Trading Blueprint
- Forex Ribbon System -

Terminology and Definitions

Why: The Forex Ribbon System was designed to assist the Retail Trader in finding both the Entry and Exit points of a typical trading platform Chart using a color methodology.

Purpose: To enable the Retail Trader to become more efficient and make less human errors while trading the financial Markets.

Trading Platform: MetaTrader (MT) 4 which is available through trading Brokers.

Trading Tools: Tools within MT4 are called Indicators and their purpose is to highlight on the trading chart some form of illustration evidence, i.e., Arrows, Lines, Information, etc.

Trading Broker: The Trading Broker is the second party Company that allows the retail Trader the capability to trade using the Brokers Line of Financial Credit, Leverage and MT4 Platform. The Broker provides the inline data speed and feed to the Retail Traders computer system to enable a daily usage and trading system.

Financial Market: The financial Market is a term used to defined the auction house process related to humans buying and/or selling various financial Instruments, from Stocks, Options or Foreign Exchange (Forex) assets.

Trading Business

The average retail trader has been allowed to trade the financial Market for over 15 years now and leverage by his / her appointed Broker. To most Traders, this is a part-time hobby and not really a true Business until they master the process and engage more time / commitment as a Trader.

Trading Chart

In accordance with MT4 Platform criterion, a typical Chart has various Time Frames (TF) that allows the Trader to view the incoming data at a different calendar time to perform various analysis of the financial Instrument dataset.

Most Charts provide the following information;
- TF
- Date
- Instrument Name
- Instrument Value in Price
- Various Drawing Tools
- Toolbars
- Strategy Tester
as a few examples of support functions to the Trader.

