BSFX 1.0

# The Purpose

BSFX was brought on from another very successful auto-trader, CoolTrade. My experiences with this true, fully automated trader, gave me the tools I needed to create an auto-trader that was built on a single strategy. There are still parameters the user can adjust, but these are very limited. This is in the best interest of the user. The forex market can be a dangerous market to trade, if you do it yourself…

This program will make trading the Forex market a breeze. Everything in all markets, whether it be stocks or currencies, are controlled by computers. The reaction of these computers will always exceed those of a human, no matter what. Since this is true, computers give humans a level playing field. The best way to trade the forex market is to create a program that can watch this 24-hour market, all the time. That will be outlined further in this report.

I’m not asking to sell the software, I’m a software developer, not a businessman. I wanted to create something for people that could share the same opportunity I have found in life. The money is there, why not pick it up?

BSFX is still in heavy development and testing, but based on the success I have seen with CoolTrade, BSFX will perform this task ten times faster, more efficiently, and with minimal human interaction. This all means, more money. It’s not CoolTrade’s fault the platform reacts slower. The complexities of the CoolTrade platform are enormous, and something that has revolutionized (and created) the auto-trading market. BSFX is VERY simple, but doesn’t come close to the customization options of CoolTrade.

Not yet at least.

# The Foundation

As stated in the purpose, the idea of BSFX really owes itself to CoolTrade. I spent close to nine month’s developing a Forex strategy that would work with auto-trading. Something I found during this time, is to take everything you know about manually trading the forex market, and throw it out the window. I don’t care if you have a strategy that has been your go-to for ten years, it means nothing if you have been manually trading. This was my advantage.

Auto-trading is a beast in, and of its own. There are manual traders that enjoy long term holds and crazy amounts of technical indicators, but why take a huge move, if you can take small ones? There are so many small moves in the Forex market daily, but people fail to realize how often this happens, or how much to look for. Take the Forex market tick by tick, and eventually, minute by minute. No higher than that! This is very important in auto-trading. Don’t think 5 minute, 15 minute, 1 hour, 1 day candles are your answer. This is too slow for computers. It is wasted effort.

The key? Well read on and you will find it.

# The Road To Success

After countless simulations, and hours analyzing the forex market, something so obvious stood out to me, and I decided to give it a try. But, before I got to this point, there was a long road ahead of me to find a strategy that would work with auto-trading.

This road started with a change in my mentality of how CoolTrade works. For so long, I had this idea that CoolTrade could do technical indicators, I proved this wrong. Coming to this conclusion was one of the best experiences for me. I was learning how the Forex market worked.

The problem I had was trying to adapt stock mentality, to a currencies market. This was wrong. I was now focused on what CoolTrade couldn’t do, rather than what CoolTrade could do. This was huge.

I knew CoolTrade was limited on historical data for the Forex market, but I started to see something that showed a bigger problem. The indicator values being returned, started to show correlations from data years ago… This was bad. I almost gave up at this point, but something told me it could still be done. CoolTrade is an amazing platform. It does all the work for us, if we tell it what to do first. So how far could I go back, and how do I adapt the strategy I was making on stocks, which was pulling 13%/month averages, to currencies? I know, it contradicts what I said earlier, stay with me. It was impossible to do this, I knew it, but, what happens if I just shorten the time periods, and use todays open? That is the first strategy.

The first strategy that proved to be promising was using a big move based on today’s open. This strategy did amazing for 2 weeks, and I thought I had a winner. Then it lost everything it made over the past 2 weeks, in 2 days. Instead of me giving up, or changing gears, I instead looked for the answer. Why did it lose money? What was the cause? Well… Today’s open price was the open price from a certain number of years ago. I couldn’t find out how many years, because it was inconsistent. So now doing anything outside of what happened in the last ten minutes, or right this moment, was out of the question. Until I learned how to use “Timed Indicators”.



Timed indicators are another genius feature implemented in CoolTrade. You can find them in the strategy wizard, while editing a strategy. These timed indicators allow you to set a value based on a certain time of the day. The ask price, for instance. Thanks to this, I started seeing patterns based on certain times of the day and when the world markets open and close. I would see if the price was up or down between certain hours of the day, and that would trigger a buy or sell. This ran great for two weeks, then it lost all the money, just like the previous strategy.

