

VLADIMIR RIBAKOV'S

FOREX LIBRA CODE



TRADING MANUAL

www.ForexLibraCode.com

INTRODUCTION

Hi trader.

First, let me thank you for joining the **Forex Libra Code** family.

In the pages that follow, and in the DVDs and members' area, I will prove to you that it was one of the best decisions you could have made, not just in your trading journey, but in your life.

The Forex Libra Code was designed to give you the ultimate set of trading tools:

- 1) A great trading system
- 2) Auto-analysis and scanning of the markets for trading setups
- 3) Trade Alerts
- 4) The ability to join in with the direction of the "BIG MONEY"
- 5) A great risk reward ratio

And much more...

The Forex Libra Code is one of the most unique systems that exist in Forex trading today. What makes it so unique is the logic it relies on.

There are several trading styles that offer various trading methods:

Trading with the Trend, Momentum Trading, Reversals, False Breaks, and Divergence Trading.

The Forex Libra Code does it ALL.

The system auto scans for particular conditions:

- The "Big Money" trend direction and flow
- Confirmation using Divergence
- False breaks on the trading time frame that confirm that a short term correction has ended
- Reversals and momentum gains
- The ability to re-join the main trend direction
- The "Protection Range" – determining whether your risk is in a normal risk range or not

Basically, that's where the uniqueness of the system comes in. It scans for all the most important scenarios on any chosen financial instrument and alerts you once the conditions are met.

In this manual we will go step by step over all the rules of **The Forex Libra Code** trading system.

You will learn how to:

- **Read the dashboard** that scans the market for you for trade setups
- Trade Conservative setups.
- Trade Aggressive setups.
- **Use the trading heat map** and how it can assist you to choose the best trades.

I'll give you all this and you will still have time to attend to all the other things in your personal daily regimen.

And, I will also give you a few tips that will develop you even further to take you from being a profitable trader into a professional-level trader.

All I ask from you is one thing: **FOCUS**.

I need you to keep your mind open, focus on the explanations, and the step-by-step trading plan.

So... Let's begin.

HOW TO READ THE DASHBOARD

The dashboard is our guide.

It scans the market for us and lets us know when conditions are good to trade.

It analyzes all the steps behind the scenes so we don't lose our focus on trading the best setups.

This is how the dashboard will appear on your charts:

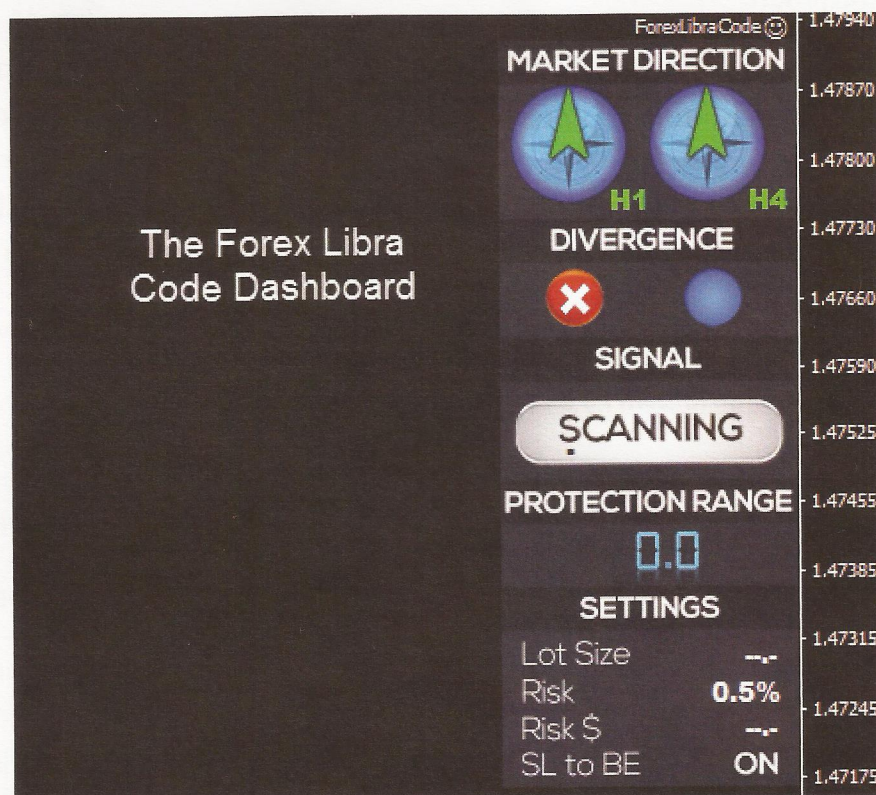


Image 1

Note: In DVD 1 and in the members' area I will cover in detail how to load the dashboard indicators on your charts.

Let's now cover the various components found on **The Forex Libra Code** dashboard.

1) The Compass

The compass dashboard indicator is made up of two compasses that depict the flow of money (the trend direction) on the two higher time frames to the current chart we are looking to trade on.

So, for example, if we are looking to trade on the 15 minute time frames, the compass scans the money flow on the 1Hour and 4Hour time frames and shows us their direction.

Let's now look at some images to see some examples of what the compass would depict on our chart.

Example: Upward or **BUY** direction:



Image 2

As you can see in the image above, **both higher time frame compasses point upward** which means that we will be looking for a **Buy** setup ONLY!

Example: Downward or **SELL** direction:

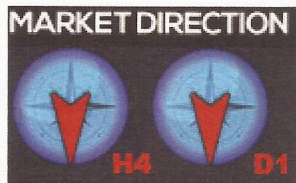


Image 3

As you can see on the image above, **both higher time frame compasses point downward**, which means we will be looking for **Sell** setup ONLY!

IMPORTANT NOTE: If there is a situation where the compasses point in different directions, we WILL NOT trade these setups! See Examples in images below:



Image 4



Image 5

These are all the time frames that the compass depicts based on your chosen trading time frame:

CHOSEN TIMEFRAME	COMPASS 1 (LEFT)	COMPASS 2 (RIGHT)
5 Min and 15 Min	1 Hour	4 Hour
30 Min	4 Hour	Daily
1 Hour and 4 Hour	Daily	Weekly
Daily	Weekly	Monthly

Image 6

In the rules section on the next page, and in the DVDs, I'll be showing you how to use the compasses in more detail.

2) The "Divergence Line"

Note: I will cover detailed explanations on divergence in DVD 1. For purposes of using the dashboard, all you need to know is that they are represented on the dashboard and will alert you to whether a trading rule has been complied with or not.

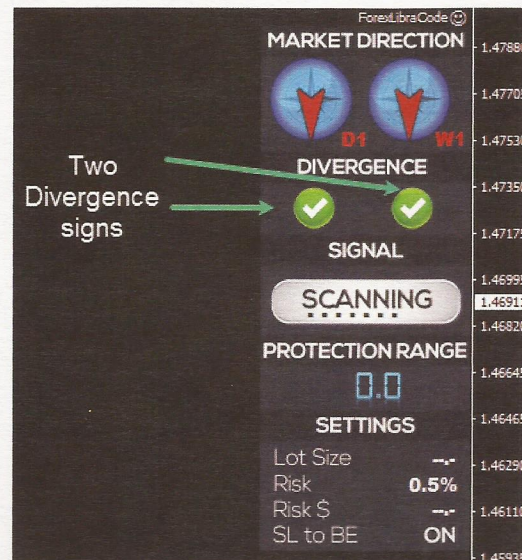


Image 7

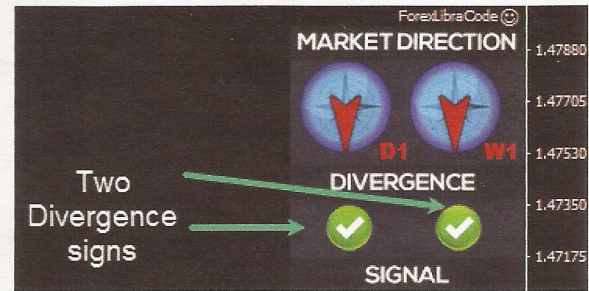
You will notice **two divergence signs** that will **appear on the "Divergence Line"** as shown in image 7. One on the left and one to the right of that.

In order to trade with the odds in our favor we must make sure that we don't trade against higher time frames' divergences.

- **The First divergence sign** (that appears on the left) alerts us as to whether there is a divergence, or not, by scanning for divergence **on both higher times frames**. If there is no divergence the sign will appear as a **green** mark.
- **The Second divergence sign** (that appears on the right) alerts us as to whether there is a divergence, or not, **on the time frame we intend to trade on**. If there is supporting divergence the sign will appear as a **green** mark.

