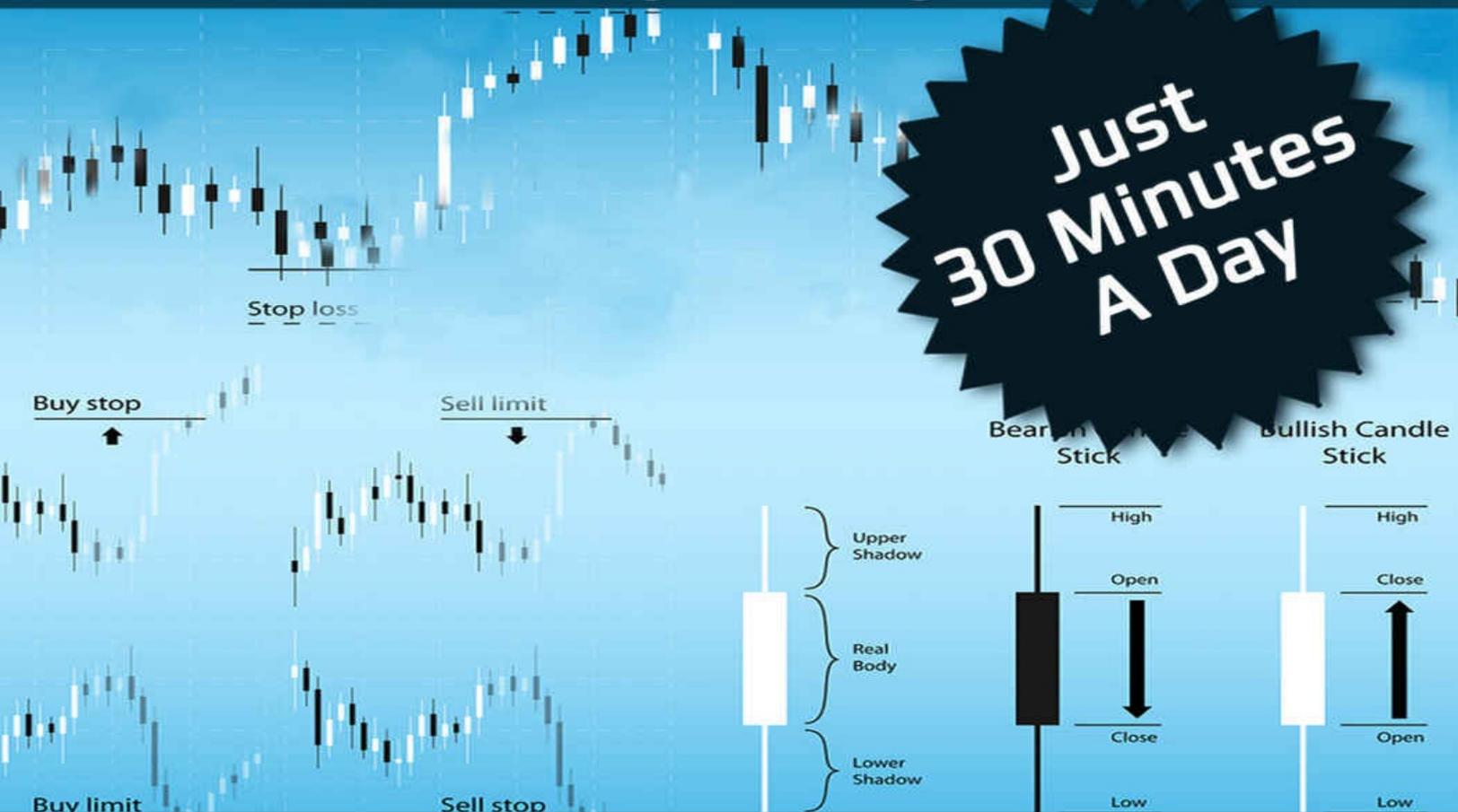


# FOREX TRADING

Proven Forex Trading Money  
Making Strategy

Just  
30 Minutes  
A Day



BRANDEN LEE

---

# **FOREX TRADING**

---

**Proven Forex Trading Money Making Strategy - Just 30 Minutes A Day**

**BRANDEN LEE**

# TABLE OF CONTENTS

[Introduction](#)

[Chapter 1: Forex Trading Basics](#)

[Chapter 2: Proper Money Management](#)

[Chapter 3: Cultivate a Forex Mindset](#)

[Chapter 4: Fundamental Analysis](#)

[Chapter 5: Technical Analysis](#)

[Chapter 6: Forex Strategy Basics](#)

[Chapter 7: Bollinger Band Bounce Trading Strategy](#)

[Chapter 8: Fibonacci Trading Strategy](#)

[Chapter 9: Bladerunner Trading Strategy](#)

[Chapter 10: Tips for Shortening Your Trading Work Week](#)

[Conclusion](#)

© Copyright 2018 by Lee Digital Ltd - All rights reserved.

The follow eBook is reproduced below with the goal of providing information that is as accurate and reliable as possible. Regardless, purchasing this eBook can be seen as consent to the fact that both the publisher and the author of this book are in no way experts on the topics discussed within and that any recommendations or suggestions that are made herein are for entertainment purposes only. Professionals should be consulted as needed prior to undertaking any of the action endorsed herein.

This declaration is deemed fair and valid by both the American Bar Association and the Committee of Publishers Association and is legally binding throughout the United States.

Furthermore, the transmission, duplication or reproduction of any of the following work including specific information will be considered an illegal act irrespective of if it is done electronically or in print. This extends to creating a secondary or tertiary copy of the work or a recorded copy and is only allowed with express written consent from the Publisher. All additional right reserved.

The information in the following pages is broadly considered to be a truthful and accurate account of facts and as such any inattention, use or misuse of the information in question by the reader will render any resulting actions solely under their purview. There are no scenarios in which the publisher or the original author of this work can be in any fashion deemed liable for any hardship or damages that may befall them after undertaking information described herein.

Additionally, the information in the following pages is intended only for informational purposes and should thus be thought of as universal. As befitting its nature, it is presented without assurance regarding its prolonged validity or interim quality. Trademarks that are mentioned are done without written consent and can in no way be considered an endorsement from the trademark holder.

---

## INTRODUCTION

---

Congratulations on downloading *Forex: Proven Forex Trading Money Making Strategy – Just 30 Minutes a Day* and thank you for doing so. When it comes to pure money-making potential in the traditional investment markets, there are few better choices than investing in the forex market as only there will you find margin rates of 100:1 or more. For the unaware, this means that for every dollar you invest you have the opportunity to profit as if you invested \$100. What's more, inside you will ultimately learn how to profit from trading in the forex market for just 30 minutes per day.

While you won't be able to find success trading for just 30 minutes per day right out of the gate, once you do your due diligence and learn the ropes of the market you will be able to cut down the day to day work you need to do substantially and the following chapters will teach you how to do just that. Trading in the forex market isn't without risks of its own, however, which is why you will also learn a wide variety of ways to ensure you maximize your gains while minimizing your losses at the same time.

In the following chapters, you will find tips on money management,

cultivating a successful trading mindset, as well as how to analyze trades using both fundamental and technical analysis. You will also learn a variety of different trading strategies including several to help you get started and several more that you can tackle when you feel ready to get more advanced. Finally, you will find a wide range of tips designed to ensure you can cut down on your overall trading time as quickly as possible.

There are plenty of books on this subject on the market, thanks again for choosing this one! Every effort was made to ensure it is full of as much useful information as possible, please enjoy!

---

## CHAPTER 1: FOREX TRADING BASICS

---

When it comes to the daily trading amount for the various investment markets, the foreign exchange market, more commonly known as the forex market, blows everything else out of the water. Every day it averages roughly four trillion dollars which dwarfs what the New York Stock Exchange is able to put out by more than 1,000 percent. Despite the potential for profit from so much money changing hands, private traders have only been able to take start taking advantage of this market relatively recently as prior to this point the technological requirements of forex trading limited this avenue to professional trading firms.

These days, there are a wide variety of different online forex trading platforms which means that the opportunity to profit from this massive market is open to anyone who is willing to put the time in to do it properly. However, before you get started, it is important to understand that the forex market is purely speculative which means that, unlike many other types of investing, all that is being exchanged in the average transaction is lines on various online ledgers. In fact, the entire forex market is purely limited to numbers in various computer databases with relevant information relating to the countries in question causing them to either move in one direction or

another. As such, every transaction that is made is then tracked with any potential gains or losses expressed in the primary currency of your choice.

If this seems like an odd way to go about this entire process, that's because it wasn't designed with traders like you in mind. Instead, the forex market was created so that countries and international corporations could easily convert large amounts of money into various currencies without going through more traditional, and complicated, means. When these entities make these sorts of trades, the deal in amounts that are large enough to affect the overall valuation of one or both of the currencies in question.

On an average day, only about 20 percent of the forex market's activity comes from these market defining forces, with the rest coming from investors at varying levels who are interested in making money based on the way various currencies are moving at the moment. Of that 80 percent, about 50 percent are traders from financial institutions or hedge funds, though more and more private traders are getting in on the fun on a regular basis.

## **Forex basics**

The most important thing to understand when it comes to forex trading is that forex trades always trade a pair of currencies instead of a single asset such as with most common stock market or options trade. To break this down even further, that means that with every trade, an options trader is always purchasing one currency while selling another. Furthermore, currency is primarily traded in 3 different quantities, often referred to as lots. A micro lot is 1,000 units of a given currency while a mini lot is 10,000 units of a currency and a standard lot is 100,000 units of a specific currency.

Additionally, you will want to remember that the smallest amount that a currency can move at a time is one percent of its total. This amount is known as a pip. Early on you are going to want to stick to trading in micro lots as this means a pip is only going to be worth about 10 cents. This will provide you with a buffer during the difficult early days when you will likely find the market turning against you in unexpected ways. Once you build up your confidence somewhat, you will be able to move up to the mini lot where a pip is worth \$10. When it comes to determining your personal level of acceptable risk, you will want to always keep in mind that around 100 pips of movement is considered average for most trading sessions.

While the forex market has a few things about it that makes it different than other markets, it is still the same as other investment markets in the ways that matter most. Specifically, this means it is still driven by the rules of supply and demand at its heart. This means, that when a given currency is extremely high in demand, then its value will increase to compensate. This will continue until the supply exceeds the demand, at which point the price will drop to a point that allows it to once again be attractive to investors.

As a forex trader, you are going to want to be aware of when a particular currency is going to increase in demand so that you can get in on it on the ground floor. This means you are always going to want to be aware of important interest rate movements, geopolitical strife and economic predictions related to various world powers. When planning out the research you are going to do, it is important to also keep in mind that the forex market never actually closes from Monday to Friday so there is always something new to learn, regardless of the time of day it is. Rather, it is closed from

Friday night to Monday morning and specific currency pairs are typically only traded in an eight-hour window where those in its region are most active. There are three main sections to the forex trading day, US, Asia and Europe.

While there is no hard and fast rule saying the market needs to be split up in this way, it is a natural effect of the fact that currencies are always going to be worth more when that part of the world is the most active. For example, if you are interested trading in pairs based around the United States and various Asian markets then you would find those prices to be higher during the US portion of the day and again when the market starts moving in Asia in a big way.

While there are currency pairs for practically any two currencies imaginable, there are 18 major currency pairs that are going to be traded the most a majority of the time. These 18 pairs are, in turn, made up of just 8 currencies that you are going to need to be familiar with if you hope to find success in the forex market. These are AUD the Australian dollar, CAD the Canadian dollar, CHF the Swiss franc, EUR the euro, GBP the British pound, JPY the Japanese yen, NZD the New Zealand dollar and USD the US dollar.

While you may want to branch out into the occasional non-popular currency pair, starting with these early on will give you a focal point early on to limit what you need to learn before you can get started. It is important to take things slow and start with only one or two currency pairs early on for the best results.

## **Regulation**

Another significant difference when it comes to the forex market that you will want to be aware of is that it operates without any type of regulatory body. Essentially, what this means is that if someone makes a trade in bad faith then there isn't anyone around to stop them directly. This also means there are no guarantees, no clearing houses and no arbitration. Instead, everyone trading in the forex market simply operates in good faith, knowing that if they want to keep making money from the market they are going to have to continue playing by the rules.

While this might seem like too big of a risk to take, the truth of the matter is that this level of regulation is actually quite effective as there is no alternative for those who find themselves blacklisted for bad behavior. Additionally, there is a voluntary organization, National Futures Association that holds its members to a higher standard when it comes to both fair conduct and arbitration. This means that when you are dealing with a Forex broker or dealer in the US then you are going to want to make sure they are NFA members to ensure you start off from as safe of a position as possible.

As there is no regulatory body to pick up the slack, the forex market also more relaxed rules than you might expect in a few other areas as well. For starters, you aren't limited when it comes to the number of short sells you can complete in any period of time. As such, if you find out that a given currency pair is about to take a colossal nosedive, then you can short it for as long as it is profitable to do so. In the previous sentence, you may have noticed the lack of the word research, this is because you don't have to worry about where you get your information when it comes to the forex market, everything is fair game. Furthermore, there are no limits to the size of individual trades

which means you could do 100 lots if you could find a way to finance the trade.

