



# FX PROPULSION STRATEGY

***I'm Andrew Lockwood and I've been a full time professional trader for almost 30 years. I started my trading career back in the 80's where all the trading was carried out in what was then known as "the pits". My trading journey has been a truly fantastic ongoing experience and the changes I've witnessed from back then to today have been staggering.***

The one constant that has remained with me over time is the belief that the market is far bigger than all of us. There are many that try and take on the market and end up failing, some miserably and some with dire consequences. What I have learned over the years is that you have to take what the market is prepared to give you, and not try to force trades. The FOREX market is immense and the opportunities available far exceed most when you consider the flexibility of going long or short and at nearly any time of day due to 24/5 trading hours.

***In this short e-book, I will explain to you what most FOREX traders miss and why, if you know what you are looking for, the FOREX market can offer fantastic opportunities to make a consistent return on your money.***



## Introduction to trading basics

It's important that we're on the same page before we get straight into the meat of this e-book. Let's take a step back and consider the basic premise of what financial trading is and things you should be aware of on the surface.

*In order to succeed at trading, there are three key areas you should always be attentive to.*

**1****Psychology****2****Money management****3****Strategy**

## 1

## Psychology

The most difficult and probably hardest to master is the psychological aspect of making decisions with your hard-earned money. It may not feel like it now but when push comes to shove, sticking with a strategy during volatile periods (where you're going through draw-down), can be tough going. This is due to the sub-conscious association to what the losses could have gone towards and how losing money can make one feel in general.

**Losing is part of the game:** If you're incapable of grasping this fact then trading is not for you. No matter how smart you are, it's a mathematical certainty that you will receive losing trades. Some in streaks of losses.

Be aware of your emotions: It is impossible to trade without an emotional response in your brain. Be aware of how you react to your emotions and don't let it influence the click of the mouse on the trading screen.

Don't believe everything you read when it comes to "the big dream" of trading from home and making millions. If it were this easy, everyone would be doing it. Be reasonable and aware that it is possible to make a lot of money trading but it can't be done overnight.

**Life is a game of probabilities:** It is impossible to know the outcome of the next trade and as a trader you should care little. Trading is about the law of large numbers and assessing "samples" of 10-50 trades to draw a fairer conclusion about how successful you're doing. Fixating on individual trade outcomes and whether the last won or lost will drive you round the bend and deviate you from sticking to your plan.



## 2

## Money management

There are a myriad of money management techniques that a trader can use when deploying a strategy. Choosing the right method can dramatically affect how profitable you are. Unfortunately, it's common practice for most new traders to jump straight into the strategy and ignore their trade sizing.

Risk first, profit later: capital preservation should be at the forefront of your mind at all times. You should train your mind to think about the risk before you even contemplate what you might make in way of profits.

You must stay true to your money management from the word go. Altering your position sizing can have very subtle but catastrophic effects on your trading capital. I've seen this cause some serious frustration where the trader blames the strategy and not their lack of discipline.



## 3

## Strategy

**That's what we're here to help you with, keep reading!**

Fail to plan, plan to fail: You must have a plan set down on paper to keep you focused. If you've made money in the past without a plan, then you've gotten lucky. Sooner or later you'll give it all back. Long-term profitable trading is about being true to yourself and diligent to your plan.

**Confidence:** A trader must trade with confidence, and confidence only derives from repetition and understanding. If you're able to, back-test the logic or demo trade first. Learn the ins and outs of what you're employing and learn as much as you can about losing trades as you can winning trades.





## Keeping your feet on the ground...

At the end of the day, It's all about you. The basics outlined above are crucial, but the foundation to success derives from your willingness to graft and learn from your mistakes. You can give two people the same strategy and one can make money whilst the other loses. Long-term profitable trading is as much about discipline as it is about the underlying strategy you're adopting.

## Let's talk about the Momentum Meter!

When we trade stocks, bonds, commodities etc. we are simply buying and selling the individual asset in the hope that it will appreciate or depreciate in value, therefore making you a profit. When we trade FOREX, we are trading two completely separate currencies against each other. Two completely individual economies. It's this basic principle that many traders miss. Trading Forex is not just about the individual "pair" you're trading but rather how the given currency in that pair is shaping up relative to the rest of the world.

