

# Volatility 75 Index



# About

This Pdf WILL be a mere focus on an indice called Volatility 75 Index otherwise known as VIX. The strategy will be kept simple so that also beginners can also understand very easily. Of course it will be a technical analysis based strategy. The strategy is founded by Elmon Makeneta the founder and CEO of ForexGods. The strategy is basically tries to anticipate a trend reversal.

In order to trade Volatility index you will need to open an account with a broker called Binary.com after opening an account with them then you can simply open a trading account, there's a couple of trading account types. You must select Synthetic Indices account. And of course you will have to download a Meta Trader 5 platform.

When it comes to deposits the broker allows a minimum of \$10 but in order to trade Volatility 75 Index you must deposit at least a minimum of \$30 but would encourage you to deposit at least \$100 if you can. Like Most forex brokers you will notice that there's similar deposit and withdrawal options you can choose from.

# Disclaimer

Trading Forex or other leveraged (in this particular case Vix) carries a great deal of real and traders are at risk of losing their entire account. When you trade, trade responsibly and also note that this pdf is merely for educational purposes only, should you rake a trade take it at your own risk.

You are advised to do your own back testing of the strategy as well as take your time to evaluate the strategy before you use it. Only use it if you are satisfied with it though your back testing and practices on a demo account. Through out my trading of the strategy I have seen positive results but you should evaluate it yourself.

Remember the strategy is not 100% so sometimes you will incur loses there and there do not expect to win all the time. If you are investing your last money do know that your first try might result in loss of your account. Please note that indices are much heavier than Currencies so they are highly rewarding when they move in your favor but can result in greater loses if they move against you be sure you familiarize yourself with lot sizes on demo

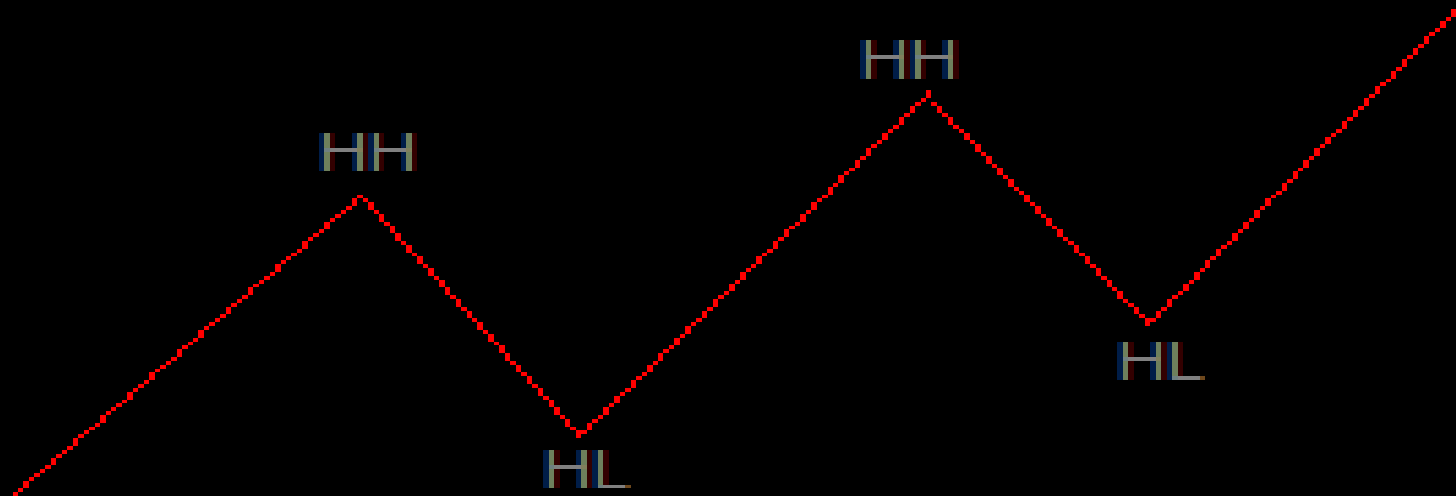
# V75 Strategy

Now lets get to the strategy, on the charts basically we know market can move in three ways. First we got and up trend and second a down trend then lastly we have consolidating market. This is pretty much a very basic concept right?

Now simply we are going to focus on just the up trend and also the down trend, consolidation is basically not that important. So for the purpose of this lesson, we will be learning how a trend moves and how a trend can change .

Once that is done then we can trade our Volatility 75 Index profitably so. The strategy is a mandatory market concept, this means it will work on all markets not necessarily only Volatility Index.

