

How I Earn A Living Trading the FOREX Markets

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1. Forex – Why and How Did I Get Started

1.1 Why Forex ?

I was brought to the Forex Market back in 2002. I was an avid reader of financial articles. I was doing this reading for use in managing my own stock portfolio. I was a longer term trader of stocks using news and longer term forecasts for managing my holdings. Not technical analysis. I had been doing this for about 10 years and was fairly successful. I started running across more and more articles on the Forex Market and started doing some research into it. After doing some research, I concluded that I certainly liked the liquidity and movement in the Forex Market. But, since I had a full-time job, I didn't really put much effort into it. I continued to trade my own stock portfolio for the long term, but not using technical analysis.

1.2 Renewed Interest in Forex

As my corporate job became more and more taxing - 5 managers in 2 years – none of which I ever met. I was in Tampa and they were in New Jersey. Project funding was being cut continually and I worked longer and longer hours. I decided to send my resume out and start looking for something else. Also I started to look at more individual, home-based opportunities.

1.3 Red Arrows Green Arrows – AAAAAAHHHHHHHHH!!!!

So..... like every other night owl in the U.S., I saw the red arrow, green arrow infomercial. Went to the seminar and bought the program. I studied the program. I opened up a demo brokerage account and practiced trading in my spare time. I certainly marveled at the volatility of the market. It produced visions of grandeur. I was making pips. So

1.4 New Beginnings

It was time to venture out on my own. I had been in corporate America for 22 years and it had taken its toll. So, I took the buyout from my company instead of a transfer to another new group and opened up real trading accounts. I studied the lights... I studied all of the relevant currency information. I was prepared..... So I thought.....

My first few months of trading were quite interesting.... and stressful. I would make \$5000 some days and lose \$5000 the next. I took big losses because I “knew” where the market was moving because of my extensive research... I just knew I was right. But obviously I did not. I had to figure out why.

1.5 What Next ?

As part of my trading education and research, I had met many Technical Analysis traders. I had done some cursory investigation into it, but I had red and green lights, so what did I need it for? Well, I decided to start studying it with much more vigor. After studying candlesticks and all of their formations, moving averages, pivots and trendlines, I back-tested many different trading strategies. I certainly felt more confident in my trade execution when using technical analysis. I had more reasons to be in a trade. A confluence of my selected indicators was my trigger to get into a trade. So I went back to trading a couple of mini lots when my setups presented themselves. My success ratio was consistently in the 70-80 % range each week. During this time, I worked on refining my Trading Plan and heeding the mantra “keep your losses small and let your winners run”. I was doing fairly well, but, it seemed as if I was missing many trading opportunities during the day and especially during the European session – starting at 2 a.m. EST. I had to figure out a way to get into more of these trades.

And..... I threw away the Red arrow Green arrow software !!!!

2. How I Have Become Successful

2.1 A Trading Partner !!!!

One of my trading buddies told me about some software that talked to you based on how you set it up. That sounded pretty cool. It was called **MTA - My Trading Assistant** – www.my-trading-assistant.com. I checked out all of its features and was able to talk directly to the developer of the software – John Bonin. With me being an old programmer, I was able to ask many technical questions about his software and received the answers that I was looking for. John gave me a quick tutorial of the product and its many, many, many functions.

I installed the software and customized it to use the indicators that I had previously used. I then started adding some of the MTA indicators and testing them – Shem’s Stochastics, Shem’s MACD, Fib Zones, Voice MACD Divergence, CCI Divergence, Voice Trendline, Camarilla’s, CCI.

Each indicator has multiple inputs so that you can use it in the way that matched your trading needs. I utilize the voice property to alert me of the conditions that are in my trading plan when I am in the office/house actively trading. I don’t have to be in my office staring at the computer to know that a trade setup is occurring. That is an awesome thing. I use the email/cell phone alerts when I will be away from the office for awhile, so that I will know what is going. This has helped me increase the frequency of trading my tested strategies.

