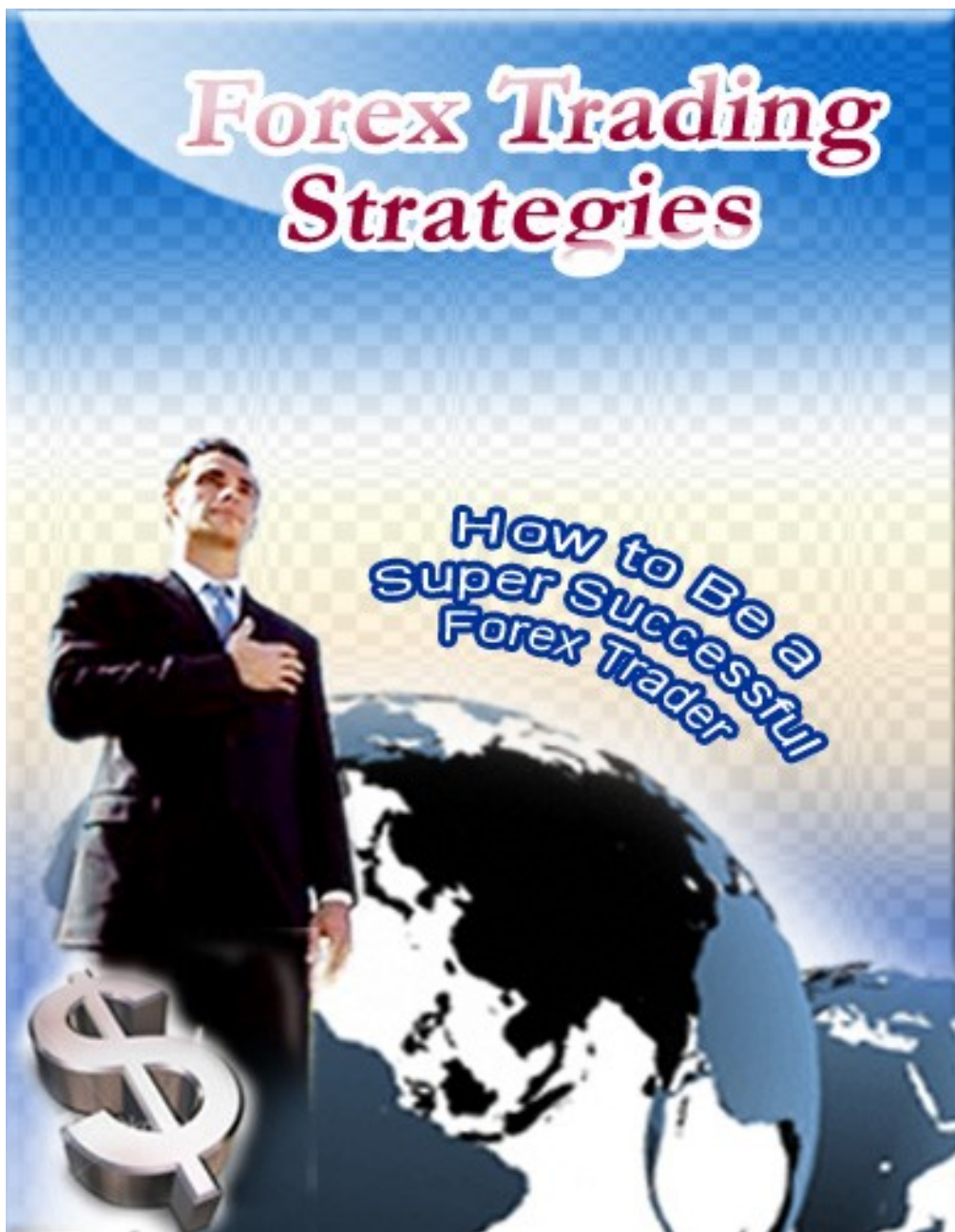


Forex Trading Strategies

How to Be a
Super Successful
Forex Trader



Forex Trading Strategies

How to Be a Super Successful Forex Trader

LEGAL NOTICE:

The Publisher has strived to be as accurate and complete as possible in the creation of this report, notwithstanding the fact that he does not warrant or represent at any time that the contents within are accurate due to the rapidly changing nature of the Internet.

While all attempts have been made to verify information provided in this publication, the Publisher assumes no responsibility for errors, omissions, or contrary interpretation of the subject matter herein. Any perceived slights of specific persons, peoples, or organizations are unintentional.

