

VLADIMIR RIBAKOV PRESENTS
FOREX DIRECTIONAL EDGE



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Forex Directional Edge

Hi Traders,

Welcome to the Forex Directional Edge Strategy. This manual is designed to assist you with this trading method, so please read it carefully and study the examples.

I'm sure this strategy will go a long way to helping you achieve your trading goals.

Let's get started.

The Idea

The Forex Directional Edge Strategy is very simple yet effective. We are using the Bollinger Bands indicator to identify the higher time frame's direction and trade on the lower time frames, again using the power of Bollinger Bands.

Before we get to the Rules of the Strategy, let's first get familiar with the components.

Components

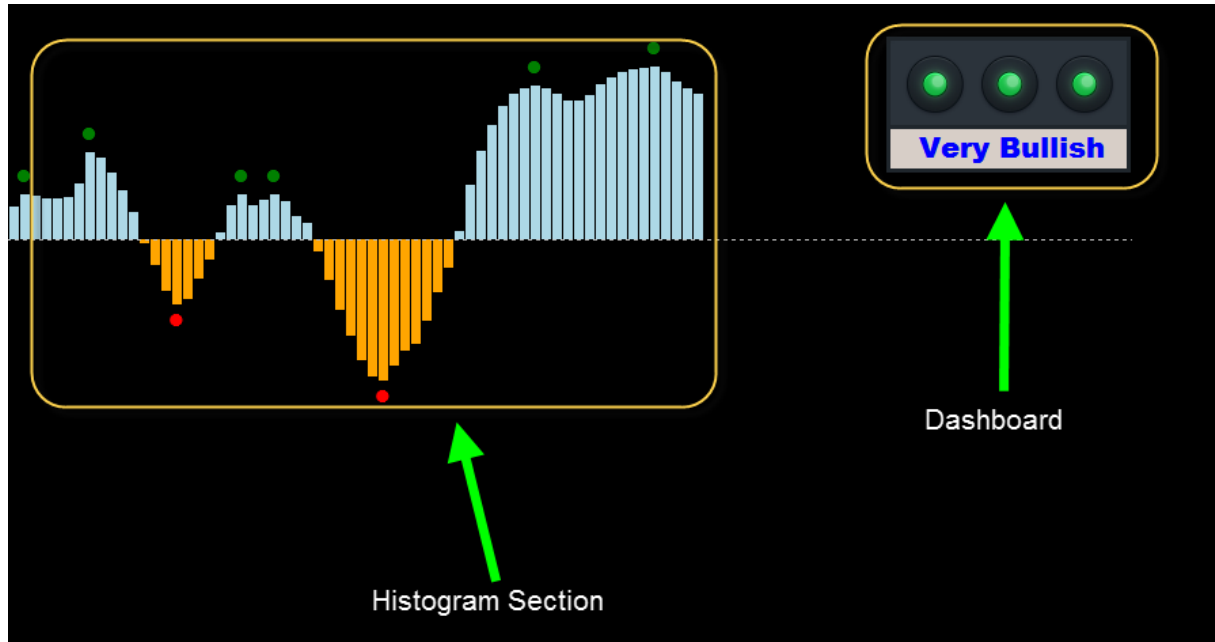
1. Bollinger Bands

There is nothing new or complicated about this. It is a standard Bollinger Bands indicator, with default settings applied to the chart.



2. FxScorpio Directional Edge Indicator

This is where things get interesting. The Directional Edge Indicator comes equipped with two components. It consists of a Histogram and a Dashboard.



We will use the *Histogram* as an extra confirmation. You will notice that there are dots at the Tops and Bottoms of the slope. Later in this manual I will explain to you exactly how to use them.

The *Dashboard* is very useful tool, as it shows you the higher time frame's direction, without the need to switch back and forth between the time frames.

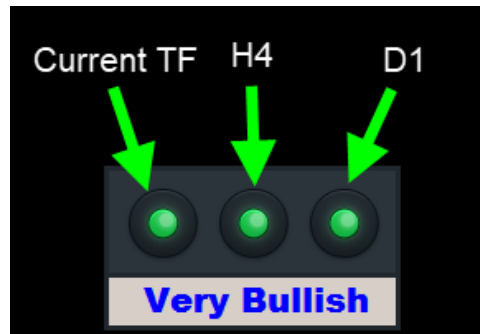
On the top of the dashboard you will see three circles that represent the current time frame's direction, along with the two higher time frames (by default, the higher time frames are set to H4 and D1)

Starting from Left to Right:

Current Time Frame – the "light" or circle represents the current time frame's price direction according to the Bollinger Bands.

