



FOREX EMA STRATEGY

by Eric Velder

www.learnforexfast.org

Hi there, and congratulations for downloading this report. You're about to learn about a Forex strategy that may change forever the way you look at making money from home, it will probably change all your life. I'm making a full-time income with this strategy for more than 2 years and I forgot what it means to work for somebody; and hopefully you'll be there soon too.

My name is Eric Velder, and I was dreaming to make money on Forex since 2002, when I occasionally saw an ad in a newspaper about training for Currency Trading, i.e. Forex. I never heard about this type of making money until that time, and this possibility came at an appropriate timing – I was already 24 and I was looking for something different than the regular 9 to 5 job, where you have a lot of obligations, and a very limited income. I paid for that training \$500, which was a huge investment for me at that time, but it gave me a goal, a dream, and since then I was pursuing it. Just the idea of making money from anywhere, anytime, having only a laptop and internet connection, being free from all negative aspects of “regular” job – you know what I'm talking about – just these facts were giving me enough motivation to move forward towards my goal.

Honestly, when I think about that time, it feels like it was in another life, so many things changed. Imagine having all the money you would have if you were working at a full-time job, or even two jobs, but without actually having those jobs and having all that time for yourself; feels good isn't? What if we're talking about twice more money? And still having all the time at your disposal? Having time to spend with your family, time to travel, time to go anywhere you'd like, to the beach or to a tennis court, time to sleep as much as you want, or maybe just play computer games all day long if you want to; working only an hour or two, and not worrying a single moment about your bills, expenses, debts etc. Life of a millionaire, right? Well, this all is real and achievable, because I live this life for last two years. I'm not telling you that you'll have your own Porsche in 2 months, but what I just described above is more than real, and it changes all your life, it changes you, trust me.

Of course, getting to this kind of life wasn't easy and took me a lot of time, errors and sadly, lots of money. Everyone who's telling you that he suddenly found the “secret”, the “loophole”, without having the knowledge, experience and research, is boldly lying. Unless he's not some kind of genius like Mendeleev, who saw his periodic system of elements in a dream. There are no get rich quick schemes, if you haven't learnt this yet, you better do. Yes, it's true what they say, “work smarter, not harder”, but you still have to work. There's no magic pill. I'll show you how to do it, but there are few requirements on your side as well. Let's talk about them a little.

1. **Tenacity.**

It may be obvious, but nowadays, in our “microwave society”, as one of my mentors once said, a lot of people expect quick results for doing basically nothing. They're looking for that “magic pill”, “secret” etc, hoping that this “secret” will work for them, while they enjoy life. You have to absorb this idea and let it make roots in your mind – you have to set yourself a goal and strive for it, keep going towards it

whatever happens. There's not a single successful person in history who achieved that success by jumping from one idea to another. Just choose something, strive to it, learn it, become expert in it, own it!

2. **Audacity.**

You didn't think of it, did you? Although it's simple. Don't live, don't dream, don't think inside the box. Get out of there. You know why it took me so much time until I finally fulfilled my dream? I WAS AFRAID. I was afraid that I'll start and I'll lose my money; worse than that – I'll lose my dream. See, those days you could only open a real account in Forex market with at least \$2000 – maybe not too much, but not a small amount as well. I knew people who started on Forex and lost money, and I didn't want to be one of them. And I was postponing the day when I'll open a live account on Forex, again and again. I was reading books, buying new courses, learning them, but I wasn't taking the main step – get REAL. Moral of the story? Don't be afraid of doing something you never did. You know the saying? **“Don't be afraid to do something you don't know. Remember, Noah's Ark was built by amateurs. Professionals built the “Titanic”.** Pretty good one, huh? Think about it. If you're listening to someone who's telling you can't do something because you're not smart enough, or not skilled enough, or experienced enough, ask yourself – did this person achieved anything? Most probably not. Those people who rose above the crowd weren't listening to anyone, and they won't tell you that you can't do something. Someone thinking inside the box will ask himself “Will I be able to do it?”; someone thinking outside the box will think “How do I do it?” Feel the difference?