You will also want to keep in mind that you won't find many traditional forex brokers around, as the forex market is principal only which means the role of broker is filled by what are known as dealers instead. Dealers directly take on any risk that may be associated with a given currency pair as they buy and sell directly from their personal stock making money on the disparities available to them just like anyone else.

As such, it is impossible to buy on the bid or sell at the offer when trading in forex; but this limitation is mitigated somewhat by the fact that it is much easier to make a profit from a forex trade because you do not need to worry about fees or commissions muddying the waters of the point that things swing in your favor and you start to make a profit.

### **Making a forex trade**

As already noted, currency trades are always made in pairs which means you will be (ideally) selling one for a profit while you buy the second on the cheap. The currency being sold is known as the short position and the one being purchased is known as the long position. For example, if you decide to make a trade of EUR/USD then you are going long on dollars while going short on euros which means you are selling euros and buying dollars.

As previously mentioned there are only a set number of currencies that you need to focus on while you are a beginner to get a better idea of what the

world of forex trading looks like. With that knowledge in hand then you are likely going to want to start with the following frequently traded pairs

- EUR/USD
- USD/JPY
- GBP/USD
- USD/CHF

Besides these extremely popular pairs, there are 3 other pairs that are known as the commodity pairs because the countries that they are comprised of move commodities around in very large amounts. The commodity pairs are:

¥ AUD/USD

¥ USD/CAD

¥ NZD/USD

Finally, 7 pairs, in addition to those 3 pairs listed below account for more than 90 percent of all of the trades that are made every day. The remaining 3 pairs include:

¥ EUR/JPY

¥ GBP/JPY

¥ EUR/GBP

*Quoting a currency:* When written, the currencies in your specific forex

trades are always quoted in the same fashion. The first is what is known as the base currency and the second is known as the counter currency. In most instances, you will find that USD is generally assumed to be the base currency of the forex market as a whole with gains being written out in dollars per the primary currency and will be included as both the bid and ask price.

The bid price is the amount that a dealer will be willing to purchase the base currency at and it will generally be expressed in terms of the amount of the second currency. Meanwhile, the ask price is going to be the amount the dealer can expect to sell a unit of base currency for, and this is what is expressed in the counter currency. The difference between the two is known as the spread and it is in this space that dealers make a profit. Spreads are typically written out to the fourth decimal place.

*Understanding margin:* When it comes to trading in the forex market successfully, you will need to be aware that margin works differently here than it does elsewhere. Specifically, when it comes to forex, your margin should no longer be considered a down payment on equity that is going to materialize in the future. Rather, it can be considered an account deposit that can be used to help mitigate losses related to forex trades that may materialize down the line. As a general rule, the more leverage that a deal or even a broker allows, the high the margin on that trade is likely to be.

Additionally, in the forex market return and yield are connected directly which means that each time you complete a forex trade the currency you sell is paying for the currency you buy. You will still need to account for interest

on the currencies you sell while seeing a bonus on the currencies you purchase.

*Rollover:* You will also need to be aware of the fact that all forex trades are mutually agreed upon to be completed in just two days. This period can be extended through what is known as a rollover which will give you an extra two days, as long as you are willing to pay extra for the interest on the transaction. There is no limit to the number of times you can invoke a rollover, though you will want to keep track of the fees as are sure to add up quickly.

When it comes to a rollover transaction, the difference between the two currencies you are working with is often visualized as what is known as an overnight loan. With an overnight loan, a trader retains a long position under the assumption that the interest rate will move in a positive way overnight. The amount gained from holding it through a rollover will vary daily based on the change in interest rates both experience. Avoiding a rollover is easy as well if you decide to go that route. All you need to do is ensure that you close out any of your positions when you close out for the evening.

*Leverage:* When dealing with the forex market leverage is the money that is borrowed with the intent of generating significantly increased returns for a given trade. While the amount of available leverage is often restricted in investment markets, rates of greater than 100 to 1 are available in the forex market which means that, if you choose a successful trade you can see the benefits of trading a lot for the price of trading a micro lot. Of course, leverage is not without its own type of risk as if you make a poor trade you

will then be on the hook for a lot's worth of debt in addition to the micro lot that you just lost. Needless to say, it is best to stay away from trading with leverage until you are far more familiar with the ins and outs of the forex market.

### **Forex currency lingo**

*Cable, sterling, pound:* These are the various names that you will see the UK's currency referenced as.

*Greenback, buck:* These are the most common slang terms for the US dollar in forex circles.

*Swissie:* You will often see the Swiss franc referred to as a Swissie in forex media.

*Aussie:* You will often see the Australian dollar referred to as the Aussie in forex publications.

*Kiwi:* You will often see the New Zealand dollar referred to as the Kiwi in forex publications.

*Loonie, Little Dollar:* You will often see the Canadian dollar referred to as

the Little Dollar or sometimes the Loonie in forex publications.

*Yard:* A billion units of a specific currency is referred to as a yard.

---

## CHAPTER 2: PROPER MONEY MANAGEMENT

---

If you believe the hype that many get rich quick trading scheme's promise, then finding the right trading strategy is akin to a silver bullet, the one answer to your prayers that will ensure that you can start making money hand over fist, without fail, 100 percent of the time. Unfortunately, the truth is much less enticing and requires far more hard work, starting with an understanding of proper money management techniques that will ensure that when you do start turning a profit it doesn't slip through your fingers before you've had time to enjoy it. Especially if you plan on working with leverage in the future, money management is a skill you should work on before you put a single cent into the market.

*Understand the way of things:* One of the most important things you need to do, right from the start, in order to ensure your forex trading career is both long and fruitful is to have a realistic understanding of just what it is you are getting yourself into. Specifically, that while leverage can be used to effectively generate gigantic windfalls in short periods of time, this is always going to be the exception, never the rule. As such, 99 times out of 100, if you make a move on an especially risky leveraged endeavor the only thing you are going to do is find yourself in a very expensive hole you have no way of

climbing back out of.

What this means is that the most effective way to ensure your profits are only going to increase is to ground your expectations early on and never let them wander. While it might be difficult to keep your impulses in check, at first, eventually you will find that taking a realistic approach will help to ensure that you don't feel the need to reach for leverage beyond your station in the first place.

While trading in this fashion might cause you to see big returns temporarily, you are likely to lose it all just as quickly, resulting in little to no net gain. The most important thing you can do as a new trader is accept how much you currently have in your trading account and not try to artificially inflate that number. Remember, slow and steady wins the race.

*Only trade what you can afford to lose:* A core tenant of trading in the securities markets is that no trade, no matter how good it looks on paper, is ever going to be a sure thing. As such, if you hope to be able to trade effectively then you need to ensure that you are only ever trading with money that you can afford to lose. If you make the mistake of attempting to trade with money that you have a more immediate use for, then you are likely to have a skewed focus during the trade, which is far more likely to see you lose it all because you were unable to pull the trigger when the time was right.

This situation is obviously untenable as you need to be comfortable walking away from the money you have invested so far as a means of preventing

greater losses in the long-term. When trading, your goal should be to remain as robotic as possible, any time you let your emotions start dictating your actions is a moment when you are putting your trading capital at risk. If you are trading with money that makes it difficult for you to make the hard calls in the moment, then you aren't going to maximizing your trades to their full potential, it is as simple as that.

This means you will likely need to have a conversation with yourself when-in you decide how much money you would be comfortable losing, not just in the short-term, but as if it caught on fire and disappeared completely. Whatever this amount is, this is the amount that you should put into a given trade, at least until you have improved your skills to the point that you are less concerned with the potential for a misstep.

*Consider your thoughts on risk:* While there is no simple way to determine the right amount of risk for you, it is still a decision you are going to need to make for yourself in order to make it in the forex trading world successfully. Some people are going to be able to sleep soundly at night after making risky trades and others are going to end up being awake all night when any trade is left on the table. There is nothing inherently wrong with either of those positions, as long as you determine which side of the coin you fall on before you start making trades. Taking trades that are outside of your comfort level, even if someone you trust says it's a good idea, will only lead to trouble in the long run as you will essentially be trying to jam a square peg into a round hole.

After you have gone ahead and determined the best amount of trading risk to

focus on for you, you will then be able to focus your trading strategies around those that naturally align with the level of risk you are willing to take on in a given scenario. Using strategies that line up with your thoughts will allow what you are doing to work in tandem, which will ultimately allow you to trade more confidently than would otherwise be the case.

Once you have a clear understanding on the level of risk you prefer, along with the strategies that emphasize it, you will then be able to more easily determine how often you are going to need to trade in order to make the amount of money you are hoping for while trading in the forex market. Generally speaking, the greater your tolerance for risk, the more trades you will need to make in order for you to hit your target, though the overall profit is likely going to be higher when you do hit on a successful trade. As such, when it comes to determining your overall tolerance for risk, you will also need to consider how comfortable you are micromanaging trades versus setting them up and letting them run themselves.

*Compartmentalize your trades:* Another part of managing your forex trading capital successfully is learning to compartmentalize each trade which means not letting any individual loss, or win, influence the way you approach your next trade. Regardless of your intentions, doing so will make it much easier to fall victim to emotional trading, which is a surefire way to kiss your potential profits goodbye. This means you are going to want to do your best not to become over-confident but also avoid making revenge trades as both are likely to lead to the same outcome in the long run and it won't be good.

If you find yourself losing your objectivity, then it may be best to stop trading

for a little while to ensure that you can calm down and remove yourself from the previous situation. If your previous trades are hanging over your head, then you are going to be splitting your focus instead of putting it all where it needs to be which is on the trade that you are about to make so you can ensure that you are managing your money properly.

If you find yourself losing your objectivity, then it may be best to stop trading for a little while to ensure that you can calm down and remove yourself from the previous situation. If your previous trades are hanging over your head, then you are going to be splitting your focus instead of putting it all where it needs to be which is on the trade that you are about to make so you can do everything in your power to ensure that each and every trade is appropriately successful.

*Never take your trades personally:* Many new forex traders make the mistake of personifying specific trades they hold on to for purely emotional reasons. This is only going to cause you trouble in both the short and the long-term, however, as all of your trades should be based on cold hard facts and nothing else. If you start making trades based on anything else, the only thing you can expect to do is to start mismanaging your trading accounts in a big way. Furthermore, it is important to keep in mind that the market doesn't care about your hopes and dreams, it is simply a force that responds to what the traders demand.

Furthermore, you are going to want to avoid growing overconfident if you make several successful trades in a row, just as you will want to avoid losing your confidence if you have a bad trading day, or three, in a row. While it can

be hard to believe, even the best traders in the world have off weeks, just as they have hot streaks that make up for the difference. Remaining neutral in your approach to trading is the only way to guarantee that your emotions don't skew the number and cause you more losses than you might otherwise experience.

*Patience is a virtue:* When it comes to managing your money effectively in the forex market, patience can be directly equated to long-term success. While you may initially feel the urge to trade constantly, it is important to understand that there are always going to be periods where the best way to ensure your profits is to avoid trading at all. The market moves in a variety of ways and relatively few of them are going to result in the types of strong trends that you are looking for.

If you are convinced that you need to make trades every single day, consider the fact that the average across all types of investments is only 7 percent per year. Even if you aren't trading constantly, then you can realistically expect between 5 and 10 percent per month when starting out which still means you are going to be well ahead of the game. Instead of worrying about not trading enough, focus on making the most out of every trade that you do make, and you will see better results in the long-term practically guaranteed.

---

## CHAPTER 3: CULTIVATE A FOREX MINDSET

---

When you are first starting out, it can be easy to feel as though the market itself, or perhaps the system that you are using, that is holding you back. Unfortunately, the truth of the matter is that there are other people who are in your same situation that are finding success, so there must be something more to it. That special sauce is a proper forex trading mindset and it is what separates successful forex traders from those who give up after the first six months.

### **The way you are wired**

A successful trading mindset is actually a combination of three equally important things, the way your brain is wired, your mindset and psychological conditioning.

The way the brain works is that neurons fire in reaction to external stimuli and then travel along the easiest path possible to get where they are going. The more commonly used a path is, the more likely it is going to be used in the future.

These pathways then lead to habits and thoughts that form the basis for the things you do most frequently. When you put your pants on, do you always

lead with your right foot? This is because the neural pathway that says this is the way things should be is much more worn in than the path that would see you lead with your left foot.

Furthermore, when the same group of neurons fires at the same time on a regular basis, the brain starts associating their various stimuli together as well. The end result of this is that thoughts that are unrelated on the surface can actually have major effects on the way your mind approaches the idea of trading. Generally speaking, the brain has three main functions, the first of which is regulation which handles all of the core physiological processes that keep you alive and kicking. The next is learning, which takes care of things like building new neural pathways and forming mental circuits. Finally, selection works with the other two to determine if the experience you are currently living through is worth storing away as experience for later. All three are crucial when it comes to trading successfully in the forex market.

*Regulation:* Understanding how to keep your breathing in line as a means of relaxation is crucial to your long-term success as a forex trader. Learning to breathe slowly and deeply, and essentially forcing yourself to relax, will help to prevent you from feeling emotional, panicked or stressed when trading, improving your overall successful trade percentage in the process. Failing to do so means you are going to be more likely to miss crucial details or make decisions that you would not make if you were in your right mind. Luckily, this is an easy skill to improve upon and you can do so by practicing yoga or mindfulness meditation.

