

## TRADING PLAN / STRATEGY FOR TRADING THE 4 HOUR CHART

Chart used for trading plan/ strategy for trading the 4-hour chart is the \$Y for July 2017. However, this strategy will work on all the pairs. While this plan is for the 4-hour chart, the strategy will work on all time frames.

**PURPOSE:**

The purpose of using the BTS on the 4-hour chart is to:

1. Spend less time in front of computer as you only need to check the charts at a minimum every 4 hours.
2. Able to see a broader picture of market action
3. Normally the pair you are trading will make a high or low for the month during the first week of trading.
4. While trading the 4-hour chart you can see the high or low for the month develop

### INDICATORS:

Indicators used for this trading plan / strategy to trade the 4-hour chart is as follows:

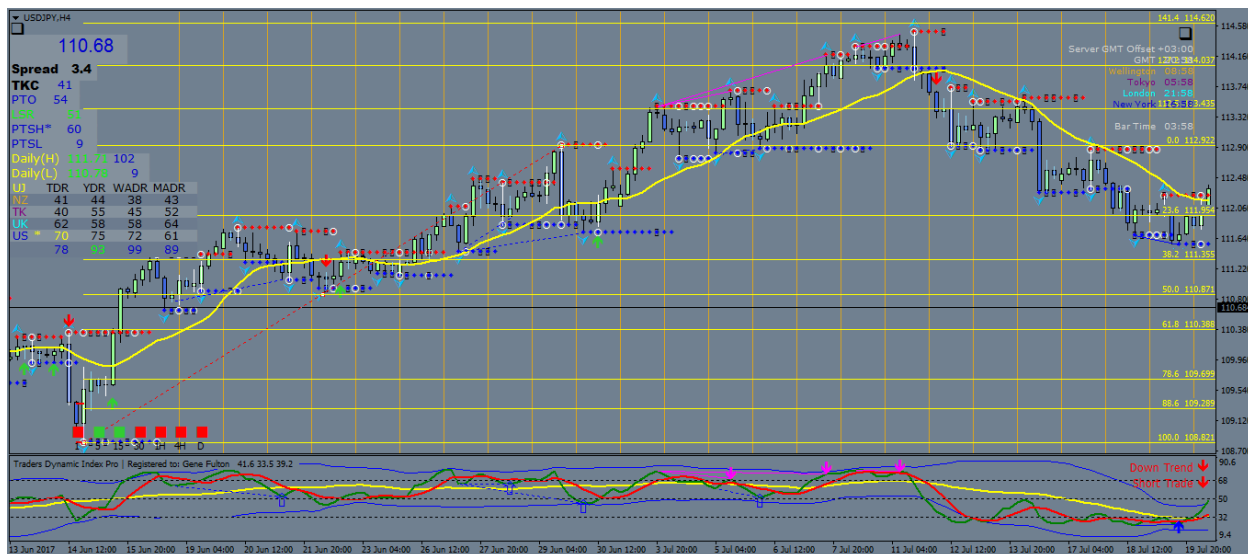
1. TDI
2. Fibonacci
3. 20 Simple moving average
4. 5/20 EMA cross over alert

**PRINCIPLE:**

The trading plan / strategy is based on the BTS (Banker's Trading System) provided by Dean Malone while in his FX chat room. Instead of using the BTS on the previous day's range (yesterday high / low), I have chosen to use the previous month's high and low.

**TRADING PLAN / STRATEGY:**

Draw a fib from Last Month's Low to Last Month High. Refer to chart 1.



### Chart 1

As indicated by the chart, after the high for the month of June, the \$Y did a retrace to just under the 23.6 level. A good indication we have a trending market.

There are 2 potential entries: 1 on 30 June when the Bull candle closed above the 20 SMA. However, since this is a Friday, I would recommend waiting for Monday before entering a trade.

The entry on Monday is at 112.25 with stop below the previous candle and the take profit at 114.03 (127.2). Recommend take profit at 114.00.

