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The Magic Lines Trading System

A trading system that works
with all instruments,
indexes and currencies.

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1. Disclaimer

Commodity Futures Trading and Options trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. It is also possible for you to lose more than your initial deposit.

The information contained within the manuals supplied by Markets Mastered is for educational use and it is neither a solicitation nor an offer to Buy/Sell futures or options; We, Markets Mastered, do not encourage you to follow the steps and advice. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed in this manual or any web site's mentioned, including www.marketsmastered.com. The past performance of any trading system or methodology is not necessarily indicative of future results. If customers act on the information provided within this eBook then this is done at their own risk, and neither Markets Mastered, nor any of its employees, agents or affiliates can be held responsible for any loss of capital or investment to customers as a result of the information supplied, or advice given.

Because this system has been provided free of charge no support is offered. Full support is offered on all paid-for Markets Mastered systems.

By continuing to read this manual you confirm you have read this disclaimer.

2. Introduction

This trading system is suitable for new traders and also ones that have spent many years earning their wages from the markets.

If you are just starting out and you have not found a system to trade yet, this can be used as a simple, easy to use introduction to trading the markets, as it uses absolutely no indicators at all. There is nothing complicated to learn – it is a simple concept that you will pick up in half an hour. Believe me, if it



takes you any longer, trading may not be for you, and you may have to start thinking about another career!

If you are already a trader who earns money from the markets every day – you can take this simple strategy and add it to your own system and earn a bit more money each day.

It will work on any index, instrument or currency pair. If you can have a chart up on your computer screen, you can look for this strategy. It works on all timeframes as well – one and two minute's right up to daily and weekly charts. I have been using the strategy for the past 5 years, and it does work, simple as that!

Just a quick point, this eBook is free to distribute and post on the internet, email out to friends and family, upload to document sites, do whatever you wish with it. Just one favour I ask, don't remove any links back to Markets Mastered – fair enough?

3. Trading Platforms

This strategy consists of trading the markets via spread betting, and can be achieved with ease in most parts of the world except for a few countries, including the USA and Australia where spread betting is illegal. Spread betting enables you to be able to earn money in the markets without paying income tax on the winnings, so making a career of successful trading an even better proposition. If you have had no experience at all in trading by this method, or you are completely new to trading, I will give you a list of companies that you can open an account with and get started today with charts etc.



I have been spread betting ever since I started trading full-time in 2000, and my favourite companies are IG Index, Finspreads, Capital Spreads and more lately – GKFX.

You must start your trading education by demo or paper trading and the websites below will allow you to open a demo account and enter their training programmes. With IG Index you can also trade at just 10 pence per pip (point) while you get the hang of spread betting and this level rises during the six week of their ‘Trade-Sense’ training programme. I would encourage you sign-up for this programme as it will give you a good grounding in trading/spread betting and is completely free once you have signed up for an account. As is common with most spread betting companies, you do not need to deposit any money to open an account.

To sign-up for the IG Index ‘Trade-Sense’ training programme you need to apply for an account first of all so just click on the following link:

<http://www.igindex.co.uk/spread-betting/apply-online.html>

The IG charts are not the best to use when you start to trade, I would recommend you sign-up for a GKFX (formerly Smart Live Markets) account instead.

A GKFX demo account will be all you need to start with – for their trading they utilise an MT4 platform which is widely recognised as a good platform to use for your everyday trading, although my trading system does not need such a comprehensive charting package. You can sign-up for their demo account by clicking on this link:

<http://www.smartlivemarkets.co.uk/lap/CreateDemo.aspx>

I also have a Capital Spreads account as it is a very simple, easy to use trading platform and they have a spread of just 4 pips which is what you really need to aim for when trading this system. They have also instigated a training programme similar to IG but there are a few stipulations ie: you



need to deposit £100 into your new account before they will send out the educational material. You can sign-up for a Capital Spreads account from this link: <http://www.capitalspreads.com/public/open.shtml>

However, do not bother with their demo account, it is quite slow and not that life-like in my opinion. Customers have confirmed this as well. Due to stricter FSA rules since the banking crisis of 2008 all spread betting companies have tightened up their criteria for anyone wanting to open an account, so my advice to you when filling out an online form for any of the companies I have listed in this chapter, it would be advantageous to state that you **HAVE** had previous spread betting/trading experience and you have liquid funds of **at least** £10,000 and a salary of **over** £25,000. I gleaned this information while I was trying to open an account with a large spread betting company in London for my eldest son, who was 19 years old at the time (and at University full-time) and we did have 3 attempts at opening an account before we were successful.

