



INSTALLATION GUIDE

&

USER MANUAL

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THE DEVELOPER OF FOREX PROFIT MONSTER WILL NOT BE HELD LIABLE FOR ANY REAL MONEY LOSSES INCURRED THROUGH USE OF THE FOREX PROFIT MONSTER SYSTEM.

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INTRODUCTION

Welcome to the FOREX Day Monster Trading System!

Thank you for your purchase. I don't expect you to blindly follow the FOREX Day Monster system, so before we get into how to install the system and the specifics of the trading plan, I want to tell you a little bit about how and why this system was developed.

I've spent many years searching for a legitimate home business that I could run from home part-time, developing it into a full-time business so that I could fulfill the dream that so many of us have... to work for myself. That search finally led me to currency trading on the foreign exchange, or FOREX. Once I saw the potential in FOREX trading, I began learning everything I could so that I could develop my own trading system; and that first system was FOREX Profit Monster. FOREX Profit Monster was (and still is) a success as a long term system (trading 1 Hour charts and higher) but I got a lot of requests from short term traders for a system to use designed for day trading on shorter time frames like 5 and 15 minute charts. I took this as a challenge and went back to work using the principles of FOREX Profit Monster but in a system designed for day trading. The result is FOREX Day Monster.

During the time I've spent building and testing trading systems I've learned one thing... the simpler a system is, the better it is. That's because the most important thing about a trading system is that the user is able to stick to the rules. The downfall with a lot of trading systems is the user makes mistakes because the system is too complex or there is too much user discretion involved in whether or not to enter or exit a trade. That's why I designed FOREX Day Monster to be as user friendly as possible; it gives the trader a distinct advantage over other more complex systems; fewer trading mistakes resulting in more profitable trades.

Don't let the fact that FOREX Day Monster is easy to use fool you. The theory behind it may be simple, but the custom indicators are precise and it's because of them that the system works. The FOREX Day Monster custom indicators are based on the only things I've found that consistently work in trading the FOREX... price action and momentum. The custom indicators in FOREX Day Monster are a proprietary combination of RSI (Relative

Strength Index, a leading indicator), MACD (Moving Average Convergence Divergence, a lagging indicator), stochastic and momentum. The indicators were coded to be easy to read and use, even by someone with absolutely no trading experience. I have also coded alarms into the Alert Arrow indicators so that you will be notified every time a trade is setting up on a chart that you have open. This feature is an asset you'll come to appreciate as it will make you aware of setups that you may have otherwise missed, and allow you to be able to move away from the computer as long as you can hear your speakers.

I'm sure once you've taken the time to learn and use FOREX Day Monster it will help you to be a profitable trader for many years to come. In fact, remember to register your copy of FOREX Day Monster by sending an email to register@forexprofitmonster.com. That way I can notify you of any future upgrades to the system. As a registered owner you'll receive all upgrades free of charge, so remember to register today! Please be sure to register from your primary email so that you don't miss any communication from me about upgrades. I will only deliver upgrade information to users at the email address they registered with to help control internet piracy.

BEGINNING THE SET-UP OF FOREX DAY MONSTER; DOWNLOADING AND INSTALLING THE METRATRADER 4 PLATFORM

FOREX Day Monster has been coded and designed to run on the free of charge METATRADER 4 trading platform. If you are already using a broker that doesn't use MT4 that's OK, you can just download a copy from a broker that offers a demo account. You can then run FOREX Day Monster on the demo account to generate your entry and exit signals, and then just enter and manage your orders through your current broker.

If you need to select a broker that uses the MT4 platform, I've attached a list at the end of this manual in Appendix 1. You may want to read the broker's website and base your decision on how long the demo account remains active so you don't have to keep signing up for accounts. For example, at the time this manual is being written I know that INTERBANK FX (www.interbankfx.com) offers an unlimited demo account as long as it remains active by being accessed at least once every 30 days.

After selecting your broker, download the MT4 platform from their website to your computer following their instructions. You may also download the platform directly from the developer's website at www.metaquotes.net/terminal, but this may limit the brokers that you are able to select to use.

Once the MT4 platform is successfully installed on your computer it's time to install and set up the FOREX Day Monster system and custom indicators.

1- Go to the folder entitled "FOREX Day Monster Indicators" in the "zipped" file that you received when you purchased the system. Once you've opened the folder and see the indicator files, go to 'EDIT' in the toolbar at the top of your computer and choose 'SELECT ALL' to put them on your clipboard so that you may copy these files into your MT4 platform. The files should be saved in the following directory on your computer:

C:/PROGRAM FILES/METATRADER (or NAME OF BROKER; for example INTERBANK FX TRADER 4)/ EXPERTS/INDICATORS

2- Once you have the broker's "INDICATORS" folder open, just click on 'EDIT' again in the toolbar and choose 'PASTE'.

3- Now to install the template that will help you automatically set up your charts. Go to the "FOREX Day Monster Templates" folder in the "zipped" file emailed to you when you purchased the system. When you open it, you'll see a few different files. Each is a template for different time frames (5 minute, 15 minute, 30 minute and so on). Once you see the files, click 'EDIT' and 'SELECT ALL' to copy them to your clipboard. The files should be saved to the following directory: **(Please pay attention and make sure you have the correct folder open. There are two folders labeled "TEMPLATES" inside MT4 and if you put the templates in the wrong location they won't show up when you open the platform).**

C:/PROGRAM FILES/METATRADER (or NAME OF BROKER)/TEMPLATES

Again, please double check that you have the correct folder open... NOT the "TEMPLATE" folder located inside the "EXPERTS" folder.

4- Once you are sure you have the correct “TEMPLATE” folder open, just click on ‘EDIT’ in the toolbar and choose ‘PASTE’.

That’s it! If the platform was already open on your computer, you must close it and re-open it before the indicators and templates will show.

HOW TO SET UP YOUR CHARTS

Open your MT4 platform (or close it and re-open it if it was open when you installed your files).

Choose ‘FILE’ from toolbar at the top left of the trading platform. Then choose ‘NEW CHART’ and then select the currency pair you want. You should now see an image similar to this on your screen:

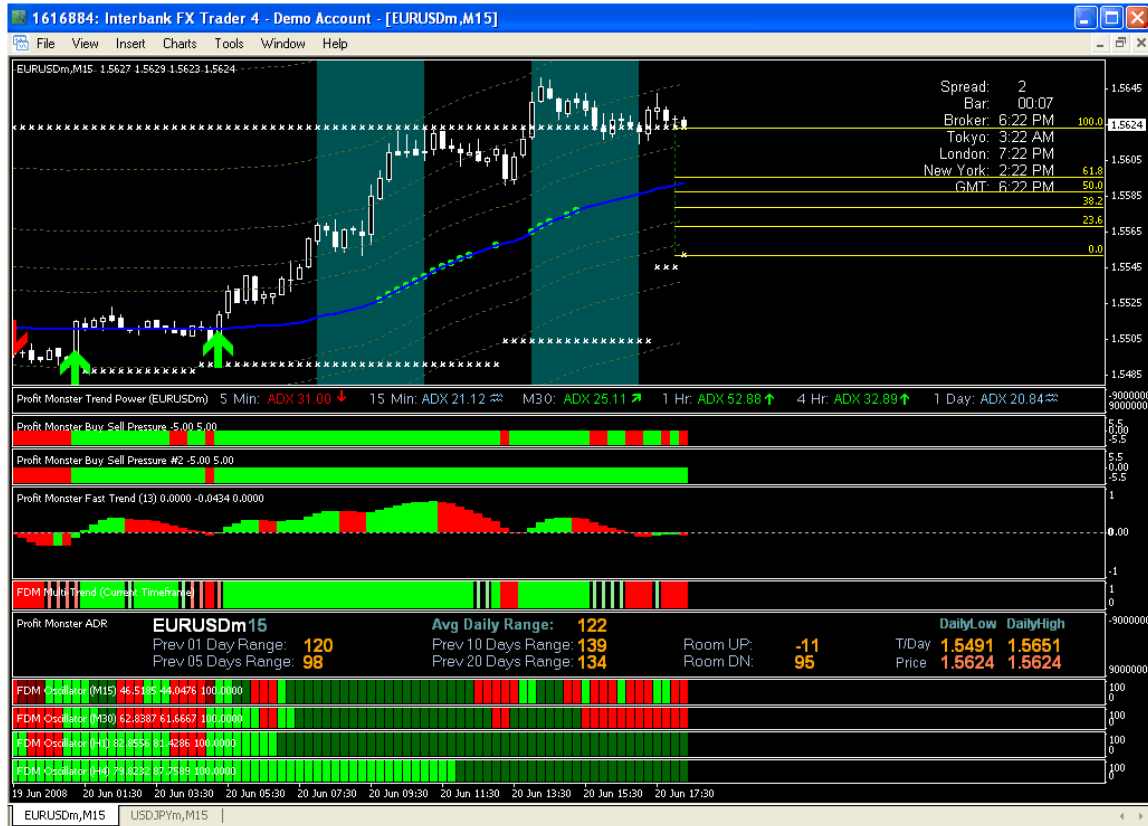


To set up the FOREX Day Monster system, go back to the toolbar and select ‘CHARTS’, then down to ‘TEMPLATES’, then select the proper template.

BE SURE TO SELECT THE PROPER TEMPLATE FOR THE TIME FRAME YOU ARE CHOOSING TO FRAME. ALSO, IF YOU CHANGE TIME FRAMES ON THIS CHART, YOU WILL HAVE TO LOAD A NEW TEMPLATE FOR THE NEW TIME FRAME!

(If you're not seeing the templates in the template window it probably means you installed the template files in the wrong folder. Please go back to the installation instructions and double check to make sure they're in the right location.)

Once you've clicked on the proper template, your chart should now look similar to this:



THIS IS IMPORTANT!!! You should limit the number of charts you keep open on your trading station. The more charts you leave active, the slower your computer may run. Each chart is responsible for dozens of constant complex mathematical calculations from the data feed to display the information on the screen. If you're finding that your computer is running very slow you may need to reduce the number of active charts in your platform or install the MT4 platform and FOREX Day Monster system on a second computer and split the charts you trade between two computers. Also, you should close out your charts before closing down the platform and reload your charts using the templates provided when you re-open the platform next time.

Leaving too many charts open could cause your platform to load slowly the next time you open it.

Congratulations! Your FOREX Day Monster system is now set up and ready to use. If you're unfamiliar with the MT4 platform, you'll want to take some time to learn how to use it. MT4 is a professional charting platform that offers many great features and functions. I would recommend downloading a copy of the MT4 User Guide from www.metaquotes.net and either save it on your computer or print it out for future reference. You may also use the 'HELP' file in the platform to answer your questions and get used to how it operates.

If you have any questions or concerns regarding the installation procedure, please contact me through email at support@forexprofitmonster.com. Keep in mind that I'm a trader too and am busy during the European and New York trading hours (approximately 3 am to 5 pm Eastern, Monday to Friday). It may take me some time to get back to you; I try my best to answer all inquiries within 24 hours during the business week.

THE FOREX DAY MONSTER TRADING SYSTEM RULES

Before I explain the FOREX Day Monster trading rules, let me encourage you once again to read and understand the information in the other e-books included with your FOREX Day Monster system. It's imperative that you understand all aspects of being a successful trader. A good trading system can only take you so far; without proper money management and trading psychology your venture will not be a success! Also remember, learning is a life long pursuit no matter what your career or interest. Please read through all of your material and also be sure to investigate some of the other resources given to you at the end of the e-books.

Here are some general things to remember every time you trade:

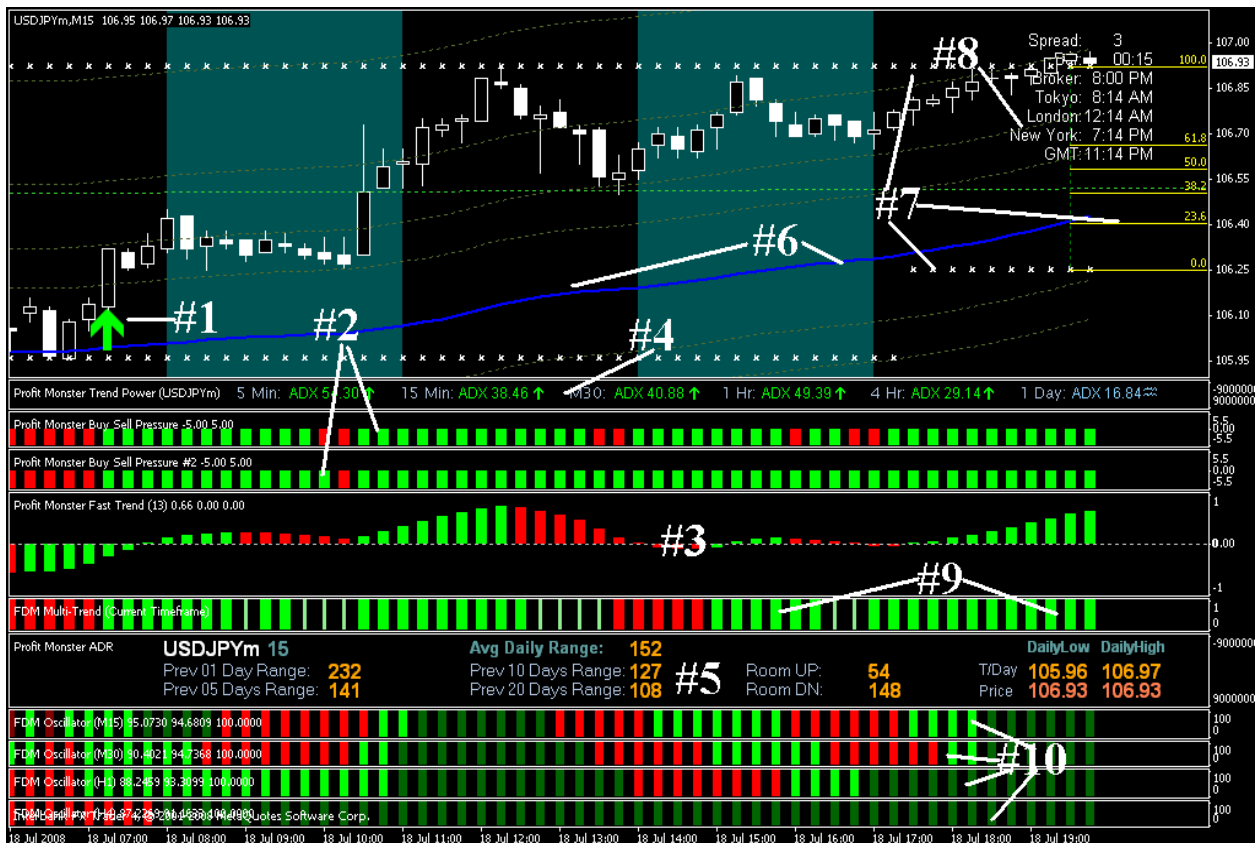
- Always follow your trading plan. Not following the trading plan is the number one mistake traders make. You must know exactly what you are going to do from start to finish BEFORE you enter a trade, and stick with it. Don't second guess yourself in the middle of a trade. If you can't overcome this hurdle you won't be around as a trader for long.

