

The **Forex** Secret

Learn How to Combat the Ever-Shrinking Dollar

cur·ren·cy [kur-uh]

① something that is used as a medium

② general acceptance; prevalence; vogue
time or period during which something

ted.

quality of being widely acc

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PREFACE

Welcome and congratulations! You are about to learn many of the basics of the Forex market and hopefully become better acquainted with the currency markets.

Hopefully, this e-book will be a Forex trading primer and a companion that will help you to better manage your investments in order to hedge the effects of the falling dollar on your personal investments and retirement portfolio.

With that said, always remember: Forex trading comes with great opportunity for profit as well as great opportunity for risk. Be smart with your own money. Be sure that you Demo-trade first in order to become comfortable with your trading system.

Enjoy!

INTRODUCTION

Trading in the Forex markets can be an exciting and rewarding venture if you are trading confidently with a trading system that works. Unfortunately, beginning traders are brought into the Forex market due to broker hyperbole and visions of getting rich quick. They are enticed by brokers that actually allow them to fund accounts with their credit cards and allow 200:1 leverage in their trades. Sadly, the market has a way of quickly reducing such visions for grandeur to the ash pile of broken dreams and remorse.

Trading in the Forex markets, like any other markets, should be approached with a business like attitude and with a regiment of discipline. If a trader approaches the markets **without** a good trading plan, an excellent money management system, a good record keeping system, the requisite trading psychology; the trader is going to lose money... plain and simple.

The scope of this e-book will be narrowed to the spot Forex market only. This means that we will be discussing what is known as the "Off-Exchange Spot Foreign Currency Market." This is an important distinction. The scope of this book will specifically *not* include currency options or currency futures. Such trades are not considered "Off-Exchange" and fall within the purview of a commodities broker. This is not to say that you cannot trade these instruments. However, such trading does not lie within the subject matter of this book.

The purpose of this e-book (other than discussed above in the preface) is to serve as a trading primer for the trader. It is by no means an exhaustive study of the various ins and outs of trading the Forex market. However, we hope that you will discover some basic wisdom and knowledge that will help you to understand some of the basics of trading that will place you on the road to becoming a profitable trader, or at least a much better informed investor if you place a portion of your portfolio with a currency trader in a managed account.

We have designed this learning experience to cover the basics of trading. Different subjects will include introduction of the Forex market, trading basics, charting indicators, different ways to enter trades with your broker, money management, and much more.

In the end, we will discuss our approaches to trading the markets. These are sophisticated non-traditional trading strategies that we use for trend trading and counter trend trading. These approaches are far too detailed and complex for this primer, but can be discovered and learned in our Advent Forex home study training course, which is available at <http://www.yourforexmentor.com>.

CHAPTER -1

What is the Forex (Foreign Currency Exchange)?

The Forex Market



The Forex market is the largest market in the world... bar none! Simply stated, what is traded in this market is cash from all over the world... all day, every day. Unlike other financial markets, like the New York Stock Exchange, the Forex market has neither a physical location nor a central exchange. The Forex market is considered an Over-the-Counter (OTC) or 'Interbank' market, due to the fact that the entire market is run electronically, within a network of banks, continuously over a 24-hour period.

On the large scale, Forex trading consists primarily of the hedging strategies and positions used by the CFO's of the world's national and international corporations. When a corporation enters into a contract for the delivery of goods (automobiles for example) at some point in the future, the CFO of that corporation will seek to hedge the company's potential losses that may result in the fluctuation of currencies during the period of time from when the contract was signed, to the date that the delivery of the goods is due. It is this hedging function by the world's corporations that move massive amounts of money through the Forex markets. Every day, at the opening bell at the various markets around the globe, corporations are transacting business and hedging their own goods or the raw material costs for their businesses.

Forex trading consists of the simultaneous buying of one currency and the selling of another. When you trade in the Forex, you "invest" in one country's currency as against another country's currency, expecting the currency you invested in to either get stronger or weaker as against the other currency. There are generally three types of players in the currency market. The first is what we just described above, the hedgers or

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commercial players. The second is made up of the institutions like banks, hedge funds, pension fund managers, etc. The third is the retail trader. The latter two are in the game to make money. The first is in the game to protect their future business opportunities or costs.

This market is so large that only huge fundamental changes (significant news announcements) or central bank policy changes and interventions can cause reversals in trends. This is good news for the retail trader (you), because no one entity can manipulate the market. As such, the playing field is leveled so that, to a certain point, the average retail trader has the same chances for success as the larger institutional traders. Your goal as a retail trader should not be to attempt to create a trend (which you simply cannot do), but to follow the trends as they emerge.

The benefits of trading in the Forex are significant. A quick listing of some of the main benefits is as follows:

- **Low Commissions**

No clearing fees, no exchange fees, no government fees, small brokerage fees. Brokers are compensated for their services through something called the bid-ask spread.

- **No middlemen**

Spot currency trading eliminates the middlemen, and allows you to trade directly with the market responsible for the pricing on a particular currency pair.

- **No fixed lot size**

In the futures markets, lot or contract sizes are determined by the exchanges. A standard-size contract for silver futures is 5,000 ounces. In spot Forex, you determine your own lot size. This allows you to participate with smaller accounts.

- **A 24 hour market**

The currency market trades 24 hour a day 5 ½ days a week, providing more frequent investment opportunities.

- **Leverage**

The leverage that most traders use is 100 to 1 which means that for every \$1,000 on deposit we can control \$100,000. This is needed in the currency market as the smallest denomination is a pip which is 1/1,000th of a cent. Leverage requires that you use the proper money management strategy.

- **High Liquidity**

Because the Forex market is so enormous it is extremely liquid at most times. This means that under normal market conditions you can instantaneously buy and sell at will. So we are never stuck in a trade.

- **Short-Selling without an Uptick**

Unlike stocks you do not need an uptick to go short in a currency pair. Trading opportunities exist whether a trade is long or short. You always have equal access to trade in a rising or falling market.

- **Analysts and brokerage firms are less likely to influence the market**

Foreign exchange, as the prime market, generates billions in revenue for the world's banks and is a necessity of the global market. Analysts in foreign exchange don't drive the deal flow, they just analyze the forex market.

- **8000 stocks versus 4 major currency pairs**

This allows us to focus on the real factors influencing the market. It also means that a nation's economic data is not as easily tainted or falsified as a stocks and therefore the collapse of a currency is much less likely.

- **Limited Risk**

Traders must have limits for risk management purposes. This number is set relative to the money in a trader's account. Risk is minimized in the spot FX market because the online capabilities of the trading platform will generate a margin call if the required amount exceeds the available trading capital in your account. Therefore if a catastrophic event occurs in your account, unlike the futures industry you will receive a phone call from your broker demanding you put additional funds into your account.

