

# UpShot Trade Signals

## Forex Daily Chart Trading System.

**June 2011**

*disclaimer*

The information provided in this report is for educational purposes only. It is not a recommendation to buy or sell nor should it be considered investment advice. You are responsible for your own trading decisions. Past performance is not indicative of future results, as returns may vary according to market conditions.

Trading in foreign exchange is speculative and may involve the loss of principal; therefore, assets placed in any type of forex account should be risk capital funds that if lost will not significantly affect one's personal financial well being.

This is not a solicitation to invest, and you should carefully consider the suitability of your financial situation prior to making any investment or entering into any transaction.

Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you.

Before deciding to invest in foreign exchange you should carefully consider your investment objective, level of experience and risk appetite.

The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose.

You should be aware of all the risks associated with foreign exchange trading and seek advice from an independent financial adviser if you have any doubts.

By Federal Mandate, Foreign Currency Traders Must Read This First:

Before deciding to trade real money in the Retail Forex market, you should carefully consider whether this is the right choice for you. Things to consider are your investment objectives, level of experience and risk appetite. Most importantly, do not invest money you cannot afford to lose, i.e., don't trade forex with money you need to survive.

There is considerable exposure to risk in any off-exchange foreign exchange transaction, including, but not limited to, leverage, creditworthiness, limited regulatory protection and market volatility that may substantially affect the price, or liquidity of a currency or currency pair. Furthermore, the leveraged nature of forex trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you.

The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin requirement, your position may be liquidated and you will be responsible for any resulting losses. To manage exposure, employ risk-reducing strategies such as 'stop-loss' or 'limit' orders.

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## Forex Daily Chart Trading System

### **Trade structure:**

The Daily Chart Trading System is designed to give you plenty of time to prepare for your trade, time to confirm the reasons for the trade and time to execute the order.

This is perfect for traders who don't have time to sit in front of their computer screen for 10 to 16 hours at a time.

This trading system will also absorb most of the reactions from economic news on a daily basis since we are monitoring the daily charts. You can also hold the trades open through the weekends without much concern if price isn't too close to the stop loss level.

You also need to consider the logistics of trading on a Daily chart. This will obviously have a major influence on the amount of leverage you use due to the size of the stop loss placements.

It is not uncommon to see stop loss levels in excess of 200 to 300 pips or more on a single trade. You absolutely must take this into account when determining whether you can afford the trade or not.

I never recommend using more than 5 percent of your account balance on all open trades... and you must consider that if the trade moves against you more than 100 pips or more, this will increase the percentage of capital exposed on the trade.

### **Please read the line above again!**

Understanding the importance of leverage and controlling that leverage and maintaining a disciplined approach to money management is one of the most important factors between success and failure.

If you have a small trading account and you still wish to trade the daily charts you need to make an adjustment to the leverage you are using and keep in mind my recommendation of never using more than 5 percent on all open trades at a single time.

**The time frames used:**

In this trading system we will be using a classic system that many successful traders use. It involves using the daily chart and the 4 hour chart only.

The daily chart is used to determine the trend and direction and the 4 hour chart is used to time the entry.

**The indicators used:**

This strategy mainly revolves around the Donchian channel indicator.

The Donchian channels are added both to the daily chart and the 4 hour chart.

The setting for the Donchian channel daily chart is 20 and the Donchian channel setting for the 4 hour chart is 55 which is a typical Fibonacci number.

[\(you can download a Donchian channel indicator for MT4 charts here\)](#)

We will also be using the typical 200 day moving average (set at the close) for the daily chart. This will help visually determine the trend and the strength based on the angle of the moving average and distance of price from it.

The last indicator used in this strategy is the Stochastics on both daily and four hour charts set at 14, 3, 3.

**Step one:**

Always trade in the direction of the trend! (price above the 200 day moving average on the daily chart, then only trade up and vice versa)

The decision is up to you to determine the strongest trending currency pair. You will notice the angle of the moving average and the distance of price in relation to the moving average. It is still possible to trade a pair that is not trending as strong but it is preferred to use the strongest trending pair.