# Up trend



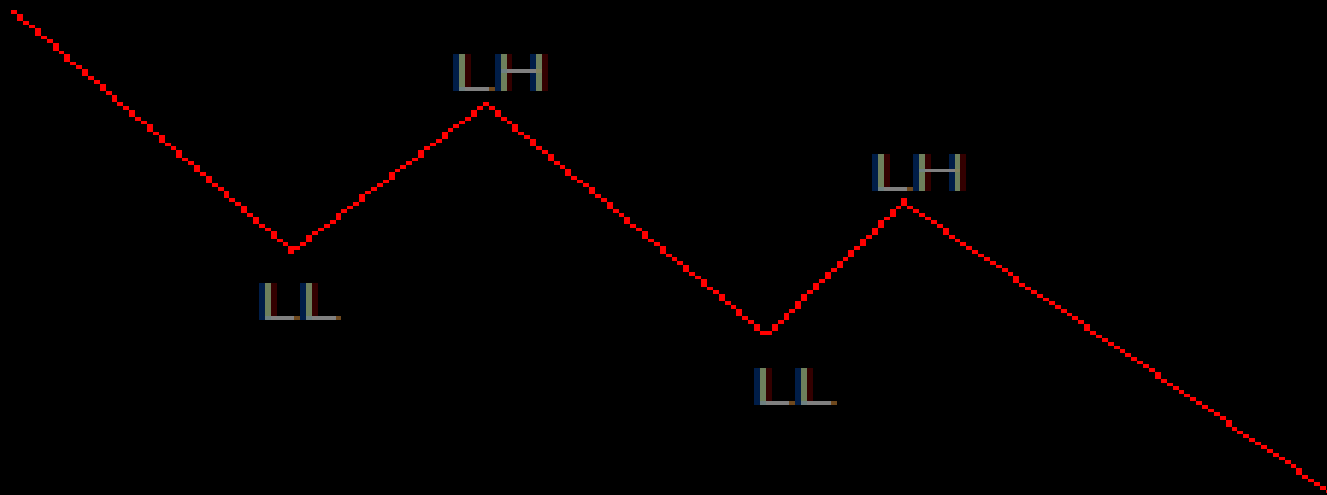
To start things let's begin with an Up trend so basically we not going to deal with consolidation only up trend and down trend. Now how do we spot a market is on an Up trend? Basically like in the picture provided the market moves in waves. On an up trend the market will form what is called Higher Highs and Higher Lows. HH basically stands for Higher High and HL stands for Higher Lows. So like on the picture that's basically how a trend moves

Now we know that a trend is going up when a the second higher high is formed above the first higher high same with higher lows. So when the market goes up it wont go straight up so there's a point in which it will go down and then turn where it turns its where it forms a higher Low now basically another term for higher lows is retracements.. So basically that's the structure of an up trend, so when you in a trade and you see it selling know it is mostly going to form a Higher low.

So if you want to anticipate where the higher low will be you can use a fibonacci retracement tool, so basically market is most likely to retrace at 61.8 level or the 50.00on your fibonacci so I am not going to touch that part on this pdf but should you be interested in learning about fibonacci you can go on youtube or just google the thing and you will see how it works.

# Down Trend

The Down trend is basically just the opposite of the up trend, while on the up trend we have the higher highs and higher lows, on the down trend we have the lower highs and lower lows. So the picture below shows us what a down trend looks like and the positions of the highs and lows on the down trend. You know the market is on a down trend when the second lower high sits lower than then first lower high that's basically the structure of a down trend.

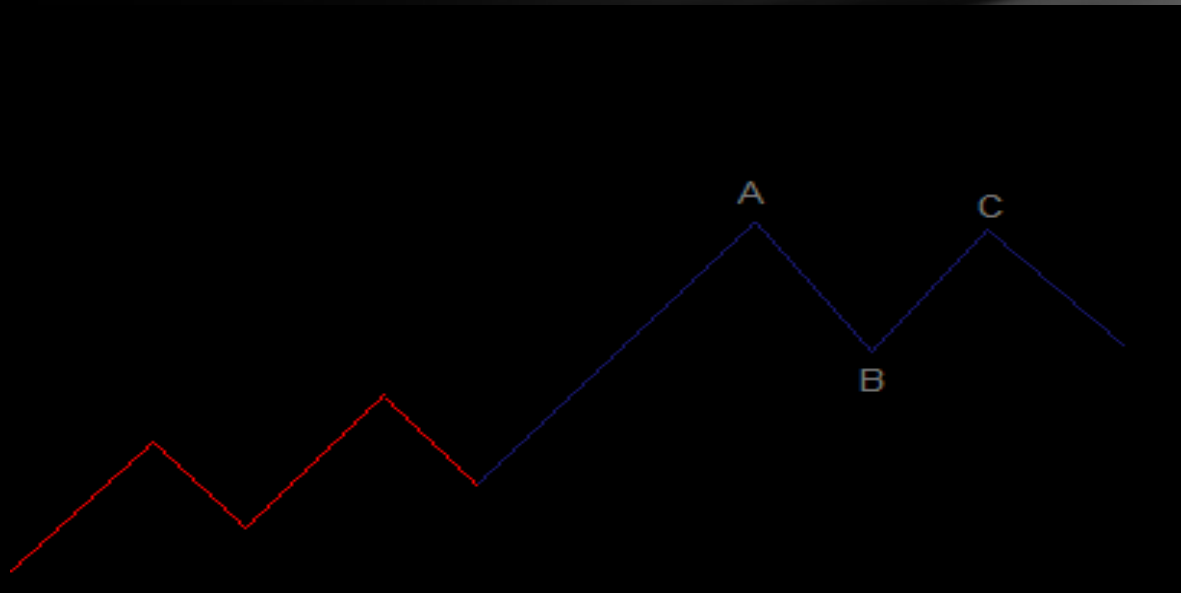


# The Strategy

Now that we know what's an up trend and what's a down trend, all we need to know now is how do we anticipate when a trend will change and how does it change? basically there's movements the market does before it reverses a trend, this movements for and M like signature or a W like signature. When you see those you know that the market is about to change a trend.

