

TRADEOLOGY PRESENTS

FOREX

MODELLO

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John W. Snow
Secretary of the Treasury

www.Tradeology.com

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Introduction

Welcome to the **Forex Modella** System.

This is a powerful system built on the MACD and Stochastic Oscillator Indicators, and price breaking out of previous high/ lows on the main chart and with set rules as to ensure maximum profits possible with minimal risk and precision entries.

Yes, it's called the Modella system because it creates a perfect model for an efficient, easy to understand and look at system that allows you to simply, yet effectively, identify and then get in and out of a trade with minimal effort on your part.

Simplicity saves you time and could make you a lot more money and, if you follow the very simple rules we have laid out here, you should find this system an ideal tool in your trading arsenal.

The system is versatile and can be used on all time frames, so whether you're a scalper or a long-term trader, the Modella system could help you find more accurate entries and more profitable trades, in less time.

As with any trade we take, our goal is to use solid trade management that will ensure risk reduction and to maximize profits!

When trading and making consistent conservative profits every day, and getting to keep them, is how you get to develop into a successful trader.

We hope you have fun with it and of course that it helps you become more profitable!

Tradeology Team

Previous Highs and Lows

Before we get into the rules of the system, let's start by identifying what we mean by 'Previous Highs' and 'Previous Lows,' which we will need to identify in order to meet our system rules and to set our targets properly.

Basically, what we call a high or low point can be seen as a swing point. These are points at which price reverses and moves in the opposite direction from the price's original direction.

Swing High

A swing high is formed when the high of the price at a particular point is greater than the high of the candle to the left and the candle to the right of it.

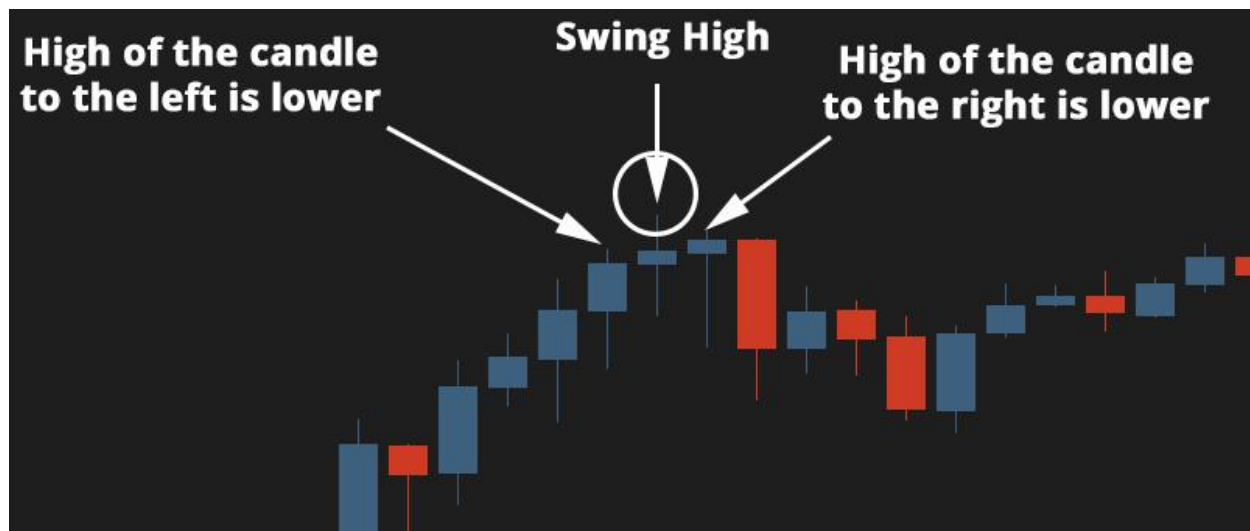


Image 1: Swing High

Swing Low

A swing low is formed when the low of a price at a particular point is lower than the low of the candle to the left and the candle to the right of it.



