FSW MEMO GUIDE

INTRODUCTION ON PAGE 3

In this memorandum you will be taught about the money-making secret which has made fortunes for thousands of extremely rich traders. The secret was discovered long time ago by the earliest retail traders after they had encountered so many losses in the foreign exchange market, and it managed to give them a stupendous fortune.

After this secret had been put to a practical test by the earliest successful traders, they began to realize that it is highly impossible to accumulate wealth as a trader without the secret. They had arrived at this decision after they had made millions and even billions of dollars with the help of the secret, while those who are without the secret are failing to accumulate riches.

The secret has been mentioned countless times in this memorandum, but it has not been directly named, because it works more effectively when it is merely uncovered and left in sight, for those who are ready, or chasing for it, may pick it up.

It is proven that no trader has ever become successful without coming across the secret. About 10% of all retail traders globally are using the secret, and they try by all means to hide it from the other retail traders who are without the secret. They hide it by misleading them that the market direction is predictable, so that the other retail traders will keep on pumping money into the market, while behind the scene they are shifting/dragging the price to their targets, using Newton's first law of price motion.

WHAT IS FOREX ON PAGE 4

The foreign exchange market (Forex, FX, or currency market) is a global decentralized or online market for the trading of currencies. This market determines foreign exchange rates for every currency. It includes all aspects of buying, selling and exchanging currencies at current or determined prices. In terms of trading volume, it is by far the largest market in the world.

The main participants in this market are the larger international banks. Financial centers around the world function as anchors of trading between a wide range of multiple types of buyers and sellers around the clock, with the exception of weekends. Since currencies are always traded in pairs, the foreign exchange market does not set a currency's absolute value but rather determines its relative value by setting the market price of one currency if paid for with another. Ex: USD 1 is worth X CAD, or CHF, or JPY, etc.

What Is Liquidity?

Liquidity refers to how active a market is. It is determined by how many traders are actively trading and the total volume they're trading. One reason the foreign exchange market is so liquid is because it is tradable 24 hours a day during weekdays. It is also a very deep market, with nearly $5.3 trillion turnover each day. Although liquidity fluctuates as financial centers around the world open and close throughout the day, there are usually relatively high volumes of forex trading going on all the time.

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APPLYING NEWTON'S FIRST LAW OF MOTION IN THE FINANTIAL MARKET ON PAGE 8

According to the earliest retail traders who discovered that the market is designed by Newton's first law of motion there are two types of concentrations in the market; Sellers concentration and buyers concentration, and it is of great importance for all retail traders with a burning desire to trade like the world's top traders to know that concentration in the market signifies the total lot size of the buyers or sellers.

After knowing what concentration means in the market, it is also important to know what causes the price movement, because 90% of all traders globally are losing money in the market due to failure of understanding what causes the price movement. As traders we all know that the price has only two directions, it can either go up or down as shown in example 1 below.

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Sellers concentration: is the total lot size of all the opened sell orders in the market.

Buyers concentration: is the total lot size of all the opened buy orders in the market.

NEWTON'S FIRST LAW OF MOTION ON PAGE 9

Newton's first law of price motion:

States that the price remains at dynamic equilibrium or moves with a constant speed, unless an unbalanced force act upon it.

WHAT MOVES PRICE IN THE RETAIL INDUSTRY ON PAGE 10

Retail traders believe that the price can either go up or down due to political events, and it can also be predicted with chart patterns and indicators, which is the main reason why they are failing to be profitable. For example; a retail trader will take a buy order due to a break out of a channel, or a sell order due to a touch of a moving average, as illustrated in example 2 and 3 below respectively.

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WHAT MOVES PRICE ACCORDING TO SUCCESSFUL TRADERS ON PAGE 11

All successful traders know that the price of any currency pair moves due to the sellers concentration and the buyers concentration, which is very crucial for retail traders to know in order to be profitable as well. The sellers concentration accelerates the price upwards by applying an upward force on the price, whereas the buyers concentration accelerates the price downwards by applying a downward force on the price.

