

# ForEx Easy Mode

## Part 1



# ForEx Easy Mode

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# ForEx Easy Mode

Foreign Exchange, also known as Forex, or simply FX, is an easy way to win, and an easy way to lose money. Only about 20% of people in the FX market are successful. How can we get an edge and join that 20%? Easy as A, B, C and D!

# ForEx Easy Mode

The #1 rule of being a successful trader is consistency. Trading YOUR rules consistently will yield consistent profits.





# ForEx Easy Mode

After completing ForEx Easy Mode, sit down and WRITE up a set of RULES to follow using the IF – THEN syntax. IF the market does this, THEN do this.

Every time you sit down to trade, READ the rules you wrote out. Every time you decide to enter a trade, READ the rules you wrote. Make sure EVERYTHING is following the rules you wrote. This is the ONLY way to be consistent. Remember, consistently trading your rules will consistently generate profits.

# ForEx Easy Mode

ForEx Easy Mode is based on a simple, naturally occurring phenomenon known as the Fibonacci Sequence. Without getting into any specific details, Fibonacci numbers work really REALLY well in Forex. For more information on the Fibonacci Sequence, just do a search on any search engine.

# ForEx Easy Mode

## Major Fibonacci Levels and Extensions:

- 38.2
- 61.8
- 127.2
- 161.8

## Minor Fibonacci Levels and Extensions:

- 23.6
- 50.0
- 78.6
- 88.6
- 138.2
- 178.6
- 188.6
- 200.0
- 261.8

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Before we get into the nitty-gritty of the system, you need to be able to identify impulse legs. Impulse legs are easy to spot once properly shown. An impulse leg is essentially a move that has a HIGHER CLOSE and a higher low, or a LOWER CLOSE and lower high.



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PSH = Previous structure high

PSL = Previous structure low

Here is an example of price closing above the previous structure high.

To spot PSH and PSLs easier, I use a Simple Moving Average with a Period of 3, Applied to the Close. Every hill and valley created by the 3SMA can be considered a new high and a new low.

That's all there is to finding impulse legs! Wait for a hill or valley in the MA, then wait for price to CLOSE above the high or low of the MA dip!

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We have a new hill forming, shown by the slight downward curve of the SMA. Draw horizontal lines from the highest point before the peak of the hill was formed.

Also, draw a horizontal line at the lowest valley formed.

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A few candles later, we get a break and a CLOSE above the previous structure high, indicated by the small hill that formed by the 3SMA. And yes, the new small valley that was formed will now act as a new structure low!

Remember, the structure highs and lows don't always match up right at the 3SMA hills and valleys as evident from the drawing.

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In order for this new move (A – B) to be considered valid, draw your Fibonacci Levels from the start of the move to the high of the initial push.

IF Price retraced to at least the 38.2 Fib Level the move is valid.

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We now have a higher close and a higher low, as evident from the 3MA.

Again, we wait until the MA forms a new hill. Once the MA turns to the downside, we drag our Fibonacci tool from the PSL (Point A) to the new Structure High (Point B)



