

FOREX REBELLION SEMINAR #1 TRANSCRIPT

ROB CASEY & RUSS HORN

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Rob Casey:

Hi. I'm Rob Casey, and welcome to the Forex Rebellion Seminar. Tonight we have a special guest on the line. We have Russ Horn, the creator of Forex Rebellion on the call with us. So we're going to be picking his brain and pulling out any kind of tips and tricks we can.

And in case you've been living under a rock this last three weeks, three weeks ago Forex Rebellion – a fantastic manual trading system – was released into the world and the results, so far, have been outstanding.

I'm really proud to have Russ on the phone with us tonight. Let's just get right into it. Russ, how have things been going so far?

Russ Horn:

It's amazing. I didn't expect this kind of response for a manual trading system.

Rob Casey:

Oh, I can imagine. I think that it's one of the best manual trading systems I've seen in years, so I'm not too surprised that you're getting overwhelmed. But you're handling it well, so that's awesome.

Russ Horn:

Yes. It's been busy, that's for sure.

Rob Casey:

So tell me, I think a lot of people are curious. How did you get from – we've seen part of the story on the website – but how did you get from t-shirts to a trading system? That's quite a leap and I think that it'd be pretty inspiring for a lot of people to hear that.

Russ Horn:

It started a few years ago. It was about six years ago I guess. I just wanted to do better for myself. I was working printing t-shirts at this little t-shirt shop that kind of got dropped in my lap. And I didn't really like doing it. It was a lot of hard work and it was just something that I really had no intention to keep doing.

But at that time, it was what paid the bills and I just had to keep going with it. At one point though, I decided I had a couple bucks in my pocket so I figured I should make some of this money work for me.

I didn't know much about investing or stocks or Forex or anything like that. I asked around. Some of my friends were doing okay. They were investing a little bit of money and making some decent returns.

So I talked to some of them and one guy in particular put me onto a certain investment and it did pretty well for a while. For a few months, I was making about 15% a month.

And this company that was taking care of the investments ended up going belly-up. I don't know if it was a legal thing, but they ended up being no more. But the bulk of their return was in the Forex markets. And I figured *Well, this is how they're making their money. Maybe I could do something like this as well.*

So I just started from there. I started to investigate it, got really overwhelmed, and then I quit, and then I got back on the horse again and it just kind of snowballed from that point.

Rob Casey:

All right. So how long did it take you from the time you sort of got into trading to the time that you were profitable with your trading? Because we all as beginners go through that rough spot, right?

Russ Horn:

Yes. That's a rough spot we all go through. Honestly, it took me about two years. It wasn't something that I got the hang of really quick. I got really overwhelmed right in the beginning.

But yes, after about two years I finally got the hang of it. There were a couple of people out there that were willing to help me a little bit, and I finally got the knack for it. So yes, about two years.

I was profitable in the beginning – I think because I didn't know enough – so my systems were simple. And as you get into more and more indicators and things, then you start to get yourself into all kinds of trouble. You figure more indicators are better, and it ended up not being the case. But yes, I think about two years until I was consistently profitable.

Rob Casey:

All right. That's a common thing that a lot of people don't realize. Is that the more complicated a trading system is, the less likely it is to work for a long period of time.

Things get sort of over-optimized or over-fitted the more indicators you pile on top. And it works for one particular situation, but it doesn't work a month later. So I think yes, the simple trading systems usually win out in the end, don't they?

Russ Horn:

Oh, all the time I think. Yes.

Rob Casey:

All right. We have a lot of questions. I'm sure you've have a lot of questions that have come in through your support, and I've had a lot of people E-mail me with questions about Rebellion and I think that a lot of them are common questions because I seem to see a lot of common questions myself. So maybe what we'll do is we'll just sort of run through some of those common questions, and then talk a little bit more near the end about where you're going with Forex Rebellion.

I know from talking with you the other day, it sounds like there are some big plans ahead for Rebellion, and I think everyone is going to want to hear some of that. If, of course, you're willing to share that stuff.

Russ Horn:

Sure. This is the beginning. I've been doing this for a little while and I had no idea that the Rebellion system would take off like it has, so in that vein I'm just adding to it. I have lots of ideas. We'll cover them a little bit later. But yes, I've got some small ideas and some big ideas for Rebellion in the future.

Rob Casey:

Oh, that's cool. The response that I've been getting back has been tremendously positive. And it just seems so easy to pull pips out of the market with your trading system.

And I think that one of the problems that some people might have coming from a background of mostly trading EA's where it's fully automated, is not so much the trading systems but they're not just necessarily used to placing trades themselves. Actual order entry and actually setting the stop losses and that sort of stuff. The mechanics of manually trading.

Have you found that as well with the support questions you're getting?

Russ Horn:

I have. I was actually kind of surprised. I didn't think that I would get many E-mails. When I put the system out I just kind of assumed that there would be manual traders picking up a manual system. But no, it turns out that there's an awful lot of robot traders, EA traders, that have never placed a trade. And they don't know their way around a trading platform.

And it did actually kind of take me surprise. And in that respect I'm going to be doing several videos in the download area to kind of help with the new traders as far as that goes.

Rob Casey:

Oh, that's awesome. I think that'll be a welcome addition for some of the new traders to manual trading for sure. Right on.

So my next question, and I guess it's kind of a take on that. I guess I'm jumping ahead a little bit. I was going to ask about the EA issue, but I'm going to do it now since we're sort of on the topic.

