RSI 80-20 TRADING STRATEGY

Learn to trade divergence, and find a low risk way to sell near the top or buy near the bottom of a trend.

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Thanks for checking out the RSI 80-20 Trading Strategy,

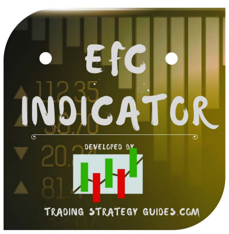
You are going to benefit from this strategy by learning to trade divergence, and finding a low risk way to sell near the top or buy near the bottom of a trend.

This strategy will identify a break of a trend and take advantage of the movement to the opposite direction.

In this Report, I am going to be showing you a simple trading strategy using the RSI indicator, which happens to be a well know tool to any trader.

Before we get started, I want to let you know that we do have a special indicator that we developed that will show exactly when to trade using this strategy!

To learn more about this powerful indicator now tap here.



Indicators Used for RSI 80-20 Trading Strategy

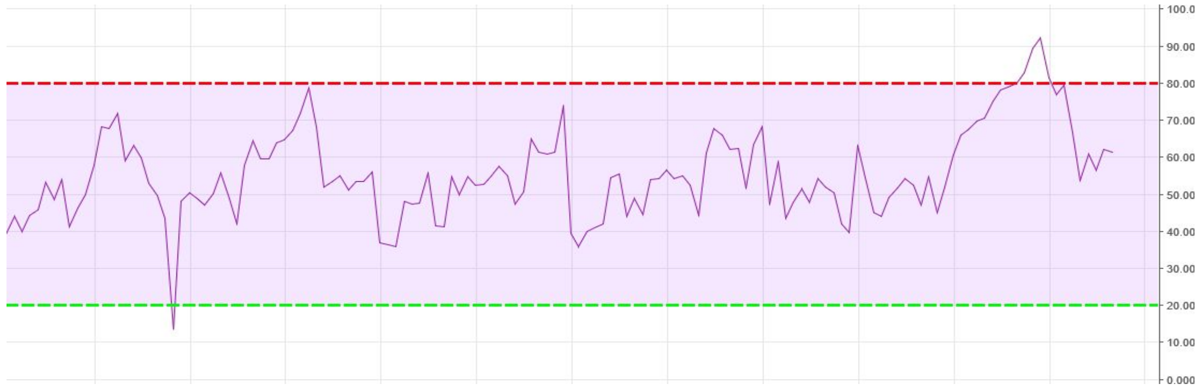
The RSI indicator is **one of the most popular** indicators used by traders in any market (stocks, forex, futures, options).

It is a great tool to have and use when you trade the market!

Lets now take a look at what you need to change in the settings of the RSI indicator.

Indicator Settings

The default settings for this indicator is a smoothing period of 14. We are going to change that setting to **8**. Make sure you change this setting before you jump into this strategy. The reason I like 8 rather than 14, is that the RSI will be much more responsive for us which is very important when are looking for overbought or oversold price areas. Also go ahead into the RSI setting and change the lines in the indicator to **80, 20**. You will learn more about this later.



This indicator will be the only indicator we use for this strategy. The reason we only use this, is because we have a strict set of rules we need to follow before we can enter a trade. And these rules will, without a doubt, validate a reversal for us to enter a trade.

So before you want to use this strategy make the following changes to the RSI indicator:

Adjustments to RSI Indicator:
14 time period, **to 8.**
70 and 30 lines, **to 80 and 20.**

This indicator comes standards on mostly all trading platforms. You just need to make these adjustment to this. If this seems a bit to complex for you go ahead and check out our indicator here because we built all this into it for you so that here is no need to change anything.

Step One: Find the currency pair that is showing a high the last 50 candlesticks. (OR low depending on the trade)

This strategy we can use any time period.

The reason for that is that there are reversals of trends in virtually every time period. So this can be a swing trade, day trade, or a scalping trade. As long as it follows the rules it is a valid trade.

The only thing we need to make sure of in this current step is that it is the low or the high the last 50 candles.

Below is an example:

Note** We will use this same example to explain this strategy. This is a USDCHF currency pair and will be a BUY trade.

Once we determine this low or high then we can move on to the next step.

I drew vertical lines on the chart so that you can see the 50 candle low that we identified.

If you need to use horizontal lines on your chart to verify that candle has closed the lowest the last 50 you can do so. This is not necessary but may be helpful for you to do and see how strong the trend is.

