

# EURO FOREX SECRETS

Ultimate Fail-Proof System  
For EUR-USD Domination



# Euro Forex Secrets

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***Now that we've got the legal stuff out of the way, let's get down to BUSINESS...***

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# Introduction

This booklet was written by a trader for a trader or someone aiming to be a trader. The experiences and knowledge I've gathered have been very personal to me...each a step to understanding the forex markets better, especially how the EUR-USD moves and how are you able to minimize risks and maximize your profits *consistently* in all your trades...

The information you'll get here along with everything else [here](#) are – are combination of everything I've learned from my own mentor who was a Chief Trader himself with one of the top banks in Singapore for the past 20-odd years along with my other mentor who has himself been making a very comfy living trading forex for the past 15+ odd years or so too... I've failed many, many, many times and gotten back on my feet, lost *hell* of a lot of money along the way too... but fortunately I've managed to turn them all around for the better in the end... ☺

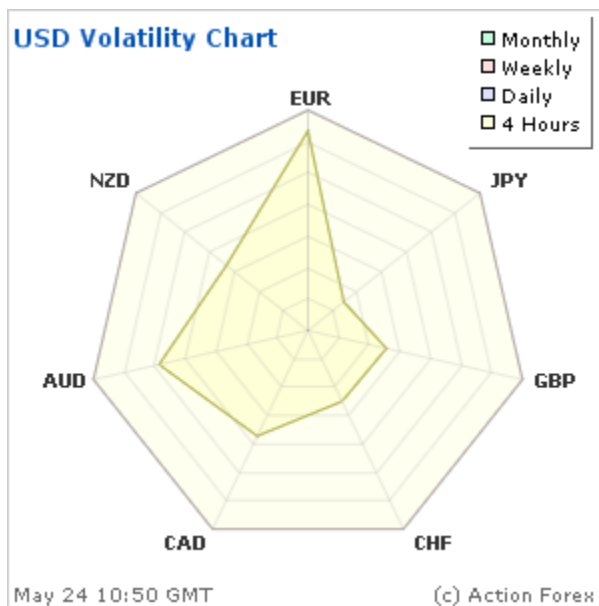
Before we begin, I do however strongly suggest that if you lack solid fundamentals, you also download the [Euro Forex Secrets Program](#) (it's completely risk-free to try) and learn that material first.

Once you've mastered the fundamentals, you can use the information in this guide to “fast track” your transformation to become a master in trading the EUR-USD pair!

# BENEFITS OF TRADING THE EURUSD PAIR: HIGHER POTENTIAL TO PROFIT

The best currency pair that traders are recommended to focus on trading is the EURUSD. There are several reasons why trading in the EURUSD currency pair is the best way to go.

- 1) Volatility: Volatility is a measure of trader activity. Profits can only be made in forex trading when there is reasonable volatility. The more volatile a currency pair is, the more opportunities to profit. Take a look at the volatility graph that shows the volatility index of the USD compared with other currencies.



***Volatility chart for the USD against the major currencies. Copyright (c) Actionforex.com***

You can see that the polygon drawn inside the heptagon shows the USD drifting towards the Euro in terms of volatility, more than the other major currencies that constitute the major currency pairs. This goes to show that the EURUSD shows

maximum volatility when compared to other currency majors. It is not hard to see why this is the case. The USD is the global reserve currency, as all traded commodities and international transactions are USD-denominated. The Euro, being the single currency of the 14 Eurozone member states, provides an avenue where this vast array of countries that make up a large percentage of the world's trade volume, can be exchanged for goods and services.

