

FOREX SECRET INDICATOR

(Karl Dittmann Extra Signal User Guide)

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Introduction

Welcome and thank you for purchasing the “Forex Secret Indicator”. (The Karl Dittmann Extra Signal) The “Forex Secret Indicator” is a complete trading tool designed primarily to trade the FOREX markets successfully and consistently.

Our main principle of trading is **momentum**. The momentum of the market is the fuel behind all major trends – without momentum the market cannot establish strong trends and cannot advance in our direction. This indicator is designed to identify changes in momentum and issue signals right when the momentum is getting stronger, so we enter at the beginning of strong trends and enjoy big profits.

Our indicator also takes into effect the volatility of pairs, and enters trades only when the volatility increases, to make sure you don't enter on a ranging market that results in whipsaw signals. Our stop losses are also based on volatility – so they will be wider on volatile pairs like the GBP\JPY and smaller on EUR\USD. This protects us from being stopped out on minor retracements and ensures we are always on the road to catch big trends.

The hit rate of the indicator is about 70-80% in most currencies, and higher in the currency pairs recommended in the next chapters.

We advise to read and make sure you understand the entire system before putting it into practice. Experiment and gain experience in demo accounts before trading on your own money. If you find that you need further help or have any questions, do not hesitate to contact our technical department.

We wish you great trading success,
Karl Dittmann Team

www.ForexSecretIndicator.com

Installing the Indicators

IMPORTANT: If you don't have MetaTrader ® installed, please download it from this link:

http://www.alpari.co.uk/files/site_uk/000software/MT4_set_up.exe

Follow the instructions and open a demo or real account. We recommend trading the indicators on demo account before proceeding to real accounts.

è **Step 1:** Copy the indicators files EX4 into your /experts/indicators/ folder. This folder is in the folder of the MetaTrader trading platform.

Examples:

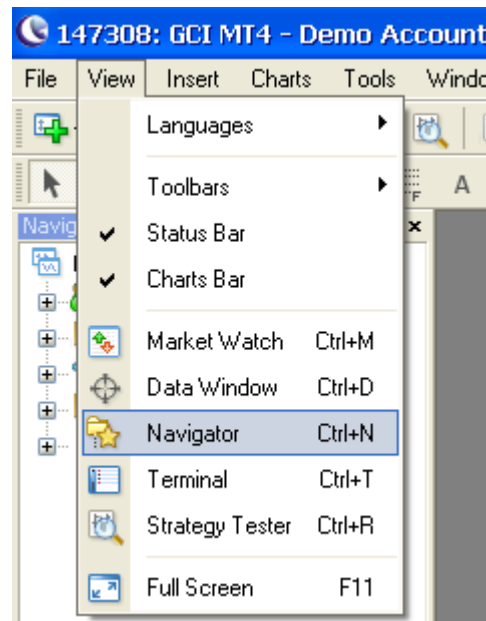
If you are using the Interbank FX Trader broker, the folder will be at
C:\Program Files\Interbank FX Trader 4\experts\indicators\

If you are using the Alpari MetaTrader broker, the folder will be at
C:\Program Files\MetaTrader - Alpari\experts\indicators

If you are using the FXDD broker, the folder will be at
C:\Program Files\FXDD – MetaTrader 4\experts\indicators\

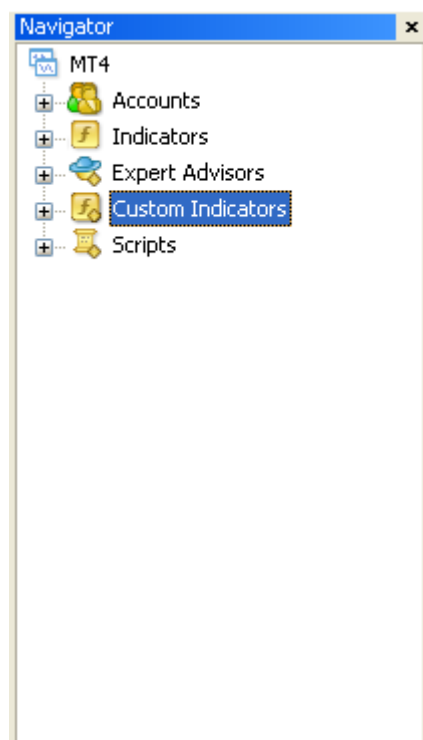
If you can't find your /experts/indicators/ folder, please contact our technical support.

è **Step 2:** Open the MetaTrader® platform, and click on View -> Navigator. You can also click on CTRL+N.



Click on 'Navigator'

è **Step 3:** A window titled 'Navigator' should appear. Click on Custom Indicators.



The Navigator

è **Step 4:** You should see the **Karl Dittmann Extra Signal** indicator © at the Custom Indicators folder. Double click on both indicators and click OK to load them onto your chart.

Here is a video showing how you to **install indicators onto the** MetaTrader ® platform:

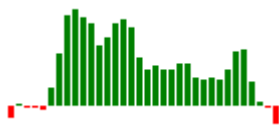
<http://www.youtube.com/watch?v=F-VusM-Q8rw>

If you need any assistance, do not hesitate to contact our technical support team.

