

CHAPTER 1

Three Must-Know Forex Facts

Forex's Top Three Lessons

The three most important lessons you'll ever learn about foreign exchange (forex) markets are:

1. **Everyone needs forex diversification.** Just as every competent investor needs to diversify by asset classes and sectors, so too they need exposure to assets in multiple currencies and an understanding of forex trends and what's driving them. Yet most have almost all their assets denominated in one or two currencies. Today, that is an especially fatal error, because the governments behind most major currencies intend to get out of debt by causing inflation, which allows them to repay their bonds with depreciated money. That's good for those governments, and disastrous for those holding their weakened currency and anything denominated in it. They won't admit it, but historically low interest rates and a steady stream of economic stimulus programs betray their real intentions. They want to reduce their real debt, and, in the process, your wealth, through the subtle tax of inflation. To protect yourself, you need as much of your assets as possible to be denominated in the currencies that are likely to hold their real value or appreciate in the long run, and lift your portfolio along with them. Having some commodities exposure is also a means of hedging this currency risk and playing forex trends, so both forex brokers and traders typically also deal with commodities. Thus while they're different asset classes, in practice forex tends to include commodity trading and investing.

2. **Forex markets offer significant advantages over other asset markets.** If trading with leverage, there is more risk, but that can be controlled and managed if you invest the time to learn and practice proper risk and money management (RAMM). You can benefit from forex without dealing with the added complications of RAMM issues (covered in Chapters 10 through 12).
3. **You can succeed using forex trading or investing if you learn and practice what follows.**

FACT 1: EVERYONE NEEDS FOREX DIVERSIFICATION EVEN IF YOU DON'T TRADE ACTIVELY

All those responsible for managing assets need some forex exposure and awareness of what drives forex markets.

You're Exposed: Cover Your Assets

Like it or not, you're exposed to currency risk. Every asset is denominated in some kind of currency. For example, consider the case of the US investor. Even if your portfolio has done well in U.S. dollar (USD) terms, over the past decades, the picture is less rosy against other major currencies and commodities. Because we all use imported products, this means your purchasing power and wealth are melting away if your assets are in a declining currency like the U.S. dollar.

For example, anyone whose assets are too concentrated in U.S. dollars has paid the penalty countless times whether they realize it or not. Remember oil at \$10 per barrel, or gas at \$0.35 per gallon? Remember the bestselling guide for frugal tourists in the late 1950s, *Europe on \$5 a Day*? The final version came out in 2007, *Europe from \$95 a Day*.¹ Remember how in the 1960s and early 1970s durable Japanese cars were considered inexpensive?

This decline in purchasing power isn't just due to inflation. For example, the U.S. dollar has been in steady decline for decades against many other important currencies.

- Since 2000, the USD is down 32 percent versus the Canadian Dollar (CAD).
- Since 1990, the USD is down 52 percent versus the Japanese Yen (JPY).
- Since 1970, the USD is down 75 percent versus the Swiss Franc (CHF).

Today, currency diversification is no longer optional. As governments maintain historically low interest rates and assorted stimulus plans that risk devaluing their currencies and your savings, currency diversification is as essential for your portfolio as sector and asset class diversification. Failure to do so is foolhardy. You don't have to be an active trader to ride the strongest long-term forex trends. We'll show you many ways that passive, longer-term investors can protect themselves.

While Americans may be waking up to the need for currency diversification, that's hardly news to most of the world, which has dealt with this issue for years. In other areas of the world, like Japan or Italy, with histories of weak currencies, participation in forex trading is a widespread middle-class phenomenon. For example, Japanese housewives are such prominent participants in forex that they're referred to collectively as "Mrs. Wantanabe."²

As an American student in Israel in the 1980s, I watched families run to spend their monthly pay check because its purchasing power would fall every day due to high inflation. In the mid-1980s, friends with dollars could exchange them for local currency at higher black market rates and purchase anything from cars to apartments in the local currency at a 40 percent discount.