In this manual we have a perfect example of a pair (GBP/USD) that is still in an uptrend according to the position of price in relation to the moving average. (please see chart below)

**The set up:**

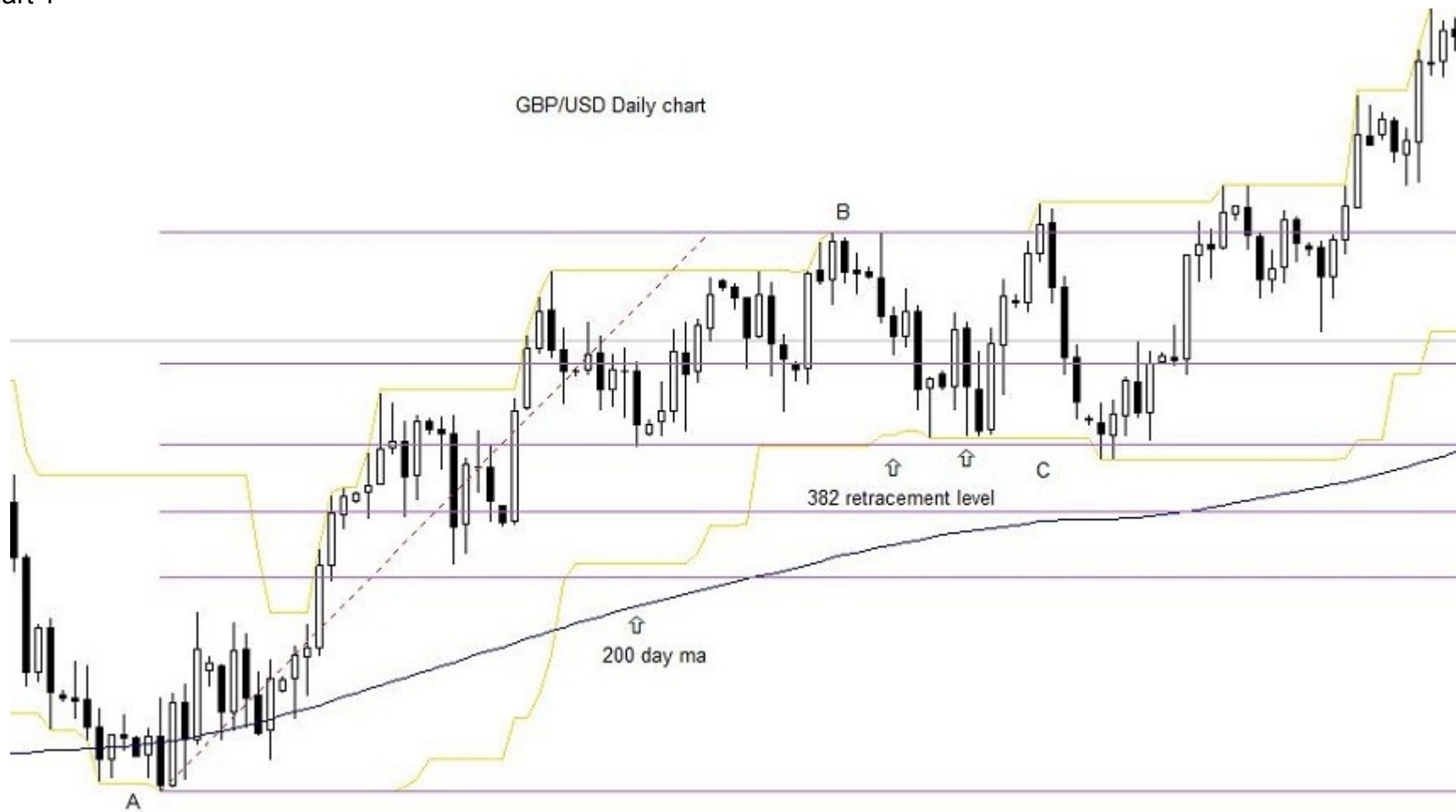
In this example we will assume that we are looking for a trade in a up trend and a long position.

We will also need to use the A, B, C, price swing method, (not to be confused with Elliott Wave)

We will be looking on the daily chart for price to remain above the 200 day ma but touching the lower channel of the Donchian channel indicator. This should preferably occur at the “C” in a pull back during a trend up.