The **Divergence Line** can alert us to **three situations**:

- 1) The sign can be represented by two green marks which means that the divergence filter is signaled in our favor. This is a good Conservative sign. See image to right:



- 2) The sign can show as a **red "X"** which means that the divergence filter is not **signaled** in our favor, (i.e there is some divergence which is against the trade which will make the trade **more aggressive**). **Note:** One or both signs can be **red**. See image on the right:

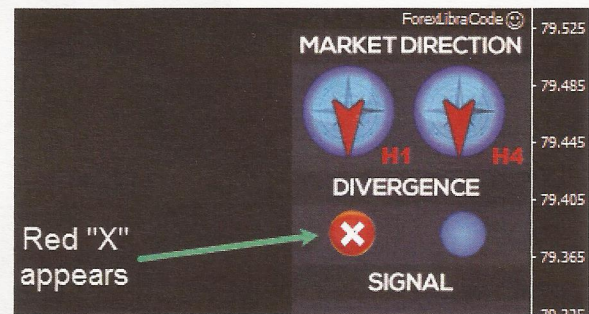


Image 8

- 3) The sign can show as an empty **blue** circle, as in the image to the right:

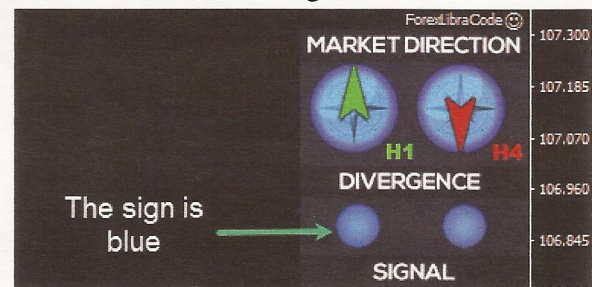


Image 9

Such a situation can arise **ONLY** if the directions of the higher time frames (the compasses) don't match, and **we can't trade this market condition at all**. The system will continue to scan until another more favorable situation arises.

NOTE: One or both signs can appear as a **blue** sign. In either instance, we don't trade.

Whichever of these situations arise, the system will do all the scanning for you, behind the scenes! You don't have to waste time identifying divergences, and you can simply rely on the signs that appear on the divergence line in the dashboard.

However – for those of you that still want to be “masters of divergence” – I will have some surprises for you on the webinars that we will be doing together where I'll cover divergences in greater detail.

3) The "Protection Range"

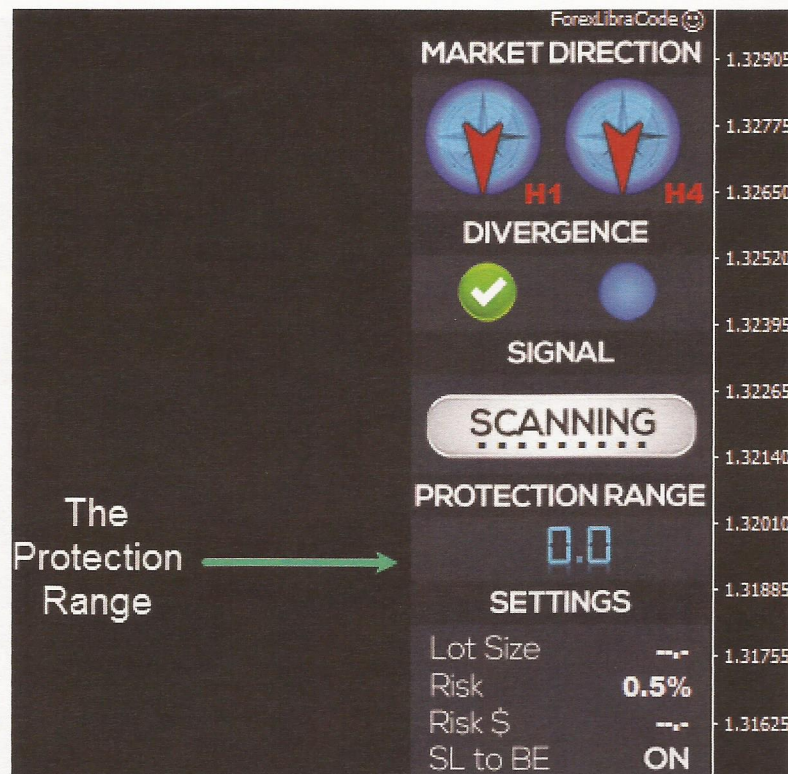


Image 10

The **Protection Range** will stop us from trading should there be, what I call, "unnatural" price movement.

The **Protection Range is measured from the entry price to the Stop Loss level** and compares these points to the market volatility, and the time frame we trade to the movement range on the pair.

We want to avoid trading when, for instance, the daily range is "small," at say 40 pips. This could then mean that our stop loss could be placed too far away from entry at say 80 pips, making the trade risky ie. the range is too large. *(Our trading rules later in this manual will specify what Protection Range value should display, whether trading Conservatively or Aggressively).*

That's where our **Protection Range** comes in. **It identifies the current market volatility and normal range, and alerts us to the current range.**

NOTE: The **Protection Range** number will appear only once you get a **Buy** or **Sell** signal as shown in the following image (Image 11):



Image 11

As mentioned, the **Protection Range** feature also compares the time frame you are trading with the current market volatility and alerts you to this.

This allows us to determine whether we would be risking too much when trading on a lower time frame, such as a 5 min chart eg. 100 pips Stop Loss set on a 5min time frame. (Again, we need to check the Protection Range value and trade according to the rules, as set out in the rules section later in this manual).

NOTE: More on this will be explained in the DVDs and in the members' area also.

4) The Signal Line

A signal will either show as **Sell**, as in the image below:

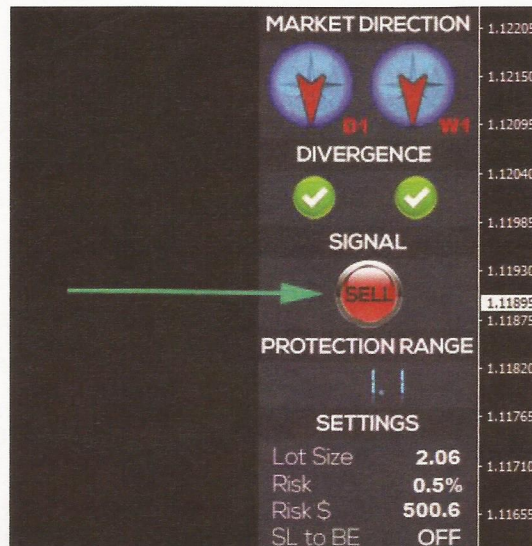


Image 12

...Or as **Buy**, as in the image below:

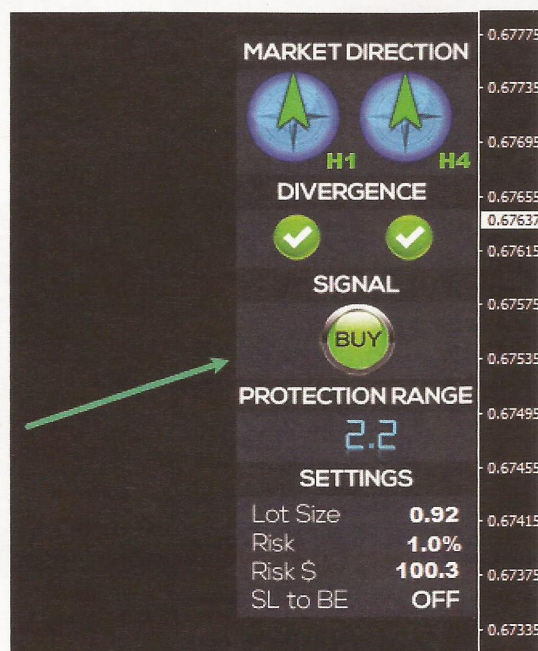


Image 13

The relevance of these **Buy** and **Sell** signals will be explained more clearly in other sections below.

The Signal Line alerts us to the type of signal we can trade on current market conditions.

We can have two types of signals:

1. **Conservative**
2. **Aggressive**

Conservative setups arise when market conditions are **optimal** and all the trading rules are met.

Aggressive setups are not as optimal and involve more risk because one or more of the system's conservative trading rules are not met.

When traded correctly however, both Conservative and Aggressive signals can make you a lot of pips, and I do mean.... A LOT.

NOTE: Later in this manual we will cover the exact rules for Conservative and for Aggressive setups.

5) The Settings

The Settings are part of your trading assistant. They are programmed to simplify your trading once you are alerted to a setup. The image to the right shows how this will appear on your dashboard:

We have several features in the settings zone:

- **Lot Size**
- **Risk**
- **Risk in \$**
- **SL to BE**

SETTINGS	
Lot Size	0.25
Risk	1.0%
Risk \$	101.8
SL to BE	OFF

Image 14

The general idea with **The Forex Libra Code** system is that it does the math FOR YOU, to save you time!

