

**SECRETS**  
**TO SUCCESSFUL**

**FOREX**  
**TRADING**

**FIGURE OUT HOW I TRADE PROFITABLY**  
**EVERY SINGLE MONTH WITHOUT FAIL**

**LEE KELVIN**

## **How I Trade Profitably Every Single Month without Fail**

First of all, let me take some time to introduce myself to you. I am Kelvin and I am a full time currency trader. I have a passion for trading and this drives me to create a forex blog that gathers a community of traders together.

Due to constant request from my blog readers asking me to share my trading strategies with them, I took a total of 13 months to create a course that teaches you all the strategies that I have been using all these years without reserve.

Now that you have subscribed to my newsletter, you will be receiving forex tutorials from me every month as well as trading videos that I have specially created to help you in your trading.

In this book, you will be taught the 3 secrets to successful trading. Do note that these 3 secrets are all based on my own experience and therefore will be useful for you in your trading.

This is a reward for those of you who really took action as it shows your determination in learning this skill.

So let me start to share with you the 3 secrets now...

## **Secret #1: Power of Support & Resistance**

My secret number 1 in trading is support and resistance. Most new traders tend to ignore the importance of support and resistance because they do not know that the wave like movement of the market is actually the creation of support and resistance.



When the price hits a major resistance for the first time, it will most probably moves down first due to the repulsion of that level. It will then attempt to break this resistance level again and once it manages to break through it, the old resistance level will now turns into a new support level.

You will find that the price will always comes back to test that new support level before it moves further up. Such action contributes to the formation of waves in your trading chart.

Therefore as a trader, you must be able to identify where the major supports and resistances are. With these level identified, you will then be able to know where to enter a trade, where to place your stop loss and where to place your target profit.

In this section of the book, I will teach you a few ways to identify strong level of support and resistance.

### **Fibonacci Indicator**

The Fibonacci indicator is one that is commonly used by institutional traders and therefore the level of support and resistance created by this indicator is more significant.

The Fibonacci indicator consists of retracement and extension. All you need to do is to drag the indicator from the top to the bottom of the wave and you will be able to select which retracement and extension level you want to show.

From my trading experience, retracement level like the 0.382, 0.500 and the 0.618 have more power than the rest of the retracement levels. As for the extension, it depends on the retracement.

If the price hits the 0.382 retracement level, the price will usually stop at the 1.272 extension level.



If the price hits the 0.500 or 0.618 retracement level, the price will usually be stopped by the 1.500 or 1.618 extension level.



However if you are able to find level of multiple Fibonacci, that specific level will be where you are going to enter a trade.

### **Pivot Points**

Besides the Fibonacci indicator, the Pivot point is another indicator that is used by institutional traders. Similar to the Fibonacci indicator, the support and resistance level created by the Pivot points serve as a strong level of support and resistance.

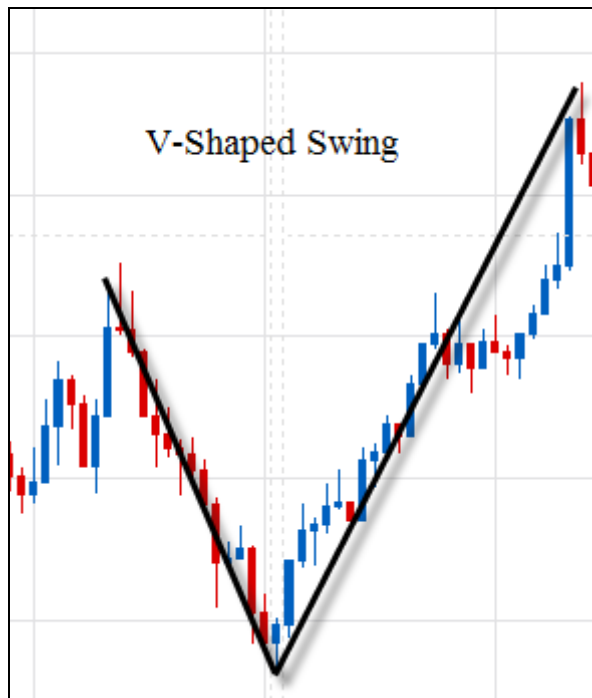


For the Pivot levels, you can plot the daily pivot, weekly pivot and monthly pivot on the same chart. Do note that the power of the monthly pivot is larger than the weekly pivot and the power of the weekly pivot is also larger than the daily pivot.

