

Arnie's Hole-in-One Trading System

In this document I hope to lay out my method of trading, the reasoning behind the indicators I use, and to explain it well enough that you can trade it yourself. I have a success rate of over 90% when I follow the rules contained within the system. Like all traders I still get the itchy trade trigger finger, if I don't follow the rules, I LOSE.

Forex trading has been a hobby of mine for years. I am by no means a professional trader. This method may eventually allow me to be one someday but for now I still have another source of income that I can rely on from my job. THIS IS NOT A HOLY GRAIL. It is not an automated method, it takes some work. I urge anyone that decides they would like to use my system to study the charts, get to know price movement, understand the currency you are trading, and practice, practice, practice, with demo accounts to begin. Only when you are completely comfortable and profitable with this system should you trade REAL money.

BRIEF HISTORY:

My road to this method was a long one. I, and I bet you too, have tried hundreds of systems and indicators, blown all the money in my account, and almost given up. Thankfully persistence and my strong desire to learn and profit from the markets prevailed. I am a member of several Forex trading forums and go by the nick ITGUY. It was from these forums that I developed this system. I found 2 different methods that I was comfortable with and combined them. I would like to thank Spudfyre and GoldenEquity for sharing them and teaching them on the forums for free no less.

Spudfyre brought the systems MTF Stochastics and MTF FIB Breakout to the community at Forex Factory (www.forexfactory.com). Golden Equity brought RandyCandles to the community at Forex-TSD (www.forex-tsd.com). If you would like detailed history I suggest you join the forums and search for the threads. You will find in-depth information on both, I will only briefly cover them at the end of this document.

THE SYSTEM:

Let's first go over the setup, then I will provide lots of examples of both good and bad trades. Some of the indicators are optional, as I just use them for reference. I have marked them with a *.

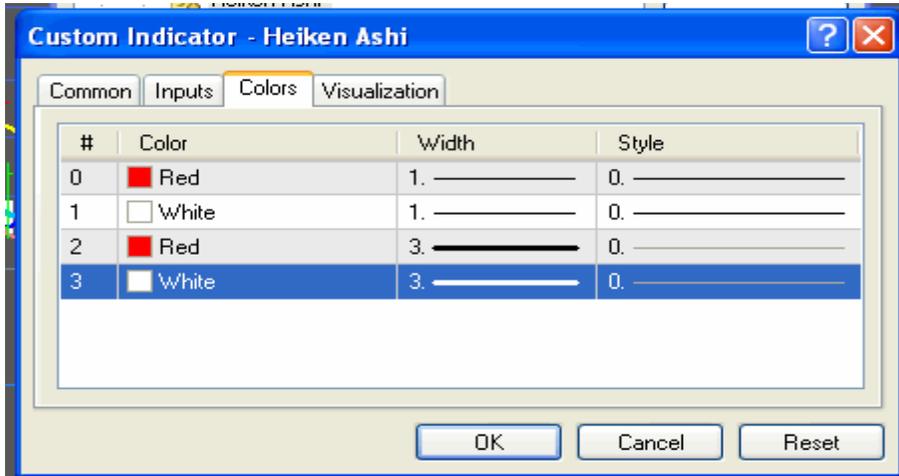
A. Indicators

1. Heiken Ashi	6. #SpudFibo
2. Moving Averages	7. FiboPiv_v3*
3. b-clock modified	8. SMI*
4. STOCH_Bars_v2c*	9. RMI*
5. _Signal_Bars_v6*	10. #MTF FibStoch

B. Settings

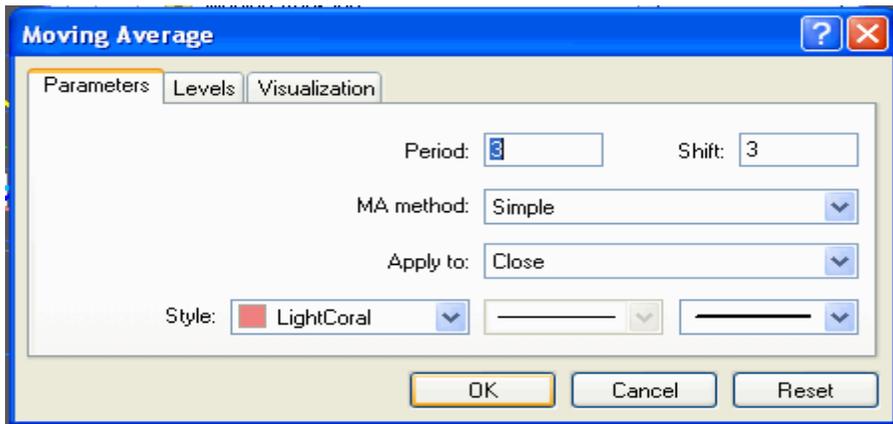
I have attached screenshots of all of the settings used for the various indicators so you can match them.

1. Heiken Ashi

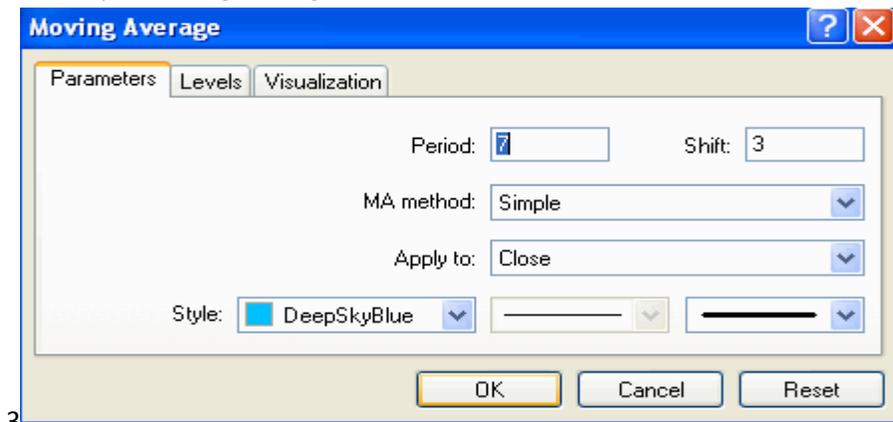


2. Moving Averages – We are using 3 different values.

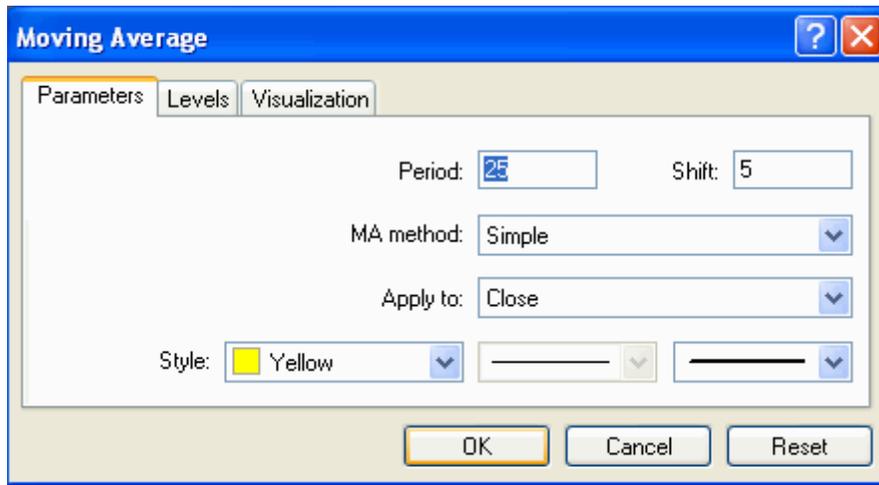
a. 3 Simple Moving Average on close shifted 3