In example 2 on the previous page, a retail trader has opened a 0.2 buy order on EUR/USD, which accelerates the price downwards by applying a downward force on the price, and a liquidity provider has also opened a 0.2 sell order, which accelerates the price upwards by applying an upward force on the price. The lot sizes of the retail trader and the liquidity provider are equal, and they are applying equal forces in opposite direction on the price, resulting the market to be at dynamic equilibrium as shown below.

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Force: is the work done by a lot size to push the price up or down, measured in Newton (N).

Acceleration: is the rate of change of speed caused by Sellers concentration and Buyers concentration measured in pips.m^{-2}.

Dynamic equilibrium: it's a state in the market where by there's equal Sellers concentration and Buyers concentration, presented by candles being formed within a channel on the chart.

UPWARD AND DOWNWARD ACTION ON PAGE 11

Referring to example 5, let's assume that these orders; the retail trader's order (0.20 buy) and the liquidity provider's order (0.20 sell) are the only opened orders present in global exchange. If a downward action or upward action is not taken by one of these opponents upon their orders, the market would remain at dynamic equilibrium forever, as stated by Newton's first law of motion.

The retail trader has to take an upward action in order to make profit, and the liquidity provider has to take a downward action in order to make profit as well. An upward action is a decrease of the buyers concentration which reduces the downward force applied by the buyers concentration on the price, resulting the price to shift in the direction of the upward force applied by the sellers concentration on the price, and a downward action is a decrease of the sellers concentration which reduces the upward force applied by the sellers concentration on the price, resulting the price to shift in the direction of the downward force applied by the buyers concentration on the price.

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Upward action: is a decrease of the buyers concentration which reduces the downward force applied by the buyers concentration on the price, resulting the price to shift in the direction of the upward force applied by the sellers concentration on the price.

Downward action: is a decrease of the sellers concentration which reduces the upward force applied by the sellers concentration on the price, resulting the price to shift in the direction of the downward force applied by the buyers concentration on the price.

HOW MOST RETAIL TRADERS TRADE AND WHY THEY LOSE ON PAGE 24

The exchange of foreign currencies first occurred during ancient times, when money-changers were making profit by helping people to change money and charging a fee out of that. During the ancient times, trading was taking place over the counter, whereby people had to come to a money-changer and buy the currency they want, then if the currency that they've bought gains value, they sell it back to the money-changer and earn profit.

Few years later online currency trading was introduced by the commercial banks to facilitate trading, whereby money-changers became brokers and the customers of the money-changers became retail traders. Trading became easy for the money-changers (brokers) at this point because they started to earn profit through charging a commission for sending the order requests of the retail traders to the commercial banks.

At the beginning of the online trading all the retail traders couldn't make profit, because they thought that the online trading works similar to the counter trading which they were used to, whereby they had to check the exchange rate (fundamentals) first, before they buy or sell any currency.

Commercial banks: are the big banks that provide liquidity to the forex market like; JP Morgan, UBS, XTX Markets, Deutsche Bank, Citi, HSBC, Jump Trading, Goldman Sachs, State street corporation, Bank of America Merrill Lynch.

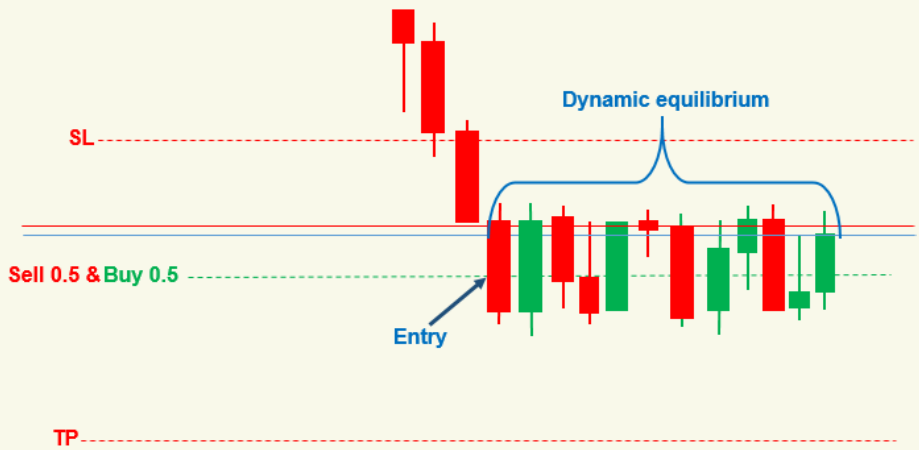
Brokers: are intermediary financial service providers that give retail traders a platform to trade with the commercial banks, and charge a commission for providing the service.

