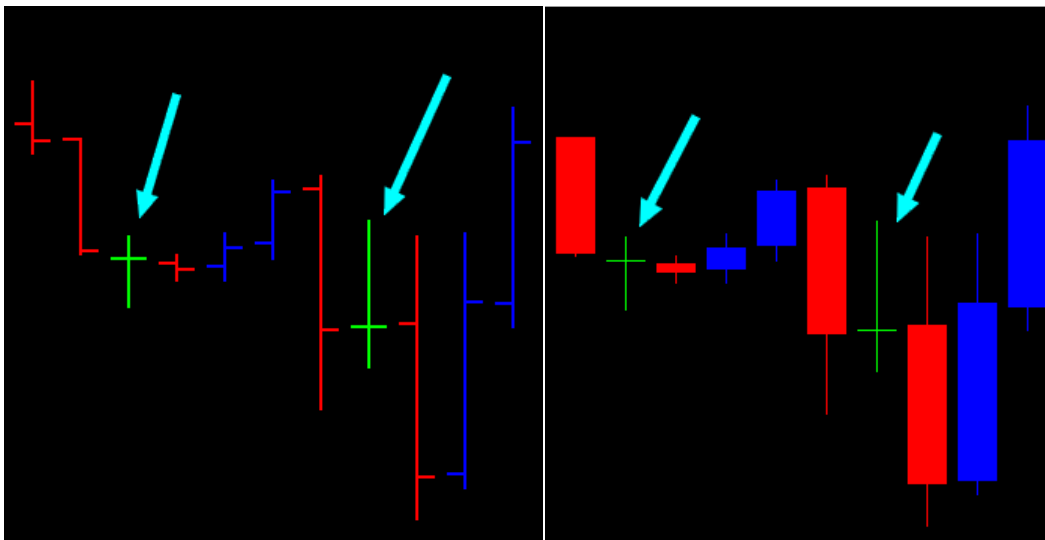


Doji Star Trading

This method is very easy and yet very profitable. The best part is, there are no indicators to use, at all.

This setup is based on a candle formation known by 'Doji' Candle.

The doji is a candle with the open = close. On chart, it looks like this:

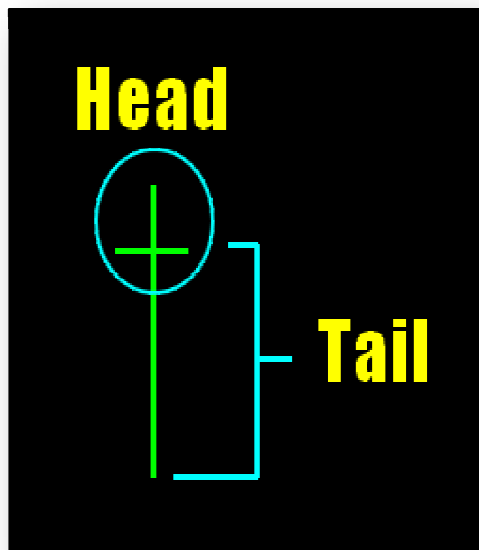


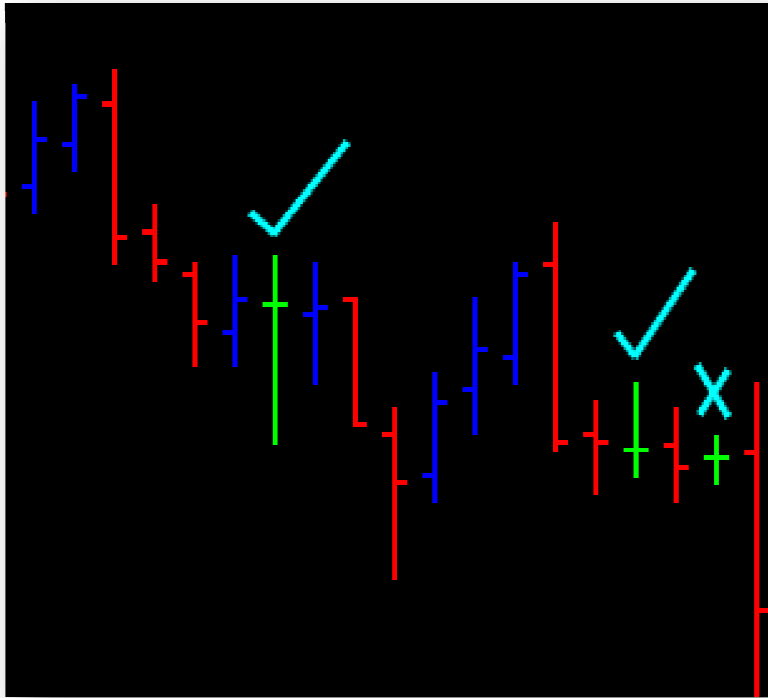
Notice how all other candles, have a different open/close levels. While the Doji candle have the same open/close levels.

