

# Identifying High Probable Trade Targets



Dean Malone  
[www.compassfx.com](http://www.compassfx.com)

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Trading in the off-exchange Foreign Exchange market (Forex) is very speculative in nature, involves considerable risk and is not appropriate for all investors. Therefore, before deciding to participate in Foreign Exchange trading, you should carefully consider your investment objectives, level of experience and risk appetite. Investors should only use risk capital when trading Forex because there is always the risk of substantial loss. Most importantly, do not invest money you cannot afford to lose. There is always the potential for loss. Your trading results may vary.

No representation is being made that any software or training will guarantee profits or not result in losses from trading.

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we know what traders want.



## Dean Malone

Private trader with Stock, Commodity, and Options trading experience since early 1990s.  
Trading Forex since 2002.

Registered Series 3, 30, & 34 broker, NFA member and CTA.

Interviewed by CNBC, Reuters, CNN, WSJ, and others.

Trained tens of thousands how to trade Forex.

Over 400 free Forex training videos at [www.compassfx.com/video](http://www.compassfx.com/video)






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## Where to exit with the greatest amount of probability?

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# Trade Targets



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# Trade Targets

**Five specific trade targets...**

- Pivot Levels
- Average Daily & Weekly Ranges
- Measured Moves
- Special Fibonacci Extensions
- D.O.T.S. Method



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# Trade Target #1

## Pivot Levels



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# Trade Targets

## Pivot Levels



Use Daily and Weekly Pivot levels to identify potential targets.

Look for confluence of Daily and Weekly levels.

Consider exiting ahead of a pivot level unless the fundamentals are in the direction of the trend.

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# Trade Targets

## Pivot Levels



# Trade Target #2

## Average Daily & Weekly Ranges







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# Trade Target #3

## Measured Moves



# Trade Targets

## Measured Move

A measured move is the calculated distance of two or more points in a chart pattern.

The measured move is applied as a profit target after price breaks out of a chart pattern.

Proficient traders can often determine a logical profit target by calculating a measured move from the given chart pattern.

***A “measured move” is the secret to chart patterns!***

# Trade Targets

## Bullish Flag Measured Move

Bullish flag is made of two parallel lines of lower Highs and lower Lows forming a correction pattern against a Long trend.

The parallel lines slope counter to the direction of Long trend.

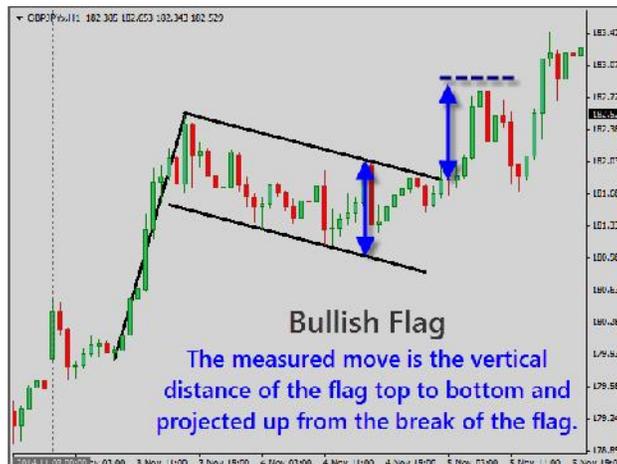
The pattern is completed by a break outside the parallel lines.

**Measured move** = Vertical distance of flag top to bottom and projected up from the break of the flag.



# Trade Targets

## Bullish Flag Measured Move



# Trade Targets

## Double Top Measured Move

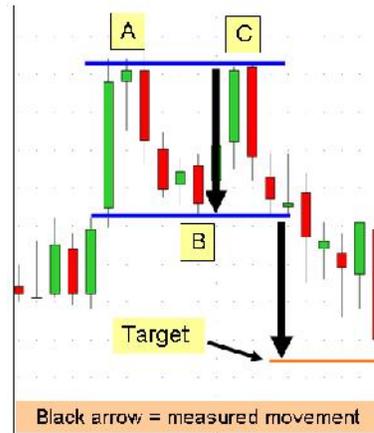
"M" formation with two peaks of similar highs.

Resistance is at the average high of the peaks (A & C).

Support is at the midpoint low (B).

