

Arbitragemaster

Forex swap trading strategy



Arbitragemaster

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1. What is forex swap trading

Forex swap trading is a very simple strategy where you make profit from swap earnings. You don't need to predict any market direction, you are not playing with your money like people do which try to predict long or short for a trade. The usual forex traders are just losing money with trying to predict the market direction, they usually deposit 500 or 1000 dollar into an account and try to double the account or lose all the money and then they repeat this for weeks, months and years and the big majority of these people lose again and again, that's why forex trading also doesn't have the best reputation.

So the big difference with forex swap trading is that you don't play with your money, when you start a trade then you open simultaneously a buy and sell trade in the same currency pair, this means you have open a hedge and the price can go now up or down but it will not affect your balance. The profit which you earn with this strategy comes just from the swaps that the broker pays you every day.

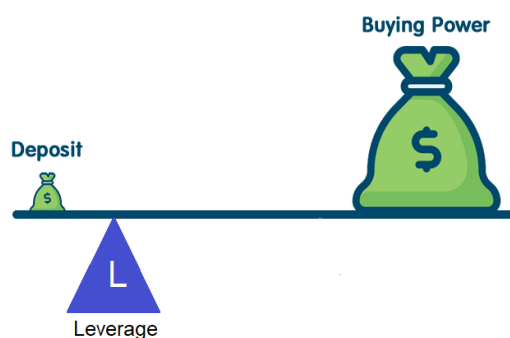


You will use 2 different brokers for the hedge trade, because if you use the same broker for the hedge trade then you would not earn swap, because the same broker have usual swaprates which dont give you a profit when you open a hedge, but with using 2 different brokers you can earn swap, when both brokers have different swaprates, you just have to combine 2 brokers where one pay you good swap and the other dont take much swap. The swaprates from the brokers are also not changing so often, this makes the strategy useable. This way you can use your money to earn more money, and that's exactly how it should be if you are interested in trading and investing.

2. How much risk and drawdown

There are a few things which you need to monitor and take some care of when using this strategy but the good thing is that you can manage this all it is not something difficult like trying to predict the market direction.

Margin Trading

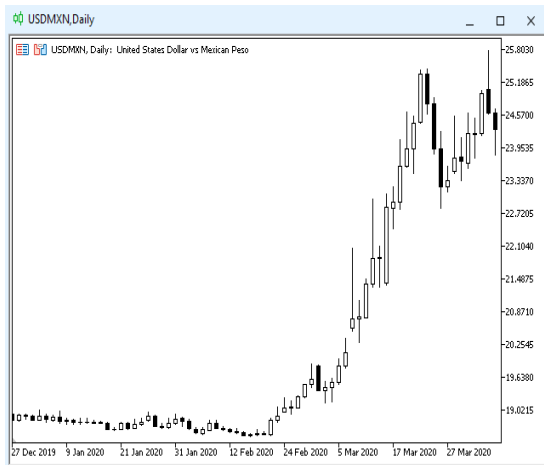


Account Margin and Leverage

To keep the hedge trades open you need to have enough margin in your accounts. One account will always make profit and the other will lose the same amount which you win in the other account, but if the margin is not enough anymore in one account to keep the hedge trades open then you can get a margin call in that account and one trade of your hedge will be close and this will create a imbalance. In such case the Arbitragemaster would also close the other trade from your hedge in the other account but the best is if you withdraw the profits from one account and deposit them into the lose account then your hedge trades can keep open and you earn more swap for the open trades. The Arbitragemaster have a alert function which will send you a info if the margin in one account becomes smaller then a specified level, this can help you to manage your accounts better.

