



Introduction

Welcome and thank you for purchasing Cynthia's Easy Forex Color Coded Trend Trading Manual System. This manual trading system is made of the global advancements in Forex trading and will be very profitable for you. This trading method will revolutionize how you trade, forever. Color Coded trading is the easiest and least stressful trading you will ever do. Now trading can be fun, as it should be!

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You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets.

Don't trade with money you can't afford to lose.

This is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed in this e-book. The past performance of any trading software or methodology is not necessarily indicative of future results.



CFTC RULE 4.41 - HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.

No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program.

Hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading.

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http://www.cynthia-recommends.info/easy_forex_color_coded_trend_system.htm

IMPORTANT: In order to achieve good results you must read **AND FOLLOW THE MAJOR RULES BELOW!**

1. Recommended Time Frames: 15 min, 1 hr and 4 hr
2. **DO NOT USE** for scalping in a 1 min or 5 min chart, **UNLESS** you are trading a news event and using the Forex Executor Pro Trade Management software:
<http://www.daytradeforex.com/recommends/ForexExecutorPro>
3. Trade according to color only, do not use price lines or candlesticks.
4. All colored signals need to be the same before you enter a new position.
5. Pairs: all major pairs that trend well
6. Use sensible money management. My most recommended money management system is taught by the MAX team, please visit their site and sign up for a free introductory webinar:
<http://maxtradingsystem.com/max-introductory-webinar/>
7. Stop Loss: the best way to manage your trades is by using the Forex Executor Pro software: <http://www.daytradeforex.com/recommends/ForexExecutorPro>
8. As with any trend trading system, you are looking for breakouts and trying to avoid consolidation periods



Of course not every trade will be profitable, there is no holy grail in Forex. Losing trades will be closed by your trailing stop loss automatically but by the end of the month a good profit is sure to be yours.

Installation and Setup

Installation:

The Easy Forex Color Coded Trend Manual Trading System requires MetaTrader 4 to function.

If you already have MetaTrader 4 installed, place (copy or download) the indicator files into C:\Program Files\xxxxx\experts\indicators, where xxxxx is the name of your MT4. For example, the MT4 from Think Forex is called **MetaTrader – Think Forex**, and the complete path will look like this:

C:\Program Files\MetaTrader – Think Forex\experts\indicators

Close your MetaTrader 4 before downloading or copying the indicator files and then re-open it. All your indicators will now be in Custom Indicators.

If you do not have MetaTrader 4 installed, you need to download it from a Forex broker web site. We recommend using only well known, reputable brokers such as: Think Forex, Gain UK, FX Sol, FXDD Malta, FXPRO, E-Global, PFG, MB Trading, Alpari UK or Tadawul. My preference is for offshore brokers because we can hedge and open and close trades as we choose to and we can get the leverage we desire.

Here are my recommended brokers and download links to open a demo or live account:

To go thru my favorite IB, BackBayFX, please visit their webpage and opt-in to see the details about the 9 brokerages they work with:

http://www.backbayfx.com/gainuk_live_day_trade.php

Choose Gain-UK (Forex.com) through BackBayFX if you have a smaller account and need micro lots. Email BBFX if you are interested in the Free VPS or trade rebates...certain conditions apply.



Coming Soon! Trade With Alpari-UK via BBFX and get your Free VPS!

No need for a huge minimum deposit! Start with as little as \$100 using a cents account with [E-Global](#) or \$500 with [FXPRO](#) (if you are a non-U.S. citizen and want to trade oil). E-Global is the same as trading nano lots at IBFX (which I highly recommend you NOT use!) (I also DO NOT like FXCM or CMS.)

Want to trade thru a really good MT4/ECN? So far the best I've tried is Think Forex. Open with only \$500 and get a \$50 bonus (withdrawal condition: trade 5 standard lots in order to withdraw the bonus). Trades with .1 mini lots but soon .05 micro lots will be available. 200:1 leverage is available. Funding and withdrawal soon via PayPal...for now use your credit card or bank wire transfer. Free VPS under certain trading conditions (must trade 5 standard lots per month). The VPS is from Rackspace, a windows-based 1 GB Cloud Server. Great platform and trade execution and the spreads for an ECN are great.

ECN stands for Electronic Communication Network, and ECN brokers are true brokers that connect you with the banks. During the news, they will usually not give you fills before the spike, but within few seconds of the spike, their spreads will become normal, and you will be able to open and close trades with normal spreads.

Trading volume is what they are after, they make their money on your trade volume, so there is no need for them to cheat you via re-quoting or stop loss treachery ... entry and exit is a breeze! They love scalpers and scalping robots because of the trading volume. You do NOT pay a commission for trading!

Open a free demo account now and give Think Forex a try:

<http://www.thinkforex.com/landing/daytradeforex/>

Just for the record, Think Forex uses a proprietary feed/liquidity bridge that is Currenex, not the dreaded Boston Technologies bridge that FXCM and CMS uses.

Here's a press release from Think Forex about their ECN/MT4 platform:

<http://www.prlog.org/10743653-thinkforex-ecnstp-forex-broker-with-tight-spreads-no-commission-and-free-vps.html>

Choose your Forex broker, and download MetaTrader 4 for free.



