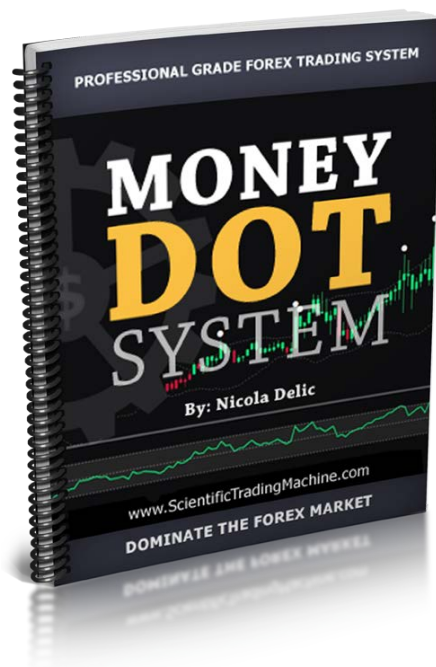


SCIENTIFIC TRADING MACHINE

Presents



Money Dot Trading System

By Nicola Delic

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INTRODUCTION

Welcome and thank you for taking the time to learn more about my Money Dot Trading System! In this report you are going to learn how to trade a powerful system that I have been trading in secret for a very long time.

I've been a professional trader for many years now and the system you are about to learn is one of the techniques I personally use to trade the markets on a regular basis. In the right hands, this system can be a powerful weapon and I have no doubt that you will do as well with it as I have over the years.

I call this system the Money Dot trading system mainly because every time you see a dot appear on your charts, money is not far behind. The system itself is quick to learn and extremely easy to implement. Even if you are completely new to trading.

If you are new to trading this is a great system to start trading. I have great belief in this system because it uses a few easy to read yet powerful indicators to identify Buy and Sell opportunities. As you progress through this report you'll see exactly what I mean.

The Money Dot trading system can be applied to all currency pairs. I personally prefer to trade the Major currency pairs and this would be a great place for you to start trading too.

You are of course welcome to apply the system to any other currency pairs you like as long as you are always trading the most active currency pairs during any market session. This will ensure that you are always trading the most volatile pairs at any given time.

When it comes to timeframes, I normally focus on trading this system are the 4 hour and 1 hour timeframes. In my personal experience, I have found that these timeframes usually produce the best results. However, the Money Dot trading system can be traded on all other timeframes with similar success.

In the following chapters you will learn all about the Money Dot trading system and get to see what a powerful trading tool it can be in the right hands.

I'm sure that you are excited to get started so let's dive right in!

INSTALLATION

Before we get to the charts and the system itself, you need to download and install the indicators from my website. Remember that the Money Dot Trading System requires the MetaTrader 4 (MT4) trading platform in order to function properly on your computer. If you do not already have the MT4 trading platform installed on your computer, visit the following link to download the software: www.metatrader4.com

Among the Money Dot System downloaded files you will find the Money Dot System Auto-installer. This will automatically install all the required indicators and the Double Profit Levels chart template. I've made the installation process as simple as possible. All you need to do is double click on the Auto-installer (MoneyDot.exe file) and follow the prompts. All the system indicators will be installed on all the MT4 trading platforms you have installed on your computer. Once you've installed the system indicators you simply need to open your MT4 trading platform and apply the Money Dot System chart template to your charts. Simply follow these steps to apply the chart template to any chart:

1. Open a new chart.
2. Click the Template Icon on the toolbar.
3. Choose Load Template...

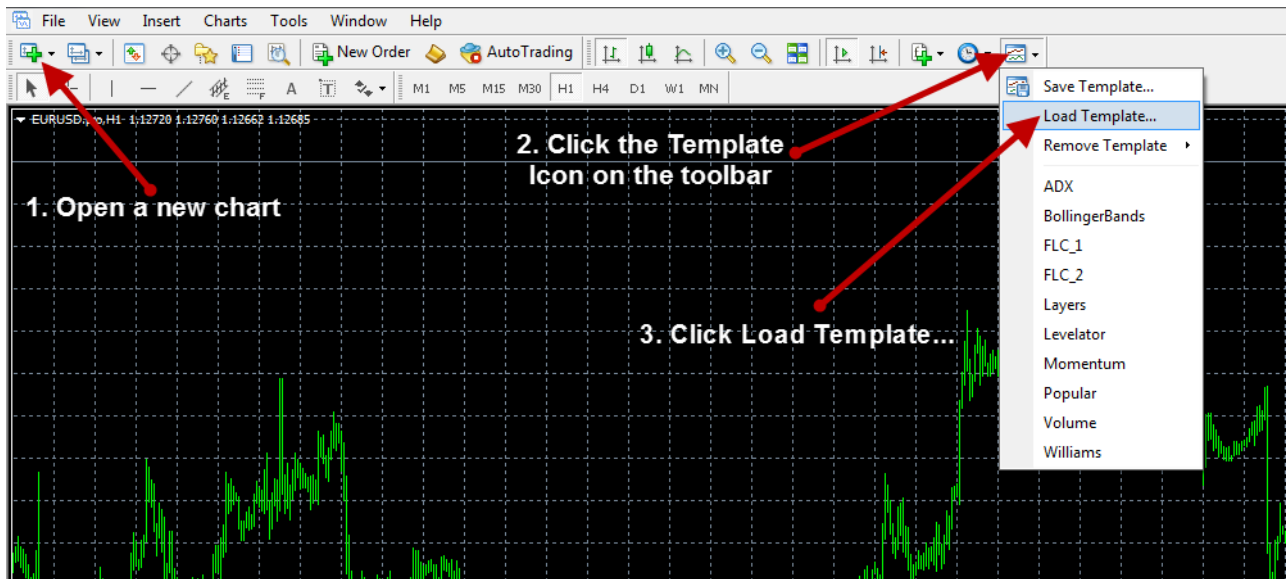


Figure 1

4. Click on the Money_Dot template in the selection.

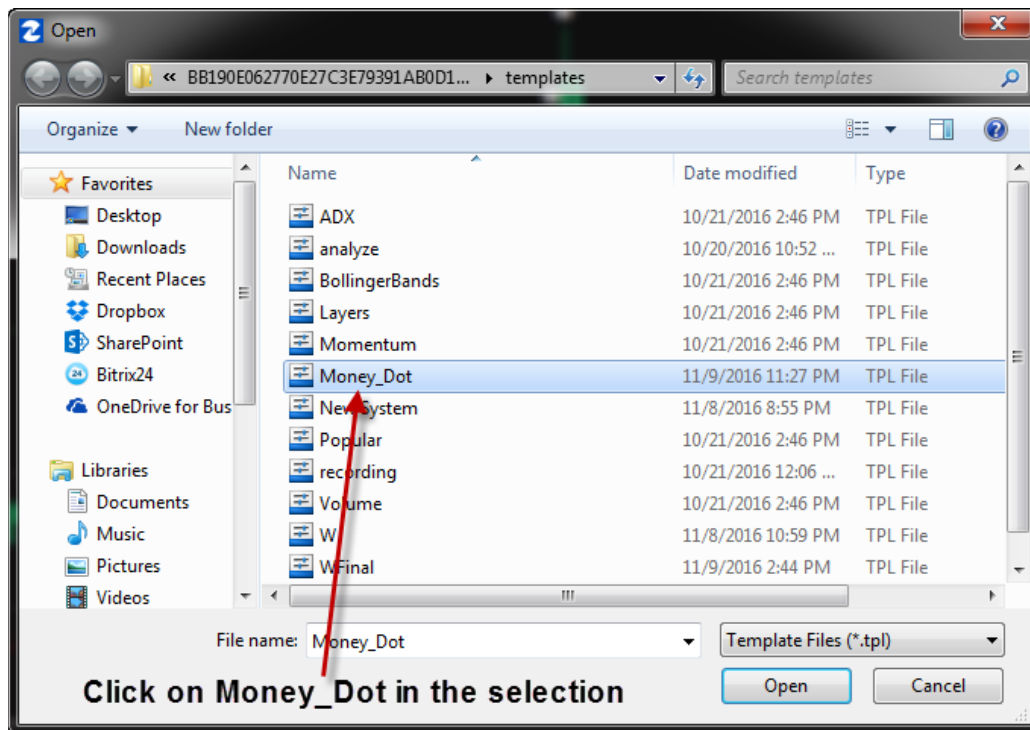


Figure 2

Once the template has been applied successfully, your chart will look similar to this:



Figure 3

You're now ready to start identifying Buy and Sell trades!