Are there any plans? I mean some people have asked me why you built the indicators for this thing. Why stop at that point and not just turn it into a full EA. Is that something you plan to do?

Russ Horn:

It is something I plan to do. We've got that EA, that Trade Assistant, on the site now. That was a very last minute addition. I didn't intend for that to be in the system, but it was a last-minute addition. It was something that we thought could help some of the newer traders anyways.

Again, I didn't realize there were going to be like some brand new traders but, in this case, it would help the newer traders.

I've never trader with a Trade Assistant before now. I really do like some of the features that it presents. That would be the alerts.

But because the Trade Assistant is integrated into the system, it won't take much to turn it into a fully automated robot, and I do have a guy working on it as we speak, actually.

Rob Casey:

Okay. Awesome. I think that a lot of people are looking forward to that. I like manual trading, but I know that some people are a little bit concerned with it.

But you know what I've been hearing a lot of, I've been getting E-mails from people that say things like "I'm a little bit unsure about placing an order" or "How do I do this?" when it comes to order entry.

And a week later I got an E-mail back from the same guy and he's saying, "This stuff's a snap. I don't know why I wasn't doing it months ago," and it's just that I think a lot of people might have that initial fear of placing their own orders just because they've never done it.

And if you're trading on a demo account, there's no fear at all to get in there and get it done and you'll find out how easy it is after you've done a few.

Russ Horn:

I think with an EA I hate to use the word "blind" to the fact. But when you are using an automated robot, you don't see the negative aspect. You don't get that emotional cringe.

When you're trading manually, you place your entry and it goes well. That's a great thing. But a lot of times before it goes, well, it goes bad. You place your entry and it will go 10-15-20 pips in the negative before it goes into the positive, and when you're trading a robot you never to get to see these really. You just sort of trust that the system, that the robot is going to take over for you.

When you're trading a manual system, all of that power now is in your own hands. I think it's a nice feeling when you can finally make it work for yourself. You realize that power to make money is in your own hands now. I think that's a wonderful thing.

Rob Casey:

Yes. Yes. No kidding. I couldn't agree more. I think you're right. You were talking about going blind as well with it, or trading blind with the EA. That's one of the things that I loved about Rebellion – is the fact that you really can see what's going on underneath.

Everybody that trades Rebellion can understand exactly what it's doing. It knows what the rules are and it knows why it's making the signals, the suggestions that it's making, and because it's open like that, and the system is simple enough, that everybody can understand it.

You've put so much into making all the videos and all the content that walks people through it that anybody that spends the time going through your material is going to have a good understanding of the system.

Russ Horn:

That's true. That's a good point. I want to make sure that people understand what it is that they're doing when they're trading. And when they do come out with the robot, once it is released it's not going to be a black box kind of thing, it's going to run. It's going to do what it does.

But I'm going to make sure that everybody understands why it's placing the trade, why it's following the trade along, why we're taking profit at these levels. The robot is going to be an automated version of the manual system and everybody is going to understand exactly how the robot is working.

Rob Casey:

Yes, that's great. I think that's what makes some people who are manual traders nervous about

trading an EA, just because they really don't know what's going on under the hood. I think that your approach is really good. That's awesome.

Okay. So I kind of jumped ahead with the EA thing. I was going to leave that to the end, but I was on the topic and I got a little excited and I wanted to hear about it.

So I'm going to move back to some of the questions that we've been getting. I think one of the big questions is which timeframes do you like to trade most? I mean you can trade all the timeframes, but certainly, certain timeframes are more profitable than others. What do you think?

Russ Horn:

Yes, I agree. Especially lately. The one-hour timeframe is my favorite. It's always been my favorite and I love it. It seems to be one of the smoothest timeframes. And the win/loss ratio is really good.

I can trade the four hours and the dailies and have a very similar win/loss ratio. But I've noticed over the past weeks the 15-minute and the 5-minute aren't as good as they used to be. They're not as smooth anymore. They're a lot more volatile.

I'm suggesting to people that ask me to actually stay away from the 15-minute until the volatility smoothes out a little bit. But I like the one-hour the best. Yes.

Rob Casey:

Okay. That's really good advice. What about the trading session? Is there a particular trading session that you prefer to trade? Or, I guess it depends on the currency pair, right?

Russ Horn:

Yes. Right now because of the E-mail support that I'm doing with the Rebellion system, my hours have been kind of juggled around a little bit. But I trade the Asian session and that starts at 7:00 p.m. EST. And I trade the Japanese yen pairs, the Australian dollar, and the New Zealand dollar pairs. So that would include like the EUR/yen, the pound/yen, the US dollar/yen, the Aussie/yen. These kind of things.

The Australian dollar/U.S. dollar, the New Zealand dollar/U.S. dollar. Whichever pair has a yen in it or an Australian or a New Zealand dollar, they start moving around at the open of the Asian session.

Then at 2:00 EST the London session starts. Now this will open up all the other pairs. So everything else that's out there will start to move.

I find that it works really well, straight through until the middle of the New York session. This would be about noon EST. The New York session is still going at this time, but it's kind of all by itself so there's very little motion.

You'll notice just by looking at a chart that everything just dies. It comes to a standstill. So I'm out of the market usually around between noon and 2:00 EST. And I'm pretty adamant about not placing any new orders after about 10:00 in the morning EST, just because of the upcoming sideways movement.

