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**I dedicate this eBook
to all Traders who like things simple,
powerful
and to the point!**

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What is the difference between **Renko Bars** and **Classic Candles**?

Renko bars are not based on time increments as with the classic candle sticks on your chart.

If you set your charts to a 1 hourly time frame for example, a new candle will appear every hour.

It does not matter if the price moves only 1 or 100 pips per hour. You will still see one new candle every hour.

Now, Renko Bars are different, because they measure only volatility and price action.

Renko bars count only ticks or pips, so if a Renko bar is set to 10 pips, you will only see a new candle appearing on your charts if the price moves higher or lower (depending on the trend direction) by 10 pips.

You can actually set Renko bars up yourself and are able to choose the number of ticks desired

Therefore if you set up your charts to 6 points per candle (that is what we use to scalp), you will see a new candle on your charts **only** if the price moves 6 pips higher or lower.

If the price moves only 5 pips in one direction and then again 5 pips in the other direction, you will not get any new candles, because you are still one pip short.

Now compare; if you open a classic candle chart on a 5 minute timeframe, you will see six candles in 30 minutes, right?

If the price moves only 5 pips up and down within this 30 minute window, the Renko Bars which are set to six pips per candle would not produce one single new bar!

If the price is moving fast and you see a 100 pips move in 30 minutes, the classic candle stick chart would produce one big 100 pip candle, but the Renko Bar chart would produce a new candle every 6 pips, so about 16 bars within 30 minutes.

Renko bars are in my opinion a great “range filter”, if you learn to use them correctly, but let me show you what I mean. Just compare the two charts on the next page to get a better visual representation of this concept.

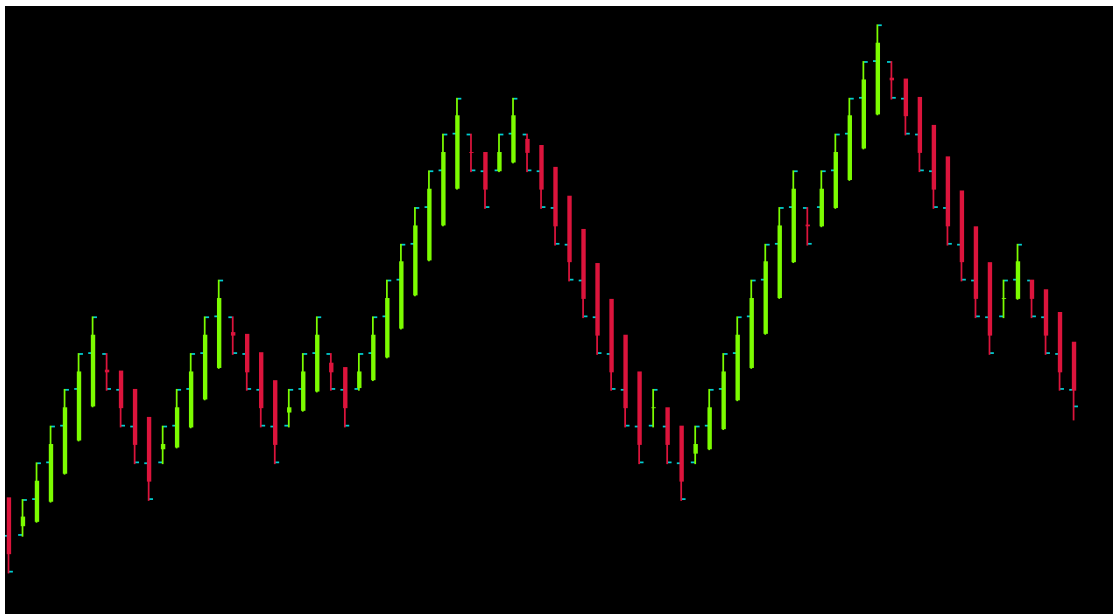
Notes:

Same Chart - Different look

A 30 min classic candle stick chart



A Renko Bar chart (Set to 6 pips per candle)



What is a Scalper & Why Renko bars

To make it simple; a scalper does not hold on to trading positions compared to a swing trader or even a day trader. A scalper wants to place a trade and manage his trade manually and quick, if possible. That is why scalpers often use 1 or 5 minute charts only, as they do not hold positions overnight.

The reason I use Renko bars is very simple. As I mentioned before, Renko bars filter out ranges and make a chart look very clean and clear. So what can be better for a scalping trader than looking at a clean and clear chart?

Remember a scalper needs...

1. To catch smaller moves on the charts “fast profits”
2. To be quick
3. To focus on simple trading rules, so he/she does not get confused
4. To make decisions without having the time to think it over.
5. To trade multiple times a day
6. To cut losses fast
7. To have a lot of confidence
8. To have also patience to wait for a good setup
9. To be a very positive person
10. To be fearless and mentally strong

If you need to be all that, the last thing you want, is a messy looking chart, or complicated trading system. This is common sense. I am not trying to scare you, because if you don't have these ten skills above, you can learn and improve them step by step. That is where this small but very powerful eBook in combination with the Scalping Renko bar system comes into play!