You **insert your desired risk per trade and the system will make the calculations for you.**

So if you choose for example to risk 1% per trade, the system calculates this input and shows you the lot size you should trade in order to match your input.

You can choose your desired risk in % (Percentage) or in money (Dollars), and the system will tell you what lot size you should trade.

My goal by creating it was very simple - so that you DO NOT waste time on calculations - you can focus on trading!

The last setting is "**SL TO BE**"

I will explain how the system can move the Stop Loss (SL) to the Break Even (BE) level (the entry price) for you (and other aspects of the settings features) in greater detail in the DVDs. Simply put, once a specific level is reached while you are in a trade, the system can move the SL to the entry price and "free you from the risk."

This feature is VERY useful if you are unable, for whatever reason, to monitor your trade and to manage it.

Now that we have covered each component of the dashboard, let's look at the system's trading rules.

TRADING RULES

As mentioned above, the system scans for many variables behind the scenes and alerts us when specific conditions are met. My goal by creating it was very simple - so that you DO NOT waste time on calculations - you can focus on trading!, so that you can make a decision whether or not to take a trade.

ALL the trading rules are scanned by the system. However, our mission as traders is to understand how the system works and to be aware of what we should trade and why.

That's why knowing the rules and using them is vital to our success.

I've also mentioned that **we have two types of setups we could trade: Conservative and Aggressive.**

Let's start by looking at the **Conservative setups**: Long (**Buy**) and Short (**Sell**):

CONSERVATIVE BUY

Here the Signal Line will depict a **BUY** signal.

Rule No.1

The BIG MONEY flows (trend) and direction on both higher time frames are in the direction of the signal - UPWARDS. In other words, if the signal indicates to you to buy, **we want to have BOTH compasses pointing upwards or green.**

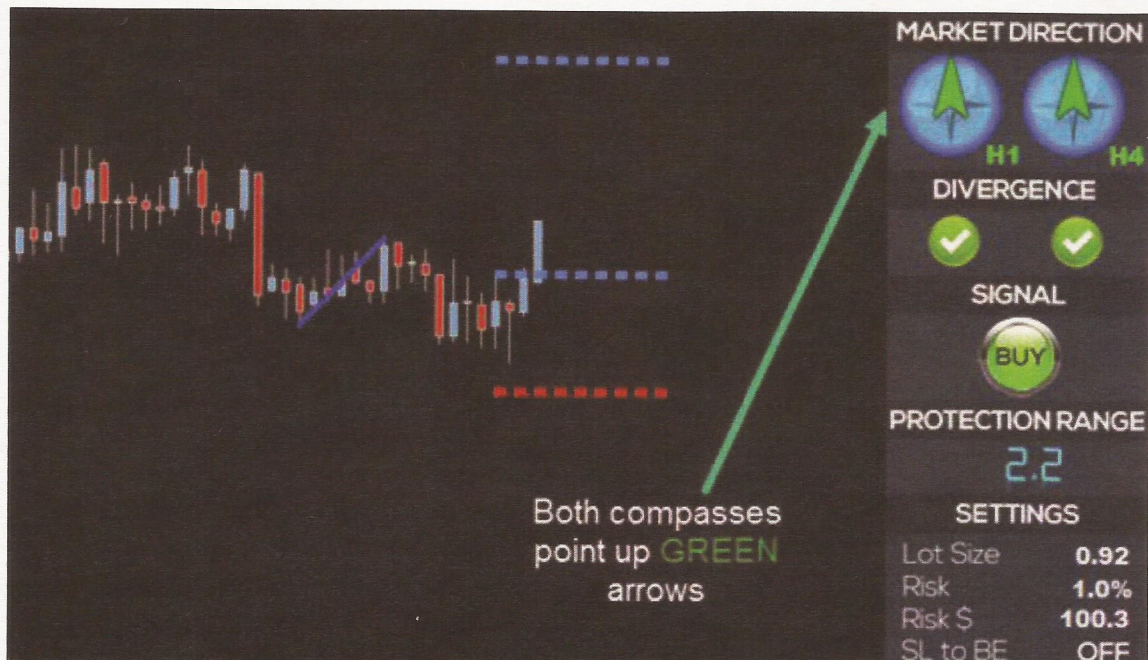


Image 15

Rule No.2

Divergence Line depicts **both divergence signs as green** (check marks).



Image 16

Rule No.3

On the time frame we are trading, there has been a false break below the last low.

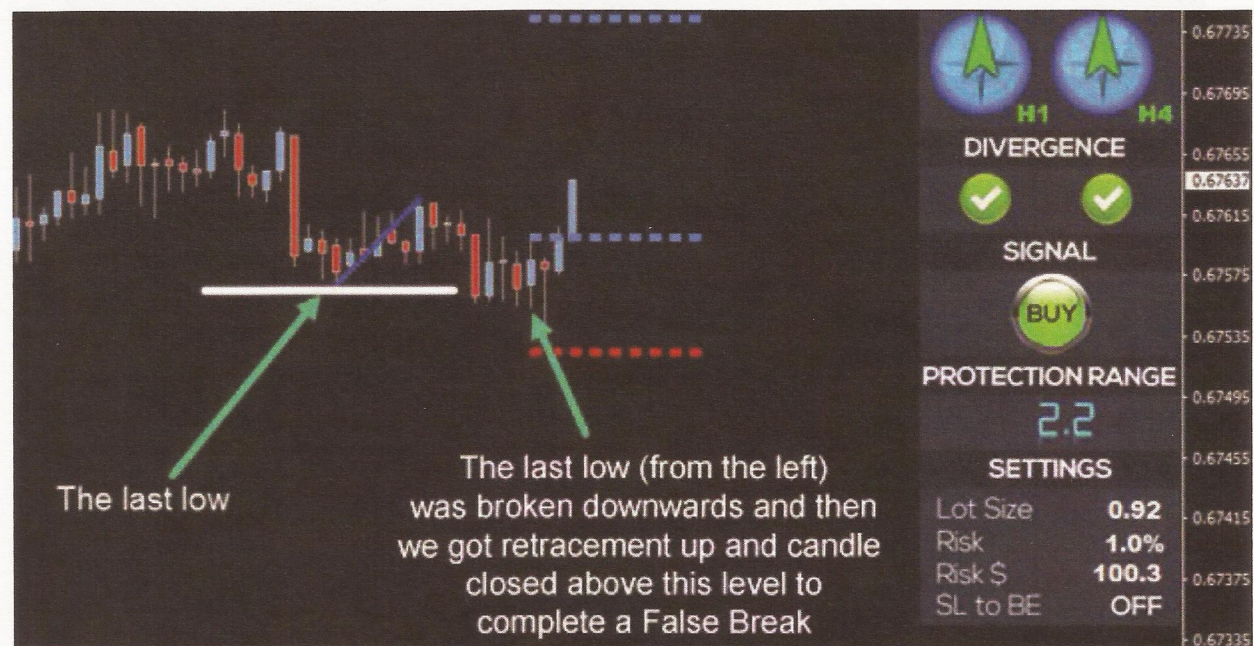


Image 17

NOTE – I explain in depth about false breaks and how to spot them in my accompanying DVDs

Rule No.4

The momentum moves back to bullish / uptrend with the creation of **higher highs**.



Image 18

NOTE – I explain more in depth about momentum gains and how to spot them in my accompanying DVDs

Rule No.5

A **Buy** signal must appear.