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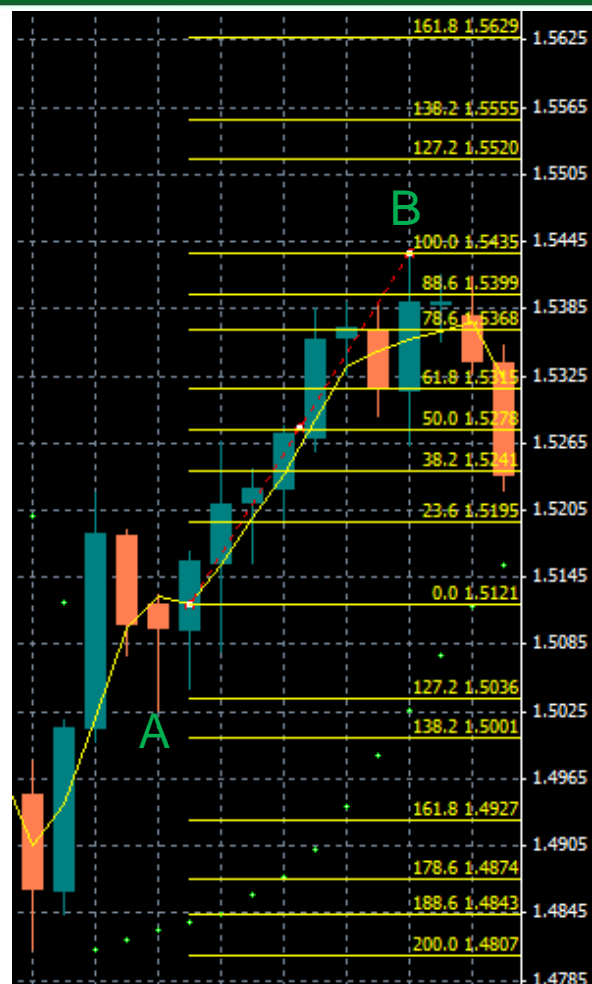


## Step #1

Look at the most recent valley created by the 3SMA. Is it between the 38.2 Level and the 78.6 Level? Is it below the 78.6 level?

In this instance, it is above the 78.6 Level.

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## Step 2

Reverse the Fibs, draw from the 3SMA Valley to the new high.

Enter 2 Pending BUYLIMIT Orders at the 3SMA Valley + spread (1.5124)

Stop Losses are placed at the reverse 138.2 Extension (1.5001)

Target 1 is placed at the 38.2 Fibonacci Level (1.5241)

Target 2 is placed at the 423.6 Fibonacci Extension (Not shown, 1.6451)

Move Stoploss to Breakeven once Target 1 is hit. Also, move stop loss equal the PSAR dots once PSAR is above the entry price.

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The two BUY LIMITS get triggered as price comes down and hits the entry level.

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Price bounces off that entry level, and hits our first target. Move stop loss to breakeven on the 2<sup>nd</sup> trade, and we wait until the PSAR dots are above the entry level before we start trailing the stop with it.

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Right around the 127.2 and 138.2 extension, the PSAR dots move above the entry level. We start moving the stop loss at the PSAR level with each new candle.



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Unfortunately, the trade gets stopped out when price moves down and hits the stop loss at the most recent PSAR dot.

Still, profit for this trade is

T1 = +120 pips

T2 = +411 pips

Total = 531 pips

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An example of a short trade.

We have a close below the recent low. Drew in fibs from the initial push, price moved up, beyond the high, but came back to close under the 88.6 Fibonacci Level. We consider this a valid retracement. Now we wait until the next retracement to set our pending orders.

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A valley forms, so we draw our Fibs from the high to the low and look to see if the most recent 3SMA hilltop is within the 38.2-78.6 Fib Level range. In this instance, it is just under the 61.8 level.

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Redraw the fibs from the top of the most recent 3SMA Hill, to the low.

Enter 2 Stop Limit Orders at the hill top, minus the spread (1.6219)

Stop loss is placed at the 138.2 Extension (1.6309)

Target 1 is placed at the 38.2 Fibonacci Level (1.6134)

Target 2 is placed at the 423.6 Fibonacci Level (not shown, 1.5249)

Move stop loss on target 2 once Target 1 is hit.

Move stop loss on target 2 equal to the PSAR Dots once PSAR is below the entry level, ensuring profit

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Unfortunately, price never retraced all the way to the entry level before making a new close under the recent low. Cancel pending orders and start all over again!



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Price keeps dropping, and dropping, and finally the 3SMA creates a valley. We draw our fibs from the most recent HIGH to the most recent LOW, as evident from the 3SMA.

Is the most recent 3SMA Hill in between the 38.2 and 78.6 Fibonacci Levels? Or is it above the 78.6 Level?

In this case, the hill is way above the 78.6 level, near the 88.6. We don't set pending orders, and wait for a new setup to occur.

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A new setup occurs shortly after that huge push to the downside. We get a new candle closing under the previous low.

