



Easy News Trader

Profit From Forex New Announcements

By Dean Saunders

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The System

This book has been written in order to provide Forex traders with a tried and tested trading strategy for trading the new announcements.

This e-book is not complicated and has been written in a no B.S no fluff manner. I hope you enjoy reading it and using this system in your trading very soon.

This e-book will show you exactly how I trade the news while at the same time side stepping all the common problems that are associated with trading the news.

This system enables you to spend very little time trading yet produces fantastic results averaging 150-200 pips every month.

If you are new to trading you will be happy to know that you do not need special skills in order to use this system. As long as you can set pending orders in your trading platform you will be fine.

Please do not jump straight into the market without demo trading first, this is very important.

Ok with all that out of the way let crack on!

News Announcements

Let's discuss the new in the forex market before we go any further. In order to use this system you will need to know how to read upcoming news and plan when you will be trading.

Head over to

<http://www.fxstreet.com/fundamental/economic-calendar/>

or

<http://www.forexeconomiccalendar.com>

Both are equally good.

You will see listed the upcoming news reports for each currency pair with the date and time.

We only want to focus on reports for the USD or GBP, not because the other don't work but I have not tested them as of yet.

These are the main reports I trade.

- Nonfarm Employment Change
- Trade Balance, Import Prices m/m
- Producer Price Index m/m, PPI excl. Food and Energy m/m
- Durable Goods Orders
- Gross Domestic Product q/q (p), GDP Deflator q/q (p)
- Nonfarm Productivity q/q
- Retail Sales m/m, Retail Sales excl. Autos m/m
- FOMC Interest Rate Statement

You will see all these reports every month except for the FOMC which is less often.

It is important that you make notes for the upcoming month with exact times each report will be released. You will be preparing to set orders not long afterwards.

Taking The Trade

For the purpose of this example I am going to use the GBP Trade Balance report which is a fairly large impact report and released at 9.30am GMT.

The most common way to trade the news is to wait for the report to hit and open a trade in the direction the currency pair moves.

This does not work consistently and is very dangerous. Brokers widen their spreads as a news report is about to hit because there is very little liquidity in the market, sometimes spreads can get as high as 25 pips!

For this reason you can not trade this way you will get bad fills and lots of annoying losses.

This system works by using the momentum after the news once the market has regained liquidity and spreads have returned to normal.

You will need to be watching the GBP/USD with a 15 minute chart.

We will wait for the report to hit then you will see the market acting wildly as people all over the world are trying to take orders. Usually after 10 minutes or so the market has calmed down and the currency starts its move in the desired direction depending on the news.

15 minutes after the report has been released the current candle will close and we are ready to make our trades.

Set two orders one sell order 2 pips below the candle and one buy order 2 pips above the candle. Each trade should be set with a 20 pip stop + spread and have a 20 pip trailing stop in place.

Once this is done you can sit back and relax.

See the picture below for the example of the GBP Trade Balance report.



As you can see the sell order was triggered almost as soon as it was set and the currency shot off in the desired direction.

The 20 pip trailing stop moved the position to break even and continued to move down in 20 pip increments.

The trade closed with 31 pips profit once the trailing stop was hit.

As soon as your position is at break even you must remove the other order!

If the first sell order we took here had not made it to break even and had been stopped out for a loss of 20 pips we would leave the

second order in place as my testing shows that more often than not this reversal trade will be profitable.

I wanted to show you this example of a recent trade because it was not a huge win. I don't want to over exaggerate the trades. Yes I do have trades that run into the 100's of pips but not all of them will be fantastically profitable. What is important to understand is that OVERALL the system will produce profits monthly.

There are a couple of important rules that you must follow in order for this system to even more profitable for you.

Do not take any trades if the currency pair has already moved 70 pips after the report was released. This does not happen very often but when it does its best to stay out.

Always check your brokers spread before making a trade, be sure it has returned back to normal, if it has not then don't trade.

System Rules

Let's run through the simple rules just to make sure you understand then I will show you my actual results from 1 years trading.

1. Check the upcoming news reports and plan the times you will be trading for the USD and GBP.
2. On a USD?GBP 15 minute chart be prepared to set your orders once the first 15 minute candle of the news has closed.
3. If the currency pair has moved more than 70 pips before you place the orders DO NOT TRADE!
4. If your broker spreads have still not returned to normal for some reason after the 15 minutes DO NOT TRADE!
5. Set your orders 2 pips above/below the 15 min candle both with 20 pip trailing stops.
6. Once one of the positions is at break even from the trailing stop remove the other pending position.
7. If one of the trades results in being stopped out leave the other pending order to be filled in the opposite direction.
8. Once a trade is open do not touch it, let the trailing stop take you out of the market.
9. Keep records of every report you trade with notes, this will help you greatly in the future.

System Results

I traded this system over a 8 month period with a very small live account to test it and the results were very good.

