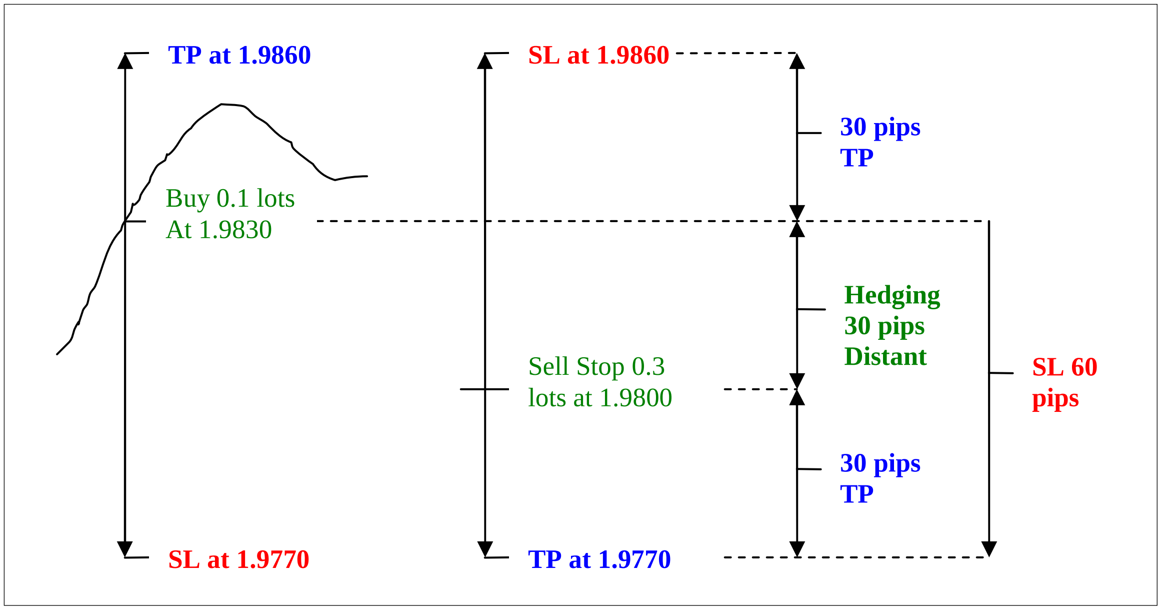
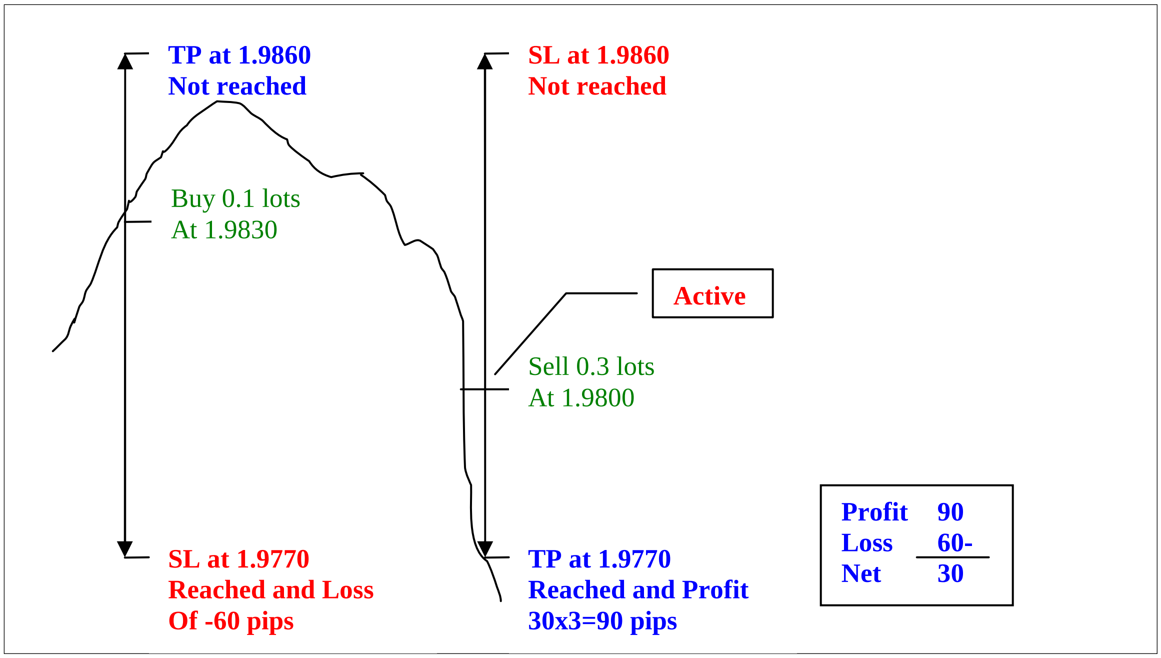
# Sure-Fire Hedging Strategy

