

# 17 FOREX TRADING STRATEGIES COLLECTION

4H AND DAILY TIME FRAME

THOMAS CARTER

## **17 Forex Trading Strategies (4H and Daily Time Frame)**

**By Thomas Carter**

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## FINAL WORDS

# **DISCLAIMER**

Trading forex and other on-exchange and over-the-counter products carries a high level of risk and may not be suitable for all investors. The high degree of leverage associated with such trading can result in losses, as well as gains. The past performance of any trading strategy or methodology is not indicative of future results, which can vary due to market volatility; it should not be interpreted as a forecast of future performance. You should carefully consider whether such trading is suitable for you in light of your financial condition, level of experience and appetite for risk and seek advice from an independent financial adviser, if you have any doubts.

# 4H & DAILY TRADING SYSTEM # 1

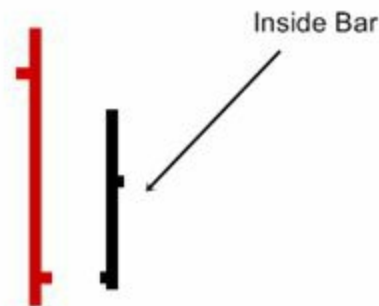
**Time Frame:** Daily

**Indicator:**

21 SMA

**Entry Rule:**

Identify if the trend is up or down by looking at 21 SMA. The trend is up if 21 SMA is pointing upward and the trend is down if 21 SMA is pointing downward. Entry is based on inside Bar. What is inside bar ? Inside Bar - the high point of the bar is lower than the previous day's high, and the low point is higher than the previous day's low. Look at the picture:



Once we have an inside bar present we will place a pending position, 5 pips above the high of the inside bar + spread if the trend is up on the 21 SMA indicator and 5 pips below the inside bar + spread if the trend is down on the 21 SMA indicator.

**Stop Loss:**

EURUSD 50 pip

USDCHF 50 pip

AUDUSD 50 pip

GBPUSD 60 pip

USDJPY 50 pip

USDCAD 60 pip

EURJPY 90 pip

GBPJPY 100 pip

**Take Profit:**

The take profit for any trade on any currency pair with this system is always double the value of the stop

## 4H & DAILY TRADING SYSTEM # 2

**Time Frame:** Daily

Use IBFX or other brokers that use GMT for this trading system !

Enter pending buy and sell setup at 23:30 GMT:

- Enter pending buy stop at previous day's high plus 10 pip
- Stop Loss = previous day's low
- Target Profit = 2 x Stop Loss
- Enter pending short stop at previous low plus 10 pip
- Stop Loss = previous day's high
- Target Profit = 2 x Stop Loss

Either buy setup or sell setup will trigger. Cancel the other setup.

## **4H & DAILY TRADING SYSTEM # 3**

**Time Frame:** Daily

### **Short Set-up Rules:**

1. Look at the closing price from last week (the last price of last Friday). Check today's closing price if it is higher than the last week closing price.
2. Check to see if today's close is above yesterday close
3. Check to see if yesterday close is higher than previous day close.

When all three conditions are met, we look to go short.

### **Long Set-up Rules:**

1. Look at the closing price from last week (the last price of last Friday). Check today's closing price if it is lower than the last week closing price.
2. Check to see if today's close is below yesterday close
3. Check to see if yesterday close is lower than previous day close.

When all three conditions are met, we look to go long.

### **Some Other Rules:**

- For trades that are placed at the Friday open we do not hold them over the weekend. They are to be exited before the close on Friday.
- Sunday does not count as a day.
- No trade is entered on Monday if the price has gaped up above the long entry price or below the short entry price.

### **Entry:**

Enter a pending buy stop order or sell stop order 10 pips from today closing price.

