

100% FREE BONUS MECHANICAL STRATEGY

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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.

FOREX BREAKOUT STRATEGY

Dear traders, I appreciate this chance to share my favourite 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/JPY 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/JPY chart with 1 hour time frame:



Step 2) Locate four hourly candles from 00:00 to 03:00 EST 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) In case 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 $135.72 - 3 = 135.69$



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

Option A) Place the stop loss on the other side of the 00:00-03:00 candle

tunnel. See example of a stop loss in case of a low breakout below:



See example of a stop loss in case of a high breakout below:



Option 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:

Option A) Target is here 20 pips (in this example it's 20 pips, but you can also aim for 50 pips), close your trade as soon as your profit reaches 20 pips, see sample below:



Option B) 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.

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.

IMPORTANT: Do not trade before any major news announcements and always practice on demo account first, before try this system on live account!

Thanks for reading and happy trading! 😊

Karl Dittmann