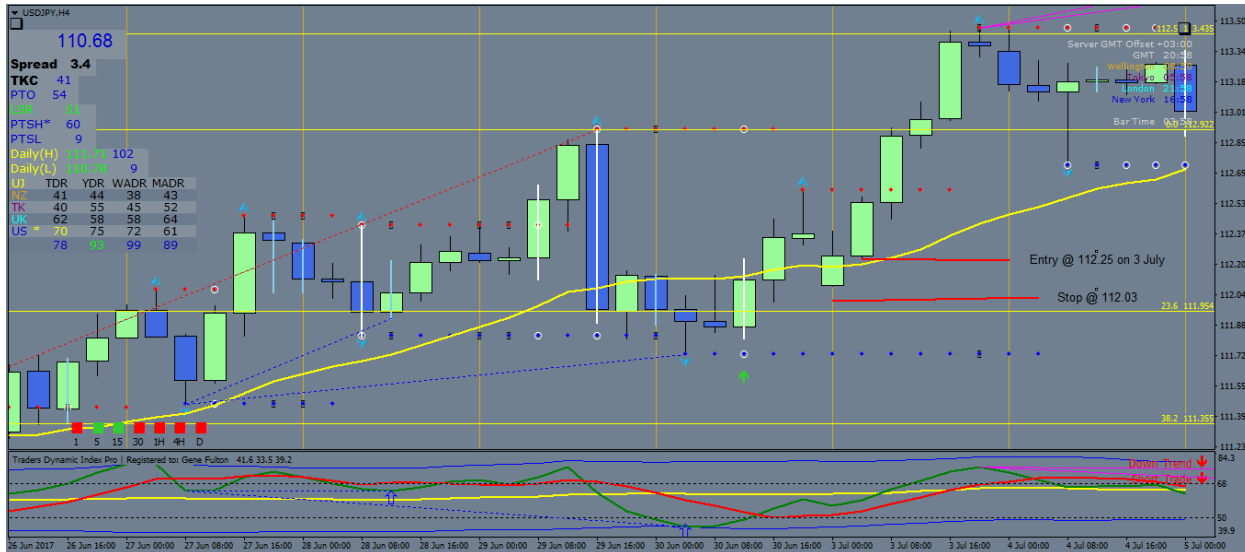


Chart 2

We can see the \$Y did a retrace at the 112.5 fib level. As the next day is a US Holiday, I would recommend taking profit at this level. You can drill down to 1-Hour or 15-minute to look for best price to exit the trade.

