

# THIS IS THE TRADING METHOD FOR THE STEALTH FOREX TRADING SYSTEM™ V10

**YOU SHOULD HAVE ALREADY READ AND APPLIED  
THE INFORMATION IN THE SET-UP DOCUMENT. IF  
YOU HAVE NOT ALREADY DONE SO - PLEASE  
COMPLETE SET UP BEFORE READING THIS MANUAL**

**This product named stealth forex system, which includes all written material contained within this document, the custom indicators named LCD and stealth buy/sell together with all of the various set up combinations, (but excluding the MetaTrader 4 trading platform) hereinafter called “the system” is and are copyright protected. You the purchaser of the system are granted sole personal use of the system. You may not copy, hire or sell or in any other way promulgate nor convey any part or parts of the system without prior written and documented consent of the owners of the system.**

**It is most important to read ALL sections of  
this document prior to trading as some  
information in one section may apply to  
another section too and it will not  
necessarily be explained again in the later  
section**

# **TRADING METHOD**

**BE SURE TO READ AND UNDERSTAND THE DISCLAIMER TOWARDS  
THE END OF THIS DOCUMENT**

## **WHEN NOT TO TRADE**

### **Very Important**

Contrary to popular belief, much of trading time is not spent frantically making trades. The greater part of trading time is spent studying the charts, searching and waiting for high probability opportunities.

Not every day is a good trading day and sometimes it is better to accept that than try to jump into a poor set up and put your capital at greater risk than necessary.

Never rush into a trade without checking that all of the trading system rules have been met.

It is better to miss a good trade than to enter a trade badly set-up

**DO NOT ENTER A TRADE IN THE FOLLOWING CIRCUMSTANCES AS  
YOUR SYSTEM MAY NOT FUNCTION CORRECTLY - YOU MAY GET  
FALSE SIGNALS AND YOU COULD LOSE MONEY**

1. For **STEALTH SCALPERS & 15 MINUTE TRADERS**: Within 30 minutes before and after major financial news releases. The market can become erratic before and after news releases. There is a free calendar of news releases here: [Economic Calendar](#) Check this daily.

For **STEALTH LONGER TERM TRADERS** either exit your trade in profit before news releases ready to re-enter after the volatility has subsided or make sure that you have moved the stop loss up close. SEE TRADING INSTRUCTIONS FOR MORE DETAILS.

2. When **VOLUME** is low. Volume is represented by a series of green vertical lines at the bottom of your price chart (referred to as grass).

If the grass is short...you may get false signals and there may not be enough profit potential to be worth the risk of entering the trade.

If you can barely see the grass or if the grass is at a low but equal height, like a perfect lawn, this is a **do not** trade signal.

Sufficient volume should be the first and last thing that you check for, before entering a trade. With a little experience you will instantly know if there is sufficient trading volume. (SEE SCREEN SHOT ON NEXT PAGE)

Also make a study of how price has been moving during the past few hours. There can be periods when price moves sideways in a very tight range. These are difficult trading periods and may be unsuitable even to make scalping trades. SEE BREAKOUT TRADING TOWARDS THE END OF THIS MANUAL.



In forex trading there is no real way to measure volume, because unlike the stock exchange etc, there is no central exchange and this means that any volume representation, will be just that - a representation.

With a little practice and experience, judging whether or not to make a trade based partly upon the representation of volume does get easier

