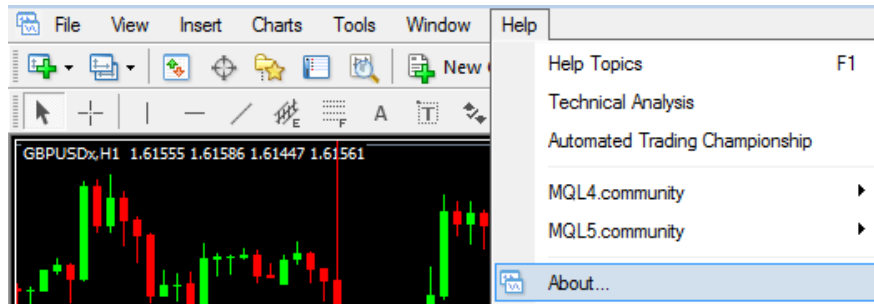


## Welcome to the PBF DMI-ADX User Guide

**Important:** Before you proceed, please ensure that your MetaTrader 4 platform is upgraded to the latest version – Version 4.

You can see your Version number by selecting Help>About from the dropdown menu:



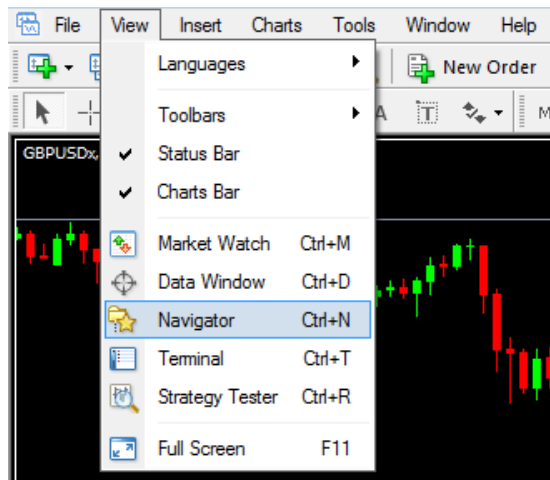
Your platform should be Version: 4.00.

Version: 4.00 Build 402  
(11 May 2011)

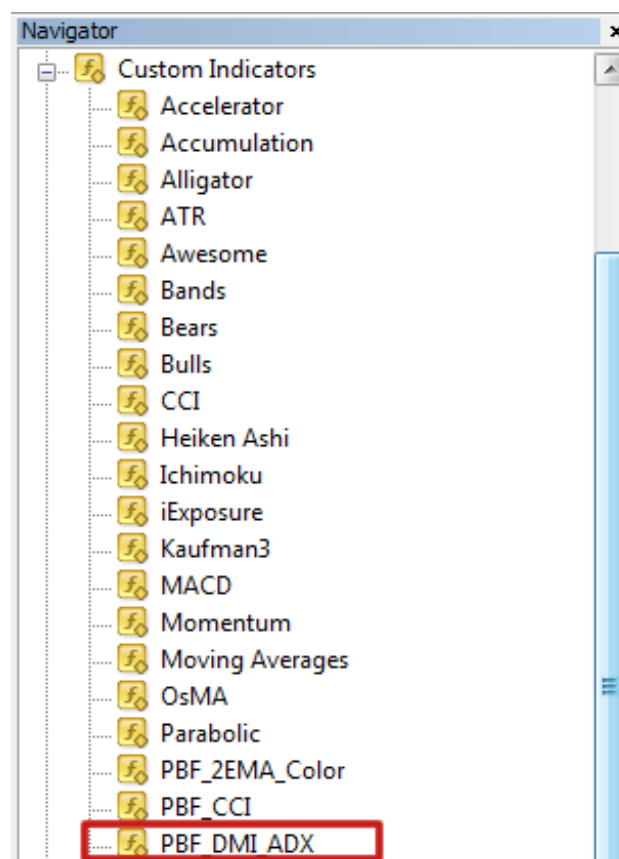
Your platform should have already updated automatically but if not, please run LiveUpdate.exe which can be found in your MetaTrader broker's folder (normally in Program Files).