Most traders look at a currency pair chart and try to simply assess the 'pair' in isolation, and decide whether they should be going long or short by looking back (or to the left of the chart). What traders fail to see is how this fits into the rest of the world and other currencies in general. They fail to understand why a particular pair is moving in a particular direction, and more importantly how to take advantage of this as it's happening.

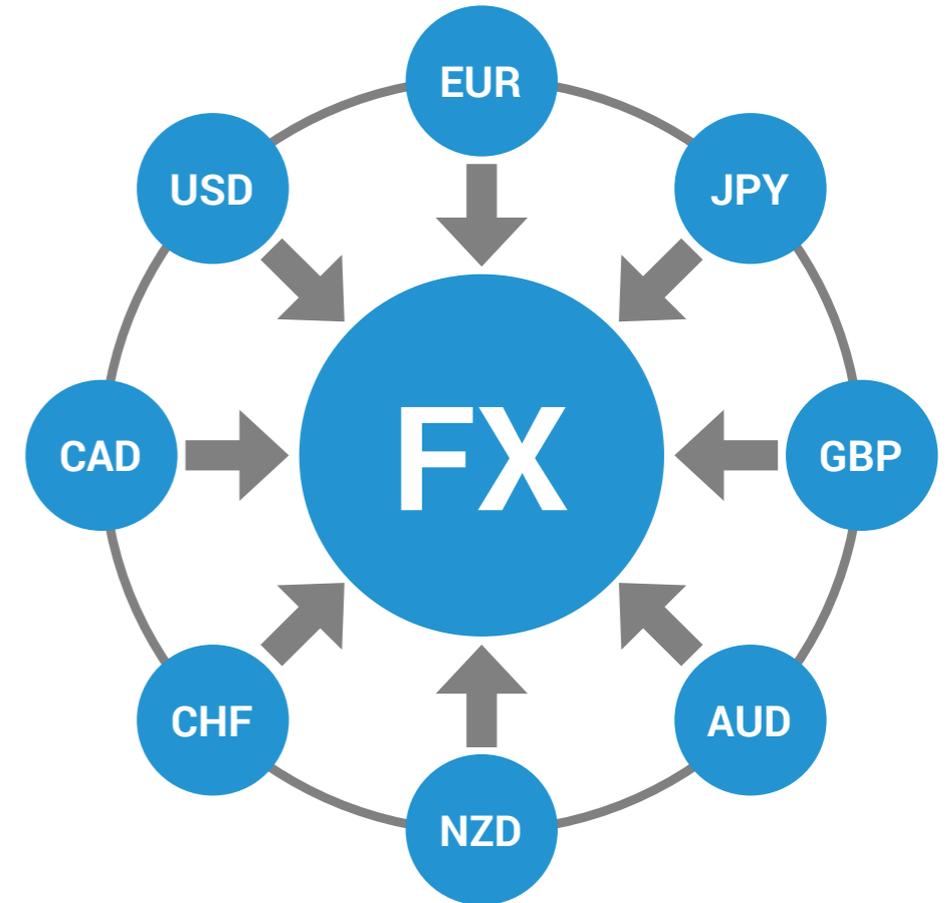
## Let's look a little deeper

The 8 major currencies that we're able to trade are:

- **Dollar**
- **Euro**
- **Canadian Dollar**
- **British pound**
- **Japanese Yen**
- **Swiss Franc**
- **Australian Dollar**
- **New Zealand Dollar**

Using these 8 major currencies we can then build a market place that equates to 28 'pairs' like so:

- |            |            |
|------------|------------|
| 1. AUDCAD  | 15. AUDCHF |
| 2. AUDJPY  | 16. AUDNZD |
| 3. AUDUSD  | 17. EURJPY |
| 4. EURNZD  | 18. EURUSD |
| 5. EURAUD  | 19. EURCAD |
| 6. EURCHF  | 20. EURGBP |
| 7. CADCHF  | 21. CADJPY |
| 8. CHFJPY  | 22. GBPCAD |
| 9. GBPCHF  | 23. GBPJPY |
| 10. GBPAUD | 24. GBPNZD |
| 11. GBPUSD | 25. NZDCAD |
| 12. NZDCHF | 26. NZDJPY |
| 13. NZDUSD | 27. USDCHF |
| 14. USDCAD | 28. USDJPY |



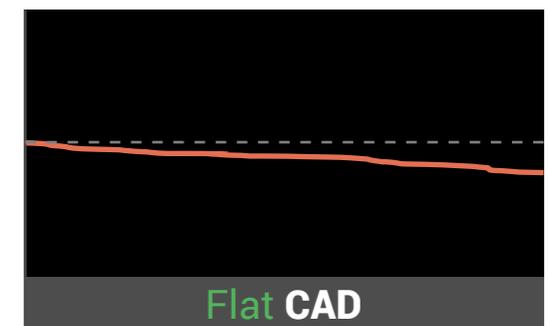
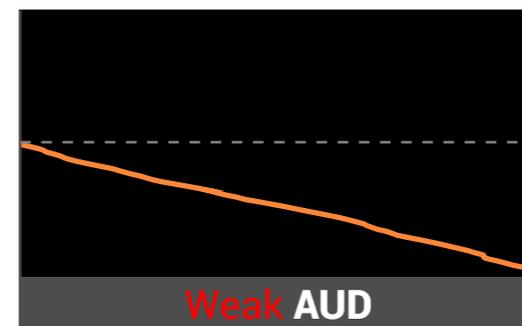
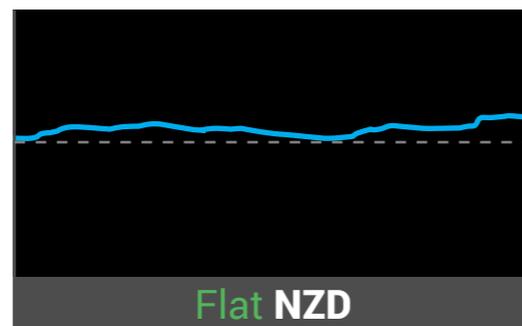
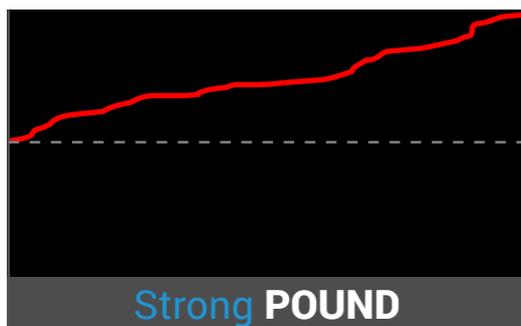
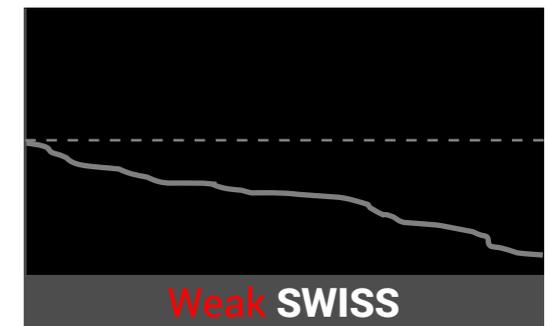
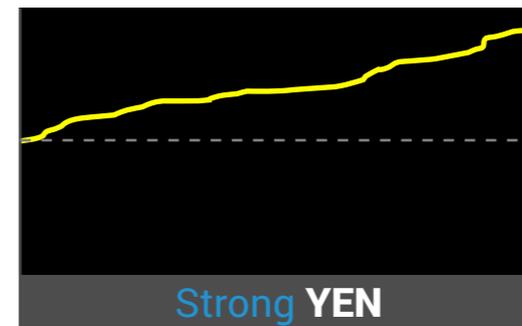
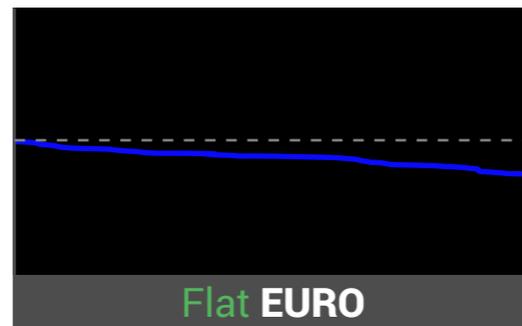
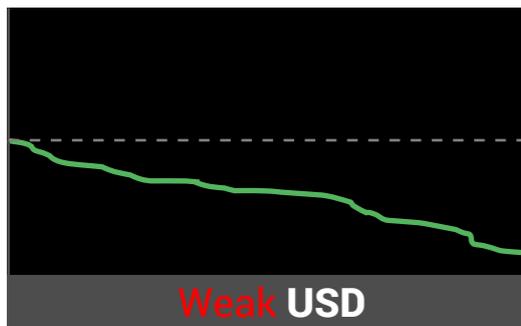
Trading up to 28 different currency pairs can become confusing. Rather than throw yourself at 28 possible markets, what I have done is created for you a way to quickly see – relative to each of the 8 majors – which currency is presenting the best tradable opportunities. After all, volatility is our friend and if we're able to quickly see if one currency stands out significantly over the others, then we want to capitalise on this. This is all done with the "**Momentum Meter Indicator**".