SYSTEM COMPONENTS

Before you can start trading Buy and Sell trade setups using the Money Dot trading system you need to get familiar with the individual components of the system. There are three indicators that are used in this system. The first indicator is called the Money Dot indicator, the second indicator is referred to as the Wilder's RSI and the third indicator is known as the Bands. Let's take a closer look at each of these indicators.

As you can see on the image below, the Money Dot indicator is fairly easy to read. It comprises of Red dots that appear below Red colored bearish candles and White dots that appear above Green colored bullish candles. This indicator is used to determine whether the trend is about to reverse. On the left hand side of the chart below you can see the White dots appear before price moves downwards and on the right hand side you can see the Red dots have formed just before price has started to move upwards.

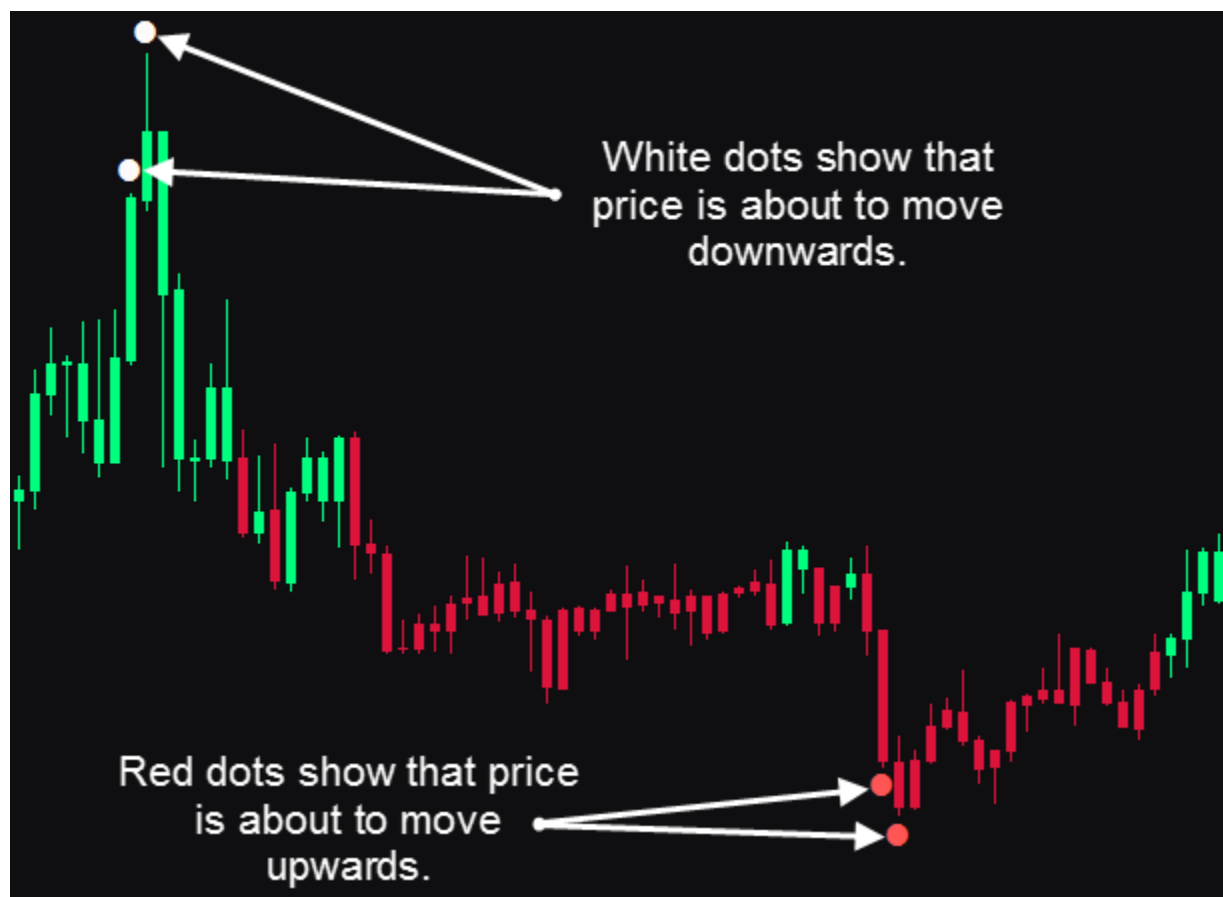


Figure 4

The Money Dot indicator will ultimately determine the direction in which we trade. If the Money Dot indicator dots are Red, we will be looking to enter the market with Buy trades. On the other hand, if the Money Dot indicator dots are White, we will be looking to enter the market with Sell trades.

