

LR Thomas

The Trade  
Around  
Your Job  
System

# **The Trade Around Your Job System**

*by LR Thomas*

All Rights Reserved. No part of this publication may be reproduced in any form or by any means, including scanning, photocopying, or otherwise without prior written permission of the copyright holder.

Copyright © 2013 LR Thomas

Trading the financial markets has large potential rewards but also large potential risks.

You must be aware of the risks and be willing to accept them in order to invest in the financial markets. Don't trade with money you can't afford to lose. No representation is made that any account is likely to or will achieve profits or losses similar to any information found in this book. The past performance of any trading system or methodology does not necessarily indicate future results.

## **Table of Contents**

**A High ROI Trading System For Busy People**

**Why is a great ROI so important in trading?**

**What is the Trade Around Your Job System?**

**The Tools I Use**

**What to Look For and When**

**Parabolic Reversals**

**Parabolic Reversals in Context**

**Parabolics Inside a Pattern**

**Parabolics on High Time Frame Charts**

**Avoid Counter Trend Parabolic Moves**

**Lining Up The Charts**

**Finding Good Four Hour Entries**

**Take Profits**

**Fast Moving Average Setup**

**The Four Hour Entry**

**Lining Up Trades Using Long Term Patterns and Price Levels**

**Moving Stop Loss to Break Even**

**Conclusion**

**Recommended Resources**

## **A High ROI Trading System For Busy People**

If you have always wanted to trade but find that you are too busy with a job and your lifestyle to give a trading system the needed time and attention then this book is for you.

Equally if you have avoided end of day trading systems because although time friendly the financial risk seemed too great, then again this book is for you.

This 'Trade Around Your Job' trading system takes very little time, fits easily around your job and provides a great ROI. (Risk reward in trading jargon)

## **Why is a great ROI so important in trading?**

Why is a great ROI so important in trading? The broker FXCM conducted a survey and found that the big difference between the traders who were profitable and those who were not profitable was that the profitable traders had much larger wins than losses. The unprofitable traders may have had a very good win/loss ratio, that is they may have had a much higher winning percentage than the more profitable traders but the size of their losers wiped out all the small gains and made them lose money overall.

Why does this happen, after all it is simple maths to know that letting your profits run and cutting losers short is the way to profits. This is where a traders' psychology works against them. The uncertainty provided by the markets affects traders in a negative way. They let their losses run because they know the market is uncertain and it could turn in their favour and put them back into profit. Conversely they cut their profits short because they know the market is uncertain and could wipe out the little profits they make.

The correct trading psychology is one of the last things that traders focus on and yet it is the most important.

Even money management is not as important because position sizing (deciding how much to risk on the next trade) is relatively straight forward and it is a losing psychology that screws up our money management plan and gets us betting too much on the next trade. I go into these issues in depth in my book 'Control Your Inner Trader'

In short the correct trading mind set is like a parachute. you wouldn't jump from a plane without a parachute, likewise you should never trade unless you are in the correct frame of mind.

OK enough said about psychology, on with the Trade Around Your Job system.

## **What is the Trade Around Your Job System?**

What is the Trade Around Your Job System designed to do? Well firstly it is designed to be a profitable system.

The way it does this is by having a great Risk to Reward ratio and a decent winning percentage.

The reason it is so vital to have a great risk to reward ratio is because that is the one thing you can control in trading. You have no control on whether the trade wins or not. The trade around your job system offers a substantial risk to reward ratio of 1-5 and many times even more.

The second asset of the Trade Around Your Job System is convenience. By using the daily and four hour charts you can check the charts in the evening to find potential set ups and then again at breakfast time, lunch time and before leaving work in the afternoon.

The system is also simple to see with clear rules so there is no thinking, just action when you see a clear set up.

Lastly there are plenty of setups so even if you miss a trade you can relax knowing there will be another one along soon.

## **The Tools I Use**

The Metatrader 4 or 5 trading platform on your pc at home and access to the platform while at work.

You can use a smart phone with the Metatrader app but I like to use a Netbook with a mobile dongle as it enables me to see charts lined up side by side which gives me a clearer view.

A Trading Account

Back testing software

Price Alerts

See the resource section at the end of the book to find out what I use.