After you download MetaTrader 4, install it on your computer. This is a standard and simple operation.

Included is a template file so you can load a template onto your charts that are already filled with the color coded indicators and settings. It gets downloaded into your C:\Program Files\MetaTrader templates folder...**the templates folder on the same level as your experts folder and not inside the experts folder.**

Then download or copy your indicator files into your expert\indicator folder.

Download your Template and Indicators:

TEMPLATES:

Instructions: Left mouse click and Save As to your desktop in a folder named Easy Forex Color Coded Trend System/Templates and then open and unzip the templates file and then download or copy into your C:drive\ProgramFiles\yourMT4Platform\templates folder:

INDICATORS:

Left mouse click and Save As to your desktop in a folder named Easy Forex Color Coded Trend System/Indicators and then open the folder and unzip the indicator file and then open the indicator folder and select all the indicator files and copy all of them at the same time into your experts/indicator folder:

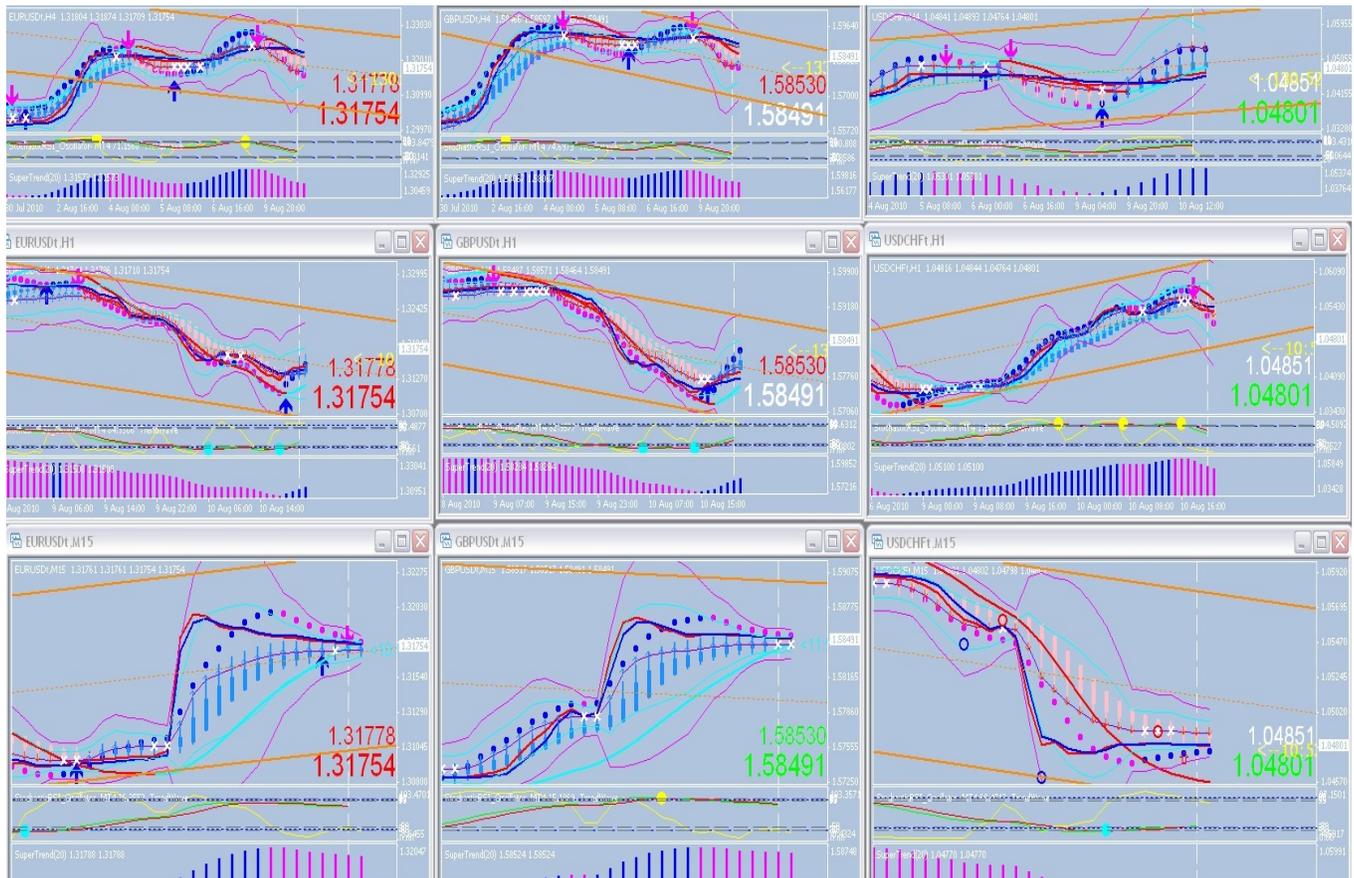


Setting Up Your Charts:

1. pick out 3 major trending pairs to trade (or only 2 pairs if your screen isn't very wide)
2. make a profile that has the 4 hr charts at the top going across and then a 1 hr chart under those going across and then a 15 min chart under the 1 hr charts going across
3. attach the template to each chart

The next page has a screenshot to illustrate the profile setup:

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The top row going across are the EurUsd 4 hr chart, the GbpUsd 4 hr chart and the UsdChf 4 hr chart. The 2nd row are the same pairs but 1 hr charts. The 3rd row are the same pairs but 15 min charts.

