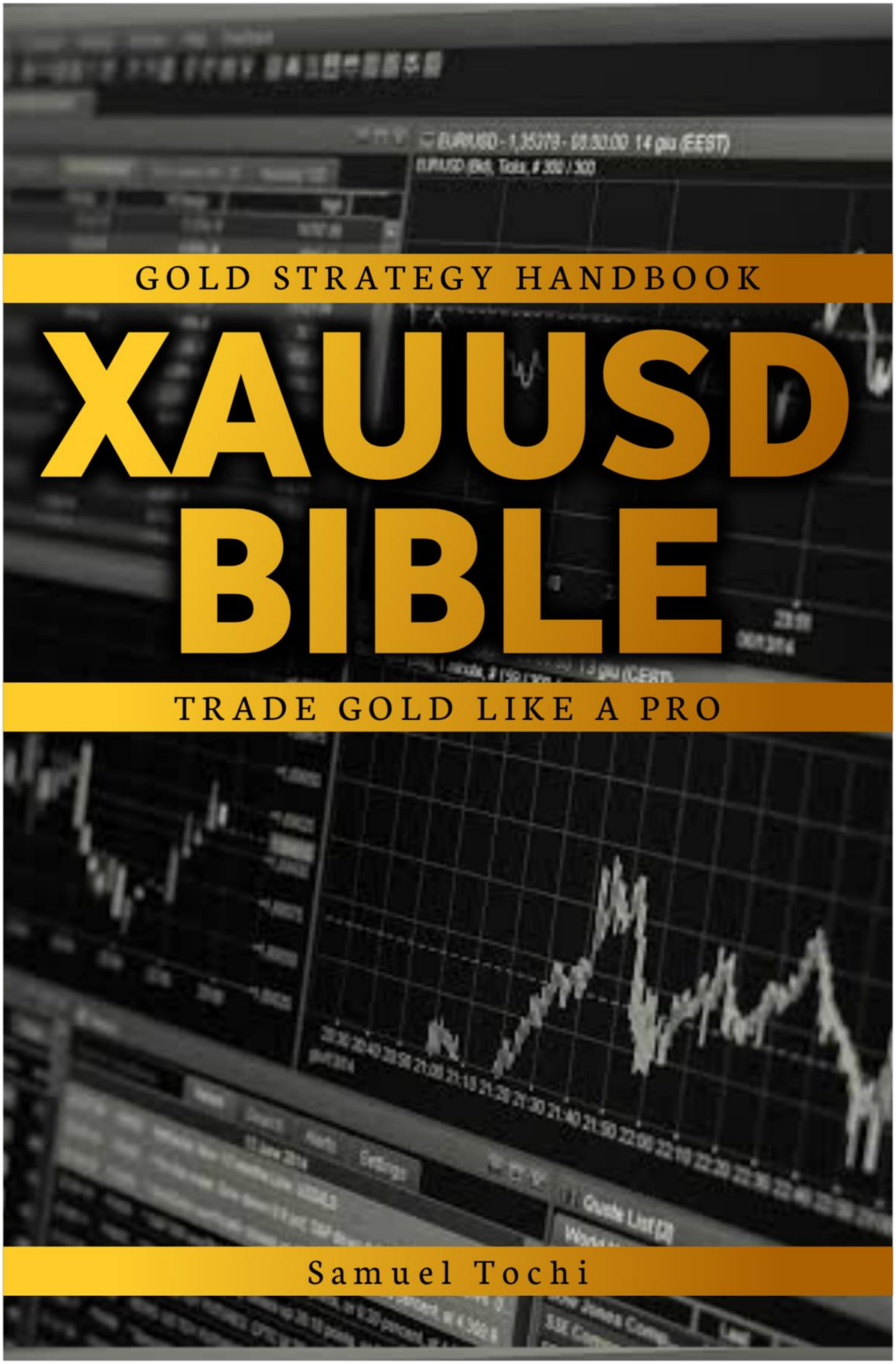

GOLD STRATEGY HANDBOOK
XAUUSD
BIBLE
TRADE GOLD LIKE A PRO
Samuel Tochi

TABLE OF CONTENT

RISK, TRADE & MONEY MANAGEMENT

- Gold Risk Management
- How to Calculate Potential Risk Percentage Properly
- Maximizing Big Market Moves

PSYCHOLOGY

- Trading Psychology
- Trading Plan

LONG TERM SUCCESS

- Strategies Win Rate
- Strategies Risk to Reward Ratio

PROP FIRMS

- What is a Prop Firm?
- Choosing the right Prop firm
- How to pass a Prop Firm challenge
- Maintaining long term profit

CONCLUSION

APPRECIATION

Special thanks to my mentor, **Jeffrey Benson**, who taught me the act of trading. And not just on how to trade, but how to trade profitably.

Starting out my career in forex wasn't easy, especially having no mentor to walk me through the whole process. I started off on YouTube, watching different videos on forex trading and on strategy specifically with no definite focus.

Having no money to pay for a mentorship program **Mr. Jeffrey Benson** offered a helping hand and trained me for free. He took me by the hand throughout the whole process from beginners to intermediate (advance) level. He monitored my growth and made sure I became profitable.

I'm using this medium to appreciate him for believing, accepting and mentoring me.

I love and appreciate you Sir, and I will always remain grateful.

YOUR BOY IS DOING THE SAME

INTRODUCTION

Before we dive into the main chapters of this book, I will say this; Forex isn't a get rich quick scheme, it takes time. If you rush in with the mindset of making it quick and sorry to say this, you might also rush out with huge regrets.

In as much as forex being able to make one financially free, it can also make one become financially down. So firstly, take off that mindset of become rich in the next one week.

What you should do instead is to try as much as possible to learn the necessary skill set, which is where a Mentor steps in.

YouTube is informative but at the same time scattered. It extends the duration of one being successful in forex trading. Let's say it takes 6 months to master fully the act of trading. What YouTube does is, it extends it to a year or two.

So having a mentor makes it easier and straight forward. Because he or she will guide you out of experience, helping you skip their own mistakes and impacting in you all the necessary skills you need to become a successful trader.

So take all the information in this book serious, because it contains all what you need to trade xauusd successfully.

With my experience and what I was thought by my mentor, I have put together all what one needs to become profitable as a gold trader.

So get ready to **UNLEARN, LEARN** and GROW.

GOLD PIPS CALCULATION

WHAT IS A PIPETTE?

- A pipette represents the fractional of a pip, and has a value of 1/10 of a pip.

WHAT IS A PIP?

- A pip is the unit of measurement to express the change in value between two currencies.

PIPETTE EXAMPLE:

- If **XAU/USD** moves from 1890.50 to 1890.51, that .01 USD rise in value is **ONE PIPETTE.**
- If **XAU/USD** moves from 1890.50 to 1890.52, that .02 USD rise in value is **TWO PIPETTE.**
- If **XAU/USD** moves from 1890.50 to 1890.53, that .03 USD rise in value is **THREE PIPETTE.**
- If **XAU/USD** moves from 1890.50 to 1890.54, that .04 USD rise in value is **FOUR PIPETTE.**
- AND SO ON……

PIP EXAMPLE:

- If **XAU/USD** moves from 1890.00 to 1890.10, that .10 USD rise in value is **ONE PIP.**
- If **XAU/USD** moves from 1890.00 to 1890.20, that .20 USD rise in value is **TWO PIPS.**
- If **XAU/USD** moves from 1890.00 to 1890.30, that .30 USD rise in value is **THREE PIPS.**
- If **XAU/USD** moves from 1890.00 to 1890.40, that .40 USD rise in value is **FOUR PIP.**
- AND SO ON….

HOW MANY PIPETTE MAKES 1 PIP?

- 10 pipette makes 1 pip.

EXAMPLE:

- LET'S COUNT:

1890.01	=	1 PIPETTE
1890.02	=	2 PIPETTE
1890.03	=	3 PIPETTE
1890.04	=	4 PIPETTE
1890.05	=	5 PIPETTE
1890.06	=	6 PIPETTE
1890.07	=	7 PIPETTE
1890.08	=	8 PIPETTE
1890.09	=	9 PIPETTE
1890.10	=	1 PIP

HOW TO CALCULATE PIPS ON GOLD

EXAMPLE:

- LET'S COUNT:

1890.10	=	1 PIP
1890.20	=	2 PIPS
1890.30	=	3 PIPS
1890.40	=	4 PIPS
1890.50	=	5 PIPS
1890.60	=	6 PIPS
1890.70	=	7 PIPS
1890.80	=	8 PIPS
1890.90	=	9 PIPS
1891.00	=	10 PIPS

EXAMPLE 2:

- LET'S COUNT:

1801.00	=	10 PIPS
1802.00	=	20 PIPS
1803.00	=	30 PIPS
1804.00	=	40 PIPS
1805.00	=	50 PIPS

1806.00	=	60 PIPS
1807.00	=	70 PIPS
1808.00	=	80 PIPS
1809.00	=	90 PIPS
1810.00	=	100 PIPS

MORE EXAMPLES:

- LET'S SAY WE WANT TO BUY(LONG) GOLD
- CURRENT MARKET PRICE/VALUE ON GOLD = 1865.60
- TAKE PROFIT (TP) = 1875.60
- STOP LOSS (SL) = 1862.60

STOP LOSS PIPS:

- The calculation will be done using subtraction (-).
- CURRENT PRICE - 1865.60
- STOP LOSS - 1862.60
- TOTAL SL PIPS - 0003.00 = 30 PIPS SL

TAKE PROFIT PIPS

- The calculation will be done using subtraction (-).
- TAKE PROFIT - 1875.60
- CURRENT PRICE - 1865.60
- TOTAL TP PIPS - 0010.00 = 100 PIPS TP

MORE EXAMPLES:

- LET'S SAY WE WANT TO SELL (SHORT) GOLD
- CURRENT MARKET PRICE/VALUE ON GOLD = 1865.60
- TAKE PROFIT (TP) = 1855.60
- STOP LOSS (SL) = 1868.60

STOP LOSS PIPS

- The calculation will be done using subtraction (-).
- STOP LOSS - 1868.60
- CURRENT PRICE - 1865.60
- TOTAL SL PIPS - 0003.00 = 30 PIPS SL

TAKE PROFIT PIPS

- The calculation will be done using subtraction (-).
- CURRENT PRICE - 1865.60
- TAKE PROFIT - 1855.60
- TOTAL TP PIPS - 0010.00 = 100 PIPS TP

Since we now know how to calculate pips on gold, let head straight to the main reason for this book.

PSYCHOLOGICAL LEVELS

Psychological levels are usually round numbers in the forex market where traders set their pending buy or sell orders. These round up numbers are likely to print either support or resistance levels, which further strengthens the psychological levels. They are very useful for technical analysis traders to use as a part of their whole trading picture.

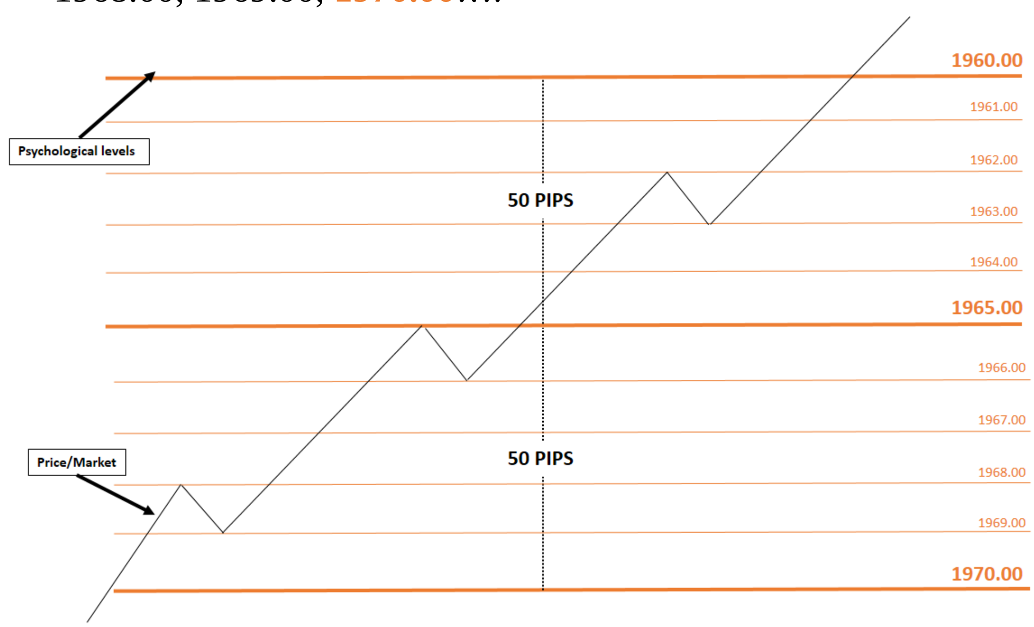
They are also levels where Hedge Funds, Large Market Participants and World Banks pays attention to, by setting their pending orders there. So price do react at those levels.

HOW TO PLOT PSYCHOLOGICAL LEVELS ON XAUUSD

Based on the strategy I use, I normally plot them using horizontal lines at **50** pips differences.

Let's say these are the current market prices;

- **1960.00**, 1961.00, 1962.00, 1963.00, 1964.00, **1965.00**, 1966.00, 1967.00, 1968.00, 1969.00, **1970.00**….



The psychological numbers are the bolded ones. Remember how pips are calculated in Gold; a move from **1960.00 to 1965.00** is a **50pips** move.

- A move from **1965.00 to 1970.00** is a **50pips** move.
- A move from **1970.00 to 1975.00** is a **50pips** move.
- A move from **1975.00 to 1980.00** is a **50pips** move.
- A move from **1980.00 to 1985.00** is a **50pips** move.
- A move from **1985.00 to 1990.00** is a **50pips** move.

And so on…

Figure 1: Psychological levels

Now in reverse;

- A move from **1960.00 to 1955.00** is a **50pips** move.
- A move from **1955.00 to 1950.00** is a **50pips** move.
- a move from **1950.00 to 1945.00** is a **50pips** move.
- A move from **1945.00 to 1930.00** is a **50pips** move.

And so on…

From the image above, you can see how price reacted at those levels.

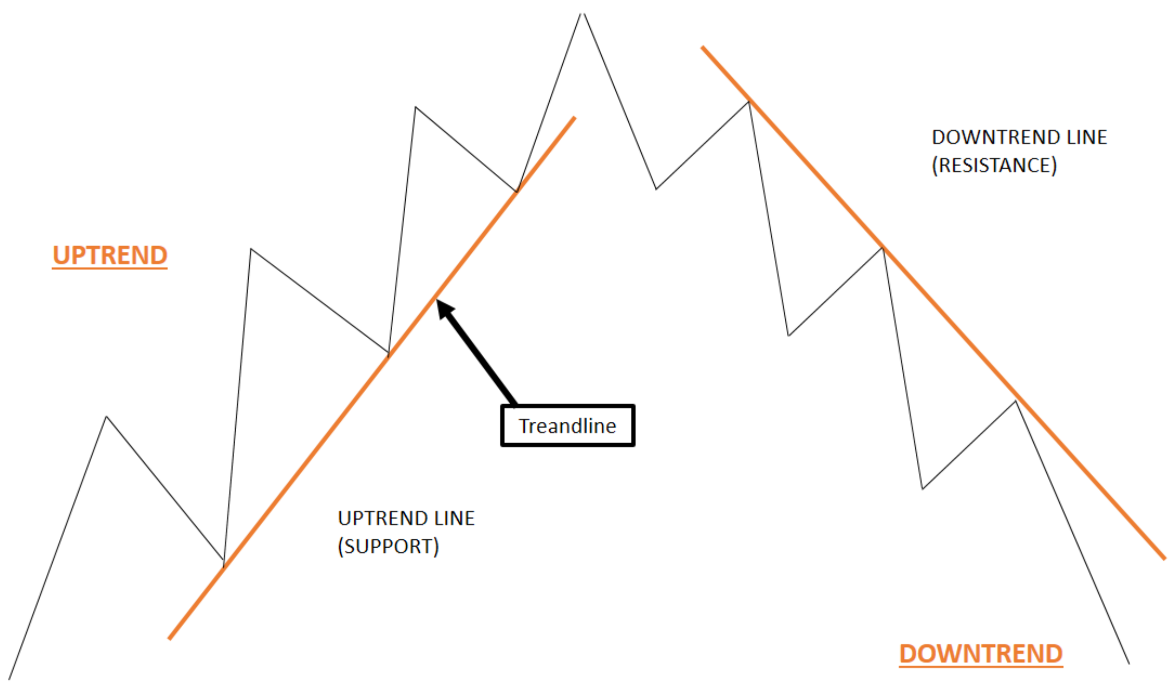
So I hope you all understanding? If no, then watch this video for a clear explanation:

TRENDLINES

Trend lines are probably the most common form of technical analysis in forex trading. They are probably one of the most underutilized ones as well.

If drawn correctly, they can be as accurate as any other method.

Unfortunately, most forex traders don't draw them correctly or try to make the line fit the market instead of the other way around.



In their most basic form, an uptrend line is drawn along the bottom of easily identifiable support areas (troughs).

This is known as an ascending trend line.

In a downtrend, the trend line is drawn along the top of easily identifiable resistance areas (peaks).

This is known as a descending trend line.

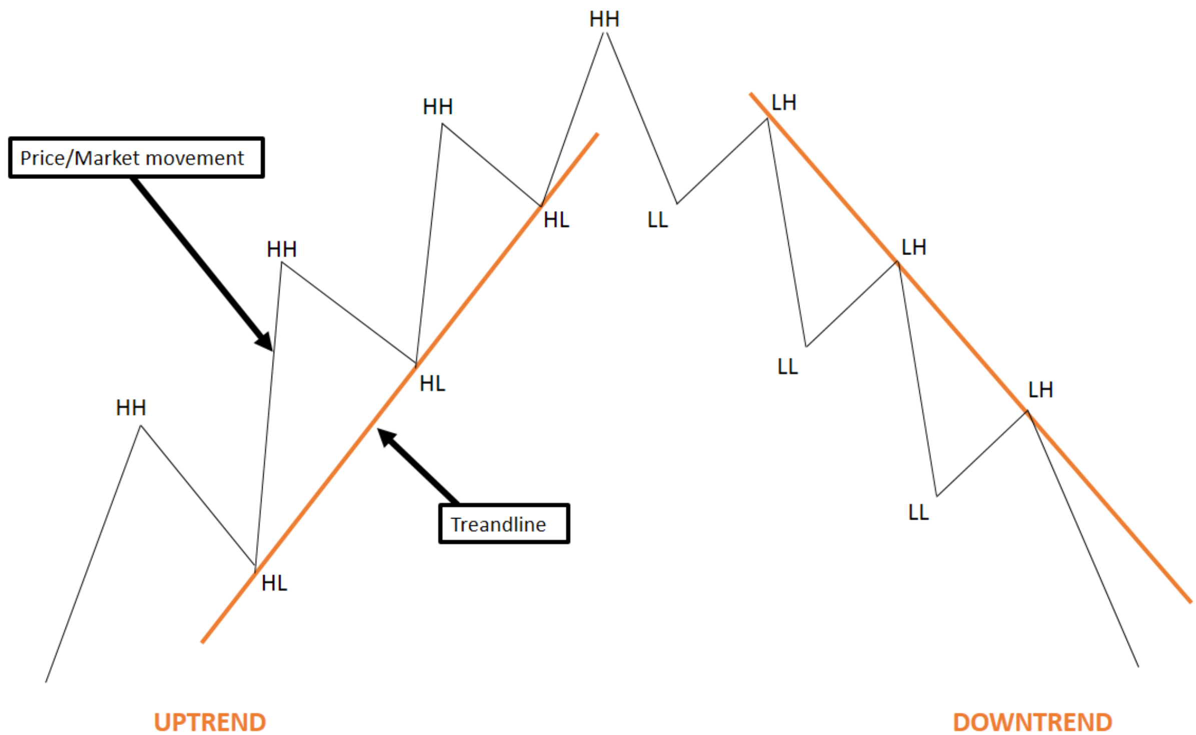
Example of a trendline in a real life market (xauusd):

HOW DO YOU DRAW TREND LINES?

A trendline is said to be valid if it touches at least two peaks or troughs.

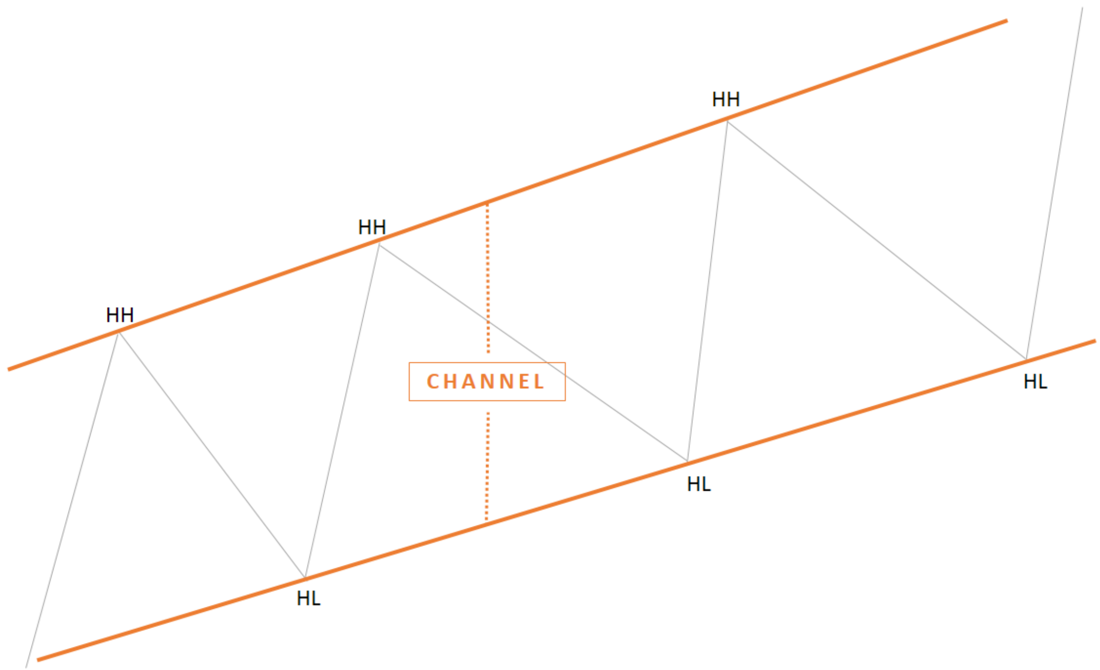
Peaks: Higher highs (HH) or Lower highs (LH)

Troughs: Higher lows (HL) or Lower lows (LL)



NOTE: Trendlines are also drawn on both sides (higher highs and higher lows or lower highs and lower lows), which is also seen as **channels**.

Below is an example of a channel;



Below is an example of a channel in real life market (XAUUSD);

If you look at the image above, you will notice how the price do bounces off the trendline whenever it touches it, which leads me to the next topic; **Types of Trendline**.

TYPES OF TRENDLINE

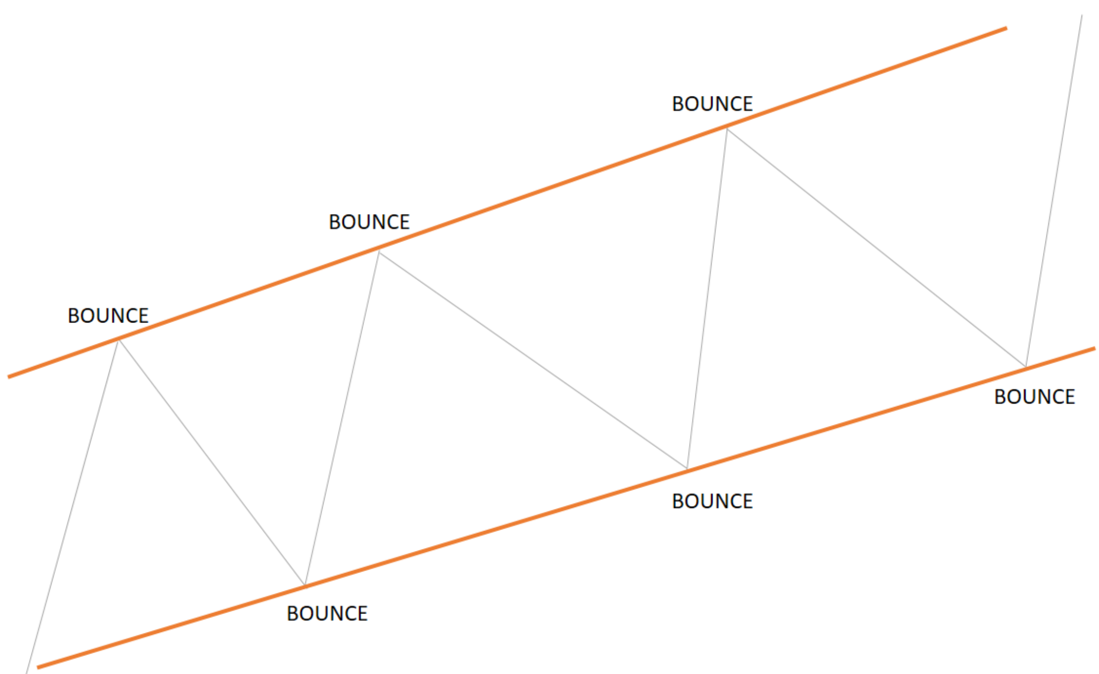
We have two types of trendline;

- Trendline Bounce
- Trendline Break

TRENDLINE BOUNCE:

This is a situation where price bounces off a trendline repeatedly.