## **What to Look For and When**

The first thing we look for in a potential setup is proof of momentum. To find momentum we look at the charts at the end of the trading day

### **Hugging the Fast Moving Average**

I use 2 moving averages to determine momentum, the red simple moving average 3 period and the green simple moving average 10 period. When the candles are hugging the red fast moving average with none or little touching of the green slow moving average it is visual sign that the momentum of the market is good. See the next chart.







## **Parabolic Reversals**

A daily parabolic reversal move is a very fast rise or fall of price, followed by a consolidation at the top of the move, followed by a break and then a fast reversal.

The initial move is demonstrated by a very sharp angle to the move and very long candles, another sign is candles of all one color in the initial move. We want to find an entry point in the reversal part of the move See parabolic examples in next charts.



ADX(14)





The previous chart shows two parabolic reversals side by side. Fast move up at steep angle, sideways move at the top and fast move back in opposite direction.

## **Parabolic Reversals in Context**

Choosing the correct context for your parabolic reversal trade is crucial. It's very simple, you can take parabolic reversals in a trend if the trade is in the direction of the trend See the next chart.

You will see the move is upwards and extra confirmation is provided by the sideways candles at the dashed green support area.





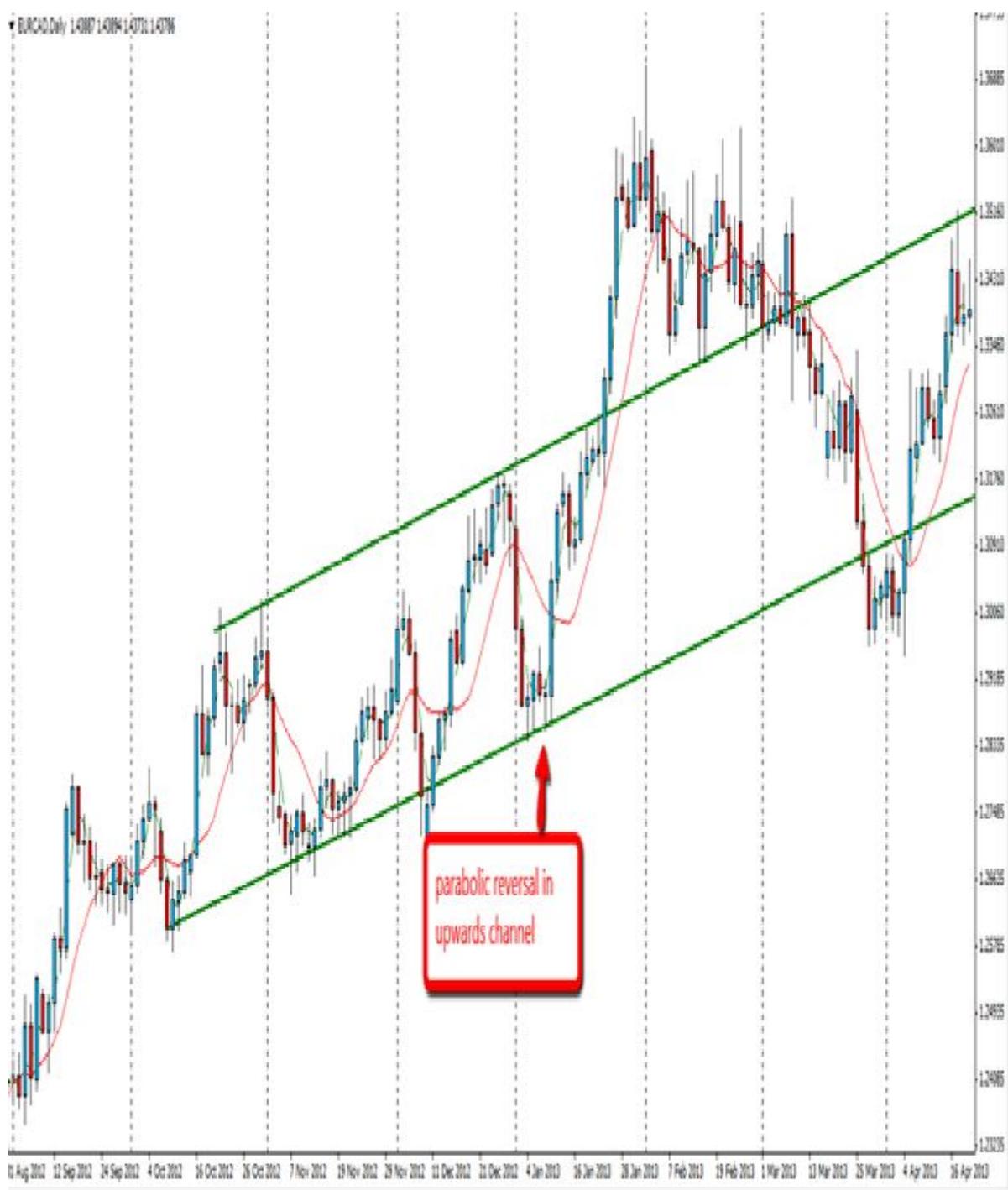
You can take parabolic reversals in any direction if the move is directionless, (sideways).