1. Just for simple explanation, I assume there is no spread. Take position with any direction you like. Example: **Buy 0.1 lots** at 1.9830. At the same time or a few seconds after placing Buy, put **Sell Stop 0.3 lots** at 1.9800. Look at the **Lots**.



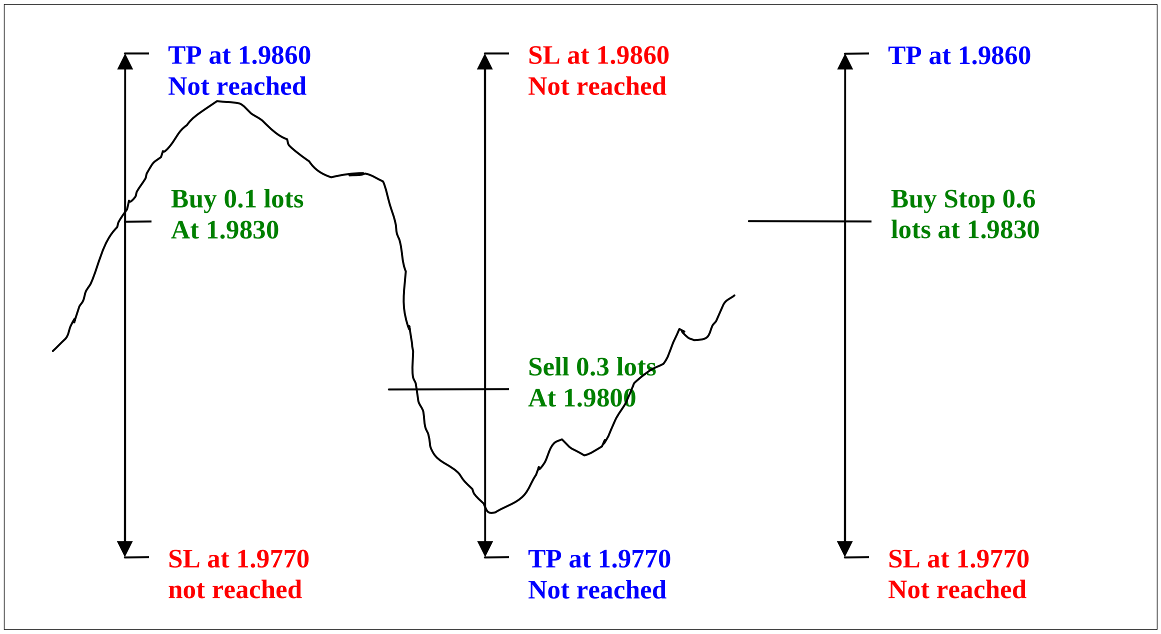

**Pic: 1**

2. If the TP at 1.9860 is not reached, and the price goes down and reaches the SL or TP at 1.9770. Then, you have a profit of 30 pips because the **Sell Stop** had become an active **Sell Order (Short) earlier in the move at 0.3 lots**.