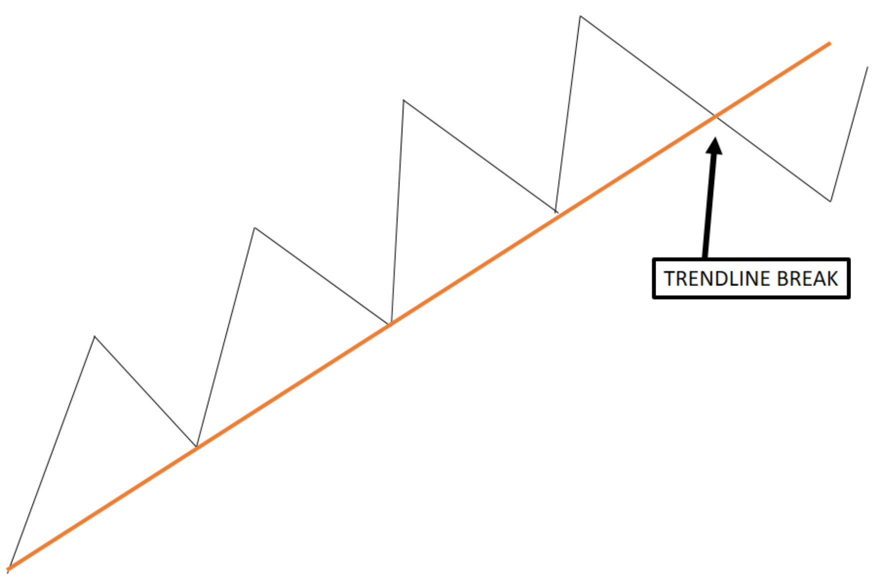
Example:



Below is an example of a trendline bounce in a real life market:

TRENDLINE BREAK:

This is a situation when prices breaks a trendline



We have two types of trendline break, the;

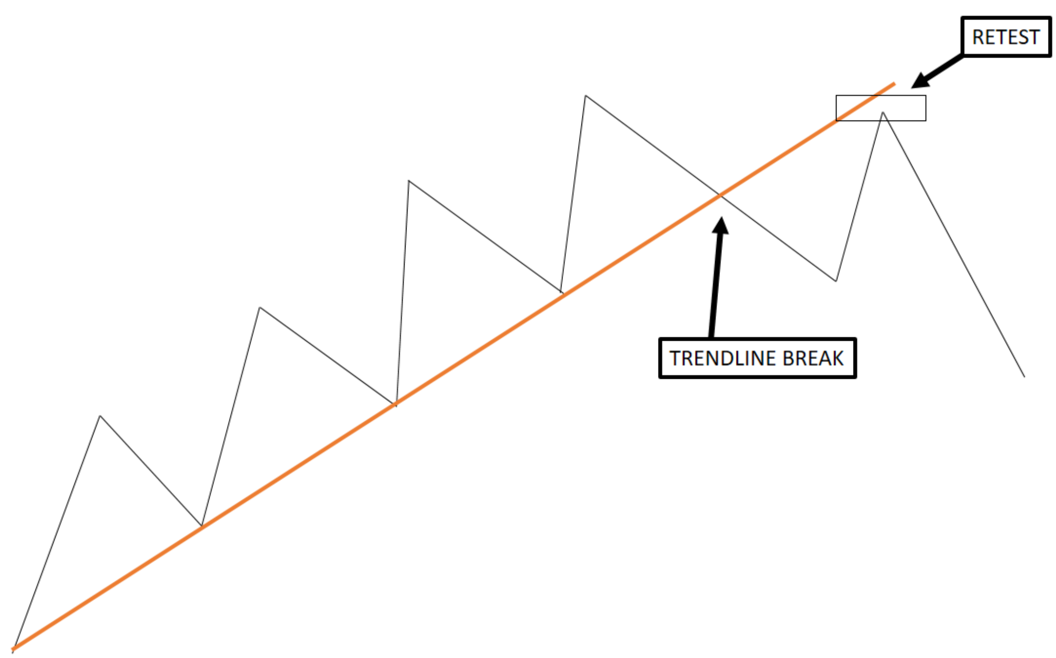
- Break and retest
- Immediate break

BREAK AND RETEST:

This is a situation where prices breaks a trendline, then goes back to retest the trendline or a certain key level.

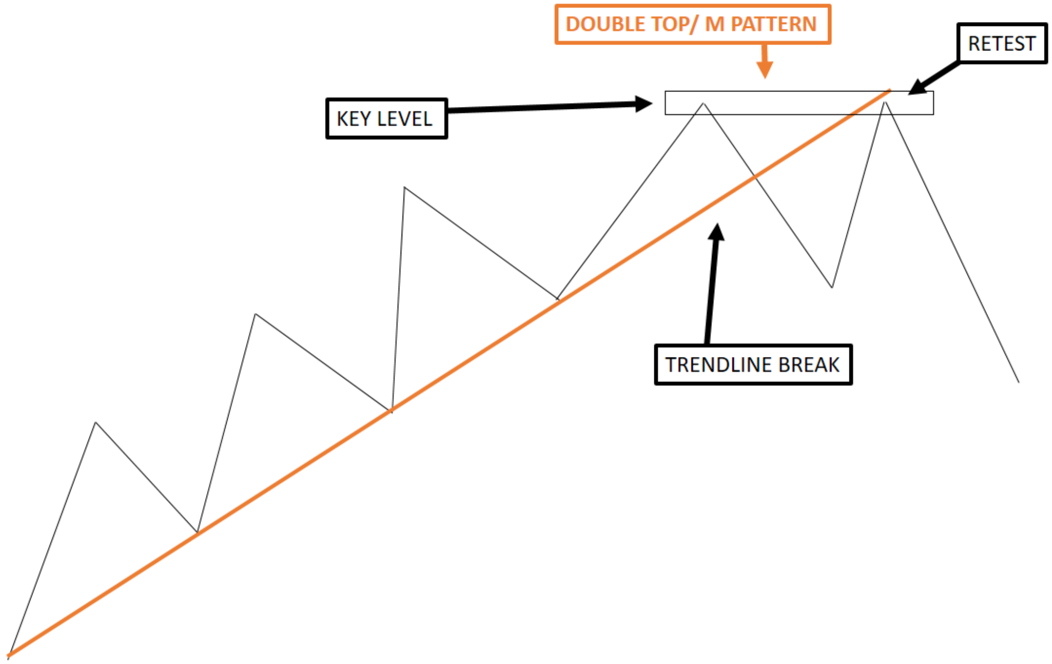
Example 1:

Below is an examples of break and retest on trendline.



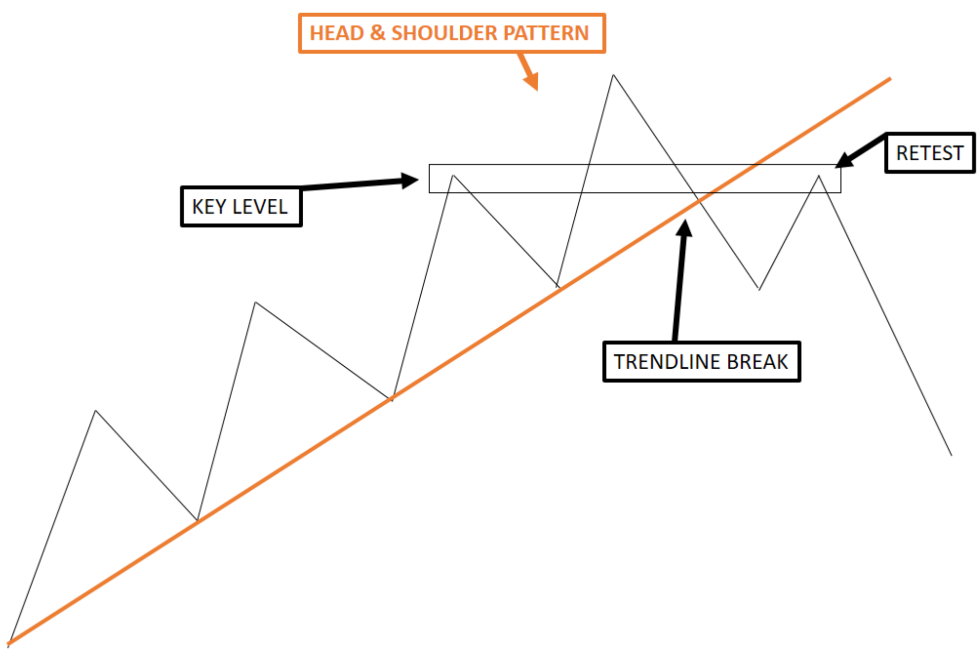
Example 2:

Below are some examples of break and retest on key levels.

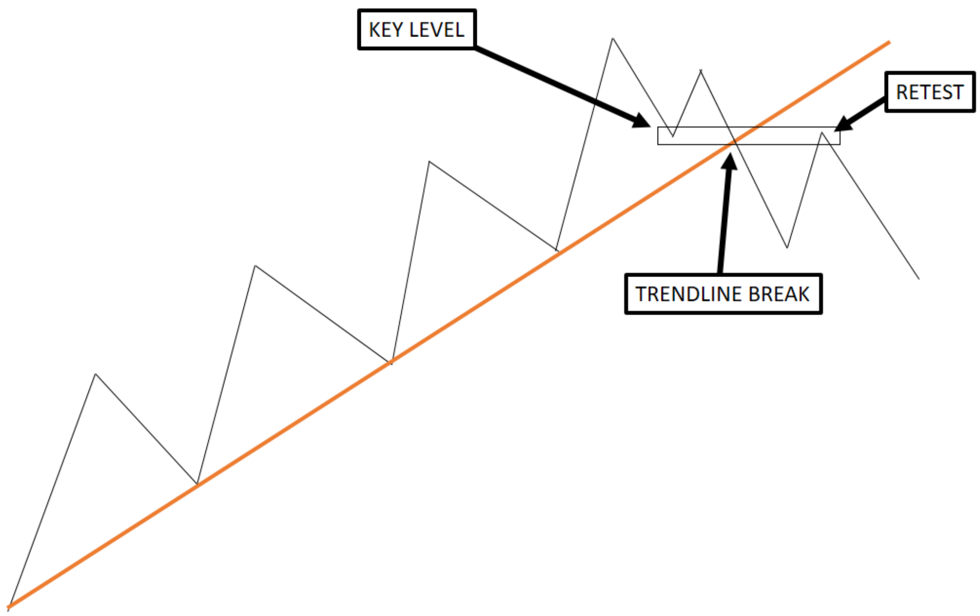


In the above example; after the market broke the trendline, it went back to retest the trendline where there's a key level. And in the case it created a chart pattern called the double top (M pattern).

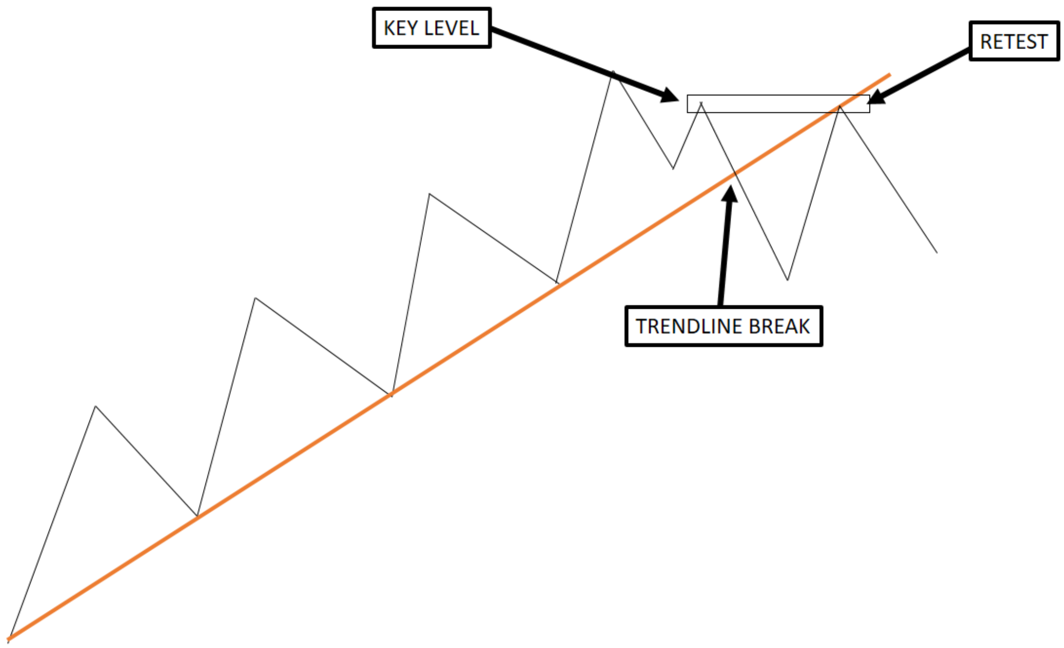
In the example below, it retested on a key level, and created a chart pattern called 'Head and Shoulder'.



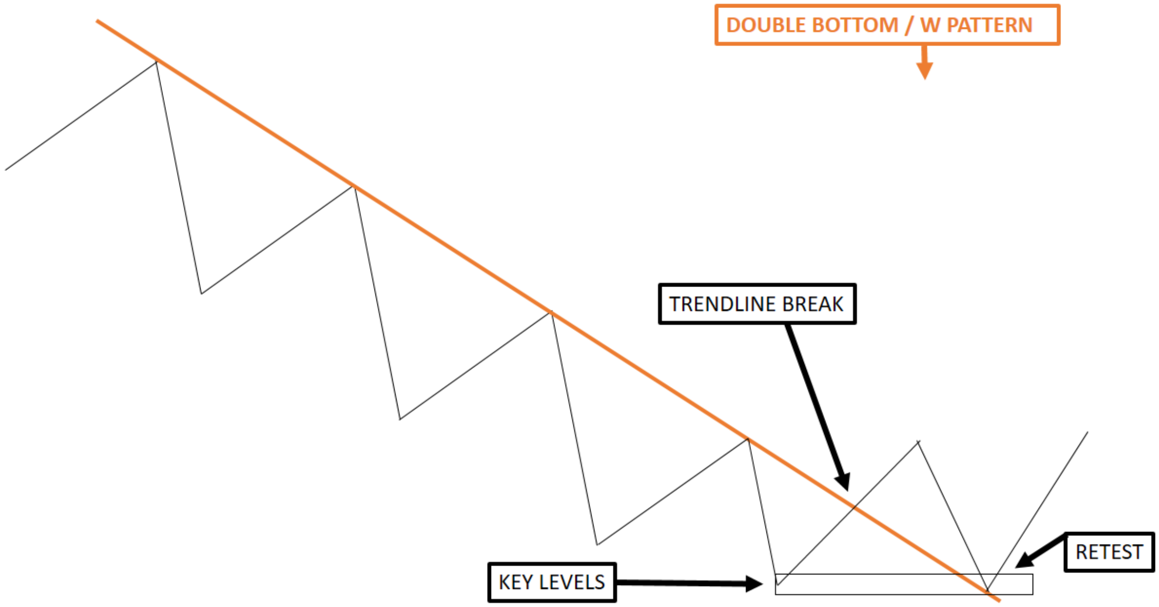
In the example below; after the market broke the trendline, it went back to retest the key level. Changing the support zone to a resistance before dropping.



In the example below; after the market broke the trendline, it went back to retest the key level. Also creating a double top or an M pattern.

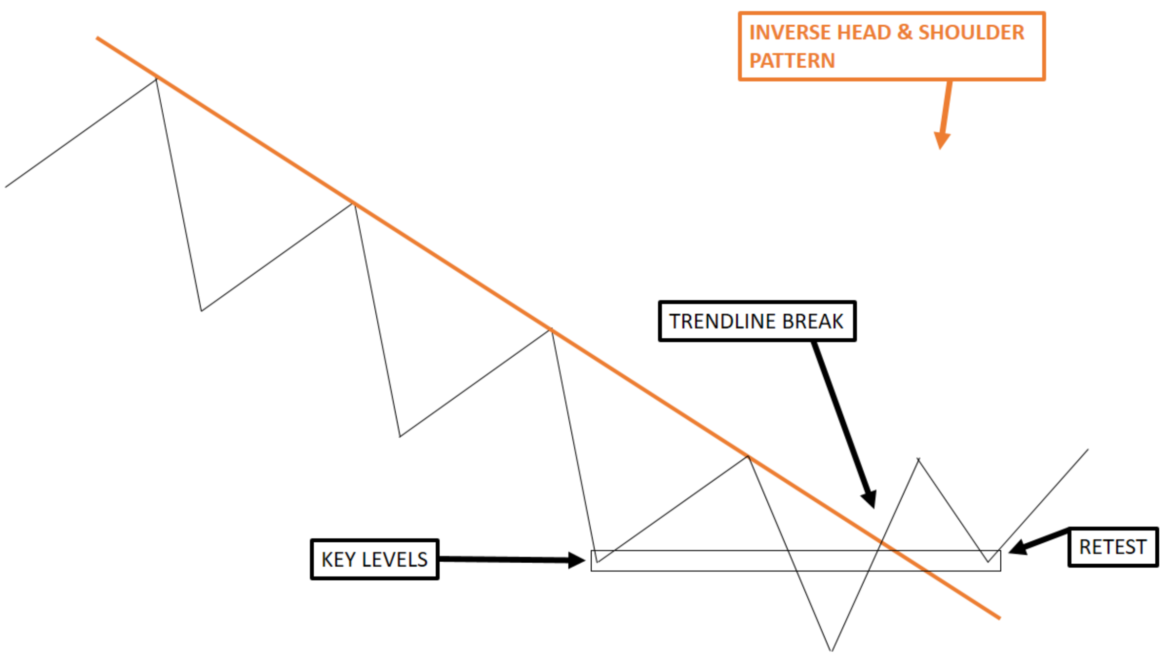


Downtrend example:

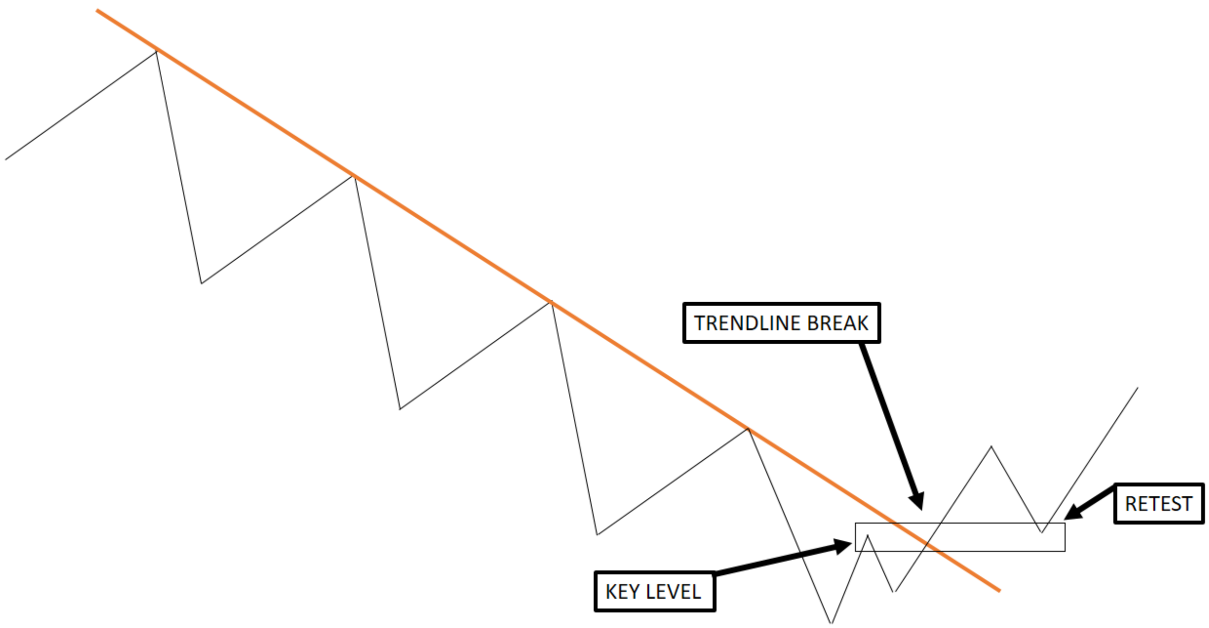


In the above example; after the market broke the trendline, it went back to retest the trendline where there's a key level. And in the case it created a chart pattern called the double bottom (W pattern).

In the example below, it retested on a key level, and created a chart pattern called 'Inverse Head and Shoulder'.



In the example below; after the market broke the trendline, it went back to retest the key level. Changing the support zone to a resistance before dropping.

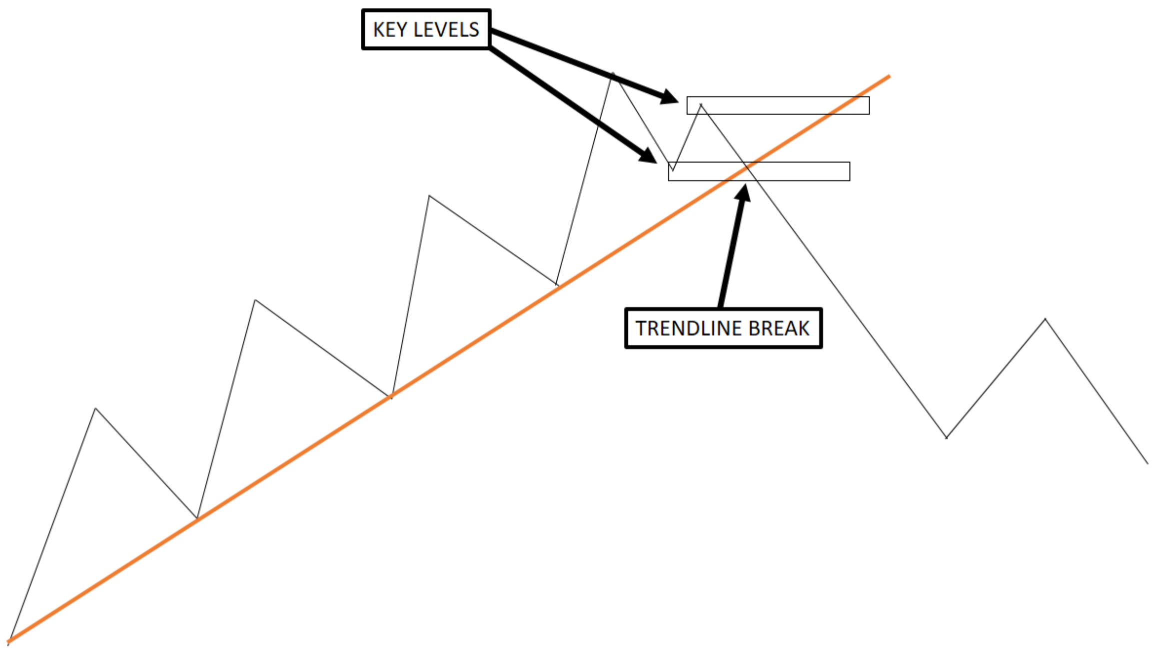


IMMEDIATE BREAK:

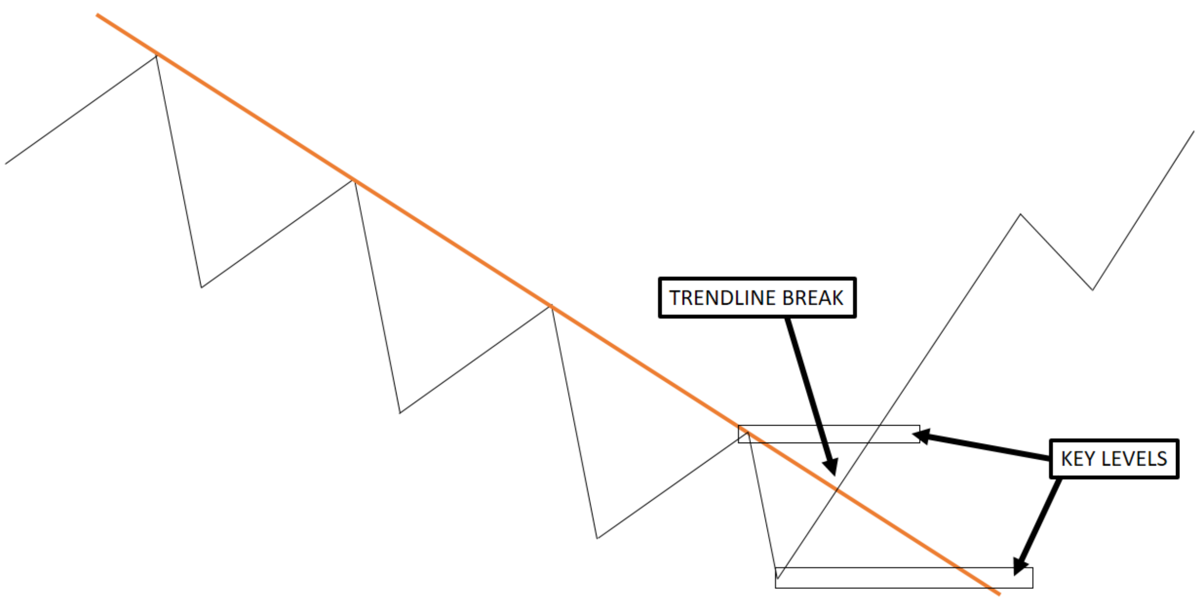
This is a situation where prices breaks a trendline, without going back to retest the trendline or a key level.

