FX Trading Strategies and Systems that actually work

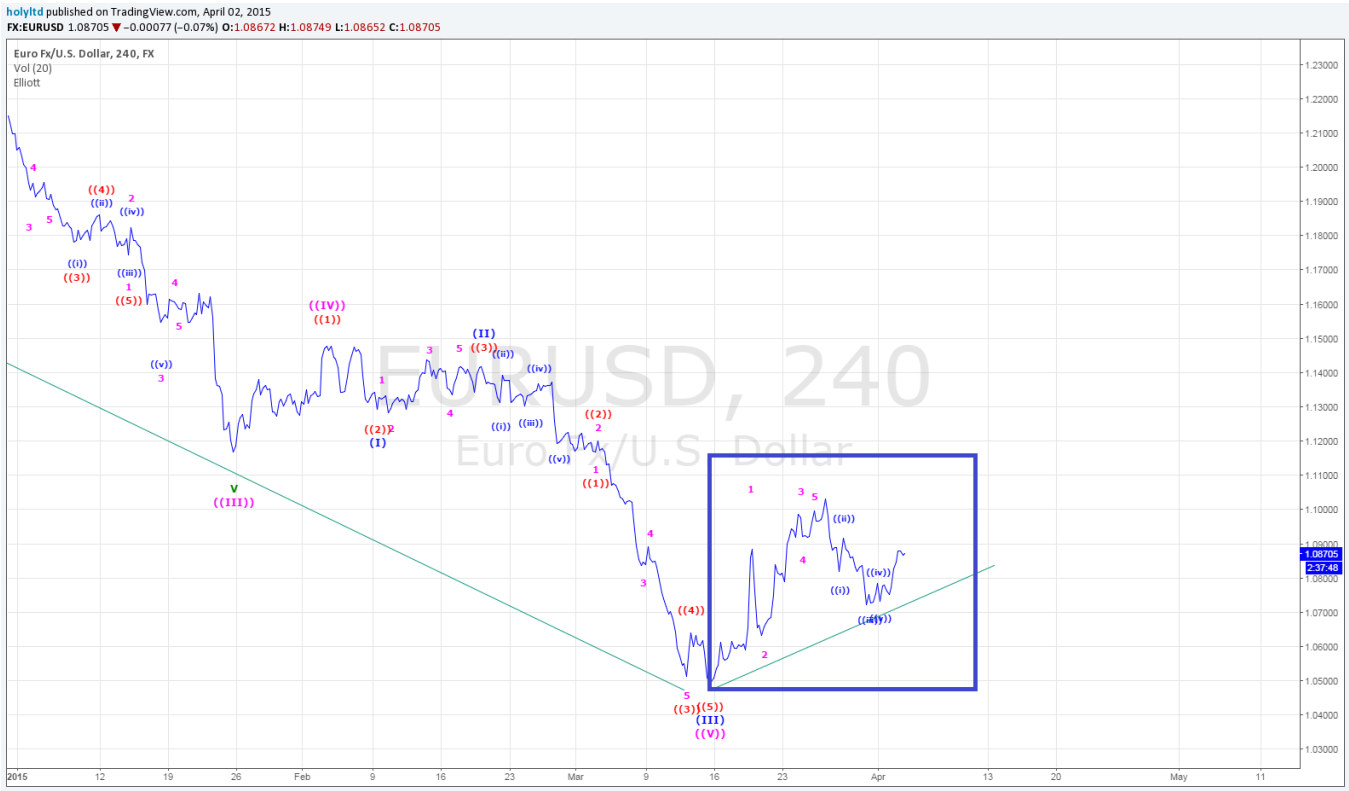
So, you're trying to make a profit by trading Forex, and after uncountable hours of study you've ended up which is the strategy to follow, out of the sea of systems, strategies and robots out there, let alone signals providers and mechanical systems that offer proven results.