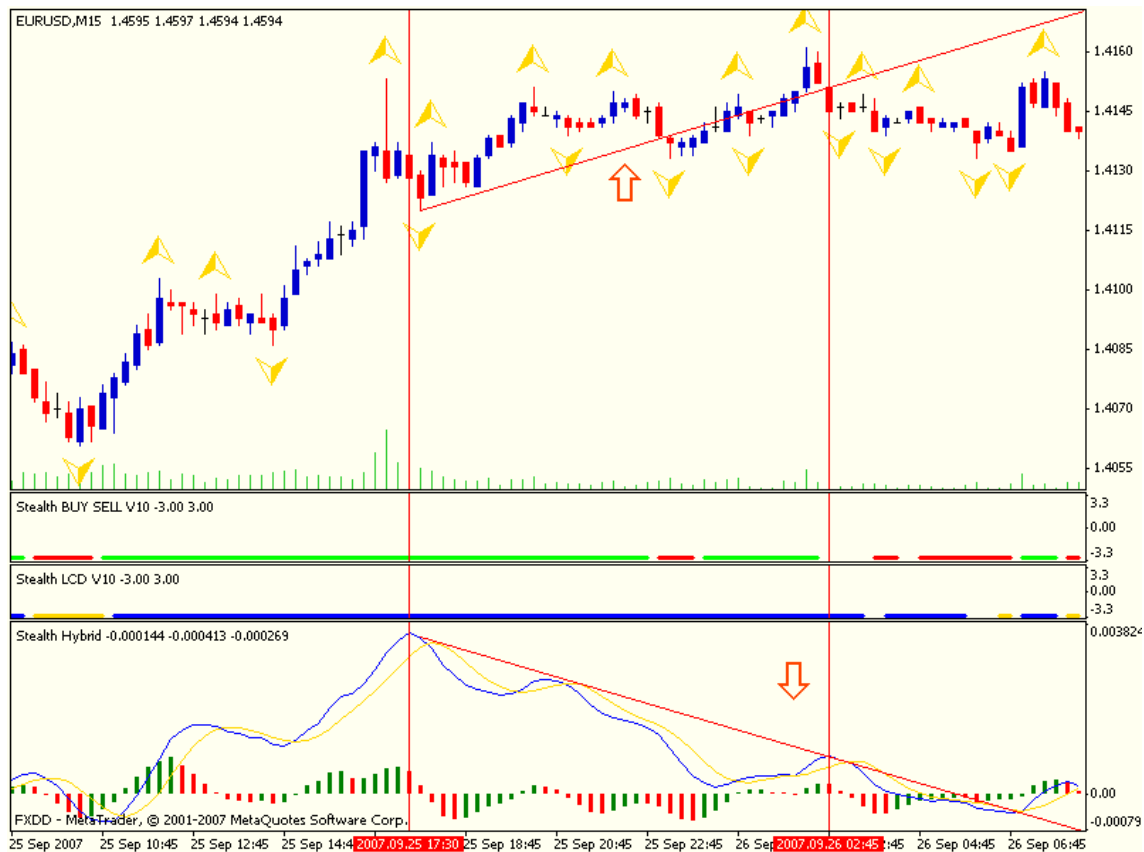
**3. Do not trade on Fridays after 4 pm GMT or on Sundays (before 2 am GMT Monday), unless you are position trading. Also remember that most brokers will not guarantee to honor stop loss positions while the brokerages are closed (the market may still make moves during this time). Unless you are a position trader, make sure that you exit all trades before the brokerages close for the weekend.**

### Negative divergence

**Do not enter a trade if you can see negative divergence. This will be highlighted by the [Stealth Hybrid indicator](#).**

**If the blue line is heading downward and yet the chart price is still heading upwards, price will more often than not soon reverse direction.**

**Negative divergence is a reliable early warning of a price reversal. SEE CHART BELOW.**



**PRACTICE WITH A DEMO ACCOUNT UNTIL YOU HAVE MASTERED THE TRADING SYSTEM AND HAVE PROVEN TO YOURSELF THAT YOU HAVE THE DISCIPLINE TO TRADE WITH IT PROPERLY AND PROFITABLY.**

## **MONEY MANAGEMENT**

**STRONG MONEY MANAGEMENT IS AT THE HEART OF EVERY GOOD TRADING PRACTICE**

**One of the quickest ways to lose money when trading (even with a great system like this) is the failure to observe good money management techniques.**

**Never risk more than 2% of your trading account at any one time. **NOT EVER!!!!!!****

**By compounding your winnings, over time you should be able to trade more lots whilst still never risking more than 2% of your trading account.**

**Never add to a losing position.**

Never double up after a losing trade. Stay calm, focused and stick to the system.

**Always use a stop-loss.**

**Never widen your stop-loss.** Stick to the formula.

As your account balance grows, consider reducing your leverage.

**Capital conservation is king.** If you suffer more than 3 losses in a row (it can happen) take a break from trading. When you return re-read the system to make sure that you are not overlooking something.

**Never try to take revenge on the market.** Losses are as much a part of trading the Forex, as are wins. Learn to accept your losses without anger or dismay. If you stick to the system, over time, you should have many more wins than losses.

**Trading takes time, patience and discipline.** Do not jump into a trade just because price has made a sudden large move. Always wait for the proper signal. If all indicators change at the same moment, this is a strong signal but in ALL cases, **all indicators MUST agree within 3 candle closes for the trade to be viable** - regardless of the time frame in use

Likewise do not worry about trying to capture *every last cent* of a price movement.

Traders who become obsessed with always trying to trade the whole move usually lose money.

**Never use leverage above 100:1 – Even 100:1 is extremely high**

As your trading account grows, consider using less leverage.

