Alien's Extraterrestrial Visual Trading System Version 2.

This is **a very profitable and effective** trading system. Proofs of the results of the system can be found by checking out this link = https://www.forexfactory.com/showthread.php?t=463573 (NB only check for the new system not the old one). All credits to ForexAlien (https://www.forexfactory.com/forexalien)

The way this system works is mainly by riding market waves. Whether we are moving up or down this system helps us catch on to ride these waves the market is making.

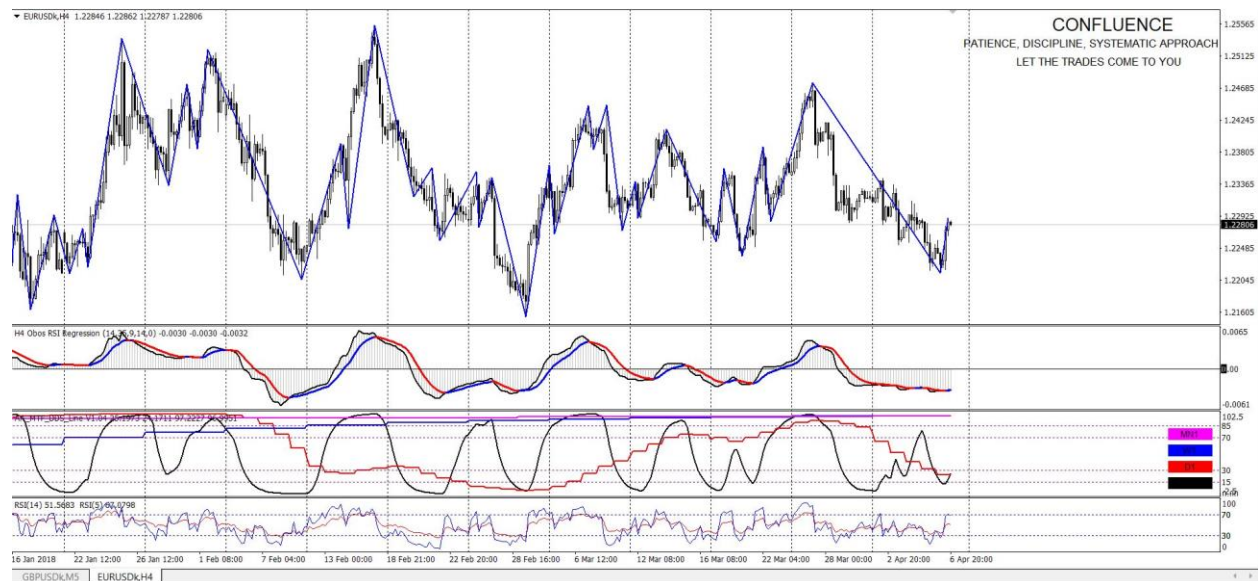The key indicator in my opinion is the Drake's Delay Stochastic (DDS).

The next in line indicator is the Obos RSI regression indicator. Which will help you know if we are still going to maintain a trend after a pull back.

I want to add two RSI indicators as the trigger for a signal in confluence with the DDS and Obos RSI regression. (Periods 5 and 14 for the RSI)
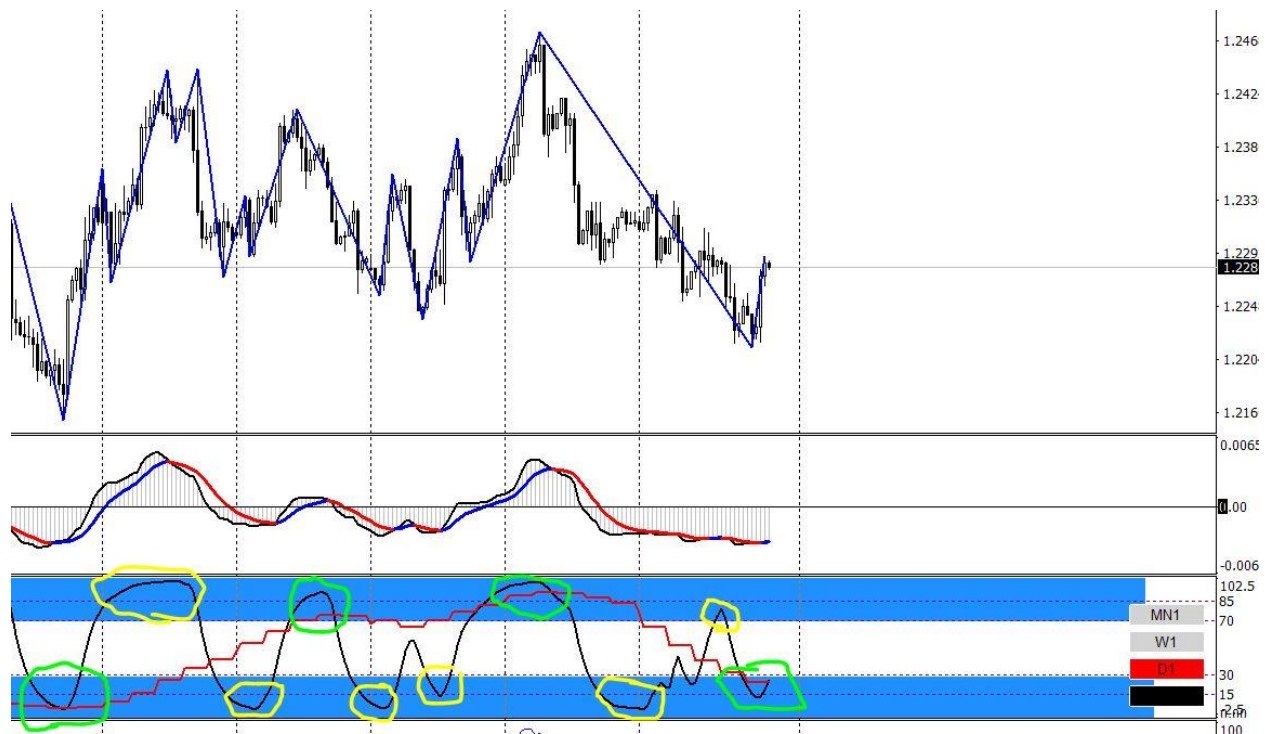
Mind you this system relies on multi timeframe (MTF) analysis. Therefore our key indicator, the DDS will be used in the MTF format. The RSI will be in the current timeframe only, as the trigger RSIs.

