PART-TIME TRADERS PLAYBOOK

A Beginner's Step-by-Step How-To Guide To A Successful *FOREX TRADING* Business

MIKE PERLAS

ABOUT THE AUTHOR

Mike Perlas is the founder of www.mikeperlas.com. He is a Filipino Engineer from a private manufacturing company. He is a Part-Time Forex Trader, a Stock Market Investor/Trader, an author, blogger, and entrepreneur.

His journey started in 2014 when he became jobless. His family struggled financially for almost 6 months, leaving almost no money for them to survive their daily needs. His wife was forced to study how to "sew" a school uniform just to at least earn a little extra to help their daughters' needs. He was a burden for his parents and siblings, but he has no choice but to accept reality. Remembering those days was a nightmare for him.

For 6 months, he had nothing else to do because he didn't have any other skills, nor any ideas about business. He didn't know how he could start. He was clueless.

And right after he has gotten a job that same year, that's when he decided to earn money on the side. He started acquiring and developing another skill that helped him generate additional income while keeping his 8-5 day job until today. He found his passion for trading both Forex and Stocks which led him to a lot of opportunities to grow his money and slowly built his family's financial confidence. He is now also on the journey to establishing his own online business funded by his earnings from trading and investing.

He is now helping and inspiring his fellow employees to also acquire their own income-generating skills that will help them earn money on the side while still being an employee.

He wants to share his journey to inspire others, that even typical employees can succeed and create their own wealth too even if they don't have a background or zero knowledge about investing, trading and online business. All they need is to start taking action. He now believes that there is limitless opportunity outside the cubicle world.

Copyright and Legal Notice

FOREX TRADING RISK DISCLOSURE

The information contained in this playbook is for education purposes only. How you use the information is solely up to you.

While the author "Mike Perlas" takes every effort to accurately represents the information's along with author opinions and insights to guide and help aspiring traders just like you, your results may vary and will be based on your individual capacity, experience, expertise, level of confidence and how deep your desire is.

Each individual's success depends on his/her background, dedication, goals and motivations.

Losses in FOREX TRADING can exceed deposit or investment. The high degree of leverage can work against you as well as in your favour. You must be aware of the risks involved and be willing to accept it in order to trade in FOREX.

Forex trading is not suitable for all investors because it involves substantial risk of loss. It is highly recommended to study first and do your own due diligence. If you will proceed to trade, it is highly recommended to put only the amount that you are willing to lose.

FOREX TRADING DOES NOT GUARANTEE ANYTHING or THAT YOU WILL MAKE MONEY.

DO NOT invest your money into persons or entities that will offer you a guaranteed return. DO NOT invest your money into an instrument that you DON'T UNDERSTAND.

The author and owner of www.mikeperlas.com has the right and chooses NOT to disclose or show any of his earnings and trading statistics/results to avoid bragging, hyping and attracting people who have a get-rich-quick mentality.

The sole purpose is for aspiring traders to eliminate unrealistic expectations and avoid thinking first the money that they will earn as they have a huge impact on the people's trading mindset and psychology resulting in substantial loss and instead focus first on the process and journey on how they can successfully establish a profitable trading business.

There is no assurance that examples of past earnings can be duplicated in the future. We cannot guarantee your future results and/or success. There are some unknown risks in investment and on the internet that we cannot foresee which can reduce results.

MikePerlas.com and its owner are not responsible for your actions and decisions. The use of our information, products, and services should be based on your own due diligence and you agree that Mike Perlas and his website are not liable for any success or failure of your investment/trading that is directly or indirectly related to the purchase and use of our information, products, and services.

As with any investment endeavor, there is an inherent risk of loss of capital and there is no guarantee that you will earn any money. It's up to you to decide what level of risk is appropriate for you.

Any advice or information on this playbook is for general information only.

INTRODUCTION

There Has Never Been a Better Time to Develop A New Skills That Your Future Self Will Later Thank You For!!

Congratulations for purchasing this e-book! I believe that you are committed to reading this book and following every step of the process I will share to you here. No matter what your situation right now, no matter how tough your life is right now… no matter how and what is your financial status is right now.

I know you have a strong desire to really learn how to be a trader and start developing a new skills that your future self will thank you for.

I know that you are eager to achieve success in trading forex but you just don't know where and how to start…

…you just don't know if it's really possible for people or a typical employee earning minimum wage

…you have fear, doubt that you might not get their too…

..You've been bombarded with a lot of information in social media saying this and that…

Information overload gets in the way…

Lalu ka ng hindi nakapag umpisa.. Right??

But I have a great news for you,

We live in a time where knowledge, wisdom are very accessible and there is no excuse for you to get it also.

And it is definitely **not what you think it is**.. **it is not hard as you think it is..**

If so many people can do it, there is no reason to say you cannot do the same…

Let me prove to you with this eBook, how I myself, born from a poor family, a typical employee, no business background…no rich relatives..no connections..started with nothing..

Don't worry the book will be in taglish written just the way I want it too.

I want to reach as many Filipino's as I can so they can also be educated from a real life examples… and hopefully this book will serve as an instrument to be your stepping stone to finally develop a skills that will provide you a lifetime opportunities going forward.

The Reminiscence of a Poor Guy

Before we go, let me introduce a little bit of my background.

I am Mike Perlas (Michael Lino Perlas), currently I am a corporate engineer on a private manufacturing company here in Laguna.

Yes you read it right, as of this writing, I still manage to work with an 8-5 day job.. But soon it will be over…

I am a loving husband and a proud father of two girls.

Like most of Pinoys, I wasn't born and came from a poor family.

Literal na from kahig isang tuka, siguro nakakatikim lang kami ng masarap na ulam dati tuwing sabado kc weekly 'yun sweldo ng tatay at nanay ko..

..at minsan lang tlga un sa isang linggo..

Monday, Tues, mejo ok pa, pero pagdating ng Wed, Thursday, ayan na, tiis tiis na ulit.. naranasan ko magdildil ng asin..magisa ng sibuyas lang tapos tuyo para kunwari adobo..*(saklap diba?)*

One time noong elementary ako..nakapila kame para sa flag ceremony.. tinanung ako ng classmate ko, "Siguro fried chicken ang ulam mo kanina ano??...halata sa kamay mo...kulay pula gawa ng ketchup...

Pero ang hindi alam ng classmate ko ketchup lang ang inulam ko sa kanin..

Pagnakukuwento ko sa asawa ko 'yun..natatawa na lang ako..imbis na malungkot ako..gnun talaga ang buhay eh..

Ang hirap maging mahirap!

If it's not because of my parents boss, I will never finished an engineering degree..

But hindi ako lisensyado, because I choose to get a job immediately after graduation, just to help my parents.

Honestly, as of this writing, wala pa sakin ang Diploma ko.

Because that time, I need to settle 10k pesos as payment for graduation, etc.

But we don't have that kind of money back then, kaya ayun, hindi ako nag-attend ng graduation.

I choose to set aside na lang yun moment na finally at last nakapagtapos ka kase, walang wala talaga kami noon…

Ang drama ng buhay ko ano??

Growing up, napakahirap ng buhay namin, maraming tanong na naglalaro sa aking isipan, bakit kelangan naming pagdaanan 'yun.

I just don't understand!

Back when I was in college, since pina-aral nga lang ako sa isang Private College

‘Syempre, mayayaman karamihan ang mga naging classmates ko.

Some of them have cars, came from a rich family, and they seems to be an easy go lucky when entering on the campus.

...parang wala silang kaproble-problema. (hayys! Nainggit ako sa kanila dati!)

They always hang out on malls, pag-nagkayayaan kumain sa labas, they can easily go..because they can afford..

While I was the only one left in the bench outside our classroom waiting for the next class... kase nga wala akong pera..

I pretend "Next time na lang ako"..

One time sumama ako gumagala sa Mall near our campus.

I only have enough money to pay for tricycle or jeepney fare.

Two hours after gumala, we decided (they decided actually) to eat in a fast food.

Ang problema…wala nga akong pera. Pamasahe lang pauwi ang laman ng bulsa ko.

Until now, I still remember that day where I was pretending na busog pa ako..

Sabi ko sa mga classmate ko

‘Sige lang, busog pa nman ako..

and while they are eating. nakatalikod sila sken..

I don’t know why. Maybe because they are shy that they can’t share their food to me.

It was a memorable experience from me na nag-iwan ng isang malaking marka sa utak ko.

‘Yun pakiramdam na wala ako at sila meron.

‘Yun feeling of hatred bakit ganun ang naging kapalaran ko...

Growing up, hanggang makatapos ako sa pag-aaral, we've been always in financial trouble.

We're so broke that we don't even have enough money to buy toothpaste.

Pero kelanman hindi ko inisip na mahirap lang kami,

This was really embarrassing to share to you but during my college days, I only have 2 pants, 4 clothes I wear the whole school year...

which means talagang halata mo na inuulit ulit ko..I swallow my pride for 5 years..

Para lang makabili ako ng bago at pamalit sa luma kung damit last school year...

Alam mo ginawa ko?

During enrollment, dinadagdagan ko ng 600pesos un total ng tuition fee at un ang sinasabi ko dun sa nagpapa-aral sken..

I know its bad..but I am not using naman ‘yun pera sa masama..

Sobrang hirap maging mahirap.

When I finally land a job, wala akong ibang nsa isip kung hindi pano ako kikita..

”Paano ako kikita ng higit sa pangangailangan ko?”

Kelngan ko kumita ng extra para makaipon, mabili 'yun mga bagay na pinagkait saken nung bata pa ako.

I was thrilled because I am finally a professional earning money.

Pero hindi rin pala madali maging empleyado, nasabi lang na kumikita ka.

But the reality vs. my expectation back then, hindi pala ganon'

After 6 years of being a corporate employee.

I been into 2 different companies already seeking for better work environment, a higher position, income and slightly I got that on my 3rd company which is my current as of this time of writing.

I have travel 3 different countries already all-expense paid by my company (work need actually)

Kaya lang sobrang napagod ako..

Dito ko na naramadaman un stress at struggle gumising sa umaga, un tipong I'll drag my feet to eat get dressed, and rush to work.

Every afternoon, I am constantly looking at the clock, hoping its 5PM so I can go home and rest.

Pero 'yun kinikita ko is hindi parin sapat. Although it was a lot different na, which I can now provide for my family. It is still not enough! Parang may kulang.

And for almost 6 years of working, wala akong ipon. At ang masaklap pa nito, I almost don't have time for my family.

Every day my daughter's ask me, "daddy, can we play today?" Do you have work today? Can you stay at home so you can fetch us from school?”

How hard it is to answer and the feeling and emotion are almost breaking my heart?

But I have to continue working for them, and hoping to make life better,

I felt the corporate world, with all its stresses and so-called opportunities,

I figured a higher salary will make me happy.

Pero mali rin pla ako.

And the struggles continues... hindi pa rin ako tinantanan ng masamang tadhana,

When I became "Jobless" for about 6 months.

Back in 2014, my family and I struggle financially for almost 6 months, leaving almost no money for us to survive in our daily needs.

Back then, we are leaving on our own, but since we struggle hard financially, we decided to move back to my parents’ house, since we are no longer capable of paying the monthly rent of our apartment.

I was a burden for my parents because it took me about 6 months to get another job.

During that year, ‘yun panganay ko is 3 years old pa lang, and my youngest is only turning 1, which means kasalukuyang nag-gagatas at nagddiaper..

It really breaks my heart sa twing ma-aalala ko un,, one time tanghalian ang ulam nmin is hinog na mangga...as in walang wala kmi...naubos un kakaunti kong naitabi.

My heart was broken that during those time, I cannot provide from my wife and daughters need.

Masakit isipin at alalahanin.

Ultimong pamasahe ko para sa pag-aapply is pinangungutang lang ng nanay ko..

Tiniis ko un pag-aapply ko na hindi ako kumakain because the only money that I have is pang pamasahe.

My wife was forced to study how to "sew" a school uniform, para lang kumita ng extra pambili man lang ng diaper ng anak ko.. vitamins..etc.

I saw and feel my wife struggle, I feel very frustrated, stressed because it is not the life that I want for her. In the early years of being together, she already suffer and experience the test of life which we don't really expect to happen.

Laking pasalamat ko sa mga magulang at kapatid ko since sila un nagsilbing sandalan ko..hindi nila ako iniwan.

And in the same year of September 2014, our prayers has been answer.

I finally got a job as a Manufacturing Engineer in a Private Company till today.

Sa loob ng anim na bwan na walang wala ako...

I have nothing else to do because I don't have any other skills,

I don't have any ideas about business. I do not know where I should start to earn extra.

And that's when my journey started. I have promised to myself that those 6 months of struggle will never ever happen again.

Kaya naghanap ako at nagresearch online, how I could make an extra income while having an 8 to 5 day job.

I maximize my spare time to learn, study and researching valuable information how I can earn an additional income.

And that is when I discover a lot of opportunities when I read the book "RICH DAD POOR DAD" by Robert Kiyosaki.

While reading the book, I felt the heavens opened up and there is something whispering in my mind revealing to me why I was always discontent, why I was always restless.

From that book, it reveals that the JOB security is “BIG LIE”

I was thrilled and feeling motivated when I finished reading the book because I felt there is still a chance to escape the corporate world.

And that’s is to build multiple sources of income, establish a business, invest on the paper assets.

Days after I have read that book, I started to find several ways to earn extra income, been jumping and searching on the web, reading on the forums.

Until I found an interesting topic about Trading Currency Online which is “FOREX”.

Basically a Buy and Sell Concept where you can make profit when you buy currency a lowest exchange rate and Sell it when the exchange rate appreciate and vice versa.

And it is transacted electronically via a online platform which means you don't need to own a physical currency..

Everyone in the forum are posting their earnings and I was amazed that in a matter of hours they are earning a hundred dollars to a thousand dollars and above.

And some became full time and was able to consistently earn, forex is become their lucrative career already doing just in the comfort of their home.

I was thrilled by then and I feel amaze that maybe this will be the answer on my prayer, this could be the extra income I am looking for while I am still working and saving for our future.

Pero hindi rin naging madali 'yun learning and trading journey ko.

I've struggled a lot.

It is NOT an OVERNIGHT SUCCESS

I failed many times, because all I did was self study, years of trial and error.

I burned 3 live trading accounts that causes me to lose more than $2,000

For 2 and half years, I wasn't able to make any profit, breakeven but most of the time, palaging talo.

It was a hard fought battle, isama mo na 'yun emotional stressed...

I fail and fail and fail and fail again and again... commit too many mistakes...

Pero I never quit, I never stop, hindi pumasok sa isip ko na sumuko at itigil na ito..

Because I understand that there is a way, makukuha ko rin ito..

I know there's something I need to change, there is something I need to develop and learn and need to push pa more...

And if I could turn back time and start all over again,

This would be the steps I wish someone had taught me during my early trading journey.

This is what the Part-Time Traders Playbook is all about.

But why part-time?

You'll understand it later…

IF I COULD TURN BACK TIME AND START ALL OVER AGAIN, THIS WOULD BE THE STEPS I WILL TAKE

STEP 1: Don't Seek Approval from Anyone

STEP 2: Don't Skip the Basic

STEP 3: Learn a Proven Concept

STEP 4: Develop a Trading Process and Focus on Improving It

STEP 1: DON'T SEEK APPROVAL FROM ANYONE

STEP 1: DON'T SEEK APPROVAL FROM ANYONE

All my life I was bombarded of so many limiting beliefs about life, success, freedom and about having more money.

Anjan na yung, hindi mo kaya yan! Pang matalino lang yan. Hindi ka yayaman jan.

Mag-aaksya ka lang ng oras jan. Mahirap yan! Imposible yan!

Sounds familiar right?

Kaya everytime I will start something, dahil sa mga limiting beliefs na naimpart saken, sa una ko lang nauumpisahan, once I suffer failure and set backs, wala na.. ayawan na!

Same with trading, marami ka maririnig, “Ay scam yan!” Mahirap daw yan! Stressful daw yan!

Risky yan!

Yes, it is correct, it is very very risky, if you don't know what you are doing.

During my learning curve, dahil sa mga limiting beliefs na na-impart saken, I was learning it on my own, I struggle alot, I've tried to figure it out myself.

When I suffer losses after losses, failures, I get frustrated easily which really affects my emotion that triggers so many wrong decisions.

I started doubting myself if kaya ko ba talaga itong trading. If kikita ba talaga ako dito,

I burned 3 live trading accounts before I knew everything what I should be doing.

Hinayaan ko munang mangyari lahat yun, walang nagturo saken, all I did was research, read blogs, join forums, join groups, lahat na ata na pwedeng gawin.

I tried to differentiate the difference between information, knowledge and wisdom.

During my struggle, failures and setbacks, I never showed it to my family, even my wife, I don't tell him my struggles and frustration.

Because, no one will understand me until they see some results from me. Even my wife doubted it, back then we have an argument, almost 2 years ko ng ginagawa pero wala pa rin ako resulta.

Believe me..

No one will understand what you are doing no matter how hard you explain it to anyone including your family, relatives, close friends, office mates.

You don't need to seek their approval, don't ask them or don't wait for their go signal before you push this.

Eh anong kinalaman nito sa trading journey ko mike?

Malaki..

Because your journey in learning how to be a trader will be challenging, and it is tough! If it easy everybody would be doing it. You have to understand that this would be a wild ride, masalimoot na journey, maraming struggles and setbacks for sure.

Your strong desire will push through no matter what challenges you have face.

Wala kang ibang aasahan kungdi ang sarili mo at yung mga taong likeminded kagaya mo…

Likeminded people with the same struggle, intention sa buhay.

I know this will be your own journey, but hindi mo kelangan solohin, you have to find people na makakarelate din sayo.. I am not saying that it is me, or my community.

But that is the reason why I created my coaching program and this playbook, to help aspiring committed traders.

Because learning the skills in trading is just like any other professional skills out there, there will be no shortcut. It will take time, you need a lot of practice.

My idol "Michael Jordan" does not become a legend without his relentless passion and practice.

The first step will always be the hardest but it is the only step to reach for the next step.

Hindi kase pwedeng, interesado ka lang matuto or interesado ka lang maging trader.

You have to be committed!

Ika nga nila.

Interest will only get you started but Commitment will get you to the finished line.

Kaya before you start on this journey.

Make sure your mind is tuned, tuned to overcome ever failure, setbacks, lack of motivation

And one main way to do that is to know exactly or digging deep with you reason why

You reason why you will do it,

Reason why you want it.

Reason why you want to pursue trading.

I know… I know… that you want to learn how to trade so you could start making money too..

If it is not for the money, I’ll be lying to you..

But to be honest, it is not all about the money that you will gain.

It is not only about the money, please set it aside.

Money or the profits you made are all by product of what process you do.

And inside those processes such as practicing on a demo, reading this playbook, waking up early, staying too late, setting aside family or friends gathering every weekend, etc. will be part of your journey. And syempre, there will be some failure, setbacks, struggles along the way, pati na rin mga temptation especially distraction and procrastination.

For you to always stay on track and always motivated no matter what, day in, day out, losses after losses, your deep reason why will be your driving force.

Every time you feel frustrated, disappointed, feeling doubtful if may patutunguhan ba itong ginagawa mo, just remember, visualize or internalize your reason why.

A simple way to do it is to right it on a piece of paper or in a notebook and read it out loud or read it with your mind.

And to understand and get to know exactly you reason why, I want you to pause for a moment, stop reading and get some pen and write your deep reason why by answering the following questions:

(1). Why do you want to start and succeed in this business?

(2). But why? (Relate your answer to number 1)

(3). But why? (Relate your answer to number 2). Lets dig deep to know more about your desires.

(4). In few sentences, write down your DEEP REASON WHY based from your answer. The more emotional it is, the more powerful it is.

And the more emotional it is, the more powerful it is. No matter how hard or how tough the situation is, if you have that powerful driving force, balewala yun, and you will just continue.

Ika nga nila, yan ung malalim mong pinaghuhugutan..

Ako? Simple lang ang deep reason why ko, I came from a poor family, literal na from kahig isang tuka, and I don’t want to suffer any financial struggle anymore. I don’t want to experience losing a job, the only source of income I have, kase kapag nawala nanaman yun, magssuffer na naman ang pamilya ko. I want to learn another skills para hindi lang ako dedepende sa isang source of income.

I don't want to feel borrowing money for us to survive, Ayaw ko na Makita magtiis ang pamilya ko having nothing.

Yan yung driving force ko why I keep pushing more. I already tell you my personal stories and hopefully naintindihan mo rin kung gaano kalalim ang pinaghuhugutan ko.

And I want you to do the same, if you need help how to dig deep or kung gusto mo ng makakaramay understanding your reason why, you can always email me.

I am here to help and support you also not only the content and learnings that you will get in this playbook.

I know that my playbook might not answer all or might not cover all the things that you need, but rest assure that this would be a great kick start for your trading journey.

STEP 2: DON'T SKIP THE BASIC

STEP 2: DON'T SKIP THE BASIC

I want to be honest as much as possible.

I know kaya ka nagpurchase ng playbook na ito is para mashortcut mo ang iyong learning process, yes tama naman!

But I want to be clear as possible, there will be NO SHORTCUT on getting the result or the money that you want.

Hindi ibig sabihin after you read this playbook eh kikita ka na.

It is not what you think it is.

And I know also what you are thinking.

Mayroon bang paraan para makapagstart na agad ako sa trading para kumita na rin ako?

Or kelangan ko ba talaga basahin lahat yung mga nasa link na binigay mo dun sa free guide?

Sounds familiar right?

Stop that thinking muna…

Don't skip the basic…

Wag mo na ako gayahin, saka ko lang pinagtuunan ng pansin at inaral ang basic when I burned my 2nd live account.

To be honest, I feel so confident na kayang kaya ko na kagad just by reading some articles, blogs about the basic of trading.

I jumped early on a demo account without the full understanding of the basic of forex.

I was thrilled when I am earning na kahit demo pa lang, kaya after a month, I decide agad to open and trade on real money.

Tipong nagmagaling tayo noon, na kayang kaya ko, mabilis ko naintindihan at nagets kagad yung concept.

Kaya ayun, "sunog"!

I skipped learning and understanding deeply the basic.

If you happen to read my free guide, I share selected links from www.babypips.com to learn the basic. I also started their and madali naman sya maintindihan kahit English.

Below are the links if in case you missed it.

Go ahead and click the link below:

(1). https://www.babypips.com/learn/forex/preschool(Read All)

(2). https://www.babypips.com/learn/forex/kindergarten (Read All)

(3). https://www.babypips.com/learn/forex/elementary (Read All and skip FIBONACCI and Popular Chart Indicators).

I will also include a simple basic here so you can read it immediately, but I highly recommend to also browse the topic above the links. I don't need naman na ulitin pa yung basic dito, since that website really explain it well.

Please find time to read it especially understanding those terminology.

You can finished that in less than a week to 2 weeks if you will really focus on it. Just a lot 1-2hrs of your time after the work and a lot as much time as you can during weekends when you don't have work.

"The first step will always be the toughest and hardest one, but it is only the way to reach the next steps".

And also, you can watch some of the video lessons inside the member's area, I have prepared some basic there also which are actually some part of my free workshop, others are really exclusive for the playbook.

Now every lessons in this playbook, also has some video and tutorial examples, you can always access it inside the member's area.

And before jumping to the next step, make sure that you cover already the basic.

Again, it will take time, it will be a rough ride sa una, pero kung talagang committed ka, get going and start it.

THE BUSINESS OF FOREX

FOREX is a short term for FOREIGN EXCHANGE.

For us ordinary people, it is easy to explain as the exchange of one currency to another if you travel to a different country. The first thing you do when you arrive at the airport is to exchange the "physical" currency from your original country to your visited country. If you have a US dollar and you have visited Europe, then you have to exchange the $ to € (which is the currency of Europe).

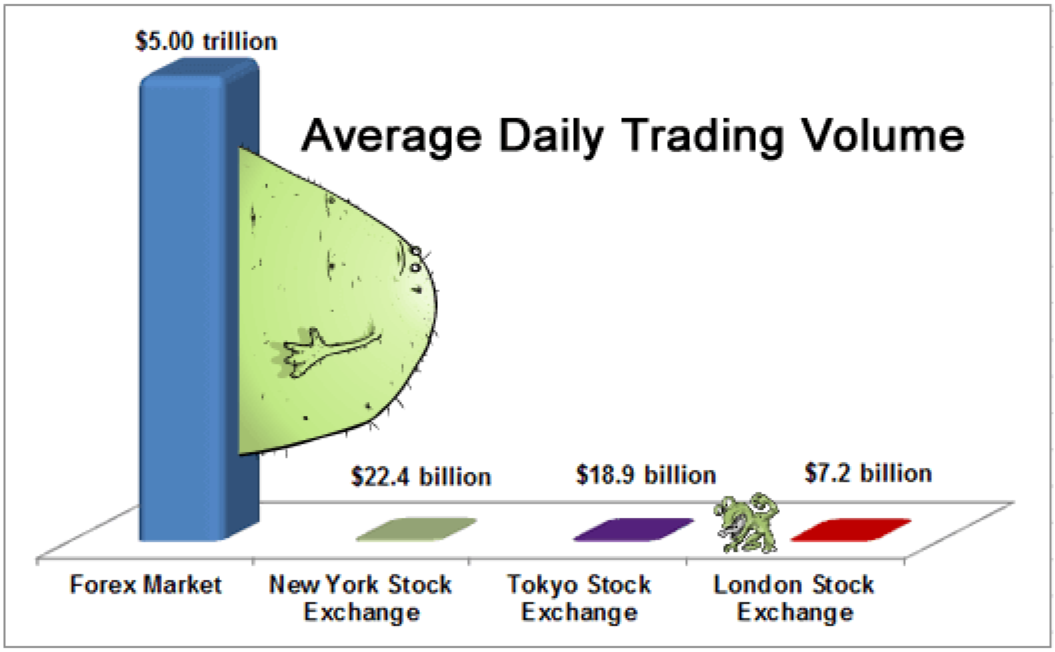
Forex is a large financial market and can be defined as the international currency exchange which is very unique in the sense that it is everywhere regardless of time zone or geographical location.

In contrast with the actual currency exchange which happens in the airport or any money exchange establishment, in the forex market, all instruments, major currencies, and others are NOT physically exchanged between another but are traded virtually through online transactions.

It is a virtual market that you can buy, sell, trade and exchange any foreign currency without physically touching it.

It is the largest financial market in the world amounting to $4 - $5 trillion daily traded volume, with 5-6% of the daily traded volume coming from retail traders which is "us". It is approximately $300 - $400 billion traded each day.

Comparing with these three Stock Markets--New York Stock Exchange (NYSE), Tokyo Stock Exchange and the London Stock Exchange, it is about 200 times bigger. Here is a simple and good illustration from *www.babypips.com*



It only means that Forex Market caters a huge opportunity for us to take a small chunk and participate in trading currencies to potentially make money.

Aside from its large volume, the forex market also operates 24hrs a day, 5 days a week. Unlike the Stock Exchange, it does NOT close at the end of each business day.

What is FOREX Trading?

Don't be confused about trading currency, because it is already part of our lives. Most of us, before we were born, the FOREX Market is already there.

FOREX TRADING is just simply trading a country's currency over other countries' currency with an agreed rate.

Basically in forex trading, buying currency is like buying a share in a particular country's economy.

The price of the currency or the exchange rate is a reflection of the market's opinion on the current and future health of one country's economy.

If you buy Japanese Yen, you are buying a share of Japan's economy. You are betting that its economy will rise and its exchange rate will increase as time goes by, which then, you will decide to sell or exchange it back to the market or back to the base currency which you'll potentially end up with a profit.

Example:

You have a 1,000 US Dollar which at the time you buy is only 45pesos per dollar. If the US economy becomes stronger and stronger and our economy is still in poor condition, chances are, the exchange rate or the market price of the US Dollar will rise and increase.

The current exchange rate as of this writing is 51 Pesos. Your 1,000 US dollar will now be worth 51,000 pesos and if you wish to exchange it back to peso, you already have a net profit of 6,000 pesos.

In general, the exchange rate of a currency versus other currencies is a reflection of the condition of that country's economy compared to other countries' economies.

In Forex Trading, it is traded and transacted virtually or online.

It means that you will not actually own or hold a physical currency and then literally exchange it for another currency.

BUYING AND SELLING OF CURRENCY

Forex trading is the *simultaneous* buying of one currency and selling another. Currencies are traded through a broker or dealer and usually traded in pairs. One must be sold in order to buy another.

Each foreign currency are identified with a unique 3-letter symbol;

EUR – Euro (Europe), USD – US Dollar, GBP – British Pound, JPY – Japanese Yen,

NZD – New Zealand Dollar, AUD – Australian Dollar, CHF- Swiss Franc

CAD- Canadian Dollar

Currencies are "quoted" and traded in "pair" because one currency should be "sell" in order to "buy" another.