- Always use proper money management. You should know the size of the position you are going to take before entering a trade and ideally it should never mean more than a 1-2% risk to the current equity in your account. The lot size is a variable depending on the equity in your account and the currency pair you are trading. Depending on the currency pair's volatility you may need to reduce the lot size on that pair. Please study and understand the money management information included in the FOREX Day Monster system.
- Always use a stop loss! Even though the FOREX Day Monster system doesn't use a 'traditional' stop loss (as you'll learn later in the trading rules), it does use a stop loss. Trading without stops is suicidal. If you lose your internet connection or your computer crashes you could lose more money on a trade than you wanted to. If something unexpected happens in the world to cause a 'price shock' like a terrorist attack, major natural disaster, or economic catastrophe your entire trading account could be wiped out in a matter of minutes or hours. The first thing you should do when you enter your trade is enter your stop loss. 'Take profit' amounts can be left blank... stop losses should NEVER be!

Those are just three key things to think about when you begin any trading session. You must master these elements before you'll be able to be successful. Don't even think about risking real money before you have them mastered. Remember, know the information in this User Guide, and read the information in the other e-books for more detailed explanations regarding these situations and more that you need to know.

THE FOREX DAY MONSTER SYSTEM CHART AND 'DASHBOARD'

Here's a picture of the FOREX Day Monster system on a chart. Each element of the system is numbered and then explained below:



1. **FOREX Day Monster “Alert Arrow”**. When a trade begins setting up, you’ll see a large arrow appear at the close of the candle pointing in the direction of the impending trade; an up green arrow for ‘buy’ or a red down arrow for ‘sell’. This arrow may or may not be an entry signal depending on the other indicators.
2. **FOREX Day Monster “Buy Sell Pressure #1 and Buy Sell Pressure #2”**. These proprietary indicators are new to the FDM system and use price action and momentum. They will need to be in agreement with the FDM Alert Arrow and other indicators before a trade is entered. (How the indicators are in agreement will be explained later in the trading rules).
3. **FOREX Day Monster “Fast Trend”**. This proprietary indicator first developed for FOREX Profit Monster will need to be in agreement with the “Alert Arrow” and other indicators before a trade is entered. (For those experienced with FOREX Profit Monster, the Fast Trend Indicator doesn’t have to move above or below the zero line to

generate the signal in FOREX Day Monster... it only needs to be the correct color.)

4. **FOREX Day Monster “Trend Power”**. This window on the FOREX Day Monster “dashboard” is not used to determine trade entry, but to give you an idea if the currency pair is currently trending or ranging. It’s an easy way to see how it is acting across all of the different time frames right up to the daily chart. A gray number below 23 with ‘squiggles’ next to it means the pair is ranging (bouncing up and down in a small range) on that time frame. A pair that is ranging is not a good pair to trade and probably won’t be generating any good signals anytime soon. A red or green number with a diagonal arrow means a trend is currently developing on that time frame in the direction of the arrow. A red or green arrow pointing directly up or down means a strong trend is currently underway on that time frame. The larger the number next to the arrow, the stronger the trend. As the number moves up or down you can see how the trend is getting stronger or weaker. This indicator is based on the ADX indicator. For more information on how to use it, read up on ADX.
5. **FOREX Day Monster “ADR”**. This indicator automatically calculates the currency pair’s average daily range (movement). While not used to determine an entry or exit, this information is important for determining position (lot) size for a trade on the pair. Along with the average daily range, you’ll see a history of the previous 1, 5, 10 and 20 day ranges. The FPM ADR also displays the current daily high and low price of the currency pair and the approximate room for a move up or down in a range.
6. **FOREX Day Monster ‘Real Price’ and Channel**. This combination of indicators plots the ‘actual’ price of the pair if it moved in a perfectly straight line and plots a channel of moving average deviations. It also draws red or green dots on the blue ‘Real Price’ line if the current trend is strong at the close of the candle.
7. **FOREX Day Monster “Support and Resistance”**. This indicator is a luxury that will automatically plot the latest price support and resistance levels. Instead of having to plot the lines by hand, it will do it for you. Support and resistance levels are excellent price levels to

set take profits on trades that are not in tight ranges and expected to breakout. FOREX Day Monster Support and Resistance indicator also automatically plots the current Fibonacci levels for you at the extreme right hand side of the chart. Fibonacci levels are widely used by traders to project where price may move next.

8. **FOREX Day Monster “Clock”**. This indicator provides the time in Tokyo, London and New York; the three major trading zones for FOREX. Because most brokers operate on GMT (Greenwich Mean Time), figuring out the time on FOREX charts can be confusing. The FDM Clock will help you keep track of which markets are open and at what point of the trading day it is in that time zone. The clock also calculates the current spread (commission) the broker is charging on that pair at the top of the clock. This is useful if your broker increases the spread at certain times of the day or during news events. Lastly, the clock will also tell you how much time has elapsed in the current bar or candle.

9. **FOREX Day Monster “Multi-Trend”**. This indicator uses a proprietary algorithm to track price movement on several time frames and determine the strength and direction of the current trend of a pair. A thick red or green bar signals a strong trend and a narrow light green or light red bar signals a trend that is getting weaker and possibly changing direction.

10. **FOREX Day Monster “Oscillators”**. These indicators use a proprietary algorithm to combine certain re-coded oscillators (like RSI, Momentum and Stochastics) to show overbought and oversold conditions on time frames higher than the time frame being traded.

AN IMPORTANT NOTE ABOUT THESE OSCILLATORS – When you change time frames on a chart, you must reload a template to match the new time frame or you will have the WRONG FDM Oscillators on your chart. The FDM Oscillators should always show (from top to bottom) the current time frame and the next THREE higher time frames! (You’ll see the time frame of the oscillator show to the left hand side of the indicator window.)

