

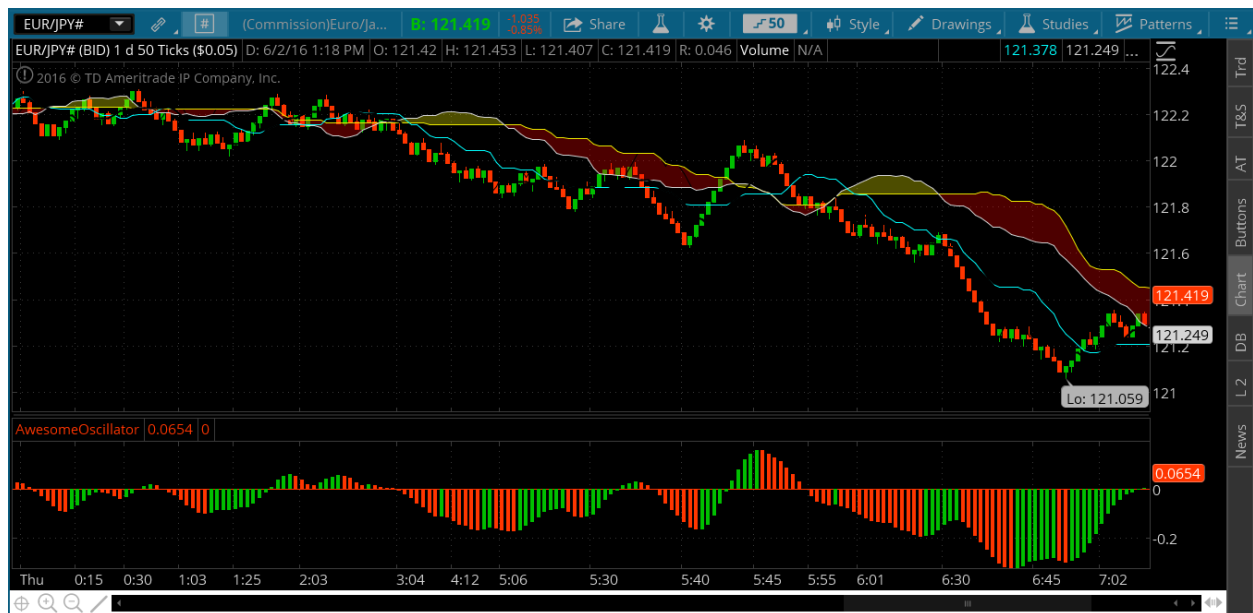
Trading with range bars ichimoku cloud & awesome oscillator

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Charts

Bar Type: Range set to - Futures: 5 ticks or FOREX: 50 ticks / 5 pips

Indicators: Ichimoku Cloud – 9,16,52
Awesome Oscillator – standard settings



History:

- 1) Originally the Ichimoku settings we started with were 4,3 trading on 1 min charts
- 2) I changed Ichimoku setting to 9, 16 because at lower setting I didn't think the cloud was providing any real value, could use a MA just as easily.
- 3) At 9, 16 there will be less trades and it's easier to miss out on sideways movement.
- 4) The chikou-sen setting of 52 to me is superfluous for day trading so I color it the same as the background.
- 5) I switched to range bars because they help smooth out charts, but not too much, Renko bricks smooth too much for my taste, losing valuable insight on PA.
- 6) I think the standard 9, 26 will keep you out of too many trades, but if your tendency is to over trade it could help.

All this being said I encourage people to feel free to tweak and play around with the system if it improves your comfort level and improves your results. I trade 4 different systems and every one of them is a system I picked up along the way and modified to suit my needs.

