

## **“Forex Trading For Maximum Profit”**

**Review By:**

**Peter McKenna**

**Investor's Business Daily**

**February 25, 2005**

Are you afraid that you are missing the action in the hottest investment opportunity available today... the FX market... because you don't understand how it works? I have discovered an easy solution to this problem. There is a new book on this topic that takes the mystery out of Forex trading once and for all. It's called "*Forex Trading for Maximum Profit, The Best Kept Secret on Wall Street.*"

The author is Raghee Horner, who needs little introduction to those of you already familiar with legendary traders who have established a strong trading record over many years. She is a pro, who trades the FX herself and spends a great deal of time teaching, lecturing and writing about FX. This experience has given her the gift of clarity and clear explanation, which is not easy in the often confusing FX market. Her love of this vital market is clear from the first page.

Horner starts at the beginning rather than assuming the reader already understands the basics of FX trading. I was hooked on the book when she explained what PIP stands for (price interest point), one of the small issues many writers assume you already know and thus overlook. But not Raghee Horner.

FX, for those of you who not familiar with this market, stands for foreign exchange market, or Forex. What exactly is the FX market and how can you profit from using it? Let's say you get off the plane at Heathrow Airport in Great Britain. You're on holiday. Before you can start enjoying yourself, you have to deal with a thorny issue. Let's say you have \$1,500 in your wallet. You need to know how many English pounds, or Euros, you can get for your money. Can you get an equivalent amount? Is the dollar worth more than the pound or Euro, or is it worth less?

What you are dealing with, of course, is the exchange rate. And it is this same exchange rate for several different currencies that FX traders use to make their profits. As Horner explains, currencies in the FX market are linked in pairs. Think of the dollar and the euro, for example, as being joined at the hip. They are a pair. If the value of the dollar goes up, the value of the euro will go down.

Here's an example. Let's say it's a Friday morning and the quarterly Gross Domestic Product (GDP) report comes out. It's a stunner. The GDP report is much worse than expected. It comes in a full half percentage point less than expected. This means the U.S. economy is not growing as fast as was thought, a setback for the dollar. The value of the dollar will decline, and conversely, because they are a pair, the value of the euro will go up. FX traders will buy the euro. For every PIP the dollar falls, traders will make a profit.

When there are no economic or news events for FX traders to use as a guide, they turn to technical analysis to give them a reading of the FX market.

The real strength of this nicely illustrated book is Homer's explanation of the many tools of technical analysis she uses to enter and exit FX trades. For example, she covers trendlines completely, showing the reader how to draw them on their computer screens and use them to predict periods of support and resistance.

Here is how Homer begins her explanation of trendlines: "Grab a ruler and connect at least two swing lows or swing highs on your chart, and you have a trendline." She also excels in her teaching about the use of the all-important Fibonacci indicator, a technical indicator that shows the mathematical tendency of trends to find support at certain retracement levels of the previous major move up or down.

Many sophisticated traders are turning to FX today. The stock market has been a minefield of risk. Days when the market moves up or down all day, without a reversal, are becoming rare. The FX market is highly liquid and it is open round the clock.

If you want to get on the FX bandwagon, the best first stop you could make would be to pick up Homer's book.

Peter McKenna  
Investor's Business Daily