Step Two: When we find 50 candle low, it needs to be coupled with RSI reading 20 or lower. (If it's a high it needs to be coupled with the RSI reading 80 or higher.)

Below we have a reading that hit the 20 line on the RSI and was the low the last 50 candles.

Once we see that we had a low the last 50 candles AND the RSI is BELOW 20 then we can move on the the next step.

Remember that this strategy is a reversal strategy. It is going to be breaking the current trend and moving the other direction.

Step Three: Wait for a second price low candle to close after the first one that we already identified.

The second price low must be below the first low but the RSI indicator must provide a higher signal than the first one.

Remember, divergence can be seen by comparing price action and the movement of an indicator.

If the price is making higher highs, the oscillator should also be making higher highs. If price is making lower lows, the oscillator should also be making lower lows.

If they are not, that means price and the oscillator are **diverging** from each other.

Which is why it's called **"divergence."**

Just because you see a divergence, it doesn't necessarily mean you should automatically jump in with a position.

We have rules in place that will capitalize on this divergence so that we can make a great profit.

Keep in mind that this step may take a bit to develope. It is very important to wait for this second low because it gets you in a better position to make a trade.

This sounds a bit complex, but think of it like this for our example we are using:

Price goes down/RSI goes up. That is the Divergence.

Remember, that our example is a current downtrend looking to break to the upside. If this was a 50 candle high we would be looking for the exact opposite with this step.

With that said, let's take a look at our chart,

Once this criteria has been met we can go ahead and look for an entry because the charts are showing us that a reversal is soon coming.

Our special indicator has a built in divergence detector that will show you when this is occuring by signaling different candle colors. [See how it works by tapping here!]

Below are two separate pictures that show you where divergence occurred with our EFC indicator. When you see dark blue, divergence as occured.

Step Four: How to Enter the Trade

The way you enter a trade is actually very simple.

You wait for the price to head in the direction of the trade and wait for a candle to close above the first candle that you identified that was previous 50 candle low.

Save this picture for reference, if are struggling with this step. This will guide you when you look for a trade.

Step five: Once you make you entry, place stop loss.

To place your stop bump back 1-3 time periods and find a good level to place your stop that makes logical sense. So you are looking for prior resistance, support.

We placed our stop below this support area. That way if the trend continued and did not break it could hit this level and bounce back up in our direction.

I recommend you follow at least a 1 to 3 profit vs. risk level. This will ensure that you are maximizing your potential to get the most out of this strategy. You can adjust as you wish, but most good strategies that identify breaks of a trend use a 1 to 3 profit vs. risk level.

If you want to now check out our Special EFC indicator that uses this exact strategy go ahead and **tap here to learn how you can get access** to this along with some other special gifts we give you!

