Basics Manual

For

Craig Harris's

Forex Trading Methodology

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Craig Harris's Forex Trading Methodology

First Edition

Published by
Lynn Brown Forex Investment Trading, LLC
LBFXIT

Houston, Tx
2010

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__Introduction__

The "*Basics Manual for Craig Harris's Forex Trading Methodology*" is a Forex trading manual primarily for the beginner to intermediate level trader. The intent of the manual is to build a solid foundation towards a profitable and successful venture into the Forex Trading.

I began writing this manual from the first day I began exploring the world of Forex trading. The original intent was for my own benefit since I learn and remember things by writing them down. I joined and was indoctrinated into the Craig Harris trading system and one thing led to another and before I knew it this manual was created for other Forex traders to benefit from. Even though the manual is tailored around Craig's system the contents within are very helpful for learning more about the Forex industry and trading.

The content of this manual is not all inclusive towards the Forex industry but will have all the necessary material to fully understand and becoming a successful trader with Craig's trading methodology. As mentioned, this is a guide for developing a solid foundation for understanding the Forex market and does not discuss the trading details of the Craig's system. The details of the system are included in another manual describing the Craig Harris Forex Trading Methodology. The methodology is available to all those that sign-up with his system.

Trading in the Forex market is very risky but with the right system and training, in the long run, the probability of increasing your chances to be a successful and profitable are increased. Craig's system works and he proves it every day in the live trading room with all the other traders. This manual will be a valuable tool for helping the beginning trader with becoming involved as quickly as possible, not only in understanding Craig's trading methodology, but with the Forex trading business.

<u>Characteristics of a Successful Trader</u>

This chapter focuses on the characteristics that are predominantly common to all successful traders. Success can be defined in many ways but for the purpose of this book a successful trader is defined as one making a consistent profit over a long period of time.

This topic was purposely inserted at the beginning of this book for a good reason. The discussion of this topic will be a major barometer on whether you have the inherent characteristics naturally or, if not, the capability of developing these traits found to be common with successful Fx traders.

There are three characteristics of a successful trader:

- **PASSION**
- **DISCIPLINE**
- **PATIENCE**

Passion

When the question is asked to a beginning trader the reason for getting involved with Fx trading the typical response is "I want to make money!" The main reasons for why they want to make more money are the following: to supplement their current income, pad their nest egg prior to or during retirement, or as a way to create enough income to leave their current position and be their own boss.

"I want to make money" and the reasons for wanting to make more money are all VERY good reason for pursuing and venturing into the world of Fx trading. There is nothing wrong with any of reasons listed and I will be the first to raise my hand and proclaim I am pursuing this venture wanting to make money. BUT, if "making money" is the **sole driving force** behind pursuing Fx trading, over a period of time the enthusiasm of making more money will slowly erode away.

One of the obstacles in the path of successfully mastering the art of Fx trading is a tedious learning curve. The learning curve is very challenging and will at times be very frustrating. In the beginning, the frustration will be amplified after a series of unsuccessful trades.

The value of passion is it creates a strong desire to be a successful trader and instills a <u>persistent</u> frame of mind that will allow you to <u>persevere.</u> It takes a lot of <u>patience</u> and <u>fortitude</u> to overcome the low points and frustrating times associated with the learning

curve but the passion will be the driving force behind overcoming those challenging and frustrating times.

If making money is the sole driving force behind Fx trading, the odds of pushing forward will be very low. But, if the driving force behind becoming a Fx trader is passion and desire, the odds of pushing forward are very high and you will act in a constructive manner to face these challenges, work through the disappointment and negative feelings, pick yourself up by the bootstraps, and push forward and do whatever it takes.

The bottom line is, to be successful in any venture, passion and desire is paramount and not the desire to solely to make more money. Ultimately, as you become more and more adapt at making money from Fx trading you will find your passion and desire will shift from wanting to become a successful Fx trader to using Fx trading as a tool to bring you happiness through sharing with others your success.

Hopefully, passion and desire to become a successful Fx trader is the driving force behind your efforts to become a successful trader. It is a great way to bring happiness to you and to others. But, as mentioned above, there are other factors involved related to build upon the passion and desire to be a successful Fx trader.

Discipline

Discipline defined in terms of FX trading is being capable of:

1. Following a set of self-imposed strategies and guidelines

   and

2. Maintaining a level of control of emotions and feelings.

The following will address each of the two aspects of Fx trading discipline.

1. Some people by nature are disciplined and follow a "patterned" lifestyle based on their personal self imposed lifestyle whereas there are others that lead a less structured lifestyle. There is nothing wrong with being disciplined or less disciplined in your everyday personal life but a disciplined approach to Fx trading is essential.

   Does this mean those that are not inherently less disciplined by nature should not be Fx traders? Absolutely not, what is required of those not inherently disciplined is to develop a disciplined attitude during the trading process. This is where passion for Fx trading comes into play.

   If you have the passion to be a successful trader and inherently not a disciplined person you will develop a pattern of being disciplined during the trading process.

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All of us when properly motivated will do whatever it takes to achieve an objective. Those that are inherently less disciplined but have the passion to trade will be motivated to do whatever it takes during the trading process to succeed.

2. Maintaining a disciplined level of control and behavior involves being able to "control" your emotions. This does not mean you have to become a robot void of emotions and feelings or having ice in your veins but being able to control the emotions to a level where it will not disrupt the self imposed trading guidelines. It is impossible not to experience a wide range of emotions while trading but the key to successful trading is controlling the emotions and feelings during the trade.

There are a wide range of emotions and feelings, as well as thought patterns one can experienced during a trade. There are four primary emotions and feelings required to be controlled during the trading process.

- o Fear
- o Greed
- o Invincibility
- o Complacency

All other emotions and feelings experienced during a trade are derivatives of these four and a hand full of these emotions and feelings will be underlined when addressing these four predominate emotions and feelings.

Fear
Fear has a very detrimental effect when the trade is going in a direction contrary to your expectations and money is being lost. Fear has an uncanny ability to block the rational sensible decision making process required to exit a losing trade. As an example, as the trade moves in the wrong direction, fear sets in, you think irrational and think "it will turn around and I won't lose money" and before you know it the loss is amplified.

Greed
Greed has a very negative affect when the trade is going in a positive profitable direction. Similar to fear, greed also creates a blocking mechanism in the decision making process. The trade is going in the direction anticipated, excitement sets in, thoughts of making more money filters into the mind, and before you know it the trade moves in the wrong direction and then fear steps in.

Since fear and greed are natural instincts we are born with and also a possible prominent negative element within the trading process how can there be control over these emotions? The key to controlling emotions is having a disciplined approach and a quiet confidence when placing a trade. When discipline and confidence are part of your trading arsenal, when the trade moves in a positive or negative direction fear and greed will not enter the equation. Fear and greed does not enter the equation because the decision making process is already pre-determined by the combination of being disciplined and adhering to a proven trading strategy.

Does this mean if I am an emotional person I can't be a trader? No, it means being able to control emotions, not eliminate them.

Take for example the great golfer Tiger Woods. Tiger Woods is a VERY emotional person and when he makes a great shot or a poor shot he is very animated and emotional. But, between the time periods of beginning his shot process till the end his emotions are very controlled. Great poker players are the same way, between the time periods of the hand being dealt till the hand is won or lost their emotions are controlled but after they hand is won or loss they are very emotional.

Controlled emotions is very important and a key element developed by all successful women and men in all areas of work and play. The controlled emotions are byproducts of having in place a proven strategy that prevents negative emotions from entering their mind and blocking their thought process. To be a successful trader a proven strategy also needs to be in place to instill a controlled confidence in the trade and being able to control emotions no matter what direction the trade goes.

Invincibility & Complacency
Invincibility and complacency set in after a series of successful profitable trades. The negative effect of these feelings are overconfidence and being less focused on the trading strategy, indicators and confirmation signals paramount to placing a high probability trade and closing a profitable trade. When the feeling of invincibility and complacency set in the Fx market will humble you very quickly.

After completing a series of trades, congratulate yourself on a job well done and allow yourself to be emotional, happy and excited about your accomplishment. But, before placing the next trade, shift back into the disciplined and confident mode of trading and adhering to your trading strategy.

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Patience

Patience Patience Patience……..Patience is essential with Fx trading. Patience is required while trading in a demo account, waiting for a setup for a trade, and during the time the trade is open.

Patience is required during the training period in order not to be in a rush to go from the demo account to live trading. Take all the time required during the demo account period until the trading becomes automatic and with complete confidence.

Trading within the guidelines of a proven system requires periods of time when there may be several hours and maybe even a day between trades. Without patience, one will have the tendency to think the price movement is heading towards a setup, anticipate price movement, and open a trade before the indicators are in agreement. By not being patient and anticipating the indicators favorable for a high probability trade are possibly going to occur may work some of the times but over a long period will prove to be unprofitable. Patience is essential when waiting for the correct setup because profits are made on the entry point, not on the exit.

When a trade is in place and the price movement stalls or does not move in the direction expected, be patient and trust the proven system. Without patience, anxiety and fear can set in and emotion will become involved in the decision making process of the trade. With emotions involved in the decision making process, over the long haul, trading will not be profitable.

If passion is the motivator behind Fx trading, and not solely money, the discipline and patience will become over time an inherent characteristic trait of you and your trading process. Even if you have the passion towards Fx trading and have the patience and discipline required for FX trading there is key component remaining in becoming a successful trader. This component is to find a proven system. The next chapter will identify the key to finding a proven system.

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Terms, Abbreviations and Terminology

The first step in the journey into the world of Forex is to obtain a basic knowledge of the terms, abbreviation, and terminology before beginning the trading process. All business sectors have their own unique language and the Fx market is no exception. The following terms and terminology are not all-inclusive to the Fx market but only those terms related to understand the Forex Trading Methodology of Craig Harris.

These terms are not arranged in alphabetical order but in a logical order of understanding beginning with the basic rudimentary to the more strategic terms. An alphabetical listing of all the terms, abbreviations, and terminology with can be found in the index.

The terms, abbreviations, and terminology will be divided into chapters related to a particular subject matter. The order of these chapters are:

- General Forex Terms
- Currency Related terms
- Trading Related Terms
- Order Execution Related Terms
- Indicators
- Strategy Related Terms

General Forex Terms

Forex \ Fx
- Forex stands for **for**eign **ex**change currency trading. **Fx** is typically used as an abbreviation for Forex. In its simplistic form Fx is the process of exchanging the value of one currency against the value of another based on the current exchange rate between the two currencies.

Fx Market / Market
- There are numerous financial Fx markets around the world and are labeled geographically. There are four major foreign exchange markets and a financial city related with each:
  - Oceania Market
    - Wellington/Sydney
  - Asian Market
    - Tokyo
  - European Market

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- London
  o American Market
    - New York

Sessions / Hours of Operation / GMT
- The markets are broken down in "hours of operation" called sessions. A session is a time period from when a particular market opens till the time it closes. Each session is related to a major city, Tokyo, London, New York and Sydney. Even though Fx trading is a 24 hour five day a week business each market session is open and closed at a specific time with overlapping hours. Since Fx trading is an international business the hours of operation are listed by the international time standard of GMT (Greenwich Mean Time). The following trading session hours are based on Standard Time:

			Hours of Operation			
Market	Session	GMT	EST	CST	MST	PST
Oceanic	Sydney Open	22:00	5pm	4pm	3pm	2pm
	Sydney Close	07:00	2am	1am	MDNT	11pm
Asian	Tokyo Open	00:00	7pm	6pm	5pm	4pm
	Tokyo Close	09:00	4am	3am	2am	1am
European	London Open	08:00	3am	2am	1am	MDNT
	London Close	05:00	12pm	11pm	10pm	9pm
American	New York Open	13:00	8am	7am	6am	5am
	New York Close	22:00	5pm	4pm	3pm	2pm

- The following is a graphic representation of the session hours and how much each session overlaps.
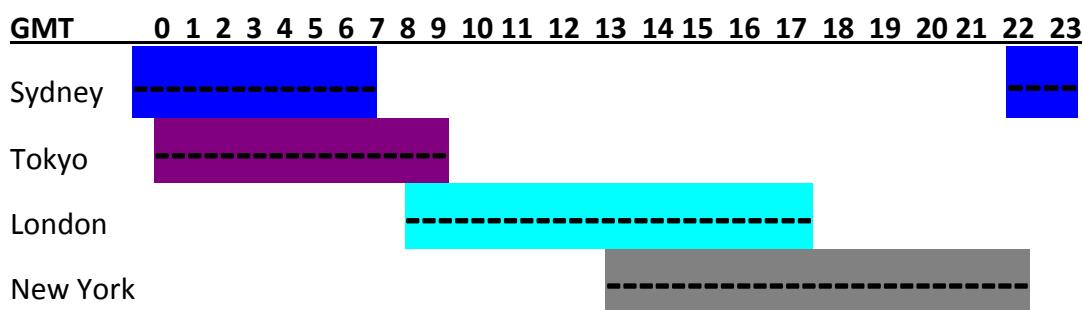
(See the Forex Time Table charts in the Appendix)

Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to sessions.