Even Long-Term Buy-and-Hold Investors Need Forex Diversification

Therefore, just as wise investors diversify into different kinds of assets and sectors, they must also diversify into the different kinds of currencies, particularly those likely to appreciate versus their peers. As we'll discuss in Chapters 10 through 12, even long-term buy-and-hold passive investors who don't actively trade currencies can protect and grow their wealth by allocating portions of their portfolios to instruments denominated in the most promising currencies.

Although most forex market participants are short-term speculators, currencies can be excellent long-term plays, because currency pairs tend to form stronger, more stable long-term trends compared to stocks. Why? Because the fundamentals of the underlying economies that drive currency prices change much more slowly than those of individual companies. It's a longer, more complex process to change the relative growth rates of entire economies (or currency unions in the case of the Euro) than it is for an individual company. Even better, unlike stocks, currencies don't all move together in the same direction, nor do they all respond in the same way to other markets or global indexes. Indeed, some currencies move in the opposite direction, providing a genuine bear market hedge without the complications (or periodic bans) involved in shorting stocks.

In short, currency markets produce some of the most stable long-term price trends that are ideally suited for long-term passive investors, and also can provide simple, effective ways to profit in bear markets. As we'll discuss in Chapter 12, the right currency investments can provide long-term appreciation as well as steady income yields.

FACT 2: POTENTIAL FOR BETTER RISK-ADJUSTED RETURNS

There are more reasons to have forex exposure beyond currency diversification. Once you do some homework, you'll realize that forex is arguably among the most rewarding asset classes for traders and investors. Even though forex is dominated by short-term, high-risk speculators, there are investing/trading styles suitable for both:

1. More conservative active traders who use longer-term holding periods and specific methods and instruments to reduce risk.
2. Long-term investors who know how to:
 - Ride stable, proven, long-term forex trends for capital gains.
 - Earn steady income from “carry trades” or from investing in bonds, dividend stocks, and other income vehicles denominated in the right currencies.

Forex Markets Often Provide Advanced Warnings of Changes in Other Markets

Forex markets often react to changing conditions before other markets, providing valuable advanced warning of possible trend changes. As we'll learn later, certain currencies tend to move same direction as “risk assets” like stocks or industrial commodities, and others tend to act like “safe haven assets” like bonds. When these correlations break down, that too can often be a warning of a change in direction for other markets. We'll delve further into this kind of intermarket analysis in Chapter 9.

Forex Needn't Be Any Riskier Than Other Markets

Forex has a gotten a reputation for being excessively risky due to a combination of:

1. High failure rates due to beginner traders who failed to do their homework and understand the risks associated with the high leverage (see borrowed funds in Chapter 2) commonly used in most forex trading.

2. Brokers who failed to provide sufficient training to deal with the risks of using leverage.

However, you can reduce and manage the risks. There are:

- Brokers, like etoro.com, that allow you to adjust your leverage down to what you can handle, and they will provide guidance on the appropriate level.
- Unlevered ways to play forex, which are no riskier than an exchange-traded fund (ETF) or a stock.
- A variety of techniques to reduce risk in forex trading, as well as new instruments for simpler, safer forex trading (see Chapter 11).

As we'll see further on, making money trading forex can be easier than in stocks and other more traditional asset markets, particularly in bear markets. However, you do need to do your homework, especially if trading with leverage, which adds risk as well as reward. Part of that homework is to learn more conservative, simpler techniques that make it easier to succeed at forex than those most commonly used. Until recently, there was no single source for learning this more sensible, conservative forex. No longer. This is the only book to gather these methods into one collection.

Part of forex's reputation for excessive risk comes from stories appearing in the mainstream media. The typical plotline runs like this: Some gullible novices believed a broker's get-rich-quick pitch about how they'd score fast money with little effort or background in forex. These geniuses were shocked (shocked!) to find out otherwise. The conclusion: Forex should either be avoided altogether or is unsuitable for most people.

