

The Forex Profit System:

'How to Earn \$50 to \$500 a day Forex Trading from the Comfort of Your Own Home!'

OVERVIEW

Dear Friend,

Thanks for your interest in my Forex Profit System. The Forex Profit System's purpose is to empower beginner and intermediate Forex Traders to learn how to trade the currency markets profitably, using the free tools and analysis available on the Internet.

The goal is to earn \$50 to \$500 per trade and minimize losses on losing trades using 2 technical indicators, which I will explain later on in this report. The potential to profit is there for those who trade this system. The great thing about Forex trading is that you can test my system for FREE on a demo account using virtual money, before you risk one penny on actual trades.

I trust that this simple system will kick start potential currency traders around the world, and aid you in learning more about the wonderful world of Foreign Exchange trading.

Let's begin by learning more about what Forex is and what the benefits of Currency Trading are:

WHAT IS FOREX

The Foreign Exchange, also referred to as the "Forex" or "Spot FX" market, is the largest financial market in the world, with over \$1.2 trillion changing hands every single day. If you compare that to the \$25 billion a day volume that the New York Stock Exchange trades, you see how giant the Foreign Exchange really is. In fact it is three times larger than all of the US Equity and Treasury markets combined!

What is traded on the Foreign Exchange? The answer is money. Forex trading is where the currency of one nation is traded for that of another. Therefore, Forex trading is always traded in pairs. The most commonly traded currency pairs are traded against the US Dollar (USD). They are called 'the majors'. The major currency pairs are the Euro Dollar (EUR/USD); the British Pound (GBP/USD); the Japanese Yen (USD/JPY); and the Swiss Franc (USD/CHF). Because there is

not a central exchange for the Forex market, these pairs and their crosses are traded over the telephone and online through a global network of banks, multinational corporations, importers and exporters, brokers and currency traders.

Traditionally, currency trading has been a 'professionals only' market available exclusively to banks and large institutions, however, because of the rise of the new E-economy, online Forex trading firms are now able to offer trading accounts to 'retail' traders like you and I. Now almost anyone with a computer and an Internet connection can trade currencies just like the world's largest banks do. There are now over 6 million trading accounts worldwide up from 1.7 million in 1997.

BENEFITS OF FOREX TRADING

There are many benefits and advantages to trading Forex. Here are just a few reasons why so many people are choosing this market as a business opportunity:

1.LEVERAGE: In Forex trading, a small margin deposit can control a much larger total contract value. Leverage gives the trader the ability to make extraordinary profits and at the same time keep risk capital to a minimum. Some Forex firms offer 200 to 1 leverage, which means that a \$50 dollar margin deposit would enable a trader to buy or sell \$10,000 worth of currencies. Similarly, with \$500 dollars, one could trade with \$100,000 dollars and so on.

2.LIQUIDITY: Because the Forex Market is so large, it is also extremely liquid. This means that with a click of a mouse you can instantaneously buy and sell at will. You are never 'stuck' in a trade. You can even set the online trading platform to automatically close your position at your desired profit level (limit order), and/or close a trade if a trade is going against you (stop order).

3.PROFIT IN BOTH 'RISING' AND 'FALLING' MARKETS: On the stock markets, you can only make money if shares are rising, but in economic recession and falling 'bear' markets, there is little chance of making big money. Forex is different. One of the most exciting advantages of FX trading is the ability to generate profits whether a currency pair is 'up' or 'down'. A trader can profit by taking a 'long' position, (buying the currency pair at one price and selling it later at a higher price), or a 'short' position, (selling the currency pair and buying it back at a lower price). For example, if you think the US dollar will increase in value vs. the Japanese Yen then you will buy Dollars and sell Yen (go long). If you think the Yen will increase in value against the Dollar then you will sell Dollars and buy yen (go short). As long as the trader picks the right direction, a potential for profit *a/ways* exists.

4. 24HRS: From Sunday evening to Friday Afternoon EST the Forex market never sleeps. This is very desirable for those who want to trade on a part-time basis, because you can choose when you want to trade--morning, noon or night.

5. FREE 'DEMO' ACCOUNTS, NEWS, CHARTS AND ANALYSIS: Most Online Forex firms offer free 'Demo' accounts to practice trading, along with breaking Forex news and charting services. These are very valuable resources for traders who would like to hone their trading skills with 'virtual' money before opening a live trading account.

