

### Setup:

- 1) Open 15 min chart of G-J; change to candlesticks; enlarge as much as possible
- 2) Add Parabolic SAR, default settings;
- 3) Add 5 LWMA (close price); this is the signal line
- 4) Add 20 LWMA (close price);
- 5) Add RSI (5); add levels 10, 20, 70, 80

### Entries (2 conditions!):

- 1) As a general rule, I enter a trade when RSI is between:  
-70 and 80, but preferably above 80 if I go short, and  
-20 and 10 but preferably below 10 when going long.
- 2) I also look at the candles pattern and enter ONLY if I see a trend reversal pattern.  
Be careful, enter if BOTH 1) and 2) are present at the same time.

### Targeting (or exits):

There are 3 indicators for a bit more accurate targeting that can be used for short entry/exit: 5 and 20 LWMA, and parabolic SAR.

- After you open a trade, you should look for EITHER 5 OR 20 LWMA line, whichever is first (usually, 20 MA is your first target, but there are situations when SAR is between these 2 MAs.
- the next target after 5 and 20 MAs cross (be careful, IF they cross!) is parabolic SAR (but sometimes 20 LWMA).

### Tips & Tricks:

- 1) The most critical of the indicators are candlesticks and RSI; RSI will be used as an advanced warning system, next to candlesticks. RSI (5) is the fastest signal and will signal reversal way before anything is visible on any other indicator.  
As you gain experience reading the RSI you may decide to take certain "risks" and enter earlier while the RSI is not in optimal position.
- 2) The RSI (5) on the 15 min timeframe has a range of about 100-125 pips, so depending on when you enter you will know exactly where you need to exit.  
The range of the RSI (5) on 5 min timeframe is between 35-40 pips (depending on where you enter, but more like 35). So if an optimal entry on 15 min is missed, then a shorter timeframe can be used for taking a profit less than 100 pips.
- 3) Sometimes you can be ahead of the game even more IF you learn to read candles because you can sometimes enter based on candle patterns even before the RSI signals reversal. I recommend Steve Nison's "[Japanese Candlestick Charting Techniques](#)".
- 4) I am also using MTF\_RSI (5) and MTF\_PSAR for 30 min on my actual 15 min chart. If I get the same signal from 2 different TFs, the trade has a better chance to end successfully. Also, it helps me to see what's next.
- 5) Be careful with RSI divergences.
- 6) DON'T trade the news unless you REALLY know what you're doing. If it happens, be ready to close your trade at any time if it's going the other way.
- 7) Avoid going against the trend; for instance, if the trend is up and RSI is between 70 and 80, you will be tempted to enter a short. Well, don't, UNLESS candlestick configuration really suggests that. You'll see that in most cases, RSI will drop somewhere around 50 (while price will stay almost the same!) and then will go up again (but this

time, along with the price).

I am only using this strategy for Gbp-Jpy, but I think it can be used for any other pair.  
Well, good luck trading and I'm waiting for your feedback!