This candle formation could be found on all pairs, and all time frames. The higher the time frame is, the better.

HOW IT WORKS

First of all, the Doji star we are talking about must have a special formation. This formation should look like a cross, with the tail of the candle = more than 75% of its size:





What we should look for now is, what is the direction the tail of the star is pointing at ?

Tail pointing down = Down Reversal

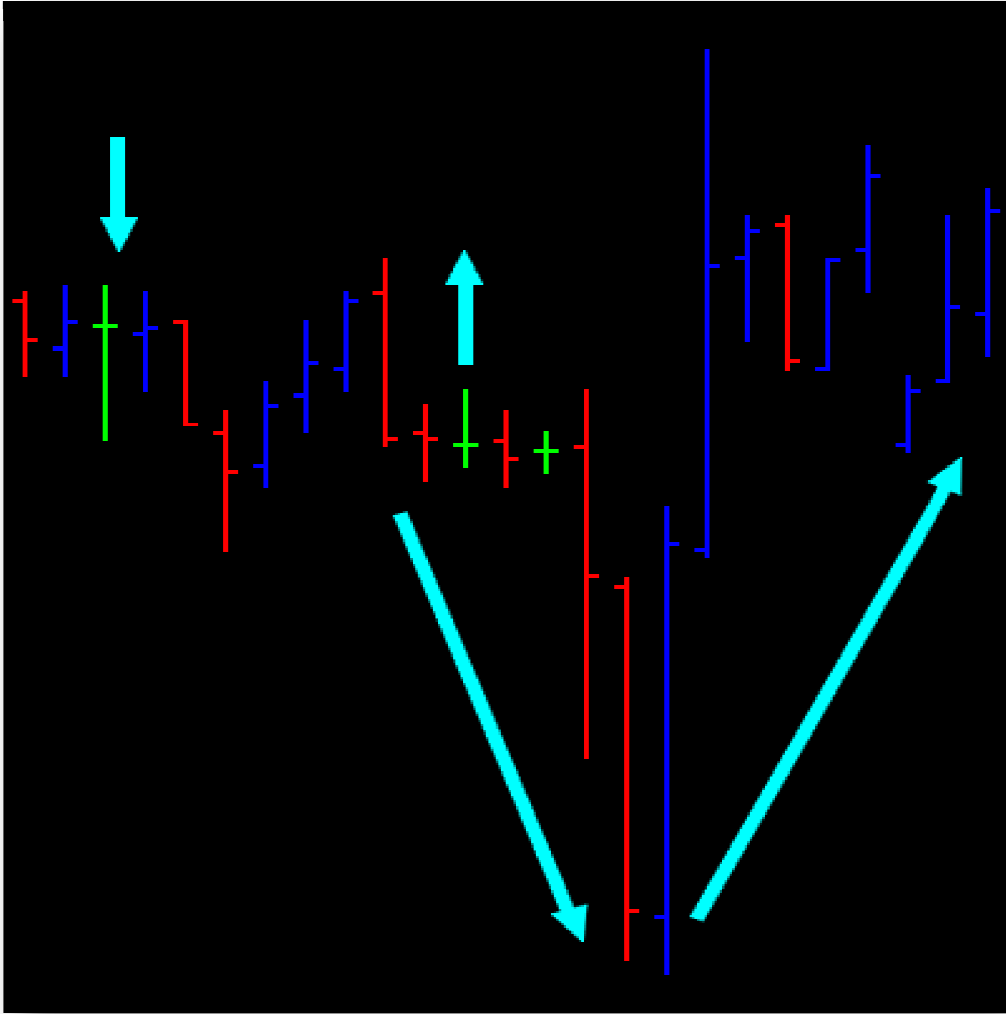
Tail pointing up = Up Reversal

So what's the Doji is telling us, is actually what the price is going to do in the future.

