



HOW TO MAKE **DOLLARS** TRADING THE **U.S. DOLLAR**



by DAVID WARNER

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Let's Define Income & Wealth



Income

- Cash flow from trading
- The net gain on either a single trade or multiple trade (after commissions & losses)



Wealth

- The Increase in value of a total portfolio of assets over time
- Subject to market fluctuations

Dollar Forex - Class Overview

This analysis of Supply and Demand will focus on the decimal breaks of the US Dollar. The Forex market exists to facilitate international trade and investment and this analysis will draw focus to the supply and demand levels that align with the 2 decimal place world that trade is facilitated in as we trade in this 5 decimal place market. We will create a structure around the US Dollar that will allow us to open up a chart and visually see where the pennies, nickels, dimes and quarters are.

These prices can act as magnets for supply and demand levels and will add an extra odd enhancer to our Forex trading.

The goal is to trade within as strict of a structure as possible. This analysis will present supply and demand levels that will not move and will be in the same spot every time. Major focus will be put on price analysis over time frame analysis.

There are 4 chart structures that will need to be set up for each pair you are trading. This guide will assist you in setting up the chart structures.

CHART SET UP:

MAJOR DIME LEVELS (DIMES10S) SUPPLY AND DEMAND SET UP CHART TIME FRAME SUGGESTIONS: MONTHLY, WEEKLY OR DAILY

Step 1: Find Current Price and locate the 2 closest dimes above current price and 2 closest dimes below current price and mark these major levels with a horizontal line:

Non JPY cross values: (X.0000, X.1000, X.2000, X.3000, X.4000, X.5000, X.6000, X.7000, X.8000, X.9000)

JPY cross values: (X00.00, X10.00, X20.00, X30.00, X40.00, X50.00, X60.00, X70.00, X80.00, X90.00)

Example:



If the current price of USD/CAD was 1.2500 the 2 closest dimes above this price would be 1.30 (1.3000) and 1.40 (1.4000) The 2 closest dimes below 1.25 would be 1.20 (1.2000) and 1.10 (1.1000) a.k.a. major level lines.

Step 2: Add and subtract 250 pips from these levels and mark them with a different color horizontal line. The area between these new lines and the previously drawn lines will be known as the "pause areas."

Non JPY cross values: (X.0250, X.0750, X.1250 X.1750, X.2250, X.2750 X.3250, X.3750, X.4250, X.4750, X.5250, X.5750, X.6250, X.6750, X.7250, X.7750, X.8250, X.8750, X.9250, X.9750}

JPY cross values:: (X02.50, X07.50, X12.50, X17.50, X22.50, X27.50, XX32.50, X37.50, X42.50, X47.50, X52.50, X57.50, X62.50, X67.50, X72.50, X77.50, X82.50, X87.50, X92.50, X97.50}

Example:



If current price is 1.25, the closest dime above would be 1.3000. 250 pips above 1.3000 is 1.3250 and 250 pips below 1.3000 would be 1.2750. The closest dime below the current price is 1.2000. 250 pips above 1.2000 is 1.2250 and 250 pips below 1.2000 is 1.1750.

Red is being used for Major Dime and pennymenor lines and green is being used as the pause area lines. Green will typically represent where a trade will "move" from and red will typically represent where a trade will "exit" in profitable and losing trades. The area between the new

horizontal lines and the dimemajor level lines will represent the pause areas. The area in between the pause areas (a.k.a. Butter) represent the chart area where price typically can have the path of least resistance. Note how price can cut through this space like "butter."



Step 3: Curve analysis

Locate the closest dime above current price and the closest dime below current price. This area represents the top and bottom of your curve. This repetitive pattern of curve analysis will add a structure to your analysis is fixed and never changes. The curve analysis does not consider time frame - it considers price alone. There is no need to reference another chart time frame in this major level analysis (Multiple time frame analysis will take place when we move to the smaller time frames). The goal is to travel from one dime to the next. We are looking to trade from dime to dime.

Example:



Step 4: Trade analysis

There are 2 trade types to consider: set and forget (proximal limit entry) or confirmation breakout market order (confirmation entry). You will engage in the trade that makes the most sense. Confirmation Breakout example:

The pause areas are the "launching pads" for confirmation breakout market orders. The signal for the breakout is the close above/below the pause horizontal line. The higher the time frame you choose for the break out signal, the higher probability of a "strong" breakout.



This is an example of a buy signal using daily candles.

Once the breakout signal is presented, a market order buy is possible. The stop loss will be placed at your lower pause line and target would be placed at your higher pause line.



The confirmation market order is the most aggressive trade you can take. It should only be considered if you are close enough to the pause area to minimize risk and maximize reward. The reason this trade is the most aggressive is because this trade is typically taken with a market order and this can reduce your reward and increase your risk.

Set and Forget example:

The dimemajor levels and pause area lines are the prices that you will use for your set and forget orders (proximal entries). The goal is to find the pause or major level line that has not been retested once it had broken out from the Group. The group is defined as the space between the two pause lines and includes the minor level. In the example below, one "group" is 1.2250-1.1750 and the group below that 1.1250-1.0750. The objective is to trade from group to group.