The second indicator we will be using is the Wilder RSI. This indicator sits below the price chart and comprises of a Green line that oscillates between the upper and lower levels. This indicator helps to confirm the market direction and alert us to the best places to enter our Buy and Sell trade orders.

On the following chart image, you can see the Wilder RSI indicator:

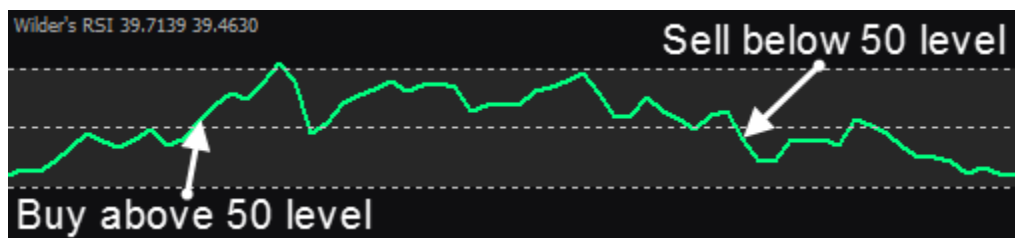


Figure 5

You will notice that there are three horizontal lines or levels drawn on this indicator. The middle line is the 50 level, the lowest line is the 30 level and the highest line is the 70 level.

The key level is the middle line also known as the 50 level. When the Green line on the Wilder RSI indicator appears above the 50 level it means the trend is Bullish and we may only consider Buy trades. When the Green line on the Wilder RSI indicator appears below the 50 level it means the trend is Bearish and we may only consider Sell trades.

While the 70 level and the 30 level do not play a major role in identifying trade signals, they do inform us of cases where price is entering overbought and oversold territories respectively.

This information assists us in determining when price has gone too far in any one particular direction. With this information we can identify potential turning points that can prompt us to tighten our stop losses in order to protect the profits we have accumulated on our open positions.

The third indicator we will be using in the Money Dot system is simply known as the Bands indicator. On the following page you can see an example of this indicator and learn more about how we use it in our analysis.

The Bands indicator comprises of two dashed lines and appear above and below the candlesticks on our charts. I refer to these lines as the Upper Band and the Lower Band. The Bands automatically widen when volatility increases and narrow when volatility decreases. The upper and lower Bands can be thought of as a measure of volatility to either the upside and downside. On the following image you can see an example of the Bands in action:

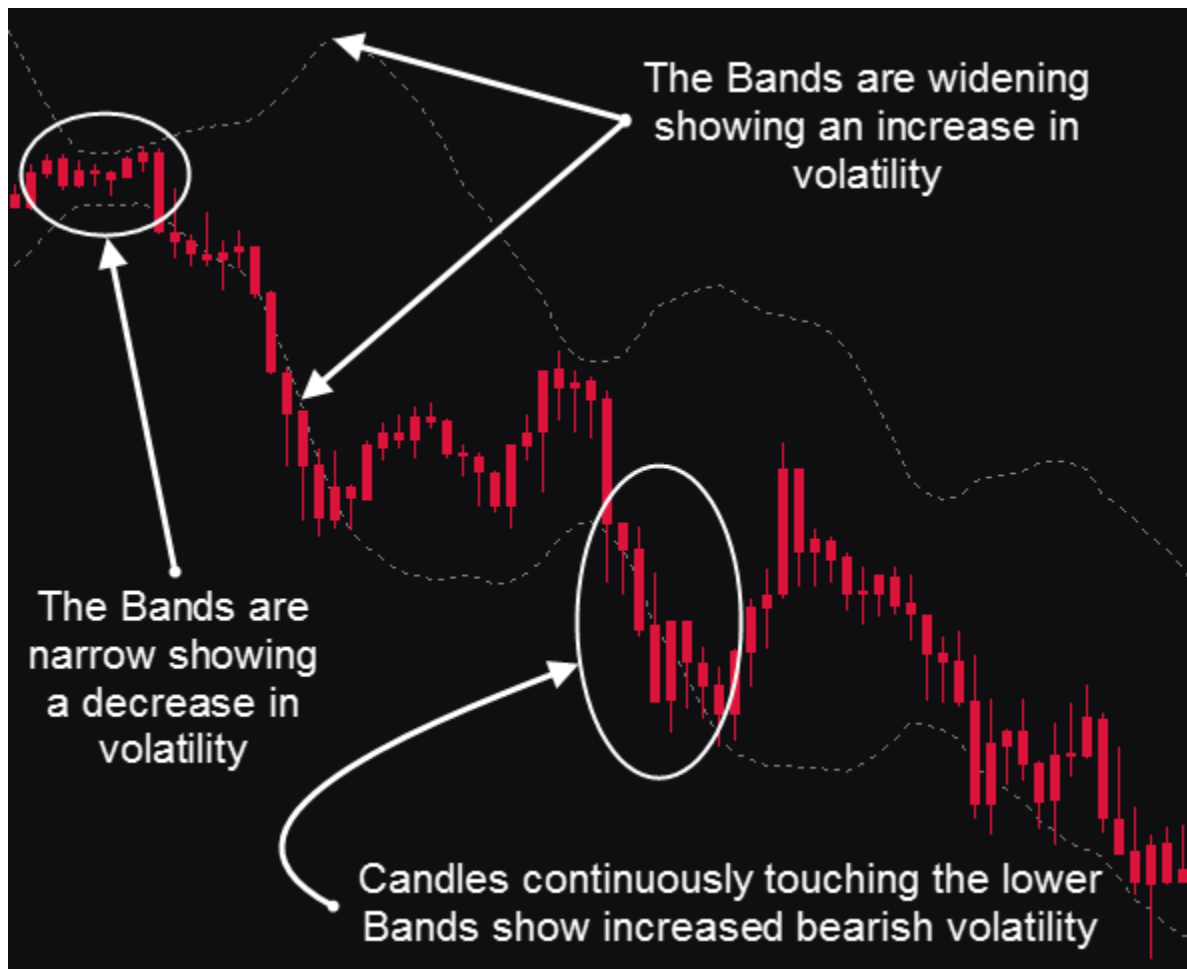


Figure 6

On the top left corner you can see there is low volatility and the bands have narrowed close together. We would not enter trades here. Shortly afterwards you can see that price starts to move downwards and the volatility increases so the bands start to widen. Finally, you can see a region where price remains at the lower Band showing strong downward volatility. This is an ideal area to be selling this currency pair. This is an example of a Sell trade but the same is true in the case of Buy trades as well. The only difference being that the candles will be at the upper Band instead of the lower Band.

SYSTEM RULES

Now that you are familiar with the indicators used as part of the Money Dot trading system it is time to get familiar with the rules for identifying Buy and Sell trade alerts.

Always remember that if you encounter a scenario that does not match the rules you should avoid placing a trade. The key to trading any system successfully is ignoring your gut feel and following the rules to the letter. The same applies to this system, rely on nothing else but following the system rules and you will trade better than 90% of the traders out there.

Here are the rules for entering Buy trades:

Buy Trade Rules

1. There should be a series of Red candlesticks being formed on the chart.
2. Wait for at least 2 or more Red Dots to appear below the Red candlesticks.
3. Wait for the Wilder RSI to cross above the 50 level.
4. Confirm that the Bands are widening and that price is either approaching the upper Band or crossing above it.
5. Wait for a Green candlestick to close. If a Green candlestick does not close within 5 to 6 candlesticks of the last Red dot consider the signal void.
6. At the open of the next candlestick, enter the market with a Buy trade using a market order. Alternatively, enter the trade when price breaks out above the most recent Swing High. If a breakout above the most recent Swing High does not occur within 5 to 6 candlesticks consider the signal void.
7. Set your Stop Loss a few pips below the most recent Swing Low.
8. Set your Take Profit twice the distance away from the entry level as your Stop Loss or greater. I recommend a minimum of 1:2 Risk/Reward Ratio or greater.

