

# *S.T.A.R. Forex Trading System*

## Instructions



## Overview - Using the S.T.A.R. Technique

First let me assure you that anyone who has even a basic level of experience will be able to find the entry points the same as a highly experienced trader. The reason is that we will strictly be using tools which have been set up already to look for specific clues. Those clues will in turn put us in position to judge specific trigger signals. These instructions have been designed to have sufficient details for the person who has only a basic level of trading experience whether that be in a live or a demo account. Despite the utter simplicity of these steps they are very specific. Very specific is what you want in a trading system. But that does require enough detail to lay out the steps and absorbing details for the first time can be taxing. I would suggest that after each sub-heading below you take a short break and then come back to give your mind a chance to do some 'filing'.

Once Metatrader 4 is up and running go to the File Menu and select Profiles and select Tools 01. This loads the charts in a layout which is convenient but you may alter this as you wish. You may open new currency pair charts as well. Once you load any new chart simply follow the template step below to follow the Technique.

Before we begin lets look at where we are headed. This system is designed to do two main things. The first thing is to protect you from early entries and exits. I'm sure you know that both of those will cause you to lose money either on stoplosses or on lost opportunity as a move continues on without you. The second thing it is designed to do is to get the most out of the super trade potential.

In order to accomplish both they get combined. Once you take an entry your next exit is not an exit but a trade reversal. That trade will have first of all captured, in a safe way, the most that it could have captured, while remaining safe, of the move on whatever time basis the move was on. Then it will have set you up to do the same thing on the next move to a main pivot. This is how the system will do its job.

So our trading area on any chart will be at actual trend changes for the size or degree of that chosen time basis. This is considered dangerous territory and is infamously known as 'Picking Tops and Bottoms'. But this is what all traders want to do and venture in anyway. Picking the exact turn on a **consistent** basis has considerable difficulties and is even thought to be impossible. With the exception of improper stoploss placement, doing it wrong is essentially the cause of **all** trading losses.

So we must use a technique which handles the dangers. To begin to use it we first need to discuss or define the characteristics found at these trend changes. Remember the Main Pivots discussion in the Introduction page. Whatever time basis you choose you will have those main pivots. Those are the ACTUAL trend changes for that time basis. That is defined as a trend reversal. Leading up to the reversal you will see various pullbacks on a lesser degree which are trend challenges. When a challenge to the trend fails and price makes new ground in the trend direction it is known as a trend continuation.

With those basic definitions we can begin to form our plan. The concept is that AFTER an **actual reversal** the retracement will attempt to test for continuation of the prior trend. This is the best place to enter because the stoploss is well defined and generally quite small. However if one does not know if the test will fail or succeed or where to make the entry, losses will mount. And trying to pick the actual pivot is where most losses will occur. We want to avoid those conditions where we are unsure of continuation or reversal of the trend. We want to know where to make the entry to take advantage of the maximum super trade potential.

The entry is by a trigger that first is selective due to it being based on a key I found in each Elliott wave. No wave knowledge is needed to put this to work for you but if you do know about the waves it will no doubt be of further interest to you to watch it at work. Its Power is that it weeds out the trend continuation pullbacks and targets the reversal.

This technique which takes the power of Elliott wave analysis using the newly discovered key **combined** with methods which require no wave knowledge is very unique and very effective. Experienced traders will also need to be prepared to take on new concepts. Although there is nothing new in a moving average there are many ways to use one and some more effective than others. An architect can use a ruler and pencil or a CAD system and plotter. As you go through these instructions and gain an understanding of the advantages of this system I expect that you will be laying aside whatever you have used in the past and adopt this method for all your trading. Keep an open mind to that, OK? If I didn't expect this then I would not have released it. Traders do not need yet 'another' trading strategy. Traders do need a trading system which is equal to the complexities of price action as long as it is **simple** enough to apply to all situations.

Above you will notice 2 charts. One is labeled Primary Setup and the other Secondary. We will focus on Primary setups at the start. This setup will give you a signal that will tell you whether you are going to see a trend continuation or a reversal. The signal will be at the Purple moving average indicator. The Primary setup chart above is a confirmed trend reversal signal. The screenshot is of the beginning of a short of GBP/JPY and a portion of the resulting move (the 700 pips note was just for advertising - it has gone on for more than that). But it is **easy** to spot the trigger as being where price hits the purple line while attempting to reclaim the trend which of course it is unable to do and the short trade is successful.

