

# **THIS IS THE TRADING METHODOLOGY FOR THE STEALTH FOREX TRADING SYSTEM**

**YOU SHOULD HAVE ALREADY READ AND APPLIED THE  
INFORMATION IN THE SET UP DOCUMENT**

**IF NOT - DO SO BEFORE READING THIS**

This product named stealth forex system, which includes all written material contained within this document, the custom indicators named LCD and stealth buy/sell together with all of the various set up combinations, (but excluding the metatrader4 trading platform) hereinafter called “the system” is and are copyright protected. You the purchaser of the system are granted sole personal use of the system. You may not copy, hire or sell or in any other way promulgate any part or parts of the system without prior written and documented consent of the owners of the system.

# TRADING METHOD

BE SURE TO READ AND UNDERSTAND THE DISCLAIMER AT THE BOTTOM OF THIS DOCUMENT

## WHEN NOT TO TRADE

### Very Important

DO NOT ENTER A TRADE IN THE FOLLOWING CIRCUMSTANCES AS YOUR SYSTEM WILL NOT FUNCTION CORRECTLY - YOU WILL GET FALSE SIGNALS AND YOU MAY LOSE MONEY

1. For **STEALTH SCALPERS**: Within 40 minutes before and after major financial news releases. The market gets erratic before and after news releases so stay out and have a break. There will be plenty more nice trades afterwards. There is a good free calendar of news releases here: [Economic Calendar](#)

For **STEALTH MISSION TRADERS** either exit your trade in profit before news releases ready to re-enter after the volatility has subsided or make sure that you have brought up your stops to the previous **STEALTH SIGNAL**. *SEE TRADING INSTRUCTIONS FOR MORE DETAILS.*

For **STEALTH SIMPLE SYSTEM** (ideal for absolute beginners) do not enter a trade within 1 hour either side of major news releases.

For **STEALTH CREAMER SYSTEM** see instructions later in this document.

2. When **VOLUME** is low. These are the green vertical lines at the bottom of your price chart (referred to as grass). If the grass is short...you will get false signals and there will not be enough profit to be worth the risk of entering the trade. If you can barely see the grass or if the grass is at equal height, like a perfect lawn, this is a no trade time. You are looking for uneven "tufts". This should be the first and last thing that you check before making your trade, and with a little experience you will instantly know if there is sufficient trading volume. (SEE PIC ON NEXT PAGE)

Also look at what price has been doing during the past few hours. There can be periods when price moves sideways in a very tight range. These are bad trading times and on days like these you should turn off your PC and go do something else.

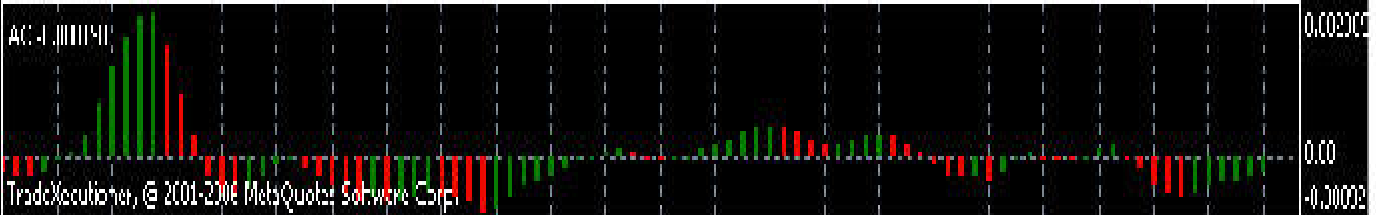
3. **STEALTH SIMPLE SYSTEM & STEALTH SCALPERS**. Do not trade on Fridays after 4pm GMT or on Sundays (before 2am GMT Monday).

