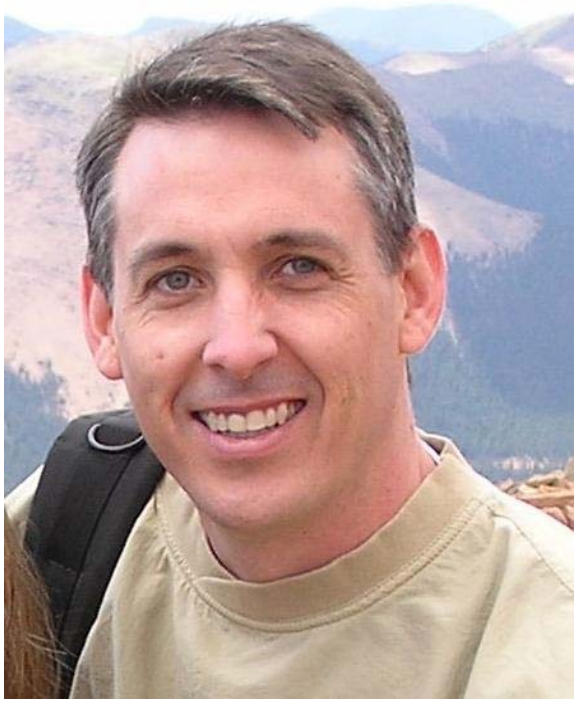
Take it E.A.S.Y.!

Dean Malone
4X Los Angeles Group - HotComm
January 2007

Dean Malone



- Partner of Compass Foreign Exchange, LLC.
- Co-Founder of Forex Signal Service.com.
- Previous Senior National for 4X Made Easy & Wizetrade.
- Prior co-founder of a Dallas telecommunications company.
- 19 years of financial market experience.
- 11 years of trading experience with stocks, options, futures, and foreign currency.

© Dean Malone, 2007

Disclaimer

Unique experiences and past performances do not guarantee future results.

Trading stocks, options and spot currencies involves substantial risk; and there is always the potential for loss. Your trading results may vary.

No representation is being made that any software or training will guarantee profits or not result in losses from trading.

© Dean Malone, 2007
www.compassfx.com

Table of Contents

Description	Slides
Easy Trading Method	5 – 73
CompassFX (Trader Friendly Broker)	74 – 80
Forex Trade Oracle (Managed Account)	81 – 87

© Dean Malone, 2007
www.compassfx.com

Dean Malone's E.A.S.Y. Trading Method

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

EUR/USD 1-Hour

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

EUR/USD 1-Hour

© Dean Malone, 2007
www.compassfx.com

Why the E.A.S.Y. Method?

Mark Douglas, author of Trading in the Zone, states:

"The best traders have developed an edge and more importantly, they trust their edge."

© Dean Malone, 2007
www.compassfx.com

Why the E.A.S.Y. Method?

My "*trading edge*" rules:

1. A high probability of success.
2. Enter and exit trades without conflict or stress.
3. Trade decisions dictated by price action, not by my preconceived beliefs and opinions.

© Dean Malone, 2007
www.compassfx.com

What is E.A.S.Y.?

E = Effective

Provides me an effective edge in my trading.

© Dean Malone, 2007
www.compassfx.com

What is E.A.S.Y.?

E = Effective

A = Accurate

Delivers a high degree of probability and predictability.

© Dean Malone, 2007
www.compassfx.com

What is E.A.S.Y.?

E = Effective

A = Accurate

S = Simple

Keeps my analysis simple in order to get a quick snapshot of the market, and make trading decisions with less stress and anxiety.

© Dean Malone, 2007
www.compassfx.com

What is E.A.S.Y.?

E = Effective

A = Accurate

S = Simple

Y = Yield

Yields a higher ratio of winning trades versus losing traders. It's a numbers game!

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

There are 3 primary market conditions
I look for in a potential trade:

1. Price action
2. Momentum
3. Strength

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Chart Setup

- Average Price Bars
- Price Action Channel
- Traders Dynamic Index

© Dean Malone, 2007
www.compassfx.com

Average Price Bars

© Dean Malone, 2007
www.compassfx.com

Average Price Bars

- Provide a better depiction of current market.
- Reveal market strength & consolidation.
- Eliminate fluctuations of nominal price action.
- Remove the noise of price distortion of the underlying trend.

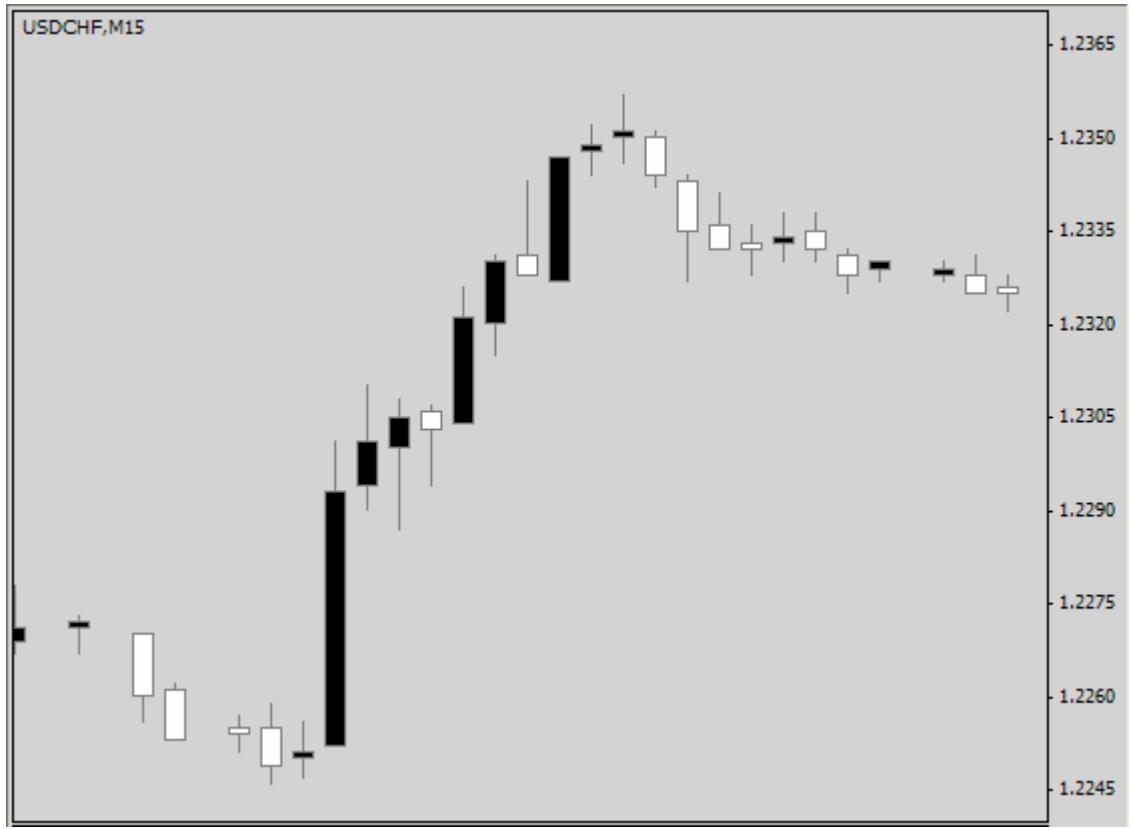
© Dean Malone, 2007
www.compassfx.com

Average Price Bars

- Use the Heiken Ashi method.
- Heiken = “Average”
- Ashi = “Bar”
- Heiken Ashi averaging technique
  - haClose = (Open + High + Low + Close) / 4
  - haOpen = (haOpen(previous bar) + haClose(previous bar))/2
  - haHigh = Maximum(High, haOpen)
  - haLow = Minimum(Low,haOpen)