11. There is no number eleven in the picture, but if you look at the background of the chart you’ll see different colors. These background

colors are adjustable with the FOREX Day Monster 'Work Time' indicator. This indicator allows you to highlight certain times of the day. I choose to highlight the European (London) and New York sessions as this time of the day sees the highest trading volume. You may adjust it anyway you like by changing the beginning and end times in the indicator.

Now that you know exactly what you're looking at on the chart, let's go over the FOREX Day Monster trading rules.

FOREX DAY MONSTER SYSTEM TRADING PLAN

You can trade the FOREX Day Monster System on any currency pair and any time frame, but it performs best on the "majors" (EUR/USD, USD/CHF, USD/JPY, GBP/USD) on the lower time frames like 15 minute and 30 minute charts. 5 minute charts can also be traded, although you have to be willing to accept the fact that there is more "noise" on this time frame and therefore may be more losing trades. You can also trade any currency pair, but the majors seem to have the best combination of volume and stability for this system.

SELECTING A TIME FRAME AND CURRENCY PAIRS TO TRADE:

As mentioned above, you should select a major pair (or pairs) to trade. Be sure to only trade pairs that have a spread of 5 pips or less as the spread is a very important consideration when day trading. Trading pairs that have a spread of more than 5 pips will severely limit your profit potential.

As far as a time frame, you will enter a trade earlier on a 5 or 15 minute chart than a 30 minute or 1 Hour chart, but you will also get more false signals. You should determine your risk tolerance and then trade that time frame. (I've found I prefer to trade the 15 minute charts).

Because this is a day trading system, it is also imperative that you trade during high volume hours... during the European and first half of the New York session (approximately 3 AM to 12 Noon Eastern). If you're unable to trade these hours, you can try to trade some of the Yen pairs during the

Tokyo session (starting at 8 PM eastern). Your best bets to trade during this session are the USD/JPY or the EUR/JPY.

If you're new to trading FOREX you may want to start by trading only one of the major pairs (EUR/USD, GBP/USD, USD/JPY, USD/CHF) and give it your full attention. You can learn a lot about how a currency pair acts and reacts to economic news by paying close attention to it. Once you've mastered a pair, pick another one to learn until you're able to trade several pair at the same time. (Although the limitations of your computer's processor may limit the number of pairs you may trade at once as FDM requires a lot to perform the constant calculations it makes. If you find your computer is running very slow or acts like it is "frozen" you'll need to close some of your charts).

ENTRY RULE

There is really only one simple rule for entry. The FDM Alert Arrow, FDM Buy/Sell Pressure Indicators, FDM Fast Trend, FPM Multi-Trend and FDM Oscillator indicators must all match at the close of a candle. In other words, for a 'short' or 'sell' trade to be initiated there must have been a recent large RED Alert Arrow and all other indicators must be RED. The FDM Oscillators can be bright or dark red, as long as they are red. (The opposite is true for a 'long' or 'buy' trade; a GREEN Arrow with all other indicators green). It's important to note that these conditions don't have to be met all at the same time right away... as long as all of the indicators eventually all red or green. However, if it takes an extremely long time (several hours) after the Alert Arrow for the indicators to line up you may want to pass on that particular trade.

The faster the indicators 'line up', the higher probability that you're entering a good trade with a large price move. Just remember, NEVER jump the gun and assume the indicators will line up, no matter how tempting. The indicators are designed to filter out some false moves for you and save you some losing trades. It's better to miss out on a few pips during the beginning of a move than to enter into a losing trade that you shouldn't have.

Also, for those of you who are experienced trading FOREX Profit Monster, the Fast Trend Indicator DOES NOT have to cross the zero line in this system before entering. In FOREX Day Monster it's only the color of the

Fast Trend Indicator that's important... not it's position above or below the zero line.

Here's an example of an entry set-up:



As you can see, after the FDM Alert Arrow is generated, the next thing you do is check the other indicators. Once all of the other indicators agree with the Alert Arrow, this is your entry signal for this trade and is where you would enter your market order. If you had entered this trade properly you would have seen a movement of over 60 pips in the next few hours and well over 100 pips before the end of the trading day.

Again, the set up can occur in any order, but you do not enter the trade until all of the conditions have been met and the candle has CLOSED.

SOME OTHER THINGS TO THINK ABOUT REGARDING ENTRIES

You can trade FOREX Day Monster anytime, but your chances of success will increase or decrease during the time of day you trade. The highest volume of trading occurs during the European and New York sessions (About 3 am to 5pm Eastern). Actually the highest volume is when both of these sessions are active at the same time; approximately from 9 am to 12 Noon Eastern. Trading time becomes less important trading the higher time frames like the 4 hour and Daily charts, but the shorter time frames of 1 hour and below are affected greatly by the time of day. The slowest time of day for FOREX trading is just before the New York close (4 - 5pm Eastern) until the Tokyo open (7-8pm Eastern). However the trading volume doesn't tend to pick up until well into the Tokyo session (9 – 10 pm Eastern) and even then is still quite “thin” compared to the European session.

You should always check an economic calendar for upcoming news releases from either country of a pair you are considering for a trade. Major news releases like the U.S. Non- Farm Payroll Employment Report (released on the first Friday of each month), or a country's Central Bank Interest Rate Statement can minimize trading volume and increase your chances of price ranging for a period of time before the news release. The news release itself can also cause a price shock if the news was unexpected (different than projected by economists). Either of these situations can affect the reliability of the FDM indicators, so you should be careful of opening a trade around the time just before and just after major news announcement(s). You can find a reliable economic calendar with color coded icons regarding the possible impact of the event on the market at the following website: www.forexfactory.com/calendar.php. Or you can just go to the home page www.forexfactory.com and click on the calendar tab. (Remember to check the Appendix at the end of this manual for links to other useful websites and more information to help you learn to become a successful trader).

Also, do not trade during holiday sessions. You need to be aware of all holidays, not just the ones in the country where you live. If there's a holiday in England and you live in the U.S., you need to be aware so you don't waste your time (and possibly money) trading the European session. Holidays will reduce the trading volume because of banks being closed even though the

market may still be open. The economic calendar listed above will make note of any holidays as well as the economic news releases.

EXIT RULES

Unlike the single entry rule of the FOREX Day Monster system, you have the option to exit a trade a few different ways. However, unlike the entry rule, there is some discretion involved.

Exit Option #1 – Exiting At Support or Resistance

Exit rule # 1 should only be used during certain conditions. When you enter your trade, take note of the position of the FDM Support or Resistance indicator level that will be your profit target. If it's a good distance away from your entry (30 – 40 pips or more depending on the currency pair) you may choose to use it as your take profit amount. If the support or resistance line that would be your exit target is very close to the entry point of the trade, it's probably because the currency pair has consolidated into a tight range and is signaling a 'breakout' of that range. 'Breakout' trades are usually the best trades as far as the amount of pips you can make. Breaking through a support or resistance level usually means it could be 75, 100 or 150 pips before price hits the next major support or resistance level. You need to understand this before you make the mistake of setting an automatic take profit amount in your trading platform of 15 or 20 pips and then have price blow through the level and keep going hundreds of pips further!