Below are the major currencies traded in the forex market:

EUR/USD – Euro vs US Dollar

GBP/USD – British Pound vs US Dollar

USD/JPY – US Dollar vs Japanese Yen

NZD/USD – New Zealand Dollar vs US Dollar

AUD/USD – Australian Dollar vs US Dollar

USD/CAD – US Dollar vs Canadian Dollar

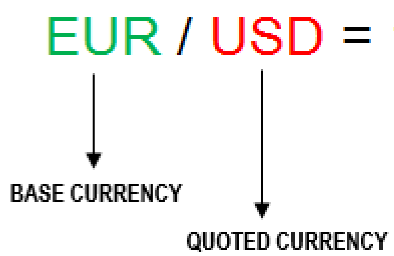
USD/CHF – US Dollar vs Swiss Franc

In a pair, the first currency is what we call "base currency" and the second is the quoted currency:

Ex. EUR/USD

EUR – base currency

USD – quoted currency



When you are *buying* currency, you are always buying the base currency in exchange with the quoted currency.

If you buy Euro, you are always selling the Dollar.

If you sell Euro you are now buying the Dollar. And the fluctuation or movement of the exchange rate is based on whose currency is stronger at the moment. Basically they are fighting which economy is stronger.

Forex Trading does not have a physical location or a central exchange similar to these stock markets:

The New York Stock Exchange, Tokyo Stock Exchange, London Stock Exchange, and also our Philippine Stock exchange.

Below are the most actively traded currencies according to www.wikipedia.com

Most traded currencies by value

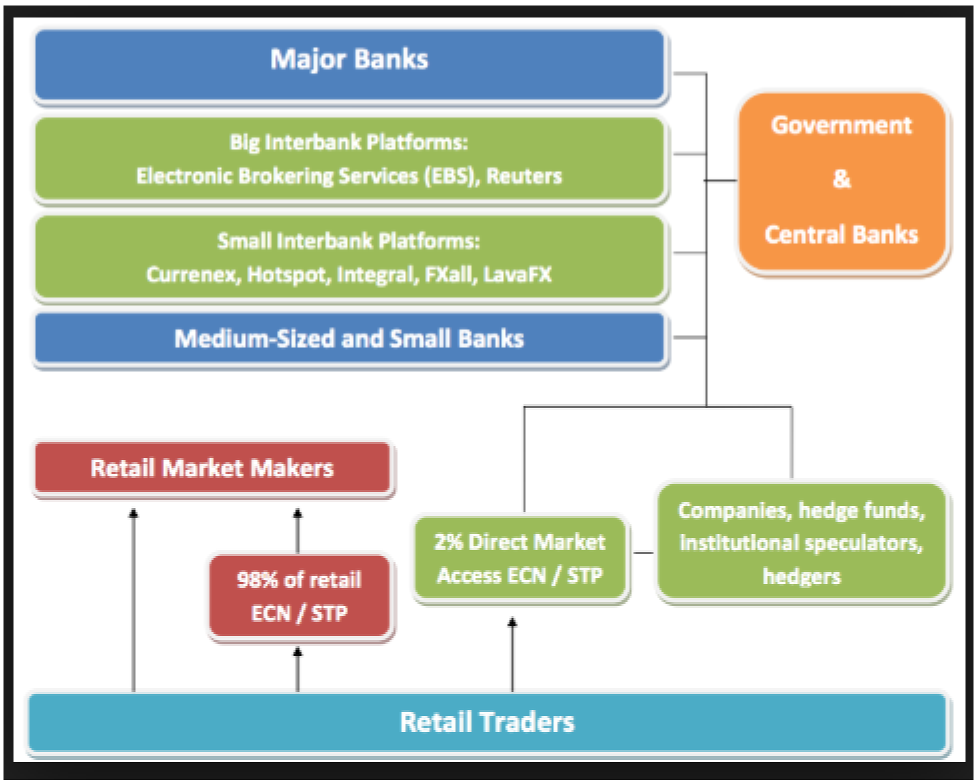
Currency distribution of global foreign exchange market turnover[72]

Rank	Currency	ISO 4217 code (symbol)	% of daily trades (bought or sold) (April 2016)
1	United States dollar	USD (US$)	87.6%
2	Euro	EUR (€)	31.4%
3	Japanese yen	JPY (¥)	21.6%
4	Pound sterling	GBP (£)	12.8%
5	Australian dollar	AUD (A$)	6.9%
6	Canadian dollar	CAD (C$)	5.1%
7	Swiss franc	CHF (Fr)	4.8%
8	Renminbi	CNY (元)	4.0%
9	Swedish krona	SEK (kr)	2.2%
10	New Zealand dollar	NZD (NZ$)	2.1%

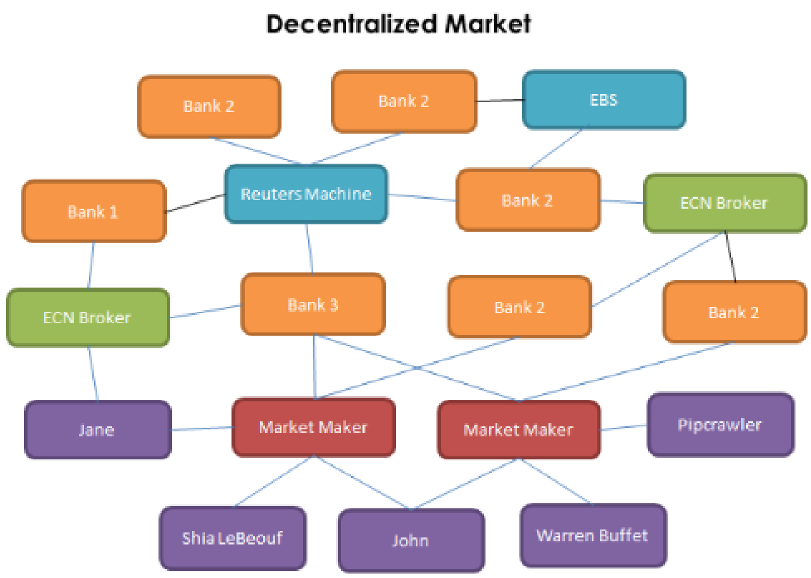
Forex market caters an Over-The-Counter or "interbank" transaction because it is entirely run electronically within a network of banks that continuously operate over a 24-hour period. It only means that it is spread all over the world with no physical or central location. Trading can take place anywhere, anytime on weekdays as long as you have an internet connection.

And the most common transaction, aside from commercial and financial market transactions, as a part of the overall daily traded volume is through speculation. It means that most of the trading volume or transactions come from retail traders that buy and sell currencies based on intraday price fluctuations and movements.

Reference: id.fxtradingrevolution.com



From www.babypips.com



It is the reason why Forex Market is so liquid - which means that the amount of transaction on buying and selling volume happens at any given time is really high. It only means that the price fluctuation will rise and fall or changes minute after minute. The exchange rate in the morning will not be the same during the afternoon and definitely not in the evening. It changes rapidly.

It becomes easier to buy and sell currency every day due to liquidity which is really important because it determines how easily the price changes and fluctuates in a given period of time.

WHEN TO TRADE?

Forex market operates 24hrs per day and 5days a week. It operates globally and there are 4 sessions that start from Australian session, overlap with Tokyo session followed by London then lastly is in the US or the New York session, so basically you can trade any time.

Each session will typically last like a normal working/business schedule. Session hours may vary depending on your time zone. This is why forex trading is one of the established and lucrative ways to earn a nice income while keeping your day job. But as always, trading in forex carries a high risk.

Here is a simple illustration made by the forexfactory.com.

Basically the market opens and closes at 5am (my time) PH time which gives us an opportunity to participate even if we have a day job. For us employees, we can participate in trading before we go to work and after work. Personally I check the market 4:45 am or 5 am and execute a trade if there is an opportunity then leave it and check it after work. You'll understand me better in the latter part of this playbook.

What drives the FOREX exchange rate's changes?

As with the normal marketplace, forex price and exchange rate changes and fluctuates due to supply and demand. Think of how many tourists travel to each country and transact to exchange their currency, how many online transactions every day such as remittances and the likes? The transactions of those big banks, major banks, big companies, those stock exchanges, the purchases online and much more.

"The more BUYERS, the higher the exchange rate will be and the more SELLERS, the lower the exchange rate will be." And the stronger the economy of a particular country, good for their currency.

There are some major factors driving the forex market fluctuations such as the economic condition of each country, political stability and geographical in nature. And the most influential forex market participants that could also make the forex prices fluctuate and liquid are the major banks, bank associations like HSBC, Citigroup, JP Morgan, Barclays Capital, etc., also some of the central banks. There are also participants coming from investment firms, insurance firms, medium-sized banks, large corporations, especially those "financial institutions".

Imagine, if those major banks were able to buy or sell billions or even trillions of currency every day, how liquid and volatile the market will be?

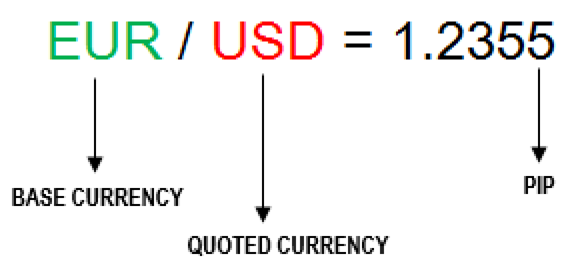
But there's one more who drives the forex market price, it is "us" traders, the psychological price battle between retail buyers and retail sellers.

HOW TO MAKE MONEY IN FOREX TRADING?

As I've told you earlier, in Forex Market, you are buying and selling currencies.

Forex trading's main objective is to exchange one currency for another in the expectation that the price will change over a period of time.

An exchange rate is simply the ratio of one currency valued against another currency.



In the forex market, the currency exchange rate is mostly quoted in 4 decimal places and in the above example the base currency always has a value of "1".

1 EUR = 1.2355 USD

"Pip" is the lowest price change, it allows us to measure the difference in the exchange rate of currencies.

1pip = .0001

2pips = .0002 etc.

Ex. If the EUR/USD exchange rate of 1.2355 becomes 1.2360, the exchange movement is 5pips (1.2360-1.2355). This is the minimum price change possible.

When buying, the exchange rate tells you how much you have to pay in units of the quote currency to buy ONE unit of the base currency. In the example above, you have to pay 1.2355 U.S. dollars to buy 1 Euro.

When selling, the exchange rate tells you how many units of the quote currency you get for selling ONE unit of the base currency.

In the example above, you will receive 1.2355 U.S. dollars when you sell 1 Euro.

The base currency is the “basis” for the buy or sell.

If you buy EUR/USD this simply means that you are buying the base currency and simultaneously selling the quote currency.

In short terminology, “Buy EURO, SELL USD”.

A simple rule is to BUY the currency pair if you believe that the base currency will *gain value* relative to the quote currency. And SELL a currency pair if you believe that the base currency will *lose value* relative to the quote currency.

Example,

The economy of Europe is Strong while the US is down.

In Trading the EUR/USD pair, you'll definitely want to take advantage of the EUROPE’s strong economy which is BUYING more euros.

Now if Europe’s economy is falling and the US is becoming stronger, in trading the EUR/USD pair, you'll definitely SELL it since the base currency (Euro) will lose its value and the quoted currency (USD) will increase.

The difference at the time you buy or sell currency will be your profit or loss.

UNDERSTANDING FOREX TERMINOLOGIES

LONG / SHORT

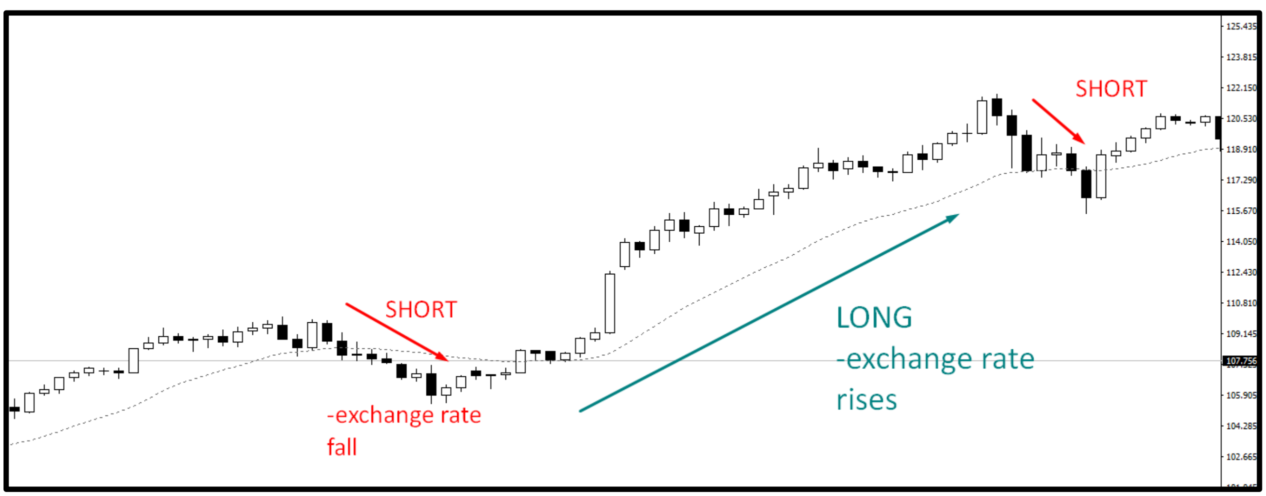
For a quick recap, BUYING a currency pair means you buy the base currency and sell the quote currency, believing that the base currency will rise in value and then you would sell it back at a higher price.

If you are SELLING currency pairs, it means you sell the base currency and buy the quote currency), you are expecting that the base currency exchange rate will fall in value and you want to buy it back at a lower price or lower exchange rate.

Long and Short is a term that represents the BUY and SELL in trading. Going "Long" is initiated when you buy a currency pair with the expectation to sell it a higher price.

While a short trade is initiated by SELLING before buying, with the intention to repurchase a currency pair at a lower price and realize a profit.

As the name implies, Long (exchange rates extending and rising) and Short (exchange rates decline).



Bid, Ask and Spread

Currency pairs are quoted with two prices, Bid and Ask

Bid is the price at which your broker is willing to buy the base currency in exchange for the quoted currency.

It is the best available selling price for us retail traders or simply this is the price your broker is willing to buy when you are selling.

Ask is the price at which your broker is willing to sell the base currency in exchange for the quoted currency.

It is the best available buying price for us retail traders or simply this is the price your broker is willing to sell when you are buying.

Ask simply means the "offer" price.

Spread - is the difference between the Bid and ask, which is normally how brokers make money from us traders.

You can see it on the “trading platform”.

Market Watch: 04:45:09

Symbol	Bid	Ask
USDCHF	0.98578	0.98608
GBPUSD	1.25836	1.25866
EURUSD	1.12928	1.12958
USDJPY	107.739	107.769
USDCAD	1.30548	1.30578
AUDUSD	0.70431	0.70461
EURGBP	0.89720	0.89750
EURAUD	1.60392	1.60462
EURCHF	1.11331	1.11361
EURJPY	121.630	121.660
GBPCHF	1.24048	1.24118
CADJPY	82.482	82.562
GBPJPY	135.547	135.617
AUDNZD	1.04817	1.04937

MARGIN

In a grocery, you cannot buy just one egg, they come in dozens or "lots" of 12.

In Forex, you can't just buy or sell 1 euro or 1 USD, they also come in lots:

1000 units of currency (micro lot)

10,000 units of currency (mini lot)

100,000 units of currency (standard lot)

“But I don’t have enough money to buy 10,000 euros! Can I still trade?”

Yes, you still can, it is possible with MARGIN TRADING.

Margin trading is simply the term used for trading with borrowed capital which is offered by most brokers.

Example:

If the margin requirement allowed by your broker is 2%, let's say you buy 1,000 units of EUR/USD at an exchange rate of 1.2000. Your 1000 units of EUR is worth 1200 USD.

The 2% of 1200 is $24 and that $24 dollar will be set aside to open a trade which means you can now control 1,000-unit worth Euro with just 24 USD.

It gives you the ability to enter into positions larger than your account balance.

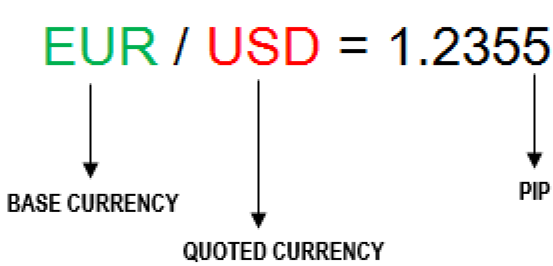
With a little bit of cash, you can open a much bigger trade and then with just a small price change in your favor, you have the possibility of ending up with huge profits.

However, most of the time, this does not happen for most of the retail traders especially for beginners because they usually don't know what they're doing.

They take advantage of Margin and overuse it then later realize that too much usage of Margin can be destructive once your trade is against you.

What is PIP?

Pip is the unit of measurement to express the changes in value between two currencies. This is usually the 4th decimal place of the currency quote.



Each currency has its own pip value, it means that as the pip changes, it has a corresponding amount of value.

Here's an example:

1 EURO = 1.2000 USD

To compute the amount of pip value for EURUSD,

(the value change of the quoted currency or the last 4 decimal) multiplied by the exchange rate ratio

0.0001 USD x 1 USD/1.2000 USD

= 0.0000833

If we traded, 1000 EUR/USD, the one pip change will be equivalent to (0.0000833x 1000 units) = 0.083

This is the approximate value of each pip move.

What is a LOT?

This is the specific amount traded in forex, basically the specific number of currency units you buy or sell.

Standard lot = 100,000 units

Mini lot = 10,000 units

Micro lot = 1000 units

Most brokers represent it by the following:

Standard lot = 1

Mini = 0.1

Micro = 0.01

The change in currency value relative to other currency is measured by pips, which is actually very small changes only.

Now to take advantage of this small change in value, we need to trade large amounts of a particular currency in order for us to see any significant profit or loss.

Normally for the USD currency pairs such as EUR/USD,

1 standard lot represents $10 per pip value change

1 mini lot represents $1 per pip value change

1 micro lot represents $0.1 per pip value change

For example, you BUY 1,000 units of EURO/USD at an exchange rate of 1.2000 and it increases to 1.2300,

Pip change = 1.2300-1.2000 = 300pips

So how much is your potential profit?

Remember 1000units or 1 micro lot is equal to $0.1 per pip value change,

= 300pip * $0.1

= $30 (your profit)

If it is 1 standard lot

=300pip * $10

= $3,000

Make sense??

Pip value may change as the exchange rate also fluctuates, but you don't have to worry about manual computation in actual trading. You just have to understand how it is derived so you are aware of how much you should only trade relative to what your account is capable of.

What is LEVERAGE?

If you are wondering how retail or small-time traders can participate in the world's largest financial market, it is due to "Leverage".

Leverage simply means an amount that brokers are willing to lend you.

The amount of your capital deposited is usually the "margin" and leverage may vary on each broker, and what you are comfortable with.

Think of brokers as banks that are willing to lend you money.

It is like loaning a house and lot from them but not to the point that you will actually own it.

If you buy a house and lot, typically you will need a down payment for you to own it, and the remaining balance will be paid by the bank. The bank will pay for the property while you only put a small deposit and then you will amortize it.

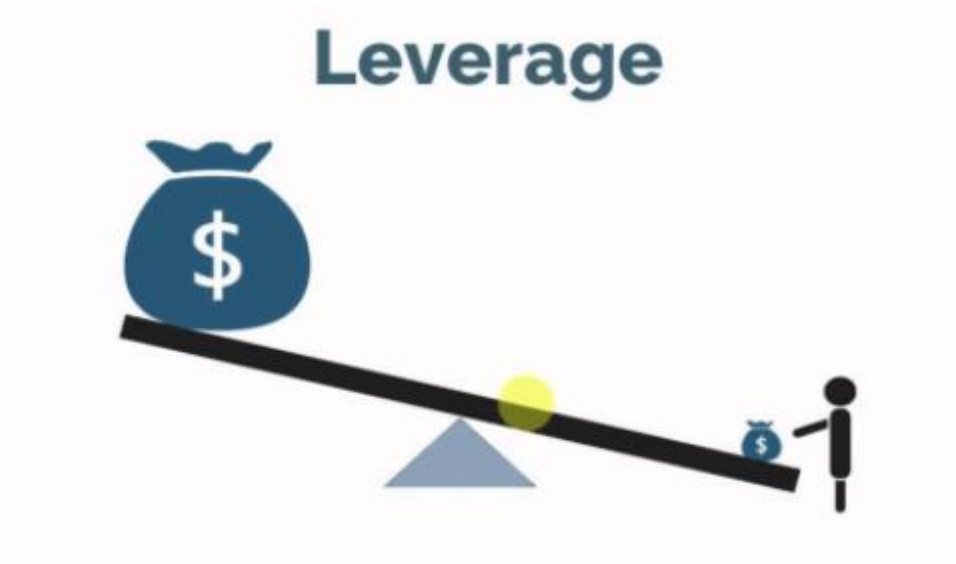
In trading, it has the same concept, the only difference is that you don't need to amortize what the broker lends you.

They will only lend you the amount you need so you can hold a trade even if you do have a small amount of capital deposited.

Think of your broker as a bank who basically fronts you $100,000 to buy currencies.

All the bank asks from you is that you give a $1,000 as a good faith deposit, which it will hold for you but not necessarily keep.

Source:tradingonlineguide.com



This how leverage works in Trading.

Leverage is usually represented in a ratio such as 1:50, 1:100, 1:200, 1:500.

This means that if you have a deposit of $1,000 and you chose to use 1:100 leverage, your $1,000 initial deposit can control $100,000 worth of currency.

And the margin required (in percentage) for you to open that trade considering $1,000 capital is based on leverage,

In this case 1:100 or 1/100 = 1%

So if for example you want to open a trade worth 10,000 units of currency or 0.1 mini lot, 1% of 10,000 units is 100. the broker will set aside $100 from your trading capital in order for you to open a trade position worth 10,000. *Sounds clear?*

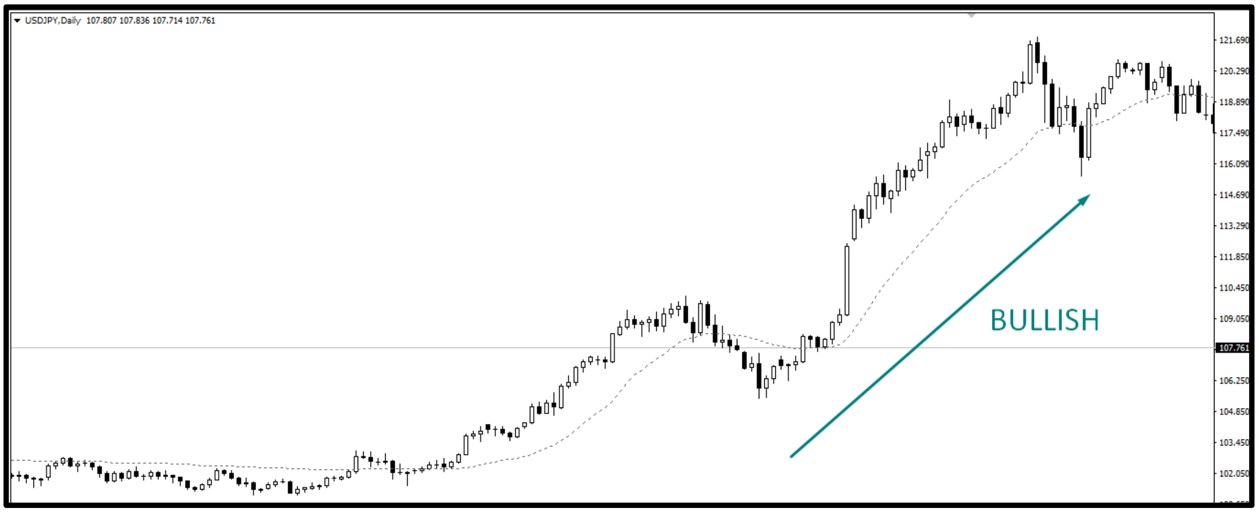
That $100 which was set aside by your broker is not a FEE, it is actually a deposit so you could temporarily own that 10,000 worth currency.

You will get it back once you close the trade, including the amount deducted if you lose a trade or additional amount if you won a trade.

The reason the broker requires the deposit is that while the trade is open, there’s a risk that you could lose money on the position!

BULLISH / BEARISH

Bullish and Bearish – Bullish is the term used if the price trend is rising or in an upward condition and Bearish if the price trend is declining or on a downward move.



Market Execution or Market Order or Instant Execution

It is just a term when you are about to enter a trade, it means that it will get you to the trade immediately with the current market price. This is typically used when you are confident with your analysis and setup and you don't want to miss a potential move.

Limit Order or Pending Order – Your trade will be executed only if the market has come to your desired price.

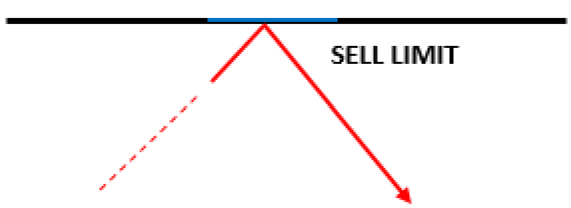
Example:

If the EUR/USD exchange rate is at 1.2350 and you place a buy limit order at 1.2200. Your trade will be executed once it comes to 1.2200 else you'll not be in the trade.

Below is some illustration between Buy and Sell Limit order:

Buy Limit Order - You'll enter a long position only if the market trades are low enough to your desired price level. It simply means that you'll have to wait for the price to go down before moving up again.

Sell Limit Order - You'll enter a short position only if the market trades are high enough to your desired price level. It simply means that you'll have to wait for the price to go up before moving down again.



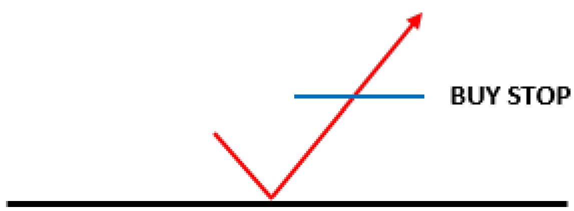
This order is usually used by short-term or swing traders because they want to get the best possible entry price as it improves their risk to reward.

Stop Order – This is the opposite of a limit order, your trade will be executed only along with the current market trend or the breakout. You are expecting that the price will continue to move and you will ride the momentum.

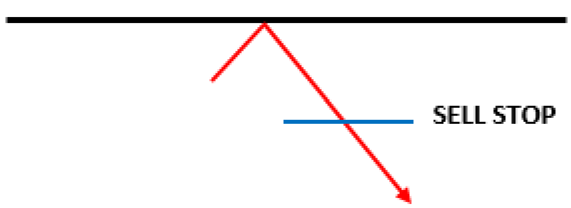
For example:

If EURUSD is trading at 1.2350 and you place a buy stop at $1.2450. This means you'll only get filled if EURUSD trades up to 1.2450, else you'll not be in the trade.

Buy Stop Order - You'll enter a long position only if the market trades high enough to trigger an entry then continuously goes up.



Sell Stop Order - You'll enter a short position only if the market trades low enough to trigger an entry then continuously goes down.



How can we participate in trading?

We can participate in the largest financial market through brokerage firms. Brokerage firms will be our gateway to place our order in the forex market.

We just have to open a trading account from them just like opening a bank account and later deposit a trading capital which would be used as a margin for you to hold a trade.

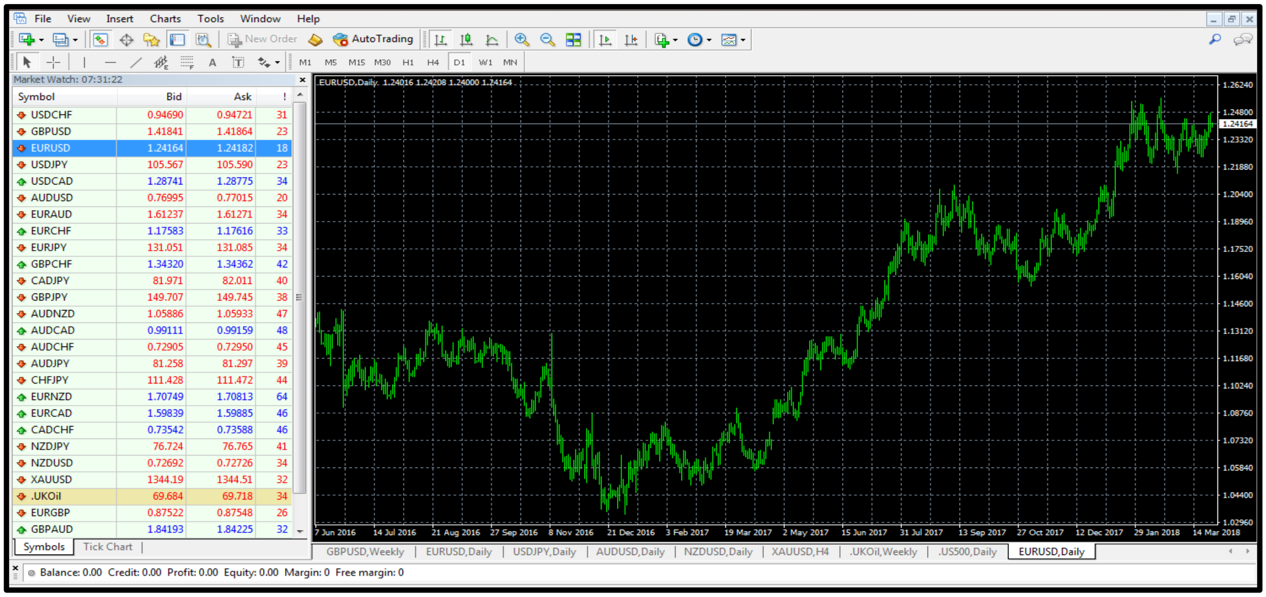
One great advantage of trading is that you can actually start and test it without spending a single cent. Brokers typically offer a "demo trading account" (virtual money use) which offers an advantage especially for those that are really new in trading to practice, learn first, familiarize and understand first how forex market works.