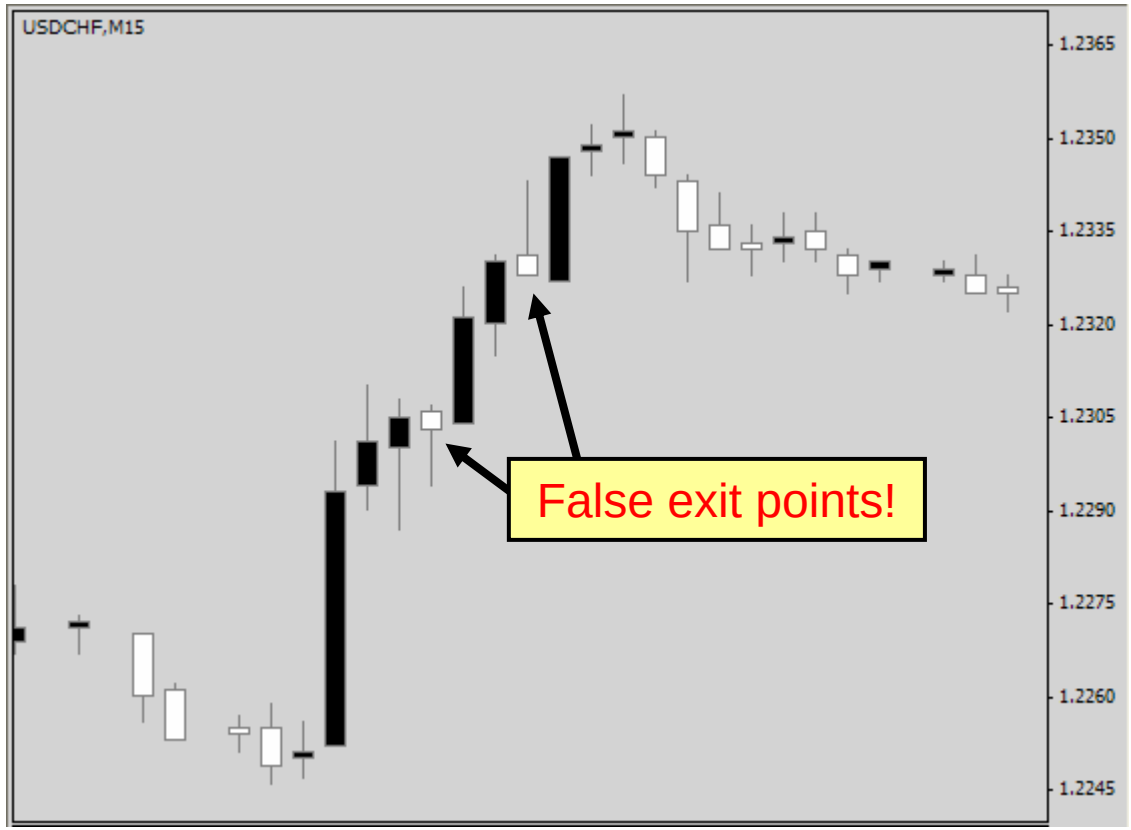
© Dean Malone, 2007
www.compassfx.com

Typical Candlesticks



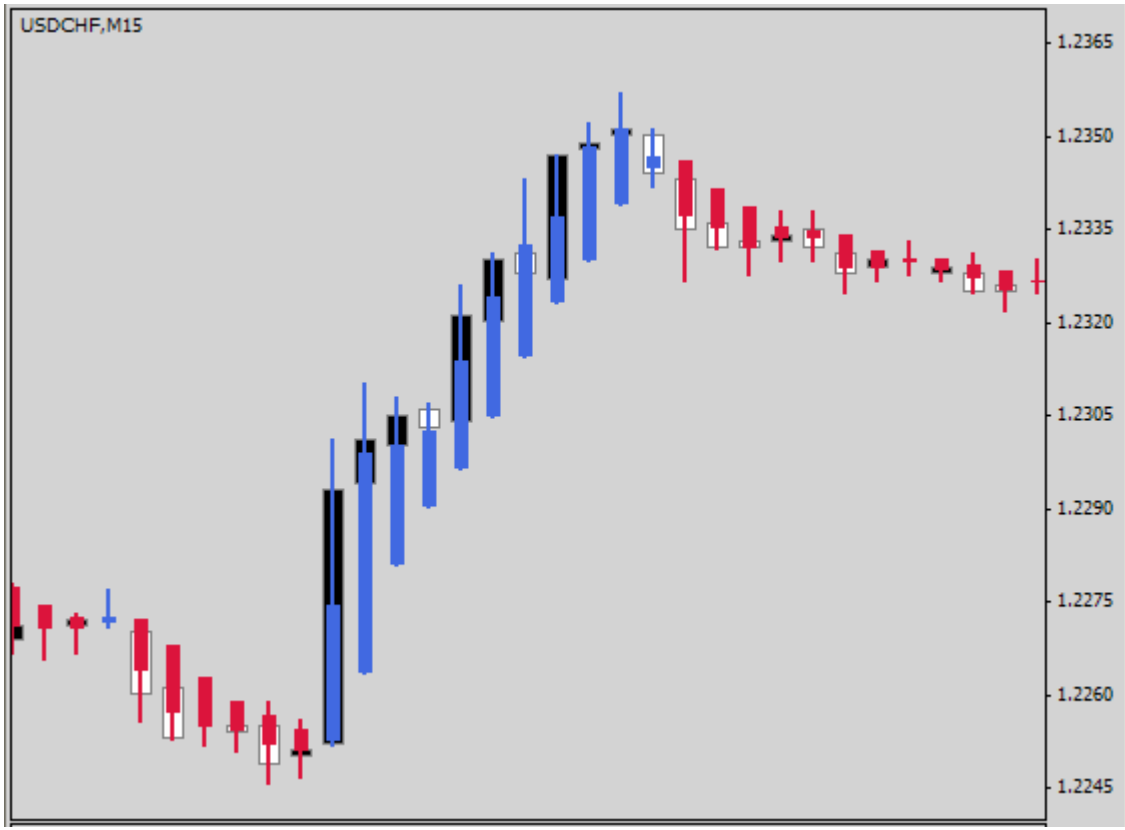
© Dean Malone, 2007
www.compassfx.com

Typical Candlesticks



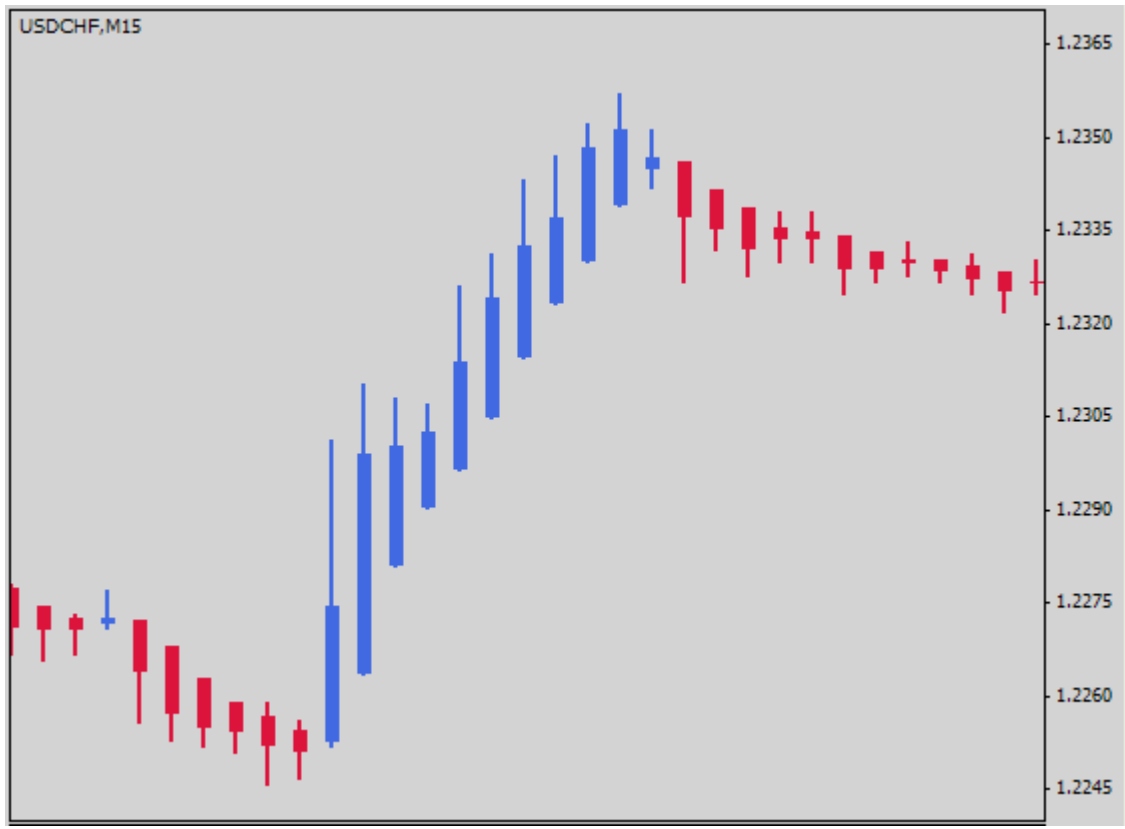
© Dean Malone, 2007
www.compassfx.com

Average Price Bars



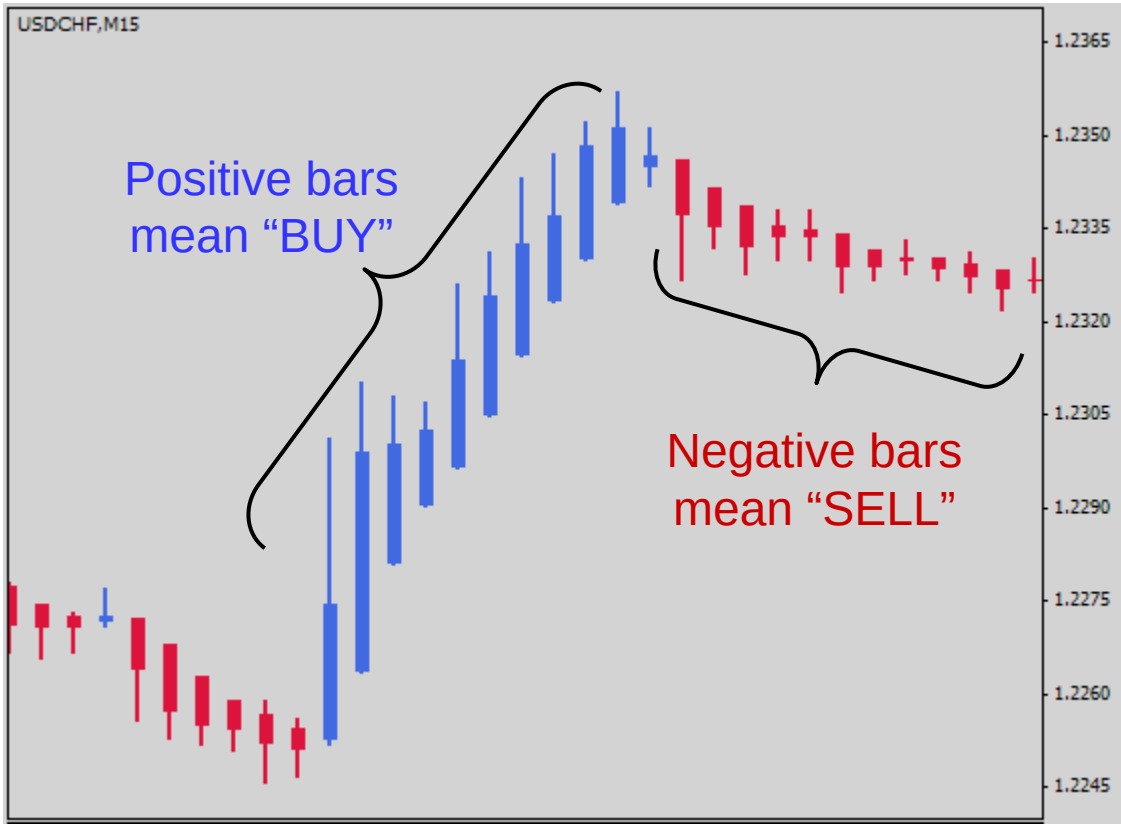
© Dean Malone, 2007
www.compassfx.com

Average Price Bars



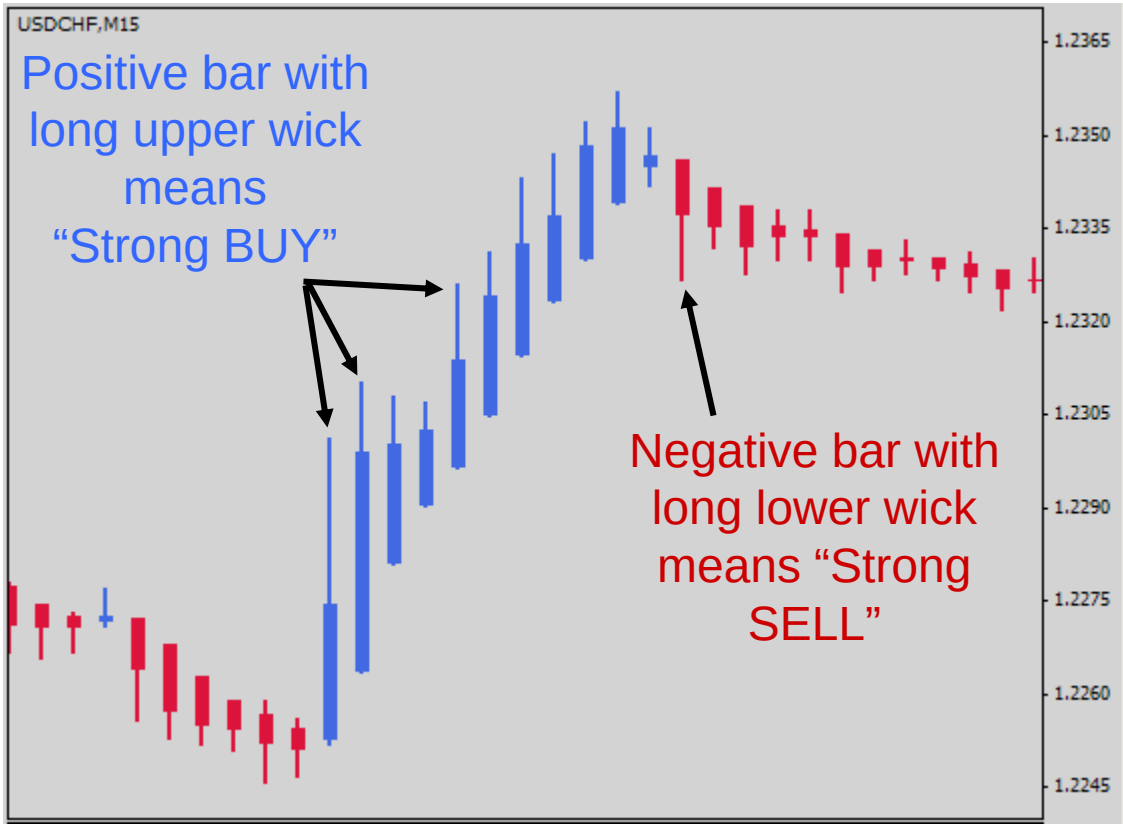
© Dean Malone, 2007
www.compassfx.com

Average Price Bars



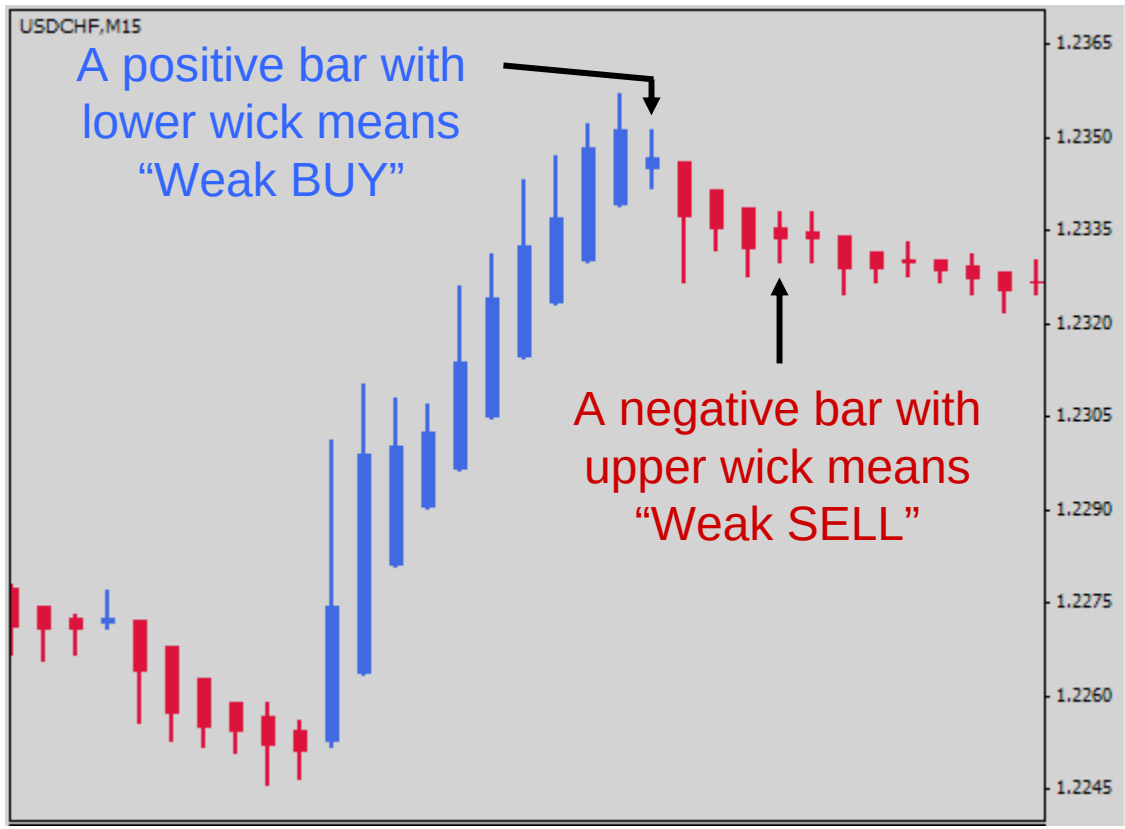
© Dean Malone, 2007
www.compassfx.com

Average Price Bars



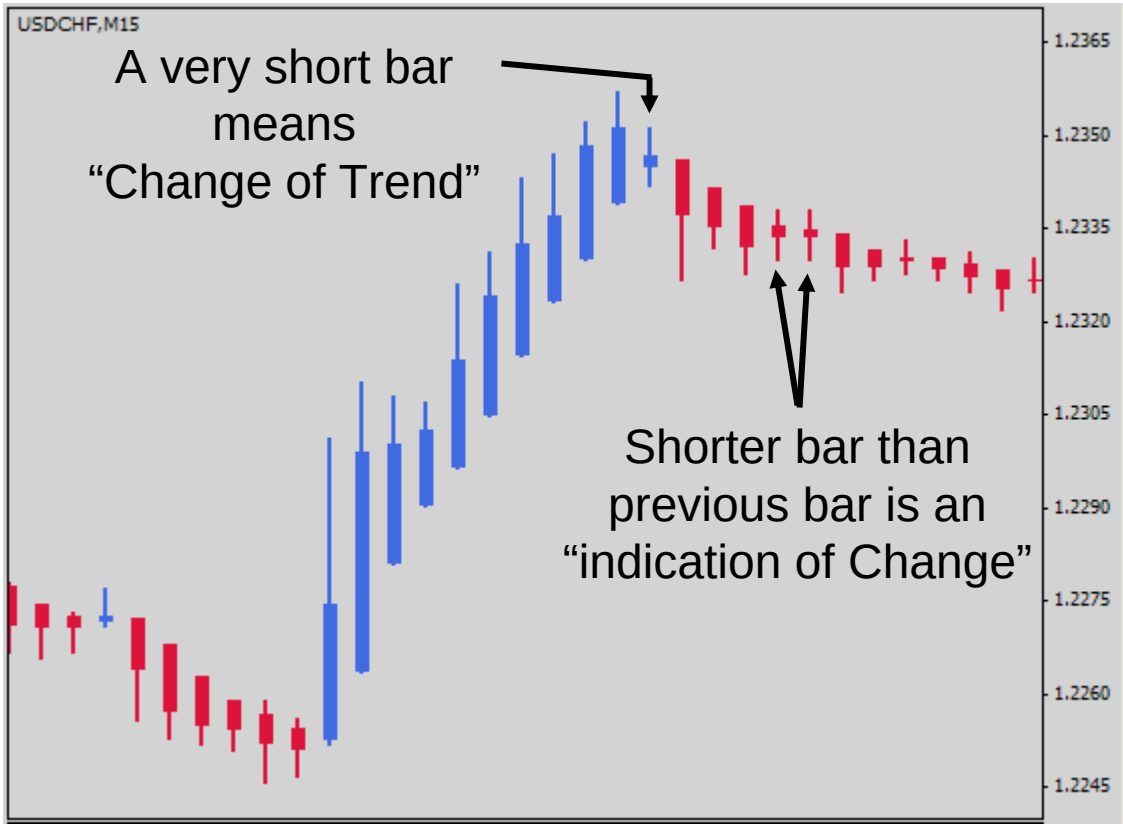
© Dean Malone, 2007
www.compassfx.com

Average Price Bars



© Dean Malone, 2007
www.compassfx.com

Average Price Bars



© Dean Malone, 2007
www.compassfx.com

Price Action Channel

© Dean Malone, 2007
www.compassfx.com

Traditional Price Channel

