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B A C K I N T I M E

BINOMO TRADER'S GUIDE

INTRODUCTION

Hello, traders!

The Binomo team is happy to release a special educational book for our traders. Here you can find strategies, advice from our analysts, and tips to expand your trading skills. Please enjoy this book and use it to improve your trading performance!



Trend trading and its advantages

Trading on a trend is the safest option on the market. After all, it is difficult to miss a clear trend. However, despite the apparent simplicity, you need to know nuances to get the most out of trend movement.

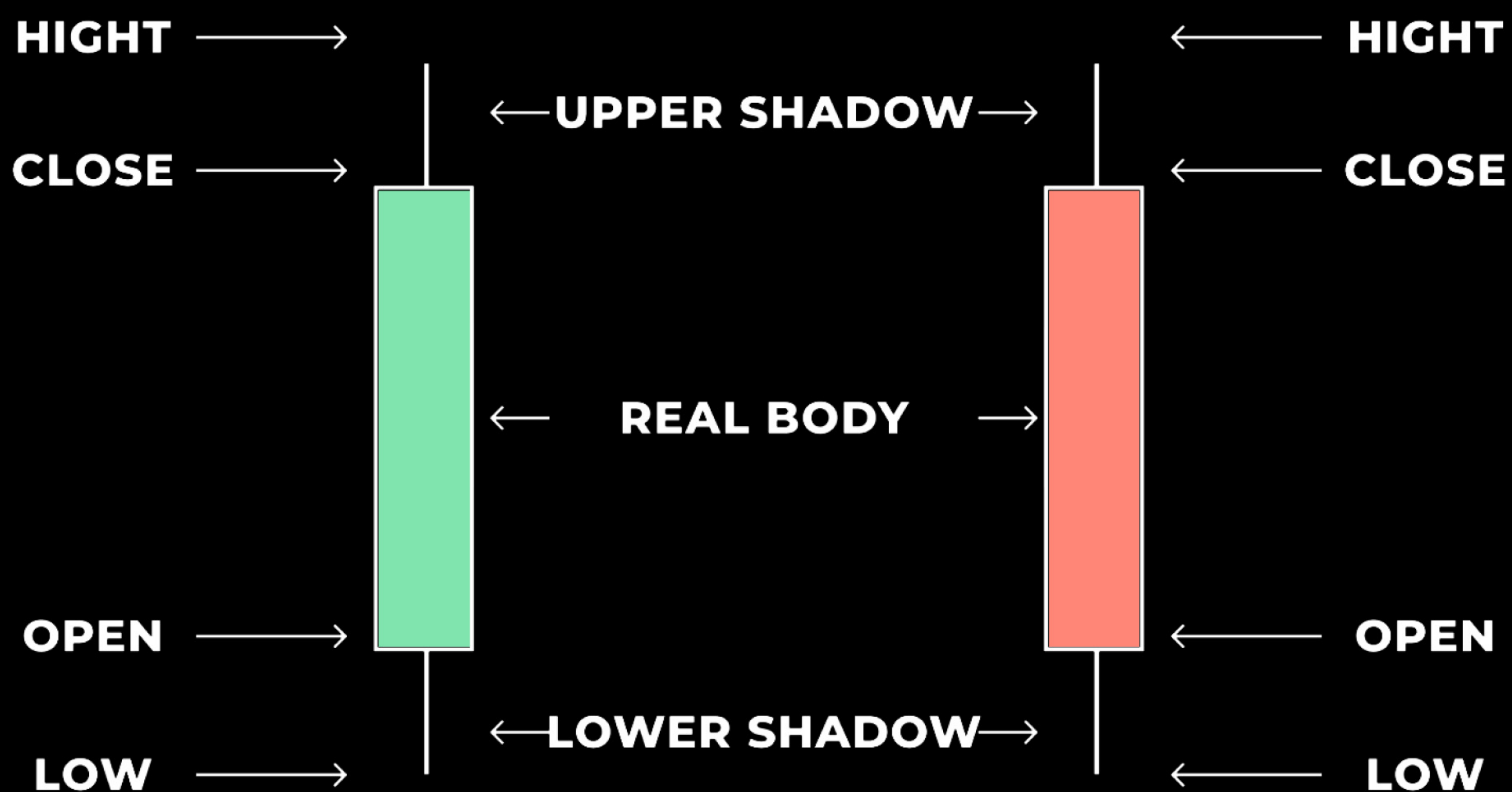
First, when is it the most suitable time to trade on the market? If the current trend has been going on for over an hour, it will probably last for at least another 10 minutes, and you can take advantage of that by opening trades for 7-10 minutes.

Of course even if you think there is a clear trend on the market, you should use trading instruments to confirm your forecast.

CANDLESTICKS

What are Japanese candlesticks?