Image 2: Swing Low

Let's take a look at a few examples of swing highs and swing lows on the chart:

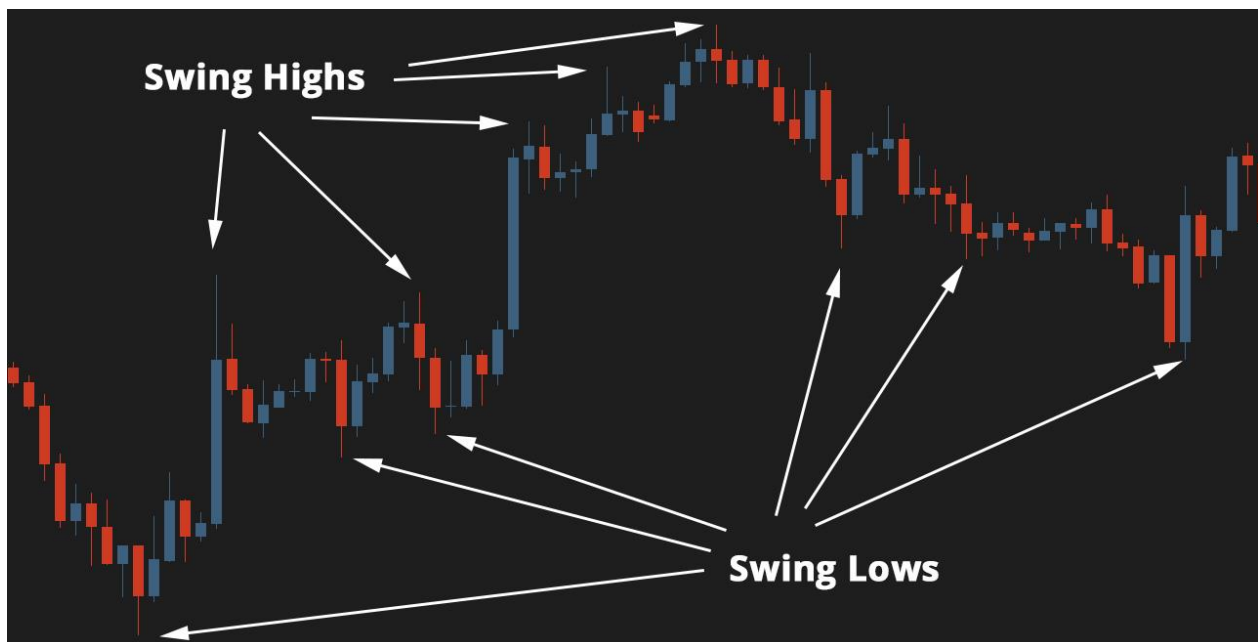


Image 3: Swing Highs and Swing Lows

Now, let's have a look at the rules we need to use so we trade the system effectively.

BUY (LONG) Trade Rules

1. **MACD value to be higher than the signal line for at least 3 candles prior to current price/entry candle.**
2. Stochastic Oscillator's fast or **Blue line** to be **above** the slow or **Red line** for at least 1 candle or more prior to current price. (It doesn't matter the level of the lines ie whether they are above or below the median line or 20 or 80 levels)
3. **Enter** the trade as soon as price breaks **above previous high point**.
4. **Stop Loss** set a few pips below the most recent swing low
5. **Target or Exit** set to 20 to 30 pips higher than entry point.