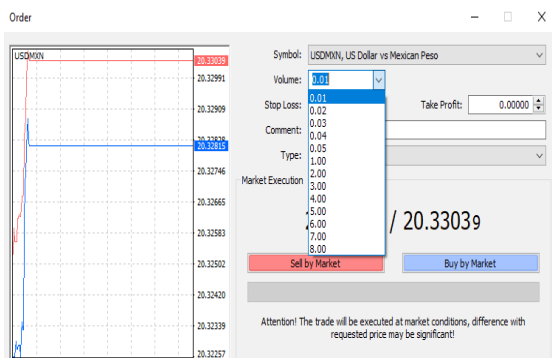
Strong Trends

When the currency pair in which you have a open hedge trade makes a strong trend, then it can happen that one account gets a margin call because the price move to much in one direction, in such case the easiest would be if you can deposit fast enough more money into the account which have a trade open against the trend. If you can not do that then one trade from your hedge can not keep open and gets close from margin call, like you already know the Arbitragemaster would close in such case also the other trade from your hedge in the other account. So either you are able to deposit fast enough more money into the account where the trade run against the trend or if you dont have enough money available, for example because the withdraw from the profit account take longer then you expected, then you need to start again from new the hedge trades as soon as you have again enough money in both accounts. When you start a new hedge trade, you will just pay again some spread cost but usual after 3 days your new swap earnings will cover the spread cost and you start to earn again every day new swaps.



Lotsize to Accountsize

You need to take care which lotsize you open for the hedge trades, of course you earn more swap if you have bigger lotsize, but it is recommend to use a lotsize which gives the currency pair enough room to move a few hundred pips without giving your account a margin call. The Arbitragemaster can help you to find a good lotsize for your accountsize, there is a formular in the Arbitragemaster where you can write your accountsize and you will get then some recommend lotsize examples.



Weekend Gaps and wider Spreads

| Bid | Spread | Ask |
|--------|--------|--------|
| 1.1155 | 0.3 | 1.1156 |
| 1.2054 | 0.2 | 1.2057 |
| 1.3165 | 0.3 | 1.3165 |

During times when there are political or geological events the markets can create weekend gaps and the spreads can become wider than usual, for such cases it is the same thing like almost in all other cases that you either need to have enough money in your account to give the price enough room to move few hundred pips or you close the trades during such periods and wait for better market conditions. But compared to normal forex trading this things are all possible to be manage a bit, the risk with swap forex trading compared to normal forex trading is very low, if you make to much mistakes in swap forex trading then maybe you get out with just break even or a little bit lose if to much things go wrong but in normal forex trading people usual lose all their money and they repeat it again and again.

3. How much profit

Usual you can make around 5% gain per month if you trade with low risk. Low risk means you dont use to big lotsize you give the price enough room to move a bit. If you want to make more profit it is also possible to do that, you can also create something like 5-8% or even up to 10% and more per month, but for such results you need to use more lotsize and you need to make more often a deposit and withdraw between the accounts if the price move to much. If you dont pay fees for withdraw and deposit and if the withdraw and deposit arrive fast enough, then it is good possible to make more then 5% per month. Whenever you start a new hedge trade you will pay some spread cost, to cover this spread cost it takes around 3 days after that you start to earn, that is why it is also recommend to try to keep the trades open as long as possible because you dont want to start a new hedge trade and wait then again around 3 days till you start to earn. It also depends to the currency pair which you choice how long you need to wait till your hedge trades spreads cost will be cover, currently for example USDMXN have a low spread compared with EURZAR which is higher, if you open a hedge trade in USDMXN then you will reach faster break even than with EURZAR.

Below is a example how much profit you can make if you do every month just 5% on your initial deposit, you see in the following picture the starting balance which you have and the balance which you have after 12 and 24 months.

| Starting Balance | Monthly Gains | 12 Months | 24 Months |
|------------------|---------------|-------------|-------------|
| \$1000 | 5% | \$1795,85 | \$3225,09 |
| \$5000 | 5% | \$8979,28 | \$16125,49 |
| \$10000 | 5% | \$17958,50 | \$32250,99 |
| \$50000 | 5% | \$89792,81 | \$161254,99 |
| \$100000 | 5% | \$179585,63 | \$322509,99 |
| \$250000 | 5% | \$448964,08 | \$806274,99 |

You can see with just 5% gain per month and reinvesting the money you can nearly make 80% or if you make just 1 or 2 % more per month you can reach up to 100% gain per year and that all will a strategy which is very save compared to all other forex strategys.

