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LESSON 1:

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What is the Forex and why is it considered one of the BEST investing opportunities for profit vs. other financial markets?
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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.

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

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.

Before I get into who trades the Forex, let me tell you about some of the best advantages of trading an electronic, (OTC), 24-hour market.

1. 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.

2. 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.

3. 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.

4. A 24 hour market

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

5. Leverage

The leverage that the currency fund Ethos Inc. uses 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. That is why as a professional money management company Ethos Inc. places money management as a top priority.

6. High Liquidity

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

7. 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.

8. Analyst and brokerage firms are less likely to influence the market

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

9. 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 stocks and therefore the collapse of a currency is much less likely.

10. 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 or the position will be liquidated.

So how's that compare to Stocks, Bonds, or Commodities? Well stocks don't offer the leverage opportunity that Forex does. For as little as \$50 you can control \$10,000 worth of currency. That's 200:1 leverage meaning if you put up \$1 dollar the trading vendor will allow you to trade like you really have \$200! No stock will ever give you that kind of leverage.

Futures markets are often prone to sudden and dramatic moves, against which you can't protect yourself, even by trading with protective stops. Your position may be liquidated as a loss, and you'll be liable for any resulting deficit in the account. But because of the currency market's deep liquidity and 24-hour, continuous trading, dangerous trading gaps and limit moves are eliminated. Orders are executed quickly, without slippage or partial fills. And finally, there are no margin calls. For your protection brokers will close out your open positions if your account equity falls below the level required to hold the

position.

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So now that we know the benefits of trading the Forex let's find out who is trading the Forex.

On a large scale, Forex trading consists primarily of the hedging strategies and position 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 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 or 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 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.

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Now that you know who the players are and that the field is leveled so you can play equally with the big boys, let us remind you one thing:

YOUR GOAL IS TO FOLLOW THE TRENDS THAT THE BIG PLAYERS CREATE PROFITING ALL THE WAY.

LESSON 2:

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How currencies are traded, understanding quotes and parities.
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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:

USD - United States Dollar
EUR - Currency of the European Union "EURO"
JPY - Japanese Yen
GBP - British Pound
CHF - Swiss Franc
CAD - Canadian Dollar
AUD - Australian Dollar
NZD - New Zealand Dollar

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. The Base currency is on the left and the Counter currency is on the right. When you place an order to buy the GBP/USD, for instance, you are actually buying the GBP and selling the USD. If you were to sell them as a pair, you would be selling the GBP and buying the USD so if you buy or sell a currency pair, you are buying/selling the base currency. You are always doing the opposite of what you did to the base currency with the counter currency.

Let's take a look...

Base (left) / Counter (right)

GBP / USD

ORDER to BUY

GBP (buy / USD (sell)

ORDER to SELL

GBP (sell) / USD (buy)

If you are confused-no worries, just think of the entire pair as a whole transaction then you are just buying or selling that one item.

Understanding about the base/counter allows you to know what is actually taking place in a Forex transaction and helps when you are following Fundamentals.

Currency trading is a Zero Sum game meaning that there is always a winner and always a loser. What that boils down to in the transaction is for every buy transaction you must have a sell transaction and vice versa in order to bring your trade to zero. Because of this structure Forex allows you to be able to short-sell with no restrictions so you can make money when the market drops as well as when it rises. This allows you endless opportunities to trade in all market conditions.

When you are looking at charts and you see that the charts are trending upwards, you will see the base currency is gaining against the counter currency. If you see the chart trending downwards, then the base currency is losing against the counter currency.

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Now that you understand parities, you have one goal in mind:

YOUR GOAL IS TO CHOOSE NO MORE THAN 3 PARITIES TO START TRADING WITH AND FOLLOW THOSE RELIGIOUSLY

LESSON 3:

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Forex Math Basics- Understanding All About LOTS and PIPS
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A Lot is the size of the currency unit to be traded. Forex is traded in lots. The standard size 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!

1 Full Lot = \$100,000

1 Mini Lot = \$10,000

EXAMPLE 1.1:

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.

EXAMPLE 1.2:

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.

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: 2.1

USD/CHF 1.2520

If the second currency is the US Dollar; the pip value is always worth \$10 on a full lot and \$1 per mini lot.

EXAMPLE: 2.2

EUR/USD 1.2172

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 the left side of the quote.

EXAMPLE 3.1

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 the right side of the quote

EXAMPLE 3.2

EUR/USD 1.2383/86 - The ask price is 1.2386

As such, for you to buy on 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.

EXAMPLE 3.3

EUR/USD 1.2138/2141 - The spread is 3 pips

USD/CHF 1.2502/1.2507 - The spread is 5 pips

Currency pairs that do not involve the U.S. dollar are called cross currencies, but the premise is the same.

Buy (long) and Sell (short)

When you buy, you expect the first-named currency to strengthen against the second named currency. 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 the short position in the market. This is called "going short" or taking a "short position".

Just remember: Short = sell.

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Now that you understand about LOTS and PIPS:

YOUR GOAL IS TO CAPTURE AS MANY PROFITABLE PIPS PER MONTH AS POSSIBLE

LESSON 4:

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Account Size, Margins and Leverage
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Margin

The amount of money you need to place a trade is known as "margin". Various brokers offer different margin amounts.

