

How You Can Build Wealth in Forex



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You Can Build Wealth in Forex!

How to Succeed and Get on the Road to Financial Freedom

Trading for a living from home is the dream of many and the good news is anyone can become a professional trader. It is the aim of this report to give you clear concise advice on how to achieve currency trading success.

We will look at why anyone can learn to trade and win if they get the right education and mindset, mistakes to avoid, how to get the right education and mindset, the basics of technical analysis and a simple Forex trading strategy which is easy to understand, apply and can make big profits.



Let's get started and look at the exciting world of trading currencies for profit.

Trading is the final frontier of the free market economy and represents one of the few businesses where you can start with small stakes and build wealth. Everything about trading can be specifically learned however the majority of people who trade lose. This is simply because they don't understand how the markets really work. First, let's look at the evidence that anyone can win, if they have the right Forex education and mindset

The Proof That Anyone Can Win

In the 1980s trading legend Richard Dennis, set out to prove that everything about trading could be learned and anyone could do it, with the right attitude and the right education. He gathered a group of traders together who had never traded before, they were of all ages, both sexes and had various levels of education. The group was a diverse one and included:

- An actor
- A security guard
- A kid fresh from school
- And a couple of card players

The above were just a few of the group and as you can see it was diverse! Dennis then taught them to trade in just 14 days - the result?

They went on to make \$100 million in just 4 years and became trading legends. This group were nicknamed "the turtles" and succeeded yet, we all know 95% of traders lose so what did they do right?

This report will try to give you some answers and what you need to do to achieve currency trading success. Sure, you may not become as successful as this group - but it's a fact anyone can enjoy currency trading success – if they have the right mindset and the right education.

Common Trading Mistakes

The majority of people who trade lose and that's 95%. This may seem paradoxical in terms of what we have said above but the ratio has remained the same since trading began. Many traders lose because they make wrong assumptions about the skills needed to trade and below we will outline some common mistakes.

- Using Forex Robots or Expert Advisors

There all over the net cheap automated Forex software packages, promising financial freedom for \$200 or less and they don't work.

If Forex trading were as easy as, plugging in a cheap robot and then sitting back and letting the money roll in, everyone would be traders and no one would work.

These systems present track records which are better than the world's top fund managers (on multi million pound annual salaries) and traders naively believe, that there going to get a better one for a few hundred bucks – dream on! It's a nice fantasy but not reality.

These robots and Expert Advisors, never present track records that are real or verified by a third party. All you get are simulations going backwards or unverified figures from the vendor who is selling the system and biased.

The reason these systems are so cheap is simple – they don't work.

Avoid these systems and do what all successful traders do and that's learn skills, this doesn't involve working hard, it involves being smart and getting the right Forex education and avoiding the myths.

First let's look at avoiding myths and getting the wrong education.

- Having a method that is too complicated

Many traders think the more complicated their method is the more likely it is to be successful, but the exact opposite is true. The simpler a trading method is the more likely it is to succeed in the face of ever changing brutal market conditions. A simple method is more robust than a complicated one with fewer elements to break.

In conclusion -there is absolutely no correlation between how complicated a trading method is and how successful it will be. So remember the phrase - keep it simple stupid!

- Not Understanding the Logic of a Method

Many traders try and follow a method given to them by someone else or a "black box" trading system where the logic is not revealed to them. The problem here is that if you don't understand how a trading method works you won't have the discipline to follow it through inevitable periods of drawdown and losses.

Discipline is an essential element of trading and to have it you need to understand and be confident in your trading method. If you don't have the discipline to follow your method you don't have one. If you know how and why a method works you will have confidence in it and therefore will be able to follow it with discipline.

- Not Understanding Money Management

If you trade at some point you are going to have a string of losses and it's nothing to be embarrassed about it happens to all traders including the best.

What you do need to do however is be prepared for them and make sure you can ride them out and this involves proper money management. Keep in mind the old gambling saying:

If you want to win you have to bet but you can't bet if you are not at the table. You have to bet to win but you must also learn to take calculated risks only when the odds are in your favor. You need to protect what you have so you can continue to bet and bet big when the odds are in your favor and cut your losses when there not or not bet at all. Another gambling saying is very apt in describing this:

"There's a time to hold them, a time to fold them and a time to get out of town fast"
When you're dealing in currencies you must use leverage to your advantage and that means cutting losses and running profits.

- Trying to trade market noise

Another huge mistake made by traders is to trade the market noise when the odds aren't in their favor and this results in losses. The best way to trade any market is to lock into and follow the long term trend. Look at any chart of anything and you will see the longer term trends that last for weeks, months or even years and it's these trends that offer the big profits.