Now we need to be able to isolate that trigger signal on the right spot. We will also need to distinguish between a continuation signal and a reversal signal. OK? So let's begin. Here are the actual S.T.A.R. Technique steps in brief, like a grid on which to plug in the full descriptions (1A & 1B are both on same tool):

### Step 1A) Finding The Next Tradeable REVERSAL

Here we will observe certain traits using a band of moving averages (ma's). This will give us a flipping over (inside out) and flipping back again of the slower ma's. Then, after that, a group of fast ma's cutting across another group of slow ma's. Nothing very complicated but you will need to locate it first (it occurs on every large move so finding it will not be hard).

### Step 1B) Selecting The Correct Timeframe And Template for Step 2

This step will allow us to select our next tool which is the one where our trade signal will be taken. In this step you simply look to see where a color matched pair of moving averages cross each other right before a pullback has stopped or paused. Two bits of info will come from that observation which gives the settings for the next step.

### Step 2) Load Local Timeframe and "X" Factor Template

With the info from the last step we choose a template tool and set it to a timeframe. We do both as per the info already obtained so this is fairly automatic. Then we have the signal tool isolated and move on to the next step.

### Step 3) Trade Decision And Implementation

Now we are going to take a look to see if the criteria is present for a trade or we get a continuation signal. Trade or No Trade. It really is that simple. If it is no trade we then will be going back to Step 1B and look for new info because Step 1A has already placed us at a move that signaled it is nearing its end.

So those are the milemarkers on the way to implement the system. Sounds too easy? Of course it is not that easy to learn. Fact is, simple does not equate to easy when it comes to learning something new. Driving a car is so simple. You turn the wheel until you get where you want to go and then you stop turning. But have you ever taught someone to drive? Not so easy is it? You suddenly realize there are a lot of really important details that you must convey. Well we are about to dismantle markets. If it were easy you would have already done it and so would everyone else. So prepare yourself to get the learning part behind you. The doing part is a **LOT** of fun! Now it is time to get all the details so you know exactly how to do each of those steps. Here are the actual S.T.A.R. Technique steps in detail:

### Step 1A) Finding The Next Tradeable REVERSAL

Here is where our first tool comes into play. Now is the time to warn you that depending on what time basis you look at, this chart tool may look like an organized trend support line or a great big bowl of spaghetti! Or an architect's plotter gone wild. Not to worry. Since Elliott wave is built on Fibonacci numbers and their relationships this tool functions as a dynamically changing Fibonacci fan. This will not be a trigger signal tool so it is just preliminary to isolate the actual trigger signal tool as already mentioned.

In the Tools 01 Profile there are 5 charts but one of those is minimized, the one on the right tab at the bottom. Click that chart. If the chart is not labeled "13 - 68 Crosses" then go to the Charts Menu and select Template and then select 13-68 crosses. This chart is much simpler than it appears so let me briefly describe how it is built.

Even though there are lots of indicators they are in color matched sets of various "representatives" of only 2 Moving Averages, 13 EMA and 68 SMA. The various color matched sets on this tool represent the various Fibonacci Ratios of those 2 MA's which will allow an identification of the correct timeframe to select for our next tool. Notice that the slower values have the thicker lines and the faster have thinner lines. The thicker lines are the Fibonacci ratios which correlate to the "68's" and the thinner lines are the Fibonacci ratios which correlate to the "13's".

[Note: Throughout these instructions I will often place Moving Average values in "quotes". This is to indicate I am giving it a LABEL. That label is referring to the value at its factor of 1.000 while also including ALL of its various Fibonacci Ratio "representatives".]

Now we will see how to use this 13-68 Crosses Tool. The first thing to realize is that all markets function within a pattern which was observed - not invented - known as Elliott Wave. It is important to note that it was observed because it was already there and continues at all times. Without an accurate assessment of the Elliott Wave pattern it is hopeless to know what the market will do. Many very good Technicians have a tough time with that accuracy. So we will use the easiest and most obvious part of Elliott Wave to setup our tools and employ our Technique. We will always begin by locating a "BIG MOVE". The big moves are always easy to spot. You know, they are the ones you wish you were in! These big moves can come in 3rd or 5th or A or C waves as they are called. The biggest is always the 3rd but it ALL relates to TIMEFRAME.



These are all the same currency pair at the same point in time.  
What is the TREND?