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.

Most accounts are leveraged 100:1 and 200:1. This means that for every \$1 you invest the trading broker will allow you to trade like you have \$200. The higher the leverage ratio the riskier you're trading becomes. Most beginners underestimate the potentially devastating damage leverage can wreak on their accounts. Understanding leverage enough to know when to use it and when NOT to use it is critical to your success!

The safest account you can set up is a 100:1 account. This means that you can control \$100,000 with a \$1,000 deposit.

Minimum Start Up Capital

Initial start up capital ideally should be a minimum of \$2,000 unless you can exactly define your lot size. You can do this by choosing a broker that allows you to trade in MICRO LOTS. Micro lots are used with smaller accounts. When you trade a micro lot each pip of a currency that is denominated in USD is \$.10. Trade micro accounts if you are trading less than \$10,000. This will allow you to keep your risk at proper levels, the way I will teach you.

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.

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Now that you understand about LOTS and PIPS:

YOUR GOAL IS TO START TO MAKE MORE PIPS CONSISTENTLY, THEN, AND ONLY THEN, SHOULD YOU UNLEASH THE POWER OF LEVERAGE

LESSON 5:

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All about Forex Brokers and Regulators
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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. Brokers who trade Forex are members of the National Futures Association (NFA) and are subject to the 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. 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 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.

It is recommended you find a broker that allows you to trade with "mini lots" and for accounts that are less than \$10,000 you need "micro 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. Micro lots break this down even further by allowing you to trade units that are 1/100th of a full lot.

Once you have selected your broker 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 you go live with your hard earned money.

I have added a No B.S. broker guide at the back of this course to assist you in choosing the right broker. Please not that I have never found a perfect broker. However, there are some that are much better than others. While I can't tell you the exact broker to choose I believe I have made the process much simpler.

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Now that you understand about Brokers and Regulators:

**YOUR GOAL IS TO START RESEARCHING A BROKER YOU WOULD LIKE TO USE
AND SET UP A DEMO ACCOUNT WITH THEM**

LESSON 6:

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Trading Platforms and Charting Services

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If you want to trade in the Forex market you will need an understanding of charts. Without it you will fail. Your Forex broker will usually have their own proprietary trading order execution platform but some also offer free charting software.

Reading charts is many times referred to as more of an art form than a skill; however, I teach you proprietary charting techniques that will allow you to follow specific chart patterns with instructions on how to trade those patterns. There is always some discretion involved in trading and that is where the art form comes into play. Once you have enough screen time you will get a feel for the charts and become intuitive when you read them.

The first thing you need to understand about is price. Price reflects the perceptions and action taken in the market by the participants. The interaction between the buyers and sellers creates the price movement. So ultimately when you view the price charts you are seeing fundamental and market psychology. So as the market is being driven by greed and fear you can watch it relate to the chart patterns.

Price charts are comprised of price bars. Price bars show the high, low, open, and close. The most common types of price bars are the Bar Chart and the Candlestick Chart. We don't use price Bar Charts very often because Candlesticks show so much more about the movement of price. So for the sake of simplicity I will stick to them.

Candlesticks or Japanese Candlesticks as they are known, represent the same information as price bars - High, Low, Open, and close. The only difference is that there is a body that is formed in the shape of a box which represents the difference between the open and close. If price closes higher than the open then the body is colored green. If price closes lower than the open then the body is colored red. The thin lines above and/or below the real body are called shadows. These represent the highest or lowest price for that bar. Candlestick charts can be used for intra-day, daily, weekly, and monthly charting.

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

Short body candles imply very little buying or selling activity. The shorter the body is, the less intense the buying or selling pressure. The color of the body is not real important; however a green body is more bullish than a red body.

An in depth study of candlesticks are beyond the scope of this beginners course. However, we cover them more in the advance section of this course.

Each brokerage firm has their own trading platform. This is the software used to execute your trades. Some brokers have more sophisticated platforms than others. Some allow hedging, which is the ability to buy long and short at the same time without the trades closing each other out. The best advice for choosing a platform is to find a broker that

meets your criteria and then demo trade their platform to test it out. It's really more important to have a reputable broker that offers good spreads and fills rather than picking a broker just for the trade platform.

Chart Intervals and Time Frames are important when you are looking at Forex charts. Charts are divided into periods or time frames which represent the time that passes between the OPEN and the CLOSE of the bar.

Different methods all use various time frames. Some of the most popular are 1 minute, 5 minute, 15 minute, and 1 hour for Day Trading. Intra-Day and Swing traders use higher time compressions like 4 hour, 8 hour, Daily, and Weekly. By viewing different time frames you are able to "zoom" in and out getting a feel for what the market is doing short term and long term. The shorter the time frame the more "noise" or oscillation you will view on the chart.

Charting is a key element to successful Forex trading. Soon you will grow to love your charts.

No matter which broker you use you can always find a free charting software called Meta Trader 4. MT4 can be downloaded at <http://www.metaquotes.net/terminal>. Many brokers offer MT4 as their trading platform. It is very easy to use and this is what I recommend if you are just starting out.

