**CHAPTER I**

only a genius can turn problems into profits  
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In this chapter, you’ll learn how a proper mindset and sound positioning can help you to turn trading risks into tremendous profits, regardless of how the market may seem to move against you (in the short-term).

**PROBLEM-SOLUTION**

In the high-leverage trading arena, most retail traders lose money. Those who make big money are institutional traders. So, to make good money in this game, you should become one of those institutional traders - starting out with a small fund and grow over time. This book and the training thereof are all about how to make this reality happens for you.

**PHILOSOPHY**

If life unfolds itself as we projected, chances are we only have little gains from it. Why? Because most human beings do not have the faith to Think BIG. We think small and expect little. The worst part is that even our little expectations rarely turn out the way we expected. Worn out by shattered dreams, we scale back our imaginations and be content with whatever life happens to offer. We expect little, so we would get less than little. There is rule of thumb for losers, they would always get less than they expected.

However, those who have a winning attitude don’t expect life to be easy. The winners believe that, unless one can turn situations into fortunes, there’s no way a person can get ahead in the game of life.

The winners believe that to be successful in life, one needs to be able to solve many sets of problems. The art of success is all about problem-solving skills. If you can solve very difficult problems, the rewards are tremendous.

To solve problems, you need to be able to formulate solution-oriented approaches. These approaches need to be conceptualized into possible working models. These models need to be proven philosophically, mathematically, and by real-life implementations, which produce consistent controllable and valuable results.

Some intellectual giants - including but not limited to - like Einstein and many others have argued that imagination is more important than knowledge and hard works, more than degrees and credentials. But why so many imaginative people still failed? Why most dreamers still have to wake up amid all these reality strikes of life?

The answer is: imagination alone is not enough. Most imaginary concepts are rather vague, not applicable, and useable.

It would take an intensive disciplinary thinking process to mold vague imaginative ideas into well-defined working models that would lead to success.

Now, having few general assumptions as a paradigm-framework for trading, what should we do to form these assumptions and principles into a successful working model?

**SOLUTION**

As an institutional trader, you should be able to choose what to trade, when to trade, and how to trade.

If you don’t know **what** to trade, then let us suggest one instrument: Gold Future. Why? Because you can exploit very high leverage to make great money. In other words, with a very small fund, you can make good money percentage-wise – I am talking about 20% -30% monthly.

The first question tackled. Let’s move on to the second: “**When** to trade?” The answer is Now. But again why? The answer is that after the FED has inflated the USD after COVID relief packages, Gold has no choice but goes up in price. This is a safe speculation based on a mathematical principle of calculus as follows:

Let’s define the gold instrument as GOLD/USD.

 So, when USD goes to the limit of positive infinity, GOLD will rise in value, based on the USD denominated pricing, which means which the same amount of dollars we can only buy less gold, or in other words, we can only by the same amount of gold if we have more dollars.

Thirdly, the hardest question to answer is: “**How** to trade?”

This is when you should need us. Without being properly trained - both from the philosophical thinking intellectual framework for this specialized field of trading, the strategies, tactics, even down to the mechanics of trading, which all packaged into the system which delivers you a turn-key operation, which will ultimately offer consistent and predictable profits overtimes, with very little and manageable risks - you simply cannot make money.

This little book only offers a surface skimmed-through introduction into this world of very specialized high-leverage trading. After reading this book for the first time, maybe you’ll understand anywhere from 5% to 10% of the subject matter, and therefore not ready to make money in the real world of trading. To be properly trained to be a professional fund manager, you should come to our onsite training seminar. It’s a must.

Here the registration info: <https://mcaforex.com>

Even if you attempt to read this book many times over, chances are you’ll get confused. However, with all the resources we have in the classroom: the math-modeled Pre-Trade Simulator (**PTS**), an active fund being traded right in front of your eyes, and many other resources, you’ll be able to understand the whole picture and the entire game. Nothing is like a hands-on experience.

**STRATEGY and TACTICS**

We long gold because has the FED keeps printing USD and pumping credits into the US Dollar system, the USD must inflate. Therefore, in the long run, gold either disappears or rise in price - no other options. The odds of gold losing all its value is slim to none. Long human history has proved that. It’s safe to argue that the odds for the USD to inflate is guaranteed. Moreover, taking the stance that gold would outlive the USD is a very safe bet.

Secondly, now we have decided to long gold. But how? What strategies and/or tactics that we should use to reduce the trading risks and optimize the potential gains?

If you buy gold now, and if in the short-term timeframe, gold drops its price, then you would lose lots of money. Using a high-leverage account, you could potentially be wiped out completely. So, what are the safe trading operations that you should deploy to safeguard your trading accounts?

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Let’s come back to the subject. Now that we project gold price will rise in the long run, so we decided to long it. If gold's price will rise immediately after we buy it, then we would make very little money. However, as soon as we buy gold, its price drops - which is against our expectation – what should we do next?

Well, we can convert anti-expectations into more profits. So, how exactly can we make more money when the market is against you? What’s the logic?

The answer is: Applying the TRENDING-COST-AVERAGE strategy into trading.

So, what exactly is Trending-Cost-Average (**TCA**) trading strategy?

We build the cost-average trading tactic on top of the assumption that in the long run, gold should be trending upward.