Now when you are looking at a currency pair, you first look at the top 4 hr chart to determine the major trend..then look down at the 1 hr chart underneath to see the medium trend, and then look down at the 15 min chart to see the faster trend.

At the far right is a dotted white vertical line that follows the price....you can always quickly at a glance see where the price is at.

I only use a 5 min chart to trade news events....other than that, there's too much noise and the whipsaw is too great during consolidation periods.



Here's a profile that you can download as a zip file into your Easy Forex Color Coded Trend Trading System folder on your desktop...then unzip the folder, select all the files at the same time and copy them into your (closed) mt4 platform/profiles folder (on the same level as your experts folder, not inside it). Left mouse click and Save As:

http://www.cynthia-recommends.info/easy_forex_trend_system/color_coded_chart_profile/colorcodedprofile.zip

Then, re-open your mt4 platform, go to Files in top right corner, select Profiles, and select CYNTHIA COLOR CODED TREND SETUP. The tabs might be in the bottom tray of your platform so you might have to open them up. Make sure they are stacked according to the description above and make sure your Trend Channel is on the chart...squeeze the prices on the far left until you can see at least the Trend Channel support or resistance line that the price is closest to.

How To Use The Charts

I'll go thru each indicator and explain how to use it...and I'll show a screenshot with some explanations.

The Trend Channel

The Trend Channel are the orange lines. The slope of the Trend Channel tells you at a glance in each timeframe what the price is doing...going up, down, or flat.

The best way to use the Trend Channel is to trade off of the extreme channel bounces.

So when the price reaches the upper resistance channel and starts to head back down, and all colored signals are the different shades of pink, hot pink or red, and they are lined up to show a downtrend, then place a sell order.

If the price is bouncing off the bottom channel support line and starting to head back up, and all colored signals are the different shades of blue, then place a buy order.

If the movement is strong, the price will reach the extreme opposite orange trend line...if it stalls out at the orange dotted mid-line, then wait to see what happens next. Most often, if the move is strong, it will continue to the extreme channel line and bounce off of it.



Please be aware that if the price movement is VERY strong and keeps pushing against a trend channel line, it will push the channel trend line and expand it...it's a flexible trend line that does change.

If the main trend is slowing down, then the price will retrace off of the dotted orange mid-trend line and eventually push against an upper or lower channel line...in other words, when a price movement is reaching exhaustion, it won't break thru the orange dotted mid-line...it will reverse and sooner or later push against the support or resistance orange channel lines at the outside.

The 4 hr chart below illustrates perfectly how the upward trend of the EurUsd has stalled out on August 3, and can't go above the dotted orange mid-trend line...on August 9, it has broken down below the original upward support channel line ...and is hanging around right on the dotted mid-line in the now downward sloping channel, so the upward trend is exhausted for the time-being and the downtrend is slowed down. The RSI is turned upward on August 10 towards the 80 line, but if it turns down, then the selling will continue.

At this point, in the 4 hr chart, the price is in limbo around the dotted orange mid-trend line, so I'll trade in the 1 hr or 15 min chart instead.

The Other Trend Indicators

Instead of a candlestick or price line, I use a smoothed Heiken Ashi candle indicator with an alert, and a non-lag dot.

In the bottom window, I use the Super Trend which is color coded to match the Heiken Ashi candle and the non-lag dot in the main window. The Super Trend is less lagging and can signal the exhaustion of a trend a little earlier

For the long term trend, I use the Trend indicator. In the 4 hr chart, I changed the default slope from 80 to 40. In the 1 hr chart, I left the slope at default 80. In the 15 min charts, I changed the default of 80 to 60.

I NEVER trade against the trend of this indicator, whatever timeframe I am trading in.

In the middle window, I use a Stochastic/RSI indicator and a Trend Wave indicator.



The Stochastic/RSI uses the typical 20/80 oversold/overbought lines and the RSI shows the volatility of the price action. Look for the yellow line to bounce up from the bottom 20 line, signifying increased buying strength...and increased selling strength when it bounces down from the upper 80 line.

The Trend Wave is two colored lines that get flat and crunched together when in a consolidation period...you can see them separate when the trend is strong in one direction or another.

