MMTS - MONICA MOMENTUM TRADING SYSTEM

The Rules:

• Use the 15 minute chart of a currency of your choice. GBP seems to work best.

• Find the high and low price for the 08:30 to 09:00 ET time frame. 7:30 to 8:00 Centrel time

• Buy when the price goes 4 pips ABOVE the High price.

• Sell when the price goes 4 pips BELOW the Low price.

• For a Sell, set your stop loss at the High +4 pips.

• For a Buy, set your stop loss at Low -4 pips.

• Take only ONE trade. DO NOT BUY & SELL. BUY OR SELL ONLY, whichever comes first.

• Do NOT trade this method if one of the 15 minute candles is over 50 pips!

• The market usually breaks after 9 am in the direction in which it will trade most of the day. If it breaks to the high side, expect a day of buying; if it breaks to the low side, expect a day of selling.

• You can usually grab 10 - 20 pips by trading this method. Use exit strategies as you would in any other trade.

• This method works great on its own, but when combined with other factors such as: pivot lines, reversal candles, trendline break, MACD, etc., winning trades approach 90%. The strategy has been backtested for every trading day of the past year.

• Works on all currency pairs, but the GBP/USD seems to be the leader when it comes to banking profit

MMTS – Q&A

- Do we have to have news to trade this system?
No, we don't need to have news.

- What candle should I be looking at for the 8:30-9:00 AM time frame?
On the 15 min chart look for the 8:30 and 8:45 (or 08:45 and 09:00, depending on your chart provider and the time stamp on your candle) candle otherwise, you will not get good results.

- Does it work for all currency pairs?
Yes, it does, but the best results are achieved on GBP/USD

- Do you measure the low to high, or open to close when you calculate bar/candle size?
Use low-high price level.

- What is the win/lose ratio?
If you just buy and sell at the high +4, or low-4, you will get about 72% winning trades.... if you dare to apply trendlines, and see what MACD is doing you will get about 95% winning trades.

There may be a situation where the price will get to the "buy" target for example, but everything else may be saying "sell" in that case you wouldn't buy, you would sell where the "buy" entry is... or you can just skip the trade if not sure....

- What stops are you using?
I usually go with the previous high + 4 pips, or low – 4 pip (that usually means 30-40 pip stop)....
most of the time you are ok with 20 pip stops... but on occasion higher stop will pay off... again, you have to judge how much of a spread you can handle....

- Any tips for trading this system successfully?
Yes, do a lot of demo trades, to get familiar with it… This is an easy process, but requires some analysis for great results… you have to be alert to what the price is doing in general…. Look at other indications too. Once you trade it few times you will learn how to recognize if the market is going to go up or down…. But that's your homework.

- Any reason we couldn't use the 1 candle from the 30 minute chart?
I have been using this method since hearing what the time frame was! I just restated the rules as relayed to me.

- You said that the system has shown about a 72% winning percentage, and with the use of indicators it could be 95%. My question is: What was the criteria used to call a trade a "win"? Another words, when you were backtesting this trading system, what specific number of pips were you using to constitute a win?
When I said MMTS had been back tested - I didn't mean to imply that I did it personally. There are two people who stated they had done it, one for a year.
I don't know how to write the Syntax to do the actual back testing but recommend you use a 20, 30, 40 pip stop loss and start with a modest 10 pip limit, maybe increasing it thereafter by 5 pips to do backtesting. That will give you a lot of variables to work with.
My version of testing/back testing was in my demo account. Out of 12 trades I had 3 losses all caused by my own errors ie: not 'seeing' barriers/pivots, setting limit incorrectly, misreading reversal candles, etc. The real killer is that each of those trades could have yielded a minimum of 15 pips!!!
Based on my trading log, I can state with certainty that MMTS has a minimum of 75% winning percentage. Then again - if you follow the rules, combine them with technicals and trade ERROR FREE (like in the back testing lab environment) the percentage goes up to 100% - WOW WAY COOL!!!

File   View   Chart Type   Time Scale & Period   Drawing   Indicators   Help

Updated: 06:22:08 PM   06:22:12 PM, 10/4/2005 ET

GBP/USD(15 min. 10 day) ■ ~0   ■ ~0

MMTS TRADING STRATEGY
Entry: 08:30 to 09:00 High & Low

Stop Loss 1.7565
Entry Buy @ 1.7588 + 4 = 1.7592
                                    *   09:00 High   1.7588

1.7592
1.7588

1.7569
1.7565
                                    *   08:30 Low   1.7569
Entry Sell @ 1.7569 -4 = 1.7565
Stop Loss 1.7592

03:00 03:30 04:00 04:30 05:00 05:30 06:00 06:30 07:00 07:30 08:00 08:30 09:00 09:30 10:00 10:30

10/04/2005 06:30:00 | H: 1.7578 | L: 1.7569 | C: 1.7569 | PV: 1.7587 |

Java Applet Window

- This has elements of "The Logical Trader": by Mark B. Fisher. He has a method called ACD which is entirely based on opening time frames (for your entries and exits) to trade all kinds of markets. It might bring some interesting points to assist in trading this method.
He actually has strategies if the market reverses that can produce even more profit.

