TOP SHELF TRADERS
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# The Art of Forex Trading Excellence

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Complete Currency Trader’s primary trading philosophy is based on exploiting individual currency strength and weakness.

The principle idea of buying strength and selling weakness is as old as speculative markets themselves, and is indeed a fundamental key strategy for investors in all marketplaces. However, when it comes to Forex, the idea is lost on all but a tiny minority of traders. By far, the majority of amateur retail traders participating in Forex speculation ignore this winning strategy (or are simply unaware it even exists).

The aim of this article on Forex is to educate you on how currencies ACTUALLY move in the Forex market and encourage you to look at the market in a different way. This is a style of trading which looks at individual currencies rather than basic pair charts, and then matches strong currencies against weak ones, to give you a real and genuine edge that you can exploit for your own future benefit.

Introduction

Knowledge is Power!

Never forget that simple unobtrusive statement. Knowledge gives you the power to achieve whatever you want to achieve. Knowledge increases your abilities and capabilities.

Most people approach Forex on the assumption that finding a “system” is all that is needed to become profitable. “Enter here when this happens, exit there when that happens.” They are so very wrong in that assumption. All systems are worthless in the hands of people who lack knowledge, understanding, skill, and experience.

I often use the analogy of cooking. Being given the recipe and instructions to prepare a 4 course meal to serve at The Dorchester hotel in Mayfair, London, does not mean you will be able to do it. Having a recipe does not make you a Michelin star Chef. A great Chef knows how to “cook” and can therefore cook any recipe successfully. Someone who doesn’t know how to cook, or lacks the knowledge, cannot cook any recipe regardless of how clear and concise the instructions are.

So it is with trading. A great trader can trade any system well, whereas a bad trader will never succeed with any system, no matter how simple or profitable it may be. It is not the system that fails, just as it is not the recipe that fails, but rather the person using the system or following the recipe.

If you do not know how to trade you will never succeed, and this is the reason the vast majority of amateur traders never advance. Most people focus all their attention on trying to find a system that will make them profitable, and they completely ignore their education and knowledge. Trading knowledge is more important than a trading system!

Please keep this in mind as you work through this Forex. The principles behind the system I teach you are sound and robust and do work. I exploit these concepts every single day myself, but that doesn't necessarily mean you will pick it up and be profitable with it from day one, because as yet you lack the knowledge and experience required to be a good trader. Hence, the reason you are reading this in an attempt to better yourself, and for that you should be commended; you’re on the right approach.

What you are going to read and learn in the following pages is an introduction to the principles and concepts behind real currency trading. Trading with an edge that actually means something and is based on reality that has bearing in the Forex environment. This WILL increase your knowledge; it WILL further your education; it WILL put you on the right path to success!

I hope it will spark your interest and desire to want to take things further and really explore this approach in much more depth. This Forex is a start but it is not the complete journey. That still lies ahead of you, and I am confident the following pages will accelerate your progress along that journey tenfold.

"Toto, I have a feeling we're not in Kansas anymore!"

How many books, courses, blog posts, and forum discussions have you read, which are supposedly aimed at Forex, but where examples are given from other markets such as stocks and indices?

The Spot Forex market is NOT the stock market, or a Commodities market, or Derivatives or anything else. The Spot Forex market is unique! It's exclusive! It's unlike any other market in existence or in the history of humankind.

If you trade the Spot Forex market for speculation you are NOT trading any other market. You're participating in something completely different. You're not in Kansas anymore!

Most people do not realize just how different Spot Forex is, and this is where they make their first mistake which has a knock on effect for everything else they do.

The Spot Forex market is not only slightly different; it's entirely different on a fundamental level. It's different in terms of "why" it exists. It's different in terms of how it functions. It's different in terms of who uses it and why they use it. It's different in how prices move. It's different in every conceivable way!

To begin with, the Spot Forex market is there to facilitate international trade. In other words it's there for business purposes. It is a largely non-speculative market!

82% of all transactions in the Spot market are made for non-speculative reasons. That means the people making those trades are not doing so for the same reasons as you and I. Why is that important to know? Because it means the majority of people who trade in this market are not interested in the price, or where it's been or where it's going like we are. They are not looking at charts, they couldn't't care less about some arbitrary lines anyone has drawn.