## **Swings**

Swings are V-shaped (Swing Low) and N-shaped (Swing High) patterns. When you see a swing high, the top level will then formed the resistance level. When you see a swing low, the bottom level will then formed the support level.





However not all swing highs and lows are of equal importance, those swings that have more depth are considered stronger level of support and resistance than those with lesser depth.

Below are some pictures for your comparison.



The above are 3 ways you can identify strong level of support and resistance. Therefore spend some time to practice them on your chart today to have a better understanding of their trading nature.

## **Secret #2: Power of Indicators**

The next secret to successful trading lies in the indicators that you are using as well as how you use them. Most traders do not know the nature of the indicators that they are using and therefore find them useless to their trading.

My suggestion to you is to learn the various ways to use an indicator as well as learning how to fine tune them to suit your trading plan. Below are some of my favourite indicators and the way you can use them in your trading. So spend some time to go through them now.

### **MACD Indicator**

Before I start to tell you the power of MACD, I must spend sometime to do an introduction on what is MACD and who invented it.

MACD is a forex indicator that is developed by Gerald Appel who has written 12 books on investment strategies. He is also the president of Signalert Corporation which is an investment firm that helps to manage over \$290 million dollar of capital.

MACD is in fact one of the simplest and reliable forex indicators I have used so far. As it is actually analyzing and displaying chart for past data, it is often known as a lagging indicator. However there are times where you can use MACD as a leading indicator to help you predict the next movement of the price.

#### **1) How to Setup Your MACD**

The most common setting for MACD is 26 or 12. What this means is 26 days and 12 days Exponential Moving Averages. The 26 EMA is a slower setting for MACD which will produce a slower indicator that is less prone to whipsaws. As for the 12 EMA, it is usually a faster setting for MACD.



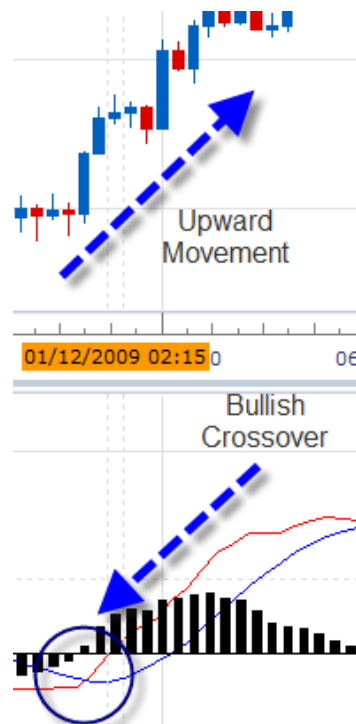
In the MACD indicator, there will usually be a 9 days EMA that will represent the trigger line while the histogram represents the difference between MACD line and its trigger line.

