

Title:

A Profitable Forex Strategy

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Summary:

Making money in the forex market is not an easy task by any means. However, given a bit of education and knowledge of the market, it can become quite easy to profit in the forex market. Most traders end up learning that it's the simply systems that create the wealth. Over analyzing and over thinking can sometimes affect your trading methods and strategy.

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Article Body:

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Making money in the forex market is not an easy task by any means. However, given a bit of education and knowledge of the market, it can become quite easy to profit in the forex market. Most traders end up learning that it's the simply systems that create the wealth. Over analyzing and over thinking can sometimes affect your trading methods and strategy.

The trading method I am going to explain here is probably going to upset you a little and will most likely go against everything you have ever been taught about forex. However, you have to remember that this is my personal strategy and its how I make money. It may not work for the next person, but it has shown me a way to make a substantial amount of money in the forex market.

Through your forex training you might have heard traders tell you to always trade with a stop-loss. If you don't know what a stop-loss is, it's simply an order telling the broker when you would like to cut your losses. I don't trade with a stop-loss period. How is this so? How can I make money without using a stop-loss? I tend to believe that the big players in the forex market like to drive this market in certain directions to take out other traders stop-loss positions. In order for the banks to make money, they have to take other traders monies, therefore taking out stop-loss orders in the market. I don't allow the banks to do this to me personally.

Secondly, on each trade look to make only a few pips. In some cases this is known as scalping the market. On each trade I am only looking to get 3 to maybe 6 pips or as I like to say, get in and get out.

Your next question might be, "how do I know when to enter and exit the market?" I use a set of indicators combine with a detailed analysis of trend lines and channels. The indicators tell me when to get in and get out and the trend lines give me the overall direction of the market for the next month to few years. Having a good idea of where the market is heading over the course of a few years gives me a good idea whether I am in buy mode or sell mode on a daily basis.

How is it possible to survive without using a stop-loss? Very simply put, do not risk large amounts on each trade. I only risk one tenth of my account balance per trade. For example, I only trade \$1 lots on a \$10,000 account. What this enables me to do is use no stop-loss. If the market moves 200 points no problem. By the time the market moves 200 points, I've already made 100 other trades in profit all for 3 to 6 pips each. If the market continues to get away from me, I continue trading each day gaining which eventually compensates for the few losers and eventually overrides them. When the market comes back in my favor, those losing trades are making profit every step of the way.