(please see chart 1 below)

Chart 1

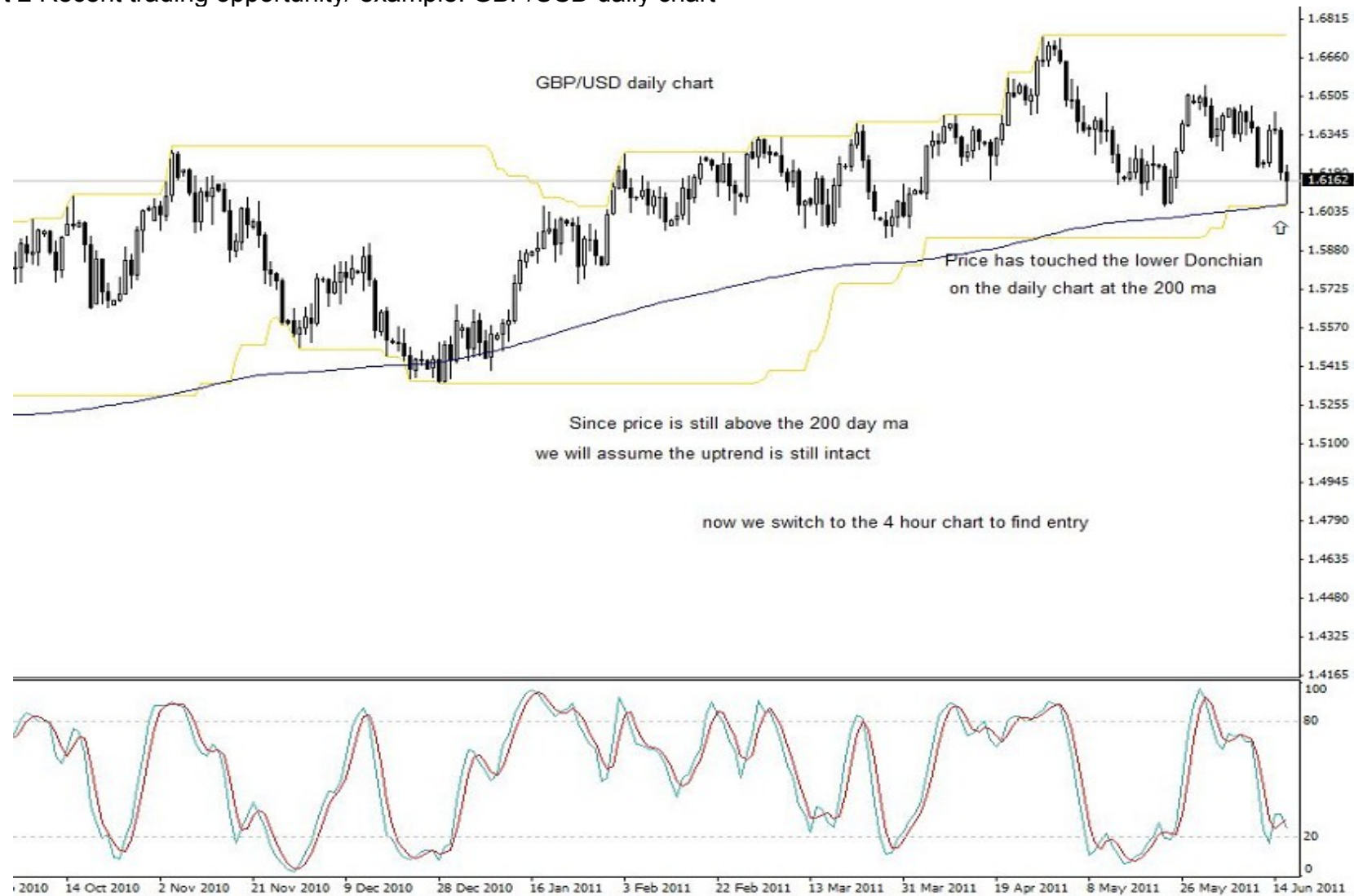


In chart 1 above, we start looking for an entry when we can confirm that price is above the 200 day ma and still in an uptrend. When price returns to the lower Donchian channel, we switch to the 4 hour chart and look for the entry to go long again assuming that the trend is going to remain in tact.