See the next chart.



## **Parabolics Inside a Pattern**

When a parabolic move is formed inside a pattern it adds a logical context to the trade. In the next chart we see that the reversal is in the correct direction as the channel is pointing up and is at the trend line of the channel which has been proven previously. It makes sense that this move will move in an upwards direction to the other side of the channel.



In the next chart we see a triangle formed within an up-trend, price has formed a parabolic reversal at the triangle trend line. It makes logical sense that price will move up to the other side of the triangle.

In short you need as many logical reasons to take the trade as possible!



## **Parabolics on High Time Frame Charts**

In the next chart we see monthly parabolic type moves in a down trend.



We can see at a glance that there may be opportunity in the daily and 4 hourly charts. See next chart.





In the previous chart we can see that the daily candles on the right hand side pulled back to the brown monthly trend line. Here they formed a sideways move. It makes logical sense when we look at the monthly chart on the left that there would be a strong daily move down from that area.

Now we have to find an entry on the 4 hour charts.

The green dashed line represents the daily break out area. You can see in the next four hour chart that there were multiple entry opportunities . You can also see that the momentum was so strong that there was no danger of any of the entries being stopped out. This is the power of using multiple time frames combined with parabolic moves.

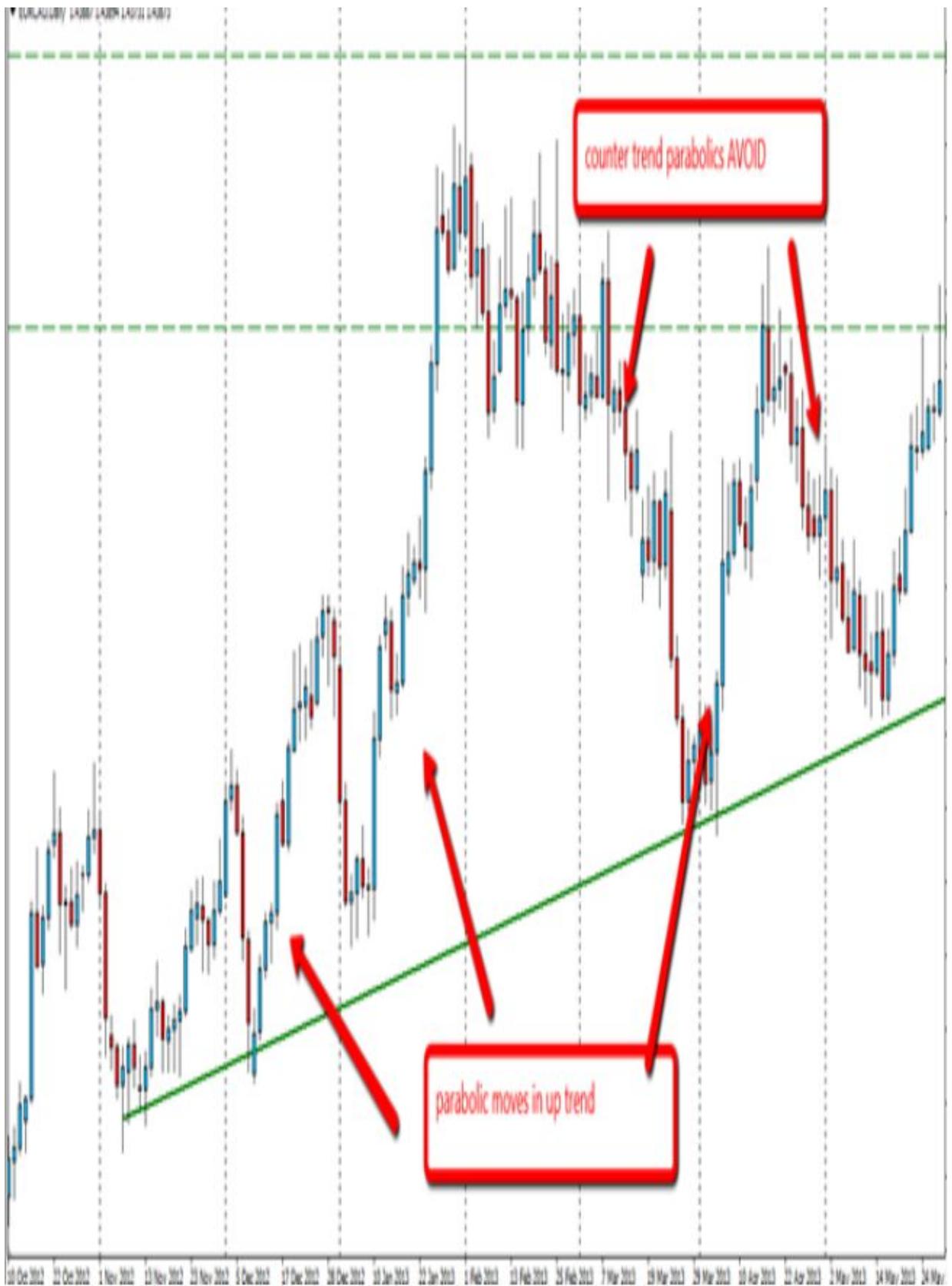
See next chart.





