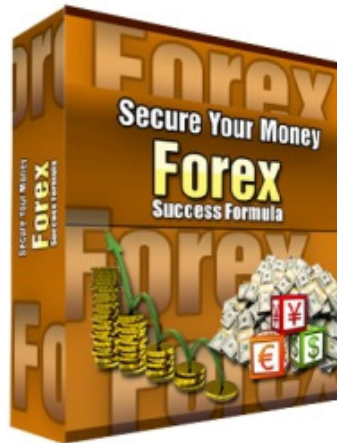


# Forex Success Formula

presents

## *Forex Growth Mist*



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Hello Everyone

Welcome to the all important **Forex Growth Mist**. This manual is primarily intended for people who are serious about increasing their profits in forex. People who treat trading as a business and not just as another hobby.

If you are reading this manual then I assume –

1. You are ready and committed to take your profits to next level.
2. You have successfully started using atleast one trading strategies. It could be “Forex Success System” or “Forex Success Mini”.

This manual contains some very useful, amazingly effective yet simple to use techniques that can increase your profits tremendously. It can grow your account balance at fast pace and is irrespective of the experience level you possess.

Let me tell you, though this manual contains multiple techniques, using just one of them only can have tremendous impact.

But, I’ll be the 1<sup>st</sup> one to accept that it will require some additional work from you. These techniques require good monitoring and tracking from you.

During the course of reading, if at any point you feel overwhelmed with the information given, feel free to take some breaks in between.

So, let’s start with Forex Growth Mist

Thanks.

Rahul

fromForex Success Formula

## 1. Fundamentals of Growing any Business

Every business looks for opportunity to expand. By expansion I mean growth of overall profits. This can be done through various ways, some of which are

–

1. Increase the Production - Produce more, sell more and make more money
2. Increase the Price – If you can sell same item at a higher price, guess what, your bottom-line will continue to grow
3. Remove the assets that are not working.

So, as you can see, there is more than one way. However, the key is to decide on an approach you want to take to grow the business.

Just to give you an example, an apparel manufacturing company that makes Men's clothes, Women apparel and Child Apparel will want to select a particular market place where it wants to increase its presence. Does it want to grow in Men's garment section or kid's apparel or women range? If the company decides to grow in all of them, that approach may not be effective.

The company may be better off focusing on just one market. And in many cases, it may choose to grow its business in only a submarket. So, if men's garment is decided as the focus point, the company can decide to go even one step deeper by targeting just Men's shirts

But, the fact of the matter is, if they focus to grow in all the sections at the same time, that strategy may not work.

**Same is true with forex trading.** If a forex trader wants to increase its profits, the trader should have a clear approach in mind how does he/she want to do that.

Like I mentioned above, there are various good techniques I have mentioned in the remaining part of the manual that are easy and are highly effective. However, you must start by using only one of them.

So let us look at these techniques –

## 2. Technique 1 – 5PL technique –

This is one of my favorite. This technique is based on the approach that as and when a trader's risk taking ability increases, he or she starts taking more risks by trading more lots. **However this is not done without any planning and risk management. It is done in a very systematic & disciplined approach.**

Incase you are wondering what a "lot" is in forex trading, go to this link to get an overview -

<http://www.forexsuccessformula.com/forextradingblog/meaning-of-leverage-and-lots>

Let us imagine that you place 5 trades each week. Three of these trades end in an average profit of 80 pips per lot while the remaining two end in loss of 40 pips each.

So your average profit per week is by trading a single lot is -

$$(3*80) - (2*40) = 160 \text{ pips}$$

But, imagine what will happen if you increase the number of lots you use in each trade from 1 to 2 -

Your net profit as a result would be -

$$(3*80*2) - (2*40*2) = 320 \text{ pips}$$

As you see, your profits have doubled immediately. Instead of making 160 pips each week, you are making 320 pips.

**But on the flip side**, what happens if out of 5 trades only 1 trade is profitable while the rest 4 trades end up in loss? With a single lot, you would have lost 80 pips ( $1*80 - 4*40$ ).

This is not an ideal situation to increase the lots per trade as it will only compound your losses.

As you can see from above, this approach of increasing the lots is highly lucrative. But if it is not used correctly, it is risky.

**What if we change this approach a little bit in such a way that it will reduce the risk and at the same time keep it highly lucrative?**

**This is what 5PL technique address.**

The philosophy of 5PL approach is that you change your risk involved in each trade and when your account crosses a threshold.

