What is the best forex trading strategy? An honest and straightforward answer to this is simple. It is the strategy that best fits your personality, experience and circumstances.

Choosing the right forex trading strategy is about finding a strategy that fits the trader best. What may be great for one trader might not be the right strategy for another. Some traders could handle the pressure of trading strategies that could possibly win big on some trades yet earn just a few pips on most days. Traders who prefer these types of strategies should go for high yield trade strategies, which allow trades to run for quite some time if they could catch a trend. Other traders prefer strategies that constantly produce profits however small they gain on each trade. These traders should choose high probability strategies. Others do not have the time or patience to sit all day on their trading stations. These traders should do swing trading on the daily charts. Other traders could not wait a week for a trade to complete, so they would rather do day trading. The best type of trading strategy is the one that fits the trader best.

We have compiled five forex trading strategies that have been found to work really great for many traders. These strategies work best for different scenarios and market conditions. You could try to learn which strategy you gravitate to the most. You could also learn several of those that you think makes sense to you and apply it to the appropriate market condition.

Here are our Top 5 Best Forex Trading Strategies for 2019.

#1 – Supply and Demand Zones Forex Trading Strategy

Trading is also a function of economics. Trading is all about price movements and price movements are a result of the market's perception about the current price, whether it is too high or too low. In a way, trading is the crowd's psychology regarding price. This is also exactly what economics is, a group's psychology regarding the exchange of scarce resources. This is why trading is applied to almost any scarce resource, whether it be stocks, bonds, commodities such as gold or oil, or even currencies (forex).

In fact, price movement the result of the two main economic factors, supply and demand. Too much demand and the prices would go up. Too much supply on the other hand puts pressure on price to go down. Because of this, it also seems proper that we explore the use of one of the most tried and tested types of trading strategies related to economics, Supply and Demand.

Supply and Demand strategy is basically a strategy that assumes that certain price points have an inherent bulk of supply or demand on that area causing price to move rapidly away from it. These areas or zones, when revisited could still have more supply or demand on it. This comes in the form of unfilled buy or sell pending orders. It could also be other traders waiting on the sideline waiting for price to drop to that area before they would consider price to be cheap enough to buy, or for price to rise to a certain level before they would consider selling.

Zigzag Indicator

The Zigzag indicator is a basic indicator which many traders overlook. It is probably due to its simplicity that traders overlook it. However, despite its simplicity, it probably is one of the most useful indicators available for traders.

The Zigzag indicator is an indicator that connects swing highs and swing lows. Having a clear idea of where the swing highs and swing lows are is very helpful in many ways. It could be used to identify trends as well as supports and resistances.

Trends are defined by price action traders as swing highs and swing lows that are constantly rising on a bullish trend or constantly falling on a bearish trend. This characteristic could easily be deciphered using a Zigzag indicator.

As for supports and resistances, traders often identify two types of it – diagonal supports and resistances, and horizontal supports and resistances. Traders could make use of the Zigzag indicator to identify horizontal supports and resistances since swing highs could be considered as a horizontal resistance and swing lows could also be considered as horizontal supports.

Supply and Demand Indicator

Supply and Demand strategy relies heavily on being able to correctly identify the supply and demand zones. Traders who have mastered Supply and Demand would often identify these zones based patterns of bases, drops and rallies. However, identifying zones based on this strategy needs a lot of practice and is often difficult for traders who are new to supply and demand trading.

The Supply and Demand indicator provides traders an easier route by automatically marking the zones on the price chart. All traders would have to do then is observe price action as price would revisit these zones.

The Forex Trading Strategy

The Supply and Demand Zones Forex Trading Strategy is a simplified way of trading the Supply and Demand strategy. It makes use of the Supply and Demand indicator as a means of identifying the zones where we should be observing price action. This makes the traders job a whole lot easier. It removes all the guess work that some Supply and Demand traders make and prevents traders from marking low quality zones, which is often the reason why traders who are new to this strategy fail.

This strategy not only attempts to identify the entry zones, but it also aids traders in identifying profit targets. Profit targets will be based on horizontal supports and resistances, which are also based on swing highs and swing lows. In this strategy, traders would be marking the body of the candle which formed the swing high or swing low as the profit target. This is a more conservative method as compared to targeting the high or low of the candle as price could sometimes bounce off prior to even reaching the high or low.

MT4 Indicators*:*

- *ZigZag*
- *SupplyDem*

Preferred Timeframe: 1-hour, 4-hour and daily charts

Currency Pairs: major and minor pairs; could also work long-term on commodities, stocks and indices

Trading Session: Tokyo, London and New York

Buy Trade Setup

Entry

- A demand zone should be clearly marked with a blue box by the Supply and Demand indicator
- Wait for price to touch the demand zone
- Observe for a bullish reversal candlestick patterns (pin bar, engulfing, etc.) to form on the demand zone
- Enter a buy order as soon as a bullish reversal candlestick pattern is formed

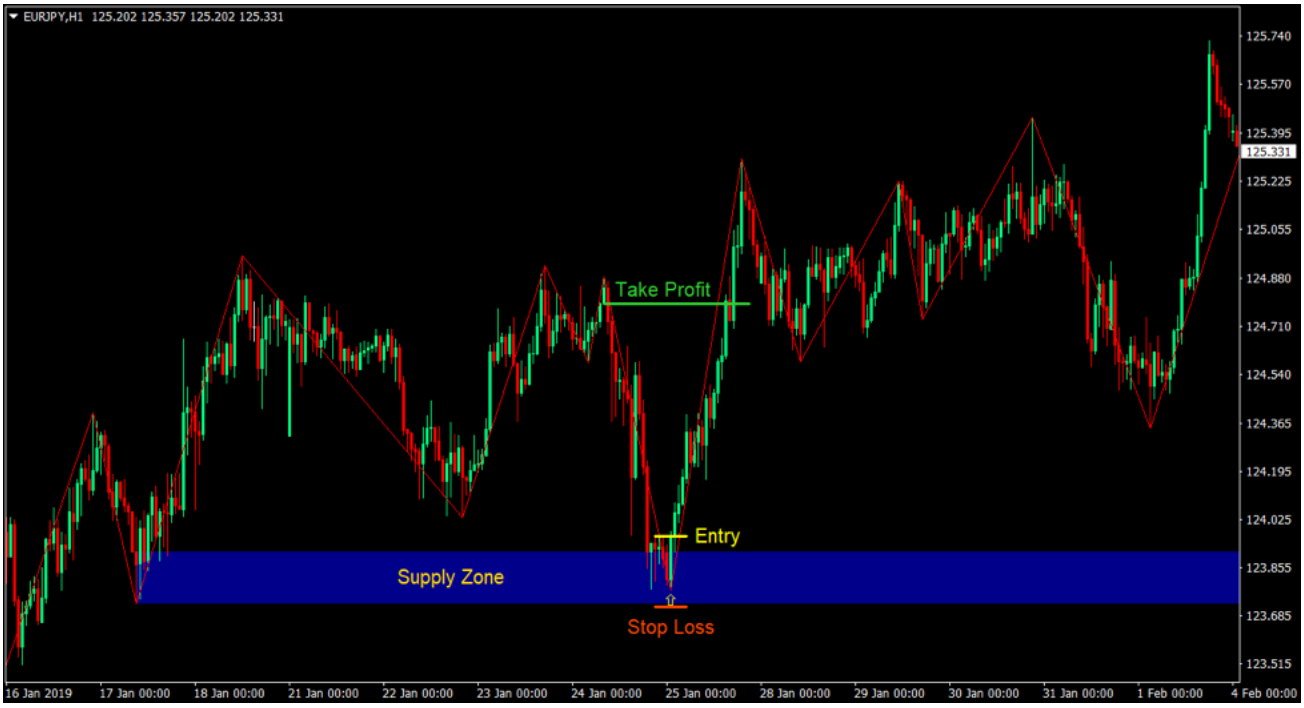
Stop Loss

- Set the stop loss below the demand zone

Take Profit

- Set the take profit target on the body of the candle forming the swing high based on the Zigzag indicator