Draw in our fibs from recent high to the recent low, and look at the most recent hill. It's between the 38.2 and 78.6 Fibonacci Levels. Perfect setup!

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Draw new fibs from the recent 3SMA Hill, to the new price low.

Enter two pending Sell Limit Orders, minus spread at the top of the 3SMA Hill (1.5803)

Stop Loss is set at 138.2 Fibonacci Extension (1.5873)

Target 1 is at 38.2 Fibonacci Level (1.5739)

Target 2 is set at the 423.6 Fibonacci Extension (not shown, 1.5065)

Move stop loss on target 2 once Target 1 is hit.

Move stop loss on target 2 equal to the PSAR Dots once PSAR is below the entry level, ensuring profit

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The very next candle moves up, triggers the two pending sell orders, and drops down, clearing target 1 easily.

Trade #2 is now in breakeven, and we'll start moving the stop loss once the PSAR dots clear the entry level of 1.5803.

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Price continues to drop and we start moving our stop loss with the formation of new PSAR dots here.

Price keeps dropping and BOOM! Hit's that 423.6 mark for massive profits!

T1 = +64

T2 = +738

Total = +802 pips!

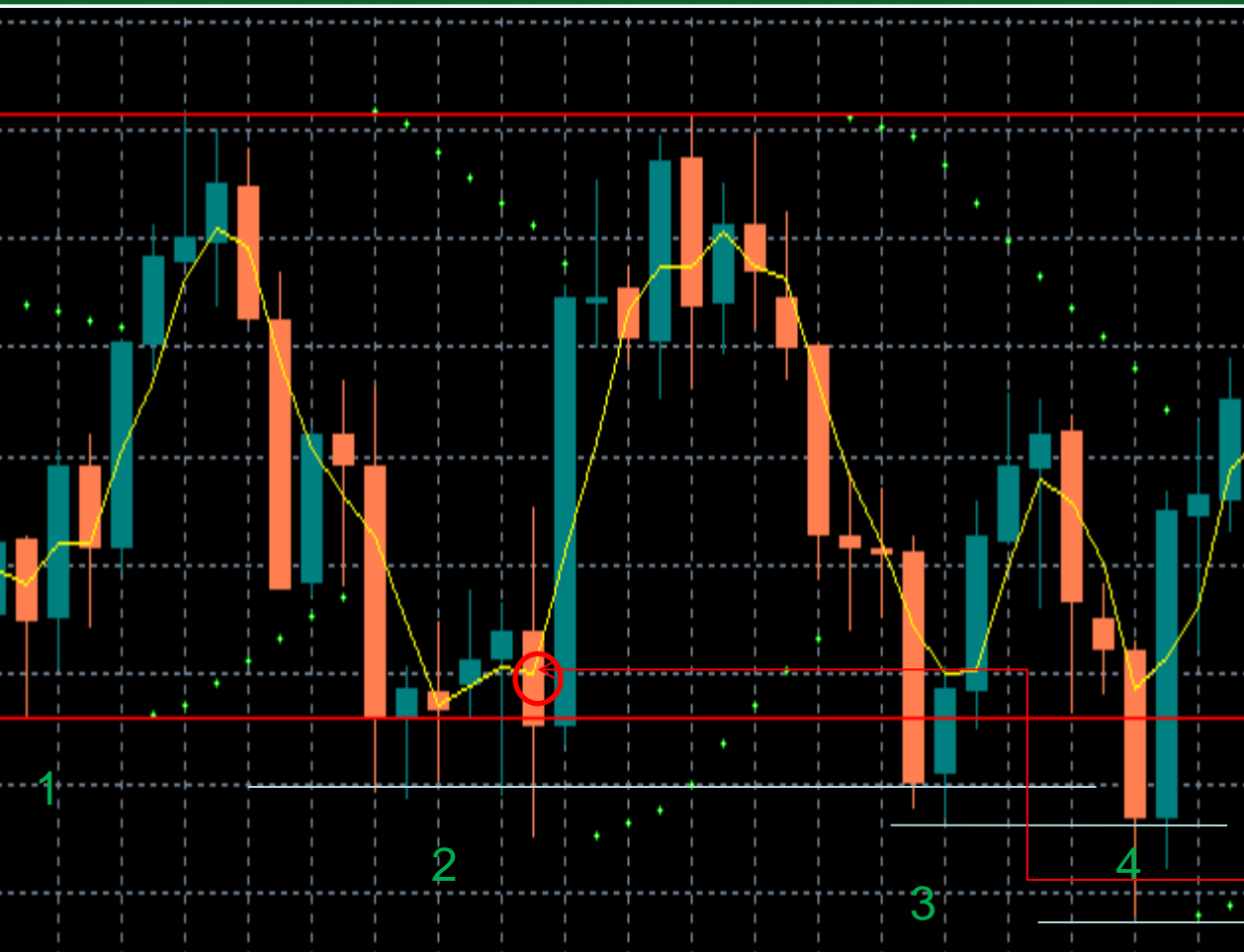


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That's the strategy in a nutshell!

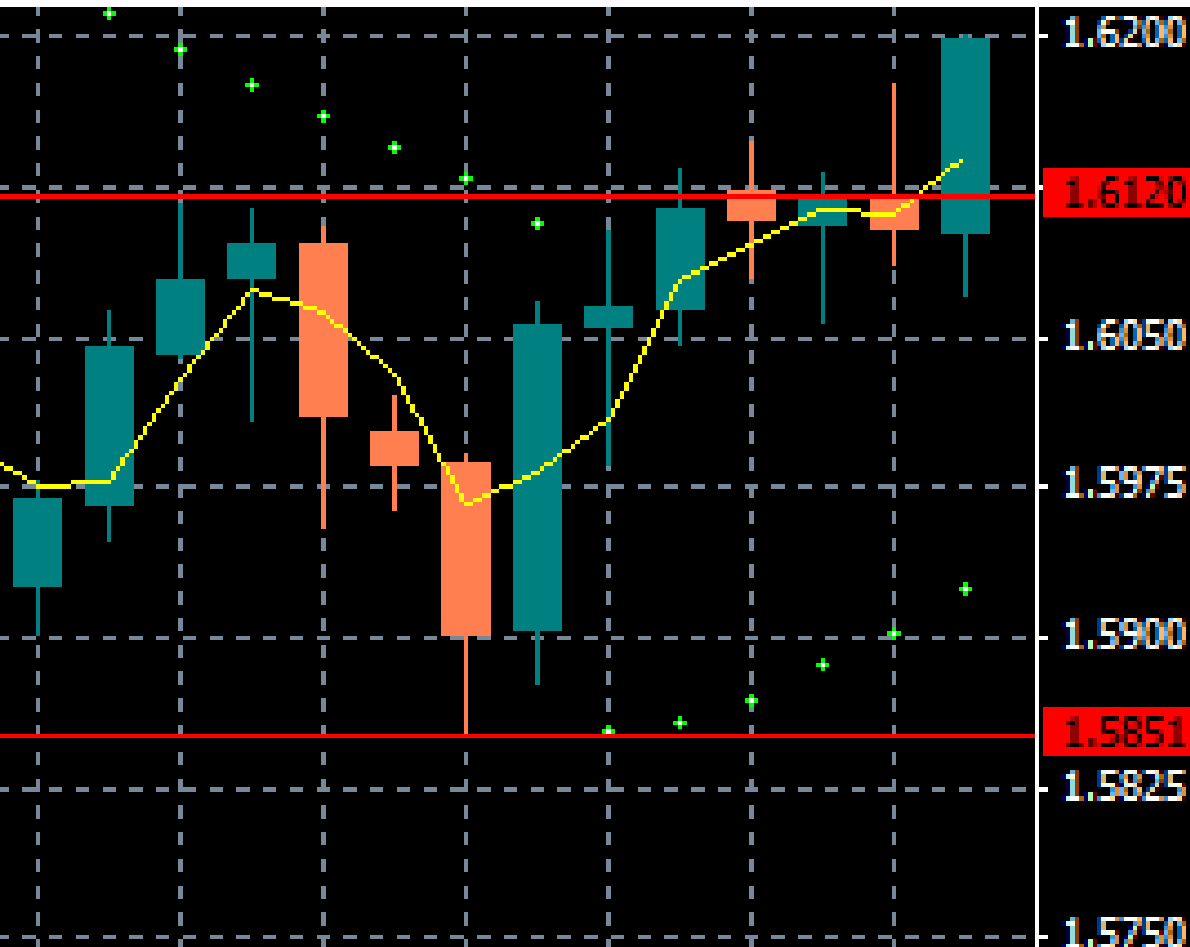
Check out how well the higher close, higher low and the lower close, lower high principle filters out ranging markets perfectly.