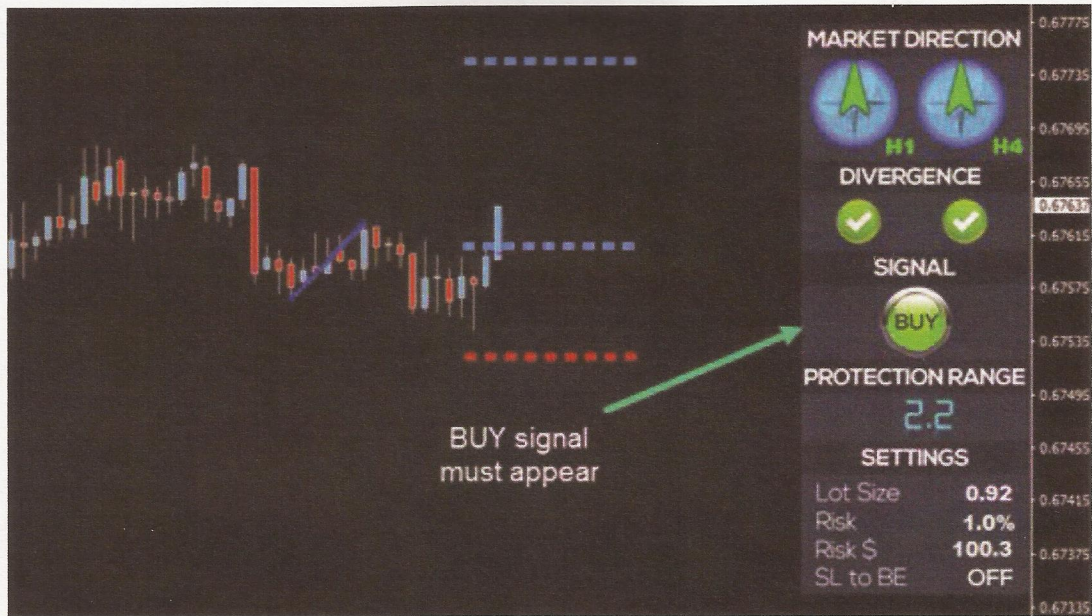


Image 19

Rule No.6

The **Protection Range** must be at **3.0 or below**.



Image 20

Rule No.7

Enter the trade:

Once Rule No. 3 (False Break) and Rule No. 4 (Momentum Gain) criteria are met, the system draws 3 dotted lines.

- The **Blue dotted line** represents the **Buy Limit level**. Once this level is reached, **that is the point we can enter a Buy trade**.
- The **Red dotted line** represents the **Stop Loss (SL) level** at which our SL is placed
- The **second Blue dotted line above price entry** represents our **take profit target level**.

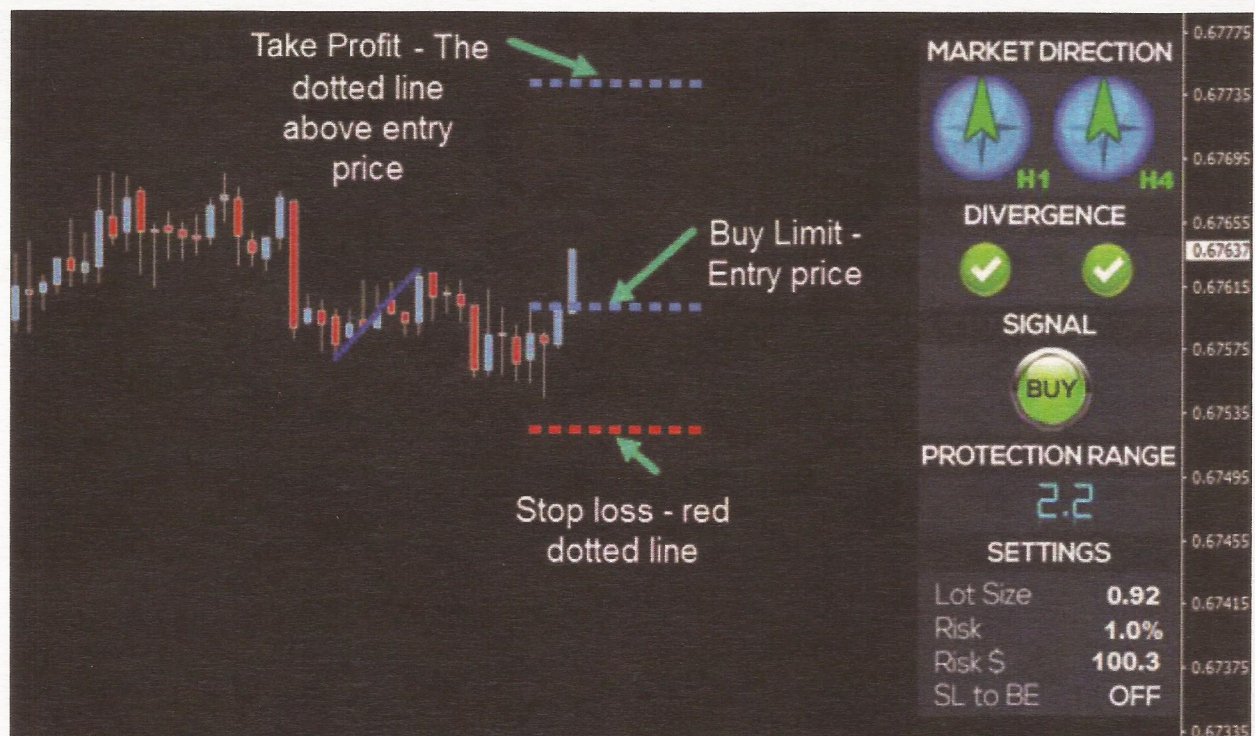


Image 21

NOTE: I explain in depth about how to manage trades in my DVDs.

CONSERVATIVE SELL

Here the Signal Line will depict a **SELL** signal.

Rule No.1

The BIG MONEY flows (trend) and direction on both higher time frames are in the direction of the signal - DOWNWARDS. In other words, if the signal indicates to you to sell, **we want to have BOTH compasses pointing downwards or red.**

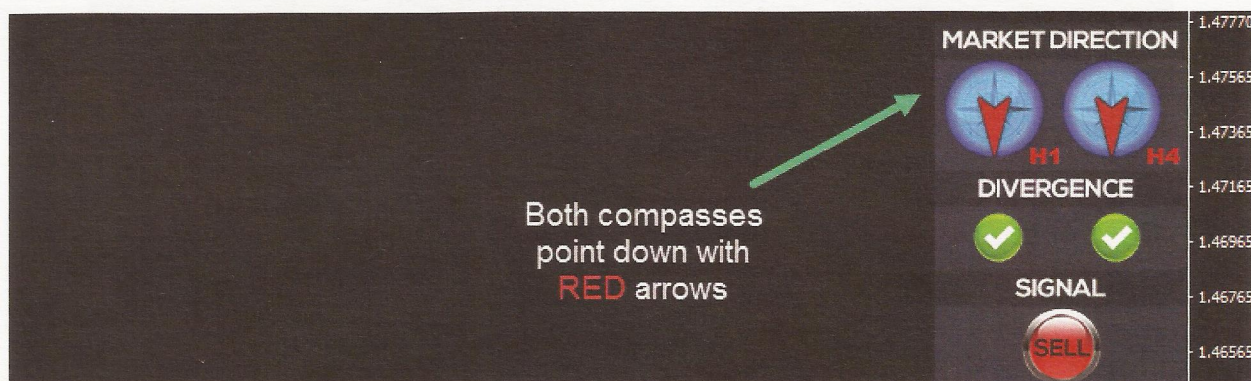


Image 22

Rule No.2

Divergence Line depicts **both divergence signs as green** (check marks).



Image 23

Rule No.3

On the time frame we are trading, there has been a **False Break** above the last high.

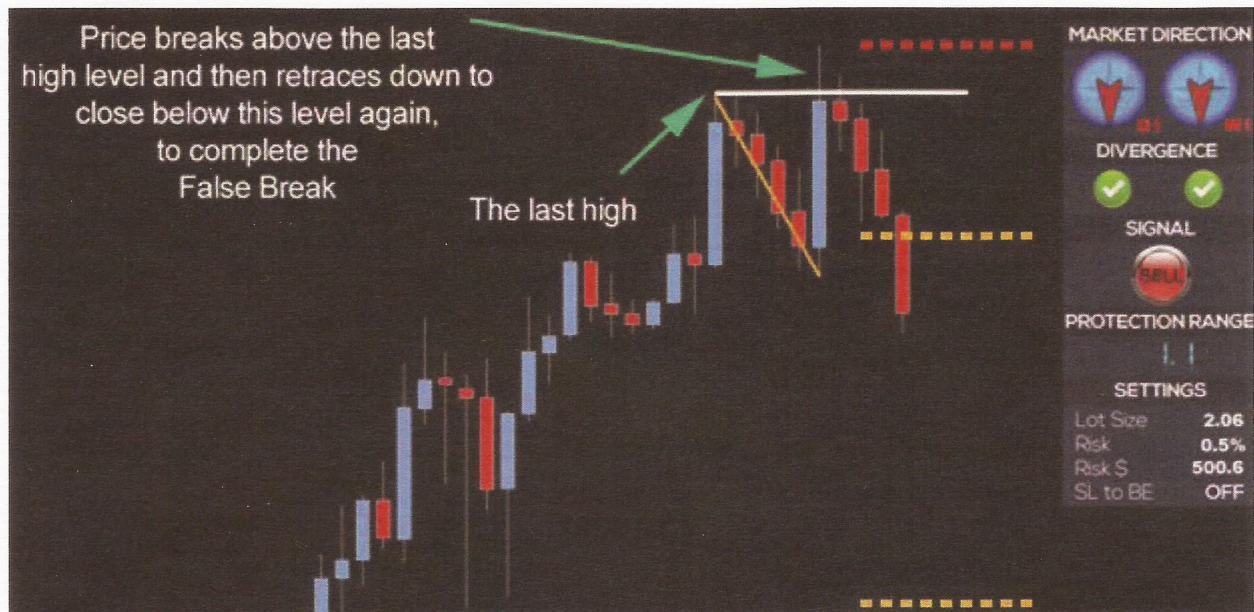


Image 24

NOTE: I explain more in depth about false breaks in my DVDs

Rule No.4

The momentum moves back to bearish / downtrend by creating **lower lows**.