**STEALTH MISSION TRADERS**. Make sure that you exit all positions before the close for the weekend.

**It is vital that you decide which strategy suits you best. DO NOT try to mix the methods. Either use BEGINNERS SIMPLE SYSTEM or STEALTH SCALPING SYSTEM or STEALTH MISSION TRADE or STEALTH CREAMER SYSTEM.**

**USE A DEMO ACCOUNT UNTIL YOU HAVE MASTERED THE SYSTEM AND HAVE PROVEN TO YOURSELF THAT YOU HAVE THE DISCIPLINE TO TRADE IT PROPERLY AND PROFITABLY**

EURUSD,M1E 1.2855 1.2872 1.2887 1.2867



TradeExecution, © 2001-2006 MetaQuotes Software Corp.  
16 Aug 2006 16 Aug 14:00 16 Aug 15:00 16 Aug 16:00 16 Aug 18:00 16 Aug 20:00 16 Aug 22:00 17 Aug 00:00 17 Aug 02:00 17 Aug 10:00 17 Aug 12:00 17 Aug 14:00 17 Aug 16:00

# MONEY MANAGEMENT

**STRONG MONEY MANAGEMENT IS AT THE HEART OF EVERY GOOD TRADING SYSTEM**

One of the quickest ways to lose money when trading (even with a great system like this) is the failure to observe good money management techniques. You cannot learn too much about money management.

Here are some of the most important rules.

Never risk more than 2% of your account at any one time. **NOT EVER!!!!!!** Learn to compound your winnings and over time you will be able to trade more lots whilst still never risking more than 2% of your account.

Never add to a losing position or double up after a losing trade. Stay calm, focused and stick to the system.

**Always use a stop-loss.**

**Never widen your stop-loss.** Stick to the formula.

As your account balance grows, consider reducing your leverage.

**Capital conservation is king.** If you suffer more than 3 losses in a row (it's rare but can happen) take a break from trading. When you return re-read the system to make sure that you are not overlooking something.

**Never try to take revenge on the market.** Losses are as much a part of trading the Forex, as are wins. Learn to accept your losses without anger or dismay. If you stick to the system, over time, you should have many more wins than losses.

**Trading takes time, patience and discipline.** Do not jump into a trade just because price has made a sudden large move. Always wait for the proper signal. Likewise do not worry about trying to capture every last cent of a price movement.

Traders who become obsessed with always trying to trade the whole move usually lose money.

# STEALTH SIMPLE SYSTEM

Using only the **1 hour chart**, watch for a buy (**blue**) or sell (**yellow**) bar to start forming on the LCD only.

Check that there is volume (grass tufts), (and that price has not been trading in a narrow range over the past few hours) and enter a trade in the direction indicated.

Immediately place your stop-loss at the tip of the Stealth symbol on the opposite side of the price line to your direction of trade (plus the spread).

Continue to move your stop-loss to the tip of each new Stealth symbol as and when the trade moves in your favour (always remembering to add the spread).