In practical advice books, like anything else in life, there are no guarantees of income made. Readers are cautioned to rely on their own judgment about their individual circumstances to act accordingly.

This book is not intended for use as a source of legal, business, accounting or financial advice. All readers are advised to seek services of competent professionals in legal, business, accounting, and finance field.

You are encouraged to print this book for easy reading.

Table of Contents

Table of Contents.....	3
What is Forex Trading?.....	5
Importance of Forex trading.....	7
Four Main Types of Orders in Forex Market	9
Forex Trading Price Movements-How and Why Markets Move and How to Profit..	11
You predict the Forex expense trends	11
The Market obeys Scientific Laws.....	11
Business Can be made of News.....	11
Actual Expense Trends.....	12
Win the Competition.....	12
Be Imperfect but Never a Loser.....	12
Forex Traders: The Need to Be Objective.....	13
Forex Trading Tools.....	15
The Three Trend line Strategy.....	15
How to Win with Forex: The Step-by-Step Secrets.....	17
Success Comes From Within.....	17
Discipline & Losses.....	18
A Trading Edge.....	18
Success is in YOUR Hands.....	18
Dangers of Getting Emotional About Forex Trade.....	20
Forex Trading Strategy - Channel Breakout.....	22
Forex Assassin vs. Forex	
Power Strategy.....	24
The Correct Timing in Forex Trading.....	26
Making Proper Use of Support and Resistance.....	26
Why Buy Low and Sell High Doesn't Work.....	26
It Takes Guts - But It Makes Money.....	27
The Importance of Real Time Forex Charting.....	28
Calculating Interest on	
Forex Trades.....	30
The Advantages of Automated Forex Trading.....	32
Choosing the Right Automated Forex Trading Software.....	34

Forex Trading Strategies

How to Be a Super Successful Forex Trader

What is Forex Trading?

Forex trading involves dealing in international currencies. Here, one can sell currency of one country to buy that of another. The trader deals in Foreign Exchange [Forex] at the most appropriate time to profit from the transaction. Good ability to forecast plays a vital role here. One may wonder how Forex trading can be such a lucrative earning opportunity since fluctuations in exchange is so little.

But remember, when done in big volumes, a minor change can mean a lot. There are many non-monetary advantages to it as well. Anyone who wants to deal in Forex can do so, since only the basic knowledge is required for it.

Forex can help you earn a lot of money. But there are certain conditions to follow before trading in Forex. Firstly, one must have a thorough knowledge about the trends in the stock market, the basics of trading and risk-taking ability. You will get all the help you need for attaining these conditions very easily.

There are many sites on the internet which can help you clarify your basics and help you brave rough weather. A good reason why Forex trading can be considered is the fact that there are frequent fluctuations in currencies, though in percentage terms it may be small.

You gain if the fluctuation favors you and the reverse holds true as well. No one can accurately predict the trend of the currencies. Liquidity is another reason why Forex trading is so popular.

Now the most important part – in Forex, you can make huge sums of money even if your initial investment is on a lower side. You can invest as little as \$50,000. Rich people have no upper cap to the amount of investment. So remember that even with a nominal investment, the earning ability is undoubtedly very huge.

Most of the great businesses are connected to the world of internet today, and Forex trading is no exception. You can deal in foreign currencies right from your home. In fact, it is fully conducted online. You have the liberty to choose when you want to trade, and you don't need to meet any deadlines.

Basically, you can be your own boss. The process of online trading is fairly simple for anyone to understand. You just need to open an account for Forex trading with a recognized broker and

they will complete the rest of the formalities. The only bit you need to do is get ready with your investment amount.

So, it is thus clear that Forex trading can be one of the best businesses to earn money. Though there is a level of risk attached to it, but it can be avoided with due care and an alert mind!

Importance of Forex trading

Foreign Exchange [Forex] involves exchanging of different foreign currencies for a profit. The reason for buying the currency of another country may be the need to buy some commodity of the said country as well, besides making money through the difference in exchange rates.

In the latter case, people buy currency of a foreign country when the rate in the market is low, and sell it off when the rates go up. Currency trading is usually done between the central banks, the government, speculators and MNCs. Nations cannot trade with each other without the presence of a foreign market.

A huge amount of money is daily traded in the Forex market, though the amount invested by an individual trader may be very low. No one individually can have any influence on the Forex fluctuations, not even the government. So it can easily be concluded that the level of the currency reflects the strength or the weakness of the economy of a country. So this makes the Forex market a good place for competition.

