

First of all, let's sum up the entire trading business, and go through the most important pitfalls:

Can we profit in the markets at all?

Let's answer another question first: Could we profit if markets were random? Certainly not!

If we would trade in a random market, our chance to make a successful 1 : 1R trade would be 50% (excluding trading costs), because in an extended period of time, for every winner there would be one loser. For 4 : 1R, chances are 25% (every 4th trade wins in the long run). It wouldn't make sense to bother with reward : risk ratios, because they'd always give the same chance of breaking even. And costs would render trading as a completely futile endeavor.

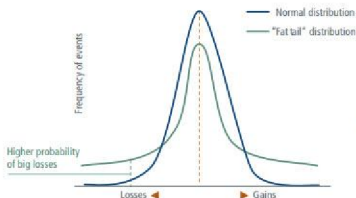
Despite many who doubt it, markets are not random. If they were, price changes would follow [normal \(Gaussian\) statistical distribution](#). But every market in every timeframe tends to create sustained, one-way moves (we call them trends), that can't fit the normal distribution model. In statistics, we would say the markets follow [fat-tailed distribution](#) instead of normal. Those large, extended moves that last much more than anyone would expect, are caused by supply or demand imbalances, creating one-way orderflow.

The 'tailedness' – an evaluation of market's willingness to exhibit larger trends – is called [kurtosis](#), and we won't exaggerate if we say that (positive, leptocurtic) kurtosis is the fundamental reason why we can profit in the markets at all.

Why? It's exactly the thing that makes reasonable reward : risk ratios feasible! Due to positive kurtosis, our chances are actually better than 25% for a 4 : 1R trade, even if our entries in non-random markets were random. It's a tiny but steady, inherit advantage to aim at bigger reward : risk ratios!

Figure 1: Market tails may be "fatter" than normal

Tail events are very rare in a normal curve, but market tails are in fact "fatter," or more frequent, than many people realize.



The bell curves are used for illustrative purposes only and do not represent the distribution of reward and risk for any specific investment.

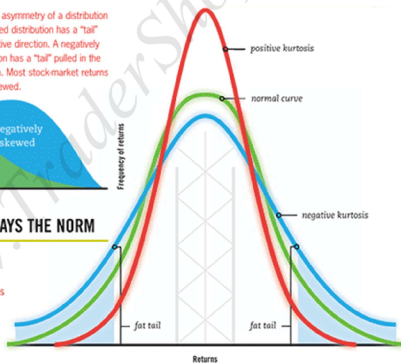
Skewness is the asymmetry of a distribution

A positively skewed distribution has a "tail" pulled in the positive direction. A negatively skewed distribution has a "tail" pulled in the negative direction. Most stockmarket returns are negatively skewed.



NORMAL NOT ALWAYS THE NORM

Kurtosis refers to how peaked the curve is: steeper means positive kurtosis and flatter means negative kurtosis. Fat tails occur when there are more outside returns on the downside or upside, or both, than the normal curve suggests.



What's more important? Entries or exits?



The evergreen question. Depends on context – generally, their importance is equal.

But if we're traders who *predetermine* both exits on technical levels, the *entry* makes or breaks our overall profitability more than anything else.

For example, our long trade may or may not reach our target at resistance, and it will or won't break under support where our stop is placed... but the P/L of the closed trade (a piece of longterm profitability puzzle) will mostly depend on the entry. With predetermined exit points, the reward : risk ratio *is given* by the entry.

The 5 essentials of **profiting**

Every single trade we take should follow these consecutive steps:

1. effectively predetermine our exits based on market structure,
2. only consider market structure offering far enough targets for a decent reward : risk ratio,
3. plan an optimal entry level (the hardest point indeed),
4. keep the money risk small enough to survive a losing streak,
5. get the most of the move if the trade goes our way!



The 5 essentials of **losing**

Most traders never come out of those shadows far enough to be profitable:

1. entering trades without a plan, just for the sake of being in a trade,
2. no respect for market structure due to impatience, fear or greed,
3. chasing the market, being afraid it will run away without us,
4. risking a portion of account that makes it [hard to recover](#) in case of loss,
5. exiting trades in profit too soon, grabbing any buck that appears!



How to escape from this maze?

Look at both lists above – there are some quite interesting observations:

- the ‘profiting’ list consists of mostly objective, rather technical aspects,
- the ‘losing’ list consists of mostly subjective, rather psychological aspects,
- the ‘losing’ essentials kill the ‘profiting’ ones point by point – by means of psychology!

We know it’s possible to beat the markets. We all know the ‘good rules’, but we are prone to break them objectively, or bend them subjectively. The culprit behind our failures is our very own ego, and it’s very hard to go against it. The most powerful weapon of our trolling mind is our trading account equity – if it goes down, we tend to enter random trades, or even inflate our risk standards... we simply do everything to GET THE MONEY BACK ASAP. That’s why most traders fail, and why they often feel themselves like on a highway to hell!