b. 7 Simple Moving Average on close shifted

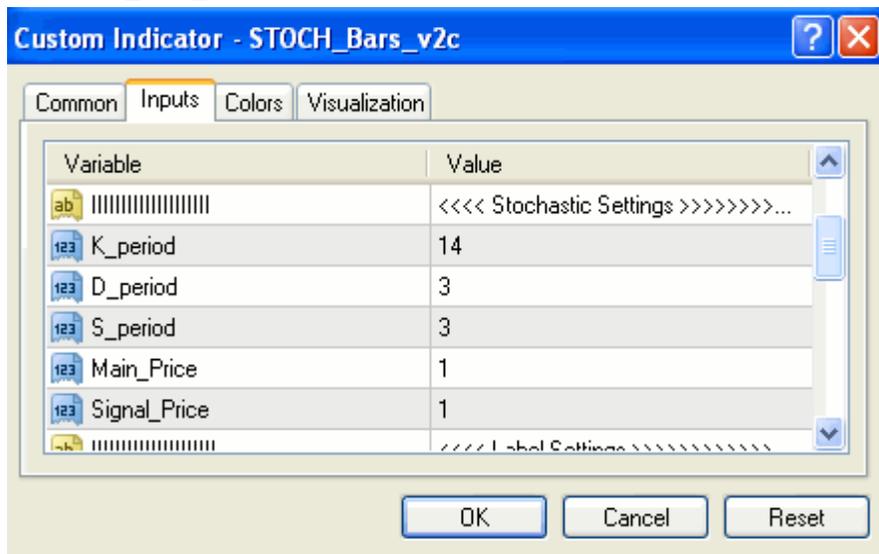


c. 25 Simple Moving Average shifted 5



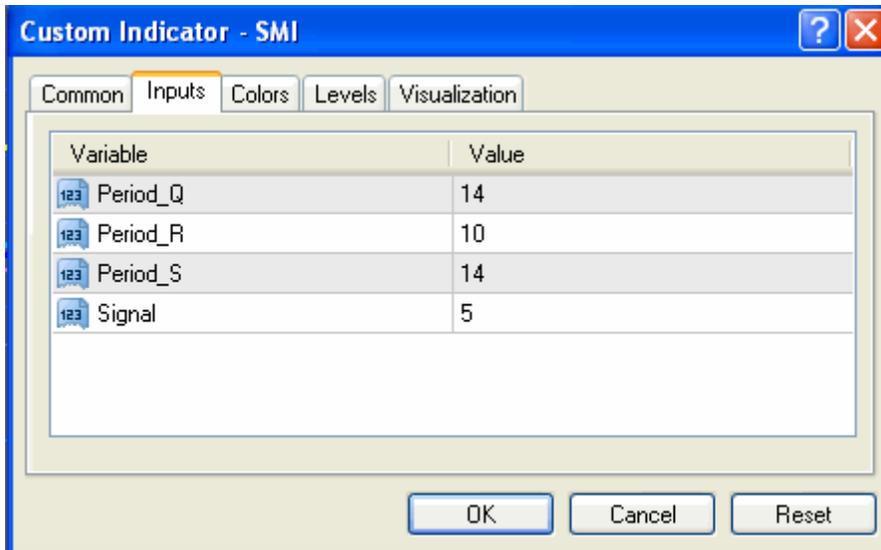
3. b-clock modified – default settings

4. STOCH_Bars_v2c

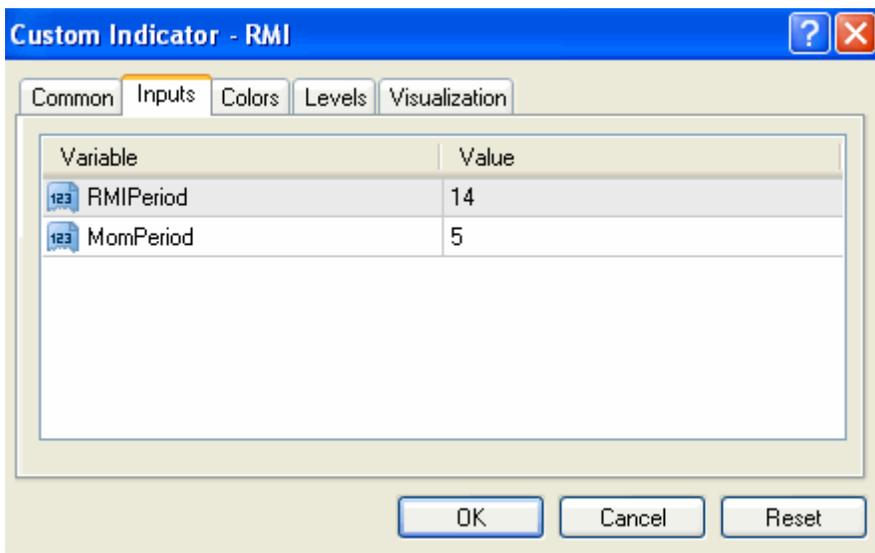


7. FiboPiv_v3 – Default Settings

8. SMI



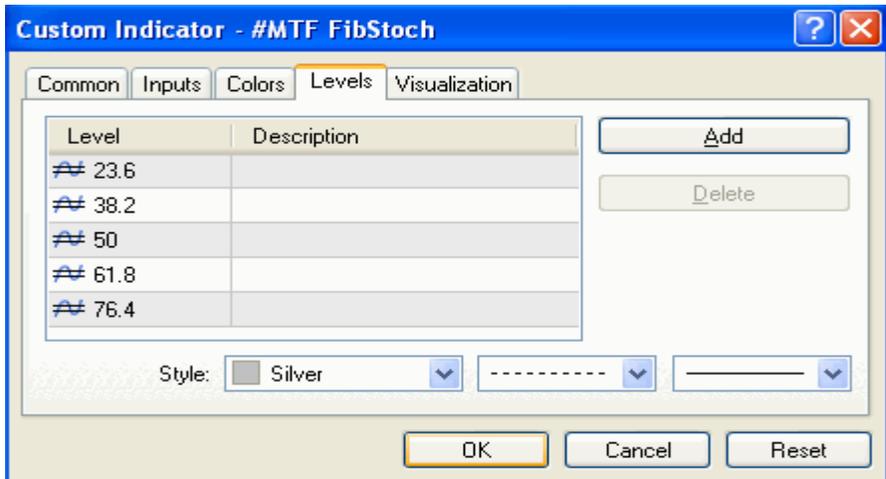
9. RMI



10. #MTF Stochastic

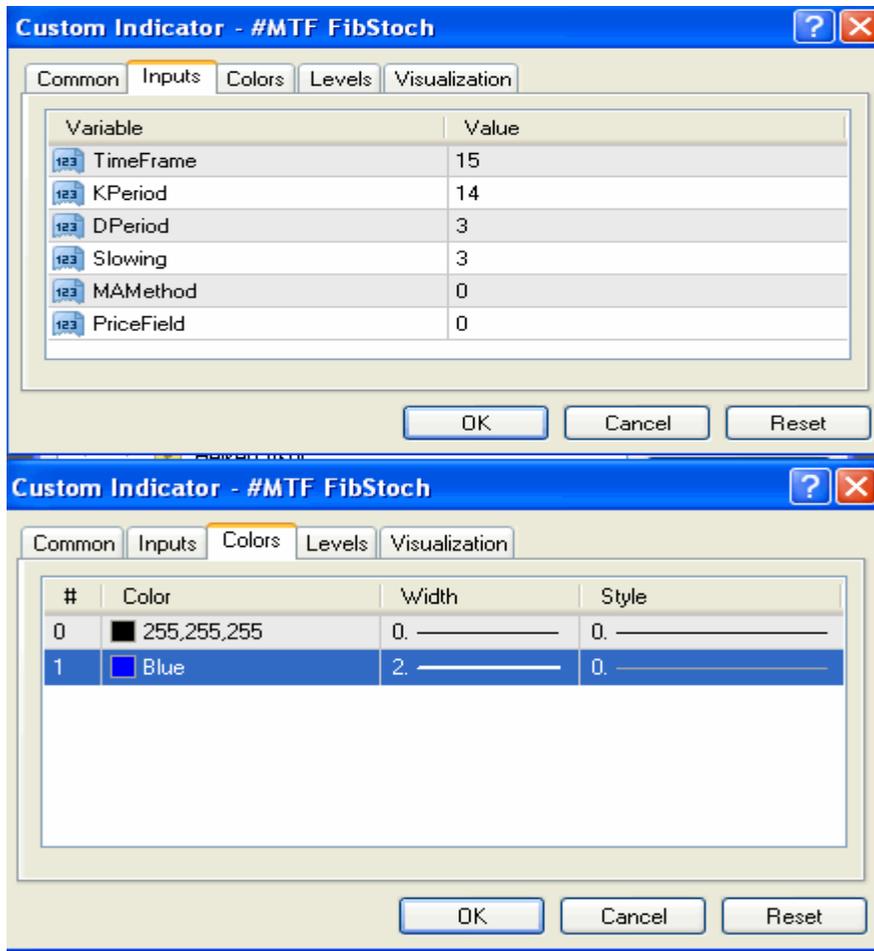
There are four of these indicators on the chart. They are stacked one on top of the other. To get them into the same window in MT4 you need to drag the indicator name from your Navigator window onto the same sub-window and change the settings to the ones below each time. You should then have 4 lines in the same sub-window. This is perhaps the hardest concept to grasp for the chart setups.

Each #MTF Fibstoch will use the same levels as pictured here:



Note: You will need to adjust both the Inputs and colors tabs on each of the 4 #MTF Fibstochs to match the following.