Setting up our Renko Bar EA on MT4

Let's first talk about the technical part and what you need to use in order to run the SPFX Scalping Renko bar indicator on your Computer.

1. A not too old PC or a MAC of course.
2. A broadband internet connection.
3. Download a trading platform. If possible Meta Trader 4. It is free and easy to use. If you are new to this just "Google" it!
4. Download the Spartan FX Renko Bar EA from our member's area.
5. Download also the Scalping Renko Bar indicator from our Members Area or set it up manually (details later on).

Follow the next steps to make everything work smoothly...

1. Make sure you open a MT 4 demo account and activate it.
2. Copy our renko Bars EA (you will find it under downloads in the members area).
3. Paste it into your MT4/experts folder.
4. Restart your MT4 platform.
5. Chose a Forex pair and switch to a 1 min chart.
6. Open your Navigator sidebar.
7. Drag your renko bars EA into your 1min chart.
8. Set the "bars range" to 6 pips .
9. Name the "time frame" under the bars range. Do not choose an existing time frame like 1,5,15,30. I would name it 6 in this case, because I chose 6 for my bars range. Now click on OK.

10. Wait a few seconds and click on “file” in the top left corner of your MT 4 screen.
11. Chose “Open Offline” and click on it. A new small window will open with all existing pairs. Now scroll down and find your chosen pair with the new chosen name (6 in this example) and click it.
12. A new window will open with your renko bars EA.
13. Right click and chose your Spartan Renko Scalping EA .and you will find it under downloads in the members area) to put it over your renko bars EA.
14. Don’t forget to turn on the Expert Advisors button. You will find it in your MT 4 top navigator.
15. As long as you have your 1 min chart open and the Expert Advisor on, you will be able to see the price chart moving live as long as the markets are open of course.
16. Most traders have trouble using renko bars correctly on MT 4 and that is why I created this small five minute video for all of you. Just follow all the steps and you should be just fine. In this video I use the spantantraderfx MT4 Template. Make sure you use the **Spartan Scalping Renko Bar template**, ok!

http://www.youtube.com/watch?v=5caQ53dn18E&feature=player_embedded

The Spartan FX Renko bar Scalping System

A little reminder; Please read the eBook at least once, before you combine it with the video course. After following the above steps, you should be good to go now. Take a look at your charts and you will see your Renko bars which are set to 6 pip per bar and of course your EMA 36.

The general rules are quite simple!

- A.** If the price creates higher highs and higher lows on our chart and crosses the EMA 36 up, we are looking for long (buy) trades.
- B.** If the price creates lower lows and lower highs on our chart, we are looking for short (sell) trades.

Of course that is not enough. We need to draw trend lines and combine at least three touches before we can look for a trade. Study the charts below to fully understand the classic setup.



Now that we have drawn our trend line (in this case a resistance line) close to the EMA 36 with three touches, we need to look for a clear bounce on the trend line. The price moved below the EMA 36 and created lower highs and lower lows. That is good, because it indicates volatility and we can look for a short trading setup now!

1. What we need is a new red 6 points Renko bar candle after the touch on our third trend line.
2. The new, red candle must appear beneath our trend line. If that happens, place your short trade.
3. Make sure you never risk more than 0.5%, or maybe even less on each and every trade.
4. Place your stop above your resistance trend line (about 5 pips plus spread)
5. If you have a stop of about 15 pips then take out manually only half of your position and leave the remaining half open and running.
6. Take your second part of your remaining position out, if the price creates the first green Renko bar candle or after 30 pips (2x the stop).
7. Don't close a trade manually, if the first target is not hit!

These are the basic, but very powerful rules. There are ways to manage your trade a bit more aggressively. You will find these details in the Videos. For now take a look at the chart below to fully understand the trade, stop and trade management.