MARGIN LEVEL TRADING

with **ForexGamblingTool**

Forget stop losses. Forget about moving them further like a coward.

Forget deep drawdowns on your trading account!

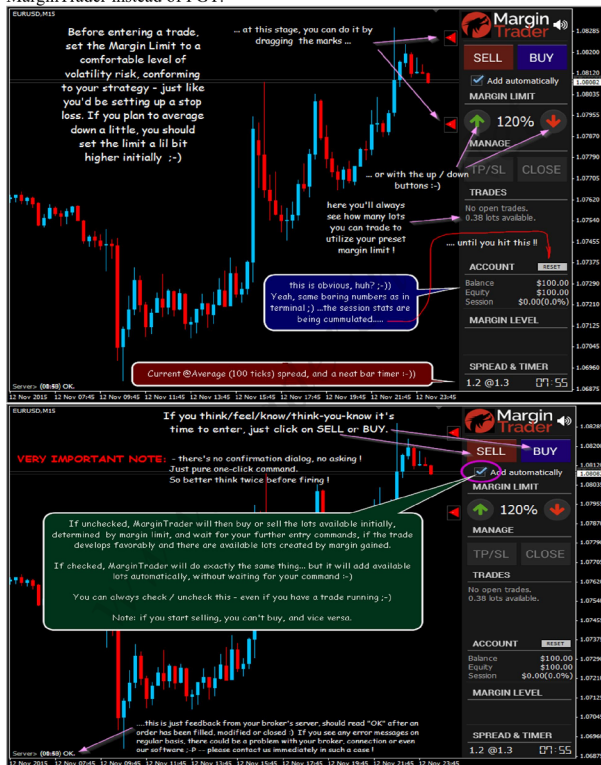
Forget all the stress and just GAMBLE every trade without fear, but with a clear mind:

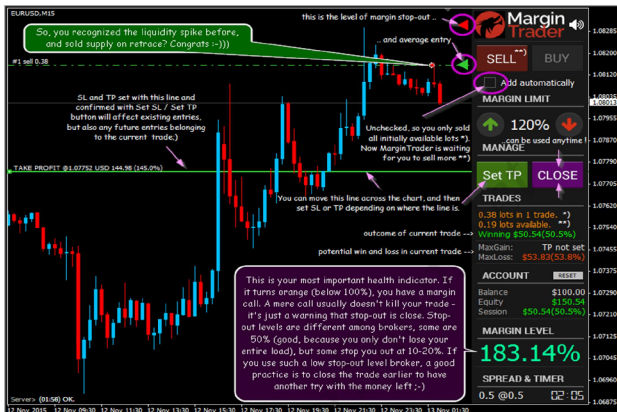
- Use a [good broker](#) offering low trading costs, excellent execution quality and high leverage.
- Keep your **entire risk capital** in a wallet (if provided), or in a dedicated account you **MUST NOT trade**.
- Use a **fraction of your capital** (we recommend 2 to 7%) on a separate ‘gambling’ account with **ForexGamblingTool**.
- **Margin call (stop-out) is your friend!** It’s your risk limit, just as you would use a stop loss in your normal account.
- **Set margin limit before entry** according to your strategy, exit points and risk appetite.
- If you lose, nevermind – **reload, rethink and try again**.
- **Hold on to gains. Keep adding to your position. And let it run!**
- Grab your profits and **PUT THEM BACK INTO THE WALLET!**

The real trick lies in exposing very small capital to both the market and your mind! From psychological perspective, it's much easier to manage. You can't wipe out thousands of \$\$\$ if the market decides to move against you – you just lose a few bucks, reload, rethink and try again! If you catch few good trades with great reward : risk ratio, and put a major portion of gains back to your wallet, you should be fine – **the basic premise of ForexGamblingTool is adding to a winning position**, utilizing free margin created by existing runners. With this approach, it's capable to produce exponential growth.

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The following screenshots tell pretty much everything about how to work with FGT. They were taken before [rebranding](#) – that's why the logo shows MarginTrader instead of FGT.







This is the key principle to succeed over the long haul.

We can't stress this enough.

That's why we've dedicated this place to the following warning:

If you're a good trader who knows how to trade, and if you get good with ForexGamblingTool, you'll probably encounter some awesome trades. You might feel like a hero, and think it's just normal to make hundreds or even thousands of percent gain on few short trades.

You might want to repeat it right now, with big cash you've earned some moments ago.

If this ever happens to you,

STOP!



Transfer majority of recent gains into your wallet or deposit account immediately!

Then you can trade again.