Rob Casey:

Right. That's interesting. Because one of the reasons I actually started first looking at Rebellion, and I contacted you before it came out so we could talk about Rebellion, because I was looking for a trading system that traded in the sort of opposite timeframe that the scalper system from FAP Turbo trades. Because FAP Turbo trades in that sort of Asian session, but it doesn't trade the Asian pairs, right?

So it tends to want to scalp during that consolidation, that sideways movement, which is fine during that period for FAP Turbo. But anything outside of that timeframe isn't suitable.

And that's when I came across your system because you kind of got the entire timeframe outside of that covered and that's awesome. I mean that makes it really easy for me to trade because I can trade both systems and they fit really well together, so that's great.

Russ Horn:

There's usually a time for anybody. Again though, the end of the New York session is kind of dead time and it's not very good for trading. But yes, there's the Asian session. I think I started mentioning it before because my schedule has been sort of messed around a little bit.

I trade at the beginning part of the Asian session, and then I'll sleep through the London session. And then I'll get the first half of the New York session. And there's always something to be had. There's always a trade to be made during that little window of opportunity that I traded in.

Rob Casey:

Okay. I'll definitely watch for that. That's awesome. So talking about pairs, one of the questions that I have – and I think I've seen it a few times as well. I'm pretty sure you've seen it come through too.

A lot of times Rebellion will signal – and I'm just thinking of the Japanese pairs right now because that's my latest example. A lot of times the USDJPY, EURJPY, and GBPJPY – because they're so correlated and tied to the yen, a lot of times all three of them will signal fairly close to each other and indicate an entry.

Because they're so similar would you actually trade each one of those? I mean to me that seems like you're taking on extra risk if you actually try to trade all three. You're maybe better off just trading one. What do you think of that?

Russ Horn:

If you're trading all three you get a signal at the same time. You're literally tripling your risk. I mean you could potentially be tripling your profit, but I think it's more important to look at the risk at the time.

So if you're potentially tripling your risk that's not good. I don't like that. So what I end up doing is I pick the nicest one out of the three and I'd go with that one. Maybe I'd trade two – not usually. I'd stick to just one and go from there.

Rob Casey:

Okay. Great. That's kind of what I've been recommending. I'm glad you didn't make me a liar. I think that makes good sound common sense. I think a lot of times people don't really consider that, but that's really great advice.

Russ Horn:

I guess this is a little off topic, but it kind of fits in here: Is managing your risk. You have to limit your losses. And if you're trading three correlated currency pairs and some fundamental news happens regarding the yen, it can all go against you.

And this, in my opinion anyway, isn't good money management. You're really exposing yourself to some potential heavy losses and it's just not the way that I like to trade.

Rob Casey:

No, that makes complete sense. That's really good advice. Well, speaking of news, if you know that there's news coming do you stand aside, even though you might be getting a signal?

Russ Horn:

Not always. It depends on the news. Of course there's the non-farm payroll that comes out 8:30 EST every first Friday of the month. That's one I will stay away from. I don't want to touch it. I don't even watch it. My computer's off and I'm just sleeping in.

Rob Casey:

Yes.

Russ Horn:

There's so much other news going on that could potentially move the market. That if you were to pay attention to all of it you'd probably never be trading. You'd be trading in that dead zone in the late hours of the New York session.

Rob Casey:

When nobody cares.

Russ Horn:

Nobody cares. But there's a lot of news that moves the market, and this is kind of why the market moves. So I won't stay out, but if there's something big happening I'm going to make sure that I'm aware of it and just watch.

I could be in a trade and there could be a nice setup. And I'll take the setup, I'll take the trade, and I'll just pay attention. If it starts to move aggressively against me I might get out of the trade a little early.

But no, I'll just be aware of what's going on. I don't necessarily need to stay out of the market at these times.

Rob Casey:

Okay. That's a good point. I think that non-farm payroll and...

Russ Horn:

The FOMC.

Rob Casey:

Yes. I was going to say, that's about the only two that I really focus on myself. But non-farm payroll, I think anybody who's trading it is playing with fire. Personally I've never had luck trying it. I know people that have tried to straddle.

Russ Horn:

I've done that too and it [inaudible] directions.

Rob Casey:

What's that?

Russ Horn:

I've done that back in the day when I was new. I thought I could straddle the non-farm payroll. I thought I was being smart. But it would shoot up one way, and then it would totally reverse and shoot down the other way and I'd end up losing in both directions.

Rob Casey:

Yes, I've been through that too. And I'm sure that there's a few callers on our line right now that have had that much fun too. So I'm glad we've spread the fun around on that one.

So what about holidays? I've seen you stand aside on holidays, right? Is that kind of a standard thing?

Russ Horn:

Yes, I'll stay away on the American holidays anyways. There's always a little bit going on in the market, but I like to have a break too so I'll stay away on the holidays.

Rob Casey:

Okay. Well, I noticed something actually on Sunday. For most people in the world Saturday is like a great day. It's a day off. But as a trader I'm sitting there thinking what am I going to do? There's nothing to do.

Sunday rolls around. I'm waiting for the markets to open. And I was watching the USD/JPY – all the Japanese pairs actually. I was watching them and I noticed that they opened with a gap when the market opened after the weekend. And it got me thinking, because Rebellion also signaled that it was a good time to go.

And I was looking at it and I realized that it signaled partly because of this gap, this huge leap in the price when the market opened. So it kind of begs the question about trading that first couple hours after the markets open after the weekend. What do you think about that? Does it give people false security maybe?