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History of the Forex market (how it all began):



The ability for the average retail trader to participate in the Forex market is a fairly recent occurrence. In fact, it has been less than 10 years since this market was opened to the retail trader. As such it makes sense that you would at least have a cursory knowledge of the various stages of international currency control that led up to your ability to participate in this market.

1944: The Bretton Woods Agreement Established a fixed exchange rate for all currencies. This was accomplished by pegging all currencies to the value of gold. This was also known as the "Gold Standard".

1973: The Floating Exchange Rate is created. President Nixon unhinges the dollar from the Gold Standard, thus creating the Floating Exchange Rate. By 1973, currencies of major industrialized nations became more freely floating, controlled mainly by the forces of supply and demand which acted in the foreign exchange market.

1970's-1990's: Banks are the only Forex market participants. Financial Institutions were the only market participants. Individual investors were unable to speculate the currency market.

1979: The European Monetary System is created (EMS). An arrangement established in 1979 under the Jenkins European Commission where the nations of the European Union (EU) linked their currencies by establishing The European Currency Unit (ECU) to prevent large fluctuations relative to one another.

1996: Retail FX begins. Several Forex websites, designed for the individual investor, were launched. These websites made it easy for the average individual to speculate in the Forex Market.

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1999: The Euro is introduced. On January 1, 1999 The ECU is discarded and the Euro is introduced. The euro (currency sign: €; banking code: EUR) is the official currency of the Euro zone (also known as the Euro Area), which consists of the European states of Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovenia and Spain.

2000-Present: Retail Forex grows exponentially. The Forex Market is by far the largest market in the world, in terms of cash value traded. This being said, retail traders (individuals) are still a very small part of this market and may only participate indirectly through brokers or banks.

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Chapter 2

Trading Basics

Currencies

A **currency** is a unit of exchange, facilitating the transfer of goods and services. The International Organization for Standardization introduced a three-letter system to define currency, as opposed to simple names or currency signs, in order to remove any confusion. For instance, there are dozens of currencies called the dollar and many called the franc.

The most traded currencies are listed below:

<u>Symbol</u>	<u>Country</u>	<u>Currency</u>	<u>Nickname</u>
USD	United States	Dollar	Buck
EUR	Euro members	Euro	fiber
JPY	Japan	Yen	yen
GBP	Great Britain	Pound	Cable
CHF	Switzerland	Franc	Swissy
CAD	Canada	Dollar	Loonie
AUD	Australian	Dollar	Aussie
NZD	New Zealand	Dollar	Kiwi

Currencies are always quoted in pairs, such as GBP/USD. Such a quotation depicts how many units of the counter currency are needed to buy one unit of the base currency. They are quoted in pairs because in every foreign exchange transaction you are simultaneously buying one currency and selling another. Here is an example of a foreign exchange rate for the British pound versus the U.S. dollar: GBP/USD = 1.4685

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The most popular currency pairs are as follows:

GBP/USD	British Pound / US Dollar
EUR/USD	Euro / US Dollar
AUD/USD	Australian Dollar/ US Dollar
USD/JPY	US Dollar / Japanese Yen
USD/CHF	US Dollar / Swiss franc
USD/CAD	US Dollar / Canadian Dollar
USD/NZD	US Dollar / New Zealand Dollar

Cross currencies – are currency pairs that do not contain the US Dollar; such as GBP/JPY. Pairs that involve the EUR are called “Euro Crosses”, such as EUR/GBP.

Trading Basics

When you first begin to study the Forex as a trading market, you need to understand how the quotes are given by your broker. The first currency listed to the left of the forward slash is known as the base currency. The second currency is known as the counter currency. As such, the EUR/USD symbol, lists the EURO as the base currency and US Dollar as the counter currency to this trading pair.

The base currency is the *basis* for a buy or sell order. This simply means that if you were to sell the EUR/USD, you would be selling the EURO and simultaneously buying the US Dollar.

When you are looking at your charts and you see that the charts are trending upwards, you will see that the base currency is gaining as against the counter currency.

Lots and PIP's

A Lot is the size of the currency unit to be traded. Forex is traded in lots. The standard size for a lot is \$100,000. There is also a mini lot size and that is \$10,000. A good way to remember what lots and pips are is to just think about what your goal is in your trading, and that is to get LOTS of PIPS!

Examples: One lot of EUR/USD is €100,000 Euro's worth of US Dollars. One mini lot of USD/CHF is \$10,000 US Dollar's worth of Swiss Francs.

Forex uses lots because currencies are measured in Price Index Points, also known as Pips (the smallest increment of any currency). To take advantage of these tiny increments, you need to trade large amounts of a particular

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currency in order to see any significant profit or loss. One pip is the smallest measure of Price move used in Forex trading.

Examples: EUR/USD price moves from 1.4500 to 1.4501

A *gain* of 1 pip. If you are long (buying) the Euro and short (selling) the USD.

USD/JPY price moves from 128.09 to 128.01

A *loss* of 8 pips if you are long (buying) the USD and short (selling) the JPY.

GBP/USD price moves from 1.4502 to 1.4511

- A *gain* of 9 pips if you are long (buying) the GBP and short (selling) the USD.

The value of a Pip is determined by the second currency. If the first currency is the US Dollar; the pip value will fluctuate, based on the current rate.

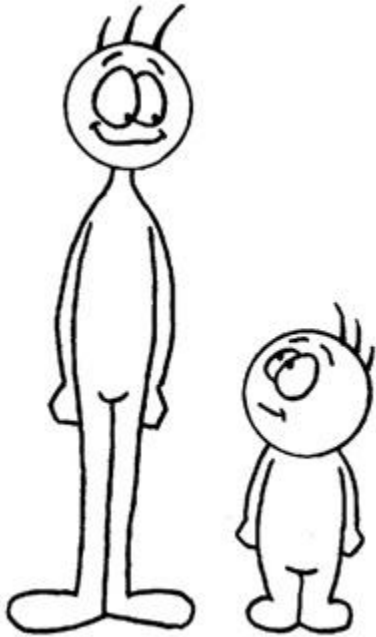
Example:
USD/CHF 1.2520

If the second currency is the US Dollar; the pip value is always worth \$10.

Example:
EUR/USD 1.2172

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Buy (long) and Sell (short)



When you buy, you...

Expect the first-named currency to strengthen against the second-named currency.

Assume a long position in the market. In trader's talk, this is called "going long" or taking a "long position". Just remember: long = buy.

When you sell, you...

Expect the first-named currency to weaken against the second-named currency.

Assume a short position in the market. This is called "going short" or taking a "short position". Just remember: Short = sell.

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BID / ASK Pricing



Bid: The price at which the broker/dealer is willing to buy a currency. You sell at the bid price.

The bid price is always shown on left side of quote.

Example: EUR/USD 1.2383/86

The bid price is 1.2383

As such, for you to sell one Euro, the market is willing to give you 1.2383 U.S. Dollars

Ask: The price at which the broker/dealer is willing to sell a currency. You buy at the ask price. The ask price is shown on right side of quote.

