



FOREX REDEEMER

MAKING MONEY WITH A
TERRIBLE WIN RATIO

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DISCLAIMER

HIGH RISK INVESTMENT

TRADING FOREIGN EXCHANGE ON MARGIN CARRIES A HIGH LEVEL OF RISK, AND MAY NOT BE SUITABLE FOR ALL INVESTORS.

Before deciding to trade foreign exchange, you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some, or all, of your initial investment, and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial adviser if you have any doubts.



INTRODUCTION

Traders often focus way too much energy into the wrong aspects of a system, and in doing so, shoot themselves in the foot.

I know people who have been trying to trade successfully for several years because they focus their attention on things like high win ratios. This attempt to find a system with an unrealistically high win ratio leads them to continually alter their system, experience ongoing self-doubt, and ultimately a failure in trading successfully.

I think we can agree that even an average system can win half the time. **What the Redeemer system is built to do is focus on other aspects that make a trading system profitable.** In doing this, the focus comes off the win ratio and on to making money.

WE CAN MAKE MONEY EVEN IF WE WIN LESS THAN HALF OF OUR TRADES.

I want you as a struggling trader to make money. Making money is the goal of all traders, and if we can get around that pesky win ratio thing, we can finally be on the way to making money consistently.

The Redeemer system has a much better win ratio than 50%, however, we will consider a win ratio of only 50% or less for this manual.

The features of the Redeemer system will mathematically unbalance the statistical odd into our favor. It will seem like magic, but it's math.

The vary nature of the mathematics incorporated means that you are about to be using a system that **virtually guarantees you will make money.**

We will assume that you have the discipline to follow the rules, take the trades, honor the stops, and let the trades play out.

INTRODUCTION

LET'S MAKE MONEY BY
WINNING ONLY

30%
OF OUR TRADES

“MOST TRADERS CAN ACHIEVE A 30%
WIN RATIO, EVEN BY ACCIDENT.”

The statement above should be EXTREMELY encouraging! Even if we were to flip a coin to determine a buy or sell position, we should statistically be able to win half of the trades we take. Trade an actual trading system, and we can increase that by 15 - 20% without trying too hard.

Our win/loss may drop to 30%. so because of this, we will be trading on the premise that requires ONLY a win rate of 30 to 50%.

The truth is, we can make money if the win ratio drops to 25%.

SYNOPSIS

WHY REDEEMER

Almost every system seller tries to sell you on the fact the system has a high win ratio, and I want to ask, have you ever experienced a high win ratio?

CHANCES ARE THAT IF YOU ARE READING THIS, YOU HAVE NEVER HAD A DECENT WIN RATIO.

One of the biggest reasons traders fail is the lack of a decent win ratio. We are promised that we can have 80% or 90% successful trades, and when this doesn't happen, we will start to do some dangerous things. We will start to doubt ourselves as traders, try to "fix" the system, make modifications to the system, and even change the system completely. This is an endless loop as we can never achieve the 90% win ratio it seems all the Instagram traders and marketers promise us.

On the other hand, we can easily win 30% of our trades by flipping a coin and using no system at all!

THIS SYSTEM WILL TEACH YOU HOW MAKE MONEY WITH A TERRIBLE WIN RATIO

This system will redeem you of your poor trading history. You are about to start making money, even though you are not taking win after win.

I WANT YOU TO BE COMFORTABLE LOSING A TRADE. THIS WILL KEEP YOU TRADING, AND AS A RESULT, MAKE YOU MONEY.



FOREX REDEEMER

REDEEMER

THE 5 PARTS OF THE MANUAL

PART 1 - CHARTS AND SWINGS

- Setting up the charts
- Identifying swing highs/lows
- Trend direction

PART 2 - SETUP

- The Setup Box
- Entry
- Stop Loss

PART 3 - TARGET

- 1.382 Extension based on stop loss

PART 4 - MANAGEMENT

- Reducing the risk on each trade

PART 5 - BREAK-EVEN

- Move stop loss to the entry level

*We will be extracting the various procedures listed above from the Ultra Blue system. **The Redeemer is a step-by-step system**, highly specialized version of Ultra Blue to encourage successful trading with a very limited win ratio.*

PART 1

CHARTS AND SWINGS

- **Setting Up the Charts**
- **Identifying Swing High / Lows**
- **Trend Direction**

Before we can get into any kind of secrets, tips, tricks, hacks or solutions, we need to:

1. Set up our charts.
2. Have a basic understanding of market swings.

We will be using a very simple chart setup. We want to build a system that is extremely simple and easy to follow. The simpler the system, the better it will perform for us, and this is a system that will perform very well.

As far as analysis goes, we will keep that simple too. We will be looking at market swings, so after we set up our chart, we will look at what makes a swing high and a swing low. From there, we will get to part 2 and 3 and so on.

Remember, we are assuming that we are winning ONLY 30% of our trades. You will get a clear idea of how you can easily make money when the win ratio is as average as possible.

We aren't trying to improve our win/loss ratio, we are trying to improve our results!

CHARTS

WHAT IT LOOKS LIKE

Of course we have seen charts that look a lot busier, but we are after the simplicity. What we are looking at are 2 moving averages.



The moving averages are:

- 13 EMA (red)
- 34 EMA (blue)

These moving averages will give us all the information we need to make the Redeemer system quite profitable. Using these 2 basic moving averages and the market itself, we will get:

- The direction to trade.
- The trade setup.
- The entry location.
- The stop loss placement.
- The target.
- The trade management tools.
- The break-even method.

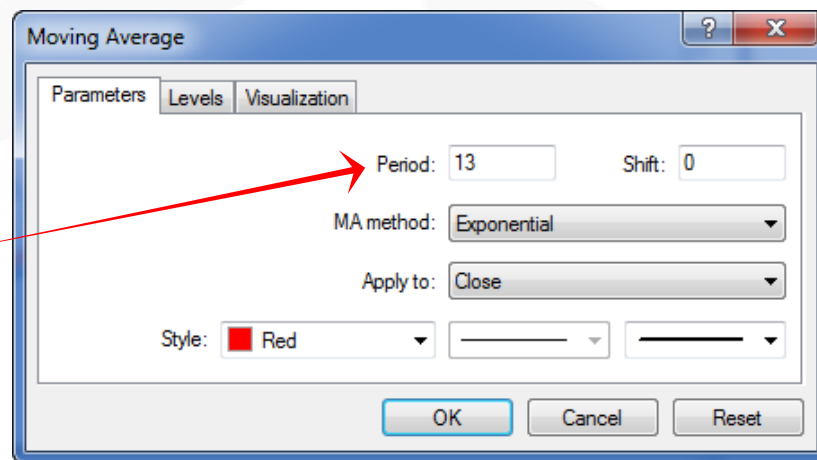
CHARTS

Setting up the charts is really quite simple:

13 EMA

The first indicator is the 13 Exponential Moving Average. This one we make red.

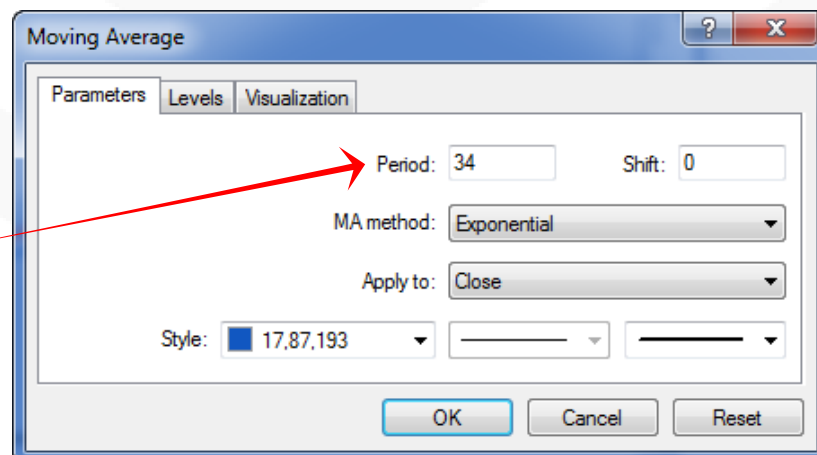
PERIOD SETTING



34 EMA

The second indicator is the 34 Exponential Moving Average. This one we make blue. I used a custom blue to match the candlestick color theme, but any color will work.

PERIOD SETTING



MARKET SWINGS

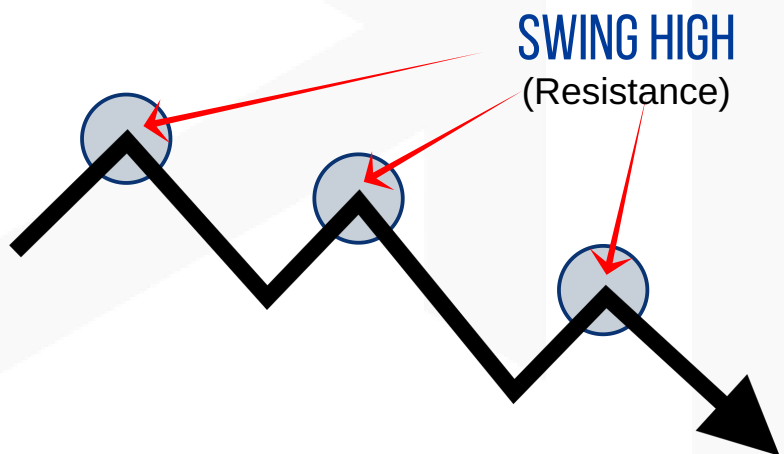
SWING HIGHS AND LOWS

Before we get into the trading system itself, we need to be able to identify market swing highs and swing lows.

Another description for these highs and lows are "areas of support and resistance". We need to know about them because we will be using them to get our entry signals.

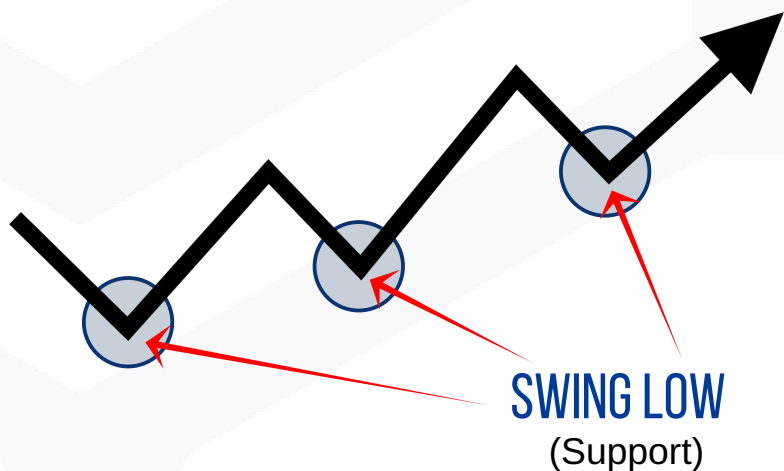
SWING HIGH / RESISTANCE

Price makes a move up and then back down. The top of that movement is a swing high, also known as resistance.



SWING LOW / SUPPORT

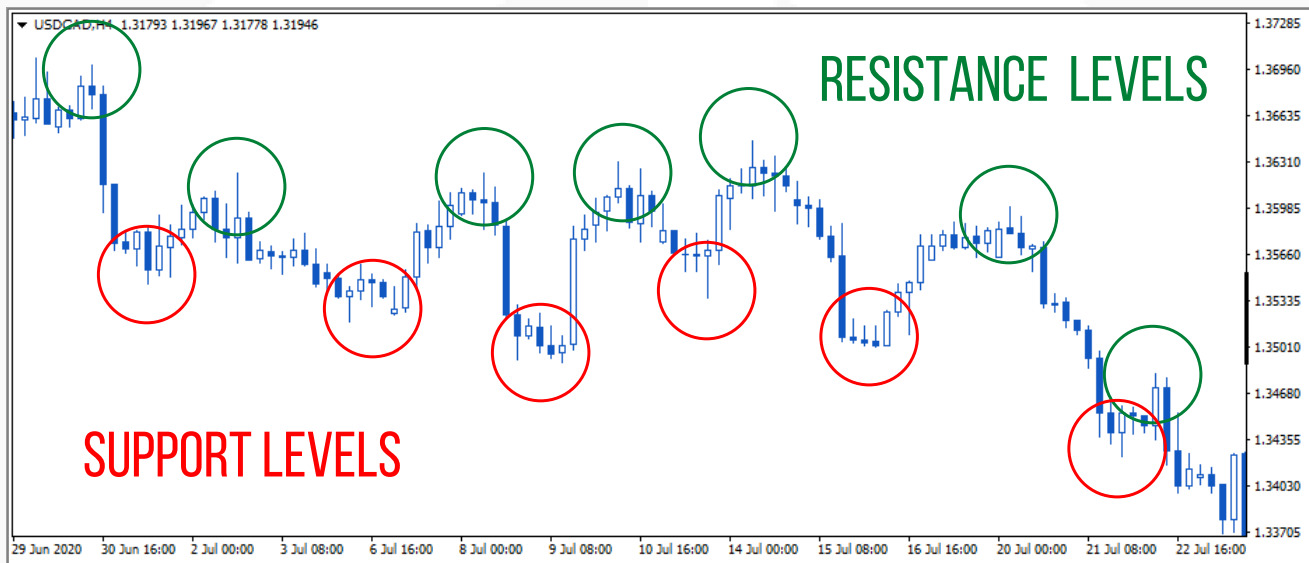
Price makes a move down and then back up. The bottom of that movement is a swing low, also known as support.



MARKET SWINGS

SWING HIGHS AND LOWS

Below are swing highs and lows on a chart. The areas of resistance are circled in green and the areas of support are circled in red.



Below is the same chart as above, but I have marked the same levels with support and resistance lines.