Before you can really make a profit out of the Forex market, you should have a sense of security that what you're doing will actually bring a profit into your pocket. In this article I'll share with you what I consider to be the best Forex strategies. All of them have something in common: they work. They are all profitable, and when combined, they can practically give you a security that every year will be profitable for you. Are you ready to start trading profitably? Let's get into the first tool on our working arsenal:

1. Start with the right foot with an automated system. Since you're interested in making a profit in Forex, first of all you should be aware that market analysis requires long learning curve. Even before you start to master the art of trading, it's a good idea to boost your learning with actual profits. Robots, also called expert advisors, are softwares that you can install on your broker's platform, commonly Metatrader. Some highly and effectively profitable robots are FAP Turbo 2, FX Voodoo and Forex Megadroid.
2. Learn from the Pros. When you want to familiarize yourself with manual trading, you shold try to learn from the best, using signal services like Honest Forex Signals. The name of the company says it all. Their reputation and profitable history speak for themselves.
3. Long term fundamentals. What if I told you that there's a way to make sure that you will make a profit today with a trade. Of course, there's no way to guarantee you'll really make a profit every day. However, you can put a "profit cushion" below your trading that will make you end up in profit even when your trades are wrong. That cushion is long term fundamental analysis. By learning to analyze economics and their relation to the Forex market, you'll be able to forecast the long term direction of a currency pair. Therefore, you should find good entries to trade in the direction of the force created by the long term fundamental. I'll give you a short, easy and hypothetical example, of a long term fundamental that has happened before: For many years, by law, the Swiss National Bank kept the rate of their currency, the Swiss Franc, at a minimum related to the Euro. This was used by many traders to minimize their risk by using the minimum price as a "cushion", by buying the Swiss Franc when its price was at an extreme low in relation to the Euro. They always knew that when the price of the Swiss Franc was very low in relation to the Euro, it would go up soon.
4. Elliott Wave principle. Developed by Ralph Nelson Elliot in the 1930's , the Elliott Wave principle is a method to measure and forecast the behavior of the masses. Can you think of a place where masses are acting together and pushing things in any direction? That happens every day in the world's stock exchanges and on the internet, where thousands of traders every day connect to their brokers to trade. An easy way to understand Elliott Waves and use them to forecast the market is to remind the fact that no news event or market move is permanent. No matter how strong a trend is, it will eventually make a pause or reverse completely. When

you analyze a currency pair with Elliot Waves in mind you can better predict when a movement will become a trend, and when it's better to wait until it's over-because it's just a temporary counter-trend that will be over soon.

Let's look at an example of Elliott Wave analysis.

