

**FOREX**  
**POWERBAND**  
**DOMINATOR**



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# WELCOME

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Welcome and thank you for purchasing the Forex Powerband Dominator (FPD for short.) It has been a firm belief of mine for many years that Forex is the greatest business in the world. It gives anyone a chance to make staggering amounts of money with little start up capital. Some may take longer than others to reach financial freedom nevertheless it is still achievable by anyone who is willing to put in a little hard work. But with so much conflicting, contradictory and just plain bad trading information floating around the internet at the moment, new traders are finding it harder than ever to turn a consistent profit in the Forex markets.



From what I have seen recently many people are on the verge of giving up the dream of trading Forex forever. I find this distressing because trading Forex is not hard, it's dirt simple once you have the correct help and guidance.

What you hold in your hands (or on your computer screen) is a system I discovered quite by accident after talking and picking the brains of countless successful and professional Forex traders. This system is a combination of several trading methods I found to work with a high level of success and has proven to do so statistically over all the years I have been trading.

Unlike other Forex books you may have read previously this book will not be filled with hundreds of pages of irrelevant information. This course has everything you need to trade profitably - nothing more and nothing less!

Because some people find it easier to learn visually I have tried to cover every chapter of this book in detailed videos located in the members area. Although almost all the information needed to trade the system is in the videos I highly

recommend you also read this book as there are nuggets of great information which came to me while writing that are not covered in the videos.

This course assumes that you already know the very basics of Forex trading, if you are totally new to Forex trading then don't worry, just spend a little time learning the very basics about what Forex trading is before starting.

Ok, its time to get started and learn the Forex Powerband Dominator system. So grab your favourite beverage, put your feet up and within an hour you should be looking at charts with a huge smile on your face as you see how powerful this system really is.

Read on, enjoy... and good trading.

A handwritten signature in black ink that reads "Ian Dawson". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

# BROKERS & CHARTING

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In order for us to trade the Forex market we are required to have a broker. A broker is an individual or firm that acts as the middleman between the buyer and seller trading in the Forex market. The foreign exchange market is similar to the equity markets, except that the majority of Forex brokers do not charge a commission. Forex brokers are usually tied to large banks or lending institutions, this is because of the huge sums of money traded in the foreign exchange markets.



In order to plot the movement's of a currency pair we will have to use a charting package. Long gone are the days when you had to pay for a decent charting package or even the data feed to trade Forex. Now there are several very good charting packages available for free, below I list my favourites.

**Metatrader 4 - available from many brokers.**

**Dealbook 360 - from GFT Forex**

**Accura Charts - from FxSol**

All of these platforms are free to use and great charting packages.

My personal favourite is Metatrader 4, I find it an exceptional charting package and I have used it for many years without any issues. For the purpose of this course I will use MT4 for all the illustrations and instructions. However, the Forex Powerband Dominator system can be setup and used on any charting platform that has a basic indicator selection.

Meta Trader 4 (or MT4 for short) is used as a standard charting platform by many Forex brokers. It allows you to access your broker account right from the charts, making it easy for you to adjust and track open positions as well as plotting currency movements on multiple charts.

If you have taken the time to look over the various Forex broker review sites I am sure you will have found it frustrating. It often seems as though every Forex broker has bad reviews of some sort. I have personally traded with more than 10 Forex brokers, each of them have bad reviews, yet I never had a serious problem trading with any of them.

Usually the bad reviews for these brokers come from one of three things.

- 1.** The trader is trying to trade during very volatile news announcements so their entry is slipped due to thin market conditions.
- 2.** The trader is trying to scalp with very tight stops and normal market noise is taking out their stops, this is then construed as "Stop Hunting."
- 3.** The trader simply cannot trade and finds that no matter what he/she does the trade reverses and his/her stop is taken out. Obviously he/she blames the broker and proceeds to write a bad review.

So, take the reviews with a pinch of salt, try the broker for yourself and decide if it is suitable for you or not.

# INSTALLING MT4

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Over the years I have used several MT4 brokers. Currently one of my favourites is Forex-Meta. They offer micro lots, which are great for very small accounts and if you open a live account they will give you a bonus of up to \$500!

Open your web browser and head over to

<http://www.forexmeta.com/deans-special>

Once the page has loaded you will see two options, on the left you can fill in your details to open a live account. On the right you can fill in your details and open a demo account. We are going to open a demo account so fill in your details and click on the 'practice account button.'

**ForexMeta**  
FOREX TRADING SIMPLIFIED

**Open Your Account Now!**

- \$500 Bonus Opportunity
- Real-Time Executable Quotes
- 24 Hour Customer Support
- Competitive Spreads
- Ability To Open Any Account Type
- Extremely Reliable Platform
- Automated Trading Capability

**Live Account**

Open a Live Account w/ up to a \$500 Bonus:

First Name:\*

Last Name:\*

Phone:\*

Email:\*

Country:\*

**Metatrader 4**

- Free Platform
- Fast And Easy Execution
- Advanced Charting with Numerous Indicators and Line Studies
- Capability To Trade From Your Charts
- Autostrategy Feature So You Can Program Your Own Strategies

**Practice Account**

Signup for a Practice Account:

First Name:\*

Last Name:\*

Phone:\*

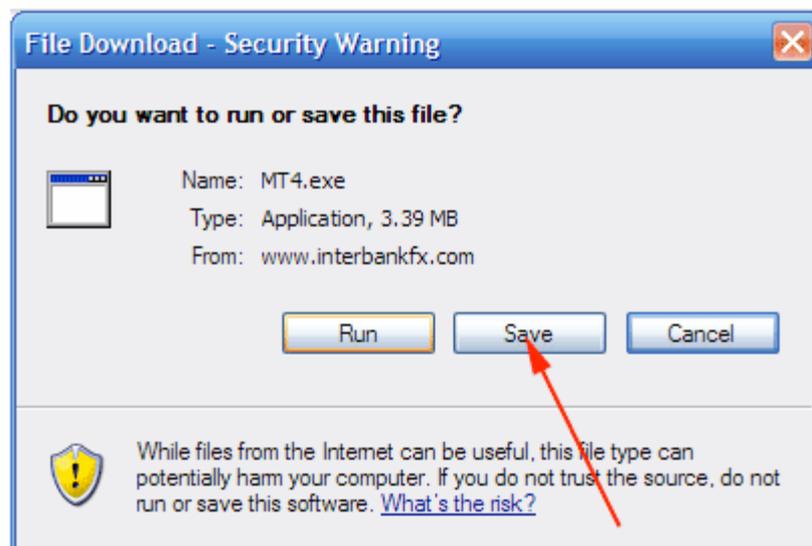
Email:\*

Country:\*

You will now be redirected to a page where you can download the MT4 Platform, click on the 'DOWNLOAD DEMO SOFTWARE' link that is displayed on the page



Save the file to your desktop or another location that you can easily recall it from.



Once the file has downloaded locate the fm4setup.exe file in the location you saved it and double click on it.



A menu will appear for you to select your desired language.

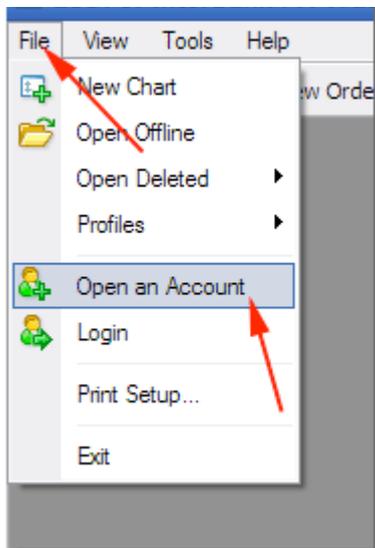
Once you have selected the language click next and follow the on screen instructions to install Meta Trader 4.



Once the program is installed on your computer you will have a desktop icon similar to the one below. Double click on this icon to open the trading platform.



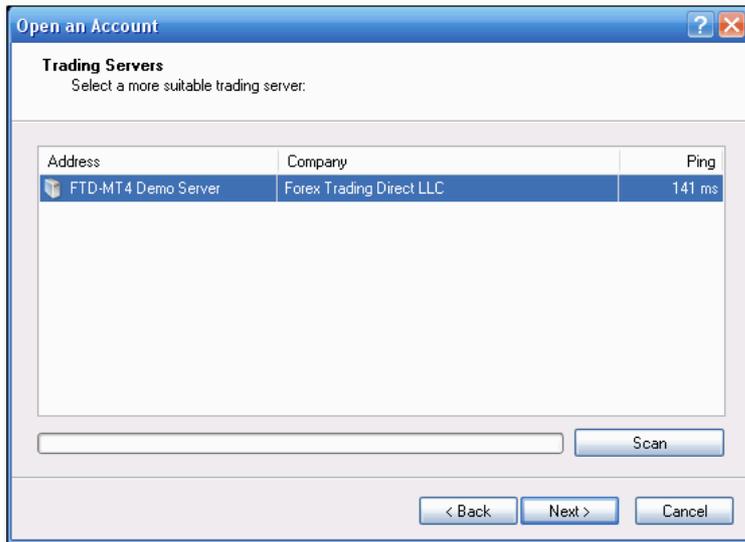
When you open the platform there will more than likely be several charts open. Close each chart down by clicking on the little cross in the top right hand corner, then go to File and select "Open Account."