And actually, it is highly recommended to do so before going and opening a real trading account. *"It will be difficult to go into a war without having the slightest idea what's ahead of you."*

Every broker will provide what we call a "trading platform", an application where we can place our transaction virtually, check and monitor our position or trades.

The most popular trading platform software trader's use is the "MT4" – metatrader4.

Here is a snapshot of the basic platform (an MT4 type); you can tweak, adjust some parameters and settings to improve and have a clearer view depending on your preference.



This trading platform is an application where you can place your buy and sell orders, watch and monitor the market price movement and fluctuation. This is where your trading business will operate.

It is a "FREE" downloadable software that you can easily download on a broker's website. There is also a mobile application that you can install on your phone. However, I don't recommend it especially for beginners with regard to charting. I highly recommend at least a screen wide enough to view the overall market price.

Below are some of the brokers that you can start with. This is just purely a recommendation based on my personal experience.

[IC Market Account Opening (my current broker)]

Again, I am not affiliated with these international brokers. I only have experience with them. You are still responsible for choosing your preferred broker.

And in choosing a broker, you have to consider the following,

- Security and Regulation

At the very beginning, you have to understand the security of your money, you will not just put it in a broker without a high degree of security. And those brokers with a high level of security is regulated by the following bodies:

- ✓ United States: National Futures Association (NFA) and Commodity Futures Trading Commission (CFTC)
- ✓ United Kingdom: Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA)
- ✓ Australia: Australian Securities and Investment Commission (ASIC)
- ✓ Switzerland: Swiss Federal Banking Commission (SFBC)
- ✓ Germany: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFIN)
- ✓ France: Autorité des Marchés Financiers (AMF)
- ✓ Canada: Investment Information Regulatory Organization of Canada (IIROC)

- Transaction Cost

In any business, transaction costs are normal, and in trading, these will most probably be the "spread" and "the commission" that you'll have to pay in each of your trades.

It's all about finding the correct balance between security and low transaction costs. The lower the spread, the better.

- Deposit and Withdrawal

It should always be hassle-free! For us, in the Philippines, I do recommend to find a broker who uses Paypal for deposit and withdrawal. It is by far the most convenient for me. Then from Paypal, I transfer my withdrawal to G-Cash and/or to my local bank account linked to my Paypal.

- Execution

It is mandatory that your broker will execute your trade at the best possible price. In times of liquidity and volatility, there is no reason for your broker not to execute your trade in an amount close to what you have set. The speed at which your orders get filled is very important because of how fast the price movement is.

- Customer Service and Support

Along the way, you might experience problems and technical difficulties and therefore you must pick a broker that you could easily rely on and communicate with when problems arise. It is as important as their performance on executing your trades.

Here is a simple step to open a "DEMO Account".

I will let my current broker be the example since it is the one I am very much familiar with.

Here are simple steps on opening a demo account:

1. Go to any "Forex Online Broker", if you still don't have a preferred broker, this might be a good start, just click and follow this link IC Market Account Opening. You don't have to follow my recommendation, it just that, it is my current broker who handles my account. You have the option to choose yours, however, you have to choose it wisely as there are brokers that are being linked as SCAM.

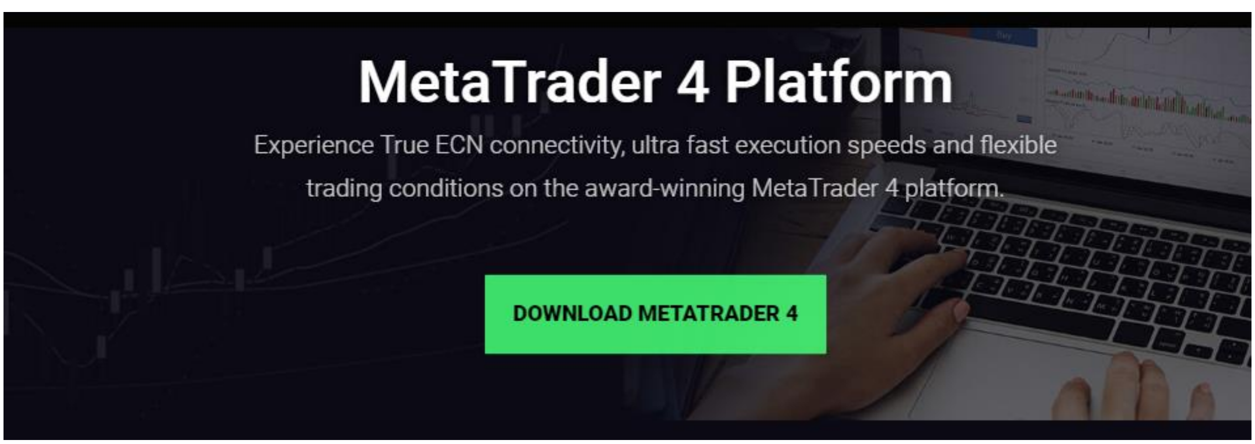
2. Click the "Try a Demo Account" or Open a demo account – it will redirect you to the application page.

3. Fill out the necessary information that is needed. Basically it only requires your full name, email address, the amount and currency you want to start to trade. I highly recommend that you put the amount similar to the capital you'll deposit when you trade "live". Start your demo trading account at least $500 – $1,000 and it depends on your preference.

4. Check your email for your account login, trader's password and the server of your trading.

5. Download the mt4 trading platform, which is also located on the page where you click the "open demo account". Just simply install it on your laptop and desktop. You have a choice to also download it on your mobile, but I highly discourage you from trading on mobile.

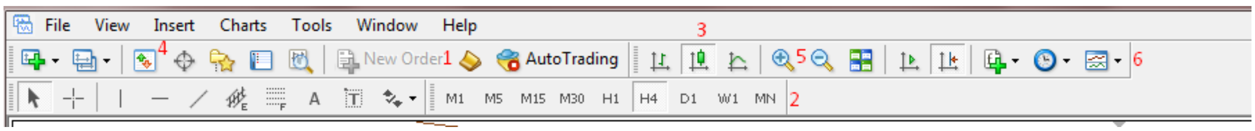
https://www.icmarkets.com/en/forex-trading-platform-metatrader/metatrader-4



After installing, just input all the information provided to your email by the broker and voila, you can start demo trading.

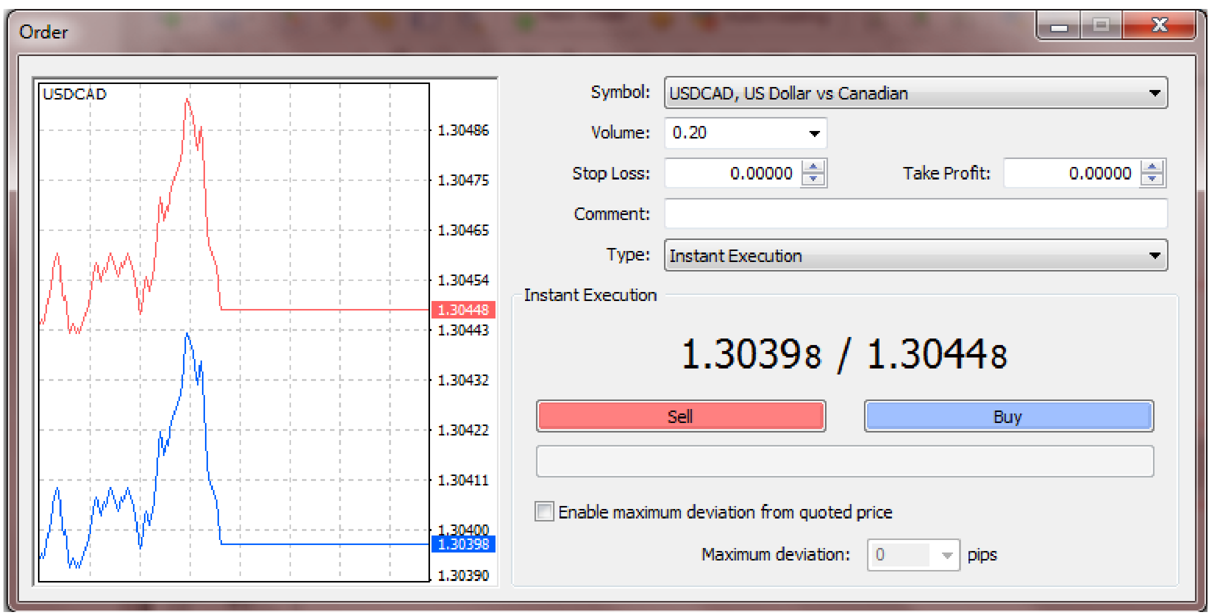
And your trading journey begins!

Basic MT4 Tab Navigation



In the mt4 platform, on the upper part are the tabs that will help you in everything you need in trading, and I just numbered those that are most commonly used. Anyway, you can try it when you are practicing a demo account.

1. "New Order" button – when clicking this button, this is where you will execute your order.



Let’s dive into each of the parameters.

Symbol: This is where you would choose the Instrument traded or the currency that you will buy or sell

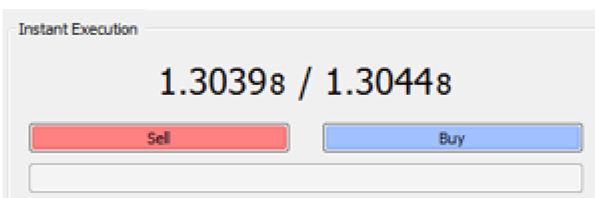
Volume: This is the Lot size or the Position size

Stop Loss: This will be your exit price if your trade goes wrong to protect your capital

Take Profit: This will be your exit price target where you will make a profit when your trade goes in your favor.

Type: This is the Order type either Instant Execution, Pending Orders (will discuss it further in the coming slides)

For Instant Execution:



The number on the left is the “CURRENT SELLING PRICE” and on the right is the “CURRENT BUYING PRICE”.

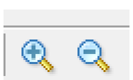
Basically for instant execution, your trade will be executed at the current market price.

2. “Time Frame” button – this is where you can select each time frame that will represent each market price from a certain time period.

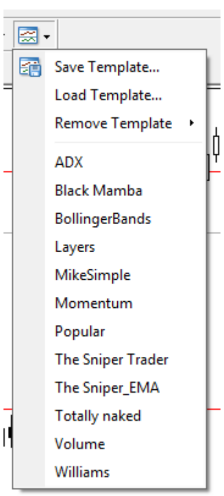
3. “Type of Chart” – there are 3 kinds of chart representation, which I will discuss later. But basically these are Line, Bar, and Candlestick chart.

4. "Market Watch" button – this button will show all the currency pairs including their current market price.

5. "Zoom In and Zoom Out" button – it will help you view the market price history in a wider range.



6. "Templates" - this is where you can save your chart templates,



The MT4 platform is very user-friendly, all you have to do is try first on the demo and see what's inside and what are the function of most of the buttons.

Now go ahead on the member's area to watch the video lessons

STEP 3. LEARN A PROVEN CONCEPT

LEARNING A PROVEN CONCEPT

You now have an overview and understanding of how the forex market works, learn some of the terminologies and most probably you are excited about how you can really enter a trade, buy or sell such currencies to make a profit already.

But before you can execute or buy any currency that you like, forex market is a lot different from a normal market, that you can buy items or goods on the current market price with the quantity you want as long as you have enough money in your hand – that you will buy an item whatever the current price demand is.

In forex market, it is important to know, gauge and understand the value of the current market price of a currency pair in order for you to determine the best possible buying or selling price that can make you a profit.

Our job or responsibility as a trader or as a business owner is to learn a proven concept to find that best value or the best opportunities to buy and sell currencies for us to make a potential profit.

We will not be trading randomly, lagi dapat tayong may basehan or logical reason why we took that buy order or sell order.

Dapat meron tayong sistema na susundin:

(1). WHEN WE SHOULD BUY OR SELL?

(2). HOW MUCH SHOULD WE BUY OR SELL?

(3). WHEN SHOULD WE TAKE PROFIT AND CUT LOSSES?

This would be the main topic in this steps and this playbook, I will share to you my proven concept that actually works. I know there are a lot of trading concept na nagkalat jan, and you might probably get overwhelm, alin ba talaga dapat?

And maybe you came across sa mga social media groups teaching this and that, and probably may nagtatalo na about kung alin ba ang dapat or kung alin ba mas magaling or maganda gamitin.

For me personally, I would rather focus on what really make sense to me, at the end of the day, ako naman yung magdedecide how I will approach my trading.

Now I am not saying that you just follow what I will be teaching, but make sure to really study it muna before you jump to other concept. Don't limit yourself to strive for more knowledge, but before you do it, make sure you focus on one or two concept first until you understand it, tested it. If it does not make sense to you, then feel free to learn another one.

Moving forward…

Before we can decide if it is time to buy na or sell na is that we need to understand first what is the current exchange rate condition. We need to understand muna the current market condition and situation.

There are 3 ways or methods to actually gauge it, these are using "FUNDAMENTAL, TECHNICAL and SENTIMENT Analysis".

My main concept is using the "Technical Aspect of the Price", but let me just give you a little bit of background on the other two.

Fundamental Analysis

– This is basically assessing the forex market condition based on the economic stability of each country or region, political, and geographical nature. And there are many factors to determine each condition, like for the economic status -- inflation, bank interest rates, unemployment, and others.

For example, the economy of US is in good condition, therefore, their currency will also strengthen. In this case, from the previous example that we have for the EUR/USD exchange rate of 1.2355, the economy of US is doing good, this means that the exchange rate for EUR/USD will decrease or go down. The same goes for Europe, if its economy is better than US, EUR/USD exchange rate will improve and increase.

The better the condition of the economy, the more foreign businesses, and investors will come, which means there will be an increased demand for that country's currency.

And most significant price fluctuations or market's sudden rise and fall of prices are due to these Economic Activities and News Events.

Those economic events have a huge impact on the price movement which can either make you or break you especially if you don't know what you are doing. But this really makes an opportunity also to make a significant profit in a short span of time.

Examples of economic events are the speeches from the President, Chairman, and Governors of the Central and Reserve Bank of each country such as the following:

Mario Draghi *(during my early trading career)* - ECB President

Jerome Powel - US Federal Reserve Chairman

Mark Carney – Bank of England Governor

Philip Lowe – Reserve Bank of Australia

Haruhiko Kuroda – Bank of Japan Governor

Adrian Orr – Reserve Bank of New Zealand Governor

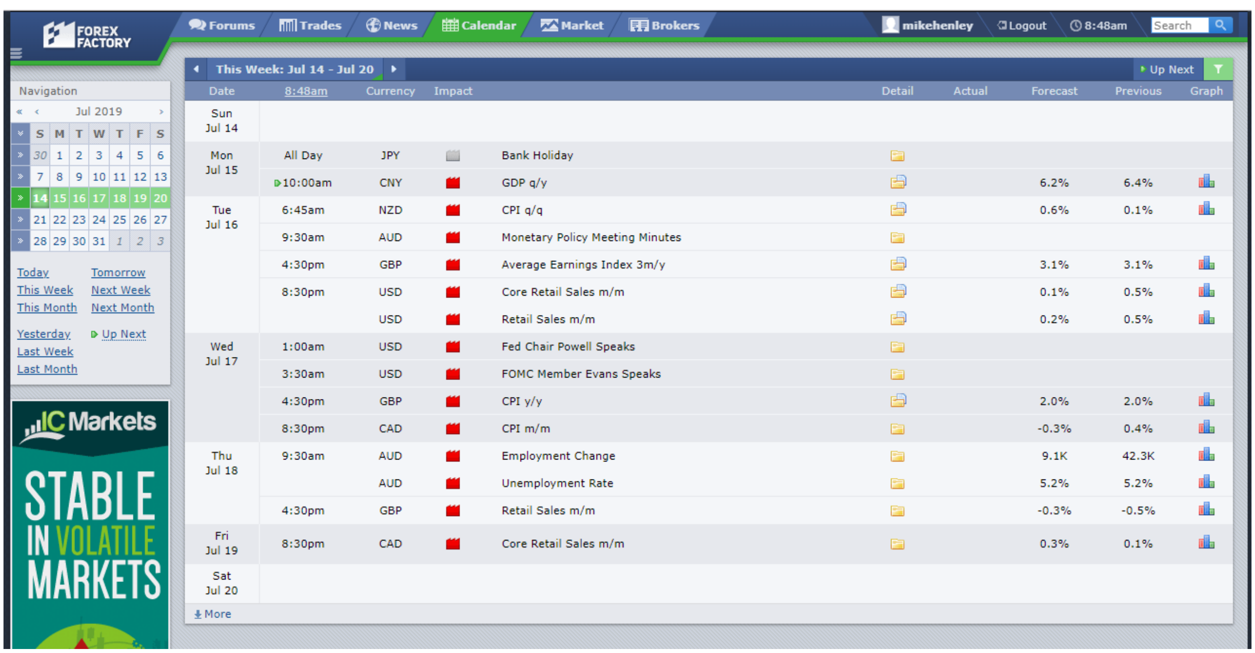
These could significantly drive and move the price in a short span of time. Also, news and economic events such as the announcement of Bank Interest Rates, Inflation and Employment Rate, etc.

And the most influential News Event that could really shake and move the exchange rate fast is the US Non-Farm Payroll which happens every 1st week of the month.

This is due to the fact that the US Dollar is the world's reserve currency and the most popular currency in the world.

You can track when will it happen using an Economic Calendar. This will show you the schedule of those major economic events to watch out for.

Head over to the www.forexfactory.com/calendar



Date	8:48am	Currency	Impact		Detail	Actual	Forecast	Previous	Graph
Sun Jul 14									
Mon Jul 15	All Day	JPY		Bank Holiday					
	10:00am	CNY		GDP q/y			6.2%	6.4%	
Tue Jul 16	6:45am	NZD		CPI q/q			0.6%	0.1%	
	9:30am	AUD		Monetary Policy Meeting Minutes					
	4:30pm	GBP		Average Earnings Index 3m/y			3.1%	3.1%	
	8:30pm	USD		Core Retail Sales m/m			0.1%	0.5%	
		USD		Retail Sales m/m			0.2%	0.5%	
Wed Jul 17	1:00am	USD		Fed Chair Powell Speaks					
	3:30am	USD		FOMC Member Evans Speaks					
	4:30pm	GBP		CPI y/y			2.0%	2.0%	
	8:30pm	CAD		CPI m/m			-0.3%	0.4%	
Thu Jul 18	9:30am	AUD		Employment Change			9.1K	42.3K	
		AUD		Unemployment Rate			5.2%	5.2%	
	4:30pm	GBP		Retail Sales m/m			-0.3%	-0.5%	
Fri Jul 19	8:30pm	CAD		Core Retail Sales m/m			0.3%	0.1%	
Sat Jul 20									

More

What I always do is I filter those with red flags “which represent high impact news or events.” It only signifies that you should expect a sudden market price move during that schedule. So if you are not prepared, just don’t take the trade.

Every weekend it is included in my trade setup anticipation, meaning, I look first on the event calendar to check what is the upcoming economic activities particularly for the currency that I am planning to trade.

Basically, this is some sort of awareness from my side to either consider reducing my risk exposure or close my trade prior to that day of the announcement.

Now, don't think of it as too complicated, as long as you follow the steps that you'll learn later on in this book and you don't need to actually learn that immediately especially if you are a beginner.

I am just sharing this, so you will also be aware that news and economic events are the most influential things that move the price of an exchange rate.

News and Economic events can significantly drive the market price and what we should do is anticipate potential risks and take advantage of the potential gains.

Sentiment Analysis

– This is the analysis that identifies and measures the overall psychological state of forex market participants. In a normal marketplace, for example, you will observe that there are common prices of goods because it is the mass psychology that they want. Even if the price of that good should be cheap or low, but the majority of the vendors agree that it should be a little higher, then that will be the sentiment.

The common term used in forex market sentiment is “BULLISH” or Bull Market and “Bearish” or Bear Market.

If the price tends to move upward it is referred to as a bullish market, and if the price tends to move downward it is referred to as a bearish market.

There are a lot of theories on why it is called Bullish and Bearish Market sentiments, but the most common idea is that price trends whether upward or downward-- reflected on each graph-- correspond to the movement that each animal uses when it fights. Bulls ram their horns forward and upward, whereas bears swipe downward with their claws.

Basically, Bullish and Bearish are the terms used in determining the current market price trend. So, if the market is bullish, you are looking to buy, otherwise sell, when the market price is bearish.

Now let’s proceed…

Technical Analysis

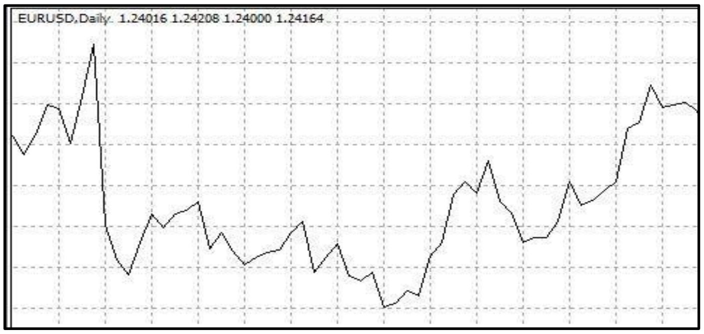
– This is the most widely used method in analyzing the market. A method of analyzing the forex price chart based on historical data using different kinds of analytical tools.

Technical analysis helps us visualize what will be the future prices based on its historical “PRICE ACTION”.

Since the forex market has a 24-hour market operation it will definitely have a large amount of data that can be used to gauge future price activity, thereby increasing the probability and significance of technical analysis.

Technical Analysis is analyzing the market using a price “CHART”, which we can see on the trading platform and are graphically represented for ease of visualization

There are 3 types of price chart representation, the Line Chart, Bar Chart and the most common and popular (which is also the core concept of how I view the market price chart) “The CANDLE STICK chart”.



LINE CHART – A price chart represented by a simple line which shows only the closing price to the next closing price. You can visualize the price trend and where it is heading.

BAR Chart – A price chart represented by different lengths of vertical lines which show the opening and closing prices, as well as the highs and lows.

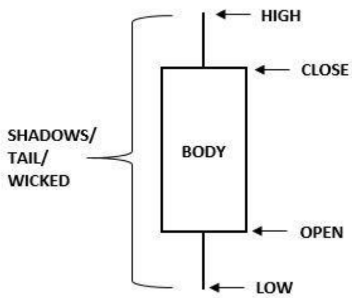
The bottom of the vertical line indicates the lowest traded price, while the top of the bar indicates the highest price from a certain time period. The small horizontal line on each of the vertical lines shows the opening (left side) and closing price (right side).

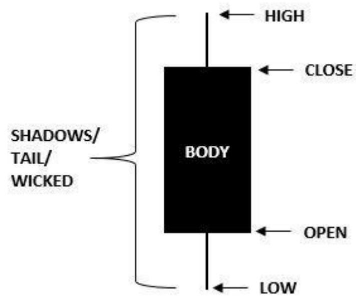
CANDLESTICK Chart – This is the same concept with the bar chart but the candlestick chart is the most widely used because of its better graphical representation of the price.

This chart is mainly composed of different sizes and shapes of candlesticks which include the OPEN, CLOSE, HIGH and LOW range represented by a vertical line.

Candlestick is graphically like a normal candle body, representing the range between the opening and the closing price.

To easily visualize, candlestick bodies are represented with colors,

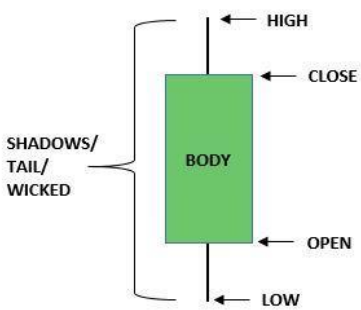


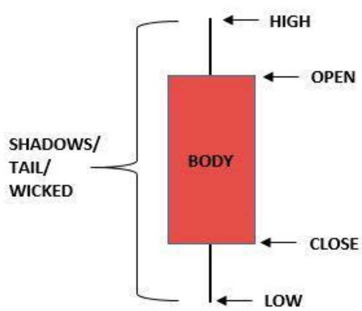


If the closing price is higher than the open price, it is typically filled with "white" or "green" color (means traders are BUYING) and is also called "BULLISH" candle which represents that the market price is in an upward movement and will tend to move higher.

If the closing price is lower than the open price, it is typically filled with "black" or "red" color which represents that the market price is downward and tends to move lower (means traders are SELLING), also called "BEARISH" candle.

See below illustration with a red and green color which are most widely used:





Candlestick alone is very easy to use and adapt because you can easily visualize the condition of the price based on its color, body and the shadows or what we call, "wick" or tail.

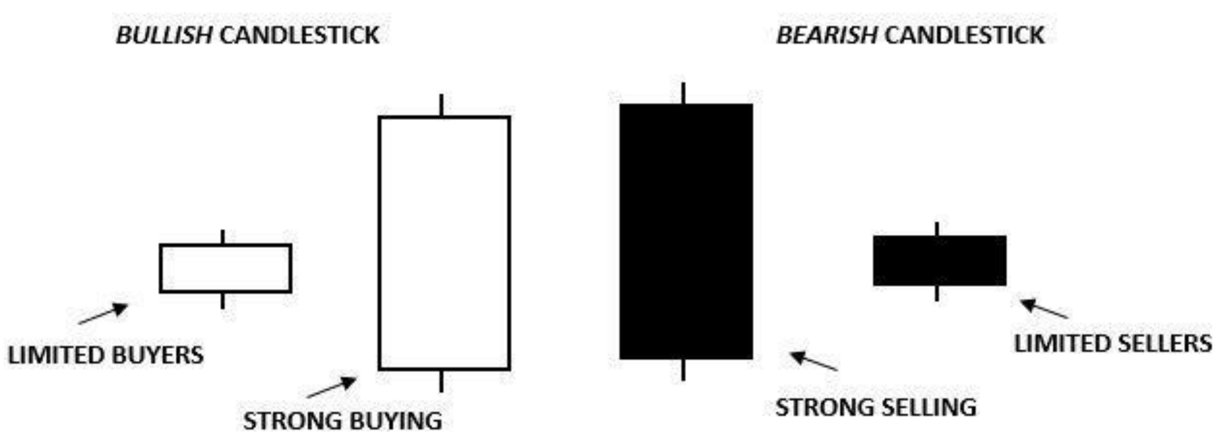
You can easily determine if who is in control, the buyers or the sellers by viewing the size of the candlestick body, if you see a small body, it means that the open and closing price are narrow, there is a balance between buyers or sellers and no one is aggressive and the price does not move too high or too low.

If you see a much longer tail on the lowest price as compared to the highest price, it means that there are a lot of buyers taking in the lowest position and it surely means that buyers want to take over.

Technical analysis is a method that helps us to analyse and identify valuable price area on the chart that we could focus on looking and anticipating for a potential buy and sell opportunities.

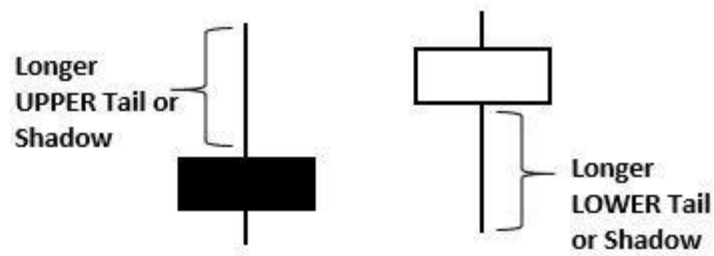
And one of the most popular technical analysis method is understanding the "Action of the Price" which are typically represented by the candlestick chart.

As discussed earlier, the candlestick bar shows the opening, closing, high and low price of the current time. The white or Green color candlestick represents Bullish or buying opportunity while Black or Red candlestick represents Bearish or selling opportunity.

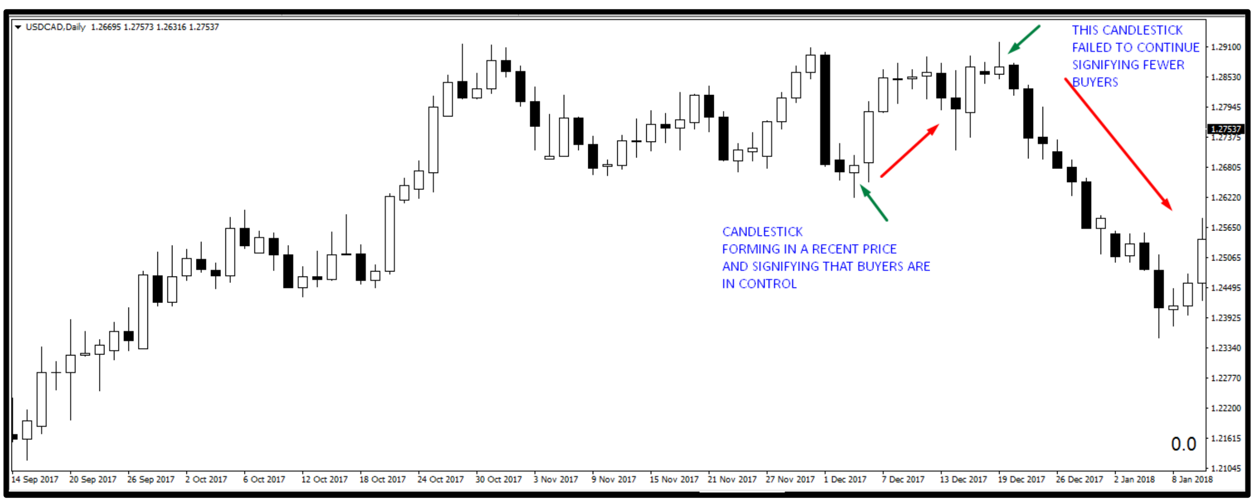


Candlestick has a better representation through shapes and sizes of the body including its tails/shadows/wicks. The open and close price will represent the body and the tails/shadows/wicks will represent the High and Low price.