If you're smart enough to be reading this book, you will see the absurdity of that reasoning. Just because there are individuals who behave stupidly with cars or power tools doesn't mean that these should be avoided altogether. The same goes for forex, including the typical leveraged trading. If you've had the right preparation and have the discipline to practice proper trade planning risk and money management (RAMM), you can keep the risk to acceptable levels, just as with any other kind of investing or trading. As with driving, there are ways to simulate the experience until you're ready for the real thing, and ways to then start slowly under less challenging conditions until you're ready for more challenging conditions

No Uptick Rule: Just as Easy to Profit in a Falling Market as in a Rising One

Just as it's easier to row with the current than against it, it's easier to profit by trading in the direction of an established market trend. Unlike

with stocks (and other financial markets), in forex it's as easy to profit from falling markets as from rising ones. This is a huge advantage of forex markets.

During an uptrend, when prices are rising, most traders go long, meaning they buy the asset with the hope of selling it at a higher price. They're attempting to buy low and sell high, the classic way most people view investing.

During a downtrend, when prices are falling, it's easier to profit by trading with that downtrend. So, the more sophisticated equities traders try to exploit that downward momentum and sell short; that is, sell borrowed shares with the hope of buying them back later at lower price, returning the borrowed shares, and profiting on the difference—for example, sell borrowed shares for \$100 per share, buy them at \$80, return them to a broker, and pocket \$20 per share.

However, most stock exchanges are controlled and regulated by those who have an interest in keeping stock prices high. The politicians who oversee market regulations and the executives who run the listed companies look better when prices are up and are more likely to keep their jobs. Falling prices make them look bad, and extended downtrends can be toxic for their careers.

Many of the major stock exchanges tend to make profiting from downtrends harder. For example, many exchanges have some kind of uptick rule that permits shorting the stock only when price is rising. That keeps short sellers out when prices are moving lower and the odds are in their favor, and forces them to sell into rising prices and absorb losses until the downtrend resumes. During the strongest downtrends that offer the fastest profits, upticks are rare so many have no chance to ride the move lower at all. In times of market panics, which can be incredibly profitable for short sellers, exchanges have banned short selling altogether. Since the start of the Great Financial Crisis, short selling has been periodically banned during the juiciest downtrends in both the United States and Europe:

- In the United States, the Securities and Exchange Commission (SEC) did so in September of 2008.³
- Regulators in Spain, Italy, Belgium, and France banned short selling of their banking stocks in August of 2011.⁴
- Some markets employ circuit breaker rules that automatically stop trading once an instrument has fallen a certain percentage in a given day.

Though ways exist to circumvent these restrictions, they can be more complicated, expensive, and riskier. These added obstacles effectively

exclude many individuals from playing strong downtrends even as the big institutions and professionals feast on them.

As we'll learn in Chapter 2, no such restrictions exist against selling a currency, or more precisely, a currency pair (they always trade in pairs), so it's as easy to profit during a downtrend as an uptrend. Indeed we'll see that the essence of trading a currency pair always involves buying (being long) one pair and selling (being short) another, depending on whether you buy or sell the pair.

Low Correlation to Other Financial Markets

In other words, because some currencies move in the opposite direction of stocks and other risk assets, there's always a bull market somewhere in forex. This is a critical advantage. As we'll learn later, most globally traded assets tend to move together. For example, most equities move in the same direction as their relevant index. With forex, however, different currencies move in different directions under the same market conditions. So, you have a way of profiting from fear even when regulators ban or limit short sales of stocks or refuse to recognize the rights of those holding insurance against sovereign bond defaults to collect.⁵

One reason it's easier to profit in bear markets with forex is that the process of profiting from a decline in a currency pair is no different than it is for profiting from its appreciation. We'll explain that in detail later.

Another reason it's easier to profit with forex than with stocks is the availability and ease of commodities trading at most forex brokers, which enhances your chances of profiting regardless of market direction because, as we'll see later, certain commodities like oil can and do lose their normal market correlations. At least one commodity, gold, isn't connected with market optimism or pessimism like other assets but moves with something else entirely, the need to hedge against loss of purchasing power of the major currencies.

