The

Forex Cobra System!

The Ultimate Forex Super System!

Welcome!

Welcome to the Forex Cobra System set up manual. This file contains everything you need to learn about what this system is, how it works, how to copy it…… and of course how to make boat loads of money from it.

Further down this page you will find links to the training video tutorials and chart templates, so please consider this as the master document which contains all the other sub elements you need.

Also at the end of this manual, you will find the details of my two special free bonuses **PLUS** an unadvertised bonus which wasn't mentioned on my site, which you can claim as a thank you gift for using my system.

I would like to take a moment to thank you for investing in this. It really is an investment in your own future as I'm sure you'll realize when you read the manual, and it WILL work for you if you implement it exactly as the instructions explain.

If you've ever got any questions on any part of the system, please feel free to email me whenever you like on the following address:

support@forexcobrasystem.com

Additional Downloads!

Use these additional downloads after you've read the instructions manual and learned how the Forex Cobra System works.

Video Tutorials

Chart Set up Template

Open A Broker Account!

In order to use the Forex Cobra System you will obviously need an authorized, reputable and honest broker to trade with.

You can of course use any broker you like, so if you've already found one that is honest and doesn't rip you off or deliberately trade against you…..that's great!

But, if you haven't yet opened a broker account, or you're looking for a good one where you know your money and your trading is safe, then I strongly recommend you get started with Beam FX.

I've personally opened an account with these and used them with my own money, and I can tell you they have been absolutely great with me. I've never experienced any problems at all and I'm more than happy to recommend them to my friends.

Just click the link below to get full details on how to set up a free account with Beam FX:

Introduction!

So this is it: The first day of the rest of your life, as they say!

What I'm about to explain over the following pages of this manual, is the mechanics of a trading system which is capable of producing truly staggering amounts of profits on a weekly and monthly basis.

This is the same system I developed for professional floor traders, but with some added safety features included to make it more suitable for smaller retail forex traders like you who trade from home or other part time basis.

This is an extremely low risk, high reward strategy which can and will change your life if you use it properly.

The results you're going to experience with this system are quite frankly phenomenal!

I'm not exaggerating when I say this is probably going to be the easiest money you'll ever make….it is!

The only thing that could make this system fail over the long term is you not sticking to the rules…….that's it!

If you stick to the rules of the system, you're going to be smiling from ear to ear as you watch your account grow at an astonishing rate every month from now on.

The Forex Cobra System is incredibly simple and easy to use. Once you are used to it and have made a few trades with it, you'll find that you're spending very little time actually running with this system.

We trade on the hourly charts, so it's an intraday system, but in reality, you will only need perhaps 1 hour per day dedicated to this. It's extremely low maintenance.

The other great advantage of this system is the fact that it is self adaptive and works equally well on any currency pair. It doesn't matter if you're trading the GBP/USD or the CHF/JPY….the system works on all of them.

Plus…..this is a mechanical system, which means you will be getting fixed entry and exit signals which tell you exactly what to do and when. So there is nothing left open for you to "interpret" or make mistakes with.

This is very much a case of "when A meets B, do C". Pure simple instructions of what to do and when to do it!

So please sit back and get comfortable as you read through the manual. This is a very easy system to use, but it's worth taking your time as you read this just to be sure everything sinks in and you understand it fully before going away and testing it out.

Enjoy!

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The Basic System Philosophy!

Ok, let's get to it!

The Forex Cobra System is a short term trend following system. That means the system takes advantage of short term small trends within the market.

If you've been involved with Forex for more than a few days, I'm sure you've heard the sayings: "***the trend is your friend***" and "***trade with the trend***".

There are a million and one trading strategies out there, and most of them can be profitable when traded correctly. However, it is universally accepted that trend following strategies are by far and away the most profitable strategies available.

More money is made….more easily, from trading in the direction of a trend, than from any other method ever invented.

The BIG money comes from trending markets.

And this is where the Forex Cobra System steps in and takes full advantage.

But traditional (or more commonly used) trend following strategies have an inherent flaw which often makes them less attractive to new traders.

You see, for the most part, an individual currency pair will only trend for about 20% of the time. The remaining 80% of the time, the market is in what's called a "range" with no real obvious direction up or down………it just chops back and forth in a sideways movement.

So this means that an average trend following method is useless for 80% of the time.

The reality for most new traders who try to use a trend system is:

a) They can only use it for 20% of the time, so they get bored waiting for a trend to start and end up giving up and looking for a different system which offers more trading opportunities.

Or

b) They try to use the method in a ranging sideways market and suddenly get whipsawed about, suffering terrible losses, lose all their money, give up and go looking for something else.

The bottom line is that mainstream trend following systems require a great deal of patience and discipline……….two things most people don't have!

But this is where the Cobra System is different to other methods out there. This system takes advantage of small term "mini" trends which can happen much more regularly within typically longer term trending markets, AND within ranging markets.

And so with this system, we are presented with many more safe and profitable trading opportunities than we would normally get from the average trend following strategies.

Plus, the system is designed with detailed in-built safeguards to filter out bad trades and protect against whipsaws and losses when a market enters a period of dangerous ranging.

The basic idea behind this system, is to exploit the smaller time frames and trade small trends which wouldn't normally be identified (or don't actually exist) on the bigger time frames.

This presents two distinct advantages:

1) We trade small mini trends which present themselves far more frequently than the main trend, which means we have many more trade opportunities and more chances to make money on a more regular basis.

2) We capitalize on early entries in to the biggest trends and get in at the beginning of the big moves before anyone else using the higher times frames even identifies a new trend, and therefore we can ride the trend for longer and make more money than anyone else.

The system has been developed, tested, and optimized for use on the 1 hour time frame, but it could actually be just as easily adapted for use on any other time frame either higher or lower. But for the purpose of learning the system at its optimum, this manual deals exclusively on the 1 hour charts.

This is the time frame which has proved to be the most consistently profitable, and easiest to learn.

The other great thing about this system is the filters which have been added to it, which protect it against "fake" trade signals and the dreaded whipsaws which inevitably happen to all trend following strategies when the market moves in to a period of consolidation.

Most trending systems simply accept a high level of failed trades in ranging markets as a "side effect" of trend trading. And to a degree this is true. You will never be able to totally prevent bad trades and whipsaws.

In fact, the ONLY way to avoid whipsaws and bad trades is to NOT trade at all! *(Obviously not an option if you want to make money).*

My job has always been to make the safest, lowest risk systems which had the number one rule of protecting trading capital as the priority.

So when developing this system, my biggest concern was reducing and limiting whipsaws and bad trades down to an absolute minimum. They couldn't be completely eliminated, but they can be reduced to levels which do not affect our profits.

And so the Cobra system has got trade filters built in to it which are absolutely incredible at protecting us and keeping us out of false trades which have no trend behind them.

In short, the philosophy of this system is to provide all the benefits and profits of a trend following system, without the typical high number of draw backs associated with all other trending strategies.

The System – Step by Step!

Introduction!

Trend following systems for the most part work on the same basic premise of using moving average indicators to identify trends, signal entries, and offer exit points.

(If you don't know what a moving average is, don't worry......I'll explain everything in laymen's terms as I go through the system).

Now, the problem with moving averages and regular trend following systems is they rely on one moving average line crossing over a second moving average, as per the image below:

Typical systems would say that when the blue (fast) moving average line crosses over the red (slow) moving average line from underneath, this is your signal to buy the currency and get in to a trade.

Now in the image above, this looks like a great strategy. Look at where the two lines cross, and then look at how big the move was in an upward direction. You'd have made a lot of easy profits from that system, right?

Well actually, no!

In all likelihood, you'd have lost money if you used that kind of system to give you your entry signal.

Moving average cross over systems look great to the untrained eye in hindsight, but in reality they are all but useless systems.

You see moving averages are lagging indicators. What that means is they tell you information “after” it has already happened. There’s a delay in what’s happening with the price, and what the moving average lines are telling you.

So the reality in real time is that the moving averages did NOT cross over until “after” the move had already taken place. By the time the lines crossed, the big move had already finished, as explained below:

Does that seem like a good system to you? The market makes a big move, and then a little while later your indicator catches up and tells you what has already happened. You’ll be trying to jump on a train after it’s already left the station.

And that’s the big problem with most trend following systems. They rely entirely on an indicator which by definition is too slow to give you an accurate entry signal.

They look great in hindsight, but when you actually try to use them live in real time, they fall flat on their face and don’t work.

If your system is waiting for two delayed “lagging” indicators to cross over, you will ALWAYS be one step behind the market and at a serious disadvantage.

If you look around the net at the many different styles of trend following systems that are available, you will notice that 99% of them use some variation on that theme. Sure, they may have all sorts of different rules and filters, and other fancy indicators to try to make it better…..but at the end of the day, they all rely on that basic crossover.

And that means they are all flawed!

Now I'm not saying that the use of moving averages is not a good system….far from it!

The moving average is an excellent indicator when it's used properly…it's just most people use it for the wrong reasons and lose money as a result.

The Cobra System uses moving averages, but in the way they are intended to be used, and at no point do I wait for two lines to cross each other.

Just think about this for a second:

What's the most up to date, fast and reliable source of information we've got available to us in the market place?

Answer: The actual price of course!

Nothing is more accurate at telling us what's going on than the actual price. It's the most up to date information available.

The instant something happens, it's immediately reflected in the price on our charts.

No other indicator or tool is as accurate or timely.

And so doesn't it make sense that the price should be at the very heart of any system?

Trust me, this is precisely what the banks use as their major indicator, and that's what the Cobra System uses. And that's what makes this so formidable!

The Cobra System relies on price action to give us our entry and exit signals, so it's fast and bang up to date. There's no way I'm waiting for two lagging indicators to cross over and tell me something well after it's already happened and finished.

A moving average line is intended to show you the average direction of the market over a set period of time. The line calculates various different elements of price data over a given period from the past, and then plots the average of all that data in to a neat line on your chart.

It tells us if the market is on average moving upwards or downwards for a given period that has already happened.

It doesn't tell us what is about to happen, it just tells us what has already happened.

So what's the real use of a moving average line?

Simply to tell us if the market is in a trend or not…..that's it!

Remember, this is a trend following system, so we use the moving average to determine if there is a trend for us to follow.

If there is a trend to follow, we use another more accurate entry signal to get in to the trade and take our profits.

Over View!

I think the best thing for me to do, is to give you a brief over view of the system basics so you can see it and get a quick idea of how it works first, and then I'll break it down it in to small segments and explain the fine details so you completely understand it and can easily copy it.

Once you read through the whole manual, you'll realize how ultra simple this really is, and it'll take you all of 5 minutes to set it up and start using it on your own charts.

So first things first, this is the basic gist of the system:

We only trade in the direction of the trend!

This is central to the whole system. This one basic principle reduces our risk dramatically by limiting us to trades that already have the momentum of the market behind them.

But remember this is a short term trending system, so when I say we only trade in the direction of the trend, I mean we trade in the direction the market has been moving over the last 3 days, broken down over 72 hours on the 1 hour charts.

So we use a 72 period Moving Average line (MA) as a guide to tell us the direction of the current short term trend. A 72 moving average line is simply a line which tells us the average direction of the market over the last 72 candles (in our case the last 72 hours because each of our candles is 1 hour long).

If the real price is above the 72 MA, we take it that the market is trending upwards, so we ONLY take trades in that direction, which means we only buy.

If the real price was below the 72 MA, we would take it that the market is trending downwards so we only take short trades (we only sell the currency).

It’s important to note that the 72 MA is only there to act as a guide for us as to the direction of the trend. We don’t use it for entry or exit signals!

We simply look at the 72 MA to determine where the bias is in the market at that moment, so as to increase our chances of trading in the same direction as the current market momentum.

And keeping this in its simplest terms, that is the underlying basis behind the system!

We are just trying to establish which direction the market is currently favoring, and then we are going to trade in that same direction.