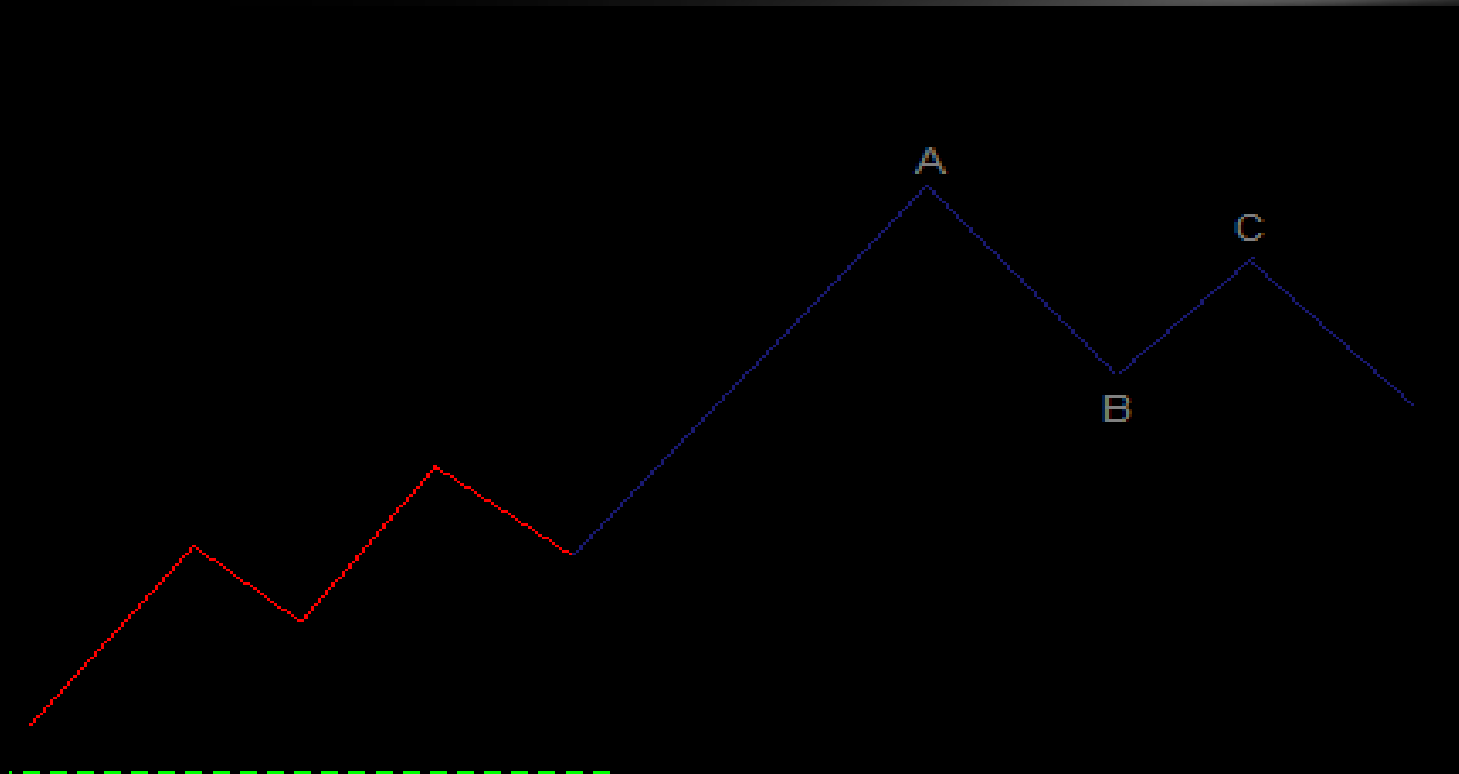
If you see a M like signature then know that we are about to exit the up trend and begin the down trend. And when you see the W like signature know we are about to exit the down trend and are about to enter an Up trend. Lets start with the M signature.