EURGBP,Daily 0.87841 0.87921 0.87784 0.87874
Take Profit
Entry
Supply Zone
0.87250
0.86335
0.85420
0.84490
0.83575
0.82660
0.81730
0.80815
0.79900
0.78970
0.78055
0.77140
0.76210
0.75295
29 Jan 2016
16 Feb 2016
3 Mar 2016
21 Mar 2016
6 Apr 2016
22 Apr 2016
10 May 2016
26 May 2016
13 Jun 2016
29 Jun 2016
15 Jul 2016
2 Aug 2016
18 Aug 2016
5 Sep 2016


EURJPY,H1 125.202 125.357 125.202 125.331
Take Profit
Entry
Supply Zone
Stop Loss
125.740
125.570
125.395
125.331
125.225
125.055
124.880
124.710
124.540
124.365
124.195
124.025
123.855
123.685
123.515
16 Jan 2019
17 Jan 00:00
18 Jan 00:00
21 Jan 00:00
22 Jan 00:00
23 Jan 00:00
24 Jan 00:00
25 Jan 00:00
28 Jan 00:00
29 Jan 00:00
30 Jan 00:00
31 Jan 00:00
1 Feb 00:00
4 Feb 00:00

Sell Trade Setup

Entry

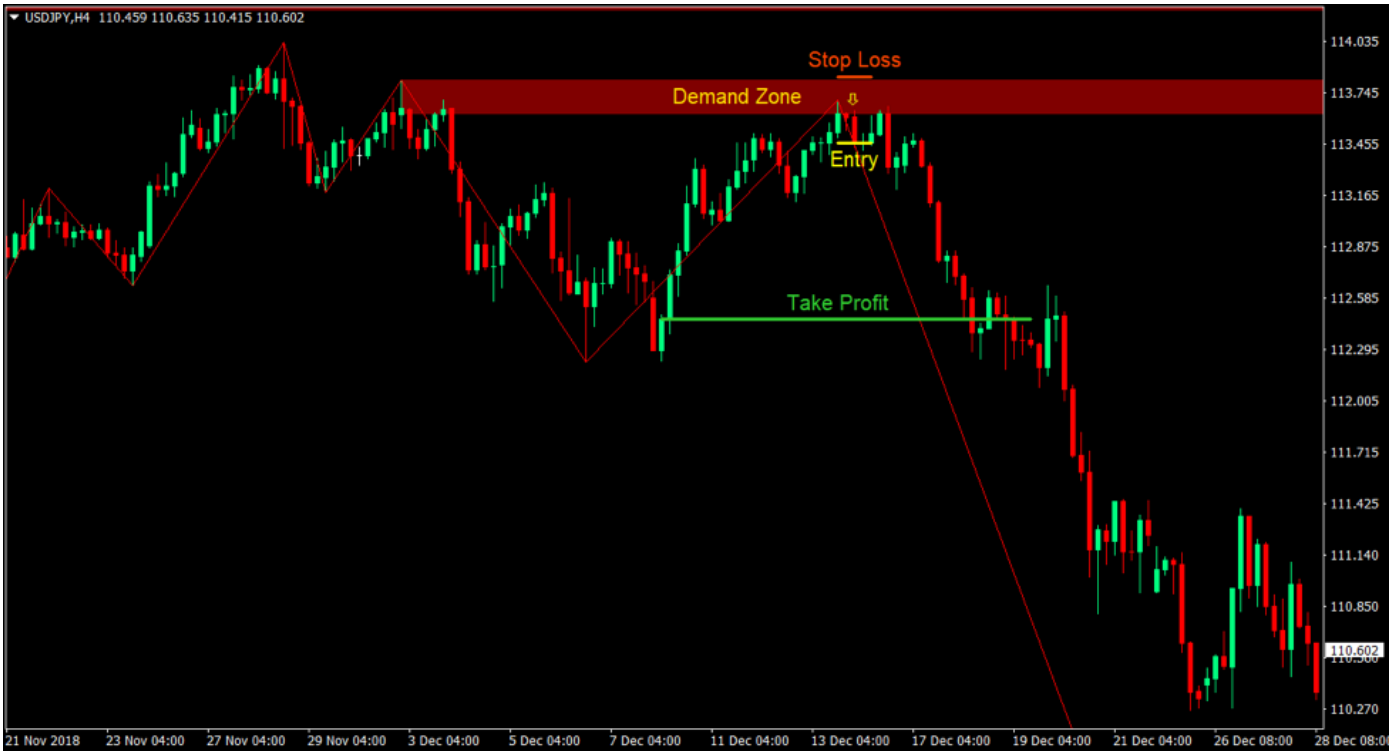
- A supply zone should be clearly marked with a red box by the Supply and Demand indicator
- Wait for price to touch the supply zone
- Observe for a bearish reversal candlestick patterns (pin bar, engulfing, etc.) to form on the supply zone
- Enter a sell order as soon as a bearish reversal candlestick pattern is formed