Russ Horn:

I think so. There is stuff that goes on over the weekend fundamentally. I mean the world doesn't stop over the weekend. And there's a lot of these things that do affect the currency.

Now you open up on Sunday and you get this huge gap in the market. If you were to imagine the fundamental issue that happened during the weekend you could kind of fill in this gap with a rollercoaster of the currency pair, but you don't see any of that.

So trading a gap like this to me is a little bit dangerous. You're going into it a bit blind. You don't understand. There's a signal there but you can't see exactly how it came into being. You don't know if you're at the end of a signal or how it works.

Especially the gaps – I tend to leave them alone. I know there's a way that you can trade the gap and you kind of trade towards the direction of the gap. But that's not part of the Rebellion system and I just leave it alone.

Rob Casey:

Okay. Yes, that's good. That actually I think makes a lot of sense because it brings up another point. That sometimes you can see a signal – Rebellion is giving a signal – and maybe you've just switched that chart on or you just switched the timeframe for the chart. And the window comes up and it says "Everything is in line. Consider a signal for so-and-so pair."

But I think what some people aren't doing is they're not sort of considering when that signal first became valid. The signal may have been valid for the last two hours, so in some respects it's still a valid signal. But they're not sort of getting in right at the beginning of when the signal was first initiated.

Do you think people need to pay attention to that as sort of when the signal happened and when they're getting the signal themselves? Does that make sense?

Russ Horn:

Yes, it does. Yes, I understand what you mean. You open up your charts and it signals that there's a trade, but that entry happened four hours ago. Now the market probably has moved quite a bit since then.

And if I can't get in on the actual entry level, then I'm not going to take that order. Yes, you have to be aware, especially when you're just turning on your charts.

The Trade Assistant is activated. It has to scan now through the charts to find the signals, and it finds the most recent ones and it'll give you an alert. But it's just because it's had to look for one. And if you've just turned on your charts, chances are that the signal isn't valid.

But it's simply because the Trade Assistant has been turned on and has to now look for what happened in the past. And finds something that happened in the past, gives you the alert. But a lot of times, unless that entry level is current, then I'd say just wait for the next one.

Rob Casey:

Okay. I just want to get some clarification. Is it that it's not valid if it's a little bit late? Or is it just that it's not likely to be as profitable, so it's worth waiting? I mean is it not the case that all of the conditions are still inline so it's still valid?

Russ Horn:

Yes. If the conditions are still inline and the current market price is very, very similar to what the entry level was, then I'd say go for it. I've done that. I've done that on more occasions than I can count.

But if you get the entry level is at 1.5000 and right now the current level is at 1.6, I would say no. Don't take it.

Rob Casey:

Right. If it looks like you've missed a bunch of it already then just wait it out.

Russ Horn:

Exactly. If you missed a bunch of that trade you could be getting in at the worst possible time. So I would suggest to not take that trade and just wait for the next one. Unless the current market price is very, very close to what that entry level is.

Rob Casey:

Okay. And I guess this is where it pays to really understand how the signals work. Because if all you're doing is watching the alert window pop up. And you happen to be there when the alert window first comes up and it first signals and it's giving you the signal right when the conditions first become valid, then you can go ahead and place the order.

But if you're looking at it and it's been valid for an hour, so you kind of need to know how the rules work so you can walk back on the chart a bit and see where the signal would have been first triggered. Right?

Russ Horn:

Absolutely.

Rob Casey:

In order to know what that level was when it first triggered.

Russ Horn:

Yes. If you can kind of just scan back a few candles and see okay, well, this is where the signal was. This candle here was the entry candle. Okay, well, the couple pips above or below or whatever the case is in the long trade. A couple pips above this candle was this price. And I'm sitting at that price right now and it's two hours later and everything is still in the right direction, then okay.

But yes, you have to be able to kind of go back a little bit and make that determination yourself. The Trade Assistant is simply an assistant. It's just suggesting to you. Yes, it's up to you to make that final call.

Rob Casey:

Okay. Yes, I think some people were getting confused with that and I think it's really clear now. And I think that most of the people I've talked to have been having really good, good, good success with the Trade Assistant.

Especially because it allows them to not have to keep manually checking all the rules. They could just watch for the Trade Assistant. They scan across their charts. When they find one that's all lined up properly and the Trade Assistant's telling them it's good to go, then they can go and look at the rules if they want to sort of validate it to themselves more closely. But it saves a tremendous amount of time for sure.

Russ Horn:

Yes, and we've updated it recently and it's got that horizontal line on it that actually shows you where the entry level is. That thing is amazing. I love it.

Rob Casey:

Yes. That is really nice because that saves a lot of work too for sure.

So here's another question. And I think it kind of comes back to the same questions before about whether you would trade two yen pairs at the same time, given that you're really kind of doubling your risk.

One person was asking me what you thought about trading the same pair on two different charts with two different timeframes. So you might trade the EURUSD on 30 minutes. And then also trade it on the one-hour chart.

Russ Horn:

Right. Yes.

Rob Casey:

It seems like you might be doubling up your risk again, right?

Russ Horn:

You could be. I have mixed feelings about this particular one. There is definitely a validation for that, especially if there's a gap between the timeframes. If you're trading the daily chart and then you're trading the one-hour chart, there is an awful lot of up and down movement in that daily chart that you could be getting some pips from.

You're going long on the daily chart. There could be a 100 pip movement downward, so you can capitalize on it on the hourly chart.