Once we enter the trade from the 4 hour chart, we switch back to the daily chart to manage the trade.

In the next two charts below, we will see a recent (as of this writing) trading opportunity and how we use both time frames.

Chart 2 Recent trading opportunity/ example. GBP/USD daily chart



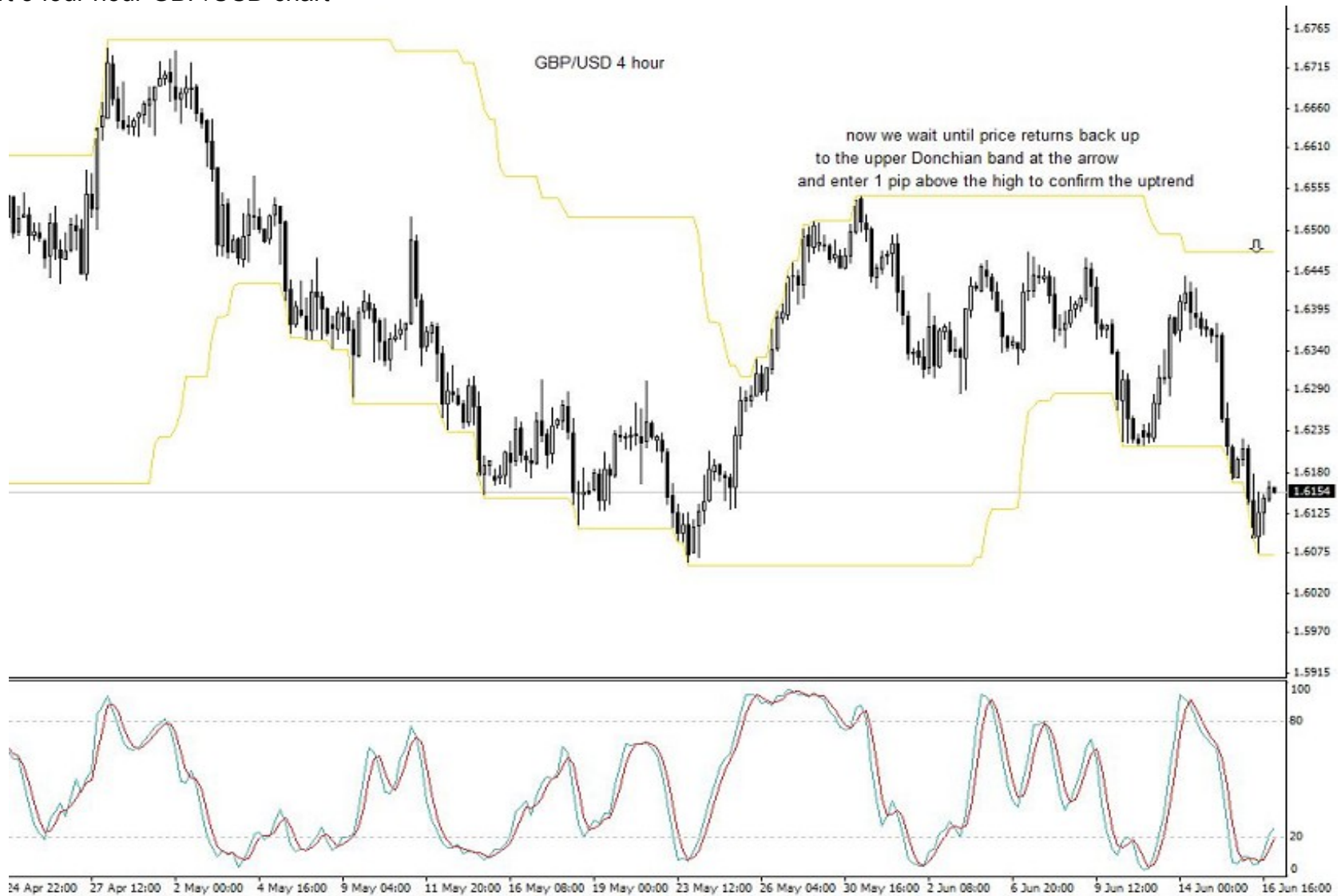


In the chart above, we see that price is still above the 200 day ma and price has returned to the lower Donchian channel. This is the first step to identifying a trading opportunity. Until price touches the upper or lower Donchian channel we don't do anything but wait or look at another currency pair for a trade.