6.'MINI' TRADING: One might think that getting started as a currency trader would cost a lot of money. The fact is, it doesn't. Online Forex Firms now offer 'mini' trading accounts with a minimum account deposit of only \$200-\$500 with no commission trading. This makes Forex much more accessible to the average individual, without large, start-up capital.

Forex Profit System Foundations:

Before we begin looking at the specifics of the FPS and how it works, let's look at 4 building blocks that I believe to be foundations to the Forex Profit System.

Foundation #1: I highly recommend that you follow 1 or maybe 2 major currency pairs.

It gets far too complicated to keep tabs on all four. I also recommend that traders choose one of the majors because the spread is the best and they are the most liquid. I personally follow only USD/CHF because it moves the most every day.

Foundation #2: Follow and understand the daily Forex News and Analysis of the professional currency analysts.

Even though this system is based solely on technical analysis of charts, it is important to get a birds-eye view of the currency markets and the news that affects the prices. It is also important that you know and understand what the key technical 'support' and 'resistance' levels are in the currency pair that you want to trade. Support is a predicted level to buy (where currency pair should move up on the charts), resistance is a predicted level to sell (where the currency pair should move down on the charts).

Fortunately, all the best Forex news and analysis is offered free on the Internet. Here is what you should do first:

****While you are reading the daily news and technical analysis, write down on a piece of paper what direction the analysts are saying about the major currency pair you are following and the key support and resistance levels for the day.***

- A. Go to www.forexnews.com and you will find 24hr news and analysis on the spot FX markets. The site will give you the big picture of how the economic calendar and central banks affect the currency markets. A great resource.
- B. Next visit Commerzbank's Daily Market Technicals here: www.commerzbank.com/upload/dailye.pdf
This daily commentary gives you supports and resistances and predicted direction of the major currency pairs and crosses. One of the best.
- C. Then go to www.fxstreet.com and click on the 'Top Forex Reports'. Here there is a wonderful listing of all the major daily currency analysis and forecasts with support and resistance and direction forecasts.
- D. Click on www.currencypro.com and go to 'Today's Market Research' and there you will find more excellent analysis on the Major Currency pairs. Another great Forex Portal.

Foundation #3: Only get into a trade when the FPS technical indicators say when. Always trade with stop losses!

It is important when you are trading Forex, to be disciplined and to stick to a plan. Don't just trade your 'gut' feeling. Use the technical indicators outlined and always enter in stop losses on every trade.

Foundation #4: Practice makes perfect.

As they say, there is no substitute for hard work and diligence. Practice this system on a demo account and pretend the virtual money is your own real money. Do not open a live trading account until you are profitable trading on a demo account. Stick to the plan and you can be successful.

Forex Profit System:

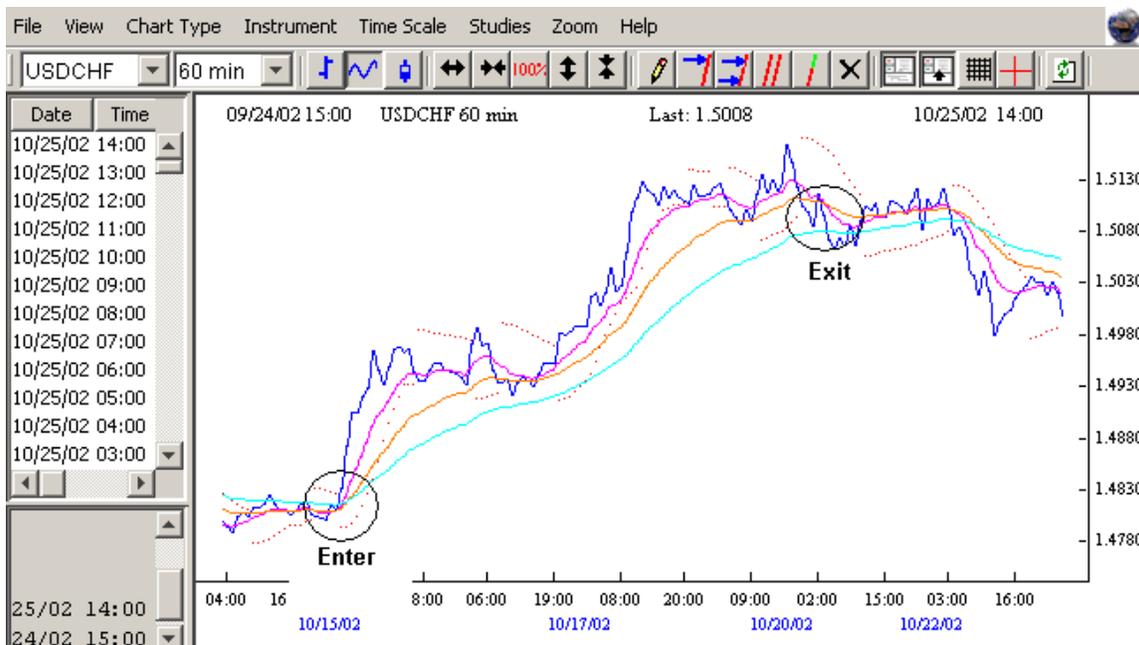
Step 1: Prepare your charts

The Forex Profit System uses 2 technical indicators to show you when you should enter and exit a trade. These are called the **Parabolic SAR** (read more about the PAR SAR here:) www.equis.com/Education/TAAZ/?page=87 and the **Exponential Moving Average 10, 25 and 50**. (Read more about multiple EMA's: here:) www.incrediblecharts.com/technical/moving_averages_three.htm

Now if you are new to Forex trading, you will have no idea what I just mentioned. Don't worry, I will teach you how to use them.

- A. For FREE charts and analysis go to www.gcitradings.com and click on the resources tab, then on the 'GCI live forex charts' link.
- B. A java-charting window of EUR/USD should pop up. Now you can add studies to your chart.
- C. Click on the grid button on the top of the chart to take the grid on the charting screen off (optional).
- D. At the top, click on instrument and change the chart to USD/CHF. This is my favorite currency pair to trade because it swings up and down the most. You can choose any major pair you like though.
- E. Change the time of the Chart to 60 min (top left corner)
- F. Click on Studies and click on Parabolic SAR. Click on display when it shows you the .02 and .2 acceleration factor and constant.
- G. Click on Studies and Moving Averages and then click NEW.
- H. Click on Exponential, then enter 10 in the Period box, then OK.
- I. Click on NEW again, click exponential, then enter 25 in the Period box, then OK.
- J. Click on NEW again, click exponential then enter 50 in the Period box then OK. Click on display and you should have the Parabolic SAR and the three EMA's 10, 25 and 50 in different colors on your charts.

Step 2: When to Enter and Exit your Trades



This is what your chart should look like. These are the FPS indicators that I use to trade. The EMA 10 should be in pink, the EMA 25 should be in yellow, and the EMA 50 should be in blue. The Parabolic SAR is charted with dots above and below the line.

When to ENTER a trade

The FPS indicators tell you when to get into a trade when the EMA ten crosses the 25 and the 50. If the ten crosses the 25 and 50 up from the bottom, you enter your trade 'long' and 'buy'. If the 10 cross the 25 and 50 down from the top you go 'short' and 'sell'. Make sure that when you get into your trade that the Parabolic SAR is on the bottom when you go long and on the top when you go short.

In the example above, on October 15th, there was a great opportunity to go long on the USD/CHF pair, where I circled and labeled enter. Notice how the EMA 10 crossed up the 25 and 50 and the Par SAR was on the bottom.

*If you are trading the hourly charts like in the above example, make sure that the 15 min charts Parabolic SAR is going the same way. Simply click on the arrow beside the 60 min and change it to 15 min and your studies will automatically adjust to the new time frame. **Never trade against the 15 min Parabolic SAR!**

When to EXIT a trade

The best time to exit a trade is when the price crosses back down through all 3 EMA's on the chart. Notice in the above example that the Dark Blue line—the actual price of USD/CHF on the 20th crossed back down all three indicators where I circled EXIT. If you held this position all week, you could have made a 275 pip profit.

With 1 lot traded on a standard account this would have been approximately \$1780.00 in profit. With 2 lots--\$3560! A mini account would have profited you \$178 and \$356 respectively.