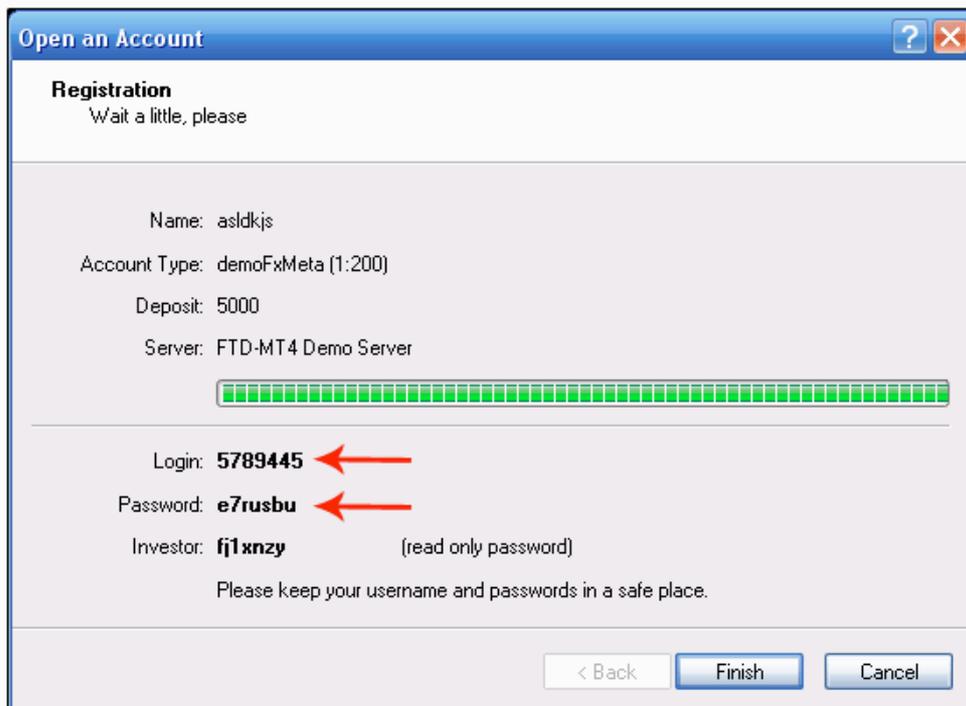
A box will pop up asking you to fill in your details once again. Fill in every box and fill in a realistic deposit of your choice. Remember even though this is play money you should only deposit an amount of money that reflects the amount you will be trading with in your first trading account. If you would prefer not to use your real details then use a false address and phone number. Once you are finished click next.

A screenshot of a dialog box titled 'Open an Account'. The dialog has a blue header bar with a question mark and a close button. Below the title is the section 'Personal details' with the instruction 'To open an account, please fill out all the following fields:'. The form contains several input fields: 'Name' (with a red 'min 6 chars' label), 'Country' (dropdown menu showing 'United Kingdom'), 'State' (with a red 'min 2 chars' label), 'City' (with a red 'min 2 chars' label), 'Zip code' (with a red 'min 3 chars' label), 'Address' (with a red 'min 6 chars' label), 'Phone' (with a red 'min 6 chars' label), 'Email' (with a red 'name@company.com' label), 'Account Type' (dropdown menu showing 'minis'), 'Currency' (dropdown menu showing 'USD'), 'Leverage' (dropdown menu showing '1:100'), and 'Deposit' (dropdown menu showing '5000'). At the bottom, there is a checked checkbox for 'I agree to subscribe to your newsletters'. At the very bottom of the dialog are three buttons: '< Back', 'Next >', and 'Cancel'. A red arrow points to the 'Next >' button.

Once you click finish you will be prompted to select a server, just highlight the one on the list and click next.

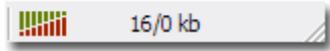


You will now be shown the details for your demo account, make sure you write these down as you will need them to log in to your account in the future.



Ok you're finished!

Once you are logged on, in the bottom right hand corner you should see a green and red bar similar to the one below showing your connection status.



Open a chart for the EUR/USD and make sure the data is flowing by clicking on the following icon and selecting a currency pair.



Ok you are all set up and ready to start demo trading, have a play with the charting platform but don't make any trades just yet, let's carry on and learn more about the PBD system.

# 3 STEPS TO SUCCESS

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Before we head on into the core of this system I think it is important you understand how to proceed with your Forex trading. I'm sure at this stage you are excited (I know I was.) You will more than likely have dreams of making lots of money, freedom from the 9-5 job, more family time, less work, ect.

These dreams are not out of reach, they have become reality for many Forex traders. However, it is also very important to be realistic and not to dive into Forex trading headfirst. This is the part where most new Forex traders fail so please pay attention, it is as important as the system itself.

If you want to do this safely and properly, there are three steps to progress through as you learn to trade. By following these steps you are avoiding the over eager mistakes most new traders make and allow yourself to protect your capital until you can actually put it to use.

**Step 1:** Get to know the system and demo trade profitably for at least 6 weeks using proper money management. Once you have completed 6 weeks trading on demo and show a profit you can proceed to step 2.

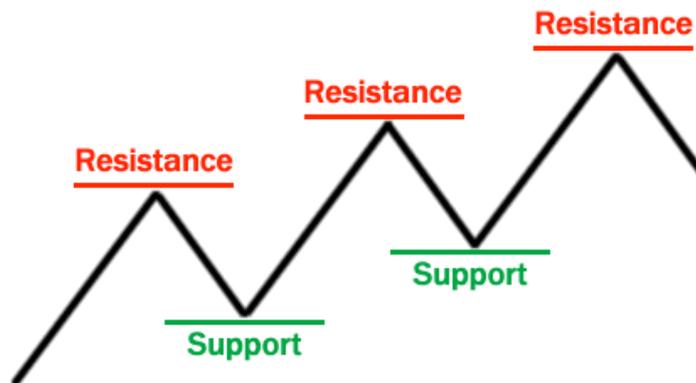
**Step 2:** Open a live account with 5% of the total amount you intend on going live with. For example, if your trading capital is \$10,000 then you would open an account with \$500 and proceed to trade with proper money management for a further 6 weeks. It is not uncommon to find yourself breaking even after the first 6 weeks as trading with real money brings new elements of emotion into play (fear and greed.) It is a good idea to spend as long as possible on this stage before moving onto the next. If possible try to complete 2 set periods of 6 weeks profitably.

**Step 3:** This is the final step, take the leap and fund your account with the full trading capital. After successfully completing steps 1 and 2 you should be far more confident in your trading and avoided the difficult period that kills most new traders.

# SUPPORT & RESISTANCE

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Support and resistance is without a doubt the most powerful trading tool we have at our disposal. Although hard to trade by itself, when used with other systems it becomes a leading indicator giving precise points at which trades have a much higher probability of success. Areas of support and resistance are formed when price attempts to make higher highs and lower lows.



When this area is approached again by price it will usually do one of two things. It will either be rejected again or it will break through. If price breaks through an area of support it will often be retested from the other side and act as resistance. If price breaks through an area of resistance it will often be retested from the other side and act as support (see example below.)



Major points of support and resistance should be marked on your chart at all times with horizontal lines. To begin locating areas of s/r first start on the time frame above the one you are trading. Zoom out until your candles become small. Now look for horizontal points where price has touched the same point more than once and been rejected. This does not have to be exact to the pip, sometimes price will pierce a s/r line slightly before being rejected as you can see from the example above.

Lines that have been touched and rejected from above and below tend to be the strongest. Take a horizontal line and drag it down the chart slowly looking for areas where price has been rejected. Repeat this process until you can't find any more areas. These areas are your long term s/r areas so it's a good idea to make them all red. Now drop down to the time frame you are actually trading and start looking again for s/r areas. These are your near term s/r areas, make sure you colour them a different colour like green.

Once this is completed you should have a number of s/r areas on your chart, you should easily be able to see which are the near and long term areas. The reason we colour them differently is because the longer term areas tend to be stronger which is useful to know when looking for setups with the system later.

It is important to understand that s/r areas don't last forever, once price stops respecting a s/r line it is a good idea to remove it from your chart (see example below.)



Go over your chart now and look at all the recent price action. Did price respect all your current lines when it last touched it? As a guide, if price went through a line twice without being rejected then it is no longer any use and can be removed from your chart.