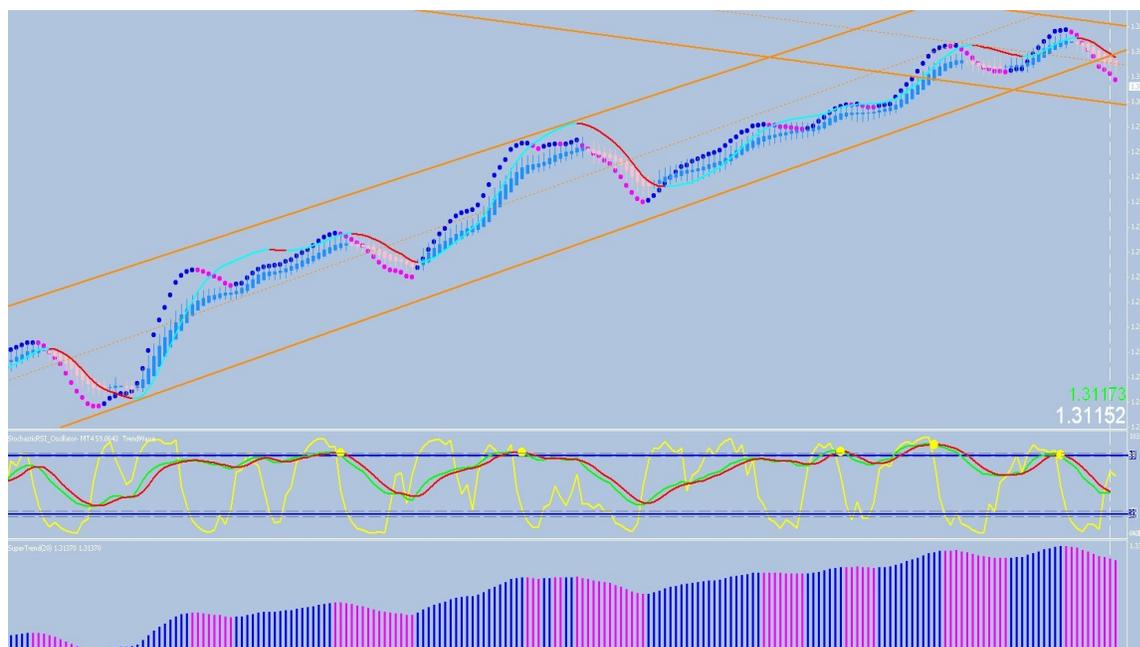
When a buying trend significantly slows down, you'll see a large yellow dot at the top of the 80 line. When a selling trend stalls out, you'll see a large aqua blue dot at the bottom of the 20 line. These dots can re-paint and can be premature, so you have to confirm with the Super Trend. I never take any action based on just the Trend Wave....but if a dot appears and the two lines are flat and together, it's a signal that the trend is slowing significantly.

Mostly the Trend Wave dots are good to rely on in the 4 hr chart only.

The Super Trend goes into the bottom window and shows the trend direction and strength, much like the MACD, but is much less lagging than the MACD. It co-incides most of the time with the non-lag dots. I use both of these indicators to tell me when to enter or exit a trade.

The next page shows 3 screenshots for a EurUsd 4 hr, 1 hr and 15 min charts, showing what I've just described using the Trend Channel and the basic indicators:

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In the 4 hr chart above, you can see that since July 26 (which is ½ way thru the chart), the buying trend never went past the orange mid-dotted line...so the buying strength is not that strong and has been slowing down...until finally on August 9, the price fell below the bottom channel support line is now in a downward channel. This could be the end of the uptrend or a temporary price correction downward...if it bounces off the bottom support channel line and heads back up, then the price might resume it's upward trend that it's been in since June.

However, if the price breaks down below the new downward sloping channel support line, then the EurUsd is breaking down and a major new down trend is probably being established. (on Wed Aug 11, this is exactly what happened)

In the EurUsd 1 hr chart below, you can see the new Trend Channel that has formed with a downslope:

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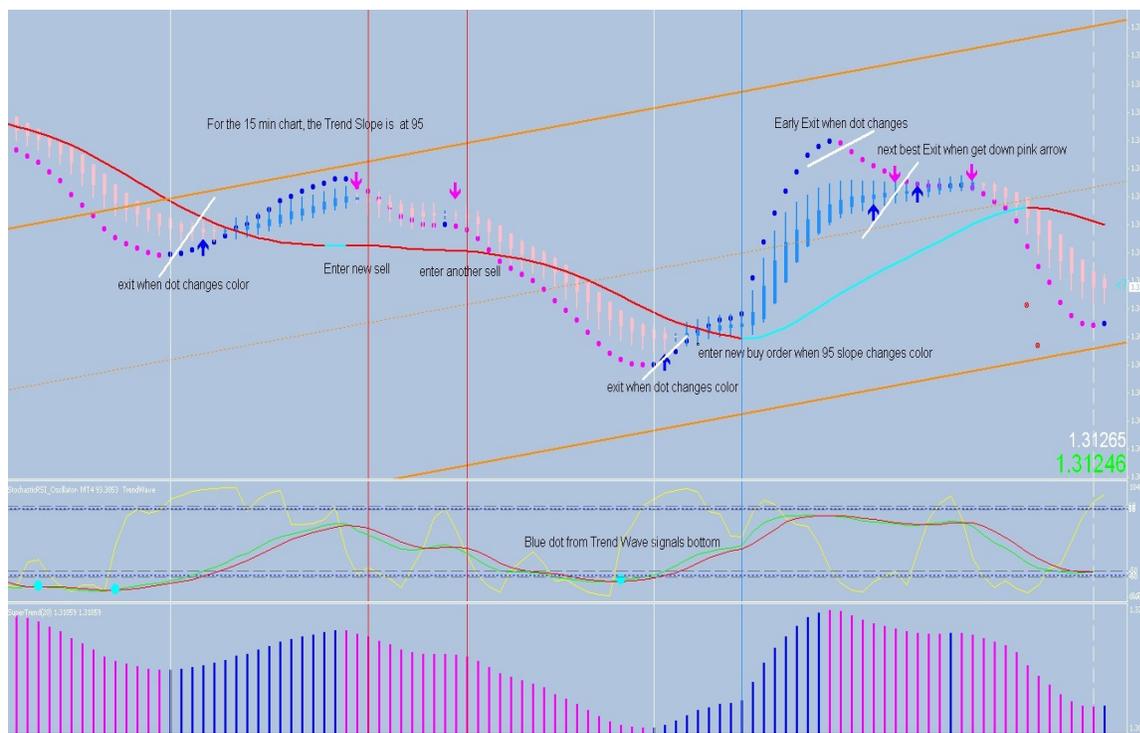