- 2) Economic and Trade Related Activity: This is highest in the US and the Eurozone, therefore it is not a surprise that the two currencies that make up the EURUSD are the most traded in the foreign exchange markets.
- 3) Liquidity: When a market is liquid, it means that there are ready buyers and ready sellers. This is the best kind of market. When a market is liquid, transaction costs are low and trades can be executed in an instant. Due to the fact that the EURUSD is the most traded currency pair in the forex market, the transaction costs or the spread (the difference between the buying price and selling price) is the least of all the currency pairs. This enables traders to maximize profits. The spread for the EURUSD for some brokers is 0.8pips while that of the EURCAD is typically 10 pips or more. This may not seem significant for small traders, but when an institution is trading volumes of 1000 lots (a value of \$10,000 a pip), it becomes pretty significant.
- 4) Predictability: The EURUSD is a very predictable currency pair. Since the ECB's monetary policy thrust is straightforward and unambiguous, the factors that affect the value of the Euro are pretty much straightforward and easy for traders to use for trading decisions. The same can be said of the USD. With an ample supply of political and economic news coming from the US and the Eurozone, a trader can predict the direction of the EURUSD and trade accordingly.

# **DIFFERENCES BETWEEN TECHNICAL AND FUNDAMENTAL TRADING**

Technical trading refers to the use of technical indicators on your forex platform, to try to predict price movement of a currency pair. Fundamental trading involves the use of economic news indicators as determinants of the direction of the affected currency pairs.

On its own, technical analysis is not sufficient for a trader to be able to create a trading plan that will deliver profits consistently. Market sentiment and market direction is a function of the economic and political news that hit the newswires. Any trading plan that does not factor in these economic indicators is doomed to fail from the outset.

Let's take for example, that the ECB Chairman is giving his speech and is fanning the embers of inflation control, signalling rate hikes, which would send traders into a Euro buying frenzy. The ECB Chairman and the financial institutions that constitute and control the flow of over 80% of the \$4.2trillion/day forex liquidity will not care if the EURUSD just did a double top or a descending triangle (bearish signals).

As far as the ECB Chairman is concerned, his mandate is to protect the low-inflation policy of the European Central bank, and if he has to increase interest rates to do so, he will. The institutional traders will simply buy Euros in response to gain from the immediate capital gain in the market and also to earn from the increased Euro interest rate against the US dollar. The candles will respond by going northwards, blowing off any trade that went short on a double top technical strategy. That is how the market works.

This is why the hallmark of trading has always been:

**“Trigger fundamentally, enter and exit technically”.**

*(We show you exactly how we use this principle in all our trades [here...](#))*

What makes fundamental trading so important in forex trading? Macroeconomic news items are released by government agencies and very important private authorities. The news is transparent, cannot be manipulated (like company's earnings which are susceptible to accounting fraud), and is available to ALL market participants.

The dates and times of release are made known to all currency market traders well in advance, and the news is delivered to channels accessible to all traders; usually their trading platforms via news feed services of Bloomberg, Reuters, Dow Jones News Wires and TV stations like CNNMoney and CNBC. Insider leaks are rare.



# STRATEGIES AND TECHNIQUES FOR TRADING THE EUR-USD USING YOUR TRADING STYLE

## Determining Time Frames for Your Trading Style

In deciding what time frame to trade the EURUSD, you need to understand what kind of trader you are. This is a very key step, as application of the wrong time frame for your trading style will lead to errors in trading, and losses. Even though many experts propose looking at multiple time frames before making a trading decision, you will still need to focus on one time frame to provide the chart on which to identify your entry signal. The *4 best time-frames* that we have identified to *consistently* yield the most *predictable* moves are explained inside [my program...](#)

The questions to ask in determining the time frames for your trading style are:

- a) What kind of trader are you? Are you a scalper, day trader or swing trader?
- b) Do you look at charts daily, weekly or monthly?
- c) Are you in the market for daily profits, or do you prefer to be in on the long haul like Warren Buffett?

Generally speaking, scalpers (*that is those who open and close trades in a matter of minutes, looking for few pips at a time*) will be more suited to trade the 5 minute or 15 minute time charts, since their entry and exit time is extremely short.

Day traders would be looking at the 1 hour charts. Those who prefer to hold positions for days or weeks at a time will be looking at the longer time frames: 4hour, Daily and Weekly charts.

