**SESSION VIII**

**for FOREX veterans**

*for all problems, only one solution  
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In this session, you’ll learn how to solve most problems that retail traders have.

**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 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 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 a close stop-loss. Spread them out! In doing so you can afford very far stop losses – about a few hundred price points (**PrPt**).

**THE SOLUTION**

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

**STRATEGY & TACTICS**

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

1. Spread large trade into smaller trades across the trading range.
2. Have a plan B to eliminate 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 instrument (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 price point where our **ATS** automatically exits negative

**C** is the cushion, which is the price point 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 the 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 unrealized 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 outstanding 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 minimum 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 stop losses in the neighborhood of temporary tops and bottoms, right at the reversal or the 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 an insufficiently funded trading account is the root of all problems. With scarce resources, you are most likely eager to grow your account quickly - in the hundreds of percent. You will surely have the need to double-, triple-, even quadruple-fold your account in a 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 percent 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** cushions, and allow 50 **PrPt** beyond the **LCT**, you need to have around $56,000 in your trading account.

To understand why we suggest this number, you got to 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 percentagewise, using very little capital. However, it requires sophisticated money-management skills. Untrained “professionals” who misuse leverage through mal-practice trading 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-Trading 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 is you will be stopped out due to a very close stop-loss. The second is that your account may be blown up should you not placing a stop-loss.

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

**STOP LOSS & BEING STOPPED OUT**

Trading under our Trending-Cost-Average (**TCA**) philosophy, you shouldn’t have to worry about stop losses and being stopped outs. Instead, for risk management, we replace those mechanisms with 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 a 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 your trading career are those when the market moves against your trading positions to the point of stopping you out. However, right after touching your stop-loss, 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 you run into regular Swept-out Trades (**SOT**s), then you are doomed to fail. Your trading account will shrink, and eventually, it will come very close to zero – even negative.

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

As 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 ever 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 reduces your trading capital, but not at the great magnitude.

If you happen to be in a situation where the market even gets beyond the **LCT**, then it would mean that you had misconceived the real trend, to begin with.

Therefore, 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 practice, 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 a fund manager, your only job is to determine the trading range, of which **eTP** is the most important number. You should adjust this number weekly. Your Risk Manager 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 a 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. Miraculous moments like this may happen once in a lifetime. Do not rely on luck. Don’t expect miracles. They rarely occur. Do not beg 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 realize your losses. Our trading philosophy is based on a 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 are enormous, for it’s a high-leverage trading game. However, traders have to deal with only two issues. The first being the stop losses. 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 are a must.

If your stop losses being hit with high frequencies, your trading account will surely be worn out. So, the art of trading is all about avoiding stop losses without leading up to the account blow up.

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 stop losses.

**HOW ABOUT SHORTING GOLD?**

So far, all we did was discussing about longing for gold. What about shorting gold? We will discuss that topic in the advanced fund management course. At this point, we do not recommend shorting gold.

**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 go against you that much, but instead lingering in the trading range and keeps going sideways? In those situations, the swap fees may wear your account out substantially.

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

**RECAP**

In a high-leverage trading game, problems and issues seem to be many, but the solution is only one and simple: Trending-Cost-Average (**TCA**).

Once you’ve mastered the philosophy and the art of the 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: FUNDRAISING.

When your fund grew to the level of billions of dollars, the annual profits from the trading from 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>.