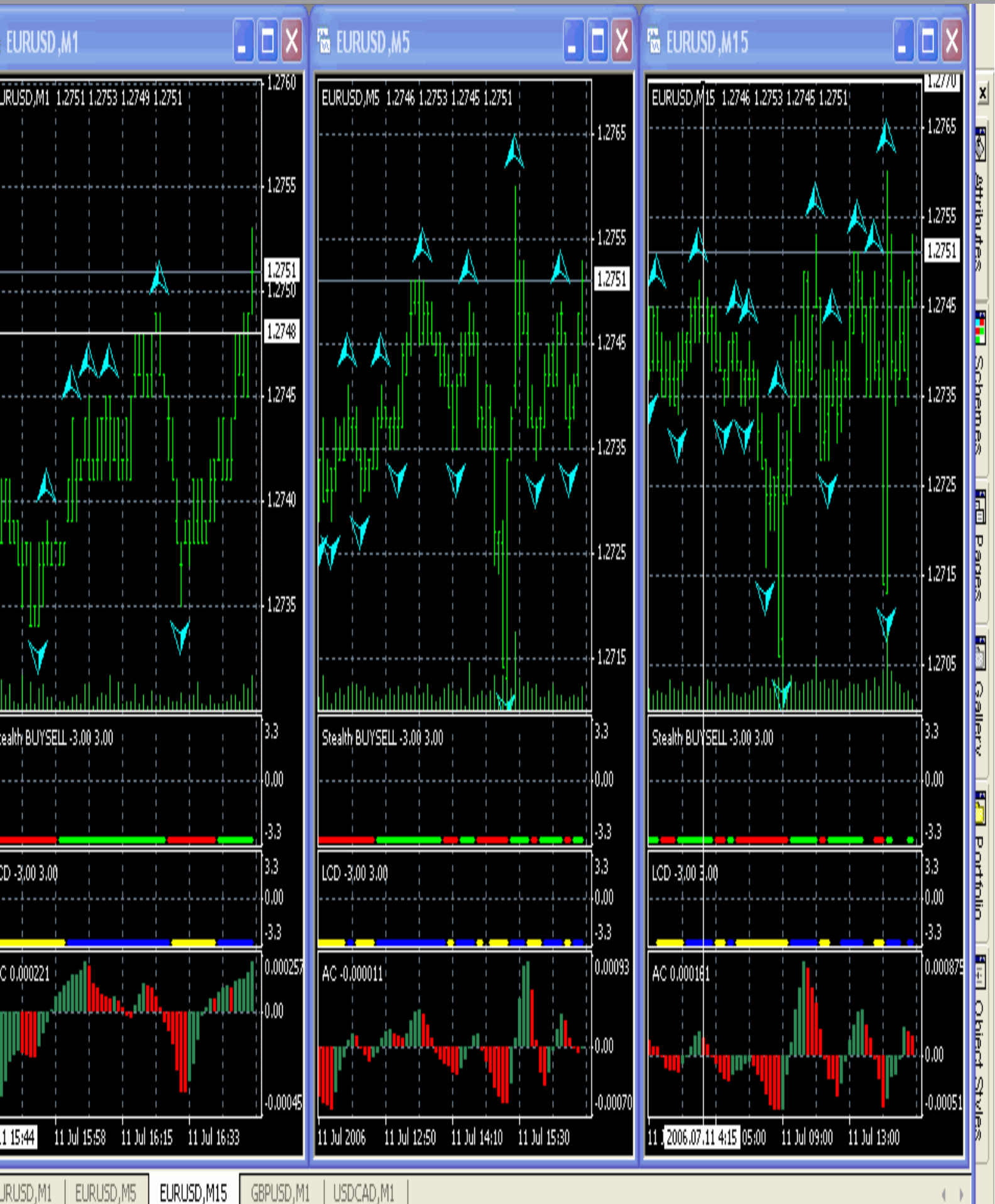
Continue this process until you are stopped out automatically – usually with a nice profit, or the LCD on the 1 hour chart, changes colour.

**Before entering the trade make sure that should your stop-loss be hit, it would not result in your losing more than 2% of your account.** If this is the case, wait for the next stealth to appear and see if this gives a tighter stop-loss.

# STEALTH SCALPERS: How to ENTER and EXIT a trade.

First check out the when not to trade parameters!

You may wish to also refer to the “cascade screen shot”



1. Start to hunt for a trade (I mostly trade the Eur/Usd because of the tight spreads) by flicking through the 15minute then 5minute and finally the 1minute charts to identify a new buy (**green**) or sell (**red**) bar on the Stealth buy/sell indicator on all 3 timeframes.

2. If the indicator is showing a **red** bar ON ALL 3 TIME FRAMES, be ready to enter your trade for a **SELL** AND PLACE YOUR STOP AT THE POINT OF THE PREVIOUS STEALTH SIGNAL above price ON THE 1 MINUTE CHART **PLUS** YOUR SPREAD.

NB. 2 or even 3 Stealth symbols appearing together above price with a sell signal is a very strong sell signal - providing you have volume.

Conversely, if the indicator is showing a **green** bar on all three time frames, be ready to enter your trade for a **BUY** and place your stop at the point of the PREVIOUS STEALTH SIGNAL BELOW PRICE ON THE 1 MINUTE CHART **PLUS** YOUR SPREAD.