Example:

Below is an examples of an immediate break.



Downtrend example:



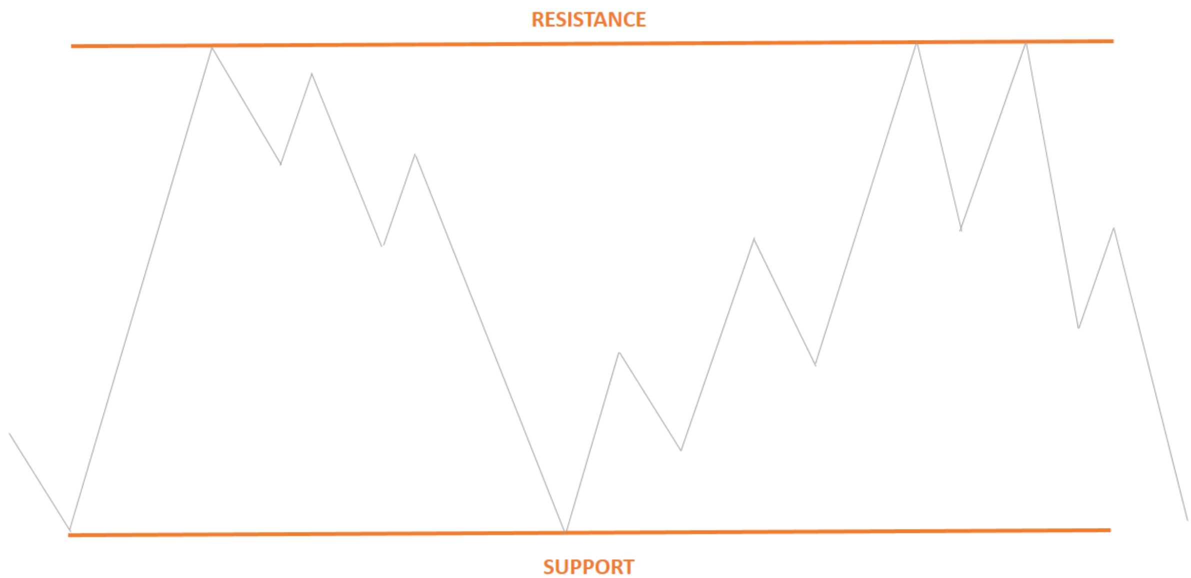
F & R (ZONES)

F & R (Frequency and Recency) are zones or key levels where price do react on. They can be seen as support and resistance or supply and demand zones where market gives potential entry or exit signals.

Support & Resistance:

A level where market bounces off repeatedly. It can be seen as a house, where the roof is the resistance and the floor of the house is the support.

Example of support and resistance:

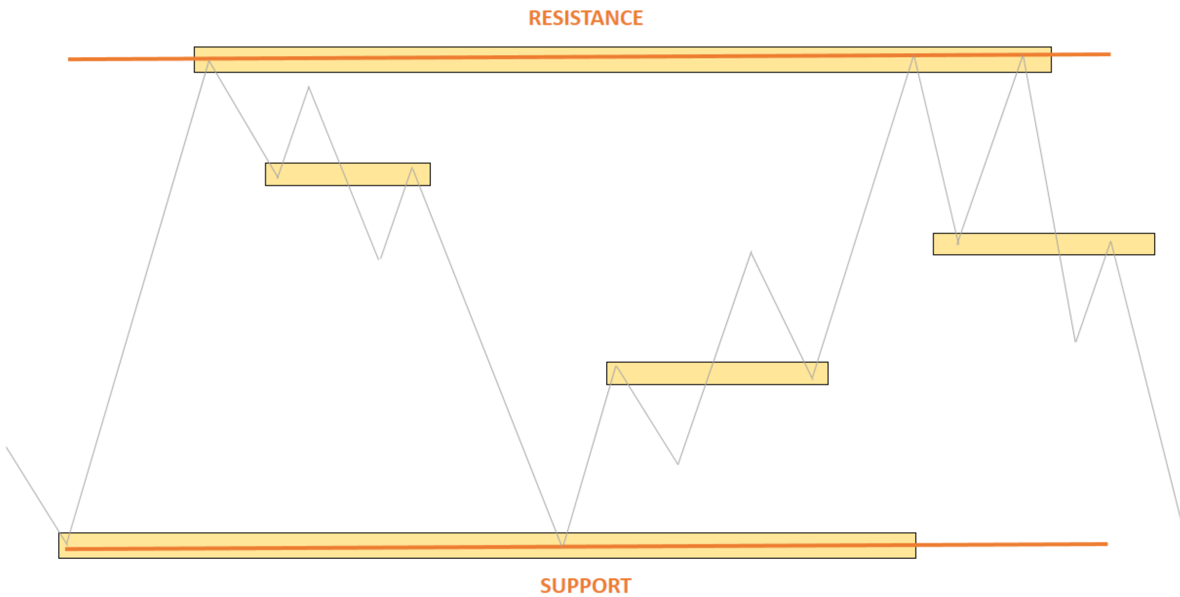


F & R can also serve as support and resistance zone. Just as its name implies (Frequency & Recency), it is drawn on a zone where price touches frequently or touched recently.

It helps us predict the market more accurately. It also serves as a signal zone for potential entries an exits.

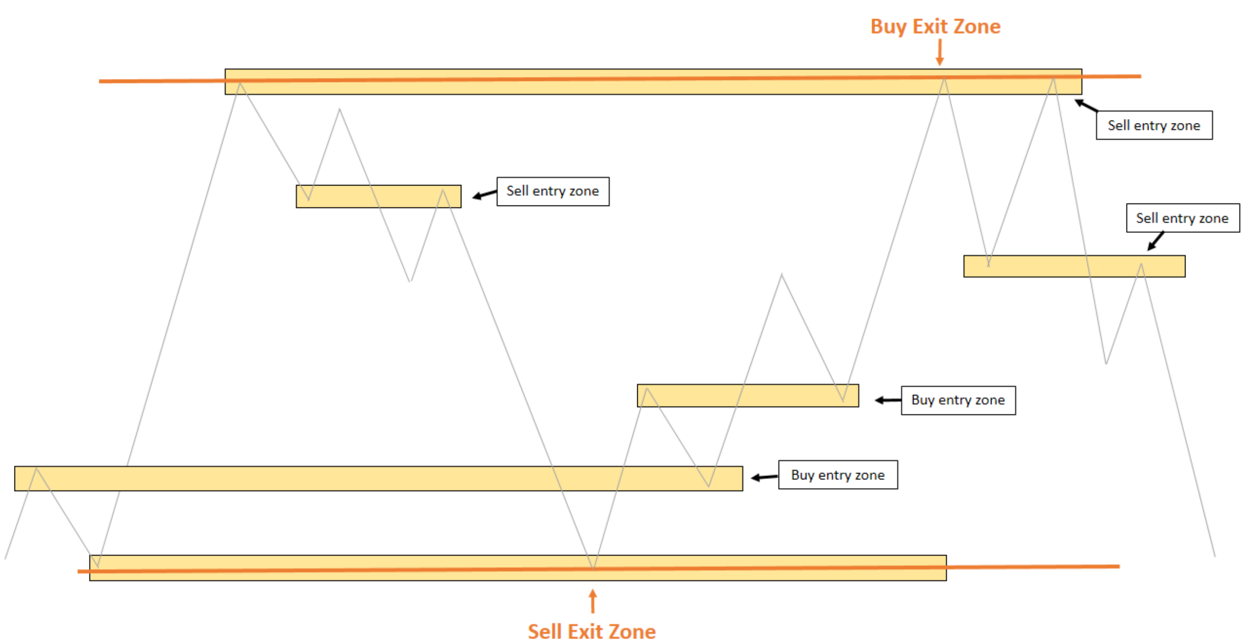
For this strategy, F & R is one of the top trading confluences for xauusd (gold).

Examples:



From the image above, the highlighted areas are the F & R zones.

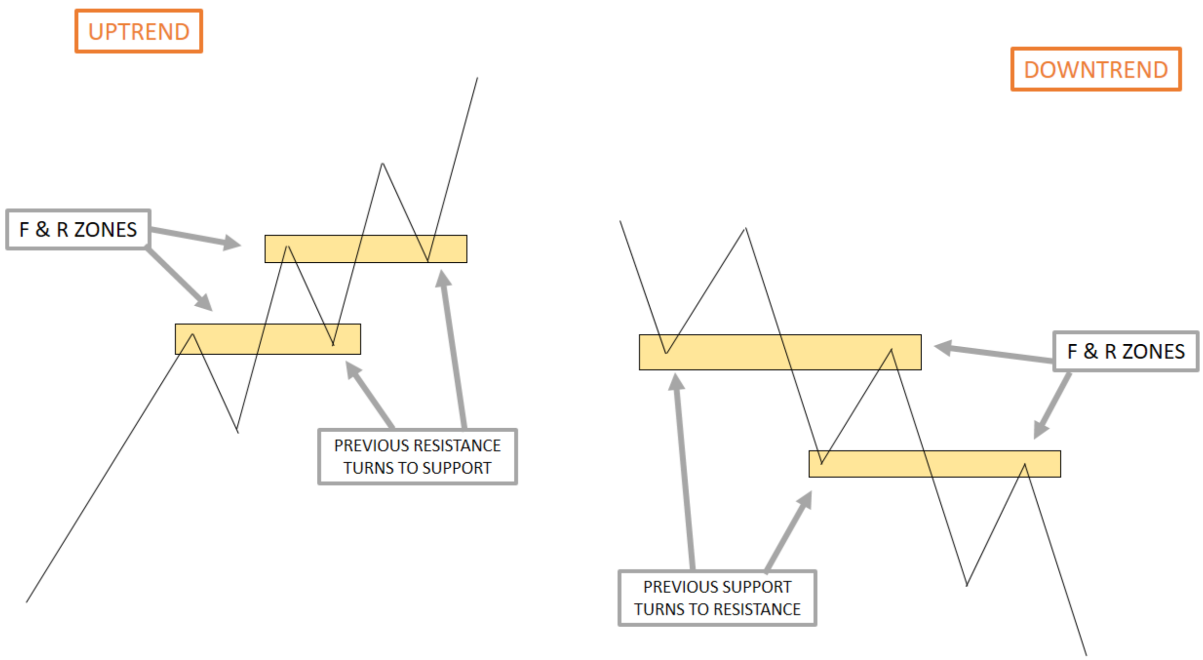
The example below shows us how the serve as an entry and exit zone.



UNDERTANDING MARKET STRUCTURES AND PATTERNS

The market moves in waves and thus, creates different patterns. From my experience as a gold trader, I've been able to map out some wave patterns gold moves in. And with this, you can successfully draw out the accurate F & R levels on gold.

Wave 1:



In the above uptrend example, the market turned the previous resistance zone to support before shooting up, thus, creating an F & R zone for entries.

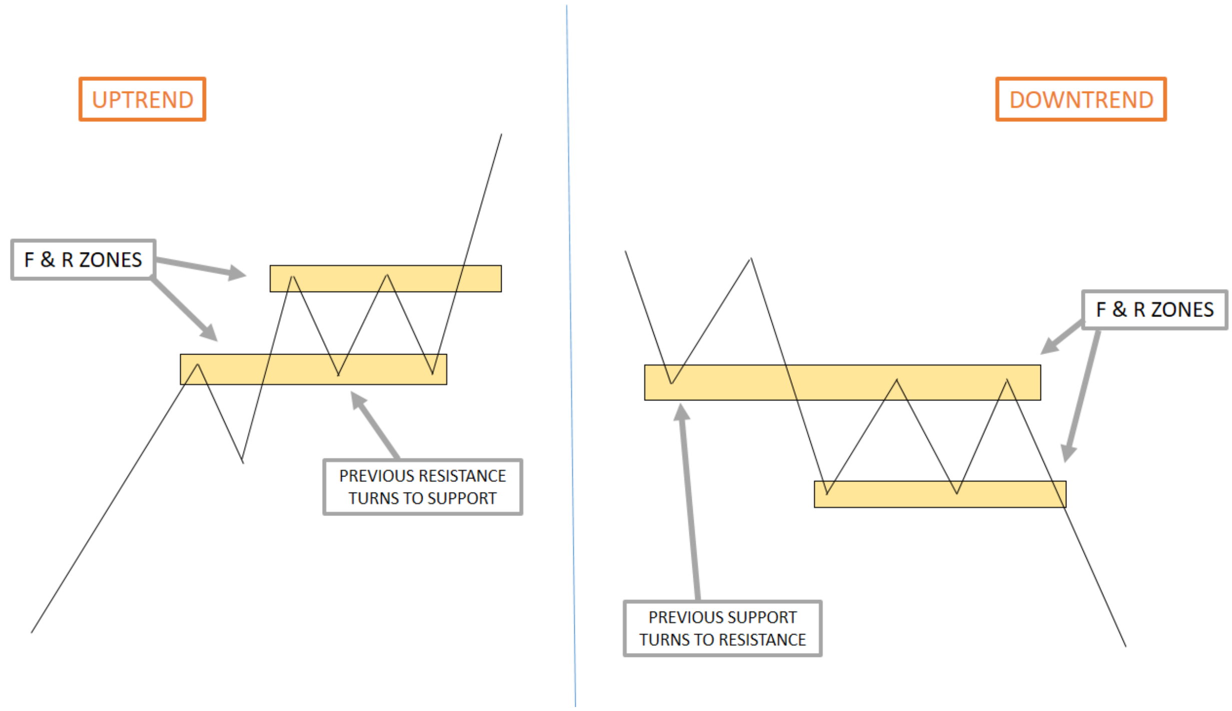
In the downtrend, it turned the previous support zone to resistance before dropping.

It can also be seen as a break and retest. Since the market broke the previous resistance zone in the uptrend and came back to retest (changed it to support).

And also in the downtrend, it broke the previous support zone and went back to retest it (changing it to resistance) before dropping.

Note: Only look for buy setups in an uptrend and sell setups in a downtrend.

Wave 2:



In the above uptrend example, the market turned the previous resistance zone to support, and then tested it twice before shooting up, thus, creating an F & R zone for entries.

In the downtrend, it turned the previous support zone to resistance before dropping.

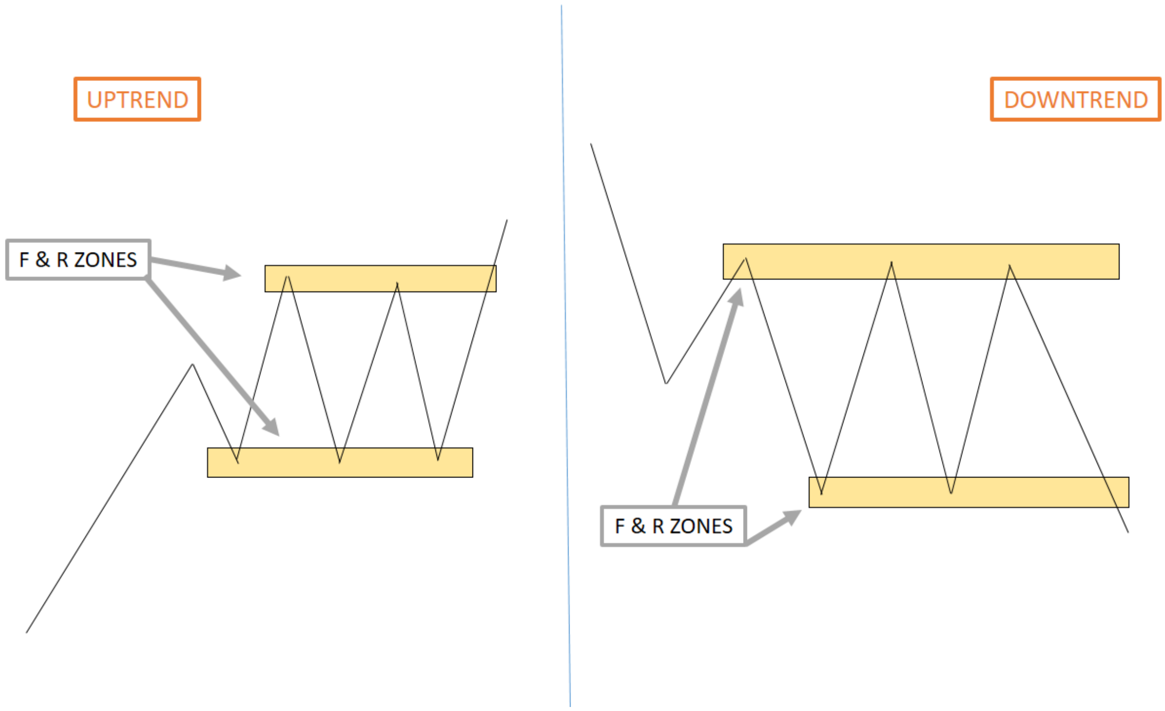
It can also be seen as a break and retest. Since the market broke the previous resistance zone in the uptrend and came back to retest (changed it to support).

And also in the downtrend, it broke the previous support zone and went back to retest it (changing it to resistance) before dropping.

But in this situation, it did two bounce before moving in the predetermined direction.

Note: When the market price breaks and retest an F & R zone twice, the second touch always shoots out aggressively. Check the above image for an example.

Wave 3:



This pattern happens more when the market enters a consolidating (ranging) mode. And also when the trend is about to change, maybe from an uptrend to a downtrend, or from a downtrend to an uptrend.

Remember, this wave patterns happens more on gold. I can’t say for other pairs.

HOW TO TRADE EACH WAVE PATTERNS

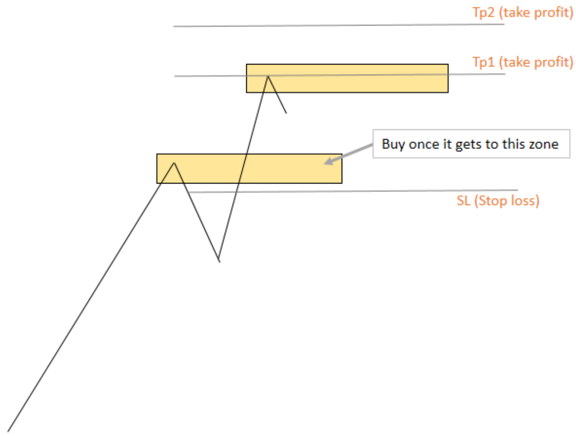
There’s a popular phrase in forex which says, ‘**Don’t trade against the trend**’. This implies that, which should always look for buys in an uptrend and sells in a downtrend.

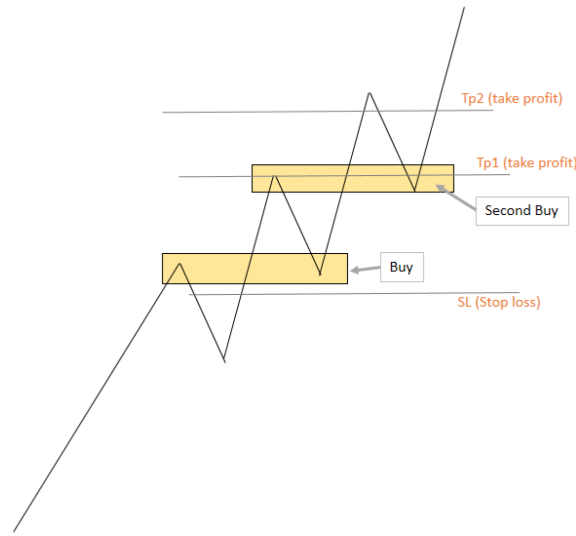
Note: Don’t trade this nakedly, trade it alongside other confluences like; Trendline, Psychological levels, chart patterns, candlestick patterns, etc. because this helps increase its win rate.

Check the below examples for a clear understanding:

Wave 1:

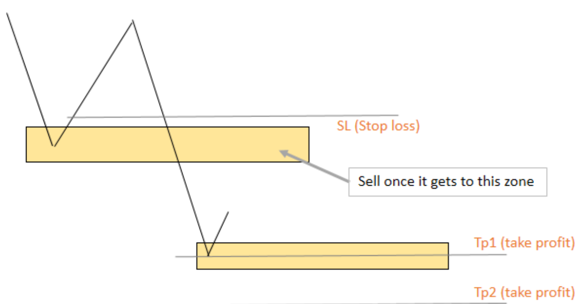
UPTREND

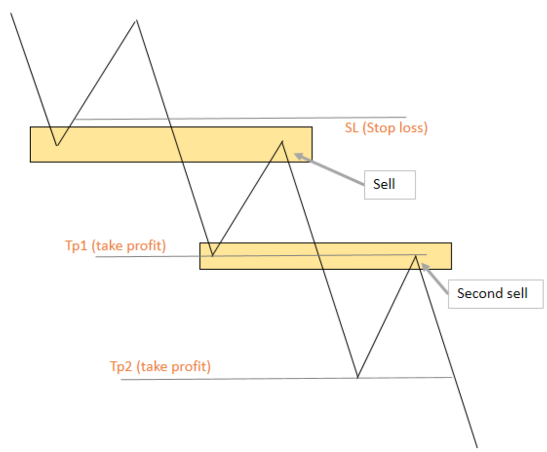




The above example summarizes the entry and exit points in an uptrend.