Traditional Price Channel has two formats:

1. A pair of trend lines above and below price like the Linear Regression Channel.

2. An envelope of bands around price with set deviation limits such as Keltner Channel.

© Dean Malone, 2007
www.compassfx.com

Traditional Price Channel

Used to determine upper and lower boundaries and signal potential reversal or breakout.

Traditional price channels can cause “reactive” trading!

© Dean Malone, 2007
www.compassfx.com

Price Action Channel

Sets inside of price movement…instead of outside of price wait for the market.

Used by institutional traders and sophisticated trading programs.

Promotes “responsive” trading!

© Dean Malone, 2007
www.compassfx.com

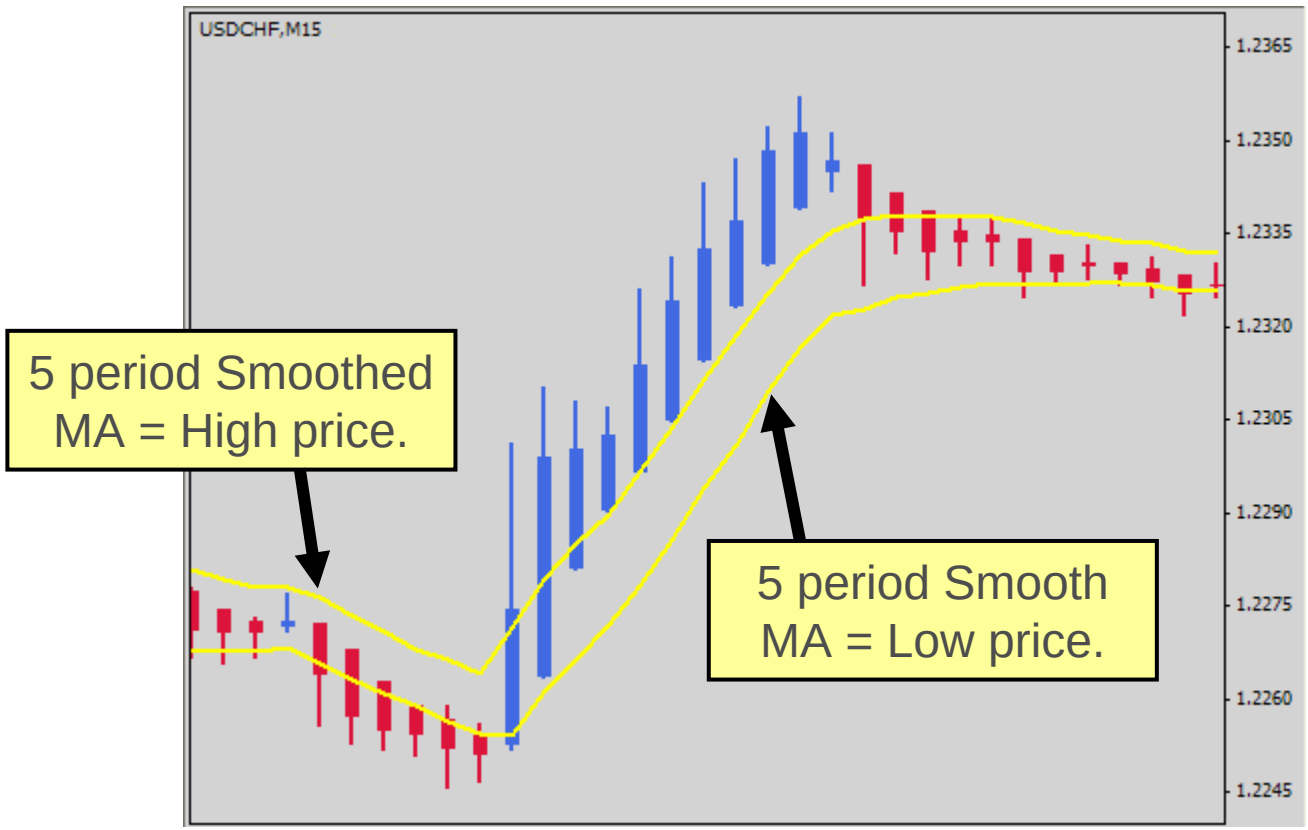
Price Action Channel

- Use Smoothed Moving Average
- Top of Channel = 5 period, High
- Bottom of Channel = 5 period, Low

Alternatively, use an 8 period EMA, High & Low.