The government and the central bank do try to stabilize the currency of their country by speculating, by buying and selling currencies at appropriate times. So they can influence the market if they conduct a trade in huge volumes, though. To buy its own currency, however, the government or the central bank must have huge reserves of foreign currency with them. So it is virtually impossible to inflate the currency value artificially.

Banks trade a lot in foreign currencies and this forms a chunk of the volume in the Forex market. They buy currencies not only as individual bodies, but also on behalf of their clients. They trade in lots of futures. Till a few years back, the brokers could influence the volumes of trading in the Forex market. But due to the electronic services available now, the services of brokers is not required. It's easy to operate electronically.

Trading with international countries is possible only with the existence of Forex markets. When there is no Forex market, there is no common currency between two countries, so one cannot evaluate the value of one currency with respect to the other.

The buyer pays the seller in the former's currency. With the money so received, the seller buys goods in the buyer's country and sells those goods in his [seller] country.

Only then he is able to know how much he has earned through the export. In the presence of a Forex market, though, it is very easy for a seller to know of his earnings at the very instant that he conducts an export trade. In the same manner, the buyer too will have a thorough knowledge of the cost he will have to incur to buy goods from an international country.

Four Main Types of Orders in Forex Market

There are many kinds of orders which traders can place to transact in the Forex market, for making profit out of it.

- **Market Order**
The market order is the most simple and common kind of order. Here, the trader buys and sells the currency at the rate prevailing in the market at the time of placing the order. Due to the huge size of the market and the high volatility, trends can reverse any instant, so people prefer placing orders at the market price to guard themselves against any adverse trend.
- **Limit order**
In this case, the trader specifies a price at which he may wish to buy or sell the currency. Suppose a trader has bought GBP against the USD at 1.9710, then he can place a sell order at 1.9725, when the exchange will execute the order and he will profit from it. The order will get cancelled if the target price is not achieved during the day.
- **Stop loss order**
Due to the volatility, stop losses are essential. They determine the maximum loss a trader is willing to suffer. Suppose in the above instance, the risk-taking ability of the trader is low, then he may place a stop loss at 1.9705, at which level the exchange will book losses for him, and he won't be affected by any fall below 1.9705.
- **Entry order**
Such an order is filled only when certain conditions are met in the market, which the order specifies. The entry order can be a limit entry order or even a stop entry order.
 - **Limit entry order**
As an example, let's assume that the current market price for GBP/USD is 1.9705-10. This implies that the trader can transact at these levels. Here, a trader can put a limit entry order to sell his holdings at a price more than the market price, say, 1.9715. His order would be executed only if that price is attained. In the similar manner, he can place an order for buying at a level of, say 1.9700, and his 'buy' order would remain pending till the price falls to that level.

- **Stop entry order**

Such an order is generally used when the trader has sufficient grounds to believe that the currency is trading in a fixed range and believes that it is on the verge of a breakout from that range. He might want to buy at a price higher than the market price or sell at a lower price than the market price. In the same example, the trader may go ahead and buy at 1.9720 or sell at 1.9690, where he believes that once these levels are attained, the currency will only go up or fall further, as the case may be. A trader exercises the stop entry order only when a trader has reasonable grounds to believe that there will be sharp movements in the currency rates in the Forex market.

Forex Trading Price Movements-How and Why Markets Move and How to Profit

Understanding expense trends of Forex is not easy at all. Businessmen often get wrong ideas and make agendas based on them and suffer losses. The following can help you understand the trends:

You predict the Forex expense trends

Businessmen observe a certain level and jumps on to it thinking that it's stable. However, this is simply based on assumption and that never works in Forex business. There is no accurate prediction.

If wining is the goal, you have to base the business on the sure shot expense trends. Related to this, there are certain factors given below.

The Market obeys Scientific Laws

There is a notion, which believes that market trends are based on logic. Some believers are Gann, Elliot and the followers of Fibonacci.

However, if everybody knew everything, prices would never have been a surprise and markets would be non-existent. The layman would accept these ideas and their fantastic suggestions. However facts say otherwise.

Business Can be made of News

It is not advisable as news is actually insignificant. The way news is supposed is what decides the movements. Let's see how trends occur.

