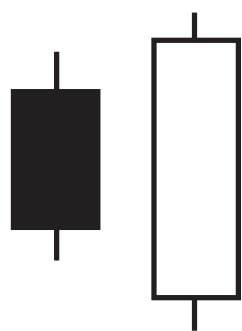




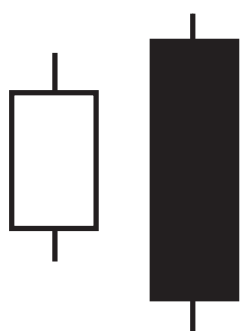
Engulfing Noise Scalping System

This system is fairly simple. Only 2 requirements need to be met before placing a trade 1 an engulfing pattern combined with moderate volume.

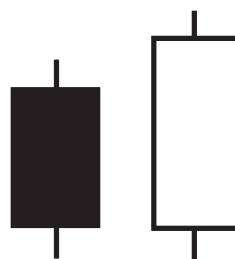
First off I've modified the way I look at engulfing patterns. Because FX has tight charting and little to no gapping on most platforms the body of the bar does not have to engulf entirely. Instead a bar that opens at the close price of the previous bar and then continues to move past the open of the prior bars open is all we are looking for.



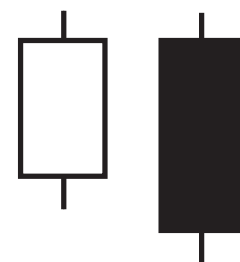
Traditional Bullish Engulfing Pattern



Traditional Bearish Engulfing Pattern



Modified Bullish Engulfing Pattern



Modified Bearish Engulfing Pattern

15 Min. Chart

ENTER Long if

1 Traditional or modified bullish engulfing pattern appears.

2 The engulfing bar has a volume > 100

Only enter the trade after the bar closes and the pattern has been completed!

ENTER Short if

1 Traditional or modified bearish engulfing pattern appears.

2 The engulfing bar has a volume > 100

Only enter the trade after the bar closes and the pattern has been completed!

EXIT

1. Limit Up 5 pips

2. Time expiration

If two bars pass without hitting limit or stop exit on the close of the second bar.

3. Stop

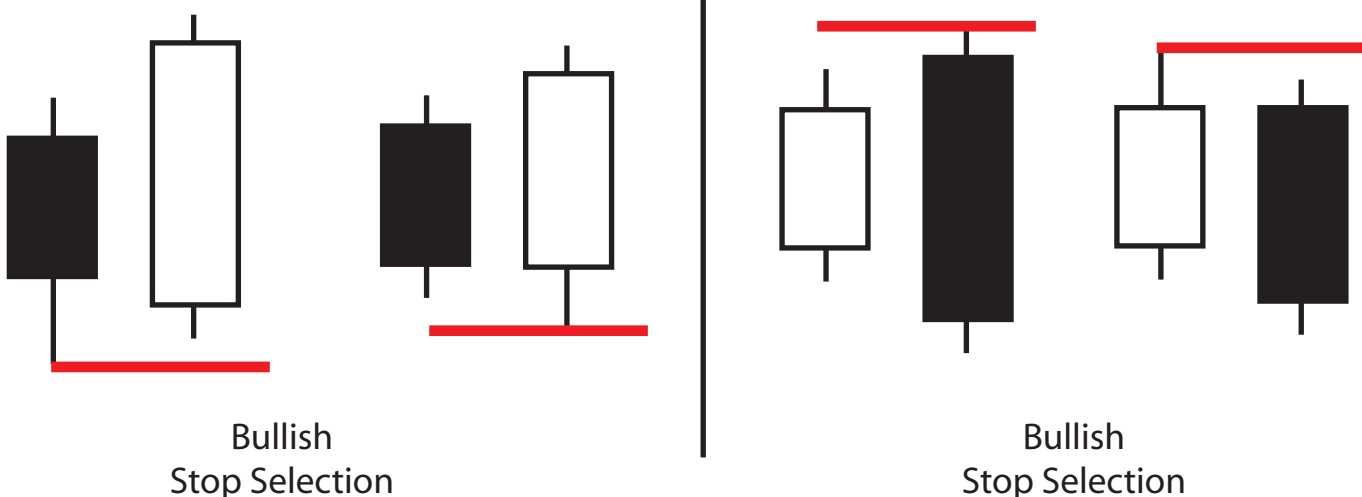
Stop is selected buy using the wicks of both candles in the engulfing pattern.

