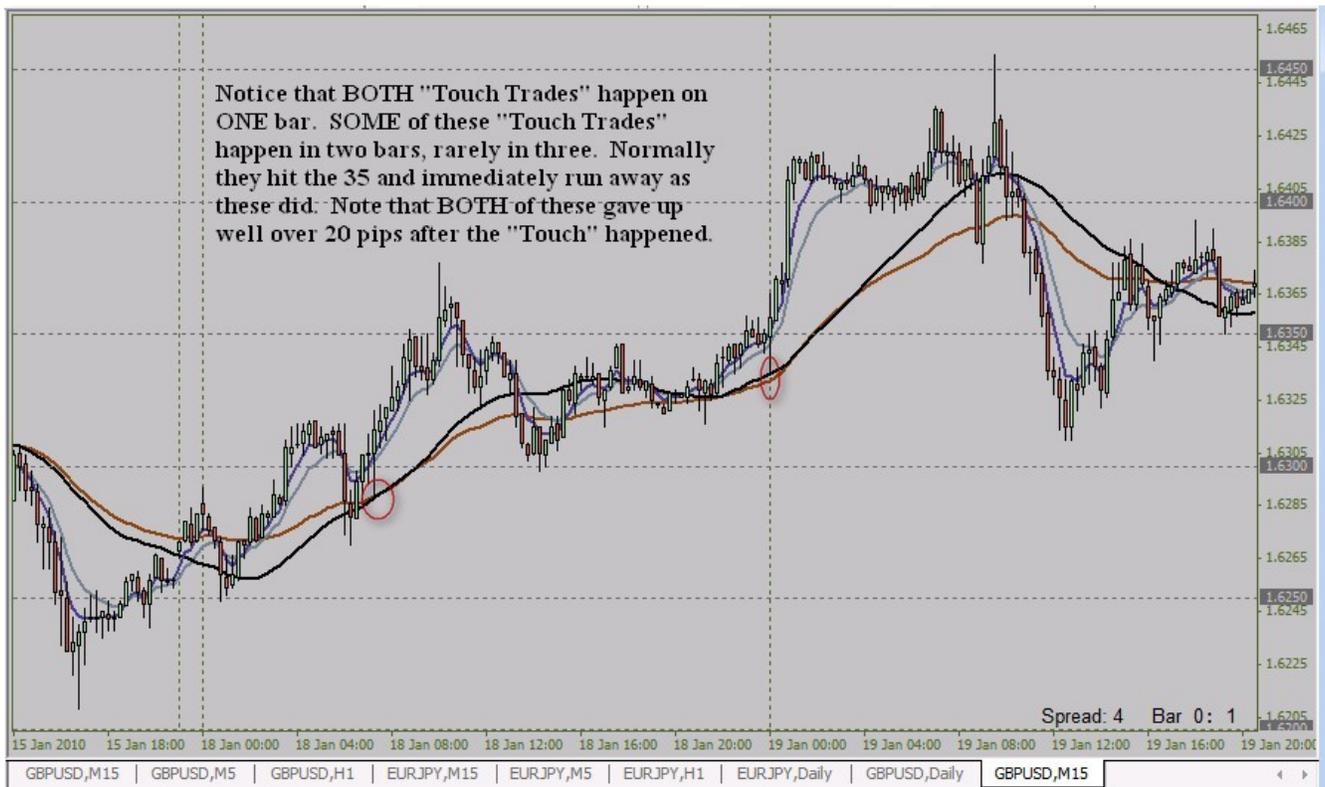


The "Touch" Trade

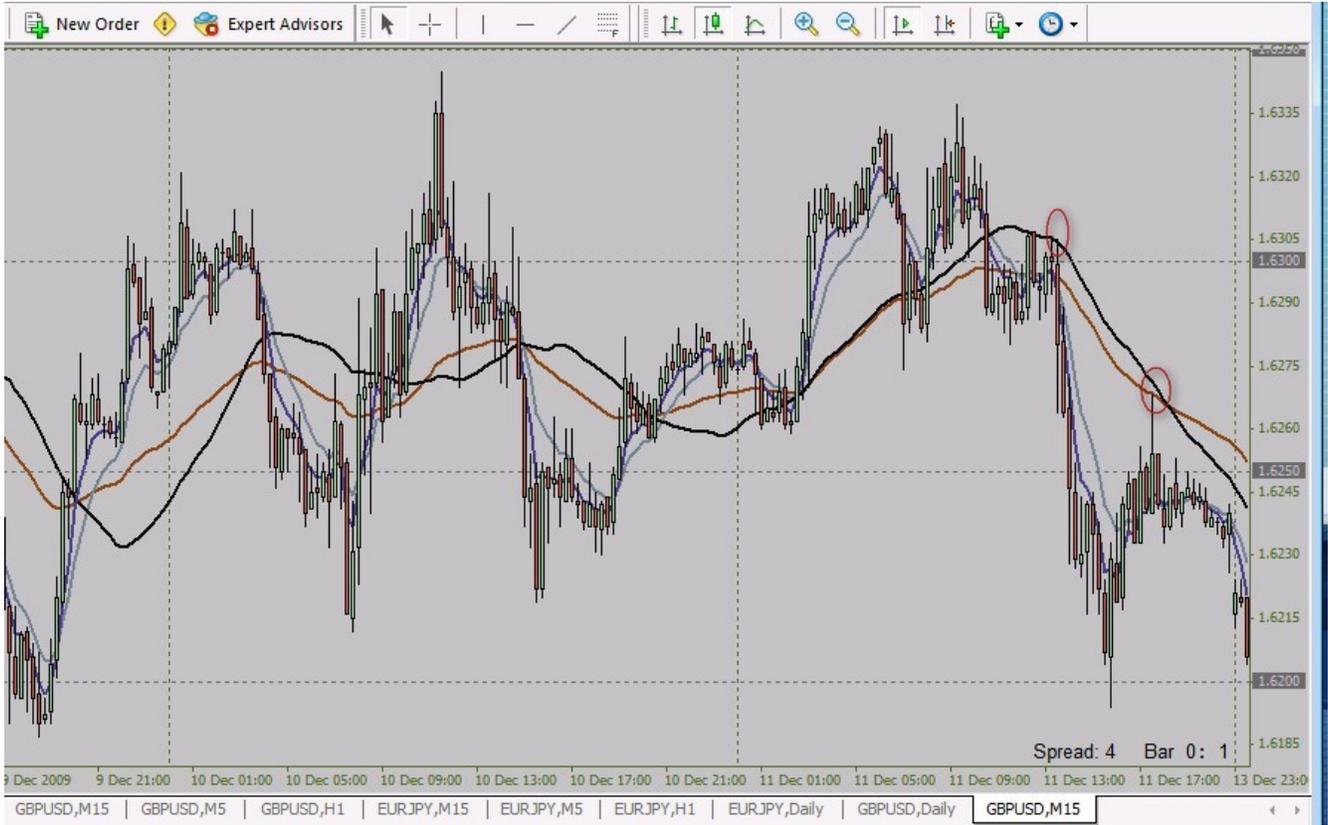
The "Touch" trade occurs in a very specific place on the chart under very specific Price Action. It is ALWAYS a re-test trade. It ALWAYS re-tests the 35 SMA, or a Round Number level. MOSTLY it is the 35 SMA. It normally also is "unexpected" when it occurs. It seems to suddenly just "jump" to the 35 SMA in a few moments or minutes at most.

The way to trade these "Touch Trades" is to IMMEDIATELY trade the OPPOSITE of the move with an extremely short SL of no more than 9 pips EVER. The Scripts place a 19 Pip SL on an entry, so you will have to either manually move it, or to simply be strong enough to exit should it go against you 9 pips. If the trade is a good entry, it will IMMEDIATELY "run away" from the 35 and drop around 15 to 20 pips fairly quickly.

Often these trades are also the beginning of a much stronger move BACK IN THE DIRECTION of the original move.