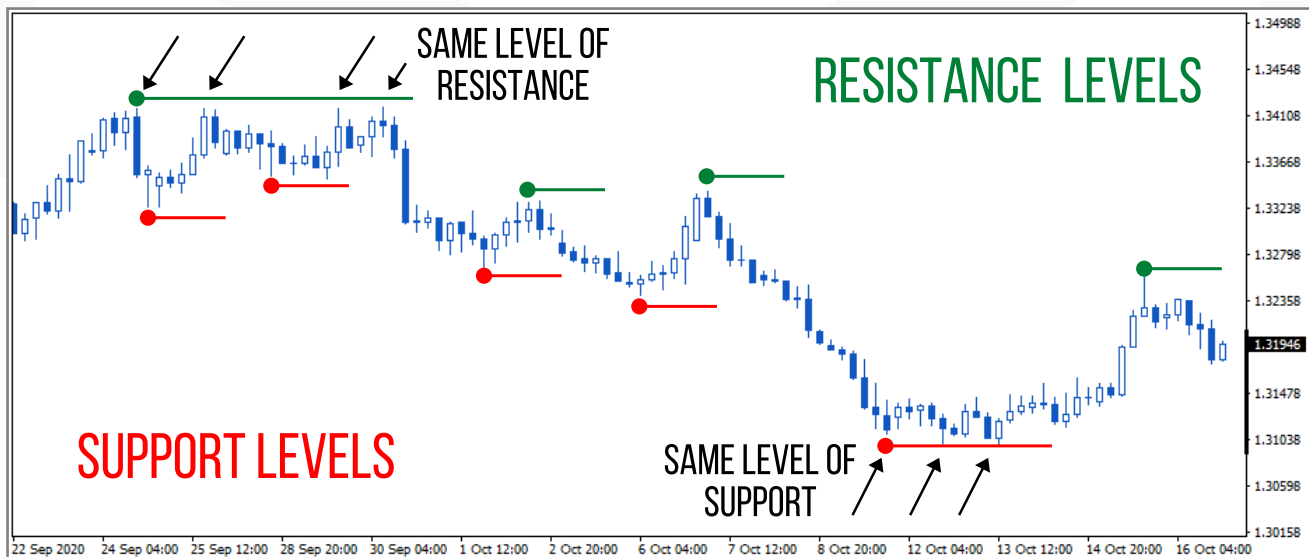
MARKET SWINGS

SWING HIGHS AND LOWS

Below is a second chart with swing highs and lows that aren't as obvious as in the first example. *If you are in doubt if it's a high or low, then it isn't.*



Below is the same chart as above with the levels marked as support and resistance lines. We see a few examples where price shares the same area of resistance and then again with support, this is a common occurrence.



TREND

TREND

To identify the trend direction, we look at the moving averages as a pair. The 13 EMA and the 34 EMA work together to determine the trend direction.

WHEN THE 13 EMA IS ABOVE THE 34 EMA, WE HAVE AN UPTREND.

We will be looking to take only long trades (buy trades).

WHEN THE 13 EMA IS BELOW THE 34 EMA, WE HAVE A DOWNTREND.

We will be looking to take only short trades (sell trades).

TREND IS DOWN

The red 13 EMA is below the blue 34 EMA.



TREND IS UP

The red 13 EMA is above the blue 34 EMA.

PART 2

SETUP

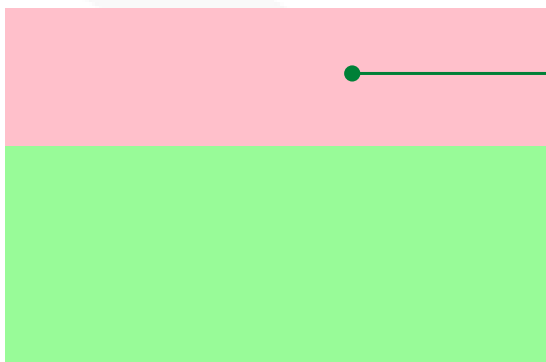
- **Drawing the Box**
- **Setup**
- **Entry**
- **Stop Loss**

The setup section of the system is the foundation. Everything else revolves around the setup.

We will be using something called the Setup Box.

The box is a very specific type of setup. It's not our typical box type trade, we are using not just the price, but also the 13 EMA to determine the structure of the box.

The box determines the window between the entry level and the stop level.



SETUP BOX

THE OTHER ORDERS ARE DERIVED FROM THE DIMENSIONS OF THE BOX:

- ENTRY
- STOP
- TARGET

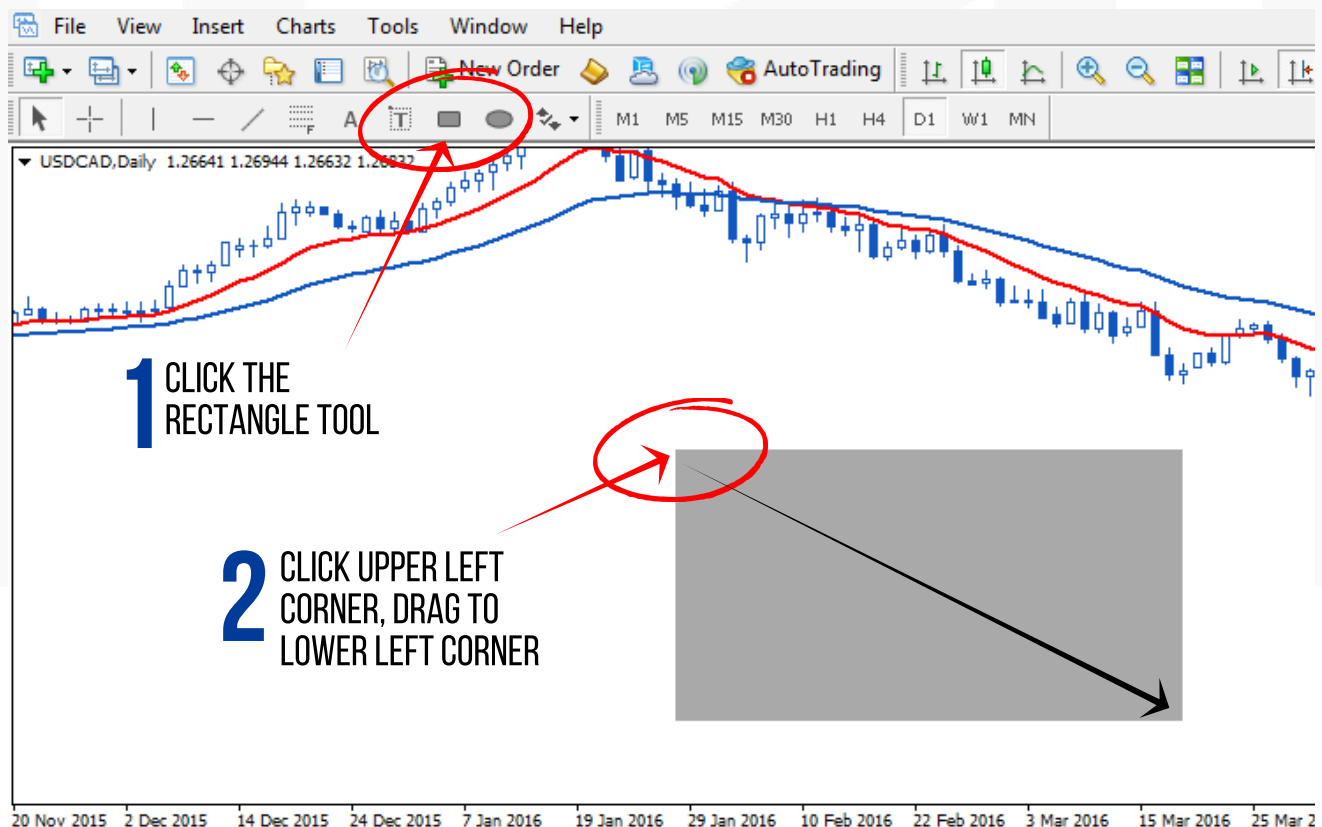
DRAW THE BOX

HOW TO USE THE RECTANGLE TOOL

We will be drawing a "setup box" on the chart. This is the box that will outline the entry and the stop loss locations. Using the MT4 platform, we will be using the rectangle tool to do this.

DRAWING THE BOX

1. Click the Rectangle Tool in the toolbar above the chart.
2. Click and drag (on the chart) from upper left corner to lower right corner to draw the box.



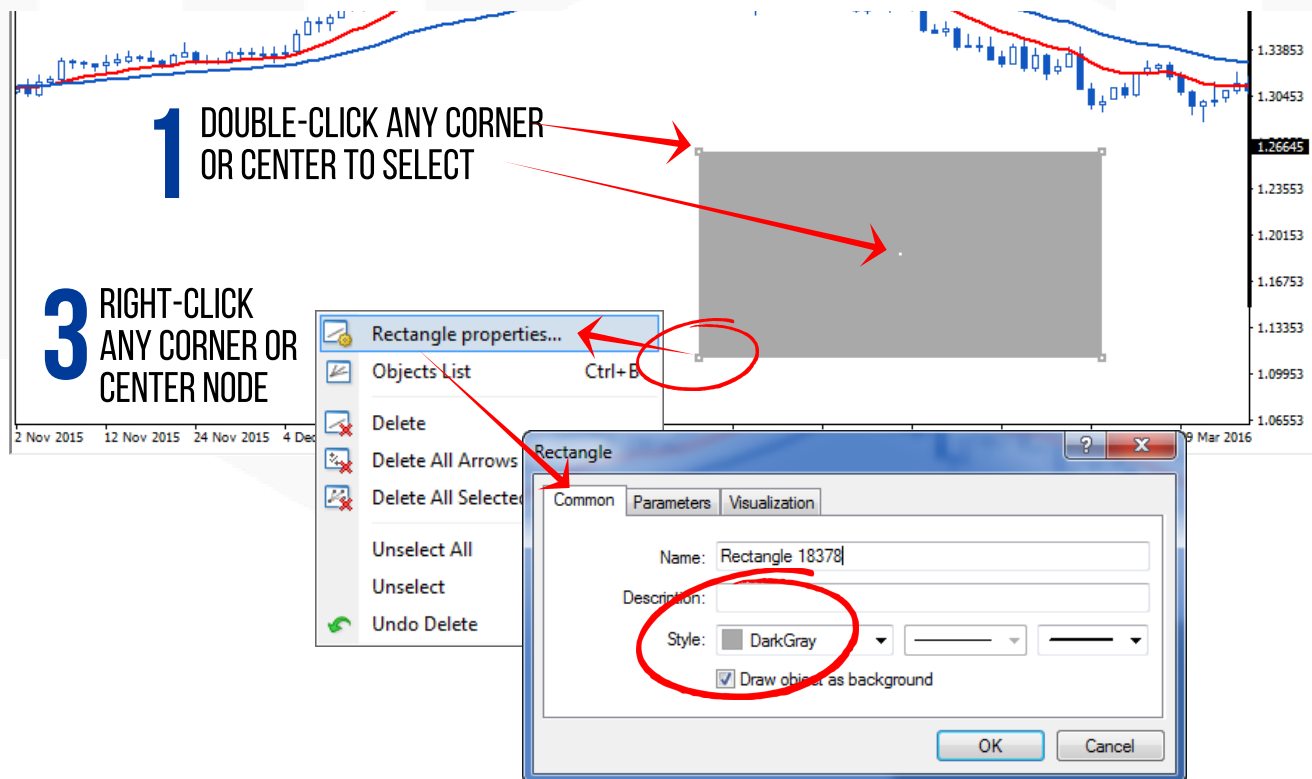
DRAW THE BOX

HOW TO MODIFY THE BOX

Once we have our rectangle, or "box" drawn, we will need to modify it. We can reshape it, stretch it, reposition it, and change the color.

MODIFYING THE BOX

1. Double-click any of the corners or the very center of the box that you have drawn. This will "select" the box. When the box is selected, we will see "nodes" appear on each corner and one in the center.
2. Click on a corner node and drag to stretch and reshape the box as needed.
3. To change the color, right-click on a corner or the center node and choose the Rectangle properties option. Under the Common tab of the box that pops up, choose the Style and pick the color you like.
4. To lock the square in place after we have made the changes we want, double-click any of the nodes on the box to "deselect" it.



SETUP - BUY

SETUP - BUY BOX

First, we identify that the trend is up and the price is above the moving averages.
Next, we need the setup.

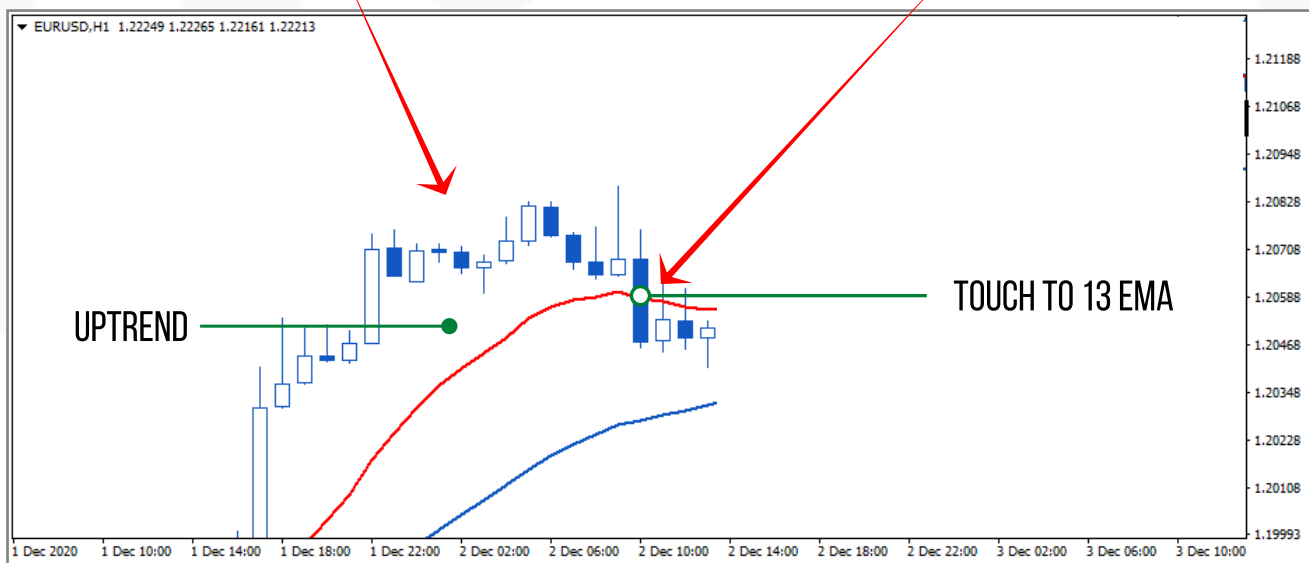
The setup occurs when the market pulls back and touches the red 13 EMA.

SETUP TO BUY:

1. The market is above the 13 EMA and the 13 EMA is above the 34 EMA.
2. The price pulls back to touch the 13 EMA.
3. Box is drawn connecting the swing high (top of the box) and 13 EMA directly under the swing high (bottom of the box), the box is then stretched to the right.