In the 1 hr chart above, you can clearly see the sell point off of the top extreme orange Trend Channel resistance. The first vertical black line shows the perfect sell entry. And in the bottom window you can see the two Wave Trend aqua blue round dots sitting on the 20 oversold stochastic line signaling that the bottom has been hit. The 2nd black vertical line shows the exit place when all signals have turned blue.

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Now let's look at the EurUsd in a 15 min chart:



In the 15 min chart above, I added the G(groovy) Spot arrows....hot pink is sell, blue is buy.

It's easy to see the 2 sell points shown by the red vertical lines...but to stay in the downward trend, I had to turn the Trend Indicator slope signal to 95 (80 is default). For a 15 minute chart, the 95 slope keeps you in the trend longer and avoids whipsaw trades. If you want a more sensitive slope line, the 15 min profile chart is set to 60. What's hard to know is when to take some profit...it's not that clear, but profit-taking is drawn by the short white lines.

You can close out a trade when the non-lag dot changes color... but it can re-paint so wait for two dots of the same color to confirm the exit....or, look at the Super Trend in the bottom window...if it has changed to the same color as the first non-lag dot, then you can close the trade.



In the next chart, I'll add some extra entry/exit indicators so that in a 15 min chart, it's more clear where to enter and especially where to exit...as exiting is really the hardest part of trading...exit too soon and you lose potential pips...exit too late, you give back pips...neither of these exit problems will grow your account very quickly.

In this next 15 min chart, I've added the Chaotic Trajectory Indy to the main window. It's the red and blue line that crosses as a new trend develops. When they are spread out in a fan, the trend is strong. Used with the G(roovy) Spot Indy, in combination with the Heiken Ashi smoothed candles and the colored non-lag dots, entries are a breeze.

When the red and blue Chaotic Trajectory lines merge and go flat, it signals the end of the trend.

I've also added the AMA Bands. However, to keep your chart from being too cluttered with too many lines, you can change the settings as follows:

Right mouse click on the AMA bands and open the Colors tab. Change the # as follows:

- 0= None (which changes to black)
- 1= leave as is
- 2= leave as is
- 3= Silver, change to White and make the width 4
- 4= leave as is
- 5= leave as is
- 6= None (which changes to black)
- 7= None (which changes to black)

Now you'll have the inner Bollinger Bands which are aqua blue...when they get tight and narrow, it's consolidation time and you should NOT be trading. The outer BB's are the magenta lines, # 6 & 7...if you like them and they don't distract you too much, then leave them on your chart.

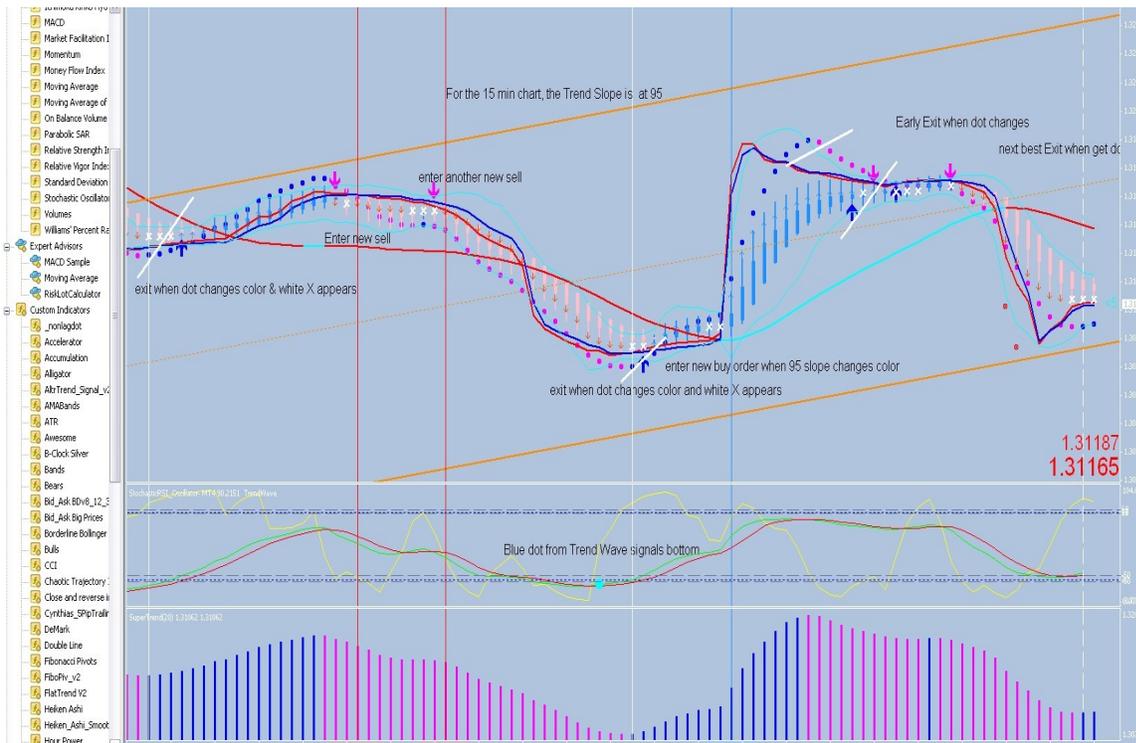
Also, the best thing about the AMA Bands is that when a trend slows down and the price is ranging or consolidating, a white X will appear.