The technique 5PL (Short form of "500 Per Lot") requires that you set some thresholds in your account balance in the increment of \$500. So, if you open your trading account with \$300, your thresholds will be –

Base Threshold - \$300

Threshold 1 - \$800

Threshold 2 - \$1300

And so forth...

Whenever your account balance has crossed one threshold, you'll increase the number of lots you trade by one. So, if your trading account balance has grown from \$300 to \$800, you can start using 2 lots in each trade.

BUT!! On the other way, if your account slips by one threshold, you'll reduce the number of lots per trade by one. So if you were at \$1300 and trading 3 lots per trade, if your trading account balance goes below \$1300, you'll use only 2 lots per trade.

Let us look at an example. It shows what an account balance would look like for a person that has 3 winning trades and 2 losing trades each week –

For simplicity sake, we are assuming that starting account balance or threshold Zero is \$500. So, in this case the thresholds will be 1000, 1500, 2000 etc. In this example the person makes 80 pips in a winning trade and loses 40 pips in a trade that ends in loss.

**Threshold Zero - \$500**

Trade	No. Of Lots	Result	P/L	Total Account Balance	Trade	No. Of Lots	Result	P/L	Total Account Balance
Trade 1	1	Profit	80	<b>580</b>	Trade 21	2	Profit	80	<b>1340</b>
Trade 2	1	Profit	80	<b>660</b>	Trade 22	2	Profit	80	<b>1500</b>
Trade 3	1	Profit	80	<b>740</b>	Trade 23	<b>3*</b>	Profit	80	<b>1740</b>
Trade 4	1	Loss	-40	<b>700</b>	Trade 24	3	Loss	-40	<b>1620</b>
Trade 5	1	Loss	-40	<b>660</b>	Trade 25	3	Loss	-40	<b>1500</b>
Trade 6	1	Profit	80	<b>740</b>	Trade 26	3	Profit	80	<b>1740</b>
Trade 7	1	Profit	80	<b>820</b>	Trade 27	3	Profit	80	<b>1980</b>
Trade 8	1	Profit	80	<b>900</b>	Trade 28	<b>4*</b>	Profit	80	<b>2300</b>
Trade 9	1	Loss	-40	<b>860</b>	Trade 29	4	Loss	-40	<b>2140</b>
Trade 10	1	Loss	-40	<b>820</b>	Trade 30	4	Loss	-40	<b>1980</b>
Trade 11	1	Profit	80	<b>900</b>	Trade 31	<b>3*</b>	Profit	80	<b>2220</b>
Trade 12	1	Profit	80	<b>980</b>	Trade 32	<b>4*</b>	Profit	80	<b>2540</b>
Trade 13	1	Profit	80	<b>1060</b>	Trade 33	<b>5*</b>	Profit	80	<b>2940</b>
Trade 14	<b>2*</b>	Loss	-40	<b>980</b>	Trade 34	5	Loss	-40	<b>2740</b>
Trade 15	<b>1*</b>	Loss	-40	<b>940</b>	Trade 35	5	Loss	-40	<b>2540</b>
Trade 16	1	Profit	80	<b>1020</b>	Trade 36	5	Profit	80	<b>2940</b>
Trade 17	<b>2*</b>	Profit	80	<b>1180</b>	Trade 37	5	Profit	80	<b>3340</b>
Trade 18	2	Profit	80	<b>1340</b>	Trade 38	5	Profit	80	<b>3740</b>
Trade 19	2	Loss	-40	<b>1260</b>	Trade 39	5	Loss	-40	<b>3540</b>
Trade 20	2	Loss	-40	<b>1180</b>	Trade 40	5	Loss	-40	<b>3340</b>

\* denotes that there is a change in the number of lots used per trade.

As you can see in the chart above, after trade 1, the account balances moves to 580 (\$500 original balance + \$80 profit), after 2<sup>nd</sup> and 3<sup>rd</sup>, the balance moves to 740. But the next losing trades each take away 40 pips.

The above example is a slightly conservative case where the winning rate is 3 trades out of 5 trades or only 60%. Despite this, please notice how the account has grown 7 times in just 40 trades (or in about just 2 months!!)

**Like I said 5PL is an amazing technique!!**

But few things that you should notice from the above chart is –

- A. It took 13 trades initially to take account balance from \$500 to \$1000. Then it took only 6 more trades for next 500, followed by only 5 more for next 500 pips. That was because with every 500 pips gain, we were increasing the number of lots we were trading.
- B. After using 5 lots per trade, I didn't increase the number of lots to 6 as that are way too many lots to trade and according to me by trading a very high number of lots the emotions of a losing trade start reaching new levels.
- C. The example above showed implementation of discipline on two occasions –
  - a. Trade 14 and 15 – Observe how in trade 14 we traded using 2 lots since the profit we added 500 pips to our account balance. But in trade 15, we traded only 1 lot since we went below the threshold after trade 14.
  - b. Trade 30 and 31 – Similarly in trade 30 we traded 4 lots, but in trade 31 we staked only 3.