Please share what you've learned from his book, Brian. I'm looking forward to hearing more!!!
As one of the many that follows MMTS on a daily basis, I am always looking for ways to improve the odds
I have been following the MMTS with great interest and have kept records of it over the past 2 weeks. The info I have been keeping are that of the GBP/USD and EUR/USD. By strictly following the MMTS rules, with a target of 10 pips, the won/loss record for the last 2 weeks are as follows:

GBP/USD = 8 wins, 1 loss, 1 non-trade because of a 50 pip candle

EUR/USD = 9 wins, 1 loss (Side Note: The one loss had a 44 pip candle. It still technically was a loss, but a very large candle nonetheless. It happened on the Friday's big NFP report. The GBP 50 pip candle also happened during the NFP report.)

As you can see, the MMTS has shown a very high winning percentage -- at least it has over the last 2

weeks. And this was done without me using any indicators, trend lines, ect. As soon as it went 4 pips above the high between 8:30 - 9:00, or 4 pips below, I entered the trade. My biggest problem with it is the large stop loss it tends to have. My biggest stop loss so far is 64 pips. That was on that 44 pip candle EUR/USD trade I mentioned above, and it turned out to be a losing trade... the only loss I had so far with the euro. The only loss I've had with the GBP was stopped out with a 51 pip loss. You will get a lot of wins with the MMTS, but when you have a loss you can take a big hit.

I have also been watching and recording the number of times it retraces less than 20 pips from the point I enter the trade before it makes its 10 pip profit. I am doing this to help me decide whether or not to use a 20 pip stop. Of the 17 combined wins, only 3 retraced more than twenty pips. I am therefore considering setting a 20 pip stop loss on all the MMTS trades instead of letting it go 40, 50, or 60 pips before being stopped out.

I am also keeping track of the number of times the MMTS would of made 20 pips in a trade. Of the 19 combined GBP and EURO trades (this does not include the one GBP 50 pip candle trade) - if you were going for a 20 pip win - there were 15 trades that were 20 pip wins and 4 trades that were losses. The 15 wins would of totaled 300 pips but the 4 losses would of cost you 186 pips, so you would've netted a total of 114 pips over 2 weeks. 300 - 186 = 114. FYI, the 4 losses were, in order: 35, 36, 51, 64 = 186.

My initial results show that the MMTS does seem to work, but you will have to decide on whether to use the stop loss that the system uses or you may want to decide come up with your own stop loss - such as 20 pips. I will continue to chart and keep records of the MMTS trades over the next few weeks and keep everyone updated on my findings.

Randy

BTW, Raylene, is the Monika Momentum Trading System named after someone named Monika? Just curious.

Way to go, Randy!!!
I admit some of the draw downs with MMTS are hard to swallow. When using ANY strategy I have a much higher chance of positive trades if I FOLLOW THE RULES!!! LOVE strategies - but I HAVE TO follow the rules without letting my brain get in the way. If I don't let the odds work in my favor, then it really throws off my probabilities and ruins my chances to profit. I have found that little things like trying to 'guess' what price is doing or listening to others, really throws me off. 😳
That being said, others are trying to perfect her strategy. I've been in contact with someone that takes 40 pip profit or nothing and someone else that is taking a fixed stop loss on each trade (if I remember correctly 30). Your record keeping combined with back testing should give you a strategy you feel comfortable with - and after all that is what is most important ⚠️

And yes, Randy, Monika is real and she named Monika's Momentum Trading System after herself. If I came up with a system/strategy I would too. 😛

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Raylene

I have read only a portion of the book but it was very interesting. Here is a link to someone why can explain a bit better than I. I submit it for discussion purposes as I think there is some good tweaking we can do as a team to this to see it working. ACD was built for stocks and commodities, but in ch1 the author said it works well with currencies.

http://www.investopedia.com/articles/technical/04/032404.asp

Essentially, you look at the first 30 min, that sets the Opening Range (OR).
ACD stands for the 3 values (there are actually 4) that are important to trade opening ranges. ABCD. they are defined as follows:

A is your initial entry approx 1 OR above or below the opening range
B is your initial stop
C is your secondary entry OPPOSITE direction to wherever A was
D is your secondary stop

Your targets are typically 1/3 your lots at 1 (OR) above A and the another 3rd at 2 (OR) above A.