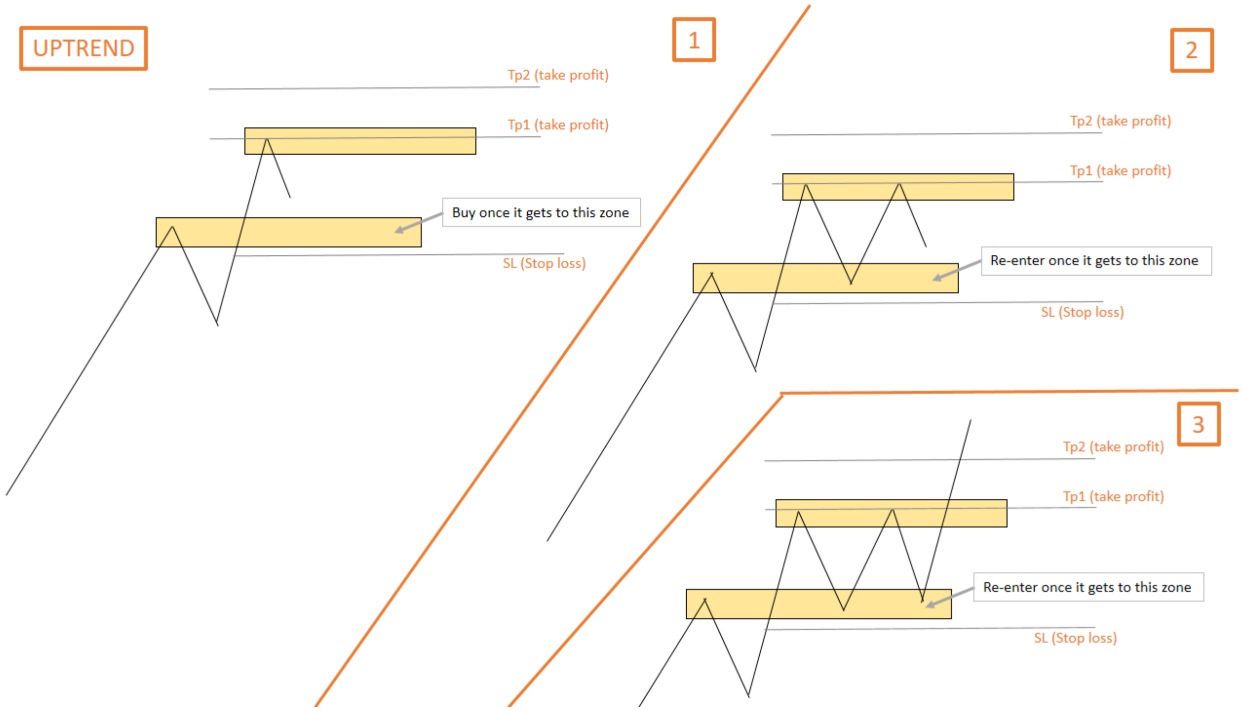
DOWNTREND



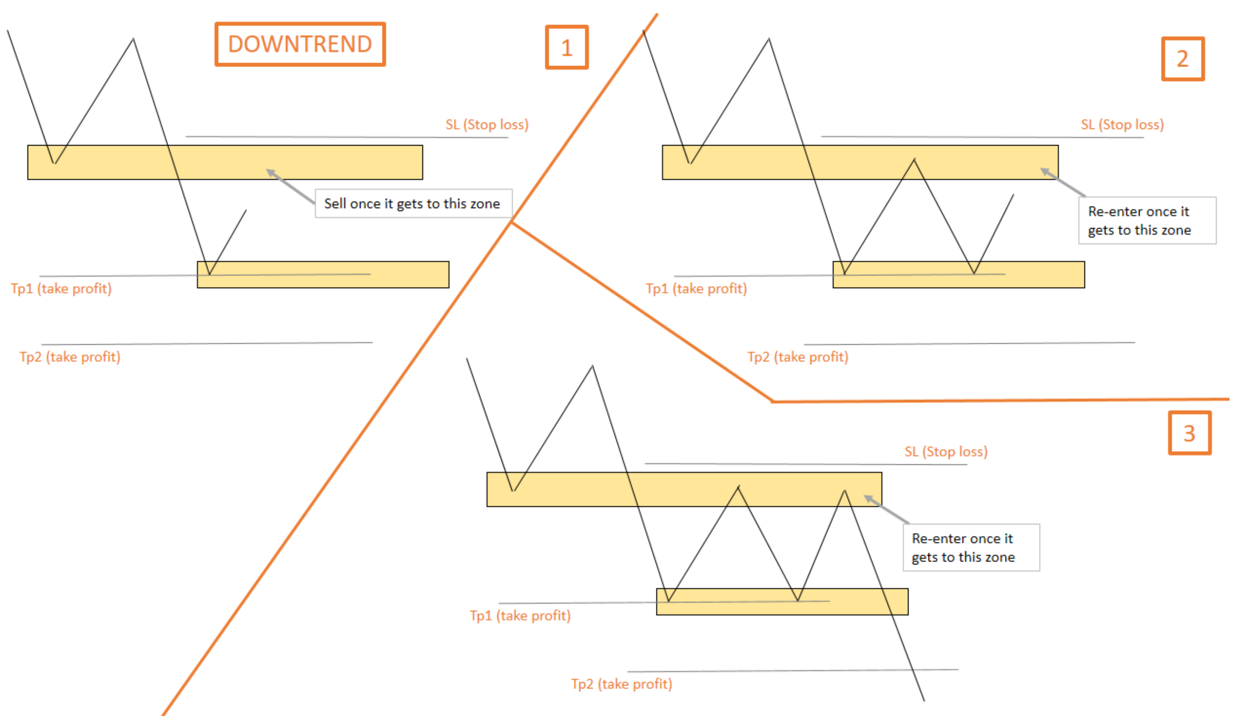


The above example summarizes the entry and exit points in a downtrend.

Wave 2:

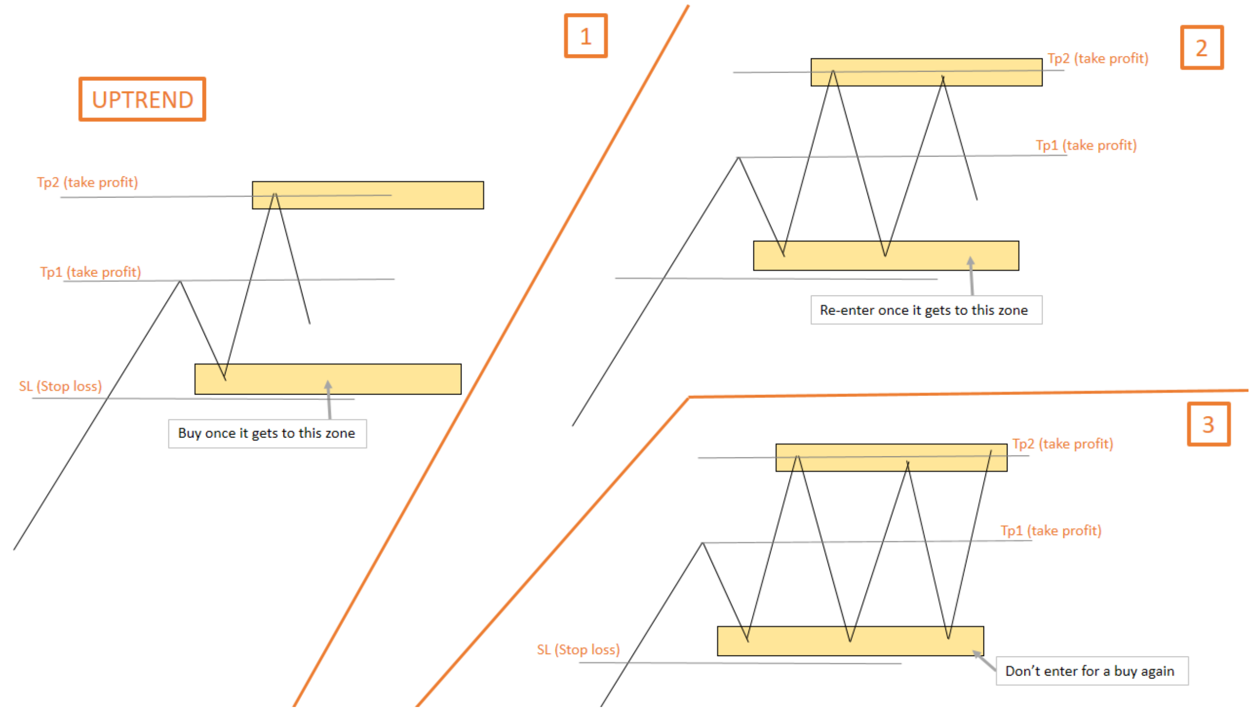


The above example summarizes the entry and exit points in an uptrend.

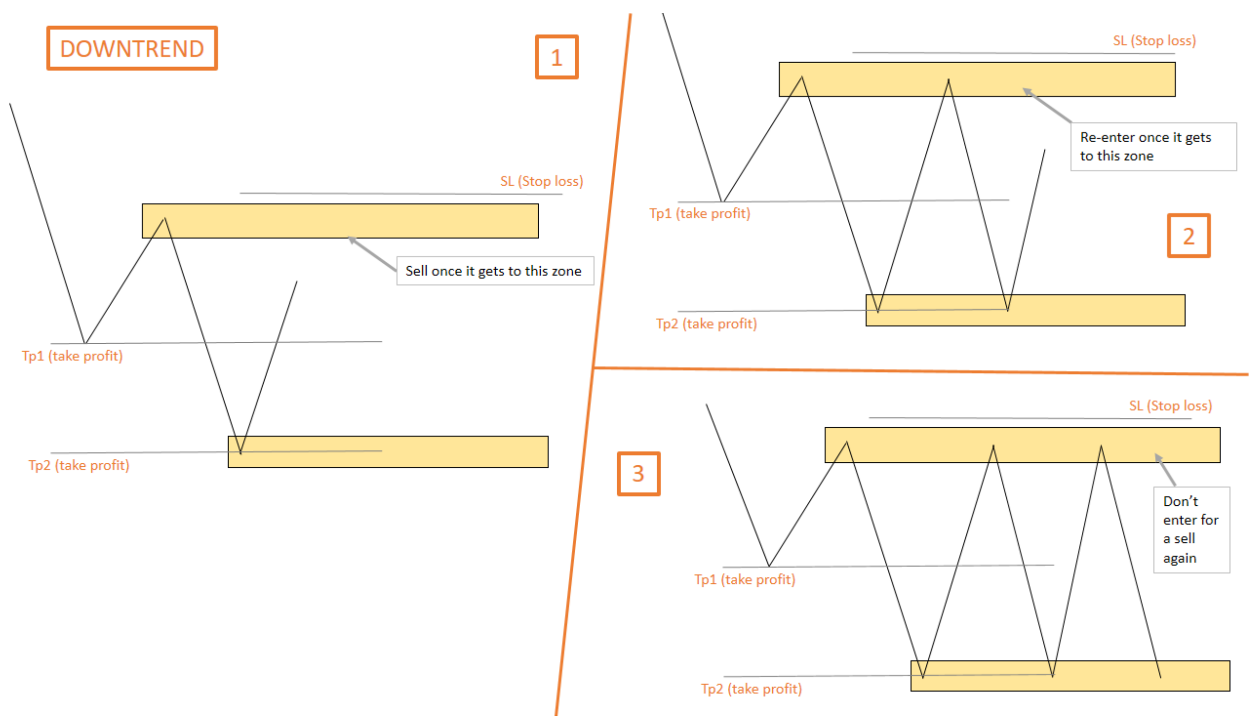


The above example summarizes the entry and exit points in a downtrend.

Wave 3:



The above example summarizes the entry and exit points in an uptrend.

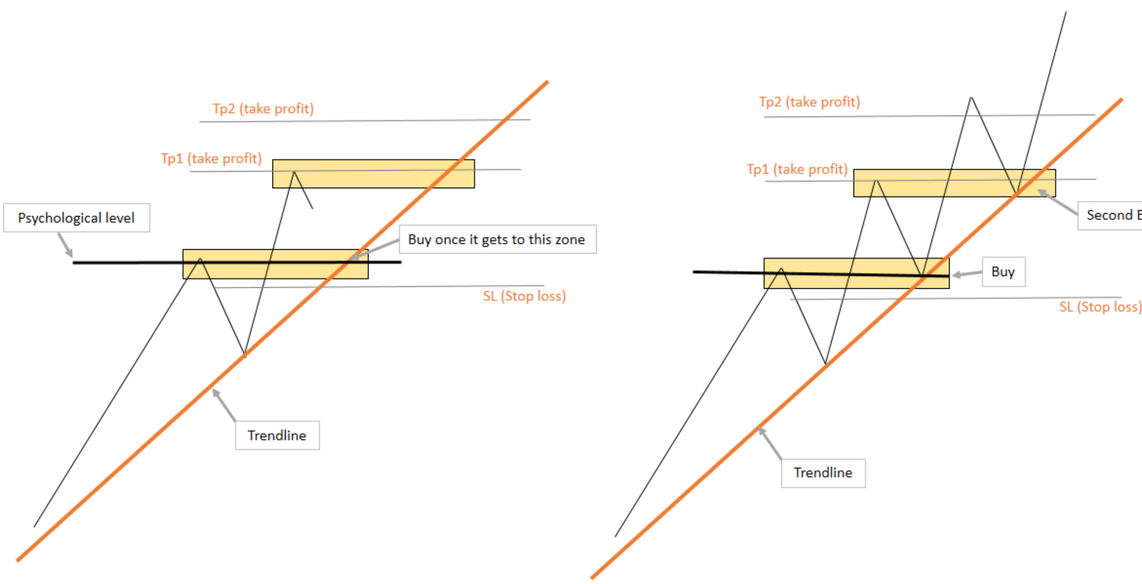


The above example summarizes the entry and exit points in an downtrend.

ADDING OTHER CONFLUENCES TO BACK UP OUR PREDICTION

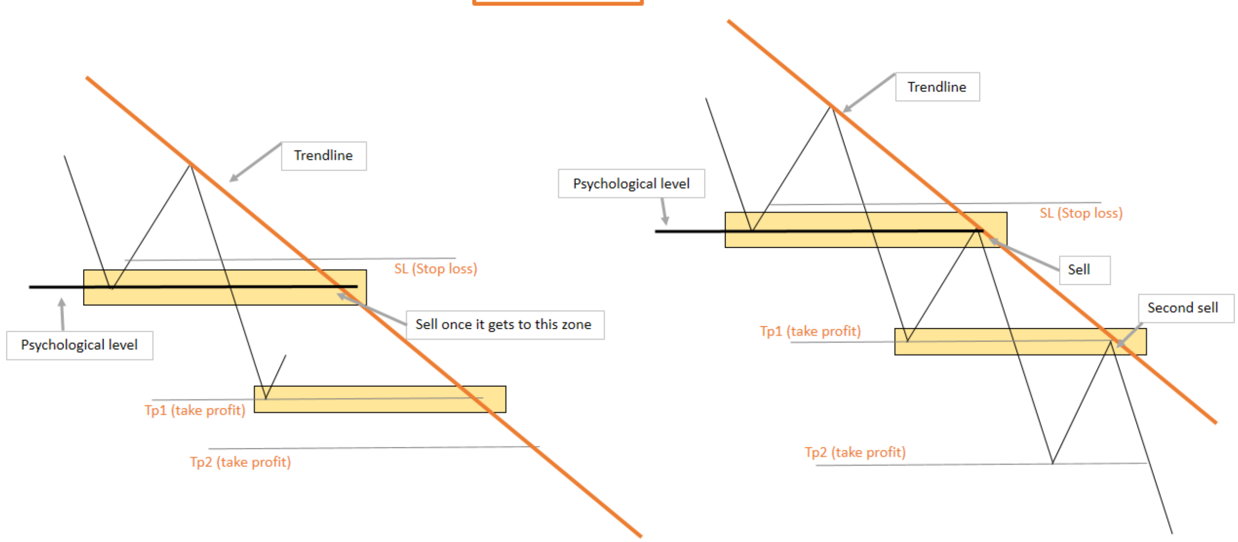
Let's add Trendlines, Psychological levels and Candlestick pattern to the F & R, so as to increase it probability.

UPTREND



The above example summarizes the entry and exit points in an uptrend with other 3 confluences (Trendline, F & R and Psychological level)

DOWNTREND

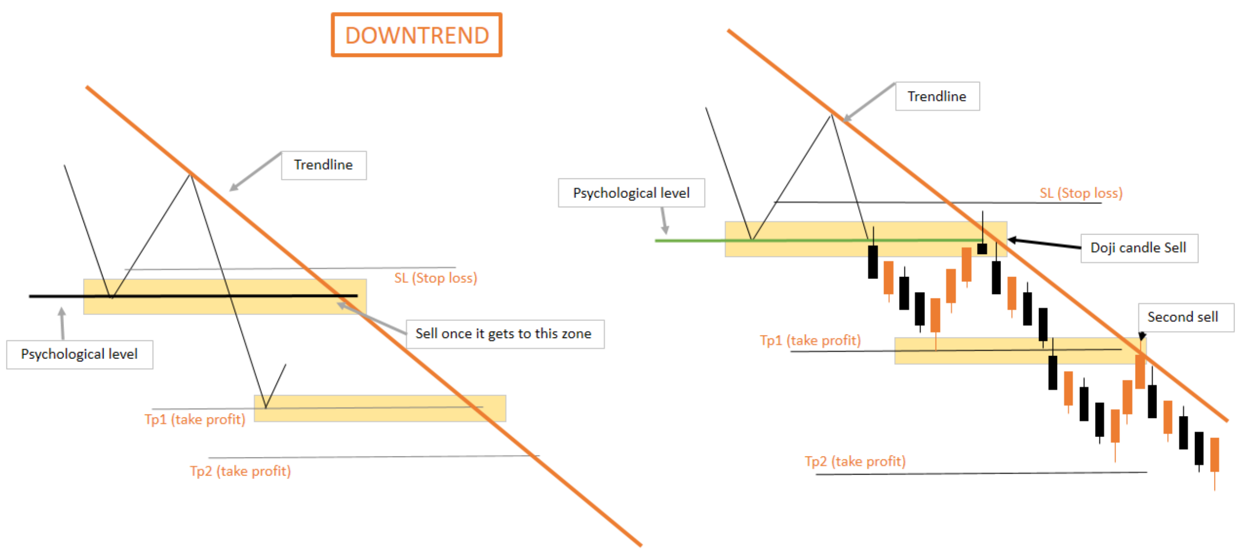


The above example summarizes the entry and exit points in a downtrend with other 3 confluences (Trendline, F & R and Psychological level).

Note: Do well to watch out for candlestick patterns on the entry zone before taking the trade. With that, the confluences will become 4 out 4 (Trendlines, Psychological level, F & R, Candlestick Patterns).

Also, 3 out of 4 is a good trade. But 4 out of 4 is a high killer trade.

Example:



From the above example, we had 4 out of 4 confluences, which is;

- Trendline
- Psychological level
- F & R zone
- Candlestick Pattern

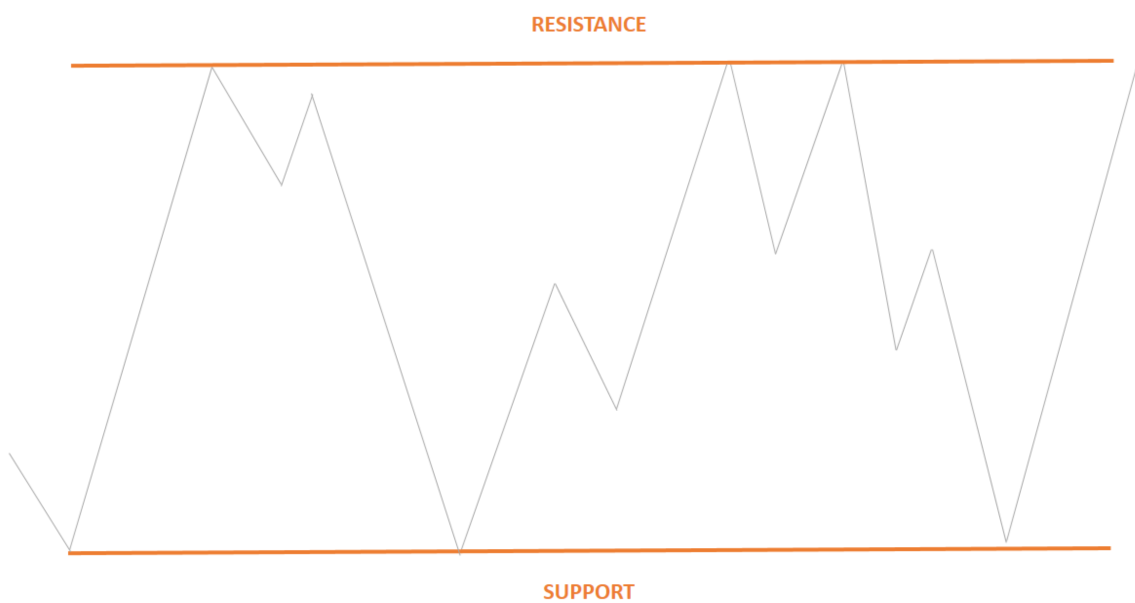
And for this example, the candlestick pattern there is a 'doji candlestick'.

BOX TRADING CONCEPT

Market don't always move in trending forms, it sometimes consolidate (ranges). So what do we do when it starts consolidating?
Stay away? NO!

What if the market keeps consolidating for a long time and you're prop firm trader. You'll definitely loss the account trying to meet up.

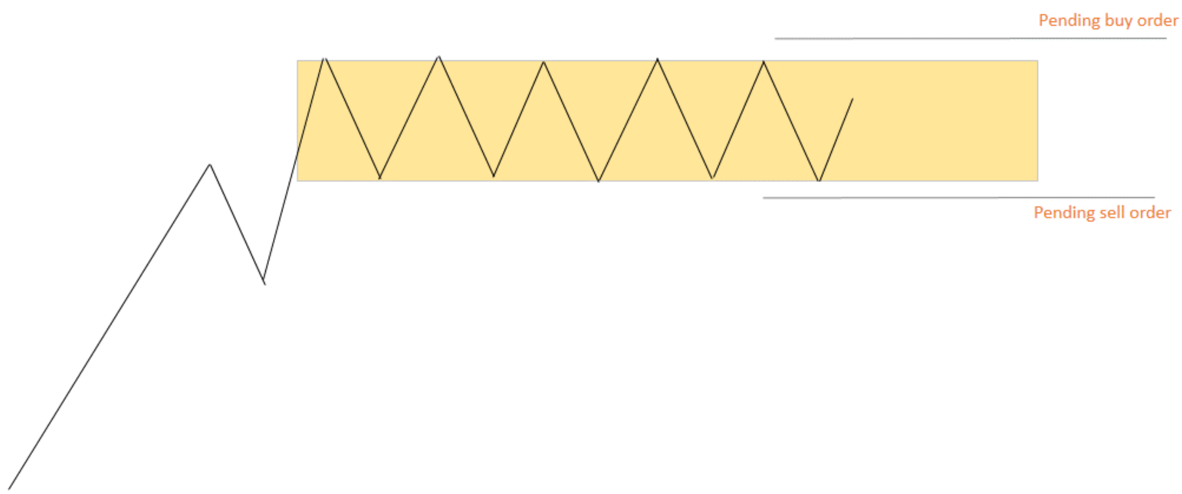
Yeah it is good to stay off the market during this period. But they're some certain ways we could catch good trades off consolidating markets.



CONSOLIDATION: A situation where the market moves sideways. It can be seen on all timeframes.

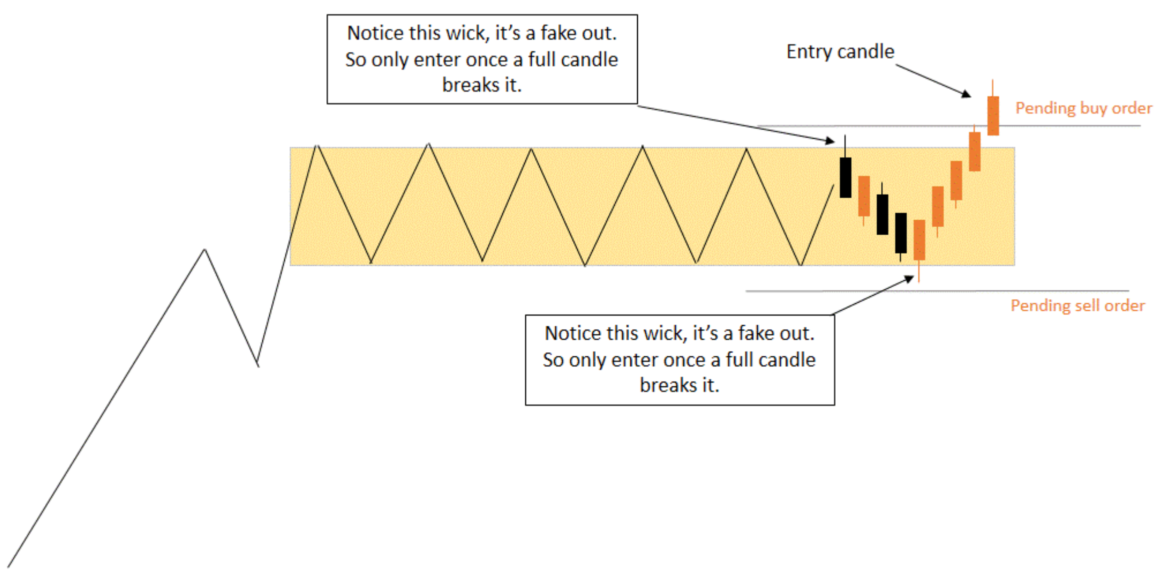
That of a smaller timeframe doesn't last long. Which gives us good trade setups, instead of ignoring them totally.

In the other hand, the once on a bigger timeframe do last long, sometimes up to a month. But in between those consolidating market, there's always a good trading setups, which I'll be showing you on the next page.



