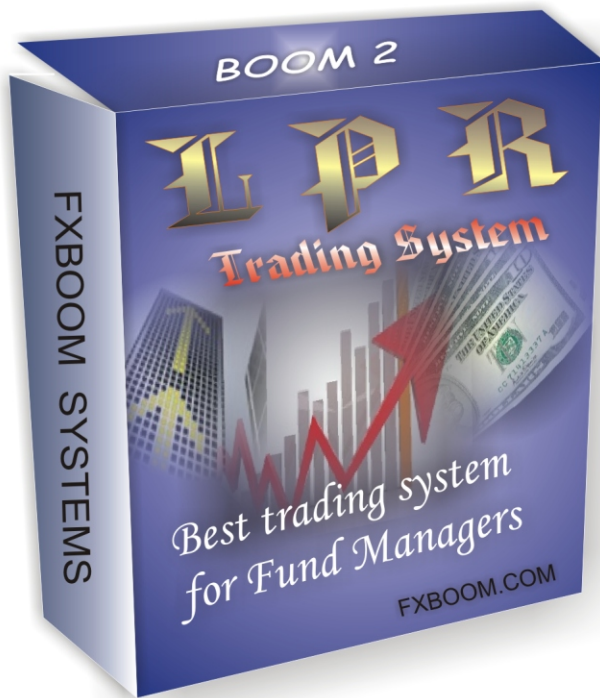


FX BOOM 2

THE BIG ABOVE CATCHER



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INTRODUCTION

I'll like to congratulate you for making a final decision to go for what works. LPR trading system is an acronym for Logical Points of retracement. As you've known about the way I like delivering what delivers, I'm not going to tell you stories of the basics of Forex. I believe I'm talking to a trader who has gone live with his broker hence it's needless to start defining what Forex is, leverage, types of orders, money management and so on.

I'm going to be precise and straight to the point. When you have what works, there's no need of persuasive or defensive word to drive home your proofs.

There are three basic qualities of a good trading system;

{I} Good entry and Exit points,

{ii} A clearly defined take profit and stop loss levels and

{iii} Timing: Some systems are tied to time while some operate in a timeless band. I've been able to develop the ones whose entries and exits are tied to time and also the ones that operate in a timeless band. LPR is built based on these qualities and operates in a timeless band. It signals your entries that will help you to grab maximum profit as a day-trader and peradventure helps you to graduate from day-trading to swing-trading if you wish.

One of the challenges of a day trader is the inability to discern and profit from the daily trend. LPR trading strategy helps you to spot out the points at which the market changes to deliver 500 to 1000 pips before it retraces.

Now as promised, let's get down to business.

Let us first identify all available logical points on the chart.

LOGICAL POINTS OF RETRACEMENT

TRENDS & CHANNELS:

We have three types of trend; The Primary trend, The Secondary Trend and The Minor Trend. These could be drawn out into channels. The Primary Channel, The Secondary Channel and The Minor channel. To begin with, we must first identify the main trend of the currency pair in question.

Primary Trend Channel:

The primary trend channel reveals the major trend when a chart is viewed from a higher time frame perspective. Let us draw it on daily chart time frame. When you draw out a support and resistance trend line, it becomes a channel.

See example of primary trend channel below.



Secondary Trend Channel:

This falls in agreement with the primary trend channel. It begins from the support trend line of the primary trend channel and end up on the resistance trend line in an uptrend. While in a down trend, it begins from the primary resistance trend line to end up on the primary support trend line.

See example of a secondary trend channel below .



Minor Trend Channel:

A minor trend develops when an opposing trend builds up against the primary and the secondary trend. This is also regarded to as pullbacks. In an up-trending pair, a minor trend deceives that a sell scenario is on as it trends bearish in opposite direction to the primary trend and later give up as soon as it gets to support trend line.

See example of a minor trend channel below:



HORIZONTAL SUPPORT & RESISTANCE LEVELS

What is support?

Support is the price level at which demand is thought to be strong enough to prevent the price from declining further. The logic dictates that as the price declines towards support and gets cheaper, buyers become more inclined to buy and sellers become less inclined to sell. By the time the price reaches the support level, it is believed that demand will overcome supply and prevent the price from falling below support.

What is resistance?

Resistance is the price level at which selling is thought to be strong enough to prevent the price from rising further. The logic dictates that as the price advances towards resistance, sellers become more inclined to sell and buyers become less inclined to buy. By the time the price reaches the resistance level, it is believed that supply will overcome demand and prevent the price from rising above resistance.