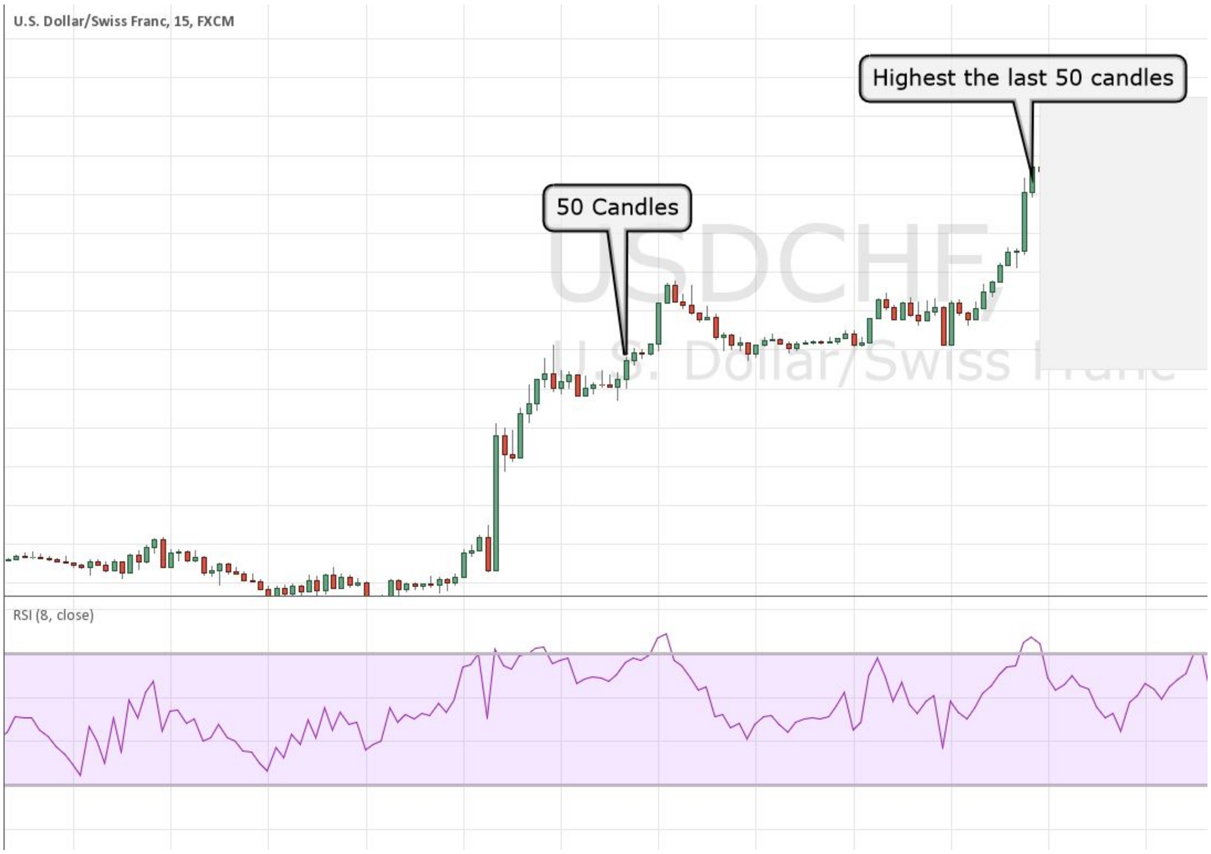
To Recap, here are the rules of the RSI 80-20 strategy:

RULES OF THE 80-20 TRADING STRATEGY

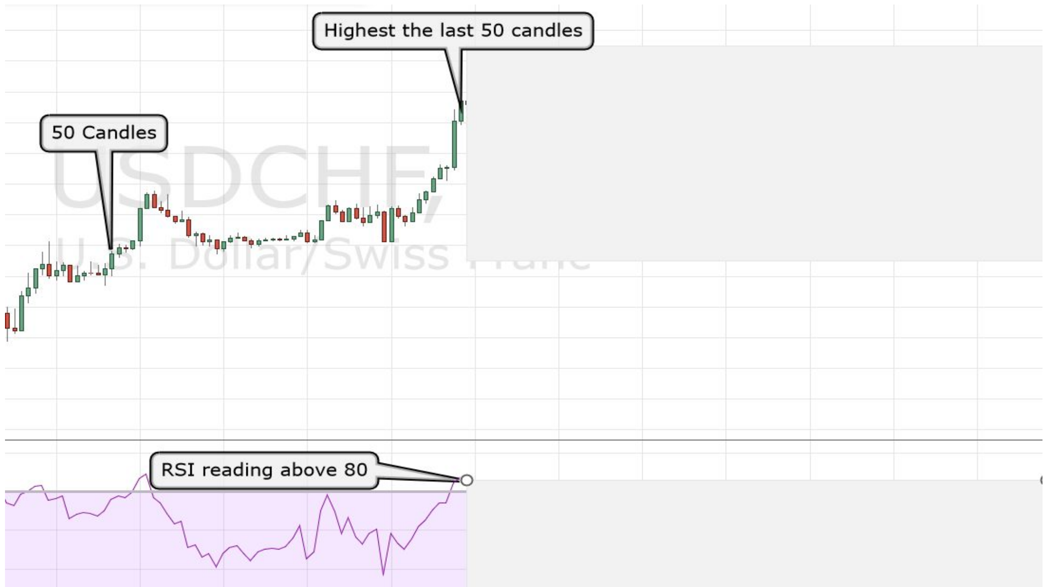
Step One: Find the currency pair that is showing a high the last 50 candlesticks. (OR low depending on the trade)
Step Two: When we find 50 candle low, it needs to be coupled with RSI reading 20 or lower. (If it's a high it needs to be coupled with the RSI reading 80 or higher.)
Step Three: Wait for a second price low candle to close after the first one that we already identified.
Step Four: Enter the Trade by waiting for candle to close above/below the first candle we identified.
Step five: Once you make you entry, place stop loss.

