



Trading the Foreign Exchange market is not as easy as some would claim, may they be professional traders, investors and even money managers of every level and sophistication.

Having a better understanding of this market would take years to achieve as it is influenced by so many fundamental and technical factors. Especially for those who have incorporated electronic trading and/or algo trading formulas into their system have somehow gained more confidence.

What makes trading the markets more challenging and interesting is the fact that the challenge of winning and loosing in the market is what makes most serious traders and investors tic, so to speak. The feeling of winning and making money is more often the real reason why people continue to trade despite of loosing more thereafter. And when they do lose, it is the eagerness of trying to make back what was lost while keeping the pride and ego intact.

How much one has kept after all the trades can only be called a real winner. It is not the total number of consecutive winning trades done on both sides of the market, but netting a positive return is what really counts. As long as the overall net gain has been saved and made useful for other investments can only be defined as a successful investor.

The number of countless trading robots, expert advisor, trading software out there could not even be counted; as newer ones will always be introduced to claim that their systems are the best and delivers the bottom line trades. These systems may hold true to their words only at a given period of time that may have worked well, but may not be able to hold true in the long run. As some may have forgotten the best formulas ever written and used by Long Term Capital has failed them leading to one of the worst trading cases in US history.

Again, trading can only best serve each individual investor depending on the analysis, market outlook and sound trading decisions by which one is satisfied with their investment results at the end of the trade. Knowing when to trade, not to trade, stop any lose and simply take a profitable trade are just some of the basic elements for a successful trade. As everyone who reads this article would say. . . " tell me something I don't already know. " As the news from any important event or report is interpreted in so many ways, that everyone knows what is going on.

Money management has all its principles and practises that needs to be followed. Trading the Foreign Exchange market has a few lessons of its own. Namely:

1. Allocate an appropriate amount of funds which would be invested from your overall portfolio.
2. Having the right orientation of the market, the intricacies of trading FX from reliable sources and proper due diligence can only help make a sound decision.
3. Be independently aware of market conditions, choice of currencies to trade including their correlations, trading range, point value /amount of exposure, time table within a trade plan.
4. A trade plan that consist of entry /exit levels, risk tolerance price / point willing to take, alternative strategies available even before entry, profit potential and stop loss of any trades.
5. Opportunities will always be present in the market. what is equally important is to wait for potential trends that may provide a well worth investment contrary to the risk involved. There are 4 quarters in a year, 3 months in a quarter and 4-5 weeks in a month. Choose and determine your trades and discipline based on a flexible time frame considering market conditions.
6. Percentage trading will always provide a better way of trading any market. Having a net gain from an arbitrary hedge strategy to manage risk is just one of the strategies available. As this can absorb wild fluctuations and increased volatility that can help maintain, sustain and protect trade positions from unexpected fundamental reports or news that may influence the market prices on its own.
7. Learn to keep what you have made and wait for the next trading opportunity! The market will always be there toi trade. Plan your trades well!
8. Take control of your own trades! It is not in the trading platform, software or the broker-dealers that offer FX dealing services that makes a trader / investor win or lose. Spreads makes every broker-dealer, counter-party earn their revenue from no matter how tight it may be; other than making certain that every position done are equally matched, rolled over, swap and netted out on every closing session to avoid further risk in the market.
9. Learn to trade how interbank trading, Hedge funds money managers and real professional traders do their trades with different strategies available simply due to availability and access to huge investment funds. Although, retail FX trading has its own limitations and advantages trading more on a speculative way may not even last that long. While trading Interbank directly also has its advantages with both primary and secondary market access, not often available in Retail FX market.. Other sophisticated clearing services depending on the investors

requirements and objectives that can only be made available in the private banking services of a major bank trading the interbank market. Unfortunately, not everyone may be qualified to participate in this level.

10. Due diligence, research and constant studies are necessary while making trading decisions. And never be influenced with other brokers / analyst opinions and market outlook as many have failed and many were right at times. Any decisions made should always be your own!

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