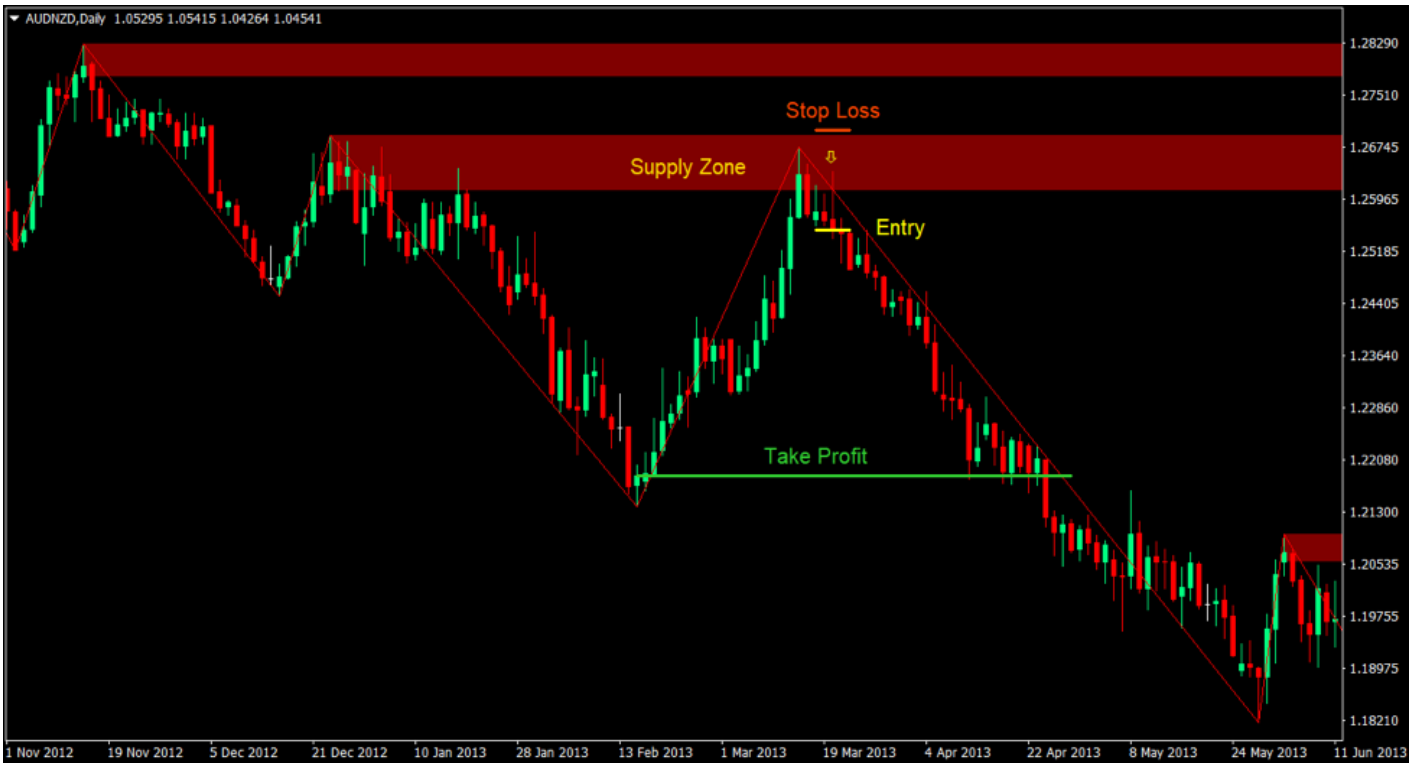
Stop Loss

- Set the stop loss above the supply zone

Take Profit

- Set the take profit target on the body of the candle forming the swing low based on the Zigzag indicator





Conclusion

This strategy is a working strategy which has provided many traders huge profits. These entries are very reliable and at the same time provides high returns compared to the risk placed on stop losses. This strategy typically has reward-risk ratios more than 2:1, which is more than enough to make a strategy very profitable. Although the win rate using this strategy is not as high, but the yields would often cover for the losses plus some more.

#2 – Awesome Oscillator Retrace Forex Trading Strategy

"Never chase the market. Let it come to you." This is much easier said than done. Momentum and trend following traders are often notorious when it comes to this. Trend traders often

notice a new trend a bit quite too late. It might be that they were not paying attention when the trend started to reverse or that they hesitated. Then, they would see price moving strongly in the direction of a new trend and try to chase it. They would enter the trade even when the market has clearly already taken off. This is not quite a good idea. Often, traders would be trading at worse price than they could have if they were not chasing the trade.

But there are ways to enter a trend even when it has already taken off a bit. Traders could still take a trade on a trend that has already started and still take the trade at a good price. This is through retracements. Trends often do not travel on a straight line. It would rally a bit then pull back, then it would rally again and repeat the same process several times. These pullbacks could be considered as a good entry point. These could be trades taken on the direction of clear trend yet still taken at a better price.

Awesome Oscillator

The Awesome Oscillator is a great tool for technical traders to work with. It works well in indicating the direction of the mid-term trend.

This technical indicator is a momentum indicator which measures the distance between two moving averages, the 5-period and the 34-period Simple Moving Average (SMA). However, these moving averages are modified. Instead of basing the moving averages on the close of price, it is measured on the median of each candle. The oscillator then displays the difference between the two moving averages as a histogram.

Positive histogram bars occur when the shorter-term moving average is above the longer-term moving average, indicating a bullish trend. On the other hand, negative bars occur when the shorter-term moving average is below the longer-term moving average, indicating a bearish trend.

Aside from having positive or negative bars, the color of the Awesome Oscillators' histogram bars also has some significance. The histogram bars are colored green whenever the current bar has a higher figure compared to the previous bar. If the current bar has a lower figure compared to the previous bar, then the bars are colored red. During a bullish trend, the bars

would usually be green, and on a bearish trend, the bars would usually be red. However, whenever price is retracing, the moving averages tend to contract allowing a temporary color change.

Hull Moving Average

The Hull Moving Average (HMA) developed by Allan Hull, is an excellent type of moving average. This modified moving average has the best of both worlds. It is extremely fast yet is also very smooth. This provides a moving average that is less lagging and at the same time indicates the trend more reliably without changing on minor retraces.

As with any moving average indicator, the Hull Moving Average could be used to identify trend. It identifies trend based on the location of price in relation to it. Price above the HMA indicates a bullish trend, while price below the HMA indicates a bearish trend.

The HMA also indicates trend direction based on the slope of the moving average. HMAs that are sloping up indicate a bullish trend, while HMAs that are sloping down indicate a bearish trend. The HMA indicator also changes color whenever its slope changes direction. Upward sloping HMAs are colored green, while downward sloping HMAs are colored violet.

The Forex Trading Strategy

This strategy is trend retracement strategy that uses the Awesome Oscillator and the Hull Moving Average.

The Hull Moving Average acts as the main trend filter. The trend direction is based on the slope and color of the HMA. Trades are taken only in the direction of the trend based on the HMA.

The Awesome Oscillator acts both as a trend filter and an entry signal. The trend direction is judged based on whether the bars are positive or negative.

The market should exhibit a trending condition where the Awesome Oscillator is in confluence with the Hull Moving Average. Then, traders could wait for price to retrace. These retracements would cause the Awesome Oscillator to temporarily change colors. Then, as price resumes the direction of the current trend, it would revert to the color which indicates the direction of the trend. This resumption in trend direction is the retracement entry that traders could take. Traders could then ride the trend until the main trend ends.

MT4 Indicators:

- *hull-moving-average.ex4*
  - *Period: 50*
- *Awesome*
  - *Default*

Preferred Timeframe: 1-hour, 4-hour and daily charts

Currency Pairs: major and minor pairs

Trading Session: Tokyo, London and New York

Buy Trade Setup

Entry

- Price should cross above the HMA
- The HMA should change to color green indicating a bullish trend direction
- The Awesome Oscillator should become positive indicating a bullish trend
- Price should retrace causing the Awesome Oscillator bars to change to red
- Enter the trade as soon as the Awesome Oscillator color changes back to green indicating the resumption of the bullish trend

Stop Loss

- Set the stop loss on the support level below the entry candle

Exit

- Close the trade as soon as the HMA changes to violet
- Close the trade as soon as the Awesome Oscillator becomes negative

Sell Trade Setup

Entry

- Price should cross below the HMA
- The HMA should change to color violet indicating a bearish trend direction
- The Awesome Oscillator should become negative indicating a bearish trend
- Price should retrace causing the Awesome Oscillator bars to change to green
- Enter the trade as soon as the Awesome Oscillator color changes back to red indicating the resumption of the bearish trend

Stop Loss

- Set the stop loss on the resistance level above the entry candle

Exit

- Close the trade as soon as the HMA changes to green

- Close the trade as soon as the Awesome Oscillator becomes positive

Conclusion

This strategy works well in a clearly trending market condition. It allows traders to take a trade in the direction of an established trend, while preventing them from chasing price.