On the following page you can see an example of a Buy trade as per the rules of the Money Dot trading system.

At Point 1 you can see that there is a series of Red candlesticks being formed on our price chart. At this point we are basically waiting to see 2 or more Red dots appearing below the Red candlesticks. This eventually occurs at Point 2. Remember, just 1 Red dot is not enough, we require at least 2 Red dots. If there are many Red dots, that's even better. At Point 3 you can see that the Wilder RSI has crossed above the 50 level. We move on to the next rule and at Point 4 you can see that the Bands are wider compared to the left hand side and that price is approaching the upper Band. At this stage we wait for a Green candlestick to close which occurs at Point 5. Remember that if a Green candlestick does not close within 5 to 6 candlesticks of the last Red dot we may consider the signal to be void. In this particular trade, the Green candlestick is formed within a few candlesticks so the condition has been met. At Point 6 we have the open of the next candlestick. This is where we enter the market with a Buy trade using a market order.



Figure 7

Remember that if we would have preferred a conservative entry we could have considered entering the trade when price breaks out above the most recent Swing High. In this particular case the breakout above the most recent Swing High occurs within 5 to 6 candlesticks so the entry would have been valid albeit a few candlesticks later.

At Point 7 we can set our Stop Loss a few pips below the most recent Swing Low. Finally, at Point 8 we can set our Take Profit at twice the distance away from the entry level as our Stop Loss or greater. In this particular trade we used a 1:2 Risk/Reward Ratio which meant that our profit is twice as large as any potential loss we may incur should the trade not work out in our favor. As you can see on the image above, this trade closed in profit and worked out just fine.

Now that you've seen the rules for Buy trades I am sure you're already figuring out most of the rules for Sell trades too. In fact, you'll notice that the rules for entering Sell trades are the opposite of Buy trades.

Always remember that if you encounter a scenario that does not match the rules you should avoid placing a trade. This is the single biggest reason why professional traders perform so well. We do not try to predict where the market will move instead we focus on sticking to the rules at all times.

Let's look at the rules for entering Sell trades:

Sell Trade Rules

1. There should be a series of Green candlesticks being formed on the chart.
2. Wait for at least 2 or more White Dots to appear above the Green candlesticks.
3. Wait for the Wilder RSI to cross below the 50 level.
4. Confirm that the Bands are widening and that price is either approaching the lower Band or crossing below it.
5. Wait for a Red candlestick to close. If a Red candlestick does not close within 5 to 6 candlesticks of the last White dot consider the signal void.
6. At the open of the next candlestick, enter the market with a Sell trade using a market order. Alternatively, enter the trade when price breaks out below the most recent Swing Low. If a breakout below the most recent Swing Low does not occur within 5 to 6 candlesticks consider the signal void.
7. Set your Stop Loss a few pips above the most recent Swing High.
8. Set your Take Profit twice the distance away from the entry level as your Stop Loss or greater. I recommend a minimum of 1:2 Risk/Reward Ratio or greater.

On the following page you can see an example of a Sell trade as per the rules of the Money Dot trading system.

I always encourage traders to go through as many example trades as possible so that they can get a better grasp of a new trading system. Knowing the rules is not enough. Seeing a trade in action and matching the rules with each step in an actual trade is priceless!

At Point 1 you can see that there is a series of Green candlesticks being formed. At this point we are waiting to see 2 or more White dots appearing above the Green colored candlesticks. This eventually occurs at Point 2. Once again, just a single White dot is not enough, we require at least 2 White dots for the criteria to be met. If there are multiple White dots, that's even better. At Point 3 you can see that the Wilder RSI has crossed below the 50 level. We move on to the next rule and at Point 4 you can see that the Bands are widening and price is approaching the lower Band. At this point we need to wait for a Red candlestick to close which occurs at Point 5. Remember that if a Red candlestick does not close within 5 to 6 candlesticks after the last White dot we may consider the signal to be void and may not enter a trade. In this particular trade, the Red candlestick is formed within 6 candlesticks so the condition has been met and we may proceed. At Point 6 we have the open of the next Red candlestick. This is where we enter the market with a Sell trade using a market order.