Example: EUR/USD 1.2383/86

The ask price is 1.2386

As such, for you to buy one Euro, the market is asking you for 1.2386 U.S. Dollars

The **bid/ask spread** is the difference between the bid and ask price.

Examples:

EUR/USD 1.2532/2535

Spread: 3 pips

USD/CHF 1.1175/1.1180

Spread: 5 pips

Forex Brokers, Regulators, Trading Platforms and Charting Services

If you want to trade in the Forex market you will need a broker. Brokers, like people, come in all shapes and sizes. There are brokers that only handle Forex accounts and there are others that handle commodities and Forex. Forex brokers are members of the National Futures Association (NFA) and are subject to the jurisdiction of the Commodities Futures Trading Commission (CFTC). The CFTC is the governmental agency in the United States that has exclusive jurisdiction over members of the NFA. The mission of the CFTC is to protect market users and the public from fraud and manipulation from brokers and money managers, manipulation, as well as any other abusive practices related to the sale of commodity and financial futures and options. As you can imagine, there are layer upon layers of regulations governing the various brokers. Mostly, these regulations deal with making sure that the brokers have enough reserve to cover their client's trades and losses.

Your Forex broker will usually have their own proprietary trading software. As such, it is outside of the scope of this writing to give you anything other than the basics of entering a trade. If you are going to trade in the Forex market, you will need to select a broker with a platform that is easy to work with and understand. The easiest way to do this is to search for brokers on the internet (there is currently no shortage of them...) and look at the various trading platforms that they offer. Many brokers will offer free charting packages with their software so you are able to get the information you need in order to trade. Most brokers offer a charting service known as MetaTrader™ by the MetaQuotes Software Corporation. You can access this software by logging onto www.metaquotes.net. Additionally, if you perform an internet search for "MetaTrader", you will find plenty of brokers that will offer you Demo accounts (with their trading platform) with the MetaTrader software. This is the best way to look for a trading platform that you are comfortable with. It is recommended that you find a broker that allows you to trade with "mini-lots". Mini-lots are simply smaller trading units (by 1/10th) that allow you to trade real money but at very low levels. This allows you to gently leave the demo trading phase of your trading career and enter the live trading phase of your career without placing so much of your money at risk. We will be discussing this in greater detail in the money management chapter below.

Once you have selected your broker (or changed brokers) you will need to get familiar with the different methods of entering trades. We recommend that you stick with the demo account until you have had an opportunity to fully understand how to enter the various types of trades we will be outlining below. Additionally, you will want to practice your trading system with plenty of "screen time" before your go live with your hard earned money.

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You do not want to become a part of the failed trader statistics. Only 10%-15% of traders succeed their first year. That number grows exponentially lower in the second year. There are many reasons for this, however the main reasons we attribute to this is trading the wrong system and using the wrong money management. In order to be a long lasting, successful trader you must be confident in the trading system you are using and you must have discipline to execute your trading plan.

Types of Order Entries

You will not be surprised to learn that there are many different ways to enter an order in the Forex market. If you already have experience in trading, you will know of many if not all of the order entry types discussed herein. In this section, we will cover the basic ways to enter orders in your broker's trading platform and what those orders are designed to do for you. This is especially important when learning how to trade with a particular trading system.

In many systems, through various calculations, a certain price level will trigger an order. This simply means that you will want to enter long or short in a trade based upon whether or not price hits a certain level after something in your trading system either occurred or did not occur. Of course, using a complicated trading system is going to make order entry issues all the more important (It is therefore recommended that you find a reliable trading system that is not overly complicated). As you can probably guess, *complicated* does not mean better, especially when it comes to trading. Our [Advent Forex](#) trading system uses two types of orders that we will discuss below, Buy Stop Orders and Sell Stop Orders. We will occasionally use a Market Order.

Market Order.. The first and most simple type of order is known as a market order. This is a buy or sell order that is executed by the broker immediately at current market prices (once you click your mouse or call your broker with instructions). Market orders are the most simple to make and are used to get into the market at that moment.

Limit Order. A limit order is an automated order used to buy at a price at no more than (the limit you specify) or to sell at no less than (the limit you specify). Trader's use limit orders to execute trades at desired prices. With a limit order, the customer does not have to actively monitor how a currency is performing. However, bear in mind that these trades are triggered automatically when the limit price is reached. This is not necessarily so in other markets, however, in the Forex market, liquidity is so high (unless major news was just announced) that these orders are almost flawlessly filled.

Stop Order. A stop loss order is an order to buy (or sell) a currency pair once the price of the pair has climbed above (or dropped below) a specified stop price. When the specified stop price is reached, the stop order is entered as a *market order*.

With a stop order, the customer does not have to actively monitor how a currency is performing. However, keep in mind, the order is triggered automatically when the stop price is reached. So, the stop price could be activated by a short-term fluctuation in price. In other words, your trade might be performing nicely and on its way to make you a tidy profit, when a price fluctuation (or an evil broker who is stop hunting... more on this later) spikes up or down and takes out your stop. As such, you want to be sure that your stop order is correctly calculated when you are using it to get into the market, or that you have given price enough room to breathe if you are using it to limit your losses as a protective measure.

There are also two other types of Stop Orders. The first is a buy stop. A buy stop is an entry order that is executed when price reaches a certain level. With a buy stop you will buy the base currency when price reaches a certain level. The sell stop is just the opposite. It is an order that is executed when price drops below a certain price level. With a sell stop you will sell the base currency when price reaches a certain level. Another type of order is an If Then Order. An If Then Order is an order that once triggered will automatically trigger a stop loss order. In other words if the first order is triggered the other order will be put in place.

Other Types of Orders. Some orders do exactly what they sound like they would do. By way of example, consider the End of Day order. This is an order that you can enter for a price that you think might get triggered sometime during the trading day. However, if the trade does not get triggered during the trading day, this order will expire automatically.

Another such order is known as the Good Till Canceled order (GTC). This order will stay in your account and trigger if price ever gets to the level you designate. This is an order that you need to be careful about entering, because it is an easy order to forget about when you are actively trading several currency pairs. As such, it is always a good idea to review all pending orders in your account at the end of the each trading session in order to make certain that you are aware of all pending trades entered into your trading platform.

Technical Analysis and Indicators

If you were to perform an internet search on Google™ for “technical analysis in trading” you would pull up about one million pages! If you were to go to your local book retailer, you would find an entire shelf of books on the subject. Technical analysis is a very broad subject with many different viewpoints and approaches. In this chapter we are only going to cover the very basics of technical analysis. In this study you will learn the basics and will be delighted to see that most, if not all, of the methods discussed will have corresponding technical indicators in the free charting packages that come with most demo accounts.

