# FAST 50 PIPS PROFIT

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## RISKS ASSOCIATED WITH FOREX AND TRADING

Trading foreign currencies is a challenging and potentially profitable opportunity for educated and experienced investors. However, before deciding to participate in the FOREX market, you should carefully consider your investment objectives, level of experience and risk appetite. Most importantly, do not invest money you cannot afford to lose.

There is considerable exposure to risk in any foreign exchange transaction. Any transaction involving currencies involves risks including, but not limited to, the potential for changing political and/or economic conditions that may substantially affect the price or liquidity of a currency.

Moreover, the leveraged nature of FOREX trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses. Investors may lower their exposure to risk by employing risk-reducing strategies such as 'stop-loss' or 'limit' orders.

There are also risks associated with utilizing an internet-based deal execution software application including, but not limited, to the failure of hardware and software.

Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to invest in foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts.

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# WHAT IS FOREX BREAKOUT?

Trading Forex breakouts is one of the more basic trading strategies, but nevertheless it can deliver excellent profits. Just because a system is easy to follow does not mean it cannot produce consistent profits as breakout trading is a method used by some of the most successful Forex traders around.

It's based around the whole premise that if a currency pair is trading in a very tight range for a sustained period of time, then eventually it will break out of that range and more often than not it will continue moving in the direction of the breakout.

This means that to make consistent profits you need to firstly identify instances where a currency pair is trading in a narrow range, and then place buy and sell orders at or slightly outside the current range to catch the breakout when it happens.

When the price starts trading in a narrow range and all three of these EMA's have flattened out and also currently lie within this range, then this to me is the perfect breakout set-up. Why?

Well because with all three EMA's flat, something's got to give. It's like a volcano waiting to erupt. Once the breakout occurs, you could get a very big movement because the longer term EMA (100) can trend for a very long time so you could get a big points haul if this EMA follows the price and moves outside of the current trading range.

# FOREX BREAKOUT STRATEGY - FAST 50 PIPS PROFIT

Dear traders, I appreciate this chance to share my favorite and the most profitable breakout strategy with you. There are several characteristics I am looking for in any strategy I am dealing with. Why I love this breakout strategy is because it is very easy and simple to understand and use and it is working on daily basis. Your personal strategy that is going to bring you everyday profit without any Forex skills or experience required.
Even though this strategy is simple to understand and use, I still suggest trying it on your demo account before going live.

This is a highly profitable trading system based on a very strong breakout signal of four candles. Pair to work with is GBP/GPY

See it yourself and you will understand how simple and great it is. You don't need any deep Forex trading knowledge as this system is 100% mechanical based.

The only needed tool is your charting software in your trading platform.

It works with any platform. No indicators needed.

## Step-by-Step Guide:

**Step 1)** Open GBP/GPY chart with 1 hour time frame:

**Step 2)** Locate four hourly candles from 00:00 to 03:00
Check this sample below:

**Step 3)** Find the highest high and lowest low of these candles. Here is a sample:

**Step 4)** Build two parallel horizontal lines through those extremes like it is shown on the chart below. In this example the highest high is 135.80 and the lowest low is 135.46. As you can see these lines are forming a tunnel. Both sides of it will be our breakout point.

Here is a sample:

**Step 5)** The idea of the system is – trading a valid breakout of one of the lines (high or low). Enter with a buy order as soon as the price breaks out 3 pips above the break point.
In this case enter with a buy order at 135.80 + 3 = 135.83

See example for high breakout:

**Step 6)** Incase the low breakout occurs, enter with a sell order as soon as the price drops 3 pips lower than the lowest low.
In the example below the lowest low is 135.72,
So enter with a sell order at 135.72 – 3 = 135.69

Here is a sample:

**Step 7)** Stop loss: there are two options for the stop loss order:

a) Place the stop loss on the other side of the 00:00-03:00 candle tunnel.

See sample for stop loss incase of a low breakout below:

See sample for stop loss incase of a high breakout below:

b) Place a stop loss order 1 pip above or below of the previous one hour candle before the breakout occurs. See sample graphic below:

**Step 8)** Take profit: there are two options for taking the profit:
a) Your target is 20 pips, close your trade as soon as your profit reaches 20 pips, see sample below:

a) Use trailing stop* to maximize your profit. Enter the trade with buy at 135.83 and by using 5 pips trailing stop you can sell at 136.57, which will give you a good profit of 74 pips. See the sample below:


*Trailing stop – is a stop-loss order set at a percentage level below the market price - for a long position. The trailing stop price is adjusted as the price fluctuates. The trailing stop order can be placed as a trailing stop limit order, or a trailing stop market order.

**Step 9)** How to automate this system.

Here is a simple solution for those who don't have time to sit in front of your monitor keeping an eye on the pips price - by using the various limit orders you can easily automate this system.

For example: place buy limit order 3 pips above the highest high and place sell limit order 3 pips below the lowest low of our 4 hours period.

**Step 10)** Remove all pending orders 6 hours before the end of the current trading day.

## ADDITIONAL INFORMATION:

### HOW TO DIFFERENTIATE TRUE BREAKOUT FROM FALSE BREAKOUT

Breakout trading is highly profitable. Breakout trading profitability depends on it's correct identification. You need to know the difference between a rally and a breakout. A rally may turn into a breakout. Even experienced traders make mistakes in identifying a true breakout.

So, identifying a rally from a breakout is real hard. Understanding this difference is important as a breakout signals the start or beginning of a new trend that might last for sometime.

Now, what is a rally? A rally is a short term price action in which the price of the stock increases. However, in a downtrend, a rally might be desperate attempt to stop the downward slide in the stock price and it is soon overwhelmed by the sellers who are not duped by a short term rally. The fundamentals are more in favor of a downtrend. Now rallies are short and are mostly caused by some breaking news with no fundamental significance that might excite the market for sometime or rumor that might cause the stock price to go higher.

Many inexperienced traders often mistake a rally with a breakout. It is true that breakout rallies are difficult to identify by even experienced traders. Now, many traders just trade rallies. These rally traders are not frustrated trend traders, they are content with the limited profit potential of a rally and trade in accordance.

Some traders read about rallies in the financial sections of the newspapers or hear about them on CNBC or Bloomberg and try to trade rallies. These traders are least effective in trading rallies. In actual reality, rally trading is short term trading having fixed price targets.

Some rallies are immediate candidates of a downtrend reversal. These rallies get traded in the expectation of a new uptrend developing. If you can get the entry right is such rallies, you can make substantial profit.

How do you identify a rally? Some of the indicators that are used in identifying a rally is the identification of the resistance levels and their strengths, price and volume searches, confirmation with volume behavior. Experienced traders also use some rally search formulas.

Breakout rallies at the end of a downtrend are found with price and volume searches, confirmed break of the down trend lines, confirmed volume behavior on failure and re-test. A 10 day and 30 day moving average combination is also used to identify the trend change. Chart reversal patterns like the ascending triangles, descending triangles, rectangle, flags, wedges and parallelograms.

As said earlier, breakout trading is highly profitable and if you can identify a true breakout, you can make a lot of profit. Breakout traders are always looking for new breakouts. But, the problem is how to identify a rally or as some call false breakout from a true breakout. Using the chart patterns can be one of the most effective methods to confirm whether a breakout is about to take place or not!

Thanks for reading and happy trading! ☺
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