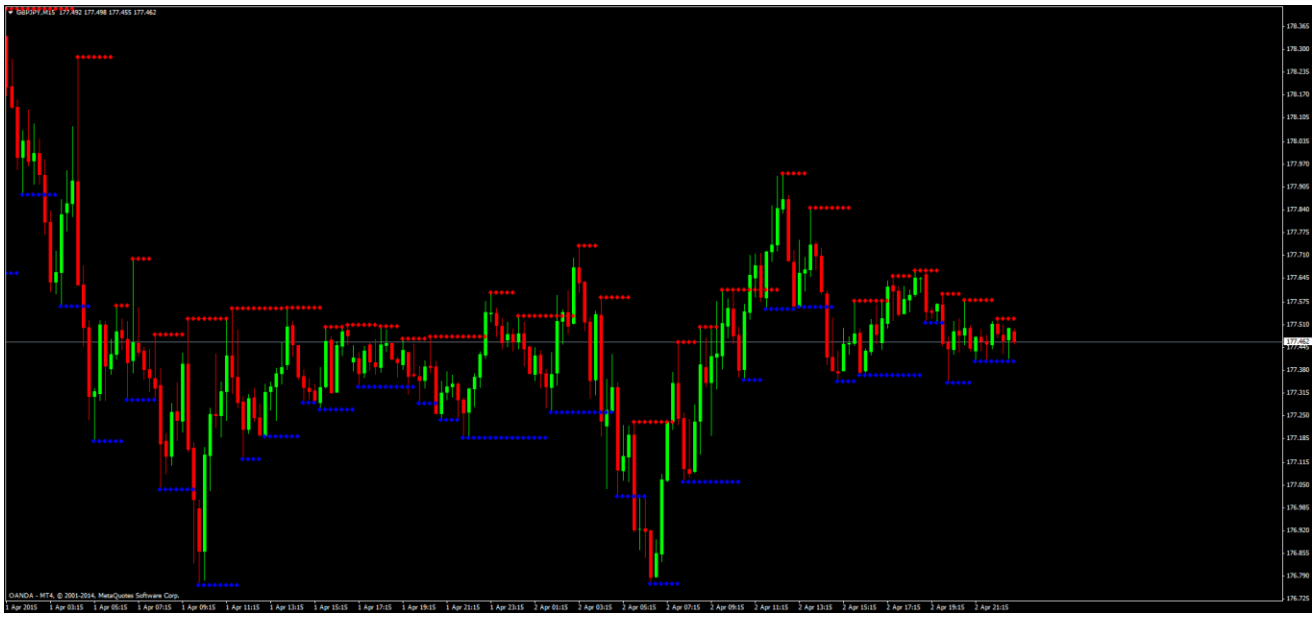


On this cart, we can see that the EUR/USD has been in a downtrend for a few months, which was reversed on March 15. But can we say it's a complete trend reversal? The movement upwards can hardly hold its direction. It started aggressively up until the peak of wave 1 (labeled in magenta), then fell strongly during wave 2 (labeled in magenta). Waves 3 and 5 had the same direction, but wave 5 had a significantly reduced force and upwards direction. After this, we can see on the extreme right, five waves, labeled in blue, which follow a sideways-slightly downwards direction. This kind of movement cannot be really considered a reversal of the downtrend. Instead, it's a period called correction, which will be over soon because it lacks the necessary force to take the price much more upwards. Elliott Wave analysis has been criticized by many because it's not easy to dominate. I say yes, Elliott Waves is hard to learn, but isn't it harder to lose your hard-earn savings? You should try this strategy because it really will add a lot of profit to your account and help you stay out of trouble when fake opportunities knock on your door.

5. Fibonacci analysis. Another good way to identify strong movements that will follow the same direction or may be reversed is Fibonacci analysis. When combined with Elliott Waves, Fibonacci analysis will give you an easy way to identify price retracement extremes, which are the beautiful moments when price has made an aggressive movement against the trend, and such movement has

just ended. Meaning you can trade in the direction of the trend and make a large, easy profit. Fibonacci lines can be easily drawn on your chart using a free tool. When price reaches an important level that was reached before, it's the time to consider that there's a strong support or resistance at that price level that works like a break that prevents the price to go further. Hence, the continuation of the main trend is the logical conclusion. This is an example of the Fibonacci tool in action:

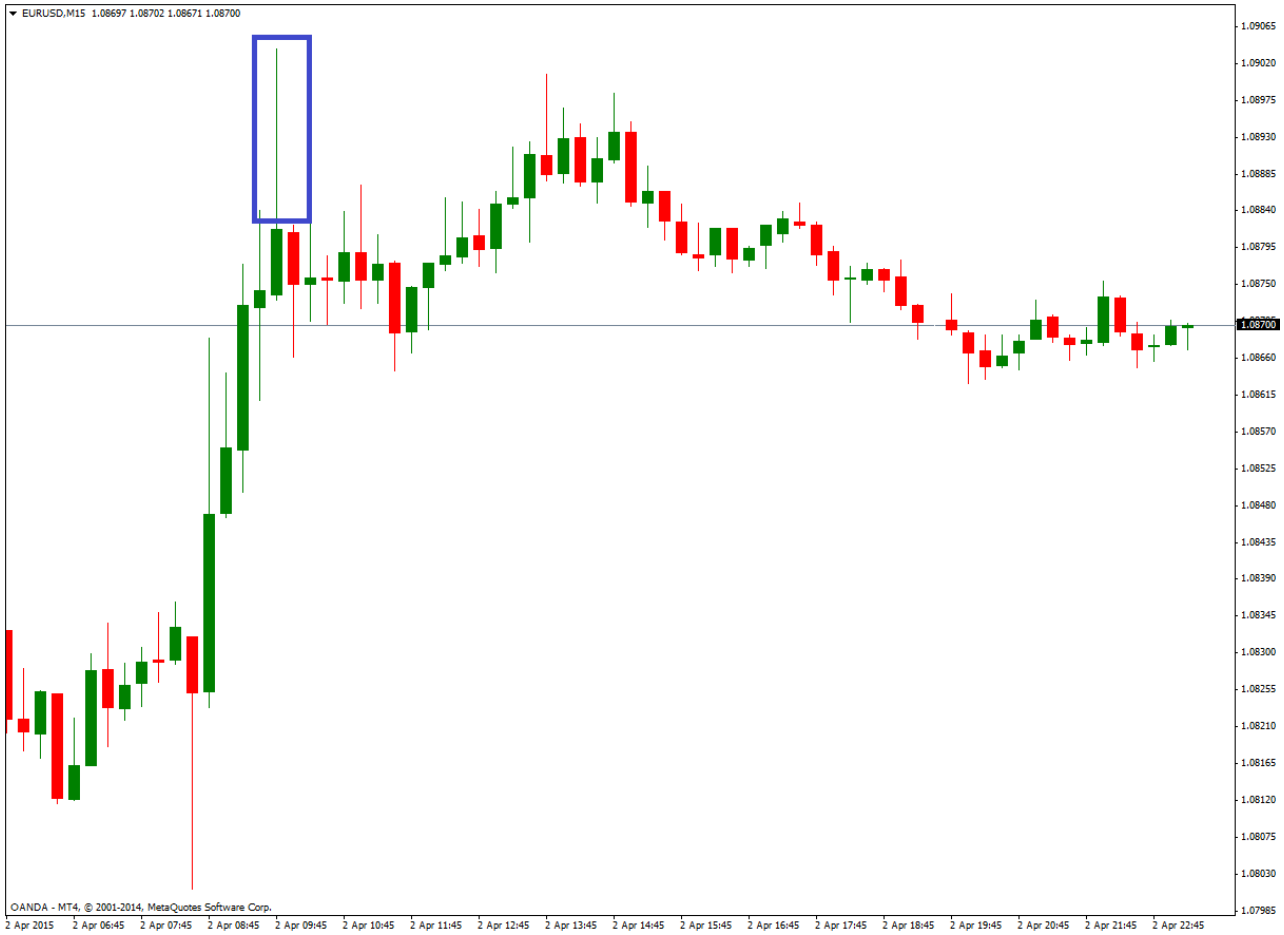
6. Support and resistance scalping. Everybody wants to make an easy profit by making a 100-pip trade most days. That's what we all dream about and doing it would for sure make us a lot of profit every week and month, but… did you know that the market makes many smaller movements over a day, and you can easily make 100 pips by making many 20, 15, or even 7 pip-trades? All you need to do is find support and resistance levels, which are prices at which the price has reversed in the last periods of, for example, 15 minutes. You can easily find a support/resistance indicator for free, like the one I'm using on this example image:



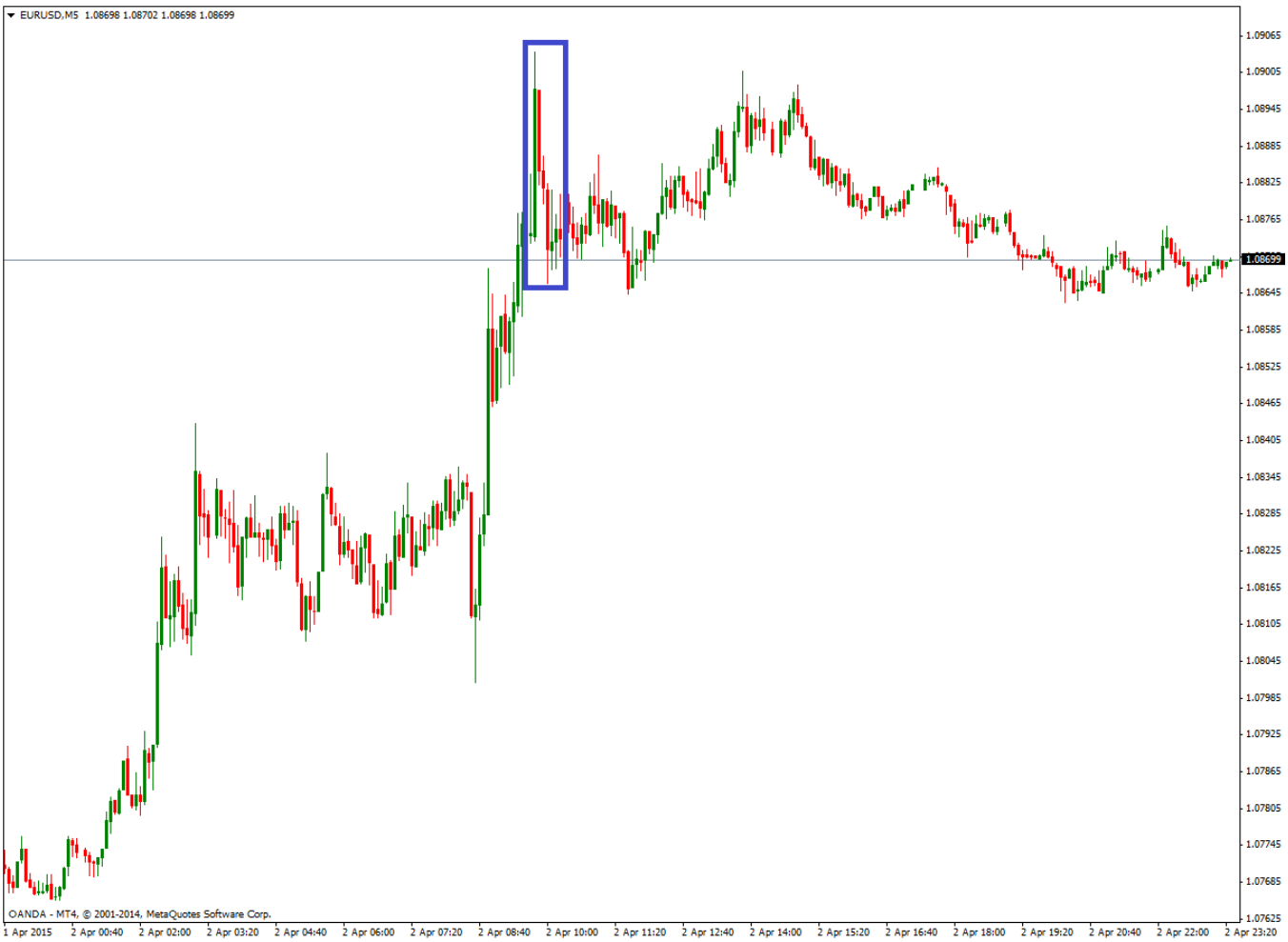
The trading is simple. Red lines are prices at which the intra-day movement reversed downwards, while blue lines are prices at which the movement reversed upwards. You should just wait until the next bar appears. If it's blue, price is likely to reverse up, therefore you should buy. If it's red, do the opposite. This kind of indicators will show you many bars a day, thus you'll have many opportunities to make small trades.

7. Naked scalping. Naked scalping is usually referred to not using any indicator, but finding opportunities by just looking at the chart's movement. After all, is you look carefully at a chart, you'll find that the support/resistance indicator did miss some good opportunities, because it may show you a red or blue line several minutes after the maximum or minimum price has been left behind, reducing the potential of the trade. You can find trading entries instead by trying to identify the exhaustion of a price movement by looking at the chart. Let's look at an example of what I call price exhaustion:

On this example, the 15 minute chart shows a particularly large bullish candle with a long upwards shadow.



After finding such an extreme candle, we go to the 5 minute chart and find that next to it, a bearish candle is forming and the price is moving downwards. Therefore, we sell. We close the trade the moment price stops moving downwards and find another opportunity.



Since this technique makes few pips in very trade, ranging from 20 to 7, you should only open one or two trades at the same time, close them on profit and find a new opportunities.

8. Last but not the least. Can you estimate the probability of failing a trade that's supported by a long term fundamental, then analyzed by Elliott Waves and Fibonacci, support and resistance and naked price movement? It will be nearly zero.

By combining these strategies, your overall performance as a trader will greatly improve in the short and long term, allowing you to make a profit virtually of every market movement, and staying out of the market when you know you will not be able to do it.