Here are the detailed results for that period.

report	p/l trade	p/l rev trade	totals	Total Month p/l
JANUARY				230
Nonfarm Employment Change	100		100	
Trade Balance, Import Prices m/m	60		60	
Producer Price Index m/m, PPI excl. Food and Energy m/m	20		20	
Consumer Price Index m/m, CPI excl. Food and Energy m/m	b/e		0	
Durable Goods Orders	-20	30	10	
Gross Domestic Product q/q (p), GDP Deflator q/q (p)	40		40	
Personal Spending	-20	20	0	
FEBUARY			0	210
Nonfarm Productivity q/q	20		20	
Nonfarm Employment Change	80		80	
Trade Balance	20		20	
Retail Sales m/m, Retail Sales excl. Autos m/m	-20	b/e	-20	
Housing Starts, Import Prices m/m	-20	30	10	
Producer Price Index m/m, PPI excl. Food and Energy m/m	b/e		0	
Consumer Price Index m/m, CPI excl. Food and Energy m/m	-20	40	20	
Durable Goods Orders	40		40	
Gross Domestic Product q/q, GDP Deflator q/q	40		40	
MARCH			0	240
Personal Spending	-20	80	60	
Nonfarm Productivity q/q (f)	-20	b/e	-20	
Trade Balance	-20	20	0	
Nonfarm Employment Change	60		60	
Retail Sales m/m, Retail Sales excl. Autos m/m	80		80	
Import Prices m/m	b/e	20	20	
Consumer Price Index m/m, CPI excl. Food and Energy m/m	20		20	
Producer Price Index m/m, PPI excl. Food and Energy m/m	b/e		0	
Gross Domestic Product q/q (f)	-20	20	0	
Personal Spending	20		20	
APRIL			0	230
Nonfarm Employment Change	-20	60	40	
Trade Balance	20		20	
Retail Sales m/m	b/e		0	
Producer Price Index m/m, PPI excl. Food and Energy m/m	b/e		0	
Consumer Price Index m/m, CPI excl. Food and Energy m/m	20		20	
Durable Goods Orders	30		30	
Gross Domestic Product q/q, GDP Deflator q/q	120		120	

MAY				0	316
Personal Spending, Personal Income	100			100	
Nonfarm Productivity q/q, Unit Labor Costs q/q	-20	-20		-40	
Nonfarm Employment Change	60			60	
FOMC Interest Rate Statement	b/e			0	
Retail Sales m/m, Retail Sales excl. Autos m/m	120			120	
Trade Balance, Import Prices m/m	b/e			0	
Producer Price Index m/m, PPI excl. Food and Energy m/m	-24	b/e		-24	
Consumer Price Index m/m, CPI excl. Food and Energy m/m	80			80	
Durable Goods Orders	-20	40		20	
JUNE				0	260
Nonfarm Productivity q/q (f)	0	40		40	
Nonfarm Employment Change	80			80	
Trade Balance	40			40	
Producer Price Index m/m, PPI excl. Food and Energy m/m, Retail Sales m/m (p)	-20	20		0	
Consumer Price Index m/m, CPI excl. Food and Energy m/m	40			40	
Housing Starts	20			20	
Durable Goods Orders	-20	20		0	
FOMC Interest Rate Statement	20			20	
Personal Spending, PCE Core m/m.	20			20	
JULY				0	260
Nonfarm Employment Change	80			80	
Trade Balance	-20	b/e		-20	
Retail Sales excl. Autos m/m, Retail Sales m/m	60			60	
Producer Price Index m/m, PPI excl. Food and Energy m/m	-20	20		0	
Consumer Price Index m/m, CPI excl. Food and Energy m/m	-20	120		100	
Durable Goods Orders	40			40	
AUGUST				0	360
Personal Spending, Personal Income, PCE Deflator y/y	80			80	
Nonfarm Employment Change	100			100	
Nonfarm Productivity 2Q	b/e			0	
FOMC Interest Rate Statement	80			80	
Trade Balance	100			100	
Retail Sales m/m, Import Prices m/m, Retail Sales excl. Autos m/m	b/e			0	
Producer Price Index m/m, PPI excl. Food and Energy m/m	-20	-20		-40	
Consumer Price Index m/m, CPI excl. Food and Energy m/m	b/e			0	
Durable Goods Orders m/m	b/e	40		40	

I used 5% of my account on each trade and compounded my earnings which resulted in a faster growth in equity.

I recommend you do not trade any more than 5% of your account on any one trade and I highly recommend that you demo trade this for a while first to get a feel for it.

Conclusion

This system has proved itself to me through my testing and tweaking, don't be afraid to make it your own once you have got used to it. I am sure there are several more profitable ways to use this system.

I am also in the process of testing this system but using 1 hour candles and setting the orders 1 hour after the report. This also seems profitable but needs testing.

Again I want to warn you that this system will not produce profits every time you make a trade, it's the overall picture we need to focus on not just the day to day profits.

The beauty of this system is it requires very little time and very little experience to trade it.

I wish you many pips for the future.

Yours in trading success

A handwritten signature in black ink, appearing to read "Ian Daw". The signature is fluid and cursive, with a long horizontal stroke at the end.