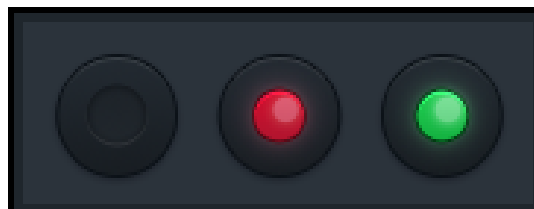
H4 – The middle circle will give you an idea of the H4 (4 Hour) chart status.

D1 – The right hand circle is reserved for the D1 (Daily) chart status.



Which brings us to the next subject – directions of the Dashboard.

Each of the three circles can be either Green, Red, or Empty (black).



Black (Empty) – There is no clear direction.

Red – Candle closed below the lower Bollinger Band and now in Bearish Mode.

Green - Candle closed above the upper Bollinger Band and now in Bullish Mode.

Below is an example of a "Bullish Mode." The Dashboard will show a Green Light for the corresponding higher time frame. Once price closes above the upper Bollinger Band, the Green light will remain until price closes below the 20 MA.



Example of a "Bearish Mode." You will see a Red light for the corresponding higher time frame on the dashboard. Once price closes below the lower Bollinger Band, the Red light will remain until price closes above the 20 MA.



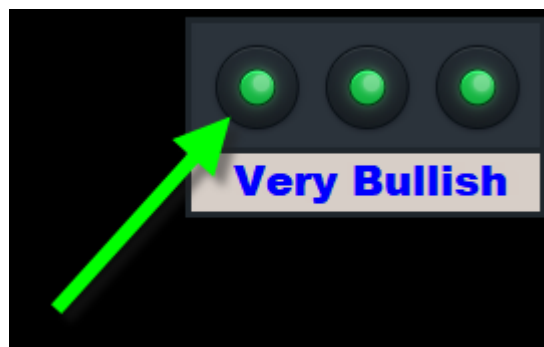
CURRENT TIME FRAME ON THE DASHBOARD



The current time frame (left circle or light on the dashboard) will turn **Red** when:

- Both higher time frames are already Red
- Price closed below the 20 MA and is trading below the 20 MA
- The Dashboard will then show "Very Bearish"

It will remain Red as long as there is no candle close above the 20 MA.



The current time frame (left circle or light on the dashboard) will turn **Green** when:

- Both higher time frames are already Green
- Price closed above the 20 MA and is trading above the 20 MA
- The Dashboard will then show "Very Bullish"

It will remain Green as long as there is no candle close below the 20 MA.

THE DASHBOARD READINGS

The bottom part of the Dashboard will print text that tells you what you are looking out for (to buy, to sell, or to wait).

There are different modes in which you might see it depending on the current instrument's conditions.

| Wait | |
|--------------|--------------|
| Bullish | Bearish |
| Very Bullish | Very Bearish |

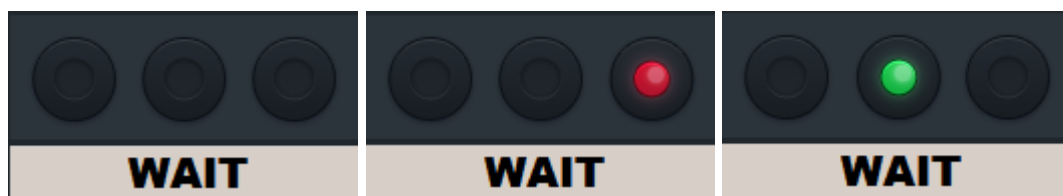
Wait – You are waiting for the higher time frames to align either in Bullish or Bearish mode.

Bullish – The two higher time frames are in bullish mode (D1 closed above the upper band and is trading above the 20 MA, along with the H4 chart where price also closed above the upper Bollinger Band and is trading above the 20 MA).

Very Bullish – Three time frames (D1, H4 and the current time frame) are in bullish mode (closed above the upper band and currently trading above the 20 MA for the higher time frames, and closed above 20 MA and trading above the 20 MA for the current Time Frame).

Bearish – The two higher time frames are in bearish mode (D1 closed below the lower band and is trading below the 20 MA, along with the H4 chart where price also closed below the lower Bollinger Band and is trading below the 20 MA).

Very Bearish – All three time frames (D1, H4, and the current time frame) are in bearish mode (closed below the lower band and currently trading below the 20 MA for the higher time frames, and closed below the 20 MA and trading below the 20 MA for the current time frame).





Rules

Bullish (Buy) Rules

1. Price has closed above the upper Bollinger Band on the D1 chart. As long as price is trading above the 20 MA, we are good to go! Once price closes below the 20 MA, this rule is invalidated.



