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# Advanced Strategies

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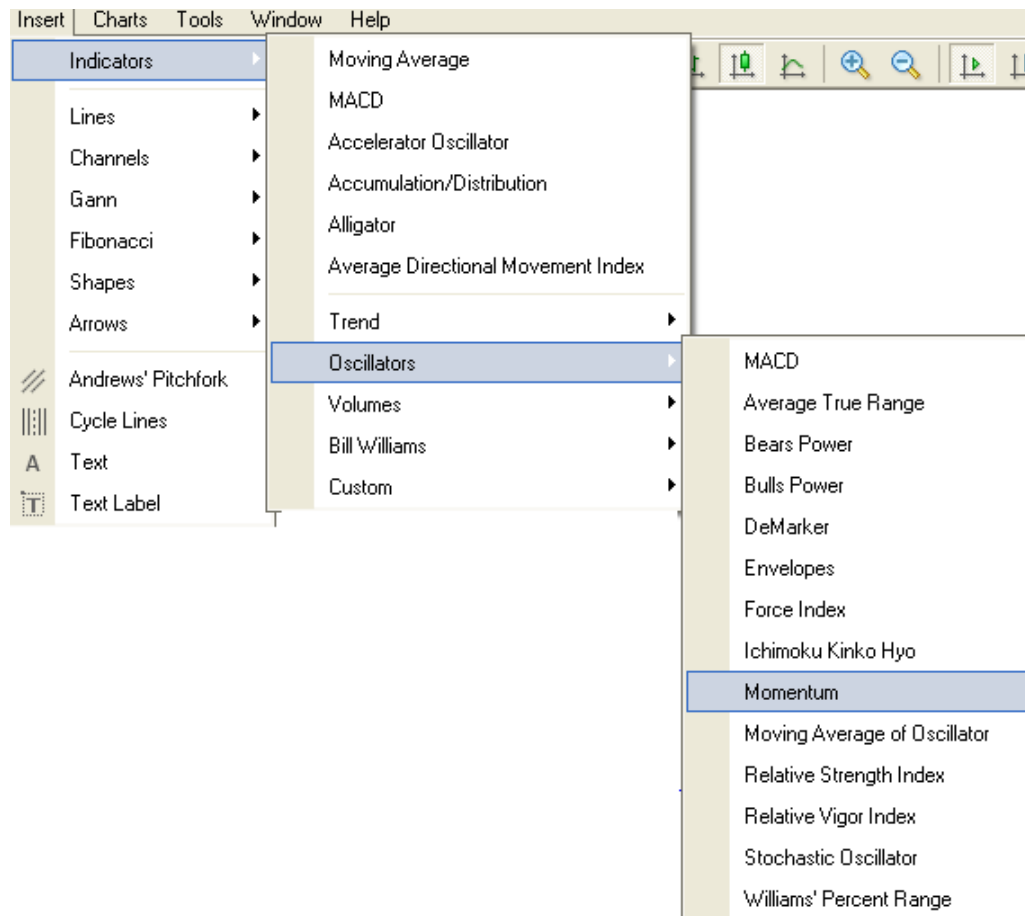
- ▶ Momentum
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## Momentum

- ▶ Momentum is a general term used to describe the speed at which prices move over given time periods.
- ▶ Momentum indicators determine the strength or weakness of a trend as it progresses over time.



- ▶ To add a Momentum to the chart: in the top toolbar, select “Insert”, “Oscillators”, and then “Momentum”.

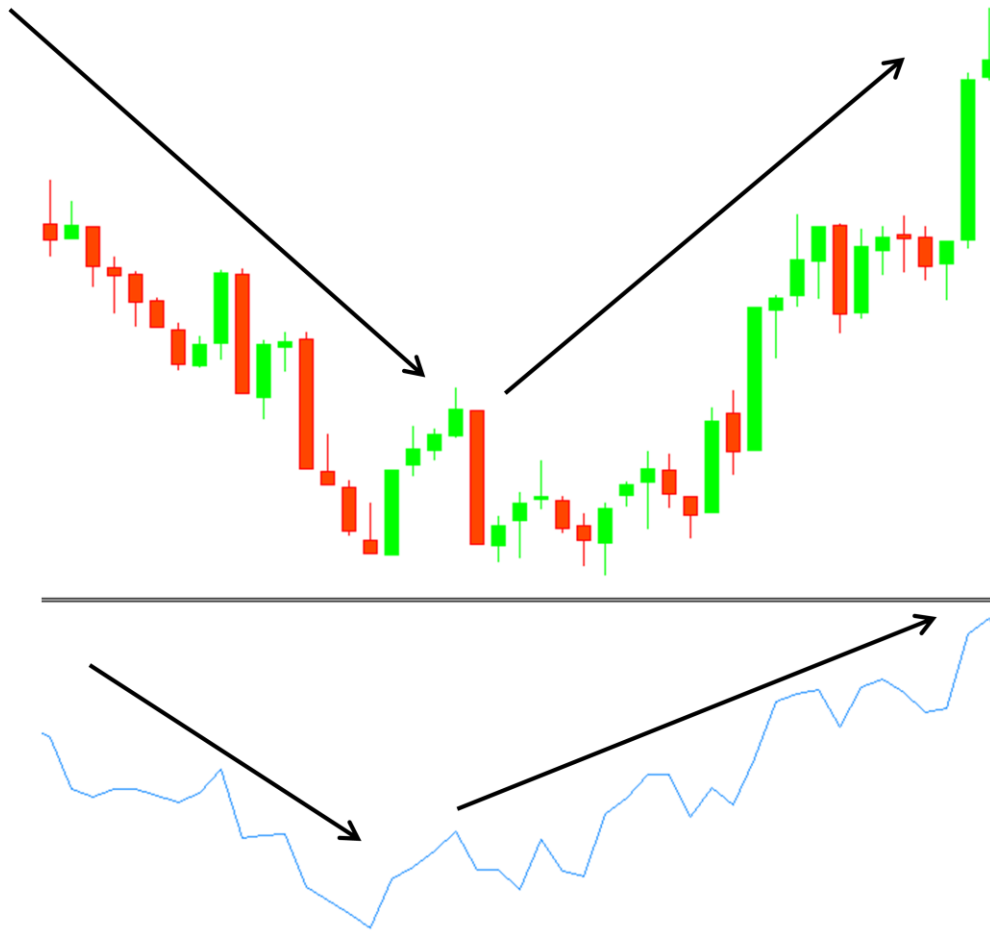


- ▶ Momentum is generally highest at the start of a trend and lowest at market turning points.



