

VOLATILITY INDEX 75 STRATEGY

THINK BEYOND THE LIMITS



LEARN HOW TO TRADE VOLATILITY INDEX

VOLATILITY INDICES STRATEGY: EXPLAINED
(EMPHASIS ON VOLATILITY 75 INDEX)

STRATEGY OVERVIEW

Trading Type: Scalping

Timeframes: 5 minutes (M5), 15 minutes (M15), 30 minutes (M30) and 1 hour (H1)

Trade Execution Timeframe: 5 minutes (M5)

Signal Detection Timeframe: 15 minutes (M15)

Confirmation Timeframe: 30 minutes (M30) and 1 hour (H1)

Indicators: Bollinger Band, Relative Strength Index (RSI), Stochastic Oscillator and MACD

Below is a table showing the function(s) of all indicators to be used in the strategy:

INDICATOR	FUNCTION
Bollinger Band	Measures Volatility
Relative Strength Index (RSI)	Measures Market Exhaustion
Stochastic Oscillator	Measures Momentum
MACD	Direction and Momentum

STEPS TO TAKING A TRADE

1. Set up all indicators on your MT5 app (as instructed in the previous guide). Please ensure all parameters are 100% correct and check again to confirm.
2. To detect a potential trading signal for further analysis, switch your chart to M15 (15 minutes timeframe).

SELL SIGNAL ↓

- ✓ Stochastic Oscillator (Blue Line) must reach the 80 level
- ✓ RSI (Black Line) must reach the 70 level
- ✓ MACD histogram forms a peak
- ✓ The price must touch the upper Bollinger Band
- ✓ Candlestick rejections forms
- ✓ Check again to be sure



BUY SIGNAL ↑

- ✓ Stochastic Oscillator (Blue Line) must reach the 20 level
- ✓ RSI (Black Line) must reach the 30 level
- ✓ MACD histogram forms a trough
- ✓ The price must touch the lower Bollinger Band
- ✓ Candlestick rejections forms
- ✓ Check again to be sure



3. When all the conditions for sell or buy are met on M15, draw a straight line to mark out the anticipated reversal point.
4. After drawing a line on M15, move to M5 for further confirmation. Take the following actions if you see any of the following on M5:

Scenario 1

All the conditions met on M15 are also met M5

Action: Mark as **HIGH POTENTIAL SET UP**

Scenario 2

All the conditions met on M15 are not met on M5

Action: **DISCARD TRADE IMMEDIATELY AND WAIT FOR ANOTHER SIGNAL ON M15**

Scenario 3

All the conditions met on M15 are about to be met on M5

Action: **WAIT PATIENTLY FOR COMPLETE SIGNAL FORMATION ON M5 BEFORE ENTERING**

5. In the case of Scenario 1, you must carry out the following simple analysis before entering your trade:
 - Switch to M30 and H1 timeframes to check if the price is moving in a direction opposite to your short-term prediction. If it is, **DON'T ENTER A TRADE**. This is because a strong fake reversal might occur which will most likely hit your stop loss.

Example:

The conditions for SELL have been met on M15 and confirmed on M5. But when you checked M30 and H1, you noticed that the BUYING POWER is high. This means price might not respect the signal and move along with the trend instead.

To detect the trend direction on both M30 and H1, you will check the crossover on Stochastic Oscillator and MACD histogram formation.

BUY BIAS: Stochastic Blue line crosses the Red and moves upward, while the MACD predicts an upward movement.

SELL BIAS: Stochastic Blue line crosses the Red and moves downward, while the MACD predicts a downward movement.

6. If all these conditions are met, you can safely enter your trade on M5.

HOW TO ENTER A TRADE

1. All trades should be executed and monitored on M5 only.
2. Before entering a trade, decide on the lot size to use depending on the size of your account. (We have a different guide on that)
3. In this strategy, we won't be making use of Instant Execution option, instead, we will make use of Stop Orders (SELL STOP or BUY STOP). This will prevent us from entering the market too soon.
4. When all your signals have formed on all timeframes, switch to M5 and place a STOP ORDER few PIPS below (For a SELL TRADE) or above (For a BUY TRADE).
5. Stop loss should be placed a few pips above the highest or lowest candlestick (depending on the type of trade). Note that there is always a possibility of a retest before final movement.

WARNING: ALWAYS SET STOPLOSS AND DON'T USE A LOT SIZE THAT IS BIGGER THAN YOUR ACCOUNT SIZE!

WHEN TO EXIT A TRADE

There are methods you can use to determine when the movement is done.