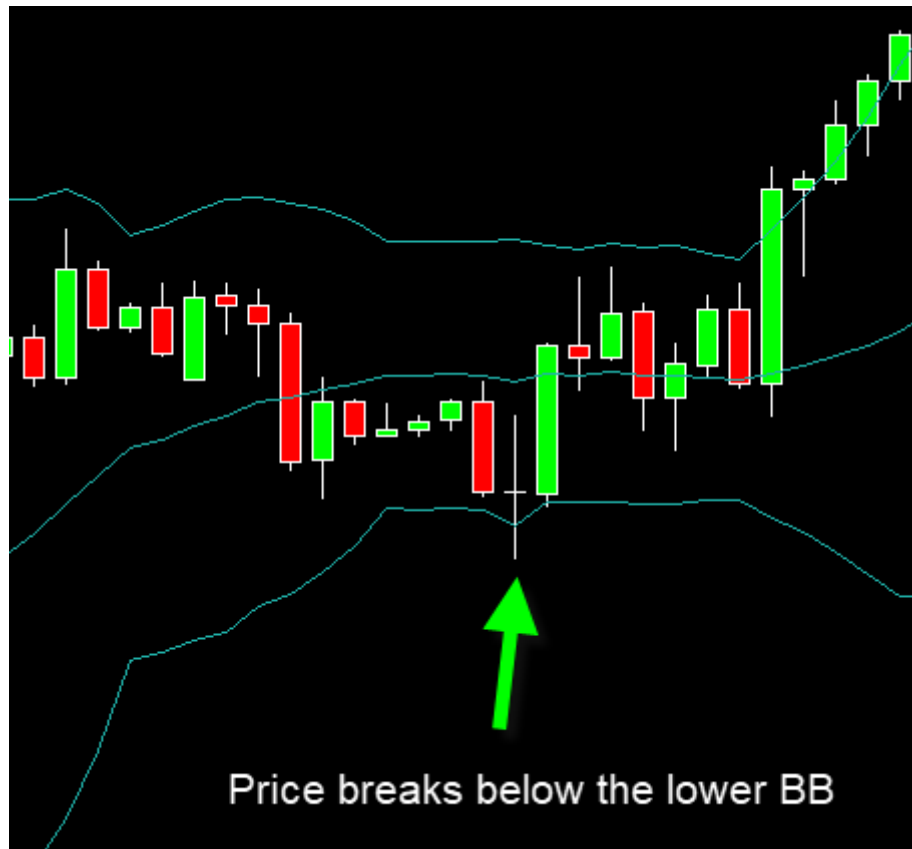
2. The candle has closed above the upper Bollinger Band on H4 chart. As long as price is trading above the 20 MA, we are good to go! Once price closes below 20 MA, this rule is invalidated.



At this moment the Dashboard shows as below:



3. On the H1 chart, we want to see the price **cross below** the lower Bollinger Band. It could close below the band and this would also be acceptable, but not mandatory.



4. Candle to **close** above the 20 MA. This is where we go long. The candle **must** close above the 20 MA. Enter the trade at the close of the candle (or at the open of the next candle).



5. Stop Loss goes below the last swing low.



6. Target is either:

- Twice the stop loss or
- Close the trade once we see a candle closing below the 20 MA on the time frame we are trading.



Bearish Rules

1. Price has closed below the lower Bollinger Band on the D1 chart. As long as price is trading below the 20 MA, we are good to go! Once price closes above 20 MA, this rule is invalidated.



2. We are already in a bearish mode on the H4 chart, before the D1 chart switched to bearish mode. As long as price is trading below the 20 MA, and there is no close above it, we are good to go! Once price closes above the 20 MA, this rule is invalidated.



At this point the Dashboard will appear as follows:



3. On the H1 chart, we want to see the price breaking above the upper Bollinger Band.



4. Candle to close below the 20 MA. This is where we go short. . Enter the trade at the close of the candle (or at the open of the next candle).



5. Stop Loss is set above the last high.



6. Target is either:

- Twice the stop loss or
- Close the trade once we see a candle closing below the 20 MA on the time frame we are trading.



Invalidation & Add-ons

- We can enter multiple times in the same direction (add-ons), as long as the Dashboard is reading "Bullish"/ "Very Bullish" or "Bearish"/ " Very Bearish."
- Once Rule 1 or 2 is invalidated, it means that this time frame is no longer set in any specific direction. In this instance, we will wait for the price to **close above** the upper Bollinger Band in order to become bullish again or, we will wait for the price to **close below** the lower Bollinger Band in order to become bearish again.