NB. 2 or even 3 Stealth symbols appearing together below price with a buy signal is a strong buying signal - providing you have volume.

**Finally check** that your buy or sell signal is in agreement with the LCD indicator and if so enter the trade - providing you have volume.

An excellent place to enter a trade is when the 5 minute and the 15 minute Stealth BUY/SELL and LCD are in agreement and the 1 minute Stealth BUY/SELL and LCD indicators have both just changed to be in agreement with the 5 and 15 minute charts.

Stronger trades can be identified on all time frames when the LCD and the Stealth BUY/SELL change colour at the same time.

If you see mixed signals, **DO NOT TRADE**.

3. Now you need to be patient. Sometimes good trades take a little while to mature. Keep flicking through the 15 minute and 5 minute time frames (or better still, click the cascade button) to make sure that the LCD indicator has not changed color on the 5 minute or 15 minute charts. If they have changed color, **EXIT** before your stop triggers.

4. As price moves into profit, keep moving your stops up to the preceding STEALTH (These are the next STEALTH SIGNALS TO APPEAR **ABOVE THE PRICE LINE ON THE 1 MINUTE CHART** on a short trade (SELL).

Conversely, on a long trade (BUY) it is the STEALTH signals that appear **below the price line** that are your markers to move your stops to (the point of the new STEALTH).

5. Keep moving your stops (always **ONLY IN THE DIRECTION** of your trade) in this way (**remembering always to add the spread**) until eventually you will be stopped out, which is great because usually, you will have been stopped out in **PROFIT!!** However, if before being stopped out in profit, you find that the **A.O.** has reached an **extreme level** (it is higher or lower than in previous cycles) and or you have **two stealth signals** on the opposite side of price to your stop, and or the **LCD** indicator bar has changed color on the **5 minute** or **15 minute** chart **TAKE PROFIT IMMEDIATELY.**

6. If on the 1 minute chart, at the beginning of a trade, the Stealth buy/sell bar changes color back and forth a couple of times, use the **LCD** indicator to confirm that the trade is still good by looking on the 5 minute chart and the 15 minute chart to establish that the **LCD** is still either **YELLOW** for a short trade (SELL) or **BLUE** for a long trade (BUY).

7. Price pattern very often forms an **M** shape (double top) before going down (SELL) and a **W** shape (double bottom) before going up (BUY). Less aggressive traders may want to wait until the second top or bottom has appeared on the 1minute chart before entering, with a tight stop of 6 pips (plus spread).

The downside of waiting for this is that sometimes a double top or bottom will not occur, but should this happen, do not worry, just wait for the next **STEALTH** signal to appear above price on a short trade (SELL) or below price on a long trade (BUY).

8. Very occasionally, in times of high volatility a **STEALTH** signal may appear and then disappear. If this happens and it is against your trade **EXIT** immediately as the signal will reappear soon in a higher or lower position on the same side of price. If this happens below price on a short trade (SELL) or above price on a long trade (BUY) take your profit! Stay out of the market for a while until things settle down.

9. If your are a **STEALTH SCALPER** you do need to sit by your PC and watch your charts, moving your stops for the duration of the trade. No going off to the shops **until you have secured your profit!** Since this is a scalping system, should you suddenly be presented with a fast decent profit – **Take it and say Thanks!**

10. With practice and experience you will soon get into the flow of this system and find that you can successfully pick winning trades time after time. **JUST remember to keep moving up those stops until you are stopped out in profit.**



# STEALTH MISSION TRADERS

## How to enter and exit a trade

1. On the 1hour chart look and wait for the **start** of a buy signal (**green bar**) or a sell signal (**red bar**) on the Stealth buy sell indicator.

2. Confirm that the LCD indicator is in agreement (blue for buy or yellow for sell)

An excellent place to enter the trade is when both the BUY/SELL and LCD indicators have changed colour at the same time.

