Forex Miracle

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The FOREX MARKET

The foreign exchange market is the generic term for the worldwide institutions that exist to exchange or trade currencies. Foreign exchange is often referred to as "forex" or "FX." The foreign exchange market is an over-the-counter (OTC) market, which means that there is no central exchange and clearinghouse where orders are matched. FX dealers and market makers around the world are linked to each other around the clock via telephone, computer, and fax, creating one cohesive market.

Over the past few years, currencies have become one of the most popular products to trade. No other market can claim a 57 percent surge in volume over a three-year time frame. According to the Triennial Central Bank Survey of the foreign exchange market conducted by the Bank for International Settlements and published in September 2004, daily trading volume hit a record of $1.9 trillion, up from $1.2 trillion (or $1.4 trillion at constant exchange rates) in 2001. This is estimated to be approximately 20 times larger than the daily trading volume of the New York Forex

Exchange and the Nasdaq combined. Although there are many reasons that can be used to explain this surge in activity, one of the most interesting is that the timing of the surge in volume coincides fairly well with the emergence of online currency trading for the individual investor.

Traditionally FX has not been the most popular market to trade because access to the foreign exchange market was primarily restricted to hedge funds, Commodity Trading Advisors who manage large amounts of capital, major corporations, and institutional investors due to regulation, capital requirements, and technology. One of the primary reasons why the foreign exchange market has traditionally been the market of choice for these large players is because the risk that a trader takes is fully customizable.

That is, one trader could use a hundred times leverage while another may choose to not be leveraged at all. However, in recent years many firms have opened up the foreign exchange market to retail traders, providing leveraged trading as well as free instantaneous execution platforms, charts, and real-time news. As a result, foreign exchange trading has surged in popularity, increasing its attractiveness as an alternative asset class to trade.

Many equity and futures traders have begun to add currencies into the mix of products that they trade or have even switched to trading currencies exclusively. The reason why this trend is emerging is because these traders are beginning to realize that there are many attractive attributes to trading FX over equities or futures.

FX Market Key Attributes

- Foreign exchange is the largest market in the world and has growing liquidity.
- There is 24-hour around-the-clock trading.
- Traders can profit in both bull and bear markets.
- Short selling is permitted and there are no trading curbs.
- Instant executable trading platform minimizes slippage and errors.
- Even though higher leverage increases risk, many traders see trading the FX market as getting more bang for the buck.

The volume and liquidity present in the FX market, one of the most liquid markets in the world, have allowed traders to access a 24-hour market with low transaction costs, high leverage, and the ability to profit in bull and bear markets, minimized error rates, limited slippage, and no trading curbs. Traders can implement in the FX market the same strategies that they use in analyzing the equity markets. For fundamental traders, countries can be analyzed like forex. For technical traders, the FX market is perfect for technical analysis, since it is already the most commonly used analysis tool by professional traders. It is therefore important to take a closer look at the individual attributes of the FX market to really understand why this is such an attractive market to trade.

One of the primary reasons why the FX market is popular is because for active traders it is the ideal market to trade. Its 24-hour nature offers traders instant access to the markets at all hours of the day for immediate response to global developments. This characteristic also gives traders the added flexibility of determining their trading day. Active day traders no longer have to wait for the equities market to open at 9:30 a.m. New York time to begin trading.

In addition, most people who want to trade also have a full-time job during the day.

The ability to trade after hours makes the FX market a much more convenient 8 market for all traders. Different times of the day will offer different trading opportunities as the global financial centers around the world are all actively involved in foreign exchange. With the FX market, trading after hours with a large online FX broker provides the same liquidity and spread as at any other time of day.

As a guideline, at 5:00 p.m. Sunday, New York time, trading begins as the markets open in Sydney, Australia. Then the Tokyo markets open at 7:00 p.m. New York time. Next, Singapore and Hong Kong open at 9:00 p.m. EST, followed by the European markets in Frankfurt (2:00 a.m.) and then London (3:00 a.m.). By 4:00 a.m. the European markets are in full swing, and Asia has concluded its trading day. The U.S. markets open first in New York around 8:00 a.m. Monday as Europe winds down. By 5:00 p.m., Sydney is set to reopen once again. The most active trading hours are when the markets overlap; for example, Asia and Europe trading overlaps between 2:00 a.m. and approximately 4:00 a.m., Europe and the United States overlap between 8:00 a.m. and approximately 11:00 a.m., while the United States and Asia overlap between 5:00 p.m. and 9:00 p.m.. During New York and London hours all of the currency pairs trade actively, whereas during the Asian hours the trading activity for pairs such as the GBP/JPY and AUD/JPY tend to peak.

The existence of much lower transaction costs also makes the FX market particularly attractive. In the equities market, traders must pay a spread (i.e., the difference between the buy and sell price) and/or a commission. With online equity brokers, commissions can run upwards of $20 per trade. With positions of $100,000, average round-trip commissions could be as high as $120. The over-the-counter structure of the FX market eliminates exchange and clearing fees, which in turn lowers transaction costs. Costs are further reduced by the efficiencies created by a purely electronic marketplace that allows clients to deal directly with the market maker, eliminating both ticket costs and middlemen. Because the currency market offers around-the-clock liquidity, traders receive tight competitive spreads both intraday and at night. Equities traders are more vulnerable to liquidity risk and typically receive wider dealing spreads, especially during after-hours trading.

Low transaction costs make online FX trading the best market to trade for short-term traders. For an active equity trader who typically places 30 trades a day, at a $20 commission per trade you would have to pay up to $600 in daily transaction costs.

This is a significant amount of money that would definitely take a large cut out of profits or deepen losses. The reason why costs are so high is because there are several people involved in an equity transaction. More specifically, for each trade there is a broker, the exchange, and the specialist. All of these parties need to be paid, and their payment comes in the form of commission and clearing fees. In the FX market, because it is decentralized with no exchange or clearinghouse (everything is taken care of by the market maker), these fees are not applicable.

Even though many people realize that higher leverage comes with risks, traders are humans and few of them find it easy to turn away the opportunity to trade on someone else's money. The FX market caters perfectly to these traders by offering the highest leverage available for any market. Most online currency firms offer 100 times leverage on regular-sized accounts and up to 200 times leverage on the miniature accounts. Compare that to the 2 times leverage 9 offered to the average equity investor and the 10 times capital that is typically offered to the professional trader, and you can see why many traders have turned to the foreign exchange market. The margin deposit for leverage in the FX market is not seen as a down payment on a purchase of equity, as many perceive margins to be in the forex markets. Rather, the margin is a performance bond, or good faith deposit, to ensure against trading losses. This is very useful to short-term day traders who need the enhancement in capital to generate quick returns. Leverage is actually customizable, which means that the more risk-averse investor who feels comfortable using only 10 or 20 times leverage or no leverage at all can elect to do so. However, leverage is really a double-edged sword. Without proper risk management a high degree of leverage can lead to large losses as well.

Profit in Both Bull and Bear Markets In the FX market, profit potentials exist in both bull and bear markets. Since currency trading always involves buying one currency and selling another, there is no structural bias to the market. Therefore, if you are long one currency, you are also short another. As a result, profit potentials exist equally in both upward-trending and downward-trending markets. This is different from the equities market, where most traders go long instead of short forexs, so the general equity investment community tends to suffer in a bear market.

Perfect Market for Technical Analysis For technical analysts, currencies rarely spend much time in tight trading ranges and have the tendency to develop strong trends. Over 80 percent of volume is speculative in nature, and as a result the market frequently overshoots and then corrects itself. Technical analysis works well for the FX market and a technically trained trader can easily identify new trends and breakouts, which provide multiple opportunities to enter and exit positions. Charts and indicators are used by all professional FX traders, and candlestick charts are available in most charting packages. In addition, the most commonly used indicators—such as Fibonacci retracements, stochastics, moving average convergence/divergence (MACD), moving averages, (RSI), and support/resistance levels—have proven valid in many instances.

BASIC FOREX TERM

In this section, you will learn some basic terminology of the forex market. Please spend a few minutes to understand these terms; they will be helpful when you trade.

Exchange Rate: The value of one's currency in comparison to another. For example if you see, EUR/USD 1.2100, 1 Euro is worth $1.21

Currency Pair: Two currencies that make up an exchange rate. Base Currency – The first currency in the pair. This also describes the currency your account is traded in

Counter Currency: The second currency in the pair. This is also described as the counter currency. ISO Currency Codes – Below are listed currency codes, there are many more, but these are the main ones:

USD = US Dollar

EUR = Euro

JPY = Japanese Yen

GBP = British Pound

CHF = Swiss Franc

CAD = Canadian Dollar

AUD = Australian Dollar

NZD = New Zealand Dollar

Currency Pair Terminology- This is basically the slang terms for trading certain currency pairs.

EUR/USD – "Euro"

USD/JPY – "Dollar Yen"

GBP/USD – "Cable" or "Sterling"

USD/CHF – "Swissy"

USD/CAD – "Dollar Canada"

AUD/USD – "Aussie Dollar"

NZD/USD – "Kiwi"

FCM – Futures Commission Merchant: An individual or organization licensed by the U.S. Commodities Futures Trading Commission (CFTC) to deal in the futures products and to accept money from clients to trade them.

Forex ECN Broker: ECN simply means "Electronic Communications Network." Basically, the ECN of the Forex acts similar to the stock market ECN, where market makers, banks, and traders can have a real- time trading platform to make their trades. They can put and bids and offers either in or out of the spread, making it possible for traders to make trades based on these prices.

Counterparty: One of the participants in a transaction

Pip: The smallest increment a currency can make which is also known as points. 1 pip = 0.0001 for EUR/USD. USD/JPY = 0.01

Pip Value: This is the value of the pip. Pip value can be fixed or can be variable depending on the currency pair and the base currency of your account. For example, the pip value for EUR/USD is always going to be $10 for standard lots and $1 for mini lots.

Here is how to calculate the pip value of the currency you are trading: Divide 1 pip by the exchange rate and then multiply it by the lot size to get the base currency pip value. To convert the pip value over to your currency value, simply multiply the pip value by your exchange rate.