With the above candlestick bar representation, the longer/bigger the body signifies aggressiveness between buyers or sellers on a specific time frame where it is form.

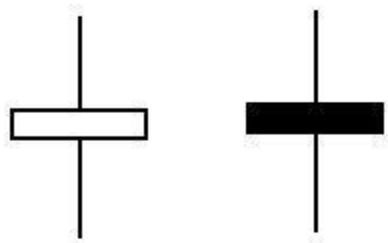


Candlestick with long upper shadow or tail and shorter lower shadow means the buyers want the price high but a lot of sellers came in and returns back to its open price. And the long lower shadow means that sellers forced the price lower but a lot of buyers take in and return back to its open price.



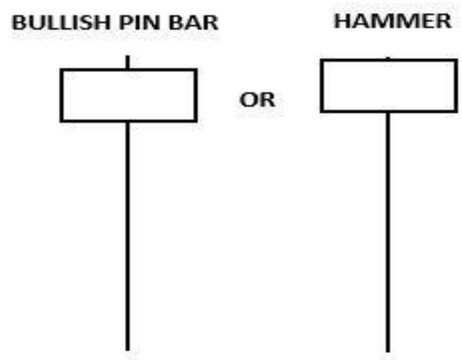
Let’s put another example and some of the popular type of candlestick bars:

SPINNING TOP CANDLEBAR

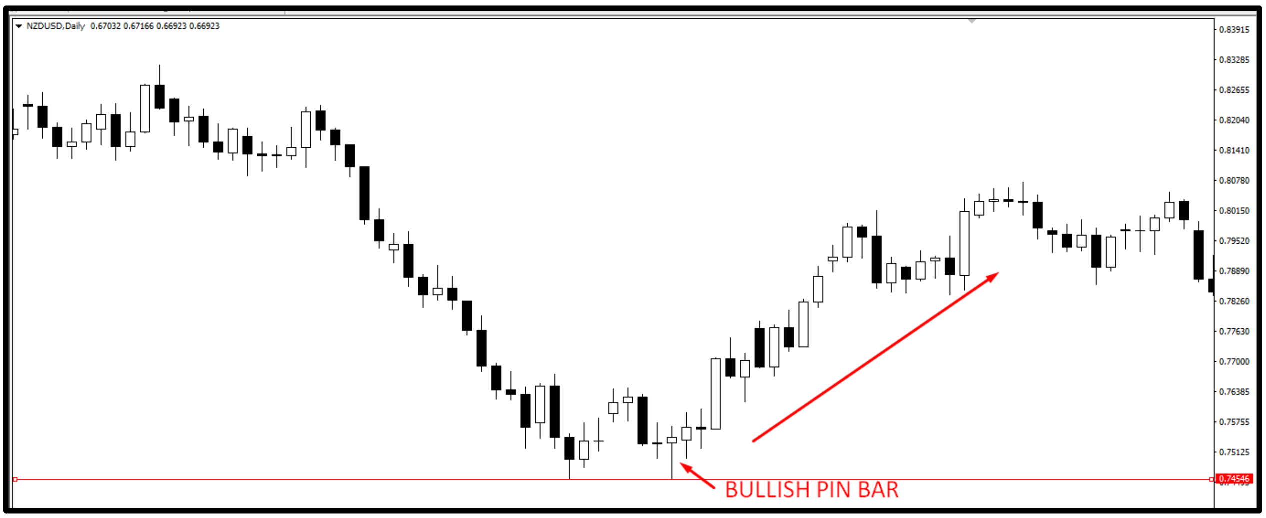


SPINNING TOP – candlestick bar with a small body (little movement between buyers or sellers) and a balance High/Low (tail) signifying that Buyers and Sellers are fighting, but no one wins and dictated the price.

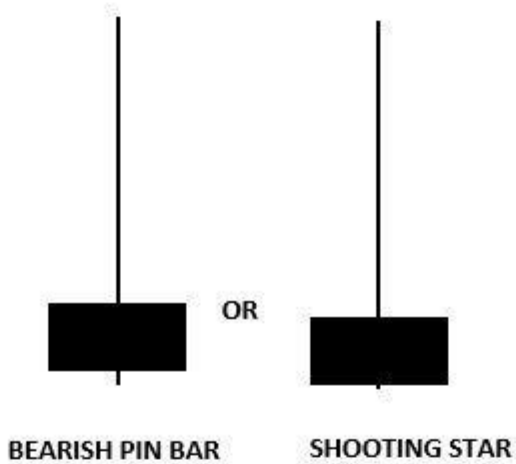
If you see the spinning top form in an uptrend, this means that there is less buyer already while if the spinning top forms on a downtrend, it means less seller. And can signify also that a reversal of the current trend is more likely to happen.



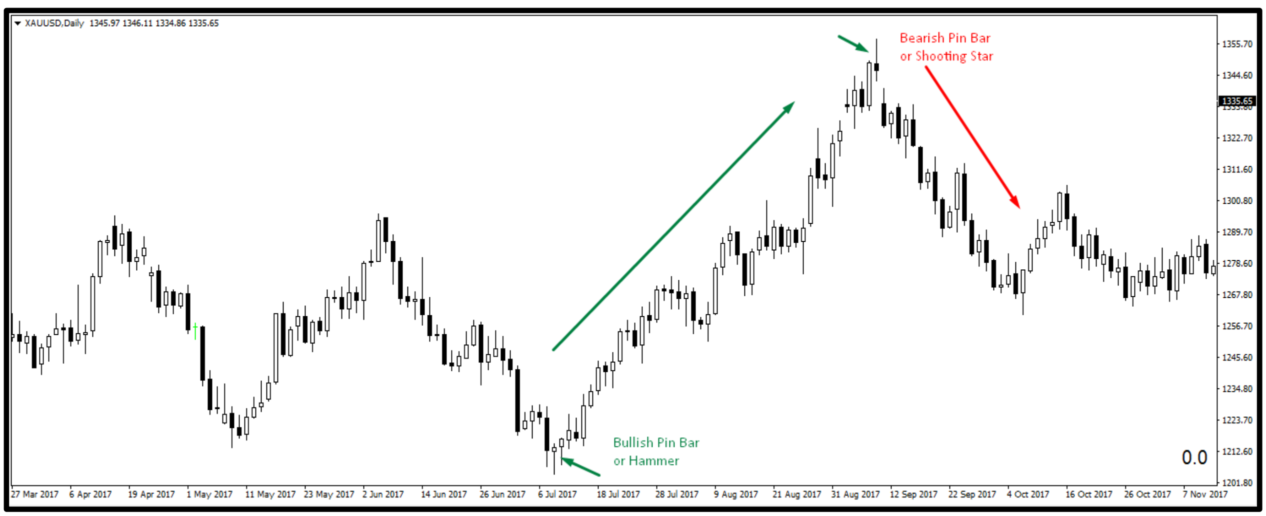
BULLISH PIN BAR – is a powerful bullish reversal candlestick with "super long LOWER tail or shadow" about triple of the body's length which signifies that buyers are in control. When we say reversal, this typically forms at the bottom of a downtrend signifying a reversal and an uptrend will likely happen. The color of the body is not so important, what you need to consider is the "long lower shadows or tail".



BEARISH PIN BAR – is a powerful bearish reversal candlestick with "super long UPPER tail or shadows" about triple of the body's length which signifies that sellers are in control. This typically forms at the top of an uptrend signifying a reversal and a downtrend will likely happen. The color of the body is not so important, what you need to consider is the "long upper shadow or tail"

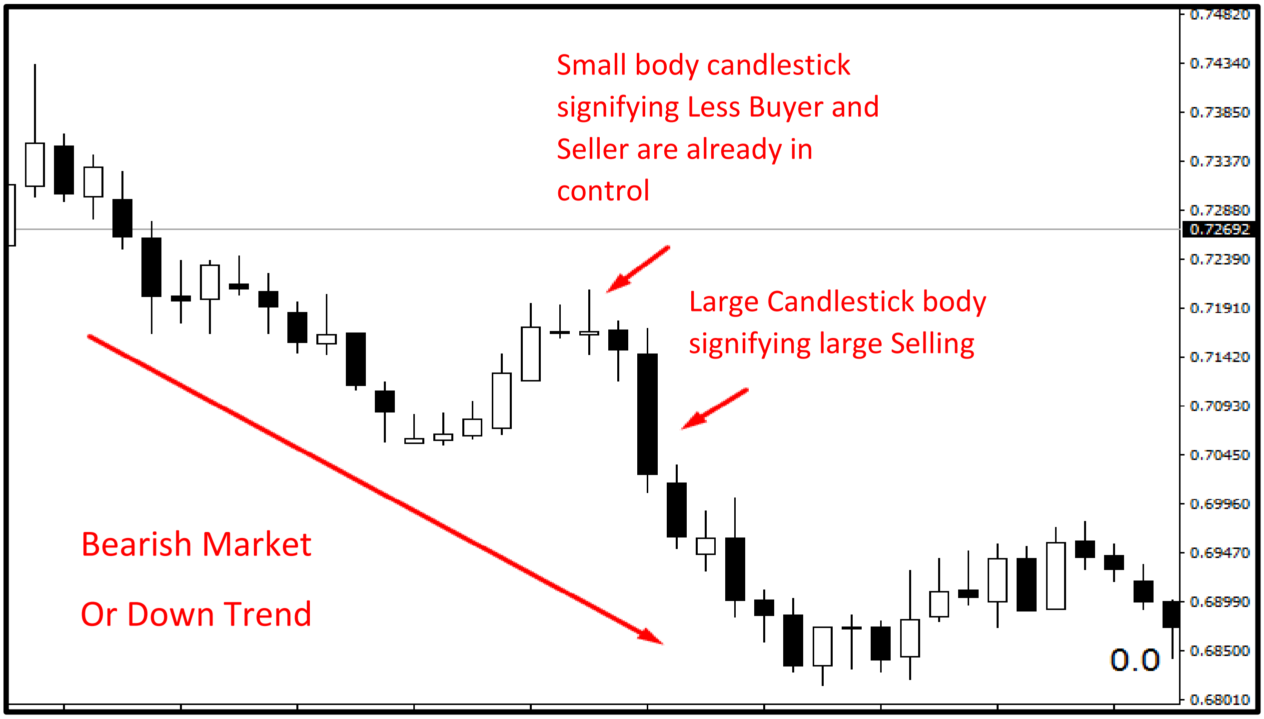


Take a closer look at below sample chart.



These are some of the basic but powerful candlesticks that can give you a visual representation of the market price, which includes where the price will be heading and who is really in control, the buyer or sellers.

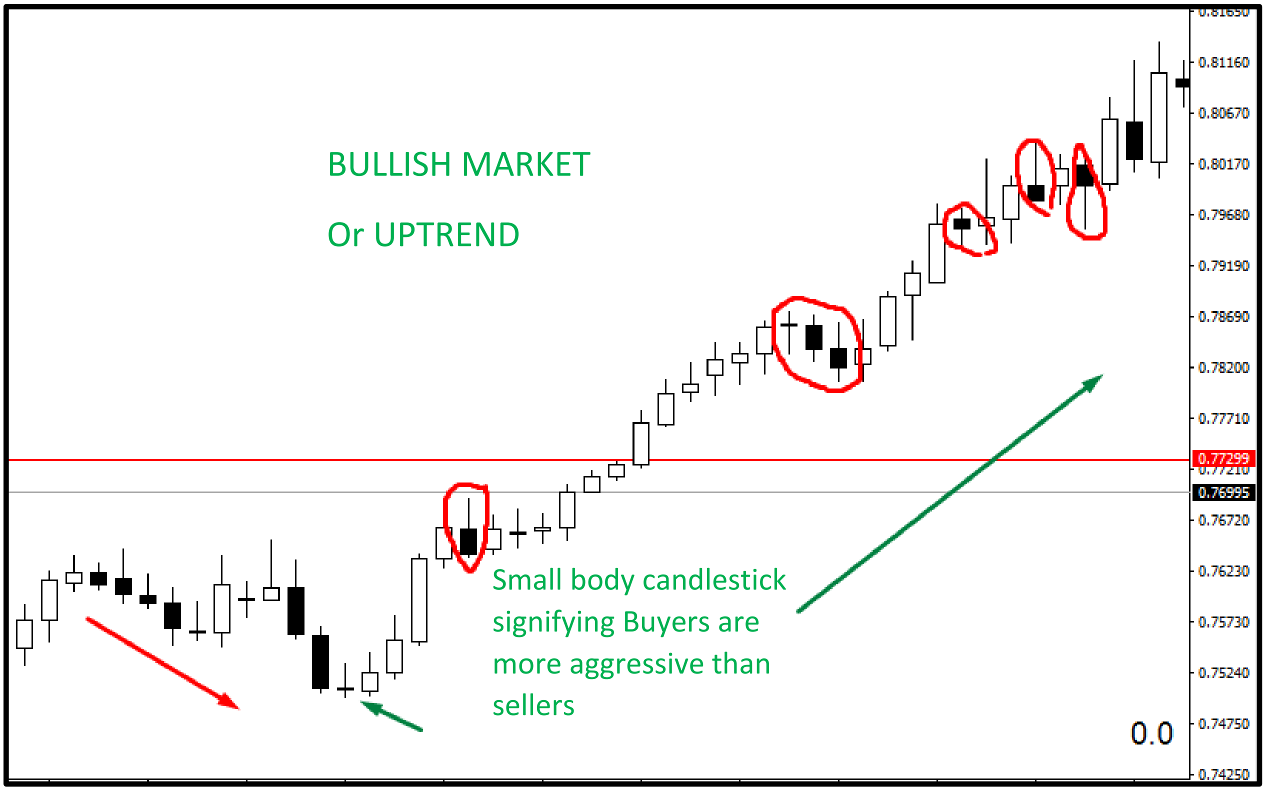
Let us take another example from the chart below:



The above chart shows that SELLERS are in control, as you will observe there are more "black filled" candlesticks representing SELLING pressure.

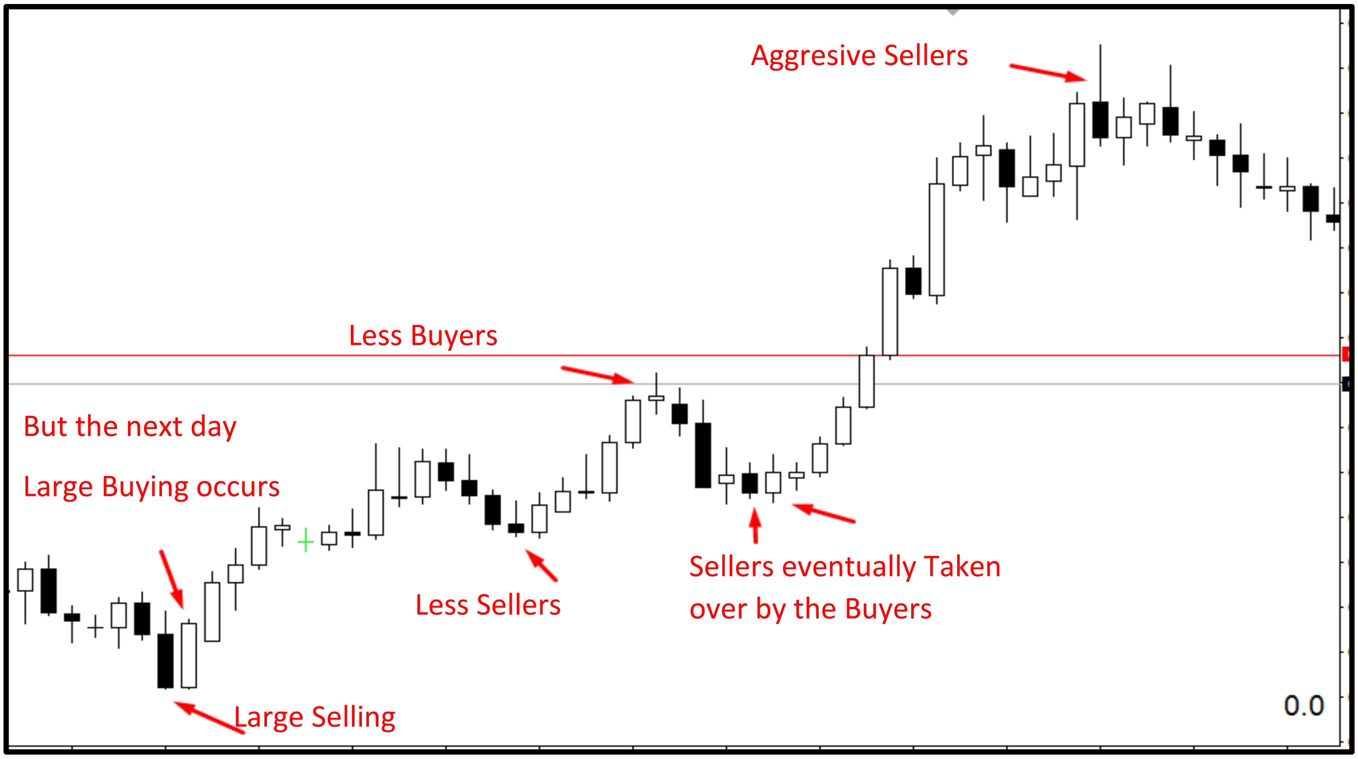
Combining candlestick with other technical indicators could significantly form a structure or framework on what the market is doing, how buyers and sellers are reacting on the "price action" happening on a particular time frame.

Let's take a look with below Bullish or Uptrend Chart:



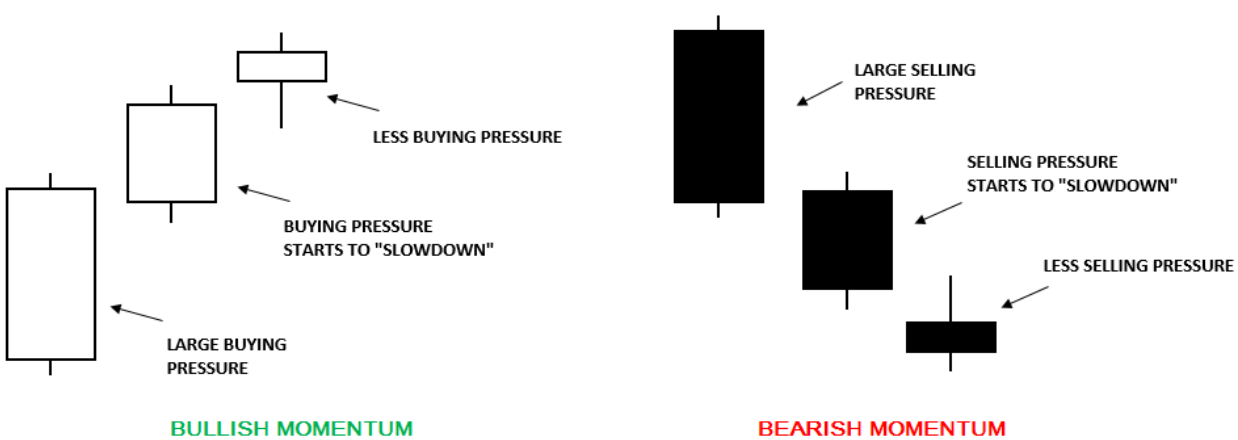
In a bullish or uptrend market, you can observe a more "white or green filled candles" which will represent an obvious buying pressure and momentum and only a few black filled candles encircled in red.

Let's take another chart for example:



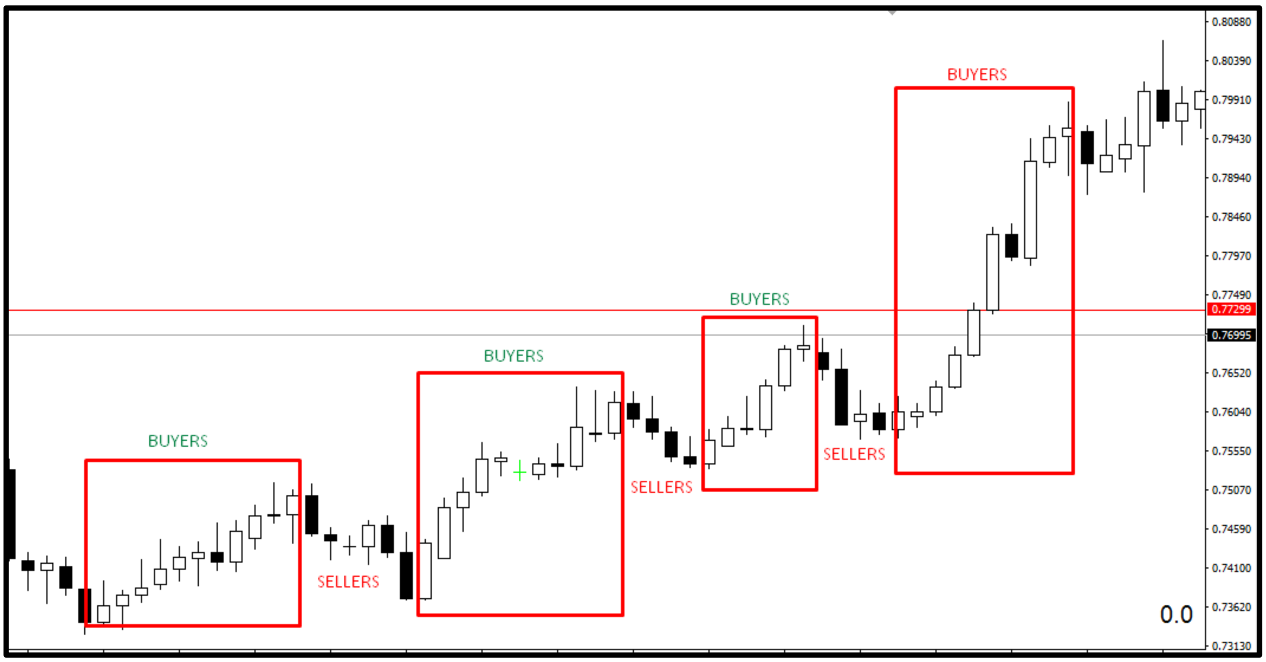
With candlestick/bar you can easily visualize what is happening with the market price, you can easily understand where it is heading, easily identify who wins between the bulls and bears, especially who takes over, the buyers or the sellers.

And it also helps to identify whether the Bullish and Bearish Trend is "weakening" or slowing down, take a look at the below snapshot:



The Lesser the Buying pressure is, it will signify that Sellers want to take over, the same goes with the Lesser Selling pressure that will lead to Buyers taking over. And the logic is, that is the opportunity you could start selling or buying.

Candlesticks are so "vital" to form a structure or framework that could help us understand the market price situation.



These are just a simple illustration how powerful the candlestick are to represents the action of the price.

Those candlestick, series of candlestick if combine will form a structure and framework for us to easily visualize what's going on in the market.

THE TIME FRAME

In trading platform, we can view the exchange rate fluctuation every minute, every 5minutes, 15minutes, 1hr, 4hr, on a Daily basis, Weekly and Monthly.

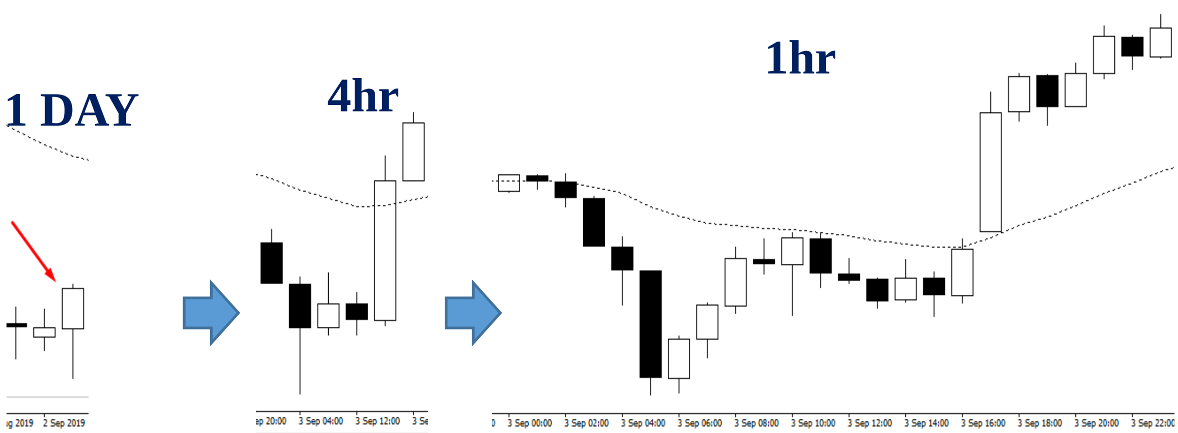
Those are what we call time frame, and thanks to the candlestick, we can easily view and understand what's going on the market every day, every hour and so on.

If you choose and select the daily time frame, each candle stick represents one whole day price fluctuation, if you check the 1hr, it represents every hour price fluctuation and so on.

Go on to the trading platform, check and observe it.

Since the market operates 24hrs in 1 Day, that one day price fluctuation will have 6 4hr candles, and 24 1hr candles and so on.

Below is just a simple illustration:



Trading time frame will be vital part of our trading, because we can participate trading depending on what time frame we choose. And this will depends what approach, what techniques, what style will be suited on each trading time frame. Along the way you will discover and learn naman the right way how to trade or how to utilize each trading time frame.

Each trading time will definitely plays a role on each trading style or strategy and syempre your trading preference.

That is why this playbook is named "part-time" because it was designed to those corporate employee like me that has limited time observing and viewing the market. And the most suited time frame will definitely the "Daily" time frame, I can check the chart on the daily basis, back then, my trading time is before I go to work, and after the work.

You can further understand it later..

Let us just move forward…

FINDING HIGHLY PROFITABLE TRADE OPPORTUNITIES

In finding a highly probability trade setup or opportunities to trade, you need to always "ask" these 3 questions:

(1). What is the current and obvious dominant market price direction or "Trend"?

Is it trending higher or lower?

(2). What is the current "Market Structure"?

(3). Where are the significant areas or the obvious market price turning points?

KNOWING THE OVERALL DOMINANT TREND

Knowing when to buy or sell comes from knowing what the market price trend is.

You are buying when the price is on UPTREND and sell when the price is on a DOWNTREND.

"The TREND is your FRIEND".

Which really holds true, it can give you the most profit if you follow it.

You must execute a trade along with the dominant direction of the market.

If the market price is trending higher, you should take only a "long" position. And if the market price is trending lower, it is best to execute a "short" position.

Don't be a superhero trying to counter a trend and execute a trade against the overall dominant market price trend if you want to survive.

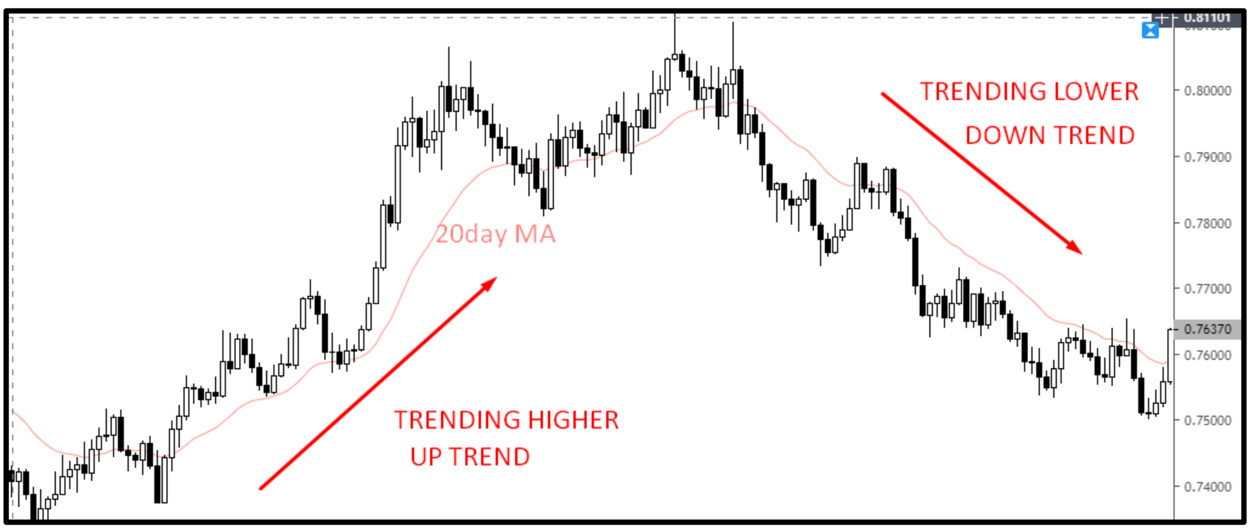
Now, there are several ways to identify the market trend and for you to avoid overwhelming information, let's just focus on the most popular one.