Many traders try and day trade but these moves are essentially random. There is a huge market in day trading systems but they don't work. Forex day trading and scalping is a great way to lose money as all movements (volatility) in daily time frames is random you can't get the odds in your favor and that means a long term wipe out of equity.

There is a huge industry in selling day trading systems as vendors know that traders want to keep risk low but the exact opposite is true – the risk is high because you odds on to lose.

- Emotions & Discipline

Traders who are emotional lose. Keeping your emotions out of trading is difficult as money for most people is an emotional subject and when money is on the line their emotions get involved.

If you read any of the great traders interviewed they will tend to focus a lot on one word and that word is DISCIPLINE. If you have a trading method you must have the discipline to follow it exactly as we stated earlier – It's the single most important trait we will cover this subject in more detail when looking at adopting a winning mindset. You already know, you only need a simple method you can apply with discipline to win, while this sounds easy, most traders can't achieve it and we now need to look at how you can.

How to Get Started Trading Successfully

There are 2 forms of market analysis fundamental analysis which focuses on the supply and demand facts and technical analysis. For the novice trader the latter is the way to trade and we need to look at why.

What is Technical Analysis?

It is simply defined as the study of price action through the use of charts - for the purpose of identifying price trends. It's not a science, it's an art, and it works! Why?

The reason technical analysis works is because it reflects not only the supply and demand fundamentals but the way traders perceive the facts i.e. it reflects human psychology. It's not the supply and demand fundamentals that move prices – its people and how they perceive them.

This is proven and if you think about it obvious:

Most of the largest price moves in history have occurred with little or no change in the fundamentals. Markets collapse when there most bullish and rally when there most bearish – this is human psychology at work.

Technical analysis is based upon the following simple equation:

Market Perception (trader psychology) + Fundamentals = Price Action

All technical analysis does, is to put forward the idea that all fundamentals are quickly reflected in price action (and in the 21st century with our advanced communications this is true as market news is available at the click of a mouse in a split second) - therefore technical analysis simply concentrates on the price action.

Price action reflects ALL the fundamentals

Technical traders don't care how or why prices are moving – they just want to make profits when they do!

Using technical analysis allows you to get a clear detached view of the market you are trading and see the reality as it is, rather than reading or listening to the opinions of others. Keep in mind that 90% of traders lose money - because they're influenced by greed and fear and this is driven by market news.

The more bullish the news the more greedy people become. Of course eventually they push the price so far away from fair value that a crash occurs and their caught and take losses.

Technical analysis allows you to see prices in historical terms and also the greed and fear present in bull and bear markets. Charts therefore allow you to see the reality - and that's a huge advantage.

Technical analysis makes the following assumptions:

1. Markets Discount

All fundamentals are instantly discounted and show up quickly in price action.

When you use technical analysis, you are studying the fundamentals as they are - not trying to guess their impact. At the same time you're studying human psychology as well.

2. Trends Persist

Currency technical analysis can prove this - just get out a chart of any currency, and you'll see long term trends - many lasting for several years.

History Repeats

The basis of technical analysis is that what has happened in the past will happen again in the future. This is why it's so effective. Human behavior tends to repeat itself.

As price patterns on charts reflect shifts in human psychology, we can assume that certain patterns and trends will repeat themselves.

Using Technical Analysis

Your aim when using technical analysis is to catch, and hold the longer-term trends.

Human behavior does repeat itself – but keep in mind humans can be unpredictable as well and that's why charting is an art not a science.

Always be skeptical of theories that say they can predict with scientific accuracy - they can't! If they could, we'd all traders would know the price in advance – and then of course there'd be no market.

Using technical analysis means, you can get the odds on your favor - and make big long-term profits.

Trade the Odds

We used some comparisons with gambling earlier and there are many similarities between the successful gambler and currency trader. In gambling, the aim is to get the odds in your favor and bet when they are. In

trading, your aim should be to trade only when the odds are in your favor you make a trade and cut losing trades quickly.

You won't of course win every trade - but neither can great football players score from every kick at the goal. Technical analysis is the best way to trade today's markets and with a simple robust system focusing on the big trends, you can make great long term capital gains.

Trading systems

If you want to make big profits, then you should know that the best way is do it for yourself - and not rely on others. Any trader (even a novice) can build a successful FOREX trading system - and this report shows you how to build a profitable system.

What Makes a Successful FOREX Trading System?