Lot: This is the standard lot size per transaction. Usually a typical lot size is 100,000 units of the base currency, or 10,000 if it's what called a "mini" lot. Currency is even traded in what is known as a "micro" lot.

There are many dealers that will let you trade any unit size, all the way down to 1 unit.

Spread: This is the difference between the sell quote and the buy quote. For example if you see " EUR/USD - 1.2400/03, this means the difference in the spread is 3 pips. For a trader to break even, their position must move in the direction of the trade equal to the amount of the spread.

Margin: The deposit that is required to open or maintain a position. A 1% margin requirement makes it possible for you to control a $100,000 position with a $1,000 margin account.

Standard Account: Trading with standard lot sizes, usually 100,000 units of base currency.

Mini Account: Trading with mini lot sizes, which are generally 10,000 units of base currency.

Micro Account: Trading with micro lot sizes, which are usually 1,000 units of base currency.

Leverage: Using borrowed funds to gear your account. By increasing your leverage, you can either gain or lose more funds. Divide total open positions by your account equity to get the leverage ratio. For example, if a trader has $2,000 in his account and opens up a $200,000 position with $2,000 in his account , he is leveraging by 200 times or 200:1.

Market Order: An order to buy or sell at the current market price.

Stop-Loss Order: An order to restrict losses at a specified level.

Limit Entry Order: An order to purchase below the market or to sell above the market at a specified level. Your belief is the price will reverse direction from that particular point.

Stop-Entry Order: An order to purchase above the market or to sell below the market at a specified price, your belief is the price will continue in the same direction it is currently.

OCO Order - One Cancels Other: An order where if one is executed, the other order will be canceled.

GTC Order- Good Till Canceled: An order that stays in the market until it is either filled or canceled.

Fundamental Analysis Trading: This style of trading involves analysis of macroeconomic factors of an economy, underpinning the value of a currency and placing trades that support the trader's outlook of the economy.

Technical Analysis Trading: This style of trading involves analysis of price charts for certain technical patterns of behavior.

Range Trading: This style of trading goal is to profit from buying technical levels of support and then selling technical levels of resistance. The upper level of resistance and lower level of support is what defines the range.

Scalping: This style of trading involves frequent trading to gain small gains over a short period of time. The trades can last from a few seconds to a few minutes. This is the preferred method for many online day traders.

Swing Trading: A style of trading that involves seeking profit from short to medium terms in swings of the trends happening. Trades can last from a few hours to many days.

Position Trading: A style of trading that involves taking a long term position that is reflective of a long term outlook. The trades can last from a few weeks to many months.

Automated Trading: A style of trading that involves neither involvement nor human decision making, it uses a pre-programmed strategy that is based on technical or fundamental analysis to automatically execute trades via an automatic trading platform.

Trend Trading: A style of trading that tries to gain profit from riding short, medium, and long term trends in price.

News Trading: A style of trading where a trader attempts to profit from fundamental news announcements on a country's economy that will affect the value of a currency, usually trying to gain short term profit immediately after the announcement is released.

While you may not believe you need to memorize all of these terms, it's very important to understand most of them. For example, in many of the system you are going to hear words such as trend, swing, and scalping. If you have no idea what swing and scalping means, how in the world are you going to be able to execute the trade properly? Take your time and learn to fully understand exactly how Forex operates

HOW TO BECOME A SUCCESSFUL TRADER IN FOREX MARKET

Being in trading industry for a long time and I've seen guys come and go, most chasing quick profits.

There are three types of traders I see on a daily basis:

- Pure Speculators
- Technical Traders (myself)
- News/Fundamental Traders

The speculators may beat the technical and news traders certain months, but eventually, like any gambler they are usually left hitting a big loss that will bankrupt them. If you want to be a speculator, I urge you to re-think your strategy before you get too involved in the forex market.

Successful forex traders are the best at what they do and study the market on a daily and evening basis. Generally, the successful forex traders are those who love numbers, competition, and have a hard work ethic. They enjoy the competition of beating the market and the masses on a daily basis. In addition, any successful forex traders know he or she must have the most recent data, real-time charts, and news to help them make the best trade every second of the day. Forex traders often have multiple computer screens and many computers that help them to make their trades efficiently and accurately.

The hardest part in being a successful forex trader is learning how to deal with the fact that you are risking your own money with the chance to win more money. While it may sound simple to hit the "buy" and "sell" button on paper, it's actually quite difficult for anyone that is not currently a professional forex trader. There will be moments that every trader feels scared, worried, or experience a great amount of anxiety. The successful traders will be those who are able to put all their emotions to the side and make the proper trade for the proper reason.

The best way to determine if you are going to be a successful forex trader is by first analyzing yourself:

Are you the type of person that can make the right decisions under a lot of pressure?

Are you the type of person who is generally cocky and overconfident and enjoys risking more in life then they should be?

Before you sit down to even make your first practice trade you need to really do some self-analyzing and possibly self-improvement before you make your first real trade.

Successful Forex Traders generally posses the following characteristics:

1. **Determined**

2. **Analytical**

3. **Mathematically Inclined**

4. Self-Control

5. Not tremendous risk takers (not in the market to gamble)

6. Patience

7. Love to learn

If that doesn't sound like you, then you may be in the wrong hobby or profession. The step that a lot of people don't take the time to prepare for or realize is what happens after you make the initial trade.

You can have all the resources, tools, knowledge and experience at your disposal, but if you cannot get a grip on your emotions, most likely you won't do very well in the forex market. Active participation on a daily basis can wear and tear on your nerves, especially in the forex market where there is considerably more risk. You must learn to manage your own psychological reactions to risks, winning, loosing and continuous temptations. Controlling your emotions in an illogical manner isn't something you learn over night. Emotions are natural reactions to other stimulus in our lives.

When you've lost thousands of dollars you have invested, the last thing you want to do is remain calm, unworried, and run home to tell your spouse the not so lucky news. Your first inclination might be to get it back as quickly as possible, which leads people into unwarranted, rash decisions that could possibly turn out to be even worse. Get a grip. Be patient. Weigh the possible outcome risks with your next available choices. Don't make a bad or unlucky decision create a domino effect of other misguided choices. If the temptation to do something quickly is still floating among your brain cells, get away from the forex market. Take a break until you feel more relaxed and level headed, even if it takes several days. Do not make another move until your emotions are in check.

Nearly 80% of people who attempt this industry fail and quit. They either can't handle the stress, trade with their life savings, or they make several bad decisions out of ignorance or blind emotion. The first step is to recognize the limitations and tolerance while taking the risk and then accepting the possible results of the risk. This is easier to do if you are trading with a stash of money you have set aside specifically for this purpose. However, if you are trading with your life savings, bill money or your retirement money, the outcome of losing it would be much worse than losing money you don't need to live on. This greatly increases your emotional stresses, thereby, greatly increasing your chances of making the wrong decisions and losing it anyway.

Many people think of forex trading as no more than gambling away money. That's because most people have no real understanding of choices. They think of labor as the only means of making money and winning money by chance, strategy, or even by decision-making skills is nothing more than a risk, and therefore, not worth it. Of course, fear is always the first reaction to something we don't understand.

One thing you must understand is that there are methods and strategies to solving problems and finding successful solutions. History is filled with incidents where leaders and common citizens alike have been faced with decision-making that involved some type of risks. Not all risks are negative; actually you make certain decisions in hopes of risking a positive outcome, knowing there may be a sacrifice in the long run.

The catalyst of forex trading is the extraordinary possibility of obtaining lots of money very quickly without having to labor your life away. It represents many American dreams and inspires our passions for taking unusual risks.

Unlike gambling which only requires dumb luck, forex trading involves technical knowledge of the investment markets, emotional control, strategic maneuvers, ability to make historical predictions, and above all experience.

When dealing with risk, the key isn't having the guts to take a huge leap, but rather assessing the risk and managing it through a planned strategy. Never enter into a trade that will provide a poor risk-to-reward ratio. Weigh your costs as opposed to what you expect to earn in the process. In other words, risking two points to gain half a point isn't worth it. Pay attention to what's happening in the market. When the market appears to be extremely strong, it may seem to be a good idea to jump on for the long ride or else miss out, but what you might actually experience is a sharp plummet. Historically this has been the case for many different investments. If everyone is taking a long position, then they are very confident and expect the market to soar even higher. To make this happen, more buyers need to enter the market. The reality is, if everyone is on the long side, then that doesn't leave many people left to buy.

Confidence provides you with power to make effective decisions. It also gives you the ability to learn from your mistakes and the faith to keep going. From the beginning, most people are losers in the forex market. The ones that transform that loosing streak into substantial winnings have confidence in their abilities even when they're down. And if anything is for certain in the forex market, it's the fact that the market represents a roller coaster ride that will carry you up and down without a moment's notice.

Remember that consistency is another key ingredient to your over all success as a day trader. Just as you may be experiencing a few minor losses here and there, you may experience consistent small wins. This is not a discouraging thing. So what if you notice a few winners cashing in on the big bucks? Their winnings might have been from pure luck and less likely to happen again. Your small steady wins are from a well-developed strategy and will likely happen over and over again. That's the difference between a one-time success and a lifetime successful career. What you are doing is demonstrating the ability to accumulate equity.

It would be a grave mistake to change your decisions based on the wind and frolic behind other winners racing to the cash register. They may be having luck now, but even luck runs out at some point. Ignore this temptation as best as you can and go with your instincts and what you know. Don't allow your emotions to override your instincts.

Know when to take a cut on your losses and leave the game. It doesn't make you a quitter. What it does is preserve your capital for another trading day. Good poker players know when the stakes are too high to play against. They fold before it gets worse, taking their losses or their wins without tempting fate any further and moving on.

Part of having patience in the forex trading world is being able to stand back and take time to observe the market with objectivity. The other part of patience is having the discipline to execute your plans. This involves all the emotional elements of accepting and recognizing risk, managing trades with confidence, and exercising patience through analysis, objectivity, and making your moves through steady execution. It isn't easy to preserve equity and accumulate it over a sustained period of time, especially if we think we could do so much better, faster. As people we always want things NOW! Good things really do come to those who are patient.