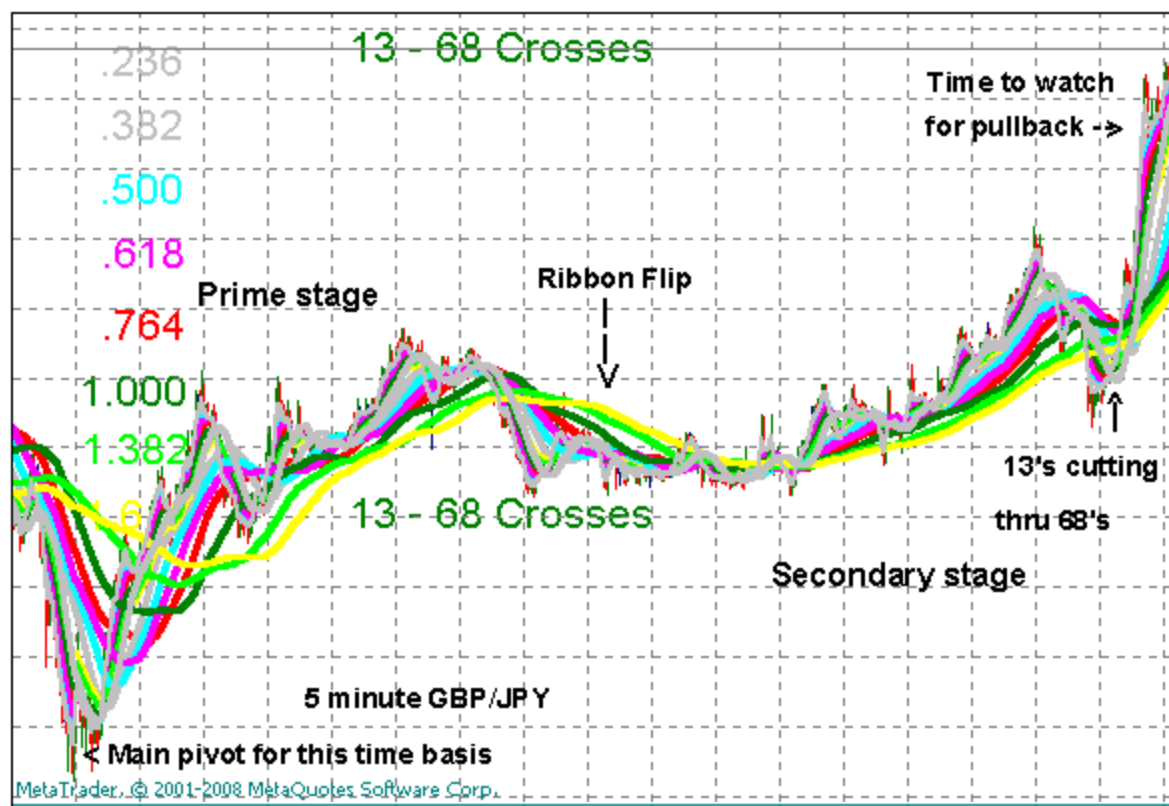
The adage "The Trend is Your Friend" is a truism but you can have many trends depending on the timeframe. And the only trend that is YOUR friend is the one that is on the timeframe on which your trade depends. This first step is like where you must first find your location on a map before you can see where it is that you have to go next. Our map will be the 13-68 crosses chart - set it to a timeframe the next larger than you normally think you would trade and we need to find a couple of landmarks. They will give us an orientation to be able to find the next tradeable spot. To find this we first look for a large move and after we have located that we then will look to see if it exhibits 2 traits which give a clue that the big move may be coming to its end. If you cannot locate the traits described in the following discussion it may be that the market is strongly trending now and you may have to reduce the timeframe.

Now the next screenshot is a very compressed view to be able to see a big move all at once in a size which will also print if desired (see Fig. 1 below). It is not intended to be analyzed this way on your screen in actual practice. First, it has already gone through the Prime Stage of strong, persistent movement (or weakness for bearish move). You know - areas where if you were looking to hop on at a retracement it wouldn't give you much. As you can see in Fig. 1, prior to the area marked "Ribbon Flip" in the center, it would not have been easy to "jump in" on a retracement. This is a big move for this time basis and that portion is the Prime Stage of the big move. I have left out the price and time axis so you can visualize this as relative to time basis and not look at pips for the moment.

