



HOW I TRIPLED MY ACCOUNT IN 4 MONTHS WITH FXJAKE.COM

By Nicola McLaughlin



Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to invest in foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts.

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Introduction

You've never met me, you've never heard of me and the only way I'm connecting to you now is because I happened to answer a question ("has anyone on this forum tripled their account?") when no one else at that moment in time had responded. I had absolutely no idea that my few random comments in reply would lead to this short webinar and I certainly had no idea I was going to decide that I wanted to write everything down for you! Yet here we are...I'm writing my trading plan down and hopefully, you're reading it.

Who is to say I have any answers that could help you? After all, I'm not an expert, I'm a student of trading, just like you. All I've done is triple my account in 4 months....that is hardly "retire on a beach" kind of stuff, and who knows I could lose it all tomorrow. Plus, not only have I never worked as a trader (although I did pay part of my way through University trading IPOs and I am a qualified Economist), I don't even seem to fit the typical trader stereotype, being the stay-at-home mother that I am. And let's not forget that just by being a woman I'm still outnumbered. Even in this 21st century, women are not exactly the dominant force on the average trading floor. In a recent scientific study analyzing the role of emotional awareness on trading success, only 2 of the 700+ participants were women. When you consider how emotional women are reputed to be this seemed a very odd omission to me. Apparently it was done out of necessity....there simply weren't the women out there for the study to well....study.

So if I have any insights and helpful tips to give, they're clearly going to be from the point of view of a minority interest. But hey, it turns out I'm already a minority interest because apparently less than 10% of retail forex traders are profitable. WOW. Really? That really saddened me. What I can do however, is tell you what has been working for me and if you're willing to spend a few minutes to read more, hopefully those life lessons that I slogged my way through (and boy did some of them sting!!) will help you.

I hope you find the following information helpful because it was written with a desire to give back...to give back to Walter, and to give back to the lovely friends I've been making on the Daily Trader. In no way is it intended to come across as preaching or know-it-all or anything at all like that. It's just me being me doing the "me" kind of things that I do. And I fully accept and agree that maybe I know nothing worth knowing at all! The proof I guess....will be in the pudding.

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The modified A and B strategy

All credit for this strategy goes to previous Daily Trader guru Emmanuel, I've just tweaked it a bit. Although to be fair, I think he probably tweaked it from someone else before that too...such is the way these classic strategies get recycled.

Key idea: To enter trades after an important change in sentiment or to continue profiting from an existing trend.

The strategy is most profitable on 4 hour charts but I have tested it successfully on daily and weekly charts too. I can't see any reason why it wouldn't work on other timeframes but I haven't tested those.

The 5 different entries:

ENTRY 1: Against the trend setup. 2 bearish closes **below** the 25 SMA when the 25 SMA is **above** the 100 SMA or 2 bullish closes **above** the 25 SMA when the 25 SMA is **below** the 100 SMA

ENTRY 2: With the trend setup. 2 bearish closes **below** the 25 SMA when the 25 SMA is **below** the 100 SMA or 2 bullish closes **above** the 25 SMA when the 25 SMA is **above** the 100 SMA

ENTRY 3: Against the trend setup. Bull/bear/bull 3 candle formation. These candles must be the first 3 candles to close **above** the 25 SMA but whilst the 25 SMA is **below** the 100 SMA or in the other direction it would be Bear/bull/bear 3 candle formation closing **below** 25 SMA but whilst the 25 SMA is **above** the 100 SMA

ENTRY 4: With the trend setup. Bull/bear/bull 3 candle formation. The first 3 candles to close **above** the 25 SMA whilst the 25 SMA is **above** the 100 SMA or in the opposite direction a Bear/bull/bear 3 candle formation closing **below** the 25 SMA whilst the 25 SMA is **below** the 100 SMA

ENTRY 5: With the trend setup. A clear strong looking trend must be already established. Strong bullish or bearish candle in the direction of the trend, followed by small retracement candles in opposite direction. Place order below the low / high of the mother candle. Stop loss can either be above the high of the mother candle or above last pivot (last swing, not the last absolute swing).

Entry: OPEN TWO POSITIONS. Use a buy stop or a sell stop 10 pips above the high or below the low of the signal candle.

Stoploss: Identical Stoploss for both positions - 10 pips above/below last pivot (the last swing of price action, not the last absolute swing. If the last pivot is still quite close to price action, you could use the pivot before...i.e. Two pivots ago)

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Position 1 exit: Choose a position of strong horizontal support / resistance with ideally at least a 1:1 risk reward ratio

Position 2 exit: Leave Take Profit open. Close trade when you have a new step up in the opposite direction. Move to Breakeven when Position 1 closes.

OR

Position 1 exit: 1 to 1 risk reward ratio

Position 2 exit: Leave Take Profit open. Move to breakeven when position 1 closes. Close trade when you have a new step up in opposite direction.

TIPS:

Wait 2 candles before cancelling pending order if your trade doesn't trigger

If you get a contrary signal whilst already in a trade (i.e. price crosses back over the SMA), then close the trade and open a new one in the opposite direction or close trade and do nothing until you have a new signal in the same direction as before.

Try to avoid entering if buy/sell signal is clearly hitting a very significant level of support/resistance or else try placing your entry further away just to make sure the support/resistance is broken before the entry triggers.

I calculated my position sizes using 2% of my account per trade (1% per position) for most positions, going up-to 4% per trade (2% per position) in clearly established strong moving trends.

I have found the win rate is significantly higher for entries 2 and 5 and this is therefore what I mostly trade. In particular, I love to trade entry 2 when there has been a signal for price to return to trend after a short period of retracement. To get the most from these entries I look at the higher timeframe chart first (so it would be the daily chart if I am trading the 4 hour) to check there is a previously established trend before waiting for the 2 candle crossover in the 4 hour chart that indicates price is returning to the trend direction.

I'm not afraid to NOT trade. I would rather have my account sitting unchanged for two weeks before placing a trade, than to trade for the sake of trading and then have to deal with a drawdown. It's QUALITY not QUANTITY folks.....!

I look at all the charts my broker provides but I've mostly traded the Euro, Pound and Dollar charts. I particularly like the GBPUSD as I've found it highly profitable in testing because of its tendency to go through long term trends that are fairly smooth and consistent.

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The SMA is used rather than the EMA because we want the moving average to be quite smooth. The EMA will weight recent price action more than historical, which whilst useful, also makes the moving average more prone to sudden change, increasing the risk of false signals.

I never remove money from my trading account. I can't emphasize this enough. If you want your account to grow fast, you **have** to leave it untouched (you can move it to a bank account but you still include it in your lot size calculations). It's the same principle as compounding interest. Sit down and work out how fast your account will grow if you make 1% profit a week. At the beginning, 1% seems way too small to make any difference to your account...but if you keep hold of that 1% and then then calculate next week's 1% gain and keep hold of that gain and then calculate the following week's 1% you will see that your account starts to gain very quickly. By the time your account balance is over a million, 1% gain a week seems like a lot of money to be gaining in one week but if you have been using the 2% risk per trade rule, then your **overall risk per trade is exactly the same**. You are not risking any more of your account now that your balance is over a million than you were when your balance was \$1000....but you're gaining a lot more money. So compound your account each week, and keep your risk per trade the same. In no time at all, you'll have an account balance that you're happy with.

I hope this has helped a little! And I hope we can chat soon in the Daily Trader forum. Feel free to write to me at any time (my name on the Forum is Rupin9999) or drop me a mail at nicola@1day.tv

All the best

Nicola

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