As time passed by, about 60% of the retail traders started to realize from their losses that the online trading works differently from the counter trading. They discovered that it obeys Newton's first law of motion, and after discovering that they started to be profitable, resulting little profit flowing to the commercial banks. All those who discovered the secret they managed to accumulate wealth, and became the most powerful people who ever lived.

Little profit flowing into the commercial banks became an alert to the financial authorities that most retail traders are discovering the secret. False or misleading information had to be made by the financial authorities to prohibit the secret from being discovered by retail traders. This misleading information was given to all the brokers to spread it out globally, so that new retail traders get misled and fail to discover the secret. And indeed this misleading information succeeded to protect the secret, because today there's 90% of retail traders who believe that the market direction can be predicted.

TECHNICAL ANALYSIS VS LIQUIDITY PROVIDER ON PAGE 26

Example 6



Considering example 6 on the previous page, a retail trader Denis Martez saw the price of EUR/USD dropping drastically and opened a sell order of 0.50 lot. And a liquidity provider had to open a 0.50 buy order behind the scene, eventually the price got into a dynamic equilibrium for 12 minutes.

1. Why the price got into a dynamic equilibrium?
2. The liquidity provider takes an upward action of 0.05, what will happen on the price? Also show by a diagram.

Answers

1. The price was going down due to a downward action made by the liquidity providers, and as the price was dropping it eliminated all the stop losses of the other retail traders, at Denis's entry point the liquidity providers had taken profit from their sell orders, and then eventually the price got into a dynamic equilibrium, because Denis's order and the liquidity provider's order are the only orders present in global exchange, and yet no upward/downward action had been taken by these two opponents.

2 The price will go up at a speed of 7.5 pips/m and hit Denis's stop loss due to the upward action taken by the liquidity provider which generated a net force of 11 N that pushed the price upwards.

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FUNDAMENTAL ANALYSIS VS LIQUIDITY PROVIDER ON PAGE 39

Fundamental analysis is a system which is used by retail traders to predict the market direction, whereby they listen to news and also check out political events of different countries.

Example

It is a Friday of the first week of the month, 6 retail traders have checked out the news and saw the Non-Farm Payrolls (NFP) positive for the United States Dollar, and opened sell pending orders on EUR/USD, the price went down and triggered all the sell pending orders, behind the scene a liquidity provider had to open buy orders of the same lot sizes as requested by the 6 retail traders to complete the transactions, at the last order request the liquidity provider applied an upward action of 0.25 and the price shifted up drastically about 400 pips and hit all the retail traders stop losses as presented on the diagram below.

* Why the price did not fulfil NFP results?

ANSWER

The price doesn't know about NFP, it only knows the sellers concentration and the buyers concentration. If the price had to obey the NFP results by depreciating drastically as stated by the results, it wouldn't have funds to pay the last retail trader's order because the liquidity provider has already removed his buy order of 0.25 that had to exchange with it. So according to Newton's first law of price motion, the liquidity provider has caused an inequality of concentrations in the market by removing his buy order which resulted to a net force of 55 N that pushed the price upwards.

HOW SUCCESSFUL TRADERS SHIFT THE PRICE ON PAGE 44

No trader has ever become successful without understanding that the market was designed by Newton's first law of motion, which was then called Newton's first law of price motion. ***The law states that the price remains at dynamic equilibrium or moves with a constant speed, unless an unbalanced force act upon it*.** Every successful trader knows the law and they shift the price due to the knowledge they have about the law. This memorandum contains the actions which are capable to shift the price drastically, and which are used by the successful traders. They apply the law in the market using automated trading, which is preferred by almost all of them as it's capable to open a bunch of pending orders in seconds, and applies a fast and accurate action which cannot be done by manual trading. This helps them to shift the price drastically to their targets in few seconds.

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