Financial Day
- The financial day begins 22 GMT and ends 22 GMT.

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Trader
-   The individual involved in the trading of currency in the Fx market.

Broker / Introducing Broker / Fx Broker
-   A broker is a firm that charges a fee or commission to execute trading orders for a trader. A **Fx introducing broker** is the link between the trader and the Fx trading merchant. The introducing broker has a direct relationship with the trader but delegates the work of the trade execution to the Fx trading merchant. This setup allows the broker to focus on the trader while the trading merchant focuses on trading in the market.

-   CompassFx is considered an introducing broker, has no commission but, is paid a fee based on the spread cost of the currency traded.

Trading Platform / MetaTrader 4 Platform / MTA4
-   The trading platform is a type of software used for trading analysis and order execution. There are many platforms available but MetaTrader 4 Platform (MTA4) is the trading platform used with Craig Harris's Forex Trading Methodology. The platform can be downloaded from CompassFX. Go to CompassFx.com and perform the following steps:

    o   At the bottom of the web page will be the following "Test your Forex trading skills…. Open a Demo Account now!" Left click on "Demo Account"
    o   Under the "FxDD MetaTrader 4.0 Column, at the bottom of the column, left click on "FXDD MTA4 Installation"
    o   Fill out the registration information and left click on "Submit".
    o   On the next page, left click on "Click here to download MetaTrader."
    o   Left click "Run" and after the download is complete, answer the remaining questions.
    o   Open the window for opening the demo account and answer the questions. When asked the type of account, select Mini and a leverage of 100:1.

-   Throughout the remainder of this manual the MetaTrader 4 platform will be referred to as MTA4 and recommend having the platform on your computer screen while going through this manual.

-   The charts you will be viewing on MTA4 will NOT be the charts Craig Harris uses. To apply Craig's custom made charts refer to the "*Forex Trading Methodology*" manual written by Gene Ballard and the video tutorials on how to load the indicators.

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Currency Related Terms

Currencies
- There are a wide variety of currencies around the world that are traded. The most common currencies traded with Craig Harris's Forex Trading Methodology with abbreviation and nicknames are as follows:

Currency	Abbreviation	Nickname	Craig's Abbreviation
Euro	EUR	Euro	E
USA Dollar	USD	Dollar	U or $
Japanese Yen	JPY	Yen	Y
British Pound	GPD	Cable	G
Australian Dollar	AUD	Aussie	A
Canadian Dollar	CAD	Loonie	C

Currency Pairs \ Base Currency \ Secondary Currency \ Cross Currency
- A transaction in the Forex market involves the exchange (trade) of two different currencies, thus the name foreign exchange.

- The two currencies exchanged are called the **currency pairs**. All currency pairs are posted with the currency abbreviation posted side by side. Examples of currency pairs are:

  o GPD/USD
  o EUR/USD
  o AUD/USD
  o USD/CAD
  o EUR/JPY

- All pairs of currencies are called currency pairs but if the currency pair does not involve the USD then the currency pair is called a **cross currency pair**. An example of cross currency pairs is:

  o EUR/JPY

- The first currency listed with the currency pair is called the **base currency** and the second currency listed is called the **secondary currency**.

  o The **base currency** is the currency that is being bought or sold.
  o The **secondary currency** is the denomination used to buy or sell the base currency. The price fluctuations and the profits / losses will be in calculated in the secondary currency denomination.
    ▪ As an example, take to following pairs:

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- ▪ EUR/USD
  - • The Euros are bought and sold using US Dollars. At the closing of the trade the profit and losses will be in US Dollars.
  - ▪ USD/CAD
    - • The US Dollars are bought and sold using Canadian Dollars. At the closing of the trade the profit and losses will be in Canadian Dollars. Since our account is in US Dollars the Canadian Dollars are converted to US Dollars based on the closing exchange rate of the USD/CAD.
  - ▪ EUR/JPY
    - • The Euros are bought and sold using Japanese Yen. At the closing of the trade the profit and losses are in Japanese Yen. Since our account is in US Dollars the Japanese Yen are converted to US Dollars based on the exchange rate of the USD/JPY at the time of closing the trade.

  - o The MTA4 will automatically make the conversion after the trade is closed into US Dollars. The calculations can also be found in the "Costs Related to Fx Trading" chapter of this manual.

- There are five currency pairs traded using the Craig Harris's "Forex Trading Methodology". These currencies include:

  - o GPD/USD
  - o EUR/USD
  - o AUD/USD
  - o USD/CAD
  - o EUR/JPY

- A comprehensive list of currencies can be found under the "Markey Watch" window on MTA4.

  - o To access the "Market Watch" window left click on the third button from the left of the top toolbar of MTA4 that has an up green arrow and down red arrow.

Exchange Quote / Exchange Rate
- The exchange quote and exchange rate are interchangeable terms.

- An exchange quote/rate is the exchange of one currency to another currency.

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- o As an example, a EURO and US Dollar with an exchange rate of EUR/USD: 1.2853 means one unit of the EURO can be exchanged for $1.2853 US Dollars or 1.2853 US Dollars can be exchanged for 1.0000 Euro.

- The current exchange rate can be found on the "Market Watch window of the MTA$ platform.

    - o To access the "Market Watch" window left click on the third button from the left of the top toolbar of MTA4 that has an up green arrow and down red arrow.

Bid / Bid Price / Buy / Buy Price
- The bid, bid price, buy, and buy price are all interchangeable.

- A bid is how much the trader is willing to pay in the denomination of the secondary currency to buy one unit of the base currency.

    - o Example, when a buy trade occurs with the EUR/USD currency pair with an exchange rate of 1.2853, the trader receives 1.2853 dollars for each Euro.

    - o Therefore, when buying, the trader will have 1.2853 dollars for each Euro bought.

- When a trader places a "buy" transaction it will profit the trader if the currency rate increases because there will be more of the secondary currency to exchange for the base currency.

- The bid price can be found in two locations

    - o One location is the current price shown on the far right side of the currency chart.

        - ▪ There will be two current prices shown on the right side of the chart. The price on top is the buy price.

    - o The other location is in the Market Watch window of the MTA4 platform

        - ▪ To access the "Market Watch" window left click on the third button from the left of the top toolbar of MTA4 that has an up green arrow and down red arrow.

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Ask / Ask Price / Offer / Sell / Sell Price
- The ask, ask price, offer, sell, and sell price are all interchangeable.

- The ask price is how many units of the base currency the trader receives for one unit of the secondary currency.

  o Example, when a sell trade occurs with the EUR/USD currency pair with an exchange rate of 1.2853, the trader receives 1 unit of Euros for each 1.2853 US Dollars.

  o Therefore, when selling, the trader will have 1.2853 dollars available to exchange for a Euro.

- When a trader places a "sell" transaction it will profit the trader if the currency rate decreases since less dollars will be needed to purchase one unit of the base currency.

- The ask price can be found in two locations

  o One location is the current price shown on the far right side of the currency chart.

    ▪ There will be two current prices shown on the right side of the chart. The price on bottom is the ask price.

  o The other location is in the Market Watch window of the MTA4 platform
    ▪ To access the "Market Watch" window left click on the third button from the left of the top toolbar of MTA4 that has an up green arrow and down red arrow.

Spread
- The spread is the difference between the buy and sell price of a currency pair.

- The spread is expressed in terms of pips which can be converted into dollars.

- The dollar difference of the spread is the compensation the broker receives when a position is opened. The compensation covers the introducing brokers overhead for being the market-maker and providing a two-way market.

- Generally the more liquid the currency pair, the narrower the spread and the less liquid the pairs the greater the spread.

- Therefore, when a position is opened the negative value in the profit column is the spread value in terms of dollars the broker has deducted from your margin account (see "Costs to Open a Trade" in the "Costs Related to Fx Trading" chapter for spread calculations).

- The spread (difference in the bid and ask price) can be found Market Watch window on the far left side of MTA4.

    o To access the "Market Watch" window

        ▪ Left click on the third button from the left of the top toolbar of MTA4 that has an up green arrow and down red arrow.

- The bid and ask price difference can also be found in the "Order Window"

    o Left click on the "New Order" button on the top taskbar of MTA4.

    o The spread shown will be for the currency in the "Symbol" window of the "Order" menu.

Pips
- A pip is the smallest increment of a price change of an exchange quote and is the last digit of an exchange quote. As an example, if a currency pair exchange rate moved from 1.275**6** to 1.275**7** the change in the price moved up one pip.

- All currency pair, except for the Japanese yen, have 4 decimal places. The yen only has 2 decimal places and when the yen moves from 89.65 to 80.66 the move is still considered one pip.

- A good illustration of a pip can be demonstrated using the US currency system. The smallest price change with the US currency is a penny and the smallest price change with the Fx trading currency system is a pip.

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Price Movement Related Terms

Run
- A run is when the currency price movement begins to move through and away from a support or resistance area.

Break (Break out)
- A break is when the price of a currency pair breaks out from the consolidation, support, or resistance area and makes a run.

Bull Movement
- Currency prices over a period of time will either increase or decrease. If the price increases the price movement is termed a bullish movement.

Bear Movement
- Currency prices over a period of time will either increase or decrease. If the price decreases over a period of time the movement is termed a bearish movement.

Trend (Upward, Downward, Consolidation)
- o A **trend** is the overall movement of the currency price in a consistent direction for a period of time. The price may fluctuate up and down during a trend but the overall direction is noticeable in one direction or another.
- o The trend for the day is set when 75 pips from the start of the financial day, assuming none of the moves were from the news.

    - **Upward Trend (Bullish)**
        - If the overall price movement is upward the trend is considered a bullish trend.
        - If in a buy trade the bullish movement will be profitable.
        - If in a sell trade the bullish movement will result in a loss.

    - **Downward Trend (Bearish)**
        - If the overall price movement is downward the trend is considered a bearish trend.
        - If in a buy trade the bearish movement will result in a loss.
        - If in a sell trade the bearish movement will be profitable.

    - **Consolidation Trend (Sideways)**
        - If the overall movement is sideways for two or more candlesticks with similar highs and lows, the trend movement is called consolidation

Stall
- A stall is an area where the price movement stops and is moving sideways formation for a period of two or more candlesticks.

- A stall typically occurs around areas of resistance and support.

- A stall is also called an area of consolidation.

Reversal / Retracement
- Reversal and retracement are interchangeable.

- A reversal is a change in price movement from a bearish trend to a bullish trend or from a bullish trend to a bearish trend.

- A reversal / retracement typically occur around areas of resistance and support or after a news announcement.

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Trading Related Terms

Open a Position / Placed a Trade / Placing an Order
- Once a trader has entered a transaction, the trader has placed a trade and opened a position. The process is called placing an order.