First we got this one



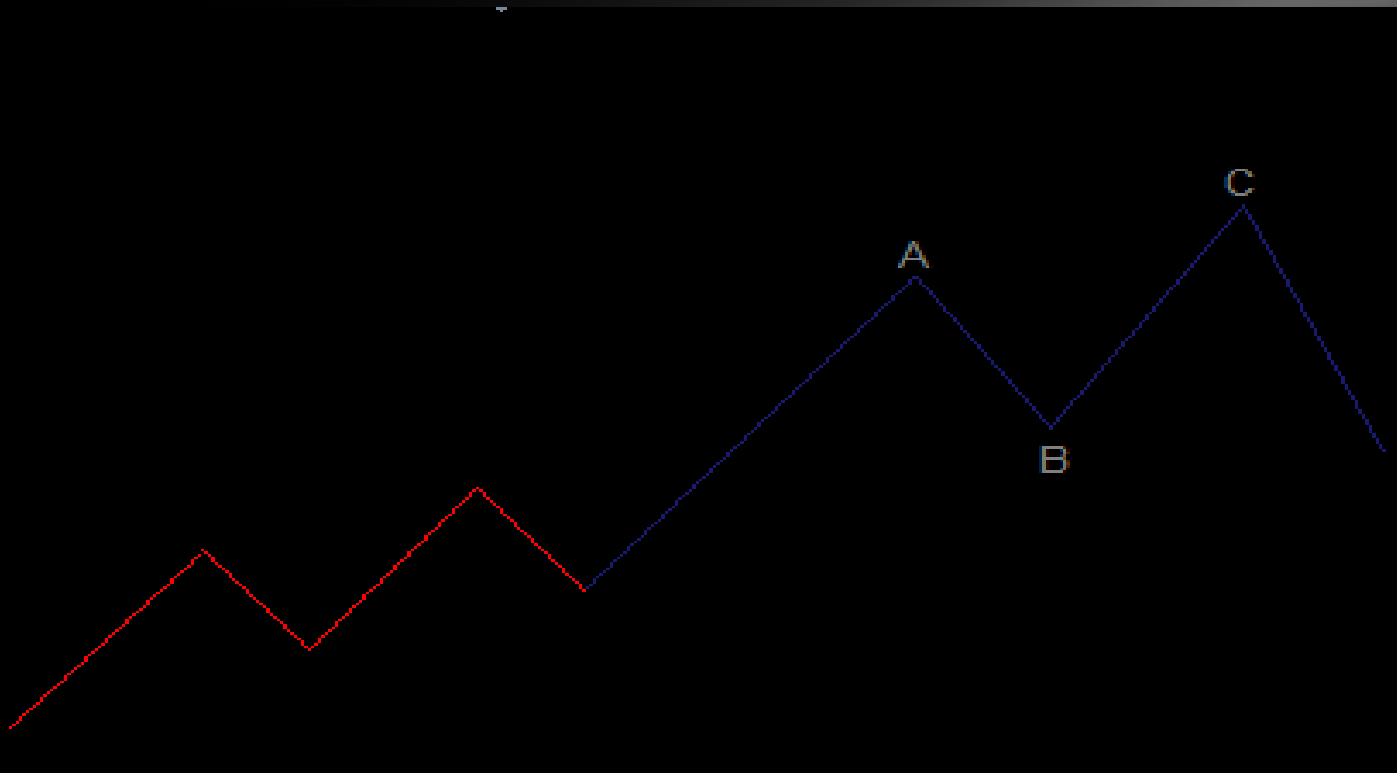
now like you see on the picture we got Point A, B, and C. so if you look at the structure those points for its like an M. with this particular one where both point A and C are exactly equal or on the same level. This kind of pattern is familiar known as a Double top, when we see the double top then we know we can sell so we enter a selling trade.

The second one is this one



Now with this one you will notice that it forms an M signature but a very strange M where point A is higher than point C. if you get this type of M it still shows the up trend is ending so we can definitely sell the market. Now this kind of a pattern I would like to call it a skewed double top, if you can put a trend line between point A and C you will notice that the trend line will be skewed towards the left side.