## 2) How to Read Your MACD

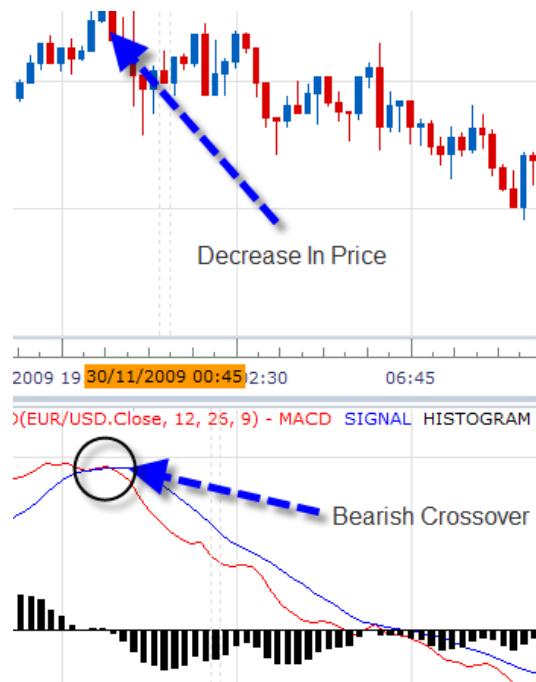
There are several ways you can use the MACD to help you in your trade but first of all you need to understand how to read your MACD.

**i) Bullish Crossover:** Bullish crossover usually indicates an upward movement in the market and the way you can identify a bullish crossover is through the two lines in the indicator namely; MACD line and its trigger line.

Whenever MACD cuts through its trigger line in the upward direction, it usually indicates an uptrend or an upward movement.



**ii) Bearish Crossover:** Bearish crossover usually indicates a downward movement of the price and the way you can identify a bearish crossover is when the MACD cuts through its trigger line in the downward direction.



**iii) MACD Divergence:** This is the best signal any trader can get from MACD: Divergence. First of all, let me explain to you what is MACD divergence all about.

When we say that there is a divergence in MACD, we are referring to the scenario where MACD and the price are not in the same direction movement pattern.

**Example:** When the highs of a currency pair is getting higher and higher, MACD highs are getting lower and lower. We are experiencing something called “Negative Divergence.”

From my experience, you will usually see a downside movement after a negative divergence is formed.



When the lows of a currency pair is getting lower and lower, MACD lows are getting higher and higher. We are experiencing “Positive Divergence”. Whenever you see positive divergence, you will usually see a upside movement in price.



### 3) How to Use MACD to Form Forex Buy Sell Signal

It will be very risky if you trade based on just one of the signal you have learn above. You will have a more robust forex strategy if you are able to combine these two signals above to constitute your buy sell signals.

MACD is a good indicator when it comes to buy sell signal as it always allow the trader to validate a trend line break or a breakout in price. With this function, MACD can help the trader to identify fake outs in trading.

### **ADX Indicator**

Riding the trend is one of the most profitable trading strategies you can have as it is a good way of producing high risk reward ratio trade and the best way to find out the status of the trend is to make use of the forex adx indicator.

### **So Why ADX Indicator?**

If you have been reading my blog, you will know that I have written an article to help you identify the trend of the market using various forex trend indicators like the moving averages. The moving averages are still a good way to tell the trend but they are unable to give you a value for the trend and this is where the ADX indicator comes into play.

### **What Is ADX Indicator?**

It is an indicator that is made up of a single line with value ranging from 0 to 100. You may think that it looks like an oscillator but it is uni-directional. Unlike the oscillator which tells you that the market is moving up when it is pointing up and the market is moving down when it is pointing down, the ADX is only meaningful when it is pointing up and that's why it is uni-directional.

If you take a close look at the picture below, you will find that the adx will point up when you are in a good uptrend as well as a downtrend.

### **How to Use the ADX Indicator?**

I personally use it to tell whether the market is trending or ranging. As stated in the earlier part of this post, the ADX has a range value from 0 to 100. When it is moving below the 25 level, it is telling you that the strength of the market is very weak. What usually happens at this time is that the market is in consolidation and will most probably be moving in a range.

When the indicator moves above the 25 level, it is telling you that the trend is strengthening and the larger the value, the stronger will be the trend. However to have a better understanding of the trend you are in, you need to combine the direction of the indicator together with its value.

### ***Sign of a Strong Trend:***

You are in a strong uptrend or downtrend when the ADX indicator is pointing up and moving above the 25 level.





