

## Strategy I – (SMA + P-SAR + RSI)

### 1. Basis of the Strategy

- Tendency of the price to move up when a Fast Moving Average (MA) crosses *above* a Slow MA and to go down when a Fast MA crosses *below* a Slow MA.
- Tendency of the price to move up once the P-SAR dot appears *below* the price bar and to go down when the P-SAR dot appears *above* the price bar.
- Tendency of the price to move up when the Relative Strength Index (RSI) crosses *above* the 50-center mark and to go down when it crosses *below* the 50-center mark.

### 2. Requirements and Limitations

- Currency – Any pair, preferably with low spreads.
- Time frame – 15 mins and above.
- Not suitable during periods of increased volatility.
- Also not suitable during periods of consolidation.
- Trade the trend. That is, float with the prevailing trend.

### 3. Setup

- Fast SMA (period = 5, price = close), Slow SMA (period = 10, price = close)
- Parabolic SAR (step = 0.02, maximum = 0.2)
- RSI (period = 14)

### 4. How to Use the Strategy

BUY when:

- F-SMA crosses *above* S-SMA.

- P-SAR dot appears *below* the price bar.
- RSI is *above* 50.

SELL when:

- F-SMA crosses *below* S-SMA.
- P-SAR dot appears *above* the price bar.
- RSI is *below* 50.

## 5. Take-Profit Strategies

- BUY order – Set an appropriate take-profit or exit when the P-SAR re-appears *above* the price bar, or when the F-SMA re-crosses *below* the S-SMA, or price bar closes *below* the F-SMA.
- SELL order – Set an appropriate take-profit or exit when the P-SAR re-appears *below* the price bar, or when the F-SMA re-crosses *above* the S-SMA, or price bar closes *above* the F-SMA.

## 6. Stop-loss Strategies

You should set an appropriate stop-loss. Note however that any stop-loss less than 50 pips may not be realistic as your stops may be taken out in a few retracement ticks before the big profitable move forward.

## 7. Exit Strategies

Manually exit your position if one of these conditions occurs:

- The F-SMA re-crosses the S-SMA.
- The P-SAR re-appears on the other side of the price bar.

## 8. Sample Signals in Action

- Bullish signals

SEE NEXT PAGE.



- Bearish signals



To Your Success!!