



The follow information is based upon the lessons that I have learned over the years as a Forex trader with the idea of hopefully helping my fellow traders. The information is free for all to see, and although I claim “ownership”, feel free to distribute it wherever you want, providing that you give me the proper credit by leaving the logos and watermarks in place. I don’t claim that everything in this communiqué is unique or revolutionary, but I do *wholeheartedly* believe that the information contained within is vital for not only profitability, but also piece of mind.

- Chris (“The Trader Guy”)

### **Keep it all in perspective.**

This will sound counterintuitive coming from someone who has a website espousing the benefits of trading, but I am the first to tell you that you aren’t likely to get rich. If you do, it won’t be overnight. Surprised? You shouldn’t be if you are willing to think about it.

Most traders blow up their account within 90 days. This is because they try too hard to turn their small accounts into large ones in a short amount of time. Yes, it is entirely possible to do it, but time is one key ingredient that you simply must add to the mix. If you have a \$1,000 account to work with, *please* understand that you aren’t going to be buying a yacht with it in six months. Several years into this market, and I still meet people that think they are going to become overnight millionaires with small accounts when even the best professionals out there are making roughly 20 – 25% a year. Those are the *best of the best*. While you can do better from time to time, please remember this so you don’t set yourself up for failure. Swinging for the fences can lead to a lot of strikeouts, and this can lead to frustration.

For this, I blame two things: Greed and the misinformation that so many people pump out into the Forex world. I will be upfront here: My best year so far was 43% or so. Not all of my years have been like this, and I wouldn’t suspect they will be even close at times. Keep in mind that Bernie Madoff stole millions in his ponzi scheme with only 1% per month returns. Seriously.

### **There is only *one* trend. Period.**

This one is a common problem. One of the biggest pet peeves I have is that you see this kind of analysis quite often: “The weekly trend is down, as is the daily. However, the 4 hour trend is sideways while the 1 hour and 15 minute trends are up.” Bullshit.

The funny thing about trends is the fact that there is so much conversation about them. There are entire books about following the trend, and numerous threads in public forums about the same subject. I have seen traders get into nasty arguments that got quite personal about the trend of a

currency pair. Here is the one thing you need to know about trends: The higher timeframes matter, the rest is just noise.

For me personally, I use weekly charts and trend lines. I understand you can use other methods, and I completely approve of many other ones. For me, it is what makes sense, but if you choose to use the monthly chart with a moving average and it works – so be it. But the one thing that matters is that you are using higher time frames and not getting sucked into the noise from the day to day drama that can come into play in this market.

Two other things that I should bring up about the trend: The prudent trader will almost always go with the larger trend. (I say almost always because there are good counter trend trades from time to time, but at least be aware that you are going against it is all I ask.) The second thing is that if you are looking at a longer term chart like the weekly and cannot determine the trend, then there isn't one. This is true whether it is true or not. In other words, if you are confused about it – stay the hell out...it doesn't what you buddy says about the trend in the pair. Be aware of it, and very clear about it. If there is no trend it's a range bound market, and those can be traded as well – but don't expect long-term trades in those environments.

### **Financial channels are the worst.**

The more I learn about trading and the markets in general, the more these idiots scare me. When I say “these idiots”, I mean newscasters *and* some of the professional traders they have on. I listen to these traders and shudder to think some of them are controlling millions of Dollars worth of accounts. They will only say about a dozen different talking points because they don't want to be caught on the wrong foot of a trade in public. My favorite is this line: “We like buying companies with good balance sheets and strong international exposure to the fastest growing markets.” No shit. This is opposed to what I like to do: Buy companies that are flat broke and can only sell their goods in US states that start with the letter Z. (For those of you outside the US – there are none...a bit of sarcasm.) The more you pay attention, the more you can see how the housing crisis happened. Complete morons.

The newscasters simply have no clue most of the time. You will hear things like “Hey...don't tell me about light volume, we had a great rally today!” Of course, when the stock markets go down they will talk about the lack of volume as it shows there is no real conviction behind the move. What? Remember, these people need you to need them and feel good about the markets. If you don't on either account, you won't be watching their channel soon.