Name	Date modified	Type	Size
config	06/05/2010 02:27	File Folder	
deleted	06/07/2011 02:44	File Folder	
experts	04/07/2011 17:53	File Folder	
history	27/05/2011 16:21	File Folder	
languages	04/07/2011 17:51	File Folder	
links	05/05/2010 22:38	File Folder	
liveupdate	04/07/2011 17:51	File Folder	
logs	13/07/2011 19:28	File Folder	
mailbox	27/05/2011 16:21	File Folder	
profiles	04/07/2011 17:48	File Folder	
sounds	05/05/2010 22:38	File Folder	
symbolsets	05/05/2010 22:38	File Folder	
templates	12/07/2011 15:57	File Folder	
tester	05/05/2010 22:43	File Folder	
DDE-Sample.xls	15/10/2007 16:46	Microsoft Office E...	16 KB
INSTALL.LOG	05/05/2010 22:38	Text Document	20 KB
install.sss	05/05/2010 22:38	SSS File	1 KB
LiveUpdate.exe	04/07/2011 17:49	Application	66 KB

Once you have installed the PBF DMX-ADI and updated your platform, start MetaTrader 4 and launch the Navigator:



The PBF DMI-ADX is located in the Custom Indicators drop-down menu.



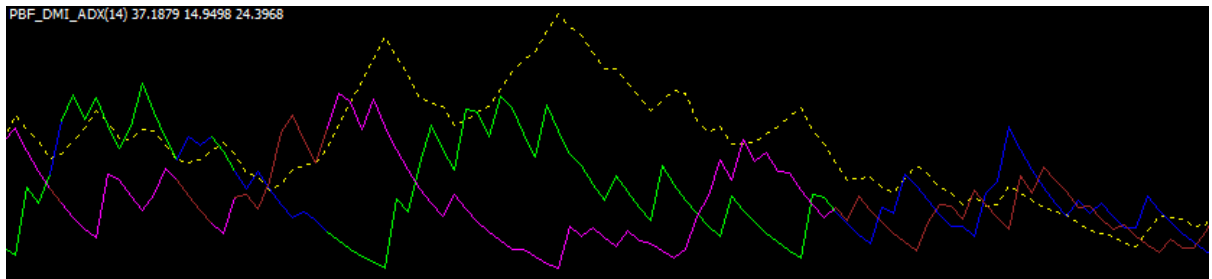
Double click on the PBF DMI-ADX and it will be applied to your chart.

## How to Use the PBF DMI-ADX

The PBF DMI-ADX is used to spot the start of a trend. It can be used as a stand-alone indicator and trading system or it can be used in conjunction with other indicators for confirmation.

The PBF DMI-ADX has three lines – DMI+, DMI- and ADX. Unlike the standard MT4 ADX (called Average Directional Movement Index), this ADX has been colour coded to show when the market is choppy and you shouldn't trade.

### Here are the lines:



**Dashed Yellow Line** = ADX. We take signals off this line. The ADX is non-directional – we need to check which DMI level is higher for the direction. We only take signals when the ADX line crosses the signal line in an upward direction, as this shows the start of the trend. We ignore the ADX when it crosses the signal line in a downward direction as this shows the end of a trend.