Once you can identify your trading style in any of the categories listed, it becomes easier to know which charts to use in identifying your entry signals and making your trading decisions.

## **OPTIMUM TIME PERIODS TO TRADE THE EURUSD**

The Euro is a European currency. We would therefore expect maximum trading activity for the Euro to occur when Europe is in daytime. This corresponds to the time zone known as the central European time, which is GMT +1. The London session is therefore in tandem with the trading hours of the Eurozone.

The US Dollar is the currency of the United States. New York, the commercial centre of the US located on the East Coast, is located in a time zone which is 5 hours behind the GMT. The US day comes alive at 1230GMT (when daylight savings time is on) or 1330GMT when daylight savings time is off.

Now that an explanation of the time zones within which both regions operate in has been made, it is very clear to everyone that the optimum time to trade the EURUSD is the time in which the London session is open (when Europe is awake) and when the London and New York trading sessions overlap.

The diagram below shows the interaction of the various forex trading zones and the periods of overlap. The overlap periods will have traders from both the US and the Eurozone fully active, and so provide for reasonable volatility that provides trading opportunities for forex traders.



Do not be overly tempted to trade sessions which fall into your sleeping periods. Mental alertness and concentration, two powerful weapons in a trader's arsenal, are attributes that only a mind well rested by sleep can attain. Restrict your trading to the overlap time zones that fall within your waking hours.

We go in-depth in the exact and most profitable timings for trading the EUR-USD [here...](#)

This leads us to the next discussion on the common mistakes traders make that cause them to lose money and how to avoid this.

# **COMMON TRADING MISTAKES THAT MAKE TRADERS LOSE MONEY & HOW TO AVOID THEM**

The mistakes forex traders make are legion. In a market as dynamic as the forex market, it is very easy to make a mistake and get blown off as a result.

- 1) **Overtrading:** This is probably one of the commonest mistakes that traders make. Every trader will sustain a loss at one point or another in a trading career. However, too many traders try to cover the loss by placing more trades after a losing trade, or trying to open counter positions on the losing trade. This will inevitably lead to more losses; when fear pervades and the trader has been unsettled, it is more difficult to make rational trading decisions and easier to make mistakes.
- 2) **Misinterpreting the News:** If you are a newbie trader and do not know how to interpret a news item, for example a press statement by the ECB Chairman on the ECB monetary policy, it is best to avoid trading it. Indeed, you have no chance of winning if you are unfamiliar with the connotations of certain words used. Moreover, there are initial market whipsaws as traders try to make sense of the statements, and once a pattern has been established, the EURUSD will follow that pattern. Any trader trying to get in at the beginning of the ECB statement (which notoriously comes just after a medium-impact US news release), is more likely going to get stopped out.
- 3) **Poor Money Management:** It is always advisable that a trader should never commit more than 5% of his trading capital into trades. Put another way, a trader's exposure to the market on all positions should not be more than 5%. This is the only way to ensure that a loss (especially when you are a beginner) does not do irreparable harm to your account. In forex, you need to live to fight another day. Profits are best taken a little at a time. I have seen traders exposing as high as 50% of their account size in the hope of one big payday. This practice will invariably lead to a margin call in a short while.

- 4) Lack of Practice: Many traders do not practice enough on demo, and are not willing to invest in acquiring forex trading knowledge. They prefer to pay signals providers to provide trading signals for them. It always pays to learn to trade. Many signals services are nothing but scams, and it is not uncommon for a trader who uses his commonsense to see a trade setup which negates a signal provider's call.
- 5) Inadequate Training: Forex is a lifetime business that requires a significant amount of knowledge to succeed. Many traders go for weekend training courses and quickly wire money to their brokers to commence trading. More often than not, such monies are lost pretty quickly in the forex market. Forex trading is like any other job. Getting a good job requires basic education, high school education and at times college education in order to land one. What makes forex trading any different?
- 6) Lack of Due Diligence on Brokers: Many traders do not do some due diligence searches on forex brokers. A good broker is one who is regulated, does not manipulate prices through dealing desks, does not create slippages during news releases, and attends to customer requests in a timely manner. A good broker must also honour withdrawal requests in a timely fashion. Traders have lost money to scam brokers by not doing their due diligence. A little sniffing around in online forums and review sites will provide a ton of information on broker performance.