When the white X appears and the non-lag dot also changes color, this a clear signal to exit a trade.

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A great exit is very clear when the red and blue Chaotic Trajectory lines merge and flatten out, in addition to the non-lag dot changing color and a white X appears. Also in the bottom window, the Super Trend bars will change color.



The chart above has two perfect sells close to the top of the orange Trend Channel resistance line.

Remember that the best entries are at the extreme top and extreme bottom of the orange Trend Channel lines.

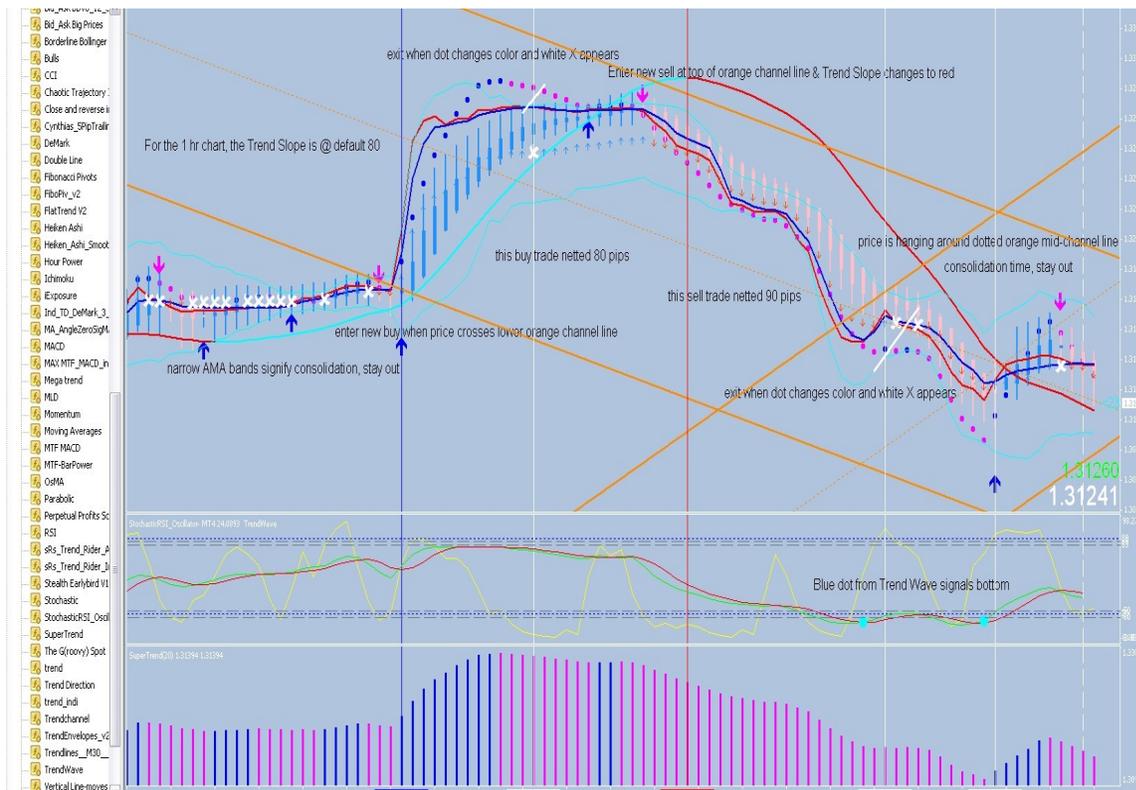
The exit is clear when the dot changes color, the white X appears, the Trend Wave gives a blue dot earlier to signal the end of the down trend, and the Super Trend bars in the lower window change color.

Seeing entries and exits should become very easy to spot with just a little bit of practice.

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Now let's look at a 1 hr EurUsd chart with all the indicators. The Trend Slope is at default 80 for the 1 hr chart.



On the left side of the chart 1 hr chart above, you have lots of white X's....the white X's combined with narrow Bollinger bands signify consolidation, ranging of price, and is not a tradeable condition.

