

## **Profitable Trend Forex System (PTFS)** **Advanced**



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## **1. How to gauge the momentum of a trend?**

When a trend is established (based on our criteria), we look for the first small retracement (L1 signal) and the first larger retracement (L2 signal). We always take the first L1 signal and the first L2 signal.

However, when price retraces the second time and gives us the second L1 or L2 signal, we must be cautious. We need to determine if the trend still has enough momentum to resume its original direction.

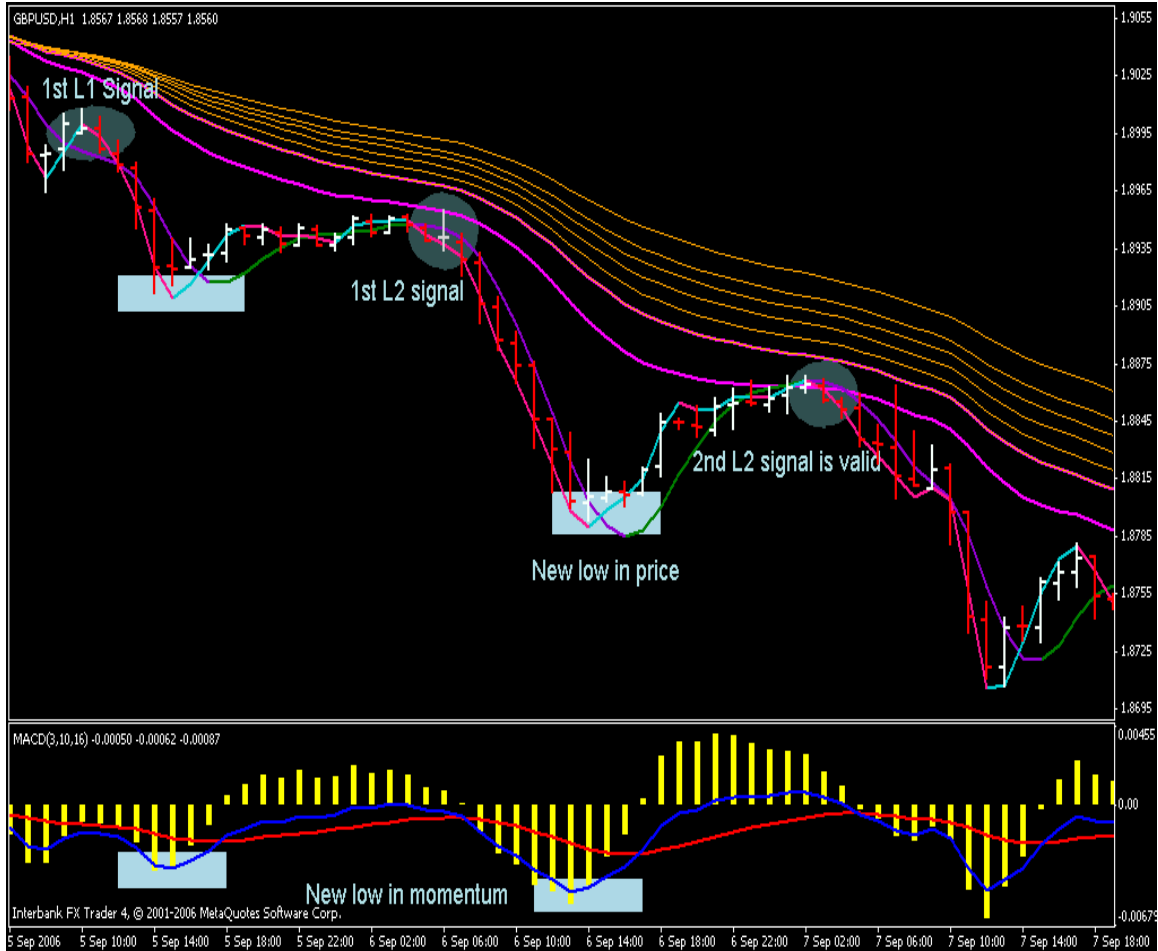
In our system we use MACD (3,10,16) as momentum indicator. We call it short MACD.

When an uptrend makes new highs in price and in momentum indicator (new high in short MACD), it still has momentum to go up. When a downtrend makes new lows in price and in momentum indicator (new low in short MACD), it still has momentum to go down.

Therefore, the second L1 signal is valid as long as the previous L1 signal was successful and resulted in the trend making new high/low in both price and momentum. Likewise, the second L2 signal is valid as long as the previous L2 signal was successful and resulted in the trend making new high/low in both price and momentum.

This method of momentum determination is important. It helps us filter a lot of false signal.

The following chart illustrates this rule. We observe that the downtrend is making lower low in both price and momentum after a successful L2 signal. Thus the second L2 signal is valid.



## 2. Timeframes

The nature of forex is that it has a lot of noise especially in lower timeframes. As such, it's difficult to trade off any timeframes less than 15 minutes. I recommend using the Profitable Trend Forex System in 1-hour, 4-hour, and Daily timeframes.

If you use this system to trade indices such as S&P, you may use shorter timeframes: 5-minute, 15-minute.

## 3. Currency pairs

Currency pairs that have a large daily range are more suited for this system: GBP/USD, USD/CHF, EUR/JPY, GBP/JPY.

## 4. Money management

Never risk more than 2% of your account on any single trade.

You may use variable posing sizing with this system and vary your position size depending on your stop loss such that you risk only 2% of your account.

Based on your chosen timeframe and your chosen currency, your money management method must change accordingly. I want to give you as much information and education as possible. If you cannot work out a proper money management method on your own, send me an e-mail stating clearly what your timeframe is, what trading instrument you're trading, and I'll help you with your money management.

### **5. Chart setup**

We use MetraTrader4 (MT4) charting software. All the given indicators are for this software. It's free and can be downloaded from this link:

<http://www.trendforexsystem.com/ibsetup4.exe>

Download, launch it and install MetaTrader4. When launching the program for the first time, you will see a window with the registration form; after you have filled it in, you will automatically get a demo account.

**IMPORTANT:** Each time you start MetaTrader4, a **Live Update** window shows up, you **MUST close it** and **do NOT** start the Live Update. It's very important in order for all indicators to show up on your charts correctly.

Here are the instructions for copying the indicators and templates:

**Step 1:** Copy HMA.ex4, GMMASlow.ex4, realMACD.ex4 to C:\Program Files\Interbank FX Trader 4\experts\indicators

**Step 2:** Copy profitabletrend.tpl to C:\Program Files\Interbank FX Trader 4\templates

**Step 3:** Restart MetaTrader4.

**Step 4:** From the menu toolbar click on Charts --> Templates --> Load Templates --> profitabletrend.tpl

Once you've done that, every indicators with their correct settings that you need for this system will be shown on your charts.

**Alternatively, you can download MT4 from another broker:**

<http://www.trendforexsystem.com/mt4setup.exe>

Download, launch it and install MetaTrader4. When launching the program for the first time, you will see a window with the registration form; after you have filled it in, you will automatically get a demo account.

**IMPORTANT:** Each time you start MetaTrader4, a **Live Update** window shows up, you **MUST close it** and **do NOT** start the Live Update. It's very important in order for all indicators to show up on your charts correctly.

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If you have any questions, don't hesitate to e-mail me at [info@trendforexsystem.com](mailto:info@trendforexsystem.com)