The most popular way to gauge the trend is by using a moving averages technical indicator, which is available on the trading platform.

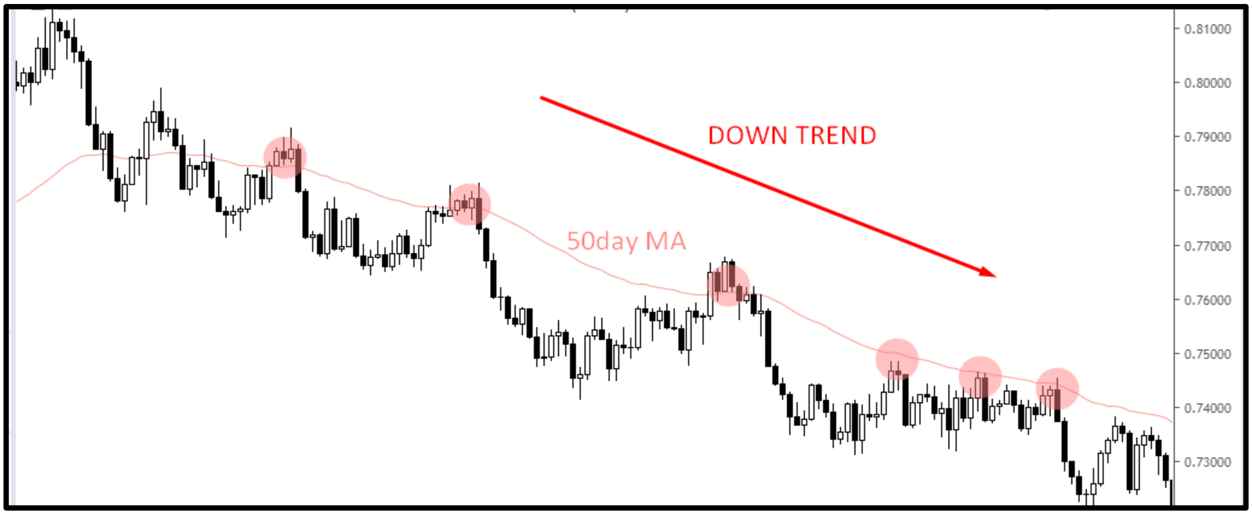
To determine the "Short Term Trend"- use 20day Moving Average. This normally represents a "STRONG" trend due to the slope of its line.

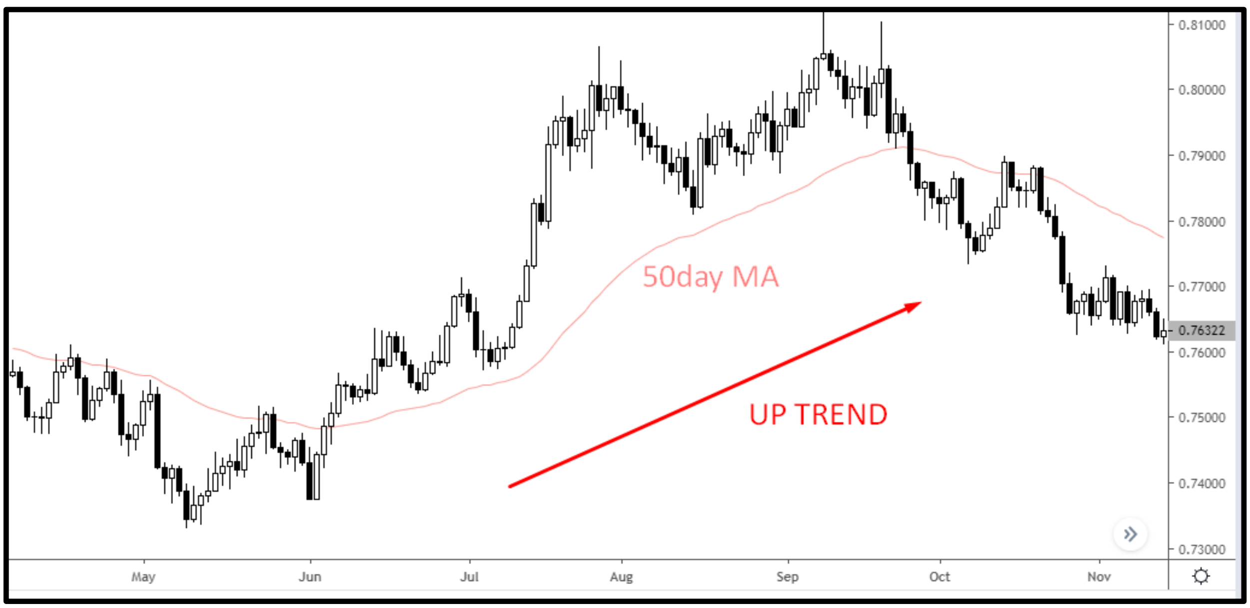
Short term trend means it can only last in a few hours, days or several weeks which really depends on the time frame you are using.

The steeper the slope is, it means that the trend is really strong, and when the slope of the MA tends or starts to become flat, it could be a sign that the trend is now ending.



To identify the "MEDIUM TERM" Trend – use 50day or 100day Moving Average





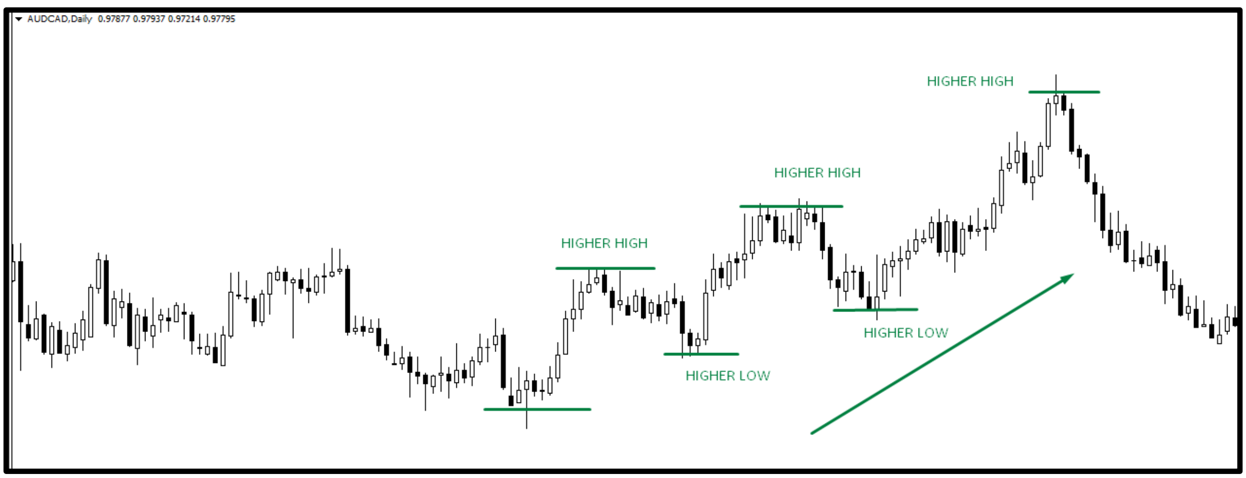
Medium trends means it can last for several weeks and months.

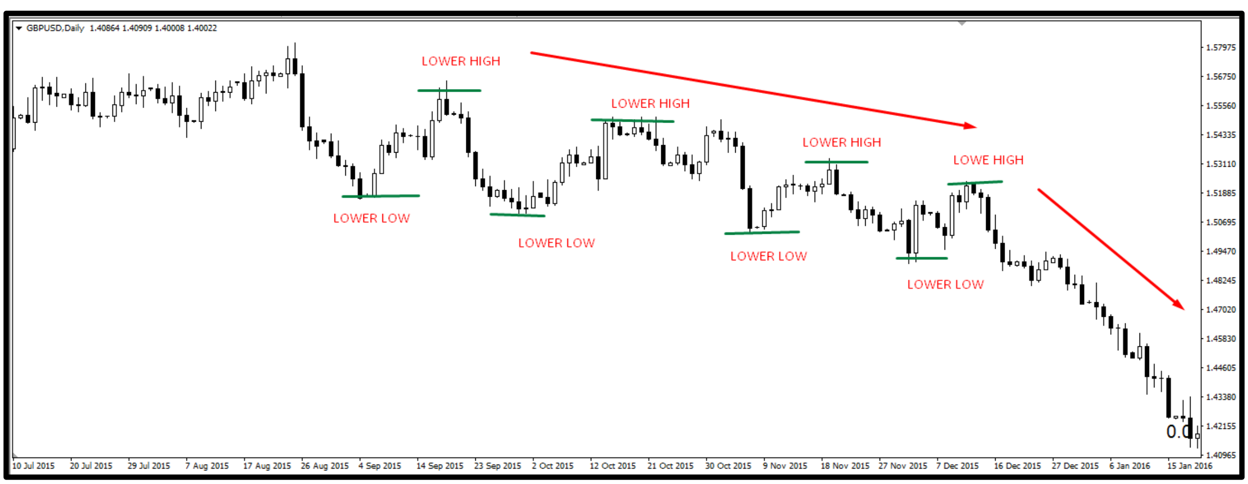
The concept or idea here is, when the price is above the Moving Average, you have to look for buying opportunities only. And when the market price is below it, you should only look and execute "sell" positions.

These moving average will shows us a clear indication on what the current price direction is and will help us to also identify the market structure as well

Another way to identify if the market is trending higher or lower is through the market swing points. The market will not move the price in a straight path but rather climb in a series of price swing points because of the dominant or aggressiveness behavior of either the buyers when in uptrend and sellers in a downtrend.

And this will be discussed on the Market Structure.





THE MARKET STRUCTURE

Understanding the "ACTION OF THE PRICE" represented by candlestick or series of candlestick can easily help us to study what happens on the "past" market price, observe the "current" price and predict what will be the "future" price or direction.

ACTION OF THE PRICE shows everything what buyers and sellers are doing.

Price action also represent a collective psychological behavior between buyers and sellers, which eventually creates a "PRICE STRUCTURE" or the ORDER FLOW.

Good Trading decision will be based on your ability to read the "price action structure".

To understand the current market structure, it will be typically illustrated and represented what is the underlying market price demand and movement or what we call the transaction or order flow made by the buyers and sellers.

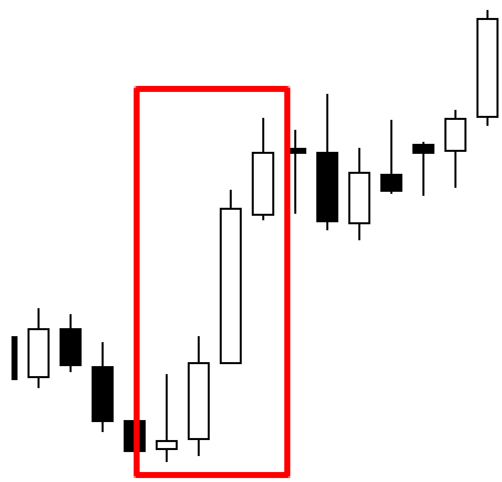
Understanding the price action structure, it is the price movement underlying on the dominant demand and order flow with the buyers and sellers. This movement can be identify by an "IMPULSE " and "CORRECTIVE" price moves specially if the market is trending upward or downward.

IMPULSE PRICE MOVE

Means that the price movement dominate one side either (buying or selling).

It represents a large move or an aggressive move between buyers and sellers. Its characteristic typically represented by a large candlestick, with majority of one color and the candlestick typically closes above and with the direction of the dominant trend.

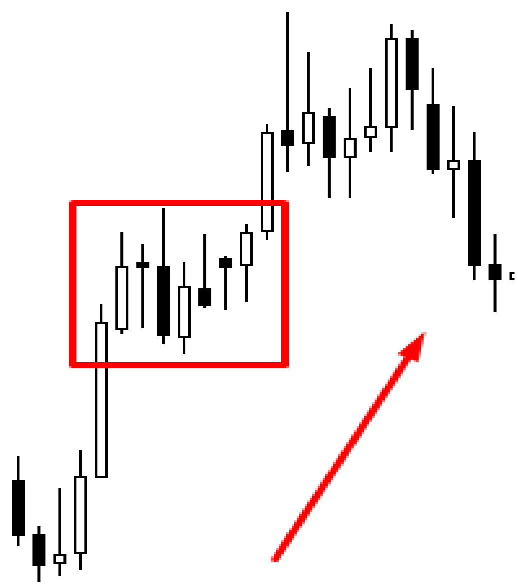
I consider this as an "IMBALANCE" price move since it is dominated by either the aggressiveness of buyer or seller.



CORRECTIVE PRICE MOVE

Means that the price movement is resting from a significant impulse move and the price move turns to slowdown. And can be also identifies that some of trader are taking profit already either from buying or selling. It also means that the current dominant trend either bullish or bearish are tested if it could be able to continue or not.

I consider this as a "Balance" price move between the buyers and the sellers since no one dominates. There is no sign of aggressiveness on either the buyer or the seller.



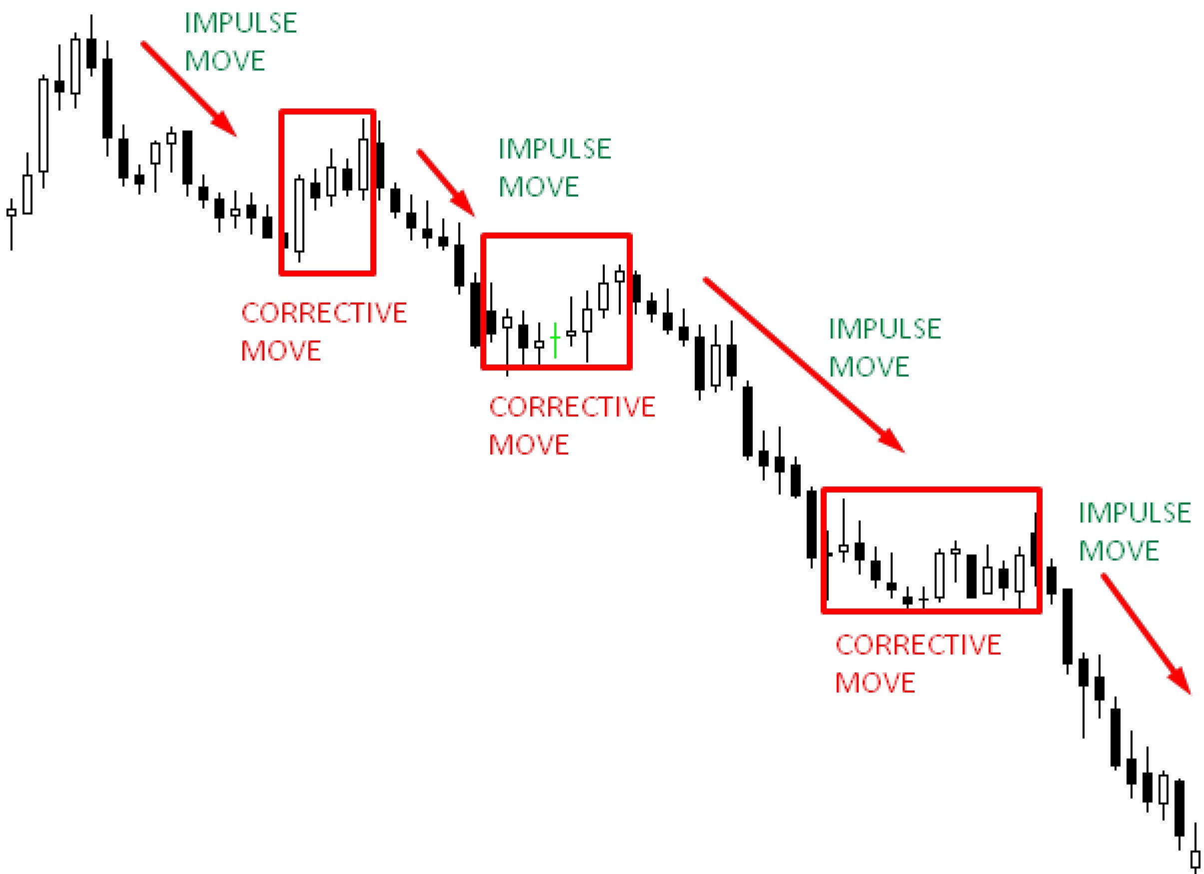
The market price will not move up or down on a straight path or on a straight line.

Hindi tataas ang market price ng derederetso, it will create this market framework or structure.

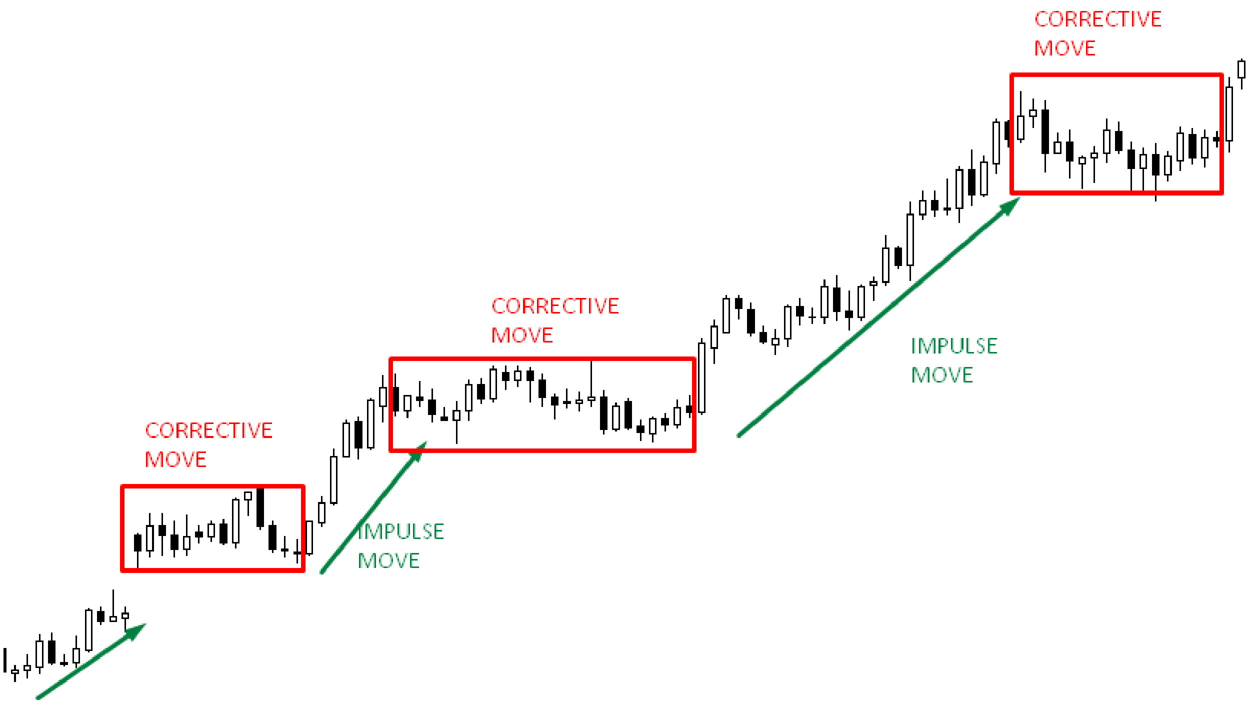
When we view the price condition, we can see a series of Impulse and Corrective move..

See below illustration.

On a downtrend, or kapag pababa ang exchange rate, below is the example of the market structure showing that after every Impulse Move or Imbalance price move, Corrective price move occurs



The same situation can be observed when the market price is trending higher.

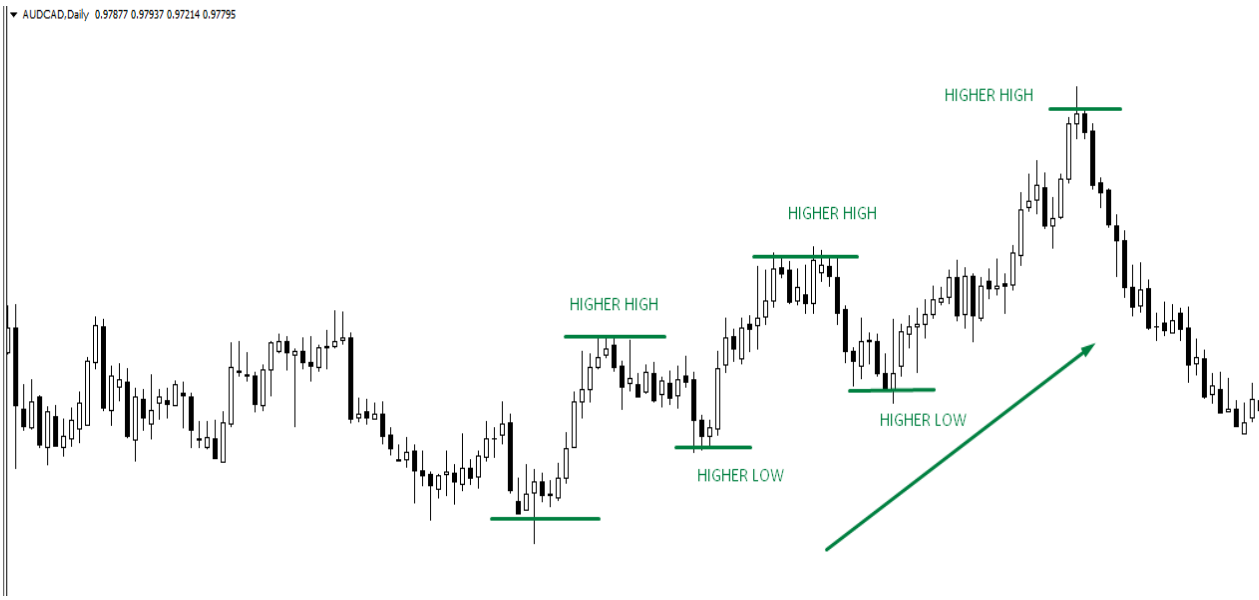


And to easily identify if the market price is trending higher or lower.

This impulse and corrective move will also represents the overall market price trend.

In an up trending market, it will typically form a series of Higher High and Higher Lower price, while in a down trending market, it will typically form a series of Lower High and Lower Low price.

See the illustration below:



HH – Higher Highs – forms during an uptrend and higher price typically breaking the previous highest price.

HL – Higher Lows – forms during corrective moves and typically failed to break the previous lowest price.

LH – Lower Highs – forms during a downtrend and the end of the corrective move, attempting to break the highest price.

LL – Lower Lows – forms during a downtrend breaking the previous lowest price.

This framework will be the structure kung saan tayo kukuha or magbabase ng mga trade ideas or potential trade opportunities.

You can go ahead on the members training area to further understand it by watching the video lesson.

IDENTIFYING MARKET TURNING POINTS

Now, after determining what the overall dominant market price trend is, and you now have the understanding about the market structure, the next thing you need to identify are those valuable areas on the price chart. You have to locate those “significant” market price turning points.

Actually, those turning points are the most obvious highest and lowest price on the chart.

Turning points means turn of events happen or the obvious change of market direction occurs.

Those are price levels where Buyers and Sellers are willing to take a trade.

You probably heard about Buy Low and Sell High.

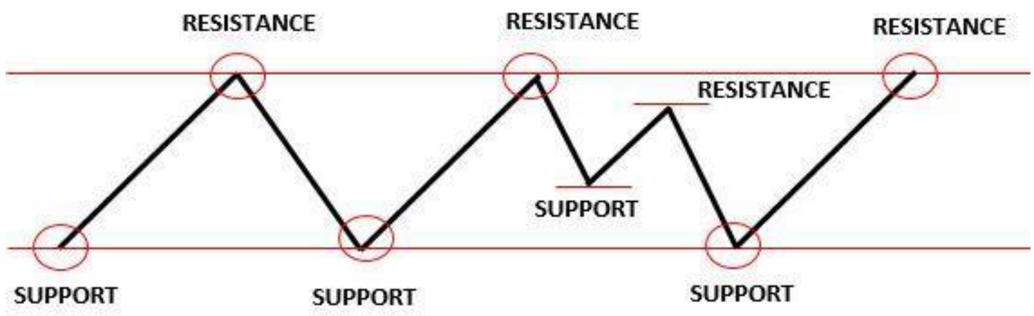
But how to know what’s low and what is high?

And this is where “SUPPORT and RESISTANCE” come in. This is the most common and popular way on finding the market price turning points.

SUPPORT is the area of value in an uptrend where most of the buying demand takes place and RESISTANCE is the area of value in a downtrend that represents a price ceiling that triggers selling demand.

SUPPORT AND RESISTANCE

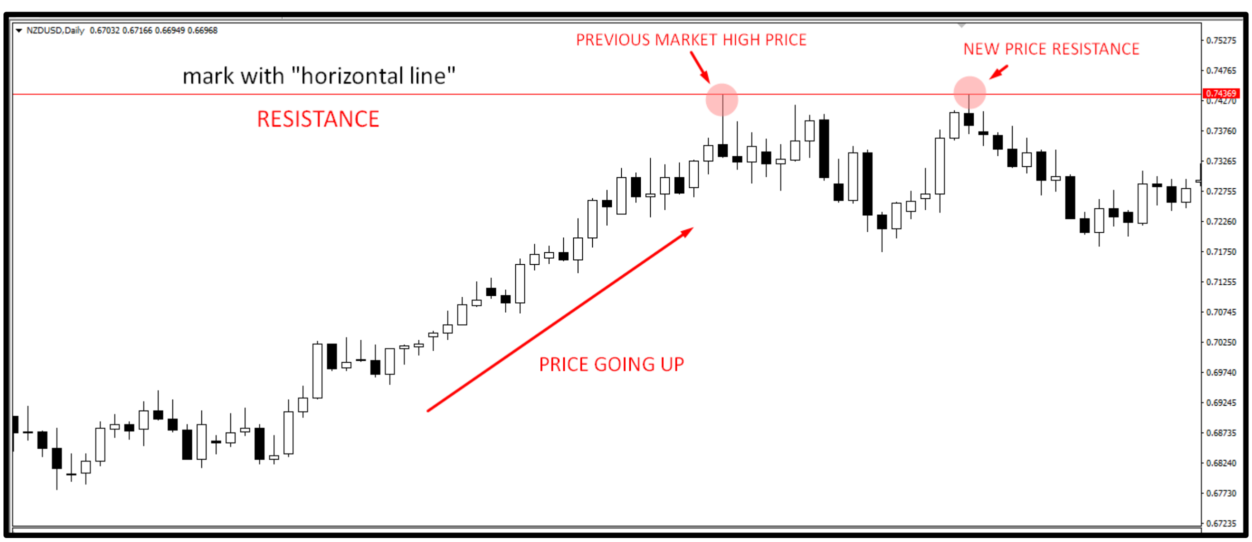
These are areas on the chart where price has difficulty breaking through. SUPPORT is a price level or area on the chart which tends to stop prices from falling below. RESISTANCE is a price level or area that acts as a price ceiling that price cannot break above.

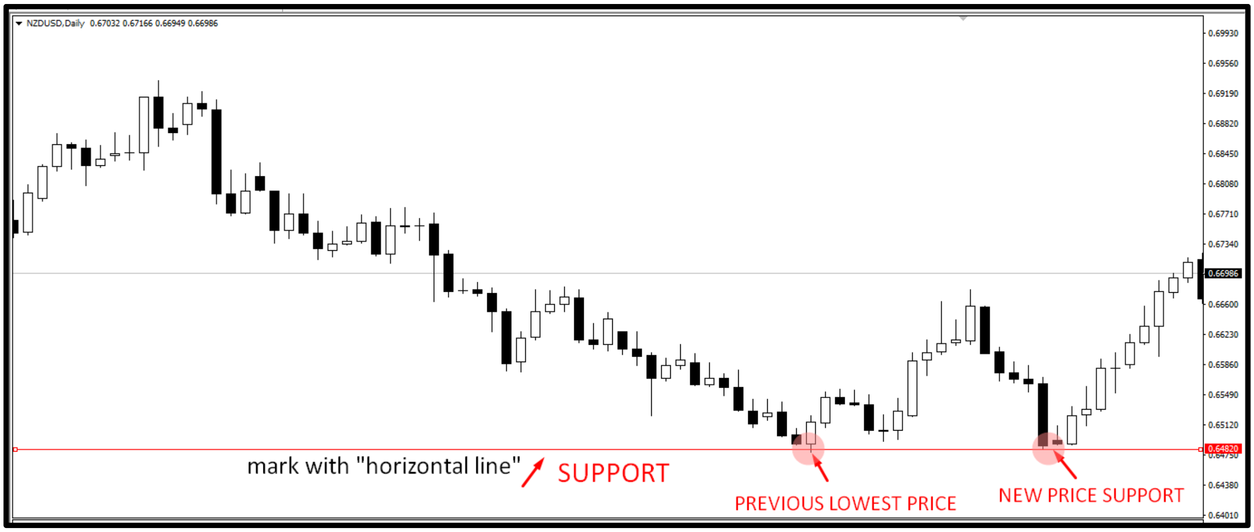


RESISTANCE typically forms when a price tends to move higher but failed to continue and close the price above the previous higher price or when it forms a new higher price but failed to continue its momentum and start to fall.