Successful trading systems have three main characteristics:

1. They are Simple

Forget complicated systems with lots of rules - it's a proven fact that simple systems work better – and are less likely to fail, in the brutal world of trading.

2. They Run Profits and Cut Losses

You need to have a longer term FOREX trading system that milks the big trends for profit, and cuts losses quickly.

3. They Follow Long Term Trends

There is no point in trading for small profits - i.e. day trading, as you will never cover your inevitable losses with small profits.

Focus on long-term trends - it's these that yield the big profits, as they can last for years.

Now let's get down to the five steps of building a FOREX Trading System:

1. Your Method

We have said to keep it simple, and this is exactly what you should do - just a few rules, and a robust money management system.

2. Spotting Opportunities

Look for the long-term weekly trends, and then move to daily charts to time entry. When we say long term trends, we mean months, or years - NOT just a week or two. There is actually no best way to trade.

3. The Best Way to Trade Currencies?

There are many different methods and all have their merits here, though we will look at a timeless way to make money which will work and will continue to work and is simple to understand and apply. Let's look at it

A Simple Trading System for Profit

Here we will reveal a system for currency trading profits, which has a logic that is so simple, ANY trader will see why it works, and why it will continue to work.

If you use this system in currency trading, you will have the potential to catch EVERY major currency trend.

We have all heard this investment wisdom: "To make money buy low sell high"

However there is a better way to make big currency trading profits and the wisdom is: "Buy high and sell higher"

It's a fact that most big market moves start from new market highs NOT market lows. Let's look at this in more detail.

Ignore Traditional Investment Wisdom if you want the Big Profits!

If you want to "buy low and sell high" you have to predict or guess where a market is going to bottom and you don't get rewarded for guessing in the brutal world of currency trading.

Investors and traders are taught to "buy low and sell high" but when a huge move starts they watch and wait for the pullback - it never comes, the market simply goes higher, and they never get in on the move.

The problem with "buy low sell high" is you end up trying to pick market bottoms, and try to get in on pullbacks, but when a market trades higher quickly, you miss the move. This sees traders lose on trying to pick bottoms – they don't make the profits they could have made from the big moves.

Breakout Systems are the Best for Catching the Big Profits

A breakout system does not try to predict a market bottom - it waits for CONFIRMATION and trades the breakout.

It will wait for a market to break above a recent high, (resistance) or break below a market low, (support) if these levels are broken, a strong trend could start, and the savvy trader looks to trade these breaks. They don't try to predict – They act on the confirmation of price action and trade the truth as reflected on the Forex chart. You can make big profits on these breaks - look at any currency you like: Japanese yen, Swiss Franc, British Pound, etc. and you will see almost all the big moves start from breakouts.

The Best Risk Reward

Let's look at the psychology of breakouts with a hypothetical example.

The British Pound trades up and tests resistance at 1.90 several times, pulling back after several tests then it immediately breaks this level and is quickly about 2.00.

What has Actually Happened?

When the critical 1.90 area gives way (a breakout), traders with stops on their short positions, start to cover, and new traders enter the long side of the trade. This causes a huge surge in price - as the area of resistance is so important. If you are positioned to get in as the breakout occurs, your risk is low, and reward high.

Many traders don't want to do this - they feel they are "chasing" the move, and want a pullback – it never comes, and they miss the big profits.

Keep in mind the old saying:

"A trend in motion is more likely to continue than reverse"

We have looked at the concept, and why it's successful, and you can see it's uncomfortable to do psychologically - and that's exactly the reason it's so profitable!

Breakout Trading is Simple - But Keep These Points in Mind

Here is a quick checklist on how to trade breakouts.

- Be Selective

Only trade several tests of resistance the market consider valid generally, the more tests the better.

- Trade Time Frames

Tests should be in at least 2 x Different time frames and the wider they are apart in terms of time the better.

- Check Momentum

Look to see how strong the break is, by using some momentum oscillators and make sure you have price momentum on your side.

- Place Your Stop

Below the breakout point for protection as soon as the trade is placed.

The key to using breakouts is to be selective and only trade valid breakouts – you want lots of tests in different time frames and levels that the market considers important.

When trading breakouts don't trade any breakout – wait for the best opportunities so the odds are on your side.

The Right Mindset

The reason most traders lose and never achieve currency trading success is they lack discipline which we looked at earlier. While this is a major reason it's not the only reason. Here I want to give you an insight into what I will refer to as:

“Concentrated focus”

This takes a bit of explaining (as most traders are unaware of it) so let's look at it in more detail.

What is Concentrated Focus?