How to place and manage your Trades



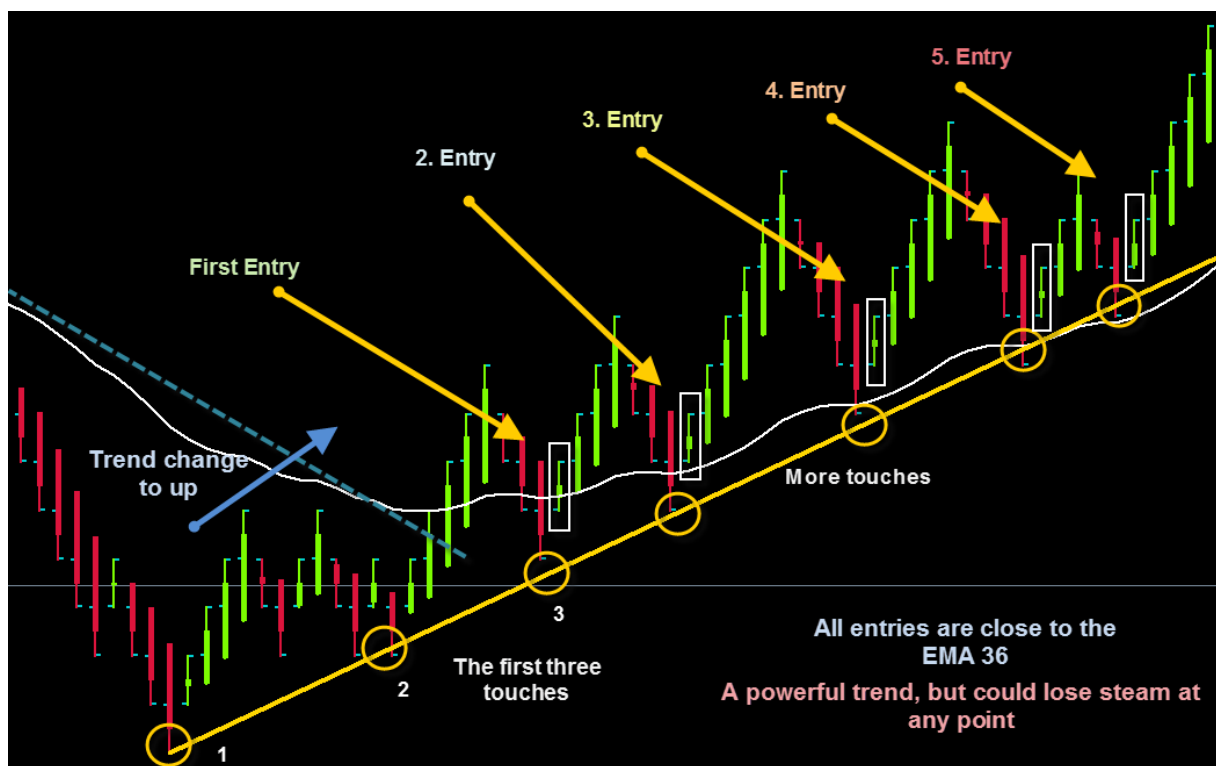
Trading Tip:

If you have your three touches, you can always re-enter and place a new trade in the same direction, but just keep one thing in mind:

The longer the price moves in one direction, the bigger the chance that a trade goes against you at some point, so make sure you risk less (about 0.2%) in case you missed the first or second good entry in a strong trend!

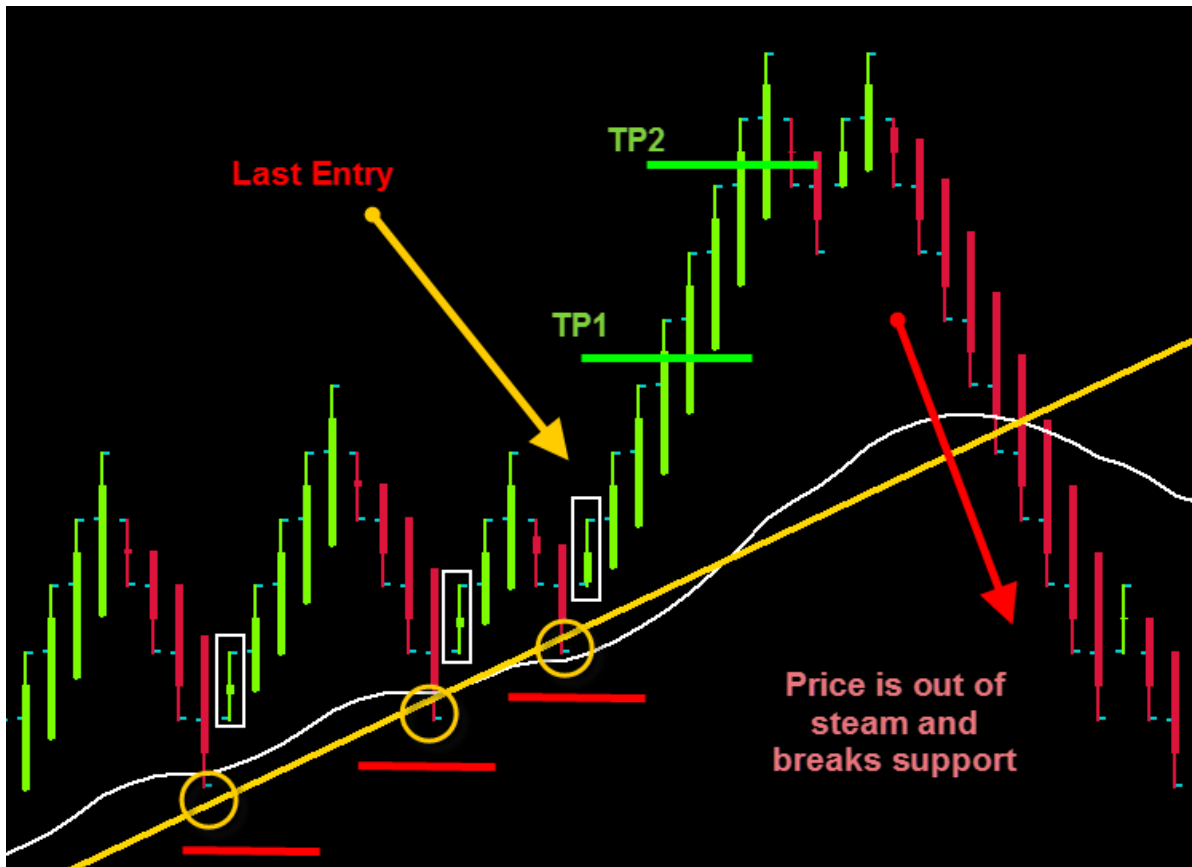
Let me give you an example on the chart below. If the price changes direction, like in the next example, and the EMA 36 breaks up, you are looking for setups if you have your three support trend line touches, right!