© Dean Malone, 2007
www.compassfx.com

Price Action Channel



© Dean Malone, 2007
www.compassfx.com

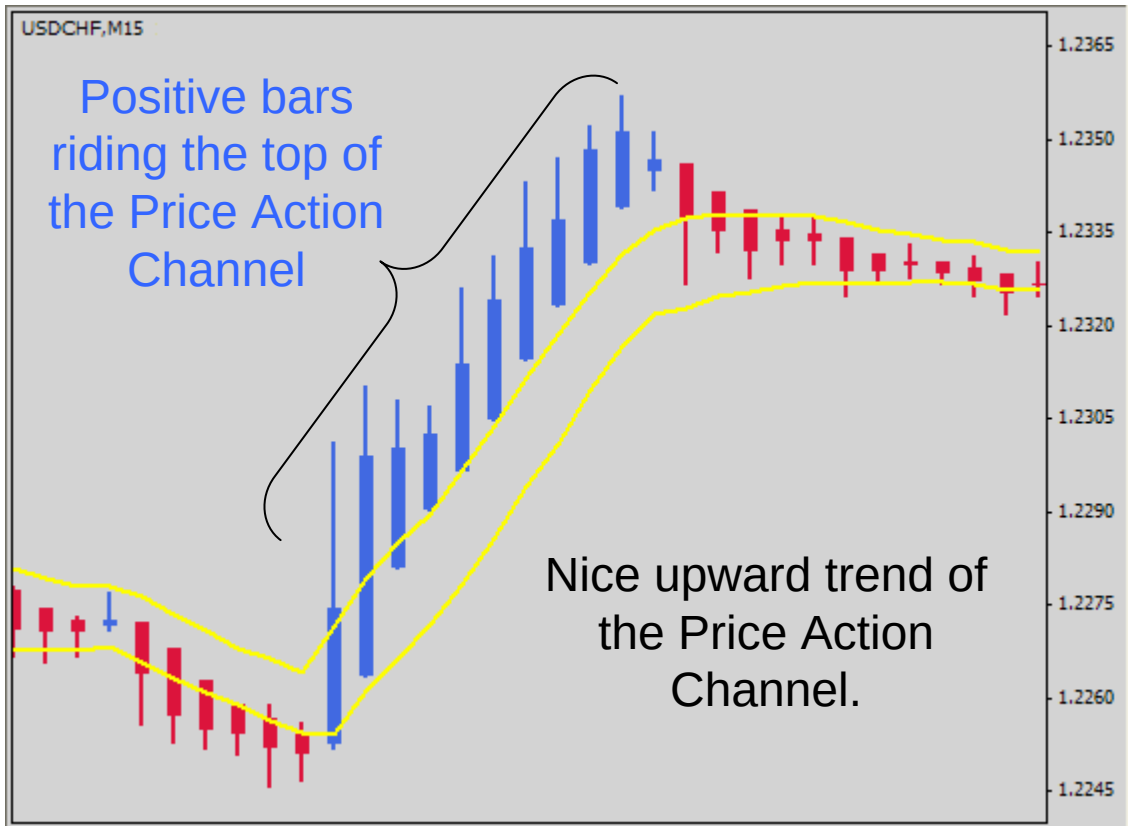
Price Action Channel

- Provides overall trend direction.
- Reveals periods of consolidation.
- Used primarily as an Entry target.
- BUY Trend – Average Price Bars tend to run on top of channel.
- SELL Trend – Average Price Bars tend to run on bottom of channel.

© Dean Malone, 2007
www.compassfx.com

Price Action Channel

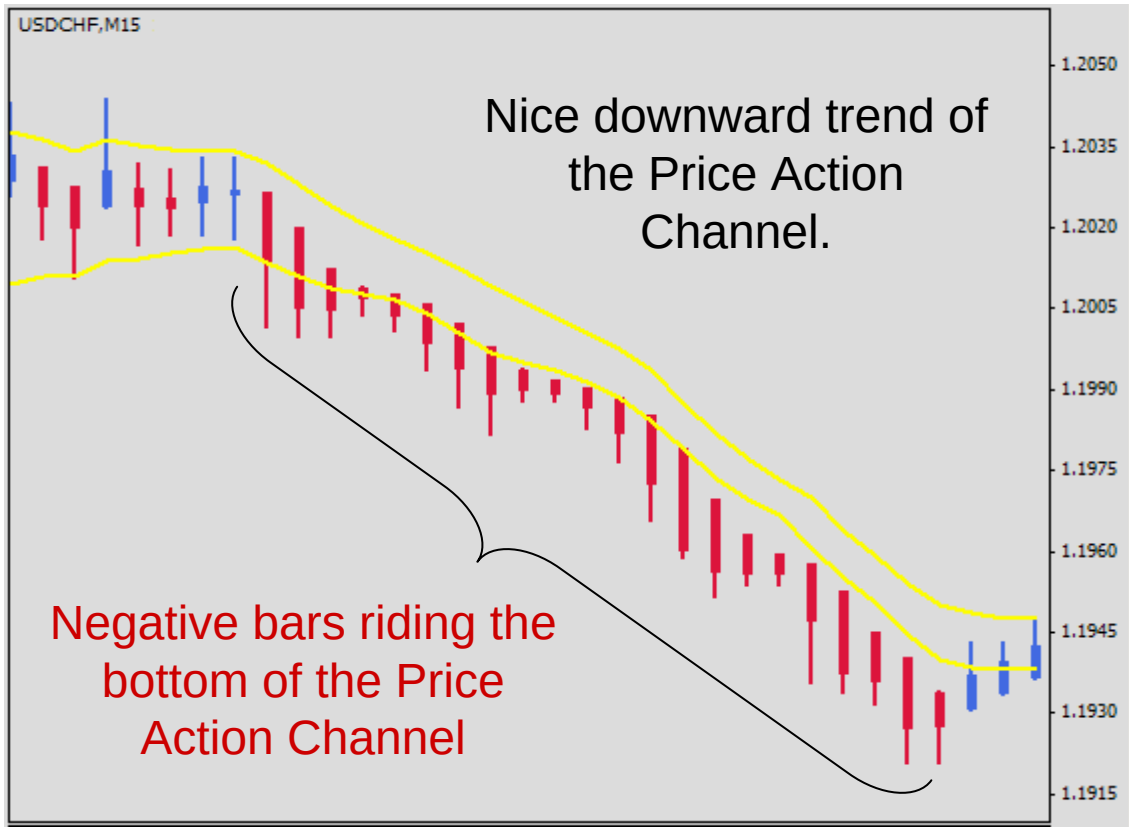
"Good BUY (Long) Trend"



© Dean Malone, 2007
www.compassfx.com

Price Action Channel

"Good SELL (Short) Trend"



© Dean Malone, 2007
www.compassfx.com

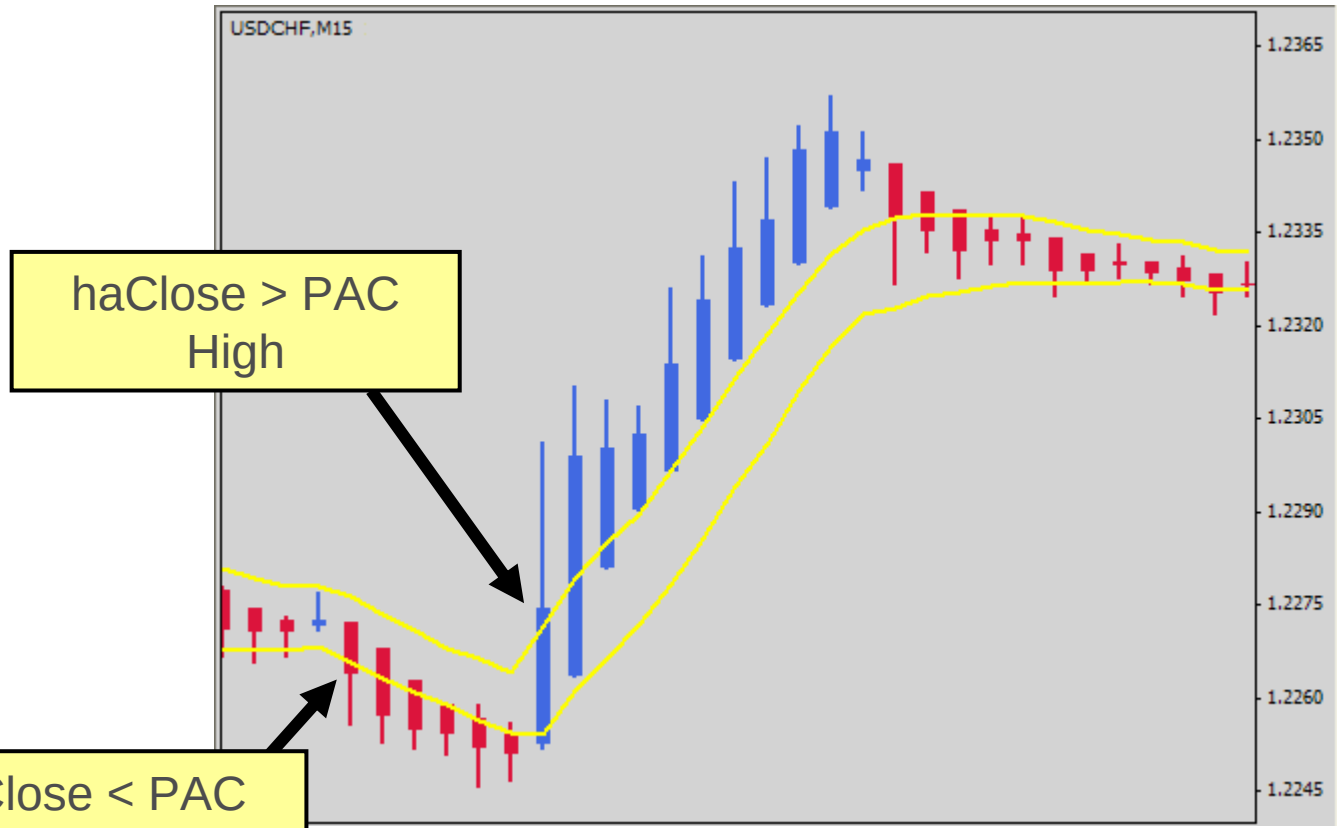
Price Action Channel

"Range-Bound, No Trend"

© Dean Malone, 2007
www.compassfx.com

Price Action Channel

"Entry Condition using PAC"



haClose > PAC
High

haClose < PAC
Low

© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

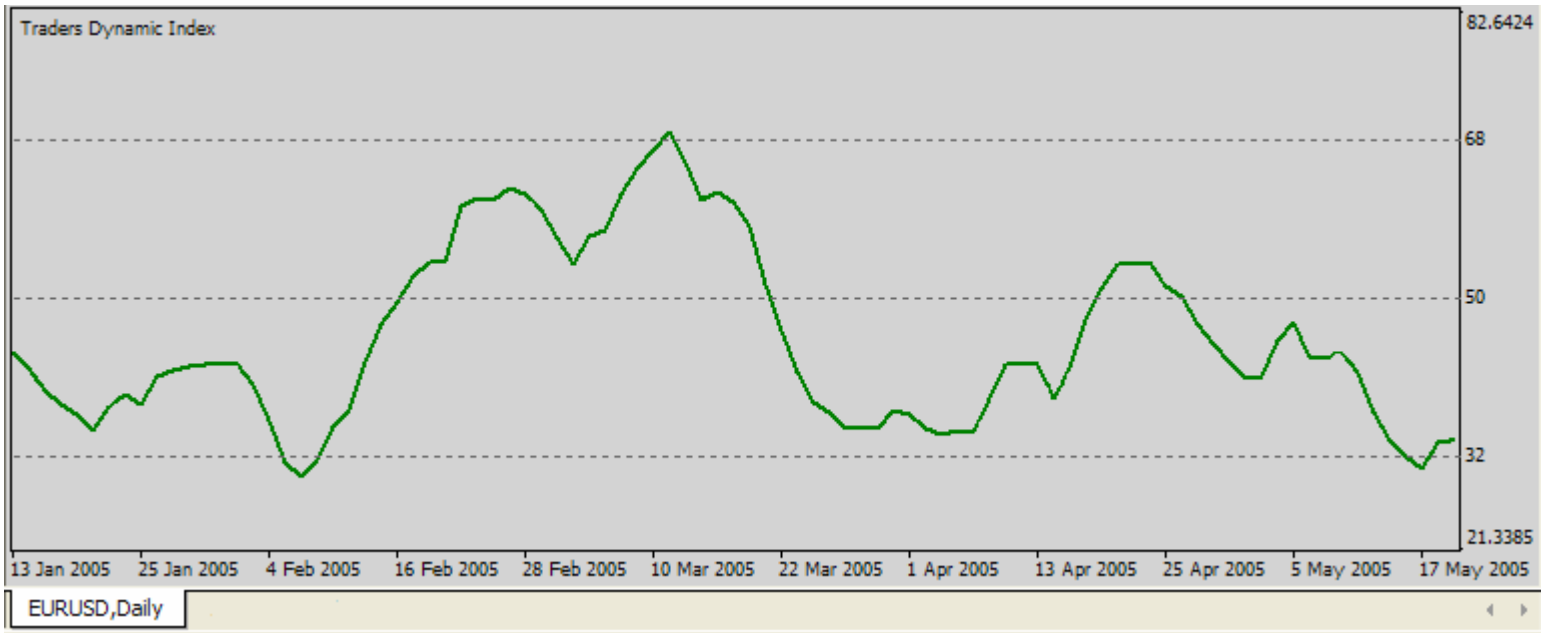
A hybrid indicator developed to indicate market conditions related to *trend direction*, *momentum*, and *market volatility*.

