**SESSION VIII**

***for FOREX veterans***

In this session, we’ll learn to solve most problems that retail traders have been facing.

**PROBLEM-SOLUTION**

* Having small trading accounts
* Unrealistic profit expectations
* Over-leveraged
* Over-trades
* Taking 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 get higher
* Cut losses when the market get 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 its direction when their accounts are about to be blown up

All the above problems need only ONE solution: the TRENDING-COST-AVERAGE (**TCA**) strategy.

**PHILOSOPHY**

Do not put all your eggs into one basket. Do not put all your capital into a large trade with close stoploss. Spread them out! In doing so you can afford very far stoplosses – in the neighborhood of few hundred price points (**PrPt**).

**THE SOLUTION**

For all the above problems and issues, we offer only one solution for all: the Trending-Cost-Average (**TCA**) trading strategy, and the Incremental-Loss-Cutting (**ILC**) tactic.

**STRATEGY & TACTICS**

We can sum up our Treding-Cost-Average (TCA) into these two sentences:

1. Spread large trade into smaller trades across the trading range.
2. Have a plan B to elimiate some losing positions incrementally.

**DEFINITIONS**

**TCA** (Trending-Cost-Average) is the philosophy and practice of spreading account capital into many small trades across the pre-defined trading range instead of taking a large trade. This strategy is built on the assumption that a certain trading intrument (like gold or XAUUSD) has a pre-conceived clear trend.

**ILC** (Incremental-Loss-Cutting) is the practice of eliminating losing positions incrementally when the market moves again your open positions even passing the Loss-Cutting-Threshold (**LCT**).

**LCT** is the Loss-cutting threshold, which is the pricepoint where our **ATS** automatically exits negative

**C** is the cushion, which is the pricepoint from the **mTP** to the Loss-Cutting-Threshold (**LCT**).

**cE** is the Cushion equity, which is the extra capital in the trading account to add extra cushion from the end of trading range (**mTp**) to the **LCT**.

**hA** is the healthy account, which is when a trading account has sufficient capital to withstand all the negative unrealised losses when the market moves against you down to the Loss-Cutting-Threshold (**LCT**).

**M** is the margin for opened positions. Margin can be thought of as a good faith **deposit**/**collateral** for outstading positions. It is a “good faith” assurance that you can afford to hold the trade until it is closed. It’s not a fee or a transaction cost. It is simply a portion of your funds that your broker sets aside from your account balance to keep your trades open and to ensure that you can cover the potential loss of the trade.

**S** is the estimated swap fees. Swap fees are charges for overnight opened positions.

**A** is the bare minimal account equity before trades are entered in order to keep a healthy account. Its formula is: **2M** + **emP** + **S**

**ATS** is the Automated Trading System. Its synonyms are **ATR** (Automated Trading Robots), or **AITS** (Artificial Intelligence Trading System).

**SOT**s are the Swept-out Trades. These are the trades in which you place stoplosses in the neighborhood of temporary tops and bottoms, right the the reversal or inflection points. In effect, right after your trades are being stopped out, the market reverses its direction.

**FORMULA(s)**

**A** = **2M** + **emP** + **S**

**hA**= **A + cE**

**ISSUES & FIXES**

**SMALL TRADING ACCOUNTS**

Having a an insufficiently funded trading account is the root of all problems. With scarced resources, you most likely to eager to grow your account quickly, in the hundreds of percents, double-, tripple-, even quardruple-fold your account in the very short time. Yes, you may be able to do that, but in the end your odds of having your account blown up is almost a guarantee.

Why? Because how you make money is how you will eventually lose your money. But guess what. All the gains in the hundreds of percents will mean nothing when you lose 100% of your trading account.

To have a healthy trading account (**hA**) to trade a 200-PricePoint trading range, with 50 **PrPt** cushion, and allow 50 **PrPt** beyong the **LCT**, you need to have around $56,000 in your trading account.

To understand why we suggest this number, you gotta come to the class. Here’s the registration: <https://mcaforex.com>.

**UNREALISTIC PROFIT EXPECTATIONS**

If your goals are way out of reach, chances are you never reach them. Have realistic price target goals, which you can achieve on weekly basis. Don’t expect to be wealthy after just a few trades - but thousands and millions. Learn the habits of winning small trades consistently. Collectively over the times, you’ll be more successful than you could ever imagine.

**OVER-LEVERAGED**

Leveraging is the most-effective mechanism to make great money percentage-wise, using very little capital. However, it requires sophisticated money-management skills. Untrained “professionals” who misuse leverages through mal-practice tradings will eventually wipe them out completely out of the trading game.

Leverage can be hemorrhage. It can bleed you to death, or shrinks your trading account. To be a professional fund manager, you need to master the art of leverage.

The reason we invite you to the class is so that we can train you to exploit leverages professionally for tremendous gains without hurting yourselves and causing damages to your trading capitals. You can register here: <https://mcaforex.com>.

**OVER-TRADING by TAKING LARGE POSITIONS**

Over-leverages and Over-Tradings are of one related problem. When you take a large position you don’t have enough space for errors. Error-tolerance won’t be too tolerating. This would equate to only two options. One being you will be stopped out due to a very close stoploss. The second option being that your account maybe blown up should you not placing a stoploss.

A strong healthy fund means you have enough money to withstand the market when it moves against you for even upto few hundred **PrPt**.

**STOP LOSS & BEING STOPPED OUT**

Trading under our Trending-Cost-Average (**TCA**) philosophy, you shouldn’t have to worry about stoplosses and being stoppped outs. Instead, for risk management, we replace those mechanisms by a new mechanism called Adjusted-Target-Price or **aTP**.