In closing out this chapter, I want to remind you that while forex can be a lot of fun, it can also be very stressful. There are going to be days when you should honestly just turn off your computer and go find something else to do. There are going to be days when you are going to wonder why you exchange currency in the first place. Enjoy and savor your winning days, take your losing days with stride, and you will do just fine. Now it's time for you to learn how to put yourself in the best position to consistently win by learning my favorite time tested systems. Be sure to take notes and fully examine every chart to learn how I make my trades on a daily basis.

Ok, that's enough for psychology and mindset. Now we move on to the heart of this course. I am going to show two profitable trading systems

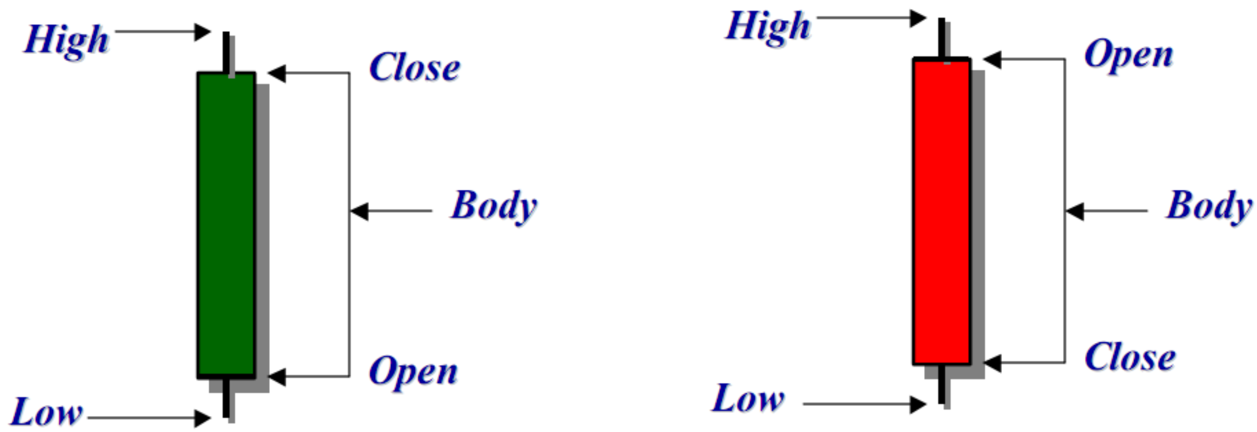
THE FOREX MIRACLE – System 1

The system is very simple and the beauty of it lying in this simplicity. We don't use any complicated or lagging indicators. We only focus on price action and movement.

I, myself strongly believe in the KISS principle. Complication is not always good. Forex trading is not rocket science. The more simple method you have, the more potential profit you may able to earn.

So, that's some little things about the system. Now I will discuss how you can set it up and ready to make good profit. Hold on tight and keep reading…

First, you need to understand a basic concept of a price candle.



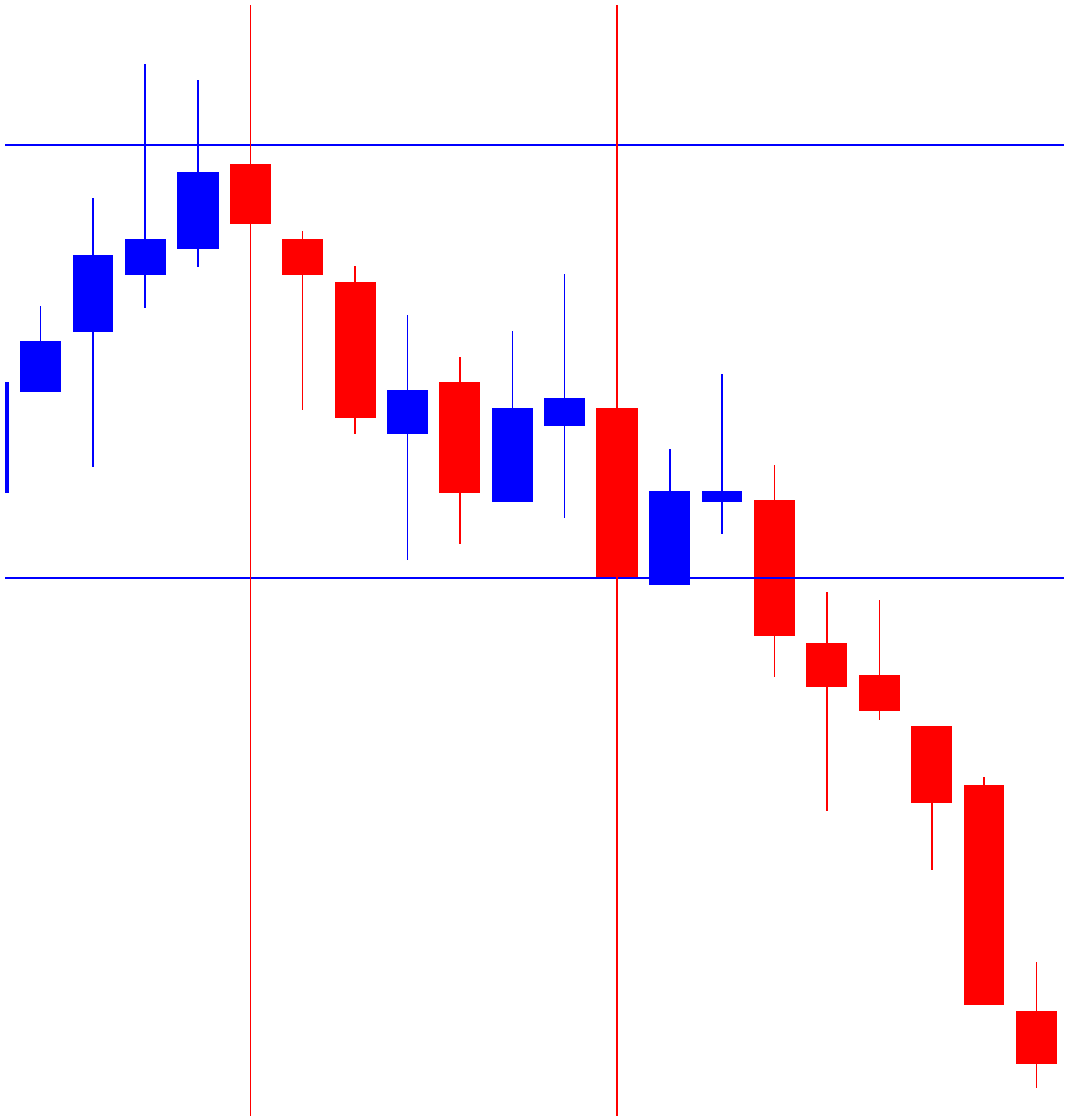
In the 1600s, the Japanese developed a method of technical analysis to analyze the price of rice contracts. This technique is called candlestick charting. Steven Nison is credited with popularizing candlestick charting and has become recognized as the leading expert on their interpretation. Candlestick charts display the open, high, low, and closing prices in a format similar to a modern-day bar-chart, but in a manner that extenuates the relationship between the opening and closing prices. Candlestick charts are simply a new way of looking at prices, they don't involve any calculations.

This method is based on break out period from 14.00 (GMT) to 16.00 (GMT) of major USD currency pairs. You have to check your broker time zone to indentify the correct period on your chart. In this book, I assume that the time on chart is in GMT.

Do the follow to set up your chart

- **Open a 15-minutes chart on a USD major currency pair such as GBP/USD**
- **Draw a vertical line at 14.00 time on your chart (again this is GMT time)**
- **Draw another vertical line at 16.00 time on your chart (GMT time)**
- **Draw a Horizontal line at the highest of candles/bars in between the vertical line.**
- **Draw a Horizontal line at the Lowest of candles/bars in between the vertical line.**

Then you have the following chart



Entry rules

- Put a buy stop at the high stop loss at the low
- Sell stop at the low with and stop loss at the high

Take Profit Target

The profit target is set at 40-80 pips.

Note:

- If the Distance between the highest and lowest is less than 50-60 pips, it could be very profitable
- If the Distance between the highest and lowest is more than 50-60 pips, it could be not very profitable
- There are always nine candles between two vertical lines.
- The USD news are usually released around or after the 14:00-16:00 GMT phase
- The USD news are usually released around or after the 14:00-16:00 GMT phase
- **The signals are only valid for the current day. You have to wait for the 14.00-16.00 period to trade the next day**