SUPPORT is established when a price moves lower but again failed to continue to fall and just establish a new lower price or failed to break the previous lowest price.

One great way to find SUPPORT and RESISTANCE price is to mark levels in the past where price had a difficult time breaking through using "horizontal lines". As prices move up and down, each level that a price bounce off those lines could be a level in the future that a price will bounce off again.



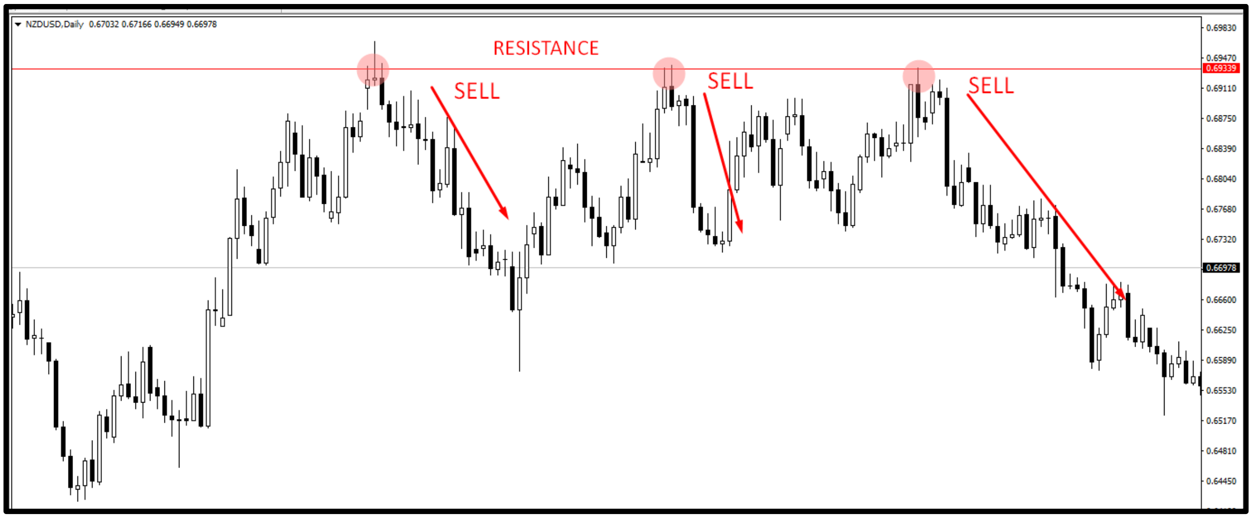


If the price is heading upward and failed to break the resistance, it means that the sellers are in control whereas if the price is heading downward but failed to break the support, it means that the buyers are in control.

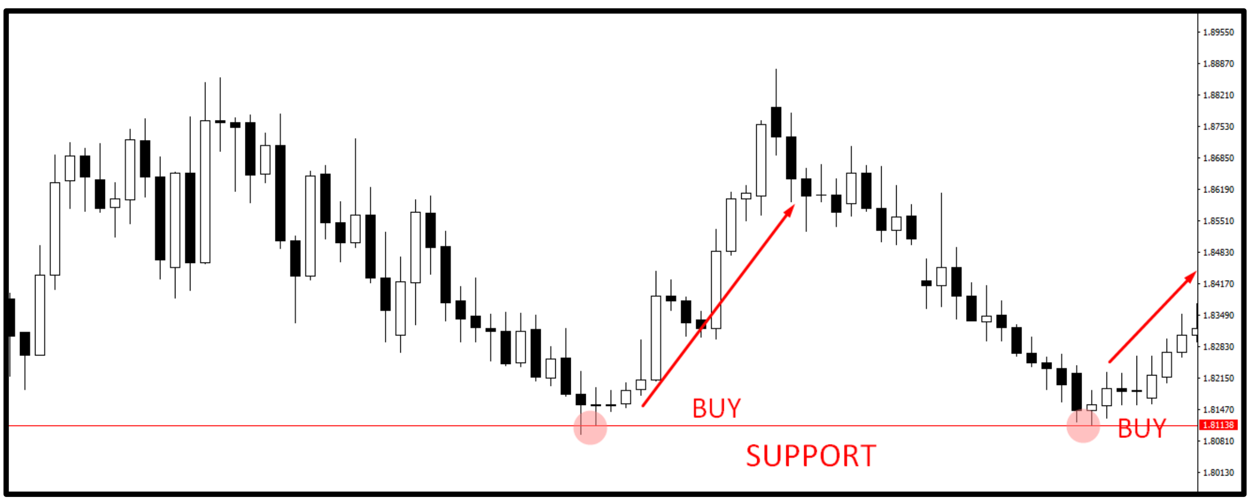
Support and Resistance will not always be an exact number of price that is why it is better to refer to this as a zone rather than a point or horizontal lines only. It is also referred to as the psychological level of the buyers and sellers.

Knowing where these levels make it much easier to decide when to execute our position in the forex market either we are buying or selling, it will also help in determining the areas where we should close our trade.

The idea here is that, when a price tends to move higher but failed to break or close above a resistance area, it is typically our chance to put our “SELL” position or entry.



As I have mentioned earlier, “resistance” acts as a price ceiling which means that the price is having difficulty finding its way to move further or higher, while “support” is the area where the price stopped from falling way below, and this will be a good chance to place a buy order because the price already find a support that can hold the price and move higher.



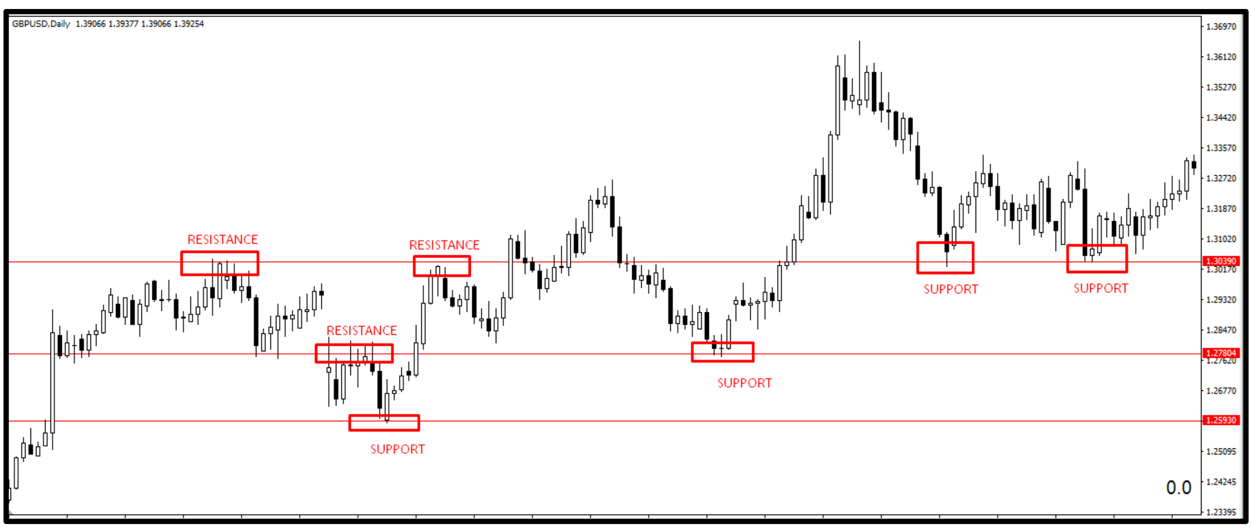
Support and Resistance also represent the psychological state of mind of Buyers and Sellers. if the price failed to break or close above the resistance, it means that “sellers” are taking in and most of them don’t want to move the price higher.

If the price failed to break or close below support, “buyers” are taking over and they don’t want to make the price lower.

The idea is that, buyers will take a “buy” position at the support and then their take profit will be at the “resistance”, in which most sellers will also come in.

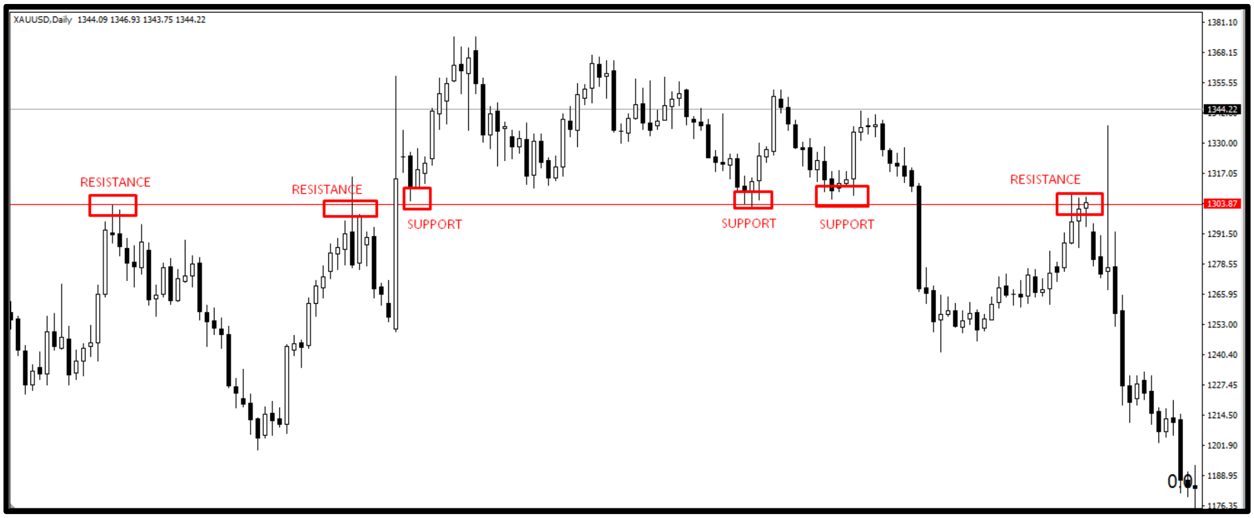
Remember that plotting support and resistance only determine what will be the future price intentional movement.

Most of the time, that Support or Resistance will be eventually broken and becomes the New Support or Resistance, just like below:



The previous RESISTANCE level becomes now the SUPPORT, as the price keeps resisting to break its higher potential but later on, it breaks and becomes support.

Below is a representation that shows the previous Support now acts as a Resistance.



This is also called a “flip zone”, support which became resistance and vice versa.

Support and Resistance changes as it moves higher or lower. It means that the price will not move in a straight direction but rather the price climb like a ladder.

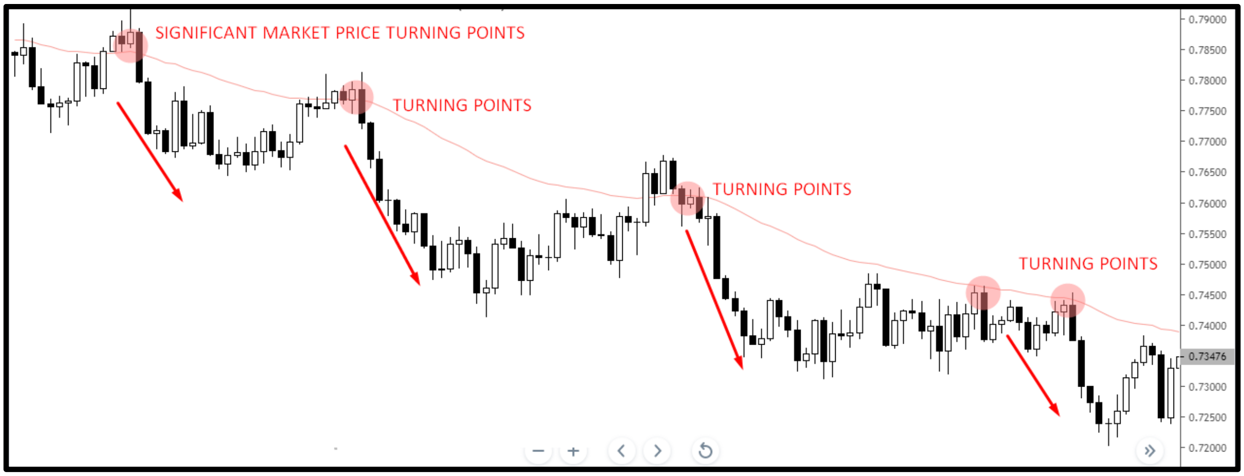
Now, I don’t just rely purely on the support and resistance marked by horizontal line to know and locate the obvious price turning points.

These are just the basic concept which I believe every newbie trader should also know but not to the point na dito lang dapat meagrely when it comes to trading decisions.

Because drawing a horizontal like that represents the support and resistance is very subjective. However, you will learn later a simple concept to identity a structure that validates a turning points.

Now, there is also what we call DYNAMIC SUPPORT and RESISTANCE which are always happening. Dynamic means “Moving”.

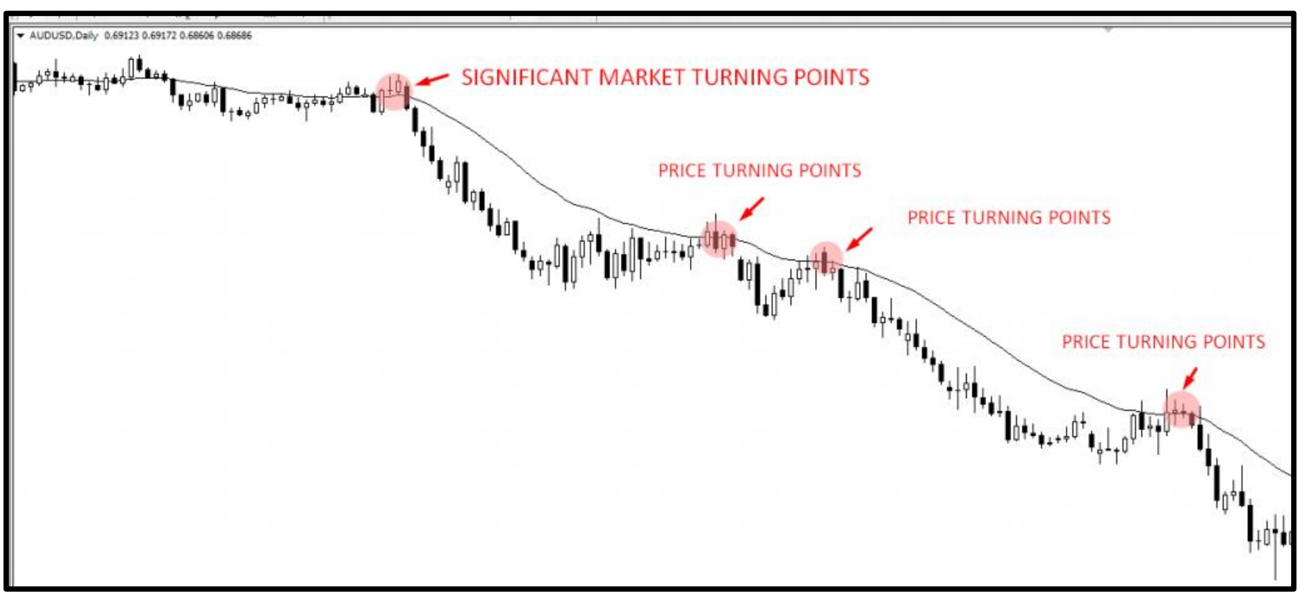
And the moving average indicator also is the perfect option to identify them.



Looking at the chart, every time the market price bounces off the MOVING Average, it slaps back again to continue and follow through with the overall trend. The steepness of the slope of the MA really determines how strong the trend is.

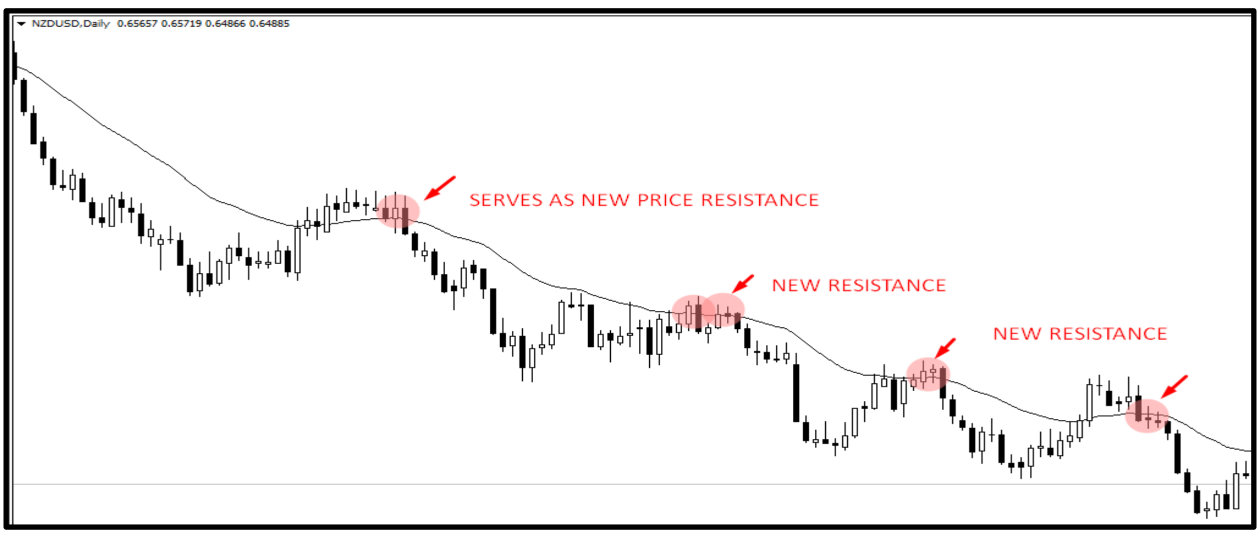
You can identify those market turning points without even using a horizontal line. Moving Average is a great help.

Aside from its purpose of determining the overall dominant trend. Moving Average also helps you to identify significant market price levels and market price turning points or the valuable areas on the chart.



It serves as a dynamic price support or resistance, every time prices touch the moving average, it's like a rubber band that bounces back and will continue pushing the price with the prevailing trend.

.



You can hop and watch the video lessons inside the members training area.

THE MARKET TURNING POINTS STRUCTURE

Now, you might probably wondering, and maybe natanung mo na rin.

Pano ko masasabi na turning points na yun?

Or may way ba para malaman kung ito ba is officially a significant turning points na?

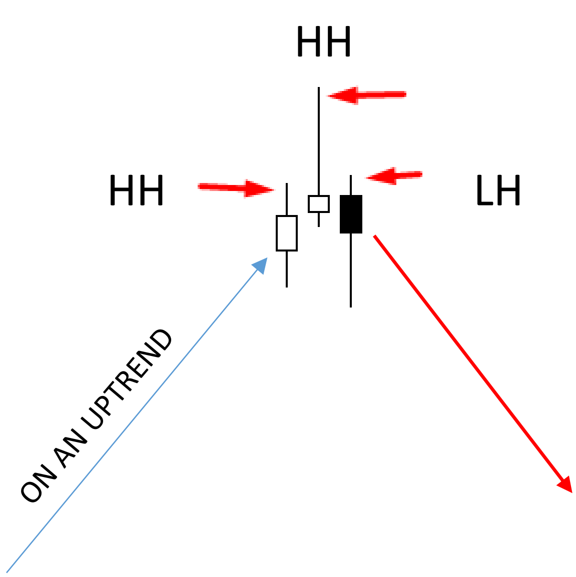
And pano ko sya gagamitin on my trading advantage?

Here is my simple concept for that, and dito mo magagamit your understanding about the candlestick.

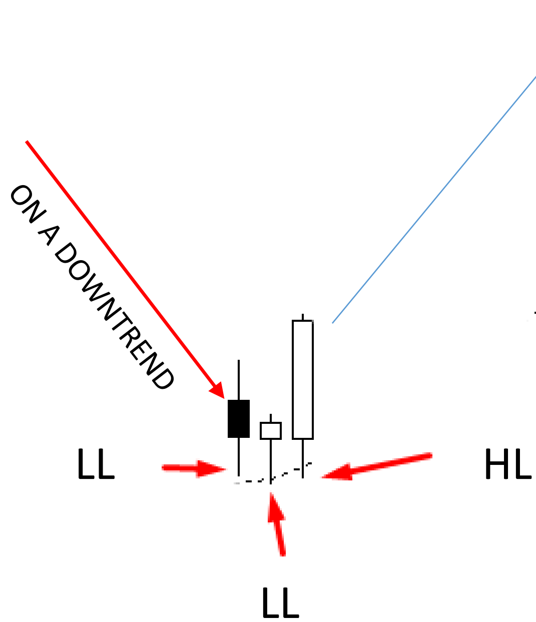
Remember, during an uptrend, the market will create a series of higher highs and higher lows, and during a downtrend, it will create a series of Lower Lows and Lower Highs.

A simple turning point structure represented by 3 candlestick whereas the first 2 candles creates the Higher Highs and the last candle creates a lower high instead of a higher high if the buyers are still aggressive.

Below typically illustrate an obvious turning point during an uptrend.



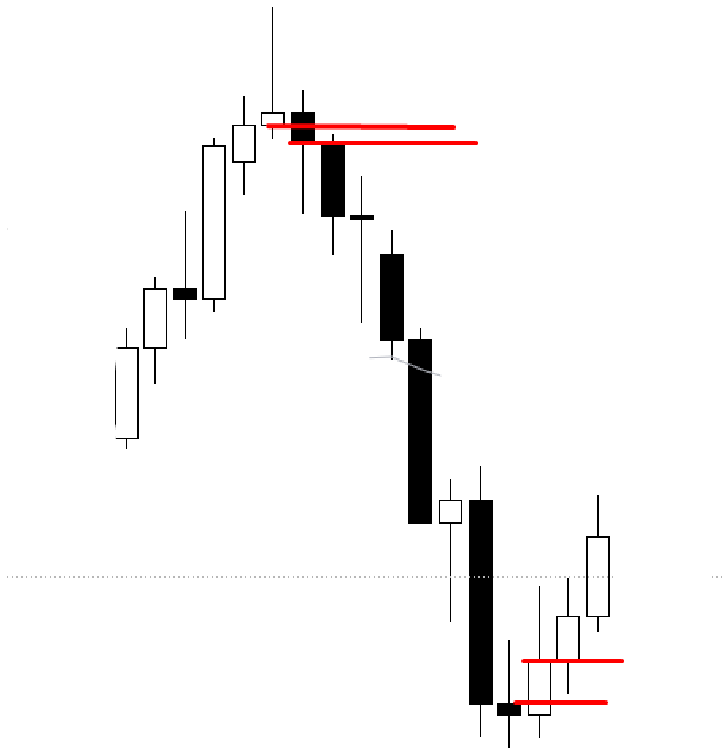
Below illustrate an obvious significant turning point structure during a downtrend.



Failure to create the next highest price during an uptrend and failure to create the next lowest price in a downtrend signifies a potential change of direction.

And my rule of thumb on this to justify if it is really a valid turning points is that the body of the recent or current closing candle must close lower than the preceding candle in an uptrend where the potential turning points happen and the body of current closing candle must close higher than the previous candle or the preceding candle.

Below is a simple illustration:



Go ahead on the members training area to watch the video for further understanding.

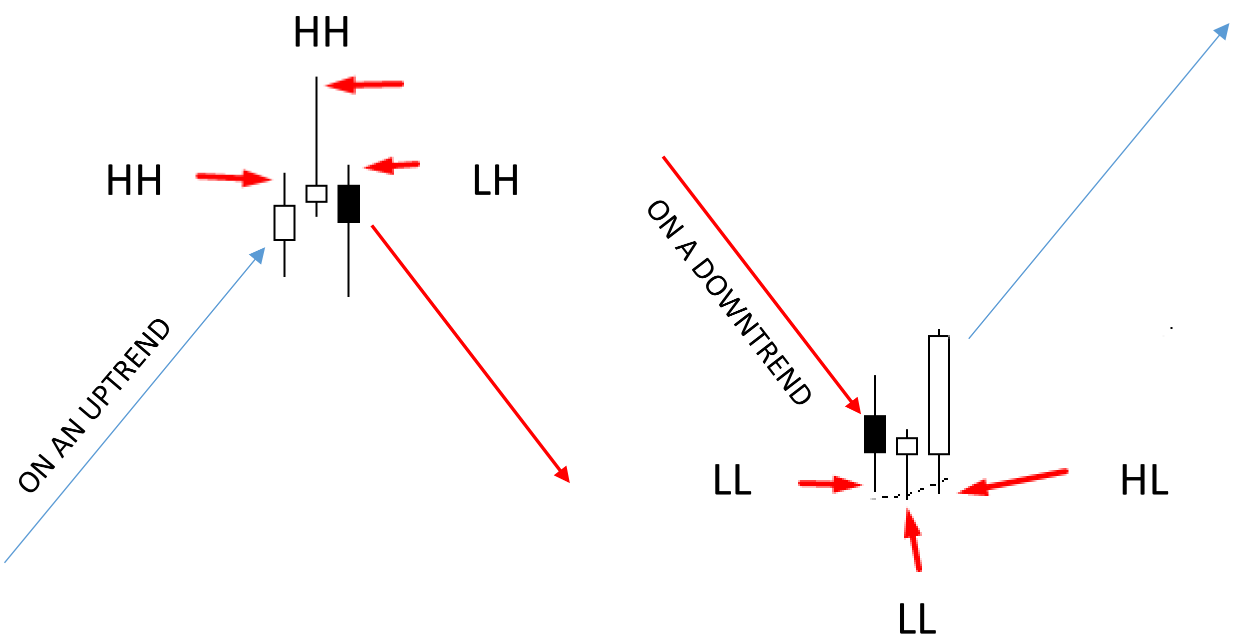
HOW TO ENTER A TRADE?

Now that you understand the importance of knowing the current market overall direction or trend, the market structure and the significant turning points. This will help us identify potential tradable opportunities *(trade setup na sinasabi)* on where and when should we buy or sell.

And the only thing left is what will be our entry trigger.

Entry trigger means our signal to execute a trade, that if you see it, wala kang ibang gagawin kundi pull the trigger and enter.

Remember the turning point structure?

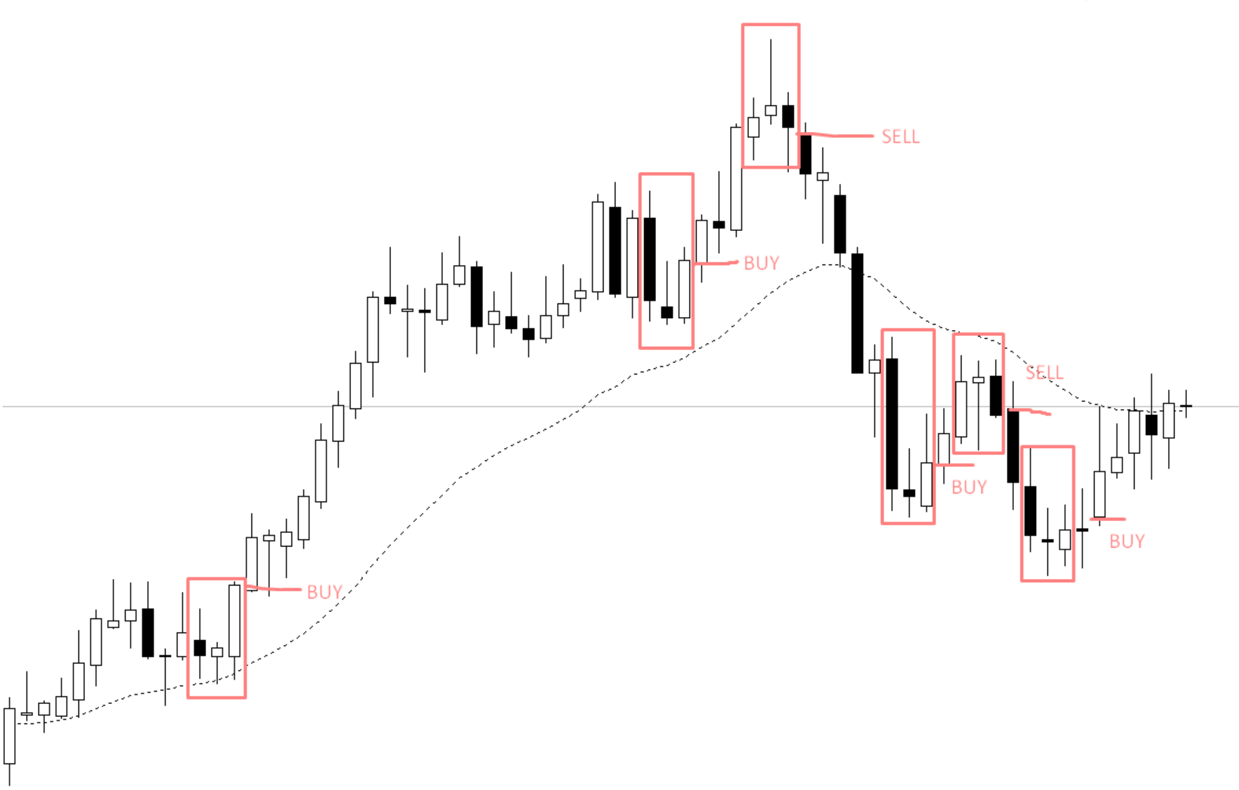


This was my entry trigger and signal, if I see it forms and aligns with the overall market dominant direction, I execute my buy or sell order.

But here's my simple reminder, always wait for the closing price whatever time frame you are using.

You should not enter or close your trade while price is still running, and also deciding what to do next on your trade will also be based on the closing price. Don't ever chase the price.

Study below example:



Go ahead on the members training area for further discussion and examples.

That simple turning point structure or a 3 candlestick pattern are powerful and you will observed it in any time frame, but I highly recommend to practice, utilize it on the Daily Time Frame or the 4hr Time Frame.

MOVING AVERAGE AS AN ENTRY TRIGGER

Aside from the 3 candlestick pattern, I'd like to share also how I used the moving average technical indicator as an entry trigger too.

Do you remember the previous lesson how we used the moving average to determine the market trend and the dynamic turning points?

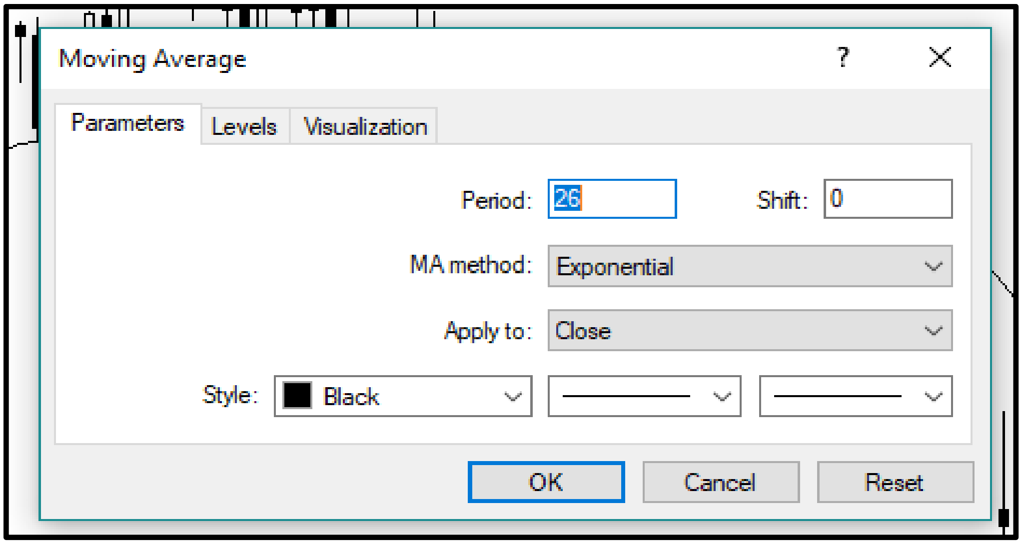
Now, it can also serve as an entry trigger, although as an indicator, it typically lags but it does serve as an additional confluence on my entries and exits.

During my early trading days, I was not really a fan of trading using an indicator like MA, this is because I thought that indicators are useless, primarily because they are lagging, they complicate things. And it will never ever predict the market's future price movement, yes it's true.

But indicators like MA are at some point could help a lot if you really understand how to use it. It will help simplify things if you will incorporate it with your Trading System and knowing the purpose behind the use of MAs.

Personally, this is an indicator that I will never get rid of with my trading system. I will only share how I actually used it to my own advantage.

I am using a "26 Day Exponential Moving Average".

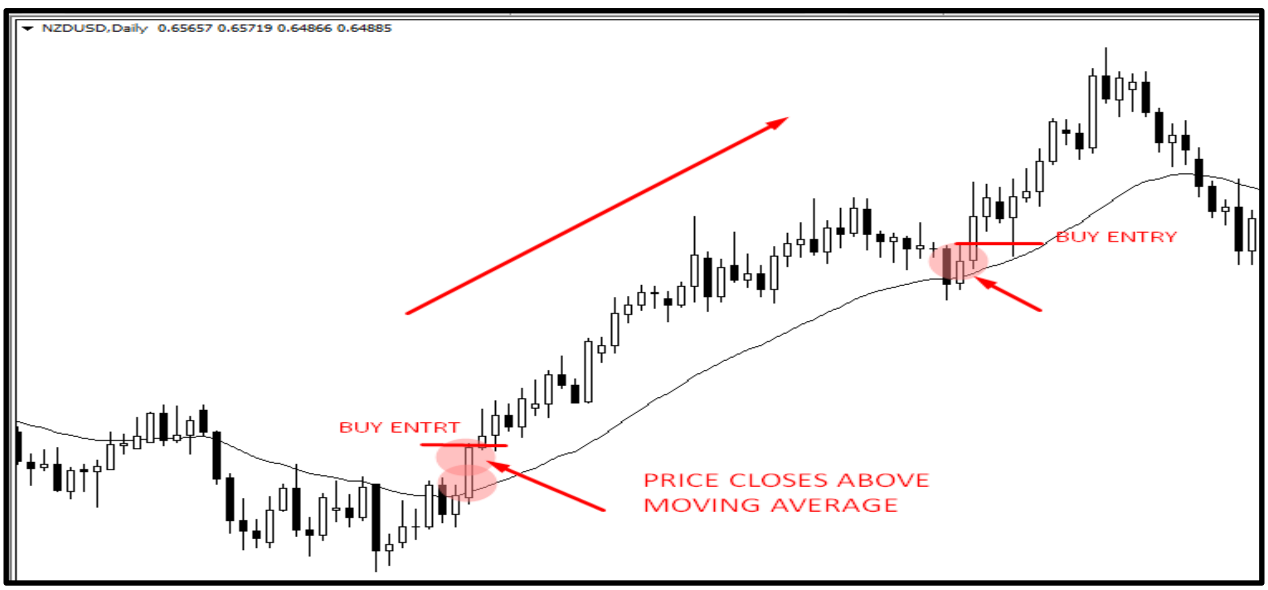


I used exponential moving average because it gives more importance to the recent market price. It reacts more significantly in the recent price movements, not like the simple ones which are computed equally.

Why 26 days? Hmm...It is just my personal preference, let's just say that I only need a month of the previous market price in my trading. Plus, I am not a fan of trading the same mainstream setting as others.

Moving average can serve as a reference on your chart when you should go long or short. It can simply be used as a baseline that will trigger when you should buy or sell.

When the price closes below the moving average, Sell triggers, and when the price closes above it, Buy triggers.



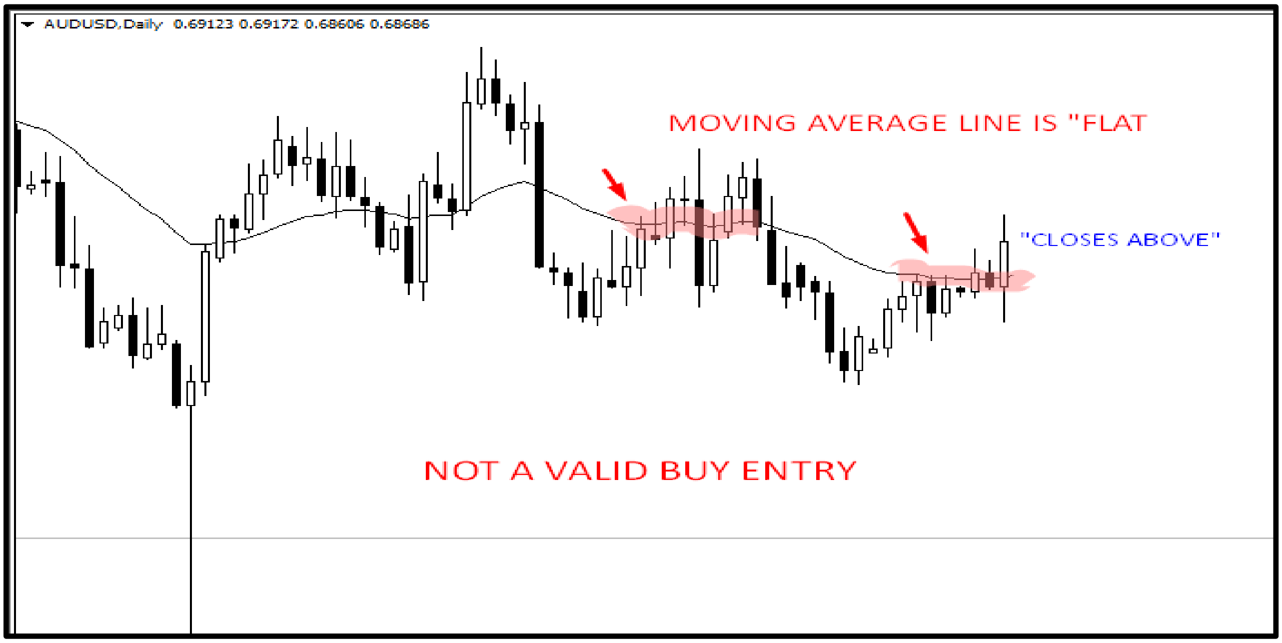
Now, here's the thing, before you execute your trade, you must consider the following confirmation, so you will not get caught on price fake out. Fake Out is a false break of a certain price level.

1. Make sure you are trading along with the prevailing trend. If it is downtrend, sell, if it is on an uptrend, buy.

2. The slope or steepness of the moving average must be leaning or pointing towards the overall dominant direction.

Here's what I mean:

3. Just avoid entering if you see that the Moving Average line turns “FLAT”. It only means that the market price is in consolidation.



Here’s another advantage of using Moving Average:

Moving Average Helps You Ride Big Trends

Most of the trend traders out there have no fix take-profit target because they want to take advantage and ride the big trend.

And a simple way to do that is to use “Trailing Stop loss”. Below is a snapshot of what it means to trail a stop loss:

After your first entry, as the market price continues to fall, it respected the moving average and closes back below it. You can move your original stop loss above the next market price turning points.

And you can also add additional entry placing your stop loss the same as the location of your trailing stop loss, provided that you'll follow what you have learned on how to use the moving average as an entry trigger.

Absorbing it so far?

There is no standard rule or fixed strategy on how you will use the moving average as your trading strategy. Instead, you can tweak it the way you want it to work along with your future trading system.

Moving average is powerful on both finding highly profitable setups if you also combine other factors or confluence that both agree on the same direction.

Here's one example of confirmation to add confluence with your moving average trading strategy.

The price does not only respect and closes below the MA, but the MA itself also respects the KEY PRICE RESISTANCE and also below it.

WHEN TO EXIT?

Unlike entering a trade or placing an order, exiting a trade is far more difficult. You don't want to exit too early or else you'll missed a potential big price move. You don't want to exit too late or else you can suffer from a huge losses. You don't want to exit too late or else you'll waste what supposed to be your profit already.

As a beginner, this was my struggle too, exiting a trade should be beneficial to you in terms of these -- first is to protect your capital from a severe loss and the other one is to exit with a profit.

There are two ways to exit a trade, using a STOP LOSS and placing a TAKE PROFIT target which can be easily done on the trading platform.

Placing Stop Loss should be a must if you want to stay on the market for the long run because it is your shield when the market turns around your back and hit you hard. It is a method of protecting your capital when the market turns against your favor.

Always remember that in the market, "ANYTHING CAN HAPPEN" and we have no control of that.

Treat Stop Loss as your buddy, and you should prioritize it before aiming for a profit because stop loss can prevent you from blowing up your account and it will limit your losses.

Stop loss is not there for us to lose but to help us to trade another day.

Set your stop loss in such a way that it will represent the idea of your trade setup being invalidated already. It is where the price location will eventually reverse and move against your position.

The best and logical way to do that is also by using the market price turning point structure.

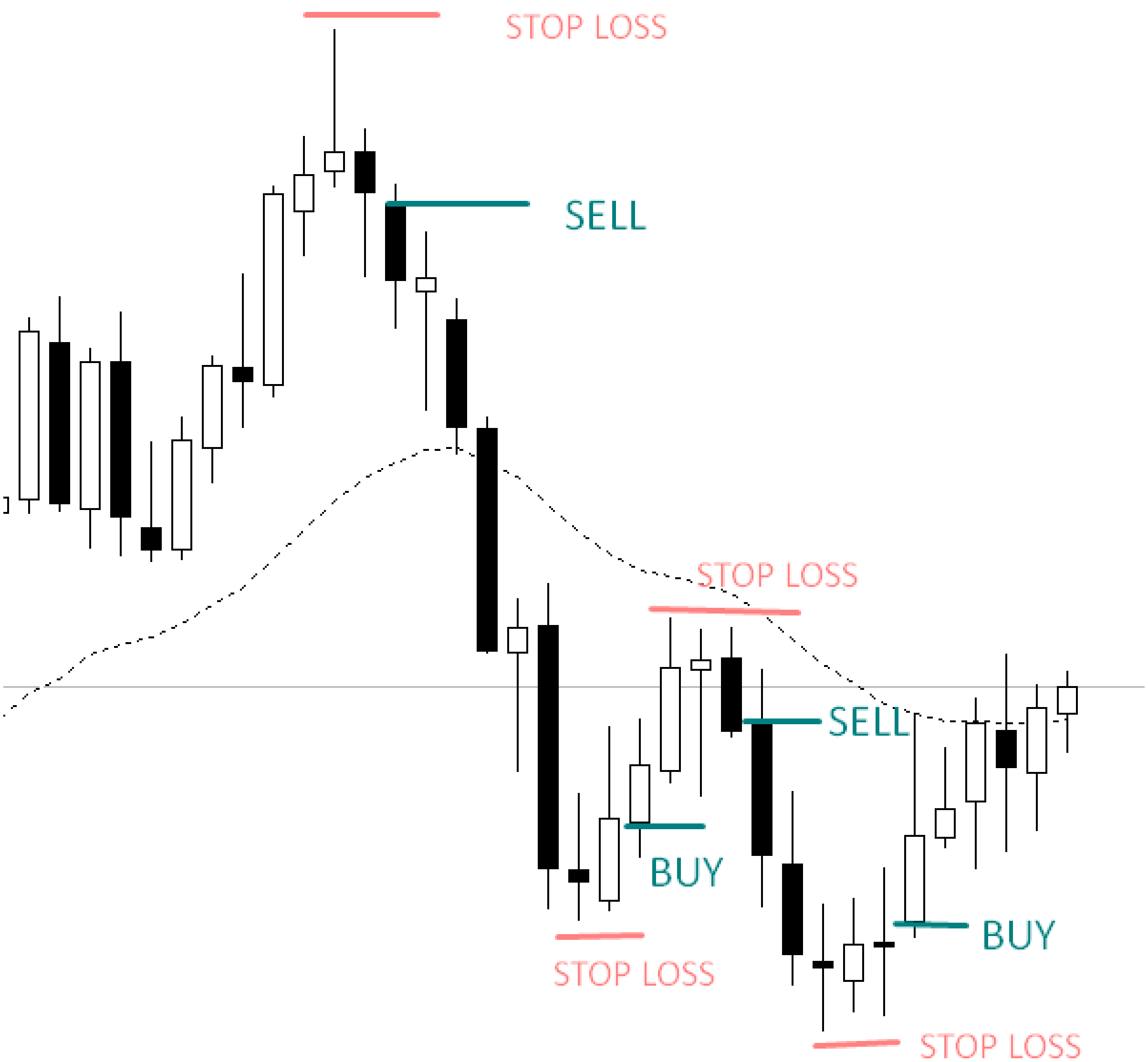
I set my STOP LOSS, few pips above or below the significant market price turning points structure.

This is what we call, STRUCTURED STOP LOSS.

See below illustration:

Please be reminded that this is just an example, this may vary depending on the market condition.

It does not mean that you will see it the same on future price.



Always remember, the HH, HL, LH and LL, or the previous or most recent, highest and lowest price, were the turn of events occurs, that is the market structure.

The start and the end of the impulse move, the start and the end of a corrective move are obviously significant market price turning points.

If the price closes or breaks above or below that significant turning points, it only means a new price trend or direction.

Go ahead on the members area to watch the example on the chart.

How to set Take Profit?

This perhaps the most technical and emotionally difficult to handle and set, because as humans, it is really normal to feel emotionally attached to your trade especially if we talk about the money that will be possibly earned.

During the early months of my trading career, I randomly set my take profit target, sometimes I don't, I let my profit run hoping more profit could get in my hands and thinking that the market will continue in my favor.

But that was a disaster, the market ended up crashing back my profit.

Most of the time, I lost a huge and decent amount of profit, the profit was there and ready to take, but ended up wasted because I was tweaking and adjusting my take profit target thinking to gain more. And again, it was a big big mistake, that has become a bad habit.

Just like placing a stop loss, you have to consider the take profit level on the most logical and significant area based on what the price action structure is telling you.

And I consider the following things on setting my take profit target level:

- Previous Market Price Turning Point or the Potential Market Price Turning point
- Risk to Reward

(1). Place Take Profit "A few pips "BEFORE" Support and Resistance"

Unlike setting a stop loss, you have to avoid setting it just above the resistance or below support because it will be the area where most of the traders will put their stop, but NOT in taking profit.

Support and resistance areas are considered a valued area by most of the traders and they are looking and waiting just like you or me, so the psychology is most of the traders will do the same thing.

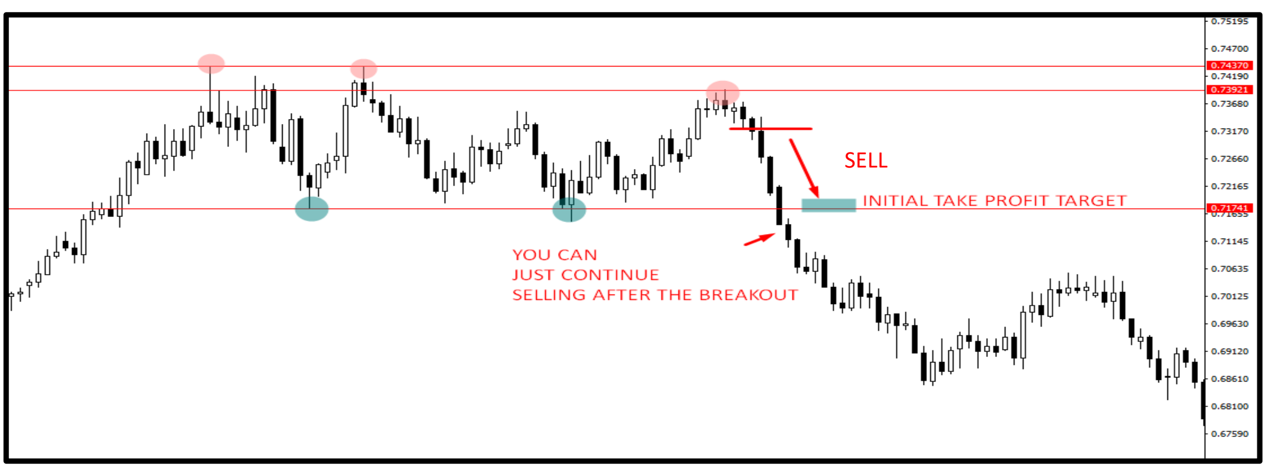
If you are wondering why the support and resistance are tested many times and failed to break?

It is because most of the traders are booking their profits. This means there are fewer sellers when the support is tested and fewer buyers when the resistance is tested.

In identifying your target profit, you have to make sure that you are respecting a significant area where buyers and sellers are also anticipating.

It is ok to take profit and not catching the whole movement, as long as your profit is bigger than your risk. You can just continue or put another position if it does continue to trend.

Always remember that in the FOREX market, anything can happen even in a split second, price movement, price changes are rapid so you don't want to give the market a chance to get your supposed profit already.



(2). Place Take Profit base from RISK to REWARD RATIO

This is one of the most popular ways of setting a take profit target,

The risk to Reward measures how much return you'll have in every dollar you have risked.

Risk is the amount of capital you can afford to lose in a single trade, while the reward is the profit we get from trading. Risk/reward ratio is a mathematical computation to be employed as one of the important money management plans in trading, that for every dollar you risk there should be an equal reward.

It aims to provide a mathematical approach to calculate the reward based on your stop loss location too.

Risk Reward ratio is commonly represented by 1:2, 1:3 and so on.

For a 1:2 risk-reward ratio, for every $1 dollar your risk, you are aiming to have a $2 reward.

Let's put some examples:

Given:

GBPUSD Short Entry "SELL" at 1.3935 price

Stop Loss at 1.4008

Say for example that we are aiming for about a 1:2 Risk Reward ratio.

Calculating your risk-reward would depend on the stop loss location, your stop loss is your risk corresponding to an amount of dollar.

To determine take-profit price location, I normally calculate first how many pips my stop loss location is from my entry then multiply by my plan reward, which is 2 for example:

STOP LOSS – ENTRY = RISK "in terms of pips"

1.4008 – 1.3935 = about 73pips (RISK)

Applying on the 1:2R;

2 (73pips) = 146pips -> I am aiming about 146 pips in return

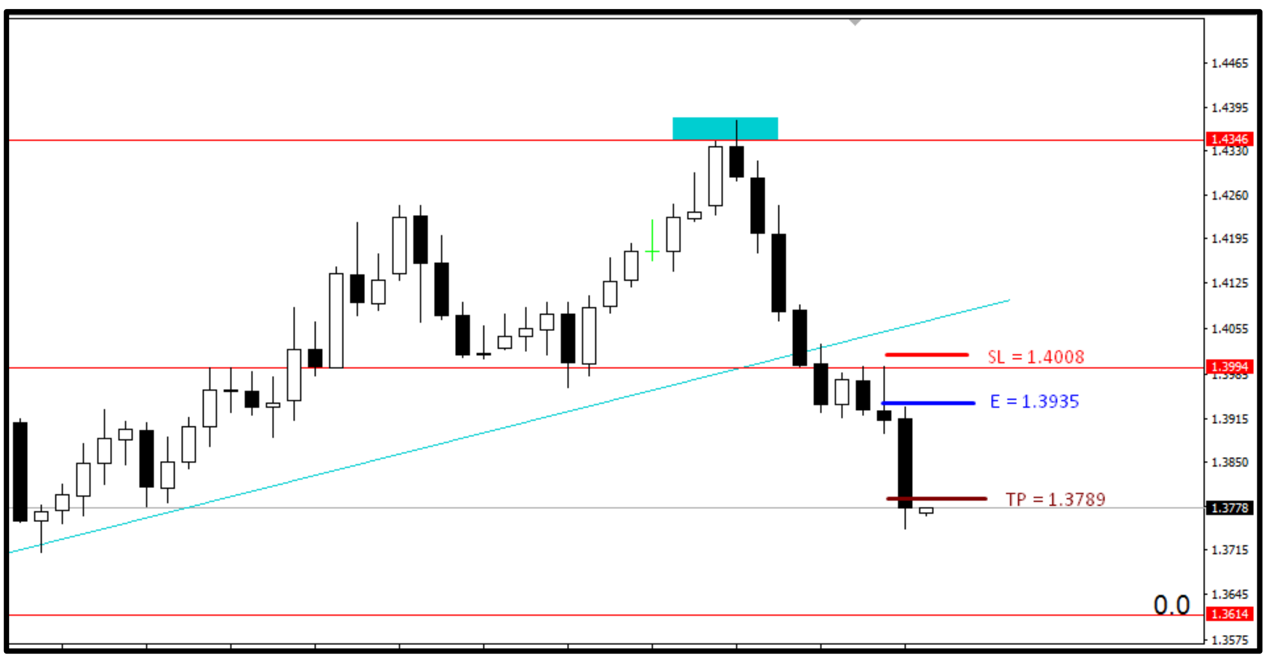
To compute your take profit price location:

Take Profit Location = ENTRY – Target 2R

= 1.3935 – 0.0146

Take Profit Location will be 1.3789

See below example:



I only used the pip's movement to compute where should be the price level location of my stop loss and take profit from my entry.

You can also use the risk-reward ratio in terms of dollar amount. Let's say you are risking about $100 and you are aiming at about 1:3R, it means your reward will be $300 for every $100 risk.

Always remember to determine "first" your STOP LOSS location (which will be your "RISK) before setting and aiming for your TAKE PROFIT target either, 1:2R, 1:3R, 1:4R or higher.

Go ahead on the members training area for further illustration on the chart and examples.

FOREX RISK MANAGEMENT

Risk management is one of the key vital points that you need to take note of and respect in order for you to stay longer and end up profitable on the forex market. With risk management, you can control your losses and avoid losing your entire capital.

You have to keep in mind that the moment you enter on a trade, or you place those buy and sell order, your capital is at risk. We are risking a portion or percentage of our capital to take advantage from the opportunities that market is offering us for a potential profit.

Never ever think first of the profit that you will earn if you enter this or that trade.

Your mindset should be on a defensive side protecting your capital.

From the time you have deposited actual money on your live account, you have to understand that this is a "RISK CAPITAL".

It means that you have a 50% chance of losing it and a 50% chance of keeping it grow.

You either win or you either lose.

We cannot avoid RISK...in short!

In order for you to get something out, you have to put something in.

In trading, in order for you to gain, you have to risk a certain amount of your capital.

Don't be a fool person trying to risk all of your capital, it is the fastest way to destruction.

If you risk 50% of your capital in one trade, it is definitely a HUGE GAIN in return if you win, but what if you lose?

You already lose half of your capital, and the worst case is, you only need 2 consecutive losses to burn your trading capital.

It is true that the higher the risk, the higher the return, the lower the risk the lower the return.

In trading, it surely does work, but for us retail traders, it is not our goal. You have to keep your risk as low as possible, as consistent as possible and aim for a medium to high return.

This can be done by simply risking only 2% of your capital in a trade, and aim a profit target 1.5times higher than what you have risked. And do it consistently.

You'll understand the point of this once you have tried the actual live trading scenario.

You have to deeply understand that your account is always at RISK, from YOU and from the MARKET.

And the best possible option that you need to consider is to really manage your risk.

If you set 2% as your amount of RISK per trade, so be it! Stick to it! Don’t increase it.

If you already have a position and have risked 2%, don't open another trade. Open only if you already closed it.

Or if you see another highly profitable opportunity on another pair, and your system is sure about it. Hit that and just make sure you divide your risk.

Risk 1% on the 1st and 1% on the 2nd - It is still 2%.

But it is still up to you, you can either keep the 2% risk per trade or just set until 5% maximum risk of your overall trading capital.

You can open 2 trades with 2% each and the 3rd one using 1%.

Make sense?

Don't ever try to increase your risk or try to trade all trade setup that you'll see.

I've been there and done that, risking too much is like gambling, it sure does make a huge gain if you win, but if you lose, that would really be a disaster!

Set your profit taking 1.5 times your risk and higher.

It means that, for every $10 you risk, you have to aim a take profit of $15, $20 and higher.

So if you lose $10 from other trades, you will still end up profitable.

In trading, you should not always expect that your trade will be a winner.

Here's a simple illustration:

Let's say, for 100 trades, you won 50 trades, and lose the other 50.

With a consistent risk of $10 per trade and aiming 2 times your risk as profit,

By a simple computation:

Win = 50trades x $10 risk x 2(every take profit is 2x the risk)

Win = 50 x 10 x 2

Win = $1,000 (you win a thousand bucks)

Loss = 50trades x $10 risk

Loss = 50 x 10

Loss = 500

So, Win minus your Losses,

$1,000 - $500 = $500 (You make a profit even if you only win 50% of your trades)

Sounds exciting??

You might be thinking, is it really doable to still make a profit even if you lose 50% of your trades?

Yes, it is! As long as you'll apply it consistently no matter what the condition is.

Let's take another example:

There are two traders, Trader A and Trader B. Trader A is an aggressive trader and he is risking about 20% of his trading capital, while Trader B is a conservative and only risk about 2% of his trading account.

They follow the same trading strategy with only a 40% winning rate with an average 1:2 risk-reward ratio with both having a total of 10 trades.

"Risk-Reward Ratio measures how much return you can have in every dollar you risk:

Example:

1:2 Risk Reward ratio means for every $1 your risk, you expect to have a $2 reward. In a live trade, if you risk 100, you are aiming about $200 in reward.

Let's continue with trader A and trader B, look on the excel simulation, with a 40% winning rate with both 1:2 risk-reward ratio. Trader A with a 2% risk still ends up profitable than Trader B who risk 20% of his trading capital.

Trade A Risk 2% of his account
Trade B Risk 20% of his account
40% Winning Rate
Average 1:2 reward ratio

		Trader A	Trader B
Trade 1	Loss	980	800
Trade 2	Loss	960	640
Trade 3	Win	999	896
Trade 4	Win	1039	1254
Trade 5	Loss	1018	1004
Trade 6	Win	1059	1405
Trade 7	Win	1101	1967
Trade 8	Loss	1079	1574
Trade 9	Loss	1057	1259
Trade 10	Loss	**1036**	**1007**

But what if another batch of trading had been consecutive losses?

		Trader A	Trader B
Trade 11	Loss	1036	1007
Trade 12	Loss	1015	806
Trade 13	Loss	995	644
Trade 14	Loss	975	516
Trade 15	Loss	**956**	**412**

Now you see, trader B almost ended up losing about 60% of his capital which is already given away to the market or to other traders.

Definitely the higher risk, the higher return, but not in the FOREX market, there is no such thing as "get rich quick". I assure you, the faster you earn that profit, the faster you'll lose it again if you don't have a proper risk management in place.

Without proper money management, even if you have the best trading strategy in the world you can still be a losing trader. It is not a question of "if", but "when", until when can you survive in the market.

The battle is not how fast you make money, but how long you can stay on the market and the important thing is consistency.

That is how powerful risk management is!