*Learning:* The easiest ways to accelerate the learning process is to spend

more time considering the feedback the market gives you, practicing your system or training with a mentor. Once you get into the habit of making learning a lifelong goal, you will find that you naturally improve as a forex trader.

*Selection:* In addition to learning, taking more time to experience what the market has to offer will provide you with additional feedback and context that will help you naturally learn what strategies and practices are naturally more valuable and beneficial to your personal trading style. This will occur naturally as you discover what practices tend to make your money more consistently compared to those that do not.

*Hardwired for survival:* While modern society means you have had to learn countless bits of information that would be completely useless out of context, you have also picked up a wide variety of survival strategies along the way, likely many more than you might expect. These may not all be well-adapted for use in everyday life, however, which is why it is important to learn about why you think about certain things in the way you do.

For example, when the brain takes note of a high energy signal it typically triggers an alarm response which naturally triggers a host of nonproductive ways. Survival strategies to be aware of include:

- Prioritizing stability during periods of constant change
- Creating cause and effects relationships
- Attempting to avoid pain while seeking out pleasure

Depending on your trading style, prioritizing stability can either be a useful tool or one you will want to work to change. If you have a low tolerance for risk, then you will want to go with the flow and seek out stable trades when the market is in flux. However, if you prefer higher risks and greater rewards then you will want to be aware of this instinct so that you can more easily ignore it.

When it comes to being on the lookout for cause and effect scenarios, it is important to always keep in mind that the human mind is naturally fond of patterns which means that it likes to find them even in places where they might not actually be. As such, when you come across what you believe to be a relationship it is important to take a closer look and ensure that it really exists before acting on it in a way that you may regret later.

If you find yourself seeking to avoid pain and seek out pleasure, you are going to want to do what you can to change this mindset as soon as possible. Risk and reward are intertwined to the point where you cannot get one without the other. If your brain associates risk with pain, then you are going to need to do whatever it takes to change that mindset ASAP. Regardless, understanding why you may feel uneasy about a given trade, even after doing the necessary research will make it easier for you to push forward, eventually rewiring your neural pathways in the process.

### **Maximize your beliefs**

### **Take a closer look at your beliefs**

As a new trader, the sheer potential awaiting you in the forex market must

make the possibilities seem endless. However, after you hit your first serious obstacle, whether that's a serious loss, misreading the market in a major way or any one of dozens of common new trader issues, you may find that your enthusiasm for the process overall may weaken. This, in turn, can make it even more difficult to trade successfully while at the same time dragging the goals you have set for yourself even further out of reach. If left unchecked, this can be the start of a pattern that can make it difficult, if not impossible, to be as successful as you would like.

These types of thoughts are known as limiting beliefs and they can manifest in a wide variety of unproductive trading habits. These include things like forcing yourself to overextend in an effort to double up after a previous loss, using more leverage than is prudent, deviating from your trading plan without a good reason for doing so or doubting yourself when it comes to making a completely viable trade. Likewise, if you find yourself hesitating when it comes to determining a viable entry or exit point or making excuses for trades that ended up not working out in your favor, including blaming the market, then you might be dealing with limiting beliefs.

These beliefs may have already been a part of your subconscious, or they may have been created as you learned the wrong lessons from early trading experiences. The source of these issues isn't nearly as important as the fact that they are limiting your ability to trade successfully, and they need to be culled from your trading habits if you hope to turn a profit in the long-term. Whether you are aware of the fact or not, the market is essentially a mirror that affects what is in your mind. It doesn't have any actual biases, it simply reflects back your beliefs about yourself and your trading skill.

As such, when you engage in limiting beliefs, you are letting them deceive you and costing yourself money in the process. On the contrary, engaging in healthy, energetic, vibrant and clear energies will allow you to focus on the best your mind has to offer, improving the percentage of your successful trades as a result.

*Moving beyond your limiting beliefs:* The two most important traits you need to strengthen your mindset and banish your limiting beliefs are awareness and recognition. To start, you are going to want to make every effort to build up your awareness in such a way that it can be applied directly to your trading experiences. Doing so will allow you to see the way in which your limiting beliefs are directly tied to your successful trade percentage. It is this level of recognition that is required before you can realize not only that you have been unsuccessful but why exactly it is that success is eluding you.

You may find it useful to think of trading in the same way you would riding a horse. Specifically, it is bumpy and can often leave you feeling as though you are not in control. However, if you do your best to stay in the saddle, then eventually you will have enough knowledge to apply what you have learned so that you can progress on your way to success. Applying concentration and awareness to your daily training routine will help you build up mental strength and confidence as you see it lead to greater and greater success. This, in turn, will lead to an increase in trading skills from reading price action to being more disciplined.

*Improve your posture:* While not something you would likely expect to affect your mindset; the truth of the matter is that your physical posture can go a

long way towards destroying any limiting thoughts that might be lying about. Specifically, you are going to want to ensure that you are sitting straight, with your spine properly aligned. This posture will improve not just your thought process but the way you breathe as well.

Keeping your spine straight will make it easier for your energy to move from your head directly to your heart, which will, in turn, allow you to think more clearly. If you sit with your neck bent at an odd angle, it limits the flow of this energy and isolates your head from this natural flow. If you often feel as though you are stuck in your head, this could very well be the reason why.

*Improve your focus:* In order to improve your focus during the trading day, you will want to start off with a round of mindfulness meditation to improve your ability to focus and make quick decisions in the moment. To begin, you simply try and remaining as fully in the current moment as possible by breathing slowly and taking the time to really listen to everything your senses are telling you. Start by slowly breathing in and out and focus on every second that this action requires.

From there, the biggest hurdle you will have to face is learning how to dismiss your thoughts without interacting with them. Mindfulness meditation is all about existing in the present as much as possible and listening to everything your senses have to tell you. In order for this to be the case, you must make a concentrated effort to keep your mind as clear as possible. No one's mind is ever truly free from other thoughts and ideas, however, which is why it is important for you to make every attempt to reduce excess thoughts as much as possible.

To do this, you must first make it a point to not feel angry or sadden at the fact that your mind is not completely clear, feeling something in relation to the thoughts is akin to interacting with them, the last thing you want to do. Instead, it may help to think of your mind as a blank space with bubbles floating through it. When a stray thought appears in a bubble, simply visualize it floating away and popping, removing the thought from your notice. Once mastered, this same technique can be used to ensure you maintain self-discipline and focus on the task at hand regardless of whatever it may be.

*Become more aware of your positive thoughts:* If you feel yourself starting to lend unreasonable credence to negative thoughts, you may instead find it useful to counter this influx of negative with an influx of positivity instead. Doing so will allow you to more clearly see the instances where your negative thoughts are trying to influence your actions, leading to a more stable trading experience as a result. With practice, this will also make it easier for you to improve your understanding of the market and improve your confidence as a result.

While the positive energy generated by this practice will likely start off as a slow trickle, if you nurture it you will find that it becomes a raging river before you know it. This will, in turn, make it easier for you to avoid engaging in excuses, negative emotions or anything else that is sure to have a negative effect on your ability to trade effectively.

---

## CHAPTER 4: FUNDAMENTAL ANALYSIS

---

In order to trade in the forex market successfully, one of the most important things you can learn is the most reliable way to spot a trade that is going to end up being reliably profitable from one that blows up in your face. This is where proper analysis comes in handy, whether technical or fundamental. Fundamental analysis is easier to learn, though it is more time consuming to use properly, while technical analysis can be more difficult to wrap your mind around but can be done quite quickly once you get the hang of it. While both will help you to find the information you are looking for, they go about doing so in different ways; fundamental analysis concerns itself with looking at the big picture while technical analysis focuses on the price of a given currency in the moment to the exclusion of all else.

This divide when it comes to information means that fundamental analysis will always be useful when it comes to determining currencies that are currently undervalued based on current market forces. The information that is crucial to fundamental analysis is generated by external sources which means there won't always be new information available at all times. This chapter and the next are dedicated to fundamental and technical analysis, respectively.

Generally speaking, fundamental analysis allows you a likely glimpse at the future of the currency in question based on a variety of different variables such as publicized changes to the monetary policy that the countries you are interested in might affect. The idea here is that with enough information you can then find currency pairs that are currently undervalued because the market hasn't yet had the time to catch up with the changes that have been made. Fundamental analysis is always made up of the same set of steps which are described in detail below.

*Start by determining the baseline:* When it comes to considering the fundamental aspects of a pair of currencies, the first thing that you are going to want to do is to determine a baseline from which those currencies tend to return to time and again compared to the other commonly traded currency pairs. This will allow you to determine when it is time to make a move as you will be able to easily pinpoint changes to the pair that are important enough to warrant further consideration.

In order to accurately determine the baseline, the first thing you will need to do is to look into any relevant macroeconomic policies that are currently affecting your currency of choice. You will also want to look into the available historical data as past behavior is one of the best indicators of future events. While this part of the process can certainly prove tedious, their important cannot be overstated.

After you have determined the historical precedent of the currency pair you are curious about, the next thing you will want to consider is the phase the

currency is currently in and how likely it is going to remain in that phase for the foreseeable future. Every currency goes through phases on a regular basis as part of the natural market cycle.

The first phase is known as the boom phase which can be easily identified by its low volatility and high liquidity. The opposite of this phase is known as the bust phase wherein volatility is extremely high, and liquidity is extremely low. There are also pre and post versions of both phases that can be used to determine how much time the phase in question has before it is on its way out. Determining the right phase is a key part of knowing when you are on the right track regarding a particular trading pair.

In order to determine the current major or minor phase, the easiest thing to do is to start by checking the current rates of defaults along with banks loans as well as the accumulated reserve levels of the currencies in question. If numbers are relatively low then a boom phase is likely to be on its way, if not already in full swing. If the current numbers have already overstayed their welcome, then you can be fairly confident that a post-boom phase is likely to start at any time. Alternatively, if the numbers in question are higher than the baseline you have already established then you know that the currency in question is either due for a bust phase or is already experiencing it.

You can make money from either of the major phases as long as you are aware of them early on enough to turn a profit before things start to swing back in the opposite direction. Generally speaking, this means that the faster you can pinpoint what the next phase is going to be, the greater your dividends of any related trades will be.

*Broaden your scope:* After you have a general idea of the baseline for your favored currencies, as well as their current phases, the next thing you will need to do is look at the state of the global market as a whole to determine how it could possibly affect your trading pair. To ensure this part of the process is as effective as possible you are going to need to look beyond the obvious signs that everyone can see to find the indicators that you know will surely make waves as soon as they make it into the public consciousness.

One of the best places to start looking for this information is in the technology sector as emerging technologies can turn entire economies around in a relatively short period of time.

Technological indicators are often a great way to take advantage of a boom phase by getting in on the ground floor as, once it starts, it is likely to continue for as long as it takes for the technology to be fully integrated into the mainstream. Once it reaches the point of complete saturation then a bust phase is likely going to be on the horizon, and sooner rather than later. If you feel as though the countries responsible for the currencies in question are soon going to be in a post-boom or post-bust phase, then you are going to want to be very careful in any speculative market as the drop-off is sure to be coming and it is difficult to pinpoint exactly when.

If you know that a phase shift is coming, but you aren't quite sure when, then it is a good idea to focus on smaller leverage amounts than during other phases as they are more likely to pay off in the short-term. At the same time, you are also going to want to keep any eye out for long-term positions that

are likely to pay out if a phase shift does occur. On the other hand, if the phase you are in currently is just starting out, you can make trades that have a higher potential for risk as the time concerns aren't going to be nearly serious enough to warrant the additional caution.

*Look to global currency policy:* While regional concerns are often going to be able to provide you with an insight into some long-reaching changes a given currency might experience in the near future, you are also going to want to broaden your search, even more, to include relevant global policies as well. While determining where you are going to start can be difficult at first, all you really need to do is to provide the same level of analysis that you used at the micro level on a macro basis instead. The best place to start with this sort of thing is going to be with the interest rates of the major players including the Federal Reserve, the European Central Bank, the Bank of Japan, the Bank of England and any other banks that may affect the currencies you are considering trading.

You will also need to consider any relevant legal mandates or policy biases that are currently in play to make sure that you aren't blindsided by these sorts of things when the times actually comes to stop doing research and actually make a move. While certainly time consuming, understanding every side of all the major issues will make it far easier to determine if certain currencies are flush with supply where the next emerging markets are likely to appear and what worldwide expectations are when it comes to future interest rate changes as well as market volatility.

*Don't forget the past:* Those who forget the past are doomed to repeat it and

that goes double for forex traders. Once you have a solid grasp on the current events of the day, you are going to want to dig deeper and look for scenarios in the past that match what is currently going on today. This level of understanding will ultimately lead to a greater understanding of the current strength of your respective currencies while also giving you an opportunity to accurately determine the length of the current phase as well.

In order to ensure you are able to capitalize on your knowledge as effectively as possible, the ideal time to jump onto a new trade is going to be when one of the currency pairs is entering a post-boom phase while the other is entering the post-bust phase. This will ensure that the traditional credit channels are not exhausted completely, and you will thus have access to the maximum amount of allowable risk of any market state. This level of risk is going to start dropping as soon as the market conditions hit an ideal state and will continue until the situation with the currencies is reversed so getting in and making a profit when the time is right is crucial to your long-term success.