But if you're starting to get your timeframes really close together, possibly the one-hour chart and the four-hour chart, there is that play. You could be grabbing 20 pips or so on the one-hour chart while you're going in the opposite direction on the four-hour chart. But that starts to get a little bit dicey when the timeframes are closer together.

Rob Casey:

Oh, okay.

Russ Horn:

I used to do that actually. I did that quite a lot. I would trade the daily chart and I would also trade the hourly chart. And there's a lot of times that I was going against what the daily chart was. I was in a long position on the daily chart, and I would take all these little short positions on the hourly chart and make 20 pips out of it. And then the price would just carry on on the daily chart. And I did that a lot.

Rob Casey:

Do you think if, say you're looking at three different timeframes – I don't know, 15, 30, and one-hour – for the same chart, do you think having them all lined up provides any extra validation for, say, the shorter term?

Russ Horn:

I think so. If you've got the trend going up, and you've got a long trend happening on the longer timeframe, I think the upward movements on the shorter timeframes will be a little bit stronger. Yes.

Rob Casey:

So you might want to use multiple timeframes in that way to sort of act as an extra filter to try and pull out higher quality trades?

Russ Horn:

You could. I don't do it very often though, because no matter what timeframes you're looking at you're always going to be able to find one that's going to confuse you. You're going to find a timeframe that doesn't fit with the rest of them and it gets in your head, so I try to avoid doing too much of that.

I'll just take a quick glance at the other timeframes just to see what's going on, more as an overview than trying to line everything up and get it just right.

Rob Casey:

Okay. So what do you think the biggest problems are that people are having? I mean from your perspective, from what you've seen coming into your support, what do you think the most common mistakes people are making?

Russ Horn:

The biggest one that I'm coming across is people not understanding the fact that all the indicators have to work together. As you know, there's one indicator I have on the chart. It's the 4 or 5 EMA crossover and it is arrows.

When the crossover happens you get an arrow. You get the 4 EMA crosses over the 5 EMA upwards, you get a blue arrow pointing up. And then again when it crosses downwards you get the red arrow pointing down.

Several traders are using that all by itself as an entry signal without realizing that you need to get a close over the 5 EMA, and you need to get the QQE crossing the 50 line. They're taking one indicator and using that as an entry signal.

There are other instances where people just aren't reading the QQE properly. They're not paying attention to where the signal line is.

They're taking a short trade because the RSI portion – the blue part of the QQE – crosses below the 50 line. But the signal line is still underneath. The signal line kind of acts like a roadblock. If it's underneath then you don't go short. It'll prevent you from going short.

But some people are just not paying attention to where the signal line is on the QQE, and so there's just some learning pains really.

Rob Casey:

So even with all the signals being written out on the side of the screen there, not being confirmed all in sort of in sync, they're still going ahead and just basing it on the arrow basically.

Russ Horn:

Yes. I think all that information might be a little overwhelming for some people, so they block it out and they're just not paying attention to it as much as they can. They're just, "Okay. The arrow says to go short. This is what I'm going to do. I'm going to go short." And they're not taking the other stuff into consideration.

Rob Casey:

Yes. I think that it could be that on some charts – especially charts that are very strongly trending and not choppy or have a nice trend to them – the arrows often line up so well with the tops and bottoms of the trends. That when people look at those arrows they think wow, what a

great place to get in. But all these other rules are acting like filters to try to filter out some of these bad trades.

But I think they just sort of get blinded by how well the arrows line up sometimes. The problem is they don't always line up perfectly, or they don't always get you into a good trade.

Russ Horn:

Yes. That's exactly right. The arrows are sometimes in the perfect place. But other times they're in some of the worst possible places because of a bit of chop that goes on. So yes, they all do. They all have to work together and they do help filter each other out.

Rob Casey:

Right. And of course we get biased, right? Because we're a little bit biased about the arrows because we're always looking at them in hindsight. And every chart looks obvious in hindsight, right?

Russ Horn:

Yes.

Rob Casey:

Okay. So the rule of thumb is make sure all signals are positive before you do it. And make sure that you are not getting in too late after the signal was originally given.

Russ Horn:

That's right. Perfect.

Rob Casey:

Awesome. Okay. So what else? Any other big issues you're seeing from people?

Russ Horn:

I get a lot of comments on the 15-minute chart now. Probably just a little while ago, but it has become very, very choppy. And the 15-minute chart is becoming increasingly difficult to trade. It seems to be choppy. Even when the market is trending a little bit, it does have quite volatile swings, and it does go up and down quite a bit within a half-hour or 45 minutes.

And it's just chopping it up. It's not as profitable as it used to be so I get a lot of questions regarding that 15-minute timeframe.

Rob Casey:

I've commented on this on my blog. I think sometimes people are trading for the action rather than the profit, and maybe just don't have enough patience in some ways. They want that sort of one-minute timeframe or five minutes. Or they want to see something happen every ten minutes, right?

Russ Horn:

Well, I can understand that. Yes.

Rob Casey:

Do you hear that or see that much?

Russ Horn:

Not as much, but I can relate. I've been there. You're sitting in front of your computer to trade and you're and you're looking at the charts to make some money. I mean, let's go already.

I've been there, I've done that, and I've been bankrupted because of it as far as my account goes. It's just not the way to do it.

Rob Casey:

Yes, I've been there. I've bankrupted my account a few times doing that. It's hard, you're right. Because I don't think a lot of beginners anyway realize how much psychology comes into play when you're trading, because it's a pretty emotional thing to be doing to begin with.

