USERGUIDE | MT4+ CORRELATION TRADER

JFD

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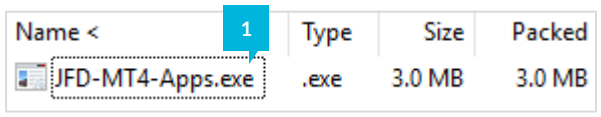
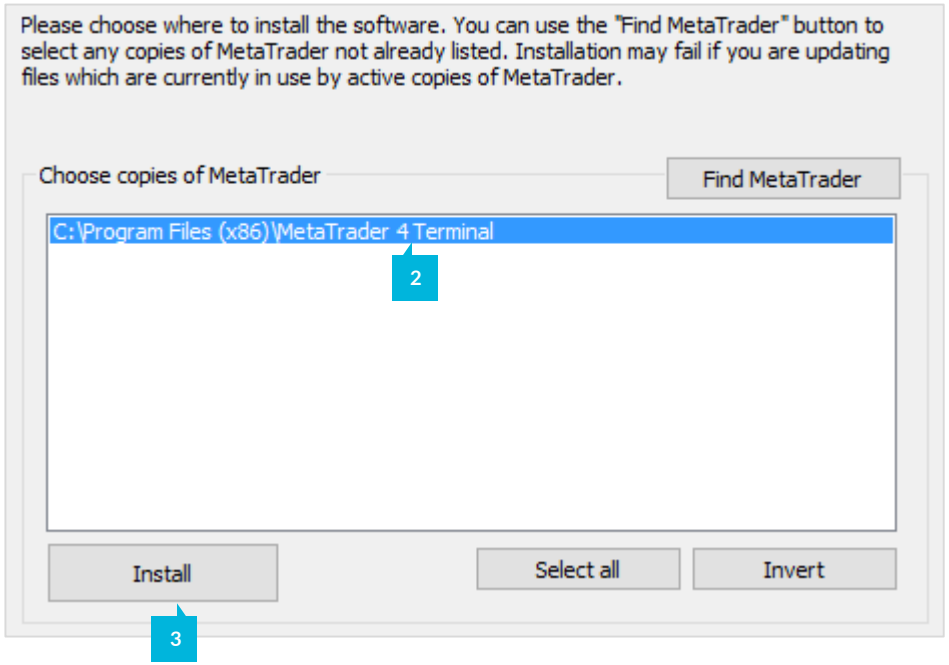
In order to install **MT4+ Correlation Trader**, follow the steps below:

1. Click here to download the retrofit installer containing the full package of JFD MT4+ exclusive add-ons.
2. Run the installer file (1) on your computer.
3. Select the MetaTrader 4 terminal folder (2) where you would like to install the Add-ons package and press the **Install** button (3).
4. Press **OK** in the confirmation dialog box that will appear after successful installation.

