

Firststrike
(1997 through 2007—no compounding)

-----**Rules for FIRSTSTRIKE**-----

On Monday morning @ 01:00 EST (00:00 Central Standard Time) note the opening price for GBP/USD. This will be Monday's opening price as regards this system.

#1. Simultaneously place a buy stop 50 points (pips) above Monday's open and a sell stop 50 points (pips) below the open, OCO. (One-Cancels-the-Other) When one order is filled, place a 60 point (pips) stoploss on the trade. Make sure you cancel the opposite entry order.

You are now done for the week until Friday. If you get stopped out, you will be flat the market for the rest of the week.

#2. If you do not get stopped out of the trade you get entered into, exit five days later at the market on Friday at 04:00 PM EST (03:00 PM Central Standard Time).

#3. After the weekend, get ready to repeat it all over again on Monday morning.

NOTE: *In case there is no trading in Forex on Monday morning for a holiday or other reason----- Tuesday morning @ 01:00 EST will be the start of trading for this method.*

System Details

In the last thirty years with this system applied to GBP/USD, it has garnered approximately 41,100 pips. That is an average of 1325 pips/year, or more than 3.5 pips/ per day since 1976. In that time it completed 1275 trades, and never had a losing year. There were a few years that were fairly flat, but often they were followed by years with outsized gains.

FIRSTSTRIKE has an average trade value of approximately 32 pips. It obviously has enough edge to tolerate a 3-4 pip dealer spread. It achieves this with a winning average of 45%----an average losing trade of 48 pips and an average winning trade of more than 130 pips. The method proves that it is definitely better to trade in the direction of the weekly trend than against it.
(Trading system verifier website: <http://hquotes.com/tradehard/simulator.html>)

This system is definitely not curve-fitted. The entry/exit values stated are not optimized. It works with much higher or lower exit stops, and/or breakout entry points. I personally place this trade using 4 different parameters simultaneously with independent trading units.

In fact, it is extremely difficult to find parameters which won't work in the long run.

Does FIRSTSTRIKE work in other forex markets than GBP/USD?

Yes. It works equally well (sometimes better) on the Euro, Swiss Franc, and Japanese Yen vs. the Dollar.

Why haven't you heard of this type of system before?

Because this methodology is primarily used by professional traders who have no interest in creating competition, and are willing to put up with trading profile of the system. I take this trade, along with others similar to it, every week.

Could this system be improved by varying the buy/sell distance due to volatility?

Absolutely. And most of us who trade it use volatility measures that moderate drawdowns and increase profitability. But for someone who would like to get a serious jump start on trading with the principles that have been making money for pit traders and professionals for years, there is no better place to start than examine and test for yourself, before you trade it---**FIRSTSTRIKE !!!**

What form of money management is best to use with FIRSTSTRIKE ?

That is an important question and a subject that needs to be personally addressed before implementation of significant funds to trading this or any other system. Before one can answer for themselves what kind of money management they are willing to use, they must first know by personal investigation that the method has a profile that they can live with even if substantial losses (or profits) accrue. *(A significant article dealing with this subject is available free from the author of this system: leonardo@infiniteyield.com-- request Trading for Infiniteyield- Utility Theory and You. A PDF file containing the article will be sent to you as soon as possible.)*

Toby Crabel and a Significant Foundation Of Successful Trading

I am a major supporter of opening range breakout (ORB) trades and **FIRSTSTRIKE** is a perfect example

of successful use of them on a the weekly timeframe.

An early display of ORB trading was Toby Crabel's book *Day Trading With Short Term Price Patterns*. It has become a classic text and, if you want a copy expect to pay north of \$1,500 at Amazon or Ebay.

The book is extremely valuable for other reasons besides being a very rare book. One of its great strengths is that it is a ***proof of statistical tests of the viability of different price patterns***.

Crabel understood that from the beginnings of movement in a time period, whether it be a day or a week, ***the expanding of a price range followed a predictable and exploitable path***. His approach to define a "Principle of Contraction/Expansion" enabled him to widen his investigations to a variety of narrow and wide range price formations. He investigated patterns of 2 bars, 3 bars, etc., using charts to help one understand the market concepts.

Crabel's book is best known for its treatment of ORB and narrow range (NR4, NR7) patterns. Good traders may trade patterns that appear to be simple. If they are successful, it tends to be due to a form of systematic elegance that enhances the process.

