

# *Sexy Stochastics*

A Boxingislife Trading Strategy

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Guide made by Melpheos

## History

V1 : First issue of the guide

V1.1 : small addition on the exit strategy

V1.2 : change settings of Nonlagma. Add link to [template/topic/chatroom](#)

## Indicators in use :

Stochastic Oscillator  
NonlagMa V5  
Ma CrossOver signal  
Heiken ashi MA

## The setup :

Plot 3 stochastics in the same window with the following parameters :

1<sup>st</sup> stochastic :

k% 20

d% 10

slowing 20

2<sup>nd</sup> stochastic

k% 50

d% 10

slowing 20

3<sup>rd</sup> stochastic

k% 5

d% 3

slowing 3

Plot the Nonlagma V5 with the following parameters:

0-8-0-3-1-0-0.0

Colors : Yellow / Blue / Red

Width : up to you, I use 3 for better lisibility

Plot MA Crossover signal with the following parameters :

1-5-0-8

Those settings correspond to a signal on a cross of 5EMA (exponential) and 8SMA (simple) applied on **close price**

colors : Blue / Red

Width : again up to you, I use 3 to get a big fat arrow that I cannot miss

Plot HeikenAshi MA with the following parameters :

1-3

Colors : Red / Royal Blue / Red / Royal Blue - or whatever color you like

You chart should look more or less like this :



## Time frame and Pair

This strategy works on anytime frame and pair.

### SAFE ENTRY

#### First indication:

What you need to do is first look at the 20 and the 50 and see what they are doing. this is not necessary but when the 20 is above the 50 then thats our first hint the trend is up.

When the 20 is below the 50 then trend is down.

Sometimes, they are really close to each other which should make you cautious about taking trades.

#### Second indication:

You want the 20 to be crossed down with its signal line and the 50 to be doing the same. If both are crossed down with their signal lines then price is trending down and we look to sell.

Vice versa for when they are crossed up.

#### Third indication :

The NonlagMA is flat or is trending in direction you plan to take the trade (blue for buy, red for sell )

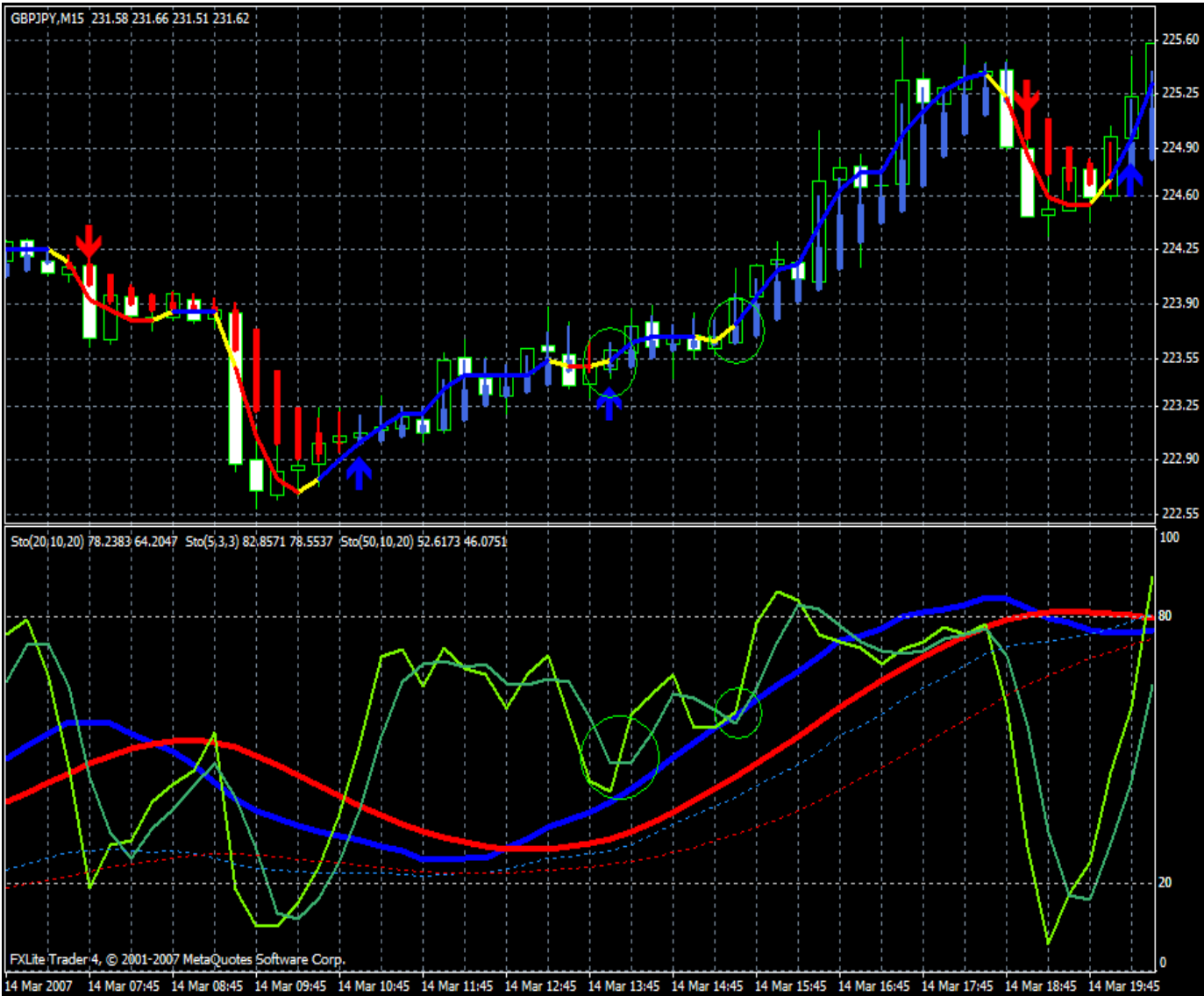
#### Taking the trade:

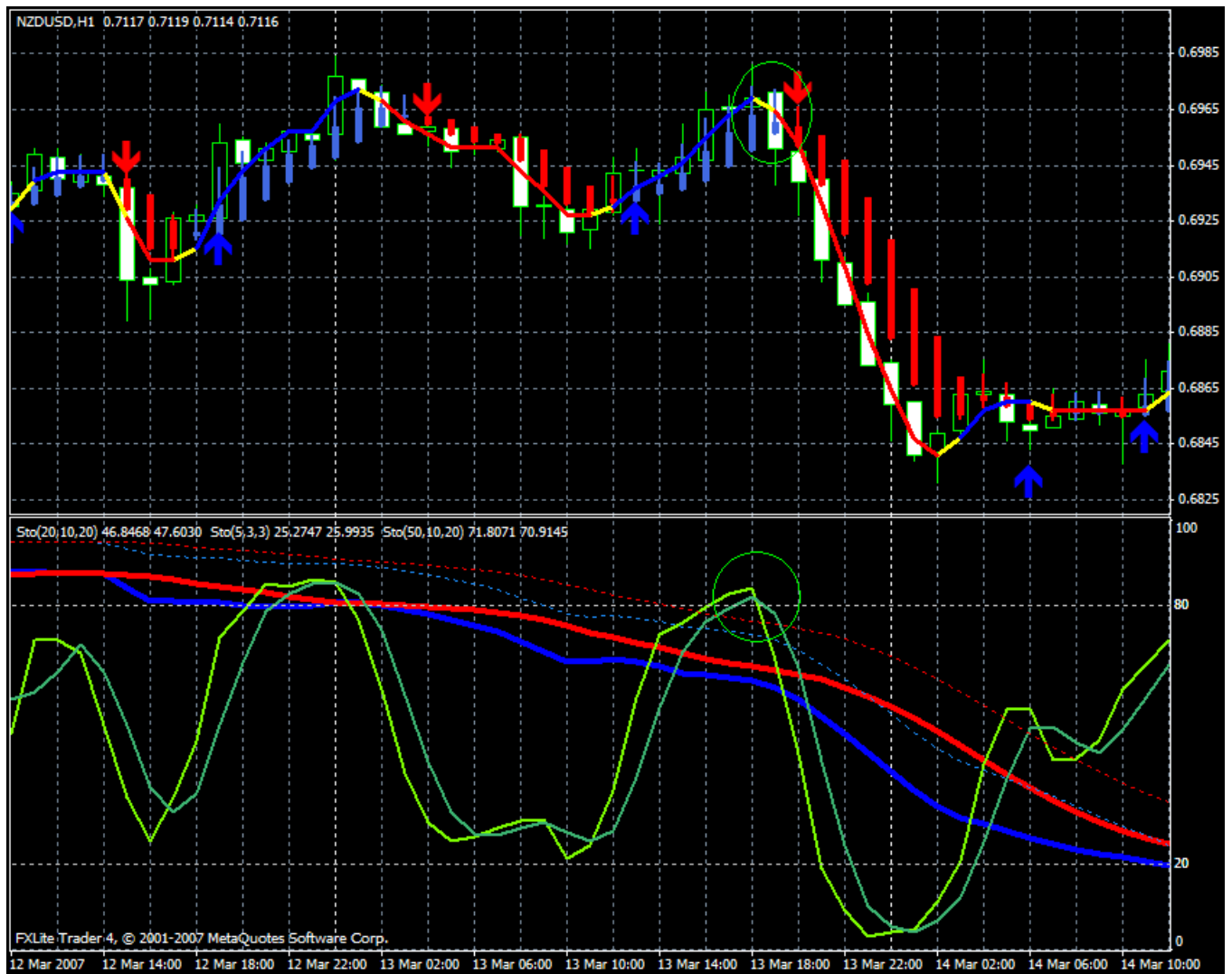
When the 20 and the 50 have crossed their signal lines down, we look at the 5.

