1. Learn the basics of forex trading.
It's amazing how many people simply don't know what they're doing. In order to compete at the highest level in the trading business and be one of the few truly successful participants you must be well-educated about what you are doing. This does not mean having a degree from a well-respected university – the market doesn't care where you were educated.

2. Forex trading is a zero sum game. For every long there is also a short. If 80% of the traders are on the long side, then the remaining 20% are on the short side. This means further that the shorts must be well capitalized and are considered to be strong hands. The 80%, who are holding much smaller positions per trader, are considered to be weaker hands who will be forced to liquidate those longs on any sudden turn in prices.

3. Nobody is bigger than the market.

4. The challenge is not to be the market, but to read the market. Riding the wave is much more rewarding than being hit by it.

5. Trade with the trends, rather than trying to pick tops and bottoms.

6. Trying to pick tops and bottoms is another common Fx trading mistake. If you're going to trade tops and bottoms, at least wait until the price action actually confirms that a top or a bottom has been formed before you take a position in the market.
Trying to pin-point tops and bottoms in the foreign exchange market is very risky, but exercising a little patience and waiting for a proven top or bottom to form can increase your odds of profiting and somewhat reduce your risk.

7. There are at least three types of markets: up trending, range bound, and down. Have different trading strategies for each.

8. Standing aside is a position.

9. In uptrends, buy the dips; in downtrends, sell bounces.

10. In a Bull market, never sell a dull market, in Bear market, never buy a dull market.

11. Up market and down market patterns are ALWAYS present, merely one is more dominant. In an up market, for example, it is very easy to take sell signal after sell signal, only to be stopped out time and again. Select trades with the trend.

12. A buy signal that fails is a sell signal. A sell signal that fails is a buy signal.

13. Let profits run, cut losses short.

14. Let your profits run, but don't let greed get in the way. Once you've already made a nice profit on a trade, consider taking either some or all of the money off the table and move on to the next trade.
It's natural to hope that one trade will end up as your "winning lottery ticket" and make you rich, but that is simply not realistic. Don't hold the position too long and end up giving all your well-deserved profits back to the market.

15. Use protective stops to limit losses.

16. Use appropriate stop-loss orders at all times to cut your losses and never, ever sit back and let your losses run.
Almost every trader at some point makes the mistake of letting his or her losses run in hopes that the market will eventually turn around in his or her favor but, more often than not, it simply leads to an even greater loss. You win some, you lose some. Simply learn to cut your losses, take your occasional lumps and move on to the next trade. And if you made a mistake, learn from it and don't do it again.

To avoid letting your losses run, get into the habit of determining an acceptable profit target as well as an acceptable risk tolerance level for each and every forex trade before entering the market. Then simply place a stop-loss order at the appropriate price - but not so tight (close to the market) that the stop could quickly take you out of the position before the market has a chance to move in your favor.

Using a stop is always the smart move.

17. Avoid placing protective stops at obvious round numbers.
Protective stops on long positions should be placed below round numbers (10, 20, 25, 50, 75, 100) and on short positions, above such numbers.

18. Placing stop loss is an art. The trader must combine technical factors on the price chart with money management considerations.

19. Analyze your losses. Learn from your losses. They're expensive lessons; you paid for them. Most traders don't learn from their mistakes because they don't like to think about them.

20. Stay out of trouble, your first loss is your smallest loss.

21. Survive! In forex trading, the ones who stay around long enough to be there when those "big moves" come along are often successful.

22. If you are a new trader, be a small trader (mini account) for at least a year, then analyze your good trades and your bad ones. You can really learn more from your bad ones.

23. Don't trade unless you're well financed...so that market action, not financial condition, dictates your entry and exit from the market. If you don't start with enough money, you may not be able to hang in there if the market temporarily turns against you.

24. Be more objective and less emotional.

25. Use money management principles.

26. Money management increases the odds that the trader will survive to reach the long run.

27. Diversify, but don't overdo it.
28. Employ at least a 3 to 1 reward-to-risk ratio.

29. Calculate the risk/reward ratio before putting a trade on, then guard against holding it too long.

30. Don't trade impulsively; have a plan

31. Have specific goals and objectives.

32. Five steps to build a trading system:

a) Start with a concept.
b) Turn it into a set of objective rules.
c) Visually check it out on the charts.
d) Formally test it with a demo.
e) Evaluate the results.

33. Plan your work and work your plan.

34. Trade with a plan - not with hope, greed, or fear. Plan where you will get in the market, how much you will risk on the trade, and where you will take your profits.

35. Follow your plan. Once a position is established and stops are selected, do not get out unless the stop is reached or the fundamental reason for taking the position changes.

36. Any successful trading system must take into account three important factors: price forecasting, timing, and money management. Price forecasting indicates which way a market is expected to trend. Timing determines specific entry and exit points. Money management determines how much to commit to the trade.