Now if the new trend is still “young” and the price is close to your EMA 36, you have a good chance of a successful trade (because of the new trend). If the price moves away from the EMA 36 and the trend loses steam, you have a bigger chance of a trend change again, which means that you could lose the trade. A loss does not matter much if you follow the money management rules, but it is important that you understand this.



Trading Tip: Stop scalping the markets at least 30 minutes before a major news release! Wait for the release and then look for new opportunities.

Look at the next chart to see more...



So, again common sense; the price will break a powerful trend and change the direction at some point. You can trade every single new setup if you like to, but make sure you don't forget the risk management rules.

You don't want to expose your account to more than 0, 5% per trade and you also want to **make sure that your "older" position has hit at least one target before you open a new trade.**

It is that simple and you will find more examples to practice with below. This is the basic, conservative way to do scalping with the Spartan FX Renko bar system and there are more aggressive ways to trade or to approach a trade of course. To learn more about these methods please watch the videos and look for new updates in the member's area. You will find that scalping can be easy and highly profitable if you practice a bit, so enjoy...



Please Note: *The Price does not have to touch the EMA 36, but the system works great after bounces of the EMA 36 in combination with the three touches on our Trend line!*

Day and Swing Trading with Renko Bars

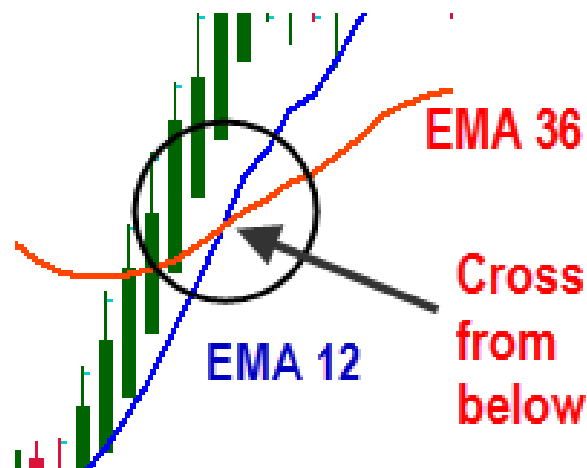
The Renko bar system is not only great for scalpers, but also for day traders and even swing traders. So what is different with the system, you might ask?

Actually not much, but you need to look for the major trend direction, split your trade into three parts instead of two and take a closer look at your EMA 36 and EMA 12. We really want to see a crossover of the EMA 12/36 and a simple 123 setup, before we take action.

