Elite Swing Trader

Minimum Effort, Maximum Effect Trading!
Introduction

Hello and thank you for purchasing the Elite Swing Trader.

You have made a very wise business decision to join a selected club of elite traders making money in swing trading. This book will teach you anything you need to know to become a profitable and powerful swing trader.

If you have any questions do not hesitate to contact us at support@eliteswingtrader.com

Please follow this system as closely as possible. This is a tested system that is proven to be profitable, and deviation from it that is not tested can cause losses.

Why Day Trading Is not for beginners

Day trading is one of the most sought-after fields of trading. The idea of making money quickly in a matter of few minutes appeals to many people.

Unfortunately in this case, the cheese is nothing but a trap for the mouse.

Day trading has a good potential and the skilled trader can make a lot of money very quickly. HOWEVER, day trading requires skills and abilities that most traders lack and requires years to develop. First of all, it requires a strong 'feel' for the market. You need to be highly accurate in your entries as the little doubt
and late response can be disastrous in high leverage. The high leverage also causes high risk in many trades.

Day trading is also a stressful endeavor that leads to even more losing trades. The mindset of the trader is not of a experienced, considerate trader – but of a mad gunslinger that attempts to catch every opportunity possible. Apart from being unhealthy due to high stress, it also causes malfunctions and is hard to execute correctly.

Another issue that prevents the profitability of trading in day trading and lower timeframe is the amount of noise in these timeframes. In these timeframes about 80% of movements are just noise that has no technical meaning. Basing trading decisions on these data is useless and leads to great losses.

What is the alternative

The alternative we will present in this book to daytrading is swing trading. Swing trading is trading on higher timeframes, preferably 4-hour and daily charts. In this charts all the disadvantages of daytrading simply disappear!

In swing trading you don't need to pin-point the the exact moment for profitable
trade. You have a lot of time to analyze, make a solid and sound decision and enjoy the profits rolling in your account. Swing trading is also much more profitable – every trade in swing trading can get you hundreds or even thousands of pips – magnitudes unheard-of in daytrading not to mention scalping.

Another prominent issue is the issue of freedom. Daytrading is a very demanding job – you need to spend a lot of time per day analyzing and trading. In swing trading you only need to spend considerably less time and still make the same or higher profits.
How we Analyze the markets

The analysis technique you will learn at the Elite Swing Trader is based on technical analysis and chart patterns. We will find spots in which we can follow the 'smart money' and anticipate the movements by the 'dumb money' or the mass public trading the markets.

The smart money is a general name for the institutions and banks trading the markets. These institutions are generally very resourceful and have big research divisions analyzing the markets using technical and fundamental analysis. They are more knowledgeable and experienced than regular traders and following their actions will lead us to be much more profitable.

The 'dumb' money is a general term for the general public trading the markets. They operate on feelings and emotions and their trading decisions are considerably less calculated and more impulse-based. Therefore they are more likely to lose money. They are also easier to predict and anticipate – and this is exactly what we will do in this system.

'Dumb' Money Phenomenons

A prominent psychological phenomenon of the 'dumb money' is the
phenomenon of the round levels. Round levels have great psychological impact on the 'dumb money' and they tend to use them when trading.

Round levels are levels of the market that are round, for example: 1.1500, 2.2500, 3.5000, etc. The rounder the level, the more powerful it is. This is because the rounder the level (3.3000 is more round than 3.3500), it can be seen in more timeframes and therefore more people give it attention in their trading.

Round levels are usually used as stop loss, take profit points and entry points. Many people also use the round levels as entry points ('Enter long after EUR\USD breaks 1.4000'; 'Exit the trade when price reaches 3.3400'). As a result price tends to act differently when approaching or touching a round level. This behavior of price can be predicted and used for making profits.

It is usually harder for price to break and go through round levels and the rounder the level, the harder it is to break the level. Once it does break the level it is usually followed by a breakout – a high-momentum movement and possible trend in the direction of the breakout. We will not trade breakouts but generally they can provide good spots for profits for the experienced trader.
USDCAD 1.0000 and bounced down

Price touched 1.0200
How to Trade the Elite Swing Trader System

The first step to trading it is to find a round level that price is close to. We will only consider levels with two 'zeroes' at the end to be round (1.3550 is NOT round).

This would be our entry trigger:
After price touches a round level we will anticipate price to reverse. However an entry here would be risky as in most cases the momentum is high. We wait for momentum to calm down before entering the trade.

To measure momentum we will use the 20-period Simple Moving Average. This indicator tells you when the momentum is calming down and it is safe to enter the reversal trade. This is done by looking at its Slope. A flat moving average indicates that the trend is weak and a trending sloped moving average indicates that the trend is powerful. We would require that the slope of the Moving Average would be in the direction of the bounce OR to be flat.
Short Trades confirmed by Moving Average slope..
Short trade confirmed by Moving Average slope. SMA is almost flat.
After the SMA indicator confirms the trade, we wait for the final signal from Candlesticks.