- a. 15 minute #MTF Fibstoch



b. 30 minute #MTF Fibstoch

Custom Indicator - #MTF FibStoch

Common Inputs Colors Levels Visualization

Variable	Value
TimeFrame	30
KPeriod	14
DPeriod	3
Slowing	3
MAMethod	0
PriceField	0

OK Cancel Reset

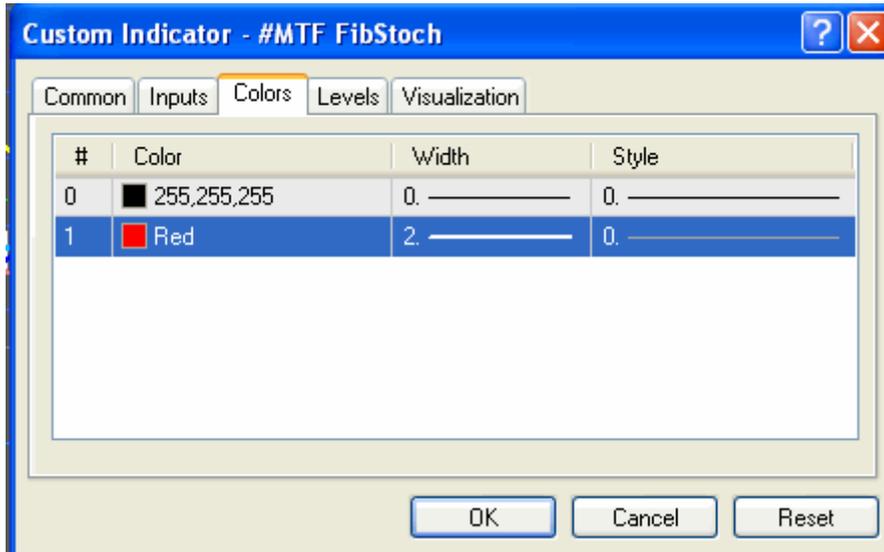
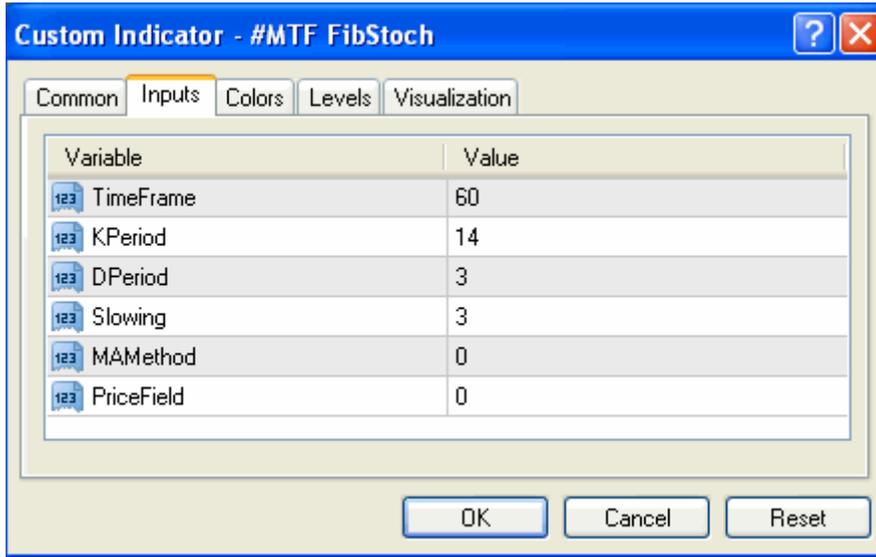
Custom Indicator - #MTF FibStoch

Common Inputs Colors Levels Visualization

#	Color	Width	Style
0	■ 255,255,255	0. _____	0. _____
1	■ Lime	2. _____	0. _____

OK Cancel Reset

c. 1 hour #MTF Fibstoch



d. 4 Hour #MTF Fibstoch

Custom Indicator - #MTF FibStoch

Common Inputs Colors Levels Visualization

Variable	Value
TimeFrame	240
KPeriod	14
DPeriod	3
Slowing	3
MAMethod	0
PriceField	0

OK Cancel Reset

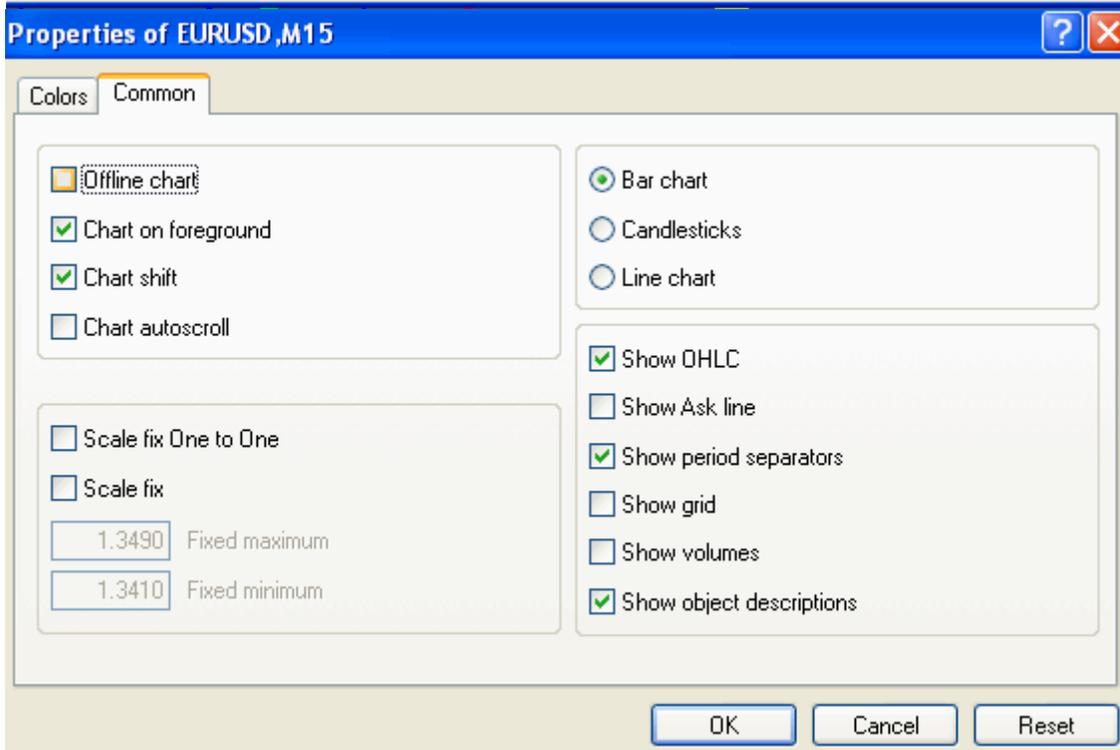
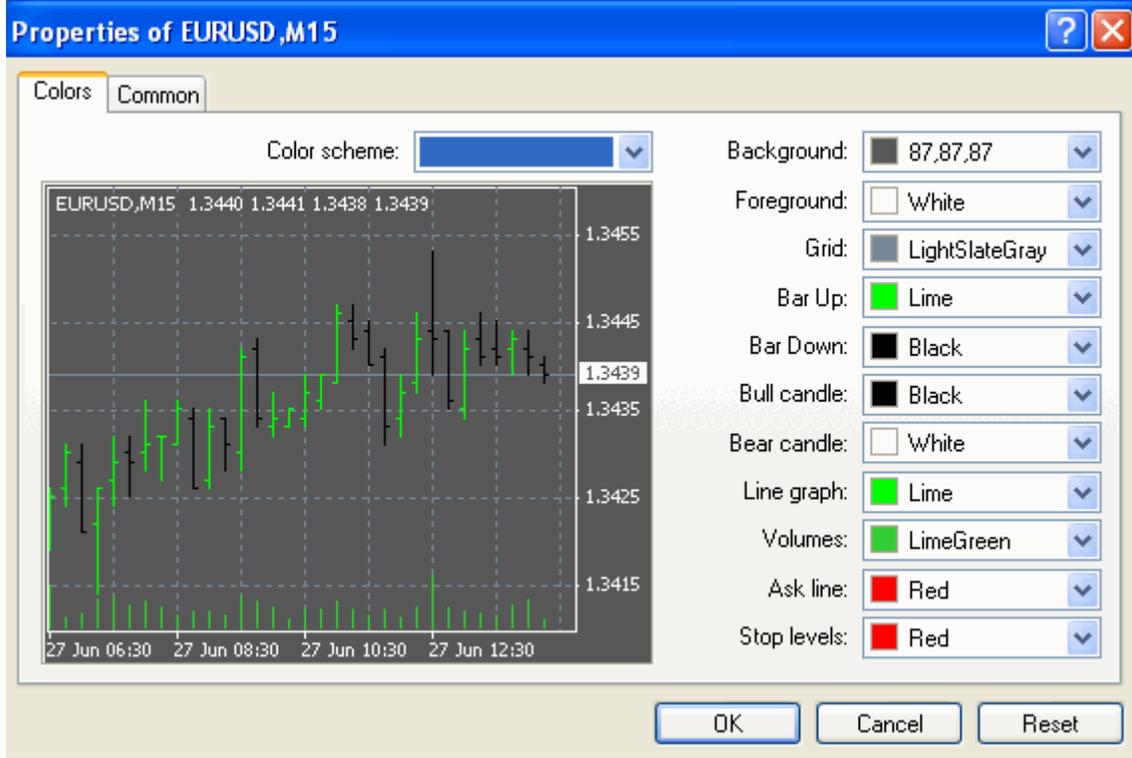
Custom Indicator - #MTF FibStoch