3. On the **1 minute** chart wait for the BUY/SELL to change to a new colour in your favour (this ensures optimum entry positioning)

4. Check that there is sufficient trading volume (grass)

5. Enter your trade. Immediately place your stop-loss at the top of the point of the previous **STEALTH** signal on the 1 hour chart (above the price for a SELL trade or below the price for a BUY trade), remembering to **add the spread**.

6. As the trade moves into profit move your stop as the next **stealth signal** appears above the price in a sell trade or below the price in a BUY trade.

7. **Keep doing this until you are stopped out in profit**, which could be a couple of hours, one day, a couple of days or a week!! However, if the AO indicator is starting to reach extreme levels, you may wish to start positioning your stop loss by using the Stealth positions on the **5 minute** chart to lock in more profit before a possible reversal.

You should note that when trading this system your stop-loss will be greater than a stop-loss in the Stealth scalping system.

**Before entering the trade make sure that should your stop-loss be hit, it would not result in your losing more than 2% of your account.**

EURUSD,H1 1.2627 1.2641 1.2626 1.2570

The yellow line shows a classic head and shoulders pattern forming where the right shoulder is lower than the left..price may well go down from here! Also look out for M and W double top and double bottom formations before a reversal. And even triple tops and triple bottoms!

#1221466 sell

The moves with the white circles may soon be over..look at the cluster of stealth signals under price at the bottom of the chart without a corresponding one above it Make sure that your stops are brought up tight. Go to a smaller time frame if you want to tighten your stops even more before you are stopped out in profit.

LCD -3.00 3.00

SELL

BUY

Stealth BUYSELL -3.00 3.00

AC 0.00:402

SBFX, © 2001-2006 MetaQuotes Software Corp.

07.05 6:00 6 Jul 07:00 7 Jul 15:00 11 Jul 00:00 12 Jul 08:00 13 Jul 16:00 17 Jul 01:00 18 Jul 09:00 19 Jul 17:00 21 Jul 01:00 24 Jul 10:00 25 Jul 18:00

2065

2055

2045

2005

2065

1275

1265

12645

12630

12605

12575

12485

12445

3.3

0.00

-3.3

3.3

0.00

-3.3

0.00429

0.00

-0.0016

# Stealth Chart Set up For Beginners 1 hour chart



Time	Type	Lots	Symbol	Price	S/L	T/P	Price	Commission	Swap	Profit
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# STEALTH CREAMER STRATEGY SET UP INSTRUCTIONS & TRADING RULES