Firststrike is a prime example of the **Opening Range Breakout** concept that has been around much longer than Crabel. But Toby Crabel made it famous, at least to those who had no reason to know that the advantage existed.

Use of it will not mean that you have found the "Holy Grail". There will be many losses to experience and the occasional large profit which makes this method so valuable.

That is another reason why usually only true professionals are willing to trade this system, or others with a similar profile.

Before trading this system, or any other, do a thorough test of the concept and check to see if you would actually have taken the trades indicated. You need to prove the concept to yourself before you will be able to actually sieze the opportunity presented here.

The reason I say this is because in the 1,275 GBP/USD trades prior to writing this, **at one point there were 13 winners in a row.**

Sounds great doesn't it?

The problem is, after trading any reasonable period of time; most people might have difficulty believing the next trade will be a winner after 5 or 6 winning trades, which would be a month and a half. Might ***you*** skip any of the next seven trades, or reduce your size – thinking, "can this keep on winning after months of winning trades?"

If you would deviate at all, your total profits on your winners might not be sufficient to exceed the inevitable losses that occur in matter of course.

Then, **there was a period where there were 9 consecutive losses**. Could you take loss after loss and still keep believing that the system has an edge? I doubt it. I know just a handful of traders who have taken loss after loss and still keep putting in the trades.

Three years ago, I lost 10 consecutive trades in the British pound with a similar system before I got profits tripling the previous losses in just 2 winning trades. The very next year, I had 14 consecutive losses in coffee before I had a profitable trade. And coffee is my all-time most profitable market.

And - **this is why there is still opportunity in the markets**. ***Those who are willing to do that which others find too frightening or distasteful, profit***---while all the others watch and say they are "just lucky".

I still take every trade. My job as a trader is to place risk capital proportionate to the opportunity at hand. If one of my trades presents itself to me it is illogical to not take it.

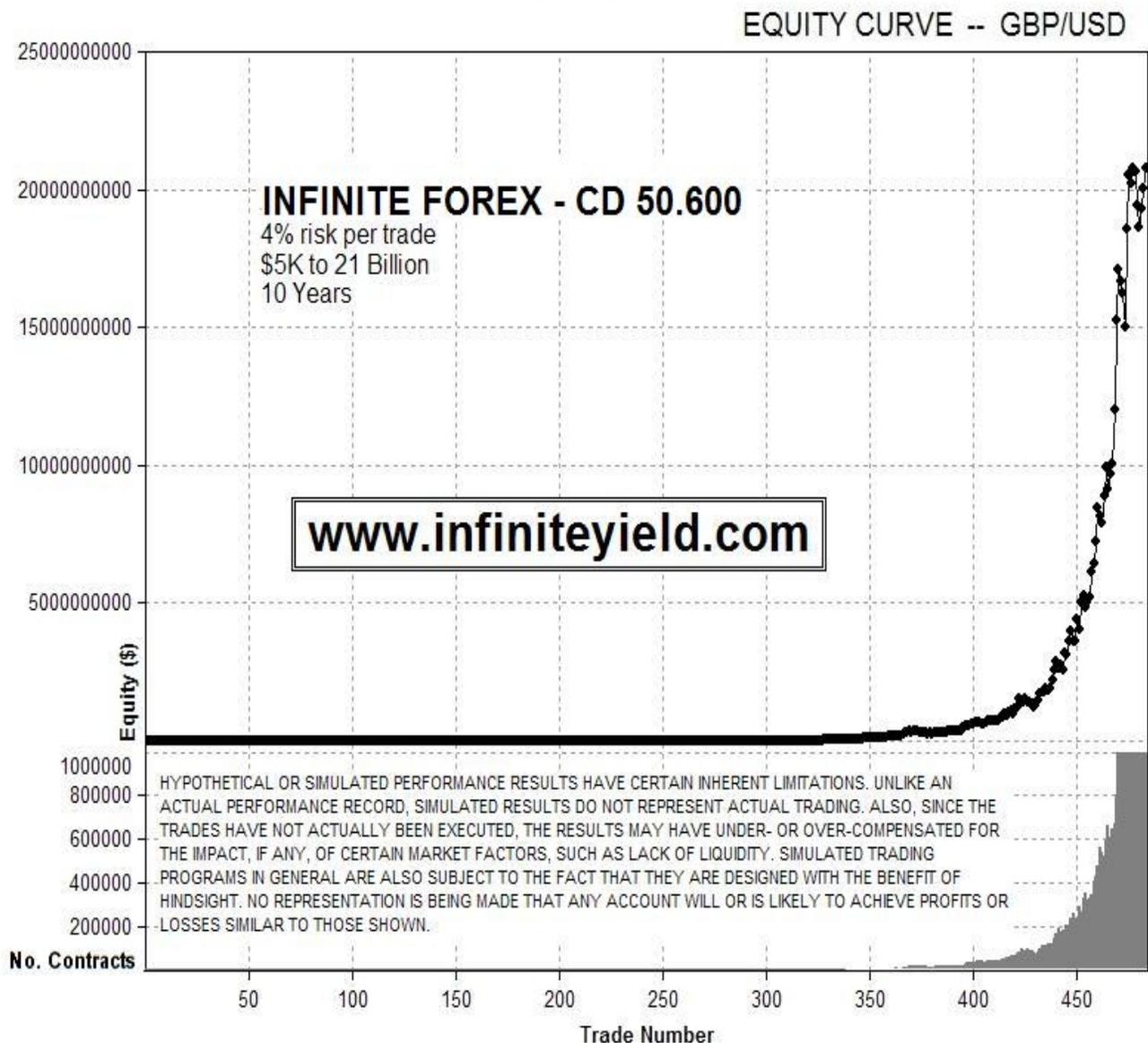
If you have what it takes to join our ranks, welcome.