When you go on vacation, you trade in the Spot market. You exchange your home currency for the currency of the country you are visiting. You do this out of necessity, not for speculation. You need the foreign currency in order to eat, shop, and enjoy your stay. You wouldn't't decide not to exchange your money because the price was near a trend line that you had drawn!

Businesses are the same. They need to exchange one currency for another in order to conduct their day to day business, and therefore when BMW in Germany needs to buy aluminum from the USA, they are going to exchange Euro's for US Dollars, regardless of any patterns on a chart that they're not even looking at. (Note: if they are concerned about future price changes, they will hedge their transaction in the futures market with options, but these do not mean anything to us in the Spot market)

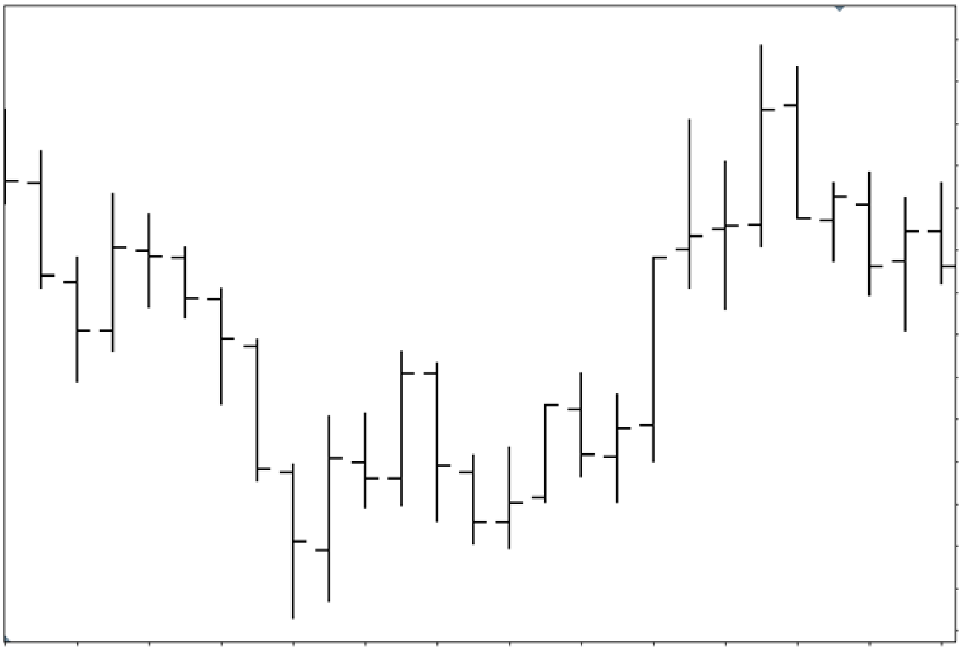
This phenomenon makes the Spot Forex market an extremely random one, more so than almost every other market.

Speculators like you and me make up a tiny proportion of participants in Spot Forex. Retail traders account for only 4% of the market volume. Major hedge funds account for only 14%. We are a minority and account for a small percentage of the daily volume and daily transactions that are made.

With Forex being so different to other markets, why is it that so many people attempt to trade it with the same principles and strategies as are used in those other markets, such as stocks?

The blunt answer is because at face value, the charts you see in currency markets "look" the same as you would see in any other marketplace, and most people are too lazy or uneducated to see beyond what is presented to them at face value. People lack the knowledge and education to realize that looks can be deceiving, and they believe whatever they read in amateur forums.

The information being displayed graphically on a currency pair chart is the same as what you would see on a chart of Gold, or Oil, or a stock, or an index, etc. It's just the open, high, low, and close. So if you were to trade the Gold market you would see this type of chart.



If you were to trade a stock market you would see this same type of chart.

So when amateurs look at a currency pair chart, because it looks the same as the charts you see in other markets, they think it is the same. They think it is an actual market in its own right the same way Gold is a standalone market, so they attempt to trade it with the same strategies they would use to trade a more traditional market.

But just because something looks a certain way doesn't't mean it is how it looks. If you were to stare into the sky, it looks as though the sun is circling around the earth. People used to believe that because that's how it looks. But we know it's the complete opposite and the earth circles around the sun. Looks can often be deceiving and that is the case with currency pair charts.