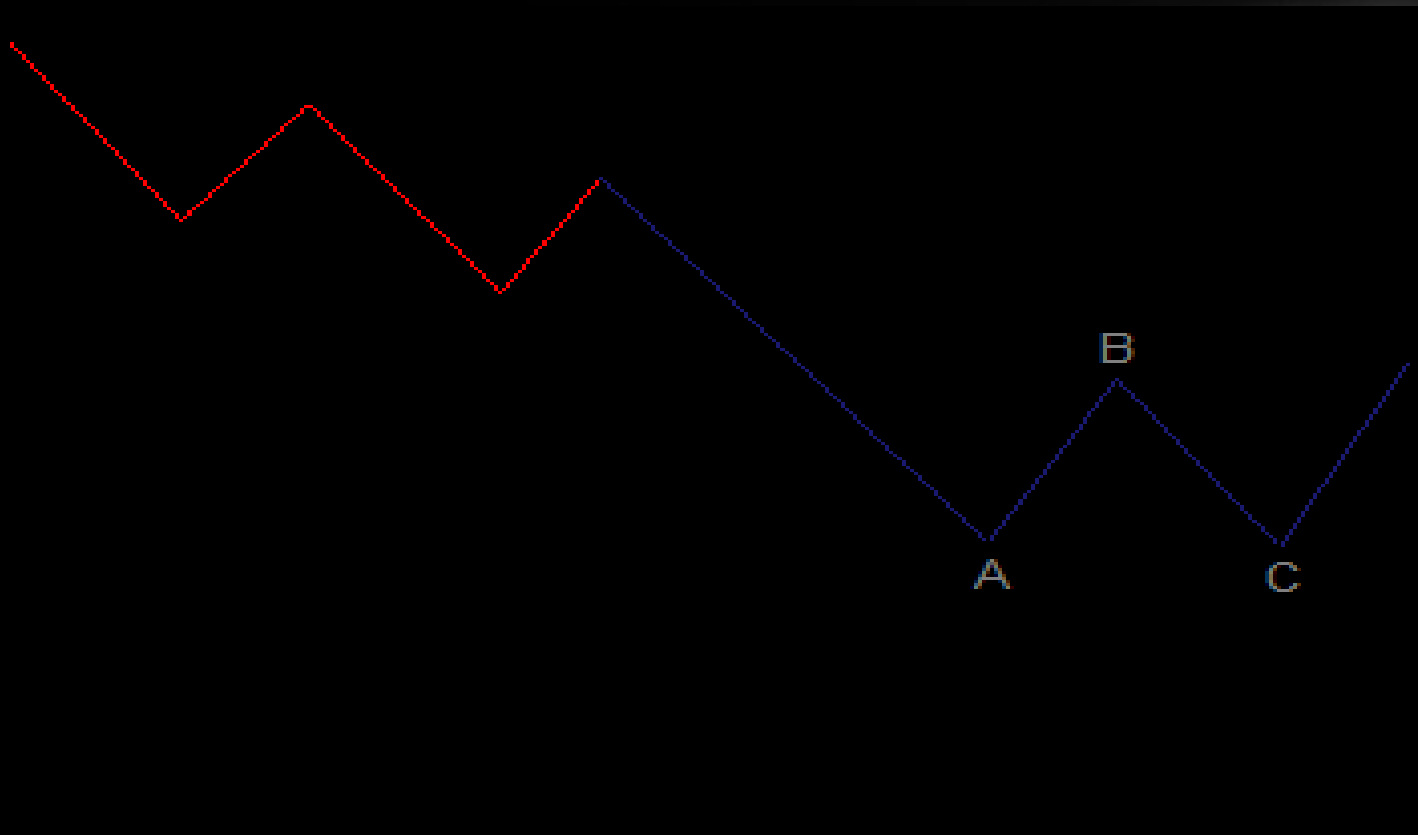
Then final one is this one



With this one you will notice it's a little bit the same like the second one, but only with this M signature our point A now sits lower than point C. this I would still call it a Skewed Double top, and this one is skewed to the right. If you see this kind of a formation on an up trend then definitely we are going to sell and ride the down trend.

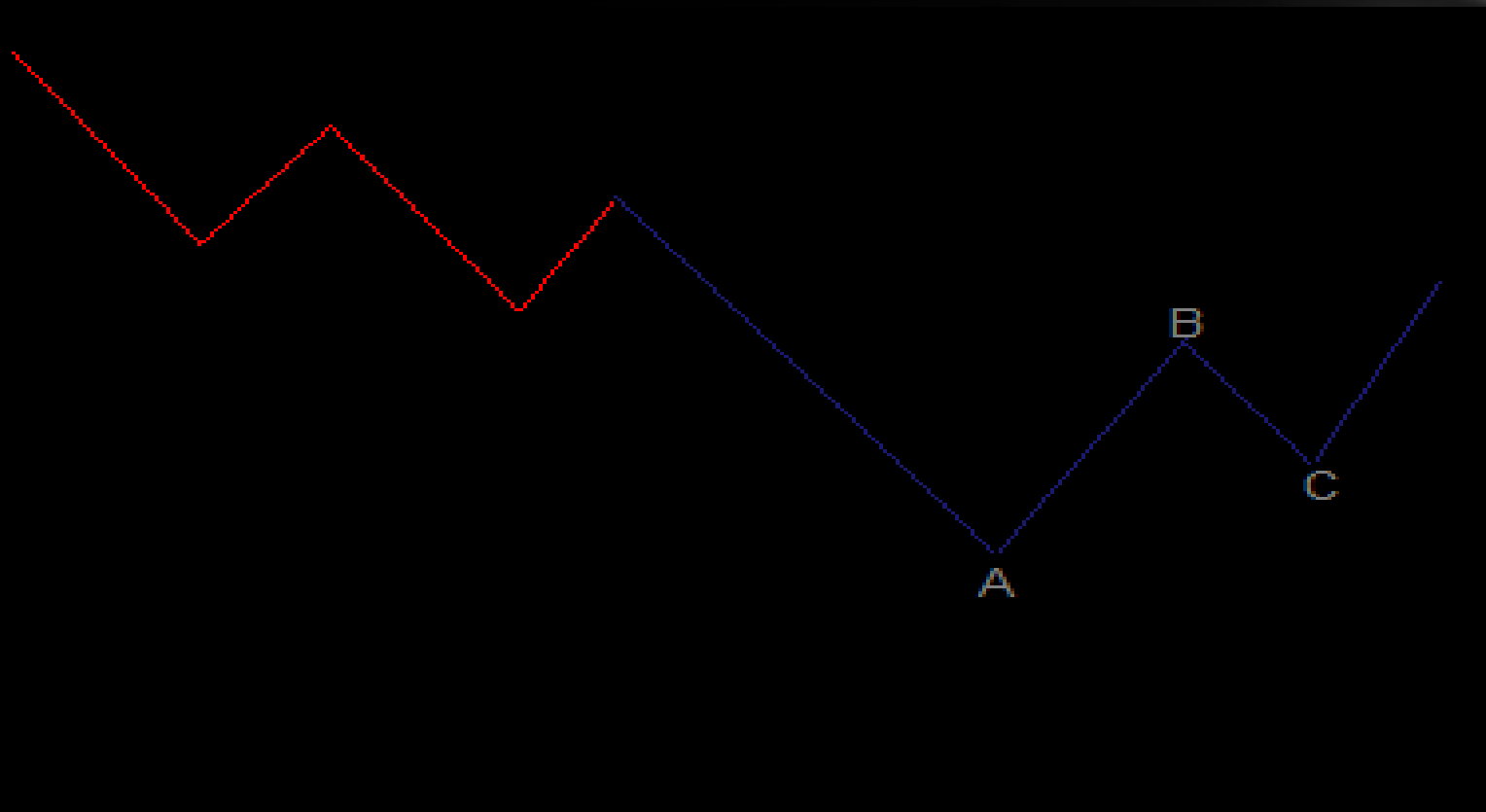
Now we are done with the M patterns lets get to the W patterns, the W patterns are very similar to the M patterns just that we now get W since its now on a Down trend.

