

JCP'S TRADING METHOD #1

First off, I want to note that this method is not my own. I have adapted methods I have learned from the J16 thread at ForexFactory.com and Forex-Strategies-Revealed.com.

I want to keep this method as simple as possible, so as a result I am not going to create pages of rules and descriptions. The main goal of this method is to achieve a very high success rate, 80%+. This is not an automated system with hard set rules, as I am leaving room for decision making and discretion. BUT, the one solid rule is to protect my capital at all costs by always setting SL orders, and moving my SL to break even at the first opportunity.

What is Method #1:

1. Trade swing high and lows in areas that contain strong support and resistance with solid confluence.
2. Look for PA on Daily's and 4H charts at these swings.
3. Once PA is identified make a decision whether or not to place trade at close of bar or wait for retracement.
4. If waiting for retracement, look for PA on lower TFs, 1H and/or 4H.

My Mental Approach:

1. Every trade is unique and needs to be treated as such.
2. Anything from break even and up are winners!
3. Gauge my trading success on a weekly basis, each trade made is working toward my weekly target.
4. This is a business, treat each trade as business transaction, not as a basis of self worth.

Planning the Trade:

1. At the end of each day, scan the daily charts looking for PA in good locations, and update watchlist accordingly. Add to Journal along with charts.
2. Throughout the day keep an eye on the 4H charts for all pairs in my watchlist, watching for good price action. Also keep an eye on other pairs, time permitting.

Placing and Managing the Trade:

1. Once a purchase is made, immediately set stop loss and limit order. If price moves 15 to 20 PIPs past my entry, set SL to BE. This will stop me out of many trades, but my main concern is preserving my capital. Add to Journal along with charts.
2. Once the trade is closed add to journal.

Money Management :

This will be a brief summary. I will have a separate file detailing Money Management strategies and recording profit/loss.

1. I trade in mini lots, \$1 per pip. The amount of lots I trade will vary as the account grows.
2. I will be incorporating various MM strategies as the account grows.
3. I will be have a set weekly target amount, in pips, once this target is reached and/or passed, I cannot go back under.

Business Strategy:

This will be a brief summary. I will have a separate file that outlines this in greater detail.

1. #1 goal is to make money, not prove anything to anyone or myself.
2. Use my MM strategies to build an account large enough to trade on a full time basis.
3. I am confident that I will achieve my goals. I can visualize myself making money and trading successfully.

Goal #1 (Phase 1):

I am breaking up my financial progress into Phases. I have a separate file that goes into greater detail.

1. Completing Phase 1 is my first goal. Phase 1 is to reach \$500 profit trading in single lots.

Definitions:

Detailed definitions for most of these can be found on the J16 thread at forexfactory.com

1. SR (Support & Resistance): Historical areas that price has respected on multiple occasions.
2. Confluence: Trendlines, 50% & 61.8% FIBS, Round #'s, 200 and 65 SMAs.
3. PA (Price Action): PA consists of 3 bar formations as well as SR on the 5M. See descriptions below.
 - a. PIN (Pinocchio Bar): Open and close in top/bottom 1/4 of bar. Must noticeably stick out from surrounding bars (at least half the bar)
 - b. BEOB (Bearish Outside Bar): Bar completely engulfs previous bar. Close must be within top/bottom 1/4 of bar
 - c. BUOB (Bullish Outside Bar): Bar completely engulfs previous bar. Close must be within top/bottom 1/4 of bar

My Journal:

1. The sole purpose of keeping a journal is to record what I am doing and why. The process in itself keeps me in check. Having pages of charts and thoughts to reflect on are priceless.
2. Why have a public journal? I struggled over this for sometime. There are many reasons why one would create a public journal. Some would say to boost the ego? What about when losing, it could be embarrassing? Honestly, I believe that in my effort to treat this as a business I need some sort of public entity. Somewhere I can exchange ideas, thoughts with others. As we all know this can be a lonely journey, so have human interaction can be very beneficial.
3. I will not be posting my account balance yet as I will be shifting funds between accounts over next few months. At the end of each week I will post profit/loss in pips.