Common Inputs Colors Levels Visualization

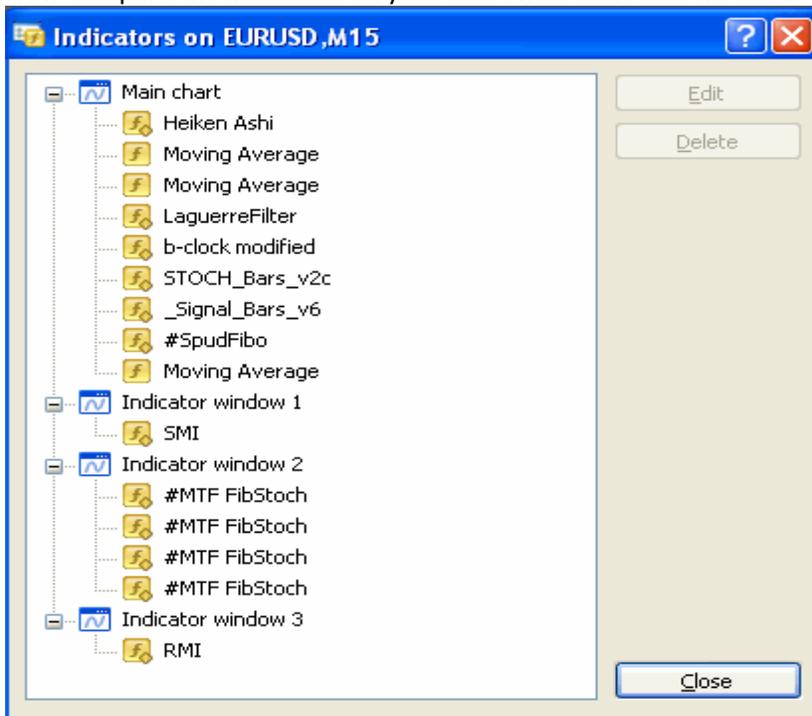
#	Color	Width	Style
0	255,255,255	0. _____	0. _____
1	Yellow	2. _____	0. _____

OK Cancel Reset

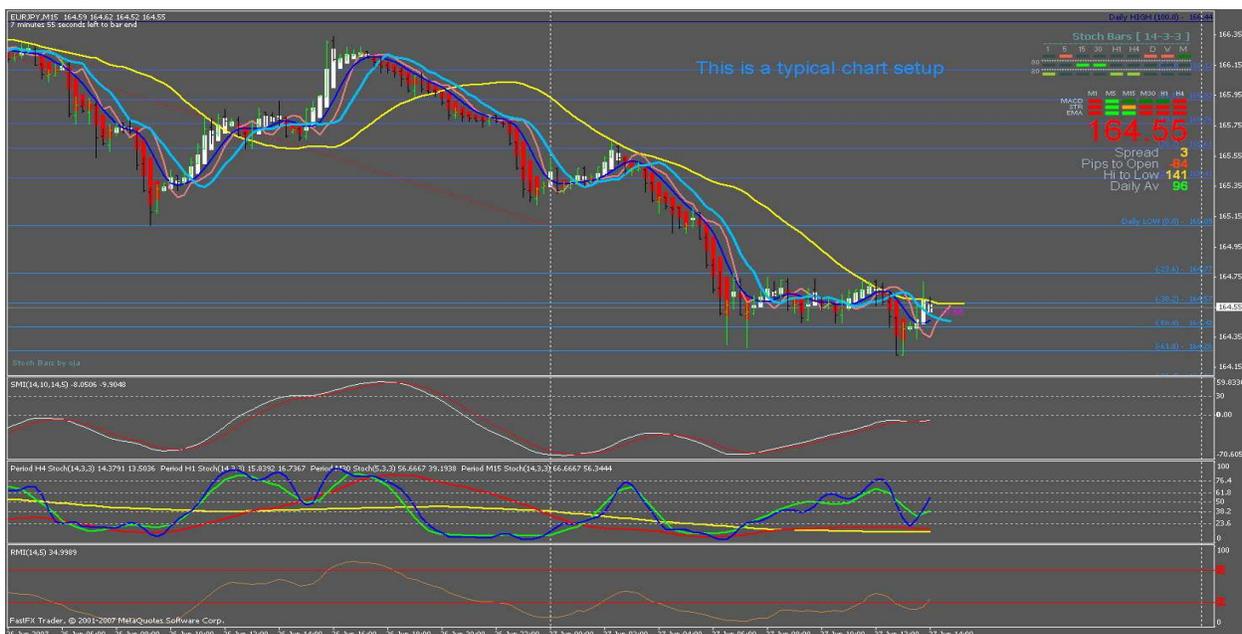
Finally....OK that's it for the indicators now let's look at the chart properties. Right click anywhere on your chart and choose Properties. Set your Colors and Common tabs to match these.



Now compare the indicators on your chart with mine and we are almost done!!!



That was a lot of work, thankfully MT4 allows us to save a template so now that you have everything set up right click your chart and choose Template->Save Template. You can name it anything you like, I have also included my template in the package. Another bonus; this setup works for all pairs so there is no adjustment necessary if you trade multiple pairs. Now if you did everything right or if you used my template your charts should look like this:

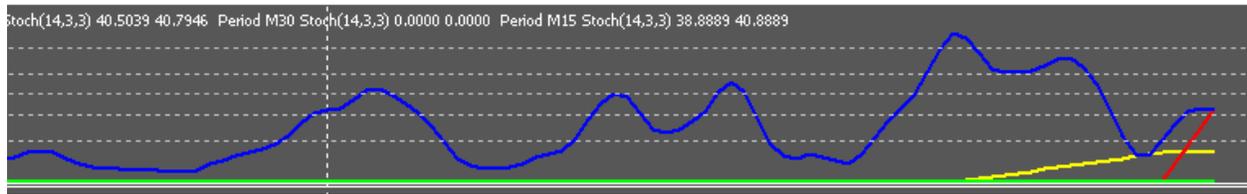


Another example with labels:



Troubleshooting:

Make sure you are adding all 4 #MTF Stochastics on the same window. If the stochastics look choppy like this:



Then press each of the time frame buttons backwards from H4 to 15M stopping on 15M



NOTE:

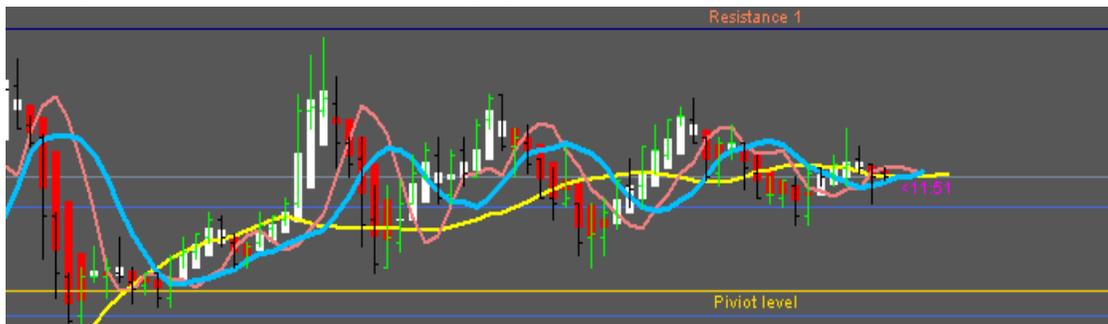
When reading the trade steps below keep in mind that there are multiple ways to use this system. You could look at the stochastics first and then check for an alert candle. You could just trade stochastics, or just trade the candle formations.

I am comfortable trading using the steps below, it's personal preference. I will say that following the steps in order I closed 24 consecutive trades in profit. Your mileage may vary.....