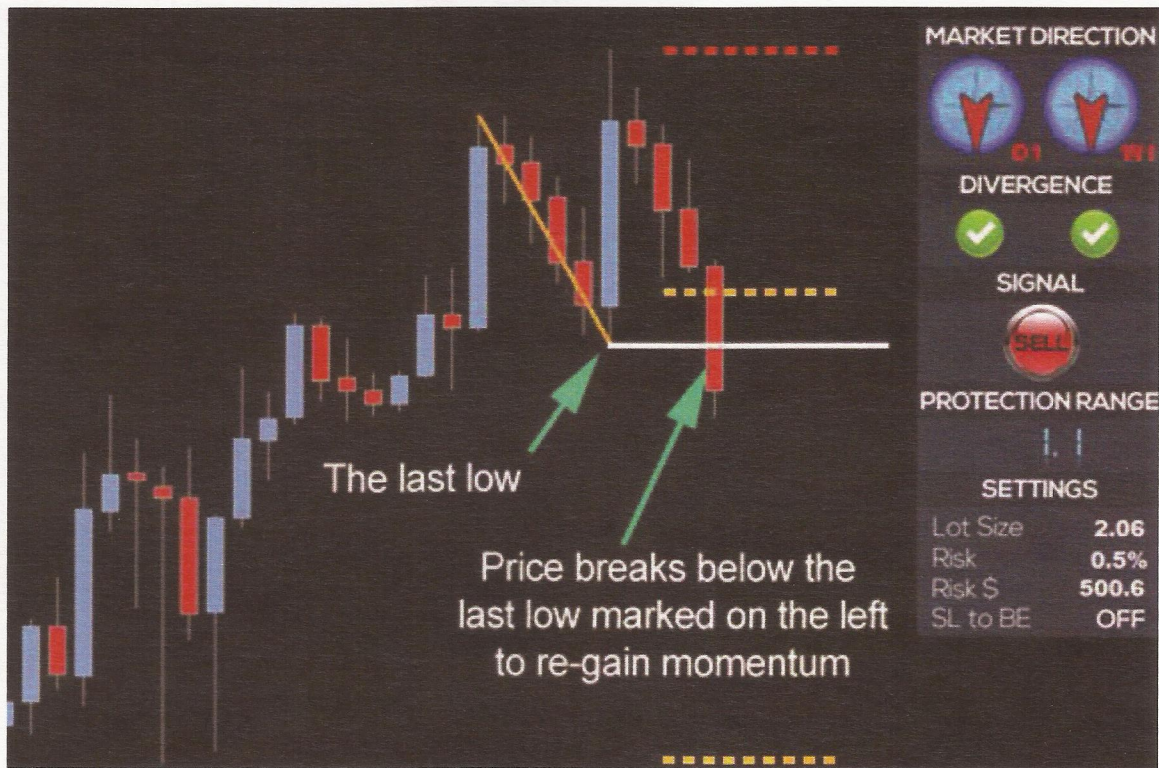


Image 25

NOTE: I explain more in depth about momentum gains and how to spot them in my DVDs.

Rule No.5

A **Sell** signal must appear.



Image 26

Rule No.6

The **Protection Range** must be at **3.0 or below**.

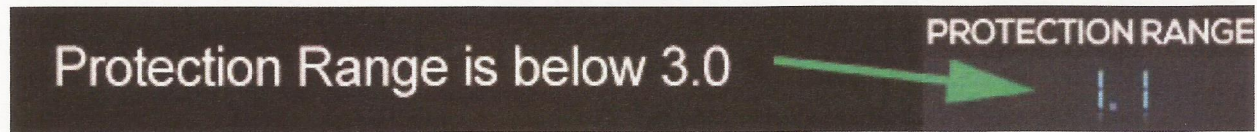


Image 27

Rule No.7

Enter the trade (See image 28):

Once Rule No. 3 (False Break) and Rule No. 4 (Momentum Gain) criteria are met, the system draws 3 dotted lines.

- 1) The **Orange dotted line** represents the **Sell Limit level**. Once this level is reached, **that is the point we can enter a Sell trade**.
- 2) The **Red dotted line** represents the **Stop Loss (SL) level** at which our SL is placed
- 3) The **second Orange dotted line below price entry** represents our **Take Profit target** level.

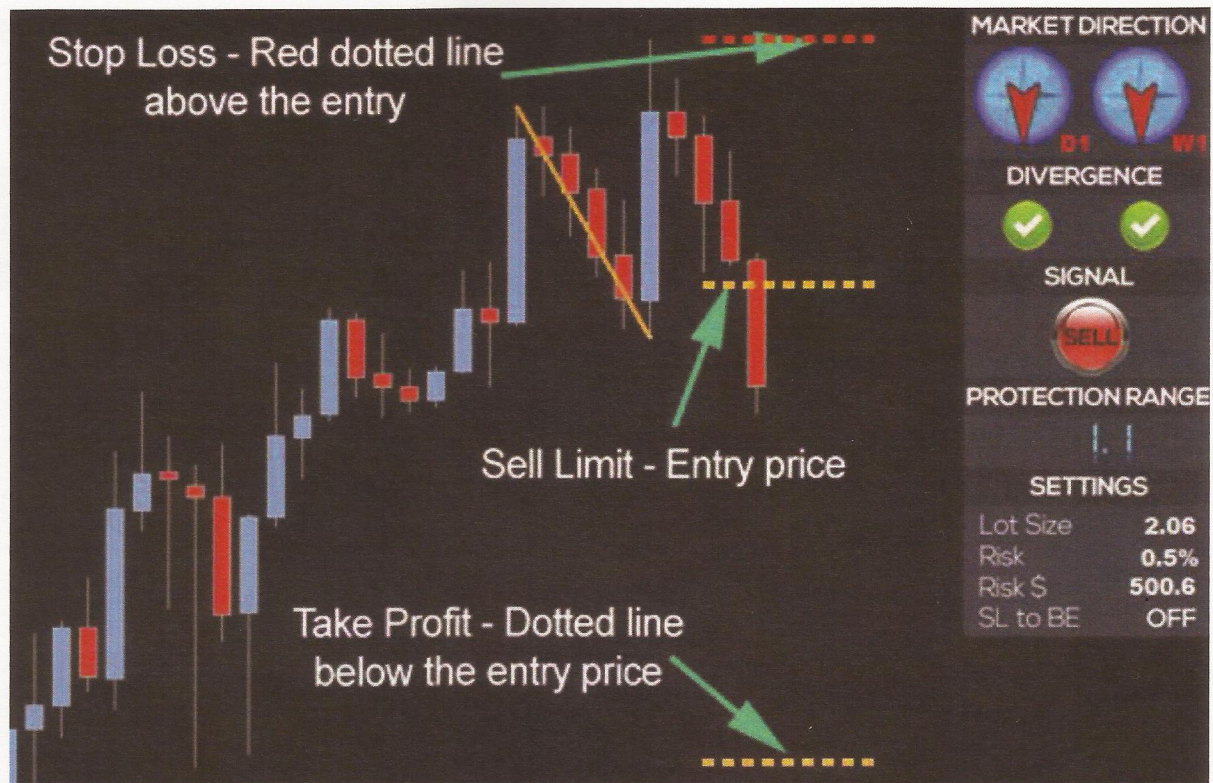


Image 28

NOTE – I explain in depth about the management of trades in my DVDs.

Remember that with a Conservative trade: all the system filters are optimal and the market is providing the best conditions for us to enter a trade.

Let's now look at Aggressive trading setups....

AGGRESSIVE TRADE RULES

The only major **differences between Conservative and Aggressive setups will be in rules No. 2 and 5 of the Conservative trades.**

For aggressive setups **three variations** arise:

Rule No. 2: The signals are not in alignment or

Rule No. 5: The signal indicates aggressive

In Both Rules no.2 and no.5: The signals are not in alignment and indicate aggressive

Let's now take a closer look at the Aggressive Buy and Sell rules in each instance...

AGGRESSIVE BUY

Signal Line depicts a **BUY** signal.