As we'll see when we discuss intermarket analysis as a trading tool, currency traders frequently find currency and commodity trading to be nearly interchangeable. You use the same account, trading platform, and analysis. Whether they trade a currency or related commodity often depends on which offers a better way to exploit the same idea.

The Most Flexible Hours

Forex markets trade in a seamless 24-hour session, 5.5 days a week, from Sunday 5:15 P.M. EST until Friday 5:00 P.M. EST. So, those with work or family commitments can trade a fully liquid market whenever convenient.

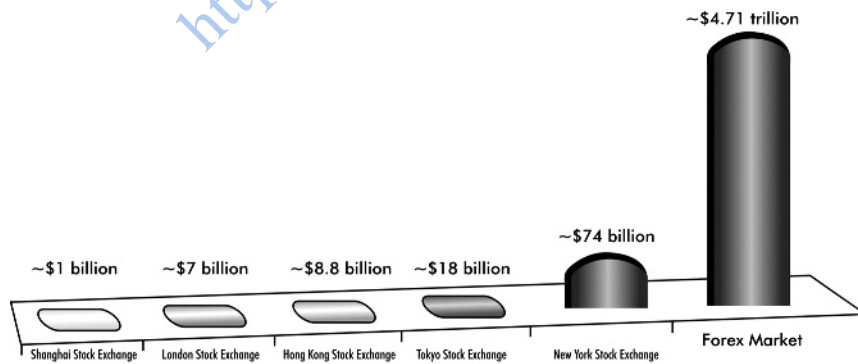
Forex Markets Offer the Best Liquidity

A liquid market is one that has many buyers and sellers. The more buyers and sellers at any given moment, the more likely you are to get a fair market price when you buy or sell. The more liquid a market is, the less likely it is that a few otherwise insignificant orders or players can move prices in wild, unpredictable movements. Indeed, unlike in stock markets, even the biggest players will have trouble manipulating the price action in major currency pairs beyond a matter of hours. Two exceptions to that, which we'll discuss later, are a few central banks and crooked forex brokers. Fortunately, dishonest brokers can be identified and avoided with some research,⁶ and central bank intervention risk is usually known or soon uncovered after the first incident, putting markets on guard.

The more liquid the market, the easier it is to be profitable. Prices are fairer and more stable, less subject to sudden unpredictable movements. You should generally avoid trading in illiquid markets, except on rare occasions when trying to enter positions at bargain prices offered by those desperate to close a position.

Forex markets trading volumes dwarf those of equities. Latest estimates put average daily forex turnover at around \$4.71 trillion, of which individual retail traders alone account for about \$1.5 trillion.⁷ For perspective, look at Figure 1.1 to see how this volume dwarfs that of the world's leading stock exchanges individually and combined.

That huge trading volume, going on 24 hours a day, means abundant buyers and sellers are usually present at any given time. That means you're more likely to get a fair price no matter when you buy or sell. It means that you rarely see partial fills, which are cases in which you can only buy or



As of late 2010
 Per Dow Jones Newswires as of July 2011

FIGURE 1.1 Average Daily Trading Volume

sell part of your intended order. For more on the most liquid hours of the trading day, see Appendix C.

No Centralized Exchange with Specialists Holding Monopoly Power to Regulate Prices

In most stock markets, the specialist is a single entity that serves as buyer and seller of last resort and controls the spread, which is the difference between the buy and sell price for a given stock. Though in theory they are regulated and supervised to prevent their abusing that power to manipulate prices at the expense of the trading public, specialists are experts at knowing when they can get away with a degree of this and force you to buy higher or sell lower.

In forex, no single specialist regulates prices of individual currency pairs. Rather, multiple exchanges and brokers are competing for your business.

Though the lack of centralized exchanges can complicate regulation, competition and easy access to pricing information, has brought competitive pricing.