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The ranging market. You can see price creates new highs and lows, however, price does not CLOSE beyond each new high/low! Look at #1. Price makes a new low, as indicated by the valley of the 3SMA. Moves up and makes a new high. Price moves back down, makes new lows at #2, but doesn't close under the low of #1. We move the line from #1, down to #2 as that is the new structure low. Price moves up and retests that previous structure high, before coming back down again. At #3, price hits the #2 support line but again, DOES NOT close under it! We move the support line to the low at #3. As you can see, at #4, price again hits the support level created by #3, but does NOT close under it! Again, we move the support line under #4 and so on. Technically after #2 we could have moved the support down to the low of that small valley.

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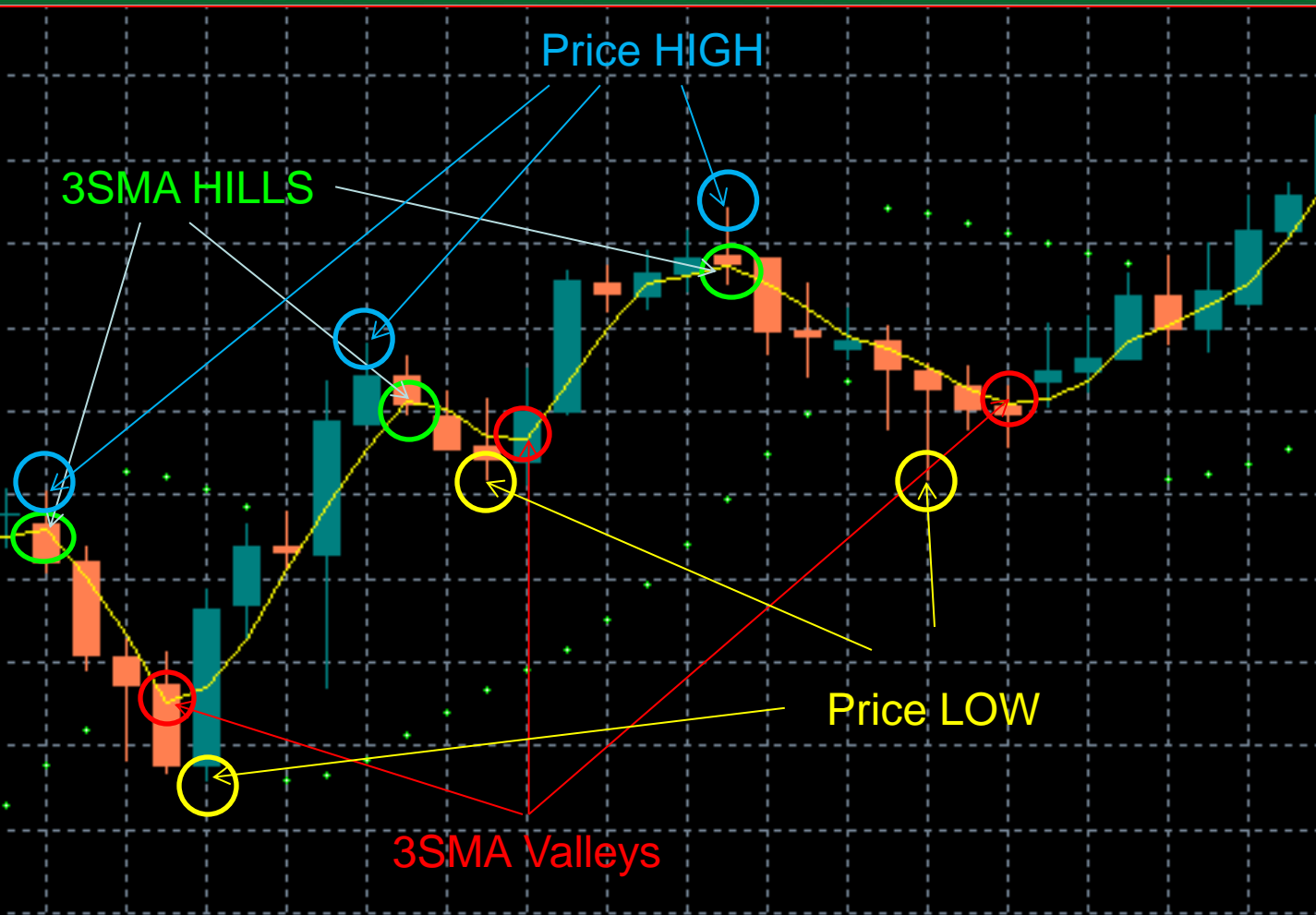