Putting the two together from a tradable perspective, we can now say that horizontal support and resistance levels are price levels that show the logical points at which the market established common open, close, high and low for months, weeks and days. We'll be using these points more than the support/resistance trend lines because of its strength.

We will first draw it on daily chart then we'll switch to 4hourly chart to fine-tune and draw more.

See example below.



If you find it difficult to spot out, you could use Fibonacci drawing tool to track out these levels. You can do this by clicking on it on your brokers platform and holding the high of the highest candle and dragging it down to the low of the lowest candle on 4 hourly or daily chart.

In the example below I used daily chart in order to cover at least 2 to 3 months worth of data then I take it down to 4 hourly to fine-tune the drawing by spotting out more resistance and support levels using horizontal drawing tool.



Now let's combine our channels and horizontal support/resistance levels to see what we have. We'll take our chart down from daily time frame to 4 hourly in order to draw more of these levels. To make our chart viewable and not too clumsy, we'll try and spot out more support/resistance horizontal levels on 4 hourly time frame. The channels drawn from daily time frame are enough.

Let's see what we have below:



Now we're going to be trading this 4 hourly chart based on these logical points of retracement we've drawn. This will help us to identify exhaustion points and begin to look out for our **setup** to be fulfilled.

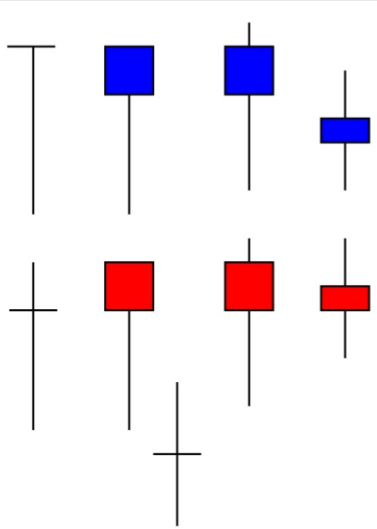
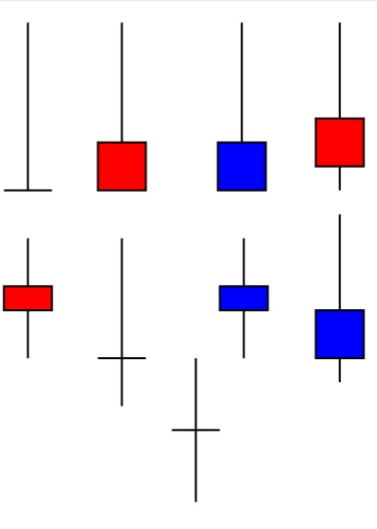
ENTRY SETUP

Our Entry setup:

Our entry setup rules are simple.

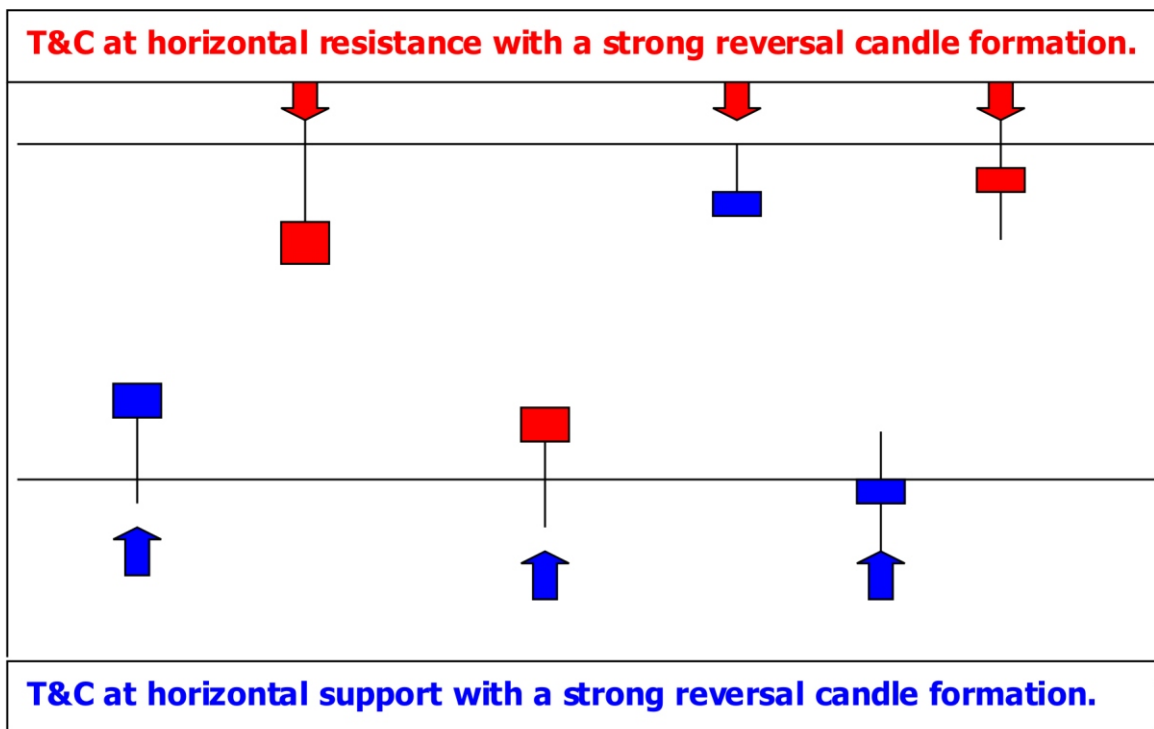
- i. Allow the price to get to any logical points of retracement.
- ii. Let T&C appear as confirmatory entry signal
- iii. Wait for the candle to close as reversal.