4. Does the brokers allow this strategy

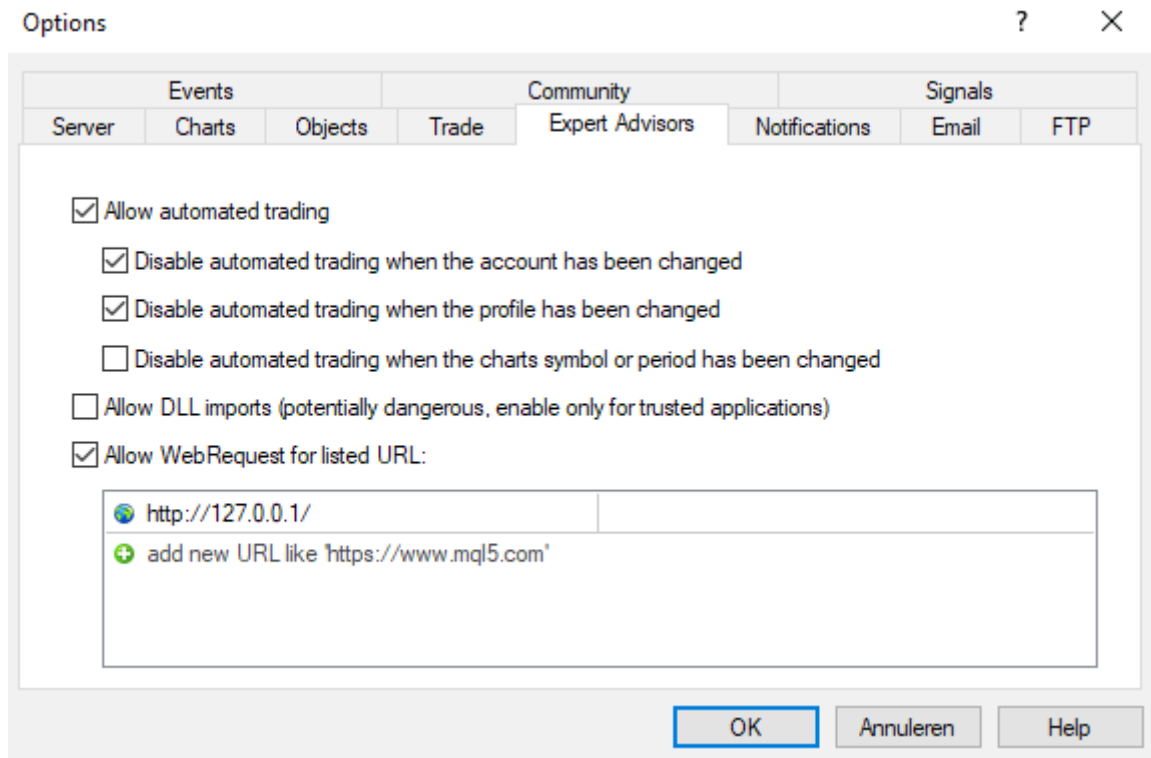
Generally brokers dont allow swap arbitrage, if you ask them anything about arbitrage the answer will be not allowed, but they also dont make clear what for them is consider as swap arbitrage, every trade which is open in the broker account with this strategy looks like a normal swing trade for the broker and normally the broker can not tell you why you open a swing trade and it is not your fault that this trade pays swap and it is not the brokers business where and how you hedge your trades.

Maybe it is somehow a secret strategy which only few people know and use and brokers allow it as long as not everybody use it, because the easiest way for brokers to make this strategy dont work anymore would be to change the swaprates, but currently the swaprates are rising because of interest rates are also rising. And if we are honest, if all brokers would really send the trades to the liquidity provider and are not market makers themselves, then they shouldn't have anything against the strategy anyway,

You can see this strategy as a chance or opportunity but you use it at your own risk. Maybe the most uncomfortable thing what a broker can do, if he dont like your trading strategy, is to calculate a higher swap for you afterwards, if he thinks and say that you have done swap arbitrage or dont allow you to continue trading anymore with them, but compared to other forex trading strategys where people always lose all their money this could be consider as a good opportunity. There are people which use this strategy since long term without problems, if you want you can try yourself start with a small account maybe 1k and if the brokers dont make problems you can work with more, or just reinvest your profits always. Overall, this is most likely still a better strategy than always losing all your money like with normal forex trading, there are maybe forextraders which did learn to trade but the big majority is losing and would have a better chance with swap trading, so ask yourself are you a good trader are you not always losing then maybe this strategy is still a nice extra income but if you always just lose with normal forex trading why not trying this here.