### **Trend Lines**

Another form of support and resistance are trend lines. These tend to be less reliable than horizontal s/r lines as they are very subjective to each traders view on the market. To locate trend lines look on your chart for 3 or more points that can be connected with a diagonal line (see example below.)

If the trend line is not obvious then it is best to avoid using it. Once it is broken by price it can be removed from your chart.



### **Round Number's**

Psychological levels at numbers ending in 00 also act as s/r levels. These happen by nature as traders tend to place orders and stop losses at round numbers.

If we take the EURUSD for example.

1.5100, 1.5200, 1.5300 - all numbers ending in 00 are strong levels which when combined with s/r areas give an area with even more strength.

Any numbers ending in three or more zeros are ultra strong psychological levels. 1.5000 on the EURUSD for example would be a very strong psychological level with many traders watching it and placing orders in anticipation of a rejection or a break through the level.

### **200ema & 365ema**

Unknown to many traders moving averages have more than one use, I use the 200ema and 365ema as dynamic areas of support and resistance. When price approaches these moving averages you will see it react and often reverse (see example below.) Have a look over your charts and see for yourself how these moving averages act as great support and resistance.

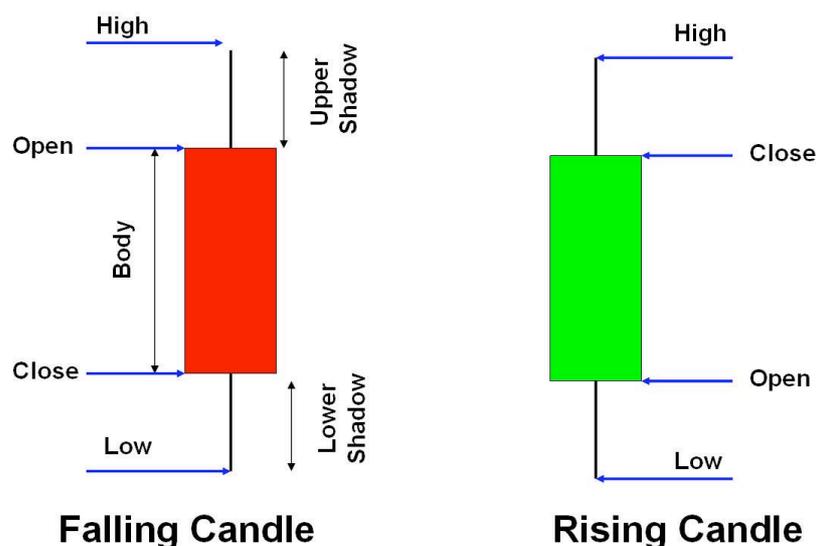


# CANDLE FORMATIONS

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Candlestick formations are used to identify the underlying physiology of the market, usually with a reasonable accuracy.

Below is an example of a standard falling and raising candlestick.



When a candlestick tries to make a new high/low but fails to close at those levels it gives some clues as to who is in charge, the bulls or the bears. As this process repeats itself the candles begin to form patterns that are easily recognisable and give us a heads up that it's time to jump on board.

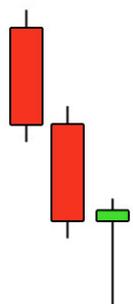
Candlestick formations are fantastic trading tools when used properly. Unfortunately most new traders never learn how to use candlestick formations properly and often get confused by the hundreds of different formations that are recorded in books and on the internet.

Luckily, there are only 4 types of candle formations you need to learn, these are the ones I find the most powerful. In this chapter I will try to explain each one and show examples of them on charts. I highly recommend you also watch the video in the member's area on candlestick formations as it is far easier to understand when watching in real life on my charts.

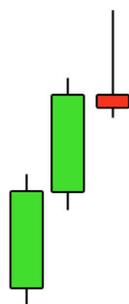
Here are the 4 candle formations I use with great success.

## Pin

Bullish Pin



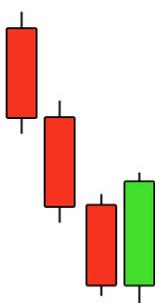
Bearish Pin



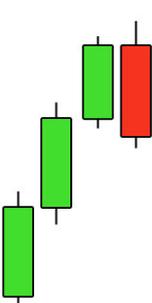
The pin formation is one of my favourites; it shows huge emotion of the market indicating a sign of a reversal. In the case of a bearish pin the bulls pushed the market high but failed to hold it, so price returned back to around the open leaving a pin formation. The pin always points away from where price may be heading.

## Engulfing

Bullish Engulfing



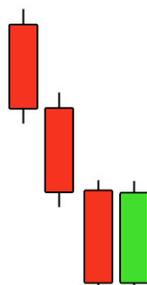
Bearish Engulfing



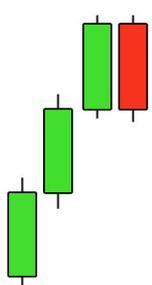
An engulfing candle is a strong change in momentum in the market often seen from bounces off support/resistance areas. For a buy confirmation the first candle would be red followed by a green candle that completely engulfs the previous one. For a sell confirmation the first candle would be green followed by a red candle that completely engulfs it.

## Railroad Tracks

Bullish Railroad



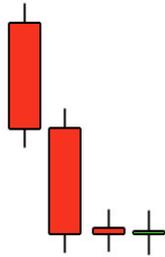
Bearish Railroad



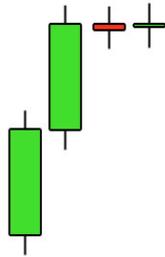
Railroad Tracks are very similar to engulfing candles except they usually close at the same level as the previous candle (within a few pips) instead of engulfing it. This forms two candle bodies which look like a railroad. I introduced this into my trading in 2009 after seeing this formation over and over and noticing its power.

## Doji's

Bullish Doji's



Bearish Doji's



The Doji is generally a small candle indicating a period of indecision with not much movement, the open and close should be almost at the exact same price but it is acceptable within a pip or two. Out of the 4 formations I find this one the least powerful, I prefer to see 2 or 3 Doji's in a row before I sit up and consider a trade.

## Picking The Good From The Bad

It is important to understand that you can't just trade every candle formation you come across. These formations are only powerful when located in the right place at the right time. When trying to spot a good candle formation there are 2 things to look out for.

### 1. We need movement

If price is just going sideways like the example below there is little point in paying any attention to candlestick formations and there is defiantly no point in trading them.



A perfect situation to look for candle formations is after a run up/down in price. In the example below you can see price has made a clear run down

with several red bearish candles after which we had a perfect bullish engulfing candle formation.



## 2. Make sure it sticks out

A good candle formation should stick out from its preceding candles, if you look at the example of a pin formation below on the right you can see it is clearly within the previous candle and therefore a very bad reversal formation compared to the pin on the left which is sticking out like a sore thumb!



# CHART INDICATORS

---

Ok, so far you have learnt the basics, now it's time to put it together and combine it with the Forex Powerband Dominator. Let's set up our charts ready to trade. We will be adding several indicators starting with the Bollinger Bands.

These should be set to:

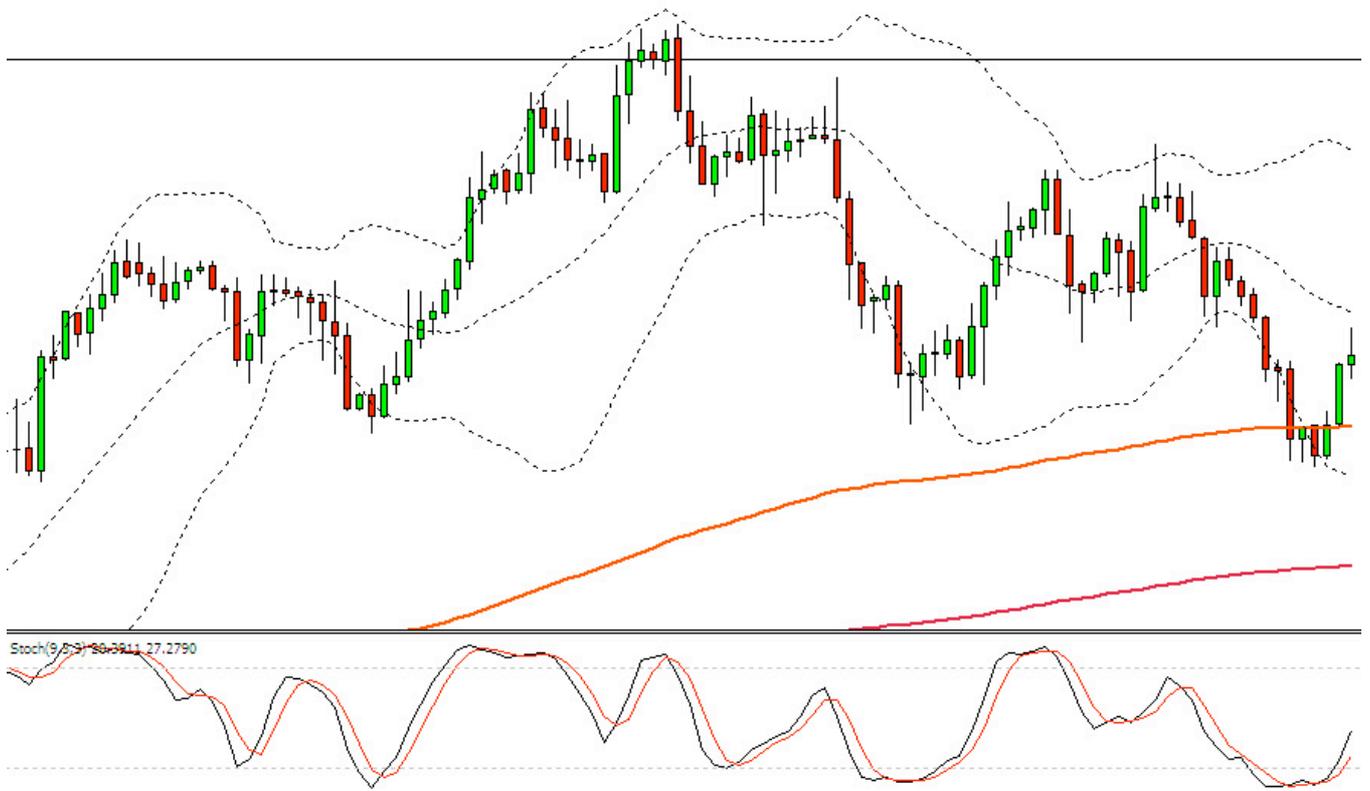
Period - 20  
Shift - 0  
Deviation - 2  
Set to 'close'

Next add a 200ema in orange and a 365ema in red. EMA stands for exponential moving average. Usually you can change a moving average to exponential in the settings of the indicator.

And last but not least add the stochastic indicator set to:

%K period - 9  
%D period - 3  
Slowing - 3  
Price field - Low/High  
MA method - simple

Your chart should now look like the one below and you are ready to begin learning the PBD system.



# POWERBAND 'B SETUP'

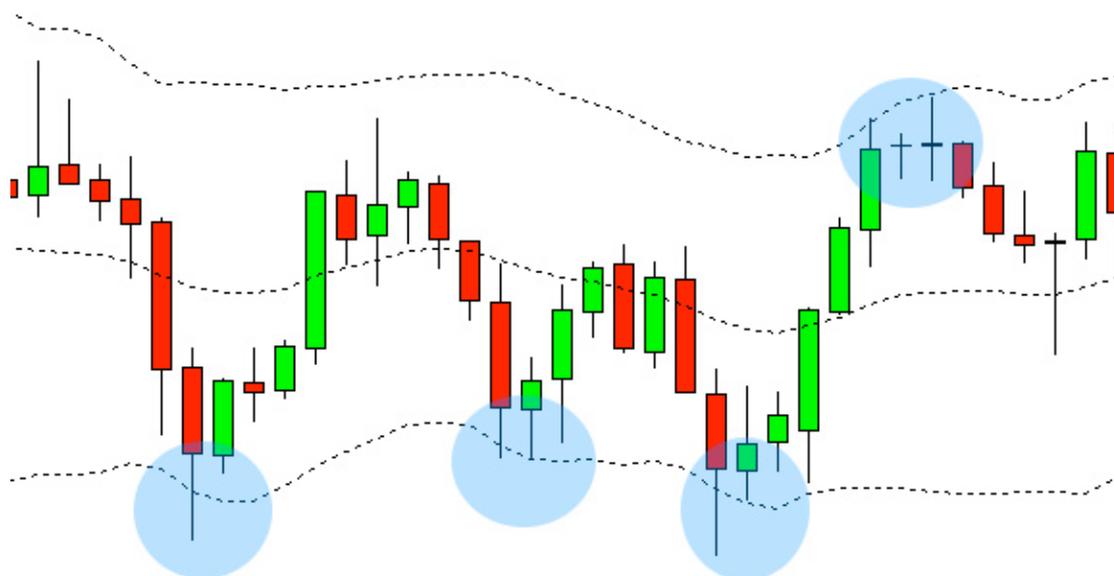
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The FPD system has 2 types of entries; they're called 'A setups' & 'B setups.' 'A setups' are the most powerful and accurate setups but they tend to happen less often than 'B setups.' To fully understand an 'A setup' you must first learn to recognise a 'B setup,' so let's begin by learning the 'B setup.'

There are 3 steps to finding a 'B setup.' Each of these three steps must be met before a setup can be considered for trading.

## Step 1 - Price touched or pierced the Bollinger Bands

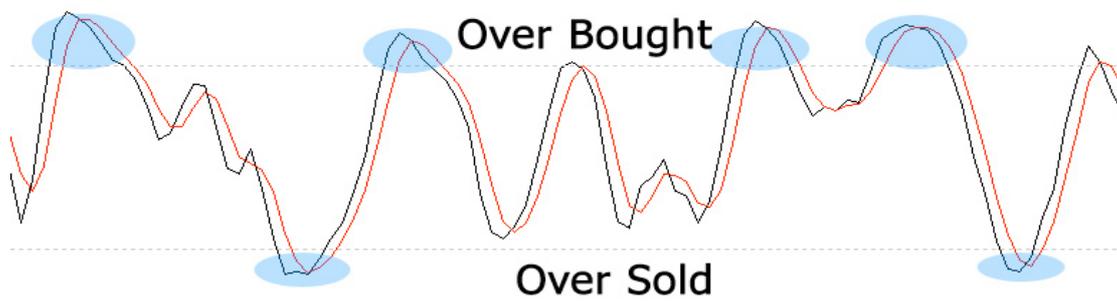
On your chart you should have the Bollinger Bands indicator (BB for short,) this indicator has several functions but in the FPD system we will be using it to find extremes where price is due to reverse. When price reaches the upper Bollinger Band it will often reverse and head down. When price reaches the lower Bollinger Band it will often reverse and head up (see example below.)



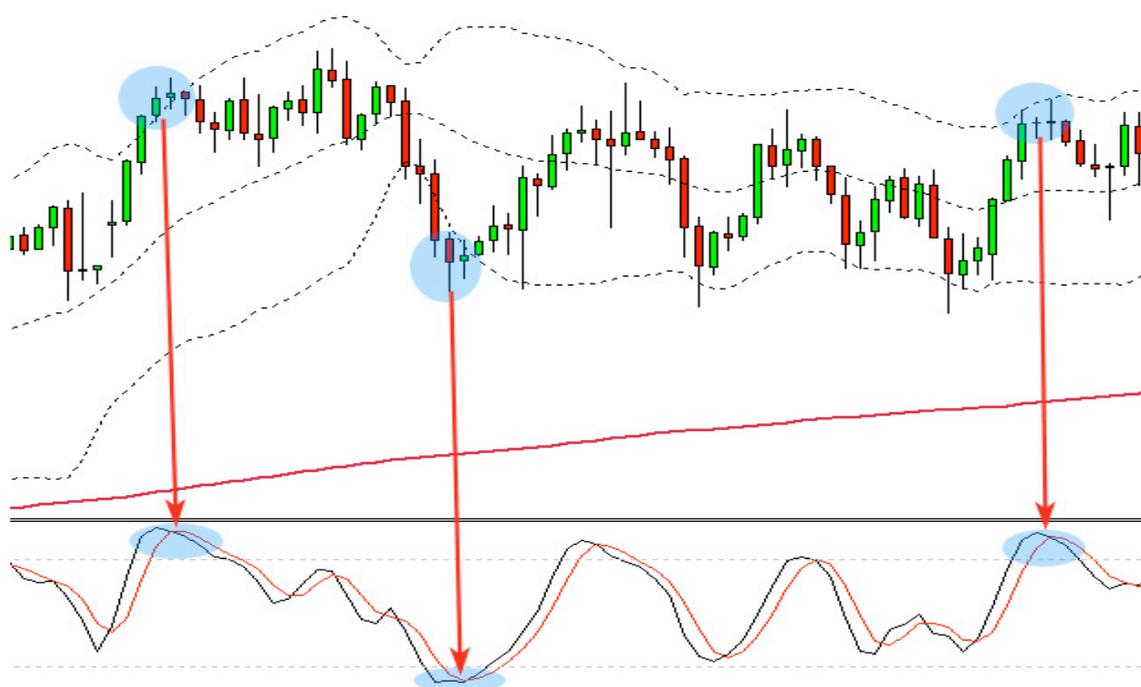
The first thing we are looking for when searching for a entry is that price has touched either the upper or lower BB. Once we find this we can then move on to check the stochastic indicator.

