

The Forex Formula for Success

Is there a formula that will help a trader learn to ultimately become successful in the Forex?

YES! And here it is:

T R A D E F O R P I P S D A I L I E

Obviously, this is what we want to do each day, but the above is a mnemonic. A mnemonic is an easily memorized saying in which the first letter stands for something I need to know.

T = Trend

F = Fibonacci ratios

P = Previous support/resistance

D = Divergence

Now the interesting thing is that when the above comes together on a chart we will see what we call Wide Open Spaces (WOS) and we can also see that the “Big Boys” almost always run those big areas in just a short while. So, guess where your trade is hiding? In those Wide-Open Spaces.

We figure out the “Big Boys” by using technical analysis. Ok, this is where most traders fail to truly put their effort. Most traders opt for a shortcut because they want to make money fast. Technical analysis is time consuming and **requires real work** in the charts and it is NOT trading. Technical analysis forces us to find all the areas where we CANNOT trade, so that the only thing left in the chart is an area where we CAN trade. In other words, a WOS.

Mark Twain said this:

The dictionary is the only place where **success** comes **before work**.

Traders erroneously think (as I did) that this market is simple and should propel you into stratospheric money making in weeks. NOT SO. Most traders can see the market (after the

fact) but make the mistake of NOT understanding the WHY of the market move and concentrate on just getting an entry and then clicking their profit out WAY TO SOON.

To be successful, you must learn to **“LET YOUR WINNERS RUN and CLICK YOUR LOSSES OUT EARLY”**. Unfortunately, for the vast majority of traders it is just the opposite. We **“LET OUR LOSERS RUN and CLICK OUR WINNERS OUT EARLY”**.

WHY?

For most traders, it is a combination of the emotions of Fear and Greed and the **LACK OF KNOWLEDGE IN ANALYZING THE MARKET**. Most novice traders don't know where the market will go so they take any small profit just so they can have a winner. Sound familiar? If you take only 5 pips on a trade and then accept one loser with a 30 pip stop, it takes you 6 trades in a row JUST TO BREAK EVEN. **You must have 90%+ winners to 10 % losers to stay ahead of this losing curve.** If you can do that, then you are one of the greatest traders on the planet. If not, keep reading.

Real Professional Traders know EXACTLY where the market is trying to go and they do everything in their power to stay in the trade until that destination is reached. In other words: they analyze the market, determine where it should go, then at the opportune moment they enter the trade (not too early or you live with a large drawdown – a move AGAINST you), manage it to a profitable position and then manage it to the destination.

Surprisingly, this analysis is not that hard, has predictable results and does not require that you be a rocket scientist. There are four things that you must know. If you know these four things you should have a fairly good idea of where the “Big Boys” are going.

In our workshops, we call this being the *“tick on an elephant”*. In the wild, an elephant can go pretty much wherever it wants to go. The Elephant is the “Big Boys” – bankers who are the ones who really move the market. We are the tick - we just want to bite onto the elephant and go wherever he is going.

“Big Boys” (the elephant) have a vested interest in going to certain places in the market. Why, is a secret I can't tell you (or I'd have to kill you as the movie says HA!), but suffice it to say that their destination is predictable, whether going long or short.

Here is a graph showing how the market is made up. Keep in mind that according to Aite Group LLC : of the estimated 5.3 trillion dollars traded in the Forex each day, **400 billion dollars is retail money**.

Top 10 overall market share:

Rank		Bank	Market Share	
2017	2016		2017	2016
1	1	Citi	10.74%	12.93%
2	2	JPMorgan	10.34%	8.79%
3	3	UBS	7.56%	8.78%
4	5	Bank of America Merrill Lynch	6.73%	6.41%
5	4	Deutsche Bank	5.68%	7.88%
6	8	HSBC	4.99%	4.57%
7	6	Barclays	4.69%	5.68%
8	7	Goldman Sachs	4.43%	4.66%
9	15	Standard Chartered	4.26%	1.82%
10	11	BNP Paribas	3.73%	3.06%

Top 10 control 63% of all volume:

There are now **seven non-bank liquidity providers in the top 50**. After years of growth, electronic trading has levelled out at 64% of volume

Source: Forex Magnets 2017

If we add the other top 5 banks into the mix 73% of all the volume is created by these few participants.

