Title:
FOREX Currency Systems – Four Tips to Pick a System that Makes Money

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Summary:
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That's the theory – but the fact is, there are many FOREX currency systems sold that are obvious scams, and the systems will never work.

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That's the theory – but the fact is, there are many FOREX currency systems sold that are obvious scams, and the systems will never work.

This article aims to give you tips on picking systems that can make money, and avoid the scams.

There are two main reasons why most FOREX currency trading systems fail to live up to their Hype:

1. Black Box Systems

These are systems where the logic is not revealed to the buyer – and for a FOREX currency trading system to be used successfully, the trader must have confidence in it.

If you don't know the logic of the system, you will not have the confidence to follow it when a losing period occurs.

You need to follow a system rigidly to make money – otherwise you may as well not have a system in the first place.

Using a FOREX Currency trading system is all about having the discipline to

follow the system - and if you don't have confidence in the logic, you will never do this.

2. Curve Fitting and Optimization

Another indication of a currency trading system that is a scam, is one that involves curve fitting, or optimization.

These systems give a fantastic performance in back testing - because of the tweaking of the system rules, to make them fit the data, and produce profits.

A trader once likened this to shooting holes in a barn door, and then drawing circles around every hole - to make each shot look like a bull's-eye.

Let's face it, we would all be millionaires, if we had tomorrow's news today - but we don't.

Avoid any system that offers unique rules, or many variations for trading different markets.

If the system is based on solid logic - it should work on ANY trending market, and should not be optimized, or curve fitted to an individual market.

You will never see a hypothetical performance that fails!

Most unscrupulous vendors achieve great performance by making the system fit the data - and this causes the system to fail in real time trading.

Here are four tips, to help you separate out the scams, from the good FOREX currency-trading systems:

1. The Rules and Logic are Fully Explained

You will then have confidence in the system when it suffers a string of consecutive losses.

2. Some Evidence of a Real Time Track Record

Has the system has made money in the real world of trading?

This is the acid test of a system. If there is not a real record, look for a hypothetical audit done in real time - many systems do this before launching, and this gives a good indication of how the system will perform.

3. Look for Simple Systems

There is absolutely no correlation between how complicated a system is, and its profit potential. In fact, simple systems tend to work best, and will tend to be more robust in the brutal world of trading.

Most of the top FOREX currencies trading systems are based on simple logic.

4. Avoid any Optimized System

As already mentioned, if the system has sound principles, and then it should work on a broad spectrum of financial instruments - avoid any system that optimizes individual markets.

Not all FOREX currency trading systems fail - but if you want to get one that works, be realistic and do your homework first.