

CURRENCY POWER STRENGTH STRATEGY

TRADE THE STRONGEST VS WEAKEST PAIRS
WITH THIS UNIQUE STRATEGY



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TRADING STRATEGY GUIDES

The **currency strength indicator** is the secret weapon of successful trading. Through this trading guide, our team of industry experts will reveal our proprietary currency strength indicators pack. You will learn why our in-house indicator is superior along with an unorthodox **currency strength trading strategy**.

Looking at a chart to determine what currency is strong and what currency is weak can be quite confusing.

When you factor in the intraday noise or the multi-time frame analysis things can get even more confusing. If you throw into the mix the action of the same currency against a basket of other currencies, you realize that determining the strength of currencies is not such an easy job.

It may be the case that on the 15-minutes chart the EUR is the strongest currency against the US dollar. However, when analyzing the same currency pair on the 1-hour and 4-hour charts, you have a new revelation.

The new inputs can show you a different story and the EUR/USD may be in a severe bearish trend. In the forex market, these types of conflict analysis happen all the time.

Conflict signals on different time frames, and across different currencies is the norm.

When the forex charts can't make it clear the strength of a currency, that is where a **currency strength indicator** comes into play.

Before we reveal our currency strength trading strategy, let's first lay down the foundation.

What is the Currency Strength Indicator?

As the name suggests, the currency strength indicator is an MT4 custom made indicator that is designed to reveal the strength of a particular currency pair against other peers. At the same time, the relationship between the currency pairs is organized according to their level of strength or weakness.

The currency strength indicator MT4 will help you make sense of conflicting market trends. However, not all currency strength indicators are created equal.

Some can be based on the rate of change ROC, or the RSI, or the CCI or some type of Intermarket correlation.

So, the formula to calculate the strength of a currency meter.

If the currency strength formula is wrong, the whole strength readings will be misleading.

Our team of industry experts uses more than the change in price over a fixed period of time to calculate the currency strength. We use a proprietary trading formula that aggregates prices from multiple time frames and apply our own weightings to produce the most effective currency strength indicator.

Our proprietary formula to calculate the currency strength works better than all other free currency strength indicators combine together.

We're going to demonstrate how is that possible by revealing how one of our team members trade with the currency strength meter.

So now the question is...

How to use the currency strength indicator to:

- Determine which currency pair is the strongest/weakest
- What is the most effective method to combine the currency strength values
- How to time the market

Here's how...

How to Use Currency Strength Meter

Basically, there are two standard methods to use the currency strength tool:

- As a trend-following tool
- As a trend reversal tool

Let me explain...