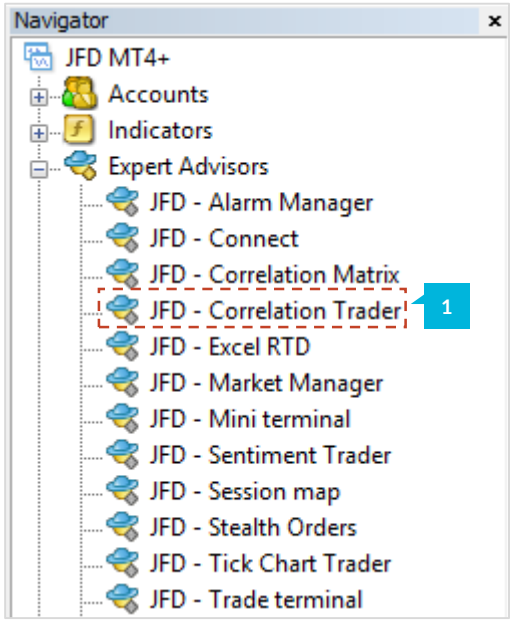




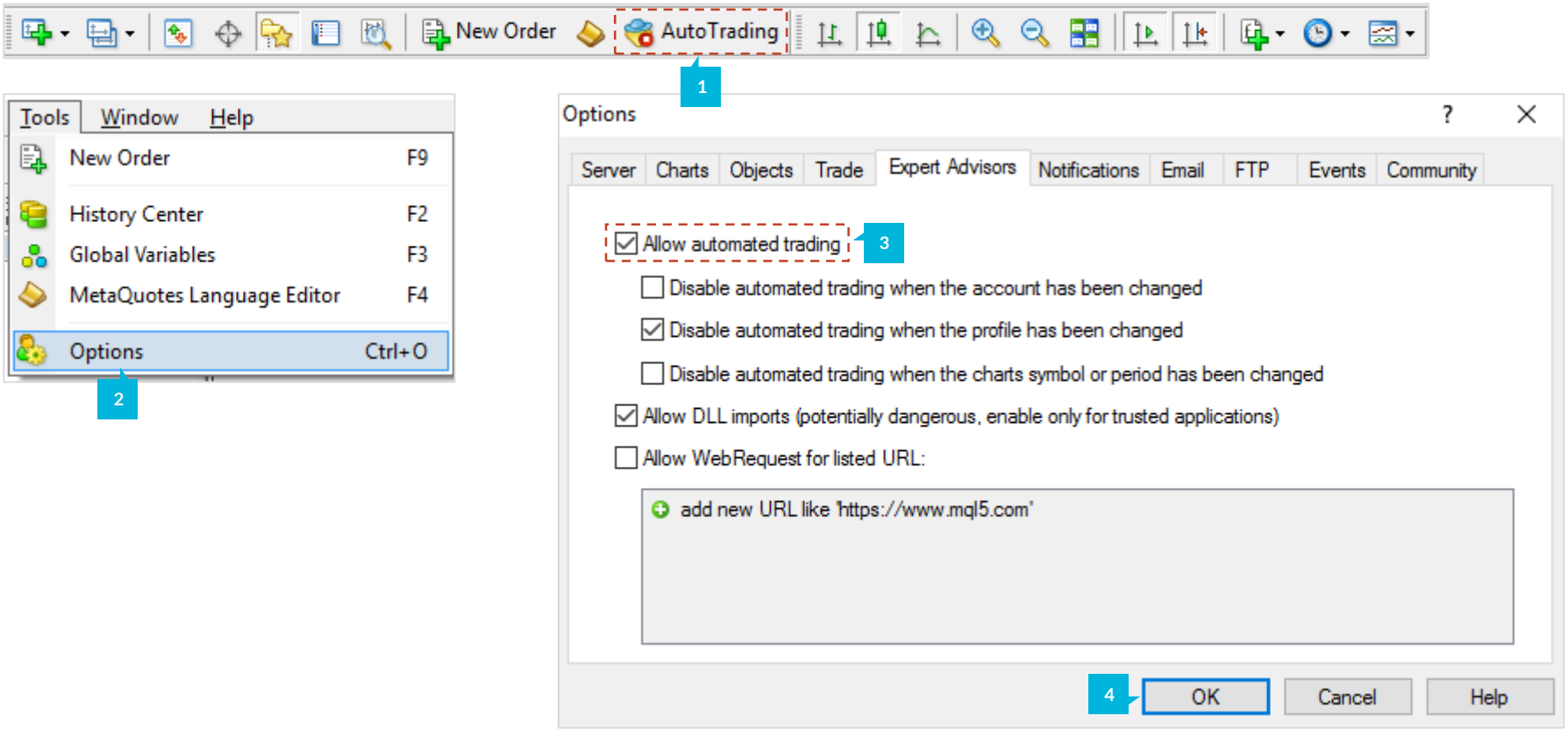
NOTE

Before installing JFD's MT4+ Add-ons, close your MT4 terminal. The add-ons cannot be installed if the MetaTrader 4 terminal is running.

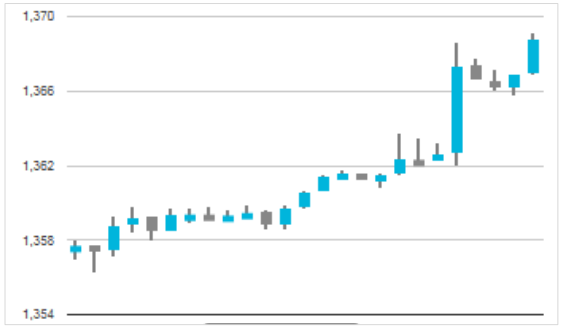
After successful installation, open your MT4+ terminal and you will find the **MT4+ Correlation Trader** (1) along with all other JFD Add-ons in the **Navigator** window under **Expert Advisors**.

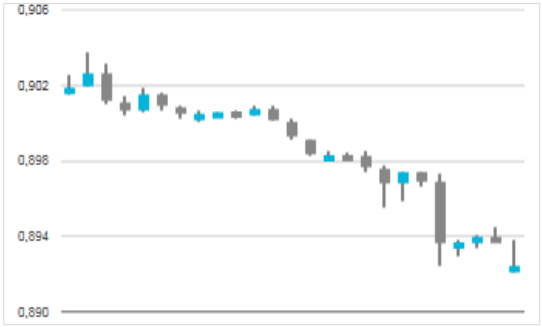


In order to use the add-ons, the Expert Advisors should be enabled. Simply click the **AutoTrading** button (1) on the top toolbar. Alternatively, you can open **Tools** main menu and select **Options** (2). In the dialog box that will appear, open the **Expert Advisors** tab (3) and make sure that the check-box **Allow Automated Trading** (4) is ticked. Then press the **OK** button (5).