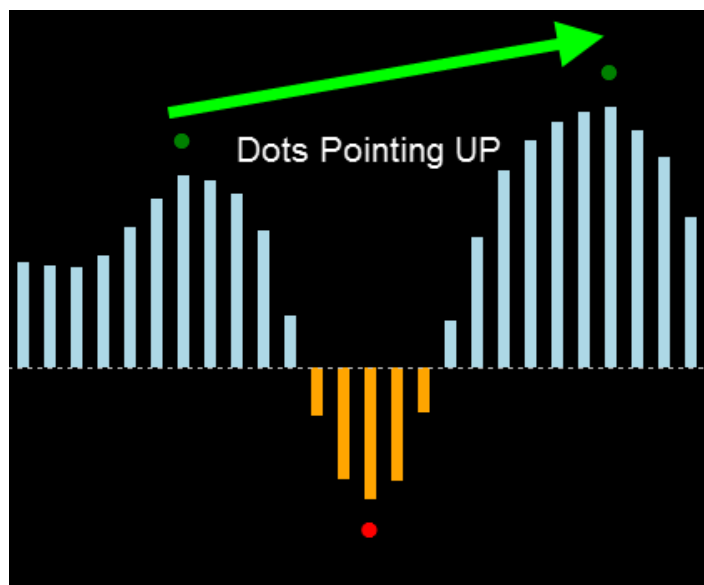
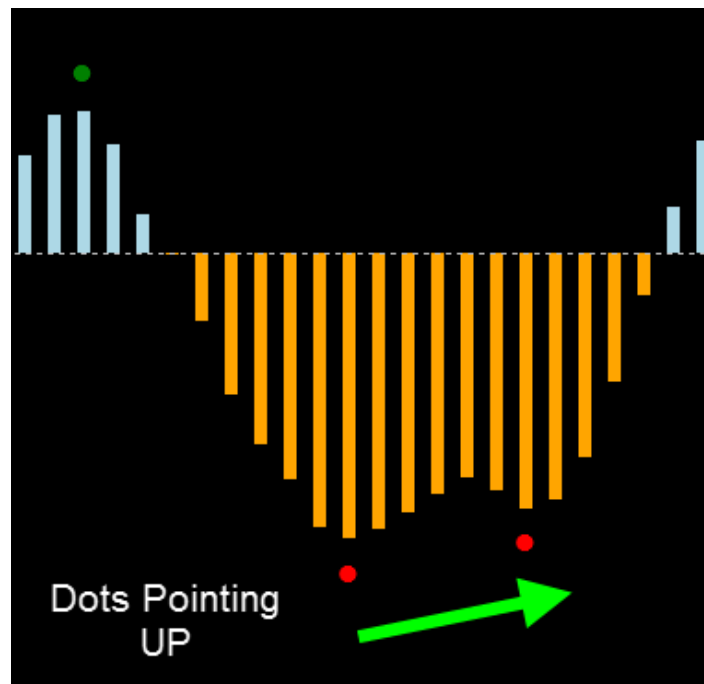
Filtering trades with the Histogram

If you want to be more conservative in your trading, you can use the Histogram to filter your trades.