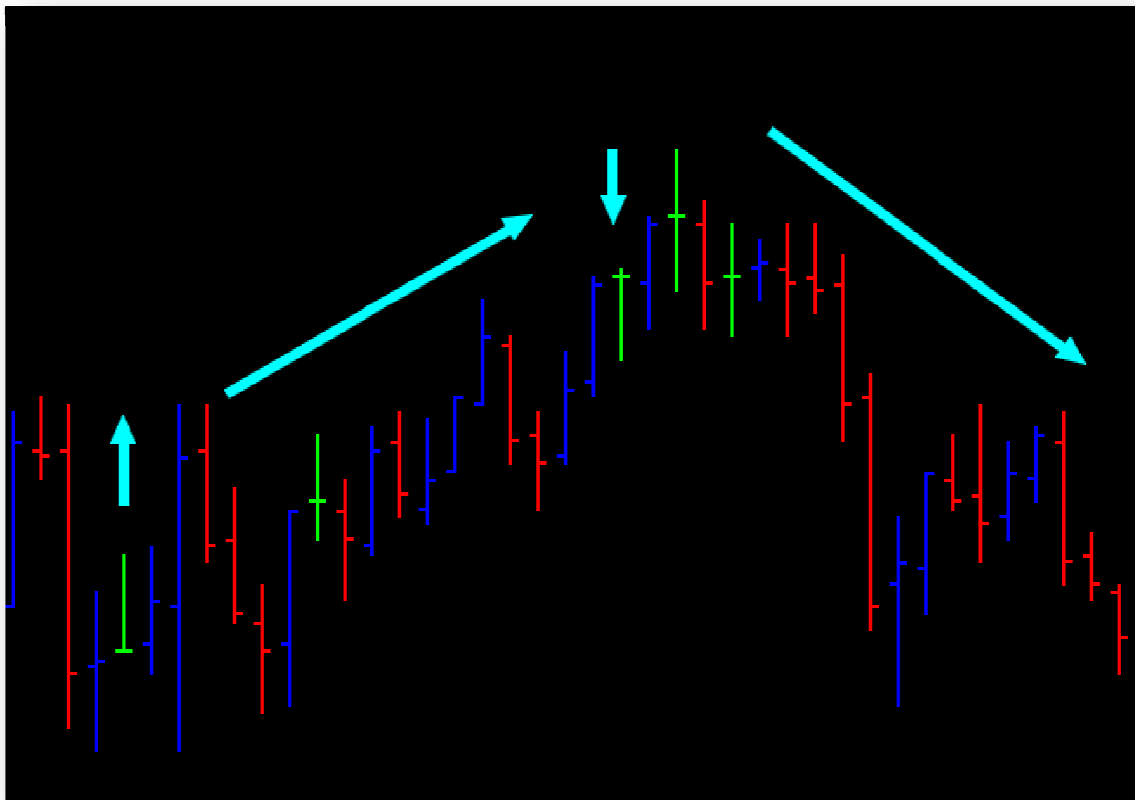
If more than one Doji Stars appeared, with different directions... that means the price will follow the same steps.

For example , a Doji pointing up followed by a Doji pointing down. That means, price will go down and then reverse back up again!

Here is an example:



Another Example:



No it's not magic... but very close! 😊

All you have to do now is open your chart and try to spot as many Stars as you can, and follow their direction.

"Practice makes perfect."

HOW TO USE IT

You can use this method as a trend pointer or you can trade it by itself.

The best and easiest way to trade it is support/resistance breakouts.

Why?

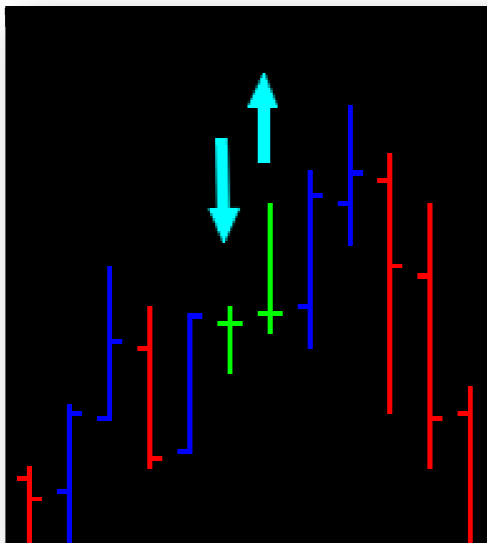
Well, first of all it would keep the system 'indicators free". That means it would still be based on price movement itself.

Second, this method is not the holy grail. It's not 100% correct all the time. So we need confirmation to filter the signals we get from it. And support/resistance breakouts are very powerful in telling us if price has changed its direction – yet – or not.

Last reason is, this method can't be used as a good entry/exit method. Because sometimes... price would still continue moving in the current direction before a reversal takes place.

Now let's see how we can Doji trade support and resistance levels...

1 – we get a doji signal, for example:



That means, price will go down, and then reverse back up again.