Entering Trades

The Karl Dittmann Indicator © generates trades it changes colors.

To use the Karl Dittmann Indicator © to generate signals:



Long trades occur when the Karl Dittmann Indicator © changes color from Red to Green. (ZERO line crosses)



Short trades occur when the Karl Dittmann Indicator © changes color from Green to Red. (ZERO line crosses)

Stop Loss

The **Karl Dittmann Extra Signal** automatically calculates stop loss for each trade. When a signal occurs, you will receive a **popup alert** with the stop loss for the trade. (Make sure to extend the size of the “popup” window with your mouse)

If you wish, you can calculate it manually using this formula:

Long trades – Calculate the Average True Range (50) x 2. Subtract it from the Low of the previous candle – this is the stop loss.

Short trades – Calculate the Average True Range (50) x 2. Add it to the High of the previous candle – this is the stop loss.

The **logic** behind the stop loss is that we place it above swing high and below swing low. These are support and resistance spots that serve as a basis for our trades. If these levels are broken – the basis for our trade is gone and therefore we shouldn't be in the market anymore.

A **big advantage** of such stop loss is that it takes volatility into account, so in more volatile currency pairs like GBP\JPY the stop loss will be bigger and wider, and allow bigger moves. This prevents us from being stopped out of the market at any minor retracement.

Note that the stop loss is placed only due to price-action and regardless of how much you are willing to risk, or a constant amount of pips. We recommend using this stop loss technique in all the trades you base on support and resistance.

IMPORTANT: Set stop loss for all your trades and do not deviate from it. Once the trade has touched your stop loss be disciplined and close the trade. This will protect you from major capital losses.

Exiting Trades

Exit trades when the Karl Dittmann Extra Signal Indicator issues the opposite trading signal. This ensures that you trade with maximum profits and right before the market reverses.

Another exit mechanism which is highly effective is the double-top method. It is a method that generates exits earlier, so you take profits early.

How to exit?

Once the indicator fails to advance in its direction for 2 times, it is a signal to exit the trade. For example:



Price failed to continue in a bullish direction and created 2 local high values – it is a sign to exit the trade.

Recommendations

IMPORTANT: Make sure to trade only follow a current trend! It will cut ALL bad trades! Never place a trade against a trend.

Example: If the current trend is up and the indicator shows “BUY” signal – place a trade.

If the current trend is up and the indicator shows “SELL” signal – NO TRADE! Wait for the next “BUY” signal...

The indicator performs best on the following currencies:

- EUR\USD
- EUR\JPY
- GBP\USD

- Gold
- Oil
- GBP\JPY

And in these charts:

- 30 minutes
- 1 hour (!)
- 4 hour
- Daily

Money Management

Money management is a very important concept that has an enormous effect on drawdowns and margin calls. The cardinal rule of money management is the following:

You should only risk 1-3% of your account on any single trade.

You may have heard this rule hundred times before, but it is amazing to see how many good traders fail to comprehend this concept – and don't understand why they are wiped out again and again, despite great entries and timing of trades.

Another important concept that is related to your **stop loss**: In this strategy you learned how to place stop loss for each setup. This stop loss is calculated regardless of your level of risk or your equity, and is based solely on price-action. After stop loss is set, calculate your trade size so you achieve the percent of risk you trade with. For example: your stop loss is 10 pips, and your equity is 10,000\$. You wish to risk 2% of your equity in this trade, so you enter trade with 2 lots – so your risk is 200\$, or 2%.

Automatic Trade Alerts

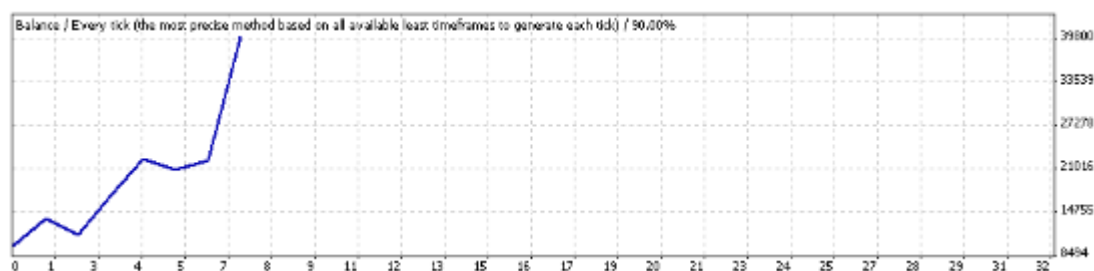
The Karl Dittmann Extra Signal can send emails when it generates trades and/or exit signals. As a default it is turned off. To receive email when the Karl Dittmann Extra Signal issues signals, do the following actions:

1. Enable Email Alerts. In the '**Inputs**' tab, set '**Email.Alerts**' to True.
2. Click on '**Tools**' and '**Options**'.
3. Click on the '**Email**' tab.
4. Check the '**Enable**' checkbox.
5. Ask your Internet Service Provider (ISP) what are his email server details. Click on '**Test**'. You should receive a test email to your inbox

Other:

(great back test)

Click to zoom:



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Karl Dittmann team
March 2010