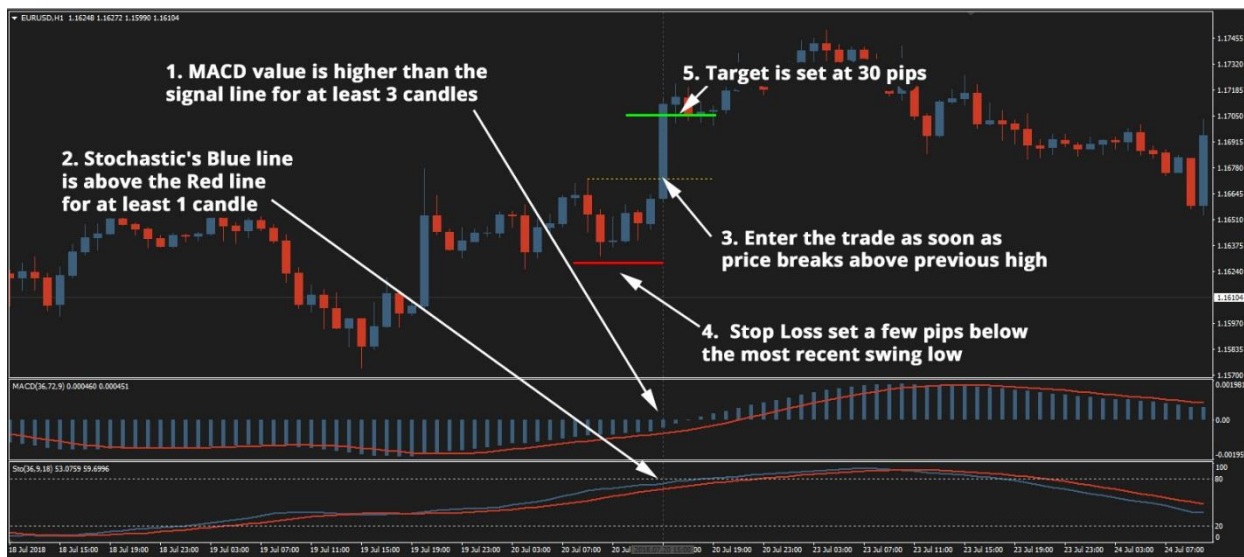


Image 4: Buy (Long) Rules

SELL (SHORT) Trade Rules

1. **MACD value to be lower than the signal line for at least 3 candles prior to current price.**
2. Stochastic Oscillator's fast or **Blue line** to be below the slow or Red line for at least 1 candle or more prior to current price. (It doesn't matter the level of the lines is whether they are above or below the median line or 20 or 80 levels)
3. **Enter** the trade as soon as price breaks **below previous low point.**
4. **Stop Loss** set **a few pips above the most recent swing high**
5. **Target or Exit** set to **20 to 30 pips higher than entry point.**

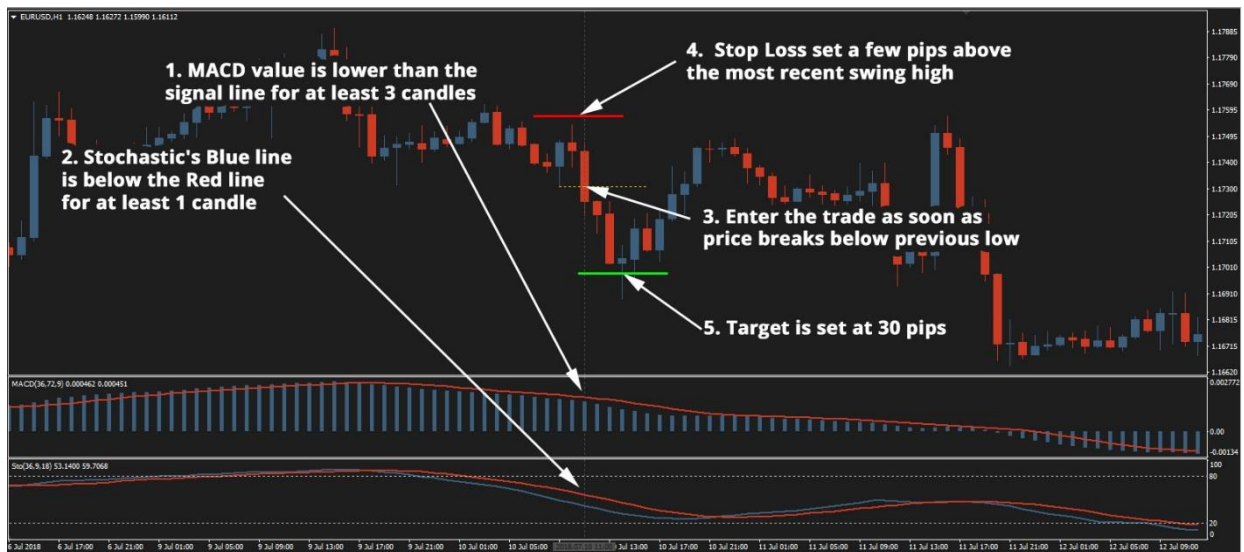


Image 5: Sell (Short) Rules

Trade Management

In order to increase your profits, you can implement Trade Management, which will also ensure that you lose less than you would have without using it.

To manage the trade, you should do the following:

1. When the price reaches 20 pips in profit, close half of your position.
2. Move the Stop Loss to break-even point (your entry level).
3. At this point you've banked some pips which are safely stored in your account. If the price reaches the target, you'll bank some more. In the event that price reverses and takes you out of a trade (by hitting your Stop Loss), you will not lose any money, since the Stop Loss is moved to your break-even point (the level of your entry), so you're in a very good position.



Image 6: Trade Management

Conclusion

We consider this to be a relatively simple to use and ease to understand system, one which could be very profitable for you when used according to the rules and with these few advanced trade management principles.

We hope you enjoy it as much as we do and look forward to bringing you more effective and affordable trading tools that work!

Sincerely,

Tradeology Team

<http://www.tradeology.com>