Technical analysis is the study of past financial market data, primarily through the use of charts, to forecast price trends and make investment decisions. In its purest form, technical analysis is concerned *only* with the actual price behavior of the market or instrument, based on the premise that price reflects all relevant factors before an investor becomes aware of them through other channels.

There are three basic tools used by all technical analysts to make their trading decisions:

Price Charts – Charts that graph price movements. Price chart studies play a large role in technical trading.

Chart overlays – Indicators that overlay on price chart data to indicate where the price is going, or whether the price is in an "overbought" condition or an "oversold" condition.

Chart pattern studies – Indicators that are used to study chart patterns of price movement. When data is plotted there is usually a pattern which naturally occurs and repeats over a period of time. Chart patterns are used as either reversal or continuation signals.

Chapter 3

Fundamental Analysis and Indicators

In a market like the Forex market, fundamental analysis can have a deep impact on trade decisions. Fundamental analysis includes factors, such as, Central Bank actions and policies, unexpected political and geopolitical events, and economic data, all of which represent fundamental factors. When these factors are collected together, they can play a key role in the pricing of one currency versus another.

As the world's economies become more and more dependent on one another, each country's economic policies, and therefore any changes to those policies impacts the global currency markets. As such, understanding how these different policies and policy changes work and what they mean is crucial to your success as a Forex trader.

Fundamental Analysis – is the study of economic and political factors which influence currency prices and, subsequently, trading decisions. Forex traders tend to focus on fundamentals for long term effects on currencies. Fundamentals that impact currency value:

Fundamentals that impact currency value:

1. Interest Rate Differentials
2. Growth Rate Differentials (Gross Domestic Product, housing market status, etc.).
3. Political Influence
4. Political and Geopolitical Events

Commodity Prices, Mergers & Acquisitions, etc.

Economic reports (Consumer Price Index and Unemployment Report also known as "Non-Farm Payrolls")

Interest Rate Differential: a comparison of two or more countries' respective interest rates.

Interest rates can affect the exchange rates between two currencies.

Higher interest rate = Better (+) return on currency

Lower interest rate = Lower (-) return on currency

Example:

If the U.K. interest rate is at 4.25% and the U.S. rate is at 2.25%, then investors might flock to the British Pound for a better return.

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Growth Rate Differential – a comparison of two or more countries' respective growth rates.

Gross Domestic Product

Considered one of the best indicators of an economy's health and growth, the GDP represents the monetary value of all goods and services produced by a country during a given year. If the U.S. were to announce a better than expected GDP number, it could influence investors to buy USD-based currencies.

Housing Market Status

Economic releases such as New Home Sales, Existing Home Sales, and Construction Spending reflect the state of the housing market. Robust numbers in this sector indicate strong growth.

Oratorical Intervention

This occurs when government or central bank officials try to attempt or influence public opinion. An example is when Alan Greenspan comments publicly on the markets or economy. His opinion alone can cause financial markets to skyrocket or plummet. Oratorical intervention is often used by politicians to defend their home currency.

Market Intervention

Market intervention refers to actions taken by officials to weaken or strengthen their currency value. Officials take action by either buying or selling their home currency to try to defend their home currency.

Examples:

- The European Central Bank buys the Euro to strengthen the Euro against the Dollar
- The Bank of Japan sells the Yen to weaken their currency against the Dollar, therefore, making their export items more competitive with American goods.

Political Events

Political events, such as, the upcoming Presidential elections can have a serious impact on the US economy therefore affect the Dollar.

Geopolitical Events: are unpredictable and tend to create a feeling of uncertainty in all markets, including Forex.

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Examples:

- **9/11 terrorist attacks** (USD/CHF sharply lower*)
- **Terrorist bombing in Madrid** (EUR/CHF lower*)
- **Mad cow disease in Alberta** (USD/CAD higher*)

* In these cases, the base currency depreciates against the second currency.

Market reactions to geopolitical events are usually instant, frantic, and short-lived. Almost always, traders will flock to the Swiss Franc (CHF) during or immediately following a geopolitical crisis, since Switzerland is universally seen as a 'safe haven'.

Political Events

Political events, such as, the upcoming Presidential elections can have a serious impact on the US economy therefore affect the Dollar.

CPI: measures the change in the prices of consumer goods for 200 different categories. The CPI is often compared to a nation's exports to determine if the country is making money on its products and services. **Note:** This report has a strong impact on interest rate trades because it is a direct measure of inflation

Unemployment Reports are one of the most important fundamental indicators affecting Forex. This report almost always affects the market.

- The information in the report is very timely and portrays the current depiction of the health of the economy.
- The Unemployment Report can sometimes set the tone for other indicators. For example, after a poor employment number, traders may expect other indicators, such as, Retail Sales to under-perform.
- This report helps to drive interest rates. For example, as unemployment decreases, interest rates rise and so does dollar value.

The most important fundamental is interest rates. The Forex market is driven by interest rates. They have been for the past 12 years. This is why we focus around announcements that have to do with interest rate decisions. These announcements are the driving force of the market.

Interest rates move the market based on the perception of where they are heading. For instance, if indicators point to a growing economy, inflation may become a factor, and therefore interest rates might increase. If interest rates do increase, investors will begin to buy into those currencies with rising interest rates.

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The number one reason interest rates are so important is "Currencies are an asset". The interest rate is the yield on the investment when you invest in currencies. The higher the yield, the more people will want to buy that currency. The lower the yield, the less people will want to buy that currency. If the market perceives that interest rates are going to go down the currency will fall as well.

What drives interest rates? Inflation drives interest rates. Inflation is defined as a sustained increase in the general level of prices for goods and services. When inflation rises every dollar you own becomes less valuable. Because of this every dollar you own will buy a smaller percentage of a good or service.

Certain financial indicators are reviewed by each country on a regular basis. Some of these indicators are reviewed monthly with predictable and scheduled announcements issued respectively. These announcements constitute and reflect the fundamental underlying value of that country's currency. As such, it is very important to understand the relative weight and value of each announcement in order to determine how it will positively or negatively impact the value of that country's currency. For a more detailed study in this subject, make sure that you follow the link in chapter six to the news trading program. This link will take you to one of our web pages that will offer you much more detail on news trading and which fundamental news announcements are more likely to move the markets. Enjoy!

Chapter 4

Candlesticks as Technical Indicators

The Japanese were the first to use technical analysis to trade futures markets. In the 1700's, trading rice futures involved much speculation, which in turn, created technical analysis as it related to the price formations of candlestick patterns.

The most famous rice trader in the 1700's was Munehisa Homma (1724-1803). He was a rice merchant from Sakata, Japan who traded in the Ojima Rice market in Osaka during the Tokugawa Shogunate. He is reputed to have become an honorary Samurai due to his trading success.

In or about 1710, the rice futures market emerged where *coupons*, promising delivery of rice at a future time, were issued to merchants. From this, a secondary market of coupon trading emerged in which Homma flourished. Stories claim that he established a personal network of men about every six Km between Sakata and Osaka (a distance of some 600 Km) to communicate market prices.