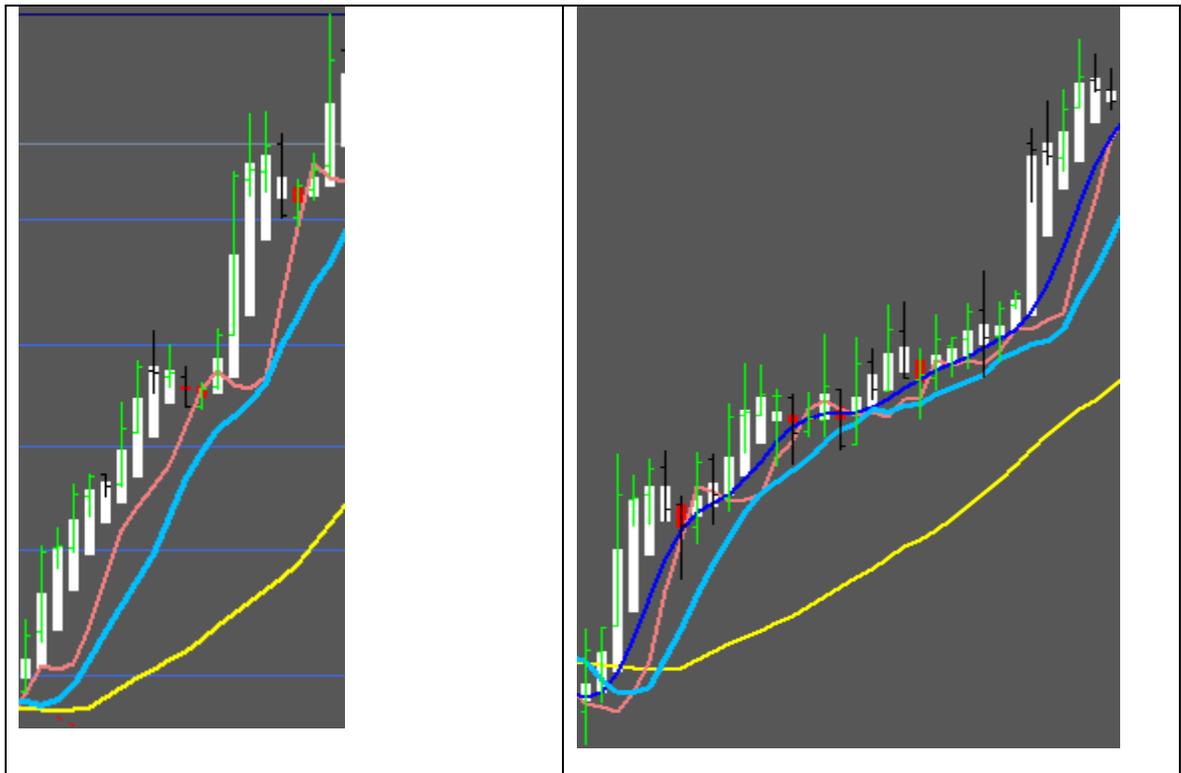
C. The Trade

ENTRY: I always trade off of the 15 minute charts. I rarely look at other timeframes for confirmation. Personally I have traded this system on every pair, but my favorites are the EUR/JPY and USD/JPY both for the low spread I get from my broker and for the intraday volatility and movement they exhibit. I follow 4 steps initially before opening a trade. As you get better at seeing the patterns and setups you can deviate from the steps, but most times this is what I look for.

1. I make sure we are not in an SMA line argument. That is where all 3 SMA's are intertwined and wound around each other. This indicates that price is consolidating and the market isn't worth trading. If the market isn't consolidating I go to step 2. Below is a consolidation:



2. I look for an alert candle. An alert candle notifies me that price will be moving soon. Here are a couple good examples. Correct alert candles simply have stems ABOVE AND BELOW; they are small to moderate in size. The far left candle in each picture is an alert candle. When I see these I move on to step 3.



- Now that there is an active alert candle I check where price is in relation to the 25 Simple moving average. On our charts it the yellow line. If I get an alert candle for a long but price is BELOW the yellow line, I wait. I will hardly ever enter a trade when this happens. I will also not enter if I get a short alert candle and price is ABOVE the yellow line.

BAD ENTRY:

Here the candle on the far left is a long alert candle but notice how far below the yellow 25 SMA price is, if you entered here, you made a mistake. When price is coming back to the yellow 25 SMA you can take a long below but I don't recommend it.



GOOD ENTRY:

Here we got a short alert candle AND price is below the 25 SMA. I rode this trade down for 50+ pips.



- When the first 3 conditions are met I then go to my stochastics. If 2 or 3 of them are moving at the same time from overbought or oversold levels, you can almost be 100% sure the trade will go your way. See the end of the document for how to interpret MTF stochastics via Spudfyre's method. In this example the 15, 30, and 60 minute stochastics are moving down and we get an alert candle below the 25 SMA. Perfect setup, and these happen all day long on every pair.



EXITS: This is the hardest part of any system. It's definitely the hardest part to teach. After you watch the charts and get a feel for the system you will also get a feel for when to exit. The hole-in-one system is basically a day trade scalping system so we are looking for profit from 20-50 pips. Anything positive is always good so don't hold on to a trade that starts to move against you. You can use a fairly tight stop because the entry signals for this system are excellent.

For me, I look at several different things to determine exit points. I use a combination of the following

1. If the 15 and 30 minute stochastics are moving back from oversold or overbought after crossing into them, I take that as a possible signal to exit.
2. If the signal bar indicator M1 and M5 columns start to turn and stay all red.
3. If price is near a fib number or a support/resistance line and I have gotten some profit.
4. If the candles are starting to get smaller or turn color.
5. If price is getting close to the 25 SMA after being above or below for several bars.
6. If price is breaking back across the 7 SMA.

CONCLUSION:

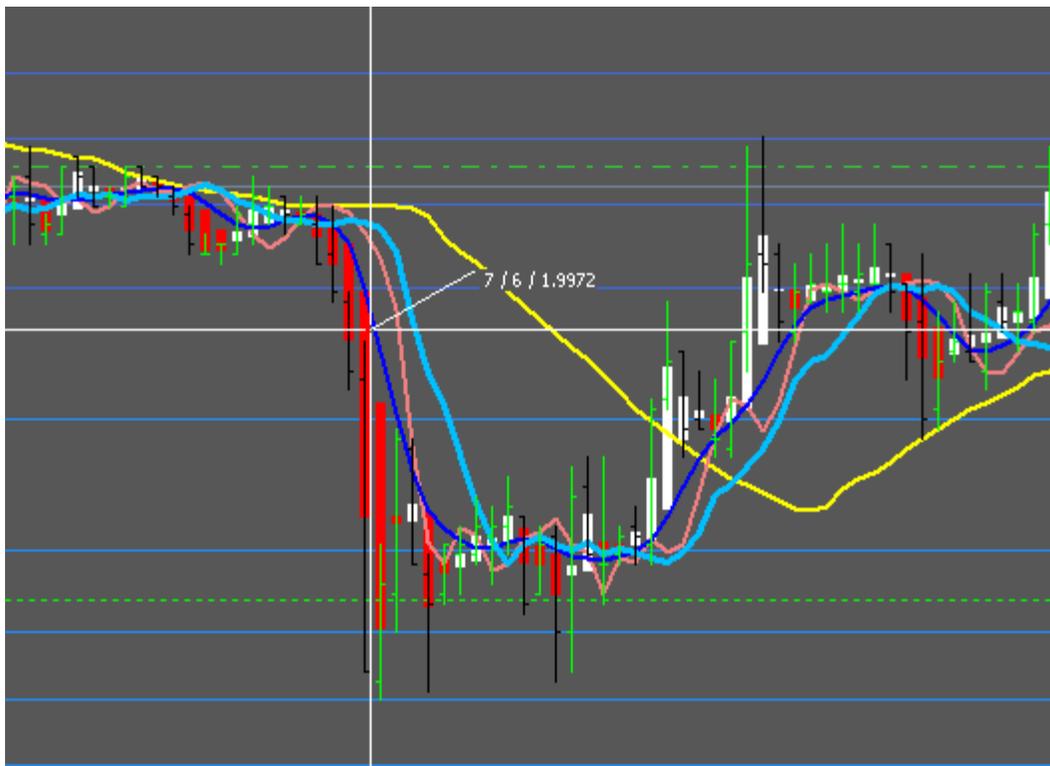
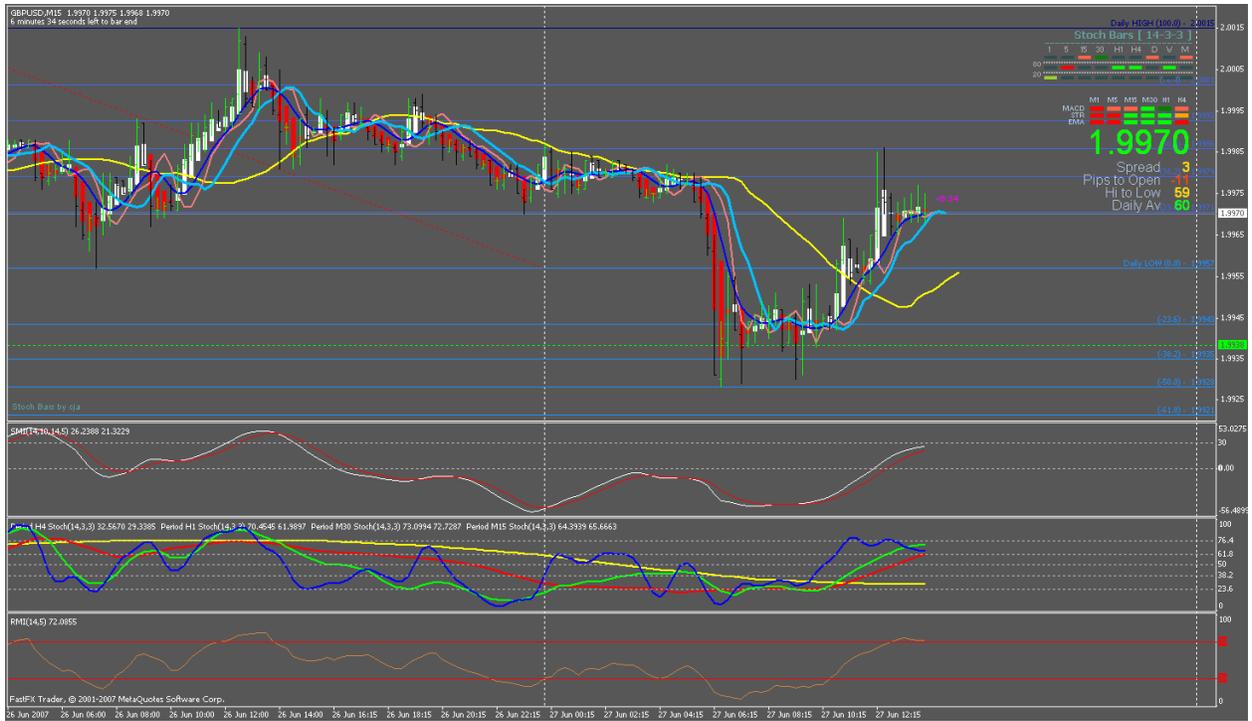
Well that's about it. I would again like to thank Spudfyre and GoldenEquity for sharing their excellent systems. I hope that you have learned something from my manual. Don't ever stop studying, learning and practicing your Forex skills. Success doesn't happen overnight.

