

Title:

Make Money Forex Trading by Utilizing Volatility

Word Count:

546

Summary:

If you desire to win big in forex trading, learn to compute the odds of winning, and like the successful poker player, bet big when the odds are in your favor and stay away from a trade where the odds indicate you will lose. Discover the practicality of such a theory and learn how a professional trader actually applies this to his forex trades to make a consistent 5 figure income.

Keywords:

make money forex trading, volatility, risk reward ratio, stops, how to trade forex, learn forex

Article Body:

Traders in the forex market are now a savvy lot. Almost everyone in the forex market nowadays are self trained in reading charts, or a user of some form of high technology software to trade the forex market. Some have graduated from using simple technical analysis to the new fangled sophistication of neural network forecasting and artificial intelligence. But yet a great majority of these professed experts fail in their trading, losing money from their trading rather than making profits. Why is it so?

The answer lies in the devil within. The traders who win are those who are capable of executing their trading plans with discipline and precision, and more importantly, they can cope with the VOLATILITY of forex trading.

Theory is if you can identify volatile movements, even if they are small, and execute trades with these volatile movements, buying on the lows and selling them at the peaks, you stand to make big profits. However, in practice, many volatile movements are too fast and tiny to be identified in time to be traded profitably. Where larger volatile movements are identified, it is error in judgment and the speed of execution of the trades that reduce the amount of profits.

When I was conducting research into writing a report on how a trader can recoup his losses after a horrendous period of bad trading, I was pleasantly surprised by a veteran trader who told me he was a profitable trader from day one of his

starting trading. This is by no means a false claim, because this flamboyant trader has always been known both for his tremendous skill in trading and for being anything but decent about his skills and his ability to make the correct calls in the market.

Being surprised, I asked him what was his profession before he became a professional trader and a trading coach. His answer added to my surprise, because he said, " I was a professional poker player and the runner up in the Australian poker championship!".

Therein lies his great success as a forex trader as well, because as a poker player and a champion player at that, he was accustomed to taking calculated risks.

The secret to trading his style was to take calculated risks in his forex trading.

For example, if you have identified a trade, and you have placed a trade, do not place your stops too near the entry price because the odds favor the stops being hit most of the time.

Rather, you can assess the odds and probability of the stops being hit before you place them.

Again, when a trade presents itself, and you can compute that the odds of winning is in place rather than losing, it is then that you can increase your trades.

If you desire to win big, learn to compute the odds of winning, and like the successful poker player, bet big when the odds are in your favor and stay away from a trade where the odds indicate you will lose.

This is where forex traders will measure their risk-reward ratios for their favorite trade setups and can identify which trade setup will result in bigger profits and with lower risks. This is a skill that you ought to learn to become more profitable.