Lets' go for the details

Day Trader Settings & Rules for buy (long) trades

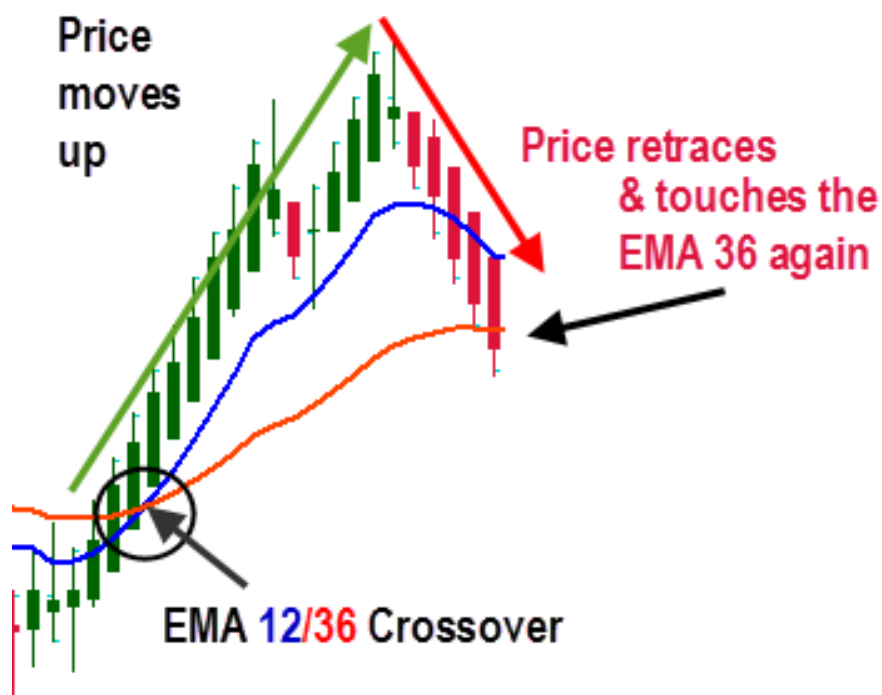
1. Set your chart to 6 or points per candle.
2. Look for a 12/36 EMA crossover. The EMA 12 should cross the EMA 36 from below.



3. Now wait for the price and your Renko bar candles to move clearly above the EMA 36. This indicates that the price may want move in an uptrend now.
4. If the price stays over the EMA 36 and also creates new green (for longs) candles, we have good volatility.
5. Now look for retracements and a few red candles.

Remember:

The price usually does not move in one direction in a straight line. It will retrace, take a breather and then continue moving higher if the trend is strong. The retracement should lead you back to the EMA 36 and also touch it.



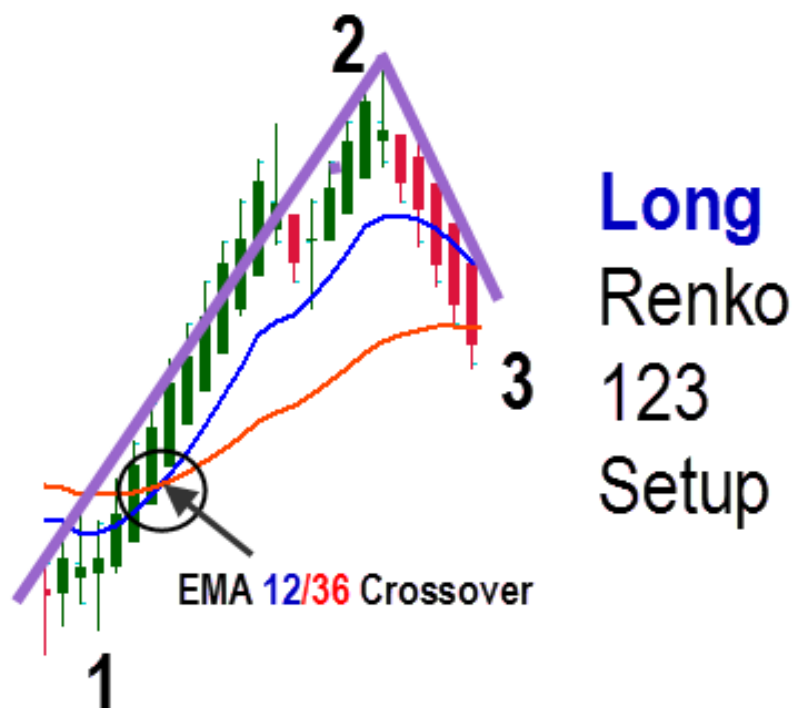
6. Now you have what we call a **Long Renko 123 Setup**.

A. Point one is the lowest point before the strong up move.

B. Point 2 is the new high over the EMA 36.

C. Point 3 is the first higher low after the EMA 12/36 crossover

Study the chart below!



7. A Renko 123 Setup is of course only confirmed if the price bounces off the EMA 36 after the touch and creates a new green Renko bar candle. This tells us that the price stopped retracing and will now most likely continue its way up!

8. If you get your first green candle after the EMA 36 bounce, enter your long (buy) trade, split it into 3 parts and place your stop 10 pips below your last red Renko bar candle under point 3 on your 123 setups.
9. Now manage your first and second part of this position according to the basic position management rules (page10). However leave your third lot open. If the trend is powerful, trail your stop under each new long 123 setup and EMA 36, even if the price does not retrace back to the EMA 36 each and every time (shown in the next chart example). Thereby taking advantage of strong trends.

Remember:

Using the scalping system you manage the open trade 1 manually, but if you trade this day trading system, make sure you place three separate positions with the same stop, two different targets (page10) and no target for part three. For this last position you just trail your stop for now.

Study the detailed chart below...

