

# Trend Trading THANOS V2



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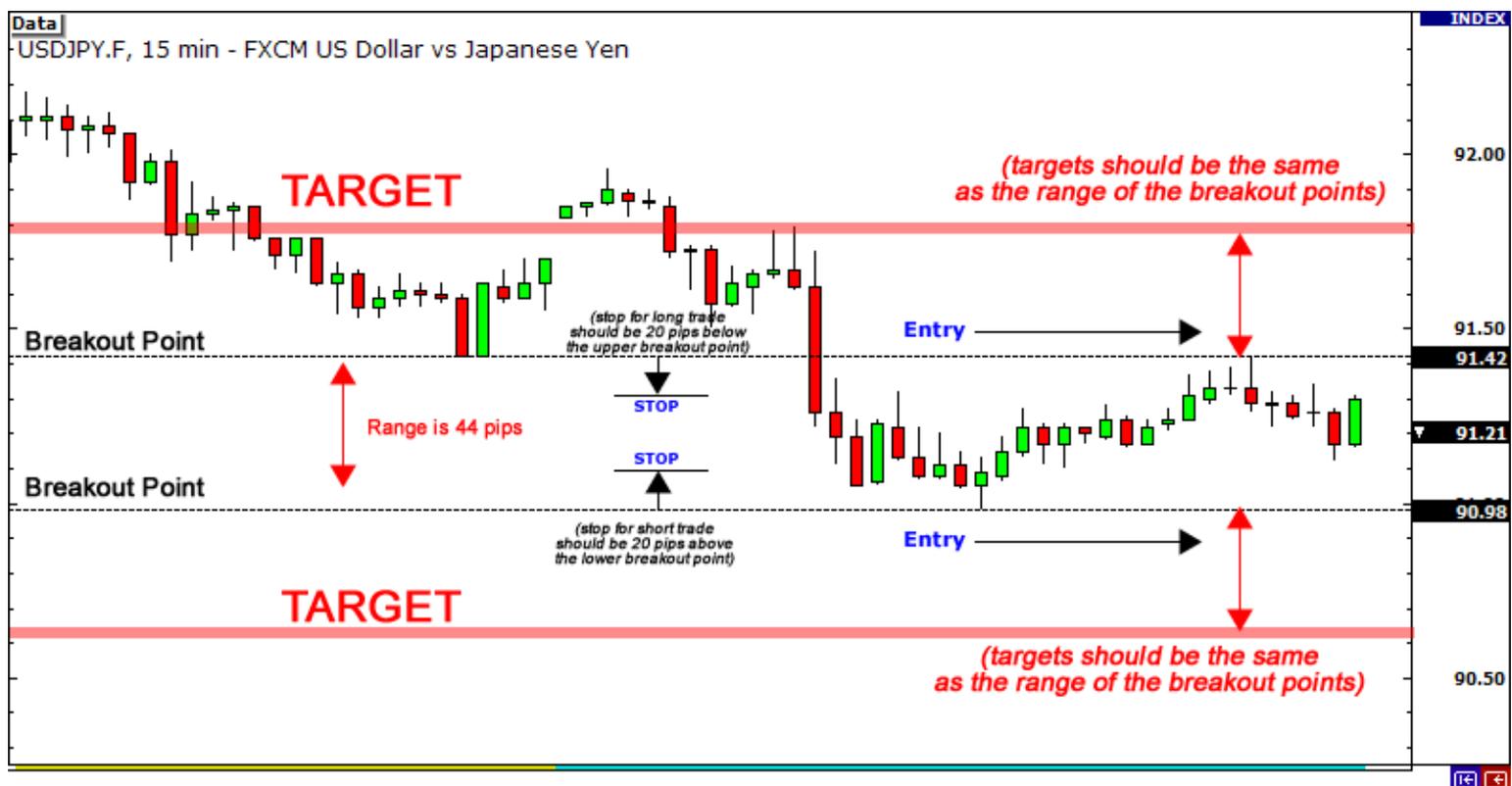
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# Welcome to the Thanos V2 Trading

In this compendium, I will teach you about the simplest trading system I developed since 2005 for the Forex market. If you've ever read any of my lessons or reports at [netincomeformula.info](http://netincomeformula.info) or [hoply.info](http://hoply.info) you will have found strong endorsements for news straddle trading.



When I execute news straddle trades, I consult [ForexFactory.com](http://ForexFactory.com) for triple red news releases and set up two positions five minutes from the news release. From the current market price, I'd open a buy stop and a sell stop 15 pips above and below the current price. Take profit is set at the maximum price of the graph within the last 30 minutes. When the triple red news hits, the money line spikes and activates one of the pending orders. The other goes dormant which you should delete easily. This method easily and consistently generated me 30 to 200 pips of profit since 2005. I use it till today.