Now we switch to the 4 hour chart and look for the entry.

(please see chart 3 for 4 hour chart)

Chart 3 four hour GBP/USD chart



In the four hour chart above, we can see that the Stochastics has been in the “extreme” level and is returning back up. Now we use a Donchian channel indicator set at 55 and wait until price touches the upper Donchian channel at the high where the arrow is, plus one pip. This would also theoretically confirm the uptrend when price starts to break out to the upside again.

As you can see this will require a large stop placement.

**The exit: (take profit)**

We exit the trade when price in this example, returns back to the lower Donchian channel on the four chart.

**Trailing stop:**

You can move the stop up (in this example) when price takes out the last high and makes a new high, then set the stop just below the last swing low.

Closing: Trading on a larger time frame like the daily and four hour charts can eliminate the pressure of intraday trading. This is only good for certain personalities. Others prefer constant activity on a hour by hour basis. No matter which trading style is right for you, you must consider the leverage required to trade any method.

Obviously we are all looking for as many trading opportunities as possible but I think we would all prefer a method that is comfortable, profitable and provides a good rate of return.

The trading system described in this manual is one of the methods I use when sending out the Forex Swing Trade Alerts. I also use a combination of fundamental analysis while managing the trade.

Each swing trade alert is updated with commentary while the trade is open and the trade details are delivered to all swing trade alert subscribers so they can make adjustments to their positions.

Even when there isn't a open trade, I send one email per day with market commentary and any expectations of potential trades so all swing trade alert subscribers can prepare for the trade.

I use these strategies on the GBP/USD, EUR/USD, USD/CAD, AUD/USD, EUR/JPY and the GBP/JPY.

Below is a trading account that is a result of my swing trade strategies and a combination of some short term trades that are opened for a few hours at a time with enough time for subscribers to enter the trades. Each one of these trades was delivered through my Forex Swing Trade Alerts.

Approximately 50 trades since the first of the year 2011  
No losing trades.  
Approximately 30 percent return from Jan 2011 to June 2011.

These trades are again a combination of mostly swing trades on daily charts and 4 hour charts and some short time frame trades that are opened and closed with in a day or two.

All trades on this performance statement are the result of my "Swing trade alerts" which are different from our SMS trade alerts which are based off intraday charts like the 1 hour and 30 minute charts.

But I don't stop at just sending out profitable Forex Swing Trade Alerts, I also send my subscribers the educational material and study charts to understand the trades we all take.

Real trading account, there are no trades omitted from this statement. Jan 2011 to June 2011.