For long stop selection the lowest part of the 2 bar pattern is the stop.

For short stop selection the highest part of the 2 bar pattern is the stop.

At first the risk reward looks horrible. This is true. Losses becomes compensated for in the money management of the system. Which we will cover a later.





A word on volume.

Aside from the engulfing patterns volume plays a key role in generating a higher probability of success for the trade. Volume in its self is tricky. In retail FX volume is not the number of contracts traded, but the amount of tic movement in a single bar. So with higher volume in a non directional market we need to make the assumption that with higher volume comes a greater chance of our target getting hit.

Other Notes.

Mind the spread. Typically when trading this system I wouldn't advise trading any pairs that has a spread greater than 5. It would be highly impractical to trade this system on a pair with a 10 pip spread.

This is a scalping system. So targets are very tight. While the system was originally intended for ranging markets. It can also be played in a trending environment. Such as a instance of a price retraction or the continuation of the trend after said retraction.

No trade on doji. When a doji is present the engulfing bar is void. As any movement in either direction is a engulfing bar.

Be aware of news as increased spreads during news time may make it very difficult to exit the position with profit. And its possible that the spread alone will blow out your position on entry.

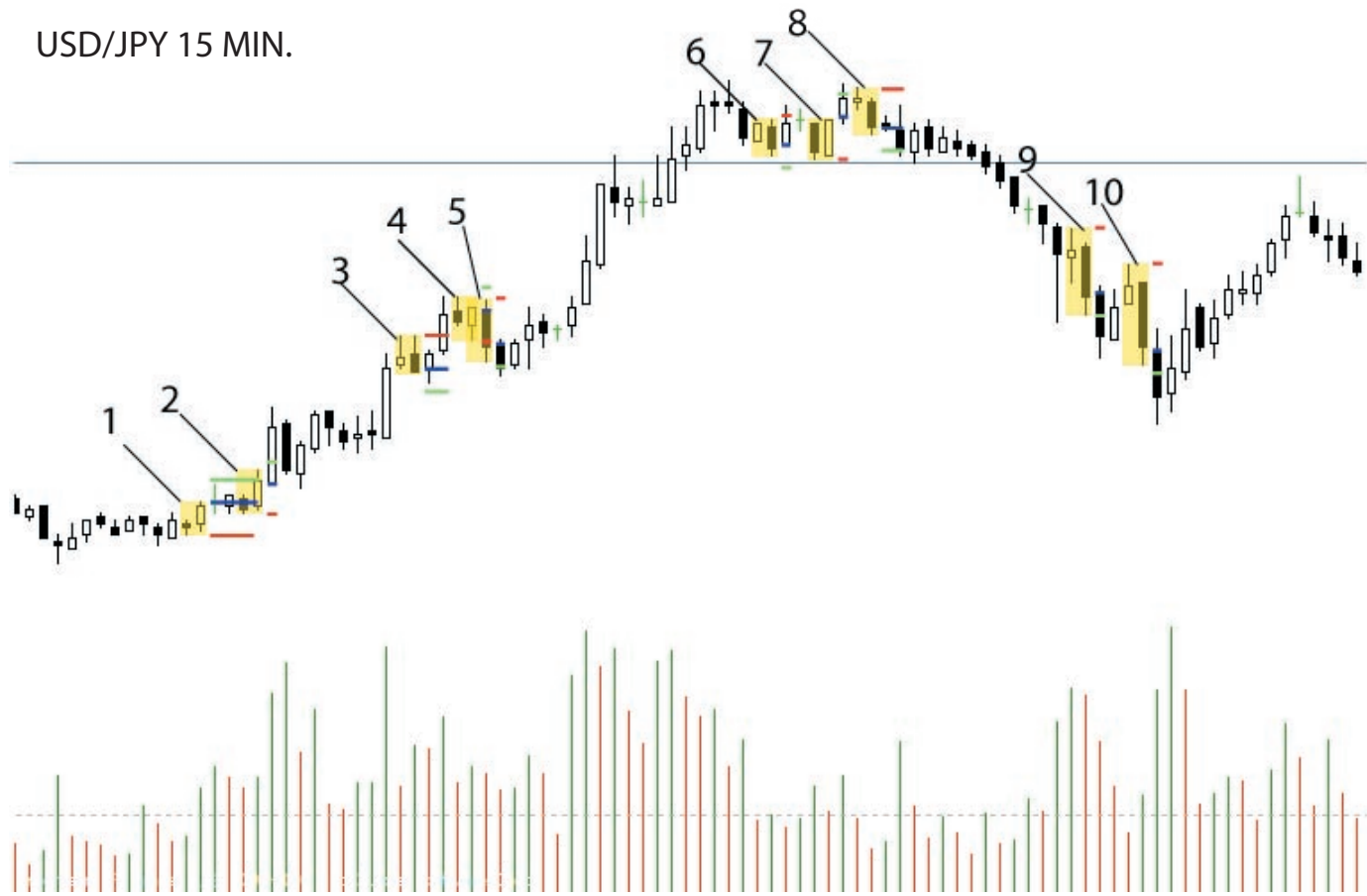
Money Management

Losses typically out pace the winners when it comes down to the points in percentage on single trades. In some instances after two losses you would typically need five to six winners to maintain profitability. Only if you kept the lot sizes equal. Therefore a martingale system of lot sizing is implemented. There are various ways to implement martingale money management into the system. In the next few pages we will explore this further.





USD/JPY 15 MIN.



For reasons of simplicity we will just be counting pips here. Keep in mind that lot value times limit or stop will be counted accordingly. So a limit up of 5 pips on 2 lots will count as 10 pips. Even though the target is in actuality 5 pips.