Soon, the range ends, we get a break and a close above the structure high and we start looking for our setup again. Easy as that! Filtered out perfectly by the simple fact of Higher/Lower Close principle.

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This setup is very straightforward, occurs often and is highly accurate. There are times when the trade doesn't go in our favor, but using tight stop losses we can get out of bad trades early and stay in good trades longer Be consistent. Don't take out profits until your goals are hit. If you get nervous and want to pull out your profits, regardless of having a winning strategy, you'll start to fail. Write out a set of rules that work for you. Read them before you enter each and every trade. Be consistent. Be consistent. Be consistent. Be consistent. Be consistent. Be consistent. Be consistent. Be consistent. Be consistent. I can't stress that enough! Remember, the longer the time frame, the longer you'll be in the trade. Some trades may last for days or months. The above Short lasted 14 days, the above Long trade lasted 18 days. Every trade is different.

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Remember, price high and lows are different than the 3SMA hills and valleys. Below is a written set of rules, describing both 3SMA Hills/Valleys and price highs/lows.



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## Trading Rules

### Long Positions:

- Identify a close above or below a recent structure (Use 3SMA to identify highs/lows).
- Use the Fibonacci tool and look at the original push.
- IF price retraces between the 38.2 and the 78.6 retracement level, proceed to the next step. If price does NOT touch the 38.2 Level, OR closes beyond the 88.6 Level, wait for a new setup and start over.
- Price must make a new close above the recent structure high.
- Wait until a new hill forms from the 3SMA (SMA should be angled up, followed by a clear turn down)
- Draw Fibonacci Levels, dragging from the most recent price low, the most recent price high, as evident from the 3SMA
- The bottom of the most recent 3SMA Valley must be between the 38.2 Level and the 78.6 Level. If the 3SMA Valley (not the price) is under the 78.6 Level, do not trade and start over. If the 3SMA Valley (not price) is between the 38.2 Level and the 78.6 Level, move on to the next step
- Draw Fibonacci levels, dragging from the recent 3SMA Valley (not price), to the current high (price)
- Enter two pending BUY LIMIT ORDERS at the bottom of the 3SMA Valley, not the price low.
- Stop loss is set at 138.2 Fibonacci Extension
- Target 1 is the 38.2 Fibonacci Level
- Target 2 is the 423.6 Fibonacci Extension
- Trail stop loss with the PSAR Dots as soon as PSAR is above the entry level.
- IF Price closes above / below the recent structure high/low, cancel any pending orders and look for a new setup.