So, one of the keys to being successful is to find out what the participants who control 73% of the market are trying to accomplish today.

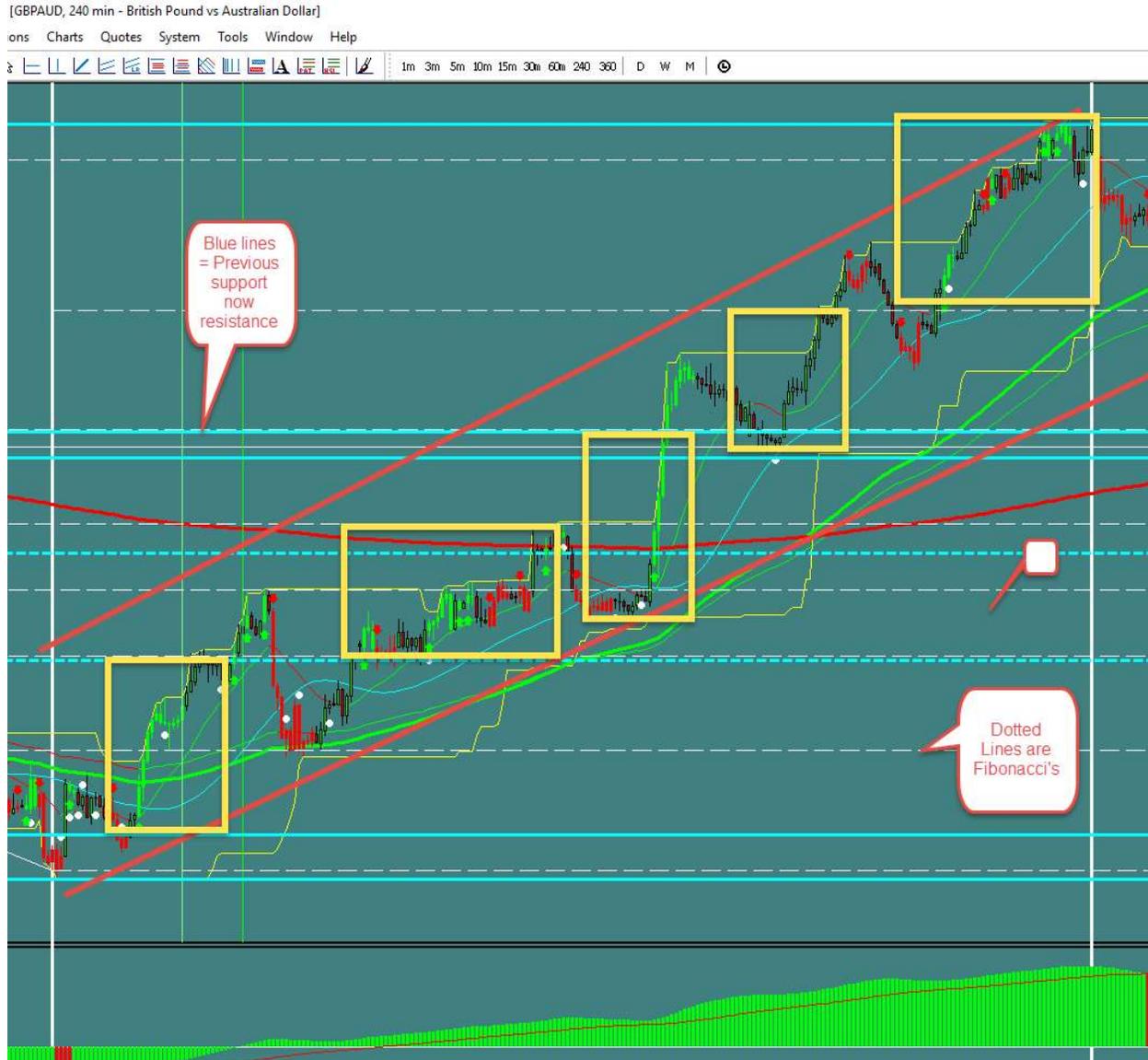
As these “Big Boys” create structure in the market the “follow through”, the other 500-800 banks, sovereigns and hedge funds recognize what the Big Boys are trying to do and they join in.