Since you have a great understand now as to how the [RSI 80-20 Strategy] works, I will include for you some examples trades that follows this strategy and show you what our EFC indicator looks like:

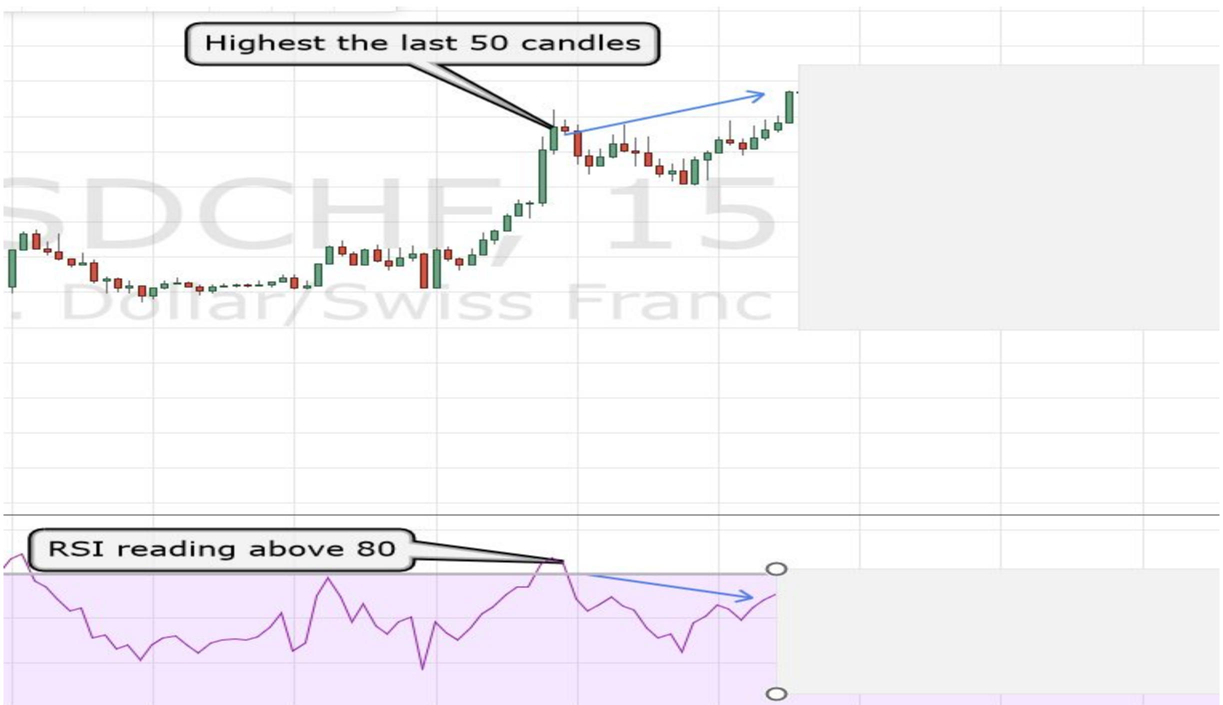
Example #1: (USDCHF 15 Minute time chart)



50 candle high has been identified.



RSI is reading over 80. At this point we need to wait for divergence. As you can see the RSI is going down, at the candles are going up.