1.1250 is now an entry price that can be considered for a set and forget order.

For example:



CHART SET UP:

BIGMAJOR QUARTERS SUPPLY AND DEMAND (DIMES DIVIDED BY 4)

CHART TIME FRAME SUGGESTIONS: DAILY, 8HRS, 4 HRS

Step 1: Find Current Price and locate the Big Quartermajor levels above current price and 2 closest levels below current price and mark these levels with horizontal lines:

Non JPY cross values: (X.X250, X.X500, X.X750, X.X000)

JPY cross values: (XX2.50, XX5.00, XX7.50, XX0.00)

These patterns will repeat continuously for all currency pairs.



If the current price of USO/CAD was 1.3100, the closest 2 Big Quartermajor levels above current price would be 1.3250 and 1.3500, and the closest 2 Big Quartermajor levels below current price would be 1.3000 and 1.2750.

Step 2: Add and subtract 75 pips from these major Big Quarter levels and mark them with a green color horizontal line.

Non JPY cross values: (X.X075, X.X175, X.X325, X.X425, X.X575, X.X675, X.X825, X.X925)

JPY cross values: (XX0.75, XXI.75, XX3.25, XX4.25, XX5.75, XX6.75, XX8.25, XX9.25)



If the current price is 1.3100, the closest major Big Quarter above price is 1.3250. 75 pips above 1.3250 is 1.3325. 75 pips below 1.3250 is 1.3175. The closest major Big quarter below price is 1.3000. 75 pips above 1.3000 is 1.3075. 75 pips below 1.3000 is 1.2925.

The area between the new green and red horizontal lines and the major Big Quarter level lines will represent the pause areas. The area in between the pause areas (a.k.a. butter) represent the chart area where price typically can have the path of least resistance. Note how price can cut through this space like "butter."



Step 3: Curve analysis

Locate the major quarter level above current price and the major quarter level below current price. This area represents the top and bottom of your curve. This repetitive pattern of curve analysis will add a structure to your analysis that is fixed and will never change. This curve analysis does not consider time frame - it considers price alone. There is no need to reference another chart time frame in this major quarter level analysis (Multiple time frame analysis will take place when we move to the smaller time frames). The goal is to travel from one major Big Quarter level area to the next. We are looking to trade from level to level.





Step 4: Trade analysis

There are 2 trade types to consider: set and forget proximal limit entry or confirmation breakout market order (confirmation entry). You will engage in the trade that makes the most sense.

Confirmation Breakout example:

The pause areas are the "launching pads" for confirmation breakout market orders. The signal for the breakout is the close above/below the closest pause horizontal line. The higher the time frame you choose for the break out signal,, the higher the probability of a "strong" breakout.



This is an example of a confirmation breakout signal using 4hr candles.

Set and Forget example:

The major Big Quarter levels and pause area lines are the prices that you will use for your set and forget orders. The goal is to find the pause line or major/minor line that has not been retested once it had broken out from the group. The group is defined as the space between the two pause lines and includes the minor level. In the example below, one "group" is 1.3075-1.2925, and the next "group" lower is 1.2825-1.2675. The objective is to trade from group to group.



This is an example of a sell signal on USD/CAD. Once the 4hr candle closed below 1.2925 pause area an entry signal was presented to place a set and forget order on 1.2925, a stop loss order at 1.30 and a target order at 1.2750.

CHART SET UP:

MINOR PENNY LEVELS (PENNIES1S) SUPPLY AND DEMAND CHART TIME FRAME SUGGESTIONS: 4HR, HOURLY, 30MIN

Step 1: Find Current Price and locate the 2 closest pennies above current price and 2 closest pennies below current price and mark these minor levels with a horizontal line:

Non JPY cross values: (X.X000, X.X100, X.X200, X.X300, X.X400, X.XS00, X.X600, X.X700, X.X800, X.X900)

JPY cross values: (XX0.00, XXI.00, XX2.00, XX3.00, XX4.00, XXS.00, XX6.00, XX7.00, XX8.00, XX9.00)



If the current price of USD/CAD was 1.3271, the two closest full pennies above price are 1.33 and 1.34. The two closest pennies below price are 1.32 and 1.31 (a.k.a minor level lines).

Step 2: Add and subtract 25 pips from these levels and mark them with a different color horizontal line.



If current price is 1.3269, the closest penny minor level (penny) above price is 1.3300. 25 pips above 1.3300 is 1.3325. 25 pips below 1.3300 is 1.3275. The closest penny minor level (penny) below price is 1.3200. 25 pips above 1.3200 is 1.3225. 25 pips below 1.3200 is 1.3175.

Step 3: Curve analysis

Locate the penny above current price and the penny below current price. This area represents the top and bottom of your curve. This repetitive pattern of curve analysis repeats and will add a structure to your analysis that is fixed and will not move. Curve analysis does not consider time frame - it considers price alone. It is VERY important to recognize where price is in regard to the "larger" curve analysis discussed earlier. Reference the "sweet spots" table to identify the path of least resistance. The goal is to travel from one penny level area to the next.