5. How to use Arbitragemaster which functions it have

You need to put one Arbitragemaster EA on one Metatrader account and then make sure to activate Webrequest for the localhost address <http://127.0.0.1/>



After few moments it will connect successful with the Arbitragemaster Webapp. If you feel it have not connect correctly try to change the timeframe once and wait few moments.

Like you know you need 2 brokers for this strategy, currently the broker Octafx give you good conditions with low swap accounts to hedge your trades and the brokers IC Markets does pay good swaps. You can also try to find other broker combinations if you want.

When the accounts are connected successful you can go to the link SWAPS and see which currency at which brokers give you a profitable swap hedge trade. Currently USDMXN is a good choice because it have lower spread cost than other currency pairs and lower spread cost means your hedge trade spread cost will be cover faster from the swap earnings.



Alerts



TRADE



SWAPS



Alerts

Profitable Swaps Trades

| USDMXN | EURZAR |
|---|---|
| <div>Long at: Octa Markets Incorporated (89704310) Swaptype: swap free ↑</div> <div>Short at: Raw Trading Ltd (21350954) Swaptype: points ↓</div> <div>Recommend lotsize: <input type="text" value="Your balance"/></div> <div>Low risk 0.01 lot per 125 EUR balance Medium risk 0.02 lot per 125 EUR balance High risk 0.03 lot per 125 EUR balance</div> <div>Profit: 11.53 EUR daily for 1 Lot</div> | <div>Long at: Octa Markets Incorporated (89704310) Swaptype: swap free ↑</div> <div>Short at: Raw Trading Ltd (21350954) Swaptype: points ↓</div> <div>Recommend lotsize: <input type="text" value="Your balance"/></div> <div>Low risk 0.01 lot per 125 EUR balance Medium risk 0.02 lot per 125 EUR balance High risk 0.03 lot per 125 EUR balance</div> <div>Profit: 7.3 EUR daily for 1 Lot</div> |
| USDZAR | EURCAD |
| <div>Long at: Octa Markets Incorporated (89704310) Swaptype: swap free ↑</div> <div>Short at: Raw Trading Ltd (21350954) Swaptype: points ↓</div> <div>Recommend lotsize: <input type="text" value="Your balance"/></div> <div>Low risk 0.01 lot per 125 EUR balance Medium risk 0.02 lot per 125 EUR balance High risk 0.03 lot per 125 EUR balance</div> <div>Profit: 11.53 EUR daily for 1 Lot</div> | <div>Long at: Octa Markets Incorporated (89704310) Swaptype: swap free ↑</div> <div>Short at: Raw Trading Ltd (21350954) Swaptype: points ↓</div> <div>Recommend lotsize: <input type="text" value="Your balance"/></div> <div>Low risk 0.01 lot per 125 EUR balance Medium risk 0.02 lot per 125 EUR balance High risk 0.03 lot per 125 EUR balance</div> <div>Profit: 7.3 EUR daily for 1 Lot</div> |

The hedge trades which give you the best swap profit are on the top of this list. You see in the picture above the currency USDMXN give you a profit of around 11 Euro per day for 1 Lot. In the field "Recommend lotsize" you can write how much balance you have on both accounts then you will get some recommend lotsize examples. The low risk lotsize example will usual give you around 4-5 % profit per month and the other lotsize examples give you some more profit. Keep in mind the more profit you want to make the more often you need to move money between accounts to have enough balance in both accounts to keep the trades open. To start a hedge trade you need to click on the profit info text

Profit: 11.53 EUR daily for 1 Lot

then a tradeformular will be open where you can start this hedge trade.