### **Nobody cares about your account like you do.**

This is one of those things you would think is obvious. However, I see people taking signals from other unprofitable traders on public forums all the time. For example, just because some guy on a forum is talking about how great the Canadian dollar is recently doesn't mean you should buy it. Quite often these traders will talk about how much they are making, but you can never really know this.

You could very well be listening to someone that is simply communicating in order to hear their own opinion. (This is a ton of people in my opinion.) They don't have any real skin in the game sometimes either. I cannot tell you how many people I have talked to over the years as I traded only to find out that they have been demo trading for the last 4 years, or that they have never turned a profit while hundreds of people respect them and their analysis. The Internet is full of people that are simply talking shit, never forget that.

**If a “guru” can't mention trades ahead of time, they are full of it.**

I cannot tell you how many people out there are willing to follow someone and their “method”, all the while not even seeing a trade *before it happens*. I am not saying that they need to share every trade they take, but a live call every once in a while shows at least some credibility.

I was once involved with someone's organization that many people pay to follow. (Those of you that have known me for a while know exactly of whom I speak.) I left once I figured out that the person wasn't a good trader. You will encounter plenty of people out there willing to sell you their expertise, but aren't willing to show it in real time. The funny thing is that I have actually gotten into arguments with people that swear the guy posted lives trades in the past, yet when I asked them to point them out – they can't. The very first sign of a scam is when they can't show it working in real time. Also, I was informed this person once told a group that he hadn't had a losing trade in over 3 years. Really? That bullshit comment was the straw that broke the camels back for me. Sadly, there are people that still believe it.

**We are paid to wait most of the time.**

One of the sad truths about trading is that it is boring 99% of the time. The great trader Jesse Livermore once said, “We are paid to wait.” What he meant is that most of the time the market is making noise. He was waiting for the really big points in the market where trends are decided or continued, etc. Don't understand what I am talking about? Take a look at the weekly charts on a currency pair, and notice how there is typically 5 – 8 areas that cause major reactions over the last several decades. These are the points on a chart that truly matter, and as such they are the places you want to be making decisions about the trend and the direction you will be trading a pair. The spaces between are typically filled with the day to day drama.

**Balance is important.**

Most Forex traders I know are obsessed with this market. I hear a lot of them talking about being “dedicated” and willing to spend hour after hour in front of the computer screen. Seems like a pretty bleak existence to me personally.

Once I understood that staring at the computer monitor wasn't going to change the way the market behaved, life became a lot easier for me. I decided that I started trading in order to find more freedom, and the dreams that I had about trading had nothing to do with sitting in front of the computer for 10 hours a day. I am pretty sure you didn't think of that as your goal either.

The best trades I make are typically during sleep. In other words, my favorite trades are the ones that make massive gains while I am asleep and totally unaware. I know a lot of people can't sleep through a trade, but that is what stop losses are for. They work even when you aren't there to watch them fire off. You have a life to live, and it isn't to be spent staring at financial charts.

Another thing I would suggest: Don't bore the people around you with this stuff. If they ask about it, fine. But I spent a lot of time talking about Forex to people that were really bored listening to me about it. The reason so many people don't know anything about global markets: Normal people have much more interesting things going on. It really isn't for everyone, so don't punish the rest of the world for your obsession!

### **You never stop learning, kind of.**

I hear this one a lot and I think it is true but not in the way many people think. I have finally reached a point in my life that I think any understanding of technical analysis that I could gain at the point would be limited in its effectiveness. That's not an arrogant statement, but rather one that I feel is true. Yes, there are going to be indicators out there I have never used, but they all basically convey similar information. Besides, nobody cares what some random indicator says: They care about price. I have never been stopped out of a trade because of ADX suddenly moving in one direction or another. It was always because price went against me.

However, I do agree that the learning process goes on. I just think it goes on in more of an emotional state. It is almost like a form of maturity that you gain as you "grow up" in the trading world. The ability to walk away from the markets from time to time is a good sign that you are finally "getting it". Also, there is the ability to place your trade and let it do its own thing. These are the kind of things that show you are moving along in your progression. I mean, there is only so much useful analysis after all. If you have found something that works over time, that is all that matters.