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Now that you understand about Trading Platforms and Charting Services;

**YOUR GOAL IS TO CHOOSE A CHARTING PACKAGE AND SET UP YOUR CHARTS
SO YOU CAN GET A FEEL FOR HOW THEY WORK**

LESSON 7:

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 lesson 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. My trading system uses two types of orders that I will discuss below, Buy Stop Orders and Sell Stop Orders. We will occasionally use a Market Order also.

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 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 each trading session in order to make certain that you are aware of all pending trades entered into your trading platform.

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Now that you understand about Trading Orders and Order Types

YOUR GOAL IS TO CHOOSE THE TYPES OF ORDERS YOU WILL USE FOR YOUR TRADING SYSTEM

LESSON 8:

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Technical Analysis

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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 lesson I am 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 (MT4 is a good one).

Technical analysis is the study of past financial market data, primarily the use of charts, to forecast price trends and make investment decisions. In its purest form, technical analysis is concerned only with 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. I use Technical Analysis for timing entries and exits.

There are a couple reasons why Technical Analysis is so well suited for the Forex market:

- 1) Prices move in trends - the foreign exchange market is mostly composed of trends and is a place where this type of analysis can be very effective
- 2) Historically chart patterns have a way of repeating. These patterns become consistently predictable when you can spot them and act on them.

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.

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The Holy Grail, Golden Goose, Magic Black Box

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I have never claimed anyone could get Rich trading with Technical Analysis alone. In fact when you take my course I will tell you this isn't the Golden Goose. What I will tell

you is; that by using my system of indicators, fundamentals, and discretion that I teach, you can join the ranks of the super successful Forex traders.

Why?

Because ALL successful Forex traders believe that the market moves in Trends and the easiest way to follow the trend is with a combination of Fundamentals, Technical Analysis and discretion.

These are like tools in a tool box, not the box itself. Now, let's talk about what technical analysis helps you look for:

Objectives as a Forex Trader using Technical Analysis:

*To figure out price action of the currency pair. To follow the trend no matter what the indicators say. The analysis is used to help confirm market action and keep you in the FLOW.

*To use the analysis to continually flow with the market and help choose the indicators that will help you trade more successfully.

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Now that you understand about Technical Analysis

YOUR GOAL IS TO EMBRACE TECHNICAL ANALYSIS AS PART OF YOUR FOREX TRADING PHILOSOPHY

LESSON 9:

===== Indicators =====

Here are a few of the indicators we use to evaluate market conditions in the Forex.

Candlesticks as 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.

I touched on Candlesticks in an earlier lesson but here is a recap;

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 longer 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.

Moving Averages

Moving Averages are helpful when following trends. They tell the average price at a given point of time over a defined period of time intervals. They are called moving because they reflect the latest average, while adhering to the same time measure.

One weakness of moving averages is that they lag the market, so they do not

necessarily signal a change in trends. To address this issue, using a shorter period, such as a 5 or 10 period moving, would be more reflective of the recent price action than say a 100 day moving average.

Alternatively, moving averages may be used by combining two or more averages of distinct time frames. Buy signals are detected when the shorter term average crosses above the longer term average. Conversely, sell signals are suggested when the shorter average falls below the longer one.

You will learn this method in the advanced section of this course.

There are three types of moving averages, Simple, Linear Weighted, and Exponential.

RSI

RSI stands for Relative Strength Index. The RSI measures the markets activity as to whether it is over bought or oversold. It gives a trader an indication as to which way the market is moving. It is important to note, that this is a leading indicator and thus allows one to see what the market is about to do then act accordingly. The higher the RSI number, the more over sold it is. It is a great leading indicator for the micro and macro reversals in the market.

These are just a few basic indicators we use. I also teach you how to use several other indicators in our advanced section:

- * Fractals
- * Momentum Paint Bars
- * Channels

By combining these indicators you will be able to get a more precise picture on how the market is flowing.

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Now that you understand about Indicators

YOUR GOAL IS TO ADD MY INDICATORS TO YOUR FOREX TRADING ARSENAL

LESSON 10:

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Fundamental Analysis

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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.

Some Fundamentals that impact currency value:

- * Interest Rate Differentials
- * Growth Rate Differentials (Gross Domestic Product, housing market status, etc.)
- * Political Influence
- * Geopolitical Events
- * Commodity Prices, Mergers & Acquisitions
- * Economic Reports (Consumer Price Index and Unemployment Report also known as "Non-Farm Payrolls")

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

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.

Fundamentals are what really move the market. So we want to learn about the "Smart Money". The smart money is the money that is basing their decisions off of fundamentals. These are what are known as the "Commercials". I will talk more about the "Commercials" later on in this course and in our other courses but there are some powerful ways to know exactly what the commercials are doing.

Cyclical announcements are published every week and you can get a better pulse on these important announcements by visiting <http://www.forexfactory.com>

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Now that you understand about Fundamentals

**YOUR GOAL IS TO START TRACKING THE RESULTS OF FUNDAMENTAL
ANNOUNCEMENTS AND HOW THEY AFFECT THE MARKET**

LESSON 11:

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Trading the News

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Why, When, and How Currencies Move

Why currencies move is the \$1,000,000 question. The answer is simple and yet so complex all at the same time. The simple answer is that currencies move because of Fundamental factors that drive the market. These underlying factors always have and always will be the driving force behind the price fluctuations of the market. Charts are nothing more than a history of the market and they can provide lagging indication of a move. However, they do not move the market.