Japanese candlesticks are the most popular variation of price display on the chart. They provide traders with extensive information about the price over a selected period. Suppose you want to know what's happened to the price over the last 15 minutes. The candlestick will show you a list of characteristics: the maximum and minimum price value for that period, the closing price, and the opening price.



Analyzing the market using candlesticks

Candlestick analysis includes plenty of different techniques. One of the most popular is Price Action.

Price Action involves using special patterns that signal certain price behavior. There are hundreds of such patterns but it is not necessary to study them all. You can limit yourself to the most popular ones. For example, bullish and bearish engulfing.

Engulfing is a pair of candlesticks on the chart. The first candlestick continues the previous trend and is the same color, while the second candlestick is the opposite color. It will be the beginning of a new trend.



Bullish engulfing

The most important distinguishing feature of this pattern is that the body of the second candlestick engulfs the body of the first. Hence, the name. The presence or length of the shadows do not play a major role.



Bearish engulfing

However, it would be a mistake to be guided only by candlesticks and candlestick patterns, especially when first starting out trading. Always use additional indicators to refine your forecasts.

TECHNICAL ANALYSIS. INDICATORS.

What indicators are there on the market?

There are different types of market indicators, and they are used in different ways to analyze and predict price movement. There are two main groups of indicators: trend indicators and oscillators.

Trend indicators are a mathematical average of the price. They can be used to suggest future market trends. The main trend indicators are: Moving Average, MACD, and Bollinger Bands.

The Moving Average is a line showing the average price for a certain period. With its help, you can easily see the current trend.



The Moving Average (yellow line) shows an upward trend

The MACD reflects as a histogram below the chart. When its bars are below the zero line, the price falls. When they are above the zero line, the price rises.



The MACD bars go green as there is a boost in the market

Bollinger Bands consist of three lines. The bands reflect market volatility: the more often the price changes, the wider apart they become. The flatter a market is, the closer they get to the central line.



Bollinger Bands get wider as a new trend begins

Oscillators are indicators which point out potential changes in trend. In addition, oscillators usually let you know when the market is overbought or oversold, which can indicate a trend reversal. Oscillators are usually located in a separate window below the chart. There are plenty of oscillators, such as RSI or Stochastic.

An **RSI** oscillator shows price action. When trading on a trending market, you usually set a value of 20 for the oversold level and one of 80 for the overbought level. Usually, If the indicator value crosses level 50, the trend changes. Therefore, if you want to ensure that the trend is upward, but you have doubts, wait until the RSI crosses level 50 up.



RSI reached level 20 and bounced up from it

The opposite is when looking for a downward trend. Any doubts? Wait until the RSI drops below level 50, and this moment will give you another argument that the trend is downward.

Stochastic is another example of oscillator. Traders use it to generate overbought and oversold signals. Usually, readings over 80 are considered overbought, and readings under 20 are considered oversold. If the market is oversold, we expect it to rise in a short time.

If it is overbought, we expect a drop soon.