It’s seems pretty basic, and it is! But believe me, this is going to make you some seriously easy cash.

Remember, we’re just trying to catch the trends which happen, and ride along with them to make some easy profits. And the moving average line is the quickest way to establish the bias of the market (which way is it preferring to go?).

So once we’ve established the direction of the trend, we will be looking for a few basic things to happen which signal our reason to enter a trade.

So now that you understand that we are simply trading with the trend, I’ll now take you step by step through the process of exactly how to trade the Forex Cobra System.

System Set Up

This section will very briefly outline the system set up, explain the tools and indicators which form the system, and show you how they are plotted on your charts.

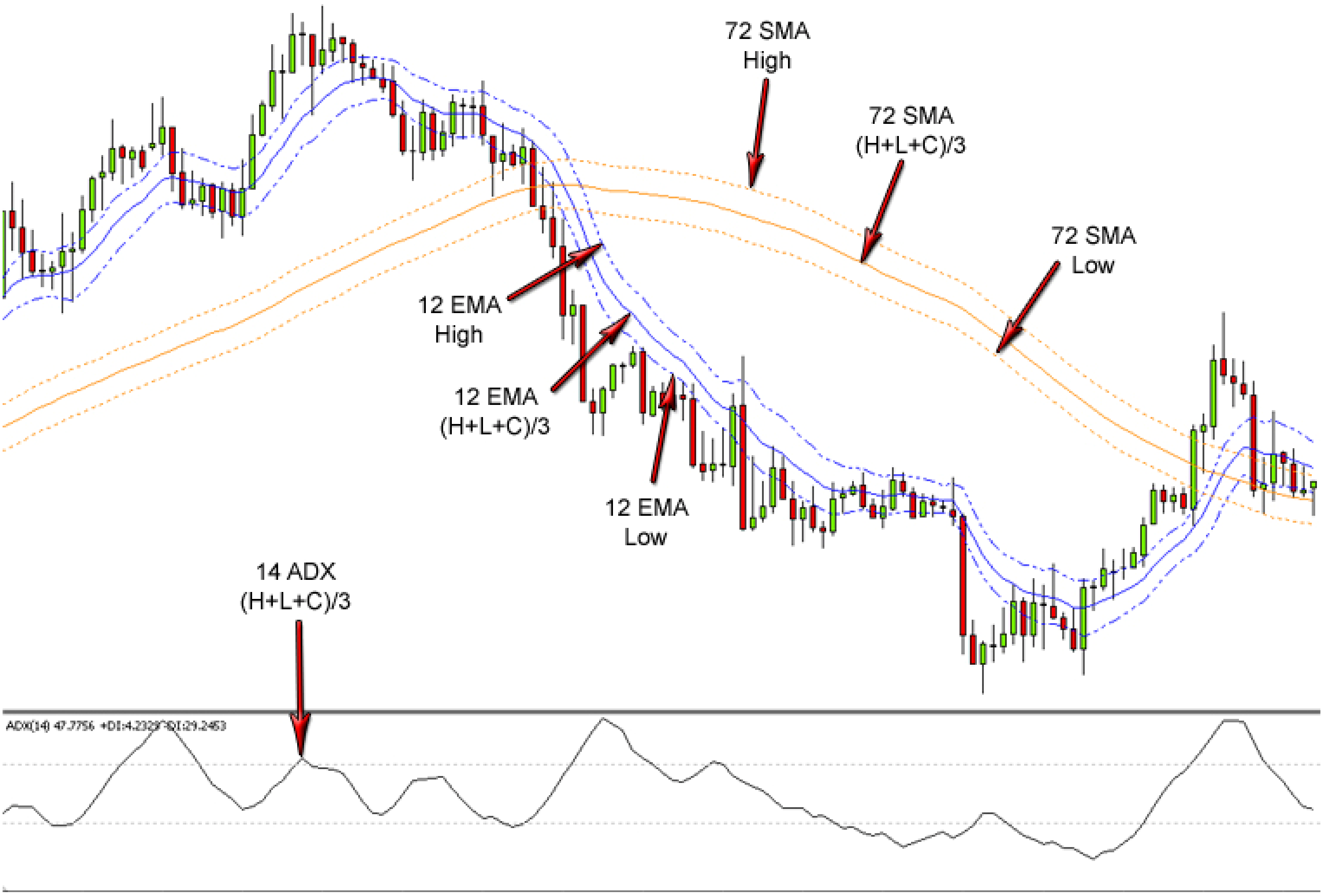
Don't worry if any of this seems complicated or confusing at this stage. I'm just showing you everything here so you know what's involved, and then the following sections will break it down and explain in detail how each element is used within the system.

If you don't understand the terminology or meanings of some of these things, don't panic.....they all get explained, and once you've read the entire manual, you'll realize how ultra easy this system is to set up and use.

Indicators:

This is in general a very clean system. When you look at the chart set up, you'll notice that there are in fact very few lines and indicators drawn on, which means the chart is very un-cluttered and easy to read.

There are actually only 3 indicators used in the whole system, even though initially it looks like seven. I've listed the individual indicators you need, and then I'll explain what each one does.



72 period SMA (Simple Moving Average) applied to the “typical price” (high+low+close)/3.
72 period SMA calculated off the high of each candle.
72 period SMA calculated off the low of each candle.

12 period EMA (Exponential Moving Average) applied to the “typical price” (high+low+close)/3.
12 period EMA calculated off the high of each candle.
12 period EMA calculated off the low of each candle.

14 period ADX (Average Directional Movement Index) applied to the “typical price”.

The 72 period SMA is a basic moving average line which calculates and plots the average price over the last 72 candles. So for our system, it’s taking the average from the pervious 72 hours (3 days).

The 12 period EMA is another moving average, but this time it’s calculating the average over the past 12 hours or half a day. And this MA is exponential which simply means it gives a little more weight or importance to the most recent candles over the oldest ones.

The MA’s can calculate the average of any part of the candles. So they can take the average of all the closes, highs, lows, opens, or a combination of them. That’s why you’ll see that I’ve set the MA’s to calculate a slightly different element on each line. *(It will all become apparent why as I explain the system in detail).*

The Moving Averages tell us the direction of a trend. If the line is moving up, it means there is an up trend, and if the line is moving down, it means there is a down trend.

The ADX is the Average Directional Movement Index, and it really complements the MA lines. This indicator in its most basic form measures the average direction up and the average direction down over a set period (in our case 14 candles or 14 hours) and then smoothes the calculation out by adding a Moving Average line between the two.

The indicator is used to tell us the strength of a trend. It doesn’t tell us the direction of a trend.

The ADX draws a line on a graph underneath our main chart. If the line is moving upwards, it means the trend is strengthening. If the line is moving downwards it means the trend is weakening.

There are also certain levels on the graph. When the line is below a certain level it means there is no trend at all, and when it is above a certain level it means we are in an extreme trend. *(Again all this is explained more clearly as I go through the system with you).*

And what you have there is everything you need in order to use this system.

I’ve included a template with the system that you can simply upload to your charts software, and it will automatically plot all these indicators perfectly on your charts, so there’s nothing for you to worry about.

Establishing the Short Term Trend Direction

This is the first element of the Cobra System. The idea is very simple and the basis of just about every trend following system ever devised.

We ONLY trade in the direction of the trend!

So the first thing that needs to happen is for us to establish the direction of the short term trend, and then get ready to trade in that direction.

The emphasis here is “short term”.

This is where the 72 SMA *(to keep it simple, from now on I’ll call this the Orange Line)* comes in to play. We use the orange line to help us easily identify the direction the market is moving in over the last 3 days.

It’s just the most straight forward principle you can get. If the orange line is moving upwards, it means the short term trend is up. Conversely if the orange line is moving downwards it means the short term trend is down.

Now as I have already mentioned previously, there is a draw back to the Moving Average……..it’s a lagging indicator. So the real price has already changed from one trend direction to another, BEFORE the moving average changes direction.

So we need a secondary indicator to establish which way we should be trading, to compensate for the delayed aspect of the MA.

And the indicator we use is the best indicator of them all:

Price!

When the price crosses the MA, we then change our trade precedent.

To put that in simple terms, if the price is above the orange line, we only take long trades.

If the price is below the orange line, we only take short trades.

That means we will only ever buy the currency if the price is above the orange line, and we only ever sell when the price is below the orange line.

This is a strict rule which is never broken.

This basic method does two very important things for us which makes the system so much more profitable than other trend following methods.

Firstly, it keeps us out of low probability trades. It prevents us from taking what may at first appear to be a good trade set up, which is in fact going counter to the prevailing trend and is therefore less likely to turn out profitable.

So it effectively reduces our number of losing trades by forcing us to ONLY trade in the direction of the trend.

Secondly, by relying on the moment that real price crosses the orange line to signal our change in trend direction, we can get in to new trends much earlier than if we were waiting for the orange line to finally change direction *(which could take several hours or more to happen because of the lagging nature of the MA).*

Most trend following systems use a 2 MA crossover to signal the change in trend direction, but that inevitably only happens “after” the change has already happened, and potential profits have been missed.

With the Cobra System, we use the price crossing the MA as the earliest possible sign that the trend is changing direction, which means we can capitalize on new trends before anyone else, and pick up bigger profits than everyone else.

So that’s all there is to the process of establishing the short term trend direction:

If the price is above the orange line, we only go long and buy the currency.

If the price is below the orange line, we only go short and sell the currency.

Nothing more…..nothing less!

Our Entry Signal

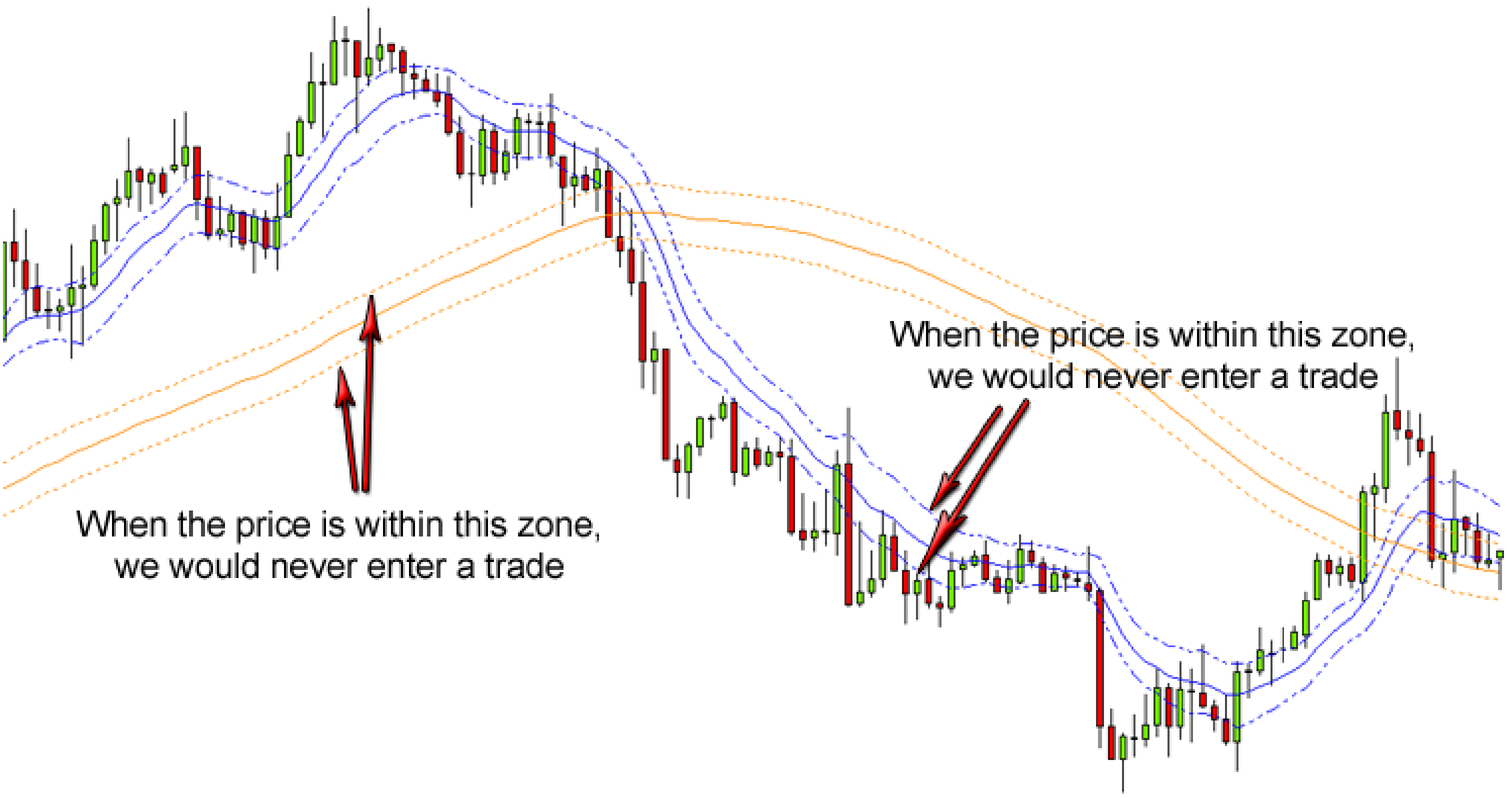
Ok so now we need to decide upon our reasons to enter the market in which ever direction the trend is telling us to go…….and this is where the 12 EMA enters the system. *(To keep it simple I will call the 12 EMA the blue line from now on).*

You'll notice on both the orange and the blue, I've used 3 lines. A solid inner line, with two dotted outer lines on either side.