That means when gold drops its price, we spread out our capital and gradually enter into more long positions, so that when gold price rise again, we should take profits.

To understand this strategy, let’s get into the trading game. Following are the rules of the game.

**THE RULES of OUR TRADING TACTICS**

We disregard and truncate the decimals in gold's price, and only interested in the full dollar numbers, which we call the Price Point. For example, 1901.50 and 1901**.90** are the same, which is Price Point 1901.

 We must define the trading range, by **eTP** and **mTP**.

  For each Price Point within the trading range, we would only buy 1 ounce of gold, NO MULTIPLE TRADES for the same Price Point.

To make our lives and works easier, we should use the trading simulator – which will be provided in the onsite seminary - to project the trade operations BEFORE executing your trades.

**USING THE CLASSROOM TOOLS (available for onsite training only)**

Using these tools, let’s simulate the first trading operations scenario.

**DEFINITIONS**

The trading range is defined by **eTP** and **mTP**. Please refer to the glossary for in-depth formal definitions.

**rAP** is the real average profit per trade, which has the volume of one troy ounce of Gold.

**aP** is the accumulated trade positions, which is the sum volume of the position size of the trade’s operation.

**P** is the profit.

**PrPt** is the Price Point, which is the distinct gold price without any decimal. For example, 1901 to 1903 is two price points.

**CASE STUDY 1 (simple gain)**

Our trading capital is $11,000.

It’s Monday morning. Let say the current gold price is 1850.

We expect the intra-week high gold price to be around 1950.

We define the trading range between 1850 ... 1950.

So, we spread out our capitals, and therefore, for each price, we buy ONE ounce of gold.

Within the same week, gold gets to 1950, which is our projected/expected target profit price. We cash out for profits.

The result: we bought 100 oz of gold with an average price of 1900. So, on average, for each ounce of gold, we would make $50.

Therefore 100 x $50 = $5,000 profit.

So, a 45% gain on the account within a week is not a bad idea.

Let’s take a look at the following illustration:

A flat screen television

Description automatically generated

Illustration I

**Formula**:

**P**=**aP**\***rAP**

Where, in this case, aP is 100, rAP is 50, and P is $5,000.

**ELABORATIONS**

This book is written in the reversed-pyramid information model, where the most important information is being presented first, then the not-so-essentials, which are presented in the elaboration area. If you feel like you’ve mastered the philosophies and practices in this book, then go ahead and jump down to the RECAP part at the end of this book. However, if you feel the need for more understandings, please continue reading.

Most retail traders have the following mindset and accordingly characters:

* Having small accounts
* Unrealistic profit expectations
* Over-leveraged
* Over-trades
* Enter into large positions
* Being stopped out at high frequencies
* Accounts being blown up (a few times in their unprofessional career)
* Freak out when the market moves against their open positions
* Operate on the Fear-Greed psychological model
* Enter long positions when the market gets higher
* Cut losses when the market gets lower against the long positions
* Hope the market will move in their expected direction
* Being desperate during margin calls
* Believe that the market will reverse when their accounts are about to be blown up

Well, in this chapter and the following ones, we will tackle all these mindset/situations/problems once and for all.

The first real problem for high-leverage trading is that the account is so inadequately funded that it’s almost impossible to make consistent profits in the long run. Let say you open a trading account with only $5,000 capital with the leverage of 1:100. Now, you want to double or even triple your account in a very short time, let say in a matter of few weeks. With this unrealistic profit expectation, you have no choice but to enter large positions. With large positions, you have only two mechanisms for risk control. One is to set stop losses very close to your open prices. Two is letting your account being blown up if you did not set the stop-losses. Either way, you are most likely to be screwed up. Maybe you are lucky if you can get away a few times. But in the long run, when the odds are being controlled by the rule of chances, you will definitely be eliminated from this high-leverage trading game.

In simpler words, if your positions cannot withstand a few hundred **Price Points** when the market moves against your open positions, you cannot become a professional fund manager.

Define: **PrPt** is the Price Point, which is the distinct gold price without any decimal. For example: 1901 to 1902 is one price point.

By nature, high-leverage trading is a game of speculation, and by no means being the so-called “investing.”

Speculation implies very high risk. By definition: speculation is the forming of a theory or conjecture without firm evidence. It means you are to enter a venture in the hope of high gain but with a proportional high risk of loss. With superior knowledge, skills, and practices, you can reduce this high risk to the level that you can be comfortable with. However, with insufficient knowledge, improper training, immature temperaments, mal-practices, and without a trading system, you are most definitely destined for failures and disasters.

Having said all this, we would strongly suggest you come to our onsite training seminar.

Here’s the registration: <https://mcaforex.com>

**RECAP**

In this brutal game of high-leverage trading, whales will eat small fish. Don’t be a fish. Be a whale. You can start out being a small whale. However, over time, you should eat enough fish to become a bigger whale. Don’t set out to be a little fish, for sooner or later you will be swallowed by one of those big whales. A whale doesn’t just eat one fish to grow to its full stature, but many. You cannot become wealthy by winning a few trades. You need to win thousands and millions of small trades to make a successful career as a fund manager. So, don’t think like a gambler. Think like a vacuum. Just suck in any small gain possible, without exposing yourself to any serious risk. In the long run, after thousands and millions of small winning trades, you will be among the elite institutional traders.

Good luck!

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