Knowing when currencies move is also a very key component of your trading success. As a rule of thumb the best moves usually happen during the morning hours of the currency's country. When the market opens most economic releases are made.

Now with that said, the currencies move at these times for a number of reasons. The simplest explanation is that this is when banks, corporations, market makers, and hedge funds begin to use the economic news releases of the nation's currency to adjust their positions. Knowing the key announcements and the times they are released is essential as a day trader. You can visit www.forexfactory.com and download a weekly chart that shows you all of the announcements as they are being released on a weekly basis.

When a tradable news announcement comes out you need to pay close attention to the reaction of the market. By this I mean pay close attention to the price action. Did it spike and retrace? Did it spike and continue to move in the initial direction? Did it have a small reaction at first and then spike after 2-3 minutes? How much did price move? These are the kinds of questions you need to program your mind to analyze when you are looking at the market during news times.

News trading is not just about the initial reaction. What the market does after the news announcement and initial reaction takes place is also very important. There are excellent trading opportunities that take place in the aftermath of a major news announcement.

Trading the News can be exciting and risky. But if you know what you are doing you can use economic releases to your FULLEST advantage.

I do not usually trade around the news anymore for two reasons:

1. It is very hard to get filled by your broker. The reason why is simple. During major news announcements the banks that are offering the price do not know where the market is going to go so they cannot offer their normal price feed.
2. It does not provide any real indication of the long term trend. Trends do not change very easily. Therefore, making a trade off of a cyclical news announcement is very short term. It is also very, very difficult to do and to predict where price is going to go.

In conclusion as a beginner I would stay away from any type of trading that involves trading the news on a daily basis. Most systems out there are focused on the quick buck

and have a tendency to make people believe that trading the news is a means to an end.
It is not.

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Now that you understand the basic philosophy of News Trading:

**YOUR GOAL IS TO START WATCHING THE NEWS ANNOUNCEMENTS AND HOW
THEY AFFECT THE MARKET, THAT'S IT. DO NOT TRY TO TRADE THESE
ANNOUNCEMENTS**

LESSON 12:

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Using an Economic Calendar

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The Necessary Tools

If you are going to trade the fundamentals on a daily basis you need to know how to read a calendar. It is good to download a weekly calendar so you can plan ahead for the schedule of announcements.

One of the best calendars I have found with the most important announcements is totally FREE and can be found at <http://www.forexfactory.com/index.php?page=calendar>.

This calendar also gives you a definition of each economic release and what it actually measures. It is a very useful tool that you will become very familiar with. You need to pull this calendar up every Sunday before the new trading week begins. Then plan your week accordingly. Look for the releases that will afford you the greatest opportunity for a successful trade. Then follow your trade plan to a tee.

The importance of knowing what news is coming out in advance is extremely important in your trading strategy. The greatest reason is that many times, the market will price in the expectation of a report several days in advance leading up to the report. This in itself provides great trading opportunities. I discuss this more in my Swing Trading Course www.4xeducator.com/signals.php.

The second reason is that you can prepare in advance for deviations from expectations, which present great trading opportunities in the short-term market. It is very important to have a plan of action for these weekly reports long in advance of them being announced. By planning your trading week you can have time to get your plan in order so that when the opportunities arise you know exactly what you need to do and capitalize with lightning speed.

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Now that you understand the basics of using an Economic Calendar:

YOUR GOAL IS TO PULL UP A CALENDAR ON SUNDAY BEFORE THE MARKET WEEK OPENS AND PLAN YOUR WEEK

LESSON 13:

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Discerning What Type of Trading Day it is and How to Trade it.
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The markets tend to trend about 25% of the time and range the other 75%. In order to capture a big portion of a move you need to understand what kind of day you are trading. This will GREATLY influence your decision to take profits or let a trade run.

So the first question we need to ask ourselves is: Will this be a Ranging Day or a Trending Day?

How to trade on Ranging Days- on a Ranging Day you are going to want to do two things:

1. Take your profits quickly. This basically means that if you get a trade that goes for you then you quickly take the profits. Why? Because a range day will bounce between support and resistance. On a range day there may be no clear trend or direction so once you have a move in a direction for a short period of time you need to take profits. Usually on range days there will be small spurts of activity flowed by reversals or retracements.
2. The second thing you want to do is know where your support and resistance is. The reason for this is that when a news announcement comes out near these support and resistance levels there are two things that can happen. Let's say that price is hovering near a support level before a news announcement comes out. Then when the news announcement comes out it triggers a buy. Well because you know it is a range day and you are near a support level, you know that the technical's line up with the news trade therefore giving it even more support to reach its target.

Trending Days - A trending Day is defined by a movement that exceeds the range day by roughly 50%. For an example, an average ranging day on one parity might be 30-60 pips in either direction. However on a trending day that figure changes to 90-124 pips in either direction. Trending Days only happen about one or two days a week and are usually the result of a big surprise in a key news announcement.