Rule No. 1

The BIG MONEY flows (trend) and direction on both higher time frames are in the direction of the signal - UPWARDS. In other words, if the signal indicates to you to buy, **we want to have BOTH compasses pointing upwards.**



Image 29

NOTE: This rule *MUST* exist for both Conservative and Aggressive entries.

Rule No. 2

ANY one of the Divergence Line signs are **red (X)** or both divergence signs show a **red sign (X)**. *NOTE – Both signs can still remain green in order for the trade setup to be considered as Aggressive, but must be read with other conditions as per rule 5 below.*



Image 30

Rule No. 3

On the time frame we are trading, there has been a **False Break** below the last low.



Image 31

NOTE: I explain in depth about false breaks and how to spot them in my DVDs.

Rule No. 4

The momentum moves back to bullish / uptrend by creating **higher highs**.



Image 32

NOTE: I explain in depth about momentum gains and how to spot them in my DVDs.

Rule No. 5

A **BUY AGGR** signal must appear. (Note the appearance of the aggressive buy signal is blue as shown in the Image 33.)



Image 33

Rule No. 6

The **Protection Range** shows a value **above 3.0** when **Conservative signs** (two **green** check marks) appear on the **divergence line** (as in image 34 below).

Or,

The **Protection Range** shows a value **3.0 or below** when **Aggressive signs** (one or two **Red "X"** signs) appear on the **divergence line**.

(Note: There are instances where it could appear below 3.0 also and these will be covered in more advanced sections in the members' area and on webinars).

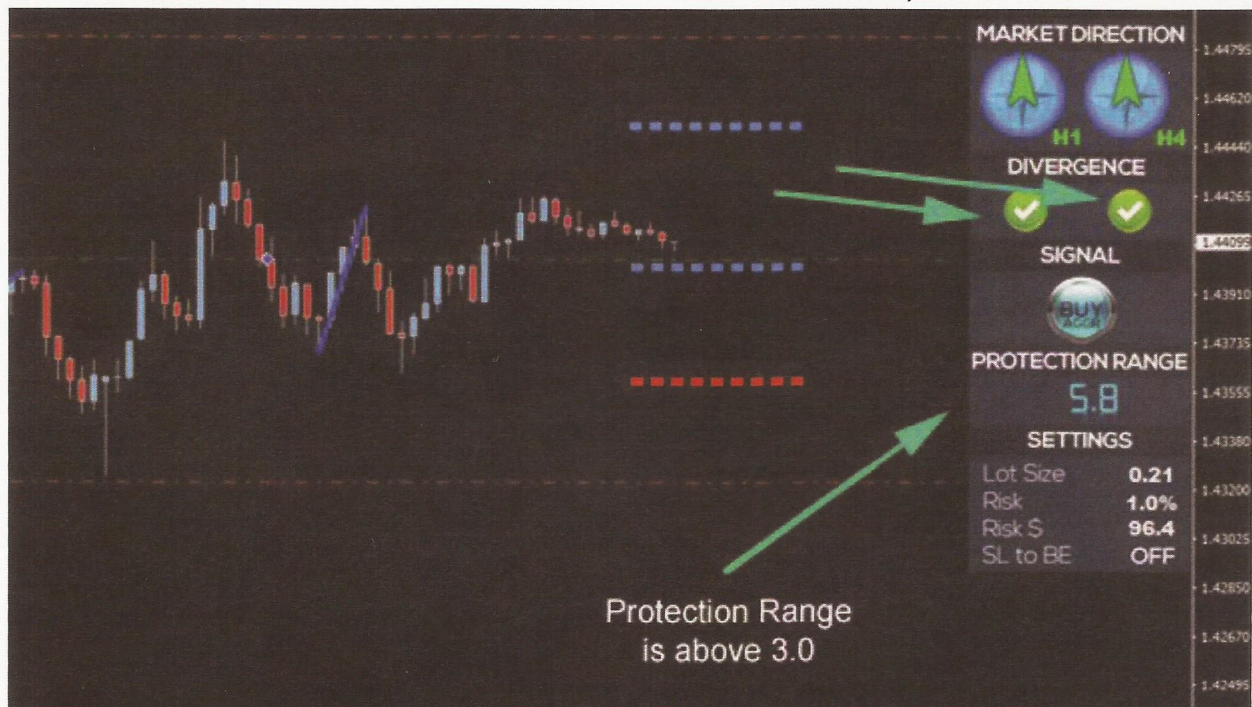


Image 34

Rule No. 7

Enter a trade.

Once Rule No. 3 (False Break) and Rule No. 4 (Momentum Gain) criteria are met, the **system draws 3 dotted lines**.

- 1) The **Blue dotted line** represents the **Buy Limit level**. Once this level is reached, that is the point we can enter a Buy trade.
- 2) The **Red dotted line** represents the **Stop Loss (SL) level** at which our SL is placed
- 3) The **second Blue dotted line above price entry** represents our **Take Profit target level**.

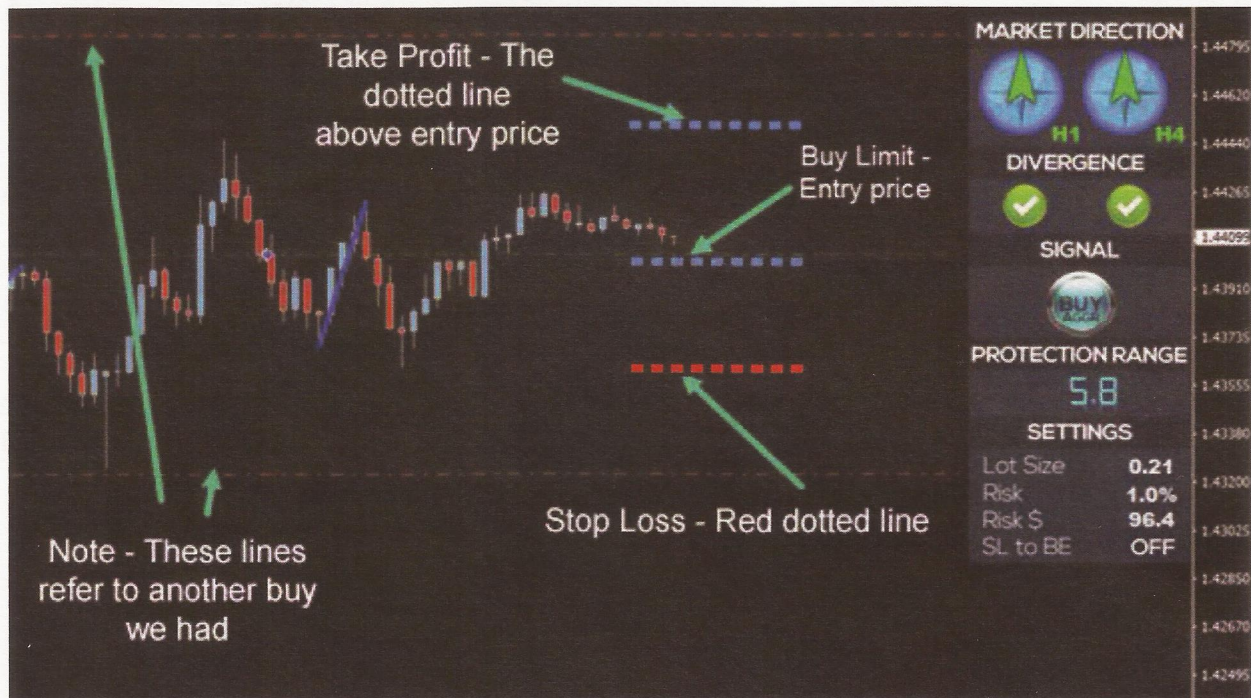


Image 35

NOTE: I explain more in depth about the management of trades in my DVDs.

AGGRESSIVE SELL

Signal Line depicts a **SELL** signal.

Rule No. 1

The BIG MONEY flows (trend) and direction on both higher time frames are in the direction of the signal - DOWNWARDS. In other words, if the signal indicates to you to buy, **we want to have BOTH compasses pointing downwards**.

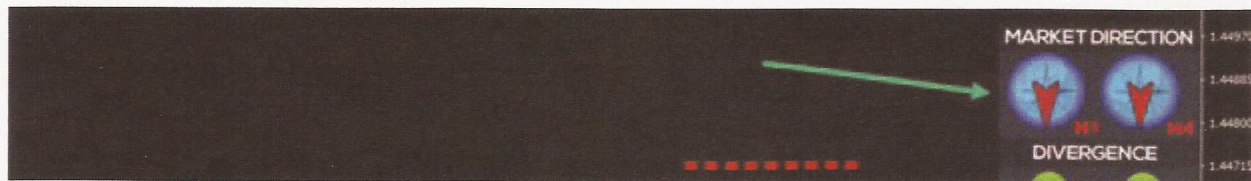


Image 36

Rule No. 2

ANY one of the Divergence Line signs are **red (X)** or both divergence signs show a **red sign (X)**. *NOTE – Both signs can still remain green in order for the trade setup to be considered as Aggressive, but must be read with other conditions as per rule 5 below.*



Image 37

Rule No. 3

On the time frame we trade, there was a **False Break** above the last high.