The following are snapshots of some winning and losing trades.

Winners:

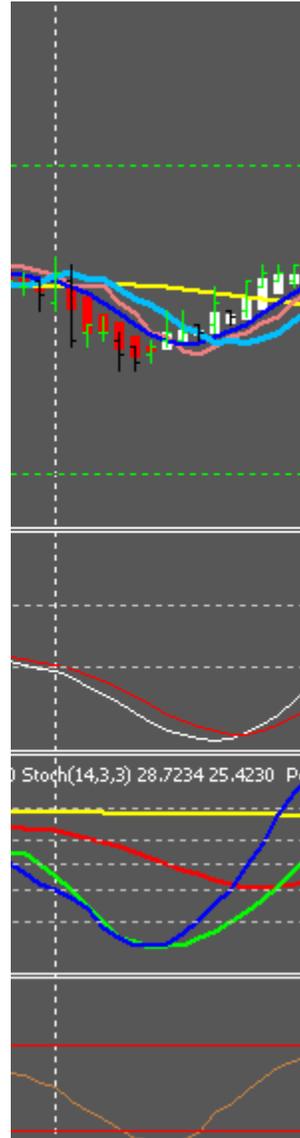
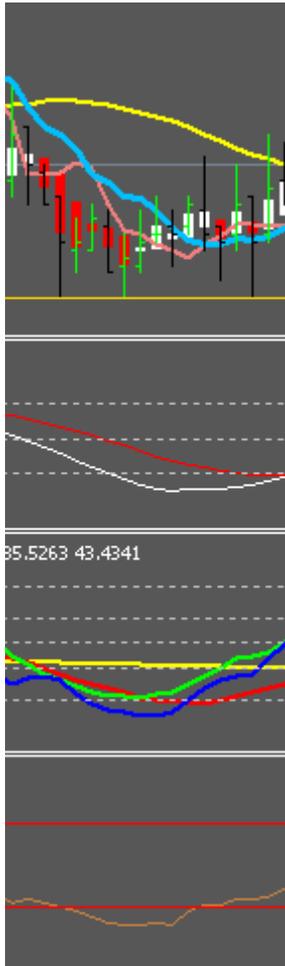






LOSERS:

What's encouraging about this system is I had a hard time finding losers if you follow the rules. There are trades that only move 5 pips or so, but positive pips is positive pips!!!



Additional Information:

The following pages are taken from the discussion threads on Forex Factory

Spud's MTF FIB Breakout System - <http://www.forexfactory.com/showthread.php?t=30109>

MTF Stochastics - <http://www.forexfactory.com/showthread.php?t=22105>

Spud's MTF FIB Breakout System

Ever since I learned about Fibonacci numbers they have interested my pure mathematical statistical side into a compulsiveness. Having said that, it seems for such a simple sequence of numbers they can lead to very complicated methods of trading.

Here's a simple day trade system with stochastics and Fibonacci numbers that may give you a winning edge in your trades.

Indicators:

Stochastics 5,3,3 and 14,3,3 (high/low, simple)use only %K line and overlay in one indicator window.

Fibonacci set levels to:

0 label as 100

.764 label as 23.6

.681 label as 38.2

.500 label as 50.0

.382 label as 61,8

.236 label as 76.4

1 label as 0

Always draw the Fib line from the previous days low to high.

Set-up

At the close of the trading day (call this the previous day since this day is now over) draw you Fib line from the previous day's low to the high and draw it so the level lines extend into today (i.e. set your chart up with a shift)

Entry

Look for the price to break the 100 or 0 level of the Fib. You can do this by watching or setting a long order a little above the 100 level or a short order a little below the 0 level. You want the price to pass the 100/0 level not just touch it.

Meanwhile.....take a look at the stochastics....when/prior to/or just after the price breaks the 100 Fib

line you can almost be certain the stoch is breaking the 80 line or higher....well we want it to be or we will wait for it to do it and then we enter the trade. Similarly if the price breaks the 0 line we want the stochastic in the 20 or below area.

You can take a few more risks. In a long; if the stochastics are climbing together after a down move and a turn up; or if the stochastics have crossed 20 and are moving up.

Exit

When the price breaks 100 (long as an example), move your FIB line up so that the 0 line is where the 100 line was. Exit when you hit 23.6 (123.6), 38.2 (138.2) and/or so on.

Let the stochastics be your guide....if they both or one stays above 80 keep riding the trade.

The 14,3,3 stochastic has more bearing on the trade than the 5,3,3, however both together is perfect harmony.

What's MTF and Where is It?

MTF = multiple time frame and it is in the 5,3,3 and 14,3,3 stochastic.

Time Frame

I use the 1H chart for daily. You can use the 4H chart but then you are trading weekly then. I would not use a smaller time frame than 1H as you start to lose the reliability of the Fib.