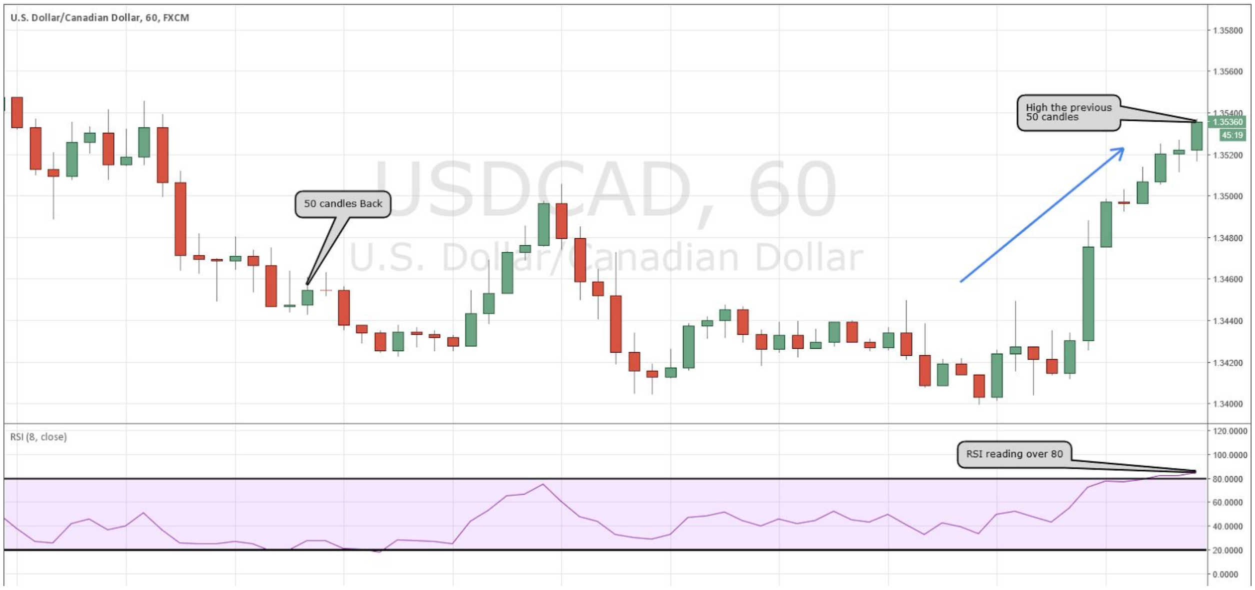

Highest the last 50 candles
Closed above our first candle we Identified.
9990


U.S. Dollar/Swiss Franc, 15, FXCM
Closed below. Sell entry triggered
Closed above our first candle we Identified.
RSI (8, close)

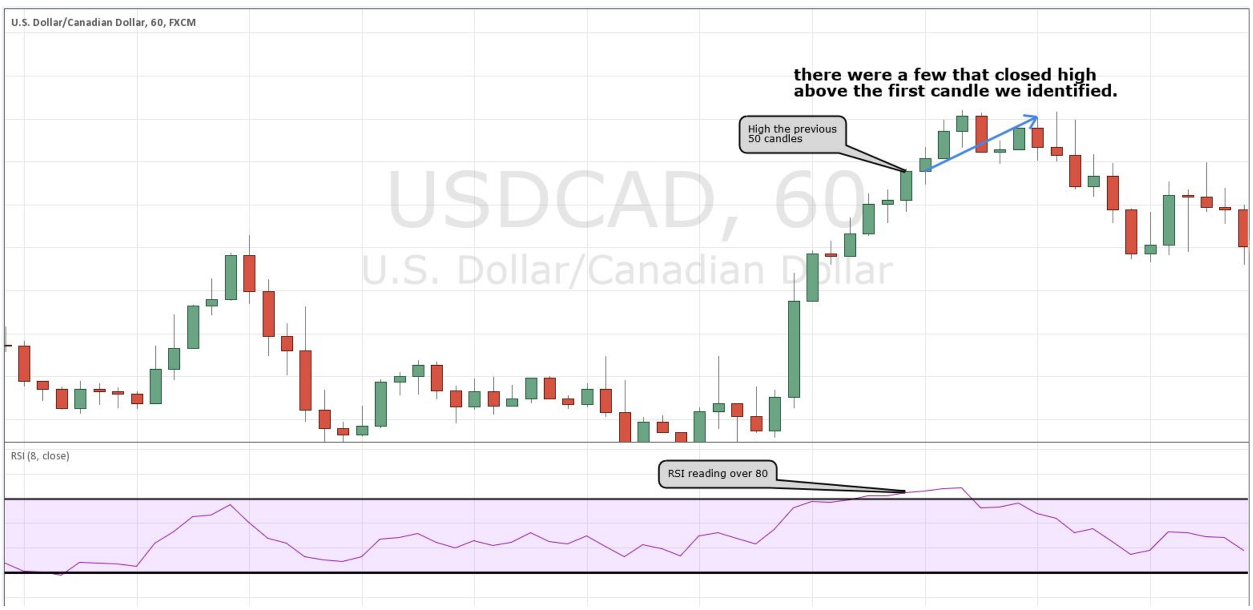
Example #2: (USDCAD 60 minute chart)

Step One: Find the currency pair that is showing a high the last 50 candlesticks.