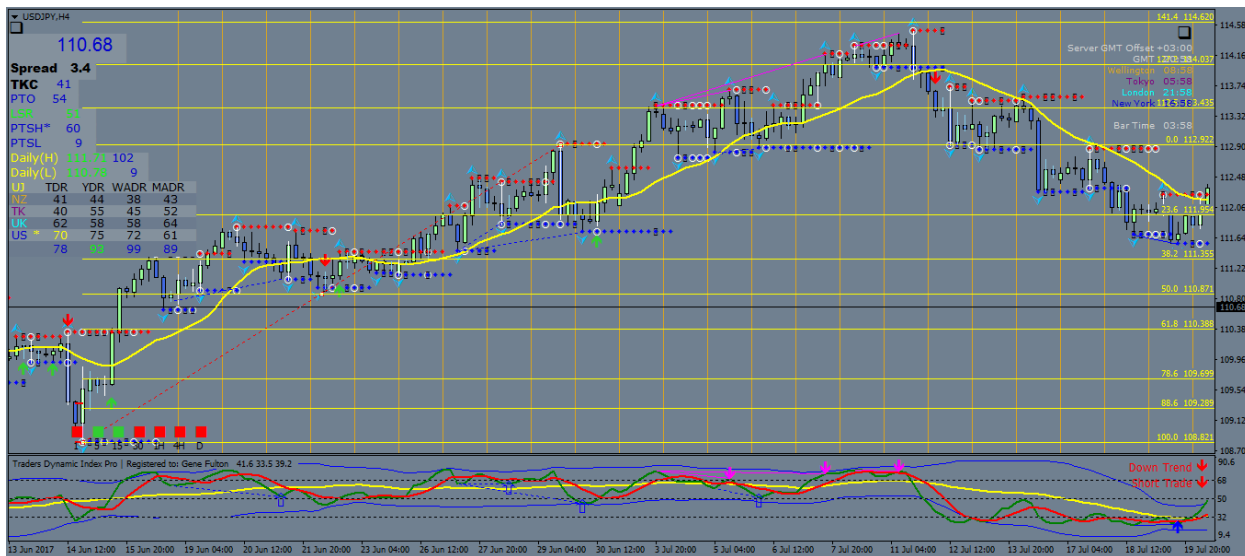


Chart 3

However, if you stayed in the trade moving your stop under the swing low you would have been safe. Your stop would not be hit. The \$Y was flat on the 4<sup>th</sup> & 5<sup>th</sup> of July. Refer to chart 3

There was a potential long on 6 July, but price was just sitting on the 20 MA and TDI was not in agreement for a long.

7 July we have a nice set up for a long to our 127.2 target level at 114.00

127.2 target level was hit for a profit of 75 pips.

Total pips for the 2 long trades:  $115 + 75 = 190$  pips

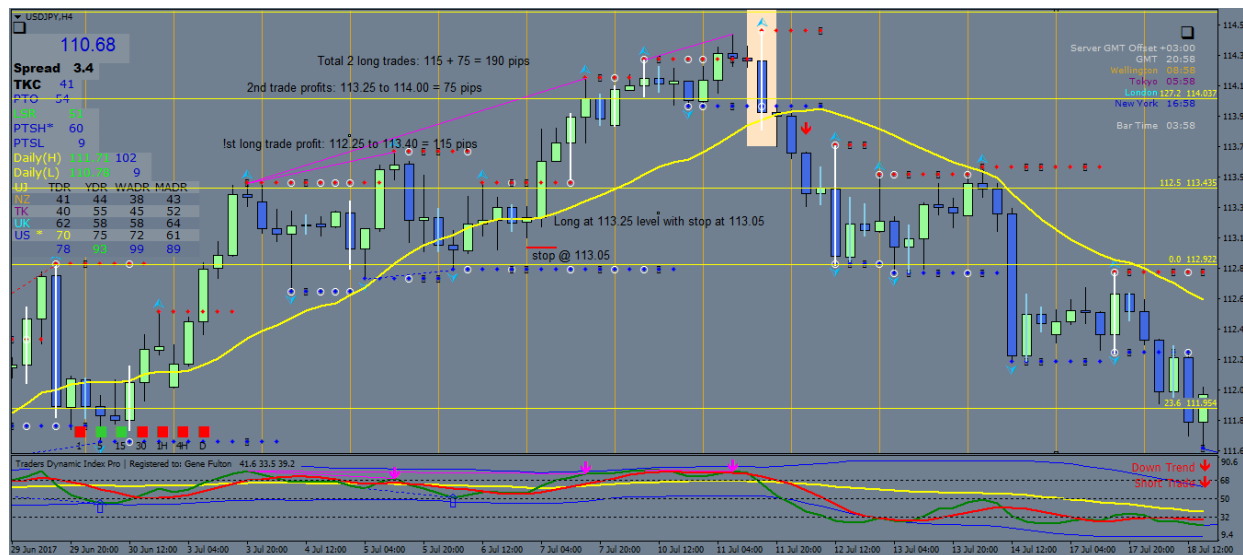


Chart 4

The candle in the box is a swing high reversal candle indicating we have a possible retrace and a potential reversal. Refer to chart 4.