1 MARKET ABOVE 13 EMA,
13 EMA ABOVE 34 EMA

2 PRICE PULLS BACK TO
TOUCH 13 EMA



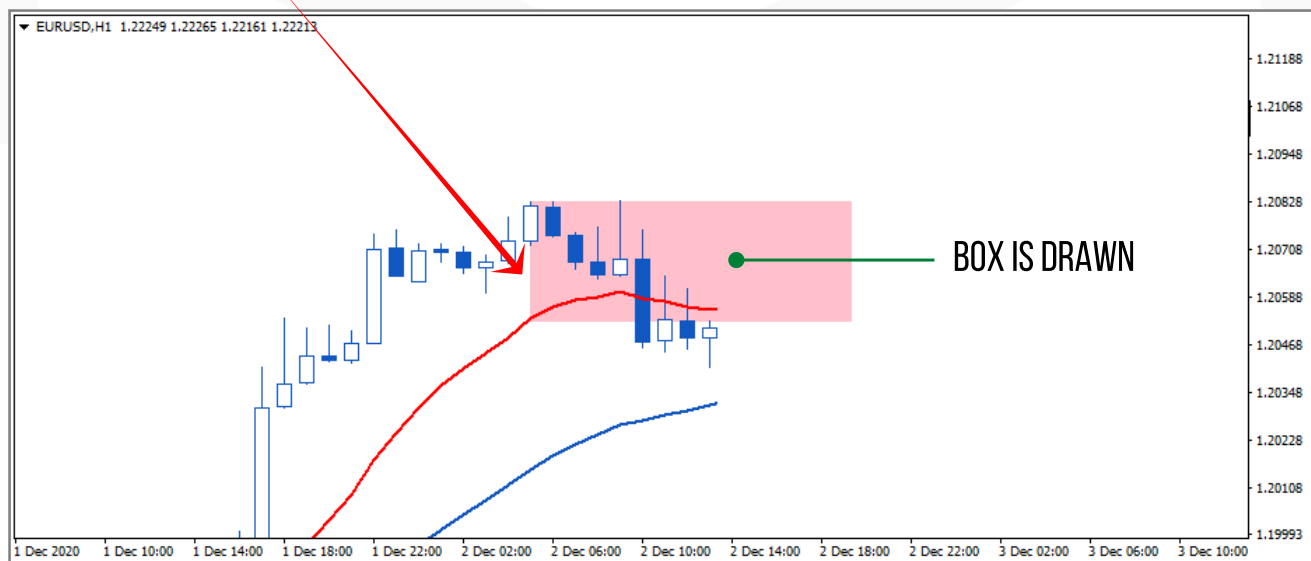
SETUP - BUY

SETUP - BUY BOX

We have identified the swing high and located the 13 EMA directly below the swing high candle



3 BOX IS DRAWN CONNECTING THE SWING HIGH AND THE 13 EMA DIRECTLY BELOW THE SWING HIGH



SETUP - BUY

ENTRY & STOP LOSS

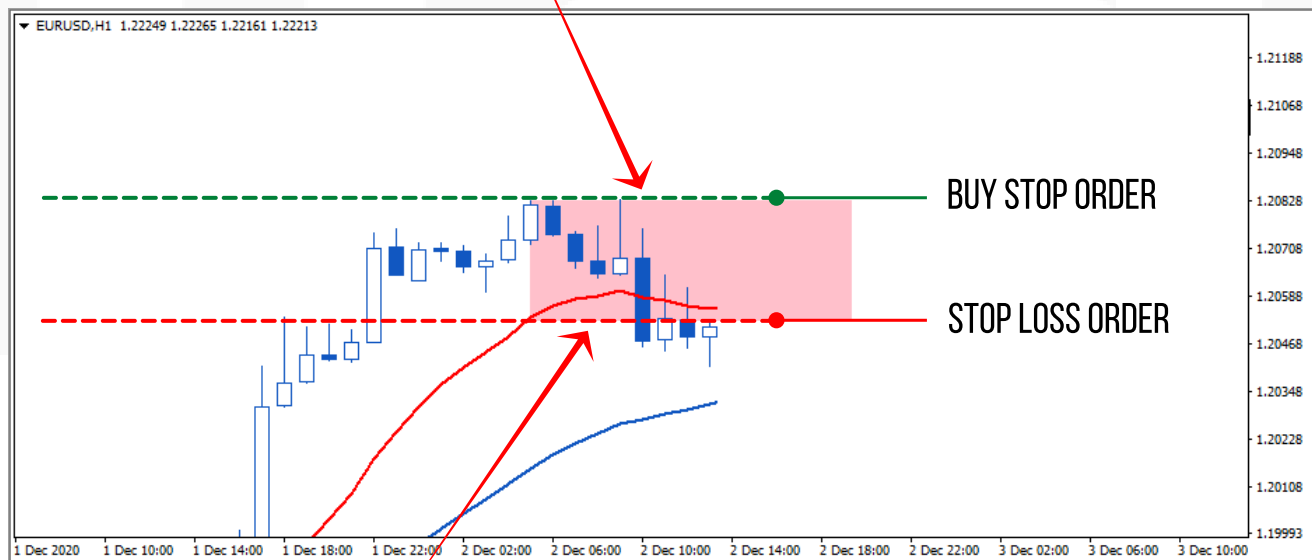
The box we have drawn is the Blue Box, or the trade setup box.

The entry we would use is called a Buy Stop order. This means that once the entry order is placed, the price must come up from below, touch the buy stop level to be entered, and then must continue to move up in order for the trade to be profitable.

ENTRY AND STOP LOSS ORDER:

1. The entry order will be placed 1 pip above the top of the box
2. The stop loss will go 1 pip below the bottom of the box.

1 BUY STOP ORDER IS PLACED
1 PIP ABOVE THE BOX



2 STOP LOSS IS PLACED
1 PIP BELOW THE BOX

SETUP - SELL

SETUP - SELL BOX

First, we identify that the trend is down and the price is below the moving averages. Next, we need the setup.

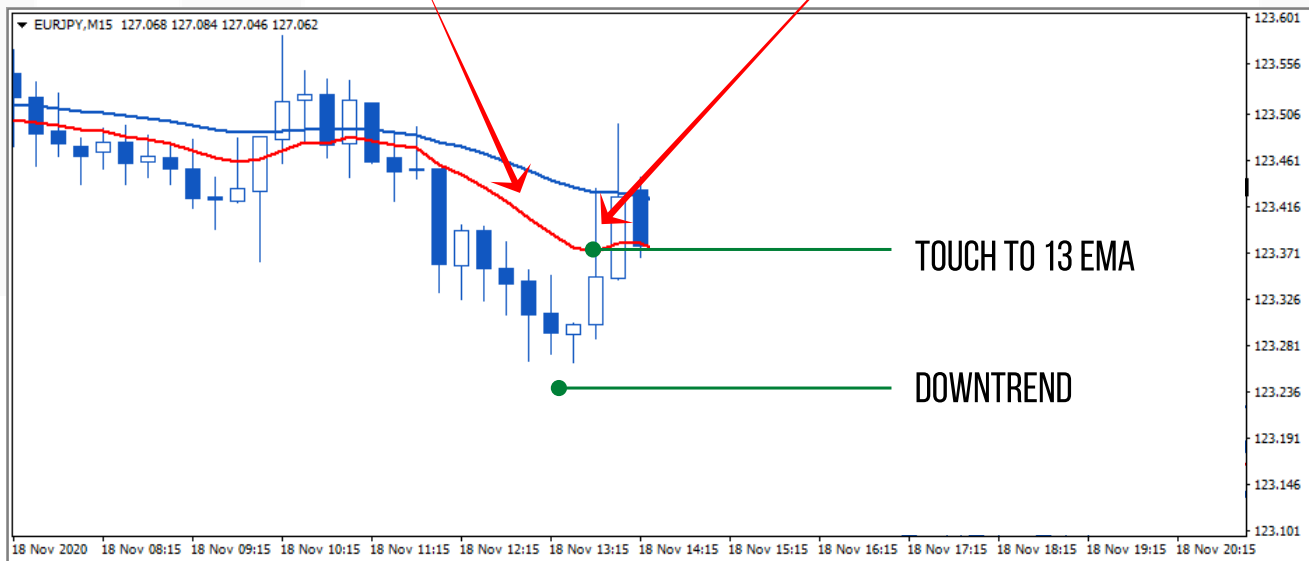
The setup occurs when the market pulls back and touches the red 13 EMA.

SETUP TO SELL:

1. The market is below the 13 EMA and the 13 EMA is below the 34 EMA.
2. The price pulls back to touch the 13 EMA.
3. The Blue Box is drawn connecting the swing low (bottom of the box) and 13 EMA directly above the swing low (top of the box), the box is then stretched to the right.

1 MARKET BELOW 13 EMA,
13 EMA BELOW 34 EMA

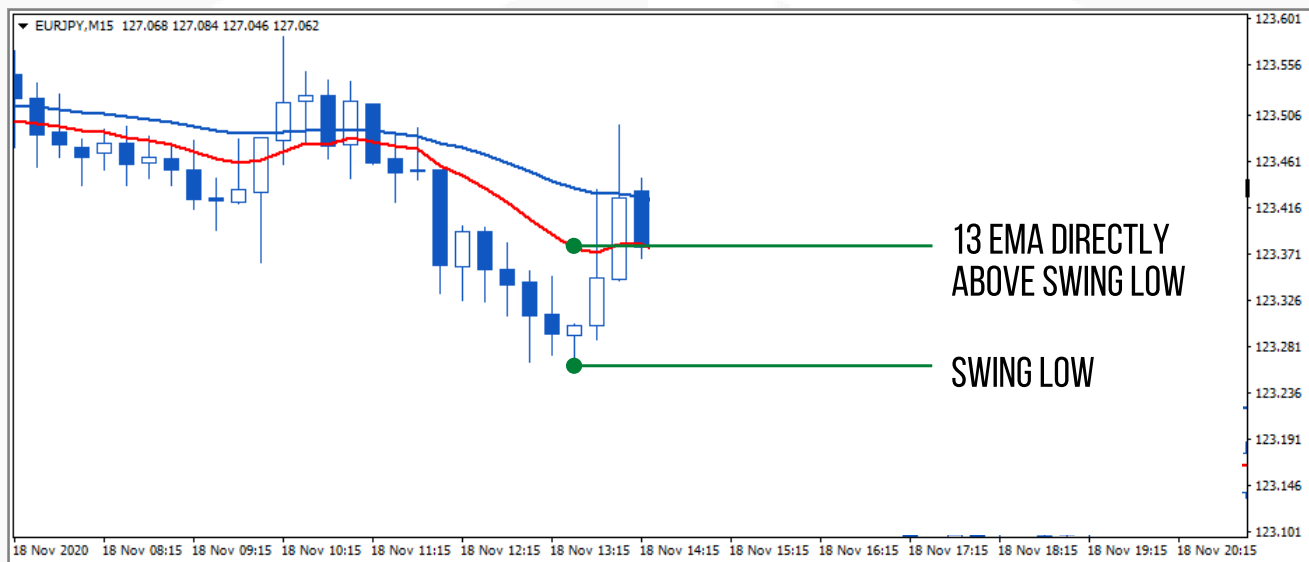
2 PRICE PULLS BACK TO
TOUCH 13 EMA



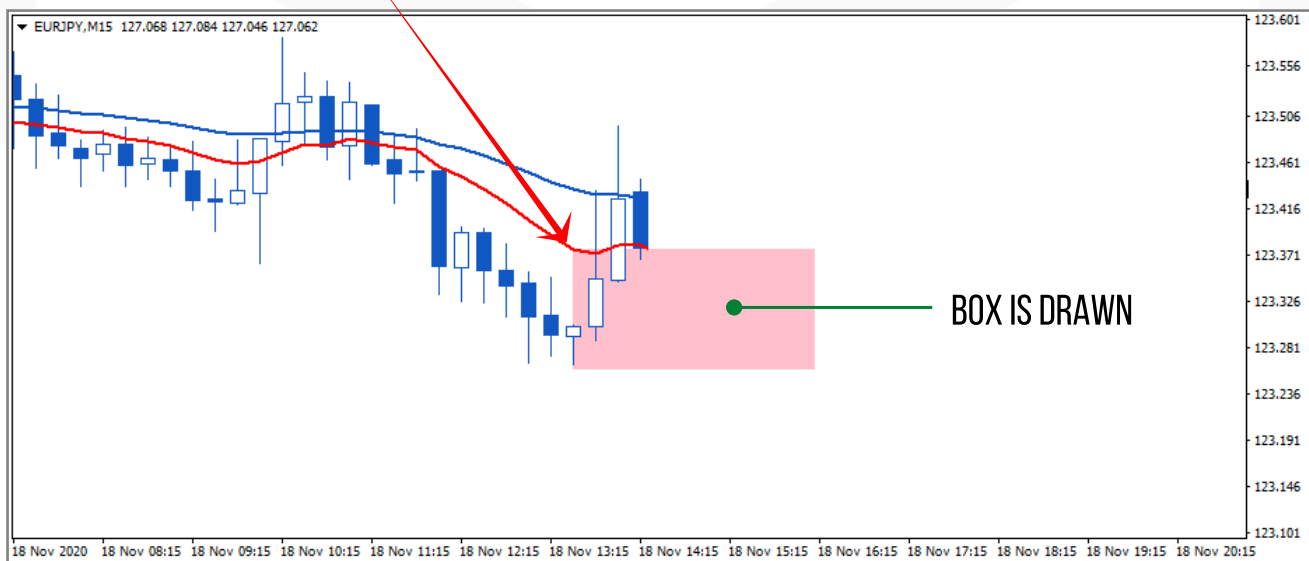
SETUP - SELL

SETUP - SELL BOX

We have identified the swing low and located the 13 EMA directly above the swing low candle.



3 BOX IS DRAWN CONNECTING THE SWING LOW AND THE 13 EMA DIRECTLY ABOVE THE SWING LOW



SETUP -SELL

ENTRY & STOP LOSS

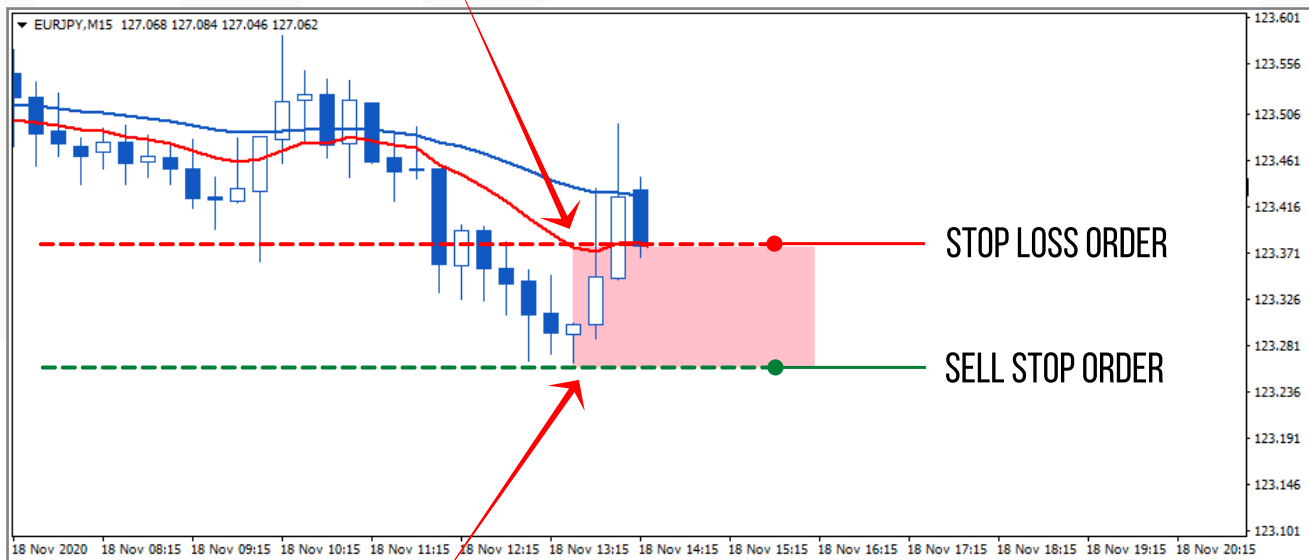
The box we have drawn is the Blue Box, also called the trade setup box.