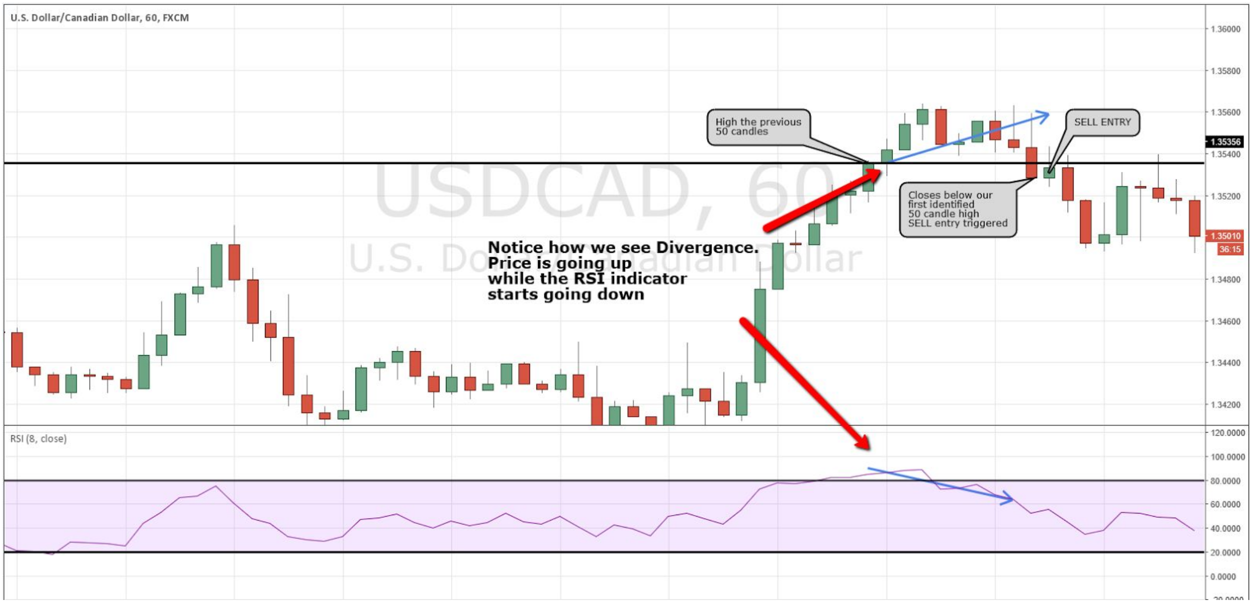
Step Two: When we find 50 candle high, it needs to be coupled with RSI reading 80 or higher.



Step Three: Wait for a second price high candle(s) to close after the first one that we already identified.



Step Four: Enter the Trade by waiting for candle to close below the first candle we identified as t



Step five: Once you make you entry, place stop loss, calculate risk.

Example #3: (GBPUSD 4-hour time chart)

Step One: Find the currency pair that is showing a high the last 50 candlesticks.