Figure 8

Remember that if we preferred a conservative entry we could have considered entering the trade when price breaks out below the most recent Swing Low. At Point 7 we can set our Stop Loss a few pips above the most recent Swing High and at Point 8 we can set our Take Profit at twice the distance away from the entry level as our Stop Loss or greater. As with the previous trade, we used a 1:2 Risk/Reward Ratio which meant that our profit will always be twice as large as any potential loss we may incur. As you can see on the image above, this trade closed with a healthy profit.

BUY TRADE EXAMPLE

Here are a few more examples that will really drive this system home. At Point 1 you can see that there is a series of Red candlesticks being formed on our price chart. At this point we are waiting to see 2 or more Red dots appearing below the Red candlesticks which occurs at Point 2. Remember, 1 Red dot is not enough, we require a minimum of 2 Red dots. At Point 3 you can see that the Wilder RSI has crossed above the 50 level. We move on to Point 4 where you can see that the Bands are widening compared to the left hand side and price is approaching the upper Band. Here we wait for a Green candlestick to close which occurs at Point 5. If a Green candlestick does not close within 5 to 6 candlesticks of the last Red dot we may consider the signal to be void. In this particular trade, the Green candlestick is formed within a few candlesticks so the condition has been met. At Point 6 we have the open of the next candlestick. This is where we enter the market with a Buy trade using a market order. Remember that if we would have preferred a conservative entry we could have entered the trade when price breaks out above the most recent Swing High. In this particular case the breakout above the most recent Swing High occurs within 5 to 6 candlesticks so the entry would have been valid albeit a few candlesticks later. At Point 7 we can set our Stop Loss a few pips below the most recent Swing Low. Finally, at Point 8 we can set our Take Profit at twice the distance away from the entry level as our Stop Loss or greater. As always, we used the recommended 1:2 Risk/Reward Ratio.



Figure 9

SELL TRADE EXAMPLE

At Point 1 you can see that there is a series of Green candlesticks being formed. At this point we are waiting to see 2 or more White dots appearing above the Green colored candlesticks. This eventually occurs at Point 2. A single White dot is not enough, we require at least 2 White dots for the criteria to be met. At Point 3 you can see that the Wilder RSI has crossed below the 50 level. At Point 4 you can see that the Bands are widening and that price is approaching the lower Band. At this point we need to wait for a Red candlestick to close which occurs at Point 5. Remember that if a Red candlestick does not close within 5 to 6 candlesticks after the last White dot the signal is void. The Red candlestick is formed within 6 candlesticks and at Point 6 we have the open of the next Red candlestick. This is where we enter the market with a Buy trade using a market order. If we would have preferred a conservative entry we could have considered entering the trade when price breaks out below the most recent Swing Low. At Point 7 we can set our Stop Loss a few pips above the most recent Swing High and at Point 8 we can set our Take Profit at twice the distance away from the entry level as our Stop Loss or greater. Once again we used a 1:2 Risk/Reward Ratio which meant that our profit is always twice as large as any potential loss. As you can see on the image above, this trade closed with a healthy profit.



Figure 10

CONCLUSION

You've done great to make it this far! You are now ready to start applying what you have just learned on your own trading platform. I would suggest that you practice identifying a few trades on your charts before actually diving in. See if you can spot a couple of trades that follow all the rules. This will go a long way towards cementing the system rules and help you recognize the patterns we are looking for a lot easier.

Here are a few final thoughts I would like to share with you as you embark on your latest Forex trading adventure.

Avoid entering trades that follow big spikes or large candlesticks. If the Stop Loss looks too big it would be better to skip the trade and look for a better signal on a different currency pair. Always trade the currency pairs that have the most volatility. This means that you should only focus on currency pairs that are in session.

DO NOT over-trade. This system is designed to highlight only the very best trades so please do not bend the rules if there is no valid signal. There will always be another trade just around the corner, be patient and be prepared to take action when a signal presents itself.

Don't get into trades that you doubt. Remember, trading is NOT about taking more trades and being more active. Trading is about taking fewer trades, but the best ones.

DON'T GIVE UP! I can assure you that if you stick to the rules and apply what you've learned, you will have a profitable future as a Forex trader.

I hope you will enjoy trading this system as much as I have enjoyed putting it together for you. I wish you the best of success and encourage you to reach out to me with your questions. I am always here to help you and support you.

Wishing you the best on your trading adventures