Blue means strength and red means weakness. These squares correspond to not just the currency (left side) but the given time frames too (top side). If for example the USD was displaying all blue squares, then across all timeframes the USD would be considered strong.

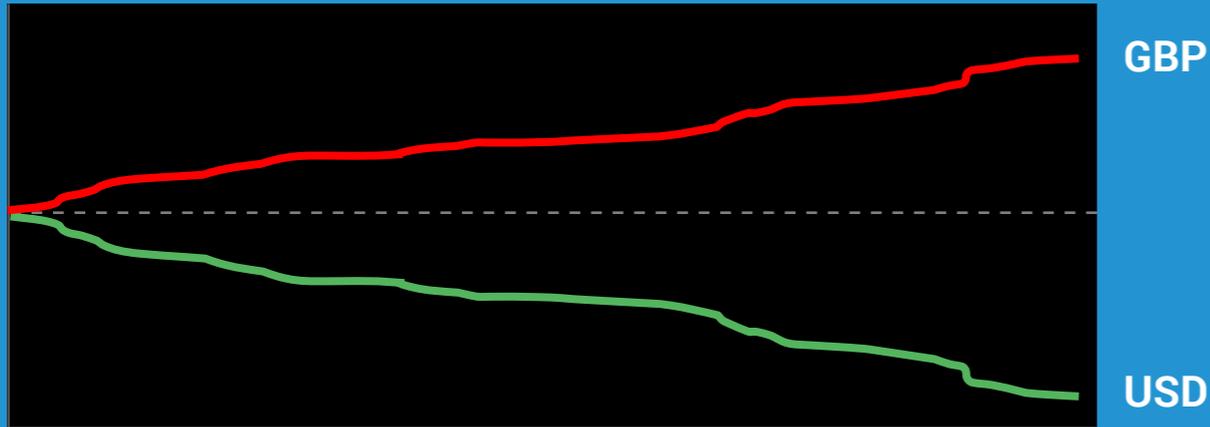


## How can you use this to trade?

Here we see the 8 individual Currency's relative strength on its own chart. If a currency is below the central line it depicts a weak Currency. Above the line depicts a strong currency. A currency with no bias is close to the centre line.