The News Straddle Strategy does have a few downsides. For one, you trade only during triple red news releases. Setting up trades when the news is marked yellow or orange is a waste of time. You receive triple red news once

Thu Jun 20	2:00am	USD		FOMC Economic Projections	
		USD		FOMC Statement	
		USD		Federal Funds Rate	
	2:30am	USD		FOMC Press Conference	
	6:45am	NZD		GDP q/q	
	9:15am	AUD		RBA Gov Lowe Speaks	
	9:30am	AUD		RBA Bulletin	
	Tentative	JPY		Monetary Policy Statement	
	Tentative	JPY		BOJ Policy Rate	

a day –sometimes once a week.

The potential for whipsaw is high. The market can spike in the direction of one of your trades, take profit, then reverse and hit the pending order, activate it briefly, then resume the opposite way. In this manner, you lose money.

I fine-honed this alternate method that originally relied on 12 indicators including the awesome Dolly Map Indicator. Today the strategy relies on 5 indicators and it delivers results Monday to Friday outside any news release zone.

### The Thanos Trading Strategy

I've been a Marvel fan since 1985 and Thanos' repetitive strikes inspired the naming of this method. A trend trading strategy, it performs well across all currency pairs and when traded responsibly it can deliver spectacular returns. I use it only outside the times of news releases. In fact, it is worthless within minutes of news releases.

While the system can be traded on all time frames, I would suggest that you start trading it on the M15 or the M5 timeframes for the best results.

The system can also be traded at any given time, but while you are still learning the system you would do well to trade during the most active trading sessions only.

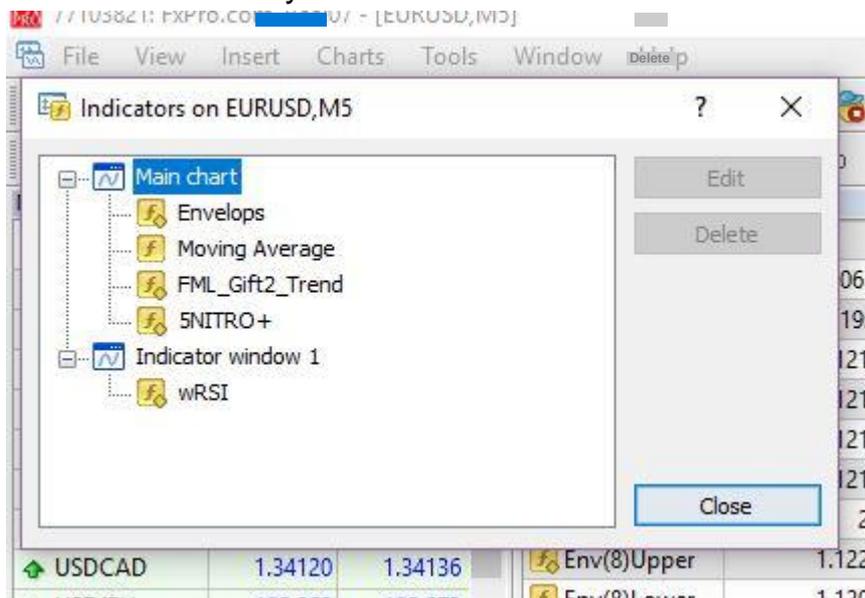
As you proceed through this compendium, I will introduce you to the different components of the system. We'll start by looking at the different indicators you will use. It's important that you understand what they do and how to read them, so you can spot Buy and Sell trades when they appear on your charts.

I'll then walk you through the rules for identifying both Buy and Sell trade signals and finally show you a few examples so that you can follow my lead and start trading this system as quickly as possible.

Let's begin with the system components...

# System Components

The Thanos system uses five indicators including a few that were custom built for the Metatrader 4 trading platform. One of the indicators is the MegatrendFX which I purchased for \$200 in 2013. The author stopped development; however it remains a consistently powerful tool. Let's go over all indicators we use in this system.



## Bullish / Bearish Indicator: What is Trend?

The Direction indicator is designed to give you a quick view of the trend based on the higher time frames.

We are picking up the trend data from the 1-hour time frame, and if there is a Bullish trend you will see a **Green** "Bullish" button on the top left corner of your chart as shown below. On the other hand, if there is a Bearish trend you will see a **Red** "Bearish" button on the upper left corner of the chart.

**BULLISH**

**BEARISH**

## Using the Direction Indicator

The Direction indicator will give you a quick view of which side of the market you should be trading right now. After the "Bullish" or "Bearish" button appears on your chart you just need to wait for next system rule to be met before you proceed. I'd also like to point out that you can use this indicator with any trend-following system you might be trading.