The entry we would use is called a Sell Stop order. This means that once the entry order is placed, the price must come down from above, touch the sell stop level to be entered, and then must continue to move down in order for the trade to be profitable.

ENTRY AND STOP LOSS ORDERS:

1. The entry order will 1 pip below the bottom of the box
2. The stop loss will go 1 pip above the top of the box.

2 STOP LOSS IS PLACED
1 PIP ABOVE THE BOX



1 SELL STOP ORDER IS PLACED
1 PIP BELOW THE BOX

PART 3

TARGET

- **Setting Up The Fib Extension Tool**
- **Placing The Target**

The target is the first place we can make a change in order to make money if we are only getting a 30% win rate.

The standard target in the Forex biz is 1:1.

This means that if the stop loss is 100 pips, the target will also be 100 pips.

I know that many traders have tried 2:1 or 3:1 targets, but these targets rarely get hit by the novice or struggling (average) trader.

In order to put the odds in our favor, we are going to increase the target by a small amount. We are going to increase the target by 38.2%. That seems like a weird number, but we use it because it's a high-probability Fibonacci ratio.

In the end, what this means is that when we have a 100 pip stop loss, we will be adding 38% to that by making it 138 pip target.

This is an easy number to come up with if we use a 100 pip stop loss, but we will be adding 38% to whatever our stop loss is, so to make the calculation very simple, we will be adding a level to our Fibonacci Retracement tool.

With this new level added to the Fib tool, the added calculation will be very simple to do.

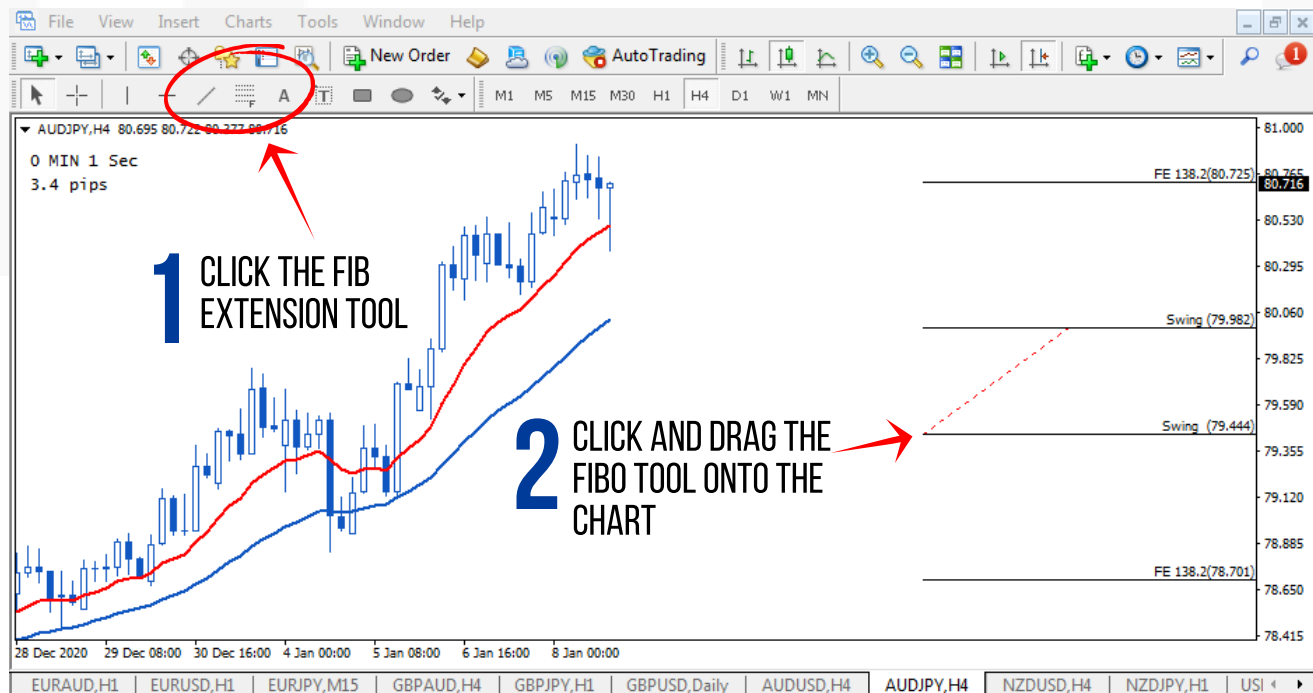
FIBONACCI TOOL

FIBONACCI EXTENSION TOOL

We are going to add a level to Fibonacci retracement tool to show us the 38.2% extension. We will add this level on both sides of our tool (above and below) so it won't matter what direction we draw the extension (up or down).

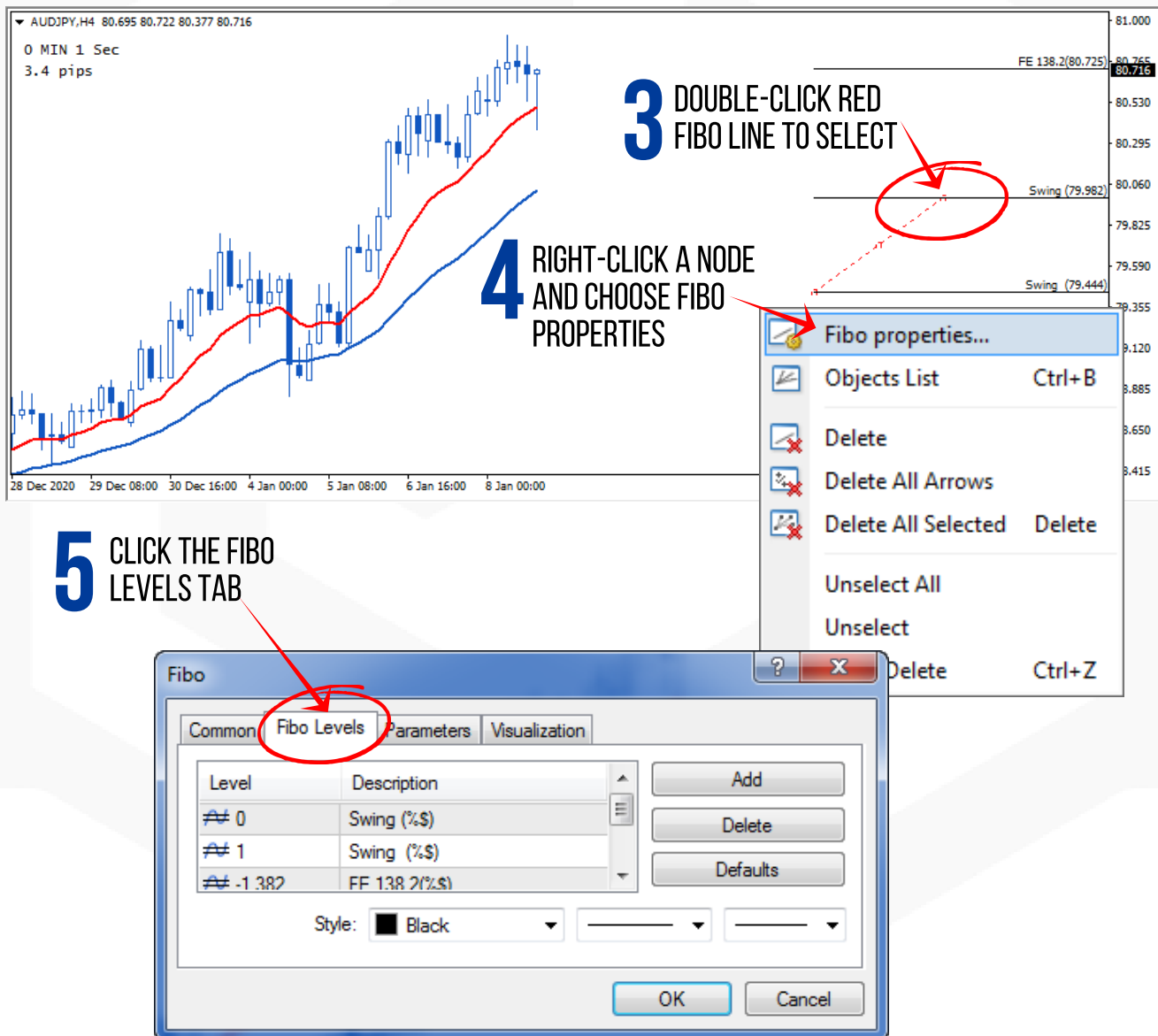
For the sake of simplicity, we will be displaying only the levels we will be using. We will be deleting all the default levels and using the setup box levels and the target extension levels. We will post an extension level above and below the box levels, and this is only to keep us from having to redraw the levels if we get it backwards.

1. Click the Fibonacci Extension tool.
2. Click and drag the Fibo extension tool onto the chart.
3. Double-click the red line of the Fibo extension tool to select it.
4. Right-click a node on the red line and choose the Fibo properties option.
5. Alter the parameters under the Fibo Levels tab.



FIBONACCI TOOL

1. Click the Fibonacci Extension tool.
2. Click and drag the Fibo extension tool onto the chart.
3. **Double-click the red line of the Fibo extension tool to select it.**
4. **Right-click a node on the red line and choose the Fibo properties option.**
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FIBONACCI TOOL

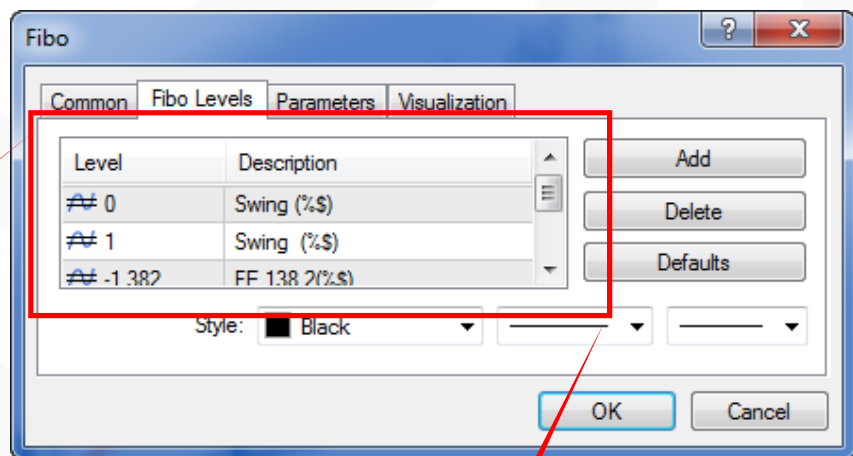
In the Fibo Levels tab, we are going to use specific settings.

There is a Level column and a Description column.

The Level column will tell the indicator what level to place the levels, and the Description column will be the text shown at the level once it's drawn on the chart. We will use a bit of code that will show us the price of that level as well.

- To add a level, click the Add button.
- To remove a level, click on the level (it will turn blue) then click Delete.
- To alter a level number or the description, double-click the field you want to change and make the change you want.

We will be using 4 levels. You can keep the default levels and add the ones you don't have, or remove all the levels and start from scratch. The following are the levels and the descriptions for each level.



| Level | Description |
|--------|----------------|
| 0 | Swing (%\$) |
| 1 | Swing (%\$) |
| -1.382 | FE 138.2 (%\$) |
| 2.382 | FE 138.2 (%\$) |

The snippet of code to put in the description that displays the price is:

%\$

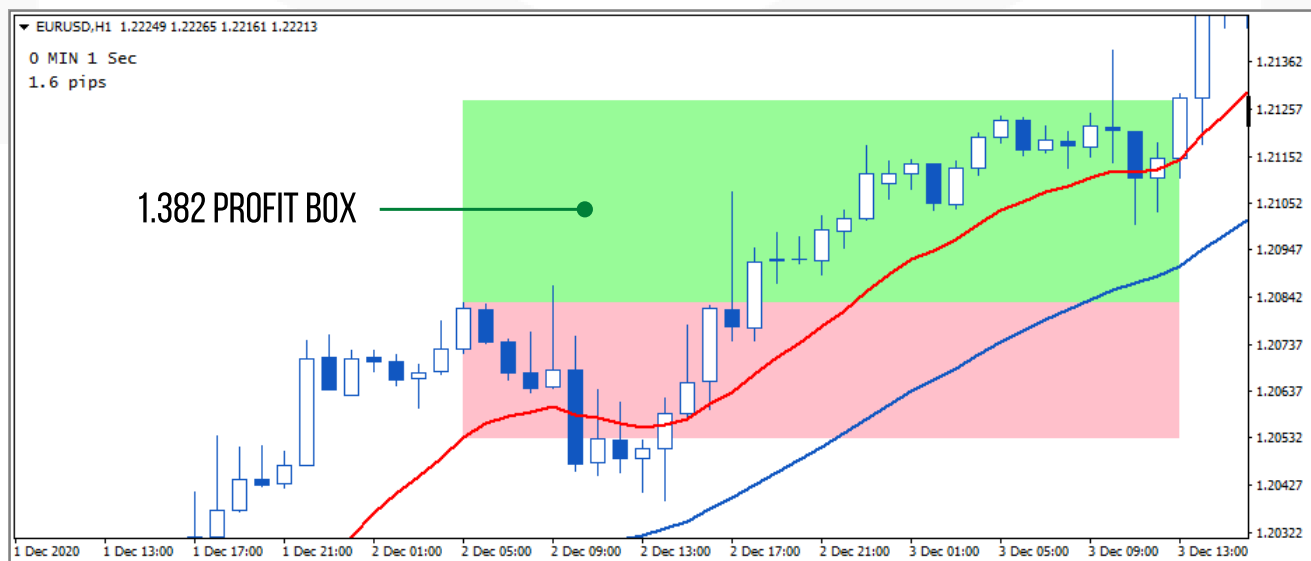
TARGET - BUY

TARGET - BUY

We connect the top and the bottom of the setup box using the Fibo tool and this will give us the 1.382 Fibo extension we would use for the target. Being a buy trade, we would use the extension that appears above the box.