***Sign of a Weak Trend:***

You are not in a strong trend when the indicator is pointing down and moving below the 25 level.



## Other Uses of ADX Indicator

**1) Divergence:** Besides using the ADX indicator for telling the strength of the trend, you can also use the divergence of this indicator to warn you of possible retracement or reversal. If you have entered a LONG trade and you see the ADX making lower highs while the price make higher highs, this is a good time to exit your trade as a retracement or a reversal is going to occur.



**2) Breakout Strength:** You can also make use of this indicator to help you trade breakouts. The problem with most breakout traders is fake out which is the false movement of the market leading most inexperienced traders to enter a trade and then stopped them out by reversing the movement.





With the ADX indicator, you will now be able to check if a breakout is valid or not. When you see the price breaking out of a pattern or trend line, you can immediately check your indicator to see if it is pointing up and moving above the 25 level. A valid breakout will be formed when the ADX indicator is pointing up and moving above the 25 level and an invalid breakout will be the opposite.

I hope that you find this indicator useful for your trade and eventually integrate it into your trading plan. If you have other uses for the ADX, do share with us by commenting below. I hope that this blog will eventually become the place where traders share their knowledge and everyone can learn from one another.

## CCI Indicator

The CCI indicator is known as the Commodity Channel Index and this is an indicator that is developed by Donald Lambert.

I will not bother you with the calculation of this indicator because your trading platform can automatically help you to calculate and plot out the indicator. What I am going to share with you today is what exactly this indicator can do for you and how you can integrate it to your trading plan.

For this CCI indicator, it will come with +100 and -100 levels. Most of the time, this indicator will move in between the +100 and -100 levels and it will exceed the levels for about 20 to 25% of the time.

### Here is what you can use the CCI for:

**1) As a buy and sell signal** – Whenever you see the CCI moving above the +100 level, you are in fact in a period of strong uptrend and this is the time you can enter a LONG trade. Once the CCI moves back to the +100 level, you should then exit your trade.

However when you see the CCI moving below the -100 level, you are in a strong downtrend period and you can enter a SHORT trade. Similar to the above LONG trade, you should exit your trade once the CCI move up to the -100 level.



From the picture above, you can see that the market move higher when CCI reaches the +100 level and vice versa.

**2) As a reversal identifier** – There are basically 3 ways you can make use of the CCI indicator to identify reversal and I am going to go through one by one in detail.

**a) Trend Line Break:** You can make use of the CCI to draw trend line and once you see the trend line being breached, you are going to see the market moving in the direction of the breakout.



**b) CCI Divergence:** Similar to MACD divergence, the CCI also produces positive and negative divergences. When you see the market making higher

highs while the CCI making lower highs, you are in fact seeing a negative divergence. This is usually a signal that the market is going to move down but the time it takes for the down move may vary and you should not assume that it is coming in the next few candles.



If you see the price making lower lows while the CCI making higher lows, it is a sign of positive divergence and the market is going to produce an upward

movement soon. Similarly, you should not assume that it is going to happen very soon.



**c) Overbought & Oversold:** Similar to the Stochastic and the Relative Strength Index, the CCI can be used as an oscillator. When you see this indicator moving above the +200 level, you are in an overbought zone and you can place a SHORT trade when you see the CCI crossing below the +100 level.

When you see the indicator moving below the -200 level, you are in an oversold zone and you can then place a LONG trade once you see the indicator moving above the -100 level.