Double Toss Triple Up

The name says it all after 2 losses triple the bet as it is highly unusual that the system will Lose more than 2 times in a row. So based on the chance that the 3rd has a higher probability of success a larger bet is placed on the third trade after two losses have occurred in a row.

1 Lot Size 1
 Long at 114.31
 Limit at 114.37
 Stop at 114.20
 Exit at limit +5

4 Lot Size 1
 Long at 114.85
 Limit at 114.90
 Stop at 114.79
 Exit at Stop -6

7 Lot Size 1
 Long at 115.40
 Limit at 115.45
 Stop at 115.26
 Exit at Limit +5

10 Lot Size 1
 Short at 114.70
 Limit at 114.65
 Stop at 114.96
 Exit at limit +5

2 Lot Size 1
 Long at 114.34
 Limit at 114.40
 Stop at 114.26
 Exit at limit +5

5 Lot Size 3
 Short at 114.74
 Limit at 114.69
 Stop at 114.86
 Exit at limit +15

8 Lot Size 1
 Insufficient Volume

3 Lot Size 1
 Short at 114.64
 Limit at 114.59
 Stop at 114.76
 Exit at stop -12

6 Lot Size 1
 Short at 115.28
 Limit at 115.23
 Stop at 115.37
 Exit at stop -9

9 Lot Size 1
 Short at 114.86
 Limit at 114.81
 Stop at 115.02
 Exit at limit +5

Total Profit +13





Sequential

Sequential Lot sizing format is easy. Start lot sizing at one. After each loss increase the lot size by one. As simple as counting. The draw back is after several losses occur there is no guarantee that the loss will be recovered.

1 Lot Size 1 Long at 114.31 Limit at 114.37 Stop at 114.20 Exit at limit +5	4 Lot Size 2 Long at 114.85 Limit at 114.90 Stop at 114.79 Exit at Stop -12	7 Lot Size 2 Long at 115.40 Limit at 115.45 Stop at 115.26 Exit at Limit +10	10 Lot Size 1 Short at 114.70 Limit at 114.65 Stop at 114.96 Exit at limit +5
2 Lot Size 1 Long at 114.34 Limit at 114.40 Stop at 114.26 Exit at limit +5	5 Lot Size 3 Short at 114.74 Limit at 114.69 Stop at 114.86 Exit at limit +15	8 Lot Size 1 Short at 115.35 Limit at 115.30 Stop at 115.43 Exit at limit +5	
3 Lot Size 1 Short at 114.64 Limit at 114.59 Stop at 114.76 Exit at stop -12	6 Lot Size 1 Short at 115.28 Limit at 115.23 Stop at 115.37 Exit at stop -9	9 Lot Size 1 Short at 114.86 Limit at 114.81 Stop at 115.02 Exit at limit +5	Total Profit +12

Aggressive Multiplier x 3

Using this money management system the lot size is tripled after each loss. If consecutive losses occur the position triples from its previous loss.