Basic Renko Long 123 Setup entry
and lot management rules



Make your Notes:

Make your Notes

Day Trader Settings & Rules for **short** (sell) trades

1. Set your chart to 6 or points per candle.
2. Look for a 12/36 EMA crossover. The EMA 12 should cross the EMA 36 from above.
3. Now wait for the price and your Renko bar candles to move clearly below the EMA 36. This indicates that the price may want move in a downtrend now.
4. If the price stays below the EMA 36 and also creates new red (for shorts) candles, we have good vitality. Now look for retracements and a few green candles.

Remember:

The price usually does not move in one direction in straight line. It will retrace, take a breather and then continue moving lower if the downtrend is strong. The retracement should lead you back to the EMA 36 and also touch it.

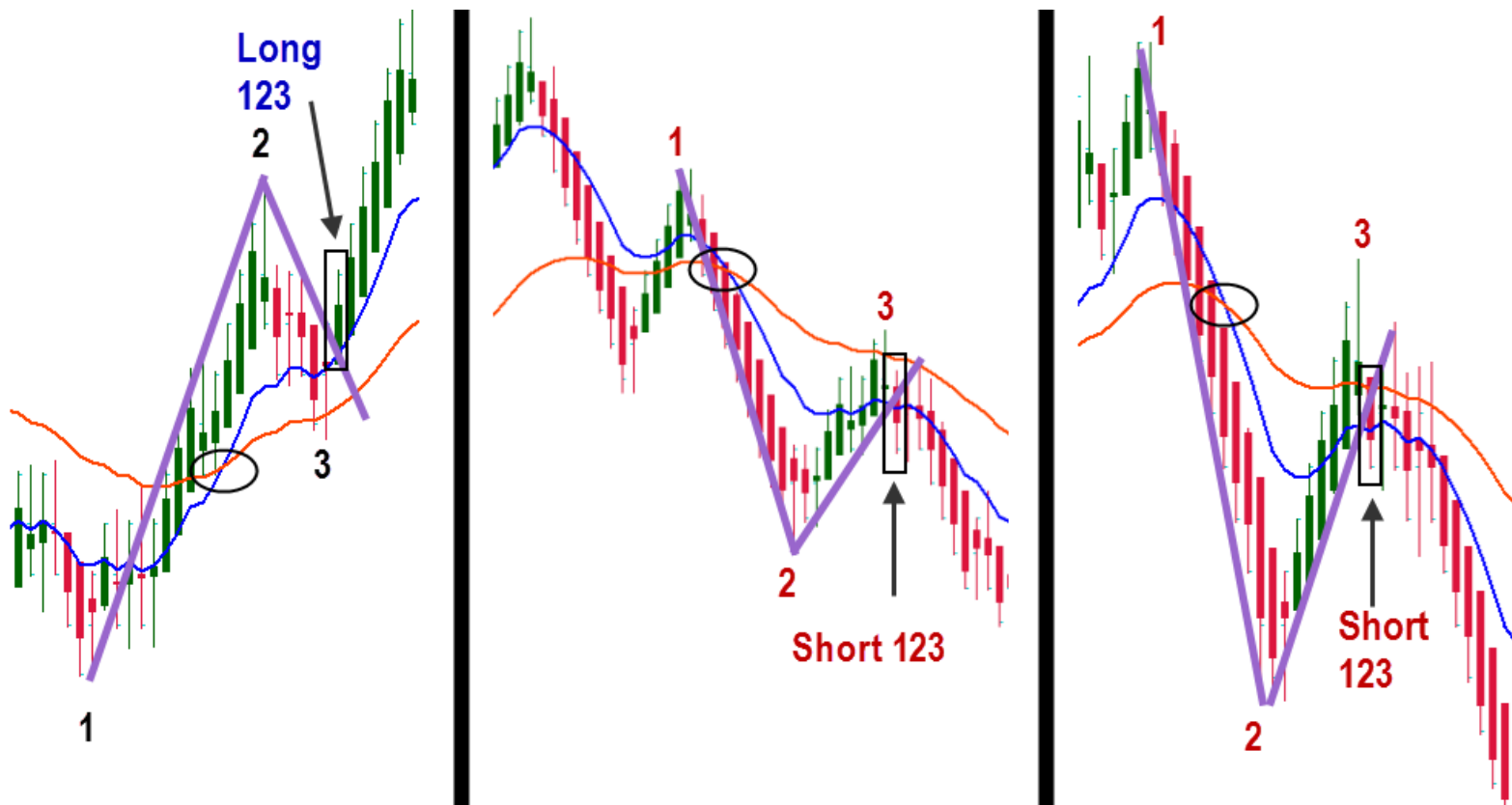
5. Now you have what we call a **Short** Renko 123 Setup.
 - A. Point one is the highest point before the strong down move.
 - B. Point 2 is the new low under the EMA 36.
 - C. Point 3 is the first lower high after the EMA 12/36 crossover
6. A Short 123 Setup is of course only confirmed, if the price bounces off the EMA 36 after the touch and creates a new red Renko bar candle. This tells us that the price stopped retracing and will now most likely continue its way down!