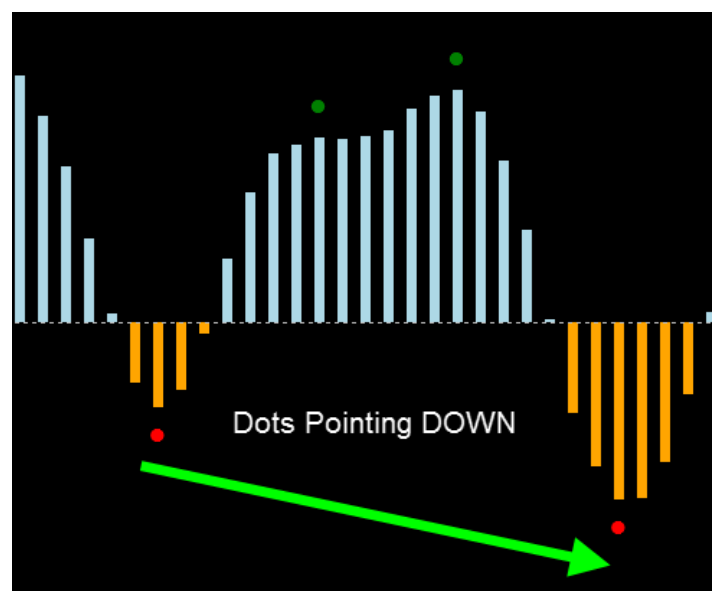
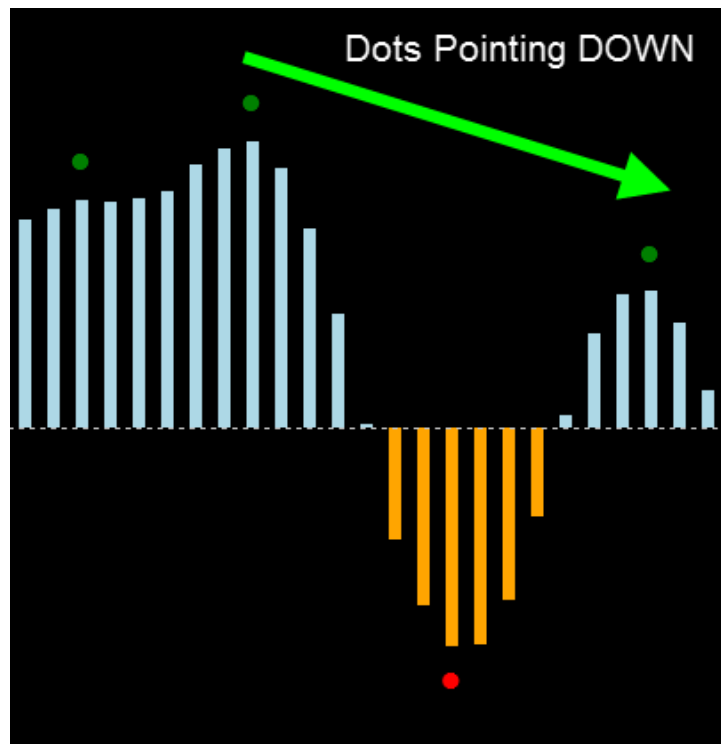
As mentioned above, dots will appear once we have a Top or Bottom in the Histogram.

To keep things simple, I will summarize this extra rule:

- **WHEN LOOKING TO BUY** – wait for two dots pointing upward to appear. They could be Green dots or Red dots.



- **WHEN LOOKING TO SELL** – wait for two dots pointing downwards to appear. They could be Green dots or Red dots.



Examples

Bearish Example 1

Rule 1 – D1 candle closes below the lower Bollinger Band.



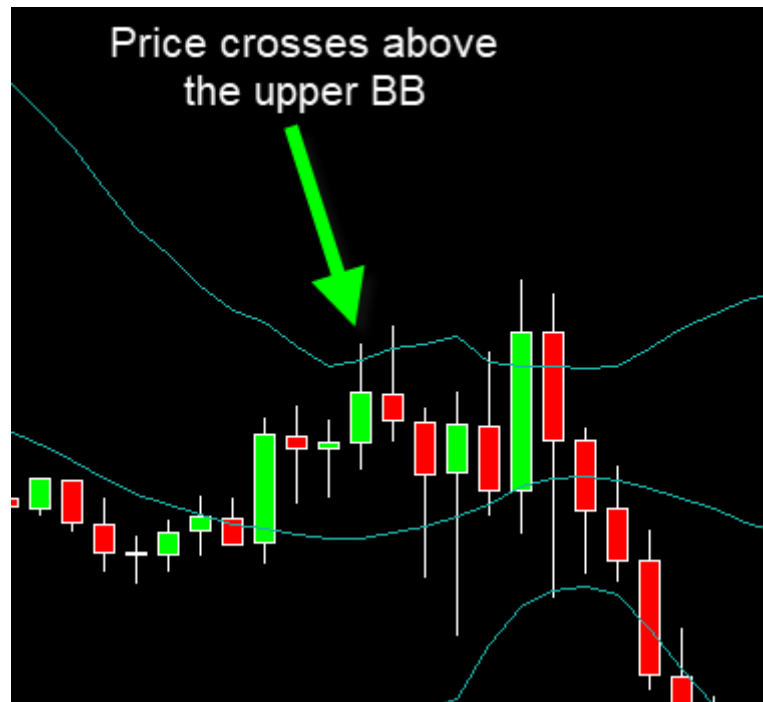
Rule 2 – H4 candle already closed below the lower band and it is still valid (as long as there is no close above the 20 MA, and the H4 chart is in bearish mode).



At this point, the Dashboard is showing "Very Bearish" because D1, H4, and H1 (current time frame) charts are in bearish mode.



Rule 3 – on the H1 chart, the price is breaking above the upper Bollinger Band.



Rule 4 – Price closes below 20 MA which signals to enter a sell trade.



Rule 5 and 6 – stop loss set above the last high. Target twice the stop (or until we get a close above the 20 MA).



NOTE – Confirmation from the Histogram – dots going down.



