

Aggressive Day Trading Strategy for Forex

By Markus Heitkoetter

Please note:

THE RISK OF LOSS IN TRADING COMMODITIES CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS. PAST RESULTS ARE NOT INDICATIVE OF FUTURE RESULTS. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT.

Introduction

In the following examples we will use the **\$EUR-USD** to illustrate our AGGRESSIVE day trading strategy. All trading strategies are based on **our ingenious template** (www.rockwelltrading.com):



The basic rules are:

- **Light Green Bar:** Potential Uptrend
- **Dark Green Bar:** Uptrend
- **Light Red Bar:** Possible Downtrend
- **Red Bar:** Downtrend
- **Blue Bar:** Possible change of direction from Uptrend to Downtrend or Downtrend to Uptrend.

Summary of the rules:

Preparation:

- Apply **Template No. 2** of the **ingenious template** (www.rockwelltrading.com) to a 15 min chart of the currency market you want to trade

Entries

- Enter long at the close of a **dark green bar** if **all three confirmation lines** are pointing up.
- Enter short at the close of a **dark red bar** if **all three confirmation lines** are pointing down.

Exits

- Initial stop loss is placed at the value of the green confirmation line.
- At the close of EACH 15 minute bar, the stop loss is adjusted to reflect the value of the green line.
- No profit objective with the Aggressive Strategy as the stop loss will eventually get you out of the trade for a profit once the green line crosses the price bar.

Goals

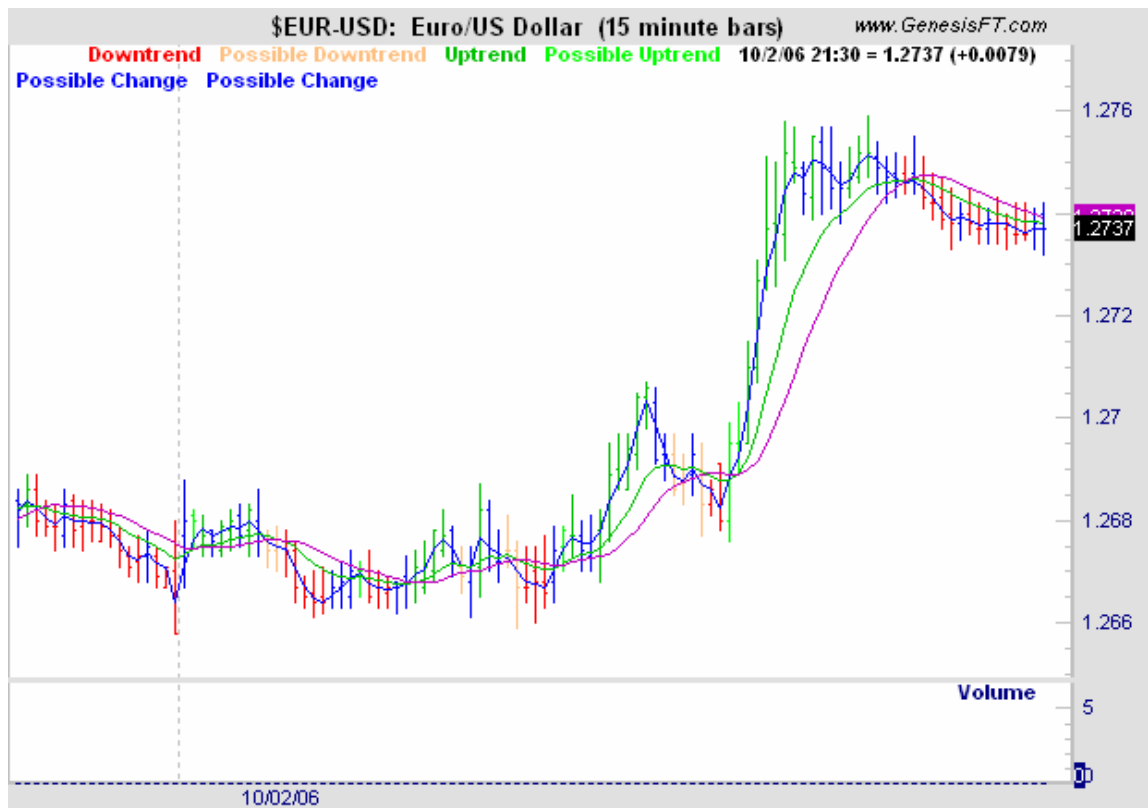
- To take advantage of a longer day trend when price is trending significantly.