### **Exit and Stops**

EUR/USD = 20 pip profit target and 50 pip stop loss

USD/CAD = 60 pip profit target and 40 pip stop loss

USD/JPY = 70 pip profit target and 50 pip stop loss

CHF/JPY = 110 pip profit target and 60 pip stop loss

NZD/JPY = 130 pip profit target and 65 pip stop loss

## 4H & DAILY TRADING SYSTEM # 4

**Time Frame:** 4H or Daily

### **Indicators:**

Bollinger Band (20,2)

Stochastic (9,3,3)

EMA 365

EMA 200

### **Buy Trades Rules:**

- The candle is touching or piercing the lower bollinger band
- Stochastic is oversold and below 20 line
- Bullish candle formations: Hammer, Doji, Railroad, Bullish Engulfing
- The candle formation is in confluence with one or more of the following support areas: trend line, support line, 365ema, 200ema, round number.

### **Sell Trade Rules:**

- The candle is touching or piercing the upper bollinger band
- Stochastic is overbought and above 80 line
- Bearish candle formations: Shooting Star, Doji, Railroad, Bearish Engulfing
- The candle formation is in confluence with one or more of the following resistance areas: trend line, support line, 365ema, 200ema, round number.

### **Entry:**

Once you have all the conditions of a setup met you enter on the close of the candle formation.

### **Stop Loss**

Place stop loss 10 – 15 pips from recent swing high / low

**Take profit**

Profit = 2 x Stop Loss or aim for the opposite bollinger band.

## 4H & DAILY TRADING SYSTEM # 5

**Time Frame:** 4H

**Indicators:**

6 SMA (red)

12 SMA (blue)

24 SMA (white)

48 SMA (yellow)

**Long Trade Rules:**

- $6 \text{ SMA} > 12 \text{ SMA} > 24 \text{ SMA} > 48 \text{ SMA}$
- If all conditions are met enter long trade.
- Stop Loss = recent swing low
- Target Profit = Stop Loss (1:1)

**Short Trade Rules:**

- $6 \text{ SMA} < 12 \text{ SMA} < 24 \text{ SMA} < 48 \text{ SMA}$
- If all conditions are met enter short trade.
- Stop Loss = recent swing high
- Target Profit = Stop Loss (1:1)

## 4H & DAILY TRADING SYSTEM # 6

**Time Frame:** Daily

**Indicators:**

10 SMA

**Open Order:**

When the 10sma is downward. open a short order **near** the 10sma , and when the 10sma is upward, open a long order **near** the 10sma.

**Stop Loss:**

When your order is short , stop loss if the price **break** the 10sma, when your order is long ,stop loss if the price **break** the 10sma .

**Take Profit:**

When your order is short, take profit after the price **break** the 10sma.and when your order is long ,take profit after the price **break** the 10sma.

## 4H & DAILY TRADING SYSTEM # 7

**Time Frame:** Daily

**Indicators:**

ADR (10)

50 EMA

5 EMA

Long Entry => 5 EMA > 50 EMA & the daily candle closes > 5 EMA

Short Entry => 5 EMA < 50 EMA & the daily candle closes < 5 EMA

Target Profit and Stop Loss based on ADR (10)

So if ADR (10) is 150 pips, TP = 150 pips, SL = 150 pips

## 4H & DAILY TRADING SYSTEM # 8

**Time Frame:** Daily

**Indicators:**

Stochastic (8,3,3)

100 EMA

**Buy Trade Rules:**

- Price must be above the EMA 100 line. Furthermore at least the previous candle must have closed above the EMA 100.
- Once the first condition has been met, we now focus on the stochastic indicator. The fast stochastic line must have crossed the slow stochastic line from underneath and it must be between 20 and 80. If the crossover has occurred between 0 and 20, we must wait until the stochastic crosses the 20 line.
- Once the stochastic criteria have been met, place a buy trade at the opening of the very next daily's candle.
- Place a stop loss 150 pips below the entry price. If you are trading a more active currency pair like the GBPUSD, where price swings can be very large, the stop loss should be at least 200 pips.
- Assuming that the trade is moving with the trend in the anticipated direction, price at some point will hopefully show a gain of +100 pips. When this has occurred, move the stop loss position to the entry price, to ensure the remainder of the trade is risk free.
- Closed the trade at the end of the daily candles when the 2 stochastic line have crossed once more or aim for 1:1 ratio.
- Both EMA and stochastic condition must be met before placing a trade. Should the stochastic cross condition be met before a daily candle has crossed and closed above the EMA, wait until a daily candle has first closed above the EMA line and then enter a BUY trade at the start of the next daily candle.