*Don't forget volatility:* Keeping the current level of volatility in mind is crucial when it comes to ensuring that the investments you are making are actually going to pay off in a reasonable period of time. Luckily, Luckily, it is relatively easy to determine the current level of volatility in a given market, all you need to do is to look to that country's stock market. The greater the level of stability the market in question is experiencing, the more confident those who are investing in it are going to remain when means the more stable the forex market is going to remain as well.

Additionally, it is important to keep in mind that, no matter what the current

level of volatility may be, the market is never truly stable. As such, the best traders are those who prepare for the worst while at the same time hoping for the best. Generally speaking, the more robust a boom phase is, the lower the overall level of volatility is going to be.

*Think outside the box on currency pairs:* All of the information that you gather throughout the process should give you a decent idea regarding the current state of the currency pairs you are keeping tabs on. You should now have enough to be able to use this information to determine which pairs are going to be able to provide you with the most potential profit in not just the short-term but the long-term as well. Specifically, you are going to want to keep an eye out for pairs that have complimentary futures so that they will end up with the greatest gap between their two interest rates as possible.

Additionally, you are going to want to consider the gap between countries when it comes to overall output and unemployment rate. When looking into these differences you are also going to need to be aware of the fact that shortages can cause constraints to capacity or when the unemployment rate drops, both of which can lead to inflation as well. This, in turn, leads to an increase in interest rates which leads to a general cooling of the country's economy. As such, these factors are extremely important when it comes to determining the overall disparity between the interest rates of specific countries in the near future.

Furthermore, you are going to want to keep tabs on the amount of debt that the countries in question are dealing with, as well as their reputation of repayment on the global market. Specifically, you are going to want to look

for a balanced capital to debt ratio as the healthier that this number is the stronger the national currency is going to be no matter what else is currently taking place. To determine this ratio, you will want to know how much capital each country currently has on hand as well as their position when it comes to other nations and their level of reserves and foreign investment.

*Understand their relative trade strength:* If you find a currency that is currently in the middle of a boom phase, the overall strength that its fundamentals show will determine how likely those who are holding it in various currency pairs are to hold or sell. The same also goes for currencies that boast an overly strong or overly weak interest rate when compared to other, similar currencies. What this means is that when a given currency is in the earliest part of the boom phase you will be able to easily find a strong market for its related currency pairs which combine agreeable fundamentals and strong interest rates. While all of these factors are important, as a general rule a strong interest rate will always trump subpar fundamentals.

### **Watch out for market sentiment**

While determining specifics in undervalued currencies is useful most of the time, sometimes the market simply doesn't behave in the way that it realistically should. In these cases, it is the market sentiment that has hijacked the price of the currency in question and learning how to stay on the lookout for its influence is guaranteed to save you from some seriously unprofitable trades in the long run.

Like many things in the forex market, this is easier said than done, however, which is why it is best to take the following suggestions related to reading

market sentiment to heart if you ever hope to get a clear idea of how strong the momentum regarding a given currency truly is.

*Choose the right trend:* Each and every move that a currency makes is ultimately based on a trend that started building hours, if not days before. As such, if you spend time trading with either the 15 or 60-minute chart then you may find yourself accidentally moving forward based on part of a larger trend that is ultimately going to end up moving in the opposite direction. As such, in order to avoid such mistakes, you are going to want to start by identifying the trend in the daily chart and then working inward from there until you reach your target chart. This will allow you to more easily determine the breadth of a given chart and allow you to avoid trading based on anterior movement as well.

*Find the right price movement:* On the topic of price movement, depending on the pair you are trading in, you will likely come across profits that you might not otherwise bank by simply getting a feel for the way your favored currency pairs move on a regular basis. Getting a feel for price movement means understanding the speed at which the pair typically moves, in both directions, to ensure that you know the most effective time to strike.

When the movement is clearly headed in an upwards direction with a quickness, only to slowly descend after the fact, time and again, then you can expect other traders to be steadily buying into the pair without taking the time to do all the relevant research. This, in turn, means you can expect the overall sentiment of the market to be bullish which means you can respond appropriately.

Similar information can also be determined based on the way the market responds when new relevant information, both positive and negative, comes to light. As an example, if there was just a round of positive economic news out of the United Kingdom but the positive change in the GBP and USD pair doesn't seem all that enthusiastic, then you can safely determine that the market is moving in a bearish direction when it comes to GBP/USD.

*Watch your indicators of volume:* While there are a wide variety of different indicators that measure volume, there are no better means for doing so than the Commitment of Traders Report which is released each and every Friday. This report clearly outlines the net of all the trades made, both long and short, for the week, for both commercial and private traders. This is a great place to start if you aren't sure what currencies to favor as this will show where most of the interest was for the proceeding week.

As previously noted, it is best to always trade on the trend which means that if there are more net longs overall you are going to want to buy and if there are more net shorts overall then you are going to want to sell. When this is not the case is if the buy positions are already at extreme levels then you will want to sell or at least wait until things move in the other direction because there can be no more increase if everyone who is going to buy has already bought. Eventually, you will see a reversal in this case which means that if this is the case then you are better off trading in the medium term instead.

*Look more closely at international trends:* When you are first getting your start in the forex market you are likely going to be surprised at just how

interconnected the world as a whole really is. While some of these connections are going to be obvious, other will certainly catch you off guard the first time you encounter them which means you will want to pay attention to the way news affects various currency pairs, even if you are not actually trading in them at the moment as you never know when that information might be useful again at a later date.

---

## CHAPTER 5: TECHNICAL ANALYSIS

---

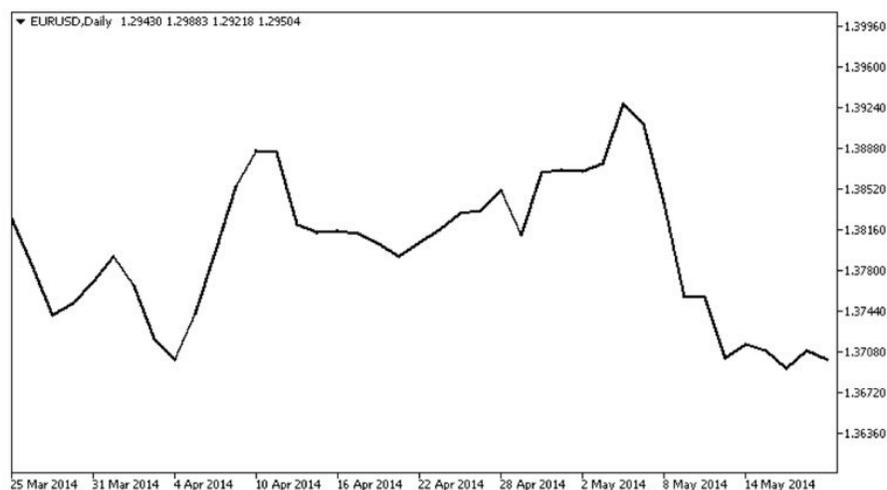
In order to ensure that your successful trade percentage only continues to increase as time goes on, you will likely eventually find it useful to branch out from using fundamental analysis exclusively to using technical analysis as well. While some traders consider the two types of analysis to be at odds with one another, the fact of the matter is that a balanced approach that uses each, when required, is always going to be the most effective in both the short and the long-term.

Technical analysis studies past market trends with the goal of accurately predicting those that are likely to occur again in the future. Technical analysis is ideal for those that like the idea of determining future performance by looking at previous prices, without having to dig through mountains of paperwork to find the details you are looking for. While the past will never be able to truly predict the future 100 percent of the time, technical analysis is useful when combined with a basic understanding of market mentality for generating predictions that are accurate within reason.

### **Price charts**

A price chart is the primary tool of technical analysis. As the name implies, it charts the price of a given currency, on the x axis, as time passes, on the y axis. There are several different types of charts to choose from, but if you are just getting started with technical analysis then you will want to start with the line chart, the point and click chart, the candlestick chart and the bar chart.

*Line charts:* The most basic chart of them all is the line chart. It shows the closing price for the currency in question over a set period of time. The titular line is then formed once the day's grouping of closing prices has been determined and they are then connected with the purpose of determining a trend. While it doesn't include relevant details such as opening price or the results for the day overall, it will tell you if the day is positive or negative while also cutting out all of the noise that is so common in most other charts. As such, it can be an extremely enlightening place to start if you are looking at a new currency for the first time.



*Bar chart:* When compared to a line chart, a bar chart adds in the additional details related to a currency's movement throughout each day. The top and the bottom of the bar are going to represent the high and low for the day

respectively and the closing price is denoted by a dash found on the right side of the bar. Meanwhile, the dash on the left side of the bar is going to show the starting price. Finally, if the overall value of the currency increased for the day then the bar will be black and if it decreased it will be either red or clear depending on your trading software.



*Candlestick chart:* A candlestick is similar to a bar chart in many ways, though it also provides additional relevant information that is more detailed overall. It includes the range for the day, expressed as a line, as with a bar graph, but when you view a candlestick chart you will also notice a wide bar near the vertical line which indicates the degree of difference the price experienced over a given period of time. If the price increases for the day, then the candlestick will not be shaded in and if the price decreased throughout the day then it will typically be shaded in red as well.



*Point and figure chart:* While the point and figure chart are used less frequently than some of the charts that have been previously discussed, the point and figure chart has been in constant use for more than 100 years and can still provide insight when used correctly. Specifically, this chart is used to determine how much a price is likely to move without taking timing or volume into account. This makes it a pure indicator of price, without any of the market noise that might otherwise be attached.



A point and figure chart can be easily picked out from the crowd as it is made up of Xs and Os rather than lines and points. The Xs will indicate points

where positive trends occurred while the Os will indicate periods of downward movement. You will also notice numbers and letters listed along the bottom of the chart which corresponds to months as well as dates. This type of chart will also make it clear how much the price is going to have to move in order for an X to become an O or an O to become an X.

## **Range and trend**

In order to ensure that you can properly profit from the use of technical analysis, it is crucial that you determine if it makes more sense for your trading style to focus on trading via trend or trading via range. While the two are both based on the price of the currency in question, they use that information quite differently in practice which means you are going to want to focus on either one or the other for the best results.

If you feel as though your personal trading style would benefit from making trades that mostly go with the flow, then you are going to be more interested in trading via trend as this will tell you what other traders are up to. Your goal in situations like this will be to determine which trends are most likely going to be the most robust in the near future, so you have the maximum amount of time to jump on them, reaping a lion's share of the profits in the process. If you are considering this type of trading, then you will want to stick with smaller trades as you can lose out if a trend fails to materialize in the expected way at the wrong time. Trading via trend is ideal for those who prefer high risk and the greater potential for reward it brings along with it.

Range trading, on the other hand, is better suited for those who are willing to forgo some amount of profit for more reliable returns. The range in question

is going to be the price that a given currency is going to return to twice or more throughout the time you are holding it, allowing you to profit each time. The market is going to present you with different challenges every single day in the form of different trends and potential opportunities.

Regardless of this fact, the movement typically tends to operate in ways that seem completely random, though its true intentions can be found once you determine where to look. The opening range has been profitable for trading professionals for decades as a profitable way to start off with an idea of the market's mood to make any profits that are coming up even easier to obtain.

When you take advantage of the opening range for a starting point, you will then be able to locate the truth of the current market to determine if the bulls or bears are going to be in charge at the moment. In order to get the most out of this practice, it is crucial that you understand the opening range for low and high levels as they are of critical importance when it comes to levels of resistance and support throughout the day.

Understanding these details will make it far easier for you to anticipate levels in the market that are more likely to reverse or increase the changes you are seeing. Looking at the trading day from this perspective is going to make it easier for you to make the right moves at the right time to allow you to determine when future movement is forthcoming, so you can be in the right place at the right time.

This doesn't mean you won't be able to act if you can't find the perfect entry

point each and every time. All it means is that you will simply need to get in at a point where you will be in an ideal position for the next time the cycle repeats itself. You should also keep in mind that of the two strategies, range trading can take more resources to utilize properly which means you will want to have a substantial bankroll before you put it into effect.

### **Start off on the right foot**

In order to use technical analysis effectively, you will need to understand that it functions around the idea that the price of a given currency is going to fluctuate in the future based on a number of identifiable patterns that can be seen in its past. As such, unlike with fundamental analysis where you might have trouble finding enough data to make a rational choice, with technical analysis you will have more data than you can ever hope to sort through. You will have plenty of tools to help you sort through all of this information, including things like trends, charts and indicators that will point you in the right direction.

While many of the technical analysis techniques might seem overly complicated at first, at their most basic they are all looking for different ways to determine trends that are going to form in the future along with the strength. Choosing the right trends at the right time is the first step to becoming a successful forex trader in the long-term.

*Understand the market:* Technical analysis is all about measuring the relative value of a particular trade or underlying asset by using available tools to find otherwise invisible patterns that, ideally, few other people have currently noticed. When it comes to using technical analysis properly you are going to

always need to assume three things are true. First and foremost, the market ultimately discounts everything; second, trends will always be an adequate predictor of price and third, history is bound to repeat itself when given enough time to do so.