7. If you get your first red candle after the EMA 36 bounce, enter your short (sell) trade, split it into 3 parts and place your stop 10 pips above your last green Renko bar candle over point 3 on your 123 setups.
8. Now manage your first and second part of this position according to the basic position management rules (page10), but leave your third lot open. If the trend is powerful, trail your stop above each new short123 setup and EMA 36. Take therefore advantage of strong trends.

Tip: *Some pairs, depending on volatility retrace better than other when using a 6pip per candle chart. So you might want to test using also 7 or 8 pips per candle for day and swing trading setups!*

Study and compare the long and the two short trade setups below!

Long & Short Renko 123 Setup Examples

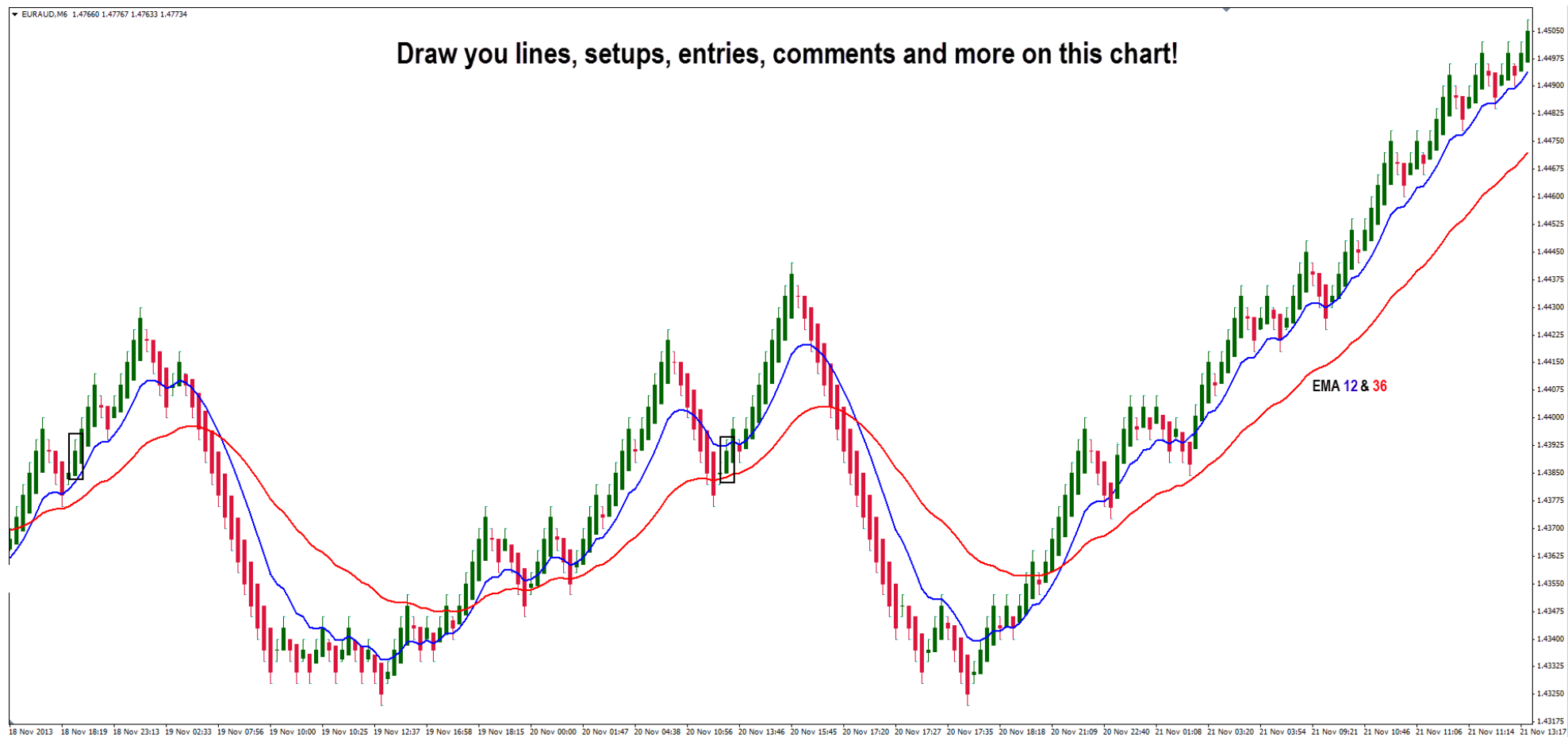


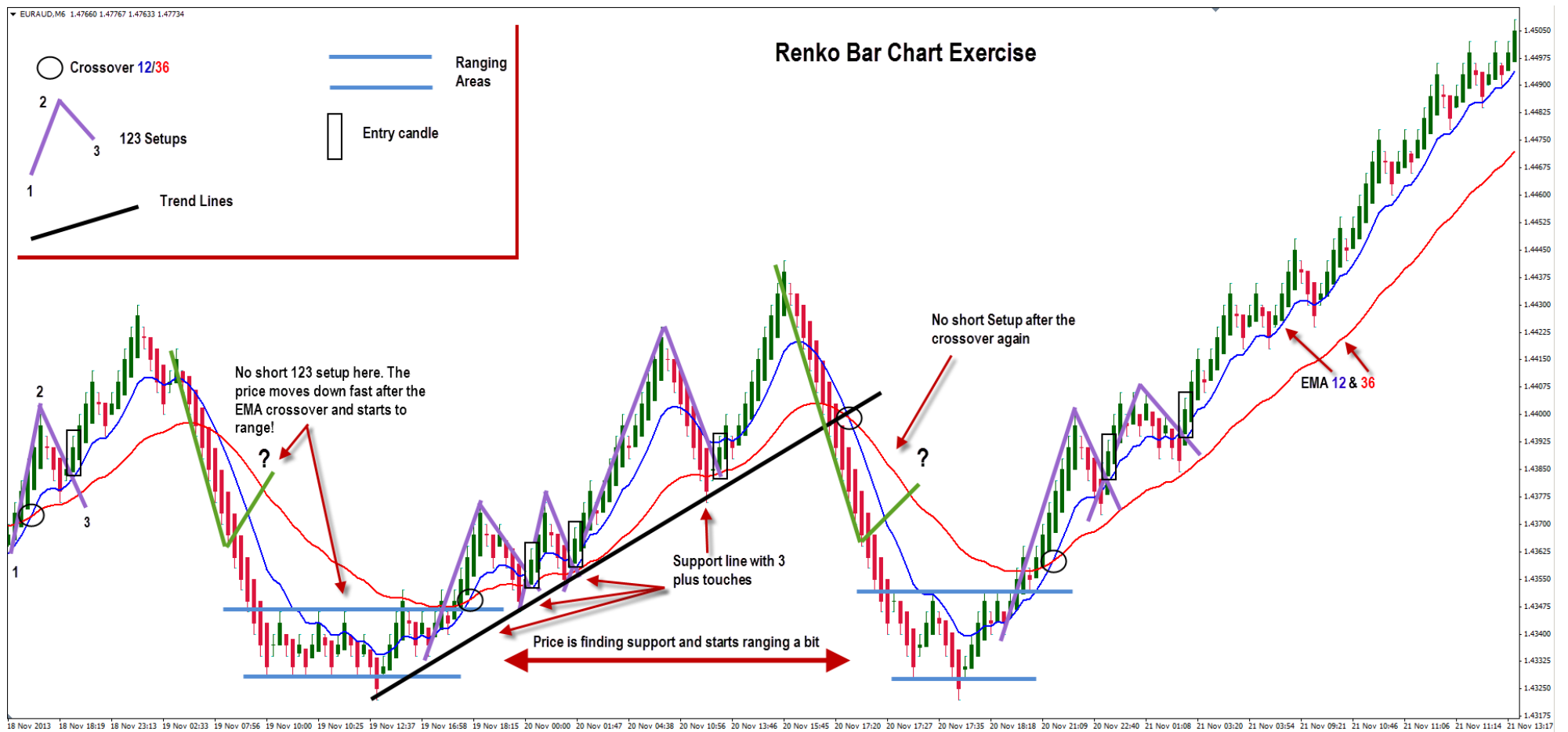
It's time to practice

Take a close look at the chart on the next page and draw your trend lines and 123 setups. Also pay attention to support areas, trend line breaks and trend changes on the chart. Use the Renko bar system rules to find entries and exits as well of course.

Make sure you have fun while doing this. No need for stress. You will find the solution two pages “later”, but please do not cheat yourself. Make your own analysis first and then compare it with mine. In case you made too many mistakes, just read the book again. About three to four times should be enough to understand everything.

Here we go...





General Advice

This is a very simple but powerful way to make pips with forex trading. Like everything in life, it needs a bit of practice and patience. Make sure you learn from your mistakes and stick to the rules. That's all you need.

One last tip for you; Basic chart reading knowledge is always helpful! Using the Renko bar system is easiest if you identify major support/resistance line breaks or bounces on higher time frames, like the daily or 4H chart.

This usually results in volatility and will protect you from false signals or setups. Renko bars, depending on the settings, do filter out small ranges of course, but our goal is to leave the last lot running as long as possible, right!?

We are trying to change scalping or day trade into a bigger swing trade and that does mostly make sense if we identify a trend change, a continuation of an existing trend, or a bounce/ break of major support or resistance.

Having that said; don't worry too much. Everything comes as I mentioned before with a bit of practice!

Happy & Healthy Trading

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Make your notes: