

The question about papertrading

I have read a lot of commentaries around papertrading and the pro and cons thereof. I have for myself papertraded for 2 years testing different strategies and indicator settings and wipe one account after the other not really finding the right stuff.

Then after 2 years of papertrading without constant success I came across some signals around the MACD and I started to like it. I studied some settings with the MACD and the one used in the forum fits me the best. I did some backtesting and some forward testing and eventually decided this is what I want.

If I look back to the way this strategy has grown on the forum I am more convinced that it will work on the long term. There is however one thing I learned and that is to be focused. You can have a 50% good system and be 95% focused on the implementation of it and be successful or you can have a 95% good system and 50% focused and totally ruin it.

If you are not 95% focused on your papertrading you are not going to be so live trading. You cannot be half focused on your papertrading and think you are going to be 95% focused the moment you go live. It is not going to work.

I have downloaded a lot of free E-books on the subject of forex trading. I paid for a 5 day course. I have downloaded and paid for a couple of E-books on what seems to be very popular websites. All of this did not satisfy what I was looking for.

I learned a lot about forex trading in terms of chart formations, different indicators(to many that confused me) during my searching process.

Every one seems to have its own Master Plan and tell you what your new business(forex trading) and approach must look like. It is like telling you how your car must look like but never tells and teaches you how to drive the car. They all tell you how easy it is to drive the car and when you try it and do make an accident you are to blame for it. Some of them gives you the functions of every piece separately(starter, steering wheel, shocks etc!!!) how it works but.....they never put it together in one manual from A-X. I put it A-X and not A-Z as Z can only be obtained through practice and experience. Even if you know everything about your new car you still don't know how to drive it if you are not taught. You can start driving without the know how but then you must have a couple of spare cars just for incase.

I visited a lot of chatting forums and was I shocked. Every one of them somehow turn out dirty. Fighting over systems etc. I learned on those forums a lot about the lack of direction of a lot of the chatters. It seems that they can talk a lot about the statistics of their new car but there are very few that are actually driving with confidence. I read on one forum of a guy that after losing some money he started to throw a dice in the morning. Heads he go long 20 pips and tails he go short 20 pips. He actually claims that he is more successful after he started with it. Amazing.

Another guy was claiming that his system produces some eight figures in \$ return per year. What is a guy like that doing on a forum. Should be sitting on the Bahamas. Should not have time for a forum.

Others are religiously following the tips that are given on this forums by different individuals on live accounts. If you randomly look for tips, the random factor is going to take you out. If you stick with one guy giving tips you might beat the random number but only if his system is sound enough to beat the odds. That can only be proven over a period of 30 trades. If you are following any person without testing 30 trades you are looking for trouble.

I am asking you to not even believe my system unless you have tested it live on paper.

A	B
1. Win	1. Win
2. Loss	2. Win
3. Loss	3. Win
4. Win	4. Loss
5. Win	5. Loss
6. Win	6. Win

Look at the above table. By following chatter A you started with him at No 1 with a win and you belief in him and after two consecutive losses in No 2 and 3 you change to chatter B that has now recorded three wins in a row and it seems he knows what he is doing. See what happens next. Two consecutive losses. If you stayed with chatter A you could have recorded 4 wins and two losses. Now after two consecutive losses with chatter B you run back to Chatter A because he just had two winners etc etc etc. Random has taken you for a ride.

If you really wants to start with someone, wait till he has about two to three losers in a row because then his bad patch might be over. Waiting to see if his system works and after three to four winners in a row you join him the chances are good that you might start with some losers as he already had a good run. You must join him only if his system prove to be profitable over at least 30 trades.

If you treat this as your business with proper documentation you will be successful. I have a total business plan concept that I read over and over to get to the point where it is printed inside of me. I try to stick to those written rules and concepts and if there is deviations I must give reasons as to why I want to alter it.