Here's an example of a good time to use Support or Resistance as a profit target:



Notice how at the time of entry there were almost 60 pips before the next major resistance level. This is a lot for a 15 minute chart and makes for a good automatic profit target that you can set in your market order. There is no guarantee that price will hit this level, but it is a high probability that if the trade moves in your direction it will hit this price level before price turns around in the other direction. When setting a take profit using the FDM Support and Resistance indicator, remember to subtract the spread of the pair from the price. In the case of this trade there was a 3 pip spread on the pair, so you would subtract at least those 3 pips from your profit target. (I usually also subtract a few more pips from my target just to be sure price doesn't come close to the level without hitting it).

Of course price could continue through this resistance level and further in your direction, but a 60 pip profit on any one trade is an excellent target, and when I get a set up like this I usually opt for exiting at support or resistance.

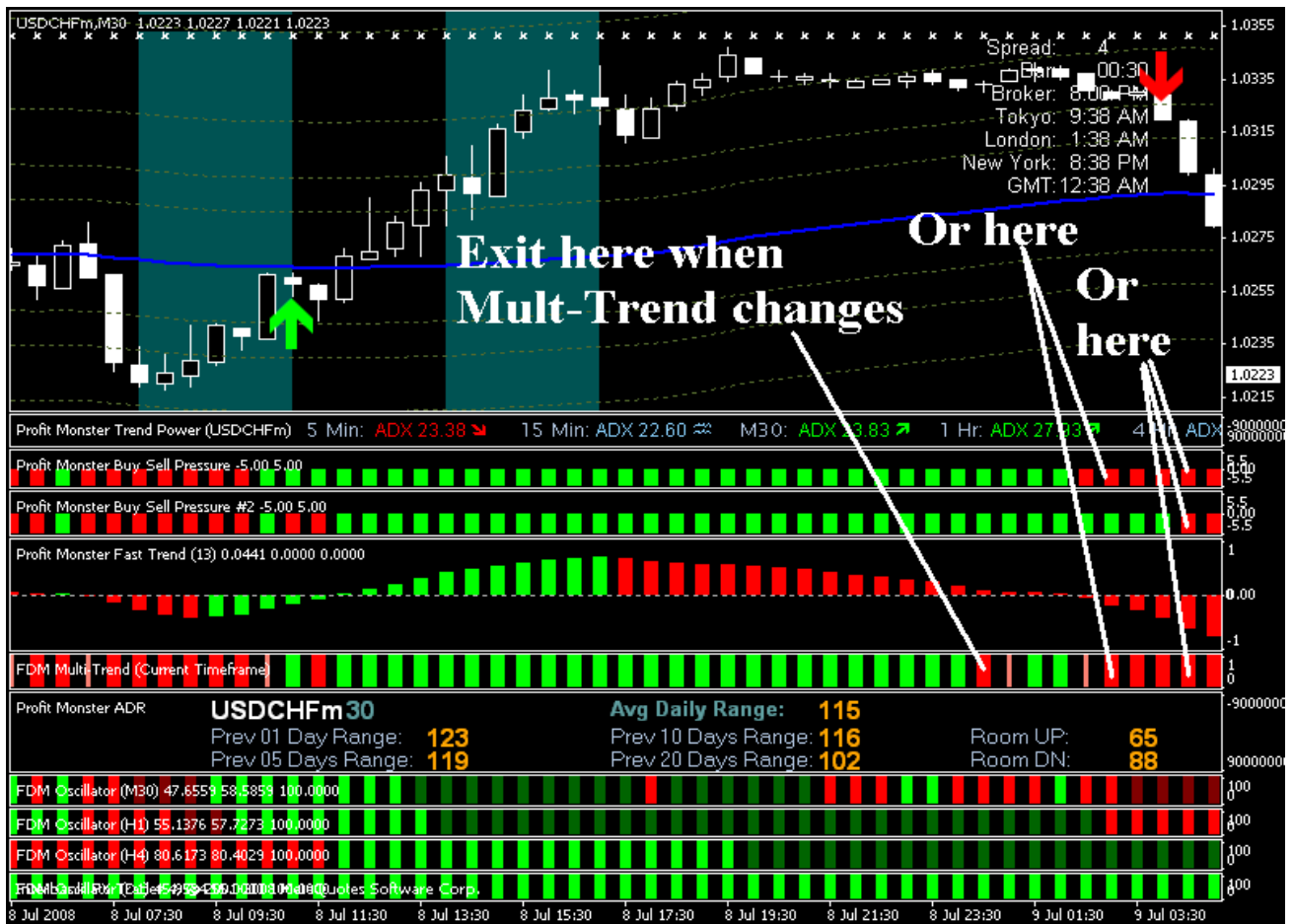
Now look about 15 – 20 candles over from the trade entry in the above picture. Notice how price goes up to the resistance level and touches it several times over a few hours without breaking through? You would have

taken the maximum number of pips possible out of this trade by choosing to exit at resistance!

Exit Option # 2 – Using A Combination of the Buy/Sell Pressure Indicators and the FDM Multi-Trend Indicator

Another way you may choose to exit a trade is when the FDM Buy/Sell Pressure Indicators and FDM Multi-Trend Indicator turn color. You must use some discretion when using these as an exit signal. The more conservative trader may decide to exit when two or three of the bars of Buy/Sell Pressure #1 turn color even if Buy/Sell Pressure #2 doesn't turn color. Or, if you're a little more willing to take some risk you can wait for either the Buy/Sell #2 to change color too, or the Multi-Trend to change color. Personally I usually wait for a combination of Buy/Sell Pressure #1 and FDM Multi-Trend to change color on the same bar. I ALWAYS exit a trade if Buy/Sell #1 and Buy/Sell #2 change at the same time.

See the picture below for examples of when you may choose to exit a trade:



EXIT OPTION #3 – “SCALPING”

While I don't recommend this option as in my opinion it's almost impossible to be profitable in FOREX this way, for those looking to just grab 5-10 pips per trade you may choose to exit as soon as you get a move of this size. You may also choose to enter when the top 3 FDM Oscillators agree with the FDM Entry Arrow instead of waiting for all 4 FDM Oscillators to change. However you must understand that you are entering a riskier trade, and you must also decide on a tighter stop if you plan on using this option. I would recommend using the bottom or top of the last “large” candle (bottom for longs and top for shorts) as your stop, as long as the size of the stop isn't unreasonable. Your stop shouldn't be any more than 10 or 15 pips if you're trying to scalp 5 or 10 pips... and of course you should be monitoring the FDM indicators for any indicator based exits described above even if your stop loss isn't hit. There's no use staying in a trade that is probably turning and losing more pips than you need to!

It should be noted here that each trade can end differently and that no particular exit option will guarantee you the most profit or keep your losses the smallest. It varies from trade to trade. The results in the above examples also do not guarantee that the exits will come in that particular order.

You have to decide which exit strategy you plan to use for the particular trade and stick with it. However, if you make the decision to exit at FDM Support or Resistance and your profit target doesn't get hit and then you see two or more of the exit indicators changing color, you should exit the trade.