37. Don't cherry-pick your system's set-ups. Trade every signal.

38. Trading systems that work in an up market may not work in a down market.

39. Establish your trading plans before the market opening to eliminate emotional reactions. Decide on entry points, exit points, and objectives. Subject your decisions to only minor changes during the session. Profits are for those who act, not react. Don't change during the session unless you have a very good reason.

40. Double-check everything.

41. Always think in terms of probabilities. Trading is all about thinking in probabilities NOT certainties. You can make all the "right" decisions and the trade still goes against you. This does not make it a "wrong" trade, just one of the many trades you will take which, through probability, are on the "loosing" side of your trading plan. Don't expect not to have negative trades - they are a necessary part of the plan and cannot be avoided.

42. The place to start your market analysis is always by determining the general trend of the market.

43. Trade only with a strategy that you've proven to yourself.

44. When pyramiding (adding positions), follow these guidelines:

a. Each successive layer should be smaller than before.
b. Add only to winning positions.
c. Never add to a losing position. One of the few trade management rules that we can state we never break is 'Never add to a losing trade'.

Trades are split into winners and losers, and if a trade is a loser, the chances of it turning right around and becoming a winner are too small to risk more money on. If indeed it is a winner disguised as a loser, why not wait until it shows its true colors (and becomes a winner) before you add to it. If you do this you will notice that nearly always the trade ends up hitting your stop loss and does not look back.

Sometimes the trade turns around before it hits your stop and becomes a winner and you can count yourself very fortunate. Sometimes the trade hits your stop loss and then turns around and becomes a winner and you can count yourself unlucky. Whatever the result, it is never worth adding to a loser, hoping that it will become a winner. The odds of success are just too low to risk more capital in addition to the initial risk.

e. Adjust protective stops to the breakeven point.

45. Risk Control:

A) Never risk more than 3-4 percent of your capital on any trade.
B) Predetermine your exit point before you get into a trade.
C) If you lose a certain predetermined amount of your starting capital, stop trading, analyze what went wrong, and wait until you feel confident before you begin trading.

46. Don't trade scared money.
No one ever made any money trading when they had to do it to pay the mortgage at the end of the month. Having a requirement to make X dollars per month or you will be financially in trouble is the best way I know to completely mess up all trading discipline, rules, objectives, and leads quickly to disaster.

Trading is about taking a reasonable risk in order to achieve a good reward. The markets and how and when they give up their profits is not under your control. Do not trade if you need the money to pay bills. Do not trade if your business and personal expenses are not covered by another income stream or cash reserve. This will only lead to additional unmanageable stress and be very detrimental to your trading performance.

47. Know why you are in the markets. To relieve boredom? To hit it big? When you can honestly answer this question, you may be on your way to successful forex trading.

48. Never meet a margin call; don't throw good money after bad.

49. Close out losing positions before the winning ones.

50. Except for very short term trading, make decisions away from the market, preferably when the markets are closed.

51. Work from the long term to the short term.

52. Use intraday charts to fine-tune entry and exit.

53. Master interday trading before trying intraday trading.

54. Don't trade the time frame. Trade the pattern. Reversal patterns, hesitation patterns and breakout patterns appear often. Learn to look for the pattern in any time frame.

55. Try to ignore conventional wisdom; don't take anything said in the financial media too seriously.

56. Always do your homework and stay current on global events. You never know what's going to set off a particular currency on any given day.

57. Learn to be comfortable being in the minority. If you are right on the market, most people will disagree with you. (90% losers, 10% winners).

58. Technical analysis is a skill that improves with experience and study. Always be a student and keep learning.

59. Beware of all tips and inside information. Wait for the market's action to tell you if the information you've obtained is accurate, then take a position with the developing trend.

60. Buy the rumor, sell the news.

61. K.I.S.S – Keep It Simple Stupid, more complicated isn't always better.

62. Timing is especially crucial in forex trading.

63. Timing is everything in forex trading. Determining the correct direction of the market only solves a portion of the trading problem. If the timing of the entry point is off by a day, or sometimes even minutes, it can mean the difference between a winner or a loser.

64. A "buy and hold" strategy doesn't apply in forex trading.

65. When you open an account with a broker, don't just decide on the amount of money, decide on the length of time you should trade. This approach helps you conserve your equity, and helps avoid the Las Vegas approach of "Well, I'll trade till my stake runs out." Experience shows that many who have been at it over a long period of time end up making money.

66. Carry a notebook with you, and jot down interesting market information. Write down the market openings, price ranges, your fills, stop orders, and your own personal observations. Re-read your notes from time to time; use them to help analyze your performance.

67. Don't count profits in your first 20 trades. Keep track of the percentage of wins.
Once you know you can pick direction, profits can be increased with multi-plot trading and variations in using your stops. In other words, now is the time to get serious about money management.

68."Rome was not built in a day," and no real movement of importance takes place in one day.