Here's the First one



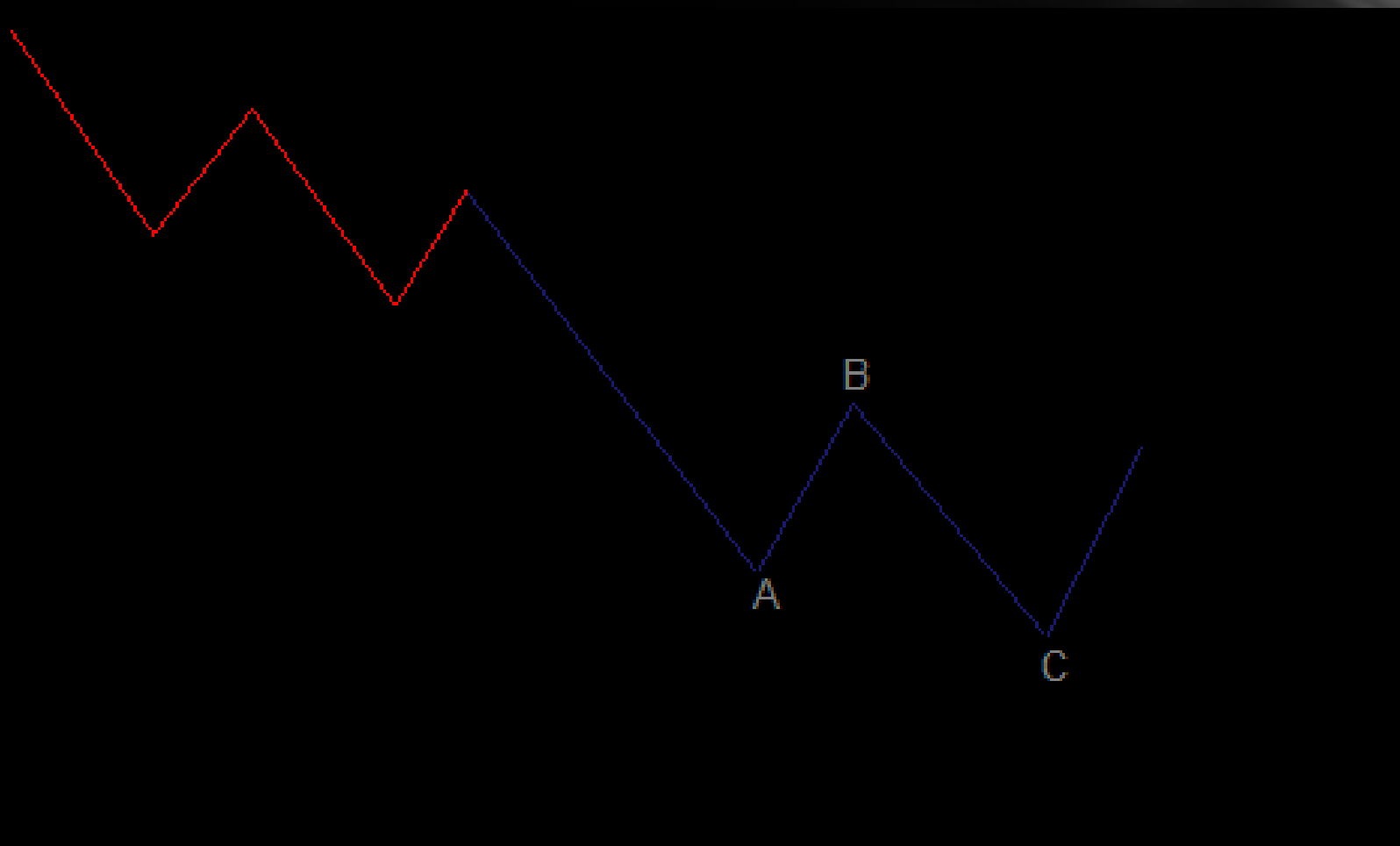
Now when you look at that picture you will see a W like pattern at the bottom, where now Point A and C sit at the same level or equal to one another. So this is known well as a double bottom, when you see this kind of a pattern know that the down trend is ending and we are about to begin an up trend so we buy the market.