The screenshot shows a 'Trading Formular' window overlaid on a trading dashboard. The dashboard has a sidebar with icons for 'TRADE', 'SWAPS', and 'Alerts'. The main area displays 'Profitable Swaps Trades' with sections for 'USD/MXN' and 'USD/ZAR'. The 'Trading Formular' window is a light blue box with a title bar. It contains the following fields:

- Currency:** A text box containing 'USDMXN'.
- Marketopen Check:** A checkbox that is checked.
- Broker:** Two dropdown menus. The first is 'Octa Markets Incorporated (89704310)' with an upward arrow. The second is 'Raw Trading Ltd (21350954)' with a downward arrow.
- Volume:** A text box containing '0.01'.
- Maxspread:** A text box containing '0'.
- Amount Trades:** A text box containing '1'.
- Range:** A text box containing '0'.
- Send Trade:** A blue button at the bottom.

Both brokers are selected already in this tradeformular. You see above in the right corner a option Marketopen Check, this does help you to avoid mistakes, sometimes a broker have different trading hours then the other broker and this option does check both brokers with sending a pendingorder to see if the market is open at both brokers, if the market would not be open and you open manually a trade at one broker and then you see at the other broker the market is close then you can fast pay around 100 dollar for nothing on spread cost, so this extra check can help you against such mistakes.

Then you have also a maxspread option, here you can write a spread value, when both brokers are under that spread value then the hedge trade will be start, this can also help against paying to much spread.

In the field Amount Trades, you can write how many trades to open, if you want you can also write more then 1 trade, then the trades would be open after the price have move a bit, in the field Range you would write then how much the price must move for opening the next hedge trade, that way you can build a grid of hedge trades.

When a hedge trade have been open it will be show under the link TRADE, you will see there all open portfolios, a portfolio i usual one open hedge trade and you can also add more hedge trades to this portfolio.



Portfolios



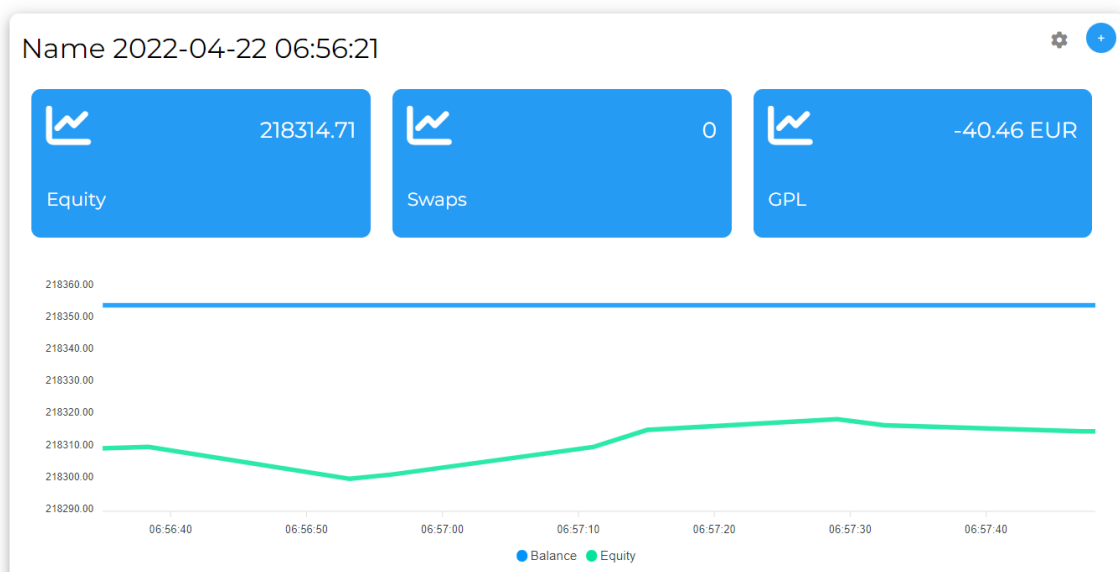
TRADE



SWAPS



Alerts



You can see in the upper right corner of the portfolio a setting symbol, if you click this you can change the margin levels and closepercent values.