3. **System.**

Of course. You **have to have** a plan. Whatever you do. If you're serious about any business or professional activity you get into, you must have a plan. Your striving and desire will make you spinning round if you don't have a system. It has to be detailed, clear and precise. You have to know when and what you're going to do, what tools you are going to use, and so on. In this case, I provide you the system (read: strategy), so I've got you covered ;)

4. **Emotions. More precisely, lack of them.**

In Forex, this one is VERY important. Not a single strategy, even the best one in the world, will work if you can't keep control of yourself. You'll have to learn to stick to the plan, regardless of what you feel at the moment. Remember, fear and greed are worst trader's enemies. Don't let them pull you down. If you got a bad trade and it overwhelmed you, you feel depressed or viceversa, mad, and want a “revenge” – don't trade today. Seriously. Get out and do something else, don't think about it. And if you're in profit – well, great, but don't get too excited either. There are a lot of traders who lost their heads after several successful trades and decided that they “got it”. And when the market suddenly turns against them, they continue to keep their positions, because they think they know “where the market should move”, and in the end they lose all their money. Don't lose your head. There's no perfect strategy, and there will always be losses. Accept the fact. Having a good strategy is great, but it's more important to have a good risk management, and this is what we are going to talk about next.

5. Risk management.

By risk management we understand rational control of your money. You know how to consistently make money on Forex? Increasing your deposit little by little every day. Whatever account you have, micro, mini or standard, never risk more than 5%! Never! Following this rule will keep you in the market even if you have 10 losses in a row, which with my strategy is very unlikely, but I want you to respect risk management in ANY circumstances.

All this I had to learn by myself. The training I had back in 2002, although was kept for a whole month, didn't give me this. They told me that making good money on Forex is possible, they showed me how to draw trend lines and support and resistance lines, they explained me how to see on charts figures like triangles, heads and shoulders, flags, diamonds and so on, they taught me the basic indicators like Moving Averages, Stochastics, MACD, RSI.. but they didn't say about risk management, about not giving up after several losses, they didn't give me a system.. And this is the reason most of the traders fail in Forex. They don't know that they MUST control their emotions – or they don't know how, they don't have or don't respect risk management, and in many cases they trade chaotically, they don't have a system.

As I said, after finishing my training, I was afraid to trade real for long time. I was working, I was trying to save money for investing in Forex, I was watching the market and other people I knew who traded Forex, I saw them failing, and I was afraid even more. That was probably my biggest mistake, cause I lost too much time. I was looking for the “perfect system”, which will never fail, making me profit and keeping me confident ALWAYS. Sounds familiar? Are you looking for that “magic system”, which will take all your worries away? Well, sorry for bringing bad news, but.. it doesn't exist. Forex market is created and ruled by human beings, and human beings participate in it. With their human emotions, like greed, fear, despair. There's no system that will take this in consideration and will work respectively. Trust me on that.

When I was looking for that perfect system, I stumbled upon a \$2000 course, wrote by a very known trader and marketer, you may even be on his email list. You know, people often think expensive means quality, but it's not always the case. I received 6 disks, and it took me more than a week to digest all the information. I have to tell you, that was a very complicated strategy. There were about 10 factors you have to consider before entering the trade, and you had to do a lot of calculation. The bad thing was though not the fact that it was so sophisticated, but the fact it worked in only about 50% of cases. So, in the end, after practicing for few weeks with it and seeing that my account remains at the same level, I returned the disks. Moral of the story – if it's expensive, it doesn't necessarily mean it will help you achieve your goals.

There are many things I tried after that. I even bought twice those so-called “robots” (experts-advisors), and I want to tell you right now – never do that. Will you use my strategy, or any other – don't buy robots. Why? Think about it. If those robots would work, why would any bank in the world hire traders? Why pay them, if you can get a \$197, \$97, or even \$77 robot to do the job?



This is one of the biggest trading rooms in the world, in UBS Bank, Switzerland

Take a look at this pic. Many banks in Europe, Asia, United States have similar (but smaller) trading rooms where hundreds of traders perform trades for that bank on a daily basis. Do you think these banks would keep in their staff so many people if they could be easily replaced by some \$77 robot? The answer should be obvious. Besides that, I don't know about you, but I like to keep control on my account, I like to know what's happening and what was the reason to take this or that decision. Hopefully you think the same.

Now, at some point I did open a real account in Forex, after trying on demo account different approaches and different strategies, combining them, experimenting, changing them to fit to my personality, my time and so on. I thought I'm ready and I know enough. It went good for a while, then I lost control and I lost almost all my money. I just thought I know where the market will go, and I have enough money to cover the move. I was wrong. And here comes another conclusion – doesn't matter how great your strategy work on a demo account; you can't become a real trader until you trade on a live account. Thing is, on a live account you react different. Same strategy on a live account will show different results because you start to lose control, you start to worry, and become irrational. Funny part is, you realize where you went wrong and which were your mistakes in most of the cases – but when it's just too late, when your trades are **ALREADY CLOSED** with a big loss. But until that happens – you keep some kind of stupid **HOPE**, you keep the illusion that the market **WILL** go your way... you just refuse to acknowledge the fact that you lost already. Sad, but this is how most of the traders lose their money. Been there, got the t-shirt.