Less Slippage

Slippage is the difference between the stated price on your screen and the actual price you pay or receive. The less liquid the market, the more often slippage happens because fewer traders are present to take the other side of your trade. For example, let's say you buy 1,000 shares at \$30, and to protect yourself in case the price falls, you place a protective stop loss order to sell the shares at \$29. However, if there are no buyers at \$29, then the price "gaps" lower until it hits the next buy order, so you incur a greater loss.

Because forex markets are:

- typically running at full speed in at least one if not two continents 24 hours a day, over five days a week
- have no specialists controlling prices, and
- trade at such larger volumes than equities,

forex players face lower risk of slippage. Indeed, many forex market makers provide some kind of "no slippage" policy that lessens the degree of price uncertainty.

The Best Risk/Reward Potential

Forex trading or investing offers some of the best risk/reward opportunities of any financial market IF (big if here) you know how to exploit it. The

availability of leverage, meaning the use of borrowed funds to control large blocks of currencies and thus magnify gains and losses, creates unmatched profit potential for those with limited trading capital IF (again, really big IF here) they learn how to control the downside risk. For example, with 100:1 leverage, a 1 percent move means 100 percent profit. It also means 100 percent loss.

Understanding and controlling this risk, and knowing how much is appropriate in a given situation, is what distinguishes the winners and professionals from the losers on whom they feed. Risk and money management (RAMM) is what allows you to survive the learning stages with your funds and confidence intact.

Therefore, throughout this book we will cover how to reduce risk of large losses while retaining the exceptional profit potential. This involves learning the right attitudes, expectations, as well as the key analytical and trade planning skills. If you do what we teach, and continue your education in the ways we suggest, then if you have the talent, you'll have a chance to earn more with less capital than in other markets like stocks or bonds. At the same time, you'll keep losses from the losing trades at affordable levels so that you remain consistently profitable over the long run.

The Lowest Startup and Trading Costs

- Forex trading has among the lowest entry or startup costs in money and time of any financial market, in terms of trading capital and training/equipment costs, as follows: Unlike most markets, you do not need many thousands of dollars to get started. That's because in forex, we can trade with leverage (borrowed funds), typically 100:1 or more. This allows us to make substantial profits on small price movements. However, as noted above, that also means:
 - For every \$1 you have at risk, you control \$100. For every \$1,000, you control \$100,000.
 - For every 1 percent move in price, you have a 100 percent profit or loss. Much of this guide is about how to minimize that risk of large losses while maximizing the odds of profiting. It involves learning to cut losing trades short and let winners run so you can be profitable even when wrong on most of your trades.

In theory, you can often start with as little as \$100. However, you'll learn that you'll lower your risks and have more chances to profit by starting with at least a few thousand dollars (or the equivalent) if possible. As we'll see later, the small position sizes available from mini and micro accounts allow those with limited funds to trade smaller positions, which keeps the percentage of capital risked per trade acceptably low. More on that later.

- **Training and equipment costs:** Forex brokers typically provide free full-featured trading platforms and data feeds, and the better brokers offer extensive archives of free training materials and market analysis. With online stock brokers, traders typically need to maintain minimum balances or minimum trading volumes to get free quality charting and trading platforms from their brokers or get access to worthwhile research.
- **Risk-Free Practice Accounts:** Even better, they typically provide full-featured practice or demo accounts that allow smart beginners to simulate most of the trading experience and practice with play money until they feel ready to risk their capital.
- **Low transaction costs:** Most forex brokers charge no fees, commissions, or hidden charges. They earn their money on the difference, called the spread, between the buy and sell price, typically a few ten-thousandths, called pips, of the price. Depending on the lot sizes traded, a typical two-pip spread, four pips total to open and close a position, can cost anywhere from \$0.40 to \$40. In general transaction costs are very competitive compared to those of online stock brokers

In sum, you can earn more with less investment. Better still, you can do it while keeping your current job. The first step is to study this book.

FACT 3: YOU CAN DO THIS

As with any kind of financial market trading, you need to be able to answer the following question:

How Can I Compete against the Pros and Big Institutions?