And finally, don't stare at the chart when you're in a trade! You'll only get an exit signal from FOREX Day Monster at the close of a candle, so you only need to check on an active trade at the end of the time period you are trading. Check every 15 minutes for 15 minute charts, 30 minutes for 30 minutes, and so on. Get in the habit of checking your trades when the candle closes! Staring at the price movements during a trade will cause you to get too emotional. Getting emotional about a trade, either overly excited or overly upset is not good. It will cause you to make unwise decisions that aren't in the trading plan. You must learn to treat trading like a business and remove the emotion from it if you want to be a success for the long term.

SETTING STOP LOSSES WITH FOREX DAY MONSTER

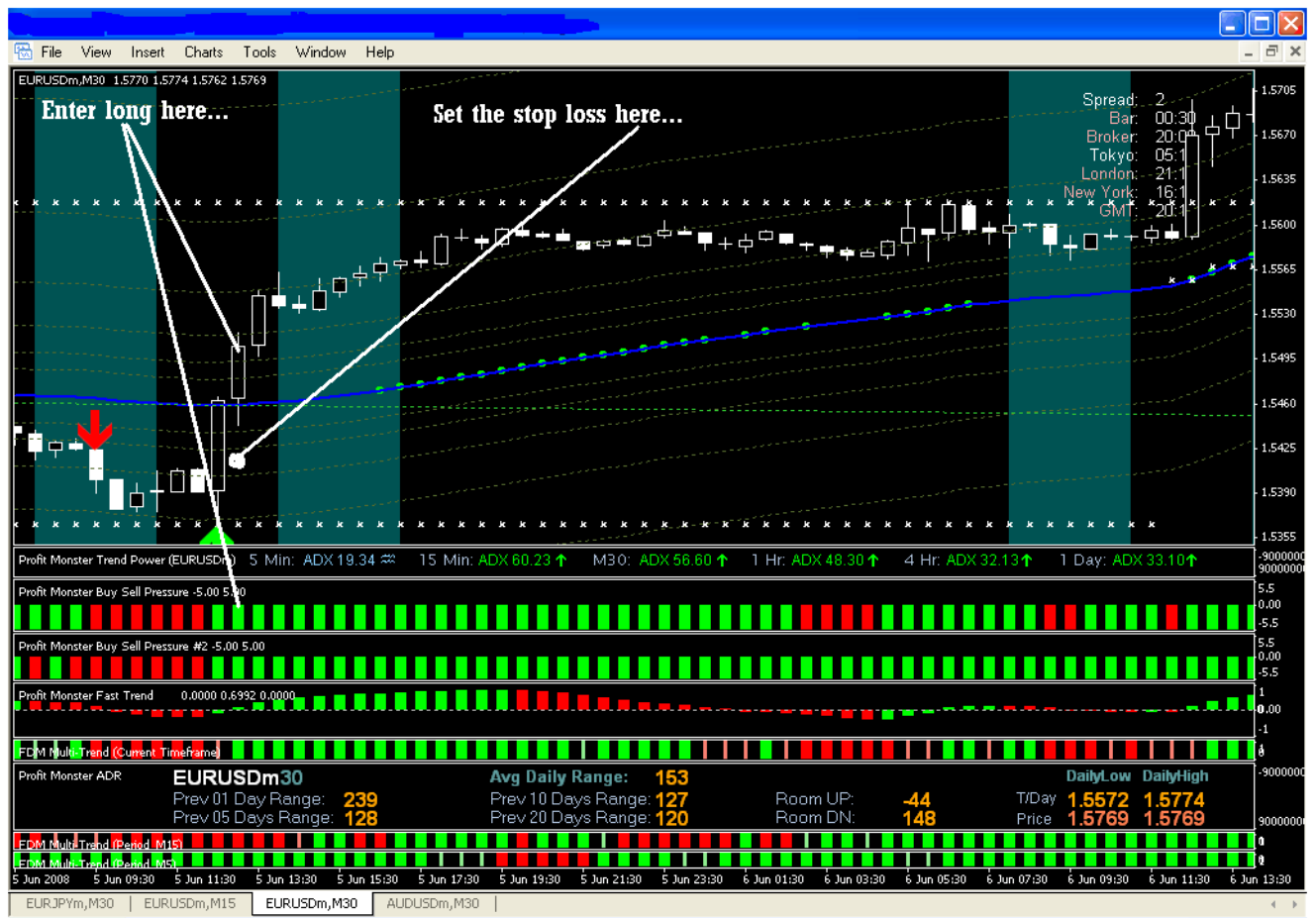
Now that we've covered the entry and exit rules, let's discuss how to set a stop loss for the FOREX Day Monster system. As I mentioned earlier in this manual, you must always use a protective stop loss when trading. Not using a stop loss will mean that sooner or later you will take a larger than needed loss, or maybe even suffer the trauma of losing most or all of your trading capital due to a price shock.

The FOREX Day Monster system requires you to monitor your trades for manual exit signals and doesn't use a traditional stop loss. We use what I call a 'safety stop' to protect our trading capital from an excessive loss due to unforeseen circumstances.

Once you enter a market order to place your trade, immediately go back and enter a safety stop. The size of your safety stop will depend on the time frame you are trading and the volatility of the currency pair. If you are an experienced trader the stops will be MUCH larger than you are used to

using. Remember, these stops will probably never be hit. They are only there to save you from any catastrophes... things like falling asleep while you're trading those overnight sessions only to wake up a few hours later and find that price has moved quickly in the other direction, or a world event or natural disaster that affects the markets in an unusual way.

Here's how to determine your 'safety stop'. Go to the chart that gave you the signal to enter the trade and **find the price just outside of the second olive green dotted line of the FDM Real Price Moving Average Channel that's above the top of the candle you entered on in a short trade or below the bottom of the candle you entered on in a long trade.** Use the Cross Hair selection on the chart "Line Studies" toolbar to replace the normal pointer, and move the cross hairs to just outside the olive green dotted line of the price channel. This price will be your safety stop. Here's an example from a chart from a long entry:



And here's an example from a short entry:



You'll find that most times the safety stop will be just about one-half to two-thirds the average daily range on the smaller time frames. Remember, these stops should never get hit under normal conditions... you should be exiting every trade manually according to the signals of the FDM indicators. The stop losses are only there to help protect you in case of an unusual circumstance.

DETERMINING YOUR POSITION (LOT) SIZE – MONEY MANAGEMENT

While there are a lot of important factors in a trading plan, none is more important than money management. Good money management alone can take a mediocre trading system and turn it into a good one. Most professional traders will tell you; if you don't understand money management... then don't trade until you do!

Money management may be important, but it doesn't have to be hard. All there really is to money management is to make sure you aren't overextending your risk capital in any one particular trade. Because the value of a pip depends upon the size of the lot that you open, you can control your risk quite easily.

The first thing there is to know is you should never risk more than 2-3% of your account equity on any one trade. In fact, most professionals recommend never risking more than 1% of your account.

So how do you know how much you'll be risking since FOREX Day Monster doesn't use a traditional stop loss? Well to calculate a position size for FOREX Day Monster and have it ready for trade entry, we'll use the Average Daily Range indicator in the system 'dashboard'. This amount will give us a good idea of the maximum amount we stand to lose in a losing trade, although almost every time the actual amount lost will be much less. Simply take the current ADR of the pair you're considering trading and multiply it by the pip value of the currency pair.