Actual Expense Trends

Basics + Individual Insight into them = Forex Market Trends

People are seldom rational. They often function emotionally, which is why logical reasoning does not always hold true. The real human psychology is consistent but these matters have no logic:

1. People make costs move to extreme and these passing points can be used profitably.
2. Carry on with business. Don't get into guessing.

Win the Competition

Forex is a sport and competition is based on chances. You may not be able to determine chances but you will never lose.

That applies not for every instance but try out on big probability situations and you will surely take the cake with very few losses. Get huge proceeds in due course of time.

Voracity and panic fluctuate costs, creating points that are visible on Forex schedules and can be used gainfully.

It's a game so when prices fluctuate on your side, get to business. Control your finances well and be a winner.

Be Imperfect but Never a Loser

Forex markets teem with those who attempt guessing and try to get a non-existent undisclosed trend cipher. Even though Forex expense trends seem disordered, basing your business on cost fluctuations will make you a winner.

It may not be an ideal business for many, however if done right, you can make a lot of money through forex trading.

Forex Traders: The Need to Be Objective

It is difficult for Forex traders to realize that the currency market is extremely unpredictable. As new traders spend a long time trying to learn the mechanics of the foreign exchange trade and focus their time and energy on trying to find a method for predicting movements, they naturally expect there to be rules governing the movement of the market. This not being the case, many traders find themselves at a disadvantage.

While Forex traders have a number of tools at their disposal, which allow them to judge the right time to open or close a position, many prefer to rely mostly on one tool. So, having opened a position, they watch their favorite indicator and, to a large extent, base their trading decisions solely on it, ignoring the others.

This works well enough until that indicator starts telling them something different from what the others are. Traders caught in a open position which their favorite tool is telling them to hold, will often do so, despite the fact that other tools are telling them to close and get off the market, and end up losing money.

The basic problem, of course, is that the trader is not looking at the market as is, but through the lenses of his own expectations about it and further using his favorite indicator to reinforce those ideas instead of looking at the bigger picture. And, encouraged by the fact that his chosen indicator is forecasting the profit he wants, the trader is focusing more on money than on the market.

If the Forex market was not unpredictable, it would collapse because all traders would profit all the time. There are many tools that can help traders predict the direction of the market and they usually do an efficient job. But even in the hands of the most experienced traders, the best tools occasionally fail to predict the market's movements correctly.

Losing in trade because of predicting the market wrongly is an innate part of Forex trading and traders need to accept it. Besides, they need to learn to avoid getting in a position where they do not have many choices.

For this, the trader needs to accept the fact that the foreign exchange market pretty much has a mind of its own and the traders have to follow its movements instead of trying to make it go in the direction they want it to.

Forex Trading Tools

There is no one single super smart Forex trading tool which gives you profit, profit and more profit. The only possible solution is to use a combination of different tools to identify the favorable market forces to get a maximum number of high probability trades over a period of time. Trendlines are the most popular and reliable Forex trading tool which many successful traders give their testimonial for.

The Three Trend line Strategy

Trend Lines are an important tool for trend identification and confirmation in technical analysis. It is a straight line that connects two or more price points and then extends into the future to guide you.

There will be lines drawn across significant lows in an uptrend, and significant highs in a downtrend. To roughly classify trend lines, we can divide them into three as short term trendlines, medium term trendlines and long term trendlines.

1. Short Term Trendlines

Draw these lines across the most recent two lows for an uptrend or across most recent two highs for a downtrend. Best observations are found on a smaller time frame such as a 15 minute or 30 minute chart.

2. Medium Term Trendlines

These are best observed on a higher time frame like a 60 minute chart. It either connects the nearest significant low to current price action to the previous significant low in an uptrend or the nearest significant high to current price action to the previous significant high in a downtrend.

3. Long Term Trendlines

It uses higher time frames such as the 4 hour chart or the daily chart to draw long term trendlines using the same method of Medium Term Trendlines. The long term trend line is considered as an effective Forex trading tool. The daily chart is used mostly by traders of big institutions who do not usually engage in small moves on an intra day level.

By drawing a trend line on a daily chart you can graphically analyze where price is and where it is likely to bounce. But employ trendlines as a Forex trading tool with caution and discretion. Covering your charts with every trend line possible will result in confusion and blurry analysis.

It is not a good idea to rely completely on a short time trend line. They merely give you a defined picture of current price action. These are broken often during the course of a day. Their main use is to give you a clear, instantly recognizable graphical representation of current price behavior.