Risk management could be a deciding factor whether you're a consistently profitable trader or a losing trader.

Now you're probably wondering:

"How do I apply proper risk management?"

Through proper "position size" and "keeping risk amount consistently lower"

Position size determines how many units you should trade to achieve your desired level of risk. You have to know the following before you can calculate your position size.

- Value per pip
- Your Dollar Risk
- Stop Loss Location

Let me explain...

VALUE PER PIP

Value per pip is the change to your profit and loss if price moves by 1 pip, remember the example in the earlier module.

DOLLAR RISK

This means how much you're risking on each trade (in terms of dollar value).

I highly recommend risking no more than 2% of your account per trade or if you insist, it will depend on your personal preference and the capital also.

Why?

You need to keep your risk lower to survive long enough for your edge to play out on the market. And risk percentage will also depend on the amount of your trading capital.

Let's assume you have a $500 account, for the 2% risk, you will be risking $10 of your capital on each trade you open, meaning you will not be losing more than $10 per trade.

And you have to take note of this.

Forex trading is very risky, but it is our job to minimize and we can still end up profitable once we properly manage our risk every trade.

STOP LOSS LOCATION / DISTANCE

This is where you put your stop in accordance with your dollar risk per trade and this is normally put below or few pips below a significant support or resistance. And basically we place our stop loss at the level where our trade setups will be invalidated.

Let's just take 100pips Stop Loss to use as our example.

Here's how we can CALCULATE *position size* or the lot size in a given trade.

Let's say you open a micro account with $500 trading capital and your risk appetite is no more than 2% per trade, which means $10 risk only per trade.

You want to short or Sell EUR/USD worth 10,000 units or 0.1 lot at 1.2250 and your stop loss will be about 100pips from your entry.

*Position Size = Dollar Risk per Trade divided by Stop loss location * value per pip*

$10 / 100pips * $1 = 0.1 lot

But don't worry, it may probably be so hard for you to calculate this on every trade that you will have, there is a short cut to calculate what will be your position size, and this will be provided as a BONUS for getting this playbook.

Trade only 1-3 Currency Pairs and familiarize them!

Another way to manage your risk is to choose 1 to 3 currency pairs only especially if you are a beginner. Never ever try to trade all of the currency that you see.

Here's a simple reason why "You will only increase your risk".

Think about this! What was the point of Trading EUR/USD, GBP/USD, AUD/USD and NZD/USD at the same time?

Let's say you trade that all at the same time,

EUR/USD – 2% Risk

GBP/USD – 2% Risk

AUD/USD – 2% Risk

NZD/USD – 2% Risk

Your risk now is 8%, and the fact that they are all against the US Dollar, one move of the US Dollar against your trade, you'll immediately lose 8% of your trading capital whereas, if you only take 1 trade from them against the USD, you'll potentially lose 2% only. I hope it makes sense!

Congratulations on getting this far, I am very much excited for you but as always, this is just a beginning step of the continuous journey of being a trader who manages a "trading business".

So, what to do next?

STEP 4. DON'T SKIP THE PROCESS, DEVELOP YOUR TRADING PROCESS

DON'T SKIP THE PROCESS

There is no doubt that every forex trader wants to make millions of dollars and earn a consistent profit, some aim to earn thousands daily, but the hard fact is limited traders succeeded.

All throughout my trading career, I've read a lot of insights that only 1%~5% are successful traders and 95%-99% are losing traders, as of this moment I don't know if that is the reality but this will not be far from the truth.

But Why?

Because they focus on making money instead of the trading process itself, as the saying goes:

"Success is a Journey, Not a Destination"

In trading, the destination is to make a consistent profit but what matters and important first is the journey (which is the trading process). Your journey on how you can make consistent profit in the long run, should be your priority and not think of the money first.

Why?

Because you'll think about monetary goals that could change your perspective and may probably approach it in the wrong way and forget about the whole trading process. You may forget the actual process involved before you get your desired results.

It may be contradicting to others, and maybe you are thinking right now, *I don't believe you!! We are here to trade to make money. How come you are not focusing on the profits?*

Profits/Money is a result of "probabilities over a series of trades. It is just an outcome of your trading process.

And your trading process is the following:

- Establishing your Trading Plan which includes the following
    - Anticipating and Analysing the market in advance

  - Your Strategy on How you will enter the market
  - Your Exit Strategy
- Managing Your Trade:
  - Before Entering
  - When it is Live
  - After the Trade
- Making and Updating a Journal to Update your outcome

It is not just about making money on your trades, but you have to give importance to how you will execute, manage your trade through the above trading process.

Do you think Michael Jordan focuses on making money at the time he enters the NBA?

It is a big "NO!!"

He focuses on his basketball career to be the greatest NBA player of all time. He practices a thousand shots, competes in and out of the league to practice and enhance his basketball skills. He prioritizes to improve his skills and fame, luxury and overflowing money are just secondary.

Same as a real sniper, they do not focus immediately on how many could they kill in each shot they will make but rather they focus on strengthening and enhancing their skills. They focus on improving their sniping, hunting, stalking and observing skills. They practice many shots along with different ranges, different scenarios, obstacles, etc. to enhance their sharpness when it comes to shooting, especially in the long range.

In trading, the destination and goal is to make money but you have to focus on your TRADING journey.

Do not focus on making money at the time you enter the forex world, instead, hone your skills first and the trading process itself, then the money will come next. And don't be like me who realize only after I burned 3 accounts.

In fact, monetary goals or prioritizing profit can be a major distraction and the cause of destructive habits and behaviors that may result in an unwanted outcome.

Because you're developing a capital-destroying mindset that is focusing on the outcome, money or profit which will result to some unrealistic expectations, the feeling of urgency to trade that can eventually result to the following destructive trading habits:

- Revenge Trading – You may probably be experiencing consecutive loss and wanting to immediately return back that lost capital.

- Impulsive Trading – You may tend to trade correlated markets hoping to get more profits.

- Watching Chart all the time – You'll be most likely be a trading addict and typically getting in and out of the market trying to squeeze out all the pips that the market can give.

- Touching trades when it is live - You'll tend to move your stop loss because of fear of getting hit immediately, same with moving the take profit target hoping to get more from the market.

- Feeling a sense of urgency to trade – You'll be most likely feel frustrated and get bored when you're not in the market.

- Chasing the Market after missing a trade signal – You will feel like you need to be in the market even if you missed an entry signal because your confident that your analysis is correct and it will go to your favor.

- Overthinking the market – You'll tend to analyze the market with so many variables, reading some forums, hoping you can get an analysis that goes in your favor.

- Risking Too Much - Not respecting how much money you could lose in every trade, and just focus on the number of profits you'll earn.

And once a trader feels that trading is now going to be not easy and started to doubt, there are usually three things that can happen;

- he either quits,
- he takes more risk either using larger positions, more trades that result in a gambling mentality
- And starts system-hopping, believing that there must be a trading method out there that can generate those returns.

Remind yourself that you are trading not only to make you an immediate profit but to make a consistent profit in the long run, you might get lucky on your 1st month to 2nd month or so if you win almost all your trades, but the question is how will your luck last?

How long can you stay in the market? The answer depends on how you give importance to the trading process. And part of that process is your relentless effort of practicing

PRACTICE "DEMO" TRADING (1-3months)

Don't Rush to open a Live Trading Account.

Practice first what you have learned so far using a demo account.

Don't rush to make money! *You'll get there!*

You need to be prepared first.

Develop and hone your trading skills first. Trading is like a professional skill that you need to learn, master, develop and cultivate. It is a skill that no one can take away from you and no amount of money or material things can really equal it.

There is no definite timeline for how long you should practice trading using a demo account.

It depends on your personal preference and level of experience. If you already want to go for it, it’s really up to you. It’s your choice. As long as you are aware of the "risk" involved, I don't think there will be a problem.

But I do suggest that you trade using a demo account for the first 3 months of your trading career.

Assess your trading performance by the end of that period.

I don't buy the idea of those people who suggest "If you double your money or triple your money using a demo account" then you can go live.” That's a NO-NO for me!

It's because you'll develop an urgency to trade and make money as often as possible to target and double it. And actually you can do it in less than a week or two. So it does not make sense at all since you need to at least experience different market situations as much as possible before you can say that you are really ready to go in a live trading.

Additionally, you'll develop a wrong mindset about making money out of trading. You'll have an unrealistic expectation which is really a recipe for destruction once you enter live trading.

Instead, gauge your trading performance after 3 months based on the application of what you have learned, while your trading execution, based on what you have experienced.

Take trading slowly, you are here to establish a business that will give you consistent and long term gains, not quick money!

While you are on a demo account,

"CREATE A SIMPLE AND NOT SO COMPLICATED TRADING STRATEGY"

You need to develop a simple strategy of how you will find highly profitable trade opportunities to execute your buy and sell trades. Basically, it should include a strategy or plan on:

When you should BUY or SELL?
How much you should BUY or SELL?
When to exit a trade?

...which you have learned already on the previous module.

Your trading strategy will be the system on how your trading business will work, you have to develop a system that you will follow on a daily basis. Practice, enhance and tweak it as you progress.

Now, If you are not profitable at the end of the 3months "demo" period, *(which I don't think will happen)* - practice and restart again.

But if you are already experiencing consistent profitability and you are confident enough, then you can proceed to the next step.

PRACTICE "LIVE" TRADING (3-6months)

Open a live account and treat this as your practice account.

It means that you should only put an amount that you are really capable of losing.

Practice "LIVE" trading using a small capital first before you increase it for a decent return.

This is for you to at least practice and experience the live trading before you go all in.

The experience between demo trading and live trading is really different especially on your emotions and psychological concerns.

The feeling or the emotion of trading with virtual versus real money is different because with virtual money, it's ok to lose it, first of all, it's not your money and you did not work hard for it.

But using your own money…

this will tell the difference in terms of emotional control.

Like GREED - You want to earn big the fastest time possible.

FEAR of MISSING OUT - You will execute trades even when it's outside your trading plan and strategy because you think you might pass up an opportunity to earn.

REVENGE - Normally, if you lose a trade, chances are, you will take revenge on the market just to take it back (which is really a wrong mindset and approach).

You have to understand that it is easy to make and lose money in trading just because of poor decisions.

And those poor decisions come from a poor mindset and that poor mindset comes from unrealistic expectations that are influenced by those emotional events from the past that has happened to you.

According to Mr. Jack Canfield's formula;

Event + Response = Outcome

How you respond to an event that has happened to you will determine your outcome.

Example:

Event - You Lose 5 consecutive trades

Response - Chances are you will get revenge to return your money back and most probably you will increase your risk, good if you win, you can get it all back

Outcome - potentially you will lose more and more

I know that you might not understand it at the beginning until you experience it.

So try to open a LIVE Trading Account with a small capital.

Trade it for 6 months and assess again what is your result at the end of that period.

While doing the "LIVE" Practice,

Follow and consider the following important factors – *(you can also apply it during your demo)*

Pay Attention to Controlling Your Emotions

This might sound new to you, but your emotions about certain events on any given situation will determine your outcome.

How you react to that specific event in trading whether you win or lose will determine the outcome and progress of your trade result.

It is normal for us to be emotionally attached to every trade that we have because it involves monetary value, it involves our hard-earned money. But if you allow emotions to control every trading decision that you will have, you'll never be successful.

Greed, revenge trading, over excitement and fear of missing out are just 4 of the main reasons why traders lose much more money than necessary. Your emotions and psychology play a big role when it comes to your trading success and failure. And your emotions are triggered and created by yourself and you are the one who can enable it and control it.

Losses in trading are inevitable, a loss is a loss, it is just part of the game no matter how good you are as a trader. Along the way, you will lose countless trades and the harder you avoid or fight those losses, the harder you will make money. Don't fight losses, treat them as a business expense.

On the other hand, there should be no reason to get excited about your wins and consecutive earnings. Winning trade should be normal, this is just a profit from a product that you sell in a real business. It is normal to be grateful that you make money because it is the reason why we are here, but as a profitable trader, you should never get over-excited about each of your wins.

It should have the same feeling as you lose.

Go on to the next trade and don't ever relate your previous trade result from your current and future trade. It is a lot different.

Forex Trading is not just easy money that you'll get when you push the button on the trading platform. You have to set your mind that this will be your lifetime source of income. You have to take full responsibility on how you can protect your trading business capital more than anything else.

Earning potential in trading is limitless, you can bag huge amount even in a single trade at the same time incur consecutive losses, but if you don't have the right mindset on how you will handle those losses and profits, you'll end up frustrated and become emotionally disappointed resulting to bad decisions that could end up with you broke.

In most cases, if you're expectation fails you, that's the time where most of the emotional feeling becomes involved in the decision-making process.

But like any other business, if you don't have a proper mindset towards what will be your direction, you'll be most likely ended up in failure.

And the common mistakes why most business owners fail right after they started are, they are not mentally tough, they just give up and fail to continue and move forward. They easily felt upset and emotionally stressed, I've been there and done almost everything, I even quit and ditched my trading for a while, It took about 3 months without trading before I realize something.

I'd like to share the simple formula of how I changed, tuned up my trading mindset;

"Our Emotion + How We Respond on that Emotion = Will always determine the Outcome"

In trading, the outcome will be the result of how you approach and respond to every situation in the market. It is how you will respond to every emotion that you will feel over a series of your trades that could lead you to either a positive or a negative result.

In the early years of my trading career, I felt frustrated, disappointed and angry every time I experience a series of consecutive losses, I started to become too emotionally attached to those losing trades and the feeling of revenge over the market takes place.

I've been entering the market and executing trades with increased lot size just to get back immediately my losses but still end up losing trades.

It came to a point that I doubted my skills, my strategy and even the forex trading itself because when I also have a winning streak, I'll still lose it again and give back my profit on the market.

Grrrr…what the heck??

I started questioning myself. What have I done wrong? Is forex trading can really make money? Does my strategy really work?

I became fearful, afraid to enter the market again, what if I lose my money again?

But I never gave up, I have to figure out this.

And I came to the realization that I was too emotionally attached to every situation I am in, either winning or losing on my trade, I let my emotions control my decision. I've been responding on the market with a wrong approach that really determined my outcome.

It solely depends on the "Mindset" that I have.

It is the way I think, my attitude towards handling those wins and losses.

It is my belief in the skills and strategies that really work or not.

It is my thoughts about trading.

It is what the values I get every time I suffer losses and get some winning streaks.

It all comes down on the "proper mindset".

If we approach the market and trading with the wrong mindset such as greed, revenge, fear, overconfidence, etc. we will always end up where we started.

Mindset is critically important as it will drive our Action to get the Result that we wanted.

Trade with the END of DAY Approach.

Master trading on the Daily Time Frame, as you lower down the time frame, the faster the price movement will be. You'll experience fast-paced price action.

Daily Time Frame is slow and views the overall market price direction.

Your trading decision must circle around the daily time frame, most especially on the daily closing price.

In this way, you'll avoid committing one of the "worst" sins of a trader which is "watching the chart all the time".

With the daily time frame, I can see what the condition of the market is within a year or several years and using that information I can easily identify and determine where the market price is heading.

It gives a clearer view of the overall market direction and it will help you improve the ability to read the market's structure on what is happening on both short and long term bias.

Since the daily time frame closes after 24hrs, Daily time frame is slow because the daily candle closes after 24hrs.

It forces me to be patient, to wait for that closed candle before deciding what to do with my trades. It forces me to check and monitor my chart once and twice per day only which is far less likely I have to enter and exit a trade prematurely. It helps me to avoid emotionally-based decision making.

Your trade execution or exiting a trade should be considered and decided after the daily closing price or the daily closing candle which is 5 am in the morning, to 6 am DST.

Basically my trading routine revolves around the daily time frame. Over the weekend, that is when the time I conduct a deep and thorough analysis of the market price. I am already anticipating the market in advance so when it opens on Monday I am already prepared.

I will only check my chart in the morning and in the evening. Weekend is usually my charting time, this is where I observe the market while it is not moving. Although you have to practice screen time to really understand the price behavior and the market itself, I recommend that you do that while on a demo account, not on a live trading account. In this way, you'll not be tempted to execute a trade that is not within your pre-determined trading plan.

PROTECT Your Capital at ALL Cost

One of your goals as a trader is to protect and prevent your capital to be destroyed,

As experts say;

"Cut Loss early because you can always get back in".

It is really true, because how can you enter the market and earn if you don't have the capital to trade? There will always be an opportunity available.

Protecting capital will also be difficult especially for new traders, just like me before, because the market will show you lots of opportunities and may possibly hype you with so much temptation to enter because you are here to make money. And the market is there 24 hrs a day and 5 days a week, you can enter at any time of the day.

Protecting your capital should start first in your mindset about "savings" which is your hard-earned money.

Personally I treat my trading capital as "savings" because as one of my rules, savings should not be reduced but rather consistently increased, so we can use it in the future to make more money.

And it surely is hard to protect your savings from the constant temptation of not spending it especially if you see some sales in the mall, you want to buy a new gadget or if there are some unnecessary expenses that you cannot take for granted.

What I do is I treat and remember that savings would be the "expense" that can buy my future and instead of spending it on unnecessary expenses, I'll consider to spend it wisely and invest it to gain more.

Same goes with trading, your capital will be the expense of your trade in return for a profit and you must spend it wisely with the right opportunity that has the potential to gain more, protecting it on the actual trading will be tough because there will be times you cannot resist the temptation of impulsive trading.

But you must remember and try to ask several questions before you spend it on a trade.

Is it worth the risk?

What are the consequences if I opted not to push opening that trade?

What would be the possible effect when I trade that?

This is also the same as the "ammo" use by snipers to kill their enemy, your ammo in trading would be your trading capital, and just like snipers they are preserving their ammo and anticipation for the next opportunity to kill, they don't just take a shot but are aiming to kill in one shot "like headshot".

Your weapon to kill and squeeze pips in the forex market is your technical analysis skill, trading capital will be your ammo and your psychological mindset will the sniper discipline.

Preserving your trading capital coincides with focusing on quality setups rather than making an attempt to jump in and out of the market and open several trades that could end up eating your trading capital.

"Spend and Trade Wisely".

You must belong to those traders who deeply understand that becoming profitable is knowing when to trade.

It is about choosing those quality setups rather than quantity.

Now,

At the end of the 6-month period, assess again your trading performance, have you been profitable so far? If you still end up making money whether 5%, 10% only, you are considered profitable. You just need to continuously improve, enhance your business. Along the way, as you progress you can determine the amount of capital you need in order for you to meet your desired income requirement. Slowly add up additional capital for a decent return, if example you start and practice live @ $200, make it $500 or $1000.

But if you are not profitable at the end of that 6months, restart and practice again, keep it still at a small capital.

ESTABLISH A TRADING JOURNAL

Record all your trades and performance, create a journal that will record all your trading history which you can later view and understand your mistakes, your gains, and results.

Your trading journal doesn't have to be complicated, I've included a simple format that you can start and just revise it later based on your personal preference.

As much as possible, keep a snapshot of your trade during your analysis, after you have executed a trade.

Keeping a trading journal is the number 1 step for you to develop as a disciplined trader. It sounds so easy to make and record but a lot of traders failed to consistently do it. The fact is, it is hard, and besides who wants to record those losing trades, right? I bet no one cares to do it!

Most traders just rely on the trading history provided by brokers. But actually a trading journal for me is not just about recording and jotting down your entry, exit and how much you make.

A trading journal should reflect your trading progress, your trading mistakes, and your individual emotion before you execute your trade, when your trade is live and after the trade. It serves as your mentor also, it will reflect your strengths and weaknesses.

A trading journal eliminates trading mistakes. The whole purpose of having one is to use that and look back on how you can improve and get better. You can use that as a reference to see your past trading mistakes and assess how you can prevent doing it again.

It doesn't have to be so detailed, just keep the most important ones since you now have a trading system that you follow.

I consider this as the journal of the experts. I believe that it doesn't have to be in so much detail or fancy. A simple excel spreadsheet would work, but if you don't have it, write it manually and keep it just a physical journal.

Here is the snapshot of my trading journal:

POSITION	PAIR / INSTRUMENT	ORDER TYPE	HOW MUCH YOU RISK?	REASON FOR TRADE ENTRY / FEELING REMARKS	PIP GAIN / LOSS	REASON FOR TRADE EXIT / FEELING REMARKS	REFERENCE
A	GBPUSD	SELL	1.5%	A simple reason for your entry trigger and your feelings before and after you enter	+101	Do not put anything if you follow your system	Screenshot 1
B	GBPUSD	SELL	1.5%		0.00	Do not put anything if you follow your system	Screenshot 2

I put 8 columns here, categorize the following important things you need to have on your trading journal except for the Position A and B column.

- ✓ Currency Pair/Instrument
- ✓ Order Type
- ✓ How much you have risked?
- ✓ Reason for Trade Entry/Feeling Remarks
- ✓ Pip Gain/Loss
- ✓ Reason for Trade Exit/Feeling Remarks
- ✓ Reference / Screenshot

This is just an example and you can tweak it your own. You need to have this one and you have to be brutally honest when updating it.

Below is the simple explanation of why you need to have those columns.

Currency Pair/Instrument – Obviously you need to know what instrument you are trading. It should reflect on your screenshot for you to be able to backtrack when you are reviewing past trading history.

Order Type – You can either put Long or Short, or Buy or Sell.

How much is your Risk? – You have to be very honest with this, input the amount of your risk, either in a percentage or dollar amount. You can easily check it after you've placed your stop loss, just drag your mouse pointer on the stop loss line and it will give you the corresponding amount. I have included this in my journal to keep me reminded of my risk. Am I consistent with risking? Am I risking too much? Am I overtrading?

Reason for Trade Entry / Feeling Remarks – Although my screenshot will really reflect the entry triggers I have, I still put a simple note on why I enter that trade. Along with that, I also incorporate what do I feel, how do I feel before and after I enter a trade? It is crucial for me and I have to be very honest and disciplined to put it. This will reflect if I am being too emotionally attached when executing it. This will allow me to identify if I consistently follow my system or just enter a trade based on my emotions.

Here are some of the hard feelings that I brutally include in my journal:

- FOMO
- Revenge
- Bored
- Anxious
- Confident
- Positive
- Regret
- Impatient
- Worried
- Urgency, Am I rushing to enter a trade? Etc.

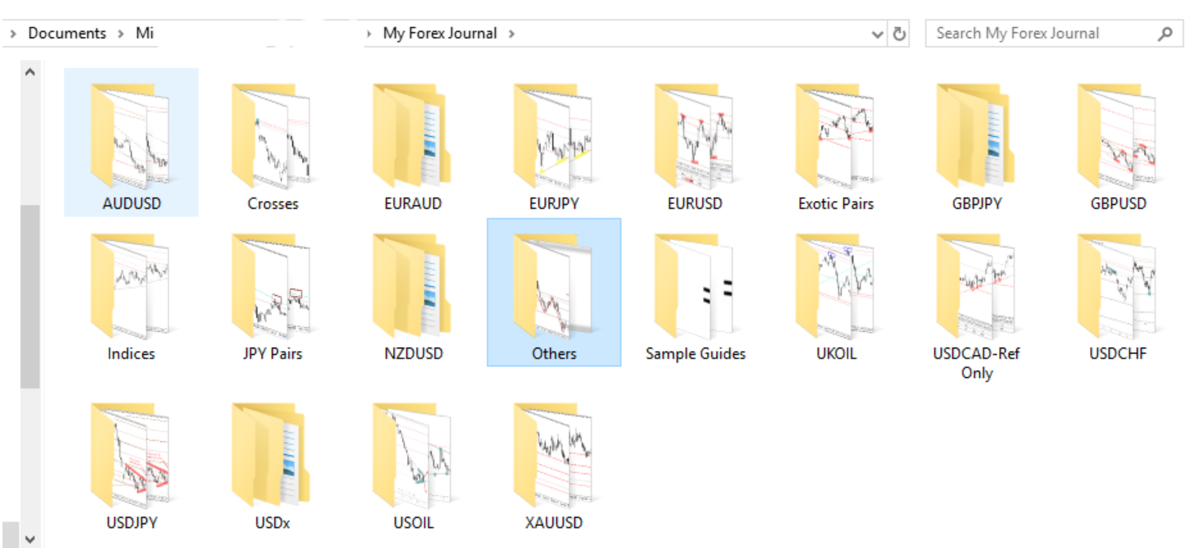
Now you don't actually need to put a comment all the time, please leave it blank if you really follow your system. That's the reason why you have a system, an edge, and a system that will tell you how to do it without being emotionally attached to your trade.

Pip Gain/Loss – This will reflect how much you make or lose. Put a positive amount for a winning trade with plus sign or color it with a green text. Put a negative sign on the amount that you have lost or color it with a red text. Then zero if you are breakeven.

Reason for Trade Exit / Feeling Remarks – It is almost the same as when you enter, leave it blank if you follow your exit trigger/system. If not, that's the time you need to input a short description of why you have exited? That includes your feeling remarks also. Be very honest with it.

Screenshot – This will reflect almost all of the information about your trades. I don't forget to always take a snapshot of my trade both on my entry and after I have exited.

Here is the sample folder of all my snapshots:



From time to time, I used to review all of them especially those past trade entries and exits that I have. I can easily determine my strengths and weaknesses, I can figure out all my past trading mistakes.

CONTINUOUS LEARNING AND INVESTING IN YOURSELF

The smartest and safest investment you should make today is in yourself, what I mean is "invest in your mind".

The great thing is that no one can take away what you've learned. They can take your home, take your business and take all your profits away, but you'll just get them again because they can't take away KNOWLEDGE!

And trading is a continuous learning process, and you must adapt to the changing market environment. Your strategy may work out forever but you still need to develop your skills consistently particularly the trading psychology, trading strategy that works is easy to develop, you can learn, adapt and copy other concepts and system, but the hard fact is, no one can copy the way a trader decides and how he/she manages his trade.

This is because of psychological reasons, how disciplined a trader is.

Your number 1 enemy is yourself and the best weapon to defeat it is by increasing your knowledge and develop consistent positive trading habits that can help you in the long run. Those positive habits if applied could be a powerful weapon to build your trading confidence and will avoid emotional decision making when it comes to trading.

I always remember this and keep posted on the corkboard near my small trading office.

HABITS will always correspond to a RESULT.

In real life, those habits could determine your result whether on your business, personal and career success.

If you have a habit of saving 10% of your monthly income and invest it regularly, you're developing your way to being financially free.

If you have a habit of reading helpful articles every day even about 30mins, you'll eventually increase your knowledge.

If you have a habit of regularly reading and reviewing your trading performance, trading setup and result, you'll probably develop awareness and psychological improvement on your mind to remind you not to repeat those poor performances and instead focus only those that make and generate you a profit.

If you know the song:

"HARD HABIT TO BREAK"

It simply reminds me that habits are hard and really difficult to break, which is true.

Look at those smokers, they cannot resist smoking for a day, they will find ways and time just to make their habit fulfilled and if they cannot smoke, they feel sick. I am not a smoker but I do have a lot of friends who keep telling me, brother, it is hard to resist.

Same goes with TRADING, if you develop positive habits, it will carry you through and will drive you to the positive trading result that no one can get it from you and build your trading confidence in the long run.

Those positive habits will result in a positive trading result that if consistently applied you'll be on your way to being a profitable trader.

Whereas if you develop negative trading habits, what do you expect your result be?

You are not far from a smoker who cannot resist smoking which is really bad for them, even if they know how bad it is, they still keep on smoking. Same with trading, even if you understand the consequence of that negative action, you are still doing it.

Why?

Because it becomes your habit that is really hard and difficult to break due to some psychological aspect and lack of the ability to control your emotions.

If you are not willing to increase your knowledge and keep repeating those negative trading habits, you'll end up with the same result as if you are a new trader.

If you are wondering, after several years of trading, you are still not profitable, it is not the strategy that doesn't work, and it is not the market who fails you but your ability to adapt to the changing market environment and your ability to resist the constant negative temptation that the market is offering. Whereas you can solve this by increasing your knowledge and consistently learning especially from your trading mistakes.

NOW IT'S YOUR TURN BUDDY!

I will now give the trading floor to you! There is still no substitute for the real trading experience. Along the way you will learn something on your own, just keep it and enhance it! I hope this playbook will be your stepping stone towards future success in the market!

I hope you will not forget this, a simple message of appreciation of what you have learned or what changes this has made to you. It will be an honor for me. I will gladly and greatly appreciate your feedback.

And trust me, I will continue helping you while you are in the learning process, just don't hesitate to message or email me at *support@mikeperlas.com*

Now GO and APPLY what you have learned!

GOOD LUCK!

CONGRATS!

Cheers to Your First Profit!

-Mike Perlas-

ACKNOWLEDGMENT

I would like to thank my family, my parents, sisters and most especially my wife *Janice* whose unconditional support is 100% even if she really doesn't understand what I am doing. To my two lovely daughters Ayame and Aaliyah, who always find time to disturb me and asking *"What are you doing daddy?"* – this is for you!

I was inspired to write this book by Robert Kiyosaki, Anik Singal, Jon Orana, and my dearest mentor Doc Lloyd Labso of DigitalStartUpToolkit.

I do follow a lot of mentors pertaining to Trading Forex, Investing in Stocks and Personal Development but no attachment in any one of them. I just follow them, acquire and filter those that I understand and what will work for me. In fact, I have never seen them in person, but I do thank them for sharing their knowledge in their own little way.