1. The Bollinger Band
 - ✓ Price reaches the middle band or
 - ✓ Price reaches the last band
2. The Stochastic Oscillator
 - ✓ The blue Stoch line touches the opposite level e.g. For a SELL trade, the line moves from 80 level and approaches 20. Vice versa for BUY.
3. Constant PIP target per trade
 - ✓ I personally target 100 pips per trade irrespective of the movement. This 1000.0000 points per trade based on observation.
 - ✓ You must monitor 1 and 2 to determine when to opt out of a trade prematurely.

There is a separate guide on how to calculate the number of pips on Volatility 75 Index. Study it well.

RULES

1. Don't be greedy. Make use of stop-loss and appropriate lot size.
2. Your total opened positions should be equivalent to your normal lot size depending on your capital.
3. Have a daily profit target to eliminate greed or overtrading.
4. If a signal is not complete, don't trade it.
5. If you are not confident with the strategy, don't trade it.
6. Make sure you read up articles on all indicators during your back-testing period.
7. Don't trade an amount you can't afford to lose.
8. Be confident in yourself as a trader.
9. If you are a new trader and you are not familiar with any of the terms mentioned above, please Google them out or register for a foundation training program.
10. Trading is risky irrespective of the strategy.

This strategy works for me and my students, I hope it works for you also.

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VOLATILITY INDEX TRADING RESULTS (HIGHLIGHTS)

Balance:	659.88
Equity:	1 010.78
Margin:	72.00
Free margin:	587.88
Margin Level (%):	1 403.86

Positions

Volatility 75 Index, buy 0.01 07 371.9498 → 110 154.4626	27.83
Volatility 75 Index, buy 0.02 07 356.2073 → 110 154.4626	55.97
Volatility 75 Index, buy 0.05 08 307.3060 → 110 154.4626	92.36
Volatility 75 Index, buy 0.06 09 437.4112 → 110 154.4626	43.02
Volatility 75 Index, buy 0.06 09 463.1400 → 110 154.4626	41.48
Volatility 75 Index, buy 0.06 09 470.4855 → 110 154.4626	41.04
Volatility 75 Index, buy 0.07 09 451.5783 → 110 154.4626	49.20

Balance:	6 032.46
Equity:	6 233.86
Margin:	318.01
Free margin:	5 915.85
Margin Level (%):	1 960.27

Positions

Volatility 75 Index, buy 0.05 105 969.5442 → 106 674.5554	35.25
Volatility 75 Index, buy 0.05 105 959.8218 → 106 674.5554	35.74
Volatility 75 Index, buy 0.05 106 008.3643 → 106 674.5554	33.31
Volatility 75 Index, buy 0.05 106 033.7779 → 106 674.5554	32.04
Volatility 75 Index, buy 0.05 106 011.0212 → 106 674.5554	33.18
Volatility 75 Index, buy 0.05 106 036.9490 → 106 674.5554	31.88

Balance: 138.83
Equity: 849.53
Margin: 39.82
Free margin: 99.01
Margin Level (%): 2 133.43

Positions

Volatility 100 Index, buy 0.10 2 697.72 → 2 826.28	12.86
Volatility 100 Index, buy 0.10 2 691.50 → 2 826.28	13.48
Volatility 100 Index, buy 0.10 2 692.00 → 2 826.28	13.43
Volatility 100 Index, buy 0.10 2 691.60 → 2 826.28	13.47
Volatility 100 Index, buy 0.10 2 687.91 → 2 826.28	13.84
Volatility 100 Index, buy 0.10 2 689.13 → 2 826.28	13.72
Volatility 100 Index, buy 0.10 2 688.47 → 2 826.28	13.78

14:07

4G

Trade
302.54 USD



Balance: 409.30
Equity: 711.84
Margin: 384.54
Free margin: 327.30
Margin Level (%): 185.11

Positions

Volatility 75 Index, sell 0.02 240 305.35 → 238 446.77	37.17
Volatility 75 Index, sell 0.02 240 328.37 → 238 446.77	37.63
Volatility 75 Index, sell 0.02 240 262.24 → 238 446.77	36.31
Volatility 75 Index, sell 0.02 240 328.53 → 238 446.77	37.64
Volatility 75 Index, sell 0.02 240 385.64 → 238 446.77	38.78
Volatility 75 Index, sell 0.02 240 391.10 → 238 446.77	38.89
Volatility 75 Index, sell 0.02 240 370.22 → 238 446.77	38.47
Volatility 75 Index, sell 0.02 240 329.16 → 238 446.77	37.65



Find out for yourself if this wide range of information is useful, if you're not sure now

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