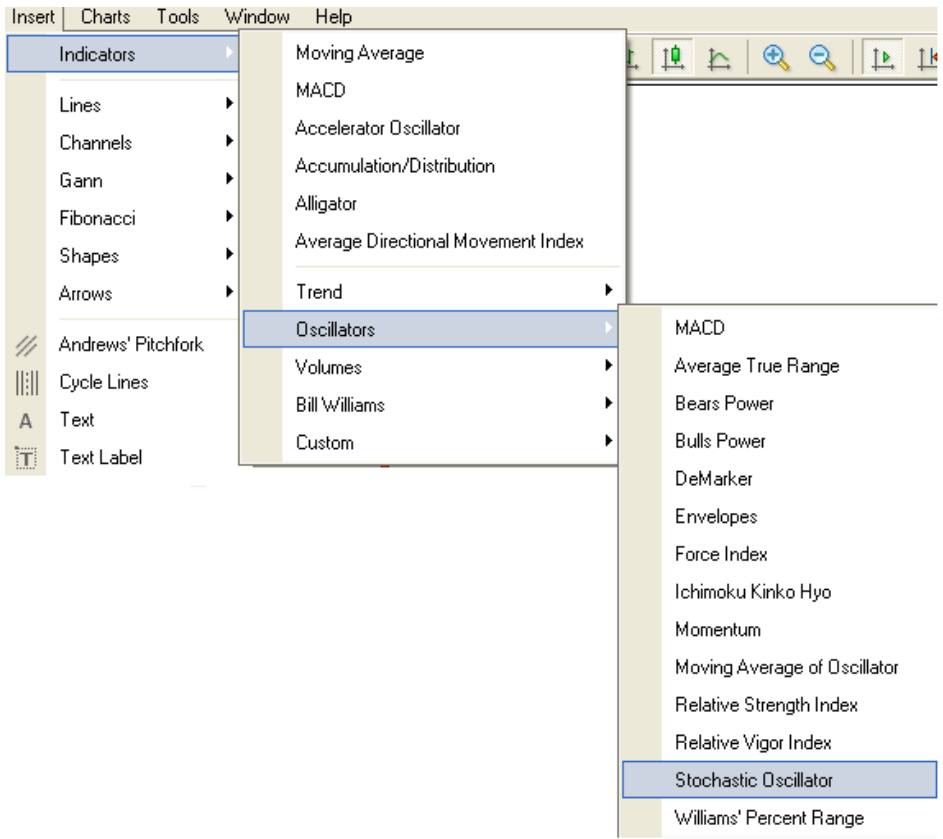
Momentum Strategy

- ▶ If you want to get the odds on your side when trading you should ALWAYS enter a market with price strength on your side (if bullish) or weakness (if bearish).



### Stochastics

- ▶ Stochastics are the ultimate momentum indicators to help you time your trading signals with greater accuracy.
- ▶ The 2 “Trigger” lines are plotted on a scale of 1 to 100.
- ▶ The 80% value is normally used as an overbought signal, while the 20% is used as an oversold signal.
- ▶ To add a Stochastics to the chart: in the top toolbar, select “Insert”, “Indicators”, “Oscillators”, “Stochastic Oscillator”



► Note the 0%, 20%, 80%, and 100% mark



## Stochastic Strategy

- ▶ When the 2 lines intersect above the 80% or below the 20%, it means a change in the trend direction.



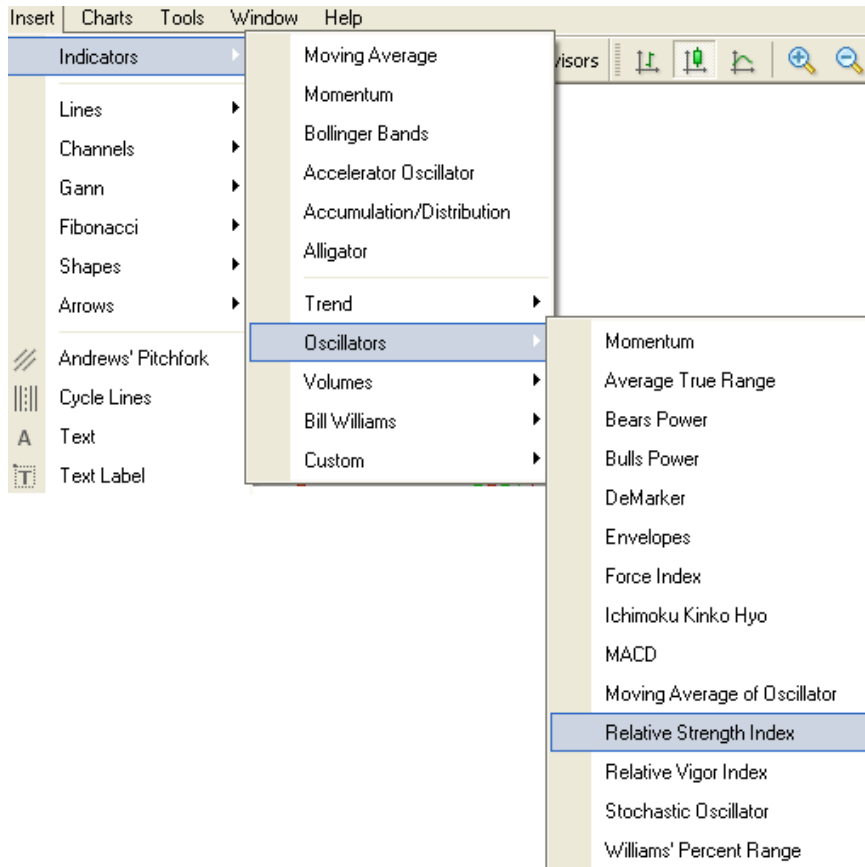
## Relative Strength Index

- ▶ Developed by Wells Wilder, the Relative Strength Index is the most widely used contra-trend-oscillator in the world. It shows the market's strength compared to the market's former price history.