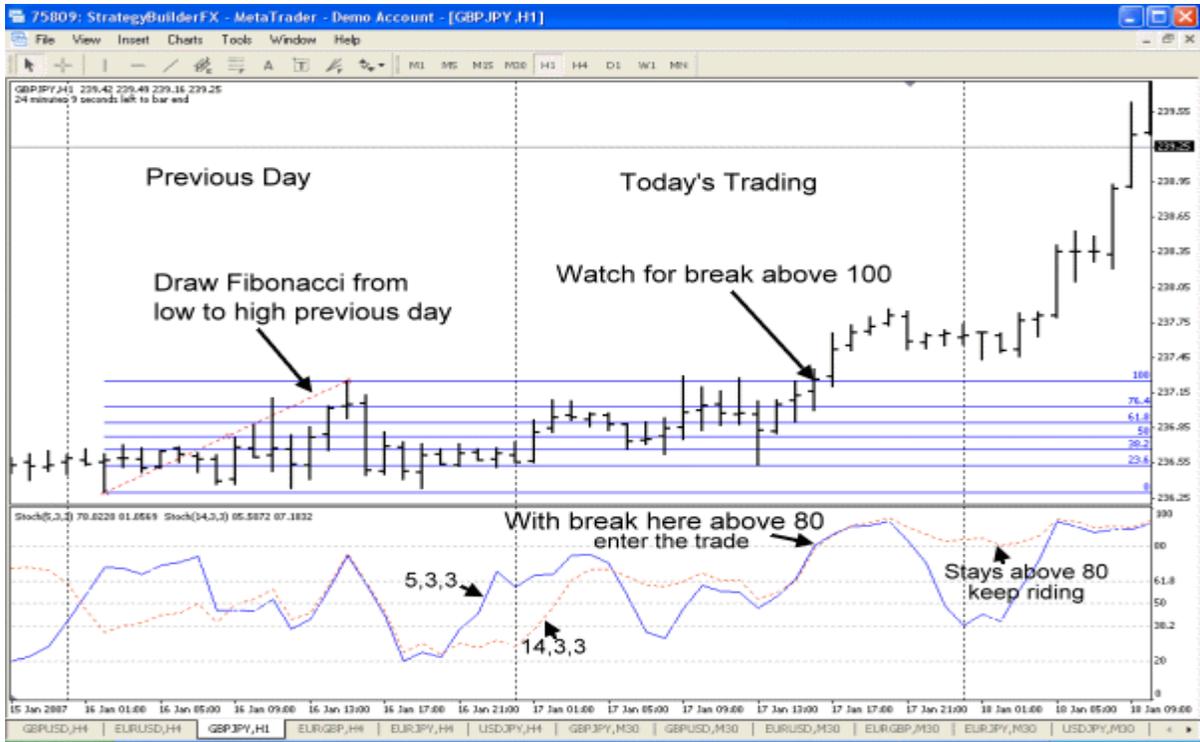
Currencies

This is universal, but I love the GBPJPY. You want pairs that have some good daily range as you want wide Fib numbers so you can make some pips!If you are trading the smaller day range pairs, use the 4H/weekly fib.

Umm..Isn't This Just A Breakout Above Yesterday's Hi/Lo?

Well it is if you just trade the breakout and use the stochs....but ohhhh laddie there is sooo much more to this simple system.....

The Fib levels give you exit targets, use the Fib/stochs and get used to it....you won't be sorry and you'll understand what comes next (in a little while) a whole lot better.



Trading the GBPJPY - The Stochs

Like everyone here, I have and still do explore every system I can find....heck if there is an easier and better way to make pips, I'm game. Until then....

This is for GBPJPY only. I have never tried this on another pair. Although it should work on any pair, I like the GJ pair the best for personal reasons.

I set up 15M,30M,1H,4H,Daily,Weekly charts. I put Stochs 5,3,3 on each chart.

Note: DO NOT use the MTF stochs indicator on one chart as you cannot follow what the stochs are doing in detail. There's more, but stochs are the most important.

1st rule: Forget the crossover as an indicator of stochs. You can use it to support your decision but it is not your trigger.

2nd rule: Do not guess what the stoch will do. I got really good at stochs and began to think I could guess when price and stoch would make a move....gawd did I get burned. Wait for it.

Reading the stochs takes practice. If you think you can read this and go trade it, forget it. Just sit there and watch the stochs all day and what happens with price. This by far will eventually become your #1 indicator...your brain, so you have to practice to be good at reading stochs. I watch stochs and price 2 hours everyday and don't trade. It's like practicing a sport....going to the driving range to hit golf balls, and so on. If I don't practice, I get rusty and make mistakes.

You always WANT to trade with the daily trend...but CAN trade against it. In otherwords, if you want to be conservative, just trade the trend. If you want to play, trade against it. Trading against the trend is for small pips only...forget about chasing the 100 pip gain....it's a tempting carrot to chase the reverse breakout....don't do it.

Everyone will tell you that the long term is your trend. However, the long term is built by the short term. It's like building a house; the 15M are your nails, the 30M your wood, the 1H your walls, the 4H your finish and the daily your view of what you built. You need all the pieces to build it.

However the Daily never varies too much...a house is a house, it just appears different...more walls, different finish, etc.

So you know that when you look at the daily it is generally always going to come out the same. As in Forex, when you look at the daily chart the set trend is generally where the price is going.

Stochs are tricky beasts above 80 and below 20. Let's go with a long that just went above 80 on the stochs. What happens if the price just keeps going up. The one thing you will notice is that the stoch will not plaster itself up against 100 and go flat along as price goes up. What happens is that as price moves up the stochs don't gain much, they resist going to 100. On the other hand a down move will significantly impact the stoch move down. This is why you see stochs (most of the time) blip above 80 and then turn back down (in a long trend). Do the math if you like, but just know this.

Ok so trade the stochs already

Sorry for being long winded, but I can't tell you what I do without some explanation.

Daily Stochs. What is our trend? If the daily is above 80 and turning over...realize that turn is going to be really s-l-o-w. This is about the only time I use the cross over is with the daily to enter a new trend. The daily doesn't whipsaw a whole lot.

Weekly Stochs. It's nice if they are moving in the same trend as the daily, but don't expect it. It's a bonus if it is. If daily and weekly are trending down and both at 70, I'll tend to chase after long pip moves until the daily gets to 30. This is like an escalator to the pot of pips. You'll need big stops (200+) to play this game though.

Ok so we know our trend, now what.

(This is an example of Long trending, reverse for short trends or going against the trend)

15 and 30M Stochs should both be down...below 20 is best. The 30 should be at least near 20. DO NOT EVER enter a trade long until the 30 minute is moving up....and watch out for fakes. Wait, wait, wait until the 30M is well established with both stoch lines in parallel going up. Preferably both stochs are above 20. The biggest pip gains are going to come when both stochs hit 80 so you have lots of time. I can put numbers to this, but you have to learn to read the stochs here for the best success.

Ideally as the 15 and 30M are headed up the 1H is down near 20 or below 20 and looking like it will turn. The 4H is headed down, but is not too important here. By the time the 15 and 30 pass 50 or near 80m the 1H is headed up...probably just starting.

What I do is follow the 15M up to 80, then switch to 30 and follow it up to 80 and then the 1H and follow it up to 80 and then the 4H and up...by here you are mega pipping. If I go to the hour, I don't look back at the 15/30, I just trade the 1H. Period.

As you move up each time frame you have to increase your stops. No doubt there will be bumps along the way, especially as the time frame increases. So the longer you go, the bigger variance there will be in price.

If you want to pay for just 20 pips...you need not go beyond the 30M.

Easy Pipping. Enter when the 15M is near 70 and the 30M is above 20-50, ride the 30M and ride it into 80.....if there is no sign of a turn keeping pushing the 30 in the 80's...this is where the pips are made.

This is where learning to read the stochs is so important. During live trading, the further the red line lags the blue line (in an uptrend the line on top will lead the line below it) the more likely a turn will happen. How these lines move and your feel for them is all important. Learn what they do with price.

RANDY CANDLES:

The following pages will give you some background into the candle formations referred to as Randy Candles and contributed to this system by GoldenEquity.

The best signal is the current price movement.

These formations create themselves from the CPM.

They can be used to compliment any trading system including this one.

The candles are created using the Heiken Ashi indicator included in the Metatrader 4 install.



Ok...first off before **RandyCandles**, we need to talk about reference points.

You need to have reference points like a pilot needs to know where the horizon is.

There are 2 types:

(1). **Static**

These are fibs and pivots and murrey math and camarillas and S/R levels and recent/past ledges, box trading, hi's lo's etc. I guess I'll keep it simple and say I use **Camarillas**. **Use what you like.**

(2.) **Dynamic.**

They move. We are talking about support and resistance points to price action...it moves with you and you can always relate CURRENT PRICE ACTION in reference to them....they're always close by!

I put 2 other Dynamic references on my charts.

These are not mine. These are the **Dinapoli SMA settings**.

The **Yellow** line I call the **D line**.

It is my anchor...my horizon. I relate everything in relation to **it**.

It is the SMA 25; shift 5; applied to price close.

The shift just moves the whole SMA line forward 5 periods ahead of current candle which effects the price intercept slightly.

The **Coral** line is the SMA 3; shift 3; applied to close.