There are other mistakes traders make, but these are the commonest ones.

There are possibly 1001 reasons & things that can go wrong as you're trading, and we go in-depth on the most crucial ones and exactly how you can easily turn those mistakes to YOUR advantage [here...](#)

Now that we have dealt with the preliminaries, we will now move on to discuss other aspects of how to trade the EURUSD profitably.

# **MONEY MANAGEMENT**

The concept of money management is something that has been so heavily neglected by forex traders and trainers alike, but yet is such an integral part of trading success. The forex market has more potential to move against a trader more than any other market.

If a trader buys stocks and the value of the stocks depreciates, as long as he holds the stock, there is a chance that the stock's value will bounce back and give him returns. In forex, a position can go against you and if it continues to a level where the trader's funds are gone and the broker's leveraged funds are now threatened, you will be issued a margin call.

The best way to avoid this devastating scenario and manage your forex trading risk thoroughly is to understand how the forex market works and the factors that influence the movement of currencies.

It is an added advantage to have some experience from other markets (such as the stock market), but a trader simply has to learn how the market operates.

One thing the forex market possesses is the element of surprise. An event like an earthquake could cause a currency's value to go up or crash in a matter of seconds. Such natural phenomena are unforeseen.

They happen without warning, and so do the effects they have on the forex market. To illustrate this point, take a look at the reaction of the New Zealand Dollar (NZD) to the earthquake in Christchurch, New Zealand on February 21, 2011.



*The NZD plunges against the USD on February 21, 2011 as a result of the Christchurch earthquake*



*The NZD plunges against the JPY on February 21, 2011 as a result of the Christchurch earthquake*



Let's bring it closer to the currency pair we are discussing here, the EURUSD. On October 8, 2008, the Federal Reserve Board, through its Federal Open Market Committee, held an unscheduled meeting that was not on the forex calendar and cut interest rates by 75 basis points (0.75%) in a move that surprised everyone, both in timing and in the sweeping nature of the rate cut.

Such surprise moves frequently catch traders on the wrong side of the track. To prevent this from happening, a trader needs to understand how to apply good money management techniques.

## **RULES and DISCIPLINES**

- 1) One way to manage risk is to control emotions. Greed is a weapon of mass destruction of any forex trading account. Greed is what drives a trader to open multiple positions on several currencies. Greed is what drives a trader to expose 20-30% of his trading capital in a single trade. The professionally accepted percentage risk a trader should expose his trading capital to must be set at 0.5% to 3% per trade. Stick to this when taking positions.
- 2) Avoid holding positions in two currencies that tend to move together. This means that you should not be long on the EURUSD and long on the GBPUSD. The Euro and GBP are correlated.
- 3) Do not take long and short positions in currencies which generally move in opposite directions. It is just the same scenario as we have above.
- 4) Do not increase your trade lot size to recoup losses you have just made. Such "doubling-up" techniques will not increase your chances of making a profit on the next trade.
- 5) You should always use a stop loss on your trades to limit your losses when a trade goes bad.

# TRADING PLANS

It is said that to fail to plan is to plan to fail. In order to succeed in forex trading, every trader has to understand why he is in the market and how to go about the business of forex trading. He has to assemble his trading tools, set a plan on how to deploy those trading tools, and set realistic profit targets. What follows is a short description of how a trader can develop trading plans on profiting from the EURUSD.

## The Trading System

The greatest tool at the disposal of the trader to milk profits from EURUSD trading has to be the trading system. The trading system will tell him when to buy or sell the EURUSD. To be able to do this, the trading system has to fulfil these two goals:

- a) Identify trends in the EURUSD as early as possible
- b) Protect the trading account from whipsaws.

