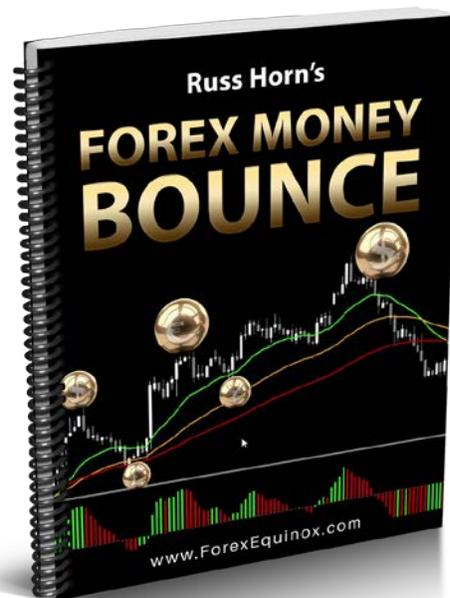


# Russ Horn Presents

# Forex Money Bounce



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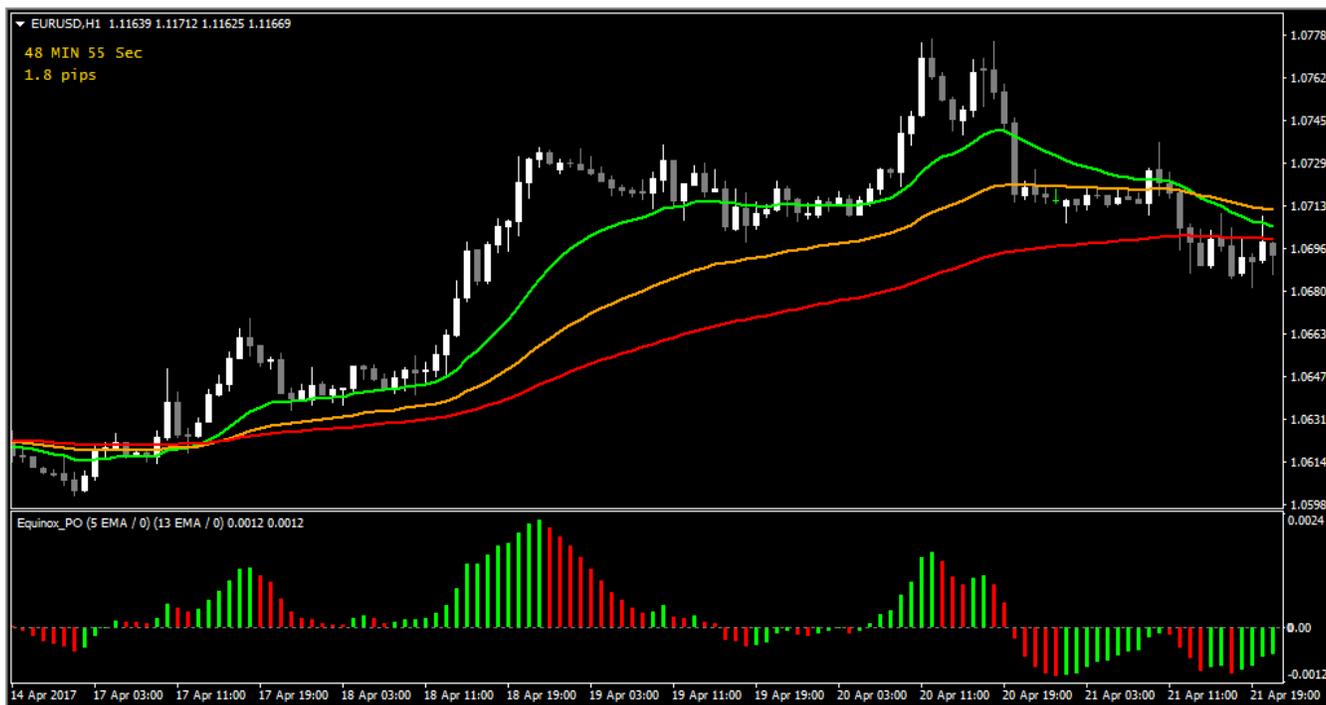
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# Introduction

Thank you for downloading the Forex Money Bounce trading system! I think you will like it a lot. It's an effective trading system that will deliver you a lot of additional trading opportunities.