You see this all the time and you hear traders talk about how they trade the EUR/USD or GBP/USD for example. You hear them talk about their favorite pair and you see systems being sold that only work on certain pairs. This is ludicrous. If a system works it should work on any and every pair.

This is indicative of how most people view currency pair charts. They think each pair is a separate and isolated market. When a person trades EUR/USD they think they are trading a market just like trading Oil is trading a market. But the EUR/USD is NOT a market.

A currency pair chart is a fraction of a market. It is one tiny part of a market!

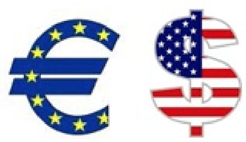
This is another fundamental factor which makes Forex so different to everything else. In reality, what you have are multiple markets that are all brought together, crisscrossed, mixed and matched, and jumbled together.

The USD is a single currency belonging to a single economy. The GBP is a single currency belonging to a single market economy. The JPY is a single market currency belonging to a single market economy, etc, etc. They are each markets in and of themselves.

The Forex market is what you get when you bring all those separate markets together in to one melting pot. It's made up of the Euro, Pound, Swiss Franc, Yen, US, Australian, Canadian and New Zealand Dollars, and 28 separate pair combinations. And that's just the majors.


So when you look at a single chart like the EUR/USD for example, you're only seeing a tiny fraction of the market. 1/28th of the market to be exact. The majority of information pertaining to that chart is actually not in that chart at all. It's contained out in the wider "real" market.

Remember that in the EUR/USD chart there are two currencies: the Euro and the US dollar.




If you want to be able to trade the EUR/USD chart effectively for maximum profits with minimal losses, you first of all have to know what's happening with the Euro as an individual currency and the US dollar as an individual currency.

This is the way professional Forex traders trade that other traders simply don't even consider. We look at the real market before we make any trade decisions. We have all this other information pertaining to each individual currency to draw on to help me make the very best decisions at all times. My trade decisions are much more informed than the average trader. The key to maximum profitability in Forex is to analyze individual currencies, and assess their separate strengths or weaknesses first and foremost, and then match the strongest individual currency against the weakest currency, and select the most appropriate pair to trade based on that extra information.

We will come back to this concept later in the Forex, but for now this initial chapter should serve to help stress how fundamentally different Forex is to other market places, and therefore help you appreciate just how important it is to take a different approach when trading it.

**How Prices REALLY Move in the Forex Market**

This may seem like an odd chapter to include, because after all, most people "know" that prices move when buyers and sellers interact. They "know" that an uptrend happens when there are more buyers than sellers, or a down trend happens when there are more sellers than buyers, right?

**Wrong! That's complete nonsense! This is another difference between Forex and many other**

**markets.**

With stocks, for instance, the prices you see are the last price that a transaction was made, the last price two people actually bought and sold to each other. So, for the price to move or change, someone has to buy or sell. There has to be an actual, real, physical transaction. This seems common sense and is what most people assume happens in Forex, but it isn't the case.

The Forex market is an auction market. The prices you see are the prices someone is “willing” to buy or sell at. Think of a normal auction where you may be trying to buy a painting. The price starts low and gradually goes higher and higher as people bid more and more. So the price is changing and rising constantly even though no one has actually bought anything and the painting hasn't been sold. That’s what it’s like with Forex! The prices can actually move without any buying or selling happening whatsoever. All it takes is for people to alter their bids or offers.

In other words, if someone says they are willing to sell at 1.01, you will see that price quoted on your chart. But if they then change their mind and say “hey, actually I want to sell at 1.05 instead,” then the price on your chart will move from 1.01 up to 1.05. No buying or selling happened at all. Someone simply changed their mind about the price they were “willing” to sell at, and the price on your chart moved up to a higher level.

**The prices moved without any buying or selling happening!**

It all comes down to the BIDS and OFFERS in the market; the quoted prices you see on your charts that people are willing to buy and sell at, and how these prices are added or removed from the market. This is what happens at news release times. You often see huge spikes in price which may shoot down, whipsaw back up, and then eventually settle back to exactly where it was before the news came out.

Amateurs look at that and think it’s the result of panic buying and selling, and confusion or indecision amongst buyers and sellers. It’s neither. It’s simply a result of market makers removing their BIDS and OFFERS from the market. There’s no buying or selling happening at all. Have you ever tried placing an order during these times? You don’t get filled do you? Or it takes an age to fill, and your trade is opened a long way from where you wanted it.

