

WaveFX

1. Indicators
2. The markets
3. Opening position and MM
4. StopLoss level
5. Closing the positions
6. Consequence

1. Indicators

Define a chart (eg. with 1H time frame) with a couple indicators:

- place 2 moving averages on the price chart:
 - SMA(5) with 3 points moved (the red color), apply to the close price
 - SMA(3) with 0 points moved (the yellow color)
- create a 3 windows with OSMA indicator:
 - OSMA(12, 26, 5), apply to the close price
 - OSMA(48, 104, 20), apply to the close price
 - OSMA(288, 624, 120), apply to the close price

The final chart view:



2. The markets

The diversification in this system is very important. If You don't open a positions on many pairs probably you'll lose your money in long term, because the diversification is the *clue* of trading.

If You have the possibility to open position in multiple markets (like currency pairs, gold, silver, stock etc.) - just do it - I recommend this approach.

But if not - Try to open positions, although on few currency pairs with less spread like:

- EUR/USD
- USD/CHF
- GBP/USD

3. Opening position and MM

Before You open any position I will tell You about the position cutting ;). In this system you have to cut final position value into three small parts. If your risk per trade is 2% then you have to cut main position into three parts with 0.66% risk per trade.

In many cases, your first will have a very low risk - it's a huge plus of this strategy.

Entry conditions for $\frac{1}{3}$ of maximum position value:

1. You can not have any opened positions on the current currency pair
2. Price must cross the EMA(5,3)
3. OSMA(12,26,5) must cross the zero line

The direction depends upon the direction of crossing - If price cross the EMA from up to down and OSMA(12,26,5) cross the zero line (from up to down) then you must open a short position - in other case - open a long position.



Conditions for opening the next positions:

When you have a one opened position (1/3 of the final risk) then You can open a next position. In this case you have to wait until the OSMa(48,104,20) crosses the zero line in the same direction as You first position.

In this case you can have two scenarios (suppose that the first position is a SHORT):

1. If the price is above the EMA(5,3) - then:
 - a. price must cross the EMA(5,3) (from up do down) and OSMa(48,104,20) must cross the zero line
2. If the price is below the EMA(5,3) (the price is going down ;))
 - a. OSMa(48,104,20) must cross the zero line

Example:



For the last part of the position (3/3) the above conditions must be met but in this case you must wait for the OSMA(288,624,120) signal - instead of the OSMA(48,104,20).

Other cases

When OSMA(48,104,20) or/and OSMA(288,624,120) will cross the zero line (in expected trade direction), You don't have any opened positions and finally - OSMA(12, 26, 5) cross the zero line, then You can open $\frac{2}{3}$ of final position value, because the higher trend (middle or long-term) is favorable.

Example:



Bingo! - The case when you open all positions :)

Example:



Weekdays / What do I do when I'm late?

In some cases You can't open the position after the signal (for example, you must sleep at night :)). In this case, do not do anything - I mean wait for the next signal, because the late entries have a high risk potential.

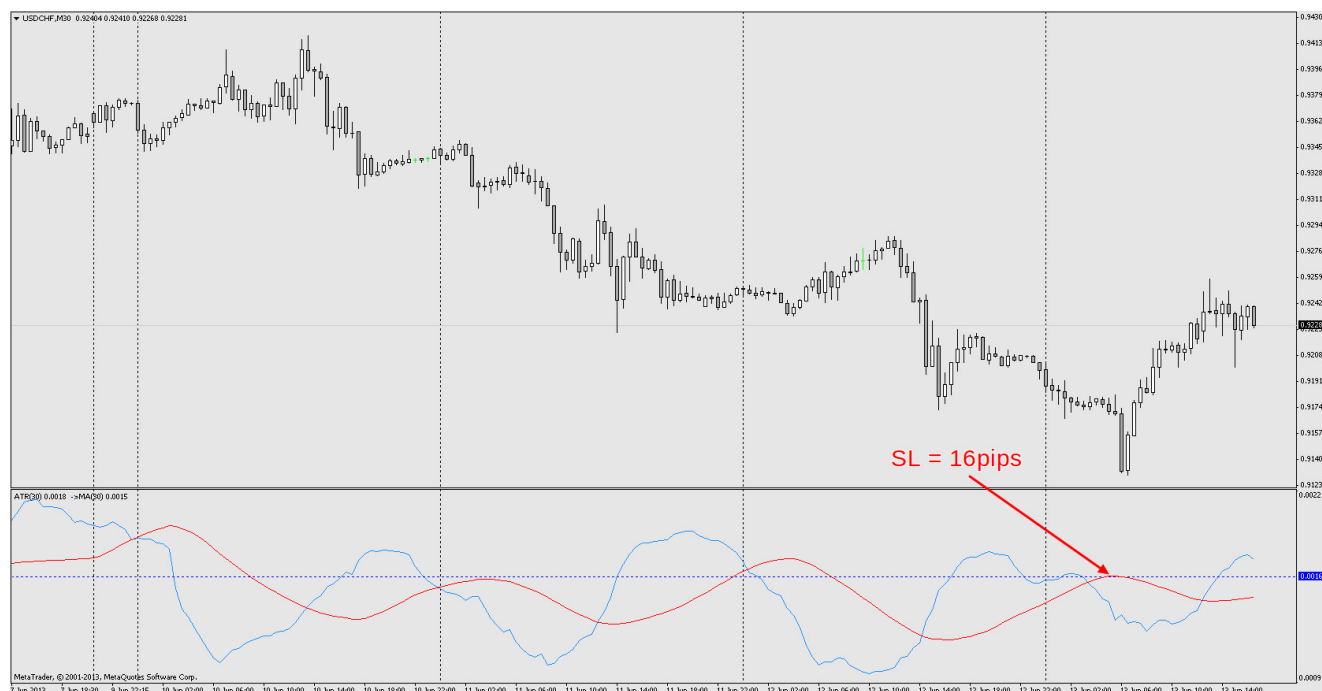
4. Stoploss

The stoploss value is not a discretionary - I created a simple formula to define stoploss levels. If You want to use that formula you'll need to create a new chart with couple indicators:

1. time frame
 - a. set the 30M when You want to trade in H1 time frame
 - b. set the 1H when You want to trade in H4 etc.
2. first indicator window - add a ATR(30) [Average True Range]
 - a. add SMA(30) to ATR(30)

IMPORTANT: the SMA(30) be calculated of the ATR(30) values

The stoploss value is the same as the last of SMA(30) wave maximum - eg.:



IMPORTANT:

Regularly define the stop-loss levels - every time when you see the new wave maximum of SMA(30) on the ATR(30) graph.

The frequency of creating a new waves depends on the time frame where You open a trade. For example - If You open position on H1 chart a new wave is formed every day. For the H4 timeframe - only once a week etc.

5. Closing the positions

When You open a position You have to watch all OSMA windows and EMA(5,3) but If You close your position You must observe only one indicator - the OSMA(12,26,5).

If OSMA(12,26,5) cross the zero line in opposite direction then You must CLOSE ALL YOUR POSITIONS for the current pair.

Example:



IMPORTANT:

Before a weekends or a holidays (when markets will be closed) You must close all position too (my proposal: close all position a one hour before the close of a USA session)

6. The consequence

The consequence is a golden rule of trading - if You are not be a consequent You don't have chance to win. Why? Because You don't know which signal will be profitable. You must consequently open position after the signal. And especially after the signals with high probability of win! I mean - signals in the most active trading hours: between 8 AM - 18 PM of Greenwich / London time.

I wish You a huge wins and short losing streaks :). Happy trading!