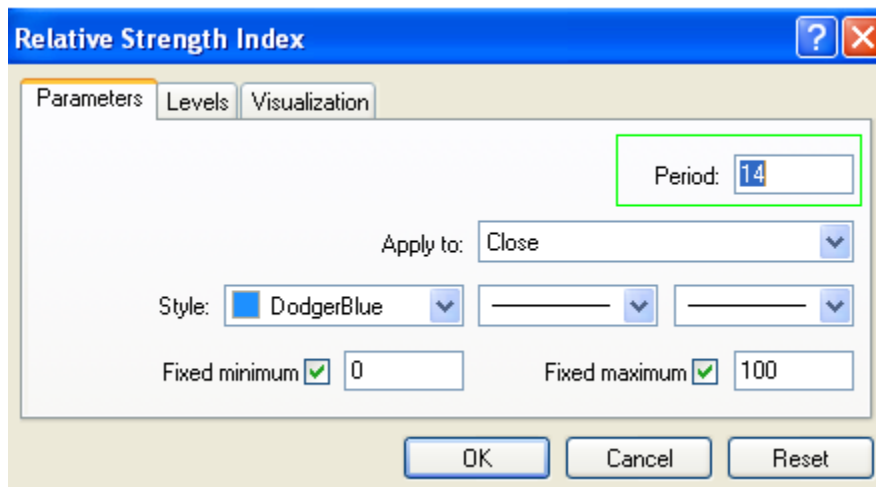




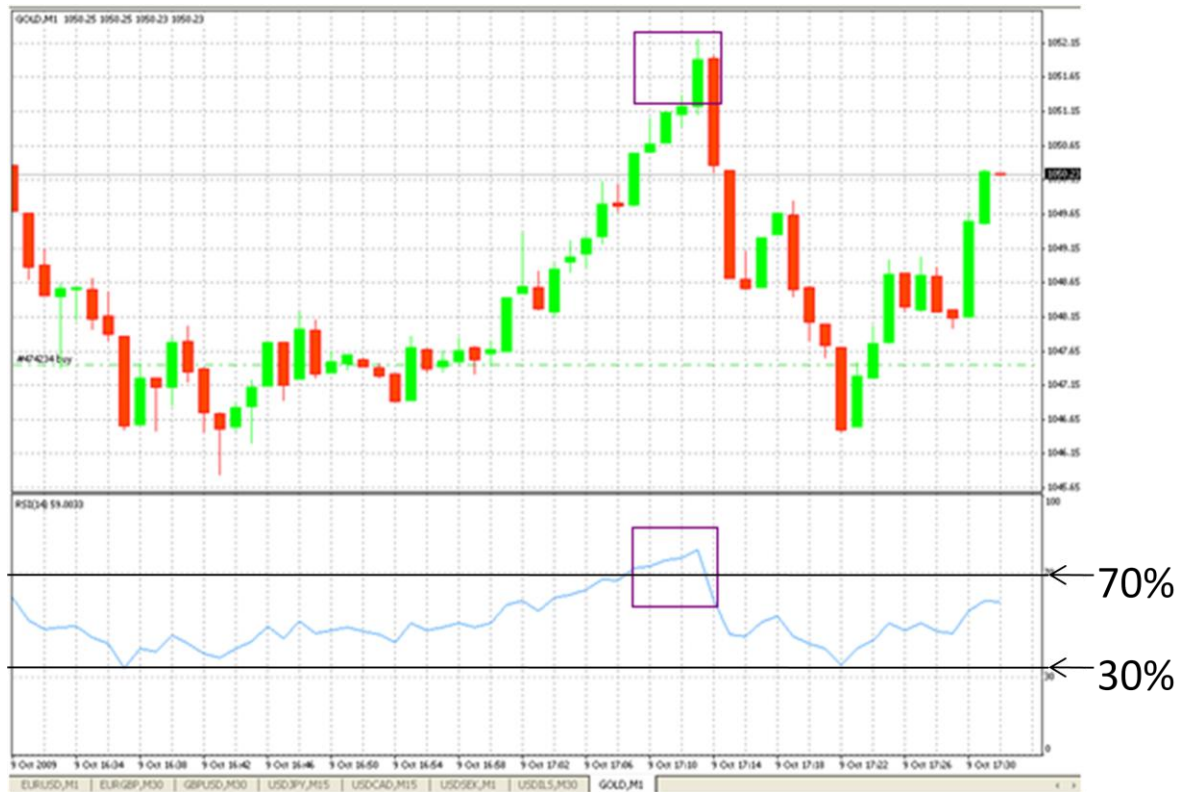
- ▶ To add Relative Strength Index to the chart: in the top toolbar, select “Insert”, “Indicators”, “Oscillators”, and then “Relative Strength Index”.