Whenever you are trading in global asset markets, most of your competition consists of the top professionals who are responsible for most of the trading volume. They have nearly every advantage over you: skill, experience, and any advantage that money can buy, the best equipment, information sources, industry insider contacts, whatever.

You have no better chance of beating someone like David Woo or Stephen Jen at short-term forex trading than you do at beating Michael Jordan or LeBron James at basketball.⁸

So how can you compete?

You don't.

The real answer obviously is, don't even try to trade like they do.

That's fine; there's plenty of money to be made if you know the secret, which is really no secret. It's just common sense.

In the beginning, don't try to be a bad imitation of an experienced pro. Instead, focus on becoming a great beginner. That means finding and using the trading techniques, styles, and instruments that even a beginner can, in measured stages, start to implement successfully. You'll spend most of your time calmly and persistently searching the charts for those few easier opportunities, rather than spending long hours glued to your computer, frenetically making lots of trades based on rash decisions, based on short time frames in which price movements are harder to predict, with the odds firmly against you.

How do you identify and execute these simple, low-risk, high-yield trades? Funny you should ask. The following is a summary of how we'll do it.

How David Beats Goliath: More on What This Book Will and Won't Do

As I've said before, you have to start somewhere. Welcome to the somewhere. We'll teach a variety of ways to harness the power of forex markets that are safer, simpler, and more likely to be profitable than the higher-risk methods most commonly practiced. Regardless of your skill level or risk tolerance, there are solutions here to suit you.

A prime focus of this book is to be a trader's roadmap for finding, planning, and executing trades that are safe and simple enough for beginner to intermediate skill levels. More specifically:

- We will teach you how to identify and trade only the lowest risk, highest potential yield opportunities with easy to identify low-risk entry and exit points. When prices are rising, that means finding the trades where you can buy close to the likely near-term low price, called support, and sell at the likely high price, called resistance, for a given holding period. When prices are falling, you'll do the opposite. In other words, sell a currency at its likely high, and buy it back at a lower price, and profit on the difference, which is called "going short" a given currency pair. If that seems confusing, don't worry because we'll explain it in depth later. Just know it can be done.
- Unlike almost every other forex book, we will show you simple ways to trade the more predictable, persistent, and thus safer, longer-term forex trends. We will show you alternative instruments to the usual high leverage spot market forex trading.

- We will show you to how to be a disciplined trader, focused on profits, not gambling. This includes doing something you'll rarely see in forex books. We will NOT encourage you to trade short-term intraday moves in which you enter and exit within a matter of minutes or hours. Day trading forex is suicidal for most traders, particularly the less experienced ones. Why? Intraday price movements are dominated by short-term, unpredictable money flows from large players. Most traders don't have the technical skills and information resources to monitor and interpret what these large institutions are doing, why they're doing it, and what these large orders suggest about future price movements. Intraday trading is great for broker trading volumes and profits, which is why so much of the free analysis they provide focuses on this kind of short-term cowboy trading in which you enter and exit within minutes or hours, rarely longer than a few days. For all but the most skilled traders, trading those time frames is just gambling. This book's aim is to help you make money, or at least minimize the losses that are an unavoidable part of the learning process.
- New or uneducated forex traders who attempt to day-trade forex really aren't even attempting to be serious traders. Instead, they're looking for some gambling fun. They'd be better off at a casino, where at least they might get some free food and drinks. This widespread gambler's mentality is a prime reason why the failure rate for new traders is so high. Many new traders never treat trading like a business. *They fail to prepare, so inevitably they've prepared to fail.*
- We will coach you to manage risk so you can be profitable even when most of your trades lose money. That means:
 - Know when and how to exit quickly and minimize losses when the odds go against you, and accept those losses as part of the business.
 - Know when and how to stay in the trade until your indicators show the odds are no longer with you, and know to avoid the temptation to grab a quick profit and get out too soon.
 - Create a simple but thorough trading plan so your decisions about position size and entry and exit points are made beforehand and not under the emotional duress of an ongoing trade with money at risk.
 - Manage your trading capital so you can survive sudden unanticipated losses.
 - Help you practice the techniques we teach with some trade simulation exercises.
- We will explain the basics of trader psychology so you don't defeat yourself with the wrong expectations, and you will learn how to handle winning and losing streaks.