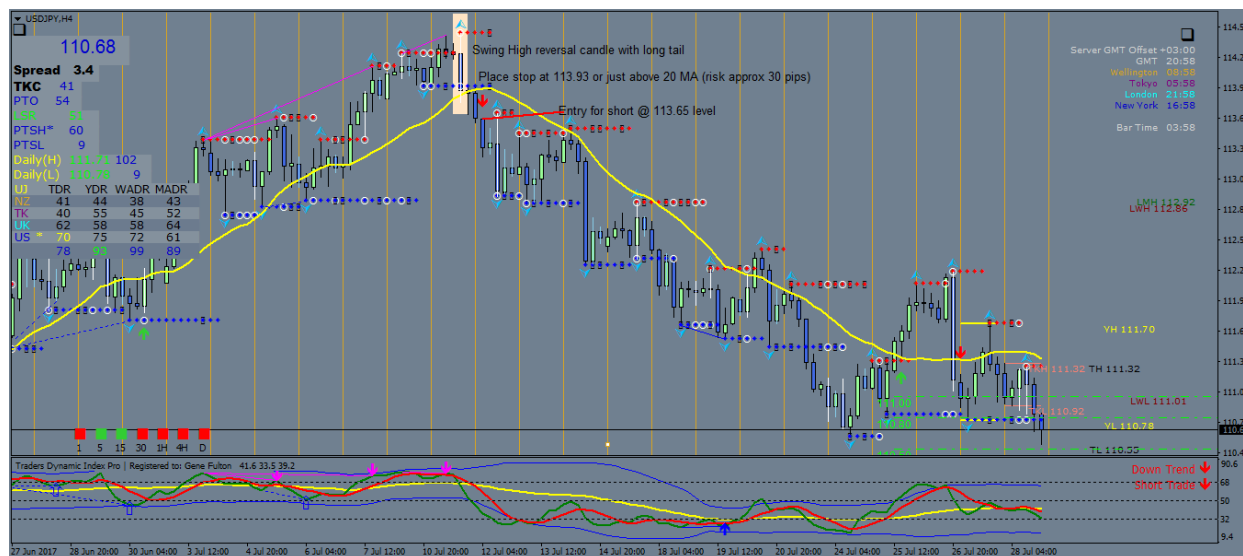


Chart 5

The opening Bear candle on the next day is under the 20 MA with the TDI/MBL in agreement for a short

We now have a short trade at the second Bear candle. \$Y is now under 20 MA. TDI is in agreement.

We do not move our stop until we get a retrace and new swing high. Refer to chart 5

Draw a fib from the high at 114.49 to the swing low at 112.92.

Notice we have a 38.2 retrace and a new trade set up. Refer to chart 6.