For example... your available account equity is \$1000 and you want to risk 3% on a EUR/USD trade. To keep your risk at 3%, your lot size should make sure you don't lose any more than \$30 if the trade is a loser. If the ADR of the pair is currently 100 pips, and the pip value of the EUR/USD is \$1 per pip for a single mini-lot, then your lot size should be no more than 3/10ths of a mini-lot $(.3) = 30$ cents per pip. 30 cents multiplied by 100 pips equals \$30. That's all there really is to money management!

Here's a handy chart that gives you the pip value of most currency pairs for a single mini-lot (\$10,000). Multiply the amounts by 10 for the amount of a single standard lot (\$100,000). Use it to help you calculate your lot size.

FX Pair	PIP Value per \$10,000	
aud/cad	10000	0.8627
aud/jpy	100	0.8800
aud/nzd	10000	0.6971
aud/usd	10000	1.0000
cad/jpy	100	0.8800
chf/jpy	100	0.8800
eur/aud	10000	0.7543
eur/cad	10000	0.8629
eur/chf	10000	0.7828
eur/gbp	10000	1.7611

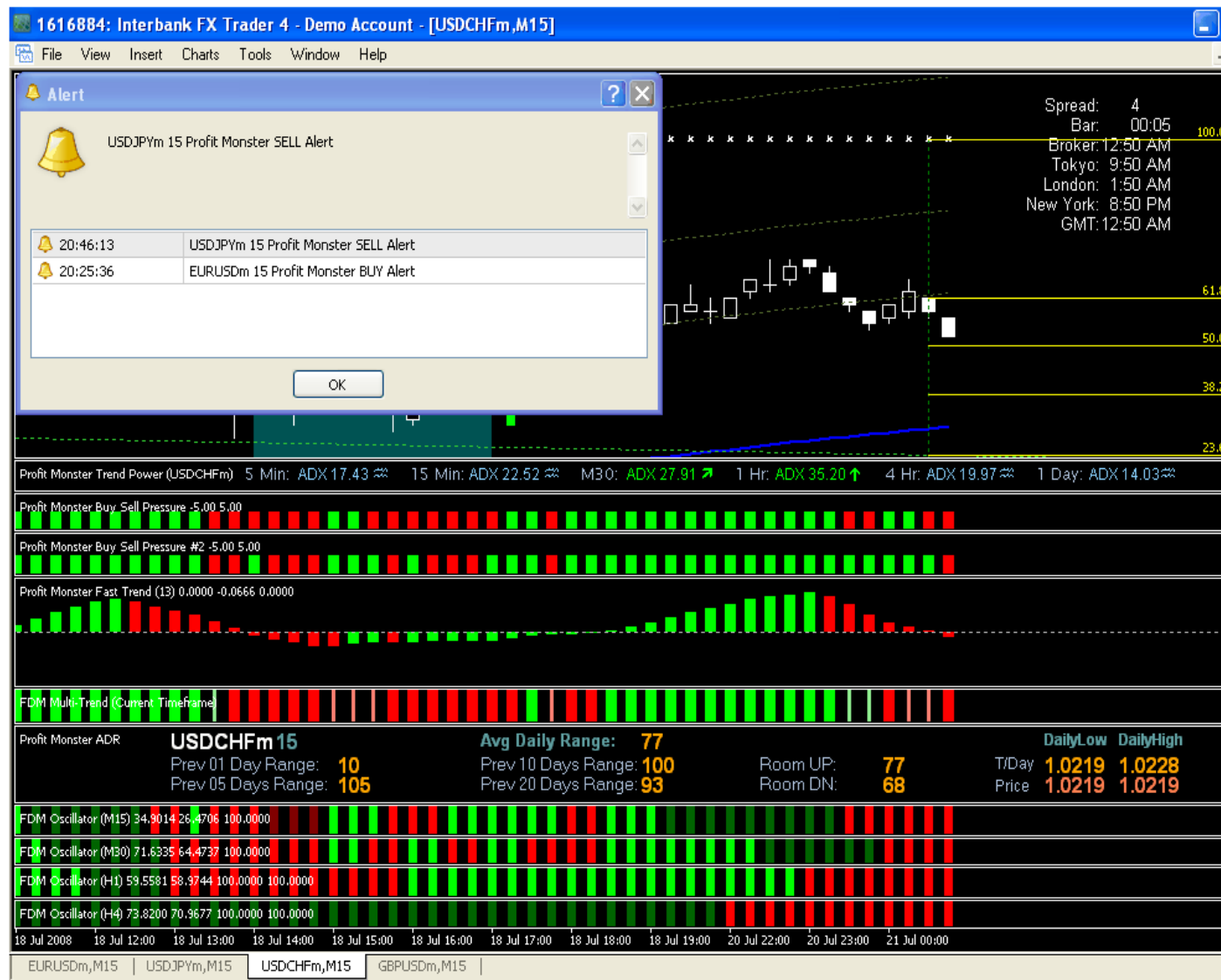
eur/jpy	100	0.8800
eur/usd	10000	1.0000
gbp/chf	10000	0.7827
gbp/jpy	100	0.8800
gbp/usd	10000	1.0000
nzd/jpy	100	0.8800
nzd/usd	10000	1.0000
usd/cad	10000	0.8629
usd/chf	10000	0.7829
usd/jpy	100	0.8800
usd/nok	10000	0.1508
usd/sek	10000	0.1296

For more detailed information about money management, please read my e-book on money management included with FOREX Day Monster.

Practice your money management on every trade... it's imperative that you get this part of the process down if you want to be a success! Taking the proper size on each currency pair will make sure you don't take a loss that's too big on any one trade that might wipe out too many of your winning trades! This can severely affect your profit potential.

USING THE ALERTS BUILT INTO FOREX DAY MONSTER

The FOREX Day Monster system is designed with audible and visual alerts to make tracking the possible entries on your currency pairs as easy as possible. The alert will happen every time an FDM Alert Arrow is generated on a chart. The alert will sound an alarm if your computer speakers are on and will also print in a pop up window on your computer screen. The alarm will print the currency pair and time frame and say "Day Monster (SELL or BUY) Alert". The alerts will all be time stamped and look like this:



Alerts may be turned on or off through the settings on the individual indicator. Just go to “Charts” on the toolbar at the top of the chart, then to “Indicators List” and select the FDM Arrow Alert and under the “Input” tab change the alert setting from “true” to “false”. You’ll have to make the change to each individual chart when you want to change a setting, otherwise you’ll keep getting alerts from some charts. I recommend leaving the alerts set to “true” and just turning down the sound on your computer speakers if you don’t want to hear audible alarms. That way you’ll never miss a trade set up because of your alerts being turned off inadvertently... you’ll always get the pop-up window!

QUESTIONS AND SUPPORT

I took the time to write a very thorough User Manual for the FOREX Day Monster system because I want everyone who uses it to be successful. Please take the time to study and reference it while you are learning the system. The answers to just about every question you may have should be found right here within this e-book. And if you can't find the answer to your question in this manual, please do not hesitate to email me at support@forexprofitmonster.com. Please remember that I am a trader first and a system designer second, so it may take me awhile to answer you. I kindly ask that you give me at least 24 hours to respond.