2011.01.03 21:02	buy	1.00	gbpusd	1.5479	0.0000	1.5530	2011.01.04 08:20	1.5515	-0.70	360.00
2011.01.04 09:04	sell	1.00	gbpusd	1.5554	0.0000	0.0000	2011.01.07 12:28	1.5462	-16.00	920.00
2011.01.04 09:05	sell	1.00	eurusd	1.3352	0.0000	0.0000	2011.01.07 12:27	1.2980	-4.50	3 720.00
2011.01.07 13:45	sell	1.00	eurusd	1.2957	0.0000	0.0000	2011.01.09 22:07	1.2877	-0.90	800.00
2011.01.07 13:53	buy	1.00	audusd	0.9982	0.0000	0.0000	2011.01.07 14:02	0.9987	0.00	50.00
2011.01.18 06:53	buy	1.00	audusd	0.9975	0.0000	0.0000	2011.01.19 09:13	1.0047	4.90	720.00
2011.01.18 06:53	buy	1.00	gbpusd	1.5950	0.0000	0.0000	2011.01.18 09:31	1.6023	0.00	730.00
2011.01.18 06:54	sell	1.00	usdcad	0.9846	0.0000	0.9835	2011.02.04 14:05	0.9835	-17.20	111.85
2011.01.19 09:14	sell	1.00	eurusd	1.3448	0.0000	0.0000	2011.01.20 01:04	1.3447	-2.70	10.00
2011.01.19 09:51	sell	1.00	gbpusd	1.5998	0.0000	0.0000	2011.01.19 10:02	1.5967	0.00	310.00
2011.01.20 13:41	buy	1.00	eurjpy	111.21	0.00	0.00	2011.01.20 17:04	111.63	0.00	506.08
2011.01.21 14:28	buy	1.00	eurusd	1.3554	0.0000	0.0000	2011.01.21 20:33	1.3624	0.00	700.00
2011.01.21 14:29	buy	1.00	eurjpy	112.09	0.00	0.00	2011.01.21 20:33	112.45	0.00	436.31
2011.01.25 08:13	sell	1.00	gbpusd	1.5944	0.0000	0.0000	2011.01.25 09:14	1.5906	0.00	380.00
2011.02.02 02:13	sell	1.00	usdchf	0.9358	0.0000	0.0000	2011.02.24 00:03	0.9324	-35.31	364.65
2011.02.03 13:51	sell	1.00	gbpusd	1.6180	0.0000	0.0000	2011.02.03 18:03	1.6141	0.00	390.00
2011.02.03 13:51	sell	1.00	eurjpy	111.86	0.00	0.00	2011.02.03 17:06	111.22	0.00	785.66
2011.02.03 13:51	buy	1.00	usdchf	0.9476	0.0000	0.0000	2011.02.04 11:56	0.9480	0.11	42.19
2011.02.04 12:12	sell	1.00	usdcad	0.9854	0.0000	0.0000	2011.02.04 13:45	0.9847	0.00	71.09
2011.02.04 12:47	sell	1.00	gbpusd	1.6093	0.0000	0.0000	2011.02.04 13:06	1.6083	0.00	100.00
2011.02.04 13:30	buy	1.00	eurusd	1.3649	0.0000	0.0000	2011.02.09 18:40	1.3730	-1.80	810.00
2011.02.04 13:31	sell	1.00	usdjpy	81.63	0.00	0.00	2011.03.17 01:44	79.54	-34.85	2 627.61
2011.02.08 07:49	buy	1.00	gbpjpy	132.89	0.00	0.00	2011.02.11 09:52	134.00	3.03	1 329.66
2011.02.08 09:06	buy	1.00	usdchf	0.9554	0.0000	0.0000	2011.02.08 20:59	0.9627	0.00	758.28
2011.02.18 15:18	sell	1.00	gbpjpy	135.20	0.00	0.00	2011.02.18 16:32	135.19	0.00	12.00
2011.02.18 17:06	sell	1.00	gbpjpy	135.07	0.00	0.00	2011.02.21 15:09	135.00	-2.89	84.14
2011.02.28 09:18	sell	1.00	usdcad	0.9758	0.0000	0.0000	2011.02.28 13:59	0.9742	0.00	164.24
2011.04.01 12:16	sell	1.00	eurusd	1.4139	0.0000	0.0000	2011.04.01 13:45	1.4079	0.00	600.00
2011.04.12 01:10	sell	1.00	gbpjpy	137.40	0.00	0.00	2011.04.12 02:23	137.15	0.00	297.12