### **SCALPING METHOD**

It is important to appreciate that as it's name suggests, scalping is the act of making very short duration trades with the objective of being in and out of the market with a small but high probability profit.

We shall be using 2 Charts – 1 minute and 15 minute. We shall be trading any currency pair with a small broker spread (usually EUR/USD, USD/JPY, USD/CHF and GBP/USD)

We shall only be trading one pair at any one time.

### Entry procedure

Check that there are no pending fiscal news releases.

Look at the 15 minute chart observing only the **Stealth LCD & Volume**

If the **Stealth LCD** on the 15 minute chart is showing a blue line signal we shall only be interested to take a long trade (BUY).

If the **Stealth LCD** on the 15 minute chart is showing a yellow line signal we shall only be interested to take a short trade (sell).

We are not concerned with any other indicators on the 15 minute chart for scalping purposes.  
Move to the 1 minute chart. This is the chart we will trade with.

We are watching and waiting for **BOTH** the **Stealth LCD** (blue for BUY and yellow for SELL) and **Stealth BUY SELL** (green for BUY and red for SELL) indicators to **change** to agree with the direction of the **Stealth LCD** on the 15 minute chart.

This has to be a new signal. If the 1 minute chart indicators have been in agreement with the signal from the 15 minute chart for more than 2 or 3 candles we **MUST** wait for a new set-up.

If the 1 minute chart signal changes to agree with the direction of the 15 minute signal, check **volume** once more and enter the trade.



Immediately that you enter the trade place a stop loss at 20 pips plus broker spread **or** at the tip of the previous Stealth on the opposite side of price to your direction of trade – which ever is the least amount of pips.



**THIS CHART DEMONSTRATES A TEXT BOOK SCALPING TRADE SET-UP. NEVER SETTLE FOR LESS THAN A TEXT BOOK SET-UP**

Our only concern now is at best - to exit this trade in profit and at worst - to exit with as smaller loss as possible.

As the trade progresses, move your stop loss to the tip of each new stealth on the opposite side of price. Keep doing this until you are stopped out in profit.

**It must be noted that stop loss adjustments must always move in the same direction as the trade. If a new Stealth appears that would cause adjustment in the opposite direction – Ignore that Stealth.**

Do not allow your stop loss to exceed 20 pips plus broker spread.

**Other reasons to exit the trade**

If any of the following should occur, exit the trade.



The signal(s) change(s) color

There is a sudden move in your favor of more than 30 pips

The Stealth Hybrid Histogram (red & green bars) reaches an extreme reading



It is vital to ensure that at no time should you place more than 2% of your trading account at risk. Your stop loss, size of trade (lot size and number of contracts) and leverage will all need to be factored in to achieve this.

### CREAMER METHOD

This strategy is for trading the USD/JPY, AUS/USD & NZD/USD only and is time sensitive.

Only use this strategy **AFTER** 00.30 am GMT. (02.30 CRT)