So in summary, open an account with IG Index to take advantage of their training programme (Trade-Sense) and sort out a demo account with GKFX (links above) The charts from Capital Spreads are good enough to use for paper trading, and I will explain this concept later on in the manual. IG index also have some excellent seminars which you can access via their website, and they will walk you through all the basics you will need to know when starting off on your journey in learning to trade. Click this link to watch the seminars on your own screen: <http://www.igindex.co.uk/spread-betting/on-demand.html>

Here are a few other websites you may wish to have a look at:

<http://www.finspreads.com/>

<http://www.worldspreads.com/en/home.aspx>



<http://www.cmcmarkets.co.uk/>

Getting familiar with your chosen trading platform is imperative to your trading success, so once you have opened either a demo account with GKFX or an ordinary account with one of the other spread betting companies I have listed above to do some paper trading, **you must spend at least 3 to 4 hours getting to know all the options and features of the trading platform.**

It may take you longer, but however long it takes, just go with it, you need to understand the basics of charting. All the companies have a user guide to help you familiarise yourself with the main features, so do not skip over this part of the learning process. It would be impractical of me to write instructions for all the trading platforms available, even though setting up the charts for my strategy is very straightforward, so please familiarise yourself with your chosen platform.



4. Setting up your chart

This system doesn't use any special indicators and simply requires you to have the chart setup to display movements as candles (rather than as a bar graph). Setting up your chart is as simple as that.

If you're chart doesn't look exactly like the screenshots, don't worry it may just be a case of changing the background colour, or the colour of the candles. The chart below is from GKFX



5. The System

To be able to understand the basics of this system, you need to know the concept of support and resistance. In this short eBook, I am not going to go into the whole subject; there is plenty of stuff that you can read on the internet. Stockcharts (<http://stockcharts.com>) is one good site you can visit to get you started. Below is a screenshot that demonstrates a lot of support and resistance levels. Once you have spotted one of these levels, you are half way through this system.



Now that you understand the concept of Support/Resistance the next step is to see what we are specifically looking for. Have a look at the screenshot below to show.





That chart image shows three candles hitting a resistance, then the price trying to go higher

We are looking for a line (level) of resistance of at least 3 candles that has an attempted breakout that level. Below there are two more examples.



Most of the examples I have shown you so far is where the price (candles) have broken through a 'resistance' level but obviously it could be breaking through a support level. There will be examples of this later on.

6. Spotting a Trade

Now that you understand that bit, it is time to introduce the actual trade signal. When the price tries to break through the support/resistance line and comes straight back (As you can see in the screen-shots so far) you then have the basis of a trade. It is the candle that has tried to break through the support/resistance that provides you with the trade signal, so concentrate on just that candle. If we have a situation where the price (a candle) has broken a resistance line, mark a line on your own chart at the bottom of the candle that actually breached the resistance level. Conversely, if the price has gone through the support line, mark a line at the top of the candle that has breached the support level.

Some screenshots below will show you what exactly mean. A picture is worth a thousand words etc.....

In the screen-shot below, you can see where you place your 'trade entry level' line - the same candle that has breached the support or resistance line, just the opposite end to the support/resistance line. Easy!!

I will now show a series of screenshots that will explain everything. It really is a very simple strategy, and will not take you long to get the concept in your head.

I have been trading the strategy for so long now, that I don't look for it, I just see it when it happens and then I mark the entry line. After a while, that will happen to you. As with everything in trading - it just takes weeks/months of practice. Most new traders think they will be professionals within a few months. Sorry - but I have some bad news.....





So there we have it – a very simple system. The candle that breaches the support/resistance line is used as the entry level – but just at the other end!! The rest of the manual will have more examples I have found on my own charts.







7. Conclusion

So there you have it – a simple, easy to understand strategy. You are not going to get instantly rich from using it. Just use it to give yourself an extra 10 or 15 pips per day (if you are using charts under **one** hour) although, as I mentioned it can be used with any timeframe.

If you are using one or two hour charts, you may get 20 to 30 pips from a trade. Don't be greedy and take what the market gives you. The same goes for stop loss levels. Stick with 10 or 15 pips if you have a daily target of around 20 to 25 pips, or a bit more if you can see a decent trend in place.

Use your own common sense, and if you are still a newcomer to trading, paper trade the strategy for a couple of months.



I hope you enjoy trading it as much as I do, and I also hope it is as profitable for you as it is for me.

To read about my other profitable trading systems, just visit [Markets Mastered](#). I have strategies for trading after you come home from work in the evening, or trading at any time that suits you, and even trend-following systems. You can also follow 'My Trading Day' and see what I get up to while trading as a full-time job by [visiting my blog on the website](#).

It does not matter if you are a complete beginner to trading or a seasoned professional; I have something for all of you.

I will look forward to hearing from you soon.

With my best wishes,
Nick

To see other trading systems available from Markets Mastered, visit:
www.marketsmastered.com

All paid-for systems come with unlimited support and a 60-day money back guarantee