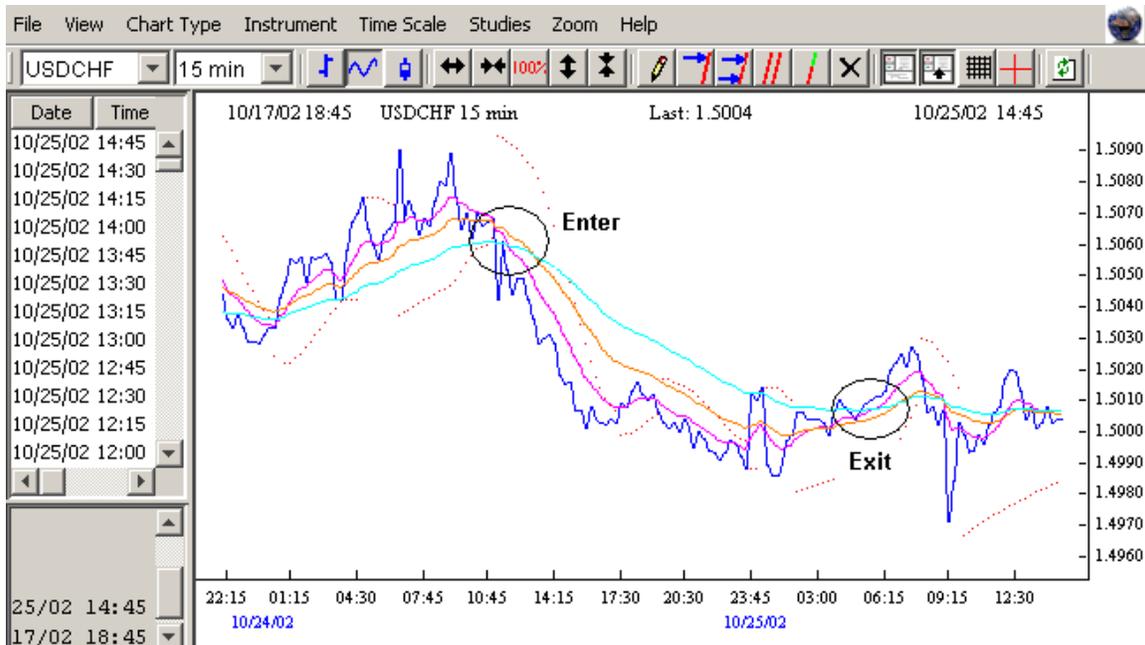
If you profited 275 pips with EUR/USD or GBP/USD you would have made approximately \$10 per pip, which you would have made \$2750 with one lot and \$5500 with 2 lots traded. Not bad for one week!

Where to Set the Stop Loss

When you open a demo account you will find on the online trading platform that you will always be able to enter a stop order level that will automatically stop out your trade at the level you set, or a limit order that will close your position at your desired profit level.

Using the FPS means that you should always set your level just below the EMA 50. As your position moves in the right direction, you should move your stop accordingly. Then if your position moves against you, you would have locked in your profits by moving up your stop order. It is important that if the prices cross back over the 10, 25 and 50 that you close your position.

Here is an example of how the FPS works on the 15 min charts:
(See top of next page)



Using the FPS on the 15 min charts is more volatile, but it will give you more trades on an intra-day basis. On the example above you could have sold the USD/CHF 'short' at 1.5060 and closed your position at 1.5000 for a 60 pip profit.

One note of caution trading the 15 min charts: there are often times when the price will 'whipsaw' back and forth, up and down through the 10,25 and 50 moving averages. If this happens soon after you entered a trade, close your position and wait till the moving averages fan out and the Parabolic SAR signals strong.