Next it will have broken into the Secondary Stage. You identify this by the indicator "Ribbon" flip on the 13-68 crosses chart. This is shown in Fig. 1 where the entire spread of the moving averages flips over (turns inside out) and then flips back to the original orientation.

Since it is intended that this is a way to get on the right timeframe, how do you know where to start? In the next paragraph there is a guide to what to look for, but it is just like zooming in and out on a chart until you get the right number of bars to view. You pick a likely timeframe and zoom in (shorter timeframe) or out (longer timeframe) until you get the view you want. Hit and miss some at first is normal but soon you will pick the right one on the first or second try.

Fig. 1

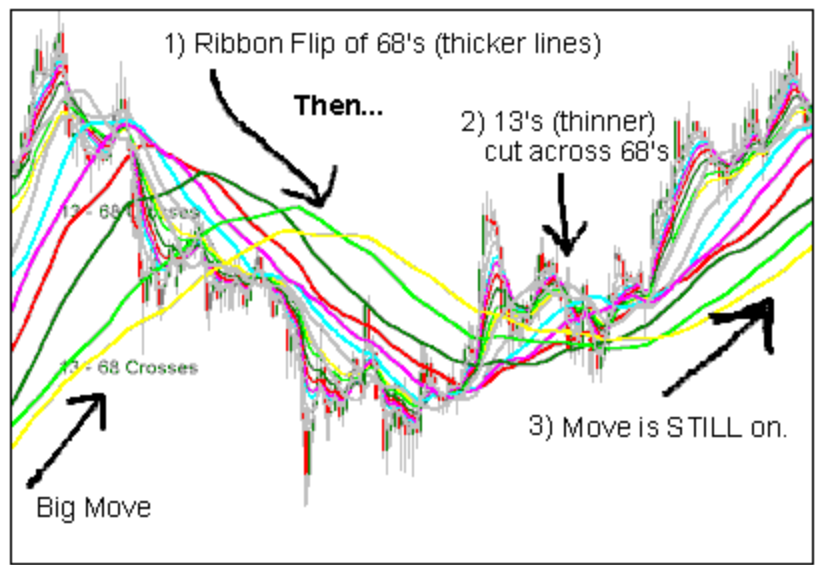


Choose long timeframes and move down to shorter ones. You want to be able to observe the 1 ribbon flip on the shortest timeframe that still has a move on after the flip. You don't want to see more than 1 of these "68's" flips ( if you do you are on too small a timeframe ). If you observe only one flip it indicates you are on a timeframe that is small enough to recognize a "challenge" to the continuation of the trend (the ribbon flip). Yet it is still large enough for the STAR System's trigger mechanism to spot an **actual** trend reversal. And don't worry about the jargon I'm using either because these can have many different appearances. The features of the 1 flip over and then continued strength of the trend is what we want here. So in our big move trait number 1 was the Primary Stage, the ribbon flip, then the Secondary Stage. Now we look for trait number 2.

So the ribbon flip got us into the Secondary Stage, and it also has a trait we want to identify. It will have a double move evidenced by all the "13's" cutting across most or all the "68's" and so we will call this the "13's cut-across". After this there will still be a "move on" in trend direction. This re-orienting back to where the "13's" begin to become somewhat more parallel with the "68's" again should normally take several bars at least. This cut-across to the "68's" and moving back trendwards again tells us that the market is now reconvincing and is riding this move - buying dips (or conversely selling rallies). This will tend to get narrower as the trendline gets market support - in other words, the angle of the trend support line (and our ribbon of indicators) steepens. This is the time to watch for a pullback.

Remember, you want to use this selected timeframe as your watch for the pullback because it is the perspective of the wave of the current trend. It is important to make sure you do not skip this evaluation of the two traits. Most technical studies will exhibit identical appearance in very different situations. To insure the final trigger is correct we use this method first to isolate the situation which will yield a correct trigger signal. Figure 2 below gives another example just for reinforcement with a closeup view but this shows mostly the secondary stage (from the ribbon flip). Later there will be more examples including a complete start to finish play by play evaluation of a trade entry.

Fig. 2



Once you have a situation like this then it will be your current "big move". You will stay on this timeframe and monitor the action. Now there may be larger moves in play but this is where you can trade the next trend reversal for this time basis. Again, let me be clear that this upcoming reversal we will look for may not be the change to the trend on other timeframes but it will be the nearest tradeable reversal to begin using the S.T.A.R. Technique. This will take you to the larger trend trades in turn, capturing the heart of each Super Trade.

