FxBB FAQ

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Q: What is the Forex Black Book?
A: The Forex Black Book is a multi-component tool that helps traders find the most highly profitable trade scenarios. The two main components are **the trend identifier (direction to trade)** which gives the trader a trend bias and the **signal identifier (when to enter)** which tells the trader when momentum is shifting in the direction of the trend bias and the optimal time when to enter a trade. Some of the other components of the Forex Black Book are the Bank Flow Levels, which display on the charts where large volumes of buy or sell orders are sitting from the institutional level and the TradeFinder, which combs through every single currency pair searching for the next trade signal.

Q: Why do my charts not have the same signals as the examples or Trade Finder?
A: As you may or may not know, in the Forex, most brokers receive their data feed from different bank sources. That being said, each broker may have a slightly different high, low, open and close for each candle. The Forex Black Book trade identifier uses specific parameters based on the information in the candles to produce the signals. Since each broker may have differences you may find that on one broker chart there is a signal and on another there is not.

Q: What is the basic premise of the Forex Black Book?
A: The overall strategy for the Forex Black Book is to trade the trend. The Trend Indicator at the bottom of the chart uses a complex algorithm to determine a longer term view of the trend and gives the directional bias of the currency pair. The Signals also use an algorithm to determine momentum and accordingly, when the price action shifts back in the direction of the trend bias.

Q: What pairs should I trade?
A: First, the overall strategy for the Forex Black Book is to trade the trend. The Trend Indicator at the bottom of the chart uses a complex algorithm to determine a longer term view of the trend and gives the directional bias of the currency pair. The Signals also use an algorithm to determine momentum and accordingly, when the price action shifts back in the direction of the trend bias.

So to determine the "best pairs" to trade you should consider pairs that trend well. Pairs like the EURCHF, EURGBP and AUDNZD have been known in the past to range for long periods of time before making a larger move. So you might steer clear of these pairs in the beginning until you become more comfortable with the strategy. Currently, most pairs that include the JPY have been trending well and therefore have been very solid trading opportunities.

Most "cross pairs" that do not include the U.S. dollar may have higher trading cost, higher volatility and larger stops but conversely can pay larger returns. However, most of the majors that include the U.S. dollar do have lower trading cost but may not have the return you are looking for.

In the beginning, or until you have become completely comfortable with the strategy, you may want to limit your trading to a few major pairs like the EURUSD, GBPUSD, USDCAD and USDJPY and then gradually incorporate others like the EURJPY, AUDUSD, AUDJPY, CADJPY, EURCAD and CADJPY.

And maybe most importantly, no matter which pairs you choose to trade, you should have a personal trading plan to limit your account exposure and overall risk enabling you to maximize the profits when the market does move in your favor!

Q: What is the large red and green bar at the bottom of the charts?
A: The FxBB trend bar shows the trend bias for the currency pair. It is taking into account several different trends to formulate the trend direction. In general, red implies a bearish (down) trend, and green implies a bullish (up) trend. There are two shades for each color. The darker shades imply disagreement in the trends. For example, if the long term trend is up, implying a bullish trend, the shade is green. And for the same pair, if the short term trend is down, the shade would show as dark green. This is showing the disagreement in the trends speeds.

Q: What are the arrows on the chart and what do I do with them?
A. The arrows are the trade identifier signal. Green arrows indicate a buy signal, red arrows indicate a sell signal and yellow arrows indicate buy or sell with caution. **The ideal scenario is that the trend color and the signal color agree.**

Q: What are the U1-4 and D1-4 levels on the right side of the chart?
A: These are the "Up" targets and "Down" targets. In a buy the U targets are used as the take profit levels. In a sell the D targets are used as the take profit levels.

Q: How are the triggers, take profit and stop loss levels calculated?
A: The take profit levels are automatically displayed on the screen as U1-4 and D1-4. The stop loss levels are based on technical analysis and the last support or resistance to the left on the chart. Our triggers are not disclosed to protect the source.

Q: What pairs does FxBB work on?
A: It can be used on any currency pair. The idea is to trade currencies that are the more trending type. For instance you would want to stay away from the EURGBP because it's very slow moving.

Q: What time frames does the Forex Black Book work on?
A: The signals are designed to work on the 4 hour only.

Q: Why don't I see arrows on any other time compression?
A: You will only see the signal arrows on the 4 hour chart because this is where the signals are generated. Arrows on any other compression would be a false signal.

Q: Do you always start a trade at 4 minis/standards/micros
A: Yes this is correct. A person does not have to but it's the ideal scenario considering the different profit levels built into the system (4 take profit levels)

Q: Are there always 4 levels of take profit?
A: Yes.

Q: If the pair comes close to a T/P level, how close do you start clearing out trades?
A: Since we are working with such large targets I just look for it to get pretty close. I normally wait for it to hit but if I see it hit and miss the perfect exit I will still close some down even if it has fallen off by 15 or so pips. You can use your own judgment or rules on how close you want trades to be before taking profit.

Q: What happens when an arrow in the opposite direction appears when you are in a trade?
A: Nothing, a person could close an open position, but typically I ignore it. The reversal arrows are there because some people may want to scalp in the other direction which means technically both could be successful trades. This would only be the option for traders that are allowed to hedge.

Q: What kind of win/loss ratio can I expect with FxBB?
A: It is near impossible for us to quantify a win/loss ratio for the Forex Black Book strategy and here is why. This is due to the fact that results are solely byproducts of the end users strategy. Since we have no control over how each individual will enter, manage stop loss placement or manage take profit levels, we cannot possibly guarantee a result of any kind.

By providing any kind of historical win/loss record it might imply that it would guarantee a result which we cannot. For example, if while using our own trade strategy we were to generate a 4:1 win/loss that does not guarantee that trading the same exact trade signals that your win/loss or profit would be the same.

Only by using the FxBB with your own personal trading strategy over time can you develop a realistic win/loss ratio.