

FOREX

Matrix Decoded

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FORMULAS

These are the formulas to be discussed in this book.

Interest Rate + BOT + Unemployment + Historical Data + Timezone = Market Analysis Trend

Market Analysis Trend + Trading Technique = Profits

Market Analysis Trend + Close Down = Buy Signal

Market Analysis Trend + Close Up = Sell Signal

Market Analysis Trend + Close Middle = Neutral Signal

TOOLS

www.fxstreet.com -Used for historical data calculations and predictions.

www.cbrates.com -Quick reference link for each country's interest rate.

<http://www.tradingeconomics.com/countries> -Detailed reference link for “**Market Analysis Trend**”.

EDUCATION

www.babypips.com/school – Great site to use if you want to further your FOREX knowledge.

TERMS

BOT - Balance of Trade (Exports vs. Imports)

Pip - FOREX pricing points

Buy- Opening a currency trade

Sell - Closing a currency trade

Stop Loss-Setting a limit on your open trade of how much money you're willing to loose

Limit- Setting a limit on you're open trade of how much profit to take.

Market Open- Timezone when market trading day begins 8:30 EST

Market Close- Timezone when trading day ends 4pm EST

Close Down - When close price is near the daily low. (buy signal)

Close Up - When close price is near the daily high (sell signal)

Close Neutral- When close price is in between daily high & low (no trade signal)

Market Analysis Trend

Currency Pair

EUR/JPY is the Currency Pair. Euro dollar against the Japanese Yen. The base currency is always listed first (EUR) which means the quoted price is in Euros.

Interest Rates

This is the rate at which banks can borrow money from the central bank in that particular country. The interest rate logic is just basic common financial sense. Think of yourself as a billionaire investor and you are looking for a place to park your money for the highest rate of return. If the European central bank interest rate is .25 % and Japanese central bank interest rate is .00 % you are more likely to put your money where you can earn 25 percent instead of zero percent. This defines the overall direction of the currency pair. The Euro is going up and the Yen is going down.

Balance of Trade or **BOT** means the number of exports vs. imports. How many goods and services a country is shipping out against what it ships in. Naturally a prosperous country should export more than it imports. If the opposite is true than that country is running a deficit. So if both countries are in the negative then the lesser of the two dictates the stronger country.

Euro BOT -38701.00

Yen BOT -2791.68

Unemployment Rate. The simple explanation is how many people do not have jobs in a particular country. No jobs means no goods or services being purchased. No homes being bought, no money being circulated. A higher rate of unemployment means a weaker economy for that country.

Euro unemployment 6.6%

Yen unemployment 3.7%

Historical Data

This is just crunching price numbers, between highs & lows and open & closes. The beauty about this strategy is that it is not rocket science. In today's computer internet age you have digital charts, signal generators, technical indicators, web bot algorithms and special trading software etc. But lets not forget before all this was ever invented the Forex/Stock market was already in existence. Which means there were other trading strategies. Crunching numbers was one of them. The traders of the past would read the daily news paper and check the stats and make a decision about the market. Then execute a trade via phone broker. You can even apply this method along with any

existing internet method and still be successful. But if your computer or internet crashes the market still goes on and you need a method to capitalize off it.

The www.fxstreet.com tool below is what you need to calculate historical data using my “Day 1 & Day 2” method. Any historical data website will do. This is just my preference because you customize the results via web browser. Changing the “=2&pair=eurjpy” section of the link manipulates the number of days and currency pair you want to display.

<http://www.fxstreet.com/forex-tools/rate-history-tools/?tf=1d&period=2&pair=eurjpy>

Timezone 5pm EST is when the next trading day begins on the www.fxstreet.com website. Every day at 5pm I check the link to execute my trading technique and make a decision if the market has closed up or down.

BUY SIGNAL

Market Analysis + Close Down = Buy Signal

The table below shows 2 days of market movement in the EUR/JPY currency. We are going to show you how to dissect the historical data from day 1 in order to carefully predict what the market will be for day 2 before it happens.

Tue, Jan 14 2014 00:00

Date	Open	High	Low	Close
Day 2	140.50	142.60	140.68	142.57
Day 1	142.22	142.36	140.49	140.50

On day one the market high was 142.36 and the low was 140.49 then the market closed at 140.50 for the day. Since 140.50 is closer to the daily low we would consider that a status of closing down. The market opens up at 140.50 on day two. Understanding this data I would view this a **“buy signal”** and place a trade between the day one opening price & low price of day two. Lets pick 140.59 with a stop loss of 140.45 because it's right under day one's previous low and take my profits at 142.36 which was day one's previous high.

Confirmation 1: Market Analysis Trend (UP)

EUR/JPY is the Currency Pair

Euro interest rate is .25 %

Yen interest rate is .00 %

Euro BOT 38701.00

Yen BOT 2791.68

Euro unemployment 6.6%

Yen unemployment 3.7%

Historical Data

<http://www.fxstreet.com/forex-tools/rate-history-tools/?tf=1d&period=5&pair=eurjpy>

Timezone 5pm EST

Confirmation 2: Trade Signal

Close Down = 140.49 low + 140.79 close

Buy Signal @ 140.80

Stop Loss @ 140.45

Profit @ 142.36

If the market moves in my favor I make 186 pips profit. If the market moves against me, my loss is only 14 pips. This is a great risk to reward ratio.

BUY SIGNAL 2

Market Analysis + Close Down = Buy Signal

The table below shows 2 days of market movement in the EUR/JPY currency. We are going to show you how to dissect the historical data from day 1 in order to carefully predict what the market will be for day 2 before it happens.

