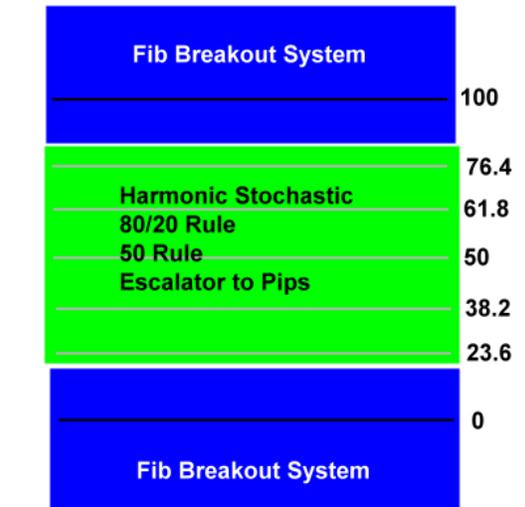


TRADING MANUAL

When to Use Spud's Systems



Remember that the fib scale is a representation of the stochastic scale....except that the fib scale is helping us measure price movement and the stochastic scale is helping us measure momentum in a direction of movement.

Stochastic Settings for all methods: 5,3,3 and 14,3,3 (high/low, simple)use only %K line and overlay in one indicator window.

Method I – Basic Momentum Stochastic Trading

Direction: Daily Chart

Time Frames: 15, 30

Entry

Long: 15M and 30M stochastics are very low (under the 20 level). Watch for both stochastics to move upwards together and rise above 20. As the 15/30 rises higher the 1H should be trailing lower but moving upwards or “looking” like it will move above 20 shortly if it is below 20.

Short – 15M and 30M stochastics are very high (above the 80 level). Watch for both stochs to move downwards together and fall below 80.. As the 15/30 fall lower the 1H should be trailing higher but moving downwards or “looking” like it will move below 80 shortly if it is above 80

Exit:– Follow the 15M to 80 (long), switch to 30M chart and follow it to 80 (long) and then the 1H to 80 (long). Optionally chase the 4H up to 80 but the risks are much higher...so is the reward. **Don't look back at the time periods you left behind.**

Scalping – Enter the trades at the higher levels for long (61.8) or the lower levels for short (38.2) and follow the above exit strategy for in and out trades.

Method II - Escalator to Pips

Direction: 4H crossing 20 from below 20 trade long, crossing 80 from above 80 trade short

Time Frames: 15, 30, 1H and 4H

Entry:

Long Entry – enter when 15M, 30M, 1H and 4H stochastics are moving up all above 20

Short Entry – enter when 15M, 30M, 1H, 4H stochastics are moving down all below 80

The 4H is your signal indicator...it is the "make a trade" sign. Now you can trade any of the 15/30/1H/4H time frames or combination thereof depending on your risk level.

Best entry in a smaller time frame will be when that small time frame (on a long) crosses 20 or just has prior to the 4H indication. Your exit on the long will be when a time frame (15/30/1H/4H) hits 80 (long). You can enter on any time frame after the 4H signal (in the direction of the 4H move).

Exit:

Long – exit when stochastics on the 15M hits 80, or the 30M hits 80, or the 1H hits 80, or the 4H hits 80

Short – exit when stochastics on the 15M hits 20, or the 30M hits 20, or the 1H hits 20, or the 4H hits 20

The smaller time frames will hit the exit target more often but you make less pips than the longer time frame exits....you can pick any time frame to exit on.

MTF Scalp

Direction: You need not worry what direction the long term trend is in for this method to work, it works regardless of long term trend direction.

Time Frames: either: 5/15, 15/30, 30/1H, 1H/4H

Entry:

Set a level line on your 5,3,3 stochastic at 61.8 and 38.2.
Your entry/exit is always with the smaller time frame.

The smaller time frame should be one step (one candle) ahead of the longer time frame for the cross or one step behind...or exactly the same. This is optional if you are conservative and a common pattern. However, you do not want the longer time frame ahead more than one step of the shorter time frame.

On a long, whenever both tf's cross or are above 61.8, buy long.

On a short, whenever both tf's cross or are below 38.2 sell short.

You can add greater risk if the longer time frame is "near" the cross in the direction of your trade. The longer tf should be across 50 level. This may prolong your trade and could add some risk.

If you don't have this correlation of the 2 time frames, you don't have a trade. This is your filter mechanism.

Exits:

1. If the shorter time frame goes above 80 on a long or below 20 on a short, you definitely want to be out before it re-crosses 80/20.
2. If you nab some pips within 3 candles on the shorter time frame, you may want to exit.
3. If the longer time frame is looking like it will go above 80 on a long or below 20 on a short you may want to ride it out.
4. If the trend is with your trade you may want to stick it out...use a trend channel. You will quickly notice an average pip gain, you may want to TP that.

You need not worry what direction the long term trend is in for this method to work, it works regardless of long term trend direction.

Spud's Harmonic Stochastics

Direction: 1H and as MTF Stoch.

Time Frames: either: 1H

Entry

Add 2 MA's to your price chart: EMA 3 and EMA 6

These represent 30 minutes (3) and 60 minutes (6)...harmony of numbers. The EMA 3 represents the 5,3,3 stochastic and the EMA 6 the 14,3,3 stochastic. On price and the fib levels they behave just like MTF stochastics and all the MTF stochastic rules follow. However, now we have the power of MTF stochastics on price and momentum.

The stochastic will follow fib S/R. The stochastic moves first. This is the 80/20 rule in true harmony. How can we go wrong with Fib numbers and stochastics

Exit: As MTF Stoch.

Spud's MTF FIB Breakout System

Breakout System

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:

Draw you Fib line from the previous day's low to the high and draw it so the level lines extend into today.

Direction: See Time Frame

Time Frames: 1H chart for daily. 4H chart for weekly.

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.