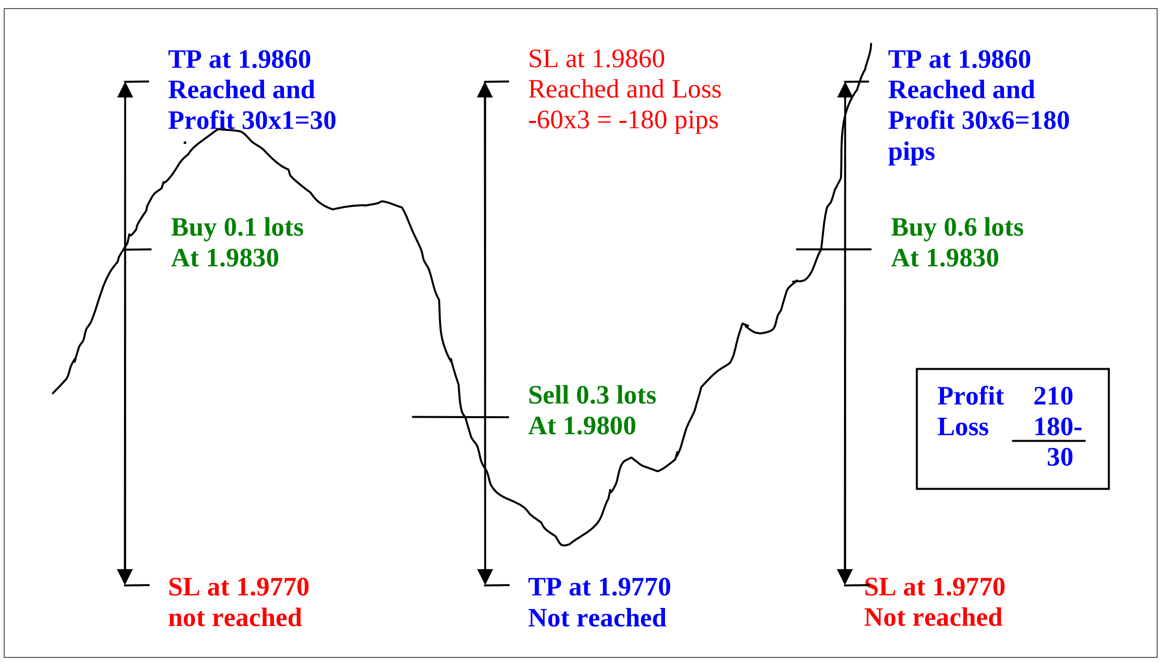

**Pic: 2**

3. But if TP and SL at **1.9770** are not reached and the price goes up again, you have to have a **Buy Stop in place** at 1.9830 in anticipation. At the time **Sell Stop** was reached and became active **Sell** 0.3 lot (pic: number 2), you have to immediately place a **Buy Stop of 0.6 lots** at 1.9830 (pic: number 3).




**Pic: 3**

4. If price goes up and hits SL or TP at **1.9860**, then you have a profit of 30 pips too.




**Pic: 4**

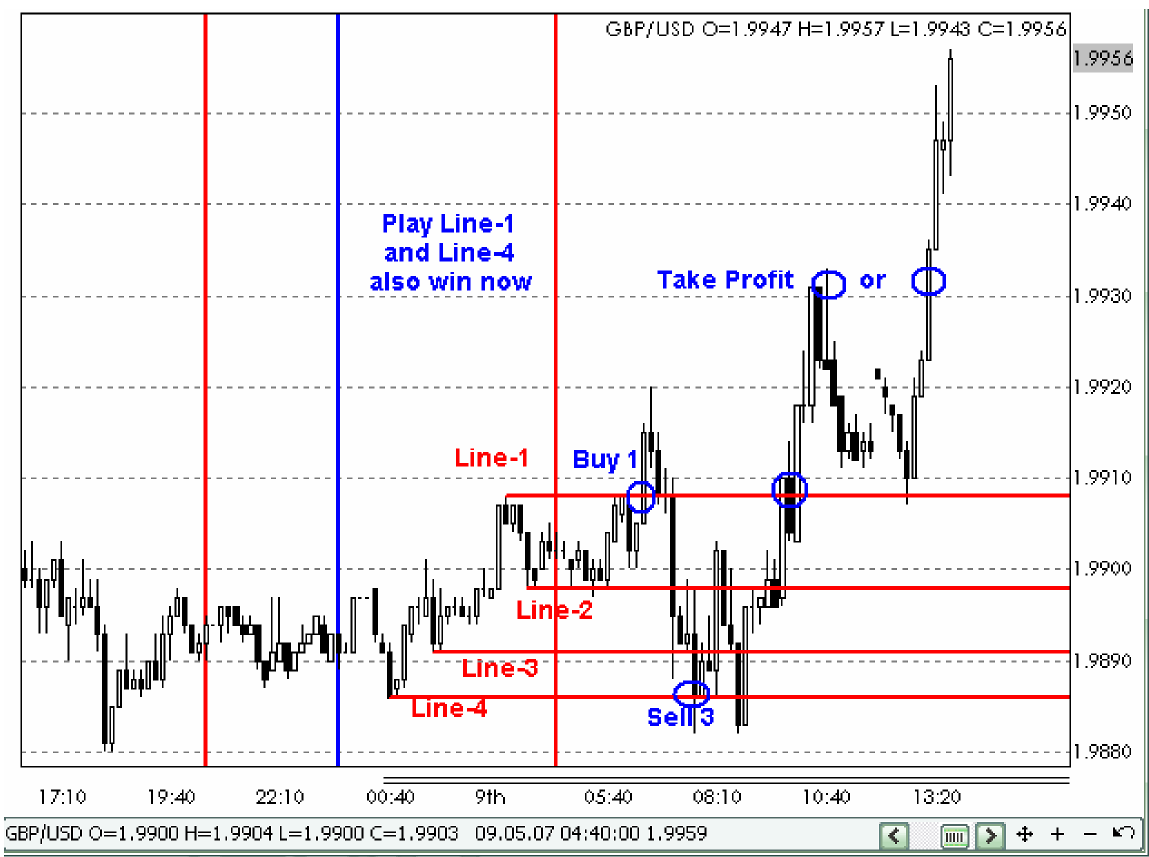
5. If the price goes down again without reaching any TP, then continue anticipating with Sell Stop of 1.2 lots, then Buy 2.4 lot…and next. Continue this sequence until we meet the profit. **Lots: 0.1, 0.3, 0.6, 1.2, 2.4, 4.8, 9.6, 19.2, 38.4 and 76.8.**