If you notice price coming back to test a trend line on the higher time frames, look at other factors. Draw in horizontal lines to mark key support and resistance using previous highs and lows. Draw Fibonacci retracement and extension levels. Calculate the daily pivot points and put them on your chart. Have the 200 EMA (Exponential Moving Average) shown on your charts.

How to Win with Forex: The Step-by-Step Secrets

When 95% of traders lose money, what makes you think you can win? To see your chances of succeeding as a forex trader, here is a checklist for you to see and become one of the elite traders, who make tremendous long term profits.

Following are a few ways to lose money. You may wish to change your mind immediately if you are thinking of trying any of them. Do this to avoid losses and continue your forex education!

1. Following a Forex Robot with Simulated Gains - You can apparently achieve success without any effort as promised by these. You are asked to accept their track records simulated going backwards. Your equity will get destroyed by trying them.

2. Day trading and Scalping - Due to the random short term volatility, simply doesn't work. Like the robots, even people selling these always have simulated track records.

Many more of these all fall into the category of trying to find someone else to give you success. This does not work in forex markets.

Apart from needing a trading edge, you also have to understand ways and reasons of it leading you to success. Let's look at this in detail.

Success Comes From Within

The combination of a simple robust helping you to understand and trade with discipline is what forex trading is about.

You need to know what you are doing to trade with discipline. This translates into having confidence, which you definitely don't get from someone telling you what to do. You get confidence by from your own knowledge and learning.

Discipline & Losses

As you have to keep executing trading signals through losing periods, discipline is hard. This has to be continued till you hit a home run, even when the market is fooling you and taking your money.

A Trading Edge

What separates out your forex trading system from the 95% losers is your trading edge. You can answer what is your trading edge and how will it help you beat the majority. You don't have one if you don't know what it is.

Few succeed in the simple looking forex trading. These elements are present in the winners' forex trading strategy:

Using simple robust forex trading system

- Having solid grounding in the basics of forex trading
- Knowing exactly why their system will lead them to success
- Having confidence and discipline to stick with their plan
- Knowing only they are responsible for their Forex trading success

You have to stand alone, be confident of your actions and be disciplined to follow your plan in forex trading.

Success is in YOUR Hands

Sounds simple, however it is actually depends on your approach to forex trading - with the right mindset and getting right education. The trader beats himself, rather than the market beating the trader in forex trading.

Learn the basic fundamentals, get a suitable system, become confident, get an edge and be disciplined. Do all of these to enjoy currency trading success.

Dangers of Getting Emotional About Forex Trade

Getting emotional in the stock market is the worst thing that can happen to investors. The same goes for Forex traders as well. Seeing paper losses in everyday trade is pretty common.

Once to take a decision to buy something and make losses, you still hold on even if situations turn from bad to worse, only because you feel that things might turn back in your favor once again. The main problem here is that, the decision to stick to a losing trade for a long time is an emotional one, since you are in no mood to accept a loss and get out of the trade.

Forex market is largely influenced by the general market and you must always trade on what the indications based on the market are, and not just initiate one since your heart tells you to. At times, you might be so emotionally attached to a given currency in the Forex market, that most of your exposure to the Forex market would be in that particular currency.

Nothing wrong with it, as if you have reasonable grounds to believe that the currency will do well, then you will actually profit from the exchange. The 'wrong' thing is opening up a trade in a currency just because your heart tells you to.

In the case, if you strongly feel about any given currency, then it's better to check the reality by having the look at what the market is indicating. That will give you a clear picture of whether or not you should trade in that currency.

The basic thing that is needed to be remembered is that once you have initiated a trade, and are incurring paper losses, and by all indications, things are likely to get even worse for you, then it is much better to book losses and come out of it rather than sticking to it till a time you ultimately are able to see some gains from it. Remember, the markets have little room for emotions.

Forex trading is not a win-win situation. Be prepared to lose on some trades as well. That's the precise manner in which the market works. It is not really a question of whether you are right or not, the fact remains that markets move in an unexpected way and they have a knack of surprising people when they least expect it. All the fundamentals and even experience may be thrown into the air when the markets decide to do something.

So just follow the indications that the market gives you. If you feel that after initiating a trade, things are not going the way you had foreseen, book your losses and get out of it. You can invest the amount in some other trade and make good gains rather than sticking to your losing trade.

Forex Trading Strategy - Channel Breakout

Forex system happens to be the greatest global trade. It taps into some movements for businessmen to gain well. One accepted Forex business agenda utilized rather gainfully in the business is called Channel Breakout.