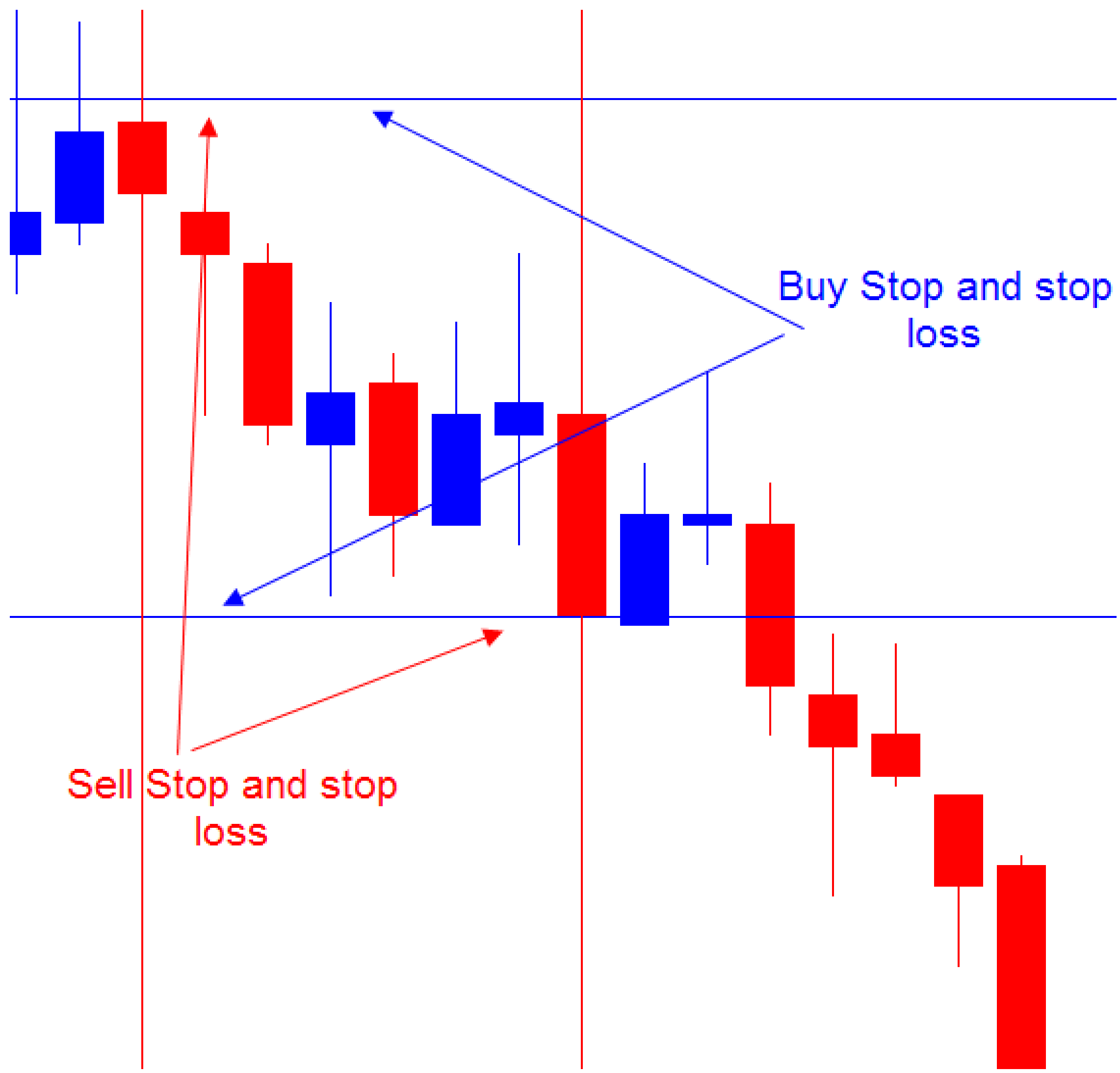
TRADES EXAMPLES

LONG TRADES

GBP/USD

First, we open a 15 minute chart for GBP/USD. We draw two vertical lines at 14.00 and 16.00 GMT time. We draw 1 horizontal line at the highest point between two vertical lines (at 1.6354) and another horizontal line at the lowest point between two vertical lines (at 1.6314). We notice that the distance between the highest and the lowest is 40 pips, so this set up would be very potential. We set a buy stop at 1.6354 with stop loss at 1.6314 and a sell stop at 1.6314 with stop loss at 1.6354. Our target profit is set at 40 pips.

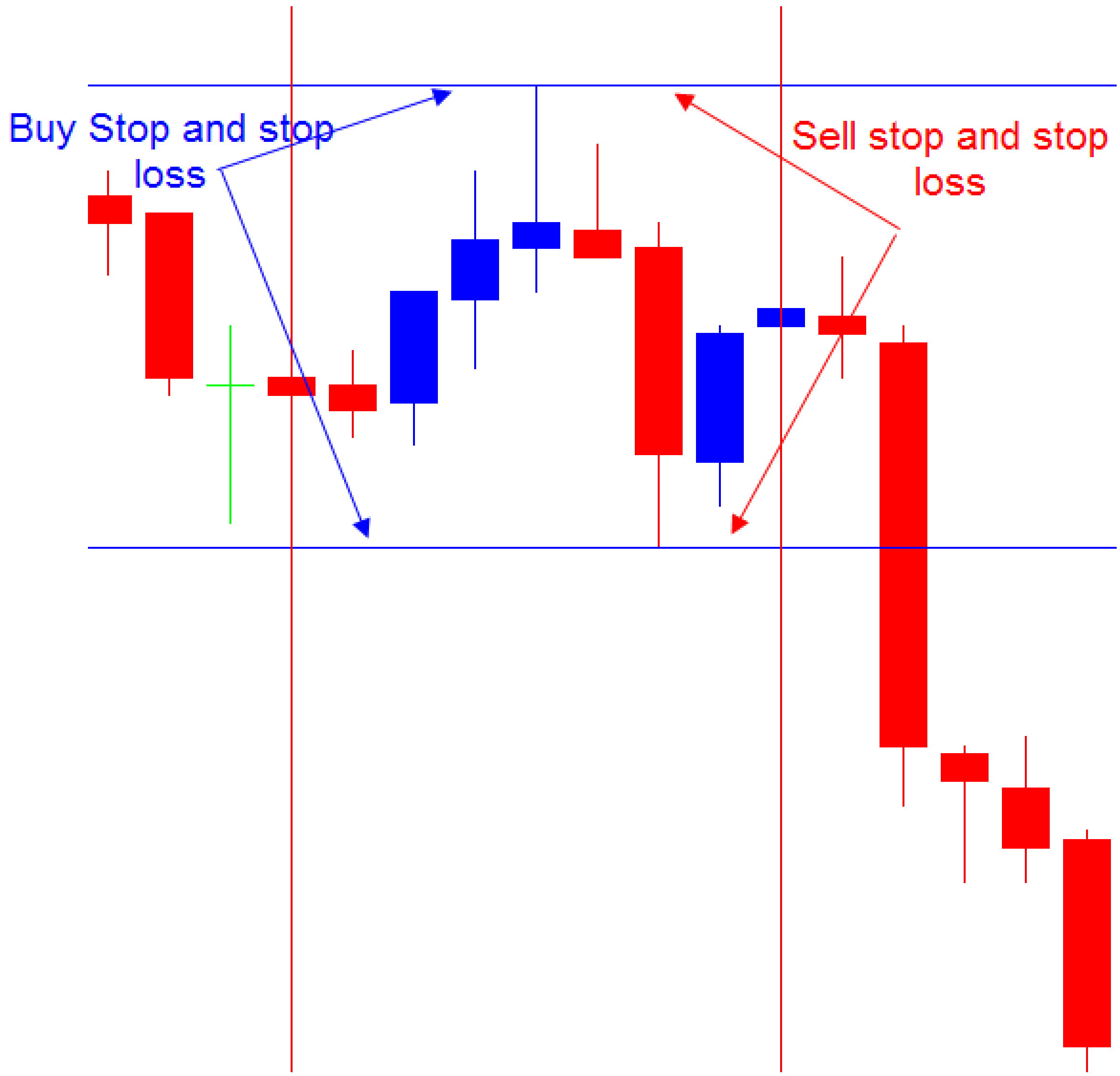
Later on of the day, the price breaks the lowest level and triggers our sell stop at 1.6314 and continues move down. The trade is closed when it hit the profit target which is at 40 pips.



AUD/USD

First, we open a 15 minute chart for AUD/USD. We draw two vertical lines at 14.00 and 16.00 GMT time. We draw 1 horizontal line at the highest point between two vertical lines (at 0.6800) and another horizontal line at the lowest point between two vertical lines (at 0.6750). We notice that the distance between the highest and the lowest is 50 pips, so this set up would be very potential. We set a buy stop at 0.6800 with stop loss at 0.6750 and a sell stop at 0.6750 with stop loss at 0.6800. Our target profit is set at 60 pips.

Later on of the day, the price breaks the lowest level and triggers our sell stop at 0.6750 and continues move down. The trade is closed when it hit the profit target which is at 60 pips.



EUR/USD

First, we open a 15 minute chart for EUR/USD. We draw two vertical lines at 14.00 and 16.00 GMT time. We draw 1 horizontal line at the highest point between two vertical lines (at 1.3640) and another horizontal line at the lowest point between two vertical lines (at 1.3600). We notice that the distance between the highest and the lowest is 40 pips, so this set up would be very potential. We set a buy stop at 1.3640 with stop loss at 1.3600 and a sell stop at 1.3600 with stop loss at 1.3640. Our target profit is set at 80 pips.

Later on of the day, the price breaks the lowest level and triggers our sell stop at 1.3600 and continues move down. The trade is closed when it hit the profit target which is at 60 pips.

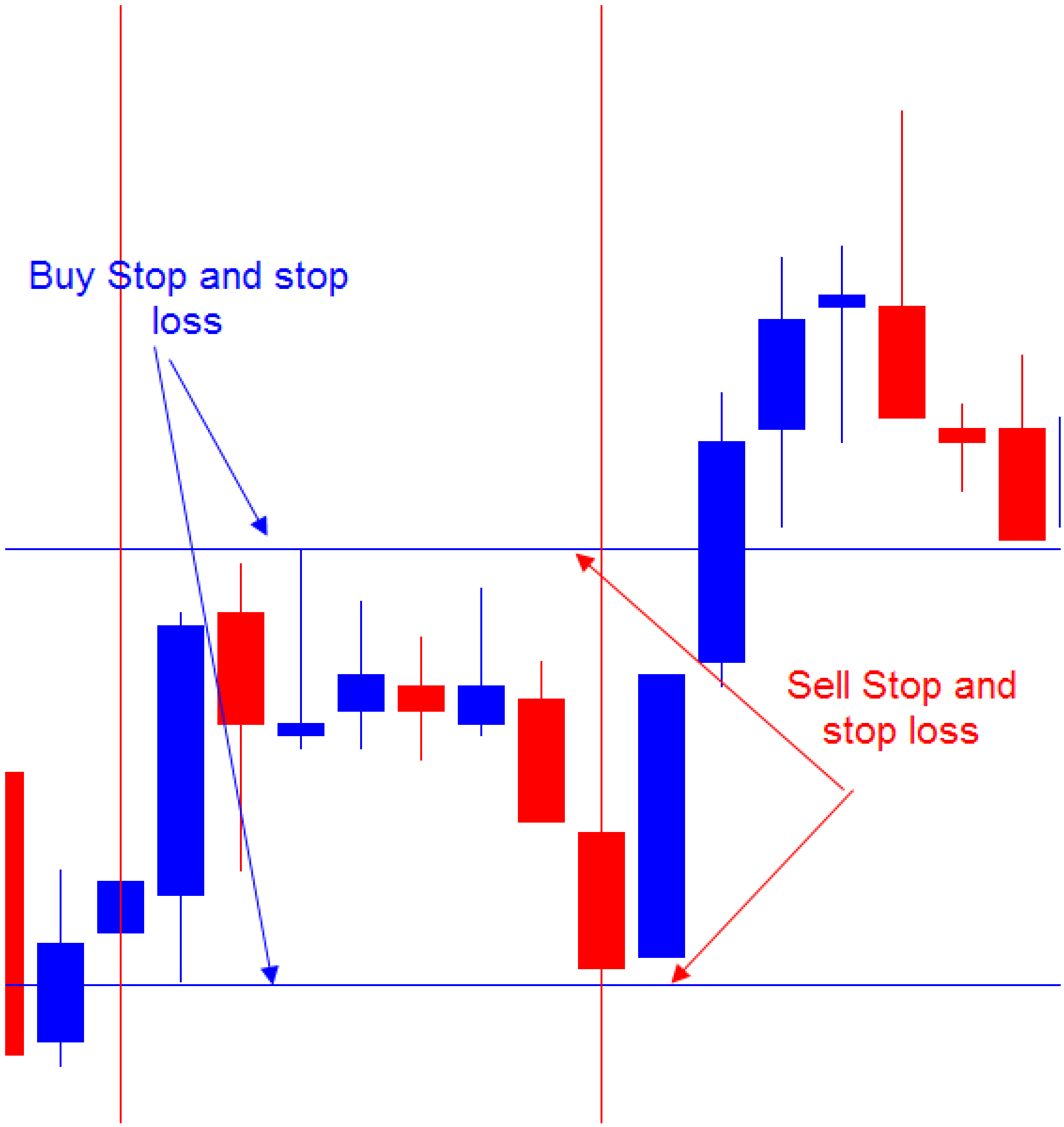

Sell stop and stop
loss
Buy Stop and stop
loss

SHORT TRADES

USD/CHF

First, we open a 15 minute chart for USD/CHF. We draw two vertical lines at 14.00 and 16.00 GMT time. We draw 1 horizontal line at the highest point between two vertical lines (at 1.0933) and another horizontal line at the lowest point between two vertical lines (at 1.0900). We notice that the distance between the highest and the lowest is 33 pips, so this set up would be very potential. We set a buy stop at 1.0933 with stop loss at 1.0900 and a sell stop at 1.0900 with stop loss at 1.0933. Our target profit is set at 50 pips.

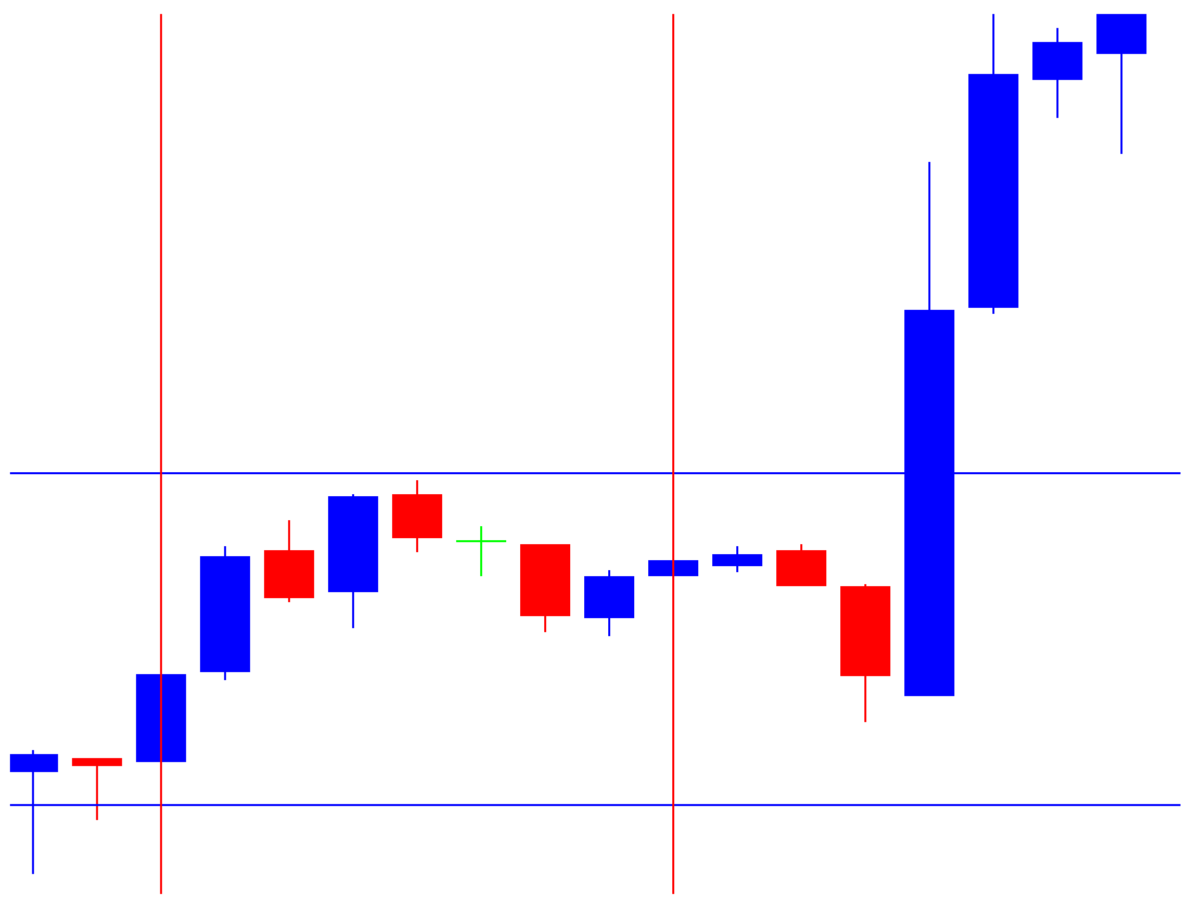
Later on of the day, the price breaks the highest level and triggers our buy stop at 1.0933 and continues move up. The trade is closed when it hit the profit target which is at 50 pips.



EUR/USD

First, we open a 15 minute chart for EUR/USD. We draw two vertical lines at 14.00 and 16.00 GMT time. We draw 1 horizontal line at the highest point between two vertical lines (at 1.3930) and another horizontal line at the lowest point between two vertical lines (at 1.3900). We notice that the distance between the highest and the lowest is 30 pips, so this set up would be very potential. We set a buy stop at 1.3930 with stop loss at 1.3900 and a sell stop at 1.3900 with stop loss at 1.3930. Our target profit is set at 50 pips.

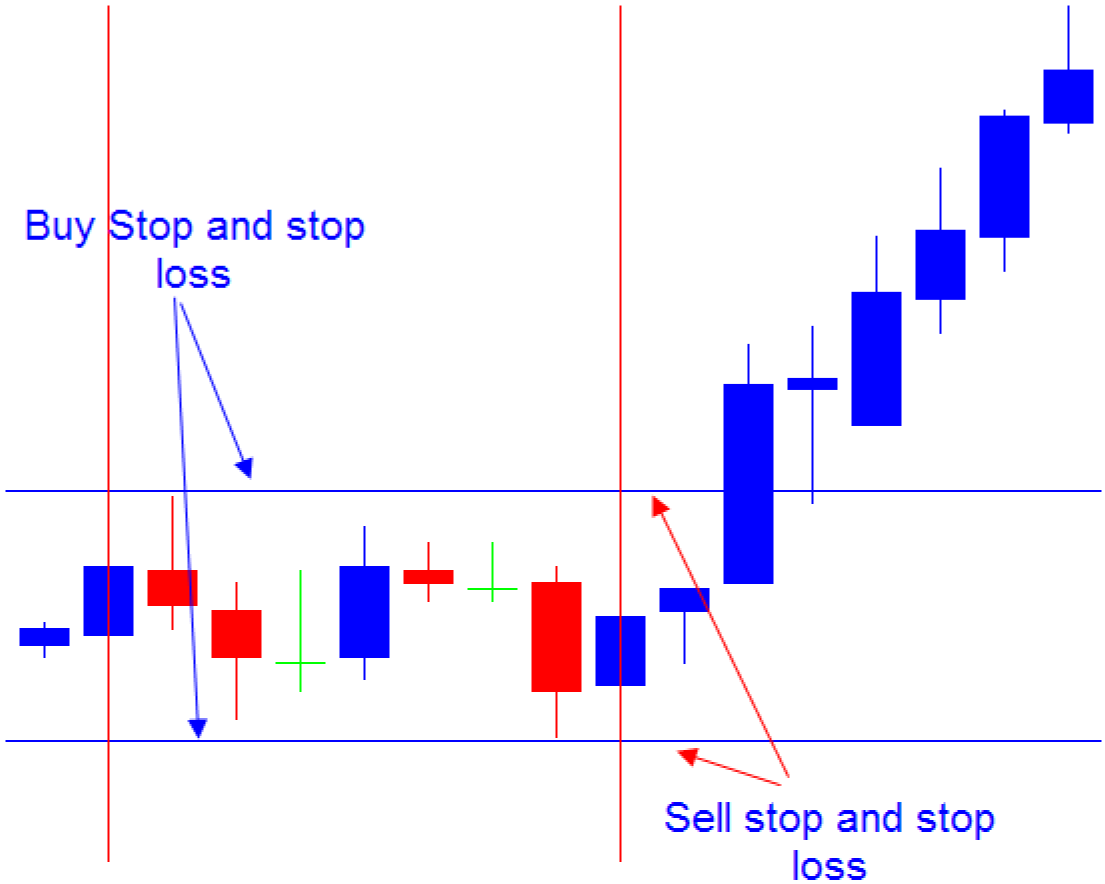
Later on of the day, the price breaks the highest level and triggers our buy stop at 1.3930 and continues move up. The trade is closed when it hit the profit target which is at 50 pips.



USD/CAD

First, we open a 15 minute chart for USD/CAD. We draw two vertical lines at 14.00 and 16.00 GMT time. We draw 1 horizontal line at the highest point between two vertical lines (at 1.2189) and another horizontal line at the lowest point between two vertical lines (at 1.2160). We notice that the distance between the highest and the lowest is 29 pips, so this set up would be very potential. We set a buy stop at 1.2189 with stop loss at 1.2160 and a sell stop at 1.2160 with stop loss at 1.2189. Our target profit is set at 60 pips.

Later on of the day, the price breaks the highest level and triggers our buy stop at 1.2189 and continues move up. The trade is closed when it hit the profit target which is at 60 pips.



Buy Stop and stop loss
Sell stop and stop loss

THE FOREX MIRACLE – System 2

Next, I am going to introduce to you another very simple but profitable trading system. I will keep it as simple as I can.

System set up

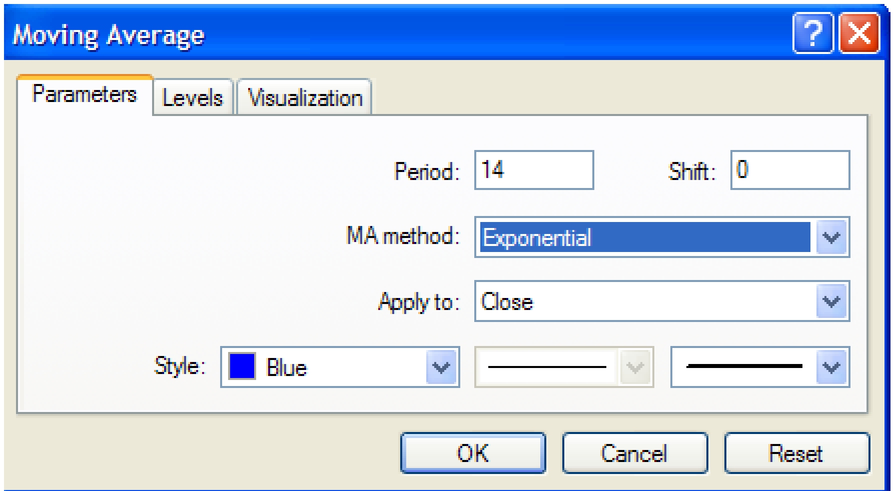
- **Charts: Daily, bar charts**
- **14 day EMA**
- **Heiken Ashi (standard settings)**

Step 1:

Open your Meta Trader and open a daily chart on EUR/USD (for example)

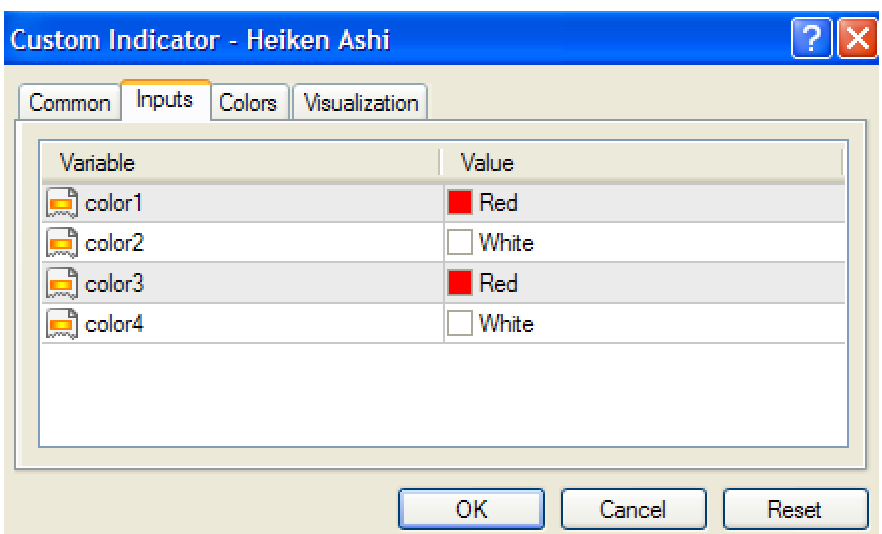
Step2:

Choose Insert -> Indicators -> Trend -> Moving Average

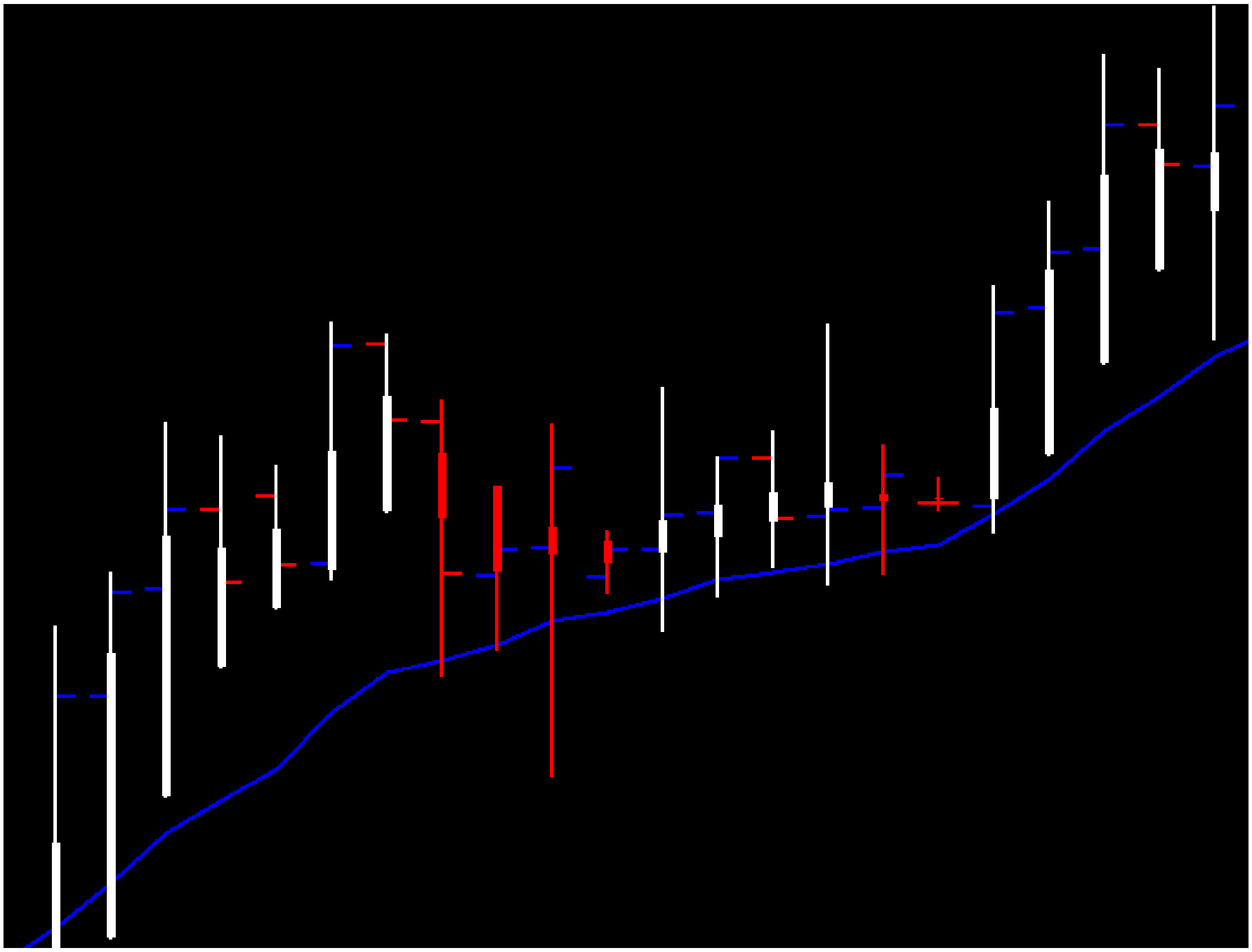


Step 3:

Choose Insert -> Indicators -> Custom -> Heiken Ashi



Then you have the following chart



TRADING RULES

SHORT TRADES

1. Two consecutive red bars
2. EMA is pointing down
3. First red bar, price crosses EMA and closes below it. Wait for price on the 2nd bar to break first bars low and enter.

LONG TRADE

1. Two consecutive white bars
2. EMA should be pointing up
3. First white bar, price crosses EMA and closes above it. Wait for price on the 2nd bar to break first bars high and enter.