First create a new 30 minute chart for the USD/JPY, AUS/USD or NZD/USD

Now add just the **Stealth BUY SELL**

Add **Bollinger Bands** using the default setting. To do this, **click**

**Insert**

**Indicators**

**Trend**

**Bollinger bands**

Set the line thickness to a thicker line as follows

**Charts**

**Indicator list**

**Single click**

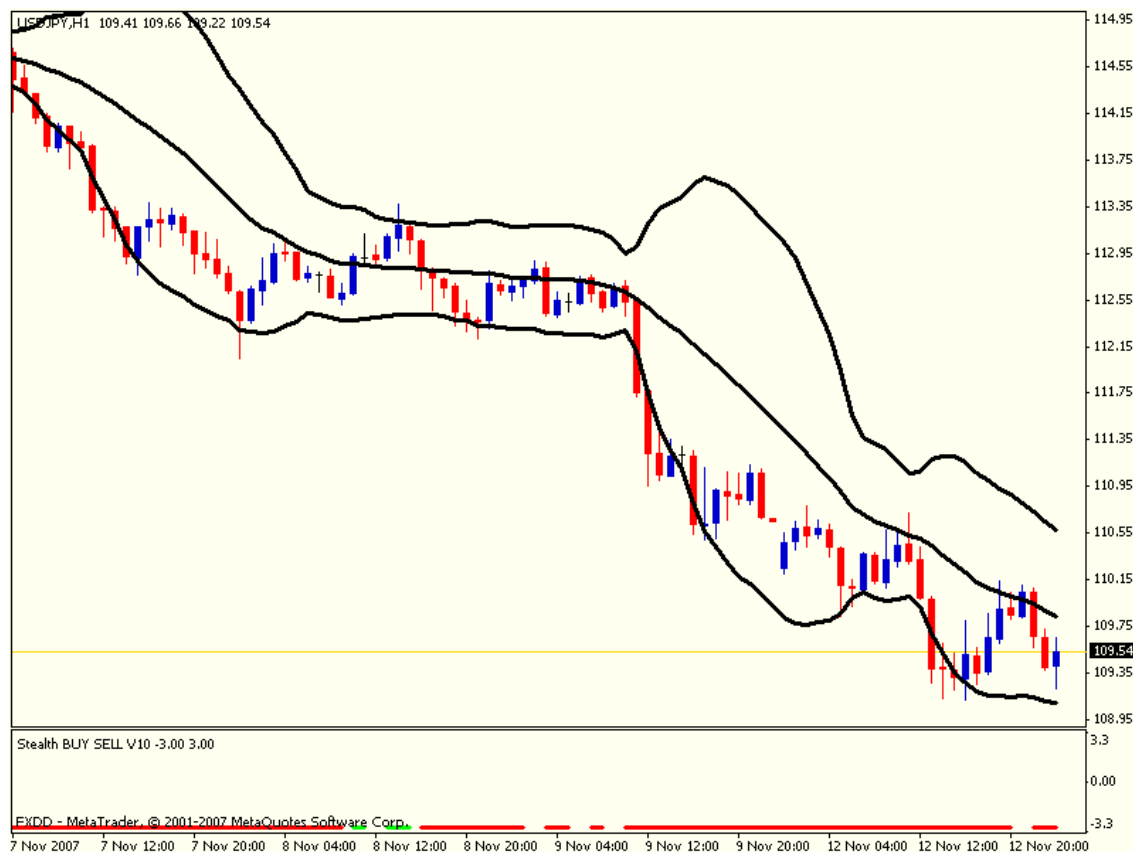
**Bollinger Bands**

**edit**

**Select line thickness**

**accept**

Your chart should now look like this:



If your chart now looks like this save the set up as a template called **Stealth Creamer** (charts – templates – save as).

## **Stealth Creamer Trading Rules**

Before we start looking at the trading rules it should be understood that trading at this time of day is much more difficult.

There will be days when there is no set up for a trade and you should learn to accept that.

Part-time trading requires much more discipline. There will naturally be a desire to make trades, but it is important to

understand that a trading system **identifies** high probability trades. It does not create them.

If you do not get a good set up **DO NOT** be tempted to trade.

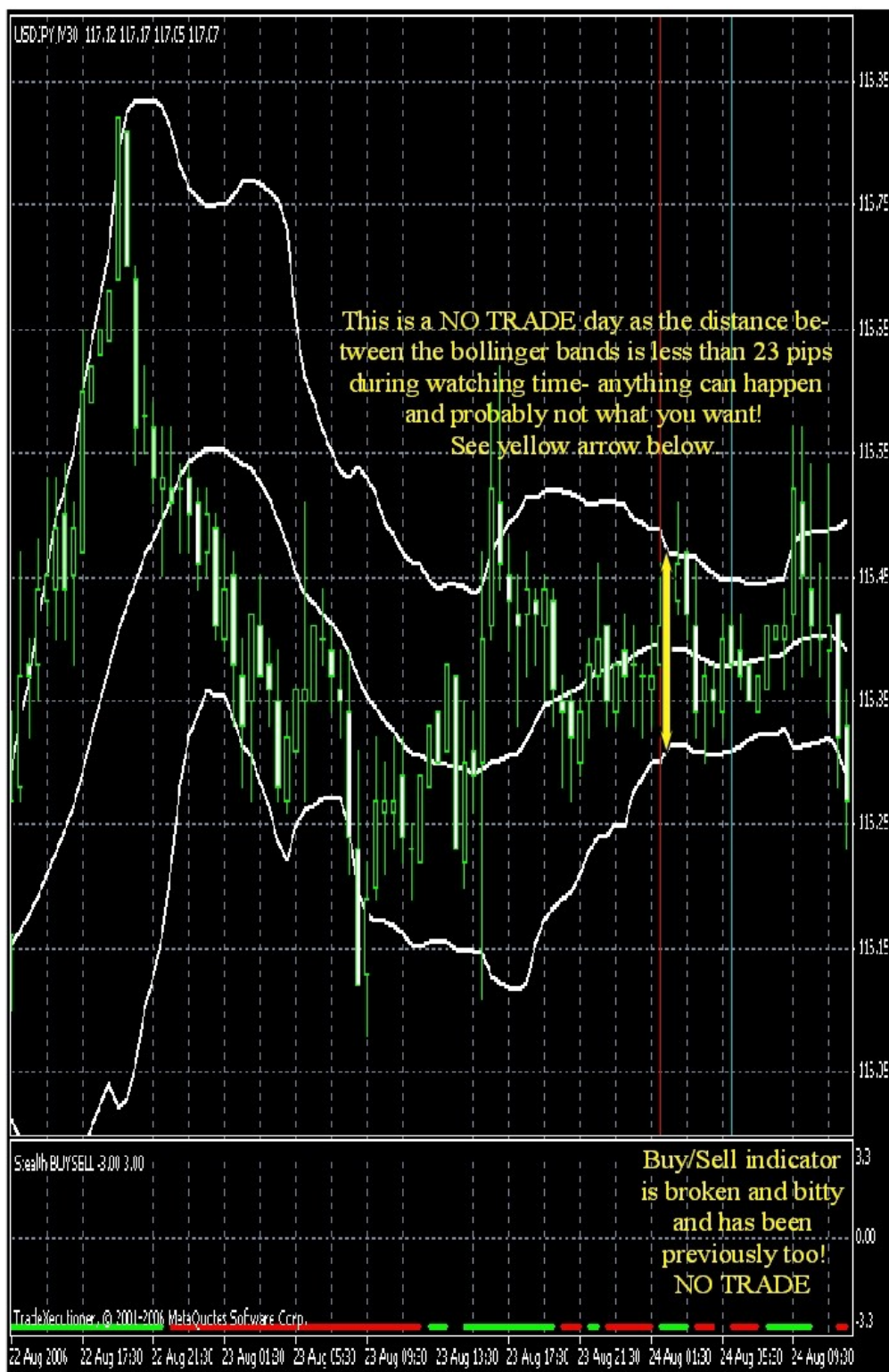
As with all forms of trading, watching whilst not holding a position is still trading.