## **Avoid Counter Trend Parabolic Moves**

In the next chart we see that there are parabolic moves on the daily chart in the direction of the trend line, those moves are good to start looking for four hour entries. However we also see counter trend parabolic moves moving back to the trend line. (The other side of the parabolic move up). These moves are more dangerous and it is best to AVOID them completely.





## Lining Up The Charts

OK so we have found our daily momentum, either using the red fast moving average or in a parabolic reversal now how does that translate to the four hour chart.

Firstly let me say that you should find a Metatrader platform where the four hourly candles finish at a time that coincides with your working patterns so when you check the charts it is at the close of the four hourly candle. You don't have to use the chart to trade, just to find your entries. You can use a demo account to check your charts which most Forex brokers provide. Ideally you want to see the daily chart and the four hour chart side by side which is why I prefer to use a net book with a dongle.

As you can see in the next side by side example, on the left hand side is the daily chart showing the parabolic move up, the sideways move at the top and the horizontal break down at the reversal point represented by the red line. On the right we see the four hour break of the red line. So this is where we have to find a safe place to place our stop loss.

What makes a good entry on the four hour entry is what we cover next.





## **Finding Good Four Hour Entries**

The next chart is a larger version of the four hour chart from the previous side by side parabolic example.

The level of support is very strong shown by the multiple tests and rejections on the four hour chart.

So a good entry would be on the close of the break out candle on entry 1.

The stop loss was placed inside the support area because after a break like that if price moved back inside support it would have been a failed break out which would signify an end to the conditions which created the entry.



## Entry 2

Here we again use side by side charts showing the four hour chart next to the hourly chart.

On the four hour chart we can see strong momentum represented by the way the candles are hugging the red fast moving average. Because of the speed of movement it is hard to find a pullback but above we see a pin bar touching the lilac higher dashed line, a micro area of broken support. We look to the one hour chart for further confirmation and we see a decisive rejection of the higher lilac resistance line with the closed engulfing outer candle.

This provides us with an obvious place for the stop loss above the lilac higher dashed resistance line.





## Take Profits

It is easy to calculate our potential take profits in these types of parabolic reversal trades. see next charts.

