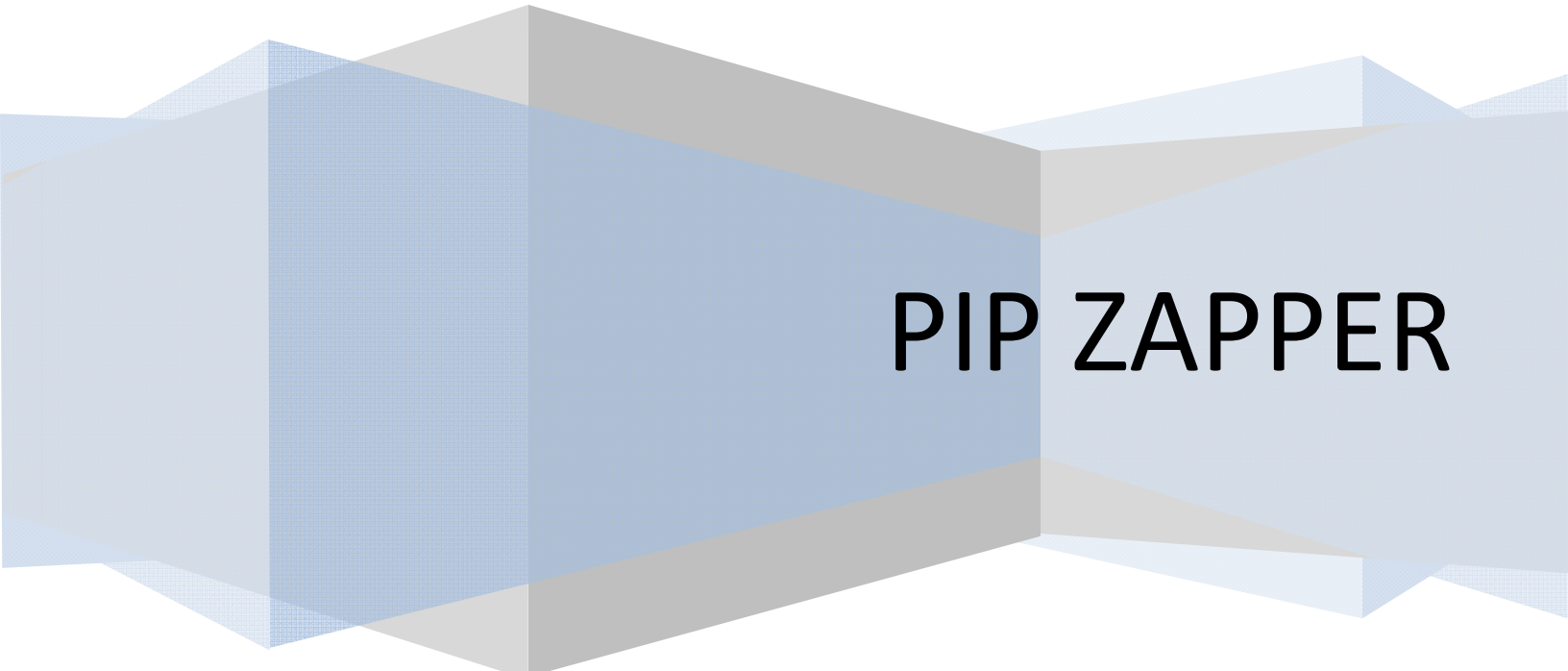


FX-MARKET

# TREND-COMPASS SYSTEM

A MONEY-SPINNING SYSTEM

Osaze



PIP ZAPPER

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I loved the life of a successful trader and that has been a driving force for me. My trading path was quite rough as I lost my account twice. The problem was getting a system that gives me consistent profits and not just breakeven most times. I bought every new trading system, expert advisors and softwares but they either failed during demo trading or I broke even after several trades. When traded on my live account, I lost funds. Others were too discretionary and the details to take note of were extreme. Traders that trade with small funds are at a big disadvantage. The trading systems sold are simply not good enough to ensure lots of pips to make enough profit (because profits depend on volume of money in this case). E.g. Mr. Ben has \$10m and almost 80% of his trades breakeven while 20% of them are profitable yearly. He will obviously be better off than Mr. Anderson who trades with \$20,000 in which 80% of his trades breakeven while 20% of his trades are profitable yearly. From this illustration, you get the picture. Just trying to bridge this gap to ensure capital is not the major factor. With great trading systems, traders with small funds can still make something substantial out of the forex market. Traders with big funds are not left behind in any way.