We calculate the Trending Day the same way as the ranging day. It starts at 5 pm EST and ends at 5 pm EST. In a trending day we also need to follow two rules.

1. Let your profits run with the move. Don't be so quick to get out of a move. This is often the mistake of beginner traders. They get out of a move too soon and then they find themselves being bombarded with a feeling of regret when the move continues. Just take a deep breath and relax. More times than not your first analysis is the correct one. If you have gotten a clear signal that this day is a trending day then do not be so quick to take profits.
2. Expect price to break above or below support and resistance. Trending days have the tendency to keep going past support and resistance levels. That is why they are called trending days because they break out of the range. Trends are where the profits are made. As a matter of fact using this model of trending and ranging days you

will find that 75% of your profits are made 25% of the time. This means that you could only trade on the trending days and still make 75% of the profits you would normally make, while reducing your opportunity for failure by 75%. The fact is the more trades you make the more chance you have of making mistakes.

Okay, now that we know what two types of days that we are going to be trading and what to expect from each day, how can we discern what type of day it is going to be? Here is a breakdown for you:

Range Days

- * Since we know that 75% of days are range days it is safe to assume that every day is going to be a range day unless key things tell us otherwise. With that in mind you should approach every day as a range day.
- * If the prior day was a range day then today is expected to be a range day.
- * You can expect moves of 30-50 pips on most currencies and more on others.

Trending Days

- * Trending Days have the potential to occur only 25% of the time. This tells me that there are certain things that happen 25% of the time that make this statement true. The first is that trending days usually occur on days when key news releases are scheduled and they come out as a surprise to the consensus.
- * If a key news announcement was released and it caused a big move we can expect the next day to be big also. This doesn't always happen but we need to go into the day expecting that it is possible.
- * You can expect moves of 60-120 pips on most currencies and more on others.
- * If Friday was a trending day Monday may be a big day also. If Thursday and Friday were trending days then Monday will probably be a ranging day.

Knowing the type of day it is going to be is a key component to successfully trading this market on a daily basis. Remember we are day trading here. So our trades are focused on a very short span of time. Knowing the probable movements during this span of time will not only give you the opportunity to capture more profit and cut your losses more effectively but it will also help you in your technical approach. Here is the thing: once news is released the market will usually revert back to the technicals.

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Now that you understand how to discern between trading days

YOUR GOAL IS TO START ASKING YOURSELF EVERYDAY WHAT TYPE OF DAY IT IS AND HOW YOU ARE GOING TO TRADE IT

LESSON 14:

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Getting A Fundamental Mindset

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In order to trade Fundamentals successfully you have to get the right mindset about them. The bottom line is that since the gold standard was done away with the currencies began to float based on supply and demand, fundamentals have driven the market and the market determines what currencies are worth.

The people with the most buying and selling power determine the values of currencies. That is why only trading the technical indicators is so dangerous because you tend to forget that there are people on the other side of the price movements. The charts don't have anything to do with it.

When the people change their expectations about the value of a certain currency the price of that currency is affected. They change their expectations because of fundamentals and not because of price charts. What do people think is going to happen to an economy in the future? This is the question to ask yourself when trading this market. When I say people, I am really talking about the big commercial entities that have a specific interest in a currencies value. In currencies the commercials are mainly big banks and governments because they own and hold the actual currency.

The thing about expectations is that they tend to change quite frequently. People are fickle. Most of them change their mind regularly. In the same respect, traders tend to change their mind about market direction and about economic expectations quite frequently. Why do you think market ranges 75% of the time? Some currencies may be on fire for a long time and then all of a sudden what you used to consider money in the bank starts to dry up. That is why you need to be flexible as the market changes.

Certain indicators that used to produce stellar results no longer do. The reason is that the importance of that indicator has shifted. GDP used to be a huge indicator and it is not so anymore. It still has the potential to move the market, but no like it used to. If you find this happening you need to remember the old saying, "Don't beat a dead horse." It is not going to run anymore. Shift with the market; if not you may find yourself with a big old black eye.

This is why it is key to keep good records. This will help you analyze what the market is focused on and be able to capitalize on it with them. It doesn't really matter if the market is wrong about a certain indicator. It may be important. The only thing that should matter to you is knowing what the reaction of the market will be so that you can ride the wave of the price the market takes an exchange rate to.

If you are a technical trader, remember that fundamentals are not derived from a chart. They are used to get clues and hints about the strength or weakness of a currency. If you learn fundamentals your technical trading strategy will improve many times over and you will begin to see new opportunities for profit.

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Now that you understand about a Fundamental Mindset:

YOUR GOAL IS TO START USING ALL THE FUNDAMENTAL PIECES OF
KNOWLEDGE YOU HAVE LEARNED TO EVALUATE THE MARKET

LESSON 15:

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When to Trade - Choosing the Best Trade Times for Success

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Because Forex is a 24 hour electronic market prices can get quoted as often as 20 times a minute. It has also been estimated that the worlds most active exchange rates can change up to 20,000 times during a single day. Before the advent of the internet and deregulation of Forex, price would change very little, sometimes only once in many years. But now price changes in seconds. These price movements have allowed traders to go in and out of the market in lightning fast time. Some active scalpers will trade as many as 200 times per day and take a small profit from these trades.