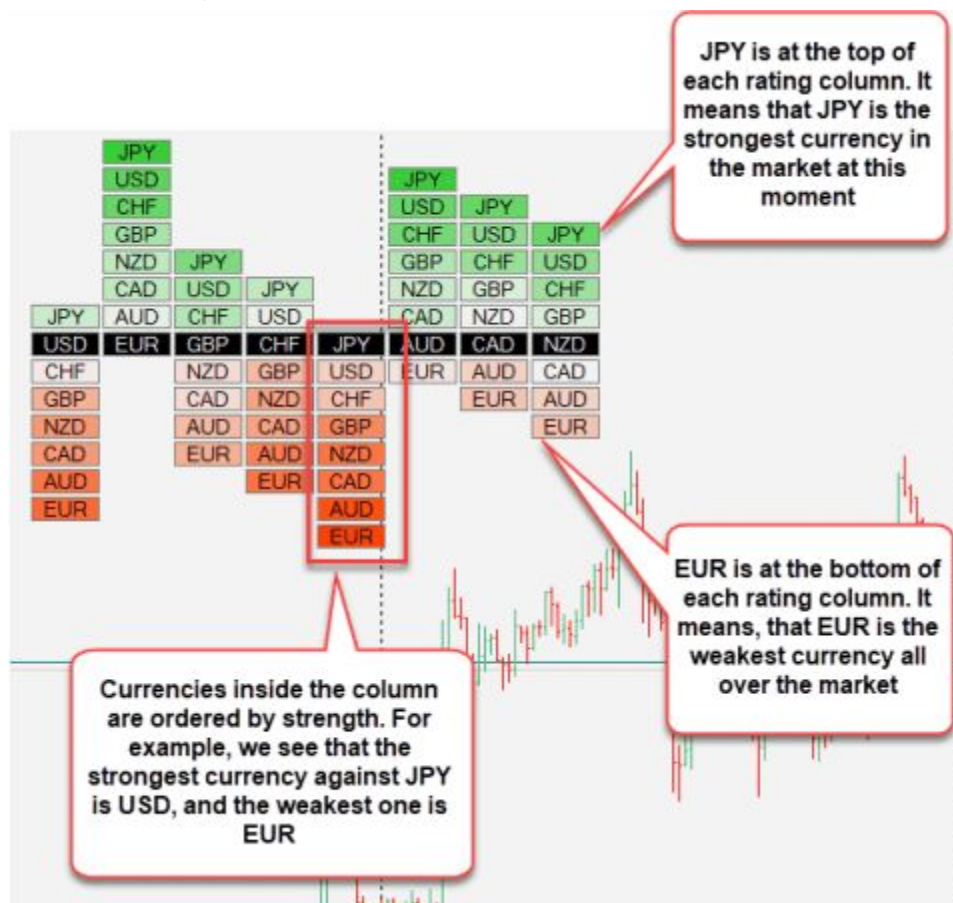
When using the currency strength meter, we analyze each currency individually rather than currency pairs. The whole idea is to identify the strongest currency and the weakest currency so you can choose the right currency pair to trade.

Obviously, the basic idea behind the currency strength strategy is to buy strength and sell weakness. In other words:

- Buying the strongest currency against the weakest currency

- Or, Selling the weakest currency against the strongest currency

See the currency heat map indicator below:



For example, the strongest currency pair right now is JPY, and EUR is the weakest. The biggest potential deal is to sell EUR/JPY.

This is nothing more but a form of trading in the direction of the trend. Or, trading with the prevailing momentum.

Additionally, forex traders can wait until one currency shows an extreme strength reading and another currency shows extreme weakness reading and try to trade a reversal.

The second trading approach is riskier as currencies don't have a real intrinsic value. Here is the thing...

The risk is for the currency to continue getting stronger and stronger (weaker and weaker) and you'll be stuck in a bad trade.

If you manage to lay hands on our in-house Currency Strength Indicators Pack you're going to get a 3 in 1 indicator.

See below all 3 indicators in action:



Our currency heat map (part of the 3 in 1 currency indicator) can help you gauge when a currency is losing its strength and a reversal is coming.

More on that below:

Currency Strength Trading Strategy

Our currency strength trading strategy can make you a better trader.

You can either use it as a standalone trading strategy or simply use it as a confirmation tool.
So now the question is...

How to identify strong and weak currencies in forex trading?

We like to rely on our complex mathematical formula behind the Currency Strength Indicators Pack to measure the strength and weakness of a currency.

We use the currency strength indicator to pair the strongest currency against the weakest currency, so you can take advantage of the momentum from both sides.

For example, according to our Currency Heat Map indicator right now, GBP is the strongest currency and CAD is the weakest.

See the currency heat map below:



If we pair the two currencies, we end up with the GBP/CAD pair.

See forex chart below:



As you can tell buying GBP/CAD here would be a big mistake.

Why?

To be honest, buying here is like chasing the market after a big rally.

As you can tell the currency strength indicator is meaningless if you don't know how to properly use it.

Well, that's what we're going to reveal next, so stay tuned...

If you want to learn more about our proprietary currency strength indicator, here is a quick overview of its 3 main features:

1. **Currency Strength Indicator** - This indicator places itself in a separate panel and shows a diagram of strengths for each currency for the current time frame. It can show you how the historical changes in the currency strengths and what strength they have right now.
2. **Currency Heat Map Indicator** – Is very helpful to see the market state in global. It shows all possible relationships between pairs and arranges and colors them according to their strength or weakness.
3. **Currency Strength Color Desk** – Gives you an overall view of the market in a compact view. By comparison with the other 2 indicators, this one works with all TFs and shows the summarized result info by painting currencies with different colors. It also provides a final recommendation for each currency, using all time frames for making assessments.