2011.04.14 05:27	buy	1.00	gbpusd	1.6343	0.0000	0.0000	2011.04.14 14:34	1.6372	0.00	290.00
2011.04.18 16:07	sell	1.00	gbpusd	1.6237	0.0000	0.0000	2011.05.13 15:57	1.6185	-86.40	520.00
2011.04.19 18:12	buy	1.00	eurusd	1.4338	0.0000	0.0000	2011.04.20 12:54	1.4530	-0.60	1 920.00
2011.04.19 18:12	buy	1.00	gbpusd	1.6329	0.0000	0.0000	2011.04.20 12:55	1.6386	-0.70	570.00
2011.04.19 18:13	sell	1.00	usdcad	0.9562	0.0000	0.0000	2011.04.20 12:55	0.9521	-0.94	430.63
2011.04.19 18:13	buy	1.00	audusd	1.0531	0.0000	0.0000	2011.04.20 12:54	1.0657	4.90	1 260.00
2011.04.21 13:59	sell	1.00	eurjpy	118.88	0.00	0.00	2011.05.05 11:04	118.16	-18.91	903.39
2011.04.27 13:08	buy	1.00	gbpjpy	136.38	0.00	0.00	2011.04.27 21:29	136.65	0.00	328.47
2011.04.27 17:27	buy	1.00	gbpusd	1.6554	0.0000	0.0000	2011.04.27 19:32	1.6625	0.00	710.00
2011.04.27 17:27	buy	1.00	eurusd	1.4698	0.0000	0.0000	2011.04.27 19:32	1.4773	0.00	750.00
2011.05.05 08:09	sell	1.00	gbpjpy	132.63	0.00	131.00	2011.05.05 09:42	132.12	0.00	636.23
2011.05.06 12:38	sell	1.00	eurusd	1.4454	0.0000	0.0000	2011.05.06 17:16	1.4376	0.00	780.00
2011.05.06 12:38	buy	1.00	usdjpy	80.84	0.00	0.00	2011.05.10 22:17	80.96	-0.24	148.22
2011.05.09 14:31	sell	1.00	eurjpy	115.14	0.00	0.00	2011.05.10 05:32	114.83	-1.37	385.38
2011.05.09 14:31	sell	1.00	gbpjpy	131.35	0.00	0.00	2011.05.13 14:21	131.07	-17.82	347.18
2011.05.23 07:40	sell	1.00	gbpusd	1.6139	0.0000	0.0000	2011.05.23 13:31	1.6111	0.00	280.00
2011.06.13 20:52	buy	1.00	gbpjpy	131.47	129.70	132.40	2011.06.14 07:11	132.26	0.62	982.10
2011.06.14 03:44	buy	1.00	audusd	1.0646	1.0560	1.0685	2011.06.14 14:33	1.0671	0.00	250.00
2011.06.14 04:54	buy	1.00	eurusd	1.4438	1.4360	1.4485	2011.06.14 14:30	1.4473	0.00	350.00
2011.06.14 07:02	buy	1.00	eurjpy	116.14	115.10	116.50	2011.06.14 07:11	116.39	0.00	310.83
2011.06.15 15:04	sell	1.00	gbpjpy	131.00	0.00	0.00	2011.06.16 07:09	130.26	-8.91	917.66

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I can only promise you that I will do my best for you and to repeat this performance, month after month but I obviously can't guarantee that I will never experience a loss.

I personally trade each of the Swing Trade Alerts and I know how important protecting capital is and I never place a trade that is outside of my trading system. I am a very cautious and calculating trader with over 9 years full time trading experience.

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## 5 Mistakes to avoid when placing a trade

There are definitely ways to reduce the chances of a trade that fails and here we will take a look at 5 of the most common...

1. Failure to determine trend direction by using the larger times frames such as the 4 hour, daily and weekly charts.
2. Failure to determine an exact entry point before placing the trade. It usually isn't recommended to simply jump in a trade just because price may be rallying at the time. Often, this type of behavior leads to uncertainty and without a clear entry point, finding a place to take profits may be just as unclear.
3. Failure to determine potential profit target before placing the trade. It is not only important that you have a clear profit target but it is also recommended that you find more than one profit target. Scaling out of a trade can help to protect profits if the trade turns out to be profitable but the final target is missed by a few pips.
4. Failure to be aware of any economic announcement that can have a negative impact on your trade.
5. Failure to identify significant support and resistance levels that can only be seen by using the larger time frames. Often times traders hold on to a profitable trade too long expecting more and this can ultimately lead to a failed trade.

*we hope you enjoyed this report. -Irishtrader*



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The banner is a horizontal strip with a black background. On the left, the text 'Forex Trade Alerts' is in a large, italicized, white font, with 'Forex Swing Trade Alerts' in a smaller, plain white font below it. In the center, three lines of white text are stacked: 'Lightning Fast Delivery to Your Email', '8 to 15 Trades per month', and 'Never a Losing Month'. On the right, there is a yellow rectangular button with rounded corners containing the text 'Upshot Trade Signals' in black.