So, like a lot of people just being introduced to Forex, the question you're probably asking yourself is:

If the market is a continuous 24-hour open session

WHEN DO I TRADE?

Let's take a look at a basic structure:

- * 24-hour market - Opens Sunday at 5 pm EST through Friday 4 pm EST. Daily Rollover is at 5 pm EST.
- * Trading begins in New Zealand, followed by Australia, Asia, the Middle East, Europe, and America.
- * The US and UK account for more than 50% of turnover
- * Major markets are London, New York, and Tokyo.
- * Trading is heaviest when the major markets overlap.
- * Nearly two-thirds of New York activity occurs in the morning hours while European markets are open.

Pick your market, pick your time, start trading;

The Foreign Exchange "week" begins a 5 am Sydney time on Monday mornings. The foreign exchange trading day almost never ceases except for short periods over weekends. At any given time, somebody somewhere is buying and selling currencies. As one market closes, another market opens. Business hours overlap, and the exchange continues as day becomes night and night becomes day.

Since very little trading takes place over the weekend, and there is no start or end time for a Forex market day, it is best to break the trading day down into three sections:

1. The Australian Session, which includes Australia, New Zealand, and Tokyo
2. The London Session
3. The New York Session

These sessions coincide with each respective country's stock and future market sessions. The chart below gives you an idea of how the sessions relate to each other.

(CHART????)

The first thing you will notice is that from the New Zealand open to the New York close, the entire 24-hour day is covered. Moreover, you can see that the Australian session has three stock markets open at the same time, with the last hour of the Australian and Tokyo sessions (3:00 to 4:00 AM EST) coinciding with the opening hour of the London Session.

Furthermore the London and New York markets share the hours between 08:00 EST and 13:00 EST. In other words, from 19:00 EST to 04:00 EST, and from 08:00 EST to 13:00 EST, two or more markets overlap. In fact, the areas highlighted in yellow represent the Forex market's busiest 14 hours. This is due to two or more markets sharing the same hours. Obviously, when that occurs, there are more traders to drive up the overall volume and volatility of the market.

So to answer the question of when to trade keep in mind that the massive liquidity of the Forex combined with a 24-hour market offers you exceptional independence to trade anytime anywhere in the world. However, there are certain overlap times that offer even BETTER opportunities to trade.

Trade volume is highest when the Asian market including Australia & New Zealand, or the European market and the U.S. market is open at the same time. You just need to decide if you want to be a night owl, or day person.

This lesson applies to day trading. Day trading is one of the most difficult forms of trading and it requires great skill and an in depth knowledge of the market. I recommend trading using the daily chart. This requires 20 minutes a day and it is much easier.

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Now that you understand when to trade:

YOUR GOAL IS TO CHOOSE YOUR MARKET, PICK YOUR TIME AND START TRADING!

LESSON 16:

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Importance of Money Management
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As a professional Forex trader I have learned the importance of Risk Management. As a matter of fact I have probably spent just as much time on this topic as I have on developing my trading system. The reason for that is because risk management can make you or break you as a trader. Take it from someone who experienced large draw downs when I first began trading.

So what exactly is money management? In short money management is the skill of knowing how much to buy or sell when you put on a trade. More specifically it is applying a mathematical formula or statistic of some kind to determine the right amount to buy or sell for each trade. Money management is also taking into account your tolerance for risk and the size of your account. By using proper money management techniques you can increase the ROR (Rate of Return) on your investments by three to four times.

My goal in this lesson is to demystify the little known concepts of Money Management and give you specific position sizing formulas that you can apply to make your investments grow more rapidly.

Here is the reason why money management is so important to you as a trader: it defines the maximum amount of risk you are willing to take when you enter a trade. This risk factor is extremely important to any trader because it means that you understand that there is risk associated with what you are doing. Risk is simply defined as what you are going to lose if the trade goes against you.

Most novice traders pay little attention to the amount of risk that there is when they enter a trade. All they see are \$\$\$ signs. They fantasize about the reward without taking into account the risk. One of my favorite proverbs is about a wise king who counts the cost before going to battle. He considers that he only has 10,000 soldiers but that he is going to fight against 20,000. The odds are definitely against this king.

It is extremely important to count the cost before you enter a trade. The most important reason for applying proper money management techniques is to help put the odds in your favor.

So my question to you is, have you counted the cost? If you don't ask yourself this question before you start trading it could mean disaster to your investment capital. You could even lose your whole investment.

Now I know you don't hear a lot of talk about losing your whole investment out there but I'm going to shoot straight with you. As a matter of fact just about everything that I see out there tells you about how much you can make but they forget to tell you how much you could lose.

I know that is a part of the whole marketing thing and that is fine, but I have seen a lot of systems that do not put any focus on money management. I believe this is one of the

main reasons so many people out there are losing and losing big.

Setting the right amount of risk for each trade will help to protect your capital, give you the ability to calculate the best position size and most importantly provide you with a guaranteed exit strategy if the trade goes against you.

Here is the million dollar question...are you ready for it? Do you know when to exit a trade? If not then you have an unlimited potential for loss. This is bad, very, very bad. You wouldn't make an investment without know how much you were going to have to risk, would you? I didn't think so?