## Step 2 - Stochastic must be overbought/oversold

At the bottom of your chart you will find the stochastic indicator (pictured below.) This indicator usually has two horizontal lines, one at 20 and one at 80. If for some reason you don't have these lines take a look in the settings of the indicator and usually you will find an option to place them on your chart. The areas above and below the 20/80 lines are our over sold and over bought areas. When the stochastic indicator reaches below the 20 line it is considered to be over sold and due to move up. When it is above the 80 line it is considered to be overbought and due to move down (see example below)



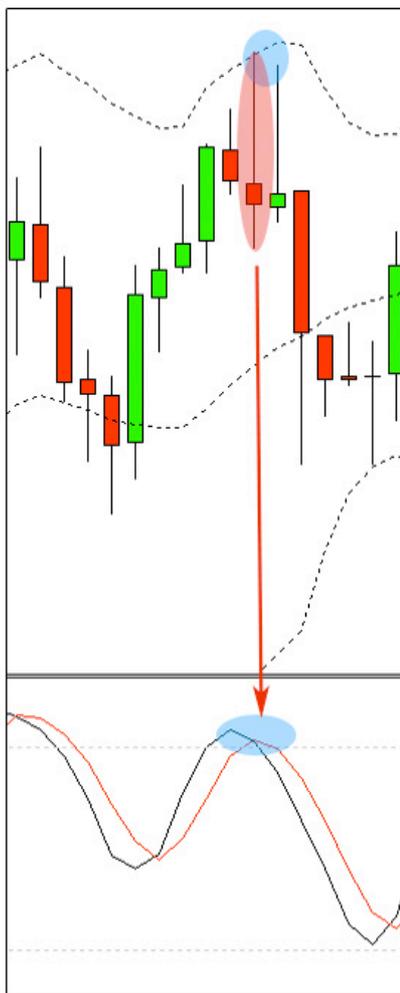
Once price has touched the BB you must wait for the stochastic indicator to confirm the setup before continuing. If price has touched the lower BB you have to wait for the stochastic indicator to be over sold and below the 20 line. If price has touched the upper BB you have to wait for the stochastic indicator to be over bought and above the 80 line (see example below.) More often than not the stochastic indicator will be overbought/oversold at the same time price touches the BB.



### Step 3 - Candlestick formation

Once the first 2 rules have been met there is one last criterion that must be met before entering a trade. You must have a valid candle formation preferably touching or piercing the BB. For example if we have price touching the upper BB and the stochastic is overbought and above the 20 line we are then waiting to see either a Pin, Engulfing, Railroad Tracks or Doji's before entering the trade (see examples below.)

#### Sell Setup



#### Buy Setup



Let's go over the rules that determine a 'B setup' once more to be sure you understand.

**'B setup' rules – sell:**

1. Price must touch or pierce the upper BB.
2. Stochastic must be above the 80 line.
3. A valid candle formation preferably touching or piercing the upper BB.

**'B setup' rules – buy:**

1. Price must touch or pierce the lower BB.
2. Stochastic must be below the 20 line.
3. A valid candle formation preferably touching or piercing the lower BB.

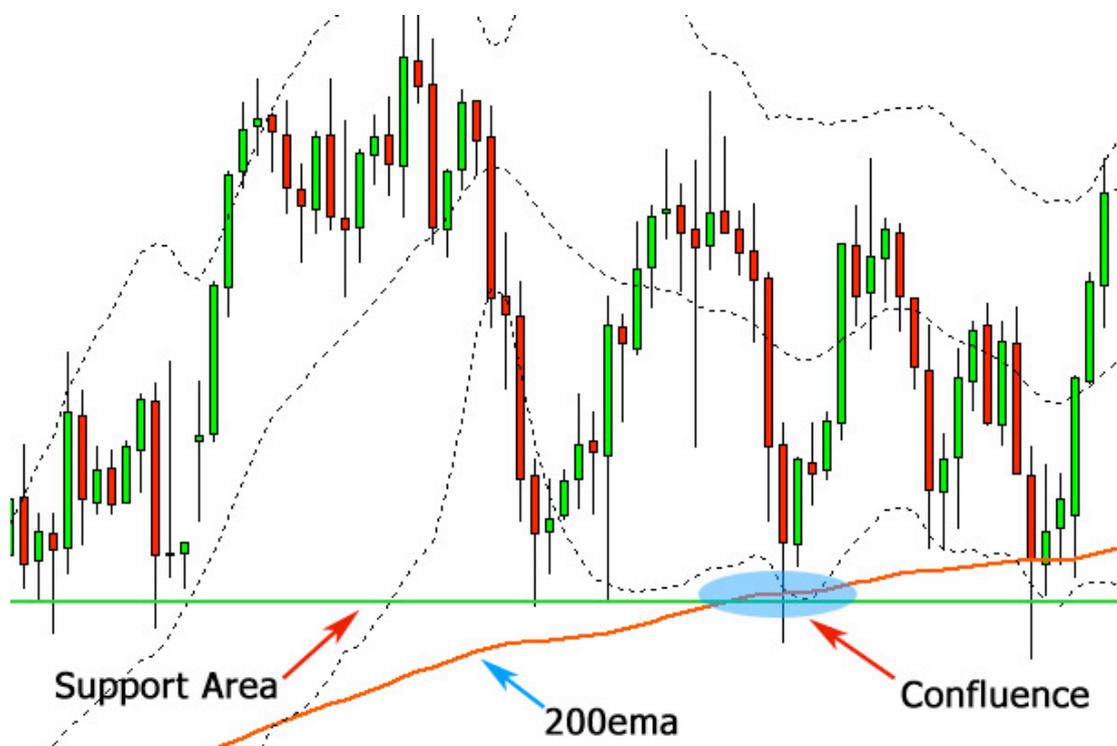
Take a few minutes to look over your charts and try and spot some 'B setups.' Don't worry if this feels a little over whelming at first, I promise it becomes almost second nature once you are used to looking for the setups.

# POWER BAND 'A SETUP'

Before we move onto learning the powerful 'A setup' we must first have a good understanding about confluence.

## Confluence

Confluence is basically when several things line up creating an exceptionally powerful trade. For example, if you had support areas on your chart and the 200ema in the same area this would be a confluence of 2 things (see example below.)



The more confluence you have in a trade the more chance you have of making a profit. Once you get used to looking for confluence in trades you will look at trading in a whole new light. Taking a marginal trade without confluence becomes almost pointless, good setups with confluence are almost like cash in the bank.

Now you understand the 'B setup' and how confluence works, combining the two creates what I call the 'A setup' which is by far the most powerful setup I know.

To find an 'A setup' we must follow the same rules as the 'B setup,' once we find a good 'B setup' then we look for extra confluence confirmation in the form of one of the following...