Forex Trading Channels – Channels consist of paths made on a schedule to trace the array where exchange had been transacted in a time span. They can be simply constructed. Observe the schedule in a time span and draw lines linking the comparatively tall spot business expenses, and down under linking a comparative low spot business expenses. This will give you a picture of the business array existent during a time span like, six months.

Channel Breakout – Once the value of exchange goes up the peak network line, there is a rising network getaway. Also, once the value goes down below the lowest network spot, you get a downward network getaway. Network getaways happen upwards and downwards. With enough Forex input with scientific scrutiny, everyone may utilize the process for getting a gainful exchange business agenda.

You have to build the channels very carefully. Every meeting of lines doesn't indicate a proper getaway. If there is any fallacy in the line construction, what you observe is business out of the array, which just leads you back inside. Therefore, before anything else, gain enough knowledge on Forex.

Gainful Control of Forex channels – When you figure out the working of networks, gains will happen. Construct the business with enough pauses. Then, in case of an incorrect getaway sign, you will get tolerable losses or if luck favors you, a very low profit.

But if you are on the correct side of a proper network getaway, the tiny lack you received will be moved away and you get a good big satisfactory gain.

Any proper Forex business shareholder worth his name capitalizes on channel breakouts. In case you want to cash in the exchange markets, take out a certain amount of time for a Forex education to build this agenda and various technological scrutiny processes.

That will build up the exchange agendas, which would yield gainful consequences. If you don't give some time to completely figure out the stakes and yields contained in a Forex business agenda, you may not get the desirable consequences. So you see, your gain just depends on you.

Forex Assassin vs. Forex Power Strategy

For those who have an interest in the huge 3 trillion dollars a day foreign exchange market it is common knowledge that to be able to remain on the right side of the Forex market what you require is to constantly discover new plans to minimize your losses and to maximize your profits, and to always adapt so that you can grab any and every opportunity to get a bigger share of the pie.

The Forex Assassin formula and the Forex Power Strategy course are two of the most widely used currency trading tools. Both these tools have received great reviews, but their operating principles are entirely different. As a Forex trader, how would you understand which is the better tool for you? To help you out of your confusion, just read on.

The Forex Assassin formula is designed as a solution to the busy man's problems with forex trading. This tool is ideal for the average 9 to 5 professional who wishes to generate some extra income through Forex dealings but can't muster the time to either monitor the markets throughout the day or study intricate technical formulas, analysis and graphs.

Forex Assassin is a simple and convenient strategy that can be used with little or no understanding of how the market actually works. It normally takes about a quarter of an hour every week to prepare and assign a trading strategy, after which you just have to relax and allow the market to do its work.

It is very straightforward, but on the flip side also rather limited, as you are not required to have much understanding of the market. The whole target is to allow the dummy to make limited money by minimizing his chances of loss, which however is not certainly the best way to make the most money.

Conversely, the Forex Power Strategy tool offers a detailed and an in depth course in the dynamics and economics of the market. It takes into account a whole lot of material, and includes all levels of trading. As a result it requires a high investment of your time and attention to make the most of the course and absorb its lessons. So unless you can commit quite some time to it, the Forex Power Strategy tool is not quite for you.

But in return you have the assurance that by the time you complete the course, you will have achieved a better and sounder knowledge of how the market works, and thus your earning potential will be correspondingly higher.

But no matter which tool you choose, using either is better than trading just blindly in the market and ending up with huge losses.

The Correct Timing in Forex Trading

When you sense a trading opportunity, the deciding factor is to know exactly when to buy. Unfortunately this is the very point at which most lose the plot by timing their entry levels improperly. But here are some basic guidelines to help you at those crucial moments:

Making Proper Use of Support and Resistance

If you try and use the fundamental rule of the share market – “buy low, sell high” – in Forex trading, you’ll actually lose money. To understand you need to know how the system of support and resistance works.

A support price is a historically tested price at which traders intervene and buy, so as to “support the market”. The more times this price is tested, the more bankable the support price will be. Inversely, a resistance level is defined as a level at which “prices were resisted from moving any higher”. Here too the more times this level is tested, the more reliable it becomes.

Why Buy Low and Sell High Doesn’t Work

The reason why this traditional wisdom is counterproductive in Forex trading is that if you actually wait for prices to fall, you’re going to end up missing some of the best opportunities for making money. Consider: when a currency starts to pick up, what are the chances of its pulling back?