This is because there is no one in the market willing to trade with you. All you’re seeing is the prices rising or falling as market makers say “hey, I have changed my mind, I don’t want to trade at X price, I want to trade at Y price”.

Prices will move in Forex when BIDS and OFFERS are removed, and they can either be removed because the entity quoting that price changes their mind and changes their price, or because someone takes that price and trades at that level.

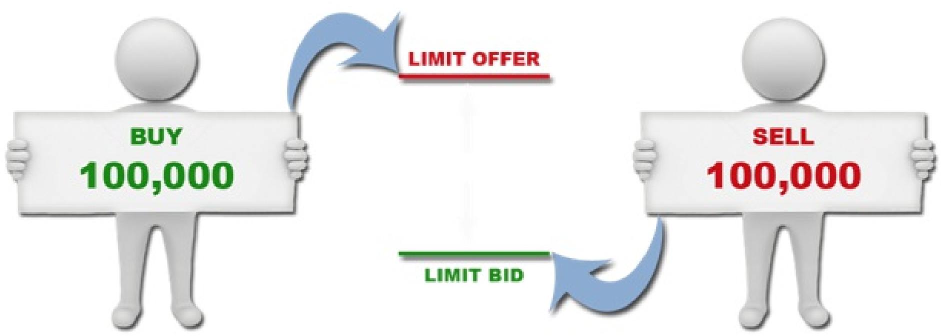
Let’s suppose you and I are both speculators, both trading with the same broker, and we are both looking at the EUR/USD pair. I want to buy 100,000 and you want to sell 100,000, so we both hit our order buttons.

Most people think that we would be matched against each other, so we would buy and sell from each other and that’s what causes the price to move.


That’s not true and it’s not even possible.

If I submit a market buy order and you submit a market sell order, it is impossible for us to trade with each other as retail traders. Market orders can only be matched with limit orders. Limit orders are the BIDS and OFFERS you see as the quoted prices in your platform. That's the prices you see which are set by market makers. Limit orders used by market makers provide liquidity. Market orders used by people like you and me consume that liquidity.

So my market buy order consumes the liquidity in the OFFER price. Your market sell order consumes the liquidity in the BID price. If we both submitted the same size order at the same time, the spread would widen because we consumed and removed the liquidity for the narrowest bid and offer in the market.




**Price is More Likely to Move in One Direction Rather Than the Other**

When you understand the micro-mechanics of an auction market as described above, you can actually determine which direction the price is most likely to move next, because prices in Forex are more likely to move in a certain direction, and when you know that, you have a real edge that you can exploit for huge profits.

It all comes down to liquidity – BIDS and OFFERS. The prices quoted on your charts are the result of BIDS and OFFERS, and the number and size of those quotes determine the amount of liquidity available in the market.

This is the kicker:

**Price is more likely to move in the direction of least liquidity!** And this little known fact is what professional Forex traders exploit for intraday trading. This is what gives us a real edge.

**Conclusion**

The system you have been shown is merely an introduction to trading with currency strength analysis. This is not a comprehensive course, nor is it anywhere near adequate education for you to be able to call yourself a master trader. This has not been designed to turn you into a professional hedge fund trader. This is intended as a stepping stone, a first taste of what currency strength analysis can be like. This is hopefully your first foundation on which to build from here on out.

I hope this opens your eyes to the possibilities available to you when you trade with a real edge the way professionals do. I hope this ignites enough desire in you that you genuinely want to finally learn to trade, properly.....I mean "really" trade, with all the skill, knowledge, and capability that gives you lasting financial independence.

**THE SPECIAL OFFER**

Learn How To Get Your Trading Edge Here!

## About the author

In a profession where profit over loss is the only thing that counts, Complete Currency Trader has redefined the field of Forex education and continues to forge the most acclaimed reputation in the industry today.

Since inception, James Edward’s vision of excellence continues to guide our beliefs, actions and ambitions. Located in London, Complete Currency Trader is the definitive trader development company, delivering the most accomplished training for the world’s most lucrative financial market. Our prestige emanates from masterfully combining the professionalism of an international corporation on the one hand with the personal service and care & attention of a locally run business on the other.

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