Step 4: Trade analysis

There are 2 trade types to consider: set and forget proximal limit entry or confirmation breakout market order (confirmation entry). You will engage in the trade that makes the most sense.

Confirmation Breakout example:

The pause areas are the "launching pads" for confirmation breakout market orders. The signal for the breakout is the close above/below the closest pause horizontal line. The higher the time frame you use for the break out signal, the "stronger" your signal and the higher the probability of a strong breakout.



Here is an example of a long and short example on USD/CAD using 60 mins candle. There is an example of breakout short getting stopped out followed by a second chance breakout at the price 1.3275. The stop in the first example of the trade that worked and didn't work would be 1.33 (penny above current price), and the target is 1.32 (penny below current price).

There is also an example of a long breakout signal with a close above current price at 1.3225. Stop Loss for the long would be 1.32 and the target would be 1.33.

Set and Forget example:

The penny minor levels and pause area lines are the prices that you will use for your set and forget orders. The goal is to find the pause line or pennymenor line that has not been retested once it had broken out from the group. The group is defined as the space between the two pause lines and includes the pennymenor level. In the example below one "group" is 1.3325-1.3275, and the next "group" is 1.3225-1.3175.



Here is an example of a short set and forget on USD/CAD. The close above the current price 1.3275 was the entry signal that the set and forget could be placed at 1.3275. The stop loss for this trade would be the penny above current price (1.33) and the target becomes 1.32

CHART SET UP:

Minor Small Quarters (pennies divided by 4) Supply and Demand
Chart Time Frame suggestions: 5 min, 15 min, 30min

Step 1: Find Current Price and locate AT LEAST the 2 closest levels Small Quarters above current price and AT LEAST the 2 closest Small Quarter levels below current price and mark these minor small quarter levels with a horizontal line:

Non JPY cross values: (X.XX00, X.XX25, X.XX50, X.XX75)

JPY cross values: (XXX.00, XXX.25, XXX.50, XXX.75)



If price of USD/CAD was 1.3166, the closest 2 Small Quarterlevels above current price are 1.3175 and 1.3200. The 2 closest Small Quarterlevels below current price are 1.3150 and 1.3125.

Step 2: Add and subtract 5 pips from these levels and mark them with a different color horizontal line.



The area between the new horizontal lines and the Small Q minor quarter level lines will represent the pause areas. The area in between the pause areas (a.k.a. butter) represent the chart area where price typically can have the path of least resistance. Note how price can cut through this space like "butter."



Step 3: Curve analysis

Locate the level above current price and the level below current price. This area represents the top and bottom of your curve. This repetitive pattern of curve analysis will add a structure to your analysis that is fixed and will not move. The curve analysis does not consider time frame - it considers price alone. It is EXTREMELY important to recognize where current price is in regard to the "larger" curve analysis discussed in earlier chart structures. Reference the "sweet spots" table to identify the path of least resistance.





Step 4: Trade analysis

There are 2 trade types to consider: set and forget proximal limit entry or confirmation breakout market order (confirmation entry). You will engage in the trade that makes the most sense.

Confirmation Breakout example:

This is typically the best type of trade to take while trading minor small quarters. Again, the pause areas are the "launching pads" for confirmation breakout market orders. The signal for the breakout is the close above/below the closest pause horizontal line. The higher the time frame you choose for the break out signal, the "stronger" your signal and the higher the probability of a strong breakout.

The goal of trading in minor Small Quarters is to trade within the momentum of the trend of the day. SmallMinor Quarter trading requires you to watch your charts more closely and trading with a stop, and an open target can be considered. The ideal area to start this type of trading is to start from an area between 70-80 or 20-30 as the 45-55 levels and 05-95 levels are typically easier to get through.



When trading on minor quarters, the Smallminor Quarter is NOT the hard stop. The minor Small Quarter level becomes the "mental stop." We will monitor it, and we do not want to see candles close above that price. We MUST trade with a hard stop so this will can be 15 pips fixed. We do not want to trade profit at the next level as we did in the other chart structures because the risk and reward is not ideal. The goal in trading Smallminor Quarters is to get at least 2 levels before you close the trade.

Set and Forget example:

The Small Quarterminors levels and pause area lines are the prices that you will use for your set and forget orders. The goal is to find the pause line or minor Small Quarter level line that has not been touched again once it had broken out from the (group). The group is defined as the space between the two pause lines and includes the minor quarter level. In the example below, one "group" is 1.3280-1.3270 and the next "group" below it is 1.3255-1.3145.

The ideal place to enter a set and forget trade is at a fresh group between 70-80 or 20-30 and target at least 2 opposing levels away.



Here is an example where a trade can be executed at 1.3270 with a stop 15 pips away. It is suggested that our target is 2 opposing zones away targeting 1.3225 at minimum.



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