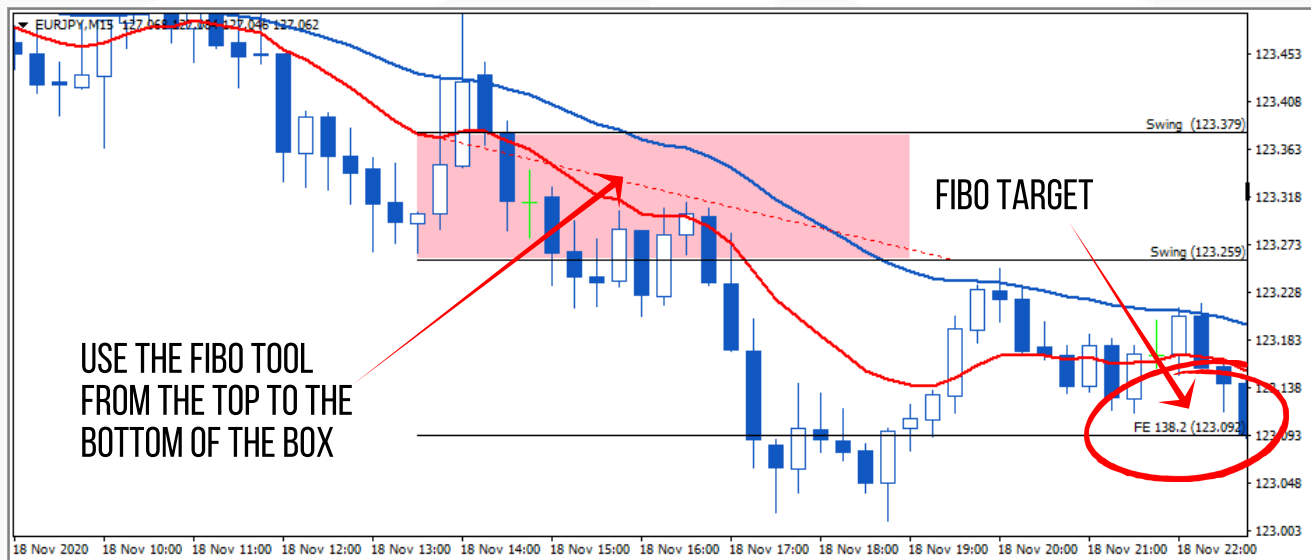
We can draw an additional square to better show the target. It's much easier to show this at a glance.



TARGET - SELL

TARGET - SELL

We connect the top and the bottom of the setup box using the Fibo tool and this will give us the 1.382 Fibo extension we would use for the target. Being a sell trade, we would use the extension that appears below the box.



We can choose to draw an additional square to better show the target. It's much easier to show this at a glance.



PART 4

MANAGEMENT

- **Reducing The Risk On The Trade**

The second aspect to making money when we have only a 30% win ratio is trade management.

The concept behind trade management is to reduce the risk on each of our trades. Trade management won't be possible on all of our trades, but we will be able to limit the risk on most of our trades.

For example, if our trade starts out by risking 100 pips, through trade management, we will be able to reduce that risk to 80 pips, 50 pips, or even less.

We can already see how this will benefit us in our trading results.

Let's say we take 2 trades, one that wins and one that loses. Let's also assume our trades are the standard 1:1 risk, meaning our target is 100 pips and our stop loss is 100 pips (this is easiest for the example).

The trade we win will win us the full 100 pips.

If the losing trade has been well managed, we will lose less than the initial 100 pip stop loss. We could potentially lose only 50 pips.

The win of 100 pips and the loss of 50 pips means we end up with 50 pips profit, even though our win rate is only 50%.

MANAGEMENT

MANAGING A TRADE

The trade will be managed once the market starts to move in our favor. The first place we put our stop loss (top or bottom of the box) when we get into the trade originally is called the initial stop loss. After the trade begins to progress, the stop loss is moved into the box, closer and closer to the entry level.

1. CANDLE CLOSE

The first opportunity to move the stop loss is when we get the first candle close into profit. This can be the close of the same candle that gets us into the trade, or it might be several candles after we are in the trade.

By managing the trade, we can start with moving the stop loss towards the entry level. Our initial risk on the trade might be 2% of our account, and by managing the trade, we can reduce that risk to 1.5%, 1%, or even less. The very first move can be enough to reduce the risk on the trade by half.

2. LOCKING IN PROFIT

We can use our stop loss to prevent any loss on the trade at all, and even lock in some profit. We will be looking to manage the trade in such a way that we eventually move the stop loss ahead of the entry level (provided that the target isn't hit before). This will secure a profit, guaranteeing money will be made on the trade no matter what happens.

3. THE 13 EMA

The 13 EMA is the guide we use to move the stop loss. It will determine the placement of the stop loss as the trade progresses.

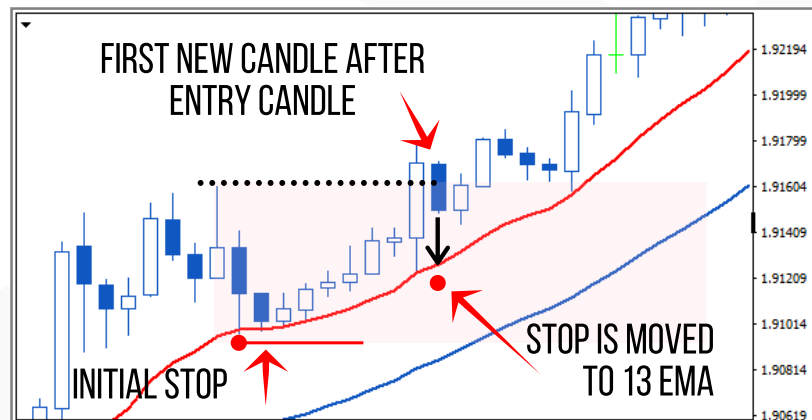
The initial signal to move the stop loss is a candle close into profit, and from there, we look to the 13 EMA for the placement of the stop loss.

BUY TRADE - 13 EMA

We use the swing high to enter a trade (top of the box), and at the time of the entry, the entry candle has not closed. The initial stop is placed below the box, **and if the entry candle closes above the box, we move the stop loss to just below the 13 EMA of the new candle that opens.** The stop is then moved to the new position of the 13 EMA for each newly opened candle until the trade is closed.

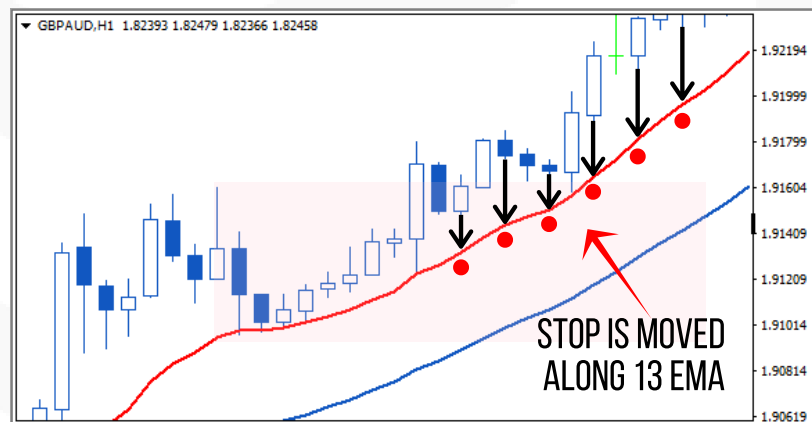
FIRST MOVE

- When entry candle closes above the box and new candle opens, move stop to 13 EMA of the new candle.
- The stop loss, in this case, is reduced by half with the one simple move.



TRAILING

- As each new candle opens, move the stop loss to just below the 13 EMA under the new candle.
- This process continues until the trade is closed by the stop loss, the target, or a manual closure of the trade.

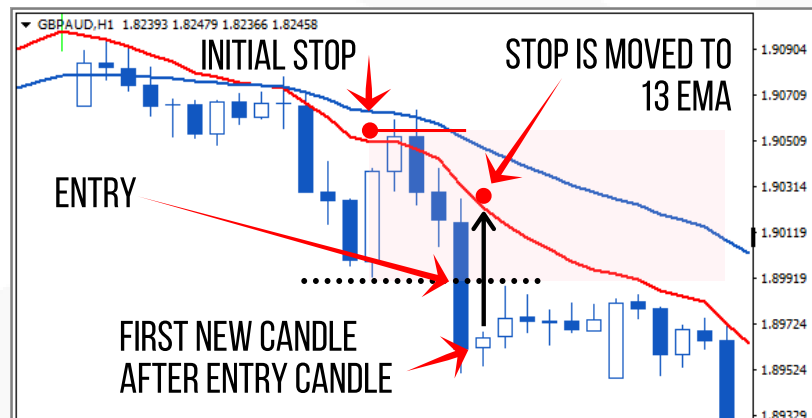


SELL TRADE - 13 EMA

We use the swing low to enter a trade (bottom of the box), and at the time of the entry, the entry candle has not closed. The initial stop is placed above the box, **and if the entry candle closes below the box, we move the stop loss to just above the 13 EMA of the new candle that opens.** The stop is then moved to the new position of the 13 EMA for each newly opened candle until the trade is closed.

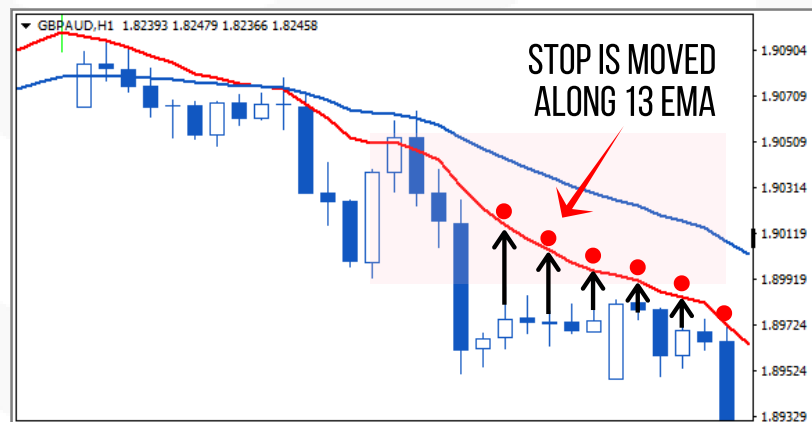
FIRST MOVE

- When entry candle closes below the box and new candle opens, move stop to 13 EMA of the new candle.
- In this example, the stop loss is reduced by half with the one simple move.



TRAILING

- As each new candle opens, move the stop loss to just above the 13 EMA above the new candle.
- This process continues until the trade is closed by the stop loss, the target, or a manual closure of the trade.



PART 5

BREAK-EVEN

- **1:1 Market Move**
- **Moving Stop Loss To Entry**

The third approach we will be taking to increase the profits with a win ratio of 50% or less is to move the stop loss to break-even.

We want to eliminate the risk completely. Previously, we looked at ways to reduce the risk on the trade, but here we get a little more aggressive and remove the risk entirely.

The benefits to this approach should be obvious.
When we win a 100 pip trade, we earn 100 pips.
When our trade gets stopped out but has its stop loss moved to the entry level, the loss will be zero.

We will be looking for a specific market movement called a 1:1. This is a one-to-one reward to risk ratio, and this means that if the stop loss is 25 pips, we will move the stop loss to the entry level when we hit 25 pips into profit.

After the stop loss is moved to break-even, we can then keep it there until the 13 EMA catches up to the stop loss and then we will move forward with trade management.

1:1 RATIO

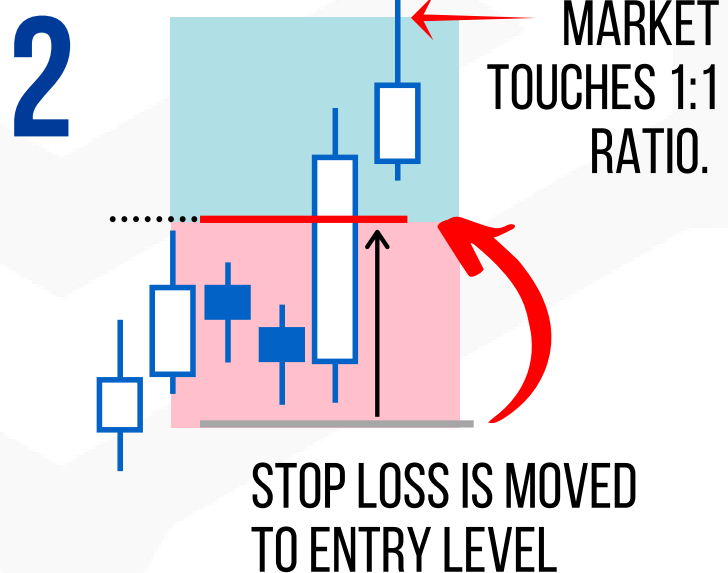
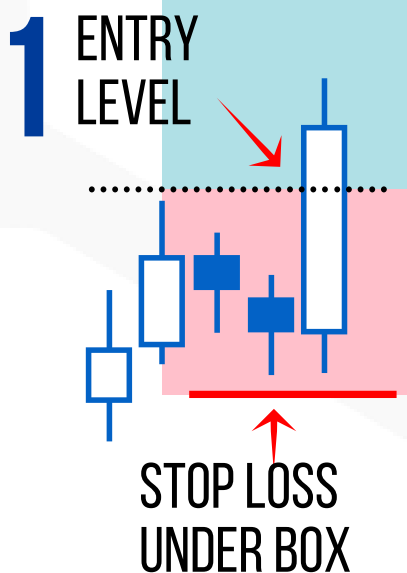
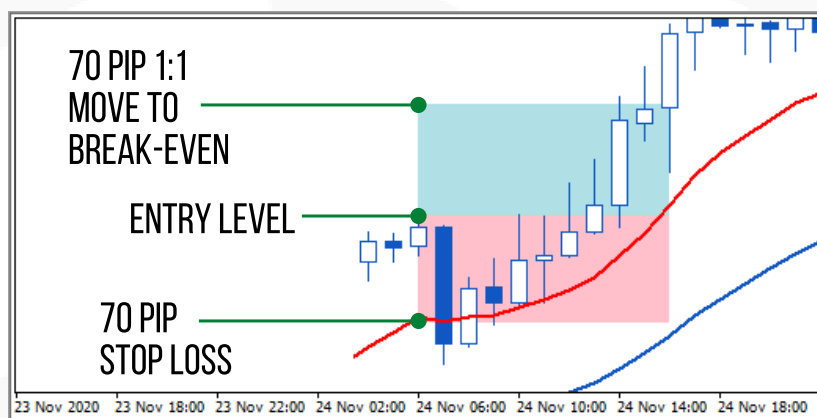
1:1 BREAK-EVEN RATIO - BUY

We will look at an example of a market that moves 1:1 and the move to break-even in a buy trade. The top of the pink box is the entry location. The top of the blue box is when we move to break-even.

BULLISH MARKET

- We will have entered the market. The stop loss below the box at 70 pips.
- Move to break-even when the market moves 70 pips into profit (top of blue square).

Candle does not need to close, only touch the 1:1.