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## Short Positions:

- Identify a close above or below a recent structure (Use 3SMA to identify highs/lows).
- Use the Fibonacci tool and look at the original push.
- IF price retraces between the 38.2 and the 78.6 retracement level, proceed to the next step. If price does NOT touch the 38.2 Level, OR closes beyond the 88.6 Level, wait for a new setup and start over.
- Price must make a new close below the recent structure low.
- Wait until a new valley forms from the 3SMA (SMA should be angled down, followed by a clear turn upward)
- Draw Fibonacci Levels, dragging from the most recent price high, the most recent price low, as evident from the 3SMA
- The top of the most recent 3SMA Hill must be between the 38.2 Level and the 78.6 Level. If the 3SMA Hill (not the price) is above the 78.6 Level, do not trade and start over. If the 3SMA Hill (not price) is between the 38.2 Level and the 78.6 Level, move on to the next step
- Draw Fibonacci levels, dragging from the recent 3SMA Hill (not price), to the current low (price)
- Enter two pending SELL LIMIT ORDERS at the top of the 3SMA Hill, not the price high.
- Stop loss is set at 138.2 Fibonacci Extension
- Target 1 is the 38.2 Fibonacci Level
- Target 2 is the 423.6 Fibonacci Extension
- Trail stop loss with the PSAR Dots as soon as PSAR is above the entry level.
- IF Price closes above / below the recent structure high/low, cancel any pending orders and look for a new setup.

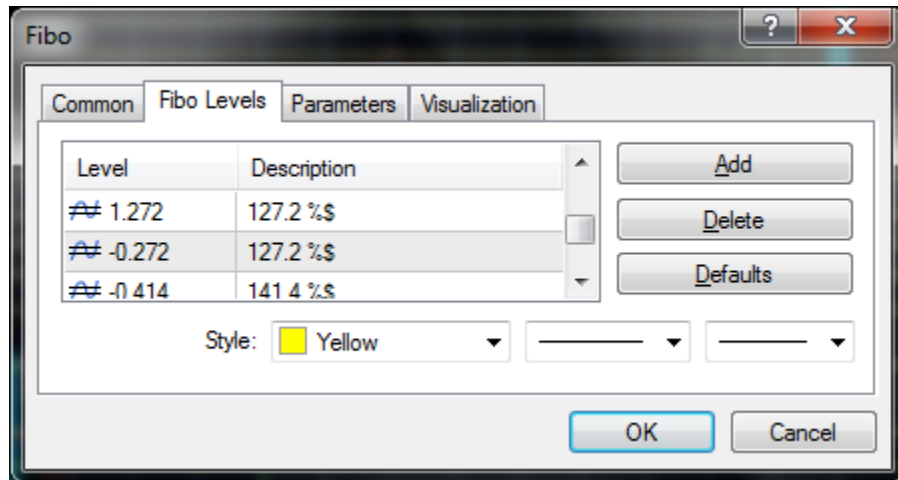
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This technique works on any currency pair, any time frame. It will be easier to trade this on the higher time frames, allowing ample time to do your analysis. On the shorter time frames, speed can sometimes lead to mistakes. 1H, 4H, Daily. The above examples were all on a daily chart, same pair.

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Read the information in this file several times, then go practice finding these areas of previous support and resistance, and clicking and dragging your Fibonacci tool around. Practice makes perfect!

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To create custom Fibonacci levels like mine, simply click your Fib tool, drag it out nice and wide. Then, double click on it, and right click then select Fibo Properties.

Enter all the Fib levels and add %\$ at the end of each description. This will show the market price at that Fibonacci level!

Also, to have extensions on both sides, use -0.272 for the 127.2 extension, -0.382 for the 138.2 etc...

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Now that you know the 1<sup>st</sup> part of ForEx Easy Mode, stay tuned for the videos and part 2. I'll teach you how to scrape even more pips out of this wonderful setup and set your profits soaring! Remember, trading frequently doesn't work as well as trading smart.

Practice makes perfect! Happy pipping,  
windsorftw