The bottom line is this...you should define the maximum amount you are willing to risk on any trade you take.

Defining your risk will provide you with the peace of mind that so many traders lack when they are trading.

In this lesson I am going to give you a simple technique to manage your risk. It is important to have some kind of strategy in place. You can have extreme negative psychological effects if you do not have something in place and you have a large down-draw.

This simple technique is called Fixed Percentage Allocation. By definition you are risking a certain percentage of your account and only that percentage. Here is a short example:

David wants to buy the EURUSD. He calculates how much of a stop loss he is going to have to place in order to follow his strategy. He will have to risk 55 pips. David decides that his risk tolerance is moderate to low. He will risk no more than 1% on any given trade. This means he would have to lose 25 times in a row to have a 25% drawdown or 100 times in a row to exhaust all of his capital. David is trading with \$10,000. So 1% of his account is \$100.00. David will be trading using mini lots (\$10,000 lots). Since David is risking 55 pips he will either have to increase his risk to 1.1% or lower it to .55%. Let's say David does not want to break his rule so he decides on the .55% risk. He would enter 1 mini lot on this trade and he would have a max risk of \$55 or .55% of his account.

Here is the simple formula that is used:

1. Figure out your accounts starting balance at the beginning of the month.
2. Decide what your max risk will be.
3. Multiply your account balance by the max percentage risk. Pencil the \$ amount down.
4. Adjust the number of lots based on the amount of pips that you must risk.
5. Follow your plan.

The importance of the above strategy is the ability to pre-determine your risk before ever entering a trade. That way if you lose you know exactly how much you are going to lose.

Just remember the best question you can ask yourself is, "Have I counted the cost".

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Now that you understand Money Management:

YOUR GOAL IS TO COUNT THE COST BEFORE YOU MAKE A TRADE

LESSON 17:

===== Chaos - The Science of Non-Linear Trading =====

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 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 a 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.

Chaos: The Science of the Non-Linear

Chaos is a non-linear approach to measuring extremely difficult phenomenon that occurs in nature. Various examples of this include formation of weather and the development of accurate forecasting models; measuring coast lines; and measuring the dimensions of a cloud, etc.

The field of Chaos and the theories that have developed within that field of study are nothing less than amazing. Several great minds of the 21st century have carved out the boundaries of Chaos and have developed an entirely different view of the world around us. Within the context of modeling the weather, scientist theorized that the so-called Butterfly Effect actually did influence weather patterns. The butterfly effect stated an exaggeration: That if a butterfly flaps its wings in Beijing; a hurricane could develop off

the coast of Florida. Essentially, it was determined that in computer models, weather patterns would be affected by extremely minute changes in the model. Scientists would define the parameters of their computer models and were then unable to duplicate the same weather patterns if even one minute variable was changed in the slightest way.

And yet, out of Chaos, order is found in nature. Through the development of Fractal Geometry, scientists have been able to show that nature replicates itself in different scales. An example of that is seen in the formation of a fern leaf, snowflakes or coastlines.

With the introduction of fractal geometry into a charting platform, a trader is given a methodology to view the Markets in a manner that is non linear, which in turn, allows the trader to flow with the natural movements of the market.

Fractal geometry studies the nature of non-linear scale and dimension. Within this framework, it is possible to accurately measure non-linear distances in minute detail. In the course and scope of market analysis, fractal geometry measures wave movements within the ebb and flow of price action and actually gives the trader the opportunity to recognize easily seen entry and exit points. All without drawing a single trend line, Fibonacci lines, pivot point, or support and resistance walls.

This is possible because fractal patterns establish flow levels within the Market. By using this approach, the market itself can show a trader where and when to trade and where and when to place stops.

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Now that you understand about Chaos & Non-Linear Trading:

YOUR GOAL IS TO THROW OUT ANY LINEAR APPROACH YOU HAVE READ OR INTEND TO READ ABOUT TRADING

LESSON 18:

===== Setting up Your Work Space =====

Work Spaces

In this first section we will discuss two types of workspaces. The first and most important part of your workspace is your physical workspace. This is where you sit down and make your trading decisions. You are probably asking why this is important. Well I'm going to tell you why.

Your workspace needs to be clean and organized. Free of all distractions. You don't need to have all sorts of papers and drawings and sticky notes and bills lying around your trading workspace. It is important to be 100% focused and that means to have your mind free of clutter. One of the easiest ways to rid your mind of clutter is to create a clutter free environment.

When you have papers lying around it tends to distract your eyes. When your eyes get distracted your thoughts get distracted and when your thoughts get distracted it breaks your focus. Focus is important when we are making our trading decisions.

I would like you to see a picture of a clean workspace and how easy it is on the eyes. This should give you a good example of how you might have your physical workspace setup.

The next aspect of your workspace is your chart setup. The Sniper FX Indicators are programmed in both Trade Stations (TS) Easy Language and Meta Traders 4 (MT4) MQ4 language. I include these proprietary indicators I have paid my full time programmer thousands of dollars to develop for me with the purchase of my www.sniperfx.com on-line course.