The inner line is the true Moving Average which represents the average typical price over the last 72 or 12 hours respectively.

But a single line like that is too thin to be used in any way as an aid to entering the market on a trade. A thin line would result in too many false signals and losing trades, and that's why I've added the two outer lines to act as a buffer, or safe zone.

If the price is ever inside the buffer zone of either Moving Average, it's classed as a "no trade zone", and we DO NOT enter the market for any reason.



But…..

As soon as the price moves outside of the buffer zone, we are looking for entry signals.

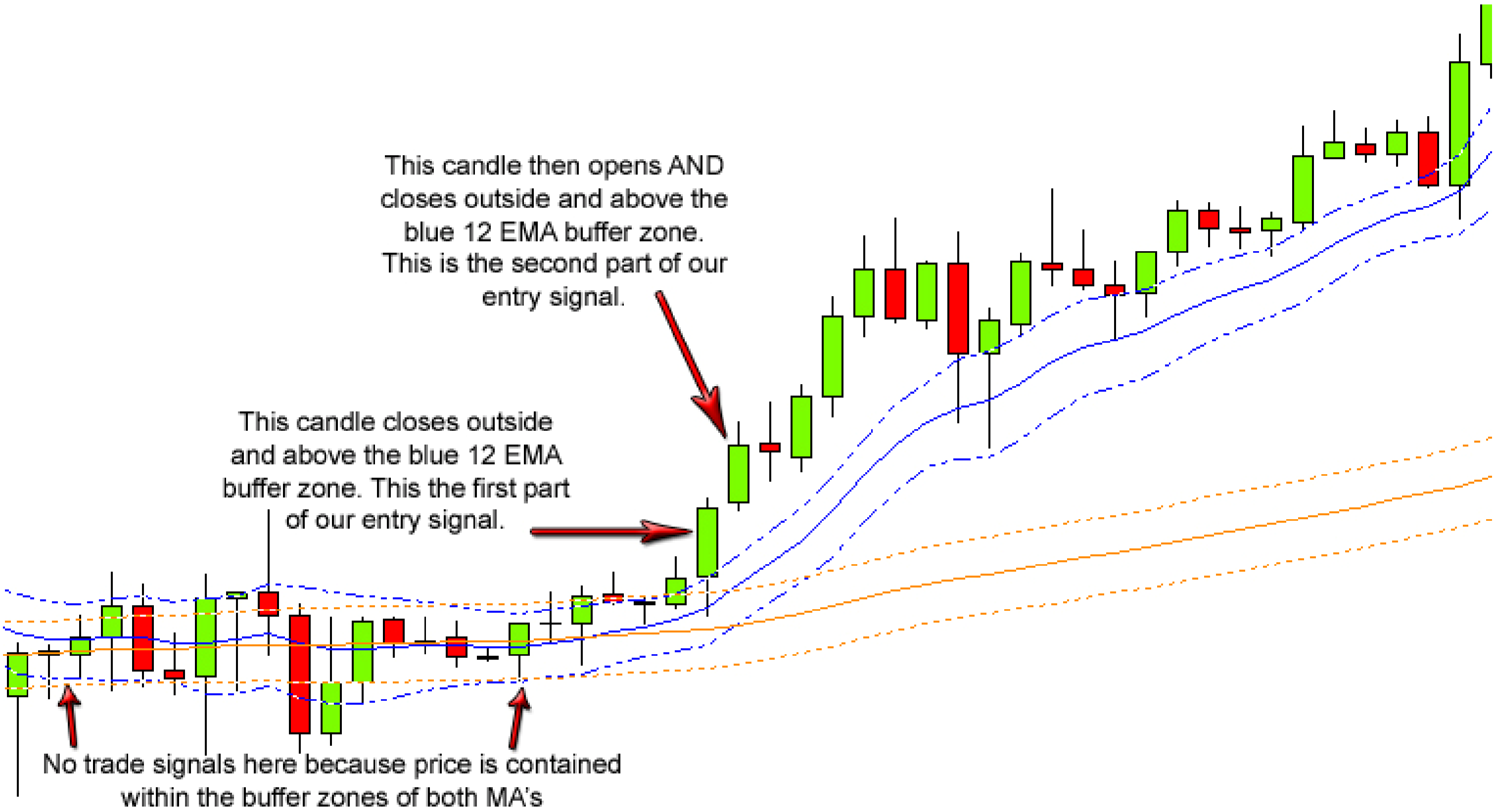
And the basic entry criteria are very simple.

First of all we need to see whether we are above or below the orange line so that we know which direction we are supposed to be trading in. For this example we are saying that price has moved above the orange line.

Once we know which direction we are trading, we look for the moment that price moves outside of the blue buffer zone on the side of our trade direction.

The signal comes in two stages. The first part is when a candle closes outside of the blue buffer zone in the trend direction. So if we are above the orange line, we wait for the price to close outside and above of the blue buffer zone.

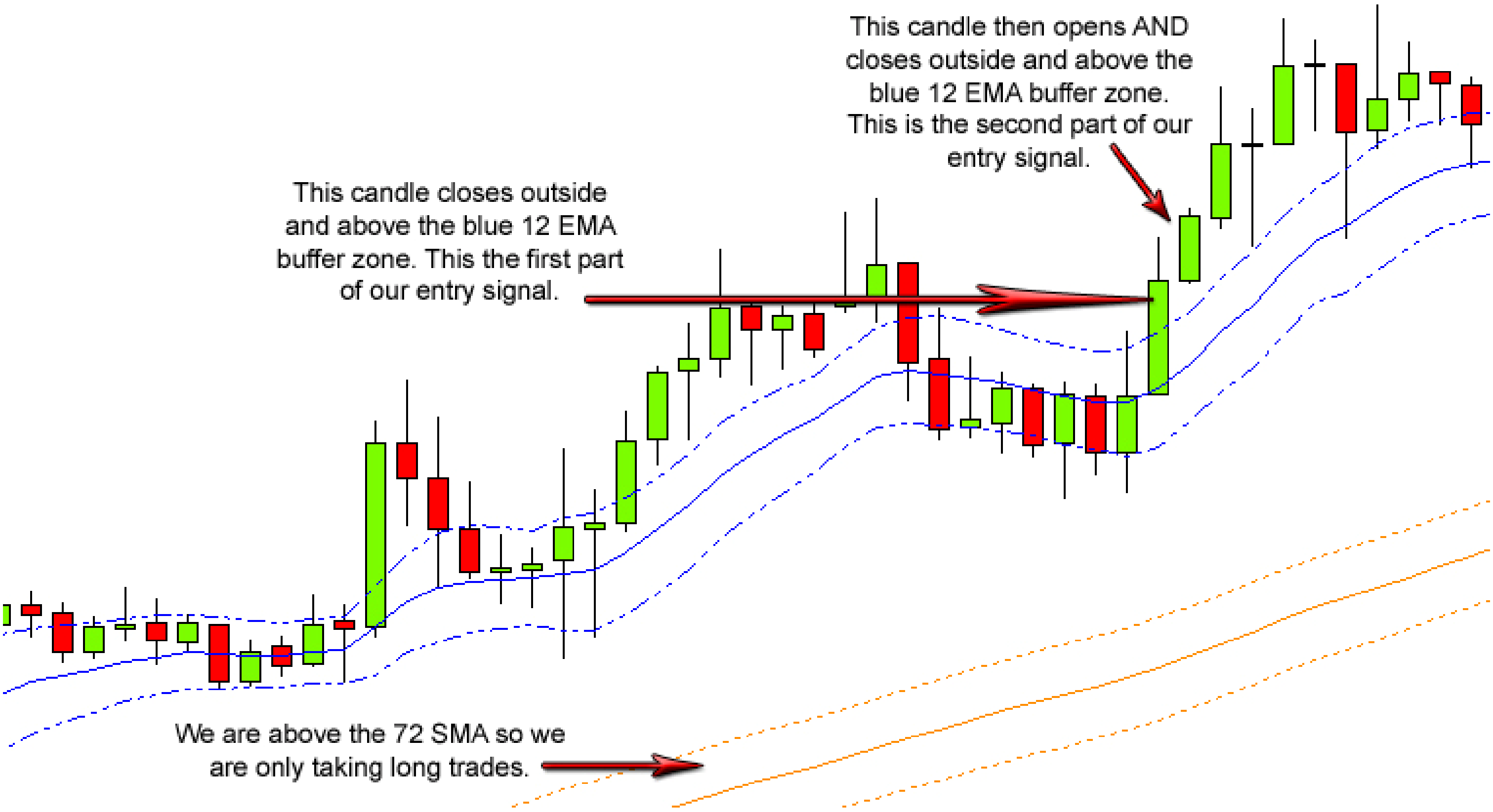
We then wait for confirmation in the form of another candle opening AND closing outside and above the blue buffer zone.



You should notice that the price has moved above the orange zone which means we are now only going to take long trades. We then get a candle which breaks out of the blue buffer zone and closes above the outside edge of the blue zone.

We then wait to see a second candle which opens AND closes above the blue zone (so effectively the second candle is completely separate from the blue buffer zone), and that's our basic signal to enter the trade and ride the new trend up.

I'll give you another example here to show you again to give you more clarification:



You'll notice that the basic entry signal is always made up of two candles.

The first candle has to at least close outside of the blue buffer zone. The second candle has to have the open AND close of the candle outside of the blue buffer zone, and it has to be the same color as the first candle.

So if you are looking at a long trade (buying), both candles should be up candles and vice versa if you are looking at going short (selling), both candles should be down.

If you do not get the two candles confirming each other in that way, then there is no entry signal whatsoever.

I realize that all this talk of "blue zones" and "orange zones", and candles opening and closing may sound utterly confusing as you read this for the first time, but I can promise you this is very simple, and you'll understand it once you've seen all the examples I give you in later sections.

The basic idea is we are waiting for price to break out of the blue zone before we enter the market with a trade.

Trade Filters

Most people think that the most important thing when trading Forex is to make money.

WRONG!

The most important thing is to NOT LOSE money!

If you've been trying to trade for some time now, you will already realize that it's very VERY difficult to avoid bad trades.

It's actually very easy to keep entering trades that go wrong, one after another, and take lots and lots of small losses. And those small losses can quickly add up to one very big chunk of your trading capital washed down the toilet.