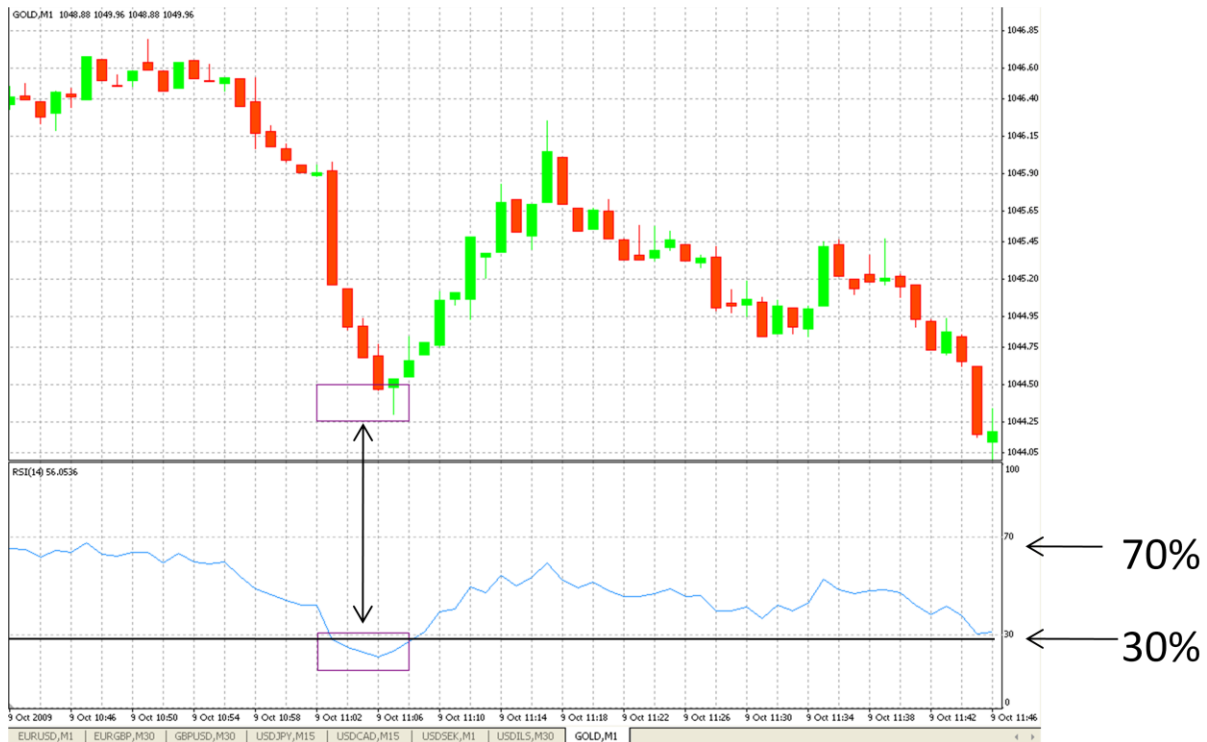
- ▶ The shorter the Period of time used for the calculation, the more volatile the RSI will be.
- ▶ The RSI has a default of 14, which is the value devised by Wilder when originally calculating RSI.



- ▶ The main purpose of the RSI is to measure the market's strength and weakness. An RSI above 70, indicates an overbought bull market.



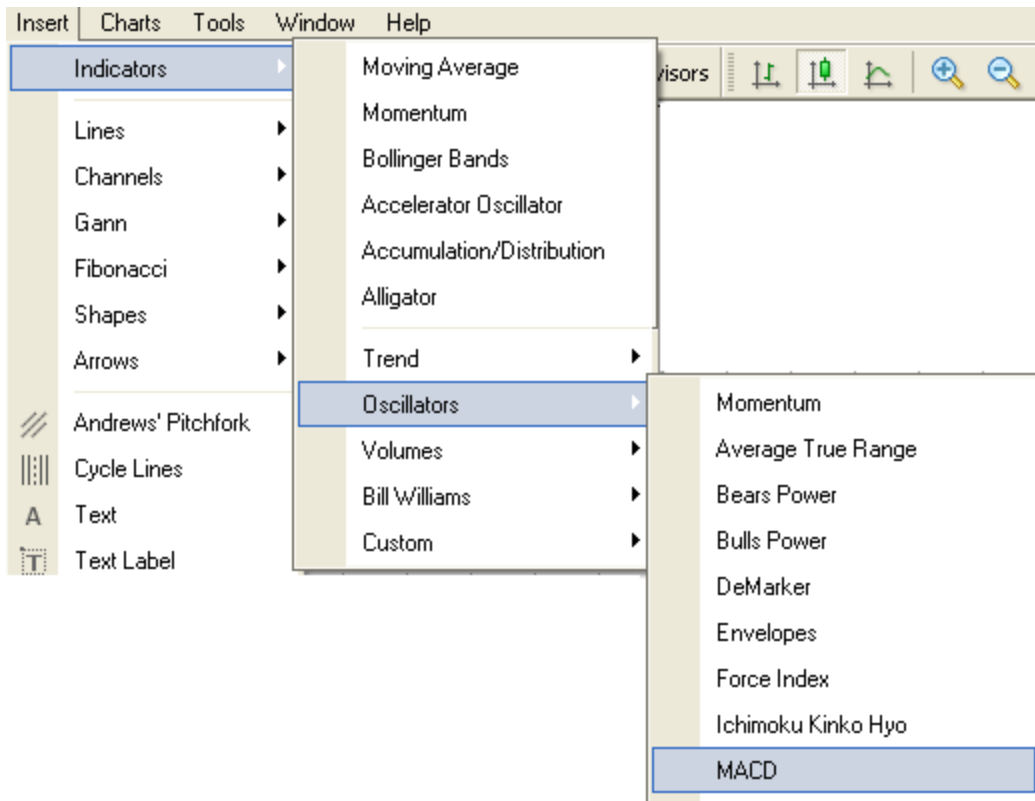
- ▶ On the other hand an RSI below 30 indicates an oversold bear market.



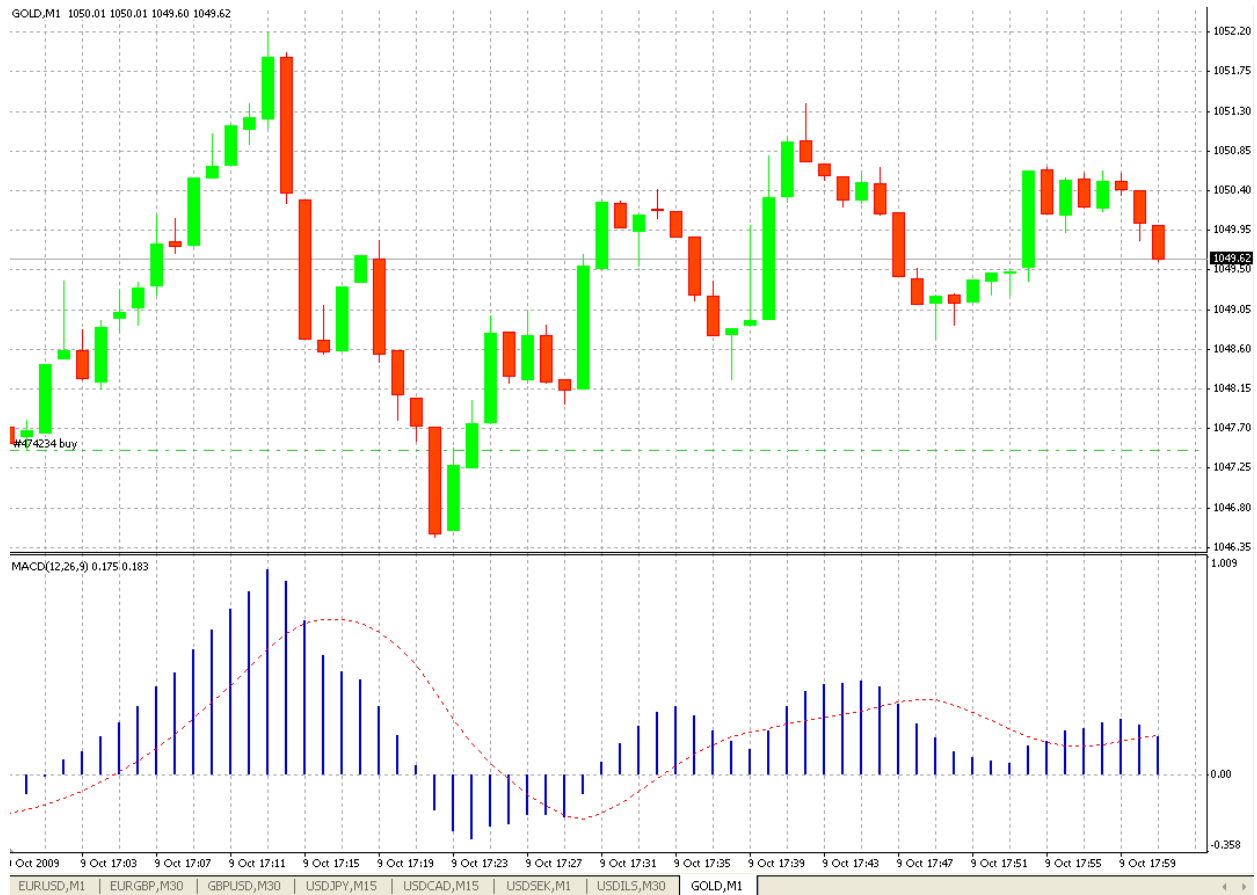
## MACD

- ▶ MACD which stands for Moving Average Convergence / Divergence, is a technical analysis indicator created by Gerald Appel in the 1960s.
- ▶ There are three common methods used to interpret the MACD:
  1. Crossovers
  2. Divergence
  3. Dramatic Rise

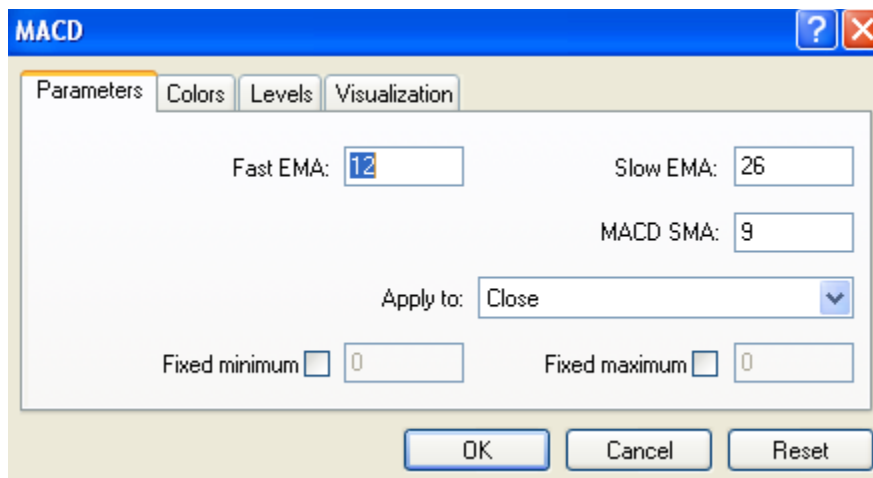
To add MACD to the chart: in the top toolbar, select “Insert”, “Indicators”, “Oscillators”, and then “MACD”.