The FX Money Bounce system takes advantage of the prevailing trend, and the trades we take will be in the direction of the market momentum.

This is the Forex Money Bounce trading system.



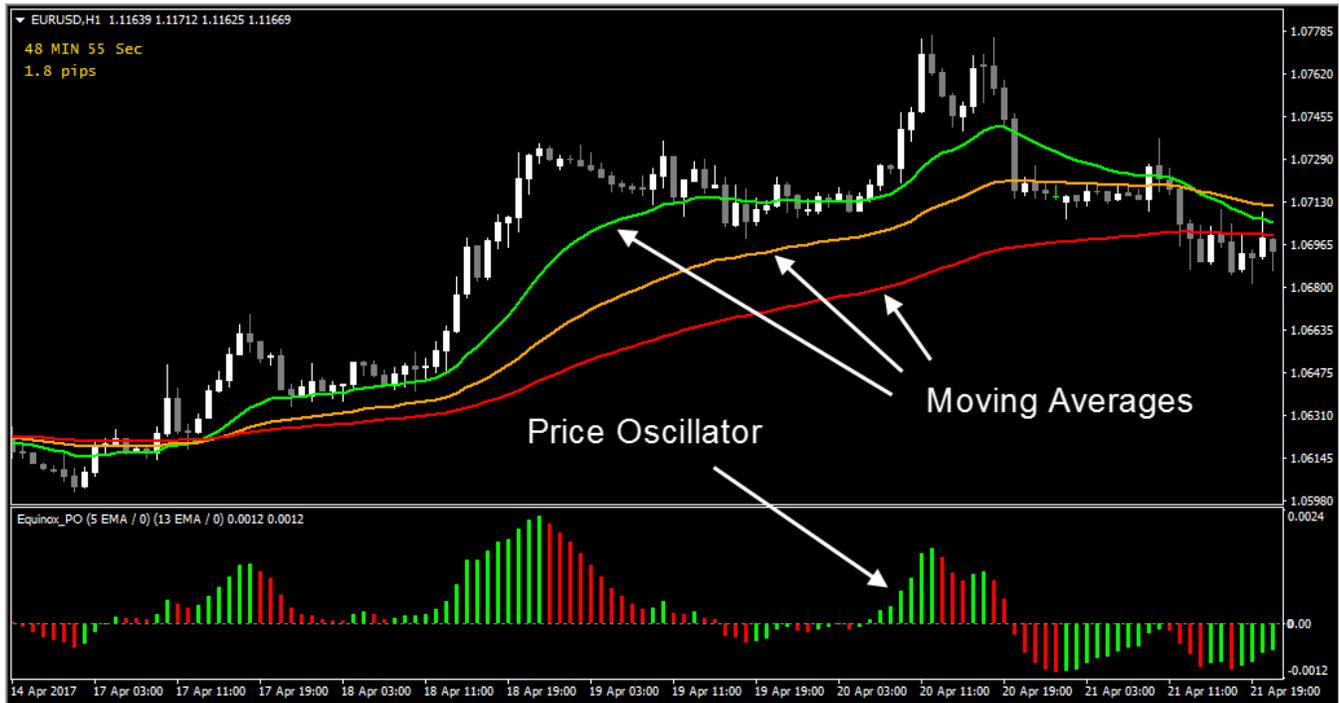
You can see at a glance how the trend appears when it's intact. Trading in the direction of the trend will give us our most profitable opportunities, and with the Money Bounce, you will be alerted to many more potentially profitable trades.

I will get into the components and the rules in a moment, but right now, let's take a look at the parts.

Here is the same image with its components labeled.

It is composed of two main indicators:

1. Moving Averages
2. Price Oscillator



The Moving Averages are a series of three moving averages. They must be in a certain order before we can start looking for trading opportunities.