6. With this example I use 30; 60; 30 configuration (TP 30 pips, SL 60 pips and Hedging Distant 30 pips). Otherwise, you can try 15; 30; 15, 60; 120; 60. Also we can try to maximize profits by testing 30; 60; 15 or 60; 120; 30 configurations.

7. Considering the spread, choose the pair with the tightest spread like Eur/Usd. Usually the spread is only around 2 pips. The tighter the spread, the more absolute that you will win. I think this may be the **"Never Lose Strategy"…**let the price move to anywhere it likes; you'll still get the profits anyway.

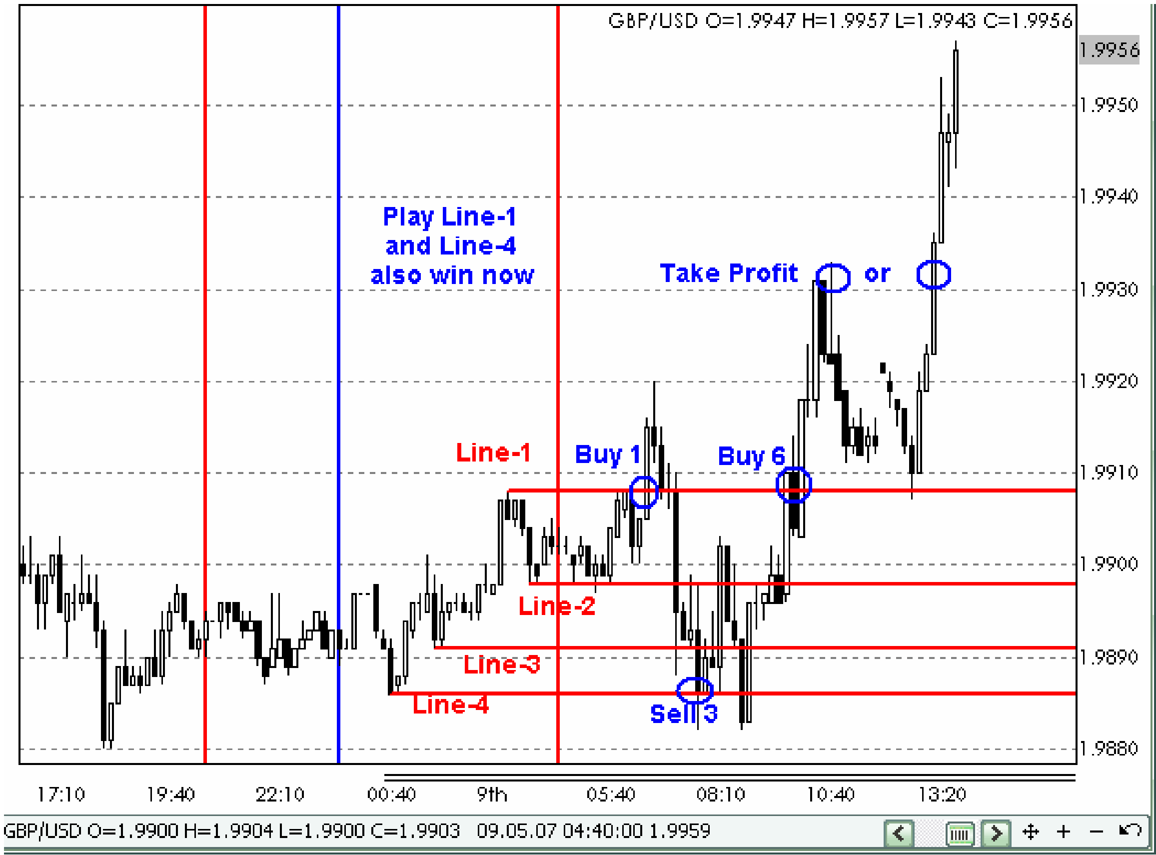
**Actually the whole "secret" (if there is any) is to find a "time period" that the market will move enough to guarantee the pips for your profit. This strategy works with any trading method. (SEE COMMENTS BELOW)**