## **NOTICE**

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## **Disclaimer:**

As trading in the Forex market is very risky, the reader if going beyond this point and applying the concepts and methods described in this document do so on his or her own will and risk. The writer and or anyone involved in the compiling of this document will not be held responsible for any losses incurred by using the methods described in this document as no money management nor exact stoploss levels are discussed as it vary from trader to trader according to their own risk and capital profiles.

## TREND-COMPASS SYSTEM

(DETECTS TURNING POINTS IN THE MARKET, ACCURATELY)

Welcome to the trend-compass system. A system that is aimed at detecting turns in the market with over 90% accuracy. I have been in the foreign exchange market for over two years (never traded options, futures, etc before). Since then, I have been trying to develop a favourable system of swing trading that gives traders an edge in riding the trend fully. Over these months; I discovered that there is barely a system that detects turns in the market accurately. I have bought so many eBooks by various authors, and expensive indicators and softwares and most of them either don't make consistent profits, where discretionary to a fault or don't suit my style of trading while others were having lots of very crucial unanswered questions (just to hoard the knowledge). Building this trading system was quite a challenge because most indicators that seem to detect these turning points in the market either give lots of false signals, redraw (repaint) at will or seriously lag in real-time. I didn't build these indicators; I simply used them to build a system that works. This system works on 1hr timeframe. Higher timeframes are better because they relieve me of the fear of slippage and delayed execution (MT4 platform). I chose this timeframe because it allows me to execute trades at a reasonable stoploss (i.e. not too large and quite safe from whipsaws) while larger timeframes don't give this treat. I backtested and forward tested using major currencies pairs and overall it was profitable. I wrote this book to be as simple as possible and I know it won't be difficult to comprehend. Didn't bother to introduce the forex market because lots of eBooks have taken care of that and I didn't see the need to make this book voluminous by adding those pages. I know if there is anything most Forex ebooks properly cover without confusion; it's the basis of the foreign exchange market. The K.I.S.S (keep It Simple Stupid) principle is used expressly.

Happy Trading ☺

Before going any further, I would love to clarify what I mean by swing trading. In this context, it means trading from one swing point and riding the trend to the next swing point. Successful swing trading depends fully on the ability to accurately detect turns (swing points) in the market. With this explanation, it means you could actually swing trade on timeframes like 15Minutes, 30Minutes, 1Hour, 4Hours, Daily, Weekly, and Monthly. I really needed to explain this because when a lot of traders hear the word “swing trading”, they think of Daily, Weekly and Monthly\*.

## TECHNICAL ANALYSIS

### INDICATORS

Ehlers Fisher Transform (Signal Line is dotted while transform is not)

Smooth Candles C v1.0 (another alternative could be EMA 5 and EMA 7).

Elders Safe Zone

Pivots

You could choose to use either Smooth Candles or EMA 5 and EMA 7. Try both if you wish, the one you prefer based on clearer signals is what counts.

General rule, place Monthly Pivots on 4hr, Weekly Pivots on 1hr and Daily Pivots on 1m, 5m, 15m and 30m(Not engraved on stone please).

I actually prefer smooth candles for reducing noise (and sometimes lag). It also shows a clearer angle and separation. This clears doubts.

**TIMEFRAMES:** 1hr (that’s all I use), 4hr and 15mins can also be added (multiple timeframe).

According to the experts, use larger timeframes to know the main trend and if possible, trade in that direction. (I don’t follow this rule but, it could improve your trading skills). And use smaller timeframes for entry.

You could find the direction of the trend (using trend lines) for 4hr or Daily timeframes and trade in the direction of the general trend.

**RISK TO REWARD RATIO:** 1:1 TO 1:10 (not a typo!!!!!!)

This is based on stoploss to takeprofit

All of these are on the rar folder and a template has been created to setup the indicators the way I use them.