Example of good reversal candle formations.

Reversal candles formation appropriate for Long	Reversal candles formation appropriate for Short
	

In combining T&C for accurate entry. Please, it is important to note here that whenever T&C appears, we must wait for the candle to close as a reversal, indicating that the market is exhausted hence a change in direction.

T&C is an accurate indicator I use in timing my entries. See the fig below for both long and short positions entry setups.



When you trade these types of setup in the fig above, you'll have a very high probability of winning trades. The trade hardly goes against you to hit your stop loss.

Let's view our entry setups from the charts below.



Let's view more trade opportunities from 4 hourly time frame in the chart below.



In the chart above, the price bounces off the logical points with a good setup that fulfills our conditions.

You'll notice that each time the price gets to logical points, T&C appears forcing the candle to close as a reversal, the market changes direction to deliver not less than 800 pips in two to three days. This is wonderful and amazing trading opportunity.

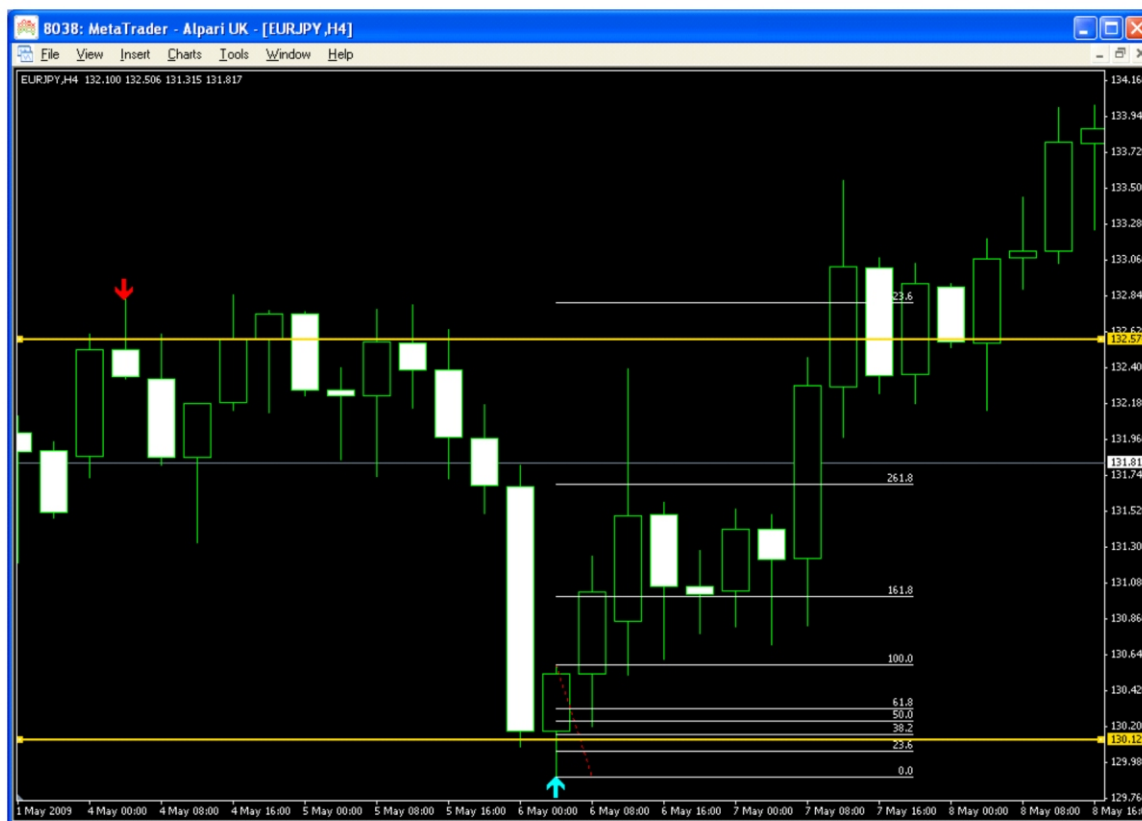
You may not get this setup everyday but at least twice or three times in a week is sure. This opportunity is worth waiting for since about 90% of the trade would turn out to be winning trades. I like waiting to see this setup before initiating an order. This has fine-tuned my trading principles as it checkmates my overtrading habit thereby making me a disciplined trader.