What if it doesn’t and steadies out? If you keep waiting for a pullback, you could end up never getting in on the trade because most of the changes in currencies occur from new market highs and without any pullback.

So if you plan to focus your Forex trade strategy on waiting for an entry at support prices, wake up! You stand to lose out on the most profitable trades. What your Forex trading strategy should

target is rather, to “buy high and sell higher” – i.e. you should try and do quite the reverse of what the general crowd is doing. Try and keep a lookout for any breakthroughs in support and resistance, and then sell and buy correspondingly.

It Takes Guts - But It Makes Money

The policy of going against the crowd takes courage to practice. But think over the strategy with a cool head and you shall find it is the most logical thing to do. How often have you heard of traders buying into support, but the market continuing its freefall, breaking the support?

And again, haven't you heard tell of the price continuing to soar and never getting to support, thereby making the trader miss the chance to capitalize on the trend?

So rather than be traditional and lose money, it is easier to adopt the breakouts policy: you won't be comfortable on entry but you will be making money. The trick is to break away from the pattern that the losing majority sets and to do what is productive and logical considering the common and predictable response.

The Importance of Real Time Forex Charting

Do you want to earn money in the arena of foreign exchange? In order to accomplish so, you should possess in-depth technical knowledge, focused on the capability of tracking currency exchange rates, through interpreting actual forex charts.

If you are an amateur in this field, you should quickly discover authentic forex charts from the Internet or may opt for free actual forex charts. The best option is however, to take the help of free chart recognition software and mastering on it, you are well suited for this business.

Online forex charts keep you updated about currency values at any time, even between short time gaps like minutes to long intervals like several years. The graphs depicting the oscillations in rates are line graphs, or bar diagrams or candlestick charts.

Line charts are easy to interpret and help you to broadly check ups and downs of prices. It aids you to track the current trend of rate movement. On the contrary, bar charts are not as lucid as line graphs but supply a much in depth information.

To summarize, the length of a bar chart depicts the amount of rise or fall in price and the breadth gives the duration, which has witnessed this. Initial and final rates are mentioned on chart so that you can identify the range and whether it's a fall or rise. There are pattern recognition software available that interpret the bar diagrams for you and make your task easier.

The Japanese were first found to use candlestick charts to plot their amount of their rice production. Since then they have been increasingly popular. Though they are similar to bar diagrams, they are colored.

Each color acts as a code to signify the rise or fall in price. The index is written on the graph itself. Thus candlestick plots are much more user friendly than bars. Candlestick charts have unique patterns and they are as pretty as to be named after natural beauties. As soon as you are able to identify the particular pattern you will identify the market trend.

An actual forex chart is often complemented with many technical indicators such as trend, strength, volatility and cyclic movements. A forex chart is useful itself, but this adjunct information

is provided to ease your task of market analysis to predict both movements in the market and market volume.

Calculating Interest on Forex Trades

One of the best things about Forex trading is the fact that one can trade using leverage, thus borrowing as much as 1,000 times your capital in order to make a trade. However, borrowing money for trading in foreign exchange is the same as borrowing it for other purposes—interest must be paid on the loan.

However, as currency trading involves both buying and selling, the interest due on your loan can be offset by the interest earned on the currency you buy. Before going on to particular examples, let us take a look at interest rates in general, to see how the foreign exchange market is affected by it.

In central banks, interest rates are set in accordance with a country's monetary policy—high interest rates make the currency more expensive to buy and lower interest rates make it less so. Imagining the government of a country with high inflation will help you understand how interest rates are used.

The government, because of rapidly rising prices, might decide to raise interest rates. This would increase the cost of the country's currency, and make demand and consumption fall, as borrowing would be more expensive.

This in turn would cause prices to fall and inflation rates would come down. Similarly, a country undergoing recession might lower interest rates to boost the country's economy, as lower price of currency would cause demand, and, therefore, supply, to increase.

Interest rates set by central banks also determine at what rate commercial banks can borrow from governments and lend to their customers, including forex traders. Which tells us how interest rates affect this trade.

A trader who, for example buys GBP/USD, needs to borrow the Dollars to buy the Pounds and will, thus, pay interest on the USD and earn it on the GBP. If the interest rate the Bank of England sets for the UK Pound is higher than the one set by the Federal Reserve for the US Dollar, the trader will earn more on the UK Pounds he bought than he pays on the US Dollars he borrowed, thus making a profit.