A War Story: One View of the Typical Forex Trader

A smart CEO of one forex company once said this about his typical customers: "Just between us girls, most of them would just as soon take that money and go to Atlantic City or Las Vegas, but for whatever reason they trade forex instead." (I'm quoting from memory, but this is the jist of it.)

Even though there's nothing wrong with having some fun if you like gambling, this book is aimed at the serious minority seeking not just fun but profit.

What's the Catch?

There is a catch: Forex trading requires time and effort as with any other competitive, lucrative field. In Chapters 10 and 11, I will show you some approaches that are easier than the usual trading methods, but even these require study and practice. Like achieving anything else worthwhile, especially a lucrative, stimulating career, you'll need the discipline for a sustained investment of time, effort, and money. You'll suffer some uncertainty, frustration, and failure, with no guarantee of success, as you would in achieving anything else worth attaining.

Sorry if I'm bursting anyone's bubble. Fortunately, you've got the right book to minimize the drain on your time, emotions, and finances.

Most Traders Fail within Their First Two Years

While I'm trashing get-rich-quick illusions, here's a helping of fear to keep you motivated and paying attention. In case you forgot (or skipped) what I wrote in the Read This First section earlier, here's a little fact I've never seen acknowledged in any forex book, though it's a well-worn topic of forex trader forums on such major forex content websites like ForexFactory.com.⁹

The fact is this: Per available data, the odds are firmly against you. Most forex traders lose money and are gone within a matter of months.¹⁰

U.S.¹¹ regulators have reported that the vast majority (around 80 percent or more) of forex traders fail within their first two years. Few manage to last at day trading in general.¹² At least one large publicly traded forex brokerage reports that 70 percent of its traders are unprofitable, close enough to provide additional confirmation.¹³

Many take a rather simplistic view that because most traders fail, forex trading should be avoided altogether by amateur traders or investors. By that same reasoning, one should avoid real estate and insurance sales and

any other field that offers low barriers to entry, is potentially lucrative, and attracts intense competition from which only a minority prosper.

Consider that one cannot even begin to practice in most lucrative, skilled professions without years of professional training, typically costing over \$100,000 in tuition, related expenses, and lost wages. After that, there's a demanding battery of exams, followed by years of relatively low-paying jobs with grueling hours, commuting, office politics, and ass kissing thrown in as you learn how the job is done.

Even after passing through all those hoops, only a minority will make the big money. From my own experience working in large accounting firms, I'd be surprised if 10 percent of the new hires out of college eventually become partners or find equally lucrative roles in the field.

Having worked with traders for years in various capacities as fellow trader and chief analyst tasked with advising clients, it's clear that most traders don't do the preparation needed to have even a chance to succeed. The small minority that attempt a serious program of study and practice have the huge additional obstacle of needing to somehow figure out how to design their own training program to duplicate the theoretical, practical, and mentoring aspects of other professional training programs. What sources to study? Which skills to learn in which order? What websites or forums to browse? What trading styles to start with?

I wrote this book for those like you, the sincere, serious traders or investors who seek the path to better results.

Here is the good news:

- The failure rates are inflated by all those casual gamblers who were never serious traders.
- That you're reading this book puts you in a different category of trader altogether. You're doing the right preparation as you would for any profit-making endeavor, and you're going to get sound, conservative advice. If you heed my lessons, the losses you incur as part of your learning will be well within your means, and if you've the ability and discipline, you'll be on the road to real success.

Even if in the end forex trading isn't for you, you'll have learned valuable ways to profit from forex as a long-term investor.

In sum, I can't guarantee you success, but I can make you better, and put you miles ahead of the rest of the unprepared suckers.

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