[NOTE: For the rest of this discussion it will be assumed that the big move is bullish and we are looking for a pivot to the downside. Just reverse the picture using the same methods for the bearish move reversal.]

OK, now we have a big move that we can trade the next trend reversal. What you will be looking for is a move that at least begins to show that the trendline support which had wanted to hold now wants to break. The first or second time it may not yield a signal for reversal but instead continuation but this is what we watch for - which one of the breakdowns is the real one - the signal will show it (signals discussed later).

What we will do now is wait for a move to the downside of sufficient size to appear that a trend reversal may have begun. Then we will watch this to see when it stops pulling back off the former trend and looks to retrace or move back toward the former trend again.

This will usually show as a spike low after a slowing pattern and then a higher low. However, there are many patterns possible. How it forms doesn't matter because we evaluate them all the same way. Now, unless we can ACCURATELY count the Elliott Waves, we do not know if it has actually stopped pulling back. It may resume the pullback after only pausing. We also would not know if this will be a tradeable reversal for the S.T.A.R. Technique but instead be only a speedbump in the continuing trend. We will be patient as there is no concern about either scenario since the S.T.A.R. Technique will identify not only **whether** but also **where** we will enter. And the trade we wait for will be the best available unless you can pinpoint the exact turn. You've earned a Break so go take it!



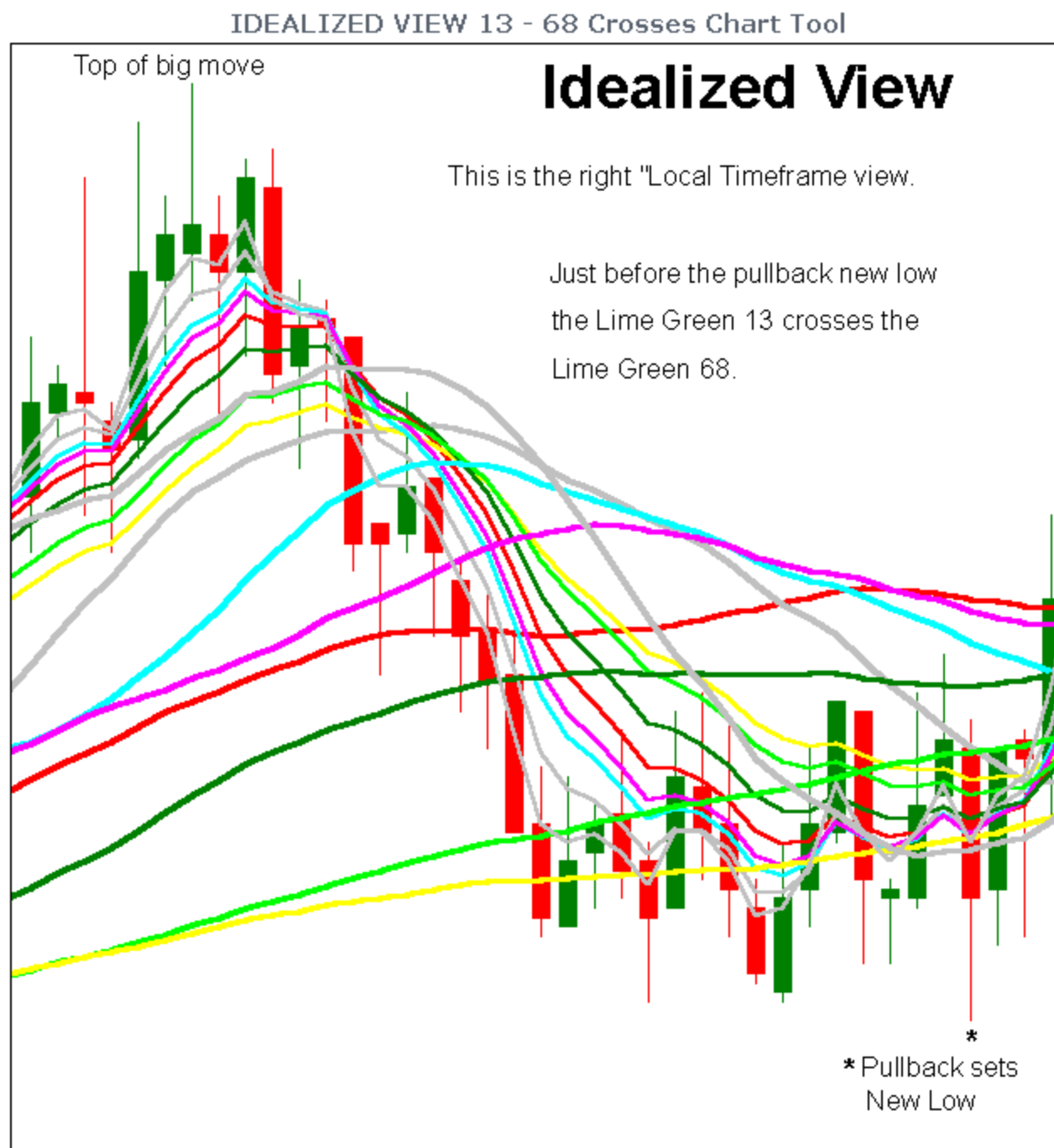
## Step 1B) Selecting The Correct Timeframe And Template for Step 2