The Trading Chart is where the Trader trades, makes his / her decisions, monitors and manages their trading activities.
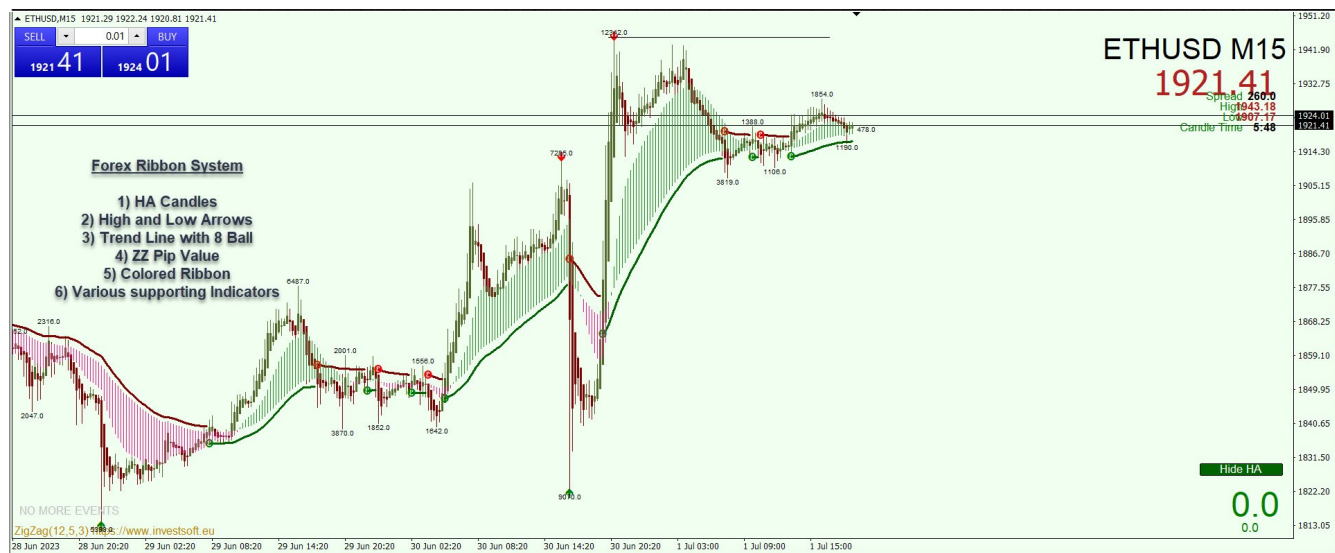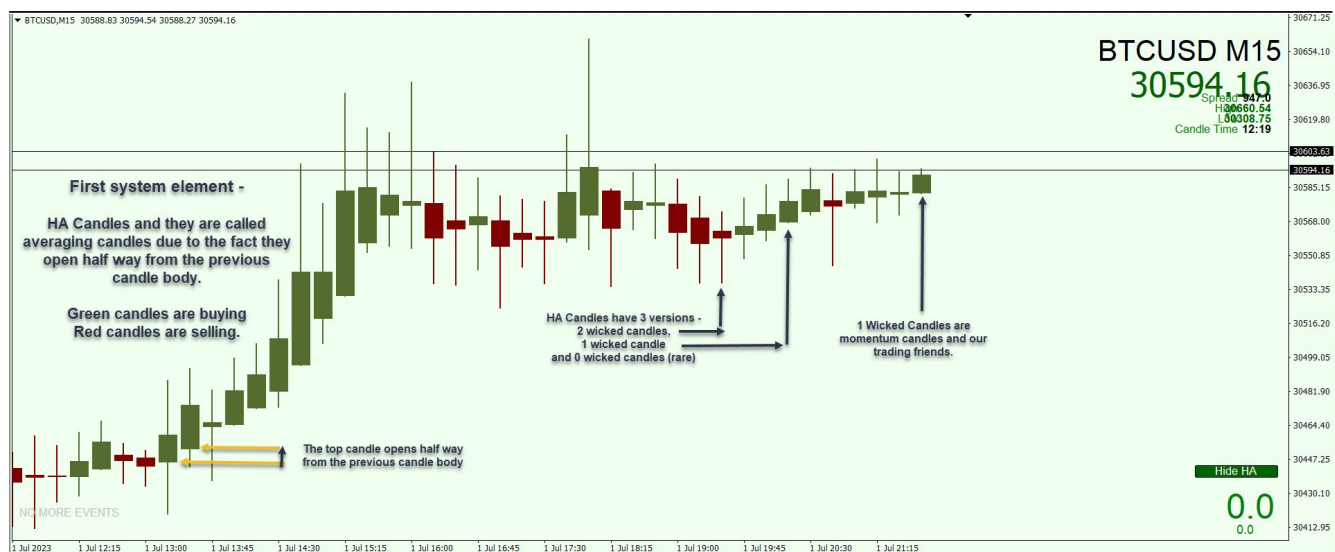
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Forex Ribbon System

The Forex ribbon system is primarily an additional colored ribbon Indicator that gives a delayed entry and/or exit criteria with a purpose of control and discipline to the Trader.

Before we start discussing the ribbon functionality, lets breakdown the System elements;
- Heiken Ashi (HA) Candles (averaging candles)
- High and Low Arrows
- Trend Line with 8 Ball
- ZZ Pip Value and Measurements
- Colored Ribbon (Red or Green)
- 3 Information Indicators to enable instant trading and to monitor the trade performance
See below screenprint for an actual Chart illustration of the above System.