## Funneling Indicator: What are Envelopes?

This is a custom indicator that is formed by two moving averages that define upper and lower price range levels. It is traditionally used to help identify



extreme overbought and oversold conditions in a market. It is also useful in identifying trading ranges. The Funneling indicator is very similar to the Bollinger Bands that comes free with Metatrader however its parameters had been tweaked for faster market response

## Using the Envelopes Indicator

When trading the Thanos system, we will be using the Funneling Envelopes indicator to identify areas where we may consider entering Buy or Sell trades. I have set the MA Period to 8 and the Deviation to 0.1.

We are looking for areas where the price candles are testing the Upper and Lower Envelope Bands. To identify a potential trade setup, we want to see a candle close either above the Upper Envelope Band (for Sell trades) or below the Lower Envelope Band (for Buy trades).

Once this condition has been met we can look to the next system rule and confirm the signal with the Wilder RSI.

## Overbought and Over Sold: What is Wilder RSI?

The Wilder Relative Strength Index (RSI) is a rate of change oscillator developed by J. Welles Wilder, Jr. I've made some modifications to this indicator so while it looks the same as the original, it has been fine tuned to deliver the best results when trading this system.



### Using the Wilder RSI Indicator

This indicator is designed primarily for confirming the trade signals we receive when trading this system.

As you can see on the image above, there are two key levels we will be monitoring when trading this system. These levels are at 70 and at 30 and are shown by the dashed white lines.

The actual Wilder RSI line is Orange in color and will usually oscillate between the upper and lower levels as price moves forward on your charts.

So, we are going to look for the Wilder RSI to be above the 70 level when we want to enter a Sell trade and we want the Wilder RSI to be below the 30 level when we want to enter a Buy trade.

Remember that we will combine this signal together with readings from the rest of our indicators to identify the best opportunities to trade.

If the Market Direction and Envelopes indicators are in alignment, the Wilder RSI serves as excellent confirmation of a trade signal.

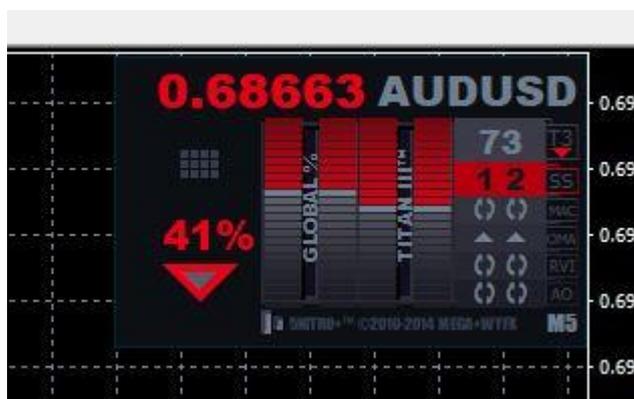
## The MegatrendFX : Omnipotent Trading Signals

The Megatrend is a price indicator that I purchased for \$200 in 2013. The developer stopped support in 2015 however it works till today. This indicator is a concise dashboard that aggregates 144 signals to determine the trend of the market.



It is a good rule to check the arrow of the indicator, the percentage and the amount of lighting. For the above dashboard, the indicator tells us that the downward pressure on the priceline is strong. It is a signal to sell. I personally wait when the signal displays at least 55% to enter a trade and all the bars are lit up

Here's a sample of the indicator showing weak pressure. The bars are barely lit and downward pressure hits only 41% This is a sideways moving market



that has no real trend. Avoid entry.

## Entry Indicator: What is the 7 EMA?

This is standard Moving Average indicator that has been set to Exponential with a Period setting of 7 applied to the Close. When trading the Thanos, we will be using this indicator to identify our Entry points.



## Using the 7 EMA Indicator

This indicator is used primarily for identifying the areas where we will enter the market with either a Buy trade or a Sell trade. Here's how it works...

Once we have confirmed the Buy or Sell trade signal using the rest of the indicators in our system we need to wait until price closes either above or below the 7 EMA to identify the ideal place to enter the trade.

For a Buy trade we wait for a candle to close above the 7 EMA and we enter the trade at the open of the next candle (provided that all other rules/conditions have been met).

For a Sell trade we wait for a candle to close below the 7 EMA and we enter the trade at the open of the next candle. Once again, we only proceed to enter the trade provided that all other rules/conditions have been met.

Now that you are familiar with the different components that make up the system, it is time to take a closer look at the rules for identifying Buy and Sell trades on your charts.

Let's continue.