What happens if it hit's "A" and reverses through your stop at "B"? good question. This is where "C" comes in. "C" is typically 1 OR below the bottom of the Opening range. Targets are the same as the other.

Example.
Opening Range (OR) on GBP is 1.8000 to 1.8020
so 20 pips
A (UP) would be 1.8040
A (Down) would be 1.7980
Whichever one opens first becomes the A FOR THE DAY

in this example if the currency goes UP, we'll open a position at 1.8040 with a stop at "B" which is the bottom of the opening range or 1.8000 or 1.7995 for safety.

Suppose we go to 1.8060? sell half and move your stop to the entry "A" at 1.8040 (or 1.8035).

Currency reverses and drops through our stop and through the bottom of our "OR" and hits "C" at

1.7980 (now with a stop at 1.8020). 1 target at 1.7960 and 1 target at 1.7940.

Close all positions at end of trading day. Once "A" is stopped out, there is no more trading on that position. Once "C" is stopped out your done for the day.

These numbers can be adjusted I'm sure but this is the best I've got so far.

I think you'll find that "C"s can be more valuable than "A"s. It takes a lot to get through that trading range once an "A" is set.

Great thread, good info to back test.
My first pass at back testing the EUR-USD pair over the last 29 trading days showed 16 wins and 13 losses shooting for 20 PIPs (17*3) and a 25 PIP stop loss. I'll do another backtest/calc during the same period, it's amazing how the same two eyes can calculate differently on a second pass.

I'm still having greatest success by simply looking at the A-B-C-D swings and FIBOs off the swings and simple trend lines, a 5 minute chart and scalping the pips. Still averaging about 15 to 20 live a trade day, now only trading from 6am to 8am PT Mon-Fri...I gave up the late nite thingy, gota have some snuggle times w/my wonderful and supportive wife 😀

One other thing that has taken place, as i'm sure it has with many here that have been trading far longer than i, is that my emotions are much more in control knowing I'm going to trade what the market gives during X hours per day and shutting it down. If there is a trade? I trade. If not, there's "another train comin' " as you all have said.

I've also become a subscriber of The Money Trader (http://www.money-trader.com/)The two individuals that comprise TMT are the lead FX Consultants for FXCM...they give trade recomendations about twice a week. Yesterday's trade was the USD_CAD pair, I gained 72 pips in my live account just as they layed out...the subscription works out to be $375 for 3 months...but I've averaged about 80 to 100 pips in a mini account for the past three weeks just off their trade-recs. soooo say 75x4=300 pips a month?...should pay for the subscription??

Hope posting that is not taboo...it in no way conflicts with FXTrainer, just another nest egg !

Cheers
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Thom

Thanks for sharing your trading experiences, Thom.
As far as the MMTS - Monika said that she back tested on the GBP and as far as I know, not on any

other currency pair.

From what you related about your findings I'd say that the EUR isn't as predictable as the GBP 😕

I have had consistent success trading this strategy using the GBP/USD following her directions EXACTLY. The disadvantage of varying stop losses is difficult but in my estimation is cardinal rule to following any strategy - FOLLOW THE RULES - AND it keeps my brain out of it . . . . 😃

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Raylene

I wrote to Raylene reporting my findings about MMTS and I see now there is some interest by others in this fine system so I will post what I have discovered. In the end though I think Raylene is right in saying it is what you become confident and comfortable with yourself that will bring you the best results. And she is so right, follow the rules you have decided to use and keep you brain out of the trade.

Initially there was a lot of draw down, as stated because of the large stop losses. But I also noticed that on almost every trading day if you could make 10 pips you could make 40 pips. So here is what I've figured out about it. If you like the ideas give them a try in a demo account.

Most all of the rules as stated by Raylene apply.

Place an entry order with the stop 4 pips on the other side of the high or low as instructed.

Go for a 40 pip gain each day; 40 pip limit.

Do not trade on any day if one of the 8:45 or 9:00 a.m. candles is 40 pips or more or if they both add up to 50 pips or more. Causes too much risk if the market goes the wrong way.

Do not trade that day if the 8:45 or 9:00 candle is a doji or close to a doji or a spinning top, you know, anything with a long tail or wick or both. I noticed that these days consisted of a lot of losers because of the uncertainty reflected in the market by the large wicks and tails etc.

By going for the 40 pips and staying out of trading during the "dangerous days", over a 45 trading day period I saw a gain of 640 pips with a loss of 332 pips for a total of 308 pips. That averages 6.8 pips a day.

I know that is not much but over time with the 5% risk rule in place that can make you money.

Thanks for sharing your findings and personal experience with everyone, Mark 😃