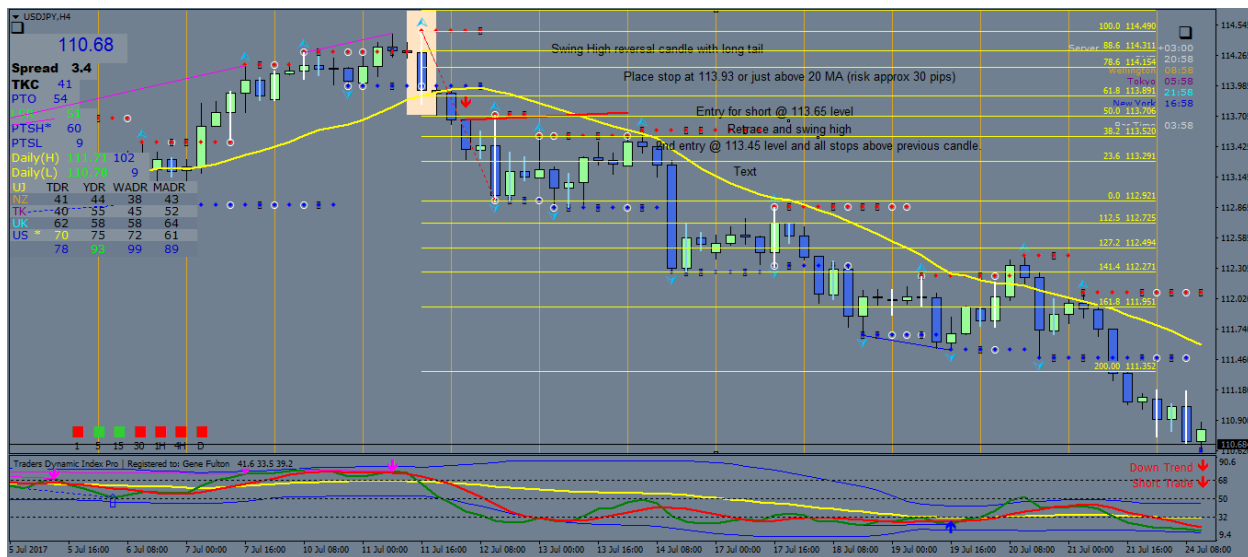


Chart 6

Trade went to the 141.4 before doing another retrace.

When the market confirms it is retracing, we can extend our fib from the previous swing low at 112.92 to the new swing low at the 112.27 level. Refer to chart 7

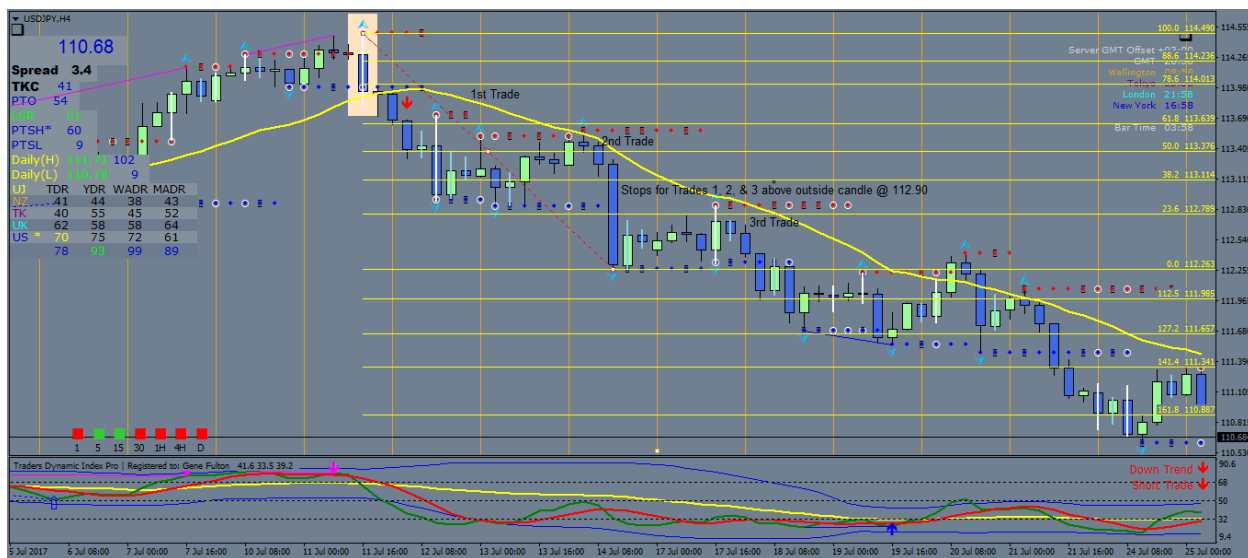


Chart 7

Our 3<sup>rd</sup> short entry is at the open of the bear candle on 18 July at 112.60 area.

All stops at 112.90 which is above the large outside Bull candle.

We now have 2 trades with profits locked in.

The 3<sup>rd</sup> trade short has a risk of 30 pips

The \$Y continued down to hit the 127.2 level before retracing.

When we have a confirmed new swing low at the 111.54 level we can extend our fib down to the new swing low.