69. Do not overtrade.
70. Have two accounts. One real account and the other a demo account. Learning doesn't stop when trading real dollars begins. Keep the demo account and use it to test alternative trades, alternative stops, etc.

71. Patience is important not only in waiting for the right trades, but also in staying with trades that are working.

72. You are superstitious; don't trade if something bothers you.

73. Technical analysis is the study of market action through the use of charts, for the purpose of forecasting future price trends.

74. The charts reflect the bullish or bearish psychology of the marketplace.

75. The whole purpose of charting the price action of a market is to identify trends in early stages of their development for the purpose of trading in the direction of those trends.

76. The fundamentalist studies the cause of market movement, while the technician studies the effect.

77. Rising commodity prices generally hint at a stronger economy and rising inflationary pressure. Falling commodity prices usually warn that the economy is slowing along with inflation.

78. The longer the period of time that priced trade in a support or resistance area, the more significant that area becomes.

79. There are three decisions confronting the trader –whether- to go long, go short or do nothing. When a market is rising, the best strategy is preferable. When the market is falling, the second approach would be correct. However, when the market is moving sideways, the third choice –to stay out of the market- is usually the wisest.

80. Channel lines have measuring implications. Once a breakout occurs from an existing price channel, prices usually travel a distance equal to the width of the channel. Therefore, the trader has to simply measure the width of the channel and then project that amount from the point at which either trendline is broken.

81. The larger the Pattern, the Great the potential.
When we use the term "larger", we are referring to the height and the width of the price pattern. The height measure the volatility of the pattern. The width is the amount of time required to build and complete the pattern. The greater the size of the pattern-that is ,the wider the price swings within the pattern (the volatility ) and the longer it takes to build –the more important the pattern becomes and the greater the potential for the ensuing price move.

82. The breaking of important trendlines.
The first sign of an impending trend reversal is often the breaking of an important trendline. Remember however, that the violation of a major trendline does not necessarily signal a trend reversal. The breaking of a major up trendline might signal the beginning of a sideways price pattern, which later would be identified as either the reversal or consolidation type. Sometimes the breaking of the major trendline coincides with the completion of the price pattern.

83. The minimum requirement for a triangle is four reversal points. Remember that it always takes two points to draw a trendline.
84. The moving average is a follower, not a leader. It never anticipates; it only reacts. The moving average follows a market and tells us that a trend has begun, but only after the fact.

85. Shorter term averages are more sensitive to the price action, whereas longer range averages are less sensitive. In certain types of markets, it is more advantageous to use a shorter average and, at other times, a longer and less sensitive average proves more useful.

86. When the closing price moves above the moving average, a buy signal is generated. A sell signal is given when prices move below the moving average.

87. A buying signal on a two-moving average combination occurs when the shorter term of two consecutive averages intersects the longer one upward. A selling signal occurs when the reverse happens, and the longer of two consecutive averages intersects the shorter one downward.

88. Do not overtrade (again).

89. Shorter average generates more false signals, it has the advantage of giving trend signals earlier in the move. The trick is to find the average that is sensitive enough to generate early signals, but insensitive enough to avoid most of the random "noise".

90. Cutting losses is painful for every trader. The ability to cut one's losses in time is the sign of a seasoned trader.

91. A channel breakout suggests a target for the currency price equal to the width of the channel.

92. Long term charts provide important information regarding long-terms or cycles.
The trader can get a correct perspective regarding the real direction of the market in the long run, the strength or direction of the current trend occurring within that trend, or the possibility of a breakout from the long-term trend.

93. Common Points All Of Reversal Patterns:

A) The first signal of an impending trend reversal is often the breaking of an important trendline.
B) The larger the pattern, the greater the subsequent move.
C) Topping patterns are usually shorter in duration and more volatile than bottoms.
D) Bottoms usually have smaller price ranges and take longer to build.

94. The head-and-shoulders formation is confirmed only when the completion of the three rallies and their reversals is followed by a breach of the neckline. The failure of the price to break through the neckline on closing prices basis puts on hold or negates the validity of the formation.

95. The double-top formation is confirmed only when the full completion of the two rallies and their respective reversals is followed by a breach of the neckline (the closing price is outside the neckline). The failure of the price to break through the neckline puts on hold or negates the validity of the formation.

96. The flag formation is a reliable chart pattern that provides two vital signals: direction and price objective. This formation consists of a brief consolidation period within a solid and steep upward trend or downward trend. The consolidation itself tends to be sloped in the opposite direction from the slope of the original trend, or simply flat.

97. A Breakaway gap provides the direction of the market.

98. The runaway or measurement gap provides the direction of the market. This gap confirms the health and velocity of the trend.

99. The runaway or measurement gap is the only type of gap that provides a price objective. The price objective is the previous length of the trend, measured from the runaway gap, in the same direction as the original trend.

100. The exhaustion gap provides the direction of the market.