Wait for a clear breakout, as occurs when the price breaks above the bottom Trend Channel orange line. Here I went long, and exited when the blue dots changed to hot pink and the white X appeared. This buy trade netted 80 pips.

When the Trend Slope changed from blue to red, I went short and exited when the price hung around the dotted orange mid-channel trend line, and the hot pink dot turned blue and the white X appeared. Before the exit, the blue dot from the Trend Wave appeared in the lower window, signifying a slowing of the sell-off.

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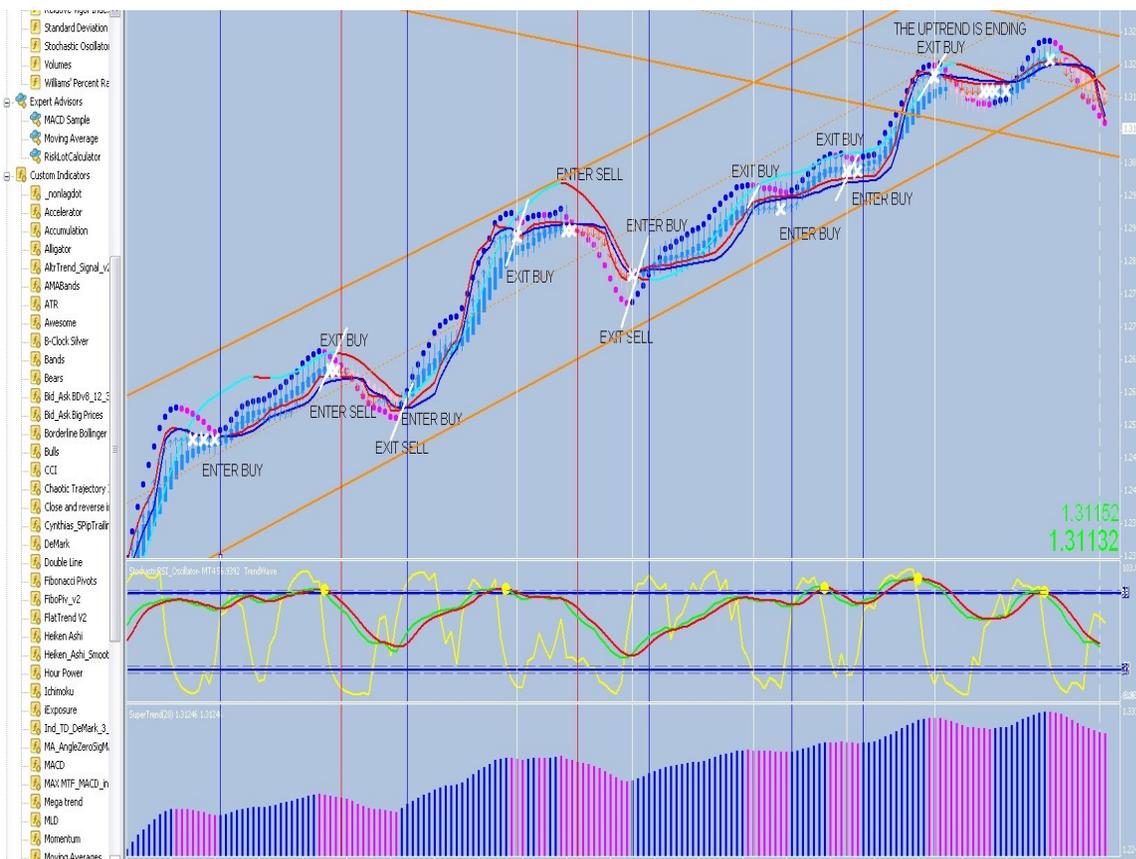


And last, let's look at a 4 hour chart with all the indicators.

For the 4 hr chart, I've changed the Slope Trend setting from 80 to 40. This way, we stay in the main trend without giving back too many pips when the trend changes, plus we have entries that are conservative and safe.

The AMA Band settings are changed as follows to keep the chart clean and uncluttered:

- # 0 = change to None (changes to black)
- #1 = leave as is
- #2 = leave as is
- #3 = change to White and change Width to 5
- # 4, 5,6,7 = change to None (changes to black)





During this time period, the trading started on July 6 and continued to August 9....for a total of 1294 pips with 9 trades.

Trading was relaxed because the color coding made it visually easy to see the entries and exits. The Trend Channel made it easy to see the upward trend and the trend change towards August 4th when the upward trend slowed down.

At this point in time, August 10, the price is in a downsloping channel and has crossed the orange dotted mid-channel trend line. If the price continues to the bottom of the Trend Channel support line, we will see either a bounce off the bottom to go bullish again, or, if the price breaks below the support line, we will be seeing further downtrend.

Clearly, the least stressful and easiest trading is in the 4 hour chart.

However, we haven't talked about stop loss placement yet, so it's time to address it.

Here are some ideas for trailing stops:

If you use the AMA Bands and leave the inner aqua Bollinger bands intact, you could place and trail your stop loss just on the aqua Bollinger band. Make #4 & 5 Aqua in the settings Color tab.

Or use a 100 pip stop loss and trail with 50 pips using your Mt4 platform.