Filtering out bad trades has become the search for the Holy Grail for Forex traders.

Unfortunately, there is no way to avoid all the bad trades. It's a guarantee that we will run in to bad trades and occasionally lose…..we can't completely eliminate that!

However, we can add some rules and filters to try to reduce the number of false signals we get, and limit the number of bad trades we run in to. And that's what the Cobra System does very well.

I've developed a number of filters for the system which act as a checklist to tick off before we commit and decide to enter the trade.

The previous section covered the basic entry signals we look for, with the price breaking out of the blue zone……but there are actually a number of other small criteria which we also need to confirm before we get a valid entry signal.

So I'll list the filter criteria below, and then explain each one in detail for you:

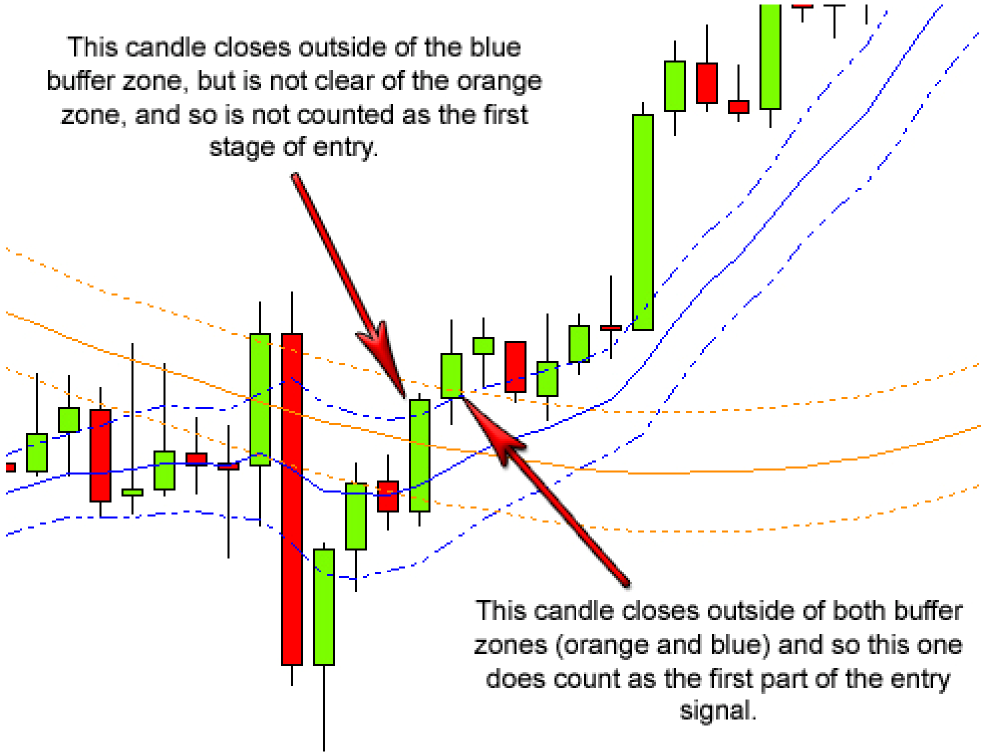
Trade entry criteria!

1. First candle must close outside of the both buffer zones.
2. Second candle must open AND close outside of blue zone, and must create a new high or low in the direction of the trend.
3. Second candle must NOT be a reversal candle.
4. The ADX must be above 22 and moving upwards.
5. No trade entries on Friday.

First candle must close outside of both buffer zones!

I've already explained the basic entry signal, and it's quite straight forward. But there are occasions when the price may be outside of the blue zone, but is still inside the orange zone.

If this happens, it does not count as the start of the entry signal.



Never forget that the most important, and first rule, is that price has to be above or below the orange zone before we even consider anything else.

If the price is within the orange zone, we effectively do not know which way we should be trading, so nothing else even matters.

So as in the above example, just because the price has broken out of the blue zone, it doesn't count, because it hasn't yet moved out of the orange zone. The first thing to check is where the price is in relation to the orange zone.

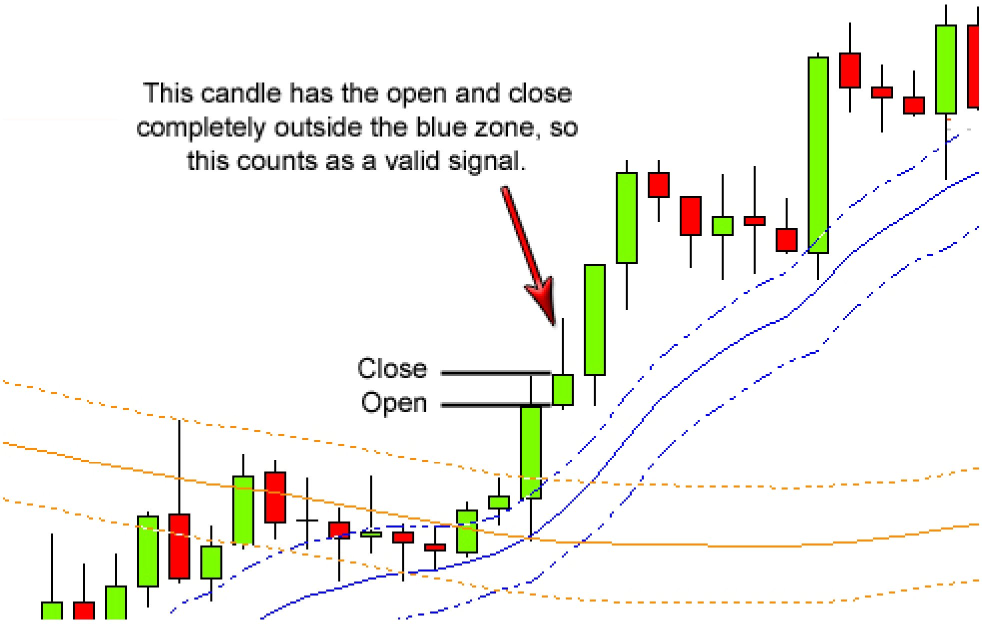
The second candle must open AND close outside of the blue zone, and must create a new high or low in the direction of the trend.

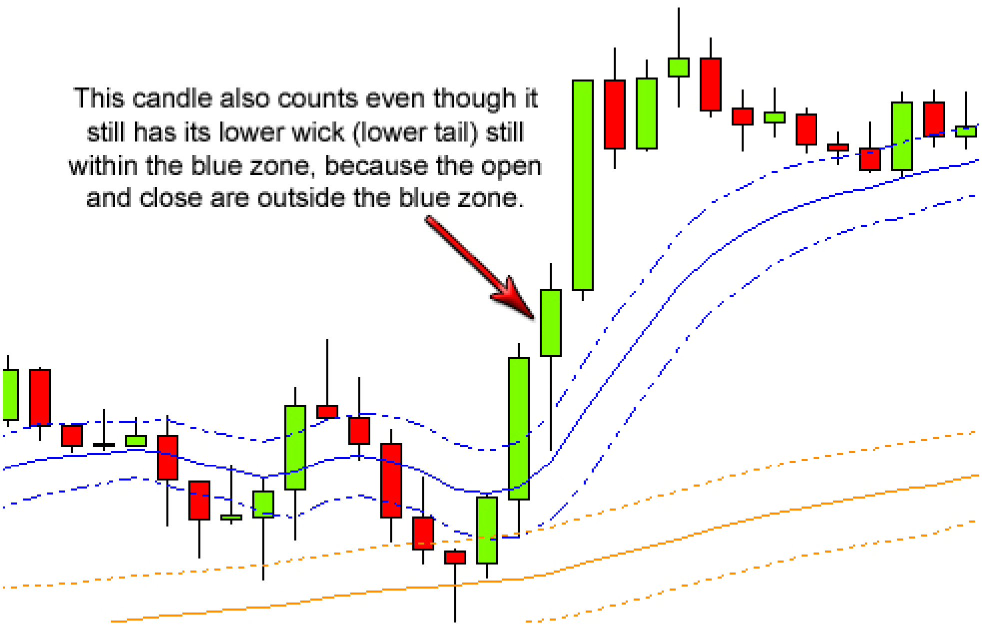
I've already explained that the second candle in the entry sequence needs to be completely outside of the blue zone, and you've seen some illustrations of that.

But it's vital as a filter to avoid bad trades, that the second candle is only counted if it is also the same color as the first candle.

These are two very important rules to remember.

So first of all the second candle needs to close completely outside of the blue zone:

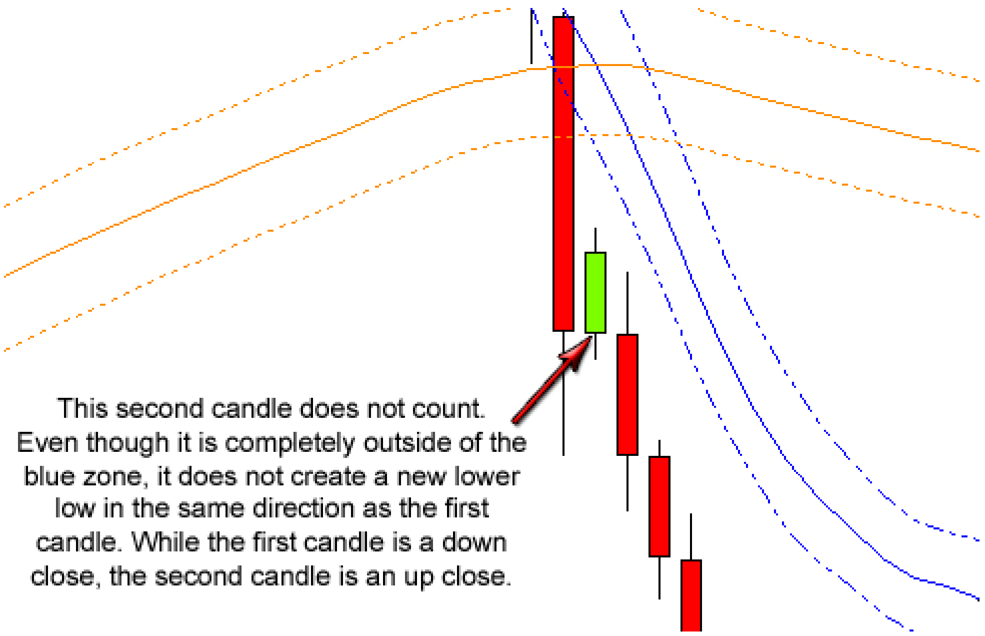




So you can see from the two examples above how the second candle needs to be going in the same direction as the first candle.

The second candle is basically a confirmation of the first candle.

If however, the second candle opens and closes completely outside of the blue zone, but is NOT the same color candle, it does not count.



You can see that in the above example, the entry criteria appear to have been met in as much as the first candle has closed below the orange and blue zones, and the second candle has is completely outside of both zones.

But…..

The second candle is suddenly going back in the opposite direction. It is not confirming the move direction of the first candle, and so the new down trend is not as likely to continue.