To trade in timeframe 'A', you will need to use the next higher timeframe for the DDS analysis which is very key to this system. Lower time frames are less accurate as usual but good for better entries. We might not be going into that.

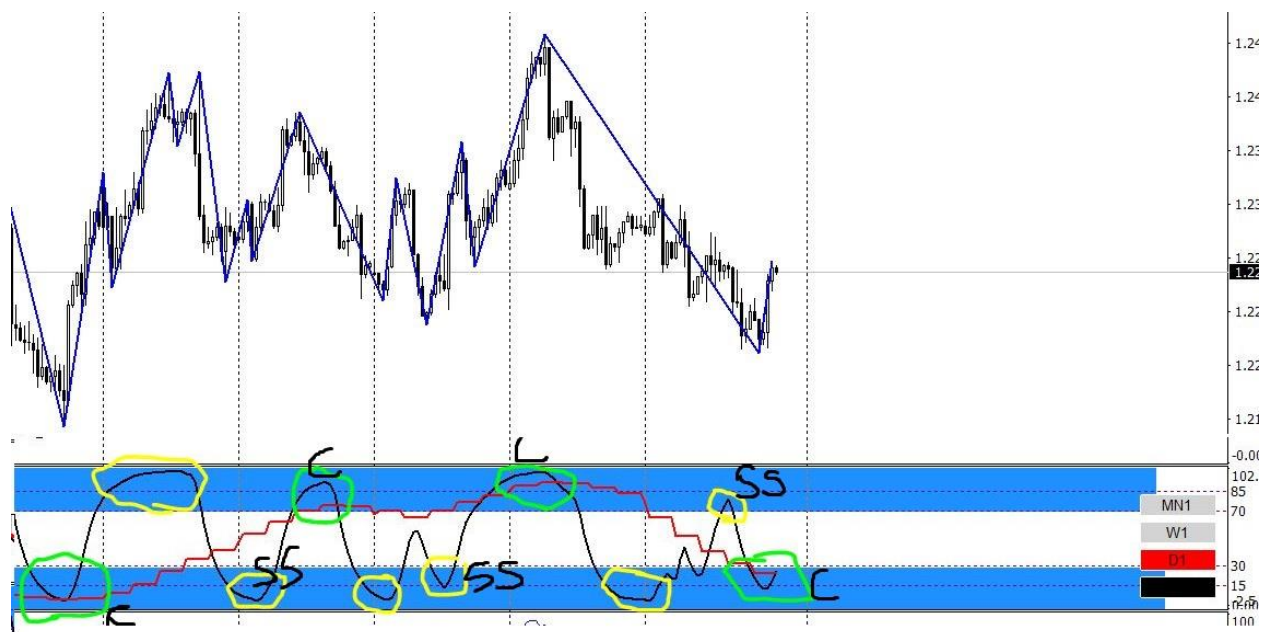So let me try and present this visually!!!

So I have attached the zigzag indicator to the chart to help see the waves that the MTF DDS indicator is showing. The key to reading it is observing closely when it enters the oversold or overbought territory. That mostly depicts the end of a wave. But you should know that in a wave, there are waves. So the main point is to ride the higher time frame waves by entering through the lower timeframe waves using the MTF DDS as our wave-reader. Very simple.