Bearish Example 2

Rule 1 – D1 candle closes below the lower Bollinger Band



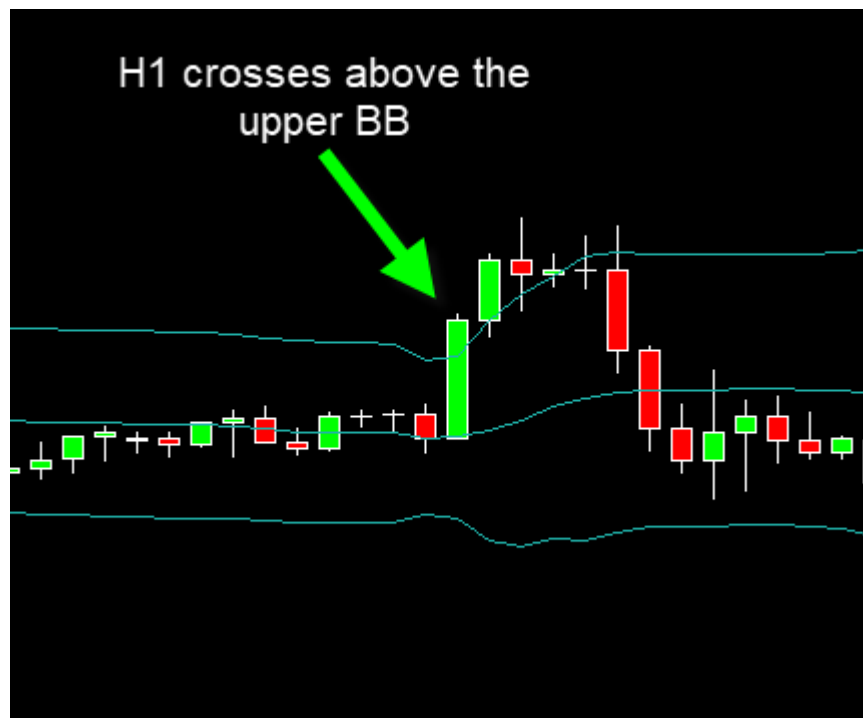
Rule 2 – H4 chart already in a bearish mode, when the D1 chart confirmed the bearish mode.



Dashboard showing "Very Bearish" reading, as the three time frames (D1/H4/H1) are in bearish mode.



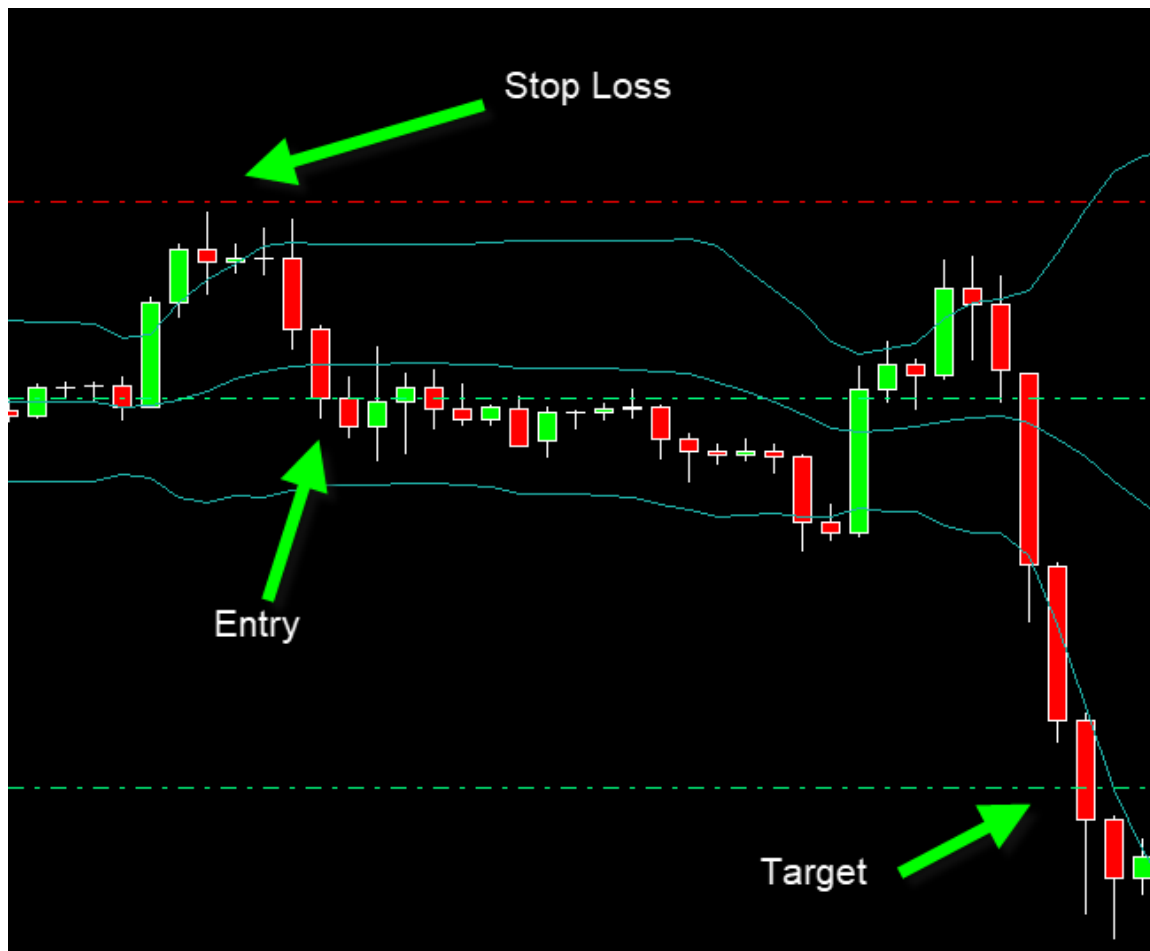
Rule 3 – price breaks above the upper band on the H1 chart.