In the situation when the market is totally against us, and we have considered that there is no way we can break even, then we just have to settle for minor loss. This mechanism is used in SESSION VI.

We execute this tactic by adjusting the original **eTp** to a new **eTP**. In effect, this is a new exit point, at which, instead of making profits as we originally projected, we settle for some mitigated loss.

**SWEPT-OUT TRADES**

The most frustrating moments in trading career are those when the market moves against your trading positions to the point of stopping you out. However, right after touching your stoploss, the market reverses its direction and moves towards your **eTP**.

Well, trading with our system you shouldn’t have to worry about that problem. Why? Because instead of being stopped out for a large position, our A.I Trading System will proactively cut off small losing positions INCREMENTALLY. So, when the market reverses its directions, you are only being cut-loss for much smaller magnitudes.

**BEING STOPPED OUT AT HIGH FREQUENCIES**

If have have regular Swept-out Trades (**SOT**s), then you are doomed to fail. Your trading account will shrink, and eventual it will come very close to zero – even negative.

The essential trick in trading using our **TCA** strategy is that you are rarely have to face loss-cutting mechanism. And even if some of your small trade happen to be in those situations, the loss(es) are only being applied incrementally, which mean you would never have to deal with **SOT**s for large positions.

In result: you have more winning trades than losing ones.

**ACCOUNT(s) BEING BLOWN UP**

Have you ever run into a situation when you actively watching your account being blown up? That’s the worst nightmare in your trading career – if you even had that experience.

How about this: you were going to sleep, thinking that by the time you wake up, all your trades should already hit their take-profits, only to realize that your trading account has been blown up when you were sleeping. To your total denial, this experience is no better than the previous one.

Well, with our **TCA** trading strategy, this would never happen. The reason being: at worst, your losing trades are cut incrementally, which effectively reduce your trading capital, but not at the great magnitude.

If you happen to be in the situation where the market even get beyond the **LCT**, then it would meant that you had mis-conceived the real trend to begin with.

This is why a Fund Manager must have a Risk Manager in his team. The role of the Risk manager is to help the fund manager ever to have his small trades getting beyond the **LCT** zone. If total avoidance is not realistic with the Fund Manager’s self-based prolific pratice, then at least the Risk Manager should help the Fund Manager to keep the frequency down to the lowest possible.

**PSYCHO ISSUES**

Don’t operate on the Greed-Fear model. Don’t freak out when the market moves against you. Real professional fund managers couldn’t wait for short-term contra-trends so that they can enter small trades.

**BAD PRACTICES**

Don’t buy when the price is rising. Don’t cut your long positions for losses when prices fall back.

Pre-define your trading ranges instead, and let the **ATS** handle the rest, including all the trading mechanics.

As fund managers, your only job is to determine the trading range, of which **eTP** is the most important number. You have to adjust this number weekly. Your Risk Manger should help you with 2 things:

1. Your trading range is sound and soaring
2. Setting the **LCT**

**HOPE, DESPAIR, and FALSE BELIEVES**

Don’t put yourself into bad trades, then hoping for the market to move in the direction which favors you. Hope is not strategy!

Don’t allow your account to get any margin call situations just because you over-leveraged and taking large positions. Over-trading is the best way to shrink your account. Despairs are not healthy psychological states of emotion in trading.

Do not deceive yourself thinking that somehow the market will reverse its direction right before your account is being blown up. Miracuous moments like this may happen once in a life time. Do not rely on miracles. They rarely occurr. Do not beg the mercy from the market. Other traders want your money, and they couldn’t be more happy than when you lose your money.

**DON’T HEDGE**

Do not ever hedge your losing positions. In doing so you effectively realise your losses. Our trading phylosophy is based on major trend. If you cannot spot a major trend, DON’T trade. At any given time, we only trade one direction.

**FEW MORE POINTS**

The potential profits in FOREX is enormous, for it’s a high-leverage trading game. However, traders have to deal with only two issues. First being the stoplosses. Second being the account blowups. If we don’t deal with the first, sometimes the second is inevitable. If you can handle these two issues effectively, then profits is a must.

If your stoplosses being hit with high frequencies, your trading account will surely be worn out. So, the art of trading is all about avoiding stoplosses without leading upto the account blowup.

Trading with TRENDING-COST-AVERAGE philosophy, we eliminate the concept of stopping loss. Instead, we replace that idea with something called ADJUSTED TARGET PRICE (**aTp**) . In adjusting aTP, we are willing to settle for less profit, break-even, or even mitigated voluntary loss. We have much more control using aTP than regular industry-practice stoplosses.

**BEING TRAPPED IN SIDEWAYS**

Even our great trading strategy has one minor flaw. That’s the agony of being trapped in the sideway markets.

So far we’ve covered pretty every category of price-oriented scenarios. The only major uncovered scenario is the time-oriented scenario. What if the gold price doesn’t goes against you that much, but instead lingering in the trading range and keeps going sideway? In those situation, the swap fees may wear your account out substantially?

If you can find a broker which does not levy swaps, by all means, choose that broker, even if the spread is higher. No-Swap broker is perfect for our trading philosophy.

**RECAP**

In high-leverage tranding game, problems and issues seem to be many, but the solution is ony one and simple: Treding-Cost-Average (**TCA**).

Once you’ve mastered the philosophy and the art of simple **TCA** trading strategy, profit is a must. After you’ve reached that state of mind, and accustomed to the habit of consistently winning small trades, then trading is not your primary concern anymore, but: FUND RAISING.

When your fund grew to the level of billions of Dollars, the annual profits from trading of your fund will also be in the billions of Dollars.

So: come to the class and enlist yourself with the elite institutional traders!

You can register here: <https://mcaforex.com>.