Technical analysis also believes that the price of a given underlying asset is ultimately the only metric that truly matters when it comes to understanding the current state of the market. This is the case because any and all other facets of the market have already been factored through to the price before it reached the point it is currently at which means that analyzing anything besides the price is, simply put, a waste of time.

Furthermore, technical analysis holds to the fact that the value of the underlying asset in question moves based on a trend that is well established which means it can be tracked as long as you know what it is that you are looking for. From there, it is really just a matter of time before the trend comes back around and you can take advantage of it once more. This is a

viable strategy as it is more likely that an existing trend is going to reemerge than it is for a completely new trend to show up in its place.

After all, history is always going to repeat itself. This isn't just a saying, it is an unavoidable part of human nature, specifically, people like patterns. This means that if there is a pattern in a series of data, you can expect people to find it. Once it is found, you can then rest assured that they will do everything they can to take advantage of it. This will be the case each and every time the pattern is found which means that, if you find the pattern first, you can set yourself up to take advantage of it in the most effective way possible.

This is what allows many of the common technical patterns that are in use today to continue to be useful despite the fact that they have been in use for 100 years or more. This just goes to show that public opinion and action in relation to price changes is always going to be the same no matter what.

*All about trend:* Being aware of trend and how it can affect the ways you will analyze a specific trade is key to your long-term success through technical analysis. When on the lookout for trend, it can be any clear direction that the price of a given currency is taking that is clear enough to cut through all of the noise that naturally infects the market as a whole. Trends can be either strong enough to see from a mile away or weak enough to easily miss even if you are looking for them. Essentially it just means that just because a given trend isn't immediately visible then this doesn't mean it isn't there. Likewise, you are going to always want to ensure that the trend you think you are following is really there as it can be easy to misinterpret false data if you aren't careful.

The best way to ensure that the trend you are following is actually worth following is going to be to focus exclusively on the lows and highs and leave everything else out of the equation. This way you will be able to easily determine if the lows continue to increase (signaling an uptrend) or if the highs continue to decrease (signaling a reversal). You may also uncover a horizontal trend which shows that nothing much of anything is happening at the moment and you might be better off waiting to get into the market until something more well-defined comes along.

Tapping into a specific long-lasting trend can allow you to assume that the next time it comes back around it is likely to be even more pronounced. You will want to keep an eye on things until the trend starts to materialize, however, just in case. If you find yourself watching a short trend, then you will need to expand your focus and ensure you aren't looking at a smaller part of a larger trend by mistake. The easiest way to do so is to simply choose a longer timeframe and see what there is to see.

While this will naturally make things more cumbersome, it can also make it far easier to catch a mistake that you may not otherwise be aware that you are making. The opposite can be true as well, if you are having trouble catching the right shorter trend, then a narrow focus across a shorter timeline might be just what the doctor ordered.

*Trend mapping:* After you have picked out the trend you are interested in finding more about, the next thing you will need to do is create a trendline that will let you map out all of the details as you come across them. This can

be accomplished by simply drawing a straight line through the data points to make the trend more visible. If the trend is positive, then you will want to connect the dots of the various lows that are being measured while if it is a negative trend you will want to connect the relevant highs.

This line is what is known as the resistance line and it represents the market's natural inclination to push back once prices hit a point that is either significantly above or significantly below the average. This doesn't indicate the likelihood of the next price movement, just its overall limits. Once you have created the initial line, you will then want to create an additional pair of lines, one for the support level and one for the resistance level.

The support line will connect all of the lows while the resistance lines will connect all of the highs. The resulting channel that you then create will likely be either positive or negative though neutral channels representing sideways movement are also possible. Regardless, the channel you create needs to continue for a long enough time to show where the price breaks away from the status quo. This moment is going to represent your ideal entry point that will give you the best chance see the greatest overall return on your investment.

---

## CHAPTER 6: FOREX STRATEGY BASICS

---

Once you know what to look for in a good trade, the next thing you are going to want to master is the basic short-term and long-term strategies that are most commonly used in the forex market. While the advanced strategies discussed in later chapters certainly have their place as well, you will likely find yourself using these strategies far more often, simply because they are useful in so many different situations.

### **Carry trades**

If you are interested in making long-term trades in the forex market, then you are going to ultimately become very familiar with the technique known as the carry trade. This strategy involves finding a currency pair that your analysis indicates should be profitable in the near future while also having the greatest amount of disparity between their two interest rates as possible. Typically, one of the currencies that you are going to want to use for this type of strategy is going to be either the Australian dollar, the New Zealand dollar or the Japanese yen. The New Zealand dollar and the Australian dollar are known to frequently have an interest rate of as high as 4.5 while the Japanese yen is known for getting as low as 0.1.

When used correctly, a carry trade is an excellent way to add value to your portfolio as they are guaranteed to generate profit every day, based largely on interest, for each day you hold onto them. When making carry trades it is important to keep in mind that payments for interest earned during the weekend won't be paid until Wednesday which makes Thursday the most profitable day of the week to close out carry trades. The carry trade is also an excellent choice for those who don't want to spend each and every minute of every day staring at a computer screen in hopes of seeing the type of movement that will generate a reasonable amount of profit.

While it has been a part of the forex trader's toolbox for decades, the carry trade gained widespread usage in the early 00s when the AUD/JPY pair spent several months with an interest rate differential that was greater than five percent. This, coupled with the fact that leverage in excess of 200:1 was widely available meant that new investors were gaining and losing millions of dollars each week in a scenario that is surprisingly similar to the rush to buy Bitcoin in the fall of 2017.

In order to get an initial idea as to what a given carry trade can net you, the first step is to figure out the difference between the interest rate of the long and short currencies. With that number in mind, you will then multiply it by the number of units that you have in your position that is connected to the interest rate you are interested in, making a special point to include leverage as well. With this number in hand, you will then simply divide by 365 to find the amount of interest that you will earn each day.



When it comes to starting a new carry trade, the best time to do so is when a central bank report is released that indicates an increase in interest rates is forthcoming. After this information is released, you will find that countless traders jump on the idea of the carry trade using the currency whose interest rate is on the rise and its companion currency with the greatest overall degree of difference. Once you understand how the market is going to react to this news, it then becomes a matter of jumping on before the rush in order to ensure that your own profits are maximized as well. Remember, the longer you wait, the greater the starting differential will be and the less you will learn by an additional widening of the gap.

*Basket carry:* If the indicators on a given currency pair are not as strong as you may typically prefer, then a traditional carry trade might be a bit too risky to commit to whole-heartedly. If you have some type of information that makes you want to still pursue this course of action, then you will want to use a basket carry trade instead.

To do so, you will want to purchase three different currency pairs rather than just the one you are the most interested in. Each of these pairs should have varying interest rate levels so that you are virtually guaranteed to see a profit regardless of the direction the market ultimately moves in. When using this strategy, you will generally see an average profit on one of the three pairs and a small profit on the second while letting the third expire after only losing out on the transaction fees.

A carry trade is a great way to steady return on your initial investment without having to worry about watching the related currency movement too closely. This does not mean that it is always going to be the right choice in every situation, however. For example, if a country that has historically had a high interest rate suddenly dropped it dramatically in an effort to bolster their economy then those who are using it to prop up a carry trade are going to be forced to rapidly offload it, reducing the disparity for that pair even more. The same issue can occur if the reported average annual yield drops tenuously or the variance inherent in the exchange rate increases. Finally, you will want to always be on the lookout to ensure that the central bank of either country doesn't do anything to forcibly alter the current currency trajectory.

### **Trading in the short-term**

If you are more interested in shorter timeframes than what a carry trade can offer you, then the most important thing to remember is that you are going to want to prioritize trades that allow you to remain in control at all times, both when it comes to managing risk and sticking to the plan you come up with prior to starting. This will allow you to deal in charts that offer shorter time frames than many other forex investors. This doesn't mean that you will only want to stick to the short-term charts, however, as this will unnaturally curtail

your profits in a way that will only lose you money in the long run.

To get started trading in the short term, the first thing that you will need to do is to find a pair of moving averages on the hourly chart. The trading platform that you use should have an option to automatically generate what you are looking for based on a predetermined time frame that you plug in. Once you have the indicators that you are looking for you will then be able to utilize them as a type of guidepost, allowing you to see how the market is moving in a time frame that will allow you to look before you act. If the resulting short moving average is less than the greater moving average, then you are going to want to lean heavily on a long position while if the opposite is true then you will need to lean on the short position in order to profit from the transaction.

Once you have found the trend that you are comfortable working with, the next is going to be to look more closely at the entries to match the direction of the trend you are looking into. Your main goal at this time should be to pick out the momentum that you have already seen on a longer chart as it is visualized on the shorter five or 15-minute charts. When taking advantage of this type of strategy, it is important to keep in mind that the timing is not always going to be in your favor when it comes to buying in. Instead, you are going to want to wait patiently for a profitable position to come along and the most reliable way to know when it arrives is to look for what is known as an exponential moving average.

When looking for this average you are going to want to keep an eye out for the trigger known as the eight-period exponential on the five-minute chart.

Once this exponential starts moving in the direction of the overall trend, you will know that the strength of the trend and the speed at which it is acted upon are only going to increase. While this strategy may take a fair amount of micromanaging, it is well worth it for several reasons, starting with the fact that if you wait for the right trigger you know that other short-term traders are creating action based on the pair you are most interested in which means you can practically guarantee reliable profits for yourself if you jump in at a smart time.

This strategy is also a great choice when you are first getting started in forex trading, especially if your trading capital is rather limited. This is due to the fact that it allows savvy traders to move in on specific currency pairs early enough to get a great deal before the actual momentum picks up steam and the bullish price movement pushes the pair into prohibitively expensive territory.

This is also a useful strategy if you are looking to maximize the currencies you are looking to sell as it will provide you with the opportunity to know when a mass exodus on the currency in question is going to occur, allowing you to sell when the price is still high. It is still important to keep in mind that if a price sees a retracement in the short-term then the price is likely going to swing quickly but you will still want to double check what you are seeing to prevent a costly mistake.

To further maximize your profits using this strategy you are going to want to set your stop losses so that they are placed below the most recent high-water mark. That is, of course, unless you are currently heavily invested in a short

position in which case you will want to set your stop losses in such a way that they are above the most recent low point of the currency to ensure that you don't suffer a loss if the trend losses strength earlier than you were expecting. This makes the short-term strategy extremely versatile as long as you are able to keep your emotions in check and set the right stops and stick with them as opposed to losing yourself in the moment in hopes of seeing things turn around.

This is not to say that working in the short-term is without risk, and the opposite is actually true in most cases. The short-term charts are far more likely to change with little to no notice than the long-term charts are, simply because any change that is noticed is going to be noticed first there. This means that if you hope to make money by using this strategy then you are going to want to do everything in your power to guarantee you are free to act with only a moment's notice. The best reaction in most situations is going to be waiting for the currency to return to a point of profitability before setting a new stop loss that is slightly in the money without getting greedy.

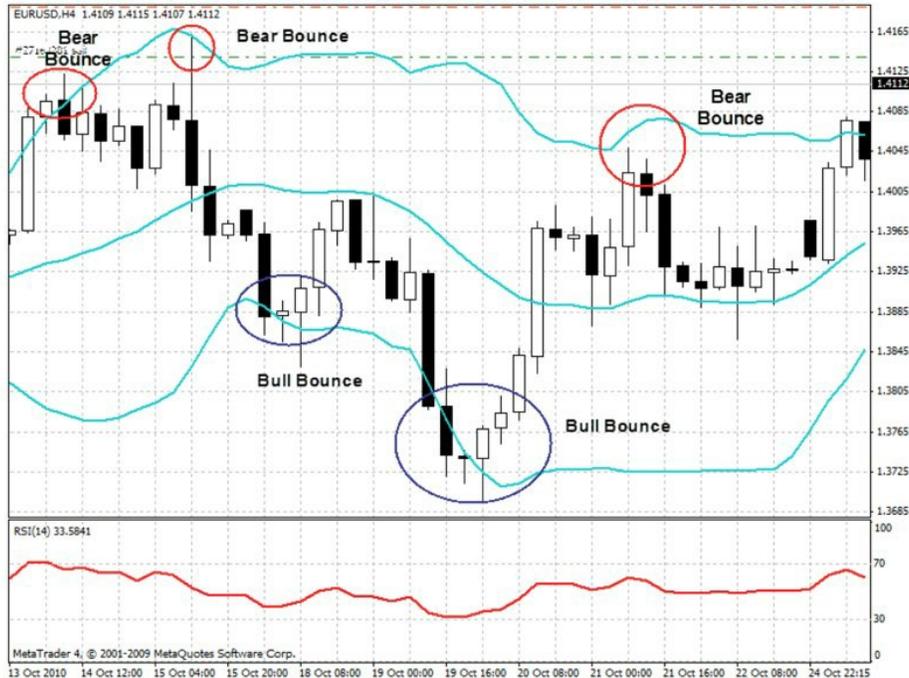
---

## **CHAPTER 7: BOLLINGER BAND BOUNCE TRADING STRATEGY**

---

Generally speaking, it is always going to be easier to trade based on an existing trend than it is to trade when one or both of your currencies in a pair is either rangebound or moving horizontally. This can be so difficult for many traders that they simply refuse to trade when the market is in this state and simply sit out the market until they can track down a stronger trend to follow. This only causes them to lose out on potential profits in the long-term, however, as there are still plenty of ways to make money without a strong trend to follow.