He was the first to recognize that sometimes the market perceived a harvest that often turned out totally different than expected. He deduced that the market was strongly influenced by the emotions of the traders.

He understood, before anyone else, that there was a difference between the *value* of rice and the *price* of rice. This realization is as valid today in the futures market as it was in the 1700's. He realized that the psychology aspect of the market was crucial to his trading success.

The book states that even the market has a yin and yang. There is always a balance or rotation of Yin (bearish) and Yang (bullish). This simply means that the market will always try to find a way to balance itself. Within every bull market, there is a bear market ready to bring balance to the market. Within every bear market, there is a bull market ready to bring balance to the market. This may explain why Japanese candlestick techniques place so much emphasis on reversals, rather than trends.

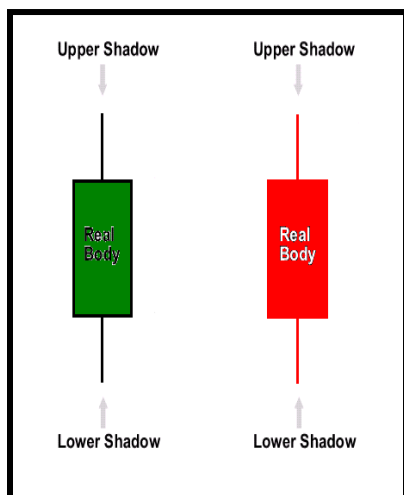
Homma is believed to have written a book by the name of "The Fountain of Gold –The Three Monkey Record of Money" in 1755. This appears to be the first book ever written on technical analysis of a commodity market. In this book, Homma claims that the psychological aspect of the market is critical to trading successfully and that traders' emotions have a significant

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influence on prices. He notes that this information can be used to position oneself against the market: *when all are bearish, there is cause for prices to rise* (and vice versa).

The three monkeys are the “see, hear, speak no evil monkeys” we all learned about as children. The meaning of the title is that in order for traders to reach their “fountain of gold” they need to have the same characteristics of the three monkeys.

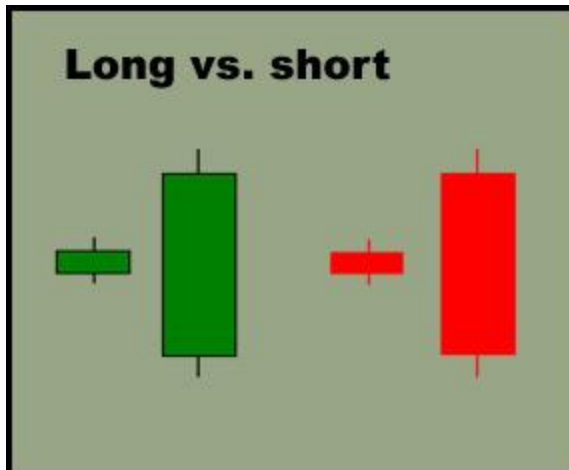
In this book, Homma states that it may be safer to trade a position *after* the market has reacted to the news rather than trading with the news. As such, even 250 years ago, the sage wisdom of the time was that traders should pay less attention to the news events and pay more attention to the human reaction to these news events. Certainly, sound wisdom never goes out of style.



The individual lines often look like candles with their wicks. The rectangular part of the candlestick is called the real body. The thin lines above and/or below the real body are called shadows. Candlestick charts can be used for intra-day, daily, weekly, and monthly charting.

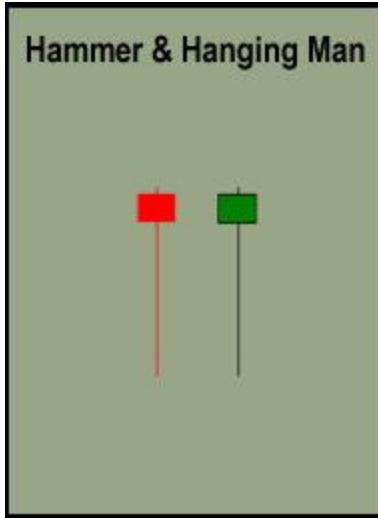
Long bodies indicate strong buying or selling. The longer the body is, the more intense the buying or selling pressure.

Short bodies imply very little buying or selling activity. The shorter the body is, the less intense the buying or selling pressure.



- **Long upper shadow** – this signals that buyers bided prices higher, but for one reason or another, sellers came in and drove prices back down to end the session back near its open price.
- **Long lower shadow** – this signals that sellers forced prices lower, but for one reason or another, buyers came in and drove prices back up to end the session back near its open price.
- **Hammer** – a bullish reversal pattern that forms during a downtrend. It is named because the market is hammering out a bottom.
Recognition Criteria:
 - A long lower shadow that is about two or three times the length of the real body.
 - Little or no upper shadow.
 - The real body is at the upper end of the trading range.
 - The color of the real body is not important, however, a green body is more bullish than a red body.

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An in depth study of candlestick indicators are beyond the scope of this e-book. However, we wanted to give you the basics so you would understand some of the terminology.

Chapter 5

Money Management

Money management is as important as having a solid trading system. This bears repeating: **Money management is as important as having a solid trading system.** This concept cannot be overstated. Proper money management is such an integral part of trading that it could easily have been the first subject covered in this book.

The greatest gift we could give you is the knowledge that *cash is a trading position*. This simply means that the decision to *not* execute a trade *is* a trading decision! Many times, traders choose to bend the rules of their trading system because one of the indicators in their system is really close to the rules and the trader thinks that it is close enough, or that price will *most likely* reach a certain level that would otherwise trigger their trading strategy. Such trading is dangerous because it leads to non-disciplined trading, or worse, a gambler's mindset of *hunch* trading. This of course has everything to do with money management. Often times, traders make emotional decisions, either based on greed or fear, that cause them to change the rules of their trading system in terms of the amount of margin they place in a trade. While fear and greed are concepts that are most often discussed the area of trader's psychology (a topic not covered in this book), sticking to the money management rules of proven trading strategy will help a trader avoid the emotional highs and lows that accompany the trading experience.

Therefore, the basic theme of this chapter is to focus the reader on the preservation of capital. The preservation of capital is the key to proper money management in a trader's business. If you, as a trader, can follow the rules of your trading system, and not deviate from your proven methodologies, then there will be little room for fear or greed to enter into your trading experience.