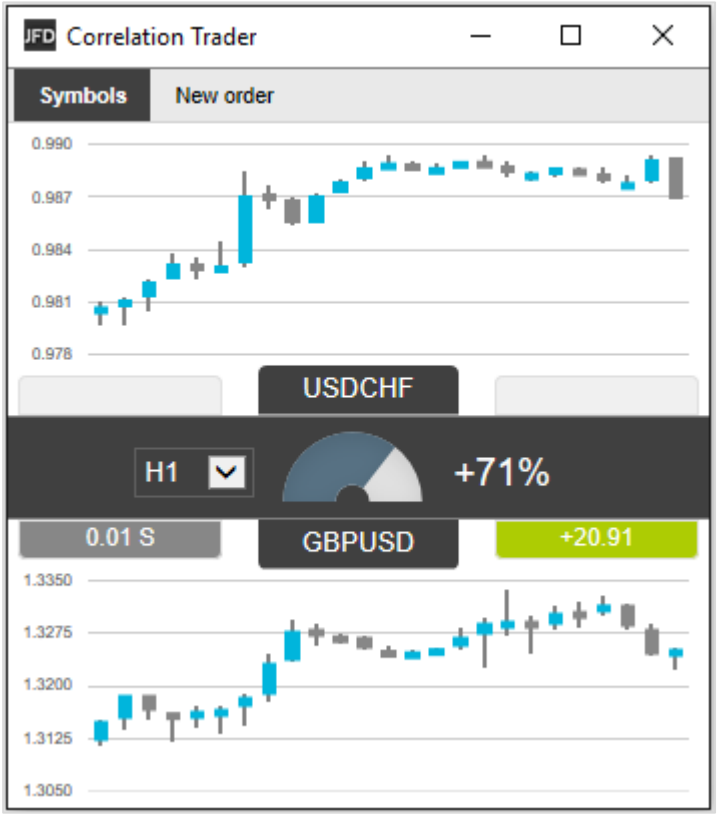
The **MT4+ Correlation Trader** shows the correlation between symbols over a configurable timeframe and number of bars, for example the last 100 H1 bars. Correlation is measured on a scale from -100 (the price movements in symbol A and B have been exactly opposite - A went up when B went down and vice versa - negative correlation) to +100 (the price movements in symbol A and B have been identical positive correlation), while 0 means that the symbols have moved independently. Correlation can have a major effect on your trading risk. For example, we can look at the H1 charts for EURUSD and USDCHF over a same time period and see that these symbols have very strong negative correlation. If you were long on EURUSD and short on USDCHF over this period, or vice versa, then you would have seen very similar profits on both positions. In effect, you did not have two positions: you only really had one position. If you were long both symbols, or short both symbols, then you probably had a profit on one and a matching loss on the other. It is generally advisable to minimise the correlation between your open positions. Otherwise, you are either trading the same price action twice over, or you have two positions which cancel each other out. The **MT4+ Correlation Trader** helps you to identify symbols with strong or weak correlation.





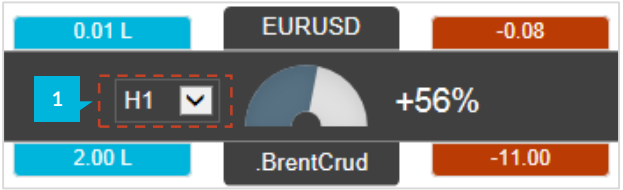
A. PRICE CHARTS

The **MT4+ Correlation Trader** shows recent price charts for two symbols side by side (and can be used simply as a way of displaying two linked price charts).



B. CORRELATION

The bar in the middle lets you change the **Timeframe** (1) for the charts. It also shows the recent correlation between the two symbols over the selected timeframe as well as any open position in each symbol, and its profitability.



The gauge shows the correlation on scale of 0 to ± 100. It makes little difference whether values are positive or negative (e.g. +90 or -90), and the meaning depends on whether you are long or short each symbol. For example:

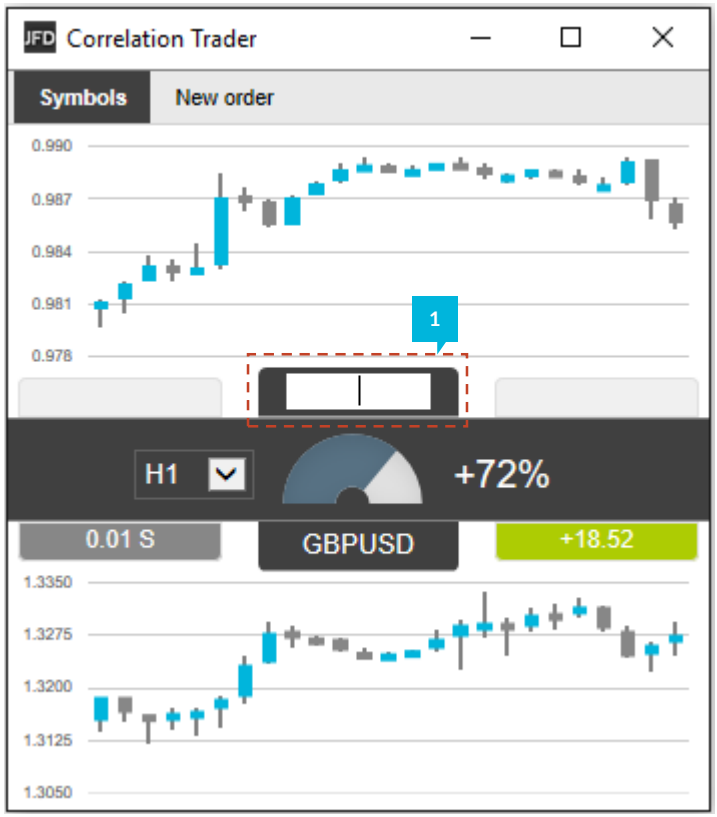
- +90. If you are long both symbols, or short both symbols, then you will tend to see identical profits or losses on both positions. If you are long one symbol and short the other, then you will tend to have a matching profit and loss.
- -90. If you are long both symbols, or short both symbols, then you will tend to have a matching profit and loss. If you are long one symbol and short the other, then you will tend to see identical profits or losses on both positions.

The colour of the gauge (1) depends on the strength of the correlation:

	No correlation (0 to ± 25)
1	Weak correlation. (±25 to ±50)
	Medium correlation. (±50 to ±75)
	Strong correlation. (±75 to ±100)

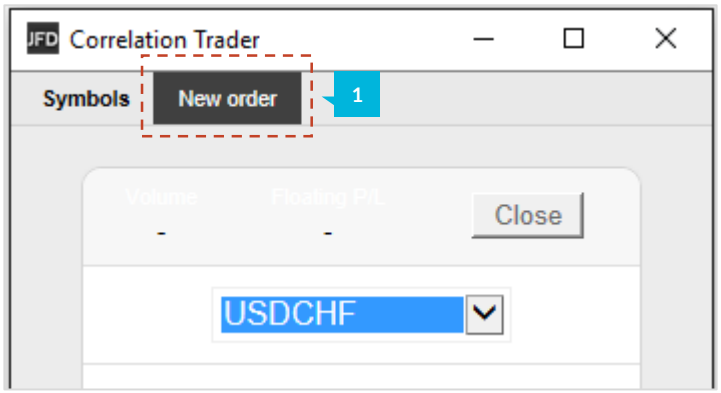
C. CHANGING THE SYMBOL SELECTION.

You can change a symbol by clicking on its name. The label is replaced with an **edit box** (1) where you can type in a new symbol name, with auto-complete.

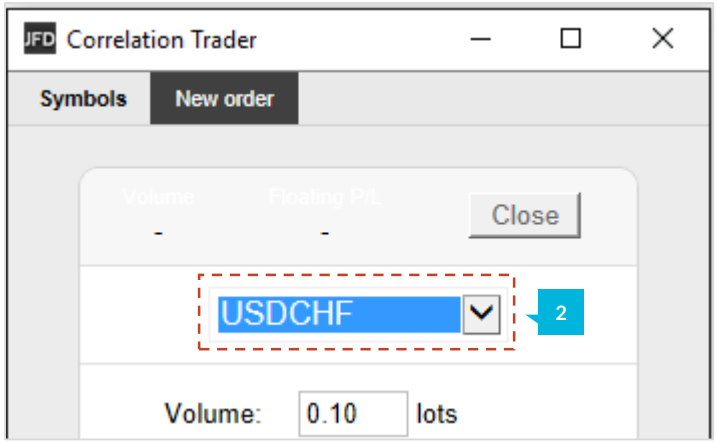


D. OPENING AND CLOSING POSITIONS

You can use the **New Order tab** (1) to carry out simple trading actions such as closing an open position or opening a new one.



From the **drop down menu** (2) you can choose which symbol you want to trade.



In a simple form for placing a new buy or sell market order, you can set the order volume, the Stop Loss or Take Profit in pips. If you tick the Non-hedging mode the placing of a new sell position will close the existing buy position and vice versa.

The top of the trading form shows any open position in the selected symbol, and with the **Close** button (1) you can close all positions in the chosen symbol that are currently open.

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