

Automated Forex EAs: Latest Approach towards Foreign Currency Trading

By Winsor A.G.A. Hoang

Forex Trading has been marketed to the average person as his voucher to financial independence and unlimited wealth. With the introduction of so-called veteran trading chat rooms, real time market data, instantaneous trade execution, and trading on the news, there is an enormous amount of information feeding to your home PC or laptop by the internet. The Forex trading claims to provide full time self employment opportunities with a gargantuan payday everyday. This is a dream come true for want-to-be traders.

The objective of an investor in Forex trading is to gain from daily foreign currency fluctuations and from investment in currencies on the international markets. Forex currency trading is becoming more and more popular each day, owing to the promise of lucrative gains it involves. In order to reach out to a varied section of people across the globe, online Forex trading options have also been devised. Instantaneous online trading execution makes it possible to get things done electronically between groups of banks ad infinitum over a 24-hour interlude.

Online Forex trading is not as easy as it may sound. There have been numerous instances wherein one reckless trade without a stop loss wiped out an entire account after months of successful trading. Therefore, it is much safer to adopt time proven strategies that can help you in achieving your goal in foreign currency trading. Whether you are a swing trader or a scalper, you should always trade with a stop loss. Imagine that a stop loss is like the foundation of a building, and it is also a foundation of your wealth. If you continuously build your wealth on top of a weak foundation, your building will topple over in a strong sudden market movement. Your wealth accumulated from weeks and months of online Forex trading will disappear within seconds, and the damage is irreversible.

Many have failed at manual trading and are now looking for automated Forex EAs, a.k.a. expert advisors. Automated Forex EAs are not the panacea for your trading losses or your wealth accumulation. Automatic Forex trading software is to be taken sincerely, so that you can well acquaint yourself with the pros and cons ahead. Every automated Forex EA will have losses or drawdown, as this is the law of trading. There are always risks involved in order to obtain rewards or profits. If you see a trading system advertised on a forum with 100% wins, you should be leery of it. If you read about an automated Forex EA that has doubled its account in the past two weeks and is recommended by everyone, you should ask yourself, "What kind of risk is the software taking?" If the software really works, then the creator should be richer than Bill Gates since the creator's software can double his money every few weeks. So far, Bill Gates is still the richest man in the world; hence, you should doubt the legitimacy of the software's long-term profitability.

When selecting automated Forex EAs, you should request 6 months of live trading data with fixed single lot trading. Only with fix single lot trading, will you be able to view the profitability (reward) and the drawdown (risk) of a automated Forex EA. Viewing a compounded lot trading

statement of the foreign currency trading is meaningless, as the profitability is skewed. Chances are, the statement is only good for a few weeks before one single bad trade wipes out the entire account.

It is advisable to stick to a selected trading system after you have done your in-depth analysis. Enter the market with the system during its drawdown and not during its winning streak. A good automated Forex EA will minimize losses with a fixed stop loss, while accumulate gains with a greater take profit than a stop loss. Whenever possible, you should run two trading systems in parallel, on two separate accounts. This way, you diversify your investment and are not betting the entire trading account on just one Forex EA.

Winsor A.G.A. Hoang is a registered Professional Engineer and the founder of <http://www.ctsforex.com>. He has developed 5 managed Forex trading systems for auto trading. His automated software is internationally ranked with live trading results published every 30mins, use as free Forex trading signals.

Contact: Winsor A.G.A. Hoang
winsor@ctsforex.com
Winsor Global Financial Inc.
4007 Knight Street
Vancouver, BC,
Canada V5N 3L9
Tel No: 604-603-1889
Fax No: 604-876-2205
<http://www.ctsforex.com/>