Stop loss should be 100 pips from entry

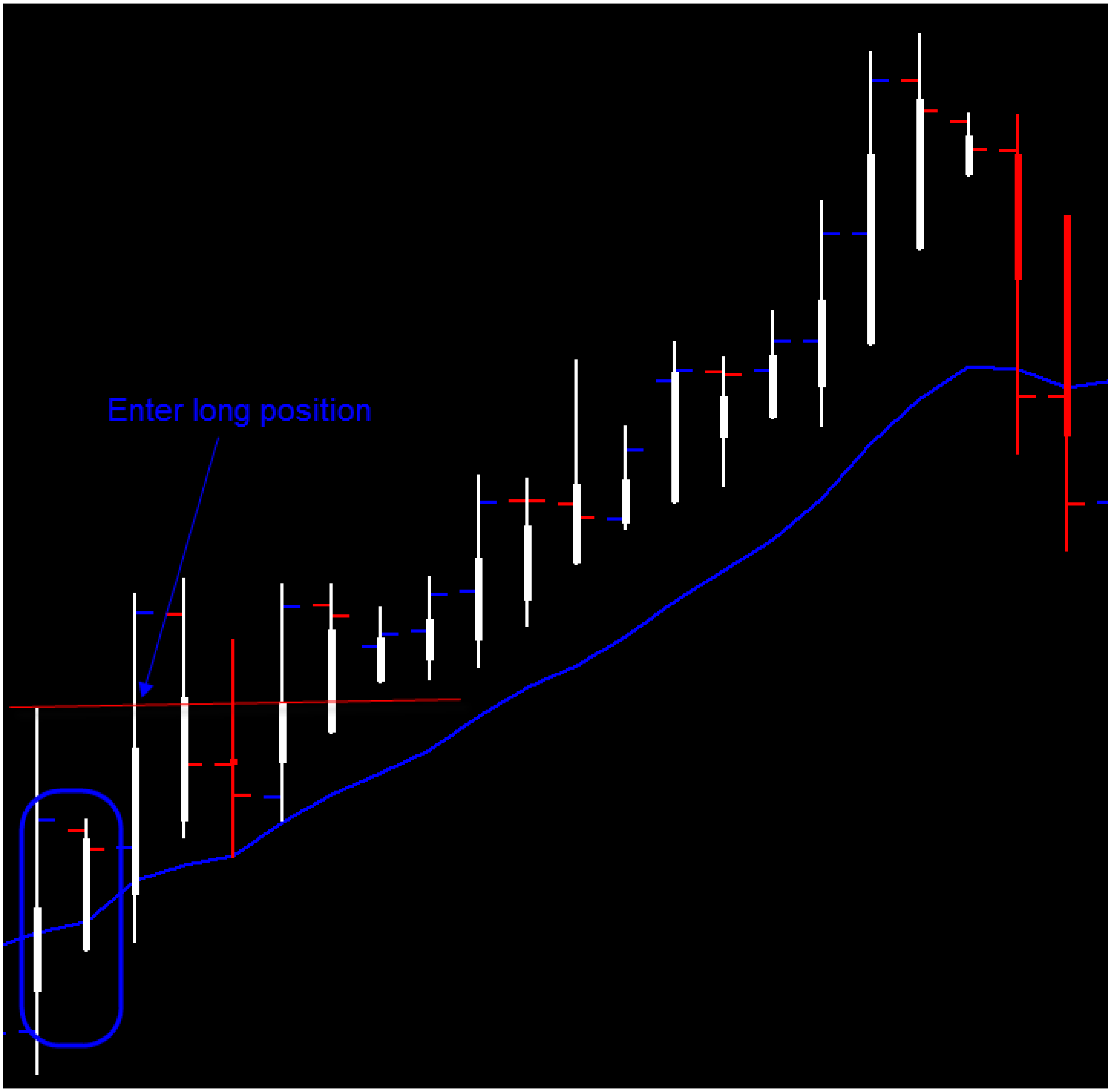
TRADES EXAMPLES

LONG TRADES

1. EUR/USD

First, we see two consecutive white bars, and the first bar closed above the 14 EMA. This is a signal for LONG entry. So we wait for the second bar to break the highest point of the first bar. But it doesn't happen. We wait for the third bar, it is also a white candle and it breaks the highest point of the first point, so we enter our long position at 1.4232 with stop loss 100 pips below at 1.4132. We set target profit at 100 pips

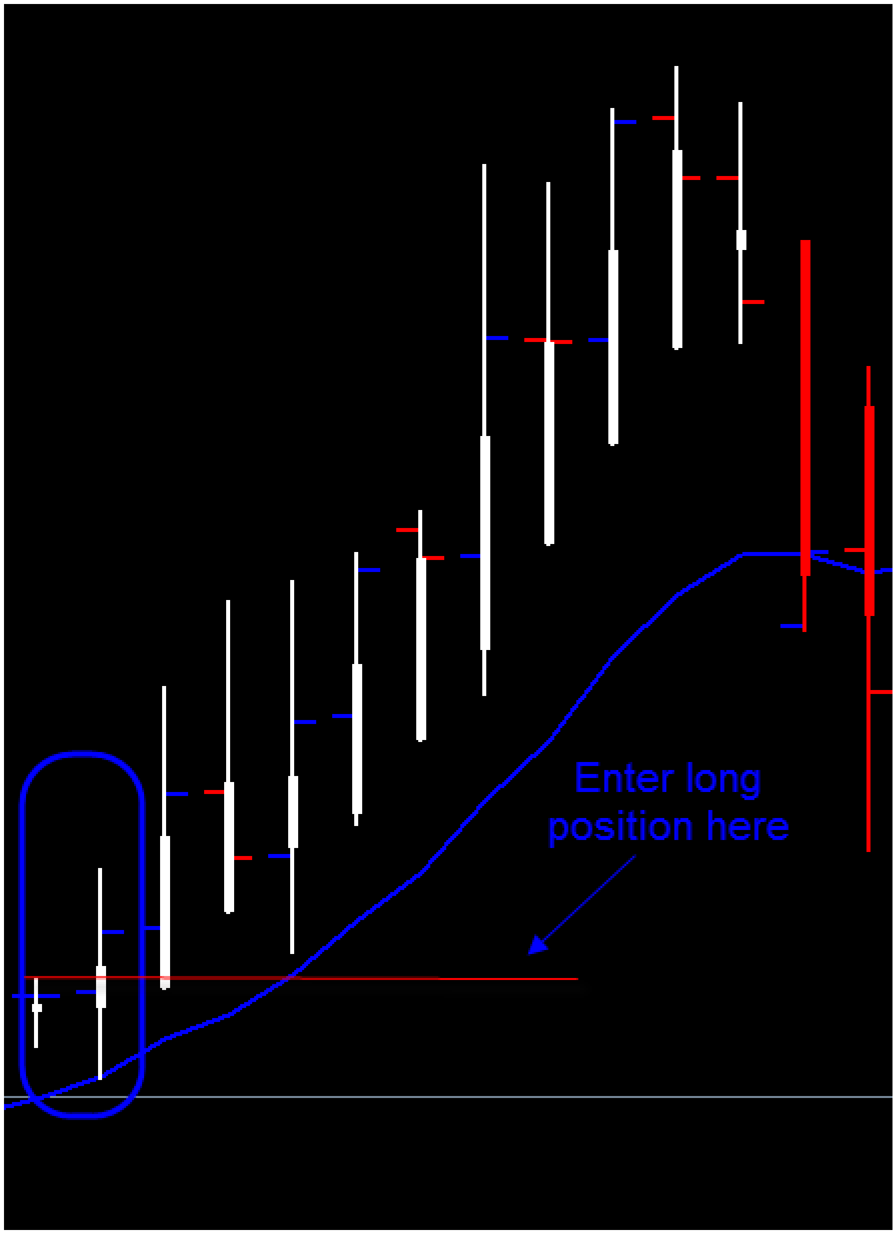
The trade moves up well and hit our target profit. The trade is closed and we can pocket 100 pips in profit.



USD/CHF

First, we see two consecutive white bars, and the first bar closed above the 14 EMA. This is a signal for LONG entry. So we wait for the second bar to break the highest point of the first bar. It breaks the highest point of the first bar, so we enter our long position at 1.0832 with stop loss 100 pips below at 1.0732. We set target profit at 200 pips

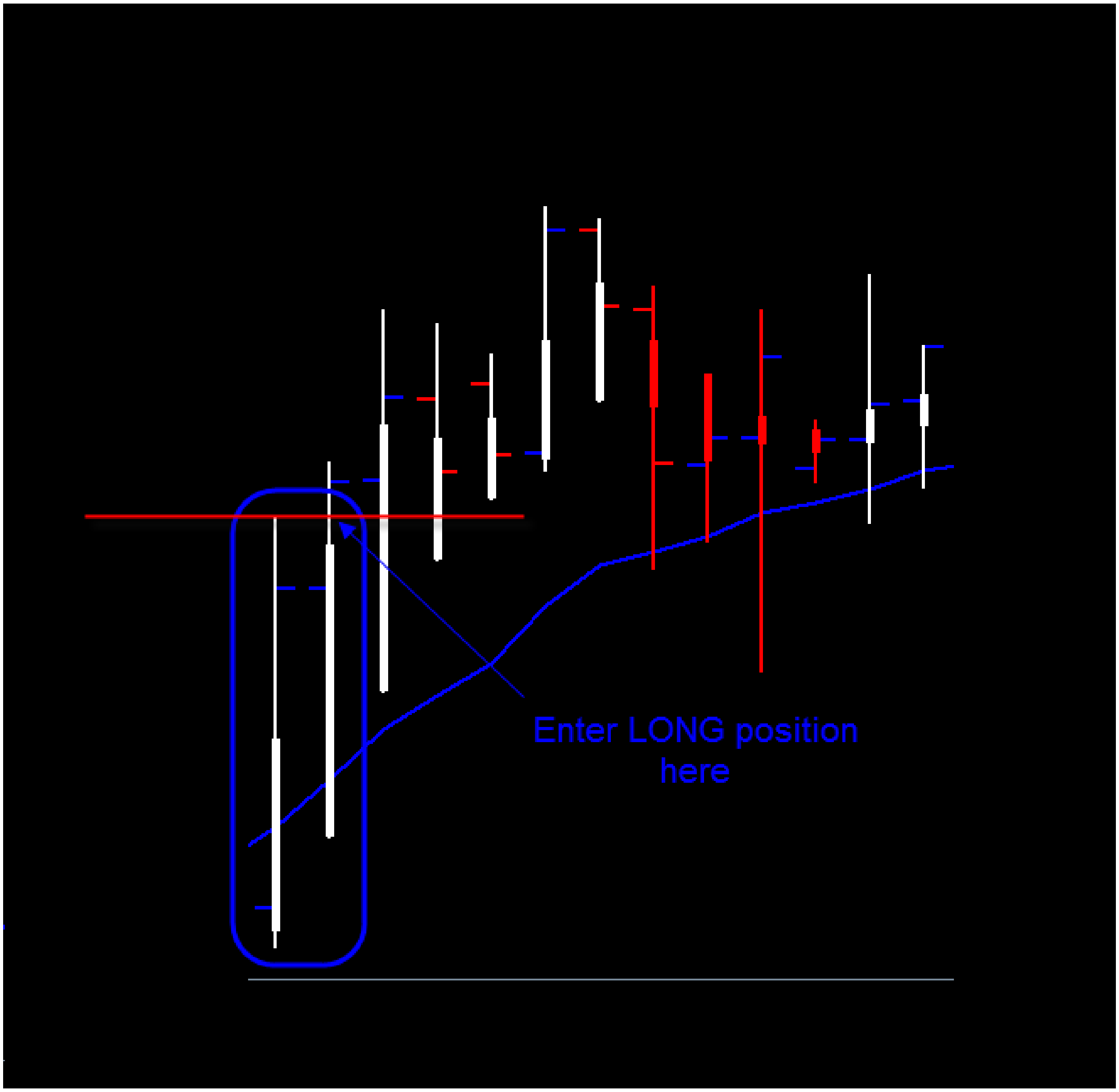
The trade moves up well and hit our target profit. The trade is closed and we can pocket 200 pips in profit.