**Sell Trade Rules:**

- Price must be below the 100 EMA line. Furthermore at least the previous candle

must have closed below the EMA.

- Once the first condition has been met, we now focus on the stochastic indicator. The fast stochastic line must have crossed over the slow stochastic line above and it must be between 20 and 80. If the cross has occur between 100 and 80, we must wait until the stochastic crosses the 80 line.
- Place a stop loss 150 pips above the entry price. If you are trading a more active currency pair like the GBPUSD, where swings can be large, the stop loss should be at least 200 pips.
- Assuming that the trade is moving with the trend in the anticipated direction, price at some point will hopefully show a gain +100 pips. When this has occurred, move the stop loss position to the entry price, to ensure the remainder of the trade is risk free.
- Close the trade at the end of the daily candle when the 2 stochastic line cross once again or aim for 1:1 ratio.
- Both EMA and stochastic conditions must be met before placing a trade. Should the stochastic cross condition be met before a daily candle has crossed and closed below the EMA, wait until a daily candle has closed below the EMA line and then enter a SELL trade at the start of the next daily candle.

## 4H & DAILY TRADING SYSTEM # 9

**Time Frame:** Daily

**Indicators:**

MACD (3,10,18)

ADX (18) with DI+ and DI- lines

**Buy Setup:**

- MACD should give buy signal (above 0 line)
- DI+ should be above DI- (if DI+ is below DI- and MACD gives buy signal then ignore it at that time and wait for DI+ to go above DI- to make long entry).

**Sell Setup:**

- MACD should give sell signal (below 0 line)
- DI- should be above DI+ (if DI- is below DI+ and MACD gives sell signal then ignore it at that time and wait for DI- to go above DI+ to make a short entry).

**Stop Loss:**

Most recent swing high / low or 100 – 150 pips

**Profit Target:**

Same as Stop Loss (1:1 Ratio)



## 4H & DAILY TRADING SYSTEM # 10

**Time Frame:** Daily

**Indicators:**

Bollinger Band (20,1.5) color white

**Signals (ignore blue line):**

Buy signals occur when the price hit lower Bollinger Band and then close inside the Bollinger Band. Buy at the close of the candle inside Bollinger Band (green arrow).

Sell signal occur when the price hit upper lower Bollinger Band and then close inside the Bollinger Band. Sell at the close of the candle inside Bollinger Band (red arrow).



**Stop Loss:**

Most recent swing high / low

**Target Profit:**

Aim for middle Bollinger Band or 1:1 Ratio

## 4H & DAILY TRADING SYSTEM # 11

**Time Frame:** 4H

**Indicators:**

Bollinger Band (20,2)

**Entry Rules:**

Entry is made after price bounces from Bollinger's Moving Average (middle line), when the Moving Average is trending (pointing up or down). After price has bounced from Moving Average (created a bullish candle for long trades or bearish for short), place pending order 1 pip above the candle (for long) or below the candle (for short).

**Stop Loss:**

1 pip below the low of previous bar (for long trades) and 1 pip above the high of previous bar + spread (for short trades).

**Trailing Stop:**

Stop Loss is trailed to 1 pip below the lowest low of the last 4 bars (for long trades) and to 1 pip above highest high of the last 4 bars (for short trades). Exits are done only by trailing stop.

## 4H & DAILY TRADING SYSTEM # 12

**Time Frame:** 4H

**Indicators:**

20 SMA

40 SMA

ATR (20)

**Uptrend Setup Conditions:**

- A. Close of setup bar  $>$  (20 SMA and 40 SMA)
- B. Close of one bar ago  $<$  (20 SMA or 40 SMA)
- C.  $(HH5-LL5) < 2.5*ATR(20)$
- D.  $HH3 < HH10$

Note: setup good for next three bars

HH5 = Highest High of the last 5 bars start from setup bar

LL5 = Lowest Low of the last 5 bars start from setup bar

HH3 = Highest High of the last 3 bars start from setup bar

HH10 = Highest High of the last 10 bars start from setup bar



## Uptrend Entry Rules:

Once setup bar occurs, we can consider placing a trade for the following bar as follows:

=> Buy Stop at the HH3 + 3 Pips + Spread

## Stop Loss

Place a stop loss at the LL3 – 3 pips

## Exit Strategy

- Profit Target 1: sell ½ position at Entry price + 0.75 ATR(20)
- When Profit Target 1 is hit, change the stop on the remaining ½ position to breakeven.
- Continue to move the stop up after each bar closes as follows:

sell remaining  $\frac{1}{2}$  position at LL3 – 3 pips only if higher than breakeven.

- Profit Target 2: sell remaining  $\frac{1}{2}$  position at Entry Price + 1.5 ATR(20)

**Downtrend Setup Conditions:**

- A. Close of setup bar  $<$  (20 SMA and 40 SMA)
- B. Close of one bar ago  $>$  (20 SMA or 40 SMA)
- C.  $(HH5-LL5) < 2.5*ATR(20)$
- D.  $LL3 > LL10$

Note: setup good for next three bars.

HH5 = Highest High of the last 5 bars start from setup bar

LL5 = Lowest Low of the last 5 bars start from setup bar

LL3 = Lowest Low of the last 3 bars start from setup bar

LL10 = Lowest Low of the last 10 bars start from setup bar



## Downtrend Entry Rules:

Once a setup bar occurs, we can consider placing a trade for the following bar as follows:

=> Sell Stop at the LL3 – 3 Pips

## Stop Loss

Place a stop loss at the HH3 + 3 Pips + Spread

## Exit Strategy

- Profit Target 1: buy  $\frac{1}{2}$  position at entry price – 0.75 ATR(20)
- When Profit Target 1 is hit, change the stop on the remaining  $\frac{1}{2}$  position to breakeven.

- Continue to move the stop down after each bar closes as follows:  
buy remaining  $\frac{1}{2}$  position at HH3 + 3 pips + spread only if lower than breakeven.
- Profit Target 2: buy remaining  $\frac{1}{2}$  position at entry price – 1.5 ATR(20)

## 4H & DAILY TRADING SYSTEM # 13

**Time Frame:** Daily

**Indicators:**

SMA 150

RSI (3) with horizontal lines at 80 and 20

Full Stochastic (6,3,3) with horizontal lines at 70 and 30

**Trading Rules:**

Entry for Uptrend: when the price is above 150 SMA look for RSI to plunge below 20. Then look at Stochastic – once the Stochastic lines crossover occur and it is (must be) below 30 – enter long with a new price bar.

Entry for downtrend: when the price is below 150 SMA wait for the RSI to go above 80. Then if shortly after you see a Stochastic lines crossover above 70 – enter Short. If at least one of the conditions is not met – stay out.

**Profit and Stop Loss**

Stop Loss = the most recent swing high / low

Target profit = Stop Loss

## 4H & DAILY TRADING SYSTEM # 14

**Time Frame:** 4H

### **Indicators:**

365 EMA

200 SMA

89 SMA

21 EMA

8 EMA

MACD (5 for fast EMA, 13 for slow EMA, 1 for the signal line)

### **LONG TRADE RULES:**

- $8 \text{ EMA} > 21 \text{ EMA} > 89 \text{ SMA} > 200 \text{ SMA} > 365 \text{ EMA}$ - Price is above 89 EMA
- MACD is above zero
- MACD falls
- Buy once MACD rises (if MACD is still above zero)