In Step 1A we found our next tradeable trend reversal area. This brought us to the point where a pullback has begun to look like it is possibly a trend reversal. Once we see the pullback slowing and it looks as though a retracement will likely begin to head back toward the peak of our "big move" we keep the same tool but we use it to **SELECT OUR NEXT TOOL** to be used in Step 2. To do this we will leave behind the concept of using the timeframe we were on as the perspective for viewing our big move's pending failure. Now we will use the 13-68 crosses tool to find an appropriate **TRADE** timeframe. The timeframe we are already using may yield the proper view but it may be necessary to change it. If according to the discussion of the setup which follows you do need to change it then start with smaller timeframes and move up to larger ones (opposite the scanning direction used in Step 1A).

In order to use our 13-68 crosses tool to select our next tool we apply it to find a view of our pullback which will yield information for our settings of that next tool (See Fig. 3 below for idealized view you are looking for). This is where you may be changing the timeframe until you do observe this view of the pullback. What are we looking for in this jumble? A very simple thing - a moving average crossover - a "13" crossing a "68". But not just any one on whatever timeframe you may happen to choose. We need to do what the wave is doing **on the next NEW trend move** or we will have no better chance than the majority of techniques that will lose money or leave money on the table.

Our search is for something very specific. What you look for is where the **BARS** of the move down to the PULLBACK LOW which was just set will cut across most or all of the "68's" while the slowest three "68's" (green, lime and gold) are turned in the trend direction at the trend peak. This is the view we need of our pullback. Once located we'll call the timeframe that the chart is set to the **"Local Timeframe"**. The reason I chose the term Local Timeframe is because of the multiple trends/multiple timeframes nature of the markets. This term will be used later as an identification of the timeframe which holds true for certain criteria described below.

Fig. 3



If the **BARS** of the move down go beyond the Gold indicator by a great deal switch to a larger timeframe. If it doesn't cut across at least a couple you probably will find it better to switch to a faster timeframe. So we adjust our timeframe until we get the right view of our pullback. The fibonacci fan aspect of the 13-68 crosses tool will catch what we need unless it is applied on extremes of timeframes. Extremes are if the fan is closed (flat) or if it is turned in the pullback direction. But this is self correcting since the evaluation will not be productive. That would force a change of timeframe.

[NOTE: There are 2X templates for all tools including a 2X 13-68 Crosses tool, effectively giving you timeframes not present in Metatrader 4 for improved flexibility ( 2M, 10M, 2H, 8H, 2D, 2W, M2 ). So if you find a 15 minute won't do and a 5 minute won't either, just load the 2X version and select 5 minute. You'll be looking at it as though you did have a 10 minute available in the charting software. These are the stock timeframes but that is only the start. As discussed below, the templates will be putting us in the fibonacci basis of the waves.]

Now that you have found your "Local Timeframe" look on that 13-68 crosses chart for a crossing of the Matched Color Pair representing the "13" ema below the "68" sma choosing the NEAREST pair crossing at or preferably just before the latest Pullback New Low (Crossover should be within 5 bars of it - I found a good signal once within 6 but it was because it was a bar that changed alot from the close to the high).

These Moving Average Pairs are set up as matching pairs of the same color. For example the magenta "13" and the magenta "68" represent the .618 fibonacci ratio (STD MAs x .618) but really their values are 8 and 42 on the 13-68 crosses chart. This color key shows the fibonacci ratio for the color matched pair "representatives" and is also on the 13-68 crosses chart.