Why am I telling you all this and taking your time? Because I don't want you to be one of those losing traders. Because I want you to realize what you'll have to go through if you'll make the mistakes I and 90% of other traders did. Because I want you to realize what's the wrong way of trading Forex and not taking that way. Hopefully you'll thank me some day.

Now let's get to meat and potatoes – to the strategy that will make you consistent profit. You made it to this point, and your patience is admirable :)

The strategy

Ok, I'll assume you know what Forex is, and won't go here to the very basic. There are tons of information nowadays on the internet about Forex, so if you don't know what Forex is, just head to www.babypips.com or any other similar site. When I started to learn about currency trading, I could only look for books, real paper books, and there weren't too many.

For our strategy you can use any trading platform, but since I'm going to show it to you on Metatrader, I recommend downloading this specific trading software. Most of the brokers will let you download it for free, so you can try Forex on their demo account. I use FXCM, you can download their platform from here - <http://www.fxcm.com/products-services/metatrader-4/>. They are one of the best brokers out there.

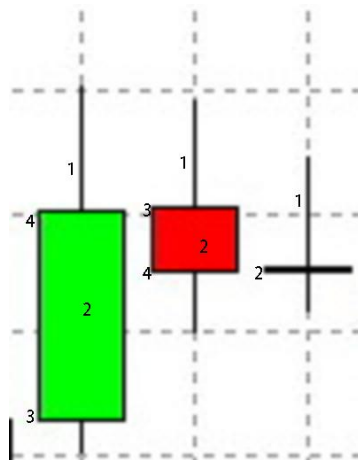
Find the tutorials on their website, watch them and play a little with settings. Change the background, the colours of bars to those that you like. After getting accustomed to the platform, you'll have to install the indicators we are using for this strategy. My strategy is broken in 2 parts, for intraday traders and for long-term traders, you can try both and see which one fits your personality better. First one is for 15 min and 30 min time frames, the other one is for H4 and D1 time frames. For M15 and M30 we'll use two indicators, 13EMA and 34EMA, and for H4 and D1 we'll use other two, 10EMA and 21 EMA. How to install them: in your "Navigator" tab click on Indicators, choose Moving Average, in the new window choose method "Exponential", value 13, apply to "close", click "Ok". Then do this one more time, but with value 34. You can also choose the color of the indicator, its thickness and layout. On my chart below 13EMA is a blue dotted line, and 34EMA is a brown dotted line.



EURUSD M15 chart with 13EMA and 34EMA

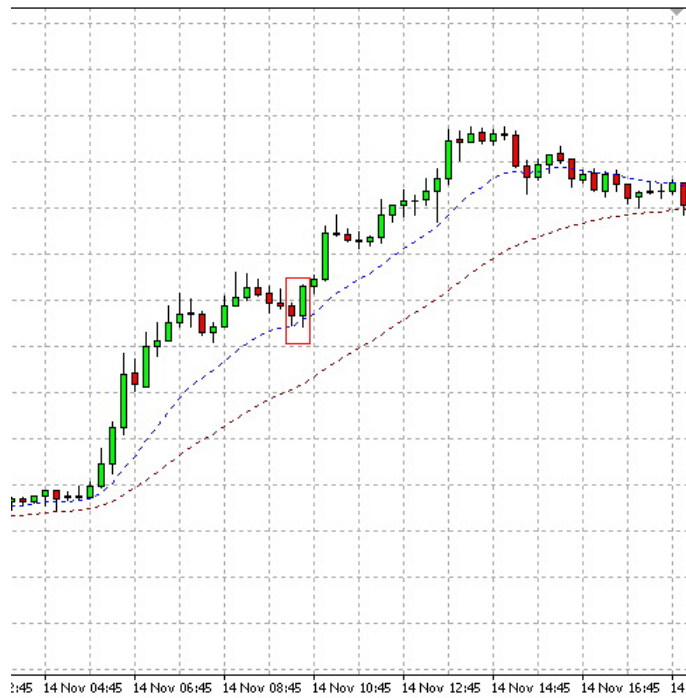
For H4 and D1 time frames you will do everything the same, but this time the values of our EMA's will be 10 and 21. I would advise you to save the layout as a template after you put your indicators, so next time you open a chart you just load a premade template instead of applying the indicators again and again. To do this, right click anywhere on the chart, click "Template", then "Save template", give it a name, for example "15min" for the chart with 13EMA and 34EMA, and "H4" for the chart with 10EMA and 21EMA, then click "save". Next time when you open a chart, right click, choose "load template", and choose one of these 2 templates you created.