Close a Position / Closed a Trade / Exited a Position
- Once a trader has exited a transaction, the trader has closed the trade and closed a position. The current price of the currency at the moment a position is closed will be the price profit or loss is calculated from.

Long / Buy / Going Long
- Long or buy is opening a position with the expectation of the price increasing. When opening a long transaction the trader is going long.

Short / Sell / Going Short /Shorting the Market
- Short or sell is opening a position with the expectation of the price decreasing. When opening a sell transaction the trader is going short or shorting the market.

Entry Price
- The entry price is the current price of the currency when opening a position.

Exit price
- The exit price is the current price of the currency when the position was closed.

Contract Size / Lot Size / Lot / Account Size
- Contract size, lot size, lot, and account size are all interchangeable.

- Every trade is made in terms of **lots**. There are three main lot sizes:
  - **Standard lot**
  - **Mini lot**
  - **Micro-lot**

Standard Lot / Mini Lot / Micro Lot
- A standard lot, mini lot, and micro lot are expressed in terms of dollars and a volume amount.
  - **Standard Lot -** $100,000   Volume Amount = 1
  - **Mini Lot -** $10,000   Volume Amount = .1 (10% of a Standard Lot)
  - **Micro Lot -** $1,000   Volume Amount - .01 (1% of a Standard Lot)

- When placing a trade, a lot size is selected and the lot size selected will indicate how many dollars are going to be used with the exchange.

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- o In other words:
  - If 1 standard lot size was selected, the dollars amount used in the exchange is $100,000.

  - If 1 mini lot was selected, the dollar amount used in the exchange is $10,000.

  - If 1 micro lot was selected, the dollar amount used in the exchange is $1,000.

- When placing a trade the lot size does not have to be a standard lot, mini lot or micro lot but can be a multiple of a standard lot, mini, or micro lots.

  - o As an example, a 2 mini lot trade can be placed. Given one mini lot is equal to a .1 volume, a 2 mini lot trade will be a volume of .2 (2 x .1 =.2). The .2 volume would equate to using $20,000 to open a position.

- The following chart will indicate a sampling of the different lot sizes and purchasing power of each.

Lot Size	Volume	Dollar Amount
Three Standard Lots	3	$300,000
Two Standard Lots	2	$200,000
Standard Lot	**1**	**$100,000**
Three Mini Lots	.3	$30,000
Two Mini Lots	.2	$20,000
Mini Lot	**.1**	**$10,000**
Three Micro Lots	.03	$3,000
Two Micro Lots	.02	$2,000
Micro Lot	**.01**	**$1,000**
Half a Micro Lot	.005	$500

- **When during a trade is the lot size selected?**
  The lot size is selected when placing a trade. On the MetaTrader 4 "New Order" menu is a Window labeled "Volume". The "Volume" window is where the Lot Size is inputted. Left click on "New Order" on MTA4 to see the "Volume" window.

- The purpose of selecting a lot size is to indicate to the Fx Broker how much money you want to use to purchase a currency pair. In other words, when selecting a one mini lot, $10,000 is needed to place the trade.

- **I do not have $10, 000 to open a trade!!!!!**

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You are not alone, a vast majority of self traders do not have $10,000 to open a trade but due to **leverage**, a trader does not need the total dollar amount of the lot size to execute a trade. All a trader needs is a fraction of the amount to cover each trade.

Leverage / Leverage Ratio /Margin Account
- **Leverage** is the ratio of the amount money borrowed from the Fx broker to the amount of money the trader has to contribute. The money the trader contributes is the amount currently in their margin account.

    o **What is a margin account?**
      ▪ A margin account is the amount of money in a Fx account.
      ▪ The amount of money in the margin account is the amount initially deposited when opening an account, plus the amount earned with profitable trades, and minus the amount of money lost in a losing trades.
      ▪ The margin account funds is basically collateral for making a leveraged trade

- The purpose of the leverage is to provide the trader with the funds required to place a trade providing the trader has the necessary funds in their margin account, as collateral, to place the trade. The minimum amount required in the margin account is dependent on the lot size selected and **leverage ratio** associated with each lot size**.**

- The **leverage ratio** is typically expressed in terms of 100:1. A 100:1 leverage ratio means for every one hundred dollars lent the trader is to have available $1.00.

- Once the lot size is selected, and thus the dollar amount available for a currency exchange, the minimum amount required in the trader's margin account can be determined.

    o As an example, for a Standard Lot trade of $100,000 and a leverage ratio of 100/1 the trader will need as collateral in their margin account $1,000 (leverage ratio 100/1 = 1%, $100,000 * .01 = $1,000)

- The following table will list, based on the various lot sizes traded, the minimum amount required in your margin account for a Standard Account leverage ratio of 100:1 (1%) and a 200:1 leverage ratio for a Micro and Mini Lot.

Lot Size	Dollar Amount	Ratio	Min Amount Required
Three Standard Lots	$300,000	100/1	$3,000

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Two Standard Lots	$200,000	100/1	$2,000
Standard Lot	**$100,000**	**100/1**	**$1,000**

- Even though there is a minimum amount required as collateral in a trader's account, to place a trade, a considerable amount more is required when placing trades. If there are insufficient funds in the margin account, once a trade is open and during the trade, the broker will place a margin call.

- Leverage is also expressed in 1X, 2X, 3X, etc.
    o The leverage of 1X applies to one micro lot, one mini lot, and one standard lot.
    o The leverage of 3X applies to three micro lots, three mini lots, and three standard lots.

Margin Call
- Introducing brokers require the traders to maintain their margin account above a minimum requirement. The minimum requirement between brokers varies so read very carefully and totally understand the margin account agreement before signing on with an introducing broker.

- If the margin minimums are not maintained, the broker has a right to place a margin call. When placed, the trader is to immediately deposit more funds to cover their position or close the position. If the trader does not add funds the broker will automatically close the position.

Why is so much money required to Open a Trade?
- Currency pairs are traded in units of pips which is the smallest unit of measurement of a price movement. In other words, if a currency pair price moved from $1.3337 to $1.3338 the measure of movement would be one pip. Without the $10,000 the amount of the price movement would be .0001 cent. VERY LITTLE MONEY!!!!! But with the $10,000 leverage the amount of the price movement would be $1.00 ($10,000*.0001), and for $100,000 leverage the price movement is $10.00 (100,000*.0001). Therefore, leverage is necessary in order to make currency trading a viable business.

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Order Execution Related Terms

Market Order
- A market order is an order by a trader to the market to buy or sell a currency pair at one of the two following prices:
  - Current price
    - An **Instant Execution** is a market order to buy or sell of a currency pair at the current price.
  - Future price
    - A **Pending Order** is a market order to buy or sell of a currency pair at a future price.

Instant Execution
- An instant execution is the placement of:
  - Volume of Trade
  - Buy order
  - Sell order
    - Once the buy or sell order is placed the current price is taken.

- Other orders that can be placed are:
  - Stop Loss price
  - Take Profit price
    - These orders do not need to be placed at the time of the instant execution and can be placed by "Modifying an Order"
      - See "Modifying an Order" in the "How to Execute Trades" chapter.
    - The reason these orders are not always placed during an Instant Execution is because the trader is concentrating on placing the buy or sell order at the right time. Once the buy or sell is executed the trader will place a Modifying Order to put in the stop loss and take profit.

- See the "How to Execute Trades" chapter on how to place an "Instant Execution" order.

Pending Orders
- Pending orders are "instructions" to the market, placed by the trader, on "what to do" in the future when a currency pair prices reach a pre-set price.

- The type of "what to do" orders included:
    o Take Profit
    o Stop Loss
    o Buy Stop
    o Sell Stop

- Pending Orders are used when placing Stop / Reversal trades

- See the "How to Execute Trades" chapter on how to place a "Pending Order".

Take Profit
- Take profit is a pending order to close an open position at a pre-set currency price for a profit.

- A take profit order can be placed with an:
    o Instant Execution
    o Pending Order
    o Modifying an Order

- The take profit order for a long position must be placed 3 pips above the entry price

- The take profit order for a short position must be placed 3 pips below the entry price of a short position.

- Purpose / Use of – Take profit takes the emotions out of trade.

- Profit Loss Setting - A take profit is set based on support and resistant indicators.

Stop Loss
- Stop Loss is a pending order to close an open position at a pre-set currency price to stop a losing trade.

- A stop loss order can be placed with an:
    o Instant Execution
    o Pending Order
    o Modifying an Order

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- The stop loss order for a long position must be placed 3 pips below the entry price

- The stop loss order for a short position must be placed 3 pips above the entry price of a short position.

- Purpose / Use of – Stop loss takes the emotions out of stopping a losing trade.

- Stop Loss Price Setting - A take profit is set based on support and resistant indicators but no more than 50 pips from the entry price. For money management purposes no more than 30 - 35 pips.

Trailing Stop Loss
- A trailing stop loss is a market order and is used in conjunction with the stop loss order. Always place a stop loss first, then the trailing stop loss order.

- The difference between a trailing stop loss and a stop loss is:
    o A stop loss is a currency price point.
    o A trailing stop is set based on a number of pips, not a currency price.
    o A stop loss remains fixed (unless changed with an order modification)
    o A trailing stop loss, when activated, will change as the currency price moves in a profitable direction. The trailing stop loss is not activated until the price movement moves in a profitable direction in excess of the number of trailing stop loss pip amount. If the trailing stop loss is 20 pips the trailing stop will not be activated until there is a profitable move in excess of 20 pips.

- Example:
    o Type of trade = Long
       Entry price = 1.6540
       Stop Loss = 1.6510
       Trailing Stop Loss = 15 pips

       As the currency price moves from 1.6540 to 1.6555 (1.6540 + 15 pips) the stop loss will remain 1.6510

       After the currency moves beyond 1.6555 the trailing stop loss will increase pip by pip with the currency price from the entry price of 1.6540

       If the currency price is 1.6560 the trailing stop loss price will be 1.6545.

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If the currency price reverses and the trailing stop loss has been activated the trailing stop loss will not move. If the currency price moves from 1.6560 to 1.6545 the order will be executed and trade will be closed at 1.6545 with a 5 pip profit.

- **A word of caution**, a trailing stop loss should NOT be used without first placing a stop loss. As mentioned above, a trailing stop loss is not activated until there is a positive pip movement in excess of the trailing stop loss pip amount. If the position does not reach the trailing stop loss amount and the trade turns in an unprofitable direction there will be not stop loss since the trailing stop loss was not activated. Therefore, ALWAYS place a stop loss before placing a trailing stop loss order.

- **A word of caution**, a trailing stop loss order is an order on the computer and not the FX broker's server. Therefore, if there is a loss of an internet connection, the trailing stop loss is terminated. Another good reason to always place stop losses since stop losses are process from the Fx broker server. If there is a loss of an internet connection the Fx broker will have an phone number to call to modify the order.

- A trailing stop loss can also be placed manually by modifying an order. Execute a "Modifying an Order" as described in the "How to Execute Trades" chapter and change the stop loss to a new stop loss amount.

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to trailing stop losses.

Buy Stop
- A buy stop is a pending order set by the trader telling the market to open a buy position when a currency pair reaches a preset price in the future.

- As an example, if the current price is 1.3357 and a buy stop is placed at 1.3390, when the market price reaches 1.3390 a long position will be opened. The buy stop order must be placed at a price above the current price by at least 4 pips.

- Purpose / Use of – Buy stops are primarily used for executing a stop / reverse trade strategy.

Sell Stop
- A sell stop is a pending order telling the market to open a sell position when a currency pair reaches a preset price in the future.

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- As an example, if the current price is 1.6687 and a sell stop is placed at 1.6667, when the market price reaches 1.6667 a sell position will be opened. The sell stop order must be placed at a price above the current price by at least 4 pips.

- Purpose / Use of – Buy stops are primarily used for executing a stop / reverse trade strategy.