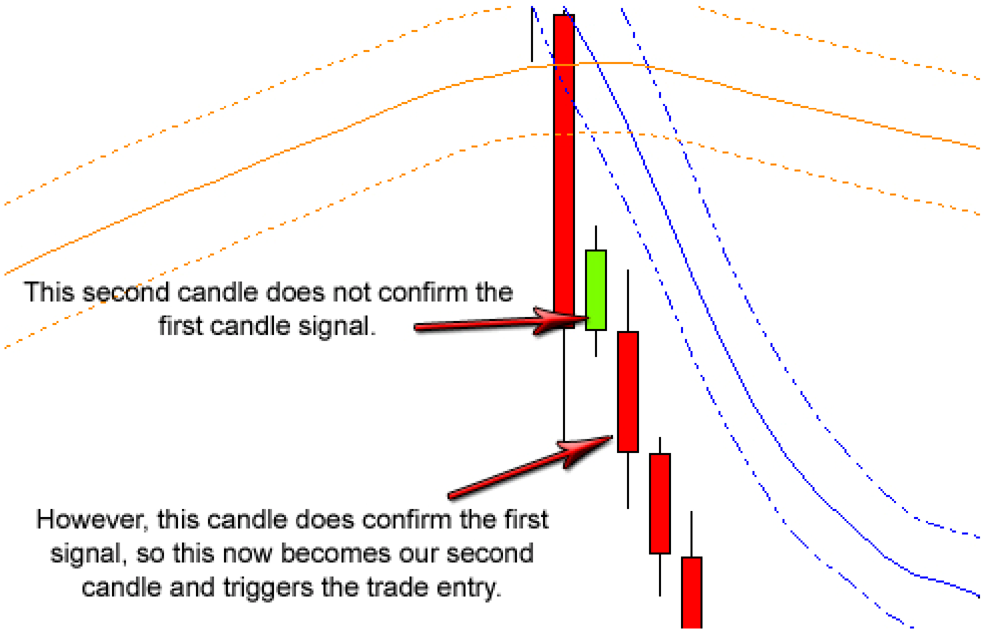
The second candle going in the opposite direction is an early warning that this trade may be a false signal.

The reason we have this filter in place is to act as confirmation. We wait for the second candle to form correctly outside of the blue zone, and in the same direction (color) as the first candle because this confirms that the new trend is likely to continue in the same direction. It's increasing the likelihood that the trade is a good one.

If we didn't use this filter, we would end up entering a lot of bad trades based on bad signals.

Of course, just because the second candle does not meet our entry criteria, it doesn't mean the trade is cancelled or forgotten. It just means the first candle signal hasn't been confirmed yet.

So we just wait for confirmation:



You can see how this process acts like a filter.

When the green "up" candle appeared, we didn't act, and we were potentially saved from entering a bad trade which could possibly turn against us.

However, when the next candle appeared, and closed as a "down" candle with a new lower low compared to the first candle, this acted as confirmation that the new trend was indeed heading downwards and we had a signal to sell the currency.

So all you've got to remember here is that the when the first candle breaks out and closes outside of the buffer zones, we have an early warning of a possible trade.

We then wait for confirmation in the form of another candle forming completely outside of the buffer zones, and in the same direction (color) as the first candle.

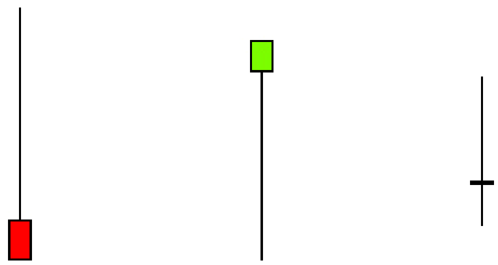
It's as simple as that! And again, you will see lots of examples in later sections, so this will quickly become very obvious and easy for you.

Second candle must NOT be a reversal candle.

There are a few candle formations which are typically viewed as reversal patterns. And when one of these reversal candles forms, very often the price of the market will change direction and go the opposite way.

And so because of this, if the second candle forms as a reversal pattern, we do not enter the trade, even if the candle meets all the other criteria (i.e. is the same color as the first, and is completely outside of the blue zone).

The reversal patterns I specifically mean are the following:



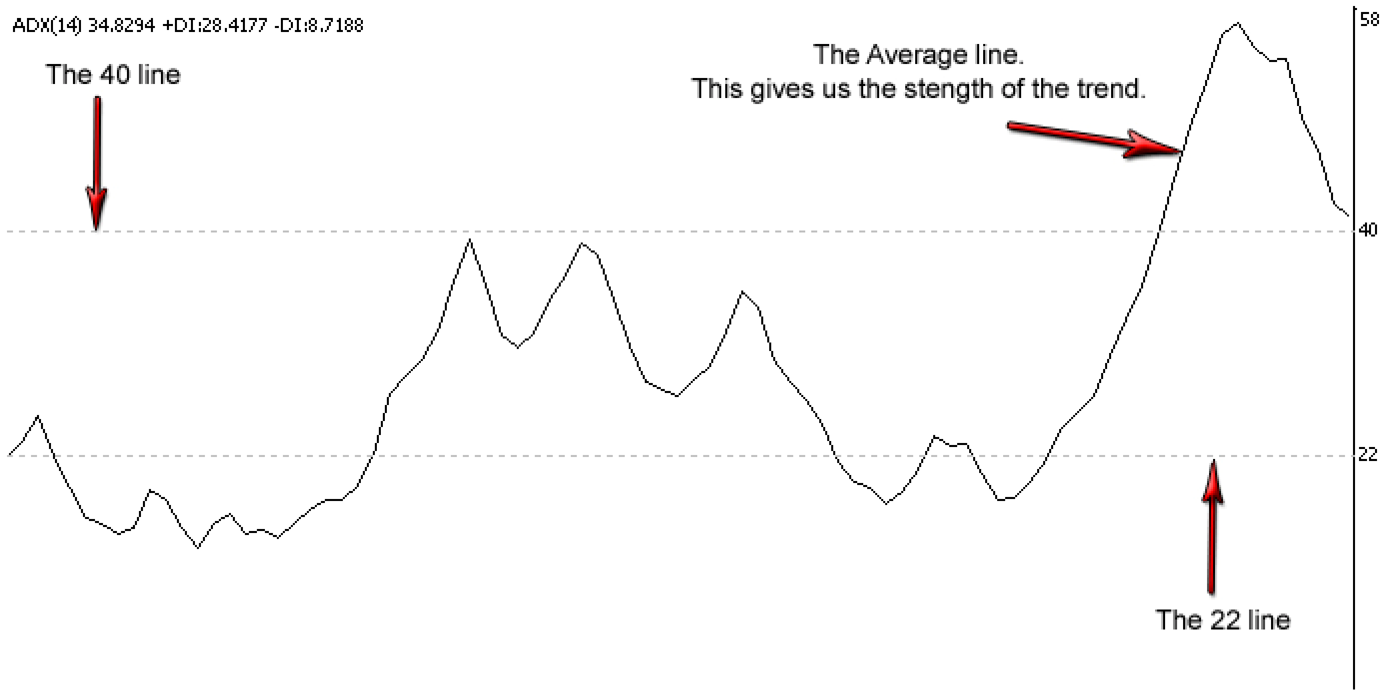
Basically reversal candles are where the open and close of the candle are very close together which causes the colored body of the candle to either not exist or be very small......and the tail/wick *(the long line)* is very long in comparison to the colored body.

This simple filter will keep you out of a lot of false signals.

The ADX must be above 22 and moving upwards

Earlier in the manual I explained that we use the ADX indicator, and I gave you a brief explanation of what it was and how it worked.

Now I want to show you the important part………how we use the ADX to help filter good trades from bad trades.



When the average line is below the 22 dotted line, it means there is no trend.
When the average line is above the 40 dotted line, it means there is an extreme trend.
When the average line is moving upwards, the trend is gaining strength.
When the average line is moving downwards, the trend is losing strength.

Whenever we see the two candles that form the entry signal, we immediately look down at the ADX to see where the average line is.

If the average line is below the 22 dotted line, we do not trade, regardless of anything else. We only consider entering a trade if the average line is above the 22 dotted line.

The 22 line is our marker. Anything below the 22 line is a no trade zone. Anything above the 22 line is a possible trade.

We also need to look at which direction the ADX average line is heading. If it is moving down, we do not trade because the current trend is losing strength.

If the ADX average line is above the 22 dotted line, and is moving in an upwards direction, we have everything aligned as far as ADX is concerned to signal a valid entry to the market.

The illustration below will show you examples of valid trades and non valid trades according to the ADX filter.

As you can see, the ADX is a very simple indicator and very easy to use as a filter to protect the system from bad trade entries.

The indicator will sit underneath your chart and move in exact sequence with the price on your chart. When the second candle forms to give us our potential trade entry, you simply need to glance down at the ADX and see where the average line is sitting and which direction it's pointing.

If anything in the ADX does not match the criteria I've just explained above, we do not have a valid entry signal.

No trade entries on Friday

Well this is very simple and straight forward. We do not enter trades on a Friday!

More false or bad trade signals are generated on a Friday than any other day of the week, so it just makes sense to stay out of new trades at the end of the week.

The reason for this is because of the way the market behaves at the end of the week and over weekends.

First of all, the markets are very quiet and indecisive on a Friday. Everyone is winding down for the weekend and fewer people are committing to trades. This means the market will often move back and forth quite a bit, without having a clear direction, and this can trigger multiple false trades first in one direction and then another.

It can also lead to whipsaws which hit our stop losses more often.

You will also find that the market often "gaps" over the weekend. This means that the price will open on Monday morning in a significantly different place to where it closed on the Friday.

So you may enter a good trade Friday, but on Monday the market opens in a totally different place and your winning trade has turned in to a losing trade.

If the trade is a good one which is genuinely going to follow a new trend, then the trend should last and we can wait until Monday before we enter the market in a much safer manner.

It's just not worth the risk of opening a new trade on a Friday.

So that's two very good reasons not to enter new trades of Fridays.........

Too much indecision leading to false signals and the risk of over the weekend gaps appearing.

However, this rule only applies to opening "new" trades. It doesn't mean that we close all trades over the weekend.

If we open a trade on Monday and it is still in a strong trend with no sign of slowing down, we would be foolish to close the trade just because it's Friday.

Once we're in a long trade with a good trend, market gaps and temporary whipsaws are not going to effect us.

The most dangerous time of a trade with trend following systems, is the period immediately after opening the new trade, and that's why we don't take the risk on a Friday.

But already open trades which are doing well should be left open on Fridays and over the weekends.

The whole point of a trend following strategy is we stay with the trend for as long as possible to gain as much profit as possible, and that very often means leaving trades open for many days or even weeks.

If we really hit a good streak, we could potentially leave a trade on for months!

So this final filter simply applies to new trades. If you see a trade set up appear on a Friday....it automatically gets filtered out as a "no trade".

Exit Strategy

So far the Cobra System has shown you a highly successful entry strategy combined with careful filters to limit potential losses.

So knowing when to enter the market should now be reasonably clear *(if not, don't worry, you're going to get lots of visual examples in the next section)*.

But believe it or not, entering a trade is not the most important aspect of successful trading. The difference between profit and loss almost always comes down to when you exit the trade.

The problem for most new traders is that as soon as they are in profit, they are overcome with fear…..fear of losing the small profit they have made…….so they close out of the trade too early.

They take a small profit, but miss out on some potentially massive moves.

The whole point of a trend following strategy is to capitalize and take advantage of big moves which happen in a trend. So the last thing we want to do is close out of a trade too early.

But the question is where do we choose to close out?

Do we set a profit target of maybe 150 pips, and then when price reaches that level, we close out and take our money?

Well if we did that, how would you feel if you closed out at your 150 pip target, but then the market continued trending for a further 1000 pips which you've just missed?

No, a set profit target is not a good idea with a trend following system. The whole idea of following trends is to try to catch the big moves and get those massive home run trades which make an absolute fortune.

Ideally we want to stay in the trade for as long as possible……until the trend is over!

And so I've developed an exit strategy which works on a very similar basis to the entry system.

I use the buffer zones of the blue EMA line to signal the most profitable times to exit my trades, and this is what I'll show you next.