**Green Line** = DMI+. If this is above the Pink Line, we should be looking to go long.

**Pink Line** = DMI-. If this is above the Green Line, we should be looking to go short.

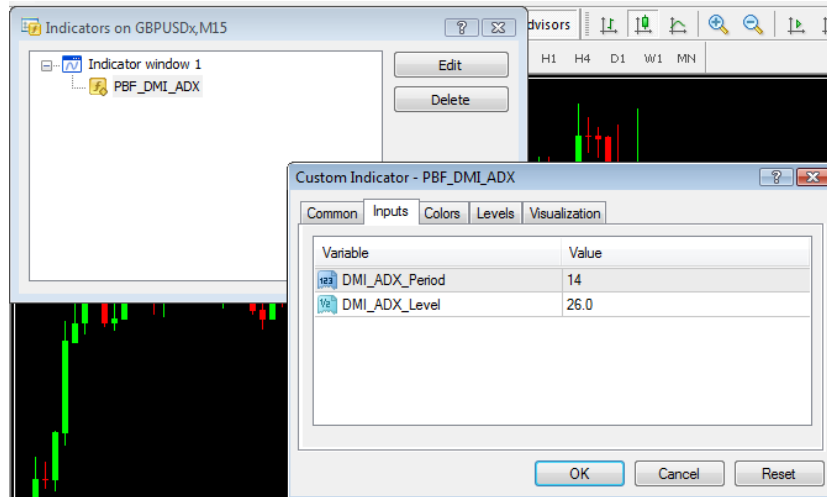
**Blue Line** = DMI+ but this colour warns us stay out of the market due to choppy conditions.

**Brown Line** = DMI- but this colour warns us stay out of the market due to choppy conditions.

*Continued on next page....*

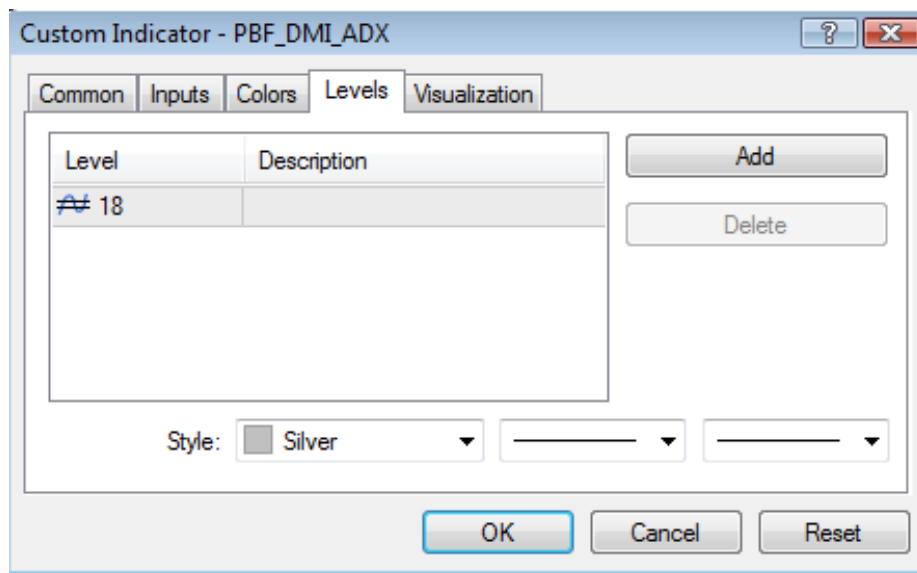
The PBF DMI-ADX can be used on any timeframe and any instrument.

You can adjust settings in the Inputs tab of the indicator:



You may want to experiment with different variables to suit your trading style. The DMI-ADX Period is generally good at 14; for Forex trading, a DMI-ADX level between 17 and 26 is ideal.

If you wish to visual a **“signal line”** for the ADX, you can do so in the Levels tab, as below:



Again, a level between 17 and 26 is ideal for Forex. The default signal line colour is “Silver”. Click “Add” to create a signal line, enter your level in “Level” field, select your line style and click OK.

Let's take a look at some examples:

Short:



In this example, the yellow dashed ADX line crossed our signal line (silver) in an upwards direction. We knew to go short because the pink DMI- line was above the green DMI+ line. The red vertical line indicates our entry point.