If you want to use this technique, feel free to customize it. You may want to set your thresholds in the increments of \$600 or \$1000 or \$1500 etc. But use discipline.

*Remember, forex trading( like any other business) is a game of discipline. If you implement discipline, half of your battle is already won!!*

So, as you must have seen 5PL is a very effective technique and is also very straightforward to implement!

With that said, let's move on to Technique 2

### 3. Technique 2 – Increase the production

For this technique, let me go back to the “Apparel example” I gave in the start of this manual. Like I mentioned, one of the techniques through which the apparel company can increase its business is by increasing its overall production. Sell more & make more money!!

But there are two ways by which it can implement these techniques –

- a. Either the company can increase the overall production of existing set of clothes. (Repeat the System technique)
- b. Or it can increase its overall production by starting a whole new segment of garments. (Trade by Trial Technique)

Let’s fit these approaches in Forex Trading –

#### a. Repeat The System

By this approach what I am suggesting is to take a system which is already working for you and then place Multiple Trades.

**BUT!! Place these trades across multiple currencies.** For e.g. if Forex Success Swing Trading System is yielding good profits for you on EUR/USD and GBP/USD, then start using it for AUD/USD, NZD/USD and other currency pairs also.

The advantage of this approach is –

- If your trades go correct, which is a higher probability since you are using a system that is working for you, your profit potential will increased
- Your risk is distributed. So in case where one trade doesn’t go right, the other trade can compensate it.

However, you need to be cautious that you don’t open too many trades at one time as juggling through more than 2-3 simultaneous trades is not easy.

Also, you may want to check the correlation between different currency pairs. E.G. EUR/USD and USD/CHF have more than 95% “inverse

correlation". This means that if EUR/USD is in bullish mode, most likely USD/CHF might be bearish. So, that means if you open 1 buy trade in EUR/USD and 1 sell trade in USD/CHF each, it is as good as that you have opened two trades in EUR/USD.

There is nothing wrong with it. Just something you may want to consider when using "Repeat the System".

Though, this would have sounded like a very easy method and some of you might have been aware of this. But this technique is far less used. Infact what I have seen is that less than 50% of traders implement this technique.

### **b. Trade By Trial –**

This technique is based on the approach that the trader should be ready with more than one strategy to trade in live market. In this technique, you want to implement one system in live environment and then be ready with another after practicing it in the Demo.

So, for e.g if you are using Forex Success System in your real trades, you may want to start practicing another system in demo environment.

What this will do is that if on a particular day you are not able to find any trades using Forex Success System, then you have another system ready that you can use to find opportune trading setups. This will increase the number of trades you make and so would your profits.

But the key here is to have the other system tried in Demo first before moving to live trades. This will help you realize whether the new system is a real winner or does it has a low success ratio. If the new system is not working in demo, there is a very limited chance that it can work in live environment. If that happens, ignore this new system and pick another one.

One more thing you can think about doing is pick one system for trading on one time frame and second on another time frame. For e.g. you can use Forex Success System for Swing Trading and you can practice Forex Success Mini, which is a day trading system on Demo environment.

*While selecting another system to trade on a regular basis, try not to use a specialty system such as systems to trade NFP. The reason is NFP (Non Farm Payroll) announcements happen only once a month so this will cause you to use this specialty system only on a limited basis.*

## 4. Technique 3 – Remove the weeds

This technique is one of the most effective ones available, yet very limited numbers of traders use it. This technique is a must for anyone who wants to become a successful trader.

### **All the experts definitely use it.**

This technique focuses on optimizing your trading experience by removing the elements that are not working for you.

Each trader, including yourself, has a certain trading style and certain trading routine. By this I am not necessarily referring to kind of strategy you use such as swing trading or day trading.

In “Removing the Weeds” I would like you to go and look at each component of your trading. By this I am asking you to go one step deeper and look at all the aspects such as the currency pairs you trade, the trading time frames, the days when you trade etc.

Most of the traders typically just spend effort on finding next new hot system. They don’t focus on rinsing and improving their skills.