**Support or Resistance areas**

**Support or Resistance from the 365ema**

**Support or Resistance from the 200ema**

**Trend Line**

**Psychological levels ending in 00's or 000's**

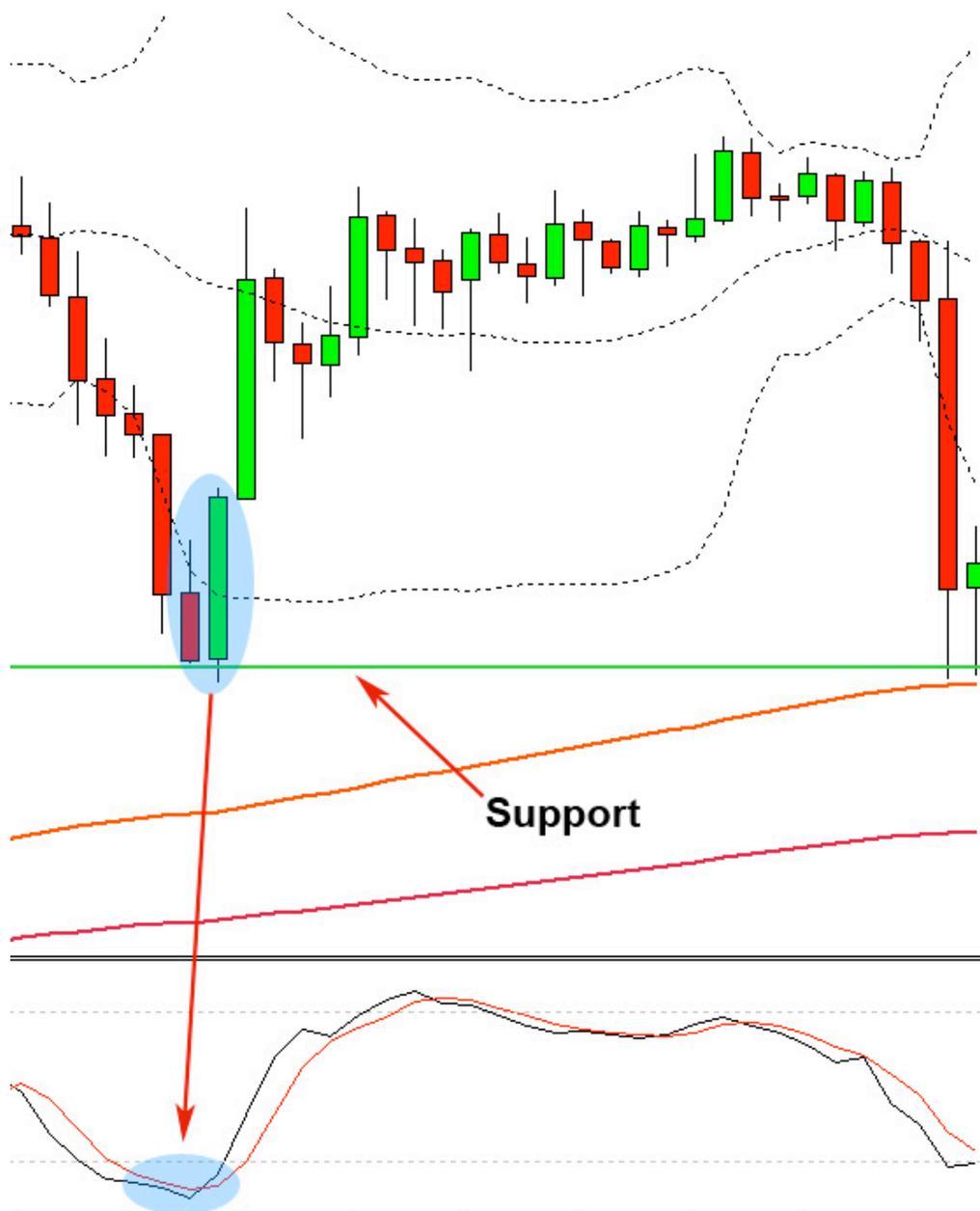
The more confluence we have the better, but one is enough when it's combined with a good 'B setup.' In the example below we have a perfect 'B setup' working off of a Railroad Track candle formation. To make this an 'A setup' we would need confluence and we have plenty of that in this trade!

If you look where price has bounced off of the upper BB you can see also in this area is a strong resistance area which is also a 00, that alone would be enough for me to pull the trigger but we also have both the 200 and 365ema acting as resistance in the same area. This was a very high probability trade!

Notice how the confluence of all these things don't have to be exactly in the same place, it is a zone where price pushed up through all of them and was rejected.



Below is another example of a 'A setup.' In this example we had a great 'B setup' pushing through the lower BB working off of a perfect bullish engulfing candle formation. Combined with the confluence of a strong support level it formed a great 'A setup.' You will often find price will not bounce off of a support or resistance line as cleanly as the one below. Usually price will penetrate the line and the candle formation will form sitting half way across the line.

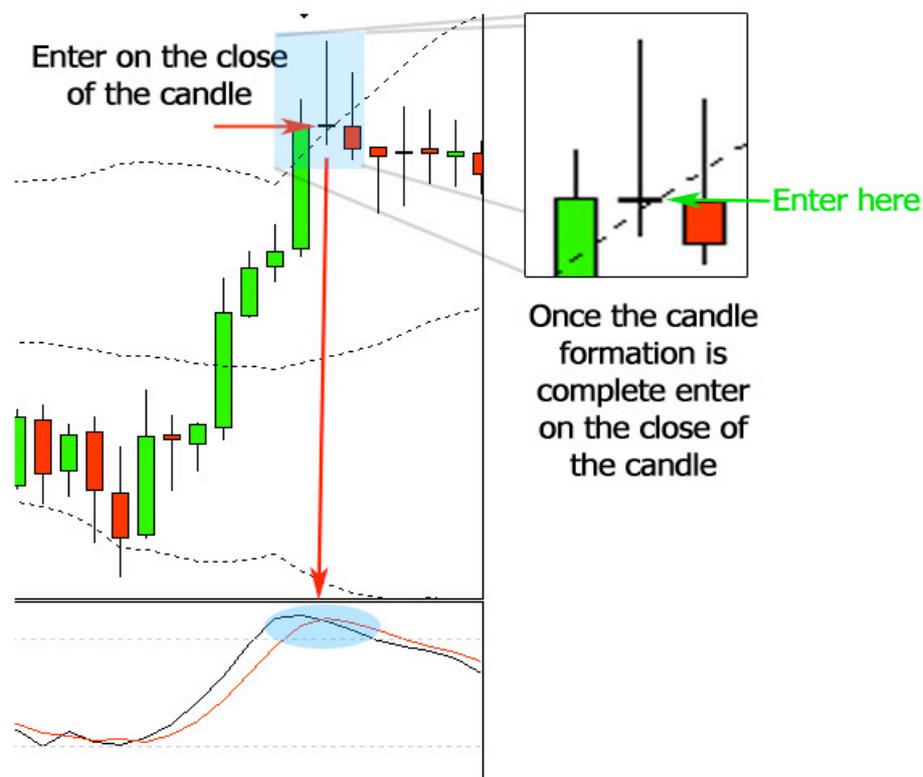


# ENTRIES, STOPS & EXITS

Finding a high probability trade is only half of the battle, what separates the winner's from the losers is usually how they enter and manage the trade. What I am going to explain is how I manage trades, this works well for me and my personality but this is by no means set in stone and once you start to see some degree of success you can modify your entries and exits to suit your style of trading if you wish.

## Entries

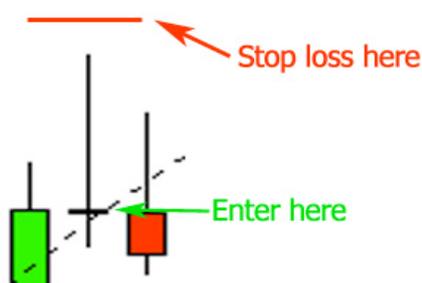
Entries are very simple... once you have all the conditions of a setup met you enter on the close of the candle formation. So for example let's say we have a perfect 'B setup' forming, we have everything in place and all we need is a good candle formation to seal the deal. A pin forms right off of the BB and the setup is complete, you would now enter the moment the pin candle has closed. (See example below.)



## Stops Loss

Immediately after you enter your trade you should place a stop loss to protect you in event that you were wrong. The size of the stop will vary from setup to setup but you should always try and risk a set percentage of your account on each trade.

The stop should be placed a safe distance above/below the candle formation that triggered the entry. For example if you just entered a sell trade with a 'B setup' which was confirmed by a pin candle, you would place your stop a safe distance above the high of the pin. A safe distance to me is about 10-15 pips above the high if you are in a sell setup and 15-20 pips below the low if you are in a buy setup. (See example below.)



## Moving To Break Even

Whenever I am trading I always have a predetermined point at which I move my stop loss to the same value as my entry creating a risk free trade.

If you take a look at the BB's on your chart you will notice a line in the middle of them. This is the centre line and more often than not when price reverses from one of the outer BB's it will touch this line in the centre. This is your break even point for all trades, once price reaches this line it is a good idea to move your stop to break even. If there is a strong level of support/resistance slightly before the centre BB then use that level instead.

## Taking profits

This is an important one, this is where your hard work pays off and you can bank some profits. With the FPD system my profit targets are generally split into two. The first target is the same point at which you would move your stop to break even, this is the centre line between the BB's. At the first target I like to close half of my position, this gives me a guaranteed profit and allows me to remain in the trade for the second target.

My second target is the opposite BB and once this is touched by price I will close the remaining part of my trade. (See example below.)



It is important to always keep a close eye on your support and resistance areas when planning where to exit your trade. You will often find that there is a strong s/r level just before the first or second target. In this scenario it is a good idea to use the s/r level as your target instead of the BB. Remember these profit targets are not to the exact pip, think of them more as zones where it is advisable to take profit.

In the example below you can see we had a strong resistance area just below the upper BB. You can see price bounced off of the resistance line several times before breaking it and even then it missed the upper BB by around 5 pips.



# WHEN NOT TO TRADE

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Knowing when not to trade is as important as knowing when to trade. Have you ever taken a perfect trading setup only to watch price do the exact opposite of what you expected? This is often because you may have been trading at a wrong time.



Trading requires a lot of discipline. A trader's natural urge is to be in the market as much as possible. However it is important to remember that having no position is often the most profitable thing to do.

This is a very important reason for my success. I don't take every trade my system produces. I usually look for the best of the best with plenty of confluence to ensure my chance of success is as high as possible.

Using this method ensures my raising equity curve stays smooth and consistent and I don't suffer any large uncomfortable drawdown.

Keeping out of the market is as important as trading itself. The Forex markets are not always going to provide great trading opportunities and taking every opportunity that comes along despite the chance of success will result in a bumpy ride and uncomfortable drawdown at times.