This was my fault for not finding a pattern that was consistent enough. During this time though, I discovered these quick moves that would happen from time to time, so how do I catch them? Better yet, what if I just caught the middle, or end of them and take my profit? I started thinking about scalping concepts. Why am I looking for 30 pips when I could be looking for 10 pips? Let’s try it. It made this strategy better, but I still wasn’t catching those big moves. This became my mission. I HAVE to learn why these are happening and what can I do to snag a piece of it.

Day trade… There are no restrictions in Forex. A light bulb went off.

# The Winner

Now that I knew scalping was the answer, and I knew these moves happened, I had somewhere to start on a new concept. I started checking pair’s historical data, and looking for those big minute candles. I was looking for the average large candle move. The average fell around 35 pips. So let’s try to use this as our trigger, since there was still more strength left over to give me just 10 more pips, plus the spread which is something I find out later. So on 10k lots, I was making and average of $10 per trade. Not bad.

The trigger was the hard part. How many pips do I look for to give me a good trigger, and continue in that direction to grab my 10 pips? Well, my average was 35, so let’s go a little lower than that and start at 30 pips. I now had some parameters, so let’s build the strategy in CoolTrade.

To start, I went with 10k lot size. CoolTrade can’t do any more than 30k, so to make it easy, I use 10k and 10k max, no adding. The only open position rule would be “Todays Current Ask Price is 0.003 Dollars Greater Than Price One Minute Ago”, the opposite for short. The “0.003” is actually 30 pips. Next, profit goals. I used strategies that had stop losses and it was a big mistake every time. First of all, with scalping, stop losses will kill either a single profitable trade, or a few of them. So all I do is set the profit goal for 0.0010 (10 pips), and the pullback to 0.0001 (1 pip). Since the Forex market moves so quickly, I found a neat trick to help with the speed, so I don’t lose any more than I have to when profit has already been met, this is due to the slow updates on CoolTrade. If you go back to tab 1, you can enable the features to sell anything that has met its goal, or anything that has met a goal of $X. Set the times for 12:01am, which basically means all day. When CoolTrade sees the 10 pips are there, it will sell out no matter what, no waiting for a pullback. If you lose out on another 30 pip gain, deal with it. You took your money out of the market and you’re done. The last bit is to put in a 0.0030 (30 pips) re-entry pullback. Don’t let that pair buy again, the profit is yours, don’t risk losing it.

I have my strategy, let’s see it run. Thursday and Friday it made 12 successful trades, and held onto 1 over the weekend. Sunday, that pair that held overnight sold immediately, but the rest of the day was sad, to say the least. It did poorly, but I figured it was due to Sunday being a weird one in the Forex market. I cleared CoolTrade out, and started over. It ran for the rest of the week and made 36 positive trades, pulling in $370 on a $5000 account, and it didn’t hold a single pair over the weekend. I gave the next Sunday a chance, and it happened again… Bad day. Since the weekdays showed good promise. I started to find the reason why Sunday was terrible. It ran all week and held 1 pair overnight, but another successful week.

The third Sunday came and I watched all day. Something I noticed was the spreads during the first three hours when the Forex market opens. The spreads are LARGE. Sometimes 30 pips… hmm… That would trigger a buy as soon as the market opens. But I set my max spread to 0.0005 (5 pips). Opened the strategy preferences, and noticed my max spread was set to 0.01 (100 pips). Well that’s a problem. I changed it in the strategy wizard and restarted CoolTrade. Opened the strategy preferences, and it was reading 0.01 again! I canceled out and looked at the watch list. In the rule preventing next trade, I saw a few pairs read “Exceeding maximum spread (0.00067)”. Wait, that’s more than 0.0005, not 0.01… What the hell?

I did some digging and came to the conclusion that this was a bug. If you edit the max spread in the strategy wizard, with forex numbers, those parameters stick. When you edit something in strategy preferences, and save them, even if you don’t change the max spread, it changes the max spread to the max decimal places in the strategy preferences, which would be 0.01. So I knew you couldn’t have any more than a 5 pip spread, but CoolTrade would change it. So I just can’t touch those preferences in the trader, no big deal.