An "all-in-one" indicator!

© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

Step 1: RSI Price (Green) Line

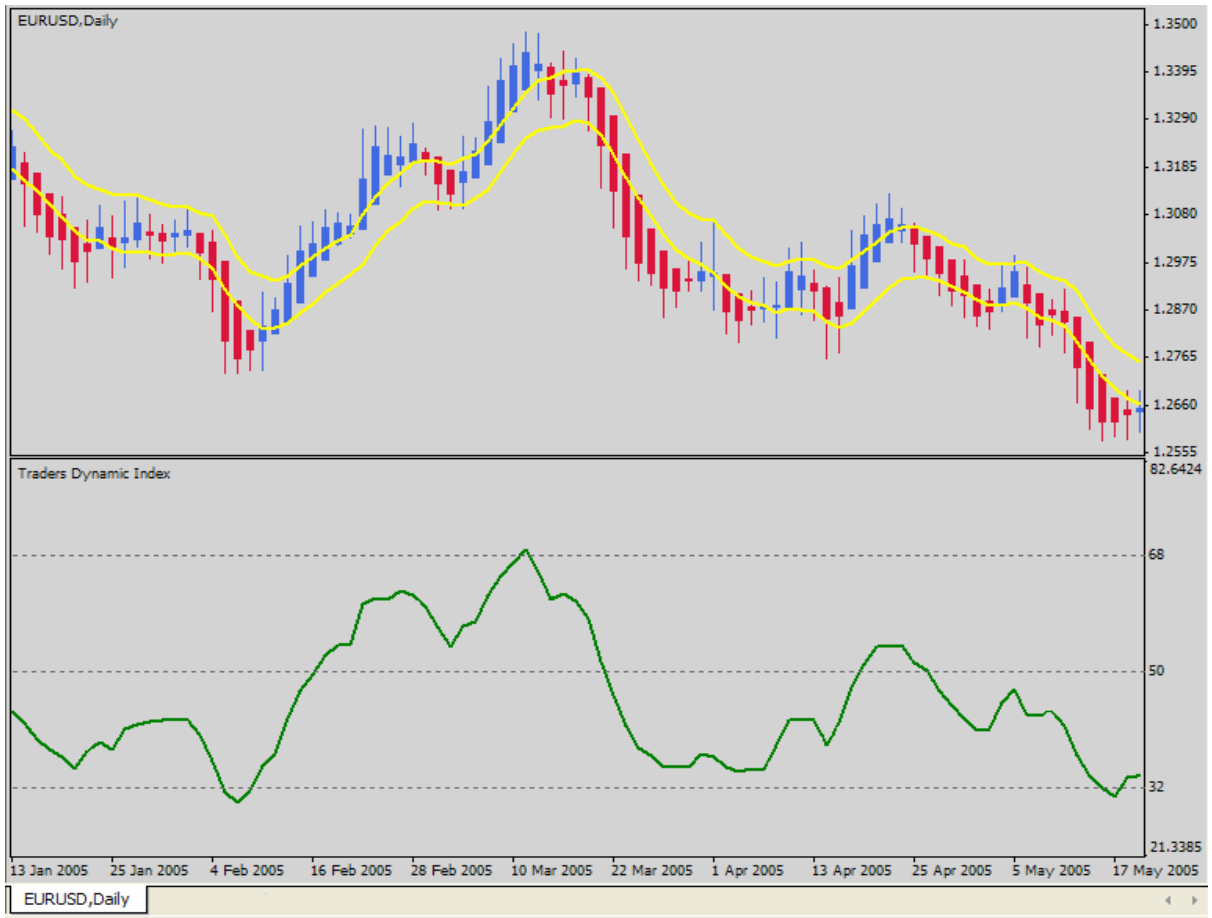


Rules: Trade Long when RSI PL > 50.
Trade Short when RSI PL < 50.
Consider exit when RSI PL is > 68 or < 32.

© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

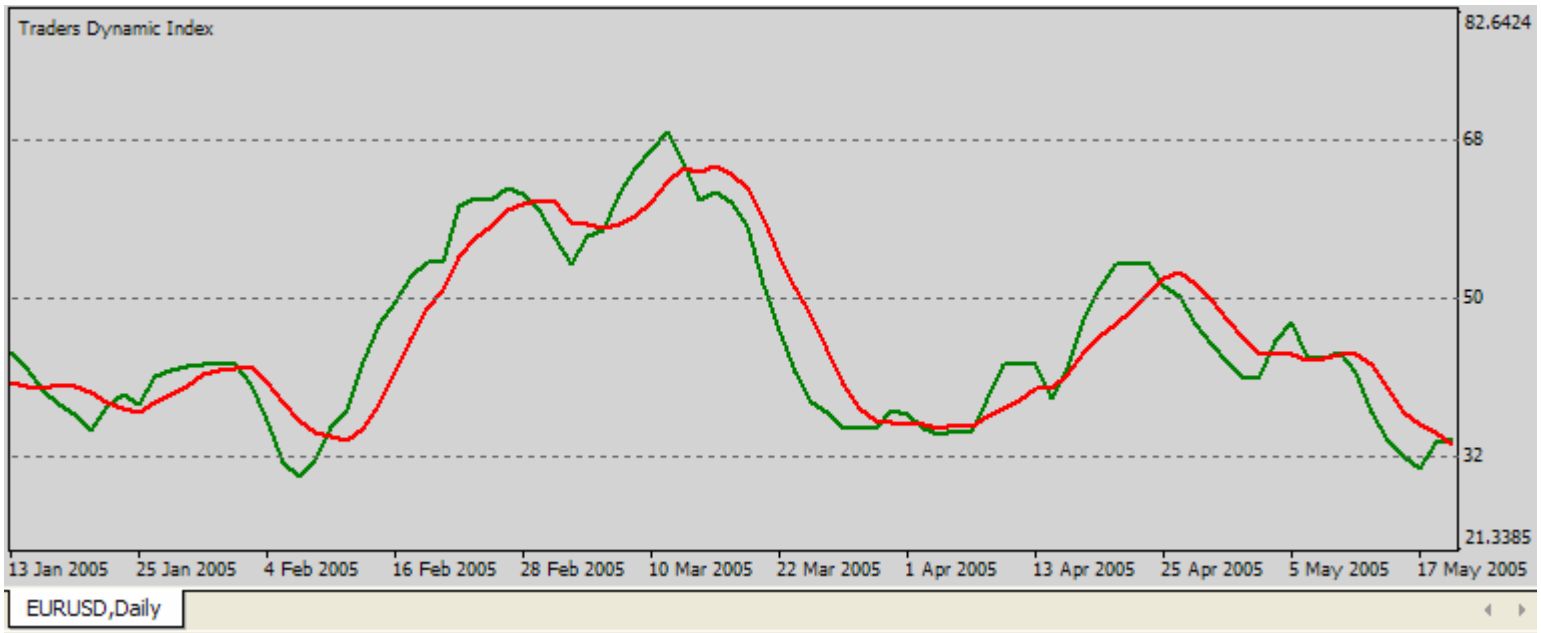
RSI Price Line compared to Price Action



© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

Step 2: Trade Signal (Red) Line

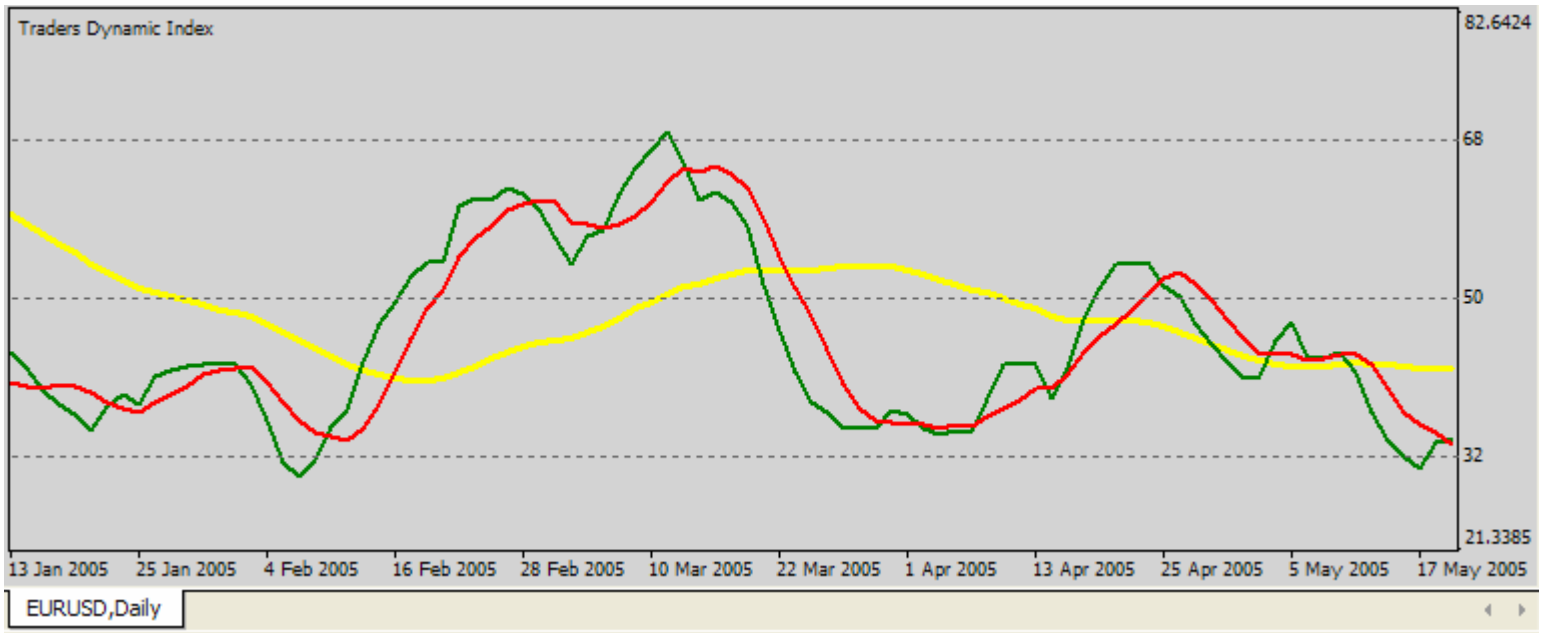


Rules: Trade Long when RSI PL > TSL.
Trade Short when RSI PL < TSL.
Exit trade when RSI PL & TSL crossover.

© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

Step 3: Market Base (Yellow) Line



Rules: Market Base Line (MBL) is the Overall Trend.