In the image above, the MTF DDS is the one which I have made those blue rectangular marks, and yellow and green circles. I will explain those circles since they are the indications of the turning points of the waves. The green circles represent when two timeframes align and move together. Very key. The yellow circles represent when there is some difference in the movement of the waves between the timeframes. Either faster or opposite. Note well that all the circles are in the overbought and oversold zones (below level 30 and above level 70).

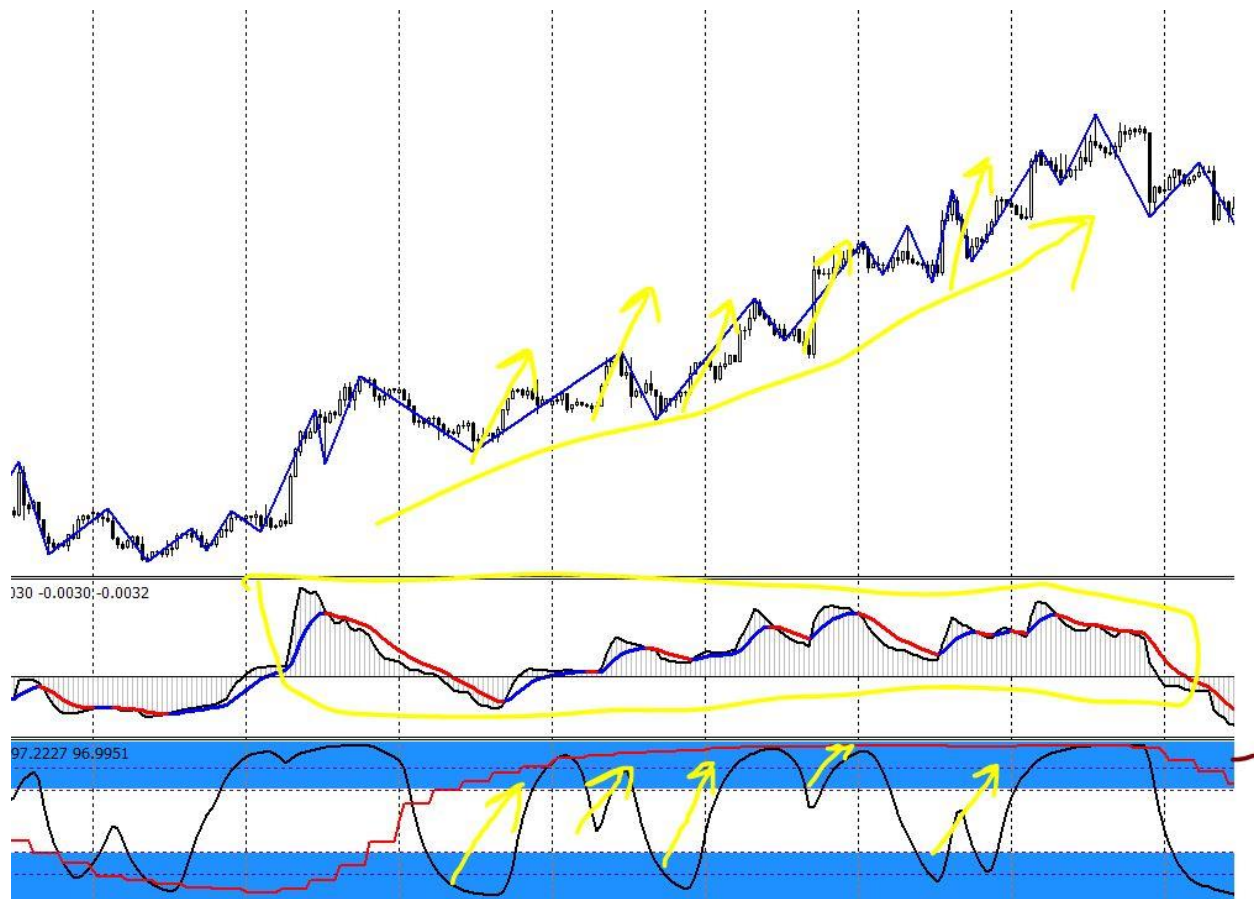Using the MTF DDS, there are two basic wave prediction techniques:

  a. The compression move (C), and
  b. The sling-short move (SS)

The compressions (C) are the ones indicated by the green circles. This happens when both timeframes DDS compresses at either the overbought or the oversold. It is not 100% but I will give it 60% accurate.

The Sling-short (SS) is when the higher timeframe (TF) is moving in a particular direct (possible above level 50) and the lower timeframe DDS had made a wave opposite the higher TF and is now at oversold or overbought and it is now moving to join or catch up with the higher TF. These moves are sure as sunrise. About 85 to 90% accurate. They are the safe trades. When the trends or waves have made the first move and retraced, then you join in on the continuation. Very safe. In the picture above, you'll realize that not all the yellow circles are SS, beware.