Consider a baseball analogy: If a major league baseball player has a batting average of .310, he will be paid multiple millions of dollars per year to play in the big leagues. This simply means, that out of every 1000 times at bat, he will only get on base 310 times. Which, conversely, means that he will strike out 690 times and *still* make millions of dollars. This concept translates directly into trading and money management. As a trader, you need to accept the fact that you are going to lose... consistently. There is no trading system in the world that does not incorporate a certain percentage of losses into the probability factor of the system's overall strategy of success. You have to lose as a trader in order to be successful. This simply means that if you follow the rules of your system, and stick to the margin guidelines for each trade, you will preserve your capital during the losses and increase your capital during your gains. However, if you don't have a strict, disciplined, and conservative money management strategy incorporated into your trading system, you need to find another system! This too bears repeating: **If you**

don't have a strict, disciplined, and conservative money management strategy incorporated into your trading system, you need to find another system!

The initial step to proper money management is selecting a Forex broker that will allow you to trade mini-lots. We recommend that you use a broker that offers MetaTrader 4.0 (MT4) as a trading platform (most do).

Unless your account balance begins with more than one hundred thousand dollars, you should be trading with mini-lots as a part of your strategy. The next step is to find a trading system that incorporates the use of mini-lots into the system by calling for very low margins in certain trading environments. For example, in our [Advent](#) Forex trading system, there are times when we are entering swing trades that we plan to hold for more than a week with stops set at more than 150 pips away from our initial entry position. Such large pip ranges in our stops would be very risky if we were guessing at what our margins should be, or used too much margin in the trades, or were sloppy with our trading rules. However, we enter these trades routinely with confidence because we (a) have a great trading system that calls for small margins on the entry of certain trades, (b) we have a broker that allows us to highly define our precise margins, and (c) we follow the strict and conservative rules of our proven trading system.

Do we have losing trades and draw down periods in our accounts? Sure we do. However, because we follow the rules of our trading system to the "tee", and use proper money management with the size of our trading positions, our accounts grow with time.

Below, we want to go over some of the more basic concepts of different money management issues to make sure that you have a thorough understanding of each.

Capital Risk: refers to the amount of money (capital) that you're willing to risk to enter a position. **Note:** We suggest starting out with a free demo account first; then, after several months of trading activity has built up some confidence, open a small account (less than \$1,000) with a broker that will allow you to trade micro-lots. This way, you are being very conservative with your initial live trading. Remember, this is not a get rich quick scheme, and Forex trading can be a risky venture. Be sure you start out small.

Risk/ Reward ratio At minimum, a 2:1 ratio is sufficient but 3:1 is even better and recommended. In general: the longer you stay in a trade, the greater your ratio.

Know when (and when not) to trade

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Trade your personality... don't fight it.

Trade your strengths... not your weaknesses. Know where to place your limits. Identify the position for your limits before you enter a trade and take your profits.

Don't worry about leaving some money on the table for the other guy. There will always be another trade, take your profits from your trades and wait for the next set up offered by the market. In our trading model we will rarely set limits. We teach a more accurate and in depth method of flowing with the market and allowing the market to tell you where to take your profits in real time. A trend may last for many months or many thousands of pips which can equate to double and triple digit percentage gains in your account. If you took your profits in the first 10% of the move you would miss out on the other 90% potential. Our goal in trading the markets is to capture 60-80% of the trend.

Protect Your Profits

By using the method described above you must have a plan to protect your profit. If you are going to let a trade run for a long period of time it is imperative to make sure you protect your profits in case of a sudden move in the opposite direction. One key thing to understand in trading is that trends do not change very often. Therefore don't be in such a hurry to get out of a good trade especially when you are up. Simply protect your profits by using trailing stops.

Know where to place your stop losses.

Identify the position for your stop losses before you enter a trade. This is extremely important. You never want to enter a position without first identifying your max risk if that position moves against you.

Stick with your stop losses.

Often, it's tempting to adjust stop loss positions once the market starts to move against you. But, stop losses are there to protect your investments, so place them and leave them alone. You can always re-enter the market. There will always be another opportunity

Leverage is having the ability to control a large amount of money using none or very little of your own money and borrowing the rest. For example, in the Forex market, you can control \$100,000 with a \$1,000 deposit. Leverage is expressed in ratios. Your leverage is therefore 100:1.

Many online Forex brokers advertising how they offer 200:1 leverage or even 400:1 leverage. Run from those brokers! Most beginners underestimate the potentially devastating damage leverage can wreak on their accounts.

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Understanding leverage enough to know when to use it and when NOT to use it is critical to your success!

Leverage is a very powerful tool but both old and new traders use it to destroy their trading capital simply because they take too lightly its destructive force or sometimes ignore it altogether.

The number one reason experienced traders succeed is because their accounts are properly capitalized. Therefore, while learning technical analysis, fundamental analysis, building a system, and trading psychology is extremely important, the biggest factor on whether you succeed as a Forex trader is making sure you capitalize your account sufficiently and trade that capital with proper (meaning low) leverage.

High leverage is a favorite selling point for most Forex brokers. Yes, they pitch that you can make a huge killing using huge leverage, but also know that you could easily be killed by huge leverage as well. In all candor, your broker is the entity taking the opposite position on most of your trades. Since brokers know that most traders lose their money, they are happy to increase your margins in order to take your money that much faster. Don't let them!

Brokers want you to trade with a short-term mindset. They want you to trade as much as possible as often as possible. It's the only way they make money. One or two pips are important to them. The more you trade the more they make on the spread. It's not in their best interest to tell you to let your trades run longer than the same day.

When you start to make more pips than you lose *consistently*, then, and only then, should you unleash the power of leverage.

Remember, Forex trading is a business. It is your job. Don't think that just because brokers allow you to use high leverage with a low minimum deposit that you can "make a quick buck" or "get rich quick". Approach the currency market with respect and it will show you respect in return.

Also remember that not entering a questionable trade is a good trading decision. Take only the trades that the market sets up within your trading system. Don't trade hunches, and stick to your trading rules as it relates to how much margin you use on particular trades based upon the reasonable probability that the system has for winning trades.

Importantly, if you don't have a strict, disciplined, and conservative money management strategy incorporated into your trading system, you need to find another system!

In closing, find a great trading system, follow the rules closely, be realistic in your expectations... and you shouldn't be disappointed.

Chapter 6

How to Profit from the Falling Dollar, by Cecil Robles

The following is an excerpt from Cecil's book. This is chapter one. This is a very insightful book that comes at a time when the US Dollar is in trouble and the world is raising concerns. It was only a month ago that rouge members of OPEC, Iran and Venezuela, called for OPEC to drop the US Dollar as their standard for pricing their oil and adopt the EURO. Just on that news alone, the US Dollar tumbled.

[Click here](#) to purchase this book from Amazon.com.

Chapter 1

The Rise and Fall of the Empires

Throughout history we have seen the rise of many great empires: the Chinese, the Greeks, the Romans, the Spanish, the French, and the British, to name the most prominent and well known. Without exception the fall of every empire has occurred as well.

When an empire is born all look to see how this one will differ from the previous one. The empire starts off strong and prosperous and all say that destruction and ruin can never come, only to find that after the empire reaches its pinnacle the fall is with much more force and destruction than the rise. Maybe you have heard the saying, "The bigger they are the harder they fall," and this couldn't ring more true than in respect to the great empires our world has seen.