Scale Out
- A scale out is the closing out of a portion of the volume in a multiple lot trade to secure a profit as the price action attempts to reach a take profit level. Scaling out can only occur if multiple lots are in the trade.
- After scaling out a portion of the volume, change the stop loss to a breakeven setting or a pip or two profit setting. If the price continues to move in a profitable direction continually change the stop loss for greater profit just in case the price reverses.
- The advantages of scaling out are:
   o By scaling out it frees up equity and increases the amount of useable margin.
   o It takes some "stress" out of the trade because a profit has been made on the trade and allows the opportunity to capture additional profit if it continues in a favorable direction. If the market happens to reverse there can be a closeout of the trade before it reaches zero profit.
   o Reduces drawdown by reducing the size of the original position.
- See the "How to Execute Trades" chapter on how to "Scale Out" a profit.

Locking In a Profit
- Locking in a profit is modifying an open trade when there are three or more pips of profit and thus guaranteeing a profit

- See the "How to Execute Trades" chapter on how to "Lock in a Profit".

   o A lock in profit is useful if a trade is in a positive position and a news announcement is about to occur. Since the price movement may turn against your trade, to protect yourself, modify the order if it is a sell trade to one or more pips below the entry point and is a buy trade one of more pips above the entry point.

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- o A lock in profit is also a good practice if 10 or more pips of profit are made. To lock in a profit modify the order on a sell trade to one or two pips below the entry point or if in a buy trade one or two pips above the entry point.

- Remember, a lock in profit cannot be placed unless there is at least a three pip profit.

Requotes
- A requote is when the broker quotes one price on the order menu but after the trade is executed will request a requote.

- Requotes typically occur when:

  - o There is a news announcement and the price movement is moving drastically up or down to protect the introducing broker.

  - o If an unusually large volume is placed, the broker may ask for a requote to confirm the volume posted is really the volume entered and not a mistake to protect the trader.

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Indicators

Candles Stick
- A candlestick is a graphic indicator in "candlestick" form that shows the bullish and bearish price movement over a time period.

- The price movements indicated over a period of time is open, low, high, and close prices.

- Craig Harris" method trades on is the 15 minute time period. Therefore, each candlestick will show the open, high, low, and closing prices over a 15 minute time period.

- Purpose of a candlestick
    o Identify the price movement of a currency pair during a specific time period.

- Each candlestick has a main body, upper wick and lower wick. Another name used for a candlestick wick is a candlestick **bar**.

- When looking at a candlestick the overall shape of the candlesticks are the same, except for the color of the body. The color of the body represents a:
    o Bearish candlestick
    o Bullish candlestick

- The only candlestick without a color is a
    o Doji candlestick.

- The following will describe the meaning of the body, upper bar, and lower bar of a bearish, bullish, and Doji candlestick.

    o **Bearish Candlestick**
        ▪ **Body** – Represents the opening high and closing price of a currency over a 15 minute time frame. The upper portion of the body is the open price and the lowest portion of the body is the closing price. The color of the body will visually represent the

bearish (downward) movement of the prices. The default color on the MTA4 platform is royal blue.

- **Upper Bar (wick)** – The top of the bar is the highest price of the currency over a 15 minute time frame.
- **Lower Bar (wick)** – The bottom of the bar is the lowest price of the currency over a 15 minute time frame.

▶

High Price		Open
Body		Downward Movement
Low Price		Close
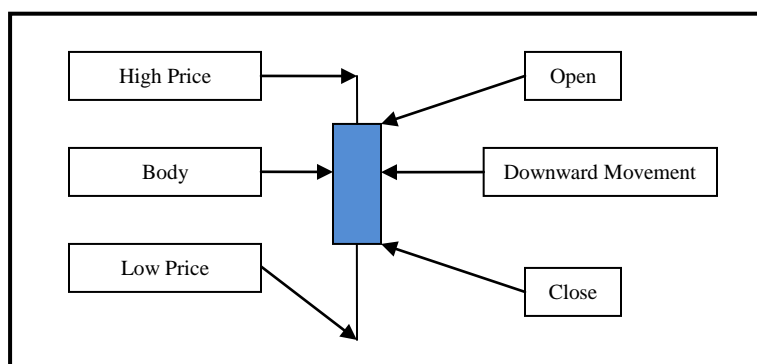
Bearish Candlestick

o **Bullish Candlestick**

- **Body** – Represents the opening high and closing price of a currency over a 15 minute time frame. The upper portion of the body is the close price and the lowest portion of the body is the opening price. The color of the body will visually represent the bullish (upward) movement of the prices. The default color on the MTA4 platform is pale green.

- **Upper Bar (wick)** – The top of the bar is the highest price of the currency over a 15 minute time frame.

- **Lower Bar (wick)** – The bottom of the bar is the lowest price of the currency over a 15 minute time frame.
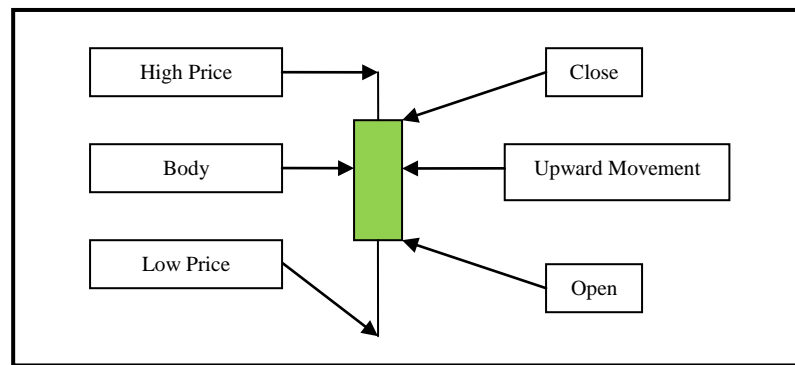
Bullish Candlestick

- o **Doji Candlestick**
    - ▪ **Body** – Represents both the opening and closing price of a currency over a 15 minute time frame. The opening and closing price of the currency was the same over a 15 minute time period. There is no color representing a Doji since there is no body to color.

    - ▪ **Upper Bar (wick)** – The top of the bar is the highest price of the currency over a 15 minute time frame.

    - ▪ **Lower Bar (wick)** – The bottom of the bar is the lowest price of the currency over a 15 minute time frame.
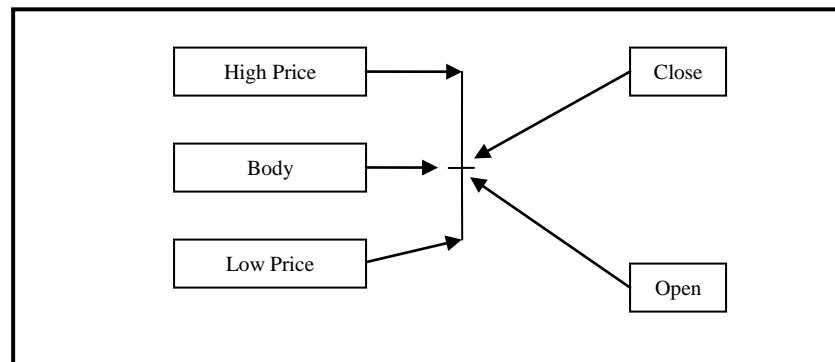
Doji Candlestick

- o **Inner / Inside Bar (IB)Candlestick**
    - ▪ The name Inner Bar candlestick is derived from the configuration of the previous candlestick.

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- An Inner Bar candlestick is engulfed by the previous candlestick. In other words, the high of the previous bar is higher than or equal to the Inner Bar candlestick and the low of the previous candlestick is lower than or equal to the lower of the Inner Bar.

- The size or color of the body of both candlesticks is irrelevant.

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the IB.
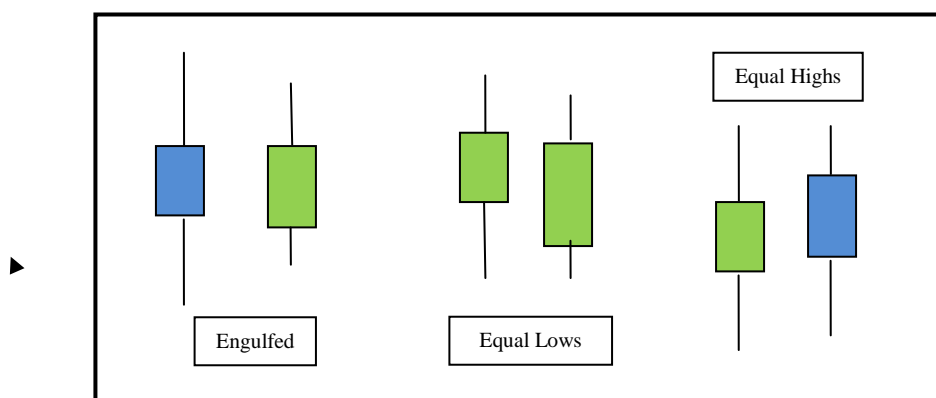
Examples of an Inner Bar Candlesticks

o **Outer Bar (OB) Candlestick**
  - The name Outer Bar candlestick is derived from the configuration of the previous candlestick.

  - An Outer Bar candlestick engulfs the previous candlestick. In other words, the high of the previous bar is lower than or equal to the Outer Bar candlestick and the low of the previous candlestick is higher than or equal to the lower of the Inner Bar.

  - The size or color of the body of both candlesticks is irrelevant.

  - Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the OB.
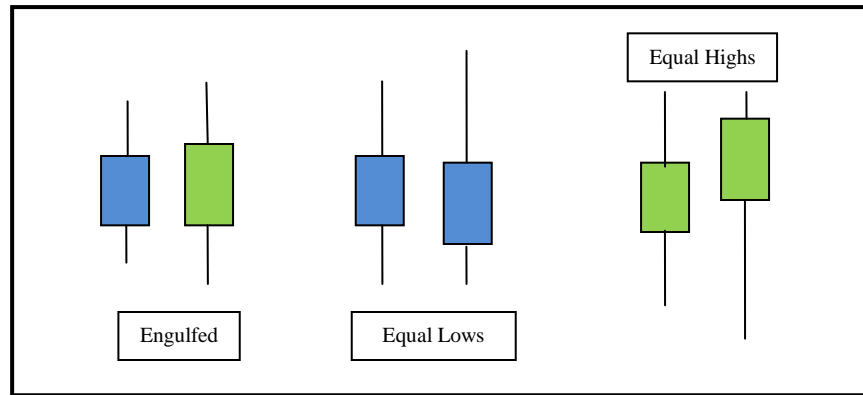
Example of an Outer Bar Candlestick

o **Inside Body Candlestick (IB)**

- The name Outer Bar candlestick is derived from the configuration of the previous candlestick.

- The size of the body of the previous candlestick will engulf the size of the next candlestick. The candle with the engulfed body is the Inside Body candlestick.

- The size and color of the body of both candlesticks is irrelevant.

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the IB.
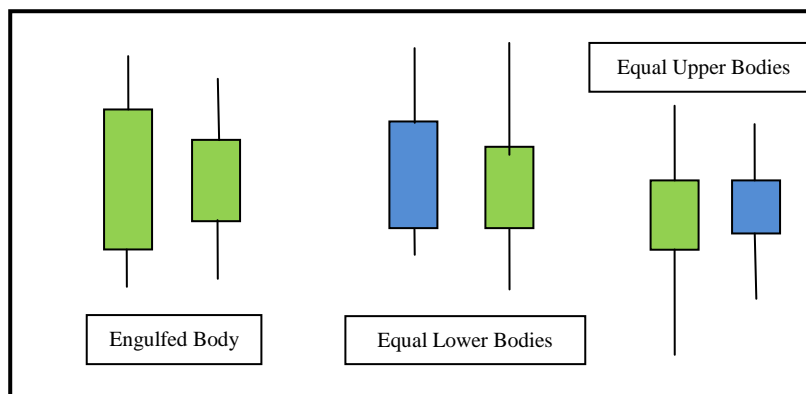
Examples of an Inside Body Candlesticks

o **Reversal Candle (RC)**

- A reversal candle is a candle with a color different than the previous candle.

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- If the RC is blue the previous candle will be green (based on Craig's default colors for a bullish and bearish candle.)