At 00.30 GMT (02.30 CRT) Start to look for a trade set up. Do not panic if you do not see a set up straight away, you have until 06.00 am GMT (08.00 CRT) to enter your trade.

The first thing that you need to do is to measure in pips the distance between the **upper** and **lower** Bollinger bands.

You must have **more than 23 pips** between the upper and lower band. **23 pips or less means no trade yet.**

As time progresses, the bands may open or close. The 23 pips rule is **ONLY** for entry purposes (See the NO TRADE screen shot below).



If you do have more than 23 pips between the bands you now need to wait for a new **Stealth BUY SELL** color signal.

**DO NOT TRADE** until you get a new **Stealth BUY SELL** signal.

If in the previous couple of hours the **Stealth BUY SELL** indicator has been changing color back and forth every couple of candles, this will be a **NO TRADE DAY**.

When you get a new **Stealth BUY SELL** signal (bar changes from green to red or vice versa) wait for price to retrace to the **center line** of the Bollinger Bands and then enter your trade in the direction indicated by the **Stealth BUY SELL** indicator (**red for sell** or **green for buy**).

Immediately after entering the trade set your **stop loss** to the price indicated by the outside edge of the Bollinger Band **+ 5 pips**.

When doing this ensure that the outside edge of the Bollinger Band is **at least 20 pips + spread** (should be 22 or 23 pips in total) away from your entry price.

If it is less than 20 pips + spread widen your stop loss to 20 pips + spread.

**Do not just set your stop loss to 20 + spread on every trade.** It is most important to use the outer edge of the Bollinger Band so long as it is 20 pips + spread or more.

Now set a Take Profit order for 30 pips from your entry price.

Do not try to gain more. This strategy has been well tested and 30 pips is the optimum take profit level for this type of trade (see additional screen shot below).

You now need to let the trade run it's course. Go to bed or watch TV or go out (if it is still early enough) and leave the trade alone.

The trade may run all night and into the next day or it might end within a few hours. Either way, leave it alone.

Check your trade in the morning. One of three things will have happened, either your trade closed in profit or it closed with a loss or it is still live.

If it is still live and the **Stealth BUY SELL** has not changed color, leave the trade to run it's course.

If the **Stealth BUY SELL** has changed color, close the trade, whether in profit or not. Repeat the same process tomorrow evening.





## **STEALTH 15 MINUTE TRADER**

We will be using solely the 15 minute chart and we will be using the **Stealth BUY SELL**, **Stealth LCD** and **Stealth Hybrid Histogram** indicators as well as the Stealths for stop loss positioning.

Be sure not to trade within 30 minutes of any scheduled fiscal news releases – see “When Not to Trade” section for Economic Calendar.