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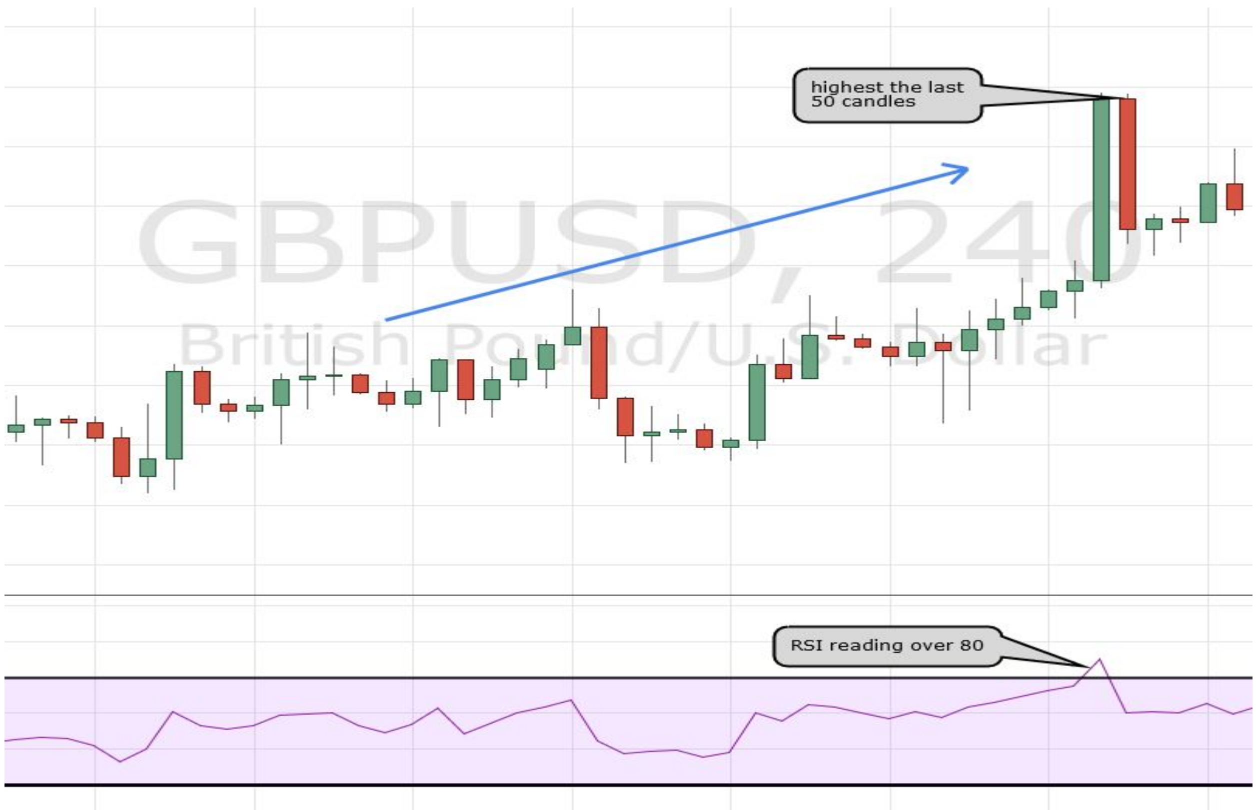
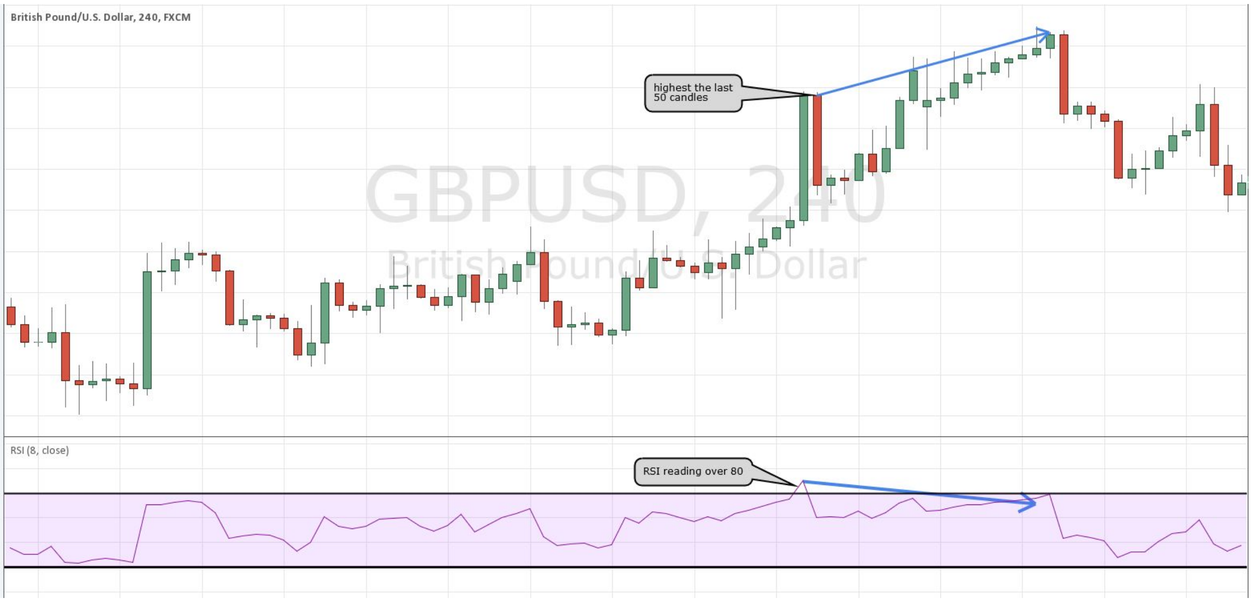
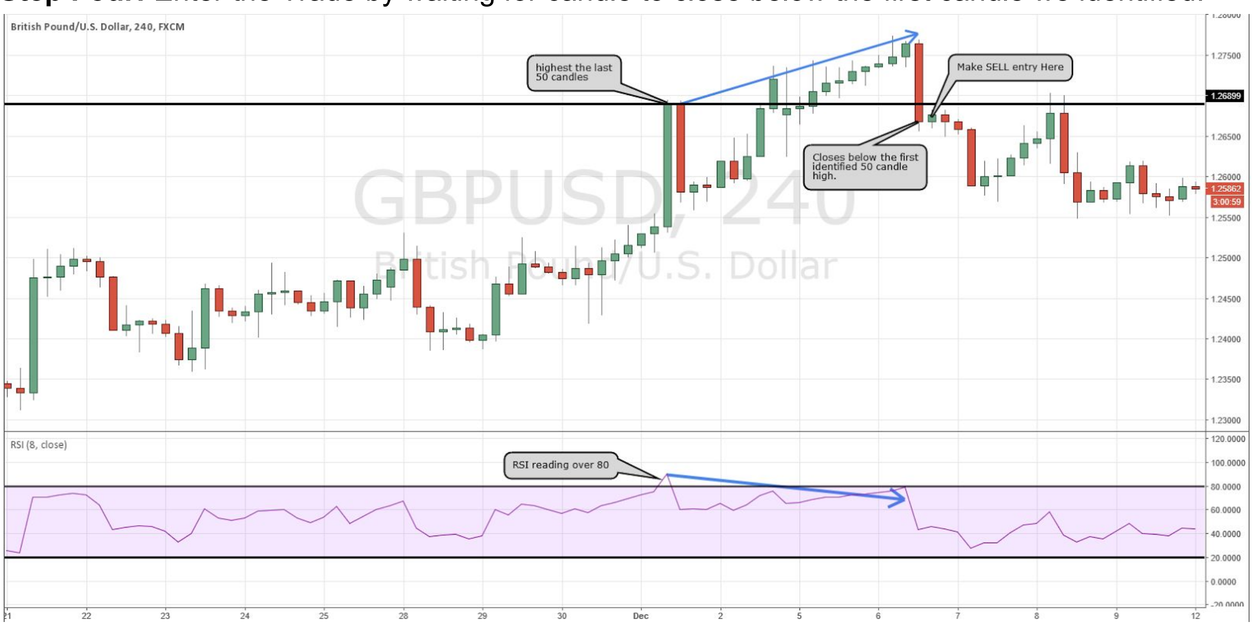
Step Two: When we find 50 candle high, it needs to be coupled with RSI reading 80 or higher.