1 Lot Size 1 Long at 114.31 Limit at 114.37 Stop at 114.20 Exit at limit +5	4 Lot Size 3 Long at 114.85 Limit at 114.90 Stop at 114.79 Exit at Stop -18	7 Lot Size 3 Long at 115.40 Limit at 115.45 Stop at 115.26 Exit at Limit +15	10 Lot Size 1 Short at 114.70 Limit at 114.65 Stop at 114.96 Exit at limit +5
2 Lot Size 1 Long at 114.34 Limit at 114.40 Stop at 114.26 Exit at limit +5	5 Lot Size 9 Short at 114.74 Limit at 114.69 Stop at 114.86 Exit at limit +45	8 Lot Size 1 Insufficient Volume	
3 Lot Size 1 Short at 114.64 Limit at 114.59 Stop at 114.76 Exit at stop -12	6 Lot Size 1 Short at 115.28 Limit at 115.23 Stop at 115.37 Exit at stop -9	9 Lot Size 1 Short at 114.86 Limit at 114.81 Stop at 115.02 Exit at limit +5	Profit Total +41



Aggressive Multiplier x 5

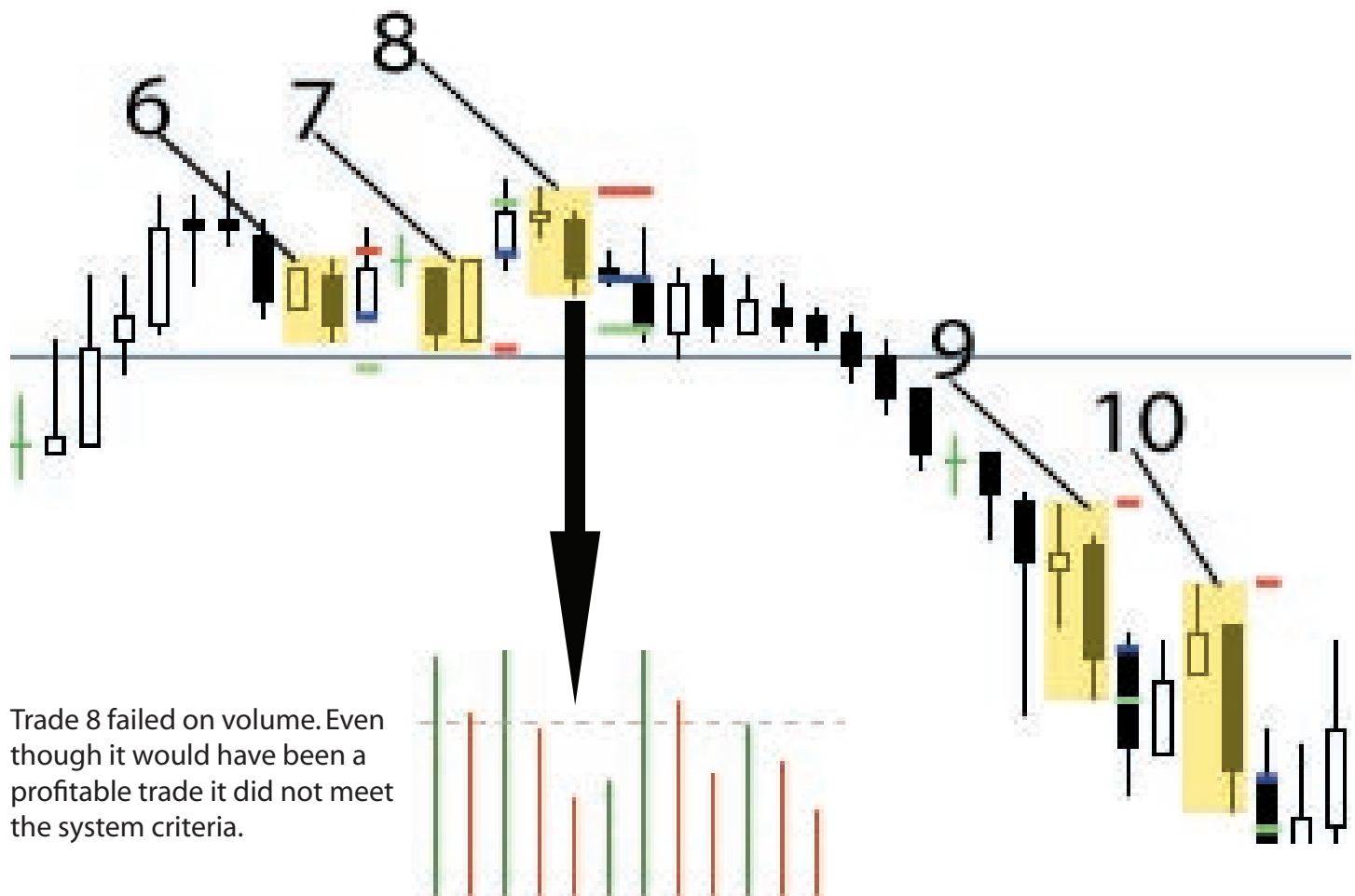
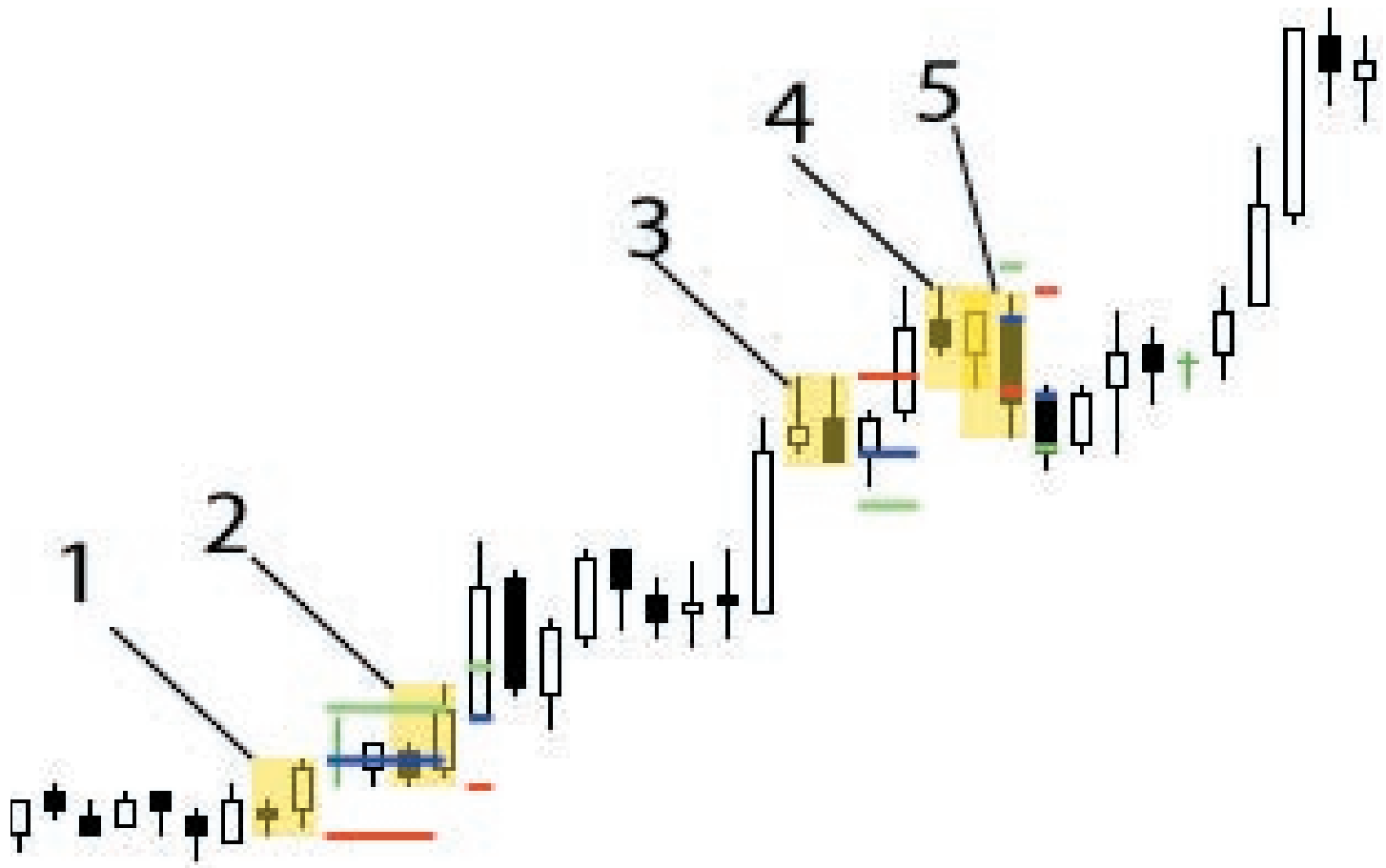
Using this money management system the lot size is multiplied times 5 after each loss. If consecutive losses occur the position is multiplied again from its previous loss. The higher the multiplier rate the more risk the trader is taking on.