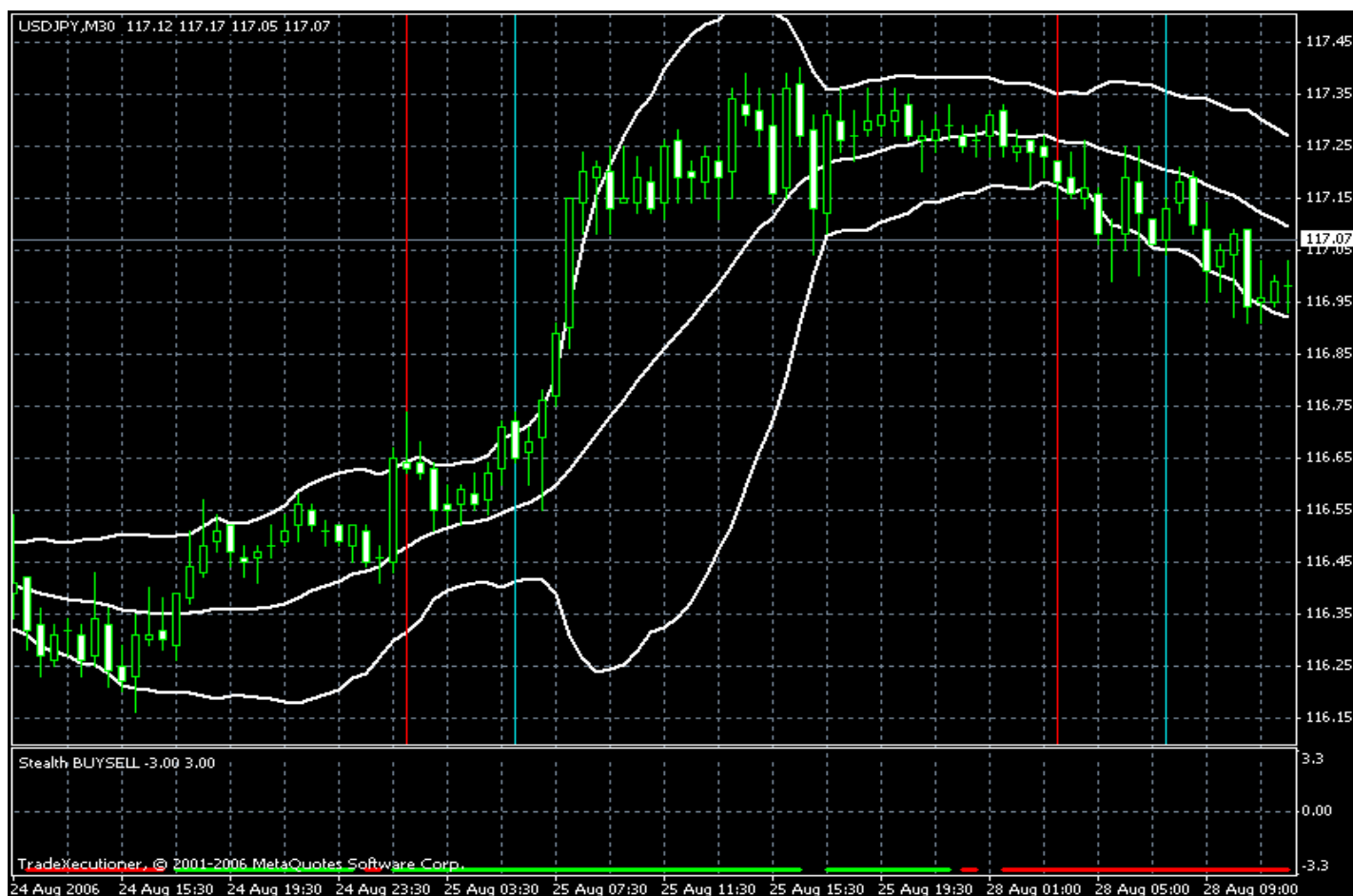
This strategy is for trading the USD/JPY only and is time sensitive. You should only use this strategy AFTER 00.30am GMT.

First create a new 30 minute chart for the USD/JPY.

Now add the stealth BUY/SELL

Next add Bollinger Bands using the default setting. To do this, click insert – indicators – Bollinger bands. Set the line thickness to a thicker line (under charts – indicator list – then single click Bollinger bands – edit – select line thickness - accept).

Your chart should now look like this:



If your chart now looks like this save this set up as a template called Stealth Creamer (charts – templates – save as). You will not get the vertical red and blue lines. These are just to show the trade entry time.

## Stealth Creamer Trading Rules

Before we start looking at the trading rules it should be understood that trading at this time of day is much more difficult. There will be days when there is no set up for a trade and you should learn to accept that. If you do not get a good set up **DO NOT** be tempted to trade. As with all forms of trading, watching whilst not holding a position is still trading.

At 00.30 GMT Start to look for a trade set up. Don't panic if you do not see a set up straight away, you have until 06.00am GMT to enter your trade.

The first thing that you need to do is to measure in pips the distance between the upper and lower Bollinger bands. You must have more than 23 pips between the upper and lower band. 23 pips or less means no trade yet. As time progresses, the bands may open or close. The 23 pips rule is **ONLY** for entry purposes (See the **NO TRADE** screen shot below).

If you do have more than 23 pips between the bands you now need to wait for a **NEW BUY/SELL** colour bar to appear. **DO NOT** trade unless you get a **NEW BUY/SELL** signal.