The way every empire is born is from the ashes of a previous empire. Every living thing is born from another living thing. Just as every human born has some resemblance to its parents so does every empire have a link to its foregoer. However this is not quite true about the United States. The foregoer of the United States was the British Empire and yet we see little resemblance between the system of imperial finance in the United States and the British Empire. However, there is a slight family resemblance in the Spanish Colonial Empire.

During the Spanish Empire, Spain sent ships armed with provisions, soldiers, and colonial administrators. These ships returned to their motherland filled with newfound riches. They returned with gold and silver. Which was a hard asset. Real money. It was very hard to counterfeit this kind of currency, and they couldn't just make more of it at the stroke of a pen. These newfound riches, however good they may have seemed, were in fact extremely fatal to the empire. Sometimes extreme wealth gotten without much hard work is the worst thing that could happen to an empire. This is what took place in the case of Spain. They spent money without really

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earning it and they consumed more than they could produce. When the real money began to dry up they found that they were really poor, not rich.

So it is with America, except our case is worse. Our nation is nurtured by foreign wealth just like Spain was, excluding the real money. Instead of gold and silver we operate a paper money society. However in our foreign dependence it isn't even paper money that is transferred—it is electronically done. Nothing ever changes hands and there is nothing tangible backing the transaction. It is, simply put, a smoke and mirrors act. For instance if the U.S. Treasury makes a dollar bill it does not come with an additional dollar of savings or profit, and in most cases there is not even a real dollar. The gold from South and Central America was tangible and is still in circulation today.

With the First and Second World Wars also came the emergence of another great empire, The United States. During this period the United States was transformed from a mere republic into an empire. Now we have an interest in everything that happens in world politics and social issues, with our forces spanned across the globe. This is without a doubt the making of an empire.

In an empire, the way people think about their surroundings, the world, finance, and government changes. An imperial man begins to turn away from his home and immediate surroundings and begins to see the world as the big picture. They see all of the wrong that is taking place and think, "If I were running things they would be much different." Then he takes action and begins to play a bigger role in global affairs. Before long he becomes the main player and eventually earns the star role and all of the accolades and respect that come along with it.

Instead of enjoying their own land and efforts this newly born empire begins to look towards the efforts of foreign commerce, factories and fields to support it. Eventually this leads to the neglect of its own commerce and industry. While there is still the outflow of commands and proclamations from the center of the empire to the outer extremities, there is also an inflow. Such was the case with every empire since the beginning of time.

The major difference between a republic and an empire is that republics pay their own way and empires have foreign lands that pay their way. Such is the story with America. In 1952 almost 90 percent of the federal government's borrowing came from domestic investors. Most Americans religiously saved their money. Now in 2005 the tables have turned and instead of borrowing from home we borrow from overseas investors. In 1952

only 5 percent of treasury bonds were held by foreign hands, today the figure has changed to over 45 percent. At the same time domestic lending has been cut by 50 percent.

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We get our automobiles from Japan and our electronics from Taiwan. Our clothes are now made in China and Malaysia. Most of our scientists and computer brains are coming from India. And the majority of the money it takes to keep it all running comes from the East.

Our Empire

As I have previously stated, America began her quest for empire status beginning with World Wars I and II. Since then America has seemed to step up its pace by engrossing itself in over 111 military actions and conflicts.

Our troops are scattered across the world in U.S. military bases found in over 120 countries. In addition to our military presence we also have scientists, contractors, consultants, advisors, engineers, intermediaries and functionaries throughout the globe. These people have been educated in American universities and are either on the payroll of the U.S. Government or U.S. companies that are linked to the government.

John Perkins, in his book called *Confessions of an Economic Hit Man*, (New York: Penguin, 2006) reveals the purpose and work of these people. A supervisor explained to him:

There were two primary objectives of my work. First I was to justify huge international loans that would funnel money back to MAIN (the consulting firm for whom he labored) and other U.S. companies such as Bechtel, Halliburton, Stone and Webster, and Brown and Root through massive engineering and construction projects. Second, I would work to bankrupt the countries that received those loans (after they had paid MAIN and other U.S. contractors, of course) so that they would be forever beholden to their creditors and so they would present easy targets when we needed favors, including military bases, UN votes, or access to oil and other natural resources.

Although now we can see America with all of the trappings of an empire, our founders had mixed emotions about the status of empire. In fact they were all educated on the rise and fall of the Roman Empire and they vowed to not make the same mistakes. But greed is a strong emotion that causes even the best of men to falter. Especially when coming from an imperial-minded society like Britain with its imperial purple on display.

So why does America have so many troops and foot soldiers scattered throughout the world? Why is it that America will spend more in a single year on defense than the rest of the world combined? At present America is the world's only superpower and we currently can be matched by no single nation militarily. Against what is she defending herself? This is the same thing that takes hold of every imperial power since the beginning of time. America has become the world's police because the world is her playground. She must now provide safety for the world. This is her job as she wears the

imperial purple whether she wants to or not. So now America is the ruler of the world, but far from being the ruler of her own finances.

Everything about imperialism is attractive to man. The powers, money and fame that come along with an empire have attracted men since the beginning of time. This could not be truer than with America. Why is it that people outside of America are so attracted to America? Could it be that we are seen as the center of the empire? It is a place where there are more opportunities for success than any other place on the planet. People are attracted to America because of how we live: without a care in the world, and like everything is going to last forever. The big problem with this philosophy is that nothing lasts forever, especially great empires.

Of course there is not an empire yet that wanted to accept the idea that it could possibly come to an end. Somehow Americans seem to think of themselves as out of the ordinary and superior. However we have only been in existence for some 229 years. Nonetheless we tend to think of our civilization and our country as special and less likely to fall than other cultures that we think of as barbaric or ancient, pagan, or otherwise inferior.

Anthropologists, on the other hand, lend an opposing theory to the one aforementioned. They tell us after studying ancient civilizations that many of the fallen civilizations throughout history also thought they were superior to their neighbors or forebears. Just like Americans, few of their citizens believed that their society and economy could collapse. This is much like what we saw in the '99 technology stock collapse. Few investors thought that would happen, and the results were devastating and surprising to many people who had their life savings invested heavily in this area.

The Roman Empire lasted more than 1000 years, and yet we seem to have more confidence in our nation after only 229 years.

Recent scientific research points to the idea that our civilization is more fragile than we would like to think. According to Michael Shermer in a column he wrote for *Scientific American*, modern civilizations do not last as long as ancient civilizations. Among the twenty-eight most recent civilizations following the Roman Empire, the average life span is only 305 years. (Michael Shermer, *Why ET Hasn't Called*, *Scientific American*, August 2002)

One reason may be that modern civilizations are more complex. By this, we mean that they have a well-developed division of labor. In a well-developed division of labor most jobs require specialized skills and training. These modern civilizations also have a hierarchal leadership structure, with various levels of government and other social institutions. Modern civilizations are also more expensive to maintain because they require more natural resources to maintain their territories.