Plum = 0.236

Gray = 0.382

Cyan = 0.500

Magenta = 0.618

Red = 0.764

Dark Green = 1.000

Lime Green = 1.382

Gold = 1.618

The Dark Green pair = STD MA = Standard Moving Aaverage = 1.000 x 13 and 1.000 x 68. This Dark Green relates to the "X STD" and "2X STD" templates. Notice again that the slower values ("68's") have the thicker lines and the faster ("13's") have thinner lines.

In our Idealized View diagram the 13 - 68 crossover we use takes place just before the pullback low. This is seen in Fig. 3 where the Lime Green representative pair cross. Thus we find that we have the fibonacci ratio to use being 1.382 (Lime Green = 1.382 from color key). That picture occurred with the 13-68 crosses chart set to a 15 Minute timeframe. The pullback had indeed stopped and that setup was used to select our 15 Minute timeframe as the "Local Timeframe". We then move on with these 2 pieces of information (the ratio from the color key AND the timeframe on which this observation was made). These will give us what we need to use our second and final tool. You may minimize the 13-68 crosses chart now if you wish. You've earned a Break so go take it!

## Step 2) Load Local Timeframe and "X" Factor Template

Now click on one of the charts and select whatever you determined was the Local Timeframe in Step 1B (it was 15 min. in our example). Next we will load the fibonacci ratio template that was determined in the 13-68 crosses chart (1.382 in our example). Click on the Charts menu item and then select Template and finally select the appropriate template (they are named according to the fibonacci ratio that you want - we selected the template "x 1.382" in our example).

Please see Fig. 4 below - this is our Idealized View example from Step 1B above put into action. All values of moving averages in each template are a factor of the standard values hence the names beginning with "x". Therefore in our x 1.382 example the 13 is actually 18 ( $13 \times 1.382 = 18$ ). However, as I mentioned earlier I will call it "13" in the instructions.

Fig. 4



Once you have the Local Timeframe and Selected Template loaded, check again that the thin black "13" and the thin green "68" have crossed **before** the pullback low and within 5 bars prior to that low. The values don't change but errors due to the crowding of the indicators on the 13-68 crosses tool or simply loading the wrong X Factor template can lead to evaluation errors. So having **verified** that, we will now determine from the other moving averages on this chart whether or not we will expect a trade and if so, its expected location.

On the "x" templates, there are two other indicators besides the "13" ema and "68" sma. The thick purple moving average is at standard or "1x" a 208 period Hull Moving Average (HMA). The thick lime green moving average is at standard or "1x" a 156 period Hull Moving Average. The next section will cover these. [You've earned a Break so go take it!](#)

### Step 3) Trade Decision And Implementation

We will use the "208" and "156" to determine the trade. Everything we have done so far has led to this setup decision. So in making the following trade decision it is assumed first that the 2 system critical preliminary steps have already been done **(identification of the traits of the big move's pending trend failure AND verification of the "13" crossing "68" within 5 bars on the correct "Local Timeframe" and X Factor Template)**. We are observing this Trade Signal evaluation on that just mentioned local timeframe and X Factor template.

Here is the **Trade Signal**:

If the purple "208" has begun to turn down **BEFORE** the pullback low, **AND**

The lime green "156" has moved from ABOVE the "208" before the pullback to BELOW the "208" and also turned down **BEFORE** the pullback low, **AND**