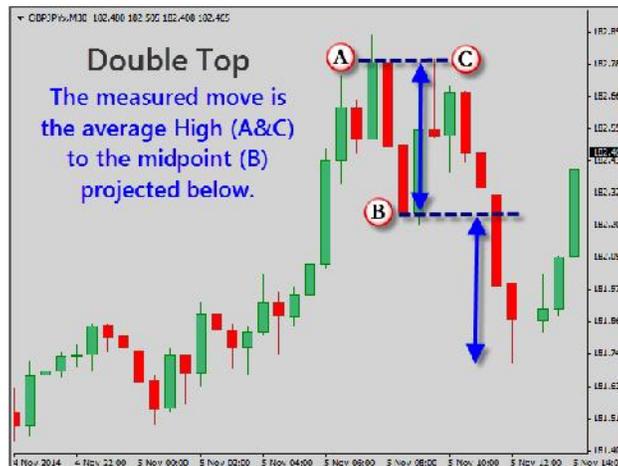
Entry is a break below the midpoint.

**Measured move** = average high point of peaks (A & C) to the midpoint low (B) between the peaks and projected below the midpoint.



# Trade Targets

## Double Top Measured Move



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# Trade Target #4

## Special Fibonacci Extensions



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# Trade Targets

## Special Fibonacci Extensions

My favorite trade target...

# 127.2% & 141.4%

## Fib Extensions

***Trade Secret: Measure from the last Swing High to the last Swing Low!***

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# Trade Targets

## Special Fibonacci Extensions

My favorite trade target...

**127.2% ....  $\sqrt{1.618}$**

**141.4% ....  $\sqrt{2.00}$**

**Trade Secret:** Measure from the last Swing High to the last Swing Low!

# Trade Targets

## Special Fibonacci Extensions



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# Trade Target #5

## D.O.T.S. Method



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# Trade Targets

## D.O.T.S. Method

Stand-Alone trading model built into  
**1 indicator** that identifies at the  
Open of a Trading Session:

- ✓ Buy Entry
- ✓ Buy Target 1
- ✓ Buy Target 2
- ✓ Buy Stop Loss
- ✓ Sell Entry
- ✓ Sell Target 1
- ✓ Sell Target 2
- ✓ Sell Stop Loss

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# Trade Targets

## D.O.T.S. Method

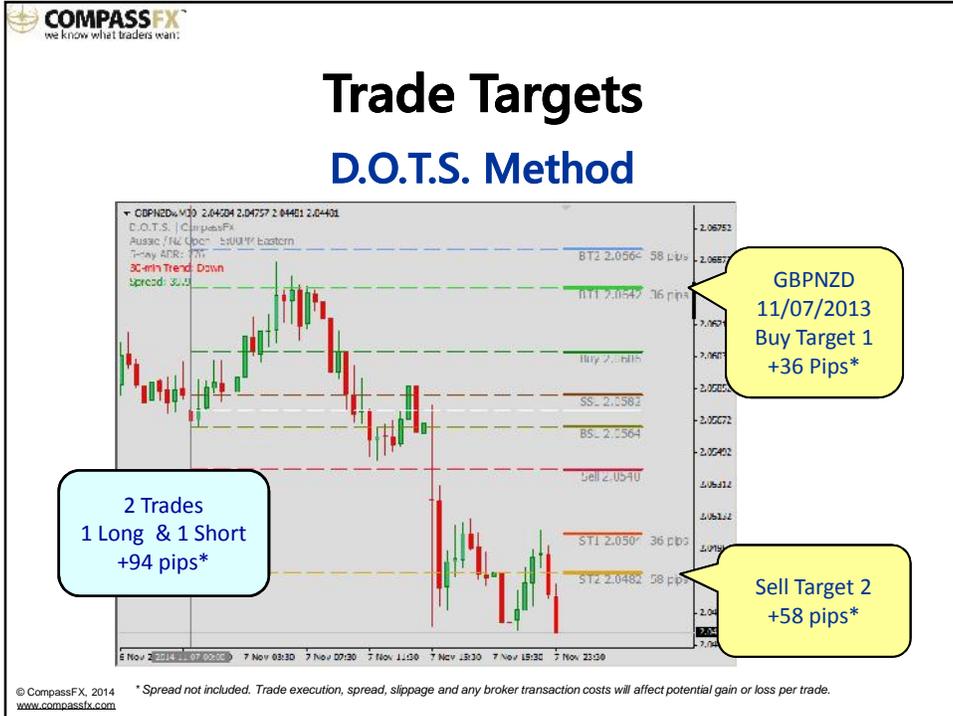
Multiple trading sessions:

- Broker Daily Open
- Australian Open
- Tokyo Open
- Midnight NY Open
- European Open
- London Open
- New York Open

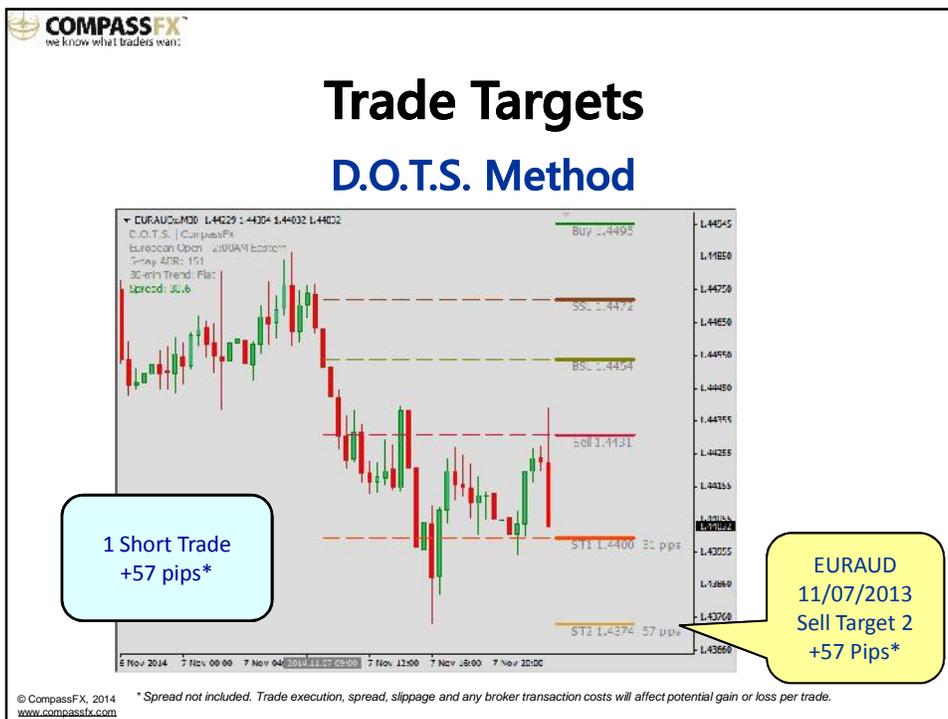
# Trade Targets

## D.O.T.S. Method





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**Trade Targets**  
**D.O.T.S. Method**

*Why trade the DOTS Method?*

- 1 day.... 11/07/2014
- 3 pairs... NZDUSD, EURAUD, GBPNZD
- Trading the Australian & European Sessions.
- Entries, Exits, and Targets displayed on chart.
- Trading only 1 Long and 1 Short position, if hit.
- Potential Result... +163 pips\*

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\* Spread not included. Trade execution, spread, slippage and any broker transaction costs will affect potential gain or loss per trade.

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# Trade Targets

## D.O.T.S. Method



# Trade Targets

## D.O.T.S. Method

Average Pips / Month for January - December 2013

	Australian Open Avg. Pips / Mo.*	European Open Avg. Pips / Mo.*	U.S. Open Avg. Pips / Mo.*	Total Average Pips / Month*
EURUSD	105	250	247	603
GBPUSD	134	263	287	684
USDCHF	48	217	230	494
AUDUSD	155	158	190	543
USDJPY	161	187	314	662
EURJPY	149	354	435	937
<b>Avg. Total</b>	<b>793</b>	<b>1428</b>	<b>1703</b>	<b>3924</b>
<b>Avg. Pips / Pair</b>	<b>132</b>	<b>238</b>	<b>284</b>	<b>654</b>

\*Results based on trading 1 Buy order and 1 Sell order per pair per session, if triggered. Your results may vary.

\*Back-tested results based on 2013 End of Day historical Bid Price. Not including spread and other transaction costs. Trading only 1 Buy order and 1 Sell order per day including targets and sell stops. At Target 1, close 1/2 position and move Stop Loss to breakeven. At Target 2, close position.

Disclaimer – Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to invest in foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts.

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## Trade Targets

### Five specific trade targets...

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- D.O.T.S. Method



***Thank you...***

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