- If the RC is green the previous candle will be blue (based on Craig's default colors for a bullish and bearish candle.)

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to RC's.

Moving Average (MA)
- A moving average is an average of currency prices over a period of time.
- There are two MA's on the MTA4 chart, a slow MA and a fast MA.
  - Fast MA
    - The fast MA is a 1-Hr Chart of the last 60 prices adjusted to a 15 min chart.
    - The default MA line on the 15 minute chart is a white line.
  - Slow MA
    - The slow MA is a 4-Hr Chart of the last 60 prices adjusted to a 15 min chart.
    - The default MA line on the 15 minute chart is an aqua line.

- The purpose of MA's is to:
  - Identify the trend direction
  - Possible areas of support and resistance.

  - Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the MA's.

Swing Lows / Swing Highs
- **Swing Lows**
  - A swing low is a bearish fractal candle.

- **Swing Highs**
  - A swing high is a bullish fractal candle.

- Purpose of Swing Lows and Swing Highs is to:
  - Identify areas of price reversal

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- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the swing lows / swing highs.

Fractals
- A fractal is a trend reversal indicator located above a bullish high candlestick and below a bearish lows candlestick.
    o **Bullish Fractals**
        ▪ A bullish fractal is notated by a blue "up arrow" above the candlestick.
        ▪ A bullish fractal will have a higher price than the two candlesticks before and after it.
        ▪ The bullish fractal indicates a reversal from a bullish trend to a bearish trend.

    o **Bearish Low Fractals**
        ▪ A bearish fractal is notated by a blue "down arrow" below the candlestick.
        ▪ A bearish fractal will have a lower price of the two candlesticks before and after it.
        ▪ The bearish fractal indicates a reversal from a bearish trend to a bear trend.

- Purpose of Fractals

    o Fractals are indicators that identify:
        ▪ Reversals
            ▪ The pricing is going from a bullish run to bearish run or
            ▪ The pricing is going from a bearish run to a bullish run
            ▪
- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the fractals.

Stochastic Indicators (SS)
- A stochastic indicator is a momentum indicator.

- The purpose of an SS is to
    o A confirmation indicator for entering a trade

    o Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the SS indicator.

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Strategy Related Terms

Stop / Reverse (S-R)
- When a trade is placed and the price movement goes in the opposite direction, the initial trade is closed or stopped out with a stop loss setting and a second trade is placed in the opposite price movement direction as the first trade.

- Similar to a Cost Average Progression with a slight difference in method and session used.

- A S-R is placed by executing a pending order. See "How to Place a Pending Order Trade" in the "How to Execute Trade" Chapter.

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the using a S-R.

Cost Average (CA) Progression
- When a trade is placed and the price movement goes in the opposite direction, the initial trade is closed or stopped out with a stop loss setting and a second trade is placed in the same price movement direction as the first trade.

- Similar to stop / Reverse with a slight difference in method and session used.

- A CA is placed by placing a new instant order execution. See "Placing an "Instant Order Execution" trade in the "How to Execute Trade" Chapter.

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the CA progression.

Counter Trend Trade (CTT)
- A counter trend trade is placing an order when the price movement is in the opposite direction of the SMA.
    - For a short position the SMA would be pointing upward.
    - For a buy position the SMA will be pointing downward.

    - Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to a CTT.

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News
- News drives price movement and therefore it is important to know when news affecting the Forex market is going to take place.

- A recommended website to use is:
    o www.forexfactory.com

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to the news.

Ranges
- Definition **-** The difference between a high and low currency price over a given time frame.
    o Types of Ranges (Daily, Averages, Specific)
        ▪ **Daily Ranges**
            • **High/Low Daily Ranges**
                - **One Hour (1H)** - The difference in the high and low price during the last one hour time frame.
                - **Four Hour Range (4H)** - The difference in the high and low price during the last four hour time frame.
                - **Daily Range (DR)** – The difference in the high and low price during a financial day.
                - **Today's Daily Range (TDR)-** The difference in the high and low price during the current financial day.
                - **Yesterday Daily Range (YDR)** - The difference in the high and low price during the previous financial day.

        ▪ **Average Ranges**
            • Definition **-** The average high and low currency price over a given time frame.
            • Types of Average Ranges (WADR, MADR)
                o **Weekly Average Daily Range (WADR)** – The average of the high and low currency prices over a five financial day time frame.
                o **Monthly Average Daily Range (MADR) -** The average of the high and low currency prices over a monthly time frame.

- **Specific Range**
  - Definition – A range of high and low prices of a specific occurrence over a given time frame.
    - **Tokyo Channel (TKC)**
      - The difference in the high and low currency prices each financial day beginning at the start of the financial day to midnight Eastern Standard Time 22 GMT – 5GMT (4PM EST – Midnight EST)
        - Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details.

- Purpose of Ranges
  - To identify
    - Entry and Exit Prices
    - Support and resistance prices

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related all of the different ranges mentioned above.

Big Number (BN)
- The Big Numbers can be found as the last two number of a currency pair, These numbers are:
  - 00
  - 20
  - 50
  - 80
- Examples of big numbers are:
  - 1.1020
  - 1.50
  - 1.400

- The purpose of these numbers is to:
  - Identify breaks, support and resistances.

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related BN's.

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Mid-Range Numbers (MRN)
-   The Mid Range Numbers can be found as the last two number of a currency pair, These numbers are:
    o   10
    o   35
    o   65
    o   90

-   Examples of mid range numbers are:
    o   1.1035
    o   1.10
    o   1.4165

-   The purpose of these numbers is to:
    o   Identify breaks, support and resistances.

-   Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to MRN's.

Consolidation
-   Consolidation is when two or more candlesticks are in a sideways trend.

-   Consolidation typically occurs around a Fib level.

-   Purpose of consolidating is
    o   Identify areas for potential break outs

-   The Craig Harris "Forex Trading Methodology" system has a proprietary strategy for trading consolidation.

Profit Target
-   The profit target is the take profit price when placing a market order.
    o   Profit targets can be support / resistant areas
    o   23.6 Fib retracement

Fibonacci Lines/Number (Fib)
-   A fib is a mathematical progression of a sequence of lines that occur frequently within nature and in mathematics.

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to Fibs.

- The fib lines are used as a guide in Forex in determining the location of:
    o Consolidation
        ▪ When "pulling a fib", if a two are more candles are along a fib line, it is considered confirmation of a consolidation area.

    o Retracement
        ▪ When "pulling a fib", the fib lines are used as a guide to assist in determining the amount of price movement from a swing low on a bullish retracement or swing high on bearish retracement.
        ▪ During a retracement, typically fib lines 23.62 is the fib line which can be used for locating:
            ▪ Profit Targets (especially 23.6)
            ▪ Stall areas
            ▪ Consolidation
            ▪ Area of Support
            ▪ Area of Resistance

Support / Resistance
    o **Support**
        ▪ Support is a price level in which the price movement moves down to but resists breaking through and moves back upward.

    o **Resistance**
        ▪ Resistance is a price level in which the price movement moves up to but resists breaking through and moves back downward.

        ▪ Typical support and resistance price levels are:
            ▪ Big Numbers
            ▪ 1-hr and 4-hr daily lows
            ▪ Moving Average (MA)
            ▪ Tokyo Low (TKL)
            ▪ Tokyo Highs (TKH)
            ▪ Daily Low (TL)
            ▪ Daily High (TH)
            ▪ Week Low (LWL)

- Weeks High (LWH)
- Month Low (LML)
- Month Low (LML)

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Costs Related to Fx Trading

All of the calculation discuss in this chapter is used for informational purposes only. All calculations are automatically computed by the MTA4 platform.

The costs / values related to trading include:

- **Cost to Open a Trade**
    - o Spread Cost
    - o Commission
- **Current Value of a Trade While Position is Open**
    - o Value of Trade
    - o Swap
- **Value after Closing a Trade**
    - o Profit / Loss

Cost to Open a Trade

When a trade is placed a sum of money is removed from the trader's margin account and placed in the brokers account. This cost is called the **spread cost.** The variables involved with calculating the spread cost are:

- Spread of the currency pair
- Volume

The formula for calculating the spread cost is:

Spread Cost
Spread Cost   = Spread in terms of pips * Standard Lot in terms of dollars * Volume
= (Spread * 10,000) * 100,000 * Volume

The spread is multiplied by 10,000 to convert the whole number of the spread to pips

Example:
What is the spread cost for a currency pair with 4 pip spread trade at a lot size of 2?
Solution:
Spread Cost   = (Spread / 10,000) * 100,000 * Volume
= (4 / 10000) * 100,000 * 2
= $80.00

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When a trade is placed, the spread cost is immediately taken from the margin account and the value of the spread reflected in the "Order" menu under the "Trade" folder of the MTA4 platform.

To view the current cost of the trade after a position is opened:
- Click on the "Trade" button at the bottom of the MTA4 platform
- An "Order" window will appear
- At the far right side of the menu will be the current value of the open trade and the initial amount will be the spread cost to open a position.
- As soon as the exchange rate changes the value of the trade will change from the spread cost value to the current value of a trade while a position is open.

Commissions
- Shown in the "Trade Menu" will be a Commission column.

- Commissions are not charged by the introducing Fx broker. Therefore, the value will be zero.

- The cost spread takes the place of the commission in FX trading.

Current Value of a Trade While Position is Open

After a trade has been placed, the current value of a currency pair will change with each movement of the exchange rate.

The value will either be a positive amount or negative amount.
- If the amount is negative, that is your current loss to the trader while the trade is open.
- If the amount is positive, that is the current profit to the trader while the trade is open.

The variables used to calculate the current value of an open position are:
- Is the USD the Base and Secondary Currency
- Type of trade – Buy or Sell
- Opening Price
- Current price
- Standard Lot Size in terms of Dollars
- Volume Traded

The following formulas will be used to calculate the current value of an open position for the five currencies traded with the Craig Harris System. The formulas can be applied to any currency pair with the USD as base currency or secondary currency and for cross currency pairs.

Current Value

USD as Base Currency (USD/CAD, USD/JPY)

Buy Position:
Current Value = ((Current Price – Opening Price) * Standard Lot Size * Volume) *
　　　　　　(1/Current price))
　　　　　= ((Current Price – Opening Price) *100,000 * Volume * (1/Current price))

　　　　　1/Current Price = the conversion of the secondary currency back into USD

Sell Position:
Current Value = ((Opening Price – Current Price) * Standard Lot Size * Volume) *
　　　　　　(1/Current price))
　　　　　= ((Opening Price – Current Price) *100,000 * Volume * (1/Current price))

　　　　　1/Current Price = the conversion of secondary currency back into USD

USD as Secondary Currency (EUR/USD, GPD/USD, AUD/USD)

Buy Position:
Current Value = (Current Price – Opening Price) * Standard Lot Size * Volume
　　　　　= (Current Price – Opening Price) *100,000 * Volume

Sell Position:
Current Value = (Opening Price – Current Price) * Standard Lot Size * Volume
　　　　　= (Opening Price – Current Price) *100,000 * Volume

Value per Pip Movement
When the USD is the secondary currency the value for each pip movement can be calculated using the following formula. This formula for calculating the value per pip movement only applies when the secondary currency is the USD.

Value per pip = 1 pip * Standard Lot Size * Volume
　　　　　= 1 pip *100,000 * Volume
　　　　　= .0001 * 100,000 * Volume

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The following chart shows the value per pip with different volumes **when the USD is a secondary currency**. This chart does not apply when the USD is the base currency.