The Second one is this one

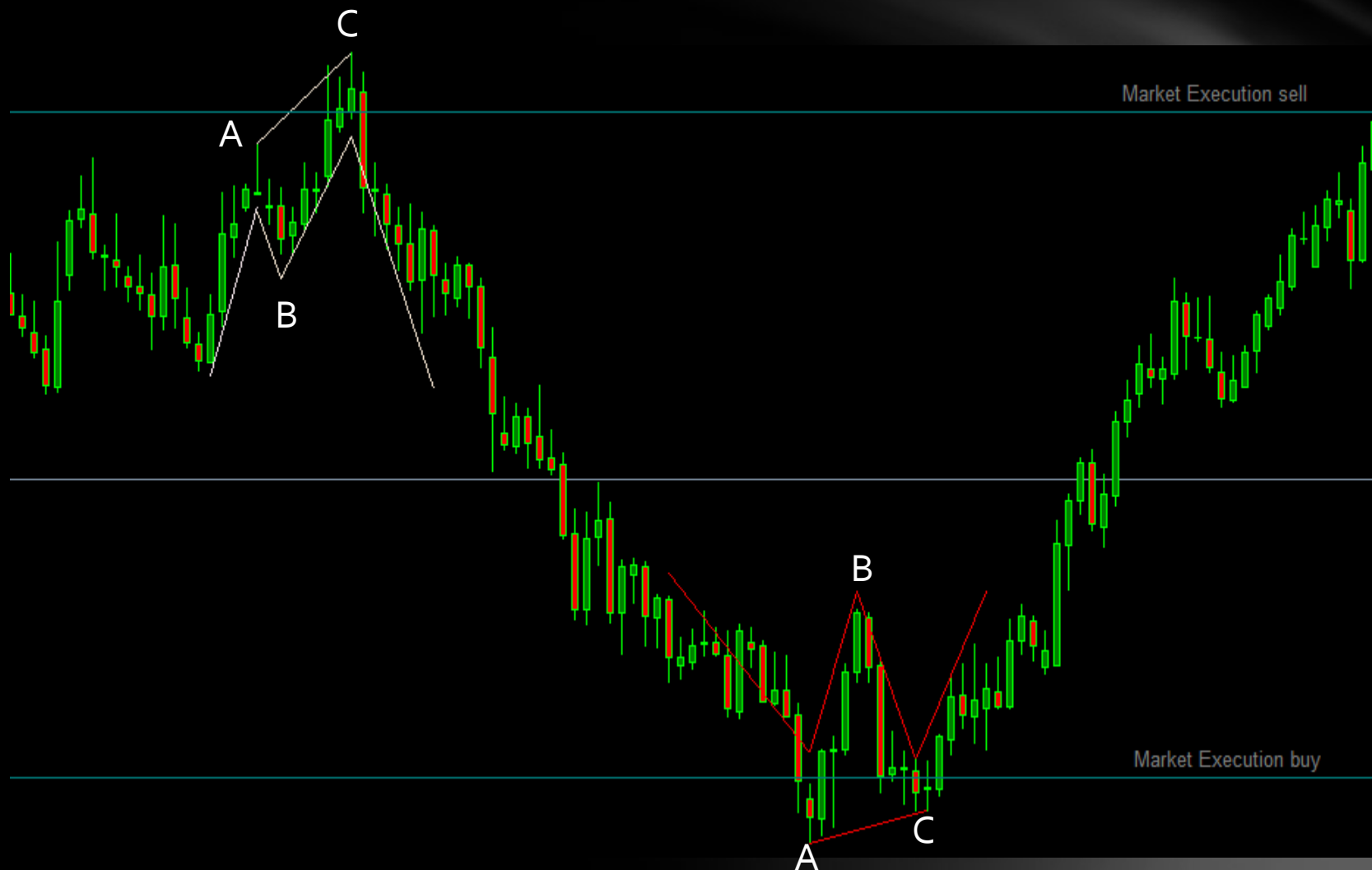


Now with this particular pattern you will notice you are looking at a W pattern but now here Point A is basically Lower than point C. so if you get this kind of a pattern the you know that the down trend is ending so the up trend is beginning therefore we are going to buy.

Then the last one is this one



Now with this particular pattern you will notice you are seeing a W but a skewed one and this one is skewed to the right, with point A sitting higher than point C. so if you see such a signature know that we will be buying the market. I will share charts showing these patterns. For beginners it maybe a little harder to spot this stuff out.



As you can see on the chart there that's how point A,B, and C form to make the M and W signature let me share the last picture here you can see both M and W signature