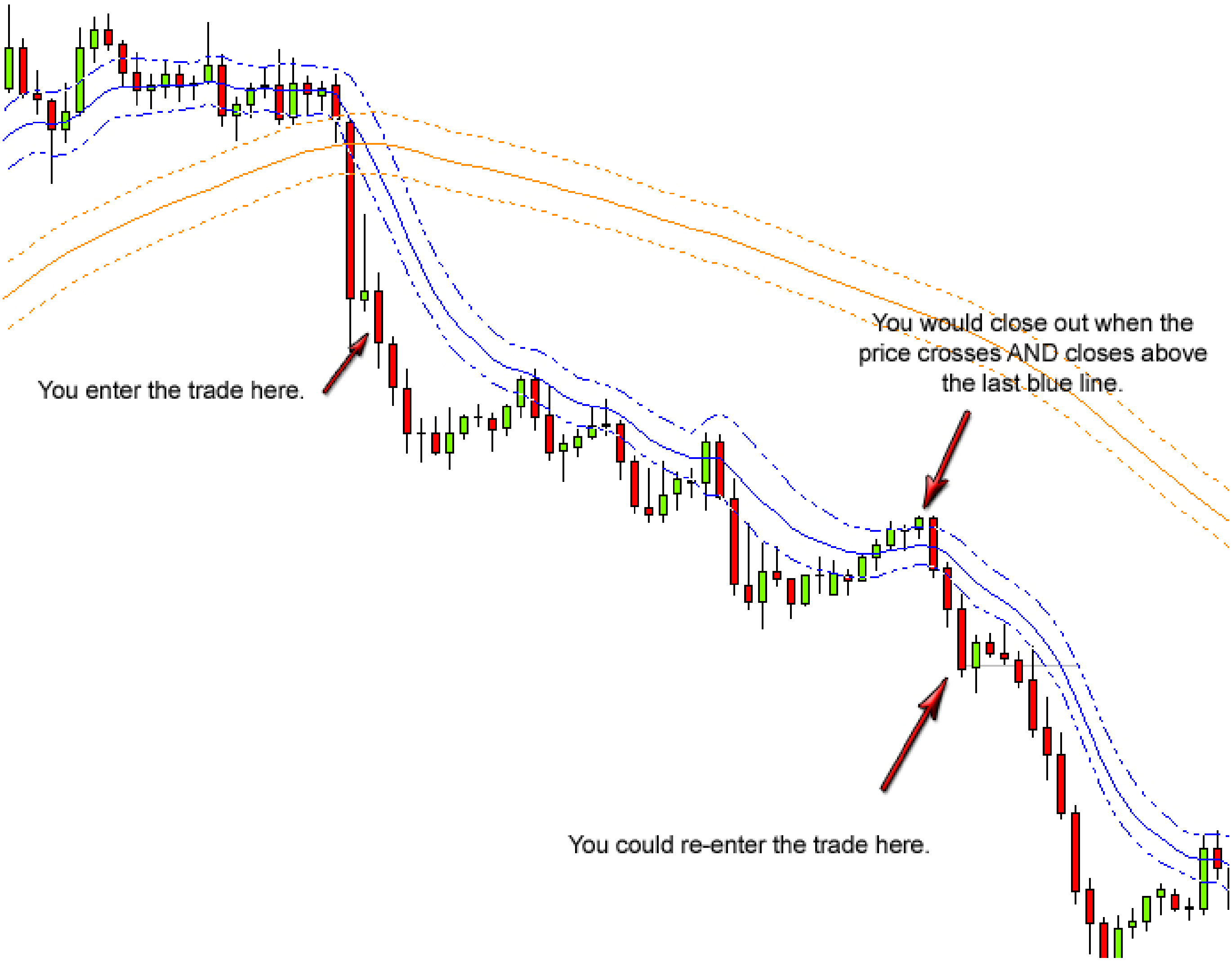
Basically we will be watching for when price re-crosses back across the blue zone against the direction of our current trend.

And by doing this we are effectively running a dynamic exit strategy which follows the real market price following the trend, and keeps us in the trade for as long as possible when things are going our way….and closes us out as quickly as possible as soon as the trade turns against us.

So we maximize our profits and minimize our losses.

The exit is simply signalled when the price crosses and closes on the other side of the blue zone.

So suppose you are in a short trade following the trend down. You would close out of the trade when the price crosses back up through the upper dotted blue line:

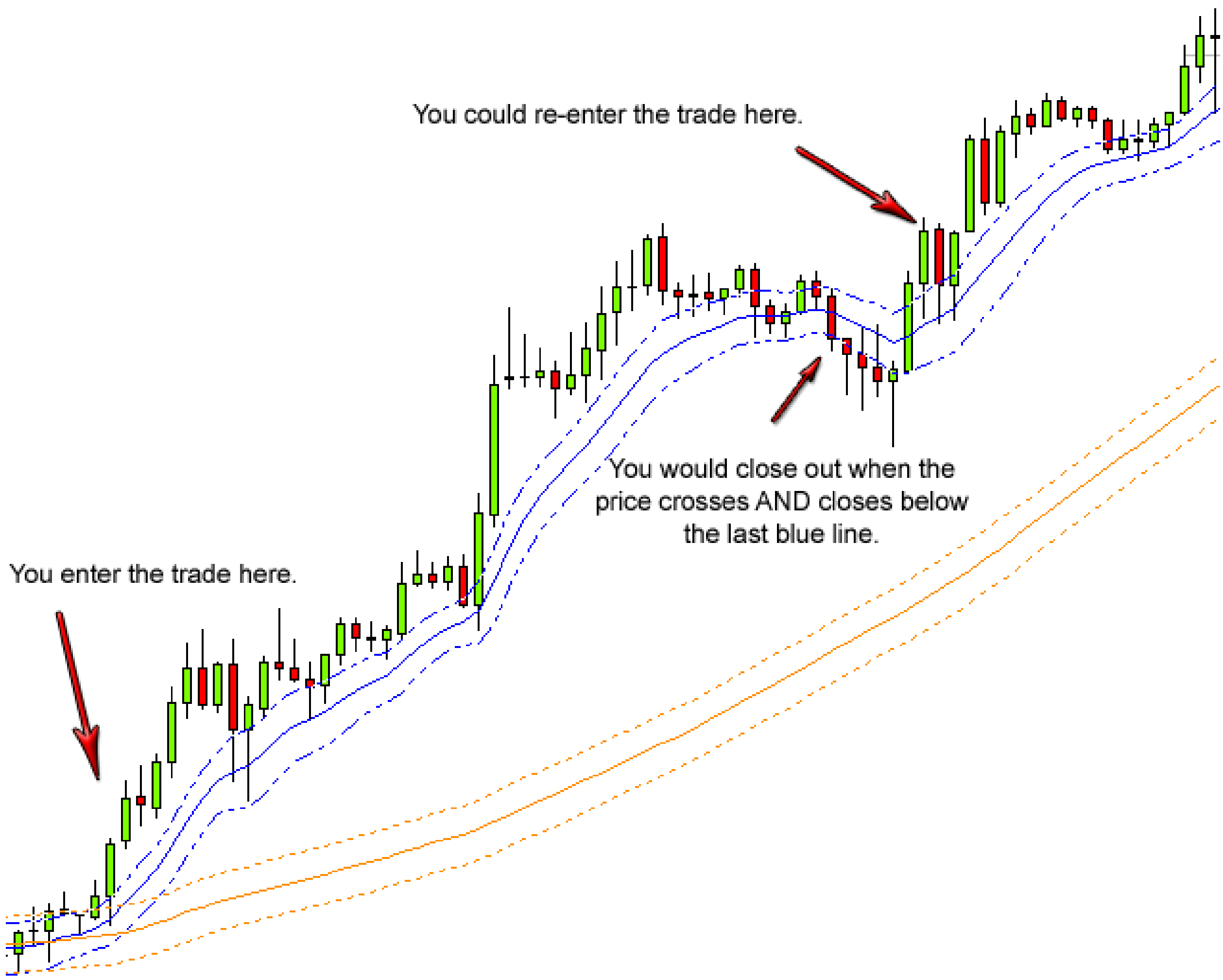


In the example above you can see that we stay with the trade and ride it down until it appears the trend is turning against us and about to move back up. The price has crossed back over the blue zone and looks like it is about to continue up.

Normally this gets us out of the trade at the most profitable time. It allows us to stay in the trade without panicking and closing out too early, but at the same time closes us out early enough so that we don't give back too much profit when the market genuinely is changing direction. The upper blue line of the blue zone is effectively acting like a dynamic trailing stop loss.

In this example you can see the price does actually continue down after we have closed out….and that's not a problem. You can see immediately after closing out, we get another perfect entry signal, and could have re-opened a trade in the same direction and followed it on down for even more profits.

Here's another example, but this time on a trade following the trend upwards:



You can probably see that there are actually lots of potential places where you may have been tempted to manually close the trade if you were looking at this without a plan and without a system…..but you'd have missed some big profits.

This exit strategy is designed to keep us in profitable trades as long as possible to ride the trend as far as we safely can, but still get us out of the trade as quickly as possible when things are seriously looking like turning against us.

Again, just like the entry signals, we are relying on the actual price to give us the signal rather than the lagging indicators. And by using this strategy we are able to react much more quickly to changes in the trend, and therefore maximize our profits.

It's an extremely simple system, but extremely powerful.

Hopefully you're starting to see that the best systems do not need to be complicated or fancy to be able to make a lot of money.

Stop Loss

The stop loss is put in place as the name suggests to "stop our losses". Never ever trade without using a stop loss!

We never know before we enter a trade whether it is going to work or not. Remember, no system is perfect and you will ALWAYS run in to bad trades which lose during the course of normal trading.

And so we need to have a cut off point that gets us out of the trade and limits our loss to a minimum. And that's where our stop loss comes in to play.

The problem for most people lies in deciding where to put a stop loss, and unfortunately most people put them much too close to their entry point.

Here's the thing:

The markets need room to move….room to breath!

No matter how much momentum there is in a market, no matter how strong the trend is, the market is highly unlikely to move just in the one direction. Price is constantly moving backwards and forwards, even when the overall move is in one direction.

So, if you decide to enter a long trade and you buy the currency, and you place a stop loss, let's say 20 pips below your entry price……there is a very good chance that the price will fluctuate and move back down to close you out, before it eventually moves back up and carries on in the direction you thought it was going to go.

So even though you picked the right direction, and the market moved up the way you expected it to….you still lost!

This is what happens to nervous and inexperienced traders all the time. They're so worried about losing, and so careful to keep their losses small, that they put their stop loss too close to their entry point, and end up getting closed out far more often than they should.

And this actually means they end up losing more money from their many small losses, than if they'd just taken one big loss.

So the real secret behind keeping your losses small is to use a stop loss that gives the market the right amount of room it needs to breathe, so that you get closed out far less often, and yet still protects you when the market is clearly going against you.

What this means is we use a bigger stop loss than you may be used to.

Now normally when I explain this to new traders they start to panic because they think a big stop loss means a big loss when it gets hit.

That's not true! The size of your stop loss has no effect on the amount of money you lose if the stop loss is hit. It doesn't matter if the stop loss is 5 pips or 500 pips….the amount of money is exactly the same.

If you're new to trading, that may sound strange or even complete crap, but I assure you that if you were exercising correct money and risk management, you'd understand this in a second.

