Correlation

CHEAT SHEETS

By Jason Fielder

Fellow trader,

By now, you've hopefully been watching my videos, and have a pretty good idea about what correlation trading is, and if you're anything like me, your interest is likely peaked to a point of almost jumping out of your skin...

I know that's how I felt once I began to see the "correlation patterns" or "cracks" in the market as I like to call them. What is so exciting about trading this way, is that you're basically taking advantage of what I like to call "Fundamental Law", which really means that the trades you take are all based on what pretty much HAS to happen in the market, NOT, as we've always been used to, what we're EXPECTING or HOPING to happen.

And believe me when I say the difference is monumental.

Within this brief "Cheat Sheets" report, I'm going to prove to you why trading with two charts, or as I like to call it, "double-up charting" is far superior to looking at just one chart at a time ("double-up charting" is one of the basic principals of my Correlation Methodology).

Before I get any further, if you haven't read my "Correlation Secrets" report you'll want to do that FIRST so you can have a basic understanding of correlations before you dive into these cheat sheets.

You can access the report right now by going to:

http://www.correlationcode.com/blog/?p=7

Ok, let's jump in!

Almost all correlation trades start out the same way…by waiting for correlated pairs to fall OUT of correlation. As I discussed in the "Correlation Secrets" special report, when correlated pairs fall out of correlation, it creates a **"predictable volatility"** that savvy traders can monetize…

> ***…and it's these very "cheat sheets" that will tell you how to turn "predictable volatility" into PROFITS!***

Once you have identified two correlated pairs moving out of correlation, you are then left with a choice of how to trade this opportunity. You can:

1. Use a **scalping strategy** to get in, get out, and a grab a few pips in the process…
2. Use a **swing trading strategy** and wait for one of the pairs to "swing" back into correlation, or…

3. Take a **longer-term position** and *potentially* profit from both legs of the correlation trade…

Each of the three trading strategies have upsides and down-sides, so the decision of which strategy will largely be driven by your own trading preferences.

But no matter your style of trading…scalping…swing trading…long-term trading…correlation trading will accommodate you. And in these “cheat sheets” you’ll find a formula for profiting from all three trading styles.

Now...let’s dive in and start trading!

IMPORTANT: Watch This Video FIRST…

Keep in mind that these "cheat sheets" are just that…CHEAT SHEETS.

They are not intended to be a complete discussion of correlation trading or even of the strategies themselves. For a full breakdown and explanation of how each strategy should be traded, I highly recommend that you watch the training video that came with this report **BEFORE** you read any further, and I would recommend you go as far as watching the other few videos I've posted on the blog as well. (You'll even see the "Sunday Afternoon" video, referenced in my email that has a 90%+ probability of being successful!)

(NOTE: Click the "Play" button or the link below to view the video…)

CLICK TO VIEW THE VIDEO → http://www.correlationcode.com/blog/?p=48

CHEAT SHEET #1: CORRELATION SCALPING

Correlation Scalping Explained:

Because the GBP/USD and EUR/USD are positively correlated, this means they should move together. So, when these two pairs start moving in opposite direction that's our cue to pay attention (i.e. the setup)…

As you can see below, the setup, **#1**, shows that the EUR/USD closed below the 10 period moving average (red line) and the GBP/USD closed above it. Our entry, **#2**, comes when price closes above the 5 period moving average (blue line). We then place the stop loss, **#3**, below the most recent low. Finally, the exit, **#4**, for this scalp is at the break of the 10 period moving average (red line), which produced **a profit of +24 pips**.

You can use this same approach to take "scalping" trades on your own...simply by using the same moving averages I have here and following this strategy yourself!

Keep in mind this is the most basic form of correlation scalping, and very soon I'll be showing you how to really beef this method up with custom indicators, special filters, and some fascinating more "in "depth" training.

CHEAT SHEET #2: CORRELATION SWING TRADING

Correlation Swing Trading Explained:

The setup, **#1**, for the correlation swing trade is very similar to the scalping setup. We are looking for the EUR/USD to close below the 10 period moving average (red line) and the GBP/USD to close above it. This confirms that the positive correlation is breaking down because they are moving in opposite directions.

The entry to sell short, **#2**, occurs at the open of the next bar. For swing trading we are only looking to take one side of the trade in the EUR/USD. The stop loss, **#3**, is above the most recent high. The exit, **#4**, occurs when the price closes above the 5 period moving average (blue line), which produced a **profit of +38 pips**. The exit occurs at this point because this shows that the correlation is starting to come back into line.

Same idea here: A great, albeit "basic", approach that works very nicely...

But when you add some of my custom indicators and filters, it explodes the accuracy and the frequency of the trades (I know it's REALLY exciting stuff).