However, unless there is a significant difference between the two interest rates, the net profit or loss will be marginal. Besides, while interest rates are set on an annual basis, trading positions are usually opened for short periods. This serves to significantly lower any gain or loss on interest rates.

The Advantages of Automated Forex Trading

Forex trading is nowadays the preferred form of investment for an increasing number of people these days. It is apparent why this is so.

As the largest trading market in the world, the Forex market has a steadily growing trading volume, which has risen from around \$500 billion to about \$2 trillion in the last twenty years.

Additionally, since it is not tied to any particular trading floor, it is an unusually liquid market. Operating around the clock also makes it a permanently open market. Thus, since many markets are opening and closing at the same time, one can effectively follow the markets around the world.

Both big and small traders are thus being attracted to Forex trading. They enjoy a wide choice of trading strategies based on the various aspects of the foreign exchange rates. Many traders coming into the market find the different things that affect currency exchange rates very attractive for a very simple reason – they can use a wide range of tools when working in this exciting and stimulating market.

Automation is perhaps the greatest influence today on the future growth of the Forex market, as it brings with it more advantages than disadvantages. Manual systems trying to operate in a fast paced and volatile environment bring with them several losses.

A simple time delay in buying and selling may cause a row of losses in a manual system and thus cause the trader immense frustration. Automated Forex trading allows trade to be conducted anywhere in the world, in real time, and eliminates the losses seen in manual systems.

Operating in a wide range of different currency markets at the same time, without worrying about the time zones of the places concerned, is another advantage that automated Forex trading brings. Sitting in New York at 2 o'clock in the morning, one can conduct business with traders in different countries on the other side of the globe, simultaneously and with great ease. All thanks to automated Forex trading.

Risk management is often a source of worry for traders, but even this is reduced with automated Forex trading. Payments can now be synchronized in real time and this leaves traders satisfied,

as opposed to manual trading where there is always uncertainty about payment being made after completion of trade. The automated trading system is developing progressively, and that brings with it hopes that the settlement system will be updated and markets risks will soon cease to exist.

If there is one technology that has advanced by leaps and bounds over the past few years, it is computer technology. Indeed, one hopes that it will continue to grow for many years to come. Most importantly, advances in computer technology spell good for traders who wish to access the best Forex automated trading.

Access to technology easily and cheaply from the comfort of the traders' homes means they can manage their own investments with ease. Automated Forex day trading will thus come as a welcome addition to a fully empowered investment vehicle for those in the currency-trading world.

Choosing the Right Automated Forex Trading Software

Automated forex trading has a few advantages of its own. Here all you have to do is follow trade signals that are generated and if you are able to execute them with discipline and if your system is logical, then you can easily pile up gains.

Before looking at the various ways you can gain profit through these software, let's take a look at what not to do.

Many traders find forex robots online and buy them. But you must keep in mind that most of these are pieces of junk and have never been traded in real time. Take a look at the track record and then at the disclaimer. It is probably hypothetical or stimulated and that is no sure indication of future results. It is strange how some one can just take a test and claim to make money with it.

Of course, they do make money for the vendor, they get the sale of the software and the trader gets spanked in the market. No one gets 100k annual income for a hundred bucks. You will never make any money with these stimulated systems so try and steer clear of them.

Let's now take a look at how automated forex trading is done in the proper way and discuss the options.

Buy a system with a track record that has been audited over two years. These may not be cheap but they can pay for themselves many times over. You only make sure that you understand and agree with the logic before you begin to use it.

Try the free systems. Look up our other articles to know more about them and you will realize why this is a great place to begin your automated forex trading career.

Go ahead and build your own. This is easier than it sounds. It is also a better way of trading because if you build and customize the system, you will gain more confidence and you will be able to trade with discipline, even during periods of loss.

If you do decide to build yourself a system, we have it covered in our articles. But the best way to go is to trade breakouts, to new highs or lows, have momentum indicators to time your moves

and focus on long term trends. The simpler it is the better. This will enable it to face the ever changing market condition. Packing it with too many indicators might break it down. Once you are in possession of a system, get hold of a forex software package, program the rules and you are all set.

Keep in mind that all forex trading systems, including the best ones will suffer losses that can continue for a long period of time. You need to continue trading until you hit a home run and because of this discipline and money management is necessary.

If your system does between 50-100% compounded annually, you are a part of the best automated forex trading software and you can trade markets and enjoy currency trading success.