Although this strategy is intended for established trends, it is best to avoid trading this strategy on an overextended trend. It is even better if the trade is taken on newly established trend instead of trends that already had several retraces and could be reversing soon.

Traders should have different strategies for different market conditions. This trading strategy could be one of those, a strategy that traders could use to enter an already ongoing trend.

#3 – 3 Moving Average Trend Forex Trading Strategy

Traders would often want to take trades with minimal risk with the most potential returns. Taking trades that could result in winning 4, 5, even 10 times more than what is risked is very exciting. Experiencing these types of trades is often the reason why many traders stick to

trading. They know the exhilaration of winning big and they would want to experience it again and again. However, these types of trades are quite difficult to catch and are quite few. At least that is what some traders think.

Some traders have mastered the art of risking little and winning big. It seems too good to be true but it is doable. These traders often do it by aligning the longer-term trends and short-term trends. They would then trade based on the short-term trend and let the trade run based on the long-term trend. There are many ways to do this. Some traders would align shorter timeframes with longer-timeframes. Other traders would zoom in and out of a chart. Others would make use of longer-term and shorter-term technical indicators.

The 3 Moving Average Trend Forex Trading Strategy is one which aligns the long-term trend with the short-term trend based on indicators. One identifies the long-term trend while the other indicates the short-term trend. This allows traders to risk minimally based on the short-term trend and win maximally based on the long-term trend.

3 Moving Average Cross Indicator

The 3 Moving Average Cross indicator is a custom trend following indicator which provides entry signals based on trend reversals. This indicator's trend reversal entries are based on the stacking and crossover signals of three moving averages.

The moving averages used in this custom indicator are geared towards the short-term trend. These short-term trend signals have a strong tendency to run based on momentum and tend to have less lag.

The indicator then prints arrows pointing towards the direction of the trend reversal. This is very beneficial for traders as this prevents traders from second guessing their decisions, since the trade signals are clearly indicated on their charts.

Trend ID Indicator

The Trend ID indicator is a custom oscillating indicator based on momentum. It displays two blue lines and one red line.

These lines oscillate freely moving from positive to negative based the movement of price. The market is considered bullish whenever the red line is above zero and bearish when it is below zero.

Another way to identify trend direction based on this indicator is by looking at how the lines are stacked. Bullish trends have the red line above the two blue lines, while bearish trends have the red line below the two blue lines. This also means that having the red line crossing over the blue lines is indicative of a trend reversal.

The Forex Trading Strategy

This strategy is based on the confluence of the 3 Moving Average Cross indicator and the Trend ID indicator. These two moving averages operate on different trend horizons yet provide potentially high yielding trades whenever they provide agreeing signals.

The Trend ID indicator is an indicator which geared towards the long-term trend. As such, this indicator serves as the primary trend filter and an initial indication of an entry signal. Trades are considered only when the red line has crossed over the two blue lines and is on the correct side in relation to its midline (zero).

The 3 Moving Average Cross indicator represents the short-term trend. Trade signals provided by this indicator allow traders to have a more precise trade entry, which allows traders to place tighter stop losses. This minimizes the risk placed on each trade.

MT4 Indicators:

- *3_MA_Cross_w_Alert_v2.ex4*
    - *Trend_ID*
        - *MVA Length: 100*

Preferred Timeframe: 1 hour, 4 hour and daily charts

Currency Pairs: major and minor pairs

Trading Session: Tokyo, London and New York

Buy Trade Setup

Entry

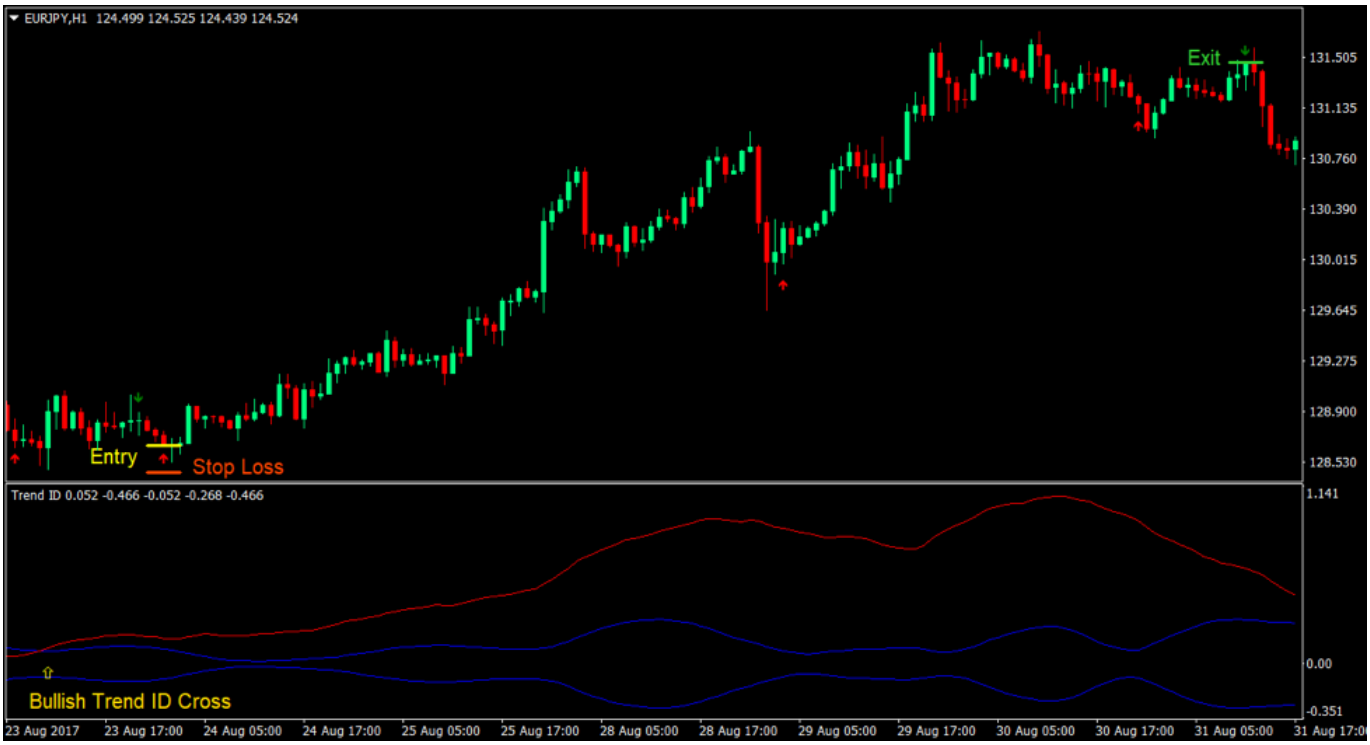
- On the Trend ID indicator window, the red line should cross above zero indicating a bullish trend
- The red line should also cross above the two blue lines indicating a bullish long-term trend
- The 3 MA Cross indicator should then print an arrow pointing up indicating a bullish trade entry signal
- These bullish trade signals should be somewhat aligned
- Enter a buy order on the confluence of the above conditions