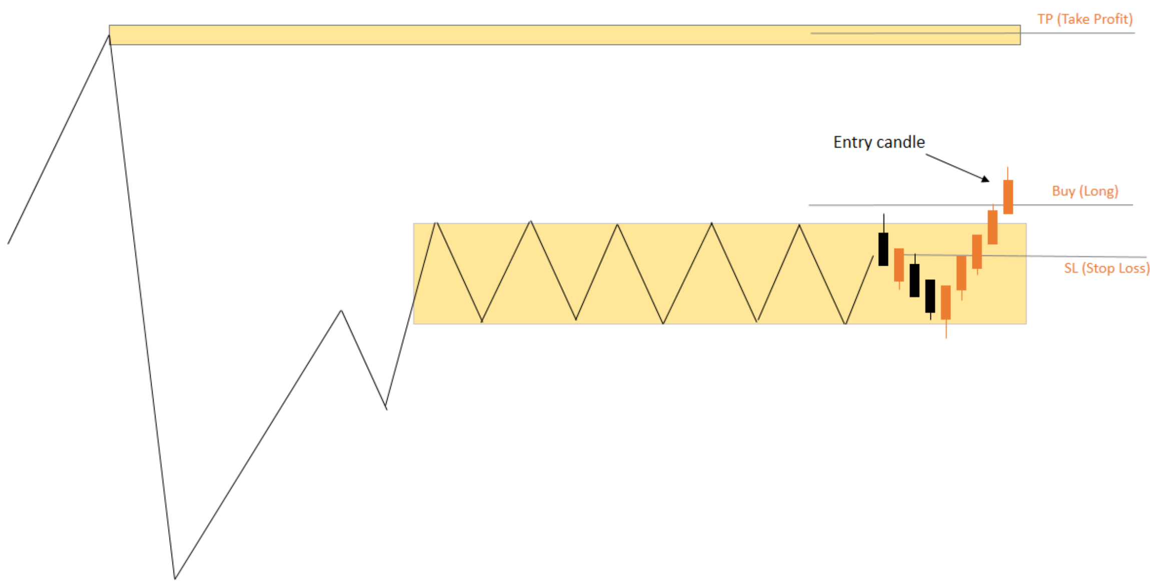
The above example summarizes the entry levels on a consolidating market. Especially in an indecisive market. We set pending orders on both sides.

But note, a full candle must break the consolidation box first, before we enter on the second candle in that direction. For instance;



Notice that wick that shoot out of the box, if we had entered it would have faked us out. So wait for it to close with a full candle body, then enter on the next candle after it.

Example:



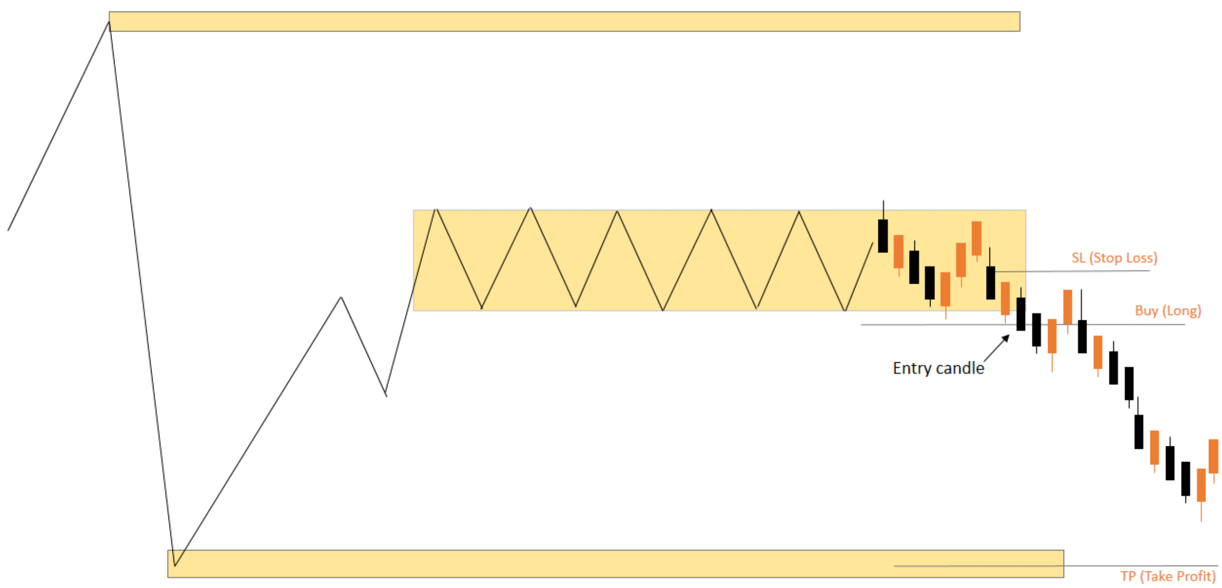
From the above example, you can see our entry candle, the stop loss point, which is few pips below the breakout candle. And our take profit point is at a key level.

So we don't just place it randomly, but we only place them on a key level, so as to increase the probability of the market getting to that level.

Same is applicable in a downtrend too, if it should break to the down side, then our stop loss would be few pips above the break out candle. And our take profit would be at a key level.

Example:

From the example below, you can see how we took the trade. Our entry and exit points. All at a key level.



Remember, on a bigger timeframe, it takes time before breaking. That's why patience is a valuable skill in trading.

Don't rush it, instead wait for the market to respect all your setup strategy, then hop in with zero fear and you will see huge changes.

Remember, we human fears what we don't know, so trade what you see and understand, not what the market gives you.

It could be just one setup from this book, but if you trade it consistently, you're on your way to becoming consistently profitable.

Now, how do we approach the market before taking trades? Do we just hop into tradingview and take a trade from our entry timeframe? NO!

We do a 'Top Down Analysis' first. Then place a trade off what the market is telling us.

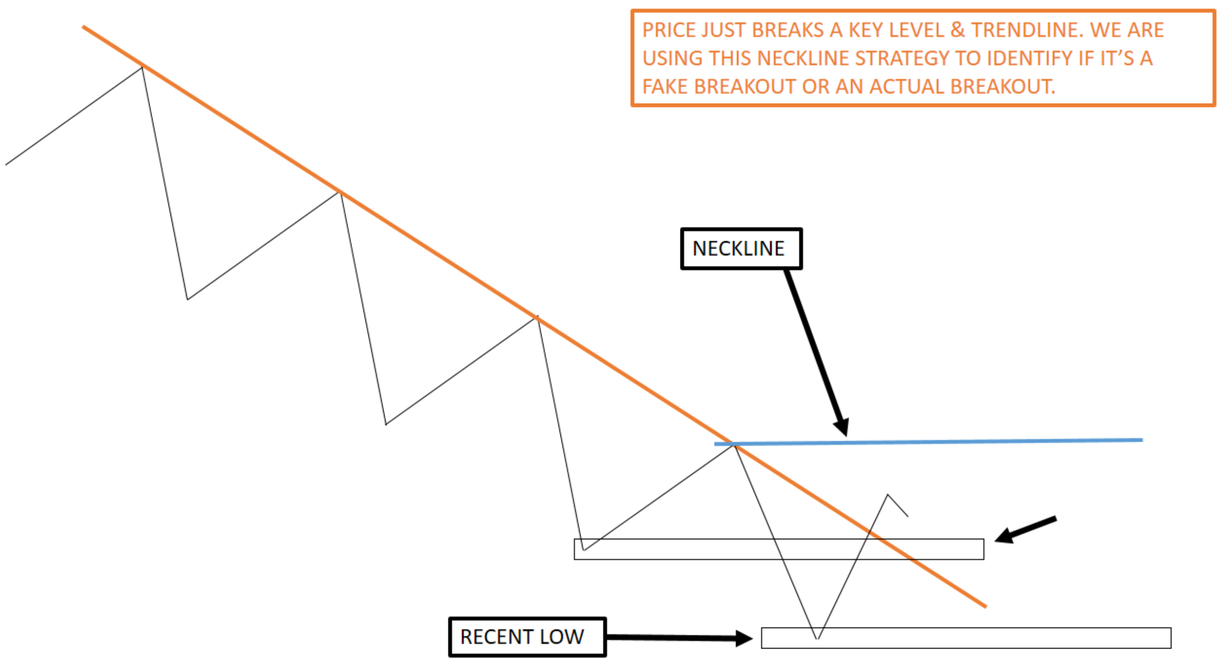
Let me show you how.

THE NECKLINE STRATEGY

The Neckline strategy is mostly used to identify fake breakout from an actual one, so as to catch the trade and not get faked out. It is also used to spot save trades and entries.

The market doesn't just move straight, it moves in waves, thus, creating highs and lows. Which is one of the most helpful levels when using the neckline strategy.

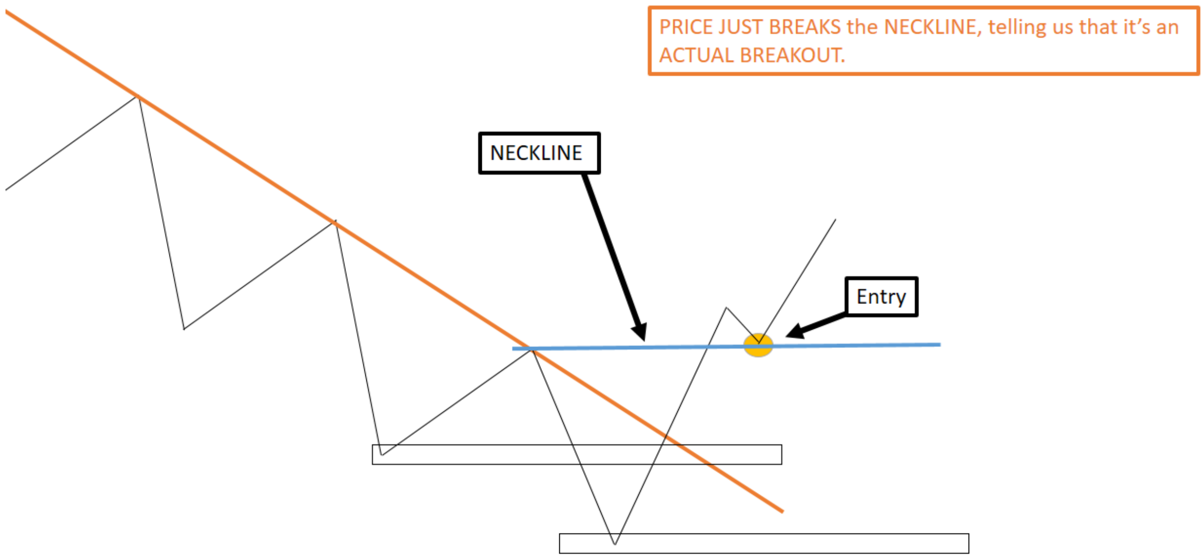
Example 1:
How to use the Neckline Strategy to spot a fake breakout;



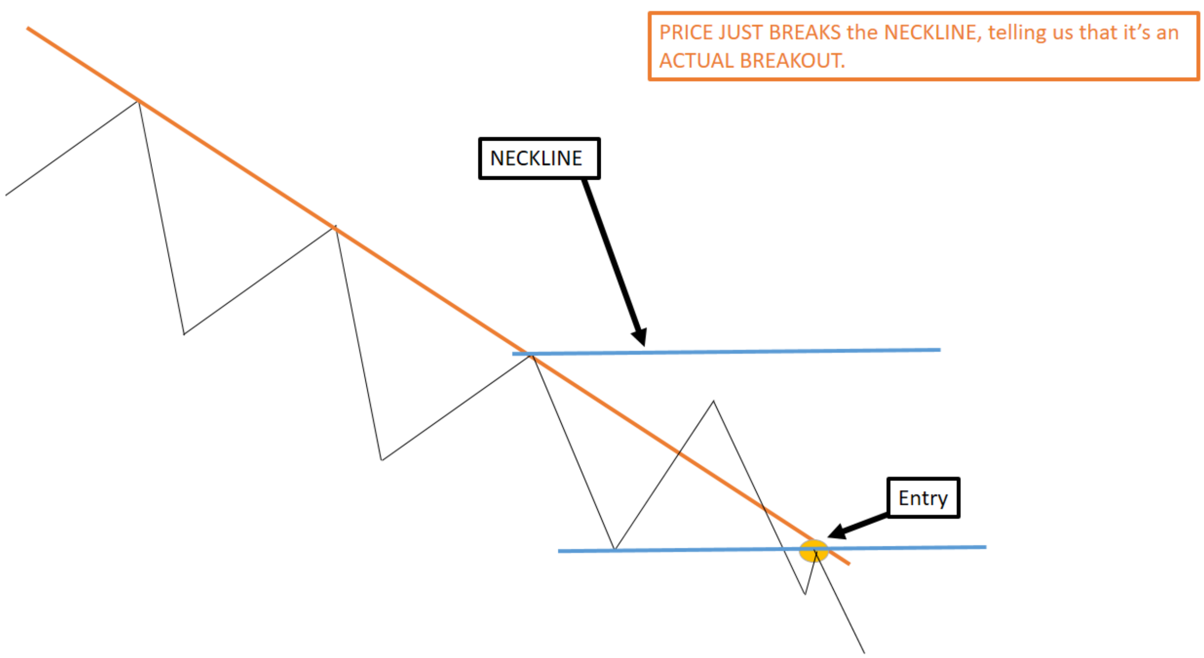
From the above example, the market just broke the key level and also the trendline. But we can't say if it's an actual breakout. It's risky to buy at this point. What if you bought and it turned back and continue its downtrend?

From the above image, the market will be an actual breakout if it breaks the blue horizontal line above. So we will enter for a buy if it breaks the blue like.

Check the next example:



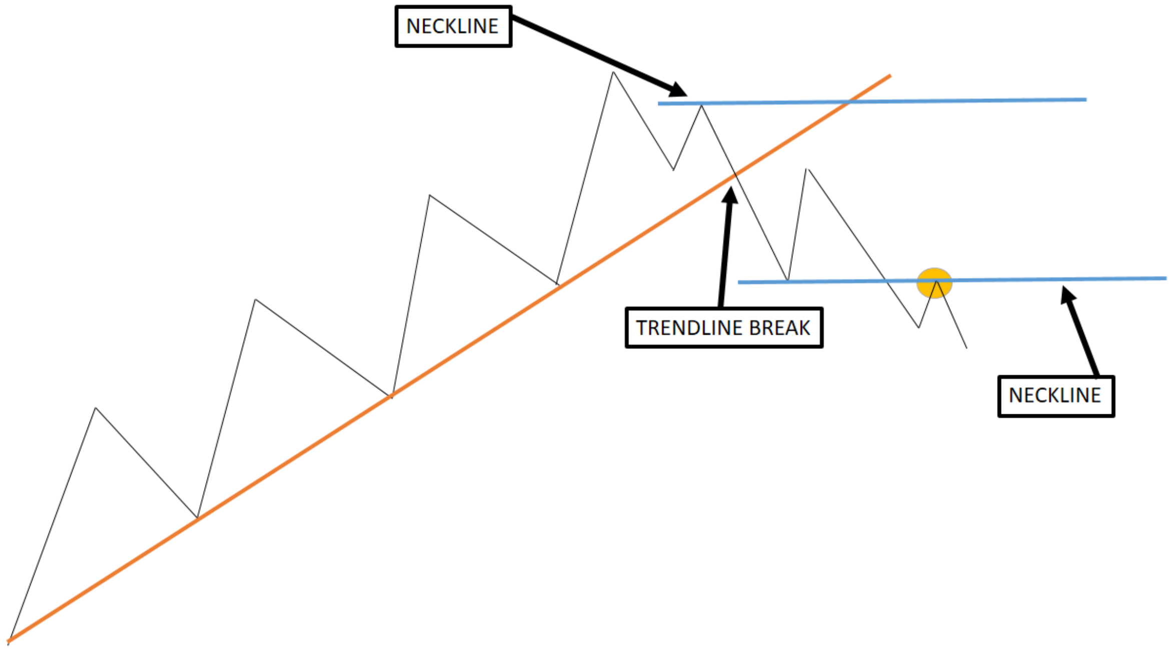
Price finally breaks the neckline, confirming the breakout. It's save to trade off this levels. But what if the market fails to break the neckline, what should we expect? Below is an example of what to expect;



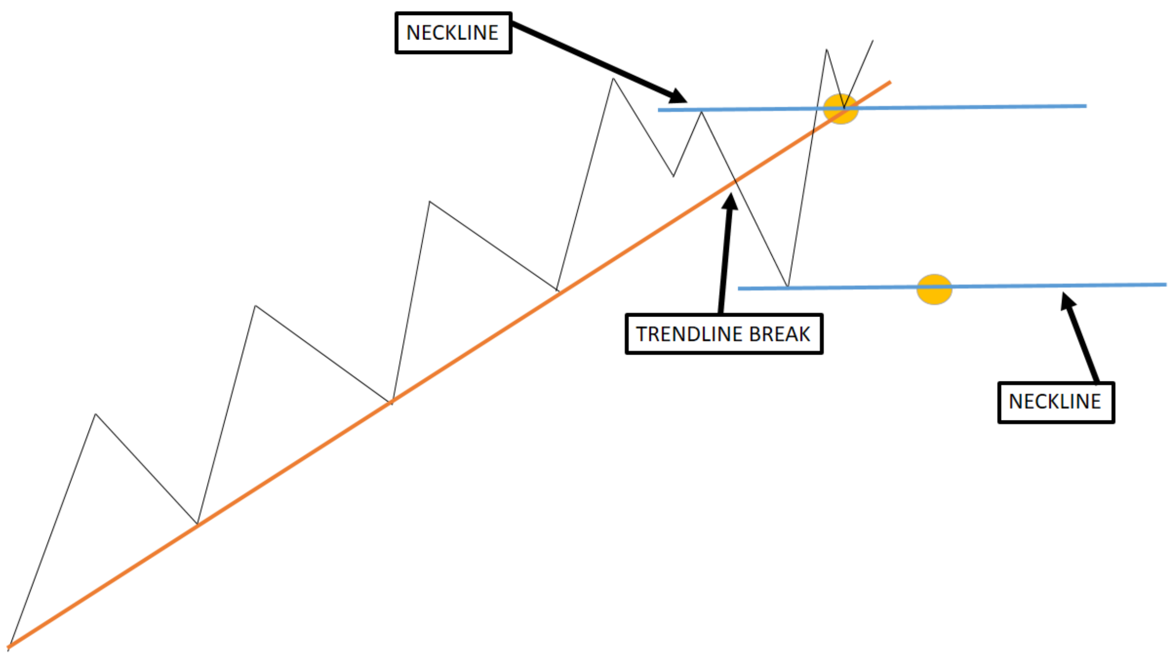
So with this, you won't get faked out by the market. Instead you will wait patiently for the market to either break the neckline above or the one below before entering.

Lets' do an Uptrend example;

Example 2:



The highlighted circle is the entry via this strategy. If you noticed, when the market broke the trendline, it went down and created a low, so we make there as the recent low and then wait for the market to break it. But if it fails to break the recent low it created, then we should be expecting this instead;



So you see how the market went back up, and faked some people out. Always use this strategy to stay on the safe side.

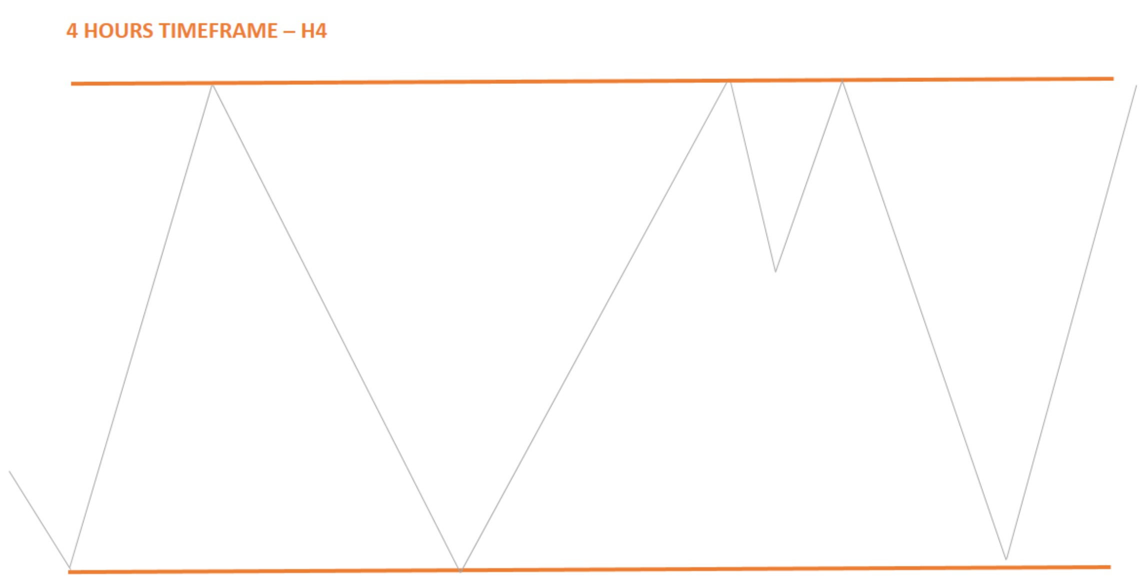
TOP DOWN ANALYSIS

This is an act where we approach the market from a bigger timeframe to know its direction before placing trades on the smaller timeframe.

Top down analysis helps us understand the market more. It gives us a clue of what the market is doing at a particular time. If it's trending up or down or if it's consolidating.

One of the particular tool that helps us out with that is the 'Trendline'. It helps us identify the trend. And also help breaks everything down in a clearer way.

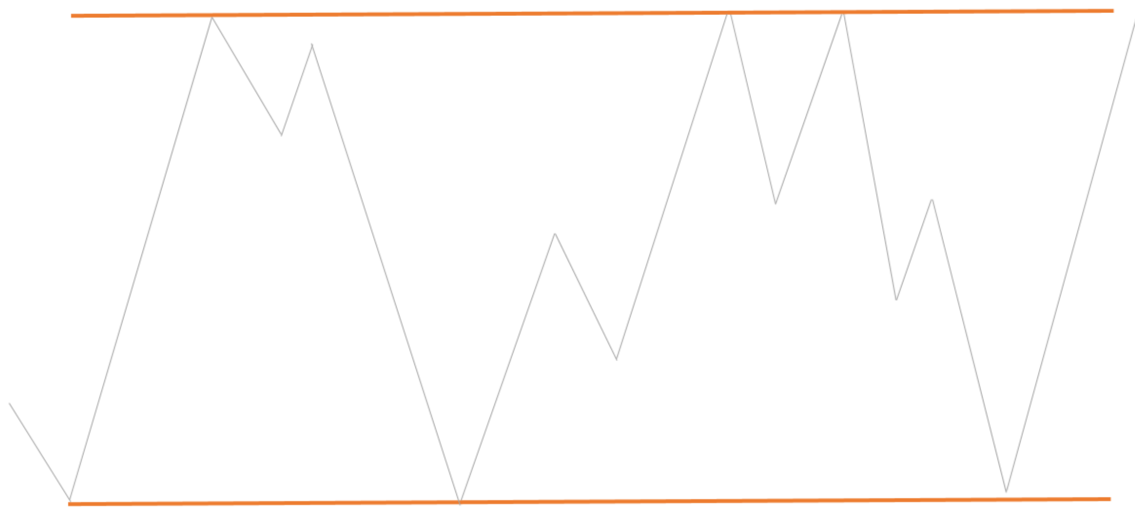
Let's take this market as an example;



From the above image, you can see how the market looks like on the 4 hours timeframe. So if you were waiting for it to touch the support or resistance zone, then you will wait for a very long time. Because 6 candles on the 4 hours timeframe makes one day. And we can have like 20 candles before it touches the zones.

So top down analysis, helps gives us good trades from the smaller timeframe. Now lets' see how the 1 hour timeframe looks like for that same market.

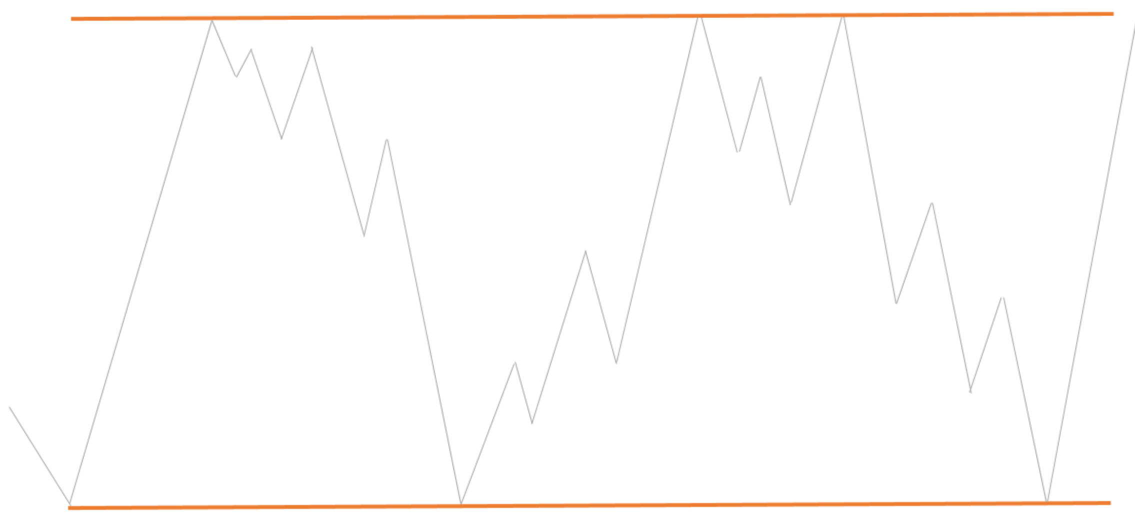
1 HOUR TIMEFRAME – H1



Now compare the two image to see the difference. You will see that there's lesser noise on the 4 hours timeframe.