Screen Layout & Computer Setup

I prefer three screens hooked up to my computer. I could actually have six if I wanted to but I think it is overkill on one computer. I use one computer to do all of my trading on. This means I will have my charts and my broker platforms opened on one computer when I am making my trading decisions. Everything else is shut down. This is especially important if you are day trading.

It is also a good idea to have a backup computer just in case something happens to your trading computer. I actually have 2 desktop computers and one laptop in my office (probably overkill). Now you don't need this to trade, but if you have it you can put it to good use. I do all of my other work on either my laptop or the other desktop and save my main computer for trading.

There is nothing more frustrating than computer problems especially when you are trading so it is important to keep your computer free of viruses, spyware, and adware. Preventative maintenance is your best bet to keeping your computer healthy.

It is a wise decision to have your brokers trading desk number programmed into your phone in case you have a computer problem. You can simply hit the speed dial button make any adjustments to your positions and check price. That is what they are there for. So be sure to do that as soon as possible. It is also good to take a 5 X 7 index card and write all of your entry prices, stop prices, and limit prices on this card so that if your computer shuts down you will have a hard copy. It will take a couple of minutes but if you ever do have computer problems it is worth it.

Make sure you treat your trading just like going to work. It is especially easy to get interrupted if you are trading at home. Make it especially clear that when you are trading you are not to be distracted. Distractions cause losses.

Many people trade on laptops so they can move their computer around their house. This is convenient and will keep you up to date on how the market is moving at all times. However, keep in mind you should have some down time from trading so you can clear your mind and be fresh for the next session.

Make sure your work space is comfortable and organized before you start trading with real money. This will allow you to make the Right decisions without confusion and distractions.

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Now that you understand about setting up your work station:

YOUR GOAL IS TO GET ORGANIZED AND SET UP YOUR WORK SPACE!

LESSON 19:

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Demo Trading

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Getting Started Your Demo Trading

You're overwhelmed, you're frustrated, and you don't know where to begin. That's OK! You're learning a new business and a new language, and it's going to take some time for all this to sink in. Stop yourself from thinking this has to be difficult - with persistence you will succeed. The only thing that can stop you is you.

This isn't brain surgery; it's not 911. Relax, learn and have fun. You have nothing to lose buying and selling currency in a Demo account. Demo trading is the key. Demo trading is the key, and let me voice a caution: If you aren't making money in your Demo account you WILL NOT magically start making money if you switch to real dollars.

In fact it is a proven fact that trading real money is a lot harder than trading funny money. Reason being is you won't be so flamboyant with real money and it's harder to make a decision and stick by it.

The way to overcome this barrier is to demo trade, demo trade, demo trade until you are confident your system works. If you are then making money by fully following your system then and only then should you start trading real money. And you should only start with a mini account at first.

Now let me take you through the process of demo trading step by step. Repeat this process over and over. Things will begin to click; you will find yourself anticipating the markets, and you will soon develop your own personal trading style.

Tools

I stated earlier and in my other course materials that you only need 30 minutes a day to trade my system and you can trade it from anywhere in the world.

Charting Software

While charts come in many packages, some are free and some charge. I would suggest you start with a FREE account with someone like Meta Quotes. They offer Meta Trader 4 as a free charting and execution platform software.

You can sign up for a free demo account and get started immediately.

Ideally once you get the hang of how to place orders and trade my system you should be ready to open a live account. You should demo trade at least 30 days before you open a live account. Usually 3 to 6 months is more optimal to make sure you understand what you're doing, especially if you are new to trading.

Brokers

You will need to choose a broker. There are many to choose from but some key points you want to keep in mind are:

- * Spread Amounts
- * Commission Rates
- * Do they have a dealing desk? (Better if they don't)
- * Do you understand their platform?
- * Do they offer Mini Accounts?
- * Can you afford their minimum account margin to open?
- * How long have they been in business?
- * Are they in the U.S.A?

For the most part you will not have to communicate via phone with your brokerage firm because you will trade directly from your computer. But it is good to be able to call your firm up in case you have an issue with a trade and be able to talk to someone immediately who can help you.

Step One

Demo trading is simple. Your aim is to enter and exit the markets in your demo account, keeping track of your profits and losses until you are successful enough to enter the markets with real money. How many markets you trade depends on the size of your imaginary account. Ideally though, you should trade no more than 4 currencies at one time. Other wise you will start getting confuse. Also many currencies move alike so if you are losing in one parity and trade a like parity then you will probably be losing in that trade also.

Begin trading your imaginary account with the amount of money you may actually start trading with. Be honest - no changing orders or stops after the fact, tempting as it is you won't learn anything if you fudge. If you stick to the strict plan I teach you then there will be no guesswork about "what ifs" or "why nots" You will have the answers for yourself, and the confidence you need to start with real money.

Step Two

Keep a daily tally of your trades; including open, close, profit, loss, and why you took the trade. Excel is excellent for this but there are other programs you can use if you don't have the software. Only by looking back on your losers and winners can you learn what you did right and wrong. This is one of the most important steps to demo trading so don't skip it

That's all there is to it. Demo trading allows you to practice your new business until you get good at it. What other business in the world can you do that with?

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Now that you understand about Demo Trading:

YOUR GOAL IS TO GET OPEN A DEMO ACCOUNT TODAY AND GET STARTED IMMEDIATELY!