To enter the trade we need agreement from all three of these indicators. It is also advisable to add a 50 period simple moving average and to only accept BUY trades when price is above the 50 period SMA and only accept SELL trades when price is below the 50 period.

We are looking for a new signal each time. So for example:

If the **Stealth BUY SELL** changes to green AND the **Stealth LCD** changes to blue AND the **Stealth Hybrid Histogram** is showing a green bar – This is a BUY ENTRY

If the **Stealth BUY SELL** changes to red AND the **Stealth LCD** changes to yellow AND the **Stealth Hybrid Histogram** is showing a red bar – This is a SELL ENTRY

Before entering the trade, check for sufficient **volume**.

As soon as you have entered the trade, immediately place a stop loss order at the tip of the last stealth on the opposite side of price to your direction of trade, or 32 pips plus broker spread – whichever is least.

Our only concern now is at best to exit this trade in profit and at worst, to exit with as smaller loss as possible.

As the trade progresses, move your stop loss to the tip of each new stealth on the opposite side of price. Keep doing this until you are stopped out in profit.

**It must be noted that stop loss adjustments must always move in the same direction as the trade. If a new Stealth appears that would cause adjustment in the opposite direction – Ignore that Stealth.**

If any of the following should occur, exit the trade.

The Stealth LCD or Stealth BUY SELL signal changes color

There is a sudden move in your favor of more than 70 pips

The Stealth Hybrid Histogram (red & green bars) reaches an extreme reading - see chart in Scalping Method



## STEALTH LONGER TERM TRADES

You may use the following method for any time frame from 1 hour upwards to 1 day, but be aware that the higher the time frame the bigger the stop loss and the greater the amount of capital risk.

Do not use this method on 1 week or 1 month charts

Longer term trades should always be in line with the prevailing trend. **No trend – No trade.**

However, we are not looking to just jump onto a trend. We need to get into our trade after a pull back or retracement.

For the purpose of explanation we shall use the 1 hour chart, but the same would apply to any of the higher time frames.

Look through the currency pairs using a higher time frame to search for a well established trend. You are not using indicators for this – just a visual trend up or down. Draw a trend line if this helps.



Now we wait for a pull back or retracement. This is best found on the 1 hour chart and will be signaled by the **Stealth LCD** changing color to disagree with the trend.



Now we wait for the trend to resume. We want **BOTH** the **Stealth BUY SELL** and the **Stealth LCD** to change to a **BUY** signal.

Wait for the current candle to close. The signal is not set until the close of the current candle.

Check for sufficient **volume** and enter the trade.

Immediately that you enter the trade place a stop loss at **\*51** pips plus broker spread **or** at the tip of the previous Stealth on the opposite side of price to your direction of trade – which ever is the least amount of pips.

**\*** For 4 hour chart trades use 101 pips plus broker spread and for 1 day charts use 251 pips plus broker spread.

Our only concern now is to exit the trade, either with as much profit as possible or as little loss as possible.

As the trade progresses, move your stop loss to the tip of each new stealth on the opposite side of price. Keep doing this until you are stopped out in profit.

**It must be noted that stop loss adjustments must always move in the same direction as the trade. If a new Stealth appears that would cause adjustment in the opposite direction – Ignore that Stealth.**

**Do not allow your stop loss to exceed \*51 pips plus broker spread.**

**Fiscal and geo-political news releases can affect your trade.**

**There are two ways that you can manage your trade around news releases.**

- 1. 30 minutes prior to the scheduled news release, close the trade.**
- 2. 10 minutes prior to the scheduled news release, bring your stop loss to 30 pips total. If the news release is in your favor, your trade will gain. If not, you risked 30 pips.**