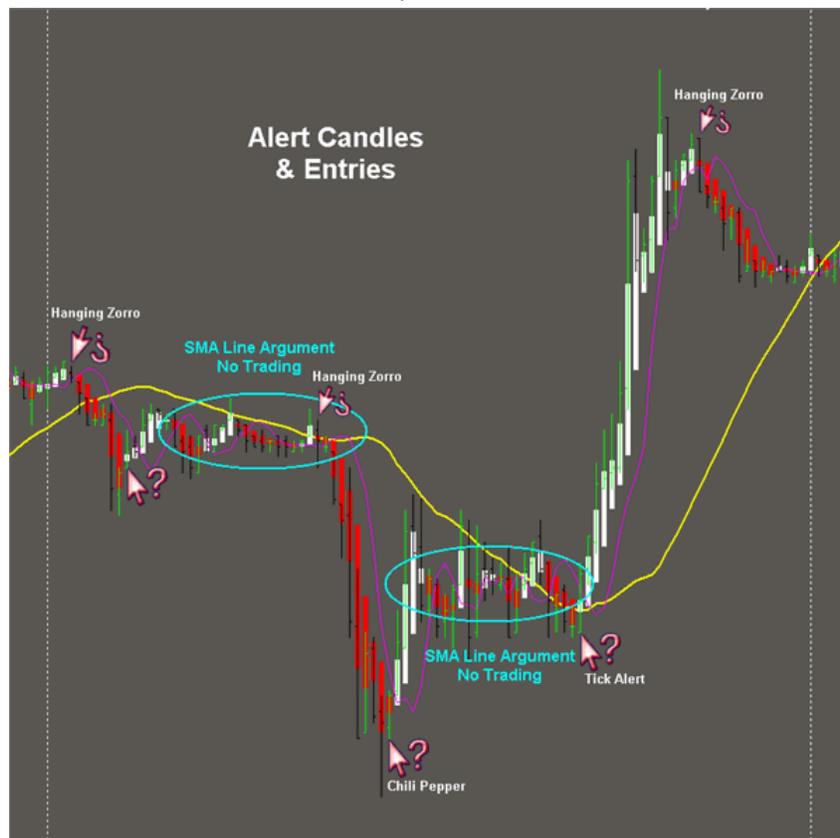
The **Dodger Blue** line is the SMA 7; shift 5; applied to close.

Ok here's the basic RandyCandle thing:

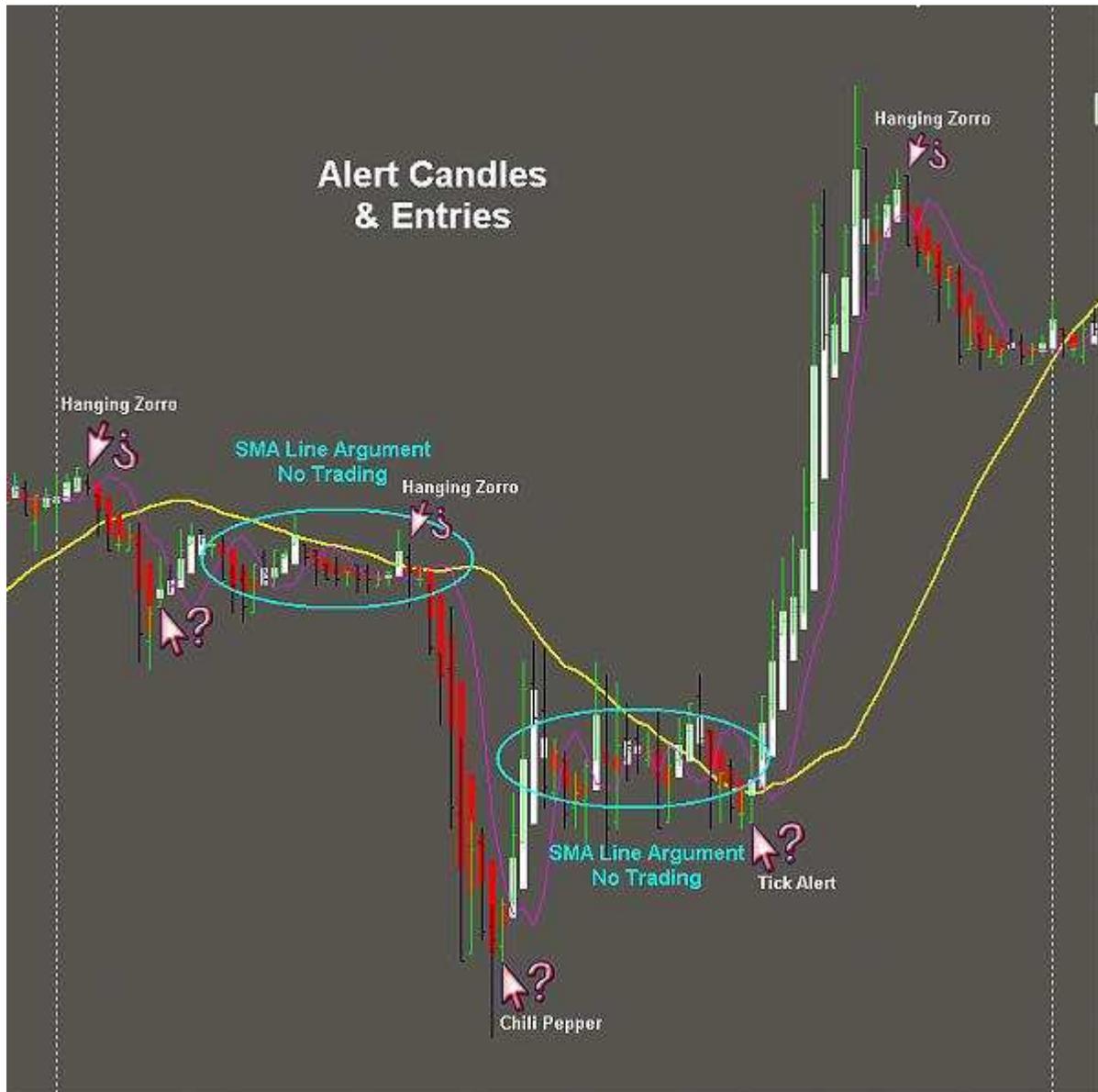
They work on all time frames. They don't repaint.

Entry usually based on the 15M chart.

(1). Look for an Alert candle. They look like this:



Here is a larger picture.



THE ALERT CANDLE:

1. The appearance of an Alert Candle is your FILTER.
2. correct alert candles simply have stems ABOVE AND BELOW; they are small to moderate in size.
3. they can be any color combination, however chili peppers and zorros are ideal.
4. the BEST alert candles will CROSS and close OVER the Pink SMA.
4. the alert candle is NOT the entry candle!!! DO NOT ENTER on an alert candle.
5. If you enter on an alert candle, you have failed.

THE ENTRY CANDLE:

You must WATCH the entry candle develop to make your decision.

1. The Entry Candle must obviously have the right HA color for your direction.
2. It must have the correct stem color for your direction...wait till you get it!
3. The "preferred" entry candle should only have the stem going your way.(not an absolute rule however).

3. The BEST entry candles are birthed having ALREADY crossed the SMA Pink.

4. If the above scenario has happened and you are let's say at the top of a fan.... you ALREADY have a 90% probability of putting in a correct entry of both timing and direction....have some confidence!!!!

5. The SMA's are treated as dynamic points of support and resistance.

Dynamic means they move, as opposed to static like Camarilla, MurreyMath and Fibos.

Support and Resistance means your trades can respect and bounce from them and at other times must "chew" through them.

This Price vs. SMA interaction occurs on both the 5M as well as the 15M charts.

Pink is the weakest, Yellow the strongest.Learn by watching Price vs. the SMA's, both charts.

SMA LINE ARGUMENTS:

An SMA Line Argument is when the price is consolidating.

The Pink and Yellow start merging and weaving together.

Usually the candles get smaller and color combinations are mixed.

Don't trade going into one...they can last for hours.

THE TRADE:

You are looking for a bounce off the D line or a successful cross of the D line.

You look for your alert candle followed by the entry candle moving away from the D line with the correct HA and stem color for your direction.

The candles will start respecting the SMA Pink.

The best moves will ride above the Pink.

You now have a high probability entry signal generated right from the current price action.

Probability is all you can expect.

It is a discretionary trade method of entry and needs to be tempered with everything else you know about the market.

Are you against trend or with trend? (MTF HAS) What time of day is it? London, NYC, Asian?	What's price been doing relative to your dynamic s/r's? Camarillas? What is Price (green) vs. HAS doing?
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This is a real time 4:25GMT shot of the GBPJPY it shows a potential entry point on the 5M and an alert forming on the 15M



15 minutes later

Had a bounce/test of D Line.
We have pips to play with (pos).
I would hold and see if we get a successful cross of the D Line.

Set stop to BE and wait.



There we go....broke the D Line



Trying to "force" this trade a little.....truth is we are in a Line Argument. You can see the Pink and Yellow bunched up together...going nowhere fast. MTF HAS says we are with the trend H4 and H1....so am holding to see if we bust through D Line.

Exits:

The below breakout candle is a great example of a Stretch Candle. I ALWAYS exit on stretch candles...(tips!)

except...

the first one (unless it is HUGE....then I walk and look for reentry.) on the 15M.

btw...we now use/watch the 15M to help keep us in the trade.