*Continued on next page....*

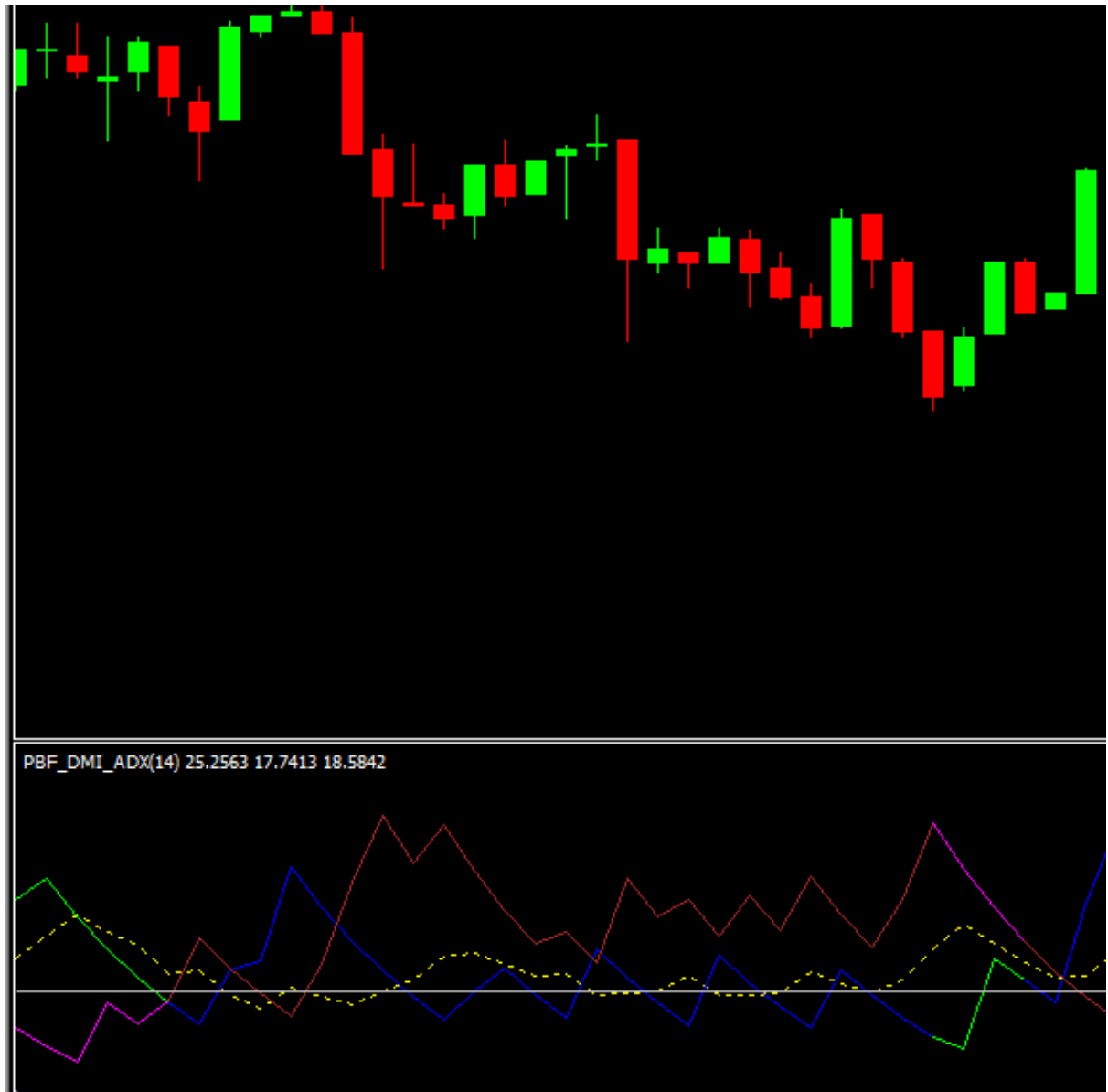
Long:



In this example, the yellow dashed ADX line crossed our signal line (silver) in an upwards direction. We knew to go long because the green DMI+ line was above the pink DMI- line. The red vertical line indicates our entry point.

*Continued on next page....*

## Choppy:



In this example, the yellow dashed ADX line crossed our signal line (silver) in an upwards direction on five occasions because, although there was a downtrend, there was indecision in the market. On this occasion, the brown and blue lines indicated choppyness when the ADX crossed the signal line, so we knew not to take any trades.



I hope you enjoyed this guide. Please visit [www.paintbarforex.com](http://www.paintbarforex.com) for details on my **PBF Xtreme** system.

Good luck with your trading.

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