However there is nothing that works 100% of the time and below is one such example

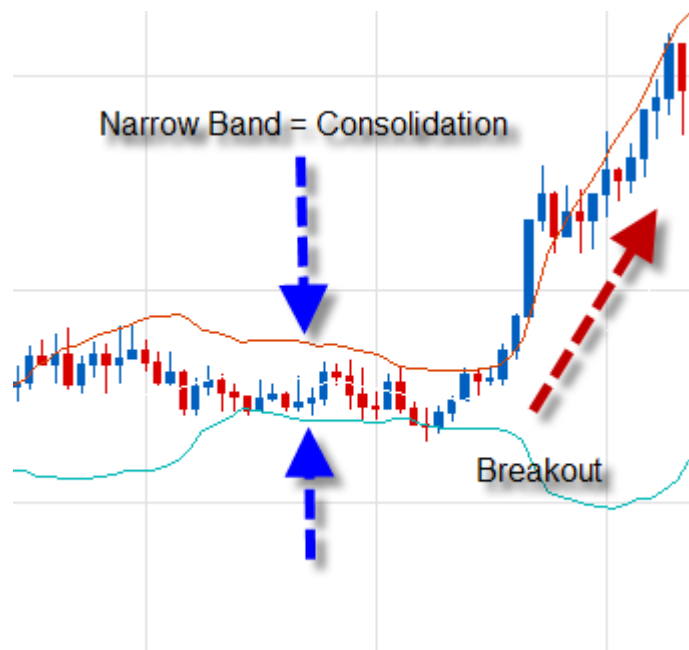


The CCI indicator has been a great help to my trading so far and it can be integrated into various type of trading methods due to its multi-features. You can try this indicator out in your trading chart and see how it performs for you.

### **Bollinger Bands**

The Forex Bollinger Bands is an indicator that is developed by John Bollinger and What Bollinger band can do for you is to help you to measure the volatility of the market. It can tell you the current situation of the market by using its upper and lower band. Whenever the market has low volatility, the bands will be narrow and whenever the market has high volatility, the bands will be wide.

In this blog, I will not be going through the various sophisticated mathematical calculations for the individual tools as I find them totally useless as most forex platform that you are using is able to automatically help you plot them out.



Here is the structure of the Bollinger bands

1) **The upper band** – which is showing you the simple moving average + 2 x standard deviation

2) **The lower band** – which is showing you the simple moving average – 2 x standard deviation?

3) **The Simple Moving Average (SMA)**





## **How to Setup Your Bollinger Bands**

Personally, I always stick to the default setting for my Bollinger band which is the 20 days SMA and plus minus 2 x standard deviation for the upper and lower bands.

However you can also adjust the setting if you find the price constantly penetrating the upper or lower bands.

## **What Bollinger Band Can Do For You**

The upper band usually indicates a resistance level while the lower band usually indicates a support level. If you take a close look at your Bollinger band. You will find that the price usually bounces off the Bollinger band whenever it touches the upper or lower band.

With this observation, you can use the upper and lower bands as support and resistance when planning your trade.

Besides using the upper and lower bands as the support or resistance, you can also make use of Bollinger bands to help you measure the volatility of the market.

When the upper and lower bands are narrow, you are actually in a period of consolidation and when the bands are widely apart, you are in a period of strong price movement. In my next post, I will show you the various uses of forex bollinger bands in trading and how you can make full use of its feature to help you in your trading.

## **ATR Indicator**

The average true range (ATR) indicator is developed by J.Welles Wilder and it is used to measure the volatility of a currency pair. Unlike the other forex indicators we have went through so far, the average true range (ATR) indicator does not provide any indication of the price movement.

There are a total of 3 different ways you can calculate the average true range (ATR) of a currency pair.

- Recent High minus the Recent Low
- Recent High minus the previous Close
- Recent Low minus the previous Close

However the value that you will use as the true range will depend on which of them are larger. With your trading platform, there is usually no need to calculate these values yourself. Your trading platform will help you to calculate the value and plot it into a graph.