HA Candles are the first system element we shall discuss and explain.
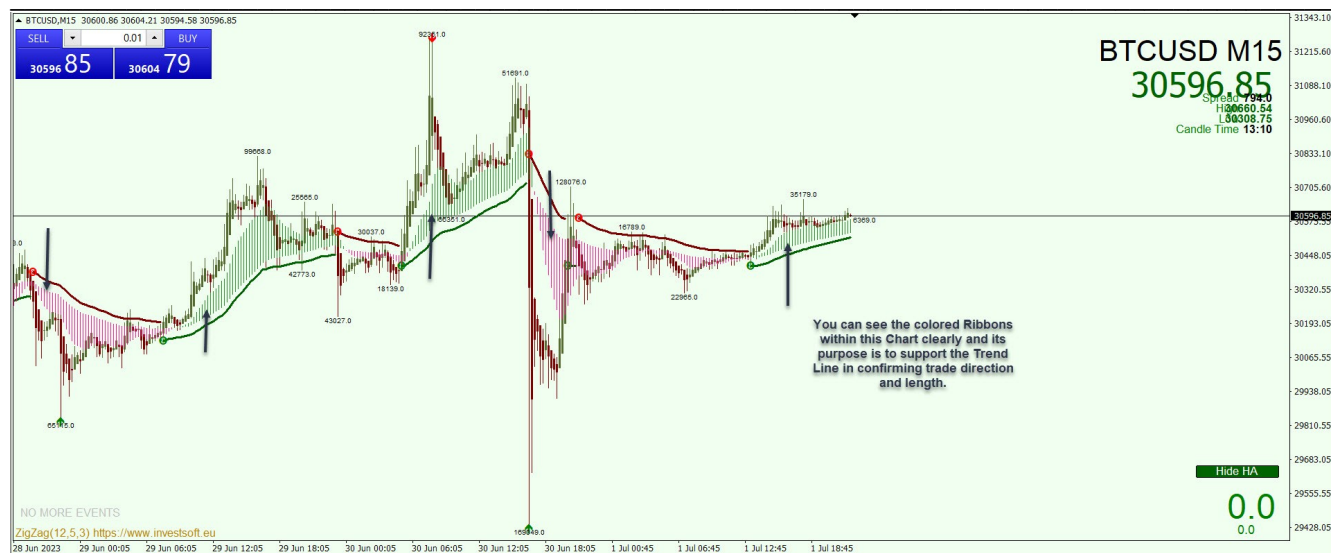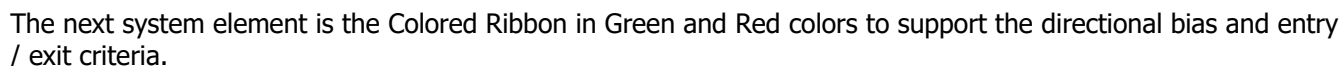
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The next system element is the High and Low Arrows and they provide a directional bias to the Trader.

The next system element is the Trend Line with an 8 Ball (a filled circle). This is the preparation of a future entry Indicator and very important to this trading strategy.
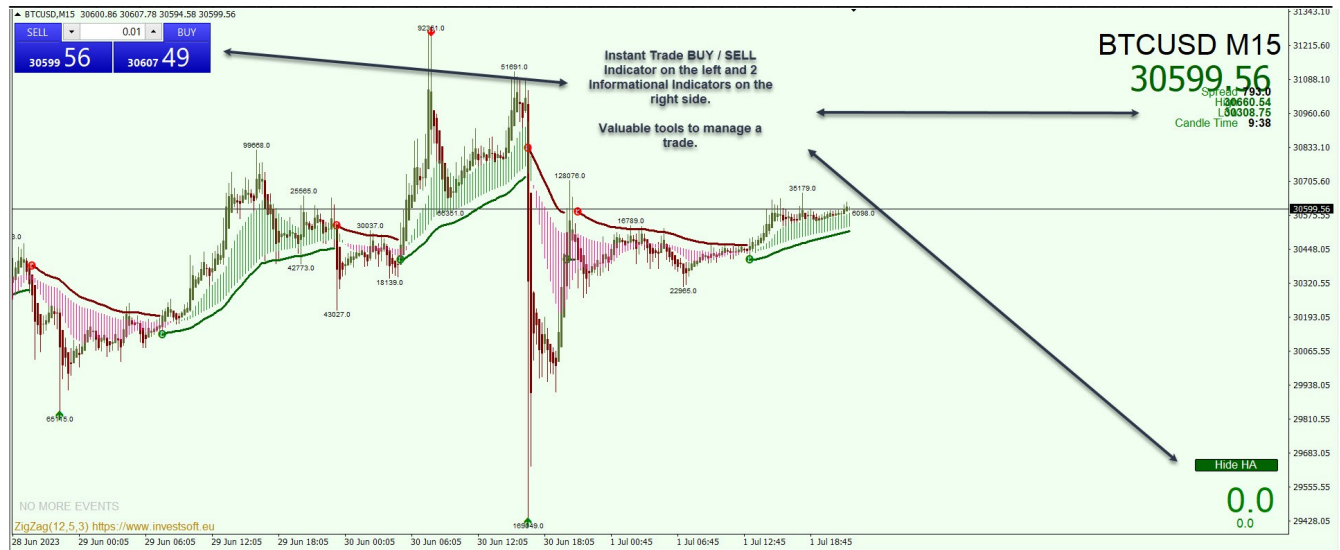
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The next system element is the ZZ Pip Measurement and Counter which also defines the high and lows like the High and Low Arrows but it also defines the actual Price In Percentile (Pip) measurement between Pip Counter numbers.

The next system element is the Colored Ribbon in Green and Red colors to support the directional bias and entry / exit criteria.

Continued;

The next system elements are the supporting trading Indicators.

Now, we have a complete and configured trading system for you to learn and earn with. Go over the last few screenprints as much as possible to get familiar with each element.

Trading

Now the system originator highly recommends the 15M and 1 Hour TF's to trade on due to the fact the feed and speed from the relevant Broker will illustrate / paint the system in entirety with the atleast amount of delay or lag.

15M TF Charts were used for all the above screenprints and allows good steady visual aid to the trader. You can see the buying and selling opportunities clearly. First trend trade strategy example and illustration is below;

Continued;

Our second trend trade strategy example is below;

This system can perform Trend (following the Trend Line) and Countertrend (going the opposite direction from the Trend Line) trades once the Trader gains the experience and knowledge on using this system. Trade entries are spot on and correct and exiting is based on the decision of the Trader.

NOTE: An experienced Trader will start to watch the candle Body height as you can see from the various screenshots, the candle Body varies in size (height) and this represents the volume of the Market (quantity of buyers or sellers). The Body will decrease with a decrement in volume and increase with an increment in volume.

Trading must be learnt to be able to master the trading activity (process) and manage the risk associated with trading. The trading process consists of; risk amount (how much money is the Trader going to accept as a loss), lot size, account balance, leverage, Instrument spread, time, Instrument Price and exit criteria.
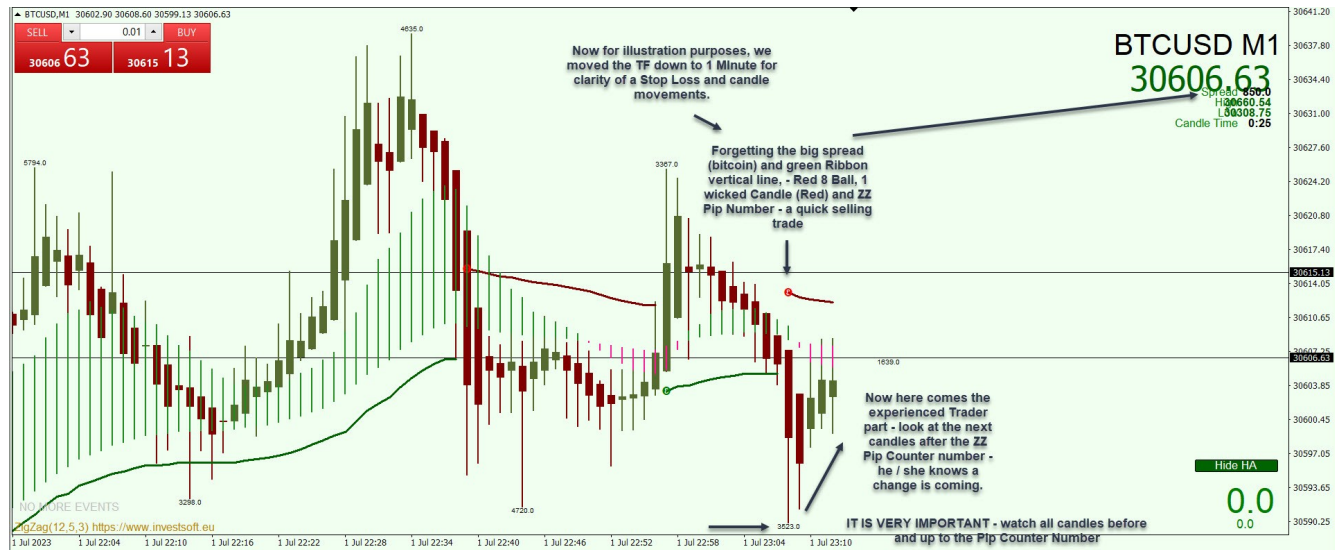
Risk Management

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Additional to risk management, is the Stop Loss (SL) which is where the Trader will defined the maximum per trade or day he / she can accept a trading financial loss.
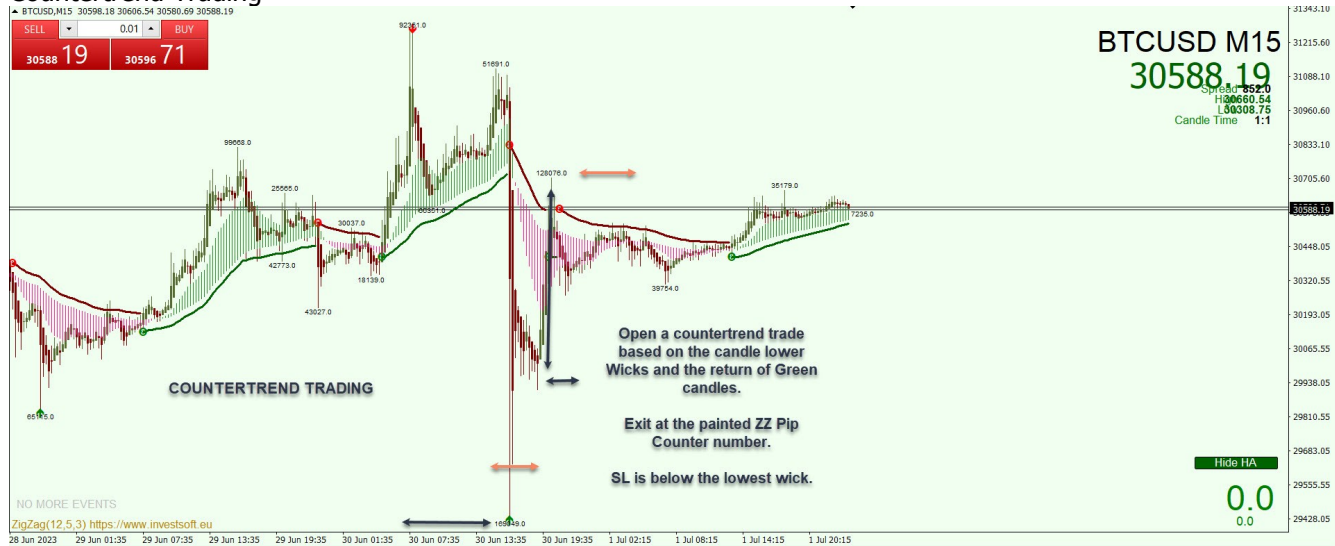
NOTE: No system wins 100%, why because its only a tool that enables / supports the Trader to make his / her trading decisions. No hammer is guaranteed to hit the nail 100% of the time because it depends on the Human to swing the hammer as the hammer is just a tool.

Now to add to the last screenprint, the Stop Loss is above the Red 8 Ball by a few Pips and safeguards our account balance. Our trading target called a Take Profit (TP) is the ZZ Pip Counter number when it paints as we do NOT know when this will happen, so we must watch the candles paint and their vertical wicks.

NOTE: The system originator would like to drop an experienced hint by saying – learn to trade the first 1 wicked candle and up to 3 candles as this a statistical pattern within HA Candles on 15M TF's.

Countertrend Trading

Continued;

So, we have covered trend and countertrend trading, stop losses and take profits and risk management. Now its up to YOU to practice this strategy and system. The system originator due to his experience has maintained a over 95% efficiency and submits his trading performance daily within forex factory.

Work with commitment, discipline and enjoy.

cpfleger (July 2023)