Russ Horn:

When I started out I heard about the psychology. I read a little bit about it, but I couldn't be bothered. I wasn't here to become – in my head, like I was here to make some money. I wanted to trade and make some money.

And I'd come across these free webinars or those free reports on trading psychology. And honestly I didn't want anything to do with it. That's not why I was trading. I wanted to make a few bucks.

But over time you do realize – I think for me actually that was when I started becoming profitable. Was that realization that man, I really have an issue here. I guess I've got to get into my head and figure this out because it's stressful.

[Inaudible] my trade, because again it was a nightmare until I realized wait a minute, psychology is literally 80% of the game here.

Rob Casey:

You're absolutely right. I bet you every successful trader out there will have a story similar to that. The other 20% they'll probably tell you money management, right?

Russ Horn:

Yes. That's right.

Rob Casey:

And the irony is that for some reason you know how they always talk about how there's such a high percentage of people lose money trading, and a small percentage of people win. Well, those percentages are almost exactly equivalent to how many people believe psychology matters and how many people don't.

I just think the sooner people embrace that and actually give some credit to it, the sooner that they seriously see themselves becoming profitable and really going places with their trading account.

Russ Horn:

It is so important, and again I can't even describe how important it is. But I don't think that you can tell it to somebody that's not ready to hear it.

Now this is just based on my own history. I wasn't ready to hear it and it was in front of me. It was there. I had access to learning this stuff, but I wanted nothing to do with it.

And until you have kind of gone through it and lost and realized that you're the problem, then you welcome it. But until that turning point actually happens I think it's going to be tough sell.

Rob Casey:

Yes. Definitely. Well, I think it's interesting. Because that's not only common among manual trading, but I think even EA traders have to deal with that issue. And I think a lot of EA traders, they think that because it's a mechanical system and somebody else has done all the work for them they don't have to deal with that.

But with EA trading, sure the trading system is completely automated. But actually what that leaves you with is pretty much the only thing left to deal with is money management and psychology. And that all rests on the EA trader's shoulders and they still have to deal with those issues.

They might not be making the decisions of when to buy or sell. But they still have to make the decisions about when to stay in when there's drawn-downs and when to stick with a system or not or whatever. And it's emotional, no matter how you're trading because your money's on the line, right?

Russ Horn:

Yes. Having your money on the line makes it that much worse. I always tell people if you're trading for jellybeans or socks, then it wouldn't be such an issue.

But you're trading for money, and money represents things like your future. It represents your retirement. It represents your house. It represents maybe your status in the community. It represents whether or not your kids are going to go to college.

I mean there's so much riding on the fact that you're trading money as opposed to anything else that your mind is just going to mess you up.

Rob Casey:

Absolutely. Absolutely. And it's one of the big differences between demo trading and real trading. We always talk about broker issues and all these other things as being the differences with demo and real trading.

Russ Horn:

Yes.

Rob Casey:

But equally as important or maybe even bigger is the psychology because there's nothing at risk when you demo.

Russ Horn:

I don't think I can even count the amount of times that I've heard a trader tell me that their demo trading was amazing and their live trading was really bad. There's no difference. There shouldn't be a difference, but again there's that live money. You've got real money on the line, so you cut your profits short and you're letting your losses run.

You don't want to lose, so you're going to hang onto that loser in "hopes" that it's going to turn around. And when you are in the money you're going to take it off the table as soon as you can because of that fear that you're going to watch those small profits turn into a loss.

So you're letting these little teeny profits get you, and you're letting these huge losses get you. But that's just because you're trading with real money now.

Rob Casey:

Yes. It changes the whole decision-making process in your mind. Whether you are conscious of it or not it does it, and it comes out in the bank statement, doesn't it?

Russ Horn:

Oh, absolutely it does. Yes. Traders, I've read anyways, the best traders on the planet don't care. Now I'm not saying that they don't care, but they don't care. If they get a loss, well, it's a loss. It's part of what happens. I mean you can't do it without losing from time-to-time. But you can't let that sway you. You can't let that prevent you from getting into the next trade.

And when you're winning you want to get as much as you can, so you don't cut your profits short. I mean you want to ride it out as much as you can. You don't worry about it potentially turning around and coming against you. And it's going to happen at some point. You're going to get 200 pips in profit, but you might end up closing a trade at 130 pips and you leave 70 pips on the table.

If you can't see the future, then this isn't the problem and it shouldn't be a problem. And the best traders – the guys that make money – don't worry about these kinds of things.

Rob Casey:

Yes. I first got some insights into that idea when I first read the Market Wizards by Jack Schwager where he interviewed a bunch of the top traders. And many of them said that they didn't even think of it as money. They were just units basically. They were trading units of nothing.

I think it's not so easy to do though, but I think that's a huge challenge for most of us. I have trouble doing it. I like to trade and think that I'm not trading money, but it's always right there in my face. I can't get it out of my head.

Russ Horn:

These guys haven't done it for three months either though. I mean they've been doing it for 20 years. It's something that just comes with time.

I think experience in this case is the best teacher. Once you finally understand how it works, if you accept the fact you get your losses from time-to-time. But yes, it's not going to happen in the first little while. It's a battle you're going to have to fight, and it's something you have to realize and eventually just get comfortable with.

Rob Casey:

Well, I think Forex Rebellion is a huge stepping stone for most people in this respect. Because it's such a good trading system that it cushions a lot of the blow for a lot of us when we first go into a manual trading system. Because we're not going into a crappy manual trading system. We're going into one that is really well thought out and performs well.