### **Other reasons to exit the trade**

**If any of the following should occur, exit the trade.**

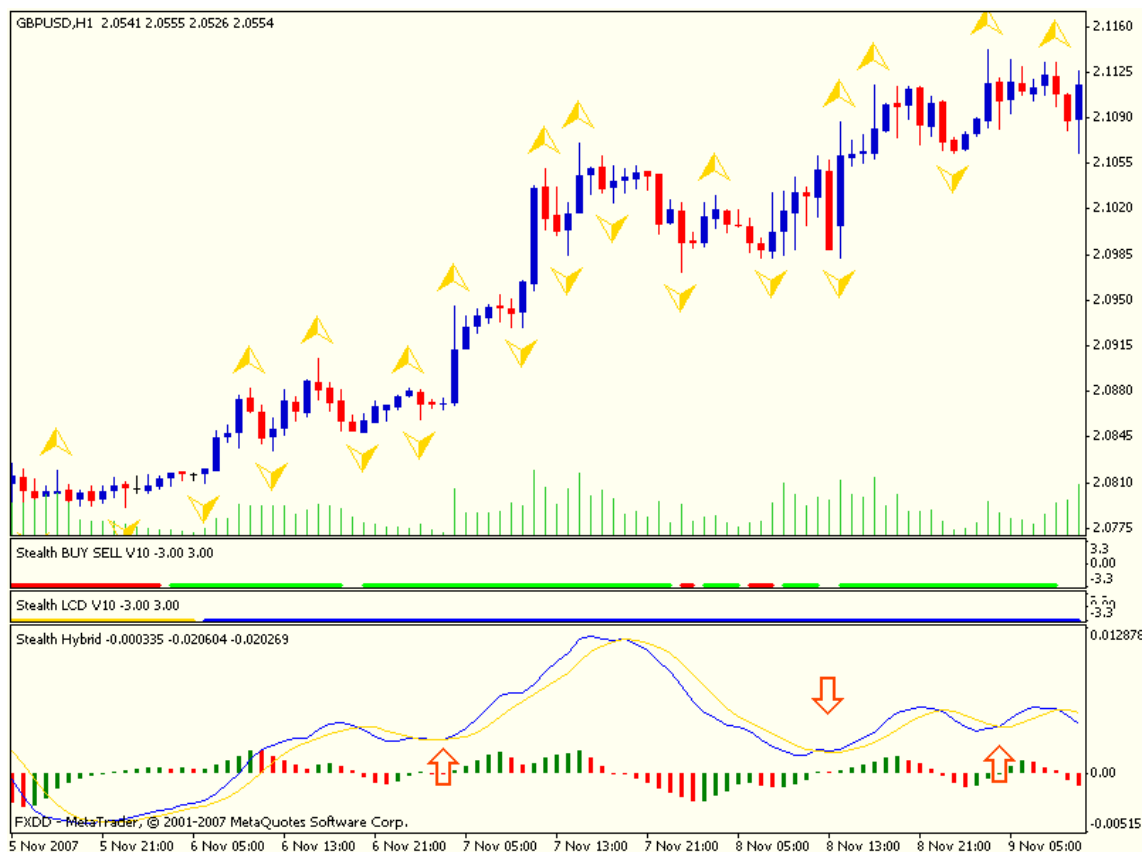
**The Stealth LCD signal changes color** (not the Stealth BUY SELL)

**There is a sudden move in your favor of more than 100 pips** (or move your stop loss up to 25 pips total)

**The Stealth Hybrid Histogram** (red & green bars) **reaches an extreme reading** – see screenshot in SCALPING METHOD

Although not highly recommended, if you have missed getting into a new trade and you are seeking a late entry signal, you can use the Stealth Hybrid. Watch for the blue line to make a NEW cross (above the yellow line to buy or below the yellow line to sell). Bear in mind that late trade entry does carry more risk. **Do Not use the Stealth Hybrid cross over for any other trading purpose.**

**Some trades will last for a few hours, others may last for several days. Remember that you still need to move the stop loss positions by day and night for the duration of the trade.**



**SEE ON THE CHART ABOVE THE LATE ENTRY POINTS  
INDICATED BY THE RED ARROWS**

## Trading the breakout

Often after a sustained trend, a currency pair may enter a period of consolidation. This means that price may continue to trade sideways in a narrow band of 20 - 50 pips. This can be an opportunity to trade the breakout.