Stop Loss

- Set the stop loss on the support level immediately below the entry candle

Exit

- Close the trade as soon as the 3 MA Cross indicator prints an arrow pointing down
- Close the trade as soon as the red line of the Trend ID indicator crosses below zero
- Close the trade as soon as the red line of the Trend ID indicator crosses below a blue line


EURJPY,H1 124.499 124.525 124.439 124.524
Exit
Entry
Stop Loss
131.505
131.135
130.760
130.390
130.015
129.645
129.275
128.900
128.530
Trend ID 0.052 -0.466 -0.052 -0.268 -0.466
1.141
0.00
-0.351
Bullish Trend ID Cross
23 Aug 2017
23 Aug 17:00
24 Aug 05:00
24 Aug 17:00
25 Aug 05:00
25 Aug 17:00
28 Aug 05:00
28 Aug 17:00
29 Aug 05:00
29 Aug 17:00
30 Aug 05:00
30 Aug 17:00
31 Aug 05:00

Sell Trade Setup

Entry

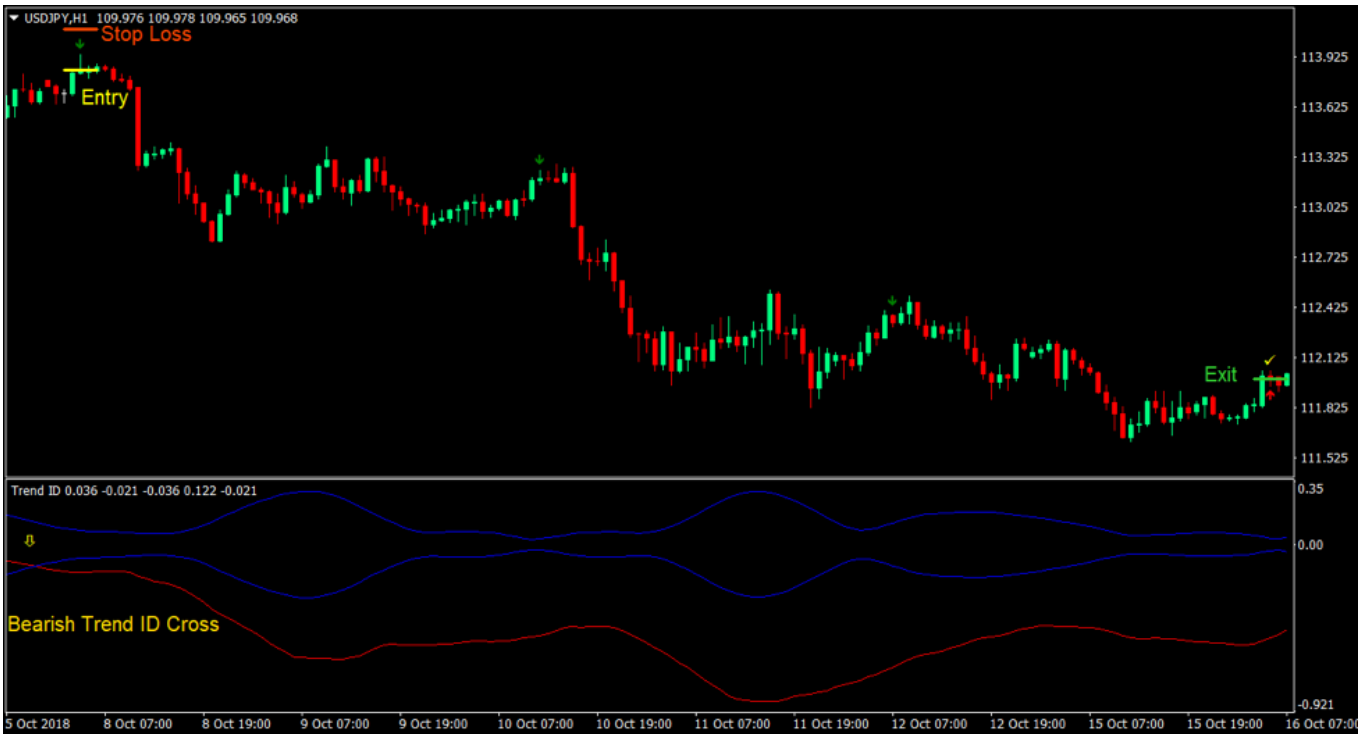
- On the Trend ID indicator window, the red line should cross below zero indicating a bearish trend
- The red line should also cross below the two blue lines indicating a bearish long-term trend
- The 3 MA Cross indicator should then print an arrow pointing down indicating a bearish trade entry signal
- These bearsih trade signals should be somewhat aligned
- Enter a sell order on the confluence of the above conditions

Stop Loss

- Set the stop loss on the resistance level immediately above the entry candle

Exit

- Close the trade as soon as the 3 MA Cross indicator prints an arrow pointing up
- Close the trade as soon as the red line of the Trend ID indicator crosses above zero
- Close the trade as soon as the red line of the Trend ID indicator crosses above a blue line



Conclusion

Having a trade wherein the risk is minimal as the stop loss is based on the short-term and a potential yield which is uncapped and is based on the long-term trend provides a high yielding strategy. This naturally makes the 3 Moving Average Trend Forex Trading Strategy a high yield type of strategy.

This strategy allows for trades that could yield 10 times more than what is risked on each trade. Trades that are taken with tight stop losses and would run very long based on the long-term trend allows traders to gain such high yields.

With this strategy, it is best to take trades on a fresh long-term trend. This is the reason why it is preferable to take a trade when the Trend ID indicator and the 3 MA Cross indicator are closely aligned as this means that an entry signal is provided on a fresh long-term trend.

#4 – Heiken Ashi Flag Forex Trading Strategy

Many people feel that technical trading is a science. This is probably the reason why there are many quants who are successful in trading. However, it is also more of a psychological pursuit. It is about the psychology of the crowd in relation to price movements. The cause of the crowd's actions is price movements and the crowd's collective actions are reflected in price.

One of the most popular ways technical traders trade is through the use of price patterns. Many traders use it without even bothering to wonder why it works. Price patterns work simply because these patterns reflect an emotional cycle among traders.

Flag and Pennant Patterns

The flag and pennant patterns are probably one of the most popular trading patterns.