### **SHORT TRADE RULES:**

- $8 \text{ EMA} < 21 \text{ EMA} < 89 \text{ SMA} < 200 \text{ SMA} < 365 \text{ EMA}$
- Price is below 89 EMA
- MACD is below zero
- MACD rises
- Sell once MACD falls (if MACD is still below zero)

### **Stop Loss**

Recent swing high / low

### **Profit Target**

Same as Stop Loss (1:1)



## 4H & DAILY TRADING SYSTEM # 15

**Time Frame:** 4H

**Indicators:**

EMA 9

EMA 21

ADX (14) with DI+ and DI- (draw a horizontal lines at 25)

**GO LONG WHEN:**

- EMA 9 has crossed over EMA 26
- $DI+ \geq 25$
- $ADX \geq 20$
- ADX is in between DI+ and DI-

**EXIT LONG WHEN:**

- EMA 26 has crossed EMA 9 and
- DI- is higher than DI+

**GO SHORT WHEN:**

- EMA 26 has crossed EMA 9
- $DI- \geq 25$
- $ADX \geq 20$
- ADX is in between DI+ and DI-

**EXIT SHORT WHEN:**

- EMA 9 has crossed EMA 26 and
- DI+ is higher than DI-

**Stop Loss**

The most recent swing high / low





## 4H & DAILY TRADING SYSTEM # 16

**Time Frame:** Daily

**Indicators:**

5 EMA

12 EMA

RSI (21)

**Entry Rules:**

Buy when 5 EMA crosses up and over 12 EMA and RSI is above 50

Sell when 5 EMA crosses down and below 12 EMA and RSI is below 50

**Exit Rules:**

Exit when 5 and 12 EMA cross again or when RSI crosses back through 50.

**Stop Loss:**

The most recent swing high / low

## 4H & DAILY TRADING SYSTEM # 17

**Time Frame:** 4H or Daily

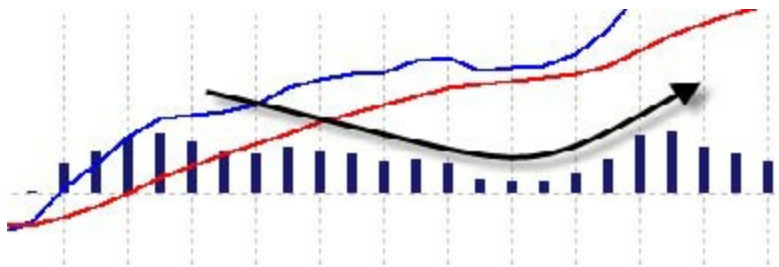
**Indicators:**

Stochastic (5,3,3)

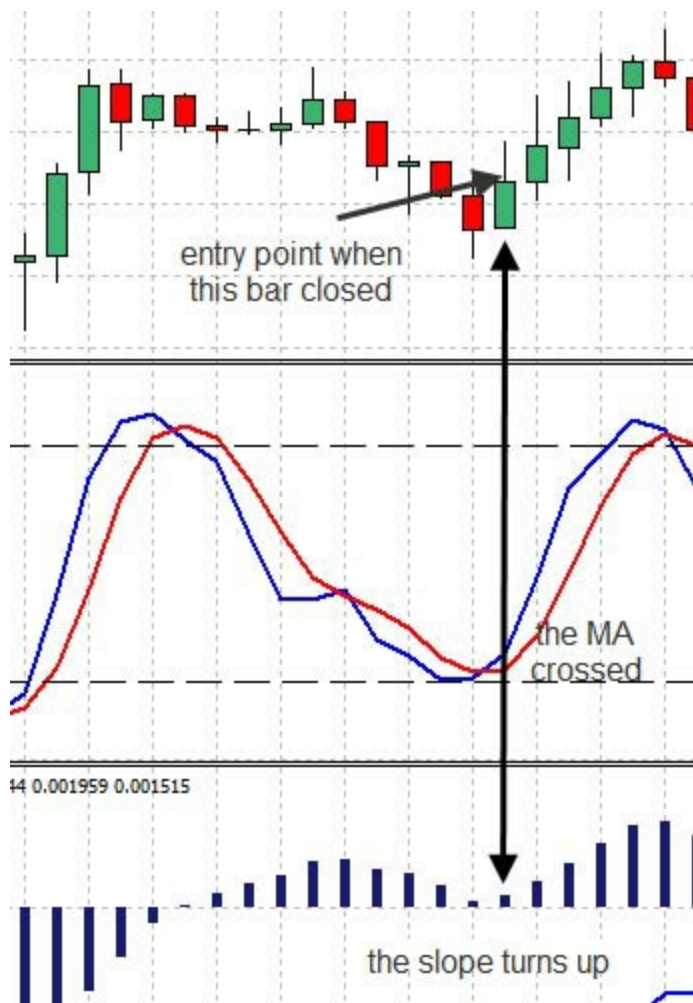
MACD (12,26,9)