In practice, it is a bit difficult to get a system that will identify trends early and yet limit vulnerability from fakeouts and whipsaws. It is more a question of being able to balance the two.

In order to setup a trading system, the trader has to identify his trading style, and match that trading style to the time frame on which signals will be identified and implemented. This point has been dealt with earlier on.

The next step would be to look for indicators that would help identify a new trend, as well as indicators that would help confirm the trend. Indicators like the MACD or the Moving Average are indicators that easily tell a trader when the trend has changed. There are many other indicators on the forex platform that can be used to confirm trends such as the Relativity Strength Index and the Stochastics oscillator. In the 4<sup>th</sup> chapter, we will talk about trading systems and the indicators that they use in greater detail.

A key step in developing a trading system that works is defining risk. A trader needs to ask himself: how much am I willing to lose on each trade? Many traders run away from this because the idea of losing money leaves a bitter taste in the mouth.

However, losing money in forex is a fact that every trader has to confront at some point. If a trader is able to identify the level of risk he is willing to take, and the maximum acceptable loss he is willing to sustain, it will help him fashion a trading methodology that will keep him in the safe zone.

The trader will have to identify how much room to give to a trade for a drawdown without jeopardizing his account, while at the same time not unduly subjecting his trading account to excessive risk. The acceptable exposure of a trading account in forex is generally agreed by experts to be between 1-3%. Anything beyond this is excessive risk.

When risk is defined, it becomes easier for a trader to know precisely when and how to enter and get out of a trade. If a trader is the type that believes in making stops tight, then entries that are as close to the support (for long entries) or resistance (for short entries) levels are the way to go.

Traders that have the luxury of allowing plenty of breathing space for their trades, may relax such strict entry rules, allowing entries a bit further out than in the previous scenario. For exits, some use a fixed profit target.

Others may adopt a more flexible approach, closing trades manually when they are comfortable with what they have. For others, they may prefer to adopt a series of entry and exit criteria, and then have a programmer code it all up into an expert advisor.

Whatever pathway you choose to go as a trader, make sure you stick to your trading plan as you have described it. Never allow emotions get the better of you.

# Your Journey Has Just Begun...

The bottom line here is that you CAN trade to win.

It's quite simple, really.

You just have to know HOW.

Go check this out right now, and see how to fix the REAL cause of why you're losing... using easy, emotion-free, step-by-step buy & sell signals in your EUR-USD trades [here...](#)

The one thing I've learned in all my years trading the EUR-USD (and teaching thousands of others how to do the same), is that it really isn't as tough as people make it out to be.

You just need a workable process to follow.

Get that process down, and you can run with it, and write your own paycheck.

But without the instructions... ugh it gets ugly. You'll lose THOUSANDS in a blink of an eye... FOR SURE.

And that's what you need: A proven, no BS instructions that simply tell you what to do, and when to do it.

Without that, it gets hard.

Impossible almost.

That's why so many people struggle. Without a solid, REAL strategy to follow, you're just guessing.

And when you're guessing, that's not trading... that's GAMBLING.

Now If you haven't gone through our EFS yet and want to go beyond these newsletters to quickly turn your fortunes around and completely DOMINATE your EUR-USD trades once and for all, you can download it by [going here...](#)

[Euro Forex Secrets](#) was launched in the United States, but our reach is global. If you have anything to tell us about your own transformation journey in your area or country—and how you've come up with effective tips, tricks, system or “strategies” of your own—please email me at: [zach.nester@gmail.com](mailto:zach.nester@gmail.com)

Whenever we update our books, you will receive the new versions totally free as long as you're on our VIP mailing list. ([Join here](#) if you aren't on our free VIP list yet.) I hope you enjoy tremendous success with your own transformation by using this program, and I look forward to hearing YOUR success stories soon.

I'll talk to you again soon inside my program.

Enjoy!

Your Friend,

*Zach Nester*