

**MOSTAFA
AFSHARI**



FOREX PERFECTION

*Manual, Automated
and Predictive Trading*

First Edition



FOREX Perfection
In
*Manual, Automated
And Predictive Trading*

MOSTAFA AFSHARI

First Edition

Table of Contents

| | |
|--|----|
| Introduction | 1 |
| Manual Trading | 1 |
| Automated Trading | 2 |
| Predictive Trading | 3 |
| Chapter One: Trading Signals | 6 |
| 1.1 Highly Probable Chart Patterns | 6 |
| 1.2 Price Rejection | 16 |
| 1.3 Deviation From Mean | 18 |
| 1.4 Volume Up And Down Spikes | 22 |
| Chapter Two: Essentials of Manual Trading | 25 |
| 2.1 Signal Strength (Accuracy) | 25 |
| 2.2 Signal Profitability | 29 |
| 2.3 Signal Manageability | 31 |
| Chapter Three: Scheduling A Manual Trade | 33 |
| Chapter Four: Automated Trading Platforms | 39 |
| Chapter Five: Introduction to Automated Trading Strategies | 46 |
| Chapter Six: Developing an Automated Strategy | 50 |
| 6.1 Choosing Base Signal | 50 |
| 6.2 Choosing Entry And Exit Methods | 59 |
| 6.3 Pre-Processing (Smoothing or Filtering) of Base Signal(s) | 60 |
| 6.4 Backtesting, Optimization, Performance Evaluation And Unseen Data (Walk Forward) Testing | 60 |
| 6.5 Strategy Diagnosis | 65 |

Table of Contents

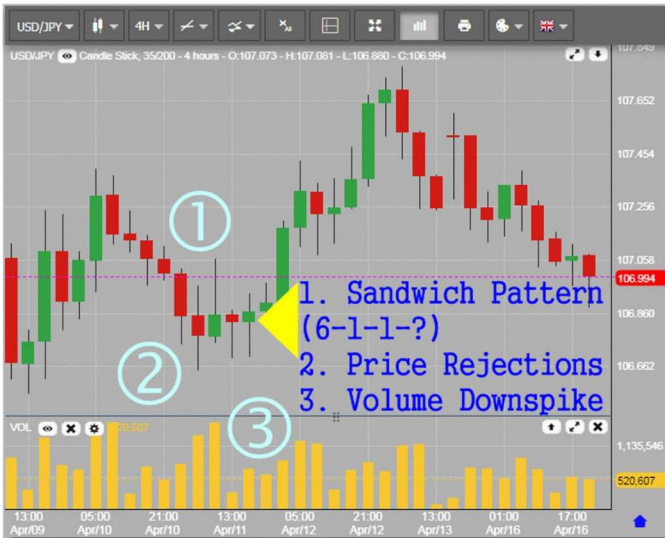
| | |
|--|----|
| Chapter Seven: Demo Trading Hiring A VPS | 73 |
| Chapter Eight: Real Automated Trading | 74 |
| Chapter Nine: Modeling of Forex Time Series | 77 |
| 9.1 Types of Forex Data | 77 |
| 9.2 Model Execution and Optimization (BCMEM) | 80 |
| Chapter Ten: Prediction Models | 82 |
| 10.1 Forex Prediction Using Gaussian Process | 82 |
| 10.2 Forex Prediction Using Analytical Functions | 90 |
| 10.3 Holy Grail of Forex Prediction | 93 |
| Chapter Eleven: 15 Minutes A Day Trading | 95 |
| Chapter Twelve: Final Advice | 96 |

Introduction

At first look, doing Forex seems too easy and straightforward but in reality many difficulties emerge. In my opinion, the reason is that Forex is a dynamic system and managing such systems is quite tricky. However, in this book I have tried to provide some qualified, statistically sound solutions to beat this hard to manage system. My solutions have been organized in three categories: manual, automated and predictive trading. Traders, according to their habits and trading style can pick one, two or a mix of the methods to finally do Forex as flawless as possible.

