

FOREX618 Trading

Forex signals, Alerts and reports



The magic of trading – money management OR... How to covert a small account (or a large one) into a money spinner!

The purpose of this tiny E-book is to show you what can be achieved with a small (or large!) trading account with the correct money management and a profitable trading performance.

Read this book through and then read our “open challenge” at the end.

This book is only 10 pages long, but what is contained in here is of utmost importance to you, if you want to make a success of trading.

The sad fact is that most traders fail to make money, or even survive the first few months of trading due to two factors:

1. A poor trading system.
2. Poor money management

We can provide the first one for you – that’s the easy part! However, **the second part is even more important** and I want to show you what you can achieve if you do things the right way and if you follow a systematic money management approach.

I have prepared some Excel spreadsheets to show you how you can convert your small trading account into a substantial sum of money if you have a profitable trading system or profitable signals and if you know **the three Keys to making money in Forex trading**. But before we go through the spreadsheets, let’s briefly cover the three Keys to making money in trading Forex.

Key number 1: Managing risk per trade

Key number 2: Managing risk per account

Key number 3: Compounding profits

Ok, so let's go through these keys one at a time. Let's say you were able to get your hands on a profitable trading system or someone was willing to send you profitable trade alerts.

Would this mean that you would automatically make money trading your account?

No way!

The problem is that, as hard as it is to learn how to trade the market, it is even harder for most people to manage their account. This is mainly due to inexperience and wrong, emotional decisions. I can't help with the emotional side (although there are some excellent books on the psychology of trading at www.forex618.net/read.htm) but what I can help you with is gaining experience in converting a winning trade system or signals into money in the bank.

It's all about money management.

Key number 1: Managing risk per trade

Trading involves risk. Every trade we take has a chance of being a winner and a chance of being a loser. There is simply nothing that will ever change that...

No-one knows where the market will go next with certainty.

What we can do is to develop systems which give us an edge of better than 50:50, and the systems we use win about 65-70% of the time. The other 30-35% of the time the trades are losers. This does not make the losing trades bad trades, but it simply means that the trades fell into the "good, but losing" group.

When a trade goes against us, the best thing to do is to close the trade for a relatively small loss and to wait for the next opportunity.

Many novice traders tend to hold onto losing trades, or even add to losing positions. This has a terrible effect on your account equity, risk of losing more and your emotional well being. Anyway, I don't want to dwell on this subject, but I must stress that if you follow a trading system or signal, follow it precisely. Do not risk more than the 30-50 pip stop loss employed and do not add to losing trades.

More about that later...

Key number 2: Managing risk per account

Forex brokers will offer you 100:1 and even 200:1 leverage, promising that these offer opportunities to easy and quick riches.

Don't believe it for one minute!

When you leverage your account, you are actually borrowing money from the broker with the hope that your trading will make you money on the borrowed funds. It's the same as taking a loan from the bank and "gambling" it in your trading account. A little leverage is OK – it makes sense to make money using other peoples funds, but too much will lead you to disaster quicker than you can blink.

Here it is: As a rule of thumb, I recommend no more than 5:1 leverage on your trades.

That means for every \$10,000 in your mini account, you should trade no more than 5 mini lots, or for every \$100,000 in your full trading account, you should trade no more than 5 full (100k) lots.

But can you make money at this leverage?

Of course!

I will show you later how this modest leverage can be used to convert your account safely into many multiples of the initial balance, if traded wisely.

Key number 3: Compounding profits

The power of compounding is simply amazing.

Compounding means that you re-invest some or all of each months profits back into your trading account and you use the profits to generate more returns. The only way I can show you the power of this process is in real numbers, and I intend to do just that right now.

Trading plan for our signals to explode the profits in your account!

First of all, let's look realistically at what we at Forex618.net have achieved in terms of pips per month. This will be our starting point for the calculations. The results of our signals since October 2005 are shown in the table below: (Incidentally, all these results are verifiable from broker's accounts – more on that at the end) Results in pips:

Month	2005	2006	2007	2008	2009	Total
Jan		+372				+372
Feb		+25				+25
Mar		+368				+368
Apr		+300				+300
May		+257				+257
Jun		-432				-432
Jul		+336				+336
Aug		+378				+378
Sep						
Oct						
Nov	+326					
Dec	+424					
Tot	+750	+1604				+2356

The average pips-per-month is roughly **250**, with some months **over 400**, and one losing month of **-432**. We need to know what to expect before we can make any projections going forward. Please remember though, that past performance is no guarantee of future returns, and the risk disclaimed at www.forex618.net/disclose.htm should be read and understood before proceeding.

Now we know the expected returns in pips, we know that the leverage should not be more than 5:1 on your account, and we know that the trading system works and should be followed as it generates signals (no moving stops or adding to losing trades!)

What will this generate on our account? The spreadsheet below gives us

Scenario 1 – Conservative returns of 200 pips per month and no drawdown months. Take a look...

Scenario 1. Conservative returns, no drawdown months

Monthly pips 200
Leverage 5

month #	starting balance	pips	leverage	pos size	mini lots	profit \$	profit%	end bal	sub	final
1	10000	200	5	50000	5	1000	10.0	11000	100	10900
2	10900	200	5	54500	5	1000	9.2	11900	100	11800
3	11800	200	5	59000	6	1200	10.2	13000	100	12900
4	12900	200	5	64500	6	1200	9.3	14100	100	14000
5	14000	200	5	70000	7	1400	10.0	15400	100	15300
6	15300	200	5	76500	8	1600	10.5	16900	100	16800
7	16800	200	5	84000	8	1600	9.5	18400	100	18300
8	18300	200	5	91500	9	1800	9.8	20100	100	20000
9	20000	200	5	100000	10	2000	10.0	22000	100	21900
10	21900	200	5	109500	11	2200	10.0	24100	100	24000
11	24000	200	5	120000	12	2400	10.0	26400	100	26300
12	26300	200	5	131500	13	2600	9.9	28900	100	28800
13	28800	200	5	144000	14	2800	9.7	31600	100	31500
14	31500	200	5	157500	16	3200	10.2	34700	100	34600
15	34600	200	5	173000	17	3400	9.8	38000	100	37900
16	37900	200	5	189500	19	3800	10.0	41700	100	41600
17	41600	200	5	208000	21	4200	10.1	45800	100	45700
18	45700	200	5	228500	23	4600	10.1	50300	100	50200
19	50200	200	5	251000	25	5000	10.0	55200	100	55100
20	55100	200	5	275500	28	5600	10.2	60700	100	60600
21	60600	200	5	303000	30	6000	9.9	66600	100	66500
22	66500	200	5	332500	33	6600	9.9	73100	100	73000
23	73000	200	5	365000	37	7400	10.1	80400	100	80300
24	80300	200	5	401500	40	8000	10.0	88300	100	88200

This scenario is based on 200 pips per month and no losing months, at a 5:1 leverage. We have already discussed leverage, but let me remind you that this means 5 mini lots per trade position per \$10,000 in your trade account, or 5 100k lots per trade position per \$100,000 in your full account.

As you can see, I have even allowed for a deduction of \$100 per month for subscription fees to Forex618!

The account grows from a starting balance of \$10,000 to a final balance of \$88,200 after two years!

Yes, that's eighty eight thousand two hundred dollars after two years!

This has been achieved at a conservative 200 pips a month with a **very safe leverage of only 5:1**, and you can see that most of the growth has come about through sensible growth and re-investing profits at a safe rate of return.

That's the power of compounding!

Note how the number of lots traded grows as the account balance grows, enabling you to make more money from the money you have already made. If you push the projection out for just one more year, the profits are **an amazing \$274,200!!**

Well, if only it were as simple as that. The problem is that not every month is a winner (although 90% are at this time) and we don't make 200 pips every other month. The good news is that we actually make over 300 pips per month most of the time, and the bad news is that we must allow for losing months.

Ok, so let's look at scenario 2 – a more realistic picture of what might be achieved. I have changed the winning months to 300 pips each (compare this to the actual results in the table on the first page) and have also allowed for three losing months of -350 pips each. Let's look at the more realistic Scenario 2:

Scenario 2. Intermediate returns, 3 drawdown months

Monthly pips 300
Leverage 5

month #	starting balance	pips	leverage	pos size	mini lots	profit \$	profit%	end bal	sub	final
1	10000	300	5	50000	5	1500	15.0	11500	100	11400
2	11400	300	5	57000	5	1500	13.2	12900	100	12800
3	12800	300	5	64000	6	1800	14.1	14600	100	14500
4	14500	300	5	72500	7	2100	14.5	16600	100	16500
5	16500	350	5	82500	8	-2800	-17.0	13700	100	13600
6	13600	300	5	68000	7	2100	15.4	15700	100	15600
7	15600	300	5	78000	8	2400	15.4	18000	100	17900
8	17900	300	5	89500	9	2700	15.1	20600	100	20500
9	20500	300	5	102500	10	3000	14.6	23500	100	23400
10	23400	300	5	117000	12	3600	15.4	27000	100	26900
11	26900	300	5	134500	13	3900	14.5	30800	100	30700
12	30700	350	5	153500	15	-5250	-17.1	25450	100	25350
13	25350	300	5	126750	13	3900	15.4	29250	100	29150
14	29150	300	5	145750	15	4500	15.4	33650	100	33550
15	33550	300	5	167750	17	5100	15.2	38650	100	38550
16	38550	300	5	192750	19	5700	14.8	44250	100	44150
17	44150	300	5	220750	22	6600	14.9	50750	100	50650
18	50650	300	5	253250	25	7500	14.8	58150	100	58050
19	58050	350	5	290250	29	-10150	-17.5	47900	100	47800
20	47800	300	5	239000	24	7200	15.1	55000	100	54900
21	54900	300	5	274500	27	8100	14.8	63000	100	62900
22	62900	300	5	314500	31	9300	14.8	72200	100	72100
23	72100	300	5	360500	36	10800	15.0	82900	100	82800
24	82800	300	5	414000	41	12300	14.9	95100	100	95000

Note that Scenario 2 produces \$95,000 in the 24 month period.

That's a return of \$85,000 on an initial investment of only \$10,000.

And that's allowing for three losing months of 350 pips each (we have only had one so far) and an average winning month return of 300 pips (ours is currently about 325)

OK well, there you have it. How to transform a small trading account into a much larger one using sensible money management and a profitable trading system. I would very much like to help you achieve the same. Consider these facts:

1. We have achieved every pip stated in our performance table. In fact the results can also be seen at www.forex618.net/perform.htm where you can also verify our results through actual brokers statements provided by www.fx-auto.com
2. The scenario tables above, which show you can multiply your account over and over again, are simple maths – no gimmicks and no tricks – as long as you can stick to the trading signals and keep your head!
3. If you apply the 3 simple disciplines we have mentioned in this little E-book, and use our signals, you have a good chance of converting your account into a **genuine money spinner!** Of course there are no guarantees, and there is always a risk, but we have shown it can and is being achieved.
4. *On your own, you may struggle to produce profitable trades.* With Forex618, you will have the best possible chance of making money from the Forex. And it will only cost you a small fraction of your trading profits – that's why we even took them off the profit examples on the Excel sheets above.

**OPEN CHALLENGE AND OUR GUARANTEES OF
QUALITY...NEXT PAGE!**

OPEN CHALLENGE

We know that what we have shown you is possible...we have already done it.

The question is...can you do it?

If you dream of trading for a living and turning your account into a money generating asset, rather than a source of frustration, then why not try us out for one month and see if we deliver?

In fact, if you join after the 15th of any month, we will give you until the end of the following month – that's a possible extra 2 free weeks!

Go on, give it a go. Visit www.forex618.net now to find out more. We are there to help you!

OUR 3 GUARANTEES OF QUALITY:

1. Verifiable results

We know how hard it is to trust signal providers and to find the genuine performers out there. That's why, unlike most signals providers, our **results are taken from a genuine broker's account**, so you can see every entry and exit as it was traded live.

2. Money-back guarantee

To make it easier for you to decide, if we don't make money during the calendar month you first join up in, and you don't wish to continue, we will **immediately refund your subscription fee**, no questions asked!

3. Advanced technology

We are one of the only companies to provide signals via email alerts, instant desktop alerts and even auto-trading, to ensure that you never miss a signal no matter what your computer setup or lifestyle.