PLEASE NOTE:

Although these strategies offer nice high probability opportunities to take advantage of directional moves in the market, the FULL POWER of our template is discussed in our coaching sessions. This includes additional filters and ways to use our Level III template to maximize your trading results.

Example

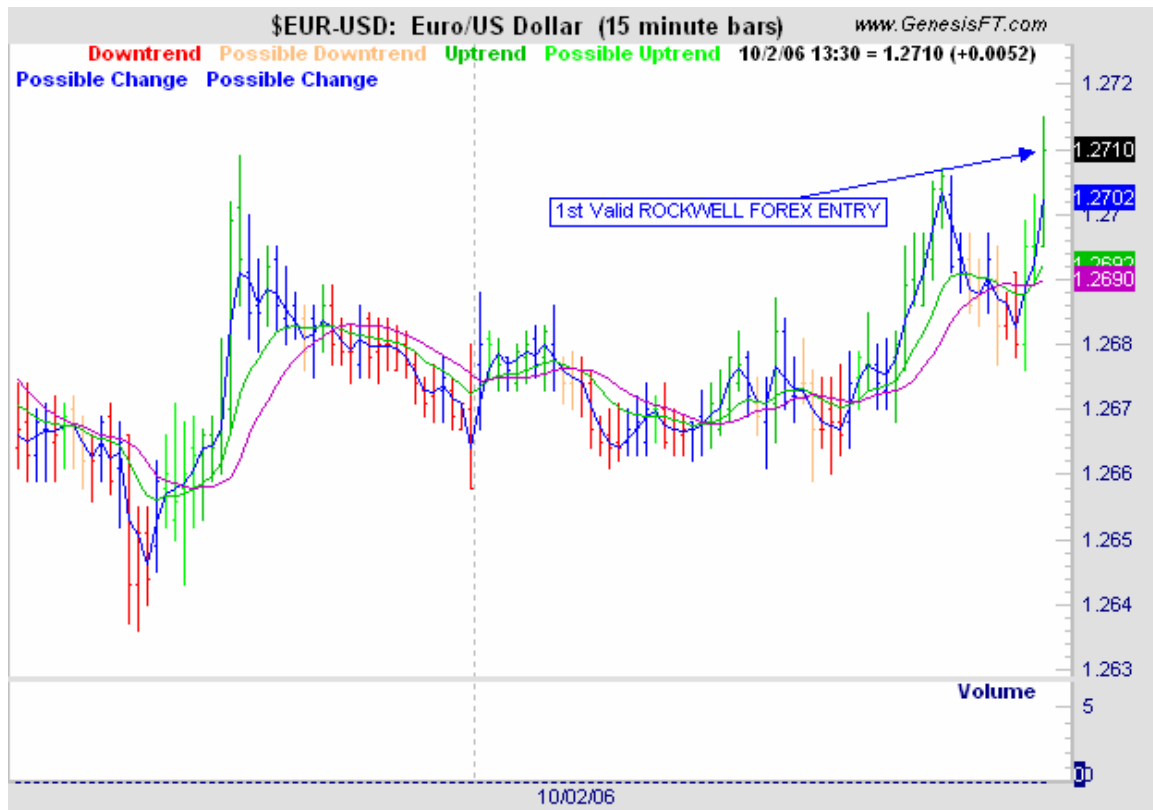
We apply **Template No 2** see <http://www.rockwelltrading.com>) to the 15min chart of the \$EUR-USD, which shows the colored bars and **confirmation lines**:



We will trade an aggressive trading strategy on October 2, 2006*.

*** Although the currency markets are traded 24 hours a day, there are specific timeframes that will increase a trader's ability to trade the currency markets successfully. These are discussed in detail during our coaching sessions.***

Here's what we saw at 8:45 AM CST on October 2nd...