Now, you have to know about the types of candles on chart. You have to know how to distinct a bullish candle from a bearish one, where the candle opens and where closes, what is the high of the candle and what's the low. Take a look at the pic below.



Every candle has a body and a tail. The candle's body is formed by the difference of open and close prices for this period of time. If closing price is higher than opening, that's a bullish candle. On my chart it's green, and it's the most common color used by traders to mark bullish candles, but you can choose any color you want in settings. If the closing price is lower than opening, it's called a bearish candle, on my chart it's red, change it to the one you like. The rest part of the candle is the tail, it's formed by the high and low of the price for that period of time. In the pic above, 1 is the tail, 2 is the body, 3 is opening price and 4 is closing price. As you probably noticed, third candle has a very tiny body. In such candles price at open is the same as price at close, and these candles are called "doji".

So let's get back to our strategy. You can use it on any currency pair, so just open any chart, choose M15 time frame and apply your template. Now look carefully at the chart and see if there's a trend, either up or down. If the market goes sideways, or it's too choppy, or trend is not obvious, move to the next pair. If there's a trend, we will be looking for the moment when the price touches or pierces the 13EMA, or even touches 34EMA. We need the price to pull back after that to the trend direction. So, if that's an uptrend, and price touched or pierced 13EMA, we need to see a bullish candle to confirm that price will return to the trend. Take a look at the picture below to see what I'm talking about.



USDJPY M15 Chart

As we can see here, we have an obvious uptrend. In the marked area (red rectangle) price came to EMA13 and touched it, now we should wait for a reversal. Next candle is bullish, and it's bigger than the previous bearish one – exactly what we are looking for. Always make sure that the reversal candle is bigger than previous one, or at least the same size – that confirms our decision.

So, where do we enter the market? We will wait for reversal candle to close, and we will enter on a next candle one pip above the close of previous candle. Our stop-loss will be two pips below the low of previous candle.

We will keep our position open as long as the trend continues. With every new candle our stop loss will be moved below the lowest of two previous candles. See the pic below.



Our stop-loss is moving up with every bullish candle

Blue line indicates our exit of this trade. The bearish candle went below our last stop-loss, so our position is automatically closed. We made in this trade 34 pips, and it took us about 4 hours. For a standard lot, that would be \$340. Let's see another example.



USDCHF M15 Chart

We have a downtrend here, and the moment I marked on the chart is when the price is approaching 13EMA, piercing it, and the next bar is exactly what we need – a reversal candle, bearish, and is obviously bigger than the previous one. We wait for this candle to close, then on the next candle we will enter 1 pip below that close, and our stop-loss is set two pips above the previous candle. We will keep our position open as long as the price is moving in needed direction – down, and we will be adjusting our stop-loss with the every new candle's opening. In the next picture I show where our stop-losses will be, and where we exit the trade.



Adjusting stop-losses and exiting

We kept our position for about two hours and exited with a profit of 29 pips, which is \$290 with a standard lot. Not too bad.

Similar strategy used for H4 and D1 timeframes has its advantages and disadvantages. A huge advantage of it is you don't have to be glued to your monitor all the time while you have an open position. You may just check it every few hours and adjust your stop-losses or exit if needed. Disadvantage consists in its psychological part – some traders don't like to have their position open for a too long term, and when you use this strategy, you may have your positions open for days, sometimes even weeks. If you're ok with that, this strategy may be just perfect for you. Let's see an example on H4 chart.



At point 1, we could have a working entry, but since it didn't touch 10EMA, we skip this one. Remember, by our strategy, to consider an entry as valid, price should either touch

10EMA, or get somewhere between 10EMA and 21EMA (for M15 and M30 that would be respectively 13EMA and 34EMA). So this time, just skip it.

At point 2, we can see a bullish candle that touched EMA13 and a larger reversal candle, so it suits our strategy. We enter one pip below the close of reversal candle, and our stop-loss would be 2 pips above the high of that candle.

On this strategy, we handle our stop-losses differently. Every time price makes a swing high (in downtrend) or a swing low (in uptrend), you put your stop-loss 2 pips above or below that point. On this chart, I marked these swings by drawing an angle above them.