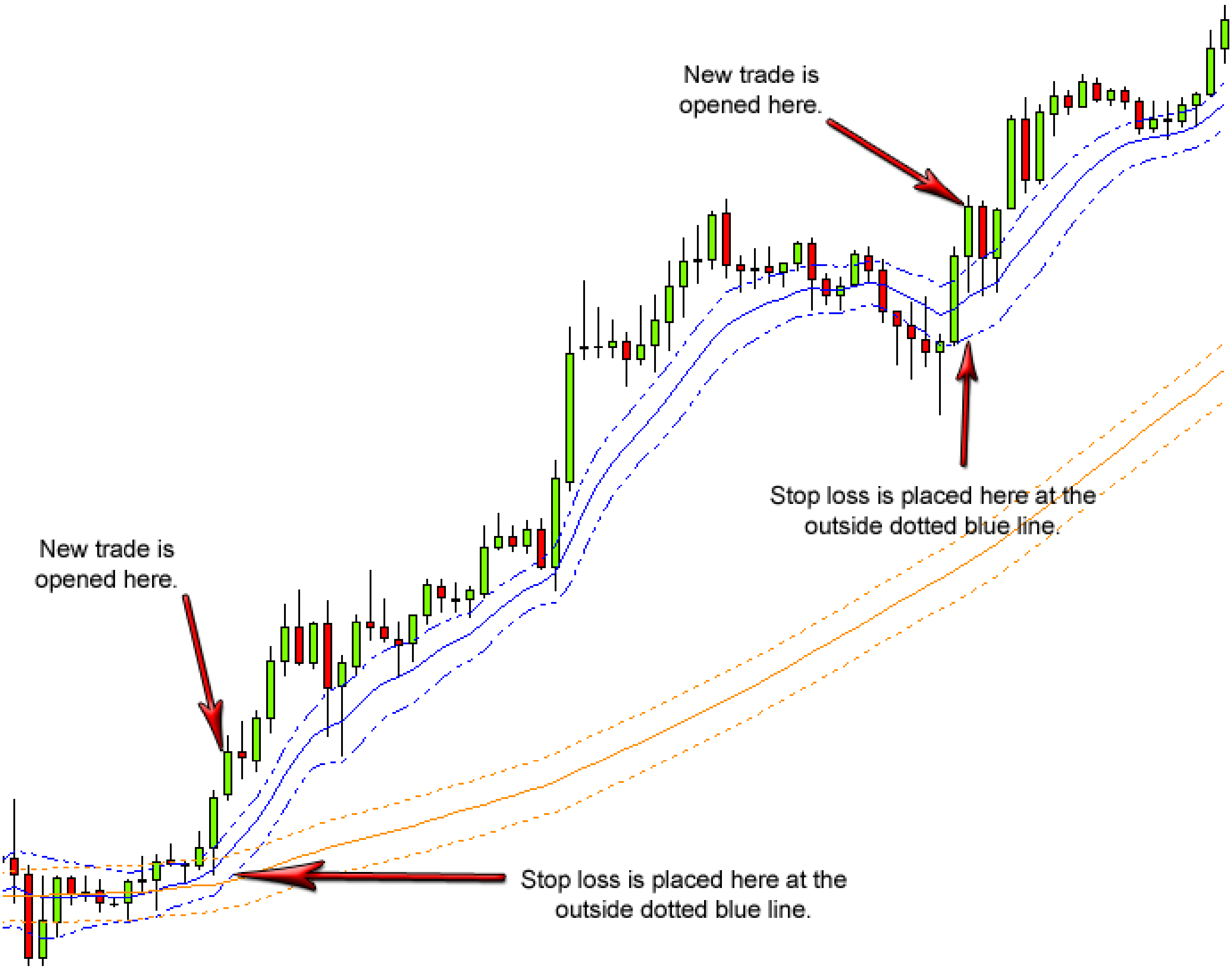
(The next section will talk about your money management in just a moment.)

For now I just want to explain where to place your stop loss with this system, and how to manage it and move it with your trade progression.

As with the rest of the Cobra System, my stop losses are placed using price and the blue moving average zone.

It's very simple:

Where ever I enter a trade, I draw a straight line back to the blue zone and place my stop at the outside dotted blue line:



So you've always got a very obvious visual position on your chart as to where to place your stop loss when you enter a new trade. You don't have to go looking for complicated pivot points, support & resistance or anything else.

Of course using this method means that the actual pip distance the stop is from the entry point will vary on every trade.

Sometimes it's a 30 pip stop loss, and other times it's 80 pips. Remember this makes no difference to the amount of money you're risking….as I will explain in the next section about money management.

The reason we use this method for determining the stop position, is because it is always proportional to the trend and will most often give just the right amount of breathing space for the market to move about comfortably.

When the market is volatile and the trend is strong, the stop loss will increase accordingly to accommodate the conditions.

When the market is slower with less movement, the stop loss tightens up accordingly to adapt to the different conditions.

It's an adaptive stop strategy, just like the rest of the system, which changes as and when the market conditions change.

This is 100% more effective and accurate than using fixed stop loss positions like most other strategies employ.

Now, when the trade is open, we don't want to simply leave the stop loss at the same position for the whole time. Our main aim is to "not lose money", so we want to reduce the risk as soon as we can.

And for that we use a trailing stop loss!

This means we move the stop loss as the real price move away from our entry point.

So assume we've entered a trade with a 50 pip stop loss, and the price is going in our favour and we are in profit. In this case we move the stop loss up a little closer to where we entered.

We are moving it up to a point where we are at break even!

So, if the price moves 10 pips in profit, we move the stop loss up 10 pips. So the stop is still 50 pips behind where real price is, but it's now only 40 pips from where we first entered.

If the price moves up another 10 pips to 20 pips in profit, we move the stop up another 10 pips. So again it is still a full 50 pips behind the current price, but we are now only 30 pips away from the point we entered at.

We carry this on until the stop loss is at the same level as where we first entered the market.

We've "trailed" the stop loss an equal distance behind the real price, but all the time it's been getting closer and closer to our entry point.

So if we entered the market with a 100 pip stop loss, we would trail it up at a constant 100 pips behind the real price until we reached the break even point.

So for example if the price moved to 100 pips in our favour (we are 100 pips in profit), the stop loss has moved up to the exact level at which we entered the market, (so 100 pips behind where the new price currently is).

We constantly move the stop loss up in increments of 10 pips, all the way up until we reach the break even point.

What this does is reduce our risk as price moves us in profit.

Initially as we enter the trade, we are potentially going to lose 50 pips (if that's what our stop loss is set to). But if the price moved 20 pips in to profit, we would move the stop loss up by 20 pips, so it is now only 30 pips away from where we first entered.

Now if the market suddenly reversed on us and came back in the opposite direction, instead of losing 50 pips, we only lose 30. We've reduced our risk!

This strategy limits our risk and losses as quickly as possible.

Now, once we have reached a break even point (our stop loss is at the same level as where we first entered the trade), we leave it there and stop trailing.

Do NOT carry on trailing the stop loss from the break even point!

From this point on, we are using the blue zone to trigger our exit from the trade, just as I explained in the previous section.

Remember we are using a trend following system, so we want to ride the trends for as much profit as possible, which means letting the market fluctuate. So as soon as you reach break even, leave the stop loss alone and wait for the price to move back past the blue dotted line to signal the exit.

The reason we trail the stop initially is to reduce our potential losses. The most important thing is to "not lose". Once we've achieved that by getting the stop loss up to break even, there is nothing to worry about…..we can't lose anything.

And so from this point we can just leave the market to move about, breath and fluctuate as much as it wants as it follows the trend, and we only finally exit when the price crosses over the blue zone.

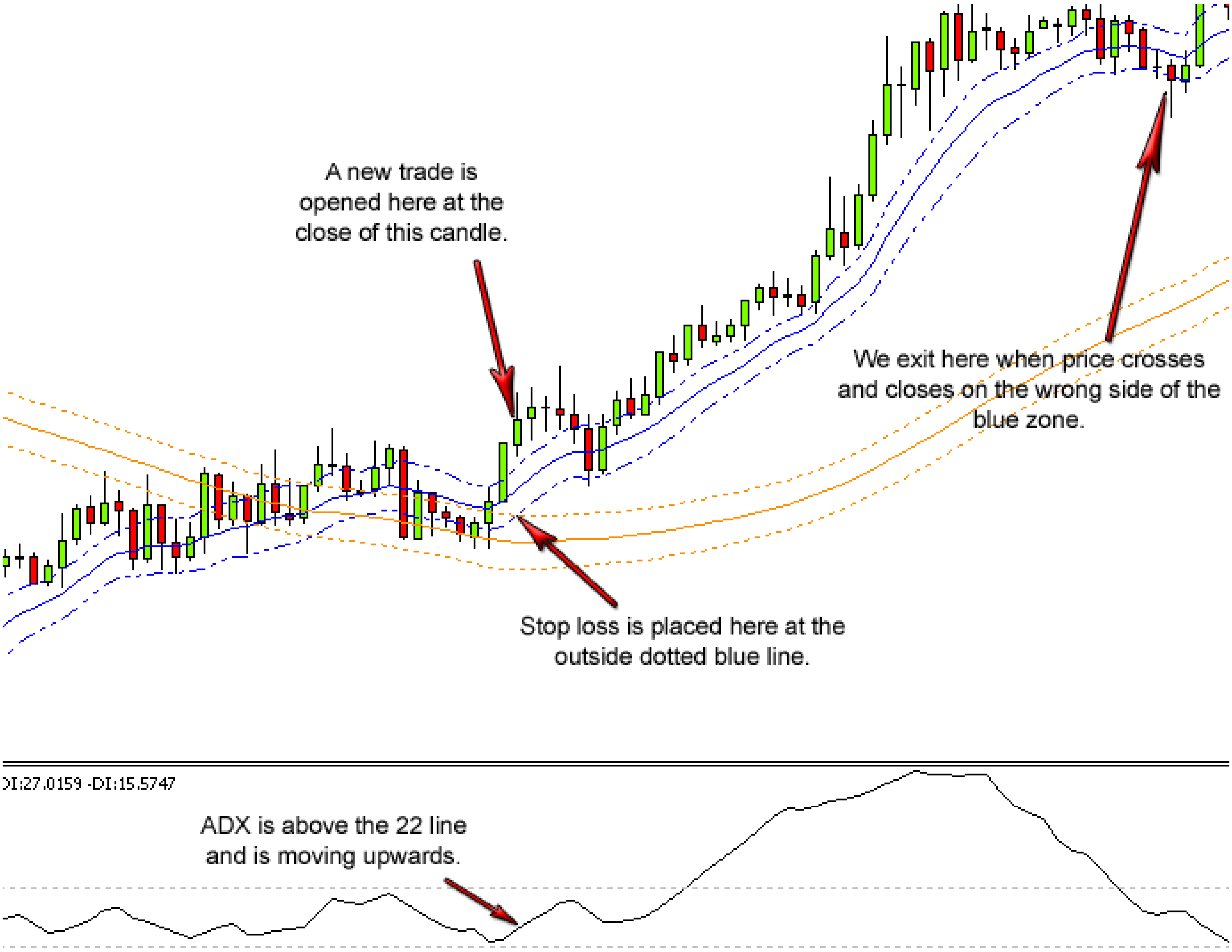
Again, just like the rest of the Cobra System, the stop loss is a very simple and straight forward mechanism.

Trade Examples

In this section I've included some examples of trades we would have taken, and a few trades which we wouldn't have taken so you can see what to look for when using this system.

Take a look through the series of illustrations so you can get a good feel and understanding of exactly how this system works, and note all the elements which contribute to making the decision to trade or stay out of it.

Here's another good trade we would've taken when the signal was given and confirmed by all the indicators and filters.



Here's another trade to the downside where we would have gone short and sold the currency.

Now you've got an example of a trade set up which we wouldn't take because not all the filters were in agreement.

You can see in this example how the ADX help filter out a bad trade which would have made us lose money if we'd gone ahead and entered based purely on the candlesticks.

The ADX was telling us the trend was weakening and was unlikely to last, so this simple filter saved us from a bad trade.

This example illustrates the reversal candle filter:

You can see this time that everything was looking good for a short trade (sell). The price had broken below both the orange and the blue zones...we had a second candle closing completely outside of both zones......and the ADX was telling us the new trend was strengthening because the average line was above the 22 line and was starting to move up.

But......

The second candle formed as a reversal candle which was our warning sign not to take this trade.

And as you can see, this simple filter saved us from a very bad trade which would have immediately stopped us out.

Money & Risk Management

This section is going to talk you through the money management aspect that I mentioned when I explained the stop loss strategy earlier in the manual.

Let me explain:

Most new traders simply trade a set dollar amount on every trade. So for the sake of argument, let's say you have decided to trade $10 per pip (which is the equivalent of 1 standard "lot" in Forex).