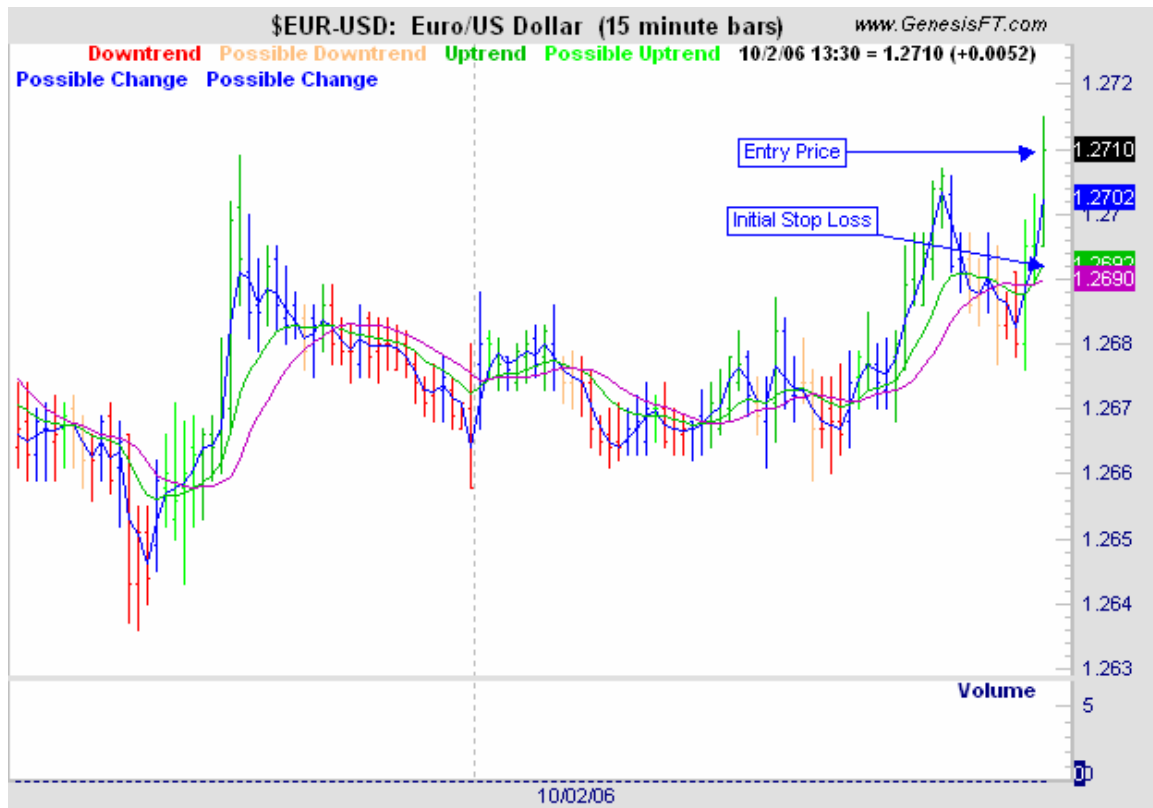
This is a nice entry showing a **dark green bar** that is confirmed by the 3 confirmation lines pointing up. At the completion of this 15 minute bar our aggressive trading strategy calls for a **long trade**.

We place a buy order as soon as the bar is complete:

Buy the \$EUR-USD.

We receive our fill at 1.2710.

The goal of the Aggressive Green Line Strategy is to take advantage of a trending market that could potentially move beyond our 20 pip target using the Conservative method. Since our goal with the Aggressive Green Line Strategy is to remain in a trade on nice trending days, we DO NOT have a profit objective. As a trader we ALWAYS need to minimize our risk so we will place our stop loss at the value of the green confirmation line. In this situation our stop loss is 18 pips away from our entry at 1.2692.



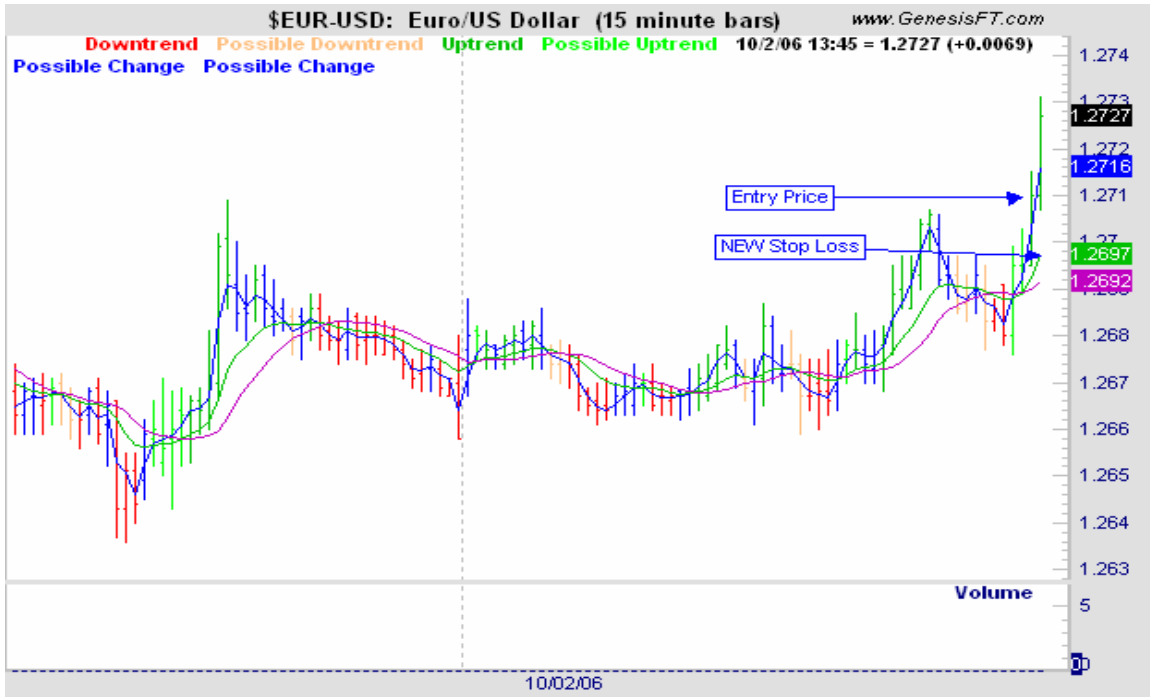
This chart above shows the following orders:

- We went **LONG** at 1.2710
- We place a **stop loss** at 1.2692:
SELL \$EUR-USD at 1.2692 STOP

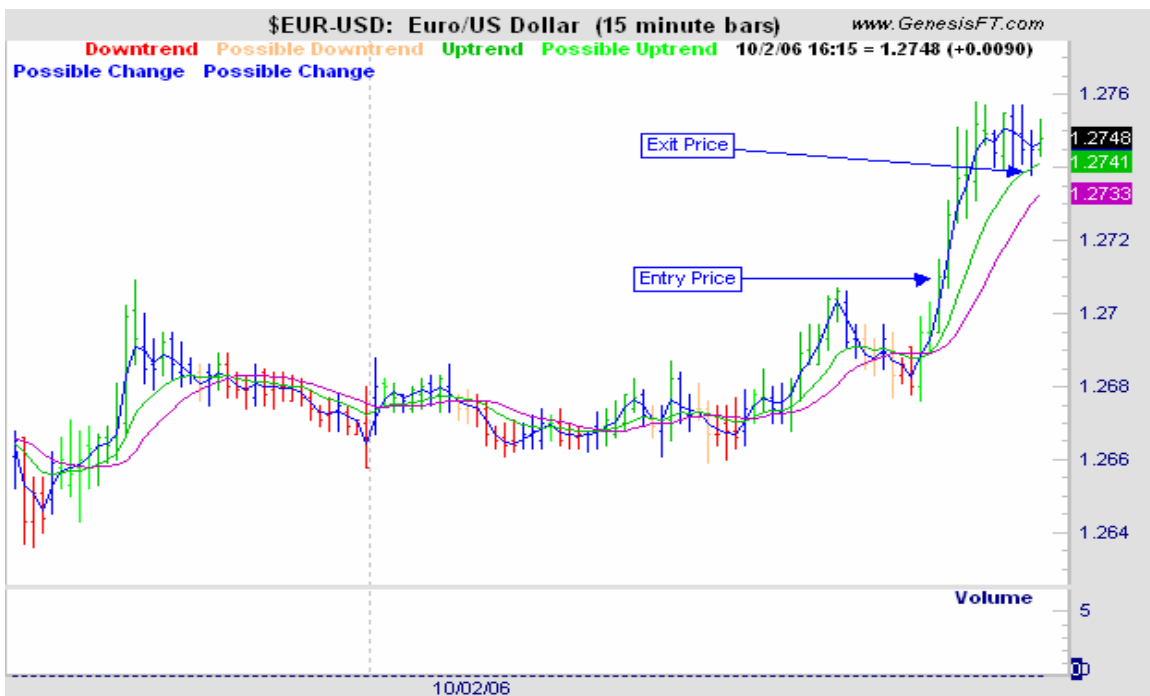
We now adjust our stop loss to reflect the value of the green confirmation line at the completion of each 15 minute bar. We will adjust our stop loss **EVERY** 15 minutes. As long as the price has not moved below the green line (our stop loss) then we remain in the trade.

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Our new stop loss is moved to 1.2697, the value of the green confirmation line.



After adjusting our stop loss every 15 minutes, we are eventually filled at 1.2739 when the price crosses the green confirmation line.



In this example our Conservative Strategy could have been used for a 20 pip profit (approximately \$200), but by using the Aggressive Green Line Strategy we stayed in the trade and ended up with a 29 pip profit (approximately \$290) profit on a nice trending day.