Portfolios



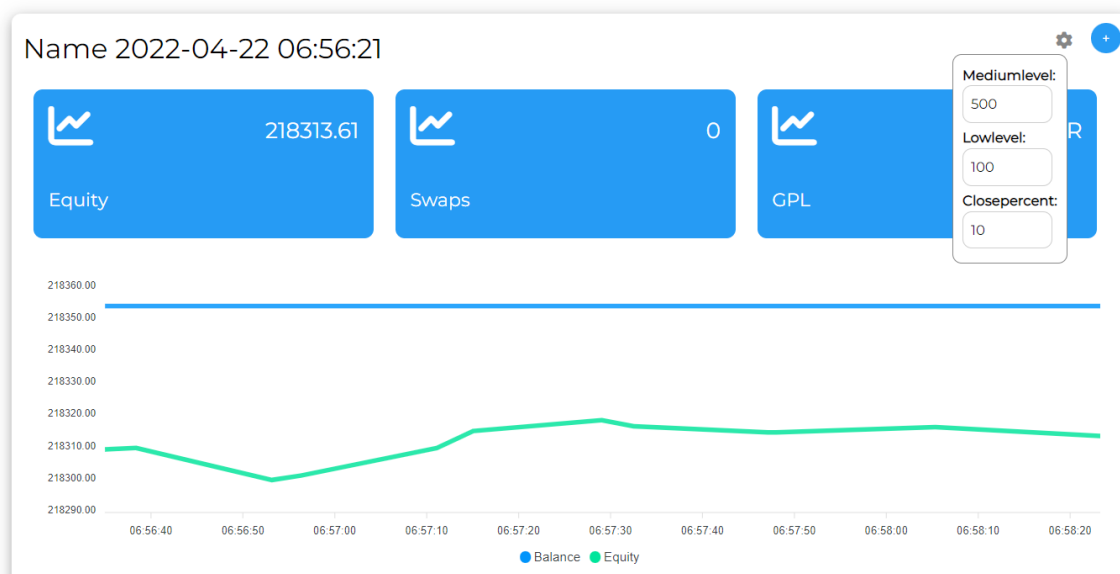
TRADE



SWAPS



Alerts



Mediumlevel means, when the margin level in one of your metatrader accounts fall below this level then you will get a email and notification, to let you know that maybe a new deposit into this account would be recommend.

Lowlevel means, when the margin in one of your metatrader accounts fall below this level the system will start to close hedge trades in your metatrader account, to give the account more margin back. This can help against margin call and can keep the trades open some longer, in the field “Closepercent” you can setup how much percent to close from the trades.

The next symbol you see is a button (+) which you can use to open again the tradeformular. This tradeformular will just open new hedge trades in the same portfolio which is already open, otherwise it have the same functions like the tradeformular before.

When you scroll down a bit you can see some infos about the current portfolio.

Overview

Swap earnings
Daily: 0.01 % / 11.86 EUR
Monthly: 0.30 % / 355.80 EUR
12 Month: 3.65 % / 4328.90 EUR
24 Month: 7.30 % / 8657.80 EUR

Linked Accounts
21350954 Raw Trading Ltd
89704310 Octa Markets Incorporated

Risk Level
Low Risk Level

Open Trades Trades (1) Pending (2) ●

USDMXN Short 1 Lot 2022.04.22 09:56 Raw T S:11.86 M: 184.80 P: -101.38
USDMXN Long 1 Lot 2022.04.22 09:56 Octa S:0.00 M: 184.80 P: 62.98