1:1 RATIO

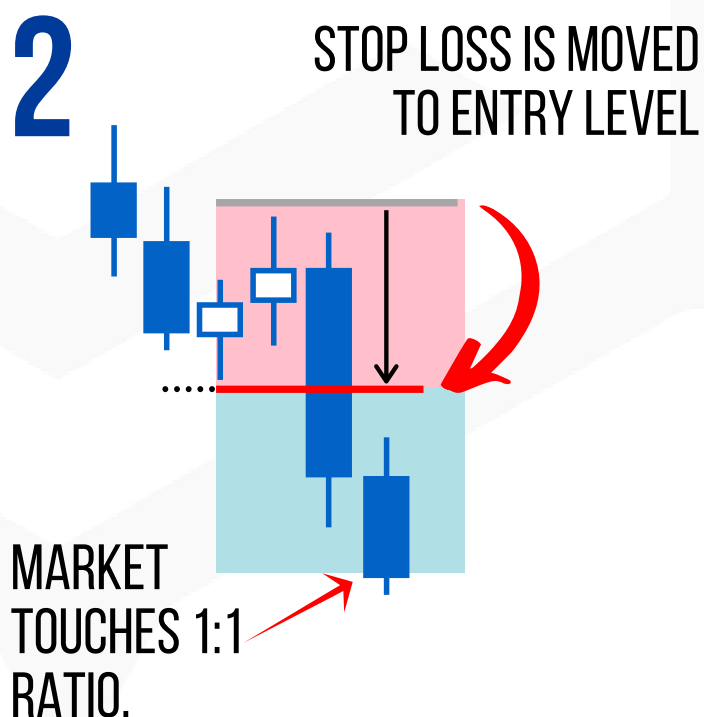
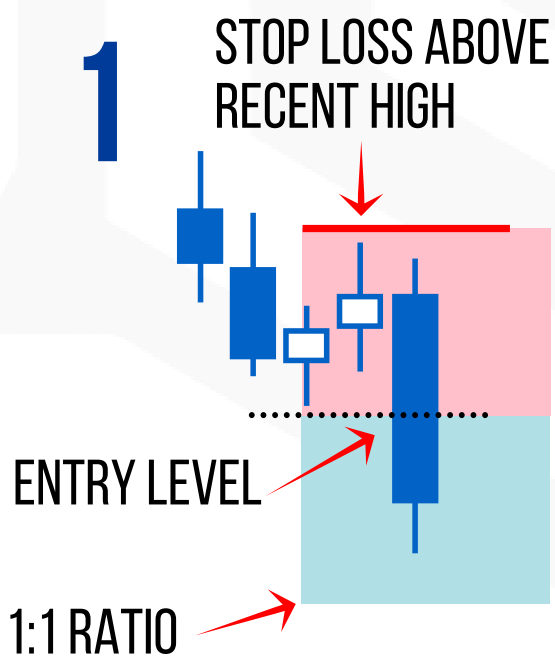
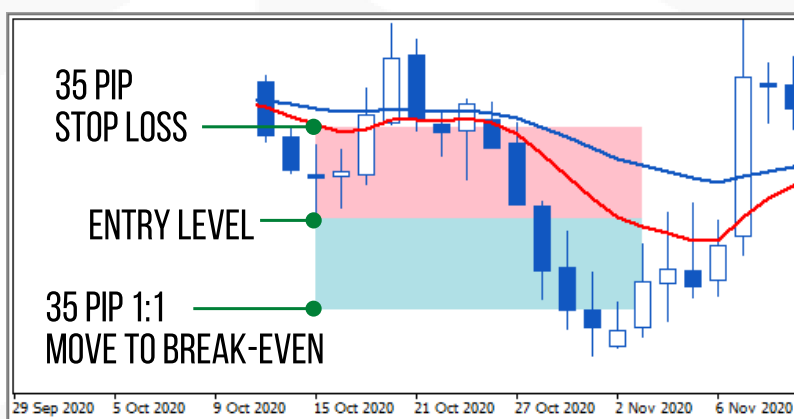
1:1 BREAK-EVEN RATIO - SELL

We will look at an example of a market that moves 1:1 and the move to break-even in a sell trade. The bottom of the pink box is the entry signal.

BEARISH MARKET

- We will have entered the market, the stop loss above the box and is 35 pips.
- Move to break-even when the market moves to 35 pips in profit (bottom of blue square).

Candle does not need to close, only touch the 1:1.



1:1 RATIO

MODIFY FIBO TOOL ADDING 1:1

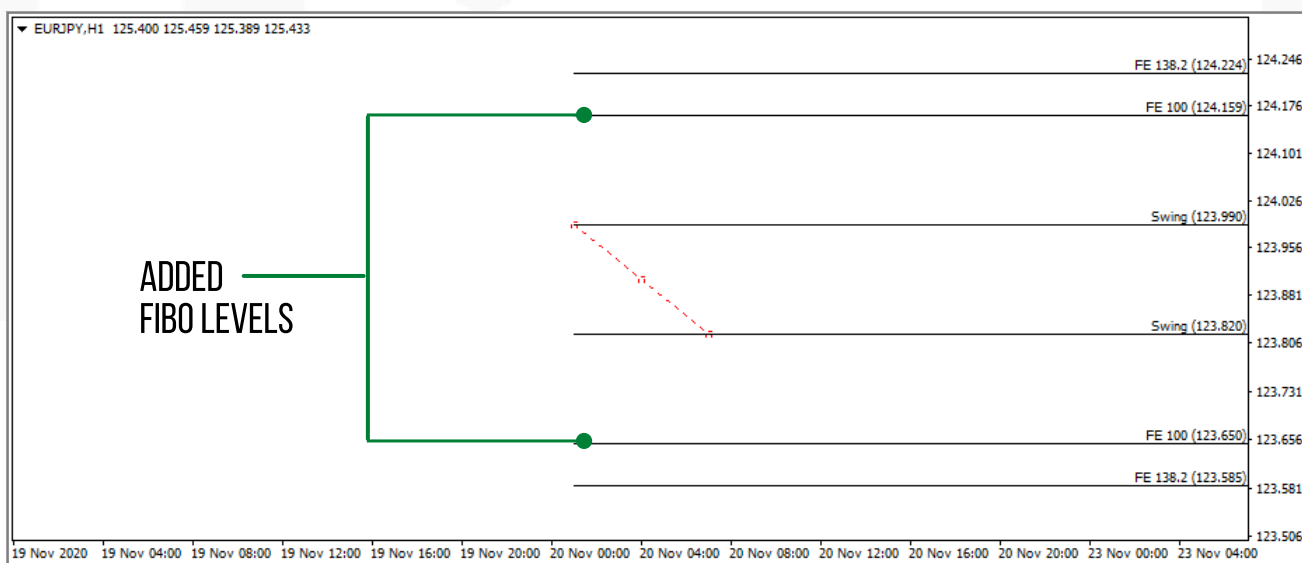
We are going to make one more modification to the Fibonacci retracement tool. We already have the 1.382 extension level, but in this case, we will add a 100% level. By adding this level, we can quickly determine when to move the trade to break-even.

Earlier, we modified the Fibo tool. We will follow the same process as before, but add 2 more levels.

- Level: -1 / Description: FE 100 (%\$)
- Level: 2 / Description: FE 100 (%\$)

| Level | Description |
|--------|----------------|
| 0 | Swing (%\$) |
| 1 | Swing (%\$) |
| -1.382 | FE 138.2 (%\$) |
| 2.382 | FE 138.2 (%\$) |
| -1 | FE 100 (%\$) |
| 2 | FE 100 (%\$) |

ADDED FIBO LEVELS



PART 6

PUTTING IT ALL TOGETHER

- Identify The Trend
- Wait For The Setup
- Place Entry And Stop Order
- Place Target
- Manage Trade
- Move To Break-Even

Here we are going to assemble all the parts as a complete step-by-step working system. We will take a look at a buy trade and at a sell trade and go through each of the steps.

Following this system, we will get better than a 50/50 win loss ratio and we will make every other part of our trading make us money.

What I want you to take away from this, more than anything else, **is that you can have a LESS THAN AVERAGE win ratio and still make money.**

I want you to make money trading, and I want you to continually take trades after you lose. This is where the "consistency" part of trading comes from, to continually follow the rules trade after trade whether or not the last trade was a winner or a loser.

Let's get into the examples.

BUY TRADE

STEP BY STEP - BUY TRADE

STEP 1: IDENTIFY THE TREND

The price is above the 13 EMA, the 13 EMA is above the 34 EMA.

STEP 2: SETUP

Price moves down to touch the 13 EMA. Setup box is drawn connecting the swing high and the 13 EMA directly below the swing high and stretched to the right.

STEP 3: ENTRY AND STOP LOSS

Entry order is placed above the box and the stop loss is placed below the box.

STEP 4: TARGET

Use the Fibo retracement tool to determine a 1.382 extension for the target.

STEP 5: MANAGEMENT

As the first candle closes in profit, start moving the stop loss along the 13 EMA of each newly opened candle.

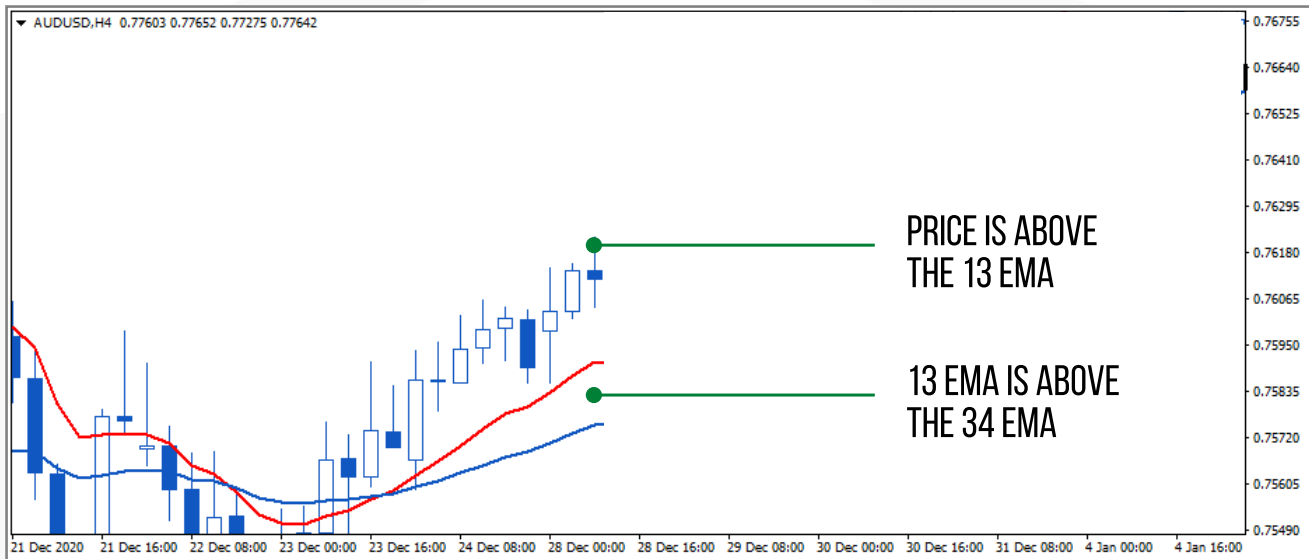
STEP 6: BREAK-EVEN

Watch for the market to get as far into profit as the initial stop loss was, then move the stop loss to the entry level.

BUY TRADE

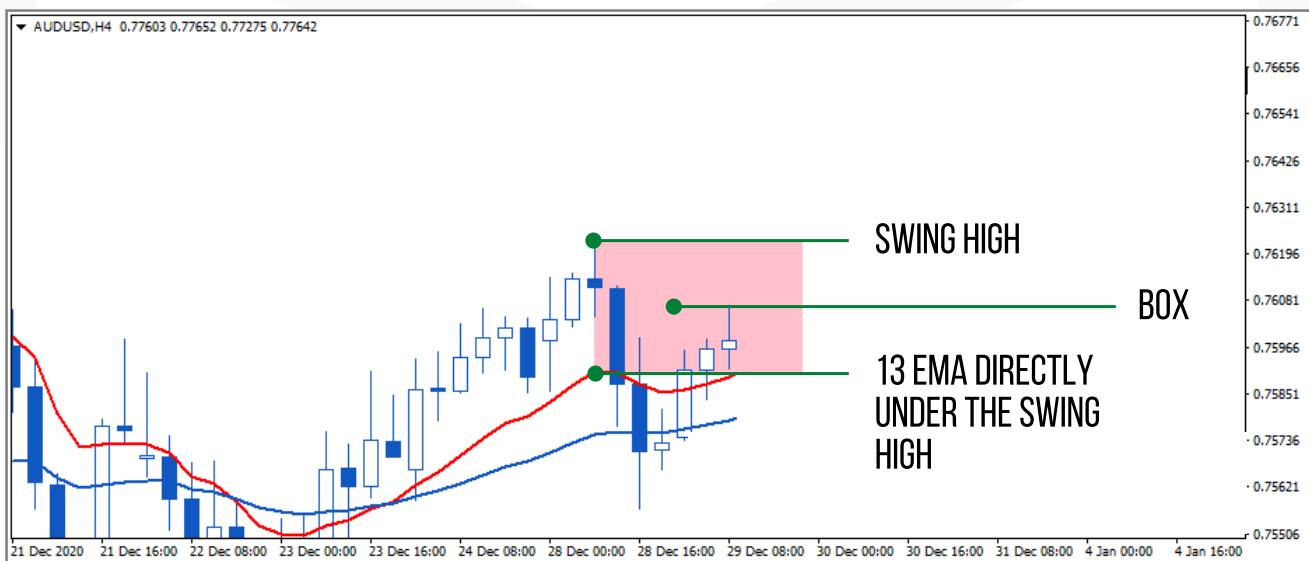
STEP 1: IDENTIFY THE TREND

The price is above the 13 EMA, the 13 EMA is above the 34 EMA.