The Bollinger Band Bounce strategy is one such option, as it was created based on the way the price typically behaves when the Bollinger bands detect a limit when it comes to the range of movement the price can see in the short-term. Essentially, what this means is that the Bollinger bands have more elasticity than they normally do. In this type of scenario, the price frequently approaches the outer band before meeting with resistance and snapping back towards the opposite band.



After you have noticed this type of behavior taking place, you can then make excellent use of it by simply trading based on the action of the price as it moves back and forth between the outer bands. While this is not an especially useful strategy if the market is moving vigorously in one direction or another, it is a great way to scalp in a market that really isn't doing much of anything.

*Start off right:* In order to make the most out of this strategy, you will want to start by determining that the price is actually range bound. To do so, all you need to do is to use Bollinger bands to ensure the price is staying put, specifically on the same side of the middle Bollinger band each time it returns to that point. Assuming the price continues to rebound in the same way, then you can expect the existing trend to continue until this is no longer the case.

### **Tweezer bottom candlestick**

One of the strongest indicators that the market is ranging is when a tweezer bottom candlestick pattern emerges. If this happens at the same time as a Fibonacci retracement, resistance and support level or relevant pivot level, then you will know the signal is almost too strong to contain. If this is the case, then you will be able to make a profit from trading at this level rather than waiting for the confirmation of a ranging price based on the way it reacts to the opposite band as you normally would.

This pattern is also easy to spot as it is actually made up of two different, separate, forex candle patterns. The first candle, known as the setup candle, is either going to be notably bullish or bearish and will ideally occur at the tail end of a substantial price push down. This candle represents the last vestiges of the downwards price surge and also a failure back from the low price.

The second candle is known as the confirmation candle and is always going to be bullish. The confirmation candle will have a peak price or lower wick that will match quite closely, or even exactly, with that of the setup candle. The stronger the signal, the greater the length of the confirmation candle wick. This represents the amount of low point rejection that is taking place.

*Fundamentals to keep in mind:* The tweezer bottom candlestick pattern is going to most commonly occur at the end of a trend towards decreasing prices, regardless if this is part of a larger trend or simply a short overall retracement. If this takes place at the end of a long-running price decrease, then it likely indicates that the supply of sellers is just about to run dry.

This then naturally means that the market of buyers who are eager for opportunities is going to be primed for action and more likely to jump into the market as the levels of the currency pair in question appear quite cheap. If there is a bear and bull struggle taking place as well, keep in mind that it is likely the bulls will come out on top. After this happens, the price will often settle near the higher point on the confirmation candle as well as at a point that is above where it started.

The tweezer bottom is also more likely to occur during a positive trend that causes the price to retrace to that of a previous support level. This will also cause some downward movement in part due to buyers striving to make a profit while at the same time sellers who are slow to move into the market in part thanks to inflated prices and in part simply because it is easy to see the overall number of buyers drying up. This, in turn, often causes the price to decrease to a level when buyers will once again be interested. This, eventually, will cause the price to be pushed up once again.

Generally speaking, in order to maximize the value potential from this situation, you are going to want to purchase a buy stop at a point between two and five pips above the highest price the confirmation candle has reached so far. If you are extremely confident about the state of the market, you could also choose to place an order that is at market. Regardless of your choice, you are still going to want to place a stop that is anywhere between two and five pips below the bottom most point of the tweezer bottom candlestick.

As always, this advice is simply a general guide as the current level of market volatility is going to play a huge part in where you place your stops. If you

are working with a longer timeframe then setting a stop that is up to 20 pips below or above the current price is a perfectly viable strategy. The greater the size of the bullish confirmation candle, the greater the likelihood that the price is going to increase. This is only true up to a point, however, as if it is too long then you might have a difficult time finding an adequate risk and reward ratio.

As an example, if you set a stop loss that is 50 pips below the tweezer bottom just to manage the trade correctly and you know that there is resistance at 20 pips above the current price action then you can consider the trade to have a low possibility of success and pass on it.

### **Engulfing candlestick**

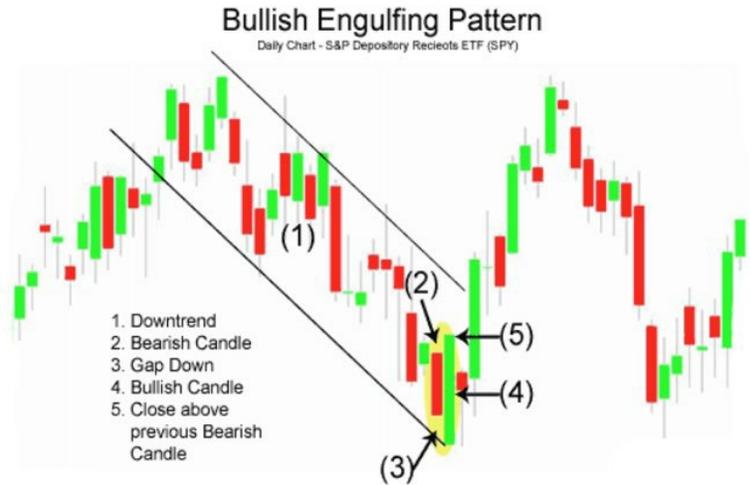
In order to confirm the signals that you find in the bouncing Bollinger band strategy, you will want to be on the lookout for either bearish or bullish engulfing candlestick patterns. You can also look for an evening star. This type of candlestick pattern is made up of a pair of forex candles, both the confirmation and the signal are going to be contained within the second candle which is known as the confirmation candle. You will be able to recognize it due to its large body that completely consumes the setup candle. At close, the confirmation candle will have a lower overall price than the setup candle.

This type of pattern often starts near the top before continuing upward regardless of whether that move is connected to a retracement or a longer trend. If it appears at the end of the protracted price increase, then this is a signal that the supply of buyers is filling out the seller's market. Assuming

this occurs, more sellers than ever are likely to jump on the bandwagon thanks to the high price of the currency pair. With one focused move, they then defeat the buyers by exceeding the bullish effort found in previous candles and reversing the price in the process.

You can also find a similar pattern in a downward trend assuming the price temporarily retraces to a predetermined resistance level. This typically occurs when a variety of different sellers all take their profits at once and buyers move in to rapidly take advantage of the deflating pricing. This can also occur as part of a normal period of market exhaustion. This, in turn, causes the price to move upward to a level where sellers can once again be reasonably interested in the currency and start pushing the price in a downward direction once more.

*Bullish engulfing pattern:* The bullish engulfing pattern is also made up of two separate candles, with both the confirmation and signal found within the second candle. In this pattern, the setup candle is bearish and typically occurs after a hard-downward price push. The second candle is also going to be bullish and contains a body that essentially engulfs the setup candle. The closing price of this candle is also greater than the setup candle.



The bullish engulfing pattern tends to set itself up at the bottom point of a downward price trend and typically signals that sellers are in low supply and the market is starting to favor buyers. This will attract new buyers who like the cheap price. In a concentrated push, they then overpower the sellers and exceed the bearish leaning, reversing the direction of the price.

Assuming this scenario forms during an uptrend, the price will naturally retrace itself to a support point and the downward move will cause additional sellers to take advantage of the high prices. This, in turn, will also cause the price to gently move in that same downward direction until the buyers are once again willing to bite. When this occurs, the price will move upward once more.

### **Limits and the bouncing Bollinger strategy**

Once you have a clear idea of the type of indicators you are going to be on the lookout for, the next thing you are going to want to do is to take into account the mechanics surrounding this strategy's stop loss, entry, and take

profit limits. When considering these limits, it is important to remember that this is a scalping strategy which means that your goal should be to enter immediately once the signal can be positively confirmed. Additionally, you will want to use a tight, aggressive stop loss and also a take profit limit that is set to the opposite of the mid-Bollinger band.

Once the move has been confirmed successfully, the next step is to move the stop loss to the breakeven point immediately to prevent an additional loss. If you miss this part of the process then you can find yourself losing out on profit if the price bounces off the middle band and then retraces before you can clear a profit, taking out your stop as it goes. This can happen in the first part of the trade as well, assuming you don't immediately move the breakeven point as soon as it is safe to do so.

There is no ideal time limit when it comes to moving the breakeven point and learning when to do so in order to maximize your profits will only come with practice. If you move too quickly then you will likely find that you are stopped via the expected retracement, even if the price is still actively moving in your direction when you initially move it. You will need to remain vigilant so that you don't miss your chance, without making the mistake of rushing either.

Generally speaking, this strategy is best used when the market is experiencing a lull which means no news announcement or the like are expected anytime soon. Furthermore, you are going to want to avoid using it on pairs that are prone to spiky price action. Finally, you are going to want to ensure that you aren't committing to this strategy just because the price reaches the outer band, additional verification is going to be required to

ensure that this is the right move.

---

## **CHAPTER 8: FIBONACCI TRADING STRATEGY**

---

Fibonacci numbers start with 0 and 1 and then increase exponentially from there by adding the 2 previous numbers together to get the next number in the sequence. As such it starts off with 0, 1, 2, 3, 5 and so on and so forth. The difference between these numbers is known as the Fibonacci ratio which includes .236, .382, .5 and so on and so forth. Finding these ratios in the pairs you are considering allows you to determine naturally occurring entry and exit points.

Using the Fibonacci sequence to perform a retracement gives you the ability to determine how much an asset moved in price initially. It uses multiple horizontal lines to point out resistance or support at either 23.6, 38.2, 50, 61.8 or 100 percent. When used properly they make it easier to identify the spots transactions should be started, what prices to target and what stop losses to set.

This doesn't mean that you should apply the Fibonacci retracements blindly as doing so can lead to failure as easily as it can success. It is important to avoid choosing inconsistent reference points which can easily lead to

mistakes as well as misanalysis, for example, mistaking the wick for the body of a candle. Retracements using the Fibonacci sequence should always be applied wick-to-wick which in turn leads to a clearly defined and actionable resistance level.

Likewise, it is important to always keep the big picture in mind and keep an eye on trends that are of the longer variety as well. Failing to keep the broad perspective in mind makes short-term trades more likely to fail as it makes it harder to project the correct momentum and direction any potential opportunities might be moving in. Keeping the larger trends in mind will help you pick more reliable trades while also preventing you from accidentally trading against a specific trend.



Don't forget, Fibonacci retracements are likely to indicate quality trades, but they will never be able to do so in a complete vacuum. It is best to start with a retracement and then apply other tools including stochastic oscillators or MACD. Moving ahead without confirmation will leave you with little except positive thoughts and wishes that the outcome goes the way you want. Remember, there is no one indicator that is strong enough to warrant moving

forward on a trade without double checking the validity of the data.

The other limitation of a Fibonacci retracement is that it doesn't work reliably over shorter time frames as there is simply too much interference from standard market volatility which will result in false apparent levels of support as well as resistance. What's more, the addition of whipsaws and spikes can make it difficult to utilize stops effectively which can result in tight and narrow confluences.

While a singular Fibonacci retracement can be meaningful on its own from time to time, two or more Fibonacci retracements or extensions that show the same thing are almost always going to lead to viable results. The concept of overlapping Fibonacci retracements is one that most traders discover on their own over time. It commonly includes the use of other types of retracements or extensions with the purpose of determining a variety of signals including support and resistance levels as well as relevant pivot points.

As such, a group of overlapping retracements is a significant improvement as two strong Fibonacci levels are all that are required in order to determine a reliable trade in many cases. Specifically, the presence of a pair of Fibonacci levels at a point of known resistance or support is almost always enough to yield viable results. The simplicity of this strategy is one of its greatest strengths and many traders use it to the exclusion of all else when trading in the forex market.

*Using this strategy:* When it comes to utilizing this strategy correctly, you

can use any chart that you like as long as it contains either a run down or a run up of a given currency price in addition to multiple retracements. From there, you will need to begin adding Fibonacci lines to the chart. If you draw these Fibonacci lines on a powerful down trend, then you will be able to start from the high point on the chart before moving toward the lowest swing point. If you are following an uptrend, then the reverse is going to be true. Once this is done you will need to find the confluence points that comes from any Fibonacci level including 38 percent, 50 percent, 62 percent and 79 percent.

*Fibonacci extensions:* To use Fibonacci extensions with this strategy, the basics are going to be more or less the same. You are simply going to choose the chart of your choice before adding in the Fibonacci lines with the Fibonacci extensions enabled as well. A particularly useful time to utilize this strategy is when the market is ranging between the support and resistance levels. It doesn't matter if the actual range is long or short, it will eventually break because the market cannot stay in an indecisive position forever.

The best way to determine the direction that a ranging market is going to break in is by first determining the range on the timeframe you are considering before then determining the low and the high based on that range. If the Fibonacci levels indicate that the price is going to break above the range, then the uptrend is likely going to form and if it breaks below the range then a downtrend is likely to form. While this will allow you to more accurately determine the next major movement that is likely to occur, it is still important to wait for that instance to actually come to pass before you move to take advantage of it.

On the other hand, you may instead want to wait for the range to break out once, before getting in on the second wave. This is frequently a good idea as a vast majority of traders spend time waiting for the initial break, regardless of how far away it may be in the moment. What's more, when this does occur, the price moves a great deal in a very short period of time, causing most of these traders to close out which drops the price, which a third round of traders is then happy to take advantage of.

These first three waves typically happen quite quickly before a much larger fourth wave of traders swoops in after they finally get on board with what is actually happening. As such, the most profitable time to get in is during the third wave as you avoid paying a premium while still expecting a fair amount of the profits you would see if you managed to get in any earlier.

In order to take advantage of this movement, you are going to want to determine the initial range breakout before waiting for the price to start moving against it. You will then want to wait some more and have the price return to moving in the breakout direction once again. Once this occurs you are going to want to take the proper position and set the target to the low support line with a stop above the 0.0 level.

At this point, you will need to wait for the price to break past the lowest support line as if this does not occur then you are going to want to close out your position and try your luck again the next time the price starts following the trade in question. If the price does ultimately break through the lower support line, then you are going to wait for it to retest the broken support so that you can confidently close out your position before waiting for the price

to once more come into alignment with the trend. Once it breaks past the support line but fails to crest above it, then you are going to want to take the relevant position based on the trend and set a level of 161.80 as the new target.

Assuming the trend breaks at this point and presents itself in such a way that it appears as though it is strong enough to continue to 423.60 then you will want to ensure you have the proper position and set this as your target while putting the stop loss slightly above 261.80.

### **Mistakes to avoid**

While Fibonacci levels can provide a great deal of insight into the trading process, it can also lead to serious issues and massive losses if used incorrectly. As such, you are going to want to be aware of the following commonly made mistake in order to ensure that your strategy works out according to plan.

*Avoid mixing reference points:* In order to correctly fit your retracements to the relevant price action, you are always going to want to keep steady reference points. This means that if you are using a low trend as a reference past the close of a session or in the body of a candle, then your ideal high price should always be visible in the candle at the top of the trend. Mistake and misanalysis can make it easy to accidentally skew these reference points by moving from the wick to the body of the candle hurting your potential for profit in the process. Luckily, consistently holding on to your reference points will also make it easier for you to determine accurate support and resistance levels at the moment.

*Avoid ignoring long-term trends:* If you get in the habit of dealing with short term charts then it can be easy to lose focus on the big picture. This narrowing of your perspective can ultimately result in misguided short-term trades if you aren't careful. Keeping a close eye on long-term trends, even if you don't plan on actively trading them can help you determine if the short-term trends you have found are all that they appear cracked up to be. Even better, this level of perception will allow you to potentially act on trends that have a great deal of momentum turning a solid 50 pip profit into one that is 400 pips or more.

---

## CHAPTER 9: BLADERUNNER TRADING STRATEGY

---

The Bladerunner forex trading strategy is a type of price action strategy that utilizes price action in order to find successful entries. It also uses round numbers, resistance and support levels, candlesticks and pivot points in order to ensure its results are as accurate as possible. While it is not always going to be necessary to utilize off-chart indicators, you will also want to include your favorites if you hope to have an additional confirmation before you make your final decision. Fibonacci levels are also an option in this scenario.



Generally speaking, the best course of action is going to be to use a 20 EMA on-chart indicator or the midline of the traditional 20 Bollinger Band because either of these will properly support the strategy. Alternately, you can also use both together to further confirm that what you are seeing is correct. The

results from doing so can then be traded with any currency pair along with any timeframe, though the five-minute chart is likely going to generate the best results.

While you can use this strategy successfully at any point throughout the day, there are certain times that are going to be more productive than others. For example, the early hours of the Asian session tend to generate a reasonable amount of breakout while also supplying a retest that is reliable enough to warrant entry while its later hours are typically quite slow. When it comes to the European session opens the prices are often quite volatile which makes finding an entry point a risky proposition, once things settle down it is then easier to get a few reliable entries if you are lucky.

The Bladerunner strategy got its name from the fact that the 20 EMA functions as the knife edge that divides the price. If the price ends up being higher than the EMA while at the same time respecting it and retesting the EMA then it is likely going to fall on the long side. If the price is below the EMA, while still resting and respecting, then it is likely going to end up being on the short side.

Meanwhile, if the price ends up being lower than the 20 EMA then you will find that your bias will be short which means you will want the price to increase to the 20 EMA mark, then reject it, then turn downwards once more. Alternately, if the price breaks through the 20 EMA and closes in a convincing fashion at a higher point you can assume the price's polarity has changed and it will now have a much longer bias. Moving forward from this point will mean waiting for a price decrease to the 20 EMA mark as the price

will then reject the downward trajectory and move in a positive direction once more.

*Entering properly:* To setup this strategy properly you are going to want to wait for a price that breaks out of its range or consolidation pattern before choosing an entry point which is currently trending. The price you chose must successfully retest to the 20 EMA more than once before you can move forward with confidence.

In order for a retest to be considered properly successful, you are going to want to ensure the price reaches the desired EMA before going back to moving in the opposite direction. If you are looking at a candlestick chart you will see that the first candle touches the 20 EMA and closes on the side of the EMA it started from. This candle is what is known as the signal candle as the price will then bounce from the 20 EMA allowing you to wait and see if the next candle created will move in the same direction or mix things up. The candle that is created next is then known as the confirmation candle as it confirms the movement one way or the other.

*Other things to keep in mind:* First and foremost, if you are looking for additional confirmation before making a move, you can look for a recognizable candle pattern to confirm what the Bladerunner strategy is already telling you. While this might seem too simplistic to work properly, the fact of the matter is that these types of fundamentals will remain relevant regardless and price action is always going to need to be factored into any trading decisions you make when it comes to determining a true entry point. You will hardly ever want to make a trade based purely on the fact that you

notice a rebound on the price after it hit the 20 EMA.

Additionally, you are always going to want to aim for a confluence of reasons to enter a specific trade as opposed to just banking on the rejection of the 20 EMA. This means you are going to want to wait to see the rejection and ensure that it takes place at the same point as before based on the relevant level of support or resistance. Alternately, you can also hope to find parity between the pivot point and the price impact point that relates to the currency in question.

Furthermore, you are going to want to always be aware of the likelihood that a major news announcement is going to take place during the timeframe you are focusing on for this strategy. This is particularly useful if you are planning on using long-term charts. You are going to want to avoid using this strategy up to an hour before a news release and at least 15 minutes after one is released to give the market some time to settle down before you make your move. Doing so will make it easier for you to prevent the data from becoming skewed in a way that is extremely unreliable.

When using this strategy, you are always going to want to make a point of trading in line with the current trend based on whatever side of the 20 EMA the price came down on.

## **Placing orders**

While the parameters outlined below recommend spreading each entry across two orders, one order and one position per trade is also effective. However,

two positions are often preferable as it will provide you with a greater level of flexibility when it comes to exiting the trade in a profitable position.

*Long entry:* For a long entry you are going to want to start by placing a pair a pair of stop orders to buy at an entry point 2 pips above the point that was confirmed by the confirmatory candle. These orders should be set to expire at the start of the next candle window. For example, if you started on the five-minute chart then your stop orders would expire when the next five-minute candle started. The exception to this rule being if they end up being terminated due to price action before the next candle has a chance to form. The profit takeaway from the first order will be a set amount equal to the risk inherent in the pips you chose. The profit takeaway from the second order would then be a set amount equal to double the inherent risk in its pips.

*Short entry:* In order to set up a short entry successfully, you are going to be by placing a pair of sell stop order with an open entry point that is 2 pips below the point the confirmatory candle indicated. These orders should be set to expire at the start of the next candle. For example, if you started on the five-minute chart then your stop orders would expire when the next five-minute candle started. The exception to this rule being if they end up being terminated due to price action before the next candle has a chance to form.

From there, you will want to place the stop loss at a point that is 2 pips above the point where the signal candle first met the 20 EMA. Don't forget, this is just a general guideline and you may also want to place the stop at a point above the swing point to ensure a stop that is properly realistic. Finally, the profit takeaway from the first order will be a set amount equal to the risk

inherent in the pips you chose. The profit takeaway from the second order would then be a set amount equal to double the inherent risk in its pips.

*Stop trailing:* Once the price has finished moving in the direction you were expecting by the amount equal to the amount of its initial risk, then one of the orders you place will close after it reaches the anticipated amount of profit. The second order will then be moved to a breakeven scenario. The second order will then be left near the breakeven point until the market closes out the trade via stopping out at the breakeven point or possibly reaching the target profit amount. If you know another announcement is forthcoming, then the best course of action at this point is to allow it to continue to trail beyond the breakeven point, assuming you expect the news to break in your favor.

*Polarity indicator:* In order to use this strategy as effectively as possible, you may want to use the forex polarity indicator in addition to your other favorite indicators. In this situation, you will find that you will use it in much the same way you would a mid-Bollinger Band, or even the 20 EMA. The polarity indicator combines these two indicators which are often used in the major trading houses where the price influences are felt more keenly.

In order to utilize this indicator to the fullest, you will want to start by plotting out the polarity indicator as a means of establishing a trend as in addition to any relevant biases. If you find the price trading at a point that is above the polarity indicator, then the trend can be considered bullish and if it is currently trading at a point that is below the polarity indicator, then it is bearish. Regardless, you will want to wait for the price to break past the dominant position. Once this occurs, you will then wait for the return before

using the resulting candlestick to retest the polarity indicator one more time.

The ribbon that is created when you utilize both indicators will provide you with additional detail about the movement and help you guard against false positives. Furthermore, doing so will allow you to determine if a signal that you take to be weak is actually strong enough to base a trade around. Using both indicators at the same time is an effective way to continue making profitable trades even if you find the price to be stuck within a less than ideal range over a prolonged period of time as it clears out all of the false signals.

If you use both indicators, then they typically provide you with a zone you can count on to cause the price to react. If the price stops below this signal zone, then it will typically reject and move back to the short side after it enters and if it dips down to the zone then you can expect it to slowly come back down before retesting in the area that is bounded by the pair of indicators before ultimately going back up once again.

### **Bladerunner reversal**

The Bladerunner reversal strategy is a useful way to successfully tackle a crossover strategy. A variation of such also uses the polarity indicator as well as the 20EMA or the Bollinger mid-band. Keep in mind, however, that if you do use the polarity indicator you will not see the standard cross as it is likely to only become apparent if you first analyze the yellow band that you will notice expanding and contracting, assuming you use the mid-Bollinger band and the 20 EMA at the same time.

The biggest difference with the reversal variation of this strategy comes from the fact that it trades based on the crossover of the two indicators. Specifically, the Bladerunner prime strategy encourages you to wait out a confirmed trend before trading the bounces opposite the direction the trend is moving. However, the reversal comes into play once the trend is already up and running and the price is ready and willing to reverse in order to close on the far side of the same polarity indicator. Both of these strategies still trade in the direction the trend indicates as determined by the closing price on the side of the polarity indicator that benefits either the short or long call depending.

The pattern that you are seeking out in this instance is for the price to break out of the channel and then trend with significant strength in a single direction. It will then stall and reverse course before passing through the polarity indicator and coming back to retest the chosen indicator from the opposite direction. For example, consider a scenario where, during the Asian session, the price is going to decrease until it breaks through the weekly pivot point before stalling and reversing at the nearest round number. The price could then easily form another indecisive band for the entirety of the remainder of the Asian session before seeing yet another surge below the point of the polarity indicator.

The result of all of this is that the price jumps from the round number only to ultimately close on the far side of the polarity indicator. After this occurs, the mid-Bollinger band and the 20 EMA will have both crossed over, giving you a stronger crossover signal. Furthermore, you will also need to keep an eye on the engulfing candlestick pattern as if it is bullish then this signals a strong possibility of a future entry point based on either a secondary bullish

engulfing candlestick assuming it close above the current range or presents as a morning-star pattern.

This example will only work if you have a bullish perspective on the market as a whole. Alternately, if you were bearish on the state of the market then you would use the same strategy, you would just approach the trade from the opposite direction. This would mean that an upward move would need to be completed before the price can successfully break through in order to return back the way it came multiple times. Each time it should crest beneath the polarity indicator and create an evening star pattern instead.

Utilizing both the Bladerunner reversal and the standard Bladerunner strategy in the same session is a great way to accurately cope with a price that is not trending in a single direction for any prolonged period of time. Doing so effectively creates a reliable EMA scalping strategy.

---

## CHAPTER 10: TIPS FOR SHORTENING YOUR TRADING WORK WEEK

---

Early on in your new trading career, you are going to have to accept the fact that you are going to need to work harder than the traders who have been in the game longer in order to achieve the same results. It is only natural, after all, as you have to put far more time into covering the basics while they only need to check in on the things that change from week to week. As such, as you become more proficient at trading in the forex market you will find that you are able to naturally do more with less. The following tips and tricks will help ensure you get to that point as quickly as possible.

*Be aware of overtrading:* First things first, even if you are just getting started, it is important to understand that sometimes the best way to win is not to play. Simply put, if you feel the available selection, or market as a whole, is poor, then the best option is going to likely be holding out and waiting for things to improve before you waste time working towards a suboptimal goal. Time and time again, undisciplined and hyperactive investors run their portfolios into the ground by increasing their costs, decreasing their tax benefits and missing the natural action of the stock markets. Getting a grip on how often they pull the trigger is crucial in keeping their portfolio moving in a positive direction.

The simple fact of the matter is that even if you are staying away from the worst of the worst trading scenarios the odds are still fairly high that you are trading more frequently than the pros. In fact, if most professionals traded as frequently as the average private trader then they would lose their jobs. Keep in mind that the service fee you pay on a commission can seriously cut into your overall profits, especially if they happen far more often than they should. As a general rule, you should aim to limit your trading costs to between one and two percent of your total portfolio if you are aiming for returns that rest firmly in the double digits.

*Understand the spread:* In addition to trading costs, many traders that are overtrading aren't taking the bid-ask spread into account properly. As there are very few limitations when it comes to the forex market, the spread you might find in some scenarios could be dramatically skewed against you, and this is something that you will need to keep in mind if you want to keep your profits in tip top shape. Even if you aren't spending all that much per trade, at face value, you could easily end up spend about five percent of the cost of the trade on a spread, which can really add up over a year or more.

*Taxes:* Assuming you are good (and lucky) enough to pull off a profitable year trading in the forex market, then it is going to eventually be time to pay taxes on your good fortune. Unfortunately, if you are very good (or very lucky) and make a fair amount of profit, this can push you into a higher tax bracket which is why it is important to handle your profits carefully. Making more while working less is all about holding onto as much of your money as possible, including during tax time.

*Consider slow turnover:* It's not just that heavy trading can take its toll on a portfolio; it's that the absence of lower turnover can also rob a portfolio of valuable components. Trying to follow every up-and-down tick of your favorite currency pairs, plus all the news headlines that could affect them, can leave many investors feeling a little strung out. As a consequence of being overloaded, many investors' psychology becomes more erratic, and they make investment choices on adrenaline and impulse. Trying to time trades distracts many investors from doing critical research.

Regardless of the type of trader you are, it is important to not let over trading get in your way, and if you started off trading more than you should, ween yourself off this crutch as soon as possible. In fact, the odds are good that if you lower your turnover rate and spend the time you used to spend trading doing research, then the trades you do end up making are naturally going to be more effective as a result.

Generally speaking, one of the biggest missed opportunities when it comes to maintaining a high-turnover portfolio comes from missing out on guaranteed profits that come along with regular interest payments. In fact, some studies estimate that interest payments account for as much as half of the overall long-term growth.

### **Overtrading alternatives**

*Diversify:* Regardless of your motivations, there are almost always going to be more effective ways of trading than by overtrading on a regular basis. If you do prefer to micromanage your trades, one of the first things you are going to want to do is to diversify the currency pairs you are holding as not

focusing all of your energy around a single currency pair will naturally lead to less micromanagement as you don't have to worry about one bad trade completely wiping out your trading capital.

Even if you find that you are making approximately the same number of trades on the surface, the amount of work required will be lower, decreasing the overall amount of time spent as a result. You are also far less likely to make any trading mistakes, as you will be making fewer trades, improving your overall results in the process.

*Get someone else to do it for you:* Of course, one way to decidedly shorten the amount of time you need to put into the process is to find someone else to manage your trading capital for you. You can still tell them what type of strategies you prefer as well as what your short and long-term goals are, but then you will be able to sit back and watch as they do all of the heavy lifting. You aren't going to be able to buy into these types of services cheap, however, as you will need to have a minimum of \$50,000 in available trading capital to apply for most privately managed forex accounts.

*Be realistic:* The fact of the matter is that in order to be a successful, active, trader you need to be willing to dedicate a large portion of your waking life to the enterprise. Not only that, but if you can't remain on your game at all times then you are likely going to end up with a loss when everything is said and done no matter how rapidly you trade. If you don't have the ability to trade at the highest level, then you will almost always find more success by taking a more measured, less time-intensive approach to trading.

*Consider the long-term:* While taking a short-term approach to forex trading can result in some decent returns in decent timeframe, if you aren't planning on doing much with your profits at the moment, then taking a long-term approach will not only cut down on the amount of work you need to do regularly, it will likely benefit you far more down the line.

Essentially, when you reinvest your early profits back into the market, you stand to make quite a bit more in the long-term, especially if you have a timeline that accounts for decades of potential growth. Reinvesting both early and regularly is crucial when it comes to maximizing your profits in both the short and the long-term.

To understand what compounding can really do, picture a 25-year-old who is looking to be a millionaire by the time they retire. In order to do so, they will need to save \$900 each month for 40 years, assuming they see a poor 5 percent yearly return on their investment. However, if they wait 10 years to get started then they are going to need to save about \$2,000 a month for the next 30 years to get to the same point. Furthermore, if they waited 20 years they would need to save \$4,000 a month to reach the same point.

In addition to getting started as quickly as possible, it is also important that you understand your personal investment habits in order to ensure that you are helping, rather than hindering, your investments. Don't forget, no strategy is going to be the right choice for everyone, and it all comes down to how comfortable with risk you are.

You are also going to want to consider your goals when it comes to investing as these can easily affect the outcome of the strategy that you ultimately choose. This could be something reliable, such as ensuring that your initial investment isn't lost no matter what, or it could be something a good deal riskier, counting on the larger risk to lead to greater rewards more often than not. The specifics themselves aren't as important as the fact that once you set a plan you make the decision to stick with it no matter what. When it comes to making your plan, don't forget it doesn't take place in a vacuum which means you may have numerous different external factors to consider as well.

### **Consider your research**

Regardless if you prefer fundamental or technical analysis, you have likely gotten used to doing far more research than you do actual trading. After all, regardless of what indicators or trends you favor, it seems as though there is always something new to investigate further. Unfortunately, until things play out, there is no guarantee that the research you are doing is actually going to produce any positive results, ensuring that every minute spent researching is naturally infused with a little bit of risk. After all, regardless of the direction a given currency pair is expected to move, it can spin the opposite direction with little notice.

Research often builds in a directional bias as well. This can mean that a trader will only trade in one direction based on his or her research, even when price indicates the opposite. While it is prudent to "trade with the trend," only looking at one side of the market can lead to missed opportunities or, even worse, failure to realize when we are on the wrong side of a trade.

Luckily, if you stick to short-term trades you will have a greater ability to

react in a nimble fashion, moving in and out of positions as the market demands. As such, doing too much research can actually tie you too closely to a given course of action, making you less nimble in the process.

*Trying something else:* One alternative to the level of research you will likely find yourself doing as a novice forex trader is to instead look into the currency pairs that are going to be most likely to be tradable every day based on their daily statistics. As such, if you cast a broader net, and watch a number of potential options, when one of them pops, you will still be ready to maximize your profits as thoroughly as possible. What's more, you also eliminate directional bias as you are able to move in multiple directions depending on how the market ultimately shakes out.

To decrease your workload even more, you could work from a longer timeframe so that you only have to do your research once a week, or even once a month to remain moderately competitive. Depending on the types of trades that you are interested in, you should be able to set the screen to look for small and consistent movement just as easily as large, slower options as well.

### **Time sinks to avoid**

*Not using the 80-20 rule:* The 80:20 rule states that 80 percent of the results you see from trading should come from 20 percent of your actions. While this is easy to say, many traders don't fully understand what parts of the trading process should be emphasized and what should be kicked to the curb.

Generally speaking, you are going to find better results if you spend your time doing things like reviewing your performance and creating guidelines based around it that match your trading strategy. You will also want to spend time curating your watchlist of viable currencies, ensuring you have a quality price alerts set up and journal regarding your success and your failures.

You are going to want to keep detailed notes related to all the trades you make to help you determine personal patterns that otherwise may not be visible. This means you are going to want to keep track of not just success and failures, but how given trades were determined and your emotional state throughout. Once you have enough examples to see the patterns you will want to strengthen the positive ones through conscious usage and do your best to minimize the negatives.

Meanwhile, you are also going to want to avoid doing things like switching timeframes and currency pairs too frequently or watching your trades as they move pip by pip. Additionally, while you may find viable strategies from talking to other traders online, you will only waste time by getting into social media wars or hoping on every new trading method that comes along. Now many of these things are going to be habits you pick up in the early days of forex trading, and that is to be expected. As long as you are aware of the things you are doing and take the right steps to ween them out of your daily trading habits then you are well on your way to shortening your trading work week substantially.

*Not getting away from micromanaging:* While early on there are likely plenty of viable reasons for you to micromanage your trades, in order to successfully

cut your trading time down to just 30 minutes per day, you are going to need to actively work to avoid this practice. In addition to frequently leading to a wide variety of mistakes as they watch their trades move pip by pip, many new traders waste time doing things like second guessing themselves by moving stop losses around or looking for additional confirmation from third parties. Both of these add nothing productive to the process and only increase the likelihood that mistakes are made by adding more cooks to the kitchen.

Another serious issue that this type of activity often brings about is changes to the trading plan that are made in the moment. Now there is certainly a time and a place for improvisation, in the middle of a trade that is going well, for no other reason than because you were bored is certainly not one of them. Trading successfully is all about being able to stick to a plan in a way that is reliable enough to be counted on no matter what, the fact that it also means you don't have to spend countless hours micromanaging each and every trade is just an added bonus.

To avoid these mistakes, you are going to want to work towards making more trades of the "set it and forget it" variety. By seeking out trades that are as low-volatility as possible, you will be able to set your limits when it comes to profits and losses, and then not have to worry about looking at your trades again, except to check in once and a while to ensure that things are proceeding according to plan. After all, the price of the currencies is going to do whatever it is that they are going to do which means that there is very little for you to actually do assuming you proceeded correctly up to this point.

This sort of approach has the potential to not only improve the quality of

one's trading, but it also boosts the performance when traders stop micro-managing their trades. The main reason why traders can't stop this habit is because they don't trust their system, they only think about the money involved, they haven't validated their edge or don't have any trading rules at all. Once you are ready to start actively thinking about minimizing your time spent trading, you are also ready to start trusting yourself. Stop worrying about keeping a close eye on everything, it is time to learn to trust yourself and your system.

*Not fighting boredom:* Another common mistake that many new traders make is not taking into account that large swaths of trading are extremely boring, and micromanaging your trades is even more so. Not taking this boredom into account early on can easily lead to an increase in mistakes that stem from a desire to do something, regardless of the results, just to watch something happen.

Needless to say, boredom is an extremely dangerous emotion and will lead to nothing but poor trading decisions if not kept in check. Luckily, as you make an active effort to cut down on inessential trading time you should find that you are naturally spending less time staring at a screen, so the problem should solve itself.

*Not choosing the right trades:* A successful trade is always going to be built on a measured approach. To ensure this is the case you are going to want to begin by choosing the type of forex pairs that align with your goals as well as your temperament. Furthermore, you are going to want to take any external knowledge you might have into account when choosing the pairs to focus on.

Regardless, it is important to always take the following three main aspects of every trade into account before you make any decisions.

First and foremost, you are always going to want to trade in a timeframe that you are comfortable with. Doing otherwise will simply lead to scenarios where you are not at your best because you are impatient or just plain nervous. While you were still trying to improve your overall trade percentage, you likely tried to stick to the shorter charts to help you become truly comfortable dealing with the potential for risk that holding pairs for longer timeframes can cause. That time has passed, however, and now you should focus on longer timeframes, bigger payoffs, and less work.

When it comes to choosing a methodology to use while trading it is important to focus on what works for you instead of bouncing around based on what is popular in the moment. It is important to remember that every trader is going to have good days and bad days and if you can find a methodology that is successful at least 60 percent of the time then you are well on your way to success. Switching your tactics constantly is only going to skew your stats so you won't be able to determine the true cause of either your successes or your failures. What's worse, changing constantly will make it difficult for you to learn the intricacies of the methodologies you use meaning they will be less effective in even more scenarios.

---

## CONCLUSION

---

Thank you for making it through to the end of *Forex: Proven Forex Trading Money Making Strategy – Just 30 Minutes a Day*, let's hope it was informative and able to provide you with all of the tools you need to achieve your goals, whatever it is that they may be. Just because you've finished this book doesn't mean there is nothing left to learn on the topic, expanding your horizons is the only way to find the mastery you seek.

Specifically, if you are dedicated to the idea of making the most money possible from the forex market while putting in as little day-to-day work as possible, then you are always going to be on the lookout for additional ways to streamline the experience. Whether this is by improving the way in which you determine your trades, removing your bad habits from the equation, researching more efficiently or some combination of the three, the only way to ever improve is through hard work and dedication.

While early on it will likely feel as though there is nothing you can do to ensure you trade as effectively as possible, with time you will learn where your strengths and weakness lie, as well as what you can do to correct them.

Don't expect this understanding to come overnight, however, as you will only learn where you can improve after plenty of trial and error has taken place. If you start out trying to minimize your time right from the start, you won't get anywhere, you have to have a basic understanding of the process before you can ever hope to improve. Always remember, learning to find success without spending all day trading in the forex market is a marathon, not a sprint, which means slow and steady wins the race.

Finally, if you found this book useful in any way, a review on Amazon is always appreciated!