Lot Size	Volume	Value per Pip
Three Standard Lots (3X)	3	$30.00
Two Standard Lots (2X)	2	$20.00
Standard Lot (1X)	**1**	**$10.00**
Nine Mini Lots (9X)	.9	$9.00
Eight Mini Lots (8X)	.8	$8.00
Seven Mini Lots (7X)	.7	$7.00
Six Mini Lots (6X)	.6	$6.00
Five Mini Lots (5X)	.5	$5.00
Four Mini Lots (4x)	.4	$4.00
Three Mini Lots (3X)	.3	$3.00
Two Mini Lots (2X)	.2	$2.00
Mini Lot (1X)	**.1**	**$1.00**
Three Micro Lots (3X)	.03	$.30
Two Micro Lots (2X)	.02	$.20
Micro Lot (1X)	**.01**	**$.10**

Current Value of a Cross Currency Pair (EUR/JPY)

The following will be the current value of the cross currency pair of EUR/JPY.

The variables used to calculate the current value of an open position are:
- Type of trade – Buy or Sell
- Opening Price
- Current price
- Standard Lot Size in terms of Dollars
- Volume Traded
- The exchange rate of the USD and secondary pair

Buy Position:
Current Value = (Current Price – Opening Price) * Standard Lot Size * Volume *
    Exchange rate of secondary currency and USD
    = (Current Price – Opening Price) *100,000 * Volume * Exchange rate of
    secondary currency and USD

Sell Position:
Current Value = (Opening Price – Current Price) * Standard Lot Size * Volume * Volume
    * Exchange rate of secondary currency and USD
    = (Opening Price – Current Price) *100,000 * Volume * Volume *

Exchange rate of secondary currency and USD

The current value of an open trade can be found in the "Trade" folder menu at the bottom of the MTA4 platform.

To view the current value of the trade after a position is opened:
- Click on the "Trade" button at the bottom of the MTA4 platform
- An "Order" window will appear
- At the far right side of the menu will be the current value of the open trade.
- As soon as the exchange rate changes the value of the trade will change.

Swap
- Swap can be found in the "Trade Menu" will be a Swap column.

- If a trade is open from one financial day to the next there is a swap transaction cost.

- A swap is the interest rate cost differential between two currencies.

- Using Craig Harris's trading method all trades are closed by the end of the financial day, therefore the Swap cost is not a factor.

Value of a Trade When Closing – Profit / Loss Calculation

After a trade has been closed, the value of the trade will be a positive or negative amount.
- If the amount is positive, it is the profit made from the trade and the amount will be added to the margin account.
- If the amount is negative, it is the amount of money loss from the trade and the amount will be deducted from your margin account.

The variables used to calculate profit and loss are:
- Is the USD the Base and Secondary Currency
- Type of trade – Buy or Sell
- Opening Price
- Current price
- Standard Lot Size in terms of dollars
- Volume Traded

The following formulas will be used to calculate the profit / loss value of an opening position for the five currencies traded with the Craig Harris System. The formulas can be applied to any currency pair with the USD as base currency or secondary currency and for cross currency pairs.

Profit / Loss

USD as Base Currency (USD/CAD, USD/JPY)

<u>Buy Position:</u>
Profit / Loss = ((Closing Price – Opening Price) * Standard Lot Size * Volume) * (1/Closing Price))
= ((Closing Price – Opening Price) *100,000 * Volume * (1/Closing price))

1/Closing Price = the conversion of the secondary currency back into USD

<u>Sell Position:</u>
Profit / Loss = ((Opening Price – Closing Price) * Standard Lot Size * Volume) * (1/Closing Price))
= ((Opening Price – Closing Price) *100,000 * Volume * (1/Closing Price))

1/Closing Price = the conversion of secondary currency back into USD

USD as Secondary Currency (EUR/USD, GPD/USD, AUD/USD)

<u>Buy Position:</u>
Profit / Loss = (Closing Price – Opening Price) * Standard Lot Size * Volume
= (Closing Price – Opening Price) *100,000 * Volume

<u>Sell Position:</u>
Profit / Loss = (Opening Price – Closing Price) * Standard Lot Size * Volume
= (Opening Price – Closing Price) *100,000 * Volume

Cross Currency Pair (EUR/JPY)

The variables used to calculate the profit / loss of a cross currency pair are:
- Type of trade – Buy or Sell
- Opening Price
- Current price
- Standard Lot Size in terms of dollars

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- Volume Traded
- The exchange rate of the USD and secondary pair

Buy Position:

Profit / Loss = (Closing Price – Opening Price) * Standard Lot Size * Volume *
Exchange rate of secondary currency and USD
= (Closing Price – Opening Price) *100,000 * Volume * Exchange rate of
secondary currency and USD

Sell Position:

Profit / Loss = (Opening Price – Closing Price) * Standard Lot Size * Volume * Exchange
rate of secondary currency and USD
= (Opening Price – Closing Price) *100,000 * Volume * Exchange rate of
secondary currency and USD

The profit / loss after closing a trade can be found under the "Trade" folder menu at the bottom of the MTA4 platform.

To view the profit / loss of the trade after a position is closed:
- Click on the "Trade" button at the bottom of the MTA4 platform
- An "Order" window will appear
- At the far right side of the menu will be the profit / loss value

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Money Management

There are many money management strategies to choose from. The money management strategy for each trader is based on:

- Size of your margin account
- Traders risk appetite

The following are very simple beginning money management suggestions and strategies. The following are only suggestions and it is up to the trader to decide on their level risk and money management. The first three suggestions are **very** important.

- **ALWAYS, ALWAYS, ALWAYS** trade with disposable income. In other words, if all the money invested into Fx trading is lost 100% you will still have money available to pay bills and not change your current lifestyle.

- **DON'T BE GREEDY!!!!!!!!**

- **ALWAYS PLACE** a stop loss after a position is opened.

- Refer to the *"Forex Trading Methodology"* manual created by Gene Ballard for details related to additional money management issues.

How to Execute Trades

Placing an "Instant Order Execution" Trade

- Have the chart of the currency pair to trade on your computer screen.
- Click on the "New Order " button in the second toolbar
- **Symbol**
    o Double check the currency pair being traded is in the window
- **Volume**
    o Either input the volume or click on the down arrow for a drop down menu to select or input a volume
- **Stop Loss & Take Profit**
    o If known, input the values of stop loss and take profit.
    o Most traders will not place the stop loss or take profit when placing an order.
    o A stop loss and take profit will be immediately placed after the Instant Execution Order by placing a modifying order (see "Modifying an Orders" in this chapter).
- **Comment**
    o Comments are useful if the trade order is printed out after a position is opened.
- **Type**
    o The "Instant Execution" is the default order. Leave as is.
- **Buy or Sell Order**
    o When ready to execute the trader click either the buy or sell button

After the order is placed it will appear in the "Trade" folder.
    o The Trade folder can be found on the bottom of the MTA4 screen
    o Click on "Folder" tab to view the Pending Order

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- Below the BUY or Sell selection is a "Enable maximum deviation from quoted price" option. This is rarely used. Below is an explanation of the deviation.
    o If the broker requotes the price of an order execution, the deviation of the new price from the quoted before will be calculated. If the deviation is below or equal to the specified parameter, the order will be executed

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at the new price without any additional notifications. Otherwise, the broker returns new prices at which the order can be executed;

- o If the trader desires to place a deviation, click on window beside the note.
- o Maximum Deviation
  - ▪ Input the value of maximum permissible deviation in points.
  - ▪ Confirm with the broker on the maximum deviation possible.

Placing an "Pending Order" Trade

- Have the chart of the currency pair to trade on your computer screen.
- Click on the "New Order " button in the second toolbar
- **Symbol**
  - o Double check the currency pair being traded is in the window
- **Volume**
  - o Either input the volume or click on the down arrow for a drop down menu to select or input a volume
- **Stop Loss**
  - o Input the Stop Loss price
- **Take Profit**
  - o Input the Take Profit price
- **Comment**
  - o Comments are useful if the trade order is printed out after a position is opened.
- **Type**
  - o Click on the down arrow to open the drop down menu
  - o Click on Pending Order
- **Pending Order Type**
  - o Click on the down arrow to open the drop down menu
  - o Click on "Buy Stop" or "Sell Stop"
- **At Price**
  - o Input the price to execute the Buy Stop or Sell Stop
  - o The "At Price" must deviate by more than 4 pips from the current market price for the pending order to be executed.
- **Expiry**
  - o The expiry allows the trader the opportunity to select a time the pending order can be cancelled.

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- o The expiry is an option for the trader to cancel the order in the future in the vent the market price does not hit the "At Price".
  - o The trader has the opportunity to delete the trade manually at anytime (see "Canceling a Pending Order" below).
- **Place**
  - o Click on the 'Place" button to execute the trade.

- After the order is placed it will appear in the "Trade" folder.
  - o The Trade folder can be found on the bottom of the MTA4 screen
  - o Click on "Folder" tab to view the Pending Order

Cancelling a Pending Order

- Click on the "Trade" tab at bottom of the MTA4 screen
- Right Click on the pending order in the window
- Click on the "Delete" button
  - o It is very important to cancel the pending order if the order is no longer needed. Pending orders are used with all stop / reversals and if the stop / reversal is not needed due to taking a profit the pending order must be cancelled or it may be executed in the future under undesirable price conditions that can lead to a potential loss without you knowing it.
  - o Even if you stop trading and turn leave the MTA4 platform the trade will still be executed unless it is cancelled.

Modifying an Order

- The only items that can be modified once a position is opened is the:
  - o Take Profit and
  - o Stop Loss
- An order can be modified as many times as desired as long as:
  - o The trade is still open and
  - o There is at least three or more pips difference between the current price and new stop loss or take profit price.
- Click on the "Trade" tab at bottom of the MTA4 screen
- Right Click on the pending order to modify

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- Click on "Modify or Delete Order" and modify one or more of the following
    - o **Type**
        - ▪ Modify Order is the Default type.
    - o **Modify Order**
        - ▪ The left side of the menu is for modifying the Stop Loss and the right side of the menu is for modifying the Take Profit
            - ▪ Stop Loss Side of Window
                - • Level
                    - o If you know the price to set as a stop loss enter the value in the window.
                - • Copy As
                    - o If a Buy order is opened
                        - ▪ The price in the "Copy As" window will be the current price minus the price in the "Level" window.
                    - o If a Sell order is opened
                        - ▪ The price in the "Copy As" window will be the current price plus the price in the "Level" window.
                - • Stop Loss
                    - o If the stop loss price in the "Copy As" is the stop loss value desired , click on the price in the window.
                    - o Keep in mind the price in the "Copy As" window is the price difference from the current market price and NOT the entry price.
                    - o If the stop loss desired is measured from the entry price, input the price in the window.
            - ▪ Take Profit Side of Window
                - • Level
                    - o If you know the price to set as a take profit, enter the value in the window.
                - • Copy As
                    - o If a Buy order is opened
                        - ▪ The price in the "Copy As" window will be the current price (not the entry

                        price) plus the price in the "Level" window.

- o If a Sell order is opened
    - ▪ The price in the "Copy As" window will be the current price (not the entry price) minus the price in the "Level" window.
- • Take Profit
    - o If the take profit price in the "Copy As" is the price desired, click on the value in the window.
    - o Keep in mind the price in the "Copy As" window is the price difference from the current market price and NOT the entry price.
    - o If the take profit price desired is measured from the entry price, input the value in the window.
- Click on the "Modify ...." button

Closing an Order

- Click on the "Trade" tab at bottom of the MTA4 screen
- Click on the order to be closed
- Click on "Close ………."

Locking in a Profit

- Reminder, a lock in profit cannot be placed unless there is at least a 3 pip profit.
- Click on the "Trade" tab at bottom of the MTA4 screen
- Right Click on the pending order in the window
- Click on "Modify or Delete Order"
    - o Type
        - ▪ Modify Order
    - o Modify Order

- With a lock in a profit order the only modification required is to the Stop Loss. The new stop loss price will depend on if the trade is in a sell or buy position.
  - Sell Position
    - Set the new stop loss price to 1 or more pips below the entry price but no closer than 3 pips from the current price.
  - Buy Position
    - Set the new stop loss price to 1 or more pips above the entry price but no closer than from the current price..
- Click on the "Modify ……..." button

Scaling Out

- Click on the "Trade" tab at bottom of the MTA4 screen
- Click on the order to be closed
  - In the Volume window will be the current volume of the trade
  - To scale out the volume and "lock-in" a portion of the trade input a volume that is lower than the volume currently being traded.
  - Click on "Close
- The current trade will remain open but with a lower volume and the portion scaled out will be closed.