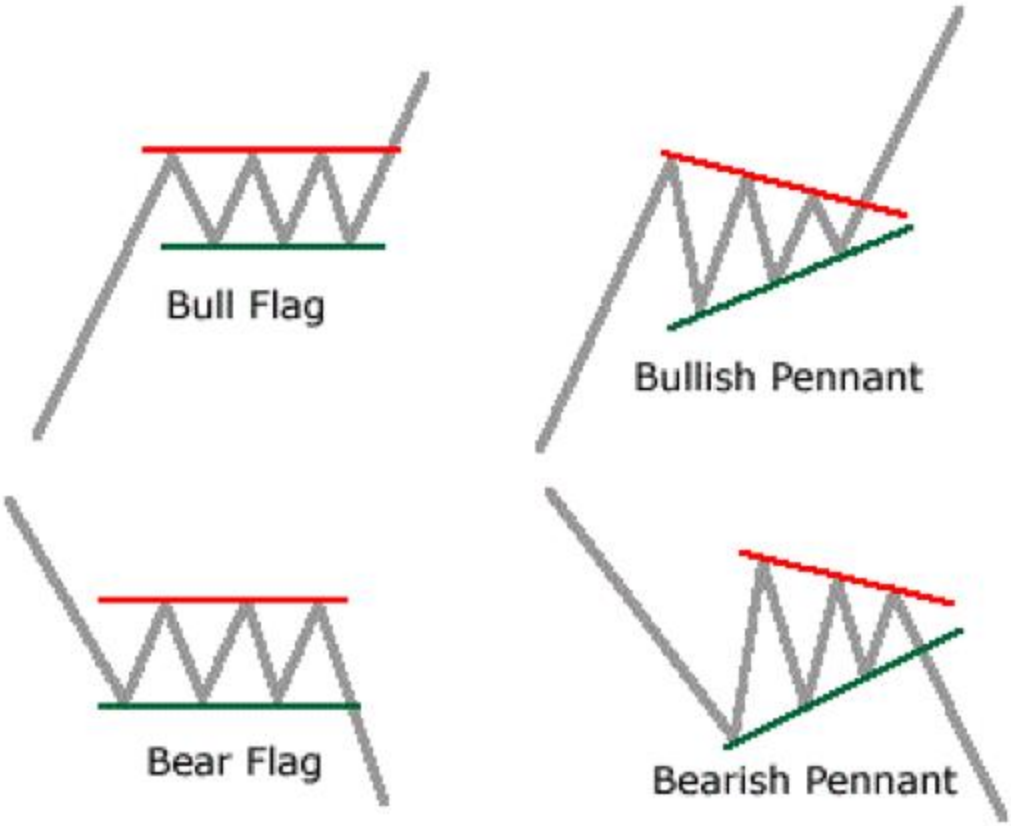
Flags and pennants are continuation patterns which consists of a pole and a body. The pole represents a rapid market expansion phase which is characterized by a sharp increase or decrease in price. The body on the other hand is the market contraction phase which is characterized by a short sideways moving market. These bodies could also be considered as a retracement.

Flags and pennants are somehow very similar. In fact, the two patterns have only a very slight difference. The two patterns differ on the body. Flags have a much flatter and even body, while pennants have a pointier body.

Both patterns are reflective of different market psychologies occurring in the market. However, both are equally effective. Flags have a flat and even body. This indicates that after a rally, some of the winners are already starting to cash out or lock in some of their gains. This causes a sideways movement as some of the profitable traders are transacting at that price level. Then, as soon as traders take notice that price has paused for a while, many would jump back in the trade once again, realizing that this could be the point wherein they could join the new rally. The pennant exhibits the same characteristics, except that trading volume on the contraction phase is slowly getting smaller. Traders are closing their trades partially until the point when price movement has contracted enough. After this phase,

traders would jump back in again and start a new rally. These new rallies cause a breakout from the body of the flag or pennant, which attracts even more traders hoping to catch the new impulse.

Below is a chart of how flags and pennants look.



Heiken Ashi Smoothed Indicator

The Heiken Ashi Smoothed indicator is a momentum indicator which aids traders in identifying trend direction.

It is a variation of the Heiken Ashi candles, however, the two indicators are quite different from each other. The regular Heiken Ashi candles is also a momentum indicator, but it is

geared towards the short-term trend. It displays the same highs and lows as the regular candlesticks only that it changes colors depending on the direction of the trend.

The Heiken Ashi Smoothed indicator on the other hand is more closely related to the moving average. In fact, it is derived from an Exponential Moving Average (EMA). It indicates the mid-term trend based on its color. Blue bars and candles indicate a bullish trend while red bars and candles indicate a bearish trend.

The Heiken Ashi Smoothed indicator is one of the best trend indicators as it clearly shows trend direction and does not change too often making it a very reliable trend indicator.

The Forex Trading Strategy

Trading flags and pennants is one of the best ways to trade the market. The problem is that many traders find it difficult to find such patterns in a naked chart. The Heiken Ashi Flag Forex Trading Strategy helps traders identify these high probability flag patterns because these patterns occur as retracements. The Heiken Ashi Smoothed indicator is a trend indicator which price tends to bounce off of after a retracement. Flags and pennants are usually much easier to find near the Heiken Ashi Smoothed indicator

To trade this strategy, we would be using the 200-period Exponential Moving Average (EMA) as our main trend filter. All trades should be in the same trend direction as the 200 EMA. Then, after a strong impulsive rally or drop, we will be looking for price to retrace near the Heiken Ashi Smoothed indicator. If we could observe a flag or pennant pattern, we will be marking it on our charts. We will take the trade as soon as price breaks out of the body of the pattern.

***MT4 Indicators**:*

- *Heiken_Ashi_Smoothed*
  - *200 EMA (gold)*

Timeframe: 5-minute, 15-minute, 30-minute, 1 hour, 4 hour or daily charts

Currency Pairs: major and minor pairs

Trading Session: Tokyo, London and New York sessions

Buy Trade Setup

Entry

- The Heiken Ashi Smoothed indicator should be above the 200 EMA
- The Heiken Ashi Smoothed indicator should be color royal blue indicating a bullish trend
- Price should exhibit a rapid bullish expansion phase forming the pole
- Price should retrace to the area of the Heiken Ashi Smoothed indicator forming the body of the pattern
- A bullish flag or pennant pattern should be visible on the price chart
- Enter a buy order as soon as price breaks above the body of the flag or pennant pattern

Stop Loss

- Set the stop loss below the body of the flag or pennant pattern

Take Profit

- Set the take profit target at around the same height as the pole of the pattern coming from the base of the breakout candle