Here are few things that you should always monitor to identify what to remove/improve in your trading –

A. **Currency pairs that you trade** – Each Currency pair has certain behavior or pattern. For e.g. GBP/USD is highly trending currency pair and has high volatility. Similarly AUD/USD is also heavy trending, but doesn’t move necessary volatility to move it very quickly.

So, you might have better success with some currency pairs than the others. For e.g. my trades with USD/JPY doesn’t go profitable. So naturally, I don’t trade this currency pair.

- B. The Time & Day of Trading** – Some sessions are very volatile than others (E.g. British sessions) and similarly some days are very volatile (E.g. Tuesdays and Wednesdays). You must always monitor which market sessions work good for you and which ones you should refrain from trading in.

Most of the times you will find a pattern.

- C. The Trading Formats** – As you must have seen, Swing Trading and Day Trading are totally different from each other. In day trading you can find multiple trading opportunities each day with each opportunity lasting for short period of time, so your response has to be very quick. But the same is not true for swing trading. Similarly the profit potential per trade in day trading and swing trading is widely different.

But the biggest difference is that day trading requires much more concentration than swing trading. You have to react very quickly in day trading since the trades lasts for a short duration.

All these factors and more make these two trading styles quite distinct from each other. You must monitor which trading format is working well for you.

- D. The Trading Strategies** – Like I mentioned earlier in this manual, use a trading system in live account and test a second one with the demo account. Once the second proves to be good, then you can start using it in live account as well. Or, you may choose to replace the 1<sup>st</sup> system with second. This would mean that you have replaced the old system with a better performing one.

I would suggest you to be always ready with two systems that you can use in live market and keep testing new ones in demo. E.g. You can use System 1 and System 2 on the live account and test System 3 in the demo. If the system 3 turns out to be better than system 2, then start using system 1 and system 3 in live account and get ready to test system 4 on demo account.

## 5.Tracking and Monitoring!!

As you must have seen that there are a lot of techniques mentioned in this manual. They are quite different from each other. But they have one thing in common –

**“To apply any of the techniques given above, monitoring and tracking of the trades is a necessity. ”**

This is where I guess a lot of the traders fail.

But remember, tracking is not hard. It can be done the old fashioned way –  
**By maintaining Trading Journal!**

Your journal can be a notebook or you can use Ms-Excel to keep track of all your trades.

Store as much information as necessary about the trades you are placing. At a minimum your trading journal should have details about –

- a. Day and time of trade
- b. Currency Pair Traded
- c. The open, close and Stop loss value
- d. Profit or loss values
- e. The reason for taking the trade
- f. If trade ends in the loss, what is the reason

You'll find that all this data is very helpful and is necessary if you are really serious about taking your trading to next level.

## 6. Recommended Roadmap for Forex Growth Mist

All the techniques that have been given this manual can be overwhelming for some of the traders.

But you don't have to implement all of them at the same time.

I would suggest you to start with only one technique in the beginning. The technique can be dependent on the experience level that you possess or it can be the one that you like more than the others.

But please note that these techniques are mostly for people who have started trading using live account. The only exception to this is maintaining the Trading Logs which should be done by traders of all the experience levels.

Here is my recommendation –

1. **Traders with low experience** – Start off with using “Repeat the system”. If you have already found a system that works, use it on the other currency pairs. But you may want to use the “Remove the Weeds” technique along with it to see if the system is working well with other currency pairs or not.

**Avoid using 5PL technique since it requires higher risk.**

2. **Traders with Intermediate experience** – You can use any of the techniques. But use only one technique first. Once you are comfortable in it, you can decide to use next one from the remaining. You may want to start with either “Repeat the system” or 5PL, with “Repeat the system” as more preferred since it involves lower risk.

But, since you are having intermediate experience in trading, you may now decide to increase the number of systems that you can use in live trading. For that reason, you may consider to use “Trade By Trial” technique also.

3. **Expert Traders** – For you, 5PL is the best as you have the necessary experience that is needed to deal with higher risks. You may also want to consider the “Trade by Trial” technique.

**But like I mentioned earlier, “Remove the Weeds” is one technique that should be used by all the traders.**

## 7. Conclusion

This brings to the end of Forex Growth Mist Manual. As you have seen, the techniques mentioned above are very robust and are yet very easy to implement.

But all these techniques require discipline. For. E.g. 5PL technique requires that you increase or decrease your lot size as and when your thresholds are crossed. If you miss discipline in this, the results can be extremely risky.

So, once you are comfortable with a system, definitely use these techniques. You should start with only one of these and should make it a part of your trading!

Please feel free to let me know if you have any questions/comments.

Thanks & Regards,  
Rahul

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