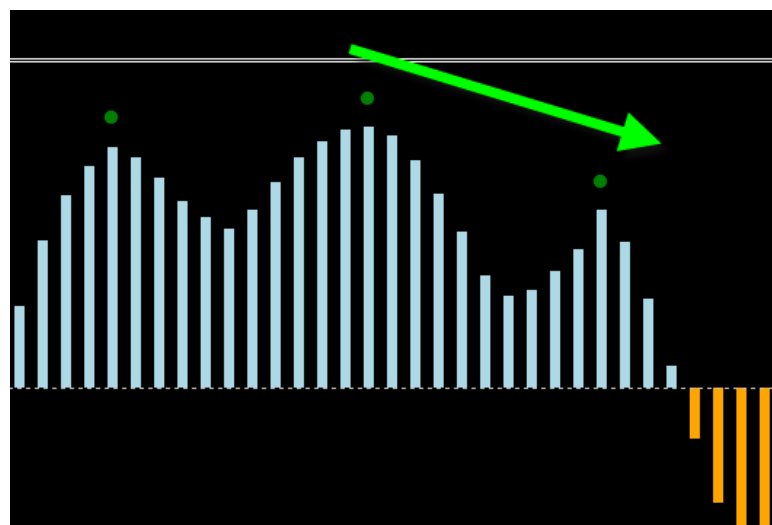
Rule 4 – H1 candle closes below the 20 MA which indicates to sell.



Rule 5 and 6 – stop loss is set above the last high, and the target is twice the stop (alternatively, you can close the position once the price closes above 20 MA on H1).



NOTE – the last two dots are pointing down.



Bullish Example 1

Rule 1 – D1 candle closes above the upper Bollinger Band. D1 is now in Bullish mode as long as there is no candle close below the 20 MA.



Rule 2 – H4 chart has already turned Bullish before the D1 gave the confirmation. If there is no close below the 20 MA and the H4 is bullish and this rule is also met.



We see the Dashboard has three green lights – meaning D1, H4 and H1 charts are in bullish mode:



Rule 3 – price crosses below the lower Bollinger Band on the H1 chart.



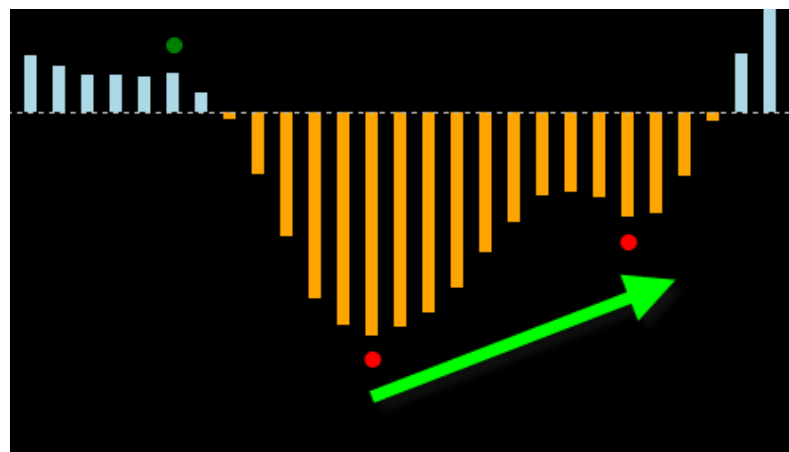
Rule 4 – The candle closes above 20 MA which signals to go Long.