#### ENTRY RULES:

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##### FOR BUY

- ❖ BLUE MA > RED MA (When Blue MA is above Red MA).
- ❖ Transform > Signal Line (When Transform is above Signal Line).
- ❖ When candlestick is above Elders Safe Zone.

**FOR AGGRESSIVE STOPLOSS:** Few pips below the most recent swing point (reason being to prevent whipsaws from getting stopped out).

**FOR INDICATOR STOPLOSS:** Few pips below Elders Safe Zone.

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##### FOR SELL

- ❖ BLUE MA < RED MA (when Blue MA is below Red MA).
- ❖ Transform < Signal Line (When Signal Line is below Transform).
- ❖ When candlestick is below Elders Safe Zone.

**FOR AGGRESSIVE STOPLOSS:** Few pips above the most recent swing point (reason being to prevent whipsaws from getting stopped out).

**FOR INDICATOR STOPLOSS:** Few pips above Elders Safe Zone.

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## EXIT RULES:

❖ **FIBONACCI EXITS (ICWR STRATEGY)** .....PLEASE THIS WON'T BE COVERED IN THIS EBOOK. I WILL INCLUDE AN eBook THAT TREATS THIS IN THE FOLDER.

❖ **FIXED EXITS:** STOPLOSS:TAKEPROFIT RATIO = 1:1 to 1:10

Please be careful when setting this fixed exit. I really don't recommend it when placing targets wider than 1:1. This is because you really can't tell how far the trend will continue (The best is to use Fibonacci levels to predict how far the market would move).

❖ **VARIABLE EXITS:**

**EXIT BUY:** When candlestick falls below Elders Safe Zone and the Elhers Fisher Transform is above 0.0

**EXIT SELL:** When candlestick falls above Elders Safe Zone and the Elhers Fisher Transform is below 0.0

❖ **HYBRID EXITS:** This is a combination of variable targets and Fibonacci exits.

**EXIT BUY:** Mix both the variable exits and the Fibonacci exit.

**EXIT SELL:** Mix both the variable exits and the Fibonacci exit.

❖ **RESISTANCE AND SUPPORT STOPS (RECOMMENDED):** This is using resistances and support to trail your profits. This is done by placing you stoploss few pips above a resistance (for sell) or few pips below a support (for buy). If a whipsaw occurs, your order is closed in profit. This is explained later on in relation to flat trends.

**NOTE:** Resistance and support stops are strictly for moving the stoploss of a profitable trade (I.e. your trade is positive and has been on for quite some time). This is used when riding a big wave moving in one direction.

I use aggressive stoploss when trading. This ensures I don't get stopped out by whipsaws.



Signals are more accurate for Ehlers Fisher Transform when: You buy when below the zero line and you sell above the zero line. Please, this is not engraved in stone.

The Moving Average (MA) is a wonderful tool for measuring the slope of the trend and its strength also. When both MAs are pointing upwards, it's a bullish market, pointing downwards, it's a bearish market and when flat, sideways trend. The angle of separation of the MA's shows strength of the trend. The wider the gap between both MAs, the stronger the trend.

Never trade this system on a live account if you haven't traded it on demo account for a while or if you haven't fully understood this strategy (u could read this eBook several times). You may forget some rules or make silly errors that could be avoided if you had demo traded.

