

How to Get Started

The largest part of the theoretical materials regarding the FOREX market—including the main aspects of the theory of fundamental and technical analysis and also the general information—is not included in this book. The theory of speculative currency trading can be studied using the existing special literature. Before starting to study my trading method, you must familiarize yourself with basic issues of the business in which you are attempting to participate or are already participating. Because my trading method is different from the others that I call traditional ones, the theoretical preparation for my students has to have a specific character. For preliminary preparation on the trade theory, I recommend studying the following four issues:

1. History and development of the FOREX market.
2. Currency market participants, their roles and mutual relationships in the process of trade.
3. Technology and terminology of speculative currency trade.
4. General principles of fundamental and technical analysis.

The main efforts should be focused on studying the technical analysis key issues. The main focus should be on the following two subjects: Support and Resistance Theory and Retracement Theories (Dow and Fibonacci). My method uses only a relatively small part of the general theory of technical analysis and virtually does not employ fundamental analysis at all. However, I do not think it will hurt you to gain some knowledge of subjects that you

will most likely not need in the future. On the contrary, this knowledge should help you not just with better understanding of the offered method but internal market tendencies as well.

INFORMATION, DATA FEED, AND TECHNICAL SUPPORT

I don't have any special or particular requirements for computer software, charting programs, or data sources of real time and delayed market quotes and other data. Moreover, my trade method requires only minimal data means. That's why any service (even the cheapest one) delivering real-time market data might be sufficient. It has to have the ability to create charts, a set of main technical indicators, and a minimum set of graphic tools for drawing trend lines, support, and resistance lines. As far as I know, such a service can even be received at no charge from some Internet sites. Long-term analysis requires more sophisticated software, which can be found today on the market at a relatively inexpensive price and with quite acceptable quality.

I didn't do any special research on this subject and cannot offer you a comparison analysis of today's informative services and charting programs. I just want to mention that for the purpose of analysis of long-term charts, including daily, weekly, and monthly charts, I'm using SuperCharts by Omega Research and data feed of the Bridge/CRB. This software doesn't envisage any real-time mode, and the data is loaded from Bridge/CRB daily at 11:00 P.M. GMT, after the end of each trading day. I am entirely satisfied with this service; it fulfills the requirements of my trade method, and I recommend something similar for your usage.

DUMMY TRADING

Before making the final decision to participate in real trade in the FOREX market, the majority of beginners go through the learning stage called dummy trading. This presents a virtual market game, with only virtual capital at risk. Mainly, this is the stage when a newcomer makes a final decision about whether to participate in real trading. His final decision is usually based on the results of such dummy trading. Considering such a training method as a necessary element for the beginners, I must emphasize that the results received in virtual dummy trading are different from the real results of the same traders in the real market when someone deals with real capital. The differences are always not in favor of the real trade. The psychological factor is mostly responsible for this. The risk of losing

real money influences the trader in the most negative way, triggering errors, some of which he was successfully avoiding while trading his dummy account. Therefore, I would like to warn you not to be very hopeful and overexcited if the results of working in the real market entirely coincide with the results received in dummy trading. The negative factor built into the trader's psychology will reveal itself anyway. In order to reach a positive result in real trading, you must develop methods of lowering the psychological loads in the stressful situations of real trading. Doing so will constantly train and strengthen your psyche.

The majority of FOREX dealer and broker companies today offer on-line trading, which presents an optimum solution and a big advantage for the majority of independent traders. Most of those companies also allow virtual dummy trading. In this regard, I have only one recommendation: It would be better to have a dummy trading account with a dealer or a broker you are planning to work with when starting real trading. This way, you generally will be able to evaluate the quality of the service; get used to the manner in which your orders are filled by the dealer; and get used to the peculiarities of this particular on line trading software. If you can independently determine the initial amount of the virtual account, it is desirable for this amount to match the size of the real investment you have planned. Such an approach will allow you to achieve the closest proximity to the real situation you will soon have to deal with.