So entry one had a stop loss of 55 pips including spread with a target of 260 pips which gives us a return of 4.7 rewards. (This is a little less than the 1-5 risk reward I like to see but still a brilliant return) If the trade was less than this however I would let it go to see if another entry presented with a better ROI which it did in entry 2. Entry 2 had a stop loss of 37 pips including spread and a target of 211 pips which gave us a 5.6 reward.

See next charts.



## **Example 2**

In the first chart on the left hand side we see the classic parabolic daily move with the sideways candles at the high. On the four hour charts this translates to a head and shoulders reversal pattern.



We look for an entry after the neck line break. The entry candle is at the close of the doji which has pulled back to a strong 4 hourly resistance area defined by the red dotted line. The stop loss was 40 pips including spread and the take profit was just shy of 210 pips at the lower red dotted line which was a previous resistance area on the chart (see below) This gave us a nice 1-5 reward on the trade. There was no need to go to an hourly chart for entry because the 4 hour support resistance area was so clear. The entry candle fell at the 8 am candle which is the reason for taking that particular entry candle as well as the low stop loss needed.

See next chart.



## Take Profit Area

The take profit area was at the low of the beginning of the parabolic move up which coincided with strong previous resistance on the four hour charts. This was an obvious place to take profits. The other issue was that the parabolic reversal was a counter trend move back to resistance within an upwards trend so a strong bounce was expected at that level.

(Important Note) set your take profit a little shy of the take profit area say 10-15 pips allowing for a speedy rejection of the take profit area, in case you are unable to be at the charts when your take profit alert sounds.

See next chart.



## Fast Moving Average Setup

Another set up I look for when looking for trades on the daily charts is when the daily candles hug the fast moving average. I use two moving averages, a fast red three period simple moving average and a green slow ten period moving average.

I am looking for a good separation of the moving averages with price moving so fast that even in a pullback there is no piercing of the slow moving average by the candles.

In the next chart on the left hand side is the daily chart with the daily candles hugging the red moving average after a pullback showing strong daily momentum. On the right hand side we see pull backs on the four hour chart to previous areas of support followed by a trend line break, we enter on the close of the break out candle with the stop loss areas represented by the orange x. You will see that the stop loss can go below the low of the move or below a micro area of support represented by the dashed higher purple line. The reason for this is that after the break price should not return inside the trend line. If it does it indicates that the momentum is not as strong as we think and nullifies the trade.

Entry one had a stop loss of 50 pips at micro support or 70 pips at the low.

Entry 2 had a stop loss of either 75 pips at micro support or 110 at the low including spread.

The take profit was larger here as we are following the daily chart to see how far it goes using a trailing stop after the 1- 5 risk reward was reached.



## Take Profits

Although we entered on the four hour charts, we return to the daily charts for our take profits.

The black solid line represents entry one using the maximum stop loss of 70 pips. The black dashed line represents the 1-5 reward level of 350 pips where we start trailing our stop (see black x)

Due to the parabolic move, at the high the stop is trailed very close to the lows of the candles as we can expect a strong pull back, and we don't want to lose our profits.

(In the event the strong pull back didn't come but we always want to be careful when we see a parabolic move at the end of a long run and trail our stop loss very tight)

The red solid line (second line from bottom) represents entry 2 using the maximum stop loss of 110; the red dashed line ( top line)represents the 1-5 reward area of 550 pips where we start trailing the stop.

In this example we would have had a reward of 984 pips on entry one giving us a 1-14 ROI and a 729 pip reward on entry 2 giving us a 1-7 ROI.



## Fast Moving Average Example Two

On the left hand side we see the daily candles moving with strong momentum and hugging the red moving average. On the right we see the 4 hour candles forming support , breaking down and then a pull back to the previous area of support now turned resistance with a closed 8 am pin candle. We enter at the open of the 12 pm candle with the orange x representing the stop loss.

See next chart.



Remember you can engineer a 1pm or 2pm entry if that fits in around the lunch period by using the Metatrader platform where the four hour candles close at the appropriate time. This next example shows a four hour candle which closes at 1 pm GMT which would be a 7 am entry in the USA at eastern time, a breakfast time entry for the US.

Wherever you are in the world work out which four hour candle closes work out best around your life and then use that platform. In this example the stop loss was a mere 35 pips so in this scenario I would go for a 1-10 reward before I started moving my trailing stop on the daily chart. See next chart.