1 Lot Size 1 Long at 114.31 Limit at 114.37 Stop at 114.20 Exit at limit +5	4 Lot Size 5 Long at 114.85 Limit at 114.90 Stop at 114.79 Exit at Stop -30	7 Lot Size 5 Long at 115.40 Limit at 115.45 Stop at 115.26 Exit at Limit +25	10 Lot Size 1 Short at 114.70 Limit at 114.65 Stop at 114.96 Exit at limit +5
2 Lot Size 1 Long at 114.34 Limit at 114.40 Stop at 114.26 Exit at limit +5	5 Lot Size 25 Short at 114.74 Limit at 114.69 Stop at 114.86 Exit at limit +125	8 Lot Size 1 Insufficient Volume	
3 Lot Size 1 Short at 114.64 Limit at 114.59 Stop at 114.76 Exit at stop -12	6 Lot Size 1 Short at 115.28 Limit at 115.23 Stop at 115.37 Exit at stop -9	9 Lot Size 1 Short at 114.86 Limit at 114.81 Stop at 115.02 Exit at limit +5	Profit Total +119

Fibonacci Skip Sequence

The Fibonacci skip sequence starts out at 1 lot and then skips every other number in the Fibonacci sequence until a profitable trade is reached. This method of increasing lot sizes grows quickly. The skip sequence is as follows. 1, 3, 8, 21, 55 Notice this is just a way to aggressively accelerate the Fibonacci sequence 1, 1, 2, 3, 5, 8, 13, 21, 34, 55. If using the Fibonacci sequence for lot sizing consider just skipping the first number. And start with the second 1 in the beginning.

1 Lot Size 1 Long at 114.31 Limit at 114.37 Stop at 114.20 Exit at limit +5	4 Lot Size 3 Long at 114.85 Limit at 114.90 Stop at 114.79 Exit at Stop -18	7 Lot Size 3 Long at 115.40 Limit at 115.45 Stop at 115.26 Exit at Limit +15	10 Lot Size 1 Short at 114.70 Limit at 114.65 Stop at 114.96 Exit at limit +5
2 Lot Size 1 Long at 114.34 Limit at 114.40 Stop at 114.26 Exit at limit +5	5 Lot Size 8 Short at 114.74 Limit at 114.69 Stop at 114.86 Exit at limit +40	8 Lot Size 1 Insufficient Volume	
3 Lot Size 1 Short at 114.64 Limit at 114.59 Stop at 114.76 Exit at stop -12	6 Lot Size 1 Short at 115.28 Limit at 115.23 Stop at 115.37 Exit at stop -9	9 Lot Size 1 Short at 114.86 Limit at 114.81 Stop at 115.02 Exit at limit +5	Profit Total +36



Trade 8 failed on volume. Even though it would have been a profitable trade it did not meet the system criteria.