2 – We set our support and resistance levels. And get ready for support break out. Since that is where the first signal is telling us.



3 – Since the first signal was "down move" we opened a sell trade right after support/breakout. The stop loss level is the last resistance level.

Target = Stop loss level – Entry level X 2

For example, if stop loss – entry = 50 pips. Then our target should = 100 pips.

After setting up the target, we setup a trailing stop. Trailing stop is simply a moving stop loss level.

By using trailing stop we will protect our profits. Especially – in the above example – there is a second Doji star telling us that price will reverse back up.

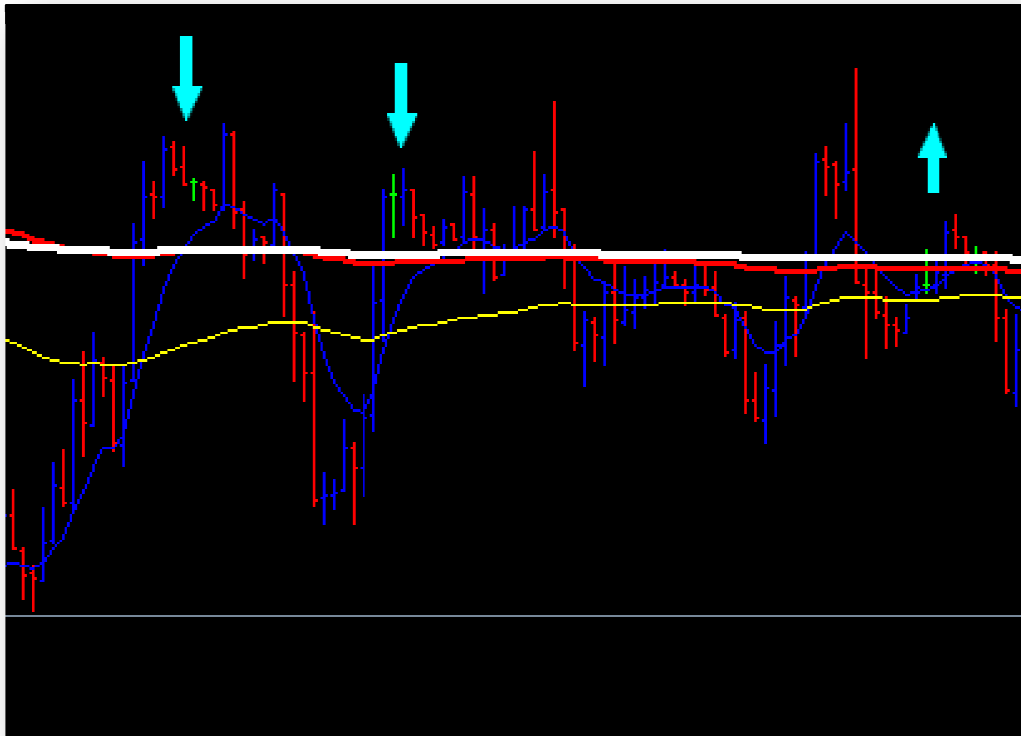
Using a trailing stop is optional. But it's highly recommended.

The value for the trailing stop is not a fixed number. So you can use whatever number you feel safe with according to the conditions of each trade.

TRADE EXAMPLE

In this example we are going to use Forex Empires System with Doji trading method.

GBP/USD – 1H



While the market was moving in sideways, with no clear trend yet. The Doji star is telling us that the next will be: Down trend , followed by up trend.

All we had to do now is to wait for a down trend breakout.



Few hours later, a down trend movement was formed and confirmed by our moving average trend indicator.

Right after a confirmation signal from OsMA, We entered the market and opened a sell order @ 1.6386