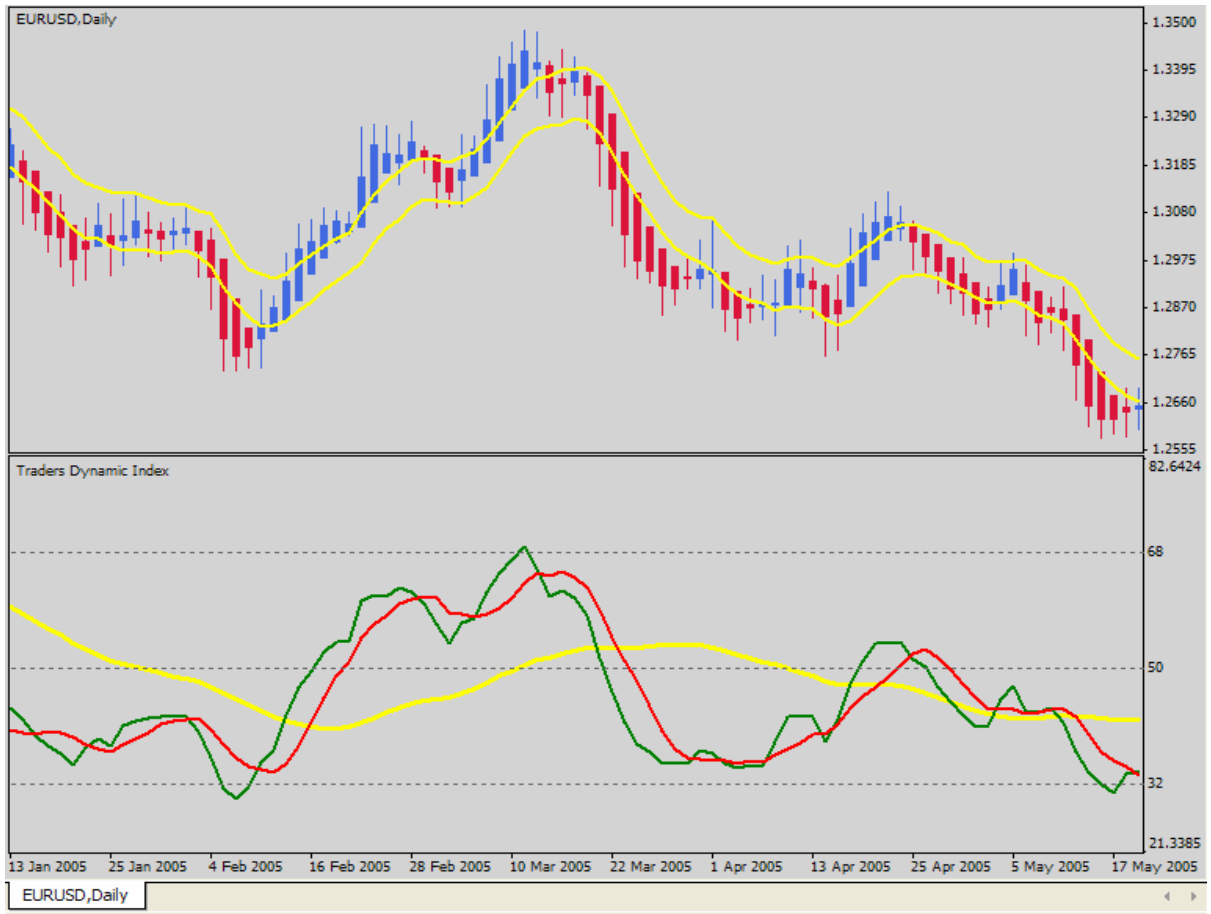
Trade Long when RSI PL is > MBL.

Trade Short when RSI PL is < MBL.

© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

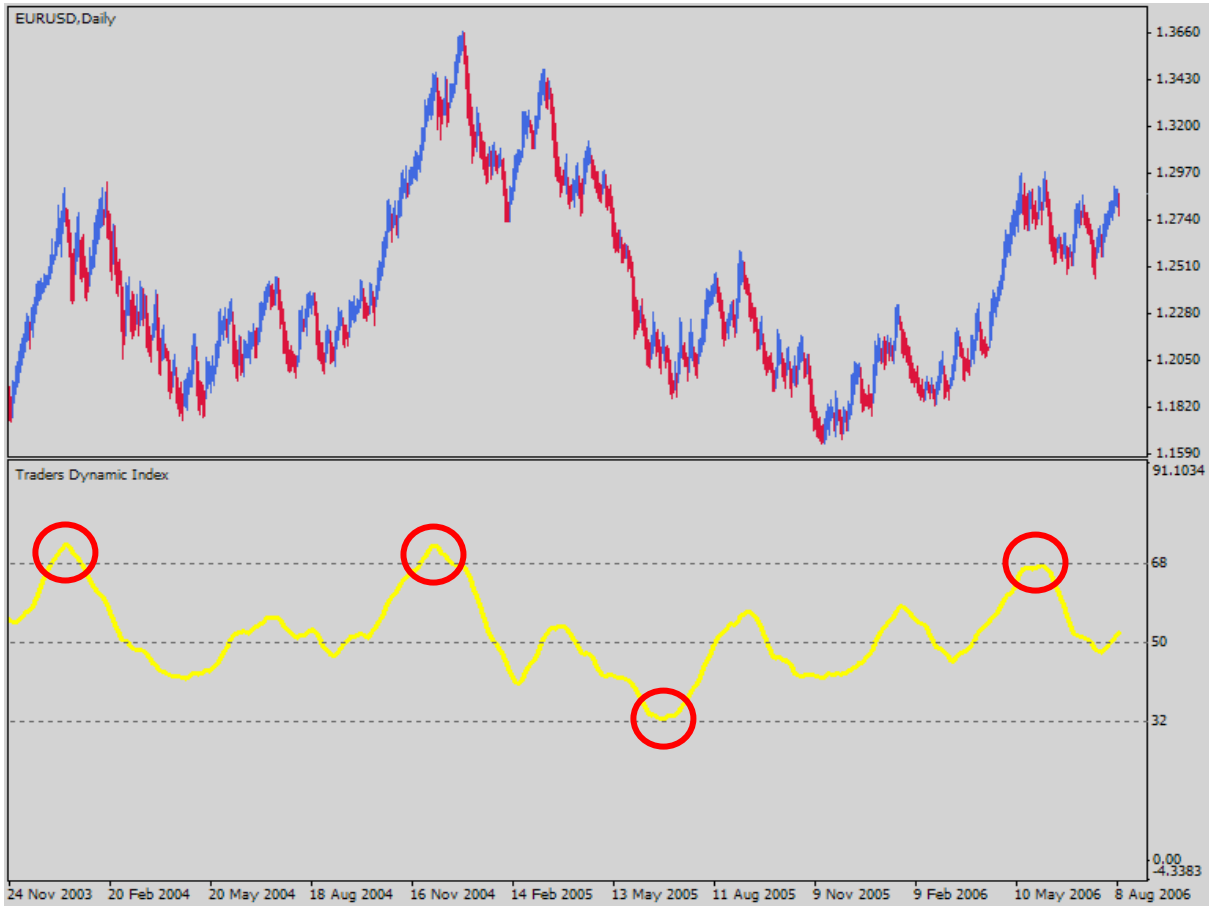
Market Base Line compared to Price Action



© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

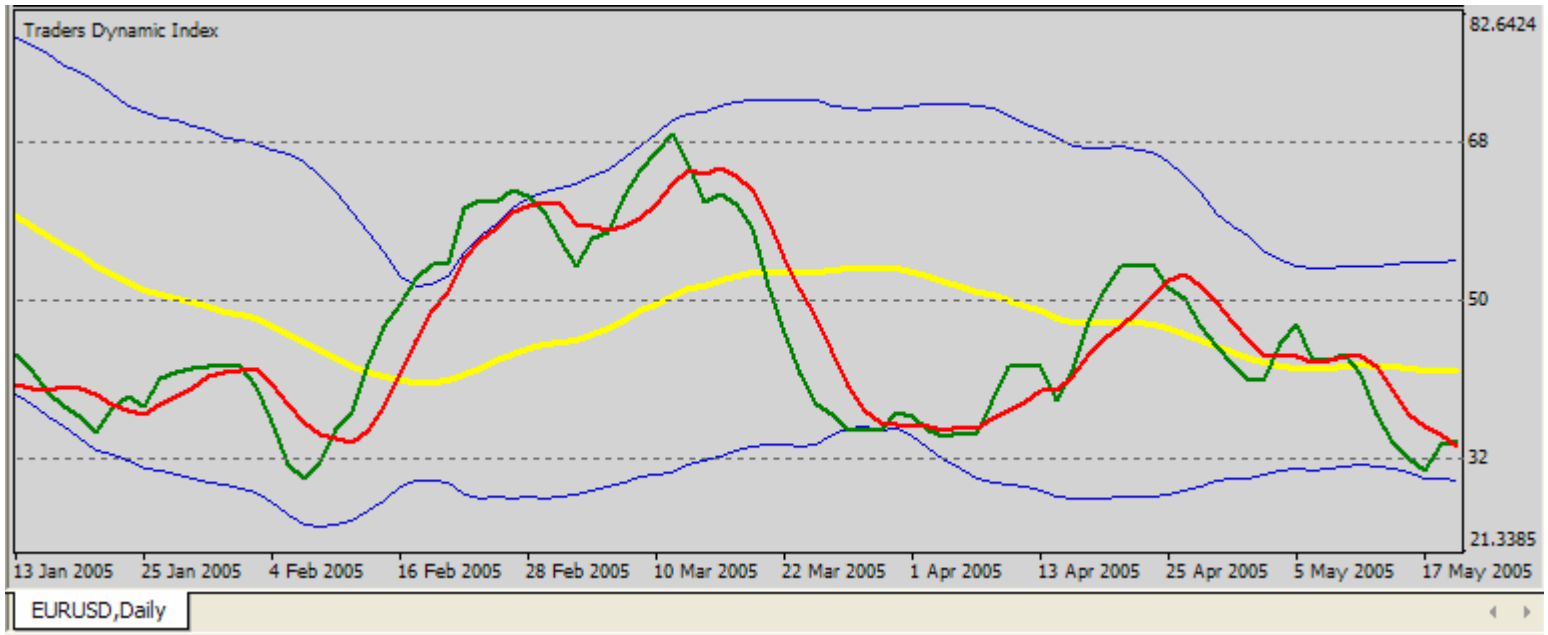
Market Base Line forecasts Market Reversals



© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

Step 4: Volatility Band (Blue) Lines

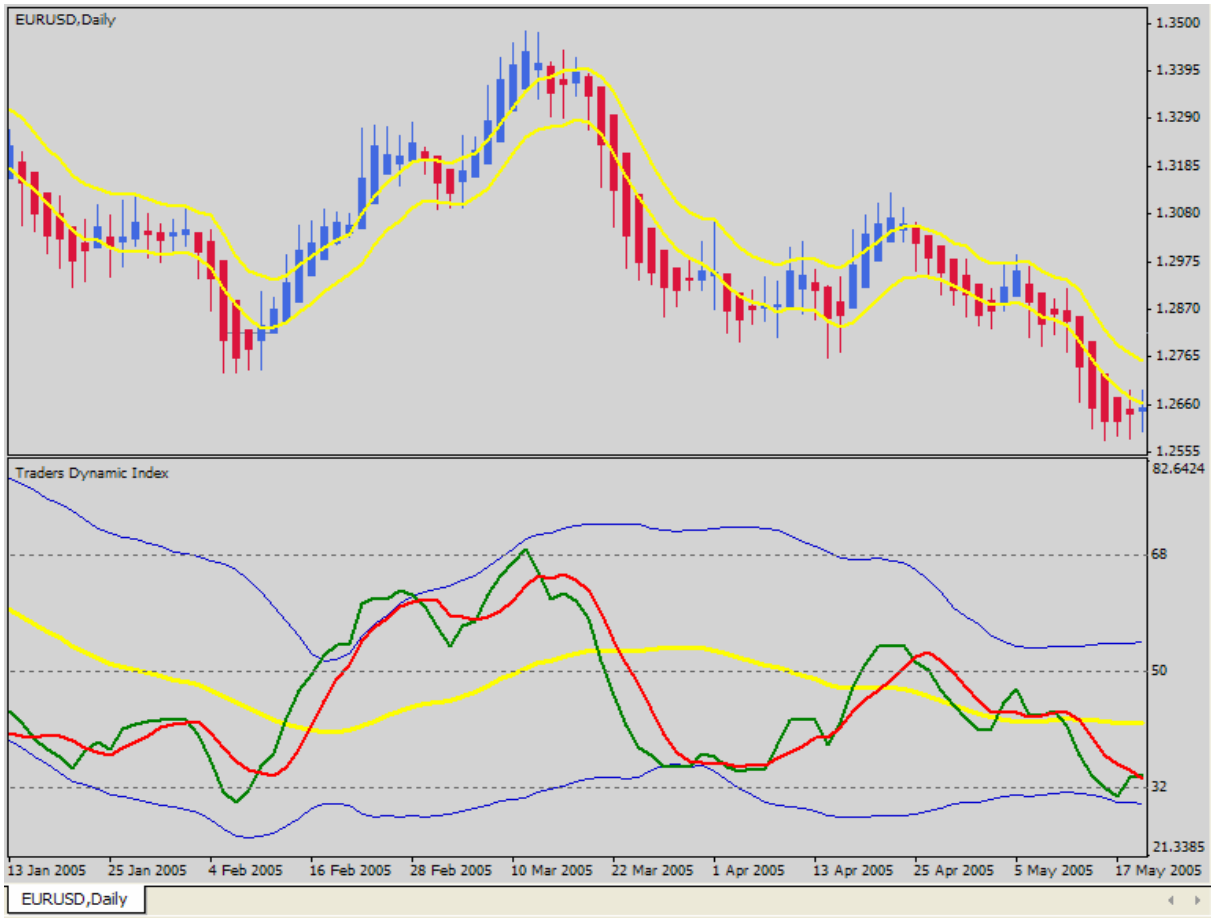


Rules: Possible to add to a Long when RSI PL is > VB.
Possible to add to a Short when RSI PL is < VB.
Consider exit when RSI PL crosses back over VB.

© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

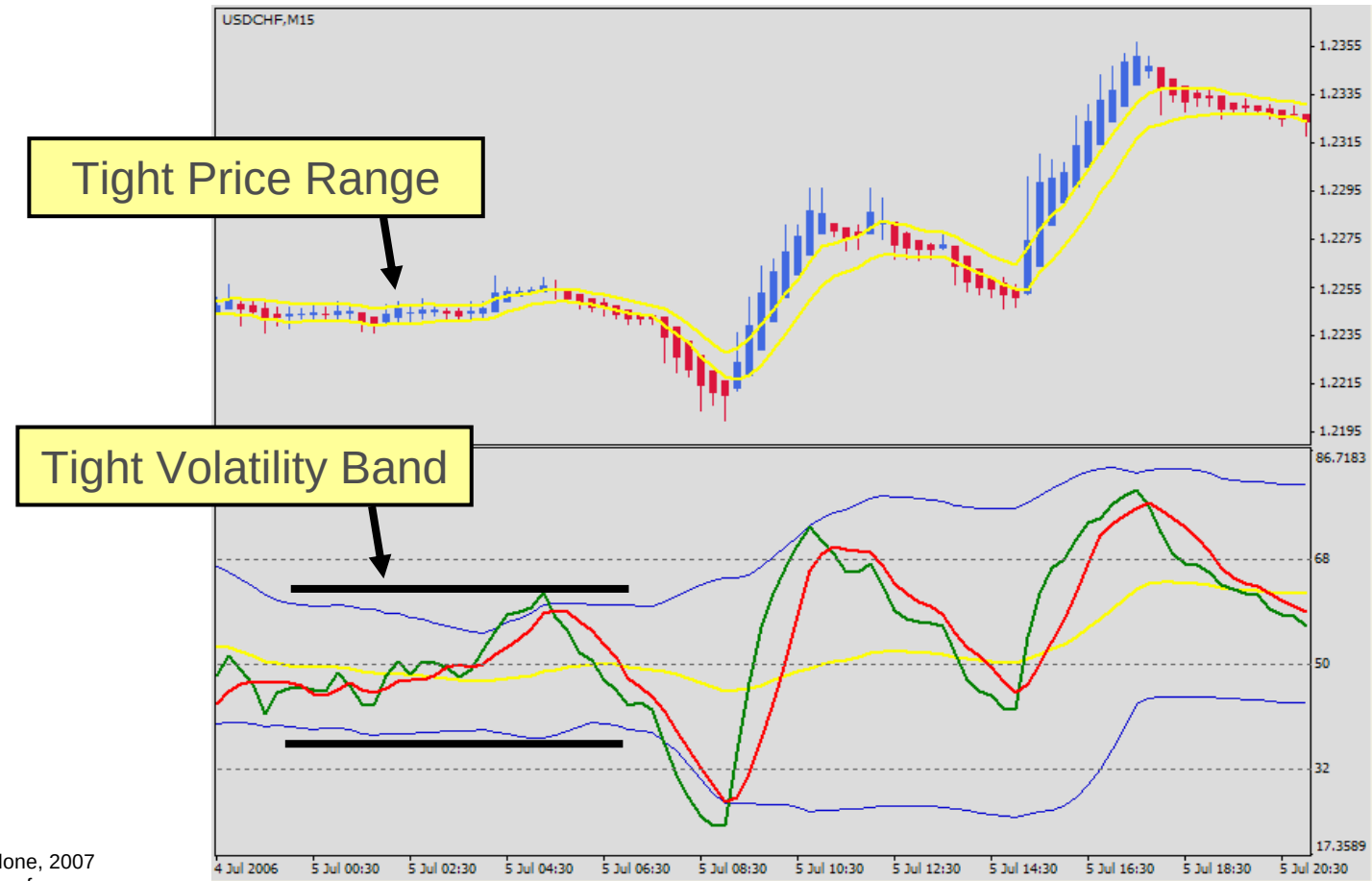
Volatility Bands compared to Daily Price Action



© Dean Malone, 2007
www.compassfx.com

Traders Dynamic Index

Volatility Bands compared to Intraday Price Action



© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

Putting it all together!

- Average Price Bars
  - Heiken Ashi indicator
- Price Action Channel
  - 2 Smoothed Moving Averages
  - 5 period, High
  - 5 period, Low
- Traders Dynamic Index
  - RSI = 13 period, Close
  - Volatility Band = 34 period, Close
  - RSI Price Line = 2 period, Close, SMA
  - Trade Signal Line = 7 period, Close, SMA

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method
Entry Rules

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

All systems GO!

Average Price Bars (APB)

- Look for Positive or Negative bars trending.
- Monitor the current **haClose**.
- **Long** entry = haClose > PAC High Moving Average
- **Short** entry = haClose < PAC Low Moving Average

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

All systems GO!

Price Action Channel (PAC)

- Monitor the direction of the Channel.
- Monitor the High & Low Channel values in relation to the current haClose.
- **Long** entry = haClose > PAC High & PAC uptrend
- **Short** entry = haClose < PAC Low & PAC downtrend

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

All systems GO!

Traders Dynamic Index (TDI)

- Long entry = RSI PL > 50, TSL, and MBL.

  (**Long** entry = **Green** line > 50, **Red** line, & Yellow line)

- Consider adding to Long if RSI PL > the upper Volatility Band and > 50, but < 68.

- Avoid entering a Long when RSI PL > the upper Volatility Band, > 50, and > 68.

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

All systems GO!

Traders Dynamic Index (TDI)

- Short entry = RSI PL < 50, TSL, and MBL.

  (**Short** entry = **Green** line < 50, **Red** line, & Yellow line)

- Consider adding to Short if RSI PL < the lower Volatility Band and < 50, but > 32.

- Avoid entering a Short when RSI PL < the lower Volatility Band, < 50, and < 32.

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method
Entry Setups

Long Entry: (*All conditions are satisfied.*)

1. APB haClose > PAC High Moving Average.
2. PAC trending up.
3. TDI = RSI PL > 50, TSL, and MBL.

Short Entry: (*All conditions are satisfied.*)

1. APB haClose < PAC Low Moving Average.
2. PAC trending down.
3. TDI = RSI PL < 50, TSL, and MBL.

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method
Exit Rules

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

Time to Exit the money train!

- APB Long exit

  Positive bar is much shorter than the previous bar or changes to a negative bar at close.

- PAC Long exit

  APB closes inside the channel.

- TDI Long exit =

  1. RSI PL crosses back below the TSL to the downside.
  2. RSI PL > 68.
  3. RSI PL crosses back below the upper Volatility Band to the upside.

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

Time to Exit the money train!

- APB Short exit

  Negative bar is much shorter than the previous bar or changes to a positive bar at close.

- PAC Short exit

  APB closes inside the channel.

- TDI Short exit

  1. RSI PL crosses back over the TSL to the upside.
  2. RSI PL < 32.
  3. RSI PL crosses back up over the lower Volatility Band.