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Tools of the Trade

The following will be a guide for the equipment required to trade. This information is not absolute but can give one an idea of what is needed for trading.

Bare Minimum requirement:
- A computer
    - o PC or
    - o Laptop
        - ▪ Screen being minimum of 10" w x 8" high

- High speed internet connection
    - o Landline (preferred)
    - o Wireless (acceptable)

Recommended when trading real money but on a budget
- Laptop
    - o 14" screen

- Landline high speed internet connection

- Two monitors
    - o 24" screen

- If your computer is not set up internally for two monitors, an adaptor can be bought and inserted into a USB port for a second monitor.

Advanced setup:
- Two Laptops
    - o 14" screen
    - o One laptop set up for wireless in the event of loss of landline

- Landline high speed internet connection

- Two 24" monitor for each laptop
    - o If your computer is not set up internally for two monitors, an adaptor can be bought and inserted into a USB port for a second monitor.

- A traveling 10" laptop with wireless capabilities

- One 14" traveling monitors

Game Plan

The following is a game plan for beginners. The goal of the game plan is to help the trader go from a demo account to live trading. The game plan is based on the assumption the trader has read the Forex Trading Methodology Manual, participated or listened in on the two day live trading, listened to the videos, and listened to the tape live trading sessions.

This is only a guide and a suggestion on how to approach trading. Make any changes in the following game plan that fits your learning rate but regardless if you use this game plan or a modification of it, **ALWAYS** start with a demo account.

The **purpose of the demo account** is to learn from your mistakes and develop GOOD trading habits. That is why the trading log is so important, to document and learn from your mistakes and to build confidence by producing profitable trades.

The **goal of the demo account** is to be able to trade without hesitation. To be able to easily find the right setups, enter the trade with indicators in agreement, and set the stop-reverse pending order with total confidence. It is **<u>highly recommended</u>** that the goal of a demo account is reached before opening a live account.

When ready to open a live account it is also highly recommend starting a micro-account. There is something that changes mentally when trading real money, so start with a micro-account and feel comfortable with trading real money before going to higher lots.

During each open trade
- Practice good money management
- Always place a pending order for S-R during London session….. MAKE IT A HABIT
- Other sessions, practice placing a CA if there is a loss.
- Keep a log of ALL trades…. Don't be embarrassed to see the run of bad trades in the beginning. Bad trades and mistakes are a learning tool, and it is good to make mistakes and learn with play money.

Day 1
- Open an Demo Account with CompassFx (www.CompassFx.com)
- Begin trading using the Forex Trading Methodology
    - Use .1 volume lots (one mini lot)
- At first practice and experiment and don't get caught up in profit or loss at this time. The demo account is an education tool to learn from your mistakes.

- Once a level of confidence as reflected by a series of profitable trades, pretend it is a real money and start being focused on good execution and profits.

After 5 consecutive days with a profit on each day
- Use .3 volume lots (3 mini lots)
  o When changing from a micro to mini account contact CompassFx and notify them of the change from trading a micro account to a mini account.
- When possible practice "scaling out"

At the end of any 30 day time period (not from the first day of the month to last) if there is a profit
- Open a live micro-account with CompassFx trading real money.
- When your hard earned money is on the line, there is a change mentally that takes place and it is best to practice with small quantity of dollars first until you have overcome the mental change of trading real money. You will find when trading with real money you may not be taking as much risk as when with play money.
  o Use .01 volume lots (one micro lot)

After 5 consecutive days with a profit on each day
- Use .03 volume lots (3 micro lots)
- When possible practice "scaling out"

After 5 consecutive days with a profit on each day
- Use .1 volume lots (1 mini lot)
- When possible practice "scaling out"

At the end of a 90 day time period if there is a profit
- Use a volume .3 volume lots (three mini lots)

At the end of another 90 day time period if there is a profit
- Use a volume 1 volume lot (one lot)

The Business of Forex Trading

After gaining the confidence required with successful Forex trading and going from a demo account to live trading it is highly recommended to being treating Forex trading as a business. There are statistics indicating over 90% of traders fail and the three main reasons traders fail in the long run is due to:

- Lack of capital
- Insufficient of inadequate Forex training / education
- Not treating trading as a business

Lack of capital is usually the biggest challenge but training/education and treating trading as a business is not as big a challenge. Craig Harris has the system and more than adequate resources for training and educating a trader and there are several firms available to help you treat trading as a business.

A trader does not need a business degree to treat Forex trading as a business. All that is needed is a simple business plan and a Forex business company specializing in helping Forex traders setup their business.

Business Plan

The business plan will be basically a trading plan for your Forex Business. The business / trading plan does not need to be complicated and all that is needed is a simple step-by-step outline answering the following three simple questions:

- What is your Mission Statement
- What are your short term trading goals?
- What are your long term trading goals?

Mission Statement
- The Mission Statement will be nothing more than your ultimate goal for trading.
- The following are sample Mission Statements
    o "To become a full time profitable trader"
    o "Trade part-time to supplement my income"
    o Etc…

Short Term Goals

- These goals are the immediate goals you would like to achieve within a designated time frame. Write more than one goal but the one goal I recommend is to state the amount of money desired to make on average per day of trading.
- The following are sample short term goals
    o Begin with a demo account and progress to a live account
    o Average "x" number of dollars profit over the next "x" number of months
    o Increase my margin account by "x"% per day
    o Make a profit of "x" dollars per trading day
    o Make a profit of "x" dollars per month
    o Listen to one of Craig Harris's live training videos once a week.
    o Trade "x" number of days part-time during London open and close.
    o Etc…….

<u>Long Term Goals</u>
- These are the steps for reaching the goal of the mission statement. Write as many as you can to achieve the goal of the Mission statement.
- The following are sample short term goals
    o Begin trading mini accounts
    o Average "x" number of dollars profit over the next "x" number of months
    o Trade full-time
    o Etc……

This simple business / trading plan is so easy to do and so important but it is the one step a majority of failed traders do not do. The old adage of "If you don't plan, you plan to fail" is true.

Many traders will say "I know what I want to do, I don't need to write it down." That is true and sounds logical but you will be amazed how powerful it becomes once you write it down. When you write it down it becomes real and a form of a commitment to you and your trading business. It may sound strange and I don't know how or why it works but by writing a business plan, you will become a better trader for it.

Forex Business Specialist

It is important to find a Forex business specialist to help you setup and run your trading business. A trading business can be setup in many ways including C Corporation, LLC, and LP. There are pros and cons to each based on your different goals and individual needs. The Forex business specialist can help you with this.

Forex business specialist can help you with the many expense deduction available to traders, help increase your cash flow, help with tax breaks and the management of taxes

associated with trading. Other topics a specialist can help you with are medical deductions, life insurance, etc. as well as assisting you in the proper documentation required to be qualify as a trader and documentation of day to day expenses and income associated with trading.

There are many good specialist available and HIGHLY recommend you find one before setting up your trading business. It may sound like a hassle but it would be frustrating to be a successful trader with profits and see those profits go out the window with taxes. A specialist will help maximize your cash flow, manage taxes more efficiently, and set up your business as a trading business with all the advantages of having a business.

I recommend you research on the internet for a Forex business specialist you feel comfortable. There are many good specialists available out there but there is one specialist I recommend you talk to before making a final decision on which company to select. The company name is "Traders Accounting" and the website is www.tradersaccounting.com. Their phone number is 800-938-9513.

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Frequently Asked Questions

How do I know if a mentor is a honest, trustworthy, and their system works and not selling me a bill of goods?
- There are a lot of questionable Fx mentors out just to make a quick dollar. The questions to ask a potential mentor are the following and the answer to all of them should be yes:
    o Do you still trade?
    o Do you also teach?
    o Is your priority to trade first and teach second?
    o Is your teaching method hands-on?
    o Do you provide live training?
    o Do you provide continuous training?
    o Do you have references?

Why should I spend all this money for a mentor when I can learn on my own?
- Whether you pay a good mentor or make it on your own you will pay more if you try to make it on your own and find your own successful system. The best reason to find a good mentor is the amount of time it saves by vastly reducing your learning curve. By doing it own you own, you still have to buy many, many books, DVD's, attend seminars, etc. (and not sure even if you so whether they are any good) and waste all that time when you could use a proven mentor.

Why do mentors charge so much?
- A mentor charges the price they do because they earned it and deserved to be paid for all their countless hours of developing a successful trading method and spending their own money for providing the system and teaching documents and methods to their clients.

If these mentors are so successful, why don't they provide a money back guarantee?
- The main reason mentors do not provide a money back guarantee is because what they give you, you can't give back. It is not like buying a product and if you don't like it take it back. Another reason is, not everyone is cut out to be a trader, some are some aren't, so the mentor has no way of knowing their potential client's personal characteristics it is not possible to guarantee success.

How long will it take be to start making a lot of money?
- Forex trading is NOT a get-rich-quick business. Sizeable amount of money can be made but there are many variables involved with becoming a successful and

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profitable Forex trader. Variables include, what is your level of passion for trading, how much time do you have to devote to Forex education and training, do you have the mental temperament to sit in front of a computer screen for hours, how much initial capital is available to trade, etc. As you can see the amount of time can vary based on many variables. There as some traders that can be up to speed and making consistent profits within a few months where others make take a year or more.

Do Forex robots work?
- No, trading robots do not work. The Forex market is an unpredictable market and it is impossible to write a robotic program capable of reacting to every move the market makes under every possible situation. One glaring example is with news announcements' and speeches that have an effect on Forex trading. News greatly affects the price movement of currency. How can a robot know when news announcements are made and whether the news is going to push the currency pair prices up or down? There other reason why they don't work and they are a waste of money.

Isn't the Fx market is too unpredictable to make money?
- It is true the market is unpredictable but there window of opportunity when the market is predictable and it is the successful mentors that have found those windows of opportunity to profit. It does not mean these windows of opportunity are 100% predictable but your odds are greatly increased when the opportunities are presented.