The settings for the Moving Averages are:

- 20 EMA (Lime Green)
- 50 EMA (Orange)
- 100 EMA (Red)

The Price Oscillator is a histogram version of a moving average crossover. It tells us the relation between 2 moving averages as they would appear on the chart. The settings for the Price Oscillator are:

- 5 EMA
- 13 EMA

When looking for long trades, we need the moving averages to be in ascending order:

- 20 EMA
- 50 EMA
- 100 EMA



When looking for short trades, we need the moving averages to be in descending order:

- 100 EMA
- 50 EMA
- 20 EMA



The Price Oscillator is what gives us our trade signals.

A **green bar** is a **long signal**.

A **red bar** is a **short signal**.

It's really important to understand that we do NOT take a trade on every red or green bar that comes our way. The Price Oscillator works hand in hand with the Moving Averages.

It's better stated that green bars are "potential" buy signals and red bars are "potential" sell signals.



We will be looking for a red or a green bar after a specific event.

We will first get a trade SETUP using the moving averages and then we get a trade SIGNAL using the Price Oscillator.

# Long Trade

## Requirement

- The moving Averages must be in ascending order:  
20 EMA  
50 EMA  
100 EMA
- Price must be above the 20 EMA

## Setup

- Price must drop down and touch the 20 EMA.
- Price can drop below it or touch it exactly. It's OK to have candles close below the 20 EMA

## Signal

- Candle must close above the 20 EMA.
- The Price Oscillator must turn green.

## Stop Loss

- Place initial stop loss below the most recent swing low.

## Target

- Place target same distance as stop loss.
- Place target 2x the stop loss.



# Short Trade

## Requirement

- The moving Averages must be in descending order:
  - 100 EMA
  - 50 EMA
  - 20 EMA
- Price must be below the 20 EMA

## Setup

- Price must rise up and touch the 20 EMA.
- Price can climb above it or touch it exactly. It's OK to have candles close above the 20 EMA

## Signal

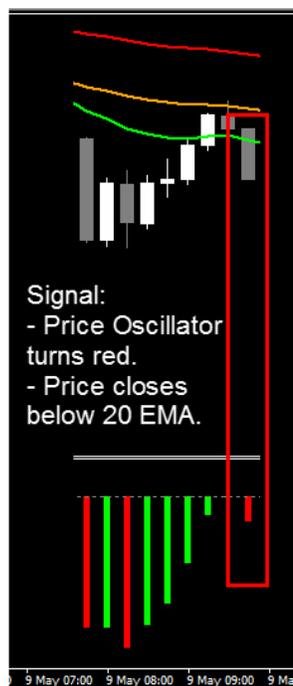
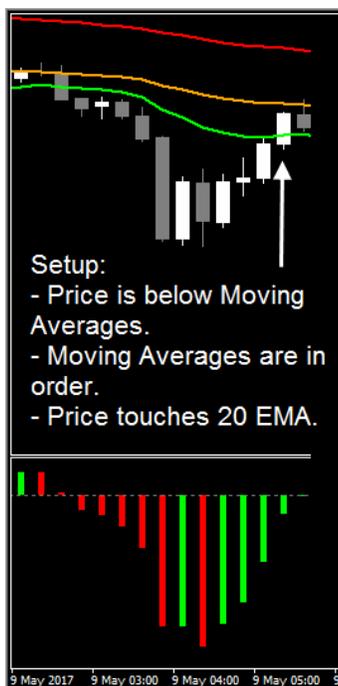
- Candle must close below the 20 EMA.
- The Price Oscillator must turn red.

## Stop Loss

- Place initial stop loss above the most recent swing high.

## Target

- Place target same distance as stop loss.
- Place target 2x the stop loss.



# When We Don't Trade

There are periods of time when it's not a good time to trade. The Moving Averages will tell us when the market might not be in the best shape to trade.