The “Big Boys” get paid to create a structure in the market that the other players can identify and then trade to that completion. The “follow through” gets paid for recognizing the market and accomplishing the trade the “Big Boys” wanted and taking it to the target.

To unlock this code that the “Big Boys” are using, we meticulously look at a currency through the eyes of Technical Analysis using the T.F.P.D as our guide to understanding the structure of the market.

For Example, if a trend is present we know that 73% of how it was made was the “Big Boys” and now we know a piece of their agenda. The direction of the trend tells the market where the “Big Boys” want the market to head. The barriers to just simply going to that target are Fibonacci ratios and previous support or resistance depending on direction.

A trend is a sustainable move BUT, our trades will exist in areas without barriers but in UNSUSTAINABLE movements. Therefore, it is important to identify the barriers since these are the targets and the turning points for retracements and pullbacks.



In the above sustainable up trend (red lines), you can see how the unsustainable moves (yellow boxes) were halted by a barrier. The trend was sustainable but the trades were not. Since most retail traders don't want to take the time to learn how to extract this information out of the chart, they have no idea where the market is trying to go and so as soon as they see any indication that the market is moving against them, they bail on the trade for typically 5-8 pips or so. The Pros however, take the unsustainable move to the target and then exit their trade and wait for the next opportunity.

The areas between these barriers are what we call the Wide-Open Spaces. These are areas with little or nothing to stop the movement once it starts.

Wide Open Space



So, when you do this work on a chart it reveals what the Big Boys want to happen. It also reveals where the best opportunities are to accomplish the overall goal of the Big Boys. And it is these areas (WOS) where you can take advantage and trade with the big Boys. **So, guess where your trade is hiding? ALWAYS, in those Wide-Open Spaces.** Also, remember, that these Big Boys are not trading for a measly 5-8 pips. They are trading for hundreds of pips, so NO CLICKING out for 5!

We teach Target Trading in the Wide-Open Spaces every day in our live room in both the London and the New York sessions. If you come and sit in one of our rooms, you will see traders just like you make hundreds of pips. You can sit in the room for 7-days and just watch if you like. You can also get a 10-day trial of our amazing charting software that is designed to help a trader find the WOS and the momentum in the market.

Both of those are FREE! www.proacttraders.com

ProAct Traders has the most AMAZING award-winning **Forex Trading Software** you have ever seen and a Forex Target Training Protocol for both new and experienced traders using time-tested proven methodologies that consistently create high probability trading returns. We are **Forex TARGET TRADERS** and we look for high probability setup entries with **realistic targets** that we can find on our charts and **DON'T CLICK OUT FOR 5 PIPS!**



Scott Barkley is a co-founder of ProAct Traders and is an award-winning Forex Trainer who has mentored students all over the world since 2004. Scott has had one of his students win the FXCM " King of The Mini" contest 3 times! One of his students is now the chief trainer for a Internationally known Global Forex Training organization. Several of his students have gone on to be professional fund managers. One trader won the Forex Roll contest in 2014!

Scott has won numerous awards for his training especially in Europe. In addition, he has been a guest trainer for FXDD at venues around the world and is a sought-after speaker in Eastern Europe at the University level - even sitting in for professors at times.

Our corporate motto is: **No Trader Left Behind".**

Scott is currently a Forex Analyst for:

Invest.com

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