So it makes it much easier for us to sort of learn these other aspects of trading. The psychology and all these other issues. They're sort of in our face. We have to deal with them. So we're dealing with them knowing that we've got a solid trading system under us.

Whereas other people that have gone in and started with crappy trading systems, they just have twice the troubles to deal with because they don't have that solid foundation to build on to begin with. Right?

Russ Horn:

It's kind of nice to be able to deal with these problems and make a few bucks at the same time.

Rob Casey:

Absolutely. Absolutely. And that's exactly what Rebellion seems to be doing based on all the E-mails that I'm getting. And I've been having a lot of good success.

In fact, one of the problems I'm having – since we're asking questions – this one here did not come from an E-mail. It came right out of my own problem. Is there any other suggestion you can give on placing the stop losses that you haven't already mentioned in your material? I'm noticing that I'm getting stopped out.

Russ Horn:

Yes.

Rob Casey:

Not very often. You know how some people complain and they say, "Oh, my broker. It looks like they just spiked the price. He just touched my stop loss and then it went back in the direction it was supposed to go."

Russ Horn:

Yes. Yes.

Rob Casey:

I've noticed that a few times lately. And I think actually what I'm doing is I'm just not putting the stop losses in the right spots to begin with. I mean I realize it's going to happen sometimes, but I don't know what.

Russ Horn:

I think you're probably doing okay. There is the 5 EMA, and as it makes the swings up or down this is a few pips above or below is where you generally want to put your stop loss.

However, now this is more to like the 15-minute charts now. Because the volatility is a little more aggressive, I'm starting to suggest that you put your stops above the swing highs or lows that the price makes. As opposed to what the 5 EMA is making.

Another thing is if you've got your stop loss fairly close to that Don Chi an level, I would put my stop above the Don Chi an level. It works as a really good level of support resistance. And because of it it's almost like a magnet.

So if you've got your stop loss fairly close to a Don Chi an level that magnetic level is going to want to attract to it. So if you could stick your stop maybe above that Don Chi an level, then I think you're helping yourself out.

Rob Casey:

Okay. Excellent. I'm going to try that. Yes, I think that's going to help too. That's awesome.

Russ Horn:

If you're putting your stocks two or three pips above or below, maybe go ten. Just widen it a little bit further than maybe you normally would. Because yes, a lot of time you are – nowadays anyways – just getting touched at that stop level. And then it reverses and goes back.

So if you just widen your stops just a little bit, just to kind of absorb that extra volatility, I think we're okay.

Rob Casey:

Have you looked at actually using any kind of volatility stops when you made the system?

Russ Horn:

When I made the system the market wasn't as weird as it is now. I'm having to do some adaptation. I've come out of trading the 15-minute charts. The one-hour is my smallest timeframe because of the extra volatility.

So what I'm suggesting is if you are trading the 15-minute, just to use your swing highs and lows of the price as opposed to the 5 EMA just to absorb that extra little bit of movement.

Rob Casey:

Okay. Good. So the beta testers you had, how have they been doing since the release? Are they still testing, or how is that going?

Russ Horn:

I don't think they're testing so much. I mean the beta testers did a really good job. They're very impressed. But like any experienced trader though, I think a lot of them have their own systems.

Actually I know a couple of them have incorporated the Rebellion system, and one has replaced their once current system with the Rebellion system. But yes, I mean they're doing well with it. But I think they're kind of just doing their own thing.

Rob Casey:

Yes. One of the things I like about this is that for most traders that are experienced manual traders they can take a lot of ideas from this, use it as a foundation. And if they have their own idea of how to add an extra filter to it or do something to it based on their experience, it's easy to do.

Whereas you can't really do something like that with a fully automated EA. So I think that this has a lot of appeal for experienced manual traders as well as beginners.

Russ Horn:

There is one point that I really wanted to make sure when I made the system available, was I didn't lock anything up. When you take a look at the QQE, for example, you can adjust everything you want. I mean there's the smoothing factor, the RSI period, and the WP period. Those are there so that you can manipulate them.

I made sure that that was available to you and didn't lock it in behind the system. Didn't lock it away so that that was what you got. I wanted to make sure that you can play with it and you can adjust it. And you can make it fit better to you if you find something you like a little better

If you like the WP – the Wildest Period – setting of 4 instead of 3, I mean that's there for you to do. The system is the way I use it, but it may not be the way everybody wants to use it. So these parameters are adjustable, and I've made sure that that was the case.

Rob Casey:

Right. Well, I certainly appreciate it. I haven't found any need to adjust any of the parameters. I think they work just awesome the way they are.

But I really like the fact that you're letting us because it's nice to have an open book like that. And I think the system as a whole is such a great system for new traders to learn manual trading, and to learn about trading systems.

Because a lot of times coming from an EA they don't really understand what a trading system is, or sort of how it functions under the hood. They just see buys and sells.

Russ Horn:

Yes.

Rob Casey:

And this gives people a chance to really see what a trading system is, and how a trading system functions underneath. While at the same time the experienced traders are going to get a great trading system they're going to make a lot of money with.

So I just think that it fits such a broad range of traders that, I don't know, it's tops in my book. I haven't seen anything like it in a long time.

Russ Horn:

Thank you very much. I appreciate it. A lot of work went into it, and I probably tried every single indicator that I've ever seen or heard of. And I just found that all of these work together the best. It's a system that I trade and it's just available to anybody who wants it now.

