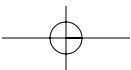
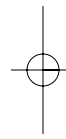
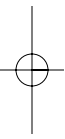
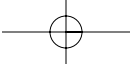


ForeX Trading for Maximum Profit



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THE BEST KEPT SECRET
OFF WALL STREET

RAGHEE HORNER

EDITED BY JEFFREY ALAN BRANDZEL



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To my Ma, Nila, and Herbie. You are all my reasons.

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To David F., in one conversation you turned my world upside-down... in a wonderful way! You got the ball rolling.

To David W., the master communicator.

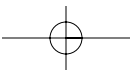
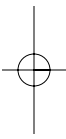
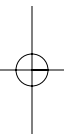
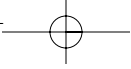
To Raphel and Marisa of eSignal, for all your help.

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To my Ma—everything I do is to make you proud. To my husband Herbie for your unconditional support to follow my dreams. To my sister Nila, for your example of what it means to be dedicated.





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Introduction

You are reading this book for one simple reason: You want to trade Forex successfully, which is to say you want to be a profitable Forex trader. I'm not going to lose sight of this fact. In fact, I can tell you why I chose to take on the painstaking effort of writing this book.

About four years ago, more than a few of my students wanted to trade Forex and I did not have a book or course to recommend to them. I did visit many bookstores in an effort to find even one book that I felt provided would-be Forex traders a methodology they could follow. My search yielded no results. Let me tell you what I did find. I found books that discussed the history of the Forex, books that discussed the interbank relationship, books that discussed the pairs and fundamentals of the Forex market, and finally books that discussed all the patterns and indicators you could use in the Forex market. I call the last type of book "glossary" books because that's all that they are: a collection of definitions and descriptions with no step-by-step methodology.

I was frustrated. Surely there had to be a book that discussed a proven style of Forex trading that wasn't reliant upon a software system or proprietary approach. That was when I finally decided to start writing, if for no other reason than to share what I had learned after over a decade in the markets. When people ask

me about the Forex market I tell them that it has the best features of all the other markets with none of the problems. I still feel this way. What other market can guarantee stops? What other market has zero commissions? (We do pay the spread and I will discuss that in-depth, but consider that you often pay the spread in stocks and futures as well.) What other market has 24-hour liquidity? What other market trades with no gaps Monday through Friday? These are qualities that make for a "dream" market.

I have to admit, maybe there's a bit of vanity, too. I wanted to share my style and my views. I envisioned a dialogue between myself and you the reader. I envisioned that some of my statements might raise an eyebrow and others a smile. I wanted to shatter myths that have propagated in the markets regarding trading. More than anything I wanted to set forth a tried and true formula for trading success; a formula that didn't rely on systems and complex calculations, one that would be as effective for a new trader as for the seasoned trader. Please don't be fooled into thinking that a successful trading approach needs to be complicated. It doesn't. Some of you will have to take my word for it and some of you already know this.

If there is anything that has continued to serve me well as I trade the markets it is my willingness to question. Have you

ever wondered why trading types like scalping, momentum, or swing trading, areas defined by how long you are in the trade? That couldn't be further from the truth and we discuss that in Chap. 15, "The Difference Between Scalping, Momentum, Swing, and Position Trading. Ever wonder what "multiple confirmation" is or why it's important? That very question was asked of me during the interview conducted for this book. Ever wonder which economic reports a Forex trader must be on the look out for and how to gauge the market's reaction to their release? We'll talk about that in Chap. 25, "News Discounting." Did you know that most traders learn and use the wrong type risk management for trading? This is exactly what I address in Chap. 20, "Rewriting Trade Management." Would you like to learn how to use the MACD Histogram to confirm momentum trades? I'll cover how I do it in Chap. 22, "Placing Your Orders."

This book is a focused study on the specifics of trading the Forex market. There are plenty of other books that will give you definitions and descriptions. The trading community certainly doesn't need another one from me. I will only discuss the subjects I know inside out and only the strategies that I actually use. When you complete this book you will have learned my personal, step-by-step approach. No detail is hidden. You are "looking over my shoulder" as I explain

how to trade the Forex markets. And I am honored that you are allowing me, if even for a short time, to be your teacher. I have learned from many teachers as I sought to become a successful trader. The ones that always taught me the most were the ones that showed me the market through their eyes and didn't try to be everything to everyone. It's that level of honesty that contributed the best of my education. I'm here to tell you that my style may not be your cup of tea. If you have that level of honesty with yourself you will go far in your efforts to become a trader. However, I do believe that many of you will find that the three-step approach taught in this book is a strategy that is easy to recognize and repeat. No matter how effective a strategy, if it can't be understood and followed, it is useless. I speak from experience. No one is born knowing how to trade; we all must begin the journey somewhere. If that's where you are now—beginning your journey into trading—I envy you. You are now embarking on an exciting journey that will teach you about the markets and about yourself. If you are an experienced trader seeking to learn more about the Forex market, welcome! Together we will be demystifying the foreign exchange and discussing a methodology you will be able to put to work as soon as you finish this book.

Let's begin!

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