If in the previous couple of hours the **BUY/SELL** indicator has been changing colour back and forth this will be a **NO TRADE DAY**.

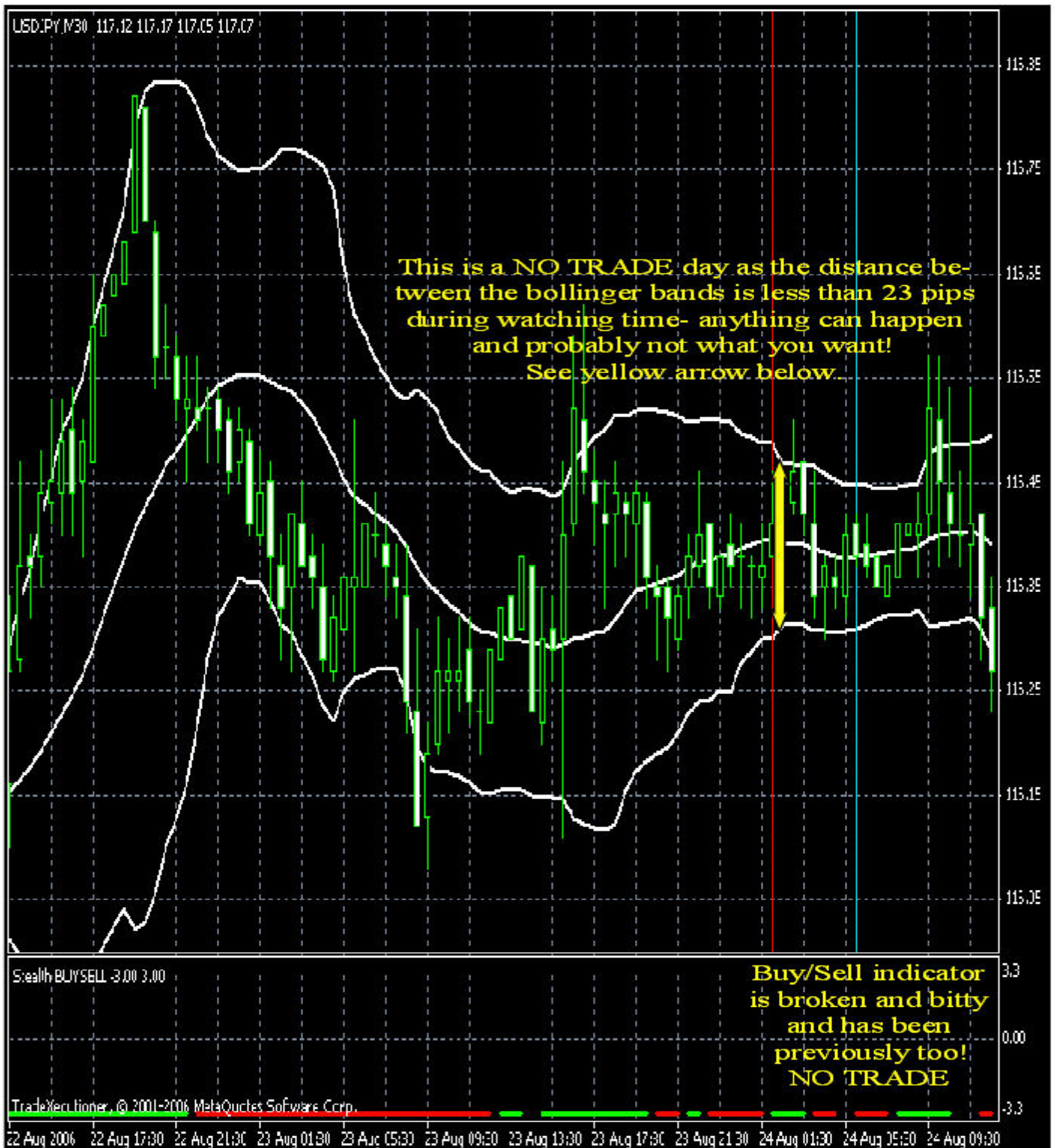
When you get a new **BUY/SELL** signal (bar changes from green to red or vice versa) wait for price to retrace to the centre line of the Bollinger Bands and then enter your trade in the direction indicated by the Stealth **BUY/SELL** indicator (**red for sell** or **green for buy**).