If you want to achieve currency trading success you need “concentrated focus” and this means focusing on how and why markets really work and what you have to do to win. Sure you have to avoid the losing traits we mentioned earlier - but you also need to learn how to win with “concentrated focus”

Let's look at what “concentrated focus” involves and how if you apply it, you can achieve currency trading success.

1. Work smart not Hard

In many industries to achieve success the more you put in the more you get out in terms of rewards; this is not true in currency trading.

What you need to learn is that to achieve currency trading success involves working smart, not hard and using a simple system that should take very little time to apply for profit. You can achieve currency trading success in around 30 minutes a day and make triple digit annual gains!

Working smart is the key to achieving currency trading success. To repeat work smart not hard, don't create work for yourself!

2. Leave Your Ego Behind

This is a major problem and traders who have egos lose. The problem is, many traders think their smarter or bigger than the market and can impose their will on it and make money by being clever.

Of course, the reality is, the market is always right and only you can only be wrong. Many traders can't accept this and the harder they try to beat the market by being clever the more they lose.

A trader with an ego or who thinks their smart will never achieve currency trading success.

3. Profits are ALL

You are not judged therefore by how clever you are or effort simply by how much money you can make with your trading signal – that's it nothing else matters.

Most traders though don't trade for profits only – they want action or fun, well if you want a thrill, go the casino and don't trade currencies.

4. Cut losses but also accept huge gains

This is a well known phrase and it's true. Now, most traders can learn to cut profits easily - but they can't accept huge gains. This may sound odd, as we all want big gains but in practice most traders can't accept them.

The easy part is cutting losses (simply set your stop before you enter your trade) the harder part is running your profits and this is why the majority of traders never make big profits - they accept marginal profits when they could have a far bigger ones.

No matter how hard they try they can never hold a profit. They either get stopped out or bank a profit early.

The ONLY way you will achieve big profits is by focusing on the long term and not the short term swings of equity against you.

It's hard to sit on a profit for weeks, months or years but that's what you have to do. Most traders can't do this. They move stops too quickly or snatch profits.

If you want to achieve currency trading success you can't bank early – You need to hold and focus on the long term.

5. Don't chase your Tail

Many traders have good systems, but fail to stick with them through periods of drawdown. So what do they do?

They override the systems signals or change it for new one. Big mistake!

It's a well known fact that after a period of drawdown, profits occur (if the systems logic is soundly based) but many traders lack patience and want to force profits, this of course will never give them currency trading success.

If you have a sound system don't "chase your tail" by constantly chopping and changing!

Accept Trading for What it Is

You are trading a high stakes game where you need to take losses to win long term. It doesn't respect egos or clever people and won't reward you for the time you spend trading, it rewards for being right with your trading signal – that's it.

Nothing can beat the market. It will make you look stupid and frustrate you but that doesn't mean it can't reward you. It can, big time - but you must concentrate and focus, only on what's important to win and this is hard for most traders.

To achieve currency trading success involves a simple approach, focusing on how and why markets move, developing a trading method that can be applied with discipline, to reach the currency trading success all traders' desire, but very few achieve.

Remember!

Concentrated focus means just that, focus on what is needed to win and concentrate in these areas. Forget your ego, and pursue currency trading success with confidence in your ability and apply it with iron discipline and you WILL succeed!

Anyone Trading Forex Needs to Ask Themselves This Question:

Do you want to make money or be smart?

The market won't accommodate both of these desires – if you want to make money, forget your ego and remember there is only one price that is right and that's the market price. The humble trader, who has an objective defined and disciplined trading method, realizes the market can make him look stupid. However, he's only interested in making money, and he'll generally out perform an ego filled trader, who wants to beat the market.

Final Words – Remember the Turtles!

When Dennis taught the turtles which we mentioned at the start of this report, he knew that to succeed a successful trading method was not enough – it was the discipline to apply it which was most important. Most people don't fail in trading because they can't learn a method, anyone can - but applying it is a different matter.

The method the turtles learned was essentially a long term breakout method but Dennis made them learn it, not just accept his wisdom. He taught them to have confidence and discipline and this was the key to their success.

What they achieved was staggering in just 14 days and should act as inspiration to you. You probably won't make as much as them, life simply isn't like that. However, Keep in mind, there is a big difference between something being impossible and something being achievable. You can achieve currency trading success if you want to and for the amount of time you have to devote to it, the rewards are fantastic. Sure, currency trading is a challenge - but with the rewards on offer you would expect it to be, so are you ready for the challenge?

If you are welcome to the exciting world of global currency trading! I hope this report helps you on the road to currency trading success.

Best Wishes
Sacha

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