If you have any questions about this system or **any** methods of trading and their suitability for trading, you may give me a call. It might have to be a short conversation if it is during market hours. Afternoons are best after 2:00 PM CST.

Best wishes on your trading.

Joel Rensink
leonardo@infiniteyield.com
(612)825-4776

PS: Here is something else to think about. **How would you feel if you found a business where you could start for five to ten thousand dollars a unit and *on average* receive 35 dollars cash a day**— (\$13,000/year) per unit without spending any more time maintaining it than 15 minutes a week? And what if you **KNEW** that it was scalable, so you could add units when you increased your capital? You just did!



This is a simulation of **Firststrike** trading the **GBP/USD** with aggressive money management applied to the trades experienced over the last ten years. **While the numbers are completely unbelievable, and the drawdowns experienced--if actually traded--would be incredible; the potential edge is obvious in the ORB concept.**

Do you really want to trade for a living?

I may be able to help. I have been trading professionally for decades and know the frustrations that come with the trading learning curve. Most important - **trading through the losses to get to the profits.** But it's only possible if you know that you have a way to trade that will win- **FOR SURE.**

Successful traders need to trade something objective that works, today and tomorrow; and takes a minimum of "handling" to obtain success. Over 30 years I have discovered core systems to use in my everyday trading. All should continue their effectiveness forever, as they are based on unchanging principles.

Never before released to the public:

- **YBE System-** Longer term trading method based on Gann-. I've traded it in all markets for more than 20 years. The most powerful edge in trading available. Forex traders use it for the **Carry Trade**.
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- **BMW Index system-** for trading the Russell 2000, S&P 500, Nasdaq and Dow futures. 60% profitable for more than 15 years- based on unchanging principles. Trades are set-and-forget with in-market stoploss.
- **Perfect Money Management-** Holy Grail of money management. Cuts your drawdowns to a user-defined level, yet automatically maximizes profits when the markets favor your system. Non-disclosure doc required.

www.infiniteyield.com

Joel Rensink - (612) 825-4776

Risk Disclaimer:

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Futures and forex trading have large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. Don't trade with money you can't afford to lose. This letter is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this letter. The past performance of any trading system or methodology is not necessarily indicative of future results.

Trading foreign currencies is a challenging and potentially profitable opportunity for educated and experienced investors. However, before deciding to participate in the Forex market, you should carefully consider your investment objectives, level of experience and risk appetite. Most importantly, do not invest money you cannot afford to lose.

There is considerable exposure to risk in any foreign exchange transaction. Any transaction involving currencies involves risks including, but not limited to, the potential for changing political and/or economic conditions that may substantially affect the price or liquidity of a currency.

More over, the leveraged nature of FX trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses. Investors may lower their exposure to risk by employing risk-reducing strategies such as 'stop-loss' or 'limit' orders.

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