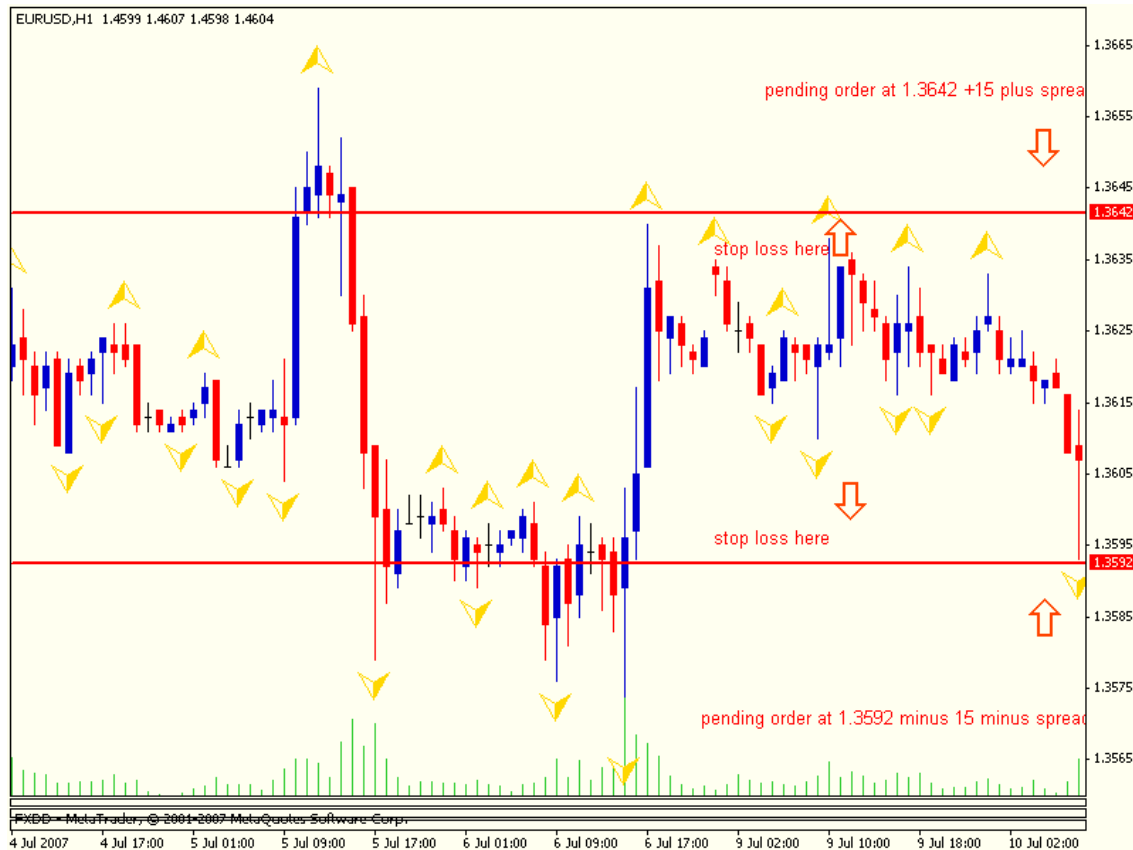
Look back over the past day or so on any time frame and calculate the highest high and the lowest low that price has made.

Now place a **pending order** to buy at 15 pips + spread above the highest high and set a stop loss at the exact price of the highest high.

Now place a **pending order** to sell at 15 pips + spread below the lowest low and set a stop loss at the exact price of the lowest low.

When the breakout occurs, one or other of your **pending orders** will activate.

Cancel the other order and manage the trade that has just activated using a very tight trailing stop loss.



*finally,*

*we wish you every success,*

*Martin and Virginia Bottomley*

#### Forex Risk Disclosure

Please read this carefully. If you don't understand any of the information provided in this disclosure or if you have any questions, please contact us. The National Futures Association (NFA) and CFTC (Commodity Futures Trading Commission), the regulatory agencies for the forex and futures market in the United States, require that customers be informed about potential risks in the forex market (see the information below).

#### Risks Associated with Forex and Trading

Trading foreign currencies is a challenging and potentially profitable opportunity for educated and experienced investors. However, before deciding to participate in the Forex market, you should carefully consider your investment objectives, level of experience and risk appetite. Most importantly, **do not invest money you cannot afford to lose.**



There is considerable exposure to risk in any foreign exchange transaction. Any transaction involving currencies involves risks including, but not limited to, the potential for changing political and/or economic conditions that may substantially affect the price or liquidity of a currency.

Moreover, the leveraged nature of FX 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 call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses. Investors may lower their exposure to risk by employing risk-reducing strategies such as 'stop-loss' or 'limit' orders.

There are also risks associated with utilizing an internet-based deal execution software application including, but not limited to, the failure of hardware and software.

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 objectives, 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 advisor if you have any doubts. 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.

#### **Profit and Loss Potential**

In any market where a potential for profit exists, there exists also a risk of loss. None of the information on **STEALTH FOREX SYSTEM** nor any information or education provided to the client by any means assures that the client will make money in the forex market. The information contained in this document does not constitute investment advice. **We will not accept liability for any loss or damage**, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information.

#### **Benefits and Risks of Leverage**

Even though the forex market offers traders the ability to use a high degree of leverage, trading with high leverage may increase the losses suffered. Please use caution when using leverage in trading or investing.

#### **Hypothetical Performance or Back-Tested Results**

**HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE INFERRED OR SHOWN. THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS & THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY A PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK & NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE MANY OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF A SPECIFIC TRADING PROGRAM OR SYSTEM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS -- ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.**