Manual Trading

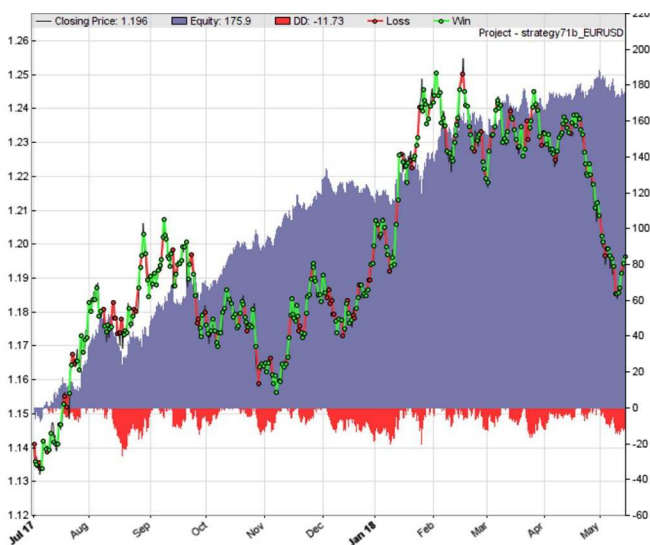
In this chapter I have discussed manual trading around three essential concepts of accuracy, profitability and manageability. Using these concepts I have shown how filter out bad trades and reach handpicked super highly probable trades to execute. The following picture shows an example of this process of high performance trading.



Automated Trading

Thanks to the modern technologies, automated and algorithmic trading is getting more popular day by day. In this part of the book, using a super-fast, easy, flexible and advanced free software you will learn how develop viable automated strategies in just a few days. The software language is super easy to be learned and you can make use of it in a few days. Moreover, some new thrilling features are added to this software in each release that makes it even more powerful. I highly recommend you don't miss this stunning software and its capabilities.

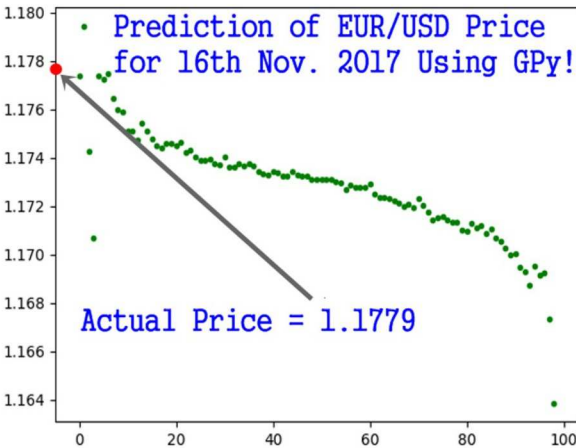
The following picture shows backtest results of a sample strategy that has been developed by this software:



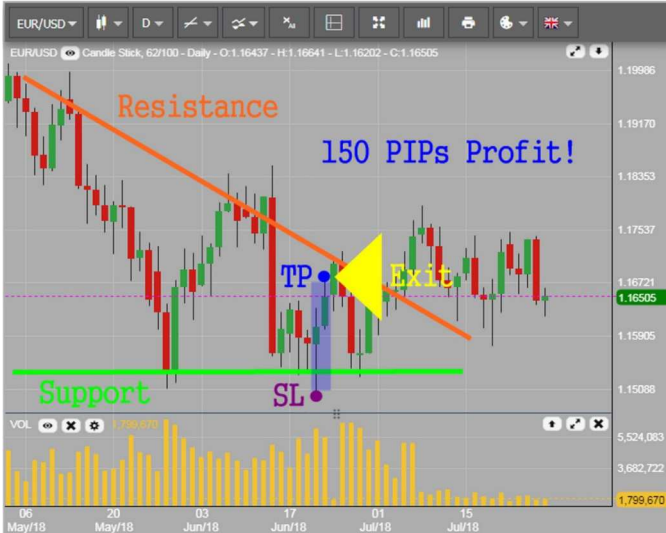
Predictive Trading

One of the biggest difficulties in trading is lack of confidence and certainty to enter a trade. Because you cannot thoroughly analyze historical charts, you are in constant hesitation to enter your expected trades. Imagine you can predict next day prices (with around 80% accuracy) using mathematical methods and decide to trade according to these predictions. Having this scientific backup gives you big courage and conf-

-idence to trade and makes your trade highly creditable. Believe me or not, this almost impossible job has been done in this book and now is ready for you to be used. If your computer skills allow you to just install Python or R (as easy as any other one click installation software), you are there to go. Besides ordinary traders, the methods I have explained in this chapter may be useful for finance researchers, institutional traders, algorithmic trading developers and any person who want to learn one or two lessons about modeling financial time series. As a sample, the following picture shows prediction of EUR/USD price for 16th November 2017 using a Python package!