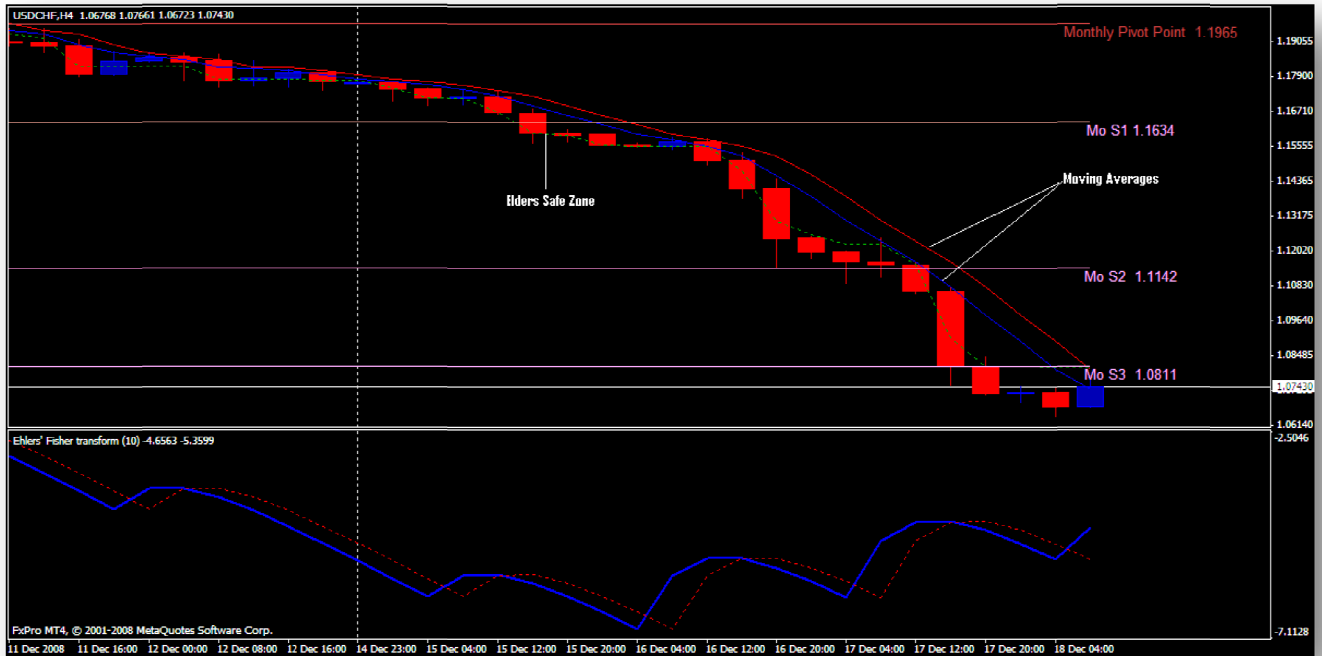
Please never risk more than 2-5% of your account on a trade. Remember, protect your investment always.

You could also take partial profits when using the hybrid or variable targets this increases profit. Trail stops are okay, if you can get the best trail value.

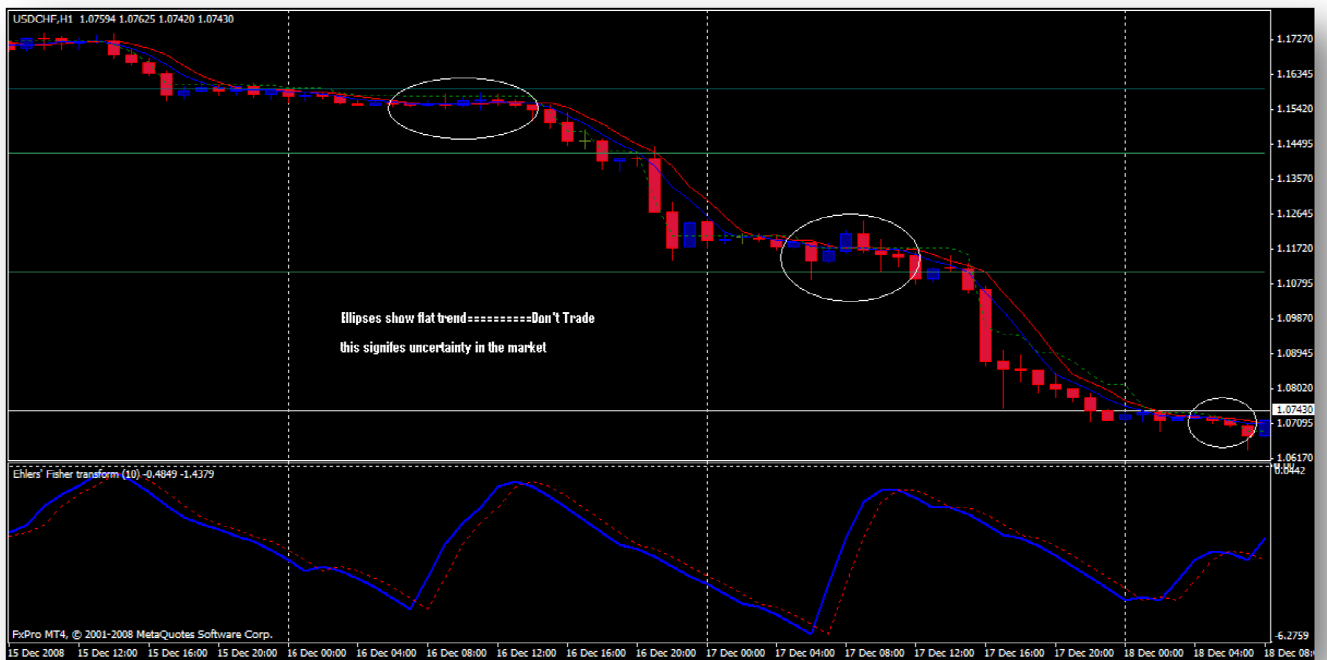
Always let your profits run and cut losses. This is what makes you very profitable. Ensure all conditions are met before executing any trade.