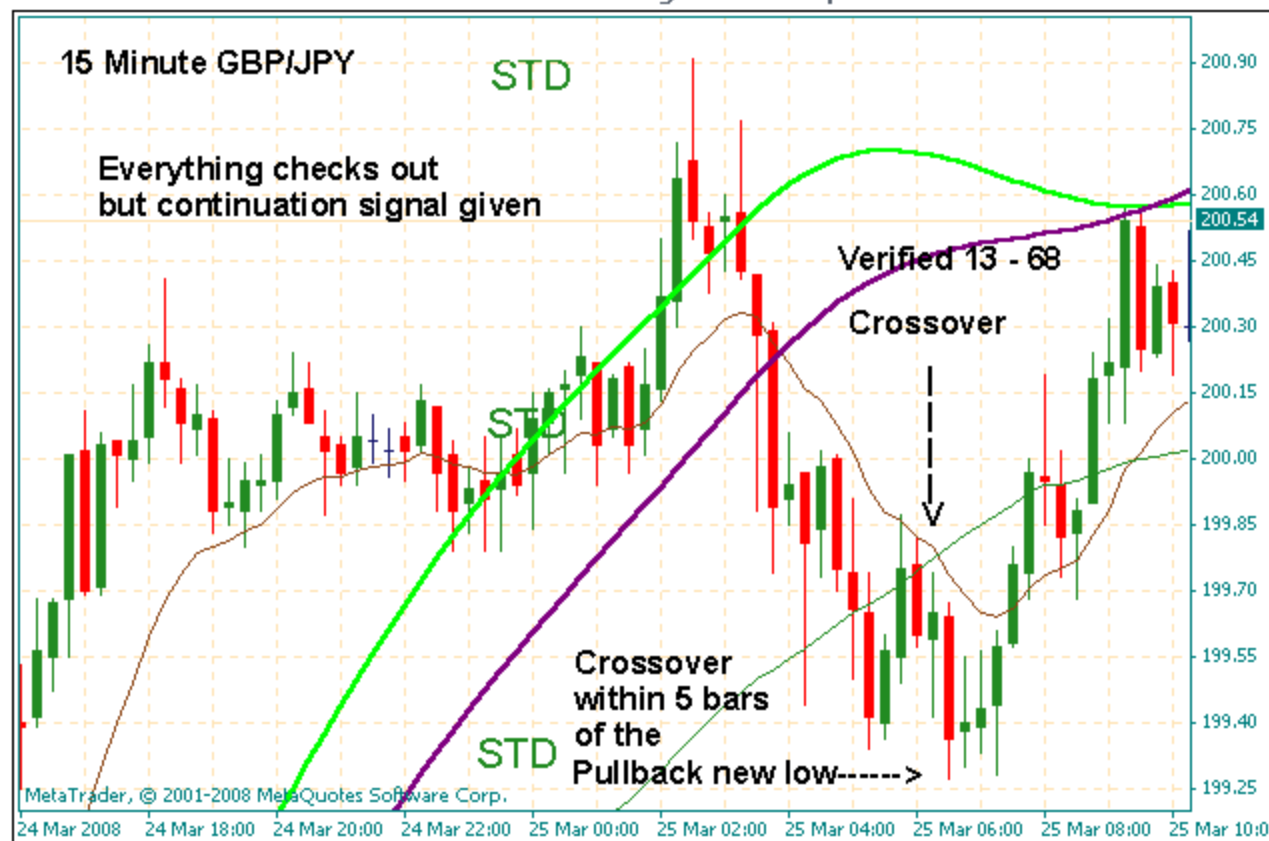
Price reaches our target location which is the Purple "208", **THEN**

We **WILL** be taking the trade.

This is for a SHORT - Just invert for a LONG.

We call this the Primary setup decision. Note that flattenning out does not count - these HMA's must make a turn and do so before the pullback low. Without seeing that "HMA turn" and "on time" it is a **NO TRADE**. Thus when the Purple "208" does not turn down before the pullback low (see Fig. 5 below) we will call it a "Continuation Signal".

## Continuation Signal Example



The Continuation Signal is one of the most valuable parts of this system. You will learn to really appreciate it as you see it protect you from lost profits and/or triggered stoplosses had you traded too early. Now remember that the pullback may also resume and that is why we wait for our target to be hit before getting in. If the pullback does resume then we basically back up a step and reload the 13-68 crosses tool and watch for further crossovers of "13" X "68" prior to the new pullback low most likely on another "68" or even a larger timeframe. If the pullback low is only matched and not exceeded then use the latter of the two bars as the reference pullback low.

We now have a definition for both the trade signal and the no trade (continuation) signal. You have now completed the SUPER TRADES AT RETRACE Forex Trading System in its essence. There are links to the other pages in the Instructions Group at the top and bottom of the pages. These will further develop your understanding by Trade Examples with play by play discussions as well as Practical Usage info about the aspects of using the system. Also there are additional ways to use the system in a more aggressive way mentioned earlier (Secondary Setups). But you have learned the basic system. This will take you from Main Pivot to Main Pivot allowing you to safely CAPTURE The Best Part of Super Trades.

## RECAP

- 1) Locate next tradeable pivot and determine timeframe from crossover setup on 13-68 crosses chart.
- 2) Load local timeframe and "x" factor template.
- 3) Decide if setup supports S.T.A.R. Technique Primary Trade Signal. Trade if supported.