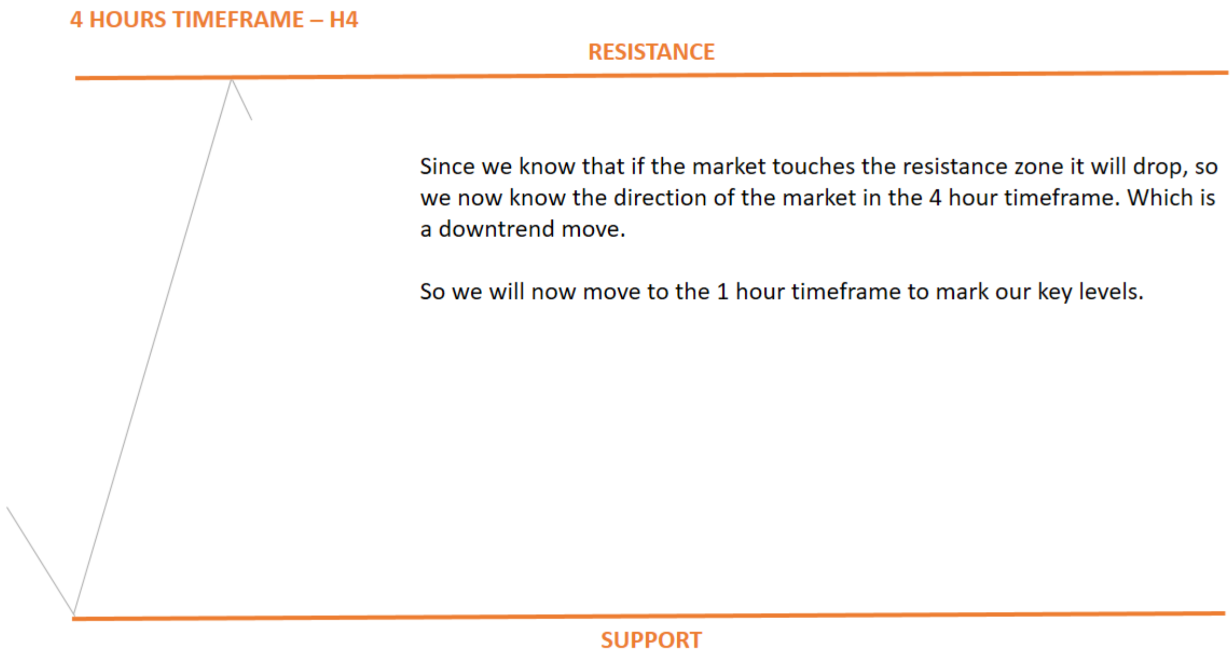
Now lets' check our entry timeframe;

15 MINUTES TIMEFRAME – M15

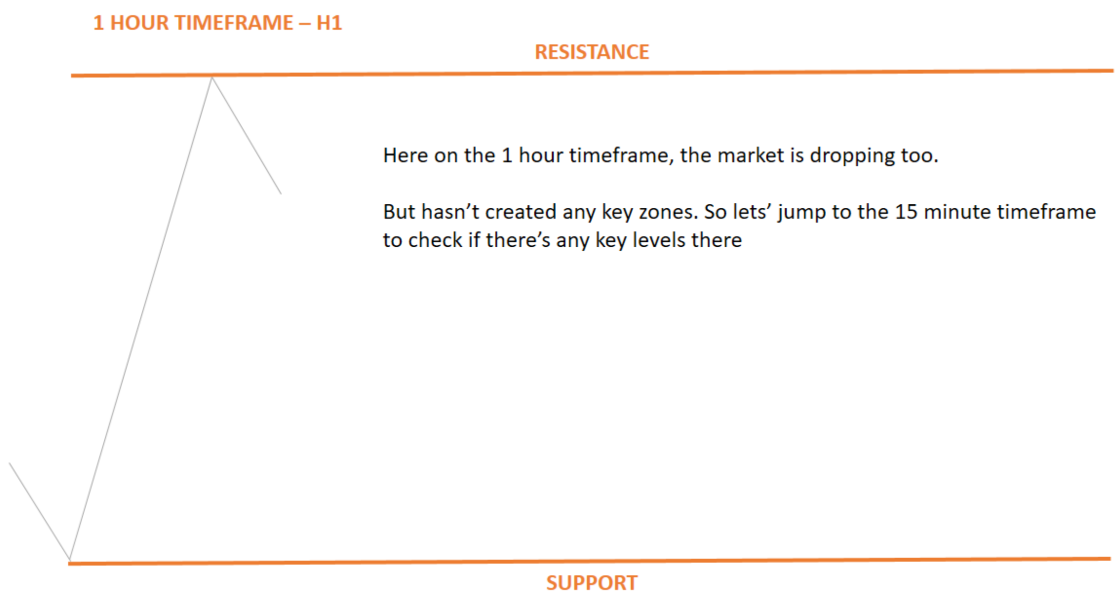


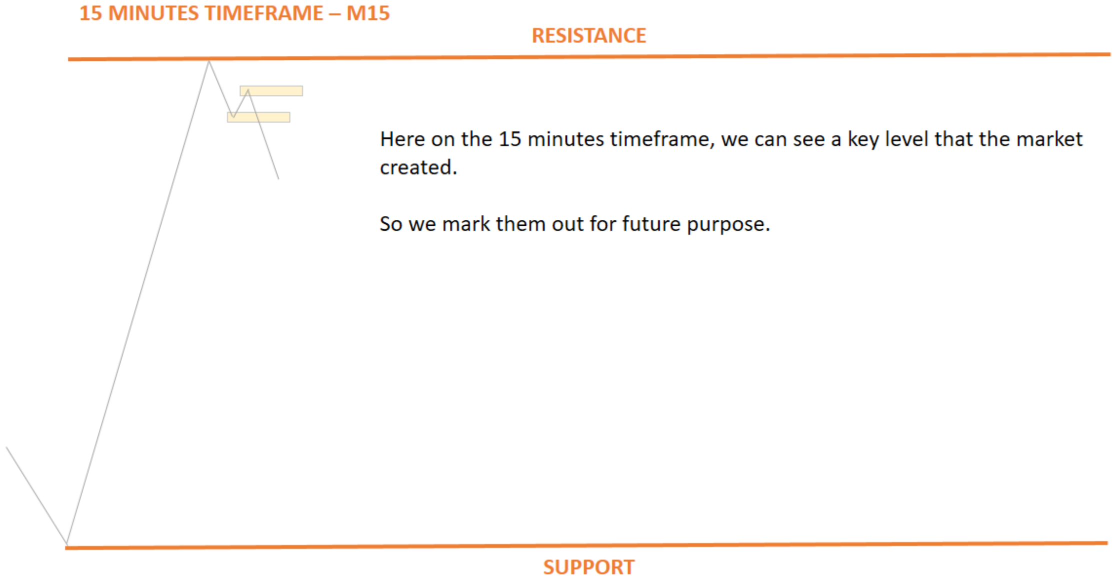
Now compare the 3 images, the 15 minutes timeframe is noisier. So how do we trade it?

Pay close attention to the images below:

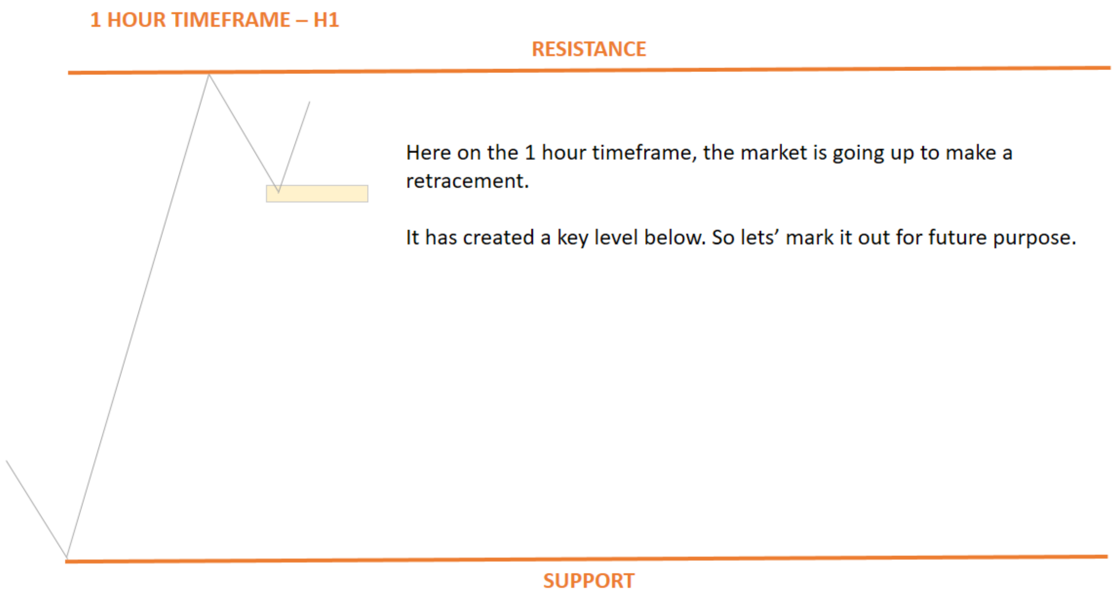


Lets' jump to the 1 hour time frame

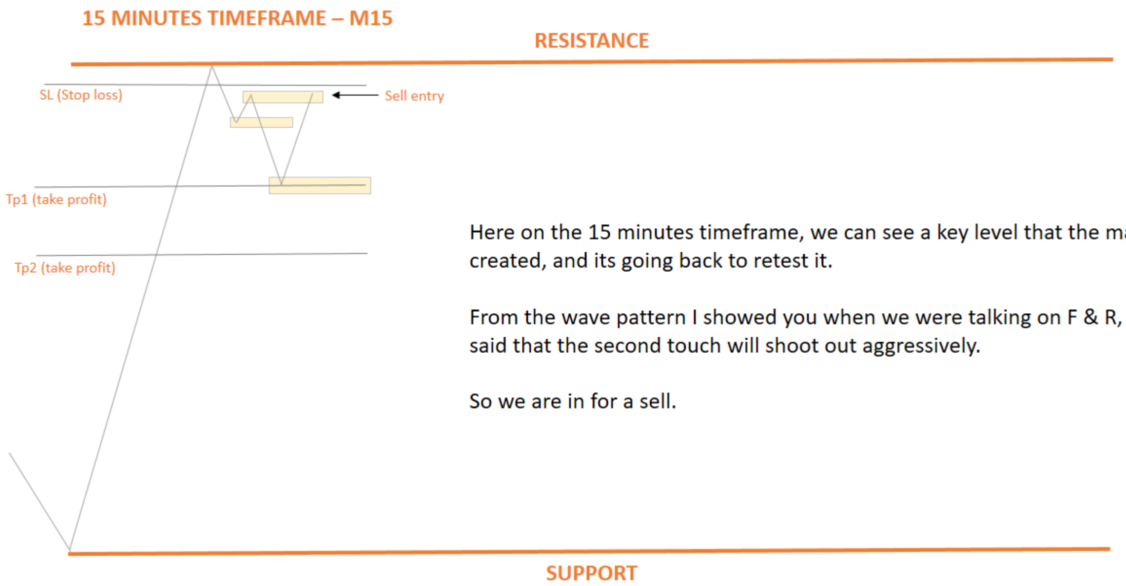




Since we've been able to identify a key level (F & R) on the 15 minutes timeframe, so we will now wait for the market to retest those levels.



The market is going up on the 1 hour timeframe. But we will understanding why it's going up more if we jump to the 15 minutes timeframe.

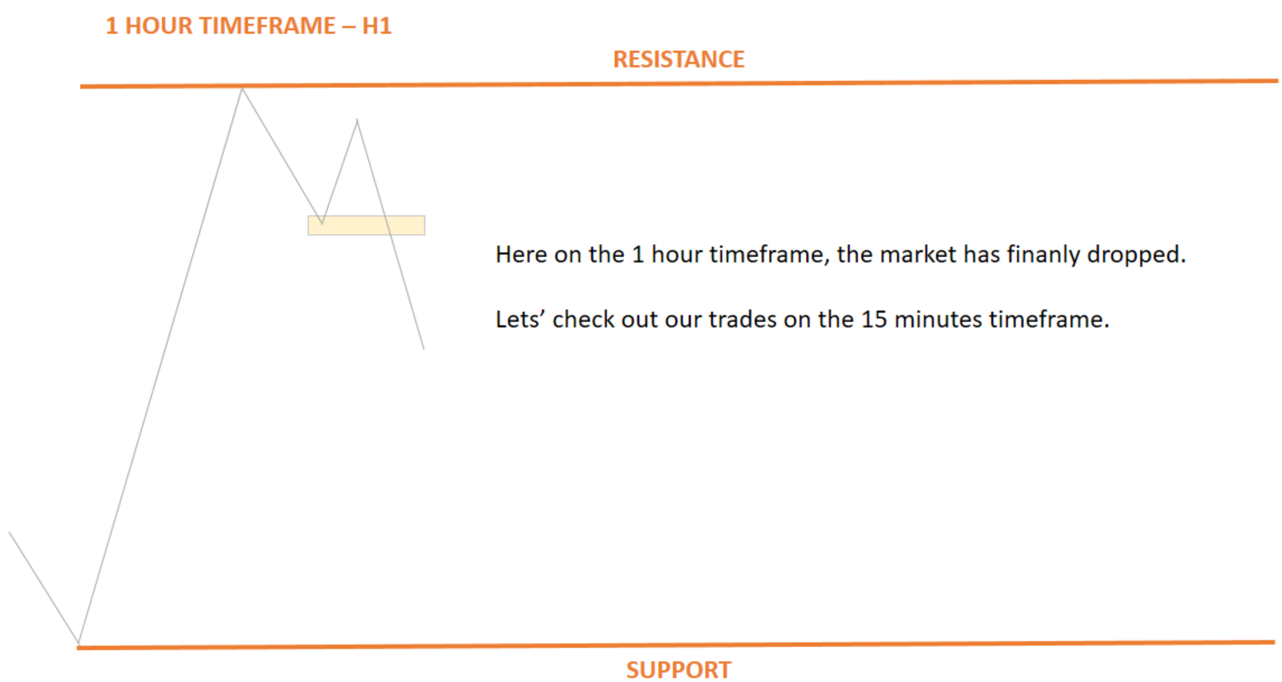


Here on the 15 minutes timeframe, we can see a key level that the market created, and its going back to retest it.

From the wave pattern I showed you when we were talking on F & R, we said that the second touch will shoot out aggressively.

So we are in for a sell.

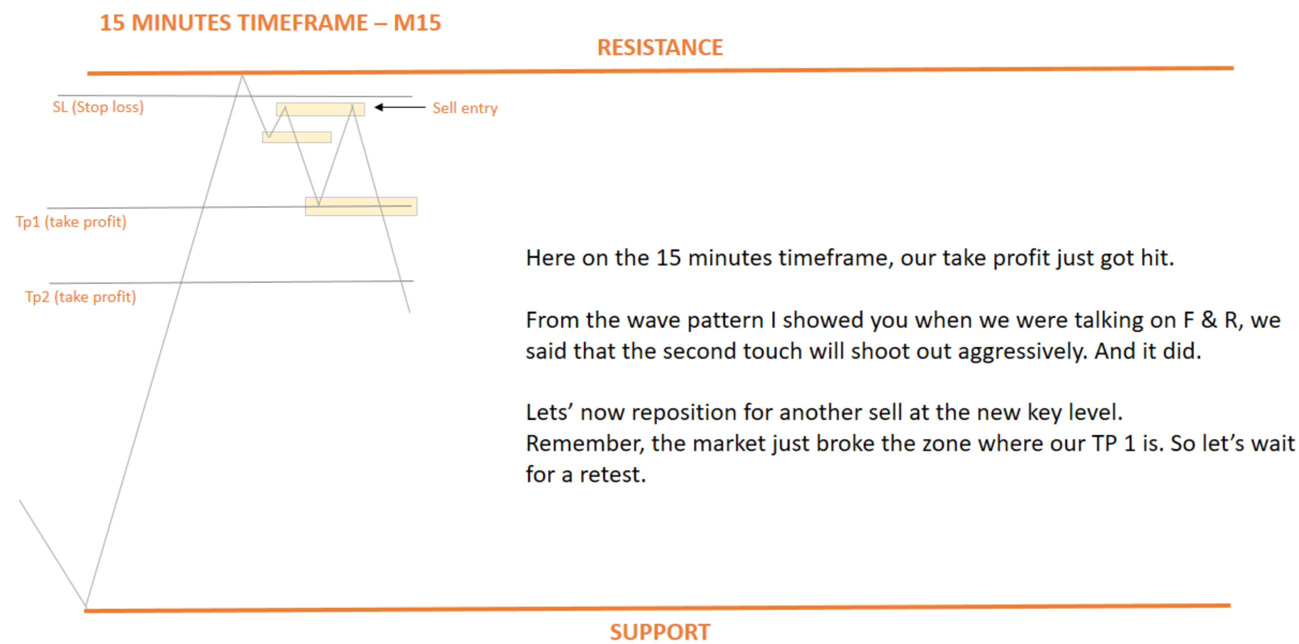
We're in, lets' watch how it plays out.



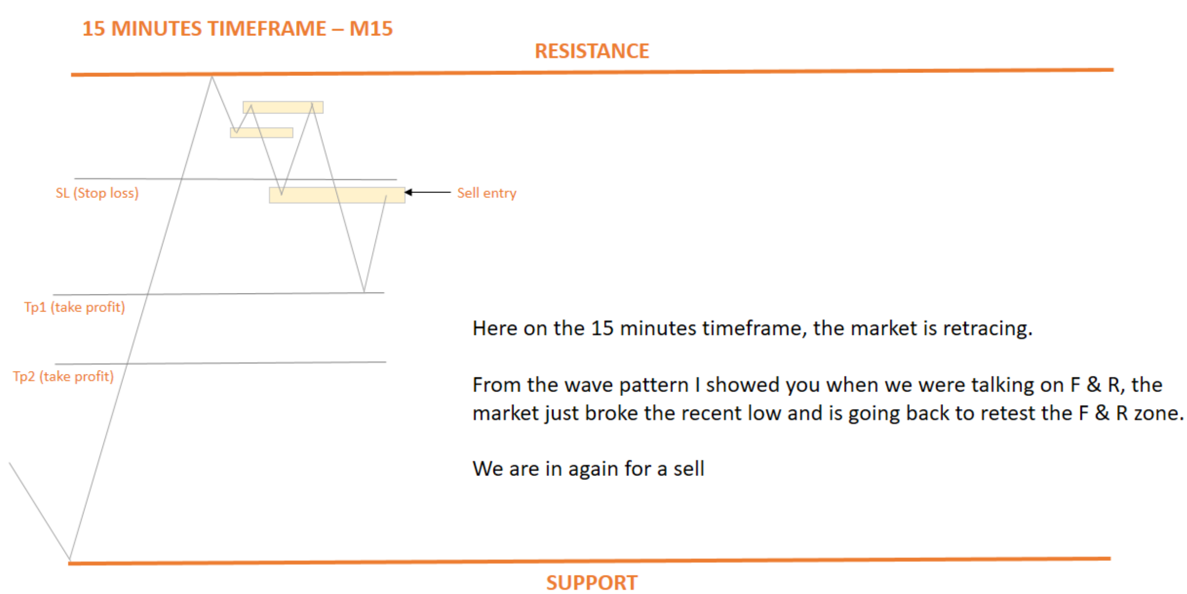
Here on the 1 hour timeframe, the market has finanly dropped.

Lets' check out our trades on the 15 minutes timeframe.

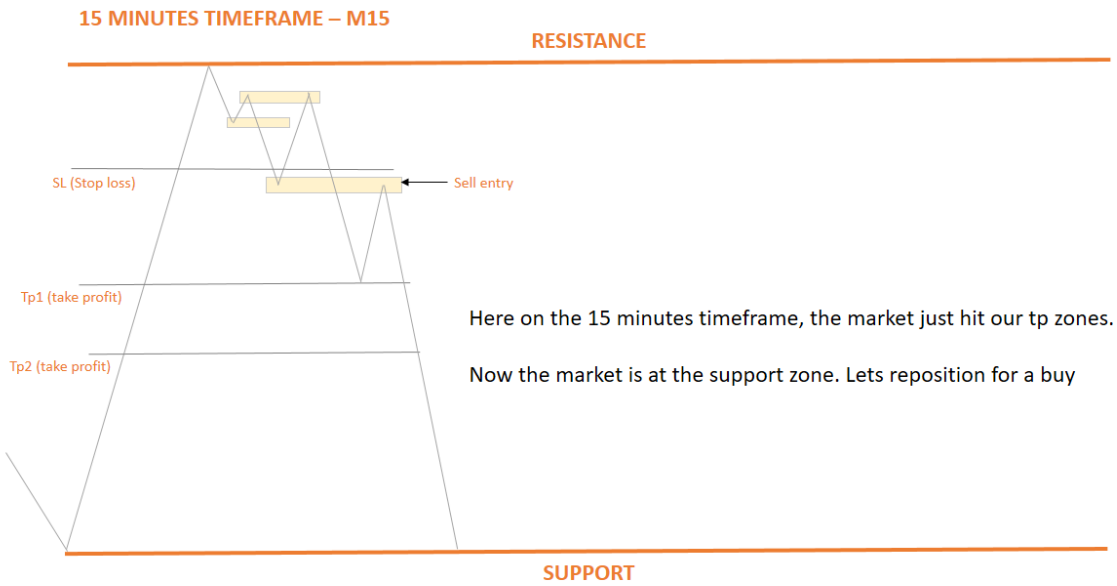
Lets' check it out on the 15 minutes timeframe.



Our take profit just got hit. Lets’ reposition for another sell.

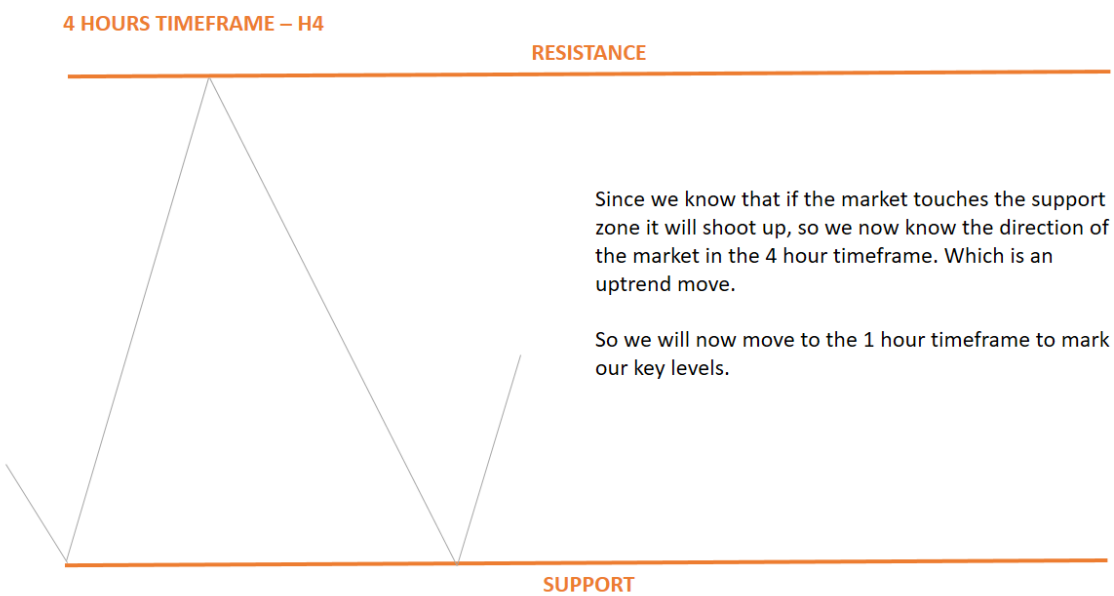


Since we already know the market direction from the bigger timeframe, so we just wait for a retracement on the 15 minutes timeframe, and re-enter for sell.