Regards



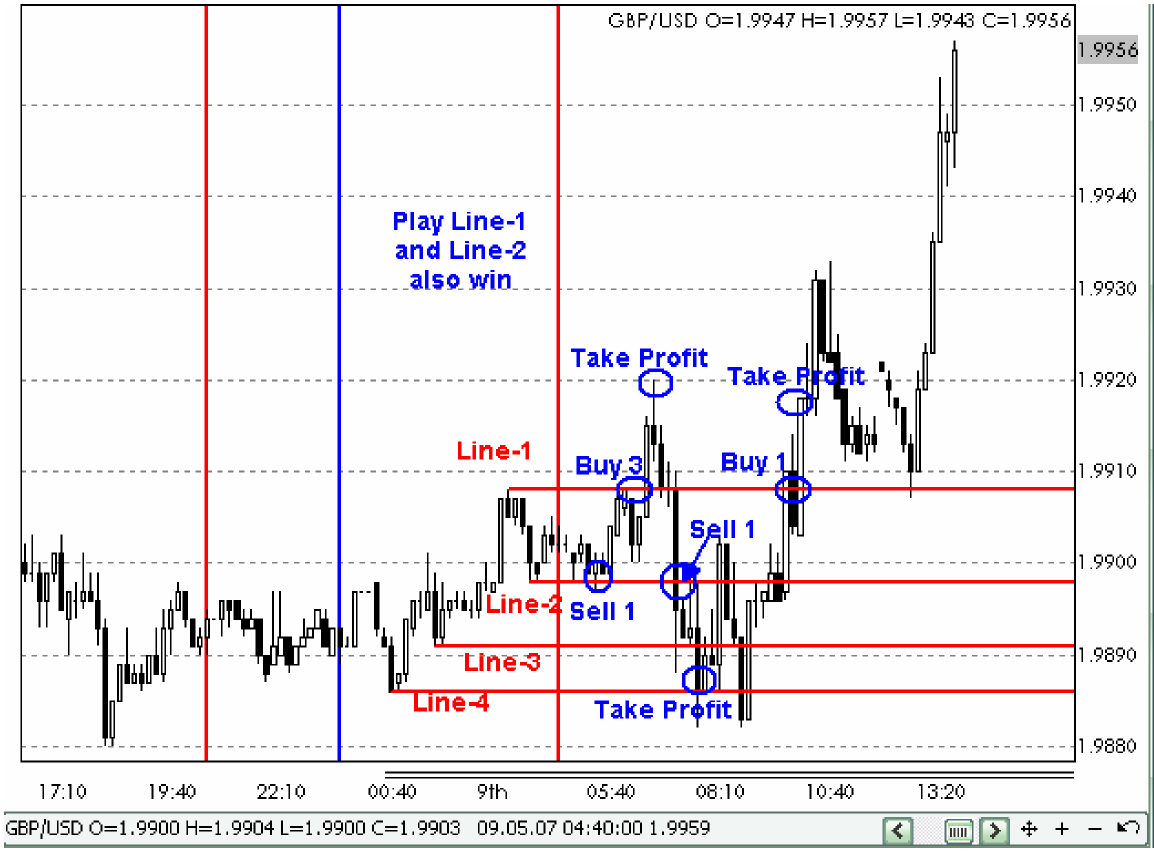

Asian Breakout using Line-1 and Line-4.
Actually, you can use any range (pips) you want.