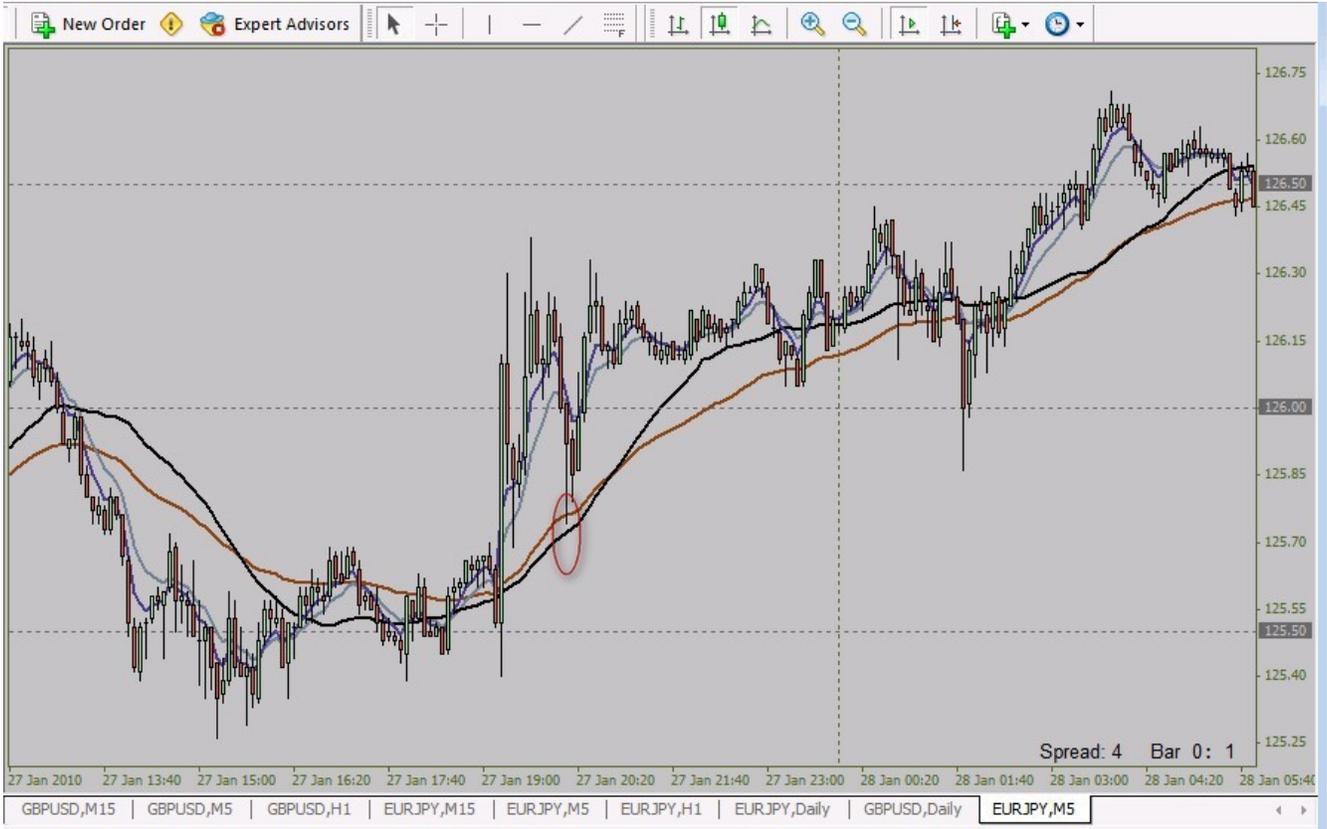


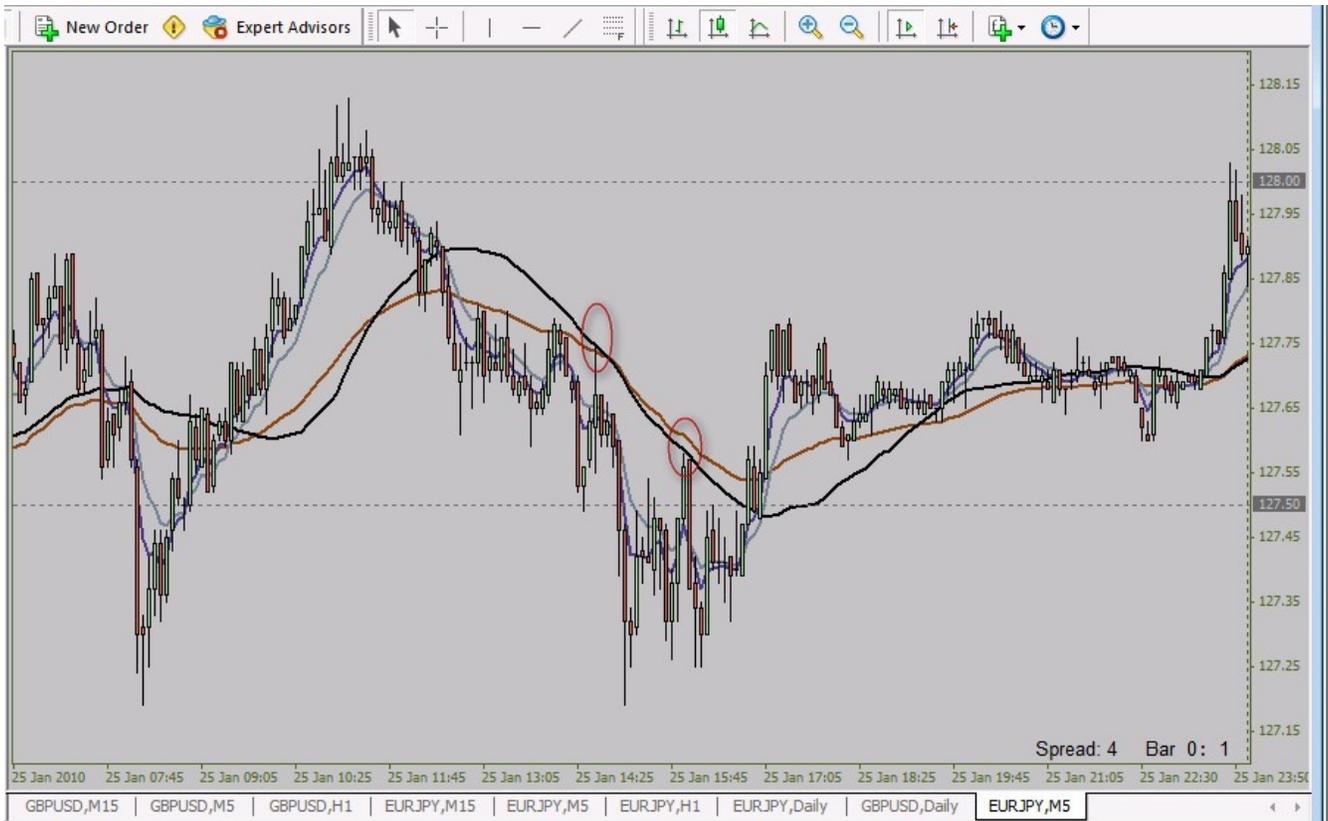














The 5/ 10 EMA Signal

The trades taken against the 5/ 10 EMA lines are ALWAYS WITH THE TREND. NEVER take one “counter trend” until you learn to master all the three main signals in this strategy. The risk just isn't worth it. There are very many other solid, extremely low risk trades to take, which also have very large profit potential.

These trades often occur in a “confluence” of signals, at or near the “Round Numbers,” just past the 35, 50 lines, or after a small retrace when the two EMAs turn back in the direction of the trend. Study the following images well. Though this is a strong and relatively safe entry, it is still the weakest of the three main signals.

Notice carefully that with these trades, all the rules of “constraintment,” “Round Numbers,” S/R Levels and so on. Price Action bars are much more important “by themselves” in these trades as well.