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Civilizations tend to culminate around crisis. Often when a civilization is fragile the next crisis may be all that it takes to send them into an out of control spiral downward. After all just because a civilization has maintained its status for two or three hundred years does not mean that it will last forever. We do not have enough information about the future to say that a civilization will continue on infinitely. On the other hand we have plenty of history that shows us otherwise.

In his book, *The Collapse of Complex Societies*, Joseph Tainter gives us a reason why complex societies collapse. He explains that like other human endeavors, societies eventually suffer from diminishing returns. (Cambridge University Press, 1995)

For example, when we observe the Roman Empire we discover that they followed this same pattern. It started out when they wanted to conquer their neighbors to commandeer their grain production and labor to sustain Rome's own need. At first Rome was very successful with this approach and as a result they became very wealthy. There was, however, a downside to this new expansion. As they grew and conquered more territories, the need for a larger, more complex civil service and military force, education, public works, and social benefits grew exponentially. Of course every one of these expanding arms of the empire required more financing than ever before. The only option was to raise taxes and debase the currency. Eventually the taxes were so burdensome that landowners were forced to abandon their farms, which caused food production to fall. Soon the cost to conquer new territories exceeded the rewards. Then because of the imbalance that was already created in the economy Rome could no longer afford to defend the territories that it had conquered. Barbarians soon capitalized on the weaknesses and invaded the territories. The once great empire of Rome had fallen victim to its own tactics.

The bottom line is that our economy is very fragile. It is like walking on a tightrope without the use of a net. One little slip and we could fall to our demise. Unfortunately for us the complexity of our society and economy does not help much in making our economy more stable. I like to use the analogy of a four-legged stool to show the potential danger facing our economy.

A four-legged stool is only made stable by the legs that support it. If one leg breaks the stool becomes unstable and its use becomes obsolete until you fix it. If you knew a stool was broken and that you had the potential to fall if you sat in it would you sit? The answer is no. You wouldn't sit in it because of the potential to fall out of it which would do harm to your well-being.

The United States Empire is like the four-legged stool only instead of the legs we have real economic issues that we are currently facing. These issues are pushing us rapidly towards a changed America. In the chapters ahead you will read about the "broken legs" of our economy. The first and most likely

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trigger to a coming economic collapse is our severe debt. This debt spans nationwide on a private and public level. The "twin deficits" are looming factors in our debt situation. This may prove to be the reason for the demise of the dollar. It is by far the most dangerous problem and the one that could cause us to spin into a severe economic depression or a total economic collapse in the near future.

The second leg is a slowing economy caused by superficial gains in the '90s stock market bubble. This is more of a sign given to show the direction our economy is heading. With very little increase in technology and industrial production in recent years we are falling behind the rest of the world. Of course companies have learned how to spruce up their bottom lines to make things look attractive from the outside. The reality, however, is that American industry has fallen out of the race with the rest of the world and we are lagging a generation behind in most areas. Because of the shakiness of our economy and a falling dollar, companies are not willing to take new risks to expand and grow their businesses by seeking new customers and innovating their technology and services.

The third leg includes terrorism, energy prices, and inflation. These three are what I call sleeper disasters. These are things that could creep up on our economy at any moment and do serious damage. Terrorist attacks are unknown factors in the society that we live in today. The coming oil crisis is really a book in itself, however I will point out some serious threats that involve supply and demand which have the potential to send gas prices to \$10 a gallon.

The fourth leg represents the growing economies of China and India. Currently China has not yet revalued their currency but when they do, watch out. A revaluation could cause an economic slowdown, even a recession in the United States.

All of these causes and effects have severe consequences on the value of the U.S. dollar and our economy. It could be a very short period of time before we see one of these crises manifest which would cause chaos and turmoil in America.

Chapter 7

Additional Training, Mentoring and Money Management Opportunities.

Our Unique Approach

If you have spent any time in front of your charts, you will undoubtedly have come to the realization that market action (price) moves in waves. Interestingly however, most traders are still using a suite of straight line indicators and tools as a basis for their trading decisions. Nature itself is in motion and fluid. The same holds true for the markets. So it's not hard to see why the application of a straight line methodology to measure a floating and rolling market will be imprecise at best.

Measuring price action in the market has always been an inexact science. Over the years, technical traders have realized that many of the laws of nature also apply to the ebb and flow of the Markets and have tried to apply those natural laws to their linear analysis. This effort is seen in the application of Fibonacci calculations to price movement. However, and unfortunately, over time the Fibonacci analysis has become more of a self-fulfilling prophecy of the aggregate of traders' opinions.

Since most technical traders are applying the Fibonacci analysis to price movement, the entire Market is watching the same set of numbers and acting accordingly., Yet the Fibonacci numbers are not consistently reliable triggers for entering and exiting trades, and therefore, like so many other linear indicators, leave enormous room for second guessing and conflicting opinions. Most often, Fibonacci tools end up being used to evaluate a trade that is not going well or to substantiate a belief that is individually held by a trader. However, Fibonacci numbers themselves are more a dissection of price than they are triggering mechanism for consistently profitable trading.

As such, and given the above, we have embraced a non-traditional approach to the market. We measure market movements, not in linear terms as seen by using pivot points, trend lines and Fibonacci lines, etc., but by swing high and low points as established by the ebbs and flows of price action. These are also known as fractal levels. This methodology gives us a much better picture of the market's movements, making it an easier and more reliable way to trade.

As you will recall, we stated at the introduction of the e-book that this was a trading primer. Within this book you have been given more than a casual glimpse of the inner workings of the Forex market and have been introduced to some of the basic tools necessary to becoming a profitable trader.

However, there is much more to trading than what we could provide in a single book. In fact, there is no one book or trading course (even ours 😊), or

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so-called trading guru that can provide you with the holy grail of trading wisdom and knowledge.

There are two very important elements to a successful trading system. The first element is you. *You* must develop a disciplined mindset. The second element is a trading system that offers high probability trading with proper money management, which calls for very low margin initial entries and proper margin add-on opportunities when it is confirmed that you are in a trend. If you have both those element, you are going to do well. If you lack one of these elements, you will be sorely disappointed.

The good news is that a proper trading system can help you get disciplined and give you the proper trade set ups that are called out by the market itself and not a set of strait line indicators on a chart. If you are looking for a great trading system and mentorship [Click Here](#) for more information.

We hope you have enjoyed this e-book. Remember to be sure to manage your risk when trading Forex or Futures. Forex trading offers great rewards, but there are also risks involved with Forex trading as well. Be Smart! If you are uncertain about trading the Forex, open a demo account first and trade for several months before you place your hard learned money at risk.