

## Four Hour Trading System

Currency Pairs: EUR/USD, GBP/USD, EUR/JPY

Trading Strategy: Based on H4 PA. Trading WITH the Trend.

Indicators: 50EMA to determine Trend. 5SMA to avoid ranging periods.

1<sup>st</sup> Entry: Enter on the OPEN of the H4 candle when the prior candle CLOSES more than 100pips from the H4 50EMA.

1<sup>st</sup> Stop Loss: 100pips away from your 1<sup>st</sup> entry.

If your 1<sup>st</sup> SL is not triggered, you can place additional trades.

2<sup>nd</sup> Entry Enter once H4 candle touches the 50EMA ONLY when there is at least 80 pips distance between that entry and the previous order's entry.

2<sup>nd</sup> SL: 100pips away from your 2<sup>nd</sup> entry.

We now move the 1<sup>st</sup> SL to the 2<sup>nd</sup> SL price.

If your 2<sup>nd</sup> SL is not triggered, you can place additional trades.

3<sup>rd</sup> Entry: Enter once H4 candle touches the 50EMA ONLY when there is at least 80pips distance between that entry and the previous order's entry.

3<sup>rd</sup> SL: 100pips away from your 3<sup>rd</sup> entry.

We now move all SL's to the 3<sup>rd</sup> SL price.

The above process is repeated until you are finally stopped out of the market.

If no H4 candle closes more than 100pips from the 50EMA - then there is no signal.  
If the H4 5SMA is going up and down, crossing the H4 50EMA several times – that is telling us that we are in a “ranging” market and to NOT trade. Avoid ranging periods.

You always want to let PA tell you what the market is doing. Don't force it.

The SL for all orders is 100pips away from the last order. It is not a trailing stop. Thus you could lose 100pips from the last order. Be prepared mentally for the loss.

The key is to wait for the last candle to close more than 100pips from the 50EMA. Once this occurs, you now have a signal for your 1<sup>st</sup> entry at the next candles' OPEN.

You can then add to your positions once the H4 50EMA is touched AND there is at least 80pips between your 2<sup>nd</sup> orders' entry price and the 1<sup>st</sup> orders' entry price.

If you missed the 1<sup>st</sup> entry (the open of the next H4 candle), then you must wait for a re-entry sometime during that H4 candle, if it presents itself. If it does not, then you should wait for the next signal before entering.

When adding positions, do not wait for the candle touching the 50EMA to close. Enter once the 50EMA is touched – IF the entry is at least 80pips from the prior entry price.

For the first entry, the candle must CLOSE 100pips, or more, from the 50EMA.

If you are up 200pips and going into the weekend, it's best to move your SL to BE.

1<sup>st</sup> Order Entry Rules: When the H4 bar CLOSES more than 100pips from the 50EMA, you initiate a trade at the OPEN of the next H4 candle.

2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>...Order Entry Rules: Enter on touch of the 50EMA, if there is at least 80pips distance between the current orders' entry price and the prior orders' entry price.

Only place 1 trade per level and each level is at least 80pips distance from one another. If you missed the 1<sup>st</sup> entry (the open of the next H4 candle), then you must wait for a re-entry sometime during that H4 candle, if it presents itself. If it does not, then you should wait for the next signal before entering.