I had it figured out. I now wanted to try, but I had to wait another week to see the Sunday session. I let it run, and noticed I was getting in on some losing trades. Why? Well, the volatility wasn’t as strong in the forex market as previous weeks, so those 30 pip moves didn’t have the strength to continue any further, at least for another week and they would eventually bounce back… Which is good, but bad at the same time. Since I made one change already, why not make another? So I dropped the pip move requirement from 30 to 20. It has now been running for 3 weeks in a live market at the time of this report, there have been 73 profitable trades, and the longest holding pair before profitable was 12 hours. This, is the winner.

# The Software Development Process

I jumped a major hurdle. I now had a strategy that works with auto-trading, and it is much simpler than I anticipated. This gave me the encouragement I needed to start development on my own platform.

Luckily, I know CoolTrade like the back of my hand, and I can see the processes in action. So I can follow the step by step, in my development process. The first step is how to log in to FXCM. Before I did this, I wanted to see if there was another API that FXCM was using, rather than Order2Go, which is the API CoolTrade uses. I found that Order2Go was being phased out, and outdated, so the replacement was ForexConnectAPI. Like most broker API’s the code is all online, you just need to integrate it into your own program. It took me two weeks, but I figured it out.

Now that I knew I was connected, how do I get the price data? The code is there, but this is much more complicated. I spent some time trying to learn local databases and row updates, but I just couldn’t seem to grasp the concept. I went with what I knew, textboxes and labels. Since the Forex market has a few pairs, and only 20 pairs can stream data from FXCM, I just need to create rows and columns, like a database, on a user interface, but I still didn’t know how to get the price data. The solution was very simple, when I found out what it was. ForexConnectAPI uses a local table based system to provide you with streaming data. If one of these values on the table is updated, an event is triggered. Catch that event, then grab the data you need.

Once I found out how to do this, and put it into the program, I was shocked at what I saw. Data was streaming so fast, I couldn’t even try to catch it with the naked eye, but this platform could… I worked for another week and finally filled in all of the streaming bid and ask prices for all of my pairs. It was beautiful. Next, I needed to calculate the spread. That took a day.

I knew with this data I had, I could choose any time interval for relative pricing that I wanted. I went ahead and chose 60 seconds, since that is what I was doing in CoolTrade, and it was successful. So, I created a time to record the ask price of every pair, and put that into a text box and store the value. The move would be that recorded price, minus the current ask. When the row would get updated, so would the move. Perfect. Three weeks into development and I had a beautifully working program. I now wanted to see it work next to CoolTrade, but I knew the order placement process would take a while and would be a difficult, dangerous process. It could be dangerous because this is where the money is exchanged. If I screw this up, I screw up the chance to make money. So I simply put in a command to show if a trade would have been executed within the activity box at the bottom. A good temporary solution, and the results have been amazing.

# The Future Success of BSFX

Last week, I watched trades that would have been executed by BSFX. At one point, BSFX could have opened 8 pairs, and closed them all at profit within 10 minutes of buying. CoolTrade only picked up two of those, and sold them within 30 minutes. Still great for CoolTrade, but amazing for BSFX. This was thanks to the speed at which BSFX can receive and process data.

This little program doesn’t care what market conditions are, where the simple moving average is, what the MACD and any other technical indicator you can think of is, I just want a move, a quick one. I don’t care if it’s down or up, moves 100 pips, or 40 pips, I now have a program that can watch this market 24 hours a day, 5 days a week, 100% unattended and make money. If the equity is there, you could be making insane amounts of money. Imagine trading full 100k lots? Instead of $10/trade in profit, you make $100/trade. I am averaging 20 positive trades a week. That is $2000 in profit, per week, consistently.

My focus right now is to get the order placement process completed. Once that is done, I will be connecting this to a simulation account via FXCM, then on my personal live account. If the results are as impressive as they have been, I will make this available to the public. I am thinking $50, per purchase, but eventually I would like to do a subscription, which would be attached to my website.

Thank you for reading this, and I promise you won’t regret it. If you have any questions, suggestions, or interest in helping with development and testing, feel free to email me: [philkappe@gmail.com](mailto:philkappe@gmail.com)

Thank you, and Happy Trading!