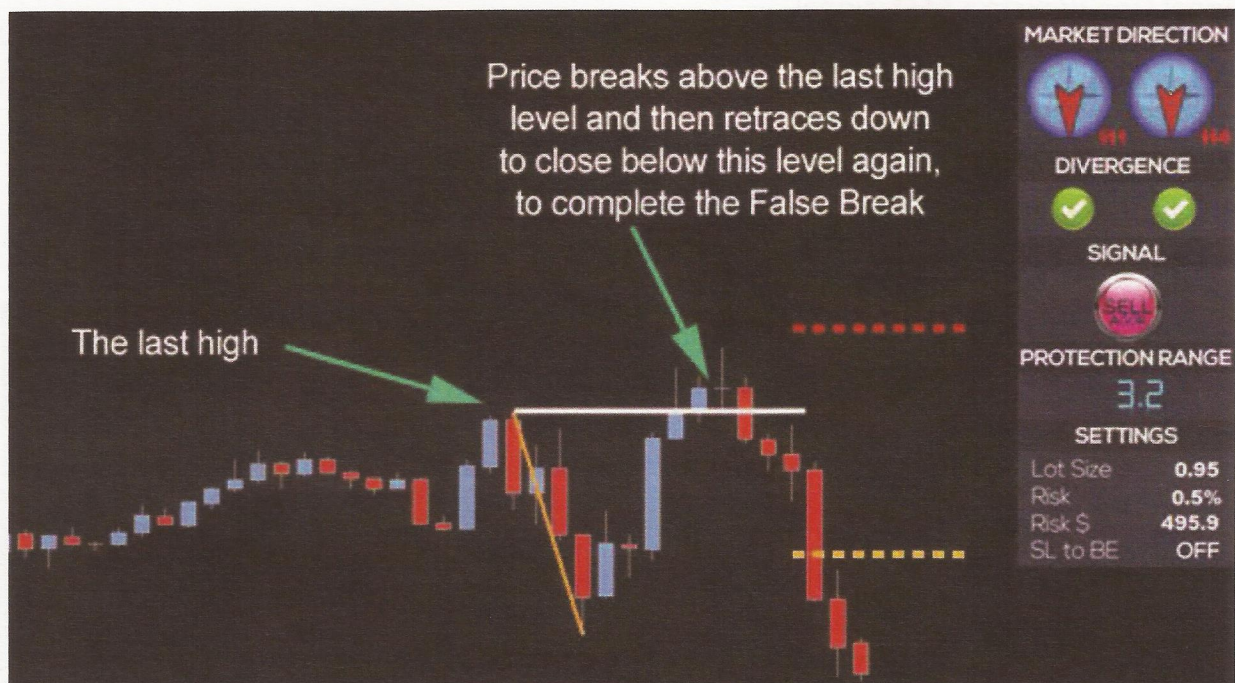


Image 38

NOTE: I explain more in depth about false breaks and how to spot them in my DVDs.

Rule No. 4

The momentum moves back to bearish / downtrend by creating **lower lows**.

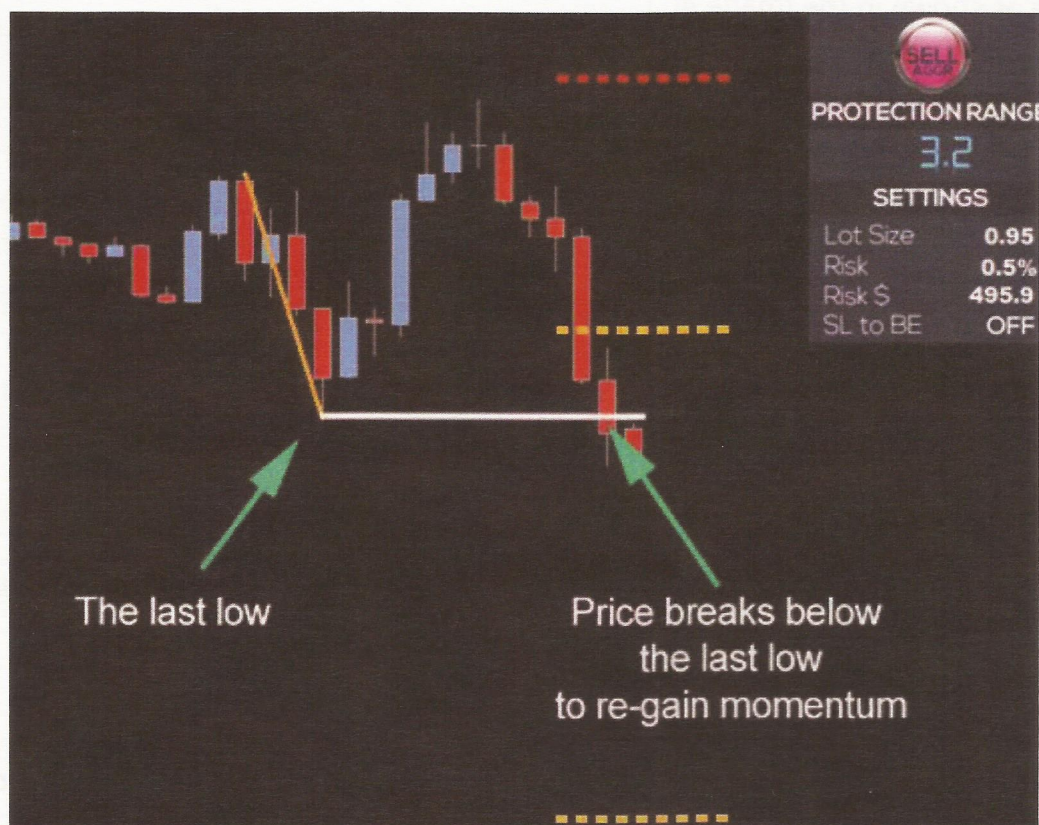


Image 39

NOTE: I explain more in depth about momentum gains and how to spot them in my DVDs.

Rule No. 5

A **SELL AGGR** signal must appear. (Note the appearance of the aggressive sell signal is magenta as shown in the Image 40.)



Image 40

Rule No. 6

The **Protection Range** shows a value **above 3.0** when **Conservative signs** (two **green** check marks) **appear on the divergence line** (as in image 41 below).

Or,

The **Protection Range** shows a value **3.0 or below** when **Aggressive signs** (one or two **Red "X" signs**) **appear on the divergence line**.

(Note: There are instances where it could appear below 3.0 also and these will be covered in more advanced sections in the members' area and on webinars).

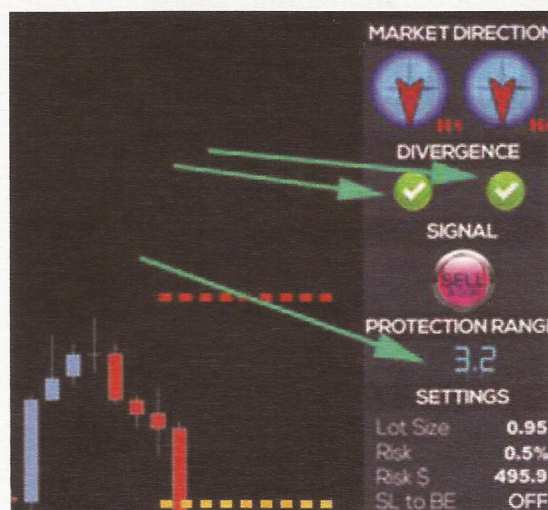


Image 41

Rule No. 7

Enter the trade.

Once Rule No. 3 (False Break) and Rule No. 4 (Momentum Gain) criteria are met, the system draws 3 dotted lines.

- 1) The **Orange dotted line** represents the **Sell Limit level**.
Once this level is reached, that is the point we can enter a Sell trade.
- 2) The **Red dotted line** represents the **Stop Loss (SL) level** at which our SL is placed
- 3) The **second Orange dotted line below entry price** represents our **Take Profit** target level.