## When the Moving Averages are not in order.

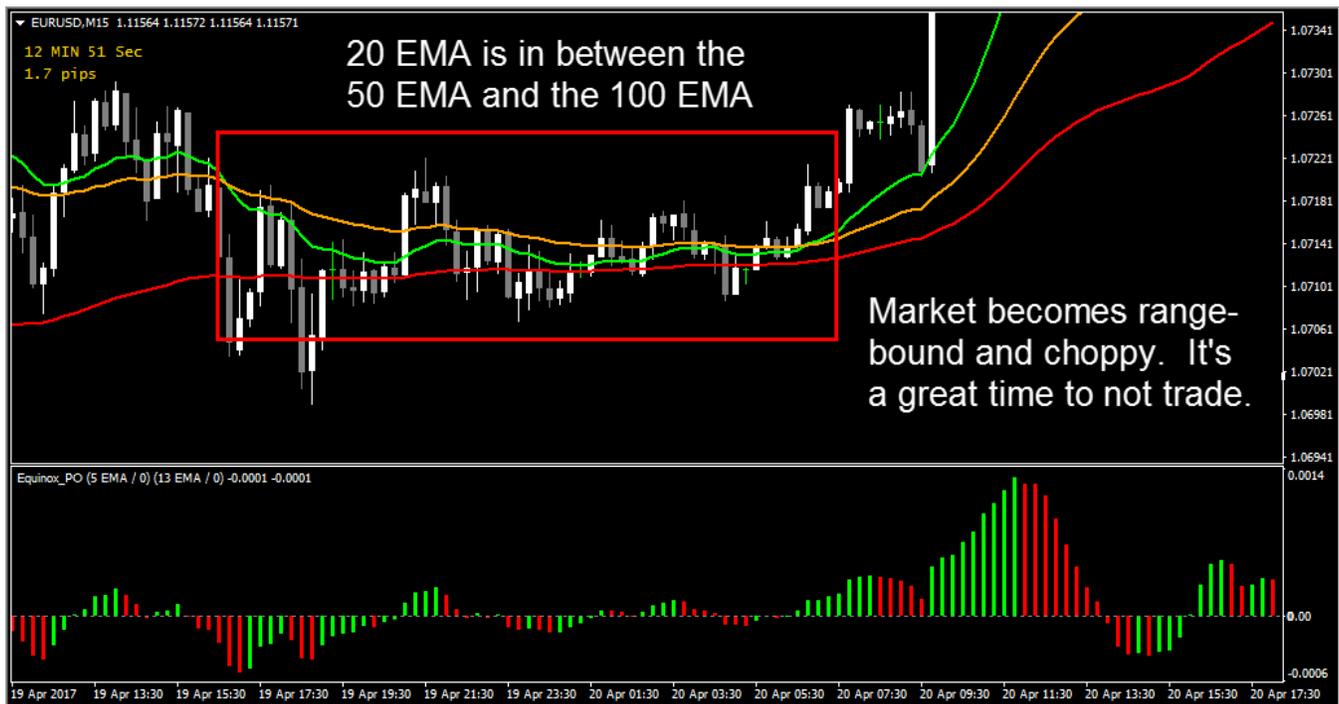
There are two possibilities for out-of-order Moving Averages:

### 1. When the 100 EMA is in between the 20 and the 50 EMAs.

This is usually a transitional phase as a trend moves from one direction to another. It's short lived and is only a few candles in duration.

### 2. When the 20 EMA is in between the 50 and the 100 EMAs.

When the 20 EMA is caught up between the 50 and 100, the market will be range-bound and caught up in between the averages. It will often bounce back and forth from the 50 EMA to the 100 EMA.