STEP 2: SETUP

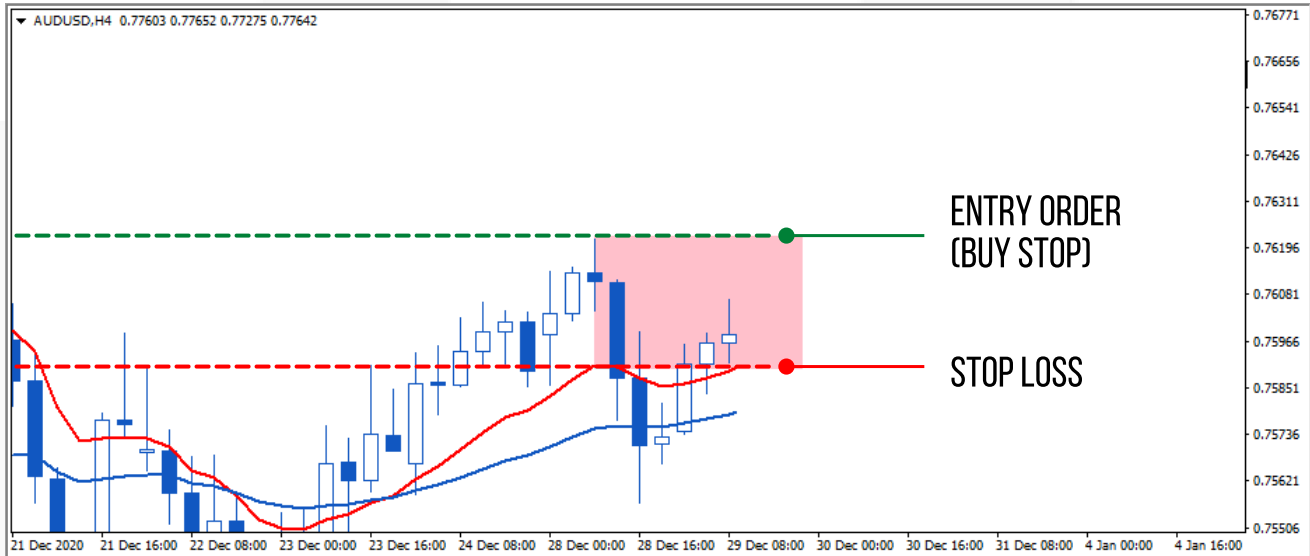
Price moves down to touch the 13 EMA. Setup box is drawn connecting the swing high and the 13 EMA directly below the swing high and stretched to the right.



BUY TRADE

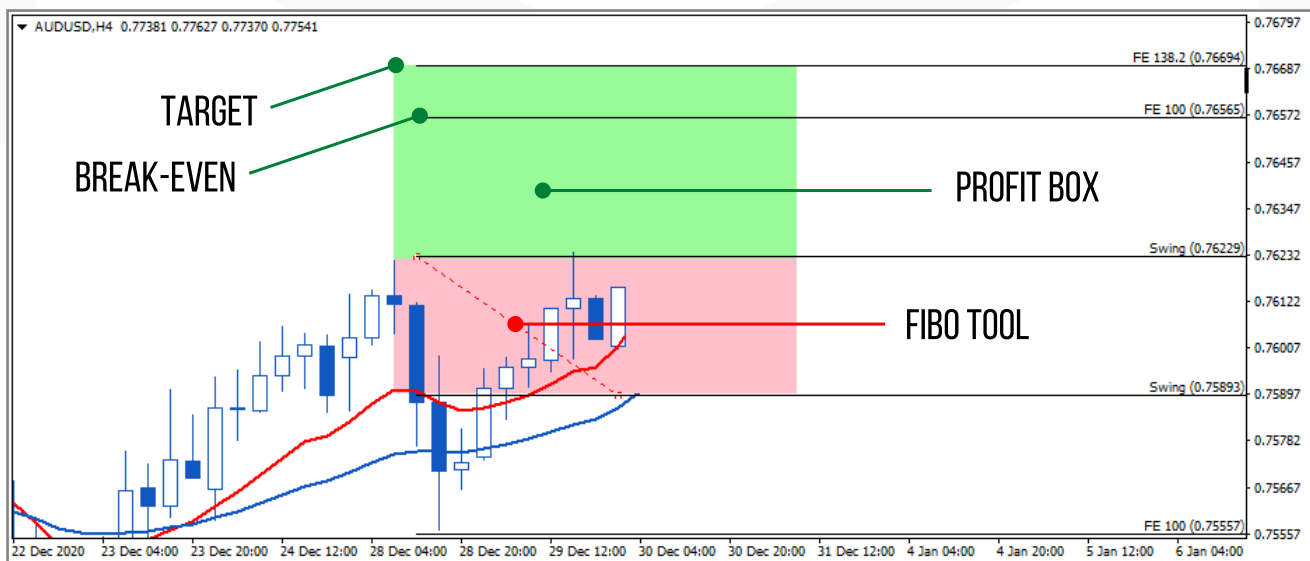
STEP 3: ENTRY AND STOP LOSS

Entry order is placed above the box and the stop loss is placed below the box.



STEP 4: TARGET

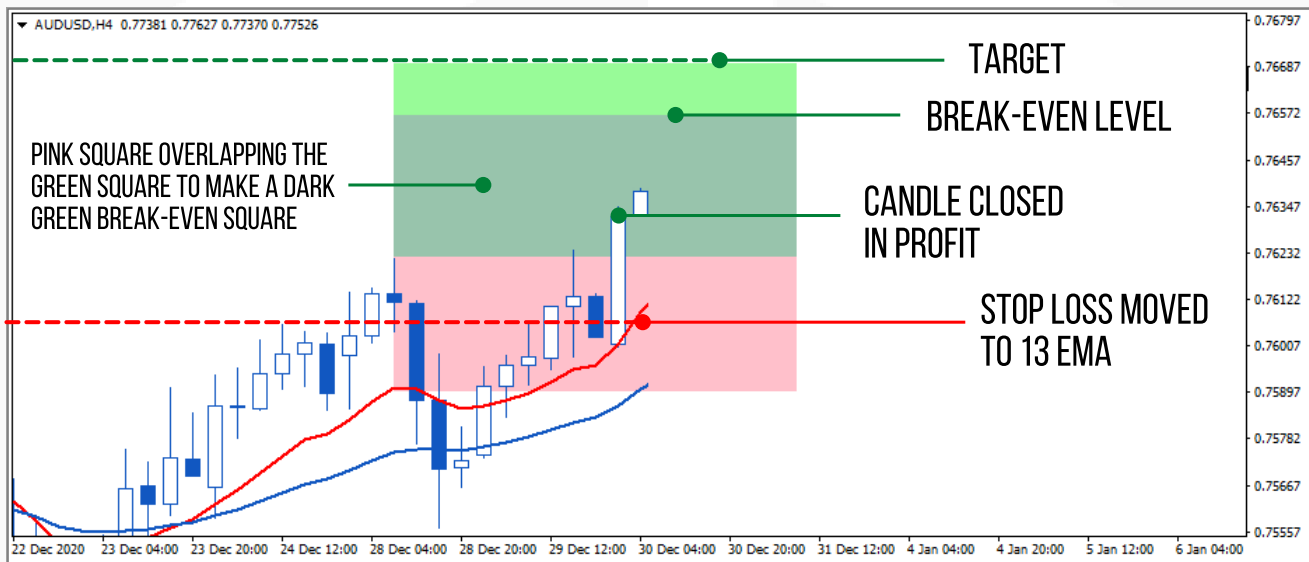
Use the Fibo retracement tool to determine a 1.382 extension for the target.



BUY TRADE

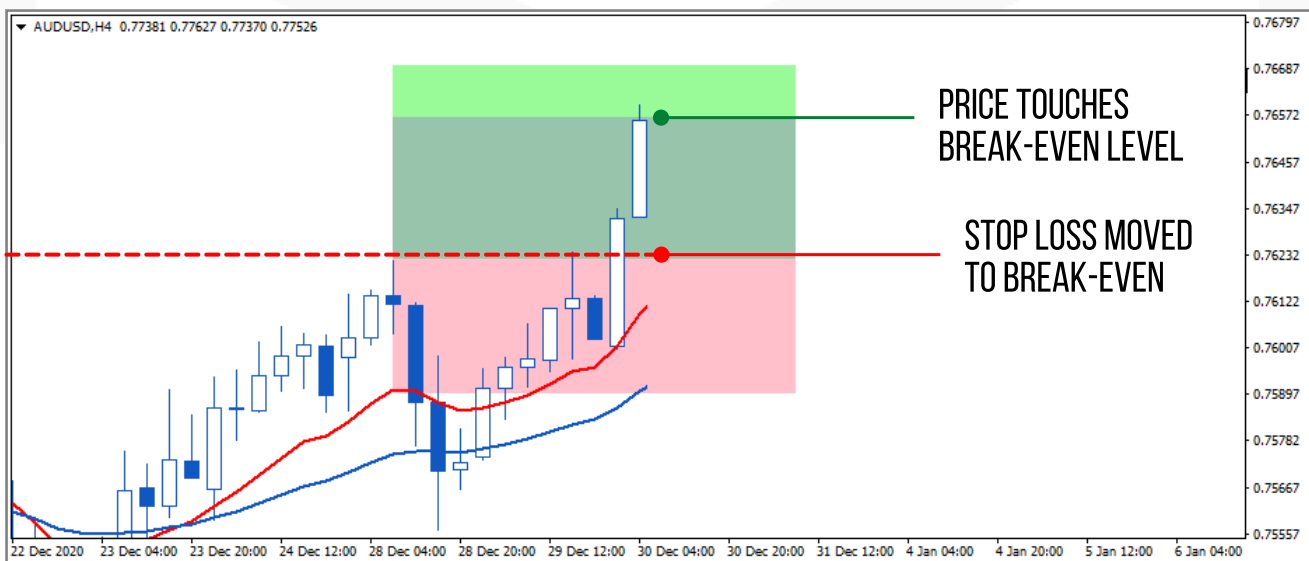
STEP 5: MANAGEMENT

As the first candle closes in profit, start moving the stop loss along the 13 EMA of each newly opened candle. *The dark green square is the break-even square, and this is where I overlapped the pink and green square to make the dark green color.*



STEP 6: BREAK-EVEN

Candle touches the 1:1 ratio and the stop loss is moved to the entry level.



SELL TRADE

STEP BY STEP - SELL TRADE

STEP 1: IDENTIFY THE TREND

The price is below the 13 EMA, the 13 EMA is below the 34 EMA.

STEP 2: SETUP

Price moves up to touch the 13 EMA. Setup box is drawn connecting the swing low and the 13 EMA directly above the swing low and stretched to the right.

STEP 3: ENTRY AND STOP LOSS

Entry order is placed below the box and the stop loss is placed above the box.

STEP 4: TARGET

Use the Fibo retracement tool to determine a 1.382 extension for the target.

STEP 5: MANAGEMENT

As the first candle closes in profit, start moving the stop loss along the 13 EMA of each newly opened candle.

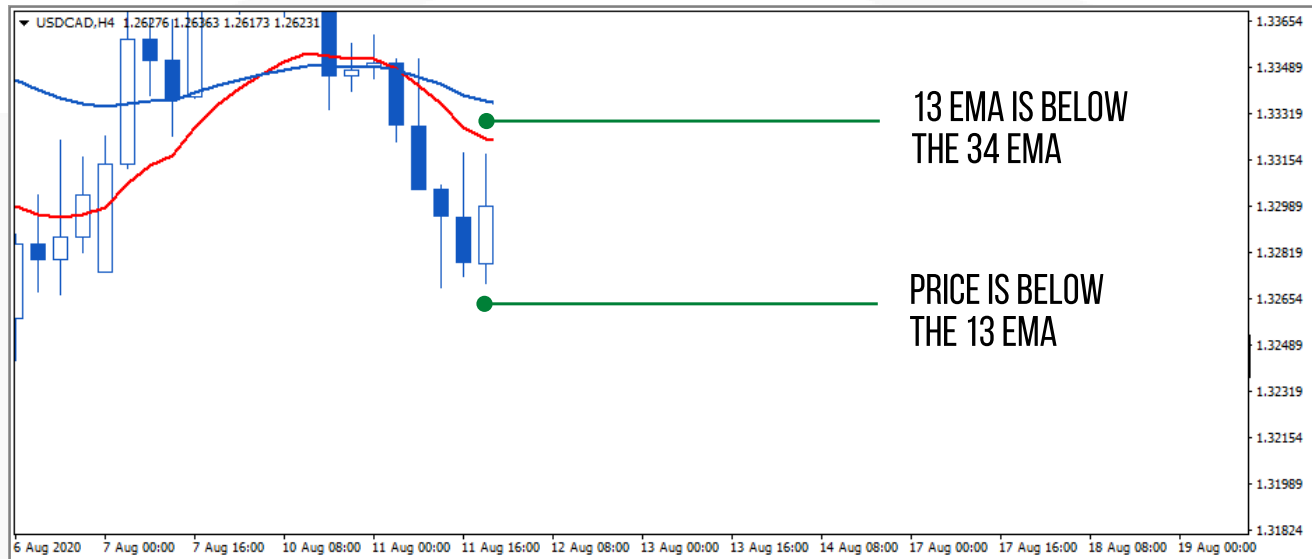
STEP 6: BREAK-EVEN

Watch for the market to get as far into profit as the initial stop loss was, then move the stop loss to the entry level.

SELL TRADE

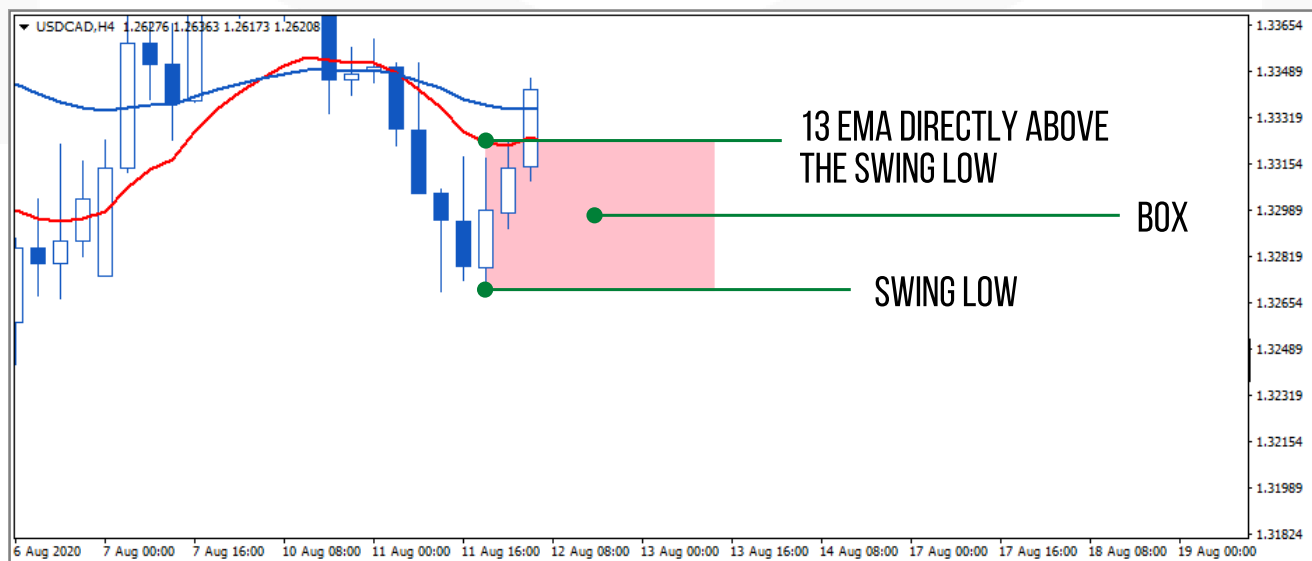
STEP 1: IDENTIFY THE TREND

The price is below the 13 EMA, the 13 EMA is below the 34 EMA.