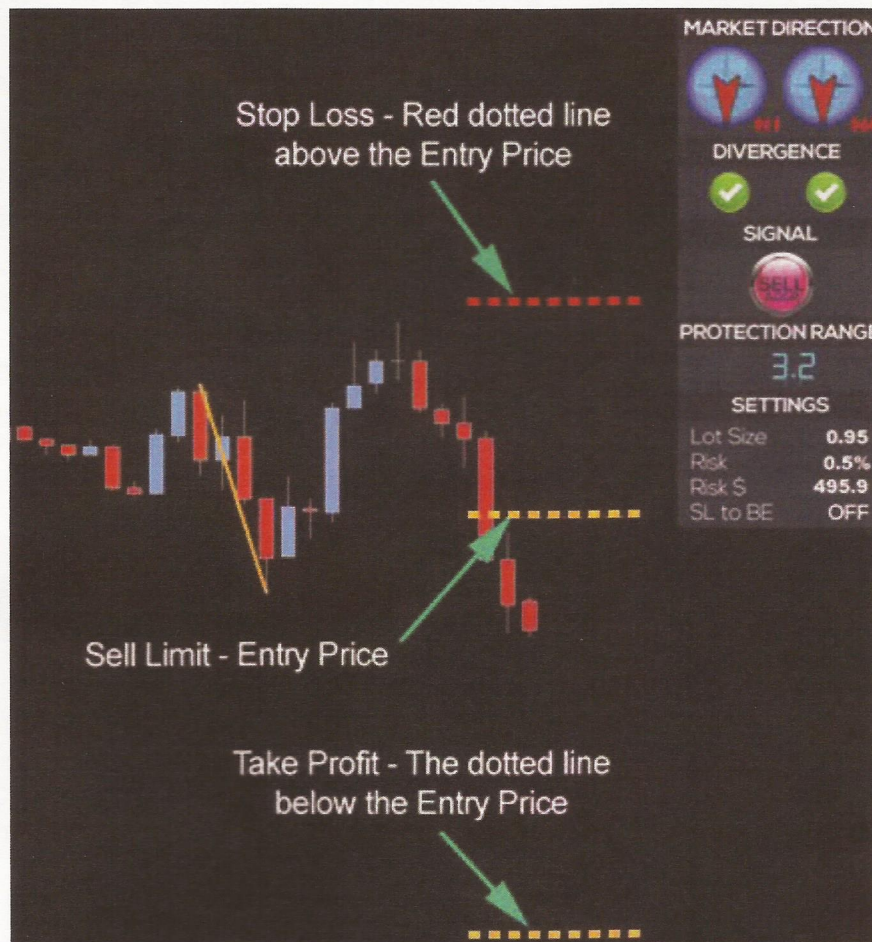


Image 42

Please Note: I cover more detailed explanations about Aggressive trades in the DVDs in which I cover the Rules and Example Trades.

THE HEAT MAP INDICATOR

Another useful indicator that we can make use of is called **"The Heat Map"**. It is **not compulsory to use this and is provided as an additional tool that you might find useful when trading this system**. It appears as follows on our charts:



Image 43

The **Heat Map** indicator can assist us **to determine what the most volatile current currencies pairs are** and thereby direct us to **which currency pairs we could focus on for the best trading opportunities**.

The **Heat Map** shows the **major currencies**:



Image 44

The **Heat Map** indicator also consists of two different colored bars – **Green** and **Red**.

When a bar is **Green**, this signifies that the relevant currency the bar refers to has been **increasing in value on the day** (since the day started at 00:00 AM). Please note that this time refers to your broker's time, not your local time (unless the broker is in your time zone).

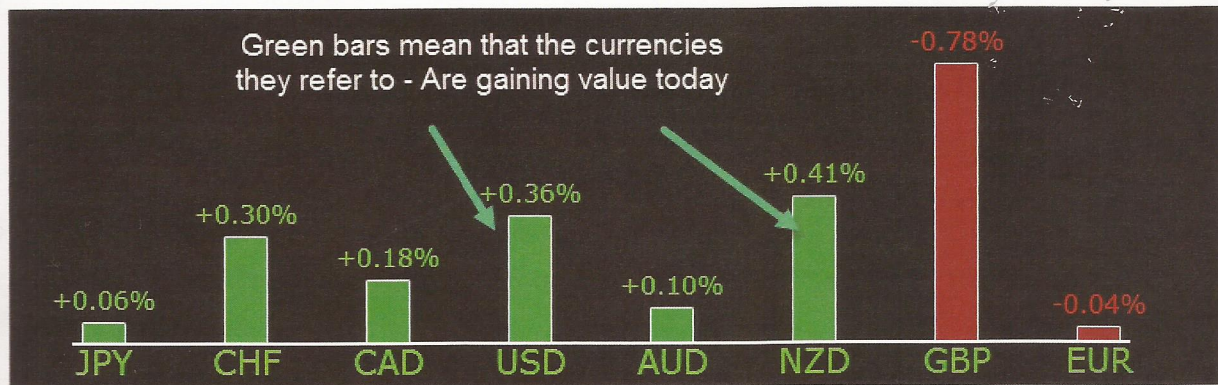


Image 45

When a bar is **Red**, this signifies that the relevant currency the bar refers to has been **decreasing in value on the day**

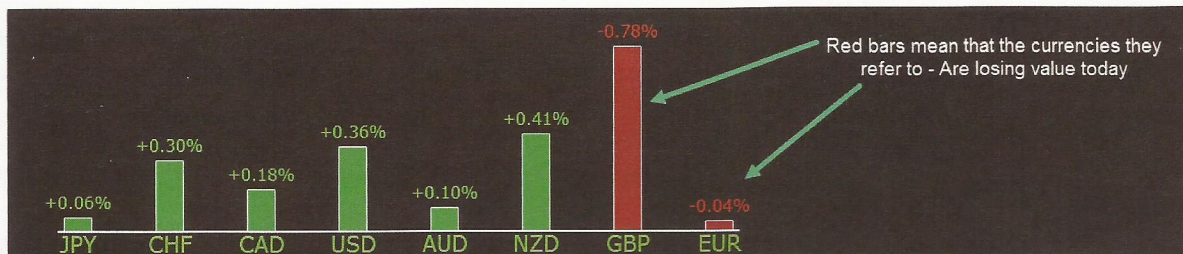


Image 46

The % (percentage) that appears above the bars shows you the percentage of value gained or lost by the currency since the start of the current day.



Image 47

In the previous four images above we can determine that the GBP (pound) currency was losing the most value and that the NZD (New Zealand Dollar) and the USD (U.S. Dollar) gained the most value.

This tells us that, in this instance, we would best look for alerts where we could sell the GBP/NZD or GBP/USD for example.

NOTE: *I will explain more about The Heat Map indicator in the accompanying DVDs and in our members' area and on webinars.*

Personal Note

Remember that in the DVDs that accompany this manual, I set out to explain in much greater detail each part of the system and how to gain MAXIMUM profits by using **The Forex Libra Code**.

I will also be covering the system in depth in the members' area and on many live webinars to come.

I am sure you will be set with all the tools you need to make this system bring you success.

I've mentored so many traders, and I believe that if you really read, watch, listen, and absorb the information – and not forget it – you will reach a very high level of trading right from the start. I have seen very intelligent people making childish mistakes when it comes to trading and will do my best to help you avoid doing the same.

We are all human and basically we all are the same, but when it comes to trading, we are all different. Some can deal with losses better, some are more disciplined, some learn much easier, some can analyze charts better, some can trade the entire day, and some can trade only 15 minutes a day.

The biggest mistake one can make is to try and be someone else and not him or herself!

Be yourself in trading. Find the trader in you. Find your limits. Understand what makes you make mistakes and work to fix it. Understand what makes you not follow the rules and don't repeat it again. Understand what kind of trader you are.

Realize the best conditions that you need in order to trade profitably, and stick to them.

I always encourage my students to remember that trading is not a 100-meter sprint, but a long, serious marathon. And as with sportsmen getting ready slowly and steadily for a marathon, you should do the same with your trading.

ALWAYS remember the big picture and never ever let a short-term bad period get you down, simply because the following period will be the one that can take you a few steps forward.

DO NOT over-trade. If you feel you are making mistakes or that the market is being bad to you, close your PC and come back tomorrow with a fresh outlook.

Do not over-risk and never try to take revenge on the market. People have lost their livings doing that. Don't think you are different. Trade ONLY the clear trends and moves. Don't get into trades that you doubt. Remember, trading is NOT about taking more trades and being more active. Trading is about taking less trades, but the best ones.

If you take 100 trades per month, or only 10, you still can end up with the same result and percentage growth. So wait for the best setups, and trade them.

And remember: NEVER give up! There are no shortcuts in a marathon. But when you reach the finish line, nothing feels better! Remember also, the only difference between winners and losers is that the losers give up sometimes one step before they become winners.

I wish you the best of success and I am always here to help you and support you.

Thank you!

Yours,

Vladimir Ribakov