# Entry and Stop loss

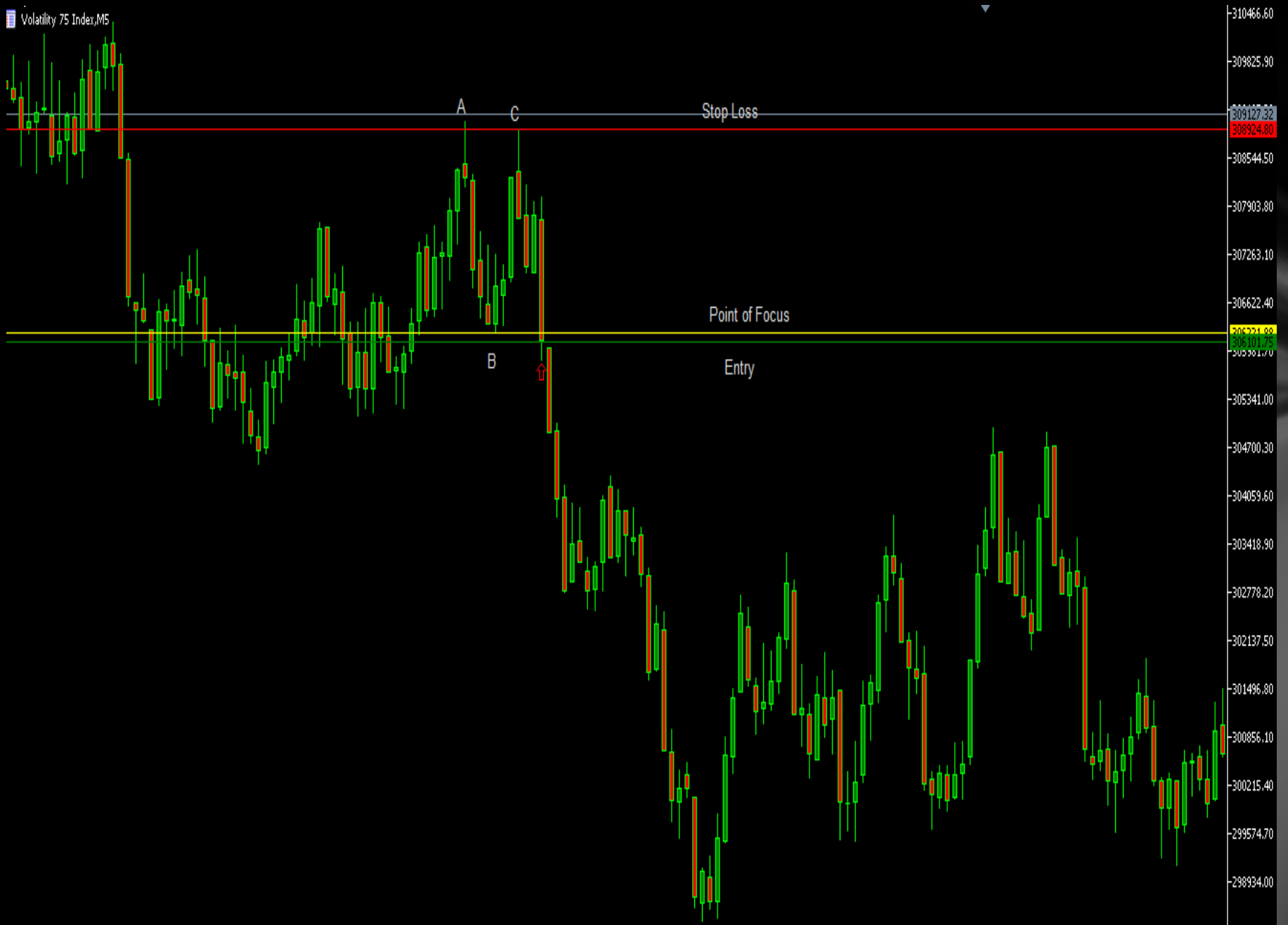
now that we have learned the types of patterns, believe you me the patterns work like magic. Now the question is how to spot good entries and fake formations. A simple answer to this question is this, always trade on M5 time frame never trade on higher time frames unless you have something like \$40000 cause the way I will show you how to place a stop loss on higher time frames it will result in big loss.

Now since we have our point A, B, and C then how do we enter? On the market has formed an M for example, doesn't matter what type of an M it is you wait first for candlesticks that come from point C to pass point B and once we have a selling candlestick that closes below point B then it's a confirmed sell then we enter. Placing a Stop Loss place it at either point A or C

Same procedure when we have a W we wait first for the candlesticks that form point C to pass point B then we wait for the first candlestick that closes above point B then it's a confirmed buy then we start buying. And again here you can place your stop loss on point A or C. bare with me as we go more in detail about this. You will notice at the moment don't have a way to place a take profit so you will have to know when to close.











As seen on the pictures presented follow the steps, I showed once you see an M and W forming quickly mark your point of focus which is point B. you always mark the very tip of the turning point. Then wait first for the closing candle stick the closes above if its an M or below if it's a W. then take your trade. Then use your point A or C as your Stop Loss.

The most basic rule to remember is to always trade on M5 especially if you are starting out with a small account. Then also remember that there's no way of predicting where to put a take profit so my suggestion is set targets for yourself, for example maybe you want to close with \$60-\$100 per trade. So as soon as you see that profit then you can close.

Just don't be greedy but others would generally close when they see another setup forming, like for example, lets say we got in on a buying trade, then we would wait for the market to do the M and pass our point of focus before we close the trade and open a new one.



# Application

as you can see the strategy is just very simple, keeping it simple is for the best, stick to the strategy as showed remember here I am basically just giving advise so you can decide how you want to kill this thing in any way that you are comfortable with. The strategy will work on any time frame you choose, but now remember the higher the time frame the less the opportunities.

If you want to trade too often then its best to trade on M1, and M5, as M 1 and M5 present lots of opportunities in a day you can get like four or five opportunities or even more. If you want to trade twice a week or once you can stick to M15, M30, and H1 cause here you will get very less opportunities. Now if you trade from H4 this more of a long term thing you gonna wait days for an opportunity and Days holding a trade,

Regardless what time frame you enter with, my biggest advise is that when you see a great profit close and leave don't hold too very long especially if you are trading M1 or M5, when you see a big movement in your favor exit don't be greedy and if the trend has already left you be patient wait for another opportunity don't just jump in.

# END

So this is the end of the road, so with that being said hope this knowledge helps you a lot in your trading journey. Hope you enjoyed going through the pdf and now its time to put to practice what you learnt and then put it in Action. And would like to wish you a very successful trading ahead of you. remember he strategy can be used to trade ant market whether Forex,, indices or what!

I Elmon Makaneta wish you success