STEP 2: SETUP

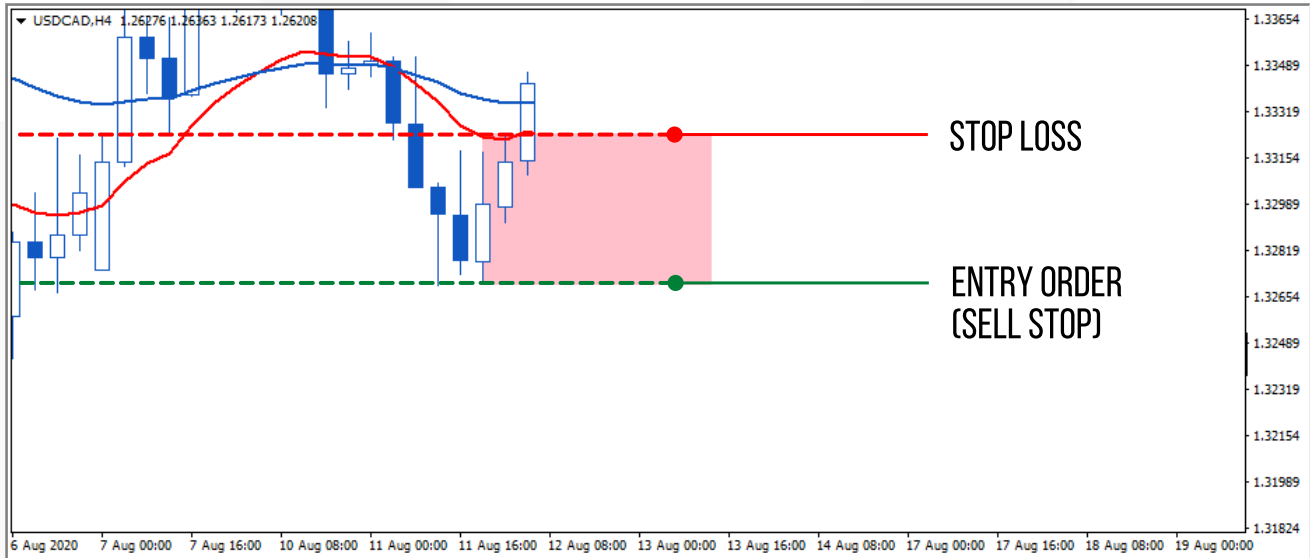
Price moves up to touch the 13 EMA. Setup box is drawn connecting the swing low and the 13 EMA directly above the swing low and stretched to the right.



SELL TRADE

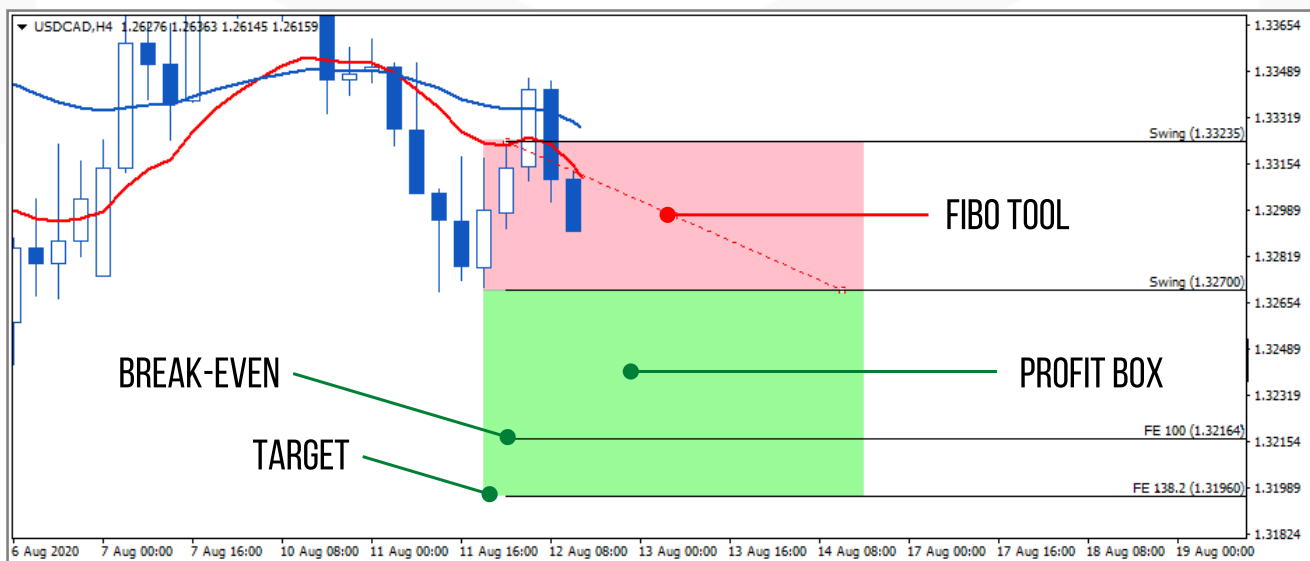
STEP 3: ENTRY AND STOP LOSS

Entry order is placed below the box and the stop loss is placed above the box.



STEP 4: TARGET

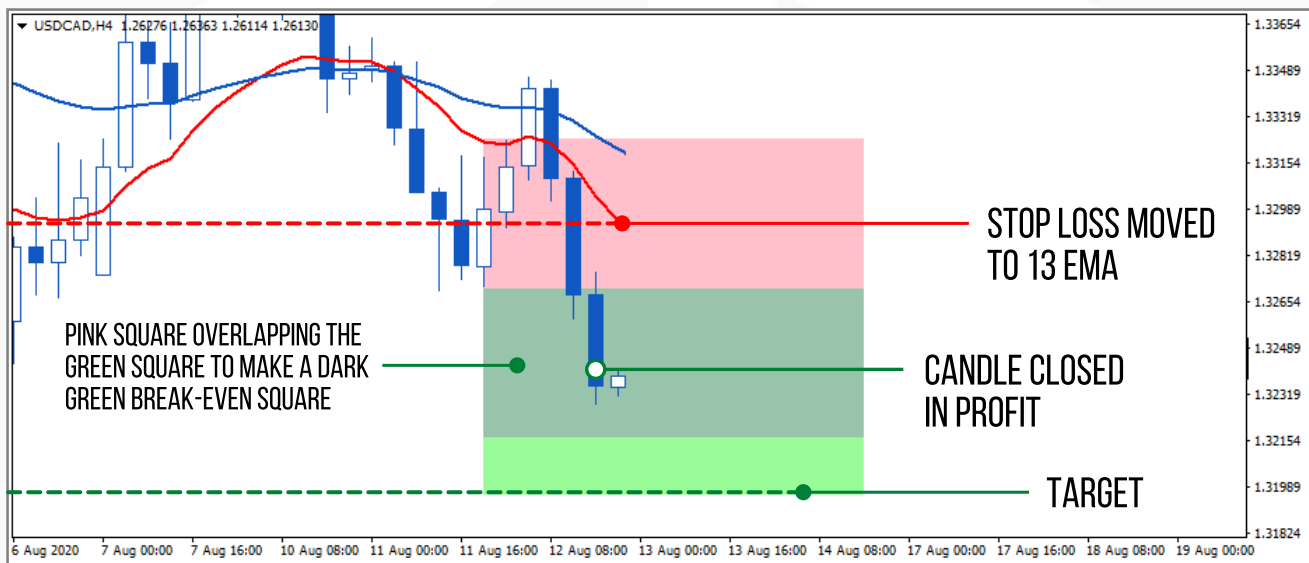
Use the Fibo retracement tool to determine a 1.382 extension for the target.



SELL TRADE

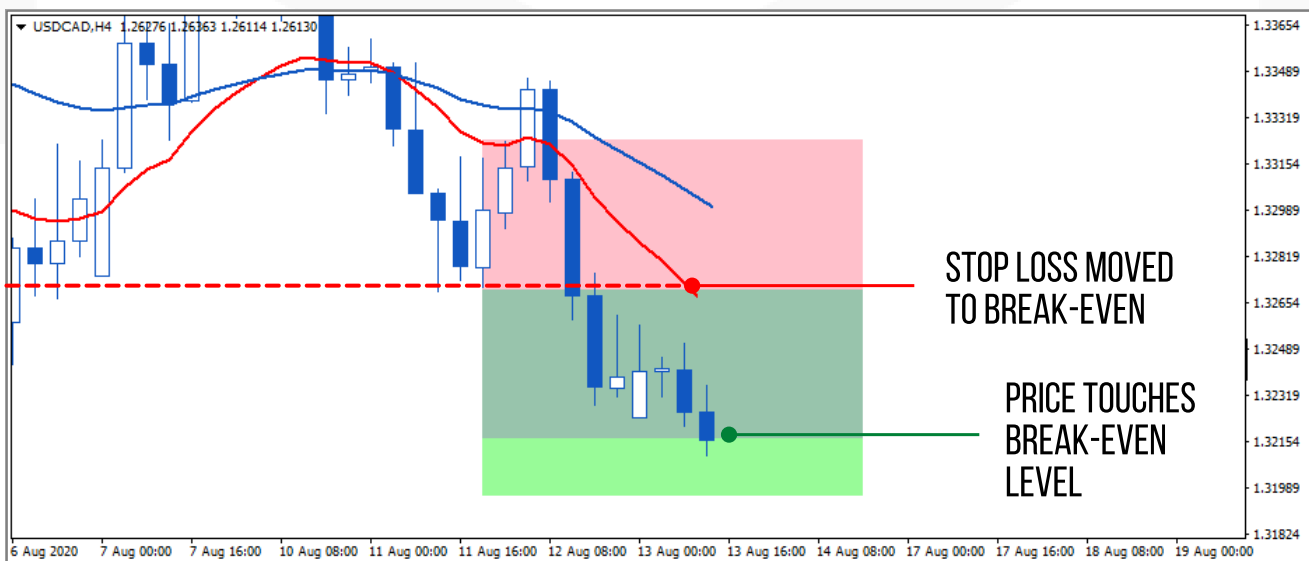
STEP 5: MANAGEMENT

As the first candle closes in profit, start moving the stop loss along the 13 EMA of each newly opened candle. *The dark green square is the break-even square, and this is where I overlapped the pink and green square to make the dark green color.*



STEP 6: BREAK-EVEN

Candle touches the 1:1 ratio and the stop loss is moved to the entry level.



TRADE SIZE

POSITION SIZE

One of the more important things to remember is position size. Any of the examples we use, it's assumed that we trade a certain percentage of the account.

A standard position size is 2% of our account.

We can use more or less as we like, but 2% is considered the default.

If we have an account of \$1000, the trade we place will be positioned in such a way that if we were to lose the trade and the initial stop loss is hit, we would lose \$20.

With the 5050 system, one of the really nice aspects is that we don't have to hurry when we are figuring out the lot size of the trade. The entry and the stop loss placement is determined long before the trade itself needs to be placed.

The lot size of the trade will change depending on the size of the stop loss. A 100 pip stop loss will have a smaller lot size than a 25 pip stop loss.

There are a ton of online position size calculators, but the one I use it at russhorn.com/calculator:

Russ Horn Position Size Calculator

Calculate Money to Risk

| Account | | | | | Lots | | | | |
|---------|----------|---------|----------------|------------|--------------------|-----|------|-------|--|
| Size | Currency | Risk, % | Stop-Loss pips | Trade pair | Money to Risk, USD | Std | Mini | Micro | |
| 1000 | USD | | | EUR/USD | Compute | | | | |

Calculate % to Risk

| Account | | | | | Lots | | | | |
|---------|----------|--------------------|----------------|------------|---------|-----|------|-------|--|
| Size | Currency | Money to Risk, USD | Stop-Loss pips | Trade pair | Risk, % | Std | Mini | Micro | |
| 1000 | USD | | | EUR/USD | Compute | | | | |

The top calculator is the one we use. It will calculate the lot size based on the number of pips of the stop loss, our account size, and the risk amount we choose.

TRADE SIZE

POSITION SIZE

We will fill in the first part of the calculator then click Compute:

Calculate Money to Risk

| Account | | | | | | | Lots | | |
|---------|----------|---------|-------------------|------------|---------|-----------------------|------|------|-------|
| Size | Currency | Risk, % | Stop-Loss pips | Trade pair | | Money to Risk, USD | Std | Mini | Micro |
| 2500 | USD ▼ | 2 | 35 | EUR/USD ▼ | Compute | | | | |

Account size

Currency of the account

Risk amount in percent

Stop loss in pips

Currency pair of the trade

Click Compute

Calculate Money to Risk

| Account | | | | | | | Lots | | |
|---------|----------|---------|-------------------|------------|---------|-----------------------|-------|-------|--------|
| Size | Currency | Risk, % | Stop-Loss pips | Trade pair | | Money to Risk, USD | Std | Mini | Micro |
| 2500 | USD ▼ | 2 | 35 | EUR/USD ▼ | Compute | 50.00 | 0.143 | 1.429 | 14.286 |

Money risked

Position Size

The number that appears in the Std box is the Standard Lot Size, this is the number we put in the Volume field when we place an order.

CONCLUSION

WEIGHT OF A PIP

EVERY PIP SAVED IS A PIP IN THE BANK

This makes more sense if we look at it from a 1:1 perspective. If we were to take 2 trades, each risking 100 pips and targeting 100 pips. We lose 1 trade and we win 1 trade, but with the losing trade, we were able to manage the trade by a single pip.

- If we win 100 pips, we bank 100 pips.
- If we lose 100 pips, we lose 100 pips.
- If we are able to take that 100 pips top loss and modify it so that we lose 99 pips, that 1 pip adjustment means we win 100 pips but lose 99 pips. The difference is 1 pip, and that's 1 pip that we are ahead... 1 pip in the bank.

The graphic below gives us an idea of the kind of positive "imbalance" using the tricks in this manual provide. The darker blue sections are the 50% profit we would get regardless, the pink sections are the losses we could incur, and **the lighter blue sections are the bonus profits we get**. The skew will be somewhat different from trader to trader, but the end result is like having a 1:1 ratio and winning 60 to 80% of our trades!



CONCLUSION

WRAPPING IT UP

Now that you have gone through the manual and learned the lessons, you can see how it's possible to be an average trader and still make a good return.

Trading can be a very profitable business if you take care of the things that matter most.

A high win ratio is surprisingly low on the list of things that are important to achieve. Of course it helps to have a higher than average win/loss ratio, but as you see, it's not critical that you do. By modifying a few of the other features of your trading, winning only half of your trades will still result in you making money.

If you adopt these methods of trading, you will be what is considered "consistent". You will do the same thing day in and day out, trade after trade. You won't be emotionally crushed if you lose a trade and you will feel confident to trade after a loss.

Keep doing this and you will watch your account grow consistently over time.

Thank you for taking the time to read this manual, and I do hope you choose to make use of the information we covered. You will be glad you did!

Best of luck to you and your trading!

Russ Horn