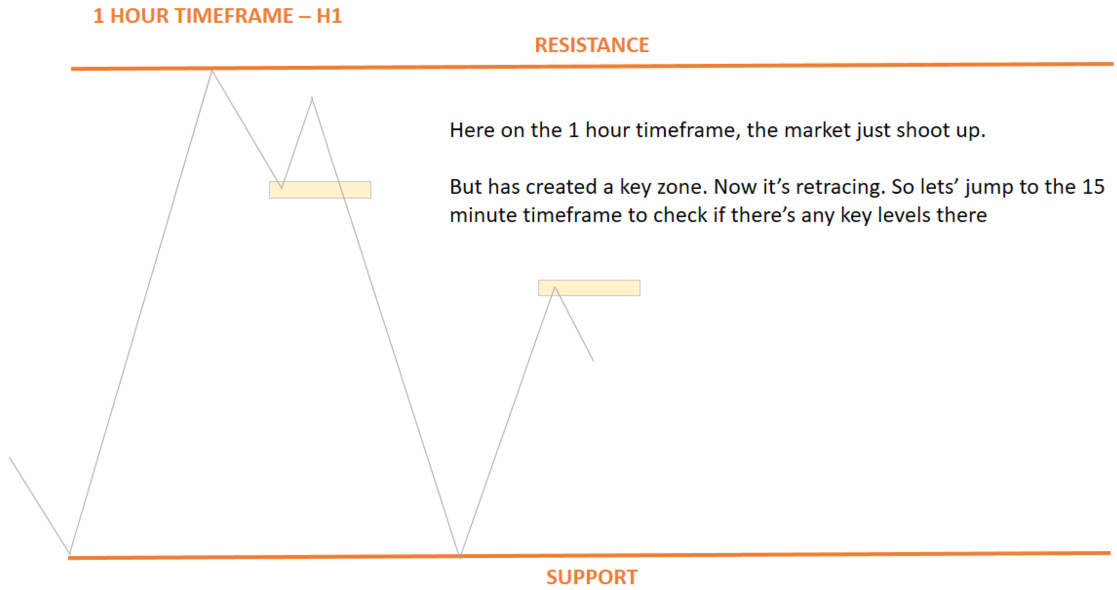


Here on the 15 minutes timeframe, the market just hit our tp zones.
Now the market is at the support zone. Lets' reposition for a buy.

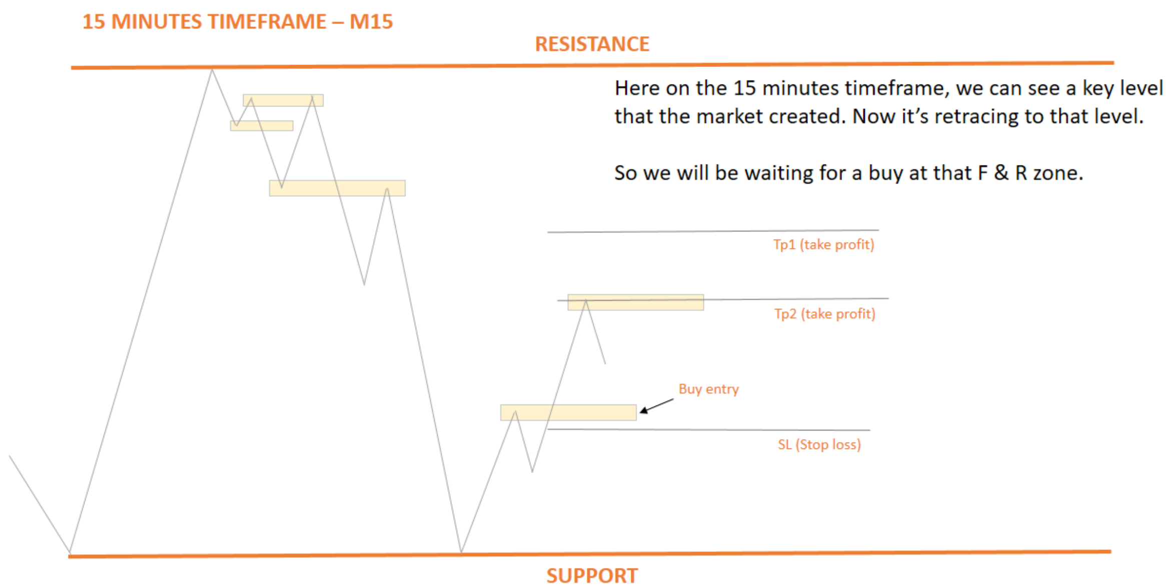
Lets' redo a top down analysis, starting from the 4 hours to the 15 minutes timeframe.



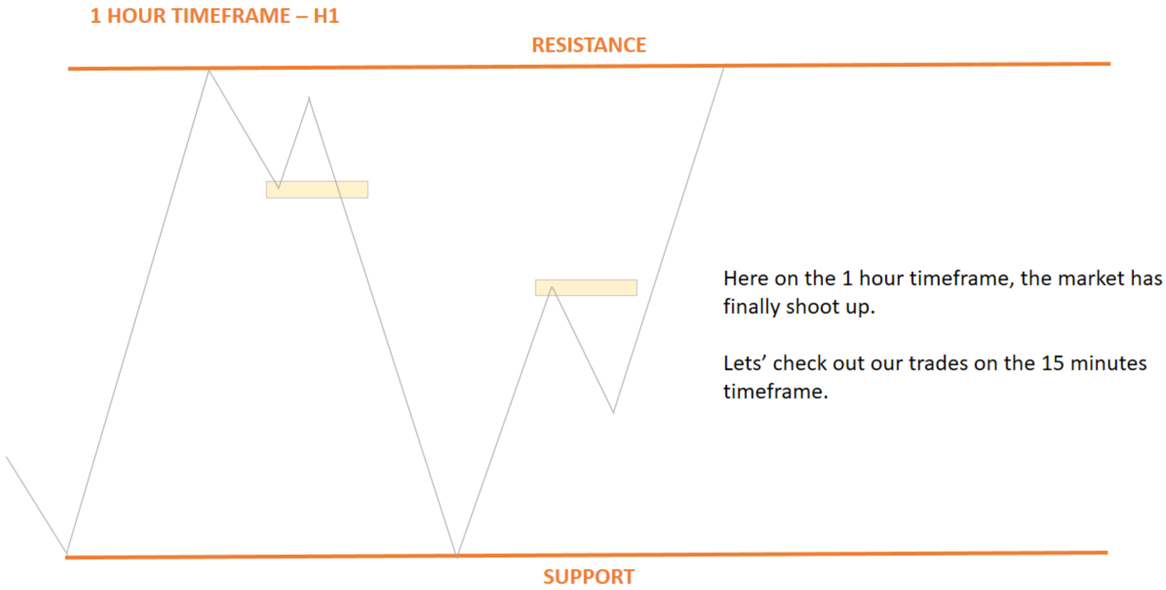
Lets' jump to the 1 hour timeframe.



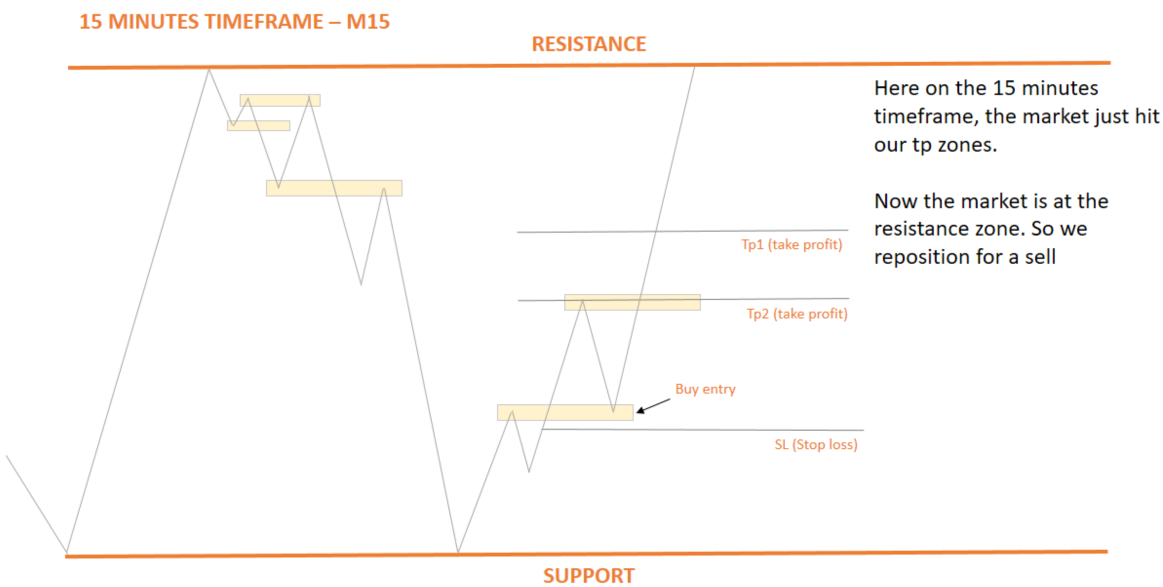
Lets' check the 15 minutes timeframe.



Here on the 15 minutes timeframe, we can see a key level that the market created.
Now it's retracing to that level.
So we will be waiting for a buy at that F & R zone.

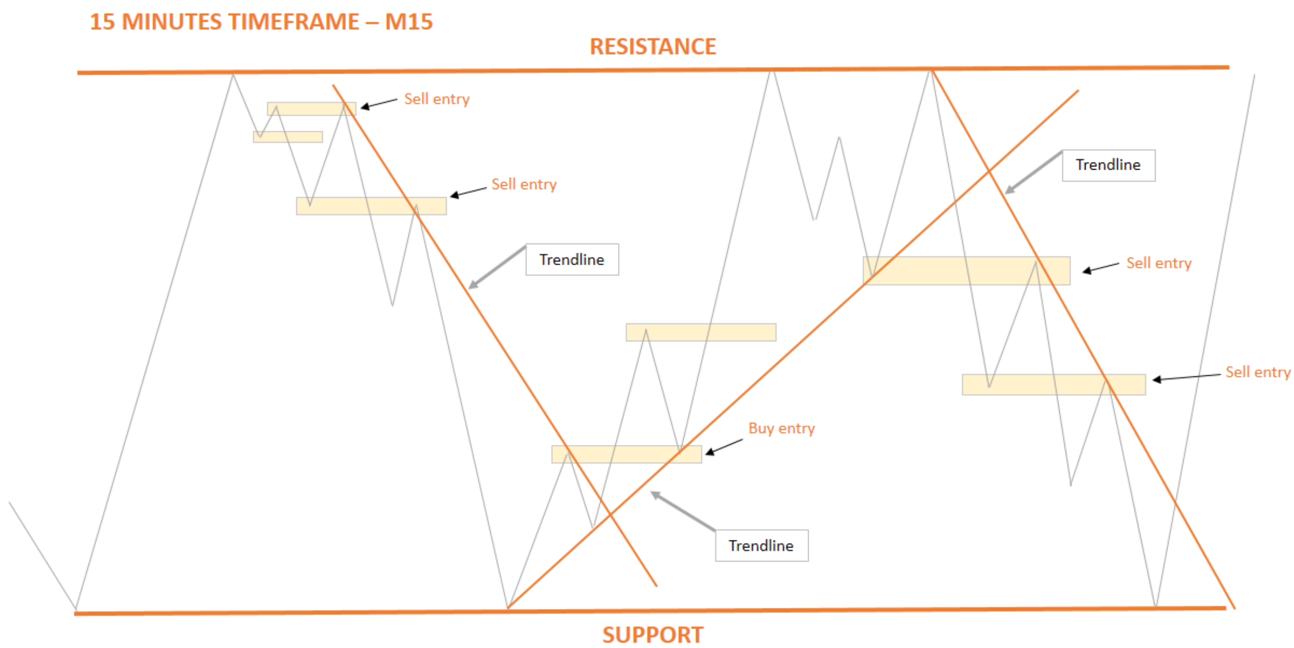


Here on the 1 hour timeframe, the market has finally shoot up. Lets' check out our trades on the 15 minutes timeframe.



Here on the 15 minutes timeframe, the market just hit our tp zones. Now the market is at the resistance zone. So we reposition for a sell

Now lets' try it out using trendlines as one of our confluences.



So we added trendline as one of the confluences on all the trade, so this is how it plays out.

TIMEFRAMES FOR ALL TYPES OF TRADERS

For **SCALPERS**:

- Main Trend – 1 hour timeframe (H1)
- Current Trend – 15 minutes timeframe (M15)
- Entry Timeframe – 1 minutes timeframe (M1)

For **DAY TRADERS**:

- Main Trend – 4 hour timeframe (H4)
- Current Trend – 1 hour timeframe (H1)
- Entry Timeframe – 15 minutes timeframe (M15)

For **SWING TRADERS**:

- Main Trend – Weekly timeframe (W)
- Current Trend – Daily timeframe (D)
- Entry Timeframe – 1 hour timeframe (H1)

From the top down analysis we made, we use 3 timeframes (H4, H1 & M15), because I'm a day trader.

So just follow the same steps on the timeframe that suits your style of trading. And always remember to use other confluences before taking a trade. 3 out of 4 is a good trade, but 4 out of 4 is a killer trade.

NOTE: Strategy along doesn't guarantee success in forex trading, but success is made possible when proper risk management and good psychology is on check.

So with that being said, lets' head straight to 'Risk Management'.

RISK, TRADE AND MONEY MANAGEMENT

WHAT IS FOREX RISK MANAGEMENT?

Risk management is one of the most important topics you will ever read about trading.

Why is it important? Well, we are in the business of making money, and in order to make money, we have to learn how to manage risk (potential losses).

Ironically, this is one of the most overlooked areas in trading. Many forex traders are just anxious to get right into trading with no regard for their total account size.

When you trade without risk management rules, you are in fact gambling. You are not looking at the long-term return on your investment. Instead, you are only looking for that "jackpot."

Risk management rules will not only protect you, but they can make you very profitable in the long run.

Essentially, this is how risk management works. If you learn how to control your losses, you will have a chance at being profitable.

GOLD RISK MANAGEMENT

HOW TO CALCULATE POTENTIAL RISK

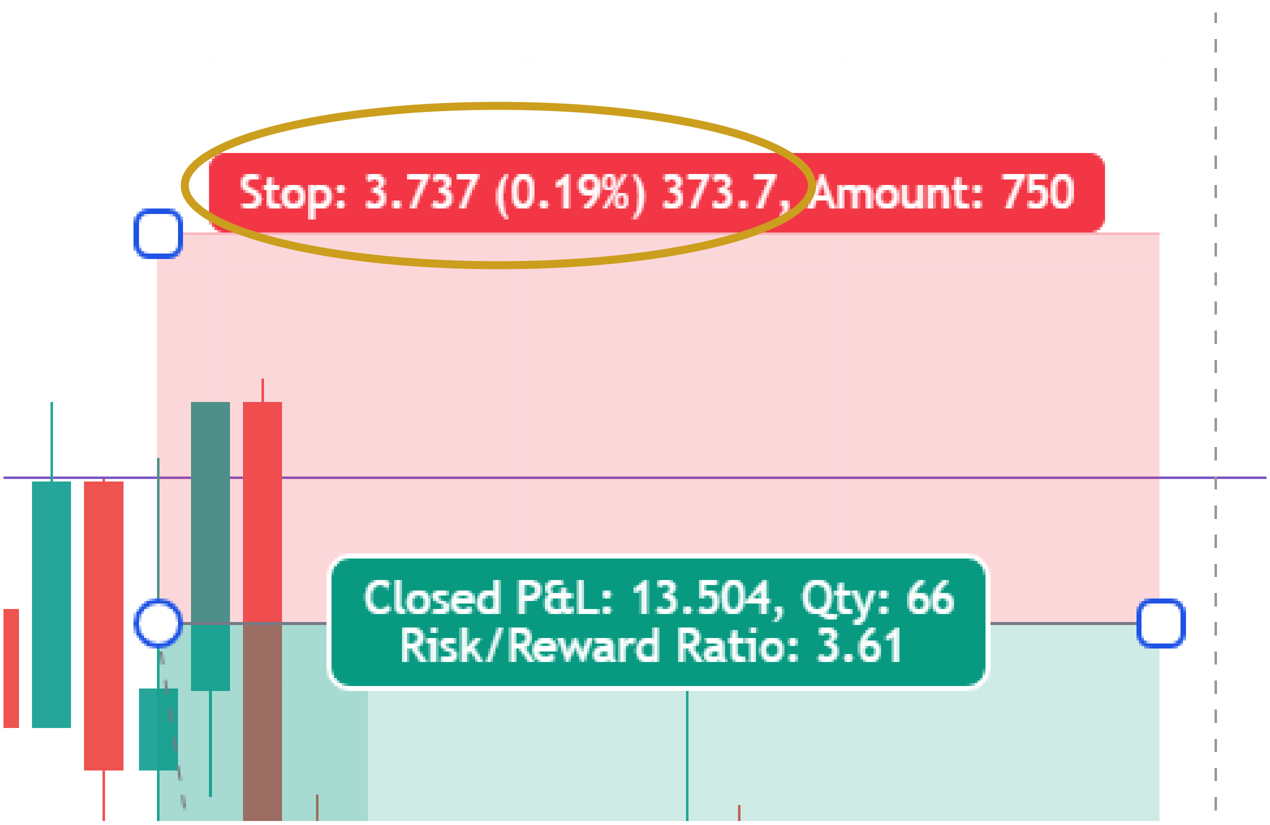
To get this done automatically, we will be using MyForexBook Position Size Calculator.

Here's a link to the page: https://www.myfxbook.com/forex-calculators/position-size/XAUUSD

Platform for trade analysis: [TradingView]

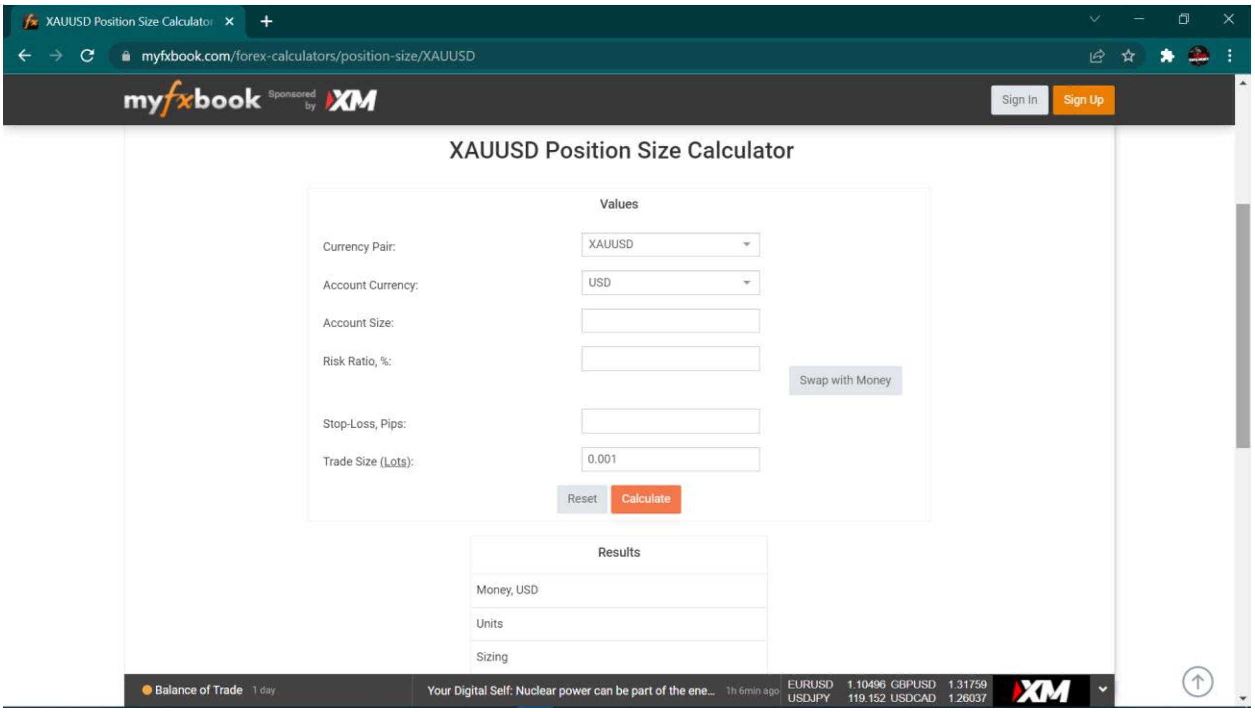
Let's use a trade I took on XAU/USD (GOLD) as an example.

CURRENT PRICE: 1938.63 | **SL**: 1942.38 | **TP**: 1925.00



STOP LOSS: 3 points = 30 pips
The stop loss point on this trade is 373.7 (3.7 points)
Approximately, 37 pips

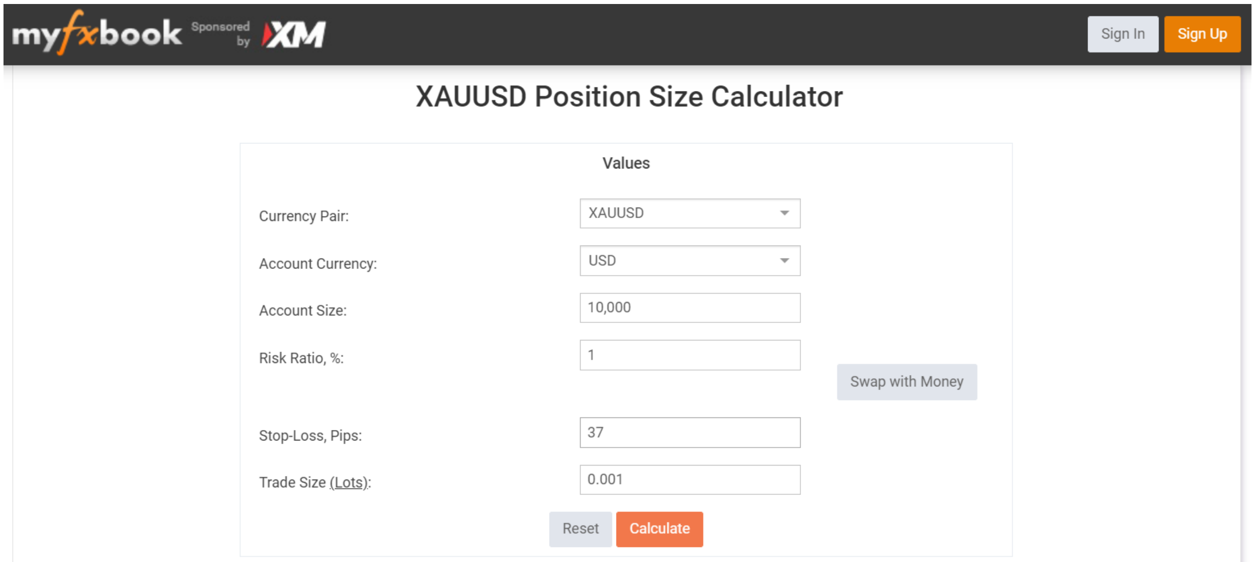
NEXT STEP



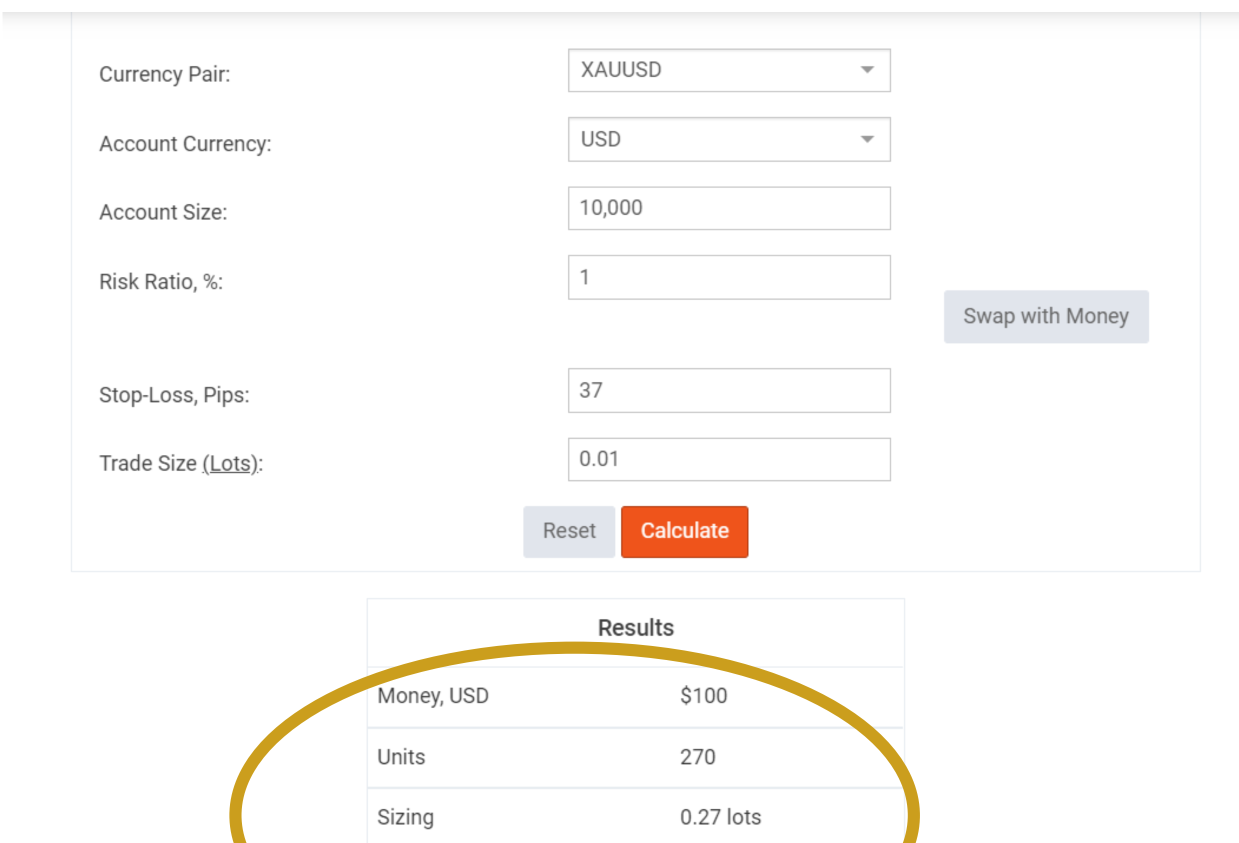
Now log in to **MyForexBook** Position Size Calculator - https://www.myfxbook.com/forex-calculators/position-size/XAUUSD

Since we already know how many pips we are risking, now it's time to determine how much we are ready to risk on this trade.

