CHAPTER 1

Advice and Thoughts for Neophyte, Intermediate, and Advanced Traders

"Accept responsibility for your personal decisions and actions in the market. When it is time for the actual entry into the market, and if you are making the final decision to enter, then no one, and no methodology, is responsible for your interpretation of the market. Here's the bottom line: You are on your own if and when you push the entry button."

I made that statement in front of approximately 800 traders at the 2004 CFG Traders Conference held in Richmond, Virginia. Yet I wonder how many really heard me.

WHAT YOU NEED TO KNOW BEFORE YOU EVEN THINK ABOUT TRADING THE FOREX

Only a few years ago, most people had never even heard of trading the foreign currency exchange (also known as the forex). Even now, many have never heard of it. But so much information is available on the Internet that if you've heard or seen the term, all you have to do is simply type it in a search engine and a mass of information is available for free—though that information can be bad or good, misleading or correct. In writing this book, my goal is to provide *accurate and useful information* about how to trade the forex.

During the early stages of the forex, traders who wanted to participate were required to post quite a bit of money with a brokerage, bank, or trading firm. Today, however, if you want to trade the forex, you can trade mini accounts, also known as dollar accounts. Moreover, you can open these mini accounts with as little as $250 USA to have a taste of what it's like to trade live—which allows you to test the emotional side of trading as well before you make a decision to pursue an exciting day trading career. These dollar accounts (currencies will be referred to as USD from this point forward) allow you to earn or lose approximately $1 USD per point (called a *pip*) per contract (called a *lot*). If you're successful and you develop some confidence in your trading ability, you may even open a standard account with brokers and participate with the big guys, such as banks and other institutional groups, at an average of $10 USD per point per contract.

LEARN FROM A CERTIFIED MENTOR

So how can you learn to trade the forex? Most new traders begin learning on their own through a trial-and-error process of wins and losses, while probably gathering general information on the Internet or at the library. However, this is probably *not* the best approach to take.

Instead, I recommend having a certified forex mentor, which may be the best avenue available to you. It may take a couple of days for a mentor just to walk you through basic procedures and working assignments, but these will help you along the way to success, whether you have experience trading or not. Once you've learned the basic techniques and procedures, then, as a new forex trader, your primary focus should be to work on your attitude, discipline, and skill development. This takes time, patience, and maybe even some prayer along the way.

To clearly understand all of the conceptual procedures found within this book (which includes the S90/Crossover as well as several ongoing applications), I suggest you learn the basics of forex trading skills along with other intermediate and advanced methodologies from a certified mentor.

What is a certified mentor? A certified mentor is a successful trader who (1) has been formally trained, (2) has produced proven documented trading results, and (3) attends continuing education sessions that are required by monitoring groups such as the Independent Forex Traders Association (IFxTA) or the Concorde Foundation. This type of independent governing agency monitors registered mentors to make sure they are current and in good standing with the most up-to-date research and methodology available to traders. These nonprofit organizations may also provide legal representation to traders who are dues-paying members of the association should the trader have issues with a registered broker or bank regarding a trading discrepancy. They also monitor and police registered mentors to ensure quality—for example, by issuing a mentorship cease-and-desist order against violators.

Alert: To clearly understand the methodology described in this book, it will be helpful for you to have a basic understanding of how to determine trends, resistances, supports, and confirming procedures, using software that utilizes River Oscillator Indicator

(ROI), River Channel (RC), River Channel Up/River Channel Down (RCU/RCD), and their extensions with cluster formations for possible reversal entries. A brief and simple explanation of each of these subjects is provided when each is first mentioned in the book. I also recommend you learn the correct procedures for understanding the first two tiers of the legal and illegal elements of S90/Crossovers, because this knowledge will help you interpret the extreme levels and their off-market Fibonacci layers as well as the overlapping Fibonaccis, which will be explained briefly in future chapters.

HOW THIS BOOK CAN HELP YOU

To reiterate a point I made in the Introduction, this book is for traders—whether you're advanced or just a beginner—who need something simple and reliable regarding a trade entry that will produce profits in the majority of trade entries. The book's goal is to help you in the following ways:

- To possibly supplement your personal income with a simple trade.
- To help you develop personal trading skills.
- To help you become a professional full-time trader eventually, if you so desire.

The S90/Crossovers and extreme levels of the market are not the only methodologies that produce profits, but they may be the simplest and most reliable approaches to learn how to trade the forex with consistency. Some who use the system have produced 50, 100, 200, and even 400 or more trades in a row without a loss.*

*****Disclaimer:*** Trading the foreign exchange market carries a high level of risk and may not be suitable for all investors. Before deciding to trade the foreign exchange market, 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; therefore, you should not invest money that you cannot afford to lose. You should be aware of all the risk associated with foreign currency exchange trading, and you should seek advice from an independent financial advisor if you have any doubts.