You just need to know which time period market has enough moves for the pips you want. And, one more important thing is not to end up with buy-sell-buy-sell too many times until you run out of margin.




Sorry, the above chart doesn’t mark up the last trade "Buy-6",

**COMMENTS:** By now I hope that you see the awesome possibilities of this strategy. In summary, you enter a potential trade in the direction of the prevailing intraday trend. I would suggest using the H4 and H1 charts to determine this direction. Further, I would suggest using the M15 or M30 as your trading and timing window. In doing this you will usually hit your initial TP target 90% of the time and your hedge will never be activated. As mentioned in #7 above, keeping spreads low is imperative when using hedging strategies. But, also, learning how to take advantage of momentum and volatility is even more important. So, along this line, I would suggest looking at some of the more volatile pairs such as the Gbp/Jpy, Eur/Jpy, Aud/Jpy, Gbp/Chf, Eur/Chf, Gbp/Usd, etc. These pairs will give up 30 to 40 pips in a heartbeat. So, the extra spread you will pay for these pairs is more than worth it; but, I would still suggest looking for a broker with the lowest spreads on these pairs. The trading model that I’m sending you with this strategy is based on MetaTrader 4 indicators; so, I would suggest looking at using RoyalFX. I have found that they have some of the lowest spreads among MT4 brokers. Typically, their spreads on the Gbp/Jpy is 4 to 5 pips; whereas, most other brokers get 6 to 9 pips. In addition, all MT4 platforms allow for true hedging and having two opposing positions open at the same time on the same pair….most brokers don’t allow this.




Trading Line-1 and Line-2 (10 pips) will also win.

Don't be confused, this method is very simple, only 2 things:

1. Just choose 2 price levels (H, L, you decide) at certain time (you decide), if breakout H then buy, if breakout L then sell. TP=SL= (H-L).

2. Every time you have a loss, increase the buy/sell lots in this number sequence: 1, 3, 6, 12, and 24...etc. If you choose your time and price range correctly, there should not be a need for this many trades. In fact, you should never have a need of more than one to two entries if you properly time the market.

3. Learning to take advantage of momentum and volatility is a key element in learning to use this strategy. As mentioned earlier, timing and Time Period can be a crucial ingredient for your success. Even though this strategy can be traded during any market session or time of day, it needs to be understood that when you do trade during off-hours or lower volatile sessions such as the Asian Session that it will take longer to achieve your profit goal. Thus, it's always best to trade during the prime hours of the European/London Session and/or the New York Session. In addition, we all know that the strongest momentum usually occurs during the opening of any market session. So, it's these times that can help you to trade with a much higher probability of success. **MOMENTUM + TIMING = SUCCESS**


March 29, 2007 is a typical example of a dangerous day because markets did not move much. The best way to overcome this is to be able to recognize current market conditions and know when to stay out of them. Ranging, consolidating, or small oscillation markets will kill anyone if not recognized and traded properly. However, having a good trading method to help you identify good setups will help to eliminate any need for multiple trade entries. In fact, this strategy will become more of an insurance policy guaranteeing you a profit. I'm including a very good trading model with instructions on how to use it that will help you identify good opportunities.

If you learn to enter the markets using the signals generated by the trading model included with this strategy, you will find that you will usually hit your initial TP target 90% of the time and price will not get anywhere close to your hedge or initial stop loss.. In this case, the hedging strategy replaces the need for a normal stop loss and acts more as a guarantee of profits.

The above examples are illustrating using mini-lots; however, as you become more comfortable and proficient with this strategy, you can gradually start increasing the number of lots trades with an initial goal of working your way up to standard lots. The consistency that you will achieve by being able to make 30 pips any time you want to will lead to the confidence necessary to trade multiple standard lots. Once you get to this level of proficiency, you profit potential is unlimited. Whether you realize it yet or not, but this strategy will enable you to trade with virtually no risk. **It's like having an ATM Debit Card to the World Bank!!!!!!!!!!!!!!!!!!!!!!!!!!!**

Much Success!