Appendix

Abbreviations
Forex Time Table
Websites
Spread Costs Based on Volume

Abbreviations

$/Cad – US Dollar / Canadian Dollar
$/CHF – US Dollar / Swiss Franc
$/Y – US Dollar / Yen

A/$ - Aussie / US Dollar
ADR – Average Daily Range
AU – Aussie / US Dollar

BN – Big Number

CA – Cost Averaging

DH – Daily High
DL – Daily Low
DR – Daily Range

E/$ - Euro / US Dollar
EG – Euro / Pound
EU – Euro / US Dollar
EY – Euro / Yen

Fib – Fibonacci

G/$ - pound/ US Dollar
GMT – Greenwich Mean Time
GU – Pound / US Dollar

H/L – High / Low
H1 – One Hour Time Chart

IB – Inside Body
IB/OB – Inner Bar / Outer Bar
IC – Inside Candle
Indy – Indicator

L – Low
LH(D1) – Last High (Previous Day)
LH2(H1) – Last High (Previous Hour)
LH3(H4) – Last High (Previous 4 Hour)
LH3(H4) – Last Low (Previous 4 Hour)
LL(D1) – Last Low (Previous Day)
LL2(H1) – Last Low (Previous Hour)
LSR – Last Swing Range
LWH – Last Week High
LWH/L – Last Week High/Low
LWL – Last Week Low

M15 – 15 Minute Time Chart
MA – Moving Average
MA – Moving Average
MADR – Last Month's Daily Range
MH/L – Last month high/low
MR# - Mid Range Number
MRN – Mid Range Number
MTA4 - MetaTrader 4 Platform

NY – New York
NZ – New Zealand

O – Open
OB – Outside Body
OC – Outside Candle

PS – Protective Stop
PTLS – Pips to Last Swing
PTLS2 – Number of pips to next to last fractal

PTO – Pips to Open
PTMA – Pips to Moving Average

RC – Reverse Candle

SL – Stop Loss
SMA – Simple Moving Average
S-R – Stop Reversal
SR – Support Resistance
SS – Slow Stochastic
SwH – Swing High
SwL – Swing Low

TDR – Today's Daily Range
TF – Time Frame
TH – Today's High
TH/L – Today's High Low
TK – Tokyo
TKC – Tokyo Channel
TKH – Tokyo Channel High
TKH/L – Tokyo Channel High Low
TKL – Tokyo Channel Low
TL – Today's Low
TP - Take Profit
TPL – Template

UC – US Dollar /Canadian Dollar

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UJ – US Dollar / Yen
UK – United Kingdom
US – United States

WADR – Last Weeks Average Daily Range
W – Week
WH/L – Last Weeks High / Low

YH – Yesterday's high
YH/L – Yesterday's High/Low
YL – Yesterday's Low

Eastern Standard Time - Forex Trading Chart

Time		Days / Time to Trade				Sessions				
GMT	EST	Mon-Thur	Fri	Sat	Sun	Sydney	Tokyo	London	NYC	TKC
0-1	7-8PM	Fair to Good When TKC is >40	Closed	Closed	Fair to Good When TKC is >40	Open	Open			Open
1-2	8-9PM									
2-3	9-10PM									
3-4	10-11PM									
4-5	11-12AM									
5-6	12-1AM	Good	Good		Closed		Open			
6-7	1-2AM									
7-8	2-3AM									
8-9	3-4AM	Best	Best					Open		
9-10	4-5AM									
10-11	5-6AM									
11-12	6-7AM	Good	Good							
12-13	7-8AM									
13-14	8-9AM								Open	
14-15	9-10AM									
15-16	10-11AM									
16-17	11-12PM									
17-18	12-1PM	Best	Not Good						Open	
18-19	1-2PM									
19-20	2-3PM									
20-21	3-4PM	Fair								
21-22	4-5PM									
22-23	5-6PM		Closed			Open				
23-24	6-7PM									Open

Eastern Time Zone - Daylight Savings Time

Time		Days / Time to Trade				Sessions				
GMT	EDST	Mon-Thur	Fri	Sat	Sun	Sydney	Tokyo	London	NYC	TKC
0-1	6-7PM	Fair to Good When TKC is >40	Closed	Closed	Fair to Good When TKC is >40	Open				Open
1-2	7-8PM						Open			
2-3	8-9PM									
3-4	9-10PM									
4-5	10-11PM									
5-6	11-12AM									
6-7	12-1AM	Good	Good		Closed					
7-8	1-2AM									
8-9	2-3AM									
9-10	3-4AM	Best	Best					Open		
10-11	4-5AM									
11-12	5-6AM									
12-13	6-7AM	Good	Good							
13-14	7-8AM									
14-15	8-9AM								Open	
15-16	9-10AM									
16-17	10-11AM									
17-18	11-12PM									
18-19	12-1PM	Best	Not Good						Open	
19-20	1-2PM									
20-21	2-3PM									
21-22	3-4PM	Fair								
22-23	4-5PM									
23-24	5-6PM		Closed			Open				Open

Central Standard Time - Forex Trading Chart

Time		Days / Time to Trade				Sessions				
GMT	CST	Mon - Thur	Fri	Sat	Sun	Sydney	Tokyo	London	NYC	TKC
0-1	6-7PM	Fair to Good When TKC is >40	Closed	Closed	Fair to Good When TKC is > 40	Open				
1-2	7-8PM						Open			Open
2-3	8-9PM									
3-4	9-10PM									
4-5	10-11PM									
5-6	11-12AM	Good			Good					
6-7	12-1AM		Good		Closed					
7-8	1-2AM									
8-9	2-3AM	Best	Best					Open		
9-10	3-4AM									
10-11	4-5AM									
11-12	5-6AM	Good	Good							
12-13	6-7AM									
13-14	7-8AM								Open	
14-15	8-9AM									
15-16	9-10AM									
16-17	10-11AM									
17-18	11-12PM	Best	Not Good						Open	
18-19	12-1PM									
19-20	1-2PM									
20-21	2-3PM	Fair								
21-22	3-4PM									
22-23	4-5PM		Closed			Open				
23-24	5-6PM					Open				Open

Central Time Zone - Daylight Savings Time

Time		Days / Time to Trade				Sessions				
GMT	CDST	Mon - Thur	Fri	Sat	Sun	Sydney	Tokyo	London	NYC	TKC
0-1	5-6PM	Fair to Good When TKC is >40	Closed	Closed	Fair to Good When TKC is >40	Open				
1-2	6-7PM						Open			Open
2-3	7-8PM									
3-4	8-9PM									
4-5	9-10PM									
5-6	10-11PM									
6-7	11-12AM	Good			Good					
7-8	12-1AM		Good		Closed					
8-9	1-2AM									
9-10	2-3AM	Best	Best					Open		
10-11	3-4AM									
11-12	4-5AM									
12-13	5-6AM	Good	Fair		Closed					
13-14	6-7AM							Open		
14-15	7-8AM								Open	
15-16	8-9AM									
16-17	9-10AM									
17-18	10-11AM									
18-19	11-12PM	Best	Not Good						Open	
19-20	12-1PM									
20-21	1-2PM									
21-22	2-3PM	Fair								
22-23	3-4PM									
23-24	4-5PM		Closed			Open				Open

Mountain Standard Time - Forex Trading Chart

Time		Days / Time to Trade				Sessions				
GMT	MST	Mon-Thur	Fri	Sat	Sun	Sydney	Tokyo	London	NYC	TKC
0-1	5-6PM	Fair to Good When TKC is >40	Closed	Closed	Fair to Good When TKC is >40	Open	Open			Open
1-2	6-7PM									
2-3	7-8PM									
3-4	8-9PM									
4-5	9-10PM									
5-6	10-11PM	Good			Best					
6-7	11-12AM									
7-8	12-1AM	Best	Best		Closed			Open		
8-9	1-2AM									
9-10	2-3AM									
10-11	3-4AM	Good	Good							
11-12	4-5AM									
12-13	5-6AM								Open	
13-14	6-7AM									
14-15	7-8AM									
15-16	8-9AM									
16-17	9-10AM									
17-18	10-11AM	Best	Best						Open	
18-19	11-12PM									
19-20	12-1PM									
20-21	1-2PM	Fair	Not Good							
21-22	2-3PM					Open				
22-23	3-4PM									
23-24	4-5PM		Closed				Open			Open

Mountain Time Zone - Daylight Savings Time

Time		Days / Time to Trade				Sessions				
GMT	MDST	Mon-Thur	Fri	Sat	Sun	Sydney	Tokyo	London	NYC	TKC
0-1	4-5PM	Fair to Good When TKC is >40	Closed	Closed	Fair to Go When TKC is >40	Open	Open			Open
1-2	5-6PM									
2-3	6-7PM									
3-4	7-8PM									
4-5	8-9PM									
5-6	9-10PM									
6-7	10-11PM	Good								
7-8	11-12AM									
8-9	12-1AM		Good							
9-10	1-2AM	Best	Best		Closed			Open		
10-11	2-3AM									
11-12	3-4AM									
12-13	4-5AM	Good	Good							
13-14	5-6AM							Open		
14-15	6-7AM									
15-16	7-8AM								Open	
16-17	8-9AM									
17-18	9-10AM									
18-19	10-11AM	Best	Best						Open	
19-20	11-12PM									
20-21	12-1PM									
21-22	1-2PM	Fair	Not Good							
22-23	2-3PM									
23-24	3-4PM		Closed			Open				Open

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Pacific Standard Time - Forex Trading Chart

Time		Days / Time to Trade				Sessions				
GMT	PST	Mon-Thur	Fri	Sat	Sun	Sydney	Tokyo	London	NYC	TKC
0-1	5-67PM	Fair to Good TKC is >40	Closed	Closed	Fair to Good if TKC is >40	Open	Open			Open
1-2	6-7PM									
2-3	7-8PM									
3-4	8-9PM									
4-5	9-10PM	Good			Good					
5-6	10-11PM									
6-7	11-12AM									
7-8	12-1AM	Best	Best		Closed			Open		
8-9	1-2AM									
9-10	2-3AM									
10-11	3-4AM	Good	Good					Open		
11-12	4-5AM									
12-13	5-6AM								Open	
13-14	6-7AM				Closed					
14-15	7-8AM									
15-16	8-9AM									
16-17	9-10AM	Best	Best						Open	
17-18	10-11AM									
18-19	11-12PM									
19-20	12-1PM	Fair	Not Good							
20-21	1-2PM									
21-22	2-3PM									
22-23	3-4PM		Closed			Open				
23-24	4-5PM						Open			Open

Pacific Time Zone - Daylight Savings Time

Time		Days / Time to Trade				Sessions				
GMT	PDST	Mon-Thur	Fri	Sat	Sun	Sydney	Tokyo	London	NYC	TKC
0-1	4-6PM	Fair to Good when TKC Is >40	Closed	Closed	Fair to Good When TKC is >40	Open	Open			Open
1-2	5-6PM									
2-3	6-7PM									
3-4	7-8PM									
4-5	8-9PM									
5-6	9-10PM	Good			Good					
6-7	10-11PM									
7-8	11-12AM									
8-9	12-1AM	Best	Best		Closed			Open		
9-10	1-2AM									
10-11	2-3AM									
11-12	3-4AM	Good	Good					Open		
12-13	4-5AM				Closed					
13-14	5-6AM								Open	
14-15	6-7AM									
15-16	7-8AM									
16-17	8-9AM									
17-18	9-10AM	Best	Not Good		Closed				Open	
18-19	10-11AM									
19-20	11-12PM									
20-21	12-1PM	Fair								
21-22	1-2PM									
22-23	2-3PM		Closed			Open				
23-24	3-4PM									Open

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Websites

Recommended Mentor
www.hubpages.com/Forex-Trading-Guide.com

Recommended Introducing Broker
www.CompassFx.com

Recommended Fx Business Specialist
www.Taders Accounting.com

Good source of Forex terms and phrases
www.investopedia.com/categories/forex.asp?viewed=1

Good source for news affecting the Forex trading industry
www.forexfactory.com

Good enter level educational website
www.babypips.com

Spread Cost Chart

Volume	Spread Cost				
	1	2	3	4	5
5	$50.00	$100.00	$150.00	$200.00	$250.00
4	$40.00	$80.00	$120.00	$160.00	$200.00
3	$30.00	$60.00	$90.00	$120.00	$150.00
2	$20.00	$40.00	$60.00	$80.00	$100.00
1	$10.00	$20.00	$30.00	$40.00	$50.00
.9	$9.00	$18.00	$27.00	$36.00	$45.00
.8	$8.00	$16.00	$24.00	$32.00	$40.00
.7	$7.00	$14.00	$21.00	$28.00	$35.00
.6	$6.00	$12.00	$18.00	$24.00	$30.00
.5	$5.00	$10.00	$15.00	$20.00	$25.00
.4	$4.00	$8.00	$12.00	$16.00	$20.00
.3	$3.00	$6.00	$9.00	$12.00	$15.00
.2	$2.00	$4.00	$6.00	$8.00	$10.00
.1	$1.00	$2.00	$3.00	$4.00	$5.00
.09	$0.90	$1.80	$2.70	$3.60	$4.50
.08	$0.80	$1.60	$2.40	$3.20	$4.00
.07	$0.70	$1.40	$2.10	$2.80	$3.50
.06	$0.60	$1.20	$1.80	$2.40	$3.00
.05	$0.50	$1.00	$1.50	$2.00	$2.50
.04	$0.40	$0.80	$1.20	$1.60	$2.00
.03	$0.30	$0.60	$0.90	$1.20	$1.50
.02	$0.20	$0.40	$0.60	$0.80	$1.00
.01	$0.10	$0.20	$0.30	$0.40	$0.50

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