Exiting the trade is also different on H4 and D1 timeframes. You'll close your position either when your stop-loss is hit, or when EMA's cross each other, whichever occurs first. In the above chart the exit is marked by a blue line.

This trade brought us 79 pips. Let's see another one.



EURAUD H4 Chart

There a few moments I want to point out here. First, take a look at point 1. Looks like a valid setup, right? Well, it is, but I wouldn't advise you to take it. The trend is at the very beginning, and at this moment you don't know where it's going to go. So, remember, trade only on already established trend.

The second moment, although trend is still very young, but it's the second time when price comes down to EMA10, so we're good on this part. But, we don't have a bearish candle. On an uptrend, for a valid entry, we should be looking for a bearish candle touching or piercing the EMA and then for a reversal – bullish candle; and viceversa, on a downtrend we would be looking for a bullish candle that touches or pierces the EMA and then for a reversal bearish candle. Remember that, it's very important.

Finally, at point 3 we've got a valid entry, so we open our "buy" position. Our stop loss would be 2 pips below the low of previous candle, then we'll move it to first swing low,

second, third and fourth (see them on the chart). After the fourth swing low, price went up again, but then turned against us and our stop-loss is hit after two more candles. On this trade, we made 262 pips.

Ok, let's recapitulate. I would advise you to print next page and to have it always handy when you trade:

1. For 15 min and 30 min time frames we'll be using 13EMA and 34EMA. We scan the charts, we look for a trend, we wait the price to touch or pierce the zone between these two indicators, and then reverse. We open on the next after reversal candle, one pip above (on uptrend) or below (on downtrend) the close of reversal candle. We set the stop-loss 2 pips below (on uptrend) or above (on downtrend) the reversal candle. While price is moving, our stop-loss will always be 2 pips below the lowest low of two previous candles (on uptrend), or 2 pips above the highest high of two previous candles (on downtrend). We stay in the trade as long as the trend continues, and we exit the trade when our stop-loss is hit.
2. For 4 hours and 1 day timeframes, we use 10EMA and 21EMA. Our entry rules remain the same as for M15 and M30, but now our stop-losses are set 2 pips above or below the swing highs or swing lows (respectively, on downtrends and uptrends). With every new swing high or swing low made while having an open position, we move respectively our stop-losses. We exit either when price hit our stop-loss, or when EMA's intersect each other, whichever occurs first.

Follow these simple rules and respect money management, and you'll see your account keep growing. Take a look back in time on charts and you'll see that every day has an opportunity or several if you use this strategy. When I figured it out, after many tests and failures, and I saw it working, I decided to post it on my blog and give it away to several of my readers, to see if it will work for them too. Some of them never made a dime on Forex before, some of them were jumping from one product to another, some had some experience already. Here's what one of them, Mike, says:

"I tried this strategy over last two days and I've got two winning trades. One demo, USDJPY, 44 pips, and one live, EURUSD, 35 pips. And let me say that I exited both trades while they were still going in my favor! This strategy is the real deal! I have purchased many forex systems and by far this one without question is the very best!"

Here's what Tony S. says, a seasoned trader:

"It's just amazing how one can trade and make money with ease. Thanks so much for this wonderful strategy!"

There were about 20 people who downloaded this strategy from my blog, and all of them were having great results. And if you follow exactly this strategy, you'll have them too.

Here's what you need to do now:

- download Metatrader platform from here - <http://www.fxcm.com/products-services/metatrader-4/>; or from your broker's website;
- install 13EMA and 34EMA on a chart and save as a template; then on another chart install 10EMA and 21EMA and save again as a template;
- trade on a demo-account at least for 2 months before going live.

That's it, guys. Print the blueprint I gave you one page above and keep it handy when you trade, follow the strategy and respect money management, and you'll start seeing soon profits in your account 😊

Oh, one more thing... stay thirsty, my friend! 😊

I'm sure you saw this commercial 😊 what I mean by this now – always be open minded to new opportunities, always look to create new streams of income. When trading Forex will become your second nature, and you'll be ready to take the next step, I advise you to try trading options. Why options? Because there's no other business or type of investment in the world that can bring you 300, 500, or even 900% profit. Options can. And you can start with as little as \$500. This is serious. So, when you decide you're ready to take your next step to wealth and freedom, I advise you to start here – <http://www.winningtradesystem.com>. I've studied many books and courses on options trading, and this one is the best by far.

Good luck and good trading!

Eric Velder

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