GBPJPY,H1 142.208 142.261 142.183 142.227
Take Profit
Entry
Bullish Pennant
Stop Loss
148.340
147.810
147.270
146.730
146.190
145.650
145.120
144.580
144.040
143.500
142.970
142.430
142.227
141.890
141.350
6 Sep 2017
7 Sep 03:00
7 Sep 15:00
8 Sep 03:00
8 Sep 15:00
11 Sep 03:00
11 Sep 15:00
12 Sep 03:00
12 Sep 15:00
13 Sep 03:00
13 Sep 15:00
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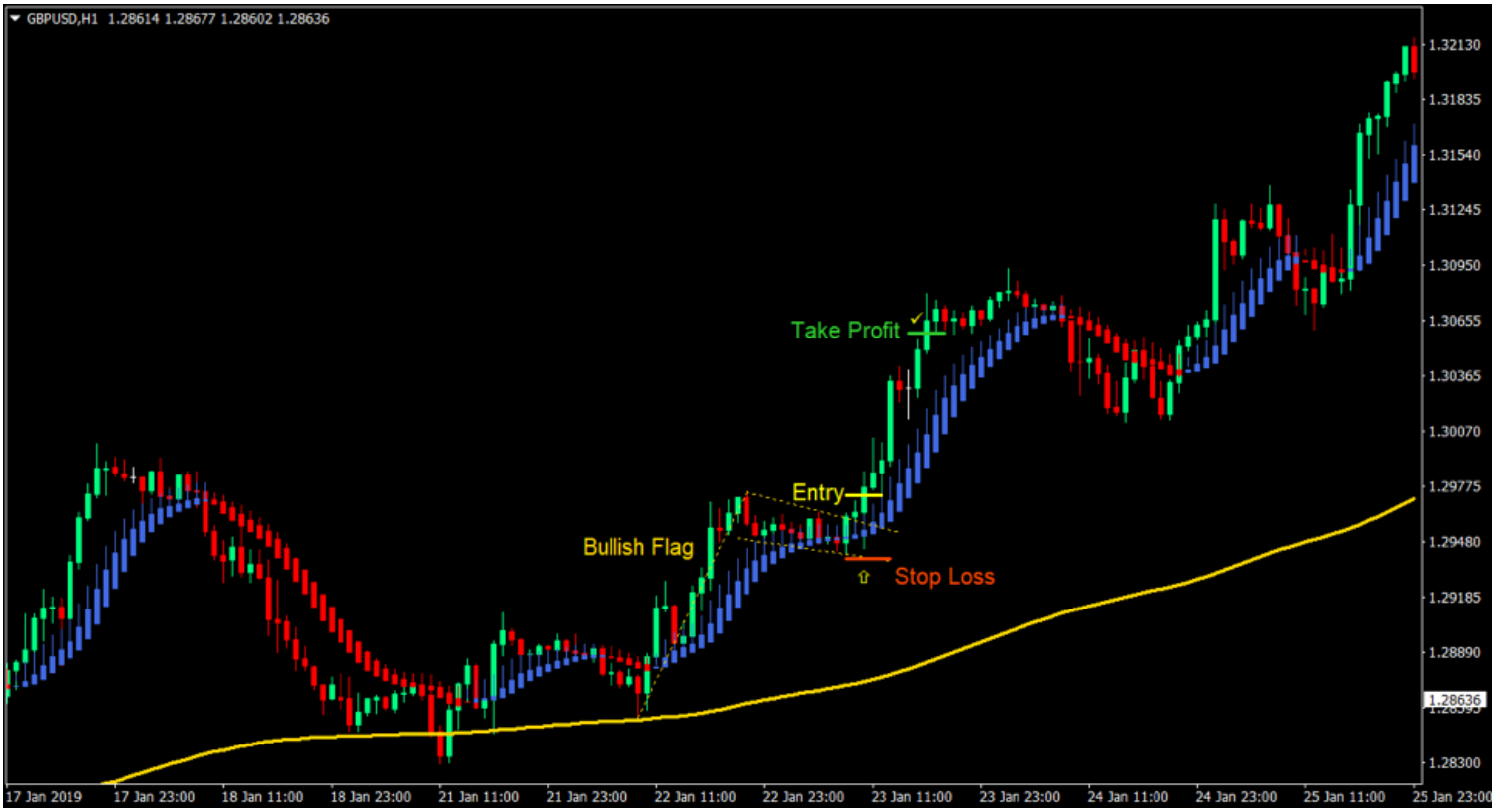
14 Sep 15:00



Sell Trade Setup

Entry

- The Heiken Ashi Smoothed indicator should be below the 200 EMA
- The Heiken Ashi Smoothed indicator should be color red indicating a bearish trend
- Price should exhibit a rapid bearish expansion phase forming the pole
- Price should retrace to the area of the Heiken Ashi Smoothed indicator forming the body of the pattern
- A bearish flag or pennant pattern should be visible on the price chart
- Enter a sell order as soon as price breaks below the body of the flag or pennant pattern

Stop Loss

- Set the stop loss above the body of the flag or pennant pattern

Take Profit

- Set the take profit target at around the same height as the pole of the pattern coming from the top of the breakout candle

Conclusion

The flag and pennant patterns are a reliable and very profitable pattern. These patterns are usually accurate by about 60%. Having this accuracy for a trading pattern is already a trading edge. On top of that, flag patterns could fetch a yield that is usually 3 to 4 times greater than the risk placed on the stop loss. This makes the strategy even more profitable.

The key to this strategy is in learning how to accurately identify flags and pennants. It is also important to learn to time breakouts correctly, not being too early and not being too late. It is also important to learn to trail stop losses at the correct distance or to move the stop loss to breakeven as soon as possible.

This strategy is a winning strategy.

#5 – Trend Bands and Bars Forex Trading Strategy

Another type of strategy that traders should be looking at are the types of strategies which produce high yields. These are strategies that could catch trends that could run for quite a long time and yields high returns on a trade. Now, this type of strategy is not for everyone. When trying to catch trades that could run for 100, 200, 500 or more pips, traders should not expect to catch that trade every day. Traders should also understand that in order to catch these types of trades, they should be willing to grind it out even when most of the trades they are taking are resulting to small yields, breakeven, or even some small drawdowns, knowing that the next trade could be the big one. Traders should also have the patience to let trades run as these types of trades could last for quite some time.

The Trend Bands and Bars Forex Trading Strategy is a type of strategy which is best suited for this type of trading. It is the type of strategy that is geared towards the long-term and aims to catch as much pips as it can for a single trade.

Trend Bands

The Trend Bands indicator is a momentum indicator which is modelled after the Bollinger Bands. In fact, it also closely resembles the Bollinger Bands. It has a midline which is based on a moving average and two outer lines that are deviations derived from the midline. The difference is that it quite smoother, which allows traders to assess longer term trends much easier.

Trend Bands is used to identify trends direction, volatility, momentum and oversold or overbought market conditions.

To identify the trend, traders may use the midline much like the usual moving average line. Price staying above the line indicates a bullish trend, while price staying below the line indicates a bearish trend. Midlines that are sloping up also indicate a bullish trend and midlines that are sloping down indicate a bearish trend.

Traders could also assess volatility based on the outer bands. The bands tend to expand in volatile and fast-moving market conditions. On the other hand, the bands would contract on market conditions with low volatility.

Momentum could also be indicated using the Trend Bands. Price breaking out and closing strongly beyond the outer lines could indicate momentum, which could sometimes lead to trends. However, price staying constantly beyond the lines for quite a long time might also mean that price is already overextended. This may lead to price reversing back to the mean coming from either an overbought or oversold condition.

Bill Williams ATZ

Bill Williams introduced the “Trading in the Zone” trading method. It is a complete and robust trading system based on his Alligator strategy, MACD, Stochastics and more. It also takes into consideration several key elements in trading, which is momentum, acceleration and price confirmation. This was Bill Williams recipe which made him very successful in trading the markets.

The Bill Williams ATZ indicator incorporates all of the considerations that Bill Williams mentioned. In a way, it is a combination of the whole trading system that Bill Williams had. The indicator then provides trade entry signals based on that system by printing arrows pointing the direction of the trade. This gives traders an insight with regards to the direction and timing of the trade.

Trend Bars

The Trend Bars indicator is momentum based oscillating indicator which helps traders identify the long-term trend direction. It indicates trend direction by aligning histogram bars above or below zero. Positive histograms indicate a bullish trend while negative histograms indicate a bearish trend.

The Trend Bars indicator is a smoothened type of oscillating indicator. It usually stays the course and does not change too often providing traders an insight as to the direction of the long-term trend.

