50 EMA FOREX TRADING STRATEGY

FOREXTRADINGSTRATEGIES4U.COM

50 EMA Forex Trading Strategy

Start Profiting Off
Momentum & Trends

Plus Rules for Buying & Selling!

FOR EDUCATIONAL AND INFORMATION PURPOSES NOT INVESTMENT ADVICE

Start Here…

The 50 EMA Forex Trading Strategy is a trading strategy that takes advantage of a change of trend and momentum. It's a simple yet effective approach that you can use to trade using any currency pair in any time frame.

I prefer daily charts for trading since being chained to a desk waiting for 5 minute setups is not enjoyable. This strategy is a good one for a set and forget type of approach.

You can substitute the 50 exponential moving average with any other ema such as 10, 20 , 30 or type such as simple moving averages. The shorter the average generally means more trades.

The trading rules will be the same regardless of the average you use.

Rules For Buying

The rules are straightforward although there are nuances that you will pick up the longer you trade.

1. Wait for two higher lows to plot completely above the moving average

2. Look to buy above the highest high of those two candles with a buffer of 2 times the currency spread

3. Your stop loss goes below the first higher low minus 2 times the spread

4. Take profit target is set at 1R (equal to your risk)

This chart has a large momentum candle that breaks the moving average and does not count for our first rule.

Two higher lows form after that and we place a buy stop at the high of the candle plus 2 times the spread which equaled 8 pips.

Entry price: 0.67320

Our stop loss goes below the low of the first higher low minus 2 times the spread.

Stop loss: 0.65700

We set a take profit at 1 times our risk from entry.

Take profit: .6732 entry + .0162 risk = .0162

Alternate Look

Setups can take on various looks such as the second candles low being lower than the first one.

Remember the rule: 2 higher lows above the average.

While it may be tempting to trail down the entry after a no trigger event, resist the urge. This will help lessen the chances of ending up in a choppy market.

The 2 higher low count resets whenever a candle touches the moving average.

Sell Rules

No complication here as we do the exact opposite of our buy rules.

1. Wait for two lower highs to plot completely below the moving average

2. Look to sell below the lowest low of those two candles with a buffer of 2 times the currency spread

3. Your stop loss goes above the first lower high plus 2 times the spread

4. Take profit target is set at 1R (equal to your risk)

Choppy conditions on the left side of the chart but our reset rule that is triggered when a candle rallies to the average, kept you out of it.

We get our two lower highs below the moving average and you look to sell below the lowest low of the two candlesticks minus 2 times spread cost.

Entry price: 92.16

Our stop loss will go above the high of the first lower high plus 2 times the spread cost.

Stop loss: $93.73

We set our profit target at 1 times the risk of the trade. Take

profit: $90.59

Curse Of Large Candles

There will be times when a candle breaks the moving average that has a daily range outside of the average range of the currency pair. You don't need to measure it as you can see when a candle is different from the immediate area.

This issue is mean reversion where prices tend to move back to an average price. The further we get extended from an average price, the greater the chance of a snapback in price.

The entry short on this chart is far from the moving average.

Consider a large candle as a warning shot that the price may move against you. If price continues to fall, for a short, look for a small retrace of at least two candlesticks.

If price consolidates and you get your lower highs or higher lows, then consider the standard entry technique if price is close to the average.

Trail Your Profits

Currencies have a tendency to get on some strong trends and there is a way we can capitalize on that.

Traders may consider simply entering the trade and then using a 20 EMA to trail the stop loss.

In this example, we would have had a profit target of 1R or the difference between the stop loss and the entry price: 284 pips.

By trailing down the 20 EMA, this particular trade would have hit 790 pips before the trailing stop was hit.

Trading Risk Allocation Per Trade

Financial decisions on how much to trade are yours to make. Everybody has a risk tolerance that's different from the next trader.

However, a common approach to managing risk is as follows:

Never have more than 50% of account involved in a
trade 5-10% of capital is allocated to each trade
Risk is limited to .25 - 2% of the overall amount allocated to the trade

Going Forward

There are quite a few variations you can consider including multiple time frames and even chart patterns such as triangles. Some of you will want to add in other trading indicators.

Carefully consider all changes.

Complexity does not always relate to better success.

Keep the rules simple as laid out in this free guide and then only change/add if you can prove it improves results.

Good Trading

Coach Shane

100% Unbiased Pledge: Employees, contractors and owners of forextradingstrategies4u.com a website owned by Spirit Funds LLC DBA are expressly forbidden from owning any of the securities that they are recommending to subscribers unless clearly identified in their work. This ensures you are getting 100% unbiased research on investments our analysts have come across in their own due diligence.

LEGAL DISCLAIMER: Neither forextradingstrategies4u.com a website owned by Spirit Funds LLC DBA NetPicks. nor any of its employees or contractors are registered investment advisors or a Broker/Dealer. As such,we do not offer or provide personalized investment advice. No communication by our employees or contractors to you should be deemed as personalized investment advice. Employees and contractors may answer general customer service questions, they are not licensed under securities laws to address your particular investment situation. Nothing in this report, nor any communication by our employees or contractors to you should be considered personalized investment advice.

Past performance is no guarantee of future results. All information is issued solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy, nor is it to be construed as a recommendation to buy, hold or sell any security. All opinions, analyses and information contained herein are based on sources believed to be reliable and written in good faith, but no representation or warranty of any kind, expressed or implied, is made including but not limited to any representation or warranty concerning accuracy, completeness, correctness, timeliness or appropriateness. Investments recommended in this publication should only be made after consulting with your financial advisor.