While most traders are asking themselves how much they could win in a trade I am always asking myself how much I stand to lose in a trade.

Although it's not often, sometimes during the year I may go a week or more without taking any trades. On some occasions the markets are just not giving any good trading opportunities and it's best to walk away and remember, like a buss there will always be another one around the corner.

Here are the two things I keep a close eye on when trading.

### Economic News

Always keep your eye on the economic calendar, I use this one at DailyFX.

<http://www.dailyfx.com/calendar/>

I stay out during certain news for the pair I am trading, these tend to be the high volatility ones. So if I am trading the GBPUSD I will steer clear of any big GBP releases and USD releases.

You can spot the big impact news by the importance on the calendar. Some are marked with low and medium, you can usually ignore these. We are looking for the reports marked with a red HIGH symbol next to them.

07:45		EUR French Producer Prices (MoM) (NOV)	MEDIUM	0.2%	0.1%	0.8%	
07:45		EUR French Producer Prices (YoY) (NOV)	LOW	-4.5%	-4.7%	-6.6%	
09:00		EUR Italian Hourly Wages (MoM) (NOV)	LOW	0.0%	0.1%	0.2%	
09:00		EUR Italian Hourly Wages (YoY) (NOV)	LOW	3.1%	3.2%	3.2%	
09:30		GBP Gross Domestic Product (QoQ) (3Q F)	HIGH	0.2%	-0.1%	-0.3%	

If you know there is a big news item coming up in the morning it's a good idea to avoid trading until a hour or so afterwards. Likewise if you have open positions that are in profit it is a good idea to tighten up your stops as much as possible in case the news throws price against you.

### Holidays

A lot of new traders don't realise that there are periods of low volatility in the markets over holidays like Christmas and New Years. Taking any trades during holiday periods is going to be frustrating as you will often find price doesn't move much and when it does it is unpredictable. When ever there is a holiday in the markets it's best to take one yourself and relax. 😊

# MONEY MANAGEMENT

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Before taking any trades you must understand that no matter if you have a 50 pip stop or a 200 pip stop your risk should never change. You should never risk more than 2% of your account on any one trade and I recommend if you can, try to keep it at 1%. I understand a lot of you may have small trading accounts and you are eager to build it up fast, so you may want to use a larger % until your account grows large enough to reduce your risk.

After talking and corresponding with thousands of new traders I found they almost all had difficulty trying to figure out how many lots to trade, so their risk stays consistent on every trade no matter what size the stop was. So I am going to try and explain it as simple as I can in this section.

When you sign up for an account with a broker you will have the option to trade a standard account or a mini account. If you are trading a standard account then 1.00 lot on the EURUSD would be \$10 a pip, 0.10 lot would be \$1 a pip.

If you have a mini account then 1.00 lot on the EURUSD would be \$1 a pip and 0.10 lot would be \$0.10c a pip.

No matter how much money I have in my account to trade, I always prefer to have a mini account as it gives me far more flexibility in my position size.

Your stop loss is what will determine the position size you can trade, first we need to find out what 2% of our account is so grab a calculator and follow along.

We will pretend we have an account of \$10,000. To find out what 2% is we simply divide 10,000 by 100 and then times it by 2, this gives us \$200. We now know we can risk \$200 on a trade, every time you make a trade you must recalculate this figure, as your account grows, so will the amount you risk on each trade.

Let's pretend we've just had a trade setup with the PBD system and the stop required is 50 pips including spread. To find out how much to risk on this

trade we simply divide \$200 by 55 pips which will give us \$3.63 per pip. Round this number down to the nearest \$0.10c which is \$3.60

When making the trade your lot size on a mini account would be 3.60. If you have a standard account you would have to round it down to the nearest \$1, so in this case it would be \$3.00 per pip and the lots traded would be 0.30

Once the trade is completed you will recalculate the lot size for the next trade using your new account balance.

For those of you who are like me and hate having to work this out manually on each trade, I have some great news. I recently came across a little web site that will work out your exact position size for you depending on what percentage of your account you wish to risk. All you have to do is input your account and trade details and your exact position size is calculated for you.

<http://www.forexcalc.com>

# TIME FRAMES

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When most people think of Forex trading they imagine intense trading action on small time frames, in and out in a few minutes and bang you just made \$1000!

Everything to do with Forex is geared towards getting people to day trade. Almost all Forex brokers offer ridiculously high leveraged accounts and most adverts will have you believe that day trading is as easy as pie.



If you have spent any time at all trading Forex you will have already discovered that it's not as easy as you originally thought. Scalping the 5-minute charts becomes extremely stressful when the market is always doing the exact opposite of what you expect.

Trading the correct time-frame is paramount to making consistent profits in the Forex markets. It's the main key to my success! New traders coming into this business are drawn to the low time-frame charts for the fast action and quick profits. However there are serious problems associated with trading these low time-frame charts that most people don't realise or understand.

Here are some disadvantages working against you when trying to day trade these small time-frames.

- **Random Market Noise:** The markets are random but this randomness can be predicted and profited from on a consistent basis. However the lower in time-frame you go the more random market noise becomes and the harder it is to predict the market direction consistently. This random market noise is often the cause of your stop loss triggering just before the market moves in the direction you intended.

- **High Cost:** Taking several trades each day for a few pips creates a lot of cost in spread (broker's commissions.) An average day trader can take around 10 trades in a day. Using the EURUSD as an example which has a low spread of just 2 pips the day trader has already lost 20 pips just in commissions to the broker. Not only does this affect overall profits but this has a serious affect on the trader's edge in the markets and chance of finishing the day with any profits at all.
- **Screen Time:** Most day traders find it difficult to produce consistent profits because of the random market noise which will often take out their stop loss. Those few that do succeed in day trading wind up becoming a zombie watching a computer screen for up to 12 hours a day. The dream of freedom that trading Forex can provide is far from realised and often day traders end up working more hours than in their regular job.
- **High Stress:** Trading on small time-frames requires a lot of concentration, constantly watching the markets for up to 12 hours a day is enough to stress out anyone and will eventually affect your health and lifestyle.

When combining all these disadvantages of day trading it is not difficult to see why so many traders fail to become profitable and eventually give up. As I said earlier the higher the time-frame you trade, the easier it becomes to trade profitably. After years of fighting against this rule I now focus almost exclusively on the 4H and daily charts I have found this to be extremely profitable, which gives me great freedom to spend my time doing the things I enjoy.

Let's look at some of the great advantages that trading the daily charts provide.

- **High chance of success** - By trading on a high time-frame like the 4H and daily charts you have cut out all the market noise which is

responsible for taking out your stop loss. Your trades now have an extremely high chance of success, you are now working on the same time-frame as the banks and institutional traders.

- **Huge profitable trades** - With big time-frames, become big wins. The 4H and daily charts provide huge winning trades of hundreds if not thousands of pips.
- **Free time** - This is a huge advantage. If you are working a full-time job then the 4H and daily charts will make it easy for you to trade around your day job until you are comfortable enough to trade Forex full-time. Once you begin trading full-time you will have the freedom to spend time with your family. You can be anywhere in the world and as long as you have a laptop and internet connection you can make money!
- **Low costs** - Taking only 2-3 trades a week will drastically reduce the cost in commissions to your broker. This also adds to your edge giving you a higher chance of success.
- **Low stress** - Watching trades live all day long will create a lot of mental stress. Using a long term trading approach will reduce this stress to almost nothing as you only check on your trades a few minutes a day.
- **Huge Trends** - It's well known that the currency markets have huge trends that continue for thousands of pips. The only way to catch a long term trend is by trading a long term time-frame.
- **Plenty Of Trades** - Although most people think the 4H and daily charts moves slowly with several pairs to watch you would be surprised how many trading opportunities you will come across. You can easily average 3-4 trades a week that have profit potential of hundreds of pips.

- **Small Position size** - With today's Forex brokers you can trade micro lots, this means you don't have to over leverage your account to trade the 4H and daily charts. You can easily risk a set % of your account on each trade just like you would if you were day trading.
- **Limited risk** - News report announcements that would normally devastate a day trader will have little impact on a long term position.

Picking what time frame you trade will depend on you and your life style. It will also depend on what life style you want to lead as a trader. I myself enjoy trading the 4H charts because it gives me a nice balance between frequency of trades and time to enjoy life. Trading the 4h charts I probably spend about 2-3 hours a week in front of my charts.

Now I am not saying it is not possible to trade the lower time frames, far from it. There are many very successful traders who do extremely well on the lower time frames but they are very experienced traders. I highly encourage you to begin on the 4H or Daily charts until you are profitable then if you wish, drop down to 15M or 1H for more action.