CHEAT SHEET #3: LONG-TERM CORRELATION

Long-Term Correlation Trading Explained:

For the longer term trades, we are going to take both sides of the correlation trade (meaning we'll be buying one pair and selling the other). This allows us to legally "hedge" our trade

As with the other correlation trades, the setup for the long-term trade, **#1**, occurs when we see a clear deviation from correlation. We see this happen when the EUR/USD closes down and the GBP/USD closes up. Plus, we have the confirmation when the EUR/USD closed below the 10 period moving average. So, we buy, **#2**, the GBP/USD and sell, **#2**, the EUR/USD. Place the stop loss, **#3**, below the low for the GBP/USD and above the high for the EUR/USD. The exit for both pairs, **#4**, occurs when the EUR/USD (the pair that originally fell out of correlation) comes back into parity with the GBP/USD.

This trade produced a net **profit of +148 pips across the two pairs, and it's just one simple example – there are MANY more.**

Final Thoughts…

As you can see from the trades above, trading correlated pairs using two charts shows you moments of opportunities that you would have likely NEVER seen when trading with only one chart (or how you've BEEN trading).

Watching correlated pairs move in and out of correlation can allow you to profit regardless of the type of trading you like to do: 1) scalping, 2) swing trading, or 3) longer-term trading – and typically with a FAR HIGHER degree of accuracy – which is why I can tell you flat out...

…"It's my very favorite way of trading!"

Oh, and keep in mind, for those traders who are a little BOLD, there's a 4th option that's in addition to scalping, swing trading and long-term trading.

That 4th option is to simply…**TRADE ALL THREE STRATEGIES AT ONCE!**

That's right…if you don't want to pick just one strategy, you don't have to! You can instead decide to trade all three at the same time.

I call this my **"TRIPLE STACKER"** technique because you're literally stacking three types of trades on top of one another!

Obviously you'll need to have a trading account that's large enough to handle this much exposure without becoming over-leveraged, but for more experienced traders taking all three trading opportunities can actually work like a "hedge" that 1) reduces your risk and 2) can potentially increase your overall profits.

Take the examples above, for instance…

The profit totals for each strategy are as follows:

Scalping: +24
Swing Trade: +38
Long-Term: +148

To be perfectly transparent with you, this example is NOT indicative of normal trading performance. Normally one or more of the three trading strategies will go against you, so if you trade just one of the strategies there's a good chance it could go against you.

If you trade all three, on the other hand, my research and testing shows that you'll be more profitable in the long-run, because most of the time at least one or more of the three trading strategies is profitable, and that one strategy winner will help to offset any losses that may occur in the other strategies.

> **REMEMBER: Correlation trading is backed by universal market fundamentals "or FUNDAMENTAL LAW", so you can trade these strategies with extreme confidence knowing the market is on your side.**

Again, there are no guarantees when trading any market…much less the Forex. In my experience, though, taking every trading opportunity (whether it be a scalping trade, a swing trade or a long-term trade) will help even out your winners and losers and over time make you a more CONFIDENT, profitable trader.

With all that said, if you want to truly sky-rocket your confidence (and accuracy) by removing 99% of the subjectivity from your correlation trades, I highly recommend you check out my "Correlation Code" trading system.

"Correlation Code" combines 8 tested and proven correlation trading strategies, so no matter your trading style there's a strategy that will fit YOU.

And as a "Correlation Code" member, you'll also have access to our proprietary trading indicators that tell you EXACTLY:

- When to **ENTER**
- Where to **PLACE YOUR STOPS**, and…
- Where to **EXIT**

…so you can trade with confidence and know that you have literally THOUSANDS of hours of research backing each and every one of your trades.

To learn more about my "Correlation Code" and how you can trade along side with me check out the information page at:

http://www.CorrelationCode.com

I'll be posting more videos and info on how you can get your hands on "The Code" very soon, so keep a keen eye out...

Let's Rule The Markets Together!

Jason Fielder

About the Author

Since you may not know who I am, I thought it would be appropriate to introduce myself.

My name is Jason Fielder, and I am a professional currency trader.

The fact that you haven't heard of me is no surprise. I have never been comfortable in the spotlight and have purposely remain "underground".

> *I don't write books…*
> *I don't try to get on CNBC, and…*
> *I don't go from city to city doing "dog and pony shows" so I can sell a room-full of people my overpriced, piece-of-crap, blinking-light, "black box" software.*

I'm a trader, a system developer, a husband, and an amateur surfer (not necessarily in that order as my wife likes to remind me).

Trading is what I love, and trading is what I DO as a profession.

I also enjoy teaching and helping other active traders get an edge. I know from personal experience that most trading systems and advice are 100% crap, and it's my mission to provide something that actually works to independent traders just like me.

That's why you're reading this report...I truly enjoy sharing what I know with traders who are just like me.

If you like what you've seen here and you want to learn more about what I trade and how I trade, I invite you to check out my CORRELATION CODE by going to:

http://www.CorrelationCode.com/blog