FirstStrike Plus – Weekly Volatility Breakout Instructions

This method is quite simple and straightforward. Read the following directions a number of times. It will become clear as you work through a few examples on your own.

The most obvious feature of this version of **FirstStrike** is the fact that the buy/sell distances from the week's open are adjusted by current volatility-- wider when the markets are volatile, and much closer when the markets are calmer. Reliability and an increased win/loss ratio is a primary benefit

In addition, the ***"First Profitable Open"*** exit enables the trade to have a longer potential time frame which can greatly increase profitability in volatile markets. Since time in a trade is one of the strongest determinents of profitability, this method has the potential to earn more per trade than a fixed buy/sell point ORB methodology, such as the original **FirstStrike**.

Most of you are likely aware of the **OneNightStand** methodology, which after a successful entry, holds over the weekend for a profit often increased due to a form of risk premium gathered from banks and individuals who fear the unknown of holding positions over weekends. **FirstStrike Plus**, due to its ***First Profitable Opening exit***, popularized by Larry Williams and many other professional traders-- enjoys the chance at additional profits for the same reasons.

Since both methods will be executed for the **Infiniteyield Forex Challenge**, it will also simplify my order entry and exit procedures. I will be able to simply place my **FirstStrike** entry orders on Mondays, **OneNightStand** orders on Fridays and any exits will be handled the next Monday morning before I repeat the order entry cycle again.

The ruleset follows....

When you are Flat the market: (This is for trading on the weekly time frame)

1. 1.Before the market's open on Monday morning at 00:00 CST; you must know what the total range of the previous week was, (high - low = range) and multiply that figure by .30 to obtain the values which will determine our entry points for the next week----
(example: EUD/USD: last week's range (Oct. 6-10, 2008) was 527 pips (high:1.3785, low:1.3258) Now multiply 527 x .30 = 158.1. Round up to get 159 pips. This figure is ***added to/subtracted from*** the open for your entry orders in the next step. .

2. After Monday's morning open be ready to buy on a stop at the opening price + the quantity from step (1). Or, be ready to sell at the price on a stop of the opening price - the quantity from step (1).

3. **Now we will determine our position stoploss levels-**

   Check back to step 1 to find the figure for last week's range. Following the example, the previous week's range was a total of 527 pips. Multiply 527 x .10 = 52.7. Again, round up to get 53 pips. If you get long you will place a position stop below the week's open a total of 53 pips (total risk in this example-- 159 + 53= **212**) to protect your capital. The risk per trade will change every week.

4. If you are not stopped out-- wait for the open of the next weekly bar, which would be the next Monday morning at 00:00 CST. ***(For a short trade, reverse these instructions)***

   If exiting at the open of the next week would result in a profit, exit the market. If not, continue holding until a succeeding week's opening price is profitable or you get stopped out for a loss. It is possible, but not very likely, to be in a trade for a number of weeks after entry.

5. Keep monitoring and placing your current buy and sell prices for each week. Your new buy or sell orders for the week, under some rare circumstances; may be closer than a protective stop loss order for an existing position put on the week earlier that hasn't exited profitably yet.

6. This is good. You can save money by exiting and reversing position at the closer price. If you get out on the week's open at a profit from a previous long or short position, make sure your buy and/or sell orders are ready to be entered or placed in the market for execution for the next week..

HOMEWORK:

Create weekly charts of the various main forex market pairs and see how robust this method is over various multipliers other than 30%.... 60%, 75% and 100% buy/sell points are also VERY effective.

As in everything having to do with trading, there are trade-offs. Using larger parameters reduces the number of trades you get, and also reduces your effective position size because the total risk to your stop increases. The benefit of using the larger entry parameters is the increase in win rate, often as high as 70%. Also, with money management, risking more as your account gets larger-- you can experience large drawdowns that can make you stop trading just before the drawdown ends.

Trading **FirstStrike Plus** is potentially like having a **ONS** trade every week in every pair. You can see why trading a little less often can be a huge boost; less time spent trading with a decent profit per trade. Again, feel free to research different parameters and see how robust the method is.