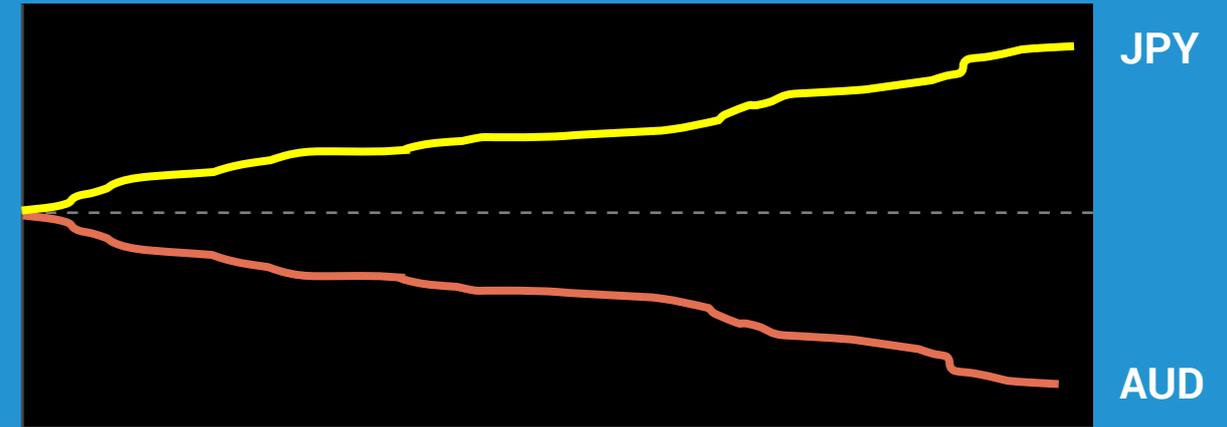
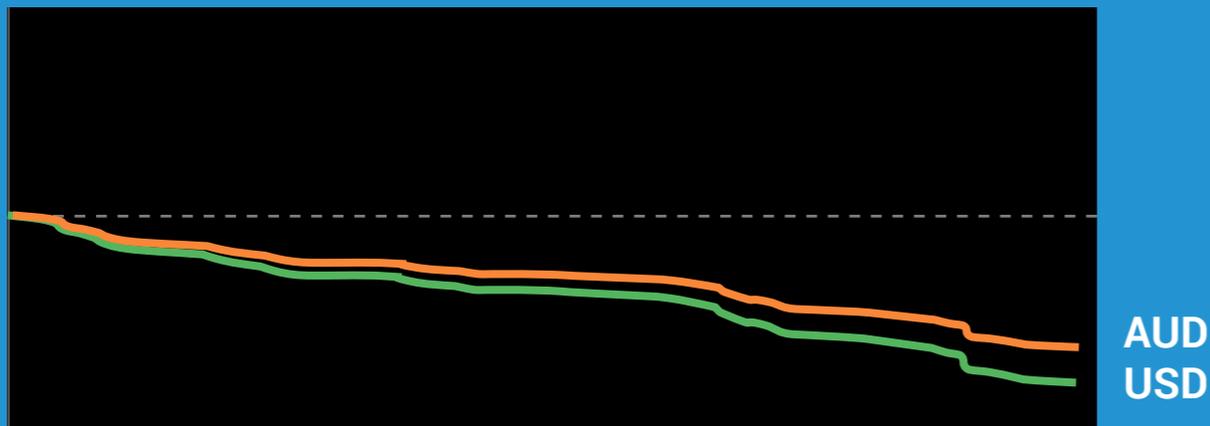