**NOTE:** All signals are not valid till the close of the candlestick.

BELOW IS A CHART LABELLED TO SHOW INDICATORS



FLAT TREND FOR MA; White Circle below shows sideways (flat) trend indicated by MAs.



The white ellipses above show a practical example of a flat trend being identified by the MAs. The movement of the MAs is strictly sideways and the angle of separation is negligible.

Areas of flat trend signify resistance and support areas. This is needed for resistance and support stops.

## DISCRETIONAL AREAS

When using Elders Safe Zone, you will notice that sometimes, the candlestick is not always completely above or below this indicator. That's no big deal, just measure it visually i.e.

If the body of the candlestick above is greater than the body of the candlestick below, then it's above the Elders Safe Zone.

If the body of the candlestick below is greater than the body of the candlestick above, it means the candlestick is below the Elders' Safe Zone.

**NOTE:** I didn't say the shadow of the candlestick. The shadow is not used.

I also don't enter trades when stoploss are large, i.e. the distance between the swing point and my entry is large, this act as a filter for me (just a suggestion). You could place a limit order with expiry just in case price play upwards.

You really don't need to trade all signals on only one currency pair to profit consistently. If you see two or three signals on different major currency pairs, just pick the one with the best entry conditions (suggestion).

If you trade only on one currency pair, you will still be very profitable.

Before entering a trade, always ensure all conditions are met.

If possible, u could integrate candlestick patterns to improve profit made (optional).

Sell limit could be placed few pips above half of the candlestick that gave the signal while Buy limit could be placed few pips below half of the candlestick that gave the signal (Not engraved on stone).

## EXAMPLES OF LIVE TRADES:

In this section we will be looking at real stimulations. I didn't optimize these indicators and the indicators don't redraw (repaint). For these examples, I will use 1hr

timeframe. When you start demo trading this system, you will understand that your results won't be far from these ones.



**NOTE:** The red vertical lines show where trading system gave an entry signal. Entry point is the close of the candlestick on the red line. Signals are not valid till the close of the candlestick.

If you entered the first signal, you would have no need to enter the third and fourth signal if you used the resistance and support stops. And you would have ridden the trend downwards.



Red vertical lines are signal lines, entry should be immediately after the close of the candlestick. If taking partial profits, I suggest that you take first profit around the closest pivot (this should be enough to cover for stoploss or reduce losses) to secure profit.