Then you will begin to wonder how come everyone else is not trading this way. A very few are. The rest want to daytrade. For which we can be very happy.

Best wishes on your trading.

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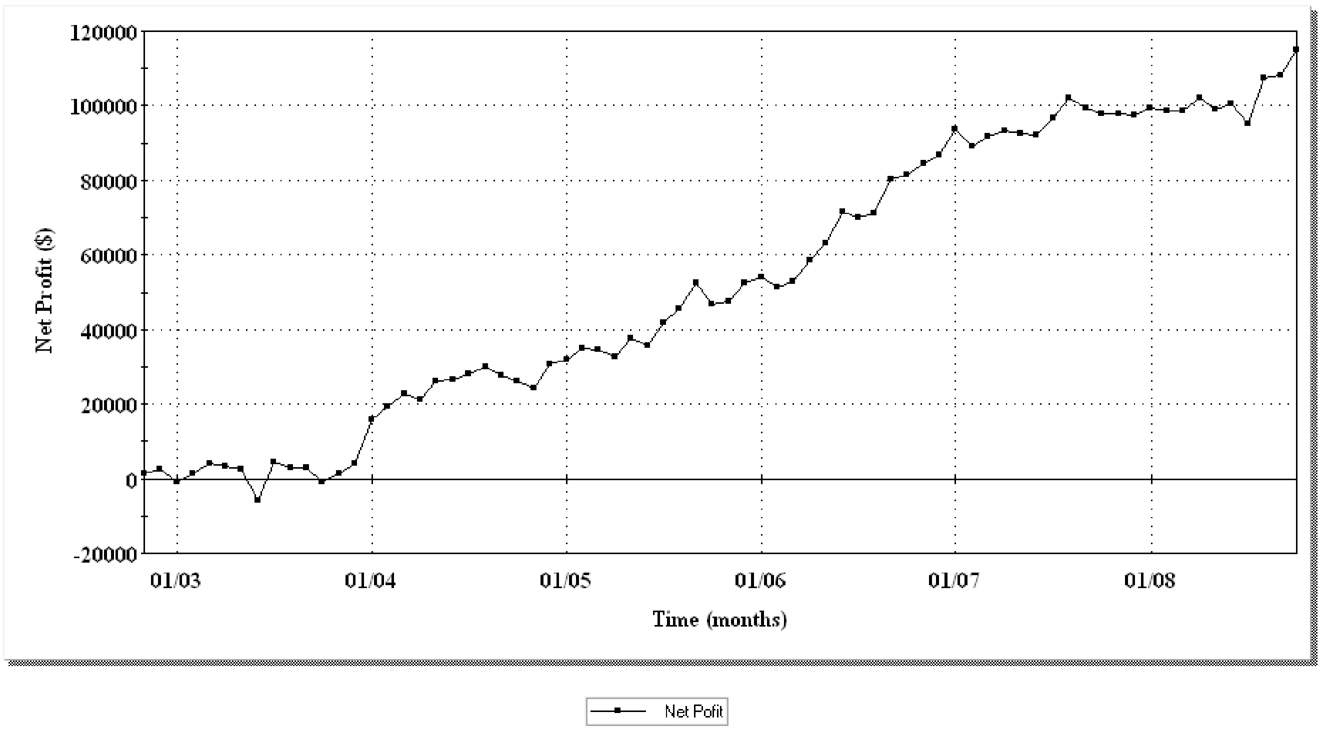
The equity curve below is a simulation of FirstStrike Plus trading Gbp/Usd over the last 6 years using 30% previous weekly range buy/sell points trading a single $10/pip contract.
No allowances were made for slippage or broker spreads. (In the simulation below--at times both the week's long trade and short trade were taken, with one or both stopped out for a loss. All rules about theoretical equity curves apply. You may or may not be able to replicate this in your own trading.)

Monthly Rolling Net Profit
FirstStrike Plus



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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.

More over, the leveraged nature of FX trading means that any market movement will have

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