**LONG TRADE RULES:**

- First, we need to recognize a turning point on the MACD histogram. This means that histogram bars should be above the zero level, and then it should start declining. Finally it should reverse and go up again.



- After we've made sure that conditions are met both on the MACD histogram, we should turn to Stochastic indicator and see its position: we need it to be on the oversold area (around level 20); we want the two lines to cross each other and we want the lines to face up.
- The moment we see the histogram rise again and the stochastic decrease to the oversold zone, we need to wait for the candlestick that created this condition to close. As soon as the candlestick is closed, we should enter this trade.



### Stop Loss

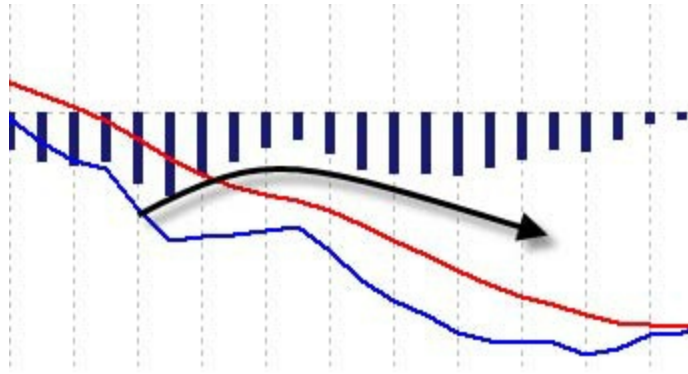
We place stop loss 1 pip below our base candlestick, which is the candlestick where all conditions have been met.

### Profit Target

Same as Stop Loss (1:1)

### SHORT TRADE RULES:

- First we need to recognize a turning point on the MACD histogram. This means that the histogram should be below the zero level and then it should start rising. Finally it should reverse and go down again.



- After we've made sure that conditions are met on the MACD Histogram, we should turn to the Stochastic indicator and see its position: we need it to be on the overbought area (around level 80); we want the two lines to cross each other and we want the lines to face down.
- The moment we see the histogram fall again and the Stochastic reach the overbought area; we need to wait for the candlestick that created this condition to close. As soon as the candlestick is closed, we should enter this short sell trade.



**Stop Loss:**

We place the stop loss 1 pip above our base candlestick, which is the candlestick where all the conditions have been met. We should add the spread to the stop loss in a short trade, so we place the stop loss 1 pip + spread above the high of our base candlestick.

**Profit Target:**

Same as Stop Loss (1:1)



## **FINAL WORDS**

Thank you for downloading this book. I hope this book was able to help you to jump start your forex trading adventure. If you enjoyed this book, please take the time to share your thoughts and post a review on amazon. It's be greatly appreciated !

I wish you all the best with trading,

Thomas Carter

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1 Hour Time Frame



Thomas Carter

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