The 4<sup>th</sup> short trade is a 112.20 with stop at 112.45. Approximate risk of 25 pips. Refer to chart 8



Chart 8

Stops for trades 1, 2, & 3 are move to 112.45 locking in their profits.

\$Y moved down to the 127.2 level before doing a retrace.

If you monitor the TDI during your trades, we can see the TDI was giving us an indication of a change.

Also, the swing low candle is a swing low reversal candle.

Therefore, this is a good place to take profits at 110.80. I like to use the big numbers for profit areas.

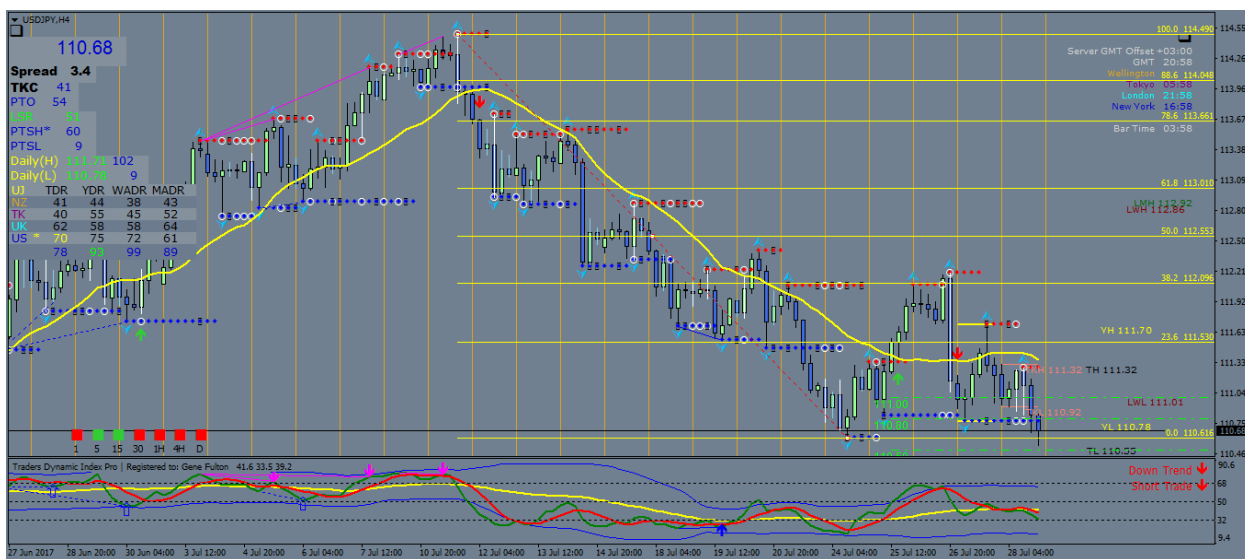


Chart 9

Notice as we move the fib down to the last swing low, the \$Y has done a 38.2 retrace.

This could be a potential set up for the next run down.

Total pips for the \$Y for the month of July 2017 trading the \$Y 4- hour chart is as following:

1. Long Trades

- a. 1<sup>st</sup> long trade: entry at 112.25 exit at 113.40 = 115 pips
  - b. 2<sup>nd</sup> long trade: entry at 113.25 exit at 114.00 = 75 pips
- Sub-total: 190 pips

2. Short Trades

- a. 1<sup>st</sup> short trade: entry at 113.65 exit at 110.80 = 285 pips
  - b. 2<sup>nd</sup> short trade: entry at 113.45 exit at 110.80 = 265 pips
  - c. 3<sup>rd</sup> short trade: entry at 112.65 exit at 110.80 = 185 pips
  - d. 4<sup>th</sup> short trade: entry at 112.20 exit at 110.80 = 140 pips
- Sub-total: 875 pips

TOTAL: 1,065

1,065 divided by 22 trading days = 48.4 pips per day