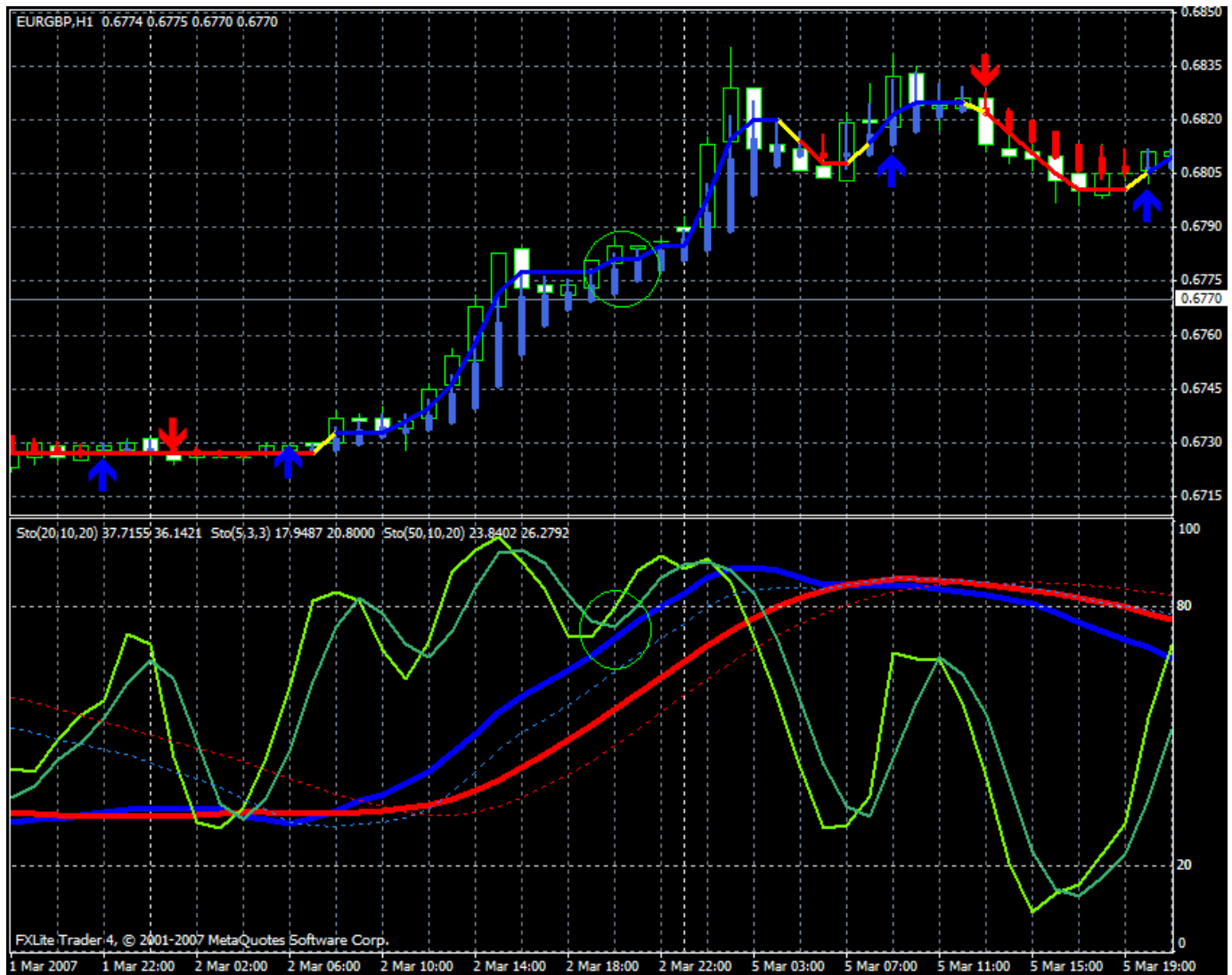
We want the 5 to go into overbought if the trend is down. Basically we are looking for a pullback. When the 5 cross back down, we then either wait for the nonlagma to change color or go trendy in direction we will take the trade. If a nice tiny little consolidation formed and 20 and 50 are trending down and nicely then enter at that even if the 5 didnt make it very high.