# Buy and Sell Trade Rules

Here are the rules for identifying and entering Buy and Sell trades using the Quattro Cash Envelopes system. The rules are followed by a few examples to help you grasp the rules.

***REMEMBER! All conditions must be met before any trades may be considered.***

## Buy Trade Rules

1. The Direction indicator should show a Bullish direction.
2. Wait for price to test (or touch) the lower envelope band.
3. Check and confirm that the Wilder RSI is below the 30 level.
4. Check that the Megatrend has over 55% pressure in the direction of going long. It's ideal that all bars are lit blue
5. Wait for price to close above the 7 EMA.
6. Enter a Buy trade at the open of the next candle.
7. Place your Stop Loss below the most recent low.
8. Place your Take Profit at double the number of pips away from your entry as your Stop Loss (1:2 Risk/Reward Ratio).

The rules for identifying and entering Sell trades using the Thanos system is simply the reverse of the Buy trades.

## Sell Trade Rules

1. The Direction indicator should show a Bearish direction.
2. Wait for price to test (or touch) the upper envelope band.
3. Check and confirm that the Wilder RSI is above the 70 level.
4. Check that the Megatrend has over 55% pressure in the direction of going short. It's ideal that all bars are lit Red
5. Wait for price to close below the 7 EMA.
6. Enter a Sell trade at the open of the next candle.
7. Place your Stop Loss above the most recent high.
8. Place your Take Profit at double the number of pips away from your entry as your Stop Loss (1:2 Risk/Reward Ratio).

As you can see the rules are very precise. If at any stage you find a scenario where the rules are not entirely met, do not enter a trade. Just wait for the next setup and ensure that all the conditions have been met.

There's nothing better than seeing a trading system in action. So, let's look at a few trades that will help you get a better idea of how the system works.

# Buy Trade Example

On the image below, you can see an example of a Buy trade I entered on the EURUSD M15 timeframe. At Point 1 you can see that the Market Direction indicator is showing a Green Bullish signal which means we are looking to enter the market with Buy trades only.

At Point 2 price touches the Lower Envelope Band so I checked the Wilder RSI for confirmation. At Point 3 you can see that the Wilder RSI is below the 30-level confirming the trade signal. At this stage, I need to wait for a candle to close above the 7 EMA so that I can enter the trade.



This occurs at Point 4, so I entered a Buy trade at the open of the next candle. As soon as I entered the trade I set my Stop Loss and Take Profit levels.

For the Stop Loss I am using the most recent low seen at Point 5. I am using double the amount of pips for my Take Profit level which is set at Point 6.

As you can see from the image above, we managed to get a nice profit after about an hour and half.

# Sell Trade Example

On the image below, you can see an example of a Sell trade I entered on the USDCHF M5 timeframe. At Point 1 you can see that the Market Direction indicator is showing a Red Bearish signal which means we are looking to enter the market with Sell trades only.

At Point 2 price touches the Upper Envelope Band so I checked the Wilder RSI for confirmation. At Point 3 you can see that the Wilder RSI is above the 70-level confirming the trade signal. At this stage, I need to wait for a candle to close below the 7 EMA so that I can enter the trade.



This occurs at Point 4, so I entered a Sell trade at the open of the next candle. As soon as I entered the trade I set my Stop Loss and Take Profit levels.

For the Stop Loss I am using the most recent high seen at Point 5. I am using double the amount of pips for my Take Profit level which is set at Point 6.

As you can see from the image above, we managed to get a nice profit after about an hour or so.

# Conclusion

Now that you have all the information you need to trade the system, I would like to share a few advanced tips that will help you get the most out of trading the Thanos V2 system so that you can achieve the best results.

As I mentioned earlier, the system can be applied to all time frames with equal success. However, you will notice that there will be fewer tradeable signals when trading the higher timeframes.

The best thing to do would be to trade the M5 and the M15 timeframes. This would generally produce between 2-3 valid trade signals per day.

I usually trade the following currency pairs with this system, but it will work on all currency pairs. My favorite pairs to trade with this system are as follows:

EURUSD, GBPUSD, USDCHF, USDJPY, AUDUSD, USDCAD, EURJPY and GBPJPY.

It's good practice to risk no more than 1-2 percent of your account balance on any given trade. Also remember to tighten your Stop Losses around High Impact News Releases or avoid trading at least 15 minutes before and after these events.

The Thanos system is easy to trade, and it has performed very well across all types of market conditions. I am sure that once you start using it, it will become one of your personal favorites.

Just follow the rules and keep these guidelines in mind while you are trading and you're sure to perform better than the vast majority of traders out there.

I wish you the very best in all your trading endeavors.

### Samples of Situations Where you Should not Trade