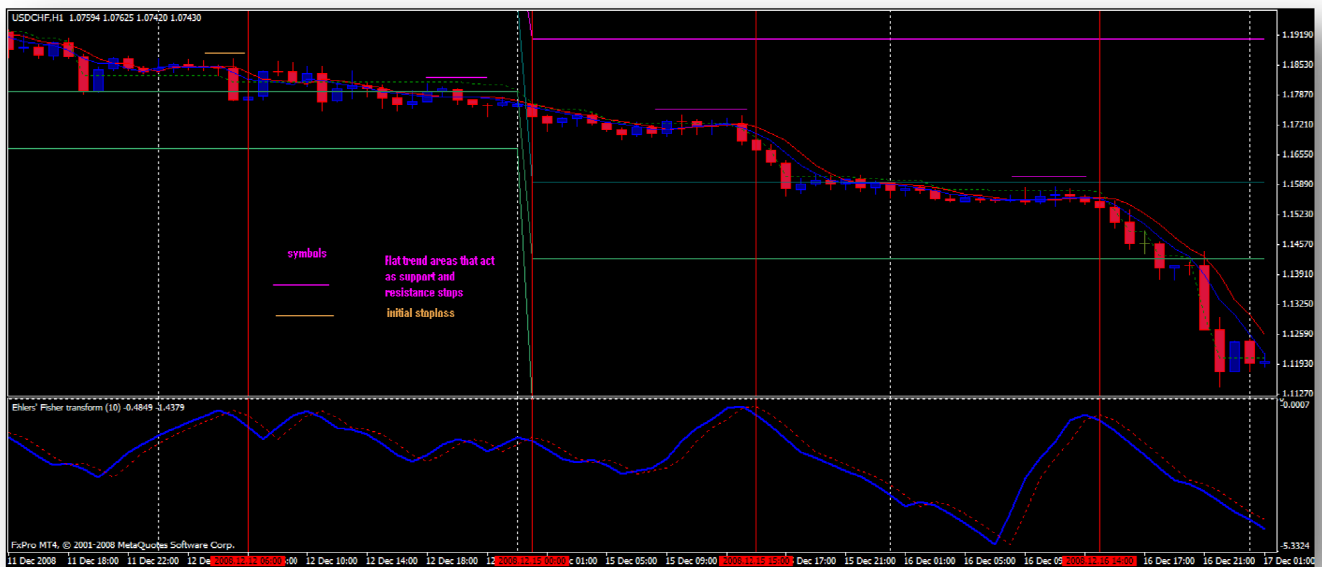
**NOTE:** Mid-pivot levels are not included in the pivot indicators sent to you. They could be very useful if plotted.



Please note, vertical red lines mean signal lines.

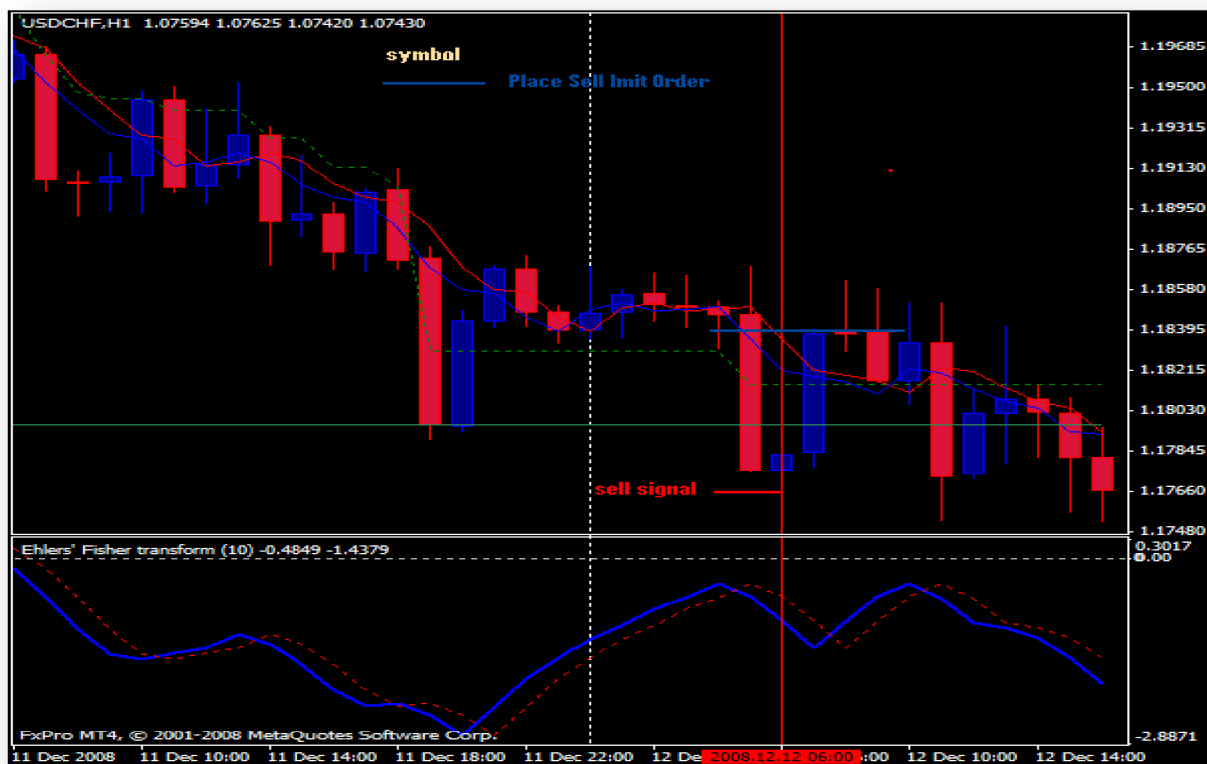
Nice entries and exits. If resistance and support exit were used here, there would be no need to place the third trade as you would currently be in the second trade and be riding the trend downwards. The close of the kangaroo tail candlestick would have been a nice exit point. This candlestick pattern rarely fails.