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Trades

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD 5-minute

© Dean Malone, 2007
www.compassfx.com

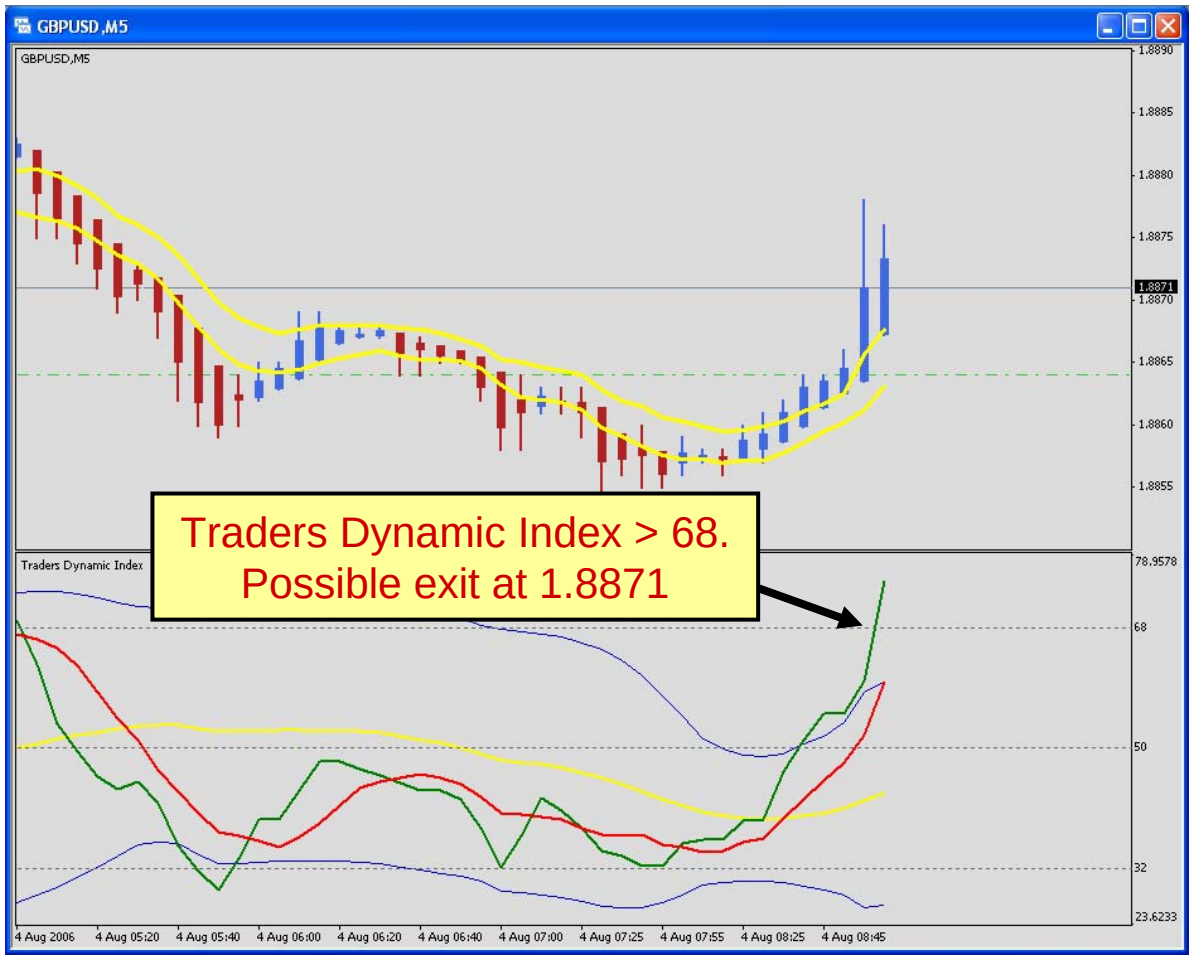
E.A.S.Y. Method

GBP/USD 5-minute

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD 5-minute



© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD 5-minute

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 7/27

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 7/28

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 7/31

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 8/1

© Dean Malone, 2007
www.compassfx.com

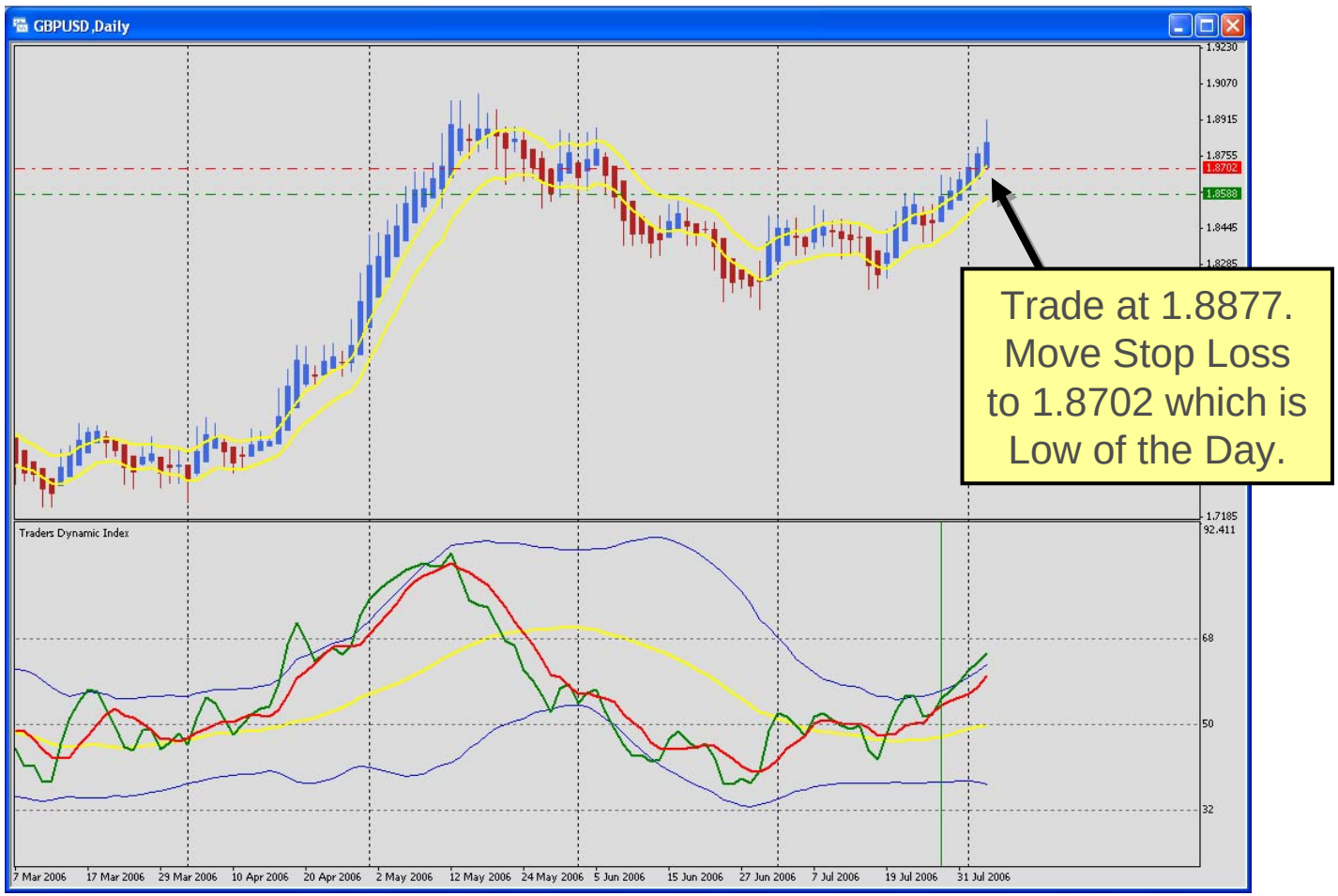
E.A.S.Y. Method

GBP/USD Daily – 8/2

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 8/3



© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 8/4

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 8/7

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 8/8

© Dean Malone, 2007
www.compassfx.com

E.A.S.Y. Method

GBP/USD Daily – 8/9

© Dean Malone, 2007
www.compassfx.com

© Dean Malone, 2007
www.compassfx.com

COMPASSFX™
we know what traders want

Who is CompassFX?

Scott Maddin

Registered Futures Broker &
Founder of Compass Financial

Dean Malone

Experienced Trainer &
Private Trader

Kim Pingleton

Experienced Forex IB &
Fund Manager

Including a Staff of Series 3 Brokers

© Dean Malone, 2007
www.compassfx.com

COMPASSFX™
we know what traders want

History of CompassFX

1991 – Compass Financial, NFA registered futures firm, started.

2003 – Compass Foreign Exchange LLC (CompassFX) founded.

2004 – CompassFX establishes IB relationship with IFX Markets and offers the ActForex platform with one-click multiple account trading designed for traders and fund managers.

2005 – CompassFX offers access to Forex Trade Oracle managed account program.

2006 – CompassFX establishes IB relationship with FXDD and offers the MetaTrader 4.0 platform to clients.

© Dean Malone, 2007

COMPASSFX™
we know what traders want

Forex broker with a trader's perspective

- Access to ActForex & MetaTrader 4.0 trading platforms
- Trade over 20 Currency Pairs
- 2 pip spread - EUR/USD & USD/JPY
- 3 pip spread - GBP/USD & USD/CHF
- Leverage - 100:1 & 200:1
- Mini Lot Accounts
- One-click trading for multiple accounts
- Trailing Stops, Hedging and Scaling-out
- $500 minimum deposit

© Dean Malone, 2007

COMPASSFX™
we know what traders want

Forex broker with a trader's perspective

Free access to proprietary trading tools

- FXTradeTrend™ forecast *(Week, Day, Intraday)*
- Daily Support/Resistance
- Daily Pivot Points
- Trading Ratios
- Weekly Analysis
- Average Daily & Weekly Ranges
- Trend Continuation / Reversal Analysis
- Leverage & Stop-Loss Principles

© Dean Malone, 2007

COMPASSFX™
we know what traders want

Forex broker with a trader's perspective

- Online educational videos
- Basic & Advance trading strategies
- Forex pivot point calculator
- MetaTrader 4.0 Custom indicators

© Dean Malone, 2007
www.compassfx.com

COMPASSFX™
we know what traders want

Inside the Forex

- Money Management
  - Margin

    "Margin is only how much it costs you to place the trade."

  - Leverage

    "Leverage is the equity in your account divided by the volume of the positions traded."

  - Consistency

    "Stay in the game with Consistency, Discipline and Low Leverage."

© Dean Malone, 2007
www.compassfx.com

Forex Managed Account

© Dean Malone, 2007
www.compassfx.com

Forex Trade Oracle

www.forextradeoracle.com

A Forex Managed Account program.

Provides investors who seek above average returns the ability to participate in the largest financial market in the world and increase portfolio diversification.

© Dean Malone, 2007
www.compassfx.com

Forex Trade Oracle

www.forextradeoracle.com

Managed account program:

- Uses low leverage.
- Trades market cycles.
- Follows a proprietary formula.
- No management fees.
- Only an incentive fee on new profits!

© Dean Malone, 2007
www.compassfx.com

Trade Results

- CompassFX 50K account
- CompassFX 10K account

© Dean Malone, 2007
www.compassfx.com

Forex Trade Oracle

www.forextradeoracle.com

➢ CompassFX 50K account

Month $	Value	Monthly %	YTD %
August '06	$117,711	12.31%	135.42%
July '06	$104,976	35.41%	109.95%
June '06	$77,527	4.60%	55.05%
May '06	$74,118	13.03%	48.24%
April '06	$65,576	18.29%	31.15%
March '06	$55,436	-9.41%	10.87%
February '06	$61,192	-14.98%	22.38%
January '06	$71,975	36.52%	43.95%
December '05	$52,721	-18.56%	5.44%
November '05	$64,733	9.00%	29.47%
October '05	$59,388	13.44%	18.78%
September '05	$52,354	4.71%	4.71%

Monthly Average = 8.36%

© Dean Malone, 2007
www.compassfx.com

Forex Trade Oracle

www.forextradeoracle.com

CompassFX 50K Account*

Beginning Balance:	0
Total Gross $P/L from settled trades:	74,831.10
Commission:	0
Transaction fee:	-1,822.50
Interest:	36,647.00
Deposit:	50,436.48
Withdrawal:	0
Adjustment:	0
Net D/W/A:	50,436.48

Ending Balance:	160,092.08
Total Gross $P/L from open positions:	-6,902.51
Equity:	**153,189.57**
Used Margin:	4,800.00
Usable Margin:	148,389.57

* Results as of December 2006
  with no incentive fees taken out.

* Account opened 9/01/2005.

© Dean Malone, 2007
www.compassfx.com

Forex Trade Oracle

www.forextradeoracle.com

CompassFX 10K Account*

Beginning Balance:	0
Total Gross $P/L from settled trades:	8,470.88
Commission:	0
Transaction fee:	-152.5
Interest:	4,990.56
Deposit:	10,000.00
Withdrawal:	-2,813.71
Adjustment:	0
Net D/W/A:	7,186.29

Ending Balance:	20,495.23
Total Gross $P/L from open positions:	-3,322.95
Equity:	**17,172.28**
Used Margin:	600
Usable Margin:	16,572.28

* Results as of December 2006 with incentive fees taken out.

* Account opened 11/02/2005.

© Dean Malone, 2007
www.compassfx.com

Thank you…
4X Los Angeles!

http://www.compassfx.com/comp/MT4_4XLA_110506.htm

Dean Malone
4X Los Angeles Group - HotComm
January 2007

© Dean Malone, 2007
www.compassfx.com