Rule 5 and 6 – a buy entry at the close above the 20 MA. Stop loss set below the last low. Target 1:2 risk reward ratio (or until we get a close below the 20 MA).

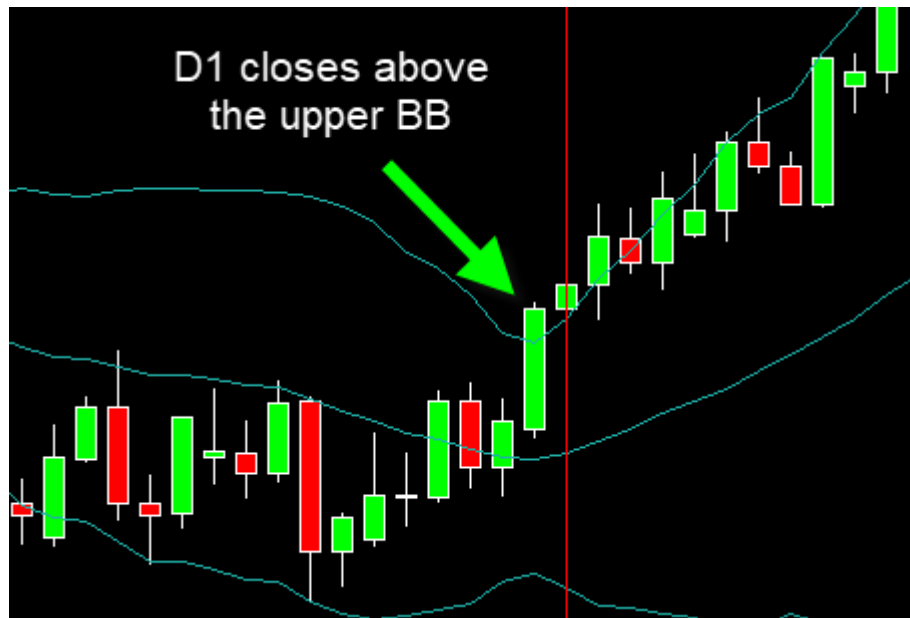


NOTE – We have a confirmation from the Histogram.



Bullish Example 2

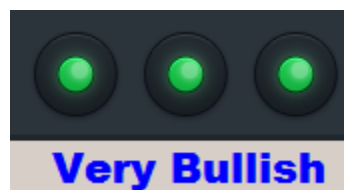
Rule 1 – D1 candle closes above the upper Bollinger Band



Rule 2 – H4 closed above the 20 MA.



All three time frames (D1/H4/H1) are in bullish mode:



Rule 3 – price crosses below the lower Bollinger Band.



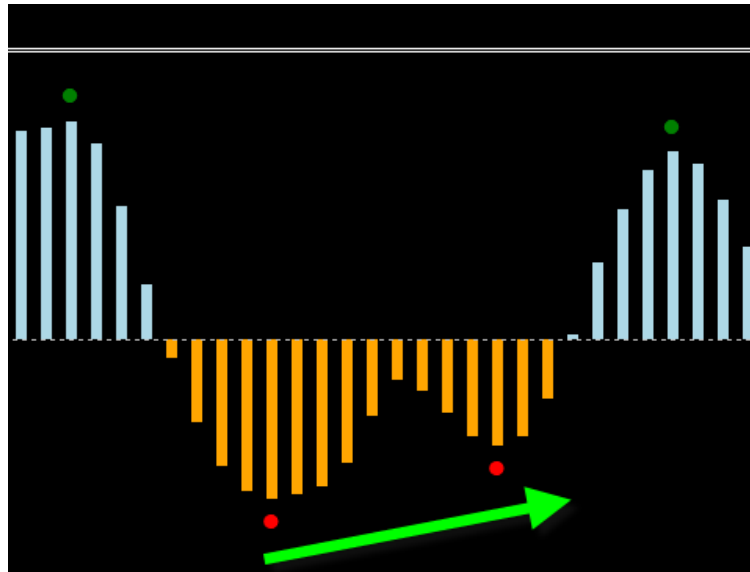
Rule 4 – the candle closes above the 20 MA signaling a Buy entry.



Rule 5 and 6 – set stop loss below the last low, target twice the stop loss.



NOTE – notice how we have extra confirmation from the dots in this example – two dots moving upwards.



There we have it.

I hope you enjoy this system and wish you all the best in your trading!

Yours,

Vladimir Ribakov