## RIDING A BIG WAVE



Initial stops (aggressive stops) changed as the downward trend proceeded and new resistance levels were formed. Pivots (as usual) work like magic. Please understand this principle very well. This is what the resistance and support stop is all about. Moving your stoploss from its initial position to lock profits.

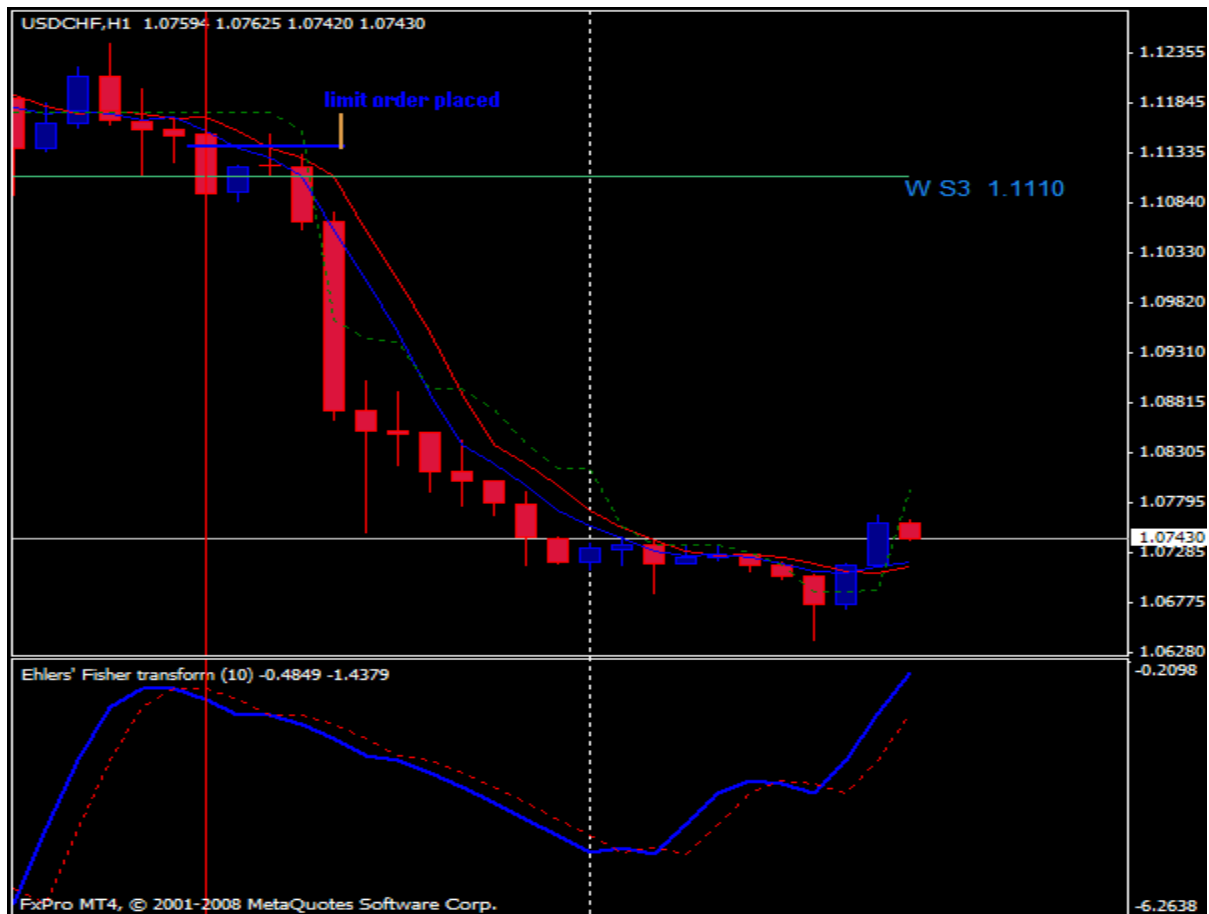
To reduce stoplosses, you could execute limit orders. Place them few pips (use your discretion) above the current price or in a preferable point where your stoploss will be minimal.