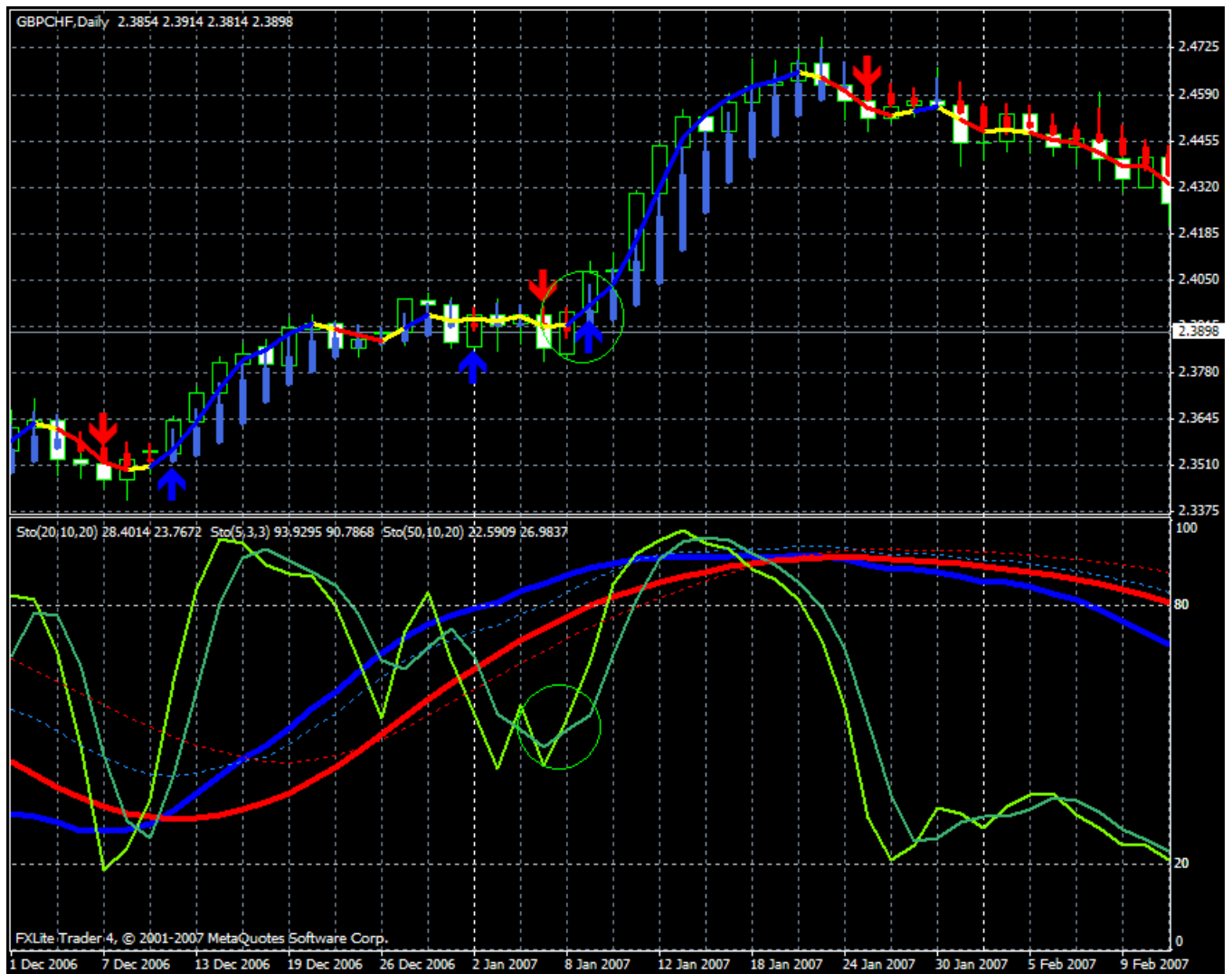
If this setup is confirmed, we take the trade **at the end of the candle.**