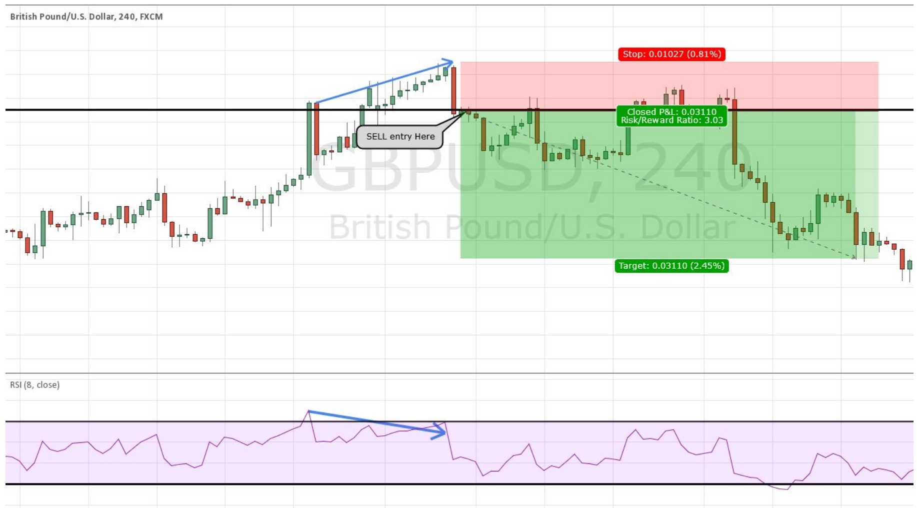
Step Three: Wait for a second price high candle(s) to close after the first one that we already identified.



Step Four: Enter the Trade by waiting for candle to close below the first candle we identified.



Step five: Once you make you entry, place stop loss and calculate your risk.



Now check out the EFC indicator using this strategy and giving you potential huge profits if you would have entered at the entry line: Tap Images to get your access today!