Rob Casey:

That's awesome. So we're going to hopefully try and twist your arm to get you back on for another call at some point in the future, right?

Russ Horn:

I don't think you have to twist it too much.

Rob Casey:

That's awesome. I really appreciate that you came on the show. We are definitely going to do this again because I know that there's going to be more questions. There's always more questions as new traders come onboard. And I do want to try to get as many of them answered as we can.

So is there any other stuff you want to talk about with Rebellion? Things that you want to say, you want to tell us about?

Russ Horn:

A question that comes to mind – and this is in regards to some of the E-mails that I get. And if it's not on your mind, it might be on somebody else's.

There's a question regarding long candles. Now long as in abnormally large. If you get a candle that's three times larger than the average candle, and this is your entry signal, do you take this trade?

It's not something that I covered in the manual, and I probably should have. What I'll be doing is making a video in the download area over the next little while regarding it.

But I would generally say don't take the really long candles of the trade. There's a couple of reasons for it. First of all, when you're placing your stop below the 5 EMA. Let's say in the long trade, for example, you place your stop below the 5 EMA and you've got this huge gap between your stop and your entry.

To get 100% profit out of it the price has to move so far again just to get to that 100% level. And chances are at the end of that long candle the market has already made most of its move. So getting much out of it is going to be difficult.

And another reason that you may not want to take these long candle trades is some of them are news releases as a reaction to something fundamental. There's been a report and there's been a good reaction to it, and the price just shot in one direction.

But a lot of times there's a reaction to the reaction. And often – and it seems more often than not – the reaction to the reaction is in the opposite direction. So taking the trade on a really long candle which possibly could have been fundamental in nature, being that the news made it move, there's a strong likelihood it's going to be traced. So I tend to stay clear of the long candles in general.

Rob Casey:

Okay. That's really good advice. That's really good. I think I've actually been tempted to jump on a few of those, because the signal comes out. It's so strong and it looks like a runaway train. And that's when that whole psychology thing kicks in, where you think this train has taken off and I better get onboard. And I think you're right. With the really long candles you can easily get burned.

Russ Horn:

I've been burned more often than I've been successful on them. Some experience talking now.

Rob Casey:

Well, that's what we're here for. We want your experience. That's great. So what about the future? You told us that you've got plans for an EA coming?

Russ Horn:

I've got plans for an EA. I'm working with the programmer right now, and we're tossing back and forth some ideas.

The biggest thing right now is we're looking for that single exit method. You know that there's several that you can choose from. The 100, the 1.5, the Don Chi an level of the 5 EMA shift that's repeated. You can take any of these regarding the market and make some money with them.

Well, with an EA you can't think in the same way. So we have to come up with the perfect exit method. Now when we come up with the perfect exit strategy it's going to be available as part of

the manual system. I'm going to let everybody know exactly what it is so that they can apply it to their manual trading.

But this is kind of what's holding up the robot right now. Is just the absolute exit strategy. And I won't be releasing a robot until it makes you money. It's not going to be one of those risk 500 pips to make 20 pips kind of things.

It's going to follow the same kind of money management rules. But right now we're looking for the absolute perfect exit.

Another thing that's in the works is something I'm working on called the "Forex Rebellion 15-Minute Scout." It's going to be essentially the Forex Rebellion system, but it's going to work better in the 15-minute markets. Because of this crazy volatility we're having, there's a need for some alterations to the system.

So what I'm developing is a scalping system based on the Forex Rebellion rules of course, but some of the settings will be a little different.

Rob Casey:

Okay. Cool. And obviously we don't know when that will be. You think it'll be early next year or? I'm not trying to put you on the spot here. I'm just curious.

Russ Horn:

The robot won't be for a couple months at least. It might be a little bit longer. Yes, probably in the new year. I guess we're in November already. So yes, look for it in the new year.

The scalping system, I'm going to try to have out within I'd like to say two weeks, the middle of November. But this is going to depend on sort of my workload as far as other things go. If I can't focus a whole lot of time into it, then it might take another week or so.

But again, I want it to be a profitable system, so I'm not just going to put out something that might work. I'm going to test it. I'm going to make sure that it has more winners than losers. But I'm hoping within two weeks that scalping system should be out.

Rob Casey:

Excellent. I look forward to seeing it. Well, I'll tell you what. We're going to get you back on the show. It's not something I expected you were going to give into. But when I convinced you that I could get hundreds of listeners in on the call you went for it.

And I appreciate it. I appreciate your time, and I appreciate everything that you're sharing with us because you are going to make us better Rebellion traders.

Russ Horn:

You can't appreciate it too much. And that's sort of the ultimate goal here. Is to help as many people as possible become a little bit better.

It was a tough road for me, and I know it is for a lot of other people. So if I can help make it a little easier, then that is what I want to do.

I don't do consulting right now. I don't do one-on-one right now, and that's strictly because my schedule is just ridiculous. The release of this system has made me much more busy than I

ever imagined I could be. So when things settle down I might start opening up some doors this way, but not in the meantime.

Rob Casey:

Okay. Well, that's understandable. I think that that's completely understandable. I can only imagine how busy you are, especially with the scalper and the EA coming.

Thank you again, Russ. And thank you very much for sharing all your information. I hope you'll have a good night, and I hope you'll join us again very soon.

Russ Horn:

It was my pleasure and I look forward to it. Thank you very much.

Rob Casey:

That's great. Good night.

Russ Horn:

Good night.