The red dashed line ( top line) represents the entry level and the 1-10 take profit level is represented by the red solid line, (middle line)

The red x represents the trailing stop which moves above each pullback. (This is a non-parabolic trailing stop loss)

In this example we would be stopped out for a profit of approx. 550 pips which represents a ROI of 1-15

Excellent!.





## **The Four Hour Entry**

So I hope you can see there are 2 distinct types of trades. The daily candles hugging the red moving average trade and the opposite side of a parabolic rise or fall after a break trade. These parabolic moves give less of a reward if you trade a sideways pattern rather than a trending one.

The key is to look for good entries on the four hour chart which is what I will now explore in more depth.

Our goal with a four hour entry is to find an entry area where there is sufficient support above or resistance below combined with a reversal candle pattern. Also we want a clear area to place our stop loss where if price reversed it would signal that this trade may not work out. For example we enter on a closed candle after a trend line break where if momentum is truly moving in our favour, price should not pull back inside the trend line.

Here are some reversal candle patterns that we look for. See next chart.

▼ EURUSD,1M



I used this entry example before, the pin bar combined with a close at previous resistance. Notice however that the high of the pin bar also lined up with a downward blue trend line adding more confirmation to the stop loss placement above the high of the pin bar.

You want as many clues as possible in your favor before a trade entry.

## **Shrinking the Charts**

Shrinking the charts by zooming out allows us to see at a glance where potential support or resistance areas are on the chart. See next chart.



## **More Four Hour Entry Candle Patterns**

### **Break out of horizontal support entry.**

Here we have a strong closed candle breaking a previous area of support. Our stop loss goes behind the breakout candle, as we don't expect price to move back above support. See next chart.



## **The Four Hour Horizontal Break Entry**

Parabolic four hour patterns can show as a daily pull back, look for the sideways move at the top with a horizontal break candle entry. This is where the candle has closed after a decisive break from the horizontal sideways move created at the high or low of the parabolic move. See next chart.



## **Lining Up Trades Using Long Term Patterns and Price Levels**

By lining up the daily charts with higher time frames and patterns we can understand those moves which are likely to have staying power. In the next chart above we see a monthly wedge formed on the EUR/USD. The monthly October candle pulled back to the monthly resistance level. (Brown solid line)

It makes sense that in order to complete the other side of the wedge, the move back down from the resistance level would be a strong move.



Let's look for an entry on the 4 hour chart. In the next chart we see that the four hour chart on the right shows the pull back to the monthly level of resistance as a parabolic reversal pattern. In this situation you would not exit at the bottom of the parabolic because you know that you have the potential for a much longer run.

In this situation I would use the trailing stop to manage the trade. The stop loss in this case would have been 55 pips and the reward could have been anything up to 1400 pips if you had waited for price to hit the other side of the monthly wedge a 1-25 Risk to Reward!  
See next chart.



## **Example Two XAU/USD Monthly**

On the left we see a very steep type rise on the XAUUSD (gold/dollar) monthly chart followed by consolidation and a break in the opposite direction. On the right you can see the power of that move on the daily chart after the trend line break. See next chart.



So where can we find an opportunity to enter on the 4 hour charts. The move down from the daily trend line break was too fast to find an entry on the four hour chart, but the first pull back formed a parabolic daily reversal pattern. On the right we find an entry with the closed candle after the break, and as you can see the momentum was so strong price never moved back above the trend line and the stop loss was above the break out candle inside the trend line. See next chart.



It is worth examining this trade because of the outcome. If we had exited at the normal exit point on this gold chart we would have got a 5.6 reward on the trade. (1200 stop loss and 6800 take profit). However if we had held on for a greater profit we would have been stopped out at break even. Now there was no real reason to hold on to this trade past the normal exit because there was no pattern like a channel or wedge where price was trying to reach the other side.

However because of the previous parabolic move up on the gold monthly charts there was the possibility of much greater profits by holding on for the rest of the fall. However hind sight is 20/20 and you will often find that price moves in your direction and gives you a good ROI and then by holding on for greater profits you get stopped out at break even.  
See next chart.