So if you were to set a stop loss at 30 pips, and it got hit, you would end up losing $300 right? ($10 X 30 pips = $300).

Now on this basis, if you were to set your stop loss at 100 pips and it got hit, you would end up losing $1,000 ($10 X 100 pips = $1,000).

And this is why most people set their stops so small and close to their entry point, because they think the bigger the stop loss, the more money they will lose.

If you're trading in this manner, you are definitely going to end up being a losing trader!

Professional traders do not work in this way. The correct way to set stop losses is as a percentage of your overall account capital.

This is proper money management!

When you consider your stop loss, it should have nothing to do with a Dollar amount.

Money never enters in to your stop lot size decision.

The first thing you do is establish how big the stop loss is going to be, depending on the rules of the system. If that means you have a stop loss of 5 pips or 500 pips…so be it.

Once you've established how many pips your stop loss is going to be, you then need to decide how much of your overall account trading capital you're prepared to risk.

Again, this should not be done on a Dollar amount, but instead it should be worked out as a percentage of your overall account balance.

Now I would recommend for professional, sensible, low risk trading, you should only ever risk between 1-3% of your overall balance on a single trade.

So assume you have a $10,000 account, and you've decided you're prepared to risk 2% of that balance on a single trade. That works out at a total of $200 you're prepared to lose. *(2% of 10,000 is 200).*

You now know the Dollar amount you're prepared to risk on this individual trade.

Now all you need to do is divide that $200 amongst the total number of pips you've already established as your stop loss size.

So if you're stop loss is going to be 50 pips on this particular trade, you would divide $200 (your 2% risk) between 50 pips, and you get a value of $4 per pip.

You now know exactly what amount you're going to trade per pip……$4. If you lose the trade, and your 50 pip stop loss gets hit, you've just lost $200 which is just 2% of your overall account.

Using the same principle, if your stop loss was 100 pips instead of 50, you would take your $200 risk *(2% of your total account)*, divide it by the 100 pips, and you get a value of $2 per pip.

This time if your stop loss of $100 gets hit, you've still just lost $200….exactly the same amount of money as in the first example where the stop loss was only 50 pips.

Can you see that the size of the stop loss is irrelevant so long as you use proper risk management and only risk a small percentage of your account on each trade.

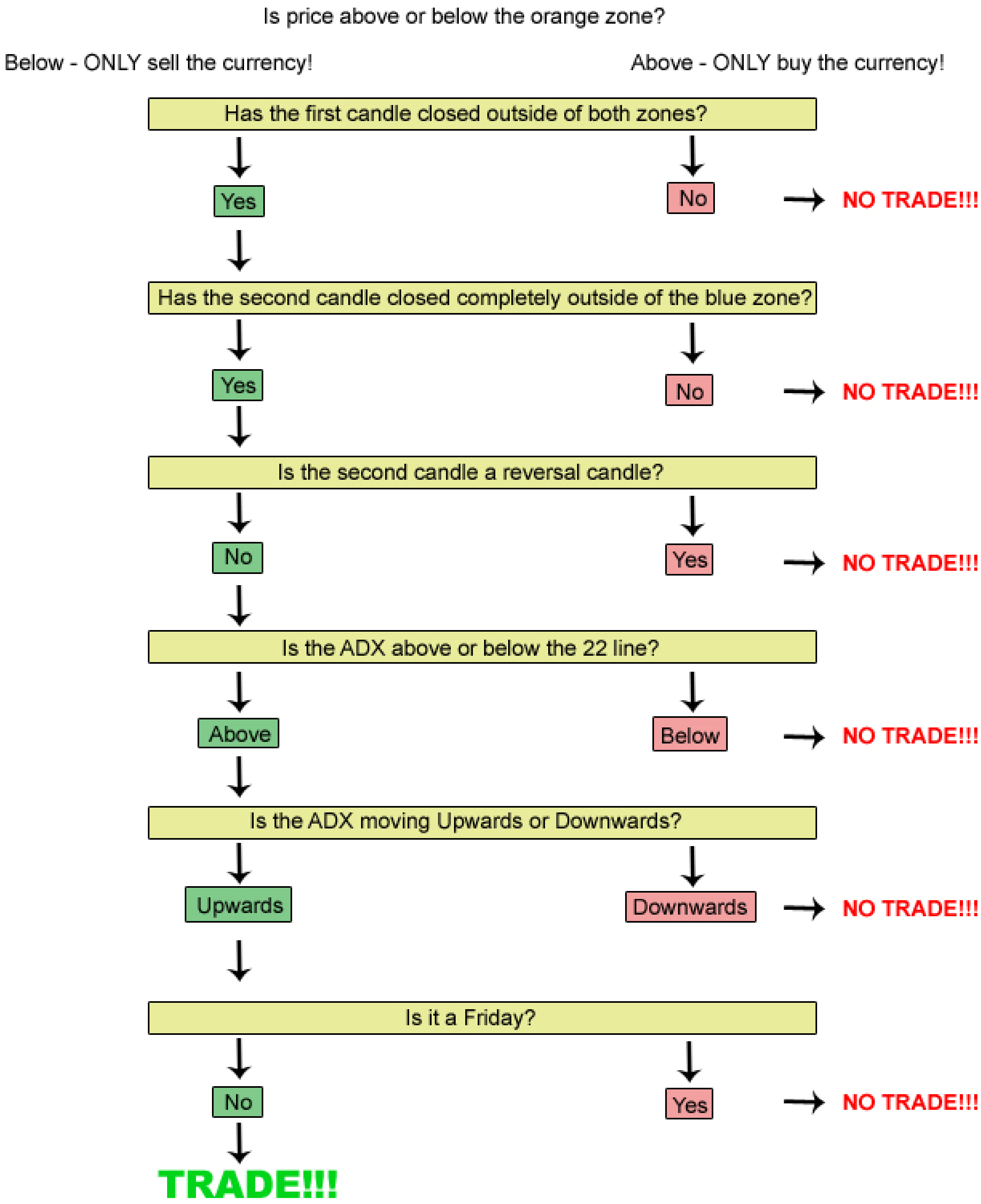
It doesn't matter what size the stop loss is, because you change the dollar per pip value on each trade to match your 2% risk *(or whatever risk value you decide is right for you).*

If your stop loss is 5 pips or 500 pips, you will still only lose $200 using the method I've just described. And this is exactly how you should manage your risk and money planning when using the Cobra System.

If you stick to this principle, you'll find that the inevitable losses which you will occasionally run in to, will have very little impact on your account or your profits. This is the method which the pros use to capitalize on the biggest profits.

Trade Entry Checklist

I’ve put this page together to give you a quick reference point to follow when you’re trading the Cobra System.



Summary!

So there you have the Forex Cobra System!

It's not a complicated system, but it is incredibly powerful, and when traded correctly and strictly, it will make a lot of money!

The key with any system is to stick to the rules. These rules have been worked out and calculated after a lot of hard, complex testing and trials. These are the optimum settings for the best results.

Remember…..no system is 100% perfect, so when you occasionally run in to a loss, do not suddenly start trying to adjust or alter the system. A loss (or even 3 or 4 in a row) does not mean the system is broke or not working. Losses are part and parcel with any trading.

The difference between a profitable trader and a losing trader, is simply that good traders stick with their system, and bad traders jump from one system to another every time they experience a loss.

You WILL lose some trades! It's impossible to filter out every bad trade, without giving up trading altogether!

So just accept the small losses as part of the cost of this business, and believe in the system to make you big profits over the long term.

This system can change your life in a very short period of time if you just follow the rules and run the system the way it has been carefully designed.

I genuinely hope you put this to the test and let it work for you. You'll see some truly staggering results when you run this, and I know you'll love it………

So please; get yourself organized and get trading!

If you have any trouble whatsoever understanding any part of this system, please don't hesitate to contact me on the email address below:

support@forexcobrasystem.com

Your friend in trading,
Tony.

Special Bonus!

Ok, I promised you a special bonus, and I'm going to give you one. But like I said on my website, this really is a limited offer and it is not being handed out to just anyone. I'm happy to give this away for free, but really I could (and should) be charging a substantial fee for these.

Bonus 1

Forex Cobra System Automated Trading Expert Advisor!

As you've just seen, the Forex Cobra System is an extremely powerful and profitable trading strategy which takes very little time or effort.

But, how would you like it if you could just upload a piece of software that is pre-programmed to do all the work for you? All you need to do is run the software, and it will monitor the markets and place all your trades for you.

You wouldn't have to lift a finger, and the Forex Cobra system would be working around the clock to make you money.

This is my own proprietary Forex Robot (expert advisor - EA). I had it built and programmed specifically to follow my system to free up my own time.

This EA follows the Cobra System to the letter. It's designed to monitor the markets on all currency pairs all at once, and when all the criteria and rules of my system are met, the EA places a trade for you.

It then monitors the trade, moves your stop losses, and closes the trade at the perfect time, exactly as if you were sat at the computer doing it yourself…..but you can be anywhere in the world. You can even be asleep, and the EA will still be trading for you.

Have a look around the net and see what other people are charging for Forex robots, and you'll see the sort of prices you'd normally expect to pay.

And trust me….none of those robots are trading robust systems like mine.

The Forex Cobra System is the most powerful and profitable system you're ever likely to find……ANYWHERE……and my EA is taking it to a whole new level of efficiency and profitability.

This thing can trade as many currencies as you like simultaneously, which means it could be making profitable trades each and every day. And you never have to do a thing!

Imagine how easy this is going to be once you've got a professionally built Forex robot trading this system for you.

And you can get this completely free of charge!

Bonus 2

Forex Cobra System Trading Alert Software!

Not everyone likes the idea of using an automated robot to trade their money. Some people would prefer to be in total control at all times, and actually trade manually themselves.

But even so, it's still a big help to have a piece of software that monitors the markets and gives you alerts when a good trade set up has developed.

And that's where my new Alert Software will come in to its own.

I've developed a trading alert system which will sit on your charts and watch them 24 hours a day for you. When all the criteria of the Forex Cobra System are met, the software gives you a alert in the form of a small alarm and pop up box on your screen to let you know there's a potential trade.

You can then go to the currency the alert is telling you about, and then place the trade yourself, and manage in manually yourself.

So you're still in full and total control at all times, but you are freed up from having to watch all the currency pairs all day long.

You can just switch on the software, and go off and do your own thing.

The software will monitor the markets, and if a good trade appears, the alert is sounded and you can come back to the computer and decide if you want to take the trade or not.

It couldn't be any easier or more straight forward!

It's basically like having a little tireless employee sat in front of your computer all day long while you get on with other more important things. Then when they notice a new trade setting up, they give you a call and you can go in and make the trade.

But with this employee, you don't have to pay them anything. They work for free, and they'll work for as many hours as you ask them too.

Good huh?

Again, this bonus is yours totally free of charge!

How to claim your bonuses!

It's very simple…………..but there's the catch that makes this the limited offer as I told you about earlier on my website.

I'm only giving these bonuses away to people who actually use my Cobra System manually and like it. If you try my system and you like it and agree this is a very profitable system, then I'll happily send you the two awesome bonuses.

However, if you don't like it and you ask for a refund….well, you won't want the bonuses anyway will you, so I won't be sending them to you.

So it's quite simple! Use my system and if you like it, at the end of the refund period I'll send you the bonuses for free.

If you don't like the system and you ask for a refund, *(which you're very welcome to do)* you don't get the bonuses.

Is that fair enough?

This way, I'm making sure only the right people actually get to use my automated software's, so they remain exclusive.

If you want the bonuses (believe me, you'll want them), just email me at the end of the refund period of 60 days, and I'll immediately send you the files with full details of how to upload them and turn them on.

That's all there is to it.

SPECIAL UNADVERTISED BONUS!

I've got a really special offer for you here which you can pick up and use right now without any hesitation.

I just know you're going to love this when you see it, so I won't go in to detail here……just click the link below and go take a look for yourself right now:

Get The Bonus NOW!

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