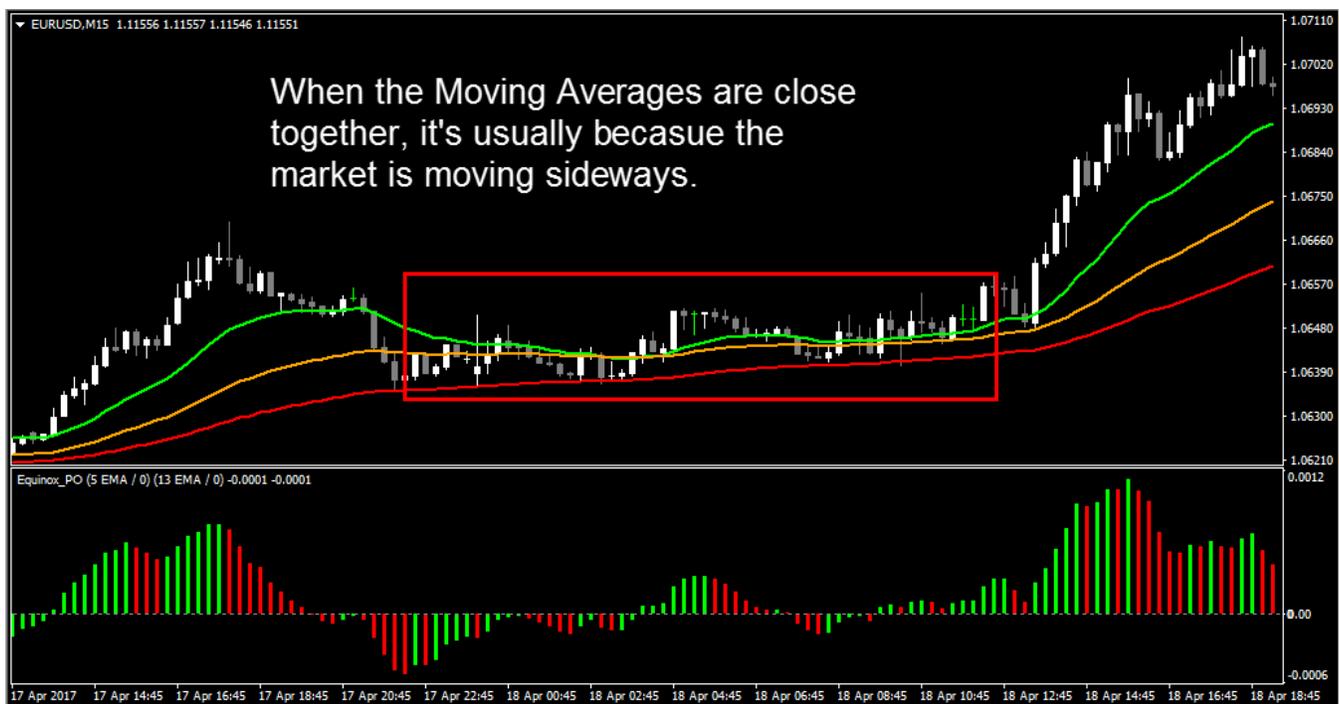


## When the Moving Averages are squashed together.

There will be times when the Moving Averages are moving closely together. They could still be in the correct order for a trending market, but if they don't have any real separation in between the lines, it's because the market is moving sideways.

A sideways moving market won't make you any money. It is undecided as to what it wants to do and will chop back and forth until it finally picks a direction to go.

A series of squashed Moving Averages will move in and out of trending order. It's best to stay away from this market until the Moving Averages separate and the market starts to clearly travel in one direction.



### Short trades.

In the image below you can see several trading opportunities. Of course, you would not have been able to catch every pip on each trade, but there were 5 trades in a short span of time. 4 trades were profitable and 1 trade was a loser.

There was a total of 95 pips of movement in your favor, and 8 pips against you. At most you could have bagged a total of 87 pips.



### Long Trades.

In the image below, you can see there are several long trade opportunities. Trades number 3, 4, and 5 all give us two opportunities to go long if we missed the first signal.

Assuming that in the cases where we are giving a second chance to take the trade, we take the first one, we could get 6 trades in total.

2 of the trades were losers and the other 4 were winners.

In total, the market moved for a total of 435 pips in our favor. The total of the 2 losing trades was a mere 61 pips.



# Conclusion

The FX Money Bounce is an incredibly simple system to learn, and once you get a trend lined up, you will find dozens of profitable trades.

The nice thing about this system is that the stops can be very small. This allows for us to easily hit 2:1 profit targets over and over.

It's important to note that when the market closes outside the 20 EMA, the Price Oscillator doesn't have to change color on that very candle. You can have the right colored histogram bars already printing. As long as you have the bounce off the 20 EMA, a close in the trend direction, and the right color bar, you are good to go.

The FX Money Bounce works on all time frames and across all currency pairs.

Try this system out, see what power lies inside of a trend, and start extracting pips immediately.

Best of luck to you and in your trading career!

*Russ Horn*