You will feel pain when this happens but you must remember that the other option is to just exit at the normal levels, however then you have the pain of seeing those times when you would have made much more money if you had held on to the trade.

The other option is to take some profits at the normal take profit area and move your stop loss to break even. The thing to remember is you will always have occasions where if you had acted differently you would have made more money

If you are going to hold onto a trade past the normal exit, make sure you have a very good reason on the monthly charts and if it stops you out then just accept it. It's part of trading!

## **Moving Stop Loss to Break Even**

The stop loss should be moved to break even after the first four hour pull back after the entry. The reason to wait until the first pull back is that sometimes price will pull back to the entry area before continuing in the direction of the trade. If you move your stop loss to break even too quickly you could miss the big move.

However after the first pull back if price continues to move against the position that is a sign that the trade may be flawed and in that situation we want to be at breakeven rather than a loss.

The important thing to remember is that nothing is perfect; you will sometimes be stopped out at a loss at entry where if you had moved your stop loss to break even earlier you would have been at break even. Equally you may find that by moving your stop to break even after the first pullback, price would have moved in your direction if you had allowed the trade a little more room to breathe. Remember hindsight is 20/20 vision and you have to have a clear set of rules otherwise you won't know what to do. If after 10 or 20 trades you find that you are better doing things one way then change to that way After Testing! I cannot know what trades you will take and this trading system provides you with a blueprint, however you need to make it your own by testing it and making it work for you, and your chosen 4 hour trading platform.

## Conclusion

The 'Trade Around Your Job System' can provide you with a profitable and convenient way to take profit from the markets on a regular basis. Once you have mastered this system and made it your own you may be interested in my '10XROI Trading System' which provides a great addition to this trading system and can provide even greater profits.

All my books can be found on my Amazon author pages

UK

<http://www.amazon.co.uk/-/e/B00GKOJXSA>

USA

<http://www.amazon.com/-/e/B00GKOJXSA>

If you have any questions contact me via my amazon author page so I can answer them and let other readers see and benefit from the information.

If you found this book useful then please leave me an Amazon review. Let me know when you have posted the review and I will send you a free PDF copy of this book so you can print it out.

You can email me at [lrthomasauthor@gmail.com](mailto:lrthomasauthor@gmail.com)

All the best and Good Trading!

# Recommended Resources

I hope you find 'Trade Around Your Job System' useful. Even if you only take some of the principles in the method and adapt it to your own trading you will find that your profitability increases.

I really appreciate Amazon reviews so if you found this book worthwhile and you leave me a review, then let me know by email [lrthomasauthor@gmail.com](mailto:lrthomasauthor@gmail.com) and I will send you a PDF copy of this book as a thank you.

Visit my author pages to see my other books

USA

<http://www.amazon.com/-/e/B00GKOJXSA>

UK

<http://www.amazon.co.uk/LR-Thomas/e/B00GKOJXSA/>

If you leave a review on my book, send me an email to [lrthomasauthor@gmail.com](mailto:lrthomasauthor@gmail.com) and I will send you a free PDF copy of this book by return as a thank you.

Below you can find links to trading courses by two traders I really respect.

The Hector trader course is based on longer time frames using the four hour and daily charts.

The London close strategy is by an amazing student turned teacher Shirley Hudson who is a fantastic short term trader with a 94% accuracy rate. If you are by nature a short term trader then this a great course.

I have also provided a link to some great and easy to use back testing software that I use to test adjustments to my systems.

I do get paid a commission if anyone buys one of these courses through my links.

If you purchase through these links just send me the confirmation to my email address [lrthomasauthor@gmail.com](mailto:lrthomasauthor@gmail.com) and I will send you by return PDF copies of my other books as a thank you.

## **[Forex Back Testing Software](http://tinyurl.com/forex-tester123)**

**[http://tinyurl/forex-tester123](http://tinyurl.com/forex-tester123)**

## **[Hector Trader 3 SMA Course](http://tinyurl.com/hectortradercourse)**

**[http://tinyurl/hectortradercourse](http://tinyurl.com/hectortradercourse)**

## **[The London Close Strategy](http://tinyurl.com/forex-mentor-shirleyhudson)**

**<http://tinyurl.com/forex-mentor-shirleyhudson>**