SOME FINAL THOUGHTS

Now you know the rules of the FOREX Day Monster system. Very easy to implement, don't you think? Just remember... you must follow the rules if you want to be a successful trader. I know the temptation will be there to want to 'tweak' the rules, but please don't. Follow the plan as it's laid out here and I'm sure over time you'll be happy with the results. Overcoming your inability to trade the same plan every time you initiate a trade is what stands between you and becoming a successful trader. Remember, the FOREX Day Monster System isn't the "Holy Grail". There will be losses, but if you follow the system rules, the losses should be smaller and less often than the winners and you'll grow your trading account in the long run.

Here are a few things you should do to help you down the path to success:

1. Keep a trading 'diary'. Reviewing your trading decisions later on can shed some light on why you may or may not be performing well. Enter all of your trading decisions for each trade as well as your wins and losses. Be honest. Admit if you made a mistake during entering or exiting the trade. Did you let your emotions get in the way and enter or exit the trade early or late? Were you disciplined enough to check your charts for signals at the appropriate times without sitting and staring at your computer screen? If you make mistakes, don't beat yourself up... but be sure to use the experience to trade better next time. Congratulate yourself if you followed the system rules exactly, even if the trade was a loser. Here's a quote from one of my favorite trading books "Way of the Turtle" by Curtis Faith:

“THINK LIKE A TURTLE – Good trading is not about being right, it is about trading right. If you want to be successful, you need to think of the long run and ignore the outcomes of individual trades.”

2. As mentioned above, don't sit and stare at your computer screen once you've entered a trade. No good comes from watching the price bounce up and down. Check your chart for exit signals at the appropriate time (every 15 minutes for 15 minute charts, every 30 minutes for 30 minute charts, etc.) We only take exit signals at the close of a candle... there's no reason to stare at your trade.
3. Have a fixed trading schedule. Try your best to keep a uniform trading schedule and trade the best possible sessions according to that schedule. Never trade when you are too tired. It's better to miss a good trade than to make poor decisions that result in wasted capital.
4. Reduce your risk by trading multiple pairs, but manage your risk by limiting the amount of trades you open at the same time. You should never open more than two or three trades at once. Any more, even with the correct lot sizes, could be an unnecessary risk to your account value.
5. Continue to educate yourself... it's one of the secrets to lasting success!

APPENDIX 1 – LIST OF MT4 BROKERS

The following list is not meant to be considered a personal recommendation or endorsement of any particular broker. It is only a partial list of known brokers that use the MT4 trading platform. I do not receive any kind of referral fee for sending you to these sites, they are only listed here as a reference for you if you need a broker who uses MT4. Please do your due diligence before depositing any of your money into a trading account with any broker. Much like the rest of the world, there are scam artists in the world of FOREX trading and you must be careful, especially if you're going to open an account with thousands of dollars of your hard earned money. Remember also that if and when you do decide to trade a 'live' account with real money, you are not limited to MT4 brokers. You may continue to use an MT4 demo account for your signals and open a 'live' account with any broker to enter your orders.

Most of the brokers on this list are based in the USA and Europe. Brokers will allow you to open a demo account no matter where you live, but if you are considering opening a 'live' real money account, for your own legal protection you may want to open one with a broker in your own country. When opening a live account, you should also be careful to compare the spreads on the pairs you'll be trading most often, as they can vary widely among brokers.

If you live outside of the USA or Europe or any of the other countries represented on this list, do a simple internet search to find some brokers to choose from.

These websites are listed in alphabetical order and were all current as of the writing of this manual.

BROKER

WEBSITE

Alpari

www.alpari-idc.com

Compass FX

www.compassfx.com

Direct FOREX LLC

www.directforex.com

Dunhill Scott Inc.	www.dunhillscott.com
Fast Brokers FX	www.fastbrokersfx.com
FIBO Group Ltd.	www.fibogroup.com
FINEX Group GmbH	www.finex.com
FOREX Ltd.	www.forexLtd.co.uk
FXCM	www.fxcm.com
FX Direct Dealer	www.fxdd.com
Global Tradewaves Ltd.	www.gltrading.com
Interbank FX	www.interbankfx.com
MIG Investments SA	www.migfx.ch
Murphy & Williams	www.mwheadway.com
North Shore FX	www.northshorefx.com
North Finance	www.northfinance.com
ODL Securities	www.odlsecurities.com
IKON – ROYAL FOREX	www.rfxt.com
SNC Investments Inc.	www.sncfx.com
Spot Trader FX	www.spottraderfx.com
Trendoks IMG	www.trendoks.com
Velocity 4x	www.velocity4x.com
Windsor Brokers Ltd.	www.windsorbrokers.biz

APPENDIX 2 – LIST OF FOREX RESOURCES

This is just a small list of websites that I personally use almost each and every day. I am in no way profiting by sending you to these sites. I'm providing them to you because in my opinion they are some of the best resources about FOREX and I believe you will continue to learn from them well into the future.

The following website is an excellent learning resource if you are brand new to FOREX trading. It's completely free and will help you learn everything you need to know without spending a penny. I wished I had found it in my early days of learning to trade, it would have saved me a lot of money!

www.babypips.com

This website is run by two professional currency traders who also wrote a good book for those who've recently starting learning about FOREX trading. The book is called "Profiting with FOREX" by John Jagerson and S. Wade Hansen. The website is also full of useful current information and learning resources. All of the content on this site is free, you just have to register. It is one of the best resources on the internet no matter what your skill level is.

www.pfxglobal.com

BK Trader FX is a website maintained by two more professional currency traders; Boris Schlossberg and Kathy Lien. Boris and Kathy have also written several popular currency trading books including "Day Trading the Currency Market" which you may want to seek out and read. Their website is www.netvibes.com/bktraderfx

Here is a site that is a good resource for economic news that affects the FOREX market. It's also a free site that offers excellent information. By signing up for a free account you can have daily news and analysis delivered right to your email. www.forexnews.com

I've mentioned many times in the information I've provided to you about the importance of trading psychology. Here are some websites run by some respected authors in the field. While these sites deal with many types of financial markets, the information provided is useful no matter which market you choose to trade. These authors have also written some best selling books that you may want to seek out and read too. You can find out more about the books on their websites.

www.elder.com

www.iitm.com

www.brettsteenbarger.com

If you're new to trading and need to check up on any "glossary" terms you'll find this website is an excellent resource. You can use it like an encyclopedia for trading information. www.investopedia.com

This website is a forum where you can interact with other traders and learn more about trading strategies. It also has an excellent economic calendar that will help you learn about economic releases and how they affect the FOREX. www.forexfactory.com

Here's a link to the United States government's Commodity and Futures Trading website. More experienced traders may want to view the weekly Commitment of Traders report which will give you an idea how commercial lenders are taking positions in currency futures. Research has shown the action of the commercial traders can have an affect on the price of a currency pair in the spot FOREX market. New traders can use this site as a resource to research brokers, as any fraudulent activity will be listed here. www.cftc.gov