PL: -38.40

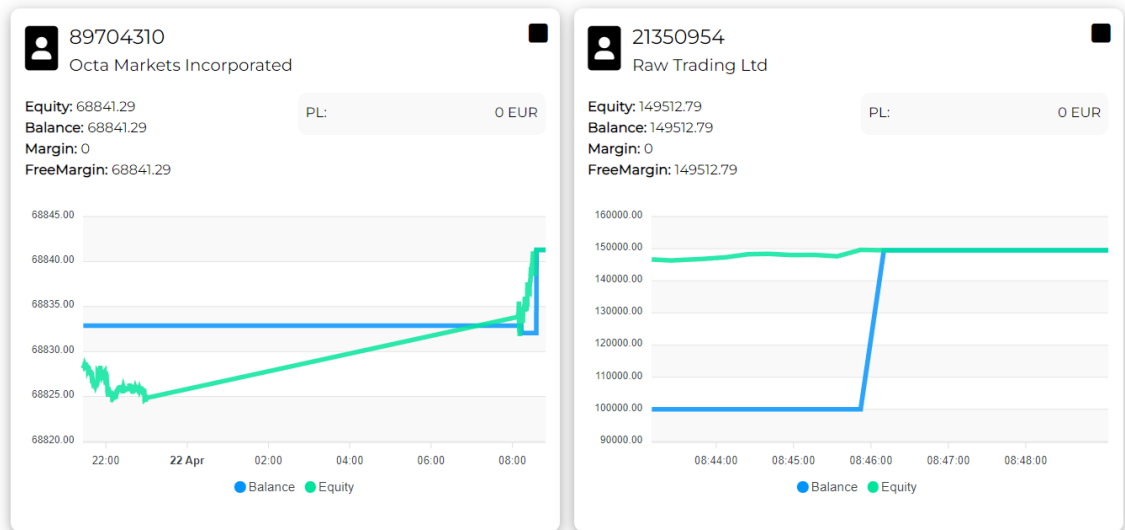
In the overview info you can see how much you can earn per month and for longer period with the current open hedge trades.

And you can see and manage your open hedge trade. When you click at the gray dot symbol, you will get close buttons to manage your trades and if you have send trades based on Range or Maxspread then you can see them in the Pending tab.

When you scroll some more down you can see all connected metatrader accounts.



Accounts

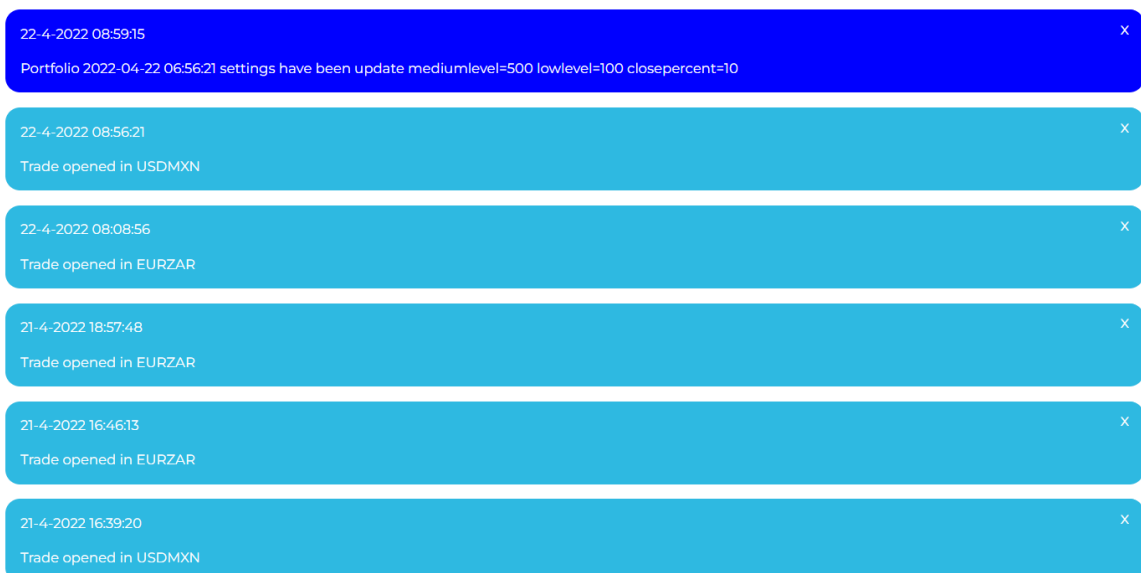


That way you can see faster which Balance and Margin all accounts have and if you want to delete an account you can use the square symbol which you see in the right upper corner. When you delete an account it will be deleted from your database and all open hedge trades connected with this account will also be closed. To connect an account again back to this system you only need to restart the metatrader.

Under the link Alerts you can see some infos which the system will record.



Alerts



Overall with the Arbitragemaster you have a professional tool to trade the forex swap strategy.