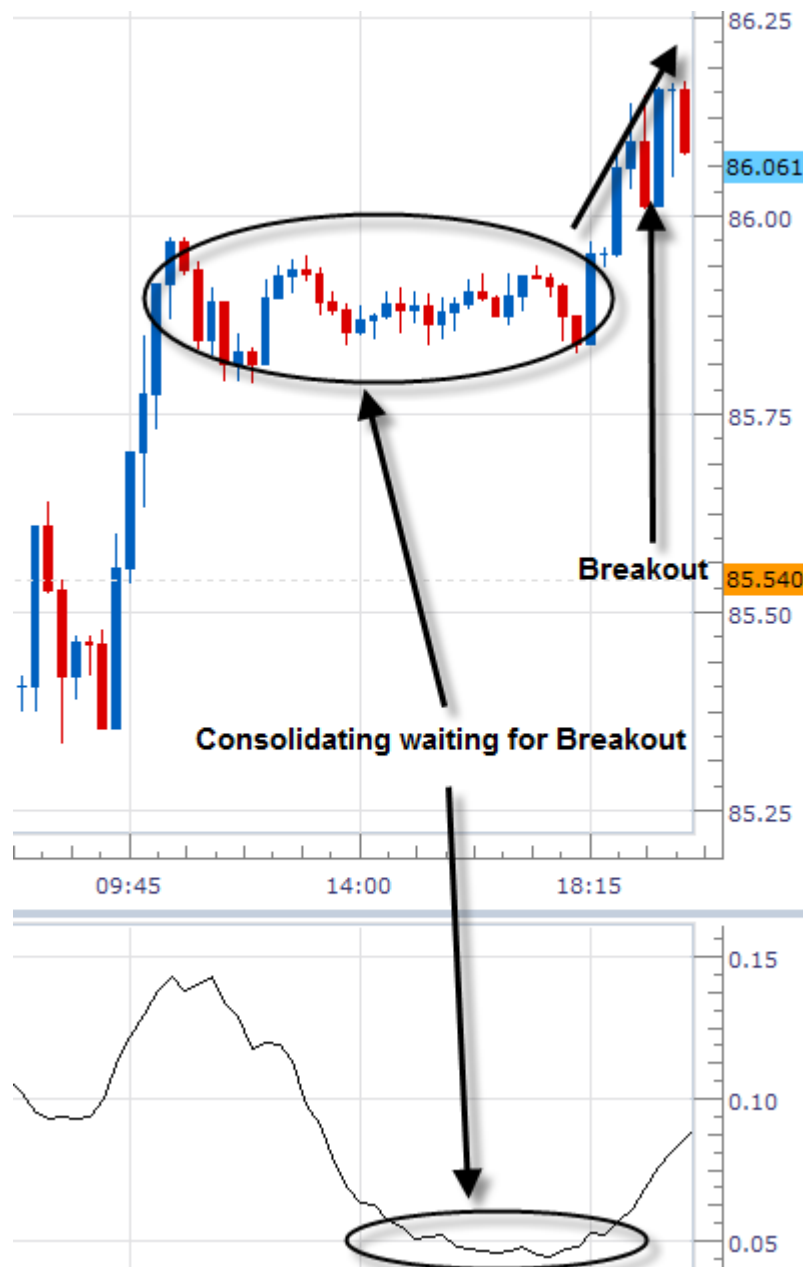
### **So How Can You Use the Average True Range (ATR) Indicator?**

Although this indicator cannot give you an indication of the direction of the market movement, it can be a good tool to help you verify the strength of the current market.

When the ATR indicator is showing small values, it is usually a sign that the market is consolidating or moving with small movement waiting for a breakout.

When you see the ATR indicator showing you large value, it is a sign that the market is trending strongly or you are in a valid breakout.

If you are a breakout trader, this indicator can be a great tool to add to your trading. When you see the ATR showing small values, you will wait for a breakout to occur. Once you see a trend line break together with rise in the ATR, this is a good sign of a breakout occurring.



Besides using the average true range indicator as a breakout tool, you can also use it in trend trading. When you are performing trend trading, you can use this ATR indicator to help you verify whether you are in a strong trending market or not.

Now that you know the usage of these indicators, you can better select them in your trading.