TIPS FOR ACCURATE & STRONG ENTRY POINTS

Bullish Hammer – If or trend line support and closes above the logical point, you can trade such setup with absolute confidence. I regard to such as **Sure Trade**. From research, 90% of such setup does not retrace before taking off. So I recommend market order or instant execution order for a long position whenever such opportunity triggers.

In the chart below, a bullish hammer having a small shadow at the top with T&C appeared at a horizontal support. To locate our entry point at the 50% Fibonacci retracement level what I do is use the Fib tool and drag it over the whole body of the bullish hammer from high to low, the 50% fib level will be our entry point for the buy trade located on the chart.

The next candle retraced to 50% Fibonacci retracement before going up.

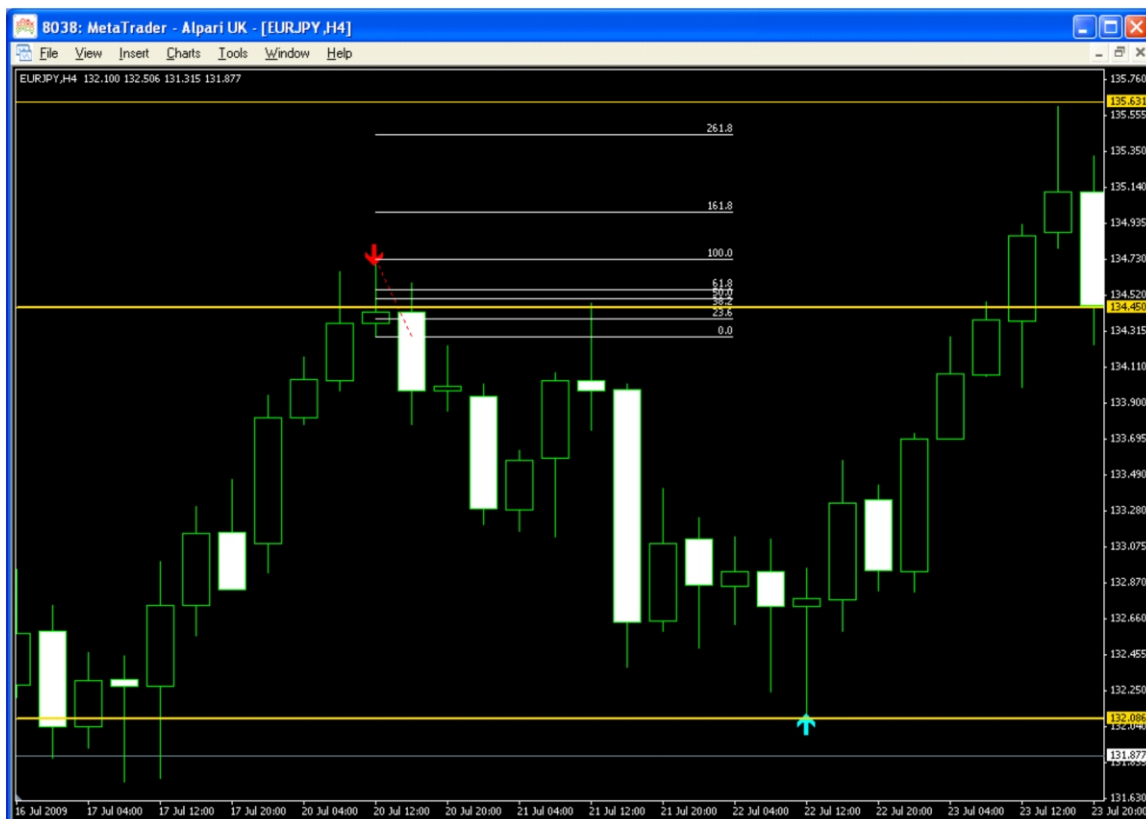


Bearish Hammer – If a bearish hammer with T&C appears at a horizontal support or trend line support and closes above or below the logical point, I recommend trading such setup using 50% Fibonacci retracement. From research, 90% of such will retrace to 50% Fibonacci and even sometimes as low as 32.8% retracement before taking off. For a setup like this I recommend trading it with a buy limit pending order at 50% Fibonacci retracement on 4 hourly chart.

Bearish Inverted Hammer – If a bearish hammer with T&C appears at a horizontal resistance or trend line resistance and **closes below the logical point**, you can trade such setup with absolute confidence. I regard to such as **Sure Trade**. From research, 90% of such setup does not retrace before falling like a pack of card. So I recommend market order or instant execution order for a short position whenever such opportunity triggers.

Bullish Inverted Hammer – If or trend line resistance and closes above or below the logical point, I recommend trading such setup using 50% Fibonacci retracement. From research, 90% of such will retrace to 50% Fibonacci and even sometimes as high as 61.8% retracement before waving down. For a setup like this I recommend trading it with a sell limit pending order at 50% Fibonacci retracement.

In the above chart, a bullish inverted hammer with T&C appears at a horizontal resistance. Even though it closed below the logical point yet the next candle rallied above 61.8 Fibonacci retracement which was just about 10 pips above 50% Fibonacci retracement.



Other types of reversals could as well be monitored to close above or below the logical points as the case may apply. This will give us a clue for accurate entry as we decide whether to use pending order or to execute instant order. For other types of reversals at logical points, I recommend trading it with 50% Fibonacci retracement.