Now, what's next?

Obviously, we're going to show you how to combine all the 3 main features and trade like a pro.

At this point, we're going to show you three different trading strategies that you can follow to properly read the strength and weakness of the major currencies.

Note* Our proprietary indicator is so versatile that can be used in more than one approach.

Strategy #1: How to Use the Currency Strength Indicator

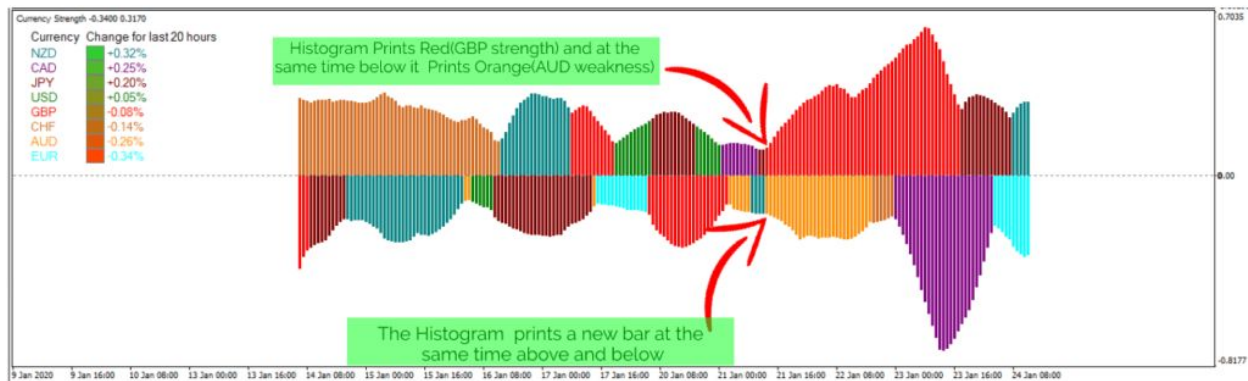
We like to start things off with the currency strength diagram found below the chart.

Here's how we like to use our diagram...

As a general rule, we want the currency strength to print a new histogram bar with a different color above and below the zero line and at the same time or within maximum 2-3 histogram bars.

No better way to explain this than by showing you directly on the currency strength histogram.

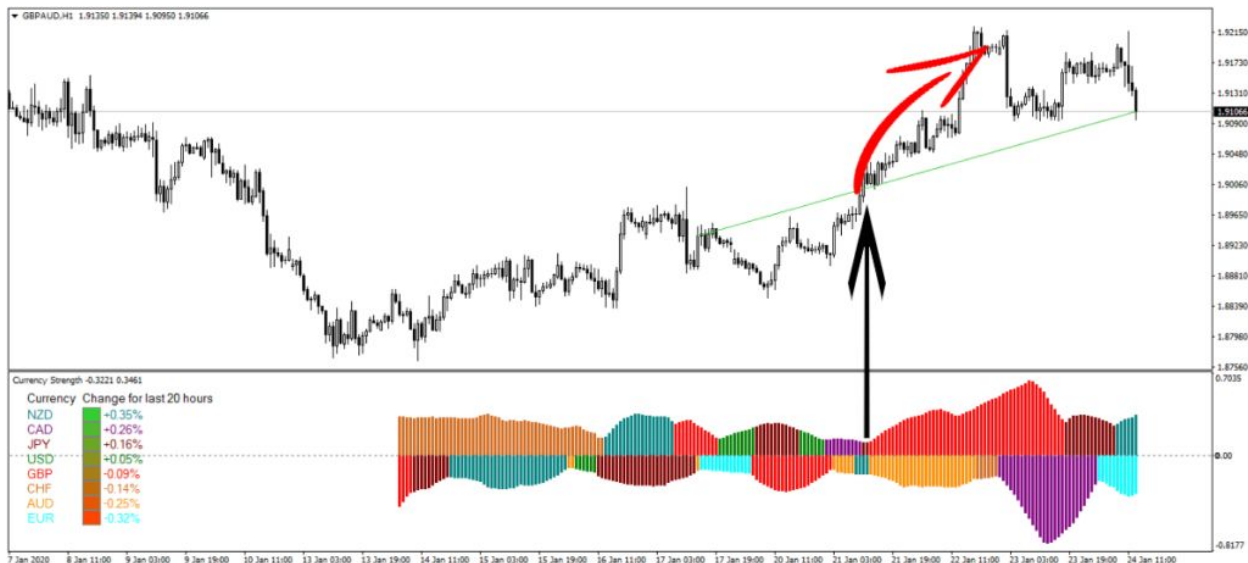
See below:



Note* each color is associated with a specific currency.

The technical readings of the GBP/AUD chart also confirmed that buying the currency pair here is a good trade.

See the chart below:



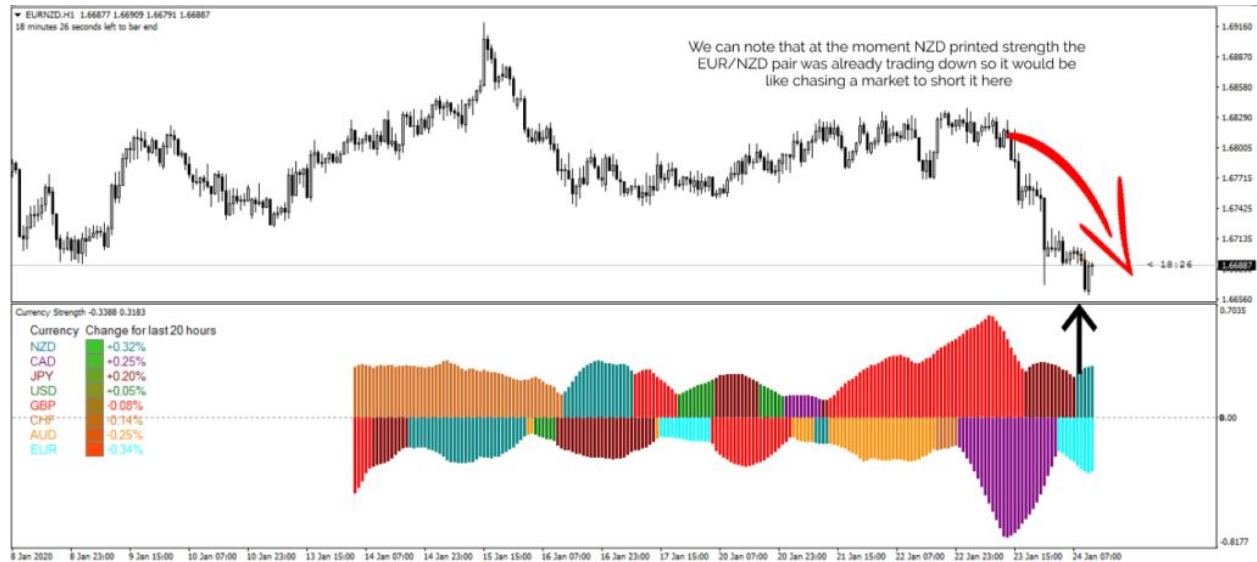
According to our proprietary currency strength current measurements, we can distinguish the following:

- The NZD (turquoise) is the strongest currency

- And, EUR (light blue) is the weakest currency

However, there is an issue; we can see that it breaks the first trading rule.

The strength histogram doesn't print NZD strength and EUR weakness at the same time or at least within the first 3 histogram bars. The NZD strength only appears after the EUR already printed 6 histogram bars of weakness.



So here's the lesson that you need to learn...

The currency strength indicator can only help you if you know how to read it correctly.

Next...