For Long Trades: wait for candle to exceed the high of the previous candle.

For Short trades: wait for a candle to exceed the low of the previous candlestick.

Examples:
Long Trade Confirmed by Candlesticks

Short Trade confirmed by Candlestick
The Elite Swing Trader Signal Indicator also gives you an alert when it happens, so you don't need to wait for a signal endlessly. It automatically gives you an alert and tells you exactly here to enter, and where to place the Stop Loss.

**Stop Loss**

After entering the trade the next step is to place stop loss for trades. The Elite Swing Trader uses a standard volatility stop loss to make sure you have both a tight stop loss and a dynamic one that changes as the volatility changes. This ensures that the same stop loss technique can be used on many Forex pairs and other securities without problem.

Stop Loss is calculated automatically by the Elite Indicator.

To calculate it manually use this formula:

**Stop Loss (long trade):** Lowest Low of last 3 candles – ATR(5)

**Stop Loss (short trade):** Highest High of last 3 candles + ATR(5)
Exiting the Trade. And Taking Our Profits

We exit the positions as soon as the trade loses momentum. We will generally look for price to touch the next round level and see how it is acting near it. In cases of strong trend, price will break this level quickly and we will have no problem – we continue riding the trend and increasing the profits.

However, in some cases the trend won't be strong enough and price will stop at the next round level. In this case, we will wait for 1 candle. If through this one candle price did not manage to break the level, we will exit the trade.

For example:

If we entered short trade at the round level of 1.1300, we will check the exit at 1.1200. If price continued down and broke the 1.1200 level, we will check again at 1.1100. Each time, we move the stop loss to the level that was broken so in this example we will put the stop loss at 1.1200 when price breaks it.

Examples:
Price stopped at 1.0000 so we will close the trade there.
Price did not stop on 1.0200, but eventually came up again so our Stop Loss was touched.
Price stopped right at 1.0200 and created a very precise Japanese Candlestick reversal formation - we closed at +100 pips.

Long Trade Confirmed by Candlesticks.
Price did not stop at 1.0100 so we continued riding the trend, making +400 pips profit!
Double Position

There are special occasions in which we will enter a doubled position. These special trades has a higher probability for winning and therefore you may risk a higher percent in each trade (3-4% maximum).

If the round level which you are trading was already a zone of reversal of price, than there is a higher chance of price reversing again on this level, and we will enter a higher position.

Example: If price is now reversing on the 1.1200 level and you see that few days ago he touched the same level and reversed – you may enter a bigger position.

The 3 mistakes that prevents most traders from making money

From my experience there are 3 main mistakes people do in trading, that prevent them from profiting:

1. *Giving up too quickly* – Even the best trading systems lose sometimes. No trader wins 100% his trades and if he does he probably has a very small take profit. Therefore you should be let down by few losses, and judge a system by the long-term. If you see that the system worked for several
years and has generated a few losses for you, wait a bit before you ditch it and go to the next trading system.

2. *Not limiting risk* – You should always limit risk to 1-2% of your equity. Many traders risk a lot more as they have excessive confidence in their system. As I have said above, no system wins 100% of trades and it is possible for a very good system to produce a streak of several losses. If you don't limit your risk on each trade, even a small streak of losses has the ability to destroy your account, an unfortunate event.

3. *Not sticking to the system* – Many traders find it hard to execute a system well, and they tend to exit it due to emotions. They exit quicker due to fear of losing the profits, and enter late due to lack of confidence in their system. If they had more confidence in their system and could execute it mechanically, their profits would be much higher.

**The Mindset of the Pro Swing Trader**

The pro trader is never in doubt. He knows that his system works and profits, and he has no urge to change his system in the middle of a trade. He does not add indicators for confirmation, and does not change his exit rules while in trade. Even if he loses a few trades, he knows that in the long-term his dedication and his discipline will pay off, and the next trades will compensate...
for the short-term losses.

How can you reach this level of trading?

1. Gain proof that the system works. Go through historical charts and **prove yourself** that the system works. Look for past trades and see for yourself that this system works in any Pair and security. After you have proof of profitability you will have a higher confidence in your system and will be able to execute it easily.

2. Never change your risk percent – Always risk a constant percent of your equity in a single trade, a percent that is not affected by your recent losses and profits. Many traders increase their positions when they win and decrease them when they lose. Eventually they get to a losing trade that was highly-leveraged, and they lose a lot in a very short amount of time. This is also known is the 'Boom-and-Bust Cycle'.

3. Read and Repeat – make sure you know the system by heart, repeat it and read it several times to make sure that you know it and is able to execute it automatically.
Conclusion

You have now learned a powerful swing trading system. If you follow this system closely you will make money – have no doubt of it. Please make sure you know the system well before trading it, and experiment with it on a demo account before you risk your money on it.

If you have any questions about the system or trading in general, do not hesitate and contact our support team at support@eliteswingtrader.com

To Your Success,

Elite Swing Trader Team