**But How Many Indicators Do You Need?**

This is one of the most common questions that I get from readers of my forex blog. There are near to 50 different forex indicators available on a trading platform and to use them all is nearly impossible. My personal suggestion is a maximum of 3 and I will never use more than 3 different indicators on any trading strategy. If you are students of my forex course, you will see that I often use between 2 to 3 different indicators in a strategy.

Please do not think that the more indicators you use, the more likely you are going to win a trade. In fact, the more indicators you use, the more complex is your trading plan and the more likely you are going to get into a losing trade and miss out on possible winning trades.

Below are some of my profitable trading strategies and the number of indicators used in each of them

Break the Bands Strategy – 2 Indicators

Forex Piggyback Strategy – 2 Indicators

Forex Scalping Strategy – 2 Indicators

The key to making money in forex lies in your execution of your plan as well as your trade setup planning. Therefore knowing the nature of each indicator can help you in designing a working trading plan that will make you money every month without fail. The 3 strategies stated above are making me profit every single month without fail. In fact, I have done a performance tracking report for one of them to show my readers how well my strategy is performing.

<http://www.forexindicator.org/category/break-the-bands-strategy-performance>

### **Secret #3: Power of Risk Reward Ratio**

I cannot emphasize more about this risk reward ratio. It is this exact ratio that allows traders to be profitable in their trading consistently.

#### ***So what exactly is risk reward ratio?***

It is in fact the amount of risk you are taking per trade versus the amount of profit you are going to make per trade. The ratio of these 2 figures will give you the risk reward ratio.

For example: If you enter a trade and then set a stop loss of 20 pips and your target profit is set at 40 pips. Your risk reward ratio will be 20:40 which is equal to 1:2. Do note that the higher your risk reward ratio, the more chances that you will be profitable at the end of the month.

Let's assume that your trading strategy only win 50% of the time but it has a risk reward of 1:2. Assuming that you only trade 16 trades per month which means that you are going to win 8 of them and lose another 8 of them.

If you are setting your stop loss at 20 pips and target profit at 40 pips, below are your profit and loss calculation.

**Profit =  $40 \times 8 = 320$  pips**

**Loss =  $20 \times 8 = 160$  pips**

**Total Profit = 160 pips** (Equivalent to \$1,600 if you are trading 1 standard lot per trade)

Can you see the power of this risk reward ratio? Even when you only win 50% of the time, you are still making \$1,600 per month. If you are trading 2 standard lots per trade, you can make up to \$3,200 per month.

The reason why I am able to generate profit every single month is because all my trading strategies has a winning percentage of more than 70% and it has a risk reward ratio of at least 1:2.

## **Conclusion**

Making money from forex trading is not as hard as what most people think but it is also not that easy. You will need to be patient and is willing to spend time to learn and practice what you have learned.

It took me 9 months to eventually make my first dollar in forex but since then, I am able to generate consistent income for myself every single month without fail. Therefore it is definitely worthwhile to spend the time to learn and practice forex.

There are a lot of marketers in the market who are posing as real traders trying to make money out of us traders. Therefore you have to be extremely careful when selecting a course or signal service to use as a wrong selection will wipe your account out in a short time.

For more trading information, you can visit my Forex Blog that I have set up since 2009 and stay updated till today.

<http://www.forexindicator.org>

If you wish to have your account trade by me where you can connect your account to mine so that any trade I enter will be copied over to you, you can take a look at the link below.

The main purpose of this service is to help my student recoup back their previous losses and grow their account while they learn how to trade from me. Do note that this service comes with a "Pay Only For Profitable Month" policy where user will only pay when the service make them at least 5% for the

month. If the service does not make at least 5% growth for the month, it will be free.

My Forex Trade Copier Service is the only one in the market who dare to give such a policy as I am a real trader who deliver the results unlike those marketers who pose as traders selling robots, signals and courses that are crappy.

<http://www.forexsignalprofits.com>

**All The Best**

**Lee Kelvin**