Enter long
position here

GBP/USD

First, we see two consecutive white bars, and the first bar closed above the 14 EMA. This is a signal for LONG entry. So we wait for the second bar to break the highest point of the first bar. It breaks the highest point of the first bar, so we enter our long position at 1.4832 with stop loss 100 pips below at 1.4732. We set target profit at 150 pips

The trade moves up well and hit our target profit. The trade is closed and we can pocket 150 pips in profit.

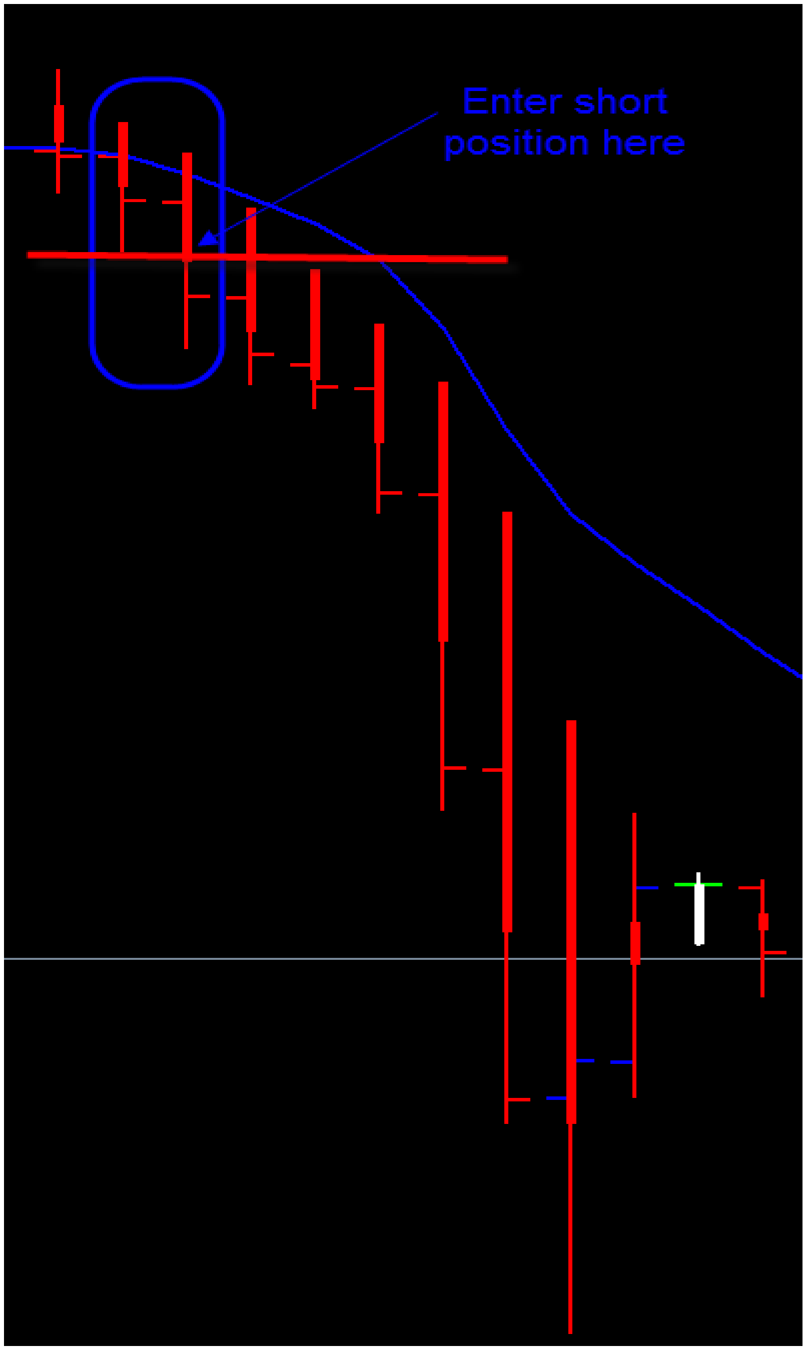

Enter LONG position
here

SHORT TRADES

GBP/USD

First, we see two consecutive red bars, and the first bar closed below the 14 EMA. This is a signal for SHORT entry. So we wait for the second bar to break the lowest point of the first bar. It breaks the lowest point of the first bar, so we enter our short position at 1.7720 with stop loss 100 pips above at 1.7820. We set target profit at 200 pips

The trade moves down strongly and hit our target profit. The trade is closed and we can pocket 200 pips in profit.



EUR/USD

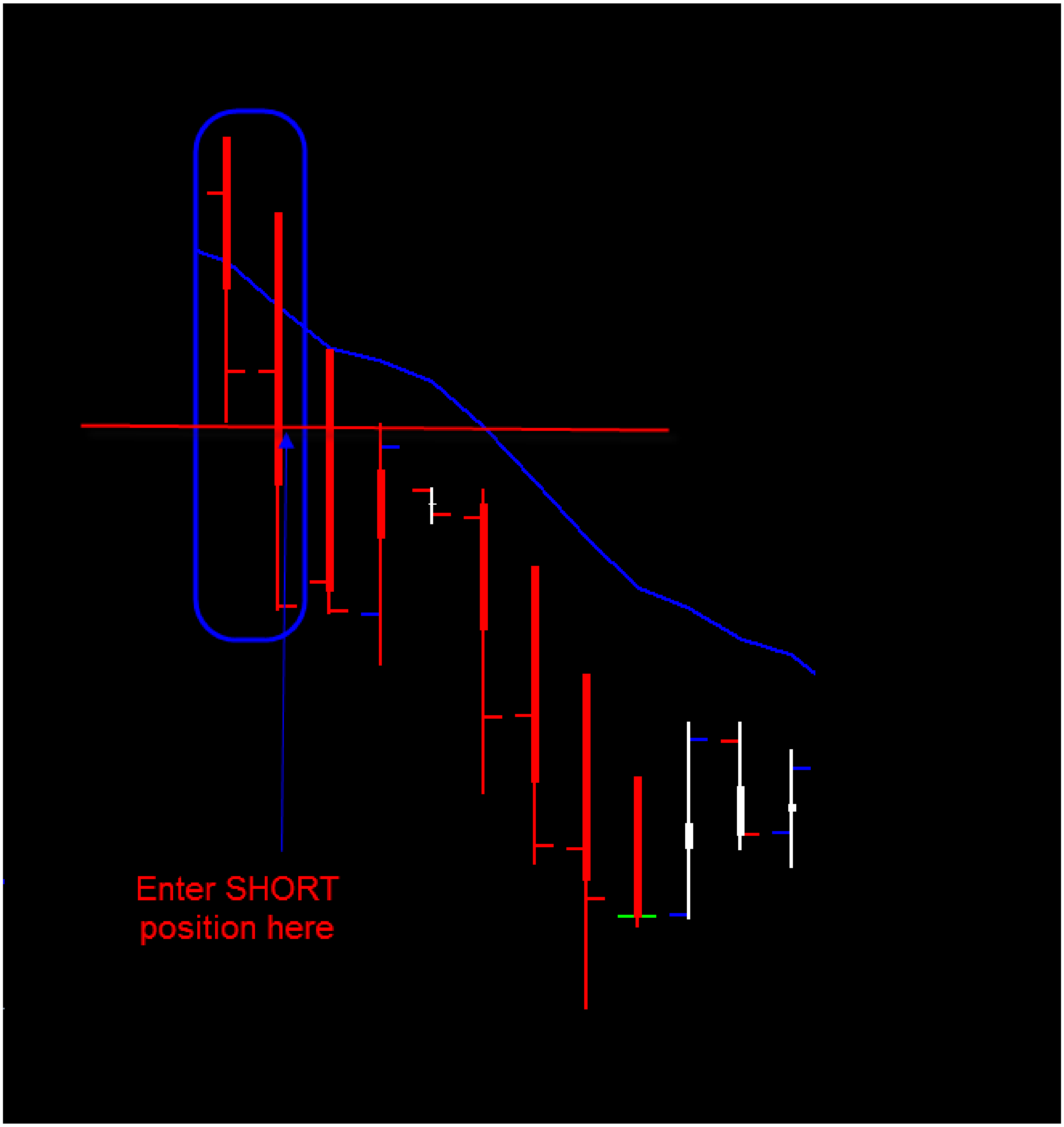
First, we see two consecutive red bars, and the first bar closed below the 14 EMA. This is a signal for SHORT entry. So we wait for the second bar to break the lowest point of the first bar. It breaks the lowest point of the first bar, so we enter our short position at 1.3320 with stop loss 100 pips above at 1.3420. We set target profit at 200 pips

The trade moves down strongly and hit our target profit. The trade is closed and we can pocket 200 pips in profit.

AUD/USD

First, we see two consecutive red bars, and the first bar closed below the 14 EMA. This is a signal for SHORT entry. So we wait for the second bar to break the lowest point of the first bar. It breaks the lowest point of the first bar, so we enter our short position at 0.6720 with stop loss 100 pips above at 0.6820. We set target profit at 150 pips

The trade moves down strongly and hit our target profit. The trade is closed and we can pocket 150 pips in profit.



-- THE END --