Fri, Jan 10 2014

Date	Open	High	Low	Close
Day 2	142.58	143.08	142.04	142.21
Day 1	142.27	143.05	142.04	142.58

On day one the market high was 143.05 and the low was 142.04 then the market closed at 142.58 for the day. Since 142.58 is closer to the daily low we would consider that a status of closing down. The market opens up at 142.58 on day two. Understanding this data I would view this a **“buy signal”** and place a trade between the day one opening price & low price of day two. Lets pick 142.20 with a stop loss of 142.00 because it's right under day one's previous low and take my profits at 143.05 which was day one's previous high.

Confirmation 1: Market Analysis Trend (UP)

EUR/JPY is the Currency Pair

Euro interest rate is .25 %

Yen interest rate is .00 %

Euro BOT 38701.00

Yen BOT 2791.68

Euro unemployment 6.6%

Yen unemployment 3.7%

Historical Data

<http://www.fxstreet.com/forex-tools/rate-history-tools/?tf=1d&period=5&pair=eurjpy>

Timezone 5pm EST

Confirmation 2: Trade Signal

Close Down = 142.04 low + 142.58 close

Buy Signal @ 142.20

Stop Loss @ 142.00

Profit @ 143.05

If the market moves in my favor I make 85 pips profit. If the market moves against me, my loss is only 20 pips. This is a great risk to reward ratio.

SELL SIGNAL

Market Analysis + Close up = Sell Signal

The table below shows 2 days of market movement in the EUR/JPY currency. We are going to show you how to dissect the historical data from day 1 in order to carefully predict what the market will be for day 2 before it happens.

Fri, Jan 24 2014 00:00

Date	Open	High	Low	Close
Day 2	142.58	142.65	141.79	142.31
Day 1	140.79	142.60	140.68	142.57

On day one the market high was 142.60 and the low was 140.68 then the market closed at 142.57 for the day. Since 142.57 is closer to the high we would consider that a status of closing up. The market opens up at 142.58 on day two. Understanding this data I would view this a **“sell signal”**. The action is to stand aside never trade against the overall “market analysis” trend (UP) and wait for another “close down” “buy signal” to setup.

NEUTRAL SIGNAL

Market Analysis + Close Middle = Neutral Signal

The table below shows 2 days of market movement in the EUR/JPY currency. We are going to show you how to dissect the historical data from day 1 in order to carefully protect your margin when you aren't sure what the market will be for day 2.

Mon, Dec 30 2013

Date	Open	High	Low	Close
Day 2	144.65	145.19	144.55	145.01
Day 1	143.43	145.71	143.38	144.50

On day one the market high was 145.71 and the low was 143.38 then the market closed at 144.50 for the day. Since 144.50 is in between the high & low I would consider this a status of closing in the middle. The market opens up at 144.65 on day two.

Understanding this data I would view this a “**neutral signal**”. The action is to stand aside and wait for another “buy signal” to setup.

SELL SIGNALS ADVANCED

Market Analysis + Close Up = Sell Signal

The table below shows 2 days of market movement in the EUR/GBP currency. We are going to show you how to dissect the historical data from day 1 in order to carefully predict what the market will be for day 2 before it happens.

Fri, Jan 24 2014 00:00 GMT

Date	Open	High	Low	Close
Day 2	.8016	.8019	.7969	.7990
Day 1	.7989	.8029	.7982	.8016

On day one the market high was .8029 and the low was .7982 then the market closed at .8016 for the day. Since .8016 is closer to the high we would consider that a status of closing up. The market opens up at .8016 on day two. Understanding this data I would view this a **“sell signal”** and place a trade at .8017 with a stop loss of .8030 because it's above day one's previous high. Remember “market analysis” already states the trend direction is down so resistance is not expected to be broken. Before it continues lower, support must also be tested to confirm down trend is still in tact. This will determine my profits at .7980 which is near day one's previous low.

Confirmation 1: Market Analysis Trend (DOWN)

EUR/GBP is the Currency Pair

Euro interest rate is .25 %

GBP interest rate is .50 %

Euro BOT 16808.50

GBP BOT 2946.00

Euro unemployment 11.5%

GBP unemployment 6.4%

Historical Data

<http://www.fxstreet.com/forex-tools/rate-history-tools/?tf=1d&period=5&pair=eurgbp>

Timezone 5pm EST

Confirmation 2: Trade Signal

Close Up = .8029 high + .8016 close

Sell Signal @ .8017

Stop Loss @ .8030
Profit @ .7980

If the market moves in my favor I make 37 pips profit. If the market moves against me, my loss is only 13 pips.

TIPS

This technique can apply to ANY currency pair on the FOREX market. In order to maximize success and profits to it's fullest potential. I recommended you only follow one currency pair at a time. This will allow you to learn and adjust to movement patterns of that particular currency pair.

All your trading decisions should be made after 4pm EST. At the close price of a “**buy signal**” be a little patient before you make a trade and watch the price drift as close as possible towards day ones “**low**”. By 5am the next day you should be able to closely follow the market's potential movement based on the price. If your trade is high into its profits most often the market will be an up day. If your trade is still near or at the same buy in price from 4pm the previous day then most likely the market will be a down day. Either close the trade manually or let your stop loss kick in to minimize losses.

Date	Open	High	Low	Close
Day 3	142.58	142.60	141.79	142.00
Day 2	140.79	142.65	140.68	142.57
Day 1	142.22	142.36	140.49	140.79