Currency pairs:

Any currency pair that has a good trending behavior is recommended. But I use it mostly on these pairs.

GBP/USD

GBP/JPY

EUR/JPY

AUD/JPY

You're free to back-test it on any currency pairs to see how it obeys our setup in the past, this will help you to make good judgment whether it can be traded in addition to the above pairs.

Take Profit:

Your take profit should not be determined by your principled numbers of pips per day but much more by the next nearest logical point of retracement.

Whenever you take a long trade position from a horizontal support, your take profit level should be the next horizontal resistance line or the next resistance trend line as channeled out on your chart.

Whenever you take a short trade position from a horizontal resistance, your take profit level should be the next horizontal support line or the next support trend line as channeled out on your chart.

Stop Loss:

Your stop loss level should be below/above your reversal candle. You can make it 5 to 10 pips below the low of your reversal candle in a long position and 5 to 10 pips above the high of your reversal candle in a short position.

Trade Management:

This is so much important if we must succeed in our trading career. A winning trade can turn to be a losing one if you do not know how to manage your trade. The moment your order is triggers, trail-stop to break even at the close of your current candle. This would serve as a security to your trade. You may also decide to incrementally lock in your profits as one candle closes after another. In doing this, be sure you're not too close to the current market price as the market may stop you out prematurely though at a profit.

You can now sit back and watch your profits run for days until it hit your take profit at the next logical point.

I believe if you're patient enough to allow these opportunities to present itself based on our entry rules, trading **LPR Trading System** will transform and sharpen your trading acumen with winning trades no matter the moves in the market.

Good Trading,
BOOM MASTER.

Risk Disclosure

Trading Forex is risky and should only be done with risk capital that will not change your lifestyle. FXBOOM.COM does not guarantee any recommendation made within its commentary. Traders should make market assessments and take trading positions based on their own personal market analysis, risk tolerance and financial condition. In addition, care should be made to only use leverage which is congruent with your personal risk tolerance. Although care was taken in creating this report, FXBOOM.COM does not guarantee the accuracy of the information.