If you look closely at the screenshot above (in the signal area), u will see a blue horizontal line. That is where I would have placed a limit order to expire three (3) hours later. And price played towards that area.

**NOTE:** Sometimes the order is not executed because price doesn't get to your limit order. No big deal. If you place limit orders on two or three different currency pairs, it's most likely for one to be executed (no guarantee though).





In the screenshot above, price played up also to hit the limit order. Stoploss is now minimal. Red vertical line is (as usual) used to represent a signal from the trading system.

**NOTE:** The red line doesn't draw automatically in real-time; I placed it merely for explanation.



And I can keep showing you many similar signals that could be executed with limit orders.

You can enter trades on as many currency pairs as you want if you can manage all of them.

**NOTE:** This system could work on other currencies; I haven't backtested or forward tested it on all currency pairs (just major currency pairs).

I really don't intend to add too many examples as you will see lots and lots of them as you backtest and forward test with this trading system. Will certainly concentrate primarily on the technical aspects. If you have questions, please post it on the forum and I will answer them.

\*The reason why timeframes above 4hr is suitable for swing trading is because noise (in the market) is minimal. And we all know that what makes a trader consistently profitable is his/her ability to filter the noise. Everything about consistent profitability in forex trading is centered on this principle.

If I missed any sort of explanation, it could be discussed in the forum. I am currently researching on making this system fully mechanical and much more profitable. Am currently not keen on making an expert advisor out of this trading system because it is not completely mechanical. I will soon start a group (using Gmail) for this and many other trading systems I am currently working on. If you are interested in joining this group, you could indicate your interest. Don't forget to post your screenshots of profits in the forum. There is no greater joy I will have than seeing people make profit with this trading system. You could also chat with me on yahoo messenger (and email); [osazemeu@yahoo.com](mailto:osazemeu@yahoo.com) . Critics are also welcome. I love critics because they bring the best out of anything and anyone. Remember, "Diamonds can't be polished without friction".

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## FRIENDLY ADVISE

I see money as a tool to help transform the lives of people (yourself inclusive) positively. Try to affect the lives of people around you, that's when life truly becomes worth living. God is the source of our existence, cling to him. I always say "GOD MAKES EVERYTHING POSSIBLE, NOT NECESSARILY EASY".

IF THIS BOOK HAS HELPED YOU TO BECOME A PROFITABLE TRADER, MADE YOU A BETTER TRADER IN ANY WAY OR YOU SIMPLY FEEL LIKE GIVING, PLEASE GIVE SOMETHING IN FORM OF A DONATION. THE FUNDS ACCUMULATED WILL BE USED TO SUPPORT THE POOR AND HELPLESS CHILDREN IN AFRICA. I BELIEVE THESE CHILDREN DESERVE A BETTER LIFE AND FUTURE AND YOU AND I CAN HELP THEM ACHIEVE THIS. YOU COULD PAY THROUGH LIBERTY RESERVE, EGOLD, EBULLION AND WESTERN UNION AND IT WILL BE APPRECIATED. CONTACT ME THROUGH EMAIL OR YAHOO MESSENGER.