Stochastic is deeply in the oversold zone and starts changing trend's direction

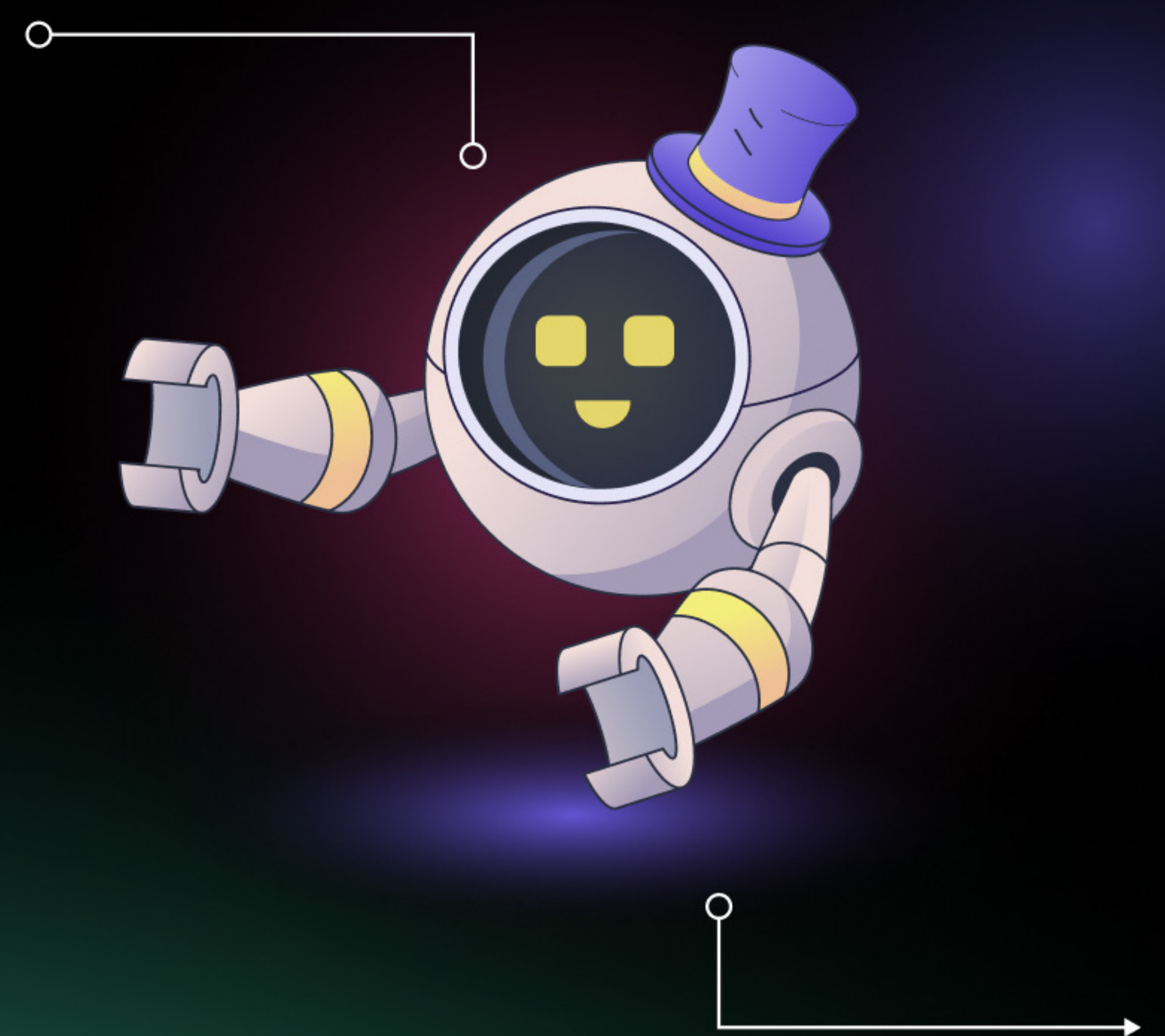
TRADING STRATEGIES

In simple terms, **a trading strategy is a set of tools and rules for gaining profit from trading.**

Trading strategies usually include the following:

- Global analysis of the news that might influence the market;
- Technical analysis using indicators and/or candlestick patterns;
- Risk management: the limits for a trade amount and for losses.

Here are three simple but effective strategies for trading in different market conditions



STRATEGY #1

Tools:

Moving Average (type: exponential, period: **8**). **Yellow line.**

Moving Average (type: exponential, period: **21**). **Red line.**

Look at the pictures for a better understanding!

TRADE UP when:

The price crosses Moving Average 21 (red line) upwards.

Moving Average 8 (yellow line) crosses Moving Average 21 (red line) upwards.

The price is above the Moving Average with a period of 8 (yellow line).



TRADE DOWN when:

The price crosses Moving Average 21 (red line) downwards.

Moving Average 8 (yellow line) crosses Moving Average 21 (red line) downwards.

The price is below Moving Average 8 (yellow line).



STRATEGY #2

Tools:

Moving Average: (type: exponential, period: 28)

ADX: Period: 5.

TRADE UP when:

The ADX (colored green) is moving above the red line.

The price crosses the EMA 28 and moves above it.

The body of the signal candle shows an uptrend.



TRADE DOWN when:

The red ADX line is moving above the green line.

The price crosses the EMA 28 and continues going down.

The body of the signal candle indicates a downtrend.



STRATEGY #3

Tools:

Alligator: default settings.

Awesome: default settings.

The entry signal will be the moment when the Alligator lines and the Awesome Oscillator histogram move in the same direction.

TRADE UP when an upward movement begins:

The intertwined lines of the Alligator move upwards and diverge.

The histogram of the Awesome Oscillator begins to grow from the zero line area, and the histogram bars are green.



A signal to TRADE DOWN appears when a downward movement begins:

The intertwined lines of the Alligator neaten and move downwards.

The Awesome Oscillator begins to decline from the zero line, and the histogram bars are red.



RISK MANAGEMENT TIPS

You should think of your balance as a percentage.

Experienced traders don't risk more than 10% of their balance: if you have \$1,000 in your account, your losses shouldn't exceed \$100. If you have \$200, you shouldn't lose more than \$20

The example: a trader who has \$200 opens a trade for \$10. That is only 5% of their balance. But the trader who has \$1,000 in their account does not look at any percentages and makes a trade for, let's say, 50% of that amount: \$500 in one go. Which one of them is risking more? The answer is obvious.

From a trading point of view, a 5% or 10% loss is not that significant and cannot harm your future trading opportunities. And that is the basis for choosing the minimum deposit.



Outro

We did our best to collect tips and strategies for our traders, and we hope you will use them to make your trading as productive as possible.

Here is a small bonus for those who read our book to the end. Scan the QR code and get a promo code from the Binomo team!