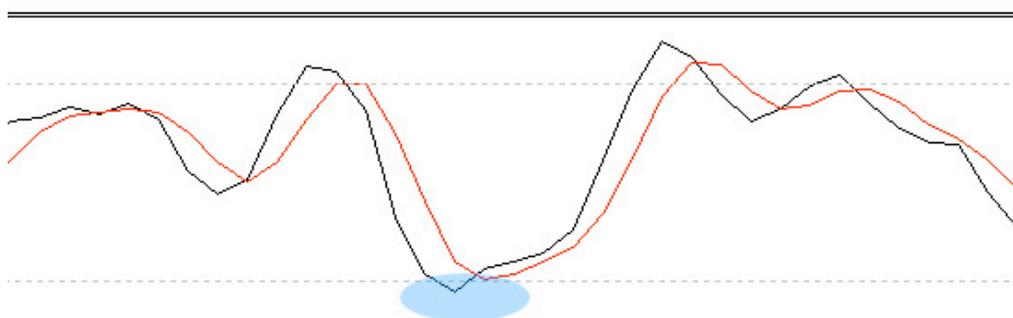
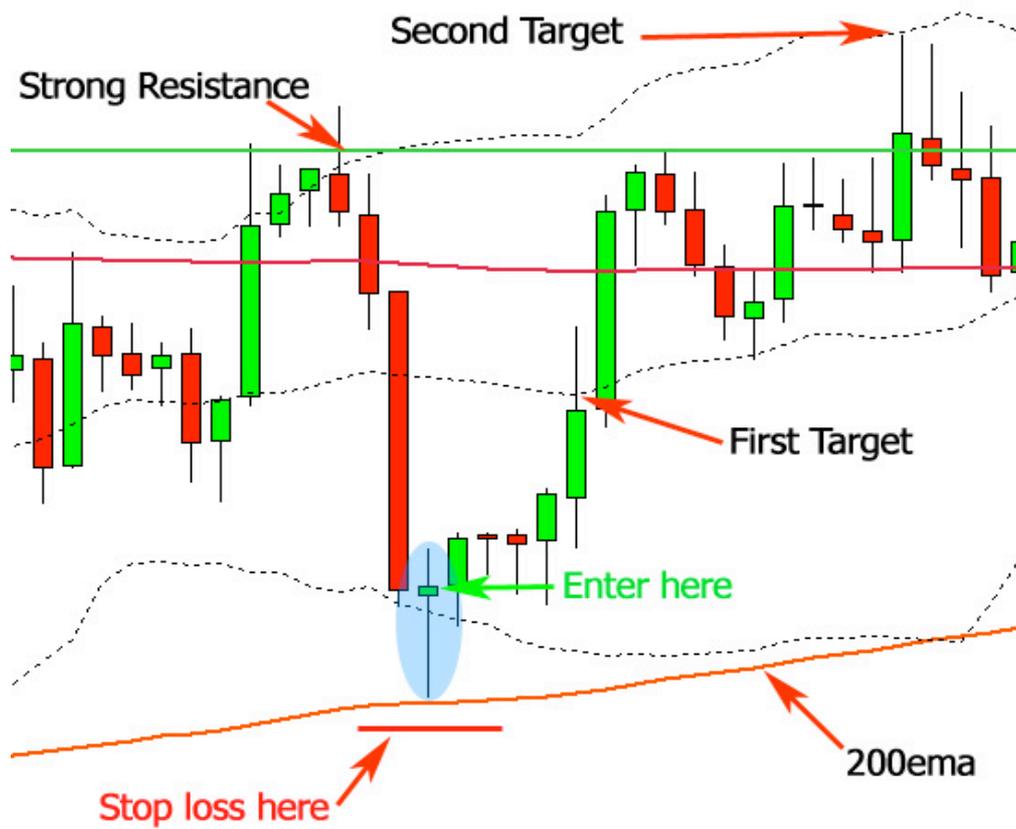
# TRADE EXAMPLES

Right, now you know the FPD system inside out, let's take a look at some trading examples so you can see how these setups look in the real markets.

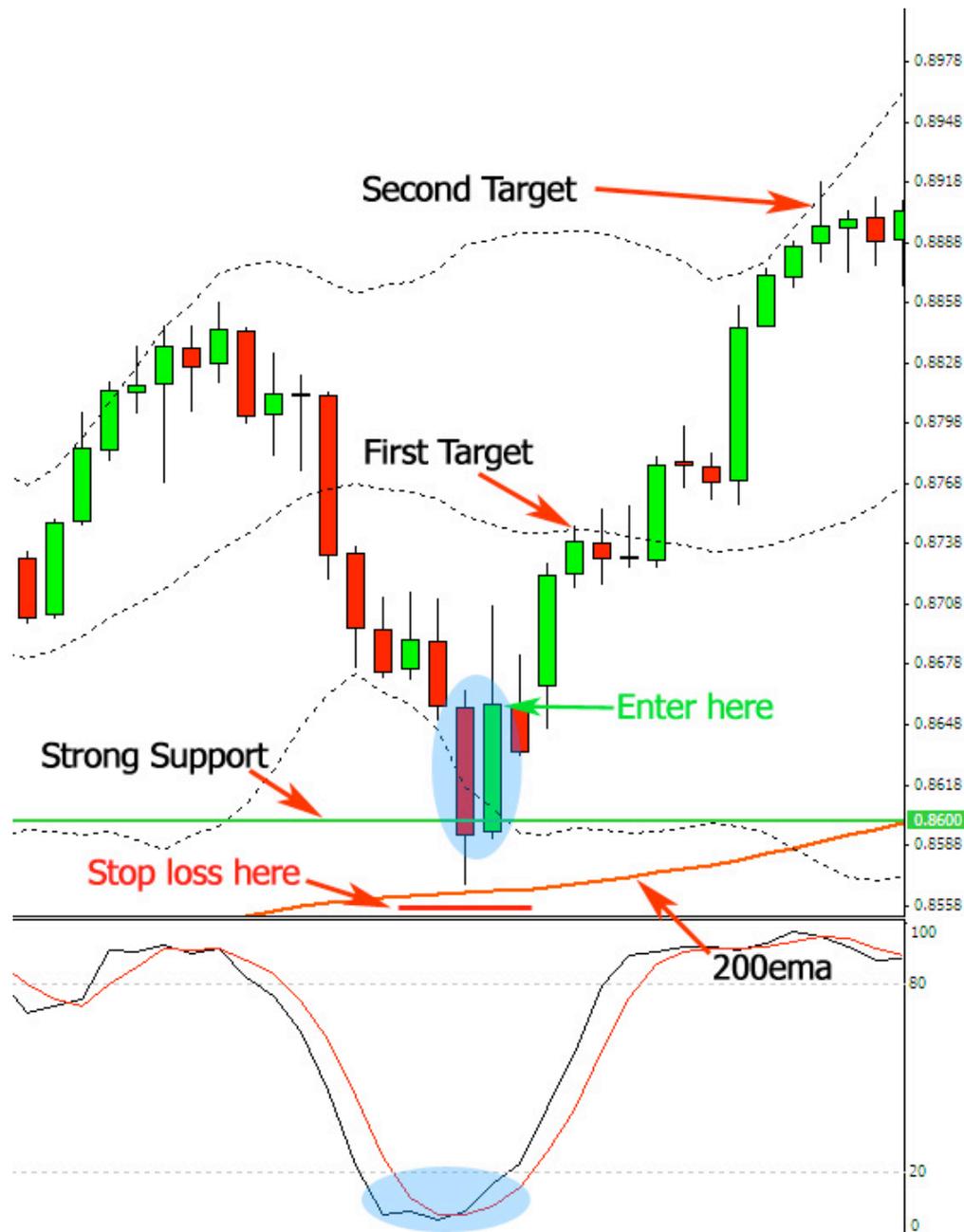
Below we have an 'A setup' with a confluence of resistance. Here you can see why I move to break even and take some profit at the centre of the BB. In this trade price reversed after hitting the first target and did not come back.



In the example below the 'A setup' was working from a perfect pin formation in confluence with the 200ema. Because there was a strong resistance level just before the second profit target it was used instead. After price bounced on it a couple of times it made it through to the upper BB anyway but better to be safe than sorry. 😊



In the example below the 'A setup' was working from a perfect railroad track formation in confluence with a strong support level, a round number and the 200ema close behind.



# CONCLUSION

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Like I said earlier, if you are willing to put in the time to learn this business the rewards are almost mind boggling!

I have done my very best to explain how I trade the Powerband Dominator Forex system, I think you will agree after looking over your charts that this is a very powerful Forex system.

Remember this is not a race, take your time and enjoy the learning process on demo. Get to know the system and track your results each month to see your progress.

If you haven't done so already it is essential you watch the videos that accompany this course located in the members area.

If you have any questions then please feel free to send me a email and I will help you out the best I can.

[contact@forexpowerbanddominator.com](mailto:contact@forexpowerbanddominator.com)

Have fun and I wish you much success with your trading.