Or, purchase the trade management software called Forex Executor Pro. You can read about it and watch a video here:

<http://www.daytradeforex.com/recommends/ForexExecutorPro>

You can program it to trail your stop and have a breakeven almost immediately, all automatically. And the best part is that your stops and trailing stops are hidden from the broker! No more stop running...and this can save you lots of pips! For only \$97, this is a must-have indicator!

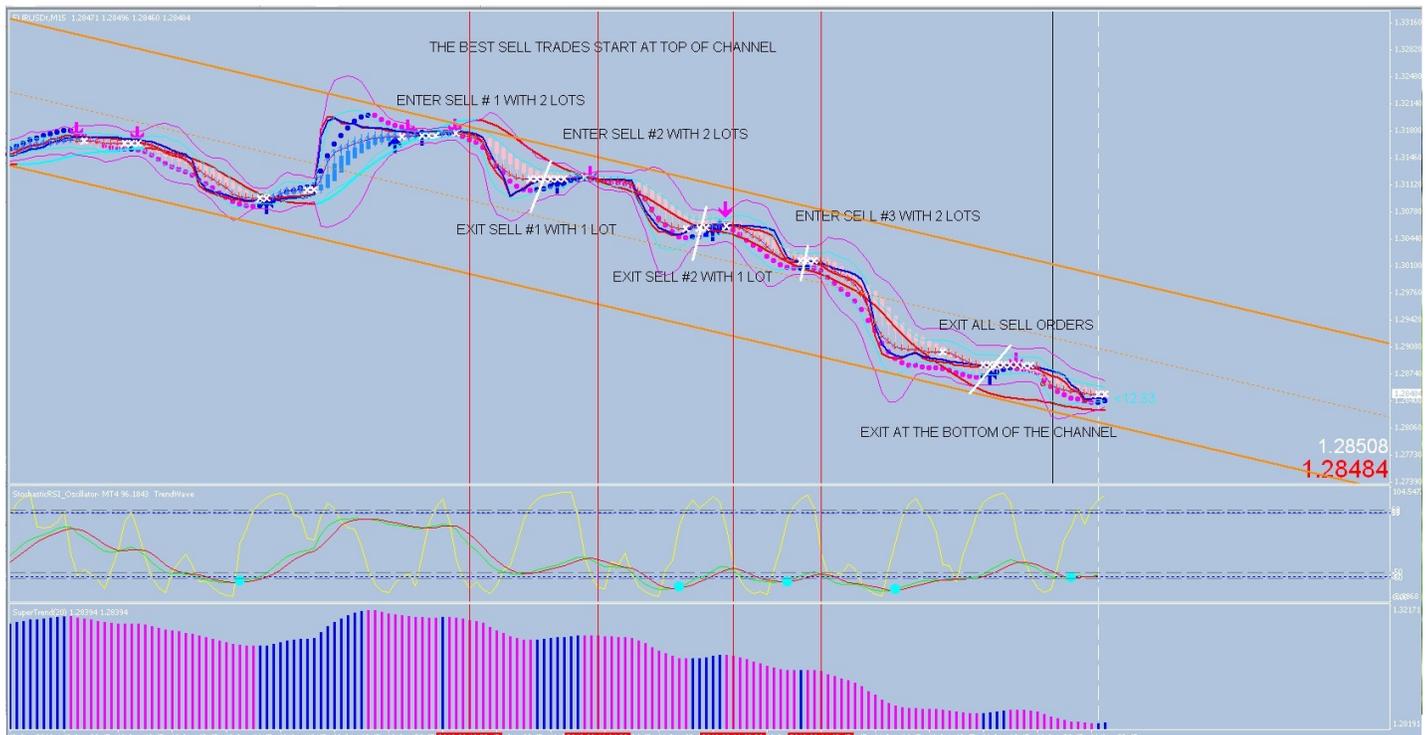
We also haven't talk about trading retracements or scaling in or out of trades based on retracements.

In order to trade this way, you need the 15 min chart and 1 hr and 4 hr charts open, as in the first screenshot.

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The 15 minute chart below gives you a slight idea of the money management taught in the MAX course. It has to do with the number of lots you open an order with and then how many you close. This chart gives you a pretty rough idea of how profitable the MAX system is:



If you want to really learn how to trade this way, you should take the MAX course if you have the money. Eusebio, the MAX Master Trainer and accomplished students get actually upset if they don't make 500 pips day! It's all in the lot sizes for entries and exits, there are secrets that only a full month course can teach you. If you are interested, please visit the MAX site and sign up for the free introductory webinar:

<http://maxtradingsystem.com/max-introductory-webinar/>

I hope you enjoy trading with color only and that you make many easy, stress-free, fun pips every day!

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Happy Trading!

Cynthia of Day Trade Forex

Author of 4 trading systems, has been trading since mid-90's starting with stock options on the telephone before the pc!

Visit her other websites:

<http://www.daytrade forex.com/products.htm>

<http://www.cynthia-recommends.info/robotssupport.php>

http://www.cynthia-recommends.info/robots_and_rebates.htm

http://www.cynthia-recommends.info/forget_forex_trading.htm

http://www.cynthia-recommends.info/easy_forex_color_coded_trend_system.htm

Questions? Email me at: support@daytrade forex.com