Normally a Compression will begin a change in trend direction. When that happens, Obos RSI regression changes from either positive to negative or vice versa. After that first wave, there will be a retracement or consolidation which will be a counter trend to the first move. What we expect to see is the Obos RSI regression doesn't change sign during that retracement and even if it should change sign it shouldn't retrace too low; relative to the average moves previously. In that case we know that the continuation wave is bound to happen with a SS most likely.
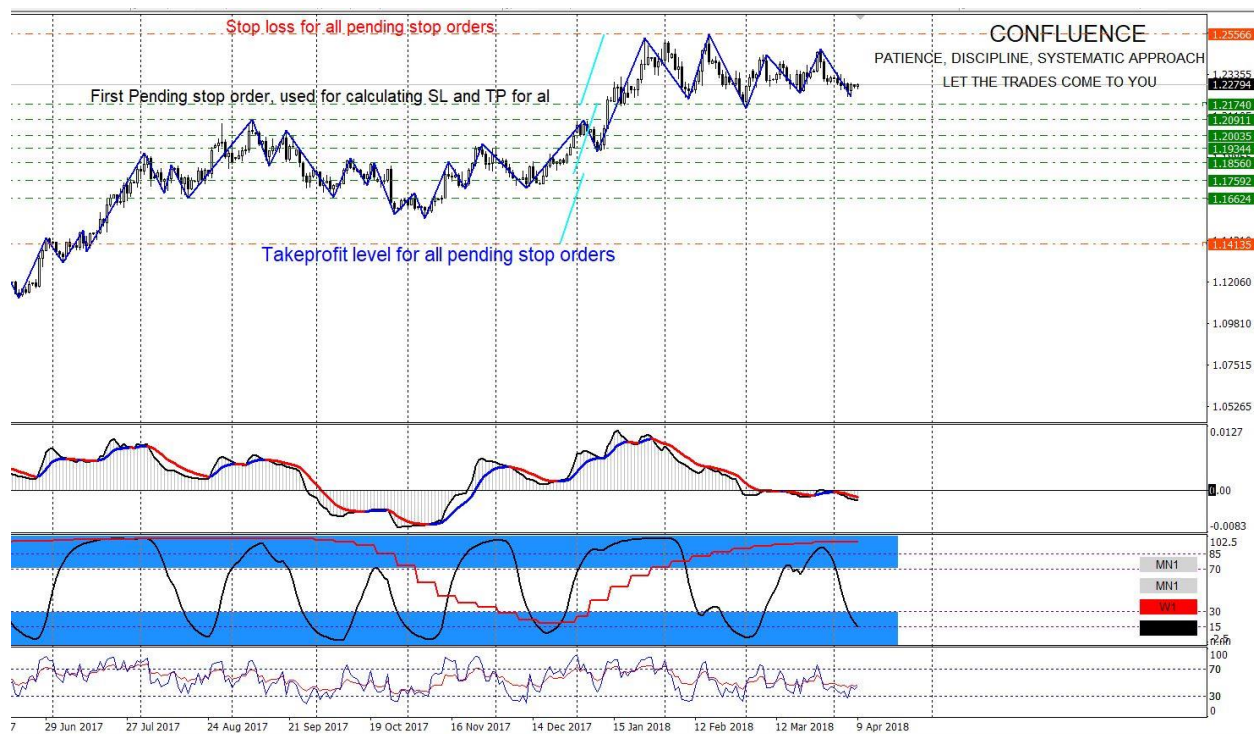
This is a typical Obos RSI regression on show over here. And see how the MTF DDS guides us through the behavior of the waves. So in a simple term, Obos RSI regression serves as a filter for trades for Sling-Short trades. You can use its divergence to support the Compression trades as well. Simple right?

Now let us get into the entries and trade management as we now know how to get our trade direction.

The 2 RSIs crossing gives us our first signal. But the key entries of the system in the predicted direction is by placing pending stop orders. Yep! Pending stop orders in the predicted direction of the MTF DDS. These stop orders have to be evenly spaced and at least 3 and at most 7. The timeframe we are in will determine the pip gab between each pending stop order.

To close the trade, our stop loss will be the same for all the pending orders. That one too will be based on the TF and sometimes the currency pair being traded. Trades made through the crossing of the 2 RSIs will have their stop loss at the previous swing low or high.

Take profit points will be twice the stop loss of the first and nearest pending order. But the profits of all pending orders must be trailed once the current DDS enters overbought or oversold zone. This is very simple and profitable.

This is how the Pending stop orders should look like, assuming we are predicting a downward move. TP is (SL x 2); but it must be trailed once DDS gets to the overbought or oversold. Simple.

Now I need a coder, to code this system into a very profitable EA (I believe).