# Let's now look at how we might use this indication of strength and weakness to our favour:



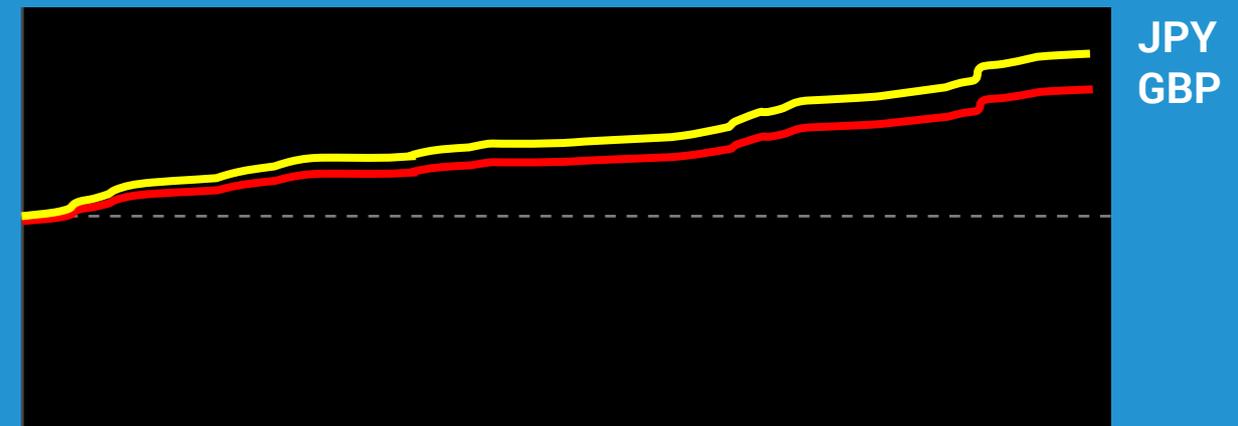
Above is a representation of what might happen on the Momentum Meter Indicator. In this situation, we have a high probability trade setup for further strength in pound over that of the dollar. We'd therefore want to now look for "long" or "buying" opportunities on the currency pair GBPUSD.

In this example below, we'd avoid any trades completely. This is because the Australian Dollar and US Dollar are both weak. Therefore, when we reference the currency pair AUDUSD, we'd want to remain out of the market.



The YEN is trading above the centre line and is therefore a strong currency against the basket of the other 7 currencies. The Australian dollar is trading below the centre line and therefore a weak currency. Therefore we'd be looking for sell opportunities by selling the Australian dollar and Buying the Japanese Yen (AUDJPY).

Again, similar to one of the charts above, in this instance because both the Japanese Yen and the British pound is above the central line, there is no bias. This is because they're both strong. We'd therefore remain out of the market on this currency pair (GBPJPY).



## Trading strategy based upon Momentum Meter Indicator

*You should begin to hopefully see how important it is to gauge an individual currency relative to the rest of the majors before considering which currency pair to start trading on. As traders, we depend upon volatility in order to reap financial gains, but more importantly we also need a bias before we begin trading too.*

*You can use this indicator to trade intra-day, swing and even scalping strategies.*

## The Setup

First confirm that the relative strength or weakness is apparent on two higher time frames from the timeframe your chart is currently visible on.

### For example:

- Enter 5 Min Chart: Confirm Strength / weakness on 15 Min and 1 H (blue and red respectively)
- Enter 15 Min Chart: Confirm Strength / weakness on 1 H and 4 H (blue and red respectively)
- Enter 1 H Chart: Confirm Strength / weakness on 4 H and Daily (blue and red respectively)

The currency lines should be diverging from centre line on entry chart, like the examples we have been through previously.

## The Entry

Here are some fundamental rules you'll want to adhere to in order to make the most out of this strategy:

1. Identify Buy and Sell zone based on minor pull back into support resistance or  $x1.5$  ATR(14)
2. Identify risk area(stop) at previous structure or a factor of ATR (e.g.  $x4$ )
3. Identify potential target (other areas of minor support / resistance)
4. Take trade on min 1:1 risk reward, else avoid if the risk reward is not viable.

**Watch the video tutorial below!**

**PLAY VIDEO**



*Open an account with **AXITRADER** to use the Momentum Meter now!*

**OPEN AN ACCOUNT**

*Once you have opened an account at AxiTrader, please then download the Momentum Meter using the button below*

**DOWNLOAD MOMENTUM METER**

For most of you, this strategy and information provided should be enough in order for you to practice first and then begin live trading for yourself. If, however you'd like to learn more about the other important aspects of trading and more importantly how you can make the most out of this strategy for yourself, I hang-out 5 days a week inside the Forex Signals live trading room. We'll be talking through live trade set-ups, analysing risk and actually placing trades too, using the Momentum Meter Indicator.

***I hope to see you inside the trade room real soon!***



**ForexSignals.com**