- It's advisable to risk 0.5% to 1% of your account per trade.
- Let's say our account size is $10,000, so 1% of $10,000 is $100. So we are ready to risk $100 on this trade with no emotions attached to it, since we are not just trading blindly with no pre-determined risk.



- Currency Pair: XAUUSD
- Account Size: $10,000
- Risk Ratio, %: 1% (we are risking 1% of our account)
- Stop Loss, Pips: 37 pips
- Trade Size (Lots): 0.01 not 0.001
- Then click **CALCULATE**



The result shows how much we are risking on this trade and the lot size we are to use in other not to lose more than the amount required.

MAXIMUM LOT SIZE: 0.27 lots

In other not to loss $100 at once, we are to trade conservatively by splitting the lots to 3 or 5 places.

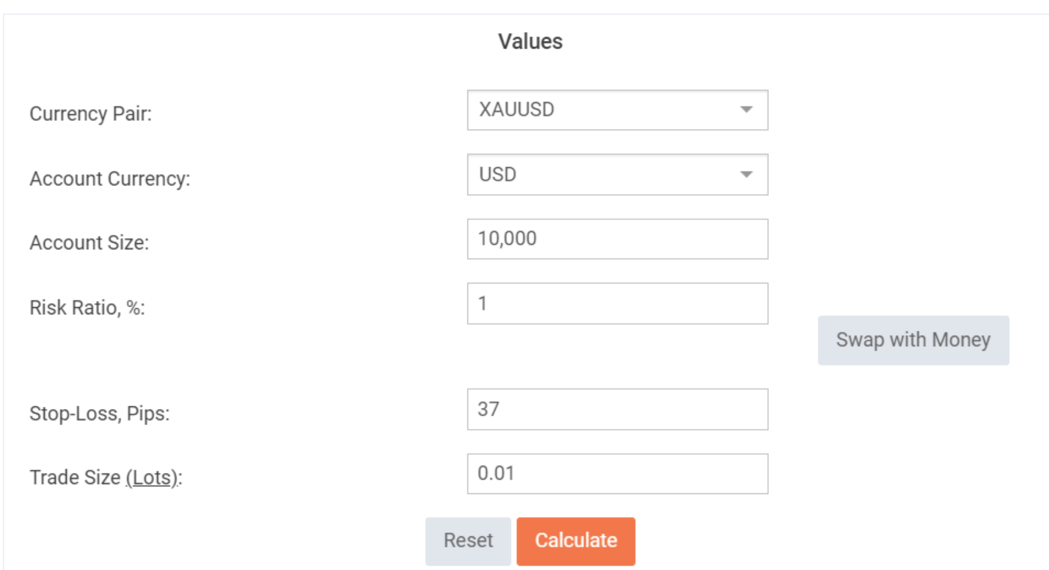
EXAMPLE:

0.27 divided by 5 = 0.054
So instead of entering one trade with 0.27 lots, we can now enter 5 (five) trades with 0.05 lots each.

First we go in with 0.05 then continue scaling in as the trade keeps moving in our favour.

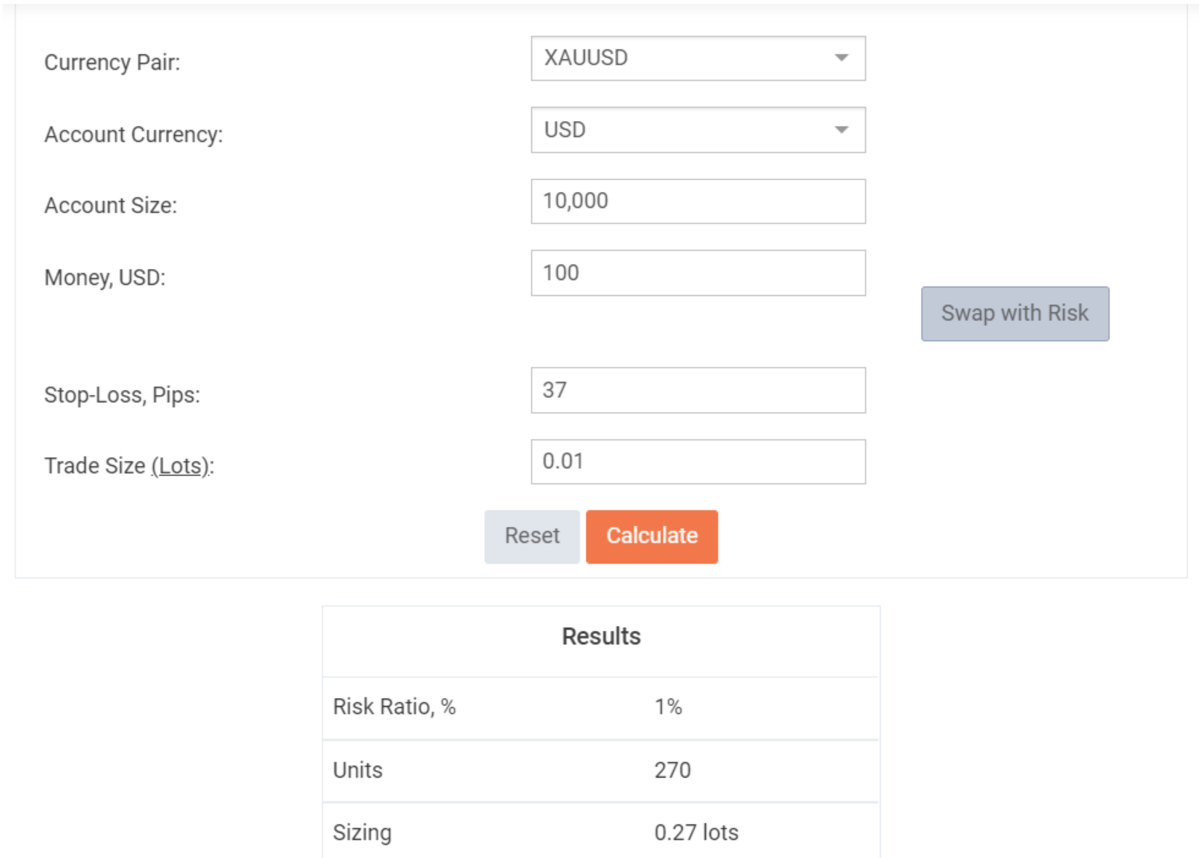
We are only allowed to stack depending on the market condition, which I will explain in my next topic.

If you are not sure of the percentage you want to risk, or you just want to risk a particular amount, then follow this method below;



Click on Swap with Money
Then replace the risk percentage with the amount you want to risk.
Then click **CALCULATE**

Let's say we are risking $100



So the result shows the risk percentage and the maximum lots we should use in other not to lose more than the required amount.

Remember this; the other secret to success in forex trading is entering a trade with good risk/reward ratio.

We are to trade a setup that has at least 1:2 above risk/reward ratio.

For instance, this trade I took is a 1:3 risk/reward ratio trade.
That is, I am risking 37 pips to get 135 pips

Meaning that I'm risk 1 to get 3 (risking $100 to get $300).
With this, you will always be ahead of your losses.

Lets' say you entered 5 trades in a week, and you lost 3 and won 2

LOSSES:	$100 + $100 + $100	= $300
WINS:	$300 + $300	= $600
TOTAL:		= $300

So with the losses, you will still be ahead. With $300 profit

Let's say your setup is always 1:2 risk/reward ratio using the same previous example.

Which means you always risking 1 ($100) to get 2 ($200)

Lets' say you entered 5 trades in a week, and you lost 3 and won 2

LOSSES:	$100 + $100 + $100	= $300
WINS:	$200 + $200	= $400
TOTAL:		= $100

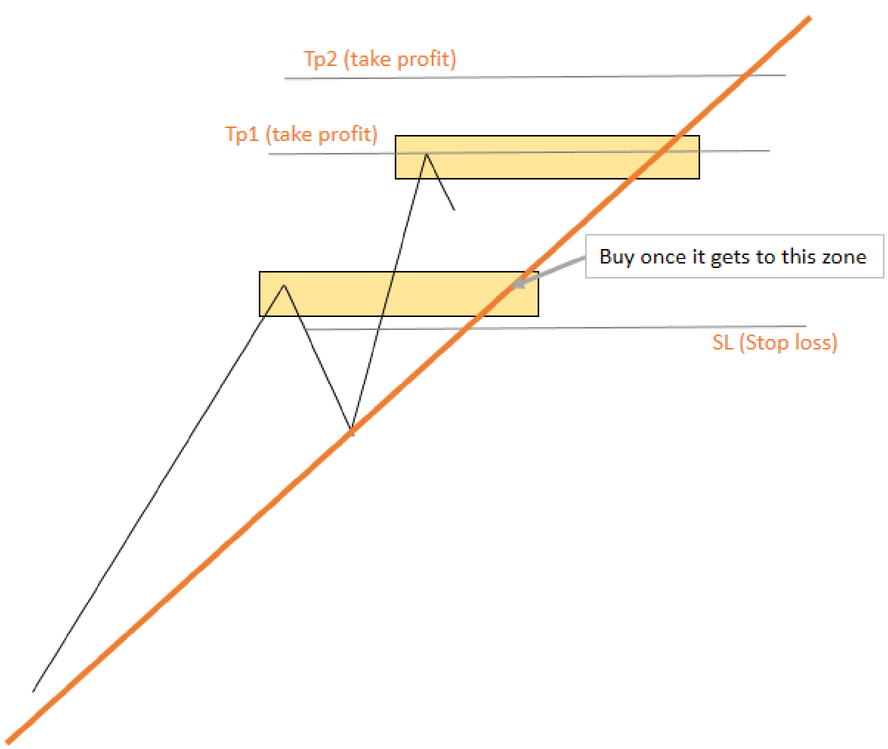
So with the losses, you will still be ahead. With $100 profit

So that is it guys, more **PIPS!!! Cheers!!!**

MAXIMIZING BIG MARKET MOVES

Now lets' talk more on how to maximize a big market move. Because this is one of the issue people face when trading a single pair. It sometimes get difficult to especially as a prop firm trader trying to pass a challenge.

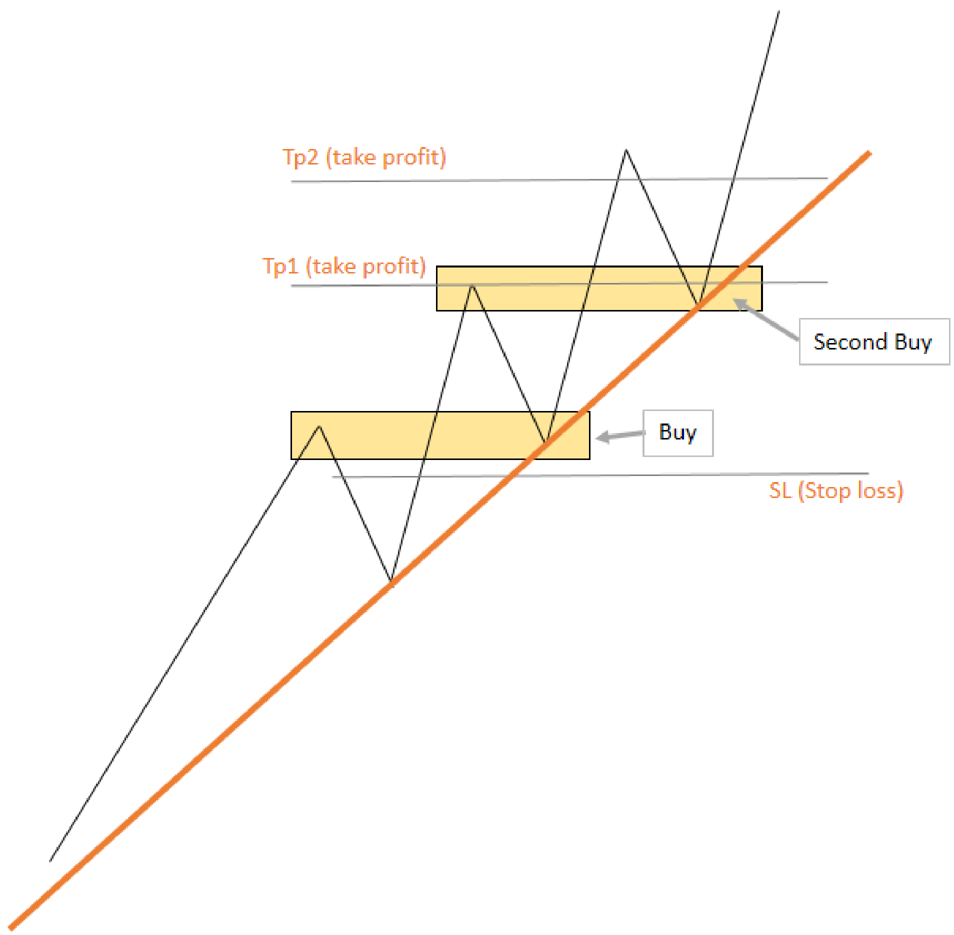
Below is an example of how you can maximize a good trade and make more money out of it.



Lets' say we are expecting a buy at that zone in the image above. And my account size is $100.

And the trade is a 1:5 risk to reward trade.

And I'm ready to risk $10 on the trade. Which means I'm risking $10 to $50



So we bought as price reached that zone, then as it broke the high where our first tp is and started retracing. I'll map out that zone and wait for it to retrace and one it hit that zone, I'll risk another $10 on the trade. Then move my stop loss to the next low there. Automatically, I will be risking $0, because it's a now risk free trade.

With this, if it goes in my direction, I will be making more than $50. I'll be making like $70 to $80 instead.
This is applicable on all account size. Lets' say you're risking 1% of your account, when you're re-entering, only enter with another 1% of your account, so as to be on the saver side.

PSYCHOLOGY

Forex trading psychology is one of the most important aspects of trading that can have a massive impact on how people conduct their trading positions.

Forex trading is summarized in 3 parts;

- Strategy = 10%
- Risk, Money & Trade Management = 30%
- Psychology = 60%

Out of 100%, Psychology is 60%. Telling us that even if we have the best strategy on earth with bad trading psychology, we will fail in the long run.

The strategy many newbie traders chase after is just 10%, and can't stand on its own.

So we can improve and strengthen our trading psychology if we obey this rules.

1. Train yourself each day to be more disciplined and patient.

2. Surround yourself with people that focus on the right process over result or money.

3. Do not listen to Telegram analyzers. Trade what you see.

4. Market respect no previous result or any personality.

5. No signal is bad, we only have bad manager taking the signal.

6. Expect both sides of the coin no matter how good your strategy is.

7. 50% win rate is great to make you a very consistent trader.

8. It's okay to be uncomfortable during trades. That makes us human.

9. Making money is more important than being right Jesse Livermore.

10. Don't be bothered about what price will do next month year or decade. Trade what you see now.

11. Be flexible with your bias. Know when to switch sides.

12. Don't switch strategy because of losing streaks.

13. Be impatient with losing trades and be patient with profitable trades.

14. If you find it, then you find it. No one can help you become profitable except YOU.

15. Don’t think during trades, think before entering a trade.

16. Whenever you start thinking during a trade, close it and leave.

17. Only risk what you can afford to lose.

18. Only 10X your profit not your capitals.

19. Separate your long-term account from risk account.

20. Remember they’ll always be a losing streak.

21. Punish yourself whenever you violet your trading rule by doing something you don’t love doing. And give yourself something you love whenever you obey your trading rules, even when it goes against you.

22. Always get in at a trade whenever you see 3 out of 4 trade confirmation. Notwithstanding your losing before or blowing account. Set your tp and sl and leave the trade for like an hour or two before coming back to check.

Make sure to follow this rules if you really want to see long term success.

TRADING PLAN

A trading plan is essentially a framework that guides traders through the entire trading process. It sets the conditions under which a trader enters trades, identifies markets, exits trades and manages risks along the way. The trading plan ensures accountability and keeps traders focused on their personal strategy.

Follow this template when creating your trading plan:

- Entry Confluences
- What is your Risk Management
- What is your stop loss level/ Daily loss limit
- Breakeven rule
- Exit strategy

Entry Confluences:

- Trendlines
- Psychological levels
- F & R
- Chart/ Candlestick Patterns, etc

My Risk Management Rule:

- I will only risk 1% of my account per trade.
- I will only risk a total of 1.5% of my account per day.
- I will only add 0.5% of my account when I see a clear retracement.

My Stop Loss/Daily Loss Limit:

- 30 pips is my maximum stop loss pips.
- I won’t take any trade that have more than 30 pips sl.
- Once I lose 1.5% of my account a day I won’t trade for that day again.

Breakeven Rule:

- I will only breakeven when I see a clear retracement.

Exit Strategy:

- My TP will only be at key levels.
- I will exit a trade once price starts breaking some potential key levels.
- If price hits my breakeven SL, I won’t re-enter.

LONG TERM SUCCESS

To have long term success in forex trading, you must firstly gain an edge over the market.

You need to consider the strategy's win rate. Like out of 100 trades, how many times were you right and how many times were you wrong.

If out of 100 trades, 70 hit TP, then it's 70% win rate.

Apart from our strategy win rate, the Risk to Reward Ratio (RRR) matters too. It helps put us way in front over our losses.

Lets' say you have an account of $1,000 and your strategy has a 50% win rate. That's out of 100 trades, you lost 50 and won 50. And your minimum risk to reward ratio is 1:5. Which means when you won, you made X5 of what you were ready to lose.

So with your $1,000 account, you risk only 15 of it per trade.

> 1% of $1,000 = $10
>
> You lost 50 trades = $500
> You won 50 trades = $2,500
> $2,500 - $500 = $2000 profit

If your RRR was 1:1, it means you gave all your profit to the market.

That's

> You lost 50 trades = $500
> You won 50 trades = $500
> $500 - $500 = $0

With all 100 trades, you had no profit.

So you see, apart from our win rate, our risk to reward ratio matters too. And this is mostly the reason why many harbor losses more than wins. Put this into consideration, and you will see huge changes.

WHY 90% OF FOREX TRADERS FAIL

1. They think forex trading is a get rich quick scheme.

2. Greed; since they believe it's a get rich quick scheme, the now over leverage. And this sometimes leads to regretful losses and bad psychology.

3. Their belief; that every losing streak means bad trading strategy. So they start jumping from one strategy to another, trying to find the one with zero loss.

   Which leads me to the next point;

4. No trading journal: having no trading journal makes you believe that your strategy doesn't have an edge. I faced this similar issue too when starting up. But when I started journaling down my trades, I saw my mistakes and some little progress I was making even without noticing it. So make sure you have a physical trading journal.

In other to WIN BIG in forex trading;

- Understand the fact that forex is not just a skill that needs time, but also a skill with high risk.
- Try to get the right knowledge, by getting a forex mentor whose style of trading suits you.
- Consistency; is the key to becoming profitable in a short period.
- You must have and obey your Trading Plan.
- You must have a trading journal, were you record your wins and loses alongside their reasons.

PROP FIRMS

A Prop Firm is a company offering traders an opportunity to use their skills to trade for them.

The company provides traders capital that they can use to trade stocks, commodities, futures, derivatives and currencies. This means that you have the freedom to choose what you want to trade as a trader.

But at the same time they do have their rules, which all traders under them must obey.

CHOOSING THE RIGHT PROP FIRM

The Prop Firm I will recommend to you all is, My Forex Fund (MFF).

Here's why, one their evaluation Account;

- Their profit target – 8%
- Their Daily Loss Limit – 5%
- Their Max Loss Limit – 12%
- They accept all styles of trading.
- They accept Copy Trading, etc.

Like I said, they have rules that all traders under them must obey. Which is;

- You must pass a 2 phase challenge to prove your professionalism in trading. Because they don't want a situation whereby their investors account will get blown.

  Phase 1 rules: You must make 8% profit on the account you are going for in a month. Without losing 10% of it in a month or 5% of it in a day.

  Phase 2 rules: You must make 5% profit on the same account in a month without losing 10% of it in a month or 5% in a day.

- If you've successfully passed those 2 phase challenge, then you will be given a live account to trade. Minimum of $10,000 to $200,000.

And same rule applies even on the live account. You must not lose 10% of the account in a month or 5% of it in a day. But this time there's no profit target. So you can make up to any amount to wish.

- You will be paid 75% - 85% of the profit you make in a month. And also you will get a refund of your initial deposit.

All you have to do is pay a onetime fee for the account you're going for.

Head straight to www.myforexfund.com to read more about them.

HOW TO PASS A PROP FIRM ACCOUNT

Make sure you've gotten the skill and if yes, then follow this rules below:

Lets' say you picked an account of $10,000
And our strategy's RRR is a minimum of 1:3

We are to risk 0.5% to 1% of our account per trade or in a day, so as not to violet their rules.

1% of $10,000 = $100

Lets' say we saw a good trade setup on Gold with a 1:3 RRR

We took the trade, risking 1% ($100) of our account on that trade to get 3% ($300)
And the trade hit our TP

Now our account balance is $10,300

On our next trade, we will risk our profit ($300)
So the next day we saw a good trade setup on Gold with a 1:3 RRR as usual

We took the trade, risking our profit which is 3% ($300) of our account on that trade to get 9% ($900)

And the trade hit our TP

Now our account balance is $11,200

So we just passed with just 2 successful trades. We made 12%

But what if the first trade went against you? Well here's how to pass it with that.

We took the trade, risking 1% ($100) of our account on that trade to get 3% ($300)
And the trade hit our SL

Now our account balance is $9,900

On our next trade, we will risk 1% ($100) again.
So the next day we saw a good trade setup on Gold with a 1:3 RRR as usual

We took the trade, risking 1% ($100) of our account on that trade to get 3% ($300)

And the trade hit our TP

Now our account balance is $10,200

On our next trade, we will risk our profit ($200)
So the next day we saw a good trade setup on Gold with a 1:3 RRR as usual

We took the trade, risking our profit which is 2% ($200) of our account on that trade to get 6% ($600)

And the trade hit our TP

Now our account balance is $10,800

So we just passed the challenge. We made 8%

Whenever you lose, don't try to get your money back by over risking. Always obey your rules of risking 1% per trade.

STAY FOCUS, REMEMBER YOU HAVE A MONTH TO PASS IT. AND EVEN IF YOU DON'T PASS IT WITHIN 30 DAYS, YOU'LL GET A FREE RETAKE (ANOTHER 30 DAYS).

CONCLUSION

CONGRATULATIONS, if you have made it to this point, this is a sign that you are hungry enough to succeed in this business.

I have provided you with the most powerful price action strategies that you can use for the rest of your life to make money trading the financial market.

Your success as a trader has nothing to do with your educational background; you can be a doctor, a lawyer, or a physician scientist.

If you don’t follow the rules, you will end up blowing up your entire trading account.

Trading is like learning a new skill, you must be ready to put in time and effort, let me give you an example, if you want to get a degree from a university, and you have to spend at least 3 years. You wake up every morning, you study hard, you follow up with your classes, and if you are enough serious and disciplined, you will get your degree.

The same thing when it comes to trading, if you are enough disciplined and you put in time and effort to learn, you will acquire a skill to feed yourself and your family for the rest of your life, you will get your financial freedom. So you will never think of a day job.

Some traders spend more than 10 years to find a winning strategy and become profitable, others spend 20 years without results.

Fortunately, this will not be the case with you. Because you have the map, you have the strategy; you will not spend years trying different indicators and strategies.

You have everything you need here, what you will need is time to master these strategies. So give yourself some time and spend as much as you can to learn, because this is the only way to succeed in this business.

Over time you will develop these trading strategies, because you will determine what works for you, and what doesn’t work.

Keep practicing, and learning from your mistakes, don’t think in term of making money as fast as possible, think in term of becoming an expert of what you do, and then money will follow you wherever you are.

Good Luck,
Samuel Tochi