(unless you get clear signals from the market that TP price will not be hit). This example is a typical trade to show you how to setup and enter high performance trades. A dozen of such trading opportunities are coming on a daily basis (in various time frames and assets) and the only thing you need to do is scanning the markets for various assets on 4H, daily and weekly charts, waiting for a combination of strong signals to come, analyzing and scoring them using a trading card (find a sample at the end of this chapter), entering top trades and collecting big money. In our typical example, as expected, the result will be as following (shaded area in blue shows 150 pips of profit):

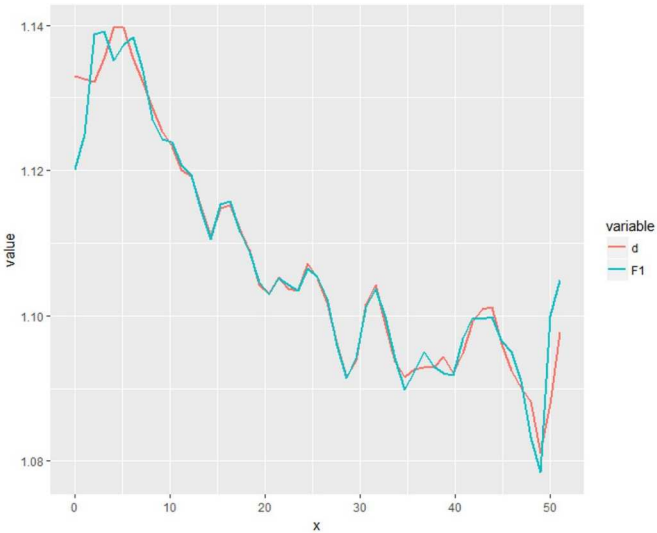


```

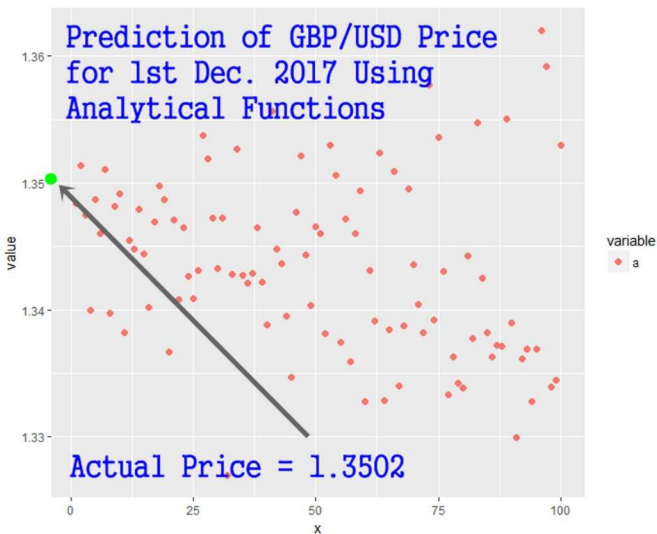
1  function run()
2  {
3  // set up 1 hour bars (60 minutes)
4  BarPeriod = 60;
5  LookBack=1000;
6  //TimeFrame = 1;
7  StartDate = 20160601;
8  EndDate = 20170101;
9  asset("EUR/USD");
10 //create a series of 1 hour EUR/USD mean prices
11 vars eurl = series(price());
12
13 set(PARAMETERS);
14 //DataSplit = 90; // 90% training, 10% test
15 //NumWFOCycles = 10; // 10 cycles, 9 test periods
16 var TimeCycle = optimize(2,2,100,1);
17 vars diff1 = series(BandPass(eurl,TimeCycle,0.1)
18 -BandPass(eurl,TimeCycle+5,0.1));
19 vars diff2 = series(BandPass(eurl,TimeCycle+5,0.1)
20 -BandPass(eurl,TimeCycle+10,0.1));
21 vars diffsum = series(diff1[0]+diff2[0]);
22
23     if (valley(diffsum))
24     enterLong();
25
26     if (peak(diffsum))
27     exitLong();
28
29     if(peak(diffsum))
30     enterShort();
31
32     if (valley(diffsum))
33     exitShort();
34
35 //plot variable diffsum
36 plot("DIFFSUM", diffsum, NEW, BLUE);
37 }

```

optimizer consider when you hit Train button. Variables `diff1` and `diff2` are differences of two bandpass filtered (very similar to moving average) prices and `diffsum` is the sum of them. Function `optimize` assigns `TimeCycle` values between 2-100 to find the best time period of the strategy. The last part of the code have machine to enter and exit trades at peaks and valleys. This



On the following picture you can see a typical prediction of GBP/USD for 1st December 2017 using analytical method.



After reading a sample of “FOREX Perfection In Manual, Automated and Predictive Trading” you may have been convinced that this book have something valuable to learn. To recap what you will get from this book:

1. How hunt 90% probable signals and place top hand-picked high performance trades.

2. How fully automate your trading using a free, smart, advanced piece of software and start making money on autopilot.

3. How predict (yes you read correctly!) daily prices (with 80% accuracy) using a scientific method and trade according to this prediction.

Get all these unheard methods of FOREX trading in this book here now:

<http://bit.ly/2Q9Z2Ar>