Immediately after entering the trade set your stop loss to the price indicated by the outside edge of the Bollinger Band +5pips. When doing this ensure that the outside edge of the Bollinger Band is at least 20 pips + spread (should be 22 or 23 in total) away from your entry price. If it is less than 20 pips + spread widen your stop loss to 20 pips + spread. Do not just set your stop loss to 20 + spread on every trade. It is most important to use the outer edge of the Bollinger Band so long as it is 20 pips + spread or more.

Now set a Take Profit order for 30 pips from your entry price. Do not try to gain more. This strategy has been well tested and 30 pips is the optimum take profit level for this type of trade (see final screen shot below).

You now need to let the trade run it's course. Go to bed or watch TV or go out (if it is still early enough) and leave the trade alone. The trade may run all night and into the next day or it might end within a few hours. Either way, leave it alone. The only exception is if shortly after entering the trade the **BUY/SELL** changes colour again. In this case, exit the trade whether in profit or not.

Check your trade in the morning. One of three things will have happened, your trade closed in profit or it closed with a loss or it is still live. If it is still live and the BUY/SELL has not changed, leave it to run. If the BUY SELL has changed colour, close the trade, whether in profit or not. Repeat the same process tomorrow evening.



USDJPY,M30 1:7.12 1:7.17 1:7.05 1:7.07



Stealth BUYSELL -3.00 3.00

This is a TRADE day. During your watching time a new BUY/SELL signal appears

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24 Aug 2006 24 Aug 15:30 24 Aug 19:30 24 Aug 23:30 25 Aug (3:30) 25 Aug 07:30 25 Aug 11:30 25 Aug 15:30 25 Aug 19:30 28 Aug 01:00 28 Aug 05:00 28 Aug 09:00

*Good luck and good trading.  
Martin and Virginia Bottomley*

## Forex Risk Disclosure

Please read this carefully. If you don't understand any of the information provided in this disclosure or if you have any questions, please contact us. The National Futures Association (NFA) and CFTC (Commodity Futures Trading Commission), the regulatory agencies for the forex and futures market in the United States, require that customers be informed about potential risks in the forex market (see the information below).

### Risks Associated with Forex and Trading

Trading foreign currencies is a challenging and potentially profitable opportunity for educated and experienced investors. However, before deciding to participate in the Forex market, you should carefully consider your investment objectives, level of experience and risk appetite. Most importantly, do not invest money you cannot afford to lose.

There is considerable exposure to risk in any foreign exchange transaction. Any transaction involving currencies involves risks including, but not limited to, the potential for changing political and/or economic conditions that may substantially affect the price or liquidity of a currency.

Moreover, the leveraged nature of FX could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses. Investors may lower their exposure to risk by employing risk-reducing strategies such as 'stop-loss' or 'limit' orders.

There are also risks associated with utilizing an internet-based deal execution software application including, but not limited to, the failure of hardware and software.

Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to invest in 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 advisor if you have any doubts. Trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you.

### Profit and Loss Potential

In any market where a potential for profit exists, there exists also a risk of loss. None of the information on [STEALTH FOREX SYSTEM](#) nor any information or education provided to the client by any means assures that the client will make money in the forex market. The information contained in this document does not constitute investment advice. **We will not accept liability for any loss or damage**, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information.

### Benefits and Risks of Leverage

Even though the forex market offers traders the ability to use a high degree of leverage, trading with high leverage may increase the losses suffered. Please use caution when using leverage in trading or investing.

### Hypothetical Performance or Back-Tested Results

**HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE INFERRED OR SHOWN. THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS & THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY A PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK & NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE MANY OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF A SPECIFIC TRADING PROGRAM OR SYSTEM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS -- ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.**