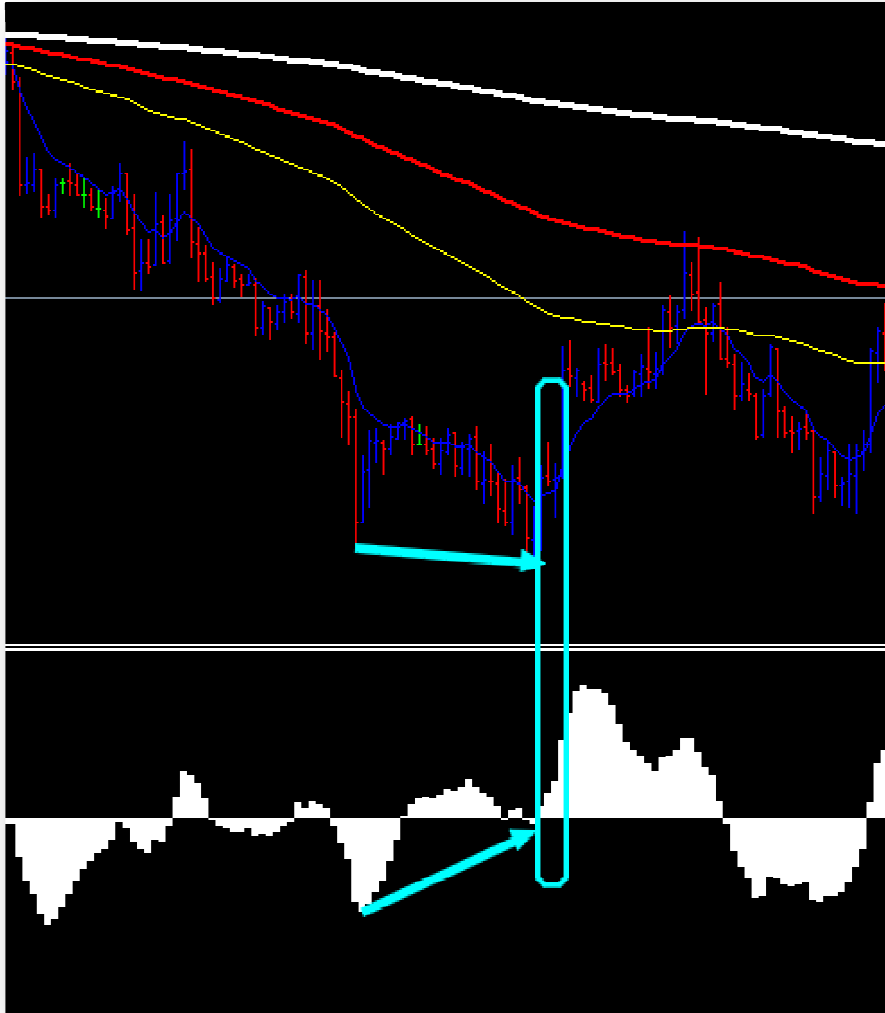
Exit Strategy 1



In this example, we closed our trade when we got a mixed colour signal from the moving averages @ 1.6304

Our profit in this case was 42 pips

Exit Strategy 2



For this example, we used the second exit strategy and we closed the trade when OsMA indicator generated an opposite divergence signal @ 1.6212

Our Profit was 174 pips

The forex market hours stretch from Monday morning in Sydney, Australia to Friday afternoon in New York. During that time the market is open somewhere around the globe at all hours of the day or night.

However it is not a 24/7 market because it does shut down on weekends. 24/5 would be more accurate.

If you need to know the exact times that the markets open and close, you have to take time zones into consideration. It is very simple when expressed in UTC. This is Universal Coordinated Time, formerly known as Greenwich Mean Time. This is the standard (winter) time in Greenwich, London which is the point of zero longitude on the globe.

So, the normal forex market hours are 22.00 Sunday UTC to 22.00 Friday UTC. This is 10 pm in the UK in winter time.

New York is 5 hours behind the UK so the global forex market opens and closes at 5 pm Sunday/Friday in New York, 2 pm on the US west coast, 11 pm in Germany, 8 am Monday/Saturday in Sydney.

Things get a little complicated when you start to try to take summer time daylight saving into account. This makes one hour difference in countries that observe it. But daylight saving operates in a different way in the southern hemisphere countries such as Australia which have summer time from September to March instead of March to September.

The hours of the different major national markets are as follows:

Sydney: 10 pm to 7 am UTC

Tokyo: 12 midnight to 9 am UTC

London: 8 am to 5 pm UTC

New York: 1 pm to 10 pm UTC

Or we can express that in EST (Eastern US time):

Sydney: 5 pm to 2 am EST

Tokyo: 7 pm to 4 am EST

London: 3 am to 12 noon EST

New York: 8 am to 5 pm EST

You can see that these correspond to 24 hour cover.

However, this does not necessarily mean that trading will be good at all of these times. Just after a major market opens, the prices can be very volatile and unpredictable. Many traders will stay out of the forex market for up to an hour four times a day when the financial markets are waking up in these major cities.

The US dollar is the most traded currency by a long way, involved in 2.5 times as many trades as its nearest rival the euro. This means that events in the USA have a greater impact on the financial markets than events in other countries. The New York market tends to slow down around 3 pm local time (8 pm UTC) and if you are involved in a US dollar pair, this can be a good time to stop trading for the day

So theoretically you can trade 24 hours a day from Sunday night to Friday night.