Selecting Markets

1. News, first thing I look at is the calendar, because of when I trade mostly concerned about US news. If I'm in a trade that might be affected I tighten my stops or get out, usually just tighten.
 2. Look at power indicator (see section below) to see what going on, check charts on any strong and/or weak currencies.
 3. Check the 20+ other FX charts I have up at start of day and check the 10 futures charts I trade.
 4. I keep in mind any strong longer term trends but am mainly concerned with the last 4 hours.
 5. Draw in trend lines, s/r areas and timelines on possible trades.
 6. Watch pa and wait for trade confirmations.
- My rule when trading divergences is when the divergence is with the trend go for it like a regular trade, when against the trend you can take the trade but be prepared to get out fast and minimize losses

Power Meter Links: <http://winnersedgetrading.com/forex-power-indicator>
<http://completecurrencytrader.com/tools/currency-strength-indicator>

Setup

- 1) AO crossing zero initiates looking for trade.
- 2) Price is on correct side of cloud.
- 3) Draw s/r, trend lines, divergence, etc.
- 4) Is initial target price big enough to make trade worthwhile?
- 5) Enter when price action confirms breaks of s/r, trend line etc.

Exit / Target

- I leave those up to the individual
- For exiting trades I use mainly pa, breaking s/r areas i.e. Price level, trend lines, breaks in swing structure, also use divergence. Forming against trade, price entering cloud, ao cross overs. I believe pa works best (for me).
- I get out when, a divergence is forming, if swing structure breaks down, price reenter the cloud, AO reverses, price closes below tenkan or I've had enough trading.
- Stops usually below/above previous swing high/low but never more than 20 pips, once I get 20 pips profit move stop to b/e.
- My mind set as far as getting out of trades is don't let a profitable trade(for me that's 15 pips) become a losing trade.

Power Meters

- When power indicator show all the major currencies with 4 hr readings of under 10 pips of movement you are looking at a sideways/ flat market.
- Pay more attention to the single side of the meter as opposed to the pairs' side.
- Just because the indicator shows pairs as being strong that's only in relation to what market is doing now. For instance if 4 hr shows GBP AND USD as strong but when you put mouse over the bars at it show 8.2 and 7.7 pips that's really pretty flat and if the weak currencies are AUD and JPY and they show similar readings there is not much to trade.
- I use cloud as support and resistance areas, you'll notice I blacked out the chikou. I don't feel you can read too much into it when day trading as opposed to, longer term trades.
- I don't use Power meter to find pairs to trade per se, but to find the strongest and weakest currencies. For instance if AUD is weakest I'll look at AUD pairs with the majors. I look to find charts that look tradeable to me. I like charts that show movement and consolidation. The best for me is when I find charts that are consolidating when I'm just beginning my day.
- I don't know if anybody using the Winners Edge power indicator has noticed that when you put cursor over a currency it gives number of pips movement for that time period. I don't consider a currency weak or strong unless you are showing at the very least double digit movement and preferably at least 13-15 pips on the 4 hr.

Words of Wisdom

- Learning to be a good trader is truly liberating, no more 9 to 5, no more bosses, no more clients, no more employees. You can work from anywhere you desire.
- Work as many or as few hours as you wish and have time for the most important things in life family and friends. It took me 3 blown account and 3 years to learn to be profitable, but the journey was a blast.
- Trading per se is not hard, it's putting all the elements of it together in 1 package that's difficult.
- Can you make money sure, but shooting for 10 pips, maybe 15 max, personally I don't like to trade that way.
- Letting bad trades run is a common problem, that every trader I know has had to deal with, but is curable. For me I started moving my stops to B/E as soon as I got 1/3 of the way to my TP, once I got more comfortable I went to 1/2 way to TP, now its 3/4 to TP. At 1/3 you will cut your losses quite a bit, but will also take out some good trades, at 1/2 you will cut your losses but not lose out as many good trades, by the time you get to 3/4 you will find yourself with few losers but also more willing to get out of trades before you hit your S/L. Then your R/R will increase quite a bit, my went from 1.2/1 to 3/1 where it stays pretty consistent.

To succeed as a trader you need to do the following:

- 1) Discover what kind of trader you are, day, swing, long term?
- 2) Discipline
- 3) Good money management/Risk analysis.
- 4) 1 or 2 decent trading systems, with a good working knowledge of price action and S/R.
- 5) This is a tough one, Be Mr. Spock (emotional trading decisions are almost always bad.)