I now also use a few indicators to wake me up during the EURO session. The EURO session provides me many very good trading setups. I was missing many of these by not being awake at the right times. I now let **MTA - My Trading Assistant** - www.my-trading-assistant.com – be my alarm clock. If my setups do not happen, I sleep like a baby.

2.2 Here is How I Trade the Forex Market

There are many different and successful ways to trade the Forex Market. Some people trade longer term trends – weeks/months, some trade daily trends, some trade hourly cycles and some trade for only small moves that happen in minutes.

After much back-testing, I have created a trading plan that I am comfortable with and that I stick to. I call it “Extreme Trading”. What I mean by that is that I wait for certain indicators to get to extremely oversold or overbought areas and I look for a bounce or reversal of the current trend. I utilize the email, cell phone and voice alerts available in **MTA - My Trading Assistant** – www.my-trading-assistant.com – to alert me to what I deem to be favorable trading condition in the Forex Market.

Here is what I look for in the Forex Market –

- I only trade at certain times. These are the times that most major news announcements happen and therefore most price movement –
 - European Session - 2 a.m. EST – 6 a.m. EST
 - US Session – 830 a.m. EST – 1130 a.m. EST
- I only trade the 4 major currency pairs. These pairs trend better with less volatility -
 - EUR/USD GBP/USD USD/CHF USD/JPY
- I use the following indicators on the 5 minute, 15 minute and 60 minute charts –

- Voice Trendlines
 - Pivot Points
 - Camarilla Levels
 - Fib Zones
 - Shem's Stochastics
 - Woodies CCI
- I set these indicators to notify me when they reach extremely overbought or oversold conditions by utilizing **MTA - My Trading Assistant** – www.my-trading-assistant.com 's email, cell phone and voice alerts. This allows me to be a full-time trader but only be at the computer part-time. No one wants to sit in front of the computer all day. I also use these alerts as an alarm clock to wake me up when I want to trade the European session. I go to sleep and don't have to wake up until the conditions that I want to trade exist. This definitely helps me get more sleep.
- The 2 main indicators (that I look for extremely overbought and oversold conditions) are Shem's Stochastics and Woodies CCI. Once these reach extreme, I look for a candle reversal pattern at a pivot point, fib zone or camarilla level. And hopefully there is a confluence of these at the current price point. The more there are, the better chance you have of price reversal.
- Extreme levels –
 - Shem's Stochastics – below 20 or above 80
 - Woodies CCI – below negative 220 or above 220
- I set my Stop Loss at 15-25 pips. It will depend on the current chart conditions. But, many times it is just set at 15 so that I have minimized any possible loss.
- I am always looking for 20 pips on these extreme reversals. I manage my trade based on where the resistance is – pivots, camarillas and fib zones.

2.3 Where Am I Now ?

I started using **MTA - My Trading Assistant** – www.my-trading-assistant.com – about 2 years ago. I started out trading mini-lots. I then moved to one standard lot per trade. My success rate stayed in the 70-80% range and I have kept my losses to a predetermined minimum. Remember, small losses will not kill you. I have slowly added to the number of lots per trade that I use on every trade. I started 2006 trading 5 standard lots per trade. That is approximately \$50 per pip. It doesn't take a lot of pips to make some decent money. In April 2006, I started trading 10 standard lots per trade - \$100 per pip. Everything is continuing to go well and starting in August 2006, I will start trading 20 standard lots per trade - \$200 per pip.

As all of you traders know, it is not easy to see your account moving way down or way up without much stress being exerted on yourself. I have been able to combat that by –

- Having a trading plan and sticking to it
- Keep my losses small..... let my winners run

- You can't be right 100% of the time..... but, you can keep your losses small !00% of the time !
- Trade my tested strategies as often as possible – and I am able to do this utilizing **MTA - My Trading Assistant** – www.my-trading-assistant.com – and all of its helpful, PROFITABLE functionality.

Good Luck and Happy Trading, Mike