Here is some examples :







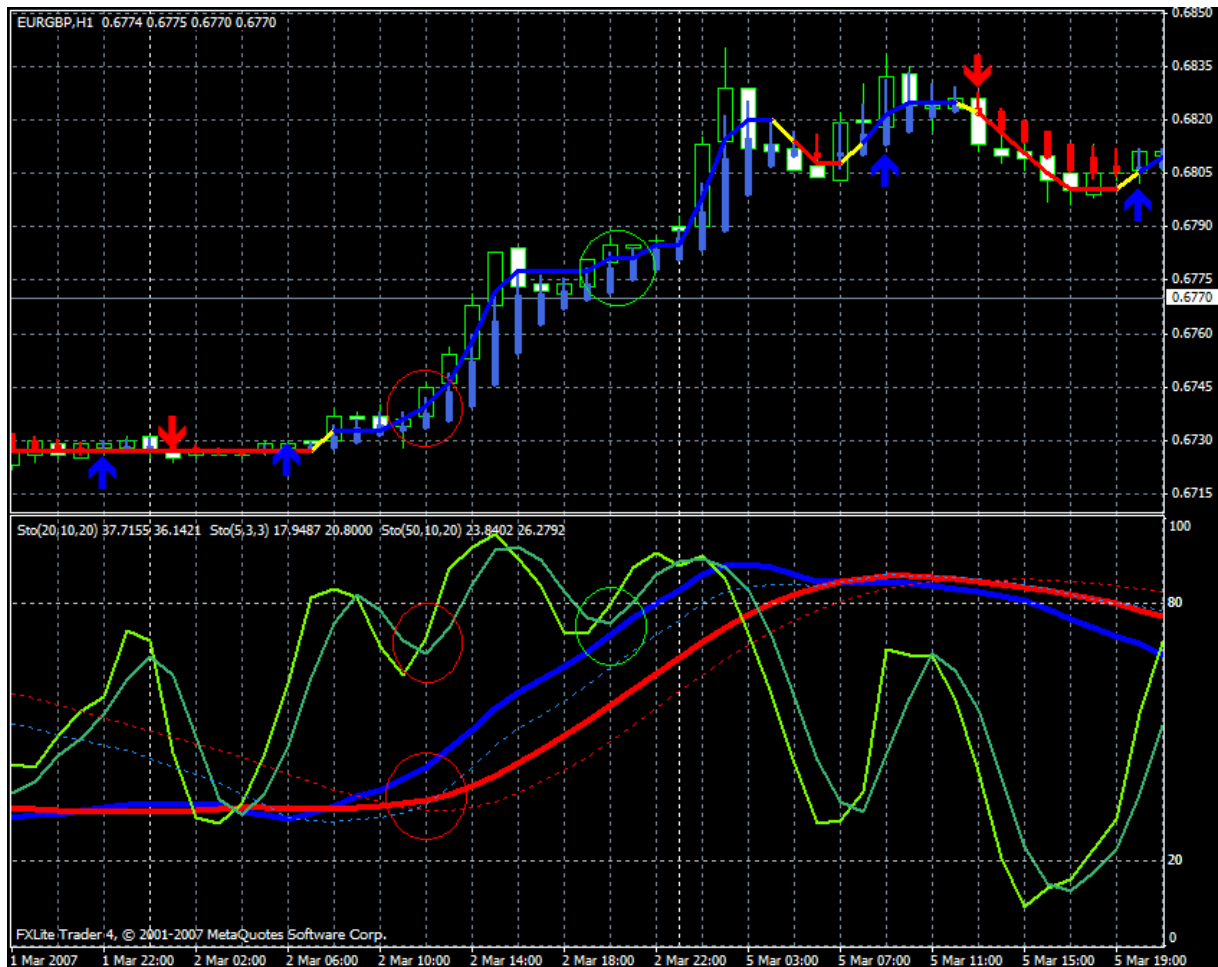


## AGGRESSIVE ENTRY

Rules are exactly the same but you completely ignore the 50 and focus only on the stochastic 20 and 5.

Compare the following chart of a trade on ££ with the previous one.

The red circle shows the aggressive trade based only on the stoch 20 and 5. As you can see on the stochastic window, the 50 are conflicting with the 20, yet the trade is very good and produce much more pips than the trade circled in green.



## EXIT

The exit is in fact the place where you are pretty free.

Here is 3 different strategy you can use :

### 1- MA Crossover

My strategy is not the best but it gives repeatable results which is what everyone should focus. The good point is that it is simple to follow and apply.

The MA crossover signal gives you the exit. Plain and simple.

On a buy order, wait for the formation of a red down arrow and exit at the end of the candle (or before if the trade is really going against you )

On a sell order, wait for a blue arrow.



## 2- Change of direction of NonlagMA

You exit when the Nonlagma change direction at the end of the candle.  
This exit strategy is not tested.

## 3- 5 cross

You exit when the 5 cross again on the other side. So if you picked up a cross on overbough, you sell on the cross on oversell.

Usually doing do gives a very good Win/Loss ratio but risk/Ratio is not as good as the Macrossover exit rule.

Also, it might be difficult to determine a good cross vs. a bad cross. A bad cross will let you forget many pips and the table.

## Heikinashi MA : what is it good for ?

Absolutely something ! ^^

Until now, we haven't look at this indicator. So why did we implent it ?

It is a very good tool that give an easy view of the strengh of a move. The bigger the body is, the further the price will go (up or down ).

This indicator will give you a very good indication on the fact that an exit arrow is about to form.

Small body = watch your trade !!!

## Target and Stop loss

If you don't have a target, you can use my exit strategy. Otherwise you can use fibonacci extension, pivots, crystal ball or astrology. This is your business not mine. Boxingislife strategy is an entry strategy (by the way that would be great if someone could work on an exit strategy because there is so many entry strategy but few exit strategy )

For your stop loss, this is again your business and it depends on the pair you are watching. Take note that this strategy has a return of 70% with good profit (400+ pips/month for 1 lot on EURYEN) with the safe entry and 60% and very good profit ( more than 550 pips/month for one on EURYEN )

## Footnote

This guide is only part of the information. I encourage anyone willing to use this strategy to look on the topic made by boxingislife here

<http://www.forexfactory.com/showthread.php?t=13321>

You will find there lots of chart with proper entry point.

You can also find my template and the different indicator in the guide in my signature on FF <http://www.forexfactory.com/showpost.php?p=1439270&postcount=974>