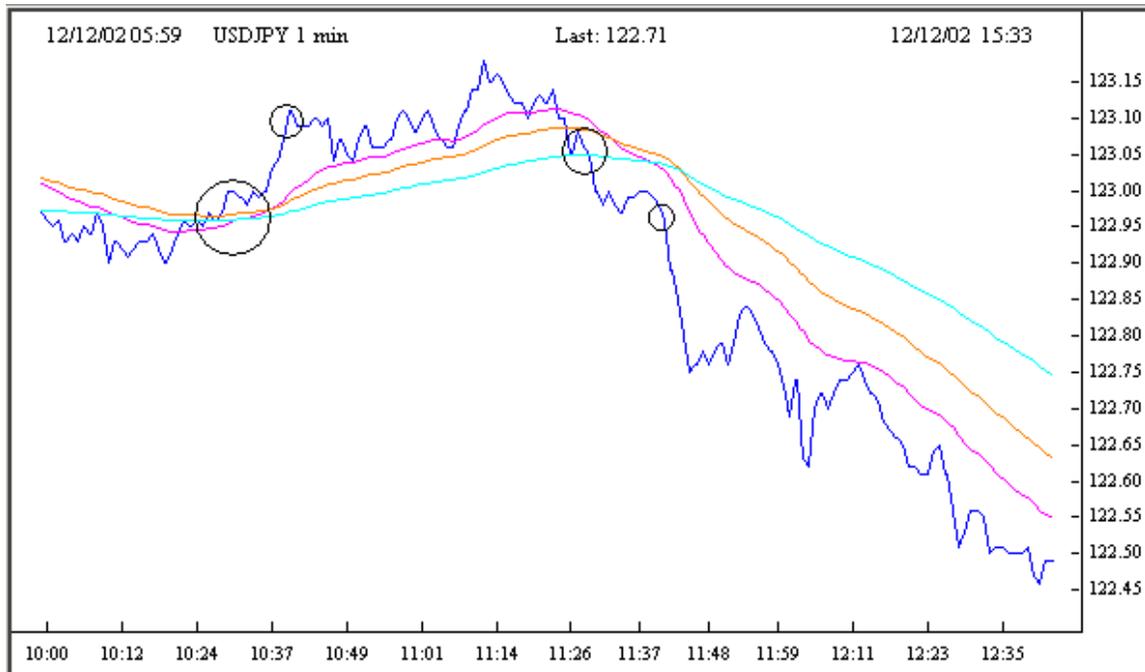
Short Term 'Scalp' Trading the 1min Charts:

In our first example, trading the technical indicators on hourly charts is called swing trading, with trades lasting for a few days and sometimes even weeks. In our second example we looked at the 15min charts which traders call day trading, with trades that last hours and sometimes most of the day. Scalp trading is when you use the 1 to 5 min charts to 'scalp' small profits. These trades usually only last a few minutes to an hour.

You can use the FPS to scalp trade Forex on the 1 min charts. Here is how:

1. Instead of using the 10, 25, 50 EMA's like we did in the above examples, put on the **25, 50 and 100 EMA's**.
2. Often it is best to scalp trade at the London Open (3:00AM EST) or the New York open (8:00 AM EST) because that is generally when the currency pairs will start to move more in one direction.

3. When the actual price crosses all three indicators, you enter your trade, long or short. If the price crosses down through the 100 EMA, enter short, if the price crosses up through the 100 EMA go long.
4. Make sure that you book a 5-10 pip profit. That is a \$50-\$100 dollar profit on a regular account, and more if you bought more lots. Don't try to hang on to you winning position to long, because the price can whipsaw back and you can lose. Take your 5-10 pip profit as soon as you can. Here is an example on the 1 min charts:



Notice that at 10:30 EST you could have entered USD/JPY long (big circle) when the price crossed up through the 100 EMA and at 10:45 you could have closed your position (little circle) and made a 10 pip profit. Then again the price crossed back down the 100 EMA at 11:30 EST. You could have sold the Yen short (big circle) and then ten minutes later made another 10 pip profit. (little circle)

Step 3: Test-drive the Forex Profit System on a FREE Demo Account

Now that you have a feel for the FPS you should now look for an online Forex Brokerage that offers free demo trading accounts. Here you can apply the FPS system without risking real money. You will also get a feel for the trading platform that these firms offer clients.

Here I will list the one's that I believe to be reputable and regulated in the countries they do business. I am also listing the Firms that have 'mini' accounts and relatively small minimum regular account deposits. Check out each one and open a demo account in one with one or more of these companies, and test out the FPS on their trading platform.

1. Capital Market Services LLC www.cms-forex.com
2. Forex Capital Markets www.fxcm.com
3. GCI Financial Ltd. www.gcitradng.com
4. MG Financial Group www.mgforex.com
5. ACM www.ac-markets.com

Step 4: Start Trading

Now the ball is in your court. You have some tools in your hands to work with, and you can practice all you want on a demo account. When you feel you are ready, and you are trading profitably, then is the time to open a real account.

If you have any questions about the FPS trading strategy, please email me at bortucene@ziplip.com and I will be happy to assist you. Thanks again for your interest in this trading system.

Kind Regards,

Erol Bortucene

P.S. Here are two other sites that I highly recommend Forex enthusiasts to visit. Firstly www.forexdirectory.net is the most comprehensive Currency trading directory on the Internet--a very helpful tool. Secondly, www.moneytec.com offers a free forum for traders, novice to advanced, to ask questions and comment on the Foreign Exchange markets.

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