The Forex Trading Strategy

The Trend Bands and Bars Forex Trading Strategy is a trend following strategy based on the confluence of the Trend Bands, Trend Bars and Bill Williams ATZ indicator. This provides us a robust trading strategy since these indicators, on their own, could already perform extremely well.

The Trend Bands indicator would provide the initial indication of a possible trend reversal. This will be based on price crossing over its midline and causing it to slope.

The Trend Bars indicator would be used as a confirmation of a trend reversal. Trade direction is confirmed once the Trend Bars crosses over the zero.

Then, Bill Williams ATZ indicator will be used to indicate the precise entry point. Traders could then enter the trade as soon as the Bill Williams ATZ indicator prints an arrow pointing the direction indicated by the Trend Bars indicator.

MT4 Indicators:

- *BillWilliams_ATZ.ex4 (default)*
- *Trend_Bands.ex4*
  - *Period: 45*
- *Trend_Bars.ex4*
  - *Range Periods: 120*

Preferred Timeframes: 1-hour, 4-hour and daily charts

Currency Pairs: major and minor pairs

Trading Sessions: Tokyo, London and New York

Buy Trade Setup

Entry

- Price should close above the mid line (magenta) of the Trend Bands indicator

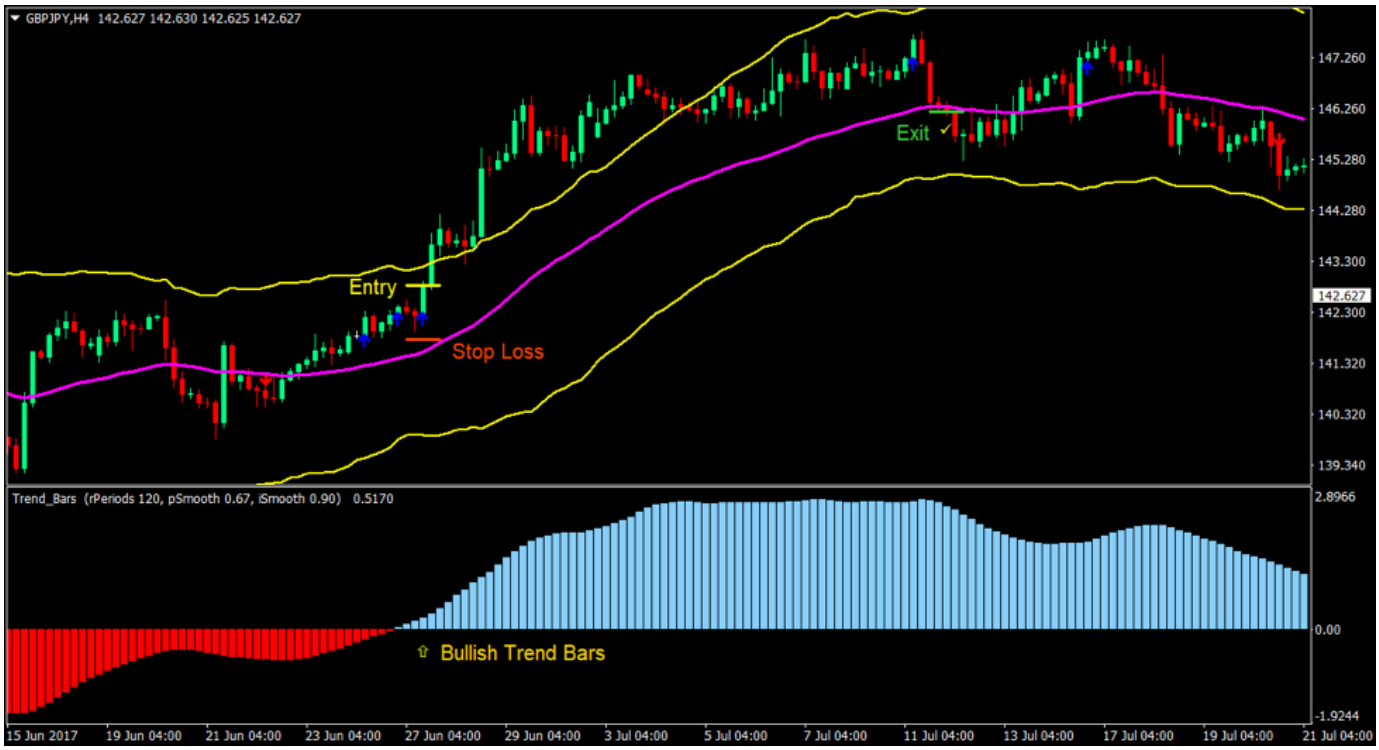
- The mid line of the Trend Bands indicator should start to slope up
- The Trend Bars histograms should cross above zero indicating a bullish trend reversal
- The Bill Williams ATZ indicator should print an arrow pointing up indicating a bullish trade signal
- These bullish signals should be somewhat aligned
- Enter a buy order on the confluence of the above conditions

Stop Loss

- Set the stop loss at the support level below the entry candle

Exit

- Close the trade as soon as the Bill Williams indicator prints an arrow pointing down
- Close the trade as soon as price closes below the magenta line of the Trend Bands indicator



Sell Trade Setup

Entry

- Price should close below the mid line (magenta) of the Trend Bands indicator
- The mid line of the Trend Bands indicator should start to slope down
- The Trend Bars histograms should cross below zero indicating a bearish trend reversal
- The Bill Williams ATZ indicator should print an arrow pointing down indicating a bearish trade signal
- These bearish signals should be somewhat aligned
- Enter a sell order on the confluence of the above conditions

Stop Loss

- Set the stop loss at the resistance level above the entry candle

Exit

- Close the trade as soon as the Bill Williams indicator prints an arrow pointing up
- Close the trade as soon as price closes above the magenta line of the Trend Bands indicator


EURUSD,H1 1.12687 1.12694 1.12679 1.12693
Stop Loss
Entry
Exit
1.14550
1.14290
1.14030
1.13765
1.13505
1.13245
1.12980
1.12693
1.12460
Trend_Bars (rPeriods 120, pSmooth 0.67, iSmooth 0.90) -1.3110
Bearish Trend Bars
0.6511
0.00
-3.5953
4 Feb 2019
4 Feb 17:00
5 Feb 05:00
5 Feb 17:00
6 Feb 05:00
6 Feb 17:00
7 Feb 05:00
7 Feb 17:00
8 Feb 05:00
8 Feb 17:00
11 Feb 05:00
11 Feb 17:00
12 Feb 05:00
12 Feb 17:00

Conclusion

This trading strategy could be included in a trader's arsenal of trading strategies. This is the type of indicator which traders could use to grind through the month.

Traders could scan several currency pairs and look for the right trade setup daily. Traders should observe currency pairs that are showing signs of a possible trend reversal and take trades on those that have good trend reversal setups.

Open trades should also be managed closely, trailing stop losses at the right distance. This is because some trends do not last too long and could reverse quite easily. Trailing stop losses allow traders to lock in profits as soon as they can.

From time to time, traders should be able to catch trades that could produce huge returns. These are the types of trades that could turn a fairly good trading month to an excellent high yielding month.

Final words

Any of the forex strategies and mt4 indicators above could work for the right trader when used in the right market condition. Learning which one works best for you and which market conditions you prefer to trade is the first step. Once you get to learn this part of trading, then the rest should follow.