Strategy #2: How to Trade with the Currency Strength Heat Map

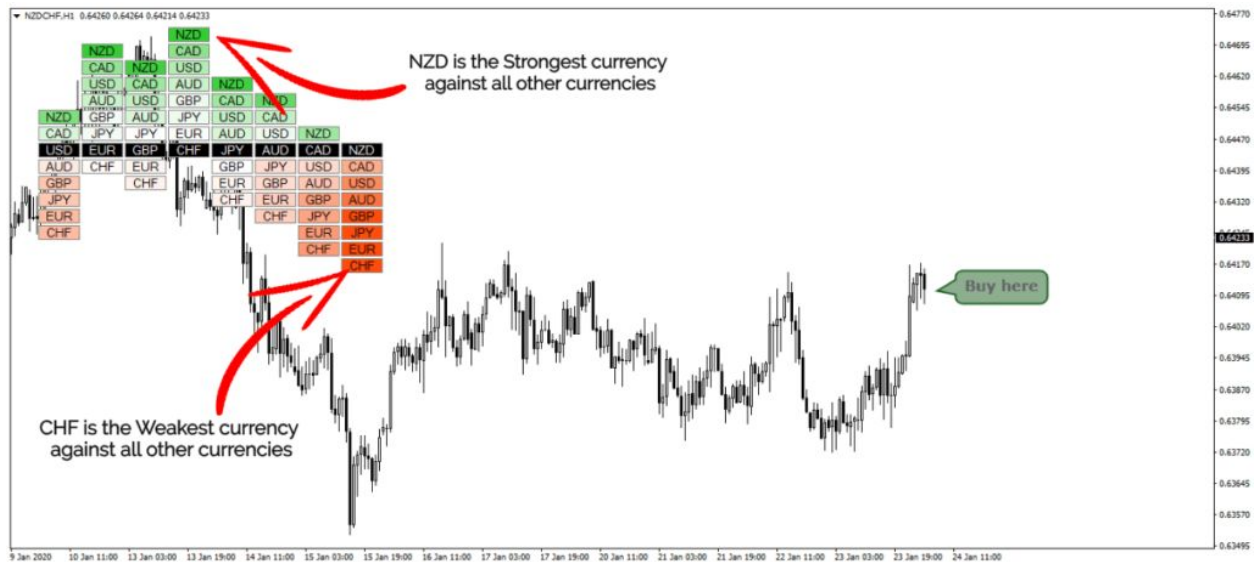
We like to trade using the currency strength heat map to scalp short-term bursts of momentum.

The heat map can be used as a good barometer to gauge the short-term strength and weakness of currencies.

And here is how we use it...

According to the current heat map readings, NZD is the strongest currency against all other major currencies and CHF is the weakest currency.

As a result, we pair the two currencies and end up with NZD/CHF, which has a potential buying opportunity.



After a few hours of trading activity, here is the outcome of that trade :



The strongest currency continued to strengthen and the weakest currency continued to weaken. Next...

Strategy #3: How to Trade with the Currency Strength Matrix

The currency strength matrix is based on the price action and the inter currency correlation.

In comparison with the other two strategies, the currency matrix will give us a more detailed view of the strength of the currency on multiple time frames.

Additionally, the matrix will also reveal the average strength across all time frames.

This will give us a brief overview of the overall currency strength and weakness.

The forex chart below will reveal how our currency strength matrix looks right now:



On a closer look we can see that despite the CHF is the strongest currency, on the intraday time frames we can see a different story.

Here is how it works...

When all the time frames converge and point in the same direction you know we have a strong reading of the currency strength and weakness.

Let me explain...

If we study again the currency matrix we can note that the USD is showing a constant reading across all of its time frames.

The different shades of green on all USD time frames show real strength. At the same time, the EUR is displaying different shades of red across all time frames, which means that it's the weakest currency.

Here is how it looks on the chart.

See below:



Final Words – Best Currency Strength Meter

The **currency strength indicator** can be very appealing especially for beginner traders who are still in the process of learning how to trade. This is the best currency strength meter that you'll ever find as in order to give you accurate readings of the currency's strength we use 56 charts simultaneously into our proprietary formula.

Here is a secret all forex traders need to know. Instead of trading currency pairs, try trading individual currencies as a whole. To accomplish this you will need to determine the strongest and weakest currencies to trade. And here is where our proprietary Currency Strength Indicators Pack comes into play.