- ▶ The lower graph presents the MACD line in blue and the signal line in red.



MACD shows the difference between a fast and slow exponential moving average (EMA) of closing prices.



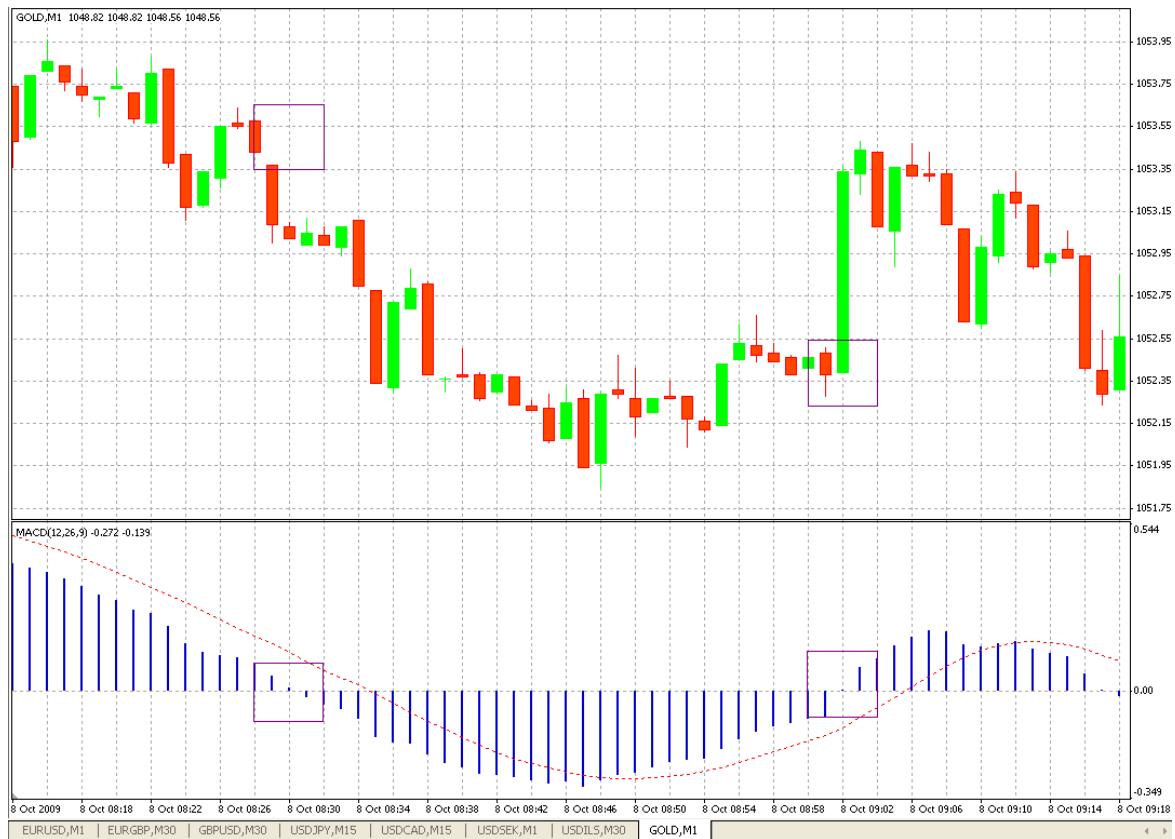
- ▶ When the MACD falls below the signal line, it is a bearish signal, which indicates that it may be time to sell.



- ▶ Conversely, when the MACD rises above the signal line, the indicator gives a bullish signal, which suggests that the price of the asset is likely to experience upward momentum.



- ▶ A crossing of the MACD line up through zero is interpreted as bullish, or down through zero as bearish.



- ▶ When the security price diverges from the MACD, it signals the end of the current trend.





- ▶ When the MACD rises dramatically - that is, the shorter moving average pulls away from the longer-term moving average - it is a signal that the security is overbought and will soon return to normal levels.

